

Date: June 5, 2024

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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
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Dear Sir/Madam,

Sub.: Transcript of Earnings Call Q4/FY24

In compliance with Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached herewith the Transcript of Q4/FY24 Earnings Conference Call held on Thursday, May 30, 2024.

You are kindly requested to take note of the same.

Thanking You,

Yours Faithfully,

For, Gensol Engineering Limited

Anmol Singh Jaggi
Managing Director
DIN: 01293305





“Gensol Engineering Limited Q4 FY24 Results
Conference Call”

May 30, 2024



**MANAGEMENT: MR. ANMOL SINGH JAGGI - CHAIRMAN AND
MANAGING DIRECTOR, GENSOL ENGINEERING
LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the Gensol Engineering Limited Q4 FY24 Earnings Conference Call.

As a reminder, all participant lines will be in 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 PR. Thank you, and over to you, ma'am.

Savli Mangle: Thank you, Sejal. Good evening, everyone. A very warm welcome to our Q4 and FY '24 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 and Managing Director.

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 you through the operational and Financial Performance for the quarter and Fiscal Year '2024 gone by, following which we will open the forum for Q&A.

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

Anmol Singh Jaggi: Thank you, Savli. Good evening, esteemed shareholders, and thank you for joining the Earnings Call for Gensol Engineering Limited for Q4 and FY '24.

We are delighted to share that our latest results reflect a remarkable quarter and a year of growth. Comparing year-on-year figures, there has been a substantial growth in our key financial parameters across the board. Revenue surged by 2.5 times to Rs. 996 crores for FY '24. EBITDA has shown an impressive 3 times growth to Rs. 260 crores and our profit before tax has grown 2times to Rs. 78 crores as compared to FY '23.

Before delving into our quarterly performance, I would like to give you a brief overview of our company. We commenced operations in Gensol Engineering in 2012 by focusing on advisory services. We garnered a substantial market share in this space, establishing ourselves as leaders, having advised on projects with more than 33 gigawatt of installed capacity.

After a few years, we expanded into the solar EPC market and made a strategic decision to discontinue our advisory services, redirecting our focus solely on EPC. The invaluable knowledge and expertise gained from our advisory business rooted in our core engineering skillset have been pivotal in distinguishing us and driving the success of numerous projects.

The renewable energy sector in India, and particularly the solar sector, is seeing tremendous tailwinds. There is rising demand for clean and cost-effective energy sources supported by Government of India's visionary initiatives and policies promoting renewable energy. As per the latest reports, India has surpassed Japan to become the world's third largest solar power generator and for the first time since 1960, India's share of coal has dipped below 50% in terms of generation capacity addition.

Gensol's track record and engineering prowess positions us at the forefront of seizing the expanding opportunities in this sector. We are amongst the top 10 EPC players in India, and in fact, top 5 in terms of independent EPC players. By FY '24, we have successfully executed over 770 megawatt of diverse solar projects, encompassing rooftop, ground mount, and floating solar installations across almost all states of India.

All the more, we are doubling down and expanding the range of products and services in solar sector. We have acquired Scorpius Trackers in September 2023 to bring in product offerings to our customers, which deliver 15%-16% higher throughput and faster payback. We have established a new subsidiary in Mid-East to enter the attractive solar market in that geography.

We have won our first project in battery energy storage system under the build-own-operate model and see a strong opportunity in this future. Our solar order book stands at Rs. 1,448 crores as on FY '24 end with a big pipeline that far surpasses the number.

In Q4FY '24, our EPC business generated a revenue of Rs. 354 crores, which translates into an increase of 145% year-on-year. For the full financial year, our solar segment grew 2 times to over Rs. 830 crores, showcasing robust performance, remarkable strength and resilience.

We have recently appointed Ms. Shilpa Urhekar as the CEO of our EPC business. She was previously the national head at Sterling Wilson. She will succeed Mr. Ali Imran Naqvi, who has been nominated for a role to oversee growth of Gensol Engineering Limited and its subsidiaries. I am confident that Gensol's solar business will grow many fold under her able leadership.

With a goal to contribute toward India's massive energy transition journey, we have strategically expanded into EV leasing and manufacturing in the last few years. While the EPC business has been the cornerstone of our growth, we are confident that new segments will start to meaningfully contribute to our growth in the foreseeable future.

While we initially commenced our EV leasing business with Gensol in FY '24, we established Gensol EV Lease Private Limited, spearheaded by Mr. Amit Kumar. The subsidiary has recently

turned the brand name of “Let’sEV” and it’s transforming the market with innovative solutions and comprehensive EV lifecycle management, covering two-wheelers, three-wheelers, four-wheelers, large and heavy commercial vehicles and buses. Our leasing business achieved a total revenue of Rs. 134 crores in FY '24, a tremendous growth of 227% from FY '23.

