



“Olectra Greentech Limited
Q1 FY '25 Earnings Conference Call”
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MODERATOR: **MR. AMAR KANT GAUR – AXIS CAPITAL LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the Olectra Greentech Q1 FY '25 Earnings 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 star then zero on your touchtone phone. Please note that this conference is being recorded.

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

Amar Kant Gaur: Thank you, Siddanth. Good evening, everyone. On behalf of Axis Capital, I welcome you to the Q1 FY '25 Post Results Conference Call of Olectra Greentech. From the management team, we have with us Mr. B. Sharat Chandra, CFO, and Mr. P. Hanuman Prasad, Company Secretary and Compliance Officer, along with teams mates from finance and strategy.

I will now hand over the call to Mr. Sharat Chandra for his opening remarks, post which we can have the Q&A. Over to you, Mr. Sharat Chandra.

B. Sharat Chandra: Thank you, Amar. Good evening, everyone. Thank you all for joining in for the earnings call for Q1 '24,'25. So we are taking as read the presentation, which is put on our website along with the safe harbour statement there on.

We are pleased to report strong growth in our consolidated revenue and profitability for the quarter 1 financial year '24, '25. We have till date -- till 30th June cumulatively delivered about 1,851 electric buses and 51 electric tippers. I would like to present the key highlights of your company at a glance. So Olectra buses have successfully covered more than 25 crores kilometers across the length and width of the country. Strong demand continues with the company's net order book of electric buses stands at 10,818 numbers after delivering 156 buses in Q1 FY '24, '25.

Our focus continues on increasing our capacity and enhancing our technology capabilities. The construction work of the new state-of-the-art plant at Seetharampur is in full swing, and your company has transitioned to the new facility and commenced the plant's operation partially in quarter 1.

Now I will begin with you providing the key highlights for Q1 consolidated financials. On a consolidated basis, the revenue from operations for Q1 was at INR313.9 crores, up by 45%. The company's EBITDA for Q1 reached an impressive INR50.5 crores, marking a growth of 22% compared to corresponding quarter of previous year. The PBT surge to INR31.8 crores, an increase of 26% versus the Q1 of previous year, which was around INR25.3 crores. PAT stands at INR24.3 crores, up by 34% compared to Q1 previous year's number of INR18.1 crores.

On a stand-alone basis, the revenue from operations was at INR304.2 crores versus INR 206 crores of the previous corresponding quarter, up by 48%. The company's EBITDA for quarter 1 reached an impressive INR43.6 crores, an increase of 13% compared to corresponding Q1 of previous year of INR38.6 crores. The PBT surge to INR 28.1 crores, an increase of 13% versus

previous year Q1 of INR24.8 crores. The PAT stands at INR20.7 crores, up by 11% compared to previous fiscal corresponding quarter of INR18.7 crores.

Thank you, and over to the Axis team for the Q&A.

- Moderator:** The first question is from the line of Bala Murali Krishna from Oman Investment Advisors.
- Bala Murali Krishna:** Could you please tell us how many buses you have delivered and e-tippers in this quarter?
- B. Sharat Chandra:** Yes. We have delivered about 156 electric buses in this quarter. We have not delivered any tipper in this quarter.
- Bala Murali Krishna:** Okay. And I think we have order book of tippers, what could be...
- B. Sharat Chandra:** We have actually till now cumulatively delivered about 51 electric tippers. And we have an order on hand of about 41 numbers, which we are discussing for the delivery schedule and we are targeting to execute in H2.
- Bala Murali Krishna:** Okay, sir. Understood. So, regarding the execution, I think we have target of 2,000 buses for this year, we have delivered 156. So, do you think that we are on track, and we can complete that balance quantity in the upcoming 3 quarters?
- B. Sharat Chandra:** So basically, as per the set target what we have provided guidance in the previous earnings call, we have delivered about 156 numbers in Q1. We are actually well set to meet our targets, which could be in the region of 1,500 to 2,000 numbers in this year. We expect the quarter 2 numbers to double than the quarter 1, more than double. And then the H2, we are expecting about 1,000 plus numbers.
- Bala Murali Krishna:** And -- we will be short of the 2,000, that's fine. So, what is the monthly production rate, sir, as of now?
- B. Sharat Chandra:** As you are aware, we have transitioned to the new plant in this quarter. And whatever initial teething issues were there has been resolved. And now we have the capacity to do about close to 200 numbers per month. And by the end of the year, we are targeting to increase the capacity to about 5,000 numbers which is approximately 400 numbers per month.
- Bala Murali Krishna:** Understood, sir. So, regarding this any pipeline in the PM e-Seva second tender, I think we have participated so any outcome of that. And U.P. tender whether it's came for any rebidding?
- B. Sharat Chandra:** So basically, the tenders, which are in the pipeline. U.P., the CESL tenders, which are coming up in the next 2 months. I will ask my colleague, Ramesh, to answer this question.
- Management:** The CESL to PME, e-Seva tender is yet to be bid by all the participants. And U.P. tender was NCC and the due date has not yet come.
- Bala Murali Krishna:** Okay, sir. And any other intercity tenders coming? I think in Hyderabad, JBM Auto is supplying those intercity tender.

