

TAXATION OF DIVIDEND

With effect from 1 April 2020, Dividend Distribution Tax has been abolished and dividend income is now taxable in the hands of the Shareholders at applicable tax rates to each category of Shareholder

We hope this communication finds you and your families in the best of health.

We are pleased to inform you that the Board of Directors of the Mahindra Logistics Limited ("the Company"), at their Meeting held on 29 April 2021, has recommended a Final Dividend of Rs. 2.50/- per equity share of face value of Rs. 10/- each fully paid (i.e. 25% on face value) for the financial year ended 31 March 2021, subject to approval of the Shareholders at the ensuing 14th Annual General Meeting of the Company scheduled to be held on Tuesday, 27 July 2021.

The said Final Dividend will be payable to those Shareholders whose names appear in the Register of Members of the Company or in List of beneficial owners maintained by the Depositories as at the close of business hours on Tuesday, 20 July 2021 (Record date).

As you are aware that as per the Income Tax Act, 1961, as amended by the Finance Act, 2020 ("the Act"), dividends paid or distributed by a Company after 1 April 2020 shall be taxable in the hands of the Shareholders. The Company shall therefore be required to deduct tax at source ("TDS") at the time of making the payment of the said Final Dividend, if declared at the 14th AGM. TDS rate may vary depending on the residential status of the Shareholder and the documents submitted to the Company in accordance with the provisions of the Act.

In enable compliance with the said requirements, we request all Shareholders to kindly verify the correctness of their registered PAN, residential status and category of holding and update the same with their respective depository participant or with the Registrar and Share Transfer Agent of the Company – Link Intime India Private Limited ("Link Intime"), at the earliest.

To facilitate this, the Company has enabled a Shareholder web-portal for submission of tax exemption forms/requested documents. Shareholders can submit their tax exemption forms and supporting documents directly on portal <https://linkintime.co.in/formsreg/submission-of-form-15g-15h.html> by selecting "Mahindra Logistics Limited" in the Company dropdown and submitting their DP ID and Client ID/Folio No, PAN, Financial year and forms for which submissions should be considered and uploading self-attested supporting documents.

Shareholders holding shares under multiple accounts under different status/category and single PAN, may note that, higher of the tax as applicable to the status in which

shares held under a PAN will be considered on their entire holding in different accounts.

We request shareholders to upload the relevant documents on aforesaid links on or before Tuesday, 20 July 2021 in order to enable the Company to determine and deduct TDS at applicable rates. Incomplete and/or unsigned forms and declarations will not be considered by the Company. No communication on the tax determination/deduction after Tuesday, 20 July 2021 shall be considered for payment of final dividend for FY 2020-21, if approved.

Mandatory PAN and Aadhar Linking (effective 1st July, 2021)

The Central Government has extended the last date of linking of Aadhar with PAN, till 30th June, 2021. In case the Aadhar is not linked with PAN by the said date, PAN will be rendered invalid and withholding tax (TDS) will be deducted at higher rate of 20% instead of 10%.

Members are requested to link their Aadhar with PAN before Tuesday, 20th July, 2021 on the income tax website viz. <https://www.incometax.gov.in/iec/foportal> to avoid levy of higher TDS rates, as applicable.

Further, Section 206AB has been introduced by the Finance Act, 2021, whereby, in case a person has not filed his/her Return of Income for each of the two preceding financial years and the aggregate of tax deducted at source in his/her case is Rs. 50,000 or more in each of these two financial years. TDS will be higher of the following:

- i. Twice the rate specified in the relevant provision of the Income-tax Act; or
- ii. Twice the rate or rates in force; or
- iii. The rate of 5%;

These provisions will be effective from 1st July, 2021.

For convenience and reference of the Shareholders, we have furnished below a list of frequently asked questions on taxation of dividend and their answers, applicable tax rates, and documents to be submitted.

Soliciting your whole-hearted co-operation.

Stay Safe!!

Thanking you,

For **Mahindra Logistics Limited**

Brijbala Batwal
Company Secretary

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FAQS ON TAXATION OF DIVIDEND

What are the rates at which TDS will be deducted?

The tax deductible on your Dividend income will depend on the following factors on the record date/book closure date for payment of Dividend:

1. The amount of dividend payable in one financial year;
2. Your residential status;
3. Your PAN and Aadhar Linking;
4. Status of the filing of your IT returns for past financial years;
5. Category of shareholding registered with the Depositories (for demat shareholders) or the Registrar and Share Transfer Agent of the Company (for physical shareholder);
6. Slab rates prescribed by under the Income Tax Act, 1961 and notified by the Government of India;

Summary of the existing applicable tax rates basis different categories of shareholders is given in Annexure A hereunder for reference.

Are there any exemptions to withholding tax deduction on dividends?

Yes. TDS is not liable to be deducted in following cases:

1. Dividend paid by Company to Resident Individuals during a financial year of an amount not exceeding Rs. 5,000/-. The same is to be computed at the PAN level.
2. Dividend paid to Resident Insurance companies and Resident Mutual Funds.
3. Signed and complete Declaration has been submitted either in Form 15G or Form 15H, as the case maybe.
4. Signed and complete documentary evidence for exemption of deduction of TDS is submitted to the Company.

