

# IPO Note

July 31, 2024

## Ola Electric Mobility Limited





### Issue Snapshot:

Issue Open: August 02 – August 06, 2024

Price Band: Rs. 72 – 76 (Discount of Rs 7 per share for all eligible employees)

\*Issue Size: Up to Rs 6145.6 cr (including Fresh issue of Rs 5500.0 cr + Offer for sale of 84,941,997 eq shares including employee reservation of upto Rs.5 cr

Reservation for:

QIB	atleast	75% eq sh
Non-Institutional	upto	15% eq sh
((including 1/3 <sup>rd</sup> for applications between Rs.2 lakhs to Rs.10 lakhs))		
Retail	upto	10% eq sh

Face Value: Rs 10

Book value: Rs 5.54 (March 31, 2024)

Bid size: - 195 equity shares and in multiples thereof

100% Book built Issue

### Capital Structure:

Pre Issue Equity:	Rs.	3687.1 cr
*Post issue Equity:	Rs.	4410.8 cr

Listing: BSE & NSE

Book Running Lead Managers: Kotak Mahindra Capital Company Limited, Citigroup Global Markets India Private Limited, BofA Securities India Limited, Goldman Sachs (India) Securities Private Limited, Axis Capital Limited, ICICI Securities Limited, SBI Capital Markets Limited, BOB Capital Markets Limited

Sponsor Bank: Axis Bank Limited & ICICI Bank Ltd

Registrar to issue: Linkintime India Private Limited

### Shareholding Pattern

Shareholding Pattern	Pre issue %	Post issue %
Promoter and Promoter Group	45.14	36.78
Public & Employees	54.86	63.22
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

\*=assuming issue subscribed at higher band  
Source for this Note: RHP

### Background & Operations:

Ola Electric Mobility Limited (OEML) is a pure EV player in India and is building vertically integrated technology and manufacturing capabilities for EVs and EV components, including cells. It manufactures EVs and certain core EV components like battery packs, motors and vehicle frames at the Ola Futurefactory. Its business focuses on capturing the opportunity arising out of electrification of mobility in India and it also seeks opportunities to export its EVs in select international markets in the future. It has delivered seven products and additionally announced four new products since its first product announcement in August 2021. The Company commenced delivery of its first 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, 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, it also announced a line-up of motorcycles comprising four models, Diamondhead, Adventure, Roadster and Cruiser. It plans to commence delivery of the motorcycles in the first half of Fiscal 2026.

OEML had the highest revenue of all Indian incorporated electric 2Ws (“E2Ws”) original equipment manufacturers (“OEMs”) from E2W sales in Fiscal 2023. Within nine months of delivering its first EV scooter in December 2021, it 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 its business model with a focus on in-house product innovation. It 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. OEML is in the process of building its EV hub in Krishnagiri and Dharmapuri districts in Tamil Nadu, India, which includes its Ola Futurefactory, its upcoming Ola Gigafactory and co-located suppliers in Krishnagiri district. At its Ola Futurefactory, it manufactures its EV scooters using certain EV components manufactured in-house and other components procured from third parties, such as cells. It operates its own direct-to-customer (“D2C”) omnichannel distribution network across India, comprising 870 experience centres and 431 service centres (of which 429 service centres are located within experience centres) as at March 31, 2024 in addition to its Ola Electric website. Its network of experience centres was India’s largest company-owned network of experience centres as at March 31, 2024

The Company’s business model across the three key pillars enables it to improve its EVs’ performance, resulting in a better customer experience, business growth and control over cost. This enables it to continuously focus and invest in R&D and technology, giving rise to flywheel effects.





The Company recognises revenue from the provision of services to its customers, such as assisting customers with installing wall mount chargers in return for a service fee. Prior to August 2023, it also generated revenue from selling services related to vehicle performance upgrades whereby customers purchasing the Ola S1 Pro (first generation) had the option to pay for additional features for their scooters. In addition, it assists customers with vehicle registrations through a third-party service provider and pass-through service fees paid by the customer to the service provider. In Fiscal 2021, it also provided battery swapping services on a trial basis to EV owners who subscribed for such services, whereby it helped EV users replace discharged battery packs with full charged ones, and generated swapping and subscription income from providing such services.

### Objects of Issue:

The Offer comprises the Fresh Issue and the Offer for Sale.

### Offer for sale

The object of the Offer for Sale is to allow the Selling Shareholders to sell an aggregate of up to 84,941,997 equity shares of face value of Rs 10 each. Each Selling Shareholder shall be entitled to its respective portion of the proceeds of the Offer for Sale, after deducting its proportion of the Offer-related expenses and the relevant taxes thereon. The Company will not receive any proceeds from the Offer for Sale and the proceeds received from the Offer for Sale will not form part of the Net Proceeds.

### Objects of the Fresh Issue

OEML proposes to utilize the Net Proceeds towards funding of the following objects:

- Capital expenditure to be incurred by OEML's Subsidiary, OCT for expansion of the capacity of its cell manufacturing plant from 5 GWh to 6.4 GWh, classified as phase 2 under the expansion plan (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; and
- General Corporate Purposes.

The Company also expects to receive the benefits of listing of the Equity Shares on the Stock Exchanges, including enhancement of its Company's brand name and creation of a public market for its Equity Shares in India.

