

Date: July 15, 2025

To,
National Stock Exchange of India Ltd.,
Address: Exchange Plaza, C-1, Block G, Bandra
Kurla Complex, Bandra (E), Mumbai-400051,
Maharashtra, India.
NSE Scrip Symbol: OLAELEC

To,
BSE Limited
Address: Phiroze Jeejeebhoy Towers
Dalal Street Mumbai- 400001,
Maharashtra, India.
BSE Scrip Code: 544225

SUBJECT: TRANSCRIPT OF THE EARNINGS CONFERENCE CALL WITH ANALYSTS/INVESTORS HELD ON JULY 14, 2025.

Dear Sir/ Madam,

Pursuant to Regulation 30 read with Schedule III of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("SEBI Listing Regulations") we are enclosing herewith a copy of transcript of the earnings conference call with Analysts / Investors held on Monday, July 14, 2025.

This intimation will also be made available on the website of the Company and can be accessed using the below link: <https://www.olaelectric.com/investor-relations/announcements>.

We request you to take the above on your record.

**Thanking You,
Yours faithfully,
For and on behalf of OLA ELECTRIC MOBILITY LIMITED**

**Harish Abichandani
Chief Financial Officer
Encl: a.a**



Ola Electric Mobility Limited

Q1 FY26 Earnings Conference Call

July 14, 2025

Management:

Mr. Bhavish Aggarwal – Founder, Chairman and Managing Director, Ola Electric Mobility Limited

Mr. Harish Abichandani – Chief Financial Officer, Ola Electric Mobility Limited

Mr. Ankur Agrawal - VP and Head of Business Finance, Ola Electric Mobility Limited

Mr. Abhishek Chauhan – Director, Corporate Communications & PR, Ola Electric Mobility Limited

– **Moderator - Mr. Abhishek:**

- Hi, good day and welcome to the Ola Electric Q1 FY26 Earnings Conference call. As a reminder, all participants will be on the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Please note that this conference is being recorded.
- Before we begin, a few quick announcements for the attendees. Anything said on this call which reflects our outlook for the future or which could be construed as a forward-looking statement and may involve risks and uncertainties, such statements or comments are not a guarantee of future performance and actual results may differ from those statements.
- To begin with, I would like to request Bhavish Aggarwal - Chairman and Managing Director of Ola Electric, Harish Abichandani - CFO and Ankur Agrawal - VP Business Finance of the company to take you through the results.

– **Mr. Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Ltd:**

- Thank you, Abhishek. Hi everybody, this is Bhavish. Well, this time we have shared a fairly detailed shareholder's letter. So, I hope all of you have had time to read through it, look at it. You know, one of the things we realized over the last couple of earnings calls was that we had to share a little bit more depth of our business details with all of you so that you can understand our business better, and obviously, those who are modelling it can model it better.
- So, a few highlights that I will just talk you through in the report, and then I'll try and leave more time for Q&A because this time I'm assuming there'll be a lot of questions from all of you. I hope there are a lot of good questions from the audience.
- So, this has been, in many ways, a transformative quarter for us. As we write in the note, we have, over the last couple of quarters, transitioned our strategy from aggressive penetration, to a more balanced profitable growth strategy. And given where the industry also is, after the initial hyper growth phase, industry is steady and consolidating and there will be another growth phase in the near future. But till then, it's time for players to actually consolidate their operations. And we believe we have a very strong competitive advantage in consolidating our approach on profitable growth. And as you can see, our gross margins this quarter have been quite good. And as you can read in the note, this quarter's gross margins are largely without any incentive. So, very strong performance from the team on delivering these gross margins.
- Our Auto segment was actually EBITDA positive for the month of June. I think this is the first time we've ever hit this milestone. And this was delivered by a bunch of factors, all of which we've actually been highlighting in the last couple of calls: Improved gross margin, which was as a result of our Gen 3 platform. And also the Project Lakshya, which helped us reduce our OpEx significantly.
- Now, in addition to this EBITDA performance for the whole quarter, and specifically in June when we turned positive, this time, we've also broken out our cash flows for all of you by the segment and consolidated, because we felt it was important for you to understand how... because the Auto business and the Cell business are in different phases of investment. And the Auto business, as you can now see, is actually getting to a reasonable level of maturity on both profitability as well as cash. And in the near term, we expect the Auto business to be operationally cash positive, and also by the end of FY26, to be free cash positive. So, that's an important highlight.

- In fact, in this quarter, we were almost neutral on operational cash flows. This is because of structural improvements that we've made, which we've called out in the report; things like working capital, inventory management, warranty claims management, all of that detail is there in the report.
- Another highlight I want to point out is, this was the first full quarter of our Gen 3 product in the market. And even the Gen 3 product is still ramping up in terms of presence across all our distribution stores, but it still accounts for almost 80% of our overall sales. It is a much better product in performance, in gross margins, as well as in quality, and hence warranty claims. Consumers have absolutely loved the product and we're getting very good traction.
- Gen 2 still exists in the market and we're using it as a dual strategy between Gen 2 and Gen 3 for penetration and for performance.
- Our bikes have been generating a lot of interest on the ground, a lot of social media interest and visibility. As we've guided before, we've been more calibrated about our bike scale-up. The bike is now almost in 200-odd stores, and through the course of this quarter, by the time Navratri comes, we will have our bike in almost all of the stores across the country. And we're getting very good feedback.
- A couple of other important strategic points I want to highlight for all of you. There have been a couple of macro risks in the industry, specifically on rare-earth magnets and the ABS mandate. Now on both, we have our own unique solution because the company is vertically integrated and does all of its technology development in-house. So on rare-earths, we actually have a dual strategy of managing through alternate suppliers for magnets, and also coming out with a rare-earth free motor, which is in the next quarter; it will be delivered to customers in the next quarter. And we've been working on these technologies for the last year or two. Some of you who've visited our factories would have even remembered seeing this on display at the time of our road shows.
- And finally, the highlight, which is I'm sure highly anticipated is this quarter, we will deliver our 4680 cell vehicles to customers by Navratri. And we'll share more details on the 15th August event, which is our annual product event. But our Cell Gigafactory is ramping up now. We are ramping up. We are producing cells to be used in our vehicles already; it's not just test cells anymore. And through this quarter, we will see a ramp-up of that.
- So those are some highlights. A few more things that I will just talk you through is, in this report, we have spoken about how our free cash flows in our automotive business are also stabilizing. Operating cash flows are already getting to neutral. And our CapEx plans for this year, FY26, are not very large in the automotive business. In fact, later in the graphs, you will see a lot of our CapEx is actually R&D, which is capitalized. We don't expect any major manufacturing CapEx in this year for the automotive business. There will be some for, let's say, our rare earth free magnet, etc. But beyond that, we don't expect any major manufacturing or growth CapEx for the automotive business. So the automotive business to get to free cash positive by the end of this year, which is what we are giving in the outlook, we do expect it to consume only about 400-500 crores of incremental cash from here.
- Even at a console level, you can see our cash flows improving significantly and profitability also improving significantly. And this trajectory will continue through the course of this year. For the whole year of FY26, we are targeting to get to around 3.25 lakh to 3.75 lakh vehicle sales driven by the festive season coming up, and our plans on our Gen 3 and our bike products through the course of this year.
- For our Cell business, there will be CapEx. We already have done the CapEx of 1.4 GWh and we will be completing the 5 GWh capacity that we have planned for, for which capital is already

lined up through a term loan facility with the SBI consortium. Now, after that, most of the payments of that will also happen in this year and some will flow into next year. We don't foresee the need to expand Cell Gigafactory capacity beyond 5 GWh for the next 3 to 4 years. And there's a rule of thumb calculation also here that 5 GWh means almost 1 million to 1.2 million units. So we'll make that installation of capacity this year, FY26, and grow into it over the next couple of years.

