VARDHMAN TEXTILES LIMITED

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Subject: Applicability of Tax Deduction at Source (TDS) on dividend payout

Dear Shareholder,

We hope that you and your family are doing well and are safe and healthy.

We are pleased to inform you that the Board of Directors of your Company at their meeting held on May 7, 2026 have recommended a Final Dividend of Rs. 5/- per share for the financial year 2025-26. This dividend will be paid/dispatched, subject to approval of the shareholders of the Company in the Annual General Meeting (AGM) proposed to be held on September 17, 2026. The Company has fixed 28th day of August, 2026, as the "Record Date" to determine the names of the Members entitled to receive payment of dividend for the financial year ended March 31, 2026, if approved at the AGM. Further, the Register of Members and the Share Transfer Books of the Company shall remain closed from 29th August, 2026 to 5th September, 2026 (both days inclusive).

In accordance with the provisions of the Income Tax Act, 2025 ('the Act') as amended from time to time, dividend declared and paid by a company is taxable in the hands of shareholders and the Company is required to deduct tax at source (TDS) from dividend paid to the shareholders at the applicable rates. We shall, therefore, be required to deduct tax at source at the time of making the payment of the said Dividend.

This communication summarizes the applicable TDS provisions, as per the Income Tax Act, 2025, for resident and non-resident shareholder categories together with documentation requirements from them to enable us to comply with the TDS obligations. The applicable rates and documentation requirements are tabulated below:

Resident Shareholder:

Particulars	Applicable Rate	Documents required (if any)
With PAN	10%	Update/Verify the PAN, Residential Status as per Act and Category of Shareholder, if not already done, with the depositories (in case of shares held in demat mode) and with the Company's Registrar and Transfer Agents – Alankit Assignments Limited (in case of shares held in physical mode). *Shareholders are advised to ensure that their PAN is valid since otherwise, they may suffer a higher TDS under the provisions of the IT Act.*

Without PAN/ Invalid PAN	20%[#]	N.A. *Shareholders are advised to ensure that their PAN is linked with Aadhar; since otherwise, they will be treated as having an Invalid PAN.*
Submitting Form 121	NIL	Duly verified Form 121 (as may be applicable in duplicate) is to be furnished along with self-attested copy of PAN card. The Forms can be downloaded from the link given at the end of this communication. (Refer ***Annexure 1 for Form 121***)
Submitting Order under Section 395 of the Act	Rate provided in the Order	Lower/NIL withholding tax certificate obtained from tax authority. Tax will be deducted at the rate specified in the said certificate, subject to furnishing a self-attested copy of the same. The certificate should be valid for the FY 2026-27 and should cover the dividend income from the Company.
An Insurance Company as specified under Sec 393(4) of the Act	NIL	Self-declaration that it has full beneficial interest with respect to the shares owned by it alongwith Self attested copy of PAN card and copy of registration certification issued by the IRDAI. (Refer ***Annexure 2***)
Mutual Fund specified under Schedule V (5) of the Act	NIL	Self-declaration that they are specified in Schedule V (5) of the Act along with self-attested copy of PAN card and registration certificate. (Refer ***Annexure 2***)
Any person for or on behalf of New Pension System – Trust under Schedule VII (41) of the Act	NIL	Self-declaration that they are specified in Schedule VII (41) of the Act. (Refer ***Annexure 2***)
Alternative Investment Fund (AIF) established in India	NIL	Self-declaration that they are specified in Schedule V (1) of the Act and established as Category I or Category II AIF under the SEBI regulations along with self-attested copy of PAN card and registration certificate issued by SEBI. (Refer ***Annexure 2***)

[#]Tax would not be deducted on payment of dividend to ***resident Individual*** shareholder if total dividend to be paid/ likely to be paid in FY 2026-27 by the Company does not exceed Rs. 10,000/-.

Non-Resident Shareholder:

Particulars	Applicable Rate	Documents required (if any)
Foreign Institutional Investors (FIIs) /	20% (plus applicable surcharge and cess)	Update/Verify the PAN and legal entity status as per the Act, if not already done, with the depositories or with the

