



**“Olectra Greentech Limited Q4-FY23 Investor
Conference Call”**

May 9, 2023



**MANAGEMENT: MR. SHARAT CHANDRA -- CHIEF FINANCIAL OFFICER,
OLECTRA GREENTECH LIMITED**

MODERATOR: MR. RAKESH JAIN – AXIS CAPITAL LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the Olectra Greentech Q4 FY23 Investor Conference Call 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. Rakesh Jain from Axis Capital. Thank you, and over to you, sir.

Rakesh Jain: Yes. Hi. Thanks, Aman. Welcome everybody to Olectra Greentech Q4 FY23 Con Call Invite.

Today, we have from the Management, Mr. K.V. Pradeep – the Chairman and Managing Director; Mr. Sharat Chandra – Chief Financial Officer; and Hanuman Prasad, Company Secretary and Compliance Officer.

I'll now hand over the call to the Management for their opening remarks, which will be followed by Q&A session. So, over to you, Mr. Sharat. Please go ahead.

Sharat Chandra: Good evening, everyone. Apologies, CMD, Mr. K.V. Pradeep due to emergency is not able to join the call. So, let me actually give an introduction and brief highlights of the financials.

Thank you all for joining in for the Earnings Call for Quarter 4 and full-year results today.

We are pleased to report strong growth in both our standalone and consolidated revenue and profitability for the year ended March 31, 2023. Although there continues to be a supply chain and the macro risks, our focus continues on increasing our manufacturing capacity and enhancing our technology capabilities. This has helped us to maintain our leadership position in the electric vehicle segment and we intend to be the market leader in EV segment.

In just 5 years since the delivery of first bus, Olectra has established itself as the leading E-bus OEM and now firmly looking ahead for a bigger vision. We have delivered over 1,100 plus electric buses till 31st March 2023. Our business model has moved a long way in the last six years and proven profitable to the end customers. It has changed from a demand constraint to a supply constraint, and we are seeing the demand for the electric buses to be exploding.

As you are aware, our Company has evolved from being part of a little known business enterprise in 2017 to be now part of MEIL, which is one of the India's largest infra and engineering Company with more than 30 years of industry experience with a turnover of \$3.4 billion and it is an AA rated Company.

Our order book, as we stand as on 31st March after delivering 563 electric buses is at 3,394. We are pleased to share our shareholders that our Company received the CMVR and Homologation certificate and started to sell electric tippers in Quarter 4, and we are the first Company to register

and sell E-tippers in the country. We remain committed to contributing towards the clean mobility agenda of the country and look forward to a strong growth trajectory in the coming years.

I would like to now give a detailed presentation on the financials:

Our Company has achieved excellent growth in Quarter 4 and full year. And the key highlights for Quarter 4 and full year standalone financials is as follows. Our revenue for Quarter 4 is at Rs. 368.4 crores as against Rs. 268.1 crores, up by 37.4%. Our EBITDA for Quarter 4 is at Rs. 48.82 crores as against Rs. 34.2 crores, up by 42.71%.

Our PAT for Quarter 4 is at Rs. 27.81 crores as against Rs. 17.47 crores in corresponding quarter of last year, up by 59.2%. These numbers are primarily driven by the performance of electric bus segment where the volumes have grown by 24%. We have done about 158 electric vehicles, which includes 17 E-tippers in Quarter 4 as against 127 electric buses delivered in corresponding Quarter 4 of last year.

We are pleased to inform our shareholders that during Quarter 4, we have added 3 more new customers to the portfolio. The new customers are KSRTC, which is India's largest STU, MSRTC and Thane Municipal Corporation and by delivering intercity and city electric buses. In the current quarter, MEIL has donated about 10 Olectra buses for TTD replacing the existing diesel buses for pilgrim's transport in Tirumala Hills. We also had a positive contribution from insulator segment in Quarter 4, due to significant improvement in operating margins, primarily driven by the export business.

Coming to the full year performance:

The Company has been surpassing the record year-on-year with new highs achieved in financial year '22, '23 in terms of both top line and bottom-line growth. We have crossed a milestone of Rs. 1000 crore plus revenue. The revenue growth is primarily driven by the electric vehicle segment, which has grown by 94% from Rs. 585.43 crores to Rs. 1,134.41 crores for the full year. The EBITDA stood at Rs. 148.63 crores as against Rs. 86.19 crores, up by 72.4% with healthy EBITDA margin of 13%. The PAT for the Company stood at Rs. 70.7 crores versus Rs. 35.7 crores, up by 98%.

