



S.C.SHARADA®
& ASSOCIATES
COMPANY SECRETARIES



CASE STUDY PRESENTATION

- TARUN SATYA

23-04-2025

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THE GENSOLO

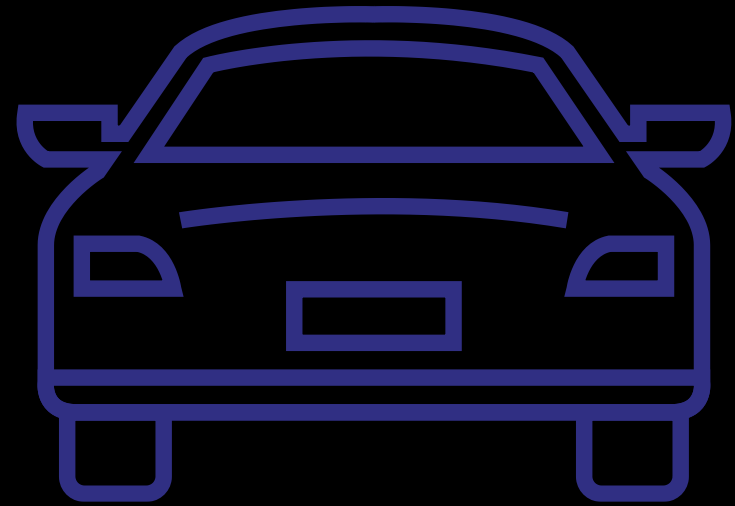
DEBACLE



BUSINESS MODEL



Solar EPC services

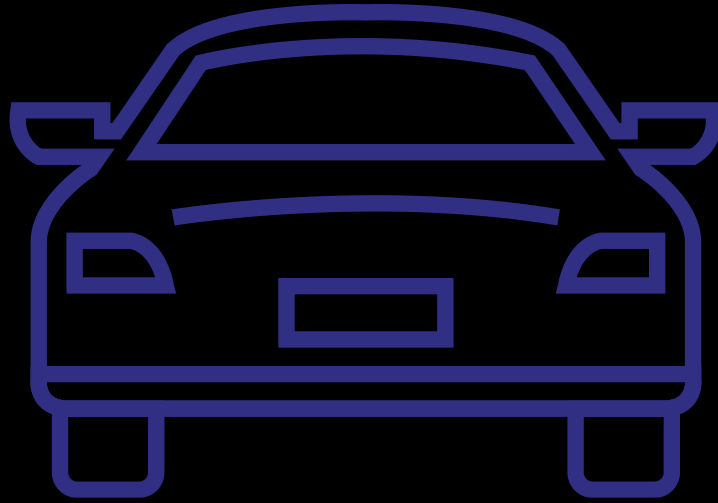


EV Leasing



SOLAR EPC SERVICES

Designing, procuring, and installing solar energy systems from start to finish.

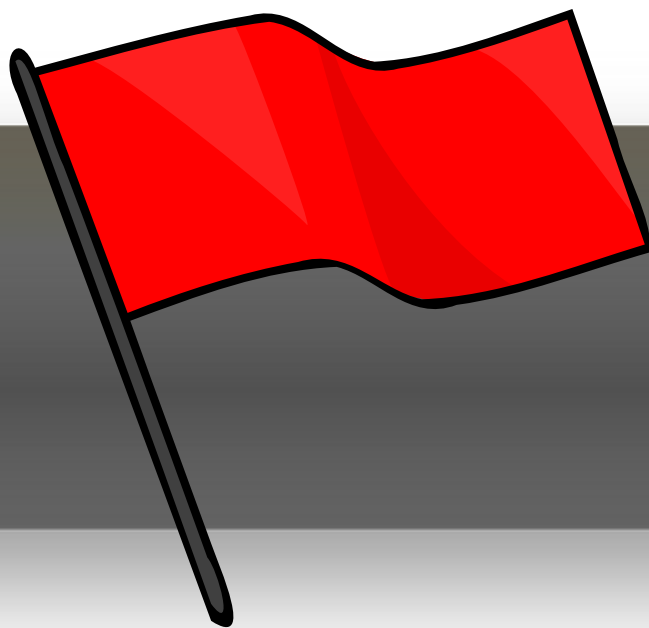


EV LEASING

Vehicles are procured and then leased to EV Mobility Companies.



