

IPO-Note

Rs.72 – Rs.76 per Equity share

Ola Electric Mobility Limited

Recommendation: Listing Gains

Issue Details

Objects of the issue	<ul style="list-style-type: none"> To fund research and development expenses Repayment of indebtedness by subsidiary.
Issue Size	Total issue Size - Rs.6145.66 Cr Fresh Issue – Rs 5500 Cr Employee discount- Rs.7
Face value	Rs.10
Issue Price	Rs.72 – Rs.76
Bid Lot	195 Shares
Listing at	BSE, NSE
Issue Opens	August 2, 2024 – August 6, 2024
QIB	75% of Net Issue Offer
NIB	15% of Net Issue Offer
Retail	10% of Net Issue Offer

Founded in 2017, Ola Electric Mobility Limited has emerged as a leading Indian electric vehicle (EV) manufacturer. Based in Bangalore, the company operates its primary manufacturing facility in Krishnagiri, Tamil Nadu, which stands as India's largest two-wheeler EV plant. Ola Electric's production capabilities extend beyond electric scooters to include core components such as battery packs, motors, and vehicle frames, all developed at the Ola Future factory.

The company made its market debut with the Ola S1 Pro in December 2021 and has since introduced several models including the Ola S1, S1 Air, S1 X, and S1 X+. On August 15, 2023, Ola Electric announced additional EV models like the Diamond-head, Adventure, Roadster, and Cruiser, further broadening its product range. By September 2023, the company was valued at around USD 5.4 billion. As of March 31, 2024, Ola Electric employed 959 people, including 907 permanent staff and 52 freelancers, who are dedicated to research, development, and innovation across various aspects of vehicle and software design.

Strengths:

- The Company leverages its first-mover advantage to deliver innovative technology solutions in the commuting industry. Its scalable, platform-based design and development approach enhances flexibility and growth potential.
- There has been a substantial increase in demand for the company's products, with deliveries reaching 330,000 units—an impressive 111.53% growth compared to FY 23. Revenue has surged to Rs 5009.83 crores, marking a 90% increase from FY 23.
- The Company will get benefit from incentives under the PLI scheme, which will be applicable over a five-year period following the launch of the OLA giga factory.
- OLA Electric has developed its proprietary system, Moveos. This system includes navigation powered by Olamaps, an electronic architecture for vehicle control and interface, and a versatile motor and drivetrain designed to accommodate varying power output stools & machineries.

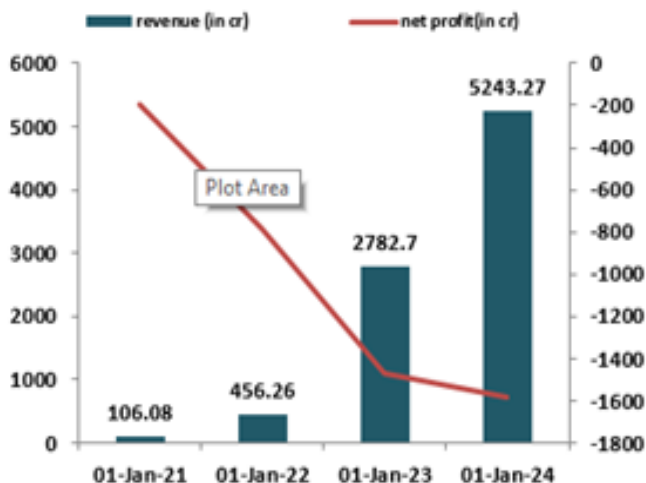
Risk Factors:

- Ola Electric is facing challenges due to intense competition in the automobiles market, which puts pressure on its market share.
- The Company has reported losses, with a net loss of Rs 158.44 crores for FY 24 and also has negative cash flow.
- The Company currently generates revenue from a limited range of products. This could impact its business performance in the upcoming financial years.
- The Company has net debt amounting to Rs 2,675.18 crores. Inability to manage this debt effectively could hamper its operations.

Outlook:

Ola Electric Mobility Limited, a leading manufacturer of electric two-wheelers, holds a dominant 52% market share in India's EV sector. Its in-house production capabilities, including battery manufacturing, vehicles and motor frames will provide a significant competitive edge, allowing the company to maintain pricing power and high profit margins. Despite reporting revenue of ₹5,009 crores for FY 23-24, the company posted a net loss of ₹158.44 crores. While the increasing demand for its products is driving revenue growth, the company faces stiff competition from rivals such as Bajaj and Hero. Additionally, the CFO's performance and the company's negative net profit are concerning indicators. Investors with a high risk tolerance may consider applying for the IPO, given the potential for long-term growth despite current challenges

Financial Performance:



Shareholding Pattern:

Particulars	Pre-Issue
Promoter Group	85.77
Others	14.23

Source: DRHP, EWL Research

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