

Fujiyama Power Sys.

14 August 2026

Operator: Ladies and gentlemen, good day and welcome to Fujiyama Power Systems Ltd. Q1 FY27 earnings conference call. This conference call may contain forward-looking statements about the company that are based on the beliefs, opinions, and expectations of the company as of the date of this call. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict. As a reminder, all participant lines will be in listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal the operator by pressing star and then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Sumanth Kumar from Motilal Oswal Financial Services Limited. Thank you, and over to you, Mr. Kumar.

Sumanth Kumar – Motilal Oswal Financial Services Limited: Thank you. Good evening, everyone, and a very warm welcome to the Fujiyama Power Systems Ltd. Q1 FY27 post-results earnings call, hosted by Motilal Oswal Financial Services Limited. On the call today, we have the management team represented by Mr. Pawan Kumar Garg, Chairman and JMD; Mr. Yogesh Dua, CEO and JMD; and Mr. Prashant Gupta, CFO. We will begin the call with the key thoughts from the management team, after which we will open the floor for the Q&A session. I would now like to request the management to share its perspective on the performance of the company. Thank you, and over to you, Pawan.

Pawan Kumar Garg – Chairman & JMD: Thank you, Sumanth. Good afternoon, everyone, and thank you for joining us today. It is a pleasure to connect with you and share an update on Fujiyama's operating and financial performance for the quarter ended June 26. Let me begin by thanking our customers, channel partners, employees, and shareholders for their continued trust in Fujiyama. We have started the new financial year with meaningful progress across the business. During the quarter, we expanded our distribution reach, commissioned new manufacturing capacities, and took further steps toward increasing backward integration.

Coming to our financial performance, the first quarter saw a significant increase in our scale of operations. Revenue from operations grew 125% year-on-year. EBITDA increased by 140% year-on-year. EBITDA margin expanded to 18.9% from 17.7% in Q1 FY26. The distribution network recorded one of its largest quarterly expansions. During the quarter, we added more than 80 distributors, over 1,000 dealers, and more than 30 exclusive shoppies. This took our total channel partner network to over 10,100 as of June 26. The wider network gives Fujiyama greater access to customers across different markets and supports faster product availability, installation, and after-sales service. This remains particularly important in the residential rooftop solar segment, where proximity to customers and dependable service are important factors in purchase decisions.

On the manufacturing front, we made significant progress at our Ratlam facility. During the quarter, we commissioned a 2 GW solar panel manufacturing facility. With this addition, our total solar panel manufacturing capacity increased to 3.5 GW. Additionally, we commissioned a 2 GW power electronics manufacturing facility at Ratlam in August 26. The facility will manufacture solar inverters, UPS systems, and other related power electronics products. With this addition, Fujiyama's total power electronics manufacturing capacity increased to 4 GW. Furthermore, the 2 GW lithium-ion battery manufacturing capacity at Ratlam is also on track for commissioning by Q2

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Fujiyama Power Sys.

14 August 2026

FY27. Once completed, the Ratlam complex will bring solar panels, power electronics, and batteries under one manufacturing location, further strengthening integration across the company's product portfolio and supporting its growing scale of operations.

Alongside our capacity expansion, we are also taking further steps toward backward integration. During the quarter, the company increased its stake in Zayo Energy Private Limited and Zayo Cables Private Limited from 19% to 51% in each company. Zayo Energy is engaged in manufacturing solar module components such as aluminum frames, PV ribbon wire, busbars, and solder wire, while Zayo Cables is engaged in manufacturing solar module components such as PV junction boxes, solar cables, and EVAC sheets. These investments complement our existing manufacturing capabilities by extending our presence into components used across solar and power electronics products. As these businesses scale, the integration of our components within our value chain can help improve sourcing control and further deepen Fujiyama's integrated manufacturing model.

Looking at the broader market, the opportunity for rooftop solar in India remains significant. The PM Surya Ghar Muft Bijli Yojana, which has a target of solarizing 1 crore households, is supporting the adoption of grid-connected rooftop solar across the country. At the same time, demand for off-grid and hybrid solutions remains relevant in regions where grid reliability is a concern. This allows Fujiyama to address both on-grid and backup-driven requirements through its portfolio of solar panels, inverters, and batteries. Furthermore, we are also closely following the proposed next phase of the scheme, being referred to as PM Surya Ghar 2.0. While the framework is still under discussion and has not been formally notified, the proposed reports include support for battery storage, incentives linked to actual power generation, and wider access through community solar and other models. If implemented, these measures could further expand the addressable market and increase the relevance of targeted solar and storage solutions. Our cost-effective service network will help us gain more share in the upcoming scheme.

As we move through the year, our focus remains on scaling the recently commissioned capacities and expanding our distribution network. We will also remain focused on service quality and customer relationships as our reach increases. At the same time, increasing backward integration across key components will remain an important part of our manufacturing strategy. Before I conclude, I would like to thank our entire Fujiyama team for its efforts. We remain focused on building Fujiyama as an integrated solar solutions company and creating long-term value while contributing to India's transition toward clean and reliable energy. Thank you. I will now hand over to our CFO, who will take you through the detailed financials. After that, we will be happy to take your questions. Thank you, everyone.

Prashant Gupta – CFO: Thank you, Pawan. Good afternoon, everyone. I will take you through the financial performance for the quarter ended June 30, 2026. Let me begin with the quarterly performance. During Q1 FY27, revenue from operations was Rs. 13,457 million compared to Rs. 5,973 million in Q1 FY26, representing year-on-year growth of 125.3%. EBITDA for the quarter was Rs. 2,548 million, increasing by 140.6% year-on-year. EBITDA margin improved to 18.9% from 17.7% in Q1 FY26. The improvement in operating profitability was supported by the significant increase in business scale during the quarter. Higher volumes enabled better utilization of manufacturing and operating infrastructure...

