

Fujiyama Power Systems Ltd. - IPO Investment Note

Issue Open	Issue Close	Price Band (₹)	Rating
13 November 2025	17 November 2025	₹216 to ₹228 per share	SUBSCRIBE

Investment Summary

Fujiyama Power Systems is a strong company that focuses on making better products through innovation and modern technology. The core strength lies in its proprietary research capabilities, backed by a specialized team of 65 R&D professionals focused on developing market-leading solar panel designs and advanced battery chemistries. This focus helps the company deliver quality products, such as TOPCon bifacial and glass-to-glass panels, ensuring compliance with rigorous standards and maintaining competitive advantage against technology obsolescence. Financially, this efficiency is reflected in robust performance indicators: the ROCE reached 41.01% in Fiscal 2025, demonstrating efficient use of capital. Furthermore, net profitability has significantly expanded, with the PAT Margin increasing sharply to 10.15% in FY25 from 3.67% in Fiscal 2023. Strategic plans to establish a 1 GW solar cell line enhance backward integration and support the push for DCR-compliant (Domestic Content Requirement) panels, reinforcing long-term market competitiveness.

Company Overview

Fujiyama Power Systems Limited, also known as UTL Solar, is a manufacturer and solution provider specializing in products for the rooftop solar industry. The company was incorporated in 2017 and converted into a public limited entity in November 2024. Leveraging a 29-year legacy under the 'UTL Solar' brand, the firm offers a diversified product portfolio encompassing solar panels, multiple inverter types (on-grid, off-grid, hybrid), and both lead acid and lithium-ion batteries. This portfolio is extensive, featuring over 522 unique SKUs marketed under the "UTL Solar" and "Fujiyama Solar" brands. Operations are managed through four advanced manufacturing facilities across India. The company maintains a consistent focus on R&D, having developed and patented its Rapid Maximum Power Point Tracking (rMPPT) technology. As of June 30, 2025, its vast distribution network includes 725 distributors, 5,546 dealers, and 1,100 exclusive "Shoppe" franchisees, offering a 'one-stop shop' for rooftop solar solutions.

Business Model

The core of Fujiyama Power Systems Limited's business model revolves around its specialization in the Indian rooftop solar market, driven primarily by B2C sales. The company achieved 93.53% of its revenue from operations through the B2C channel in Fiscal 2025. Sales are executed through an expansive distribution network, combining wholesalers and exclusive "Shoppe" franchisees, ensuring strong market reach. While focusing heavily on retail, the company maintains a dedicated sales team to pursue B2B opportunities, which accounted for ₹ 1,612.44 million in Fiscal 2025.

Operational efficiency and vertical integration form a crucial backbone of the model, supported by large-scale manufacturing facilities. The company systematically employs ERP software for managing accounting and procurement and utilizes specialized call tracker software to automate sales and supply chain activities. Furthermore, the business emphasizes continuous product innovation, evidenced by developing advanced products like high-frequency online UPS and combo UPS featuring automatic voltage regulation (AVR). Environmental responsibility is integrated through measures like automatic power factor controllers and water recycling systems in manufacturing.

Looking forward, the strategy is anchored in scaling operations through capacity expansion and strengthening backward integration in solar panel manufacturing. A major capital expenditure is planned to establish an integrated manufacturing project in Ratlam, Madhya Pradesh, funded partly by the Offer Proceeds. Financially, the company aims to reduce debt servicing costs and enhance the debt-to-equity ratio by repaying specific borrowings using the gross proceeds. Successful execution depends on penetrating new geographical markets and maintaining its technology leadership to sustain rapid historical growth rates.

Industry Outlook

The Indian power sector is anticipated to undergo robust expansion, projected to grow at a 10% CAGR from FY 2025 to FY 2032, driven by a national target of 500 GW of non-fossil fuel energy by 2030. Solar energy is expected to become the dominant source in India's energy mix, expanding its share from 22% in FY25 to 40% by FY32, culminating in an installed capacity of 365 GW. The crucial rooftop solar market is forecasted to see exceptional momentum, growing at a 40-43% CAGR to reach approximately 90-100 GW by FY30. This energy shift is supported by substantial growth in the Electric Vehicle (EV) segment, with sales growing at a 55% CAGR from FY18 to FY25. Consequently, the vital lithium-ion battery market is projected for a robust 34.2% CAGR from FY25 to FY31. This favorable outlook is further supported by strong projected CAGRs exceeding 21.5% for related components like solar UPS and converter segments through FY31.

Investment Rationale

Diversified Portfolio of Solar Products and Solutions

The company excels as an integrated "one-stop shop," allowing customers to choose tailored solutions from off-grid, on-grid, or hybrid systems, alongside preferred battery chemistries, minimizing reliance on other OEMs. This portfolio strength is highlighted by an approximate 15.5% market share in the total Indian solar battery market in Fiscal 2025.

Track Record of Technological Development and Product Innovation

The company leverages over 29 years of experience and a team of 65 R&D professionals (as of June 30, 2025). It pioneered innovations like Online UPS with a single card and Combo UPS featuring automatic voltage regulation (AVR). Current manufacturing includes advanced TOPCon bifacial and glass-to-glass panels, ensuring products meet evolving industry standards through rigorous validation and third-party laboratory evaluations.

Robust Distribution Network and Post-Sale Service Capabilities

A consultative approach guides customers to customized solutions, building strong relationships and up-sell opportunities. Post-sale confidence is ensured by generous product warranties, including 10 years and 25 to 27 years performance warranties offered on solar panels. Service support is executed by a dedicated team of over 602 service engineers pan-India.