On the EV manufacturing front, we have a state-of-art manufacturing facility in Chakan, Pune with a production capacity of 30,000 vehicles per annum. The vehicle's design, dimensions, weight and range have been meticulously engineered to seamlessly integrate into urban fleet and cargo segments with future plans for urban passenger usage.

As of late Feb '24, we have received ARAI certification for the vehicle, an important milestone validating the vehicle's performance, safety and compliance to vehicle regulatory norms. Currently, we are undertaking further validation and testing, including extreme weather conditions and vibration testing and some supply chain optimization, which is expected to complete by Q2 FY '25, when we will also start the test production for our customers and on-road testing.

The EV-leasing subsidiary Let’sEV, as well as the EV manufacturing ventures, are still in their early stages and we are investing in them so that they become significant contributors to our future top line and bottom line.

Moving to the financial update, Q4 FY '24 was a very strong quarter for us. While it is true that the fourth quarter is always the highest for our EPC business, it is worthy to note that our Q4FY '24 revenue of Rs. 412 crores is slightly greater than the full year FY '23 revenue.

The financial performance of the company in the full year FY '24 reflects a very commendable growth trajectory. On a consolidated basis, our revenue has grown from Rs. 403 crores in FY '23 to Rs. 996 crores, which translates into a growth of 147%. Our revenue from operations has increased by 143% to Rs. 963 crores from Rs. 398 crores.

The consolidated EBITDA increased to Rs. 260 crores with a 26% margin in FY '24, representing a remarkable increase from a figure of Rs. 82 crores and a 20% margin last year.

Our consolidated profit before tax increased by 135% to Rs. 78 crores compared to Rs. 33 crores from the previous year.

The consolidated PAT was Rs. 53 crores in FY '24, up 129% from Rs. 23 crores a year ago.

I would now like to open the floor for questions and answers.

Moderator:

Thank you very much. The first question is from the line of CA Garvit Goyal from Nvest Analytics. Please go ahead.

- Garvit Goyal:** My first question is on the guidance side. So, what is our guidance for FY '25 in terms of revenue, OPM, and bottom line?
- Anmol Singh Jaggi:** So, I think we will continue to maintain the guidance we provided in January 24. In FY '25, on a consolidated basis, Gensol is projected to achieve the milestone of Rs. 2,000 crore revenue, approximately 2x growth from what we did in FY '24. So, that will be our guidance.
- Garvit Goyal:** And what about the margins and the bottom line?
- Anmol Singh Jaggi:** So, I think on the bottom line, we have said that our consolidated EBITDA margins are about 25%-26% We see that we should continue to do the similar kind of numbers.
- Garvit Goyal:** And sir, secondly, on the electric vehicle plant, which is expected to commence operations in Q2 this year. So, do you anticipate any revenue contribution from this plant in FY '25?
- Anmol Singh Jaggi:** Yes. So, we have taken a very minor revenue from there. I think when we start production in Q2, it is going to start off with trial production. And then we will gradually ramp up. So, it is going to take some time for, it is not going to contribute in FY '25 a great amount of revenue although there is still some revenue that we will get from the EV manufacturing plant in the Rs. 2,000-crore projection that we have given.
- Garvit Goyal:** And sir, just to understand on the Scorpius Trackers Private Limited, so what kind of product are we targeting in that particular company? And what kind of orders are we looking at? And do we expect any kind of revenue from there in FY '25?
- Anmol Singh Jaggi:** Of course, there is a good amount of revenue that we are expecting from Scorpius. The Scorpius Tracker, the revenue from there is expected to actually double between FY '24 and FY '25. There is a huge amount of international sales opportunities which is there. As we speak, our CEO for Scorpius Trackers is in the U.S. market and has already started to develop the U.S. market for us. We believe that this market is going to be extremely important, and it's actually the largest renewable energy market in the world. And almost every project there is built on Trackers. So, a lot of opportunities for tracker manufacturers across the globe. And of course, Scorpius Trackers is going to do very well.
- Garvit Goyal:** Sir, out of the total order book of Rs. 1,783, how much is belonging to Scorpius Trackers?
- Anmol Singh Jaggi:** I would not have the exact number, but I can today tell you that approximately out of the Rs. 1,700 crore order books, Scorpius would have about a Rs. 100 crore-ish order book.
- Garvit Goyal:** And last year, what was the revenue from Scorpius Trackers?
- Anmol Singh Jaggi:** Just one second. Scorpius Trackers would have contributed about close to Rs. 70 crores.