- Management:** Which was the old tender in and it is a part of CESL 2 tender, which they have received almost 1.5 years back, they are supplying for that. As we have shown in our presentation, we are the first OEM to cross 10,000 plus orders.
- Bala Murali Krishna:** Understood. And sir, lastly, on the presentation, I think in stock exchange we could not see your presentation, I think you missed could you please recheck that one? And lastly, on order book, we have a good order book, but being 10,000, 11,000 order book, so the belief now this will take more than 2 years. So do you think that when we participate in tenders now, government or STUs maybe need a little bit earlier delivery, which other players are delivering very quickly. We may not be able to deliver any buses for the new tenders before 2 years. This could be a risk for us in winning tenders? Or how do you see that?
- B. Sharat Chandra:** See, as we have told, we are actually increasing our capacity to about 5,000 numbers by end of this financial year. And going forward, next year will be the biggest year, as we have mentioned in the earlier call also, so therefore, we are targeting more than 5,000 numbers. Next year and the following year, we are planning to complete the existing order book. And in case of new tenders, definitely, we are participating, and we are participating in all the new tenders. And according to the order book positions, we will be in a position to increase our capacity.
- Moderator:** The next question is from the line of Venkatesh R J from Motilal Oswal.
- Venkatesh R J:** My question is that now from almost from last 2 to 3 quarters, company is assuring that you are going to have a production capacity of more than say, roughly around of 800-1000 buses in a quarter. But if you look at last 3 quarters or 4 quarters, all the quarters, you are only roughly manufacturing around 150, 160 buses. And in the next 18 months, you need to supply more than, say, 7,000 to 8,000 buses. Can you just kind of elaborate on this and how the company is going to do this, handle this case?
- B. Sharat Chandra:** I think we have clarified earlier that because of the battery norms, last year numbers were impacted. And accordingly, we could deliver about 507 number buses last year. And we have transitioned to the new plant in this quarter. And whatever teething initial issues were there with regard to building up the new plant has been resolved.
- And as per our guidance given in the last call, we have done about 156 numbers in this quarter 1, and we are targeting to do about close to 500 numbers in H1 and followed by 1,000 number in H2. And we are targeting more than 5,000 numbers in next year, wherein our capacity will be fully available. And next financial year, we would like to basically increase our capacity to over 10,000 numbers to meet the existing order book.
- Moderator:** Next question is from the line of Rishabh Gang from Sacheti Family Office.
- Rishabh Gang:** I wanted to ask what do you think about the opportunity for EVs in the pickup trucks and commercial vehicles, especially the light commercial vehicles in India?
- Management:** As for Olectra's view, there is a huge scope especially in the tippers and dumpers and other markets. When it comes to LCVs, as of now, Olectra doesn't have any view on that. And we are

concentrating mainly on the heavy commercial vehicles. And we are getting a huge inquiries, and we are in the process of getting it closed.

Rishabh Gang: Okay. But does these segments -- are these segments interesting for you?

B. Sharat Chandra: So basically, our motto and focus have been to actually expand our portfolio in the buses itself. So, we have a very strong R&D team of 50 plus numbers. And we have been actually working on building up alternate platform and bringing new product portfolio within the buses itself. In addition to that, we are focusing on electric tippers and trucks. So, these are the 2 main products where we are concentrating. And as of now, we don't have any other plans for other products.

Rishabh Gang: But would the success factors be very different in this segment versus the one in which you are presenting, or would it be like similar one, just a broad idea on that, sir.

B. Sharat Chandra: Basically, as you are aware, EV is in very nascent stage in the country. Though we have been there in for the past 7, 8 years, still when we talk about the maturity of the industry, it is very, very nascent. And overall, I think the population of buses is about 1.8 million and almost less than 1% is electrified as of now.

So, this EV industry is in stage of take-off and when the government has been pushing for adoption of EV, it was easier to start with electric buses, as it is very important for public transportation to get converted into EVs. And so, one of the major constraints the EV adoption is facing is the charging infrastructure. And for electric buses, we have charging infrastructure being built in the depots where already there's a space for parking of the buses. So that was a reason why it is a little easier compared to other products to implement and bring the EV adoption.

