



“Olectra Greentech Limited
Q2 FY ‘24 Investor Conference Call”
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MODERATOR: **MR. RAKESH JAIN –AXIS CAPITAL LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to Olectra Greentech Q2 FY24 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 this conference call, please signal an operator by pressing star, then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Rakesh Jain from Axis Capital Limited. Thank you and over to you, sir.

Rakesh Jain: Yes, hi. Thank you. Good afternoon, everybody. Welcome to the Q2 FY24 Conference Call of Olectra Greentech. From the management side, we have Mr. Sharat Chandra, who is the CFO and Company Secretary, Mr. Hanuman Prasad.

To begin with, Mr. Sharat Chandra will give the initial remarks on the quarterly results followed with a brief commentary on the business and later on, we will take the Q&A. So, I will hand over the call to Mr. Sharat Chandra. Over to you, sir.

Sharat Chandra: Yes, thank you, Rakesh. Good afternoon, everyone. We are taking as read the presentation which is put on our website along with the Safe Harbor Statement there on. Thank you all for joining in for the earnings call for quarter 2 results today.

We are very pleased to report a strong set of results for the quarter and half-year-ended 30th September 2023, both in terms of robust top-line and profitability. As informed earlier, during this quarter the consortium of our company and associate Evey Trans has bagged the biggest order from MSRTC for about 5,150 buses, which is the largest single order in the electric bus industry.

We have delivered over 1,400-plus electric buses and 35 electric tippers till 30th September 2023. The momentum has started in quarter 2 and is getting accelerated further in Q3 and Q4 to meet the current financial year 24 target. The strong demand continues with the company's net order book position of electric buses stands at 8,209 numbers after delivering 214 buses in H1.

Our focus continues on increasing our manufacturing capacity and enhancing our technology capabilities. The construction work of the Seetharampur factory that is coming up over 150 acres is racing ahead. With this factory, our production capacity will further increase.

To talk about the key financial performance. On a consolidated basis, the company's EBITDA in quarter 2 reached an impressive INR45.06 crores marking a substantial 72% increase compared to the previous year. The PBT has surged to INR26.57 crores with a growth of 141% over previous fiscal of INR11.03 crores.

The PAT is around INR18.58 crores compared to INR7.42 crores with a significant jump of 150%. The quarter 2 highlights are basically both the segments have done exceedingly well. The EV segment has grown by 40% in top line and insulator segment has grown by 33%.

About the operating margins, both the divisions have earned very good margins due to continuous design optimization and higher export sales in insulator segment and due to revenue mix in EV segment.

Performance for the H1: The revenue for H1 was about INR523.18 crores, up by 14%. The company's EBITDA reached an impressive INR86.57 crores, marking a substantial 33% increase compared to the previous year. The PBT surged to INR51.83 crores, a remarkable 53% increase from previous fiscal INR33.92 crores. The PAT stands at INR36.65 crores, up by 52% compared to fiscal year.

A word on the standalone basis, the revenue for H1 was about INR504 crores, slightly behind versus last year by about 3%. However, the company's EBITDA reached an impressive INR82.79 crores, marking a substantial 22% increase compared to previous year. PBT on a standalone basis surged to INR52.9 crores, a remarkable 34% increase from previous fiscal of INR39.4 crores. The PAT stood at 39.68 crores, up by 33% compared to previous fiscal of INR29.9 crores. Thank you and over to the 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 Bala Murali Krishna Jonnalagad from Oman Investment Advisors. Please go ahead.

Bala Murali: Hi, congratulations on great set of numbers. I would like to know regarding this e-bus the target of around...

Moderator: Bala, your audio is coming a little low. Can you please speak a little louder?

Bala Murali: Yes, yes sure, sure. So, in e-bus category, I think our target is to -- FY24 target is around 1,200 to 1,500 buses I think whether we are still on track are there would be any uptake or down-take on this e-buses, number of e-buses?

Sharat Chandra: Yes, thank you Bala Murali for your question. We have actually, as you are aware, because of the stringent battery testing norms, which impacted the quarter 1 sales. Thereafter, the company has received all the certifications and we are on track.

So, the situation is quite better now and we have completed the testing and then requisite certificates have been obtained. About three months to 4 months of production and sales were lost out, but despite that, we are striving to make the shortfall of quarter 1 in quarter 3 and quarter 4. Overall, our numbers, we are targeting about 1,000 buses, 1,000 e-vehicles in this current fiscal.