- That said, there is some more detail on warranty here because warranty has been one of the talking points in the last quarter. We took a one-time provision of 250 crores. What I would like to highlight to all of you is every generation has kept on getting better for us in terms of quality and fault rates. Gen 3 is in fact the best ever for us, and by our own estimates the best in the industry. And this benefit obviously flows into the EBITDA by lower provisioning for Gen 3.
- On claims also, Gen 1 claims have been higher than Gen 2 claims and that is higher than Gen 3 at a similar rating. So Gen 3 claims are actually looking fairly good. And in Gen 3 over Gen 2 itself, one of the major areas we have improved the product design and hence quality, is the hub motor, the motor controller which were in Gen 2 supplier-procured, and in Gen3 are all in-house. And our in-house motor which was in Gen 2 in the S1 Pro had a 90% lower failure rate than the hub motor. So all of this is adding up to a very good profile on warranty.
- And a final point I want to highlight there is our Gen 1 products are already 70% out of the warranty life. So that's also reducing the claims on a monthly level as more and more of the claims outstanding or the warranty outstanding is on Gen 2 and Gen 3. So we don't expect any more major one-time warranty provisions. So there might be some minor learnings as we go along, but nothing major expected over the next year or two on warranty provisions.
- Then in the note, we highlight some, beyond just operational commentary, we give you progress on key strategic priorities. And as we've always communicated to you, our strategy in this business has been to build more manufacturing vertical integration, do more in-house technology development and build a direct-to-customer channel for customer engagement with the brand directly. And on all these three, we believe we keep compounding our competitive advantage as incumbents only continue building traditional auto business models. And that competitive advantage can be seen in the balance of volumes and profitability that we are now able to deliver.
- And then we talk about the rare earth magnet which I commented on, so I'll skip that.
- On ABS also, we are ready. We're the only EV company which has an ABS product on sale in the market. And by the mandate timeline, we will be ready with our own in-house ABS solution, further saving margins as well as giving consumers a product differential.
- On the Gigafactory, like I said, more details on 15th August, but our first products will be in customers' hands by the festive season. The full budget for our 5 GW plant is 2,800 crores, including both the CapEx as well as some pre-operative costs. Now, out of this, we have already invested about 1,500 crores, and the remaining 1,200 odd crores will go in over the course of this year and some into next year. But that will complete the 5 GWh. And like I said, for this, we already have the SBI consortium facility which we are drawing down on.
- In terms of unit economics, the Cell business at a free cash flow level breaks even for us at 5 GWh. And at a consolidated level, it is cheaper for us to manufacture our own cells than procure from outside at the 5 GWh level. So, that's a very important milestone as we scale our Cell business. Through this year now, starting this quarter, we are going to keep ramping up gradually the cell production to grow into the 1.4 first, and then grow into the 5 GWh after that.
- There's some commentary on, you know... for those of you who don't fully understand the cell technology and the cell cost structures, there's some commentary here for you to appreciate

how the cell cost leadership works, and it's very directly linked to technology, not just supply scale.

- On product roadmap again, we highlight here our competitive advantage with a very broad product portfolio which is ready; a very mature stage of development for the product portfolio. But that said, we are not allocating manufacturing CapEx to all these products. We are going to be sequential in capital allocation. We are letting our current products scale and mature in the market, and then one-by-one allocating manufacturing capital for new products. But from an R&D basis, we have many of these products under advanced stages of development. So, in that sense, as our distribution network stabilizes, as the new products step-by-step scale up in the market and as the EV industry again inflects with the next level of customers coming in, we will again accelerate our product launch roadmap.
- Finally, in strategic priorities on our D2C network, we have expanded our presence, but there's a lot more work to be done to institutionalize operations, consolidate operations and deliver a good customer experience and a high productivity. We are already seeing gains from inventory reduction in the network and you see that in the working capital movement in Q1 over Q4, and we will continue to see incremental gains on this going forward. But there's more work to be done to institutionalize the operations in the front end, and that's a core management focus for the remainder of this year too.
- Finally, we have a little bit of a note on financial planning. There have been some questions to us in the past on what is our cash allocation, capital allocation for different aspects of the business. So, for the Auto business, like we said, nothing major on CapEx plan. We expect about 400-500 crores of free cash flow requirement for the remainder course of this year, at which point free cash flow should turn positive. For our Cell business, there will be a CapEx of about a 1,000 odd crores in this year and some more in next year. And 70% of that or roughly two-thirds, 70% of that, is funded through the existing term loan that we have and the remainder through equity. The Cell business will have some operational cash flow requirements till we achieve a certain steady production rate, but in the hundreds of crores. So, for the business on a consolidated level, we don't foresee the need for any more cash than we have. We have about 3,200 crores on the balance sheet as of end of quarter.
- We do have some debt obligations. Again, we have shown that in a graph in the note. We will be refinancing some of that debt, not the term loans, but some of the corporate debt that we had taken before our IPO. And we have already taken a Board approval for issuing fresh NCDs to refinance that debt.
- I guess that's it. There are some very interesting graphs in the note also. A couple of things, if I highlight on Graph 3 and 4, if you see our ASPs are flat, but our gross profit per vehicle is continuing to grow. This quarter, it got to Rs. 31,000, which means in Graph 5, you see our gross margins, Auto gross margins with all incentives and without incentives. And you can see this quarter, actually, we had very minimal incentives. So, the business, the product, the gross margin profile, all looking strong.
- And I will pause here and leave enough time for questions from all of you.

- **Question & Answer Session:**

- **Moderator - Mr. Abhishek:**

- Thank you so much, Bhavish. We will now begin with the Question & Answer session. Anyone who wishes to ask a question may use the Raise-Hand option. If you wish to remove yourself from the question queue, you may press the option again. Participants are requested to unmute themselves before asking the questions. And before asking a question, we also

request you to introduce yourself - your name and your organization. We'll take a minute and then we'll open the floor for Q&A.