Rishabh Gang: All right. CV rate it won't be so easy and it would be an impediment, all right. Got it.

Moderator: Next question from the line of Gaurav from Utility Unified.

Gaurav: So recently, there was news about Olectra importing lithium battery for developing electric tractor for export market. So, can you give us an update on it? And apart from that, are we developing more EV products like an electric double decker bus, so that's my question number one. And my second question is, I just wanted to know the update on automation of the new factory. Are the robots in place for automation?

B. Sharat Chandra: So, coming to question number 1, we are not aware of any such news nor we are in the process of exporting any products in the near future. So, coming to your second question on automation, yes, we are in the process of finalising. We have identified the vendors, and we are in the advanced stage of finalizing, and hopefully, in the next 2 to 3 months' time, we are going to finalize the automation.

Gaurav: Okay. And are we developing an electric double-decker bus as of now? Because there is a tender from Thane Municipal Corporation for 10 of those.

B. Sharat Chandra/Management:No, actually, we are not in the process of developing double-decker as of now. Since the quantities are very less. We are not seeing a great future in double-decker.

Moderator: Next question is from the line of Joel who is an individual Investor.

Joel: Congratulations on a good set of numbers. My question was related to the private electric bus opportunities. Are we seeing any traction in that segment? And do we have any orders at the moment other than STUs?

B. Sharat Chandra: Yes. Thank you. So, the private segment is slowly opening up. And as far as we are concerned, we have delivered last year about 19 numbers to a private party. And in the recent past, we have delivered about 5 numbers to Microsoft. So, the market is started to take the traction, and we hope this market will open up soon.

Moderator: Next question is from the line of Aditya who is individual investor.

Aditya: So, I have a question related to the new plants, are we operating at full capacity and should you sell 200 buses. In that case, why did we not able to achieve around 1,800 electric buses either in the remaining year? If we have started operating full capacity first quarter end?

Moderator: Sorry to interrupt Mr. Aditya, can you please repeat your question? Your voice was not audible.

Aditya: Yes. My question was, are we operating at full capacity in our plant that is 200 buses? And if yes, since when?

B. Sharat Chandra: Yes. Thank you, Mr. Aditya for the question. See, we have built the capacity. We have transitioned to the new plant. And by quarter 1 end, we have an installed capacity of about 200 buses per month. So far, we have not achieved the full capacity and working at lesser than the full capacity. And no OEM will be able to operate at 100% capacity. Generally, the efficiency levels are about 80%, 85%. And as we have mentioned, we are targeting about 1,500 numbers, though we will be building the capacity to about 5,000 numbers by end of the year.

Aditya: Yes. Okay. So are we operating at the 80%, 85% capacity which you mentioned now?

B. Sharat Chandra: In H2, definitely, we are planning to operate at 80%, 85% capacity.

Moderator: The next question is from the line of Pradip Patel from Infinite wealth advisors.

Pradip Patel: Sir, what do you think about margin in the next couple of quarters? Will it be improved?

B. Sharat Chandra: Can you repeat your question?

Pradip Patel: Sir, margin for the next couple of quarters, it will be about 14%, 15% or it will be improved?

B. Sharat Chandra: Yes. So Mr. Pradeep actually, we have been operating at a very healthy margin. The operating margins have been consistently good for all the quarters. And because of the product mix in some of the quarters, the margins could vary. And over the long term, we expect the margins to

be in the region of 10% to 12% keeping in mind the market dynamics and the volumes. So that is what is the guidance we could give at this moment.

Pradip Patel: Sir, EBITDA margin?

B. Sharat Chandra: Yes, correct, operating margins.

Moderator: Next question is from the line of Varun Poduval from Yes Securities.

Varun Poduval: My question is in 3 parts. One is with respect to understanding that we would be reaching the capacity of 8,000 by the end of FY '26. So is there any further plans of expansion post that, that's question number 1. The second is with respect to the capital that has been invested through short-term debt and internal accruals to the extent I think INR700 cores, just want to understand what is the breakup of it being deployed till date and the sale of it being different in the future? Continuation to that would be that I would like to understand when you would think of going debt free on that -- on net positive.

B. Sharat Chandra: So, with regard to your first question, capacity of 10,000 and more. Yes, you're right. By financial year '25, '26, we are planning to expand our capacity to 10,000 numbers. As of now, we will have the flexibility to increase it based on the demand and the supply requirements. So as of now, we have planned to expand to about 5,000 numbers by the end of this financial year and increase/scalable to 10,000 numbers by next financial year. That is your first question.