- Bala Murali:** Okay, that's so helpful. And regarding this in P&L, we have the spike in testing charges. So, going forward also, it will be in the similar fashion in proportion to the revenue? Are there any chances of that on the lower side of the testing charges?
- Sharat Chandra:** During this current quarter, we have received all the approvals. So, we do not foresee any such problems in the future.
- Bala Murali:** Okay, that's helpful. And regarding this e-trucks, so as of now, what is the current order book? And I think we have an order from the parent company whether we have received any orders from the other customers regarding e-trucks, e-tippers especially?
- Sharat Chandra:** Currently, we have delivered about 35 tippers till date and 25 tippers orders on hand. We are in various discussions with various private players. And we have done a lot of trials and demos in various project sites.
- And we are expecting good orders in the next few months. So, as of now, the traction is yet to take off because this segment being nascent and so we expect the traction to happen in the future.
- Bala Murali:** So just to follow up on that, whatever order we have in e-tippers, that will be delivered in Q3 and Q4?
- Management:** Yes.
- Bala Murali:** And in e-bus cases, could you throw any light on the pipeline orders? What could be the pipeline tenders which we have participated and what is the size of the quantum number of buses in those tenders?
- Sharat Chandra:** As of now, in the pipeline is the major one order from BEST, which is about 2,400 numbers + 25%. It comes to approximately 3,000 numbers and we are pleased to inform we are L1.
- We are in negotiations with regards to the pricing and the other one with regards to the recently Prime Minister e-Seva about 10,000 buses. It is likely to come up in the next 5 months to 6 months in about 169 cities.
- Bala Murali:** That tender already floated, sir?
- Management:** Not yet floated. It is expected to come in about 5 months to 6 months time.
- Bala Murali:** And the best is already we are L1 in the best tender. So, we are expecting the order to get registered, right sir?
- Management:** Correct.
- Bala Murali:** Thank you, sir. Thank you very much.
- Moderator:** Thank you. Next question is from the line of Rithvick a Freelance. Please go ahead.

- Rithvick:** Good afternoon, sir. It is indeed amazing performance of Olectra Greentech for this particular quarter. So, my first question is that, do you have a group gratuity plan funded for Olectra Greentech because other companies have a group gratuity plan funded. That is my first question. And my second question is, what is the plan for the manufacturing of the three-wheeler segment, because three-wheeler is a very big market for India.
- And secondly, how much orders do you expect for the next financial year for the e-tipper trucks and are you targeting PSUs like Coal India for the e-tipper truck segment?
- Sharat Chandra:** Yes. Thank you, Rithvick. Coming to your question on gratuity plan, as of now, we don't have a funded gratuity plan. We make a provision based on the actuarial valuation. So, as of now, the amount is not big. So in future, we will think about having a fund-based gratuity plan.
- Coming to the second question on three-wheelers. As of now, our company is focusing on electric buses and electric tippers and truck segment. We do not have any plans for three-wheelers as of now.
- Rithvick:** And what about the target market for the electric tipper trucks? Are you targeting PSUs which are into mining and quarrying like Coal India, etcetera?
- Sharat Chandra:** Basically, as just I answered to the first question to the first investor the traction on the tipper side is yet to take off. Though, the responses have been very good for all the trials and demos which we have conducted in various project sites.
- We expect the traction to happen in the next six months to one year. We don't have exact number how much conversion will happen, but there's a huge potential of conversion because the operating efficiencies, the operating economics of electric tipper versus Ice-tipper is significant. So, we expect the traction to happen in the next six months to one year.
- Rithvick:** Did you expect any tenders also for electric tipper trucks just like buses?
- Sharat Chandra:** Come again I'm not clear about the question.
- Rithvick:** Like there are e-bus tenders issued by STUs. So, do you expect e-tenders for tipper trucks in future from government undertakings?
- Sharat Chandra:** I'm not sure because these inquiries are from the large infra companies and the construction companies. The infra, when I say all the roads, mines, ports. So, as of now, the traction is likely to come up from these sectors.
- Rithvick:** And how is the scaling up going on so Mr. K.V. Pradeep mentioned in the news channel by December your new plant will be 50% operational and by the end of this year, you'll have a capacity to manufacture over 3,500 buses. So, I hope everything is in line sir, as far as the new plant construction is concerned and I hope it will be operational by December?

