



TIPS INDUSTRIES LIMITED

CIN: L92120MH1996PLC099359

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Dear Shareholder,

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

We are pleased to inform you that the Board of Directors of the Company at its Meeting held on July 24, 2020 have proposed dividend of Rs.1.50 /- per equity share of face value of Rs. 10/- each for the financial year 2019-20 subject to approval of shareholders in forthcoming Annual General Meeting to be held on September 25, 2020. The said dividend will be payable to those shareholders whose names appear in the Register of Members of the company or in the records of the Depositories as beneficial owners of the shares as at the close of business hours on Friday, September 18, 2020 .

In accordance with the provisions of the Income Tax Act, 1961 as amended by and read with the provisions of the Finance Act, 2020, with effect from April 1, 2020, dividend declared and paid by the Company 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.

This communication summarizes the applicable TDS provisions, as per the Income Tax Act, 1961, for Resident and Non-Resident shareholder categories.

For Resident Shareholders:

1. Where, the Permanent Account Number (PAN) is available and is valid,
 - a. Tax shall be deducted at source in accordance with the provisions of the Income tax Act, 1961 at 7.5%* (*subject to change*) on the amount of dividend payable.
 - b. No tax shall be deducted in the case of a resident individual shareholder, if:
 - i. The amount of such dividend in aggregate paid or likely to be paid during the financial year does not exceed **INR 5,000**; OR
 - ii. The shareholder provides duly signed Form 15G or Form 15H (as applicable) provided that all the prescribed eligibility conditions are met. The format of Form 15G and Form 15H are available on the website of Link Intime India Private Limited; OR
 - iii. The Shareholder who provides valid lower deduction certificate u/s 197

- iv. Shareholders who are exempted from TDS provisions through any circular or notification may provide documentary evidence in relation to the same, to enable the Company in applying the appropriate TDS on Dividend payment to such shareholder
 - * Rate of 7.5% is notified as per CBDT press release dated 14th May 2020 for providing reduction in TDS rate by 25%. Earlier TDS rate was 10%
2. Where the PAN is either not available or is invalid, tax shall be deducted at the prescribed rate or 20% (*subject to change*), whichever is higher.

For Non-Resident Shareholders:

1. Tax is required to be deducted in accordance with the provisions of the Income tax Act, 1961 at applicable rates in force. As per relevant provisions, tax shall be deducted at the rate of 20% (plus applicable surcharge and cess) on the amount of dividend payable.
2. As per the provisions of the Income tax Act, 1961, the non-resident shareholder may have an 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 such DTAA provisions are more beneficial to them. To avail the DTAA benefits, the non-resident shareholder shall furnish the following documents by no later than Friday, September 11, 2020, 5:00 PM Indian Standard Time to the Link Intime India Private Ltd - Registrars and Transfer Agents (RTA) of the Company:
 - a. Self-attested copy of Permanent Account Number (PAN), if allotted by the Indian Income Tax Authorities;
 - b. Self-attested Tax Residency Certificate (TRC) issued by the tax authorities of the country of which shareholder is a resident, evidencing and certifying shareholder's tax residency status during the Financial Year 2020-21;
 - c. Completed and duly signed Self-Declaration in Form 10F is available on the website of RTA
 - d. Self-declaration in the prescribed format which is available on the website of RTA, certifying on the following points:
 - i. Shareholder is and will continue to remain a tax resident of the country of its residence during the Financial Year 2020-21;
 - ii. Shareholder is eligible to claim the beneficial DTAA rate for the purposes of tax withholding on dividend declared by the Company;
 - iii. Shareholder has no reason to believe that its claim for the benefits of the DTAA is impaired in any manner;
 - iv. Shareholder is the ultimate beneficial owner of its shareholding in the Company and dividend receivable from the Company; and
 - v. Shareholder does not have a taxable presence or a permanent establishment in India during the Financial Year 2020-21.

3. Shareholders who are exempted from TDS provisions through any circular or notification may provide documentary evidence in relation to the same, to enable the Company in applying the appropriate TDS on Dividend payment to such shareholder.
4. The Company is not obligated to apply the beneficial DTAA rates at the time of tax deduction/withholding on dividend amounts. Application of beneficial DTAA Rate shall depend upon the completeness and satisfactory review by the Company, of the documents submitted by Non- Resident shareholder.
5. Notwithstanding Paragraph 2 above, tax shall be deducted at source @20% (plus applicable surcharge and cess) on dividend paid to Foreign Institutional Investors (“FII”) and Foreign Portfolio Investors (“FPI”). Such TDS rate shall not be reduced on account of the application of the Lower DTAA rate or lower tax deduction order, if any.

For all Shareholders:

The aforementioned forms for tax exemption can be downloaded from Link Intime’s website. The url for the same is as under:

<https://www.linkintime.co.in/client-downloads.html> –

On this page select the General tab. All the forms are available under the head “Form 15G/15H/10F”

The aforementioned documents (duly completed and signed) are required to be uploaded on the url mentioned below:

<https://linkintime.co.in/formsreg/submission-of-form-15g-15h.html>.

On this page the user shall be prompted to select / share the following information to register their request.

1. Select the company (Dropdown)
2. Folio / DP-Client ID
3. PAN
4. Financial year (Dropdown)
5. Form selection
6. Document attachment – 1 (PAN)
7. Document attachment – 2 (Forms)
8. Document attachment – 3 (Any other supporting document)

Please note that uploading of documents (duly completed and signed) on the website of Link Intime India Private Ltd should be done on or before September 11, 2020 in order to enable the Company to determine and deduct appropriate TDS / Withholding Tax. Incomplete and/or unsigned forms and declarations will not be considered by the Company. No communication on the tax determination/ deduction shall be considered after September 11, 2020, 5:00 PM.

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, option is available to you to file the return of income as per Income Tax Act, 1961 and claim an appropriate refund, if eligible.

All communications/ queries in this respect should be addressed to our RTA - Link Intime India Private Limited to its email address: rnt.helpdesk@linkintime.co.in (NO TAX EXEMPTION FORMS SHOULD BE SENT AND THIS MAIL ID IS ONLY FOR QUERIES)

Further, shareholders who have not registered their email address are requested to register the same with our RTA. Shareholders are further requested to complete necessary formalities with regard to their Bank accounts attached to their Demat account for enabling the Company to make timely credit of dividend in respective bank account.

Disclaimer: This Communication shall not be treated as an advice from the Company or its affiliates or Link Intime India Private Limited. Shareholders should obtain the tax advice related to their tax matters from a tax professional.

We request your cooperation in this regard.

For Tips Industries Limited

Bijal R. Patel
Company Secretary