Management Discussion

Ananth - Investor Relations, Ola Electric Mobility Limited
Hi everyone, good day and welcome to Ola Electric's Q2 FY27 earnings conference call. As a reminder, all participants will be in listen-only mode. And there'll be an opportunity for you to ask questions after the opening remarks conclude. 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 may involve risks and uncertainties.

Such statements or comments are not guarantees of future performance, and actual results may differ from these statements. Now I'd like to request Shri Bhavish Aggarwal, Chairman and Managing Director, and Shri Deepak Rastogi, CFO, Ola Electric, to begin the conference. To start with, I would request Deepak to start with the opening remarks.

Deepak Rastogi - Chief Financial Officer, Ola Electric Mobility Limited
Thank you, Ananth, and good afternoon everyone. thank you for joining us. I'm Deepak Rastogi, CFO of Ola Electric. Today's discussion may include forward-looking statements and non-GAAP measures, so please refer to the disclaimer in our shareholders letter. Over the last few quarters, you know, we have been transitioning our business to rebuild it in a more sustainable model for growth. If there is one headline, you know, for Q2 or, you know, even going forward, it is demand is no longer our constraint.

What sets our pace now is the ramp-up of our supply chain, and we are scaling that rapidly. Let me start with the numbers, but before that, I just also wanted to tell you that, you know, in Q2 we actually transitioned our company, stores to dealership model, and our first dealer went live on 4th of September.

Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Limited
Janmashtami. That is Janmashtami.

Deepak Rastogi - Chief Financial Officer, Ola Electric Mobility Limited
Yes, absolutely right, Bhavish. you know, revenues for the quarter operations was INR421 crores versus INR455 in Q1 of the last year- sorry, of, you know, of this year. The gross margin was INR126 crores, which is around 30%, compared to INR139 crores, which is around 30.5%. So the margins actually held stable despite higher commodity cost. Operating expenses were INR369 crores versus INR330 crores, in Q1. However, there was a one-time positive adjustment in Q1 which approximately INR57 crores.

So if I were to add that back, overall we will be comparing, you know, INR369 versus INR390 crores. So there was a meaningful improvement in terms of the operating cost. Adjusted operating EBITDA was negative 246 crores against a negative of 195 crores in Q1. And similarly, the PAT was a loss of 362 crores against 336 crores. Cash flow from the operations was negative 188 crores, which is obviously an improvement over the negative INR215 crores in Q1, right? So turning to the balance sheet, as you are aware that, you know, we completed our QIP in Q1 and rights issue recently, which has actually strengthened our liquidity and deleveraged our financials.

I would actually want to tell you that, you know, over the period of time, which is like the total consolidated borrowings have come down from INR3,132 crores, which was in December 2024, to INR1,800 crores, which is September 2026. So effectively, you know, we have actually reduced

close to almost INR1,300-1,400 crores. But I would also tell you that, we had 2 cycles, you know, wherein we have actually reduced the auto and OEM debt purely from a sales perspective because it was actually, you know, getting into, the implementation phase.

The borrowings have actually gone up from 714 to 1,482. So, I just wanted- and, you know, most of the, you know, cash which we basically have got also, you know, you can see very clearly has gone either into adding the capacities or actually paying down the debt during this period. Any, any comments you have, Bhavish, in this? Yeah, I will just finish your remarks. Okay. Yeah. So which brings me to the dealer transition, which I just started, you know, and this has actually progressed strongly.

As on 8th of November, we had 200 and 55 dealer partners and 319 stores, and we plan to reach 450 stores by December, which will again gallop to around almost close to 700+ by March 2027. We stopped orders from our D2C stores from 1st of November, and they are largely- they will be largely closed by, you know, December, except a few which we continue to operate. As we shut down our company's store network, operating expenses will further reduce meaningfully going forward. The early signs are encouraging.

Channel inventory is only about 15 days, and in many markets where our dealers opened early and have stabilized, we have actually experienced market share going up well above where we were before the transition. Moving to the cell business, we achieved SCOD on 23rd of September during this year, wherein, you know, we have actually added 3.5 gigawatt capacity totaling to 6 gigawatt hours. The government has extended our ACC PLI until 2031. As we are already ahead of our PLI milestones, we expect PLI incentives to start coming in from next quarter.