- Sharat Chandra:** Yes, the construction activity is going, the pace is really going up very well. We expect the one shed to be operational by December end. So, in terms of production, we are likely to do the capacity from the new plant, which will get added in Q4.
- Rithvick:** And last question is regarding the e-tipper truck, so it's an outright sale, right?
- Management:** Yes, it is an outright sale.
- Rithvick:** And what is the gross profit margin per e-tipper?
- Sharat Chandra:** So, we have EBITDA margins of about 10% -12%. About 12% is what we have made.
- Rithvick:** Per e-tipper truck?
- Sharat Chandra:** Yes, about 12% is what we have earned.
- Rithvick:** Yes, sir. I'm very proud of this presentation, sir. I look forward for Olectra growing year-on-year, and I've been holding Olectra since September 2017. And I look forward for many more years association with Olectra Greentech as a shareholder. Thank you very much, sir. It is fun interacting with you.
- Sharat Chandra:** Thank you so much Rithvick.
- Moderator:** Thank you. Next question is from the line of Gaurang from Utility Unified Limited. Please go ahead.
- Gaurang:** Yes. So recently, congratulations on your excellent Q2 numbers. I have three sets of questions. First set of questions is regarding the hike in the R&D cost. Can you tell us the reason as such for the incremental R&D cost?
- Second question is with respect to the BEST order, the first order I'm referring to, wherein only 20 sets were delivered. So, when are we expecting the next deliveries? And my third set of question is recently MEIL has bagged two key orders from Maharashtra government. Basically, one is for the BKC station, and second is for the Borivali-Thane tunnel. So are you planning to deploy electric trucks for those projects? Yes, those are my three questions?
- Sharat Chandra:** Yes. As far as R&D costs are concerned, we have been investing extensively on getting knowledge-based R&D personnel that is the main investment in R&D team and then we are investing on testing our products extensively.
- We have been working on alternate platforms and all these alternate platforms, and one of the biggest achievements of R&D has been the electric tipper, which has been designed in-house. So, we have been having a very strong R&D team of over 50 plus persons who have been actually working extensively with our strategic partner to understand and bring in new designs, new models.

So, the alternative platforms which we have introduced, we started making sales to private customers and the response has been very good and new products, we keep continue to work on new products in the electric truck segment by bringing in new products like RMC is one such product where we are testing.

And the second question is with regard to BEST. We have delivered 20 buses yes, you are right and we are planning to deliver significant numbers in the quarter 3 and quarter 4. With regard to MEIL backing two orders in Maharashtra state, we are yet to actually discuss on the possibilities of any electric deployment. But MEIL, on a need basis, they have been deploying electric buses.

For example, in Zojila project we have delivered electric buses and they have used and so on a need basis they have been actually procuring wherever it is feasible, they have been deploying electric buses in their project sites.

Gaurang: Okay, that's great to know. Just a final question in the commodity market, the lithium prices have been going down. So, are we expecting a betterment in the margins going forward?

Sharat Chandra: I think this question we have answered in the past also because we follow a cost plus model. So accordingly, on larger volumes, we are expecting the EBITDA margin to be in the region of about 10% to 12%. In terms of value, it is going to go up significantly, but in terms of percentage, it could be around 10% to 12%.

Gaurang: Okay, thank you so much for answering and all the best for the future.

Sharat Chandra: Thank you.

Moderator: Thank you. Next question is from the line of Viren Deshpande from Alpha Peak Investments. Please go ahead.

Viren Deshpande: Hello, good afternoon, sir. I would like to know, in this quarter, our gross margins and the operating margins, both have come down significantly compared to the recent quarter Q1. Though they are higher over the last year. So, was it due to the change in product mix or the lower production and sales, which happened due to the e-battery problems?

Moderator: Yes, it is primarily on account of product mix.

Viren Deshpande: So, it was due to the lower margin product because our operating margins are around 13.3%, excluding our other income, but how many buses have you sold in this quarter?

Sharat Chandra: This quarter we have sold about 139 buses.

Viren Deshpande: And over the next half, how many are we targeting you said?

Sharat Chandra: We are targeting striving to make up the shortfall of quarter 1. We are targeting about 1,000 numbers.

Viren Deshpande: Okay, 1000 numbers in the second half which will be that significant?

