



STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS

Date: February 11, 2023

To,

The Board of Directors

Global Surfaces Limited (formerly known as "Global Stones Private Limited")

PA-010-006, Kalwara, Mahindra World City S.O

Jaipur, Rajasthan-302037, India

Dear Sir(s):

Sub: Statement of possible special tax benefits available to Global Surfaces Limited, its shareholders and material subsidiary, prepared in accordance with the requirements under Schedule VI (Part A)(9)(L) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended ("SEBI ICDR Regulations")

In relation to the Company, we, B Khosla & Co., Chartered Accountants, are an independent firm of chartered accountants, appointed by the Company in terms of our engagement letter dated April 01, 2022 in relation to the Offer.

We report that the enclosed statement in **Annexure A**, states the possible special tax benefits available to the Company, to its shareholders and material subsidiary under the applicable tax laws presently in force in India and the US, including the Income Act, 1961 ('Act'), as amended by the Finance Act, 2022 i.e. applicable on the date of this certificate for FY 2022-23 and AY 2023-24, and other direct tax and indirect tax laws presently in force in India and the US. Several of these benefits are dependent on the Company, its shareholders and material subsidiary fulfilling the conditions prescribed under the relevant provisions of the statutes. Hence, the ability of the Company, its shareholders and material subsidiary to derive the stated possible special tax benefits is dependent upon their fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill.

With respect to the possible special tax benefits mentioned in the Annexure to this Statement in the case of the Material Subsidiaries in the United States and United Arab Emirates, the management of respective Material Subsidiaries has engaged professionals / firms specialising in tax laws ("tax specialist") of the countries of which such Material Subsidiaries are tax resident to identify the special tax benefits. We have placed reliance on such statement of tax benefits issued by such tax specialists and our work relating to statement of possible special tax benefits available to the Material Subsidiaries is solely based on such statement of special tax benefits issued by the tax specialists engaged by Material Subsidiaries.

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. We are neither suggesting nor advising the investor to invest money based on this statement.

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



- i) the Company, its shareholders or its material subsidiaries will continue to obtain these benefits in future; or
- ii) the conditions prescribed for availing the benefits have been/would be met with.
- iii) the revenue authorities/courts will concur with the views expressed herein.

The contents of the enclosed statement are based on information, explanations, representations obtained from the Company and on the basis of statement of tax benefit issued by the tax specialist(s) of the Material Subsidiaries and on the basis of our understanding of the business activities and operations of the Company.

The benefits discussed in the enclosed statement are not exhaustive nor are they conclusive.

We hereby give consent to include this statement of tax benefits in the Red Herring Prospectus, the Prospectus and submission of this certificate as may be necessary, to the Stock Exchange(s)/ SEBI/ any regulatory authority and/or for the records to be maintained by the Book Running Lead Manager in connection with the Issue and in accordance with applicable law. Any subsequent amendment / modification to provisions of the applicable laws may have an impact on the views contained in our statement. While reasonable care has been taken in the preparation of this certificate, we accept no responsibility for any errors or omissions therein or for any loss sustained by any person who relies on it.

Terms capitalised and not defined herein shall have the same meaning as ascribed to them in the Red Herring Prospectus and Prospectus.

Yours sincerely,

For B. Khosla & Co.,

Chartered Accountants

ICAI Firm Registration No.:000205C

Sandeep Mundra

Partner

Membership No: 75482

Place: Jaipur

Date: February 11, 2023

UDIN: 23075482BGWNEM2192

CC:

Unistone Capital Private Limited

A/305, Dynasty Business Park,

Andheri - Kurla Road, Andheri (East),

Mumbai - 400 059, India



Annexure-A

**ANNEXURE TO THE STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY,
ITS SHAREHOLDERS AND MATERIAL SUBSIDIARIES**

**STATEMENT OF POSSIBLE SPECIAL DIRECT TAX BENEFITS AVAILABLE TO THE COMPANY,
SHAREHOLDERS AND MATERIAL SUBSIDIARIES OF THE COMPANY**

SPECIAL DIRECT TAX BENEFITS AVAILABLE TO THE COMPANY

The Statement of tax benefits enumerated below is as per the Income-tax Act, 1961 (“the Act”) as amended by the Finance Act, 2022 and applicable to Financial Year (‘FY’) 2022-23 relevant to Assessment Year (‘AY’) 2023-24.

