Management Discussion

Kapil Singh - Analyst, Nomura
Hi, good evening everyone. Uh, it gives me great pleasure to host this call, and today with us we have the entire management team of Olectra Greentech. Um, we have Mr. Mahesh Babu, MD, Mr. Sharad Chandra, CFO, and Mr. Hanuman Prasad, Company Secretary and Legal VP. Um, Mahesh sir, now I'll hand over to you for the presentation.

Mahesh Babu Subramanian - Managing Director, Olectra Greentech Limited
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. Auto- automobile sales stood in 2025 at around 100 million, uh, growing at 4.7%. The EV sector is healthily growing. The car industry has grown about 5% in electric car industry globally. Um, 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 all know that 2.83 crore- 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 all know that electric 3-wheeler leads the market with 60% adoption, followed by 2-wheeler at about 10% and electric buses at about 9%, and passenger car is about 7.4%. So overall, I would say Indian auto industry, uh, EVs are picking up. We are seeing a continued growth in electric buses as well. Till now in India, we have about 21,000 electric vehicles on road.

We have- India has registered about 3,747 vehicles in H1 of FY27, which is 8.96%, almost close to 9%. Uh, so, uh, the- what is more heartening is the STU, or the state transport purchase, is close to 5,100 vehicles, out of which 3,700 seems to be electric. That's about 70% adoption, which gives a very healthy one. As you know that we have, uh, 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, uh, We have grown in revenue of 26%, EBITDA 23%, which is a 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% to 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. Uh, at the same time, manage the cost to get the EBITDA margins better in mobility division.

Still work to do in energy division, uh, 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, and 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. So this is my comments. I am asking Sharad Chandra to share the results numbers so that you will go through the numbers.

Sharat Chandra - Chief Financial Officer, Olectra Greentech Limited
Thank you. Good evening everyone and thank you for joining us. We are pleased to share our financial and operating performance for Q2 and H1 financial year 26-27. 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 Q2 stood at Rs 687 crore compared with Rs 656.6 crore in Q2 financial year '26, registering the growth of 4.6%.

For H1 financial year '26-'27, revenue increased by about 25.8% to Rs 1,262.5 crore compared with Rs 1,003.8 crore in the corresponding previous period of the previous year. In terms of profitability, the EBITDA for Q2 increased to Rs 109.9 crores compared with Rs 93 crores in Q2 of financial year '26, representing a growth of 18.2%. The EBITDA margin improved from 14.2% to 16%. On a sequential basis, the operating margins and profitability has improved compared to Q1 of financial year 26-27, with the margin improving by about 3.3 percentage points.

In terms of H1, the EBITDA stood at Rs 182.8 crores compared to Rs 149 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 Rs 107.4 crores compared with Rs 102.3 crores in the previous year, registering a growth of 5.1%. Consolidated PAT increased by about 4.4% to Rs 78.8 crores from Rs 75.5 crores. EPS for the first half improved to Rs 9.61 from Rs 9.21. So overall highlights are revenue from operations stood at Rs 687 crore, up by 4.6% year on year. H1 revenue increased by 25.8% to Rs 1,262.5 crore. EBITDA for Q2 increased by 18.2% to Rs 109.3 crore, with margin improving to 16% from 14.2%.

EBITDA increased by 22.7% to Rs 182.8 crore, with a margin of 14.5%. Consolidated PBT for H1 stood at Rs 107.4 crore, up by 5.1%. Consolidated PAT for H1 increased by 4.4% to Rs 78.8 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 development, and supply chain conditions may influence the quarterly performance,

Mahesh Babu Subramanian - Managing Director, Olectra Greentech Limited
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Sharat Chandra - Chief Financial Officer, Olectra Greentech Limited
Commodity prices product mix financial cost regulatory developments and supply chain conditions may influence quarterly performance we remain cautiously optimistic about a growth prospect for financial 26-27 and a focus on delivering sustain Energy division registered a strong growth of 30% in Q2 and 37.2% in H1, reflecting improved business activity. Mobility division Q2 remained broadly at the previous year level, while H1 revenue increased by about 24.7%, indicating strong overall growth in the 6-month period.

