

Kuber Chauhan
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Issue Details

Issue Details	
Issue Size (Value in ₹ million, Upper Band)	61,456
Fresh Issue (No. of Shares in Lakhs)	7,639
Offer for Sale (No. of Shares in Lakhs)	849
Bid/Issue opens on	02nd-Aug-24
Bid/Issue closes on	06th-Aug-24
Face Value	Rs. 10
Price Band	72-76
Minimum Lot	195

Objects of the Issue

- **Fresh issue: ₹ 55,000 million**
Capital expenditure to be incurred by the subsidiary, OCT for the Project.
Repayment or pre-payment, in full or part, of the indebtedness incurred by the Subsidiary, OET.
Investment into research and product development.
Expenditure to be incurred for organic growth initiatives
General corporate purposes.
- **Offer for sale: ₹ 6,456 million**

Book Running Lead Managers
Axis Capital
Kotak Mahindra Capital,
Citigroup Global
BofA Securities
Goldman Sachs
ICICI Securities
SBI Capital Markets
BOB Capital Market
Registrar to the Offer
Link Intime India Private Limited

Capital Structure (₹ million)	Aggregate Value
Authorized share capital	83,184
Subscribed paid up capital (Pre-Offer)	36,870
Paid up capital (post-Offer)	44,108

Share Holding Pattern %	Pre-Issue	Post Issue
Promoters & Promoter group	45.14	36.78
Public – Selling shareholders	39.20	31.79
Public – Others	15.66	31.43
Total	100	100

Financials

Particulars (₹ In million)	FY24	FY23	FY22
Revenue from operations	50,098	26,309	3,734
Operating expenses	62,774	38,834	11,738
EBITDA	(12,676)	(12,524)	(8,004)
Other Income	2,334	1,518	828
Depreciation	3,576	1,671	490
EBIT	(13,918)	(12,677)	(7,665)
Interest	1,866	1,079	176
Exceptional items	61	964	-
PBT	(15,844)	(14,721)	(7,842)
Tax			
PAT	(15,844)	(14,721)	(7,842)
Ratios	FY23	FY22	FY21
EBITDAM	NM	NM	NM
PATM	NM	NM	NM
Sales growth	90.4%	604.5%	NM

Company Description

Incorporated on February 3, 2017, Ola Electric is a pure EV player in India and is building vertically integrated technology and manufacturing capabilities for EVs and EV components, including cells. The company manufactures EVs and certain core EV components like battery packs, motors, and vehicle frames at the Ola Futurefactory.

Company's business focuses on capturing the opportunity arising out of electrification of mobility in India and they also seek opportunities to export their EVs in select international markets in the future.

The company has delivered 7 products and additionally announced 4 new products since their 1st product announcement in August 2021. They commenced delivery of their 1st EV model, the Ola S1 Pro, in December 2021.

This was followed by the delivery of the Ola S1 in September 2022, the Ola S1 Air in August 2023 and the Ola S1 X+ in December 2023 and the Ola S1 X (2 kWh), the Ola S1 X (3 kWh) and the Ola S1 X (4 kWh) in May 2024.

The company undertakes R&D activities in India, the United Kingdom ("UK") and the United States ("US") focused on designing and developing new EV products and core EV components, such as battery packs, motors and vehicle frames.

The company operates a battery innovation centre ("BIC") in Bengaluru, India that is focused on developing cell and battery technology and manufacturing processes for their forthcoming cell manufacturing at the Ola Gigafactory.

Ola Electric is in the process of building their EV hub in Krishnagiri and Dharmapuri districts in Tamil Nadu, India, which includes the Ola Future factory, their upcoming Ola Gigafactory and co-located suppliers in Krishnagiri district.

In addition to Ola Electric Website, the company operates their own direct-to-customer ("D2C") omnichannel distribution network comprising 935 experience centres and 414 service centres (of which 410 service centres are located within experience centres) as of March 31, 2024. Their network of experience centres was India's largest company-owned network of experience centres as of March 31, 2024.

Valuation & Outlook

Ola Electric Mobility being the fast-growing segment in EV space. Going ahead, EVs are anticipated to drive substantial growth in the global automotive market. However, we believe that Ola has significant headroom to grow in coming years led by favourable market conditions, regulatory norms and the higher capacity utilization of Ola Futurefactory on yearly basis. Moreover, they commenced manufacturing the 4680-form factor cells at the Ola Gigafactory on March'24 which is expected allow better control over battery and EV quality, supply, and costs. Despite being a loss-making entity company has gained market share of 34.8% in E2W segment.

