



FCL:SEC:SE:23:93

24th August, 2023

Corporate Relations Department BSE Limited 1st Floor, New Trading Ring Rotunda Building, P J Towers Dalal Street, Fort Mumbai – 400 001 in	The Manager Listing Department National Stock Exchange of India Ltd 'Exchange Plaza', C-1, Block G, Bandra – Kurla Complex, Bandra (E), Mumbai – 400 051	Mr Tom Schmit Luxembourg Stock Exchange PO Box 165 L-2011 Luxembourg Grand-Duchy of Luxembourg EUROPE
Scrip Code: 500144	Scrip Code: FINCABLES	

Dear Sir/Madam,

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

Ref: Regulation 30 and 42 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015

As informed earlier, the Board of Directors of the Company at its meeting held on 26th May, 2023, has recommended payment of dividend of 350% (Rs.7/- per equity share) for the financial year ended 31st March, 2023 (2022-23), subject to approval of shareholders at the 55th 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 31st March, 2023 (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 the same on your record.

Thanking you,

Yours truly,

For FINOLEX CABLES LIMITED

Gayatri Kulkarni
Assistant Company Secretary
& Compliance Officer

Registered Office:

26-27, Mumbai-Pune Road, Pimpri, Pune – 411018. Tel: 020 27506200.
Visit us at: www.finolex.com | Email: sales@finolex.com | CIN: L31300MH1967PL016531

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EXPECTATIONS



FINOLEX CABLES LIMITED

CIN: L31300MH1967PLC016531

Registered Office: 26-27, Mumbai - Pune Road, Pimpri, Pune - 411 018

Email: Investors@finolex.com

22nd August, 2023

Dear Shareholder,

Sub: Communication in respect of deduction of tax at source on Dividend payout

We wish to inform you that the Board of Directors ('Board') of your Company has at its meeting held on 26th May, 2023 recommended a dividend @350% (i.e., @ Rs.7.00 per equity share of Rs.2/- each fully paid up) for the financial year ended on 31st March, 2023.

The dividend, as recommended by the Board, if declared at the ensuing annual general meeting, will be paid to the eligible shareholders holding equity shares of the Company as at the Record date is **22nd September, 2023**.

In accordance with the provisions of the Income Tax Act, 1961 ('the Act'), dividend paid on or after 1st April, 2020, is taxable in the hands of shareholders and the Company is required to deduct tax at source ('TDS') from dividend paid to the shareholders at the applicable rates.

TDS rates that are applicable to shareholders depend upon their residential status and classification as per the provisions of the Act. The Company will therefore deduct tax at source at the time of payment of dividend, at rates based on the category of shareholders and subject to fulfilment of conditions as provided herein below:

For Resident Shareholders: -

Tax will be deducted at source under Section 194 of the Act @ 10% on the amount of dividend payable, unless exempt under any of the provisions of the Act. However, in case of Individuals, TDS would not apply if the aggregate of total dividend paid to them by the Company during the financial year does not exceed Rs. 5,000.

No TDS will be deducted in cases where a shareholder provides Form 15G (applicable to individual) / Form 15H (applicable to an individual above the age of 60 years), provided that the eligibility conditions as prescribed under the Act are met. Blank Form 15G and 15H can be downloaded from the link given at the end of this communication (Format enclosed as **Annexure A and Annexure B** respectively) or from the website of the Company viz. <https://www.finolexcables.com/investors/tds-on-dividend>. Please note that all fields mentioned in the forms are mandatory and the Company will not be able to accept the forms submitted, if not filled correctly.

Please also note that valid Permanent Account Number ('PAN') will be mandatorily required. Shareholders who are required to link their Aadhaar number with their PAN in terms of the provisions of Section 139AA (2) read with Rule 114AAA of the Act. If PAN is not linked with Aadhaar, such PAN will be deemed invalid and TDS will be deducted at higher rates u/s 206AA of the Act. Please also note that the provisions of Section 206AB of the Act are applicable with effect from 1st July, 2021.

NIL/lower tax will be deducted on dividend payable to the following categories of resident shareholders, on submission of self-declaration. (Format enclosed as **Annexure C**):

- i. **Insurance companies:** Documentary evidence duly certified to prove that the Insurance company qualify as Insurer in terms of the provisions of Section 2(7A) of the Insurance Act, 1938 along with self-attested copy of PAN card;
- ii. **Mutual Funds:** Documentary evidence duly certified, to prove that the mutual fund is a mutual fund specified under clause (23D) of section 10 of the Act and is eligible for exemption, along with self-attested copy of the registration documents and PAN card;
- iii. **Alternative Investment Fund (AIF) established in India:** Documentary evidence duly certified, to prove that AIF is a fund eligible for exemption u/s 10(23FBA) of the Act and that they are established as Category I or Category II AIF under the Securities and Exchange Board of India (Alternative Investment Fund) Regulations, 2012, made under the Securities and Exchange Board of India Act, 1992 (15 of 1992). Copy of self- attested registration documents and PAN card should also be provided;
- iv. **National Pension System Trust & other Shareholders:** Declaration along with self-attested copy of documentary evidence supporting the exemption and self-attested copy of PAN card;
- v. Shareholders who have provided a valid certificate issued u/s 197 of the Act for lower / nil rate of deduction or an exemption certificate issued by the Income Tax authorities.

