



“Olectra Greentech Limited
Q4 FY2022 Earnings Conference Call”

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Moderator: Ladies and gentlemen, good day and welcome to the Olectra Greentech Limited Q4 FY2022 Investors Conference Call hosted by Axis Capital Limited. As a reminder, all participant lines will be in the listen-only mode, 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. Nikhil Kale from Axis Capital. Thank you and over to you Sir!

Nikhil Kale: Thanks Tanvi. Good afternoon everyone, welcome to the Q4 FY2022 post results conference call of Olectra Greentech. From the management team today, we have with us Mr. Sharat Chandra – Chief Financial Officer, Mr. Hanuman Prasad – Company Secretary and Compliance Officer and other member of the team Mr. Ramesh and Mr. Santosh. I now handover the call to Mr. Sharat Chandra for his opening remarks post which we can have the Q&A. Over to you Mr. Sharat!

Sharat Chandra: Good evening, everybody. Apologies for the absence of our CMD, Chairman and Managing Director Mr. K.V. Pradeep who is indisposed. I am taking the presentation as read along with safe harbor statement thereon.

We are pleased to announce the very strong set of results in Q4, the performance of Q4 is quite significant in terms of both the topline and bottomline, growth and reflect the capabilities of our supply chain, production and agility of our teams in delivering excellent results.

I will begin with providing you the key highlights for Q4 and full year earnings and then take you through the detailed financials. For Q4 we have delivered 85% growth in revenue, 104% growth in EBITDA and 94% growth in PAT. We are grateful to our teams and all the stakeholders and are committed to deliver profitable and sustainable results. To incentivize the shareholders the board has recommended a dividend of 10% Rs.0.40 per equity share, which we have actually declared after a very, very long gap. Q4 P&L highlights are as follows.

Talking about the key financial metrics for Q4, our standalone revenues ended at Rs.268 Crores versus Rs.144.7 Crores an increase of 85% over last year corresponding quarter primarily driven by the electric bus segment which has grown by 107% followed by Insulator segment which also contributed to a growth by 19%.

Talking about the gross margins, overall in value terms Electric Bus segment have significantly contributed due to higher volumes i.e. 127 electric buses in this current quarter

versus 68 in the corresponding previous quarter and also higher operating income from bus operations have contributed to higher gross margins. Though the Insulator segment has got impacted due to higher raw material cost, in terms of overall on a company basis the electric bus segment has contributed to significant growth in gross margins.

On the fixed cost side there is savings in testing and operating expenses and even the other administrative selling cost were under control despite seeing increase in travel and marketing related spends reaching close to pre-COVID levels.

As far as the EBITDA is concerned we have achieved significant growth over last year both in absolute and in percentage terms & delivered Rs.31 Crores versus Rs.15.2 Crores, growth of 103% (INR 15.8 Crs) over previous year and EBITDA margin is at 12% versus 11% last year.

The finance cost for the quarter has slightly gone up due to higher volumes in Electric bus segment despite higher utilization of the export packing credits and lower utilization of CC limits in Insulator segment and also due to availment of intercorporate loan for acquiring our land in previous quarter, these are the two factors which has resulted in increase in finance cost.

The net profit for the quarter stood at Rs.17.5 Crores versus Rs.9 Crores showing a significant growth of 94% in percentage terms and in value Rs.8.5 Crores mainly due to higher volumes in Electric bus segment.

Full Year Financial performance highlights: There was strong increase in revenue with overall revenue growing by 111% mainly driven by Electric Bus segment. Gross margins were higher compared to those of previous year both in percentage terms and in value terms, again due to production efficiencies in Insulator segment and significantly higher volumes in Electric Bus segment.

In fixed cost, there is savings in testing and operating expenses, however other administration and the selling costs gone up due to higher travel and selling expenses in the current year.

EBITDA stood at Rs.80.9 Crores on a full year basis versus Rs. 20.9 Crores in the last year showing significant growth in numbers and also in percentage terms.

Finance costs were higher due to interest accrual of about Rs.1.73 Crores on inter corporate loan availed during previous quarter.

On the tax line, the tax rate at 31% for the full year is comparatively higher than last year due to one time impact on account of the Company electing tax ordinance under section 115BAA in Q3.

