



Ola Electric Mobility Limited

Q4 FY25 Earnings Conference Call

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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:**

- Good evening! Hi, good evening. Ladies and gentlemen, good day and welcome to Ola Electric Q4 and FY25 earnings conference call. As a reminder, all participants will be on 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 the call which reflects our outlook for the future or which could be construed as a forward-looking statement 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 of the company and Ankur Agrawal, VP and Head of Business Finance, to take you through the results.

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

- Thank you, Abhishek. Hello, everybody. Good to see everybody. This quarter is a little interesting and as well as fairly nuanced and detailed. So this is Bhavish by the way. I am not going to make very detailed opening remarks because I am assuming there will be a lot of questions amongst the audience about different things. So I want to leave enough time for Q&A. And we have also published our shareholders' letter for Q4. I am assuming most of you would have gone through it. But in a headline, it has been a quarter of a major transformation for us at Ola Electric. Obviously, if you see at a headline level, revenue and margins as we've mentioned in our shareholders letter, came in at about 649 crores adjusted revenue as well as 19.2% auto gross margin. Now these numbers were impacted by a one-time issue with our registration process, which we had highlighted during the course of the quarter itself. And that subsequently got resolved in Q1, which is this quarter. So the revenue as we all know, we book only when we deliver, not when we sell. So while sales were higher, deliveries were lower. And in Q1, as a result, some of that catch-up has been completed. But as that may be, revenue came in where it came in. This time for our results as a one-time activity, we are also giving a bit of an outlook for Q1 because firstly, like I said, Q4 has been a bit of a complex quarter with a lot of moving parts. Hence, we know that people have many questions. And secondly, given that we are at the end of May, Q1 has anyways majorly been completed. So we have a very fair understanding of where Q1 is ending up. And if you look at our Q1 outlook, we are sharing a revenue forecast of about 800- 850 crores, about 65,000 deliveries and a gross margin of about 28 to 30%, which is much higher than Q4. So as we have been saying in our previous quarterly calls, our gross margin is trending upwards, especially with the introduction of our Gen 3 platform. And that is one of the highlights that we will talk about on our call today. Now just to highlight a few things in the shareholders letter, we have also given a detailed operational commentary on a few key topics.
- There are two important projects that we've been executing as part of our work over the last couple of quarters. One has been the scale-up of our network. We call that Project Vistaar. So it is obviously scaling up our network but also improving cost efficiencies, as well as customer experience across the front-end touch points of sales, service, registration, delivery for the customer. And on that front, while in the last two quarters, we have had a bit of operational challenges, first with service and then with registrations but we've also significantly improved the

bar on both. On service, for example, we have now brought our service TAT down to 1.1 days, which is industry leading as well as on deliveries. Once the registration process was brought in-house, our delivery timelines have significantly reduced. In addition, we have expanded to about a total of 3,200 odd company-owned stores and a total of 4,000 stores where we sell. Our focus now is to increase productivity, sales productivity, as well as sales per store of these stores that we have opened up. That is the focus for this quarter Q1, as well as the next couple of quarters. And this becomes increasingly relevant as the key highlight for us in this quarter, which is our bike, comes into the markets. And as we get our bikes into stores, we are seeing a lot of interest in the bikes from everybody. So that's one of the key projects which I will be really happy to answer about, which is Project Vistaar.

- Then the second point, again, in the last quarter we spoke a little bit about is our Project Lakshya, which is our cost reduction project. Now on cost reduction, we had last quarter given a walk of where our cost will be. And then, I think, maybe a couple of months back, we had also shared an interim update in some context with the street. We are largely on track for all those cost reductions, as you can see in the chart in that section. And that savings, that benefit is already, hence, accruing to us in our Q1 outlook, as we have shared with you. So cost savings are on track. And as a result of both the cost savings as well as our network project, Vistaar, both together, our break-even point for our auto business segment EBITDA has now come down to almost 25,000 units from earlier what we had communicated to you. And this is because the gross margin is expanding on one side, and then our cost is reducing on the other side. So those are two important highlights.
- Another point I want to just call out is in Q4, as a one-time activity, we have increased our warranty provisions. Now there's detail in that section over there for those of you who want to read the details. But at a headline level, our Gen 1 and Gen 2 products, especially Gen 1 products, had higher warranty costs because that was the first generation of our platform. And we were, in the last financial year FY25, adding every quarter some kind of exceptional one-time costs. Now, to do away with that every quarter exceptional cost, we have taken a one-time warranty provision of 250 crores in Q4. That will provide for all the warranty needs for our existing Gen 1 and Gen 2 vehicles for their warranty lifetime remaining. So we don't expect to have any one-time exceptional costs added going ahead in the future quarters. That said, there's also another positive highlight in that, that our Gen 2 warranty costs are roughly half of Gen 1 and our Gen 3 warranty costs and failure rates are roughly half of Gen 2. So we are seeing every subsequent iteration of our platform getting significantly better on quality and hence warranty. And on Gen 3, we actually feel our quality metrics are by far industry leading. And when we compare it to our own previous generations, they are, like I said, half of Gen 2 and Gen 2 was half of Gen 1. So that's another important highlight that we wanted to share on the operating level to summarize Project Vistaar, which is to really bring the benefit of our direct-to-customer business model for our customers as well as for our capital. Second is to really focus on getting to profitability sooner, which your company is close to achieving. And thirdly, just as a calling out of the warranty treatment.
- Now, while Q4 has been a tough quarter, it has been a quarter where we have had higher losses due to this one-time provisioning as well as due to lower revenues. The company's strategy and the company's fundamentals remain very, very strong. Our strategy of focusing on vertical integration remains consistent. And we very strongly believe this is a winning strategy given that globally the only EV companies who make money, Tesla and BYD, follow a very strong vertical

integration strategy. And in the shareholders letter, we've actually given some metrics for those of you interested to understand our vertical integration. So if you see the value addition on in-house engineering is now almost 90% in the Gen 3 platform. That includes our own 4680 cell. Even if you see without that, it's almost 65-66%. So very strong in-house value addition on engineering as well as more and more in-house manufacturing of key differentiated proprietary components. And that leads to a very strong gross margin advantage to us as well as a very strong product differentiation, product features advantage. So our fundamentals on strategy remains strong.

