“Olectra Greentech Limited

Q1 FY27 Earnings Conference Call”

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MODERATOR: **MR. KAPIL SINGH – NOMURA**

Moderator: Ladies and gentlemen, good day, and welcome to the Olectra Greentech Limited Q1 FY27 Earnings 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 questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone.

I now hand the conference over to Mr. Kapil Singh from Nomura. Thank you, and over to you, sir.

Kapil Singh: Good evening, everyone, and thanks for joining this call. We are pleased to host Olectra Greentech's management, Mr. Mahesh Babu, Managing Director; Mr. Sharat Chandra, CFO, and along with the members from the finance team.

We will now pass on the call to management for their initial opening remarks. And after that, we can open the floor for Q&A.

Mahesh Babu: Good morning. This is Mahesh Babu speaking, MD of Olectra. I'm very, very pleased to meet on the call today after our Q1 results. First, I'll give you a brief of the industry. You all know that after the GST cut, auto industry has been growing at a very healthy rate due to the demand.

Today, most of them, there is no demand issue. I think more of a supply issue across the auto industry. If you look at the EV penetration in Q1, I think it has grown from about 5% to 7%, which is a very healthy sign that EV adoption in e-bus segment is still at a healthy rate of production.

Overall, there is a clear new tenders and our adoption on EV coming up in a very -- well, you all know that the PM eSewa tender is live on pipeline, and that tender is getting delayed. But however, there are about 4,000 to 6,000 tenders right now by the central government, and there are about another 3,000 to 4,000 tenders from respective state governments, which are under discussion.

So it clearly indicates the e-bus segment is growing and in which we are operating at. During this period, I'm also happy to say that we have delivered the 4,000th electric bus in the recent past. And this happened, and we are the first company in India to delivered 4,000 electric buses to our customers, surpassing our competition and become an all-time high on deliveries in the country.

We have also consistently been delivering 350-plus buses in the last 4 quarters now. And that clearly says that the new plant with the rhythm of manufacturing and supply chain have been set up.

However, I would like to highlight to you in this quarter, we had a huge turbulence in terms of material cost hikes as well as supply chain disruptions due to shipping lines getting canceled and diverted and delayed all that due to the Middle East war into consideration and hence, more to do with a very specific geopolitical disruptions, which has happened.

And that has slowly mellowed down now, and it is opening up and now the disruptions are going away. Hopefully, this will continue so that we'll be able to continue our business without any issues. In the Insulator segment, Q1 always have been a challenge because of the year starting, respective orders.

Also due to the high raw material increase, some of our customers have slightly delayed their delivery because while the insulator plays an important role in the power line, the other aluminum prices have gone up and hence, they were slightly delaying that.

But however, the orders will continue to get delivered in the coming quarters. So with this multiple challenges, with our strong background, I would say, we had a very strong start in FY27.

We had a revenue growth of 66% and EBITDA growth of 30%. And as you know that we have increased our capex both in Bus division as well as Insulator Division. The Bus division, where, as you know, we are investing in the new bus next-generation platform as well as new generation truck.

Both the products, developments are going good. And similarly, in the Insulator, or the power -- the Energy division, we are expanding into new products, and that work has already started. We are evaluating hollow insulator, solid core insulator and many other allied products, which we are in, and hence, to support the energy and power sector in the country.

These capex investments are going in. Similarly, our term loan proposals on the capex of our plant has started, and hence, we have an impact on both profit as well as PAT and the PBT. I would say still, it is a very good start looking at the turmoil.

Our growth rate is still protected. Both the divisions, the Bus divisions have achieved the 4,000 only first company in India to deliver 4,000 buses. Similarly, the Energy division, we are still number 1 with significant market share. Both the divisions continue to grow due to geopolitical and raw material and supply chain disruptions there are minor challenges in our Q1. But I strongly believe going forward, Q2 and this financial will be a growth as we delivered in the past. And in fact, we'll do much higher than the growth what we have done in the past as well.

