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To,

The Corporate Relations Department BSE Limited PJ Towers, 25th Floor, Dalal Street, Mumbai - 400 001 Company Scrip Code: 542851	National Stock Exchange of India Limited Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051 Symbol: GENSOL

Dear Sir/Madam,

Sub.: Transcript of Earnings Call Q2/FY25

In compliance with Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached herewith the Transcript of Q2/FY25 Earnings Conference Call held on Monday, October 28, 2024.

You are kindly requested to take note of the same.

Thanking You,

Yours Faithfully,

For, Gensol Engineering Limited

Anmol Singh Jaggi
Digitally signed by Anmol Singh Jaggi
Date: 2024.11.04 17:09:48 +05'30'

GENSOL ENGINEERING LIMITED *

Anmol Singh Jaggi
Managing Director
DIN: 01293305

"Gensol Engineering Limited Q2 FY25 Earnings Conference Call"

October 28, 2024

MANAGEMENT: **MR. ANMOL SINGH JAGGI - CHAIRMAN & MANAGING DIRECTOR, GENSOL ENGINEERING LIMITED**
MR. ANKIT JAIN - CHIEF FINANCIAL OFFICER, GENSOL ENGINEERING LIMITED

Moderator: Ladies and gentlemen, good day and welcome to Gensol Engineering Limited Q2 FY25 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 * then 0 on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Savli Mangle from Adfactors. Thank you and over to you, ma'am.

Savli Mangle: Thank you. Good evening, everyone. A very warm welcome to our Q2 & H1 FY25 Earnings Conference Call.

To guide us through the Results today, we have the Senior Management Team of Gensol Engineering Limited headed by Mr. Anmol Singh Jaggi – Chairman & Managing Director and Mr. Ankit Jain – Chief Financial Officer.

Before we begin, I would like to state that some of the statements made in today's discussion may be forward-looking in nature. The actual Results may vary as they are dependent on several external factors. We will commence the call with Mr. Anmol Singh Jaggi, taking us through the "Operational" and "Financial Performance" for the quarter and half year gone by. Following which, we will open the forum for Q&A.

With that said, I would now like to hand it over to Mr. Anmol Singh Jaggi to share his comments. Thank you.

Anmol Singh Jaggi: Thank you, Savli. Good evening and thanks to all our friends for joining the Fourth Earnings Call of Gensol Engineering Limited.

As always, I would like to give a flavor of recent business development to our valued investor community and also share our latest Financial Results. This time, I am happy to share that I'm joined by Gensol's new CFO – Ankit Jain, who will be joining me in discussing our financial performance particularly since we have done a restatement our historical financials related to EV leasing business.

To set the tone, India's renewable energy sector is at a turning point, driven by strong government initiatives and a global shift toward sustainability. Ranking fourth globally in renewable energy capacity, India has grown its installations five-fold since 2012, now reaching 200 gigawatt as of August 24. This upward trend aligns with India's commitment to source 50% of its electricity from non-fossil fuels by 2030 and achieving net zero carbon emissions by 2070. Amidst this growth, Gensol is well positioned to play a pivotal role in India's energy transition and leveraging its strong track record in solar energy, Gensol is well poised to benefit from the structural growth as solar becomes more technological and economically viable and takes a large share of India's energy demand. In this, I would also like to reiterate our earlier guidance of having Rs. 2,000 crores as the topline.

Coming to the solar EPC business:

Gensol is today amongst the top independent EPC players in India, having executed a diverse solar project encompassing rooftops, ground mounts, and floating solar installations across the country. Our success is closely tied to India's ambitious renewable energy goals, on which we continue to deliver by winning prestigious EPC projects at the Khavda Renewable Energy Park worth Rs. 463 crores. We have also emerged as L1 winners in more tenders for the Khavda region, where tenders with contracts are under award.

The battery energy storage system market presents a significant opportunity as governments and businesses recognize the need for efficient energy storage solutions to meet peak power demand. The market is expected to grow at 18%-19% CAGR over the next 5-6 years. Gensol has already won its first two BESS projects with expected revenues of Rs. 3,100 crores over 12 years with EBITDA margins of more than 90%. This positions us strongly in the energy storage domain, and we will continue to evaluate and participate in upcoming tenders.

On the global front, we have established a subsidiary in the Middle East to tap into the attractive solar market there. Recently, we signed an EPC and O&M agreement for a 23 megawatt rooftop project in Dubai, advancing our commitment to sustainable energy solutions in the Middle East. Furthermore, Scorpius Tracker, our solar tracking subsidiary, is setting its sight to enter the U.S. market, the world's largest global market for solar trackers. The strategic move positions Gensol as a technological leader in the renewable space, ensuring we can deliver superior energy solutions both domestically and internationally.

