Solarium Green Energy Limited

H2 and FY '25 Earnings Conference Call

May 05, 2025

MANAGEMENT: **MR. ANKIT GARG – CHAIRMAN AND MANAGING DIRECTOR – SOLARIUM GREEN ENERGY LIMITED**
MR. PANKAJ GOTHI – WHOLE TIME DIRECTOR – SOLARIUM GREEN ENERGY LIMITED
MR. HIMANSHU GARG – CHIEF FINANCIAL OFFICER – SOLARIUM GREEN ENERGY LIMITED

MODERATOR: **MS. KRISHNA PATEL – EY LLP**

Moderator: Ladies and gentlemen, good day and welcome to Solarium Green Energy Limited H2 and FY '25 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone.

Please note that this conference is being recorded. I now hand the conference over to Ms. Krishna Patel from E&Y LLP. Thank you and over to you.

Krishna Patel: Thank you, Manav. Ladies and gentlemen, good day and welcome to Solarium Green Energy Limited H2 and FY25 earnings conference call. It is noteworthy that this is the company's first earnings call post the company's listing. To take us through the results and to answer your questions, we have with us the top management of Solarium represented by Mr. Ankit Garg, Chairman and Managing Director, Mr. Pankaj Gothi, Whole Time Director and Mr. Himanshu Garg, Chief Financial Officer.

The discussion that we have today may contain forward-looking statements relating to future events and performance. Numerous factors that could cause actual results to differ materially from those in the forward-looking statements. New factors emerge from time to time and it's not possible for the management to predict all such factors as is the extent to which any combination of factors may impact Solarium's business or cause results to differ materially from those contained in any forward-looking statement.

With this, I'll now hand over the floor to Ankit Garg for his initial remarks.

Ankit Garg: Thanks, Krishna. Good morning, everyone. Today, I will be sharing a few insights from our first earnings call, marking our first full fiscal year since becoming a public-listed company just a few weeks ago. This has truly been a landmark year for Solarium, not only due to our public listing but also because of significant achievements across multiple fronts. We concluded our Board Meeting on 3rd May and please note that the company's investor presentation has been uploaded on the Stock Exchange for your reference.

We will start the call with a brief overview of the year gone past, which will give you a broad highlight of the business. Post this, we will open up for a Q&A session. To introduce myself, I am Ankit Garg, Chairman and Managing Director. I hail from a small town, Kishangarh in Ajmer District, Rajasthan. I did my engineering from IIT, Dhanbad and graduated in year 2011. Then I started working with Hyundai Construction Equipment as a graduate trainee engineer.

In 2017, I quit my job and founded Solarium with Mr. Pankaj Gothi. Solarium began its manufacturing journey back in 2018 at our facility in Bavla, Gujarat, where we produced polycrystalline solar panels under our own brand name. However, we had to pause our manufacturing operations starting February 2024 as we were not included in the approved list of models and manufacturers ALMM since April 2024.

In the meantime, we expanded our horizons and entered the turnkey solar and hybrid solution space in 2021. Today, our core focus is providing comprehensive turnkey solutions for renewable energy projects and supplying a wide range of solar products. At Solarium, our goal has been simple - building a greener future by providing top-notch turnkey solar solutions across India. Since we started out in 2018, we have grown steadily and earned a reputation as a reliable name in the solar space, handling everything from design and engineering to procurement, installation, commissioning, and ongoing maintenance.

Over the past year, we have continued to strengthen our presence across the residential sector, commercial sector, industrial sector, and government segment, driven by disciplined execution and deep industry insight, with executed and ongoing project in nearly 15 states and UTs and a team of over 300 professionals. We take pride in serving a diverse customer base through customized solar offerings that meet their unique energy needs.

I am pleased to share a brief about our remarkable journey in financial year 2025, especially in the residential rooftop segment, which remains our primary focus and has contributed an impressive 37% of our total revenue. We have taken a tech-driven approach throughout the entire process, from generating leads to completing projects. We are also developing a unified customer portal to make our residential business even more efficient and scalable.

In the second half of financial year 2025, we expanded into another 15 new cities, strengthening our presence across the country. While we faced challenges like limited availability of DCR panels, which delayed about INR17 crores of residential orders to Q1 of financial year 2026, we still saw a strong performance in March. March alone recorded INR 56 crores in revenue, contributing to higher working capital at year-end.

To boost partners' engagement, we introduced a program called as Solar Saarthi program, bringing onboard nearly 200 channel partners through this scheme. With a PE model of INR11,000 this helps ensure serious commitments while also adding a new revenue stream for the company. With more than 13,900 projects executed between April 2021 till March 2025, we continue to witness strong momentum, fostered by government subsidies and increasing consumer adoption of clean energy.