Please also note that where tax is deductible under the provisions of the Act and the PAN of the shareholder is either not available or PAN available in records of the Company is invalid / inoperative, tax shall be deducted @ 20% as per section 206AA of the Act.

For Non-Resident Shareholders (including Foreign Institutional Investors and Foreign Portfolio Investors): -

1. Tax is required to be withheld in accordance with the provisions of Sections 195 and 196D of the Act @ 20% (plus applicable surcharge and cess) on the amount of dividend payable.
2. As per section 90 of the Act, a non-resident shareholder has an option to be governed by the provisions of the Double Taxation Avoidance Agreement ('DTAA') between India and the country of tax residence of the shareholder, if such DTAA provisions are more beneficial to such shareholder. To avail the DTAA benefits, the non-resident shareholder will have to provide the following documents: -
 - a. Self-attested copy of PAN, if any, allotted by the Indian tax authorities. In case of non-availability of PAN, declaration (Format enclosed as **Annexure D**) is to be submitted;
 - b. Self-attested copy of valid Tax Residency Certificate ('TRC') issued by the tax authorities of the country of which shareholder is tax resident, evidencing and certifying shareholder's tax residency status;
 - c. Completed and duly signed self-declaration in Form 10F (Format enclosed as **Annexure E**)
 - d. Self-declaration (Format enclosed as **Annexure F**) certifying the following points: -
 - i. Shareholder is and will continue to remain a tax resident of the country of its residence during FY 2022-23 (i.e., 01.04.2022 to 31.03.2023);
 - ii. Shareholder is the beneficial owner of the shares and is entitled to the dividend receivable from the Company;
 - iii. Shareholder qualifies as 'person' as per DTAA and is eligible to claim benefits as per DTAA for the purposes of tax withholding on dividend declared by the Company;
 - iv. Shareholder has no permanent establishment / business connection / place of effective management in India;

OR

Dividend income is not attributable/effectively connected to any Permanent Establishment (PE) or Fixed Base in India;

- v. Shareholder has no reason to believe that its claim for the benefits of the DTAA is impaired in any manner.
- e. In case of Foreign Institutional Investors and Foreign Portfolio Investors, self-attested copy of the registration certificate issued by the Securities and Exchange Board of India.

The format of the aforesaid documents may be downloaded from the link given at the end of this communication or Company's website viz. <https://www.finolexcables.com/investors/tds-on-dividend>.

Application of beneficial DTAA rate shall depend upon the completeness and satisfactory review by the Company, of the documents submitted by the Non-Resident shareholder and meeting the requirements of the Act, read with the applicable DTAA. In absence of the same, the Company will not be able to apply the beneficial DTAA rates at the time of deducting tax on dividend.

3. Where a shareholder furnishes lower/nil withholding tax certificate under Section 197 of the Act, TDS will be deducted as per the rates prescribed in such certificate.

Section 206AB of the Act:

Rate of TDS @ 10% u/s 194 of the Act is subject to provisions of Section 206AB of the Act (effective from 1st July, 2021) which introduces special provisions for TDS in respect of taxpayers who have not filed their income-tax returns (referred to as 'Specified Persons'). Under section 206AB of the Act, tax is to be deducted at higher of the following rates in case of payments to the specified persons:

- at twice the rate specified in the relevant provision of the Act; or
- at twice the rate or rates in force; or
- at the rate of 5%.

'Specified person' as defined under section 206AB (3) is someone who satisfies the following conditions:

- A person who has not filed income tax return for two previous years immediately prior to the previous year in which tax is required to be deducted, for which the time limit of filing of return of income under section 139(1) of the Act has expired; and
- The aggregate of TDS and TCS in whose case is Rs. 50,000 or more in each of these two previous years

Provided that the Specified person shall not include:

- (i) A Non-resident who does not have a permanent establishment in India; or
- (ii) A person who is not required to furnish the return of income for the assessment year relevant to the previous year and is notified by the Central Government in the Official Gazette in this behalf.

Non-resident shareholders who do not have permanent establishment in India are excluded from the scope of a 'specified person'.

