



IPO Note

Solarium Green Energy Limited

Recommendation: **AVOID!**

Company Background -

- **Incorporation:** Solarium Green Energy Limited was originally incorporated as "Solarium Green Energy LLP" on Dec 17, 2015. The registered office is located at Ahmedabad, Gujarat.
- **Business Activity:** The company provides turnkey solar solutions which involves design, engineering, procurement & supply, construction & erection, testing, commissioning, associated transmission system and comprehensive operation & maintenance (O&M) of solar power plants.
- **Revenue Stream:** The company derives majority of its revenue from residential rooftop projects and government projects.
- **Human Resource:** The company has 253 employees as on Sep 30, 2024.

Objects of the Issue -

- To meet Working Capital Requirements
- General Corporate Expenses

Promoters Name -

Ankit Garg and Pankaj Vallabhbai Gothi

Rationale for recommendation -

- ✓ The PE ratio is 26.36 times which makes it slightly aggressively priced.
- ✓ The company's bottom line and profitability margins have seen a sudden increase in FY24 which looks unsustainable.
- ✓ The DE ratio of the company has remained high for FY22 and FY23.
- ✓ The company had negative cash flow from operations for FY23, FY24 and Sep-24.
- ✓ The company's business operations are concentrated in Gujarat.
- ✓ The company stopped manufacturing of solar PV modules (Refer Recommendation).
- ✓ The management of the company is decent.

IPO Details

Opening Date	Feb 06, 2025
Closing Date	Feb 10, 2025
Allotment Date	Feb 11, 2025
Listing Date	Feb 13, 2025
Stock Exchange	BSE SME
Lot Size	600 Shares
Issue Price Per Share	₹181 to ₹191
Issue Size	105.04 Cr.
Fresh Issue	105.40 Cr.
Offer for Sale	-
Application Amt	₹ 1,14,600 (600 shares)

INDUSTRY - Renewable Energy (Solar)

Avg. P/E ratio as per RHP - 36.74

KPI's	KPIs (In Lakhs)			
	FY 22	FY 23	FY 24	Sep-24
Revenue	16,736.91	9,878.98	17,739.69	8,199.85
EBITDA	461.67	597.08	2,412.93	1,181.84
Net Profit	205.04	173.86	1,558.98	755.42
RoCE	32.82%	24.60%	79.41%	14.73%*
ROE	68.35%	36.69%	76.69%	10.37%*
P/E	139.42	164.66	18.38	26.36*

*Annualized

Promoter Share Holding Pattern

Pre-Issue	Post-Issue
78.50%	57.79%

Valuation Parameters

Particulars	Pre-Issue	Post Issue*
EPS	10.39	7.25
BVPS	677.61	69.90
P/E	18.38	26.36
P/BV	0.28	2.73
Mkt Cap (In Cr)	293.19	398.23

*Annualized

Lead Managers -

Beeline Capital Advisors Private Limited

Registrar -

Link Intime India Private Limited

Business Overview -

Solarium Green Energy Limited provides turnkey solar solutions which involves design, engineering, procurement & supply, construction & erection, testing, commissioning, associated transmission system and comprehensive operation & maintenance (O&M) of solar power plants. the company serves a wide range of projects, including residential rooftop projects, commercial and industrial (C&I) roof top and ground mounted projects, as well as government projects. They are also involved in sale of solar products i.e. solar PV (photovoltaic) modules, solar PV inverters, availability based tariff meters (“ABT”) and other solar products.

