

Certificate on Details on Working Capital Requirement.

To,
The Board of Directors,
Solarium Green Energy Limited
B-1208 World Trade Tower,
B/h Skoda Showroom, Makarba,
Ahmedabad, Gujarat, India, 380051

To,
Beeline Capital Advisors Private Limited,
B 1311-1314 Thirteenth Floor, Shilp Corporate Park,
Rajpath Rangoli Road, Thaltej, Ahmedabad, Gujarat -
380054

(Beeline Capital Advisors Private Limited Referred to as the "Book Running Lead Manager")

Dear Sir(s)/ Madam(s),

Reference: Proposed Public Offering of Equity Shares by Solarium Green Energy Limited ("The Company") and the offering ("Issue").

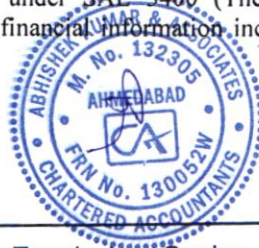
This certificate is issued in accordance with the terms of our service scope letter dated April 11, 2024 with ("Issuer Company").

Management's Responsibility for the Statement

1. The preparation of the Annexures is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents, the annexure contains details of:
 - a. Working Capital Requirements.for the purpose of inclusion of specific information contained in the annexure in the offer documents in connection with its proposed initial public offering ('IPO') comprising a fresh issue of equity shares of face value ₹ 10 of the Company ("Equity Shares").
2. The Management is also responsible for preparing:
 - a. Projected Financials for FY 2024-25, FY 2025-26 and FY 2026-27; and
 - b. Compliance with the requirements of the ICDR Regulations.

Auditor's Responsibility

1. Pursuant to the request received from "The Company", our responsibility is to certify the Working Capital Requirements.
2. We have examined the books of accounts as well as the Restated Standalone Financial Statements of the company for the six months period ended September 30, 2024 and financial years ended on March 31, 2024, 2023 and 2022 prepared in accordance with Section 26 of Part I of Chapter III of the Companies Act, 2013, as amended (the "Companies Act"), and the Accounting Standard issued by the Institute of Chartered Accountants of India ("AS") and the Guidance Note on Reports or Certificates for special purposes issued by the Institute of Chartered Accountants of India and restated in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the "Restated Standalone Financial Information").
3. We have conducted our examination of the Statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
4. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
5. We have complied with the guidelines provided under SAE-5400 (The Examination of Prospective Financial Information) to examine and report on prospective financial information including examination procedures for best-estimate and hypothetical assumptions.



6. A limited assurance engagement includes performing procedures to obtain sufficient appropriate evidence that vary in nature, timing and extent than a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we have performed the following procedures in relation to the Statement:
 - a. We have examined the books of accounts as well as the Restated Standalone Financial Statements of the company as described in point 2 above.
 - b. We have reviewed and confirmed the details on working capital requirement, which will form part of the Red Herring Prospectus/ Prospectus ("Offer Documents") of the company to be filed with Registrar of Companies, Securities and Exchange Board of India, Stock Exchange, in relation to the public issue.
 - c. Conducted relevant management inquiries and obtained necessary representation.
7. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Conclusion

8. Based on our examination as above, and the information and explanations given to us, nothing has come to our attention that causes us to believe that the details provided in the Statement are not in agreement with the audited books of accounts and other records for the six months period ended September 30, 2024 and financial years ended March 31, 2024, 2023 and 2022.

Restriction on Use

9. This certificate may be relied upon by the Book Running Lead Manager and Legal Counsel appointed in relation to the Issue. This certificate is for information and for inclusion in the Red Herring Prospectus/ Prospectus to be issued by the company in relation to the Issue. We hereby consent to the aforementioned details being included in the Red Herring Prospectus/ Prospectus and submission of this certificate as may be necessary, to any regulatory authority and / or for the records to be maintained by the Book Running Lead Manager in connection with the issue and in accordance with applicable law.

