



“Olectra Greentech Limited Q3 FY24 Earnings
Conference Call”

January 31, 2024



**MANAGEMENT: MR. B. SHARAT CHANDRA – CFO, OLECTRA
GREENTECH LIMITED
MR. P. HANUMAN PRASAD – COMPANY SECRETARY &
COMPLIANCE OFFICER, OLECTRA GREENTECH
LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Q3 FY24 Earning Conference Call of Olectra Greentech hosted by Axis Capital Limited.

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 conference call, please signal an operator by pressing ‘*’ then ‘0’ on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Amar Kant Gaur from Axis Capital. Thank you and over to you, Mr. Gaur.

Amar Kant Gaur: Thank you, Muskaan. Good evening, everyone.

On behalf of Axis Capital, I welcome you to the Q3 FY24 Post-Results Conference Call of Olectra Greentech.

From the Management Team, we have with us Mr. B. Sharat Chandra - CFO, Mr. P. Hanuman Prasad – Company Secretary and Compliance Officer. I will now hand over the call to Mr. Sharat Chandra for his opening remarks, post which we can have Q&A. Over to you, Mr. Sharat Chandra.

Sharat Chandra: Thank you, Amar. Good afternoon, everyone. We are taking as read the Presentation which is put on our website along with the safe harbor statement thereon. Thank you all the investors for joining in the Earnings Call for the Financial Year ‘24, Q3 and nine months Results today.

We are very pleased to inform our stakeholders that we continue to report strong set of results for the quarter and nine months period ended 31st December 2023, both in terms of topline and profitability on a consolidated basis as well as on standalone basis. We have delivered 1,564 electric buses and 51 electric tippers till 31st December 2023. Thanks to our team's dedication and strategic initiatives and the key indicators which in quarter two signaled a positive trend, which has since accelerated in quarter three and we remain positive for Quarter 4.

Strong demand continues with the Company's net order book of electric buses, stands at 8,088 numbers after delivering 376 electric buses in 9 months. Our focus continues on increasing our manufacturing capacity and enhancing our technology capabilities. The construction work of the new state-of-the-art plant at Sitarampur is in full swing, and pilot production from the facility will be initiated from the 2nd of February, which is just two days away.

Now, I will begin with providing you key highlights for Quarter 3 consolidated financials:

The Company's EBITDA for Quarter 3 Financial Year ‘24 reached an impressive Rs. 56.10 crores, marking a substantial 52% increase compared to the previous year. The PBT surged to

Rs. 33.84 crores, a remarkable 65% increase over the previous fiscal year of Rs. 20.46 crores. PAT for Quarter 3 stood at Rs. 27.11 crores compared to Rs. 15.3 crores with a jump of 77%.

On a standalone basis:

The Company's EBITDA in quarter three reached an impressive Rs. 49.84 crores, marking a substantial 56% increase compared to the previous year. The PBT surged Rs. 29.92 crores, a remarkable 73% increase from previous year's fiscal of Rs. 17.3 crores. The PAT stands at Rs. 22.28 crores compared to Rs. 12.98 crores with a jump of 72%.

The quarter P&L highlights are as follows:

Revenue for the electric vehicle segment grown by 34% and insulator segment grown by 32%. Both the segments have shown good growth in operating margins due to the design optimization and export sales in the insulator segment and revenue mix in the e-bus segment.

Coming to the nine-month result:

The revenue for nine months on a consolidated basis was about Rs. 865.33 crores, up by 21%. The Company's EBITDA in nine months reached an impressive Rs. 142.67 crores, marking a substantial 40% increase compared to the previous year. PBT for nine months stood at Rs. 85.67 crores vis-a-vis Rs. 54.38 crores, a remarkable 58% jump. PAT for the nine months on a consolidated basis stands at Rs. 63.76 crores, up by 62% compared to the previous fiscal year Rs. 39.4 crores.

On a standalone basis:

The revenue for nine months was Rs. 835.84 crores, up by 9% from Rs. 766 crores of previous fiscal year. The Company's EBITDA reached an impressive Rs. 132.64 crores, marking a substantial 33% jump versus the previous year of Rs. 99.81 crores. PAT for 9 months on a standalone basis stood at Rs. 61.96 crores compared to the previous year fiscal of Rs. 42.9 crores, up by 44%.

Thank you all and over to Axis for Q&A.

Moderator:

Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Rishabh Agnihotri, an individual investor, please go ahead.

Rishabh Agnihotri:

I just wanted to quickly understand. I mean, we all saw the CMD interview on CNBC. The guidance was revised to like 700-800 buses while it was 1,000 in the last quarter. And the reason quoted was the battery norms, right? I think you were very clearly out of the woods the last time we spoke on the concall. So, what happened here and I mean should we expect similar things because the guidance of 2500 has been given to the next year. Just wanted to get a sense what happened like where we went from 1000 to 750 in terms of guidance in FY24?