- We are focused on the three core strategies, like I said, firstly vertical integration. Second is continuing to build strong product franchises. We have communicated our product roadmap to the street in the last few quarters. And you see a nice image there in our shareholders letter also of the future products we are envisioning. But what we have done is we have actually decided to sequence out product launches to give every new product time to breathe and to grow in the market. So over the last three years, we have built a very strong S1 franchise. Even till date, we have sold almost equal to the next two OEMs put together in terms of EV scooters. Maybe in this quarter, we will touch almost a million S1s delivered to customers. The next two put together is equal to us. So that shows a very strong consumer franchise of S1, which is now in the third generation. Customers are loving the experience of Gen 3, very strong feedback of Gen 3. And as a result, the franchise has broadened from three years ago when it was just one product to now where within Gen 3, we have the Pro +, which is a premium product, the Pro, then the X + and the X. We have four tiers of the product now available. And Gen 3 is now selling majority of our volumes. And we still have Gen 2 live for those customers who see a more value proposition. So S1's franchise has been established strongly with our project Vistaar. As our network productivity, sales productivity improves, we do feel very confident of continuing to hold and gain market share. In the last quarter or two, we have lost market share as market penetration grew slower than we expected and competitive intensity increased significantly across all levers of distribution, product and pricing. But industry is today at a state where roughly the top three players are equal, give or take here and there a little bit. And now I believe the industry, the scooter EV industry is going to enter a phase where genuine product and innovation will start winning as well as balancing on profitability and growth. And we feel we are very strongly positioned on that front with the S1 franchise and our technology capabilities.
- The next phase for our company is to really build a roadster franchise. And we're all very excited. The bike started getting delivered late last week. We've seen very strong interest levels. You have some data on how many social media interests and the kind of impressions and the kind of engagement our content on Roadster is getting. We have a lot of queries, a lot of walk-ins in our 4,000 plus sales touch points. People are loving the product. If I may say so myself, it looks quite good. You can see it on the cover of the shareholder letter. So the Roadster franchise is our next big focus. And the Roadster franchise starts with the Roadster X, which is the mass market variant. The Roadster as well as two more products, the Sportster and the Arrowhead are all built on the same platform. These will come sequentially as each one gets established and scaled up in the market. So that's the big focus for the company ahead in the coming quarters. And we will keep sharing updates frequently on that.
- Finally, in the strategic priorities comes the Cell project. Now again here, we have added some more operating KPIs on yields. That's been one of the questions you all have asked us. So if you

see our yields have continued to improve and these are commercial production yields, we had said that we will bring the Cell into our vehicles this quarter. Now we have delayed that a few months because while our vehicles are ready with our own Cells, we want to stabilize the Roadster as well as the Gen 3 platform in the market. And then also in that period, get the Cell commercial production yields from 60-odd percent to 80-odd percent. And as we get there, sometime in the next few months, we will start a transition of moving our own vehicles onto the 4680 Cell. So to summarize on that point, the Cell is coming along well. The product is very stable. The vehicle is tested with our own Cell. The transition to our own Cell will be over the next few months. So we are delaying it a bit just to make sure the operating risk or the operating profile of the auto business is first prioritized and then we add on the Cell integration to that.

- Finally, you have a section in the shareholders' letter on path to profitability. In that, you will see two main themes. Firstly, gross margin. And as we've been highlighting, our gross margin has been going up, Q4 was roughly flat over Q3. But Q1 is looking much better already. Our outlook is about 28 to 30 percent of gross margin. And interestingly, you will note in Q1, PLI contribution is very low because for Gen 3 products, PLI is still awaited. It will come most likely in July. So in Q2 of this year, our gross margin will further increase as we get the PLI benefit. So as you can see, a lot of our advantage of vertical integration is starting to play out in our gross margin already from Q1 onwards. And hence, what we had shared that we expect to get to auto segment EBITDA positive within some time in Q1. We are more or less on track on that. Maybe June, July, sometime there, we will have our auto segment EBITDA will be positive. So that's what we are tracking towards and just a final comment on Auto Capex. In FY25, our Auto CapEx, which includes both manufacturing as well as R&D, which is capitalized, was about 400 odd crores. Harish, Are you sure roughly? Which includes the R&D?

- **Harish Abichandani - CFO, Ola Electric Mobility Limited**

- Yes.

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

- Now for this financial year, we don't expect any material CapEx in the auto business since the factory as well as the network distribution network is all built up now. As well as on R&D, we have the S1 Gen 3 as well as the Roadster platforms, all engineered. So the CapEx will be more, maybe between 150 to 200 crores only for the whole FY26, which includes both manufacturing as well as R&D CapEx for the auto segment. So in that sense, the auto segment should see as volumes reach the 25,000 levels with the bike, as well as the network scale up, we should see profitability first and then strong operating cash flows in the auto segment. With that, I will pause and open up to questions.

