



SONATA SOFTWARE LIMITED
(CIN L72200MH1994PLC082110)

Regd Office: 208 T V Indl Estate, 2nd Floor, S. K. Ahire Marg, Worli Mumbai- 400 030

Corporate Office: Tower-A, Sonata Towers, Global Village (Sattva Global City), RVCE Post, Kengeri Hobli, Mysore Road, Bengaluru - 560059

Tel: +91 -80-67781000; **Website:** www.sonata-software.com **Email id:** info@sonata-software.com

Date: 7th July, 2025

Ref: Folio / DP Id & Client Id No:

Name of the Shareholder:

Sub: Sonata Software Limited - Communication on Tax Deduction at Source (TDS) on Final Dividend, if any, declared for FY 2024-25.

Dear Shareholder,

We are pleased to inform you that the Board of Directors at their meeting held on 7th May, 2025, have recommended Final Dividend of Rs. 4.40/- per equity share for the financial year ended 31st March, 2025, subject to the approval of the shareholders of the Company at the ensuing Annual General Meeting.

In accordance with the provisions of the Income-Tax Act, 1961 ("**IT Act**"), as amended, and read with the provisions of the Finance Act, 2020, with effect from 1st April, 2020, dividend declared by the Company is taxable in the hands of the members/shareholders. The Company is required to deduct tax at source ("**TDS**") on dividend payouts at the applicable rates.

Please take note of the below TDS provisions and information/document requirements for each shareholder category.

Shareholders are requested to upload the relevant documents, duly self-attested, only through the portal of Registrar and Share Transfer Agent ('RTA') viz., KFin Technologies Limited at <https://ris.kfintech.com/form15/>

Please note that the last date to submit the documents/information is 16th July, 2025. Any communication received after this date may not be considered.

A. RESIDENT SHAREHOLDERS:

A.1 - No tax shall be deducted on payment of dividend to the resident individual members, if the total dividend for a financial year does not exceed Rs. 10,000/- (Rupees Ten Thousand), subject to availability of PAN of member.

A.2 - Tax shall be deducted from Dividend paid to resident members (other than category prescribed under A.1 above) as below:

Sl. No.	Particulars	TDS rate	Declaration / documents required
1	Valid PAN updated 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 resident member	10%	Not Applicable
2	No PAN / Invalid PAN/Inoperative PAN* and no exemption sought by member	20%	Not Applicable
3	Availability of lower/nil tax deduction certificate issued by Income Tax Department under section 197 of the IT 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 <p>(Note: The certificate should be valid for the financial year 2025-26 and should cover the dividend income from the company.)</p>

*As per section 139AA of the IT Act, every person who has been allotted a PAN and who is eligible to obtain Aadhaar, shall link the PAN with Aadhaar, except persons exempted as per notification no. 37/2017. Failure to do so will render the PAN inoperative and the TDS shall be at higher rates as per IT Act.

A.3 - Withholding Tax will be NIL if the Resident Shareholders submit documents mentioned in table below with the RTA.

Sl. No.	Particulars	Declaration / documents required
1	An Individual furnishing Form 15G/ 15H	<ul style="list-style-type: none"> • Copy of PAN card (refer point 3 to the Notes below) • Declaration in Form No. 15G (applicable to an individual who is less than 60 years) / Form

		<p>15H (applicable to an Individual who is 60 years and above), provided that all the required eligibility conditions are met.</p> <p>Refer the below links for format of Form 15G and 15H:</p> <ul style="list-style-type: none"> • Form 15G • Form 15H
2	Certificate under Section 197 of the IT Act	<ul style="list-style-type: none"> • Copy of PAN card • NIL withholding tax certificate obtained from tax authority <p>Note: The certificate should be valid for the financial year 2025-26 and should cover the dividend income from the company.</p>
3	Shareholders to whom Section 194 of the IT Act does not apply (such as LIC, GIC, Business Trust (REIT, InVIT) etc.)	<ul style="list-style-type: none"> • Copy of PAN card • Self-declaration in Form SD1 enclosed with this communication, along with adequate documentary evidence (e.g., registration certificate), to the effect that no tax withholding is required as per provisions of section 194 of the IT Act.
4	Shareholder covered under section 196 of the IT Act (such as Government, RBI, Mutual Funds specified under section 10(23D), corporations established by Central Act and exempt from Income Tax)	<ul style="list-style-type: none"> • Copy of PAN card • Self-declaration in Form SD1 along with adequate documentary evidence (e.g., registration certificate), substantiating applicability of 196 of the IT Act.
5	Category I and II Alternative Investment Fund (AIF)	<ul style="list-style-type: none"> • Copy of PAN card • Self-declaration in Form SD1 that AIF's income is exempt under Section 10 (23FBA) of the IT Act and they are governed by SEBI regulations as applicable to Category I or Category II AIFs, • Copy of registration certificate • Confirmation that AIF's income is exempted from tax in terms of notification no. 51/2015 issued by CBDT.
6	Entities exempt from withholding tax under the provisions of section 197A of the IT Act	<ul style="list-style-type: none"> • Copy of PAN card • Self-declaration Form SD1 along with adequate documentary evidence, to the