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Fujiyama Power Sys.

14 August 2026

Management: ...and supported better absorption of costs. Process improvements across operations also contributed to efficiency. Importantly, we passed on a portion of these efficiency gains to customers through competitive pricing during the quarter. Despite sharing part of these benefits with customers, we were able to retain sufficient efficiencies within the business.

The expansion of our manufacturing capacity also supported the increase in scale during the quarter. We commissioned the 2 GW solar panel manufacturing facility at Ratlam. This increased our total solar panel manufacturing capacity to 3.5 GW. The facility is being ramped up in phases as volumes increase.

Let me now discuss the impact of the fire incident at our Bawal facility during the quarter. The incident resulted in damage to building structures, plant and machinery, inventories, and other assets with a net carrying value of Rs. 1,436 million. Accordingly, the company has recognized a provisional exceptional loss of Rs. 1,436 million during the quarter. The affected assets are adequately insured, and the company has lodged its claims with the insurer. The assessment process is at an advanced stage, although it has yet to be fully completed. Based on the insurance coverage available, management expects to recover the entire net carrying value of the affected assets through the claims process.

After accounting for this exceptional item, profit before tax for the quarter was Rs. 777 million. Reported profit after tax was Rs. 578 million, with a margin of 4.3%. For a like-for-like understanding of the underlying performance, excluding the Bawal fire provision of Rs. 1,074 million on a post-tax basis, normalized PAT would be {? have been ?} Rs. 1,652 million. On this basis, normalized PAT margin was 12.3% compared to 11.3% in Q1 FY26. This represents a year-on-year increase of 144.5% in normalized PAT.

Looking ahead, as the recently commissioned capacities ramp up, our focus will remain on maintaining operating discipline and managing costs as the business expands. That concludes my remarks on the financial performance. We can now open the floor for questions and answers. Thank you.

Operator: Thank you. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question comes from the line of Prithviraj from Unifi Capital. Please go ahead.

Prithviraj – Unifi Capital: Congratulations to the team for the great set of numbers. My first question is on the guidance given. We had an exceptional start in Q1. How should we look at the full-year guidance? The coverage or installation of rooftop solar has been picking up quite sharply over the last few months. How should we look at full-year revenue growth and profits?

Management: In the last quarter, as we rightly mentioned, we gave 50% upside guidance for the complete financial year. The efforts that we put in during the last quarter, whether in terms of expanding our manufacturing capacities or expanding our distribution network, helped us achieve 70%, and it took a lot of effort. As you rightly mentioned, demand is increasing and there is robust demand. Therefore, we would like to revise our guidance for the full year to 70%, considering the

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Fujiyama Power Sys.

robust demand and the capacities that we have ready at Ratlam. We would also like to highlight one thing: we can trail this guidance in the coming quarters as the year progresses.

Prithviraj – Unifi Capital: Understood. Second, you have been doing a lot of backward integration, adding your own module and cell capacity, and so on. Eventually, this will translate into better margins. Should we expect margins to go up, or do you think margins will be capped at this level and instead you will pass on these benefits to clients through lower costs?

Management: You rightly mentioned and pointed out that having in-house DCR cell manufacturing capacity, along with the other backward integration that we have undertaken in the past, definitely supports our margin profile. However, we would also like to highlight the fact that there are many variable factors in the market in terms of raw material pricing. You have already covered our point that we will pass on whatever margin gains we achieve. Therefore, we would like to continue our previous guidance of margins remaining sustainable to improving.

Prithviraj – Unifi Capital: Okay. My final question is on the new policy on the solar installation framework. What is your expectation regarding when we can expect a government announcement on the 2.0 scheme for rooftop solar?

Management: As per our knowledge, it is still under discussion, but the government is actively working on it, as we have seen on various media platforms. We are hopeful that the government will soon introduce the PM Surya Ghar 2.0 scheme. As you are already aware, the government is actively working to promote the renewable energy sector and has a target of having 300 GW of solar capacity in India by 2030. Therefore, the government will be aggressive on that front. That is our belief.

Prithviraj – Unifi Capital: Thank you. That is all from my side.

Operator: Thank you. The next question comes from the line of Akshit Agarwal with Step-Trade Capital. Please go ahead.

Akshit Agarwal – Step-Trade Capital: Hello. Am I audible?

Operator: Yes, you are.

Akshit Agarwal – Step-Trade Capital: First of all, congratulations on a good set of numbers.

Management: Thank you.

Akshit Agarwal – Step-Trade Capital: My question is on the point you previously made that when capacity is available, you will pass some of the integration benefits to customers to drive volume. Given the significant capacity now coming online, should investors expect EBITDA margin to remain around 18-19%, or could aggressive market share expansion lead to margin compression?

Management: I would like to reiterate that point. We will continue our margin guidance of sustainable to improving for the year.

Akshit Agarwal – Step-Trade Capital: Sorry?

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Management: I am saying that I am reiterating that point. We would like to continue our guidance on EBITDA margins of sustainable to improving. We have reported an 18.9% margin, so we will continue at that level going forward.

Akshit Agarwal – Step-Trade Capital: Okay. The damage from the fire incident occurred. How much is recoverable from the insurance?