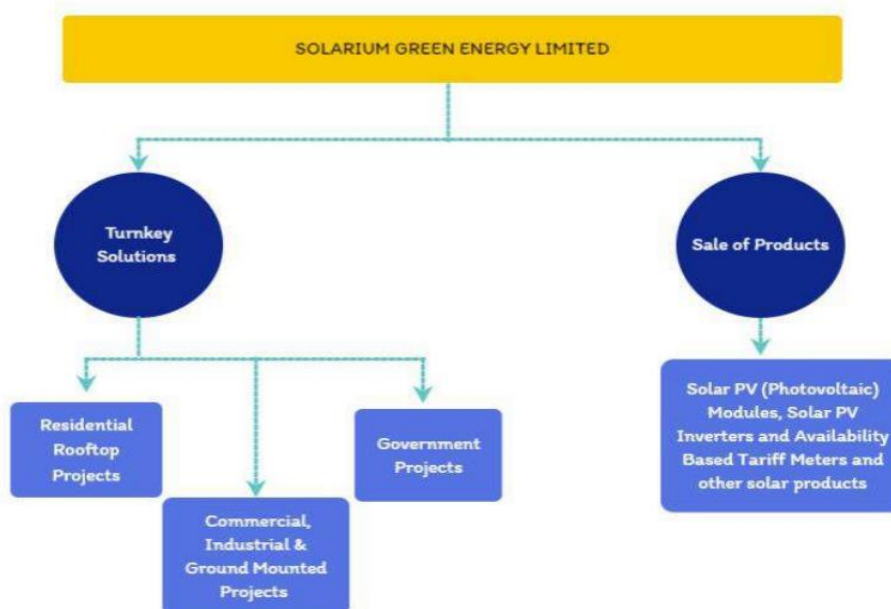
The company has developed, executed and commissioned a total of 11,195 Residential rooftop projects, 172 projects under C&I roof top and Ground Mounted segment and 17 projects under Government projects segment.

Subsidiary: Solarium Ventures LLP, incorporated on Aug 10, 2024, is engaged in similar business as the company.

Order Book: As on Dec 31, 2024, the order book consists of 39 projects amounting to ₹18,507.16 Lakhs out of which revenue recognised till Sep 30, 2024, amounts to ₹4,482.85 Lakhs. As of December 31, 2024, the Company has submitted bids for government projects amounting to ₹88,536.59 lakhs. The tender results for projects amounting to ₹82,500.79 lakhs are still awaited. The completed and ongoing projects includes projects in locations such as Gujarat, Jammu, Silchar, West Bengal, Tripura, the Andaman Islands and Leh.

Manufacturing Units: The company has one manufacturing facility located at Ahmedabad, Gujarat, for manufacturing of Polycrystalline Solar Module. But the company halted manufacturing operations in Feb 2024 due to changes in minimum module efficiency. The Ministry of New & Renewable Energy, through its memorandum on May 10, 2023, raised the efficiency requirement for Approved List of Models and Manufacturers (ALMM) enlistment. As a result, the company was excluded from ALMM on September 29, 2023, leading to the decision to cease manufacturing.

Business Model:



Solar Projects:



Revenue Bifurcation –

Particulars	FY 2022		FY 2023		FY 2024		Sep-2024	
	Amt	%	Amt	%	Amt	%	Amt	%
Turnkey Solutions								
Residential Rooftop Projects	2,478.93	14.81%	3,094.18	31.23%	4,024.68	22.69%	4,193.32	51.14%
Commercial, Industrial & Ground Mounted Projects	2,697.06	16.11%	677.15	6.83%	683.52	3.85%	960.13	11.71%
Government Projects	-	-	464.61	4.69%	5,948.80	33.53%	2,065.83	25.19%
Sale of Products								
Solar PV Inverters	-	-	2,144.81	21.65%	779.45	4.39%	245.63	3.00%
Availability Based Tariff (ABT) Meters	-	-	162.15	1.64%	9.20	0.05%	6.18	0.08%
Solar PV (Photovoltaic) Modules	9,756.86	58.30%	3,027.72	30.56%	5,705.56	32.16%	417.00	5.09%
Other Solar Product	1,804.06	10.78%	338.36	3.41%	588.48	3.32%	311.77	3.80%
Total	16,736.91	100.00%	9,908.98	100.00%	17,739.69	100.00%	8,199.86	100.00%

Competition -

- Market Competition:** The industry is competitive where the key factors of competition primarily comprise of product quality, technological advancements, cost efficiency, timely delivery, service reliability, and the depth of senior-level relationships.
- Geographic Competition:** The company faces competition from small and large players in both organized and unorganized sector.
- Barriers to entry:** Low barriers to entry.
- Threat of Substitutes:** High threat of substitutes.
- Bargaining Power of Buyers:** The bargaining power is high with the customers.
- Bargaining Power of Supplier:** The bargaining power is low with the suppliers.