(1) Lower tax rate for dividend received from foreign companies

As per section 115BBD of the Act, the dividend received from a company outside India in which the Indian company holds 26% or more of the equity share capital, is taxable at the rate of 15% plus applicable surcharge and cess under the Act. However, no deduction in respect of any expenditure is allowable while computing the income from such dividend received from a company outside India.

In view of the above, considering that the Company holds more than 26% of equity share capital of the foreign companies, dividend, if any, received during FY 2022-23 shall be subject to tax at the rate of 15% plus applicable surcharge and cess under the Act. Further, credit for the taxes paid / withheld in overseas jurisdiction may be available to the Company in accordance with the provisions of the Act and the provisions of Double Tax Avoidance Agreement (‘DTAA’) read with the provisions of Multilateral Instruments, if any based on the facts of each case.

(2) Deduction in respect of inter-corporate dividends – Section 80M of the Act

Up to 31 March 2020, any dividend paid to a shareholder by a company was liable to Dividend Distribution Tax (“DDT”), and the recipient shareholder was exempt from tax. Pursuant to the amendment made by the Finance Act, 2020, DDT stands abolished and dividend received by a shareholder on or after 1 April 2020 is liable to tax in the hands of the shareholder. The Company is required to deduct tax at source (“TDS”) at applicable rate specified under the Act read with applicable Double Taxation Avoidance Agreement (if any). With respect to a resident corporate shareholder, a new section 80M has been inserted in the Act to remove the cascading effect of taxes on inter-corporate dividends during FY 2020-21 and thereafter. Subject to the fulfilment of prescribed conditions, the section provides that where the gross total income of a domestic company in any previous year includes any income by way of dividends from any other domestic company 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 which 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 due date for furnishing the return of income under sub-section (1) of section 139 of the Act.

(3) Special Economic Zone (“SEZ”) benefit- Section 10AA

The Company has Special Economic Zone (“SEZ”) unit at Mahindra World City, Jaipur, Rajasthan and is in the



5th year of claiming deduction under section 10AA of the IT Act during FY 2022-23. Section 10AA provides for deduction to a SEZ unit which begins to manufacture or produce articles or things or provide any services. The deduction under this section shall be allowed for a total period of 15 assessment years as under, subject to fulfillment of specified conditions and provisions of section 10AA:

For the first 5 consecutive years beginning with the previous year in which the unit begins to manufacture such articles or things or provide services	100% of the profits and gains derived from the export of such articles or things or from service
Next 5 consecutive assessment year	50% of such profits or gain
Next 5 consecutive assessment year	So much of the amount not exceeding fifty per cent of the profit as is debited to the profit and loss account of the previous year in respect of which the deduction is to be allowed and credited to a Special Economic Zone Re-investment Reserve Account to be created and utilized for the purposes of the business of the assessee

(4) Minimum Alternate Tax Credit

The Company has paid Minimum Alternate Tax (Hereinafter referred to as “MAT”) on their “Book Profits” under section 115JB of the Act, the tax credit of the same is available under section 115JAA of the Income Tax Act and it is available for set off for fifteen assessment years from the date of availment when tax payable as per the normal tax provision exceed tax payable under the section 115JB of the Act.

