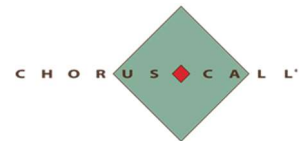




“Olectra Greentech Limited
Q4 FY '24 Results Conference Call”
April 29, 2024



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OFFICER – OLECTRA GREENTECH LIMITED
MR. HANUMAN PRASAD – COMPANY SECRETARY –
OLECTRA GREENTECH LIMITED**

MODERATOR: MR. AMAR KANT GAUR – AXIS CAPITAL LIMITED

Moderator: Ladies and gentlemen, good day and welcome to Olectra Greentech Q4 FY24 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 touch-tone 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. Kant Gaur?.

Amar Kant Gaur: Thank you, Manav. Good evening, everyone. On behalf of Axis Capital, I welcome you to the Q4 and full-year FY24 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. 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, Mr. Amar. Good evening, everyone. So, we are taking as read the presentation which is put on our website along with the safe harbor statement thereon. We are pleased to announce good consolidated results showing growth of top line and bottom line for the financial year 23-24. Though the performance of fourth quarter was impacted due to the supply chain constraints, the operating margins remain positive for the quarter four and full year. We have delivered 1,695 electric buses and 51 tippers till 31st March 2024.

I would like to present the key highlights of your company for the financial year 24 at a glance. The company has secured world's largest e-bus order of 5,150 buses from MSRTC, received 3,000 electric buses order from Best Mumbai, one court case for Best 2100 order, first OEM in the country to achieve a milestone of 10,000 plus electric bus orders, homologated and completed AIS 038 certification for all bus models for the batteries, successfully extended the cooperation agreement with BYD till 31st December 2030, Olectra buses have successfully covered more than 20 crore kilometers across the length and breadth of the country.

The strong demand remains with company's net order book of electric buses at 10,969 numbers after delivering 500 buses in financial year 24. Our focus continues on increasing our capacity and enhancing our technology capabilities. The construction work of the new state-of-the-art plant is in full swing and partial production from the city has commenced from this month.

To incentivize the shareholders, the board has recommended a dividend of 10%. Now I'll begin to provide the key highlights for the full year on a consolidated financial. The revenue for the financial year 23-24 was INR1,154.1 crores, up by 6%. The company's EBITDA for the full year reached an impressive INR185.5 crores, marking a growth of 20% compared to previous year. The PBT surged to INR105.8 crores, an increase of 18% versus a previous fiscal of INR89.4 crores. The PAT stands at INR78.7 crores, up by 18% compared to previous fiscal of INR66.9

crores. On a standalone basis, the revenue for the financial year 23-24 was flat at INR1,114 crores.

The company's EBITDA for the full year reached an impressive INR168 crores, an increase of 13% compared to the previous year of INR148.6 crores. The PBT surged to INR98.7 crores, an increase of 8% versus a previous fiscal of INR91.1 crores. The PAT stands at INR73.6 crores, up by 4% compared to previous fiscal of INR70.7 crores. The quarter 4, as I mentioned in the initial remarks, was impacted due to the supply chain constraints post certification of the battery safety norms. Accordingly, on a consolidated basis, the revenue for the quarter 4 is down and correspondingly, the operating margins as well as PBT and PAT has been down for the quarter 4.

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. We have our first question from the line of Bala Murali Krishna from Oman Investment Advisors. Please go ahead.

Bala Murali Krishna: Hi, good evening. I have missed the opening remarks, but could you please repeat how many buses you have produced this quarter?

B. Sharat Chandra: Yes, total for the full year 507 buses and for the quarter is about 131.

Bala Murali Krishna: 131. How much we are expecting in this financial year sir, FY25? How many buses we can produce?

B. Sharat Chandra: FY25, we are expecting a number of about 2,000 plus no of Buses.

Bala Murali Krishna: One more thing sir, regarding the PME tender, so I think there is a one bidder has already awarded some number of buses in the initial tender. What is your position in the earlier call? I think at that time we haven't participated in the tender. Whether we have participated in the tender and or in the first tender we haven't participated and any outcome of the tender?

B. Sharat Chandra: My colleague Ramesh will address this question.

Management: We have participated in the tender, but however the competitors have received the orders.

Bala Murali Krishna: And regarding the second tender, I think the second tender is also out, so we are also going to participate in the tender itself.

Management: Yes, we are going to participate in the second tender itself and as of now it is due in May month.

Bala Murali Krishna: Okay, understood sir. Regarding this new facilities, whether it's in full fledged or still about to ramp up and I think we are talking about the starting the second shift, so what is the plan for that and when we can implement that?