Management: We are adequately covered. Considering the carrying value of the asset that was impacted, it is close to Rs. 143 crores, and we are sufficiently covered under the policy. Regarding the progress on the claim, the survey has already been completed, and in the coming quarters we believe that this claim should be settled by the end of this year. Regarding the loss, we have recognized the maximum possible impact in this quarter itself. Once the claim is settled, you will see recovery of the complete loss that we suffered during this incident.

Akshit Agarwal – Step-Trade Capital: Thank you. That is all from my side.

Operator: Thank you. The next question comes from the line of Anuj Padiye from Investec. Please go ahead.

Anuj Padiye – Investec: Hi, sir. Thanks for the opportunity, and congratulations on a great set of results. My first question is on your cell plant, which is already operational. Can you mention what level of stabilization that plant has reached as of now?

Management: It is operating at more than 80% utilization right now.

Anuj Padiye – Investec: Great. Is it fair to assume that this quarter we benefited from this DCR plant even at 80% utilization, and once utilization goes up further, margins can move up from here?

Management: We are hopeful. However, as I mentioned in the previous question, there are variable factors in terms of raw material pricing. To achieve the scale at which we are operating, we will share that margin benefit with our existing and new customers.

Anuj Padiye – Investec: Secondly, we are consistently scaling up our channel partner network. Last quarter, I believe we were close to 8,900, and now that number has crossed 10,000. Could you elaborate on the new areas where we have added these channel partners, or at least the regions that we are catering to?

Management: In the presentation, we gave a map with state-wise details of the states that are covered and those that are in the growing stage. In the previous quarter, and in this immediate quarter, we have moved two additional states from the growing category to the covered category: Odisha and Uttarakhand. The definition of coverage is that we have one distributor in each district and almost one service engineer in each district.

Anuj Padiye – Investec: And is there any status update on the upcoming TOPCon facility? You mentioned that it could be ready by Q1, but I would like to get a broader sense of the equipment ordering and any other developments.

Management: The building is completed, and orders for the machines have also been placed.

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Fujiyama Power Sys.

14 August 2026

Anuj Padiye – Investec: Thanks, Prashant. That is helpful. That is all from my side.

Management: Thank you.

Operator: Thank you. The next question comes from the line of Deepak Poddar with Sapphire Capital. Please go ahead.

Deepak Poddar – Sapphire Capital: Hello. Am I audible, sir?

Management: Yes, sir. You are audible.

Operator: Yes, you are. Please go ahead.

Deepak Poddar – Sapphire Capital: Thank you very much for this opportunity. I wanted to understand, from the industry perspective, what sort of opportunity size we are looking at in rooftop solar. What would be the industry size right now, and how do you expect it to grow? Some sense on that would be very helpful.

Management: We can look at this number at three levels. At the overall potential level, there was a report from the Council of Energy that estimated more than 630 GW of rooftop solar potential. That is the first number. The second number is the overall solar capacity target set by the government, which is 300 GW by FY30. Out of that 300 GW, we believe that 90–100 GW will come from rooftop solar itself. Therefore, the second number is 100 GW of rooftop solar by 2030. The third number is the actual capacity installed to date. To date, I believe more than 30 GW has already been installed in the rooftop solar industry. PM Surya Ghar Muft Bijli Yojana is also one of the biggest catalysts in this area, and around 15 GW has come from that scheme alone. We believe that an additional 15 GW is also part of phase one of PM Surya Ghar Muft Bijli Yojana, since 50 lakh houses out of 1 crore houses have already been covered.

Deepak Poddar – Sapphire Capital: I missed the last line. Out of how many?

Management: In the first phase of PM Surya Ghar Muft Bijli Yojana, the government set a target of covering at least 1 crore households, and it achieved 50% of that target, which translates to 50 lakh houses.

Deepak Poddar – Sapphire Capital: Understood. So, to date, 30 GW of rooftop solar capacity has been installed, and you expect that to increase to 90–100 GW by 2030. Is that correct?

Management: Yes.

Deepak Poddar – Sapphire Capital: Generally, for 1 GW of solar, what realization do we generally get?

Management: Do you mean for 1 MW?

Deepak Poddar – Sapphire Capital: Yes.

Management: We generally measure realization on a per-watt basis. For a system with a battery, the cost generally comes to approximately Rs. 26–30 per watt.

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Fujiyama Power Sys.

14 August 2026

Deepak Poddar – Sapphire Capital: Rs. 26–30 per watt.

Management: Per watt, yes, including the panel, inverter, and battery. It depends, first, on which battery you have purchased; second, on which panel you have purchased, whether DCR or non-DCR; and third, on whether your system is with or without a battery. That is why I am giving a range. Generally, it comes to Rs. 26–30 per watt.

Deepak Poddar – Sapphire Capital: Understood. That would be all from my side. I wish you all the best. Thank you.

Management: Thank you.

Operator: Thank you. The next question comes from the line of Himanshu Bisani with Pinpoint X Capital. Please go ahead.

Himanshu Bisani – Pinpoint X Capital: Hi. Am I audible?

Management: Yes, you are audible, Himanshu. Please go ahead.

Himanshu Bisani – Pinpoint X Capital: Congratulations on a great performance, and thanks for the opportunity. I have 4 questions.

Operator: Thank you. The next question comes from the line of Vinay Lakhera with Ratna Traya Capital. Please go ahead.

Vinay Lakhera – Ratna Traya Capital: Hi, sir. My first question was on the acquisition. Can you provide some details of the Zayo Energy Private Limited acquisition, perhaps in terms of the impact we can see on margins or cost savings, as well as the deal details?

