

Happiest Minds Technologies Limited (“Company”)

Detailed note on deduction of tax at source (TDS) on Dividend

We are happy to inform you that the Board of Directors of your Company at its meeting held on May 28, 2026, has recommended a Final Dividend of Rs 3.65 (Rupees Three and Sixty-Five paise only) per equity share of face value of Rs. 2/ - (Rupees Two only) each, of the Company, for the financial year ended March 31, 2026, subject to the approval of the shareholders in its Annual General Meeting scheduled on July 28, 2026.

The Final Dividend will be paid to shareholders holding equity shares of the Company, as on Record Date i.e., July 17, 2026.

1. TDS applicability:

Pursuant to the provisions of the Income-tax Act, 2025 (‘the Act’), effective April 01, 2026, the Company is required to withhold taxes at the prescribed rates on the dividend paid to its shareholders.

2. When TDS is NOT applicable for Individuals & what you need to do:

No tax is required to be deducted on payment of dividend to a resident individual shareholder if the total dividend, received/ to be received by him/her during a Financial year, does not exceed INR 10,000/-.

All the shareholders eligible for dividend exceeding INR 10,000 are requested to update their PAN with their Depository Participant (if shares are held in electronic form) and Company / KFIN (if shares are held in physical form) against all their folio holdings on or before July 17, 2026.

3. TDS Rates – Carefully Note your residential status, category & relevant document to submit:

The withholding tax rate would vary depending on the residential status and category of the shareholder and is subject to provision of requisite declarations / documents to the Company.

A. RESIDENT SHAREHOLDERS:

A.1 Tax deductible at source for Resident Shareholders (other than resident individual shareholders receiving dividend not exceeding INR 10,000 during the Financial Year [FY])

Sr. No.	Particular	Withholding tax rate	Declaration / documents required
1	Valid PAN updated with the Registrar and Transfer Agent ('RTA') in case shares are held in physical form; or depository participant in case shares are held in dematerialized form and no exemption sought by Shareholder	10%	N.A.
2	No / Invalid PAN registered with the RTA in case shares are held in physical form; or depository participant in case shares are held in dematerialized form and no exemption sought by Shareholder	20%	N.A.
3	Availability of lower/nil tax deduction certificate issued by Income Tax Department u/s 395 of the Act	Rate specified in Lower tax withholding certificate obtained from Income Tax Department	1. Self-attested Copy of PAN card 2. Copy of lower tax withholding certificate obtained from Income Tax Department

Note: In case an individual shareholder does not link his Aadhaar with PAN (unless exempted from the provisions) the PAN will be invalidated and higher TDS at 20% will be applicable and No declaration for TDS exemption will be considered.

A.2 Nil Tax Deductible at Source on dividend payment to Resident Shareholders if the Shareholders submit documents mentioned in column no.3 of the below table with the RTA

Sr. No.	Particular	Declaration / documents required
1	Shareholder (other than a Company or a Firm) submitting Form 121	1. Self-attested Copy of PAN card

		<p>2. Declaration in Form No. 121 fulfilling prescribed conditions.</p> <p>3. Refer Annexure 1 - Form 121</p>
2	Insurance Companies and Business Trusts to whom section 393 of the Act does not apply.	Declaration in Annexure 2
3	Shareholder covered u/s 393 of the Act such as Government (Central/State), RBI, Mutual Funds, corporations established by Central Act and exempt from Income Tax.	Declaration in Annexure 2
4	Category I and II Alternative Investment Fund (AIF) u/s 393	Declaration in Annexure 2
5	National pension scheme u/s 393	Declaration in Annexure 2
6	Entities falling under Circular 18/2017 - recognized PF fund, Superannuation fund, gratuity fund.	Declaration in Annexure 2
7	Any other entity exempt from withholding tax under the provisions of section 393(4) of the Act	Declaration in Annexure 2

B. NON-RESIDENT SHAREHOLDERS:

Tax deductible at source for non-resident shareholders.

