

Strong on Margins, Chronically Off on Volumes



The cost structure is perfectly optimized for a volume of customers that doesn't exist.

Ola Electric met 5 of 19 measurable commitments, revealing a consistent bifurcation: every internally-controlled cost and engineering target was delivered or beaten, while every market-dependent volume and profitability target was missed by wide margins. With deliveries declining every quarter in FY26 (68K → 53K → 33K) and cash dropping from Rs.4,811 Cr to Rs.1,991 Cr in four quarters, the genuine margin improvement arrives alongside a deepening volume crisis — a tradeoff management never disclosed upfront.

Factor	Guidance Given	Actual Performance	Verdict	Reason
FY26 Delivery Volume	"3.25–3.75 lakh vehicle sales in FY26" (Q1 FY26 call, Jul 2025)	Q1–Q3 FY26 total: 1.54 lakh; tracking ~2.0 lakh full year	Unmet	40–55% below guidance; declining quarterly run rate makes recovery impossible
YoY Volume Growth (~50%)	"Year-on-year aim to grow around +50%" (Q2 FY25 call, Nov 2024)	FY24: 3.29 lakh → FY25: 3.59 lakh = 9.0% growth	Unmet	41pp miss in FY25; FY26 tracking for a 40%+ volume decline vs FY25

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Factor	Guidance Given	Actual Performance	Verdict	Reason
Q1 FY26 Delivery Guidance	"65,000 deliveries for Q1 FY26" (Q4 FY25 call, May 2025)	68,192 units delivered	Met	Beat by ~5%; only reliable short-horizon volume commitment
Auto EBITDA Positive	"Auto EBITDA positive by June/July 2025" (Q4 FY25 call, May 2025)	0.3% Auto EBITDA achieved in Q2 FY26 (Jul-Sep 2025)	Borderline	Achieved within the guided window; Q3 FY26 deliveries of 33K imply breakeven not sustained
Gen 3 PLI Certification Timing	"Gen 3 PLI expected in July; full PLI to contribute from Q2 FY26" (Q4 FY25 call, May 2025) -> Proxy: PLI gross margin contribution in Q2 FY26	PLI arrived early September 2025; only ~2% GM contribution vs ~8% expected for full quarter	Unmet	~2-month delay; ~6pp of Q2 gross margin sacrificed vs target; root cause of the Q2 GM miss
Q1 FY26 Auto Gross Margin	"Gross margin outlook ~28-30% for Q1 FY26" (Q4 FY25 call, May 2025)	25.6% actual	Unmet	240-440 bps miss; Gen 3 PLI delayed to September, limiting Q1 benefit
Q2 FY26 Auto Gross Margin with PLI	"Gross margins to improve to ~35% in Q2 FY26 with PLI" (IP-May25, May 2025)	30.7% actual; PLI contributed only ~2% vs ~8% expected	Unmet	430 bps miss; partial PLI accrual due to September certification date

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Gen 3 Gross Margin Improvement	"~20pp gross margin improvement as Gen 3 plays out over 12 months" (Q2 FY25 call, Nov 2024)	Auto GM from ~14% (Q4 FY25) to 34.3% (Q3 FY26) — ~20pp in 3 quarters	Met	Vertical integration thesis delivered ahead of timeline; BOM cost savings confirmed
Cell Commercial Production	"Cell commercial production starting Q1 FY26" (Q2 FY25 call, Nov 2024; reiterated across multiple prior calls)	First commercial 4680 vehicle deployment: Q3 FY26 Prarambh event (Jan 2026)	Unmet	~2-quarter delay; target moved Q1 → Navratri → Q3 FY26 across three successive revisions
4680 Vehicles by Navratri (Oct 2025)	"4680-powered vehicles to customers by Navratri" (Q4 FY25 call and IP-May25, May 2025)	Ola Shakti BESS launched Oct 2025; 4680 scooters delivered Q3 FY26 (Jan 2026)	Borderline	BESS product met October window; automotive 4680 integration slipped one additional quarter
Scooter EV Market Share 30–35%	"Scooter EV market share target of about 30–35%" (Q3 FY25 call, Feb 2025)	FY25 ~30% achieved; FY26 declining to high-teens/~20% per Q1 FY26 management commentary	Unmet	Floor breached in FY26; competitive intensification and volume collapse eroded share
Auto OpEx Monthly Target	"Auto segment OpEx target Rs.110 Cr/month, to be achieved by June 2025" (IP-May25, May 2025)	Q2 FY26 Auto OpEx ≈ Rs.86 Cr/month (Rs.258 Cr/quarter)	Met	Beat by ~22%; Project Lakshya outperformed; structural cost discipline confirmed

