



STATEMENT OF SPECIAL DIRECT TAX BENEFITS

To,
The Board of Directors,
Sarveshwar Foods Limited,
Sarveshwar House below Gumat Jammu,
Jammu & Kashmir-180001 India

Dear Sir,

Sub: Proposed rights issue of equity shares of Re. 1/- each (the "Equity Shares") of Sarveshwar Foods Limited (the "Company" and such offering, the "Issue").

We, KRA & Co, Chartered Accountants, Statutory Auditors of the Company, have been requested by the Company to issue a report on the special direct tax benefits available to the Company and shareholders of the Company in respect of the issue for inclusion in the Draft letter of offer/Letter of offer ("Offer Documents") prepared by the Company to be filed with BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE"), (together, the "Stock Exchanges") in connection with the Issue.

We report that the enclosed statement in the **Annexure**, states the possible special tax benefits under direct tax Laws and Income tax Rules, 1962 including amendments made by the Finance Act, 2025 applicable for the Financial Year 2025-26 relevant to the Assessment Year 2026-27, (hereinafter referred to as '**Income Tax Laws**'), as amended, the rules and regulations, circulars and notifications issued there under, Foreign Trade Policy presently in force in India, available to the Company and its shareholders. Several of these benefits are dependent on the Company, its shareholders as the case may be, fulfilling the conditions prescribed under the relevant provisions of the statute. Hence, the ability of the Company, its shareholders to derive the special direct tax benefits is dependent upon their fulfilling such conditions, which based on business imperatives the Company and its shareholders faces in the future, the Company, its shareholders and its Material Subsidiaries may or may not choose to fulfill.

We confirm that while providing this certificate, we have complied with the Code of Ethics issued by the Institute of Chartered Accountants of India. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, 'Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements,' issued by the ICAI.

The benefits discussed in the enclosed Statement cover only special tax benefits available to the Company, or its Material Subsidiaries and to the shareholders of the Company and are not exhaustive and also do not cover any general tax benefits available to the Company. Further, any benefits available under any other laws within or outside India have not been examined and covered by this Statement.

The benefits discussed in the enclosed **Annexure** are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Issue. Neither are we suggesting nor advising the investor to invest in the Issue based on this statement.

We do not express any opinion or provide any assurance as to whether:

- (i) the Company or its shareholders will continue to obtain these benefits in future; or
- (ii) the conditions prescribed for availing the benefits have been/would be met with.

The contents of the enclosed statement are based on information, explanations and representations obtained from the



KRA & Co.

Chartered Accountants

Company and on the basis of our understanding of the business activities and operations of the Company.

We also consent to the references to us as “Experts” as defined under Section 2(38) of the Companies Act, 2013, read with Section 26(5) of the Companies Act, 2013 to the extent of the certification provided hereunder and included in the Draft Letter of Offer and Letter of Offer “(Offer Documents)” of the Company or in any other documents in connection with the Issue.

We hereby give consent to include this statement of special direct tax benefits in the Offer Documents and in any other material used in connection with the Issue.

This certificate is issued for the sole purpose of the Issue, and can be used, in full or part, for inclusion in the Offer Documents and any other material used in connection with the Issue, and for the submission of this certificate as may be necessary, to any regulatory / statutory authority, recognized Stock Exchanges, any other authority as may be required and/or for the records to be maintained in connection with the Issue and in accordance with applicable law, and for the purpose of any defense may wish to advance in any claim or proceeding in connection with the contents of the offer documents.

This certificate may be relied on by the Company, their affiliates in relation to the Issue.

We undertake to immediately update you, in writing, of any changes in the abovementioned information until the date the Equity Shares issued/transferred pursuant to the Issue commence trading on the recognized Stock Exchanges. In the absence of any such communication, you may assume that there is no change in respect of the matters covered in this certificate until the date the Equity Shares commence trading on the recognized Stock Exchanges.

Yours faithfully,

For and on behalf of M/s. KRA & Co

CA Karanjeet Singh
(Chartered Accountant)
Firm Registration Number:020266N
ICAI Membership Number: 543485
UDIN: 25543485BBIKRP7304
Date: 11.08.2025
Place: Jammu

Encl: As above



ANNEXURE

STATEMENT OF TAX BENEFITS

To,
The Board of Directors
Sarveshwar Foods Limited
Sarveshwar House below Gumat Jammu,
Jammu & Kashmir-180001 India

Re: Proposed rights issue of equity shares of face value Re. 1/-each (the “Equity Shares” and such offering, the “Issue”) of Sarveshwar Foods Limited(the “Company”) pursuant to Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (“SEBI Regulations”) and the Companies Act, 2013, as amended (the “Act”).

