

TVS MOTOR COMPANY LIMITED



Registered Office: "Chaitanya" No.12 Khader Nawaz Khan Road, Chennai - 600 006.
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Phone: 044-2833 2115; Fax: 044-2833 2113

28th January 2021

Dear Shareholder,

Subject: Deduction of tax at source on dividend

We are pleased to inform you that the Board of Directors at their Meeting held on Thursday, the 28th January 2021 have considered and recommended payment of Interim dividend of Rs. 2.10 (210%) per equity share of face value of Re. 1 (Rupee one) each for the Financial Year ending 31st March, 2021

The interim dividend of Rs. 2.10/- per equity share will be paid to the shareholders on the basis of the details of beneficial ownership furnished by the Depositories and in respect of shares held in Physical form to those Members whose names will appear on the Register of Members of the Company as on the close of **Friday, the 5th February 2021.**

As you may be aware, as per the Income-tax Act, 1961 (Act), as amended by the Finance Act, 2020, dividends paid or distributed by the Company after 1st April 2020, shall be taxable in the hands of the shareholders and the Company shall be required to deduct tax at source (TDS) at the prescribed rates from the dividend to be paid to shareholders. The TDS rate would vary depending on the residential status of the shareholder and the documents submitted by them and accepted by the Company. Accordingly, the net Dividend will be paid after deducting TDS as explained herein.

1. For resident Shareholders:

- a. Tax will be deducted at source ("TDS") at the rate of 7.5% under Section 194 of the Act.
- b. TDS would not apply if the aggregate of total dividend distributed to them by the Company during FY 2020-21 does not exceed Rs. 5,000.
- c. Tax at source will not be deducted in cases where a shareholder provides Form 15G (applicable to any person other than a Company or a Firm) / Form 15H (applicable to an individual above the age of 60 years), provided that the eligibility conditions are being met.

Blank Form 15G and 15H can be downloaded from the website of the company using following link <https://www.tvsmotor.com/Investors/Communication>

d. TDS will be deducted at the rate of 20% under Section 206AA of the Act, if valid PAN of the shareholder is not available.

e. TDS will be deducted at the rate prescribed in the lower tax withholding certificate issued under Section 197 of the Act, if such valid certificate is provided.

f. No tax shall be deducted on the dividend payable to the following resident non-individuals where they provide details and documents as below.

- A. **Insurance companies:** A declaration that they are beneficial owners of shares held along with self-attested copy of valid IRDAI registration certificate needs to be submitted;
- B. **Mutual Funds:** A declaration that they are governed by the provisions of section 10(23D) of the Act along with self attested copy of valid SEBI registration certificate needs to be submitted.
- C. **Alternative Investment Fund (AIF) established in India:** A declaration that its income is exempt under section 10(23FBA) of the Act and they are established as Category I or Category II AIF under the SEBI regulations. Copy of registration documents (self-attested) should be provided.
- D. **Any other entity entitled to exemption from TDS:** Valid self-attested documentary evidence (e.g. relevant copy of registration, notification, order, etc.) in support of the entity being entitled to TDS exemption needs to be submitted.

Blank format for declaration referred in above point no. (A) to (D) can be downloaded from the website of the company using following link <https://www.tvsmotor.com/Investors/Communication>

2. For non-resident shareholders:

- I. Tax is required to be withheld in accordance with the provisions of Section 195 of the Act at applicable rates in force. As per the relevant provisions of the Act, the tax shall be withheld @ 20% (plus applicable surcharge and cess) on the amount of dividend payable.
- II. However, as per Section 90 of the Act, a non-resident shareholder has the option to be governed by the provisions of the Double Tax Avoidance Agreement ("DTAA") between India and the country of tax residence of the shareholder, if they are more beneficial to the shareholder. For this purpose, i.e. to avail the tax treaty benefits, the non-resident shareholder will have to provide the following:
 - A. Self-attested copy of PAN card, if any, allotted by the Indian income tax authorities;

- B. Self-attested copy of Tax Residency Certificate ("TRC") obtained from the tax authorities of the country of which the shareholder is resident[TRC valid for FY 2020-21];
- C. Self-declaration in Form 10F, if all the details required in this form are not mentioned in the TRC;
- D. Self-declaration of beneficial ownership by the non-resident shareholder.

Blank Form 10F and self-declaration format can be downloaded from the website of the company using following link <https://www.tvsmotor.com/Investors/Communication>

- III. Foreign Institutional Investors (FII) and Foreign Portfolio Investors (FPI): TDS shall be deducted at 20% plus applicable surcharge and cess in accordance with provisions of Section 196D of the Act.

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 shareholders.

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

- NIL for resident Individual shareholders receiving dividend up to Rs.5000/- or in case Form 15G / Form 15H (as applicable) along with self-attested copy of the PAN card is submitted
- 7.5% for resident shareholders in case copy of PAN card is provided/available
- 20% for resident shareholders if copy of PAN card is not provided / not available
- Tax will be assessed on the basis of documents submitted by the non-resident shareholders
- 20% plus applicable surcharge and cess for non-resident shareholders in case the aforementioned documents are not submitted
- Lower/ NIL TDS on submission of self-attested copy of the certificates as referred above/ certificate issued under section 197 of the Act.
- 20% plus applicable surcharge and cess for FIIs and FPIs under section 196D of the Act

Notes:

- I. **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 05.00 P.M Tuesday, 9th February 2021.**
- II. Kindly note that the above mentioned documents in the format provided by Company should be sent to Sundaram Clayton Limited, the Registrar and Transfer Agent and or emailed to icsta@scl.co.in / arockiaraj@scl.co.in

- III. In case tax on dividend is deducted at a higher rate in the absence of receipt of the aforementioned details / documents, you would still have the option of claiming refund of the excess tax paid at the time of filing your income tax return by consulting your tax advisor. No claim shall lie against the Company for such taxes deducted. Shareholders will be able to see the credit of TDS in Form 26AS, which can be downloaded from their e-filing account at <https://incometaxindiaefiling.gov.in>.
- IV. 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.
- V. In the event of any income tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided / to be provided by the Shareholder(s), such Shareholder(s) will be responsible to indemnify the Company and also, provide the Company with all information / documents and co-operation in any appellate proceedings.
- VI. Shareholders are requested to ensure that their bank account details in their respective demat accounts / folios are updated, to enable the Company to make timely credit of dividend in their bank accounts.

Your co-operation in this regard is solicited.

Thanking You,

Yours faithfully,
For TVS Motor Company Limited

K S Srinivasan
Company Secretary