“Olectra Greentech Limited

Q2 & FY27 Earning Conference Call”

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Moderator: Ladies and gentlemen, good day and welcome to Olectra Greentech Limited Q2 and FY27 Earning Conference Call hosted by Nomura. As a reminder, all participant line will be in the listen-only mode and there will be an opportunity for you to ask question after the presentation conclude. 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. Kapil Singh from Nomura. Thank you and over to you, Kapil.

Kapil Singh: Hi, good evening everyone. It gives me great pleasure to host this call and today with us we have the entire management team of Olectra Greentech. We have Mr. Mahesh Babu, MD, Mr. Sharat Chandra, CFO, and Mr. Hanuman Prasad, Company Secretary and Legal VP.

Mahesh sir, now I'll hand over to you for the presentation.

Mahesh Babu: Okay, good morning everyone. It's my pleasure to be meeting you all on audio. I'll just give a brief of what's happening in auto industry. Globally, automobile sales stood in 2025 at around 100 million, growing at 4.7%. The EV sector is healthily growing. The car industry has grown about 5%, electric car industry globally.

Around 70,000 electric buses were sold in 2025 and about 400,000 trucks were sold globally in 2025. Looking at the Indian automotive market, you know that INR2.83 crores, the auto industry is doing extremely well in India. Exports have been doing well with 66.5 lakh vehicles in FY26. Electric vehicles today represent about 10.7% of all vehicle registration till now between January and October.

You know that electric three-wheeler leads the market with 60% adoption, followed by two-wheeler at about 10% and electric buses at about 9%. And passenger car is about 7.4%. Overall, I would say Indian auto industry, EVs are picking up. We are seeing continued growth in electric buses as well.

Till now in India, we have about 21,000 electric vehicles on road. India has registered about 3,747 vehicles in H1 of FY27, which is 8.96%, almost close to 9%. What is more heartening is the STU or the state transport purchase is close to 5,100 vehicle, out of which 3,700 seems to be electric. That's about 70% adoption, which gives a very healthy one.

As you know that, Olectra registered the highest 401 or delivered the 401 vehicle in this quarter, which is one of the highest in this quarter. I would say if you look at H1, we have grown in revenue of 26%, EBITDA 23%, which is very healthy with the turbulence what we had in raw material price, fuel price index, all that.

Out of which, I would say that the mobility division margins have come back to 14%, which is very good. We still have challenges in the energy division margin, which is moderated from EBITDA margins of 35%-25%, which is the reality in the market now due to the mix of export and domestic.

Overall, I would say that this quarter have been challenging, but the team did well in terms of delivery of more than 400 vehicles. At the same time, manage the cost to get the EBITDA margins better in mobility division. Still work to do in energy division.

Going forward in Q3 and Q4, the team is looking at working hard to get back some of the challenges we faced in Q1 and Q2. We will continue to grow at the rate of 20%-25% what we have been doing in the first half, going forward in second half as well.

This is my comments. I am asking Sharat Chandra to share the results numbers so that you will go through the numbers. Thank you.

Sharat Chandra: Good evening, everyone, and thank you for joining us. We are pleased to share our financial and operating performance for quarter two and H1 FY26-'27. The company continued to record healthy year-on-year revenue growth during the first half, supported by sustained momentum in our mobility division and the overall expansion of our operations.

At the consolidated level, the revenue from operations for quarter two stood at INR687 crores compared with INR656.6 crores in Q2 FY26, registering a growth of 4.6%. For H1 FY26-'27, revenue increased by about 25.8% to INR1,262.5 crores compared with INR1,003.8 crores in the corresponding period of the previous year.

In terms of profitability, the EBITDA for quarter two increased to INR109.9 crores compared with INR93 crores in Q2 of FY26, representing a growth of 18.2%. EBITDA margin improved from 14.2% to 16%.

On a sequential basis, the operating margins and profitability have improved compared to quarter one of FY26/2027. With the margin improving by about 3.3 percentage points. In terms of H1, the EBITDA stood at INR182.8 crores compared to INR149 crores in H1 of previous year, registering a growth of 22.7%. The corresponding margin was 14.5% compared to 14.8% in the previous year. The growth in EBITDA reflects the increase in business scale and operating performance.

However, the translation of the growth into PBT and PAT was moderated by higher depreciation arising from capacity expansion and increased finance costs associated with term debt and working capital requirements. Consequently, the consolidated PBT for H1 stood at INR107.4 crores compared with INR102.3 crores in the previous year, registering a growth of 5.1%. Consolidated PAT increased by about 4.4% to INR78.8 crores from INR75.5 crores.

