

Registered Office / Urse Plant
Finolex Industries Limited
Gat No. 399, Village Urse, Tal.-Maval,
Dist. Pune 410 506, Maharashtra, India
CIN L40108PN1981PLC024153

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FIL/SEC/SEs/2021-22/026
16th July, 2021

The Manager – Listing Department National Stock Exchange of India Limited 5, Exchange Plaza Bandra-Kurla Complex Bandra (East), Mumbai 400051	The Manager – Listing Department BSE Limited Registered Office: Floor 25 P.J.Towers Dalal Street Mumbai 400 001
Scrip Code: FINPIPE	Scrip Code: 500940/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 Friday, 25th June, 2021, has recommended payment of Final Dividend of Rs. 2/- and a Special Dividend of Rs. 2/- per Equity Share of Face Value of Rs. 2/- each (i.e. 400%), for the financial year 2020-21 subject to approval of shareholders at the ensuing 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 2020-21 to be paid or distributed by the Company in the financial year 2021-22 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 id 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.

The same is also being made available on the Company's website at www.finolexpipes.com.

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
ACS No.: 18549
Encl: As above





FINOLEX INDUSTRIES LIMITED

CIN-L40108PN1981PLC024153

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

Tel.02114-237251, **Fax No.**02114-237252

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

Date : July 16, 2021

Dear Shareholder,

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

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

We wish to inform you that the Board of Directors of your Company has at its meeting held on 25th June, 2021 recommended a final dividend of Rs. 2/- (100%) per equity share and a special dividend of Rs. 2/- (100%) per equity share of the face value of Rs. 2/- each, for the financial year ended 31st March 2021. The said dividend, as recommended by the Board, if declared at the ensuing 40th Annual General Meeting, will be paid within 30 days of the date of its declaration to eligible Shareholders holding shares as on record date which shall be communicated separately.

As you may be aware, the Finance Act, 2020 has abolished the Dividend Distribution Tax (DDT) and has introduced the system of dividend taxation in the hands of the shareholders with effect from 1st April, 2020. Accordingly, the Company would be 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 Pvt. Ltd.(KFin) Registrar and Transfer Agent / your demat account(s) maintained with the Depository participant(s) for the purpose of complying with the applicable TDS provisions:

- Valid Permanent Account Number (PAN);
- Residential status as per the Income-tax Act, 1961 ('the Act'), i.e. Resident or Non-Resident for FY 2021-22;
- 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 (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.

This will facilitate receipt of dividend directly in your bank account.

Resident Shareholders:

Tax shall be deducted at source under Section 194 of the Income Tax Act, 1961 ('Act') @ 10% on the amount of dividend declared and paid by the Company during financial year 2021-22, subject to the following:

Sr. No.	Particulars	Rate of TDS applicable	Section under the Act
1	PAN is not available/ Invalid PAN	20%	206AA
2	Non-filing of return of income tax for any of the last two financial years (i.e. FY 2018-19 and FY 2019-20); and TDS as well as TCS deduction in each of these years in case of the shareholder, is Rs. 50,000 or more (refer Note 1)	20%	206AB

Note 1: Provisions of Section 206AB of the Act are applicable with effect from 1st July, 2021.

No tax shall be deducted at source on the dividend payable to a **resident individual** if the total dividend to be received by the said resident individual from the Company during a financial year does not exceed Rs. 5,000; or if an eligible resident shareholder provides a valid declaration in **Form 15G/ Form 15H** or **other documents specified in Annexure - A** as may be applicable to different categories of shareholders.

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 Private Limited, the Registrar and Transfer Agent at <https://ris.kfintech.com/form15> or emailed to inward.ris@kfintech.com. No communication on the tax determination/ deduction shall be entertained after 14th August, 2021.

The above referred documents submitted by you will be verified by us and we will consider the same while deducting the appropriate taxes, if any, provided that these 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.

Also, in order to avoid tax deduction at source @ 40% plus applicable surcharge and health & education cess as per section 206AB of the Act, all non-resident shareholders are requested to submit declaration in the prescribed format.

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 Private Limited, the Registrar and Transfer Agent at <https://ris.kfintech.com/form15> or emailed to inward.ris@kfintech.com. No communication on the tax determination/ deduction shall be entertained after 14th August, 2021.

The above referred documents submitted by you will be verified by us and we 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 KFin 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 Company shall arrange to email the soft copy of the TDS certificate to shareholders at the registered email ID within the prescribed time, post payment of the said dividend, if declared in the AGM. The tax credit can also 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 here](#) to download - Annexure – A

Thanking you

Yours faithfully,
For **Finolex Industries Limited**

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

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 shareholder(s) are advised to consult their own tax consultant with respect to specific tax implications arising out of receipt of dividend.