Management: Apart from the margins, the primary objective of investing in these companies is to achieve our backward integration objective so that the supply of raw materials is continuous and bottlenecks can be removed. On the margin side, we will provide the numbers as the quarters progress. Right now, the company is in the process of acquiring land, and perhaps in 1–2 years it will complete the land acquisition and construction process. In the coming quarters, we will provide details regarding any margin improvement, if there is any. Margin is not the primary objective of this investment.

Vinay Lakhera – Ratna Traya Capital: What would be the size of this deal, if you have any details?

Management: To give an approximate idea at this stage, I believe the overall capex required for these plants will be close to Rs. 180–200 crores. That is the current estimate. We will provide the final numbers in the coming quarters.

Vinay Lakhera – Ratna Traya Capital: My next question is on capacity utilization. We have DCR and non-DCR capacity for solar panels. Can you provide the split of capacity utilization and explain how you see the sustainable rates for these going forward?

Management: We have 1 GW of solar cell capacity, and whatever we manufacture is utilized in-house to sell to DCR customers who want DCR solar panels. On the panel side, the machines are

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Fujiyama Power Sys.

14 August 2026

fungible and can use both DCR and non-DCR solar cells. The capacity we currently have in plants other than Ratlam is close to 1.6 GW, and we have recently commissioned 2 GW at Ratlam. Up to 1 GW, we can use solar cells manufactured in-house. If demand is higher, as we are also doing currently, we can purchase and procure DCR cells from existing vendors.

Vinay Lakhera – Ratna Traya Capital: At the panel level, what kind of capacity utilization can we see?

Management: Utilization is currently close to 70% for the capacity we have, excluding Ratlam, because at Ratlam we are currently operating in one shift. The capacity utilization at the other plants is close to 70–80%. Regarding the split, as I mentioned, the same machines can be used for both DCR and non-DCR panels.

Vinay Lakhera – Ratna Traya Capital: Regarding growth, we have performed very well over the last 2 quarters, and we are also seeing PM Surya Ghar 2.0 coming. Apart from that, do you see any growth areas where the company is focusing, particularly after 1–1.5 years? From where can major growth be seen? Could it be in PLI or on the battery side?

Management: We are already installing 2 GW of lithium-ion batteries at our Ratlam plant. In another way, you can say that we are already present in residential BESS. For large-scale BESS, we have certain plans in mind, and we will definitely cover this in the guidance for the coming quarter, explaining how we will enter that sector. We are thinking about it and are also drafting our plans for it.

Vinay Lakhera – Ratna Traya Capital: Is the focus still on residential rooftop, rather than the industrial segment?

Management: Yes, the primary focus is on that segment. As you can see, 90% of our revenue comes from the B2C channel network. Therefore, the primary target remains that segment.

Vinay Lakhera – Ratna Traya Capital: Thank you very much.

Operator: Thank you. The next question comes from the line of Sanjay with Ampersand. Please go ahead.

Sanjay – Ampersand: Thank you for the opportunity, and congratulations on the fantastic results. My first question is about the tubular battery factory...

Operator: Mr. Sanjay, sorry for interrupting. We cannot hear you. Could you come a little closer and speak?

Sanjay – Ampersand: Can you hear me now?

Operator: Yes, now we can. Please go ahead.

Sanjay – Ampersand: This tubular battery factory did not operate because of the fire, and you had to procure batteries externally. Did that have any negative impact on your gross margin?

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Management: Yes, to a certain extent. Whatever material margin we were saving through our in-house tubular battery capacity was no longer available. Therefore, at the gross margin level, it definitely declined when we procured tubular batteries from outside vendors.

Sanjay – Ampersand: What could the impact be? Can you quantify it?

Management: Tubular batteries generally account for 10% of our revenue. We believe that at the company level, the impact at the gross margin level will be below 0.5%.

Sanjay – Ampersand: Understood. My second question is that your company is clearly growing faster than the industry, but could you give us an indication of how the industry is growing year-on-year and quarter-on-quarter compared to your growth, and what kind of market share you have? Is it sufficient to say that your market share is now approximately 8–10%?

Management: Officially, it is very difficult to confirm the market share. However, considering our contribution in terms of inverters to the rooftop solar market, and now that we are also supplying DCR panels, we believe that, as you rightly mentioned, we have approximately 10% market share in the on-grid market.

Sanjay – Ampersand: I just want to get a sense of your market share gains. Are you growing much faster than the industry or not?

Management: The growth in terms of the distribution network is relatively high, as you rightly mentioned. That is why you are seeing growth above the industry rate. We are acquiring new geographical locations and adding new distributors to our network.

Sanjay – Ampersand: Understood. Lastly, is this kind of spike seasonal and usual for Q1 compared to Q4, or is it mainly because of the capacity that you added, which resulted in such high growth compared to Q4?

Management: It is a combination of both factors. We moved from 8,900 channel partners to more than 10,100. Therefore, we have definitely added new customers and reached new geographies. As I mentioned in the previous questions, we have added 2 new states to our covered category: Odisha and Uttarakhand. Demand is also definitely present. As you mentioned, the industry is growing at a rate of 40%. Therefore, it is a combination of both factors.

Sanjay – Ampersand: Understood. Thank you, and congratulations once again for growing at almost more than twice the industry rate. Thank you.

Management: Thank you.

Operator: Thank you. The next question comes from the line of Sagar Shah with Spark Capital. Please go ahead.

Sagar Shah – Spark Capital: First of all, many congratulations to the entire Fujiyama team for delivering such an excellent set of earnings. I have a few questions. My first question is that revenue growth in this quarter was very robust. What was the contribution from the Ratlam plant? Can you quantify that? Have we started using the Ratlam solar panel unit?