Business Strategies -

- The company has recently expanded operations in Delhi, Haryana, Punjab, Odisha, Maharashtra, Uttar Pradesh, Madhya Pradesh and Jammu & Kashmir and intends to improve domestic presence.
- The company intends to focus on investing in and improve integrated business model.

Risk Factors -

The company's revenues are highly dependent on operations in the geographical region of the State of Gujarat.

The company was engaged in the manufacturing of Polycrystalline Solar Module from year 2018, which was put on halt in February, 2024, due to reforms in Approved List of Modules and Manufacturers of Solar Photovoltaic Modules by Ministry of New & Renewable Energy.

The company is highly dependent on top 10 suppliers for key raw materials and components which contributed to 75.11%, 62.67%, 58.10% and 63.70% for FY22, FY23, FY24 and Sep-24 respectively.

The company has 1 case against it for tax matters amounting to Rs. 0.70 lakhs.

The promoters have 1 case against them for tax matters amounting 0.71 lakhs.

The company had negative cash flow from operations for FY23, FY24 and Sep-24.

Revenue from Government Projects of Turnkey Solutions experiences a significant concentration in the second half of a financial year. This uneven revenue distribution results in the second half consistently contributing a significantly higher share of revenue compared to the first half.

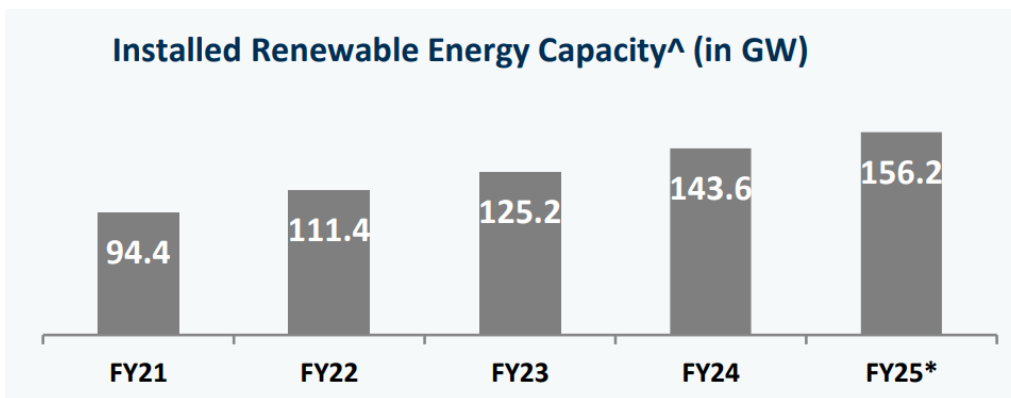
The company has contingent liabilities of Rs. 1,218.47 lakhs as of Sep 30, 2024.

INDUSTRY OVERVIEW -

Indian Renewable Energy Market –

India is the 3rd largest energy consuming country in the world. India stands 4th globally in Renewable Energy Installed Capacity (including Large Hydro), 4th in Wind Power capacity & 5th in Solar Power capacity (as per REN21 Renewables 2024 Global Status Report). The country has set an enhanced target at the COP26 of 500 GW of non-fossil fuel-based energy by 2030.

