



PARAG MILK FOODS LIMITED

CIN: L15204PN1992PLC070209

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Date: August 24, 2021

Dear Shareholder(s),

Subject: Deduction of Tax at Source on Dividend

We hope that you and your family are doing well and are safe and healthy. Please take care of yourselves in the midst of this unprecedented pandemic.

We wish to inform you that the Board of Directors of your Company has at its meeting held on June 12 2021, recommended a final dividend of Rs. 0.50 /(5%) per equity share, of the face value of Rs.10/- each, for the financial year ended 31 March 2021.

The dividend, as recommended by the Board, if approved at the ensuing **29th Annual General Meeting on September 15, 2021** will be credited/ dispatched within 30 days from that date as under:

- a. To all those shareholders holding shares in physical form, as per the details provided by share transfer agent of the Company i.e, .KFin Technologies Pvt. Ltd. (KFin) to the Company, as on the closing of business hours on **Wednesday, September 08 ,2021** and
- b. To all those beneficial owners holding shares in electronic form, as per the beneficial ownership data made available to the Company by National Securities Depository Ltd. (NSDL) and the Central Depository Services (India) Ltd. (CDSL) as of the close of business hours on **Wednesday, September 08, 2021**

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 1st April, 2020 shall be taxable in the hands of the shareholders. The Company shall therefore be required to deduct tax at source at the time of payment of dividend.

In order to enable us to determine the appropriate Tax deducted at source (TDS) rate, members are requested to submit the documents in accordance with the provisions of the Act, as set out hereunder:

A) For resident shareholders: Tax will be deducted at source under Section 194 of the Act @ 10% 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 2021-22 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 also be downloaded from the link given at the end of this communication or from the website of the Company, viz., <http://www.paragmilkfoods.com/investors/download.php>

Needless to state, the Permanent Account Number (PAN) will need to be mandatorily mentioned.

In order to provide exemption from withholding of tax, the following entities 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.
- We are an entity covered by Circular 18 of 2017 issued by the Central Board of Direct Tax and our income is unconditionally exempt under Section 10 of the Income-Tax Act, 1961 and we are statutorily not required to file return of income under Section 139 of the Act
- We are a Corporation named _____<> set up under _____<<<>Act>> whose income is exempt from any income-tax or can be considered as a 'Government' and qualify for exemption under section 196 of the Income Tax Act, 1961.
- We qualify as NPS Trust for the purpose of section 197A(1E) of the Income-tax Act, 1961 and our income is eligible for exemption under section 10(44) of the Income-tax Act, 1961

B) 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 of the Tax Treaty benefits, the non-resident shareholder will have to provide the following:

- i. Self-attested copy of Permanent Account Number (PAN Card), if any, allotted by the Indian income tax authorities;

- ii. Self-attested copy of Tax Residency Certificate (TRC) obtained from the tax authorities of the country of which the shareholder is resident for FY 2021-22;
- iii. Self-declaration in Form 10F, if all the details required in this form are not mentioned in the TRC;
- iv. Self-declaration by the non-resident shareholder of having no permanent establishment in India in accordance with the applicable Tax Treaty; and
- v. Self-declaration of beneficial ownership by the non-resident shareholder.
- vi. Self -declaration by the non-resident shareholder for eligibility of DTAA rate
- vii. Self-declaration by the non-resident shareholder for no Place of effective management;
- viii. Self-declaration by the non-resident shareholders for no business connection

The documents referred to in point nos. (iii) to (v) above can be downloaded from the link given at the end of this communication or from the Company's website viz. <http://www.paragmilkfoods.com/investors/download.php>

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 will depend upon the completeness and satisfactory review by the Company, of the documents submitted by Non- Resident shareholder.

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 **September 06, 2021**.

Dividend will be paid after deducting the tax at source as under:

- i. NIL for resident shareholders receiving dividend upto Rs.5000 or in case Form 15G / Form15H (as applicable) along with self-attested copy of the PAN is submitted
- ii. 10% for resident shareholders in case PAN is provided/available
- iii. 20% for resident shareholders, if PAN is not provided / not available
- iv. Tax will be assessed on the basis of documents submitted by the non-resident shareholders
- v. 20% plus applicable surcharge and cess for non-resident shareholders in case the aforementioned documents are not submitted
- vi. Lower/ NIL TDS on submission of self-attested copy of the certificate issued under section 197 of the Act

Kindly note that the aforementioned documents should be uploaded with KFin Technologies Private Limited, the Registrar and Transfer Agent at <https://ris.kfintech.com/form15> or emailed to einward.ris@kfintech.com.No

communication on the tax determination/deduction shall be entertained after , September 06, 2021.

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

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>.

While on the subject, we request you to submit / update your bank account details 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 scanned copy of a covering letter, duly signed by the first shareholder, along with a cancelled cheque leaf with your name and bank account details and a copy of your PAN card, duly self-attested, with KFin. This will facilitate receipt of dividend directly into your bank accounts. In case the cancelled cheque leaf does not bear the shareholder's name, please attach a copy of the bank pass-book statement, duly self-attested. We also request you to register your email IDs and mobile numbers with the depository participants (in case shares are held in electronic mode) or Company or the KFin (in case shares are held on physical mode) at the abovementioned emails.

In the event of any income tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission in the information provided by the Shareholder/s, such Shareholder/s will be responsible to indemnify the Company and also, provide the Company with all information/documents and co-operation in any proceedings.

We seek your co-operation in the matter.

Your sincerely,
For **Parag Milk Foods Limited**

Sd/-
Rachana Sanganeria
Company Secretary and Compliance Officer
ACS No. 10280

[Click Here](#) to download - 15H
[Click Here](#) to download - 15G
[Click Here](#) to download - 10F
[Click Here](#) to download - self declaration

Disclaimer: The information set out herein above is included for general information purposes only and does not constitute legal or tax advice. Since the tax consequences are dependent on facts and circumstances of each case, the investors are advised to consult their own tax consultant with respect to specific tax implications arising out of receipt of dividend.

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