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Fujiyama Power Sys.

14 August 2026

Management: It will be relatively low because we capitalized this plant only on May 14. Therefore, it was available for only 1.5 months. As a percentage, its contribution will be very low.

Sagar Shah – Spark Capital: So this growth was largely contributed by the solar panels that we have in Noida, correct? The growth was also largely contributed by lithium-ion batteries and solar inverters, correct?

Management: We sell them as a package, so it is a combination of all 3. The positive aspect is that earlier we did not have DCR panels and were dependent on external vendors to provide us with DCR solar cells. Now that we have DCR panels, there has been a definite increase in the sale of inverters and batteries along with the panels.

Sagar Shah – Spark Capital: So, essentially, because of the realization, especially on Mono PERC DCR, we achieved higher realization. Is that what you are saying?

Management: Yes.

Sagar Shah – Spark Capital: My second question is related to the Bawal fire insurance. How long do you expect it will take for the claim to be refunded? Will it take 6 months, 9 months, or even longer?

Management: We have made good progress. The survey has already been completed, and the surveyor is finalizing his report. We believe that we will receive the claim amount by the end of this financial year.

Sagar Shah – Spark Capital: My last question is related to segmental revenue. First, if you have the data, can you quantify the revenue that we recorded across the segments? Secondly, my suggestion to management is that going forward, in the investor presentation, you could quantify...

Sagar Shah – Spark Capital: ...how much revenue came from each segment for greater transparency and clarity for investors, so that the company's products can also be highlighted. Obviously, everyone knows that Fujiyama sells products as a combination or portfolio, but it would still help investors understand your expertise in the various SKUs and how critical they may be in the future.

Pawan: Basically, one point is that we sell SPGS, and there are many variable factors relating to the product portfolio. There are DCR and non-DCR products; in batteries, there are lead-acid and lithium-ion products; and in inverters, there are on-grid, off-grid, and hybrid products. There are also many further variations within each of these categories.

Let me give you an example. If we look at it in megawatt terms, our inverter volume is double our panel volume. If we sell 1 GW of panels, we sell 2 GW of inverters. If we look at revenue, the revenue from panels will be much higher than that from inverters because the realization per watt is much higher for panels. Therefore, there is considerable confusion when we discuss it in this manner.

That is why we initially started providing this information to some extent, but when questions came from investors, it more or less appeared that the information was creating considerable confusion. Therefore, we reduced the amount of such information to avoid confusion.

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The market direction also depends on many factors, including the geography we enter. There is one type of demand in Uttar Pradesh, while if we go to Bengal or West Bengal, there is another type of demand. When we focus more on urban or tier-1 markets, there will be greater demand for on-grid products. If we focus more on rural markets, there will be greater demand for off-grid products. Therefore, there is a great deal of mixing and matching.

Similarly, when lithium prices begin to fluctuate and move upward, the share of lead-acid batteries increases. When lithium prices decline, the share of lithium-ion batteries increases. There are so many variables that all these ratios change every month. Therefore, we have avoided providing these details so that the information does not create excessive confusion.

Sagar Shah – Spark Capital: Please continue, sir.

Pawan: Yes. Regarding our revenue-based guidance, we will track it fully, and we will try to perform better than the guidance we provide.

Sagar Shah – Spark Capital: My final question is that we had more than 950 distributors in the previous quarter. In the current quarter, we have crossed 1,150. Did we add these 200 distributors in new states, or were they added in our existing states where we already have a strong presence?

Management: It is a combination of both. We are growing in existing areas as well as covering new areas. As mentioned in the previous question, we have brought 2 states, Odisha and Uttarakhand, into the covered category. The definition of covered is that we have one distributor in almost every district and one service engineer for each district. We have increased the number of distributors rapidly in these 2 states. We have also added several Fujiyama distributors in existing areas.

Sagar Shah – Spark Capital: Thank you. I will come back into the queue. Thank you very much for the opportunity.

Operator: Thank you. The next question comes from the line of Shweta Jain with Anand Rathi Share and Stock Brokers Limited. Please go ahead.

Shweta Jain – Anand Rathi Share and Stock Brokers Limited: Good evening. Congratulations on a very good set of numbers. Most of my questions have already been asked. I wanted to understand the company's strategy for further increasing the distribution channel. What target are we looking at for FY27 and FY28?

Management: We are continuing the same strategy and policy that we have followed earlier to increase the distribution channel. We continue to track new vendors registered on the MNRE portal and target them to join the UTL Solar or Fujiyama Solar brand. We are also targeting inverter and battery dealers who are currently operating in the business and converting them into our distributors or dealers. That is what we are doing, and we are doing it rigorously.

Shweta Jain – Anand Rathi Share and Stock Brokers Limited: Are we looking at any target for FY27 and FY28?

Management: We expect to maintain the growth rate at which we are currently growing. By the end of FY28, we believe we will have more than 15,000 channel partners, including shopkeepers,

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Fujiyama Power Sys.

14 August 2026

dealers, and distributors.

Shweta Jain – Anand Rathi Share and Stock Brokers Limited: On the capex front, how much have we incurred so far, and what is expected to be spent?

Management: On the capex front, please give me a moment. When we started this year, we were close to 800, including CWIP, and by the end of this year it will be close to 1,300.

Shweta Jain – Anand Rathi Share and Stock Brokers Limited: Rs. 1,300 crores for FY27?

Management: No, I am referring to the cumulative gross block. This does not include Zayo Energy.

Shweta Jain – Anand Rathi Share and Stock Brokers Limited: Sorry?

