

**PITTI ENGINEERING LIMITED**  
**Regd. Office: 6-3-648/401, IV Floor, Padmaja Landmark,**  
**Somajiguda, Hyderabad - 500 082**  
**Ph: 040-23312774, Fax No: 040-23393985**  
**Email : shares@pitti.in, Website: www.pitti.in**  
**CIN : L29253TG1983PLC004141**

18<sup>th</sup> July 2023

Dear Shareholder,

**Subject: Deduction of tax at source on Final dividend**

The Board of Directors of the Company ("Board") at their meeting held on 29<sup>th</sup> May 2023 recommended a final dividend of Rs.1.20/- (24%) per equity share of face value of Rs. 5/- each for the financial year 2022-23. Subject to approval of the Members at the AGM, the final dividend will be paid within 30 days from the conclusion of the AGM, to the Members whose names appear on the Company's Register of Members as on 11th August 2023 and in respect of the shares held in dematerialised mode, to the Members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as on that date. Payment of dividend shall be made through electronic mode to the Members who have updated their bank account details. Dividend warrants / at par cheques will be despatched to the registered address of the Members who have not updated their bank account details.

Members are requested to register / update their complete bank details with their Depository participant(s) with which they maintain their demat accounts, if shares are held in dematerialised mode, by submitting forms and documents as may be required by the Depository Participant(s).

Members holding shares in physical mode and who have not updated their email address or KYC details are requested to register / update the details in the prescribed Form ISR-1 with XL Softech Systems Limited, 3, Sagar Society, Road No.2, Banjara Hills, Hyderabad - 500 034 or email at xlfield@gmail.com.

**Tax Deductible at Source (TDS) / Withholding tax**

In terms of the provisions of the Income-tax Act, 1961, ("the Act"), dividend paid or distributed by a Company on or after 1st April 2020 is taxable in the hands of the shareholders. Accordingly, the Company will be required to withhold taxes at the prescribed rates on the dividend paid to its shareholders. The TDS / withholding tax rate would vary depending on the residential status of the shareholder and documents submitted by shareholder with the Company / XL Softech Systems Limited (RTA).

**A. For resident shareholders**

Tax will be deducted at source ("TDS") under Section 194 of the Act at 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 financial year does not exceed ₹ 5,000/-.

Tax at source will not be deducted in cases where a shareholder provides Form 15G (applicable to individual) / 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 Company website at [www.pitti.in](http://www.pitti.in). Please note that all fields mentioned in the Form are mandatory and Company may reject the forms submitted, if it does not fulfil the requirement of law.

Needless to mention, valid Permanent Account Number ("PAN") will be mandatorily required. Shareholders who do not have PAN or whose PAN is invalid due to not being linked with Aadhar, TDS would be deducted at higher rates u/s 206AA of the Act.

NIL / lower tax shall be deducted on the dividend payable to following resident shareholders on submission of self-declaration (as per format available on the company website at [www.pitti.in](http://www.pitti.in)) as listed below:

- i. Insurance companies: Declaration by shareholder qualifying as Insurer as per section 2(7A) of the Insurance Act, 1938 along with self-attested copy of PAN card;
- ii. Mutual Funds: Declaration by Mutual Fund shareholder eligible for exemption u/s 10(23D) of the Income-tax Act, 1961 along with self-attested copies of registration documents and PAN card;
- iii. Alternative Investment Fund (AIF) established in India: Declaration that the shareholder is eligible for exemption under section 10(23FBA) of the Act and they are established as Category I or Category II AIF under the SEBI regulations. Copy of self-attested registration documents and PAN card should be provided.
- iv. New Pension System Trust: Declaration along with self-attested copy of documentary evidence supporting the exemption and self-attested copy of PAN card.
- v. Other shareholders – Declaration along with self-attested copy of documentary evidence supporting the exemption and self-attested copy of PAN card.
- vi. Shareholders who have provided a valid certificate issued u/s. 197 of the Act for lower/nil rate of deduction or an exemption certificate issued by the income tax authorities along with Declaration.

**B. For non-resident shareholders (including Foreign Institutional Investors and Foreign Portfolio Investors)**

Tax is required to be withheld in accordance with the provisions of Section 195 and section 196D 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. In case non resident shareholders provide a certificate issued under section 197/195 of the Act, for lower / NIL withholding taxes, rate specified in the said certificate shall be considered, on submission of self-attested copy of the same. However, as per Section 90 of the Act, a nonresident 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:

- i. Self-attested copy of PAN card, if any, allotted by the Indian income tax authorities; In case PAN is not available, the non resident shareholder shall furnish (a) name, (b) e-mail ID, (c) contact number, (d) address in residency country, (e) Tax Identification Number of the residency country.
- ii. Self-attested copy of Tax Residency Certificate (“TRC”) obtained from the tax authorities of the country of which the shareholder is resident;
- iii. Form 10F and its acknowledgement submitted online on income tax website;
- iv. Self-declaration by the non-resident shareholder specifically addressed to the Company of meeting treaty eligibility requirement and satisfying beneficial ownership requirement (Non-resident having PE in India would need to comply with provisions of section 206AB of the Act).
- v. In case of Foreign Institutional Investors and Foreign Portfolio Investors, self-attested copy of SEBI registration certificate.
- vi. In case of shareholder being tax resident of Singapore, please furnish the letter issued by the competent authority or any other evidence demonstrating the non-applicability of Article 24 - Limitation of Relief under India-Singapore Double Taxation Avoidance Agreement (DTAA).