### Utilisation of Net Proceeds

(Rs in million)

Particulars	Estimated amount
Capital expenditure to be incurred by the Subsidiary, OCT for the Project	12,276.41
Repayment or pre-payment, in full or part, of the indebtedness incurred by its Subsidiary, OET	8,000.00
Investment into research and product development	16,000.00
Expenditure to be incurred for organic growth initiatives	3,500.00
General corporate purposes	*
<b>Total</b>	<b>*</b>

### Competitive Strengths

**Pure EV player with a leadership position in the fast-growing Indian E2W market:** E2W penetration in India is expected to expand from approximately 5.40% of domestic 2W registrations sales reported on the VAHAN portal in Fiscal 2024 to 41-56% of the domestic 2W sales volume by Fiscal 2028. OEML's exclusive and singular focus on EV enables it to leverage on this transition in the growing Indian 2W market. It was the largest E2W seller in India by number of units registered in Fiscal 2024, accounting for approximately 35.00% of the total E2W registrations in India for such period. The Company is a pure EV company and its R&D and technology including in-house design, engineering, manufacturing, are all singularly focused on building EV products. As a greenfield EV company, it does not have to allocate financial and operational resources in ICE technologies.

**Founder led company supported by a highly experienced and professional leadership team:** OEML's Founder, Chairman and Managing Director, Mr. Bhavish Aggarwal, is an entrepreneur who founded the Company, in addition to ANI Technologies Private Limited, also known as Ola Cabs, in 2010. Ola Cabs is a ride-hailing mobility platform in India. Bhavish has received several accolades such as India 30 under 30 from Forbes India in 2014, Entrepreneur of the Year from the Economic Times in 2017, Top 100 Most Influential People by Time Magazine in 2018 and featured in the TIME100 Climate List in 2023 as one of the most innovative leaders globally. In addition, many of its senior management have experience across a broad range of industries and functions and technology research centres, enabling them to effectively operate the business.



**In-house R&D and technology capabilities:** OEML's in-house capabilities to develop EV technologies are driven by its focus on R&D. It undertakes R&D activities in India, the UK and the US, focused on designing and developing new EV products and core EV components, such as battery packs, motors and vehicle frames. Meanwhile, the BIC is focused on developing cell and battery technology and manufacturing processes for its forthcoming cell manufacturing at the Ola Gigafactory, such as material synthesis, cell manufacturing technology and material characterization, prototyping and testing. Its R&D efforts are centred around five key technologies: (a) software, (b) electronics, (c) motor and drivetrain, (d) cells and battery packs and (e) manufacturing technology.

Leveraging its R&D, the Company has developed core EV components across the following technologies: (a) in-house operating system, MoveOS, which includes various features such as navigation powered by Ola Maps (owned by Geospoc Geospatial Services Private Limited, a Promoter Group company), call filter, 'find my scooter', geofencing, time fencing, anti-theft alert, fall detection, hill hold, auto turn-off indicators, ride journal and energy insights; (b) a centralized electronics architecture that enables EV control and human machine interactions ("HMI"); (c) compact motor and drivetrain which vary in size and capacity and are adaptable to different power outputs; (d) cell and battery pack manufacturing technologies and (e) automated and flexible assembly lines for different EV models.

**Manufacturing at scale and supply chain resilience:** 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 at March 31, 2024. As at March 31, 2024, the Ola Futurefactory had an installed capacity of one 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 core EV components enhance its control over the optimization of EV performance and quality. These capabilities to manufacture at scale, automation, and flexible lines also enables it to improve cost efficiency across value chains through economies of scale in its supply chain, fast component development and cross-utilization of equipment across products. Furthermore, its direct relationship with suppliers and focus on local suppliers for most of EV components gives OEML enhanced control of its supply chain.

**Scalable platform-based design and development approach:** OEML's platform-focused product development is core to its business model, enabling it to leverage common elements, such as modular electric powertrain which includes a modular battery pack with BMS and motors, as well as a power electronics module, electronics and software to develop and design new EV models. This reduces its estimated product development costs and time to market. Its capability to develop multiple models on adaptable platform model enabled it to deliver four products and announce seven new products since its first product announcement in August 2021. As at March 31, 2024, 86.60% of the components used in three of its EV scooter models, the Ola S1 Pro, the Ola S1 Air, the Ola S1 X+ are common across all three models. The modular and adaptable nature of its platform architecture will help to drive down its costs and enable it to achieve fast product development cycles, thereby reducing its time to market.

**Direct to Customer Omnichannel Distribution Model:** OEML's digitally driven and integrated sales and service experience model offers cost advantages. Its D2C distribution model enables it to directly engage with customers and collect customer feedback, which it takes into consideration in developing products and product upgrades to ensure they are responsive to customer preferences. The Company maintains low levels of vehicle inventories at its experience centres, with the majority of its inventory stored in its distribution centres. The distribution centres centrally manage the inventory and arrange for distribution to its experience centres or directly to customer addresses. This central management system enables it to forecast demand and tailor supply orders and production schedules more accurately.

**Eligibility for EV-related government incentives leading to cost advantages:** OEML is the only EV manufacturer in India that is a beneficiary of two 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 it manufactures and sell will qualify it 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 five consecutive financial years (but not beyond Fiscal 2027). It has obtained certifications from the testing agencies of the MHI on December 29, 2023 and February 9, 2024 respectively certifying that its Ola S1 Air and Ola S1 Pro (Gen2) scooters meet the scheme eligibility requirements and have at least a 50% domestic value addition, thus qualifying it for the disbursement.