Let me come back to the headline again. You know, demand is ahead of supply and we can sell every vehicle we produce. In September, about 5,000 vehicles with paid orders had their deliveries delayed by a week into October because of charger unavailability. We are now running a paid order backlog which we intend to quickly extinguish as we ramp production. The constraint- I

Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Limited
Think, you know, if I can come here, what I want to underline for all of you is, you know, obviously in the last few quarters company has gone through a bunch of, evolution and, transition, transformation. This quarter now, actually, a lot of those things have come together. You can see our opex, which we've been working on for the last year or so, has stabilized. Gross margin has also been around the 30% mark. Most importantly, dealer ramp-up has been very, very encouraging.

In 2 months alone, 300+ dealers. So overall demand is no longer a constraint. We are running an order backlog with dealers. And even though our factory has a large manufacturing capacity, We are now working with our suppliers to ramp up their supply chains to supply to us. So we are looking at a very optimistic scenario now for our auto business. Dealer feedback, dealer experience, and dealer sell-through also is very strong. In the shareholder letter, you will see some data on that. Inventory in the dealer channel is also very, very minimal right now, only 15 days.

And the dealers who went on early Inventory is below a week and dealer ordering is also- reordering also is now ramping up. So overall focus of the company now on the auto business is on the supply side to scale it up. In this period of last one year, like Deepak said, we've also really transformed the balance sheet of the auto business, right? So the debt has pretty much come down to very low levels and we do expect with the demand pull-in now, with the gross margin stability, cost structure meaningfully reduced and stabilizing and further reducing with shutdown of our own company

stores and the working capital cycle with the dealer model also inflecting from a, you know, we used to have our own inventory on our books in our own stores.

Now with the dealer model, all of you are aware that working capital becomes negative. So with that also, the auto business is actually looking to a near to midterm free cash flow generation scenario. On, cell, like Deepak said, last quarter was an important quarter. We achieved commissioning Deepak on time, 6 gigawatt-hour in the middle of all the transformation going on in the auto business. The cell team did a great job to commission it. And as you know, this is the only Gigafactory that has been commissioned in the country at this scale.

So it's a very meaningful achievement. Government was also supportive in extending the PLI timeline. So we are in, time for the milestones now. And we should be getting the benefits next quarter onwards. I think the other broader point I want to make is that both the businesses now, the EV business, the EV industry and the cell industry, both are seeing very strong macro pull-in and tailwinds. And we are in both and we are in both now. Business has stabilized, balance sheet has stabilized, operations have stabilized.

And we're looking very optimistically into the next year to see, to really ramp up growth in a very sustainable margin-accretive way. I think that's it. There's a shareholder letter in which there are a little bit more details, but we will let you guys ask your questions. Yeah. Yeah.

Deepak Rastogi - Chief Financial Officer, Ola Electric Mobility Limited
Okay. Yes, I think, you know, I will just sum up then, Bhavish. You know, I think we can just get to do this thing. So I'll just hand it over to the moderator now and, for the, you know, the floor to open to get the questions on them.

Questions & Answers

Ananth - Investor Relations, Ola Electric Mobility Limited
Thank you, Deepak and Bhavish. We'll now begin 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 select the raise hand option once again. Participants are requested to unmute themselves before asking a question. Before asking your question, please introduce yourself with your full name and organization. We'll wait for a moment while the question queue assembles.

Operator
We will take the first question from Mr. Arvind Sharma of Citi.

Arvind Sharma - Analyst, Citi
Hi, good evening, sir, and thank you for taking my question.

Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Limited
Hi, Arvind.

Arvind Sharma - Analyst, Citi
Hi, Bhavish. Hi. on the volumes front, I, unfortunately could not see that in the shareholders letter or the release. Could You just share what are the volumes that we sold this quarter?

Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Limited
So see, revenue was around INR421 crores. Volumes were around 35,000-36,000. There were

about 4,000-5,000 vehicles which could not be booked as revenue because like we said, we had vehicles ready to be delivered but chargers could not come in. So otherwise volumes would have been around 40,000-41,000 which got booked in the first week of October. So in this quarter you will find a little extra volume for that in Q3. But, that's where volumes were.

Arvind Sharma - Analyst, Citi
Got it. And, on a quarter-on-quarter basis, there has been a slight decline in the contribution margin. is that almost entirely due to commodities or there is a mix, effect here as well?

Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Limited
See, the, the, con- you mean the gross margin, right? The 30.5, right? Correct. Yes. So that is largely due to commodities. in fact, commodity effect was slightly higher than that. We also were able to raise prices a little bit so that we sort of nullified it. Now going forward, what we will see also is we've put that in the shareholders letter, that gross margin will actually come down a bit in Q3 and Q4 because the business model transitions to the dealer and dealers take a certain commission.