- We'll take the first question from Mr. Chandramouli Muthiah of Goldman Sachs. You may unmute yourself and ask a question.
- **Mr. Chandramouli Muthiah – Goldman Sachs:**
- Hi, good afternoon, and thank you for taking my questions. My first question is just on the volumes for the quarter, the 68,000 volume. Could you help us understand what the split is between the electric scooters and electric motorcycles, as well as also the Rs. 121,000 ASP? Where would the motorcycle ASP compare versus the scooter ASP?
- **Mr. Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Ltd:**
- Chandru, the split is still largely scooters because motorcycle deliveries only started happening early June. So almost all of it is still scooters. The motorcycle deliveries are ramping up in June, and now going forward also.
- In terms of ASP, the Roadster X and X+ ASPs are broadly in the range of the S1X and X+ ASPs, maybe 5% higher, 5 to 10% higher. So it'll be one level lower than the S1 Pro and Pro+, but in that S1X and X+ range. So in terms of it looks like against the Rs. 1.2 lakh, it might be Rs. 1.15 lakh as an ASP.
- **Mr. Chandramouli Muthiah – Goldman Sachs:**
- Got it, that's helpful. My second question is just around the ABS norms which have been proposed by the Government of India. So, I understand you have ABS on some of your premium electric scooters as things stand, but if you could just give us some colour on what the negotiations seem to be with the government and what the industry representations are? Is there something that's a done deal for January 2026, or is it still sort of fluid, if you could give us some colour on that?
- **Mr. Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Ltd:**
- Chandru, our stance is that the sooner the better. We should not compromise with the customer safety.
- **Mr. Chandramouli Muthiah – Goldman Sachs:**
- Got it. And just the additional cost here, what is your estimate of additional cost? You did mention that you are looking to do an ABS kit in-house. So if you could just give us some colour on what your estimates are on additional cost.
- **Mr. Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Ltd:**
- See for us, let's say for industry when they do ABS, anywhere between Rs. 3,000 to Rs. 5,000 they incur in terms of BOM cost, depending on what kind of ABS etc. For us, it'll be a small fraction, it'll be a fraction of that, because these ABS products as you can imagine are high margin products for whoever is selling them, Bosch or Conti or whichever supplier is selling them. And we have our own engineering capability. In fact, the way we have built the ABS is that our electronics are all combined into the same central electronics. So a lot of software defined functionality. So in that sense, the content itself is lower in our ABS, and obviously, we saved all the cross margins.
- Actually Chandru, I would want to use this moment to highlight an important theme about our company, which, while we've been executing on it, maybe it might not have been fully

appreciated by all the people observing us, that as we keep doing each of these critical components in-house, be it the motor, be it the ABS, electronics, software, cell, one-by-one, each of these things add a lot of gross margin benefit, which is what you see in the end today; our gross margin is about 26% and without any incentive also 22% plus, despite not charging 20% higher than market. Right? And this is a journey, it's only going to keep improving for us.

- For example, one of my Finance team members pointed out to me that the largest motor supplier in India actually has a gross margin of 60%. Now, we make our own motors. That's a clear saving of a large high single digit thousand rupees over there for us. Same will happen in ABS. Same happens for us in electronics. And it's not just saving from off-the-shelf parts, we are able to combine parts better, and hence actually reduce content itself. For example, in ABS, the electronics will actually be combined with our central electronics.

- **Mr. Chandramouli Muthiah – Goldman Sachs:**

- Got it, got it, that's helpful. And lastly, if I can squeeze in? I just wanted to state... of the union update on net debt. So you did mention that you got cash of about 3,200 crores. I can see that the graphs talk about debt repayment obligations, but if you could just give us what the gross debt number also is, just in the context of what your quarterly cash investments are.

- **Mr. Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Ltd:**

- Sure. I think excluding short-term debt, which is largely working capital, Ankur, to about 2,000 crores. Yeah, 2000 crores and it's getting paid down over the next two years, all the corporate debt is getting paid down. Term loans will continue long.

- **Mr. Chandramouli Muthiah – Goldman Sachs:**

- Got it. Thank you very much and all the best.

- **Moderator - Mr. Abhishek:**

- Thank you. We'll take the next question from Mr. Arvind Sharma of Citibank. You may unmute yourself and ask the question please.

- **Mr. Arvind Sharma - Citibank:**

- Yeah, hi, hi. Thanks for taking my question and thanks for sharing the guidance for FY26. In the overall guidance for FY26, what would be the exit rate, because 1Q we already know the numbers, but it's a pretty steep jump from here on. So what would be the drivers for these volumes going forward?

- **Mr. Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Ltd:**

- Okay, Arvind, thank you for your question. I'll start with a small nuance. It's more an outlook than a hard guidance. What we want to start doing is also giving all of you a little bit of an outlook into what we see ahead for us, and also call out the risks that exist to achieve that outlook, because there is a macro environment which is sort of moving parts, supply chains, etc. So there are enough things we need to navigate still through the year, but we'll keep updating every quarter.

- Now, the key levers to deliver these volumes, actually, if you see this quarter, we delivered 68,000. Now, this quarter is actually probably one of the lowest quarters in the year on festive and just volumes. We expect industry bump up on festive, about 50%, 40%, 50%, whatever the industry anomaly is for those couple of months. Industry itself is growing at about... Hold on, I don't know what happened here. I hope, Arvind, you can still hear me. Arvind, can you hear me? Is the meeting still on? Can anybody hear me?

- **Mr. Harish Abichandani – CFO, Ola Electric Mobility Ltd:**
- Yes, we can hear you.
- **Mr. Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Ltd:**
- Okay. So I guess the meeting, I hope, is still on. So I'll complete Arvind's answer. I don't know why Arvind dropped off. Till then, maybe you can check if some other people can hear me beyond Harish also.
- So just to complete the point, we expect seasonal uplifts in general. Industry is going to grow at 20%. And now, given that a lot of the competitive intensity has already been played out, we do expect us to grow at or above industry rates. We also expect our bike volumes to increase through the year. And a few more initiatives we are doing on the productivity of our front end. All these added up should get us to those volumes. But there are some macro risks which we will navigate and keep sharing updates.
- **Moderator - Mr. Abhishek:**
- Thank you. Now we'll take the next question from Gunjan Prithyani of Bank of America. You may unmute yourself and ask your question, please.
- **Ms. Gunjan Prithyani – Bank of America:**
- Can you hear me now?
- **Mr. Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Ltd:**
- Yes, Gunjan, we can hear you.
- **Ms. Gunjan Prithyani – Bank of America:**
- Okay. Thanks for taking my question and really good to see the significant improvement in the gross margins. A couple of questions from my side.
- I think firstly on the gross margin, I just wanted to understand on the Gen 3, are all the cost savings fully realized on the 80% transition that you saw in this quarter? I'm just trying to understand the roadmap of this 25% to 35-40% that you've called out in your update.
- **Mr. Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Ltd:**
- Yeah. Some of the gross margins are still to be realized, Gunjan. There is an incremental goodness on some of the Gen 3 margins that will come through this financial year. And on top of that, 25% gross margin this quarter didn't have any PLI. So PLI, whatever you guys model, will also come on top.
- **Ms. Gunjan Prithyani – Bank of America:**
- Okay. And this doesn't capture any of the savings from the captive, which you know, of course, is more going to be a F27...
- **Mr. Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Ltd:**
- The cell, you mean?
- **Ms. Gunjan Prithyani – Bank of America:**
- Yes.