As of July 2024, India's renewable energy installed capacity, including biomass and waste-to-energy, reached 150.27 GW, contributing 44.72% of the total power capacity as of October 2024. The country aims to expand renewable capacity to 170 GW by March 2025 and achieve 450 GW by 2030, with 280 GW from solar. India's total power generation capacity stood at 416 GW in FY23, with 30% (125 GW) from renewables and 11% (47 GW) from hydro. Solar energy has grown 26 times in nine years, reaching 73.32 GW by December 2023, with 7.5 GW added in 2023 and 9 GW added in January 2024. Solar accounted for 16.9% of India's total installed power capacity and 40.1% of renewable capacity by the end of 2023. Hydropower is expanding, with 15 GW under construction, increasing total hydro capacity to 67 GW by 2031-32. In FY24, India generated 75.57 BU of solar power, while non-hydro renewable power generation stood at 22.41 BU in January 2024 and 62.09 BU from April to June 2024, a 7.2% growth YoY. The country added a record 18.48 GW of renewable capacity in 2023-24, marking a 21% increase. Northern India, with a 363 GW renewable potential, is set to become the country's renewable energy hub.



(Source:ibef.org)

Indian Power Scenario:

India is among the fastest-growing economies globally in terms of GDP and electricity consumption. The country faces a significant challenge in meeting the energy demands of its 1.3 billion people while ensuring economic growth. The Electricity Act, 2003, mandates the development of an efficient, economical, and robust electricity system to ensure reliable, uninterrupted (24x7), and quality power across the country.

Key Growth Drivers:

1. Increasing Power Demand:
 - Projected peak electricity demand of 277.2 GW by 2026-27 and 366.4 GW by 2031-32 (20th Electric Power Survey).
2. Renewable Energy Expansion:
 - As per the National Electricity Plan (NEP) 2022-32, the share of non-fossil-based capacity is expected to grow from 42.5% (2023) to 57.4% (2026-27) and 68.4% (2031-32).
3. Government Policies & Targets:
 - India aims to achieve a non-fossil installed capacity of 500 GW by 2029-30.
 - Battery Energy Storage System (BESS) growth – estimated to reach 47.2 GW/236.2 GWh by 2031-32.
4. Electric Vehicles & Green Hydrogen:
 - Growing adoption of EVs and green hydrogen production will drive electricity demand and grid expansion.

(Source:RHP)

Key Management -

Key Management Persons Name -	Ankit Garg
Age	36
Designation and No. of years of experience	Promoter, Chairman and Managing Director, 12+ years of experience in sales and marketing and business development in solar and construction equipment industry
Qualification	Degree of Bachelor of Technology in mining machinery engineering
Other Directorships	-
Key Management Persons Name -	Pankaj Vallabhbai Gothi
Age	49
Designation and No. of years of experience	Promoter and Whole-Time Director, 9+ years of experience in sales and marketing within the solar and construction equipment industry.
Qualification	Bachelors in Commerce
Other Directorships	-
Key Management Persons Name -	Priya Bansal
Age	36
Designation and No. of years of experience	Non-Executive Director, 5+ years of experience in Banking Sector and Consulting industry
Qualification	Bachelor's degree in Commerce, post graduate diploma in management (Retail Management) and certificate for Executive Development Program in Talent Management
Other Directorships	KMH Consultants Private Limited
Key Management Persons Name -	Vivek Dinesh Nathwani
Age	36
Designation	Non-Executive Independent Director, 4+ years of experience in Financial Accounting, Cost Management, Financial and Transactional Advisory, and Tax Management
Qualification	Qualified CA, Bachelor of Commerce, Master of Commerce, passed the Post Qualification Course in Information Systems Audit (ISA) Assessment Test, completed the Certificate Course on Forensic Accounting and Fraud Prevention and Concurrent Audit of Banks and certificate for Emerging Leaders' Programme
Other Directorships	VMS TMT Limited
Key Management Persons Name -	Harshil B. Vadodariya
Age	34
Designation and No. of years of experience	Non - Executive Independent Director, 7+ years of experience in Secretarial works
Qualification	Qualified CS and Bachelors in Commerce
Other Directorships	Vinod Denim Limited, Sarvat Foils Limited and Advance Petrochemicals Limited

- The overall management of the company is decent.
- The promoter and management have decent experience in the industry.
- There is an evidence of dual chairmanship, which is not favourable.
- Nitin Jain (CFO) holds a B.Com degree and post graduate diploma in business management. He has 5+ years of experience.
- The senior management has an average of 5+ years of experience.