B. Sharat Chandra: Mr. Bala Murali, basically we have started the trial production in the month of February and we are transitioning into the new plant and we are just completing the process and whatever teething

issues are there we are resolving it and by the end of quarter one we'll be ready in the new plant. Partial commencement of production started and by end of quarter one we are going to ramp up.

Bala Murali Krishna: Okay, in that one we can expect two shifts running sir or we are planning for single shift operation?

B. Sharat Chandra: Generally, the OEMs operate for about 12 hours shifts, so if it is required we can extend it. So initially we are thinking of doing a single shift.

Bala Murali Krishna: Okay, and e-tippers, could you please throw some light on how things are standing out and what is the order book of e-tippers?

B. Sharat Chandra: As of now, tippers, we are conducting a lot of demos and trials across various project sites. The conversion, the ramp-up is yet to happen, the traction is yet to happen. We have about 41 e-Tippers orders on hand. We have delivered totally till date about 51 Tippers. In the last financial year about 34 and we have about 41 tippers orders on hand.

Bala Murali Krishna: Lastly, on this guidance of 2024, do you see any challenges which may stop us to achieving that guidance? Because in the last financial year also we had a good guidance but we could not able to achieve because of various reasons like battery norms. Do you see any challenges we can face in this financial year itself also because of that we could not able to achieve this guidance of 2024?

B. Sharat Chandra: As of now, we are not forcing any major challenges. We are going to ramp up from quarter two onwards. Quarter one will be a little slow because we are in transition to the new plant and from Q2 onwards we are going to ramp up the production. We are not expecting any challenges as of now.

Moderator: Thank you, sir. We have a next question from the line of Sidharth Agrawal from Systematix. Please go ahead.

Sidharth Agrawal: Good evening, sir. How are you doing, all of you?

B. Sharat Chandra: Good evening, Mr. Siddharth. How are you?

Sidharth Agrawal: Great. I was just a bit depressed on seeing our Q4 numbers and when you said that you had supply side constraint, could you just elaborate on it that what happened exactly during the quarter because of which our production was impacted? Production or sales, whatever was impacted?

B. Sharat Chandra: Yes, see basically I would like to elaborate that Government of India has introduced the safety norms for the battery where the testing and compliance certification is required to be done. As the facilities were not available in India, the testing has to be done online in China. It took more time and it was beyond our control and capacity.

We successfully completed all the trials and obtained requisite certificates but in the interim we lost about almost two quarters and post certifications there were constraints in ramping up the production by the manufacturers/ vendors. So that is the reason the quarter four and the full year got impacted and that is one reason.

Second is keeping up with future production requirements, we have transitioned to the new plant and started pilot production from a new facility in February '24. We are in the process of streamlining the process and initial teething issues we are trying to overcome and by end of this quarter the production capacity will get enhanced. And for your kind information we have rolled out the first batch of deliveries from this facility this month.

Sidharth Agrawal: Sorry, what is the last sentence? You have rolled over?

B. Sharat Chandra: We have rolled out our first batch of deliveries from this facility.

Sidharth Agrawal: Yes, so how much time did it take you and what is the batch that you have rolled out? I think February 1st with 4th week we started, right for trial productivity?

B. Sharat Chandra: Basically we have trial production we did in February, it's more of a trial and then we are now doing the partial commencement of production in one particular body shop. We are in the first batch of delivery, about 30 numbers.

Sidharth Agrawal: Okay, so that has been done?

B. Sharat Chandra: Yes, that has been given

Sidharth Agrawal: That has been given to the customer?

B. Sharat Chandra: Yes.

Sidharth Agrawal: And now so till March we did 30 over there. So let's say the story is over there. Now from April onwards where are we seeing for a month? Because I think it's going to be a subdued quarter. I think April, May, June are also going to be a subdued month, right?

B. Sharat Chandra: This quarter will be subdued because we are in the process of transition. We are hoping the numbers to be in line with quarter four or slightly better than quarter four.

Sidharth Agrawal: So around 100 maximum?

B. Sharat Chandra: 150 to 200. We are targeting 150 to 200.

Sidharth Agrawal: Total for the quarter and then from next Q2 onwards, monthly production you're looking at?

B. Sharat Chandra: Overall we are, as I mentioned, about 2,000 numbers is what we are targeting. So we are going to accordingly ramp up from quarter two onwards.