- **Moderator:**

- Thank you so much, Bhavish. We will now begin with the question and 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 raise hand option once again. Participants are requested to unmute themselves before asking the question. We will now wait for a moment while the questions

queue assemblies. Now we take the first question from Chandramouli Muthaiya of Goldman Sachs. Please unmute yourself and ask your question.

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

- Hi, good evening and thank you for taking my questions. My first question is just on the motorcycle deliveries which have started late last week. So just trying to understand, is this going to be a phased delivery ramp up? And I think you've shared some data points on social media engagement and so on. Is there, similar to the kind of guidance you've given us for 1Q, is there sort of an order backlog that you're able to share on the motorcycles? Just first to get some idea as to how much of a market share booster this could be in the coming months for the company.

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

- Chandru, hi, this is Bhavish. So there is a bit of a phased rollout. Yes, you're correct. We're starting with, we have two models which have the Roadster X and the Roadster X+. The Roadster X+ has begun deliveries. Roadster X will begin maybe in a week or so. And even geographically, we are taking it in a sequential way because we are making sure the production and the quality ramp up is in sync with a high bar on quality and just the level of quality that one expects. So we are making sure the ramp up remains high quality. So hence it will be a little phased. There is a very strong interest levels. We will not be sharing the backlog of bookings but as we are delivering the vehicles to customers, there has been very positive feedback, very strong level of interest and frankly, a very significant increase in the walk-ins coming to the stores where the vehicles have already reached. So on a day-on-day basis, we've actually been seeing a very significant part of our overall sales volumes becoming motorbike as the motorbike gets to newer and newer parts of the geography. We're also expecting the motorbike to really give us significant benefit from smaller towns and rural areas. That's where we had expanded our network to in the last quarter. So with that network expansion, primarily the motorbike is the product which will be sold in those new stores which are in the smaller towns. And as we all know, the motorbike is very relevant for upcountry markets. So already the sales of motorbikes are much higher in UP for us than in Bangalore, for example. Hi, are you audible?

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

- Yeah, thanks for that. I think I was just struggling to re-unmute myself. So that's helpful. My second question is just on the warranty costs. So after this one-time 250 crore warranty cost that you've taken for 4Q, I just want to understand, what would be the rough FY25 warranty cost as a percentage of revenue on the backward-looking basis for Gen 1 and Gen 2? And on a forward-looking basis for FY26, what do you anticipate the warranty cost is likely to be after this upward shift that you've taken in your warranty policy on the Gen 3 and Gen 2 sales that are likely in FY26?

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

- Chandru, we won't be calling out the specific generation-wise percentage of revenue as warranty costs because the current cost, as you would imagine, is a blend of everything. So like I said, Gen

3 is roughly half of Gen 2 and Gen 2 is roughly half of Gen 1 in terms of warranty costs as a percentage of revenue. And Gen 1, as you can imagine now, is also coming out of the warranty period. It's a 3-year warranty period and the first products we sold were in 2022 beginning. So increasingly, Gen 1 will get phased out in terms of the warranty that we are carrying and Gen 2 and Gen 3 will remain and the sales are increasingly Gen 3. So we don't expect any more provisions to be created for Gen 1 and Gen 2 warranties going forward. So you can do a calculation of the revenue sold and the warranty provisioned from the past history. So it will give you a high single-digit percentage of revenue as a combination of Gen 1 and Gen 2. Gen 3 is looking significantly better, yet still we have increased the provisioning for Gen 3 also just to be a little conservative on warranty going forward.

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

- Got it. That's helpful. And my last question is just around the EBITDA break-even guidance for the auto business. I think earlier we thought it would be a 1Q event. I think when I just do the quick math on the numbers you've shared for 1Q directionally, it looks like it might be on a full quarter basis more like a 2Q FY26 event. Maybe one month in 1Q or the first month of 2Q is when you hit EBITDA break-even on the automotive business. Just want to understand if that understanding is fair or if there's anything else that you'd like to add there.

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

- Yes. The kind of variables that are easier for us to forecast are gross margins and our operating costs. Volumes are a function of market and the market has a lot of macro as well as competitive variables which are not in a stable normalized state right now. So that's why we are giving not a time horizon, let's say two quarters, one year, etc. but a volume horizon to the break-even which is roughly 25,000 for EBITDA. And Q1, as a whole quarter, you've seen our outlook. It is going to be around a negative 10% auto EBITDA margin. And like we said, Q1 has very little amount of PLI because the Gen3 doesn't have PLI. Q2 gets the PLI as well as the bike volumes get added. So it looks likely that we will cross that threshold of volumes in Q2.

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

- Got it. That's helpful. Thank you very much and all the best.

- **Moderator:**

- Thank you. Now we will take the next question from Mr. Vipul Agarwal of HSBC. Please unmute yourself and ask a question.

- **Mr. Vipul Agarwal – HSBC:**

- Ya, thank you for taking my question. So first question on the, back to motorcycle thing. So given the use case for motorcycle and scooters is different, how are electric bikes are different from the scooter technically? Second is, how is the robustness of an e-bike compared to an ICE motorcycle? While you are focusing on the rural area more so, if you can talk about that.

