

FIVE-STAR BUSINESS FINANCE LIMITED

Communication on TDS on Final Dividend Pay-out for FY 2025-26

Important Dates

Record date for reckoning the eligible members to receive final dividend	August 14, 2025
Cut-Off date for Submission of documents	September 2, 2025
Dividend Payment date	On or before October 8, 2025

Contact Details

KFIN Technologies Limited
Selenium Building, Tower-B,
Plot No 31 & 32, Financial District, Nanakramguda, Serilingampally,
Hyderabad, Rangareddy, Telangana India - 500 032.
Toll Free: 1800 309 4001 | WhatsApp Number: (91) 910 009 4099 | email: einward.ris@kfintech.com

In terms of the provisions of the Income-tax Act, 1961, ("the Act") as amended by the Finance Act, 2020, dividend paid or distributed by a Company on or after April 1, 2020 shall be taxable in the hands of the shareholders. The Company shall therefore be required to deduct tax at source ('TDS') (at the applicable rates) at the time of payment / credit of the dividend. TDS rate would vary depending on the residential status and the documents submitted.

A) Tax Deducted at Source

Tax shall be deducted at source on the dividend payable to a resident Individual if the total dividend to be received from the Company during a financial year exceeds INR 10,000/- The aggregation of the amount payable shall be based on PAN even if the shareholder has multiple Client IDs. It may be noted that there is no such limit provided under the Act for resident non-individual shareholders and non-residents, and hence the dividend shall be subject to TDS

B) Rate of TDS:

Particulars	Tax rate
In case of resident shareholders who have registered their valid PAN with the Company's RTA/Depository Participant and who have filed Income tax Returns for the past financial year	10%
No PAN/Valid PAN not updated in the Company's Register of Members	20%
Availability of lower/nil tax deduction certificate issued by Income Tax Department u/s 197 of Income Tax Act, 1961 on furnishing lower tax deduction certificate obtained from Income Tax Authority	Rate specified in the certificate

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Registered Office : New No. 27, Old No. 4, Taylor's Road, Kilpauk, Chennai - 600 010.
Phone : 044 - 4610 6200, e-mail : info@fivestargroup.in, Website : www.fivestargroup.in
CIN : L65991TN1984PLC010844

Kindly note that, in case PAN of the individual shareholder is not linked with Aadhaar, such PAN will be treated as inoperative, and the shareholder will be considered as not having PAN & higher TDS rates will be applied accordingly

Notwithstanding the above, tax would not be deducted on payment of dividend to resident Individuals if:

Aggregate dividend to be paid by the Company, in a financial year, does not exceed INR 10,000. (Or)

Declaration in Form No. 15G / Form 15H (aged 60 years and older) is submitted by shareholders, fulfilling conditions, to the satisfaction of the Company. Declaration can be submitted in the link below

Resident shareholder, being an individual, whose total dividend income in a financial year from the Company exceeds ₹10,000 and who wish to receive dividend without deduction of tax at source may submit a declaration in Form No. 15G. In case if a resident shareholder is aged 60 years or more, he/she may submit Form No. 15H. It is to be noted that even a Hindu Undivided Family ('HUF') or a trust shall claim TDS exemption by furnishing valid Form No. 15G. The shareholders can obtain Form 15G/H from <https://incometaxindia.gov.in/pages/downloads/most-used-forms.aspx>. Further, the forms can be submitted in below said link.

Tax Exemption Forms Registration

TDS rate for Non-resident shareholders

In respect of Non-Resident Shareholders (including foreign companies), the TDS rates will be further subject to any benefits available under the Double Taxation Avoidance Agreement (DTAA) read with Multilateral Instrument (MLI) provisions, if any, between India and the country in which the non-resident is considered resident in terms of such DTAA read with MLI.