BUCKETS OF RED FLAGS



RED FLAG 1

CREDIT RATING AGENCIES



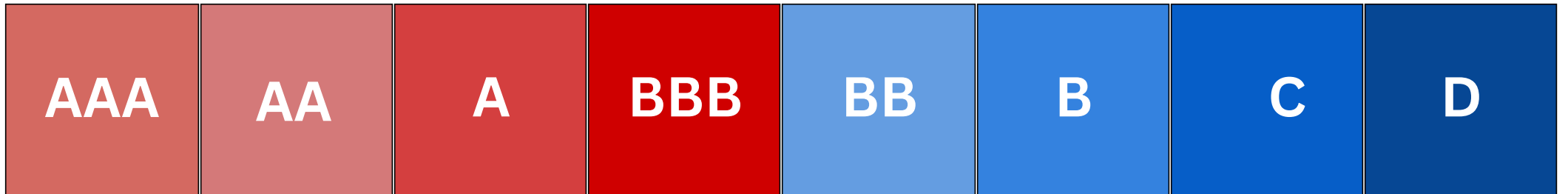
ICRA

A MOODY'S INVESTORS
SERVICE COMPANY



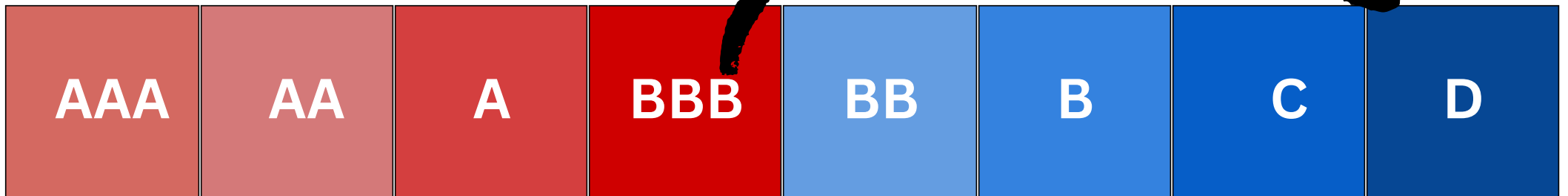


ICRA
A MOODY'S INVESTORS
SERVICE COMPANY





ICRA
A MOODY'S INVESTORS
SERVICE COMPANY



ICRA downgraded Gensol's long and short-term loans from BBB- (Stable) to D.

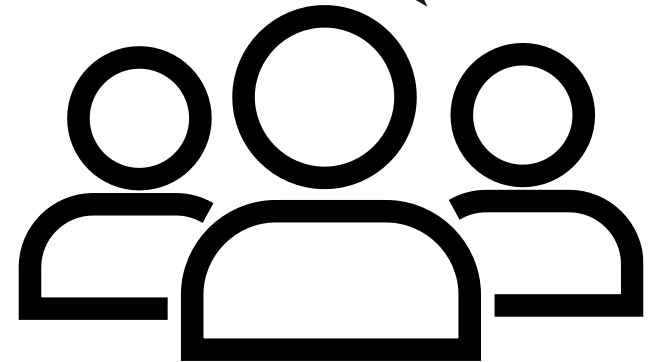
**What's the story with
Gensol?**

**Delayed Payments....
as usual.**



ICRA

A MOODY'S INVESTOR
SERVICE COMPANY



Lender

**Gensol, payment
delays? What's going
on?**

**Late? No, no, no. We
always... prioritize our
payments.**



ICRA

A MOODY'S INVESTOR
SERVICE COMPANY



GENSOL

Hmmm..
Interesting

Cheers!



ICRA

A MOODY'S INVESTOR
SERVICE COMPANY



GENSOL

ICRA Findings

Rationale

The ratings for the bank facilities of Gensol Engineering Limited (GEL) have been downgraded to [ICRA]D following feedback received by ICRA from the company's lenders about the ongoing delays in debt servicing. GEL, in its latest public disclosures as well as in its recent communications with ICRA, had highlighted sizeable available liquidity to support its operations during its ongoing growth phase. In this regard, reference can be drawn to GEL's investor call transcript dated February 13, 2025, wherein the management had highlighted total liquidity in the books of about Rs. 250 crores¹, in addition to access to working capital limits. GEL had also been sharing no-default statements with ICRA at the beginning of every month suggesting timely debt servicing.

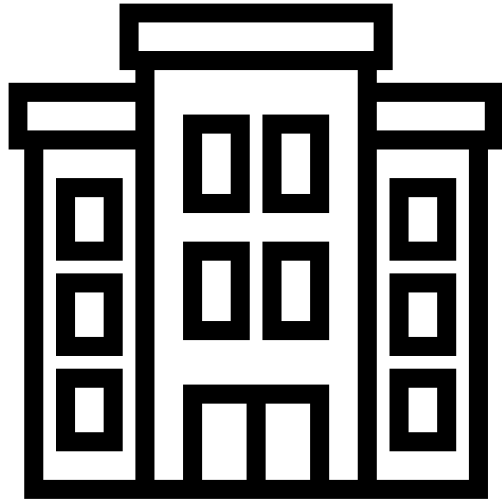
However, ICRA has now learnt that certain documents shared by GEL with ICRA, on its debt servicing track record, were apparently falsified, which raises concerns on its corporate governance practices, including its liquidity position.