- **Mr. Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Limited:**
- Vipul, actually to begin with, I would suggest, I'm assuming you live in Mumbai. So if you go to one of our stores, you will get to test ride our vehicle, our bike. And first hand, you will be able to experience the robustness as well as the strength that the rider perceives when he rides the vehicle, the center of gravity, the handling, the dynamics, etc. The engineering answer to this is, actually an EV motorbike is much more stable, much more robust than an ICE motorbike. Because you don't have, the body has much stronger mass centered around the battery and the powertrain. Unlike an ICE motorbike, which has the engine, a lot of empty space below where the passenger sits, etc. So it handles better, it has better vehicle dynamics, as well as from a robustness perspective, our engineering has been very, very thorough. We have actually crash tested our vehicle in all kinds of scenarios. We have driven it across all kinds of roads and surfaces, especially the ones that come across in rural areas and it performs actually better than ICE vehicles. And in terms of range, which is one of the key criteria for a motorbike customer, a motorbike customer wants two things, he wants range and he wants a total cost of ownership even more than the scooter customer. So on both, on total cost of ownership, definitely EV beats ICE. And on range, if you see our vehicles have actually at the top end, 500 kilometers of range, which we were able to engineer because of the technical capabilities of our team. So at the upper 500 but even in the 4.5 kilowatt hour, which is the medium selling product, we have almost 250 kilometers of rated range.
- **Mr. Vipul Agarwal – HSBC:**
- Ya, so basically like, from like, from a rural perspective, normally, this is the case, normally people, the roads are not that great. So when you pick up, you're riding on a 4th gear, you suddenly you see a speed breaker or something, you slow down the speed, then you pick up like, see guys sitting over there, pick up in second gear and then you can go away with the ICE bike. So how it will happen in an EV? Like, do you have a gear system? So whether I'm sorry, I'm not aware of how.....
- **Mr. Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Limited:**
- So Vipul, on EVs, the torque is there, much higher. Again, I would suggest experiencing for yourself. But torque is much higher. And hence, you can actually then... there are no gears, you don't need gears because normally in an ICE bike, you need gears because at low RPMs, you need higher torque and the only way to get that is gears. Right? On an EV, you actually have high torque upfront. So customers never complain of needing a lower gear for higher torque to get out of a pothole or to get out of mud or anything. You will actually have too much torque.
- **Mr. Vipul Agarwal – HSBC:**
- Understood! Thanks for that. A couple of, sorry, one more question before that. On financing side, is there any subvention on interest rate given by the company?
- **Mr. Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Limited:**

- The company does not give subvention on the, to the lenders, I presume you're talking about the financiers.
- **Mr. Vipul Agarwal – HSBC:**
- Yes.
- **Mr. Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Limited:**
- They don't give any subvention.
- **Mr. Vipul Agarwal – HSBC:**
- No, I mean, okay. Just a housekeeping question then. Like, what was the share of Gen 3 vehicles sold in fourth quarter? And when are you expecting PLI for Gen 3 vehicles?
- **Mr. Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Limited:**
- So Gen 3 delivery started towards the end of Q4. So in Q4, largely it was Gen 2 by deliveries. You know, by orders, Gen 3 was already majority in the month of March, I think. And Q1, almost two-thirds, I guess, is now Gen 3.
- **Mr. Vipul Agarwal – HSBC:**
- And when are you expecting the PLI?
- **Mr. Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Limited:**
- PLI will come likely in the month of July, could move up a few weeks here and there depending on government bandwidth.
- **Mr. Vipul Agarwal – HSBC:**
- Understood! Thanks for that.
- **Moderator:**
- Thank you for your questions. Now we will take the next question from Ajox Fredrick from Sundaram Mutual Fund.
- **Mr. Ajox Fredrick - Sundaram Mutual Fund:**
- Hi sir. Thanks for the opportunity. My questions are on battery. So we are delaying batteries to get better yields, right? That's the objective for delaying the batteries for our vehicles?
- **Mr. Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Limited:**

Ajox, good question. So we, if you see the yield number, we are above 60% already now. So we can use, we can scale up production now but that will mean more yield losses. But the 60% cells that are produced are fully usable, commercially sellable cells. But we, what we are doing with the cells that we are producing is using them for rigorous testing in our vehicles. And we have gotten, we have done a lot of testing with our S1 Pro, with our motorcycles, etc., with the 4680. We can, if we want, put our 4680 cell into our vehicles but we are delaying it a little bit because of the yields, you've said correctly. But also because, you know, the company is also right now focused on just establishing Roadster in the market and establishing Gen 3 in the market. So we don't want to add another change in the vehicle engineering by changing the cell right now. Next quarter, once the Auto roadmap is stabilized, then we will add the 4680 cell in some of the vehicle variants.

- **Mr. Ajox Fredrick - Sundaram Mutual Fund:**

- Very helpful, Sir. And on the cost savings we'll get when our cells come in, that will be on top of this 30% gross margins, right?

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

- Absolutely. This is just Auto gross margin, it doesn't include whatever gross margin there is in cell. So, it's Auto segment gross margin but I would like to also highlight that the net benefit of the cell will not come from Day 1 because we have a lower scale, the a net benefit on gross margin will start coming in once we hit a 5 Gigawatt-hour scale of cell manufacturing, which we will get to roughly early FY27.

- **Mr. Ajox Fredrick - Sundaram Mutual Fund:**

- Got it, Sir. Got it. And how much CapEx are we planning for the cell this year?

