



PSP PROJECTS LIMITED

CIN: L45201GJ2008PLC054868

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COMMUNICATION ON DEDUCTION OF TAX AT SOURCE ON DIVIDEND

Dear Shareholder,

The Board of Directors of PSP Projects Limited ('the Company'), at its meeting held on June 18, 2021, have recommended a Final Dividend of Rs.4.00 per Equity Share having face value of Rs. 10/- each for the Financial Year ('FY') ended March 31, 2021 subject to the approval of the shareholders. The dividend recommended by the Board of Directors will be paid / dispatched within 30 days from the date of the 13th Annual General Meeting ('AGM') in compliance with the Companies Act, 2013.

In accordance with the provisions of the Income Tax Act, 1961 ('the IT Act') as amended by Finance Act, 2020, with effect from April 1, 2020, dividend declared and paid by the Company is taxable in hands of shareholders. The Company shall, therefore be required to deduct Tax at Source ('TDS') at the applicable rates on dividend payable to its shareholders. TDS rate would vary depending on the residential status of the shareholder and the documents submitted and duly accepted by the Company. Accordingly, the above referred Final Dividend will be paid after deducting TDS as follows:

Resident Shareholders:

Sl. No	Particulars	Applicable Rate	Applicability and documents required (if any)
1	Valid PAN	10%	TDS would not be deducted on payment of dividend to Resident Individual Shareholder, if total dividend to be paid in FY 2021-22 does not exceed Rs. 5,000. Shareholders to 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 Agent ('RTA') – KFin Technologies Private Limited (in
2	No/ Invalid PAN	20%	

			<p>case of shares held in physical mode).</p> <p>Shareholders can visit the website https://ris.kfintech.com/clientservices/mobilereg/mobileemailreg.aspx and register their PAN / Email ID / Mobile Number before Monday, July 26, 2021 so that TDS will be deducted at 10% (where applicable).</p>
3	Submission of Form 15G/ Form 15H by resident individual shareholder	Nil	<p>Shareholders to submit a declaration at https://ris.kfintech.com/form15 in Form No. 15G (applicable to an individual who is less than 60 years old) / Form 15H (applicable to an Individual who is 60 years and older).</p> <p>Refer Annexure A for format of Form 15G and Annexure B for format of Form 15H.</p>
4	Availability of lower/ NIL deduction certificate issued under Section 197 of the IT Act	Nil	Valid lower / NIL withholding tax certificate obtained from tax authority.
5	Mutual Funds specified under section 10(23D) of the IT Act	Nil	<ul style="list-style-type: none"> • A self- declaration in the format as prescribed in Annexure C • Registration/ exemption certificate substantiating applicability of section 196/ 10(23D) of the IT Act.
6	Persons Covered under Section 196 of the IT Act (e.g. Govt., RBI, Corporations established by Central Act and exempt from income tax)	Nil	<ul style="list-style-type: none"> • A self- declaration in the format as prescribed in Annexure C • Registration/ exemption certificate substantiating applicability of section 196 of the Act.
7	Shareholders to whom section 194 of the IT Act does not apply such as LIC, GIC, etc.	Nil	<ul style="list-style-type: none"> • A self- declaration in the format as prescribed in Annexure C • Registration/ exemption certificate substantiating applicability of section 194 of the IT Act.

8	Alternative Investment Fund ('AIF')	Nil	This will be applicable for Category I and II AIF registered with SEBI. Documents required: <ul style="list-style-type: none"> • A self- declaration in the format as prescribed in Annexure C • Copy of registration certificate
		10%	This rate will be applicable for Category III AIF.
9	Any other entity exempt from withholding tax under the provisions of section 197A of the IT Act (including those mentioned in Circular No. 18/2017 issued by CBDT)	Nil	<ul style="list-style-type: none"> • A self- declaration in the format as prescribed in Annexure C (except for individual Sikkimese resident) • Submit declaration in Annexure D in case of individual Sikkimese resident • Adequate documentary evidence, substantiating the type of the entity.