(including those mentioned in Circular No. 18/2017 issued by CBDT viz. New Pension System Trust governed by Section 10(44), Recognized Provident Fund, Approved Superannuation Fund or Approved Gratuity Fund)	<ul style="list-style-type: none"> • effect that no tax withholding is required and substantiating the nature of the entity • Copy of the lower tax withholding certificate obtained from Income Tax Department <i>(except those covered by Circular 18/2017)</i>
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B. NON-RESIDENT SHAREHOLDERS:

As per Section 90 of the IT Act, the non-resident member/shareholder has the option to be governed by the provisions of the Double Taxation Avoidance Agreement ("Tax Treaty") between India and the country of tax residence of the member, if they are more beneficial to them. Please refer to the below table for the details of documents to avail Tax Treaty benefits:

Sl. No.	Particulars	Withholding tax rate	Declaration / documents required
1	Non-resident members [including Foreign Institutional Investors (FIIs) / Foreign Portfolio Investors (FPIs)]	20% plus applicable surcharge and cess or tax treaty rate (whichever is beneficial)	<ul style="list-style-type: none"> • Self-attested copy of Permanent Account Number (PAN) card allotted by the Indian Income Tax authorities (if available) • Self-attested copy of Tax Residency Certificate (TRC) issued by revenue authority of country of residence of shareholder, evidencing and certifying the tax residency status of the member in the country of residency during the Financial Year 2025-26. • Electronically generated Form 10F from the https://eportal.incometax.gov.in link • Self-declaration by the non-resident shareholder of having no permanent establishment / Fixed base or place of business / Business Connection / Place of Effective Management/beneficial ownership, in India in accordance with the applicable DTAA (pertaining to FY 2025-26) • In case of FIIs and FPIs, self-attested copy of SEBI registration certificate • Self-declaration in the form SD2 enclosed with this communication, certifying that –

			<ul style="list-style-type: none"> ○ You will continue to remain a tax resident of the country of your residency during the Financial Year 2025-26; ○ You are eligible to claim the beneficial Tax Treaty rate for the purposes of tax withholding on dividend declared by the Company; ○ You have no reason to believe that your claim for the benefits of the Tax Treaty is impaired in any manner; ○ You are the beneficial owner of your shareholding in the Company and dividend receivable from the Company; ○ You do not have a taxable presence/ permanent establishment/ fixed base/ Business Connection/ Place of Effective Management, in India in accordance with the applicable Tax Treaty or dividend income is not attributable/ effectively connected to any permanent establishment or fixed base in India ○ Non-resident complies with any other condition prescribed in the relevant Tax Treaty and provisions under the Multilateral Instrument ('MLI').
2	Alternative Investment Fund - Category III located in International Financial Services Centre	10% (plus applicable surcharge and cess)	<ul style="list-style-type: none"> • Copy of PAN card (if available) • Self declaration (Refer Form SD3 enclosed with this communication) along with adequate documentary evidence (e.g. registration certificate) substantiating the nature of the entity
3	Non-Resident Shareholders who are tax residents of Notified	30%	Not Applicable

