HFCL Limited
8, Commercial Complex, Masjid Moth, Greater Kailash - II,
New Delhi - 110048, India
Tel : (+91 11) 3520 9400, 3520 9500 Fax : (+91 11) 3520 9525
Web : www.hfcl.com
Email : secretarial@hfcl.com

HFCL/SEC/2026-27
July 16, 2026

The BSE Ltd. 1st Floor, New Trading Wing, Rotunda Building Phiroze Jeejeebhoy Towers, Dalal Street, Fort Mumbai – 400001 corp.relations@bseindia.com **Security Code No.: 500183**	**The National Stock Exchange of India Ltd.** Exchange Plaza, 5th Floor, C – 1, Block G Bandra – Kurla Complex, Bandra (E) Mumbai – 400051 cmlist@nse.co.in **Security Code No.: HFCL**

Subject: Intimation to Shareholders on Tax Deduction on Dividend

Dear Sir(s)/ Madam,

Pursuant to the provisions of the Income Tax Act, 2025 and the Rules framed thereunder, dividend paid or distributed by a company is taxable in the hands of the shareholders and accordingly, the Company is required to deduct TDS on the Dividend.

In this regard, please find enclosed herewith a copy of the e-mail communication sent to all the shareholders, whose email addresses are registered with the Depositories/the Company/the Registrar and Share Transfer Agent, inter-alia, indicating the process and documentation required for claiming tax exemption on dividend, if declared at the ensuing 39th Annual General Meeting and payable during FY 2026-27.

The above information is also available on the website of the Company at www.hfcl.com.

Kindly take the same on your records.

Thanking you.

Yours faithfully,
For **HFCL Limited**

MANOJ BAID
Digitally signed by MANOJ BAID
Date: 2026.07.16 23:34:09 +05'30'

(**Manoj Baid**)
President & Company Secretary

Encl. as above

HFCL LIMITED

(**Corporate Identity Number**: L64200HP1987PLC007466)
Regd. Office: 8, Electronics Complex, Chambaghat, Solan-173213 (Himachal Pradesh)
Tel: +91-1792-230644; Fax**:** +91-1792-231902: **Website**: www.hfcl.com ; **E-mail**: secretarial@hfcl.com

Name :

DPID/Client ID :

THIS COMMUNICATION REQUIRES YOUR IMMEDIATE ATTENTION

Dear Shareholder,

We are pleased to inform you that the Board of Directors of your Company at its meeting held on April 30, 2026 has recommended a dividend @20%, i.e. Re.0.20 per equity share of face value of ₹1/- , for the financial year 2025-26, which shall be paid within 30 days of its declaration of the same by the shareholders of the Company at the ensuing Annual General Meeting (AGM).

As you may be aware, in terms of the provisions of the Income-tax Act, 2025, (the "Act" or "IT Act 2025") as amended by the Finance Act, 2026, applicable with effect from April 1, 2026, dividend declared and paid by the Company is taxable in the hands of its shareholders. Accordingly, the Company shall be required to deduct tax at source from the said dividend at prescribed rates. The aforesaid dividend, if approved by the shareholders at the ensuing AGM, will be payable to those shareholders whose name appear in the Register of Members of the Company or in the records of the Depositories Participants, as on the record date, within the prescribed timeline as per applicable statute.

Pursuant to SEBI Master Circular dated February 06, 2026 issued to the Registrars to an Issue and Share Transfer Agents (RTA) read with other related SEBI Circulars and Regulation 12 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, SEBI has mandated that dividend to the shareholders holding shares in physical mode shall be paid only through electronic mode. Such payment to the eligible shareholders holding physical shares shall be made only after they have furnished their PAN, Choice of Nomination(optional), Contact Details (Postal Address with PIN and Mobile Number) Bank Account Details and Specimen Signature for their corresponding physical folios to the Company or the RTA.

Members holding shares in physical form are requested to update their KYC details such as PAN, Contact details (Postal Address with PIN, email and Mobile Number), Bank A/c details and Specimen signature to their corresponding folio numbers in relevant forms with the Company's RTA i.e. **MCS Share Transfer Agent Limited, 179-180, 3rd Floor DSIDC Shed, Okhla Industrial Area, Phase-I, New Delhi – 110020, Ph. No. +91-11-41406149, email ID:** admin@mcsregistrars.com to avail uninterrupted services and electronic credit of dividend in bank account.