Management: To give you an idea of what we have added, we have added our solar cell plant, which has a capacity of 1.2 GW, along with other miscellaneous assets such as the solar park and BESS that we will be adding.

Shweta Jain – Anand Rathi Share and Stock Brokers Limited: This does not include Zayo Energy?

Management: No.

Shweta Jain – Anand Rathi Share and Stock Brokers Limited: Will that flow into next year and not this year? I think Rs. 200 crores is what we discussed in the previous call.

Management: Let me clarify the Rs. 200 crores once. The total capex at Zayo will be Rs. 200 crores, of which Fujiyama's share will be 50%. There will also be a debt and equity component. Therefore, if we look at the equity portion that Fujiyama will contribute, the amount going there will be much lower. You can assume approximately Rs. 50 crores.

Shweta Jain – Anand Rathi Share and Stock Brokers Limited: Understood. Thank you so much. That is all.

Operator: Thank you. The next question comes from the line of Diana with Dollar Capital. Please go ahead.

Diana – Dollar Capital: Thank you for the opportunity. My question is on the PM Surya Ghar scheme. The acceptance rate for applications under this scheme is currently 50–56%, and loans are also not being sanctioned for everyone who applies. What do you think are the challenges faced by the industry, and how do you think PM Surya Ghar 2.0 will address them?

Pawan: Hello. It is not that some people are receiving the benefit while others are not. Currently, there is a shortage of components, particularly DCR panels. Supply is not sufficient, which is causing some delays. Otherwise, the government is providing considerable support, including pressure on the DISCOMs, and approvals and other processes are being tracked. Sometimes it takes people some time for their loans to be approved. Alternatively, they may not receive the supply at the price at which they want to purchase the material. As a result, many applications are shown as pending.

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However, it is not that the government is intentionally delaying the process or that the DISCOMs are intentionally delaying it. The government is providing considerable support, and as DCR cell capacities become available, adoption will accelerate further and the process will move faster.

Diana – Dollar Capital: Understood. My second question is whether 2.0 will include an additional 30 GW, and whether it will be provided to all households or only to certain lower-income households. What is your view on how 2.0 will be structured? Will it be the same as 1.0?

Pawan: We did not previously have an understanding of the lower-income group segment, but since you have mentioned it, we are already working in that segment. Our 1 kVA system is in the range of Rs. 50,000 and is still one of our most popular products. We sell it extensively in the off-grid segment. We also launched a 1 kVA system in the on-grid segment earlier, which we call a micro-inverter. The government is also issuing several tenders in this area. We are participating in those tenders, and we are also trying to supply to participants as an OEM.

This is an important area for us because, if you look at the design of our micro-inverter, it is indigenous. We were among the first to develop it, and we are also obtaining the necessary approvals for it.

Diana – Dollar Capital: Do you have any further idea about 2.0, particularly whether it will cover all households or whether there will be some division?

Management: There is currently no clarity on what exactly will be done under the scheme. The limited clarity that has emerged is that batteries may be added to the scheme because power generation is higher during the day and lower at night. We have been working on battery-based systems for 20 years, so we believe that if this scheme is introduced, it will be very beneficial for us.

Diana – Dollar Capital: Understood. That is all from my side. Thank you.

Operator: Thank you. Mr. Kumar, please go ahead. Mr. Kumar, please unmute yourself and go ahead. Since there is no reply from Mr. Kumar's line, we will move to the next participant, Abhi Jain with AG Capital. Please go ahead. Mr. Jain, please go ahead. I hope I am audible?

Abhi Jain – AG Capital: Yes, you are. In the previous investor question, you said that the gross block at the end of this year would be Rs. 1,300 crores. I have observed that over the last 3–4 years, our fixed asset turnover has been close to 4x, and gross fixed asset turnover has also been close to 4x. Is it safe to assume that in FY27 we will be approaching approximately Rs. 5,000 crores of revenue? Also, of the additional Rs. 500 crores of capex that you will incur this year, what percentage will be funded through equity dilution and what percentage through debt? That is my first question.

Management: On the revenue guidance side, we have upgraded our guidance from the initial 50% upside to 70% for this year. We will track it further in the coming quarters as demand and revenue grow. Regarding the gross block of Rs. 1,300 crores, it includes our solar cell plant and the Ratlam capacities that will be completed. On the asset turnover side, the solar cell plant we have added is intended more from a margin perspective than from a revenue perspective. This is the point. Could you please repeat the third question that you asked?

Fujiyama Power Sys.

14 August 2026

Abhi Jain – AG Capital: I wanted to understand, of the Rs. 500 crores of capex that you will incur this year, what portion will be funded through equity dilution and what portion through debt?

Management: There will be no equity dilution this year. On the debt side, out of this Rs. 500 crores, Rs. 200 crores will be funded through debt.

Abhi Jain – AG Capital: Will the remaining Rs. 300 crores be funded through cash generated from the business?

Management: When we started this year, we had approximately Rs. 100 crores in our books from the IPO. Rs. 100 crores will come from that, and the remaining Rs. 200 crores will come from our own funds.

Abhi Jain – AG Capital: Secondly, I wanted to understand the long-term viability of the business when the subsidy and the PM Surya Ghar Yojana reach critical mass. Looking at FY28 and FY29, how will you sustain growth? Where do you see growth coming from? How do you see the business shaping up, and how will you differentiate yourself from what could become a more commoditized business? I wanted to understand how the business could look 3–4 years from now and where growth will come from.

Management: We started our solar business in 2008...

