PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED
Registered & Corporate Office :
D-112, TTC Indl. Area, Nerul, Navi Mumbai - 400 706, India | Tel.: +91-22-6919 9999 | Fax : +91-22-6919 9990
CIN : L29253MH2009PLC193352 | E-mail : business@parasdefence.com | Web : www.parasdefence.com

August 22, 2026

BSE Limited	**National Stock Exchange of India Limited**
Phiroze Jeejeebhoy Towers,	Exchange Plaza, Plot C/1, G Block,
Dalal Street,	Bandra - Kurla Complex,
Fort, Mumbai - 400 001	Bandra - (East), Mumbai - 400 051
Scrip Code: 543367	**Trading Symbol: PARAS**

Dear Sir/Madam,

Sub: Communication to Shareholders - Intimation of Tax Deduction on Dividend

In accordance with the provisions of the Income Tax Act, 2025, with effect from April 01, 2026, Dividend paid is taxable in the hands of shareholders and the Company paying the Dividend, is required to deduct TDS from Dividend paid to the shareholders at applicable rates. TDS rates that are applicable to shareholders depend upon their residential status and classification as per the provisions of the Act.

We are enclosing herewith an email communication which is being sent to all the shareholders of the Company, whose email IDs are registered with the Company/Depositories, containing a gist of the applicable provisions of the Act relating to Tax Deduction at Source ('TDS') along with the necessary annexures.

This communication is also being made available on the website of the Company at https://parasdefence.com/.

Kindly take the above information on record and acknowledge the receipt.

Thanking you,

For Paras Defence and Space Technologies Limited

MINAL B BHATE
Digitally signed by MINAL B BHATE
Date: 2026.08.22 13:26:59 +05'30'

Minal Bhate
Company Secretary and Compliance Officer
Membership No.: A20188

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August 22, 2026

DP ID & Client ID No: ....

Name of the Shareholder: ....

Dear Shareholder,

Subject: Paras Defence and Space Technologies Limited - Communication on Tax Deduction at Source (TDS) on Dividend- FY 2025-26.

Greetings and Best Wishes from Paras Defence and Space Technologies Limited!

We are pleased to inform you that the Board of Directors of the Company, at its meeting held on May 13, 2026, recommended a Dividend of Rs. 1/- per Equity Share of Rs. 5/- each (20%), for the Financial Year ended March 31, 2026. This Dividend will be paid only through electronic mode, within 30 days of the ensuing 17th Annual General Meeting ("AGM"), subject to the approval of the Shareholders of the Company at the AGM.

The important dates in this regard are as follows:

Event	Date
AGM date	Friday, September 11, 2026
Record date	Friday, August 28, 2026
Last date to submit tax related documents	Friday, August 28, 2026

As per the Income-tax Act, 2025 ("the Act"), Dividend paid and distributed by a Company is taxable in the hands of Shareholders. The Company shall, therefore, be required to deduct tax at source ("TDS") at the time of making payment of the dividend, if approved by the Shareholders at the forthcoming AGM.

Shareholders are requested to ensure that their bank account details in their respective demat accounts/physical folios are updated, to enable the Company to make timely credit of Dividend to their bank accounts.

The tax deduction rate would vary depending on the residential status of shareholders and the documents submitted by them and accepted by the Company. This communication provides a brief of the applicable TDS provisions under the Act for Resident and Non-Resident Shareholder categories.

NSDL has provided a facility for submission of tax documents for claiming Nil/Low tax deduction from Dividend, whereby Resident Non-Individual members (i.e., Insurance Companies, Mutual Funds, Alternative Investment Funds, and other domestic financial institutions established in India) and Non-Resident Non-Individual members (i.e., FII and FPI) may submit the relevant forms/declarations/documents through their respective custodian registered on the NSDL platform, at the earliest.

For Resident Shareholders

Tax is required to be deducted at source under Section 393(1) read with Section 393(4) 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 a PAN, have an invalid PAN, or have a PAN not linked with Aadhaar, TDS at the rate of 20% shall be deducted under Section 397(2) of the Act.

a. Resident Individuals

No tax shall be deducted on Dividend payable to resident individuals if:

i. Total dividend amount to be received by them during the Tax Year (TY) 2026-27 does not exceed Rs. 10,000; or

ii. The Shareholder provides Form 121, provided all required eligibility conditions are met. All fields are mandatory, and the Company may, at its sole discretion, reject the form if it does not fulfil the prescribed requirements under the Act. Click hereto access Form 121)

iii. An exemption certificate is issued by the Income-tax Department, if any.

Form 121 needs to be furnished only if the Dividend amount exceeds Rs. 10,000. Considering the Dividend declared, the need for submitting Form 121 will arise only if your shareholding exceeds 10000 shares.

b. Resident – Other than Individuals

No tax shall be deducted on Dividend payable to the following resident non-individual shareholders where they provide the details and documents indicated below. Click here to access Resident Tax Declaration:

Category of shareholders	Tax Deduction Rate	Exemption Applicability / Documents required
Insurance Companies	Nil	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 IRDA / LIC / GIC.
Mutual Funds	Nil	Self-declaration that it is registered with SEBI and as specified at Schedule VII to section 11 of the Income-tax Act, 2025, along with self-attested copy of PAN card and certificate of registration with SEBI.