OEML is one of only three beneficiaries awarded benefits under the Cell PLI Scheme, as at March 31, 2024. It is eligible to receive the incentives under the Cell PLI Scheme over a five-year period from the commissioning date of its

Ola Gigafactory, subject to fulfilment of certain conditions, such as achieving the domestic value addition threshold required under the Cell PLI Scheme and its commencing sales of advanced chemistry cells. In addition, the Government of India's EMPS 2024 provides a subsidy to E2Ws and E3Ws that satisfy the eligibility criteria prescribed under the scheme to accelerate the adoption of E2Ws and E3Ws and the further development of the EV infrastructure in India. All of its EV variants, comprising the Ola S1 X+, Ola S1 X+ (3 kWh), Ola S1 X+ (4 kWh), Ola S1 X (4 kWh), Ola S1 X (3 kWh), Ola S1 X (2 kWh), Ola S1 Air and Ola S1 Pro (Gen 2), are eligible for EMPS 2024 subsidies.





Customers who purchase its EV scooters are eligible to receive a cash subsidy from the government of Rs.5,000 per kWh of battery capacity up to a maximum amount of Rs.10,000 or 15% of the ex-factory price of the purchased scooter. Such subsidies help in lowering the cost of ownership of its products and potentially improve the demand for scooters

**Execution capabilities:** OEML's execution capability is a skill set that it brings across various facets of its business. It built the Ola Futurefactory in eight months, from the start of construction to manufacturing its first EV scooter at the assembly line in the factory. The Ola Futurefactory had an installed capacity of one million units per year as at March 31, 2024. Since the opening of its first experience centre in September 2022, it has expanded its experience centre network to 870 experience centres as at March 31, 2024. The Company had 959 employees (comprising 907 on-roll employees and 52 off-roll employees) engaged in R&D activities as at March 31, 2024. It has delivered seven products and additionally announced four new products since its first product announcement in August 2021. Its in-house capabilities to develop EV technologies driven by its focus on R&D, internal manufacturing of core EV components and adaptable platform-based product development approach has helped it to lower its costs.

## Business Strategy:

**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. The penetration rate of 2Ws in India was approximately 15% in Fiscal 2023, evidencing significant growth potential within the Indian 2W market. Given the opportunity size and tailwinds such as lower TCO, lower emissions, and convenience, and consistent with OEML's "India first" strategy, it views India as its core market. Over the next several years, the Company plans to continue to develop and launch next-generation EVs to serve a variety of price points and automotive use cases. It intends to leverage both its 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 its serviceable market.

**Building an EV hub with vertically integrated manufacturing and supply chain to improve cost efficiency:** Pursuant to OEML's MoU with the State Government of Tamil Nadu, it plans to build its EV hub, which currently includes its Ola Futurefactory and future in-house cell manufacturing facility, the Ola Gigafactory. It commenced construction of the Ola Gigafactory in June 2023 and Phase 1(a) of the Ola Gigafactory started commercial operations on March 22, 2024 and the set up was completed on May 31, 2024. It intends to further invest in flexible assembly lines within its Ola Futurefactory which are able to adapt to the production of different EV models. In the future, it may also enter into arrangements, including alliances for the supply of certain raw materials and EV components and continue optimizing its operational cost through end-to-end streamlined manufacturing processes and in-house design and engineering initiatives.

**Develop cell technology and strengthen in-house manufacturing capabilities:** OEML currently sources cells from third party suppliers. Cells form a significant percentage of overall EV cost. Its medium to long-term plans place emphasis on backward integration for greater control over its supply chain and costs. It commenced construction of its Ola Gigafactory for cell manufacturing in June 2023. Phase 1(a) of its Ola Gigafactory was completed on May 31, 2024. The Company has developed cell technology around the 4680-form factor, for which it received BIS certification on May 13, 2024. It commenced manufacturing the 4680-form factor cells at its Ola Gigafactory on March 22, 2024. OEML expects to use the cells produced by the Ola Gigafactory for both its existing and future EV products. In developing its in-house cell manufacturing capabilities, it will be able to gain greater control over the quality, supply and cost of its batteries and EVs.

**Expand the product portfolio to drive market penetration:** For each new vehicle category that OEML launches, it will strategically launch products across premium and mass-market categories, to enable it to target and capture a broader base of consumers across different product types and price points. By adapting its technology platform across its products, the Company will grow its product portfolio to build scale in its EV business. OEML plans to further launch affordable mass market Ola S1 models, including E2Ws targeted at the personal, business to business and last-mile delivery segment. It also plans to commence delivery of its motorcycles, which it announced on August 15, 2023, by the first half of Fiscal 2026. It plans to further expand its 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.

**Strengthen D2C omnichannel network across sales, service and charging:** OEML seeks to enhance the customer experience through the continued expansion of its network of experience centres and service centres across both rural and urban areas and deepen its penetration within India. It aims to further expand its network of charging stations across India in the near-term, to provide added convenience to its customers in charging its EV scooters. It plans to expand its network of Ola branded charging stations strategically by focusing on fuel stations, high density office complexes, malls and educational institutes.