In line with India’s target to achieve net zero emission by 2070, Gensol has also taken a leadership role in the green hydrogen sector, driving sustainable growth through a strategic partnership with Matrix Gas. Our consortium will establish India's first green hydrogen valley project in Pune with a 20-year off-take agreement in specialty chemical sector. In collaboration with Westinghouse USA, we are also developing India's first bio-hydrogen project, converting 25 tons of bio-waste into 1 ton of hydrogen per day, further strengthening our commitment to clean energy innovation. Gensol's ability to invest in innovation from battery energy storage systems to green hydrogen while maintaining financial health is central to our long-term vision.

As we continue to diversify and expand globally, we remain committed to sustainable financial practices that create lasting value for our investors. In H1 FY25, Gensol delivered impressive results in its solar segment, achieving 75% revenue growth with a total of Rs. 506 crores and a segment margin of 14.5%. With a diverse order book of Rs. 3,400 crores and revenue visibility across EPC and development projects of over Rs. 8,000 crores, spanning sectors like solar EPC, green hydrogen and energy storage, our focus is on timely execution to deliver consistent growth. We are committed to providing our stakeholders with clear timelines for the completion of each project, ensuring transparency and building confidence in our growth trajectory.

Shifting gears to Gensol's clean mobility business, this presents great opportunity as the mobility electrification revolution currently at nascent stage of penetration in India is bound to grow many fold, especially the domain of electric commercial vehicles.

In our EV leasing vertical, we have expanded and diversified this business and it has now reached an asset under management of more than Rs. 800 crores, achieving a total revenue of Rs. 204 crores in H1 FY25. Our newly created subsidiary, branded as Let's EV, is already working with 30 plus customers, transforming the market with innovative solutions and comprehensive EV life cycle management, covering all EV form factors, two-wheelers, three-wheelers, four-wheelers, large and heavy commercial vehicles and buses.

On the EV manufacturing front, we are on our journey to launch our first made in India electric vehicle for the urban Indian customers. This compact two-door, two-seater vehicle exemplifies modernity, intelligence, space efficiency and advanced technology. The vehicle will be manufactured at our Greenfield plant in Chakan, Pune with an annual capacity of 30,000 units per annum. The vehicle has received its first ARAI approval in late February 2024 and Gensol is now registered as an original equipment manufacturer on the Vahan portal. The vehicle is undergoing on-road testing and we are undertaking some design engineering changes to ensure the highest quality.

Coming to the Financial Performance:

H1 FY25 saw strong growth in the P&L with 49% growth in revenue and 52% growth in PAT. Our balance sheet saw strengthening as well with overall debt reduction of Rs. 185 crores and increase in equity by Rs. 200 crores.

I would now like to invite Mr. Ankit Jain – our CFO, to share our Consolidated Financial Performance for the second Quarter.

To introduce you to Ankit, Ankit has recently taken over the position of Gensol CFO. Ankit brings over 20 years of extensive experience across finance and accounting functions, including fundraising, M&A, investor relations, corporate governance, auditing and taxation. Through his extensive professional journey he has held key positions in companies like Baker Hughes, Philips Lighting, GE Oil & Gas and KPMG where he played a crucial role in shaping and scaling these organizations. Welcome again to the team Ankit and over to you.

Ankit Jain: Thank you, Anmol. Coming to our Financial Performance:

As Anmol mentioned before, management, as guided by the auditors, have restated accounting treatment of EV leasing business. We will be treating some of the assets under this segment as finance lease versus the operating lease that was treated earlier. This has led to the changes in our historical financial statements, and I would request the investors to take that into account as you refer to our notes to accounts in the uploaded financials.

In the first half of the financial year, we have witnessed growth in key performance parameters across the board. Our total revenue grew by 49% to Rs. 710 Crore. in the first half of FY25. The EBITDA increased significantly by 138% to Rs. 183 crores and PAT grew by 52% year-on-year to Rs. 50 crores in the first half of FY25. In the first six months of the year, Gensol also saw a significant strengthening of its balance sheet. As part of our continuous efforts, we have successfully reduced our total debt to about Rs. 1,212 crores as of 30th September 2024. This period also saw an increase in equity, basically driven by allocation of warrants on a preferential basis. This has led to a reduction in our net debt to equity from 2.2x to 1.4x. Our focus on optimizing operational efficiencies while executing high value projects continues. This is reflected in the reduction of working capital days in our solar business, down from 170 days as of 31st March 24 to 136 days as on 30th September '24, which resulted in generation of cash flow from operations to the tune of Rs. 154 crores.

I'm happy to share that with this, we are well-positioned to scale our business sustainably in the coming quarters. Thank you, and I would now like to open the floor for questions-and-answers.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Garvit Goyal from Nvest Analytics Advisory LLP. Please go ahead.

Garvit Goyal: Hello, Am I audible. Good evening Sir. Congratulations on good set of numbers. My question is on our consortium with Matrix, right? In last 7 to 8 months, we got I think 4 to 5 contracts along with Matrix Gas. So, my question is like what kind of arrangement do we have in Matrix? What kind of profit sharing is there or are we into a joint venture associate or is it a subsidiary? What kind of arrangement are between us that will be going to benefit us or that will be going to contribute to our topline going ahead?