What is the TDS rate on dividend in case of Shareholders who do not have a PAN or PAN provided is incomplete/incorrect or PAN is not linked to Aadhar?

TDS shall be deducted at the below rate in the above cases:

- Resident: 20%
- Non-Resident: 20%

(plus applicable surcharge and cess)

How to Link PAN and Aadhar?

There are two ways through which you can link PAN and Aadhaar.

1. Through the Income Tax e-filing website (<https://www.incometax.gov.in/iec/foportal>)
2. Sending below SMS to 567678 or 56161 (UIDPAN<12-digit Aadhaar><10-digit PAN> from your mobile)

Can a Shareholder claim NIL TDS deduction from the Company?

Yes, by submitting to the Company or its Registrar and Share Transfer Agents relevant documentary evidence before the record date of dividend payment for non-deduction of TDS as given in Annexure A hereunder.

How can Non-Residents claim tax benefits under DTAA?

India has signed Double Taxation Avoidance Agreements (DTAAs) with many countries so that the income is taxed only once. To claim this benefit, non-resident shareholder needs to know whether the country he/she resides in or earns income in has a DTAA with India.

In case you want to avail the benefits of the DTAA you should submit all the documents as prescribed under the Act and given in Annexure A hereunder.

In order to know whether a particular country is under a DTAA, one can access the following link: <https://www.incometaxindia.gov.in/pages/international-taxation/dtaa.aspx>

What if PAN Number is not linked to Aadhar and is disabled/cancelled/suspended due to non-linking of Aadhaar from 1 July, 2021, what would be the implications?

Illustrative Implications:

- All Tax-payers would deduct the TDS @ 20% invariably;
- Recipient won't be able to claim the credit for TDS deducted at source or TCS collected at source;
- Such Taxpayers will not be able to file their Income Tax Returns as per the provisions of the Income Tax Act 1961 and consequential implications would arise.
- Such Taxpayers will not be able to trade on stock exchanges or invest in securities.
- Overseas remittances would pose challenges
- IEC Number could be suspended.
- GST Number would be termed as invalid as PAN Number is cancelled;
- If such Taxpayers are carrying on business, then due to cancellation/suspension/disablement of PAN, even e way bills as per GST Act 2017 can't be generated;
- Will result in not having an important proof to establish identity of the person, a document which is used practically for various purposes by all.
- DIN Number allotted under Companies Act 2013 would be invalidated; similarly for Designated Partners of LLP

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ANNEXURE A

Documents to be submitted by each category of Shareholder exemption of TDS on Dividend

Resident Individual Shareholder with PAN	Resident Individual Shareholder without PAN/ without Valid PAN	Mutual Funds, Insurance Companies, Alternative Investment Funds	Resident Company, Body Corporate, Firm, HUF, AOP, Trust, Clearing Members	Non-Resident Foreign Institutional Investor, Foreign Portfolio Investors, Non-Resident Shareholders seeking DTAA Benefit
Update and verify records with Depository Participant (“DP”) / Registrar and Share Transfer Agent (“RTA”)				
Update PAN if not already done with DP (for demat holding) / RTA (for physical shares)	Update PAN if not already done with DP (for demat holding) / RTA (for physical shares)	Submit relevant documentary evidence for exemption from TDS	Lower withholding tax certificate	Self-attested of Tax Residency Certificate (TRC) for the FY 2021-2022 valid as on the AGM date obtained from the tax authorities of the country of which the Shareholder is resident
Form 15G (If Taxable Income for FY 2021-22 is not more than Rs. 5 Lakhs) - Click here to download	Form 15G (If Taxable Income for FY 2022 is not more than Rs 5 Lakhs)		Documentary Evidence for Tax exemption Status	Self-Declaration in Form 10F for Financial Year 2021-22 - click here to download
Form 15H (In case of Resident Individual’s age 60 years or more) - Click here to download	Form 15H (In case of Resident Individual’s age 60 years or more)			Self-attested PAN Card
	Documentary evidence if you are exempt from obtaining PAN			Self-declaration by Non Resident Shareholders- click here to download
	Any other documents as prescribed under the Income Tax Act, 1961 for lower withholding of taxes.			Self-declaration for not having taxable presence or permanent establishment in India in accordance with the applicable Tax Treaty - click here to download
				Any other documents as prescribed under the Income tax act for lower withholding of taxes if applicable.

It may be further noted that in case the tax on said Dividend is deducted at the applicable rates basis category of Shareholding in the Register of Members/list of beneficial owners as on Record date or at a higher rate in absence of receipt of the aforementioned details/documents from you, there would still be an option available with the Shareholders to file the return of income and claim an appropriate refund, if eligible. However, no claim shall lie against the Company for such taxes deducted.