At the upper price band company is valuing at Marketcap/Sales of 6.6x with a market cap of ₹335,220 million post issue of equity shares. Currently top global automobile entities are trading between 1-8x as on marketcap/sales.

Therefore, on the valuation front, we believe that the company is richly priced. Thus, we recommend a "Subscribe – long term" rating to the IPO with a higher risk appetite.

Company's Operations

Ola Electric Mobility (“Ola Electric”) is a pure Electric Vehicles (“EV”) player in India and is building vertically integrated technology and manufacturing capabilities for EVs and EV components, including cells. The company manufactures EVs and certain core EV components like battery packs, motors, and vehicle frames at the **Ola Futurefactory**. Company’s business focuses on capturing the opportunity arising out of electrification of mobility in India and they also seek opportunities to export their EVs in select international markets in the future.

The company has delivered 7 products and additionally announced 4 new products since their 1st product announcement in August 2021. They commenced delivery of their **1st EV model, the Ola S1 Pro**, in December 2021. This was followed by the delivery of the **Ola S1** in September 2022, the **Ola S1 Air** in August 2023 and the **Ola S1 X+** in December 2023 and the Ola S1 X (2 kWh), the Ola S1 X (3 kWh) and the Ola S1 X (4 kWh) in May 2024. On August 15, 2023, they also announced a line-up of motorcycles comprising 4 models, Diamondhead, Adventure, Roadster and Cruiser. They plan to commence delivery of the motorcycles in the first half of Fiscal 2026.

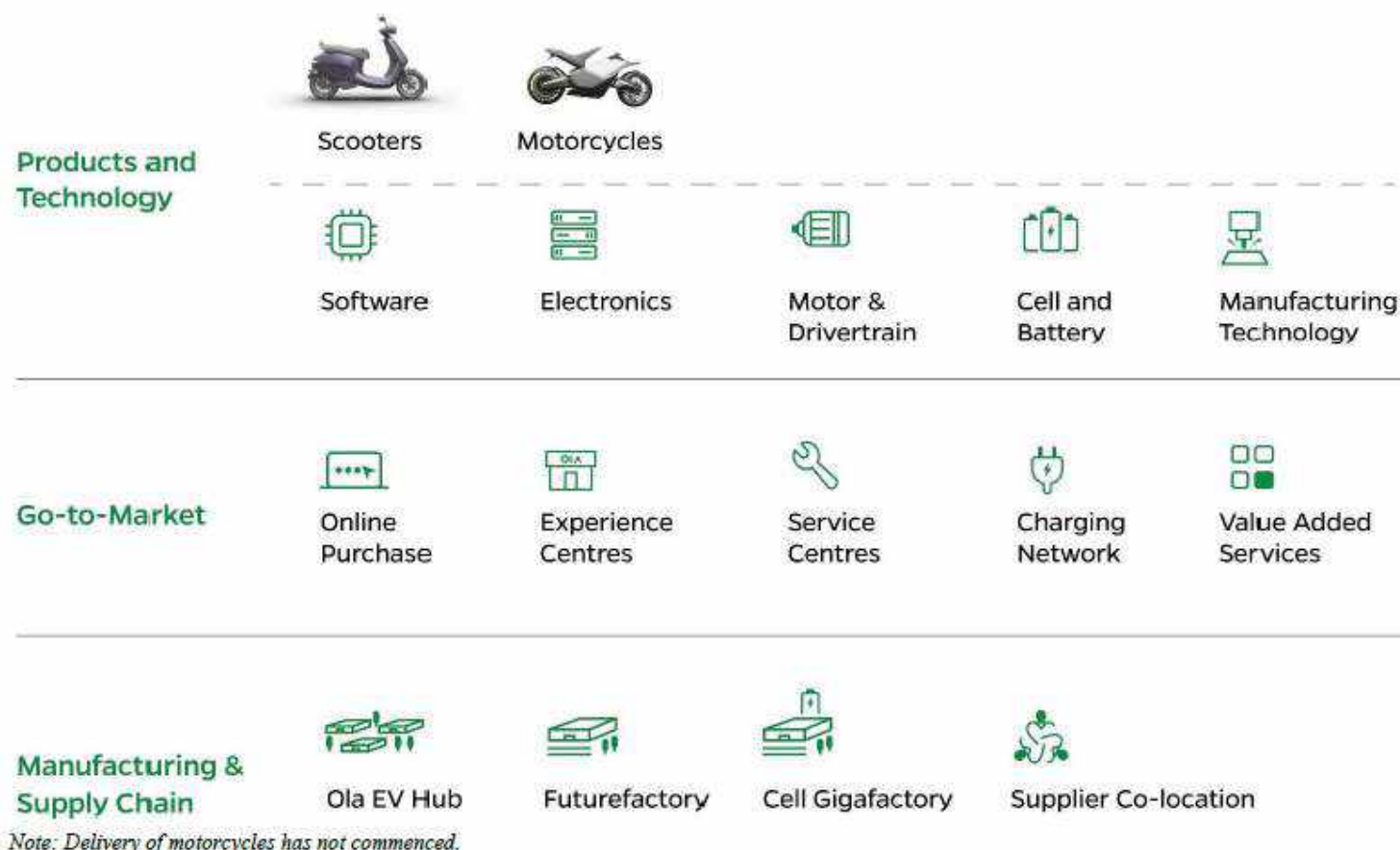
Ola Electric has the highest revenue of all Indian incorporated electric 2Ws (“E2Ws”) original equipment manufacturers, (“OEMs”) from E2W sales in Fiscal 2023. Within 9 months of delivering their 1st EV scooter in December 2021, they became the best-selling E2W brand in India in terms of monthly E2W registrations on the VAHAN Portal of Ministry of Road Transport and Highways (“VAHAN”).