The provisions of the Income-tax Act, 2025 have come into force with effect from 1 April 2026, replacing the earlier Income-tax Act, 1961. Accordingly, for the purposes of this communication, all references to applicable sections, rules, rates and prescribed forms have been made in accordance with the provisions of the Income-tax Act, 2025 and the Income-tax Rules framed thereunder, as applicable for the tax year (financial year) 2026–27. As per the provisions of the Act, the Company would be required to apply withholding tax / deduct taxes at source (TDS) at the prescribed rates on the dividend paid to its shareholders. The withholding tax rate would vary depending on the residential status of the shareholder and the documents submitted by them and as acceptable to the Company.

This communication summarizes the applicable TDS provisions in accordance with the provisions of the Income-tax Act, 2025, for various categories, including Resident or Non-Resident members.

TDS on Dividend payment to Resident Shareholders:

Sr. No.	Particulars	Withholding Tax Rate	Declaration / Documents Required
1	No Tax shall be deducted in the case of resident individual members if the amount of such dividend in aggregate paid or likely to be paid during the Tax Year (FY) does not exceed ₹10,000 (Rupees Ten Thousand Only)	Nil	NA
2	- Valid PAN updated in the Company's Register of Members	10%	No document is required (if no exemption is sought)

3	No PAN/ **Invalid Pan/** Valid PAN not updated in the Company's Register of Members/ PAN not linked with Aadhaar	20%	- No document is required (if no exemption is sought)
4	Shareholder Submitting Form no.121	Nil	**Self-attested** Copy of PAN card **with Form 121 duly filled and signed.** Declaration in Form 121, fulfilling prescribed conditions. - (Format of Form 121 attached). The form can be downloaded from the Income Tax website. For claiming exemptions, the said form can be **accessed** online by clicking on the following link: Form 121 ***Please note that all fields are mandatory to be filled up and Company may at its sole discretion reject the form if it does not fulfil the requirement of law.***
5	Shareholder submitting lower / nil tax deduction certificate issued by Income Tax department - under Section 395 of Income Tax Act, 2025.	Rate provided in the Certificate -	**Self-attested** Copy of PAN card **with Self-attested- Lower/nil tax deduction Certificate issued by Income Tax Authority.** Lower/Nil tax deduction certificate for the tax year (FY) 2026-27 obtained from tax authority to be submitted to claim the lower tax rates.
6	Securitisation Trust	Nil	A **Self-attested** copy of the registration/ document evidencing the shareholder as a securitisation trust (as defined in clause (d) of section 221(6)).

7	Mutual Fund specified under Schedule VII (Table: Sl. No. 20 or 21) of the Act	10%/Nil	**Self-attested** Copy of PAN card A declaration that they are governed by the provisions of section 11 [schedule VII (20)/(21)] of the Act along with self-attested copy of relevant registration documents. The required documents can be **accessed** online by clicking on the following link: https://cdn.prod.website-files.com/69e0036b695965871f0524aa/6a56082bb264b602d75b21a4_Resident_Tax_Declaration-Category-Selection.pdf
8	Shareholders to whom section 393 of the Income Tax Act, 2025 does not apply, such as the Government, RBI, corporations established by the Central Act like LIC, GIC, etc.	10%/Nil	**Self-attested** Copy of PAN card and a declaration that they are beneficial owners of shares held, along with self-attested copy of relevant registration documents.
9	Category I and II Alternative Investment Fund	Nil	**Self-attested** Copy of PAN card and SEBI AIF registration certificate to claim benefit under section 400(1) read with Schedule V of the Income Tax Act, 2025
10	Provident Fund, Superannuation Fund, Gratuity Fund, Pension Fund and ESI Fund and other eligible persons whose	Nil	**Self-attested** Copy of PAN card alongwith Self-attested valid documentary evidence as per Circular No. 18/2017 issued by the Central Board of Direct Taxes (CBDT) (like approval granted by Income Tax Officer / Commissioner, relevant copy of registration, etc.)

