



BHARAT HEAVY ELECTRICALS LIMITED

(CIN: L74899DL1964GOI004281)

Regd. Office: BHEL House, Siri Fort, New Delhi-110049

Phone: 011-66337598

Website: www.bhel.com, Email: shareholderquery@bhel.in

Dear Shareholder,

Subject: Deduction of Tax at source on Final Dividend for the F.Y. 2025-26

As you are aware that the Board of Directors of your Company has recommended a Final Dividend of 70% (Rs. 1.40 per share) for the Financial year 2025-26 at its meeting held on **May 04, 2026**. The Annual General Meeting (AGM) is scheduled on **Wednesday, August 05, 2026** and the Final Dividend, if declared at the AGM, will be paid within 30 days of declaration. The Company has fixed **Friday, July 17, 2026** as the record date for determining entitlement of members to receive final dividend for the year ended March 31, 2026.

1. As per the provisions of Income Tax Act, 2025 ('Act'), the dividend paid or distributed by a Company is taxable in the hands of shareholders. The Company is therefore required to deduct tax at source (TDS) at the time of payment/ credit of dividend at the rates prescribed under the Act. The TDS rate would vary depending on the residential status, category of the shareholder and the documents submitted by them and accepted by the Company.
2. As per the latest information available with the Depositories (NSDL / CDSL) or with the Registrar and Transfer Agent (RTA) (M/s. Bigshare Services Pvt. Ltd), you are classified either as a Resident Shareholder or a Non-Resident Shareholder and sub-classified as Individual/ Company / Firm / HUF / AOP / Trust / other entity based on the Permanent Account Number (PAN). If you remain as a shareholder on record date, the dividend receivable by you would be taxable under the Act and would be subject to TDS as per the extant provisions of the Act.
3. If there is any change in the above information, you are requested to update your records such as tax residential status, permanent account number (PAN) and update your email address, mobile numbers and other details with your relevant depositories through your depository participants in case you are holding shares in dematerialized form and if you are holding shares in physical mode, you are requested to furnish the details to the RTA of the Company. The records may please be updated before the record date to ensure correct deduction of tax, if applicable.
4. In accordance with Regulation 12 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 read with SEBI Master Circular No. HO/38/13/ (4)2026 – MIRSD - POD/I/4298/2026 dated February 6, 2026, dividend to security holders shall be paid only through electronic mode including to those who are holding securities in physical form. Further, relevant FAQs published by SEBI on its website can be viewed at the following link: https://www.sebi.gov.in/sebi_data/faqfiles/jan-2026/1767611333081.pdf .

Accordingly, members are advised to submit their National Electronic Clearing Service/ Electronic Clearing Service details (NECS/ ECS) or their KYC details including E-mail ID: -

- i. to their Depository Participants in respect of their demat share accounts; and



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- ii. to the Company at its registered office or the Registrar & Transfer Agent, M/s Bigshare Services Private Limited (Office No. S6-2, 6th floor Pinnacle Business Park, Next to Ahura Centre, Mahakali Caves Road, Andheri-East, Mumbai – 400093) in respect of their physical shares, in the prescribed forms available at www.bhel.com/shareholders-information.

Alternatively, members may notify the aforesaid changes to the Company at shareholderquery@bhel.in or to the Registrar & Transfer Agent at investor@bigshareonline.com.

5. For Resident Shareholders:

Tax is required to be deducted at source under Section 393(1) [Table: Sl No. 7] of the Act, at the rate of 10% on the amount of dividend where shareholders have registered their valid Permanent Account Number (PAN). In case, shareholders do not have PAN or have not registered their valid PAN details in their account, or the PAN has become inoperative, TDS at the rate of 20% shall be deducted under Section 397(2) of the Act.

The Government has made it mandatory for individual taxpayers to link PAN with their respective Aadhaar. In case PAN of the individual shareholder is not linked with Aadhaar, such PAN is treated as inoperative and shareholder will be considered as not having PAN and will be subject to higher TDS rate as per the provisions of Section 397(2) of the Act. For this purpose, the Company will be relying on the information verified from the utility provided and available on the Income Tax website.