Overall, H1 revenue increased by 26.3%, with both divisions contributing to the growth. In terms of PBIT, energy division stood at 25.14 crores as against 23.51 crores. It stood at 23.51 crores as against 25.14 crore, a decline of 6.5%. On H1, the current year stood at 41.36 crores as against 43.36 crores, a decline of 4.5%. Mobility, uh, the PBID stood at 69.39 crores for this quarter 2 as against 58.75 crores of quarter 2 of previous year. Resulting in growth of 18.1%. Overall H1 for mobility stood at Rs 106.31 crores as against Rs 81.73 crores with the growth of 30.1%.

The key, uh, 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 raw material prices. The Mobility Division, uh, results improved by 18.1% in Q2 and 30.1% in H1, reflecting improved profitability despite the modest revenue growth. So Mobility Division remains the principal contributor to the segment profitability, accounting for approximately 72% of H1 segment results.

In terms of cash flows, Uh, the cash flow statements, uh, 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 arising from business expansion and borrowings. Overall operating cash generation on a standalone basis generated Rs 181.8 crores as against the cash outflow in the previous year. However, the increase in trade receivables and inventory continued 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 reflects both debt repayments and higher interest servicing requirements. With this, I will hand over to Nomura for the Q&A session.

Questions & Answers

Operator
Thank you so much, sir. Ladies and gentlemen, we will now begin with the question and answer session. Anyone who wishes to ask a question may press star and 1 on their touchtone telephone. If you wish to remove yourself from the question queue, you may please press star and 2. Participants are requested to use handsets while asking a question. We'll wait for a moment while the question queue assembles. First question comes from the line of Pradeep Rawat with Strategic Alpha. Please go ahead.

Pradeep Rawat - Analyst, Strategic Alpha
Yeah, good afternoon, sir. Am I audible?

Operator
Loud and clear.

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

Mahesh Babu Subramanian - Managing Director, Olectra Greentech Limited
So, uh, to my knowledge, we don't have the data of our peers. Whatever we know Um, the industry is around between 25% to 30% margin. I- we will have a look at the data and then we'll get back to you.

Pradeep Rawat - Analyst, Strategic Alpha
Okay. Okay. So, okay, so we, we did 35% last year. So was that a one-time thing or should we expect these kind of margins in coming quarters as well?

Mahesh Babu Subramanian - Managing Director, Olectra Greentech Limited
Yeah, I don't think 35% margin is a sustainable margin for long. I think we are aiming between, uh, 25 to 30%. I think we can look at between 25 to 30% margin in insulator as a stable volume. Uh, obviously last year was a very good year, which is one of the best, so we thank the- for our customers who can afford us to give so much. Margin, particularly during the export period where we didn't have much challenges. You know, afterwards we had this trade war, percentage of import duties in US have been changing on a drastic basis.

I think we are looking at a business which is very stable around 25% to 30%, and we will 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, 98 crore, and the next best industry, uh, is around 60 crore in the revenue in this. So we are very firm that we will lead the market in the polymer insulator and the energy division, and our EBITDAs are as healthy as 25% plus.

Pradeep Rawat - Analyst, Strategic Alpha
Okay, sir, and what is the export and domestic mix for this segment?

Mahesh Babu Subramanian - Managing Director, Olectra Greentech Limited
Right now the export is very low this year, uh, considering what has happened on the, uh, trade war which happened in the recent one. Hopefully even when, when it comes up, we expect that to be a little bit, 1 or 2 points better. It is just around 13% in this first H1. Last year was about 40% plus.

Pradeep Rawat - Analyst, Strategic Alpha
Okay. Thank you and wish you all the best.

Mahesh Babu Subramanian - Managing Director, Olectra Greentech Limited
Thank you.

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

Shruti Shukla - Analyst, SUD Life
Yeah, hi sir, am I audible?

Mahesh Babu Subramanian - Managing Director, Olectra Greentech Limited
Yes, please.