	income is exempt under Section 11 of the Act and on which TDS is not required to be deducted		
11	National Pension System Trust referred to in Schedule VII of the Income-tax Act, 2025	Nil	No TDS as per section 393(9) of the Income Tax Act, 2025
12	Other Resident member who is exempted from TDS provisions through any circular/ notification	Nil	**Self-attested** Copy of PAN card and Self-attested copy of documentary evidence supporting the exemption -

TDS on Dividend payment to Non-Resident Shareholders:

Sr. No.	Particulars	Rate of Deduction of Tax at Source	Documents Required (if any)
1	Foreign Institutional Investors (FIIs) / Foreign Portfolio Investors (FPIs)	20% (plus applicable surcharge and cess)	FPI registration number/certificate along with documents mentioned in Sr. No 2 **below**
2	Other Non-resident shareholders	20% (plus applicable surcharge and cess) or tax treaty rate, whichever is beneficial 35% (plus applicable surcharge and cess) in case of non-residents declaring that they have a permanent establishment in India.	To avail of a beneficial rate of tax as per applicable tax treaty, the following documents would be required: 1. Copy of the 'Tax Residence Certificate' of the shareholder's country of residence valid for the relevant financial year. In case the TRC is furnished in a language other than English, it must be translated from such other language to English, and thereafter, a duly notarised and apostilled copy must be provided. 2. Copy of the PAN Card allotted by the Indian Income Tax authorities duly self-attested. **If the PAN is not available, the non-resident shareholder shall furnish name, email address, contact number, tax identification number allotted in the country of residence and address in country of residence.** 3. Copy of electronically filed **Form No. 41** in the income tax portal for the relevant financial year, along with acknowledgement in the format as attached. 4. Copy of self-declaration by the shareholder for non-existence of permanent establishment/ fixed base in India 5. **Self-declaration of Beneficial ownership (of FY 2026-27) by the non-resident shareholder.** 6. Self-declaration by the shareholder regarding the satisfaction of the place of effective management (POEM), principal purpose test, General Anti Avoidance Rule (GAAR), Simplified Limitation of Benefit test (wherever applicable), as regards the eligibility to claim recourse to concerned Double Taxation Avoidance Agreements. 7. Declaration under section 390 of Income Tax Act 2025 read with Rule 203 of Income Tax Rules, 2026, where the credit of TDS deducted by the Company is to be reported in the name of the beneficial owner of the Dividend Income, which is other than the person whose name is in the shareholder details as per RTA

			In case of shareholder being tax resident of Singapore, proof of satisfying requirement of Article 24 – Limitation of Relief, should be provided (Note: Application of beneficial tax treaty rate shall depend upon the completeness of the documents submitted by the non-resident shareholder and review to the satisfaction of the Company)
3	Indian Branch of a Foreign Bank	20% (plus applicable surcharge and cess) / Nil (if documentary evidence are submitted)	Lower/nil tax deduction certificate under section 395 obtained from Income Tax Authority **and a Self-Declaration: A formal declaration confirming that the dividend income is received on the branch's own account (and not on behalf of the overseas foreign parent) and that the income will be included in the branch's taxable income in India.**
4	Overseas Trust	20% (plus applicable surcharge and cess)	The overseas trust can also be given the tax treaty rate. However, this may be subject to litigation; hence, on a conservative basis, withholding on dividends paid to overseas trusts should be as per the Income Tax Act of 2025 only.
5	Availability of Lower/ Nil tax deduction certificate issued by IncomeTax Department u/s 395 of Income Tax Act, 2025	The ate specified in the Certificate	Lower/Nil tax deduction certificate obtained from Income Tax Authority with **Self-attested** Copy of PAN card.
6	Alternative Investment Fund – Category III located in International Financial Services Centre	10% (plus applicable surcharge and cess)	Copy of PAN card (if available) **and** Self-declaration and adequate documentary evidence substantiating the nature of the entity
7	Non-Resident Shareholders who are tax residents of Notified Jurisdictional Area as defined u/s 176 of the Act	30% **or at the rate in force**	NA
8	Sovereign Wealth funds and Pension funds notified by Central Government	Nil	Copy of the notification issued by CBDT substantiating the applicability of Schedule V(7) of the Act issued by the Government of India. Self-Declaration that the conditions specified in Schedule V(7) have been complied with.