- Sidharth Agrawal:** Okay, but you're not seeing any supply side constraints or those testing norms and all affecting you as of at all from now onwards?
- B. Sharat Chandra:** As of now, we are not foreseeing any challenges.
- Sidharth Agrawal:** No, sir, those, the checking and all which you were saying, so those things are behind us or it's still happening?
- B. Sharat Chandra:** That is behind us.
- Sidharth Agrawal:** Totally behind us. So now all those testing norms are finished, right?
- B. Sharat Chandra:** Yes.
- Sidharth Agrawal:** It's done with, right?
- B. Sharat Chandra:** Yes.
- Sidharth Agrawal:** Okay. And sir, in terms of our e-Tippers, what kind of numbers are we doing now? Monthly run rate or something?
- B. Sharat Chandra:** e-Tippers, we did not do any sale in quarter four. We have been doing extensively demos and trials in various project types. The conversion, though the performance of tipper is very, very good, conversion of the private inquiries into order and the traction is yet to happen. We have about 41 orders on hand.
- Sidharth Agrawal:** Yes. Okay. But until now, we have delivered 51, you said, right?
- B. Sharat Chandra:** Till date, cumulatively 51 numbers were delivered.
- Sidharth Agrawal:** Okay, and last question for myself. So right now our capacity is 200 units per month for buses and when are we planning to ramp it up, if at all, FY '25 or FY '26?
- B. Sharat Chandra:** Yes, in the new plant to start with, we are ramping up the production up to 2,500 numbers and by the end of the financial year, we are expected to touch about 5,000.
- Sidharth Agrawal:** Okay, Targeting. 400, almost 400 per month. Okay. Yes. Okay, fine. And thank you. We can move on to the next one. Thank you, sir.
- Moderator:** Thank you, sir. We have a next question from the line of Aryan Mehta from Mehta Investments. Please go ahead.
- Aryan Mehta:** Hello, sir. Quarter after quarter, the execution has been very slow. Something and the other always pops up. So can we expect that we will adhere to the timeline of the orders that we have received?

B. Sharat Chandra: Yes, sir. As in the initial question from this, we have already clarified the reasons why the numbers got impacted. So we are actually planning to ramp up the capacity in the new plant and we are targeting to fulfill the orders in hand. So we are targeting about 2,000 numbers in this financial year minimum, about 5,000 numbers in the next financial year and 10,000 numbers in the following year, wherein the existing orders will be completed.

Aryan Mehta: Okay, that sounds great. And also, sir, to clarify on the 2,000 number, last quarter you gave a guidance of 2,500 for FY '25. So has anything changed and on why you are giving 2,000 numbers?

B. Sharat Chandra: No, since the quarter one has been subdued, the coming quarter is subdued and then we are conservatively giving a 2,000 to 2,500 numbers.

Aryan Mehta: And my final question is that we are a pioneer in e-tippers space in India and can you give the opportunity for e-tippers maybe three or five years down the line that how many tippers could be sold that year and what would be the expected penetration of e-tippers, maybe in the future sometime?

B. Sharat Chandra: There is definitely a lot of potential in e-tippers and trucks because the operational economics is quite good and significant. But as you are aware, there are other inherent challenges for the conversion because in typical ICE engines, there is a lot of ICE diesel pilferage which happens in the project sites. So once we convert it to EV segment, totally electrified, so these issues will not be there. So that is also one reason where there is resistance.

But apart from that, the product is excellent and the economics is quite viable. We are trying to work on localization. We are trying to reduce the cost. So our product is a premium product and whatever supplies we have done, 51 tippers till date are doing very well in all the project sites. So we expect the traction to happen in the next two quarters in this year.

Aryan Mehta: Thank you so much and all the best, sir.

Moderator: Thank you, sir. We have our next question from the line of Gaurang from Utility Unified. Please go ahead.

Gaurang: I am audible.

Moderator: Yes, sir. You are audible. Please go ahead with your questions.

Gaurang: Yes. Good evening, team. My first question is related to the 2400 BEST order which was notified on 22nd of February 2024 to the exchanges. So as per the tender which was floated by BEST, the requirement was of 2400 plus the 25% variation. So is there any chance to grab those additional 600 buses as part of the remaining 25% clause?

P. Hanuman Prasad: As per the letter of award and as per the agreement, both actually that 25% is there. Once we complete delivery of 2400 Buses, automatically that 600 we can expect.

