

OLA Electric Mobility Ltd

IPO Note



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Innovating Integrated EV Manufacturing and Technology in India

Ola Electric Mobility is a dedicated electric vehicle (EV) manufacturer in India, focused on building vertically integrated technology and manufacturing capabilities for EVs and EV components. The company produces EVs and core components, including battery packs, motors, and vehicle frames, at the Ola Future factory. Since its first product announcement in August 2021, Ola Electric has delivered seven products and announced four new ones. The Ola S1 Pro, their first EV model, was delivered in December 2021, followed by the Ola S1, Ola S1 Air, Ola S1 X+, and three versions of the Ola S1 X. In August 2023, Ola Electric also announced a lineup of motorcycles.

Ola Electric achieved the highest revenue among Indian electric two-wheeler (E2W) original equipment manufacturers (OEMs) in Fiscal 2023. Within nine months of delivering their first EV scooter, they became the best-selling E2W brand in India.

Research and development (R&D) and technology are at the core of Ola Electric's business model, with activities in India, the United Kingdom, and the United States. The company is building an EV hub in Tamil Nadu, India, which includes the Ola Futurefactory, the upcoming Ola Gigafactory, and co-located suppliers. The Ola Futurefactory is the largest integrated and automated E2W manufacturing plant in India. The Battery Innovation Center (BIC) in Bengaluru focuses on developing cell and battery technology.

Ola Electric operates a direct-to-customer (D2C) omnichannel distribution network across India, comprising 870 experience centers and 431 service centers as of March 31, 2024. Their network was the largest company-owned network of its kind in India as of that date.

Key Consolidated Financial Data (INR Cr, unless specified)

	Revenue (INR)	EBITDA (INR)	Net Profit (INR)	EBITDA Margin (%)	PAT Margin (%)	EPS (INR)	ROE (%)	ROCE (%)	Earnings Yield (%)	P/BV (X)
FY22	373.4	(800.4)	(784.2)	(214.3)	(210.0)	(1.8)	(21.4)	(19.3)	(2.3)	9.2
FY23	2,630.9	(1,252.4)	(1,472.1)	(47.6)	(56.0)	(3.3)	(62.5)	(35.5)	(4.4)	14.2
FY24	5,009.8	(1,267.6)	(1,584.4)	(25.3)	(31.6)	(3.6)	(78.5)	(36.9)	(4.7)	16.6

Source: Ventura Research & Company update

Industry	Auto
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Scrip Details

Listing	BSE & NSE
Open Date	Aug 02, 2024
Close Date	Aug 06, 2024
Price Band	INR 72 – 76
Face Value	INR 10.0
Market Lot	195 Shares
Minimum Lot	1

Issue Structure (%)

Issue Size (INR cr)	INR 6,145
Issue Size (Shares)	808,626,207
QIB Share (%)	≤ 75%
Non-Inst Share (%)	≥ 15%
Retail Share (%)	≥ 10%
Pre Issue sh (in cr)	368.7
Post Issue sh (in cr)	441.0
Post Issue Market Cap (in cr)	33,521.7

Shareholding (%)	Pre (%)	Post (%)
Promoter	45.1	36.8
Public	54.9	63.2
TOTAL	100	100

Their business model is based on three scalable platforms: R&D and technology, adaptable manufacturing and supply chain, and D2C omnichannel distribution. The R&D and technology platform includes software, electronics, motor and drivetrain, cells and battery packs, and manufacturing technology. The manufacturing and supply chain platform consists of a vertically integrated ecosystem for core EV components and flexible assembly lines, helping reduce costs and optimize capital expenditure. The D2C omnichannel distribution platform integrates a sales and service network, a charging network, and an online retail platform, providing a broad customer reach and control over the customer experience.

Business Overview



Note: Delivery of motorcycles has not commenced.

