

Date: January 30, 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 Q3 FY24

In compliance with Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached herewith the Transcript of Q3-FY24 Earnings Conference Call held on Tuesday, January 23, 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
Q3 FY24 Results Conference Call”**

January 23, 2024

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

MODERATOR: MR. SIDDESH CHAWAN – ERNST & YOUNG

Moderator: Ladies and gentlemen, good day and welcome to the Gensol Engineering Limited Q3 FY24 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 call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Siddesh Chawan from Ernst & Young. Thank you and over to you, sir.

Siddesh Chawan: Thank you. Good evening to all the participants on this call. Before we proceed to the call, let me remind you that the discussion may contain forward-looking statements that may involve known or unknown risks, uncertainties, and other factors. It must be viewed in conjunction with our business risk that could cause future result performance or achievement to differ significantly from what is expressed or implied by such forward-looking statements.

Please note that we have mailed the results and the same are available on the company's website. In case, if you have not received the same, you can write to us, and we will be happy to send the same over to you.

To take us through the results and answer your questions today, we have the top management of Gensol Engineering Limited represented by Mr. Anmol Singh Jaggi, Chairman and Managing Director.

We will start the call with a brief overview of the quarter gone past and then conduct a Q&A session. With that said, I will now hand over the call to Mr. Anmol Singh Jaggi. Over to you, sir.

Anmol Singh Jaggi: Thanks, Siddesh. Good evening to all our respected shareholders and thanks for sparing your time to join us on the conference call for the quarter. As we declared yesterday our results, the quarter has been wonderful. On a year-on-year basis, we have improved our revenue by 335%, EBITDA by 312% and from PAT we have significantly improved because last year this quarter was negative for us. So, it's been an all-round great performance by all verticals.

But what I will do is that I would also, because this is our first earnings call that we are ever conducting, I would also start by giving you one, an update on the business, but also I would want to introduce Gensol Engineering to you because we have never spoken in the past. So, my wish is that I take five minutes and introduce you to all the business verticals.

So, from a historical perspective, Gensol Engineering was incorporated in 2012 and we listed on the SME Exchange in 2019 15 October 2019 and migrated to the main board of both BSE and NSE in July of 2023.

We started our journey as an advisory company. We were providing only advisory services, technical advisory services, project management, owners' engineers, lenders' engineers, and we had established a very high degree of market share for our advisory services. In 2019, we entered

the solar EPC market and voluntarily shutdown our advisory services as we wanted to focus on the EPC business. But the learning's from the advisory business which is our core engineering skillset has helped us to stand out as a differentiator by creating numerous successful projects.

Over the past two years, we have decided that Gensol as a company will play a larger role in India's energy transition story and we diversified from EPC into EV leasing and EV manufacturing. Gensol Engineering's EPC business has been the bedrock of our growth. We have a team of more than 200 engineers. We have completed more than 600 megawatt of diverse solar projects including rooftop projects, ground mount projects, floating solar projects spread across almost all the states in the country.

Our key criteria for selection of customers is that we go for commercial and industrial kind of customers and in that we try to focus on what we call as balance of system. The balance of system basically means that we do not take the module risk and the module risk or the module is directly procured by the customers

Currently, the solar EPC market is witnessing rapid expansion because of the increased demand for clean and affordable energy source. This is also greatly supported by the government's visionary initiatives and policies promoting renewable energy, including yesterday evening the announcement by Prime Minister to set up solar roof-top systems for homes in India. Gensol's credibility and great engineering prowess helps us to capitalize on this growing trend of renewable energy and electric mobility.

To increase our EPC business, we recently acquired Scorpius Trackers in September of 2023, and with its innovative solar panel tracking technology, it allows our customers to get faster paybacks and higher returns on their investments. We have also recently incorporated a subsidiary in Middle East, as Middle East is also becoming a large hub for renewable and hydrogen projects.

In fact, Gensol won its first green hydrogen project, emerging as the lowest bidder for NHPC's Kargil Green Hydrogen Mobility Station. Our EPC business is led by Mr. Imran Ali Naqvi who has been with Gensol, since day one. Today, our solar EPC order book is in excess of INR1,000 crores and we have a bid pipeline which is several times larger than the current order book.

Our EPC business for the Q3FY24, reported a revenue of INR170 crores which is a 386% YoY increase in revenue. This showcases the tremendous strength of our EPC business. On a 9-month basis, our EPC segment has delivered a 121% YOY growth.

Moving on to our second business segment, Gensol took its initial step in the EV leasing business in 2022. Having recognized that lack of EV financing was one of the key impediments to wide scale EV adoption. In May 2023, we set up a subsidiary Gensol EV Lease Private Limited which is led by Mr. Amit Kumar. Amit Kumar was previously the Managing Director of India's largest vehicle leasing company.

The leasing business is delivering innovative leasing solutions and EV lifecycle management across two-wheel, three-wheel, four-wheel, large commercial vehicles, heavy commercial

vehicles and buses. Gensol EV Lease plays a pivotal role in accelerating and adoption of electric mobility across diverse customers.

Currently, the asset under management of our leasing business is more than INR800 crores. Our leasing business posted a revenue of INR32 crores in Q3FY24 and INR89 crores in 9MFY24. Our EV leasing business will be at the forefront of India's transition to electric mobility and has a long, long runway for growth.

As our third business segment, Gensol took up the mantle of manufacturing an affordable, smart, urban mobility focused electric vehicle, proudly Made in India and addressing a large gap in the current EV offerings in the country.