But our operating margin will meaningfully improve Q3 and onwards. So while commodities have stabilized, our gross margin will come down a bit, but operating margin will meaningfully improve.

Arvind Sharma - Analyst, Citi
Got it. just one more clarification, it's more of numerical clarification. The latest QIP that happened after the quarter, there was this partially paid-up share, INR6. I know it's, very numerical, but will the remaining four come later? I just want to realize what would be the diluted share count.

Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Limited
Okay. so I don't know the technicality of it, but I'll give you the broader point. The rights issue, you mean, not QIP. Yeah,

Arvind Sharma - Analyst, Citi
Yeah,

Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Limited
directly happened in June. this was a rights issue, earlier this month. So, it's a 60-40. 60% came in, 40% will come in when we call in, next. You know, not told the date yet. So, the share count, I don't know how accounting treats that, but this is a separately traded, ISIN, right?

Arvind Sharma - Analyst, Citi
Yes, right. So the, rest of the 40% would come. I mean, that is there, or Can there be a scenario where you don't really require that 40?

Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Limited
no, we will, we will take it. we will take it at the right time. Yeah,

Arvind Sharma - Analyst, Citi
Sure. That's all from my side. Thank you so much for answering my questions.

Ananth - Investor Relations, Ola Electric Mobility Limited
Thank you, Arvind.

Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Limited
But on that note, Arvind, our cash flows are definitely, stabilizing and improving. if you see consolidated, operating cash flows also are only about 188 negative. and then the operating to free cash flow, the delta is largely the Gigafactory capex which is finishing due to it commissioned, and then maybe a few more months of just tail-ended payments. So, and all that is backed by the project finance from SBI. So, the operating cash flows are stabilizing and improving every quarter.

Arvind Sharma - Analyst, Citi
Got it, Bhavish. Thank you. Thanks for clarification. Sort of mindset.

Ananth - Investor Relations, Ola Electric Mobility Limited
Thanks, Arvind. The next question we will take from Mr. Chintan Jain of Sagun Capital. Chintan, can you please unmute yourself?

Chintan Jain - Analyst, Sudden Capital
Hi sir, thank you for taking my question. I'm Chintan Jain from Sagun Capital.. so my first question would be regarding, the 2 to 3 gigawatt-hours of cell consumption, which you've guided, for FY28. What are the, auto numbers you're looking at? Like, what is the average battery pack capacity? And like, what would, what would be the delivery numbers based on the 2 to 3 gigawatt-hours of, cell production in our own

Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Limited
Vehicles? So, Chintan, for FY28, you should assume an average of about 5 kilowatt-hour per vehicle. Right now, for us, it's about 3.8 or so because our vehicles are higher battery capacity and higher range. And as we are bringing in the 4680 vehicles, you know, those are higher capacity and customers are flocking to that also. So expect, you know, for your calculation to a 5 kilowatt-hour. And if it's 2 to 3, it can be 400,000 to 500,000 kind of orders for FY28. Okay,

Ananth - Investor Relations, Ola Electric Mobility Limited
Thank you, Chintan. Up next, we'll have Akshay Satija of Alpha Invesco. Akshay, can you please unmute yourselves?

Akshay Satija - Analyst, Alpha Invesco
Yeah, hi, thank you for the opportunity and congratulations for a quick ramp up on the dealer side. [Foreign Speech] so quickly what I wanted to understand this if I look at bill of materials for us it ranges somewhere around 80 to 85,000 per vehicle. No if I look at what the competitors numbers show, this number goes pretty high around what around our average selling price. so I just want versus us at 80K. So what, 50% gap is huge?

Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Limited
Yes, ours are not at 80K, it's slightly higher than that. But yeah, there is a meaningful gap still. I would say the gap is our bill of materials would be maybe 15-20% lower. And the reason for that is, and then despite higher functionality and spec and battery and range in our vehicle. And the reason is our, you know, strong technology and vertical integration in manufacturing. So as a result, our vehicle has lesser components, more integrated across components. We do much more engineering of all components in-house instead of buying them from tier one suppliers.

And that helps us have a higher gross margin structurally and a lower BOM. Actually, gross margin is also a function of price, but a lower BOM. But I'm actually very glad, Akshay, that you noticed this.