The operating margins have been very good both in insulators segment and electric bus segment. The net profit, as I mentioned, has grown by 98%. On the tax line, the tax rate is 22% in the current year versus 31% in the last year.

A word on the consolidated results:

The Company again achieved excellent growth in Quarter 4 and 12 months. The key highlights are revenue for the full year is Rs. 1,090.76 crores versus Rs. 593.26 crores, a growth of 84%.

The EBITDA on a consolidated number is at Rs. 153.97 crores versus Rs. 90.9 crores, up by 69%. The PAT is at Rs. 65.59 crores versus Rs.35.35 crs, up 86% in last year.

So, overall, the Quarter 4 and full year has been very good for Olectra in both standalone and consolidated with continued growth of revenue and operations and profitability. We believe that we are well placed and poised to deliver strong results in financial year '23- '24. Thank you, all the shareholders and to all the stakeholders who have been very supportive and reposed trust in our Company.

Over to Axis team for the Q&A.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Nishid Shah from Ambika Fincap. Please go ahead.

Nishid Shah: Thanks for taking my question and congratulations on a good set of numbers. My question is on the details of the expansion that is the by when do we expect to have the capacity of 5,000 buses? And my second question is on the car. Since we have a tie-up with BYD on the buses and I think the BYD cars are being imported, CKD into India and they are being sold by the Landmark showrooms, but are we going to participate and partner with BYD in terms of manufacturing cars in India? These are the two questions right now.

Sharat Chandra: Regarding your first question on the expansion, right, we are very much committed to establish the Greenfield facility and the documentation process is completed. We are looking for the best opportunity to raise the funds and exploring various options. We have floated tenders for establishing the facility and soon we will appoint the vendor for construction of the plant. We are expecting to shift to the new facility in Quarter 4 of the current financial year.

And coming to the second question on the cars. As of now, Company is focused on the existing business of electric buses. And we have entered into the new product portfolio of electric tippers and we are focusing on introducing new models, new product line in electric tippers as well as buses.

Nishid Shah: So, on the fundraising, are we having any plan, or we don't need the funds because I was told that the parent, Megha Infrastructure, may pump in money and you may not need to do fundraising exercises?

Sharat Chandra: There is no change in plans for fundraising. We have an enabling resolution. The market conditions were not conducive and once the market condition improves, we are all set to go ahead with the fund-raising plans and we are exploring various options. We'll keep the investors updated on any progress on this matter.

Nishid Shah: Thank you, for taking my questions. I'll come back in the queue.

- Moderator:** The next question is from the line of Siddhartha Bera from Nomura. Please go ahead.
- Siddhartha Bera:** Sir, first question is on the volume side. So, can you just share how much will be the order book we have now for the electric buses for the next year? And any numbers you plan to produce to cater to this demand?
- Siddhartha Bera:** So, I was asking about your plan to what will be your production target for the next year in FY '24 and '25.
- Sharat Chandra:** Regarding the order book, first question, we have order book of 3394 buses on hand as on 31st March 2023, after delivering 563 electric buses. And as well as the plans for the next year, we are targeting a growth of about 2.5 to 3x to the current number, approximately about 1,200 to 2,500 electric buses/tippers.
- Siddhartha Bera:** On the tipper side, sir, we have already delivered a few in the last month. How do you look at the ramp up? I mean, earlier you targeted about doing 200 units per month in some time. So, how do you see the ramp up going ahead of the electric tipper set?
- Sharat Chandra:** Currently, we have an order for 20 tippers. Against that, we have delivered about 17 tippers. We are expecting very good response. Our trials have been very, very successful. And as I told you, the overall volume we are expecting including tippers could be in the region of 1,200 to 1,500 this year. And we are expecting some orders very soon.
- Siddhartha Bera:** And this quarter, we would have delivered how many electric buses and tippers in Q4?
- Sharat Chandra:** In Q4, we delivered 141 electric buses and 17 electric tippers.
- Siddhartha Bera:** Second question is, sir, are on the balance sheet side. So, if I look at our inventory days or say the receivable days, it still remains quite high, I mean we have doubled this year versus last year. But if I look at the inventory receivable days, they still are pretty high like about 230 days as per my calculation and even the inventory days have also gone up from 47 to 50 days. So, do you think I mean, these levels will continue as we scale up or should we expect some normalization how to think about this and why it is on the higher side.
- Sharat Chandra:** See, basically, the average receivables period has come down compared to quarter 3 ending. The overall net working days is about 99. It is reduced and the collection period we are expecting the collection period to be about 3 to 3.5 months. And this is going to get corrected in next 2 to 3 quarters. And as far as inventory is concerned, we have currently only 2 months of stock. As we ramp up the production, we are likely to increase the inventory days.
- Siddhartha Bera:** So, you're saying a collection period of 3 to 3.5 months will continue even as we scale up to say, 1,500 or 2,000 in the next few years?

