November 14, 2026

The Manager Listing Department **National Stock Exchange of India Limited** Exchange Plaza, C-1, Block G Bandra Kurla Complex Bandra (E), Mumbai 400 051 Maharashtra, India Scrip Symbol : UTLSOLAR	The Manager Listing Department **BSE Limited** Phiroze Jeejeebhoy Towers Dalal Street, Fort Mumbai 400 001 Maharashtra, India Scrip Code: 544613

Subject: Intimation of transcript of Earnings Call for Q2 FY 2026-27

Dear Madam/ Sir,

Pursuant to Regulation 30 read with Part A of Schedule III of the of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the transcript of the conference call held on Tuesday November 10, 2026 at 12:00 P.M. (IST) to discuss the financial performance of the Company for the quarter and half year ended September 30, 2026 (Q2 FY 2026-27).

The Transcript will also be available on the website of the Company at https://www.utlsolarfujiyama.com/investor-relations/financials/

Kindly take the information on record.

Thanking you,

Sincerely,

For Fujiyama Power Systems Limited
(Formerly Fujiyama Power Systems Private Limited)

MAYURI GUPTA Digitally signed by MAYURI GUPTA Date: 2026.11.14 16:07:35 +05'30'

Mayuri Gupta
Company Secretary and Compliance Officer
M No.: A75210

“Fujiyama Power Systems Limited

Q2 and H1 FY27 Earning Conference Call”

November 10, 2026

MANAGEMENT: **MR. PAWAN KUMAR GARG – CHAIRMAN AND JOINT MANAGING DIRECTOR**
MR. YOGESH DUA – CHIEF EXECUTIVE OFFICER AND JOINT MANAGING DIRECTOR
MR. PRASHANT GUPTA – CHIEF FINANCIAL OFFICER

MODERATOR: **MR. YASH – MOTILAL OSWAL FINANCIAL SERVICES LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the Fujiyama Power Systems Q2 FY27 Earning Conference Call hosted by Motilal Oswal Financial Services Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes.

Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Yash from Motilal Oswal Financial Services Limited. Thank you, and over to you, sir.

Yash: Thank you. On the call today, we have the management team being represented by Mr. Pawan Kumar Garg, Chairman and Joint Managing Director, Mr. Yogesh Dua, CEO and Joint Managing Director, and Mr. Prashant Gupta, CFO. We will begin the call with key thoughts from the management team. Thereafter, we will open the floor for a Q&A session.

I would now like to request the management to share their perspective on the performance of the company. Thank you, and over to you, sir.

Pawan Kumar Garg: Good afternoon, everyone, and thank you for joining Fujiyama's earnings call for second quarter and first half of FY2027. With me today, Mr. Yogesh Dua, our CEO and Joint Managing Director, and Mr. Prashant Gupta, our Chief Financial Officer.

I would like to use my time a little differently today. The numbers are in the presentation, and Prashant will take you through them.

I want to talk about what kind of company Fujiyama is and why we believe this business keeps compounding. I also want to answer two FAQ, the dip in margin this quarter and increase in inventory. Let us discuss half year in short. In the first six months of FY27, Fujiyama did INR 2,652 crores of revenue. That is practically similar to the INR 2,655 crores we did in the whole of FY26.

EBITDA for the half year was INR 478 crores, up 129%, and normalized profit after tax was – INR 298 crores up 128%. In Q2, revenue grew 130% to INR 1,307 crores and EBITDA grew 116% to INR 223 crores. We can say doubled the business in a year during this period. We have done that while putting money into plant, people and reaching for next targets.

Let us discuss who we are. Sometimes we are grouped with solar module manufacturers. We are not pure solar module company. Fujiyama is consumer company in household energy. More than 85% of our revenue comes from retail household and small businesses who buy from a dealer in their own town.

Fujiyama is a listed company in India that is built exclusively around the rooftop solar solutions for retail customers and that also makes every core part of the system itself: solar cell, solar panel, inverter and batteries. We do this across all three system types: on-grid, off-grid and hybrid. Our range has a wide range of SKUs in different ranges from a 40-watt panel to 120 kVA online UPS.