We hereby report that the enclosed Statement prepared by Sarveshwar Foods Limited (the “**Company**”) states the possible special direct tax benefits available to the Company and to the shareholders of the Company under the Income-tax Act, 1961 and Income tax Rules, 1962 including amendments made by Finance Act 2025 (hereinafter referred to as “**Income Tax Laws**”), as amended, the rules and regulations there under, Foreign Trade Policy, presently in force in India, and also to its the Material Subsidiaries of the Company under the respective tax laws of their country as on the signing date, for inclusion in the Draft Letter of Offer and Letter of Offer for the proposed rights issue of the Company to the existing shareholders. These benefits are dependent on the Company or its Material Subsidiaries or the shareholders of the Company fulfilling the conditions prescribed under the relevant provisions of the Tax Laws. Hence, the ability of the Company or its Material Subsidiaries or the shareholders of the Company to derive the special tax benefits is dependent upon fulfilling such conditions, which is based on business imperatives the Company may face in the future and accordingly, the Company or its Material Subsidiaries or the shareholders of the Company may or may not choose to fulfill.

With respect to the special tax benefits in the overseas jurisdictions in the case of Material Subsidiaries listed below, we have relied upon the Management Representation and confirmation received from the Tax Advisors of the respective Material Subsidiary of the Company as the case may be as listed in **Annexure I**.

Following are the Material Subsidiaries as identified by the Company:

Himalayan Bio Organic Foods Limited
Sarveshwar Overseas Limited

The benefits discussed in the enclosed Statement cover only special tax benefits available to the Company, or its Material Subsidiaries and to the shareholders of the Company and are not exhaustive and also do not cover any general tax benefits available to the Company. Further, any benefits available under any other laws within or outside India have not been examined and covered by this Statement.

Further, the preparation of the enclosed Statement and its contents was the responsibility of the management of the Company. We were informed that this Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the proposed Issue.

We have conducted our examination in accordance with the ‘Guidance Note on Reports or Certificates for Special Purposes (Revised 2016)’ and ‘Guidance Note on the Reports in Company Prospectuses (revised 2019)’ (‘**the Guidance Notes**’) issued by the Institute of Chartered Accountants of India (‘**ICAI**’). The Guidance Notes require that we comply with ethical requirements of the *Code of Ethics* issued by the ICAI.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control



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for Firms that Performs Audits and Reviews of Historical Financial information and Other Assurance and Related Services Engagements

We do not express any opinion or provide any assurance as to whether:

- the Company or its Material Subsidiaries or the shareholders of the Company will continue to obtain these benefits in future; or
- the conditions prescribed for availing the benefits, where applicable, have been / would be met with.

The contents of the enclosed Statement are based on the information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company and its Material Subsidiaries. Our views expressed herein are based on the facts and assumptions indicated to us. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to the Company for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this Statement.

This statement is solely for your information and not intended for general circulation or publication and is not to be reproduced or used for any other purpose without our prior written consent, other than for inclusion of extracts of this statement in the Draft Letter of Offer and Letter of Offer and submission of this statement to the Securities and Exchange Board of India, the stock exchanges where the Equity Shares of the Company are proposed to be listed, in connection with the proposed Issue, as the case may be.

For and on behalf of M/s. KRA & Co

CA Karanjeet Singh
(Chartered Accountant)
Firm Registration Number: 020266N
ICAI Membership Number: 543485
UDIN: 25543485BBIKRP7304
Date: 11/08/2025
Place: Jammu
Encl: As above



ANNEXURE I

STATEMENT OF POSSIBLE SPECIAL DIRECT TAX BENEFITS AVAILABLE TO SARVESHWAR FOODS LIMITED AND ITS SHAREHOLDERS

The information provided below sets out the possible special direct tax benefits available to Sarveshwar Foods Limited ("the Company") and its shareholders in a summary manner only and is not a complete analysis or listing of all potential tax benefits, under the current Tax Laws presently in force in India.

The tax benefits stated below are as per the Income Tax Act, 1961 ("IT Act") as amended from time to time and applicable for financial year 2025-26 relevant to assessment year 2026-27 (AY 2026-27).