	under Schedule V(7) of the Act		
9	Subsidiary of Abu Dhabi Investment Authority (ADIA) as prescribed under Schedule V(7) of the Act.	Nil	Self-Declaration substantiating the fulfilment of conditions prescribed under Schedule V(7) of the Act

It is recommended that shareholders should independently satisfy its eligibility to claim Double Tax Avoidance Treaty benefit including meeting of all conditions laid down by Double Tax Avoidance Treaty.

Kindly note that the Company is not obligated to apply beneficial tax treaty rates at the time of tax deduction / withholding on dividend amounts. Application of beneficial rate of tax treaty for the purpose of withholding taxes shall depend upon completeness and satisfactory review by the Company of the documents submitted by the non-resident shareholder.

Click here to download - Form 121

Click here to download - Self-declaration for category selection by Resident Shareholders

Click here – Online Form No 41 required for non-resident taxpayers to claim benefits under the Double Taxation Avoidance Agreement (DTAA), which is to be submitted online with Income Tax Portal.

Click here to download - Declaration in lieu of PAN as per Rule 217

Click here to download - Self-declaration for no permanent establishment/fixed base in India

Click here to download - Self-declaration by Non-Resident for claiming tax treaty benefit.

Click here to download - Declaration as per Rule 203

The above forms are also available on the website of the Company at www.hfcl.com

PAYMENT OF DIVIDEND

The dividend on Equity Shares for financial year 2025-26, once approved by the shareholders of the Company at the ensuing AGM, will be paid after deducting the tax at source as mentioned above.

FOR SHAREHOLDERS HAVING MULTIPLE ACCOUNTS UNDER DIFFERENT STATUS / CATEGORY:

Shareholders holding equity 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.

It may be further noted that in case the tax on said dividend is deducted at a higher rate in the absence of receipt of the aforementioned details/documents from you, there would still

be an option available with you to file the return of income and claim an appropriate refund, if eligible.

SUBMISSION OF TAX RELATED DOCUMENTS:

Kindly note that the aforementioned documents should be emailed at: tdsexm@hfcl.com or admin@mcsregistrars.com or physically sent to the Registrar & Transfer Agent (RTA) of the Company at:

MCS Share Transfer Agent Limited
179-180, 3rd Floor DSIDC Shed
Okhla Industrial Area, Phase-I
New Delhi – 110020
Tel: +91-11-41406149
Fax: +91-11-41709881
Unit: HFCL Limited

Accordingly, in order to enable us to determine the appropriate withholding tax rate applicable, **we request you to provide these details and documents as mentioned above, on or before August 16, 2026 (cut off period).** Any documents submitted after cut-off period will be accepted at the sole discretion of the Company.

The Resident Non-Individual Members i.e. Insurance companies, Mutual Funds and Alternative Investment Fund (AIF) established in India and Non-Resident Non-Individual Members i.e. Foreign Institutional Investors and Foreign Portfolio Investors may alternatively submit the relevant forms / declarations / documents through their respective custodian who is registered on National Securities Depository Limited ("NSDL") platform, on or before the aforesaid timelines

UPDATION OF BANK ACCOUNT DETAILS:

All Shareholders are requested to ensure that their bank account details, residential status, registered email address, mobile number, category and other details in their respective demat accounts are updated, to enable the Company to make timely credit of dividend in their bank accounts.

Please note that the Company in its sole and absolute discretion reserves the right to call for any further information and/or to apply domestic law / DTAA for TDS.

Thanking you,

Yours faithfully,
For **HFCL Limited**

(Manoj Baid)
President & Company Secretary

Disclaimer: The information set out herein above is included for general information purposes only and does not constitute legal or tax advice. Since the tax consequences are dependent on facts and circumstances of each case, the investors are advised to consult their own tax consultant with respect to specific tax implications arising out of receipt of dividend.