**Allocate capital efficiently and focus on growth:** OEML's capital allocation approach emphasizes investment in R&D and technology to design, engineer and manufacture core EV components and establish an adaptable platform architecture to support further development and manufacturing of EVs. It has also allocated capital towards developing its cell manufacturing capabilities through the BIC, as well as



the Ola Gigafactory that is currently under construction within the EV hub. Such investments into the development of its in-house cell manufacturing capabilities will enable it to gain greater control over the cost of its batteries and EVs and improve its margins. Its strategy is to deploy its capital in a sequential manner.

**Leverage the global EV opportunity:** While OEML has adopted an “India first” strategy, it recognizes the unfulfilled demand for EVs in international markets, especially in some key automotive markets such as ASEAN, Latin America and Africa, which are thriving 2W markets. These markets constituted approximately 75% of India’s 2W exports in Fiscal 2023. Thus, it plans on carefully assessing the export opportunities across geographies under its “export next” strategy.

## Industry Overview

### Outlook on India’s Automotive Industry

**India is emerging into a global manufacturing powerhouse of technology-led automotive.**

India’s automotive market is undergoing a technology-led transformation, which will unlock the next wave of growth in the sector. Innovation in cell technology & the subsequent rise of EVs, increased adoption of software & electronics in vehicles, and government’s impetus to domestic manufacturing of technologically advanced vehicles, are the core tenets of this transformation. These advancements are likely to have a global impact, given India accounts for 15-20% of global production for 2W and is the 3rd largest 4W-Passenger Vehicle market in the world (in terms of sales volumes), with strong growth headroom in both segments.

**India automotive market consists of ~28Mn vehicles and is central to the economy.**

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.

### Electrification of India’s Automotive Market

**2Ws are leading the electrification of India’s automotive market with growth prospects in the future.**

2Ws are at the forefront of automotive electrification in India as Indian consumer is sensitive to initial vehicle price. E2W adoption has grown to constitute ~5.4% of 2W registrations in FY 2024, primarily led by scooters. Moreover, EVs are likely to account for almost half of the domestic 2W sales volumes by FY 2028. E2W OEMs are also well placed to serve the exports opportunity of 100-110 Mn 2W units. Select E2W OEMs with greater control over manufacturing technology can also leverage the EV know-how to capture domestic E4W opportunity, taking their overall TAM to Rs.8.0-9.1 Tn (US\$100 to 115 Bn) in FY 2028.

**Automotive Electrification in India is being led by 2Ws.**

All automotive vehicle segments are witnessing the electrification wave. Shared mobility segments (3Ws, commercial vehicles and taxis) are undergoing electrification to achieve better operating economics (than ICE). eCommerce and logistics players have adopted EV fleets as part of their decarbonization commitments. Central and state governments are boosting the electrification of public buses. 3Ws are getting electrified on the back of exemptions from registration and road taxes.

Within personal mobility segments (2Ws and private 4W-Passenger Vehicles), 2Ws are well positioned to lead the electrification wave in India, unlike many developed markets. This is because of high sensitivity of Indian consumers to the initial vehicle prices of EVs versus ICE vehicles (given the lower GNI per capita vs the developed markets).

- Adjusting for purchasing power parity, the average Rs.200-500 thousand (i.e. US\$ 2500-6250) difference between the price of an E4W – Passenger Vehicles and ICE 4W -Passenger Vehicles in India, is quite high for an Indian consumer, unlike the consumers in the developed markets. On the contrary, the difference in prices of E2W over ICE 2Ws in India ( Rs.20-70 thousand i.e. USD 250-875) is more palatable for Indian consumers, resulting in E2Ws leading the electrification in personal mobility automotives.
- Reduced registration costs for EVs across states make the on-road price differential between E2Ws and ICE 2Ws smaller.

Furthermore, the TCO of an E2W breaks even with a comparable ICE vehicle in <2 years while that for an E4W breaks even with that of a comparable ICE 4W in 6-7 years (assuming total lifetime of 2Ws and 4Ws to be 10 years and 15 years respectively). Moreover, leaner charging and infrastructural requirements of E2Ws over E4Ws also contribute to their faster adoption in India.



### Global Business Models and Success Factors

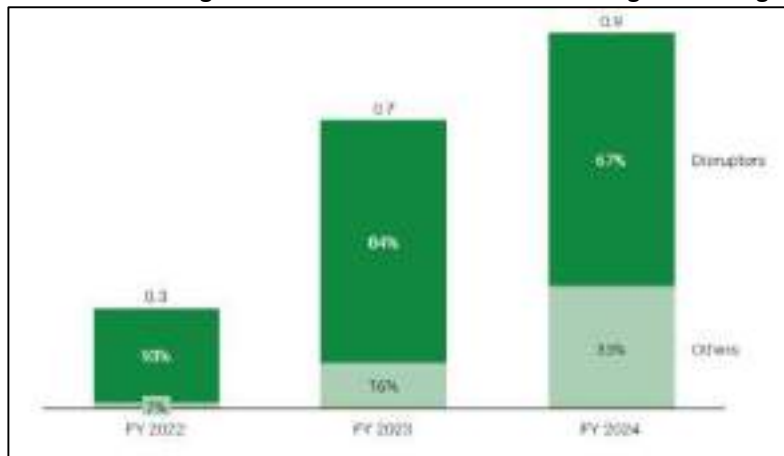
Global EV players can be categorised into "Disruptors", which are pure-bred EV OEMs and "Others", which are OEMs having existing ICE 2W products and have also introduced Electric 2W products in India. These also include subsidiary companies of such OEMs. Global market-leading Disruptor OEMs follow a vertically integrated approach which involves ownership and development of EV technology elements such as cells, battery pack, software, motor & drive-train and electronics & electricals etc., along with their interplay with each other and rest of the EV components. Disruptor OEMs have scaled well to cover ~67% of the E2W domestic sales by volume in FY 2024 in India. Additionally, in the Indian context, it is crucial for OEMs to rely on domestic sourcing and manufacturing as it enables them to improve product quality and compliance with regulation while saving costs & import duties.