FINANCIAL SNAPSHOT

Statement of Profit and Loss

Amt in Lakhs.

Particulars	FY 22	FY 23	FY 24	Sep-24
Revenue from Operations	16,736.91	9,878.98	17,739.69	8,199.85
Other Income	51.96	13.52	41.14	34.60
Total Income	16,788.87	9,892.50	17,780.83	8,234.45
Expenses				
Cost of Material Consumed	14,423.08	7,917.58	12,825.19	4,833.85
Change in Inventories of Stock In Trade	-172.73	-43.56	174.19	264.21
Employee Benefit Expenses	300.07	349.28	622.09	549.43
Finance Cost	77.98	143.03	241.05	117.81
Depreciation and Amortization Expense	97.85	163.08	129.35	57.07
Other expenses	1,724.82	1,058.60	1,705.29	1,370.52
Total Expenses	16,451.07	9,588.01	15,697.16	7,192.89
EBITDA	461.67	597.08	2,412.93	1,181.84
EBITDA Margin	2.76%	6.04%	13.60%	14.41%
Profit/(Loss) before tax	337.80	304.49	2,083.67	1,041.56
Tax Expense				
Current tax	122.87	101.35	542.57	268.16
Tax for prior years	-	6.10	-	24.00
Deferred Tax	9.89	23.18	-17.88	-6.02
Total Tax	132.76	130.63	524.69	286.14
Profit/(Loss) for the year	205.04	173.86	1,558.98	755.42
Net Profit Margin	1.23%	1.76%	8.79%	9.21%

Statement of Assets and Liabilities

Amt in Lakhs.

Particulars	FY 22	FY 23	FY 24	Sep-24
EQUITY AND LIABILITIES				
1. Shareholders' funds				
Share Capital	300.00	300.00	300.00	1,535.00
Reserves and surplus	-	173.86	1,732.83	1,778.26
Total Equity	300.00	473.86	2,032.83	3,313.26
NON-CURRENT LIABILITIES				
Long-term borrowings	786.56	1,244.53	809.08	747.55
Deferred Tax liability	12.73	35.90	18.03	12.01
Long-Term Provisions	9.10	10.02	15.92	16.72
Total Non-current liabilities	808.39	1,290.45	843.03	776.28
CURRENT LIABILITIES				
Short-term Borrowings	693.43	1,427.69	2,267.27	2,598.99
Trade Payables				
(i) Total outstanding dues of MSME	-	592.13	130.49	299.60
(ii) Total outstanding dues of creditors other than MSME	952.56	280.88	1,196.10	1,337.24
Other Current Liabilities	303.12	270.55	708.30	928.95
Short-term provisions	123.04	101.72	543.10	271.14
Total Current liabilities	2,072.15	2,672.97	4,845.26	5,435.92
Total Liabilities	2,880.54	3,963.42	5,688.29	6,212.20
Total Equity and Liabilities	3,180.54	4,437.28	7,721.12	9,525.46
ASSETS				
NON-CURRENT ASSETS				
Property, Plant and Equipment	472.68	554.38	484.95	480.44
Intangible Assets	8.20	6.08	4.51	3.93

Particulars	FY 22	FY 23	FY 24	Sep-24
Long-Term Loans and Advances	279.08	469.95	760.37	969.79
Total Non-Current assets	759.96	1,030.41	1,249.83	1,454.16
CURRENT ASSETS				
Inventories	822.44	1,235.58	2,308.19	3,254.11
Trade Receivables	624.16	725.51	3,152.32	3,342.82
Cash & Cash equivalents	131.51	364.97	163.10	355.33
Short-Term Loans and Advances	24.37	-	2.25	22.17
Other Current Assets	818.11	1,080.81	845.42	1,096.88
Total Current assets	2,420.59	3,406.87	6,471.28	8,071.31
Total Assets	3,180.55	4,437.28	7,721.11	9,525.47

Cash Flow Statement

Amt in Lakhs.