Thank you now. I am handing over to Mr. Sharat Chandra, CFO of the company.

Sharat Chandra: Good evening, everyone, and thank you for joining us. So as our MD has given initial remarks, so we are pleased to report strong operating and financial performance for Q1 financial year '26-'27, with the continued momentum, particularly in our Mobility division. The Mobility segment maintained healthy operating margins despite some changes in the product mix. The vehicle deliveries vis-a-vis the previous year, Q1 year-on-year, has gone up from 161 units to 358 units, representing a 122% growth on volume.

The Energy segment has faced some headwinds during the quarter, primarily due to higher raw material costs arising from geopolitical issues and relatively lower contribution from exports. At a consolidated level, the revenue stood at INR575.5 crores, up by 66% year-on-year.

EBITDA increased to INR72.9 crores, a growth of 30%. PBT at INR34.7 crores was up by 3%, while the PAT at INR23.2 crores represented 4% growth. On a sequential basis, revenue was lower by about 11% compared to Q4 mainly due to lower Energy segment revenue and product mix in Mobility. Nevertheless, the year-on-year growth reflects the underlying strength and continued momentum on our business.

So with that, I will hand over the call to the Nomura team for the Q&A session.

Moderator: Thank you so much, sir. Ladies and gentlemen, we will now begin with the question-and-answer session. The first question comes from the line of Bala Murali Krishna with Oman Investment Advisors.

Bala Murali Krishna: First of all, on the overall delivery plan for this year. In the last few years, we were targeting 2,500, but we could not be able to achieve that one. So this year, how would be the trend whether we can able to achieve that target or not?

Mahesh Babu: Okay. Thank you for your question. This year, as you said, our budget is to deliver 2,500 vehicles. We have full confidence now that we'll be able to deliver on what is in the pipeline. As you know, that we are number 1 from inception of 4,000 vehicles, not only from inception if you look at India's e-bus registration as of today, we are still number 1 with around 490 vehicles registered as of 12th August. So we continue to deliver to the market. But I strongly believe this year, the market would be able to absorb more than in the last year.

If you look at the rate, I told you already, there is a Q1 about 2% increase in adoption in Q1 itself. So this clearly says this year, the market will be able to absorb much higher, and we'll be able to deliver 2,000-plus, 2,500 vehicles in this financial year.

Bala Murali Krishna: Okay, sir. So on the pipeline tender, so do you anticipate any order intake in this financial year for the tenders you participated in recently?

Mahesh Babu: So we have about 8,000 order book already. Last time we have won a tender of 1,085 vehicles in Telangana as part of CESL tender last time. Recently, we have become L1 in Rajasthan. Today, only we have got the letter to call us for discussion. It is outright 155 buses.

There were about 4 to 5 participants. I'm happy to say that we have become L1. This clearly demonstrate Olectra's both product quality as well as competitive costs in the market on the outright sale. This will be our new 9-meter platform, which we are developing for the next generation, which I'm told will be ready by in the last quarter of this financial year.

So as I said, we already have 1,085 plus 155 under discussion, both of them for the new platform. And for the existing platform, we have about 8,000 which we'll deliver in next 2 years.

Bala Murali Krishna: Okay. So in the Insulator division, I think you told some media interaction that you are going to scale up the business by some 4x to 5x in the coming years. So the product will be only -- we are enhancing the capacity or we are planning some new products to scale up that business?

Mahesh Babu: See, in the Energy division, we have a strategy discussions held both at the leadership level as well as at the Board. Today, we are number 1 in polymer insulator. If you look at the products around the same Energy division, we are already approved a product, which is hollow core insulator and solid insulator. These 2 has addressable TIV market close to INR500 crores to INR1,000 crores. That product, we are bringing in.

We are also evaluating multiple other products in this category. Our intention is to next 3 years, to make this Energy division of 5x growth. That's the plan. And the team is working towards making that happen. And various -- it will be both product -- new products as well as capacity enhancement put together.

