



5th July, 2021

The Secretary
BSE Ltd.
Corporate Relationship Dept.,
14th floor, P. J. Tower,
Dalal Street, Fort
Mumbai - 400 001
Stock Code – 500331

The Secretary
National Stock Exchange of India Ltd.
Exchange Plaza, Plot no. C/1, G Block,
Bandra-Kurla Complex,
Bandra (E),
Mumbai - 400 051
Stock Code - PIDILITIND

Sub: Communication to Shareholders – Intimation on Tax Deduction on Dividend

Dear Sir,

Pursuant to the changes introduced by the Finance Act, 2020, the Dividend Distribution Tax has been abolished with effect from 1st April, 2020 and the Dividend income has become taxable in the hands of the shareholders.

In this regard, please find enclosed herewith an email communication which has been sent to all the shareholders whose email addresses are registered with the Company/Depositories, inter-alia, indicating the process and documentation required for claiming tax exemption on dividend.

Kindly take the same on your records.

Thanking You,

Yours faithfully,
For Pidilite Industries Limited

Puneet Bansal
Company Secretary

Encl. as above

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PIDILITE INDUSTRIES LIMITED

Corporate Identity Number (CIN): CIN: L24100MH1969PLC014336

Regd. Office: Regent Chambers, 7th Floor, Jamnalal Bajaj Marg, 208, Nariman Point, Mumbai - 400 021.

Tel.: 91 22 28357000; **Fax:** 91 22 28216007

Website: www.pidilite.com; **Email:** investor.relations@pidilite.co.in

Date: 1st July, 2021

THIS COMMUNICATION IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

Dear Shareholder,

Trust you and your family are safe and in good health!!

We are pleased to inform you that the Board of Directors of the Company, at its meeting held on 12th May, 2021, has recommended a dividend of Rs. 8.50/- per equity share of Re. 1/- each held as on the date of book closure for the dividend payment, for the Financial Year ended 31st March 2021, subject to approval of the shareholders, at the ensuing Annual General Meeting (AGM) of the Company.

In terms of the Income Tax Act, 1961 ('the Act'), as amended by the Finance Act, 2020, dividends paid or distributed by a company on or after 1st April, 2020 shall be taxable in the hands of the shareholders. The Company will therefore deduct tax at source at the time of making the payment of the dividend, if approved, at the ensuing AGM.

This communication provides a brief of the applicable provisions of Tax Deduction at Source (TDS) under the Act for Resident and Non-Resident shareholder categories.

I. For Resident Shareholders -

Tax will be deducted at source ("TDS") under Section 194 of the Act, at the rate of 10% (Ten percent) on the amount of dividend where shareholders have registered their valid Permanent Account Number (PAN). In case, shareholders do not have PAN / have not

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registered their valid PAN details in their account, TDS at the rate of 20% (Twenty percent) shall be deducted under Section 206AA of the Act.

a. Resident Individuals:

No tax shall be deducted on the dividend payable to resident individuals, if -

- i. Total dividend amount to be received by them during the Financial Year 2021-22 does not exceed Rs.5,000/; or
- ii. The shareholder provides Form 15G (applicable to individual) / Form 15H (applicable to an Individual above the age of 60 years), provided that all the required eligibility conditions are met. Please note that all fields are mandatory to be filled up and Company may, at its sole discretion, reject the form if it does not fulfil the requirement of law. Formats of Form 15G and 15H are enclosed as **Annexure 1** and **Annexure 2**, respectively.
- iii. Exemption / lower TDS certificate is issued by the Income-tax Department for F.Y. 2021-22, if any.

Note: 1. Recording of the PAN for the registered Folio/DP ID-Client ID is mandatory. In the absence of valid PAN, tax will be deducted at a higher rate of 20%, as per Section 206AA of the Act.

Note: 2. Shareholders are requested to ensure Aadhaar number is linked with PAN, as per the timelines prescribed. In case of failure of linking Aadhaar with PAN within the prescribed timelines, PAN shall be considered inoperative and, in such scenario, tax shall be deducted at higher rate of 20%.

b. Resident Non-Individuals:

No tax shall be deducted on the dividend payable to the following resident non-individuals where they provide details and documents as per the format attached in **Annexure 3**.

