

DCB Bank Limited

Corporate Identity Number (CIN): L99999MH1995PLC089008

Corporate & Regd. Office: 601 & 602, Peninsula Business Park, 6th floor,
Tower A, Senapati Bapat Marg, Lower Parel, Mumbai Maharashtra 400013

Tel: +91 22 6618 7000; Fax: +91 22 6658 9970

e-mail: investorgrievance@dcbbank.com Website: www.dcbbank.com

18th May 2022

Subject: Deduction of Tax at Source on dividend

Dear Shareholder,

We are pleased to inform you that the Board of Directors of the Bank, at its meeting held on 07th May 2022, has recommended a dividend of Rs. 1.00 per Equity Share of Rs. 10 each held as on the record date for the dividend payment, for the Financial Year ended 31st March 2022 subject to approval of shareholders.

As you may be aware, as per the Income-tax Act, 1961 (the Act), as amended by the Finance Act, 2020, dividends paid or distributed by the companies on or after 1st April 2020 shall be taxable in the hands of the shareholders. The bank shall, therefore, be required to deduct tax at source at the time of making the payment of the dividend, if approved, at the 27th Annual General Meeting (AGM) of the Bank (to be announced in due course).

This communication briefly provides the applicable Tax Deduction at Source (TDS) provisions under the Act for Resident and Non-Resident shareholder categories:

I. For Resident Shareholders -

Tax is required to be deducted at source under Section 194 of the Act, at the rate of 10% on the amount of dividend where shareholders have registered their valid Permanent Account Number (PAN). In case, shareholders do not have PAN / have not registered their valid PAN details in their account, TDS at the rate of 20% shall be deducted under Section 206AA of the Act.

a. Resident Individuals:

No tax shall be deducted on the dividend payable to resident individuals if –

- i. Total dividend amount to be received by them during the Financial Year 2022-23 does not exceed Rs. 5,000/; or
- ii. The shareholder provides Form 15G (applicable to individual) / Form 15H (applicable to an Individual above the age of 60 years), provided that all the required eligibility conditions are met. Please note that all fields are mandatory to be filled up and Bank may, at its sole discretion, reject the form if it does not fulfil the requirement of law. Formats of Form 15G and 15H are enclosed as **Annexure 1** and

Annexure 2, respectively.

iii. Exemption certificate issued by the Income-tax Department, if any.

Note: 1. Recording of the PAN for the registered Folio/DP ID-Client ID is mandatory. In the absence of valid PAN, tax will be deducted at a higher rate of 20%, as per Section 206AA of the Act.

b. **Resident Non-Individuals:**

No tax shall be deducted on the dividend payable to the following resident non-individuals where they provide details and documents as per the format attached in **Annexure 3**.

i. **Insurance Companies:** Self declaration that it qualifies as 'Insurer' as per section 2(7A) of the Insurance Act, 1938 and has full beneficial interest with respect to the Equity shares owned by it along with self-attested copy of PAN card and certificate of registration with Insurance Regulatory and Development Authority (IRDA)/ LIC/ GIC.

ii. **Mutual Funds:** Self-declaration that it is registered with SEBI and is notified under Section 10 (23D) of the Act along with self-attested copy of PAN card and certificate of registration with SEBI.

iii. **Alternative Investment Fund (AIF):** Self-declaration that its income is exempt under Section 10 (23FBA) of the Act and they are registered with SEBI as Category I or Category II AIF along with self-attested copy of the PAN card and certificate of AIF registration with SEBI.

iv. **New Pension System (NPS) Trust:** Self-declaration that it qualifies as NPS trust and income is eligible for 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.

v. **Other Non-Individual shareholders:** Self-attested copy of documentary evidence supporting the exemption along with self-attested copy of PAN card.

c. In case, shareholders (both individuals or non-individuals) provide certificate under Section 197 of the Income-tax Act, 1961, for lower / NIL withholding of taxes, rate specified in the said certificate shall be considered, on submission of self-attested copy of the same.

