

August 29, 2025

## Olectra Greentech Limited: Ratings reaffirmed; outlook revised to Positive from Negative

### Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term – Cash credit	122.00	122.00	[ICRA]A-(Positive); reaffirmed; Outlook revised to Positive from Negative
Long-term – Term loans	500.00	500.00	[ICRA]A-(Positive); reaffirmed; Outlook revised to Positive from Negative
Long-term/Short-term – Non-fund based	125.00	125.00	[ICRA]A-(Positive)/[ICRA]A2+; reaffirmed; Outlook revised to Positive from Negative
Short-term – Non-fund based	15.00	15.00	[ICRA]A2+; reaffirmed
Short-term- Non-fund based, Letter of credit	755.00	755.00	[ICRA]A2+; reaffirmed
<b>Total</b>	<b>1517.00</b>	<b>1517.00</b>	

\*Instrument details are provided in Annexure-I

### Rationale

The revision in the outlook on Olectra Greentech Limited's (OGL) long-term rating to Positive from Negative considers the expected improvement in the company's credit profile, driven by strong growth in revenues and earnings along with improvement in working capital cycle. The company's revenue grew by 56% in FY2025 on the back of strong growth in the e-bus division, wherein it sold 972 vehicles. The company has a healthy order book of 10,193 e-buses as on June 30, 2025, which is expected to translate into robust double-digit revenue growth over the next three years. The ongoing capacity expansion, which is expected to increase the company's assembling capacity to 5,000 vehicles per annum from 2,500 vehicles per annum would support the scale-up of operations. However, ICRA notes that timely expansion in assembling capacity remains critical for execution of orders on time, failing which could result in penalties or cancellation of orders. The operating margin is expected to be healthy at 12-14%. While the company's debt levels are expected to increase in FY2026, given the planned debt-funded capex of Rs. 450-500.0 crore, improved earnings are expected to support the company's debt metrics.

The ratings factor in OGL's technical collaboration with Build Your Dreams Company Limited (BYD), which is a renowned and established player in the electric vehicles (EV) space and OGL's established track record in the polymer insulators segment. The ratings also factor in the company's first-mover advantage in the e-bus market, favourable demand prospects for electric vehicles (EVs), which would support healthy order inflow and ramp-up in operations. The Government initiatives such as reduction of GST rate on e-buses, state subsidies and Electric Vehicle Promotion (EVPM) schemes to promote electric mobility in India, also support the growth prospects. The ratings also consider the financial support that OGL enjoys from its parent, Megha Engineering & Infrastructure Limited (MEIL). In the past, OGL had received support in the form of equity infusion and unsecured loans from its parent group, which is expected to continue going forward as well.

The ratings are constrained by the moderate working capital intensity owing to a stretched receivables cycle and elevated inventory holding. In the e-bus division, OGL sells buses to special purpose vehicle (SPV), Evey Trans Private Limited (Evey) or its subsidiaries, which bid to operate buses for various State Road Transport Undertakings (SRTUs). Evey's ability to make timely payments depends on timely drawdown of debt from financial institutions/ banks, receipt of payments from SRTUs for the operation of buses and timely release of subsidies from the state/ Central schemes. However, ICRA notes that its working capital intensity improved to 29% as on March 31, 2025, from 41% as on March 31, 2024, on the back of an improved receivable

cycle due to accelerated drawdown of debt by EVEY Trans Private Limited's (EVEY Trans) special purpose vehicles (SPV) for a few key projects and decrease in inventory days. ICRA expects the working capital intensity to remain at FY2025 levels, going forward. Further, ICRA notes that OGL's e-bus division's operations are dependent on technology support from the China-based BYD, which exposes it to geopolitical risks. It also faces stiff competition from players such as Tata Motors Limited, Ashok Leyland Limited, Foton PMI and JBM Solaris, among others. The ratings also consider the exposure of its insulators division's profitability to fluctuation in raw material prices, as seen in the past, given the fixed-price nature of the insulator orders.

## Key rating drivers and their description

### Credit strengths

**Technological support from BYD China for e-bus division** – The company has a technological collaboration with BYD for procurement of e-bus battery, chassis, components, sub-assemblies and spare parts. BYD is a Chinese manufacturer of automobiles, buses, forklifts, lithium rechargeable batteries, trucks, etc, with its corporate headquarters in Shenzhen, China. It has presence in China, North and South America, East Asia, West Asia and Europe. At present, OGL has three models of electric buses namely iX (9 metres), X2 (12 metres), and CX2 (12 metres) and has also delivered 67 electric tippers till June 30, 2025.