- i. **Insurance Companies:** Self declaration that it qualifies as 'Insurer' as per section 2(7A) of the Insurance Act, 1938 and has full beneficial interest with respect to the equity shares owned by it along with self-attested copy of PAN card and certificate of registration with Insurance Regulatory and Development Authority (IRDA)/ LIC/ GIC.
- ii. **Mutual Funds:** Self-declaration that it is registered with SEBI and is notified under Section 10 (23D) of the Act along with self-attested copy of PAN card and certificate of registration with SEBI.

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- iii. **Alternative Investment Fund (AIF):** Self-declaration that its income is exempt under Section 10 (23FBA) of the Act and they are registered with SEBI as Category I or Category II AIF along with self-attested copy of the PAN card and certificate of AIF registration with SEBI.
 - iv. **New Pension System (NPS) Trust:** Self-declaration that it qualifies as NPS trust and income is eligible for exemption under Section 10(44) of the Act and being regulated by the provisions of the Indian Trusts Act, 1882 along with self-attested copy of the PAN card.
 - v. **Government**
 - vi. **RBI**
 - vii. **A 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, or,**
 - viii. **Other Non-Individual shareholders:** Self-attested copy of documentary evidence supporting the exemption along with self-attested copy of PAN card.
- c. In case, shareholders (both individuals and non-individuals) provide certificate under Section 197 of the Act, for lower / NIL withholding of taxes, rate specified in the said certificate shall be considered, on submission of self-attested copy of the same.

II. For Non-resident Shareholders –

- a. Taxes are required to be withheld in accordance with the provisions of Section 195 of the Act, as per the rates as applicable. As per the relevant provisions of the Act, the withholding tax shall be at the rate of 20% (plus applicable surcharge and cess) on the amount of dividend payable to them. In case, non-resident shareholders provide a certificate issued under Section 197/195 of the Act, for lower/ Nil withholding of taxes, rate specified in the said certificate shall be considered, on submission of self-attested copy of the same.
- b. Further, as per Section 90 of the Act, the non-resident shareholder has the option to be governed by the provisions of the Double Tax Avoidance Treaty (DTAA) between India and the country of tax residence of the shareholder, if they are more beneficial to them. To avail Tax Treaty benefits, the non-resident shareholders are required to provide the following:
 - i. Self-attested copy of the PAN card allotted by the Indian Income Tax authorities. In case, PAN is not available, the non-resident shareholder are required to provide the following: (a) name, (b) email id, (c) contact number, (d) address in residency country, (f) Tax Identification Number of the residency country (format attached herewith as **Annexure 4**).

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- ii. Self-attested copy of Tax Residency Certificate (TRC) (for the period April 2021 to March 2022) obtained from the tax authorities of the country of which the shareholder is a resident.
- iii. Self-declaration in Form 10F (format attached herewith as **Annexure 5**).
- iv. Self-declaration by shareholder of meeting treaty eligibility requirement and satisfying beneficial ownership requirement. (for the period April 2021 to March 2022) (format attached herewith as **Annexure 6**).
- v. In case of Foreign Institutional Investors and Foreign Portfolio Investors, copy of SEBI registration certificate.
- vi. In case of shareholder being tax resident of Singapore, please furnish the letter issued by the competent authority or any other evidences demonstrating the non-applicability of Article 24 - Limitation of Relief under India-Singapore Double Taxation Avoidance Agreement (DTAA). It is recommended that shareholders should independently satisfy its eligibility to claim DTAA benefit including meeting of all conditions laid down by DTAA.

Kindly note that the Company is not obligated to apply beneficial DTAA rates at the time of tax deduction / withholding on dividend amounts. Application of beneficial rate as per DTAA for the purpose of withholding taxes shall depend upon completeness and satisfactory review by the Company of the documents submitted by the non-resident shareholder.

