Gensol Engineering Ltd — Aug 2022 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

The punchline. Read this first — it frames everything below.

Result: Inline (Tracking FY23 Guidance) **One-line:** Gensol is aggressively pivoting from a pure-play Solar EPC into a high-margin EV platform (Leasing & Manufacturing), significantly expanding its TAM but elevating execution and capital intensity risks.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Inline	Q1 FY23 EPC Rev □97 Cr vs FY23 target □436 Cr	□
Earnings Quality	High (Core driven)	Growth driven by order book execution	□
Guidance Confidence	Neutral	Ambitious 3x revenue growth projected by FY24	□
Management Credibility	Neutral	First entry; aggressive targets require tracking	□
Business Quality Signal	Improving	Transitioning to higher margin annuity (Leasing)	□
Key Q&A Exchange	Not applicable	N/A — PPT ONLY	□
The Street's Primary Anxiety	Execution of EV Manufacturing	Concern over technical expertise in auto mfg	□
Capital Cycle Stage	Investment	Setting up Chakan plant; IREDA loan sanction	□
Margin / Return Ratio Trajectory	Improving	Projected EBITDA expansion 13% → 20% (FY23)	□
Pricing Power	Stable	Dominant <□6 Lakh EV segment target	□
FCF Conversion & Quality	Distorted	Heavy capex/leasing expansion impacting FCF	□
Competitive Moat Signals	Stable	Early mover in entry-level EV personal mobility	□
Balance Sheet Strength	Adequate	Secured □267 Cr IREDA loan for EV fleet	□
Working Capital Efficiency	Stable	EPC requires high WC; Leasing improves cash flow	□
Mgmt Guidance Track Record	First entry	To be monitored against FY23 targets	□
Key Vulnerability / Red Flag	Asset-Heavy Pivot	Simultaneous scaling of EPC and Auto Mfg	□
Management Tone	Not applicable	N/A — PPT ONLY	□

Sentiment: □Neutral

Key Takeaways (Positives & Negatives): * **Positives:** Strong momentum in Solar EPC with a □280 Cr order book and Q1 FY23 revenue already hitting 22% of the full-year target. The EV leasing business provides high-margin (15%) tax-shielded cash flows (□100 Cr tax savings projected over 3 years). Management has identified a clear "white space" in the Indian EV market for a personal mobility vehicle priced below □6 Lakh. * **Negatives:**

The business model is becoming significantly more complex and capital-intensive. The jump in projected EBITDA margins from 13% to 32% by FY25 relies on the unproven EV manufacturing segment scaling to 50,000 units p.a. * **Street Concern:** Analysts are likely skeptical of a Solar EPC management team's ability to manage automotive supply chains and precision engineering for the "Brand X" EV. * **Forward Watchpoint:** Track the commencement of the Chakan manufacturing facility and the actual delivery of the first 3,000 EV cars sanctioned by IREDA.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS

DATA SOURCE: Concall not available — commentary absent.

Metric	Current Qtr (Q1FY23)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Revenue (Consol)	□102.00 Cr (Est)	First entry	First entry	→	EPC Q1 revenue is □97 Cr; Leasing contrib approx □5 Cr
EBITDA	Not in document	First entry	First entry	→	FY22 Actual EBITDA was 13%
EBITDA Margin %	Not in document	First entry	First entry	→	Projected to hit 20% for FY23
PAT	Not in document	First entry	First entry	→	Focus on tax savings from leasing depreciation
Order Book (EPC)	□280.00 Cr	First entry	First entry	↑	Strong visibility for FY23 target of □436 Cr
New Orders (EPC)	Not in document	First entry	First entry	→	N/A
Deliveries (Solar)	350.00 MW (Cum)	First entry	First entry	↑	Expertise across 33.6 GW technical advisory
EV Fleet Size	700.00 Units	First entry	First entry	↑	Targeted to reach 3,000+ units by FY23 end
Net Debt / (Cash)	□267.00 Cr (Debt)	First entry	First entry	↓	IREDA loan sanctioned for EV leasing business
Working Capital	Not in document	First entry	First entry	→	N/A

2B. SEGMENT BREAKDOWN

Segment	Revenue (□ Cr)	YoY Growth	Margin	Trend	vs Company Avg	Key Development
Solar EPC	□97.00 Cr (Q1)	First entry	5% (EBIT)	↑	Lower	Strong execution; □280 Cr order book remaining
EV Leasing	□5.00 Cr (Q1)	First entry	18% (EBIT)	↑	Higher	Asset-heavy; IREDA funding secured; high tax shield
EV Mfg	□0.00 Cr	N/A	N/A	→	N/A	Acquisition of EV Mfg in June 2022; commercialization FY24

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3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery (Last Q)	Risk Flag
Guidance	Revenue (FY23)	□480.00 Cr (EPC+Lease)	Needs □126 Cr/qtr for remaining 3 quarters. Achievable given □280 Cr OB.	First entry	□ Moderate
Guidance	Margins (EBITDA)	20.00% for FY23	Needs significant mix shift toward Leasing to offset low-margin EPC.	First entry	□High
Guidance	Volume (EV Fleet)	3,000+ Cars by FY23	Needs to add ~2,300 cars in 9 months (~255/month). Previous rate unclear.	First entry	□ Moderate
Guidance	Capacity (EV Mfg)	50,000 cars p.a. (Fac. 2)	Factory not yet commenced; still on "drawing board".	First entry	□High
Strategy	Capital Allocation	Mix of Debt & Equity	Highly dependent on continuous debt sanction (IREDA/FIs).	First entry	□ Moderate
Strategy	Competitive Positioning	Entry Level <□6L EV	Targets 674k units TAM by FY30. White space exists.	First entry	□Low
Macro	Industry Push	30% EV Penetration 2030	Market CAGR of 112% required in fleet operators.	First entry	□Low
Macro	Input Costs	Battery Price USD 110/kWh	Forecasted price for FY26; critical for TCO parity.	First entry	□ Moderate
Balance	Leverage	Net Cash Flow □70 Cr	Projected cumulative cash flow from leasing over 3 years.	First entry	□ Moderate

4. ANALYST Q&A

Section not applicable — investor presentation only. No concall conducted or available.

5. WHAT CHANGED vs PRIOR QUARTER

First entry — no prior quarter to compare.

What Changed	Prior Quarter	This Quarter	Direction
N/A	N/A	N/A	N/A

STOP HERE.