1. Special tax benefits under the IT act in the hands of Sarveshwar Foods Limited and the shareholders of the company:
a) **Special direct tax benefits available to the Company under the IT Act:**

There are no special tax benefits available to the company in respect of the Issue.

- b) **Special direct tax benefits available to the Shareholders of the company under the IT Act:**

i) **Dividend Income:**

In the case of domestic company- Deduction under section 80M of the IT Act:

With respect to a shareholder which is a domestic company as defined in section 2(22A) of the IT Act, and section 80M of the IT Act inter - alia provides that where the gross total income of a domestic company in any previous year includes any dividends income from any other domestic or a foreign company or a business trust, there shall, in accordance with and subject to the provisions of this section, be allowed in computing the total income of such domestic company, a deduction of an amount equal to so much of the amount of income by way of dividends received from such other domestic company or foreign company or business trust as does not exceed the amount of dividend distributed by it on or before the due date. The "due date" means the date one month prior to the date for furnishing the return of income under sub - section (1) of section 139 of the IT Act.

In the case of individuals/HUF/AOP/BOI/AJP:

There is no special tax benefits available to the Shareholders. Dividend income earned by the shareholders would be taxable in their hands at the applicable rates .

However, the maximum rate of surcharge would be restricted to 15%, irrespective of amount of dividend.

In the case of Non-residents - Treaty Benefit:

In respect of non - resident shareholders, the tax rates and the consequent taxation shall be further subject to any benefits available under the applicable Double Taxation Avoidance Agreement, if any, between India and the country in which the non - resident has domicile in the respective financial year and fulfilment of other conditions to avail the treaty benefit.

ii) **Capital Gains:**

Tax on Long - term Capital Gain (LTCG) - Section 112A of the IT Act:

As per the provisions of section 2(29AA) of the IT Act, read with section 2(42A) of the IT Act, a listed equity shares is treated as a long-term capital asset if the same is held for more than 12 months immediately preceding the date of its transfer.

In the case of domestic company:

As per Section 112A of the IT Act and Vide Finance (No 2) Bill 2025, long - term capital gains arising from transfer of equity shares, or a unit of an equity - oriented fund shall be taxed at 12.5% (without Indexation) of such capital gains subject to payment of securities transaction tax on acquisition and transfer of equity shares and on the transfer of unit of an equity - oriented fund.

However, no tax under the said section shall be levied where such capital gains does not exceed Rs. 1,25,000 in a financial year.

**Tax on Short - term Capital Gain (STCG) – Section 111A of IT Act:**

As per Section 111A of the IT Act, short - term capital gains arising from transfer of an equity share, or a unit of an equity - oriented fund or a unit of a business trust shall be taxed at 20% (plus applicable surcharge and cess).

Adjustment of LTCG, STCG against the basic exemption limit:

Where the total income as reduced by the capital gains is below the maximum amount which is not chargeable to income-tax, then, such capital gains shall be reduced by the amount by which the total income as so reduced falls short of the maximum amount which is not chargeable to income-tax and the tax on the balance of such capital gains shall be computed at the rate as applicable.

Adjusted Total Income for Chapter VIA Deduction

Where the gross total income of an Individual or HUF includes any income arising from the transfer of a long-term capital asset, the gross total income shall be reduced by the amount of such income and the deduction under Chapter VI-A shall be allowed as if the gross total income as so reduced were the gross total income of the Individual or HUF.

Tax on Buy-back of Shares – Section 46A and 2(22)(f) of the IT Act

As per section 2(22)(f) of the IT Act, if the shareholder receives any consideration on buy-back of shares, it is treated as dividend and taxed in the hands of the shareholders under the head Income from Other Sources.

As per Section 46A of the IT Act, where the shareholder receives any consideration of the nature referred to in sub-clause (f) of clause (22) of section 2 from any company, in respect of any buy-back of shares, then for the purposes of this section, the value of consideration received by the shareholder shall be deemed to be nil for the purpose of computing capital gain.

The cost of acquisition of such shares would result in capital loss in the hands of shareholder. Such loss can be adjusted against any other capital gain similar to any other capital loss.

Set Off and Carry Forward of Capital Loss under the IT Act:

As per Section 74 of the IT Act, short-term capital loss arising on transfer of listed equity shares during the year is allowed to be set-off against short-term capital gains of the said year. Balance loss, if any could be carried forward for eight years for claiming set-off against subsequent years' short-term as well as long term capital gains.