For Non-Resident Shareholders:

Sl. No.	Particulars	Applicable Rate	Documents Required (if any)
1	Foreign Institutional Investors (FIIs) / Foreign Portfolio Investors (FPIs)	20% (plus applicable surcharge and cess) OR Tax Treaty Rate** (whichever is lower)	<ul style="list-style-type: none"> • A self- declaration in the format as prescribed in Annexure E <p>Shareholders may also apply for a lower TDS rate as per the relevant Double Taxation Avoidance Agreements ('DTAA'), by submitting following documents are submitted:</p> <ul style="list-style-type: none"> • Copy of Indian Tax Identification number (that is PAN). In case PAN not available, details specified in Annexure F to be provided; • Tax Residency Certificate (TRC)^ obtained from the tax authorities of the country of which the shareholder is a resident, valid for FY 2021-22 (covering the period from April 1,2021 to March 31,2022); • Form 10F duly filled and signed as specified in Annexure G;

			<ul style="list-style-type: none"> Self-declaration for FY 2021-22 (covering the period from April 1, 2021 to March 31, 2022) as per Annexure H from Non-resident on shareholder's letterhead, primarily (not exclusive list) covering the following: <ul style="list-style-type: none"> a. Non-resident is eligible to claim the benefit of respective tax treaty b. Non-resident receiving the dividend income is the beneficial owner of such income c. Dividend income is not attributable / effectively connected to any Permanent Establishment (PE) or Fixed Base in India.
2	Non-Resident Shareholders who are tax residents of Notified Jurisdictional Area as defined u/s 94A(1) of the IT Act	30%	Not applicable
3	Sovereign Wealth funds and Pension funds notified by Central Government u/s 10(23FE) of the IT Act	Nil	<ul style="list-style-type: none"> Document evidencing the applicability of section 10(23FE) of the IT Act Self-declaration in the format as prescribed in Annexure I that the conditions specified in section 10(23FE) of the IT Act have been complied with.
4	Subsidiary of Abu Dhabi Investment Authority (ADIA) as prescribed u/s 10(23FE) of the Act	Nil	Self-declaration in the format as prescribed in Annexure I that the conditions specified in section 10(23FE) of the IT Act have been complied with.
5	Other Non-resident shareholders (except those who are tax resident of Notified jurisdictional Area)	20% (plus applicable surcharge and cess) OR Tax Treaty Rate** (whichever is lower)	<p>In order to apply the Tax Treaty rate, following documents would be required:</p> <ul style="list-style-type: none"> Copy of Indian Tax Identification number (that is PAN). In case PAN not available, details specified in Annexure F to be provided; Tax Residency Certificate (TRC)^ obtained from the tax authorities of the country of which the shareholder is a resident, valid for FY 2021-22 (covering

			<p>the period from April 1, 2021 to March 31, 2022);</p> <ul style="list-style-type: none"> Form 10F duly filled and signed as specified in Annexure G; Self-declaration for FY 2021-22 (covering the period from April 1, 2021 to March 31, 2022) as per Annexure H from Non-resident on shareholder's letterhead, primarily (not exclusive list) covering the following: <ul style="list-style-type: none"> a. Non-resident is eligible to claim the benefit of respective tax treaty b. Non-resident receiving the dividend income is the beneficial owner of such income c. Dividend income is not attributable/effectively connected to any Permanent Establishment (PE) or Fixed Base in India.
6	Availability of Lower/ Nil tax deduction certificate issued under section 197 of the IT Act.	Rate specified in lower tax deduction certificate	<ul style="list-style-type: none"> Lower/ NIL withholding tax certificate obtained from tax authority.

^In case, the TRC is furnished in a language other than English, the said TRC would have to be translated from such other language to English language and thereafter duly notarized and apostilled copy of the TRC would have to be provided.

** The beneficial Tax Treaty rates will not automatically apply at the time of tax deduction/ withholding on dividend amounts. Application of beneficial Tax Treaty Rate shall depend upon the completeness and satisfactory review by the Company of documents submitted by non-resident shareholders. In case documents are found to be incomplete, the Company reserves the right to not consider the tax rate prescribed under the tax treaty.

Notes:

1. If dividend income is taxable in hands of any person other than the recipient of the dividend, then requisite details by way of a declaration in [Annexure I](#) should be communicated to the RTA of the Company by Monday, September 06, 2021, 17:30 hours (IST).
2. The documents mentioned above (as applicable) have to be uploaded as one pdf file on the portal of KFin Technologies Private Limited ('KFintech'), RTA of the Company at <https://ris.kfintech.com/form15> on or before Monday, September 06, 2021, 17:30 hours (IST).

Alternatively, physical documents may be sent to RTA at the following address so as to reach KFinTech before the aforementioned date and time: KFin Technologies Private Limited Unit: PSP Projects Limited Selenium Building, Tower - B, Plot No. 31 & 32, Financial District, Nanakramguda, Serilingampally, Hyderabad - 500032 Toll free No.: 1800-3094-001

Any communication in relation to tax rate determination/ deduction received post Monday, September 06, 2021, 17:30 hours (IST) shall not be considered.