Our subsidiary Gensol Electric Vehicles Private Limited was incorporated in 2022 and is led by Mr. Pratik Gupta, who previously was the Founder of Strom Motors. We have set up a greenfield all-electric manufacturing plant in Chakan, Pune with a production capacity of manufacturing 30,000 vehicles per annum.

The vehicle's innovative design, size, weight and range has been engineered, keeping in mind its fitment with urban fleet, cargo segments and subsequently the urban passenger segment. The car is in its final stage of approval from ARAI, post which we will do the unboxing of the car and its brand and begin the production.

Moving to the financial updates, the financial performance of the company in the first 9-months of FY24 reflects a very commendable growth trajectory. On a consolidated basis, revenue has grown in the first nine months from INR237 crores to INR584 crores, which is a 147% increase. The consolidated EBITDA increased to INR169 crores at a 29% margin in the first 9-months, representing a remarkable increase from a figure of INR50 crores and a 21% margin.

The consolidated PAT was INR34 crores in 9MFY24, which is 111% YoY growth from INR60 crores in the same period last year. In the last one year, we have also strengthened our leadership team with the appointment of seasoned professionals like Mr. Amit Kumar, who is the CEO of the Leasing Business, Mr. Kanv Garg, who joined us as the Chief Growth Officer, and Ms. Kamaljeet Kaur, who joined us as Chief People Officer and other senior team members who are shaping the future of the organization.

In closing, I extend my sincere gratitude to each one of our respected investors for joining our call. As we reflect on remarkable progress made in our solar EPC, EV leasing and EV manufacturing segments, it is evident that Gensol is not just thriving, but leading in green energy and clean mobility revolution. Our focus remains on continuing to deliver value to our shareholders and customers.

Our commitment to innovation and environment responsibility propels us forward, and the success in Q3FY24 serves as a glimpse of the significant possibilities that lie ahead. With this, I would like to inform all our respected shareholders that this has been the summary of what Gensol has built in the few years and how our Q3FY24 has gone by. Siddesh, with this, we can open up for questions or however you would wish to proceed.

- Moderator:** Sure. 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. Please go ahead.
- Garvit Goyal:** Thanks for the opportunity and congrats for the good set of numbers. My first question is, I was going through your recent interview, where you did mention that we will do somewhere around INR1,200 crores for FY24. But in the first 9 months, we are at approximately INR600 crores. So, what is that giving you confidence that we will do somewhere around INR600 crores revenues in Q4FY24?
- Anmol Singh Jaggi:** So, I think what we realistically aim to achieve in FY24 is INR950 crores in the top line. I think that INR1,200 crores number will not be achieved. It will be close to INR950 crores. In our Q4FY24 we are expecting that we will do at the minimum INR300 crores of revenue, at the maximum about INR400 crores of revenue.
- So, between INR300 crores and INR400 crores, which will take our yearly number to somewhere between INR900 crores and INR950 crores, which would mean that on a YoY basis, we would have still grown about 2.5x.
- Garvit Goyal:** So, sir, can you share the reason for this downward guidance?
- Anmol Singh Jaggi:** I do not think we want to say that it is a downward guidance. I think growing 2.5x on a YoY basis is a fantastic growth that we are demonstrating. I am not sure of the television interview that you are referring to, but I do remember that we had given a slightly higher number in the past.
- Garvit Goyal:** Sir, can you also put some color on your EV manufacturing business, like what are the timelines and by when, what kind of capacities do we expect to add on?
- Anmol Singh Jaggi:** So, in terms of our EV manufacturing, the plant is fully ready. In fact, we had put out a video of the plant on YouTube also. We have also sent out the teaser of our vehicle. As we speak, there is one test which is pending for the ARAI, and the moment we complete that one test, we should be able to receive the ARAI certification. The approximate timeline for that is February end.
- And once we have the ARAI certification with us, we will take about two months to begin production. So, in the best-case scenario, if by Feb end we get the ARAI approval, then by end of April, we will be able to start the trial production from the plant. In terms of the number that we will do, for FY25, we are projecting about 5000 vehicles that we will be able to manufacture at our plant, which will give us about INR300 crores of top line.
- Garvit Goyal:** And by FY26, how the ramp-up will happen?
- Anmol Singh Jaggi:** In FY26, of course, we will go to almost, we will double up this revenue from INR300 crores to INR600 crores in FY26.
- Garvit Goyal:** And what is your overall guidance of revenues for FY25 and FY26?
- Anmol Singh Jaggi:** On FY25, where we have a good amount of, certainty, I think Gensol, all the three subsidiaries put together should cross the INR2,000 crores mark.

