

May 25, 2023

The Manager, Listing Department,
National Stock Exchange of India Limited
Exchange Plaza,
Bandra-Kurla Complex, Bandra (East),
Mumbai - 400051
Symbol: POONAWALLA

The Secretary, Listing Department
BSE Limited
25th Floor, Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400001
Company Code: 524000

Dear Sir/ Madam,

Subject: Communication to Shareholders- Intimation on Tax Deduction at source (TDS) on Dividend

Please find enclosed herewith an email communication which has been sent to the Shareholders of the Company indicating the process and documentation required for claiming tax exemption/withholding tax on the dividends payable to the Shareholders for the financial year ended March 31, 2023.

The intimation is being made available on the Company's website at www.poonawallafincorp.com

Kindly take the same on record.

Thanking you,

Yours faithfully,
For Poonawalla Fincorp Limited
(Formerly, Magma Fincorp Limited)

Shabnum Zaman
Company Secretary
ACS13918

Encl.: As above

Poonawalla Fincorp Limited
(Formerly known as Magma Fincorp Limited)
CIN: L51504PN1978PLC209007

Registered Office: 201 and 202, 2nd floor, AP81, Koregaon Park Annex, Mundhwa, Pune - 411 036
T: +91 20 67808090 | **E:** info@poonawallafincorp.com | **W:** www.poonawallafincorp.com



POONAWALLA FINCORP LIMITED

(Formerly, Magma Fincorp Limited)

Registered office: 201 and 202, 2nd Floor, AP81, Koregaon Park Annex, Mundhwa, Pune - 411 036, Maharashtra;

Phone: 020 6780 8090; **CIN:** L51504PN1978PLC209007

Website: www.poonawallafincorp.com; **Email:** secretarial@poonawallafincorp.com

Date: May 25, 2023

Ref: Folio no./DP & Client ID:

Dear Shareholder,

Sub: Deduction of tax at source on dividend for the financial year ended March 31, 2023

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 April 26, 2023 has recommended a dividend of Rs.2/- per equity share (i.e.100 %) of face value Rs.2/- each, for the financial year ended March 31, 2023.

As you are aware, as per the provisions of the Income Tax Act, 1961 (Act), as amended by the Finance Act, 2020, dividend paid or distributed by a Company on or after April 01, 2020, shall be taxable at the hands of shareholders. The Company is required to deduct tax at source from dividend paid to the shareholders, if approved at the 43rd Annual General Meeting (AGM) of the Company scheduled to be held on July 25, 2023.

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

I. For Resident Shareholders:

Tax is required to be deducted at source under Section 194 of the Act, at the rate of 10% on the amount of dividend where shareholders have registered their valid Permanent Account Number (PAN). In case, shareholders do not have PAN / have not registered their valid PAN details in their account or PAN and Aadhaar are not linked post June 30, 2023, TDS at the rate of 20% 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 (FY) 2023-24 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 certificate is issued by the Income-tax Department, if any.

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 the dividend is in respect of shares owned by it or in respect of shares in which it has full beneficial interest along with self-attested copy of PAN card and certificate of registration with Insurance Regulatory and Development of India (IRDAI)/ LIC/ GIC.
 - a. **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.
 - ii. **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.
 - iii. **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.
 - iv. **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 or 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. For this purpose, i.e., to avail Tax Treaty benefit, 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 shall furnish (a) name, (b) email id, (c) contact number, (d) address in residency country, (e) Tax Identification Number of the residency country (format attached herewith as [Annexure 4](#)).
 - ii. Self-attested copy of Tax Residency Certificate (TRC) (for financial year April 01, 2023 to March 31, 2024) obtained from the tax authorities of the country of which the shareholder is a resident.
 - iii. Self-declaration in manual Form 10F if PAN is not available (format attached herewith as [Annexure 5](#)). If PAN is available, then copy of Form 10F filed online on income tax portal.
 - iv. Self-declaration by shareholder of meeting treaty eligibility requirement and satisfying beneficial ownership requirement. (for financial year April 01, 2023 to March 31, 2024) (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 their 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.

- c. In case of Global Depository Receipt (GDR) holders, taxes shall be withheld at 10% plus applicable surcharge and cess in accordance with provisions of Section 196C of the Act, only if they provide self-attested copy of the PAN Card. In case, no PAN details are made available, tax will be deducted at 20% plus applicable surcharge and cess.

Accordingly, to enable us to determine the appropriate withholding tax rate applicable, **we request you to provide these details and documents as mentioned, above, on or before July**

05, 2023 (cut off period). Any documents submitted after cut-off period will be accepted at sole discretion of the Company.

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

The provisions of Section 206AB 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%

As per Central Board of Direct Taxes vide Circular No. 11 of 2021 dated June 21, 2021, for determining TDS rate on Dividend, the Company will be using functionality of the Income-tax department to determine the applicability of Section 206AB of the Act.

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

PAYMENT OF DIVIDEND:

The dividend on equity shares for FY 2022-23, once approved by the shareholders of the Company at the AGM, will be paid after deducting the tax at source as under:

A. FOR RESIDENT SHAREHOLDERS:

- Nil withholding in case the total dividend paid is up to Rs. 5,000/-.
- 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 Aadhar. *(Please note that the duly filled up forms submitted through your registered email ID will be accepted)*
- NIL/ Lower withholding tax rate on submission of self-attested copy of the certificate issued under Section 197 of the Act.
- 10% for resident shareholders in case PAN is provided / available.
- 20% for resident shareholders if copy of PAN is not provided / not available or resident shareholder is specified person under section 206AB as per compliance check utility of income tax department or PAN and Aadhaar of resident shareholder is not linked.