RED FLAG 2

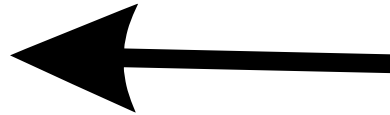
PLEDGING OF PROMOTERS SHARES

PLEDGING OF PROMOTERS SHARES



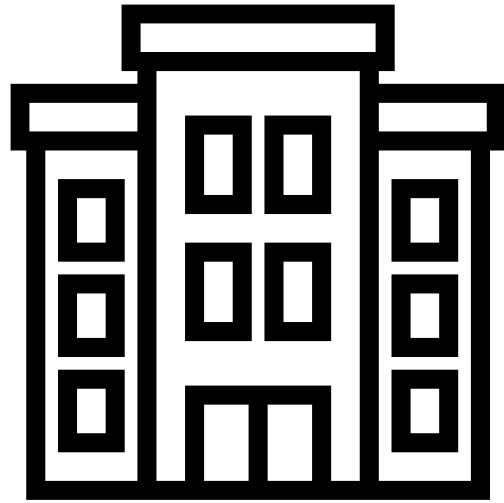
Promoters

One Share of INR 100



INR 60

PLEDGING OF PROMOTERS SHARES

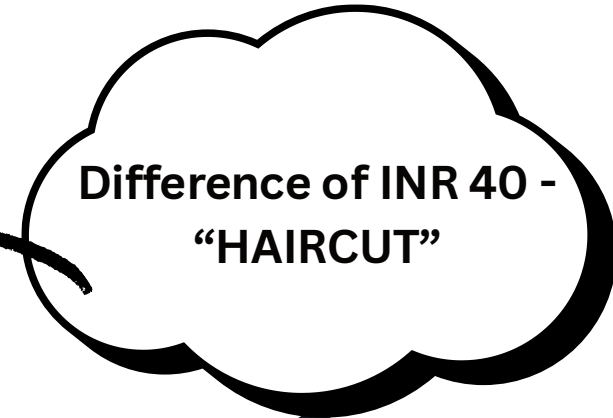


Promoters

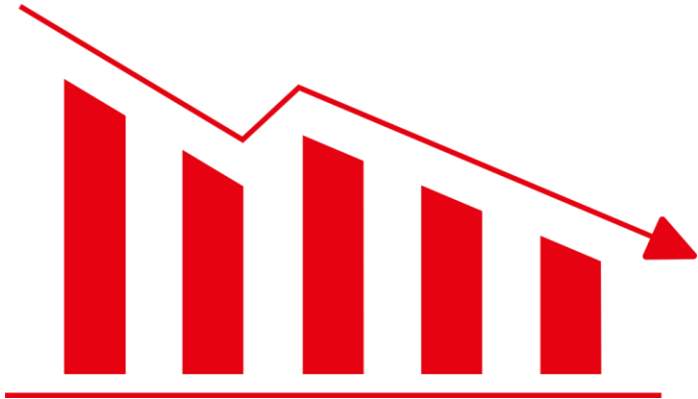
One Share of INR 100



INR 60



Suppose, Price falls after Pledge:



Initial Share Price: INR 100

New Share Price: INR 90

Suppose, Price falls after Pledge:



The Bank might ask for additional collateral or margin to maintain the initial 40% margin requirement (INR 36, i.e., 40% of INR 90).

OR



The Bank might sell the Pledged shares.

PLEDGING OF PROMOTERS SHARES

**85.5% of Promoter's
holding in February 2025**



**79.8% of Promoter's holding
in September 2024**

INTERVIEW



WITH ANMOL
SINGH JAGGI





Promoter equity infusion
will
happen.
Don't worry!!