In cases where Sections 206AA and 206AB are applicable i.e., the shareholder has not submitted PAN as well as not filed the return, tax will be deducted at higher of the rates prescribed in these sections.

The Central Board of Direct Taxes vide Circular No. 11 of 2021 dated 21st June 2021 has clarified that new functionality will be issued for compliance check under Section 206AB of the Act. Accordingly, for

determining TDS rate on Dividend, the Company will be using said functionality to determine the applicability of Section 206AB of the Act.

To summarise, dividend will be paid after deducting tax at source as under:

- i. NIL for resident individual shareholders receiving dividend upto Rs.5,000
- ii. Nil for resident individual shareholders in cases where duly filled up and signed Form 15G / Form 15H (as applicable) along with self-attested copy of the PAN card is submitted.
- iii. 10% for other resident shareholders in case copy of valid PAN is provided/available.
- iv. 20% for resident shareholders if copy of PAN is not provided / not available.
- v. TDS rate will be determined on the basis of documents submitted by the non-resident shareholders.
- vi. 20% (plus applicable surcharge and cess) for non-resident shareholders in case the relevant documents are not submitted.
- vii. Lower/ NIL TDS on submission of self-attested copy of the valid certificate issued under Section 197 of the Act.
- viii. In case the shareholder holds shares under multiple accounts/folios 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/folios.

The above-mentioned rates will be subject to applicability of Section 206AB of the Act.

In terms of Rule 37BA of the Income Tax Rules 1962, if dividend income on which tax has been deducted at source is assessable in the hands of a person other than the deductee, then such deductee should file declaration with Company in the manner prescribed in the Rules (Refer Annexure C attached).

For all Shareholders: -

To enable us to determine the appropriate TDS / withholding tax rate applicable, we request you to provide the above details and documents not later than **10th September, 2023**.

The aforementioned documents should be uploaded with Company's RTA KFin at <https://ris.kfintech.com/form15> or emailed to inward.ris@kfintech.com. In case the requisite documents are submitted by the shareholders through his/her registered email, the Company has full right to demand for the original documents and the shareholders undertake to abide by such request. Documents received by Registered Post or from registered email ID will only be accepted.

In case of joint shareholders, the shareholder named first in the Register of Members is required to furnish the requisite documents for claiming any applicable beneficial tax rate.

No communication on the tax determination/ deduction shall be considered after **15th September, 2023**

Shareholders may note that in case the tax on said dividend is deducted at a higher rate in absence of receipt of the aforementioned details/documents from you or due to defect in any of the aforementioned details/documents, option is available to you to file the return of income as per Act

and claim an appropriate refund of the excess tax deducted, if eligible. No claim shall lie against the Company or its RTA KFIN, for such taxes deducted.

UPDATION OF PAN, EMAIL ADDRESS AND OTHER DETAILS:

All the shareholders are requested to update the residential status, registered email address, mobile number, category and other details with their relevant depositories through their depository participants, if the shareholding is in demat form or with the Company's Registrar & Transfer Agent ('RTA'), KFin Technologies Limited ('KFin'), if the shareholding is held in physical form, as may be applicable. The Company is obligated to deduct TDS based on the records made available by National Securities Depository Limited or Central Depository Services (India) Limited (collectively referred to as 'the Depositories') in case of shares held in demat mode and from the RTA in case of shares held in physical mode and no request will be entertained for revision of TDS return.

UPDATE OF BANK ACCOUNT DETAILS:

In order to facilitate receipt of dividend directly in your bank account, we request you to submit / update your bank account details with your Depository Participant, in case you are holding shares in the electronic form. In case your shareholding is in the physical form, you may submit the name and bank account details of the first shareholder along with a cancelled cheque leaf with your name & bank account details and a duly self-attested copy of your PAN card, with KFin Technologies Limited at Karvy Selenium, Tower B, 6th Floor, Plot Nos. 31 & 32, Financial District Nanakramguda, Hyderabad - 500032, India. In case the cancelled cheque leaf does not bear your name, please attach a copy of the bank pass-book statement, duly self-attested.

We solicit your cooperation in this regard.

Thanking you,

Yours faithfully,
For **Finolex Cables Limited**

Sd/-
Siddhesh Mandke
Company Secretary
& GM (Legal)
(M. No.: 20101)

[Click Here](#) to download Annexure A – Form 15G

[Click Here](#) to download Annexure B – Form 15H

[Click Here](#) to download Annexure C - self declaration (Resident shareholder)

[Click Here](#) to download Annexure D - self declaration for non-availability of PAN (Non-resident shareholder)

[Click Here](#) to download Annexure E – Form 10F

[Click Here](#) to download Annexure F – self declaration (Non-resident shareholder)

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 shareholders are advised to consult their own tax consultant with respect to specific tax implications arising out of receipt of dividend.