Why does this matter? A household does not buy a panel, it buys an outcome, a lower electricity bill, power when the grid fails, or both. Each customer has a different requirement. For example, a family in Eastern Uttar Pradesh needs backup above everything else. A family in Gujarat wants to export power to the grid. A shop in Madhya Pradesh wants both.

A company that makes all these types of systems can sell each of them the right solution through the same dealer with one brand, one warranty, and one service promise. That is our one-stop shop advantage, and it is very hard to copy. The business was built brick by brick. Our roots go back to 1996 when we started with inverter and UPS. We were selling off-grid solar in small towns of India long before the current subsidy existed.

In the last five years alone, we have sold more than 1.4 million inverters, including about 4.5 lakhs in FY26. Every one of those homes is a relationship for life: it will need batteries, panels, upgrades and services. Let us discuss five strategic moats that are hard to replace.

First moat, distribution and deep retail reach. We have more than 10,200 channel partners, distributors, dealers and exclusive UTL shoppes across more than 25 states, union territories. More of these relationships go back 15 years to 25 years. We are now going deeper into new states. On the map, on Page 18 in our presentation, we are covered in 13 states, growing in 5 and running special focus programs in 4. 14 more states and UTs are still largely in front of us.

In this half year, we added more than 100 distributors and more than 1,000 dealers. Odisha and Uttarakhand moved into the fully covered category. This expanding network provides unparalleled customer proximity in Tier 2 and Tier 3 markets, supporting rapid product delivery, installation and after-sales service. Our vision is to expand the number of channel partners in a similar way.

Second moat, service on the roof and R&D feedback loop. The hardest part of this industry is not making panels. India today has far more module capacity. The hard part is mounting the systems on millions of roofs and keeping them working for 25 years. Fujiyama now has more than 1,000 on-roll service engineers, up from about 650 in March this year. They are our own employees, not outsourced, and they support dealers in person for on-sales and installation. Every complaint they log goes back to our 80 plus R&D engineers. That feedback loop is how we developed products such as our patented rMPPT hybrid inverter technology, as well as combo UPS systems and solar PCUs.

Third moat, technology that scales service, UTL AI. Serving millions of households across thousands of small towns is a data problem as much as a field problem.

Our board member, Mr. Sunil Kumar, an IIT Delhi alumni with more than 24 years in software development, including at Google, has guided our in-house team in building UTL AI. It is one platform that runs our sales, service and dealer network through WhatsApp and voice chatbots operating 24/7 in local languages. An intelligent service bot registers and resolves complaints around the clock. The platform also predicts which spare part each region will need, guides our service engineers to visit our dealers along with their routes, and uses data to pick up the next

district and dealers to add. All of it is built in-house. In simple terms, it lets us grow sales and service quality without additional cost growing at the same pace.

Fourth moat, backward integration, regulatory compliance, and data sovereignty. Today, we have manufacturing capacity of 1 GW of solar cell, 3.5 GW of solar panel, 4 GW of power electronics, 545 MW hour of lithium-ion batteries. Inside our inverters, we make sheet metal cabinet, heat sink, wiring harnesses, transformers, and coils. We do our own PCB assembly, meaning EMS is in-house. Inside our lithium-ion battery, we make our own BMS cards, communication boards and busbars.

In the first quarter, we raised our stake in Zayo Energy and Zayo Cables to 50%. In the next financial year, these companies have a plan to make frame, ribbon, junction boxes, cables, and EVA sheets for solar modules. This extensive backward integration insulates us from import price volatility, protects gross margin and builds special cost moat. Furthermore, regulation is moving heavily in our favor.

Since August 2026, MNRE has required inverter suppliers under PM Surya Ghar to keep their apps, servers and data strictly in India, alongside mandatory M2M SIM dataloggers. The Central Electricity Authority's new cybersecurity regulations, (July 2026) push the whole sector to the same way. We have confirmed our full compliance to MNRE.

Our dongles, data loggers, and monitoring system are made in India, and our data sits in Indian servers. As new regulations strict unveil foreign hardware and cloud platform, our compliant domestic platform become a key competitive moat.