Capacity enhancement expansion in the plant has already started. We will have another similar size of shed, what we are having today with all the equipments in the pipeline, which will enhance the capacity to this division in next 3 years.

Bala Murali Krishna: Okay, sir. That's great. On the margin front, in the Energy business, so I think this quarter have some higher raw material cost. So how do you see this Q2, Q3, whether we can be able to regain the margins? Is there any pass-on of price escalation?

Mahesh Babu: Yes, we had a challenge of raw material increase. Many raw materials have gone between 40% to 70% increase in raw material prices, in polymer insulator. And hence, we had a challenge in the margins this quarter due to the war and petroleum prices, which have gone up, but also supply constraints during this period. I think that has now mellowed down.

Already the price has fallen close to 40%, in the first, out of 70%, 40% has fallen down. So we are expecting the average price from now on. If there is no disruptions to come back closer to the levels before pre-war. And hence, improvements are expected to be seen in the coming quarters.

Bala Murali Krishna: Okay. Lastly, on this e-bus, sir, one question I have. So with our 8,000 order book and plus -- 1,000-plus new platform. So when do you think that we can be able to complete? Because if we get some new orders, then they will also follow up for deliveries.

If we can deliver quickly, maybe that would be good for our company also. But having this backlog of 8,000 buses, it may restrict us to take some new orders or it may restrict some other agencies to give new orders because we have a backlog of orders?

Mahesh Babu: See, if you look at auto industry, the top 3 guys have order book between 5,000 and 8,000 vehicles, all of them because these orders are all to be delivered in 2 years. Even the 1,085 orders for Telangana is to be delivered in 2 years' time line. And hence, all the order, whatever we are getting today is for FY28 and FY29. The start of delivery itself will happen by March of next calendar year. And hence, whatever pipeline we have, we need to fill up this pipeline with respect to competition.

And all these deliveries are depending on ecosystem availability like power, availability of depot infrastructure and so on. And hence, if we have to consistently achieve 2,500 deliveries this year

and higher deliveries next year, we need to keep getting orders as well as improve our delivery, which is our plan.

Bala Murali Krishna: Sir, if there is any supply -- I mean, sir, the infrastructure hurdle, so we can deliver this 8,000, you can say, in FY27 and FY28, is that the right understanding?

Mahesh Babu: See, the market has to absorb. If you see last full year, I think around 5,400 vehicles is the registered vehicles. If the market is 5,400 vehicles, delivering 8,000 vehicle by us will not be prudent or it will not be right for us to manufacture and keep it. Our working capital will get locked. So we'll have to time the production and supply chain in such a way that the market will be able to absorb whatever we are producing.

Similarly, if you look at the first quarter, there are about 1,400 vehicles, which got registered, right? So we will have to see how we will have to deliver based on market readiness, not just aggressively produce because it will not give any revenue, it will lie in our stock. If the depots are not ready, which I've heard from many of the competition.

I would say we, as Olectra company, is one of the most optimum in working capital maintenance because as soon as we produce the vehicle, the vehicle is deployed within 30 days or maximum, let's say, between 30 to 60 days, the vehicle is into the customers' operations. Now there are competitors who are holding the vehicle for 3 months for flag-off, for the depot readiness, who can afford to do the working capital lock.

So I would say, rest assured, we are number 1 since inception. We are number 1 in this as of today in terms of registration. So we are delivering in this segment, the most vehicles into the market. And our -- as you rightly said, our intention is to strive to drive the market to higher adoption, which we'll continue to do.

Moderator: Bala, are you done with the question? As no response from Bala, we'll move forward to the next participant.

Our next question comes from the line of CA Jinesh Chopra with Chopra Capital Partners.

Jinesh Chopra: Sir, I just wanted to know about Insulator division. What are the industry outlook for the next 3 to 5 years? And out of that industry growth, how much we will be able to capture the industry growth? Plus, how will the EBITDA margins look over the next 3 to 5 years, specifically for Insulator division?

