

Retail Equity Research  
**Olectra Greentech Ltd.**  
Automobile

**BUY**

12 Months Investment Period Rating as per Small Cap

BSE CODE : 532439 NSE CODE: OLECTRA  
BLOOMBERG CODE: OLECTRA :IN SENSEX : 77,341

**CMP Rs.1,739 TARGET Rs. 2,086 RETURN 20%** ↑  
(Closing: 24-06-2024)

**KEY CHANGES:** TARGET ↑ RATING ↑ EARNINGS ↑

**Higher revenue visibility for long term.**

Olectra Greentech Ltd. (OGL), is a subsidiary of Megha Engineering and Infrastructures Ltd. (MEIL). The company is primarily engaged in the manufacturing of electric buses and composite polymer insulators.

- Q4FY24 revenue de-grew by 23%YoY owing to new battery norms and delays in execution due to pending government approvals.
- Margin contracted by -137bps due to lower operating leverage and an increase in other expenses. However, for the full year, the margin expanded by 127bps and came at 14.2%.
- OGL currently holds 10,969 electric bus orders, and the company is diligently working towards its new Greenfield EV manufacturing facility, which is operational and expects a significant ramp-up in Q2FY25, with an annual capacity outlay of 5,000 vehicles.
- With the formation of a JV with BYD (Build Your Design) China for electric buses, the company is expanding its product line in the e-mobility segment with electric truck tippers and hydrogen bus project.
- Given the strong order book, capacity expansion, and scalability of multiple powertrains, we value OGL at 55x FY26E EPS and upgrade our rating from Accumulate to Buy at CMP.

**Low execution impacted revenue growth**

Q4FY24 revenue de-grew by 23%YoY owing to new battery norms and delays in execution owing to pending government approvals. Margin contracted by -137bps owing to lower operating leverage and an increase in other expenses. However, for the full year, the margin expanded by 127bps and came at 14.2%. The company has bagged some of the biggest orders from various STUs in India in the last financial year, which include 550 buses from Telangana State Road Transport Corporation (TSTRC), 2100 electric buses from Brihanmumbai Electric Supply and Transport Undertaking (BEST), and 5150 electric buses from Maharashtra State Corporation (MSRTC). The first OEM in the country to achieve a milestone of 10,000+ electric bus orders, homologated and completed AIS 038 certification for all bus models for the batteries. Currently, the company holds 27% of the market share in this segment.

**Technological tie-up to hold key for the company.**

With the formation of a JV with BYD (Build Your Design) China (BYD is the largest EV manufacturer in the world), and after leading in the commercial run of electric buses, the company is expanding its product line in the e-mobility segment for 3-wheeler electric autos and electric truck tippers. The surge in demand for electric tippers is expected to grow going forward, as the success story of the E-bus is likely to create impetus for E-trucks. The technical partnership between Olectra and Reliance on the Hydrogen Bus project will open the Indian market to a cutting-edge transportation system. The system, which consists of Type-4 hydrogen cylinders installed on the top of the bus, successfully extended the cooperation agreement with BYD until December 31, 2030.

**Robust capex plan and strong order book**

There are a few more tenders in the pipeline in which the company has participated in the bidding and is hoping to bag more of such orders. OGL currently holds 10,966 electric bus orders, with the same to be delivered in the next 12-24 months. As a result, the company is diligently working towards its new Greenfield EV manufacturing facility in Telangana, which has an initial capacity of 5000 vehicles per year and is extendable to 10,000 vehicles per year. This facility is to be operational by Q4FY24, with a new plant capacity of 2,500 buses in the next financial year. The company already operates 40 electric buses for BEST in Mumbai, in addition to several STUs.

**Valuation & Outlook:**

We expect the govt.'s intention for carbon-free emissions and technological capability, coupled with its strong association with STUs, to drive future growth for the company. Given the strong order book, capacity expansion, and scalability of multiple powertrains, we value OGL at 55x FY26E EPS and upgrade our rating from Accumulate to Buy at CMP with a target price of Rs. 2,086 per share.

