concall

OLA Electric Mobility Ltd

Q2 FY27 Earnings

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CALL PARTICIPANTS

Operator — Operator

Deepak Rastogi — CFO

Bhavish Agarwal — Chairman and Managing Director

Arvind Sharma — Citi

Operator — Operator

Chintan Jain — Sagoon Capital

Akshay Satija — Alpha Invesco

Purvesh Chandra Patel — Acacia Capital

Operator (Operator)

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 Agarwal, 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 (CFO)

Thank you, Anand, 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 Agarwal (Chairman and Managing Director)

Janmashti. That

Deepak Rastogi (CFO)

Is Janmashti. Yes, absolutely right, Bhavish. You know, revenues for the quarter from operations was ₹421 crores versus ₹455 in Q1 of the last year— sorry, of, you know, of this year.

The gross margin was ₹126 crores, which is around 30%, compared to ₹139 crores, which is around 30.5%. So the margins actually held stable despite higher commodity cost. Operating expenses were ₹369 crores versus ₹330 crores, in Q1. However, there was a one-time positive adjustment in Q1, which approximately ₹57 crores. So if I were to add that back Overall, we will be comparing, you know, 369 versus 390 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 ₹215 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 ₹3,132 crores, which was in December 2024, to ₹1,800 crores, which is September 2026.

So effectively, you know, we have actually reduced close to almost 1,300-1,400 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 comments you have, Bhavish, in this? Yeah, I will just touch on remarks. 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 255 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—

Bhavish Agarwal (Chairman and Managing Director)

I 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 how 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, right? 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, you know, 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 the 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,

Deepak Rastogi (CFO)

Yeah, okay. Yes, I think, you know, I will just sum up then,

Arvind Sharma (Citi)

Bhavish. You know, I think we

Bhavish Agarwal (Chairman and Managing Director)

Can

Deepak Rastogi (CFO)

Just get into this

Bhavish Agarwal (Chairman and Managing Director)

Thing. So

Deepak Rastogi (CFO)

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.

Operator (Operator)

Thank you, Deepak and Bhavish. We'll now begin the question and answer session.

Anyone who wishes to ask a question may use the raised 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 (Operator)

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

Arvind Sharma (Citi)

Hi, good evening, sir, and thank you for taking my question.

Bhavish Agarwal (Chairman and Managing Director)

Hi, Arvind.

Arvind Sharma (Citi)

Hi, hi, hi, Bhavish. Hi. On the volumes front, I, 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 Agarwal (Chairman and Managing Director)

So see, revenue, was around ₹421 crores. Volumes, were around 35,000-36,000. There were about 4,000 or 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 (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 Agarwal (Chairman and Managing Director)

See, the, the, you mean the gross margin, right?

The 30.5 to 29.6. 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 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, so while commodities have stabilized, our gross margins will come down a bit, but operating margin will meaningfully

Arvind Sharma (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, ₹6.

I know it's, it's very numerical, but will the remaining 4 come later? I just want to realize what would be the diluted share count.

Bhavish Agarwal (Chairman and Managing Director)

Okay. So I don't know the technicality of it, but I'll give you the broader point. The rights issue, you mean?

Not— yeah,

Arvind Sharma (Citi)

Yeah,

Bhavish Agarwal (Chairman and Managing Director)

Yeah, it happened in June. This was an issue, earlier this month,

Operator (Operator)

Right?

Bhavish Agarwal (Chairman and Managing Director)

So, just 60-40, 60% came in, 40% will come in when we call in, next, you know, not told a date yet. So, the share count, I don't know how accounting treats that, but this is a separately traded, ISIN, right?

Operator (Operator)

Yes,

Arvind Sharma (Citi)

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 Agarwal (Chairman and Managing Director)

No, we will, we will take it.

Arvind Sharma (Citi)

We

Bhavish Agarwal (Chairman and Managing Director)

Will take it at the right time.

Arvind Sharma (Citi)

Yeah, sure. That's all from my side.

Thank you so much for answering my questions.

Chintan Jain (Sagoon Capital)

Thank you, Arvind.

Bhavish Agarwal (Chairman and Managing Director)

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, you know, 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 (Citi)

Got it, Bob. Thank you. Thanks for clarification. That's all from my side.

