UTL SOLAR

February 06, 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 with respect to unaudited Financial Results for the quarter and nine months ended December 31, 2025

Dear Madam/ Sir,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the conference call on Unaudited Financial Results for the Quarter and Nine months ended December 31, 2025 held on Monday, February 02, 2026 at 04:00 p.m. (IST).

The Transcript will also be available on the website of the Company at: https://www.utlsolarfujiyama.com/investor-relations/disclosures-under-30/

Kindly take the information on record.

Thanking you,

Yours Sincerely,

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

MAYURI GUPTA
Digitally signed by MAYURI GUPTA
Date: 2026.02.06 18:37:04 +05'30'

Name: Mayuri Gupta
Designation: Company Secretary and Compliance Officer
Membership No.: A75210

Place: Delhi
Encl: As above

“Fujiyama Power Systems Limited Q3 & 9M FY26 Earnings Conference Call”

February 02, 2026

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

MODERATOR: **MS. SUMANT KUMAR – MOTILAL OSWAL FINANCIAL SERVICES LTD**

Moderator: Ladies and gentlemen, good day and welcome to Fujiyama Power Systems Q3 and 9M FY26 Earnings Conference Call.

As a reminder, all participants' 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 "*", then "0" on your touch-tone phone.

Please note that this conference is being recorded. I now hand the conference over to Sumant Kumar. Thank you and over to you, sir.

Sumant Kumar: Thank you. Good afternoon, everyone. And a very warm welcome to Fujiyama Power Systems Q3 FY26 Post-Results Earnings Call hosted by Motilal Oswal Financial Services Limited.

On the call today – we have 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 Q&A. 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: Thank you, Sumant. Good afternoon, everyone, and thank you for joining us today. It is a pleasure to speak with you once again and to share an update on our operating and financial performance for the quarter and nine months ended 31st December, 2025.

Before discussing the numbers, I would like to thank our customers, channel partners, employees, and shareholders for their continuous trust in Fujiyama. The period under review marks another step forward in our journey as the listed company, with steady execution across operations, manufacturing, and distribution.

In Q3 FY26, we delivered a strong performance with revenue from operations of Rs. 5,885 million, representing a year-on-year growth of 73.8%. This performance reflects the strength of our integrated business model and ability to scale. EBITDA for the quarter more than doubled compared to the same period last year. The margin expanded to 18.7%. On a cumulative basis, revenue of nine months reached Rs. 17,537 million, growing 65.4% year-on-year, while EBITDA increased to Rs. 3,188 million, with margins improving to 18.2%.

A key driver of our growth has been our continued focus on expanding and strengthening our distribution network. During the quarter, we added over 60 distributors, more than 400 dealers, and 20 exclusive Shoppes outlets, taking our total channel partners base to over 8,200. This expansion allowed us to deepen our reach in existing markets while entering new locations. The Shoppes format continued to support customer engagement by offering system guidance, installation support and financing assistance at the local level.

On the operations front, we are excited to announce the successful commissioning of our 1 gigawatt solar cell manufacturing plant at Dadri, Uttar Pradesh. With this facility, Fujiyama has taken a meaningful step towards backward integration with an investment of approximately Rs. 300 crores. With this new capacity, the company now operates a total 1.6 gigawatt of solar panel manufacturing capacity. With 1.2 gigawatt at Dadri, the newly commissioned solar cell capacity will be used entirely for captive consumption, significantly enhancing our supply chain security and reducing our reliance on imported solar cells.

The Ratlam plant manufactures Mono PERC DCR solar cells, which are essential for meeting demands from government subsidy-based rooftop solar projects. This in-house production gives us a clear competitive advantage as we continue to focus on the domestic market. Additionally, the execution of this project also reflects our internal capabilities. The Dadri solar cell plant was completed within a short period of six months, faster than industrial timeline standards, highlighting our execution capability and commitment to timely delivery.

As India's solar adoption continues to accelerate, we see favorable long-term outlook for our business. The government's focus on achieving 300 gigawatt of installed solar capacity by 2030, along with rising awareness of energy saving and increasing grid instability, creates a growing addressable market for our products. Our focus remains on strengthening our manufacturing capabilities, expanding our channel network and further improving our customer experience. As we move forward, our focus will remain on scaling our distribution network, build strong relationships with our partners, and maintaining service quality as volumes grow.

