

RECOMMENDATION SNAPSHOT				
*CMP	MCap (Rsbn)	Recommendation	Target	Potential Upside
Rs1470	121.0	Hold	Rs1600	9%

*as on 14th Aug, 2025

About the Company:

Olectra Greentech Ltd (Olectra), earlier known as Goldstone Infratech Limited, established in 2000 is a pioneer in electric bus manufacturing and insulators in India and with this endeavour it has been a part of building the power transmission and distribution in India. It is a subsidiary of Megha Engineering & Infrastructures Ltd (holds 50.02% stake). Olectra is India's first ever electric bus manufacturer that has manufactured and deployed all variants of electric buses in India. After leading in the commercial run of electric buses, the company is expanding its product line into the e-mobility segment for 3-wheeler electric autos and electric trucks. It is also the largest manufacturer in India for silicone rubber/composite insulators for power transmission and distribution networks. The company is headquartered in Hyderabad, India. Mr. K.V. Pradeep is the Chairman & Managing Director of the company.

Results: Quick Glance:

- The net sales reported growth of 10.6% to Rs3472mn as compared to Rs3139mn in the same quarter last year
- The Ebitda margins for the quarter stood at 13.8% as compared to 14.0% in the comparative quarter last year
- The company reported profit of Rs260mn as compared to Rs243mn in the same quarter last year
- The EPS for the quarter stood at Rs3.1 as compared to Rs2.9 in the corresponding period of last year
- On the segmental front, the company has reported growth of 46.6% and 5.7% on a y-o-y basis in the insulators and the e-vehicle business segment

Conference Call Highlights:

- The industry on the whole and so does Olectra continue to face challenges from supply chain issues for batteries and chassis, RM import issues, battery norms that impacted manufacturing and delivery of products, technological changes to mention a few. Till date, Olectra has delivered 2879 e-vehicles that includes 67 e-tippers and 2812 e-buses. For Q1FY26, the number of vehicles sold stood at 161 compared to 156 in Q1FY25. The company was ranking no. 2 in terms of delivery and aiming to get to the numero uno position despite the challenging environment that persists. There has been drop in the battery prices being witnessed for which the company is actively in talks with the vendors to adjust on the same. The order book as of Jun'25 stands at 10,193 and the company aims to meet this in 24 months
- On the capacity utilization, of the total current capacity of 2500-3000 buses in Q1, the number clocked was 161; aiming at better utilization from Q2 onwards
- On the **tippers**, the company has been giving demos and expects the ramp up to happen gradually. The Management has indicated of receiving order for 70 e-tippers from the parent company
- The company has indicated that Q1FY26 number of buses delivered would be on similar lines of Q4FY25; but stands strong of achieving 2000 buses targets in FY26E with major ramp up from H2 onwards based on the optimising operations and scaling of supply chain being undertaken
- With regard to the **insulators**, of the total Rs1800mn in FY26E, ~30% was exports (Rs600mn). This year the company already has Rs3500mn order book in hand. It is working towards increasing its geographical reach. And as far as exposure to US in terms of **tariffs** is concerned, there should be no impact on the insulator segment
- On the **PM Seva program**; with the eco system being constrained and the underutilization so far, the scheme has been extended by 2 years from March 2026 to March 2028. It pans across 10,900 buses and includes Rs3,585cr of subsidy. Olectra is actively participating in the same
- Olectra has set up **new greenfield plant** with capacity of 5,000 units/year and scalable upto 10,000 units/year (spread over 150 acres of land acquired in Hyderabad). This would add capacities to meet the order book and be ready for further demand as well. The plant has been funded through debt and internal accruals (total capex incurred is Rs7bn). Olectra has last year moved into the new plant from Q1 onwards and is working at the new facility; with 2nd plant at advanced stage of construction and expected to be operational by end of this FY (ideally Q4FY26) including robotic machineries. The company would then stand at a capacity of 5000 buses
- In terms of the **automation of factory**, company has placed orders for robots (being sourced from Fanuc/Kuka), currently which is under the design phase. The company has planned for commercial production using robotic welding from end of the financial year. This would be the second additional phase for robotics, while the current body shop has capacity of 200 buses which would be expanded to 400 in the next 3-4 months. By Q4, the company expects to start making automatic robots which would help meet the delivery timelines (to cover up the order backlog)

