Gensol Engineering Ltd — 20 Mar 2026 Credit Rating Summary

Section	Details
Agency	CARE Ratings Limited (CareEdge)
Rating Change	**CARE D → CARE D; ISSUER NOT COOPERATING** (Maintained Default status; flagged for non-disclosure)
Outlook (Current vs Previous)	**Not Applicable** (Previous: Not Applicable)
Key Drivers of Change	1. **Ongoing CIRP:** Company admitted to NCLT Ahmedabad on June 13, 2025, following a petition by IREDA. 2. **Default Magnitude:** Non-payment of ~₹510 Cr loan to IREDA triggered insolvency. 3. **Information Lack:** Management failed to provide data for surveillance or pay rating fees despite multiple reminders. 4. **Service Delays:** Continued inability to service term loan obligations as per lender feedback.
Rated Instruments	1. **LT Term Loan:** ₹624.70 Cr
Key Observations	• **Revenue Growth vs. Liquidity:** Despite 9MFY26 revenue rising to ₹1,053.02 Cr (vs ₹963.11 Cr in FY24), cash flows were insufficient for debt. • **Deteriorating Interest Coverage:** Dropped sharply from 3.47x (FY23) to 1.35x (9MFY26), signaling thin margins for debt servicing. • **High Leverage:** Overall gearing reached a precarious 4.32x in FY24 (latest available audited data). • **Legal Status:** Under NCLT moratorium; operations managed by an Interim Resolution Professional (IRP). • **Business Model Risk:** High capital intensity in EV leasing (Blu-Smart) and solar EPC coupled with aggressive debt-led growth.
Investor Impact	• **Equity Wipeout Risk:** Under CIRP, equity shareholders typically face near-total value erosion or cancellation. • **Execution Paralysis:** Moratorium restricts fresh credit and major business pivots. • **Financial Transparency:** Failure to publish FY25 audited results is a major red flag for governance and valuation.
Agency / Cross Analysis	**Same Agency (CARE):** Rating plummeted from **CARE BB+ (April 2024)** to **CARE D (March 2025)** within 11 months due to sudden liquidity exhaustion. The move to **INC** in March 2026 confirms management has ceased formal communication with the agency. **Conclusion: Deterioration.** Financials (TOI/PAT) show book growth, but the "D" rating and NCLT status reveal a complete disconnect between reported accounting profits and actual cash solvency.
Final Inference	**Terminal Credit Event:** This is a classic "growth-at-any-cost" failure where aggressive debt-funded expansion (Gearing 4.32x) outpaced cash generation. Equity is now speculative/distressed; recovery depends entirely on the NCLT resolution plan, which usually favors secured creditors over shareholders.