- **Mr. Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Ltd:**
- No, this doesn't capture the cell. The cell will ramp up through this year. They'll have a small component of cell in gross margin, but the real cell savings at scale will be in FY27.
- **Ms. Gunjan Prithyani – Bank of America:**
- Okay. And the other expenses should more or less sustain at these levels, now that we've gotten to a level of stabilization with the cuts that we took over the last couple of quarters?
- **Mr. Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Ltd:**
- Yes, OpEx is now stable. In fact, incrementally, there will be some more opportunities for efficiency and productivity through the year. But 100 odd crores of Auto OpEx and 150 odd crores of total consolidated OpEx right now. Over the next quarter or two quarters, we should be further able to reduce another 10 to 15% of OpEx at a similar volume levels. As volume grows, some of OpEx will grow with volume.
- **Ms. Gunjan Prithyani – Bank of America:**
- Okay, got it. And the second question, a little bit on the pivot that you called out, that we're moving from aggressive penetration to a balanced profitable growth. It just sounds to me that there has been a reset in the EV penetration expectation itself, right? I mean, if you can sort of share your thoughts on how do we then think of EV adoption at an industry level? And why do you think that there has been this reset of expectation? Because prices, if at all, have only come down, and it's got a lot more competitive in terms of value proposition to the customer when you compare with ICE as well. So, why the reset in industry adoption levels?
- **Mr. Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Ltd:**
- See, firstly, Gunjan, if you see EV two-wheeler industry growth versus ICE two-wheeler industry growth, EV is still 3x of ICE, right? So, in that sense, ICE is growing at 6-7%, EV is growing at 20% odd, give or take a few here and there. So, EV is still growing very much faster than ICE.
- It has definitely come down from the absolute aggressive growth in FY23, FY24, and early part of FY25. A couple of reasons for that, firstly, government incentives have also come down. So, that definitely has made manufacturers, as well as some customers think about their choices in terms of pricing as well as in terms of purchase for the customer.
- Second, also, the early adopters have now largely adopted EVs. The S-curve of the penetration will go through the S-curve. So, there'll be an aggressive growth, then there'll be a consolidation phase, and then there'll be an aggressive growth again. So, the middle customer is now considering EVs actively in our own surveys, brand surveys that we do. Consideration for EVs is very, very high, but they're probably waiting for their friends and all to live with one generation of their EV products, or waiting for some of the anxieties around range, etc., resale value. All of these are anecdotal things, and actually many of them are not true. It's not like two-wheeler EVs have range anxiety. It's not true that there is a question on resale value, if you see resale values are reasonable in the market. But it's more just an overall feeling that the cautious customer has now, that let me just wait it out another six months, one year, till my friends who were the early adopters have been through their full cycle experience. And we see that now slowly also turning in bigger cities. There are some pockets of increasing growth again, but it's early. So, we do expect the S-curve to play out, first high, then consolidating around 20-25% a year, and then maybe next year onwards, another aggressive growth.

- **Ms. Gunjan Prithyani – Bank of America:**
- Okay, got it. This last question, if I can just get your thoughts on the battery plans as well. We are now sort of limiting to 5 GW. If you can just sort of share, what does it mean in terms of the government PLI scheme? What does it do to the captive cost benefit that we were thinking about? Because a lot of those captive cost savings were also premised on yields and scale that you get on that battery plant, cell plant. So if you can share, what does it mean for the overall cost improvement and PLI scheme?
- **Mr. Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Ltd:**
- So Gunjan, at 5 GWh, we will already be saving money versus procuring from outside. At 1.4 GWh, we will be saving money at a gross margin level, but the OpEx of the cell plant will not be fully leveraged for the scale that it is built to. And the unit that we had designed was the 5 GWh unit for our cells. 5 GWh is one unit. So at 5 GWh unit, we will be saving money versus procuring cell from outside, so we don't need to go to 20 GWh for that.
- In terms of PLI, yes, definitely, this will mean an implication on PLI. The government PLIs, our timelines on 20 were what they were and we will not need those timelines. But in our profitability case, we have not built any benefit from PLI. If there is any, it will be goodness on top. That said, Gunjan, we're also the only company that has really put up a cell plant and made it productive. So we are and we will engage with the government to probably relook at some of these timelines. And in the broader interest and encouragement to industry, probably relook at those timelines.
- **Ms. Gunjan Prithyani – Bank of America:**
- And there's no penalty we need to be really worried about in that context, right? If there's a change in the timelines?
- **Mr. Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Ltd:**
- There is a maximum of about 100 odd crores of penalty and we are actually accruing that every quarter in our P&L already.
- **Ms. Gunjan Prithyani – Bank of America:**
- Okay, got it. All right. Thank you. Thank you so much. I'll join back to queue.
- **Moderator - Mr. Abhishek:**
- Thank you. We'll take the next question from Rishi Vora of Kotak. Please unmute yourself and ask the question, please.
- **Mr. Rishi Vora – Kotak Securities:**
- Hi, Bhavish. Congratulations on sharp improvement in profitability.
- **Mr. Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Ltd:**
- I'm waiting to read your report.
- **Mr. Rishi Vora – Kotak Securities:**
- Yeah. Just a follow up on Gigafactory, right? One of the premises for us to set up a Gigafactory was also PLI incentives, if I remember it correctly. Our expectation was through the course of going till FY29, the capital employed will become half because 50% of it, we were expecting it

to come from PLI. So let's say, if you're not able to get a PLI, then does it make sense for us to set up our own Gigafactory, given that tomorrow the technology might evolve? We might be a little slow versus the global giants. So does it merit to have a Gigafactory on our own given that a PLI...?