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

- So, for the cell, there is going to be a total CapEx of about ₹1600 crores out of which about, you can say, ₹1100 crores is debt financed through existing lines already and ₹400 crores or so is equity financed. And the CapEx will largely go for expanding from 1.5 Gigawatt-hour currently to 5 Gigawatt-hour. We have also not yet kicked off this CapEx cycle on the cell yet because we are just waiting for stabilizing yields in the 1.5 Gigawatt-hour. So, whether we do full-fledged action this quarter or next quarter, we're just waiting for the final decision to kick off the full ₹1600 crores CapEx on this.
- So, it might be so that this might be lower than the number I'm telling you.

- **Mr. Ajox Fredrick - Sundaram Mutual Fund:**

- Okay-okay. So, at least this year we may get a deferred implementation of this CapEx at least?

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

- Yes, because our approach on cell is to get the 1.5 Gigawatt-hour into production first, which is where we are, get them into our vehicles, second step, and then after that get the vehicles on the road and then scale up to 5. It's going to be in that sequence.
- **Mr. Ajoy Fredrick - Sundaram Mutual Fund:**
- Okay-okay. And what's the targeted ROCE? I think it's too soon for that or you guys have internal...?
- **Mr. Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Limited:**
- I'm assuming you're asking for the cell.
- **Mr. Ajoy Fredrick - Sundaram Mutual Fund:**
- Yes-yes. Yes-yes, cell.
- **Mr. Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Limited:**
- Yeah. Give us a quarter or so. I can give you a number but I would like to have a much more like operational depth on that when I answer you.
- **Mr. Ajoy Fredrick - Sundaram Mutual Fund:**
- Perfect, Sir.
- **Mr. Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Limited:**
- But if I give you a slightly different perspective on that, how much capital will we spend on the cell before we start making, let's say, net margin benefit to the company, to the consolidated company, this ₹1500-₹1600 crores CapEx is the limit of what we will spend because that will take us to 5 Gigawatt-hour at which point making our own cell is cheaper than buying the cell from outside.
- **Mr. Ajoy Fredrick - Sundaram Mutual Fund:**
- Okay, very clear. Just a final question on the vehicles for the quarter. Sir, if I do the math on premium to mass vehicles, right, the mix has probably dropped from 35% odd to 31%. However, the ASP dip or the Average Selling Price dip has been much more sharper. So, what's causing this QOQ decline in the Average Selling Price of the vehicle?
- **Mr. Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Limited:**
- See, the volume share of premium versus mass, like you said, is about close to 30% odd and the guidance we want to share with everybody there is that we will broadly reflect the industry structure there because we want to play across all the segments of EV like premium mass scooter, bike, right. Now, pricing in Q4 is a little bit of an outlier because of the deliveries versus orders. So,

the deliveries are more of Gen 2 vehicles in Q4, which were generally lower priced in Gen 3 vehicles.

- **Mr. Ajox Fredrick - Sundaram Mutual Fund:**

- Okay-okay. Very helpful, Sir, and all the best for your future. Thank you, thank you.

- **Moderator:**

- Thank you so much for your questions. Now, we'll take the next question from Mr. Arun Kejriwal of Kejriwal Consultancy. Please unmute yourself and ask your question.

- **Mr. Arun Kejriwal - Kejriwal Consultancy:**

- Thanks, Bhavish, for giving me this chance. Very interesting set of observations that you have made. The first question is that Q4 we had a lot of issues regulatory regarding our store launches, point of sales, etc. Is it fair to assume that whatever issues we had are now done and dusted as Q4 results are reported or we still have some issues pending?

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

- No, Sir, thank you for that question. You are correct, Q4 had a bunch of these issues around regulatory things. Now, those are now behind us. The network expansion, we had to have trade certificates in some areas. We are now fully in touch with all agencies, all State-level RTOs to make sure we are either compliant or have already filed for the compliant whatever we need.
- As well as there was one theme around our February sales numbers which had made many people confused. There also with all regulatory agencies we have been properly in touch with as well as sharing all the data. So, from our side we are very fully engaged as well as given whatever requests have come. There might be some further queries or news as they close their final whatever requests for information, etc., follow ups with us but largely from our side we don't see any major risk to the business on these regulatory aspects.
- But I would also like to add that last quarter has also been a quarter of important learning and introspection for us that as we have transitioned from a private to a public company, we have to also manage operating risk in a slightly more mature way. So, that lesson has been well learnt by everybody at Ola Electric. And going forward, hence, you will see us be much more deeper as well as thoughtful about capital allocation and operating risk. And as a result, we've actually sequenced our capital allocation into new products as well as focused a lot more on institutionalization of operating processes, especially in the frontend and the compliance and risk aspect of the business.

- **Mr. Arun Kejriwal - Kejriwal Consultancy:**

- Right. The second question is on the new number that you have given us, Bhavish, about the breakeven factor. It's a very interesting number and if I do simple math, last year, full year, we've

done 3,59,000 scooters, which means we've crossed that threshold number of 25K that would get us to 300. Leaving aside the first quarter, is it fair to assume that we hitting in the remaining 9 months, 8 times out of 9, this 25K, we should end the year on a positive note?

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

- Sir, absolutely. I think last year when we were doing 3 lakh plus orders, the cost structure of the company, both on gross margin as well as on operating expenses, was higher. So, as a result, our gross margin was in the high teens or maximum 20% and as well as our operating expenses, as you see in the Shareholders' letter, was almost ₹170 odd crores a month. Now, on both gross margin as well as operating expenses, the company has made significant progress and as our volumes, especially with the bike coming in, scale up beyond the 25,000 numbers that we have already achieved multiple times in the last couple of years, we expect that to translate into a strong profitability.