EPS for the first half improved to INR9.61 from INR9.21. Overall highlights are revenue from operations stood at INR687 crores, up by 4.6% year-on-year. H1 revenue increased by 25.8% to INR1,262.5 crores.

EBITDA for quarter two increased by 18.2% to INR109.3 crores, with margin improving to 16% from 14.2%. The EBITDA increased by 22.7% to INR182.8 crores, with a margin of 14.5%. Consolidated PBT for H1 stood at INR107.4 crores, up by 5.1%. Consolidated PAT for H1 increased by 4.4% to INR78.8 crores.

Overall, the investments made in the manufacturing capacity are expected to support our growth ambitions, and at the same time, we are remaining focused on managing working capital, optimizing the finance costs, and maintaining the cost discipline.

While commodity prices, product mix, financing costs, regulatory developments, and supply chain conditions may influence quarterly performance, we remain cautiously optimistic about our growth prospects for financial year '26-'27 and are focused on delivering sustainable and profitable growth.

In terms of the segment-wise performance, energy division registered a strong growth of 30% in quarter two and 37.2% in H1, reflecting improved business activity. Mobility division quarter two remained broadly at the previous year level, while H1 revenue increased by about 24.7%, indicating strong overall growth in the six-month period.

Overall, H1 revenue increased by 26.3%, with both divisions contributing to the growth. In terms of PBIT, energy division stood at INR25.14 crores as against INR23.51 crores. It stood at INR23.51 crores as against INR25.14 crores, a decline of 6.5%. On H1, the current year stood at INR41.36 crores as against INR43.36 crores, a decline of 4.5%.

Mobility, the PBIT stood at INR69.39 crores for this quarter two, as against INR58.75 crores for quarter two of previous year, registering a growth of 18.1%. Overall, H1 for mobility stood at INR106.31 crores as against INR81.73 crores, with a growth of 30.1%. The key points to be noted are, despite revenue growth of 30% in Q2 and 37.2% in H1, the segment results for energy division declined by 6.5%, 4.5%.

This is mainly because of the product mix, lower exports compared to last year, and increase in domestic prices. The mobility division results improved by 18.1% in quarter two and 30.1% in H1, reflecting improved profitability despite the modest revenue growth. Mobility division remains the principal contributor to the segment profitability, accounting for approximately 72% of H1 segment results.

In terms of cash flows, the cash flow statement, the cash flow, whatever we have generated in H1, reflects a significant improvement in cash generation from operating activities, notwithstanding higher working capital requirements and increased cash outflows from arising from business expansion and borrowings.

Overall operating cash generation on a standalone basis generated INR181.8 crores as against a cash outflow in the previous year. However, the increase in trade receivables and inventory continue to absorb significant operating cash, highlighting the importance of accelerating the collections and improving working capital efficiency.

The company continued to meet its capital expenditure commitments while servicing and reducing its borrowings. The significant financial cash outflow reflect both debt repayments and higher interest servicing requirements.

With this, I will hand over to Nomura for the Q&A session.

Moderator: Thank you so much, sir. Ladies and gentlemen, we will now begin with the question-and-answer session. First question comes from the line of Pradeep Rawat with Strategic Alpha. Please go ahead.

Pradeep Rawat: Yes, good afternoon, sir. Am I audible?

Moderator: Loud and clear.

Pradeep Rawat: Thank you for the opportunity. I have some query regarding energy segment. You mentioned that the mix shift and RM inflation is the major contributing factor for the margin decline this year. But one of our peer has reported close to 40% EBITDA margin in this segment as compared to 25% of ours. I just wanted to understand why there is a large divergence between us and our peer?

Mahesh Babu: To my knowledge, we don't have the data of our peers. Whatever we know, the industry is around between 25%-30% margin. We will have a look at the data, and then we'll get back to you. Okay?

Pradeep Rawat: Okay. We did 35% last year. Was that a one-time thing, or should we expect these kind of margins in coming quarters as well?

Mahesh Babu: Yes, I don't think 35% margin is a sustainable margin for long. I think we are aiming between 25% -3 0%. I think we can look at between 25% - 30% margin in insulator as a stable volume. Obviously, last year was a very good year, which is one of the best. We thank for our customers who can afford us to give so much margin, particularly during the export period where we didn't have much challenges.

Afterwards, we had this trade war, percentage of import duties in U.S. have been changing on a drastic basis. I think we are looking at a business which is very stable around 25%-30%. And we'll continue to maintain the guidance in the industry. And you know that we are more than 30% of the market share in it.

We did the highest INR98 crores, and the next best industry is around INR60 crores in the revenue in this. We are very firm that we will lead the market in the polymer insulator and the energy division, and our EBITDA are as healthy as 25% plus.