- Garvit Goyal:** That means it will close approximately....
- Anmol Singh Jaggi:** It was Rs. 50 crores.
- Garvit Goyal:** So, Rs. 100 crore is doable this year, right?
- Anmol Singh Jaggi:** Yes.
- Garvit Goyal:** And the last question on the cash flow side. Despite having significant increase in top line and bottom line, we are still at the negative cash flow. So, how the situation will improve going forward? That is one. And additionally, what constitutes the other asset items that is somewhere amounting to Rs. 777 crores?
- Anmol Singh Jaggi:** First of all, on the cash flow, I think, as you know, that we had a spectacular Q4, and in the Q4, the revenue that we paid was almost equal to the revenue that we did in entire FY '23. And most of the revenue, and if you know that, the typical receivables day for us, in the solar EPC space is between 45 and 50 days. So, if I just add that, half of the actual quarter revenue is in terms of receivables, which is there.
- So, we did a very large revenue for the quarter, and about 50% of that would have spilled over as receivable. And hence, that is why we see a cash flow from operating activities. Most of the billing that we did for the last quarter has already got converted into cash. So, you will see much better operating cash flow for quarter one.
- It was only because of the very large growth that we saw quarter-on-quarter of the revenue almost doubling and almost close to FY '23 revenue that the last 45-day revenue that we did in the quarter could not convert into cash. So, that is the reply on the first question. Could you repeat the second question, please?
- Garvit Goyal:** What constitutes the other asset items somewhere Rs. 777 crores? I think amount is appearing in the balance sheet.
- Anmol Singh Jaggi:** Other assets, sorry, I am not able to locate other assets onto our books. Are you talking about the current assets or the non-current assets?
- Garvit Goyal:** Current, current, current. I think this is the current asset item.
- Anmol Singh Jaggi:** Yes, the current asset is about Rs. 227 crores is trade receivable and about close to Rs. 380 crores is the cash which is there about, so yes, so that these are the two major constituents of the current assets.
- Garvit Goyal:** And what is it, the other current assets? Actually, that's something I was asking, like Rs. 293 crores is there?

- Anmol Singh Jaggi:** Yes, other current assets. Just one second. Other current assets basically are retention money of Rs. 88 crores, and the application money that we have paid towards listing of our securities for our warrants round, which is about Rs. 8 crores. These are part of the other current assets, which are there in terms of there is also work in progress of Rs. 134 crores (correction), Rs. 139 crores.
- Garvit Goyal:** So, what is this WIP belonging to?
- Anmol Singh Jaggi:** WIP is where work has been done, but billing has not been done. So, where we have not achieved the milestone with the customer of getting the billing done, but work has been done, cost has been incurred.
- Moderator:** Thank you. The next question is from the line of Preet Shah, who is an individual investor. Please go ahead.
- Preet Shah:** First of all, congratulations for the amazing set of numbers. Sir, my question was on EV part. So, could you explain me when our EV car would come, and how much time it will take, and what would we expect in revenue in FY '2025?
- Anmol Singh Jaggi:** As you know, in February '24, we received the ARAI certification for our EV vehicle. That ARAI certification is a very important milestone. So, the ARAI certification is a very important step which has happened. We are currently undergoing the testing of the vehicle post the ARAI, and we expect that the test vehicles will be start sending to the customers from Q2 of the current financial year. And in terms of revenue, we are expecting that we will have a revenue of between Rs. 50 and Rs. 100 crores from EV manufacturing in FY '25.
- Moderator:** Thank you. The next question is from the line of Hamil, who is an individual investor. Please go ahead.
- Hamil:** And I am new to your company. So, my first question is, sir, I am trying to understand between quarter three and quarter four, your solar EPC EBITDA margins have fallen. So, is there a one-off item out there? And what are the typical EBITDA margins that we should expect from the solar EPC projects?
- Anmol Singh Jaggi:** No, I think we will stick to our consolidated EBITDA guidance of 25%-26% and we will continue to deliver on that. The EBITDA margins are a mix of our balance of system projects and our turnkey projects. If in a particular quarter, more turnkey projects have been executed, you will see slightly lower margin. But if in the quarter, more BOS balance of system projects have been executed, then you will see a slightly higher margin. But I think because our order book is pretty much even between the two, we will continue to stand by our consolidated EBITDA margin of 25%-26%
- Hamil:** And sir, because you have been to Dubai, now you have entered Dubai and in India this year, what new order inflow do you expect in the solar EPC? What is your base expectation?

Anmol Singh Jaggi: So, I think our order bid pipeline is extremely strong. The bid pipeline that we have even today is executing, I am talking first about the Indian market. The Indian market, the bid pipeline that we have today is about close to Rs. 3,000 crores of bid pipeline that we have. We will be winning a good portion of these orders. Also in the Mid-East, we have started to win some good orders. Our order book there is growing very healthy. In fact, you would soon hear some announcements around there.

Hamil: So, you are expecting a good order. Your win rates are generally, is there a win probability rate in your order bid line, like 20%, 30%, 40% or?

Anmol Singh Jaggi: No, no, no, we would not want to put it in terms of percentage. So, we are looking at how much is our, what we can execute comfortably, that we will do. We will like to execute Rs. 2,000 crores of revenue in this year and we have a projection for next year. So, we will accordingly build the order book.

I think in the EPC business, it is very easy to scale up the order book and then most companies default on their time commitments. We will be very careful about all of this. So, we will build the order book in a way where we can comfortably achieve a Rs. 2,000 crores revenue guidance for this year and also have sufficient order book for our next year.