NEXT DAY

A 68% fall in Gensol stock prompts creditors to seize 7% promoter pledged shares

Gensol Engineering Share Price Tanks 68% This Year So Far; Here's What Happened

Reported By : [Aparna Deb](#) [News18.com](#)

Last Updated: March 18, 2025, 10:33 IST

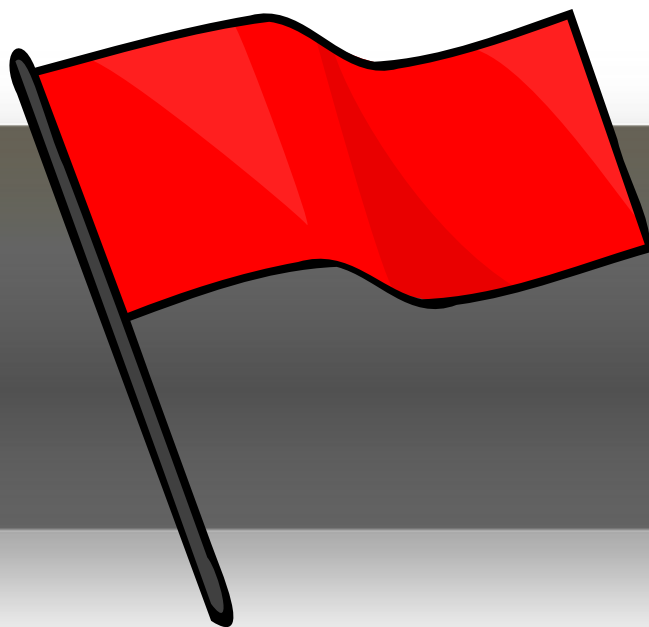
Creditors Invoke Promoters' Shares as Gensol Tanks 68%

Mint Kolkata | March 18, 2025

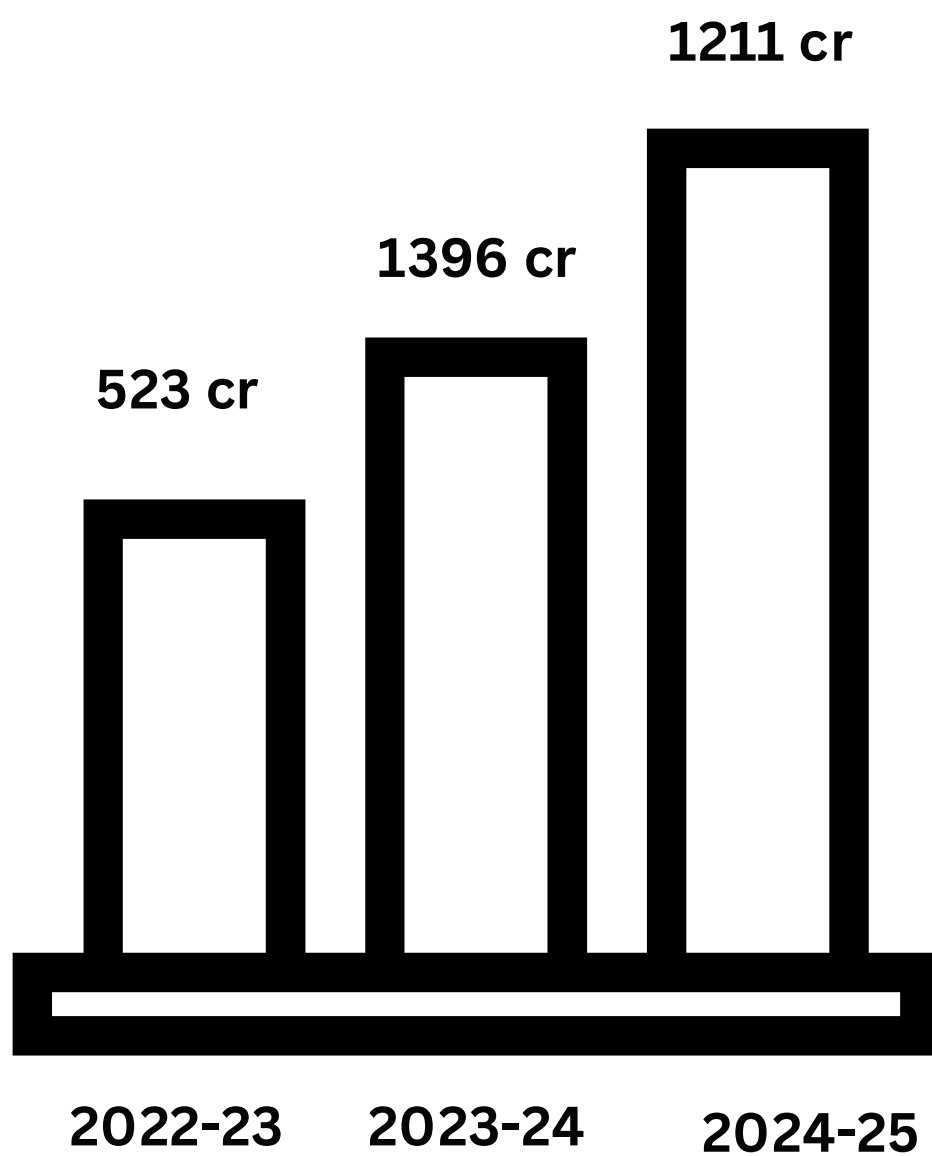
3 Creditors: Total of 6.96% were
invoked