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

In the global EV market, Disruptors, who are born electric players, focus on innovation (a key part of their organizational culture) and have emerged as market leaders. Disruptors have not only innovated at the product level, but also have 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.

Others (OEMs who initially manufactured ICE-vehicles and have later entered EV market) on the other hand, face challenges that may inhibit their ability to capitalize on the EV opportunity. These challenges include their dependence on ICE, split focus on R&D between ICE and EV, limited electric powertrain expertise, assembly-led industry model and typically long product development timelines. Several such OEMs have started building capability in terms of research of EV components like battery and manufacturing technology and have entered the market with EV products. They are using their existing presence (sales and service/ Dealer networks), financial capabilities and longer experience in the auto-sector to enter and sustain in the EV market.

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



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

**Ownership of R&D & Technology** – R&D has been a key focus area for Indian OEMs in the Auto sector. India has a thriving R&D ecosystem with quality testing centres like ARAI, ICAT and VRDE which are equipped with state-of-the-art facilities for comprehensive testing and validation. Both Indian and foreign ICE vehicle OEMs have established R&D facilities in India. Indian OEM's have overcome intense competition from foreign OEMs by developing quality and affordable products. The average spend on R&D over FY21, FY22 and FY23 for the top 4 publicly listed 2W OEMs (in terms of 2W unit sales) in India has been ~INR 462.1 Cr per annum.

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 a typical 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 (and will continue to be) core to EV adoption globally (making EVs comparable to ICE vehicles in terms of both performance and costs). Cell technology is expected to undergo greater innovation to reduce dependence on critical



materials and ensure supply-chain sustainability. Innovations such as the use of silicon (as anode) and cheaper alternatives like sodium-ion batteries, are already underway, though their commercialization may take several years.

Consequently, leading global EV OEMs have developed in-house cell manufacturing capabilities. Large scale cell production has helped these players unlock greater efficiency, making their products superior in terms of quality and accessibility to consumers across the world. 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 (considering 11-15 Mn E2W vehicle sales in 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 (Source: Niti Aayog). 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 (tropical temperatures, rain, dust, road vibrations and high humidity). BMS for electric vehicles in India need to be contextualized to manage safety, range, and performance of the vehicle, 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 (vs OEMs who outsource software development) during and beyond the ride. Owning the software may also provide greater scalability by allowing cross-leveraging of features across various EV products and models (e.g. scooters, motorcycles, mopeds and four-wheelers). In addition, it will allow for wider feature-sets and contextualization to local conditions (e.g. maps, call control, voice-activated assistance, reverse mode in E2W etc.) Also, it might enable the EV OEM to drive customer engagement efforts such as community building, new feature updates etc.

**Integration capabilities** – In addition to owning the individual technological components discussed above, it is important for EV players to also own their integration with each other. An integrated assembly provides greater product control (performance, experience, design and costs), while also better preparing OEMs against external disruptions.

For example, design integration capability can enable OEMs to create products that serve multitude of use-cases. On the other hand, 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. Additionally, vertical integration will allow for better usage and utilization of manufacturing as the OEMs will be able to churn out more market-ready and customer-centric products. It will also result in lower dependency on other agencies, leading to higher efficiency in operations and leaner cost structures.

### **Localized supply chain will be an important lever for EV OEMs to succeed in India**

Localization has been an important strategic move that has been adopted by ICE vehicle OEMs in India. Both global and India-born ICE vehicle OEMs have increased localization content in their vehicle models (even up to 95% in some vehicle models). This has helped them to not only reduce costs with reduction in imports and human-resource costs but also to introduce customized products with reduced supply-chain related lead times. Similarly, localization of EV production can optimize quality and margin benefits by eliminating supplier margins & import duties, part of which can be passed on to the consumers.

### **Threats and challenges to Ola Electric Mobility Limited and its products and services**

The automotive market in India, in which Ola Electric Mobility Limited operates, may encounter several threats that could impede their growth trajectory and stability as outlined below:

- Economic downturns, recessions and the heightened inflationary pressures can diminish consumer purchasing power, leading to lower sales volumes and profitability, with consumers de-prioritizing non-essential purchases.
- Geopolitical tensions pose substantial risks to supply chain continuity and cost structures, potentially leading to inventory shortages and increased costs.
- Potential shifts in government policies, including changes in taxation, subsidies, foreign direct investment regulations, EV battery disposal and labour laws, could introduce regulatory challenges.
- Intensified competition, fuelled by substantial investments and technological advancements, presents another risk factor. With the presence of multiple business models within the automotive market, competitors may gain competitive

### **Conclusion**

India accounts for 15-20% of global production for 2W and is the 3rd largest 4W-Passenger Vehicle market in the world (in terms of sales volumes), with strong growth headroom in both segments. India's automotive market is undergoing EV-led transformation with EVs emerging as the next-gen smart products. Indian government has also provided impetus to promote domestic manufacturing and adoption of Electric vehicles through production-linked incentives for manufacturers and subsidies.