Fifth moat, brand equity and dual brand strategy. We deploy a powerful dual brand strategy. Surya Kumar Yadav represents Fujiyama Solar, and Anil Kapoor represents UTL Solar. UTL carries close to three decades of trust in Tier 2 and Tier 3 cities in India. Our panels carry 25 years performance warranty, and our on-grid inverters carry up to 10 years product warranty. In a category where customer is buying promise that lasts decade, brand equity and warranty trust are core drivers of pricing power.

Let us discuss capacity. What is coming next and why it adds to margin? In August, we commissioned 2 GW of power electronics facility at Ratlam. Ratlam now runs both solar panels, which started in May, and power electronics. Three more additions are coming. Lithium-ion battery at Ratlam. We have upsized our facility from 2 GWh to 3 GWh and expect it to come online in coming quarter.

That will take our lithium-ion capacity to 3.5 GWh. Tubular batteries at Hathras, Uttar Pradesh. A new 1 GW plant that replaces Bawal capacity lost in May fire is expected to be commissioned in coming quarter. TOPCon solar cell at Ratlam, 1.2 GW is on track for Q1 FY28. It will take our cell capacity to 2.2 GW.

We are pushing hard for an earlier launch. Adding TOPCon cells with existing PERC cell manufacturing will significantly enhance our efficiency and competitiveness to DCR market. The important point is each of these plants replaces something we buy from outside today or tomorrow.

Since the Bawal fire, we have been buying tubular batteries from outside suppliers, and we buy every cell for every panel beyond our 1 GW capacity. Our lithium-ion requirement also exceeding our current in-house capacity. The demand for these products already exist in our own sales, so this new capacity adds to margin from its first unit.

It does not have to find new customers. It replaces external purchases. Beyond this, we are evaluating ingot wafers ahead of ALMM List-III, which starts in June 2028, as well as sodium-ion or any other advanced chemistry battery. We are also gaining experience in battery energy storage through 5 MW pilot at Dadri and planned 10 MW installation at Ratlam.

Concerns, margin, and inventory. Let me take the two FAQ post our results and answer them directly. On margin, our EBITDA margin was 17.1% in Q2 against 18.9% in Q1. Though our gross margin is similar in both the quarters. Quarter-on-Quarter decline is mainly from seasonal softness, which is normal in rooftop solar industry, as absorption of operating fixed cost continued in quarter.

Additionally, overhead rose because we staffed and ran the Ratlam facility before its full volume arrived. That is the cost of building ahead of demand. These overheads are largely fixed, so as Ratlam fills up, they get spread over much larger revenue base. Selling and distribution overheads also increased.

Two more items are temporary. The first is Bawal fire. Until Hathras starts, we buy tubular batteries from outside, which means lower margin. The second is deliberate front-loaded expansion in our sales, marketing and service footprint across new states, reflecting the company's investment in brand visibility, including targeted campaigns, especially tier-2 and tier-3 cities and rural market.

Because of war situation, inflation was on a higher side, which is normalizing now. On half-year basis, our EBITDA margin was similar to last year. On inventory side, inventory rose to INR 1,230 crores in September from INR 910 crores in March. But the business has doubled in the same period.

As mentioned on Page Number 6 of our presentation, when measured against COGS, inventory days actually fell from 123 days to 99 days. If we will see in respect to sales, it will be less number of days. Overall net working capital days fell from 83 to 59. Receivable days are just 10.

We are not pushing the stock into channel on credit. We keep the stock ready in our warehouse and dispatch fast to our channel partner. The buildup normal and sometimes deliberate as explained below. Normally inventory days range as one-and-a-half-month raw material, 15 days as semi-finished goods, and one month as finished goods.

The second point, the domestic cell switch on 1st January 2027. From the date, every net metered rooftop system in India, subsidized or not, must use panel made with domestic cell listed under ALMM List-II. Cells are very important. As on June 2026, Country has about 35 + GW of cell capacity against 200 GW of module capacity.

We own our cells and we are positioning DCR panels and complete systems ahead of that switch. New products from Ratlam. When we add new product lines, raw material adds for initial time, which takes some time to be normalized.