- Sharat Chandra:** So, as you rightly said, our target was about 1000-1200 buses and trucks together earlier. But as you are aware, I think we have discussed in the past earnings call, the battery norms which were introduced, and which was mandatory for delivering and selling the buses have impacted significantly. We mentioned that in the earlier call and we have also mentioned that we are striving to make up the shortfall of quarter one. Nevertheless, we have seen as we committed ourselves earlier, H2 will be better than H1 accordingly if you have seen quarter three numbers, we have seen a definitely improvement over quarter one and quarter two. We are definitely not facing or not foreseeing any challenges next year. Things are more or less stabilized now. And because of the overlapping effect, the sales guidance has come down. But overall, if you see, we have been performing quarter-on-quarter for the last eight quarters improvement except for quarter one of current year.
- Rishabh Agnihotri:** For sure, I agree. I mean, from a competitive perspective as well, our margins are much better, ROCE is better, debt is better. So, great thing there. Just two more questions here. One, like the MSRTC order, which is of the 5,000 buses, right? Considering 2,500 next year, I hope there is no hit there because we have delivery in the next two years, right? That is one. And second, any comments on the new PM Bus Sewa order, I know the target guidelines have been extended to like now to six... but any window to us there that, how would that tender look like?
- Sharat Chandra:** Coming to MSRTC order, as you rightly said, 5150 numbers, we are planning to deliver in the next two financial years. Next year, we are targeting a minimum of 2,500 numbers and the balance we are trying to complete in Financial Year '25-26. The question was with regard to the PM e-Sewa, yes, it is still in the initial stage. So, we are expecting that to conclude in the next few months. Regarding, the PM e-Sewa, the tender is basically the Government of India's commitment towards clean mobility, which will be beneficial for all the players in the market. Still the financial evaluations in the tender stage. In the coming months, we are expecting the tender bids to be submitted. And we are definitely anticipating good orders in this. So, we will submit a bid shortly.
- Rishabh Agnihotri:** I mean, are you saying that we will not submit the bid this time?
- Management:** Let me clarify. Mr. Rishabh, the PM Sewa tender is the yet to float the tender. It is the only announcement that came. The tender is yet to be submitted....
- Sharat Chandra:** The bid is yet to be submitted and will be submitted shortly.
- Moderator:** Thank you. The next question is from the line of Sidharth Agrawal from Systematix. Please go ahead.
- Sidharth Agrawal:** Very happy with your results, sir just a few questions. Sir, in Q3, how many buses did we deliver and tippers also?
- Sharat Chandra:** Yes, we have delivered about 162 buses in Q3.

Management: 162 buses and 16 tippers.

Sidharth Agrawal: How many tippers?

Sharat Chandra: 16 tippers.

Sidharth Agrawal: And what is our target for Q4 since the situation is improving in terms of back-to-testing rounds?

Sharat Chandra: Yes, Q4 will be better than Q3. That is what we are targeting. And we are striving to basically meet the target of definitely what we have recently mentioned in the CNBC interview. We are striving to meet that target. We are targeting about 650 overall for the year.

Sidharth Agrawal: So, around 270 odd, we can look at that.

Sharat Chandra: That is what we are looking, we are striving to do that number.

Sidharth Agrawal: And tippers, we don't have any issues right?

Sharat Chandra: Altogether. See tippers till date we have delivered about 51 tippers. The response has been very good, but as we mentioned earlier the traction is yet to happen. It is expected to happen in the next few quarters. And a lot of inquiries are happening. We are doing demos in the customer project sites. And about 25 electric tippers are in the final stage of discussions and finalization. So, this will definitely come up in the next financial year.

Sidharth Agrawal: And what is the selling price of one tipper?

Sharat Chandra: It is about, again, depends on again the specifications of the customer. So, average about Rs. 1.3 to Rs. 1.4 crores.

Sidharth Agrawal: Okay, and no subsidy over here, right?

Sharat Chandra: No subsidy. This is basically private purchases, private sales.

Sidharth Agrawal: And how much is capital to our group Company and how much is external party?

Sharat Chandra: As of now, we have sold all the 51 to the group Company. Because as you are aware, MEIL, which is a very large, second largest infra company, procure for their own internal consumption tippers. So, the initial orders, it is a good ground for us to do the trials and demos. And they have been very successful. Now, private inquiries are coming up and we are showing the demos. We expect the traction to happen in the next 2 to 3 quarters.

Sidharth Agrawal: So, Megha would be requiring how many tippers in a year, sir, because the second largest infra company of the country. That demand can be tremendous and how much capacity of tippers do we have?