– **Mr. Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Ltd:**

- Yes. Yeah. So, Rishi, the reason to set up a Gigafactory is strategic and long term. Our reason to set it up was never PLI. In fact, we actually started our Gigafactory before the PLI scheme came in. And that's the reason we came into the scheme, because we're the only ones who started before the scheme even was conceptualized.
- Now, the reason is threefold, Rishi, and you actually see a version of that playing out with the rare earth thing in supply chain risk. So first reason is long term strategic business continuity and control of your supply chains. That's not just an opportunity for us at Ola Electric, but also an opportunity for us to play into in the broader India context, as India's lithium cell needs to scale up. So in that sense, it's a long term strategic bet.
- Second, cell is not a commodity, Rishi; cell is a technology component. And I write about that in the note also. You can see that paragraph. A lot of the cost benefit is driven through technology, not through just supply coming from another country, unlike solar cells or other components where manufacturing... conversion costs are a majority of the cost of the overall component itself. Cell is not like that.
- And our technology leadership is actually now well established. The first product is 4680 cell. And we also write about our cell technology roadmap where we are leading already beyond the Version 1 of the cell. We already have Version 2 and LFP versions already under development. All of that will come in step-by-step. And we now, Rishi, have already proven this business model in our Auto EV business. Look at our gross margins versus look at all other companies' gross margins, and that's a function of technology and manufacturing vertical integration.
- So those are the three reasons it makes long term strategic sense to do the cell in-house, in terms of capital returns purely. Also, you know, at 5 GWh itself, it'll be a reasonable return. But as we scale higher, the return will only keep getting better. And the scale can be from our own internal requirements, the scale can be potentially from export opportunities that our 4680 cell opens up, the scale can be from BSS opportunities in the future that we might get into in different business strategies. And in none of those cases, do you need PLI to make the business worthwhile. All of this is worthwhile if you have a strong technology leadership in the cell and if you are building a long term Indian supply chain, because the Indian market long term is only going to grow. So we take a very long-term lens on the strategic benefit and optionality of our cell business.

– **Mr. Rishi Vora – Kotak Securities:**

- Yeah, thanks for that. Just on the provisions, can you just give us the absolute amount of provisions which we took in 4Q, and what would be that in the 1st Quarter?

– **Mr. Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Ltd:**

- Provisions for warranty?

– **Mr. Rishi Vora – Kotak Securities:**

- Yeah.

- **Mr. Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Ltd:**
- So in 4Q, we had called that out, 250 crores of one-time provisions. We won't be... we can't share with you exactly how much we do quarter-on-quarter on warranty provisions. But as a one-time thing, last quarter was 250 crores.
- **Mr. Rishi Vora – Kotak Securities:**
- Understood. And just lastly, on the motorcycle launch, can you just give us how has been the feedback? And I think somewhere I read that we just started with around 200 touch points. So is there a thought process of when we'll be scaling it up to all the touch points which we have at this point in time?
- **Mr. Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Ltd:**
- Yeah. So Rishi, the feedback has been overwhelmingly positive. You can yourself go on social media and just search for Roadster feedback. You will get all the views, all the kind of feedback. Very, very positive. Customers are loving the bike. I myself, by the way, I ride around Bangalore on the Roadster X+. That's become... instead of a car, that's become my major commute vehicle. Almost always on a signal, I get stopped and asked, "Sir, Kitne ki hai? kitna range deti hai?" (*"how much is it? How much range does it give?"*) And I've done some sales also, by the way, on the roadside.
- But that said, see, the reason we are scaling up a little more in a calibrated way is because it's a new category. We want to make sure manufacturing, quality, warranties, all of those are in check as we scale. And hence our production ramp has been more calibrated and gradual. We expect by Navratri to hit the majority of our stores, and that's when the bike volumes will also be starting to spike.
- **Mr. Rishi Vora – Kotak Securities:**
- And just one last question. On a sequential basis, ASPs have gone up by 2%, and this is despite the mass market scooter mix going up. So is there a portion of non-vehicle mix that has gone up, which is driving the ASP increase?
- **Mr. Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Ltd:**
- It's a mix of two things, Rishi. Gen 3 mix has gone up. If you remember last quarter, Gen 3 was very small. And Gen 3 is priced slightly higher. Gen 2 is priced slightly lower. And second, obviously, MoveOS+, which also we comment on, has been increasing in penetration.
- In fact, I actually want to use this opportunity to underline and highlight MoveOS+. So a bunch of our software features, especially the premium software features, which frankly, we have the best in the industry, given that we do our electronics, hardware and software together in sync. A bunch of those we productize into MoveOS+, and that became subscription for customers. And the penetration rates of that is now, actually on a run rate basis, almost 70%. And we expect through this quarter for that to rise to 80-85%. So almost everybody is buying the MoveOS+ subscription, be it for premium or for mass scooters. And that also brings in a certain advantage on ASPs.
- **Mr. Rishi Vora – Kotak Securities:**
- Understood. Thank you and all the best.

- **Moderator - Mr. Abhishek:**
- Thank you. We'll take the next question from Mr. Arun Kejriwal of Kejriwal Consultancy. Please unmute yourself and ask the question.
- **Mr. Arun Kejriwal – Kejriwal Consultancy:**
- Thanks, Bhavish, for giving me a chance to ask you questions. At the outset, let me congratulate you on a set of numbers which has caught quite a few of us by surprise. The turnaround witnessed has been phenomenal, to say at the least.
- My question is, sir, one of the objects of the issue was to increase the Gigafactory capacity from 5 GW to 6.4. Now that we are scaling down the expectation of the Gigafactory to around 5, which would take care of about 1.2 million scooters, what would be the change in our fundraise that we have done? Would the objects of the issue be sort of tweaked, recharged and the funds deployed additionally, or what?
- **Mr. Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Ltd:**
- Sure, Mr. Kejriwal, thank you for your comments and for your recognition of the numbers. It's been definitely an important quarter for us. And sir, like you say, it's like we gave in our commentary, 5 GWh is what we feel will be enough through FY29. That covers roughly 1.2 million vehicles, and that should be enough for us, or even if we have some non-OLA customers eventually that we are selling our cell to. So we don't foresee the need to expand beyond 5 GWh over the next three years, at least.
- And you are right, we had raised some money in anticipation of this expansion from beyond 5GWh in our IPO. As we go along, we might look to redeploy that capital into other productive uses.
- **Mr. Arun Kejriwal – Kejriwal Consultancy:**
- Right. So just a related question to this. Considering the fact that we are now sort of scaling our target for sales of vehicles, I'm not saying you've said that in as many words, but 1.2 million is what you believe is where we could be, say, till FY29. Is there a change in the company or your thinking of EV penetration going forward? Is there some rethink on the way penetration is happening? Somebody earlier had also asked that prices are softening. Are customers a bit reluctant to buy EV, or what?
- **Mr. Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Ltd:**
- So Mr. Kejriwal, like I had mentioned in the opening commentary also, the industry is entering a different phase now. Prices are softening a bit, but if you see our ASPs, for example, it is flat over the last four quarters. So industry is also recalibrating a little, customers are also recalibrating. The early adopters have already adopted EV in full confidence. And now the middle mass, what we call our customers, which are a little more cautious about new technology, they are starting to consider EVs. Their consideration cycles are a little longer. They are looking at their friends who have already bought EVs, and increasingly so, they're also getting converted. That's why the EV industry is still growing at three times the growth rate of the ICE industry.
- But we do expect these next few quarters to be a little bit more steady in EV penetration growth. And then maybe another acceleration will happen as new products come in, as some of these next set of customers finally take decisions at scale to buy EVs, as our own distribution network becomes more productive in the smaller towns of India, specifically on the bike, as

that unlocks a new category. So all of these levers will be playing a part in the next phase of growth.