Additionally, more than 905 ongoing residential projects provide a strong visibility for our future growth. Our EPC contracts are delivered on turnkey basis, covering the entire project lifecycle, from site assessments to plant design to technology evaluation, risk analysis and grid connectivity, we handle it all.

We take care of the detailed engineering, the supply chain, logistics, construction and manpower. We also provide financial restructuring along with warranties and guarantee. Post-commissioning, we offer operation and maintenance services, everything from panel cleaning and system inspection to repair replacement for government and private clients.

On the institutional side, we have successfully executed projects across prestigious public and private sector clients, including Bhabha Atomic Research Centre, multiple projects for BSF, Indian Air Force. These projects not only validate our technical capabilities and delivery excellence, but also position us as a reliable partner for high-impact large-scale solar initiatives.

With nearly 50% of revenue attributed to this segment and 49 projects currently underway, our institutional pipeline is robust and growing. We strategically shifted our business model towards a higher EPC share, aiming to strengthen margins and long-term profitability. This move is aligned with our focus on delivering more accretive value-driven solar solutions while continuing to build our own distribution network.

On the organizational side, we rolled out ESOP schemes across the board with more than 50% of the pool already allocated, resulting in INR 84 lakh as an expense provision this year to keep our team motivated and aligned with our long-term goals. We have also strengthened our leadership by appointing segment heads, hiring an experienced individual as CFO, and bringing around 60 interns from top IITs and IIMs to support our next phase of growth.

Moreover, being L1 in around 38 categories out of 45 under NTPC-distributed rooftop programs for various Indian ministries highlights our strong position in the sector. Our proven ability to execute projects, even in the challenging terrains, remains a key strength. Together, we are not building infrastructure, we are shaping a sustainable future.

From a macro perspective, we operate in a sector backed by powerful tailwinds. The Indian government's unwavering push for renewable energy, especially under initiatives like PM Surya Ghar: Muft Bijli Yojana, along with a 500 gigawatt non-fossil fuel capacity target by 2030, presents a tremendous opportunity. With our experience, agility, and commitment to quality, we are well positioned to capitalize on this momentum.

Our leadership team remains committed to sustainable value creation, operational efficiency, and strong governance. With a clear roadmap ahead, we are confident in our ability to scale operations, diversify our portfolio, and deliver on stakeholders' expectations. In closing, I would like to extend my gratitude to our shareholders, our consumers, our channel partners and our employees, without whom this journey would not be possible.

We look forward to continued collaboration and a shared mission of driving clean energy transformation across India. With this, I hand over the call to Himanshu to brief on the financials of the company.

Himanshu Garg: Thank you, Ankit, and good morning to everyone. A warm welcome to Solarium's first results conference call. I will be walking you through the financial highlights for H2, as well as the full year ending 31st March 2025. During H2, our total revenue stands at INR 148.08 crores, which is a growth of 81% from 82 crores in H1. H2 EBITDA stands at INR 14.9 crores, which is a growth of 24.2% against INR 12 crores of H1.

H2 PAT stands at INR 11.6 crores which is a growth of 46.9% from INR 7.5 crores in H1. During FY25, the company recorded a robust revenue of INR 230.08 crores, which is a growth of 29.7% as against INR 177 crores of FY24. FY25 EBITDA stands at INR 26.9 crores, which is again a growth of 9.3% from INR 24.6 crores in FY24. In terms of EPS, EPS grown to 11.65 per share against 10.49 per share in FY24.

Our order book stands robust as at the end of 31st March 2025 with INR 120 crores worth of orders being carried forward to FY25 and tenders bidded results awaited amounting to INR44 crores. Tenders worth INR 243 crores have already been declared with Solarium being declared as L1 but pending work orders till now.

With this, I want to conclude my updates on financial highlights of the company and we can now open the floor for any questions if any one of us have.

Moderator: We have our first question from the line of Agastya Dave from CAO Capital.

Agastya Dave: Hi, good morning. Thank you very much for giving me the opportunity. Sir, one clarification, in the presentation, the line which says unexecuted order book that has an overwrite on it, so can you repeat the number? Is it INR 126 crores?

Himanshu Garg: Thanks for the question Agastya. We have also submitted a revised presentation right after it. It was edited while uploading it but for clarification, the unexecuted order book stands at INR 120 crores as at end of March 2025 which will be carried forward to FY2026.

Agastya Dave: And the L1 positions are INR 243 crores, when will they translate into orders which you can start executing? Is there any timeline?

Himanshu Garg: Yes, so out of this INR 243 crores, this is part of a larger contract which we have won out of NTPC's tender. This is in total about INR 270 crores worth of orders out of which we have received INR 27 crores by the end of March 2025. Post that we have also received, I think post March, so it is a continuous process.

We will execute 20 megawatts, then we will get another 20 megawatts. So as we have already received orders worth of about INR 35 crores and we are expecting another INR 54 crores worth of orders over the next one and a half month or so. So it is execution based LOA to be given, but minimum, 270 Cr to be awarded.