**Company Data**

Market Cap (Rs.cr)	14,273
Enterprise Value (Rs.cr)	14,215
Outstanding Shares (cr)	8.2
Free Float	50.0%
Dividend Yield	0.0%
52 week high Rs.	2,222
52 week low Rs.	908
6m average volume (cr)	0.18
Beta	0.67
Face value Rs.	4

**Shareholding (%) Q2FY24 Q3FY24 Q4FY24**

Promoters	50.0	50.0	50.0
FII's	8.0	7.8	8.6
MFs/Insti	0.1	0.1	0.1
Public	41.9	42.1	41.3
Total	100.0	100.0	100.0
Promotor pledge	Nil	Nil	Nil

**Price Performance 3 Month 6 Month 1 Year**

Absolute Return	-1.5%	38.7%	88.7%
Absolute Sensex	6.7%	7.4%	22.8%
Relative Return*	-8.2%	31.3%	65.9%

**\*over or under performance to benchmark index**



**Consolidated (cr) FY24A FY25E FY26E**

Sales	1,154	3,042	3,643
Growth (%)	5.8	163.5	19.8
EBITDA	164	441	528
EBITDA Margin (%)	14.4	14.5	14.5
Adj. PAT	77	240	311
Growth (%)	17.1	212.0	29.9
Adj. EPS	9.4	29.2	37.9
Growth (%)	17.1	212.0	29.9
P/E	185.8	59.5	45.9
P/B	14.8	11.9	9.5
EV/EBITDA	84.4	33.1	27.4
ROE (%)	8.3	22.2	23.0
D/E	0.2	0.3	0.3

**Anil R**  
Research Analyst

## Quarterly Financials (Consolidated)

### Profit & Loss

Rs cr.	Q4FY24	Q4FY23	YoY Growth (%)	Q3FY24	QoQ Growth (%)	FY24	FY23	YoY Growth (%)
<b>Sales</b>	<b>289</b>	<b>376</b>	<b>-23.2</b>	<b>342</b>	<b>-15.6</b>	<b>1154</b>	<b>1091</b>	<b>5.8</b>
<b>EBITDA</b>	<b>34</b>	<b>50</b>	<b>-31.1</b>	<b>49</b>	<b>-29.5</b>	<b>164</b>	<b>141</b>	<b>16.2</b>
EBITDA margins (%)	11.9	13.3	-137bps	14.3	-235bps	14.2	13.0	127bps
Depreciation	10	9	5.9	9.2	5.1	36.7	33.1	10.7
<b>EBIT</b>	<b>25</b>	<b>41</b>	<b>-39.4</b>	<b>40</b>	<b>-37.5</b>	<b>127</b>	<b>108</b>	<b>17.8</b>
Interest	13	8	69.0	13.1	0.0	43.1	31.4	37.0
Other Income	8	2	332.5	7.2	15.9	21.4	12.7	68.1
Exceptional Items	0	0	0.0	0.0	-	0.0	0.0	0.0
<b>PBT</b>	<b>20</b>	<b>35</b>	<b>-42.7</b>	<b>34</b>	<b>-40.6</b>	<b>106</b>	<b>89</b>	<b>18.3</b>
Tax	5	8	-31.0	6.7	-22.3	27.1	22.6	20.2
Share of profit from associates	0	0	0.0	0.0	-	0.0	0.0	0.0
Minority interest	1	0	0.0	0.1	-	1.8	1.3	0.0
<b>Reported PAT</b>	<b>14</b>	<b>27</b>	<b>-49.2</b>	<b>27</b>	<b>-49.2</b>	<b>77</b>	<b>66</b>	<b>17.1</b>
Adjustments	0	0	0.0	0.0	-	0.0	0.0	0.0
<b>Adj PAT</b>	<b>14</b>	<b>27</b>	<b>-49.2</b>	<b>27</b>	<b>-49.2</b>	<b>77</b>	<b>66</b>	<b>17.1</b>
No. of Shares	8.2	8.2	-	8.2	-	8.2	8.2	-
<b>Adj EPS (Rs)</b>	<b>1.7</b>	<b>3.3</b>	<b>-49.2</b>	<b>3.3</b>	<b>-49.2</b>	<b>9.4</b>	<b>8.0</b>	<b>17.1</b>

### Change in Estimates

Year / Rs cr	Old estimates		New estimates		Change (%)	
	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Revenue	2,952	3,556	3,042	3,643	3.0	2.5
EBITDA	443	533	441	528	-0.4	-0.9
Margins (%)	15.0	15.0	14.5	14.5	-51bps	-49bps
Adj. PAT	245	286	240	311	-2.2	8.8
EPS	29.9	34.8	29.2	37.9	-2.3	9.0

