PADMANABH MAFATLAL GROUP

Creating value. Sharing Value.

Responsible Care®

November 03, 2020

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai 400001, India.
Stock Code: 532504

National Stock Exchange of India Limited
Exchange Plaza,
Bandra Kurla Complex, Bandra (East),
Mumbai 400051, India.
Stock Code: NAVINFLUOR EQ

Dear Sir / Ma'am,

Sub.: Communication to Shareholders - Intimation regarding Tax Deduction on Dividend

Pursuant to the Finance Act, 2020, with effect from April 01, 2020, dividend income is taxable in the hands of the Shareholders. In view of the same, the attached communication is for the attention of Shareholders of the Company. The communication shall also be placed on the Company's website at https://nfil.in/investor/comp_announce.html.

This is for your information and record.

Thanking You,

Yours faithfully,
For **NAVIN FLUORINE INTERNATIONAL LIMITED**

NIRAJ MANKAD
Digitally signed by NIRAJ MANKAD
Date: 2020.11.03 23:38:29 +05'30'

Niraj B. Mankad
President – Legal and Company Secretary

Encl.: a/a

PADMANABH MAFATLAL GROUP

Creating value. Sharing Value.

Responsible Care®

Dear Shareholders,

Subject: Deduction of tax at source on interim dividend for the financial year 2020-21, under section 194/195 of the Income-tax Act, 1961

As you may be aware, the Board of Directors of your Company have, at its meeting held on October 28, 2020, declared an Interim Dividend of ₹ 5/- per equity share, having nominal value of ₹ 2/- each for the Financial Year 2020-2021, to be paid to Shareholders whose names appear in the Register of Members of the Company on the Record Date i.e. November 11, 2020. The payment will be made on or after November 25, 2020.

You may also be aware that in terms of the provisions of the Income-tax Act, 1961 ("the Act"), as amended by the Finance Act, 2020, dividend declared or distributed or paid by a Company on or after April 01, 2020 shall be taxable in the hands of the Shareholders. The Company is therefore required to deduct tax at source at the time of distribution or payment of dividend. The tax so deducted will be paid to the credit of the Central Government (**Note 1**).

The TDS rate may vary depending on the residential status of the Shareholder and the documents submitted to the Company in accordance with the applicable provisions of the Act. The TDS for various categories of Shareholders along with required documents are provided in Table 1 and 2 below:

Table 1: Resident Shareholders

Category of Shareholder	Tax Deduction Rate	Exemption applicability/ Documentation requirement
Any resident Shareholder (**Note 4 and 5**)	7.5%	Update the PAN if not already done with depositories (in case of shares held in demat mode) and with the Company's Registrar and Transfer Agents - KFin Technologies Private Limited ("KFin") (in case of shares held in physical mode). No taxes will be deducted in the following cases - • If dividend income to a resident Individual Shareholder during FY 2020-21 does not exceed ₹ 5,000/- and it is paid by any mode other than cash (**Note 2**)

		• If Shareholder is exempted from TDS provisions through any circular(s) or notification(s) and provides an attested copy of the PAN along with the documentary evidence in relation to the same (**Note 3**)
Submitting Form 15G/ Form 15H	NIL	Resident Individual Shareholder providing Form 15G / Form 15H (applicable to an Individual whose age is 60 years or more during FY 2020-21) - on fulfilment of prescribed conditions. Blank Form 15G and 15H can be downloaded from the link given at the end of this communication (**Note 6**)
Order under section 197 of the Act	Rate provided in the order	Lower/NIL withholding tax certificate obtained from Income Tax authorities.
Insurance Companies: Public & Other Insurance Companies **(Note 7)**	NIL	Documentary evidence that the provisions of section 194 of the Act are not applicable (**Note 7)**
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	NIL	Declaration that it is a corporation established by or under a Central Act whereby income-tax is exempt on the income and accordingly, is covered under section 196 of the Act, along with self-attested copy of registration certificate and relevant extract of the section whereby the income is exempt from tax. (**format attached herewith - 6**)
Mutual Funds specified under clause (23D) of section 10 of the Act	NIL	Declaration that it is Mutual Fund specified under section 10(23D) of the Act and accordingly, is covered under section 196 of the Act, along with self-attested copy of registration