Agastya Dave: Understood, Sir, in the annual numbers that have been declared, I see there was a dramatic increase in certain cost items as we were building capacity for execution. So can you take us through exactly what all has led to this, this much jump in employee expenses and other expenses? So I say other expenses because I really don't have any schedules available to me which can help me understand which cost items have contributed to this jump.

And these additions, what kind of capabilities will they provide you for the upcoming year in terms of execution?

Himanshu Garg: So I'll answer one by one. In terms of schedules, that will be part of our Annual Report, which we are targeting to publish over the next couple of weeks or so. In terms of your first question, the employee cost has been increased as we are also trying to cover that within our presentation as well as the speech that we have been building the organization for our next phase of growth. So from say INR 177-odd crores to INR230 crores in FY25 is something which happened over the last one year.

We have hired at the start of the year, the employee strength was less than 200, which has now increased to 309 at the end of March 2025. This has been across the organization, largely towards our residential space, residential rooftop space, where we are opening multiple cities. H2 alone, we opened 15 cities. So this is in direct relation to our growth strategy towards residential rooftop.

In terms of numbers, if we talk about, so residential rooftop, we were at INR 5 crores per month revenue at the start of the year, which has been increased to INR 10 crores at the end of the year, which is March 2025 standalone.

Agastya Dave: So what is this number sir, INR 5 crores?

Himanshu Garg: INR 5 crores monthly revenue for residential rooftop alone, which has increased to INR 10 crores at the end, by the end of March 2025. So it is like almost 2x jump in terms of revenue for residential rooftop. In terms of other expenses, largely there are fundamental reasons around it. So we kind of shifted our business model towards the turnkey model.

If you see, our turnkey business has increased from INR 100-105 crores to INR 200 crores, which is almost like 100% growth vis-a-vis last year. So till last year, there was a significant amount of trading also, which was about almost like INR 70-plus crores. In current year, the trading business has been shortened or maybe a smaller amount, which is about INR 30-odd crores.

So basically in terms of other expenses, the direct expenditure towards the turnkey, which is our commissioning, installation, which is directly in relation to our turnkey business is being increased.

Agastya Dave: Understood. So one final question in terms of growth for next year, in the light of what the PM has said about the rooftop initiatives, that is in fact the only thing in the budget, which has seen a substantial jump in allocations. So how do we see the growth panning out, especially in rooftop business and also for the overall business for next year?

And this year, as you have ramped up this rooftop business and cut down on your trading business, the receivables have also jumped. So again, going forward, how do you see the receivable cycle panning out? What's a good number of receivable days that we should be baking into our projections going forward?

Himanshu Garg: So in terms of receivables at the end of the year, you are right, it has jumped. But largely, if we see the management commentary segment within the presentation, which is slide number 19, March 25 alone has contributed INR 56 crores revenue. So if you see, it is largely because of the skewness, which has happened in terms of revenue of March numbers.

That is how the receivables have increased. In terms of the future growth, we want to refrain from any sort of guidance. But at the same point in time, we foresee to continue our growth trajectory in a similar fashion as it has happened in the past couple of years.

Agastya Dave: So let me put it differently. So the plans that the government has announced and the allocation that the finance minister has done in the budget for rooftop specifically, I think the number is somewhere between INR 25,000 to INR 30,000 crores. So have you started seeing those flowing into your inquiries? And is there a nodal agency which is directing business to companies like yourself? Because I don't know of any other EPC companies, solar EPC companies, which are specifically doing such a large portion of the revenue from rooftop solar. So that is why I am asking specifically about rooftop solar because the allocation has gone up.

What kind of growth are you emphasizing there? You don't need to give a number, sir. Just qualitative commentary would be more than sufficient.

Ankit Garg: Certainly, sir. So government has appointed REC as a nodal agency for implementation of this program, sir. So REC is a nodal agency. They have created a unified consumer portal, wherein consumers, the discoms, vendors, and state governments, they all work on the same platform. And the government has initiated a process for direct benefit transfer of the subsidies into consumer accounts. So REC is handling the whole scheme.

And we have seen increase in the numbers. Like if I will say, in the last 15 years, there was adoption by 10 lakh homes who have gone solar. But in the last only one year, around 9 lakh homes have installed solar at theirs. So whatever numbers we have achieved in the last 10, 11 years has been in the last one year only. So the growth and the adoption is significant. And government is working very hard to create awareness among the consumers. Multiple states have come up with additional subsidy schemes and additional benefits for the consumers to increase the adoption with some adding 13,000 extra subsidy, some waiving discom charges e.t.c.