And, you know, as our supply- now that the demand and the dealer volume is ramping up, demand is ramping up- as we fulfill, this is going to be one of the core differentiators, sustained differentiators for us, where we have a better product at a lower bill of material cost. And we have that is because of our technology and manufacturing work.

Akshay Satija - Analyst, Alpha Invesco
Okay, and if I can

Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Limited
Add one more point, Akshay, please, in the letter, but going forward, this bill of material, while there is a cyclical upswing of commodities for the whole industry, structurally we will be further bringing it down by the LFP cell integration and our Gen 4 platform, which comes in slowly, you know, Q4 onwards of the coming

Akshay Satija - Analyst, Alpha Invesco
Okay, okay. And one clarification I was looking for. So as per my inquiries, it tells me that we are offering dealers roughly around INR11,000 per vehicle. So this will be directly subtracted from our gross margin per vehicle of INR35,000. Is this how we should look at it?

Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Limited
I'll not corroborate the INR11,000, Akshay, but whatever we offer will be subtracted from the gross margin.

Akshay Satija - Analyst, Alpha Invesco
Okay, so our margins should slightly lower. Yeah, gross margins

Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Limited
Will come down a bit, but operating margins meaningfully increase, improve. also what we are giving dealers right now is more of an introductory, like a commission or a margin structure which will also reduce as dealers stabilize over the next 2-3 quarters.

Akshay Satija - Analyst, Alpha Invesco
Okay, okay, okay. the next question, Bhavish, from the sell business. so I, as per my sources, I wanted to understand, is the facility fully running at the moment? And second, You've mentioned targets of achieving 90% yields. I just wanted to understand what gives us the confidence that we could achieve it in such short time because Tesla took three years, Korean players took couple of years. So I wanted to understand what confidence it gives us that we'll be able to ramp it up in six months, eight months, and a year's time.

Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Limited
So we're not saying six months, eight months, or a year's time, Akshay. We've been at it for actually six years. We sell business started when this company started in 2021. 2020 actually. So we've been at it. We know what we are doing here. We are the only ones who've been able to do it in India. And you know, these are very fair questions. That's why in my commentary in the shareholders letter, you can see the FAQ on this being answered. We are already at very reasonable yields, mid 70s for our, our NMC production.

And we have a very clear itemized roadmap going up to 90. We know exactly [Foreign Speech] We know exactly what kind of quality tests are helping us track and then how to improve it. All of that is

very, very clear and there's a clear- it's not a hocus-pocus kind of a- or it's not a hand waving in the dark. There's a very clear roadmap of yield improvement, right, backed by proper engineering and proper technical manufacturing details. So the NMC part will go up to the mid-80s over the next couple of months.

And this is not, it's not like 6 months or something, right? Like I said, we've been at it for many years. Last year also, we were working on our yields at lower capacities and the whole plant was not commissioned. Only, you know, one-third of the plant was commissioned. So that's on yield. On capacity utilization, see, the way this goes, and again, there's a full para of this conversation in the sell section. we have commissioned everything and now we are ramping up, the production. capacity utilization will ramp up as, we integrate cells into different products.

One is our own auto business and second is the Shakti portfolio. These are our 2, priorities in that sequence,

Akshay Satija - Analyst, Alpha Invesco
Right?

Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Limited
It's going to start with NMC integration. So this quarter, Q3, you will see a meaningful jump in our cell production. So when I report the Q3 results, in January cell production and a meaningful increase in cell company revenue, although it will be coming from our auto business itself because the NMC production will ramp going into the NMC, going into our auto products. Next quarter, we will start ramping up LFP cell production of our own LFP cells, which will towards the end of Q4 or early Q1 come into our vehicles.

And roughly in our own auto business, 30% of our auto business will use our NMC cells and 70% will use our LFP cells. Okay, capacity utilization will grow step by step into that, into this roadmap I've laid out. So we have to, you know, we have to scale utilization, yield, and input RM cost reduction together as we scale the Gigafactory. So now that the auto business is stabilizing, the next, through the next year actually will be the cell business ramp. And, and the whole flywheel of manufacturing and supply chain.

Akshay Satija - Analyst, Alpha Invesco
Great, great. So another final question that I had was, so you mentioned, that, with the dealer network expanding, we should reduce our working capital. I was actually, interested to understand if the recent GST announcement that was- that happened by the input credit difference can be now refunded. I actually wanted to understand what impact it could have for us? Because I believe we have a significant receivable from the government as GST refunds.

Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Limited
Akshay, you're asking all the right questions. So, no, very, very valid questions. GST used to be a bigger challenge for us than the rest of the industry because of our own D2C channel also. Now, because in D2C inventory used to stand and then till I sell the inventory, I couldn't, you know, get a GST refund. So Inventory was a working capital issue and the potential GST on that was a subsequent working capital issue. So what has happened is actually just through our own internal operational excellence and improvements, we've anyway started improving GST receivables from the government over the last quarter or 2.

And now from 1st November onwards, there are 2 good things that have happened. One is the

earlier we could only get an inverted refund for the RM part of the costs, not the services GST. Now that is coming in, so that will be a meaningful advantage. And second is there's a 90% auto approval, so hopefully that will reduce the timing from 3 to 4 months to one to 2 months. So it's a very meaningful positive that you will start seeing in our cash flows in the auto business. And this is, one is just the government policy help, and second is also just the transition from D2C to the dealership will, uh, will also improve our GST receivables.

Akshay Satija - Analyst, Alpha Invesco
Correct. Uh, so anything on we could receive, uh, for the previous 2 announcements happened? So anything receivable that was- I think it was some INR1,000 crores that we were supposed to receive. So,

Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Limited
Uh, see, the whole INR1,000, uh, not all of it is, uh, I wouldn't call all of it as quote-unquote, uh, liquid receivables. There are, there are some which are, which will have to be consumed in the future, uh, you know, as we do more business. But some is part of the inverted duty structure, uh, uh, you know. So I would say roughly you should assume 30-40% is part of the inverted duty structure. Saroj, is that correct? Yeah. And then the remaining is more, uh, you know, we'll have to consume it as future business, uh, as that, uh, excess.

Uh, so out of the 30-40%, we are working with different state, uh, governments, uh, See, a typical automotive company, since they have dealers, they will only be working with one state government on the GST receivable. So is that correct? Correct. But since we had a D2C business, we had to work with every state government for our GST receivable, and then all the challenges of working with all of these. So the past will slowly, slowly get reduced, but going forward, there is a meaningful cash flow benefit.

Akshay Satija - Analyst, Alpha Invesco
Got it. Got it. Thank you so much, Bhavish. That's all with the questions. And good luck to you and the team.

Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Limited
Thank you.

Ananth - Investor Relations, Ola Electric Mobility Limited
Thank you, Akshay. Uh, next up we'll have Siddhant Dhan from Goodwill. Siddhant, please unmute yourself.

Siddhant Dhan - Analyst, Goodwill
Hello. Hi. What is the total equity raised by Ola till date?

Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Limited
Uh, Siddhant, we, uh, don't have it off the top of our head. Uh, we'll have to see. What's the

Siddhant Dhan - Analyst, Goodwill
Approx- any approximate number?

Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Limited
Um, no, I don't want to hazard a guess on a public, uh, you know, street call like this. Yeah,

Siddhant Dhan - Analyst, Goodwill
Okay, you don't know the equity that you raised till date. Okay, thank you.

Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Limited
Yeah, I mean, it's very easy for me to add it up for you. Uh, you know, pre-IPO we had, uh, uh, let's say 2,500 or so. IPO was, uh, around 5,000 or so. And, uh, then now we've raised, uh, the QIP. These are the only, uh, QIP and just the rights, which was last week. So these are the main equity events, but I don't want to, uh, be 20% off on this number. Yeah,

Ananth - Investor Relations, Ola Electric Mobility Limited
Thank you, Siddhant. Uh, we take the next question from Purvesh Chandra Patel, uh, at Acacia Capital. Purvesh, can you please unmute yourself?

Purvesh Patel - Analyst, Akasha Capital
Hi, Bhavish.

Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Limited
Hi, Purvesh.

Purvesh Patel - Analyst, Akasha Capital
Congratulations and thank you for an opportunity. Uh, S1Z's [Phonetic] delivery will be on time, or should I anticipate any delays due to battery integration, testing, or regulatory approvals?

Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Limited
Uh, we mentioned it will be in Q4. Uh, a lot of the testing is underway, uh, so we will take a call when to put it out in Q4. Uh, our focus right now is not really to accelerate deliveries of every new- because we've not really taken orders for these. It's only INR500 reservations or so, INR1,000 reservations. But the focus right now, we're not- we're actually seeing an excess of demand. The focus is firstly to scale up supply chain to meet the demand, and we're adding dealerships. So there's a lot more demand coming in.

