

VINYL CHEMICALS (INDIA) LIMITED

CIN: L24100MH1986PLC039837

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August 14, 2020

Dear Shareholder(s),

Sub: Vinyl Chemicals (I) Limited - Communication on Tax deduction on dividend.

We are pleased to inform you that the Board of Directors at their meeting held on June 15, 2020 recommended payment of dividend, subject to the approval of the shareholders, of Rs. 2.40 per equity share of Re. 1/- each (240%) for the financial year ended March 31, 2020.

Pursuant to the changes introduced by the Finance Act 2020 ("Act"), w.e.f. April 1, 2020, dividends paid or distributed by a Company on or after April 1, 2020 shall be taxable in the hands of the shareholders. The Company shall, therefore, be required to deduct tax at source (TDS) at the time of making the payment of the said dividend.

The rate at which the dividend may be subject to TDS/Withholding Tax would vary depending on the residential status of the shareholder and the documents submitted by them and accepted by the Company. Accordingly, the above dividend will be paid after deducting TDS in the following manner:

Resident Shareholder

It may be noted tax would not be deducted on payment of dividend to resident Individual shareholder, if the total dividend to be paid in a financial year does not exceed Rs. 5,000.

Where the dividend payable exceeds Rs. 5,000 for FY 2020-21, please refer to the table below for the details of applicable TDS:

Particulars	Applicable Rate	Documents required (if any)
With PAN	7.5%	a) Update the PAN, and the residential status as per Income Tax Act, 1961 if not already done, with the Depositories (in case of shares held in demat mode) and with the Company's Registrar and Transfer Agents - TSR Darashaw Consultants India Private Limited (in case of shares held in physical mode).
	NIL	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), as per the attached Formats, provided that all the required eligibility conditions are met.
Without PAN/ Invalid PAN	20%	-
Submitting Order under Section 197 of the Income Tax Act, 1961 (Act)	Rate provided in the Order	Lower/NIL withholding tax certificate obtained from the concerned Tax authority.
Shareholders (e.g. LIC, GIC) for whom Section 194 of the Act is not applicable	NIL	Declaration that it has full beneficial interest with respect to the shares owned by it along with PAN
Alternative Investment Fund	NIL	A declaration that the AIFs are registered under SEBI as per SEBI Regulations.
Persons covered under Section 196 of the Act (e.g. Mutual Funds, Govt.)	NIL	Certificate of registration u/s 10(23D) issued by the appropriate authority along with PAN, documentary evidence that the person is covered under said Section 196 of the Act.

Non - Resident Shareholders

As per Section 90 of the Income Tax Act, the non-resident shareholder has the option to be governed by the provisions of the Double Tax Avoidance Treaty between India and the country of tax residence of the shareholder, if they are more beneficial to them. Please refer to the below table for details of documents to avail Tax Treaty benefits.

Particulars	Applicable Rate	Documents required (if any)
Foreign Institutional Investors (FIIs) / Foreign Portfolio Investors (FPIs)	20% (plus applicable surcharge and cess)	-
Other Non-resident shareholders	20% (plus applicable surcharge and cess) OR Tax Treaty Rate (whichever is lower)	a) Self-attested copy of the Permanent Account Number (PAN Card) 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, valid for FY 20-21. c) Self-declaration in Form 10F (attached herewith) d) Self-declaration by the non-resident shareholder of having no Permanent Establishment in India in accordance with the applicable Tax Treaty. e) Self-declaration of Beneficial ownership by the non-resident shareholder (draft format attached herewith).
Submitting Order under Section 197 of the Income Tax Act, 1961 (Act)	Rate provided in the Order	Lower/NIL withholding tax certificate obtained from tax authority.

The aforesaid documents, as applicable, should be received by email on or before **September 1, 2020** to the following e-mail addresses, to enable the Company to determine the appropriate TDS/withholding tax rate applicable.

1. Resident shareholders - csq-exemptforms2@tsrdarashaw.com

2. Non-resident shareholders - cs.vinylchemicals@pidilite.com

Please note that no communication on the tax determination/deduction received post **September 1, 2020** shall be considered for payment of the above dividend.

If the tax on above dividend is deducted at a higher rate in absence of receipt of or satisfactory completeness of the afore-mentioned details/documents by **September1, 2020**, the shareholder may be able to claim refund of tax in the return of income filed by the concerned shareholder with their respective Income Tax authorities and **no claim shall lie against the Company for such tax deducted**. The Company shall send by email soft copy of the TDS certificate to the shareholders at their registered email addresses in due course after payment of the above dividend. Shareholders will also be able to see the credit of the said TDS in Form 26AS, which can be downloaded from their e-filing account at <https://incometaxindiaefiling.gov.in>.

We look forward to receive your cooperation in this regard.

Yours faithfully,

For Vinyl Chemicals (India) Limited

P.C. Patel

President & Secretary