(5) Deduction in respect of employment of new employees

Subject to the fulfillment of prescribed conditions, the Company is entitled to claim deduction of an amount equal to thirty per cent of additional employee cost (relating to specified category of employees) incurred in the course of business in the previous year, for three assessment years including the assessment year relevant to the previous year in which such employment is provided under section 80JJAA

SPECIAL DIRECT TAX BENEFITS AVAILABLE TO THE SHAREHOLDERS

- (1) Section 112A of the Act provides for concessional tax rate of 10% (plus applicable surcharge and cess) on long term capital gains (exceeding Rs. 1,00,000) arising from the transfer of equity shares or units of an equity oriented fund or units of a business trust, if Security Transaction Tax (‘STT’) has been paid on both acquisition and transfer of such shares / units and subject to fulfillment of other prescribed conditions (including Notification No.60/2018/F.No.370142/9/2017-TPL dated 1 October 2018).
- (2) As per Section 111A of the 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 15% (plus applicable surcharge and cess) subject to fulfillment of prescribed conditions under the Act.
- (3) 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 fiscal domicile.

SPECIAL DIRECT TAX BENEFITS AVAILABLE TO THE MATERIAL SUBSIDIARY IN THE US UNDER US TAX LAWS



There are no possible special direct tax benefits available to Global Surfaces Inc. under the direct tax laws of USA.

SPECIAL DIRECT TAX BENEFITS AVAILABLE TO THE MATERIAL SUBSIDIARY IN THE UAE UNDER UAE TAX LAWS

As per the latest announcement by Authorities, The Corporate Tax in UAE would be effective from the financial year starting from 01st June, 2023. The Laws and Regulations for it are not published.

Based on the Unofficial Information made available through Public Consultation Documents and FAQs published below would be the Direct Tax Benefits available:

(1) Zero Tax Rate for entities registered in Free Zone

Para 3.8 of Public Consultation Document mentions the below

“ 3.27 Whilst companies and branches that are registered in a Free Zone (hereafter referred to as “Free Zone Persons”) will be within the scope of the UAE CT and subject to tax return filing requirements, the UAE CT regime will honour the tax incentives currently being offered to Free Zone Persons that maintain adequate substance and comply with all regulatory requirements.

3.28 In line with the original intention and purpose of Free Zones, a Free Zone Person can benefit from a 0% CT rate on income earned from transactions with businesses located outside of the UAE, or from trading with businesses located in the same of any other Free Zone. The 0% CT rate may also apply to income from certain regulated financial services directed at foreign markets.”

In the View of the above considering that the Company is Registered in Jebel Ali Free Zone which is recognised Free Zone in UAE, it would be taxed at 0% on the Income earned from transactions with businesses located outside of the UAE, or from trading with businesses located in the same of any other Free Zone. As the Company is expected to have Business mostly outside UAE, it is expected to get the benefit of 0% Corporate tax.

Return filing and other required compliance would require to be complied with.

STATEMENT OF POSSIBLE SPECIAL INDIRECT TAX BENEFITS AVAILABLE TO THE COMPANY, ITS SHAREHOLDERS AND MATERIAL SUBSIDIARIES

The statement of tax benefits enumerated below is as per the Central Goods and Services Tax Act, 2017, the Integrated Goods and Services Tax Act, 2017, the Union Territory Goods and Services Tax Act, 2017, respective State Goods and Services Tax Act, 2017, the Customs Act, 1962 and the Customs Tariff Act, 1975 as amended from time to time (collectively referred to as “**Indirect tax**”).

SPECIAL INDIRECT TAX BENEFITS AVAILABLE TO THE COMPANY

(1) In accordance with Section 54 of the CGST Act 2017, Section 16 of the IGST Act, 2017 and subject to conditions prescribed under the GST Act and Rules made thereunder, the Company is entitled to claim refunds for:

- a) Input tax credit of tax paid on inputs and input services used in manufacture of exported goods i.e claim refund unutilized Input tax credit by supplying under Bond or Letter of Undertaking;