Particulars	FY 22	FY 23	FY 24	Sep-24
Net Cash Flow from Operating Activities	381.23	-483.79	-295.53	-273.48
Net Cash Flow from Investing Activities	-59.26	-331.95	-69.41	-211.66
Net Cash Flow from Financing Activities	-403.08	1,049.20	163.08	677.38

Key Ratios

Per Share Data	FY 22	FY 23	FY 24	FY 25*	Valuation Ratios (x)	FY 22	FY 23	FY 24	FY 25*
Diluted EPS	1.37	1.16	10.39	7.25	EV/EBITDA	3.57	4.66	2.05	1.50
BV per share	100.00	157.95	677.61	69.90	Market Cap / Sales	0.03	0.06	0.03	2.43
Operating Ratios					P/E	139.42	164.66	18.38	26.36
EBITDA Margins	2.76%	6.04%	13.60%	14.41%	Price to Book Value	1.91	1.21	0.28	2.73
PAT Margins	1.23%	1.76%	8.79%	9.21%	Solvency Ratios				
Inventory days	17.98	45.78	47.62	46.00	Debt / Equity	4.93	5.64	1.51	0.23
Debtor days	13.65	26.88	65.04	45.04	Current Ratio	1.17	1.27	1.34	1.34
Creditor days	24.32	39.19	34.50	36.89	Quick Ratio	0.77	0.81	0.86	0.86
Return Ratios					Asset Turnover	5.26	2.23	2.30	2.12
RoCE	32.82%	24.60%	79.41%	14.73%	Interest Coverage Ratio	4.67	3.03	9.47	9.55
RoE	68.35%	36.69%	76.69%	10.37%					

INTERPRETATION –

- The top line has remained inconsistent over the years.
 - It decreased by 40.97% in FY2023 which is due decrease in revenue from sale of solar modules. This decrease was due to change in policy for the import of solar modules where The Ministry of New & Renewable Energy increased the basic customs duty (BCD) on Solar PV cells from 0% to 25% and Solar modules from 0% to 40%, effective April 1, 2022. This led to higher module costs, impacting purchasing and revenue. Also, the company had worked on ground mounted project in FY22 which was high in value.
 - The revenue increased by 79.57% in FY24 which was due to growth in income from government projects and had completed 6 such projects. Further, the sale of Solar PV (Photovoltaic) Modules had increased.
- The net profit had also remained inconsistent over the years. It decreased by 15.21% in FY2023 which was majorly due to decrease in revenue and increased by 796.69% in FY24 which was majorly due to higher profit margins associated with turnkey solutions projects especially in government projects.
- The EBITDA margin saw a dip in FY2023 and the PAT margin have increased over the years and saw a sudden increase in FY24 which should not be a major concern.
- The PE ratio has improved over the years.
- The RoCE and RoE saw a dip in FY2023.
- The company had negative cash flow from operations for FY23, FY24 and Sep-24.
- The DE ratio was very high in FY22 and FY23.

PEER ANALYSIS –

Particulars	Solarium Green Energy Limited			Zodiac Energy Limited			Oriana Power Limited		
	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24
NP Margin	1.23%	1.76%	8.79%	3.81%	2.31%	4.97%	5.57%	7.78%	14.08%
EBITDA Margin	2.76%	6.04%	13.60%	6.85%	6.02%	9.02%	10.75%	15.11%	21.69%
RoCE	32.82%	24.60%	79.41%	21.75%	16.24%	33.57%	32.66%	21.39%	28.53%
ROE	68.35%	36.69%	76.69%	16.65%	8.88%	23.08%	45.43%	33.33%	37.17%
EPS (INR)	1.37	1.16	10.39	3.74	2.19	7.50	7.54	8.21	33.33
P/E	139.42	164.66	18.38	23.42	40.30	51.62	-	-	22.26

- The market cap of the company is less compared to its peers.
- The PE ratio of the company is better than its peers.
- The RoCE and RoE of the company is higher compared to its peers.
- The cash conversion cycle of the company is better compared to Zodiac Energy.