Sharat Chandra: As of now, yes. Maybe in 2 or 3 quarters, we are likely to see some improvement. But overall, our networking days is expected to be around 3 to 3.5 months.

Moderator: The next question is from the line of Rakesh Jain from Axis Capital. Please go ahead.

Rakesh Jain: Sir, my first question is regarding, how are you seeing the orders flows and trends playing out in the bus segment? There's some bit of concerns around, what the FAME subsidy is going to look like over the next few years, right? And for some segments, there's even talk of cutting on the subsidy. And have you seen any sort of concerns of where government is asking for additional clarity on the parts you are supplying or the component or the localization you are doing right now. And how are you seeing next 1 year from the government there because we read that some of the articles saying that the bidders are not willing to bid at for some of the orders recently by CESL due to the pricing difference and the compliance issues. So, what are you seeing on ground? I mean, exactly what's happening?

Sharat Chandra: As far as the orders in pipeline is concerned, about almost 10,000 buses are in various stages of tendering. One of the biggest order is MSRTC, 5,150 buses where we have submitted our bids. And as far as the FAME subsidy is concerned, I think we have spoken earlier, the new tenders or bids are going to be without subsidies, that is the intention of the government because the FAME subsidy is going to end by 2024. So, where the FAME-II subsidy was earmarked for about 7,090 electric buses. So, once that is completed, the FAME-II subsidy program will be completed, and all the new tenders will be without any FAME subsidy.

Rakesh Jain: So, how does it change the pricing on overall basis when you apply for bids now, given that subsidy will no more be applicable? And do you see that impacting volumes to an extent?

Sharat Chandra: See, currently, the average cost per kilometer for any STU pan India is about almost Rs. 150 per kilometer. With FAME subsidy, the average cost, let us say, is Rs. 50. There is a huge differential between the average CPK currently versus the electric bus. Now, when the subsidy component is no longer there, the cost is likely to go up. But even if you assume that from Rs. 50, it goes up to Rs. 100, still there's a huge gap between the average cost per kilometer of an STU versus the electric bus. So, it is highly remunerative for the STUs to continue to go for electric buses.

Rakesh Jain: So, I mean, given that the pricing is going to go up and even where the funding will be largely now if it comes, it has to come from the state side and the central will largely not provide any more support when these orders are being laid out. Is that correct understanding?

Sharat Chandra: See, basically, some of the states like for example, state of Maharashtra has been very progressive in terms of bringing their own state subsidies like for example from the Pune Smart City Corpus.

Moderator: Ladies and gentlemen, thank you for patiently waiting, we have the management line reconnected. Over to you, Rakesh, you can please repeat the question.

- Rakesh Jain:** So, I think my question was partly addressed.
- Moderator:** We will move to our next question in this case, that is from the line of Gunjan Prithyani from Bank of America. Please go ahead.
- Gunjan Prithyani:** I just had the follow up on this FAME thing. You mentioned that incrementally most tenders would come without the FAME subsidy being factored. Have you seen any change in terms of the way now the bidding is happening given that incentive is not available? So, how should we think about the bidding or the pricing scenario as subsidies sort of go away? Also on the subsidies, I mean, whatever government has so far funded, what are the conditions like I mean, is it localization? Is there anything else that they are enforcing to be able to get that incentives?
- Sharat Chandra:** Answering your first question, the CESL new tenders, the rates have increased compared to the first tender which was floated in the beginning by CESL, and the participation has been quite good, and we are expecting the bid rates to definitely go up by Rs. 15, Rs. 20 against FAME, right, in the new tenders. And as far as the subsidy is concerned, yes, as per the FAME regulations, one of the key requirement is complying with the localization norms. And subject to the localization norms, the other requirement is providing bank guarantee for releasing the subsidy.
- Gunjan Prithyani:** On this pricing which you mentioned that it is the new CESL bids. If I recall correctly, the last one was somewhere around 50. I'm not sure. Maybe if you can just give an idea of what it was in these initial contract and now, where it is?
- Sharat Chandra:** See, initial contract, as actually though it was won by a competitor, till date, nothing has progressed on this contract. It was at very, very low at about Rs. 43 to Rs. 45 rupees per kilometer, right? Against that, the new contracts are significantly better off. It's about 60 plus. And the other aspect is the adoption is really picking up of electric buses and like the ecosystem is getting created. So, without subsidy also it is remunerative for the STU's to go for electric buses. And for other new contracts, the competitor has not bid for the new contracts. That's for your kind information.
- Gunjan Prithyani:** So, who are the participants in the new CESL, I mean, who won?
- Sharat Chandra:** The new CESL contracts are basically now it is coming up, actually recent program got deferred. Just to give a clarity, again, I think first bid was won by Tata Motors. And later it got distributed between 2 parties. The second CESL was bid by 4 different companies and it is split between 4 companies.
- Gunjan Prithyani:** And the rates are higher, okay. The other question that of course, the demand as you mentioned has been very, very strong, and there's clearly a big government push on E-bus adoption. But often supply chain is the biggest issue that most companies talk of. So, where are we on supply chain now, in terms of the battery tie-ups, motors, whatever be the ecosystem, I mean, how is