Research and development (“R&D”) and technology is at the core of their business model with a focus on in-house product innovation. They undertake R&D activities in India, the United Kingdom (“UK”) and the United States (“US”) focused on designing and developing new EV products and core EV components, such as battery packs, motors and vehicle frames.

Ola Electric is in the process of building their EV hub in Krishnagiri and Dharmapuri districts in Tamil Nadu, India, which includes the Ola Futurefactory, their upcoming Ola Gigafactory and co-located suppliers in Krishnagiri district. At their Ola Futurefactory, they manufacture their EV scooters using certain EV components manufactured in-house and other components procured from third parties, such as cells. The Ola Futurefactory is the largest integrated and automated E2W manufacturing plant in India (in terms of production capacity) by an E2W-only OEM, as of March 31, 2024. In addition, they operate a battery innovation centre (“BIC”) in Bengaluru, India that is focused on developing cell and battery technology and manufacturing processes for their forthcoming cell manufacturing at the Ola Gigafactory.

The company operates their own direct-to-customer (“D2C”) omnichannel distribution network comprising 935 experience centres and 414 service centres (of which 410 service centres are located within experience centres) as at March 31, 2024 in addition to their Ola Electric website. Their network of experience centres was India’s largest company-owned network of experience centres as of March 31, 2024.

Company’s **business ecosystem** consists of the products and technologies, their go to market offering and services and the manufacturing and supply chain capabilities:



The company aims to develop their pure EV presence across all EV segments, with a target addressable market of approximately 16-17 million vehicle sales in Fiscal 2023. Their initial focus is on E2Ws as they are a core mobility product for the middle-class population in India. The company envision their E2W product portfolio being present across a range of price points. They plan to strategically launch products across premium and mass-market categories to enable them to target and capture a broader base of consumers across different product types and price points.

Company’s current line of second-generation EV scooters include:

Ola S1 Pro: The flagship premium EV scooter offering, featuring an extended driving range of up to 195 km, a top speed of 120 kph and a range of smart technologies on a 7-inch touchscreen.

Ola S1 Air: The 2nd premium EV scooter offering, featuring a driving range of 151 km with a 6 kW peak motor power and a range of smart technologies on a 7-inch touchscreen.

Ola S1 X+: Retailing at a lower price than the Ola S1 Air, the Ola S1 X+ features a driving range of 151 km and comes in 7 different colours. This model also includes smart connectivity features such as keyless unlock and a 5-inch segmented display.

Ola S1 X (2 kWh) and Ola S1 X (3 kWh) and Ola S1 X (4kWh): The mass-market EV scooters that feature a driving range of up to 190 km and a 3.5-inch segmented display available in 3 battery capacity configurations: 2 kWh, 3 kWh and 4 kWh.