LEAD MANAGER TRACK RECORD –

The lead manager to the issue is **Beeline Capital Advisors Private Limited**.

A table has been set below highlighting the details of the IPO of the last companies handled by the Lead Manager in recent times –

Beeline Capital Advisors Private Limited –

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	H. M. Electro Mech Limited	27.74	75.00	Jan 31, 2025	75.06
2.	B.R.Goyal Infrastructure Limited	85.21	135.00	Jan 14, 2025	116.65
3.	Parmeshwar Metal Limited	24.74	61.00	Jan 09, 2025	66.65
4.	Anya Polytech & Fertilizers Limited	44.80	14.00	Jan 02, 2025	21.65
5.	Mamata Machinery Limited	179.39	243.00	Dec 27, 2024	422.25
6.	Toss The Coin Limited	9.17	182.00	Dec 17, 2024	484.00
7.	Nisus Finance Services Co Limited	114.24	180.00	Dec 11, 2024	446.55
8.	C2C Advanced Systems Limited	99.07	226.00	Dec 03, 2024	637.40
9.	SD Retail Limited	64.98	131.00	Sep 27, 2024	148.45
10.	Mach Conferences and Events Limited	125.28	225.00	Sep 11, 2024	224.00

The company has handled 56 mandates in the last three years (including current year).

*CMP for the above-mentioned companies is taken as of 4th Feb 2025.

As per the offer document, all the above-mentioned mandates have opened at a premium on the listing day.

Recommendation -

Solarium Green Energy Limited has been in the industry since 2015 and has decent experience in the industry.

The P/E on a post-IPO annualized basis is around 26.36 times which makes it slightly aggressively priced.

The company's management is competent; however, incorporating more experienced professionals in relevant fields could enhance decision-making and drive future growth.

The company's revenue has shown fluctuations over the years, primarily due to a decline in FY23 following a change in basic customs duty policy. While the bottom line and profitability margins have generally improved over time, a sharp increase in FY24 raises concerns about the sustainability of its financial performance. Another concerning factor to be considered was their high DE ratio in FY22 and FY23. The company also experienced negative cash flow from operations for FY23, FY24 and Sep-24.

Also, the company is highly concentrated in Ahmedabad and has slightly high concentration for suppliers. The company also stopped manufacturing Solar PV Modules as they were excluded from Approved List of Models and Manufacturers (ALMM) enlistment because they did not meet the new eligibility criteria. As a result, now the company is dependent on turnkey projects for their revenue generation.

Although, the industry has good prospect, it is highly competitive and fragmented and many players have entered into renewable energy sector.

Thus, investors can **AVOID** this IPO for now and check for further company updates.

Disclaimer

We are not registered research analysts with SEBI and are not subject to the regulations governing research analysts. This research report is for educational purposes only and should not be construed as investment advice. The information contained in this report is based on publicly available information and is believed to be reliable, but no representation or warranty, express or implied, is made as to its accuracy or completeness. Also, some of the employees of our organization may have or may in the future hold investments in the company that is the subject of this research report. This may create a conflict of interest, and you should be aware of this when considering the information contained in this report. You should consult with your financial advisor before making any investment decisions.

The analysis and recommendations are based on the current market and company-specific scenario, along with the data available in the prospectus. Market and company-specific conditions may change after the company's listing, potentially impacting its performance and outlook. We will not be providing any follow-up reports or updates on this analysis post-listing.

OUR WEBSITE:

www.tiareconsilium.com

OUR APP AVAILABLE ON:



CONNECT WITH US ON :