I think we will not go like crazily aggressively on building order books. I think we will be more cautious, focus more on delivering margins than we will focus on just securing more and more orders and then maybe falter on their commitments.

Hamil: And sir, on the Scorpius Trackers and the Gensol EV, what should be the revenue for EBITDA neutral position for the EV lease business and the Scorpius Trackers? Is there a revenue range you need for to become EBITDA neutral?

Anmol Singh Jaggi: I think if you look at the Scorpius business, we expect that this year it should be actually in profit and of course, we are expecting super normal profits from Scorpius Trackers to come out in the, not in FY '25, from FY '26 as the U.S. market opens up for Scorpius Trackers. So, that will be very important.

In terms of EV leasing, I think the loss is majorly due to the heavy depreciation that we have. I think, I don't remember the exact numbers, but it was about close to Rs. 60-70 crores of depreciation that we had in the EV leasing business, which causes the loss to happen. I think it is, till the time we are continuously, so there is no cash loss in the EV leasing business. And what we would want to say is that we would, if we are doing the EV business very fast, the depreciation will continue to happen and optically it will look like a loss, but actually on the cash flow there will not be a loss.

Hamil: So, in this leasing business, do you ever have to account for any provision for, like I know the car is a leased out, but if people are not paying their payments, are there any provisions that you

have, you see in terms of just like a regular EMI model, I am sure in leasing also there will be some delinquencies that you may encounter in the future, right?

Anmol Singh Jaggi: Yes, so as of now, the book is absolutely pristine. We have not seen even one customer delay our payment by even one day. If there is any case of that happening, we will be the most forthcoming in making a provision for it. But as of even yesterday, I can confirm to you that not even one customer has delayed any payment by even one day on the EV leasing side. So, it's a 100% pristine book that we have.

Hamil: So, how big would be this EV leasing book as of today?

Anmol Singh Jaggi: So, we have about close to Rs. 600 crores of assets under management.

Hamil: But your net debt showed, if I am not wrong, your debt is Rs. 839 crores, right?

Anmol Singh Jaggi: Yes, so the debt is between EV leasing, and you will see that a lot of, as we have raised a substantial amount of debt because we expect our EV leasing business to grow actually very fast, and you will see that there is also a decent, very large increase in the cash. So, we have raised the debt and we have kept it as a war chest. So, we are doing some very good amount of bidding when it comes to EV leasing also, and we will soon see that the cash that we have will get converted into fixed assets for the leasing business. So, as you know, the company is sitting on a very good level of cash as on 31st March.

Hamil: So, this business would have a very good EBITDA margin for now for you, I am assuming. Is that accurate? Would it be more than your consolidated EBITDA?

Anmol Singh Jaggi: Sorry?

Hamil: Would the EBITDA margin for your leasing business be higher than the consolidated EBITDA that you carry?

Anmol Singh Jaggi: No, it will not be higher than consolidated because EV leasing will also get consolidated. You might say that it might be larger than the solar business. So, I think you will see from an EBITDA margin perspective, I think it will be close to half and half. Half of the EBITDA next year will come from the EV leasing business and half of the EBITDA will come from the solar business.

Moderator: Thank you. The next question is from the line of Shailesh, who is an individual investor. Please go ahead. So, we are not able to hear you. May I request you to please rejoin the queue? The next question is from the line of Kostav Dutta, who is an individual investor. Please go ahead.

Kostav Dutta: My question is, you know, let me start off with the fund raise that you did, Rs. 900 crores odd. I don't see it reflected in the March balance sheet. And if I recall, the EGM clearance was happened in the first week of March. So, has it been received subsequently, is my question.

- Anmol Singh Jaggi:** No, sir. We have not received the money. We have not opened the round yet. We expect to open the round as the company was having very healthy cash balance. We are going to open up our round in the early part of June is when we are going to open up the round. So, there is, we have still not taken the equity in.
- Kostav Dutta:** So you have got the commitment letters is what you are saying. The commitment is there.
- Anmol Singh Jaggi:** Absolutely. Commitment letters, the list of investors is finalized. It's a total of Rs. 900 crores that we are raising. Actually, it will also help, as we raise more equity, it will help us to improve the business further. But it is right now we have not taken the money in. I think you would see the first round of this money when we close the books for 30th June.
- Kostav Dutta:** I was wanting that update. So, on the EV leasing part, my question is you have a segment which is EV leasing and then you have another less EV subsidiary which got floated. What's the distinction and what's your eventual plan to merge the two or the way forward? What is it?
- Anmol Singh Jaggi:** So, as I mentioned in the opening commentary that earlier there was no subsidiary which was there for EV leasing, and we used to run the leasing business through the Gensol Engineering Limited in which we were doing the solar EPC. So, out of there, we have leased out a substantial amount of assets.
- Eventually when we said, when we thought that this is going to be a decently large business and we should have a separate company and a dedicated entity and a dedicated leadership for this business, we floated a subsidiary and when the subsidiary was floated sometime in the second half of the last financial year, we have leased out all the vehicles from the subsidiary entity only.
- It is our endeavor that we should actually be able to take out all the assets and do a slump sale of assets from Gensol Engineering Limited into Let'sEV, which is the EV leasing arm. So, someday in the future when we are able to get all clearances from slump sale, from lenders etc, etc, you would see that the EV leasing assets from Gensol Engineering Limited will go down.
- Kostav Dutta:** Because it also makes sense, Anmol, because you also have a high debt which for EPC you don't require and this is primarily because of the EV leasing part which is quite natural in this business. I think it's little separate. That's fine.
- Anmol Singh Jaggi:** Absolutely. So, that's why we opened up the subsidiary company and from then we have not taken over any more EV leasing from Gensol Engineering Limited, but yes, we will try to actually slump sale the assets and bring them down to the subsidiary company.
- Kostav Dutta:** And staying with EV leasing, fundamentally you were explaining the other investor before me, you know the depreciation is pretty high. And I see a little profit in this quarter. So, are you saying at a PAT level you won't generate profit for the EV leasing fundamentally? Is that what you are saying?

