Gensol Engineering Ltd — May 2024 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Beat (Against Revised Guidance) **One-line:** Gensol has successfully breached the □1,000 Cr revenue milestone (□996 Cr actual) while significantly expanding EBITDA margins, confirming that its "Solar EPC + EV Leasing" flywheel is operational, though the negative CFO highlights the extreme capital intensity of the pivot.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance	Beat	FY24 Revenue □996 Cr vs. revised guidance of □950 Cr (YoY +147%).	□
Earnings Quality	Low (Asset-Heavy)	PAT of □53 Cr vs. CFO of -□98.1 Cr; divergence driven by EV fleet expansion.	□
Guidance Confidence	Neutral	FY25 target of □2,000 Cr is 100% YoY growth; requires flawless EV Mfg launch.	□
Management Credibility	Improving	Exceeded the revised revenue floor; achieved ARAI certification for EV.	□
Business Quality Signal	Improving	Transitioning from pure EPC to a tech-integrated (Trackers) and annuity (Leasing) model.	□
Key Q&A Exchange	Not applicable	PPT_ONLY mode.	-
The Street's Primary Anxiety	Leverage & Dilution	Total liabilities jumped from □1,066 Cr to □2,328 Cr YoY to fund growth.	□
Capital Cycle Stage	Investment	Massive capex into EV fleet (□825 Cr AUM) and Chakan plant completion.	□
Margin Trajectory	Improving	Consol. EBITDA margin rose to 26.1% (FY24) from 20.3% (FY23).	□
Pricing Power	Stable	Solar Tracker acquisition (Scorpius) adds a high-margin proprietary tech layer.	□
FCF Conversion	Distorted	Investing cash flow of -□667 Cr indicates the business is consuming all cash to grow.	□
Competitive Moat	Widening	Early mover in BESS (140MWh GUVNL win) and India-specific compact EVs.	□
Balance Sheet Strength	Stressed	D/E remains high at ~3:1; Short-term debt spike (□956 Cr) needs monitoring.	□
Working Capital Efficiency	Deteriorating	Negative CFO indicates cash is locked in asset acquisition for leasing.	□
Mgmt Guidance Track Record	Mixed	Revised FY24 down mid-year, then beat the revision; aggressive FY25 goals.	□
Key Vulnerability	Concentration	Over-dependence on leasing revenue to boost consol. margins.	□
Management Tone	Confident	Focused on "Next Orbit" scaling and international (Dubai) expansion.	□

Sentiment: □Positive

Key Takeaways: * **Positives:** The Solar EPC business has scaled with execution across 19 states, but the real story is the **EV Leasing segment**, which now commands an AUM of ₹825 Cr, providing high-margin annuity-like income that has re-rated consolidated EBITDA margins from 20% to 26%. The acquisition of Scorpius Trackers and the win in the Battery Energy Storage (BESS) space (₹450 Cr revenue potential) future-proofs the EPC segment against commoditization. * **Negatives:** The business has become exceptionally capital-hungry. A negative CFO of ₹98 Cr against a PAT of ₹53 Cr confirms that growth is entirely funded by debt and financing (₹858 Cr inflow). Total debt/liabilities have more than doubled YoY, placing immense pressure on interest coverage as the EV manufacturing plant enters its pre-operative phase. * **Forward Watchpoint:** The transition from "validation/testing" to "commercial production" of the Gensol EV in Q2 FY25 is the binary event for the next fiscal. Any delay here will make the ₹2,000 Cr revenue target mathematically impossible.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS

DATA SOURCE: Concall not available — Mgmt Commentary column absent.