Long-term capital loss arising on transfer of listed equity shares and buy-back of shares during the year is allowed to be set-off only against long-term capital gains. Balance loss, if any could be carried forward for eight years for claiming set-off against subsequent year's long-term capital gains.

Exemptions from Capital Gain:**Exemptions u/s 54F:**

As per the provisions of Section 54F of the IT Act, any long-term capital gains on transfer of a long-term capital asset (not being residential house) arising to Shareholder who is an Individual or Hindu Undivided Family, is exempt from tax if the entire net sales consideration is utilized, within a period of one year before, or two years after the date of transfer, in the purchase of one residential house or for construction of a residential house within three years from the date of transfer.

If part of such net sales consideration is invested within the prescribed period in a residential house, then such gains would be chargeable to tax on a proportionate basis.

This exemption is available, subject to the condition that the Shareholder does not own more than one residential house at the time of such transfer. If the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of Capital Gains tax exempted earlier would become chargeable to tax as Long-Term Capital Gains in the year in which such residential house is transferred.

Similarly, if the Shareholder purchases within a period of two years or constructs within a period of three years after the date of transfer of capital asset, another residential house (other than the new residential house referred above), then the original exemption will be taxed as Capital Gains in the year in which the additional residential house is acquired.

If the Shareholder could not utilise the sale consideration to purchase or construct a residential house by the due date of filing the return of income, the Shareholder may deposit the amount in Capital Gain Account



Scheme to claim the exemption from capital gains. The amount deposited in the Capital Gains Account Scheme has to be utilised within the specified period mentioned above for the purchase/construction of the residential house.

Profit and gains from business or profession:

In case the Shares are held as stock in trade, the income on transfer of Shares would be taxed as business income or loss in accordance with and subject to the provisions of the IT Act. Further, where the Shares are sold by the Shareholders before maturity, the gains arising there from are generally treated as capital gains or business income as the case may be.

In such a scenario, the gains from the business of investing in the Shares may be chargeable to tax on a 'net' basis (that is, net of allowable deductions for expenses/allowances under Chapter IV – Part D of the IT Act.)

The "Profits and Gains from Business" so computed, as reduced on account of set-off of losses in accordance with Chapter VI of the IT Act and unabsorbed allowances, if any, would go to form part of the gross total income of the investor.

The gross total income would be reduced by deductions, if any, available under Chapter VI-A of the IT Act and the resultant total income would be subject to tax at the tax rates as applicable to the investor. The deductions are however subject to the provisions of Section 115BAC of the IT Act.

Based on Section 145 of the IT Act, the timing of charging any income to tax would depend on the method of accounting followed by the taxpayer consistently (i.e., cash or mercantile).

Other Notes to Statement:

- (i) The above statement sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of Shares.
- (ii) The above statement covers only certain relevant benefits under the IT Act and does not cover benefit under any other law.
- (iii) This statement is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her/its holding in the Shares of the Company.
- (iv) The stated benefits will be available only to the sole/first named holder in case the Share is held by joint holders.
- (v) In respect of non-residents, the tax rates and consequent taxation mentioned above shall be further subject to any benefits available under the applicable DTAA, if any, between India and the country in which the non-resident has fiscal domicile.
- (vi) In respect of non-residents, taxes paid in India could be claimed as a credit in accordance with the provisions of the relevant tax treaty/DTAA.
- (vii) No assurance is given that the revenue authorities/courts will concur with the views expressed herein. The views expressed herein are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. No responsibility is assumed to update the views consequent to such changes.
- (viii) Interest on application money would be subject to tax at the normal rates of tax in accordance with and subject to the provisions of the IT Act and such tax would need to be withheld at the time of credit/payment as per the provisions of Section 194A/195 of the IT Act.
- (ix) The above Statement of possible tax benefits is as per the current direct tax laws (with the amendments made by the FA 2025) relevant for the Assessment year 2026-27 i.e. Financial Year 2025-26. Several of these benefits are dependent on the Company or its Share Holders fulfilling the conditions prescribed under the relevant tax laws.
- (x) This Statement does not discuss any tax consequences in the country outside India of an investment in the Shares. The subscribers of the Shares in the country other than India are urged to consult their own professional advisers regarding possible income tax consequences that apply to them.
- (xi) This Statement does not cover analysis of provisions of Chapter X-A of the IT Act dealing with General Anti- Avoidance Rules and provisions of Multilateral Instruments.