(Wrested Shares)



RED FLAG 3



DEBT PROBLEM

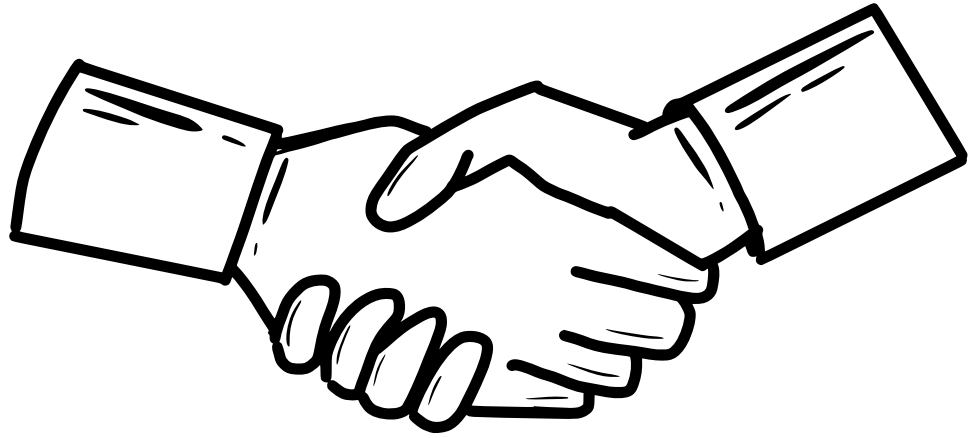
DEBT REDUCTION

Sale of 2,997 EV - 315 crores

Recovery from one car - 10 lacs

ASSET TAKEOVER

refex™



 GEN SOL



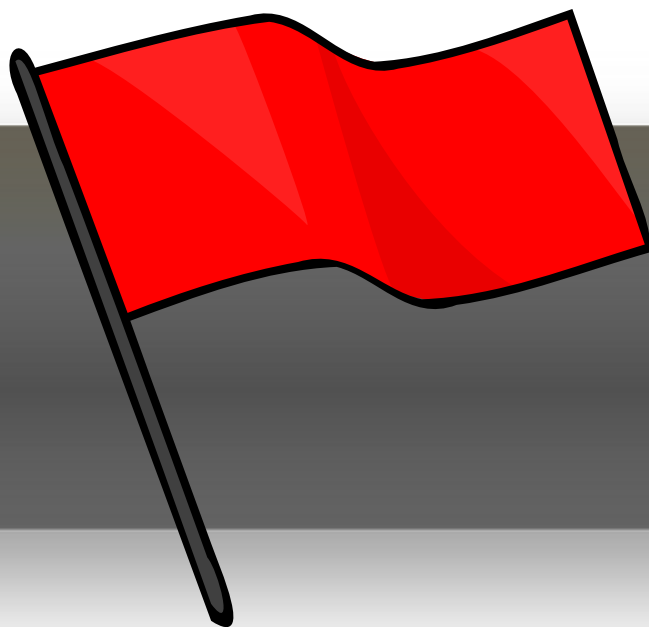
Reflex Green withdraws plan to takeover Gensol's 3,000 EVs, cites 'challenges' to conclude deal

In a common press release, both companies said, "This decision has been arrived at due to the evolving commitments at both ends, which would make it challenging to conclude the transaction within the originally envisaged timeline."