Metric	Current Qtr (FY24 Full Year)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Revenue Standalone (₹Cr)	₹944.00	↑ 149%	-	↑	Not in document
Revenue Consolidated (₹Cr)	₹996.00	↑ 147%	-	↑	Not in document
EBITDA (₹Cr)	₹260.00	↑ 218%	-	↑	Not in document
EBITDA Margin (%)	26.1%	↑ 580 bps	-	↑	Not in document
PAT (₹Cr)	₹53.00	↑ 129%	-	↑	Not in document
EPS (₹)	₹14.00	-	-	→	Not in document
Order Book (₹Cr)	₹1,783.00	-	-	↑	Total order book includes Solar and EV Leasing.
New Orders (Solar EPC)	₹1,448.00	-	-	↑	Includes 100MW Maharashtra utility & 50MW SEML.
Installed Capacity (MW)	770.00	-	-	↑	Cumulative across ground-mounted, rooftop, floating.
EV AUM (Leasing) (₹Cr)	₹825.00	-	-	↑	6,000+ EVs on lease.
Net Debt (₹Cr)	₹1,557.00	↑ 120%	-	↓	Sum of Long-term (₹601 Cr) and Short-term (₹956 Cr).
ROCE (%)	26.0%	-	-	→	Not in document
CFO / PAT (x)	-1.85x	-	-	↓	Significant divergence due to asset-heavy leasing.

2B. SEGMENT BREAKDOWN

Segment	Revenue (□Cr)	YoY Growth	Margin	Trend	vs Co. Avg	Key Development
Solar EPC	□830.00	↑ 145%	Not stated	↑	Lower	Won first BESS project (140MWh) for GUVNL.
EV Leasing	□166.00	↑ 133%	~90%*	↑	Much Higher	Rebranded as "Let'sEV"; 18-city outreach.
EV Manufacturing	□0.00	N/A	(Loss)	→	Lower	ARAI certification received; plant ready in Chakan.
Solar Trackers	Not stated	New	High	↑	Higher	1,000 MW+ orders contracted post-acquisition.

**Based on sector benchmarks and prior quarter management commentary.*

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Revenue (FY25)	□2,000.00 Cr	Needs □500 Cr/quarter; 2x current FY24 exit velocity.	Beat FY24 revised target.	□ Moderate
Guidance	EV Launch	Q2 FY25 Test Production	Requires validation completion by end of Q1 FY25.	ARAI cert delivered in Feb '24.	□Low
Guidance	Solar Capacity	306 GW India Target (2030)	Industry CAGR of 24% required; Gensol growing faster.	Installed 770 MW+ to date.	□Low
Guidance	EV Sales	10 million annual (2030)	Massive industry tailwind; Gensol target is 30k units.	Plant capacity ready.	□ Moderate
Strategy	Diversification	BESS & Green Hydrogen	BESS revenue of □450 Cr over 12 years adds stability.	Won first BESS project.	□Low
Strategy	International	Dubai Expansion	Entry into Middle East via Green Energy Trading LLC.	Subsidiary incorporated in FY24.	□ Moderate
Balance	Leverage	De-leveraging via Equity	Needs significant capital infusion to offset □1,557 Cr debt.	Liabilities grew 118% YoY.	□High

4. ANALYST Q&A

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

5. WHAT CHANGED vs PRIOR QUARTER

(Comparing FY24 Full Year results vs. Q3 FY24 Prior Context)

What Changed	Prior Quarter (Q3/9M)	This Quarter (FY24)	Direction
Revenue Realization	Guidance of ₹950 Cr (Revised)	Actual ₹996 Cr	↑ Improving
Order Book	₹1,000 Cr (Solar EPC)	₹1,783 Cr (Total Consolidated)	↑ Strong
EV Milestone	Awaiting ARAI certification	ARAI Certification Received (Feb '24)	↑ Improving
Debt Profile	₹900 Cr (approx)	₹1,557 Cr (Total Debt)	↓ Deteriorating
Segment Mix	Solar EPC dominance	BESS entry (₹450 Cr long-term rev)	↑ Diversifying
EBITDA Margin	30.8% (Q3 standalone-driven)	26.1% (Full Year Consol)	↓ Normalize
Operating Cash	Not highlighted	Negative ₹98.1 Cr (Full Year)	↓ Deteriorating

STOP HERE.