- Garvit Goyal:** What kind of EBITDA margins do you see? Are the current margins sustainable on a consolidated basis?
- Anmol Singh Jaggi:** Yes. So, in fact, as the proportion of the leasing business becomes higher and higher, in fact, our margin profile will become even better. So, you could expect the EBITDA margins to come in slightly higher in FY25 as compared to FY24. So, yes, if we are today doing EBITDA margins of about close to 30%, it will be in the similar range or slightly higher range than what we have shown in FY24.
- Moderator:** We move to the next question. The next question is from the line of Shubham Upadhyay from The MicroCap Minute. Please go ahead.
- Shubham Upadhyay:** Thank you for the opportunity. First of all, congratulations on a good set of numbers. So, the new technology with the company has acquired solar tracker. So, exactly how much efficient is this technology when compared to the traditional fixed solar panels? That is the first part.
- The second part is whether they are single-axis tracker or dual-axis tracker? And finally, how much growth can we see in this particular segment, and will it lead to any particular margin expansion for the companies?
- Anmol Singh Jaggi:** In terms of efficiency, we are doing single-axis tracker, and single-axis tracker can improve the PLF by about 15%-16%. So, that's the efficiency that can be brought in by using single-axis tracker.
- In terms of where we are seeing the margin expansion coming in, as the EPC business is scaling, there is some bit of tailwind which is coming in from there, but a lot of margin expansion will happen as the EV leasing business becomes larger and larger.
- Anmol Singh Jaggi:** I'm talking about EBITDA margin.
- Shubham Upadhyay:** And one of my questions is, how many and which types of models are we planning to prepare for the electric vehicles in four-wheeler segment? And are we planning to go for the highly competitive two-wheeler and three-wheeler segments too?
- Anmol Singh Jaggi:** We have no plans in the two-wheel segment, but in the three-wheeler segment for sure. Our manufacturing is geared up for three-wheel, and the four-wheel plans will be announced shortly. I think not shortly, the four-wheel plans will be announced actually in the medium term.
- The four-wheel plant is not yet under construction. The first vehicle that we are taking out is a three-wheel reverse-trike vehicle which we are coming out with, for which we have released the teaser also. We will start in FY25 with the three-wheel platform and then go to the four-wheel platform. But that four-wheel platform is at least a couple of years away.
- Moderator:** Thank you very much. The next question is from the line of Koushik Mohan from Ashika Institutional Equities. Please go ahead.
- Koushik Mohan:** Hi, sir. Congratulations for the good set of numbers. Sir, I just wanted to understand your entire plan on the EV side, the EPC side, so we understand what is the order books are coming and we

are executing everything. Can you give the entire picture on next 4-5 years for at least on the EV side?

Anmol Singh Jaggi:

On the EV manufacturing side, like we just mentioned, the first car that we are coming out with is a two-door, two-seater, three-wheel car, like I mentioned, the teaser for which is out on YouTube. We will be starting with the fleet car.

After the fleet car in September '24, we will come out with the cargo segment and then subsequently we will come out with the urban passenger segment. So, these will be the three models that we will build in the two-door, two-seater car using the same platform, same manufacturing facility. Post that, there are plans for four-wheel cars which are there, but all of that is right now at a design stage.

So, from a four-wheel perspective, we will be able to share more information with our shareholders maybe in one year's time.

Koushik Mohan:

Got it. Sir, because of our EV business, we are also having a new business coming into existence that is leasing. So, do we have any plan to diverge this one side of the part of the business and list it in the market? Do we have any plans like that?

Anmol Singh Jaggi:

if we look at all the three business segments, which is the EPC business, the EV manufacturing business, and the EV leasing business, all of them have a very large market and are very well positioned to become large valuable business in their own self. So, at this time, perhaps we have taken a strategic call to kind of keep the businesses together.

But going forward in the future, like you mentioned, four or five years, is there a possibility to demerge these businesses and evaluate individual listings? I think it will be a prudent case to do that. But all will depend on market conditions, our own conditions, etc. at that time. But can all of these three businesses become large businesses in itself and list independently and create shareholder value independently? I think the answer is yes.

Koushik Mohan:

So, currently, what benefit are we getting that we have all three in one place? Any taxation benefits?

Anmol Singh Jaggi:

There is a lot of synergy on the team. There is a lot of synergy on financing. There is a lot of synergy in having one company which has a market cap, which can raise money in the equity markets also. On a standalone basis, the companies will be smaller and more difficult for them to survive on their own. It's the combined strength of the three businesses which takes it together.

Kaushik Mohan:

On the leasing business part, how much EBITDA-level margins or how much interest margins that we will be making? Currently, I understand that BluSmart is buying leased Tata vehicles and then the parent company is having the leased model. But here in Gensol, when BluSmart starts buying it from Gensol, how the structure will be looking like and how much are we going to incur or how much are we going to make money over here?

Anmol Singh Jaggi:

If you look at leasing business, the leasing business, we make about close to 4% to 5% in net interest margin. Our cost of debt is close to 10-odd-percent and we are able to lease out these

vehicles at about 15-odd-percent. So, there is a good net interest margin that we make. Apart from that, there is a cashback which is received on vehicle purchase, on insurance, on maintenance, etc. which actually increases the profitability of the business.

So, that is how we see the business. The business is doing extremely well. We have very strong asset base, we have very strong cash flows in the business. EBITDA margins are north of 90%, so extremely strong EBITDA margins. Of course, interest cost is the biggest cost which is over there. And like I mentioned we have majority of our debt or average of our debt is sub-10%. So, we are doing extremely well on that.

Kaushik Mohan: Got it. And last and final thing, sir. In our, like if I see on SEBI website or on your website, for FY22 financial statements annual report, sir, I think that annual report has not been properly uploaded or something, because a lot of the pages in the middle, from the page number 48 till page number 102, the entire file is missing. Can you please re-upload this document?

Anmol Singh Jaggi: Thanks for pointing it out. We will immediately look into it and take immediate action on it.

Moderator: Thank you very much. We'll take the next question from the line of Vineeth Lambu from HSBC. Please go ahead.

