

FIL/SEC/SEs/2023-24/046

29th July, 2023

National Stock Exchange of India Limited
Manager – Listing Department
5, Exchange Plaza
Bandra-Kurla Complex
Bandra (East),
Mumbai 400051
Scrip Code: FINPIPE

BSE Limited
Manager – Listing Department
Registered Office: Floor 25
P.J.Towers
Dalal Street
Mumbai 400 001
Scrip Code: FINOLEXIND

Sub: Communication to Shareholders on Tax Deduction at Source / Withholding tax on Dividend

Dear Sir/ Madam,

As informed earlier, the Board of Directors of the Company at its meeting held on Monday, 22nd May, 2023, has recommended final dividend of Rs.1.50/- per equity share of face value of Rs.2/- each, for the financial year ended on 31st March, 2023, subject to approval of shareholders at the 42nd Annual General Meeting of the Company.

Pursuant to the provisions of Income Tax Act, 1961 as amended from time to time, the above said dividend for the financial year 2022-23 to be paid or distributed by the Company in the financial year 2023-24 shall be taxable in the hands of the shareholders, as prescribed therein.

In this regard, please find enclosed herewith specimen copy of e-mail communication made to the shareholders in respect of whom the Company is liable to deduct Tax on dividend and having their e-mail address registered with the Company / Depositories elaborating the process to be followed along with the necessary Annexures, in respect of the applicability of tax deduction and formalities to be complied by the shareholders to ensure appropriate deduction of tax on the dividend payable, as applicable.

You are requested to kindly take note of the same and disseminate appropriately

Thanking you,

Yours truly,

For **Finolex Industries Limited**

Ashutosh Kulkarni

Company Secretary & Compliance Officer

M. No.: A18549

Encl.: As above



FINOLEX INDUSTRIES LIMITED

CIN-L40108PN1981PLC024153

Registered Office: Gat No.399, Village Urse, Taluka Maval, District Pune 410506.

Tel.02114-237251

Corporate Office: D 1/10, MIDC, Chinchwad, Pune 411 019

Tel: 020-27408200

E-mail: investors@finolexind.com **website:** www.finolexpipes.com

28th July, 2023

Ref: Folio Number / DP ID & Client ID Number :

Name :

Dear Shareholder,

Sub: Communication on Tax Deduction at Source (TDS) on dividend

At the outset we hope that you and your family are doing well and are safe and healthy.

We are pleased to inform you that the Board of Directors of your Company have in its meeting held on 22nd May, 2023 recommended a final dividend of Rs.1.50/- per equity share of the face value of Rs.2/- each, for the financial year ended 31st March 2023. The said dividend, as recommended by the Board, if declared at the ensuing 42nd Annual General Meeting, shall be paid within 30 days of the date of its declaration to eligible members holding shares as on record date which will be communicated separately.

As per the Income tax Act, 1961 (the 'Act'), as amended, the Company is required to deduct Tax at Source ('TDS') in respect of approved payment of dividend to its shareholders (resident as well as non-resident).

You are requested to ensure that the below details, as applicable to you, are submitted and/ or updated with KFin Technologies Limited (KFin), Registrar and Transfer Agent (the "RTA") if shares are held in physical form and in case of shares held in demat form with your depository participant for the purpose of complying with the applicable TDS provisions:

- Valid Permanent Account Number (PAN);
- Residential status as per the Act, i.e. Resident or Non-Resident for Financial Year 2023-24;
- Category of the Shareholder, viz. Mutual Fund, Insurance Company, Alternate Investment Fund (AIF) - Category I, II and III, Government (Central/ State Government), Foreign Portfolio Investor (FPI)/ Foreign Institutional Investor (FII), Foreign Company, Individual, Hindu Undivided Family (HUF), Firm, Limited Liability Partnership (LLP), Association of Persons (AOP), Body of Individuals (BOI) or Artificial Juridical Person, Trust, Domestic Company etc.;
- Email Address;
- Bank account details; and
- Address with PIN Code (including country)

Following additional documents are to be submitted by the shareholders holding shares in physical form:

- scanned copy of cancelled cheque leaf of the above-mentioned bank account; (In case the cancelled cheque leaf does not bear your name, please attach a copy of the bank pass-book statement, duly self-attested.); and
- self-attested copy of your PAN card.