Anmol Singh Jaggi: Thank you, Garvitji and nice to see you again on our investor call. And in terms of our consortium with Matrix, we do not have any joint venture or a subsidiary arrangement with them. We bid together on projects. Gensol's key area of expertise is on the renewable energy side. And as you know, green hydrogen consumes a lot of renewable energy. So, that expertise is brought in by us. On the same hand, Matrix brings in the expertise of electrolysers of hydrogen. Combined together, we bring perhaps if I have to put it simply, we bring the green portion to it and Matrix brings the hydrogen portion to it. So, that is that is more or less our arrangement.

Garvit Goyal: And what kind of profit sharing do we have in this contract like for example if I talk about the recent contract that we got on 21st of October that was amounting to Rs. 320 Crore. So, what kind of percentage share will this project contribute to Gensol and what kind of percentage will be going to the Matrix?

Anmol Singh Jaggi: I'm not specifically remembering Rs. 320 crore, we won one Bio-H2 project with them, which was for about Rs. 180 odd crores. And in that, the profit margin is north of 20%. And it's an equal share between us and Matrix.

Garvit Goyal: So, all the contracts that we got in last six to eight months, is it 50-50 kind of arrangement?

Anmol Singh Jaggi: No, it depends from project to project. In this specific case, which we won from NTPC for Bio-H2, that specific project was, you are mentioning that Rs. 334 crore was for the Green Steel project. In the Green Steel project, Matrix will have a larger profit share because they are bringing in the technology to the table. So, in that also the margins are above 20%, but slightly more margin will be with Matrix in there because Matrix is bringing in the Green Steel technology.

Garvit Goyal: Understood Sir. Sir, I would request you like whatever this kind of press release that we are making, that project that we are getting in partnership or whatever arrangement it is, please share the percentage share for each and every project that will help us a lot.

Anmol Singh Jaggi: Thank you, Garvit. We will keep this in mind.

Garvit Goyal: And secondly sir, like in this quarter result, we have made a correction to our financial statement. So, can you please help us to understand like what is this, what is the rationale behind this correction that we have made?

Anmol Singh Jaggi: I'll request Ankit to take this up.

Ankit Jain: So, look, Garvit, earlier some of the leases that we were operating were classified as operating lease. But when we looked at the contracts, both on the borrowing side and on the leasing side, it came out that we were pretty much charging the entire value of the asset to the customer over the period of lease and hence it classified as a sales type finance lease. So, that was the rationale of changing over in line with the right accounting practice. We moved from operating lease to finance lease. If you want me to also explain how that impacted our financials, we can do that as well.

Garvit Goyal: What kind of assets these are?

Ankit Jain: So, these are electric vehicle assets, the one that we own in our leasing business.

Garvit Goyal: That you are leasing to I think BluSmart and other players, right?

Ankit Jain: Yes.

Moderator: Thank you. The next question is from the line of Deepanshu Jain from Hem Securities. Please go ahead, sir.

Deepanshu Jain: Good evening Sir. Congrats on great set of numbers. On 30th September, our company has released one press release for order book, and in this, we had given a breakup of order book of Rs. 9,055 crores. So, in that, we had given solar power generation orders of Rs. 1,820 crores. So, sir, can you please clarify what are these orders and from whom we are getting these orders?

Anmol Singh Jaggi: So, this is on the solar power generation side. This is a project which we won with the Gujarat government under the KUSUM scheme. We are installing 116 megawatt of solar power plants to produce energy and supply it to the Gujarat government. This particular project, the first of its kind that we have won, is equal to about Rs. 1,800 crores of revenue over 25 years.

Deepanshu Jain: So, in this, we are building solar power plants and we are generating electricity and then we will supply to the Gujarat government?

Anmol Singh Jaggi: Yes, we disclosed the two order books differently. The first order book that we had disclosed which was written in the first half of the release was the EPC order book. And in the second half, we had disclosed the order book which was for energy storage and the solar development business. So, the Rs. 1,800 crores come from the solar development business.

Deepanshu Jain: No, like this Rs. 1,800 crores will be generated for next 25 years, right?

Anmol Singh Jaggi: Yes.

Deepanshu Jain: And this will be for the supply of electricity to the government?

Anmol Singh Jaggi: Yes.

Deepanshu Jain: So, sir, like we had released the press release for this order, for Rs. 1,800 crore order?

Anmol Singh Jaggi: No, we had not done that. We had not done this release. We had cumulatively generally what as a principle we are following is that if there is two or three orders together we announce them and also what we do is that now as a practice we will keep updating the consolidated order book. So, what you saw on 30th of September maybe on 1st of November again we can release on a monthly basis a consolidated order book status rather than giving out every time we win an order.

Deepanshu Jain: Secondly, what's our EBITDA margin guidance for FY25?

Anmol Singh Jaggi: I think what we have done in the past is very, very good and we are sitting on some very nice EBITDA margins. But going forward, what I would say is that our EBITDA margins will remain here or might slightly come down. So, we believe that our margins will be in the 17% to 18% on a consolidated basis. EPC will deliver about 14% to 16% and leasing will deliver slightly higher and hence we will see the consolidated number to be about 17% to 18%.