Vineeth Lambu: Good afternoon, So, I have a question on the EV business. So, what kind of growth you're targeting on the AUM side? Like INR800 crores is the present AUM, right? And what is the growth rate you're targeting? And if you can give the break-up of the four-wheelers and six-wheelers or eight-wheelers, that would be helpful. And the EBITDA margins, how it would be varying on the two-wheelers or three-wheelers, four-wheelers and eight-wheelers. So, is it all majorly four-wheel leasing in these assets?

Anmol Singh Jaggi: Sure. So, first, I will take the question on the growth of the leasing business. In terms of growth of the leasing business, as we speak, we have close to some INR800 crores more of undrawn credit lines, which would mean like we can still draw those credit lines. So, you would see that at least in the FY25, we will draw out all of those credit lines and at least that asset base will double from where we are in the next FY.

And with God's grace, we will be able to raise more credit lines for the leasing business. So, the business might actually, more than double in the coming year in FY25. In terms of our vehicle mix, maybe close to 90% plus is in the four-wheel space and about 10% is in the three-wheel cargo space or the four-wheel cargo space. So, in cargo, we are doing both three-wheel and four-wheel and about 10% of the leased assets will be in the cargo space.

Vineeth Lambu: And next question is, out of this 90% four-wheeler, what is the percentage leased to BluSmart and other players? Like I want to understand the concentration of the four-wheeler business?

Anmol Singh Jaggi: Yes. So, we have given it to numerous customers. Today, we have more than 15 customers who have leased out vehicles from us, including, for example, in Bombay, Calcutta, Delhi and Gurgaon, Bangalore, Chennai. So, we have done it in a lot of cities. Of course, the leasing business started with BluSmart and there is a significant amount of assets which have been leased to BluSmart too.

But the book is getting fairly diversified. And Amit, who joined us about six months back, his whole aim is to have the complete book extremely diversified so that there is no concentration risk in the book.

Vineeth Lambu: Okay. Thank you. That's it from my side.

Moderator: The next question is from Tushar Sarda from Athena Investments. Please go ahead.

Tushar Sarda: Thank you for the opportunity. On EV leasing, what is the exact percentage of BluSmart in your book out of INR800 crores?

Anmol Singh Jaggi: It will be more than 50%.

Tushar Sarda: Okay. And how does the economics work? How much do you charge and what is your cost of funds in the EV leasing business?

Anmol Singh Jaggi: So, just like how I mentioned some time back, our cost of average cost of funds is sub 10%. And our average leasing is at about 15%. So, that's where it's a approximate 5% delta which is there. But also, depending on the credit worth of the customer, etc. we are able to modulate. To great customers we are giving a better lease rate. To all customers, depending on how their profile is, we accordingly adjust the leasing rate to them.

Tushar Sarda: And what is the period of lease? Three or four years or more?

Anmol Singh Jaggi: I think maybe half of the book at about three years and half of the book at about four years.

Tushar Sarda: So, after the lease period, the vehicles will revert back to you?

Anmol Singh Jaggi: After the lease period, the vehicles will be on the balance sheet of Gensol lease. And we will be free to release these vehicles or retrofit these vehicles with new batteries and put them on the road again. So, what you will see in the leasing business, and thank you for bringing this out, is the fact that there is going to be a second life of these vehicles.

And if we are able to create a good, prudent second life, and there is a lot of innovation that we are doing with there, and maybe in the coming quarters, we will talk more and more about the second life of the vehicles. If you are able to do in the second life of the vehicles, you will see that there will be no finance cost to it. The vehicles would have already been depreciated.

So, the margins in the PAT margins in the EV leasing business are going to go through the roof.

Tushar Sarda: And what is the balance sheet composition in terms of debt and equity of the EV leasing company?

Anmol Singh Jaggi: So, roughly, we have put in about close to INR100 crores into the EV leasing business as equity. And we have today drawn about close to INR800 crores of debt. And we have like non-drawn credit limit of about close to another INR800 crores. We also have about INR150 crores of deposits from customers.

So, customers pay us about roughly between 10% and 20% of the asset value as a collateral. So, we have about close to INR150 crores of collaterals from customers.

Tushar Sarda: And one question on EPC, if I can squeeze that in. In terms of megawatt installed, what would have been your run rate for the current quarter and what do you expect for the full year?

Anmol Singh Jaggi: So, roughly, we have done till date about 600. Between April'23 and till date, we have done about 190 megawatts. But you would see that as the pace of the EPC business is growing extremely fast, perhaps, what we did in nine months, we will do in one quarter.

Moderator: Thank you very much. The next question is from the line of Vignesh Iyer from Sequent Investments. Please go ahead.

Vignesh Iyer: Hello, sir. Congratulations on a strong set of numbers. And thank you for the opportunity. My first question will be on the capex side. What would be our capex size plan for FY25?

Anmol Singh Jaggi: If I look at it, there is no capex that we are doing in the EPC business. So, maybe very small, some INR5 crores, INR10 crores, INR15 crores capex that we do in plant in buying some machinery, etc. but of extremely small capex when it comes to the EPC business. When it comes to the manufacturing business, we will do in the plant at Chakan, we will have to invest about close to INR125 - INR130 crores more into building out the cargo vehicle and then the personal mobility vehicle. The capex for the fleet vehicle is complete. So, from that perspective, we will need about INR100 crores-INR125 crores more of capex that we will need in the EV manufacturing business. On the leasing business, if we consider purchase of car as capex, because they come on our book, we will be doubling our asset size. So, at least, we will be purchasing between INR800 crores and INR1000 crores of vehicles in FY25.