Second, with regard to term loan, as we have mentioned, we are progressing for the new plant completion by end of this financial year. So as of now, we have taken a sanction of about INR500 crores for the term loan and about balance from internal accruals. We have deployed close to about INR 200 crores till now.

Varun Poduval: And sir, 1 more question is with respect to what is the biggest risk that you are looking at in the coming few quarters in this year?

B. Sharat Chandra: So as of now, we are not foreseeing any major challenges because if any new thing comes up, we are not aware. But last year, we had this battery compliance norms, which came up, and it was very stringent. So, if you ask me today, we don't have any major challenges to meet our targets.

Varun Poduval: And sir, just what is the duration of the short-term loan that you have taken and when are you planning to repay it...

B. Sharat Chandra: About 5 years period.

Moderator: The next question is from the line of Aditya Chheda from InCred Asset Management.

Aditya Chheda: First, my question is on finance costs. There is an element of bank charges and commissions, which is quite significant. Can you highlight what is the nature of these finance costs that you report?

B. Sharat Chandra: See, we have been availing new facilities. Total working capital facilities, including term loan, we have about INR1,517 crores. So initial processing fees and upfront fees is one of the components. And whatever commission we incur, this is on the letter of credit and bank guarantees, which we issue to our vendors. And the third component on the interest and finance cost is the LC discounting, which we incur, it will be one of the major costs which we incur.

Aditya Chheda: Got it, sir. My next question is we have a slide on the subsidies in the presentation. Is any of those going to accrue -- going to accrue to us? And if yes, can you describe the nature or quantify them?

B. Sharat Chandra: We don't have any subsidies outstanding because as an OEM, we don't get the subsidy. It is as per the FAME 2 guidelines, the operating company being the owner of the bus will get the subsidy. And all the subsidies, which were due to us in the beginning for the initial 2 contracts have been realized.

Aditya Chheda: Right. And my last question is if for any delay in the delivery of the contracts which we would have. Would there be any penalty that would be levied on us because of the mismatch in the timeline of delivery of these buses?

B. Sharat Chandra: So as of now, there are mutual discussions and agreements with our customers and end customers. We have not encountered any significant issues relating to late delivery penalties. So, our team continue to maintain very strong communication and relationship with all the stakeholders to ensure smooth and timely execution. And I think we have clarified in the past that it is mutually beneficial for the adoption and transition to e-mobility and it's very remunerative to the STUs.

And there is a scope between the end customer, which is STU and us, and they have to provide the depot space and power connection. And we have to set up the infrastructure and then start delivering. So, for example, these major projects like Mumbai and MSRTC, there's a need to open up of over 150 to 200 depots. So, the STU's has to provide the depots and the power connection. And accordingly, we will be building up the charging infrastructure and start manufacturing and supplying buses based on the depot availability. So, because of these reasons, if there are any delays, the timelines get extended accordingly.

Moderator: Next question is from the line of Anil, who is an individual investor.

Anil: Sir, you mentioned that term loan of INR500 crores have been sanctioned and INR200 crores already deployed. Do you expect the balance INR 300 crores to be deployed in next 1 quarter?

B. Sharat Chandra: Yes.

Anil: And is this -- will be deployed for the purpose of construction of new facility?

B. Sharat Chandra: Yes, See, it may not happen in 1 quarter. It may spill over into 2 quarters and the entire amount is for the purpose of new facility.

Anil: Okay. And so this will be sufficient for us to reach to the capacity of 5,000 buses per year.