The net profit for the full year stood at Rs.35.7 Crores after factoring exceptional onetime severance cost of Rs.2.55 Crores versus Rs.12.2 Crores showing a significant growth of Rs.23.5 Crores in terms of value and in terms of percentage 192% due to higher volumes in electric bus segment.

Overall, in terms of cash flows our working capital requirements are being serviced efficiently through optimum utilization of credit facilities, better collections and internal accruals. Higher build of working capital as on 31st March 2022 is in line with the revenue growth. In terms of working capital days, it has reduced significantly from last year 323 days to 104 days. Overall, we believe that we are well placed and poised to deliver strong results in the financial year 2022 – 2023 and going future years. Thank you.

Moderator: Thank you. We will now begin the question-and-answer session. The first question is from the line of Amanjit Singh from Oculus Capital. Please go ahead.

Amanjit Singh: Sir, firstly congratulations on a good set of numbers. I just wanted to ask what is the current status on the capex you said that you are planning to invest Rs.800 Crores, by when would the facility be, how are you planning to fund it, what would be the equity component, what will be the debt component and are you looking for any fund raise from the market in terms of a QIP or a rights or any promoter infusion?

Sharat Chandra: As far as the capex is concerned, we have acquired the land and the allotment has been made in our company's name. We started initial process of leveling the land and the compound wall construction is in progress and the board is actually exploring various options to fund the project, in very short time we will be able to announce once the decision is made. The Board is exploring funding through equity but yet to firm up the decision and shortly we will come back on the various options once it is finalized.

Amanjit Singh: Okay, when you are expecting the factory to become up in running?

Sharat Chandra: In about next ten months.

Amanjit Singh: In ten months, the current financial year, right?

Sharat Chandra: Yes.

Amanjit Singh: Okay, my next question would be on the GCC model that is there, what exactly does it mean for us in terms of do we sell our buses outright to a third party who then services the GCC contract or how does that work, where I am coming from is the implication on Olectra Greentech's working capital and whether as we get more and more GCC orders will our receivables balloon up?

Sharat Chandra: You are right actually, gross cost contract involves basically three parties, Olectra Greentech Limited is the manufacturing arm which is the OEM. So, our business model is to manufacture and supply and sell the buses on an outright basis. The operating company is the company which buys buses from us and then operate on a per kilo meter basis to the end customer which is the state transport utilities. Currently under this FAME-2 and FAME-1 which followed the FAME-2 the Department of Heavy Industries is the nodal agency which is actually managing all the subsidy aspect. So, under this current scenario it is basically the STUs which are actually sourcing the buses on a GCC model. As far as Olectra is concerned we are not seeing a big concern on the receivable build up because we have a clear-cut arrangement with the operating company to make the payment to us and basically 75% of the cost of the bus we will receive on or before delivery and 25% we will receive over a period of 120 to 180 days.

Amanjit Singh: Okay, 120 to 180 days that added to reasonable got it and I had a query our current order book is about 1500 odd buses, right?

Sharat Chandra: Yes.

Amanjit Singh: That would translate to what in terms of Crores approximately about Rs.3000 Crores?

Sharat Chandra: Actually, we have about 1398 buses order on hand where we are planning to deliver about 1000 buses in the coming financial year, so 1000 buses based on the sales mix of 12 meter and 9 meters, on an average Rs.1500 Crores is what we can expect the topline.

Amanjit Singh: Of which Rs.1.5 Crores is the rough you are looking at the current product mix, right?

Sharat Chandra: Yes.

Amanjit Singh: Okay and this will be delivered in this year you are saying, 1000 buses of which you are looking at this year?

Sharat Chandra: Yes, we are planning to deliver 1000 buses in coming financial year.

Amanjit Singh: Just my final question, the recent tender that was there of 5450 buses it means the TAMO was L1 across, by how much were we kind of higher and does this mean that we will not

receive anything out of that or are we like a secondary bidder somewhere where we can a part of that bid?

Sharat Chandra: At the outset basically the tender has been announced and the rates which have been quoted is very unrealistic and lower in the whole EV industry and until and unless the LOA is awarded we cannot conclude, because we were L1 in several orders but only when the LOA is awarded we can conclude that the order has been finalized and there are various tenders which are been quoted and not only the DHI related tenders which are floated there are several states coming up with their own tenders, with their own subsidy programs and with the market share we have and the performance and technology advantage we have and the first mover advantage we have we are confident of basically getting lot of orders from various states under the state subsidy programs. For example, in Pune Municipal Corporation which under this Smart City Program has ordered about 500 buses, similarly, we are expecting lot of tenders from other states as well.