- Sharat Chandra:** Overall for the year, we are targeting about 1000.
- Viren Deshpande:** Overall for the year, we are targeting 1000. And in the half, how many have we sold?
- Sharat Chandra:** First half we have sold about 232.
- Viren Deshpande:** 232. So, significantly our 770 almost should be there in the second half and if it goes as per the plan?
- Sharat Chandra:** As of now, basically we are intending to have the additional capacity from the new plant in quarter 4. So with that, we are hoping to deliver about 1,000 buses / trucks.
- Viren Deshpande:** And in the Q3 also, we will be now in a proper position to do because that e-battery issues has been sorted out?
- Sharat Chandra:** Correct.
- Viren Deshpande:** In Q3 also we will see significant and Q4 will be the best one as per your...
- Sharat Chandra:** Yes, correct. Absolutely. Q4 will be the best one. Q3 will be better than Q2.
- Viren Deshpande:** And now our order book you mentioned is 8,100 buses?
- Sharat Chandra:** Order book is about 8,209 buses.
- Viren Deshpande:** And there is no order book for the e-trucks that is tippers etcetera?
- Sharat Chandra:** We have about 25 tippers orders on hand. We have delivered about 35 tippers till date and we have about 25 tippers orders on hand.
- Viren Deshpande:** Thank you, sir and all the best and Happy Diwali to you all.
- Sharat Chandra:** Thank you so much, same to you and your family.
- Viren Deshpande:** Yes. Thank you very much.
- Moderator:** Thank you. Next question is from the line of Umashankar Mukherjee, Individual Retail Investor. Please go ahead.
- Umashankar Mukherjee:** Hello, sir. So really good result compared to last quarter. So my question is, I checked on the internet, there is no photo or image of a new factory where I can get the overview. How much progress, what is the boundary wall or construction. Because everything we are getting from con call update.
- Because as a small investor, we are investing a lot of amount and that is a little bit risky. Not risky, just concern. But if you are getting real image as of today in a factory which is under construction, as you said, but from quarter 4, we will get the new production, right? So can you get new photos and all?

- Sharat Chandra:** If you can send an email to our investor CS team, we will try to arrange. In fact, in the recent AGM, we have shown the progress of the construction to the investors.
- Umashankar Mukherjee:** Okay. Can I get it if you put in your website or social media or some other place, where retail investor like me can easily search in Google or your website. That is the main better place, is your company's website. I checked there is no photos. There is a section called new construction update, but there is no photos or no update.
- Sharat Chandra:** Yes, we will explore on the possibilities from a compliance point of view. Because we have shared all the pictures and the progress of the construction in the recent AGM. As you have requested, please send an email request. We will explore the possibilities of sharing with you the pictures.
- Umashankar Mukherjee:** Sir, what is the email ID, sir? Email ID, could you please let me know? Email ID?
- Sharat Chandra:** You can refer our website, you will get the email ID. cs@Olectra.com.
- Umashankar Mukherjee:** Okay, thank you, sir. Sir, your company's mobile number, land phone also not reachable. Suppose I want to buy some parts as a customer, how can I approach you? Because there is a phone number mentioned in your Olectra website. That number is not reachable. If I call to know, what is the status, suppose I want to give a new order or as an investor, I wanted to know some interaction with the management, so I am not able to connect. Not email, I am saying the phone number, which is given...
- Sharat Chandra:** Yes, actually it is working. So maybe it might be busy when you tried out. I would request that you can send an email. That will be helpful. People can get back to you, our marketing team can get back to you on any inquiry.
- Umashankar Mukherjee:** Okay, sir, last question and concern that, as on the last con call also, you said the number. We have good number of order book. That is very good. That is why the stock price is going up because of order book. But the delivery, I know last quarter you have a concern of the certification.
- So as you have target 1,000 buses and 239 you have already delivered, including this quarter. So we have approximately around close to 800. And as you said, quarter 4 with the new factory, they will contribute. What is your next target in quarter 3? How many buses? Approximately number?
- Sharat Chandra:** Quarter 3, I can suggest that it will be better than quarter 2.
- Umashankar Mukherjee:** Okay.
- Sharat Chandra:** And quarter 4 will be, we are expecting a good ramp up with the capacity.
- Umashankar Mukherjee:** One question that, current factory, as last con call you said, we have a good number of capacity. We can make a double shift or we can increase the capacity in the current existing setup. So that is not being reflected in your delivery number, quarter 2 number. Can we increase our current

capacity? So that we can deliver, because we have good order book. So that no, otherwise it will be big problem if we are planning for next financial year. We don't know, right? Can we increase our current factory's capacity?