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Alternative Investment Fund	Nil	Self-declaration that its income is exempt under Schedule V to section 11 of the Act, and that it is registered with SEBI as Category I or Category II AIF, along with self-attested copy of PAN card and certificate of AIF registration with SEBI.
National Pension System (NPS) Trust	Nil	Self-declaration that it qualifies as NPS Trust and its income is eligible for exemption under Schedule VII to section 11 of the Act, and that it is regulated by the provisions of the Indian Trusts Act, 1882, along with self-attested copy of PAN card.
Other Non-Individual Shareholders	As applicable	Self-attested copy of documentary evidence supporting the exemption, along with self-attested copy of PAN card.

In case Resident Shareholders provide a certificate under Section 395(1) of the Act for lower/Nil withholding of tax, the rate specified in the said certificate shall be considered, on submission of a self-attested copy to the Company.

For Non-Resident Shareholders

a. As per Domestic Tax Law

Taxes are required to be withheld in accordance with the provisions of Section 393(2) of the Act, at the rate of 20% (plus applicable surcharge and cess) on the amount of Dividend payable to non-resident Shareholders. In case non-resident Shareholders provide a certificate issued under Section 395(1) of the Act for lower/Nil withholding of taxes, the rate specified in the said certificate shall be considered, on submission of a self-attested copy of the same.

b. As per Double Tax Avoidance Agreement (DTAA)

As per Section 159 of the Act, a non-resident Shareholder has the option to be governed by the provisions of the DTAA between India and the Shareholder's country of tax residence, if more beneficial. To avail DTAA benefit, non-resident Shareholders are required to submit the following:

- Self-attested copy of the PAN card allotted by the Indian Income-tax authorities.
- Self-attested copy of Tax Residency Certificate (TRC) for the year 2026-27 or calendar year 2026, valid as on the record date, obtained from the tax authorities of the Shareholder's country of residence.
- Self-declaration in Form 41 for Tax Year 2026-27 executed in electronic mode from the Income-tax portal.

- Self-declaration by the Shareholder of meeting the treaty eligibility requirement and satisfying the beneficial ownership requirement (TY 2026-27). Click here to access Non-Resident Tax Declaration (required only where tax treaty benefit is to be availed).
- In case of Foreign Institutional Investors and Foreign Portfolio Investors, a copy of the SEBI registration certificate.
- In case the Shareholder is a tax resident of Singapore, the letter issued by the competent authority, or other evidence demonstrating non-applicability of Article 24 – Limitation of Relief under the India-Singapore DTAA.

It is recommended that Shareholders independently satisfy their eligibility to claim DTAA benefit, including meeting all conditions laid down by the relevant DTAA.

Please note that the Company is not obligated to apply beneficial DTAA rates at the time of tax deduction/withholding on dividend amounts. Application of the beneficial DTAA rate shall depend upon the completeness and satisfactory review by the Company of the documents submitted by the non-resident Shareholder.

Payment of Dividend

The Dividend on Equity Shares for FY 2025-26, once approved by the Shareholders at the AGM, will be paid after deducting tax at source. The following provisions under the Act will also be considered in determining the applicable TDS rate:

a. TDS at a higher rate where PAN is not linked with Aadhaar

As per Section 262 of the Act, every person who has been allotted a PAN and who is eligible to obtain an Aadhaar shall be required to link the PAN with Aadhaar. Failure to comply will render the PAN inoperative, and tax shall be deducted at the rate of 20% as per Section 397(2) of the Act.

b. Declaration under Rule 203

In terms of Rule 203 of the Income-tax Rules, 2026, if Dividend income on which tax has been deducted at source is assessable in the hands of a person other than the deductee, such deductee should file a declaration with the Company in the manner prescribed. Click here to access the Rule 203 Declaration.

c. Shareholders with multiple accounts under different status/category

Shareholders holding Equity Shares under multiple accounts under different status/category but a single PAN may note that the higher of the tax rates applicable across their accounts will be considered on their entire holding.

Submission of Tax Related Documents

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Documents such as Form 121 and documents under Sections 393(5), 393(6), etc. can be uploaded at MUFG Intime India Pvt Ltd - Tax Exemption on or before Friday, August 28, 2026 to enable the Company to determine the appropriate TDS/withholding tax rate.

If tax is deducted at a higher rate in the absence of the above details/documents, Shareholders still have the option to file a return of income and claim an appropriate refund, if eligible.

The tax credit can also be viewed in Form 168 by logging in with valid PAN at TRACES (https://www.tdscpc.gov.in/app/login.xhtml) or the e-filing website of the Income-tax Department (https://www.incometax.gov.in/iec/foportal/).

Incomplete and/or unsigned forms, declarations and documents will not be considered by the Company for granting any exemption.

For seeking any further clarification, please write to us at cs@parasdefence.com or investor.helpdesk@in.mpms.mufg.com.

We seek your cooperation in this regard.

Thanking you,

Yours sincerely,

For **Paras Defence and Space Technologies Limited**

Sd/-
Minal Bhate
Company Secretary and Compliance Officer
M. No. A20188

Disclaimer: This communication shall not be treated as advice from the Company, its affiliates, or its Registrar & Transfer Agent. Shareholders should obtain 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.