Vignesh Iyer: Okay. So, then, just to understand what is the peak borrowing or peak debt that we are looking at for FY25? Or in a way, you can also say if the debt to equity stands at three right now, so what is the comfortable level you are looking at? If you could answer it on both side of it and perspective from debt to equity as well as the peak debt?

Anmol Singh Jaggi: Sure. So, the current net worth of the business is close to INR300 crores and we have a debt of about INR800 - INR900 crores as we speak. So, you are very right in pointing that the current debt to equity is about 3:1. As we have already announced and will request all our respected shareholders to also attend our EGM on 25th of Jan, wherein we are approving a INR300 crores fundraise.

So, subject to the EGM approving it, we will quickly raise about between INR200 crores and INR300 crores of new equity, which would mean that if I add up the profits that we are going to do in quarter 4 plus the equity that we raise, we will easily have a north of INR600 crores kind of a net worth of the business, which would mean that we can take the borrowing at a 1:3 basis to about INR1,800 crores of which most of the borrowing will be in the leasing business. In the EV manufacturing business, tilldate we are debt free and the working capital limits in the EPC business are getting enhanced as we are scaling the EPC business very fast. But more or less at the beginning of the FY25, we will have about close to INR600 crores of net worth, which if I

just say that we let us say there is no more equity in FY25 and just accumulate the profits, we could easily hit the INR750 crores-INR800 crores kind of a net worth mark.

So, at the end of FY25, if a net worth is INR700 crores-INR800 crores and the debt is about INR1,800 crores, so we will be at about 1:2.5.

Vignesh Iyer: Okay. So, basically you are saying that we might hit this INR1,800 crores debt by the end of FY25 itself, right?

Anmol Singh Jaggi: Yes.

Vignesh Iyer: Okay. I mean then post that if required there could be a fundraise or I mean you can, what is the debt, the comfortable debt to equity you are seeing? I mean is 3:1 okay or you are okay with 4:1 or higher levels?

Anmol Singh Jaggi: If you look at the segments, in the EPC business, we roughly need about 45 days of revenue as working capital.

So, if we are going to scale up our EPC business in the future to about let us say INR2,000 crores of EPC business that we are able to scale up, then you will see we will need about close to INR200 crores of working capital for the EPC business, which is a pure working capital line. In the EV manufacturing business, we actually have taken no debt and the company and the business has been funded all through equity.

In the leasing business, what we are seeing is that it is a financing kind of a business wherein as per all healthy standards etc., 1:4, 1:5 is a very healthy kind of debt equity ratio when it comes to pure leasing which is also in a way a financing business which is there. So, from that perspective, leasing business have still more leverage to go higher, but we will be conservative in the short and medium term and maybe as the businesses mature, as the book matures, as we see more and more diversified customers etc., we might take the leverage higher in the EV leasing business from 1:3 that we have right now.

But we have to also assume that there is a lot cash collateral that we get from the customers. As I mentioned, there is about INR150 crores of cash collateral that we get. So, that also acts as a quasi-equity for us.

Vignesh Iyer: So, what will be our blended cost of debt going ahead?

Anmol Singh Jaggi: It's sub 10% today.

Vignesh Iyer: We will raise around that level soon?

Anmol Singh Jaggi: Yes. And I think if the interest rates fall in the future, as all of us are expecting, we could do slightly better.

Vignesh Iyer: I mean, the sourcing for the EV business, is it at a lower level? I mean, considering the nature of the business and the traction we have. If I'm not, we are tied up with IREDA, right?

Anmol Singh Jaggi: As you know, IREDA and PFC will be the best kind of source for this kind of debt. And they have given us absolutely large quantum. PFC has sanctioned us INR550 crores. IREDA has till date has sanctioned us INR780 crores. So, good quantum of debt that they have sanctioned to us for the EV leasing business and at very competitive rates.

Moderator: Thank you. The next question is from Rahul Kothari from Grit Equities. Please go ahead.

Rahul Kothari: Congrats for a good set of numbers. I wanted to understand more on the EV leasing segment. Is it like a pure play, NBFC leasing, financing kind of company or we are exploring more on the operational EV management, fleet advisory as well into it, considering that the vehicles come back to us after a period of time? What sort of incremental advisory are we expecting into it?

Anmol Singh Jaggi: So, firstly, sir, this is an operating lease business which is there. In the operating lease business, it's not structured as financing, although our back calculations are all about the cost of capital at which we have raised and the cost of capital and the cost at which we give it to our customers. But it is more than that.

We are giving what we call as EV leasing lifecycle, which starts with vehicle acquisition, but is also insurance management, maintenance management, accident and damage and claims handling, breakdown assistance, any value added services, including charging infrastructure that our customers will need. So, and then the buyback and then the take back of the vehicle from the customer and then redeploy it in second life. So, if you will look at a typical bank or an NBFC which do a finance kind of a function, they just give the vehicle to the customer and it is on the customer then to do maintenance management, breakdown, accident damage, insurance management, which is all the risk is on the customer.

Whereas we participate hand to hand with our customers in doing it. So, it's more operational lease and we want to delve into the group's skill set of managing large scale EVs. If you look at it as founders of the two business that we have, Gensol and BluSmart, we manage perhaps the largest EV fleet in the country.