Sharat Chandra: Yes, I think, Mr. Umashankar, so we explained to earlier question of fellow investor. We have lost out about almost four months of production and sale. Due to the battery norms. So technically we had about two months, two months to two and half months of production and sale wherein we have achieved about 240 numbers. Whenever there is a need, definitely we will expand our shift. But currently we are working on a single shift. We are striving hard to make up the shortfall of Q1 in H2.

Umashankar Mukherjee: Sir, there is a delivery deadline, right? For that order book, 8,000 buses. So I hope if any miss out of the delivery, there will be penalty, right? I know that you have a time, you have a plan. But seeing the risk, I actually investor, we want not this quarter, next quarter, maybe next financial year.

If you give, once your new factory will be operating. And if you give the number, deadline, that this quarter we will finish approx this number. So that we won't miss our deadline for the order book? So that will be great help actually. For us, like investor, to stay connected with Olectra.

Sharat Chandra: See, basically the broad basic guideline or a broad guideline we would like to give is to complete the order book of about 8,200 numbers over a period of next two years. So we are targeting a big jump next year. About 2,500 minimum numbers. And '25- '26 will be the big ramp up.

Once the new production plant is fully operational from the next financial year, we are expecting good ramp up in '25- '26. And as the market is growing, overall the market is expected to grow in the next two years to four years to about 40,000 numbers. And Olectra, we want to strive to be a market leader.

Moderator: Thank you. Umashankar, sorry to interrupt you. I'll request you to come back for a follow-up question. The next question is from Chethan Dhruva from Dilzer Consultants. Please go ahead.

Chethan Dhruva: Thanks for the time. So, sir, I have two questions. First question is on the outlook that you have given last quarter. And how would you find out? So last quarter, you had said that, you will be able to do 1,200 to 1,500 buses, right? After this issue was known, the battery issue. So what happened between the last quarter call to now that reduced this outlook to 1,000?

Sharat Chandra: See, we want to be conservative in giving the numbers. We have indicated about 1,200 to 1,500 numbers when we did the earnings call. Right. So based on whatever has happened in the last four months, in fact, and all that, though we want to do better than that, but we want to be conservative in stating that about 1,000 numbers is what we are planning to achieve.

Chethan Dhruva: Okay. So there's a potential to go much higher. At least in Q4, right?

Sharat Chandra: There's a potential, but we want to be targeting about 1,000 numbers.

Chethan Dhruva: So that's like your minimum target?

- Sharat Chandra:** Yes.
- Chethan Dhruva:** Okay. I had a question on the other segment, the insulator one. What is the outlook there? Because I think we have not been discussing that much. Can you give some indication of how you think that will grow this year and next year?
- Sharat Chandra:** Insulator segment is doing very well in terms of good operating margins. This is driven primarily by export segment. And we have been exporting to US and we have been exporting to other countries as well. That is one. And then we have actually getting and focusing on higher KV insulators, which is helping in generating good operating margins.
- And recently, in the month of September, we have received about almost more than INR40 crores of orders, which is very significant. This market is not unlimited. The market is about INR350 crores- INR400 crores. But with government push on electrification and transmission lines, we expect the growth of business to pick up in the next two years. And we are having a very healthy market share. Last month, we got about 45%-50% market share.
- Chethan Dhruva:** Okay. Great.
- Sharat Chandra:** Overall, in topline, it will be about INR150 crores.
- Chethan Dhruva:** Sorry, sir? You will do INR150 crores this year?
- Sharat Chandra:** Yes. We are targeting to do about INR150 crores-INR160 crores.
- Chethan Dhruva:** Okay. And you have done almost 21% PBIT. So, we will continue above this level going forward? Last quarter was a bit higher, but I am blending it...
- Sharat Chandra:** It is all because of the product mix actually. Because we had a lot of exports and higher KV sales. So, if it is the lower KV sales, the margins will be different. But the margins have been growing. If you look at the last four quarters- six quarters, it has been growing.
- Chethan Dhruva:** Right. Okay. Got it, sir. So, we can assume the similar levels are probably inching upwards based on your product mix?
- Sharat Chandra:** Yes.
- Chethan Dhruva:** Thanks a lot. Looking forward to the next quarter's call with higher numbers. Thank you.
- Sharat Chandra:** Thanks a lot. Thank you so much.
- Moderator:** Thank you. Next question is from the line of Suneel, Individual Investor. Please go ahead.
- Suneel:** Hi. My question is like, what are your plans of raising the fund, actually? Because we are waiting for the fund raising from last so many months? That is my first question. And my second question is regarding, what happened to the R&D of doing with the hydrogen vehicles which we tied up with Reliance? These are my two questions.