All the EV scooters are built on the Generation 2 platform launched in August 2023

Gen 2 Platform	Ola S1 Pro	Ola S1 (Air)	Ola S1 X+	Ola S1 X (4kWh)	Ola S1 X (3kWh)	Ola S1 X (2kWh)
Vehicle Retail Price:	c.INR 147,499	c.INR 119,999	c.INR 109,999	c.INR 109,999	c.INR 89,999	c.INR 79,999
Motor:	11kW	6kW	6kW	6kW	6kW	6kW
Range	195 km	151 km	151 km	190 km	151 km	91 km
Top Speed	120 km/h	90 km/h	90 km/h	90 km/h	90 km/h	85 km/h
Battery Capacity	4 kWh	3 kWh	3 kWh	4 kWh	3 kWh	2 kWh
Drive Modes	Eco, Normal, Sports & Hyper	Eco, Normal & Sports	Eco, Normal & Sports	Eco, Normal & Sports	Eco, Normal & Sports	Eco, Normal & Sports

Note: Vehicle retail price is as of October 31, 2023.

Product Portfolio

Motorcycles

Diamondhead



Adventure



Cruiser



Roadster



Core EV technologies



Ola future factory and ola gigafactory



Ola Futurefactory



Ola Gigafactory

EV hub

The company is building their EV hub in Krishnagiri and Dharmapuri districts in Tamil Nadu, India, which is expected to span up to 2,000 acres of land, and includes their Ola Futurefactory, their upcoming Ola Gigafactory in Krishnagiri district and co-located suppliers in Krishnagiri district. The EV hub includes 700 acres of land that the State Government of Tamil Nadu has reserved for 2 years for allotment to their suppliers that co-locate within their EV hub pursuant to an MOU dated February 18, 2023. The EV hub also includes approximately 417.59 acres of land in the Krishnagiri district that they have leased for the operation of their Ola Futurefactory and upcoming Ola Gigafactory, comprising (i) 383.26 acres of land leased from SIPCOT and (ii) 34.33 acres of land leased from SIPCOT for their Ola Futurefactory. 3 of their direct and indirect suppliers are currently co-located in their EV hub.

Distribution network

In addition to Ola Electric website, the company operates their own D2C distribution network comprising 870 experience centres and 431 service centres (of which 429 service centres are located within experience centres) situated across India, as of March 31, 2024. Their network of experience centres was India's largest company-owned network of experience centres as of March 31, 2024. Company's customers have access to an omnichannel purchase experience through their Ola Electric website, their online platform for D2C sales to customers, which customers can also access at their experience centres. Customers can discover their products, reserve test drives and pre-order and purchase EV scooters through the Ola Electric website, and track the status of after-sales services at their service centres through the Ola Electric Companion app.

Company's omnichannel network helps them increase their reach and manage customer engagement and experience. Their customers may also subscribe to the Ola Care and Ola Care+ programs for a fixed annual fee through the Ola Electric Website and the Ola Electric Companion app and receive services and assistance at home or any other locations by submitting a request through their Ola Electric Companion app.

In addition to facilitating home charging through portable chargers, the company currently also offers their customers exclusive charging services through their charging network, which comprised 250 hyper charger guns spread across 17 states and 764 standard charger guns spread across 21 states as of March 31, 2024. Their EV scooter owners can achieve a 50 km driving range on a 15-minute charge at their hyper charger guns. Their EV scooter owners currently charge their EV scooters at their standard and hyper charger guns for free until August 31, 2024, after which, they may charge for such services. Their charger guns are exclusively for the use of Ola EV scooter owners and are currently not accessible to other scooter users.

Strengths:

- **Eligibility for EV-related government incentives leading to cost advantages**