- And for now, the industry is in a steady growth phase. It's still growing 3x of the ICE industry. But hence, we've also taken up sort of a manoeuvring to consolidate our product, our business, our operations to get ready for the next phase of growth.
- **Mr. Arun Kejriwal – Kejriwal Consultancy:**
- So thanks, Bhavish, for that. Wish you all the best and hope we have some more promising news when we meet next quarter. Thanks.
- **Moderator - Mr. Abhishek:**
- Thank you. We'll take the next question from Mr. Vipul Agrawal of HSBC.
- **Mr. Vipul Agrawal – HSBC:**
- Yeah, thank you. Thank you for taking my question. Sir first of all, congratulations, like you delivered what you said about 68,000 per unit in the 1st Quarter and the cost saving. That's pretty commendable.
- So my first question is on the COGS side. The cost per vehicle is down from almost Rs. 100,000 to Rs. 90,000 now. The difference is around Rs. 10,000. Can you pinpoint certain parts and related cost saving?
- **Mr. Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Ltd:**
- So Vipul, I can give you a general direction on that. So Gen 3 as a platform has definitely helped. Gen 3... and we had shared even in August when we had launched Gen 3, that it will be a major change in the cost structure. And that is what has happened. This was the first real quarter of full Gen 3 and that has led to improvements in the BOM cost.
- Then item-by-item also, our motor, for example, is now in-house. The motor controller is within the motor itself. All of these things save money. In the bike, for example, the wiring harness is the flat wiring harness, which is a unique innovation by us. Our electronics are more centralized, saving some number of ECUs. So all the regular things which I keep saying every time I meet you guys, all of those things have kept on incrementally adding benefit to us in the gross margin.
- **Mr. Vipul Agrawal – HSBC:**
- Sure. Thanks for that. One related question would be like, on the wiring side, how are you saving? Is that tech which is globally not available, or is it something new which you have developed on that front? How does it work?
- **Mr. Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Ltd:**
- So Vipul, it is our own in-house IP and we actually had shared it in our bike launch event in February. You can see the video references there. But it's a much lighter, much lower cost to manufacture wiring harness technology which we've developed in-house. And normally, again, I will reiterate this to everybody. Sometimes we can assume that suppliers will have better technology, but almost always suppliers never have the leading-edge technology, especially in cutting edge areas like EVs. It is OEMs which have the leading-edge technologies, which over time, suppliers build slowly, slowly, because the incentive to build technology is always with the OEM, not with the supplier. For the supplier, it's the incentive to continue old processes because they're not customer facing; the OEM is customer facing.

- Now, that said, as a result, we keep doing our own R&D, be it wiring, be it motors. For example, our rare earth free motor is something we'd started developing more than a year or two back. And some of you who visited our factory a year ago would have seen this. In fact, we were quite transparent about it. And tab logo ko lagta tha ki hum toh aise hi dikha rahe hai par ab wo sach ho raha hai (*then people thought that we were just showing it like that, but now it's happening for real*). And I think that's one of the things which we keep doing on R&D, and step-by-step, they keep coming into our products.
- So actually, internally, in terms of process, we have a very rigorous process of two parallel roadmaps - one is a product roadmap and one is a technology roadmap. And as technologies go above the technology maturity ladder, we keep bringing them into our product roadmap. So it's a very rigorous process that we run within the company of two parallel roadmaps.
- **Mr. Vipul Agrawal – HSBC:**
- Understood. Sir, like you mentioned, OEMs have a cutting edge technology. I agree to that point. So coming to the cell business on the same front, you will be increasing from 1.4 GW to 5 GW now. And globally, on the cell manufacturers, it's tough for them to cross 15% EBITDA margin level. Even for the small players, it is less than... it is high single digit, double digit. So how do you see profitability on your business? Like, maybe when you go from 1.4 to 5 over the next 2 to 3 years, how will cash burn will go down? Or maybe, if you can touch a bit on technical part of it, how are you different from the Chinese cell manufacturers or Korean manufacturers? If you can touch a bit on that.
- **Mr. Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Ltd:**
- See Vipul, firstly, small correction there, it's GWh (gigawatt hour), not GW (gigawatt). Gigawatt power ka hota hai, cell ka energy hota hai (*Gigawatt is for power, whereas for cell it's energy*). I just want us to be technically correct.
- So on the cell... See, firstly, I would like all of you to look at us as a vertically integrated cell manufacturer, not a standalone cell manufacturer. That makes a world of difference in business model and cost structures. Firstly, I have to only build one or two cell platforms. If you think of a standalone cell company, they build multiple cell platforms for multiple customers, whereas I am only building the 4680 platform. Hence, my manufacturing is linked to that, my R&D is linked to that.
- Now I'm building a platform which can be used in my products and global products also because it's a fairly industry standard platform. But I'm not building pouch cells, I'm not building prismatic cells, I'm not building 2170, I'm not building 1865, I'm not building some other concept. I'm only building a future industry standard cell platform. And hence that limits my manufacturing and R&D requirements.
- Second, since I'm vertically integrated, I have a large anchor customer, I have less SG&A costs, as well as an immediate benefit on springing up my production basis, my internal customer. And the same cell will go into other non-automotive products also, like home energy storage, etc., in the future. There are other verticals where we can get, I would say, revenue without having to build new cell platforms. So that is the essence, Vipul, what differentiates us versus a standalone cell company.
- And good cell companies have mid-teens EBITDA margins. Our cost structure will actually, over time, get better than them on OpEx. On gross margins and BOM cost, large cell companies will have an advantage over us till we become large enough. But there's also an arbitrage on duties, etc. on bringing these cells into India. So all of that balances out into a balanced business model opportunity for us.