2Ws have been at the forefront of automotive electrification in India, emerging as the more appealing alternative (as compared to 4W) to the price sensitive Indian consumer, with a lower initial price differential vis-à-vis their ICE counterparts. Technologically advanced electric vehicles are expected to disrupt the India market with greater affordability, advanced software enabled features, better consumer experience and decarbonization capabilities. E2W adoption has grown rapidly to reach ~5.4% of total 2W registrations in India in FY 2024. E2W are projected to account for 41-56% of the domestic 2W sales volumes by FY2028. E2W OEMs are also well placed to serve the exports opportunity of 100-110 Mn units globally.

Globally, Disruptor EV OEMs have emerged as the market-leaders in the EV industry driven by their ability to innovate. These OEMs have taken a vertically-integrated approach which has enabled them to have a stronger control over the vehicle performance and costs. Other OEMs which originally manufactured ICE vehicles only, have also entered the EV market with electric products both in 2W and 4W. These players have also started building capabilities in key aspects such as battery and software etc. and are leveraging their longer experience & knowledge, financial strength and country-wide presence (through sales and service/delivery networks) to compete with the disruptor OEMs. As an emerging sector in India, it will be critical for the players to own key EV technology elements such as, software, motor & drive train, the cell & battery pack and electronics along with their interplay with each other and rest of the EV components. It will also be crucial for OEMs to rely on domestic sourcing as it will enable them to improve product quality and compliance with regulations while saving costs & import duties.

## Key Concerns

- OEML, including its Material Subsidiaries, Ola Electric Technologies Private Limited (“OET”) and Ola Cell Technologies Private Limited (“OCT”), have incurred losses and negative cash flows from operations since inception.
- OEML has a limited operating history in manufacturing EVs. There is no assurance that it will be cost effective in its operations or profitable in the future, whether at the holding company level or at the subsidiary level.
- Heavily invested in and plan to continue investing in research and development (“R&D”) and technology. There is no assurance that it will realise returns on such investments.
- Could experience disruptions in the supply or an increase in prices of components and raw materials used in the manufacture of electric vehicles, which could result in an increase in the price of electric vehicles and impact projected manufacturing and delivery timelines.
- Any reduction or elimination of government incentives or the ineligibility of any of the electric vehicles for such incentives would increase the retail price of electric vehicles and could adversely affect customer demand for electric vehicles and affect the ability to achieve profitability.
- OEML could experience supply constraints, increased prices and quality issues in the supply of raw materials used in cell manufacturing, which could adversely affect cell manufacturing at its Ola Gigafactory and the quality of the cells produced therefrom.
- The Company designs and develops certain core electric vehicle components in-house and procure certain electric vehicle components from foreign and domestic suppliers. If its electric vehicles, electric vehicle components or raw materials used in the manufacture of its electric vehicles contain defects or have quality issues, or if its electric vehicles do not perform as per industry standards and/or fail to meet the performance levels advertised, its brand, reputation and ability to develop, market and sell its electric vehicles could be adversely impacted.
- If OEML vehicles become ineligible for the EMPS 2024 subsidy it may become less competitive due to higher product pricing (without the subsidies), potentially impacting the business and financial performance.
- If it is unable to claim government incentives under the PLI Schemes or the PLI Schemes are discontinued, it may become less competitive due to higher product pricing (without the subsidies), potentially impacting its business, profitability and financial performance.
- OEML intends to utilize Rs.12,276.41 million of the Net Proceeds to fund its capital expenditure requirements to expand the Ola Gigafactory’s manufacturing capacity. It has relied on the quotations received from third parties in estimating such capital expenditure requirements and such project has not been appraised by any bank or financial institution or any other independent agency. Additionally, it has also relied on the D&B Report, which provides certain risks in relation to construction of the Ola Gigafactory.