Amanjit Singh: Okay, understood Sir, but in this CESL-1 of 5400 odd buses there we have not got anything L1, right?

Sharat Chandra: We are not L1 in 5450 buses, yes.

Amanjit Singh: Got it. Okay Sir, thank you. That is it from my side, all the best.

Moderator: Thank you. The next question is from the line of Jinesh Gandhi from Motilal Oswal Financial Services. Please go ahead.

Jinesh Gandhi: Sir, couple of questions, one is there has been a substantial reduction in working capital in FY2022, so what is next to that and how much of this is sustainable?

Sharat Chandra: Last year all of us are aware the entire country and the world actually got impacted by COVID pandemic situation which has led to a buildup of receivables and basically all these state transport utilities also have not cleared the delivery of the buses. Now, our operating company has got financial sanctions in almost all the projects and all the operations are now running on to full capacity from last October. That has led to the realisation of the receivables and we hope the trend will continue in the near term as well as future years to come.

Jinesh Gandhi: Okay, got it. My second question pertains to the cost inflation which we are seeing in the battery prices given the inflation then food price. So, what is the cost inflation we are seeing for the battery prices so far?

- Sharat Chandra:** Basically, the component of battery is about 25 – 30% of the total sales price of the bus. We understand from our technology partners that LFP battery prices have been decreasing YOY during the last several years, however due to the recent COVID situation and the current Ukraine–Russia war has led to increase in raw material prices for the LFP batteries. However, based on discussion with our technology partner, we understand that these prices are expected to be normalized by the end of this financial year. As far as we are concerned there is a sufficient inventory which has protected for whatever increase or slight increase in the battery costs are concerned, that is one aspect and second is on Olectra it does not impact so much on the final sale price of the bus
- Jinesh Gandhi:** Okay, and we largely use electric batteries and not NMC as much?
- Sharat Chandra:** Come again I was not clear about the question?
- Jinesh Gandhi:** The battery technology which use is LFP or NMC?
- Sharat Chandra:** Yes, you are right LFP.
- Jinesh Gandhi:** LFP okay, and lastly with respect to the PLI scheme incentive which were awarded Olectra was in the part of that past two years, so how do we continue to compete in the markets where some of our peers would have between 11 to 18% incentive under this scheme. Are you seeing some impact of that already in this tender where Tata Motors was L1 bidder who would have bid based that incentive?
- Sharat Chandra:** Prices at which the bidding was done is definitely not sustainable for any OEM this has been very aggressive and as far as we are concerned, except for the battery and battery management system, we have localized our manufacturing in India, so we are definitely seeing cost reduction, because our base of next six to twelve months' time except the battery and battery management system everything is localized and we have a robust R&D team, we have been working on various variants and introducing new products and not only that we are focusing on the untapped markets like the private and the intercity operations and the last mile connectivity product which is 7 meters. By introducing the new products and then exploring the new untapped market in overall scheme of things we are well placed.
- Jinesh Gandhi:** Okay, great and lastly any update on the electric LCV planning to launch any further update on that, would we expect to timeline?
- Sharat Chandra:** Electric truck.
- Jinesh Gandhi:** As you see electric LCV?

Sharat Chandra: Basically, we are proud to announce we have just started the trials of our electric truck in the month of April and shortly after completion of trials in the next few months we are likely to launch for commercial operations.

Jinesh Gandhi: This would be in what truck segment?

Sharat Chandra: This is the trucks and tipper, so this will be a game changer as far as the market is concerned because we are the first company to have introduced electric truck.

Jinesh Gandhi: Got it and I will follow back in queue.

Moderator: Thank you. The next question is from the line of K. Sudhakar Rao from Transparent Securities Private Limited. Please go ahead.

K. Sudhakar Rao: Good evening Mr. Sharat. Most of the queries that I had in my mind have already been answered in these previous questions. One thing that I have in mind was that the company has the capacity of making 1000 buses and order book of around 1400 buses but only less than 300 buses were delivered in the last financial year what is the reason?