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Warranty FY25 at/Below 5.6%	"Warranty to be at or lower than FY24's 5.6% of revenue through FY25" (Q2 FY25 call, Nov 2024)	FY25 warranty ~12.3% of revenue; included Rs.250 Cr one-time provision in Q4 FY25	Unmet	More than double the guided threshold; catch-up provisioning for Gen 1/Gen 2 fleet the primary driver
Gen 3 Warranty Below 2%	"Warranty as % of revenue for Gen 3 products below 2%" (Q3 FY25 call, Feb 2025)	FY26E guided at 2–3% per Q3 FY26 shareholder letter	Borderline	Threshold softened from sub-2% to 2–3%; directional quality claim on Gen 3 is valid
Motorcycle Deliveries H1 FY26	"Plan to begin delivering motorcycle models in first half of FY26" (FY24 Annual Report; IPO Prospectus)	Roadster X deliveries commenced May 2025 (Q1 FY26)	Met	Delivered on schedule; first major OEM EV motorcycle in India achieved
IPO Phase 2 — Gigafactory 5 → 6.4 GWh	"Rs.1,228 Cr of IPO proceeds earmarked for expansion from 5 to 6.4 GWh" (IPO Prospectus, Aug 2024)	Project cancelled; funds reallocated to organic growth and debt repayment at Aug 2025 AGM	Unmet	Core IPO object abandoned within 12 months of listing; no proactive guidance revision preceded reallocation

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EV Scooter Penetration to 30%	"EV scooter penetration might get to 30 by end of this year" (Q3 FY25 call, Feb 2025) -> Proxy: scooter-segment EV penetration rate	Scooter EV penetration remained ~20–22%; industry e2W penetration ~6.1% of all 2W in FY25	Unmet	Missed by ~8pp; mainstream adoption proved structurally slower than anticipated
Auto Free Cash Positive by End FY26	"Auto business to be free cash positive by end of FY26" (Q1 FY26 call, Jul 2025)	Q2 FY26 underlying Auto CFO +Rs.15 Cr; Q3 FY26 volume decline reversed trajectory	Unmet	Milestone touched once in Q2 FY26; Q3 volume collapse reversed cash generation
Service Backlog Reduction	"Service backlogs to reduce nearly half, from 14 days to around 7–8 days" (Q2 FY26 shareholder letter, Nov 2025)	14 days -> 7–8 days confirmed; 80% same-day completion per Q3 FY26	Met	Hyperservice initiative delivered measurably on stated objective
Gigafactory 6 GWh by March 2026	"~6 GWh installed capacity by March 2026" (Q3 FY26 call and shareholder letter, Feb 2026)	2.5 GWh installed as of Dec 2025; 2.4x expansion required in one quarter	Unmeasurable	Q4 FY26 (Jan–Mar 2026) data not available in current context

Scorecard: 5 of 19 measurable commitments Met | 11 Unmet | 3 Borderline | 1 Unmeasurable

What the Pattern Reveals

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The 5-of-19 hit rate splits cleanly along a single axis: **everything Ola controls internally was delivered; everything dependent on external demand was missed.** Cost structure, product launch scheduling, gross margin engineering, service SLAs — all delivered on or ahead of guidance. Volume growth, market share, profitability timing, and warranty provisioning — all missed, most by substantial margins.