**Extensive experience of Olectra in the polymer insulators industry** – The company has over 15 years of experience in manufacturing composite polymers insulators. OGL is an ISO 9001:2008 certified company with a research and development unit for polymer insulators. The company supplies to reputed players like Power Grid Corporation of India Limited, Kalpataru Power Transmission Limited, MacLean Power (India) Private Limited and Larsen & Toubro Limited. The revenue from the insulator division grew by 25.9% to Rs. 180.1 crore in FY2025 from Rs. 143.0 crore in FY2024. The insulator division's margins improved in FY2024 and FY2025 on account of improved product mix, design optimisation leading to lower raw material consumption, higher proportion of exports, moderation in raw material costs and increased scale.

**Healthy order book position** – The company has a strong order book for supplying 10,193 e-buses as of June 2025. Timely execution of orders would support scale-up of revenues and earnings.

**Support from parent group** – OGL enjoys financial support from its parent group, as reflected in equity infusions and unsecured loans extended by MEIL in the past. ICRA also notes the strategic importance of OGL to the Group, given the former's focus to expand in the high-growth EV segment.

### Credit challenges

**Moderate working capital intensity** – OGL's operations are working capital intensive owing to a stretched receivables cycle and elevated inventory holding. The company generally receives 60% of the payments on or before the supply of buses and the remaining in 120-180 days from delivery. For the e-bus division, which constitutes the major portion of the overall inventory, the company generally maintains an inventory of 60-90 days. However, its working capital intensity improved to 29% as on March 31, 2025, from 41% as on March 31, 2024, on the back of a stronger receivable cycle due to accelerated drawdown of debt by EVEY Trans SPVs for a few key projects and decrease in inventory days. ICRA expects the working capital intensity to remain at FY2025 levels, going forward.

**Execution risks in e-bus division** – The company's order book execution is exposed to timeliness at which various stakeholders like SRTUs, SPVs of Evey achieve the condition precedents and tie-up funding for the operation of buses. Moreover, supply-side constraints could also delay the execution. Any significant delay in supply of e-buses could result in penalties or order cancellations.

**Exposure to fluctuations in raw material prices and increasing competition in e-buses industry** – The profitability of OGL is exposed to fluctuations in raw material prices as seen in the past, given the fixed-price nature of the orders in the insulator division. The risk is mitigated to some extent in the e-bus division on the back of partial pass-through arrangement with Evey and maintenance of adequate inventory. The bus division's operations depend on continued technology support from the

Chinese major, BYD, which exposes the company to adverse geopolitical tensions. It also faces stiff competition from players such as Tata Motors Limited, Ashok Leyland Limited, PMI Foton, and JBM Solaris, among others.

## Environmental and Social risks

**Environmental considerations:** As the company manufactures electric buses, it is placed favourably, given the evolving climate regulations and thrust towards electric vehicles in the automobile industry. The company reduces the fossil fuel consumption and thereby pollution in the country because of its all-electric product line. This provides a significant advantage relative to its automotive competitors, which are devoting significant capital for developing alternative fuel vehicles.

**Social considerations:** Retaining human capital and maintaining healthy relationships with employees as well as the supplier ecosystem remain essential for disruption-free operations. Another social risk that automotive manufacturers face pertains to product safety and quality, wherein instances of product recalls and high warranty costs may not only lead to a financial implication but could also harm the reputation and create a more long-lasting adverse impact on demand. OGL is also exposed to any major shift in consumer preferences/demographics, which are key drivers for demand, and accordingly may need to make material investments to realign its product portfolio.

## Liquidity position: Adequate

OGL's liquidity position is adequate with cash and bank balances of Rs. 5.7 crore as on March 31, 2025 (consolidated) and expected retained cash flow of Rs. 200-250.0 crore in FY2026. It does not have any major repayment obligation in FY2026. However, it has sizeable capex plans of Rs. 450.0-500.0 crore, which are expected to be funded through around Rs.360 crore of term loans and the rest through internal accruals and unsecured loans from MEIL.