Sharat Chandra: Initially you are aware it was COVID related issues and if you see the first half we have delivered only about 29 buses from 29 buses we have delivered roughly 230 plus buses in the second half and we hope that the numbers will be better than Q3 and Q4.

K. Sudhakar Rao: Okay, coming back to CESL large order tender where there was very aggressive with a difference between L1 and L2 I came to know it is about 20%. Going forward do you see a big pressure on the margins for the electric buses?

Hanuman Prasad: Yes Mr. Sudhakar this is Hanuman, Company Secretary. I think this price variance we have to see from tender to tender, because for the same number of buses floated by different STUs will have different parameters, because associated parameters might be different like electricity, assured kilo meters, real estate development, and all these things sometimes will be in the bidder scope, sometimes it will be in the STU scope. We cannot compare these prices and going forward same scenario might be there for every tender with regard to difference in parameters, so tender to tender it will vary definitely but in recent CESL tender actually that price difference is there we have to see that going forward.

K. Sudhakar Rao: Okay, you do not see at as a big threat going forward?

Hanuman Prasad: We do not see in that way, because when volumes are there people may take aggressive steps but if you see normally for the same number of buses floated by other STU's prices are not that level because as I mentioned to you the parameters behind each tender may be

different and it is not only the question of number of buses and model but other associated parameters are also need to be considered. That is the reason the difference might come, going forward we are saying that would not be a threat for us.

K. Sudhakar Rao: In my opinion intercity buses because of the range of our buses technologically we are advanced maybe we will be able to do better in the intercity range?

Sharat Chandra: I was mentioning we are going to explore the untapped market which is intercity and then other lot of cities are there which are coming up.

K. Sudhakar Rao: Any thoughts hydrogen vehicles because there is talk in the next coming future?

Sharat Chandra: Lot of things, are on table, definitely wherever there is an opportunity we will be exploring and at appropriate point in time we will come back to the investors.

K. Sudhakar Rao: Okay, thank you Mr. Sharat.

Moderator: Thank you. The next question is from the line of M. K. Sethi from Almondz Global. Please go ahead. As there is no response we will move to the next question. Next question is from the line of Rajiv Vora from Group Landmark. Please go ahead.

Rajiv Vora: Good evening, my question was that your technology partner, BYD has got into passenger cars in India, any plans of Olectra getting into local assembly or manufacturing with that?

Sharat Chandra: As of now no such plans. We are right now focusing on electric buses and then we are going to introduce the electric trucks and tippers, is going to be a big market opportunity for us.

Rajiv Vora: Okay, because there were some discussions between Olectra and BYD and all that that is why I was asking you this question for some models of BYD or commercial use?

Sharat Chandra: As of now there is no such plans entering into passenger vehicles.

Rajiv Vora: ok. Thank you.

Moderator: Thank you. The next question is from the line of Ritwik Ram from Freelance Investment Advisor. Please go ahead.

Ritwik Ram: Ritwik this side, congratulations for the stellar performance of Olectra Greentech. My question is that, any plans of selling the insulator business to focus on the electric vehicle business and secondly Sir, I have seen an organization as a part of corporate governance

every organization have a group they actually plan fund to protect the interest of the employees, so these are my question.

Sharat Chandra: Coming to the first question, as of now there are no intentions to divest insulator business and insulator business as such is a cash cow it sustains on its own, so there are no such plans as of now. Second is regarding gratuity it is not funded as of now we follow the actuarial method as per accounting standards we make adequate provision. As of now it is not funded we will explore in future.

Ritwik Ram: Okay Sir, one more thing is that PMI Photon is another player which is coming up, how do you see PMI Photon as far as rates are concerned, because PMI Photon is again a Chinese player, any thoughts on that?

Hanuman Prasad: This is Hanuman. PMI Photon is there for the last two-three years, they are one of the competitors with Olectra since long, and we are not seeing any new competition in that perspective.

Sharat Chandra: To add to that there is scope for the electric industry's nascent and there is a large, large opportunity for many players to come in. There is scope for everyone to come in, to have their own pie we do not see a threat from PMI though it is one of the emerging players.

Hanuman Prasad: Not only PMI many new players are coming but one thing we have to see market is growing like anything, right now CESL tendered for 5000 buses, price discovery done, even though they are yet to come, CESL announced for another 10,000 buses likewise market is growing even though these new players are coming forward we do not see any threat to Olectra rather we would say it is good for the industry and Country.