- Sharat Chandra:** Regarding your first question on the fund raise, there is no change as such in plans for fund raising. As the market was not conducive, we are waiting for the appropriate time to come up with the equity raise. So, we would come up after internal discussion with the concrete plans before the end of the financial year. In the interim, due to delay in the raising funds from the equity market, we have decided to proceed with internal approvals and raising of debt for immediate capex expansion.
- Suneel:** Okay.
- Sharat Chandra:** That is the first question. And second question with regard to hydrogen, I think this segment being nascent, it will take at least a year because testing is going on. And it will take at least a year, to have more clarity on this segment.
- Suneel:** So, are we targeting only from the buses of hydrogen or any other vehicles like cars or anything? Only on buses?
- Sharat Chandra:** Yes, only on buses. Yes. We are focusing only on buses.
- Suneel:** Only on buses, hydrogen buses?
- Sharat Chandra:** Yes.
- Suneel:** I have one more question. So, you said like in the December, the part of the new factory will be readily available. So, is it like as previously, initially mentioned, like is it like almost like automated or is it like initially, that it will not be automated?
- Sharat Chandra:** Initially, we may go for manual process. And in subsequently, we will introduce the automation.
- Suneel:** Okay. Fine. So, even for the automation part and everything else, MEIL will be taking it up or some other, we have some other technical partnership for making it automated?
- Sharat Chandra:** We gave the order for MEIL to build the factory. So, they will be taking care of the civil part. As far as the plant and machinery is concerned, we are discussing with reputed OEMs to source the machines.
- Suneel:** Okay. So, that is not yet concluded, you mean to say?
- Sharat Chandra:** Yes. It is in, we are placing the orders. We have reached the stage where we have negotiated and placing the orders.
- Suneel:** So, for all these things, the funds will be arranged through, as of now, it will be through debt process only, am I right?
- Sharat Chandra:** Yes, correct. Internal accruals and debt.
- Suneel:** Fine. Thank you.
- Moderator:** Thank you. Next question is from line of Smita Mohta from Kredent InfoEdge. Please go ahead.

Smita Mohta: Okay. So, basically, from your older con call, there are two questions. I joined in late, maybe you might have answered. Still, I would like to know about your technical, partnership with BYD because of which MEIL was not given orders to, join hands with the Chinese counterpart. What about that, first of all?

Second of all, is that in any way hampering in getting new orders for tippers or for buses? So, how are you going forward with that? And for the technology part, what have you decided? Will you, as you rightly said in the last con call, that the contract is still valid for two more years. So, have you thought about, joining up anything else? Or that are you working on it for future? So, those are my two questions.

Sharat Chandra: With regard to the technical tie-up with BYD, the rejection is not relating to our partnership. Our technology partnership is very, very strong. We started our journey in 2015 and working together with them and with a strong R&D team. So, we have been creating new portfolios, new product lines, and alternate models.

So, as I think, we have mentioned in the previous call, we were initially totally dependent on BYD as a technology partner. But with our very strong internal R&D team, we have been developing and acquiring knowledge transfer from BYD. And definitely the relationship is beyond 2025.

We have a very, very strong relationship with BYD. And as far as the JV is concerned, it has nothing to do with Olectra. That is relating to JV for relating to passenger cars, which got rejected by the government of India. So, as far as our relationship is concerned, it is very, very strong and it is expected to go beyond 2025.

Smita Mohta: Okay. But with Make in India policy, does it hamper your bus orders moving forward? Because lately we haven't seen any announcement to the exchanges regarding any new orders post the orders of 5,150 buses?

Sharat Chandra: See, we have clarified earlier. I would like to clarify again. We are dependent on BYD for the battery cells and some of the child parts relating to powertrain. Apart from this, all the other components, we have developed vendors locally in India. And we have been sourcing all the key components from local vendors in India.