We continue to build Fujiyama as an end-to-end solar solution provider. Our emphasis remains on disciplined execution. With our presence spanning manufacturing distribution and after-sales support, we believe we are well-placed to capture the opportunities presented by India's solar growth.

Before I conclude, I would like to congratulate the entire Fujiyama team for successful commissioning of the Dadri solar facility and for their consistent efforts across functions. I would also like to thank our shareholders for their continued confidence in us. We remain committed to building a business that delivers long-term value while supporting India's transition towards clean and reliable energy.

Thank you. I will hand over to our CFO who will take you through the detailed financials. After that, we will be happy to take your queries. Thank you.

Prashant Gupta: Thank you, Pawan ji. Good afternoon, everyone. I will take you through the financial performance for the quarter and nine months ended December 31, 2025. Let me begin with the quarterly results.

During Q3 FY26, revenue from operations was Rs. 5,885 million compared to Rs. 3,386 million in Quarter 3 last year, reflecting a year-on-year growth of 73.8%. EBITDA for the quarter was

Rs. 1,099 million, more than double compared to last year, with margins extending to 18.7% from 15.5%.

Profit after tax for the quarter was Rs. 673 million, with a PAT margin of 11.4% compared to 8.9% in the corresponding period last year. The improvement in the profitability on a year-on-year basis was largely driven by better gross margins, which improved by 2.1%. This was supported by higher in-house manufacturing across solar panels, inverter, and batteries.

For the past year, solar panel manufacturing capacity increased from 439 megawatt to 1,639 megawatt, power electronics from 1,143 megawatt to 1,743 megawatt, while battery capacity expanded from 1,363 megawatt hours to 1,863 megawatt hours. These additions increased the share of captive manufacturing and reduced reliance on external sourcing. Scale benefits from higher volumes further supported the cost absorption.

Employee benefit expenses and other costs also improved as a percentage of revenue on a net basis. Employee costs declined by 0.3%, while other expenses reduced by 0.2%, reflecting operating discipline.

Let me now discuss the sequential performance:

On a quarter-on-quarter basis, revenue from operations increased by 3.6% compared to Q2 FY26, whereas EBITDA and PAT increased by 6.7% and 7.0%, respectively, compared to previous quarters. The sequential improvement as a percentage of revenue in margins was supported by a 0.9% extension in gross margins, driven by continued backward integration and scale efficiencies.

Employee benefit expenses increased by 0.4% during the quarter, largely due to plant headcount additions ahead of upcoming capacity expansions. This also included a one-time impact arising from changes to wage definition under the new labor codes. Other costs saw marginal net increase of 0.2%.

Moving to 9M performance:

For 9M FY26, revenue from operations was Rs. 17,537 million compared to Rs. 10,603 million in the same period last year, representing a growth of 65.4%. EBITDA for the period was Rs. 3,188 million, up 88.1% year-on-year, with margins expanding to 18.2% from 16.0%. Profit after tax was Rs. 1,978 million, with a PAT margin of 11.3% compared to 9.9% in 9M FY25.

The improvement in nine months profitability as a percentage of revenue was primarily driven by a 1.4% extension in gross margins. Employee costs and other operating expenses remained broadly stable as a percentage of revenue on a net basis, reflecting cost control as the business scale.

That concludes my remarks on the financial performance. We can now open the floor for questions-and-answers. Thank you.

Moderator: Thank you very much. Ladies and gentlemen, we will now begin the question and answer session. The first question is from the line of Ankit Madhwani from Steptrade Capital. Please go ahead.

Ankit Madhwani: First of all, congratulations on a good set of numbers. I just want the progress on the battery line that we are expecting on the commissioning on March 2026. So, shall we expect the revenue contribution in Q1 FY27?

Pawan Kumar Garg: You are asking about the battery line at Ratlam or something else?

Ankit Madhwani: Battery line at Dadri.

Pawan Kumar Garg: Means the solar cell line, right?

Ankit Madhwani: I am asking about the battery line at Dadri, which we are targeting the commissioning by March 2026.