- **Mr. Vipul Agrawal – HSBC:**
- Thanks. Just last one question on the yield part. So how has your yield improved over the last six months? And second would be, you are already importing cells from other suppliers. And when you are producing by yourself, what sort of break-even you would have at the cost? What kind of yield you would need at Ola's plant and what kind of production you would need at Ola's plant to break even with the cost of import at this point in time? Any math you have done around that?
- **Mr. Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Ltd:**
- Yes, absolutely, Vipul. Good question. Our yields right now are in the 60-odd percent range, which is what I've shared about a month and a half ago. We are ramping up with a balance of two KPIs. One is yield and one is output, the scale of output, because both have to go up in hand and we are in that ramp-up phase. Through this year, we are going to be in that ramp-up phase.
- The break-even on consolidated operational costs of building our own cell, putting it in our vehicle versus buying the cell from outside? The break-even point is around 3.5 to 4 GWh at about low 80s of yield. That's the break-even point. So at 5 GWh, we'll actually be slightly more than just break-even.
- **Mr. Vipul Agrawal – HSBC:**
- Understood. That's all really helpful. Thanks.
- **Moderator - Mr. Abhishek:**
- Thank you. We'll take the next question from Aryn Pirani of JPMorgan. You can unmute yourself and ask a question.
- **Mr. Aryn Pirani – JPMorgan:**
- Yes, hi. Thanks for the opportunity and congrats on the strong sequential improvement. It's in line with what you highlighted in the last quarter. I had a question on the ABS. Interesting comments from you. So I just want to understand. So right now, are you saying that you will be assembling the ABS? Are you making some of the subcomponents?
- And a related question would be that, even right now, for the CBS that goes into most of the scooters, are you also doing a lot of it in-house? Some colour on that will be helpful.
- **Mr. Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Ltd:**
- So Aryn, the CBS is a simple component. We probably do a portion of the engineering of that in-house and some of it must be brought out by suppliers. But for the ABS, what we're doing is, we are engineering the whole thing in-house, and we will work with some suppliers to build some components of it and some we will build in-house. Because as you know, we don't manufacture everything in-house. Some of the more traditional processes like fabrication, castings or others, machining, etc., we don't do those things in-house. But we'll definitely design the whole thing. Electronics, software, these are more critical components over there, which is what we will be integrating largely in-house.

– **Mr. Aryn Pirani – JPMorgan:**

- Okay, understood. And secondly, just slightly on the number's thing. I think last quarter, obviously, there was this challenge of Vahan registration not reflecting entirely with what your numbers were. This quarter also, and please correct me if I'm wrong, it seems that there is some difference. So if you can explain the difference in your deliveries' number between and between what we can see on Vahan?
- And the related question is, if we actually take your deliveries' number and the industry number that you have on your shareholders letter, your market share actually should be much higher. So just trying to understand if there is still any lead lag into the deliveries and the registration number.

– **Mr. Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Ltd:**

- Yeah, so Aryn, good question. I'll take a minute and explain this in 2-3 levels. So firstly, last quarter, we had a lag on deliveries and higher Vahan. Hence, our revenue was lower, Vahan was higher. That delta is almost the same delta in the opposite direction this quarter. So we have a slightly higher delivery number and a slightly lower Vahan number than delivery number. So that's because of the covering up of last quarter in this quarter. So Feb, March, April were the impacted months, and April onward, we have started covering up that delivery gap.
- Market share, you can say is it a function of registrations or is it a function of deliveries? Both are different definitions. So I will leave the market share question out of this. In the end, roughly, our market share is in the high teens or 20% thereabouts right now. So let's leave it there.
- Specifically on our delivery backlogs, our business model fundamentally has... traditionally in the last 2-3 years run a backlog on deliveries. Whereas our traditional business model, automotive dealership will not run a very large backlog; they will finish off all the deliveries in 3-4 days. Whenever a customer places an order, the order-to-delivery cycle is 3-5 days. For us, even now it is higher than that. And that is actually a room for improvement to drive more volumes itself, because some of the customers we lose because they say, "aapka gadi mereko 10-15 din baad mil raha hai toh me abhi nhi karidunga" (*"We are getting delivery of your vehicle 10-15 days later. So I won't buy now."*) So, we are focused on improving that through this quarter and next. And as we improve, we do expect some incremental demand from this also.

– **Mr. Aryn Pirani – JPMorgan:**

- Okay, great. Thank you. Thanks for the opportunity.

– **Moderator - Mr. Abhishek:**

- Thank you.

– **Mr. Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Ltd:**

- By the way, since this time there is... it seems to be there are more questions, so we would be happy to stretch another 15 minutes if anybody would have any questions. So up to the audience, if you want to ask me questions, we are here.

– **Moderator - Mr. Abhishek:**

- Thank you, Bavish. We'll take the next question from Mr. Raghvendra Goyal of Ambit. You can unmute yourself and ask the question.

- **Mr. Raghvendra Goyal – Ambit:**
- Thank you. Thank you so much for the opportunity and congrats for the great set of numbers.
- **Mr. Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Ltd:**
- Would you be a little louder, please, Raghavendra?
- **Mr. Raghvendra Goyal – Ambit:**
- Hello. Yeah. Is it better now?
- **Mr. Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Ltd:**
- Better.
- **Mr. Raghvendra Goyal – Ambit:**
- Yeah. So I just wanted some sense of for Cell business, we'll be commercializing it fully next year. So at least for next one or two odd year, we can assume we won't be selling it to any third party or any third OEMs, in that sense. We won't be looking at that direction, right?
- **Mr. Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Ltd:**
- Raghvendra, we are not right now focusing on selling our cell to other OEMs. But what we are exploring on a little bit of R&D stage, is definitely using our cell to build battery storage for homes and for grid. So not that we are doing any capital allocation to that as a business opportunity. But as an R&D, we are definitely exploring that. Over the next few quarters as our cell operations scale up and stabilize, we will definitely look to enter into those dimensions before we actually go to other OEMs.
- **Mr. Raghvendra Goyal – Ambit:**
- Okay. Sure. And second thing on this, if you can give a quick brief about who all would be our customers for bike? If we have gotten any interest. So are these the one who were preferring a pure 100cc motorcycles or they were evaluating EV scooters and then shifted to bike? So any sense on cannibalisation of our existing products or any qualitative?
- **Mr. Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Ltd:**
- So Raghvendra, cannibalisation of our scooters, we are not seeing, because as you can imagine, two very different audiences. In fact, we are seeing a lot of interest from semi urban or smaller towns also for this bike. So, what that would mean is, we would be starting to get consideration in the customer cohort, which is the 100-125cc range, 100-110cc more or so. So, but still early. Over the course of this quarter, we will actually see how it plays out.
- **Mr. Raghvendra Goyal – Ambit:**
- Sure. Thank you. That was all from my side.
- **Moderator - Mr. Abhishek:**
- Thank you. We'll take the next question from Mr. Pramod Amthe of InCred. You may unmute yourself and ask the question.