- Anmol Singh Jaggi:** No, we will generate. It is just about that what we try to do is that we will be, we are always, there is an element of residual value of the assets that we take and when we take the element of residual value, actually the assets don't depreciate by that much, but we have to account for that much depreciation. But as the asset and the book kind of starts to mature, you will see that we will continue to receive leasing income, but the depreciation would have would have reduced substantially.
- Kostav Dutta:** And when do you see that coming? Which year?
- Anmol Singh Jaggi:** I think the book needs to age a little more. The book is very new. It's just a sub-two year kind of a book which is there. Out of it, actually, majority of the book is sub-one year. So, I think we let the book age to at least 2-2.5 years for then to say that there is 50% of older assets on the book and 50% of newer assets on the book to blend it well.
- Kostav Dutta:** And what is the percentage of BluSmart with us orders currently in your 600 crores asset under management?
- Anmol Singh Jaggi:** So, it's greater than 50%, sir.
- Kostav Dutta:** BluSmart is greater than 50%. Is that what you are saying?
- Anmol Singh Jaggi:** Yes.
- Kostav Dutta:** Thanks for that. And just on the numbers, you said Rs. 2,000 crores is your revenue guidance for FY '25. You have an existing order book of Rs. 1,448 crores and a strong pipeline is what you said.
- Anmol Singh Jaggi:** Right.
- Kostav Dutta:** So, out of those Rs. 1,448 crores, do you think 100% will be executed in FY '25? Is that a fair statement?
- Anmol Singh Jaggi:** So, out of the Rs. 1,448 crores, we expect that we will be able to execute a large portion of it and based on the new order that we get, we will be able to do our complete guidance of Rs. 2,000 crores.
- Kostav Dutta:** And can you speak a bit more about the Scorpius opportunity in U.S. that you alluded to a while back two years down the line?
- Anmol Singh Jaggi:** So, the U.S. market is the mother of all renewable energy market and there is a very strong demand for trackers in that market. In fact, that was the very basis of us acquiring this business. There is a lot of growth potential which is there and waiting timelines for trackers in that market is today in excess of eight to nine months, the wait timeline for customers. So, there is a huge

demand for new tracker companies to come in and Scorpius has a great technology. As we speak, Scorpius is undergoing the testing in the U.S. market, and you would see that before the year-end, our testing for Scorpius will complete, and we could commence the sale of Scorpius trackers from early part of next year and hence and the margins as well as the top line that Scorpius can get post the U.S. testing is over and we can start getting customers will be very substantial, but that will all reflect in FY '26. It will not reflect in FY '25. FY '25 is the work in progress that we need to do to get the certifications for Scorpius for U.S.

Kostav Dutta: And if I can squeeze in one more, question is on your EV manufacturing side. You said Q2, you expect to study a trial production. Am I correct?

Anmol Singh Jaggi: Right, sir.

Kostav Dutta: And the first rollout may happen this year towards the end.

Moderator: Sorry to interrupt you, sir. May I request you to please rejoin the queue for the follow-up question?

Kostav Dutta: All right.

Moderator: Thank you. The next question is from the line of Soumya Ranjan Sahu, who is an individual investor. Please go ahead.

Soumya Ranjan Sahu: I have this question on the shareholder holding. So, recently, we have heard that news noise, basically, regarding Zenith Multi Trading. So, right now, still they are holding 1.37%. So, what's the plan? Like, is anybody buying that from the promoter group? Or how is it getting managed?

Anmol Singh Jaggi: I think, as of what our knowledge is, the Zenith Multi Trading shares are in a freeze, which is there. So, I think it is the freeze is with the government authorities. And the government authorities will decide on what is the next course of action with Zenith Multi Trade. We have not been communicated by any government authority on their intent to sell or buy or do anything with those shares. In fact, we have no communication with government authorities on this matter. So, from that perspective, we will await if any government authority reaches out to us and says that they would want to sell their shares or something. As of now, we have not heard anything from them.