MONEYCONTROL NEWS | MARCH 28, 2025 / 16:49 IST

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RED FLAG 4

GENSOL & BLUSMART

BluSmart - EV Ride
Servicing Co

Anmol Singh - Substantial
Stake in BluSmart

Gensol -EV Leasing

75% EV to BluSmart

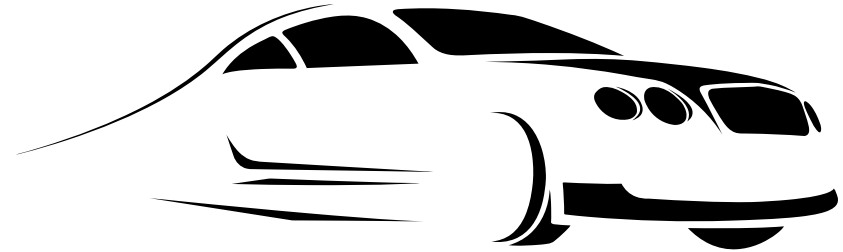


Take Debt

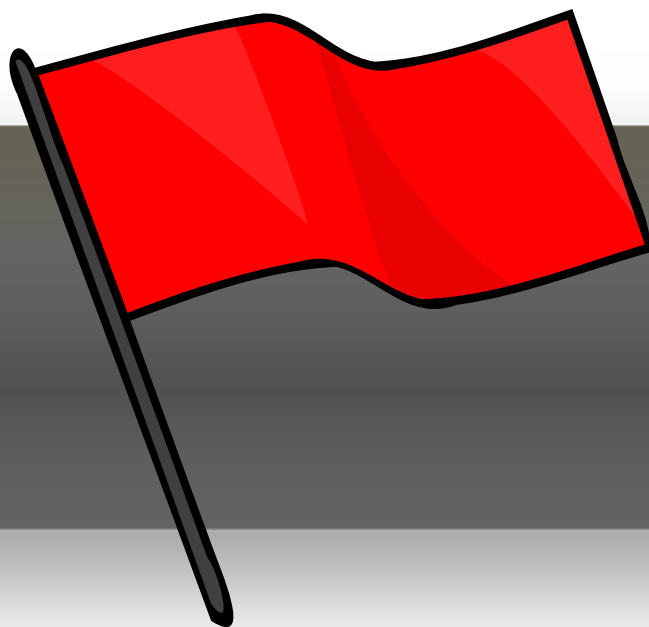
Buy Cars

Promoter
leveraged Gensol
Balance Sheet to
keep BluSmart
Balance Sheet
unencumbered