- Gaurang:** Okay. Thank you. Good to know about that. My second question is with respect to the same tender of 12 meter 2400 buses. So the value which was notified was INR4000 crores. So it basically comes to around INR1.70 crores. But the first tender of 12 meter 2100 buses, so that time the approved value was INR3675 crores, which comes to around INR1.75 crores. So I just wanted to understand the reason behind fall in per bus revenue since the bus concentration is almost the same. Because if you remember the first order of 2100, that was coming to around INR3675 crores, which is INR1.75 crores. But this time it's coming to INR1.70 crores. So I just wanted to understand why is the reason behind falling per bus revenue?
- B. Sharat Chandra:** Basically, one is the timing. The first tender was done quite a long time back, whereas this is the latest tender. The prices also, we have been very working rigorously to increase the localization content and reduce the cost to be competitive in the market. So accordingly, since the timing is different, the cost also is slightly different.
- Gaurang:** Okay, my last question. So recently, UPSRTC, which is Uttar Pradesh State Transport Corporation has announced to deploy 50,000 electric buses over a period of 4-5 years. So with related to the same, the first tender of 5000 odd electric buses have been provided. So I just wanted to know if Olectra has decided to place the bid for the same?
- Management:** Yes, sir. But as of now, the tender is on NCC basis. As of now, all the OEMs in India and operators are not interested to participate in NCC. So including us, all the OEMs have submitted our request to convert into GCC. And all the OEMs are under perseverance with UPSRTC. We are expecting that this tender will refloat as GCC. And after that, we are very much interested because UP is a very growing state and we want to receive orders from UP.
- Gaurang:** Oh, that's great to know. Okay, my final question. Also, are we expecting a FEMI 3 to come up for private electric and trucks and buses? What is going around in the circle in terms of policymaking? Any idea on that?
- B. Sharat Chandra:** See, as of now, because of the elections, no orders or no sanctions can come. As of now, it is silent. So we have to wait for the elections to get over and then the announcements will happen. But as you are aware, the government of India is pushing very hard for electrification of public transportation. And as of now, the percentage of population of EV conversion is very, very less than 1%. And so definitely, we are expecting the government to come with some policy guidelines.
- Management:** And sir, recently, MHA has released that our government target is to convert all the buses from diesel to electric and they have given a figure of 8 lakh buses to be converted into electric from diesel by 2030.
- Gaurang:** Yes, that's where I was coming from. Fantastic. Nonetheless, thank you so much for answering all the questions and I wish the Olectra team a glorious next FY'24-25. Thank you so much.
- B. Sharat Chandra:** Thank you.

Moderator: Thank you, sir. We have a next question from the line of Umashankar Mukherjee, an individual investor. Please go ahead.

Umashankar Mukherjee: Hi, sir. I have a couple of questions. The first question is, what about the capital expenditure INR800 crores? What is the update on this?

B. Sharat Chandra: Yes, what is the second question?

Umashankar Mukherjee: Yes, second question is about, as people are saying that 8 lakh crores buses and lots of by 2030, we have lots of scope, right? So, in the supply line change, we are getting every quarter, we are getting we are telling you to achieve our target and it is not a good sign. So, from this lesson, can we learn and possibly plan future for next capex to achieve that goal? Maybe we can buy land or some other thing. Well, and that should be not the same state like Andhra or Hyderabad. It can be north or some other part of India.

Can you have a larger plan for that in the future so that now whatever is getting good contract, I mean, we should deliver, right? We should have our pipeline ready. Maybe we should have 30,000 or 20,000 per year capacity. Can we have a plan for coming 2-3 years?

B. Sharat Chandra: Yes, to answer your first question regarding the capex for the new green field plant at our Seetharampur plant. So, we are now going with the term loan of about INR500 crores. We have received sanctions from the commercial banks and recently the board has approved and we are in the process of completing the documentation and next two-to-three-week time, we are planning to do the drawdown. That is the first question.

Second is the supply chain aspect. We have already acquired 150 acres of land in Hyderabad and we are building up world's largest EV manufacturing facility and in terms of EV buses. And to start with, the capacity is built for 5,000 numbers by the end of one year and it can go up to 10,000 numbers within year two. And based on the requirements, we can make a shift or double shift or triple shift workings and then increase the capacity to meet the requirements.

Umashankar Mukherjee: Yes, sir, this is, we are aware of this total, I can see we can have total 10,000. I am saying that in future and also that we cannot have it from the getting approval for buying a land in different state for our next capex, not this one, planned one. Maybe we should have target 30,000 or more capacity per year. I know it will take time, but if it's planned now only, then only we can showcase our pipeline and it will be easy to get a new deal. So, can you have other plans?

B. Sharat Chandra: Yes, point noted, we'll have to deliberate internally. As of now, we have, we are focusing on building up existing new plant. At an appropriate time, we will revert if we are having any plans to set up any facility outside the state.

Umashankar Mukherjee: Thank you, sir.

Moderator: Thank you so much, sir. We have our next question from the line of Sameer Deshpande, a shareholder. Please go ahead.