- Sharat Chandra:** There is not any constraint as far as capacity is concerned. The traction should happen. And we are coming up with a new plant as we have mentioned. We are doing trial production, pilot production from day after tomorrow in the new plant. And post that, we are going to start production in the next financial year. So, we are not facing any constraints with regard to capacity.
- Sidharth Agrawal:** And that capacity is fungible between buses and tippers?
- Sharat Chandra:** Yes, correct.
- Sidharth Agrawal:** Second point is, how is the funding being done of this plant? And what is the total cost of the plant? Since we are starting pilot, means everything would be capitalized out, right?
- Sharat Chandra:** Yes. See, basically, we have about Rs. 750 crores in the total project cost. So, for now, doing the funding from internal accruals and debt. The debt is in the advanced stage of sanctions by commercial banks. We expect the sanctions to happen in the next 2 to 3 weeks. And once that happens, we are going to draw down the debt. The debt is in the region of Rs. 500 crores.
- Sidharth Agrawal:** So, till now, who is paying for it? Our internal accruals?
- Sharat Chandra:** Yes, correct.
- Sidharth Agrawal:** So, till now, how much have we spent, sir? Approximately?
- Sharat Chandra:** Approximately about Rs. 100 crores we have spent.
- Sidharth Agrawal:** That is our internal accrual?
- Sharat Chandra:** Yes.
- Sidharth Agrawal:** Sir, last question. We talk about FAME II or FAME III comes, so what is your expectation of FAME III, will the subsidy because we get so many articles, some in favor, some against, you would also be knowing, so what are we expecting from FAME III? Is the subsidy for us going to be increased or everything going to be taken away?
- Sharat Chandra:** Basically, I think we have to wait for tomorrow's interim budget speech from the Finance Minister, but definitely the Government of India is supporting. They are very bullish. In the recent past, you must have seen the announcement of about 8 lakh buses getting converted. So, all these are very positive. So, the intent is basically to make the e-buses adoption in a big way. So, not only buses, electric vehicles, but e-buses being largest in terms of about 2 million buses are operating on Indian roads. So, these conversions will be definitely incentivized. The government will be trying to incentivize the OEMs, the operators and the end customers.
- Sidharth Agrawal:** And sir, what are the last two orders that you received?

- Sharat Chandra:** The last order we received from Vasai-Virar, about 40 buses and one private order. Apart from that, before that, as we have discussed, 5,150 was the MSRTC which is the largest in the country.
- Sidharth Agrawal:** So, private order of how many buses and from which Company is it? Is it like a tour operator?
- Sharat Chandra:** No, basically the private inquiries keep coming in. So, basically it's not a tour operator. So, about 40 buses, one bus is a very small number. 40 buses is what the largest this year like last order was 40 buses. And now actually I think we have mentioned earlier, best still under negotiation. So, it is about 3,000 buses, we are L1. PMC 300 buses also we are L1, both these tenders are under negotiation.
- Sidharth Agrawal:** Best 3000, we are L1 and PMC Pune 300 L1.
- Sharat Chandra:** Yes, 300 L1 correct.
- Sidharth Agrawal:** What is the status of the previous order which had gone to High Court and everything? Are we delivering anything over there or we stop totally?
- Sharat Chandra:** No, 2100 buses Supreme Court has given the order in our favor and we started delivering. We have delivered more than 100 buses till now.
- Sidharth Agrawal:** All in Bombay?
- Sharat Chandra:** All in Bombay, yes, correct. You are right.
- Sidharth Agrawal:** And there is no risk in those orders? Because if I remember, or you may correct me, since you are the expert, that Supreme Court has said that you can give but it's at your own risk?
- Sharat Chandra:** No. All those things are old. That is an old matter. Now, everything is done in our favor. So, I think this has come up in the last quarter itself. And our Company Secretary Legal and Compliance Officer will just give you a highlight of that.
- P. Hanuman Prasad:** Mr. Sidharth, you are referring to interim order initially, which we got. Finally, the case has been disposed in our favor, and we started delivering it.
- Moderator:** Thank you. The next question is from the line of Gaurang from Utility Unified, please go ahead.
- Gaurang:** Congratulations, first of all, on the excellent Q3 numbers. And it is very encouraging to know that the pilot for the new Greenfield facility will come in a few days. It is excellent news. So, my question is to understand the preparedness of setting up shared channels with respect to stand out products of Olectra in the market. I am talking about two specific products. One is the electric CX2 coach bus and the second is the legendary electric tipper truck which is the first EV tipper truck which is homologated in India. So, in order that we prepare for the incoming huge orders from private entities, we need to have good visibility of products. What we see recently is BYD

passenger vehicles have tied up with Landmark Motors which is a listed entity for sales and service of BYD passenger vehicle cars for the showroom in Mumbai and few other places. Also, Ashok Leyland has a tie-up with Landmark Motors. So, my question is, are we looking for similar tie-ups with reputed channel partners for sales in private segments? And yes, that's my question.

Sharat Chandra: Yes, that's a good question. See, as far as the BYD thing what you are referring to relates to retail, passenger vehicles. So, obviously for passenger vehicles, you need to showcase clearly with the display and all. That's what as far as we are concerned, we have large orders of about 8,100 buses which have to be delivered in the next two years. So, right now we are focusing on that. Of course, we have been doing a lot of demos and then we are getting private inquiries and private sales we have done about almost 20 numbers in the recent past. And in the new facility, where we are building a state-of-the-art new plant, we are going to showcase a separate display of all our products. And the other aspect is, as far as we are concerned, the model is GCC, I think you are all aware. So, all the buses we deliver to, respect to STU are parked in the respective depots in various states. And our service personnel are placed in the depots to take care of the service activities. So, that way we are geared up for any kind of after-sales service. So, being STU driven now currently, so the retail side thing we will focus in future. As of now, we are focusing on delivering the STU orders.

Gaurang: My second question Sharat, as you understand Freshbus has partnered with Olectra for their private electric bus segments. So, are we expecting any new orders from Fresh Bus as well?

Sharat Chandra: Yes, definitely the initial order has been encouraging. They've been doing well. We expect new inquiries coming from not only Freshbus, some other private parties also.

