

OLA ELECTRIC

IPO NOTE

OLA ELECTRIC MOBILITY LIMITED


 Rating:
Neutral


ISSUE OFFER

Issue Opens on	AUG 02, 2024
Issue Close on	AUG 06, 2024
Total IPO size (cr)	₹6,145.56
Fresh issue (cr)	₹5,500.00
Offer For Sale (cr)	₹645.56
Price Band (INR)	72-76
Market Lot	195
Face Value (INR)	₹10
Retail Allocation	10%
Listing At	NSE, BSE

ISSUE BREAK-UP (%)

QIB Portion	<div style="width: 75%;"></div>	75%
NII Portion	<div style="width: 15%;"></div>	15%
Retail Portion	<div style="width: 10%;"></div>	10%

SHAREHOLDING (No. of Shares)

Pre Issue	Post Issue
3,687,072,258	4,410,756,468

INDICATIVE TIMETABLE

Finalisation of Basis of Allotment	07-08-2024
Refunds/Unblocking ASBA Fund	08-08-2024
Credit of equity shares to DP A/c	08-08-2024
Trading commences	09-08-2024

Ola Electric Mobility Limited 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.

OBJECTS OF THE ISSUE

- Capital expenditure to be incurred by its Subsidiary, OCT for capacity expansion.
- Repayment or pre-payment, in full or part, of the indebtedness incurred by its Subsidiary, OET.
- Investment into research and product development.
- Expenditure to be incurred for organic growth initiatives

OUTLOOK & VALUATION

As a leading player in the Indian EV market, Ola Electric Mobility Ltd. (OEML) is developing vertically integrated manufacturing and technological capabilities for EVs and their component parts, such as cells. The company's business strategy is to seize the potential presented by India's electrification of transportation and to look for future prospects to export its EVs to specific foreign markets.

Regarding financial performance, the company has reported a loss for each of the last three fiscal years. The company's Heavy investment in R&D may not give a return in the immediate future. Due to high competition, it may face downward pricing pressure with that company's Employee attrition rate is too high.

The business intends to go into the E-2W bike, three-wheeler, automobile, and—most importantly—the 4680 Li-thion battery market, where it hopes to establish itself as a worldwide center for EV batteries. Although its top line has been growing annually, its bottom line has improved due to lower losses. Undoubtedly, more time will be needed to turn the corner and eliminate the losses. We have a neutral position on this IPO in light of these reasons.



KEY MANAGERIAL PERSONNEL

01

Bhavish Aggarwal

Founder, Chairman Managing Director, and the Promoter of the Company. He holds a bachelor's degree in technology in computer science and engineering from the Indian Institute of Technology, Bombay. He founded Ola Cabs, a ride-hailing platform operated by ANI Technologies Private Limited in 2010 and is currently the Chairman and Managing Director of ANI Technologies Private Limited.

03

Pramendra Tomar

Company Secretary and Compliance Officer of the Company. He joined the Company on June 29, 2023. He is responsible for legal and regulatory requirements relating to various corporate actions including fundraising and mergers and acquisitions in the Company. He holds bachelor's degrees in commerce and law from the University of Delhi. He is also a fellow of The Institute of Company Secretaries of India.

02

Harish Abichandani

Chief financial officer of the Company. He joined the Company on December 6, 2023. He is responsible for developing and executing the Company's financial strategy in alignment with overall business objectives. Prior to joining this Company, he was associated with ANI Technologies Private Limited, Omar Zawawi Establishment LLC, Tata Communications Limited, and TATA TD Waterhouse Securities Private Limited.

04

Anshul Khandelwal

Chief People Officer of the Company. He joined the Company on October 1, 2021. He is responsible for leading all aspects of the human resources function within the Company. He collaborates with senior leadership to develop and implement human resources strategies that align with the overall business objectives and promote a positive workplace culture.

COMPANY PROFILE

- The company manufactures EVs and certain core EV components like battery packs, motors, and vehicle frames at the Ola Futurefactory. The company's business focuses on capturing the opportunity arising out of the electrification of mobility in India.
- The company has delivered seven products and additionally announced four new products since the first product announcement in August 2021.
- The company had the highest revenue of all Indian incorporated electric 2Ws ("E2Ws") original equipment manufacturers ("OEMs") from E2W sales in Fiscal 2023.
- Research and development ("R&D") and technology is at the core of the business model with a focus on in-house product innovation.
- The company operates in its own direct-to-customer ("D2C") omnichannel distribution network across India, comprising 870 experience centres and 431 service centers (of which 429 service centres are located within experience centres) as of March 31, 2024

COMPETITIVE STRENGTHS

- Pure EV player with a leadership position in the fast-growing Indian E2W market.
- Founder-led company supported by a highly experienced and professional leadership team.
- In-house R&D and technology capabilities.
- Manufacturing at scale and supply chain resilience.
- Scalable platform-based design and development approach.
- Direct to Customer Omnichannel Distribution Model.
- Eligibility for EV-related government incentives leading to cost advantages.

KEY STRATEGIES

- Build "India" centric EV products with an "India first" strategy.
- Continue to invest in R&D to advance the technological capabilities and optimize costs.
- Building an EV hub with vertically integrated manufacturing and supply chain to improve cost efficiency.
- Develop the cell technology and strengthen the in-house manufacturing capabilities.
- Expand the product portfolio to drive market penetration.

KEY CONCERNS

- Due to the competitive market in which the company operates, it may face downward pricing pressures that may require the company to reduce the prices of the EVs.
- Customers have access to a limited number of charging stations. If a company is unable to expand the charging infrastructure to maintain an appropriate ratio of charging stations to customers, demand for electric vehicles could be adversely affected.
- Any reduction or elimination of government incentives would increase the retail price of the company' EVs which could adversely affect its sales.
- The company currently derives revenue solely from the sale of limited electric vehicle scooter models, if the electric vehicle scooters are not well-received by the market, the business could be adversely affected.
- Company could experience supply constraints, increased prices, and quality issues in the supply of raw materials used in cell manufacturing.

COMPARISON WITH LISTED INDUSTRY PEERS

Name of the Company	EPS (Basic)	NAV	P/E	TOTAL INCOME (In ML)	RoNW (%)
Ola Electric Mobility Limited	(4.35)	5.54	-	50,098.31	(78.46%)
Peer Group					
TVS Motors	35.50	158.10	68.99	3,91,447.40	23.68%
Eicher Motors	145.92	659.06	33.58	1,65,357.80	22.17%
Bajaj Auto	272.70	1,037.41	34.02	4,48,704.30	26.61%
Hero MotoCorp	187.04	892.08	28.89	3,77,886.20	20.98%

FINANCIALS (RESTATED CONSOLIDATED)

PARTICULARS (RS. IN MILLION)	FY 2024	FY 2023	FY 2022
Equity Share Capital	19,554.50	19,554.50	19,554.50
Other equity	29,733.21	18,096.97	18,041.25
Net Worth	20,193.39	23,564.44	36,614.52
Total Borrowings	10,706.10	9,454.22	2,266.17
Revenue	50,098.31	26,309.27	3,734.23
EBITDA	(10,401.91)	(11,970.98)	(7,175.52)
Loss of the year	(15,844.00)	(14,720.79)	(7,841.50)
Net loss of the year	(15,844.00)	(14,720.79)	(7,841.50)


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