Operator (Operator)

Thanks, Arvind. The next question we will take from Mr. Chintan Jain of Sagoon Capital.

Chintan, can you please unmute yourself?

Chintan Jain (Sagoon Capital)

Hi sir, thank you for taking my question. I'm Chintan Jain from Sagoon 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 vehicles?

Bhavish Agarwal (Chairman and Managing Director)

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 to 500K kind of orders for FY28.

Operator (Operator)

Okay,

Operator (Operator)

Thank you, Chintan. Up next we have Akshay Satija of Alpha Invesco. Akshay, can you please unmute yourself?

Akshay Satija (Alpha Invesco)

Yeah, hi, thank you for the opportunity and congratulations for a quick ramp-up on the dealer side. So quickly, what I wanted to understand is if I look at bill of materials for us, it ranges somewhere around ₹80,000 to ₹85,000 per vehicle. If I look at what the competitors' numbers show, this number goes pretty high around what— around our average selling price. So I just wanted to understand what is the gap between this or—

Bhavish Agarwal (Chairman and Managing Director)

So actually you're saying others are higher bill of material?

Akshay Satija (Alpha Invesco)

Yes, yes, I could see, I think it's around ₹120K.

Versus us at 80K. So what, 50% gap is huge.

Bhavish Agarwal (Chairman and Managing Director)

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 1 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 (Alpha Invesco)

Okay. And

Bhavish Agarwal (Chairman and Managing Director)

If I can add one more point, Akshay, please, 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 (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 ₹11,000 per vehicle. So this will be directly subtracted from our gross margin per vehicle of ₹35,000. Is this how we should look at it?

Bhavish Agarwal (Chairman and Managing Director)

I'll not corroborate the ₹11,000, Akshay, but whatever we offer will be subtracted from the gross margin.

Akshay Satija (Alpha Invesco)

Okay, so our margins should slightly lower.

Bhavish Agarwal (Chairman and Managing Director)

Yeah, gross margins 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 (Alpha Invesco)

Okay, okay, okay. The next question, Bobby, from the cell business. So I, as per my sources, I wanted to understand, is the facility fully running at the moment? And second, you've mentioned the targets of achieving 90% EVs. I just wanted to understand what gives us the confidence that we could achieve it in such short time, because Tesla took 3 years, Korean players took a couple of years. So I wanted to understand what confidence it gives us that we'll be able to ramp it up in 6 months, 8 months, and a year's time.

Bhavish Agarwal (Chairman and Managing Director)

So we're not saying 6 months, 8 months, or a year's time, Akshay. We've been at it for actually 6 years. We— the cell 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 NMC production.

And we have a very clear itemized roadmap going up to 90. We know exactly which machine to fix. 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 focus, focus 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 (Alpha Invesco)

Right? It's

Bhavish Agarwal (Chairman and Managing Director)

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, in the whole flywheel of manufacturing and supply

Akshay Satija (Alpha Invesco)

Chain. 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

Bhavish Agarwal (Chairman and Managing Director)

Refunds. 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. Inventory was a working capital issue and the potential GST on that was all subsequent working capital issue. So what has happened is actually just through our own internal operational excellence and improvements, we've anyway started receiving 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. So that is coming in. So that will be an additional advantage. And second is there's a 90% auto approval.

So hopefully that will reduce the timing from 3 to 4 months to 1 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, will also improve our GST receivables.

Akshay Satija (Alpha Invesco)

Correct. So anything on we could receive, for the previous 2 announcements happened? So anything receivable that was— I think it was some ₹1,000 crores that we were supposed to receive. So,

Bhavish Agarwal (Chairman and Managing Director)

See, the whole ₹1,000, not all of it is, I wouldn't call all of it as quote-unquote, liquid receivables. There are some which will have to be consumed in the future as we do more business, but some is part of the inverted duty structure. 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, you know, we'll have to consume it as future business as that excess. So out of the 30-40%, we are working with different state governments. 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?

Right. 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 (Alpha Invesco)

Got it. Got it. Thank you so much, Bhavish. That's all with my questions and good luck to you and the team.

Bhavish Agarwal (Chairman and Managing Director)

Thank you.

Operator (Operator)

Thank you, Akshay. Next up we'll have Siddhant Dunn from Goodwill. Siddhant, please unmute yourself.