Shruti Shukla - Analyst, SUD Life
Thank you for taking my question. I was just trying to understand the top line trend, right? I mean, if you look at the volume, they grew by 7% on a year-on-year basis. 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 Subramanian - Managing Director, Olectra Greentech Limited
So, Shruti, nothing went wrong. Actually, it's a mix. You know that we have a 9-meter which is around, let's say, Rs 1.1 crore to a 12-meter coach which is around Rs 1.45 crore or something like that. So this quarter, most of the deliveries were around 9 meters, 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. Uh, so that number has gone up significantly, you know, that between the H1 536 to 750 Uh, that's the reason.

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

Shruti Shukla - Analyst, SUD Life
Right? Uh, in any of the new orders, right, uh, are we getting more of the 9 9-meter orders or the 12-meter one?

Mahesh Babu Subramanian - Managing Director, Olectra Greentech Limited
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, uh, 3,000+ on the 12-meter. So 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

Shruti Shukla - Analyst, SUD Life
Understood. So moving ahead, um, would it be right to assume that the 12 meters would have a higher share in terms of volume?

Mahesh Babu Subramanian - Managing Director, Olectra Greentech Limited
Yes, yes, 12 meters will have a higher share of volume compared to 9 meters.

Shruti Shukla - Analyst, SUD Life
Understood. So we're not really worried about, uh, about the mix moving forward,

Mahesh Babu Subramanian - Managing Director, Olectra Greentech Limited
Right? Yeah, absolutely.

Shruti Shukla - Analyst, SUD Life
Got it, got it. Thank you.

Mahesh Babu Subramanian - Managing Director, Olectra Greentech Limited
Thank you.

Operator
Thank you. Next question comes from the line of Ayush, an individual investor. Please go ahead.

Mahesh Babu Subramanian - Managing Director, Olectra Greentech Limited
Uh, hi, am I audible?

Operator
Yes.

Sharat Chandra - Chief Financial Officer, Olectra Greentech Limited
Yes.

Mahesh Babu Subramanian - Managing Director, Olectra Greentech Limited
Okay, uh, a quick question. So a lot of competition has increased in the e-truck segment. A lot of new entrants, uh, have entered the market. So don't you think we are getting late to launch our new platform and products in that? And second thing, a word on the expansion. I think we were exploring

expansion of a new manufacturing facility. So where are we on that? Yeah, okay. So 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.

Uh, still we are almost in the top 2 list today, and most of the time we are trying to be number 1, 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. Uh, so we will definitely have a right-to-win strategy there. That's why we are not 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 Q4 or early Q1 of next financial year.

So we have a very clear strategy on which segment to play and how do we win on it. Uh, based on that, we are sure, because if you look at the truck market, I said it's about 400,000, right? So it's a huge market. Uh, and 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. So there is no reason to believe that we will be, uh, having challenges.

Of course we'll have challenges. Of course there will be competition. That's where there is a market available. And I strongly believe the 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.

Ritwik Ram - Analyst, Individual Investor
Okay, thank you.

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

Gaurang - Analyst, Utility Unified
Uh, hi, I'm audible?

Sharat Chandra - Chief Financial Officer, Olectra Greentech Limited
Yes, please.

Gaurang - Analyst, Utility Unified
Hello, I'm audible?

Sharat Chandra - Chief Financial Officer, Olectra Greentech Limited
Yes, please, please go ahead.

Gaurang - Analyst, Utility Unified
Yes,

Operator
We can hear you.

Gaurang - Analyst, Utility Unified
Yeah, I just wanted to know about the Tamil Nadu 1,012-meter AC bus tender. Have we participated? And, uh, if we have, what are the outcomes? If

Mahesh Babu Subramanian - Managing Director, Olectra Greentech Limited
Yes, for the answer is we have participated in the tender. Right now the tender is under technical evaluation, so I will not be able to much comment on it. We are hopeful still with- we are very competitive and we have this time participated through an operator, not through EV Trans, our related party. So we have now, as I told earlier, we are also participating from outside operators Uh, to be competitive and to ensure that our products are competitive in the market. So we have participated with the operating partner in the Chennai tender or the Tamil Nadu tender, and the outcome is expected by this month.