Agastya Dave: Thank you, sir. All the best, sir. I really appreciate that you came out with the results so early in the earnings season. And also, sir, one small suggestion, if you can start doing quarterly results, I know SME regulations are different, but that would be of great help to all the investors. This is something that I'm asking all the SME companies to do. It's just a suggestion, sir. It's good for the company and good for the investors. Thank you very much, sir. All the best.

Himanshu Garg: Thank you, Agastya.

Moderator: Thank you. We have our next question from the line of Pushkar Jain from Mili AIF. Please go ahead.

Pushkar Jain: Yes. Hi, sir. Congratulations on a good set of numbers. My question was also regarding the receivables, like why they have shot up. But can you just give a break up of it, is it because of the government orders that we are taking or what has exactly happened regarding that?

Himanshu Garg: So, as I think we tried to cover in terms of receivables, it is largely on account of the revenue for the month of March, which is about INR 56 crores. In terms of the break up, largely INR 7 odd crores is residential rooftop. Other than that, it is the institutional business that we are executing for the government, PSU’s per se. So, yes that is how the overall breakup is

Pushkar Jain: Okay. And any commentary regarding the outlook? How do you think things are shaping up? Any growth commentary? Any growth guidance if you can give?

Himanshu Garg: So, Pushkar, I think in terms of growth, we foresee continuing our growth trajectory as we have seen for the last one or maybe a couple of years. In terms of any guidance, I think we want to refrain given we are very young as a company, right? So, we are building up, though we have tried to cover up in terms of the order book which is in hand or say the orders which are already we are L1. And other than that, in terms of monthly revenue, which we are already hitting for residential rooftop is more than INR 10 crores at a monthly level. So, we kind of foresee the growth trajectory in a similar fashion and maintaining the current numbers.

That's how we kind of foresee FY26 and future. It is largely also on account of the various sector level tailwinds, right? As our dear friend Agastya has also kind of captured in his question, right?

That the government is coming up with various kinds of schemes which is also kind of not only schemes in terms of awareness, but also in terms of making it mandatory for their own internal ministries, right? So, the government has taken a target for becoming net zero by FY2030 for all the ministries, which is again becoming more and more prevalent or more and more mandatory for the various ministries itself. Similarly, defense is being asked to kind of use solar as one of our renewable sources of energy, right?

So, that is becoming a way of life and it is becoming more of a necessity for each one of us. And out of most of the renewable source of energies, solar is the only one which can be used in terms of decentralized fashion because most of the other sources of renewable energy available at this point in time are like only can be done at a very, very large scale, which is whether hydro or say hydrogen or wind.

So, these are the factors or I would say the reasons which we foresee the growth to continue within the solar space. That is how if you see, the overall tenders which we have bid, we are already L1 in INR243 crores. INR44 crores worth of orders, we are awaiting results pertaining to March 2025. Another 450+ Cr we have bid in April 25 alone. INR120 crores worth of order book is being carried forward to next year.

So, these are the numbers which we kind of foresee if we only total this up to say INR 243 crores as L1 and INR120 crores as revenue to be booked, it stands at about INR363 crores. So, yes, INR10 crores monthly number for our residential rooftop at the current pace without any growth, we anyways expect to continue that growth. So, I think again, we will be able to continue that growth trajectory at least for the next couple of years.

Moderator: Thank you. We have our next question from the line of VR Nahang from Mili Emerging Equity Funds. Please go ahead.

VR Nahang: My question is basically that you have executed order worth INR 56 crores in one month. So, I presume that you have achieved the capability to take the large order now and you can repeat this execution month on month. Are you capable of doing that? Because you have added a lot of new recruits and infrastructure for executing this kind of work?

Himanshu Garg: Definitely, sir. We have focused on building up the organization in terms of manpower, in terms of design engineering capabilities. We have executed a good chunk in March and we are preparing ourselves for the next growth phase also. Certainly, as an organization level, we have built up the good execution strength, which we will be leveraging in executing all the order books which we have right now, sir.

Ria Nahak: That's very good. The next thing is that in the rooftop solarium business, you must be facing a lot of competition from the unorganized sector also. And your cost because of the highly qualified people you are employing, it must be high. The margin on this could be a challenge on the rooftop because getting the orders in competition with the unorganized sector could be a real challenge basically. And I don't know whether you can share the margin which you are currently getting on INR 10 crores execution on rooftop solar?

Himanshu Garg: So I think there will be two parts to it. One, a straight answer to your question whether we will be able to maintain the margins, the answer is yes. How and why we are confident on that? If you talk about purely only about residential rooftops, there is a journey each state is taking in terms of residential rooftop adoption.

So, you are right, we started our journey from Gujarat where at the early stage of the business in Gujarat, we were making high margins. But as the state or the adoption gets matured, the margin starts dropping. But good part for us is that we already started going to the other part of the country which is UP, which is Delhi, which is Maharashtra, which is Madhya Pradesh, where the adoption rate is very, very low at this point in time.