Ankit Jain: But sir, I would request as to not measure us on the EBITDA. We should look at the profit before tax because the way leasing business and EPC business works is little differently. So, in the financial business it is mostly the profit before tax which matters since there is no depreciation as such. We would like to guide on the total profit before tax rather than looking at EBITDA on a quarter-on-quarter basis.

Deepanshu Jain: And then lastly, like by when we can expect the EV manufacturing plant to start showing the numbers in P&L?

Anmol Singh Jaggi: That will happen in Q1 of FY26, so April, May, June 2025.

Moderator: Thank you, sir. The next question is from the line of Kapil Banga, an individual investor. Please go ahead.

Kapil Banga: My question is on liquidity and leverage of the company. As per the reported profitability, the interest coverage ratio is now below 2x plus we are in a working capital intensive industry. So, we will need funds for executing these projects as well. So, my question is, what is the current free cash balance of the company, excluding all the lien, BG balances etc.? And what are the plans to bring down the debt assuming the QIP takes longer than expected due to governance concerns?

Anmol Singh Jaggi: So, first of all, I would want to inform that we have been very prudent in the first half to reduce the debt and we have reduced the debt by a good Rs. 185 crores, which is very good. At the same time, we have also raised further equity through our warrant round and that has led to the debt equity ratio going down from 2.2x to 1.4x. So, that's been a very good performance from our side on de-leveraging the balance sheet and making the debt equity ratio look much better. In terms of your question, which was around that how much of cash balance we have, I will let Ankit confirm the exact number on the cash balance. Ankit, please.

Ankit Jain: The total unencumbered cash balance is Rs. 258 Crore.

Kapil Banga: And what is the current cash burn rate for us? Because market seems to be pricing in some liquidity or solvency risk. So, let's say that QIP doesn't go through, or let's say takes longer than expected. What is the current monthly cash burn rate because we are investing in multiple businesses?

Ankit Jain: At a company level, we don't have a cash burn.

Anmol Singh Jaggi: In fact, for that matter, in the first half of FY25, we have generated an operational cash flow of Rs. 150 crores. That has only led us to a reduction of the debt. So, on a month-on-month basis, we have a very good cash flow. We are not negative on cash flow, we are positive on cash flow.

Kapil Banga: Okay, and with this balance sheet being what it is, interest coverage ratio being what it is, I don't think debt-equity is the right measure, interest coverage or debt to EBITDA which is, market seems to be concerned and with the share price falling there is a risk of pledge also getting invoked. So, any plans of promoters if QIP doesn't work in the time that is expected to show the liquidity and balance sheet in the short term?

Anmol Singh Jaggi: So, we already have about Rs. 400 crores more equity which has to come from our warrants round. So, that is there. And apart from that, I think we are generating enough amount of cash flow from operations. I expect our second half to also show very good cash flow from operations like our first half did. And we have about Rs. 250 crores of cash balance with us. So, looks decently well. I don't think we have any issues when it comes to liquidity.

Kapil Banga: But with the share price being where it is, the warrant exercise may not happen to the 100% extent. Let's say if the share price improves, then we will be in a situation to call in money. Otherwise, if it's out of money for investors, then warrant money itself is in question, the balance amount of it.

Anmol Singh Jaggi: Absolutely correct. So, I don't want to comment on the share price, which is up to the market to do. Our aim is always that we are focusing on building our business and delivering growth. And I'm sure whatever temporary concerns are there, they will get allayed and will move out. From our side, we are very clear on continuous deleveraging and what you've already seen, that in the first half we have repaid Rs. 185 crores, which is a very substantial amount that we have repaid.

Kapil Banga: Sure, just last question on execution side now, like the EV launch has already been put back a couple of times. How confident are we now on meeting this revised Q1 FY26 timeline? I understand that the team is new. You are trying to build something from scratch that comes with its own risk. So, how confident are we that this will not get pushed further? That is on execution. One is, second is, Scorpius was acquired more than a year back. From the latest presentation I see that it's still loss making. So, what's the plan to improve profitability there?

Anmol Singh Jaggi: So, on the EV manufacturing side, I think we are doing well. We are almost certain that we will be able to launch the vehicle in Q1 of FY26. We have done a lot of work. In fact, we would want to welcome you and all our respected shareholders to come to our plant and try out the vehicle themselves and provide their feedback. It's a good vehicle. We are very confident about its success and about the timely delivery. I think reasonably confident more that we will be able to deliver in the timeline we mentioned. On Scorpius, I think when we acquired Scorpius, our entire aim of acquiring Scorpius was to build it in a way so that it can become an export-ready business. And right now we are investing in making it export-ready. We have already incorporated our entity in USA and we are undergoing certifications so that we can start selling in the US market. And while we are undergoing that, we are incurring some expenses around that certifications,, etc. We believe that our certifications should come in by less than six months from now and we are having some very positive discussion with potential customers and partners for the US market. And I'm sure in the coming financial years Scorpius will generate healthy profits.