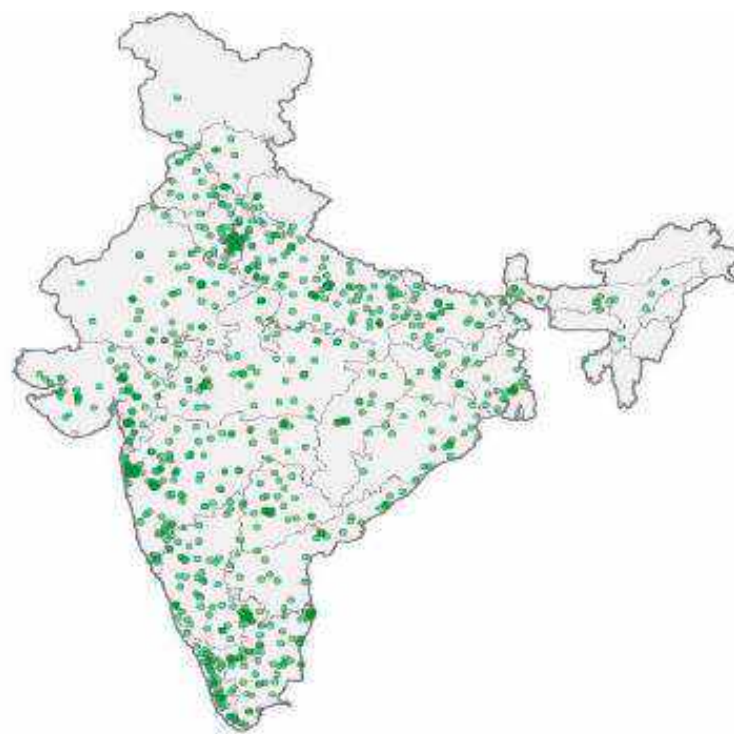
Ola Electric is the only EV manufacturer in India that is a beneficiary of 2 Government of India PLI schemes: the Automobile PLI Scheme and the Cell PLI Scheme. Under the Cell and Automotive PLI Schemes, all of the advanced chemistry cells and EV scooters that they manufacture, and sell will qualify them for a cash incentive up until the specified cap under the schemes subject to the conditions for disbursement of incentives under the schemes. Under the Automobile PLI Scheme, which commenced from Fiscal 2023, the incentive availed for a financial year will be disbursed in the subsequent financial year for up to 5 consecutive financial years.

They are one of only 3 beneficiaries awarded benefits under the Cell PLI Scheme, as of March 31, 2024. Cell PLI was awarded for a total of 30 GWh capacity, of which they were awarded 20 GWh, the most received by any Cell PLI recipient. The company is eligible to receive the incentives under the Cell PLI Scheme over a 5-year period from the commissioning date of their Ola Gigafactory, subject to fulfilment of certain conditions.

➤ **Direct to Customer Omnichannel Distribution Model**

Company's digitally driven and integrated sales and service experience model offers cost advantages. Their D2C distribution model enables them to directly engage with customers and collect customer feedback, which they take into consideration in developing their products and product upgrades to ensure they are responsive to customer preferences. The company maintain low levels of vehicle inventories at their experience centres, with the majority of their inventory stored in their distribution centres. The distribution centres centrally manage the inventory and arrange for distribution to their experience centres or directly to customer addresses.

Company's experience centre locations across India



➤ **Pure EV player with a leadership position in the fast-growing Indian E2W market**

Company's exclusive and singular focus on EV enables them to leverage on the transition in the growing Indian 2W market. They were the largest E2W seller in India by number of units registered in the Fiscal 2024, accounting for approximately 35% of the total E2W registrations in India for such period. They are a pure EV company and their R&D and technology including in-house design, engineering, manufacturing, are all singularly focused on building EV products. As a greenfield EV company, they do not have to allocate financial and operational resources in ICE technologies.

➤ **Manufacturing at scale and supply chain resilience**

As at March 31, 2024, the Ola Futurefactory had an installed capacity of 1 million units per year. The Ola Futurefactory is an automated manufacturing facility equipped with modular and flexible assembly lines and an in-house paint shop. The in-house design, and manufacturing of their core EV components enhance their control over the optimization of EV performance and quality. These capabilities to manufacture at scale, automation, and flexible lines also enable them to improve cost efficiency across value chains through economies of scale in their supply chain, fast component development and cross-utilization of equipment across products.

➤ **Scalable platform-based design and development approach**

Company's platform-focused product development is core to their business model, enabling them to leverage common elements. Their capability to develop multiple models on their adaptable platform model enabled them to deliver 4 products and announce 6 new products since their 1st product announcement in August 2021. As of March 31, 2024, 86.60% of the components used in 3 of their EV scooter models are common across all 3 models.

➤ **Execution capabilities**

Company's execution capability is a skill set that they bring across various facets of their business. They built the Ola Futurefactory in 8 months. Since the opening of their 1st experience centre in September 2022, they have expanded their experience centre network to 870 experience centres as of March 31, 2024. Their on-roll and off-roll employee count also increased significantly from 665 as of March 31, 2021 to 7,369 as at March 31, 2024 as they scaled their business over the last 3 years.

Key Strategies:

➤ **Strengthen the D2C omnichannel network across sales, service and charging**

The company wish to enhance the customer experience through the continued expansion of their network of experience centres and service centres across both rural and urban areas and deepen their penetration within India. They aim to further expand their network of charging

stations across India in the near-term, to provide added convenience to their customers in charging their EV scooters. The company plans to expand their network of Ola branded charging stations strategically by focusing on fuel stations, high density office complexes, malls and educational institutes.