## Rating sensitivities

**Positive factors** – ICRA could upgrade OGL's ratings if there is a significant growth in its order book and revenues, primarily in the e-bus division, backed by timely execution of orders, while maintaining healthy margins and efficiently managing working capital on a sustained basis. Improvement in the parent's (MEIL) credit profile and/or strengthening of OGL's financial and strategical linkages with the parent would also be a credit positive.

**Negative factors** – The outlook could be revised to Stable if its scale of operations declines owing to delay in execution of order book in the e-bus division, impacting its earnings. Stretched working capital cycle because of delays in collections stemming from delay in receipt of subsidy by SPVs would also impact the ratings. Any material deterioration in credit metrics on a sustained basis on account of high debt-funded capex would adversely affect the ratings.

## Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Commercial Vehicles</a>
Parent/Group support	ICRA has factored in the implicit parent support as it expects OGL's parent, MEIL, to extend financial support to OGL, should there be a need. There also exists a track record of MEIL having extended timely financial support to OGL in the past, whenever a need has arisen.
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of Olectra Greentech Limited. As on March 31, 2025, the company had two subsidiaries and nine associates that are enlisted in Annexure-2.

## About the company

OGL (earlier known as Goldstone Infratech Limited) was incorporated in 2000. The company has been involved in manufacturing polymer insulators since 2003. OGL is an ISO 9001:2008 certified company with a research and development unit for polymer insulators used in power transmission lines. The company has tied up with BYD (a Chinese battery and electric vehicle maker) for manufacturing electric buses. Electric buses are sold under the brand name of Olectra. It has successfully delivered around 2812 e-buses to various state transport undertakings in India and a few private players till June 30, 2025.

### Key financial indicators (audited)

Consolidated	FY2024	FY2025
Operating income	1,154.1	1,801.9
PAT	70.7	135.8
OPBDIT/OI	14.4%	14.6%
PAT/OI	6.1%	7.5%
Total outside liabilities/Tangible net worth (times)	0.7	1.1
Total debt/OPBDIT (times)	0.7	1.0
Interest coverage (times)	3.9	5.1

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

### Status of non-cooperation with previous CRA: Not applicable

### Any other information: None

### Rating history for past three years

Instrument	Current rating (FY2026)			Chronology of rating history for the past 3 years					
	Type	FY2026		FY2025		FY2024		FY2023	
		Amount rated (Rs. crore)	Aug 29, 2025	Date	Rating	Date	Rating	Date	Rating
Cash Credit	Long-term	122.00	[ICRA]A-(Positive)	14-May-2024	[ICRA]A-(Negative)	10-Apr-2023	[ICRA]A-(Stable)	26-May-2022	[ICRA]A-(Stable)
				-	-	-	-	12-Sept-2022	[ICRA]A-(Stable)
Term Loans	Long term	500.00	[ICRA]A-(Positive)	14-May-2024	[ICRA]A-(Negative)	-	-	-	-
				-	-	-	-	-	-
Non-fund Based	Long term/Short term	125.00	[ICRA]A-(Positive)/[ICRA]A2+	14-May-2024	[ICRA]A-(Negative)/[ICRA]A2+	10-Apr-2023	[ICRA]A-(Stable)/[ICRA]A2+	26-May-2022	[ICRA]A-(Stable)/[ICRA]A2+
				-	-	-	-	12-Sept-2022	[ICRA]A-(Stable)/[ICRA]A2+
Derivative Limit	Short term	15.00	[ICRA]A2+	14-May-2024	[ICRA]A2+	10-Apr-2023	[ICRA]A2+	26-May-2022	[ICRA]A2+
				-	-	-	-	12-Sept-2022	[ICRA]A2+
Non-fund Based	Short term	755.00	[ICRA]A2+	14-May-2024	[ICRA]A2+	10-Apr-2023	[ICRA]A2+	26-May-2022	[ICRA]A2+
				-	-	-	-	12-Sept-2022	[ICRA]A2+

## Complexity level of the rated instruments

Instrument	Complexity Indicator
Cash credit	Simple
Term loans	Simple
Letter of credit	Very Simple
Derivative limit	Very Simple
Non-fund based- Long-term/Short-term	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