Moderator: Thank you. The next question is from the line of Rishabh Agnihotri, an individual investor, please go ahead.

Rishabh Agnihotri: Just one quick question on the 3000 order. The negotiations have been going since like 4 months right now. I mean, I think we have been thinking more since last two quarters Hope I just want to sort of get what's the problem? You know considering like all of our tenders have been sort of coming through from a similar BSRTC, right MSRTC and BEST. So, can you just throw some highlights on that. What's the challenge which has come there?

Sharat Chandra: Obviously, the state of Maharashtra is in the forefront in the country with the adoption of e-buses in taking shape in a very good manner. So, obviously, BEST is a very large entity. They have about 4,500 fleets which they want to convert into e-buses. So, the financial negotiations are in progress. It is taking more time, but we expect to conclude in the next few weeks.

Moderator: Thank you. The next question is from the line of Anil, an individual investor. Please go ahead.

Anil: On 2nd January this year, we got a very good news from the government of India that they're looking to launch almost 8 lakh buses across India. So, we are seeing such kind of optimistic

environment around the EV industry. But then why we are having a pessimistic approach of revamping the capacity of the Company? If you look at 8 lakh buses in 6 years to be delivered and we want to be top five players, we should be contributing 20% of the industry. And if you see from that perspective, we should be having 30,000, 40,000 buses delivery capacity per year. Last 4 years, we are struggling to bring the capacity from 1,000 buses a year to 10,000 buses a year. Can you please tell me why you are so pessimistic? Why you are not so... You have to be optimistic.

Sharat Chandra:

Yes, Anil, to clarify, so basically any industry, it takes time. So, as far as EV segment is concerned, still we are in the nascent stage. Only about 7,000 buses have been delivered or deployed in India. Of course, the government of India has been very supportive and then coming up with various initiatives to accelerate the adoption. For your kind information, none of the OEMs in the country have got capacity. They have to build capacities. At the same front, we have taken the initiative. We are building up the capacity to start with the 5000 numbers and in the second phase, which could happen very quickly to 10,000 numbers. Based on the demand, definitely we would invest into the CAPEX. See our philosophy has been always to get orders and then invest into the CAPEX, rather than investing into CAPEX and then waiting for the orders. If you see historically, that is our philosophy. And definitely if such kind of numbers are coming up, our management is definitely geared up to increase the capacity.

Anil:

Yes, so my question is that only, because I also understood that it is a story of something that somebody is waiting for the patients to first come, and then after that he starts studying the medicine, which is not so practical as far as the new industry is concerned. Why don't you think that instead of going so much conservative, I know that you are coming from an infrastructure success background, maybe applicable there, but in an industry which is driven by technology and such a huge surge in demand in a short period of time, you should think that balancing it out and come up with an optimistic policy then rather a pessimistic policy.

Sharat Chandra:

Definitely we are optimistic, noted your point. So, please see our performance over the past eight quarters. So, we are definitely progressing. We want to progress more from now, and we are building up the facility, and the pilot production is happening in 2 days from now. And in the new facility, we want to do a minimum of 2,500 numbers next year. Depending on the requirements, we are geared up to ramp up to 5,000 very shortly.

Anil:

Yes, so my request is to think about building the capacity and then looking for the orders rather than trying to first get the order and then building the capacity because there is a huge lag between getting the order and then building the capacity. Second question is, you see like you look at any Investor Conference Call on 2nd January when you were there on CNBC, most of the questions are around what is your capacity? What is your order on hand? and how much buses you have delivered. Can't we ask, make it this simple and transparent and you publish this data on your website? Because transparency and simplicity bring value to the Company. Look at the value what Olectra is having today. Any Company which is there in the EV sector is having more than 25,000 crore of valuation and we are struggling to achieve 15,000 crore of valuation.

Being a top five player in the industry right from last 5 years. I feel that you should look at having these simple transparent stats available on the website. Can you please assure all of us?

Sharat Chandra: Anil, just to clarify, of all the OEMs, Olectra is number one in terms of performance, in terms of delivery. So, I do not know what kind of information you have. So, we have, for your kind information, delivered more than 1600 electric vehicles on date. And our buses have clocked more than 20 crore kilometers on Indian roads. We are definitely striving to do better and also we are noting your point. We want to perform quarter-on-quarter, better than previous quarter. So, we are not that conservative.

Anil: My point is our performance is excellent. What I'm saying is that because of transparency issue or maybe timely availability of the stats, because of non-presenting the strength of the Company on a timely basis to the different investors group. Our valuation is not what is being reflected today. So, my request is that though we are performing in a very excellent manner, but somewhere the common questions like, what is my capacity? What's your order on hand? How much you are going to deliver? How much you have delivered? These are the small statistics, simple statistics. If you make it available on website, it will ease people to know the Company's strength and progress which will reflect in the Company's valuation as well.

Sharat Chandra: Yes, just please note, I will just give a highlight and then our Company Secretary will also talk about it. We are a listed Company, you are aware, and we are bound by the PIT regulations and information which is price sensitive cannot be put on a website, right? So, forward-looking statements, yes, to the extent of what is in public domain, we can publish, right? I will ask Company Secretary Mr. Hanuman to clarify.