So, we have great skill sets when it comes to managing these electric vehicles, including for second life. And hence, we will always have a very substantial edge in how we do the lifecycle management of these EVs that we are leasing. And hence, this business is there. So, our business is not just about financing the vehicle, but a complete EV leasing lifecycle.

Rahul Kothari: So, does it add to the competitive edge or while pitching this to external customers or does it add to a cost for them while considering the proposal from our end compared to other players?

Anmol Singh Jaggi: See, so there is of course, if we are providing certain services, we will also take the billing from the customer for it. But is it value accretive to the customer? It is 100% value accretive to the customer.

The customer today wants to focus on their business. They don't want to focus on how a breakdown will be managed. They don't want to focus what is going to happen if there is going to be an insurance claim.

They don't want to focus about remembering when their insurances are due etc. And how can somebody best negotiate the insurance premiums? Because we at Bulk are doing it for INR800 crores of assets or maybe tomorrow INR1,500 crores of assets, whereas the individual customer might be doing for INR5 crores or INR10 crores of assets.

So, there is a vastly different value proposition that we are able to offer to our customers, which increases our competitive edge as well as increases our margins. Because to the customer, it is value accretive, whereas because we do all of these things in bulk, including the purchase of vehicles, we are able to substantially add value to our own balance sheet also and P&L accounts.

Rahul Kothari: Okay, interesting. So, one question on this Middle East part, we got a good order from I guess Dubai. So, what sort of opportunity or what kind of vision we are having on the basis that we have secured this order? What kind of picture are we expecting in other countries as well?

Anmol Singh Jaggi: As of now, we are only looking at the UAE market. We are not expanding beyond the UAE market. As we expand beyond the UAE market, we will know all our respected shareholders about it.

But today, it is all about the UAE market. And in the UAE market, we have a INR180 crores order book that we have signed up from very prestigious customers like Dubai Municipal Corporation, Dubai Government through Etihad.

And the business is shaping up well. The margins in UAE are better than the margins in India. So, we are very happy with how it is scaling up. But as of now, only focused towards UAE.

Rahul Kothari: And sir, just last one more question to add into EPC part. So, we have been more towards solar-based EPC products. Now, considering hybrid systems coming into play, more battery energy, wind, and hydrogen players are into picture. So, how is Gensol getting up for the same across the three sectors?

Anmol Singh Jaggi: Sir, as we had announced to the stock exchange also, Gensol won its first hydrogen project about one month back with NHPC. And we are bidding for a few more hydrogen projects as we speak. So, hydrogen will surely be a part of the growth story in the EPC side as we go.

On the battery storage, we are closely tracking the developments. And maybe in the future, you will see that whether it is round-the-clock power tender or any other kind of tenders which are coming on the BESS side or the battery energy system side, you will see active participation from us. And hopefully, we should be able to, in some time, maybe a quarter or two, announce some good wins in the BESS side.

Rahul Kothari: Okay. That's it from my end. Thank you.

Moderator: Thank you. The next question is from Tirth Gosar from Svan Investments. Please go ahead.

Tirth Gosar: Congratulations on the great set of numbers. I just wanted to ask on the EV mobility leasing business segment. So, all the value-added services that you provide are built additionally to the 15% rate of interest or is it included?

- Anmol Singh Jaggi:** No. It is additional.
- Tirth Gosar:** And so, how much do you charge as a percentage of the AUM for the additional services?
- Anmol Singh Jaggi:** The business has just started to emerge and we have seen that some value-added services (being availed e.g.), insurance is one value-added service that we have been providing for long. But there are other value-added services which we have just started billing to the customers for and as more and more customers are seeing proof of concept of these value-added services, they are asking us for more. But as we speak, it's a very small part but it will start to shape.
- In the coming quarter maybe we could start reporting differently on how the lease income is shaping up and how the value-added service income is shaping up. But we will definitely say that in a mature leasing business, about 30% profits come in from value-added services. If I have to say that when we will be a mature leasing business, you will see about 30% of profits coming in from value-added services.
- Moderator:** Thank you. The next question is from the line of Abhishek Jain from Aurelius Capital. Please go ahead.
- Abhishek Jain:** Thank you for the opportunity. My question is, out of the total EPC order book that we have, how much proportion is balance of system and how much is turnkey?
- Anmol Singh Jaggi:** In terms of balance of system, our first endeavor is that we have to go into a balance of system project only, except for certain PSU customers where the order is turnkey.
- But if we look at historically, about from a megawatt perspective, maybe it is 75 in favor of balance of system and 25% in favor of modules. But as a revenue, it is almost 50-50 because the module systems have a much larger kind of weightage in terms of contract value. So maybe in terms of order value it is 50-50, but in terms of megawatt it is 75-25.
- Abhishek Jain:** Also, the question is, how do we hedge for the risk of volatility in the prices of panel when we've taken a turnkey contract?
- Anmol Singh Jaggi:** It's absolutely essential. And what we need to do is that we need to secure the supplies of the panels at competitive rates when it goes. So this year where we are going to do INR900 crores plus of EPC revenue, you will see that we would have procured in this year close to INR200 crores of modules.
- In this INR200 crores of modules that we are kind of purchasing, I think now the risk has come down slightly lower because there is no import risk which is there, given the fact that duties on solar modules have become very high, and almost 90% of all our purchase is domestic now. So with that, our freight risk, container price risk goes out, our dollar risk goes out, the pricing risk still there. But generally, while we are bidding for the contracts, we sign up pre-bid agreements with module manufacturers.
- And in the pre-bid stage itself, we have contracted on the price at which we will procure the modules and our module prices lock in at the pre-bid stage itself.