For **ABHISHEK KUMAR & ASSOCIATES**
Chartered Accountants
Firm Reg. No. – 130052W



CA. Abhishek Agarwal
Proprietor
Membership No. - 132305
UDIN: 25132305BMHVRD3874



Date: January 04, 2025
Place: Ahmedabad

ANNEXURE A

Our Company's existing working capital requirement and funding on the basis of Restated Standalone Financial Statements for Financial year 2021-22, 2022-23 and 2023-24 and for the six months period ended September 30, 2024 are as stated below: (₹ in lakhs)

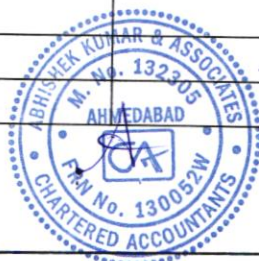
Particulars	(Restated Standalone Basis)			
	30-Sept-24	31-Mar-24	31-Mar-23	31-Mar-22
Inventories	3,254.11	2,308.19	1,235.58	822.44
Trade receivables	3,342.82	3,152.32	725.51	624.16
Deposits held under lien	249.58	120.71	106.04	0.00
Cash and cash equivalents	354.22	163.10	364.97	131.51
Loans and Advances	742.37	641.91	363.91	303.45
Other Assets	1,096.88	845.42	1,080.81	818.11
Total Assets	9,039.98	7,231.65	3,876.82	2,699.67
Trade payables	1,636.84	1,326.59	873.01	952.56
Other Liabilities	928.79	708.30	270.55	303.12
Short-term provisions	271.15	543.10	101.72	123.04
Total Liabilities	2,836.78	2,577.98	1,245.28	1,378.72
Net Working Capital	6,203.20	4,653.67	2,631.55	1,320.94
Sources of Funds				
Internal Accruals/ Borrowing ^[1]	6,203.20	4,653.67	2,631.55	1,320.94
Total	6,203.20	4,653.67	2,631.55	1,320.94

^[1]As on September 30, 2024, Company has outstanding amount of ₹ 3346.54 Lakhs as Working Capital, Business loan and Cash Credit limit from various Bank.

Basis of estimation of working capital requirement and estimated working capital requirement

(₹ in lakhs)

Particulars	(Projected)		
	31-Mar-25	31-Mar-26	31-Mar-27
Inventories	3,506.26	6,272.07	8,641.55
Trade receivables	5,109.07	8,656.21	11,009.07
Deposits held under lien	452.63	584.55	912.41
Cash and cash equivalents	275.67	305.03	354.79
Loans and Advances	748.93	817.72	1,160.12
Other Current Assets	1,450.93	1,890.57	2,359.96
Total Assets	11,543.47	18,526.14	24,437.90
Trade payables	1,173.60	2,287.00	2,347.00
Other Current Liabilities	898.80	1,038.80	1,168.80



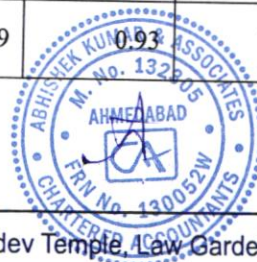
Particulars	(Projected)		
	31-Mar-25	31-Mar-26	31-Mar-27
Short-term provisions	603.10	678.00	779.20
Total Liabilities	2,675.50	4,003.80	4,295.00
Net Working Capital	8,867.97	14,522.34	20,142.90
Sources of Funds			
Internal Accruals/ Borrowing	8,367.97	9,672.34	13,042.90
Proceeds from IPO*	500.00	4,850.00	7,100.00
Total	8,867.97	14,522.34	20,142.90

*The estimates of incremental working capital requirements for the financial year ended March 31, 2025, March 31, 2026 and March 31, 2027:

Particulars	(₹ in lakhs)		
	31-Mar-25	31-Mar-26	31-Mar-27
Incremental Working Capital	4,214.30	5,654.37	5,620.56
Funding Pattern			
From Internal Accruals / Borrowing	3,714.30	1,304.37	3,370.56
From Net Proceeds	500.00	4,350.00	2,250.00

Assumptions for working capital requirements:

Particulars	Holding level (in Months/Days)						
	(Projected)			(Restated Standalone Basis)			
	31-Mar-27	31-Mar-26	31-Mar-25	30-Sep-24	31-Mar-24	31-Mar-23	31-Mar-22
Trade Receivables (A)							
Number of months of Trade Receivables	2.45	2.35	2.25	2.38	1.31	0.82	0.73
Number of Days of Trade Receivables	73.00	70.00	67.00	71.00	39.00	25.00	22.00
Inventories (B)							
Number of months of Inventories	2.46	2.23	2.15	3.27	1.64	1.57	0.58
Number of Days of Inventories	74.00	67.00	65.00	98.00	49.00	47.00	18.00
Trade Payables (C)							
Number of months of Trade Payables	0.76	0.79	0.93	1.74	1.02	1.39	0.48



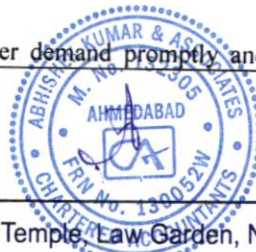
Particulars	Holding level (in Months/Days)						
	(Projected)			(Restated Standalone Basis)			
	31-Mar-27	31-Mar-26	31-Mar-25	30-Sep-24	31-Mar-24	31-Mar-23	31-Mar-22
Number of days of Trade Payables	23.00	24.00	28.00	52.00	30.00	42.00	14.00

Note:

1. Holding period level (in months/days) of Trade Receivables is calculated by dividing average Trade Receivables by revenue from operations multiplied by number of months/days in the year.
2. Holding period level (in months/days) of Inventories is calculated by dividing average Inventories by sum of Cost of materials consumed and Change in Inventories of Finished Goods multiplied by number of months/days in the year.
3. Holding period level (in months/days) of Trade Payables is calculated by dividing average Trade Payables by sum of Cost of materials consumed and Change in Inventories of Finished Goods multiplied by number of months/days in the year.

Our Company's estimated working capital requirements on a restated basis are based on the following key assumptions:

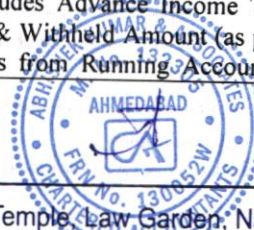
Sr. No.	Particulars	Details
Current Assets		
1.	Trade Receivables	<p>Trade receivables are amounts owed to the Company by customers following rendering of EPC services and sale of goods on credit.</p> <p>Our Trade Receivables holding period has increased from 22 days in FY 2021-22 to 25 days in FY 2022-23 and 39 days in FY 2023-24 and to 71 days for the period ended September 30, 2024. The increasing trend in trade receivable holding period in FY 2022-23, FY 2023-24 and September 30, 2024 is attributable to Government projects undertaken by the company as the credit period offered to such clients is usually higher. As evident from the changing product/ service mix of the Company, the contribution of revenue generated from Commercial, Industrial & Ground Mounted Projects and Government Projects in the total revenue from operations of the company increased in FY 2022-23, FY 2023-24 and September 30, 2024 i.e. 11.56%, 37.39% and 36.90% respectively.</p> <p>Going forward, our company estimates Trade Receivables Holding period of 67 days in FY 2024-25 and gradually increasing to 70 days in FY 2025-26 and to 73 days in FY 2026-27. Increase in Trade Receivable days is primarily attributable to increase in estimated volume of sales and growing concentration of Government projects in the company's project pipeline.</p>
2.	Inventories	<p>Inventories of our company consists of Raw Material, Material at Site, Finished Goods, Packing Material and Stores & Consumables.</p> <p>Inventories increased from ₹ 822.44 Lakhs in FY 2021-22 to ₹ 1,235.58 lakhs in FY 2022-23, to ₹ 2,308.19 Lakhs in FY 2023-24 and to ₹ 3,254.11 lakhs for the period ended September 30, 2024 representing holding period of 18 days in FY 2021-22, 47 days in FY 2022-23, 49 days in FY 2023-24 and 98 days for the period ended September 30, 2024. Increase in inventory holding period over FY 2021-22 to FY 2023-24 was primarily due to the initiation of the Government projects, which necessitated higher inventory levels to accommodate large contract values and due to 'Stock of Material at Site' inventory. As evident from the changing product/ service mix of the Company, the contribution of revenue generated from Commercial, Industrial & Ground Mounted Projects and Government Projects in the total revenue from operations of the company increased in FY 2022-23, FY 2023-24 and September 30, 2024 i.e. 11.56%, 37.39% and 36.90% respectively.</p> <p>Additionally, to handle customer demand promptly and drive sales in the Residential rooftop</p>