that progressing? And the financing is also something which has been a constraint. So, if you can just share some thoughts on how is the ecosystem developing around these 2 things?

Sharat Chandra: See, supply chain concerns, as you rightly said, has been one of the issues in the industry. So, basically, as you're aware, all the OEMs have to depend on imports for battery cells and some of the powertrain components. So, other than that, most of the components are localized in India. So far as the supply chain constraints, we are in a better position now compared to quarter 2 and quarter 3. And what was the second part of the question?

Gunjan Prithyani: Financing?

Sharat Chandra: Financing, as you rightly said, in the initial years, it was very, very difficult for the lenders to come in. Now because of the model concessioner agreement and because of the process, which are favorable to the lenders, a lot of lenders have come forward and financing the electric vehicle segment. And, in our own case, we have sanctions by about 4 to 5 finance institutions, which includes State Bank of India, Yes Bank, Karnataka Bank, Bank of India, REC. These are the major lenders which are financing the operating Company which is an associate Company. As you're aware, the business model which is prevalent is the GCC model, wherein Olectra is the OEM. We manufacture and sell the buses and take care of the after-sale service.

Gunjan Prithyani: Just last question from my side. Are you seeing any activity pick up on the private side like schools and, other corporates on the E-buses?

Sharat Chandra: Yes, it is the picking up. Actually, the traction is yet to happen, but definitely it is picking up. Because of their balance sheet size is low, they were not financial sanctions, it was delaying, but for your kind information, we got first private order and we are delivering buses for intercity operations. And this player is known as Fresh Bus and we have an order of about 19 buses from them, and they're going to operate between Bangalore and Tirupati.

Moderator: The next question is from the line of Divya Daga from Vijit Global Securities Private Limited. Please go ahead.

Rohit Bahirwani: Rohit Bahirwani this side from Vijit Global Securities. My question was regarding latest announcement of hydrogen bus. When are you expecting it to be operationalized and what is the pricing difference between hydrogen and E-bus?

Sharat Chandra: As of now, I think the status quo remains, okay. We have successfully developed first proto and it is under testing. So, as the hydrogen technology is nascent, it will take some time.

Rohit Bahirwani: Thank you, and I wish you the best for coming quarters.

Moderator: The next question is on the line of Siddharth Agarwal driven from Systematix. Please go ahead.

- Siddharth Agarwal:** I must say congratulations on a very good set of numbers. I've been following your Company for the last 5 years and performance has been improving quarter-on-quarter. Sir, a couple of questions. Firstly, what is the difference in margin profile of your buses and your tippers? So, you want to take one by one?
- Sharat Chandra:** See, basically, we would like to specify our margin guidelines though we have earned good EBITDA margins about 13% overall in terms of very high volumes it would be in the range of 10%-12%. See, tippers will be slightly better because this is going to be non-STU business.
- Siddharth Agarwal:** How much will it be?
- Sharat Chandra:** Definitely, I would not like to reveal on the margin difference, definitely it is better than the buses.
- Siddharth Agarwal:** So, when we see segment results, so we see just 17 buses and around Rs. 2.5 crores PBIT. So, that is leading into this question. Sir, no problem, we will wait for more sales to happen. So, right now, when we talk of 1200 buses plus tippers, so what are we expecting in June quarter? How many tippers to be delivered since we're almost mid of May? And I don't think your business is skewed towards the end of the quarter, it's a normalized business. So, what kind of delivery are you talking about in June quarter?
- Sharat Chandra:** So, as of now, I think we will not be able to give the exact number because we are expecting the order very shortly. But overall, I think we are expecting to do about 200 numbers.
- Siddharth Agarwal:** 200 in Q1?
- Sharat Chandra:** Yes. 200 both buses and tippers together.
- Siddharth Agarwal:** And sir, which was this Company you said where you got the first private order going to run between Bangalore and Tirupati?
- Sharat Chandra:** It is Fresh Bus.
- Siddharth Agarwal:** Fresh, F-R-E-S-H B-U-S?
- Sharat Chandra:** F-R-E-S-H, yes.
- Siddharth Agarwal:** Fresh Bus, so it's a private Company, okay, fine.
- Sharat Chandra:** It's a private Company, yes.
- Siddharth Agarwal:** So, it's not on the FAME-II subsidy?
- Sharat Chandra:** It is not on FAME-II, it is the intercity operation. It is totally non-FAME.