Hanuman Prasad: In continuation of what Sharat clarified, Mr. Anil, I would like to say most of the information which you are asking, the questions in CNBC or wherever we have been or CMD have been asked, are mostly price sensitive information, we have to be careful while dealing with the price sensitive information. And other part of your question, why can't it be placed in the public domain. If you see, at appropriate time we have been disclosing all these issues. If we say capacity, what is the timeline for commencement of this factory. In our shareholder's resolution itself, we mentioned 12 months. But whenever we are interacting with the media, obviously people were asking when can we expect. So, we were striving to do that, to meet the timelines, or even before that to complete. In that process, there are some issues that need to be addressed. So, other thing, about order book you are asking. even the 40 buses order also, we have been disclosing to the stock exchange, it is very much available in our website as well as in the stock exchange websites also. Beyond these certain things which are anticipatory or which are price sensitive information, we are not supposed to place it on website or even can't discuss in the calls also. I think you would understand the severity of the price sensitive information related issues.

Anil: Yes, I was requesting for the actual delivery of the buses to be displayed on the website?

- Sharat Chandra:** Actual delivery of buses in this investor call presentation itself, the starting slide itself it is displayed and you will find it every quarter.
- Anil:** Can you do it on a month-on-month basis instead of in the investor call?
- Sharat Chandra:** You are asking for month-on-month investor call?
- Anil:** No, month-on-month actual delivery of buses on the website, so with that we can know the progress of the Company.
- Sharat Chandra:** I think because statutorily quarterly once we have to give, in between month on month before placing in the website actually we have to think of because being it is a highly price sensitive information which will have huge impact.
- Anil:** My last question is that like it is a growing Company so Company Secretary and Chief Financial Officer and CMD has to focus on the Company's expansion and so why not we get a Chief Investor Relation Officer who is 100% dedicated for this purpose and make sure that he is communicating with the media or the investors or the government body with the sensitive stats on appropriate time, so that will help, I think, in building, strengthening the Company's valuation and also helping us in getting the right investors on place? Do you think that we should go ahead with the Chief Investor Relations Officer at the earliest?
- Sharat Chandra:** I think our board will deliberate, of course, all these issues have been deliberating in the board. Appropriate time we will come up with them.
- Anil:** Please look into this important aspect. It is very critical for all the investors, whether it is shareholders or government or otherwise investors like banks and institutions.
- Sharat Chandra:** Noted.
- Moderator:** Thank you. The next question is from the line of Siddhant, an Individual Investor. Please go ahead.
- Siddhant:** Sir, my first question is regarding the payment security fund which the government is evaluating. So, that is different from the existing GCC contracts that we have right now, so can you just shed some more clarity on what exactly the scheme is? The premium security fund which, how will this help Olectra or all the bus manufacturing companies?
- Sharat Chandra:** So, this is very still in the nascent stage. So, as far as currently the business model is the gross cost contract, wherein as per the NITI Aayog model, the STUs is the end customer, they are procuring the service rather than CAPEX. I am just reiterating, all of you are aware, but so they are paying on a per kilometer basis to the concessionaire. So, currently as per the model, there is an escrow mechanism in place, wherein contract to contract about two months or three months monthly fee is deposited in the escrow account. So, that is how the payment is happening. But

the new things like the new announcement of PM e-Sewa and all these announcements are still in the nascent stage. It is under discussions. Once we get clarity and it gets firmed up, it will be definitely reflected in the public domain.

Siddhant: But sir, will that help Olectra in like getting more orders?

Sharat Chandra: Definitely, it will help.

Siddhant: And will that reduce our receivables also?

Sharat Chandra: So, it is nothing to do with the receivables because as far as Olectra is concerned, our business model is to manufacture, sell the buses to the concessionaires and the payment security is for the STU payment. So, they pay the concessionaire, so it does not come directly to Olectra.

Siddhant: But even when we are selling to the SPVs, there is a lag of like 6 months to 1 year after certain performance guarantee, like there is 30% or 25% receivable which are outstanding and that we will get it after 6 months or 1 year, am I correct?

Sharat Chandra: Basically, under FAME II, the subsidy part, the last leg of the subsidy portion was within 180 days. Now, basically as you are aware in the initial stages even the EV segment is progressing. There were financial constraints, but now all the public financial institutions including commercial banks and institutions are very bullish. They are coming up and sanctioning the financial closures. All our contracts, the financial closures are either completed or in the advanced stage of completion. So, we are not foreseeing as far as Olectra is concerned any issues with regard to the payments.

Siddhant: Sir, my second question will be regarding the average selling price per bus, so what will be that number because earlier you had mentioned it somewhere around Rs. 1.4 to Rs. 1.5 crores per bus, but like this 9 months you have delivered around 376 buses and if I just divide the revenue by this number, I am getting 1.9, so going forward, is it safe to assume that we will be delivering somewhere to Rs. 2 Cr per bus?

Sharat Chandra: No, it all depends on the sales mix. So, if you see the sales mix, if it is 9 meters, it will be less as what we have indicated. If it is 12 meters, it is more. So, it all depends on the sales mix, which we have done quarter-on-quarter. So, the average as we have mentioned, the selling price will be in the region of Rs. 1.2 to Rs. 2 crores. And also the sales, we have got three components, we have three segments, you are aware. So, we have insulator segment, which the turnover was about Rs. 100 crores close by and electric tippers, we have introduced, the turnover was about Rs. 50 crores approximately and the rest is electric buses. And apart from that, we have operating income and of course the AMC income which we generate for all the buses which we sell because we take care of the after-sale service.