Ritwik Ram: Okay and how do you look at the bottomline going forward as Mr. KV. Pradeep mentioned in one of the new channels that your bottomline will grow year-on-year by at least 10% spanning the profitability?

Sharat Chandra: On an overall volume we expect EBITDA to be in the region of 10 to 12%.

Ritwik Ram: Quarter-on-quarter or year-on-year?

Sharat Chandra: Quarter-on-quarter to year-on-year we expect the margins to be in the range of around 10 to 12%.

Ritwik Ram: Okay, that is all, Sir. I am very happy with the answers. I have nothing else to say. I am very happy to be proud shareholder of Olectra Greentech. I am holding it since 2017.

- Moderator:** Thank you. The next question is from the line Sudhakar Kumar from Systematix. Please go ahead.
- Sudhakar Kumar:** Good evening, Sir. Heartiest congratulations for a wonderful set of numbers and performance. I have also been an active shareholder of yours for the long time. Sir, just three questions and probably I will take them one-by-one. Firstly, what support do you get from the government with respect to finally payment of your sale to subsidy, if you can answer this then I will go to the next question.
- Sharat Chandra:** As far as the subsidy is concerned, the subsidy is managed by the operating company which owns the bus but to give a clarity of the subsidy how it works, the government of India through DHI give 20% of the subsidy amount at the time of signing the agreement and 40% of the subsidy amount is released on delivery of the bus and the balance 40% of the amount is delivered after six months of operational performance of the bus. The subsidy is in the region of Rs.45 lakhs to Rs.55 Lakhs depending on the model.
- Hanuman Prasad:** Adding to Mr. Sharat basically the subsidy recipient is our SPV which is going to operate the Buses, Olectra side actually it will be an outright sale to that SPV. So that the subsidy collection shall be dealt by the SPV which is going to operate.
- Sudhakar Kumar:** Suppose you are selling price is a round figure of Rs.2 Crores for a bus subsidy of Rs.55 Lakhs but we will get Rs.2 Crores from our operating company
- Sharat Chandra:** As far as Olectra is concerned on outright sale we will get the Rs.2 Crores.
- Sudhakar Kumar:** Our operating company gets it like 20:40:40?
- Sharat Chandra:** Yes.
- Sudhakar Kumar:** That is interesting and sir you mentioned about 7 metre bus and one of my friends had just gone to Pune he said every agency moved Olectra buses, what is the market size that you are seeing, for example Pune where you are fleetting the largest number of buses for your 7 metre bus corporates over there?
- Sharat Chandra:** Basically, as of now we are operating both 12 meters and 9 meters in Pune and it is going to be the largest in terms of operations of electric buses and it is going to 650 buses very shortly. So, 7 meters we are exploring, we are discussion with various corporates and institutions.

- Sudhakar Kumar:** Okay fine Sir, and Sir the last question is with the respect to 12 meters everyone say that Olectra's range is the highest, so would you be able to quantify for our 12-metre bus what kind of range does a bus get versus Tata Motors which we see a lot in Bombay now?
- Sharat Chandra:** Our buses in Bombay they operate not 12 meters it is 9 meters and our buses operate more than the assured kilometers on a single charge. Generally, our buses can operate 200 to 225 kilometers on a single charge.
- Sudhakar Kumar:** Sir, 200 kilometers to 225 kilometers on a single charge?
- Sharat Chandra:** Yes, 200 kilometers to 225 kilometers on a single charge for 9 meters and 12 meters it will operate about 250 plus kilo meters.
- Sharat Chandra:** Again, it depends on the application. In Hyderabad, our buses operate on a daily basis 350 plus kilometers and on a single charge it is about 250 plus kilometer they operate.
- Sudhakar Kumar:** Okay, and our next best competitor would you be able to comment anything on that?
- Sharat Chandra:** We do not want to comment on the competitor but we are way ahead of the competition in terms of operating kms on single charge.
- Sudhakar Kumar:** Yes, all the best for your future performance.
- Moderator:** Thank you. The next question is from the line of Raghunandan N L from Emkay Global. Please go ahead.
- Raghunandan N L:** Good evening, Sir thank you for the opportunity. Congratulations on good numbers. Couple of questions from my end, firstly company has been participating in multiple tender and possibly CESL will come out with more tenders for other cities, recently media reports have been indicating another 10,000 bus tenders are on the anvil. What is the opportunity size which you are looking for in the near term? My second question is what is the sustainable ROE's which the company is targeting over the medium-term currently it is in single digits?
- Sharat Chandra:** Coming to the second question, our return on networth is about 5% and definitely there is an improvement because the volumes started picking up from Q3 onwards. Going forward we are expecting consistent delivery of buses once we have consistent delivery definitely the ROCE and ROE will improve and coming back to your first question on CESL tender it is not concluded yet and definitely we are expecting reasonably good orders in the coming 10,000 numbers.