And we are able to make much higher margins in those states. So, it is almost good amount of margins we are making for those states. So, with the geographical expansion across various parts of India, we are being able to maintain our margins. So, at the same point in time, the execution learnings which we have been able to make out of Gujarat, it is more of a replication for us.

The same level of execution which we have already done in Gujarat, we are already one of the leading players, I can say one of the most earliest organized players in the industry who has started doing turnkey or EPC for residential rooftops. And we are trying to replicate it across India, which we have anyway started covering up.

Ankit Garg: We have added up this Solarium Saarthi program wherein we are onboarding channel partners. So, that program is helping us to scale up very strongly.

VR Nahang: Now, I just have also listened to one commentary by the Solar Square. Big company, I think similar to your level and they are in big losses. And their focus is more on the rooftop, I suppose. So, that's my fear on the rooftop solar, because there is a very big and organized sector in that space. And your current revenue is also over 37% from that. So, whether this is going to be a challenge going forward in scaling up?

Himanshu Garg: So, you are right. In terms of Solar Square, they are in losses. At the same point in time, they are a private equity funded company. So, we want to probably refrain any sort of comments on their part in terms of losses and all that. But what we can say about us as an organization is we understand our business. We are being profitable since day one, which is since the company being started as bootstrap from 2017 itself.

So, Ankit kind of also captured in his speech that we as an organization started from our own funds, out of our jobs, everything. So, practically speaking, we don't foresee that replication in terms of losses. But at the same point in time, since you brought up Solar Square name, so if you see that they raised 40 million at about $200+ million valuation. So, those are the positive factors also which is there from a Solar Square name perspective. But in terms of their losses, we want to probably refrain.

VR Nahang: Okay sir. No, that's just a fear coming in mind because large execution has resulted into big losses. But anyway, you are confident. So, all the best, thank you so much. And hoping that this year could be INR 50 crores at least per month so we can definitely touch over INR500 crores revenue. All the best.

Himanshu Garg: Thank you very much, sir.

Moderator: Thank you. We have a next question from the line of Kushal from InVed Research. Please go ahead.

Kushal: Yes, hi. Thanks for the opportunity. So, my first question is around order book. You said INR 120 crores of unexecuted order book and INR 243 crore of L1 which will convert into unexecuted during the year. So, all this, roughly INR 360 crores of order, will they be executed in FY26 only?

Himanshu Garg: Yes.

Kushal: Okay so nothing goes in the next year is what you are saying.

Himanshu Garg: Yes.

Kushal: Understood. And this order book, could you provide a split of this?

Himanshu Garg: Just to probably amplify this, INR 120 crores worth of order which is unexecuted is already under execution as of 31st of March. That has practically been spilled over in terms of various portion of one project which gets delayed. So, it is not something which is not executed, which is INR 120 crores rather, it is under execution. Orders worth INR 243 crores, which we are in L1 as I covered, I think in my first reply to Mr. Agastya, that is something we are pretty confident that it will be executed within this year.

Kushal: Understood. Can you also provide a split of this, out of this 120 and 243 which is around 363? How much portion is residential versus C&D versus government? Just to gain more clarity.

Himanshu Garg: Got it. So, INR 243 crores is all PSUs. Out of 120, almost 98 is PSUs and balance is private and residential. During our speech, as well as in our management commentary, we have covered orders worth INR17 crores is being pushed to Q1 for residential rooftop alone. So, this 120 includes that INR17 crores as well.

Kushal: Understood. Got it. Fair enough. Just wanted to understand the residential rooftop business again in more detail. So, I have been given to understand that residential rooftop generally operates at much higher EBITDA level margins, the standard rate which goes around in the market is like INR50,000, INR60,000 a kilowatt or something.

So, what do you think about margins? Because what I am seeing is 11% EBITDA margins for the year are slightly on the lower end and since given your 37% execution is in residential rooftop space itself, which is slightly higher margin, why are EBITDA margins on the lower end for this model? I understand Solar Square and all that business model is different, but since we are a bootstrap profitable company, shouldn't be higher margins in residential rooftop translate to higher margins in our overall business?

Himanshu Garg: I will break this question honestly. So, I think just before sir asked the same question. So, I will probably continue from that itself. We foresee that the margins per se, so for a new state to open, there are higher gross margins, but to reach a stage you need to invest first in terms of employee cost, infrastructure cost in terms of warehouse e.t.c.

So, as we mature in those states, we will be able to make higher margins in those, but on an average, because the business continues to grow the overall EBITDA margins remains in this range for our residential space. So, it is because there are older states which are getting matured where gross margins get under pressure, but with our lower manpower or fixed cost, we make higher EBITDA margins but in newer states, we make higher gross margins. But at the same point in time, a bit of higher fixed cost which translates to a lower EBITDA or a balanced EBITDA, I would say. But as we mature, I think the overall EBITDA margins we foresee continue to probably range bound in this range.