➤ **Expand the product portfolio to drive market penetration**

Company's sustainable platform-based approach, whereby their in-house designed EV components can be adapted for use in different EV models, allows them to develop products in a timely and cost-efficient manner, achieve a fast time to market and improve margins. They plan to further launch affordable mass market Ola S1 models, including E2Ws targeted at the personal, business to business and last-mile delivery segment. They also plan to commence delivery of their motorcycles, which they announced on August 15, 2023, by the 1st half of Fiscal 2026. They plan to further expand their product portfolio to also cover mass market motorcycles to capture a broader base of consumers across different product types and price points in the long run.

➤ **Continue to invest in R&D to advance the technological capabilities and optimize costs**

Ola Electric is a technology driven company and they invest in R&D to improve their product offerings, adapt to changing consumer preferences and improve their cost and operational efficiency. Their Generation 2 platform is the product of their continuous investment in R&D. The company plans to commercially test alternative EV cell technologies and evaluate other battery formulations. They will continue to invest in their in-house R&D, design and engineering capabilities including R&D talent across their research centres in India, the UK and the US.

➤ **Develop the cell technology and strengthen the in-house manufacturing capabilities**

Cells form a significant percentage of overall EV cost and the company currently source cells from third party suppliers. Their medium to long-term plans place emphasis on backward integration for greater control over their supply chain and costs. They commenced construction of their Ola Gigafactory for cell manufacturing in June 2023. The company expects to use the cells produced by the Ola Gigafactory for their existing and future EV products.

➤ **Build "India" centric EV products with an "India first" strategy**

India's 2W production market of approximately 19 million units in Fiscal 2023 is primed for electrification and is expected to aid in achieving India's promise at the UN COP 26 Summit to cut emission to net zero by 2070. Given the opportunity size and tailwinds such as lower TCO, lower emissions, and convenience, and consistent with their "India first" strategy, they view India as their core market. The company intends to leverage both their existing Ola S1 platform and develop new platforms to deliver new EVs designed for use based on the target market and consumer segment to expand their serviceable market.

Industry Snapshot

India's Automotive Industry

India has a large automotive market, comprising annual production of ~28Mn vehicles as of FY 2024 (excluding electric rickshaws - Source: Society of Indian Automobile Manufacturers (SIAM)). It is central to India's manufacturing sector and the overall economy, contributing ~35% to the manufacturing GDP and ~7% to the overall GDP in FY 2023. Further, the Indian government envisions improving contribution of the automotive industry to reach ~40% of the manufacturing GDP by FY 2026 (Source: Automotive Mission Plan 2016-26).

While India's (and global) vehicle production experienced a short-term decline in the FY 2020 – FY 2022 period, (due to the global shortage of semiconductors, pandemic-induced lockdowns, increase in fuel prices and volatile geo-politics driven by the Russia-Ukraine conflict), it has recovered well to ~92% of FY 2019 levels (as of FY 2024). Despite having large two-wheeler (2W) and four-wheeler passenger-vehicles (4W-Passenger Vehicle) markets, India sees limited penetration, indicating a solid backdrop for medium to long-term volume growth.

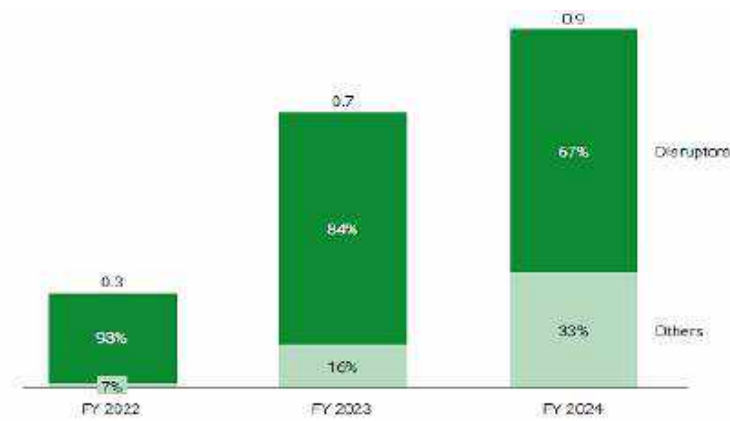
India E2W Success Factors and Key Business Models

Disruptors, who follow a vertically integrated approach and work towards localizing their supply chain, are better placed to win India's E2W market. Globally, disruptor OEMs (when compared to the incumbents) have emerged as winners in the EV industry driven by their ability to innovate. Even in India, disruptor OEMs have scaled well to cover more than 70% of the E2W domestic sales by volume in H1 FY 2024. Disruptor OEMs have taken multiple approaches in the Indian E2W market, including the vertically integrated approach which enables the OEMs to have a stronger control over the vehicle performance and costs.