		certificate or notification, as the case may be (**format attached herewith - 7**)
Alternative Investment Fund (AIF)	NIL	Declaration that AIF income is exempt under section 10(23FBA) of the Act as it has been granted a certificate of registration as a Category I or Category II AIF under the SEBI (AIF) Regulations, 2012 (**format attached herewith - 8**) Also, to provide copy of registration document (self-attested).
Other resident Shareholder without PAN/Invalid PAN (**Note 8**)	20%	

Table 2: Non-resident Shareholders

Category of Shareholder)	Tax Deduction Rate	Exemption applicability/ Documentation requirement
Any non-resident Shareholder	20% (plus applicable surcharge and cess) or Tax Treaty rate, whichever is lower	Non-resident Shareholders may opt for tax rate under Double Taxation Avoidance Agreement ("Tax Treaty"). The Tax Treaty rate shall be applied for tax deduction at source on submission of following documents to the Company: a. Copy of PAN Card, if any, allotted by the Indian authorities. b. Self-attested copy of Tax Residency Certificate (**TRC**) valid as on the Record Date, obtained from the tax authorities of the Country of which the Shareholder is resident.

		c. Self-declaration in Form 10F (**format attached herewith - 9**). d. Self-declaration confirming not having a Permanent Establishment in India and eligibility to Tax Treaty benefit (**format attached herewith - 10**). e. Self-declaration regarding "Principle Purpose Test" (if any) as applicable to respective Treaty (**format attached herewith - 10**) f. Self-declaration as regards beneficial ownership (**format attached herewith -10**) TDS shall be deducted at 20% (plus applicable surcharge and cess), if any, if the above mentioned documents are not provided. The Company is not obligated to apply the Tax Treaty rates at the time of tax deduction/withholding on dividend amounts, if the completeness of documents submitted by the non-resident Shareholder is not to the satisfaction of the Company, including not in accordance with the provisions of the Act. Notwithstanding the above, tax shall be deducted at source @ 20% (plus applicable surcharge and cess) on dividend paid to Foreign Institutional Investors and Foreign Portfolio Investors under section 196D of the Act. Such TDS rate shall not be reduced on account of the application of the Lower DTAA rate, if any. The FII / FPI will have to take the benefit if available in its Return of Income.

		The documents referred to in point nos. (c) to (f) can be downloaded from the link given at the end of this communication. The Company, in compliance of section 195 of the Act, will furnish information relating to the payment of dividend and deduction of tax at source thereon in Form 15CA by the Company and 15CB by a Chartered Accountant, as applicable.
Foreign Institutional Investors, Foreign Portfolio Investors (FII, FPI)	20% (plus applicable surcharge and cess)	Self-attested copy of certificate of registration accorded under the relevant regulations of the SEBI.
Submitting Order under section 197 of the Act	Rate provided in the Order	Lower/NIL withholding tax certificate obtained from Income Tax authorities.

Kindly note that the documents as mentioned in the Table 1 and 2 above are required to be uploaded with KFin at https://ris.kfintech.com/form15/ or emailed to einward.ris@kfintech.com. No communication on the tax determination / deduction shall be entertained after November 10, 2020 in order to enable the Company to determine and deduct appropriate TDS / withholding tax rate.

Notes:

1. In due compliance of the applicable provisions of the Act, the Company will be issuing certificate for tax deducted at source in Form 16A. The credit of tax deducted at source can also be verified by the Shareholder by verifying Form 26AS, after the statement of tax deducted at source is furnished by the Company and thereafter Annual Information Statement (Form 26AS) is updated.

2. In case of any further dividend which is paid in the FY 2020-21 and considering the amount of dividend payments made earlier, if the aggregate dividend pay-out exceeds ₹ 5,000/-, then, from the subsequent payment of dividend, the tax on the current as well as on earlier amount of dividend will be deducted and accordingly, the balance amount of dividend will be paid to the concerned Individual Shareholder.