- Sameer Deshpande:** As everyone has experienced the disappointment over the, we are not in a position to meet any of our targets and every quarter we have been facing various challenges. So, now you mentioned that we have the total order book of about 11,000 odd buses. Is it correct?
- B. Sharat Chandra:** Yes, approximately about 11,000 numbers.
- Sameer Deshpande:** And actually, we are the, actually in India, we are the first in this. So, from this, I'm not in a position to know whether we are the largest players in India in e-buses currently, with the annual sales of only 507 buses, or are there any other competitors who are selling more number of buses than you in India to the government?
- B. Sharat Chandra:** As of now, see, we along with competitors like Tata Motors and Switch Mobility of Ashok Leyland are the major players. In terms of order book, we are the largest. And in terms of delivery till date, and in terms of operations, we are India's number one. So, as far as the constraints were there, it applies not only to us, it applies to our entire EV segment. And hopefully the constraints we are overcoming, and then we hope to ramp up the production and supply in the current financial year.
- Sameer Deshpande:** Our sales of 507 is the largest, if you take in the annual year, in this year for the entire industry, electric bus industry?
- B. Sharat Chandra:** See, basically for any industry, it takes time, EV as such is still at a nascent stage, about almost 1.8 million buses are in operation. And as per the Government of India initiatives, and the vehicle scrappage policies, large number of buses are going to get replaced by 2030. So, in view of this, all the entire industry is actually building the supply chain. So, it is going to take some time. So, our company, till now cumulatively delivered about close to 1700 buses.
- Sameer Deshpande:** Close to?
- B. Sharat Chandra:** 1700 buses, 1695 to be precise, till 31st March 2024.
- Sameer Deshpande:** And regarding the new plant you mentioned that the trial production is on, and by the end of the quarter one, you will be in a position to ramp up your production capacity to around 2500 per annum, is it correct?
- B. Sharat Chandra:** Yes, you are correct.
- Sameer Deshpande:** So, the first quarter will be a slower one, and the rest of the three quarters, we hope to sell about 1800 buses. So, in order to meet the target of 2000 numbers, which we have set for ourselves.
- B. Sharat Chandra:** Correct. Yes, you're right.
- Sameer Deshpande:** And regarding this, if you see our balance sheet, we have cash above INR170, INR175 crores, and the debt for INR120 crores. Now, for the capex for the first plant is already over. Now, you are mentioning that the capacity is going to be ramped up to 5000 by next year, and to 10,000

by the second year, '26, '27. So, for that purpose, what will be the incremental capital expenditure we will be requiring?

B. Sharat Chandra: The total capex planned is about INR700 odd crores. Out of that, INR500 crores is what we are taking a term debt, and balance INR200 crores is from internal accruals. So, and this particular capex plan will take care of the civil side, it can cater to 10,000 numbers. For the plant, rebalancing equipment may be required, may be about INR100 odd crores to increase to 10,000.

Sameer Deshpande: So, the total is around INR700 crores. And out of that already, we have spent something on the new plant, the first plant?

B. Sharat Chandra: We have actually initial old plant is a lease facility. We are going to have first own Plant and, we have spent about INR100 odd crores till date.

Sameer Deshpande: The balance will be spent with the internal accruals and some term debt will be taken.

B. Sharat Chandra: Yes, correct.

Sameer Deshpande: There is no plan to raise capital, equity capital?

B. Sharat Chandra: As of now, we are basically not yet decided. So, as of now, there are no plans as on date.

Sameer Deshpande: And now this battery norms problem you mentioned that because testing facilities are not available in India, and government has made it mandatory safety norms, etc. So, the problem still persists or that is you have to get it checked from some other country?

B. Sharat Chandra: The certification is over now, we received in quarter two. But post certifications, the vendor has to ramp up their production because of the change in the norms. So, accordingly, the ramp up has taken time. So, because of that reason, because not only us, our entire industry are importing battery cells and the powertrain components.

So, we are dependent on imports for the battery cell and battery, the powertrain components. So, as of now, no Indian companies are making the batteries and it, is in in the process as some of the companies have started, maybe in two- or three-year's time, the battery cells will be available in India.

Sameer Deshpande: The problem is still there. So, where you ramp up your production and say about then say about 2000 or 1500 or etc. will that vendors will be in a position to cope up that?

B. Sharat Chandra: Yes, we have had a very detailed deliberations, meetings, various meetings with vendors and we have definitely confirmations from them. They'll be in a position to supply.