- Moderator:** Thank you. The next question is from the line of Saumitra Joshi. Please go ahead.
- Saumitra Joshi:** Hi, Anmol. So, I am the one who constantly pings you on Twitter with the name Sami Sosa. I do not know if you remember or not. I have been in touch with you for a long, long time. I have been a follower of this company and investor for quite some time now. And I would like to thank you because you played a major role in changing my life. So that is one thing. And I hope this is just the start.
- Anmol Singh Jaggi:** I am so happy we can contribute.
- Saumitra Joshi:** Thank you so much for that. And I hope this is just the start. So that was the first part to it. The second part where the The questions come in. This is more on the EV manufacturing piece. So, I was going through one of your interviews where you mentioned in BluSmart that between 70 to 90 percent of the rides are single-seater.
- And with the EV manufacturing coming in, is it that there is going to be an extreme synergy between BluSmart and Gensol, where these particular vehicles can be used for BluSmart for targeting this audience, thus one, benefiting Gensol also because obviously BluSmart itself is expanding very well. And second thing for BluSmart, because if you get in the EV, which is a smaller EV probably which will have less consumption, the rates of BluSmart will also either get in control or reduce over a period of time, thus providing a competitive edge to BluSmart as compared to the other competitors in the market with respect to the cabs part. Is this understanding, correct?
- Anmol Singh Jaggi:** Yes, so your understanding is absolutely correct. So I will start with the whole rationale of bringing in a small urban car. The rationale of bringing in a small urban car is that even with more and more public transport coming online and more and more roads getting in, still the traffic jam situations in the country are just getting worsened.
- What we realize is that in most, and when you go on the road, you will see in most of the cars, at least two or three seats are left empty. When those two or three seats are mostly left empty, it just creates unnecessary congestion. From that perspective, there is a very important need for a urban, small urban car to come in. That was the original thesis.
- When we looked at the data and like you rightly pointed out, and in one of my interviews, I have mentioned that, north of 70% of trips on BluSmart are actually single-user trips. And if I do a, kind of a, comparison with the BluSmart competition, with our Tata Tigor car, we are able to compete on what is the Uber prime segment. There is no Go segment car which is available in the country on electric mobility. So in the Go segment, typically you have the Altos, Datsuns and all of that, that are run. But in the electric vehicle, there is none of these small cars which are available and which we believe is a great market, not just for Blu, but for every fleet operator which is there.
- Imagine if customers are paying INR25 per kilometer for the Tata Tigor car, they will be very happy to travel in a very safe car, in a very nice car, which is maybe two door, two seater, but which comes at about INR15-INR16 a kilometer. So from that perspective, it is going to be very interesting for our customers and for us to create this entire Go category on BluSmart. And it is

not just going to be BluSmart, but I am sure internationally as well as domestically, you will see a lot of fleets adopting the small EV car.

The small EV car is the solution to unit economics, the small EV car is the solution to congestion. And these are big problems of the business and of the country.

Saumitra Joshi: Second thing, I think everyone asks you about the revenues and FY'25, FY'26, everyone has got that. So that is fine.

I am more looking at like since, because I have been a long-term investor in this company, I would just like your view, let us say not for a year or two, let us say the next five years. Where do you see Gensol going in the next five years? Where do you see it reaching?

Anmol Singh Jaggi: So I will try to share a three-year kind of a revenue projection with you. So I easily feel that from FY '24, we will be five times our size in about three years. That is our aspiration and we are working and our team is working extremely hard for it.

The solar business is on a very strong footing and the sectoral tailwinds are extremely strong. The EV leasing business is on a very good trajectory and with Amit now leading the EV leasing business, who is a very capable leader, I expect that this business will also double, like in just in FY '25 double and so on. Our EV manufacturing business will reach a steady state of production in about two years time and we will realise the full potential of the plant.

So all in all, I think our aspiration is very clear to be five times our current size in about three years' time.

Saumitra Joshi: By current size, you mean at this particular moment, not FY '23?

Anmol Singh Jaggi: At FY '24 size, yes.

Saumitra Joshi: Okay, five times of FY '24, that is a big goal, fair enough. So like it is thousand into three years, sorry, thousand into five, that is like 5000.

Anmol Singh Jaggi: Yes.

Saumitra Joshi: Okay, and last, just one question is on this entire creating EV, there is an entire ecosystem that needs to be there where it is not only about you or the other manufacturers, but it is also about the government involvement and I am talking about the charging stations, etc., which is going to take EV to the next level, like it has happened in the developed countries.

So is there a roadmap that the government is working with you all with respect to ensuring that that entire ecosystem of EV charging is created across the country, because that in itself would be the base that it would really catapult EV adoption across the country.

Anmol Singh Jaggi: Yes, so from that perspective, I think I would say it is less about the government and more about private institutions which will put in the (infrastructure).

So from that perspective, we are looking at a lot of private companies and it is like the largest of the companies starting, like a Tata Power and Jio BP, and all of them setting up a lot of charging stations, to smaller startups also which are doing (the same). I think every possible charging company in the country speaks to us, courtesy the fact that we are perhaps the largest operator of EV fleet in the country, including our leasing businesses now giving out leasing to a lot and lot of customers.

There is solid traction which is developing on the charging infrastructure. I think already there is some very solid work which is happening.