- **Mr. Pramod Amthe – InCred Capital:**
- Yeah. Thanks for the opportunity. Two questions on gross margin. If I had to look at your gross margin versus the other two-wheeler conventional makers or ICE OEMs, it looks very near to them. And if I add on to the PLI benefit as and when you claim, you seem to be much nearing to the same. In that context, I wanted to understand your thought process. How do you see the PLI? Do you see it retaining with yourself, or to drive your ambitious volume guidance, you think you need to pass it on to the consumer first? Second...
- **Mr. Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Ltd:**
- Sorry, let me answer your first question and then I'll go to the next. No, that's a good question, Pramod. Firstly, you know, good that you recognized how our gross margins have improved. And like we said, we are going to actually further see improvement even before the PLI improvement; on top of that PLI will come in.
- So our gross margins for EVs will actually get very competitive with ICE over the next year or two. And we've been saying this for the last year, that as our vertical integration strategy scales, as our subsequent generations of products keep coming in, we will keep getting benefit on gross margins. So that story will keep playing out for us.
- Secondly, on PLI, the way we look at our margins is, we will manoeuvre around industry dynamics as and how they evolve and use our margins accordingly. So there's nothing that I want to share today in terms of pricing strategy. But as industry manoeuvres around it, we will definitely manoeuvre around it too.
- **Mr. Pramod Amthe – InCred Capital:**
- Because the reason to ask that is also, if you have seen in case of some of the electronic products, the PLI is already passed on in the highly competitive environment. So you were once the leader and there is a possibility to come back to leadership, considering your advantage. So that's the reason to ask you.
- Second one is with regard to the motorcycles versus scooters, how do you see the gross margin profile emerging as we progress a couple of quarters down the line as the EV penetration in motor cycles may also start to improve?
- **Mr. Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Ltd:**
- Pramod, the gross margin profile for scooters and bikes for us will be very similar. The reason is the bikes are also built on the Gen 3 platform. So in that sense, the components, the engineering, and the supply chain are all the same, and in fact, the manufacturing lines are also the same. So we don't feel any major difference in the gross margin profiles.
- On motorcycles, the area we are focused on a lot as a management team is making sure the product quality in the ramp-up phase remains high quality so that potential warranty risks don't happen. Because it's the first generation... it's the first product in both motorbikes. We want to make sure... and that's the reason we are being a little more calibrated in the ramp-up, and that calibration strategy seems to be paying off for us in terms of product quality of the bike.
- **Mr. Pramod Amthe – InCred Capital:**
- And, you see the end product pricing situation is different in the case of motorcycles versus the scooter, what it brought into the table as a value proposition?

- **Mr. Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Ltd:**
- The pricing is largely similar, Promod. The motorbikes for us start at Rs. 99,999 for a 2.5 kWh product. I think the S1 starts at 2 kWh. So each motorbike variant has a little bit higher battery for us versus the equivalent scooter variant. So that is the real price differential—Rs. 5,000 to Rs. 10,000 over the scooter variant.
- **Mr. Pramod Amthe – InCred Capital:**
- I appreciate the pricing points, which are well discovered. I was looking at it more from a competitive dynamics of ICE versus EV, and hence your capability to get the pricing.
- **Mr. Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Ltd:**
- Yes. So Promod, our ability to lead with pricing is a function of our margin profile, and the margin profile in bikes will be the same as scooters. So in that sense, as the market evolves for EV bikes, we will definitely be competitive and aggressive. Even vis-à-vis ICE bikes, our EV pricing is already reasonably close. It's not exactly the same but reasonably close. And with maybe another generation of bikes next year onwards, we'll actually be equal to or lower than ICE bikes also in pricing for the equivalent product.
- **Mr. Pramod Amthe – InCred Capital:**
- Sure. And the second, or the third one is with regard to the cell. As you are almost about to commercially productionize the cell, and I hope you are already testing it on your vehicle, what to look forward to as a customer benefit other than as we are looking for my investor, to change the product positioning much better in the marketplace?
- **Mr. Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Ltd:**
- Pramod the great point again. You've asked some very relevant questions. So the customer benefit of the cell is 2-3 things. Firstly, it'll have a very different charging performance because it is a bigger cell, more capable cell.
- Second, it'll allow you to pack more energy. So, for example, the first products in which the cell is coming are the 9.1 kWh Roadster X and the 5.3 kWh S1 Pro, and these are really high-range vehicles, which for some customers, makes a lot of difference.
- And thirdly, for us, the benefit obviously is that the cost of using these cells keeps coming down. And now, once this 4680 platform is established, then every year as our cell technology improves, we keep improving the energy density, and hence cost, without making any changes to our manufacturing process. So, you know, that's a very meaningful point for us and for the customer.
- So imagine today the 4680 gives you a 5 kWh range; one year from now, the same pack will give you 5.5 kWh of range without anything changed from our manufacturing because it's just the technology recipe in the cell that we will change. The speed at which we can bring these iterations in the market is much better than competition relying on vendor cells.
- **Mr. Pramod Amthe – InCred Capital:**
- Sure. Thanks, and all the best.
- **Moderator - Mr. Abhishek:**
- We'll now take the last question from Mr. Ajox Frederick. You may unmute yourself and ask the question, please.

- **Mr. Ajox Frederick – Sundaram Mutual Fund:**
- Hi, hi. Thanks again for taking the question. Sir, my question is from a near-term perspective. Of this 325K vehicles which we aspire to sell for the year, how much are we penciling in for the bikes? Or in that range? Just a broader stroke could give us some clarity?
- **Mr. Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Ltd:**
- Sorry, Ajox, could you repeat? We lost you in the middle.
- **Mr. Ajox Frederick – Sundaram Mutual Fund:**
- So I wanted to understand how much of this aspired 325K or 350K vehicles for the year are we penciling in for the bikes?
- **Mr. Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Ltd:**
- So, Ajox, today, we're not sharing that specific guidance, but we do expect 15–20% should be a reasonable target for bikes.
- **Mr. Ajox Frederick – Sundaram Mutual Fund:**
- Okay, okay. Got it. So 30K per month is more driven by the industry itself picking up, and the festive also helping us. Got it.
- **Mr. Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Ltd:**
- Yes.
- **Mr. Ajox Frederick – Sundaram Mutual Fund:**
- And secondly, sir, on the revenue front, 4,200 crores, how much of that is battery in that? Or do we not add battery in that guidance?
- **Mr. Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Ltd:**
- That's consolidated revenue, Ajox. So battery, since we are only selling it to ourselves, there's an arm's length transaction. So we've consolidated all of that.
- **Mr. Ajox Frederick – Sundaram Mutual Fund:**
- Got it, got it sir. That's just a couple of clarifications from my side. Thank you.
- **Moderator - Mr. Abhishek:**
- Thank you. We'll take the next question from Mr. Udit Jaiswal. If you can unmute yourself and ask the question.
- **Mr. Udit Jaiswal – Participant:**
- Congratulations, Bhavish, on great results.
- **Mr. Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Ltd:**
- Were you the same guy who messaged me on social media?

- **Mr. Udit Jaiswal – Participant:**
- I think so.
- **Mr. Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Ltd:**
- Okay, go ahead, ask your question.
- **Mr. Udit Jaiswal – Participant:**
- I just have a quick question about battery as a service, which your competitions have started to offer. Is there any plan for Ola Electric on that front?
- **Mr. Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Ltd:**
- No, Udit. We have a product on the removable battery, which is the Gig and the Gig+. But as of now, we have not kicked off the manufacturing of that. We will do that as the market matures.
- **Mr. Udit Jaiswal – Participant:**
- Okay, that was my question. I think all the questions already covered. Thank you so much for taking my question.
- **Moderator - Mr. Abhishek:**
- Thank you so much. With this, we will have to end our session here. We really appreciate your time and all of your questions during the call today. Thank you so much for joining us, and we look forward to meeting you all during the next Earnings Conference. Have a good day.
- **END OF TRANSCRIPT**