Sameer Deshpande: And with respect to this order book when we have certain tenders and we have the delivery actually booked for next 2 years and 3 years. So, when there – if there is a price rise in between that is the commodity prices go up the speed prices go up or whatever battery prices go up then in that case are we compensated in the same commensurate way?

B. Sharat Chandra: See, basically we are expecting the battery prices to come down. I think you can go through the studies from a USD200 per kilowatt, it is likely to come down by 100% in the next 2 years to 3 years or it can come up even much before. So, we are not expecting any major changes because the major 40-45% is the cost of the battery component, battery component of the total cost.

And other components if there's a price increase or a price escalation like steel or other raw materials we operate on cost plus model and we will in such a situation discuss with the customer to modify the price.

Sameer Deshpande: So, if required, some modification can be done because otherwise, when the delivery schedules are delayed, it takes 2 years and 3 years, who can predict the costing environment after such a long period? So will you compensate if there is anything?

B. Sharat Chandra: Last bit, I was not clear, I was not able to hear you, please.

Sameer Deshpande: What I was asking since the delivery schedule gets delayed and suppose you have to supply it after 1 year and if you are required because of the delays you supply it after 2 years or 3 years the prices will change. And in that case if the price as you mentioned our battery prices come down, but if there is it is to our disadvantage and if we keep on losing money on that will that cost be borne by the customer or we have to bear it?

B. Sharat Chandra: Actually, just to clarify Mr. Sameer see we operate on a cost-Plus model. See, on a volume and based on the volumes we expect the operating margins to remain healthy. We don't expect major challenges in operating margins. So, the cost comes down, the sales price comes down, the cost goes up the sales price goes up. So, that is how it is. So, there's a flexibility to revise the prices, but generally we factor inflation while quoting the prices at the time of bidding.

Sameer Deshpande: That's fair. Okay, and all the best. Let us hope we have a good financial year coming, coming financial year and going forward also. Thank you.

B Sharat Chandra: Thank you so much.

Moderator: We have our next question from the line of Rishabh Agnihotri a shareholder. Please go ahead.

Rishabh Agnihotri: Can you hear me now?

B. Sharat Chandra: Yes better. Please go ahead with your question.

Rishabh Agnihotri: So, I'm just seeing that I'm not going to focus on the past quarters. I'm just focusing on the upcoming ones. One thing I don't understand is like, I mean, one of the reasons we backed Olectra is because of the promoter mega and I mean you guys have built dams and tunnels and all.

So, I just don't understand that I mean, from that perspective and spectrum putting a factory in capacity expansion should be not that hard, right? So, I just don't understand, is it not being prioritized or how what are the actual restrictions? Because the battery norm thing that we have

been hearing since the last to last quarter. I'm just, I mean, totally understand that this is a new field and it's just more innovative in general. But we need somewhere like the overall transparency or clarity is not there.

So, if you can throw some light on this, that would be really helpful because the execution numbers are, I mean, we can track this data in real time on Vahan and this data is like quite different like one month you're just producing one bus and one month you're producing 95 plus buses. So, I just don't understand where is the problem coming exactly?

B. Sharat Chandra: Just one minute on Vahan clarification from my colleague.

Management: Yes, the Vahan data is the state to state let's say when we dispatch from our plant maybe we have multiple customers at multiple locations at Olectra our part is to only do a TR and after that our customers will do the registration and other things. Maybe a few buses will be delivered in Hyderabad. Maybe in one or two days it got registered.

Maybe a few buses will go to states like Assam where you need to transport the buses itself for more than 15 days or so. And a few buses will go to Maharashtra and various locations of India. So, state to state the registration procedures are different. So, it is taking time. The Vahan data only takes when the bus got registered.

Rishabh Agnihotri: Got it. It might be operating at a delay totally understand that part, but just one thing which I want to understand is like why is the execution overhanging there especially for us, right? I mean, we have been pioneers in this field. We've launched it before. I think your capacity plan and utilizations all are commendable, no doubt about it. It's just that all of our investors are just around that finish line and we can see that this Olectra might just boom up.

But these sort of execution risks keep coming up. So, if you can just share some light because the battery norms, I don't think that was last quarter to quarter and we moved and expanded our factory. I mean, 100 buses is like so from that spectrum where you're saying that we'll go to 400 buses. I think it's not that digestible. So, I mean, if you can share a bit more information that would be very helpful?

B. Sharat Chandra: I think we have clarified very clearly post certification the supply chain constraints were there in ramping up the production based on the new certification norms. So, there has been ramping up issues from the vendor side. The second is on the transitioning. We have been transitioning to the new plant. So, and as you must be aware being transitioning to new plant there were teething issues which we are resolving. By end of this quarter one, we'll be streamlining the production in the new plant.