Let us discuss PM Surya Ghar and demand beyond subsidy. PM Surya Ghar Muft Bijli Yojana has been remarkable program according to national portal. It has covered more than 60 lakh households, installed more than 19 GW, and released over INR 36,000 crores of subsidy as on October 31, 2026. About 5 lakh households remain to be covered in this current phase, which runs until March 2027.

The next phase, PM Surya Ghar 2.0, is under government's consideration. Reported proposals include support of battery storage, incentive linked actual generation, and shared rooftop solar. If storage support comes, it plays directly to a company that makes the panel, the hybrid inverter, and battery under one roof. Let me be very clear, our business does not depend totally on subsidy.

We build our off-grid business over decades without one, and economics now stands on their own. Electricity bill keep rising. Several states, including Madhya Pradesh, Jharkhand, Chhattisgarh, have raised the tariff for FY2027. Household consumption keeps growing with air conditioners and appliances. In many Tier 2, Tier 3 towns, supply is still unreliable, so backup is necessary, not a luxury.

On-grid solar cannot keep lights on during the power cut. A solar system with a battery can do this. Government data shows that more than 20 lakh households under PM Surya Ghar now report zero electricity bill. That kind of word of mouth sells the next system with or without subsidy. The runway is very long. India rooftop solar capacity has grown from about 12 GW in March 2024 to about 26 GW in March 2026. Against an estimated rooftop potential of 67 GW, that is less than 5% penetration.

Worldwide data show that there is huge potential in India for rooftop solar, as distributed solar is double the efficiency than ground mount solar and distribution losses.

Let us discuss on solar overcapacity. About overcapacity in India solar, it seems real, but it is in modules that hurts companies that sell modules as a commodity to project developers. Our panels go into our own captive system and are sold through our own channel. So the module price is not what drives our economics. The complete system and service behind it are.

Within the solar chain, the important part is cell, and we own them. Also important is trusted brand with distributor in every district and an engineer who reaches to the roof. We have spent close to three decades in building it. When an industry consolidates, market share moves to the companies with brand reach and service. We intend to be one of them.

Outlook. Supported by our expanding distribution, newly committed capacities at Ratlam and upcoming battery plants, we remain fully confident of achieving our robust growth targets while maintaining our margin discipline. Thank you. I will now hand over to Prashant for financials, after which we will be happy to take your questions. Thank you.

Prashant Gupta: Thank you, Pawan ji, and good afternoon, everyone. I will cover the quarter and the half year, then explain the margin and working capital movement, and close with the balance sheet. All figures are standalone and in rupees, rounded off to the nearest crores. When compared to Q2 FY26, the company has delivered strong growth in Q2 FY27. Revenue from operations was INR 1,307 crores, up by 130%, and EBITDA was INR 223 crores, up by 116%.

Hence, revenue and EBITDA both are more than double compared to Q2 FY26. This was driven by significantly higher sales volume, supported by our pan-India network of on-role service engineers and a conscious strategy of passing on cost benefits to the customers through competitive pricing to expand market share.

The Q2 FY27 results also absorbed overheads at the Ratlam facility, incurred ahead of the production ramp-up of our recently commissioned panel and inverter division, which contributed to the moderation in EBITDA margin to 17.1% from 18.1% of Q2 FY26. Profit after tax was also doubled to INR 133 crores, up by 111% at a margin of 10.2% compared to 11.1% in the corresponding period last year. The movement in PAT margin was largely in line with the moderation in EBITDA margin.

Moving on to the half year, revenue for the half year was INR 2,652 crores, up by 127%. EBITDA was INR 478 crores, up by 128%, and the EBITDA margin was 18% compared with 17.9% in first half of FY26. Reported PAT was INR 191 crores. This includes the exceptional loss of INR 143 crores before tax or INR 107 crores after tax from the Bawal fire, which we recognized in the full in quarter one.

Excluding it, normalized PAT was INR 298 crores, up by 128% at a margin of 11.2%. The insurance claim has been filed for the full carrying value of the damaged assets. Salvage disposal has already done. We expect resolution and realization of the insurance claim in this financial year, which will provide additional working capital cash inflow.