Siddhant: Sir, just a request sir if you can just give the segment wise in the investor presentation like the 9 mm, 12 mm, whatever the bus orders we have fulfilled, segment wise like different capacity buses if that?

Sharat Chandra: No, that becomes too much of detail like what is the sales composition. So, we are at a very high level given the electric buses, insulators and electric tipper segment, it was already there. If you are looking into what is the kind of, how many 12 meters we have sold, that also we are educating in terms of numbers, but in terms of again revenue splits and all, it becomes too much of detail.

Moderator: Thank you. The next question is from the line of Hemant, an Individual Investor. Please go ahead.

Hemant: Just a little bit new to your Company, so I have a few questions regarding the battery. Maybe you have addressed it several times, so when you are scaling up next year, you make your own batteries or do you procure it from an Indian manufacturer or does it become imported through BYD? Is that how it is?

Sharat Chandra: Currently, none of the Indian Companies / OEMs do not have facilities as of now to manufacture batteries. Currently, we procure from BYD cells and then make into the pack. So, all the OEMs including whether you name Tesla or anybody, they source from China, which is the largest in terms of battery capacities and technologies, but recently, as you are new to the Company, I think, the Government of India has introduced PLI schemes wherein few Indian companies are coming up with manufacturing the cells in India. It will take some time. It may take another 3 to 4 years for the Indian companies to come up with the technology. So, definitely we are open based on technology and pricing. Definitely as a Company we are open to explore, but currently we are having a strategic tie-up with BYD, which is the world's largest EV Company. Accordingly, we are sourcing the battery cells from them.

Hemant: Sir, second question is, do you see these battery prices declining year-over-year and do you have to pass off those battery prices when you supply the buses or is that your margin? How does that work? You are hearing that battery prices are going to decline, right over the next 2-3 years, every year it keeps on becoming more efficient and it keeps on, the prices becoming lower and lower?

Sharat Chandra: Yes. See, currently what is happening is basically we expect the battery prices to come down as you rightly said in the next 2-3 years. There is no basically open market price and based on customer-to-customer specifications, we make the bus. So, we follow the cost-plus model. Accordingly, the margins on a very large scale of 5,000 numbers could be different from what we are doing currently of over 250-300 numbers.

Hemant: So, it would expand, right? It would have to go better, I guess.

Sharat Chandra: In terms of absolute numbers, it is going to expand. In terms of percentage, it will be definitely not comparable with what we are doing today.

- Hemant:** So, you are saying battery prices, whatever you get, you pass it on to the cost-plus model. So, even if there is an advantage, your Company won't get the advantage of that?
- Sharat Chandra:** Correct.
- Hemant:** And sir, absolute final one is, as you said, Indian manufacturers are going to take 2-3 years to build it, do any of these contracts or going forward, you vision that some of the government or the city buses that you are targeting may make a Make in India mandatory laws from like, from March 31st to the end of the year? Do you envision that? Like we see that in solar panels, like the March 31st, some of them are mandated that they have to be all yours, they cannot be from outside, it can't be imported?
- Sharat Chandra:** Yes, currently also as per the FAME I and FAME II, to avail the subsidy, a minimum localization norms are already prescribed and our Company, we are very proud to inform the shareholders, we comply with the localization norms and except for battery cells and few components relating to powertrain, every component is localized in India.
- Hemant:** So, that can be strengthened going forward, right? Like you can make it more and more?
- Sharat Chandra:** Yes, it is a continuous process. As we see next 3-4 years, the battery cells are also manufactured in India, then it becomes almost 100%.
- Hemant:** You yourself are not undertaking this task at all for battery cell, I mean I know you have the BYD relationship, but you are not thinking yourself at this scale of 40,000-50,000 buses that you may have that you may be viable to do these batteries, right?
- Sharat Chandra:** We are definitely not going to manufacture batteries, but we are going to assemble in the new plant.
- Hemant:** Yes, that most of the people are starting like that only. Yes, you are right, but eventually you will just have to make a partnership as a white label with somebody in India.
- Sharat Chandra:** Correct.
- Moderator:** Thank you. The next question is from the line of Faisal Hawa, an Individual Investor, please go ahead.
- Faisal Hawa:** Just want to ask a straight question, with the kind of orders that we have, do we feel that we will double our sales every 2 years, at least for the next 4 years? That is one? And secondly, sir, why do you feel that people like Ashok Leyland and Tata Motors have been slow on to this bandwagon and what are the kind of growing them and their deep pockets as well as they are very good corporate executives that they have, they could build up a strategy and really come out with competition pretty quickly?