Pawan Kumar Garg: Actually, sir, there is a new line at Ratlam, not Dadri, basically. Just I will check if there is any confusion. Sir, there is no expectations of any battery line at Dadri. Actually, one new line is coming at Ratlam, basically. At Ratlam, three lines are coming. One is solar module line, 2 gigawatt; and lithium-ion pack line, 2 gigawatt; and inverter or power line, 2 gigawatt, basically. Dadri, only solar panel line was expected and solar cell line was expected, both are commissioned already.

Prashant Gupta: You can refer the Slide 8 of our earning presentation, you can get the detailed idea from there.

Ankit Madhwani: Okay. So, should we expect the revenue contributing in Q1 FY27 from Ratlam facility, right?

Pawan Kumar Garg: Yes. Q1 FY27, yes, new Ratlam lines will contribute definitely for revenue contribution.

Ankit Madhwani: Okay. And could you just give me the revenue split for this quarter, how much the battery has contributed and how much the?

Pawan Kumar Garg: Revenue and product split?

Ankit Madhwani: Yes, product split.

Pawan Kumar Garg: Product-wise revenue or something else?

Ankit Madhwani: Product-wise, product-wise.

Prashant Gupta: So, for panel, you want for the quarter, right?

Ankit Madhwani: For this quarter, yes.

Prashant Gupta: So, out of Rs. 5,884 million, around Rs. 2,980 million was for solar panel, Rs. 1,000 million for battery, and around Rs. 1,600 million for electronics, and rest in others category.

Ankit Madhwani: Sir, I was going through the financial statement and I noticed the margin expansion in this quarter. So, could you just clarify the reason behind it? And should we expect the same expansion going forward or 19% is sustainable?

Prashant Gupta: The margin expansion is mainly due to our scaling benefit that we have received. So, when you compare with the quarter, are you referring here quarter-to-quarter?

Ankit Madhwani: Quarter-to-quarter, yes.

Prashant Gupta: Yes. So, when we talk on the sequential basis of quarter two versus the quarter three, so we have around 0.9% as a percentage of revenue our margin increase due to our scaling benefits. As you know that in the past one year we have increased our in-house manufacturing of solar battery and panel, both, that we just narrated in our opening remarks. So, that's the main contributor of increase in the overall margin from 11.08% to 11.44%. That's the main reason.

Ankit Madhwani: Okay. Done. Thank you.

Prashant Gupta: Thank you. Thank you for your question.

Moderator: Thank you. The next question is from the line of Himanshu Bisani from PinpointX Capital. Please go ahead.

Himanshu Bisani: Hi, sir. Thanks for the opportunity and congratulations on the good set of numbers. Sir, I just wanted to check, what would be the approximate cost saving that would happen from the integration of the solar cell line at Dadri?

Pawan Kumar Garg: Okay. Regarding the solar cell line, one thing I want to explain here, we had targeted total budget of solar cell line was around Rs. 400 crores, while we completed this line in around Rs. 300 crores. So, this is one of the main achievement of the company. I am coming to product-wise also, but here I want to explain this factor also. In installing this line, we saved big amount.

Regarding the like integration benefit, because mainly PM Surya Ghar Yojana and subsidy-based business, we are not getting much business because we are not getting sales from the market basically. So, we are getting very few quantity from the market. Now, as this is integrated in house cell manufacturing, this facility will increase our revenue because we can get subsidy-based business as well. Again, that DCR cells are very, the demand and supply gap is very high. So, cost of DCR cells are higher side. So, definitely margin side also we will get benefits from this integration.

Himanshu Bisani: Sir, could you quantify that?

Pawan Kumar Garg: Quantify at this stage is very difficult, sir. Actually solar cell is like a new experience. First, we ramp up properly. We already like started it and we are getting sales and we are confident at the end of this quarter, we will be ramping this up to fully. And at the end of this quarter we can say something about this basically, when we fully like ramp up with this line, then we can comment on this part. Most probably in next earnings call we will give more details.

Himanshu Bisani: Got it. Okay, sir. And sir, on the Ratlam new facility, what would be the peak potential of revenue and how much we are able to get on the utilization front for let's say next year and year after that?