- B. Sharat Chandra:** Correct. You're right.
- Anil:** And may I know like what's the increment in the number of employees now because of this new facility?
- B. Sharat Chandra:** See, basically, we have been continuously increasing our headcount and very senior people have joined in various functions to take care of the growth operations of the company. So as far as the new plant is concerned, when we talk about the manufacturing the buses, we have outsourced to reputed third-party operators. And we'll be able to increase the work force as and when it is required. So, we have a mix of very skilled, skilled, semi-skilled, unskilled labour workforce. So accordingly, based on the need, we increase our headcount.
- Anil:** Yes. But what is the approximate headcount you are expecting on our payroll by end of this year?
- B. Sharat Chandra:** As of now, we have about 800 numbers as on today. We may extend up to 1,000 plus by the end of the financial year.
- Anil:** Just one more question, like I'm the person who was trying to visit the factory. And -- but I didn't get any approval to visit the factory. I'm not sure why you have shied away from not allowing me to go and visit the factory, which is state-of-the-art facility. You're building it up first of its kind in India. It should be a proud factor for us to share and show to the world that this is how we are executing the best of the best facility, and we are developing a world-class company.
- P. Hanuman Prasad:** Mr. Anil, Hanuman here. Actually, we have been receiving multiple requests from the multiple shareholders independently on different, different days. It is because now works are going on significantly. It is difficult to accommodate that's the reason we couldn't accommodate individually. At appropriate time, maybe a group of requests, we may respond or else, in any case, in final inauguration definitely people will be get invited. We are proud to be announced and nothing to be shy there. At appropriate time, we'll come forward and definitely we'll accommodate to your request. You kindly bear with us.
- Anil:** Yes. I look forward to visit the factory and meet all of you. Till then all the best to all of you.
- P. Hanuman Prasad:** I'm sure whoever are going to request, whoever are interested we will accommodate, but problem is since the work is going on, accommodating individually for different days to different people is a little difficult. Please, kindly understand. And finally, when the factory construction is completed, inauguration everything, you all people would be invited. No doubt in that. Please bear with us.
- Anil:** We'll wait for the invitation. And just one more last question like why we are shying away from increasing the capacity at a rapid pace like this question I've been asking for last 1 year, like we can foresee a demand of 20,000 buses per year delivery kind of the thing coming to Olectra itself. So why we are going so slow like again entire this year we'll be reaching only 2,000, next year we will be reaching 5,000 of the capacity whereas we have 11,000 buses orders right away now.

Don't you think that we should speed up because it's a technology driven and anything can happen. So, we should make sure that we should take the first mover advantage and developing the capacity of 20,000 buses per year at least in the next 2 years?

B. Sharat Chandra: Yes. See we have plans as you have mentioned very clearly, 5,000 numbers which is expandable to 10,000 numbers **and** in phases. And we have been very prudent in actually spending of capex. And so, if you have seen in the beginning, we have been getting orders and executed from a lease facility and now that the production and the order book has ramped up significantly and seeing a huge opportunity, we started building up new plant. And so, you're right. So, we will definitely try to expand once we complete these phases of 5,000 numbers, actually, the milestone of 5000 numbers by end of the financial year and scalable to 10,000 numbers. Further expansions may be easily possible with a little bit of investments with regard to balancing equipment.

Moderator: Thank you. The next question is from the line of Mayank Gupta who is individual investor. Please go ahead.

Mayank Gupta: So my first question is about the capex. Are you planning any capex in another technologies like hydrogen because Indian government is very bullish on hydrogen also. Mr. Nitin Gadkari has already said that they have future plans for hydrogen. So this is my first question, but do you have any capex in the future for hydrogen.

Secondly, there was a news that there was a penalty of INR2.2 crores from Mumbai STU because of non delivery, so which part of balance sheet covers that penalty if it's already been paid? Also how do you look at it on the future prospects? Like do you think it is a threat to the order book -- future order book by other STU s because you always do by the reference of the last deliveries and penalties. So because this is almost 2.5% on our EBITDA, so INR2.2 crores is a huge number.

And second thing is these kinds of penalties, how do you think that will it benefit our competitors like Force Motors and Tata going forward that like our future order book can go to these competitors, how we as a company looking at these things, these penalties and protecting our order book. And third is the last investor plant visit. So we definitely want to visit the plant, which is a big plant you are already setting up and the capacity will be 10,000 buses in the future.

So these are my 3 questions. Question on capex on other technologies like hydrogen. Second is about the penalty which was in the news of INR2.2 crores and third is about the plant visit, which you already answered, you don't need to answer the third question?

B. Sharat Chandra: Yes. See, as of now, we don't have any other capex plan for other technologies like hydrogen. We are now, as clarified in earlier questions, we are focusing on completing the delivery of the existing order book of electric buses and then introducing various platforms, various products within the e-buses segment, and we are now focusing on the electric vehicles including e-buses and trucks.

So coming to the penalty, which you are referring to. So, our customer which is Evey Trans is in negotiation and discussions with the end customer to waive off these penalties. And as you are aware, as I clarified earlier, because of various constraints and supply issues in the last year

there was delay in deployment of the electric buses. Now that we have overcome the issues, discussed and agreed with the customers and started delivering more number of buses.

Mayank Gupta: Okay. And how do you see this...

B. Sharat Chandra: The amount involved, it's not a material amount in terms of when you look at the overall numbers.

Mayank Gupta: Okay. And how do you think this is a threat on the future order book these kind of news, which when it comes in the public from the competitors, like they will be bouncing on these kind of new customers or order books. Will it be a threat on our future order book when this kind of news comes out that we are not delivering on time, and there is a delay and STUs are planning to put penalties though we may negotiate with them in the future?