Further, no TDS will be applicable for dividend payable to:

a) Resident Individual Shareholders, if:

- i) the total dividend to be paid to the Individual shareholder during F.Y. 2026-27 i.e. April 01, 2026 to March 31, 2027 does not exceed Rs. 10,000/-; or
- ii) The shareholder provides duly filled and signed Form No. 121 (previously known as Form 15G/15H), provided that all the required eligibility conditions are met, along with self-attested copy of valid PAN. Please note that all fields are to be filled up mandatorily and the Company may at its sole discretion reject the form if it does not fulfil the requirement of law. The Form 121 can be downloaded from the link given at the end of this communication.
- iii) Exemption certificate u/s 395(1) is obtained from the Income-tax Department, if any.

b) Resident Shareholders other than Individuals, if:

Sufficient documentary evidence thereof, to the satisfaction of the Company is submitted as mentioned below:



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- i) **Insurance companies:** Self declaration that it qualifies as an “Insurer” as per Section 2(7A) of the Insurance Act, 1938 and has full beneficial interest with respect to the equity shares held by it along with self-attested copy of PAN card and certificate of registration with Insurance Regulatory and Development Authority of India (“IRDAI”);
- ii) **Mutual Funds:** Self-declaration that it is registered with SEBI and is notified under Schedule VII (Table Sl. No. 20/21) of the Act along with self-attested copy of PAN card and registration certificate issued by the relevant authority.
- iii) **Alternative Investment Fund (AIF) established in India:** Self-declaration that its income is exempt under Schedule V (Table: Sl. No. 1) of the Act and they are registered with SEBI as Category I or Category II AIF along with self-attested copy of the PAN card and certificate of AIF registration with SEBI.
- iv) **New Pension System Trust:** Self-declaration that it qualifies as NPS trust and income is eligible for exemption under Schedule VII (Table: Sl. No. 41) of the Act and being regulated by the provisions of the Indian Trusts Act, 1882 along with self-attested copy of the PAN card.
- v) **Corporation established by or under a Central Act which is, under any law for the time being in force, exempt from income-tax on its income:** Self-declaration specifying the specific Central Act under which such corporation is established and that their income is exempt under the provisions of Income Tax Act, 2025 along with self-attested copies of registration certificate and PAN and other relevant documentary evidence;
- vi) **Other Resident Non-Individual Shareholders:** Shareholders who are exempted from the applicability of provisions of TDS under Section 393 of the Act or covered by CBDT Circular No. 18/2017 dated 29-05-2017, shall also not be subjected to any TDS, provided they submit an attested copy of the PAN along with the documentary evidence in relation to the same.

Application of Nil rate at the time of tax deduction / withholding tax on dividend amount shall depend upon the completeness of the Documents submitted by such shareholders.

6. For Non-resident Shareholders including Foreign Portfolio Investors and Foreign Institutional Investors

- a) TDS shall be deducted at the rate of 20% (plus applicable surcharge and cess) on the amount of dividend payable, in accordance with the provisions of Section 393(2) [Table Sl. No. 17] read with Section 207(1) [Table Sl. No. 1] of the Act.
- b) TDS required to be deducted at the rate of 10% (plus applicable surcharge and cess) in case of Specified Funds referred under Schedule VI (Note 1(g)) in terms of Sec. 393(2) (Table: Sl. No. 16) of the Act.



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However, as per the provisions of Section 159 of the Income Tax Act, 2025, a non-resident shareholder has the option to be governed by the provisions of the Double Tax Avoidance Agreement (“DTAA”) read with Multilateral Instrument (“MLI”), entered into between India and the country of tax residence of the shareholder, if they are more beneficial to the shareholder. For this purpose, i.e., to avail the Tax treaty benefits, the non-resident shareholder will have to compulsorily provide the following documents:

- Self-attested copy of PAN card, if any, allotted by the Indian RTA Authorities.
- Self-attested copy of Tax Residency Certificate (‘TRC’) obtained from the tax authorities of the country of which the shareholder is resident, evidencing shareholder’s tax residency status during Financial Year 2026-27. In case, the TRC is furnished in a language other than English, the official translated copy of TRC in English language would be required.
- E-filed copy of Form 41 generated electronically from Income tax portal. Form 41 in any other form shall not be considered for treaty benefit.
- Self-declaration by the non-resident shareholder as to:
 - Eligibility to claim tax treaty benefits based on the tax residential status of the shareholder along with such particulars / confirmation as would be imperative to be governed by and / or avail benefits, if any, under the applicable DTAA;
 - No Permanent Establishment / fixed base in India in accordance with the applicable tax treaty;
 - Shareholder being the beneficial owner of the dividend income.
- In case of shareholder being tax resident of Singapore, along with the above (as might be applicable), please furnish the letter issued by the competent authority or any other evidence demonstrating the non-applicability of Article 24- Limitation of Relief under India-Singapore Double Taxation Avoidance Agreement (DTAA).

Kindly note that the Company is not obligated to apply beneficial DTAA Rates at the time of tax deduction / withholding on dividend amounts. Application of beneficial rate as per DTAA r.w. MLI, if applicable for the purpose of withholding taxes, shall depend upon the completeness and satisfactory review by the Company of the documents submitted by the Non- Resident shareholders. The documents referred to in above points can be downloaded from the link given at the end of this communication.

7. **Resident as well as Non-resident Shareholders covered u/s 395 of the Act**

In the case where the shareholders provide a certificate under Section 395 of the Act for lower / NIL withholding of taxes, the rate specified in the said certificate shall be considered based on submission of self-attested copy of the same.