Pawan Kumar Garg: Okay. After Ratlam facility fully commissioning, our total manufacturing capacity will be approximate double, we can say. And you can say like revenue potential is also double in that case. We can go up to double, but we are not committing that it will be done, but we will try basically. Because manufacturing means not that we get total sale, we will try. And opportunity is there, market demand is there. And definitely, this facility, double that capacity will give good revenue and good margins.

Himanshu Bisani: Understood, sir. So, till when we are trying to achieve that utilization, like around 100% or 90% utilization, till what year we are trying to expect that? Sir, just rough guidance, nothing I am holding you to.

Pawan Kumar Garg: I think what I can say, definitely, at least 50% we would utilize in next year and 100% in second next year. Or maybe if you have, with good wishes of yours, maybe we could use it fully maybe in next year, but we cannot commit basically on that part. If demand is there in the market.

Yogesh Dua: We shall try to utilize all the production capacity that we are trying to build up in Ratlam. And we are very positive about this. And let us hope that we may utilize the maximum capacity by this year.

Himanshu Bisani: Okay, sir. One more on the solar rooftop business. Sir, till when it is mandated by the government to be able to use a non-DCR cells as well? So like I am asking, till from when there would be mandate to use compulsory DCR cells in solar rooftop subsidy business?

Yogesh Dua: No, sir, in subsidy business, only DCR solar cell is being utilized, wherever the subsidy is there. Wherever there is no subsidy, there is a flexibility of using non-DCR. But by June 2026, there is new notification which is being implemented, we are expecting that be implemented in June 2026. There all kinds of solar panel utilization will be through DCR cell only.

Himanshu Bisani: Okay. Thank you so much, sir. I will get back in queue.

Prashant Gupta: Thank you.

Moderator: Thank you. The next question is from the line of Rajesh Pingle from ET Solutions. Please go ahead.

Rajesh Pingle: Sir, I just wanted to know what is your procedure to get new company onboard? Like if some companies they wanted to work with you, how do you get them onboard?

Yogesh Dua: Sir, we appoint distributors to work with us. Majorly, our distributors are our buyers. So, we have a process of making distributors. We first check their current market standing, their current business size, their statement we check, and their bankability we check. And then we make them our distributors after they invest in our company.

Moderator: The line of Rajesh has been disconnected, sir. We will move ahead. So the next question is from the line of Anuj Upadhyay. Sir, please go ahead.

Anuj Upadhyay: Yes. Hi. Thanks for the opportunity and congrats on good set of numbers, sir. Sir, just want to get a sense on the CapEx which would be incurred on the Ratlam capacity. And if you can give a breakup across all capacity expansion across inverter battery and module, like 2 gigawatt each which would be expanding, how much CapEx would go for all three? And if you can provide the segregation, that would be helpful.

Prashant Gupta: Sure. So, Anuj, the overall size excluding land, it is around Rs. 272 crores. Specifically if we ask, out of these Rs. 272 crores, Rs. 159 is for machine. And if we further segregate this machine, so Rs. 106 crores will be for solar module, Rs. 28 crores for the solar inverter, and Rs. 25 crores for lithium ion battery. And rest other, other than this Rs. 159 crores of machinery that is for utilities and IT and rest of the expenses.

Anuj Upadhyay: Okay. That's helpful. And secondly, on your cell plant. Now the plant has been commissioned, by when can we expect the full stabilization to happen, sir?

Pawan Kumar Garg: At the end of this quarter we are expecting, like, maximum utilization, basically.

Anuj Upadhyay: So, roughly around 80% is something which is achievable by the end of this quarter?

Pawan Kumar Garg: Yes, yes. We are now about around 40% at this time. And at the end of this quarter, we are expecting up to 80% basically.

Anuj Upadhyay: Fine. And can you again quantify, sir, in the current quarter in terms of megawatt, how much we had sold or executed in the overall rooftop per se, and the same number for nine months as well?

Prashant Gupta: For the nine months, we sold around 460 megawatts of solar panels. And for the similar period in last year, we sold 255 megawatts of solar panels.

Anuj Upadhyay: And this is for full year FY25, you are saying?

Pawan Kumar Garg: Nine months.