B. Sharat Chandra/ Management: See, one important basically, the advantage of Olectra's product is we have demonstrated our strong technology product and our product in terms of performance has been way ahead compared to any product delivered by the competitors. We have done trials across length and breadth of the country with various STU s.

We operate in about more than 11 states and more than 30 cities. So as far as our product, we deliver a very, very high-quality product and our performance has been demonstrated. So, this is the main advantage we have and our end customers will be very happy to actually take the product from us.

And also, when it comes to deliveries also, we are leading in the market and also if you see when compared to any of the competitors, none of them having this much large facility of 150 acres, especially for electric buses. We are in the phase of building it and once it is completely ready, we will be delivering the buses in a much faster way and you will witness the same and none of the competitors as you know are planning for this much big facility

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

Punit: I have primarily two questions. One being you guided to deliver about 300-odd buses this quarter, am I correct?

B. Sharat Chandra: Coming quarters, yes, correct. Yes, you're right.

Punit: So you passed half the quarter. So, I mean, you might have already sort of delivered 150 buses in the quarter, in the 1.5 months, right? We've already passed almost halfway through this particular quarter. So, I'm assuming that you've delivered half of that already, correct?

B. Sharat Chandra: See, day-to-day or month-on-month breakup, we'll not be in a position to provide, it's also price sensitive.

Punit: No, I understand. Where I'm coming from -- I mean, I'm sorry to hop on the same point, but I mean, again and again every quarter, you guide for a certain number and you always under-

delivered. So I'm just trying to sort of gauge if this number holds too, that was my question number one.

Question number two, is if you go and deliver as per your indicated guidance also, which is 1,500 this year, you said 5,000 next year and a couple of thousand after that. You're developing a 5,000 to 10,000 bus capacity at our new plant, which is spending a lot of money for. If you can give us some visibility of what you do after 2027?

Where do you see these orders coming from? How big can these orders be because if you can just relate or rather help us understand the quantum of these orders pertaining to how much you've got over last year, we'll be able to gauge something in terms of how this demand is going to come, where this demand is going to come from, so that your capacity is busy?

B. Sharat Chandra:

As far as the immediate tenders, which are in pipeline, about almost 10,000 number of buses tenders are in pipeline. And going forward, we will see more number of tenders coming up. And the tenders which we have quoted as a company is about 1,100 buses, where NMC, North West Karnataka and Metropolitan Transport Corporation, these are 3 tenders where we have participated.

And the new tenders which are likely to come up is about 10,000 numbers. This is the immediate visibility. But as you must be aware that the Ministry of Heavy Industries have announced conversion of about 8 lakh buses to EV or clean technology buses by 2030. So in the next 10 years, we are going to see big significant jump in the conversion of the traditional ICE engine buses to EV and other clean technology buses.

Punit:

So I understand that the macro is great. And I mean you definitely have a tailwind. The government intention is to do that. But I mean, going by how it's been over the last 3, 4 years, how do you see that ramp-up coming through? Because if tomorrow these tenders get delayed, your factory becomes empty to that extent because, I mean, as per your guidance, you finish your deliveries in 2027, that what I'm saying?

And if you bid for 1,500 buses over the next 2 years, if you don't get a 10,000-bus order, then you are technically going to be at sub-utilization, which is going to cost to your margin, right?

B. Sharat Chandra:

Yes. So Mr. Punit basically, this is the STU market, which we are talking about and there is a huge private market, which is opening up. Okay, if you look at that opportunity and we started delivering buses to private players. And once the private market picks up, then we have been also working on other applications like the staff and others for buses and getting the orders will not be a concern at all.

And because the tenders keep coming in, and as we have demonstrated by way of delivering a very, very high-quality product, we expect definitely advantage. We are pioneers in this E buses. We have an advantage of getting orders. And we are keeping in mind the future order potential is what the reason why we have acquired 150 acres of land and starting building a new plant.

Punit:

Sure. And like I asked my first question, if you could give us some sense about the confidence of delivery sir? Because you mentioned again and again every quarter, but you always under-

delivered. I mean, as investors, we would just want to be assured that you're going to stick to your guidance because I mean, like you said, eventually, of course, there are battery norms, et cetera, which hurt you last year. But if it's all behind you, then I mean, if you stick to 1,500, what you're saying on this call, we would be sort of appreciative of that side?

B. Sharat Chandra: Definitely. Thank you very much. We are definitely confident of achieving the targeted 1,500 numbers this year.