Source: Company RHP

Ola has an R&D workforce of 959 employees as of March 31, 2024. The company built the Ola Futurefactory in eight months, achieving an installed capacity of one million units per year. The ongoing construction of the Ola Gigafactory will enable in-house cell manufacturing.

Ola Electric's D2C network provides an omnichannel purchase experience through the Ola Electric website and the Ola Electric Companion app. Customers can discover products, reserve test drives, pre-order and purchase EV scooters, and track after-sales service status online. The company also offers exclusive charging services through a network of hyper and standard charger guns, providing free charging to Ola EV scooter owners until August 31,

2024. This extensive network enhances customer reach and engagement, evidenced by the 32.14 million unique users visiting the Ola Electric website between June 2023 and March 2024.

Product Overview

						
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 at March 31, 2024.*

Source: Company RHP

In summary, Ola Electric Mobility is committed to advancing EV technology and manufacturing in India, leveraging a vertically integrated model that spans R&D, manufacturing, supply chain, and D2C distribution. Their rapid growth and extensive network highlight their dedication to innovation, quality, and customer experience in the evolving EV landscape.

Issue Structure and Offer Details

OLA Electric Mobility Ltd IPO is a book built issue of Rs 6,145.56 crores. The issue is a combination of fresh issue of 72.37 crore shares aggregating to Rs 5,500.00 crores and offer for sale of 8.49 crore shares aggregating to Rs 645.56 crores.

Issue Structure	
Investor Category	Allocation
QIB	Not less than 75.00% of the Net Issue
NII (HNI)	Not more than 15.00% of the Net Issue
Retail	Not more than 10.00% of the Net Issue

Number of shares based on a higher price band of INR 76

Source: Company Reports

Objects of the Issue

The Company proposes to utilize the Net Proceeds towards funding the following objects:

- Capital expenditure to be incurred by its Subsidiary, OCT for expansion of the capacity of its cell manufacturing plant from 5GWh to 6.4 GWh, classified as phase 2 under the expansion plan.
- 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.
- General corporate purposes.