Prashant Gupta: No, this is for the same corresponding period of nine months. And for inverter, we sold around 900 megawatts of inverter, charger, and UPS. And for the last year, the number for the same period was 508 megawatts.

Anuj Upadhyay: Got it. Any guidance you would like to give for FY27, how much we are targeting in terms of megawatt sales?

Prashant Gupta: For FY27, you are asking?

Anuj Upadhyay: Yes, any guidance that would be helpful?

Pawan Kumar Garg: You can just double this nine months, basically, I would say.

Anuj Upadhyay: So roughly you are saying close to around 800, 900?

Pawan Kumar Garg: We will do minimum 1 gigawatt each solar panel, inverter, and battery.

Anuj Upadhyay: 1 gigawatt you are saying? Okay.

Pawan Kumar Garg: We will try more, basically.

Anuj Upadhyay: And can you also mention about the current debt level? I mean, in the presentation, nowhere it was mentioned about the current debt status, sir.

Prashant Gupta: Yes, it's around Rs. 470-plus crores.

Anuj Upadhyay: 470?

Prashant Gupta: Yes. It is including term loan, working capital, vendor finance, all collective streams.

Anuj Upadhyay: All inclusive, okay. Fine, sir. And if may ask the last question, if the time permits. Just to get your view on the recent rise in the raw metal prices, especially the silver and aluminum. So, would it have any kind of impact on our profitability or the market is as such, we can pass it on to the consumer. So, your view on this, sir, and how exactly things are panning out here?

Pawan Kumar Garg: Increase or decrease, all will be passed to the customers, sir. Any increase or decrease in price will be passed to customer. And in last two, three days, there is much more relief what the market was doing before two, three days. And now in last two, three days, much relief is there.

Anuj Upadhyay: Okay. Fine, sir. That's it from my end. Thanks for the opportunity and wish you good luck, sir.

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

Moderator: Thank you. The next question is from the line of Aman from Augmenta. Please go ahead.

Aman: Yes. Hi, sir. Thanks for the opportunity. So firstly, I have a couple of questions. First, from the yesterday's budget highlights. If I am not wrong, the government has withdrawn the basic custom duty, which was 0% earlier. And they have increased it to 7% to 10% on the wafers and the bandwidth you can try to sell. So, if you could highlight on that.

And secondly, my question is on that, I saw that we have recently put up the cell line, which is Mono-PERC. So according to the conversation we were having with the industry, industry people or the companies which we are invested in earlier, so everyone was of the view that your wafers won't be available for Mono-PERC for a long period of time, because everyone has shifted to TOPCon and similarly to other technology like HJT or etc. So if you could throw some light on this Mono-PERC thing, and also on the removal of the 0% basic custom duty on wafers.

Pawan Kumar Garg: Okay, sir. First, we talk about the custom duty on wafers. This was one more question from one more person. There is no such evidence of this that there is any custom duty on wafers. Actually, one thing found, black wafers can be used as DCR cell only, no blue wafer can be used. And this was earlier as well. Custom duty, there was no evidence in the budget that there is any custom duty on the wafer. And only polysilicon, some persons told, that there is some provision of custom duty on polysilicon. That is a material to be used to make the wafer. But at this time, regarding our business, we are not using Indian wafer. So that will not affect our purchasing cost in that case, if there is some change in the custom duty of polysilicon. Regarding the wafer, there is no change in custom duty on wafers.

Aman: Okay. And on that Mono-PERC thing?

Pawan Kumar Garg: Regarding the Mono-PERC, you can see that US is using Mono-PERC more and more in place of TOPCon. So, we have checked from China, we are not experiencing any.

Yogesh Dua: So we can use both Mono and TOPCon cells, there is no major differences.

Pawan Kumar Garg: In next three, four years, there is no such evidence in China that we cannot get the wafer basically, or other places because US also is using mostly PERC cell basically at this time.

Yogesh Dua: And also, there are a lot of other cell manufacturers which are continuing manufacturing for Mono. And there is a major scale of consumption of Mono wafers, and there is no issue in that. And in our supply chain, there is no issue in consumption of Mono. The efficiency difference versus the price difference is also a good economics for our Indian consumers. So, we think it's a good equation for at least three years. After that, we can think of converting this Mono line into TOPCon line, which is a clear possibility and we can do that.