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

Sanjay: First of all, congratulations on a great set of numbers, but you have guided for [inaudible 43:58] quarter last time. So it's a great work and you guys are really doing amazing work, I mean the kind of what you are doing it. I understand there are some challenges in maybe starting a new plant and that's why the delay in picking up delivery of buses.

I just want to understand exactly are you running now parallel, is the old plant still working or is completely shifting to the new plant? That's the first question. And as of August now August 2024 are you now -- the capacity is now already 200 buses per month or it will be starting from next month?

B. Sharat Chandra: To answer your first question we have vacated our lease premises. So, we are operating only from the new plant now. And from next month onwards we will have the installed capacity ready for about 200 numbers.

Sanjay: That's great. From the next month from the September month, you will be having the 200 buses capacity, that's what you're targeting on that?

B. Sharat Chandra: Yes.

Sanjay: And just one observation in your presentation, I mean, the Slide number 14, number of vehicles sold. So, there is probably slight error, it is showing 156 buses for last Q1 '24 and 78 buses is shown for Q1 '25. So, you may want to just correct on that?

B. Sharat Chandra: Sir, actually, it's mentioned Q1, '25 only 156.

Sanjay: Yes. There's a colour code shows 78 buses for Q1 '25 and 156 buses for Q1 '24. So maybe, I mean, that's a small thing.

B. Sharat Chandra: Yes, sure we will check.

Moderator: Thank you. Next question is from the line of Suneel who is an Individual Investor. Please go ahead.

Suneel: So, my question is regarding what is our plan on the QIP for raising the funds?

B. Sharat Chandra: See, as of now, we are yet to decide and at an appropriate time when the management decides to raise funds we will come back to the investors and inform accordingly.

- Suneel:** Okay. So there's no plan as of now like in the coming quarter or coming financial year we'll be raising the fund?
- B. Sharat Chandra:** Yes. As of now there is no plan.
- Suneel:** Yes. And my second question is regarding -- previously you have answered this, but regarding the hydrogen vehicle like the previously we tied up with the Reliance Industries right now to develop the hydrogen vehicles. So is that R&D going on, or we are not doing any R&D part of developing the hydrogen buses or something like that?
- B. Sharat Chandra:** As you are aware, this technology is at very, very nascent stage. We have decided now not to pursue this hydrogen fuel for immediate future, considering the current economic feasibilities and also as we are having a huge order book of electric buses, we are now focusing on completing the deliveries. And this pause also will allow us to focus on more economically viable solutions while making a commitment to innovation and sustainability.
- Moderator:** Thank you. Next question is from the line of Rithvick Ram who is an Individual Investor. Please go ahead.
- Rithvick Ram:** A very good evening sir. In the Q1 of FY '25, you can hear me, sir?
- B. Sharat Chandra:** Yes very clear.
- Rithvick Ram:** Yes, sir. So my question is regarding the composite insulator business, any plans to sell the business in the next 5 years to focus on the new e-bus business, the manufacturing of e-vehicle business?
- B. Sharat Chandra:** So as of now, we don't have any intention to divest insulator business. Insulator business as such, we treat it as a cash cow. We are market leaders and pioneers in introducing the technology. We have about close to 45% to 50% market share. And we are introducing new products, and we are targeting a turnover of about INR200 crores this year.
- Rithvick Ram:** And what is the profit. What is the path you're targeting from the composite insulator business?
- B. Sharat Chandra:** We have very high operating margins more than 15% operating margins.
- Rithvick Ram:** Okay, sir. And you have answered my question regarding the fines. So hopefully, MSRTC will waive off the INR2 crores fines on the order of buses. My question two is, sir, so you've got an order of 10,000 buses. So by FY '26, you'll clear all the orders, right?
- B. Sharat Chandra:** We have actually timeline of about 18 to 24 months, depending on project to project. We are targeting to complete this existing order book by '26, '27.
- Rithvick Ram:** Yes. And I've gone through the online -- one of the online website, which publishes the monthly orders of e-buses by e-manufacturers. So -- and as for their details on the third-party website, Olectra has manufactured 65 buses as on July '24. And whereas Tata Motors has manufactured over 250 e-buses in July '24. Any comments on that part, sir? I got this information from a third-party website?

B. Sharat Chandra: I think you may be referring to the Vahan Portal. So as far as Vahan Portal is concerned, some of the states are not updated to which we have supplied. And the other thing is there is a time lag. As an OEM, we manufacture and deliver the bus to the operating company and the operating company takes some time to register the buses.

