



BUTTERFLY GANDHIMATHI APPLIANCES LIMITED

November 9, 2020

General Manager – DCS,
Dept. of Corporate Services,
BSE Ltd,
Floor I, P.J.Towers,
Dalal Street,
Mumbai – 400 001
Scrip: 517421

Manager,
National Stock Exchange of India Ltd
Exchange Plaza,
BandraKurla Complex,
Bandra (E),
Mumbai – 400 051
Scrip: BUTTERFLY

Dear Sir,

Sub: Communication to shareholders – Deduction of Tax at source on Dividend under relevant sections of the IT Act 1961 – Interim Dividend for the financial year ending 2020-2021.

Pursuant to the Finance Act, 2020 with effect from April 1, 2020 the Dividend Distribution Tax is abolished and dividend income is taxable in the hands of the Shareholders.

In this regard, please find attached a communication which has been sent to all the shareholders on 5.11.2020 explaining the process on withholding tax from dividend paid to the shareholders at prescribed rates.

Kindly take the above information on record.

Thanking you,

Yours faithfully,
For Butterfly Gandhimathi Appliances Limited

K.S. Ramakrishnan
K.S. Ramakrishnan
Company Secretary &
General Manager (Legal)



Regd. Office: 143, Pudupakkam Village, Vandalur - Kelambakkam Road, Kelambakkam - 603 103, Kancheepuram District,
Phone: +91-44-47415500 CIN No: L28931TN1986PLC012728,
E-mail: gmal@butterflyindia.com web : www.butterflyindia.com

Corporate Office: E-34, II Floor, Rajiv Gandhi Salai, Egattur Village, Navalur - 600 130, Kancheepuram District.
Phone: 044 - 49005100/5154, E- mail: butterflyho@butterflyindia.com



Good for a lifetime

BUTTERFLY GANDHIMATHI APPLIANCES LIMITED

Regd. Office: 143, Pudupakkam Village, Vandalur-Kelambakkam Road,
Kelambakkam - 603 103, Chengalpet District, Tamil Nadu

Website: www.butterflyindia.com; email: cs@butterflyindia.com;

CIN: L28931TN1986PLC012728

5.11.2020

Ref: Folio No./ DP Id & Client Id No:

Name of Member:

Dear Member,

Sub: Tax deduction at source on Dividend

The Company is pleased to announce that the Board of Directors on Wednesday, November 4, 2020 have declared an Interim Dividend of Rs.1.50 per equity share i.e. 15% on face value of Rs.10/- per share for the Financial Year 2020-21.

Member(s), whose names appear in the register of member as on the fixed Record date of Thursday, November 12, 2020, will be entitled to receive the interim dividend through electronic mode as per the updated bank mandate in the physical and / or demat holding. In case, the bank mandate is not updated, then the payment will be done through dividend warrant/DD.

As you may be aware, in terms of the provisions of the Income-tax Act, 1961, ("the Act") as amended by the Finance Act, 2020, dividend paid or distributed by a Company on or after April 1, 2020 shall be taxable in the hands of the shareholders. Accordingly, the Company shall be required to deduct tax at source at the time of payment of the said interim dividend.

For resident shareholders: Tax will be deducted at source ("TDS") under Section 194 of the Act @ 7.5% on the amount of dividend payable unless exempt under any of the provisions of the Act. However, in case of individuals, 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.

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 link given at the end of this communication or from the website of the RTA viz. <http://www.gnsaindia.com/updates.php?id=27> or <http://www.gnsartaservices.com>

Pl follow the below procedure for login into <http://www.gnsartaservices.com>

- o Please register (first time login) using 'SIGN UP' for registering your login credentials as per below:
 - Please key in the name as it appears in the share certificate or Demat Account
 - Incase 'SIGN UP' is unsuccessful; please get in touch with sta@gnsaindia.com for further assistance.

K.P.R.



- In case you are using 'Folio No.' as the user name, please ensure it is keyed in the same fashion as mentioned in the share certificate (contains 8 characters and has alphabet prefix in some cases)
- In case you are using 'DP Id' as the user name, please ensure it is prefixed with IN for NSDL (8 Characters) and all numeric for CDSL (8 digits). Client ID is mandatory only if you are using 'DP Id' as user name. The Client ID is a numeric field (contains 8 digits)

If you have already submitted Form 15H / 15G for the financial year 2020-21, then there is no need to submit the same again.

Given the current COVID scenario, the Company would accept scanned copy of the duly signed and verified form 15H & 15G. However, the shareholder is required to additionally self-attest the documents stating "certified true copy of the original". If the original Form 15G/15H is required in future, the Company would call for the same from the shareholders.

Needless to mention, the Permanent Account Number ("PAN") will be mandatorily required. If your PAN details are available in your demat account for shares held in demat form or with RTA for shares held in physical form, then there is no need to send PAN details again to the Company.

If PAN is not submitted, TDS would be deducted @ 20% as per Section 206AA of the Income Tax Act, 1961.

In order to provide exemption from withholding of tax, the following organisations must provide a self-declaration as listed below:

- **Insurance companies:** A declaration that they are beneficial owners of shares held;
- **Mutual Funds:** A declaration that they are governed by the provisions of section 10(23D) of the Act along with copy of registration documents (self-attested);
- **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.
- **New Pension System Trust:** A declaration that they are governed by the provisions of section 10(44) [SUBSECTION 1E TO SECTION 197A] of the Act along with copy of registration documents (self-attested);
- **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 - Documentary evidence that the person is covered under section 196 of the Act.

For non-resident shareholders: 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. 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:

- Self-attested copy of PAN card, if any, allotted by the Indian income tax authorities;

K.S.R.



- 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];
- Self-declaration in Form 10F, if all the details required in this form are not mentioned in the TRC;
- Self-declaration by the non-resident shareholder as to:
 - i. Eligibility to claim tax treaty benefits based on the tax residential status of the shareholder, including having regard to the Principal Purpose Test (if any), introduced in the applicable tax treaty with India;
 - ii. No Permanent Establishment / fixed base in India in accordance with the applicable tax treaty;
 - iii. Shareholder being the beneficial owner of the dividend income to be received on the equity shares.

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.

Notwithstanding the above, tax shall be deducted at source @ 20% (plus applicable surcharge and cess) on dividend paid to Foreign Institutional Investors and Foreign Portfolio Investors under section 196D of the Act. Such TDS rate shall not be reduced on account of the application of the lower DTAA rate, if any.

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 Thursday, November 12, 2020.

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

- NIL for resident Individual shareholders receiving dividend upto Rs.5000 in a financial year for the Company 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 certificate issued under section 197/195(3) of the Act.
- Kindly note that the aforementioned documents in the format provided by company should be sent to GNSA Infotech Limited, the Registrar and Transfer Agent or emailed to ravi.k@gnsaindia.com

No communication on the tax determination / deduction shall be entertained after November 12, 2020.

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>.

K.S.R.



We seek your co-operation in the matter.

Thanking you,

Yours faithfully,
For **Butterfly Gandhimathi Appliances Limited**
Sd/-
K.S.Ramakrishnan
Company Secretary &
General Manager - Legal