

OLECTRA GREENTECH | BSE 532439 | NSE OLECTRA | GROUP B

HIDDEN GEMS | FEB 2021

Rs. 160 to 1360 | 800% Returns in 2Y | Still steam left

Note: This is a copy of the exact report published in Feb 2021

Dear Investor,

Hidden Gems is the Multibagger Subscription which involves Microcap, Smallcap & Midcap stocks. These will be having High Growth up to 50 Times in a period of 5-10 years. Plus, they will have High Delta in the sense a Credible news can show changes up to 50% up or down.

Due to the High-Risk High Returns nature, these Multibaggers are only Advisable to Advanced Investors who already made profits through stock market & really know well how the market ups & downs work.

Secondary Portfolio is preferred to manage these Hidden Gems. Most of the hidden gems will be invested by the Advisor Team too. You can manage the stocks using Intrinsic Value Calculator listed [here](#) & also there will be occasional updates on these Multibaggers over your Subscription Period.

We expect you to follow the Value Investing Principles listed [here](#).

As per the Hidden Gems Plan you will get 10-12 Multibaggers in 1-year period. However, we will not be regularly releasing every month; Instead, we prefer to release 2-3 reports in one go when valuations are low. This will protect you from potential price crashes & also zoom the returns.

Hope you understood all the Strategies of Hidden Gems plan.

We wish you Happy & Prosperous Investing Ahead!

Futurecaps Advisor | SEBI Registered Analyst | www.futurecaps.com

About Company

Olectra Greentech Ltd. is a company operating since 1992 which engages in the manufacturing and sale of electric buses and composite polymer insulators.

Olectra have Joint Venture between BYD (China) on which Warren Buffett is an Investor. BYD is eyeing on US Electric Bus Market which will attract lot of good investors & help mutual technical alliance of Improved Batteries on the Indian counter side.



Website <https://olectra.com/>

Bus Video <https://www.youtube.com/watch?v=h9NR6rh6o-w>

Products

The company produces the E buses in series Ebus K6, Ebus K7, Ebus K9. The K9 EBus can accommodate up to 49 passengers costing around Rs 2.5 crore and can travel up to 300 kms on a single charge.

The company also produces EHV composite insulators insulators have been introduced as a good alternative to ceramic and glass insulator.

Performance

Company is having a Flat P&L due to the Automobile Sector de-growth in COVID times.

Profit & Loss

Consolidated Figures in Rs. Crores / [View Standalone](#)

PRODUCT SEGMENTS

| | Mar 2007 | Mar 2008 | Mar 2011 | Mar 2012 | Mar 2013 | Mar 2014 | Mar 2015 | Mar 2016 | Mar 2017 | Mar 2018 | Mar 2019 | Mar 2020 | TTM |
|--------------------------|----------|-----------|-----------|----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|-----------|-----------|
| Sales + | 27 | 51 | 68 | 60 | 70 | 80 | 92 | 93 | 105 | 161 | 170 | 201 | 190 |
| Expenses + | 20 | 35 | 58 | 51 | 59 | 69 | 75 | 75 | 85 | 148 | 185 | 195 | 193 |
| Operating Profit | 7 | 16 | 10 | 9 | 11 | 11 | 17 | 18 | 20 | 14 | -15 | 5 | -3 |
| OPM % | 26% | 31% | 15% | 15% | 15% | 14% | 18% | 20% | 19% | 9% | -9% | 3% | -2% |
| Other Income | 1 | 1 | 1 | 1 | 1 | 0 | 1 | 1 | 1 | 7 | 15 | 44 | 37 |
| Interest | 2 | 1 | 4 | 5 | 6 | 6 | 6 | 6 | 6 | 6 | 15 | 14 | 10 |
| Depreciation | 3 | 3 | 3 | 3 | 2 | 2 | 6 | 5 | 2 | 3 | 7 | 18 | 15 |
| Profit before tax | 4 | 13 | 5 | 2 | 3 | 3 | 6 | 8 | 13 | 12 | -22 | 17 | 9 |
| Tax % | 26% | 23% | 32% | 20% | 34% | 31% | 23% | 29% | 36% | 25% | 28% | 22% | |
| Net Profit | 3 | 10 | 3 | 2 | 2 | 2 | 5 | 6 | 8 | 9 | -16 | 14 | 10 |

<https://www.screener.in/company/OLECTRA/consolidated/#profit-loss>

Positives

Indian Automobile Sector is in Revival Path due to the Budget 2021 Focus on Infrastructure & Vehicle Scrappage Policy along with the COVID lock down relaxing. This will boost the sales of Automobile players including our company.

India is undergoing Expansion in Adaption on Electric Vehicles due to the Go Green Initiatives leading to Less Pollution & Clean Environment coupled with the Increased Affordability & Low Prices.

In order to encourage the use of electric vehicles the GST Council of India has brought down the GST rate on electric vehicles (EVs) and Charging Stations to 5 per cent. Company is expected to cross the 1000 EV in India this year.