Pradeep Rawat: Okay. Sir, what is the export and domestic mix for this segment?

Mahesh Babu: Right now, the export is very low this year, considering what has happened on the trade war, which happened in the recent one. Hopefully, even when it comes up, we expect that to be a little bit, one or two points better. It is just around 13% in this first H1 of FY27. Last year was about 40% plus.

Pradeep Rawat: Okay. Thank you, and wish you all the best.

Mahesh Babu: Thank you.

Moderator: Thank you. Next question comes from the line of Shruti Shukla with SUD Life. Please go ahead.

Shruti Shukla: Yes. Hi, sir. Am I audible?

Mahesh Babu: Yes, please.

Shruti Shukla: Yes. Thank you for taking my question. I was just trying to understand the top line trend. I mean, if you look at the volume, they grew by 7% on a year-on-year basis. Whereas, if we look at revenue for the e-vehicle division, it's barely gone up by around 1%-1.5%. So, what exactly went wrong here? I'm just trying to understand how this works?

Mahesh Babu: Shruti, nothing went wrong. Actually, it's a mix. You know that we have a 9 m, which is around, let's say, INR1.1 crores to a 12 meter coach, which is around INR1.45 crores or something like that. So, this quarter, most of the deliveries were around 9 m, which is on the lower side. So, this product mix will keep happening, depending upon the depot readiness and which contract we are delivering.

So, hence the number is the one which is the capacity which we have been constantly delivering. So, that number has gone up significantly, you know that, between the H1 536 - 759. That's the reason.

In the quarter, if you look at that similarly, we delivered highest to 401 numbers. But most of the numbers are in 9 meter, which is at a lower price point. Hence, the revenue, very marginal increase in revenue on the mobility division has happened. That's the difference.

Shruti Shukla: Right. Any of the new orders, are we getting more of the 9 meters orders or the 12 meters ones?

Mahesh Babu: It is a mix of both. If you look at it, we have about 1,500 odd 9 meter order pending, and similarly, we have about 3,000 plus on the 12 meter. There is a mix of order. I think typically the market of 9 meter is high, but in the order book, our 9 meter is, let's say, much lower than 50%.

Shruti Shukla: Understood. Would it be right to assume that the 12 meter would have a higher share in terms of volume?

Mahesh Babu: Yes. 12 meter will have a higher share of volume and better 9 meter.

Shruti Shukla: Understood. We are not really worried about the mix moving forward, right?

Mahesh Babu: Yes, absolutely.

Shruti Shukla: Got it. Thank you.

Mahesh Babu: Thank you.

Moderator: Thank you. Next question comes from the line of Ayush, an Individual Investor. Please go ahead.

Ayush: Hi, am I audible?

Moderator: Yes.

Ayush: Yes. Okay. A quick question. A lot of competition has increased in the e-truck segment. A lot of new entrants have entered the market. Don't you think we are getting late to launch our new platform and products in that? Second thing, a word on the expansion. I think we were exploring expansion of a new manufacturing facility. Where are we on that?

Mahesh Babu: Yes. Okay. First on the e-truck segment, as you rightly said, even in the bus segment today, we have close to 14 players in the market. Still, we are almost in the top two listed today, and most of the time, we are trying to be number one, and we have a market share much close to 22% plus.

Similarly, in the truck segment, I think there are about 13 players as of now, including us. We will definitely have a right-to-win strategy there. That's why we are not getting into any partnership and developing our own IPR trucks. I'm happy to share the first truck, as we speak, is getting built for the prototype and testing.

We are planning to build a dozen trucks before we launch and test them very extensively before we launch at the end of the Q4 or early Q1 of next financial year. We have a very clear strategy on which segment to play and how do we to win on it. Based on that, we are sure, because if you look at the truck market, I said it's about 400,000, right? It's a huge market.

Definitely, due to our experience of about 750 million kilometers, what we have run either in buses, and also we have put about 117 trucks in the market, and we have been learning in various segments. These learnings are getting into the truck. There is no reason to believe that we will be having challenges.

Of course, we'll have challenges. Of course, there will be competition. That's where there is a market available. I strongly believe that truck will be one of the market which will not dependent on government, which will not dependent on cash flow issues, and hence, building that business will give a lot of leverage to Olectra in coming years.

Ayush: Okay. Thank you.

Moderator: Thank you. Next question comes from the line of Gaurav with Utility Unified. Please go ahead.

Gaurav: Hello, am I audible?

Mahesh Babu: Yes, please. Please go ahead.

Moderator: Yes, we can hear you.