Conference Call Highlights (contd.):

- The company has a **tie-up with BYD** for sourcing the batteries and is optimistic that there would be players manufacturing in India as well through the PLI over the next 3-4 years. It has successfully extended the co-operation agreement till 31st Dec'30. Access to the R&D of BYD has helped Olectra showcase its capabilities in the Bharat Mobility. The company has rolled out its new e-bus models equipped with the innovative blade battery technology at the Bharat mobility Global Expo 2025. These provide 30% more energy storage and enables range of upto 500km per charge. Small commercial quantities of blade battery technology (currently homologation is in place) are expected to start from Q3FY26 onwards
- As already clarified that the **order from MSRTC (5150 buses) is intact**, and the company is working towards completing the target with the customers as per the scheduled delivery timeline till May 2026
- On the order received from the **HRTC** for 297 non air conditioned electric buses (order worth Rs4240mn), the first tranche is expected to be done by Sept'25 and completion of the order by Mar'26

Financials:

Performance (Q1FY26)							
Q1FY26 Result (Rs mn)	Jun-25	Jun-24	y-o-y	Mar-25	q-o-q	FY25	FY26E
Total Revenue	3472	3139	10.6%	4489	(22.7%)	18019	20749
EBITDA	478	439	9.0%	565	(15.4%)	2606	2697
Other Income	53	31	74.3%	45	17.8%	123	129
Interest	120	96	25.0%	196	(38.8%)	512	656
Depreciation	102	91	12.2%	95	7.2%	373	423
Tax	78	76	2.3%	86	(9.3%)	487	454
Net Profit	260	243	7.3%	207	25.8%	1392	1327

Outlook and Recommendations: In the backdrop of supply chain, technological changes, RM cost related issues that are grappling the industry on the whole; the company has reported decent growth of 10.6% on a y-o-y basis. The margins stand at 13.8% for the quarter, overall translating into PAT growth of 7.3%. The company expects that the operating margins should come down with increase in volumes; sustainable levels in the long term indicated at ~12%. In terms of the segment performance, Insulators grew by 46.6% while e-vehicles by 5.7% in Q1FY26. For the quarter, 161 vehicles were sold compared to 156 in the comparative quarter. The company has strongly reiterated the guidance of 2000 buses in FY26E; which looks to be an aggressive target in 9 months but the Management has indicated visibility of the same in terms of pick up majorly from H2 onwards. The company has invested in increasing its capacity to 5000 units/year which can be further increased to 10,000 units/year. This is expected to be available by the end of the financial year. The company has a term loan of Rs5bn sanctioned for this facility; while the total capex chalked is Rs7bn. If one considers the TAM for buses, only about a percent of this is electrified, indicating the scope of conversion being immense. Olectra's growth aligns with India's accelerating transition to electric public transport. The company continues to win large state transport contracts as the focus continues on working towards increasing manufacturing capacity and striving for new ways for the electric mobility industry. Further, it is also working on increasing the localization content, except power trains and battery cells, for which it depends on BYD. Olectra is continuing to focus on electric buses highlighting its endeavor towards making public transport safe, economical, comfortable and more sustainable by being a pollution free ride with lower operational costs. The company is positive on the EV opportunity especially in the tipper and dumpers. The increasing traction of electric mobility and clean fuel technology; EVs is in the limelight for public transport (e-buses/scooters/trucks/tippers) as well as private vehicles (launches chalked across LCV and PVs). Olectra has been working on expanding the portfolio in the buses segment itself; extended focus on e-tippers and trucks. On the WC, the company is in discussions with EV trans to reduce the same and on an average targets to bring it down to 3-4 months gradually. Going forward some of the key monitorables include growth in the orderbook and revenues primarily in the e-bus division, timely execution of orders, while maintaining healthy margins and efficiently managing working capital on a sustained basis. Overall, we feel with the unfolding of opportunities in the EV space, Olectra should be able to garner a decent share through its manufacturing capabilities and expertise as well as hands on experience with the products already rolled out into the system. Considering the gestation period in terms of the revamp and expansion that the company is undertaking as well as the prevailing economic scenario we have tweaked our numbers and accordingly maintain a hold on the stock for a revised target of Rs1600 (earlier target of Rs1400 achieved).

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