



PPAP Automotive Limited

B-206A ■ Sector-81 ■ Phase-II ■ Noida 201305 ■ Uttar Pradesh ■ India
☎ +91-120-4093901 ✉ info@ppapco.com 🌐 www.ppapco.in

23rd August, 2022

The Listing Department
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400001
Symbol: 532934

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

Subject: Communication to shareholders - Tax Deduction on Dividend

Dear Sir,

Pursuant to provisions of the Income Tax Act, 1961, as amended by the Finance Act 2020, dividends paid or distributed by a company on or after 1st April, 2020 shall be taxable in the hands of the shareholders.

In this regard, please find enclosed herewith an e-mail communication sent to the shareholders of PPAP Automotive Limited ("Company") on Monday, 22nd August, 2022, stating the documents/declarations to be submitted by the shareholders to determine and deduct appropriate TDS/withholding tax rate on dividend, if declared in the 27th annual general meeting.

Kindly note that all the documents/declarations should be submitted by the shareholders on or before Wednesday, 14th September, 2022 in order to enable the Company to determine and deduct appropriate TDS/withholding tax rate as applicable.

This is for your information and record.

Yours faithfully,
For **PPAP Automotive Limited**

Pankhuri Agarwal
Company Secretary & Compliance Officer



PPAP AUTOMOTIVE LIMITED

CIN: L74899DL1995PLC073281

Registered Office: 54, Okhla Industrial Estate, Phase-III, New Delhi-110020

Corporate Office: B-206A, Sector 81, Phase II, Noida-201305 (U.P.)

Tel: +91-120- 4093901

Website: www.ppapco.in; E-mail ID: investorservice@ppapco.com

Dear Shareholder,

Subject: Communication on deduction of tax on dividend

Dear Shareholder,

The Board of Directors of PPAP Automotive Limited ('**the Company**'), at its Meeting held on Friday, 13 May 2022, *inter- alia*, recommended a Final Dividend of Rs. 1.50/- per equity share for the Financial Year ('**FY**') ended March 31, 2022 subject to the approval of the shareholders. The dividend recommended by the Board of Directors will be paid / dispatched after the conclusion of the ensuing 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**') 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. The rate of TDS 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:

A. Resident Shareholder:

- A.1 TDS would not be deducted on payment of dividend to **RESIDENT INDIVIDUAL SHAREHOLDER**, if total dividend to be paid in FY 2022-23 does not exceed Rs. 5,000.

A.2 Tax deductible at source for **RESIDENT SHAREHOLDER (OTHER THAN RESIDENT INDIVIDUAL SHAREHOLDER RECEIVING DIVIDEND NOT EXCEEDING INR 5,000/- DURING FY 2022-23)**

S. No.	Particulars	WHT Rate	Declarations/ documents
1	Valid PAN updated with the Depository Participant in case shares are held in dematerialized form; or Registrar and Transfer Agent ('RTA') in case shares are held in physical form and no exemption sought by Resident shareholder	10%	NA
2	No / Invalid PAN with the Depository Participant in case shares are held in dematerialized form; or RTA in case shares are held in physical form and no exemption sought by shareholders	20%	NA
3	Availability of lower/nil tax deduction certificate issued by Income Tax Department u/s 197 of the Act	Rate specified in Lower tax withholding certificate obtained from Income Tax Department	<ul style="list-style-type: none"> • Copy of PAN card; and • Copy of lower tax withholding certificate obtained from Income Tax Department
4	Alternative Investment Fund ('AIF') (Category III)	10%	NA

A.3 **NIL TAX-DEDUCTIBLE AT SOURCE/ NIL WITHHOLDING** on dividend payment to Resident Shareholders if the Shareholders submit documents mentioned in the below table with the Company/ RTA:

S. No.	Particulars	WHT Rate	Declarations/ documents
1	Submission of Form 15G/ Form 15H by resident individual shareholder	Nil	<ul style="list-style-type: none"> • Copy of PAN card • Declaration in Form No. 15G (applicable to an individual who is less than 60 years) / Form 15H (applicable to an Individual who is of 60 years and above), fulfilling prescribed conditions. Please refer Annexure A for format of Form 15G and Annexure B for format of Form 15H. <p>Please note that all fields mentioned in the Form are mandatory and the Company may reject the forms submitted if it does not fulfil the requirement of the law.</p>

S. No.	Particulars	WHT Rate	Declarations/ documents
2	Mutual Funds specified under section 10(23D) of the IT Act	Nil	<ul style="list-style-type: none"> • Copy of PAN card • 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.
3	Insurance Companies: Public and other insurance companies	Nil	<ul style="list-style-type: none"> • Copy of PAN card • A self- declaration in the format as prescribed in Annexure D • Registration/ exemption certificate substantiating applicability of section 194 of the IT Act.
4	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"> • Copy of PAN card • A self- declaration in the format as prescribed in Annexure E • Registration/ exemption certificate substantiating applicability of section 196 of the IT Act.
5	Alternative Investment Fund ('AIF') (Category I and II)	Nil	<ul style="list-style-type: none"> • Copy of PAN card • A self- declaration in the format as prescribed in Annexure E • Copy of registration certificate.
6	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 Central Board of Direct Taxes ('CBDT'))	Nil	<ul style="list-style-type: none"> • Copy of PAN card • A self- declaration in the format as prescribed in Annexure E (except for individual Sikkimese resident) • Declaration in Annexure F in case of Sikkimese resident. • Adequate documentary evidence, substantiating the type of entity.