Mahesh Babu: Okay. See, while there are many predictions, our internal study says there is a strong growth in Energy or Insulator division because if you know, India is upgrading the power lines, many of them are getting upgraded to 800 kV lines. And hence, there is a potential that most of the lines -- today, as of now, we have close to INR300 crores worth of orders in the hand, and we are continuing to get inquiries and the deployment over a period of time.

I strongly believe that the growth rate with the new products, what we are doing, we have already said in 3 years, we are trying to do a 5x revenue in Insulator division. So that is the intention we are going to work.

I strongly believe we'll be around 30-plus percent market share in this segment, continue to be 30% plus market share in this segment. And hence, we are taking as equally as Mobility division, the Insulator division also in terms of growth, in terms of investment, in terms of new product.

And I believe the margins will depend on raw material as well as the product mix. But there is no reason to believe that it will drastically drop into what we are telling -- what we have seen in Q1 due to just a raw material price increase situation.

Jinesh Chopra: Okay. Sir, I just wanted to know what amount of new capex are we doing for the next 3 to 5 years. And what ROCE can we expect on this new capex?

Mahesh Babu: See, it is very difficult to tell 3 to 5 years' capex. All that I can tell you is this financial year, we are planning a new building worth INR30 crores, INR35 crores, and equipment worth between INR15 crores, we are investing for the capacity expansion as well as in the new product, what we are getting into it. These have been approved by the Board, and we have already started this expansion to get into it. This will give us path for 5x growth, which will give 2x plus for the next financial year readiness.

Jinesh Chopra: Okay. And sir, one more question. I just wanted to ask you what is our split for Energy division for export and domestic or it is entirely domestic?

Mahesh Babu: Sharat, do you want to talk about it?

Sharat Chandra: Yes. See, basically, last year, exports was about 40% -- so about 36% to be precise. So actually, this quarter, the export percentage has come down. So that is also one of the changes in the product mix. We expect the overall exports to be about 35% to 40% of the top line.

Jinesh Chopra: Okay. And sir, what are the top 5 customers for export and domestic division? If you can name some?

Sharat Chandra: In terms of exports, we have large -- in terms of export, we have a very large customer known as MacLean Power Systems in the U.S. This is a major customer where we have direct exports. Apart from that, there have been exports through L&T and Tata Projects to the African region through their subsidiaries.

So we are actually having discussions with various customers. And so we hope the export customer profile will increase in this current year. So this is -- as far as the export is concerned in terms of domestic, we have Tata Projects, we have Kalpataru, we have Transrail, we have Sterlite, Adani, L&T, and, of course, POWERGRID. These are the major customers.

Moderator: The next question comes from the line of Shivam Kabra with Carnelian.

Shivam Kabra: Starting with the order book. Out of the total order book, how much is attributable to MSRTC and BEST separately?

Mahesh Babu: Can you repeat the question? Your voice was cracking.

Shivam Kabra: Hello? Am I audible now?

Mahesh Babu: Yes, yes. Go ahead. Go ahead.

Shivam Kabra: So starting with the order book. Out of the total order book, how much would be attributable to MSRTC and BEST separately?

Mahesh Babu: The 4,000 vehicles will be around for MSRTC and about 2,000 orders to be for the BEST.

Shivam Kabra: And could you please provide some color on the aging of the order book. Specifically out of roughly 8,000 units of the orders, how much would be older than 2 years? And what are the challenges that we are facing in executing this order?

Mahesh Babu: I don't have exact details, but all that I can tell you is both MSRTC and BEST is the old order. The challenges is, as you know, sometimes between the signed agreement and the actual reality, there are some gaps, which we have to engage.

If you want to really be loss-making, then we can go aggressive on such products without resolving this and then make losses, which the management would not like to do. Management would like to resolve the issues, go only when there is a clear understanding between the STUs and us, and the benefits are on both sides, and then we will take this forward.

So that is, by and large, the approach we have been following. That's why we are the only profitable EV company in the country. And hence, we will continue to work on and engage with all stakeholders by resolving issues and moving forward rather than just for the sake of moving forward.