8. **Kindly note that the aforementioned documents should be sent to M/s. Bigshare Services Pvt. Ltd, the Registrar and Transfer Agent (“RTA”) on email id tds@bigshareonline.com on or before 21/07/2026 (Cut-off Date).**

Alternatively, shareholders may upload the requisite documents through the i-Connect



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portal by registering themselves at <https://iconnect.bigshareonline.com/Account/Login>
Such documents must also be uploaded on or before the Cut-off Date.

9. Shareholders having multiple accounts under different status / category

In case of Shareholders holding shares in multiple accounts under different status/ category under a single PAN, higher of the tax rate as applicable to the status in which shares held under a PAN will be considered on their entire holding in different accounts.

10. The consideration of the aforesaid documents, including application of beneficial Tax Treaty Rate, where applicable, will depend on the adequacy and completeness of such documents submitted by the shareholders and review of the same to the satisfaction of the BHEL. **Documents received after 21/07/2026 (Cut-off date) and / or incomplete documents will not be considered.**

11. In the event where the benefit of lower tax on dividend cannot be provided by the Company in the absence of, or due to late receipt of, the aforesaid documents, shareholders would still have an option available to file the return of income and claim appropriate refund, if eligible. No claim shall lie against the Company for taxes once deducted.

12. **Declaration under Rule 203 of IT Rules 2026**

In cases where the shareholder is merely a custodian of the shares and, accordingly, not the beneficial owner of the dividend payable in respect thereof, i.e. the dividend is assessable in the hands of another person, then, in order to transfer the credit of TDS to the beneficial owner of dividend income, i.e. in whose hands the dividend is assessable, the shareholder is required to submit a declaration prescribed under Section 390 of the Act read with Rule 203 of the Income Tax Rules, 2026. The aforesaid declaration shall contain (i) name, address, PAN and residential status of the person to whom credit is to be given; (ii) payment in relation to which credit is to be given; and (iii) the reason for giving credit to such person.

The above declaration must be provided on or before **21/07/2026 (Cut-off date)** in order to enable the Company to determine and apply appropriate TDS. Please note that no application under Rule 203 would be considered in absence of the aforesaid details.

Such Declaration under Rule 203 of the Income Tax Rules, 2026, if any, received after 21/07/2026 (Cut-off date) and / or with incomplete details will not be considered.

13. **Information on tax deducted:**

- The Company will arrange to email a soft copy of the TDS certificate to the registered email IDs of the shareholders in due course. The TDS amount will also be reflected in Form 168 of the shareholder, which can be downloaded from their e-filing account at <https://www.incometax.gov.in/iec/foportal/>



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- If the requisite documents and details are not provided by the shareholders within the specified time, TDS would be regulated as per the provisions of the Act. In such a case, if TDS is deducted at a rate which is considered higher than the applicable rate of tax in a particular case, refund of such excess TDS may be claimed by the shareholder as applicable under law. No claim shall, however, lie against the Company for such deduction of TDS.
- In the event of any income tax demand (including interest, penalty, etc.,) arising from any misrepresentation, inaccuracy or omission of information provided / to be provided by the Shareholder(s), such Shareholder(s) will be responsible to indemnify the Company and also, provide the Company with all information / documents and co-operation in appellate proceedings, if any, preferred by the Company.

Further, any amendment is made to Income Tax Provisions vide the Finance Act or otherwise, shall accordingly be applied at the time of deduction of TDS, including other statutory compliances, in respect of dividend payable to shareholders.

Above communication on TDS, sets out the Income Tax Provisions In a summarised manner only and does not purport to be a complete analysis or listing of all potential tax consequences.

THE ABOVE INFORMATION DOES NOT CONSTITUTE TAX OR LEGAL ADVICE. AND IN VIEW OF INDIVIDUAL NATURE OF TAX IMPLICATIONS, EACH INVESTOR IS ADVISED TO CONSULT HIS OR HER OWN TAX ADVISOR WITH RESPECT TO THE SPECIFIC TAX IMPLICATIONS.

For any query pertaining to above dividend payment, please mail to tds@bigshareonline.com. Please send your correspondence to our RTA at the following address:

M/s Bigshare Services Pvt. Ltd.
(Unit: Bharat Heavy Electricals Limited),
Office No. S6-2, 6th Floor Pinnacle Business Park Next to Ahura Centre
Mahakali Caves Road Andheri East Mumbai-400093
Telephone: 022-62638200

Thank you for your kind co-operation and support.

Yours faithfully,

For Bharat Heavy Electricals Limited

Sd/-

(Dr. Yogesh R Chhabra)

Company Secretary

Enclosures:

- [Exemption/Declaration Forms](#)