B. Non-Resident Shareholder:

S. 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**	Shareholders may also apply for a lower TDS rate as per the relevant Double Taxation Avoidance Agreements ('DTAA'), by submitting following documents are submitted: - Copy of Indian Tax Identification number (that is PAN). In case PAN not available, details specified in Annexure G to be provided;

S. No.	Particulars	Applicable Rate	Documents required (if any)
		(whichever is lower)	<ul style="list-style-type: none"> - Tax Residency Certificate (TRC)^ obtained from the tax authorities of the country of which the shareholder is a resident, valid for FY 2022-23 (covering the period from April 1,2022 to March 31,2023); - Form 10F^^ duly filled and signed as specified in Annexure H. For easy reference, refer sample pre-filled copy of Form 10F as per Annexure I; - Self-declaration for FY 2022-23 (covering the period from April 1, 2022 to March 31, 2023) as per Annexure J 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 K 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 K 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)	<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,

S. No.	Particulars	Applicable Rate	Documents required (if any)
		OR Tax Treaty Rate** (whichever is lower)	<p>details specified in Annexure G to be provided;</p> <ul style="list-style-type: none"> - Tax Residency Certificate (TRC)^ obtained from the tax authorities of the country of which the shareholder is a resident, valid for FY 2022-23 (covering the period from April 1, 2022 to March 31, 2023); - Form 10F^^ duly filled and signed as specified in Annexure H. For easy reference, refer sample pre-filled copy of Form 10F as per Annexure I; - Self-declaration for FY 2022-23 (covering the period from April 1, 2022 to March 31, 2023) as per Annexure J 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	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.

^^Recently, CBDT vide Notification No. 03/2022 dated 16 July 2022 mandated furnishing inter-alia of Form 10F electronically. Accordingly, non-residents shareholders are requested to furnish the information as required in Form 10F (refer **Annexure H** for draft Form 10F and **Annexure I** for sample filled copy of Form 10F) electronically and submit the copy of the same to the Company.

**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. In case, the dividend income is assessable to tax in the hands of a person other than the registered shareholder as on the Friday 9th September, 2022, the registered shareholder is required to furnish a declaration containing the name, address, PAN, number of shares, dividend amount of the person to whom TDS credit is to be given and reasons for giving credit to such person. In this regard, a declaration must be filed with the Company in accordance with Rule 37BA(2) of the Income-tax Rules, 1962. The declaration must consist of name, address, PAN, number of shares, dividend amount along with other documents mentioned above depending upon the tax residency status of such person to whom credit is to be given.

Refer **Annexure L** for draft format of declaration for providing credit of TDS to another person.

In case such details are furnished to the Company after **Wednesday, 14th September 2022, 17:00 Hours (IST)**, the Company shall reject such documents/ communication.

2. **Update your KYC data to receive all communications and dividend information:** The shareholders holding shares in physical mode are requested to update their KYC data viz., PAN Number, email id, address, mobile number and bank account details by submitting the relevant details with the registrar & share transfer agent, **Link Intime India Private Limited, Noble heights, 1st floor, plot NH2, C-1 block LSC, near Savitri market, Janakpuri, New Delhi-110058, Ph: +91-11-49411000.**

Shareholders holding shares in dematerialized mode are requested to update the same with their respective Depository Participant to ensure ease of communication and seamless remittances.

3. The aforesaid documents such as Form 15G/ 15H, documents under Section 196, 197A, FPI registration certificate, tax residency certificate, lower tax certificate etc. can be uploaded on the portal of Link Intime India Private Limited at <https://web.linkintime.co.in/formsreg/submission-of-form-15g-15h.html> on or before **Wednesday, 14th September 2022** to enable the Company to determine the appropriate withholding tax rate applicable. Any communication in relation to tax rate determination/deduction received post Wednesday, 14th September 2022 shall not be considered.
4. 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.
5. 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.
6. 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.
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 its income tax return for the previous year 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 the said previous year.

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.

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

12. The Company shall arrange to share a soft copy of TDS certificate 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
14. This communication is not exhaustive and does not purport to be a complete analysis or listing of all potential tax consequences in the matter of dividend payment. Shareholders should consult their tax advisors for requisite action to be taken by them.

To view / download Annexure-A [click here](#)

To view / download Annexure-B [click here](#)

To view / download Annexure-C [click here](#)

To view / download Annexure-D [click here](#)

To view / download Annexure-E [click here](#)

To view / download Annexure-F [click here](#)

To view / download Annexure-G [click here](#)

To view / download Annexure-H [click here](#)

To view / download Annexure-I [click here](#)

To view / download Annexure-J [click here](#)

To view / download Annexure-K [click here](#)

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Thanking You

Yours truly

For **PPAP Automotive Limited**

Sd/-

Pankhuri Agarwal
Company Secretary and Compliance Officer