- b) Integrated Goods and Service Tax paid at the time of export of goods/services; and
 - c) Input tax credit accumulated on account of rate of tax on input being higher than the rate of tax on output supplies
- (2) Duty drawback of duty paid on import of materials used in manufacture of export goods under Section 75 of the Customs Act, subject to conditions prescribed under the Act.
- (3) Duty credit scrips under Merchandise Export from India Scheme ("MEIS") covered in Chapter 3 –Exports from India Scheme in Foreign Trade Policy 2015-20 as extended till December 31, 2020. However, the Cabinet has approved a WTO compliant scheme Remission of Duty and Taxes on Exported Products ("RODTEP") to determine mechanism for reimbursement of taxes, duties/levies at central, state and local level. The scheme came into force from January 1,2021 and replaced MEIS.
- (4) As per Notification 64/2017- Customs dated 5th July, 2017, subject to conditions prescribed, any supply to an SEZ unit is exempt from the levy of Integrated Goods and Service Tax Act, 2017.
- (5) As per Section 26 of the SEZ Act, 2005, subject to conditions prescribed under the Act, Import of goods by Units in SEZ is exempted from any *duty of customs* leviable under Customs Act, 1962 or the Customs Tariff Act, 1975

SPECIAL INDIRECT TAX BENEFITS AVAILABLE TO THE SHAREHOLDERS

There are no special Indirect Tax benefits available to the shareholders of the Company.

SPECIAL INDIRECT TAX BENEFITS AVAILABLE TO THE MATERIAL SUBSIDIARY IN THE US UNDER US TAX LAWS

There are no possible special Indirect tax benefits available to the Global Surfaces Inc., under USA tax laws.

SPECIAL INDIRECT TAX BENEFITS AVAILABLE TO THE MATERIAL SUBSIDIARY IN THE UAE UNDER UAE TAX LAWS

The statement of tax benefits enumerated below is as per Federal Decree-Law No. 8 of 2017 and its amendment effective 1 Jan 2018 on Value Added ("VAT Decree Law") , Cabinet Decision No. 52 of 2017 and its amendments ("VAT Executive Regulations") and Customs Regulations (collectively referred to as "Indirect tax").

The Company is registered in Jebel Ali Free Zone which is "Designated Zone" for the VAT as specified in Cabinet Decision.

- (1) In accordance to Chapter Five of the VAT Decree law and subject to fulfilment of the conditions mentioned Article 51 of the Executive Regulations,
- a) The Supply of Goods from the establishment located in JAFZA to Outside UAE or within other Designated Zone in UAE would be Out of Scope for the VAT Purpose and no VAT is required to be charged
 - b) The Supply of Goods from the establishment located in JAFZA to Mainland UAE companies would be Out of Scope for the VAT Purpose and no VAT is required to be charged subject to proper customs clearance and Mainland customer is Importer on Record for clearing Goods in Mainland UAE.
- (2) Businesses operating in Designated Zones will be subject to the normal VAT rules of VAT recovery on their expenses as mentioned in Article 54 of the VAT Decree Law.



The Company would be able to claim the VAT Inputs on the Purchases/ Expenses if it is charged by the Supplier subject to fulfilment of the conditions mentioned in the law and relevant documentation.

The VAT Inputs is used to setoff the Output VAT liability and refund can be claimed for the excess VAT Inputs.

- (3) As per the Customs Regulations in UAE, free zone licensees are allowed to import goods or equipment into the free zone from a foreign country without payment of customs duties.

The Company is not required to Pay Customs Duties on Import of Goods in the Jebel Ali Free Zone subject to fulfilment of the conditions prescribed.

Customs duty is only paid when goods are moved out of the free zone; that is, imported into the Mainland UAE.

Notes:

- 1. We have not considered the general tax benefits available to the Company, or shareholders of the Company.***
- 2. The above is as per the Tax Laws as on date.***
- 3. The above Statement of possible special tax benefits sets out the provisions of Tax Laws in a summary manner only and is not a complete analysis or listing of all the existing and potential tax consequences of the purchase, ownership and disposal of Equity Shares.***
- 4. This Statement does not discuss any tax consequences in any country outside India of an investment in the Equity Shares. The subscribers of the Equity Shares in the country other than India are urged to consult their own professional advisers regarding possible income –tax consequences that apply to them.***