Disruptors have led the global EV markets and are also ahead in India's E2W market

In the major global EV markets, disruptors, who are born electric players, focus on innovation (a key part of their organizational culture) and have emerged as leaders over incumbents. Disruptors have not only innovated at the product level, but also inculcated significant process innovations. Global disruptors have built EV-specific manufacturing-to-market paths. Their EVs are built as next-gen automotives enabling a transition from commute-only vehicles to digitally-connected smart devices with advanced functionality. Being category creators helps disruptors in establishing recognizable brands becoming synonymous to the market / product for the consumers.

Disruptor OEMs have also emerged in the India E2W market and have gained a larger market share



Globally, Vertically-integrated approach, comprising complete ownership of EV value chain activities including research, manufacturing technology and consumer touchpoints, is more effective

Key aspects in Auto Sector and the emerging EV sector in India

Ownership of R&D & Technology

Within the Automotive market, EV is an emerging sector in India. Design and development of EV-specific technology components (including software, motor & drive train, cell & battery pack and electricals & electronics) in-house will be an important aspect for success. Key technological components of an Electric vehicle are explained below

- **Cell:** Battery pack comprises 35-40% of the E2W vehicle cost, of which 80-85% is constituted by the cells, making it the most critical component of the E2W. The speed, per charge range, charge time, safety, weight, and price of the vehicle depend heavily on the cell. Innovations in cell chemistry have been core to EV adoption globally. Consequently, leading global EV manufacturers have developed in-house cell manufacturing capabilities. Additionally, it can help OEMs to control industry manufacturing value-chains in the long run. India is projected to require 40-60 GWh in terms of E2W battery requirements by FY 2028. Furthermore, India's annual demand for ACC batteries is projected to rise to 104-260 GWh (from 2.7 GWh) by 2030 across multiple sectors. Under the PLI scheme for ACC energy storage, manufacturing facilities are being set up with the objective of achieving 50 GWh of domestic capacity by 2030.
- **Battery Management System (BMS):** Multiple cells are assembled into a module and connected with battery management system, to create the battery pack. The BMS safeguards both the rider and the battery by ensuring that the cell operates within safe (and optimum) operating parameters. Global battery packs made in South Korea, China and USA are not made specifically for Indian riding conditions. Indian BMS needs to be contextualized to manage safety, range, and performance of the E2Ws, making its ownership critical for long-term success.
- **Software:** OEMs who build their own vehicle software can better adapt it to the hardware and provide superior experience. Owning the software also provides greater scalability by allowing cross-leveraging of features across various EV models. In addition, it allows for wider feature set that is contextualized to local conditions. Moreover, it can offer increased control and readiness in cases of supply chain disruptions and electronic shortages. Also, it enables the OEM to drive superior engagement efforts, such as community building among consumers, feature updates etc.
- **Integration capabilities:** An integrated assembly provides greater product control, while also better preparing OEMs against external disruptions. Design integration capability can enable OEMs to create products that serve multitude of use-cases. While software-led integration of electronics is crucial to improve power train efficiency and digital feature enablement, in-house motor manufacturing can provide flexibility and smoother interplay of hardware components.

Supply chain is crucial for an E2W OEM to succeed in India

Localization of E2Ws production can optimize quality and margin benefits (eliminating supplier margins & import duties), part of which can be passed on to the consumers.

Cell : ~60% of the cell's cost comes from the raw materials in use. Indian OEMs can localize 50-60% of the overall cell BOM costs as rest of the raw materials are unavailable in the country (e.g., Lithium, Nickel and Cobalt create dependence on imports). However, graphite, manganese (used in NMC batteries) and aluminum (used in Nickel Cobalt Aluminum batteries) are abundantly present in India and can be used in domestic cell production.

Motor: Electric motors require rare earth magnets that are not available in India, however, all the other components of the motor can be locally sourced.

Power electronics: While silicon-based semiconductors are not yet produced in India, electronic components like printed circuit boards that use these chips, can be locally designed, and assembled through contract manufacturing to contextualize the products as per Indian environments.

Other electrical and mechanical components: These are produced domestically at scale by Indian manufacturers and can be localized to enhance control and improve the production economics.