Lease to BluSmart

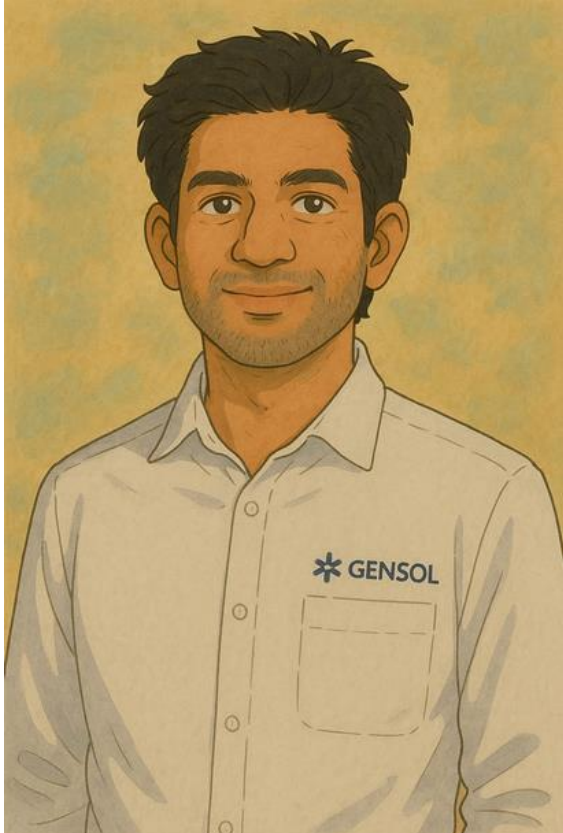


 BluSmart



RED FLAG 5

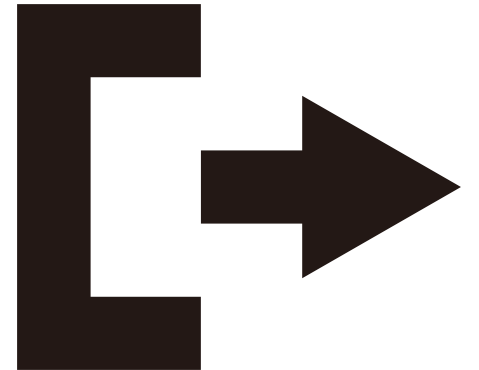
RESIGNATION



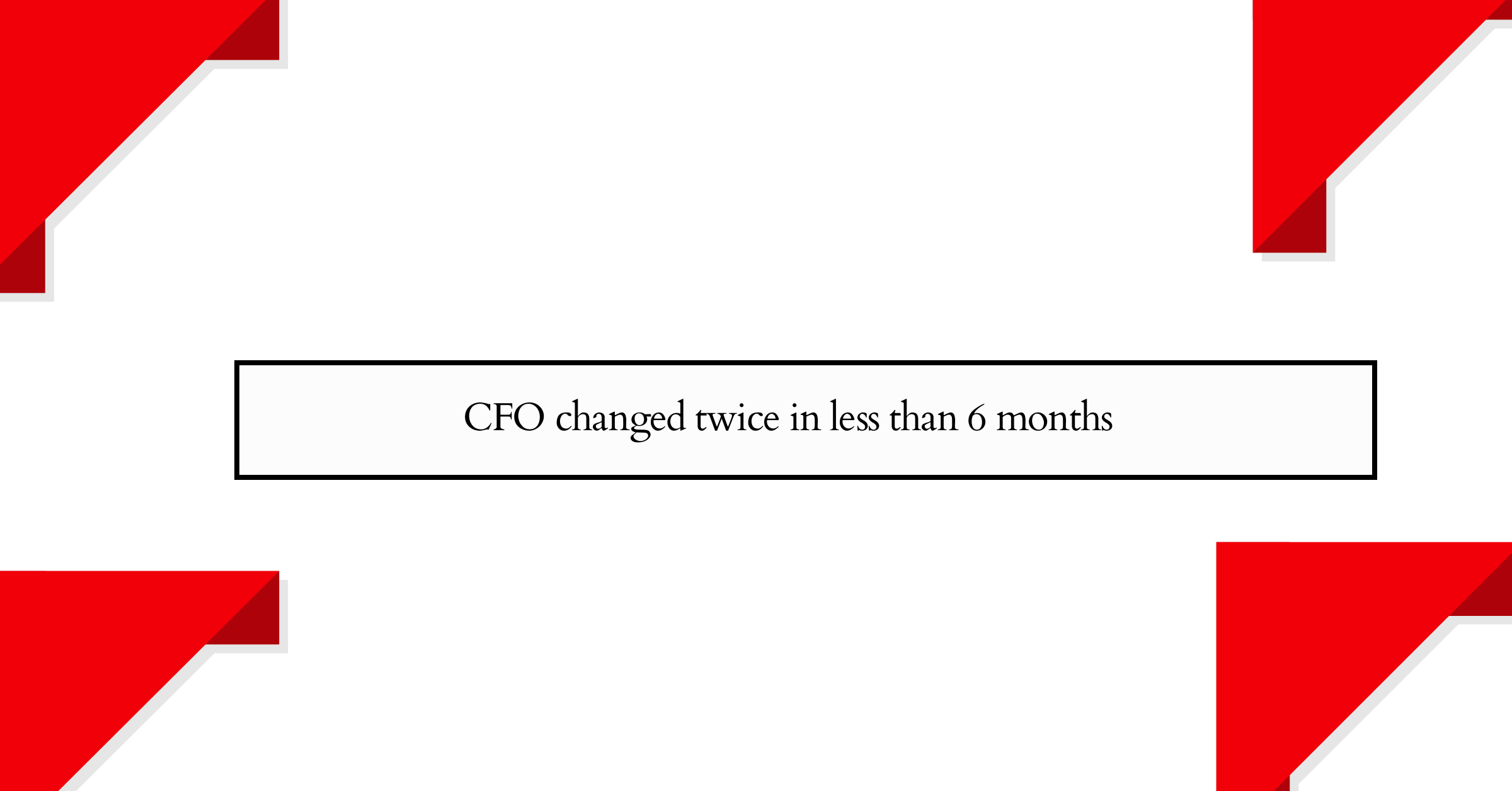
Mr. Ankit Jain



Resigned from CFO
position



CFO changed twice in less than 6 months



CFO changed twice in less than 6 months



**FEW WEEKS
LATER**

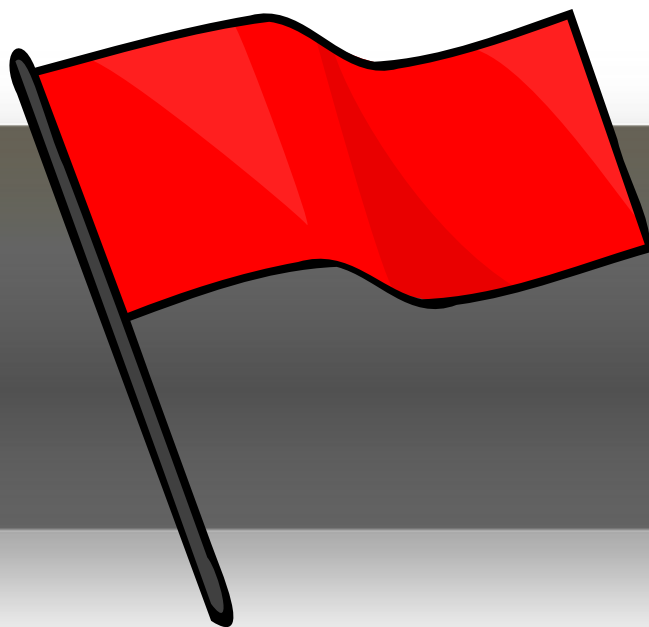


Mr. Rajesh Jain



Resigned from ID
position

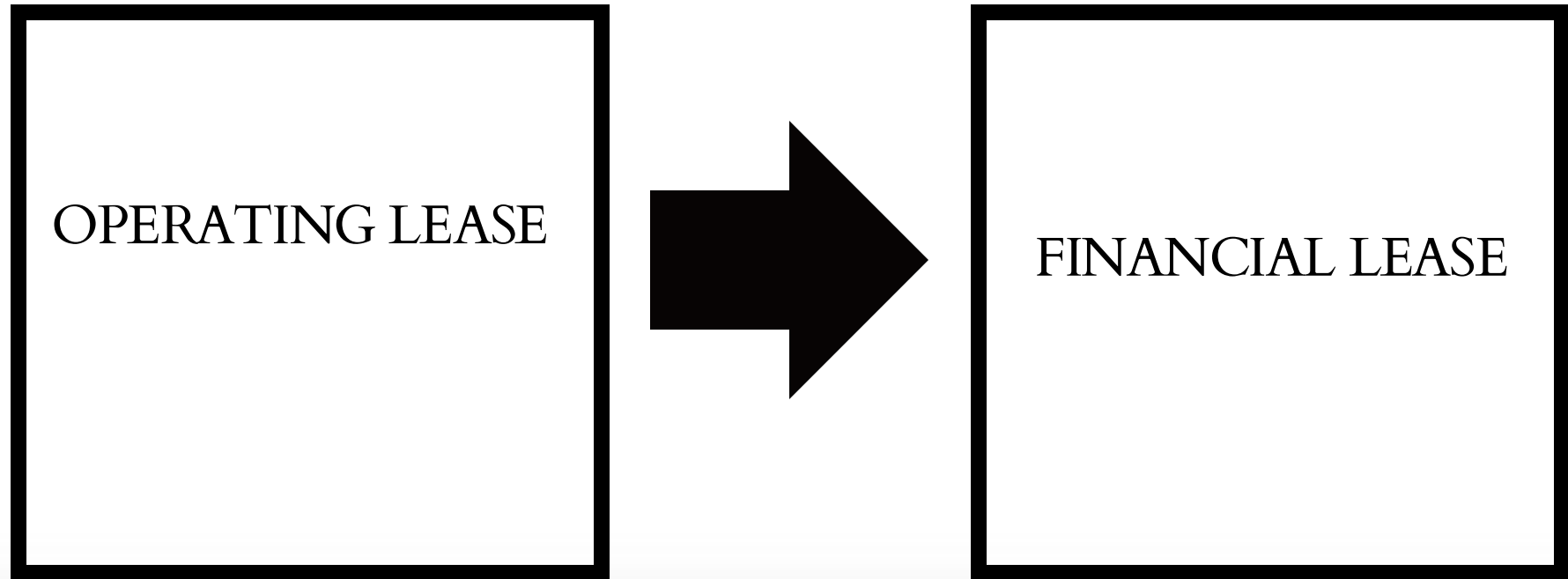
Gensol Engineering's independent director, Rajesh Jain, has resigned, citing the company's need for guidance in its fast-growth environment. In his resignation letter, Jain mentioned that while the promoters are focused on business growth, the company might benefit from a mentor or advisor to provide necessary guidance as it scales.