Gaurang - Analyst, Utility Unified
Okay, so thank you, good to know about it. So just one more question, uh, so I wanted to know about the Fresh Bus thing. We had received an initial order of 5 buses, I think so. And, uh, I'm seeing like a Freshbus website has a good UX, good UI, and it's run by a very professional person. So going forward, if you want to scale up our private bus business, private electric bus business, uh, don't you think Freshbus would be a very good partner to, you know, have? So any, uh, talks with them with regards to private bus entry?

Mahesh Babu Subramanian - Managing Director, Olectra Greentech Limited
Yes, we are one of the first ones to give buses to Freshbus, and they have run, to my knowledge, more than 5-6 lakhs kilometers already, a substantial amount. And they are very appreciative of our product. And as you said, it's 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. Uh, there are a lot of learnings 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.

Gaurang - Analyst, Utility Unified
Okay, so good to know about it. Wish you all the best for the next quarter, the next financial year. Thank you.

Mahesh Babu Subramanian - Managing Director, Olectra Greentech Limited
Thank you.

Operator
Thank you. Next question comes from the line of Ritvik Ram, an individual investor. Please go ahead.

Ritwik Ram - Analyst, Individual Investor
Um, hello, good evening, sir. Uh, 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, uh, business to unlock its value. I can cite an example that Ashok Leyland demerged the electric bus business, uh, 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 Subramanian - Managing Director, Olectra Greentech Limited
So thanks for your suggestion, we'll evaluate it. Right now we don't have a proposal. When we do it, we'll definitely come to the market and inform you after the board approval.

Ritwik Ram - Analyst, Individual Investor
Oh, okay, sir. Um, notice, sir, what about the pending litigation cases regarding ETO Motors, etc.? So, um, that is my last question, sir.

Mahesh Babu Subramanian - Managing Director, Olectra Greentech Limited
Mr. Rithvik, can you repeat your question? Last part, actually, which company you are referring to litigation?

Ritwik Ram - Analyst, Individual Investor
Like ETO Motors. That you are the Olectra had invested some five six crore and and Olectra has to get the money back. So one of the cases was published on the BAP platform.

Mahesh Babu Subramanian - Managing Director, Olectra Greentech Limited
With Edo Motor, we don't have any litigation. As a EV trans you are referring to?

Ritwik Ram - Analyst, Individual Investor
Okay, sir. I'll skip it, sir. I'll get back on that. And my last question is regarding the GFRB rebar business. Any plans of revising that business? That is my last question.

Sharat Chandra - Chief Financial Officer, Olectra Greentech Limited
I think in the last earnings call we have mentioned about this. As of now, we have no, uh, plans to work on this business. It is highly competitive, and then we are not focusing on this business as of now. Yeah, we are focusing more into our own platform of buses and trucks.

Ritwik Ram - Analyst, Individual Investor
Pleasure. Yeah.

Mahesh Babu Subramanian - Managing Director, Olectra Greentech Limited
As we said, we are, uh, we are, uh, the business what you talked about is not- we evaluated it, we made prototype, and we decided not to go ahead because we don't 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 divisions growth, and that we are working. So, uh, as a board, we evaluate multiple options and we will proceed which is viable and which is, uh, uh, worked on returns to the extent of what we are expecting, and only then we proceed ahead.

Ritwik Ram - Analyst, Individual Investor
Noted, noted. I've been an investor since 2017, September. I'm a very proud investor. Thank you very much. Thank you for the trust.

Operator
Thank you. Ladies and gentlemen, anyone who wishes to ask a question may press star and 1. As there are no further questions from the participants, I now hand the conference over to Kapil Singh for the closing remarks. Thank you, and over to you, Kapil.

Kapil Singh - Analyst, Nomura
Yeah, uh, good evening everyone and thanks for joining the call. Um, on behalf of Nomura, I thank the Olectra management for giving us this opportunity and we can now close the

Operator
Call. Thank you so much, ladies and gentlemen. On behalf of Olectra-

Mahesh Babu Subramanian - Managing Director, Olectra Greentech Limited
Thank you

Operator
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.