Siddharth Agarwal: So, do you disclose what kind of rates are there?

Sharat Chandra: What exactly is you are looking at? Selling price?

Siddharth Agarwal: No, you are going to run for them or you are selling it to them?

Sharat Chandra: No, see basically, they are buying outright and some of the buses are again, it will on a hiring basis. As far as Olectra is concerned, we are making outright sale.

Siddharth Agarwal: Okay. EV trans and all those things are not involved in this. Okay. And what will be the ASP of these buses, average selling price of these buses and the margin profile, sir?

Sharat Chandra: So, as of now, it's a very new order. We will not be able to reveal the pricing, but definitely it is with a decent margin.

Siddharth Agarwal: I have full faith in you that you will be doing the best margin possible since it's a non-fame thing. Sir, tell me one thing. When you mentioned about the new CESL tender, so we had heard in the third tender nobody participated. I am just talking about newspaper article, I don't know whether it is true or not. So, what, CESL is going to reframe the tender for the pricing or what?

Sharat Chandra: I think, one of the tender where nobody has participated is a dry lease. See, currently the model is wet lease, so dry lease means the drivers of the StU will be involved, which all the OEMs are not keen.

Siddharth Agarwal: Yes, obviously. Okay, fine. Obviously, you won't be interested if their drivers are there because then you will have to pay them as per their standard.

Sharat Chandra: They will not be under our control, right? So, it's very important,

Siddharth Agarwal: So, are they going to rework it?

Sharat Chandra: Yes.

Siddharth Agarwal: And sir, I had heard there was all these utilities, STUs and all, so they create problems in terms of repayment. This is the industry sources. So, I just wanted to understand, do you people also face problems of payment? And how is your payment guaranteed by the STU because collection of ticket is done by them at their ends? So, how do you ensure that your payment is on time? And like 90 days I think are your debtors, so these will be the main debtors, right?

Sharat Chandra: Just to clarify, see, as far as Olectra is concerned, we manufacture and sell buses to the operating Company which owns the fleet. The Company, which is the concessioner, owns the fleet and they operate on a per kilometre with the STU. As far as Olectra is concerned, we sell the buses and we take care of the services for the period of 10-12 years. All the new contracts are for 12 years duration. But to give a perspective, Olectra is not directly involved. The operating

Company in our case is EV Trans Private Limited. They are able to receive 70% to 80% of the receivables within 30 to 45 days. The balance, 25% to 30%, they are able to collect before 90 days. The reason is basically the STUs are procuring services rather than CAPEX, right? And under this model concessioner agreement which is formulated by Niti Aagyog, there is escrow mechanism where the revenues of these collections are pooled into that account. And 2 months fees minimum deposit they should maintain.

Moderator: We will move to the next question that is from the line of Nishid Shah from Ambika Fincap. Please go ahead.

Nishid Shah: Thanks for taking my follow-up question. On the 3-wheelers, what is our strategy and from where we are sourcing the batteries for that? And do we source it in India or we are sourcing it from any other place?

Sharat Chandra: Gentlemen, actually, we are still not into 3 wheelers. As of now, our focus is on electric buses and electric tippers and trucks.

Nishid Shah: But I think in one of the calls, Mr. Pradeep had said that we will be entering the 3 wheelers also.

Sharat Chandra: I'll just clarify. The CESL, when they floated the FAME-II program, they have actually earmarked some budget for about 1 lakh 3 wheelers. So, through a partner, we had participated and we got about 13,500 3 wheelers order. But the entire 3-wheeler segment is on hold by CESL. So, we are also not very keen to pursue.

Moderator: The next question is from the line of Rakesh Jain from Axis Capital. Please go ahead.