Management: ...At that time, the subsidy was not in our minds. We were trying to fulfill the demand that existed, but the products were not available. We developed the products and provided the market with the solution it needed in terms of off-grid solar. We built a network across the villages, rural areas, and semi-urban areas of India. We have been working on solar systems for a very long time.

In this process, we developed many products according to market needs and developed the network where it matters most. We also developed the service network, the sales network, and the people we need. Solar is therefore in our roots.

When the subsidy came, it gave us a very strong push because the work we had been doing began producing good results. If the subsidy goes away, which we do not expect to happen very soon because there are 35 crore houses in India and the government's PM Surya Ghar Yojana target was only 1 crore houses, of which 50% has been covered so far, PM Surya Ghar Yojana 2.0 will also be introduced. Therefore, we do not expect the subsidy to go away very soon.

Even if it does go away, we have very strong roots in solar, and we expect that the people who entered the market because of the solar subsidy will gradually leave, while we will sustain ourselves and should gain better market share.

The major point to consider is that if India wants to become a developed country by 2047, the requirement for power will increase considerably. Distributed solar is twice as efficient, because when power is supplied to the DISCOM by Gujarat and Rajasthan at Rs. 3 and sold by the DISCOM at Rs. 6, the DISCOMs say that they are operating at a loss. Distributed solar, or rooftop solar, is twice as efficient in this respect because the power is generated and consumed at the same location, so distribution losses are zero.

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Fujiyama Power Sys.

14 August 2026

The return on investment is very good. Looking at the trend we see today, 5–10 years ago, when a new house was being built, people would say, “Send an electrician once because I want the inverter wiring to be done properly so that I can install an inverter in the future.” Today, when a new house is being built, people say, “Send someone to my house once and inspect the roof because I want to install solar. What arrangements do I need to make for that?”

There was a lack of awareness, and the subsidy has addressed that lack of awareness. It is not that the customer has received the entire benefit of the subsidy in monetary terms. The primary benefit is that awareness has increased considerably. With this increase in awareness, the economics of solar have become very attractive.

Even if the subsidy ends in the future, margins may decline, but the investment can still be recovered in 3–4 years. The economics are so attractive that no one will be able to ignore this opportunity in the future. Therefore, the momentum will continue.

Providing services up to villages and offering cost-effective services has created a network, and the market share will come automatically through that network. There is no need to do anything particularly different. We need to keep customers happy by providing service. If we do that, we will gain market share. In this business, efforts need to be focused on service rather than on sales.

Sagar Shah – Spark Capital: That was helpful. Could you also tell us a little about the BIS non-compliance and the issues that occurred? Do you think it is a one-time matter, or could it affect your rating or create an issue going forward? Could you explain how significant a risk it could become?

Management: Certainly. We have approximately 500 SKUs. To understand this roughly, let us assume that 250 of them fall under the BIS category and 250 do not. When the team visited us, they identified 15 out of 500 SKUs that, according to their interpretation, fell under the BIS category, whereas according to our interpretation they did not. We explained the same in our reply.

Even after that, we obtained BIS certification for those products as well. The process for obtaining BIS certification is that our products are tested by an NABL-accredited certified laboratory, and the test results are submitted to BIS. BIS then provides the certification. That is the entire process, and we have completed it.

If we have inventory of Rs. 500 crores in our books, the value of the items they identified was Rs. 2 crores. Therefore, those items represent less than 1% of our overall product mix. They checked everything and identified 15 products based on their interpretation. This occurred because we have a large number of SKUs. That is the complete explanation of the matter.

Sagar Shah – Spark Capital: That was helpful. Thank you, and all the best. I am sure you will exceed your numbers. Congratulations once again.

Management: Thank you.

Operator: Thank you. The next question comes from the line of Abhi Sehgal with Singularity AMC. Please go ahead.

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Abhi Sehgal – Singularity AMC: Thank you for the opportunity. I wanted to clarify something discussed in the previous questions. You said that Rs. 26–30 per watt, including the panel, inverter, and battery, was the BOM. Is that correct?

Management: Mr. Prashant explained that this is the distributor price at which the BOM, or bill of material, is billed from our company. As an average, we can assume Rs. 15 per watt for the panel, Rs. 5 per watt for the inverter, and Rs. 5 per watt for the battery. This brings it to approximately Rs. 25–30 per watt.

However, this varies considerably depending on whether it is DCR or non-DCR, whether the battery is lithium-ion or lead-acid, whether the system is on-grid, off-grid, or hybrid, whether it is a high-end or low-end system, and whether it is a product with fewer features or more features. Therefore, it varies significantly depending on various factors.

The figure Mr. Prashant explained was the average revenue mix after the entire portfolio is summarized, based on what is billed from our company. GST is also added to this amount for the distributor. To clarify, this is the amount billed from our company to the distributor.

Abhi Sehgal – Singularity AMC: Correct. Thank you. I have one more query, and please pardon my lack of understanding of your business. I want to understand what your differentiators are compared with a large solar module player that is now launching inverters and its own kits.

Management: Our differentiator is that we are a solutions-providing company. Other companies may be suppliers, whereas we provide solutions. For example, if you go to the EPC or distributor of any large company and ask how much a 3 kVA system will cost, they may say Rs. 1,60,000 or Rs. 1,70,000.

If you go to our distributor or shop and ask how much a 3 kVA system costs, the first question they will ask you is the amount of your electricity bill. If you say Rs. 2,000, they will tell you that you should install a 2 kVA system rather than a 3 kVA system. If you say Rs. 5,000, they will tell you that you should install a 5 kVA system.