## Consolidated Financials

### PROFIT & LOSS

Y.E March (Rs. cr)	FY20A	FY21A	FY22A	FY23A	FY24A	FY25E	FY26E
<b>Revenue</b>	<b>201</b>	<b>281</b>	<b>593</b>	<b>1,091</b>	<b>1,154</b>	<b>3,042</b>	<b>3,643</b>
% change	17.9	40.3	110.8	83.9	5.8	163.5	19.8
<b>EBITDA</b>	<b>5</b>	<b>20</b>	<b>82</b>	<b>141</b>	<b>164</b>	<b>441</b>	<b>528</b>
% change	2.4	7.1	13.8	13.0	14.4	14.5	14.5
Depreciation	18	13	29	33	37	62	79
<b>EBIT</b>	<b>-13</b>	<b>7</b>	<b>53</b>	<b>108</b>	<b>127</b>	<b>379</b>	<b>449</b>
Interest	14	7	9	31	43	76	101
Other Income	24	11	8	10	12	30	84
<b>PBT</b>	<b>17</b>	<b>13</b>	<b>54</b>	<b>89</b>	<b>106</b>	<b>333</b>	<b>432</b>
% change	-178.7	-27.6	329.5	60.9	12.7	240.7	29.6
Tax	4	5	20	23	27	92	119
Tax Rate (%)	22.0	36.1	36.5	26.0	27.7	27.5	27.5
<b>Reported PAT</b>	<b>14</b>	<b>8</b>	<b>34</b>	<b>66</b>	<b>77</b>	<b>240</b>	<b>311</b>
Adj*	19.4	1.7	2.8	0.0	0.0	0.0	0.0
<b>Adj PAT</b>	<b>-6</b>	<b>6</b>	<b>32</b>	<b>66</b>	<b>77</b>	<b>240</b>	<b>311</b>
% change	-63.6	-207.3	398.6	108.2	17.1	212.0	29.9
No. of shares (cr)	8	8	8	8	8	8	8
<b>Adj EPS (Rs.)</b>	<b>1.6</b>	<b>1.0</b>	<b>4.2</b>	<b>8.0</b>	<b>9.4</b>	<b>29.2</b>	<b>37.9</b>
% change	-64	-207	399	108	17	212	30
DPS (Rs.)	0.0	0.0	0.0	0.4	0.4	0.4	0.4
CEPS (Rs.)	1	2	7	12	14	37	48

### CASH FLOW

Y.E March (Rs. cr)	FY20A	FY21A	FY22A	FY23A	FY24A	FY25E	FY26E
<b>Net inc. + Depn.</b>	<b>30</b>	<b>29</b>	<b>81</b>	<b>927</b>	<b>134</b>	<b>395</b>	<b>511</b>
Non-cash adj.	356	-463	-352	-244	16	-14	-16
Changes in W.C	625	-230	272	-1367	455	-682	-55
<b>C.F. Operation</b>	<b>1,011</b>	<b>-663</b>	<b>1</b>	<b>-684</b>	<b>605</b>	<b>-300</b>	<b>440</b>
Capital exp.	0	0	0	-645	-188	-201	-201
Change in inv.	-171	-71	-110	-17	-44	0	0
Other invest.CF	172	-11	55	284	0	0	0
<b>C.F - Investment</b>	<b>0</b>	<b>-82</b>	<b>-54</b>	<b>-378</b>	<b>-232</b>	<b>-201</b>	<b>-201</b>
Issue of equity	-30	-7	-9	0	-10	2	2
Issue/repay debt	-16	0	0	-314	-43	-76	-101
Dividends paid	-3	-15	0	0	-3	-3	-3
Other finance.CF	21	4	127	1094	0	0	0
<b>C.F - Finance</b>	<b>-49</b>	<b>-22</b>	<b>49</b>	<b>352</b>	<b>-32</b>	<b>122</b>	<b>-2</b>
Chg. in cash	963	-767	-5	-710	342	-379	237
Closing cash	99	89	199	167	419	37	270