Foreign Portfolio Investors (FPIs)		Company's Registrar and Transfer Agents – Alankit Assignments Limited. Provide declaration whether the investment in shares has been made under the general FDI route or under the FPI route. The declaration format can be downloaded from the link given at the end of this communication. A lower TDS rate as per relevant Double Taxation Avoidance Agreements ("DTAA") may also apply, if the following documents are furnished: 1. Self-Attested copy of Indian Tax Identification number (PAN). 2. Self-Declaration in Form 41- (Refer ***Annexure 3***) 3. Self-Attested copy of the Tax Residency Certificate (TRC) applicable for the period April 2026 to March 2027 obtained from the tax authorities of the country of which the shareholder is a resident. 4. Self-Declaration Form – (Refer ***Annexure 4***) The declaration format can be downloaded from the link given at the end of this communication.
Other Non-resident shareholders	20% (plus applicable surcharge and cess)	Update/Verify the PAN, legal entity status and the residential status as per the Act, if not already done, with the depositories (in case of shares held in demat mode) and with the Company's Registrar and Transfer Agents - Alankit Assignments Limited (in case of shares held in physical mode).
Lower rate prescribed under the tax treaty which applies to the non-resident shareholder (other than investments made under FPI route)	Tax Treaty Rate**	In order to apply the Tax Treaty rate, all the following documents would be required: 1. Self-Attested copy of Indian Tax Identification number (PAN). 2. Self-Attested copy of the Tax Residency Certificate (TRC) applicable for the period April 2026 to March 2027 obtained from the tax authorities of the country of which the shareholder is a resident.

		3. Self-declaration in Form 41 duly filled and signed. The declaration format can be downloaded from the link given at the end of this communication. (Refer ***Annexure 3)*** 4. Self-declaration from Non-resident (Refer ***Annexure 4)*** Application of the beneficial rate of tax treaty for TDS is at the discretion of the company and shall depend upon completeness of the documentation and review of the same by the Company. The declaration format can be downloaded from the link given at the end of this communication.
Submitting Order u/s 395 (i.e. lower or NIL withholding tax certificate)	Rate provided in the Order	Lower/NIL withholding tax certificate obtained from tax authority. Tax will be deducted at the rate specified in the said certificate, subject to furnishing a self-attested copy of the same. The certificate should be valid for the FY 2026-27 and should cover the dividend income from the Company.

** The Company is not obligated to apply the beneficial Tax Treaty rates at the time of tax deduction/withholding on dividend amounts. 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.

The aforesaid documents, as applicable, are required to be sent to the Company at email Id secretarial.lud@vardhman.com or, the Registrar and Transfer Agent ('RTA') at rta@alankit.com on or before **28th *August, 2026*** to enable the Company to determine the appropriate TDS rates. No communication on the tax determination/deduction received post **28th *August, 2026***, shall be considered for payment of Final Dividend. It is advisable to upload the documents at the earliest to enable the Company to collate the documents to determine the appropriate TDS rates.

If the dividend income is taxable in the hands of any person other than the recipient of the dividend, then the requisite details by way of a declaration in ***Annexure 5*** should be communicated to the Company/ RTA by **28th *August, 2026.***

In case tax on dividend is deducted at a higher rate in the absence of receipt of the aforementioned details / documents, you would still have the option of claiming refund of the excess tax paid at the time of filing your income tax return. No claim shall lie against the Company for such taxes deducted.

If the PAN is not as per the database of the Income-tax Portal, it would be considered an invalid PAN and higher TDS, as per law, may be done.

In the event of a mismatch in the category of shareholder as per the register of members and as per fourth letter of PAN, the Company would consider fourth letter of PAN for applying the TDS rate.

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

We also request you to submit / update your bank account details with your Depository Participant, in case you are holding shares in the electronic form. In case your shareholding is in the physical form, you will have to submit a scanned copy of a covering letter, duly signed by the first shareholder, along with a cancelled cheque leaf with your name and bank account details and a copy of your PAN card, duly self-attested, with RTA. This will facilitate receipt of dividend directly into your bank account. In case the cancelled cheque leaf does not bear your name, please attach a copy of the bank pass-book statement, duly self-attested. We also request you to register your email IDs and mobile numbers with the DP/RTA to get the digital communication.

We shall arrange to email a soft copy of TDS certificate to you at your registered email ID in due course, post payment of the dividend and completion of statutory formalities. In addition, to verify the tax deduction, the shareholders can also check their Form 168/Annual Information Statement (AIS) from their e-filing account at **https://incometax.gov.in**.

We seek your co-operation in the matter.

Thanking you,

The relevant declaration Forms can be downloaded from the below link:

https://www.vardhman.com/Investors/InvestorHelp

Form 121-Applicable to any person for receipt of certain incomes without deduction of tax - *Annexure 1*
The format of Self-declaration for claiming exemption- *Annexure 2*
Form 41- *Annexure 3*
The Declaration for non-residents for claiming treaty benefits- *Annexure 4*
The Declaration for TDS credit to another person - *Annexure 5*

Disclaimer: The above information does not constitute tax or legal advice. In view of the individual nature of the tax implications, each investor is advised to consult his or her own tax advisors with respect to the specific tax implications.

Regards,

Sd/-
Sanjay Gupta
Company Secretary