Kushal: Understood. So, expect EBITDA margin in the range of 11% only going forward?

Himanshu Garg: 11% to 13% is the range which we want to probably anchor at this point in time.

Kushal: Understood. Do we also have any plans to enter into IPP business which is more capital heavy in some sense?

Himanshu Garg: Not as of now. So, I think if you also see our core forte is residential rooftop or I would rather say rooftop, which is rooftop plus the distributed solar space which is not probably getting into the larger orders which kind of also balances out the risk portion as an organization. So, with a larger order which is IPP, you need to have larger capital at the same point in time. Larger risk also comes along with it. So, at this point in time, we don't foresee at least for next couple of years getting into the IPP space.

Kushal: Understood. Just my last thoughts on residential rooftop again. You said roughly INR 10 crores receivable in residential rooftop. Isn't that business done on cash and carry only or how are we having this receivables?

Himanshu Garg: So, INR 10 crores is something which was March end revenue. In terms of receivables, its about 7Crore. There is a portion of receivable which we also have in residential rooftop space given sometimes when we take larger institutional level residential orders which is say one particular society which we are taking as a order, complete order for one society. In that case, sometimes on account of RWA or we take cheques as advance because we kind of fund their subsidies out of our books. So, subsidy portion for which they are going to receive over next 1 month to 45 days is something which we kind of give them credit which is again not a credit per se. It's not an unsecured credit. It's a secured credit by taking the advance checks or PDCs from them.

On top of it, there is another portion of the business, which as Ankit, has also kind of covered that we do end to end for the consumers who go for the financing from banks. In case of financing from banks, PSUs are funding the residential rooftop at 7% reducing balance. So, Government of India has mandated PSU Banks to fund the residential rooftop at 7%.

But what happens the disbursement of those loans happens as 30% before and 70% after installation. So, that 70% after installation is something which is again secured but the moment we install and get the net metering done after submission of the completion certificate to the bank that gets disbursed. So, it is just about a rolling credit not a full-fledged credit.

Kushal: Understood. On subsidy, I have heard that subsidies get delayed a lot sometimes. So, how much of this INR10 crores is subsidy related?

Ankit Garg: Sir, that is not related to subsidy. There are milestones whenever there are bigger projects. So, let's say we have to take some advance and then we have to take some money before dispatch of material after installation and this.

Himanshu Garg: Yes, sorry. You said that the subsidy gets delayed. The answer to that is it is not something which is in our control but largely, as far as if we go back in terms of say couple of years back, subsidies used to take almost 9 months time that has been reduced to less than 3 months now.

Currently, there is a total transition of portal which is happening from the MNRE perspective. So, they are transitioning the portal from 1.0 to 2.0 that is also kind of resulting in terms of delay in subsidy but still the subsidy is getting credited to the consumer account within 45 days at max. In general, the government's target to transfer the subsidy is less than 15 days but even if it gets delayed, it moves to about 45 days. Just a specific thing. The AR for residential is not INR 10 crores. INR10 crores is the revenue number for residential. AR for residential, it is about INR7.5 crores.

Kushal: So, INR10 crores is the March 25 revenue number for residential. Right?

Himanshu Garg: Correct.

Kushal: Understood. Out of that INR10 crores, INR7.5 crores is receivable. Got it. Understood. On residential again, after Solar Square, since they are the largest player in the country, I think they are doing like 10,000 homes a year. Are we the second largest player in the country?

Ankit Garg: So, numbers are relatively same. So, month-on-month, sometimes they have more, sometimes we have more. But yes, we compete with each other in terms of numbers.

Himanshu Garg: So, it is also at state level, like in Gujarat, we are way ahead of them. In Maharashtra, they are ahead because Maharashtra as a state, we just started very, very recently. It is like, again, so it is largely on account of state level stuff as well.

Kushal: Okay. Understood. Got it. Thank you so much for answering all the questions patiently. Thank you.

Moderator : Next question is from Rohit

Himanshu Garg: Yes. Hi, Rohit. Please go on.

Rohit: First of all, congratulations for a great set of numbers. I have a couple of questions regarding the funds which you guys have raised through IPO still remains unused, quite a lot of them. So, what are your plans for fully utilizing these funds and what exactly you want to do it with the funds? I see that some part of the debt has been already being paid. So, it is underutilized at this point of time. So, what are the plans for these funds in this financial year?

Himanshu Garg: Thanks, Rohit, for the question. Largely, we foresee to deploy those funds within the working capital space at this point in time as our business is growing. So, largely, the fund utilization we foresee in the working capital space. Alongside, we are also wanting to leverage our balance sheet with the help of banks. So, we continue to see that growth and see the deployment of funds in the existing space itself.