Moving on to the working capital. Net working capital days improved to 59 days in H1 FY27 from 83 days in FY26 on an annualized basis. Receivable days come down to 10 from 15 and inventory days to 99 from 123, while payable days were 50 against 55. In absolute terms, inventory rose by about INR 320 crores to INR 1,230 crores.

As Pawan ji explained, that is positioning for the second half and for the domestic cell transition. In the first half, operating cash flows before working capital changes was about INR 490 crores, which shows the earnings are converting to cash. We invested about INR 661 crores in working capital to support a business that has been doubled in size and spent about INR 184 crores on investing activities.

Moving on to the balance sheet. As of September 30, 2026, total assets increased to INR 2,907 crores from INR 2,344 crores as of March 2026. Total equity increased to INR 1,466 crores from INR 1,273 crores. Total debt was INR 851 crores, while cash and cash equivalent stood at INR 52 crores, resulting in net debt of INR 800 crores, with net debt-to-equity ratio of 0.55 x.

The increase in the net debt is to finance working capital and capital expenditure in Ratlam. With respect to return ratios, we want to clarify that in slide 23 of our earning presentation, ratios are

half-year non-annualized figures. Current half-year bars are shorter than last year. On an annualized basis, our return ratios will be better when they will be presented annually.

Going forward, our focus will remain on operational discipline, optimizing working capital, ramping up Ratlam, and sustaining robust profitable growth. Thank you, everyone. We are now open for your questions.

Moderator: Thank you, sir. We have the first question from the line of Prithvi Raj from Unifi Capital. Please go ahead.

Prithvi Raj: Yes. Hi. Thanks for the detailed introduction. I just have a couple of questions. One, you had a very strong H1 revenue growth of almost 125%. So how should we look at the second half, given that only 66 lakh households have benefited versus the 1 crores target? Should we expect a similar 100% revenue growth in the second half, or should we see the second half to be lower or higher?

Pawan Kumar Garg: This question is very difficult basically, because we have given some guidance and we want to revise the guidance after the Q3 results. Basically, I want to skip this question, sir. Sorry, the first question I am skipping because this will meant something guidance again, basically.

Prashant Gupta: So just to add to what Pawan sir is saying, there are a lot of variable factors prevailing in the market. Since ALMM List-II is also at the door, with this ALMM List-II, the market might further shift to DCR cells, and since shortages are still continuing on the DCR cell side. PM Surya Ghar 2.0 is also under discussion, and it is very important to see how government and by when the government will give clarity on that thing.

So that is why Pawan sir wants to wait for another quarter, and we will cover the guidance for Q4 once we declare the results for Q3, because we believe in the coming quarter some clarity will further come on PM Surya Ghar 2.0 and any deferment if still there on the chart on the MNRE list regarding the implementation of ALMM List-II.

Prithvi Raj: Okay. So let me put it another way. Your revenue guidance for the full year has been, I think, 70%. In H1 alone, you have done a very high number. So would the full year revenue growth be higher than the guidance? Or how shall we look at it?

Pawan Kumar Garg: We will review it, sir, during the Q3 results, basically. We have taken the stand basically, that we will not revise the guidance this time, sir.

Prithvi Raj: Okay. Fine. And then, moving on to your margins, given the backward integration that you have been doing across various categories, how should we look at margins? Will it be around 18% to 20%, or will it be 15% to 17%? How should we look at overall EBITDA margins?

Pawan Kumar Garg: It will be sustainable as per our last guidance, basically.

Prithvi Raj: Oh, which is 18% to 19%. Got it. Finally, on this news that the Chinese government is looking to ban technology transfer with respect to solar, how are we positioned with the new cells plant? Will there be any issue with respect to execution there?

Pawan Kumar Garg: Machines are already received, and we don't see any challenge, basically.

Prithvi Raj: Okay. Thank you, sir. That's from my side.

Moderator: Thank you. We have the next question from the line of Himanshu Bisani from PinPoint X Capital. Please go ahead.

