

DEEPAK SPINNERS LIMITED
CIN L17111HP1982PLC016465

Regd. Office: 121 Industrial Area, Baddi, Tehsil Nalagarh
District Solan, Himachal Pradesh-173205
Telephone nos. 0172 2650973, 2650974, 2650977
Website: www.dsl-india.com Email: share@dsl-india.com

Dear Member,

Sub: Communication of deduction of tax at source on Dividend

The Board of Directors of the Company at its Meeting held on 23rd June 2021, recommended payment of dividend of Rs 2/- per equity share of Rs. 10/- each for the year ended 31st March 2021. The dividend will be paid to the members of the Company after the declaration of dividend at the Annual General Meeting of the Company scheduled on 23rd September 2021.

The Register of Members and Share Transfer Books will remain closed from Friday, 17th September 2021 to Thursday, 23rd September 2021 (both days inclusive) for determining the eligibility of members for payment of dividend. Payment of dividend, if approved at the Annual General Meeting, will be made to those members whose names will be on the Company's Register of Members on Thursday, 16th September 2021 and to those whose names will appear as Beneficial Owners as at the close of the business hours on 16th September 2021 as per the details to be furnished by the Depositories, viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for this purpose.

Pursuant to the General Circular No. 20/2020 dated 5th May 2020 issued by the Ministry of Corporate Affairs, the dividend will be paid electronically in the Members' bank accounts. The Company will keep on hold cheques/demand drafts of the members who have not registered their bank details with the Company and will dispatch the same once the lock down is lifted and postal services are normalized. The Members holding shares in Demat form are advised to keep the bank details updated with their depository participants.

Members 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. Maheshwari Datamatics Pvt. Ltd., 23 R.N. Mukherjee Road, 5th Floor, Kolkata-700001 in the following manner :

You are requested to send the duly completed NACH Mandate Form (<https://mdpl.in/form/nach-mandate>) with the signature of the First/Sole holder attested by your banker along with a canceled cheque leaf with your name, account no. and IFSC Code printed thereon. In case your name is not printed on the cheque leaf, you are requested to send an additionally self-attested copy of your pass book / bank statement showing your name, account no, and IFSC Code. In the covering letter, please mention the name of the company, Folio No., along with your name, address, email id, and phone no. or click on the following link- <https://mdpl.in/form/nach-mandate>.

In accordance with the provisions of the Income Tax Act, 1961 as amended by and read with the provisions of the Finance Act, 2020, with effect from 1st April 2020, the dividend declared and paid by the Company is taxable in the hands of its members and the Company is required to deduct tax at source (TDS) from the dividend paid to the members at the applicable rates.

This communication summarises the applicable TDS provisions under the provisions of the Income tax Act, 1961, for various categories, including Resident or Non-Resident members.

1) For Resident Members:

Srl	Particulars	Applicable Rate	Documents required (if any)
(a)	No TDS shall be deducted in the case of resident individual members, if the amount of such dividend in aggregate paid or likely to be paid during the financial year does not exceed Rs. 5,000.	NIL	

(b)	With PAN (Exceeding Rs. 5000/-)	10.0%	Update/Verify the PAN, and the residential status as per Income Tax Act, 1961 if not already done, with the depositories (in case of shares held in Demat mode) and with the Company's Registrar and Transfer Agents - Maheshwari Datamatics Pvt. Ltd. (in case of shares held in physical mode). Or click on the following link : https://mdpl.in/form/pan-update
(c)	Without PAN/ Invalid PAN	20%	
(d)	Submitting Form 15G/ Form 15H	NIL	Declaration in Form No. 15G (applicable to any person other than a company or a firm) / Form 15H (applicable to an Individual who is 60 years and older), fulfilling certain conditions. Shareholders may click on the following link for claiming Exemptions. https://mdpl.in/form/15g-15h .
(e)	Submitting Order under Section 197 of the Income Tax Act, 1961 (Act)	Rate provided in the Order	Lower/NIL withholding tax certificate obtained from the tax authority to be submitted : https://mdpl.in/form/certificate-u-s-197
(f)	Mutual Fund specified under clause (23D) of Section 10 of the Income Tax Act, 1961	NIL	Self-declaration that they are specified in Section 10 (23D) of the Income Tax Act, 1961 along with a self-attested copy of PAN card and registration certificate. Please click on the following link: https://mdpl.in/form/mutual-fund
(g)	An Insurance Company exempted under Sec. 194 of the Income Tax Act, 1961	NIL	Self-declaration that it has full beneficial interest with respect to the shares owned by it and documentary evidence that the provisions of section 194 of the Act do not apply to them along with Self-attested PAN. Please click on the following: https://mdpl.in/form/insurance-company
(h)	Alternative Investment Fund (AIF) established in India:	NIL	Documentary evidence to prove that Investment Fund is a fund as defined in clause (a) of the Explanation 1 of section 115UB of the Act and Declaration that its Dividend Income is exempt under Section 10 (23FBA) of the Act and that they are established as Category I or Category II AIF under the Securities and Exchange Board of India (Alternative Investment Fund) Regulations Please click on the following: https://mdpl.in/form/alternative-investment
(i)	New Pension System Trust:	NIL	Self-declaration that it qualifies as NPS trust and income is eligible for exemption under section 10(44) of the Act and is regulated by the provisions of the Indian Trusts Act, 1882 along with a self-attested copy of the PAN card.