III. TDS to be deducted at higher rate in case of non-filers of Return of Income

The Finance Act, 2021, has *inter-alia*, inserted the provisions of Section 206AB of the Act with effect from 1st July, 2021. The provisions of Section 206AB of the Act require the deductor to deduct tax at higher of the following rates from amount paid/ credited to '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%

The 'specified person' means a person (shareholder in present case) who has:

- a. not filed income tax return for 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

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- b. subjected to tax deduction/collection at source in aggregate amounting to Rs.50,000 or more in each of such two immediate previous years.

The non-resident who does not have the permanent establishment is excluded from the scope of a specified person.

PAYMENT OF DIVIDEND

To summarise, the dividend (if approved by the shareholders at ensuing AGM) will be paid after deducting the tax at source as under:

A. FOR RESIDENT SHAREHOLDERS:

- o Nil withholding in case the total dividend paid in F.Y. 2021-22 is up to Rs.5,000/-.
- o Nil withholding for resident shareholders in case Form 15G / Form 15H (as applicable) is submitted along with self-attested copy of the PAN linked to Aadhaar. ***Please note that the duly filled up forms submitted through your registered email ID will be accepted in the present circumstances due to COVID-19.***
- o NIL/ Lower withholding tax rate on submission of self-attested copy of the certificate issued under Section 197 of the Act.
- o 10% for resident shareholders in case valid PAN is provided / available.
- o 20% for resident shareholders in case PAN is not provided / invalid PAN/ not available/ PAN-Aadhaar linking not done/ non-filed Return of Income.

B. FOR NON-RESIDENT SHAREHOLDERS:

- o Tax treaty rate (based on tax treaty with India) for beneficial non-resident shareholders, as applicable will be applied on the basis of documents submitted by the non-resident shareholders.
- o NIL/ Lower withholding tax rate on submission of self-attested copy of the certificate issued under Sections 195/197 of the Act.
- o 20% plus applicable surcharge and cess for non-resident shareholders in case the above mentioned documents are not submitted.
- o Higher rate as discussed in point III above in case of non-filers of Return of Income, as applicable.

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C. FOR SHAREHOLDERS HAVING MULTIPLE ACCOUNTS UNDER DIFFERENT STATUS / CATEGORY:

Shareholders holding equity shares of the Company under multiple demat accounts under different status / category and single PAN provided, may note that, amount of all dividend will be clubbed together and TDS will be deducted at full rate on their entire holding in different accounts.

Shareholders holding equity shares of the Company under multiple demat accounts under different status / category and PAN not provided, may note that, amount of all dividend will be clubbed together and TDS will be deducted at full rate on their entire holding in different accounts.

SUBMISSION OF TAX RELATED DOCUMENTS:

Resident Shareholders

The aforesaid documents such as Form 15G/ 15H, documents under Sections 196, 197A, etc. can be uploaded on the link <https://tcpl.linkintime.co.in/formsreg/submission-of-form-15g-15h.html> on or before 25th July, 2021. to enable the Company to determine the appropriate TDS / withholding tax rate applicable. **Any communication on the tax determination/deduction received post 25th July, 2021 shall not be considered.**

Resident Shareholders can also send the scanned copies of the documents mentioned above at the email ids mentioned below:

Email ID	Csg-exemptforms2122@tcplindia.co.in
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Non-Resident Shareholders

Shareholders are requested to send the scanned copies of the documents mentioned above at the email ids mentioned below:

Email ID	investor.relations@pidilite.co.in
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These documents should reach us **on or before 25th July, 2021** in order to enable the Company to determine and deduct appropriate TDS / withholding tax rate. No communication on the tax determination / deduction shall be entertained post **25th July, 2021**. It may be further noted that in case the tax on said dividend is deducted at a

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higher rate in the absence of receipt of the aforementioned details/documents from you, there would still be an option available with you to file the return of income and claim an appropriate refund, if eligible.

UPDATION OF BANK ACCOUNT DETAILS:

In view of the ongoing COVID-19 pandemic, shareholders are requested to ensure that their bank account details in their respective demat accounts are updated, to enable the Company to make timely credit of dividend in their bank accounts. We seek your cooperation in this regard.

In terms of Rule 37BA of 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 deductee should file declaration with Company in manner prescribed by Rules.

Thanking you,
Yours faithfully,

For Pidilite Industries Limited

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