



Dear Shareholder,

We wish to inform you that pursuant to the resolution passed by the shareholders through postal ballot for issue of bonus shares dated January 6, 2024, the Board of Directors of the Company has approved the allotment of 10,58,20,000 (Ten Crores Fifty Eight Lakh Twenty Thousand) equity shares of Re. 1/- each as fully paid up bonus equity shares, in the ratio of 1:2 that is 1 (One) bonus equity share of Re 1/- each for every 2 (Two) fully paid up equity shares to the members whose name appeared in the register of members / list of beneficial owners as on January 19, 2024, the record date fixed for the purpose.

As part of the aforesaid, allotment of 14,556 bonus equity shares representing fractional entitlement(s) of eligible Members have been consolidated and allotted to **Mr. Manish Gupta, Independent Director** of the company as a trustee appointed by the Board in its meeting held on 23rd of January 2024. The trustee will sell such equity shares at the prevailing market rate as soon as possible and distribute the net sale proceeds, after adjusting the cost and expenses in respect thereof, among the eligible members in proportion to their respective fractional entitlements.

Furthermore with reference to the above bonus issue by the Company, the sale proceeds of the fractional bonus shares will be treated as “Deemed Dividend” under the Income-tax Act, 1961 (“Act”) and shall be distributed to the eligible shareholders, in proportion to their respective fractional entitlement. Accordingly, in terms of the provisions of the Act, as amended by the Finance Act, 2020, these proceeds shall be taxable in the hands of the shareholders and the Company shall transfer the amounts as per respective fractional entitlements to the eligible shareholders, if applicable, after deduction/ withholding of applicable taxes.

And Furthermore shareholders are hereby informed that the Company is under an obligation to deduct tax at source (“TDS”) on Bonus Fractional Proceeds at applicable rates, if applicable, in accordance with the provisions of the Act and shall transfer the amount payable to the eligible shareholders after deduction / withholding of applicable taxes.

The rate of TDS would vary depending on the residential status as well as category of the shareholders, documents submitted by them and accepted by the Company. Accordingly, if applicable, the sale Proceeds will be paid after deducting TDS as explained here under:

(A) Non-Resident Shareholders:

Category of Shareholders	Rate/Exemption/Deduction applicability
Foreign Institutional Investors (FIIs) Foreign Portfolio Investors (FPIs)	TDS is required to be deducted at the rate of 20% (plus applicable surcharge and cess) under Section 196D of the Act.
Any entity entitled exemption from TDS to	No TDS is required to be deducted if valid self-attested documentary evidence (e.g. relevant copy of registration, order, etc. by Indian tax authorities) in support of the entity being entitled to exemption from TDS, has been submitted and acceptable to the Company.

CIN: L18100UP2011PLC043209

Corp. Office : 49/95, Site-IV, Sahibabad Industrial Area, Ghaziabad, Uttar Pradesh - 201010

Head Office : House No. 20, Lohiya Talab, Choti Basahi, P.O. Vindhyachal Mirzapur, Uttar Pradesh - 231307

Tel. : 0120-2895246, **Customer Care :** +8303-300-100, **E-mail :** info@sbcexportslimited.com, **Web. :** www.sbcexportslimited.com

Other Non-resident Shareholders	As per relevant provisions of the Act, the withholding tax shall be at the rate of 20% (plus applicable surcharge and cess) on the amount of Bonus fractional proceeds.
	<p>To avail beneficial rate of tax treaty following documents would be required:</p> <p>(a) Self-Attested Tax Residency certificate issued by revenue authority of country of residence of shareholder for the year in which amount of Bonus fractional proceeds is declared.</p> <p>(b) Self-Attested Indian Tax Identification Number (PAN), if available or declaration as per Rule 37BC of Income Tax Rules, 1962 in a specified format.</p> <p>(c) Self-Attested Form 10F filled & duly signed.</p> <p>(d) Self-declaration for a) non-existence of permanent establishment/ fixed base in India, b) eligibility to claim tax treaty benefits, c) receiving the amount of Bonus fractional proceeds as beneficial owner of such income.</p> <p>(Note: Application of beneficial Tax Treaty Rate shall depend upon the completeness of the documents submitted by the Non-Resident Shareholder and acceptable to the satisfaction of the Company.)</p> <p>(II) TDS is required to be deducted at the rate prescribed in a valid lower tax withholding certificate issued under Section 195/197 of the Act, if such certificate is provided.</p>

(A) Resident Shareholders:

Category of Shareholders	Rate/Exemption/Deduction applicability
Mutual Funds	
Mutual Funds	No TDS is required to be deducted where a self- declaration is provided stating that it is governed by provisions of Section 10(23D) of the Act, along with a self- attested copy of a valid SEBI registration certificate and a self-attested copy of PAN card.
Insurance Companies	No TDS is required to be deducted where a self- declaration is provided stating that it has full beneficial interest with respect to the shares owned by it along with self-attested copy valid IRDAI registration certificate along with a self- attested copy of PAN card.