(j)	Other Non-Individual shareholders	NIL	Self-attested copy of documentary evidence supporting the exemption along with a self-attested copy of PAN card.
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2) For Non-Resident Members:

	Particulars	Applicable Rate	Documents required (if any)
(a)	TDS shall be Deducted/Withheld	20% (plus applicable surcharge and cess)	
(b)	Foreign Institutional Investors (FIIs) / Foreign Portfolio Investors (FPIs) Investors (FPIs)	20% (plus applicable surcharge and cess)	Self Attested Copy of SEBI Registration Certificate.
(c)	Other Non-resident Shareholders	<p>20% (plus applicable surcharge and cess)</p> <p>OR</p> <p>Tax Treaty Rate** (whichever is less)</p> <p>Non-resident shareholders have 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 the DTAA provisions are more beneficial.</p>	<p>Update/Verify the PAN and the residential status as per Income Tax Act, 1961, if not already done, with the depositories (in case of shares held in Demat mode) and with the Company's Registrar and Transfer Agents – Maheshwari Datamatics Pvt Ltd. (in case of shares held in physical mode).</p> <p>In order to apply the Tax Treaty rate, ALL the following documents would be required:</p> <ol style="list-style-type: none"> 1) Copy of Indian Tax Identification number (PAN). 2) Tax Residency Certificate (TRC) obtained from the tax authorities of the country of which the shareholder is a resident certifying status during Financial Year 2020-21. 3) Form 10F duly filled and signed (Format attached herewith). 4) Self-declaration from Non-resident, primarily covering the following: <ul style="list-style-type: none"> - Non-resident is eligible to claim the benefit of respective tax treaty - Non-resident receiving the dividend income is the beneficial owner of such income - Dividend income is not attributable/effectively connected to any Permanent Establishment (PE) or Fixed Base in India. (Format attached herewith). <p>Click on the following Link https://mdpl.in/form/10f</p>

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

The tax shall be deducted at source at the rate of 20% (plus applicable surcharge, and health and education cess) on dividend payable to Foreign Institutional Investors (FII) and Foreign Portfolio Investors (FPI). Such TDS rate shall not be reduced on account of the application of the beneficial DTAA Rate or lower tax deduction order, if any.

SECTION 206AB OF THE ACT

Rate of TDS @10% u/s 194 of the Act is subject to provisions of Section 206AB of the Act (effective from 1st July 2021) which introduces special provisions for TDS in respect of taxpayers who have not filed their income tax return (referred to as specified persons). U/s 206AB of the Act, tax is to be deducted at higher of the following rates in case of payments to the 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%.

In cases where Sections 206AA and 206AB are applicable i.e. the shareholder has not submitted the PAN as well as not filed the return; tax will be deducted at higher of the two rates prescribed in these sections.

"Specified person" as defined u/s 206AB(3) is someone who satisfies the following conditions:

1. A person who has not filed an income tax return for two previous years 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 Act has expired;
and
2. The aggregate of TDS and TCS in whose case is Rs. 50,000 or more in each of these two previous years.

Non-resident shareholders who do not have a permanent establishment in India are excluded from the scope of a "specified person".

[All the links given above will be disabled on Friday, 17th September 2021.](#)

FOR ALL MEMBERS:

Members holding shares under multiple accounts under different status / categories and single PAN may note that higher of the tax as applicable to the status in which shares held under a PAN will be considered on their entire holding in different accounts.

In view of the prevailing COVID 19 situation, only scanned copies of the aforementioned tax relief documents such as PAN, Forms 15G/15H/10F/Self-declaration/documentary evidence, etc. will be accepted by the Company as per the link given above. The documents (duly completed and signed) are required to be submitted by uploading the documents on the link.

In the case of joint shareholders, the shareholder named first in the Register of Members is required to furnish the requisite documents for claiming any applicable beneficial tax rate.

Any such tax relief documents (PAN/15G/ 15H/10F/Self Declaration Form) received through any other methods like email or hand delivery will not be considered to determine and deduct appropriate TDS / withholding tax.

Members may note that in case the tax on said dividend is deducted at a higher rate in absence of a receipt, or insufficiency of the aforementioned details/documents from you, an option is available to you to file the return of income as per Income Tax Act, 1961 and claim an appropriate refund, if eligible. No claim shall lie against the Company for such taxes deducted.

In terms of Rule 37BA of the 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 a declaration with the Company in the manner prescribed in the Rules.

Shareholders holding shares in dematerialized mode are requested to update their records such as tax residential status, permanent account number (PAN), registered email address, mobile number, and other details with their relevant depositories through their depository participants. Shareholders holding shares in physical mode are requested to furnish details to the Company's Registrar and Transfer Agent, viz. Maheshwari Datamatics Private Limited ("MDPL")

The Company is obligated to deduct tax at source based on the records made available by National Securities Depository Limited or Central Depository Services (India) Limited ("the Depositories") in case of shares held in electronic mode and from the RTA in case of shares held in physical mode and no request will be entertained for revision of TDS return.

Disclaimer: This Communication is not to be treated as advice from the Company or its affiliates or Registrars Maheshwari Datamatics Private Limited. Members should obtain tax advice related to their tax matters from their tax professional.

Yours sincerely,

By Order of the Board

Deepak Spinners Limited

**(Puneeta Arora)
Company Secretary
Membership No. FCS 7466**