In addition to a better supply chain and product quality control, localization is also required for achieving the benefits of the regulatory schemes. Indian government has been consistently promoting localized production of vehicles and auto components through incentives - Incentive for Auto sector (which applies to existing ICE OEMs also) under PLI scheme for Advanced Automotive Technology (AAT) requires beneficiaries to achieve a Domestic Value Addition of minimum 50% to claim incentives. The PLI proposes financial incentives of up to 18% (sales-linked) to boost domestic manufacturing of AAT products. Specifically for Electric Vehicles, FAME subsidy requires the production or assembling of the vehicle to be done domestically

➤ Accounting ratios

Particulars	FY 2024	FY 2023	FY 2022
Revenue from Operations	50,098	26,309	3,734
Growth in revenue from operations (%)	90.4%	604.5%	NA
EBITDA	(12,676)	(12,524)	(8,004)
EBITDA Margin (%)	NM	NM	NM
Adjusted EBITDA	NM	NM	NM
Adjusted EBITDA Margin (%)	NM	NM	NM
PAT/Net loss	(15,844)	(14,721)	(7,842)
PAT Margin (%)	NM	NM	NM

Comparison with listed entity

Name of the company	Latest FY	Face value	P/E	EPS (Basic) (₹)	EPS (Diluted) (₹)	RONW (%)	NAV per equity share (₹)
Ola Electric Mobility Ltd	Consolidated	10	209*	(4.35)	(4.35)	(78.46)	5.54
Listed peers							
TVS Motors	Consolidated	1	72.7	35.50	35.50	23.68	158.1
Eicher Motors	Consolidated	1	33.9	145.92	3.65	22.17	659.1
Bajaj Auto Limited	Consolidated	10	33.4	272.7	272.7	26.61	1037.41
Hero Motocorp Limited	Consolidated	2	28.9	187.3	187.3	20.98	892.08

Note: 1) P/E Ratio has been computed based on the closing market price of equity shares on NSE on Jul 31, 2024.

2) * P/E of company is calculated on EPS of FY24 and post issue no. of equity shares issued.

Key Risks

- Geopolitical tensions pose substantial risks to supply chain continuity and cost structures, potentially leading to inventory shortages and increased costs.
- The automotive market in India, in which Ola Electric operates, may encounter several threats that could impede their growth trajectory and stability.
- Economic downturns, recessions, and heightened inflationary pressures can diminish consumer purchasing power, leading to lower sales volumes and profitability, with consumers deprioritizing non-essential purchases.
- Any reduction or elimination of government incentives or the ineligibility of any of Ola Electric' electric vehicles could adversely affect customer demand for electric vehicles and affect our ability to achieve profitability.

Valuation

Ola Electric Mobility being the fast-growing segment in EV space. Going ahead, EVs are anticipated to drive substantial growth in the global automotive market. However, we believe that Ola has significant headroom to grow in coming years led by favourable market conditions, regulatory norms and the higher capacity utilization of Ola Futurefactory on yearly basis. Moreover, they commenced manufacturing the 4680-form factor cells at the Ola Gigafactory on March'24 which is expected allow better control over battery and EV quality, supply, and costs. Despite being a loss-making entity company has gained market share of 34.8% in E2W segment.

At the upper price band company is valuing at marketcap/Sales of 6.6x with a market cap of ₹335,220 million post issue of equity shares. Currently top global automobile entities are trading between 1-8x as on marketcap/sales.

Therefore, on the valuation front, we believe that the company is richly priced. Thus, we recommend a “**Subscribe – long term**” rating to the IPO with a higher risk appetite.

DISCLAIMER:**Analyst Certification**

- ❑ The views expressed in this Research Report accurately reflect the personal views of the analyst(s) about the subject securities or issuers and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this report. The research analysts are bound by stringent internal regulations and also legal and statutory requirements of the Securities and Exchange Board of India (hereinafter "SEBI") and the analysts' compensation are completely delinked from all the other companies and/or entities of Anand Rathi, and have no bearing whatsoever on any recommendation that they have given in the Research Report.

Ratings Methodology

- ❑ Analysts' ratings and the corresponding expected returns take into account our definitions of Large Caps, Mid-Caps & Small Caps as described in the Ratings Table below:

	Buy	Hold	Sell
Large Caps (Top 100 companies)	>15%	0%-15%	Below 0%
Mid-Caps (101st-250th company)	>20%	0%-20%	Below 0%
Small Caps (251st company onwards)	>25%	0%-25%	Below 0%

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