- Hanuman Prasad:** Not only from CESL so many other states are coming forward aggressively, so CESL is the one for the price discovery of 10000 buses recently they announced and they are yet to come. Other states like BEST Pune and so many other states have already floated and which are in the process and definitely we are sure and confident that we will have good number of orders.
- Raghunandan N L:** Thank you, Sir. Wishing you all the best there. Just one more query from my end, in terms of the dynamics and the profitability how would three-wheeler business be different from that of the buses?
- Sharat Chandra:** Significantly different in terms of technology and all and it is more of a volume driven in the huge volume, it will be more of a topline and not on bottomline, we do not expect significant margin.
- Raghunandan N L:** Got it, Sir and this will be mainly outright sales versus which are mainly GCC?
- Sharat Chandra:** Yes.
- Raghunandan N L:** Thank you, Sir. Wishing you all the best.
- Moderator:** Thank you. The next question is from the line of Amanjit Singh from Oculus Capital. Please go ahead.
- Amanjit Singh:** We have bid for certain buses in GCC as a part of our SPV where we are part of a SPV as and when we as a part of the consortium as well in that case Olectra is selling outright to the SPV but how is the SPV funding those buses, do they have any banking arrangements or how do they go about that?
- Sharat Chandra:** To give clarity one third of the cost of the bus they get subsidy.
- Amanjit Singh:** But as you mentioned earlier on that comes in three installments, right?
- Sharat Chandra:** Correct, and out of two-third, one-third will be debt and one-third will be equity and they have financial closures in almost all the projects.
- Amanjit Singh:** Okay, so two-third is debt funded there.
- Sharat Chandra:** Two-third is debt and equity by the parent company.
- Amanjit Singh:** Okay two-third is debt and equity and one-third is subsidy?

- Sharat Chandra:** Correct.
- Amanjit Singh:** Okay, thank you. That is it from my side.
- Moderator:** Thank you. The next question is from the line of Punit Chokhani from Black Gold LLP. Please go ahead.
- Punit Chokhani:** Thank you for the opportunity. I primarily have two questions, number one being you have announced that you fixed planned and you also mentioned with the board who decide the way of funding, so internally when can we expect financial closure for something of this size considering it is such a large capex, number one. Number two, you mentioned that you are going to be delivering about 70-80% of your order book this year itself and you are doing a large capex of 10,000 buses if I am not wrong. So, over the next year, year and a half, two years when your capex is going to be ready where do you see this demand coming from, because you are clearly very, very bullish on the tipper business also or up, so if you can through some light a) on the tenders that you are looking forward to even though there is 10,000 bus order, what other as you mentioned a couple of times in the call that a lot of other states that are wanting to give out tenders. What is the kind of inflow that one may expect for the bus business and if you can through a little lighter on the tipper business in terms of, I understand you cannot talk about the technology part but what is the kind of volumes that you could do and where can these volumes be generated from? Thank you.
- Sharat Chandra:** Your first question was on the funding; I think very shortly in four to eight weeks' time we will be basically finalizing on the fund-raising plan and definitely we will come back to the investors. The second is the capacity what we are planning to build is to start with we will have a capacity of about 5000 buses/trucks and tippers which will be expanded to 10,000 buses/trucks and tippers. As far as the market for trucks and tippers are concerned it is quite huge and these tippers are used in mining, irrigation, and construction sites. As you are aware our promoter also is a very large company in terms of mining, irrigation, and construction projects if you see there is a lot of opportunities in house itself wherein we could replace the conventional ICE trucks and tippers with electric tippers and trucks. There is a huge opportunity for us and this will be an outright model unlike GCC in case of electric buses.
- Punit Chokhani:** How are these tippers going to be priced at versus ICE engine tippers?
- Sharat Chandra:** As of now it is not yet finalized.
- Punit Chokhani:** Even if you give us a brief idea in terms of percentage, is it going to be 50% higher?