Aman: Sir, because the intensity of CapEx for let's say 1 gigawatt Mono-PERC line, if I am not wrong, your company has invested approximately Rs. 250 crores to Rs. 300 crores for a 1 gigawatt of Mono-PERC line. And similarly for the TOPCon thing, this cost would be easily upwards of Rs. 500 crores, right? So there could be some material differences and the major manufacturers in the country are going for TOPCon lines. So there could be some reason, right, for this.

Pawan Kumar Garg: Definitely, sir. Before six months when we decided, we had to take the decision, should we go for TOPCon or should we go for Mono-PERC? So, we realized that if we go for Mono-PERC, we can complete the line within six months. And if we go for TOPCon first line, minimum we require is one year. Then this six months, we would have revenue loss totally because cell is not the main component for us, cell makes the module and module makes the SPGS. For this small cell, we have big revenue loss basically. So, we decided to go for PERC. And this early commissioning is possible because PERC is well established in India and it was easy. And you can see we are ramping up fast basically.

We save the cost in the line because when we gave the order of line at six months before, then we could negotiate better because this was like going technology for China or other countries. And many companies who order one year ahead, we completed faster than them. Some of the companies gave order one year in advance and they have given the PERC line order, and we completed faster than them.

Aman: And sir, what's your sense on the guidelines for the DCR thing? Because according to the government notification and everything, so it should be implemented by June or July of this year, maybe 2026. So, I believe we do not have adequate cell capacity, domestic cell manufacturing capacity in the country, so this timeline will be affected or how are we seeing it?

Yogesh Dua: We expect that this timeline will be shifted by a few months. And even if it does not shift, it's good for Indian industry maybe because capacity is in the pipeline and the pipeline will mature faster.

Pawan Kumar Garg: We do not stress basically, we perform better under stress.

Aman: Okay. So that's all from my side. Thank you.

Pawan Kumar Garg: Thank you, sir.

Moderator: Thank you. The next question is from the line of Udit from PinPointX Capital. Please go ahead.

Udit Sehgal: Good afternoon, sir. And congratulations on a good set of results. Sir, the slide number 12 is very interesting where you talk of almost a 40% to 45% CAGR projected for the rooftop solar market. So, could you give us like a broad picture in what the government targets are for the subsidy and for the non-subsidy rooftop market, what is the projection and what are we trying to capture, just so that we understand what are the tailwinds in this sector?

Yogesh Dua: Yes, sir. Actually, there is a historical CAGR of 45% and the upcoming industry expectation is also 40% to 43% CAGR. And in the last budget, we have also seen that there is a continued support for the rooftop solar. So we expect that the CAGR is possible and it will happen.

Udit Sehgal: Sir, regarding right now, what is the percentage of solar panel in our complete product, in the complete package if you talk of?

Pawan Kumar Garg: Percentage in terms of revenue or percentage in terms of megawatt?

Udit Sehgal: In terms of revenue, sir. Say suppose we are talking that we have done 460 megawatt in the nine months. So, what is the percentage of solar panel in the complete system that we supply?

Prashant Gupta: So in terms of value, out of our total revenue, generally it amounts to 45% to 47% out of Rs. 100.

Pawan Kumar Garg: Actually, sir, per watt cost of solar panel is higher than per watt cost of inverter or per watt cost of battery basically. So that's why total revenue from the solar panel side is higher.

Udit Sehgal: I was just trying to understand sir that what our production capacity is there, because right now we are doing, say, approximately around 650 megawatt to 700 megawatt per year is what we will be doing. And now we are adding 1 gigawatt for DCR subsidy business and further 2 gigawatt in Ratlam. So our capacity would go up to almost, say, about 3.5 gigawatt to 4 gigawatt. Is my understanding correct?

Pawan Kumar Garg: Right, sir. So, sir, actually this 3 gigawatt or 3.5 gigawatt is nameplate capacity, sir. If we study all over industry average, so normal capacity is around 80%, basically, of nameplate capacity. This is industry average. And utilization is again 80% of normal capacity. So we can say utilization, if 65% or 66% utilization is there, then we can say industry understands it as good utilization, basically. This is like industry average, basically, nameplate capacity. Because Chinese when sell the machine, they calculate 365 days, 24 hours, and biggest size panels, basically. That is nameplate capacity.

