PADMANABH MAFATLAL GROUP

Creating value. Sharing Value.

Responsible Care®
OUR COMMITMENT TO SUSTAINABILITY

October 19, 2021

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

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

Dear Sir / Madam,

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, please find enclosed herewith an email communication which is being sent to all Shareholders whose email addresses are registered with the Company/Depositories. 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: 2021.10.19 20:13:16 +05'30'

Niraj B. Mankad
President Legal and Company Secretary

Encl.: a/a

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Dear Shareholder(s),

Subject: Deduction of tax at source on dividend under section 194/195 of the Income tax Act, 1961 (the Act)

As you may be aware, the Board of Directors of your Company have, at their meeting held on October 19, 2021, declared an interim dividend of ₹5/- per equity share having nominal value of ₹ 2/- each for the financial year ending March 31, 2022.

The interim dividend, as declared by the Board, will be paid to Shareholders holding equity shares of the Company, either in electronic or in physical form, after determining eligibility of Shareholders entitled for payment of dividend, which will be based on the record date i.e. November 2, 2021. The payment will be made on or after November 15, 2021.

Dividend declared or distributed or paid by a Company after April 1, 2020 is 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 the said dividend. The tax so deducted will be paid to the Central Government **(Note 1)**.

The Tax Deducted at Source ('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)**	10%	Update valid PAN, if not already done, with depositories (in case of shares held in demat mode) and with the Company's Registrar and Transfer Agent - 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 2021-22 does not exceed ₹ 5,000/- **(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 2021-22) - 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	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 or under the International Financial Services Centre Authority Act, 2019

		(**format attached herewith - 8**) Also, to provide copy of registration document (self-attested).
New Pension System (NPS) Trust	NIL	Declaration that NPS Trust income is exempt under section 10(44) of the Act. Self-attested copy of registration document for establishment of said trust under the Indian Trust Act, 1882 along with self-attested copy of PAN card.
Other resident Shareholder without PAN or having Invalid PAN (**Note 8 and 9**)	20%	-
Non- filers of income-tax return - section 206AB **(Note 10)**	20%	Non-compliance casts an obligation on the Company to deduct at higher rate

Table 2: Non-resident Shareholders

Category of Shareholder	Tax Deduction Rate	Exemption applicability/ Documentation Requirement
Any non-resident Shareholder **(Note 11)**	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**). The documents referred to in point nos. (c) to (f) can be downloaded from the link given at the end of this communication. In case of Foreign Institutional Investors, Foreign Portfolio Investors (FII, FPI), Self-attested copy of certificate of registration accorded under the relevant regulations of the SEBI. TDS shall be deducted at 20% (plus applicable surcharge and cess), if any, if the above mentioned documents are not provided.
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 considered after October 29, 2021 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 for 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. The Company has paid final dividend of ₹ 6/- per equity share having nominal value of ₹ 2/- for the financial year ended March 31, 2021, during the current financial year, i.e. financial year 2021-22. Accordingly, considering the interim dividend as mentioned hereinabove in the financial year 2021-22, if the aggregate dividend pay-out exceeds ₹ 5,000/-, then the tax on the current as well as on the earlier amount of dividend will be deducted and accordingly, the balance amount of the 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 TDS 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 have 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 terms of section 139AA of the Act read with rule 114AAA, Aadhaar number is required to be linked with PAN by March 31, 2022. In case of failure of linking Aadhaar number with PAN within the prescribed timelines, PAN shall be considered inoperative and, in such scenario, tax shall be deducted at higher rate of 20%.

10. TDS to be deducted at higher rate in case of non-filers of Return of Income. The Finance Act, 2021 has inter alia inserted section 206AB of the Act with effect from July 1, 2021 which requires the Company to deduct tax at higher of the following rates in case of a 'specified person':

    i. At twice the rate specified in the relevant provision of the Act; or

ii. At twice the rates or rates in force; or

iii. At the rate of 5%; or

iv. At the rate 20%, if section 206AA is applicable

The 'specified person' means a person who has:

- not filed return of income for both of the two assessment years relevant to the two previous years immediately prior to the previous year in which tax is required to be deducted, for which the time limit of filing return of income under sub-section (1) of section 139 has expired; and
- Subjected to tax deduction/collection at source in aggregate amounting to ₹ 50,000 or more in each of such two immediate previous years.

A non-resident who does not have a permanent establishment is excluded from the scope of a specified person. Accordingly, non-resident shareholders are requested to provide declaration in **format-10** attached herewith if they do not have permanent establishment and hence should not be considered as specified person.

The Income Tax Department has notified the non-filers (specified person) for the financial year 2021-22 and accordingly, those shareholders who are classified as specified person by the Income Tax Department, the TDS on the dividend amount will be deducted at the rate of 20%.

11. The provisions of the tax treaty rate shall be applied even if tax is deductible under section 196D which up to last year was not applicable. Therefore, under both section i.e. section 195/196D, the treaty provisions can be applied, subject to submissions of documents as mentioned above. However, 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. 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.

12. 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.

13. 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 including non-linking of Aadhaar and non-filing of Returns. Further, it may be noted that:

1. 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 Act. Such non-quoting shall attract penalty of ₹ 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.

We seek your co-operation in the matter.

Thanking you,

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

Sd/-
Niraj B. Mankad
President Legal and Company Secretary

1. Click Here to download Circular No. 18/2017 dated May 29, 2017
2. Click Here to download beneficial ownership declaration (Rule 37BA(2))
3. Click Here to download - Form 15H
4. Click Here to download - Form 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 - Form 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.