For Non-Resident Shareholders, the rate of TDS is 20% (plus applicable surcharge and cess) as per the Act. However, where a non-resident shareholder is eligible to claim benefit under the Double Taxation Avoidance Agreement (DTAA), and the tax rate provided in the respective DTAA is more beneficial than the rate provided in the Act, then the rate as per the DTAA would be applied. In order to avail the DTAA benefit, non-resident shareholders would be required to submit certain documents (*as elaborated below*). Kindly note that the Company is not obligated to apply the beneficial Tax Treaty rates at the time of tax deduction on dividend amounts as the application of beneficial Tax Treaty Rate shall depend upon the completeness of the documents submitted by the non-Resident shareholder and review to the satisfaction of the company

Further, there is no limit provided under the Act for non-resident shareholders, and hence the entire dividend is subject to TDS

In order to claim benefit under DTAA read with MLI, the non-resident shareholders would be required to submit the following documents:

- a) Tax Residency Certificate ("TRC") obtained from the Tax authorities of the country of which the shareholder is tax resident (TRC valid for FY 2025-26).
- b) Online Form 10F for FY 2025-26 duly filled up and signed by authorized signatory
- c) Copy of PAN card, if any, allotted by the Indian income tax authorities, signed by authorized signatory
- d) Declaration of beneficial ownership by the non-resident shareholder primarily covering the following:
 - That the Shareholder is the tax resident of the country outside India (mention the name of the country)
 - That the non-resident shareholder is eligible to claim the benefit of the respective Tax Treaty for FY 2025-26.
 - That the non-resident shareholder receiving the dividend income is the beneficial owner of such income

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- i. That the dividend income is not attributable / effectively connected to any Permanent Establishment (PE) or Fixed Base in India during FY 2025-26.
- ii. Non-applicability of the article 'Limitation of Relief / benefits' in case the relevant DTAA contains the said clause.

Please note that the deduction of tax beneficial rate is subject to submission of valid and complete documents to the satisfaction of the Company.

The formats of declarations/forms as mentioned above can be downloaded & submitted in below link:
<https://ris.kfintech.com/form15/forms.aspx?q=0>.

Treatment in case, the shares are held on representative capacity

Generally, dividend would be paid to the shareholders as reflecting in the data maintained by Depository Participant / RTA's as on the record date. As per Rule 37BA of the Income-tax Rules, 1962, any person holding shares on behalf of registered shareholders or acting as a custodian, should inform by submitting declaration to the Company / RTA, about providing credit of TDS and issue of TDS certificate to the respective beneficiary. In this regard, the declarations furnished by the shareholders would be accepted by the Company only till September 2, 2025. The forms can be downloaded & submitted at <https://ris.kfintech.com/form15/forms.aspx?q=0>

Cut-off date for submission of details/document:

The documents/ declarations, as applicable to you, are required to be submitted on or before cut-off date i.e. September 02, 2025. Any communication received after this cutoff date will not be considered, for deduction of applicable tax and taxes shall be withheld in accordance with the provisions of Income Tax Act, 1961 prevailing as on date. All documents are required to be submitted in the respective link provided above.

In case shareholder does not submit documents or the documents submitted are not satisfactory on or before cut-off date given, the Company would deduct tax at applicable rates. If the tax is deducted at a higher rate in absence of receipt of or satisfactory completeness of the afore-mentioned details / documents by company, the shareholder may claim an appropriate refund in the return of income filed with their respective Tax authorities/

In case shareholder has any other queries, please feel free to send those queries to cs@fivestargroup.in or to Company's RTA at inward.ris@kfintech.com

DISCLAIMER: THE INFORMATION SET OUT HEREIN ABOVE IS INCLUDED FOR GENERAL INFORMATION PURPOSES ONLY AND DOES NOT CONSTITUTE LEGAL OR TAX ADVICE. IN CASE ANY PROVISIONS OF APPLICABLE LAWS UNDERGO A MODIFICATION OR REPLACEMENT, THE REQUIREMENT AS SET OUT ABOVE SHALL STAND REVISED IN TERMS OF THE SAID AMENDMENT. SINCE THE TAX CONSEQUENCES ARE DEPENDENT ON FACTS AND CIRCUMSTANCES OF EACH CASE, THE INVESTORS ARE ADVISED TO CONSULT THEIR OWN TAX CONSULTANT WITH RESPECT TO SPECIFIC TAX IMPLICATIONS ARISING OUT OF RECEIPT OF DIVIDEND.

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