Suppose one line can produce up to 700 watt panel and it produces all over the year 700 watt and 24 hours we run, then it will be like 1 gigawatt line will produce 1 gigawatt solar panel. But it does not happen every time because biggest panel is not produced every time and there are holidays and there are some maintenance work and etc. The normal capacity is around 80% and good utilization is 80% of normal capacity. It means 64% to 65% utilization is like peak, in most of the cases it is peak utilization.

Udit Sehgal: Sir, regarding this 1 gigawatt cell and module facility which has come up at Dadri, since it's a subsidy business that we were not doing earlier, do you think we can ramp up the production and the sales very fast for this or it will take time?

Yogesh Dua: Yes, sir, we can do it very easily because the customers are same, the channel partners are same, which are continuously asking from last two, three years to give us this DCR panel and we are giving them as much as possible. So this facility will help us give access to this production of DCR solar panels, and we will be able to consume in-house all we can produce.

Udit Sehgal: So, suppose we run at 80%, so almost 800 megawatt of DCR market we can capture in the coming year.

Pawan Kumar Garg: Yes, we can. We could achieve only few customers, we could achieve only few DCR cells from competitors and before we start this DCR cell manufacturing, so our dealer distributors were not happy so much that we are not giving enough material to them basically.

Udit Sehgal: You mean to say there is a lot of demand for it, it should not be a problem for you?

Pawan Kumar Garg: Now, we could make happy our dealer distributors basically.

Udit Sehgal: That's great. And what is the difference between the DCR cell and non-DCR cell as of today?

Pawan Kumar Garg: DCR cell means domestic content, basically India-made cell is DCR cell, sir.

Udit Sehgal: No, in price-wise I mean, sir.

Pawan Kumar Garg: Price, because demand and supply there is a big gap, so price for DCR is higher, sir.

Udit Sehgal: What would be the range, like earlier it was around Rs. 8 to Rs. 10 gap, that's still the range or?

Pawan Kumar Garg: It depends month-on-month basis, sir, when according to demand price sometimes fluctuates, sir, basically.

Udit Sehgal: Right. Sir, thank you so much. Best of luck.

Pawan Kumar Garg: Thank you, sir.

Moderator: Thank you. The next question is from the line of Rajesh from ET Solutions. Please go ahead.

Rajesh Pingle: Sir, I got disconnected before. So my question is, how do you onboard if any new company wants to work with you? What is the process before that?

Yogesh Dua: Actually, our major business is distribution business, and we appoint new distributors to work in different areas or our second brand, Fujiyama brand. So our process to appoint distributors is that we check their previous business, the capacity of their doing business, and their financials we check, and then their dealer relationship we check. And then if it is okay, we will take their investments to appoint them our distributor. This is the way we follow, sir.

Moderator: Sir, the line of Rajesh has been disconnected again. We will move on ahead. The next follow-up question is from the line of Aniket Madhwani from Streptrade Capital. Please go ahead.

Aniket Madhwani: Sir, yesterday in the budget, the government said that they have exempted the basic customs duty for raw materials of solar glass manufacturing. So can our company expect any benefits regarding that decision?

Pawan Kumar Garg: Yes, sir, definitely. Like raw material for glass is exempted, like custom duty is reduced from 7.5% to 0%. Then domestic glass, we expect domestic glass we will get at a better price, basically.

Aniket Madhwani: So can we expect improved operational benefit?

Pawan Kumar Garg: And we are using mostly India-made glass. Major raw material, we are using India-made. So definitely, we are expecting better prices in the coming future.

Aniket Madhwani: Okay. And also, the customs duty in battery cells was exempted, so can we expect benefits in that angle too?

Pawan Kumar Garg: Custom duty on machines for making the battery is exempted, basically. And in previous year, this was also exempted, basically, because there is one license, IGCR. Against IGCR, we can clear the machines at zero duty, basically. And this facility is continued like last year. So definitely, in making the ecosystem in India, it will help. There are other licenses also from the government, against which we can clear the machines at zero duty. There are various licenses.