So, there's a time lag between delivery and registration. So obviously, the numbers are not very accurate. And some of the states are not registered in the Vahan Portal. So, this could be the two reasons why you're not seeing the numbers.

Rithvick Ram: Okay. Because Tata has a higher manufacturing capacity because I am surprised to know Tata manufactured over 250 e-buses last month. And my last question is in the news it came in Bangalore, so that JBM Auto e-bus bursted because of the Bangalore flooding. Any opinion on that, sir? And is Olectra prepared to overcome such future measures in case of flooding. The battery become -- will explode because of instability due to monsoon rains, the rainfalls. Any opinion on that, sir?

B. Sharat Chandra/Management: We are not aware of that and we cannot comment on based on one incident. Any kind of incidence can happen in any technology, not only EV. In ICE engine buses also, there are many incidents. So, we are actually manufacturing using the technology which is the safest. And our technology is LFP, LFP battery and in LFP batteries are the safest batteries available in the current world and we have not seen any such incidents with Olectra buses.

Rithvick Ram: Okay. So rainfall also the battery is safe in midst of heavy downpour because there has been heavy downpour across Mumbai and Bangalore cities?

B. Sharat Chandra/Management: Most of our buses are operating in Mumbai, okay? And then we have delivered our first buses in Himachal which is in terms of very difficult terrain about 25 buses in the year 2017, '18. Till now we have not faced any incident nor issue. And since 2017, we are operating our buses in Mumbai through the floods and other regions also. And also, we are the only OEM who have operated during the COVID days also in Mumbai in the floods also. We haven't faced any issues with the batteries in rains and other things also because all the batteries are certified with the IP65 and 66 standards. So, there will be no issue.

Rithvick Ram: And it's LFP battery, right? You mentioned LFP.

Management: Yes, LFP.

Rithvick Ram: What is the full form, sir?

Management: Lithium ferro phosphate.

Rithvick Ram: Lithium ferro phosphate. And one last question, sir. So nothing -- when are you trying to -- are you going to do a physical AGM instead of an online AGM sir, at the new facility, sir, we would like to visit the facility, any chance that you'll do a physical annual general meeting at least for this financial year?

P.Hanuman Prasad: We are yet to decide AGM date and venue. Maybe we will consider this.

- Rithvick Ram:** Can we do it physical, that's my request, sir?
- P.Hanuman Prasad:** I think it should be virtual only because virtually with the one have advantage to everyone can participate. Right now, we have approximately 5 lakh shareholders. Everybody can't come to the meeting physically. We understood you want to visit the factory. At appropriate time once the factory is constructed, we will announce that, that obviously the shareholders are invited for that.
- Moderator:** Thank you. The next question is from the line of Chandramohan, who is an Individual Investor. Please go ahead.
- Chandramohan:** I would just like to ask as with a practice in auto industry. Why can't we have these monthly figures?
- B. Sharat Chandra:** Can you repeat the question?
- Chandramohan:** Yes, as with the practice in auto industry, why can't we have the monthly figure, sale figures?
- P. Hanuman Prasad:** Noted that maybe in the coming future, we may consider that.
- Chandramohan:** I think you need to consider that at the earliest.
- B. Sharat Chandra:** Noted.
- Moderator:** Thank you. The next question is a follow-up question from the line of Sanjay, who is an individual investor. Please go ahead.
- Sanjay:** I just want to know about Q1 numbers. So, what percentage of the Q1 FY '25 revenue is coming out of maintenance of the vehicle and what percentage is coming from the sale of the vehicle?
- B. Sharat Chandra:** With that, give me a question one second.
- Sanjay:** You wanted me to repeat the question?
- B. Sharat Chandra:** No. See basically one minute, I'll tell you the maintenance part, maybe about if you look at the INR 313 crores, it's about 5% to 6%.
- Sanjay:** 36% of the revenue is coming from the maintenance of the vehicle?
- B. Sharat Chandra:** No, 5% to 6%.
- Sanjay:** Okay. Because you already sold more than 1,800 buses. And so its maintenance will be generating some revenue, right, per quarter?
- B. Sharat Chandra:** Yes, maintenance also will generate for the entire project duration.
- Sanjay:** Right. So is that going to be only 5%, 6% of the revenue or it would be more as 1,800 buses already delivered?

B. Sharat Chandra: Overall the progress it could increase to more than 10%.

Moderator: Thank you. That was the last question for today. Sir, would you like to give any closing comments?

B. Sharat Chandra: Yes. So, we thank all the shareholders who have participated and have been very supportive in your company's growth journey and the patience and the faith reposed in the company. And thank you all.

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