	Jurisdictional Area as defined under section 94A(1) of the IT Act		
4	Sovereign Wealth funds and Pension funds notified by Central Government under section 10(23FE) of the IT Act	NIL	<ul style="list-style-type: none"> • Copy of the notification issued by CBDT substantiating the applicability of section 10(23FE) of the IT Act issued by the Government of India. • Self-Declaration (Refer Forms SD4 & SD5 enclosed with this communication) that the conditions specified in section 10(23FE) have been complied with.
5	Foreign Portfolio Investors (FPIs) – Category I	10% (plus applicable surcharge and cess) in case of a valid PAN	<ul style="list-style-type: none"> • Copy of PAN card (if available) • Self-declaration (refer Form SD6 enclosed with this communication) along with adequate documentary evidence (e.g. registration certificate) substantiating the nature of the entity.
6	Subsidiary of Abu Dhabi Investment Authority (ADIA) as prescribed under section 10(23FE) of the IT Act	NIL	Self-Declaration (Refer Form SD7 enclosed with this communication)- substantiating the fulfilment of conditions prescribed under section 10(23FE) of the IT Act
7	Availability of Lower/NIL tax deduction certificate issued by Income Tax Department under section 195	Rate specified in Lower/NIL withholding tax certificate	<ul style="list-style-type: none"> • Copy of PAN card (if available) • Copy of the lower tax withholding certificate obtained from Income Tax Department <p>Note: The certificate should be valid for the financial year 2025-26 and should cover the dividend income from the company</p>

	or 197 of the IT Act		
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Note: In case PAN is not updated with the Company's RTA or depository; or PAN is not available; and information sought in the declaration are not provided, higher rate of withholding tax as per section 206AA shall be applied.

Application of beneficial Tax Treaty Rate shall depend upon the completeness and satisfactory review by the Company/RTA, of the documents submitted by Non-Resident members and meeting requirement of the IT Act read with applicable Tax Treaty. It must be ensured that self-declaration should be addressed to the company and should be in the same format as provided. In the absence of the same, the company will not be obligated to apply the beneficial Tax Treaty rate at the time of tax deduction on dividends.

Notes:

1. The shareholders 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 our Registrar & Share Transfer Agent (RTA) whose address is given below. 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.
2. The Company will issue TDS certificate to its shareholders post payment of the dividend. Shareholders will also be able to download the tax credit statement from the Income Tax Department's website at <https://www.incometax.gov.in/iec/foportal/> (refer to Form 26AS).
3. If a resident or a non-resident shareholder, having a PE in India, qualifies as a "specified person" as per section 206AB of the IT Act, **higher rate of TDS as per section 206AB of the IT Act shall be applied.** The Income Tax Department has released a Compliance Check Functionality to determine **whether the PAN in case of individual is operative/ inoperative**, and the Company would be relying on the report generated from the said facility for compliance with **section 139AA r.w.s 206AA** of the IT Act.
4. After receipt of any of the above declarations, if the Company based on its independent assessment, finds any information that is contrary to the declarations received by it, the Company reserves right to rely on the results of its independent assessment and make a deduction of taxes at a higher rate as per applicable provisions of the IT Act.
5. 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 the Record Date, and other documents available with the Company / RTA. In this respect, the Company reserves the right to independently verify the PAN number of the shareholder from the National Securities Depository Ltd. ('NSDL') utility and if the same is found contrary to the PAN quoted/ provided, the company will disregard the PAN and proceed as per the prevalent law.

6. 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.
7. The documents furnished by the shareholders (such as Form 15G/15H, TRC, Form 10F, Self-Attested Declaration etc.) shall be subject to review and examination by the Company before granting any beneficial rate or NIL Rate. After receipt of any of the declarations, if the Company basis its independent assessment, finds any information that is contrary to the declarations received by it, the Company reserves right to rely on the results of its independent assessment and make a deduction of taxes at a higher rate as per applicable provisions of the IT Act.
- 8. In case withholding tax is deducted at a higher rate, an option is still available with the shareholder to file the return of income and claim an appropriate refund. No claim shall lie against Company for any taxes deducted by the Company.**
9. In the 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.
10. 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.
11. 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.
12. All communication/queries in respect of above should be addressed to our RTA, Kfin Technologies Limited at einward.ris@kfintech.com or you may write to Company at Investor@sonata-software.com.
13. A declaration must be filed with the Company where the whole or any part of the dividend income is assessable, under the provisions of the IT Act, in the hands of a person other than the shareholder in accordance with Rule 37BA(2) of the Income-tax Rules, 1962. The declaration must consist of Name, address, PAN of the person to whom credit is to be given and proportion of credit to be given in respect of dividend income.

With best regards,

Sd/-

Mangal Kulkarni

Company Secretary, Compliance Officer and Head Legal

Sonata Software Limited