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Category of Shareholders	Rate/Exemption/Deduction applicability
Category I and II Alternative Investment Fund	No TDS is required to be deducted where a self- declaration is provided stating that its income is exempt under section 10(23FBA) of the Act and that they are established as Category I or Category II AIF under the SEBI Legislations along with self-attested copy of valid registration certificate along with a self-attested copy of the PAN card.
New Pension System Trust	No TDS is required to be deducted where valid self- attested documentary evidence in support of the entity being entitled to exemption under section 10(44) of the Act and being regulated by the provisions of the Indian Trusts Act, 1882 along with self-attested copy of the PAN card.
Any other entity entitled to exemption from TDS	No TDS is required to be deducted where valid self- attested documentary evidence in support of the entity being entitled to TDS exemption is submitted.
Other Resident Shareholder	<p>1) TDS is required to be deducted at the rate of 10% under Section 194 of the Act.</p> <p>2) No TDS is required to be deducted, if aggregate amount of Bonus fractional proceeds distributed or likely to be distributed during the financial year to individual shareholders does not exceed ₹5000/-.</p> <p>3) No TDS is required to be deducted on furnishing of valid Form 15G (for individuals, with no tax liability on total income and income not exceeding maximum amount which is not chargeable to tax) or Form 15H (for individual above the age of 60 years with no tax liability on total income).</p> <p>4) TDS is required to be deducted at the rate of 20% under section 206AA of the Act, if valid PAN of the shareholder is not available.</p> <p>5) TDS is required to be deducted at such rate as prescribed in the lower tax withholding certificate issued under Section 197 of the Act, if such valid certificate is provided.</p>

The Finance Act, 2021, has inter-alia inserted the provisions of section 206AB of the Act with effect from July 1, 2021. The provisions of section 206AB of the Act require the deductor to deduct tax from amount paid/ credited to "specified person, i.e. Resident Shareholders who have not filed their return of income for two consecutive previous years and aggregate taxes deducted at source exceeds ₹50,000/- in each of the two previous years (effective from July 1, 2021), at higher of the following rates:

- (1) At twice the rate specified in the relevant provision of the Act; or
- (2) At twice the rates or rates in force; or
- (3) At the rate of 5%

The Company will be relying on the information verified by the utility available on the Income Tax website. However, where PAN is not updated by shareholder and the shareholder has not given any declaration than the Shareholder will assumed to be "specified person".

The non-resident who does not have the permanent establishment is excluded from the scope of a specified person. As such Non-Resident Shareholder is required to provide a self- declaration to this effect.

Shareholders are requested to further note that:

1. Scanned copies of documents mentioned above and/or any other communication in connection with TDS are required to be sent via registered e-mail ID of shareholders only to e- mail ID cs@sbccl.com on or before 31st January, 2024.
2. In case, the the amount of Bonus fractional proceeds is assessable to tax in the hands of a person other than the registered Shareholder as on the Book Closure Date, the registered shareholder is required to furnish a declaration containing the name, address, PAN of the person to whom TDS credit is to be given and reasons for giving credit to such person on or before 31st January, 2024.
3. Recording of the valid PAN for the registered Folio/DP ID-Client ID is mandatory. If the PAN is not as per the database of the Income-Tax Website/Portal, it would be considered as invalid PAN and in absence of valid PAN, tax will be deducted at a higher rate of 20% as per Section 206AA of the Act. Shareholders are requested to ensure Aadhaar number is linked with PAN, as per the timelines prescribed. In case of failure of linking Aadhaar with PAN within the prescribed timelines, PAN shall be considered inoperative and, in such scenario, tax shall be deducted at higher rate of 20%.
4. Above communication on TDS sets out the provisions of law in a summarised manner only and does not purport to be a complete analysis or listing of all potential tax consequences. Shareholders should consult with their own tax advisors for the tax provisions that may be applicable to them.



5. It may be further noted that in case the tax on the amount of Bonus fractional proceeds is deducted at a higher rate in absence of receipt of the aforementioned details/documents, there would still be an option available with the shareholder to file the return of income and claim an appropriate refund, if eligible
6. 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, such shareholder will be responsible to indemnify the Company and also, provide the Company with all information / documents and co-operation in any legal proceedings.
7. The amount of Bonus fractional proceeds will be paid electronically in the Shareholder's bank accounts. The shareholder holding shares in demat form are advised to keep the bank details updated with their depository participants.
8. Shareholder holding shares in Certificate Form and who have not updated their bank accounts details are requested to update bank details with the Company's Registrar and Transfer Agents, M/s. Bigshare Services Pvt. Ltd., Office No S6-2, 6th floor Pinnacle Business Park, Next to Ahura Centre, Mahakali Caves Road, Andheri (East) Mumbai - 400093, India by submitting duly filled forms ISR-1 and ISR-2 as available at the website of the company.

NO COMMUNICATION ON THE TAX DETERMINATION/DEDUCTION SHALL BE ENTERTAINED AFTER WEDNESDAY, 31st JANUARY, 2024.

Shareholders are requested to register/update their complete bank details with the Company/RTA, to enable the Company to make timely credit of the amount of Bonus fractional proceeds in their Bank Accounts.

All the relevant forms for the aforesaid purpose can be downloaded from the website of the company i.e sbcexportslimited.com

We seek your co-operation in the matter. Yours faithfully,

For SBC Exports Limited

Hariom Sharma
Company Secretary and Compliance Officer
M. No. A41738

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