Rohit: All right, thanks. And the next question which I have is that the employee and the material cost grew faster than the revenue which is impacting our margins. So, I understand that you have to invest quite a lot so that you can go to the new markets and stuff and the required skilled workers which you have already doing. So, you are working at your optimization at this point of time and the margins will improve from there. Any comment from this?

Himanshu Garg: So, thank you very much, Rohit. So, I think that, on the employee part, we have also tried to cover it in our management commentary. So, one thing which you are right that because we are increasing our presence across India, going deeper into the state while we open 15 more new cities which involves obviously the manpower investment.

At the same point in time, we also wanted to invest on employees within our organization on account of which we have allocated ESOP's. So, out of the overall ESOP pool, we have already allocated more than 50% of the pool to our existing employees which kind of tantamount to about INR 84 lakh as provision for the ESOPs which is again a non-cash expense as an organization, but which will lead to a larger involvement of the employees.

So, if we see out of our total strength at the start of the year, we have allocated the ESOPs to about 50% of our employees and it is not limited only to the L1 level or the higher management. Rather, we have gone down to L2, L3 level as well who are part of our ESOP pool fundamentally.

So, that is also kind of increased our – in terms of shorter run, it has increased our expenses towards employees. But what we kind of foresee is that it will mean larger involvement and motivational levels at the ground level as well. So, that's largely I think the reason for employee expense increase.

Rohit: So, the margins will improve in the coming quarters. That's what is my question to you. Now, I think you have already done the hiring and stuff. So, the margins will improve because you will be able to utilize these things and you will be able to pay for more orders and more revenue for the company, right?

Himanshu Garg: Yes. again, as I was mentioning, we are trying to restrain from any sort of guidance. We continue to see the growth trajectory in a similar fashion. How this business stands out is something which in terms of absolute or the exact figure is something which we – as I was saying that we are still a very, very young company but we want to maintain where we have reached.

We will be continuing our growth trajectory in a similar fashion. The newer cities are already in place. But at the same point in time over the next six months, there are very aggressive growth plans across India. When we say across India, largely within these states which we have already opened, going deeper into the same states with a larger number of cities.

So, there are more than 15 new warehouses to be opened which are planned. We opened one warehouse today only in the city of Jodhpur in Rajasthan and there are multiple more new cities which are planned to open over next couple of weeks.

So, we will be continuing our growth trajectory and we have been able to figure out the right strategy to open a new city by deploying or by committing a lower fixed cost by the model of Solar Saarthi which we have also kind of covered in our presentation. So, that is how we kind of foresee the near future.

Rohit: Thank you, Ankit. Thank you very much for your answers. And I don't have any more questions and all the very best for the coming year.

Moderator: Thank you, Rohit. We have our next question from the line of Soham from RV Investments. Please go ahead.

Soham: Sir, what were our margins in the residential rooftop segment in H2?

Himanshu Garg: In terms of gross margins, our gross margins will be in the range of about 20 odd percent.

Soham: And EBITDA margins, sir?

Himanshu Garg: EBITDA margins will be in the range of 10 odd percent.

Soham: And, sir, what was this number in H1?

Himanshu Garg: I have to check that number. We can discuss this maybe offline.

Soham: Okay. And, sir, of this INR 56 crores in March, INR 10 crores was from rooftop. So, what was this rooftop number in the whole H2?

Himanshu Garg: Whole H2. So, H2 numbers is about INR45 crores.

Soham: INR 45 crores. Okay, sir. And we aim to maintain this INR 10 crores run rate for the whole FY 2026, right?

Himanshu Garg: Correct. So as I covered it during my speech as well that we started the year with about approximately INR 5 crores monthly revenue. We reached INR 10 crores. We continue to see the growth in H2 as well. And we kind of foresee the growth trajectory to continue over next year as well.

Soham: Okay, sir. Thank you. Thank you so much.

Moderator: Thank you. We have our next question from the line of Shruti Malpani from Aarth AIF. Please go ahead.

Shruti Malpani: Hi, Ankit, ji. So, I have a question from the management commentary there is point about availability of DCR panels remains to be a challenge for the residential sector. So, like, do you see this challenge persisting? And, like, what was the issue, if I may ask?

Ankit Garg: So, ma'am, what has happened that the adoption of residential solar has increased drastically. And in the PM Surya Ghar Yojana, we have to use domestically manufactured panels with domestically manufactured solar cells. So, that kind of growth no one has foreseen resulting into this supply-demand gap.

Shruti Malpani: Okay.

Ankit Garg: Apart from that, another demand of DCR panels generated from the PM-KUSUM Yojana. So, that resulted into a supply-demand gap, particularly to the DCR panels.

Shruti Malpani: Okay. Understood.