And as far as the MEIL is concerned, the MEIL is the parent company. Of course, we have full support from MEIL whenever this is required, but as a philosophy of the group, all the companies have to be self-sufficient and independent. So, wherever we require support from MEIL, they have been supporting.

We have relevant board and shareholder approvals to approach MEIL in case of a need. So, based on the deliberations of internal management we have going to raise a term loan to the extent of 500 crores. And post which the plant capacity will be expanded initially to start with 2,500 to 5,000 by the end of year one. By year two, we expect the ramp up of the production to 10,000 numbers.

Rishabh Agnihotri:

Well, I mean, the targets have been downsizing ever since – I mean, we've been tracking this for last one and a half year now, right? So, the targets get downsized as soon as the quarter reality hits. So, we just hope that this time, there are no problems and things go in the right direction. Because competitors are definitely coming up in the field. JBM has been doing really well. Tata is producing large amount of buses and getting it delivered, registered. I mean, seeing the data on Vahan there's a large disparity.

So, I'm just worried as Olectra investors and well-wishers that we shouldn't stay behind. I mean, that's all I have to say. I just hope that the next meeting, we are meeting on better terms. That's all. Thank you.

B. Sharat Chandra:

Yes, thank you very much, Mr. Rishabh. We definitely are striving and from quarter two onwards, the production will get ramped up and dispatches will definitely be much better than earlier quarter. And this financial year, 2025-2026, historically, we'll be surpassing all the numbers

Moderator:

Thank you, sir. We have our next question from the line of Sanjay Shareholder. Please go ahead.

Sanjay:

Yes. Hi, good evening and it's really a disappointing quarter for investors and I'm sure for the company as well. The last three quarters, every time we are getting projections for after Q1 call, we got a variation of 800 buses and Q2, we got 1,000 plus and Q3, we got 800 plus.

Yes, there was a problem already informed about the battery problem, battery norms. Now, because the vendor is not able to give those batteries and that impacted your delivery of that. So, these problems, definitely, if you have already known problem and you wait in the end of the quarter and then inform that, okay, this is the problem, it will be great if you can, you know, problems are there, why don't you just suspend?

Because what are the projections are given 800 plus at the end of the quarter, Q3 quarter. Now, the problem is that it could have been just informed rather than getting shocker at the end of the quarter. So, that's one thing. It looks like an execution and operations issue on that. Even in between, Mr. Pradeep has come on the television channel and it was again confirmed that it was 800 plus buses to be delivered in this particular financial year, last financial year. So, it will be great, I mean, if we are more transparent and update everyone about any changes that are happening in projections.

Second is about, you guys are doing very good work, still coming on the call and explaining bit. Last three calls, we haven't had Mr. Pradeep coming and addressing investors, maybe when we saw him on the television with the channel. It will be great if next quarter call with Pradeep and

many senior people come on the call and this is really frustrating, I mean, for the investor perspective, whenever all projections are going for toss on that.

Now, for the Q1 perspective, again, you are saying the quarter will be subdued because you are saying that the problem of the supply chain is solved. Only the transition of new plant may be happening, but still the buses will not be delivered more than Q4, probably, on that. So, how will things be taken care of? And about the new plant, is it going to be fully functional by June 1st or July or August? What are the timelines for that?

B. Sharat Chandra: It's partial. One of the body shops, partially we are completing it, and the construction is progressing. And by the end of this calendar year, we are hopeful of the capacity to be ready. And by the end of 31st March 2025, we expect the capacity to be around 5,000 numbers.

Sanjay: Yes, that is right. So, the transition to the new plant, it is not yet started. It is the end of April now, and almost May and June. So, just in the next two months, we are not transitioning to the new plant.

B. Sharat Chandra: We have already started the trial production. We have started dispatching the first batch of numbers from there. And so, the ramp-up will happen from quarter two.

Sanjay: Okay. But there is a specific reason that the supply chain problem is solved. So, it is not going to be you cannot increase the capacity compared to Q4 in Q1. I mean, around the same number of what you are saying in Q2 on that.

B. Sharat Chandra: Q1 will be subdued, and Q2 onwards, we are ramping up.

Sanjay: Okay. And the other question is about, other than Tippers and Hypersys now, anything new you guys are planning to launch in FY25, like hydrogen bus or three-wheelers or cars? Any other plants are there in FY25 from our company?

B. Sharat Chandra: As of now, there are no such plans.

Sanjay: So, the hydrogen bus prototype, that was just a prototype. There is no further progress on anything on making the production there.

B. Sharat Chandra: As of now, we have supplied prototype bus, and so, we have already mentioned earlier the trials will take more time, and it's a new technology.