Kapil Banga: **Thank you for patiently answering my question**

Moderator: Thank you, sir. The next question is from the line of Anupam Gupta from IIFL Securities. Please go ahead.

Anupam Gupta: First question is on the battery energy storage systems where you're taking incremental contracts. First is, how does the economic work for you because there is obviously 90% EBITDA margin which you get during the operational phase? But overall, what sort of economics are there for the battery energy storage system that you're bidding for? And on the related side of it, how have you seen the bidding change? So, let's say what is the latest contract versus your first contract, how have the profitability changed for you?

Anmol Singh Jaggi: Sure. As you mentioned, EBITDA again is not the right measure of performance on the BESS projects. We will be making an equity IRR of above 15% on the BESS, which is very attractive. And on the bidding side, what we are doing is that between our two projects, we saw some drop. And there was a third bidding which happened about a week back, in which unfortunately Gensol could not win. But in that, the price has come in even substantially lower than what our second bid was, which basically means that our IRR and based on the current battery cost and the falling curve of the battery, we would be actually able to make even more attractive IRR than what we had bid for, than when we had bid then for. So, looks like there is good money to be made on the battery energy storage systems. And bidding in the third project done by GUVNL is far lower than what our second bid is, which makes in market terms, our mark-to-market much higher.

Anupam Gupta: And just to understand it better, the key risk is basically the cost of the battery, right? No other risk apart from that cost of battery and implementation during the execution.

Anmol Singh Jaggi: Absolutely, cost of battery and implementation, which is there. And so, yes, that's the that is what that is. And because we are in a in a phase where there is continuous dropping drop of battery prices. In fact, we have to commission these projects between December 2025 and June 2026. So, there is a lot of time that we have by our hand and nobody can time the market but we will try to take maximum benefit out of the falling curve and ensure that our shareholders get a very good IRR on these projects.

Anupam Gupta: Do you not have any pre-bid sort of alliances for ensuring the battery whatever you're bidding for is in your numbers or in your

Anmol Singh Jaggi: We have the tie up and based on which we had bid. But that was linked to market price of commodities that go into the battery pack. And hence, as the commodity prices are coming down in the current trend, we are seeing that, we are sticking to our pre-bid times.

Anupam Gupta: Second question is regarding your tracker business where you said that you are venturing into the US side of it. So, just to understand that bit a bit better. What is the capability which is there with you at this point of time in terms of manufacturing or technology and where are you looking to take it to?

Anmol Singh Jaggi: So, the entire technology stack is home-built. We have 100% of the technology stack of building the tracker in-house and we had acquired it last year. So, we can scale it up to infinite. There is no constraint on technology. In terms of manufacturing, as of now, we can go up to as high as 2 gigawatt to 3 gigawatt of exports in a year, starting at FY26

Anupam Gupta: And so now, as I understand it, your business is basically comprising of developmental projects, which are like what you are doing on the BESS side and then you have the leasing side as well as the continuous flow businesses. Do you break it up that way when you are tracking it? Otherwise there is no point looking at just the PBT and value you, right. You need to have the asset businesses as well as the value separately. How do you look at it specifically?

Anmol Singh Jaggi: As of now, because we have only two segments which is majorly the solar EPC and EV leasing. You see in our financial reporting also we report the segments differently. As we will have more segments which get added let's say the EV manufacturing and then we have the development business starting to contribute. You will see us doing segmental reporting for them too. But as of now, because there are two active businesses, which is the solar EPC and the EV leasing, we are doing the segmental reporting for them. And as you rightly mentioned, the right way of looking at the EV leasing is not EBITDA, is basically return on the asset under management and the right metric for the EPC businesses is EBITDA and cash flow.

Moderator: Thank you, sir. The next question is from the line of Sudarshan, an individual investor. Please go ahead, sir.

Sudarshan: My question is regarding the restatement of the accounts. So, I just wanted to understand line wise implications of the restatement. So, how this has arrived and what were the errors you have found. To understand more in detail, what exactly it is and how it has impacted your accounts?

Anmol Singh Jaggi: First of all there were no errors. It is that our auditors felt that we should reclassify the operating leases as financial leases. And when we reclassify the operating leases as financial leases, historically, we have gone and checked the impact of it. And I think it is very aptly mentioned on page 15 of the audit report of what are the exact changes which have been done. I'll also request Ankit to maybe share a couple of lines on this, but it is only a restatement and from a restatement perspective, I think it is fair that the auditors wanted it and we have gone ahead and done that. It doesn't change any other condition onto our balance sheet or it doesn't change any other condition onto how our cash flow looks like. But Ankit, maybe you would want to say something.