Soumya Ranjan Sahu: So, that means it is banned right now. That means it is blocked. So, nobody can sell it or buy those shares, right?

Anmol Singh Jaggi: Absolutely.

Moderator: Thank you. The next question is from the line of Sirpal, who is a high net worth investor. Please go ahead.

Sirpal: So, my quick question is, I just wanted to understand the financial metrics of our leasing business, like at what rate we give, what IRR we see, and how much do we bill BluSmart versus the other 50% clients. If you can just give me an idea on that, please.

Anmol Singh Jaggi: So, on the leasing business, first of all, there are two streams of income that we make. One stream of income is the income that we get, which is purely what I can say is the arbitrage which we have, where our cost of funds is between 10%-10.5%, whereas the lease cost is computed at between 14% and 15%. So, that is one source of income.

And the other source of income is the services that the business provides, services in terms of maintenance, services in terms of insurance, et cetera, et cetera, that we provide. So, these are the two revenues streams which are there.

And in terms of split between what we do to BluSmart or to any other customer, it is the same kind of IRR that we make on every customer. The IRR depends on the volume, the IRR depends on the type of vehicle, the IRR depends on the use case that is there on the customer profile, credit worthiness, etc. There are multiple, multiple parameters, which go into deciding the IRR, but on a whole, the entire portfolio is in a very tight range of IRR, which is there.

Sirpal: Sir, your numbers are very good, sir, for this year, but I can see that the cash flow from operation is negative Rs. 98 crores. Any major reason why this is negative Rs. 98 crores vis-à-vis the last year where it was Rs. 112 crores positive?

Anmol Singh Jaggi: So, like I mentioned in the previous question also is the fact that our Q4 was a very strong quarter. Our Q4FY '24 was greater than actually the full year of FY '23. The last 45 days, as you would imagine, will always be receivables for us. So, if we did in the last quarter about close to Rs. 350-380 crores of revenue, out of which about Rs. 180-190 crores will be receivables because the last 45 days will not get translated into cash.

So, that's why there is about Rs. 170-180 crores of receivables that we have from the last 45 days of the quarter which translated into us having a negative cash flow from operating activity. Like I already mentioned, most of these receivables, as we speak, have already been converted into cash. So, when you see for the quarter of June, you will see a positive cash flow for sure.

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

Manu: BluSmart has been making a great buzz around with 7,300 as a fleet and as you mentioned 50% of leasing happens through Gensol. As per articles, they are planning to expand to maybe 12,000 cars or 25,000 cars and then also launching in Dubai. What percentage are we looking at with Gensol leasing it to BluSmart, if you may help me?

Anmol Singh Jaggi: On every progressive basis, we are reducing, one, BluSmart's dependence on to Gensol for their leasing. And also, we are diversifying the book of Gensol EV also, the Let'sEV book also. As we speak, if you look at the last maybe 2,000 cars that would have been added by BluSmart, there would be more non-Let'sEV cars which would have got added to the fleet than earlier.

So, I think you would actually, as a percentage, see a sequential decline of the assets that Let'sEV has to BluSmart. So, BluSmart, as it's rising, is now having multiple, multiple leasing partners to give leasing to them. We would try to maintain a healthy share of business with BluSmart, but we will also ensure that it's actually comes down to a healthy level of 20%-30%

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

Sai Hemant: Sir, my question is regarding what is the reason for high promoter pledges around 63%, which actually resulted the stock to be under SEBI's surveillance? And when are you expecting to release the pledges on these shares?

Anmol Singh Jaggi: So, there are two types of pledges that we have. The first pledge is where we have taken a promoter funding to invest in the warrants round. So, the warrants round of Rs. 900 crores has a promoter investment of Rs. 130 crores. So, we have raised money by pledging the shares and we are going to invest that into Gensol. The promoters have mentioned, have pledged an amount of Rs. 130 crores to be invested in the current warrants round. So, a portion of the loan against shares is for that.

And the portion, other portion is actually as a collateral, which has been given basically to IREDA and Power Finance Corporation, which have sanctioned loans for us. So, about a good portion of the pledges towards IREDA and PFC, which is acting as collateral and some portion of the pledges towards the founders raising capital to invest in the current warrants round.

Sai Hemant: And when are you expecting to release the pledges on these shares?

Anmol Singh Jaggi: So, I think the pledge from IREDA, PFC will only happen at the end of the duration of the debt, which might be between two and three years from the loan that we have taken for investment into promoter, that we have taken to invest in the warrants round. I think that you could see the pledge coming down in about six months' time.

Sai Hemant: And another question, given the current debt-to-equity ratio stays higher on the 3.5 times, what's your likely guidance of debt levels in the mid-term like 1 to 2 years? And with the negative operating cash flow, are you comfortable maintaining these levels of debt?