3. Reference is drawn to Circular No. 18/2017 dated May 29, 2017 issued by the Government of India, Ministry of Finance, Department of Revenue, Central Board of

Direct Taxes as regards requirement of tax deduction at source in case of entities whose income is exempt under section 10 of the Act (**copy attached herewith - 1**).

4. In case dividend income under the provisions of the Act is chargeable to tax in hands of any other person other than the Registered Shareholder, then, a declaration to that effect is required to be submitted in terms of Section 199 of the Act read with Rule 37BA of the Income Tax Rules, 1962 (**format attached herewith - 2**). On such submission, the Company will deduct tax in the name of such person, which would be due compliance of law on the part of the Company.

5. The Shareholders holding shares under multiple accounts under different status / category and single PAN, may note that, higher of the tax as applicable to the status in which shares held under a PAN will be considered on their entire holding in different accounts.

6. The Company, in compliance with the provisions of the Act, will allot unique identification number and the declarations will be furnished along with the statement of deduction of tax to the income tax authority **(Form 15H/15G attached herewith - 3 & 4).**

7. Insurance companies: The Life Insurance Corporation of India, The General Insurance Corporation of India, The National Insurance Company Limited, The New India Assurance Company Limited, The Oriental Insurance Company Limited, The United India Insurance Company Limited and any other insurer as per section 2(28BB) of the Act. In case of any other insurer self-attested copy of registration is to be furnished. If shares are not owned but has full beneficial interest, then, a declaration to that effect (**format attached herewith - 5**)

8. Needless to mention, PAN will be mandatorily required. In absence of PAN / Valid PAN, tax will be deducted at a higher rate of 20% as per Section 206AA of the Act.

9. In case tax on dividend is deducted at a higher rate in the absence of receipt of the aforementioned details / documents, the concerned Shareholder would still have the option of claiming refund of the excess tax deducted at the time of filing the income tax return. No claim shall lie against the Company for such taxes deducted.

10. The above is only to facilitate the Shareholder so that appropriate TDS is deducted on the dividend amount in accordance with the applicable provisions of the Act.

Shareholders may have already noted the tax implications in case their PAN is not registered with the Company/RTA/Depository Participants. In this regard, it may further be noted that:

1. Section 194 of the Act mandates deduction of tax at source on dividend amount. In terms of section 139A of the Act, it is mandatory to quote PAN if tax is deductible on the dividend amount at source under section 194 of the said Act. Such non-quoting shall attract penalty of Rs. 10,000/- under section 272B of the Act.

2. SEBI has mandated the submission of PAN by every participant in the securities market.

Accordingly, Shareholders are once again requested to submit their PAN to the Depository Participants with whom they maintain their demat accounts, in case of holding in electronic form. Shareholders holding shares in physical form should submit their PAN to the Company/RTA. In case of failure to do so, it shall be presumed that you don't have PAN under the Act.

Please note that in case you had already sent the requisite valid documents to the Company/RTA before August 10, 2020 which was the cut-off date for submission of documents to determine tax liability for Final Dividend 2019-2020, you are not required to re-submit the same.

We seek your co-operation in the matter.

Yours sincerely,
For **Navin Fluorine International Limited**

NIRAJ MANKAD
Digitally signed by NIRAJ MANKAD
Date: 2020.11.03 23:37:17 +05'30'

Niraj B. Mankad
President Legal and Company Secretary

1. Click here to download Circular No. 18/2017 dated 29th May, 2017
2. Click here to download beneficial ownership declaration (Rule 37BA(2))
3. Click here to download - 15H
4. Click here to download - 15G
5. Click here to download - Declaration from insurance companies
6. Click here to download - Declaration from Corporation established by or under a Central Act
7. Click here to download - Declaration from Mutual Funds
8. Click here to download - Declaration from Alternative Investment Fund
9. Click here to download - 10F
10. Click here to download - Declaration from Non-resident

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