Himanshu Bisani: Hi, sir. Thanks for the opportunity, and congratulations on a great set of performance. Sir, our peers, solar cell manufacturers, report margins north of 30% on EBITDA, and our margin is close to 17% to 19%. And is it just because other components of the kit, your batteries and inverters are lower margin businesses, or is it because we are still yet to completely integrate our captive consumption?

Just want to understand how we should think about EBITDA margins as cell integration ramps up, and also considering the fact that as supply has increased, cell prices have gone down. So how should we think about it?

Prashant Gupta: So, definitely, we will try to maintain the margins that we are currently having now. First, answering the first question that you asked: 30% margins generally are not there uniformly across all solar panel manufacturers. The biggest differentiator between us and the rest of the players is that the sudden rise in margins for players who have competitive advantages in the form of DCR solar cells might be temporary, and it has been seen in this quarter as well that for other B2B players, there is a slight dip in margins.

Whereas in our case, we are strongly positioned because, first, we are in the B2C space, where margin increases will not be sudden and high. So that's why in B2C, it is comparatively easier to sustain margins than for a pure B2B player, which is more dependent on government policy or sudden spikes in demand.

So we have built this model over the last 30 years so that revenue growth is sustainable and margin growth is also sustainable. And coming to the margin profile mix, definitely in our kitty, we have more than just pure solar panels. In solar panels, there are DCR and non-DCR. In batteries, we have lithium and tubular.

In inverters, we have all three kinds of inverters, be it off-grid, on-grid, and hybrid. So, your second point is correct that we have a margin profile of a consumer-based product, and that's why we are able to give consistent margins compared to the last half year that we have given in this year of 18%.

Himanshu Bisani: So, sir, when you say that it is a B2C and more sustainable margin front, as integration from the new TOPCon facility ramps up, naturally our margins should increase, right? Is that the understanding?

Prashant Gupta: See, why we don't want to be aggressive on that side: as I said, some part of our business is also linked to government policies in the form of the implementation of ALMM List-II. So right now, the condition is that DCR cell shortages are still there because the current run rate of DCR solar

cell production is only 2 GW if you compare to the last month. 2.2 GW to be precise last month, whereas demand is much higher than that.

So that's why if ALMM List-II comes up from January 1, then again, we believe that DCR solar cell prices might go up further. Having said that, if it is deferred, then definitely a different story can come up because of the current shortages of DCR solar cells. Apart from that, as I mentioned in the previous answer, PM Surya Ghar 2.0 is still yet to be clarified from the government front.

So that is why raw material prices are also included, and geopolitical factors are there, leading to increases in fuel prices. So that is why, we don't though we have the advantage of our current 1 GW Mono PERC cell line and have announced an additional 1.2 GW TOPCon solar cell line, but we want to be on the conservative side. That is why we do not give aggressive guidance, because variability is very high in terms of raw material pricing, government policies, and shifts in market demand.

Himanshu Bisani: Understood, sir. Sir, continuing on government policy, Surya Ghar 2.0 with something of the BESS was mentioned in the previous concall. I know you said, there is yet clarity to come from the government, but what kind of opportunity are we looking at? What is expected? Is it much bigger because of the opportunity size in the market?

Pawan Kumar Garg: Sir, this battery-based system we have been doing for the last 30 years. So it is our business moat, basically. If this policy comes, it directly suits us, because we have been doing this business for a long time, and we think we will get a much better share in the market.

Himanshu Bisani: Okay. Lastly, sir, as there are a lot of solar companies which are seeing that the rooftop market is growing so fast and are planning to enter it, and obviously, larger module manufacturers are coming up with their own inverters and kits, what kind of competitive intensity do you see in the industry? And how are we placed to benefit from it?

Pawan Kumar Garg: Okay. So in retail, as you can see, when it comes to expenses, when people go into retail and they have to develop the entire retail channel, appoint service engineers, and hire salespeople, only after doing that for 1 quarter or 2 quarters, we can actually find out how much they will sustain this. And what their decision will be in this.