SEBI vide Circular dated 16th March, 2023 in supersession of the earlier issued circular in this regards, has mandated furnishing of PAN, KYC details (i.e., postal address with pin code, e-mail address, mobile number, bank account details) and nomination details by holders of physical shares through Form ISR-1, Form ISR-2 and Form ISR-3 (as applicable). Further, PAN details are to be compulsorily linked to Aadhaar as specified by Central Board of Direct Taxes.

Effective from 1st October, 2023, Folios wherein any one of the aforesaid documents / details are not available, shall be frozen and will not be eligible to lodge grievance or avail service request from the RTA unless member(s) / shareholder(s) comply with the aforesaid provisions and shall not be eligible for receipt of dividend in physical mode w.e.f. 1st April, 2024. The relevant forms as required for submitting the details are available on website of the Company at <https://www.finolexpipes.com/investors/investors-relations-centre/>

This will facilitate receipt of dividend directly in your bank account and deduction of tax at source on dividend at applicable rate.

The provisions of the Act relating to deduction of tax at source on dividend are as given below

Resident Shareholders:

Tax shall be deducted at source under Section 194 of the Act @ 10% on the amount of dividend declared and paid by the Company during financial year 2023-24, subject to the following:

Sr. No.	Particulars	Rate of TDS applicable	Section under the Act
1	PAN is not available/ Invalid PAN/ PAN is inoperative (PAN and Aadhar are not linked)	20%	206AA
2	Non-filer of return of income tax for the financial year preceding the financial year in which tax is deductible and aggregate amount of tax deducted and collected at source is Rs.50,000 or more (refer Note 1)	20%	206AB

However, No tax shall be deducted at source on the dividend payable to a resident member (individual) if the total dividend to be received by the said resident member (individual) from the Company during a financial year does not exceed Rs. 5,000; or if an eligible resident member provides a valid declaration in Form 15G/ Form 15H or other documents specified in Annexure - A as may be applicable to different categories of members. Where the PAN is either not registered or is invalid, tax shall be deducted at source at a rate which is higher of the prescribed TDS rates or @ 20%.

Further, if a shareholder has obtained a lower or Nil withholding tax certificate from the tax authorities and provides a copy of the same to the Company, tax shall be deducted on the dividend payable to such shareholder at the rate specified in the said certificate.

A list of documents/ declarations required to be provided by the resident shareholders is enclosed as [Annexure - A \(Part 1\)](#) herewith. Kindly note that the aforementioned documents should be uploaded with KFin Technologies Limited, the Registrar and Transfer Agent at <https://ris.kfintech.com/form15> or e-mail at inward.ris@kfintech.com. No communication on the tax determination/ deduction shall be entertained on and after **Monday, 21st August, 2023**.

The above referred documents submitted by the member will be verified by our RTA and the same will be considered for determining the appropriate tax and while deducting taxes, if any, subject to the condition documents are in accordance with the provisions of the Act.

Non-resident shareholders:

Tax is required to be deducted at source in the case of non-resident shareholders in accordance with the provisions of Section 195 of the Act at the rates in force. As per the relevant provisions of the Act, the TDS on dividend shall be @ 20% or applicable rate plus applicable surcharge and health & education cess on the amount of dividend payable to the non-resident shareholders. For FII/ FPI shareholders, Section 196D provides for TDS @ 20% or applicable rate plus applicable surcharge and health & education cess.

However, as per Section 90 of the Act, non-resident shareholders have the option to be governed by the provisions of the Double Tax Avoidance Agreement (DTAA) read with applicable Multilateral Instrument (MLI) provisions, if they are more beneficial to them.

In order to claim the benefit of DTAA, the non-resident shareholders will have to provide required documents/ declarations.

Further, higher rate of TDS is applicable for Non-Resident shareholders classified as Specified Person as per Section 206AB of the Act (Refer Note 1).