Rakesh Jain: Sir, you mentioned that about 17 tippers you had delivered in Q4, and based on your revenue, I think the ASP which you are quoting is roughly around Rs. 1.4 crore per tipper. Is that correct?

Sharat Chandra: Yes.

Rakesh Jain: This is a significantly high ASP versus a conventional tipper in the market. So, what are the cost elements differently playing out? And are these prices, that is ASP come down later in as you ramp up this production and how it will work?

Sharat Chandra: This is nascent. As you rightly said, the industry is nascent. Definitely, we expect the prices to come down. The main factor will be battery, right? So, for the entire electric segment, we expect the battery prices to come down in next 2-3 years, okay? And the economics is actually quite significant with excellent price differential which is there between electric tipper and the conventional diesel tipper. So, because of that reason, there will be huge demand from the market.

Rakesh Jain: Right now, you don't have any competitors. But I think there are few players who are willing to look at this market and are planning to launch over the next few quarters. So, do you think your current pricing is competitive?

Sharat Chandra: So, basically, we should look it in different way. As of now, we are the first Company to have introduced and basically registered and sold electric tippers. No major competitors as of now. But definitely there is a huge market in India for tipper and trucks which has a huge potential for everyone to come in. Even if you take all the capacities, the capacities are not sufficient to cater to the requirement which can come up, right? So, we expect the competition to pick up in the next 1 to 2 years and it will be healthy for the ecosystem to get created.

Rakesh Jain: And what is your localization levels for tipper right now?

Sharat Chandra: As of now, I think except the battery cells and the powertrain components, all other things are localized.

Rakesh Jain: And these tippers which you are delivering, for what purpose it is going right now?

Sharat Chandra: As of now, it's basically used in mines, the project sites.

Moderator: The next question is from the line of Naman Khandelwal from HDFC Bank. Please go ahead.

Naman Khandelwal: Sir, 2 questions on the STUs. Sir, the STUs are in losses. It was being discussed that on the SECI side, structure would be established to have a payment security, central government agency which would be ensuring that the payments have been released from the STUs on time. So, any insight on that? And second would be since the STUs are deploying EVs, is it safe to assume that these STUs will now be profitable because the majority of the STUs are in losses. Again, this is a state transport undertaking, so the load factor and everything, if it comes into the picture, then the revenue is not offsetting the pay-out which has been given to the operator. So, any insight on those?

Sharat Chandra: See, as far as the payment mechanism is concerned, escrow mechanism is in place and 2 months fee is required to be deposited in the escrow account. And I think to earlier question raised by one of the participant, we had clarified that the concessioner is able to realize the receivables of more than 70% in less than 45 days and balance 25% to 30% in less than 90 days, right? So, that is far as the first question is concerned. The second question is concerned with regard to?

Naman Khandelwal: Profitability of the STUs.

Sharat Chandra: See, basically, there is 5x differential between conventional diesel versus electric in terms of operational costs, okay. So, that is 1 major incentive. Second is the EPK of the electric buses is higher than the diesel buses and this is giving good comfort for the STUs to adopt. And the most important is now the STUs are assuming the role of controlling. So, because the entire operation

is taken care by the concessioner except the fare collection. And they are procuring services rather than the CAPEX. I hope I have clarified.

Naman Khandelwal: Yes. But again, so for this segment to be profitable, the STUs should have a revenue collection from the end customer. So, we envisage that the cost which would be incurred although the operational cost should be less of EV bus as compared to CNG or a diesel bus. But corresponding revenue from the customer will the STUs get to ensure that they turn profitable?

Sharat Chandra: Yes. That's what I was mentioning, it is highly remunerative for them because there is a huge cost differential.

Naman Khandelwal: And sir, any plans to get into battery cell or pack manufacturing.

Sharat Chandra: As of now, we have no plans for any battery manufacturing. We have plans in the new facility for assembly of battery cells to a pack.

Naman Khandelwal: And the last question from my side. When is the order book expected to be delivered for 3394 buses? Where is the delivery schedule?

Sharat Chandra: See, we have time of 12-18 months to deliver the buses.

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

Anil: Can you please update what's the status of fund raising?

Sharat Chandra: I think one of the questions was asked on this, but let me clarify again. There is no change in the plans for fundraising. We have enabling resolution. The market conditions were not conducive and once the market condition improves, we are all set to go ahead with the fundraising plan. And we are actually exploring various options. We will keep you posted once there is any progress on this matter.

Anil: Do you think that it will affect execution of setting up of our factories for which you have recently raised the tender?