So our whole and sole focus is to meet the demand of the current products. This product will get ready, whether we launch it in January, March, there might be another month or so here and there. We will take a call as it, uh, as it, uh, evolves, as the context on our demand, uh, scenario evolves.

Purvesh Patel - Analyst, Akasha Capital
And can you quantify the expected cost advantage of using in-house manufactured battery cell compared with the current used 2170 cells?

Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Limited
Uh, meaningful.

Purvesh Patel - Analyst, Akasha Capital
What the current battery pack cost per kilowatt using 2170 and in-house manufactured LFP cells?

Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Limited
Yes, uh, so there's a meaningful advantage of cost, uh, on using our own cells. You should assume if I'm making my own cells, I will be able to get a, uh, at the right scale of production of my cells, about a 20% advantage on cost.

Purvesh Patel - Analyst, Akasha Capital
Okay, and, uh, how many cells I get, uh, need for making a 1 kilo battery pack? Using 46160 LFP cells?

Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Limited
Depends on the size of the battery pack, uh, Purvesh, but 46160 will be, uh, much lower than even 4680 in the cell because it's only one module in the battery pack.

Ananth - Investor Relations, Ola Electric Mobility Limited
Okay, thank you, Purvesh. Thank you so much. Thank you. Uh, with this, we-

Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Limited
Any one, or two final questions? We can probably

Ananth - Investor Relations, Ola Electric Mobility Limited
Take one

Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Limited
More question,

Ananth - Investor Relations, Ola Electric Mobility Limited
Couple of questions if you have. Uh, anymore. Chintan, you had, uh, raised your hand again. We're happy to come back to you if you have a follow-up question.

Chintan Jain - Analyst, Sudden Capital
Uh, hi Bhavish, thank you for taking my question once again. Uh, so just one more clarification. Uh, in the previous quarter we had spoken about, uh, once we commissioned the 6 gigawatt-hour of cell capacity Uh, we would like to further take it up to 20 gigawatt-hours and also the partnership tie-up with Axis Energy. So I- so what is the, uh, what is the guidance on that? Like, are we looking at expanding to 20 gigawatt-hours or do we want to first stabilize 6 gigawatt-hours?

Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Limited
Uh, we want to first stabilize the 6 gigawatt-hours, uh, but, uh, in our roadmap, uh, let's say slightly mid to long-term roadmap, going to 20 is absolutely on the cards. Uh, we anyways have PLI up to 20. So once we stabilize 6, which is over the next couple of quarters, we will definitely be looking to go to 20 and we will do that by getting external equity into the cell company. Now, the good thing is our factory, the cell gigafactory is already designed for 20 gigawatt hours. So the building, etc., is already set up for 20 gigawatt hours.

So the capex we need to do to go from 6 to 20 is going to be a much smaller amount than what we did to get from 0 to 6. So, uh, so in that sense, we are, uh, we are at some point we will do it, uh, not in the next couple of quarters.

Chintan Jain - Analyst, Sudden Capital
Uh, just to follow up on that, uh, what would be the average, uh, per gigawatt-hours of capex we'll be looking at since you have said that a major capex has been done already?

Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Limited
See, uh, when I look at, let's say, a fully capacitized plant of ours at 20 gigawatt-hours, our capex per gigawatt-hour would be below INR400 crores at that point. Because many of the things have

been built for the 20 gigawatt-hour scale already.

Chintan Jain - Analyst, Sudden Capital
Understood. And if you could just talk a bit more about the Axis Energy partnership, what is it exactly? Yeah, that's

Bhavish Aggarwal - Chairman and Managing Director, Ola Electric Mobility Limited
A partnership because we are coming up with the Mahashakti product also. It's not out there yet, but it's a partnership. As we bring that product out, they have been very keen on using it. And, you know, the broader strategic perspective there actually is that if you see even last week, The government came with a policy that for domestic grid-scale battery installations, you need 40% domestic value-add. So at some point, the only way you can meet that is with Indian cells. So we will be making the Mahashakti with our own Indian cells, and we expect not just Axis but the whole industry deploying battery grid solutions to be considering our products.

Chintan Jain - Analyst, Sudden Capital
Understood. Thank you so much.

Ananth - Investor Relations, Ola Electric Mobility Limited
Thank you, Chintan. With this, we come to the conclusion of the session. We appreciate your time and all your questions during the call today. Thank you for joining us, and we look forward to meeting all of you during our next earnings conference call. You may now log off the conference call. Good evening.