- **Mr. Arun Kejriwal - Kejriwal Consultancy:**

- So, thanks for that, Bhavish. Wishing you all the best and hoping that next quarter we have the positive news. Thank you.

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

- Thank you so much.

- **Moderator:**

- Thank you. The next question we take from Mr. Siddhant. If you could just unmute yourself and ask the question.

- **Mr. Siddhant – Participant:**

- Yeah, hi. Sorry. My question was, we are the only leading EV scooter in the Indian market with a chain drive. So, how much has it reduced our breakdowns and does it add any cost benefit? And any competitors have started using this?

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

- Siddhant, very interesting question. Looks like you've been studying our product very closely. That's a very good catch. Chain drive has had a very positive response from customers. One would assume such a simple thing will not have a very meaningful change or a very meaningful mindshare in customer but customers in India really prefer the chain drive because it adds durability. And we have also engineered the chain drive in a way that the noise from the chain drive, which is the con of a chain drive, that noise versus a belt, we have really engineered the noise to a very bare minimum. So, if you ride our Gen 3 vehicle versus if you ride any other EV vehicle with a belt drive, our noise is actually lesser. So, as a result, customers are loving the chain

drive, the durability as well as the good experience on low noise. And we get a lot of positive feedback from customers on that.

- And in terms of absolute kilometers of durability, I don't want to hazard a guess but I think it's definitely 2-3 times.

- **Mr. Siddhant – Participant:**

- Okay, that's great. My second question is regarding the attrition at Ola in this quarter and for the year.

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

- On attrition data, Siddhant, I don't have it handy per se but in general if I give you a thematic answer to that, I'm sure we will pair it to our filings but generally our attrition at a management level, core corporate and engineering levels is low. We have a vertically integrated business model, especially on the frontend network, etc., as well as on our factories where a lot of junior staff works, so attrition over there gets counted in our overall attrition percentages. And it's not a very like to like comparison when you compare us to any other Automotive company which doesn't have a vertically integrated business model.

- **Mr. Siddhant – Participant:**

- Okay, thank you.

- **Moderator:**

- Thank you. We'll take the next question from Mr. Jinesh Gandhi from Ambit.

- **Mr. Jinesh Gandhi - Oakland Capital:**

- Yeah, hi. Yeah, sorry, I'm with Oakland Capital, some mistake there. But quickly two questions from my side. One is, you have given delivery guidance of 65,000 for 1Q, this number is it conservative considering that we have addressed issues of 4th quarter as well as we'll start deliveries of motorcycle? So, how should we think about steady state deliveries, I mean, ignoring the 4th quarter, which was aberration?

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

- So, Jinesh, we're new to giving this outlook stuff, so we are just getting started on this. So, you can say it's a sort of conservative but I would call it a median outlook. If we surprise on the upside, you can give us a pat on the back.

- **Mr. Jinesh Gandhi - Oakland Capital:**

- Sure. Sorry, I missed like I joined in late, by when are we starting e-motorcycle deliveries?

- **Mr. Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Limited:**
- Delivery started late last week Jinesh.
- **Mr. Jinesh Gandhi - Oakland Capital:**
- Okay. And how has been the response for electric motorcycles given that it is first of its kind, if I ignore the earlier Chinese-made products which have been there in the market?
- **Mr. Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Limited:**
- So, Jinesh, the response has been overwhelmingly positive. There's a very large amount of interest, if you see the number of media we've earned with our motorbikes, and we don't do advertising. So, we don't do paid media, it's all free media. So, a very large amount of visibility across social media and any other modern media. Customers walking in had a lot of queries on the motorbike, we so far have not been able to have the vehicles in the stores for them to test drive because the vehicles were still in manufacturing and homologation. Now that that is done, the vehicles are getting to the stores and the customer feedback is overwhelmingly positive.
- And you said it correctly, this is the first major OEM electric bike. There have been a few startups here and there, a few Chinese kit importers here and there but the first major OEM electric bike. So, in that sense, the interest on the customers is very high.
- **Mr. Jinesh Gandhi - Oakland Capital:**
- Got it, got it. And last question on cell manufacturing. So, we are indicating 5 Gigawatt will come by early FY27, this seems to be much delayed as compared to the timelines as indicated in PLI. So, do you expect any issues on our PLI incentives for cell because of this?
- **Mr. Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Limited:**
- Yeah. So, Jinesh, you are right from the timelines that we had given in our original PLI submission a few years back. This is roughly, I would say, 1 year or so delayed, 5 quarters maybe. We are being very methodical and calibrated with our cell project. Methodical on capital investment also phase by phase. We want to make sure the first phase, which we have done, which is 1.5, succeeds and then expand to 5 Gigawatt-hour. Because this is India's first Giga factory, we should all remember nobody in India has done this before. So, in that sense we also want to be very calibrated in making sure the product comes out with a high amount of testing and high amount of rigorous vehicle and cell level testing both.
- So, as far as the government is concerned, frankly, we're the only one in that PLI scheme who is doing it. There were 3 other, none of them have done it. They've not even probably laid a brick of their construction. So, the government is actually looking at us as the bright spot of this. There was some news on a penalty last quarter but the government in our private conversations has also been very open and they're very empathetic to the fact that it's a more complex endeavor and they

might be willing to manage the penalties to a minimum. And penalties also in this, it's not a very onerous penalty clause. It's few tens of crores. In that sense, it's not a very onerous penalty clause also. But the headline there is the government is fairly empathetic to the fact that we have invested so much, we have constructed, we are producing, we are improving our yields and we are bringing it into our vehicles. It's just that it's taking a little longer than initially planned.