Shivam Kabra: Okay. Earlier, we had also planned to localize our battery pack assembly system at our new facilities. What is the current status on this initiative? And once completed, what will be overall localization level for the company in OEM division?

Mahesh Babu: So if you look at our next-generation buses, earlier, we were planning to localize the battery alone. We evaluated that project, and then we decided instead of just localizing the battery, we will create a next-generation product with the localized battery itself. And that's why I said that we are investing on a next-generation buses and trucks in which we will have a localized battery already being integrated.

Because just by localizing battery, we will have the existing product running without improvements because we have a rich knowledge of more than 700 million kilometers of running in the country, and we'll have to use this knowledge to our next-generation product. So

management decided instead of just localizing battery, we will generate a new generation bus and truck platform with local battery into it.

That is how we are going. And that's what I said by Q4 of this financial year, the next-generation electric bus followed by electric truck will be launched starting from the last quarter. I said, every quarter, we will launch 1 or 2 products for the next 4 quarters, starting from Q4 of this financial year. Our team is working closely into getting these products. I strongly believe these products are really next generation, and it will bring in value, cost reduction and hence, contribution.

It will bring in new features and hence, customer meeting new regulations. There are a lot of new regulations coming. Market is moving towards many new adoption of regulations in the bus as well as truck, it will meet all the new regulations going forward as well as there are a lot of customer requirements in durability and reliability improvements, which we have learned in the market, which we are also improving in these products. And hence, instead of just the battery localization, we decided to get the next-generation product.

Shivam Kabra: Okay, sir. And what is our current localization level?

Mahesh Babu: The new generation products will meet PM E-DRIVE and eSewa requirements, which is all the aggregates will be local and the remaining parts, except the cell will be all local. In the current level, you all know that there is a transition going on between old generation and new generation. The current level, I don't have the exact number, except the aggregates, I think many of them are local.

Shivam Kabra: Okay. And what are the capex plans for the company in OEM division? And when we are expected to reach 5,000 units capacity that we were planning in single shift?

Mahesh Babu: So the capex plan is -- we have said that we are investing about INR450 crores in the new programs for both tangible and intangible in the new platforms. That is for prototyping design, testing, validation and productionizing these products, and that will get into market by Q4, that's about INR450 crores. We are also investing about INR100 crores in terms of building and other equipments to get to the new products, both truck and bus into the one. Insulator, I've already told, we are investing about close to INR50 crores in terms of building and equipment, which will -- this is over a period of next 18 months.

Shivam Kabra: So INR450 crores is for 18 months figure. Am I right?

Mahesh Babu: Yes. Yes, yes.

Shivam Kabra: Okay. And sir, what is the rate at which we borrow our term loans? And what is the rate of the interest that we pay for the working capital requirements?

Sharat Chandra: See, the term loan rate is about 9%. And we actually do a lot of mix of MSME, non-MSME platform. So our cost of working capital is about 7% for about the major portion of working

capital. And we incur a lot of finance cost towards LCs, which is a major cost, which will come down going forward from next year. Q1 of next year, we see definitely lower LC cost.

Moderator: Our next question comes from the line of Nishita with Sapphire Capital.

Nishita: Yes. Am I audible?

Moderator: Yes, Nishita, you are audible.

Nishita: Yes. So I just wanted to understand, like our margins have dropped and you explained that they've dropped because of the product mix change and raw material price hike. So since the situation has now subdued, can we expect the EBITDA margins to go back to the previous 15% from Q2 onwards?

Sharat Chandra: See, basically, the moderations and all, the raw materials prices coming back to the old levels is happening now. We will see gradual improvement in the Energy segment. As far as the Mobility segment is concerned, we have earned healthy margins. It again, all depends on the product mix. And hopefully, with all supply constraints not there now, we hope the operating margins to remain. I think we have spoken about this in the past, around 12% is what we are looking at to stabilize. For the company as a whole.

Nishita: But previously, we've had like the margins at around 14%, 15%, so why the 12% change? Are we being conservative when we say that we'll have 12% margins? Because our Insulator segment also has really good margins, and that is also going to grow 5x in the next 3 years.