A list of such documents/ declarations required to be provided by the shareholders is enclosed as [Annexure - A \(Part 2\)](#) herewith. Kindly note that the said documents should be uploaded with KFin Technologies Limited, the Registrar and Transfer Agent at <https://ris.kfintech.com/form15> or <https://ris.kfintech.com/clientservices/isc/>. No communication on the tax determination/ deduction shall be entertained on and after **Monday, 21st August, 2023**.

Note **Applicability of higher rate on Specified Person* as per Section 206AB in case of Resident**
1: Members and Non-Resident Members who have Permanent establishment in India for TDS
under section 194/ 195/ 196D of the Act

Specified Persons:

The rate of TDS under section 206AB of the Act shall be higher of the following:

- i. twice the rate specified in the relevant provision of the Act
- ii. twice the rate or rates in force; or
- iii. the rate of five per cent.

* Specified Person means a person who has not filed the return of income for the assessment year relevant to the previous year immediately preceding the financial year in which tax is required to be deducted, for which the time limit for furnishing the return of income under section 139(1) of the Act has expired and aggregate of tax deducted and collected at source is Rs. 50,000 or more.

- In this regard, the company shall assess the 'Specified Person' based on the functionality provided by the Income Tax Department for compliance check under section 206AB.
- If any Resident or Non- Resident member is falling in the category of 'Specified Person' as per the above functionality by Income Tax Department, the company shall be obliged to deduct tax at higher rate as per section 206AB of the Act, viz. 20% for resident shareholders and 40% (plus applicable surcharge and cess) for non-resident shareholders.
- In case of non-resident shareholders not holding PAN, we shall be unable to verify whether such shareholder is a specified person under section 206AB of the Act as per the functionality provided by Income Tax Department. In order to avoid tax deduction at source at higher rate under section 206AB such shareholders may submit declaration that they are not obliged to file income tax return in India and/or they do not have permanent establishment in India. In case of Non-Resident Shareholders who are tax residents of Notified Jurisdictional Area as defined under Section 94A (1) of the IT Act, TDS rate of 30% will be applicable.

The above referred documents submitted by you will be verified by our RTA and will consider the same while deducting the appropriate taxes, if any, provided that these documents are in accordance with the provisions of the Act.

In addition to the above, please note the following:

- In case you hold shares under multiple accounts under different status/ category but under a single PAN, the highest rate of tax as applicable to the status in which shares held under the said PAN will be considered on the entire holding in different accounts.
- In case of joint shareholding, the withholding tax rates shall be considered basis the status of the primary beneficial shareholder.
- For deduction of tax at source, the Company would be relying on the above data shared by its RTA as updated up to the record date.

Application of TDS rate is subject to necessary due diligence and verification by the Company of the shareholder details as available in Register of Members on the Record Date and above prescribed documents. In case of ambiguous, incomplete or conflicting information, or the valid information/documents not being provided, the Company will arrange to deduct tax at the maximum applicable rate. In such case, the shareholders may consider filing their return of income and claiming an appropriate refund, as may be eligible. No claim shall lie against the Company for such taxes deducted. The tax credit can be viewed in Form 26AS by logging in with your credentials (with valid PAN) at TRACES <https://www.tdscpc.gov.in/app/login.xhtml> or the e-filing website of the Income Tax department of India <https://www.incometax.gov.in/home>

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(s), such Shareholder(s) will be responsible to indemnify the Company, and also provide the Company with all information/ documents and co-operation in any assessment/ appellate proceedings before the Tax/ Government authorities.

Kindly note that above communication on TDS sets out the provisions of law in a summary manner only and does not purport to be a complete analysis or listing of all potential tax consequences. Shareholder(s) should consult with their own tax advisors for the tax provisions applicable to their particular circumstances.

FAQs relating to the above [Click here](#) and also hosted on the website of the Company at www.finolexpipes.com.

We seek your co-operation in the matter.

Click to download - Annexure - A ([Part-1](#)) and ([Part-2](#))

Thanking you,
Yours faithfully,
For **Finolex Industries Limited**

Sd/-
Ashutosh B. Kulkarni
Company Secretary & Compliance Officer
(M. No.: A18549)

This is a system generated Email. Please do not reply to this Email.