- **Mr. Jinesh Gandhi - Oakland Capital:**

- Got it, got it. Sorry, and lastly, what is our CapEx guidance for FY26, including Auto and Cell? Cell we indicated 1600 if we do Giga...

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

- Yeah. So, I would say, Auto and Cell both included will be between 1,700-1,800 and this includes both R&D that we capitalize as well as manufacturing CapEx. So, if I separate out the R&D and manufacturing...Hold on, I will tell you guys. Yeah, so I would say, so about 80%-85% of that 1,700 will be manufacturing and the remaining will be capitalized R&D.

- **Mr. Jinesh Gandhi - Oakland Capital:**

- Got it. So, Auto would be very low crores?

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

- Auto, it is up 200 crores in our assessment. Yeah.

- **Mr. Jinesh Gandhi - Oakland Capital:**

- Got it, got it. Great, thanks and all the best.

- **Moderator:**

- Thank you so much, Mr. Gandhi, and apologies for the mix up. Now, we'll take the next question from Gunjan Prithyani.

- **Ms. Gunjan Prithyani – Participant:**

- Yeah, hi. Thanks for taking my questions and apologies if I'm repetitive because I was a little late to the call. I just want to revisit this breakeven volume number. There's been a sharp reduction in that from the last guidance you gave, so can you just talk us through what are the real drivers? I mean, can there be that significant gross margin difference what's led to that? And from a product mix perspective also as bikes come through, how should we think about the margin? My guess would be bike would be at the lower margin initially, right? So, some thoughts on what's behind this breakeven volume reduction?

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

- Gunjan, two things. You've mentioned gross margin, so if you look at figure 8 in the Shareholders' letter, we have given you the gross margin movement. And we've got significant gross margin movement, like I said, thanks to the Gen 3 platform. Now, the bike, while it's a new category, it's built on the Gen 3 platform. So, it has all the cost savings of the Gen 3 platform. In fact, it goes one level further on the Gen 3 platform with something, so I would call it the Gen 3.5. So, all the bikes starts with a very similar gross margin as where our scooters are today with the Gen 3 platform. So, our gross margins have gone up significantly from Q4, which was 19%, and in Q1 it's about 28%-30%, and Q2, once the PLI comes in, we'll add another 5-7 points of margin. So, all that accounted for brings the EBITDA breakeven point closer.
- That said, we've also reduced our operating expenses. So, it's a twin impact of gross margin improvement, significant gross margin improvement, as well as operating cost reduction, which also as we call it Project Lakshya, we've been working on it and we spoke about it in the previous quarter also briefly. We've had significant savings across all aspects of our business over the last quarter or so.
- **Ms. Gunjan Prithyani – Participant:**
- Okay. And how would warranty fair in that context versus full of last year to this year? Any guidance you want to lay on that how directionally as a percentage of sales that comes down?
- **Mr. Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Limited:**
- See, Gunjan, we covered warranty but very quickly, for your benefit, I'll do it again. Warranty; what we have provisioned for in Q4 as a one-time activity, we'll make sure we don't have to do any more provisions for our Gen 1 and Gen 2 vehicles that we've sold so far because all of that will either already have been provisioned before or with this 250 crores will be accounted for, for the remaining life of warranty.
- Going ahead, Gen 3 products, which is largely what we are selling, and motorcycle is also based on the Gen 3 platform, is seeing a much lower warranty requirement because of multiple things. Like Siddhanth, I think, said the chain drive and that in itself reduces warranty cost, no hub motor reduces warranty cost because it's only a mid-drive motor across all our products now, much more integrated electronics reduces warranty costs. So, very significant engineering things which have reduced component failures and much more vertical integration which reduces component failures. As a result, warranty issues or quality issues have come down significantly in Gen 3.
- But that said, we have still increased our provision that we provision for in our books for Gen 3 products compared to what we were doing for Gen 1 and Gen 2 in the past. Gen 1 and Gen 2 was about ₹3,250 in the past, Gen 3 we won't share the exact number but we have increased it from that and we expect no one-time quarterly exceptional charges on either earlier products or Gen 3 products going forward.
- **Ms. Gunjan Prithyani – Participant:**

- Okay, got it. And lastly, just your thoughts on this whole LFP versus NMC. I think NMC has generally been predominant in 2-wheelers, do you see merit in LFP? And is that something that's part of the agenda for future product? Especially as we're also sort of working with the battery, so keen to hear your thoughts on that.
- **Mr. Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Limited:**
- Absolutely, Gunjan. LFP is on our roadmap. What we are doing is the 4680 cell is going to be both NMC and LFP plan. So, we're starting with the 4680 NMC but soon enough with the same manufacturing we can actually do 4680 LFP also. So, from an engineering perspective, LFP will be a drop replacement of our 4680 NMC cell. So, in that sense, as and when we stabilize 4680 NMC, we will bring our own 4680 LFP into our own vehicles.
- **Ms. Gunjan Prithyani – Participant:**
- And that could mean what 15%-20% reduction in the cost? And is it stable like is there any issue in terms of integrating that into 2-wheelers because in past NMC has generally been preferred so?
- **Mr. Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Limited:**
- There was no engineering issue in integrating that. There is some trade-off in vehicle dynamics and weight versus power and weight versus range. But that said, in some segments of the portfolio you can do it, especially for lower range products. So, our higher range products will continue to be NMC because you need that volume efficiency which NMC brings. But on the lower side, the 3 Kilowatt-hour, the 2 Kilowatt-hour product would move to LFP as we bring our 4680 LFP cells.
- **Ms. Gunjan Prithyani – Participant:**
- Okay, got it. Thank you so much. I'll join back the queue.
- **Moderator:**
- Thank you. We'll take the next question from Mr. Arvind Sharma.
- **Mr. Arvind Sharma – Participant:**
- Yeah, hi. Thanks for taking my question. First question would be on the gross margin difference between mass and premium vehicles once everything is stabilized. So, what is the difference out there?
- **Mr. Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Limited:**
- Arvind, there is a difference obviously in mass and premium but it is in the single digits in terms of gross margin. It's not a very materially stark difference. And from our business strategy perspective, we're fairly agnostic to whether we're selling a premium product or a mass product