### BALANCE SHEET

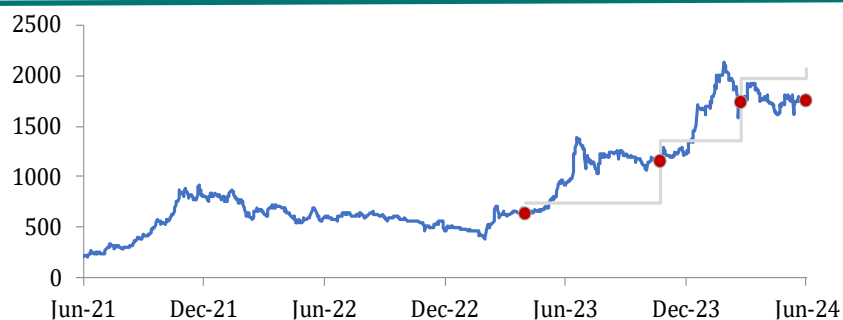
Y.E March (Rs. cr)	FY20A	FY21A	FY22A	FY23A	FY24A	FY25E	FY26E
Cash	99	89	199	167	419	37	270
Accounts Receivable	370	274	376	635	452	540	647
Inventories	81	62	59	142	158	417	499
Other Cur. Assets	268	162	161	207	95	250	299
Investments	0	0	0	2	0	0	0
Gross Fixed Assets	167	317	370	430	631	832	1,033
Net Fixed Assets	145	286	314	345	509	648	769
CWIP	0	0	3	4	50	50	50
Intangible Assets	6	5	13	13	0	0	0
Def. Tax (Net)	14	22	16	19	0	0	0
Other Assets	16	66	77	49	57	192	230
<b>Total Assets</b>	<b>1,000</b>	<b>966</b>	<b>1,218</b>	<b>1,582</b>	<b>1,740</b>	<b>2,133</b>	<b>2,764</b>
Current Liabilities	222	186	327	550	610	524	732
Provisions	6	9	18	24	25	67	80
Debt Funds	29	9	66	129	154	354	454
Other Liabilities	10.1	20.8	30.1	39.9	37.9	39.7	41.6
Equity Capital	82	82	90	90	82	82	82
Reserves & Surplus	660	708	744	807	880	1,116	1,424
Shareholder's Fund	733	741	777	840	913	1,149	1,457
<b>Total Liabilities</b>	<b>1,000</b>	<b>966</b>	<b>1,218</b>	<b>1,582</b>	<b>1,740</b>	<b>2,133</b>	<b>2,764</b>
<b>BVPS (Rs.)</b>	<b>90</b>	<b>96</b>	<b>100</b>	<b>108</b>	<b>117</b>	<b>146</b>	<b>184</b>

### RATIOS

Y.E March	FY20A	FY21A	FY22A	FY23A	FY24A	FY25E	FY26E
<b>Profitab. &amp; Return</b>							
EBITDA margin (%)	2.4	7.1	13.8	13.0	14.4	14.5	14.5
EBIT margin (%)	-6.3	2.4	8.9	9.9	11.2	12.5	12.3
Net profit mgn.(%)	-2.9	2.2	5.3	6.0	6.7	7.9	8.5
ROE (%)	-0.8	0.8	3.9	7.6	8.3	22.2	23.0
ROCE (%)	0.8	1.2	3.8	7.9	8.5	17.8	17.5
<b>W.C &amp; Liquidity</b>	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Receivables (days)	426.4	417.9	199.8	169.1	171.8	59.5	59.4
Inventory (days)	175.6	92.7	37.2	33.6	47.5	34.5	45.9
Payables (days)	519.1	333.1	176.7	158.2	216.2	82.5	69.0
Current ratio (x)	3.4	3.1	2.3	1.7	1.5	1.8	1.8
Quick ratio (x)	2.0	1.9	1.7	1.2	1.2	0.8	1.0
<b>Turnover &amp; Leverage</b>	0	0	0	0	0	0	0
Gross asset T.O (x)	1.2	1.2	1.7	2.7	2.2	4.2	3.9
Total asset T.O (x)	0.2	0.3	0.5	0.8	0.7	1.6	1.5
Int. coverage ratio (x)	-0.9	0.9	5.7	3.5	3.0	5.0	4.5
Adj. debt/equity (x)	0.0	0.0	0.1	0.2	0.2	0.3	0.3
<b>Valuation</b>	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EV/Sales (x)	70.8	50.4	23.8	13.1	12.1	4.8	4.0
EV/EBITDA (x)	2910.7	706.5	172.3	100.8	84.4	33.1	27.4
P/E (x)	-2423.4	2258.5	453.0	217.6	185.8	59.5	45.9
P/BV (x)	19.2	18.1	17.1	15.9	14.8	11.9	9.5

## Recommendation summary (Last 3 Years)

Dates	Rating	Target
25-Apr-23	Accumulate	738
16-Nov-23	Accumulate	1,351
18-Mar-24	Accumulate	1,971
25-June-24	Buy	2,086



Source: Bloomberg, Geojit Research.

### Investment Criteria

Ratings	Large caps	Midcaps	Small caps
<b>Buy</b>	Upside is above 10%	Upside is above 15%	Upside is above 20%
<b>Accumulate</b>	-	Upside is between 10% - 15%	Upside is between 10% - 20%
<b>Hold</b>	Upside is between 0% - 10%	Upside is between 0% - 10%	Upside is between 0% - 10%
<b>Reduce/sell</b>	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%
<b>Not rated/Neutral</b>	-	-	-

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**Buy:** Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

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