

STATEMENT OF SPECIAL TAX BENEFITS

To,

The Board of Directors,
Fujiyama Power Systems Limited
(Previously known as Fujiyama Power Systems Private Limited)
53A/6, Near NDPL Grid Office
Near Metro Station, Industrial Area
Sat Guru Ram Singh Marg
New Delhi
Delhi 110 015, India (**Referred as the “Company”**)

Dear Sirs/Madams,

Sub: Proposed initial public offering of equity shares of Rs. 1/- each (“the Issue”) of Fujiyama Power Systems Limited (Previously known as Fujiyama Power Systems Limited) (“the Company”)

We, the statutory auditors of the Company, have been requested by the Company to issue a report on the special tax benefits (referred to as “Statement”) available to the Company and its shareholders attached for inclusion in the Issue Documents (defined below) in connection with the Issue proposed to be undertaken in accordance with the Chapter VI of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended and applicable provisions of the Companies Act, 2013, and the rules framed thereunder, each as amended. The Statement has been prepared by the management of the Company and stamped by us for identification purposes only.

The Statement showing the current position of tax benefits available to the Company and the shareholders of the Company as per the provisions of Indian direct tax and indirect tax laws including the Income Tax Act, 1961 and the Income-tax Rules, 1962 (“**IT Act**”), 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 and Customs Act, 1962 each as amended (collectively, the “**Tax Laws**”) including the rules, regulations, circulars and notifications issued in connection with the Tax Laws as presently in force in India and applicable to the assessment year 2025-2026 relevant to the financial year 2024 – 2025 for inclusion in the Issue Documents. These benefits are dependent on the Company, or its shareholders fulfilling the conditions prescribed under the relevant provisions of the statute. Hence, the ability of the Company or its shareholders to derive the stated 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. Further, certain tax benefits may be optional, and it would be at the discretion of the Company or its shareholders to exercise the option by fulfilling the conditions prescribed under Tax laws.

The benefits discussed in the enclosed statement cover the possible special tax benefits available to the Company and its shareholders and do not cover any general tax benefits available to them.

In respect of non-residents, 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.

The benefits discussed in the enclosed statement 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 money based on this Statement.

We conducted our examination of the statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the Institute of Chartered Accountants of India (the “Guidance Note”). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

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.
- iii) The revenue authorities / courts will concur with the views expressed therewith.

The contents of the enclosed Statement are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

The Statement is intended solely for the information and inclusion in the Issue Document in connection with the proposed issue of equity shares of the Company and is not to be used, referred to, or distributed for any other purpose, without our prior consent, provided the below statement of limitation is included in the Issue Document.

Limitation:

Our views expressed in the Statement enclosed are based on the facts and assumptions indicated above. Our views are based on the existing provisions of the Tax laws presently in force in India 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.

This report is addressed to the Board of Directors of the Company for inclusion of this report along with the accompanying Statement in the draft red herring prospectus, the red herring prospectus and the prospectus to be submitted by the Company with the Securities and Exchange Board of India, BSE Limited, National Stock Exchange of India Limited and the Registrar of Companies where the Company is registered or any other regulatory or statutory authority and/or in any other material used in connection with the Issue (“**Issue Documents**”), prepared in connection with the Issue and should not be used by any other person or for any other purpose.

We hereby give our consent to include this report and the enclosed Statement regarding the tax benefits available to the Company and its shareholders in the Issue Documents, provided that the above statement of limitation/ restriction on distribution or use is included in the Issue Documents.

Yours sincerely,

For S.N. Dhawan & CO LLP

Chartered Accountants

Firm’s Registration No.: 000050N/ N500045

Rahul Singhal

Partner

Membership No: 096570

UDIN: 24096570BKCTMN5754

Place: Gurugram

Date: 28 December 2024

STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO FUJIYAMA POWER SYSTEMS LIMITED (PREVIOUSLY KNOWN AS FUJIYAMA POWER SYSTEMS PRIVATE LIMITED) (“THE COMPANY”) (THE “COMPANY”) AND ITS SHAREHOLDERS UNDER THE APPLICABLE TAX LAWS IN INDIA

Outlined below are the special tax benefits available to the Company and its shareholders under the Act applicable for the Financial Year 2024-25 as amended by Finance No.2 Act 2024 dated 16 August 2024. These possible special tax benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the Act.

I. Under the Income tax Act, 1961 (the IT Act)

A. Special tax benefits available to the Company.

1. Concessional corporate tax rates – Section 115BAA of the IT Act

The company has adopted section 115BAA wherein domestic companies are entitled to avail a concessional tax rate of 22% (plus applicable surcharge and cess) i.e. 25.168%, on fulfillment of certain conditions. The option once exercised shall apply to subsequent AYs. The concessional rate is subject to a company not availing any of the following deductions under the provisions of the IT Act:

- Section 10AA: Tax holiday available to units in a Special Economic Zone.
- Section 32(1)(iia): Additional depreciation;
- Section 32AD: Investment allowance.
- Section 33AB/33ABA: Tea coffee rubber development expenses/site restoration expenses
- Section 35(1)/35(2AA)/ 35(2AB): Expenditure on scientific research.
- Section 35AD: Deduction for capital expenditure incurred on specified businesses.
- Section 35CCC/35CCD: expenditure on agricultural extension /skill development.
- Chapter VI-A except for the provisions of section 80JJAA and section 80M.

Further, provisions of Minimum Alternate Tax (‘MAT’) under section 115JB of the IT Act shall not be applicable to companies availing section 115BAA of the IT Act.