Quality-Centric Manufacturing Infrastructure

The company employs quality control management methodologies such as Total Quality Management (TQM), KAIZEN, and 5S to drive efficiency and reduce operating costs. Advanced quality checks include using specialized testing equipment like spectrometers for analyzing raw lead acid battery material and employing cell grading machines for lithium-ion production.

Experienced Promoters and Senior Management

The company is guided by Promoters, Pawan Kumar Garg and Yogesh Dua, who possess a combined experience of more than 50 years in the solar industry. The Board includes directors with high-level qualifications from prestigious institutions such as the Indian Institute of Technology (IIT) and Georgia Institute of Technology, contributing significant expertise to the strategic direction.

Robust Financial Performance and Growth

The revenue from operations demonstrated powerful growth, achieving a CAGR of 52.32% from FY 2023 to FY 2025. This financial stability has allowed the company to expand production capacity and diversify into new products using internal accruals, successfully mitigating reliance on increasing external borrowings.

Key Risks

Manufacturing Operational Risks and Disruption

The company's business relies on four operational manufacturing facilities, which are subject to a range of operational risks, including potential shutdowns or disruptions caused by unforeseen events. These risks stem from issues such as failures in the supply chain continuity (e.g., natural disasters), machinery breakdowns, labor disputes, or shortages of critical utilities like power and water. Although the company has not faced material disruptions recently, any future

interruption could lead to reduced production and sales, trigger higher costs to arrange alternative supply, and result in a loss of customers and business.

Geographical Concentration of Manufacturing Facilities

All existing manufacturing operations are currently centralized in northern India (Himachal Pradesh, Uttar Pradesh, and Haryana). This high geographical concentration exposes the company to specific regional risks, including local political or social unrest, natural disasters (such as floods or earthquakes), and disruptions to local infrastructure, including transport and logistics. Adverse events in this region could materially affect production schedules and increase operational costs until capacity is successfully diversified by establishing the planned facility in Ratlam, Madhya Pradesh.

Reliance on Imported Materials and Exposure to Trade Restrictions

Fujiyama Power imports a significant portion of essential raw materials, particularly solar cells, semiconductor devices, and lithium-ion cells, largely from China. This dependence on foreign sourcing makes the company vulnerable to risks arising from government restrictions, tariffs, or high import duties imposed on these materials. Furthermore, the import of necessary equipment and machinery from other foreign countries is also subject to trade restrictions or geopolitical disruptions, and the inability to secure these imports cost-effectively or in a timely manner could severely impact manufacturing schedules and financial performance.

Risk of Product Price Decline Affecting Financial Performance

The solar industry experiences high price volatility driven by external factors such as raw material costs, technological advancements, production efficiency, and intense competition. For instance, solar cell prices have recently declined, which directly affects the pricing of finished products like solar panels. Any sustained decline in the price of the company's products, especially solar panels, beyond management's expectations may exert sustained pressure on profit margins and impact the overall realization of revenue from customers, which could severely harm cash flows and financial results.

Financial Snapshot

Metric	In (Cr)		
	FY23	FY24	FY25
Revenue (₹ Cr)	665	927	1551
EBITDA (₹ Cr)	52	99	249
Adjusted Net Profit (₹ Cr)	24	45	156
EBITDA Margin (%)	7.8	10.6	16
Adjusted PAT Margin (%)	3.6	4.8	10
Adjusted EPS (Basic) (₹)	0.9	1.6	5

IPO Details and Use of Proceeds

Parameter	Details
Issuer	Fujiyama Power Systems Ltd.
IPO Structure	Fresh Capital-cum-Offer for Sale
Issue Size	3,63,15,789 shares (aggregating up to ₹828.00 Cr) Fresh Issue - 2,63,15,789 shares (aggregating up to ₹600.00 Cr) Offer for Sale - 1,00,00,000 shares of ₹1 (aggregating up to ₹228.00 Cr)
Price Band	₹216 to ₹228 per share
Face Value	₹1 per share
Post-Issue Market Cap	₹6986.17 Cr. (Upper Band)
IPO Opening Date	November 13, 2025
IPO Closing Date	November 17, 2025
Listing	BSE & NSE
Promoter Holding (Pre/Post)	99.67 %/ 87.88%
Book Running Lead Manager(s)	Motilal Oswal Investment Advisors Ltd.
Use of Proceeds	<ul style="list-style-type: none"> Rs.180 Cr - Part financing the cost of establishing the manufacturing facility in Ratlam, Madhya Pradesh, India Rs.275 Cr - Repayment and/or prepayment of all or a portion of certain outstanding borrowings availed by our Company General corporate purposes

Valuation and Recommendation

At the upper price band of ₹228, Fujiyama Power Systems is valued at a P/E of ~44x and EV/EBITDA of 29.4x, implying a post-issue market capitalization of ₹6,980 crore. Revenue increased by 66% YoY to ₹1,540.68 crore in FY25, while PAT tripled to ₹156.34 crore. EBITDA margins have nearly doubled over the last three years, improving from 8.2% in FY23 to 16.1% in FY25, highlighting strong operating efficiency. The company delivered a healthy ROE of 39.4% and ROCE of 41.1%, supported by a robust B2C model contributing 93.5% of FY25 revenue. With integrated manufacturing across solar panels, inverters, and batteries, IPO proceeds will fund capacity expansion at Ratlam and debt reduction, strengthening its balance sheet. The issue merits a **Subscribe** rating, given its consistent growth, improving margins, and favorable industry outlook.

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