If they calculate the profit and loss of that business separately, then what decision will come after that? So only after that can we say how long someone will stay in it. Because even when we used to do inverters, many companies came in, like Videocon came, Philips came, and many such companies came that tried to work in this retail space, but they did not sustain for very long.

Himanshu Bisani: Got it, sir. Thank you so much and all the best.

Moderator: Thank you. We have the next question from the line of Shwetha from ithoughtPMS. Please go ahead.

Shwetha: Hi, sir. Good afternoon. My first question is basically, out of the DCR panels that we sold in H1, how many of those used our own cells versus bought-in cells?

Prashant Gupta: So, for mono, we have in-house capacity, but there is a good demand for TopCon as well. Just to give you a rough estimate, you can say around 70%-80% is in-house and 20% to 30% of the DCR we sold is from outside.

Shwetha: Got it, sir. My next question is, roughly what percentage of our H1 revenue came from the PM subsidy customers?

Prashant Gupta: Right now, more than 50% of our revenue is coming from this on-grid and DCR-based market.

Shwetha: Okay. So 50% is from subsidy customers. Is that the rough split?

Prashant Gupta: Yes.

Shwetha: Got it, sir. Thank you so much.

Moderator: Thank you. We have the next question from the line of Sagar Shah from Spark Capital. Please go ahead.

Sagar Shah: Yes, good afternoon, management. First of all, Happy Diwali and Happy New Year to the entire management of Fujiyama Power Systems. Prashant ji and Pawan ji, my first question is to you, in regarding this oversupply that you referred to that you said in your opening speech, in regards to the oversupply which be in next year, because we have an industry capacity of 210 GW, whereas demand is around 40 to 45 MW on the higher side.

So because of that, how much you can say the correction is going to be in module prices? Because when we take our capacity actually into consideration, we also have something like 3.5 GW of panels and I am talking of FY 2027-2028, and whereas our in-house cell capacity that is also is 2.2 GW together with Ratlam and Dadri. So what will be realization correction according to you? That is my first question, sir.

Pawan Kumar Garg: So, sir, if we look at it, the non-DCR market is still going bad and there is no possibility of getting worse than this. As far as DCR is concerned, if all the DCR is used, then if the ALMM-2 list starts, which so far the indication is that it will start 100% from January, then it will definitely be there. So that much cell is not being made as much as is required. So there will be a shortage of cells.

And as far as capacity is concerned, sir, if we have 3.5 GW in our panel and 2.2 GW, then no one can even make 100%. In the cell, the highest is 85% to 90%. And if we look at the panel, then it is around 70%. So if we look at it that way, then we have our captive consumption. So according to that, we do not have overcapacity now. But it may be that we will have to take something from outside next year

Sagar Shah: Got your point. Sir, the second question was related to other expenses regarding actually, because your gross margins were quite stable. I am talking about quarterly results. H1 was quite stable as compared to H1 last year. But in this quarter, the other expenses, which is INR 112 crores, that is much on the higher side. If you are comparing year on year, then it is double the revenue. So what is the reason for that, sir? Because your margins are broken because of that.

The 17.1% margin that came in this quarter, it came because of that. So what was the reason for that? Can you please specify?

Prashant Gupta: So basically, you will see, in absolute terms, if the revenue has doubled, then definitely the expenses will double. How we see it, we see it as a percentage of revenue. So basically, there are 2-3 broad reasons for that. First is that the fixed overheads for Ratlam, our inverter division was recently capitalized in August, so there are increased overheads. Apart from that, the overheads from selling distribution have increased and that's a conscious call.

Because we want to target Tier 2 and Tier 3 cities, so we have run some one-off campaigns for advertisement. If you take feedback from the market, you will see that our brand visibility has increased a lot, even in Tier 2, Tier 3 cities and the villages. So this is an investment for us to increase our brand visibility for the coming quarters. And similarly, the freight has increased a bit because of this geopolitical crisis, petrol and diesel rate has increased a bit if you compare it with the last year in Q1 itself. So these are the 2-3 reasons.

Pawan Kumar Garg: And sir, the guidance for next year, we are preparing for that as well. You will see that we have increased the number of service engineers. And for the rest of the infrastructure, we are preparing for the future. So that is an investment for the future.