II. For Non-resident Shareholders –

a. Taxes are required to be withheld in accordance with the provisions of Section 195 and section 196D of the Act, as per the rates as applicable. As per the relevant provisions of the Act, the withholding tax shall be at the rate of 20% (plus applicable surcharge and cess) on the amount of dividend payable to them. In case, non-resident shareholders provide a certificate issued under Section 197/195 of the Act, for lower/ Nil withholding of taxes, rate specified in the said certificate shall be considered, on submission of self-attested copy of the same.

b. Further, as per Section 90 of the Act, the non-resident shareholder has the option to be governed by the provisions of the Double Tax Avoidance Treaty (DTAA) between India and the country of tax residence of the shareholder, if they are more beneficial to them. For this purpose, i.e. to avail Tax Treaty benefits, the non-resident shareholders are required to provide the following:

i. Self-attested copy of the PAN card allotted by the Indian Income Tax authorities. In case, PAN is not available, the non-resident shareholder shall furnish (a) name, (b) email id, (c) contact number, (d) address in residency country, (f) Tax Identification Number of the residency country (format attached herewith as **Annexure 4**).

ii. Self-attested copy of Tax Residency Certificate (TRC) (for the period April 2022 to March 2023) obtained from the tax authorities of the country of which the shareholder is a resident.

iii. Self-declaration in Form 10F (format attached herewith as **Annexure 5**).

iv. Self-declaration by shareholder of meeting treaty eligibility requirement and satisfying beneficial ownership requirement. (for the period April 2022 to March 2023) (format attached herewith as **Annexure 6**).

v. In case of Foreign Institutional Investors and Foreign Portfolio Investors, 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 evidences demonstrating the non-applicability of Article 24 - Limitation of Relief under India-Singapore Double Taxation Avoidance Agreement (DTAA). It is recommended that shareholder should independently satisfy its eligibility to claim DTAA benefit including meeting of all conditions laid down by DTAA.

Kindly note that the Bank is not obligated to apply beneficial DTAA rates at the time of tax deduction / withholding on dividend amounts. Application of beneficial rate as per DTAA for the purpose of withholding taxes shall depend upon completeness and satisfactory review by the Bank of the documents submitted by the non-resident shareholder.

Accordingly, in order to enable us to determine the appropriate withholding tax rate applicable, **we request you to provide these details and documents as mentioned above as soon as possible but before June 15, 2022**. Any documents submitted after June 15, 2022 may be accepted at the sole discretion of the Bank.

III. TDS to be deducted at higher rate in case of non-filers of Return of Income

The Finance Act, 2021, has *inter alia* inserted the provisions of section 206AB of the Act with effect from 1st July 2021. The provisions of section 206AB of the Act require the deductor to deduct tax at higher of the following rates from amount paid/ credited to 'specified person':

- i. At twice the rate specified in the relevant provision of the Act; or
- ii. At twice the rate(s) in force; or
- iii. At the rate of 5%.

The Central Board of Direct Taxes (CBDT) has prescribed the functionality for determining whether a person fulfils the conditions of being a 'Specified Person' or not. Accordingly, the Company will verify from the above functionality provided by CBDT whether any Shareholder of the Company qualifies as a 'Specified Person' prior to applying the relevant TDS rates.

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 June 15, 2022**.

PAYMENT OF DIVIDEND

The dividend on Equity Shares, once approved by the shareholders of the Bank at the AGM, will be paid after deducting the applicable tax at source as under:

A. FOR RESIDENT SHAREHOLDERS:

Nil withholding in case the total dividend paid is up to Rs. 5,000/-.

- Nil withholding for resident shareholders in case Form 15G / Form 15H (as applicable) is submitted along with self-attested copy of the PAN linked to Aadhaar. *Please note that the duly filled up forms submitted through your registered email ID will be accepted.*
- NIL/ Lower withholding tax rate on submission of self-attested copy of the certificate issued under Section 197 of the Act.
- 10% for resident shareholders in case PAN is provided / available.
- 20% for resident shareholders in case PAN is not provided / not available non-filers of Return of Income.