- Sharat Chandra:** As of now it is too early actually because we have just started the trials, once the commercial trials are completed, once we do the commercial launch, we will start selling trucks/tippers, as of now we do not have any number.
- Punit Chokhani:** Sure, and you mentioned about MEIL having a large population of tipper which can be replaced through Olectra itself, what number can that be if you can give us some sense. The reason I am asking you this question is because I want to understand building a capacity of this size and how much it is actually going to be catered to for the tipper business because like I said it seems like you are extremely bullish on that part of the business also and I understand the bus business depends a lot on what tenders you bid for what tenders come out and if the tipper business is not the GCC model it is an outright OEM business it can be extremely profitable and easy to turnaround so, what is the kind of number that someone can expect, I do not mean in a short-term basis and even once you announced and what kind of economics can it generate our business like Olectra, that is what I am trying to get in, Sir?
- Sharat Chandra:** It is complimentary tipper and trucks in terms of complexity much lesser than buses and it is an outright sale and we expect actually these are very, very tentative numbers anywhere between 500 and 1000 to start with.
- Punit Chokhani:** This will be first year of operation is what you are saying?
- Sharat Chandra:** May be twelve months to fifteen months.
- Punit Chokhani:** Okay, and this turning around in terms of production is similar to a bus, is that fair to assume?
- Sharat Chandra:** Yes, it is complimentary that is the reason it is much less complex.
- Punit Chokhani:** Sir there is also three-wheeler electric theme that Olectra has got into if I read that correctly, if you can through some light on that if there are any tenders like you have bid for one and how will it be manufacture, if you can through some light there it could be helpful to us?
- Sharat Chandra:** We participated through a consortium which is the three-wheeler manufacturing company and we got about 13650 numbers of three-wheelers wherein Olectra will have about 50% share. Again, the cities and the number allocation are still in the progress. Very shortly it will be finalized and it will definitely add to our top line growth. As I mentioned margins basically to start with, we may not get great margins.

- Punit Chokhani:** Sure, and Sir what about the batteries for these three wheelers, where does that come from a technology standpoint?
- Sharat Chandra:** It is actually we have consortium tie up with already manufacturing company. Not much of great technology like what is there for buses with that of three wheelers.
- Punit Chokhani:** Right, I understand that
- Sharat Chandra:** It is locally procured.
- Punit Chokhani:** Okay, it is a local company from Hyderabad, is it Sir?
- Sharat Chandra:** Yes.
- Punit Chokhani:** Okay, great Sir like I said just lastly if you can clarify on the first question I asked, if you can give us some numbers in terms of number of buses that you expect, I am not going to hold against it, just to get an idea of what kind of numbers internally you guys are budgeting to reach out to this capacity for the bus business, for the electric bus business exclusively. Like you said it can be 20000-30000 orders, the potential size or if you give me some size and give me some market share to some extent, I can get some numbers in my head, I guess?
- Sharat Chandra:** Basically, we cannot give any guidelines but what we can say is this year we did about 259 buses, from 259 buses we are going to definitely go up to 1000 buses we are planning and then it is going to substantially increase from there.
- Punit Chokhani:** Sure, all right. Thank you so much for your time. Thank you.
- Moderator:** Thank you. The next question is from the line of Praful Roy from Arjuna Partners. Please go ahead.
- Praful Roy:** Sir, I have a couple of question, first one is we are talking of delivering 1000 buses this year, this is out of 1380 buses order which we have, are we not assuming some new orders to come in this year which will be delivered during the course of the year?
- Sharat Chandra:** It is quite possible.
- Praful Roy:** Will we be able to deliver thousand or is that 1000 number sacrosanct given the capacity we have?
- Sharat Chandra:** Yes, we do have capacity.