Deepak Rastogi (CFO)

Hello. Hi. What is the total equity raised by Ola till date?

Bhavish Agarwal (Chairman and Managing Director)

Siddhant, we, don't have it off the top of our head. We'll have to see.

Deepak Rastogi (CFO)

What's the approx— any approximate number?

Bhavish Agarwal (Chairman and Managing Director)

No, I don't want to hazard a guess on a public, you know, street call like this. Yeah.

Deepak Rastogi (CFO)

Okay, you don't know the equity that you raised till date. Okay, thank

Bhavish Agarwal (Chairman and Managing Director)

You. Yeah, I mean, it's very easy for me to add it up for you. You know, pre-IPO we had, let's say 2,500 or so. IPO was around 5,000 or so. And then now we've raised the QIP. These are the only QIP and just the rights, which was last week.

So these are the main equity events. But I don't want to be 20% off on this number.

Yeah,

Operator (Operator)

Thank you, Siddhanth. We take the next question from Purvesh Chandra Patel at Acacia Capital.

Purvesh, can you please unmute yourself?

Purvesh Chandra Patel (Acacia Capital)

Hi, Bhavish.

Bhavish Agarwal (Chairman and Managing Director)

Hi, Purvesh.

Purvesh Chandra Patel (Acacia Capital)

Congratulations and thank you for an opportunity.

S1Z delivery will be on time, or should I anticipate any delays due to battery integration, testing, or regulatory approvals?

Bhavish Agarwal (Chairman and Managing Director)

We mentioned it will be in Q4. A lot of the testing is underway, so we will take a call when to put it out in Q4. 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 ₹500 reservations or so. ₹1,000 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 evolves, as the context on our demand scenario evolves.

Purvesh Chandra Patel (Acacia Capital)

And can you quantify the expected cost advantage of using in-house manufactured battery cell compared with the current used 2170 cells?

Bhavish Agarwal (Chairman and Managing Director)

Meaningful—

Purvesh Chandra Patel (Acacia Capital)

What the current battery pack cost per kilowatt using 2170 and in-house manufactured LFP cells?

Bhavish Agarwal (Chairman and Managing Director)

Yes, so there's a meaningful advantage of cost on using our own cells. You should assume If I'm making my own cells, I will be able to get a, at the right scale of production of my cells, about a 20% advantage on cost.

Purvesh Chandra Patel (Acacia Capital)

Okay, and how many cells I get, need for making a 1 kilo battery pack using 46160 LFP cells?

Bhavish Agarwal (Chairman and Managing Director)

Depends on the size of the battery pack, Purvesh, but 46160 will be much lower than Even 4680 in the cell because it's only one module in the battery.

Purvesh Chandra Patel (Acacia Capital)

Okay,

Operator (Operator)

Thank you, Purvesh. Thank you so much.

Thank you. With this, we—

Bhavish Agarwal (Chairman and Managing Director)

Any one, one or two?

Operator (Operator)

We can probably take

Bhavish Agarwal (Chairman and Managing Director)

One more question,

Operator (Operator)

A couple of questions if you have, any more. Chintan, you had raised your hand again. We're happy to come back to you if you have a follow-up question.

Chintan Jain (Sagoon Capital)

Hi Bhavish, thank you for taking my question once again. So just one more clarification, in the previous quarter we had spoken about, once we commissioned the 6 gigawatt-hour cell capacity, 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 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 Agarwal (Chairman and Managing Director)

We want to first stabilize at 6 gigawatt-hours, but, in our roadmap, let's say slightly mid to long-term roadmap, going to 20 is absolutely on the cards.

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, so in that sense, we are, we are at some point we will do it, not in the next couple of quarters.

Chintan Jain (Sagoon Capital)

Just to follow up on that, what would be the average, per gigawatt-hours of CapEx we'll be looking at since you have said that the major CapEx has been done already?

Bhavish Agarwal (Chairman and Managing Director)

See, 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 ₹400 crores at that point because many of the things have been built for the 20 gigawatt-hour scale already.

Chintan Jain (Sagoon Capital)

Understood. And if you could just talk a bit more about the Axis Energy partnership, what is it exactly?

Bhavish Agarwal (Chairman and Managing Director)

Yeah, that's 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 (Sagoon Capital)

Understood. Thank you so much.

Operator (Operator)

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.