RED FLAG 6

ACCOUNTING POLICY

Classification



Gensol changed the accounting policy in 2025...

ACCOUNTING POLICY

...however, classification of Lease to Financial Lease was mandated since 2019.



INTERIM ORDER



“Gensol Engineering's promoters treated the listed company as a proprietary firm”

-SEBI

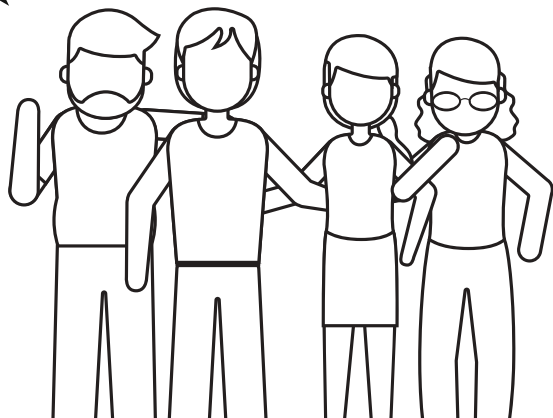
LUXURY
GOLF SET



HIGH END
APARTMENT



GIFT TO
RELATIVES



FUNDS USED FOR...

CREDIT CARD





ACTION



Barred the Promoters from
accessing the securities
markets



ACTION



Barred the Promoters from holding any directorship or key management position in Gensol.

MORAL OF THE STORY

FAKE IT TILL YOU MAKE IT...
WON'T ALWAYS WORK

Thank you