But this is the most easy license basically, IGCR, which can be achieved basically. And machines can be cleared. So to make the ecosystem for battery energy system, it will help. And we have other approaches also to clear the machine at exempted duty, other licenses are also there. But this is the most common license in the industry. And new people can easily use this license, IGCR.

Aniket Madhwani: Okay. So we should expect improvement in operating margins in the coming quarter or in the coming year?

Pawan Kumar Garg: Definitely, we will try better, better every time. But there are N number of factors. We are keen to make the operations more efficient and more efficient. After COVID, what we did, we worked on every problem. Whatever problem comes, it is an opportunity to improve, basically. Every time we work on problems and there is one trend in our company that is called CAPA, C-A-P-A, Corrective and Preventive Action. Any problem comes, we generate CAPA, and we work on that, what is corrective action and what is preventive action. So it improves operational efficiency every time. So we hope and we are keen for making more and more. We are introducing AI in every operations. So in future, definitely, you will see more and more, operational efficiency.

Moderator: The next question is from the line of Udit Sehgal from PinPointX Capital. Please go ahead.

Udit Sehgal: Sir, I just wanted to know, what is our pass-through mechanism of the increase in raw material prices? And what are our payment terms?

Pawan Kumar Garg: Sir, practically what happens, when there is an increase in price, what happens, main thing is demand and supply basically. So, all the industry is there to earn something basically. And all persons like increase slowly, slowly. Because like this year, we can say cell prices have increased

by Rs. 2 per watt, for example. And like we have good stock, then like China made a price hike in cells by Rs. 2 per watt. Then immediately we are not increasing price, because we have good stock. So what we start, we start with Rs. 0.25 per week increase. So that in two months we can pass total price hike to customers. But now, like in the mid-time, silver is coming back and we hope the price of cell will also come down. And we are not required to reach up to that level, if it happens.

Yogesh Dua: Basically we communicate our future plans of increasing or decreasing prices to our distributors and channel partners. They stock accordingly. And this way, it is passed on to them.

Pawan Kumar Garg: Whatever the stock, we pass slowly. When stock finishes, totally increase or decrease is passed to customers. In case of decrease also, it is slowly passed. In case of increase, it is also slowly passed to customers.

Udit Sehgal: So basically sir, we try to maintain our gross margins. I mean, whatever the increase or decrease, our gross margin more or less remains in a range maybe 0.5% or 1% here or there?

Pawan Kumar Garg: Because immediately increase, like customer is not happy if we increase immediately. If we have stock, we give the benefit of stock to customers. And we make them comfortable that, yes, price is increasing and it will be slowly. Like we give the message in next eight weeks, it will increase Rs. 0.25 per week. Like that.

Udit Sehgal: And even in the solar panels, we are hearing that the use of silver will start coming down because of the increased prices, some copper paste are being developed. Are you doing any R&D of that sorts?

Pawan Kumar Garg: It will take time, sir. Years of time. Basically, this process is not easy just to replace basically silver paste. Yes, R&D is started basically. But it can take one year or six months minimum if it is successful, because there is a long experiment for that.

Udit Sehgal: But since we are a B2C business, our sale price is not fixed. So eventually, we will pass it on to the consumer, whatever the increase or decrease?

Pawan Kumar Garg: Yes, sir. So it will happen, sir. Basically, no one can survive without passing, sir.

Udit Sehgal: Okay, sir. Thank you so much, sir. Best of luck.

Pawan Kumar Garg: Thank you.

Moderator: Thank you. Ladies and gentlemen, that was the last question. I would now like to hand the conference over to the management for the closing comments.

Pawan Kumar Garg: Thank you very much, everyone, for insightful questions and 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 our investor relationship advisors, Churchgate Partners, and we will be glad to assist you. Thank you very much for your time and support. Thank you.

Moderator: Thank you. On behalf of Motilal Oswal Financial Service Limited, that concludes this conference. Thank you for joining us. And you may now disconnect your lines.

Notes:

1. This transcript has been edited for readability and does not purport to be a verbatim record of the proceedings.

2. Figures have been rounded off for convenience and ease of reference.