Sharat Chandra: So, basically, we are expecting a delay of 2 to 3 months.

Anil: Last time, when I asked the question, like I was told that by January '24, we'll start the production. And if you see the tender, it is already delayed by 6 months. But if you say the market conditions are not conducive, is that going to further delay? Now we are expecting June '24. Do you mean to say that it is going to go to January '25?

Sharat Chandra: No, we are expecting a delay of about 3 months. So, in Quarter 4, definitely, we are striving to get the plant operational by Quarter 4 of this year.

- Anil:** And recently we got a good news saying that Amara Raja Batteries, they are starting to manufacture the lithium-ion batteries. Is that going to help our Company?
- Sharat Chandra:** Definitely, we are looking forward. As long as the costs are coming down, obviously, we will be looking at the option. But we have definitely minimum 2-3 years' time.
- Anil:** And we just heard that in Rajasthan also we could find like good reserves of lithium. Do you think that these kind of development encourages us to go for the in house manufacturing of batteries.
- Sharat Chandra:** Definitely, yes. See, the PLI scheme which has been given by the government and I think few companies have got this PLI scheme and as far as the lithium reserves, it is going to take a lot of time for them to actually get the exact quantity which is available but it is very encouraging for the country and the EV segment.
- Anil:** And can we say that by June '24, the factory will be in place and sales will start happening from June '24.
- Sharat Chandra:** Definitely yes. We are striving to meet that.
- Anil:** Do you have any plans for fund raising.
- Sharat Chandra:** See, we are hoping that the things would improve with regard to the market. And so once that is in place we are ready for the fund raise.
- Anil:** It's just a surprise like you come from such a good background of a sound promoter, I am not sure like why we have to wait for external conducive environment for Rs. 400 crores or Rs. 800 crores of fund raising. That's a very much good amount which can be invested as well by promoters and take the Company to a new set scale of valuation and then invite the outside investors of valuation. Why now? This Rs. 800 crores, easily you can create 10 times of valuation now because the industry is nascent and growing and you should take an advantage of investing your own money and show the people and show the world that you are capable of taking the Company to such a stage where you can deliver up to 5,000 buses in a year. And then after that, why don't you look for external investment?
- Sharat Chandra:** See, you have to best understand that we are looking for good investors to come into the system and once they come in, they would definitely look at profitability. And they are almost ready with the fund raise program. Unfortunately, the market has not been conducive for the last 3 months. So, now that things are slowly stabilizing, and think if you have seen, I think they've got some IPO which got concluded from Mankind. Things are happening positively and we expect the market to improve and definitely would like to do fund raise and followed by definitely promoters also would like to contribute.

- Anil:** But see, the good investor is with you, it's your own promoter and I am saying like Rs. 800 crore is something which you should look at investing at your end and then later on when after 1 year or 2 years when the capacity is full, you go for external investors. And because it makes sense for us to invest now and make sure that our valuation from Rs. 5,000 crores it goes to Rs. 25,000 crores. And at that point of time, you get the outside investors. See, that is how which gives the confidence to us that you are looking at a nascent stage of business, but you are looking at very high valuation, high profitable business.
- Sharat Chandra:** Point noted. We will go back and deliberate on this point.
- Anil:** I think you should take this Company to a stage of 5 times of the current valuation and then look for the external investors and then see that your money is giving you a good return and as well as to the investors who have come at this nascent stage itself, taking the huge risk and believing such a good promoter and team like yours. But we want that our value should be within our promoter group and the investors who have come at early stage and then should be given to the outside investors.
- Sharat Chandra:** As I mentioned, your point are valid and noted. We will deliberate internally with the management.
- Moderator:** the next question is from the line of Punit Chokhani from Black Gold LLP. Please go ahead.
- Punit Chokhani:** My first question is regarding the court case, regarding the Mumbai order of 2,000 odd buses, if you can update us on that.
- Sharat Chandra:** The matter is still in sub-judice. The matter is likely to come up in this month.
- Punit Chokhani:** So, how many buses have been delivered so far of that order till date?
- Sharat Chandra:** We have delivered about 20 buses out of 2,100 buses.
- Punit Chokhani:** So, you mentioned you have an order book of 3,000 odd buses. Does it include the Mumbai order?
- Sharat Chandra:** Yes, correct.
- Punit Chokhani:** Sir, don't you think it will be prudent to leave that order out of your order book at this point because it's been sub-judice and you don't want to talk about it and it's out of your control. So, technically, you should be excluding that and indicating your order book, right, because it's been in court for the last 3 quarters, if I remember correctly.