Anmol Singh Jaggi: So, two questions, two parts. One, you have to also look that the company has substantial cash. So, our net debt-to-equity is actually 2.7, because the company had about close to Rs. 400 crores

plus cash, which was there. Hence, you have to not look at the debt-to-equity, but the net debt-to-equity. So net debt-to-equity is 2.7 is to 1.

As you know that we are going to raise Rs. 900 crores from the warrants round. And as I mentioned in the previous question also, that we will start getting this money from June. So, you will see that the debt-equity ratio will come down to a very comfortable number. Our current equity is about Rs, 300 crores. If we can get about Rs. 400 crores more of money from the warrants round, you will see a substantial reduction in the debt-equity ratio.

Sai Hemant: Sir, one last question. This is regarding the EV manufacturing side. Given the indent foundation across this EV space, what's your likely strategy to penetrate into the EV market, particularly the three-wheeler, which you are trying to get in?

Anmol Singh Jaggi: So, we believe that there is not a single product in the market which matches the price and performance of our EV car. So, the EV car that we have, which is going to be priced very attractively and has all the features and is very feature-rich, you will see that there is going to be a supermarket acceptability for our vehicles. And in fact, it is going to be a very unique vehicle which the Indian public has not seen. And hence, I believe that it's going to be a big success. So, we are very excited and gung-ho about bringing this car as soon as possible to the market.

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

Tushar Makkal: So, Anmol, so basically, so I have a suggestion for us. So, like what we are doing in our leasing business, we are charging a depreciation according to the Company's Act. But as far as I understand, we can also evaluate our useful life of particular car. And then accordingly, we can charge the depreciation whatever the useful life we have. So, let's say if the Company's Act is allowing for the 10 years of depreciation, and if I estimate that that car can run for 20 years, then we can evaluate that and accordingly charge the depreciation in our financial system. So, it's just a suggestion, like you can also discuss with the consultant as well. So, I think that will help.

Anmol Singh Jaggi: So, you are very right, I think we are just being conservative in our approach, and I think that, like I mentioned that this conservatism will actually start to yield results in the coming years. So, as prudent management, we will remain conservative, although I know that, I understand from your point that we could change the thought of how we depreciate the asset.

Tushar Makkal: Right and it's allowed basically. It's just a technical evaluation that we have to do and we should have proper documentation like why it's 20 years or why we should depreciate in 20 years. So, we can do, and we should have proper documentation and it's allowed. So, as far as I understand, basically that's what I am just giving the suggestion to the management.

Anmol Singh Jaggi: It's a good suggestion. Thank you for that. I think you are absolutely right. We will surely discuss with our auditors also about it. But like I mentioned being conservative, we might stick to what Companies Act allows for a few more quarters.

Tushar Makkal: So next question basically, so I have a question also, but it's from the industry perspective. Like, so till what year we are expecting this EPC solar, like we are seeing the growth in industry like 50% or 100% in like two or three years back. So, just wanted to understand for what more year we are expecting this kind of growth in this industry or like what kind, but like for how many years we are expecting in our company as well?

Anmol Singh Jaggi: So, I think if you look at the number of tenders which have come out and if you look at what is happening in the market, I think we are seeing that India is going to have some 300 plus gigawatt of solar power by FY '30, which means that there is going to be no dearth of orders for solar, no dearth of orders for battery energy storage systems. It's going to be, it's in for a long, long haul. I don't think that at least in FY '30 we have any cause of concern on slowing down of order book, et cetera, et cetera. I think it's substantial. It's like once in a lifetime kind of opportunity where this is such a big market growing at such a fast pace.

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

Gaurav Sachdeva: Sir, my question is basically, sir, in India where car is taken as a state of symbol, especially in India, what made you think to go for a three-wheeler car like an auto rather than a four-wheeler car? I just want to understand the rationale behind your decision. Because if we can understand from a commercial point of view, but for a personal vehicle, who will buy a three-wheeler car? Just wanted to understand the rationale.

Anmol Singh Jaggi: Yes, we have done a lot of market research around this and in our market research, we have spoken to a lot of people in urban areas. And what we have seen is that a very high percentage of journey, about 70% of all journeys that anybody travels in a car is a single person, is a single seater journey which is there.

In Europe, in Japan, in Korea, there is a huge amount of resurgence of a two-seater vehicle. We believe that this trend will also capture come in India because you are seeing very high incidence of traffic jams. You are seeing very high fuel expenses that people are incurring.

Hence, we believe that a two door, two-seater car will be something which the Indian market is going to love and before launching or before building the vehicle, we have done enough amount of market research. We have analyzed which kind of cohorts we will sell this vehicle to, which is the kind of customer which will buy the vehicle. So, there is enough solid background checks that we have done to ensure that our vehicle will be a success in the market.

However, I will completely take your point that car is a status symbol, but you would see that convenience of operating a two door, two-seater car will be so high in urban areas that a lot of people will actually shift to it.