Gaurav: Yes, I just wanted to know about the Tamil Nadu 1,012 meter AC bus tender. Have we participated? If we have, what are the outcomes?

Mahesh Babu: Yes, the answer is, we have participated in the tender. Right now, the tender is under technical evaluation, so I will not be able to comment much on it. We are hopeful still that we are very competitive, and we have this time participated through an operator, not through Evey Trans, our related party.

We have now, as I told earlier, also participating from outside operators to be competitive and to ensure that our products are competitive in the market. We have participated with the operating partner in the Chennai tender or the Tamil Nadu tender, and the outcome is expected by this month.

Gaurav: Okay, sir. Thank you. Good to know about it. Sir, just one more question. Sir, I wanted to know about the Fresh Bus thing. We had received an initial order of five buses, I think so. I am seeing the Fresh Bus website has a good UX, good UI, and it is run by a very professional person.

Going forward, if we want to scale up our private bus business, private electric bus business, don't you think Fresh Bus would be a very good partner to have? Any talks with them with regards to private bus entry?

Mahesh Babu: Yes, we are one of the first one to give buses to Fresh Bus, and they have run, to my knowledge, more than 5-6 lakh kilometers already, a substantial amount, and they are very appreciative of our product. As you said, it is professionally run, and they are one of the successful private operators.

We continue to engage with them and other private operators as well. I think there is a huge potential of private bus adoption going forward. There are a lot of learnings who are in the first batch of buses which we have given in the private segment, and based on which we have already started working on a 13.5-meter bus to meet the requirement, and that also will be part of the launch which we have been talking about in the coming quarters.

Gaurav: Okay, sir. Good to know about it. Wish you all the best for the next quarter and the next financial year. Thank you.

Mahesh Babu: Thank you.

Moderator: Thank you. Next question comes from the line of Ritwik Ram, an Individual Investor. Please go ahead.

Ritwik Ram: Hello. Good evening, sir. Congratulations for the stellar performance of Olectra Greentech. I have a question to Mr. Mahesh Babu. My question is regarding the demerger of the composite insulator business to unlock its value.

I can cite an example that Ashok Leyland demerged the electric bus business from Ashok Leyland to Switch Mobility, and Unilever demerging the ice cream business to unlock the business potential. Is there a possibility in future to demerge the composite insulator business to unlock its potential? Because Olectra is the largest manufacturer in the insulator business?

Mahesh Babu: Thanks for your suggestion. We will evaluate it. Right now, we do not have a proposal. When we do it, we will definitely come to the market and inform you after the Board approval.

Ritwik Ram: Okay, sir. Noted, sir. What about the pending litigation cases regarding ETO Motors, etcetera? That is my last question, sir?

Mahesh Babu: I will ask the Company Secretary to…

Hanuman Prasad: Mr. Ritwik, can you repeat your question? Last part, actually, to which company you are referring to litigation?

Ritwik Ram: The ETO Motors that Olectra had invested some INR5 crores, INR6 crores, and Olectra should get the money back. One of the cases was published on the BSE platform.

Hanuman Prasad: with ETO Motors, we do not have any litigation. Maybe Evey Trans you are referring to.

Ritwik Ram: Okay, sir. I will skip it, sir. I will get back on that. My last question is regarding the GFRP rebar business. Any plans of reviving that business? That is my last question.

Sharat Chandra: I think in the last earnings call, we mentioned about this. As of now, we have no plans to work on this business. It is highly competitive, and we are not focusing on this business as of now. We are focusing more into our own platform of buses and trucks.

Ritwik Ram: Pleasure, sir.

Mahesh Babu: The business what you talked about is not. We evaluated it, we made prototype, and we decided not to go ahead because we do not see any potential margins in that business. We have already said we are working on a hollow insulator, solid insulator, and other products which are having very high potential in terms of energy division's growth, and that we are working. So, as a board, we evaluate multiple options, and we will proceed which is viable and which is worked on returns to the extent of what we are expecting, and only then we proceed ahead.

Ritwik Ram: Noted. I have been an investor since 2017 September Olectra. I am a very proud investor. Thank you very much.

Mahesh Babu: Thank you for the trust.

Moderator: Thank you. As there are no further questions from the participant, I now hand the conference over to Kapil Singh for the closing remarks. Thank you, and over to you, Kapil.

Kapil Singh: Yes. Good evening, everyone, and thanks for joining the call. On behalf of Nomura, I thank the Olectra management for giving us this opportunity, and we can now close the call.

Moderator: Thank you so much. Ladies and gentlemen, on behalf of Olectra…

Mahesh Babu: Thank you, everyone.

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