They will then ask how long your power cuts are. If your power cut is less than 2 hours, the system will be different; if it is more than 2 hours, the system will be different. They will ask 4–5 questions, such as how large your roof is, whether you own the roof, and so on. This is one differentiator.

The second differentiator is service. When someone goes to a distributor and says that they want to buy the system of a large company, the distributor may say that they can buy that company's system, but the distributor will not be responsible for the service. The customer would then have to contact that same company for service.

If the customer buys a Fujiyama system, we are responsible for the service, and the company also has a toll-free number. The customer can approach either of us. This is another differentiator. In this business, efforts need to be focused on service rather than on sales.

Abhi Sehgal – Singularity AMC: Understood. Thank you. That was very helpful.

Fujiyama Power Sys.

14 August 2026

Operator: Thank you. The next question comes from the line of Udit Segel with Pinpoint X Capital. Please go ahead.

Udit Segel – Pinpoint X Capital: Good evening, and congratulations on continuing the growth path. In the Tata Power call, their CEO indicated that their rooftop solar business is currently around Rs. 4,000 crores and that they see potential of up to approximately Rs. 30,000 crores by 2030. Is there that much potential and growth runway ahead in this sector?

Management: We also believe that there is that much potential, but we do not speak about it as openly because we do not want it to appear that we are making exaggerated statements. We also believe that the potential is that significant.

Udit Segel – Pinpoint X Capital: You believe there is that much scope in the coming years?

Management: There is certainly considerable scope. If you understand the economics, there is no reason for people not to install these systems. The government had a target of 1 crore houses, of which 50 lakh have been covered, while there are 35 crore houses in India. Therefore, the potential is clearly present.

Udit Segel – Pinpoint X Capital: Secondly, on the solar cell front, how are we placed? We were supposed to set up a second line, which I believe was the TOPCon line. When do we expect that to be installed?

Management: We have kept the target for Q1. We can say that it will be ready in the coming year, after approximately 8–9 months. At present, 7.5 months remain.

Udit Segel – Pinpoint X Capital: Thank you. We look forward to the same growth path over the next 2–3 years.

Management: Thank you.

Operator: Thank you. The next question comes from the line of Sagar Shah with Spark Capital. Please go ahead.

Sagar Shah – Spark Capital: Thank you once again for the opportunity. My question relates to your incremental investment in a couple of companies, specifically Zayo Cables and Zayo Energy. We have increased our stake from 19% to 50%. These companies are entirely focused on backward integration in areas where Fujiyama currently does not operate. What are your growth plans for these companies? You have already highlighted that there is approximately Rs. 100 crores of capex for Zayo Energy. What is the growth outlook and the overall plan for integrating these 2 companies into our business model in FY27 and FY28?

Management: Production will begin next year. At present, the companies have acquired the land, and construction of the buildings will begin in the next 2–3 months. Meanwhile, they will order the machines. They have set a target of starting production within 1 year.

In the next financial year, we should not expect too much initially, but we can expect a top line of approximately Rs. 400–500 crores. Regarding margins, guidance can be provided next year once

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Fujiyama Power Sys.

14 August 2026

the company becomes operational.

Sagar Shah – Spark Capital: Will these products be sold along with Fujiyama products, or will they be sold separately in the market under a different brand name?

Management: Zayo will supply them as an OEM. It will supply to Fujiyama as well as to other solar panel companies.

Sagar Shah – Spark Capital: Understood. Thank you very much.

Management: Thank you.

Operator: Thank you. The next question comes from the line of Amit Kumar with Determined Investments. Please go ahead.

Amit Kumar – Determined Investments: Thank you for the opportunity, and congratulations on the exceptional growth momentum. My first question is about the lead-acid battery plant where the fire occurred. Q2 and Q3 are seasonally weak quarters, with demand generally lower, while Q4 is typically the strongest quarter. By Q4, should we expect the factory to be back online? When do you expect it to restart?

Management: It will take time to restart because we can take further action only after the insurance activities are completed. Meanwhile, discussions are underway regarding another operating plant. I think the matter will be finalized within the next month. We would take the operating company on rent so that it can be used immediately...

Amit Kumar – Determined Investments: Would it be a job-work contract, or would you acquire the plant itself?

Management: No, we will take it on rent. The lead-acid battery business is somewhat in decline, so we...

Management: ...would prefer to take it on rent.

Amit Kumar – Determined Investments: You will essentially lease it on an exclusive basis?

Management: There are several acquisition possibilities in the market, but we do not want to invest too much money in this area because...

Amit Kumar – Determined Investments: I understand that this factory would be under an exclusive lease. It would operate exclusively for you?

Management: Yes, we will operate the entire factory ourselves after taking it on rent.

Amit Kumar – Determined Investments: Understood. That is helpful. I have a follow-up on a point raised by a previous participant. Is it possible to share a breakup between off-grid, on-grid, and hybrid systems? The reason we are asking is that, until last year, off-grid would have been the major part of your business. Now that you have started manufacturing DCR cells, you can be more aggressive in the on-grid and hybrid markets.

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Fujiyama Power Sys.

14 August 2026

We are trying to understand whether the 100% growth you are delivering is entirely coming from your entry into and expansion in on-grid and hybrid systems, or whether your off-grid system business is also continuing to grow. If possible, could you clarify this for the current quarter as well? Sales have increased from approximately Rs. 600 crores to more than Rs. 1,300 crores. Last year, I presume that the Rs. 600 crores was entirely driven by the off-grid business. Is the off-grid business also seeing broad-based growth? What is the growth trajectory? A breakup between on-grid, off-grid, and hybrid for this quarter would be very helpful.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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