- OEML may not be able to protect its intellectual property rights and prevent the unauthorised use of its intellectual property, which could harm the business and competitive position. Further, it may not be able to protect its brand name 'Ola' as it does not own the trademark for it.
- The Company may face various risks that could hinder its in-house cell manufacturing capabilities at the Ola Gigafactory.
- Currently OEML derives its revenue solely from the sale of limited electric vehicle scooter models, if its electric vehicle scooters are not well-received by the market, its business could be adversely affected.
- OEML is yet to complete a full warranty cycle in respect of its EVs. Its warranty reserves may be insufficient to cover future warranty claims, which could adversely affect the financial condition and results of operations.
- Success depends on the ability to successfully develop, introduce, manufacture, market and deliver new electric vehicle models of high quality on schedule and on a large scale, which may expose OEML to new and increased challenges and risks.
- Due to the competitive market in which OEML operates in, it may face downward pricing pressures that may require it to reduce the prices of its EVs. A reduction in pricing may in turn lead to reduced profitability which would adversely impact the business, prospects and results of operations
- OEML may not be able to compete successfully in the highly competitive and fast evolving automotive market.
- The Company is required to provide financing to its Material Subsidiary, OCT, and it may not have sufficient free cash reserves to finance OCT.
- Ola Futurefactory had a capacity utilisation rate of 49% in Fiscal 2024. Low capacity utilisation of its Ola Futurefactory may limit its ability to leverage economies of scale.
- The expansion of existing Ola Futurefactory facility and production capacity may be subject to delays, disruptions, cost overruns, or may not produce the expected benefits and thus could adversely affect the production capacity, financial condition, and results of operation.
- OEML may not be able to accurately estimate the supply and demand for its electric vehicles leading to either a shortage or excess in inventory, which in turn could prevent it from effectively managing its manufacturing requirements, resulting in additional costs and production delays.
- Customers have access to a limited number of charging stations. If it is unable to expand its charging infrastructure to maintain an appropriate ratio of charging stations to customers, demand for its electric vehicles could be adversely affected.
- The lack of interoperability of and other EV players' charging infrastructures may deter potential customers from purchasing EVs.
- The functioning of EVs is highly dependent on the health and functioning of batteries. If customers perceive the cost of replacement of batteries in EVs to be high, they may choose not to purchase OEML's EVs.
- The failure of EVs to meet the performance and quality levels promised may result in product recalls or legal actions against it. This could adversely affect the brand image in target market and its business, prospects, financial condition, results of operations and cash flows.
- If OEML is not able to attract and retain customers, its business, prospects, financial condition, results of operations, and cash flows would be materially harmed.
- The expansion of experience centres may not lead to a commensurate increase in sales of EVs thus adversely affecting the business, prospects, financial condition, results of operations and cash flows.
- Inadequate access to public charger guns could cause customers to face difficulties in recharging their EVs, particularly during long distance travels, and in turn, materially and adversely affect demand for the electric vehicles.



- Technology is critical to the business operations and growth prospects. Any failure in technology, including errors, bugs, vulnerabilities or design defects, or any failure on part to address such issues or improve or effectively utilise technology could cause delays in the launch of electric vehicles and harm its business operations, reputation and growth prospects.
- Electric vehicles make use of lithium-ion cells, and if such cells catch fire or vent smoke and flames, OEML could be subject to adverse publicity and its brand, business, financial condition, results of operations and prospects could be harmed.
- The Company has received customer complaints pertaining to product quality in the past. It cannot be assured that it will not receive such similar complaints in the future or that it will be able to address such customer complaints in a timely manner or at all.
- Internet led distribution model is different from the predominant current distribution model for automobile manufacturers. Its ability to successfully implement its distribution model will significantly impact the business, operating results and future prospects.
- Some of the competitors have a wider distribution network than OEML, which may provide them with a competitive edge.
- The network of repair and servicing centres for EVs is not as developed as compared to ICE vehicles which may deter customers from purchasing EVs.
- OEML may not succeed in continuing to establish, maintain and strengthen the Ola brand and its reputation and brand could be harmed by complaints and negative publicity which could materially and adversely affect customer acceptance of its electric vehicles and its business revenue and prospects
- Customers may cancel their pre-orders or orders for its electric vehicles despite their deposit payment and online confirmation, thus harming the business, prospects, financial condition and results of operations.
- The driving range on a single charge of electric vehicles declines over time which may negatively influence potential customers' decisions whether to purchase electric vehicles. OEML is yet to fully ascertain the deterioration rate of its batteries as its batteries have not completed a full lifecycle.
- If electric vehicle owners customise electric vehicles or change the charging infrastructure with aftermarket products, the electric vehicle may not operate properly which could harm the business.
- There are environmental hazards associated with the manufacturing of EVs and the discharge of batteries used in EVs, as the EV cells used in EVs are not designed to be repaired or recycled.
- EV batteries are charged with power generated through non-renewable sources. Such use of non-renewable energy sources may not be environmentally sustainable.
- Electric vehicles are subject to motor vehicle standards as laid down by the Automotive Research Association of India and any changes in such standards or failure to satisfy such standards could materially and adversely affect the business and results of operations.
- The Company may be unable to renew its existing leases or secure new leases for its existing manufacturing facilities and offices.
- Breaches in data security, failure of information security systems and privacy concerns could adversely impact the financial condition, subject it to penalties, damage reputation and brand, and harm business, prospects, results of operations and cash flows.
- OEML's Material Subsidiary, Ola Electric Technologies Private Limited has availed loans from banks and other financial institutions, which may be recalled on demand.
- The activities carried out at Ola Futurefactory and Ola Gigafactory can cause injury to people or property in certain circumstances.
- OEML's track certain operational metrics with internal systems and tools and do not independently verify such metrics. Certain of its operational metrics are subject to inherent challenges in measurement and any real or perceived inaccuracies in such metrics may adversely affect the business and reputation.



- Results of operations may vary significantly from period to period due to the seasonality of the business and fluctuations in its operating costs.
- The Company is subject to risks associated with exchange rate fluctuations
- Changing regulations in India could lead to new compliance requirements that are uncertain.
- Changes in tax laws may materially and adversely affect the business, prospects, financial condition, results of operations and cash flows.
- Financial instability in other countries may cause increased volatility in Indian financial markets.
- If inflation rises in India, increased costs may result in a decline in profits.