So, that will answer your Make in India question. And the battery cells, from the cells to pack is done in India, which is permissible as per the government norms. And the second question was with regard to -- can you repeat what was the other question?

Smita Mohta: Yes. The second question was with regard to the buses orders, which we did not see post 5,150 buses?

Sharat Chandra: There are not many tenders except the BEST tender, which is the big one, which is there, where we are L1. And we are in the process of finalizing and the price negotiations are on. We are L1 for about 2,400 + 25%. That is around 3,000 buses from BEST.

- Smita Mohta:** Okay. This BYD segment that you spoke about, that makes up what percentage of the total component of your bus, which you are sourcing from them?
- Sharat Chandra:** It's about 25 to 40%.
- Smita Mohta:** Okay. And this order book, which you said last quarter also that you expected to finalize for these buses. When do you feel by Would it be like, the L1 will be completed by the next quarter?
- Sharat Chandra:** We expect that order to get concluded in a few weeks.
- Smita Mohta:** In two weeks?
- Sharat Chandra:** Few weeks.
- Smita Mohta:** Few weeks. Okay. Okay. Got it, sir. Can you tell me about your tipper section? Because we are not having much of details on the tipper. So, what do you see the order book going ahead? Are the orders coming through? What are the margins that you had expected in tipper business? And plus the business that you did in Oman?
- Sharat Chandra:** So, as far as tippers are concerned, we have delivered till now 35 tippers and we have about 25 tippers orders on hand. We have done a lot of trials and we are expecting various orders are under discussion. The traction in the tippers segment is yet to take off. We expect in the next six months to one year, a lot of enquiries getting converted into orders.
- Smita Mohta:** And what about Oman, sir?
- Sharat Chandra:** What is it?
- Smita Mohta:** The Oman business that you said?
- Sharat Chandra:** Oman? We never mentioned about Oman.
- Smita Mohta:** International business that you had done, sir, which would reflect in your orders?
- Sharat Chandra:** I am not clear about your question, ma'am.
- Smita Mohta:** About the international orders that you had undertaken for providing internationally also these buses, so how far have you gone for that, sir?
- Sharat Chandra:** As of now, we don't have any other export orders as of now, though a lot of enquiries are happening from various countries. So, as of now, the enquiries have not get converted into orders. Currently, we are focusing on the existing order book and introducing new product portfolio within the tipper and trucks. And we have been working on alternative models to bring and explore various other applications.
- Smita Mohta:** Okay. And these orders for the buses tentatively were supposed to be completed within 12 to 18 months as you pointed out in the last con call. So, do you think you will be able to do that?

Sharat Chandra: Basically, we are targeting about 2500 to 3000 numbers next year. And 2025 will be the big year in terms of ramp up. And we expect about 4000 to 5000 numbers. So, we will be able to meet the timelines. And one important thing to be noted is basically, for example, this 5150 buses require about almost 170 to 180 depots to be operational.

So, from the STU's scope, they have to keep the depot space and power connection. Accordingly, we will build the charging infra and then we will start delivering the buses. So, if there are any delays in setting up the depots from the customer side, so accordingly the delays could be deferred. But otherwise, we are having plans to complete the deliveries in the next 24 months.

Moderator: Thank you. Sorry to interrupt you, ma'am. I will request to come back for a follow-up question. Next follow-up question is from Viren Deshpande from Alphapeak Investments. Please go ahead.

Viren Deshpande: Hello. Good afternoon. Thanks for the follow-up question. I would like to know how much is the import content? Because we are dependent on BYD China for importing these battery cells and power train you mentioned. So, I think that constitutes 60% cost?

Sharat Chandra: See, I think I clarified in the previous question raised by the investor. We are dependent on BYD for importing cells, battery cells, and a few components relating to the power train. Totally, this will constitute between 25% to 40%.

Viren Deshpande: Okay. 25% to 40%. And other localization, so other parts also, so the manufacturing is INR100, about 25% to 40%. So, 60% to 70% is sourced or everything is in Indian components.

Sharat Chandra: Correct.

Viren Deshpande: So, it is only 25% to 40%. And this new battery norms which got changed in Q1 and that affected us for about three, four months you mentioned. So, there was I think, how much can we quantify? How much was the sale we could have done which we have lost because of that? Any idea?