Mahesh Babu: See, there are 2 reasons. One, what is happening -- insulator used to have high export, exports used to have healthy margins. So Insulator margins were higher. But due to geopolitics and all the shipping challenges and what's happening today, Trump tariffs and all that has really made export a little difficult, and we need to really understand the one. And hence the expected to go back to the earlier margins is really we wish like you that it happens.

However, it is not expected that this Q1 impact will continue. It will definitely improve. Our wish along with you is that we'll get back. Our intention is to get back to the same margins, but it will be over a period of time because we'll have to do a risk mitigation other than exports, how to do it, what is the market, and we'll have to play that one. So what we are saying is it will lie between 12% to 15% on a given day, and that's what the market is.

In fact, if you look at the auto industry, most of them are much lower than around 10% to 12%. And while we continue to enjoy the higher percentage, we need to really see how we will maintain it, and that's the intention of the management.

Nishita: Okay. Okay. Understood. And my next question is on our truck sales. I just wanted to understand, have we already started with the truck sales?

Mahesh Babu: See, in the previous quarters, we have deployed about 115 trucks and we'll continue to deploy another maybe another 40, 50 trucks. This is mainly to learn as a pilot, to learn the market for

our next-generation truck. The intention of these trucks are not to get revenue, but to more of a pilot to ensure that our next-generation platform. It's like a seeding of trucks in the various applications to learn to develop our products. So we will continue to -- but our own truck will come at the end of the Q4. So you will see the truck sale impact in our financials in the next financial year.

Moderator: Our next question come from the line of Preet with InCred AMC.

Preet: My first question will be on the line of EV industry. So how do you expect for the next 3 to 5 years in the EV bus industry to grow? And what kind of deliveries do we expect in FY27 and FY28?

Mahesh Babu: So if you look at the overall EV industry, I think substantially, if you look at 2-wheelers, the production is close to 9% in the first quarter, while it was about 6.8% last full financial year. Three-wheeler is about 60%. Four-wheeler cars is close to 5%. Four-wheeler goods are around 2%, 3%, and trucks is a meager 0.3%. Buses at around 7% in the first quarter, it is expected -- last year, it was about 4.7%.

So basically, we are seeing adoption happening in all the segment between 2-wheeler till buses. We are in the bus and truck segment. Truck segment is very nascent. As I told, we are doing a pilot to learn it. Major volumes will come in next 3 to 5 financial years.

And hence, we are ready and getting ourselves prepared for a journey for next 5 years in the truck segment growth. Bus segment has reached a reasonable point, which is 7% is very critical. Even if you look at the overall 7%, this is overall bus market. But if you look at 9- and 12-meter alone, out of 7,800 buses, almost 1,500 buses is the adoption. So if you look at it, it's almost 20% in the segment.

And if you look at STU, out of 2,000 buses which STUs have ordered or registered in the first quarter, 1,400 is electric. That is substantially close to 70%, right? So STUs, EV adoption in bus is about 70%. If you look at 9- and 12-meter, it is about 19%. Overall, it is about 6%.

So this growth is happening, particularly after the war. I think a lot of private inquiries have come in bus and trucks for adapting to EVs. So we believe that this segment will grow substantially. We are expecting the total FY27 TIV would be about 8,000 buses, out of which we are expecting to deliver about 2,000 to 2,500 buses in this financial year. Next year, this growth rate, at least a CAGR of 30% to 50% is expected depending upon what's happening in the market, and that's our prediction in terms of bus adoption.

Preet: We have done around 350 -- yes, I'm still continuing. We have done around 350 buses delivery in quarter 1. So we expect around 700 per quarter run rate of the bus delivery. Am I understanding it right?