Ankit Jain: So, Sudharshanji, like I said earlier, the basic premise of making this reclassification from operating to finance was that the lease to the customer covered entirely the value of the asset. Generally, if you cover like 70% to 80% of the asset on your first lease, it is classified as operating lease while we were essentially recovering 100% of the leased assets value. And hence, it was classified technically as a financial lease. Now, once you get into financial lease, here are the changes which will happen. So, under the operating lease, there were four things that we were showing on our P&L. There were lease rentals, which essentially were principal and the interest income. There is interest cost, and there is depreciation. The interest income and interest expense remains as is under the financial lease. The principal which is sitting inside the lease rental and the depreciation basically offsets each other but has a different timing under operating lease. Both of these components get reversed in the financial lease. You don't have a principal, you don't have an interest. So, if I were to summarize the total impact of these two reversals, that is only about Rs. 15 crores over the last three to four years, right? So, that's not a significant impact. Now the second impact which a financial lease puts on the P&L is the sale of asset. Since it's a financial lease, it assumes that the asset is sold on day one. So, as and when the asset is leased out, the sale and the cost of asset is recognized in the P&L. Now intuitively sale and cost is pretty much the same number. The only difference is that within the sale cost, you also include the unguaranteed residual value. The residual value which you will possibly realize when you sell the asset 5 years later. So, in our model, we've taken that as 10%. So, if you kind of further summarize this, then of the Rs. 800 crore odd AUM, about 10% of this goes and sits in P&L over the last 2 to 4 years. So, that essentially is the driver of impact on P&L, rest of it is insignificant. Does that answer your question?

Sudarshan: So, just wanted to understand the overall basically the reinstatement. So, out of Rs. 800 crores, what is the amount of leases you have reinstated or restated?

Ankit Jain: So, only two leases have been restated. We have multiple leases, only two leases have been restated, which were for two financiers.

Sudarshan: How come your cost of materials are being impacted? So, what it includes or what is the implication on your cost of material, which you have mentioned in your notes to account?

Ankit Jain: So, as I said, the sales and the cost of goods sold are the two impact areas. So, the sale of the car is recognized in the sale and the cost of the car is recognized in the cost of goods sold, right? And the difference between the two is your profit.

Moderator: Thank you. The next question is from the line of Mayuresh, a retail investor. Please go ahead.

Mayuresh: I read a press release a week ago that our company has incorporated three subsidiaries, Hari Shakti Energy, Innogrid Energy, and Hari Sangini Energy. Could you please put more light on these three subsidiaries and what kind of businesses will they be doing?

Anmol Singh Jaggi: Thanks for asking that. And the three subsidies are set up for working on our development business. Each of the development assets that we will have will sit in a special purpose vehicle or a subsidiary company. The aim of the company is basically to build these assets and then sell these assets to large InvITs and large pension funds, etc. So, what we are going to do is that we are going to, if we do the sale of assets through the company, by holding these assets directly on Gensol Engineering Limited Books and not on the subsidiary books, it will attract a greater amount of taxation, etc. So, from that perspective, it is always better to have asset development business in various SPVs. And that's why we have created these SPVs. As we have a good traction on the development business, we will keep housing these assets in those SPVs and then ensure that when there is the right time and we have a right investor, we are able to sell off the SPV to that right investor.

Mayuresh: What kind of assets are we talking about here?

Anmol Singh Jaggi: These are basically the two battery energy storage projects that we have won. And there is one solar project that we had won on the development side. So, as of now we have three development assets, two on the energy storage side and one on the solar side. So, these three projects.

Mayuresh: Okay so we okay so we are not entering into the Discom business because I thought Hari Shakti Energy as per the release, it looked like we are entering into distribution.

Anmol Singh Jaggi: No, it's basically to house the three development assets that we have right now.

Mayuresh: And are there any new businesses that the company plans to enter in the next few years?

Anmol Singh Jaggi: Not at all.

Mayuresh: In renewable energy of course?

Anmol Singh Jaggi: No, I think we have a lot on our plate. We have a good amount of traction when it comes to solar EPC in India and abroad in Dubai. We have a lot with Scorpius entering the US market. We have a lot with our BESS projects and we have a lot on the clean mobility side with EV leasing and EV manufacturing and some amount of green hydrogen projects that we've already won. So, we would continue to evaluate, but I think if you have to do something, if it aligns with our strengths, we might pick it up. But as of now, we do not have any visibility on any new lines of businesses that we are starting on. We focus on our existing business and continue to deep dive on them.

Mayuresh: I would just like to extend the question that my friend asked regarding the Gensol cars to be launched. You said they will be launched in Q1 FY26 with 30,000 units per month or per year. And I would like to know if all those cars will be used for leasing or would they be sold to companies? And do you already have an interest for those cars from client side or the customers?

Anmol Singh Jaggi: So, we have signed multiple MOUs with prospective customers. And the car is basically meant for the B2B customer in the ride-hail segment. And we have, like I mentioned, multiple MOUs over there. And we expect to begin production in Q1 of FY26. And our total production capacity is 30,000 vehicles a year.

Mayuresh: Last question from my side. May I know what's the value of the bid pipeline today that we have and the revenue forecast for FY26?