2. Deduction with respect to inter- corporate dividends- Section 80M of the IT Act

As per the provisions of section 80M of the IT Act, a domestic company shall be allowed to claim a deduction of divided income earned from any other domestic company or a foreign company or a business trust, to the extent such dividend is distributed by it on or before the due date. In this case, due date means one month prior to the date for furnishing the return of income under sub-section (1) of section 139 of the Act.

The amount of deduction so claimed should not exceed the amount of dividend distributed by it and is subject to fulfilment of other conditions laid down therein.

B. Special tax benefits available to the shareholders.

1. Dividend income earned by the shareholders would be taxable in their hands at the applicable rates. However, in the case of a domestic corporate shareholder, benefit of deduction under Section 80M of the IT Act would be available on fulfilling the conditions.

2. As per Section 112A of the IT Act, long-term capital gains arising from the transfer of an equity share on which securities transaction tax ("STT") is paid at the time of acquisition and sale, shall be taxed at the rate of 12.5% (plus applicable surcharge and cess) (without indexation) of such capital gains. This is subject to fulfilment of prescribed additional conditions as per Notification No. 60/2018/F. No.370142/9/2017-TPL dated 01 October 2018. It is worthwhile to note that tax shall be levied where such aggregate capital gains exceed INR 1,25,000/- in a year.
3. As per Section 90(2) of the IT Act, non-resident shareholders will be eligible to take the beneficial provisions under the respective Double Taxation Avoidance Agreement ("DTAA"), if any, applicable to such non-residents. This is subject to fulfilment of conditions prescribed to avail treaty benefits.
4. Further, any income by way of capital gains accruing to non-residents may be subject to withholding tax per the provisions of the Act or under the relevant DTAA, whichever is more beneficial to such non-residents. However, where such non-resident has obtained a lower withholding tax certificate from the tax authorities, the withholding tax rate would be as per the said certificate. The non-resident shareholders can also avail credit of any taxes paid by them, subject to local laws of the country in which such shareholder is resident.

II. Indirect tax (indirect tax regulations)

The Central Goods and Services Tax Act, 2017, Integrated Goods and Services Tax Act, 2017, respective State Goods and Services Tax Act, 2017, Customs Act, 1962, Customs Tariff Act, 1975 as amended, including the relevant rules, notifications and circulars issued there under, the Foreign Trade (Development and Regulation) Act, 1992 (read with Foreign Trade Policy 2023) (collectively referred as "Indirect Tax Regulations")

A. Special tax benefits available to the Company.

1. Remission of Duties and Taxes on Exported Products Scheme (RoDTEP)

The Remission of Duties and Taxes on Exported Products (RoDTEP) scheme was announced by Government of India (GOI) to boost exports by allowing reimbursement of taxes and duties, which are not exempted or refunded under any other scheme in accordance with World Trade Organization (WTO) norms.

The Company has been availing benefit of this scheme on products exported out of India as per rates prescribed.

2. Benefits available to the Company under Duty Drawback Scheme

Duty Drawback Scheme provides refund/recoupment of custom duties paid on inputs or raw materials and goods and service tax paid on the input services used in the manufacture of exported goods.

The Company has been availing benefit of this scheme and has been availing duty drawback as per the rates prescribed.

3. Benefits available to the company under Export Promotion Capital Goods Scheme (EPCG)

The objective of the Export Promotion Capital Goods (EPCG) Scheme is to facilitate import of capital goods for producing quality goods and services and enhance India's manufacturing competitiveness.

EPCG Scheme allows import of capital goods for pre-production, production, and post-production at zero customs duty.

The Company has been availing benefit under this scheme.

4. Benefits available to the company under Import of Goods at Concessional Rate of Duty (IGCR)

The objective of the Import of Goods at Concessional Rate of Duty (IGCR) Scheme is to facilitate the import of capital goods for a specified purpose at a concessional rate of duty, and after having put such capital goods to use for the said purpose, clear the same after payment of the differential duty and interest, at a depreciated value, with permission from the jurisdictional Customs Officer.

The Company has been availing benefit under this scheme.

5. Benefits available to the company from Zero Rated Supply as per GST Law

Under the GST regime, all supplies of goods and services which qualify as export of goods or services are zero-rated, that is, these transactions attract a GST rate of zero per cent.

On account of zero rating of supplies, the supplier will be entitled to claim input tax credit in respect of goods or services used for such supplies and can seek refund of accumulated/unutilized ITC.

There are two mechanisms for claiming refund of accumulated ITC against export. Either person can export under Bond/LUT as zero-rated supply and claim refund of accumulated Input Tax Credit or person may export on payment of integrated tax and claim refund thereof as per the provisions of Section 54 of CGST Act, 2017.

The Company has been engaged in the export of goods on payment of IGST and claiming a refund for the same.

B. Special tax benefits available to shareholders of the Company under indirect tax regulations in India

The shareholders of the Company are not eligible to any special tax benefits under Indirect Tax Regulations.

Notes:

1. The ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the Company or its shareholders may or may not choose to fulfil.

2. The special tax benefits discussed in the Statement are not exhaustive and is only intended to provide general information to the investors and hence, 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.
3. The Statement has been prepared on the basis that the equity shares of the Company are listed on a recognized stock exchange in India and the Company will be issuing shares.
4. The Statement is prepared on the basis of information available with the management of the Company and there is no assurance that:
 - the Company or its shareholders will continue to obtain these benefits in future;
 - the conditions prescribed for availing the benefits have been/ would be met with; and
 - the revenue authorities/courts will concur with the view expressed herein.
5. The above views are based on the existing provisions of law and its interpretation, which are subject to change from time to time.
6. The above Statement of Special Tax Benefits 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.

For Fujiyama Power Systems Limited

(Previously known as Fujiyama Power Systems Private Limited)

Authorised Signatory

Name: Ashu Bansal

Designation: Vice-President F&A

Place: Delhi

Date: 28 December 2024