Sr. No.	Particulars	Details
		<p>segment, we maintained elevated inventory levels.</p> <p>The company has taken on rent warehouses in Lucknow, Varanasi, Indore, Ahmedabad, Gurgaon, Hisar, Nagpur and Jaipur with a view to increase its locational presence, inventory balances maintained at such warehouses will lead to increased inventory holding of the company. Furthermore, in the Government projects, the entire process, from procurement to quality verification by client team as detailed above, is time consuming, leading to a blockage of company's funds within the inventory at such project sites. Going forward, the above factors will lead to increase in Inventory holding period to 65 days in FY 2024-25, 67 days in FY 2025-26 and 74 days in FY 2026-27.</p>
Current Liabilities		
3.	Trade Payables	<p>Trade payables are amount to be paid to suppliers by company following purchase of Raw material, Packaging Material and Stores & Consumables by supplier on credit.</p> <p>The trade payables holding period stood in the range of 14 days during the FY 2021-22, to 42 days in FY 2022-23 period and decreased to 30 days in FY 2023-24 period. Trade payable holding days for the period ended September 30, 2024 was 52 days. Trade payables holding period in FY 2022-23 has increased as the company ventured into Government projects which are usually of higher ticket size as compared to Residential rooftop projects leading to larger purchases. The trade payables holding period reduced in FY 2023-24 was primarily attributable to efficient management of trade payables.</p> <p>Company estimates Trade Payable Holding period of 28 days in FY 2024-25, 24 days in FY 2025-26 and 23 days in FY 2026-27. Company expects better pricing and continuous supply from vendors by making early payment and negotiating better deals. With improved cash flow, we can settle our trade payables more promptly, further reducing the holding period which will provide better pricing from vendors and negotiating better deals.</p>

Apart from above, there are other working capital requirements such as Deposits held under lien, Cash and cash equivalents, Other Assets, Loans and advances, Short Term Provisions and Other Liabilities details of which are given below:

Cash and Cash Equivalents	<p>Cash and Cash Equivalents include cash in hand and balance in current account. Cash and Cash Equivalents balance is estimated based on amount required for day-to-day Business operation and for expected Business requirement of company.</p>
Deposits held under lien	<p>Deposits hold under lien includes Fixed deposits for Bank Guarantee maintained with banks for availing performance guarantee. As part of our business and as is customary, we are required to provide Performance Bank Guarantees in favour of our project clients under the respective contracts.</p> <p>With increase in the quantum of projects, our company will require higher margins as deposits for Bank Guarantees. For Higher Bank Guarantee limits our company will have to maintain a healthy balance with banks in form of Fixed Deposit.</p>
Loans and Advances	<p>Loans and advances mainly includes Security Deposits, Tender EMD (represents the amount of deposit given for bidding for tenders), Performance Guarantee Retentions (funds retained by the government authority, this mainly relates to the Residential EPC projects), Capital Advance for Office Purchase and Staff advance.</p> <p>Loans and advances are estimated based on previous year's outstanding amount and for expected Business requirement of company. Further, our company anticipates that the Tender EMD will grow substantially with increase in bidding for Tender projects.</p>
Other Current Assets	<p>Other Current Assets includes Advance Income Tax, GST & TDS Receivable, Subsidy Receivable and Retention & Withheld Amount (as part of our business and as is customary, our clients deduct margins from Running Account (RA) bills as retention money, such</p>



	<p>retention money is withheld until the commissioning of the project and completion of PR Test), Advance to Trade Payables, Prepaid Expenses and Interest Receivable.</p> <p>With increase in the quantum of projects, higher amounts will be withheld as Retention money. Further, Other Assets are estimated based on previous year outstanding amount and for expected Business requirement of company.</p>
Other Current liabilities	<p>Other Current Liabilities mainly include Statutory Payables, Expenses Payables and Advance from Customers. Other Current liabilities are estimated based on previous year outstanding amount and for expected Business requirement of company.</p>
Short-Term provisions	<p>Short-Term provisions mainly include provision for gratuity and Provision for Income Tax. Short-Term provisions are estimated based on previous year outstanding amount and for expected Business requirement of company.</p>