Is it going to pick up? I think it's every day is becoming more and more better on the charging infrastructure. Will we be able to have a omnipresent charging infrastructure in the next few years? I think the answer is yes.

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

Gaurav Sachdeva: When you are talking about in the EV manufacturing business, but Gensol Engineering has just 58% stake according to your current these results and I am seeing the results in that 58% stake we have in the EV, this private limited manufacturing. So are you talking about the revenue computing this 58% or it will be deducted?

Anmol Singh Jaggi: No. The capital structure of the business is that we have 58% of equity shares and the entire equity that we have infused into the business is via optionally convertible debentures which we have issued. There is like more than INR100 crores of optionally convertible debentures that we have issued which would convert at some day and it can be converted at the will of Gensol Engineering.

When that when we convert the, optionally convertible debentures into equity, you will see that the percentage of equity share ownership that Gensol Engineering will have in this subsidiary will rise up very substantially and will be close to 90 odd percent - because we have also issued stock options to Pratik who is the founder of the business and from whom we had acquired it and also to our team members who are building the business.

So, except for Pratik and the team, 100% of the business will be held by Gensol Engineering and that 58% number will go up when we convert the optionally convertible debenture into equity.

Gaurav Sachdeva: Okay and my last question is, I hope you are not looking for any de-merger of these three companies?

Anmol Singh Jaggi: We are not looking at it in the short term or the medium term, perhaps in the long term.

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

Garvit Goyal: Hi, thanks for the opportunity again. You mentioned INR2,000 crores for FY'25. So can you give a break up in terms of EPC, EV leasing and EV manufacturing?

Anmol Singh Jaggi: Yes, so on the EV manufacturing side, it is going to be about close to INR300 crores. On the EV leasing side, it is going to be about close to INR400 crores and about INR1,300 crores will come from EPC.

Moderator: Thank you. The next question is from the line of Tushar Sarda from Athena Investments. Please go ahead.

Tushar Sarda: On the EPC side, the targets that government has given is around 40,000 megawatt on solar. So what kind of projects you participate in out of this 40,000 megawatt and what is your addressable market and what is your market share? I want to understand a little more about the industry.

Anmol Singh Jaggi: If you see, we do not do residential solar. So residential solar will be close to maybe 3,000,- 4,000 megawatts out of the 40,000 megawatts. So potentially our market is about 35,000 megawatts that we can do. In this year, in the current FY'24, we have executed 190 megawatts till date. And so there is a huge amount of upside which is there.

In the coming year, our projection is to do about close to 600 megawatts. So out of 40,000, we will be at about 600 megawatts in FY'25 or out of 35,000 megawatt, which is our addressable market, we will be at about 600 megawatts.

Tushar Sarda: Okay. And how can you increase this share?

Anmol Singh Jaggi: So, we are, of course, increasing the share. The very fact that our quarterly numbers have increased by 300% YoY, and we will continue to show these kind of growth means that our market share is going up. We are working towards it. I think we have to work in a way that we do not want to kind of make the number grow unsustainably fast.

We are very happy with the 100%, 200% kind of yearly growth that we are giving, and we will continue to remain in that range. So, you would see us for a very long time to grow with these kind of numbers, because there is so much of headroom that we have in terms of market share that we can grab.

While the market itself is becoming larger, it's currently at 40,000 megawatt. Maybe for FY'25 and certainly by FY'30, this could be a 1 lakh megawatt market. And from a sub 2% market share, maybe we could be at 6% - 7% market share by FY'30. Both the market and our market share is increasing. So, I think this is the sector to be in.

Tushar Sarda: No, let me put my question in a different way, because I'm trying to understand the market and the size in which you operate. So, is there a project size which you do and beyond which you don't do?

Anmol Singh Jaggi: We do not do residential solar, sir. Therefore, you will not see us doing 1 kilowatt, 2 kilowatt, 5 kilowatt kind of projects. You will see us doing large scale rooftops, which is industrial and commercial rooftops. And you will see us doing large grid connected power plants.

- Tushar Sarda:** Okay, but you will not do the pure solar park like 500 megawatt, 1,000 megawatt kind of thing?
- Anmol Singh Jaggi:** We're not doing that. We're not building any. I think our sweet spot today lies in the fact that we love to get orders which are between INR50 crores on the smaller side and maybe INR400 crores on the larger side. So between INR50 and INR400 crores is our sweet spot on the orders. Anything north of INR400 crores, maybe we will avoid it for FY'25. And maybe as our balance sheet strength and execution strength kind of increases, we will maybe in FY'26 pick up more larger orders. But for FY'25, we will pick it up maybe INR50 crores at the minimum end and INR400 crores at the top end.
- Moderator:** Thank you very much. We'll take that as the last question. I would now like to hand the conference back to the management team for closing comments.
- Anmol Singh Jaggi:** Thank you, everybody. Thank you, Siddesh from EY, who's our investor relations manager. Thank you for that. Thank you to all our respected shareholders to participate on the call and listening to us. It's been a great quarter for us, and we are extremely happy that we have been able to demonstrate good numbers. I thank you for your belief in us, and I'm sure with the hard work that the team is putting in, we will continue to deliver stellar numbers and create shareholder value. Thanks a lot.
- Moderator:** Thank you very much. On behalf of Gensol Engineering Limited, that concludes the conference. Thank you for joining us, ladies and gentlemen, you may now disconnect your lines.

(This document has been edited to improve readability)