B. FOR NON-RESIDENT SHAREHOLDERS:

Tax treaty rate (based on tax treaty with India) for beneficial non-resident shareholders, as applicable will be applied on the basis of documents submitted by the non-resident shareholders.

- NIL/ Lower withholding tax rate on submission of self-attested copy of the certificate issued under Section 195/197 of the Act.
- 20% plus applicable surcharge and cess for non-resident shareholders in case the above mentioned documents are not submitted.

- Higher rate as discussed in point III above in case of non-filers of Return of Income, as applicable.

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

C. FOR SHAREHOLDERS HAVING MULTIPLE ACCOUNTS UNDER DIFFERENT STATUS / CATEGORY:

Shareholders holding Equity shares of the Bank under multiple accounts under different status / category 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.

D. Transferring credit to the beneficial owner

As per Rule 37BA, in the case where the dividend is received in the hands of one person but is assessable in the hands of other person, the tax may be deducted in the name of such other person if the first-mentioned person provides a declaration as prescribed in this regard. The aforesaid declaration shall contain (i) name, address, PAN, and residential status of the person to whom credit is to be given; (ii) payment in relation to which credit is to be given; and (iii) the reason for giving credit to such person we request you to provide any such details before June 15, 2022. (as per the format attached in **Annexure 7**)

SUBMISSION OF TAX RELATED DOCUMENTS:

Instructions regarding TDS for all Shareholders:

The aforementioned forms for tax exemption can be **downloaded** from Link Intime's website. The URL for the same is as under:

https://secure-web.cisco.com/1nncvpT_pO5CHZRjkWAb38kLTTT6AehlrH1WbTwinLNAUGoG7kYLPPWutdxiFmwMcuZrdLgrQghw0-seJga0aUCwz_VfRG_RKd8XpHFtvh46876HDjBf1x_fArIFS99Ym0-P_oPr2S90NraZMsjCTvjow83F81Qq8bX2nkw-cknYvk1Azlz5CZVFugPeG4jM231Yfc13nVgD-ZVbMsRn6Orkaj_OXwftScPY8f96U-KjYJtkbkaTdbmsVB_vwL7u2rd28pixNCb2ZcCn-NBYAlg8imboq-kYk065M8Bdwe_eKZ9-D5H1pn5XTKAV8pvKk/https%3A%2F%2Fwww.linkintime.co.in%2Fclient-downloads.html

On this page select the General tab. All the forms are available under the head "Form 15G/15H/10F"

The aforementioned documents (duly completed and signed) are required to be **uploaded** on the url mentioned below:

https://secure-web.cisco.com/1o5gtkkscEdr_nU5ehF2JZ15HqBMehYF8fqJyJudXS11xU_1NAEW90UgW76ThkGafK0HS0_x9Xp1Jxy8Awtwf12IOBCo5x-ANFL_clFrWikZVr5tSPgMq5YTTizfVlwTdRB_yKNv_N3i9iKltkwstqLwxegBfSToWa_A1gC4p2QfX43IzfbamTiKjmF8rG4J_BZuh5zXNVQj48Pqx2n61jbEC6vX3rX5EWNs7nJ5gbKPsWmW7dl09g

[d3nK6dtjL0eaWWqltpJ5LQcAlz9H4zojpaiP-Tgp6nOrX29zAuPt3J8T0eKKNqI2npJf_35Z8wD/https%3A%2F%2Fweb.linkintime.co.in%2Ffor%2Fmsreg%2Fsubmission-of-form-15g-15h.html](https://www.linkintime.co.in/for%2Fmsreg%2Fsubmission-of-form-15g-15h.html)

On this page the users shall be prompted to select / share the following information to register their request.