Sanjay: Okay. All right. I think, Yes, it will be great if we get updates.

Moderator: Sorry to interrupt, sir. We have the management line disconnected. Please wait. We will join them back. Ladies and gentlemen, thank you for waiting patiently. The management is back online. Over to you, sir.

Sanjay: Hello.

Moderator: We have our next question from the line of Mr. Gaurang from Utility Unified. Please go ahead.

- Gaurang:** Yes, I'm audible?
- Moderator:** Yes, sir.
- Gaurang:** So, okay. This is more of an appreciation that I wanted to convey to the team. Since I stay in Mumbai, so far delivered 12-meter AC buses have been received extremely good positive reviews. So, congratulations for that. I mean, I've been hearing from all quarters of people that they have really appreciated this bus. So, God bless you all, and I hope Almighty, give us strength to deliver the 5,000 pending buses as we are here. Thank you.
- B. Sharat Chandra:** Thank you so much for the feedback, and definitely we are striving to complete the deliveries as per the plan.
- Moderator:** Thank you, sir. We have our next question from the line of Mr. Suneel, Please go ahead.
- B. Sharat Chandra:** It's not audible.
- Suneel:** Hi, this is Sunil. Am I audible?
- B. Sharat Chandra:** Yes.
- Moderator:** Yes, sir. You are audible. Please go ahead with your questions.
- Suneel:** Yes. So as per the original plan, now we need to do the automation, right? Almost like 60% to 70% of the automation. So did we finalize the automation vendor?
- B. Sharat Chandra:** Yes, we are in the process of finalizing all the vendors. We've already shortlisted and closed the discussions. So, it's a continuous process. So by the end of this year, we'll have the capacity to build up to 5,000 with automation, which includes automation.
- Suneel:** So, with automation, without automation, how much the capacity will range? Will it depend or it doesn't make any much difference, like with automation, without automation?
- B. Sharat Chandra:** In a granular manner, the plant is built. So, we have two body shops. The first body shop is ready now. So, where we did the trial production and then commenced the supply of first batch of buses. So, automation, we are doing the second body shop.
- Suneel:** And the second thing is like recently, I don't remember exactly, but one of the RTC, they raised a warning stating like we missed some deliverables. So, based on the timeline, which we need, we are supposed to deliver. So, how are we going to address that? Because they might be having the penalty clause on them, right, if there are further delays?
- B. Sharat Chandra:** Yes. See, what is happening is I think we have clarified this question in the earlier calls. So, the electric bus operations is highly remunerative to the STU. And in terms of their scope of bus, they are supposed to give us the depot space and also with power. So, sometimes, as for example, in the state of Mumbai itself, almost 100 plus depots are required to be established. And in the state of Maharashtra, about 173 depots are required to be established. So, their responsibility --

STU's responsibility is to allocate the space and provide the power to us. And based on that, we are building the charging stations.

Suneel: And my next question is like, are we planning to run because still the new production capacity is until it comes to full production capacity. Why don't we run the old production capacity and the new production so that it will meet the delivery and everything, means with the RTC and for the investors also? Why can't we run both the things? Is it not viable for us?

B. Sharat Chandra: See, basically, operationally, it is not convenient. Otherwise, we need to have two general managers operating the old plant and the new plant. And we want to basically focus from one under one roof, wherein we want to granularly build the body shop and the chassis assembly and the battery assembly and all the other relevant sheds.

Management: Olectra is known for its quality product in the market. If you operate in an old plant and a new plant for the same customer also, if there is a difference in qualities and other things, it will be an issue. So, we don't want to lose the brand value and quality parameters. That is the prime SOP.

Suneel: Okay. My next question is like, what is the probability like, because for Q1, we are estimating we will be having a little bit of less numbers. So, even the same risk can be continued to Q2 also, right? Because we are only planning to operate only from the new plant. So, during this transition phase, it might be because if any new factor comes into picture during this transition phase, even the Q2 also might get disturbed because of this, right?

B. Sharat Chandra: See, we are planning to build capacity slowly, about 200 numbers is what we are targeting in quarter 1, doubling it up in quarter 2, and thereafter, quarter 3 and quarter 4, we are going to increase significantly.

Suneel: Okay. Thank you. Thank you very much.

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

B. Sharat Chandra: Thank you very much. We thank all the stakeholders for their continuous support, and we are definitely striving to beat our numbers. Historically, we are striving to have excellent top line and bottom line in financial year 2024-25, and we continue to have the support from the stakeholders. Thank you very much.

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.

B. Sharat Chandra: Thank you so much.