Anyways, sir, I wanted to know, and please correct me if I am wrong, you mentioned that you plan on delivering about 1500 buses odd this financial year. Is that correct? Did I hear that correctly?

Sharat Chandra: Yes.

Punit Chokhani: And then you mentioned that you will probably be doing 200 this quarter in Q1. Basically, I just want to understand the math of how you come up with 1500 numbers because there are 2 functionalities to it in my mind. Last year you had supply chain issues which you mentioned to one of your participant that it's sort of easing off, but they still exist. Two, you have your capacity which has been postponed because of your fund-raising postponement, you expect to happen in Q4. So, if today you are doing about 150 buses a quarter, you are saying you are going to do 125 odd buses plus tippers every month. But then you are saying you are doing 200 buses this quarter. I mean the math doesn't add up. What is the plan internally if you can sort of help us understand.

Sharat Chandra: See, basically, our focus this year would like to complete the order book other than the BEST which is under sub-judice, okay. And we are very conservative in giving those numbers of 1,200 to 1,500 numbers. See, we have faced, definitely not only us, the entire industry faced this supply chain constraint. So, those things are fine now. We would like to be very conservative in projecting our numbers. We have a capacity of making 125 buses per month.

Punit Chokhani: And I am assuming this capacity is fungible with the tipper, right? Your tipper and the buses get made in the same facility?

Sharat Chandra: Yes.

Punit Chokhani: So, what you are saying is you are going to operate at 100% capacity utilization for the next entire year which is 125 buses a month which adds up to 1500 buses a year. But in Q1 you will deliver 200 buses, means then you will basically have to operate at more than 100% in the next 9 months.

Sharat Chandra: See, basically, we are operating on a single shift. We can definitely increase our capacity. So, our plan is to do about 1,200 to 1,500 buses/tippers this year.

Punit Chokhani: I'm sorry. I am not being able to understand the math. I understand your plan but it is just not adding up. Question #3 is you mentioned that you sold 17 tippers in the last quarter. Now, I don't know if you can sort of give details but was this sold to the parent Company or was it an outside customer?

Sharat Chandra: No, it is sold to MEIL, we got a bus order from MEIL for 20 electric tippers.

- Punit Chokhani:** And sir, this I would assume happens at arm's length when the transaction happens with MEIL because this is your work like an OEM, right, there is no gross contract over here. So, your payment comes in as soon as you send, like you sell a car, you sell a truck, right?
- Sharat Chandra:** Correct.
- Punit Chokhani:** So, how does the payment structure work? In how many days do you get payment from MEIL for a sale of a tipper to them?
- Sharat Chandra:** We get an advance and then we settle it 50% we receive.
- Punit Chokhani:** Sir, you mentioned 50%, right?
- Sharat Chandra:** Yes. 50% advance and 50% within 60 to 90 days.
- Punit Chokhani:** And sir, you have an order book at this point from MEIL specifically which you can share for the tippers.
- Sharat Chandra:** We have received first order book of 20 tippers from MEIL, and we have delivered 17. We are getting lot of inquiries from many players, many parties. So, it's in an inquiry stage to get translated into a proper order. We expect it to happen in next 2 months.
- Punit Chokhani:** Sir, question, I think somebody had asked that question, but sorry, if I'm being repetitive. But you've got a large competitor down south. Murugappa Group has done an acquisition for a Company which does tippers and trucks from Haryana. What is your 2 senses on that? Because they already have fleet on the street like what we hear is they deliver buses, they deliver trucks to Dalmia Cement and that category of clients already. So, what is your sort of 2 senses on that would sort of help us understand better.
- Sharat Chandra:** See, I think I've clarified in earlier questions. So, basically there is lot of opportunities for everyone to come in. As far as we are concerned, our tippers have done successful trials and the performance has been very, very encouraging. And the tipper truck market is quite huge. And the economics is quite good between diesel tipper and electric tipper. And I think we had been doing extensive trials for more than a year. And successfully did all kind of terrain. And as the market is quite huge, even if anybody comes in, I think the ecosystem will be created and will help the market.
- Moderator:** Ladies and gentlemen, that was the last question for today. I now hand the conference over to the management for closing comments.
- Sharat Chandra:** Thank you very much. I once again thank all the stakeholders who have been very supportive, who have been encouraging and who have been very patient with the Company and the faith reposed in our Company. And thank you very much.



Olectra Greentech Limited
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Moderator: Thank you. Ladies and gentlemen, on behalf of Axis Capital Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.