Himanshu Garg: So, at the same time, there are a lot of capacity additions happening across, if you see, right, Shruti, that most of the larger players are coming up with their cell capacities, right? Adani has recently opened, I think, almost 3 gigawatts. I think so there are multiple larger players who are coming up with their cell manufacturing capacities. As the cell manufacturing gets increased in India, I think these DCR availability challenges will go away. So, it's a journey which government has taken, to be honest, and maybe we can amplify on this point.

Earlier ALMM was not there, till the time in India, the module manufacturing was a challenge. As module manufacturing capacity increased, government has come up with ALMM.

Similarly, for DCR as well. Now, government is pushing most of the larger players to bring up their cell capacity, right, or cell manufacturing in India. The moment that gets settled down, more and more players are coming up with that, right? So, we kind of foresee that challenge to go away.

Shruti Malpani: But still, like, are we expecting this, like, in H1 FY 2026 to persist, like, you know, with the orders going to the next one?

Himanshu Garg: So, as of now, while we are speaking, we are, at the same point in time, there are strategic steps which we have taken already in terms of DCR availability. So, we are already getting in touch directly at corporate-level tie-ups. We have done a corporate-level tie-up with a company, with one of leading manufacturers of India, right, which will take away some sort of uncertainty about DCR availability.

So, we will be kind of, not only from a standpoint of the market availability, but at the same point in time, at the corporate level as well, we are taking multiple steps to take away this.

Shruti Malpani: Okay. So, we will be able to, you know, finish INR 17 crore worth of orders in Q1?

Himanshu Garg: Correct. So, it's already under execution, like, as we are speaking, we are almost on a daily basis receiving the supply of panels and executing those respective projects.

Shruti Malpani: Okay, got it. Another question that I had was, what's the average ticket size that you're looking from government tenders or, how do you classify which tenders you'll be taking up or not? So, how does that work?

Himanshu Garg: So, I think, Shruti, we tried to kind of answer in our previous conversation or previous questions as well. So, in terms of our sweet spot is something which is a distributed solar play, which is largely also in alignment as a residential rooftop. So, what we are kind of building up is there is hardly any player in the market today while we are speaking who is active in distributed solar installation or distributed solar rooftop installation. So, that is where we are becoming more and more stronger.

At the same point in time, the second area from a government tender perspective, we kind of have been able to develop a playbook for a difficult terrain installations, wherein most of the players don't want to take up those businesses, which is, like, executing a project way ahead in Leh. We have done a project near Hanle telescope.

We installed two projects there. Now, we are already in talks or rather the respective authorities are wanting us to execute 10 more projects in the same territory because no other player has been able to execute those projects. So, most of the bidders who have won the project has not been able to complete them.

Similarly, for something like the northeastern part of India, which is Manipur, Silchar. So, these are the specific difficult terrians or difficult kind of projects which we are building up and we foresee to continue cementing those as a strength as an organization.

Shruti Malpani: Okay. Thanks so much. That's all from my side and all the best.

Himanshu Garg: Thank you very much.

Moderator: Thank you. We have our next question from the line of Shikhar Gupta, an Individual Investor. Please go ahead.

Shikhar Gupta: Hi. Congratulations on the good numbers. Actually, my question got answered about EBITDA. I just wanted to clarify the guidance that you had given about 11% to 13%. That was for rooftop or for overall business?

Ankit Garg: So, that will be from an overall standpoint.

Shikhar Gupta: Understood. And regarding the use of cost, do we foresee an increase in ESOP cost in FY 2026?

Himanshu Garg: So, Yes. ESOP cost is something given this was the first year and that was largely half of the year cost only in this year. But at the same point in time, as a percentage to the overall business, we foresee that to be reduced in terms of percentage as overall business, given the growth we foresee to see the growth trajectory as it is happening. But Yes, in terms of absolute numbers, yes, it will be increased.

And as we said, right, so we want to grow as an organization. We are building a company, not only for ourselves, for our employees, for our customers, each one of us. And we want to kind of make each of them being participating with our growth trajectory, which obviously not only in terms of motivation, but also in terms of the stickiness of the employees, which is also very, very key as for any sort of growth trajectory to continue that growth trajectory. So, it is execution heavy business, which we are in at this point in time.

Shikhar Gupta: Right. No, I agree. And it's a great initiative. Thanks.

Moderator: Thank you. In the interest of time, that would be the last question. And I now hand the conference over to the management for closing comments.

Himanshu Garg: Sure. Thank you very much, everyone. On behalf of management, I would like to thank everyone for joining us today in our first H2 and FY 2025 earnings conference call. It was our pleasure hosting you all today and interacting with you.

While regulations do not mandate an SME listed company to conduct earnings conference call. But we as a management have proactively adopted this practice as a part of our commitment to strong corporate governance. We intend to host investors calls on regular basis and we shall keep you all posted on this. Thank you once again and wishing you a great day ahead. Thank you very much.

Moderator: Thank you. On behalf of Solarium Green Energy Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.

This document has been edited to improve readability.