B. FOR NON-RESIDENT SHAREHOLDERS:

- Tax treaty rate (based on tax treaty with India) for beneficial non-resident shareholders, as applicable will be applied based on documents submitted by the non-resident shareholders.
- NIL / Lower withholding tax rate on submission of self-attested copy of the certificate issued under Section 195/197 of the Act.
- 10% plus applicable surcharge and cess for GDR holders if they provide self-attested copy of the PAN card in accordance with provisions of Section 196C of the Act.

- 20% plus applicable surcharge and cess for non-resident shareholders in case the above-mentioned documents are not submitted.
- Higher rate as mentioned in point III above in case of non-filers of Return of Income, as applicable.

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

Shareholders holding equity 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.

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

SUBMISSION OF TAX RELATED DOCUMENTS:

Resident Shareholders

The aforesaid documents as mentioned in point no. I such as Form 15G/ 15H, documents under section 196, 197A, etc. **are required to be submitted to our Registrars & Share Transfer Agents, Link Intime India Private Limited at its dedicated e mail id: poonawalla-taxexemption@linkintime.co.in or to the Company at secretarial@poonawallafincorp.com on or before July 05, 2023** to enable the Company to determine the appropriate TDS / withholding tax rate applicable. Any communication on the tax determination/deduction received post July 05, 2023 shall not be considered.

Kindly note that the aforementioned documents can also be submitted to our Registrars & Transfer Agents, Link Intime India Private Limited at its dedicated link mentioned below – <https://web.linkintime.co.in/formsreg/submission-of-form-15g-15h.html> **on or before July 5, 2023, by 5 p.m.** Indian Standard Time (IST) in order to enable the Company to determine and deduct appropriate TDS/withholding tax rate.

Non-Resident Shareholders

The aforesaid documents as mentioned in point no. II **are required to be submitted to our Registrars & Share Transfer Agents, Link Intime India Private Limited at its dedicated e mail id: poonawalla-taxexemption@linkintime.co.in or to the Company at secretarial@poonawallafincorp.com on or before July 05, 2023** to enable the Company to determine the appropriate TDS / withholding tax rate applicable. Any communication on the tax determination/deduction received post July 05, 2023 shall not be considered.

Kindly note that the aforementioned documents can also be submitted to our Registrars & Share Transfer Agents, Link Intime India Private Limited at its dedicated link mentioned below - <https://web.linkintime.co.in/formsreg/submission-of-form-15g-15h.html> **on or before July 5, 2023, by 5 p.m.** Indian Standard Time (IST) in order to enable the Company to determine and deduct appropriate TDS/withholding tax rate.

The forms are also available on the website of the Company at <https://poonawallafincorp.com/investor-info.php>

FAQ's on dividend is available at <https://poonawallafincorp.com/pfca/assets/pdf/FAQs-on-TDS-on-Dividend.pdf>

Documents sent to any other email ids may lead to non-submission of documents and attract TDS as per the provisions of the Act.

These documents should reach us **on or before July 05, 2023**. 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 July 05, 2023. It may be further noted that in case the tax on said dividend is deducted at a 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.**

The tax credit can also be viewed in Form 26AS by logging in with your credentials (with valid PAN) at TRACES <https://www.tdscpc.gov.in/app/login.xhtml> or the e-filing website of the Income Tax department of India <https://www.incometaxindiaefiling.gov.in/home> or <https://eportal.incometax.gov.in/iec/foervices/#/login>.

UPDATION OF BANK ACCOUNT DETAILS:

In order to facilitate receipt of dividend directly in your bank account, shareholders are requested to ensure that their bank account details in their respective demat accounts/physical folios are updated, to enable the Company to make timely credit of dividend in their bank accounts. We seek your cooperation in this regard.

UPDATION OF PAN:

Shareholders are requested to update their PAN before June 30, 2023.

UPDATION OF EMAIL ADDRESS:

Shareholders are requested to update their email address in order to enable the Company to send TDS Certificate (Form 16A) in respect of TDS deducted by it on dividend income, if any.

Important Notice to Physical Shareholders- Request to update KYC on or before 30th September 2023 to avoid freezing of folio:

In supersession of earlier circulars dated 3rd November 2021 and 14th December 2021, Securities and Exchange Board of India (SEBI) vide its Circular No. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/37 dated 16th March 2023, effective 1st April 2023, has mandated physical shareholders to submit their PAN, Nomination details, contact details, Bank account details and specimen signatures in prescribed forms (Form ISR-1, Form ISR-2, SH-13 etc.) by 30th September 2023. Non-availability of any one of the above documents/details with the

Company/RTA on or after 1st October 2023 will result in freezing of the physical shareholders' folios pursuant to the said SEBI Circular.

We request you to submit / update your bank account details (i.e. Bank, Branch, Account No, IFSC Code etc.) with your Depository Participant, in case you are holding shares in the electronic form.

In case your shareholding is in physical form, you will have to submit a signed copy of the request letter, along with a cancelled cheque leaf with your name and bank account details (i.e. Bank, Branch, Account No, IFSC Code etc.) and a copy of your PAN card self-attested to rnt.helpdesk@linkintime.co.in. This will facilitate receipt of dividend directly into your bank account.

Physical Shareholders are requested to dematerialise their shareholding at the earliest, as any investor service requests including transfer/ transmission requests shall be processed in dematerialised mode only.

Thanking you,

For **Poonawalla Fincorp Limited**
(Formerly Magma Fincorp Limited)

Sd/-
Shabnum Zaman
Company Secretary
ACS - 13918

Disclaimer: This communication shall not be treated as an advice from the Company or its Registrars and Share Transfer Agents.

Note: This is a system generated e-mail. Please do not reply to this e-mail.