Financial Summary

Fig in INR Cr (unless specified)	FY22	FY23	FY24	Fig in INR Cr (unless specified)	FY22	FY23	FY24
Income Statement				Per share data & Yields			
Revenue	373.4	2,630.9	5,009.8	Adjusted EPS (INR)	(1.8)	(3.3)	(3.6)
YoY Growth (%)		604.5	90.4	Adjusted Cash EPS (INR)	(1.7)	(3.0)	(2.8)
Raw Material Cost	0.0	0.0	0.0	Adjusted BVPS (INR)	8.3	5.3	4.6
RM Cost to Sales (%)	0.0	0.0	0.0	Adjusted CFO per share (INR)	(2.0)	(3.4)	(1.4)
Employee Cost	282.5	426.7	438.9	CFO Yield (%)	(2.6)	(4.5)	(1.9)
Employee Cost to Sales (%)	75.6	16.2	8.8	Adjusted FCF per share (INR)	(4.0)	(5.1)	(3.8)
Other Expenses	891.3	3,456.7	5,838.5	FCF Yield (%)	(5.2)	(6.7)	(4.9)
Other Exp to Sales (%)	238.7	131.4	116.5	Solvency Ratio (X)			
EBITDA	(800.4)	(1,252.4)	(1,267.6)	Total Debt to Equity	0.2	0.7	1.2
Margin (%)	(214.3)	(47.6)	(25.3)	Net Debt to Equity	(0.7)	(0.1)	0.3
YoY Growth (%)		56.5	1.2	Net Debt to EBITDA	3.0	0.1	(0.6)
Depreciation & Amortization	49.0	167.1	357.6	Return Ratios (%)			
EBIT	(849.4)	(1,419.5)	(1,625.2)	Return on Equity	(21.4)	(62.5)	(78.5)
Margin (%)	(227.5)	(54.0)	(32.4)	Return on Capital Employed	(19.3)	(35.5)	(36.9)
YoY Growth (%)		67.1	14.5	Return on Invested Capital	(67.9)	(63.5)	(59.8)
Other Income	82.8	151.8	233.4	Working Capital Ratios			
Bill discounting & other charges	17.6	107.9	186.6	Payable Days (Nos)	348.8	96.2	98.2
Fin Charges Coverage (X)	(48.2)	(13.2)	(8.7)	Inventory Days (Nos)	277.9	81.0	50.6
Exceptional Item	0.0	(96.4)	(6.1)	Receivable Days (Nos)	14.9	11.7	11.5
PBT	(784.2)	(1,472.1)	(1,584.4)	Net Working Capital Days (Nos)	-56.0	-3.5	-36.1
Margin (%)	(210.0)	(56.0)	(31.6)	Net Working Capital to Sales (%)	-15.4	-1.0	-9.9
YoY Growth (%)		87.7	7.6	Valuation (X)			
Tax Expense	0.0	0.0	0.0	P/E	(42.7)	(22.8)	(21.2)
Tax Rate (%)	0.0	0.0	0.0	P/BV	9.2	14.2	16.6
PAT	(784.2)	(1,472.1)	(1,584.4)	EV/EBITDA	(38.9)	(26.7)	(27.0)
Margin (%)	(210.0)	(56.0)	(31.6)	EV/Sales	83.3	12.7	6.8
YoY Growth (%)		87.7	7.6	Cash Flow Statement			
Min Int/Sh of Assoc	0.0	0.0	0.0	PBT	(784.2)	(1,472.1)	(1,584.4)
Net Profit	(784.2)	(1,472.1)	(1,584.4)	Adjustments	(118.5)	(3.0)	480.4
Margin (%)	(210.0)	(56.0)	(31.6)	Change in Working Capital	17.7	(32.2)	470.9
YoY Growth (%)		87.7	7.6	Less: Tax Paid	0.0	0.0	0.0
Balance Sheet				Cash Flow from Operations	(885.0)	(1,507.3)	(633.1)
Share Capital	3,759.6	3,765.1	4,928.8	Net Capital Expenditure	(887.2)	(842.6)	(1,212.3)
Total Reserves	(98.1)	(1,408.7)	(2,909.4)	Change in Investments	(434.6)	524.1	76.0
Shareholders Fund	3,661.5	2,356.4	2,019.3	Cash Flow from Investing	(1,321.8)	(318.6)	(1,136.3)
Long Term Borrowings	523.8	700.3	1,318.6	Change in Borrowings	629.9	710.0	612.9
Deferred Tax Assets / Liabilities	0.0	0.0	0.0	Less: Finance Cost	(17.6)	(107.9)	(186.6)
Other Long Term Liabilities	49.0	160.4	374.2	Proceeds from Equity	2,472.5	56.7	1,163.6
Long Term Trade Payables	0.0	0.0	0.0	Buyback of Shares	0.0	0.0	0.0
Long Term Provisions	5.1	5.1	15.4	Dividend Paid	0.0	0.0	0.0
Total Liabilities	4,239.4	3,222.3	3,727.5	Cash flow from Financing	3,084.8	658.7	1,590.0
Net Block	1,024.5	1,218.9	2,491.1	Net Cash Flow	878.0	(1,167.1)	(179.4)
Capital Work in Progress	18.4	130.9	419.4	Forex Effect	0.0	0.0	0.0
Intangible assets under development	64.7	376.3	293.2	Opening Balance of Cash	357.0	1,235.0	67.9
Non Current Investments	37.9	37.9	37.9	Closing Balance of Cash	1,235.0	67.9	(111.5)
Long Term Loans & Advances	164.1	198.0	258.6				
Other Non Current Assets	22.8	161.6	188.7				
Net Current Assets	2,907.0	1,098.7	38.7				
Total Assets	4,239.4	3,222.3	3,727.5				

Source: Ventura Research

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