**Annexure I: Instrument details**

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Cash Credit	-	-	-	122.00	[ICRA]A- (Positive)
NA	Term Loans	FY2024	-	FY2031	500.00	[ICRA]A- (Positive)
NA	Long-Term/Short-Term-Non-Fund based	-	-	-	125.00	[ICRA]A- (Positive)/ [ICRA]A2+
NA	Forwards/Derivatives	-	-	-	15.00	[ICRA]A2+
NA	Letter of Credit	-	-	-	755.00	[ICRA]A2+

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

**Annexure II: List of entities considered for consolidated analysis**

Company Name	Ownership	Consolidation Approach
SSISPL-OGL-BYD Consortium	100%	Full Consolidation
Evey Trans (GTC) Private Limited	51%	Full Consolidation
Evey Trans (UJJ) Private Limited	34%	Equity Method
Evey Trans (SIL) Private Limited	26%	Equity Method
Evey Trans (SMC) Private Limited	26%	Equity Method
Evey Trans (JAB) Private Limited	26%	Equity Method
Evey Trans (MHS) Private Limited	26%	Equity Method
Evey Trans (BLR) Private Limited	26%	Equity Method
Evey Trans (TEL) Private Limited	26%	Equity Method
Evey Trans (MAH) Private Limited	26%	Equity Method

Source: Company

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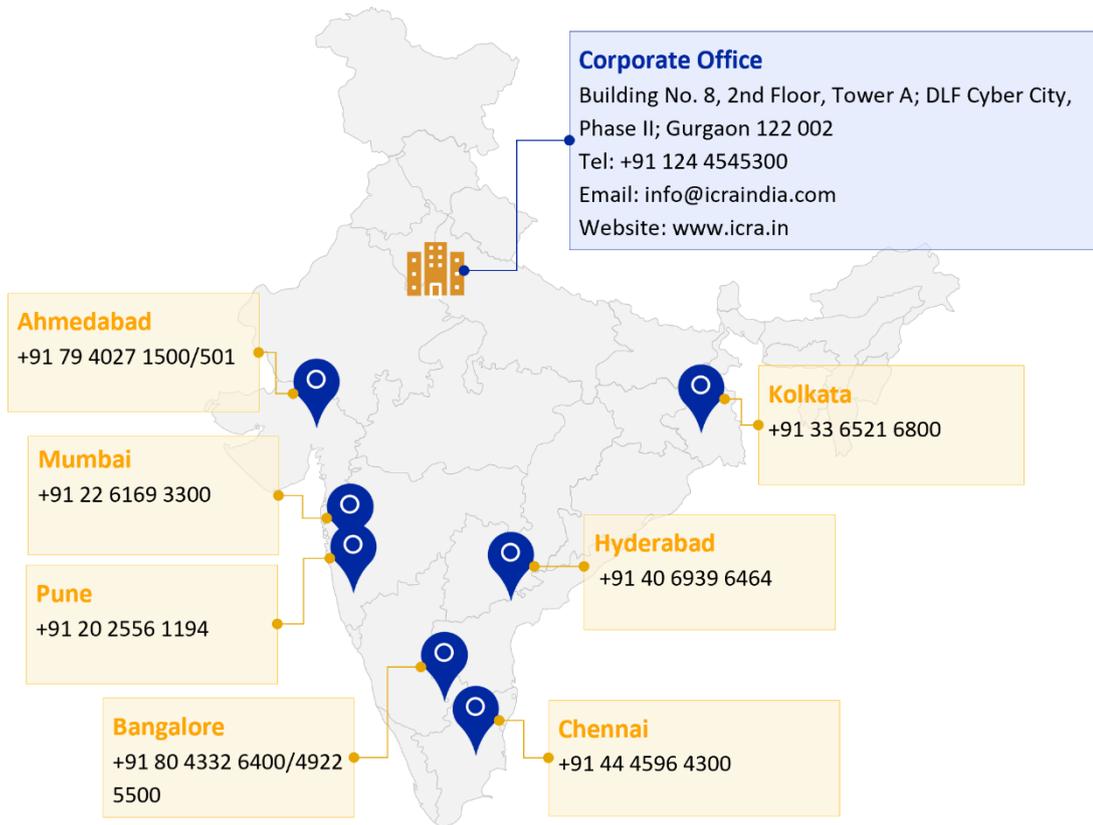


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