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Summary of the existing applicable tax rates on Dividend Income basis different categories of Shareholders is given hereunder for reference:

Sr. no.	Category (with valid PAN)	Withholding tax/ TDS (Refer note a)	Surcharge (Refer note c)	Cess (Refer notes c & d)	Total applicable Tax rate
1	Residents a. Individuals b. HUFs c. Trusts d. Associations e. Bodies Corporate f. Commercial Banks g. Financial Institutions	10%	Nil	Nil	10%
2	Alternate Investment Fund- Resident- Category III	10%	Nil	Nil	10%
3	Alternate Investment Fund- Category I and II	Nil (Subject to Note "g" below)	Nil	Nil	Nil (Subject to Note "g" below)
4	Insurance Companies	Nil	Nil	Nil	Nil
5	Resident Mutual Funds covered u/s. 10(23D)	Nil	Nil	Nil	Nil
6	Non-resident Individual or Foreign Individual	Lower of (a) or (b): a. 20% or b. Rate as per Double Taxation Avoidance Agreements treaty ("DTAA")	Dividend amount is • Upto Rs. 50 lakhs – Nil • From Rs. 50 lakhs to Rs. 1 crore – 10% • Above Rs. 1 crores – 15%	4%	Lower of (a) or (b): a. 20.8%/22.88%/23.92% (based on surcharge) b. Rate as per DTAA
7	Foreign Companies	Lower of (a) or (b): a. 20% or b. Rate as per Double Taxation Avoidance Agreements treaty ("DTAA")	Dividend amount is • Upto Rs. 1 crore – Nil • From Rs. 1 crore to Rs. 10 crore – 2% • Above Rs. 10 crores – 5%	4%	Lower of (a) or (b): a. 20.8%/21.22%/21.84% (based on surcharge) b. Rate as per DTAA
8	Foreign Institutional Investors – Corporates	Lower of (a) or (b): a. 20% or b. Rate as per Double Taxation Avoidance Agreements treaty ("DTAA")	Dividend amount is • Upto Rs. 1 crore – Nil • From Rs. 1 crore to Rs. 10 crore – 2% • Above Rs. 10 crores – 5%	4%	Lower of (a) or (b): a. 20.8%/21.22%/21.84% (based on surcharge) b. Rate as per DTAA
9	Foreign Portfolio Investors – Corporates (Registered under SEBI (FPI) Regulation, 2014)	Lower of (a) or (b): a. 20% or b. Rate as per Double Taxation Avoidance Agreements treaty ("DTAA")	Dividend amount is • Upto Rs. 1 crore – Nil • From Rs. 1 crore to Rs. 10 crore – 2% • Above Rs. 10 crores – 5%	4%	Lower of (a) or (b): a. 20.8%/21.22%/21.84% (based on surcharge) b. Rate as per DTAA
10	Foreign Portfolio Investors – AJP/BOI/ Trust etc (Registered under SEBI (FPI) Regulation, 2014)	Lower of (a) or (b): a. 20% or b. Rate as per Double Taxation Avoidance	Dividend amount is • Upto Rs. 50 lakhs – Nil • From Rs. 50 lakhs to Rs. 1 crore – 10% • Above Rs. 1 crore – 15%	4%	Lower of (a) or (b): a. 20.8%/21.22%/21.84% (based on surcharge)

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Sr. no.	Category (with valid PAN)	Withholding tax/ TDS (Refer note a)	Surcharge (Refer note c)	Cess (Refer notes c & d)	Total applicable Tax rate
		Agreements treaty ("DTAA")			b. Rate as per DTAA
11	GDR by foreign companies	10%	Dividend amount is <ul style="list-style-type: none">• Upto Rs. 1 crore – Nil• From Rs. 1 crore to Rs. 10 crore – 2%• Above Rs. 10 crore – 5%	4%	10.4%/10.61%/10.92% (based on surcharge slabs)

Notes:

- In case of non-residents where tax is to be withheld u/s. 195 of the Act as given in above table, rates as per Act will need to be compared with rates as per DTAA of country of their tax residence to arrive beneficial rate of withholding tax.*
- The benefit of lower rate as per DTAA will be considered only on receipt of complete documentation i.e, Tax residency certificate, form 10F, no PE declaration, PAN card, satisfaction of beneficial ownership of shares based on declaration or otherwise.*
- No surcharge and cess applicable for DTAA rates.*
- Health and Education Cess to be applied on total of tax + surcharge @ 4%.*
- In case of non-availability of PAN of residents- tax to be withheld at 20% as per section 206AA.*
- In case certificate u/s. 197 is received from any of the shareholders for such dividend payout, rate as per such certificate subject to limit mentioned in the 197 certificate should be considered for tax deduction. Appropriate documentation to be maintained.*
- In case of AIF category I & II - Residents, a declaration needs to be obtained that the income by way of dividend is not considered under the head "Profits and Gains from Business or Profession" but considered under the head "Income from Other Sources". In the absence of such declaration, the rate shall be 10% u/s 194 without any surcharge and cess.*

INVESTOR FRIENDLY TIPS:

- ❖ *Update your Bank Account details with your Depository Participant/Link Intime for seamless payment of Dividend directly to your bank accounts through electronic mode.*
- ❖ *Update your e-mail address, contact details (mobile number) and register for e-communications with your Depository Participant or Link Intime @ https://web.linkintime.co.in/EmailReg/Email_Register.html.*