

PONNI SUGARS (ERODE) LIMITED

Dear Shareholder,

17.6.2021

We are pleased to inform you that the Board of Directors at their meeting held on May 7, 2021 have recommended Dividend of Rs.4 (Rupees Four) plus a Special Silver Jubilee dividend of Rs.1 (Rupee One), totaling to Rs.5/- (Rupees Five) per Equity Share of Rs.10/- each (50%) for the Financial Year ended March 31, 2021.

As per the Income Tax Act, 1961, (the Act), dividend paid or distributed by a company is taxable in the hands of the shareholders. Further, the Company is required to withhold taxes at the prescribed rates on the dividend paid to its shareholders. The withholding tax rate varies, depending on the residential status of the shareholders and the documents submitted by them and accepted by the Company. Accordingly, the above referred Dividend will be paid after deducting the tax at source.

This communication provides the applicable Tax Deduction at Source (TDS) provisions under the Income Tax Act, 1961 for Resident and Non-Resident shareholder categories.

I. For Resident Shareholders

Particulars	Applicable Rate	Documents required (if any)
With PAN	10%*	Update the PAN, if not already done, with the Depositories (in case of shares held in demat mode) and with the Company's Registrar and Transfer Agents –Cameo Corporate Services Ltd (in case of shares held in physical mode).
Without PAN/Invalid PAN or non-linking of Aadhaar with PAN/ Applicability of Section 206AB (effective 01-07-2021)	20%	Please refer Note-1 below
Submitting Form 15G/ 15H	NIL	Declaration in Form No. 15G (applicable to any person other than a company or a firm) / Form 15H (applicable to an Individual who is 60 years and older), fulfilling certain conditions. Please download Form 15G/15H at: Link to download Form 15-G: http://ponnisugars.com/attachments/15g.pdf Link to download Form 15-H: http://ponnisugars.com/attachments/15h.pdf

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Submitting Order under Section 197 of the Income Tax Act, 1961 (Act)	Rate provided in the Order	Lower/NIL withholding tax order obtained from tax authority.
Shareholders (e.g. LIC, GIC) for whom Section 194 of the Act is not applicable)	NIL	Documentary evidence that the said provisions are not applicable.
Persons Covered under Section 196 of the Act (e.g. Mutual Funds, Govt.)	NIL	Documentary evidence that the person is covered under said Section 196 of the Act.

*** Notwithstanding the above, no tax would be deducted on payment of dividend to resident Individual shareholder, if total dividend to be paid for FY 2020-21 does not exceed ₹ 5,000.**

Note:

1. Non-linking of Aadhaar with PAN attracts higher rate of TDS on your dividend amount receivable under Section 206AA of the Income Tax Act, 1961. If not done already, please do at the earliest and inform the DP // RTA of same.
2. Rate of TDS @10% u/s 194 of the Act is subject to provisions of section 206AB of Act (effective from 1st July 2021) which introduces special provisions for TDS in respect of non-filers of income-tax return. Accordingly, tax is required to be deducted at higher of following rates in case of payments to 'specified persons': (i) at twice the rate specified in the relevant provision of the Act; or (ii) at twice the rate or rates in force; or (iii) at the rate of 5%.
3. The term 'specified person' is defined in sub section (3) of section 206AB who satisfies the following conditions:
 - A person who has not filed the income tax return for two previous years immediately prior to the previous year in which tax is required to be deducted, for which the time limit of filing of return of income under section 139(1) of the I.T Act has expired; and
 - The aggregate of TDS and TCS in his case is ₹50,000 or more in each of these two previous years.

A non-resident who does not have a Permanent Establishment is excluded from the scope of a specified person.

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4. (i) Your Company awaits guidelines from the Government prescribing the mechanism to determine who fulfills the conditions of being a 'specified person'. Therefore, in order to comply with the provisions of the Act, until any mechanism is prescribed by the authorities in this regard, the Company will proceed on the assumption that all shareholders are in compliance with the provisions of section 206AB of the IT Act.
- (ii) However, we request you to inform us well in advance and before the book closure date (08.7.2021) if you are covered under the definition of 'specified person' as provided in section 206AB of the IT Act.
- (iii) The Company reserves its right to recover any demand raised subsequently on the Company for not informing the Company or providing wrong information about the applicability of Section 206AB in your case.
5. Where both sections 206AA and 206AB are applicable, that is, the specified person has not submitted the PAN and also not filed the return, then TDS on dividend would be higher of two rates prescribed in these two sections.

II. Non-Resident Shareholder

Particulars	Applicable Rate	Documents required (if any)
Foreign Institutional Investors (FIIs) / Foreign Portfolio Investors (FPIs)/ Other non-resident shareholders	20% (plus applicable surcharge and cess) OR Tax Treaty Rate** (whichever is lower)	Non-resident shareholders may opt for a tax rate under the Double Taxation Avoidance Agreement ("Tax Treaty"). The tax treaty rate shall be applied for tax deduction at source on submission of the following documents to the Company: 1) Copy of Indian Tax Identification number (PAN), if available 2) Tax Residency Certificate (TRC) obtained from the tax authorities of the country of which the shareholder is a resident 3) Form 10-F duly filled and signed – You can download at http://ponnisugars.com/attachments/10f.pdf or from Income Tax website at https://incometaxindia.gov.in 4) Self-declaration from non-resident, primarily covering the following: - Non-resident is eligible to claim the benefit of respective tax treaty;

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		<ul style="list-style-type: none">- Non-resident receiving the dividend income is the beneficial owner of such income;- Dividend income is not attributable/ effectively connected to any Permanent Establishment (PE) or Fixed Base in India.
Submitting Order u/s 197 (i.e. lower or NIL withholding tax order)	Rate provided in the Order	Lower / NIL withholding tax order obtained from income tax authority.

** The Company is not obligated to apply the beneficial Tax Treaty rates at the time of tax deduction/withholding on dividend amounts. Application of beneficial Tax Treaty Rate shall depend upon the completeness of the documents submitted by the Non-Resident shareholder and review to the satisfaction of the Company.

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.

III. General

(1) The aforesaid documents, as applicable, should be received by email on or before 11.59 PM (IST) on 08.07.2021 to:

Resident shareholders to send to	:	investor@cameoindia.com
Non-Resident shareholders to send to	:	investor@cameoindia.com

(2) No communication on the tax determination/deduction received post 8.7.2021 shall be considered for payment of Dividend.

(3) If the tax on said Dividend is deducted at a higher rate in absence of receipt of or satisfactory completeness of the afore-mentioned details/documents, the shareholder may claim an appropriate refund in the return of income filed with their respective Tax authorities.

(4) No claim shall lie against the Company for such taxes deducted.

(5) The Company will arrange to email a soft copy of the TDS certificate at the shareholders registered email ID in due course, post payment of the said Dividend. Shareholders will also be able to see the credit of TDS in Form 26AS, which can be downloaded from their e-filing account.

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IV. FOR SHAREHOLDERS HAVING MULTIPLE ACCOUNTS UNDER DIFFERENT STATUS / CATEGORY

Shareholders holding shares under multiple accounts under different status / category linked to single PAN may note that higher of the tax as applicable to the status in which shares are held will be considered on their entire holding in different accounts.

We request your cooperation in this regard.

Thanking you

N Ramanathan
Managing Director

Disclaimer: This communication shall not be treated as an advice from the Company or its Registrar & Transfer Agent. Shareholders should obtain the tax advice related to their tax matters from a tax professional.