Gaurav Sachdeva: But sir, if we see like if you see MG Comet, that car is I think smaller than your car and that is not making any much sales around. So how are you...

Anmol Singh Jaggi: MG Comet is Rs. 8.5 lakh.

Gaurav Sachdeva: I mean sir, difference between, it might be Rs. 1 and 2 lakhs difference between your car and MG Comet.

Anmol Singh Jaggi: I will not comment on our pricing. I will not comment on our pricing, but I will tell you that for the right product, the right pricing, the right feature is very, very important. Our car is a feature rich car. Our car is being launched at the right price which we believe is a very well market researched price and hence you will see a good adoption of that happening. So, we are very confident, and we have taken our lessons actually from MG Comet. Good that MG launched before us, so we got some good, interesting lessons from them.

Gaurav Sachdeva: Because when we talk about traffic jams, because I am asking about the size of the car, that car is smaller than your car. So, that's why I am asking this question.

Anmol Singh Jaggi: I am not sure on the dimension. I don't remember the exact dimension of MG Comet. We are a sub 4 meter, 3.6 meter kind of a car. So, I am not very sure on the MG Comet dimension.

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

Raunak Mishra: Sir, I would just like to know that there is plenty much an amount of money parked in FDs. I was just checking the profit before tax. So, there's a very huge income coming from other income and after that we are diluting the equity. So, like what is the play behind that, if you could just explain to me?

Anmol Singh Jaggi: So, see, we are building a long-term business. You have to expect that it's not that we draw down a loan of Rs. 100 crores and that Rs. 100 crores of loan will get deployed tomorrow morning. Building capital assets is a time-consuming effort which leads. We draw down debt at right portions of time depending on what we believe is going to be our order book, how much is our customer requirement, etc, etc. As a short-term measure before the money gets deployed into creating fixed assets or into creating working capital, that money is put into fixed deposits. So, that's the thing.

We are, as you know that given the fact that we were already sitting on very good amount of cash, we have pushed forward our warrants round by one quarter. So, we are making very

prudent decisions when it comes to our treasury operations and hence, you will continue to see that while we maintain our monthly outgo for this particular year is going to be in the range of Rs. 150 crores a month. So having some Rs. 200, 300, 400 crores of cash which is equal to 2-3 months of our monthly expense is a good thing. I think you should be actually worried if the balance, if the cash balance in the company was only Rs. 50-100 crores when our monthly expense was about close to Rs. 150 crores.

So, from that perspective I think it's good that we carry these cash levels. It gives us opportunities that if we get a large order or we want to bid for large orders, we can do that. So, it's actually a good thing which is there that we are maintaining high levels of cash.

Raunak Mishra: Just a second question there. What is the order pipeline and what kind of revenue can we see in the upcoming year?

Anmol Singh Jaggi: So, we have already guided that our consolidated revenue for FY '25 will be Rs. 2,000 crores and which guidance we have been giving from January of this year. We speak to that guidance of Rs. 2,000 crores of revenue that we will do. And we also stick forward to our consolidated EBITDA of 25%.

Moderator: Thank you. The next question is from the line of CA Garvit Goyal from Nvest Analytics. Please go ahead.

Garvit Goyal: Just to understand what the CAPEX plans are for next two to three years down the line?

Anmol Singh Jaggi: I think CAPEX plans, of course, our EV manufacturing plant will require additional CAPEX from the current CAPEX that we have done as we also get into the, this is a fleet vehicle. Then we will get into a cargo vehicle, and then we will get into a personal mobility vehicle. So, there will be CAPEX associated with that in FY '25 and some amount of it in FY '26.

On the EV leasing side, it's a continuous CAPEX that we will continue to do. So, you will see us buying more and more vehicles and leasing out to them. But that kind of CAPEX is actually revenue generating from pretty much year one.

We also see that there is a substantial amount of opportunity in battery energy storage systems. So, there will be, as we bid more and more for more and more BESS projects, there will be some amount of CAPEX towards that also.

Garvit Goyal: So, can you put a number to it, like what can be the annual run rate of CAPEX that we will be doing for next two to three years?

Anmol Singh Jaggi: I think as the BESS is just getting formulated, the business plan for BESS is getting formulated and some bids are coming. Hard to put a number on what kind of CAPEX that we will do. But I

think on the EV manufacturing side, it will need between Rs. 75 and 100 crores more and if the EV leasing book will continue to grow by 100% year-on-year.

Moderator: Thank you. Ladies and gentlemen, we will take that as the last question. I would now like to hand the conference over to Mr. Anmol Singh Jaggi for closing comments.

Anmol Singh Jaggi: In the closing, I would like to extend my sincere gratitude to each one of our respected investors for joining our call. As we reflect on the remarkable progress made in our business, it is evident that Gensol is not just thriving, but standing as a leader in green energy and clean mobility revolution. We are continuously investing in our business and our focus remains on continuing to deliver value to our shareholders and customers. I would like to thank, again, all of you for attending our earnings call. Thank you.

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