Anmol Singh Jaggi: The bid pipeline, I would want to summarize by saying, is a few thousand crores. And it's a large bid pipeline. There are multiple. Post our announcement of the order book in early part of October, we have one, two, three, even larger orders. So, it has enhanced our order book even. And maybe on 1st of November, we will do another press release which talks about our order book on as of 1st of November. But between the previous announcement to now, we have won two large projects and they are under award as we speak. And they would increase the order book by about Rs. 2,000 crores, more than what we had declared in early part of October. And the current bid pipeline is of a few thousand crores out of which, just like any business, we will win some and we will lose some. That is there. And specific for FY26 guidance. We are, as we speak, as we come to the end of this year, we will be closing our business plan for FY26 and we will be sharing perhaps an update on what our guidance will be by the time we hit our next earnings call. But as we speak, we are formalizing our annual operating plan for FY26 and we hope to close our annual operating plan by December of this year and then announce it to our shareholders in our next earnings call.

Moderator: Thank you. The next question is from the line of Rohan Jain, an individual investor. Please go ahead.

Rohan Jain: So, I have a couple of questions. The first one being on our EV leasing business. So, just wanted to understand why is there a decline in the revenue? In the Q2 of the same time last year, we had a higher number and it's almost like 30% down this quarter. Any specific reasons for that?

Anmol Singh Jaggi: As we said, when we restated the numbers and that is partially the reason why you see lesser growth in this quarter as compared to the last year, because when we have restated the number the quarter in which the asset is brought onto our books, we book in the, as per the restatement, we have to book the full price of the asset in the revenue. So, in the previous one year, when we had added a lot of assets, we saw that the revenue number looks much higher. And in this quarter, we had actually added lesser assets on the leasing book. That's why it looks lower. But I'll let Ankit maybe answer in more technical detail.

Rohan Jain: Okay. Also on the similar lines on the interest coverage ratio, I believe, you know, we've been seeing a steady decline over the quarters now, over the last four quarters or something. So, you know, like it's almost become half of what we had previously. So, are we planning to raise any kind of debt? Or like, how will we manage the pending order book for that?

Anmol Singh Jaggi: In fact, I would say it is the opposite of what you are saying because our interest coverage ratio has actually become much better than the way we were. Our net debt-to-equity ratio went from 2.2x to 1.4x, and our interest coverage ratio is already above 2x. So, we have actually improved our interest coverage ratio. And what you see perhaps for this quarter is a one-time impact. It was not a cash flow impact but because of restatement there was Rs. 40 crores of additional interest which was showing but that is a one-time restatement impact which is there.

Rohan Jain: Okay so this is just a one-time impact it won't be like in the coming quarters it will be all steady?

Anmol Singh Jaggi: Yes, so what you see this quarter as Rs. 80 crores of interest cost, the actual interest cost was only Rs. 40 crores and Rs. 40 crores is courtesy the restatement which is there. So, it is just a one-time impact on the interest cost. From the next quarter, you will not see any of that interest cost coming in. And on a whole, as our debt equity ratio has much become better and we have repaid about Rs. 185 crores of debt and in fact, our EBITDA has increased much by more than 100%, the interest coverage ratio has actually increased quite further.

Rohan Jain: So, just to clarify, do we have any plans of raising additional funding going forward or we are good to go?

Anmol Singh Jaggi: We have shareholder approval to do a QIP for Rs. 750 crores and we are prepping up the company for that and in due course we will do the Rs. 750 crore QIP.

Moderator: Thank you, sir. The next question is from the line of Supan Parekh, an individual investor. Please go ahead, sir.

Supan Parekh: I have a couple of questions. The first one is, so why is the company still continuing its gas trading business? As I can see, like, we are, the revenue we are generating from is Rs. 1 crore and we are incurring a loss of Rs.10 Crore.

Anmol Singh Jaggi: So, I'm not sure which segment are you referring to?

Supan Parekh: Gas trading.

Anmol Singh Jaggi: We are not into any gas trading. It happened as one instance many years back. But we have not done it. Is there a specific page on the financial reports that you are reading that we can refer to? Because we have not done any gas trading business for years now.

Supan Parekh: So, the next question I want to ask is, according to the cash flow from investing activities, where has the Rs. 112 crore of our other non-current financial assets have been shown in the balance sheet?

Anmol Singh Jaggi: Cash flow from investing activities?

Supan Parekh: Yes.

Ankit Jain: These are the assets that were bought in this half year and in this quarter. So, the assets that were there earlier have been reclassified into financial assets, right, post the classification as finance lease. So, you will see that in other financial assets.

Supan Parekh: In EV business, why the profits have been declined compared to last year?

Ankit Jain: Compared to last quarter or last year?

Supan Parekh: Last year.

Ankit Jain: So, in the EV leasing business, the profits are essentially because of restatement. And sorry, you're referring to first half of last year?

Supan Parekh: Yes.

Ankit Jain: If look at the overall level, the margins are same. But when you see there is a choppiness among the margins because of the additional assets that are brought in. So, like I said, in the new accounting treatment, as you sell the asset, you also recognize the residual value as a margin on that asset. Therefore, if you back out, if you exclude this margin, the rest of the margins will be pretty much secular. But because of those numbers, it is looking a little in reducing trend.