Sagar Shah: Okay, got your point, sir. So the third question is about expansion. So follow up on that existing question. The expansion that we are investing in is in the south because we are aggressively planning for the south for next year. So what is the status of your expansion in the south? You have established shoppes there, you have established dealers. How has the expansion been in the south and your experience as a market?

Yogesh Dua: In the south, sir, out of the 5 states, Kerala is already good in solar and it is doing well. And we have already done a lot better in Tamil Nadu. So the two states are good. In Andhra and Telangana, we are trying to increase the welcome and we hope that it will be better in the next quarter. So these efforts are going on and we are giving results as well.

Sagar Shah: So how much revenue has come from the south out of the INR 1,307 crores that we have blocked in this quarter?

Pawan Kumar Garg: In this, sir, your question was about MP. We are also covering Maharashtra from MP. We have also gained a lot in Maharashtra recently. In Gujarat and Maharashtra, we are covering from MP. And we are also covering Chhattisgarh from MP. So our sale volume has increased here as well.

And it has increased in the south as well. Sir, we will have to see the calculation of this. If we tell immediately, we have not taken out a little figure. So, we will take this in the next poll.

Sagar Shah: Okay. No, no, sir, no problem. I will take it offline. My last question was related to cash flow, sir. Our cash flow was negative in this quarter as well in these 6 months. And because the inventory was very high, you also gave reasons. Ratlam's expansion and you are also expanding in Maharashtra.

But because of that, our debt is also increasing a lot, sir. So any plans on how to reduce the debt, increase the cash, rationalize the inventory according to demand a little. Because inventories is our cash is also burning and the debt is also increasing. The balance sheet is also getting a little heavy, so related to that.

And I also had a suggestion that you can give a little break-up from the next quarter. That how much individual revenue is coming from your panels, sales, power electronics. If you can give it in the investor presentation, then the investors will have good clarity. As a company, how is Fujiyama diversifying? It's not just a pure solar producer, but it's an integrated company actually with all solar solutions, actually, not just solar products. That was my suggestion, sir.

Pawan Kumar Garg: Okay. We will add a slide. What issues will come in the bifurcate, basically. We were giving in the beginning, so there were a lot of issues. We will add a slide from the next time. What are the complications of that?

Sagar Shah: Okay. And related to debt, sir?

Prashant Gupta: So, the increase in debt is close to INR 100 crores for the Ratlam expansion, which we are incurring there. Let's say, as you have rightly pointed out, that our inventory is a little bigger, because our revenue has also doubled with it. Accordingly, the inventory has increased. So it's around INR 300 crores.

Sagar Shah: So how will we rationalize this, sir?

Prashant Gupta: Sir, now see, we are definitely working on our inventory. What are the ways we can optimize it? Apart from that, the INR 80 crores inventory of Bawal was almost damaged there. It also has an impact somewhere, which is contributing to this. So as soon as our loss of INR 140 crores was recognized in Q4, if it comes, which we expect will come in this financial year, so it will also help us on the cash front. On the debt side, I think as the market is already aware that we are taking a resolution on the QIP side. So as soon as this is approved by the board, maybe we can also plan for the debt repayment from that.

Sagar Shah: Okay, fine sir. Thank you so much, and all the best. I'll take it offline about the South numbers. And happy Diwali to the entire team.

Pawan Kumar Garg: Thank you, sir. Thank you.

Moderator: Thank you. Ladies and gentlemen, that was the last question. And with that, we conclude the question and answer session. I now hand the conference back to the management for closing comments. Thank you, and over to you, sir.

Pawan Kumar Garg: Thank you. Thank you once again for joining us today and for your continued interest in Fujiyama. We appreciate the confidence you place in our company. If you have any additional questions, please feel free to reach out to us or our Investor Relations Advisors, Churchgate Partners, and we will be glad to assist you. Thank you very much for the time and support. Thank you. Thank you very much.

Moderator: Thank you, members of the management. On behalf of Motilal Oswal Financial Services Limited, we conclude this conference. Thank you everyone for joining us today, and you may now disconnect your lines. Thank you.