Disclaimer: This communication is intended solely for providing information and should not be construed as tax advice from the Company. Shareholders are advised to consult their tax advisors for guidance on their specific tax matters.

Pursuant to the amendments made by the Finance Act, 2020, dividend income is taxable in the hands of shareholders with effect from 1st April 2020. Accordingly, the Company is required to deduct tax at source (TDS) at the time of payment of dividend in accordance with the provisions of the Income-tax Act, 1961 ("the Act").

1. **Resident Shareholders**
    a. **Threshold Exemption:** In terms of Section 194 of the Act, no TDS shall be deducted where the total dividend payable to an individual shareholder during a financial year does not exceed **₹10,000**.
    b. **Standard Deduction:** Where dividend exceeds the above threshold, TDS will be deducted at **10%**, provided the shareholder has furnished a valid **Permanent Account Number (PAN)**.
    c. **Higher Rate without PAN:** In the absence of a valid PAN, or where the PAN details are invalid, tax will be deducted at **20%** in accordance with Section 206AA of the Act.
    d. **Forms 15G / 15H:** Eligible shareholders may submit a duly completed **Form 15G** (for individuals other than companies/firms) or **Form 15H** (for senior citizens above 60 years) to claim exemption from TDS, subject to fulfilment of prescribed conditions.
    e. **Multiple Accounts:** In cases where a shareholder holds shares in multiple accounts under different categories but linked to the same PAN, the Company shall apply the highest applicable tax rate across all such holdings

Exemption categories: Certain entities are exempt from withholding tax, subject to submission of a valid self-declaration and documentary evidence, such as:

a. Insurance companies confirming beneficial ownership of shares;
b. Mutual Funds registered under section 10(23D);
c. Alternative Investment Funds (Category I or II) registered with SEBI, claiming exemption under section 10(23FBA);
d. New Pension System Trust under section 10(44);
e. Any Corporation established under a Central Act which is exempt from income-tax under section 196.

2. **Non-Resident Shareholders**
    a. **General Rate:** TDS will be deducted under Section 195 of the Act at 20% (plus applicable surcharge and cess) on the gross dividend amount.
    b. **DTAA Benefits:** Non-resident shareholders may opt for the beneficial tax rates available under an applicable **Double Tax Avoidance Agreement (DTAA)**, subject to submission of the following documents prior to the record date:
        i. Copy of PAN (if allotted by Indian Income Tax authorities);
        ii. Valid **Tax Residency Certificate (TRC)** issued by the Government of the shareholder's country of residence;
        iii. Duly filled and signed **Form 10F**, if not all details are captured in the TRC;
        iv. Self-declaration confirming eligibility to claim DTAA benefits, absence of a Permanent Establishment (PE) / fixed base in India, and beneficial ownership of the dividend income.

Please note that the Company will apply DTAA rates only after due verification of the above documents. Incomplete or invalid documentation will result in deduction of tax at the default rate.

c. **FIIs / FPIs:** In terms of Section 196D of the Act, dividend paid to Foreign Institutional Investors (FIIs) or Foreign Portfolio Investors (FPIs) is subject to TDS at 20% (plus surcharge and cess). Such shareholders are not entitled to claim DTAA benefits at the time of withholding.

3. **Summary of Applicable TDS Rates**

Shareholder Category	TDS Rate	Conditions
Resident individual (dividend ≤ ₹10,000 in FY)	Nil	No TDS if within threshold
Resident individual (dividend > ₹10,000, valid PAN)	10%	PAN required
Resident individual (PAN not furnished/invalid)	20%	Section 206AA applies
Resident entities eligible for exemption (MFs, Insurance Cos., AIFs, NPS Trust, etc.)	Nil	Submission of valid declaration & supporting documents
Non-Resident shareholder (general)	20% + surcharge & cess	Section 195
Non-Resident shareholder (with DTAA benefit)	As per DTAA	TRC, Form 10F, self-declaration
FIIs / FPIs	20% + surcharge & cess	Section 196D, DTAA benefit not applicable

4. **Mode of Document Submission:**
All shareholders are requested to forward the duly signed documents, as specified above, to the Company's at investors@gemrecycling.com and to the Company's Registrar and Transfer Agent (RTA) at the following email address: compliance@skylinerta.com

No communication on the tax determination/ deduction shall be entered after record date.

In the event that dividend tax is withheld at a higher rate due to non-submission of the required documents/details, shareholders may claim a refund of the excess tax while filing their income-tax return, in consultation with their tax advisor. The Company shall not be responsible for any such deduction. The credit of TDS so deducted will be reflected in Form 26AS, which can be accessed and downloaded from the Income-tax Department's e-filing portal at https://incometaxindiaefiling.gov.in .