This is not a slow-market problem dressed up as one. Management was issuing its 3.25–3.75 lakh FY26 volume guidance in July 2025 while already aware that Q4 FY25 had delivered only 51K units — a data point that should have triggered downward revision rather than renewed aspiration. The quarterly delivery trajectory (68K → 53K → 33K) makes the gap structural, not cyclical. The IPO Phase 2 cancellation is the starkest evidence of a model that did not develop as disclosed: less than 12 months after raising Rs.1,228 Cr specifically for Gigafactory expansion, those funds were quietly reallocated to debt repayment and operating expenses at an AGM. The cash balance — Rs.1,991 Cr today from Rs.4,811 Cr one year prior — converts the volume miss into a survival timeline, not merely a guidance error.

What This Means for Investors

Trust:

- **Gen 3 gross margin engineering.** The ~20pp improvement was real, delivered ahead of the 12-month timeline, and is driven by verifiable BOM cost reductions. When Ola quantifies vertical integration benefits in cost terms, it delivers. This is fundable.
- **Internal cost targets.** Project Lakshya beat its Rs.110 Cr/month Auto OpEx target by over 20%. Specific, internally-controlled milestones consistently outperform. Track the upcoming Rs.250–300 Cr consolidated OpEx benchmark as the next verifiable milestone.

Discount:

- **Volume and market share guidance: apply a 40–50% haircut.** Five consecutive quarters of volume misses have not triggered a recalibration of the guidance methodology. FY26 is tracking 55% below the 3.25 lakh low end. Do not use management's stated volume outlook as a modeling base case.
- **Profitability timelines.** Auto EBITDA-positive slipped from Q1 to Q2 FY26, was achieved at 0.3%, and was effectively lost in Q3 as deliveries fell below the 15K/month consolidated breakeven. Treat any EBITDA-positive timeline as a directional signal, not a date commitment.

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- *Gigafactory scale claims.* Cell integration slid two quarters; the 6 GWh March 2026 target from a 2.5 GWh December 2025 base appears heroic. Apply a 1-2 quarter buffer to all Gigafactory operational milestones.

Monitor:

- *Cash runway is the most urgent signal.* At ~Rs.750 Cr quarterly burn and Rs.1,991 Cr remaining at Q3 FY26, the company has approximately 2-3 quarters before requiring a fundraise or dramatically higher delivery volumes. Q4 FY26 results and any capital raise announcements are the most material near-term events. Watch whether management begins proactively framing a cash sufficiency horizon — its current absence is the most actionable unspoken signal in the transcript record.

Bottom Line: Price Ola Electric as a credible engineering company inside an unreliable demand-forecasting process. The gross margin story is real and grounded in execution; the volume recovery story requires proof before it is investable.

Management Sells Technology, Analysts Track Survival

Narrative Alignment: Significant Disconnect — Across seven consecutive earnings calls, management's prepared remarks invest heavily in engineering differentiation and Gigafactory progress while consistently deflecting on cash burn trajectory, volume recovery specificity, and market share erosion — the three topics that dominate analyst Q&A.

How to read this: Topics are classified into three sections based on the gap between how much management *proactively* covers them versus how aggressively analysts *question* them. **Where Management Goes Quiet** lists topics analysts pressed on that management barely addressed unprompted — these carry the strongest signal for undisclosed or under-appreciated risk. **Where Analysts Stopped Listening** lists the opposite: topics management emphasizes that analysts have stopped questioning, either out of trust or disinterest. **Start with Where Management Goes Quiet — that's where the alpha lives.**