Sr. No.	Particular	Withholding tax rate	Declaration / documents required
1	Non-resident shareholders including Foreign Institutional Investors (FIIs) / Foreign Portfolio Investors (FPIs)	20% (plus applicable surcharge and cess) or tax treaty rate whichever is beneficial	To avail beneficial rate of tax treaty following tax documents would be required: 1. Self-attested Copy of PAN card (if available)

			<ol style="list-style-type: none"> 2. Copy of Tax Residency certificate issued by revenue authority of country of residence of shareholder for the tax year 2026-27 (covering the period from April 1, 2026 to March 31, 2027) 3. Copy of Self-Declaration in Form 41 filed online in the Income Tax Portal (As per Annexure 3) 4. Self-declaration for no permanent establishment / fixed base / business connection in India, place of effective management, beneficial ownership and eligibility to avail tax treaty benefit [on shareholder's letterhead] (As per Annexure 4). <p>(Note: Application of beneficial Tax Treaty Rate shall depend upon the completeness and satisfactory review by the Company of the documents submitted by the non-resident shareholders. In case the documents are found to be incomplete, the Company reserves the right to not consider the tax rate prescribed under the tax treaty).</p>
2	Availability of Lower/NIL tax deduction certificate issued by Income Tax Department u/s 395 of the Act	Rate specified in Lower tax withholding certificate obtained from Income Tax Department	<ol style="list-style-type: none"> 1. Self-attested Copy of PAN card 2. Copy of the lower tax withholding certificate obtained from Income Tax Department

4. Implications of inaccuracy/inadequacy of documents submitted.

In case PAN is not updated with the Company's RTA or depository, or PAN is not available, and information sought in the declaration are not provided in case of residents, higher rate of withholding tax @ 20% as per section 397 shall be applied.

Similarly, any specified declaration/documents found to be incorrect or defective, the Company reserves the right to reject and in consequence, intended benefit would not be passed on.

5. Where to get the links to download and upload the forms:

Please **CLICK** on the following links to download the forms (*Annexures mentioned above*):

1. [Annexure1](#)
2. [Annexure3](#)

Also, these forms can be accessed and downloaded from the link:

<https://ris.kfintech.com/clientservices/investors/taxformsupload.aspx>

Annexures 2 & 4 are attached below;



Annexure_2.docx



Annexure_4.docx

6. Other important things you need to know:

1. The aforesaid documents and annexures has to be uploaded on the link <https://ris.kfintech.com/clientservices/investors/taxformsupload.aspx> on or before July 17, 2026 to enable the Company to determine the appropriate withholding tax rate applicable at the time of payment of dividend, if any, during tax year 2026-27. In case where copy of documents (such as, PAN card, Registration certificate) is provided, the copy should be self-attested by the Shareholder or its authorized signatory. Any communication in relation to tax rate determination/deduction received post July 17, 2026 shall not be considered.

ALL ANNEXURES RELATED TO ONE SHAREHOLDER MUST BE UPLOADED AS SINGLE DOCUMENT AT ONE GO. MULTIPLE DOCUMENTS AT MULTIPLE UPLOADS WOULD CREATE CONFUSION AND COMPANY CAN NOT LINK THEM TOGETHER. IN CONSEQUENCE, DOCUMENTS MAY BE IGNORED.

2. The Company will issue soft copy of the TDS certificate to its shareholders through email registered with the Company / RTA post payment of the dividend. Shareholders will be able to download the tax credit statement from the Income Tax Department's website <https://www.incometax.gov.in/iec/foportal> (refer to Form 168).
3. In case withholding tax is deducted at a higher rate, an option is still available with the shareholder to file the return of income with the dept. of Income Tax and claim an appropriate

refund. **No claim shall lie against Company for any taxes deducted by the Company.**

4. In the event of any income tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided by the shareholder, the shareholder will be responsible to indemnify the Company and also, provide the Company with all information / documents and co-operation in any tax proceedings.
5. This Communication is not exhaustive and does not purport to be a complete analysis or listing of all potential tax consequences in the matter of dividend payment. **Shareholders should consult their tax advisors for requisite action to be taken by them.**
6. We request all shareholders to update their email ids and complete bank mandate details with your depositaries for effective communication and smooth payment of Dividend.
7. In case, the dividend income is assessable to tax in the hands of a person other than the registered Shareholder as on the Record Date, the registered shareholder is required to furnish a declaration containing the name, address, PAN of the person to whom TDS credit is to be given and reasons for giving credit to such person on or before July 17, 2026. No request in this regard would be accepted by the Company/RTA after the said date.

7. Your queries:

Please send your queries if any to investors@happiestminds.com