- Praful Roy:** If I may ask what is the capacity we can deliver, suppose we get an obligation to deliver 200 more buses for the year will we be able to deliver it?
- Sharat Chandra:** Yes, we can make about 6 buses a day.
- Praful Roy:** 6 buses a day, on a 300-day cycle or 350 days?
- Sharat Chandra:** We can work 350 days based on the order requirements.
- Praful Roy:** Okay, if there is a requirement, we can deliver few hundred buses over and above 1000?
- Sharat Chandra:** Yes.
- Praful Roy:** Okay, that is one question I had. Second a few months back we had taken over a company called EVEY Trans Private Limited, in the release you had given on exchange this company would be in the business of operating in leasing buses. Sir, just I had one question the leasing of buses and which would be effectively the subsidiary of Olectra, given this background is it right to assume that the buses in the Olectra Greentech would be selling, would be leased out through its 100% subsidiary or this vehicle would be use of another purpose?
- Sharat Chandra:** I would like to clarify, EVEY Trans is no longer subsidiary of Olectra, initially it was subsidiary Olectra later it was divested and it is 100% subsidiary of MEIL Holdings.
- Praful Roy:** Olectra very clearly has an obligation only to manufacture buses and its obligation get ended we are not in operating lease?
- Sharat Chandra:** Correct.
- Praful Roy:** That is very nice and third I saw some videos on tipper you make, congratulations for beautiful one, I assume there is a massive market and demand for that. I think you have also in the last call you said there is going of homologation sometime in March and April, by when can we start delivering the first tipper in the market?
- Sharat Chandra:** Maybe this financial 2022-2023 definitely we are aiming to deliver some number.
- Praful Roy:** How much are we ready at our end suppose we get to second half, first half, can you give some tentative timeline?
- Sharat Chandra:** We cannot actually give any numbers but definitely we are confident of generating and producing and delivering in second half.

- Praful Roy:** Okay Sir, one more question if I may. We ended this year with 1380 buses which is a very healthy order backlog, any targets you have set for what you want to do for the next year?
- Sharat Chandra:** As I mentioned to you it is going to go up, we can give some 259 buses to 1000 buses and 1000 buses definitely will go up significantly.
- Praful Roy:** I had the other question; we have an order backlog i.e., the backlog of delivering 1380 buses as on 31st March?
- Sharat Chandra:** Rest of the orders then definitely parallely we will be getting new orders and for every order there is a process, once we get a LOA, there is proto which get cleared by the customer and then we will have time of six months to 15 months to deliver the buses, it depends on the type of the order. We are definitely confident of completing the backlog of orders and then supplying new orders as well.
- Praful Roy:** Right, it is good. Thanks a lot for answering. Congratulations for great set of numbers. Wish you best of luck.
- Moderator:** Thank you. The next question is from the line of Nikhil Kale from Axis Capital. Please go ahead.
- Nikhil Kale:** Thanks for taking my question. Just had couple of questions, one was, are there any plans in terms of future are you looking at mini trucks for the last mile connectivity. The reason I ask this is type in Tata Motors has just announced a foray here, so any chance of coming in?
- Sharat Chandra:** I am not clear about your question; it was not very audible. Can you repeat please?
- Nikhil Kale:** I was saying is there any plan of doing mini trucks for last mile connectivity. Tata Motors has just announced a foray here, just wanted to check with you?
- Sharat Chandra:** As of now we are exploring but we are first focusing on tippers and trucks. Anyhow in our buses there is 7 meters. As I mentioned to you 7 meters will cater to the last mile connectivity and corporate and other private institutions.
- Nikhil Kale:** Okay and the second part was few months back you have launched this intercity Mumbai-Pune bus, just wanted to understand the feedback for this kind of service and any plans of launching these services across these states?
- Sharat Chandra:** As I mentioned feedback has been very encouraging and as also, I mentioned that we are exploring untapped market which is again intercity. Definitely we will be conducting lot of trials.

Nikhil Kale: Okay, lastly excluding batteries how the localization levels are verses some of the other components where say motors and motor controllers, if you could through some light on that?

Sharat Chandra: Except the battery and battery management system and some child parts relating to electric power train everything we have localized.

Nikhil Kale: Okay, that is entirely being done domestically. Okay, those were my questions.

Moderator: Thank you. As there are no further questions, I would now like to hand the conference over to management for closing comments.

Sharat Chandra: Thank you so much for the call, Axis Capital team and all the investors and we look forward for a very strong and encouraging results forward. Thanks a lot.

Moderator: Thank you very much. On behalf of Axis Capital we conclude this conference. Thank you for joining us. You may now disconnect your lines.