Where Management Goes Quiet

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Rank	Topic	Mgmt Coverage	Analyst Q&A Intensity	Signal
1	Cash burn and runway	Minimal — cash balance disclosed once per call; no forward sufficiency projection offered	Very High — Probed every Q2-Q3 FY26 call; analysts tracking ~Rs.750 Cr/quarter burn vs Rs.1,991 Cr remaining	Management's refusal to frame a cash sufficiency horizon suggests a fundraise is being managed optically rather than proactively disclosed
2	Volume recovery timeline and specificity	Minimal — "We will not be giving a time target" (Q3 FY26, Arvind/Citi); no quarterly volume target offered since Q1 FY26	High — Every call since Q4 FY25; analysts ask "when?" and receive directional commentary, never a quarter target	Management has no high-confidence volume forecast; the sustained refusal to guide is itself the signal
3	Employee cost spike in Q3 FY26	None — A 67% QoQ jump (Rs.550M -> Rs.920M) was unmentioned in prepared remarks	High — Arvind/Citi flagged it as nullifying gross margin expansion; CFO Deepak Rastogi tried to take the question offline; Bhavish said "I also don't see the data like that"	Deflecting a live, specific accounting question on a material cost variance is the sharpest governance anomaly in the transcript record
4	Market share recovery pathway	Low — Acknowledged as "strategic choice to consolidate"; no recovery framework or timeline provided	Moderate-High — Gunjan/BofA, Chandramouli/Goldman Sachs, Yogendra/Kotak all pressed for specifics across multiple calls	"Choosing consolidation" framing obscures that competitors have closed the gap structurally, not cyclically

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Rank	Topic	Mgmt Coverage	Analyst Q&A Intensity	Signal
5	Q4 FY25 warranty Rs.250 Cr one-time detail	Low — Characterized as non-recurring; no generation-specific forward implication quantified proactively	Moderate — Chan dramouli/Goldman and Rishi/Kotak probed Gen-wise split; Bhavish declined to provide a clean breakdown	Rs.250 Cr was a catch-up admission; management's reluctance to quantify forward implications warrants scrutiny

The Known Knowns

Topic	Mgmt Coverage	Analyst Q&A Intensity	Signal
Gross margin drivers — Gen 3, BOM, vertical integration	High — Leads every prepared remark section with specific data points	Moderate — Analysts accept the margin claim; follow-up mostly on PLI timing	Well aligned and verifiable; the one area of trusted management guidance
Service backlog and Hyperservice metrics	Moderate-High — Specific KPIs proactively disclosed (backlog days, same-day completion %)	Moderate — Analysts accept disclosures; some follow-up on pace of recovery	Credible and trackable; operational progress here is consistent with data

Where Analysts Stopped Listening

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Topic	Mgmt Coverage	Analyst Q&A Intensity	Signal
Technology leadership ("only Indian company with Gigafactory," "far ahead of competition on R&D")	High — Bhavish repeats this as the core investment thesis anchor on every call	Low — Institutional analysts rarely challenge or follow up	Accepted as competitive background fact; analysts no longer treat it as investable at current volume levels
BESS "bigger than automotive" long-term potential	Moderate — Bhavish expresses strong personal conviction; framed as foundational future optionality	Low-Moderate — Analysts probe near-term FY27 revenue assumptions (Nishita, Chandramouli); do not engage with the long-term market size claim	Rs.1,000-1,200 Cr FY27 BESS target treated with polite skepticism; analysts are modeling post-delivery, not pre-delivery

Key Takeaway: The employee cost deflection in Q3 FY26 — where a 67% QoQ jump was redirected offline mid-earnings call, with both CEO and CFO declining to reconcile it on the record — is the single most actionable anomaly to investigate in Q4 FY26 disclosure. More broadly, the cash runway question and volume recovery specificity remain structurally unanswered across seven consecutive quarters of Q&A, which directly connects to the FY26 volume guidance misses in rows 1 and 2 above: management may be decoupling forward volume commitments from any quantitative anchor precisely because the demand environment has proved more uncertain than the IPO narrative presupposed.

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