- a. Select the company (Dropdown)
- b. Folio / DP-Client ID
- c. PAN
- d. Financial year (Dropdown)
- e. Form selection
- f. Document attachment – 1 (PAN)
- g. Document attachment – 2 (Forms)
- h. Document attachment – 3 (Any other supporting document)

Please note that the upload of documents (duly completed and signed) on the website of Link Intime India Private Ltd should be done before June 15, 2022 in order to enable the Bank to determine and deduct appropriate TDS / Withholding Tax. Incomplete and/or unsigned forms and declarations will not be considered by the Bank.

All communications/ queries in this respect should be addressed to our RTA, Link Intime India Private Limited to its email address:- rnt.helpdesk@linkintime.co.in

Updating of PAN, email address and other details:

Shareholders holding shares in dematerialized mode, are requested to update their records such as Tax Residential Status, Permanent Account Number (PAN), registered email addresses, mobile numbers and other details with their relevant Depositories through their Depository Participants. Shareholders holding shares in physical mode are requested to furnish details to the Bank's Registrar and Share Transfer Agent. The Bank is obligated to deduct tax at source (TDS) based on the records available with RTA and no request will be entertained for revision of TDS return.

Updating of Bank Account details:

Members are also requested to submit / update their bank account details with their Depository Participant in case of holding of shares in the electronic form. In case of shareholding in the physical form, Members are requested to submit a scanned copy of a duly signed covering letter, along with a cancelled cheque leaf having the Member's Name and Bank Account details and a copy of their PAN Card, duly self-attested. This will facilitate receipt of dividend directly into the Member's bank account. In case the cancelled cheque leaf does not bear the Member's Name, please attach a copy of the bank pass-book statement, duly self-attested.

Kindly note that the aforementioned documents are required to be uploaded before June 15, 2022 at

<https://secure->

[web.cisco.com/1M_2g8XY0bv70x562NuWkmbmvsxQcL11OzdDxOuqs6ggVVHW1I_CYguUGIJAAaQFC2i6DwfHrfSBI1SsM6MjzTLkhjZYVEoJXCzWTH9R7w_p_WYVauwIwgoxiLhQMP04YDJ1UEq189C8xb7S10hrnefCFsLm30X5czZU94C2UEOuW0eHEZwrtnA9GqZySikoOOWbWdZsmqStIPsaevwFTtCCBgZanhTS1UhdKNV8VnMeKCMICpMpVUt-ags_xkGly2OAa1BmSqBVTqn0hE6zNSvZQH16DO22iornC9cx9BZH3XSnaR_yAA2Mb1OfGaoI/https%3A%2F%2Flinkintime.co.in%2Femailreg%2Femail_register.html](https://secure-web.cisco.com/1M_2g8XY0bv70x562NuWkmbmvsxQcL11OzdDxOuqs6ggVVHW1I_CYguUGIJAAaQFC2i6DwfHrfSBI1SsM6MjzTLkhjZYVEoJXCzWTH9R7w_p_WYVauwIwgoxiLhQMP04YDJ1UEq189C8xb7S10hrnefCFsLm30X5czZU94C2UEOuW0eHEZwrtnA9GqZySikoOOWbWdZsmqStIPsaevwFTtCCBgZanhTS1UhdKNV8VnMeKCMICpMpVUt-ags_xkGly2OAa1BmSqBVTqn0hE6zNSvZQH16DO22iornC9cx9BZH3XSnaR_yAA2Mb1OfGaoI/https%3A%2F%2Flinkintime.co.in%2Femailreg%2Femail_register.html)

No communication on the tax determination / deduction shall be entertained after June 15, 2022. It may be further noted that in case tax on the said dividend is deducted at a higher rate in absence of receipt of the aforementioned details / documents from the Members, there would still be an option available with Members to file the return of income and claim an appropriate refund, if eligible. No claim shall lie against the Bank for such taxes deducted.

Thanking you,

Yours faithfully,

For DCB Bank Limited

Sd/-

Rubi Chaturvedi

Company Secretary

Disclaimer: This communication shall not be treated as advice from the Company or its Registrar & Transfer Agent. Shareholders should obtain the tax advice related to their tax matters from a tax professional

Note: This is a system-generated e-mail. Please do not reply to this e-mail.