- Sharat Chandra:** Yes, to answer your first question, yes, definitely we are striving to double our turnover. So, we are targeting a big number next year, about 2,500 numbers, so against about 650-700 numbers this year. So, we are going to see a multi-fold increase in the top line and bottomline.
- Faisal Hawa:** Definitely we will double sales every 2 years, for the next 4 years? For example, if I work Rs. 100 crores, it will become Rs. 200 crores and from 200 to 400 in 4 years from today
- Sharat Chandra:** Definitely that is our target. That is what we are aiming and striving for. We did about Rs. 1,130 crores last year and for the current 9 months, we did about Rs. 865 crores on a consolidated basis. And coming to the second question on the competitors, we cannot comment on the competition, so what is their strategy, but the point is they have invested huge amounts on the Euro VI ICE Engine technologies, having invested so much on the infra, maybe their focus has been a little slow on the EV side, but more than that we cannot comment.
- Faisal Hawa:** But they could get their act together, for example, they have very good managerial talent also and I mean that could probably put us at some kind of a competitive risk, what is the market to do?
- Sharat Chandra:** Always healthy competition is good for any industry and with so much expected demand and all the OEMs put together do not have capacities. Everybody has got a pie to pick up.
- Moderator:** Thank you. The next question is from the line of Aalek Jain from Anuyog Software Solutions. Please go ahead.
- Aalek Jain:** I have 2-3 questions, so the first question is, from the technology partner perspective, so right now BYD, which is our technology partner, from what I understand, we have the partnership sorted out with BYD till 2025, right, so what about 2025? So, do we have any visibility on that?
- Sharat Chandra:** See, we are having a very strong relationship with BYD. We started journey together in 2015, our relationship and bringing this EV Technology in India. So, our relationship has been built on mutual trust and progression from both sides. We expect the relationship to continue much beyond 2025.
- Aalek Jain:** The second question is the order book side of the things looks really good, but I am really concerned about the contracts which typically look something like this or we have to supply 5000 buses, but we also have to maintain them for 14 years, right and I am assuming that the revenue that you are getting from those things is included of all those maintenance and the supply of the buses, right? Is that correct?
- Sharat Chandra:** Basically, what happens is we sell upfront and then we take care of the maintenance. Maintenance billing is separate, over and over the sale of buses. We generate AMC income year-on-year on the number of buses and as far as the 12 years or 14 years is concerned, we have a very strong service team built across pan India and as we are getting more orders, so we have

been expanding into various states and various depots and service personnel are placed in various depots and we ensure more than 90% on-road.

Aalek Jain: So, I think you mentioned that we have the order book of right now around 8,100 buses, right? So, can you just break down the duration in which we have to supply these 8,000 plus buses?

Sharat Chandra: So, on holistic basis, we can say that next 18 to 24 months we have to deliver.

Aalek Jain: Next 18 to 24 months?

Sharat Chandra: Yes. One important point to be noted, for example, MSRTC order of 5,150 buses, the STU has required to create depot space for about 160, 170, 180 depots, so based on that, we will be building the infrastructure, based on that we will be supplying the buses.

Aalek Jain: I am not able to work out on the numbers part, because we have 8000 buses that we have to supply in 2 years, 24 months is 2 years and then this comes out roughly on an average, let us say if we supply 2000 buses in the next year, we will have to supply 6000 buses in the next-to-next year, right?

Sharat Chandra: Correct, yes, you are right. See, we have two major orders.

Aalek Jain: From a capacity point of view, it looks quite challenging and at the same time, let us say there is a room for the new orders that they will have. Let us say in the next 2 years if you have to deliver some more orders, then how are we going to work out on the operations part is what I am really concerned about?

Sharat Chandra: See basically to start with, on a single shift basis, we are going to build a capacity to 5,000 numbers.

Aalek Jain: By when we are targeting 5,000?

Sharat Chandra: By next June, July.

Aalek Jain: By next June, July, so one and a half years is 5,000.

Sharat Chandra: No, this financial year 24-25, will be ready with 5000 capacities, but we are targeting about 2500 numbers minimum and balance we are going to deliver in 25-26. Of course, new orders are also coming up. As and when the orders are received or in anticipation of the orders, we can expand our capacity because on a single shift basis we can make about 5,000 and expandable about 10,000 buses in the next one year.

Aalek Jain: I really look forward to getting all these orders completed in the next 2 years of course. One last question that I had is, so this is for the hydrogen buses that we have in partnership with Reliance,

right? So, by when can we expect to see these hydrogen buses coming around? Is there any rough duration on that?

Sharat Chandra: This is a new technology. So, we are currently under trials. So, since this is innovative new technology, it is going to take more time. We cannot give any concrete timelines as of now, but we are pursuing. Once the trials are completed, then the next steps follow the homologation on successful completion of the trials. So, this being a new technology and it is nascent, it is going to take more time.

Aalek Jain: So, again, more time as in like, when can we see the buses, in 2 years, in 5 years, if you can just give an idea?

Hanuman Prasad: Basically, it is a new technology. It is very difficult to come to the conclusion because this entire technology itself is not there at all in the country. Right now, R&D process and trials are going on. Maybe at appropriate time, definitely we will come back to the shareholders.

Moderator: Thank you. Ladies and gentlemen, for per the time consumption, we will take only two questions and the next question is from the line of Sandeep from Maverick Fintech LLP. Please go ahead.

Sandeep: Sir, my first question is, as you already told me, that you are going to start with the pilot project in the new facility. When the regular production is going to start in the new facility?

Hanuman Prasad: So, we are starting the trial production on the 2nd of February. We expect the trial to get completed in maybe 2 months' time.