## Profit & Loss

Particulars (Rs in million)	FY24	FY23	FY22
Revenue from operations	50098.3	26309.3	3734.2
Other Income	2334.4	1517.7	828.4
<b>Total Income</b>	<b>52432.7</b>	<b>27827.0</b>	<b>4562.6</b>
<b>Total Expenditure</b>	<b>62774.1</b>	<b>38833.8</b>	<b>11738.1</b>
Cost of materials consumed	43909.1	25047.9	5849.3
Purchase of stock-in trade	697.5	1392.6	561.8
Change in inventories of finished goods, stock-in-trade and work-in-progress	-811.4	-736.4	-1602.2
Employee benefits expense	4388.7	4267.3	2824.8
Other expenses	14590.2	8862.4	4104.3
<b>PBIDT</b>	<b>-10341.4</b>	<b>-11006.8</b>	<b>-7175.5</b>
Interest	1865.7	1079.2	176.2
<b>PBDT</b>	<b>-12207.1</b>	<b>-12086.0</b>	<b>-7351.7</b>
Depreciation and amortization	3576.4	1670.6	489.8
<b>PBT</b>	<b>-15783.5</b>	<b>-13756.6</b>	<b>-7841.5</b>
Exceptional items	60.5	964.2	0.0
<b>Tax (incl. DT &amp; FBT)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>PAT</b>	<b>-15844.0</b>	<b>-14720.8</b>	<b>-7841.5</b>
EPS (Rs.)	-4.4	-3.9	-2.2
Face Value	10	10	10
OPM (%)	-25.3	-47.6	-214.3
PATM (%)	-31.6	-56.0	-210.0

## Balance Sheet

Particulars (Rs in million) As at	FY24	FY23	FY22
<b>Non-current assets</b>			
Property, plant and equipment	15,647.2	8,811.2	7,510.7
Capital work-in-progress	4,194.0	1,309.1	183.5
Right-of-use assets	3,955.5	1,297.9	1,390.0
Goodwill	85.2	61.9	61.9
Other intangible assets	5,222.7	2,017.8	1,282.7
Intangible assets under development	2,932.2	3,762.6	646.5
Financial assets			
<i>Investments</i>	378.6	378.6	378.6
<i>Other Financial Assets</i>	1,880.11	1,533.06	251.60
Other tax assets (net)	134.5	52.9	89.1
Other non-current assets	2,458.0	2,010.3	1,528.6
<b>Total non-current assets</b>	<b>36,888.0</b>	<b>21,235.4</b>	<b>13,323.3</b>
<b>Current assets</b>			
Inventories	6,939.9	5,839.6	2,842.9
Financial assets			
<i>Investments</i>	258.6	2,381.5	10,645.8
<i>Trade receivables</i>	1,584.8	842.5	152.2
<i>Cash and cash equivalents</i>	1,071.1	2,429.1	12,350.0





<i>Bank balances other than cash and cash equivalents</i>	15,559.7	12,863.8	8,617.6
<i>Other financial assets</i>	7,558.9	5,463.1	626.4
<i>Other current assets</i>	7,493.1	4,676.7	5,400.4
<b>Total current assets</b>	<b>40,466.1</b>	<b>34,496.3</b>	<b>40,635.3</b>
<b>Total assets</b>	<b>77,354.1</b>	<b>55,731.7</b>	<b>53,958.6</b>
<b>EQUITY &amp; LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	19,554.5	19,554.5	19,554.5
Instruments entirely equity in nature	29,733.2	18,097.0	18,041.3
Other equity	-29,094.3	-14,087.0	-981.2
<b>Total equity</b>	<b>20,193.4</b>	<b>23,564.4</b>	<b>36,614.5</b>
<b>Liabilities</b>			
<b>Non-current Liabilities</b>			
Financial Liabilities			
<i>Borrowings</i>	13,186.0	7,003.3	5,237.9
<i>Lease liabilities</i>	2,150.0	398.6	490.4
Provisions	153.5	50.5	50.7
Other non-current liabilities	1,592.3	1,205.8	0.0
<b>Total non-current liabilities</b>	<b>17,081.8</b>	<b>8,658.2</b>	<b>5,779.0</b>
<b>Current liabilities</b>			
Financial liabilities			
<i>Borrowings</i>	10,706.1	9,454.2	2,266.2
<i>Lease liabilities</i>	1,061.9	101.6	43.6
<i>Trade payables</i>			
<i>Total Outstanding dues of Micro Enterprises and Small Enterprises</i>	1,959.9	451.0	349.2
<i>total outstanding dues of creditors other than micro enterprises and small enterprises</i>	11,524.8	6,482.4	3,219.2
<i>Other financial liabilities</i>	8,888.9	3,911.7	1,715.1
Provisions	1,722.7	798.5	585.5
Other current liabilities	4,214.6	2,309.6	3,386.3
<b>Total current liabilities</b>	<b>40,078.9</b>	<b>23,509.0</b>	<b>11,565.1</b>
<b>Total liabilities</b>	<b>57,160.7</b>	<b>32,167.3</b>	<b>17,344.1</b>
<b>Total equity and liabilities</b>	<b>77,354.1</b>	<b>55,731.7</b>	<b>53,958.6</b>

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