Mahesh Babu: See, even if you take between 2,000, the run rate in the coming quarter, what we are talking about, we are talking about 500 to 600 vehicles. While the exit quarter when we ramp up and we have our own buses in the last quarter, that will add up, too. So let's say, we are producing

the current generation buses and for current orders at the rate of about -- consistently, we made 350 in the last 4 quarters. We are expecting close to 500 this quarter and improving up to 600 and 700 in the last quarter. That's what we are looking at.

Preet: Got it, sir. And my second question is on the line of the Insulator business. If you could just bifurcate what are our domestic insulator margin and what are the export insulator margins? And we have told 3x in next 5 years, or 5x in next 2 years, we are expecting it to be -- how much from the domestic and how much from exports?

Sharat Chandra: As I told you, the mix of exports will remain around 35% to 40% of the total top line. And see, overall, in terms of -- we cannot actually specify what is the margin in domestic and exports. Overall, we have seen the margins in the last 2 years, our gross margin level was about 45%, now gross margin is about 40%. So we expect the gross margin levels to stabilize around 40% to 45% in the midterm, in the near-term basis. Overall, we'll have to again factor what is going to be the situation-- if there are no other external factors like geopolitical issues and raw material prices increases, we hope the margins will stabilize around 40% to 45%.

Preet: Got it, sir. I understand that you cannot give breakup of domestic and export, but can we just know that what would be the margin differential? It would be around 500 basis points or 700 basis points between domestic and export? That's my last question.

Sharat Chandra: Basically, again, it's a mix. It's not really an apple-to-apple comparison. So we have a lot of products, right, from 25 kV to 800 kV. So that kind of split is very difficult to actually predict. Definitely, export margins are better, as you said, about -- yes, over 5%.

Moderator: Our next question comes from the line of Gaurang from Utility Unified.

Gaurang: Congratulations for the 4,000 bus orders. Sir, my question is with respect to the first BEST order, which was 1,400 plus 50% variation. So that made it 2,100. Sir, I just wanted to know whether this order is canceled, or are we still in discussion? Because why I'm asking is Switch similarly had this issue with BEST, but their 150 pending bus but order is now reinstated. So are we also expecting that this particular order might be reinstated back if it's canceled?

Mahesh Babu: So right now, this order is under discussion, which is, I would say, neither canceled nor accepted. It is under discussion with the authorities for the way forward. So it is under discussion and hence, we are not delivering any more buses for that tender. And hence, we will -- only the dispute resolution happens, then we'll be able to take it forward, whichever way it is.

Gaurang: Okay, sir. And my second question is with respect to the second order. So second order was 2,400 plus 25% variation, so that made it 3,000 buses. So is it that we are going to deliver the pending 2,900 buses? Or is it 2,000 buses?

Mahesh Babu: See, the pending order is only 2,000. The variation is only at the end of the order, if the authorities want, then only -- if both of us agree then only that 25% variation is allowed. So right now, we have 2,000 more for the second order and that we will continue to deliver.

Gaurang: Okay. So there is scope of extending that by 600 buses, if they are interested?

Mahesh Babu: At the end of the contract, yes. After we deliver everything at the end of the contract, if both sides agrees, then only there is a scope for one. Right now, we should not take that as an order. It is only -- we have got LOI and delivery for only the quantity, which was in the tender without increase.

Gaurang: Fair enough, sir. So my last question, sir. So I was just going through the numbers of medium- to heavy-duty electric -- sorry, normal trucks sold in India, and that's around 3 lakh to 4 lakh is the number. So once our new platform is ready, what could be the numbers that we are targeting for, especially for the next financial year?

Mahesh Babu: Our truck -- if you look at 330,000 is the diesel truck, what you are saying. And if you look at the EV, trucks, EV truck last year -- one second, give me a second, last year is about 800 vehicles. So EV truck is about 800 vehicles. In FY27 Q1 EV, truck registration is about 270 vehicles. So there is a good amount of that.

It will reach close to 1,000-plus vehicles, 1,200-plus vehicles this financial year. So we expect about 1,500 to 2,000 is the addressable market in next financial year. Out of which, at least, we will target in the first year to get about 20%, 25% market share, and then we'll start growing from there.