It may take a year or two to get the Appropriate Boost for this sector through More Tax Reductions, Battery Subsidies, Availability of Electric Chargers throughout the country. The company is surely to benefit from these.

Company has unique R&D infrastructure and possess a High-Performance Battery for Long-distance charging along with Low Maintenance.

It is the Niche Manufacturer of Energy Efficient Intercity Coach Bus which have continued Traction from Metro cities.

Company is Investing in Charging Infrastructure for the Lithium-ion Variations through Alliance with Bus Depots & Terminals in Metro Cities. These investments will further boost the count of buses used by Metros.

Warren Buffett is the Investor in BYD(China) which is the Technical Alliance in US. This shows the Credibility of this Sector & Company as a whole.

Company recently won 500 EV buses order from various state governments in Pune, Dehradun, Gujarat, Karnataka. The Market Share of the Company is 50% compared to Tata Motors & Ashok Leyland rivals.

Zero Debt Company shows No Stress in the P&L of the company during tough times.

Promoter Holdings are good at 59% with Whopping Increase of 22% in the recent years witnessing past week purchases too.

No bad reputation for Promoters. No frauds found in our research.

Negatives

Budget 2021 was not fully supporting the EV Segment due to Loss of Revenue from Petro, Gas & Other Excise duties. It may take a year or two to get the Appropriate Boost for this sector through Tax Reductions, Battery Subsidies, Availability of Electric Chargers throughout the country.

Government may be Reluctant in Fully Replacing Fuel Vehicles as they are Good Source of Revenue through Taxes & Excises Duties.

Presence of Big Competitors like TATA Motors, Ashok Leyland are a Threat to the company. Arrival of Global Players like Tesla, Nikola in the segment will further increase the Stress on Bottom Line.

P&L showing presence of Other Income to mark the Profit on Green side. Typical Ratios like ROCE, ROE is not good at the moment & Stock witnessed heavy crash due to the bad times. The Balance Sheet Reserves are increasing at slow rate due to the current issues.

This Multibagger is Not a Traditional Value Investing pick.

Intrinsic Value

Considering the Aggressive EPS Growth of 30% past 2021 is at 70% Discount to Intrinsic Value.

[Intrinsic Value Calculator](#)



The PB Ratio is at 2X.

Checklist

Following are the Value Investing checklist.

| | |
|------------------|---|
| GROWTH | Company is not witnessing growth in the recent years due to high cost of EV buses compared with competitors. |
| VALUE | Company is Trading a Reasonable Value considering the PB valuation. |
| DEBT | Low Debt makes it a Safe Bet for long-term. |
| INTEGRITY | Promoters are Prudent & No Frauds found in our checks. |
| DELTA | Stock Price is growing in the past along with EPS growth & macroeconomic events. |
| TRAILING | Trailing Year & QR have flat-returns due to COVID issues. This should be temporary. |
| ISSUES | Microcap Stocks are in High-Risk High-Return category so be Cautious of Investing & Re-Investing during down times. |

Growth + Value + Integrity + NO Debt = Peaceful Investing

Portfolio

Investor can buy this stock in their Secondary Portfolio consisting of 30% of the Total Stock Capital. Keep up to 20 companies in this secondary portfolio. Shuffle them yearly.

CMP

Rs. 175 | Buy Below Rs. 250

BSE & NSE

Since this is a Group B stock with Limited Volume you may have to Retry Multiple Buying in BSE & NSE with probable Offline Order too.

[Low Volume growth stocks go higher rapidly | Low Volume de-growth stocks go lower rapidly too]

Investment Strategy

Installment based Investing is advised as below:

- 50% at current price
- 10% next month
- 10% next month
- 30% again when any 30-50% correction occurs while the IV is intact

Any corrections in near term are opportunities provided the Growth & Integrity are good.

[10% Correction increases Intrinsic Value Discount by 20%]

Holding Period

5-10 Years

Expected Returns

10X or 1000% Returns expected in 5 Years.

100X or 10000% Returns expected in 10 Years if the EV Card played well with MF Investments & PE Resizing.

Category

Moderate Risk | High Returns

Advisor Invested

Planning to Invest

About Futurecaps

Futurecaps is a SEBI Registered 2000+ Investors for past 12 years. We are set of Advisors & Investors inspired from Warren Buffett style of Value Investing along with Intrinsic Value calculations.

We provide Multibagger Services at Affordable Prices to help Indian Investors accumulate Wealth. Each Multibagger published will undergo 50+ Checklist to ensure the Future Growth, Management Integrity, Sector Potential, Fraud Prevention etc.

We are strictly Long-Term Investors & Follow Fundamental Investing principles. No short-cuts, No day-trading etc. We invest in our recommendations too – so you can Trust Us that our Money is Put to Risk!

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<https://futurecaps.com/hidden-gems-multibagger-stocks-india/>

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