Sharat Chandra: About 200 numbers we would have lost?

Viren Deshpande: Okay. That is substantial because we made 232 in the half one and almost about 200 buses you could have done. So, that will get postponed to the half two and we hope we could do well in half two?

Sharat Chandra: Correct. We expect, yes.

Viren Deshpande: Thank you, sir. All the best.

Sharat Chandra: Thanks a lot.

Moderator: Next follow-up question is from Smita Mohta from Kredent InfoEdge. Please, go ahead.

- Smita Mohta:** Okay. Yes. So, thank you for allowing me for the second time. I just wanted to know, sir, as you said in this call that you are going in for internal accruals as well as for debt raising. So, how much would that be as on a debt equity basis? Are you comfortable? And what would be the debt in total to be raised?
- Sharat Chandra:** Yes, we are targeting about 65% to 75% debt and balance 25% to 35% by way of internal accruals.
- Smita Mohta:** Okay. And this debt would be taken at what rate, sir?
- Sharat Chandra:** We are negotiating to get very good rates. We expect around between 8.5% to 9%.
- Smita Mohta:** And how long do you think you will take to repay this debt, sir?
- Sharat Chandra:** We are looking for tenor of about five years. But we would like to repay earlier based on the cash flow situation.
- Smita Mohta:** Okay. Thank you, sir. That's all for my side.
- Moderator:** Thank you. Next follow-up question is from the line of Gaurang from Utility Unified. Please go ahead.
- Gaurang:** Basically, to facilitate the sales of electric tippers, it is necessary to have a wide distribution network for spares, right? So, do we plan to have a nationwide distribution network for the same? That's my first question. And second question is, recently there was a report that Tesla is going to use BYD batteries.
- And so are our local OEMs like Maruti and Mahindra. So, which basically connotes that the quality of BYD batteries is really good. So, are we also planning to do any future planning with respect to passenger vehicles? So these are my two questions.
- Sharat Chandra:** As far as the second question is concerned, we do not have any plans to enter into passenger vehicle segment as of now.
- Gaurang:** The first question is basically, do we plan to have...
- Sharat Chandra:** Yes, first question is with regard to -- we have a very, very strong service team. So, to facilitate the operations, we have for the electric buses, service team which work with the customer's operation team. And we work and strive to have about 95% on road. And we have a main warehouse in Hyderabad, with spare parts. And the second biggest warehouse is in Maharashtra in Pune.
- Gaurang:** Okay. But so, there is an order from Orissa where mining is quite significant. And we want to cater to those services over there. So, don't you think it would be a little difficult to send parts from Hyderabad and Maharashtra to Orissa? So, in that case...

- Sharat Chandra:** No, no. We have depots everywhere. Wherever at every customer location, we have a depot and service team to take care of the operations and in the depot, we stock all the critical spare parts so that the buses are fully operational and they are at 95% on road.
- Gaurang:** Actually, sir, I am referring to the electric tipper truck. The electric tipper truck. So, in order that segment is successful, we need to have distribution nationwide, right? So, if a customer is based out of Orissa, would he be expecting a particular store there in his state? So, from that point of view, I am asking this question?
- Moderator:** Participants, please stay connected. The line for the management dropped. Participants, please stay connected while we return the management back to the call. Sir, please go ahead.
- Gaurang:** Should I repeat your question?
- Sharat Chandra:** Yes, I got your question. You were asking about spare parts. See, we have main hubs in Hyderabad and Pune, where we have large fleet- state of Maharashtra. Also in Mumbai we have a big warehouse to take care of the Bombay operations.
- Gaurang:** Through the related to the buses, I am asking about the electric tipper truck?
- Sharat Chandra:** See, tipper as and when the market picks up, we are planning to have locations everywhere. Wherever our customers space, we keep all the critical spare parts along with the service team.
- Gaurang:** Okay, got it.
- Moderator:** Thank you. Ladies and gentlemen, we will take that as the last question. I now hand the conference to the management for closing comments.
- Sharat Chandra:** Thank you very much. We wish all our investors and stakeholders very, very happy, safe and green Diwali. 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 5,150 buses, orders from MSRTC and expected orders from BEST, we hope to have a very, very strong order book and deliver excellent results in the coming quarters. Thank you very much.
- Moderator:** Thank you very much. On behalf of Axis Capital Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines. Thank you.