Moderator: Our next question comes from the line of Durgesh, an Individual Investor.

Durgesh Annamreddy: This is Durgesh. Am I audible?

Moderator: Yes, sir, you are. Please go ahead.

Durgesh Annamreddy: Yes. This is Durgesh Annamreddy, Individual Investor. My first question have already answered. My second question is, can you share that Mobility margin percentage?

Sharat Chandra: Yes, it is [inaudible 0:44:45] the Mobility margin percentage, overall PBIT margin is about 8.2%. EBITDA is about 14.7%.

Moderator: Our next question comes from the line of Rithvik, an Individual Investor.

Rithvik: Many congratulations for the Q1, sir. My first 2 questions are. My first question is, what is the plan for the GFRP rebar business? And my second question is what is the impact of the Wage Code, Labour Code on your company's financials? These are my 2 questions.

Sharat Chandra: I think the rebar thing, it's quite competitive and then not much of real margins we are expecting. So we have actually slowed down. In fact, we are not pursuing it now for rebar. As far as the wage bill is concerned, we already factored, it's not significantly material for us. It's about INR50 lakhs to INR70 lakhs, which has been absorbed in the financials.

Rithvik: Pleasure, sir. I have been an investor of Olectra since September 2017. And by next year, I'll complete 10 years investing in Olectra. Thank you very much.

Mahesh Babu: Thank you for the continued trust in all the company and the management.

Moderator: Our next question comes from the line of Pankaj from Affluent Assets.

Pankaj: Sir, just wanted to understand when can we see a meaningful increase in the numbers delivered? Like as we have a capacity increase from June -- Jan quarter. And it has been almost 8 months, but we have not seen any impact of the increased capacity on our numbers delivered.

Mahesh Babu: Okay. So I have told already that in the last 4 quarters, after the plant has been installed, we have been consistently delivering 350-plus vehicles. There were multiple challenges. I told you there were supply chain issues, and there are issues related to front-end readiness and hence, deployment and so on. We are expecting from this quarter the numbers to go up.

I have already covered this. We are looking at exiting around 600, 700 vehicles per quarter and about 500 in the coming quarter. That's the impact we are doing. We have done a lot of work in terms of streamlining the capacity. Capacity is not just the capacity at the plant, we need to streamline the supply chain.

We need to prepare the depots to ensure that we are able to deploy them without capital lock. So all this, I strongly believe has been done, and then you will see a ramp-up in this financial year quarter-on-quarter from now on.

Pankaj: Okay. Secondly, sir, is there any scope for us to go overseas like our competitors or peers in India? Switch, Tata Motors, they are looking, starting for opportunities, especially in EV outside -- across the borders. So is there any scope for us to go beyond borders that given that we have been tying up with BYD for batteries?

Mahesh Babu: See, our new generation platform vehicles, both bus and truck, we are exploring to export market as well. That is one of the reasons we are just not localizing but went into new generation products. We will have a potential to export, and we have already started configuring the vehicles to meet the export requirements when it comes out in the Q4 of this financial year. Next financial year would be our exploration to participate and take our vehicle to export market. So yes, to your answer is -- the question is, yes, with our new generation products, and we'll be ready by end of this financial year.

Pankaj: Sure, sure. And finally, sir, would there be any increase in our margins with the increase in indigenization, level of indigenization?

Mahesh Babu: Yes. In our new generation products, when everything is local, we will have better margins than what it is today. That is expected. Now how much we'll realize that, definitely, it will be better. I can't tell how much it is. So you will see it from Q4 of this financial year onwards.

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

Mahesh Babu: Okay. Thank you all investors for the trust and continued support to the Olectra Greentech as well as the management. As I have said that I strongly believe that we are in the right position now. We are getting into new products. We are getting into expansion.

We are preparing ourselves for new regulations and potential export and so on. These are all exciting time. While there were multiple challenges due to geopolitics and war, I think our team has managed well to curtail and ensure that profitability is still maintained. Going forward, we'll continue to work...

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