3. Shareholders may note that all documents to be submitted are required to be self-attested (the documents should be signed by shareholder/authorised signatory stating the document to be "certified true copy of the original"). In case of ambiguous, incomplete or conflicting information, or valid information/documents not being provided, tax at maximum applicable rate will be deducted.
4. In case of any discrepancy in documents submitted by the shareholder, the Company will deduct tax at higher rate as applicable, without any further communication in this regard.
5. Recording of valid PAN in the records of Company/ RTA is mandatory. In absence of valid PAN, tax will be deducted at a higher rate of 20% as per Section 206AA of the IT Act.
6. Shareholders who are required to link Aadhar number with PAN as required under section 139AA(2) read with Rule 114AAA, should compulsorily link the same by September 30 2021 (due date extended from June 30, 2021 to September 30, 2021 vide Notification No.77 of 2021) where remittance of dividend by the company would be made post September 30, 2021 and any PAN is found to have not been linked with Aadhar by September 30 2021 then such PAN will be deemed invalid and TDS would be deducted at higher rates under section 206AA of the Act. In this regard the company will use the online utility provided by CBDT "Compliance Check for sections 206AB and 206CCA". Refer FAQ'S issued by Directorate of Income Tax (systems) for "compliance check for sections 206AB and 206CC" in this regard.
7. Rate of TDS @10% under section 194 of the Act when the dividend payment is made to resident or rate under section 195 as applicable to non-resident is subject to provisions of section 206AB of IT Act (effective from July 1, 2021) which introduces special provisions for TDS in respect of non-filers of income-tax return. As provided in section 206AB of the IT Act, tax is required to be deducted at higher of following rates in case of payments to specified persons:
 - at twice the rate specified in the relevant provision of the IT Act; or
 - at twice the rate or rates in force; or
 - at the rate of 5%.

Where sections 206AA¹ and 206AB are applicable i.e. the specified person has not submitted the PAN as well as not filed the return; the tax shall be deducted at higher of two rates prescribed in these two sections.

The term 'specified person' is defined in sub section (3) of section 206AB of the IT Act who satisfies the following conditions:

- A person who has not filed the income tax return for both of two previous years immediately prior to the previous year in which tax is required to be deducted, for which time limit of filing of return of income under section 139(1) of the IT Act has expired; and
- The aggregate of TDS and Tax Collection at Source ('TCS') in his case is Rs.50,000 or more in each of these two previous years.

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

In this regard, the Company will use the online utility provided by CBDT "Compliance Check for Sections 206AB and 206CCA". Refer Circular No. 11 of 2021 issued by CBDT in this regard.

In case, a person fulfils the conditions of being a 'specified person' as per the CBDT online utility, then tax will be deducted at higher rate as discussed above.

8. Determination of withholding tax rate is subject to necessary verification by the Company of the shareholder details as available with the Depository Participant in case shares are held in dematerialized form; or RTA in case shares are held in physical form, as on Record Date and other documents available with the Company/ RTA. Shareholders holding shares under multiple accounts under different residential status/ category and single PAN, may note that, higher of the tax rate as applicable to different residential status/ category will be considered for their entire shareholding under different accounts.
9. Further, if PAN is not as per the database of the Income-tax Portal, it would be considered an invalid PAN.
10. In the event of a mismatch in category of shareholder (individual, company, trust, partnership, local authority, Government, Association of Persons etc.) as per register of members and as per fourth letter of PAN (10 digit alpha-numeric number), the Company would consider fourth letter of PAN for determining the category of shareholders and the applicable tax rate/ surcharge/ education cess.
11. Shareholders may note that in case the tax on said dividend is deducted at a higher rate in absence of receipt, or insufficiency of the aforementioned details/documents from you, an option is available to you to file the return of income as per IT Act and claim an appropriate refund, if eligible.
12. The Company shall arrange to email a soft copy of TDS certificate to you at your registered email address in due course. Shareholders will also be able to see the credit of TDS in Form 26AS, which can be downloaded from their e-filing account at <https://www.incometaxindiaefiling.gov.in>.
13. In an event of any income tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided by the shareholder, the shareholder will be responsible to indemnify the Company and also, provide the Company with all information / documents and co-operation in any tax proceedings.

All communications/documentation/queries in this respect should be addressed and sent to KFintech at its email address inward.ris@kfintech.com. No communication on the tax determination/ deduction shall be entertained after Monday, September 06, 2021, 17:30 hours (IST).

¹ Rate of tax deduction under section 206AA is 20% (refer point 5 above)