Sandeep: So, the regular production is going to start in the next financial year that is the financial year 25 and it is going for 2500 buses, this facility is ready for 2500 buses, or it is ready for 5000 buses?

Sharat Chandra: Basically, we are building the plant in a granular manner. So, one of the partial facilities is getting ready where we are doing the trial production and parallelly, we are working on expanding to full capacity. So, that is the reason by end of the next financial year, we will have 5,000 numbers. So, on average we have taken conservatively 2,500 numbers.

Sandeep: What I make out is that 2500 capacity is available to Olectra, new capacity is available to Olectra Green Tech from April 2024?

Sharat Chandra: Yes.

Sandeep: I am just asking that from the first day of the next financial year, 25, the 2500 capacity is available for full production?

Sharat Chandra: Yes.

Sandeep: And what happened to the original facilities from where the production is going right now?

- Sharat Chandra:** Currently, that facility is the lease premises. So, we are going to shift everything gradually from the old lease facility to the new facility which is owned by us.
- Sandeep:** And the second and last question from my side is about the capital raising, is there any proposal for capital raise from the market or the promoters?
- Sharat Chandra:** Currently, the capital raise, we will come back at appropriate time. Currently, for the new facility, temporarily, we are going for debt and internal accruals. So, on capital raise, we are deliberating, and we will come back at an appropriate time.
- Moderator:** Thank you. The last question is from the line of Rohit from Caspian Debt. Please go ahead.
- Rohit:** I have two doubts, one on the side of the equity raise only, I think last quarter, you kind of said that you were in discussions for some equity raise and now you are saying that we are looking for debt only, can you just elaborate if the equity discussions happened or negotiations happened?
- Hanuman Prasad:** I think Mr. Rohit, if you recall in the last annual general meeting, I think in our Chairman's speech as well as in the question-and-answer session, we have clarified saying that earlier resolution which we took for the raising of shareholder funds, it has been expired and now we are looking for construction of this factory. We were going for construction of the same with the internal resources as well as debt. I think same thing was confirmed by Sharath in the Q2 earnings call also.
- Rohit:** The second question was on, again, I think one of the investors kind of raised this already, but I just wanted to get more details on it, so currently we only sell the vehicles, right, sell the buses and we do not operate it or because the operation I think goes to our group Company, Evey Trans if I am not wrong, which is not our subsidiary currently if I am not wrong.
- Sharat Chandra:** Yes, you are right. Except for the initial two contracts, which are in Olectra books, we have about 150 buses which are operating. So, for these 150 buses, we are generating operating revenue. Other than that, our business model has been to manufacture, sell and take care of after-sales service.
- Rohit:** Those maintenance and all that you talked about, even that is applicable to the next 8,000 orders also, wherein we will also maintain, not Evey Trans will do it, Olectra will do it, you are saying?
- Sharat Chandra:** Correct. As an OEM, we sell and after-sales service also is taken care by Olectra and we generate operating AMC income.
- Rohit:** So, basically, if the vehicle is of say an average per vehicle price that you said, Rs. 1.2 or Rs. 1.5 crores, take it, so when we sell it, we will get that 1.5 and then plus the maintenance charges of that we will collect over the years you are saying?

- Hanuman Prasad:** Correct, over the next 12 years, we will generate AMC income for all the buses which we have sold.
- Rohit:** But that Rs. 1.5 will hit our bank account first in first year itself?
- Sharat Chandra:** Correct.
- Rohit:** So, no relation of Evey Trans now coming into play when we are looking at these order books?
- Sharat Chandra:** See, Evey Trans is an associate Company. So, by virtue of the holding Company having 100% stake, it is an associate Company.
- Rohit:** So, basically, to execute these order books, Evey Trans is not coming into play at all, is what I am actually asking?
- Hanuman Prasad:** I think Rohit, let us have a clarity on this. Basically, Evey Trans is the one which participates in the tender by taking the technical credentials of the Olectra as OEM. So, we will sell the buses and eventually Evey Trans will supply to the STUs and they are responsible for operating the buses. In turn, back-to-back, they will have an agreement with Olectra. So, in this entire episode, Evey Trans is the one which is going to bag orders. I think you have some confusion about this, who is going to bag orders?
- Rohit:** I kind of knew that sir, but it was just that who kind of gets that final income is what I was confused of. I think you kind of clarified that.
- Hanuman Prasad:** This particular model of bidding by Evey Trans and then Olectra Supply is relating to STU-driven orders.
- Rohit:** But why, as you said, the final income will hit in Olectra's books only even the maintenance thing that is in the market.
- Moderator:** Thank you. As that was the last question, I would now like to hand the conference over to the management for closing comments.
- Sharat Chandra:** Thank you very much. We wish all the investors and stakeholders very happy, safe and excellent 2024. As we have always committed, we are confident of delivering better results in H2 compared to H1 and we are striving to cover up the shortfalls in Q1. And with the latest order of 5150 nos from MSRTC and expected orders from the new STUs, we hope to have very strong order book and deliver excellent results in the coming quarters, especially Financial Year '24-25 will be a great year. Thank you very much.
- Moderator:** Thank you. On behalf of Olectra Greentech, that concludes this conference. Thank you for joining us and you may now disconnect your lines.