Moderator: Thank you. The next question is from the line of Eshwar Arumugam from ithought PMS. Please go ahead.

Eshwar Arumugam: So, I had a question about the Scorpius trackers. So, what is the penetration of trackers in India? I understand that there's a high penetration in the US. So, what is the potential in the Indian market? And is there any other alternative tracker technologies in India right now which could be a competitor? That was my first question.

Anmol Singh Jaggi: So, in terms of Scorpius India penetration or the tracker India penetration, India currently has about 20% of projects which work with trackers and India also we are seeing a very increased number of tracker installations. Now all government tenders have started to ask for tracker as a technology. So, we will see this number go from 20% to much higher number in the coming years in India. In terms of competition, there is no Indian company which is a competitor, but we have a couple of American companies and one Chinese company which do supply trackers in India. And so there are three kind of decent competitors when it comes to trackers and so that is there. In terms of India penetration, I think it will go to as high as what the US penetration is in the few years.

Eshwar Arumugam: What would be the total addressable market size, would you say, for tracker technology?

Anmol Singh Jaggi: Our estimate is that, if I have to project for FY27, for FY27 it will be something like Rs. 6,500 crores, something like that will be the total potential of this market in India.

Eshwar Arumugam: We have a high percentage of our leasing. Our leasing business goes to BluSmart. Are you taking any steps to reduce the concentration in this?

Anmol Singh Jaggi: I think we have already reduced the concentration quite a lot. We have today more than 30 customers to whom we have leased these vehicles. And BluSmart, in fact, over the last about 6 months we have actually brought down the leasing to BluSmart close to zero. So, our entire new edition of the book has been towards non BluSmart customers

Moderator: Thank you. The next question is from the line of Gaurav Sachdeva from Sajag Securities. Please go ahead.

Gaurav Sachdeva: My question is that with so many companies entering into the solar EPC sector, every Tom, dick and Harry companies entering it. So, are you finding it difficult to get the same margins in the next bidding project?

Anmol Singh Jaggi: Gaurav bhai you've seen, I think over the last 6-7 quarters, now margins have only increased. And for a high quality EPC player like us, which believes in technology and engineering, margins will continue to be at the same level. So, from the last 6-7 quarters, we are not seeing any drop in margins. In fact, going forward also, you will see that there are very healthy margins will be there. We are winning much larger project. We are winning much complex project with much larger and much complex projects. In fact, we will see that the margins will continue to be in place where they are. Where there is competition? Competition is coming in the very simple solar EPC kind of work, but we specialize a lot in energy storage, we specialize a lot in FDRE projects, we specialize a lot in round-the-clock power, which I think is the forte of only three or four companies in the country, and we are one of them. So, we are very blessed that we have great engineering resources inside the company, a great execution team. And based on that, we are able to keep our margins very strong.

Gaurav Sachdeva: Okay. That is great to hear. And with so many verticals, and especially battery energy storage system hitting in FY26 in your profit and loss statement, what is the PAT percentage? Do you think it will increase going forward or it will be a bit less than the previous?

Anmol Singh Jaggi: We think that EV leasing business is already kind of turned profitable and you will see profits coming in from the EV leasing business. So, we will not be seeing any losses over there. In FY26, we are confident that Scorpius will also turn the corner and become profitable as the export to US starts to increase. I think the only investment that time we will be making is into the EV manufacturing business and that will take some more investments before it kind of scales up. But I think out of the three loss-making segments of Scorpius Tracker, EV Leasing and EV Manufacturing, two of them will turn the corner. One has already turned the corner. EV Leasing has already turned the corner. EV Manufacturing, Scorpius will also turn the corner in FY26 and EV Manufacturing, we will have to invest slightly more. But yes, in next year we should have only one loss making entity, which is the EV manufacturing. And rest all our investments will start to give us fruits.

Gaurav Sachdeva: So, sir, do you have any calculation for the PAT percentage in FY26?

Anmol Singh Jaggi: I think we give out, we do not have a PAT percentage. But what we will do is that whenever we close on our annual operating plan for FY26, we will share the topline guidance with you and with all the shareholders.

Moderator: Thank you. Due to time constraints that was the last question. I now hand the conference over to Mr. Anmol Singh Jaggi for closing comments.

Anmol Singh Jaggi: In closing, I would extend my sincere gratitude to each one of our respected investors for joining our call. As we reflect on the strong progress made in our business, Gensol is strategically positioned to lead the green energy and clean mobility revolution. We remain committed to playing a pivotal role in supporting renewable energy growth. Our initiatives in solar energy along with electric mobility and energy storage are central to our commitment to making a positive impact to the environment, communities and the broader economy and also aligns our business interests with India's ambitious clean energy goals. With this, I would like to thank everybody on the call for their time and thank you to the organizers for organizing this.

Moderator: On behalf of Gensol Engineering Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.

Anmol Singh Jaggi

Digitally signed by Anmol Singh Jaggi
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