The self-declarations referred to above can be downloaded from the website of the Company [www.pitti.in](http://www.pitti.in) under Investor Desk section.

Application of beneficial DTAA rate shall depend upon the completeness and satisfactory review by the Company, of the documents submitted by non-resident shareholders and meeting requirement of Act read with applicable tax treaty. In absence of the same, the Company will not be obligated to apply the beneficial DTAA rates at the time of tax deduction on dividend amounts.

Note: The Resident Non-Individual Members i.e. Insurance companies, Mutual Funds and Alternative Investment Fund (AIF) established in India and Non-Resident Non-Individual Members i.e. Foreign Institutional Investors and Foreign Portfolio Investors may alternatively submit the relevant forms / declarations / documents through their respective custodian who is registered on NSDL platform, on or before the aforesaid timelines.

### **Section 206AB of the Act**

Rate of TDS @10% u/s 194 of the Act is subject to provisions of section 206AB of Act (effective from

1<sup>st</sup> July 2021) which introduces special provisions for TDS in respect of non-filers of income-tax return. As provided in section 206AB, 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 Act; or
- at twice the rate or rates in force; or
- at the rate of 5%.

Where sections 206AA 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 the higher of the two rates prescribed in these two sections.

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 previous year 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 Income Tax Act has expired; and
- The aggregate of TDS and TCS in his case is ₹50,000 or more in each of the previous year.

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

The Company will use the mechanism prescribed by Income tax department to verify if a shareholder is a 'specified person' under section 206AB of the Income Tax Act and basis the result provided, the Company will apply higher rates under section 206AB of the Income Tax Act on those shareholders who are covered as 'specified person' under section 206AB of the Act.

### **Section 139AA of the Act**

Further, as per Section 139AA of the Act, every person who has been allotted a PAN and who is eligible to obtain Aadhaar, shall be required to link the PAN with Aadhaar. In case of failure to comply to this, from 1<sup>st</sup> July 2023, the PAN allotted shall be deemed to be invalid/inoperative and tax shall be deducted at the rate of 20% as per the provisions of section 206AA of the Act. The Company will be using functionality of the Income-tax department for the above purpose. Shareholders may visit <https://www.incometax.gov.in/iec/foportal/> for FAQ issued by Government on PAN Aadhar linking.

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 18<sup>th</sup> August 2023.

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

- i. NIL for resident shareholders receiving dividend upto ₹ 5000 or in case Form 15G /Form 15H (as applicable) along with self-attested copy of the PAN card is submitted.
- ii. 10% for other resident shareholders in case copy of PAN card is provided/available.
- iii. NIL / lower withholding tax rate for resident shareholders on submission of self-attested copy of the certificate issued under section 197 of the Act.
- iv. 20% for resident shareholders if copy of PAN card is not provided / not available / non filers of return of income.
- v. Tax will be assessed on the basis of documents submitted by the non-resident shareholders.
- vi. 20% plus applicable surcharge and cess for non-resident shareholders in case the relevant documents are not submitted.
- vii. Lower/ NIL TDS on submission of self-attested copy of the valid certificate issued under section 197/195 of the Act.

Aforesaid rates will be subject to applicability of section 206AB of the Act.

In terms of Rule 37BA of Income Tax Rules 1962, if dividend income on which tax has been deducted

at source is assessable in the hands of a person other than the deductee, then such deductee should file declaration with Company in the manner prescribed by the Rules on or before 18th August 2023. The Company will not accept any declarations referred to Rule 37BA of Income Tax Rules, 1962 on or after 18th August 2023.

In case tax on dividend is deducted at a higher rate in the absence of receipt or defect in any of the aforementioned details / documents, you will be able to claim refund of the excess tax deducted by filing your income tax return. No claim shall lie against the Company for such taxes deducted.

#### **Other Information**

- For shareholders having multiple accounts under different status / category Shareholders holding equity shares under multiple accounts under different status / category and single PAN, may note that, higher of the tax as applicable to status in which shares are held under a PAN will be considered on their entire holding in different accounts.
- Clearing member should ensure that as on record date no shares are lying in their account.
- Please note the form 15H, 15G, 10F and Self declaration forms for Residents and Non-Residents are available on the website of the Company at [www.pitti.in](http://www.pitti.in). Kindly note that the aforementioned documents should be emailed to [shares@pitti.in](mailto:shares@pitti.in) and in the prescribed format. If the Non-Resident declarations are not received in the prescribed format, Company reserves the right to reject the same. No communication on the tax determination / deduction shall be entertained after 18th August 2023.

Thanking You,  
Your sincerely,  
For Pitti Engineering Limited

Mary Monica Braganza  
Company Secretary & Compliance Officer  
FCS 5532

[Click here to download - 15H](#)

[Click here to download - 15G](#)

[Click here to download - Self declaration \(Resident shareholder\)](#)

[Click here to download – Self declaration \(Non-resident shareholder\)](#)

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.