because we want to build a franchise across both. So, in the end, the gross margin profile will be an outcome of whatever ratio we sell and it's not very different across both levels.

- **Mr. Arvind Sharma – Participant:**

- Thanks. Thanks, Bhavish.

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

- I do want to add though, by the way, on that note, Arvind, sorry. We have recently in Q4, by the way, you would have seen in the summary, we have started actually monetizing software with our MoveOS+. That actually adds much more margins on the premium products. So, whenever a customer buys a vehicle, he can choose to buy the MoveOS+, which brings a lot of additional features which don't come with the standard vehicle software pack which is free. And we have very high like almost 58% of our of all our vehicles now are sold with a MoveOS+ pack and it's almost like a 100% gross margin product. And on the premium side, almost 70% of the vehicles are sold with a MoveOS+ and this number is only going up.

- **Mr. Arvind Sharma – Participant:**

- Got it, thanks. Thanks, Bhavish, for that. Also, could you throw some light on the Gig vehicle, how has the reception been? And is it something that is contributing effectively to the volumes?

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

- Arvind, the Gig vehicle is not yet released or launched.

- **Mr. Arvind Sharma – Participant:**

- Okay.

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

- Yes. And also, like I said in today's commentary, we are going to phase out new products now towards a more longer period. So, our focus right now is the Roadster platform, which is Roadster X, X+ and then the Roadster itself - Sportster and Arrowhead. The Gig, Gig+, Z as well as the 3-wheeler platforms will be a little later.

- **Mr. Arvind Sharma – Participant:**

- And the disruption that we saw in February, is it possible to share the cancellations, if any, on account of that?

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

- Yes, I thought this question will come up, so I have a bit of a number that I'll walk you all through. So, I know that I think the February numbers created some confusion. We thought we were actually being transparent with everybody but it looks like it added more questions. So, I'll take a minute and just walk through some of the numbers. So, total orders we received and, by the way, I want to just clarify for everybody, there are 3 different KPIs here – orders/sales is when we receive the full amount or almost the full amount of the vehicle. The customer goes into our store and says 'I'm buying this vehicle, here is the money or here is my loan' and he gets a loan signed off like he puts a down payment and gets a loan. That's what an order is. It's not just a ₹1,000 booking or a ₹5,000 booking. An order is largely a proper sale. So, that's 25,207, 25,000 odd orders we got. Out of them, till date we have had about 3,000 cancellations. We have about 2,000 products for which we got orders but we haven't yet started deliveries like the S1 Pro+ with the 4680 cell or the Roadster series, which is now just starting to get delivered this week onwards. So, about 2,000 orders of such products. And almost the remaining vehicles have been registered. So, the feb thing which created a little bit of confusion is all behind us now.
- There has been 25,000 overall orders, 3,000 odd cancellations, 2,000 odd orders for which deliveries have yet to start or have just started this week and the remaining have all been largely registered. Arvind, does that clarify for you? I think you're on mute.
- **Mr. Arvind Sharma – Participant:**
- Yeah-yeah, Bhavish, it clarifies. Thank you so much for answering the questions. Thank you so much.
- **Moderator:**
- Thank you. Now, we'll take the last question from Mr. Raghavendra Goel. Please unmute yourself and ask your question.
- **Mr. Raghavendra Goel – Participant:**
- Yeah, hi. Thanks for the opportunity. I just wanted to know if you can guide directionally the stores that we have opened during 3Q, what would be the cost approximately sitting in our Balance Sheet for those additional stores, 3,000 stores, that we have opened? Any ballpark number if you can guide in that sense?
- **Mr. Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Limited:**
- So, I'm assuming, Raghavendra, you're talking about the CapEx that went into the stores. So, in total we opened about 2,400 stores, new stores; our own stores, right. 800 we had, 3,200 we went to and 800 is non-company stores. 4,000. So, for these 2,400 ballpark, I would say, at least ₹120 crores or so or lesser.
- **Harish Abichandani - CFO, Ola Electric Mobility Limited**

- Lesser than that. It's very efficient because our store design and the approach is very lean and very efficient that way. So, it will be around close to ₹100 crores, not even ₹120 crores.
- **Mr. Raghavendra Goel – Participant:**
- Okay, thanks for that.
- **Moderator:**
- Thank you. Now, with this, we will have to conclude the session here. To all of you, we appreciate your time and all of your perfect questions during the call today. Thank you so much for joining us and we look forward to meeting you all during our next Earnings Conference. Thank you for joining us and now you may log out from the conference call. Have a good evening.

END OF TRANSCRIPT