

August 1, 2024

IPO Note

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Issue Details

Price Band: ₹ 72 to ₹ 76
Employee Discount: ₹ 7/Share
Issue Opens on: August 2, 2024
Issue Closes on: August 6, 2024
Lot Size: 195 Shares & in Multiples thereafter

Issue Highlights

Issue Size:	₹ 6,145.56 Cr.
No of Shares:	808,626,207
Face Value:	₹ 10

Offer Structure

Issuance	₹ in Cr.
Fresh Issue	5,500.00
Offer for Sale	645.56
Total	6,145.56

Issue Breakup

Reservation for	% of Issue	₹ in Cr. (at upper band)
QIB	75	4,605.05
HNI	15	921.01
Retail	10	614.01
Employee	-	5.50
Total	100	6,145.56

Listing

BSE & NSE

Lead Managers

- Axis Capital Limited
- BofA Securities India Limited
- Kotak Mahindra Capital Company Limited
- SBI Capital Markets Limited

Registrar

Link Intime India Private Limited

ANALYST

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COMPANY OVERVIEW

Ola Electric is a pure EV player in India and are building vertically integrated technology and manufacturing capabilities for EVs and EV components, including cells. They manufacture EVs and certain core EV components like battery packs, motors and vehicle frames at the Ola Future factory. The company has delivered 7 products and additionally announced 4 new products since the first product announcement in August 2021. It commenced delivery of 1st EV model, the Ola S1 Pro, in December 2021. On August 15, 2023, they announced a line-up of motorcycles comprising four models, Diamondhead, Adventure, Roadster and Cruiser.

Research and development ("R&D") and technology is at the core of 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.

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. 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. Their network of experience centres was India's largest company-owned network of experience centres as at March 31, 2024 according to the Redseer Report.

HIGHLIGHTS

1. Largest CDMO serving the Indian pharmaceutical industry
2. Diverse client base with longstanding CDMO relationships
3. Large and rapidly growing R&D capabilities across their product portfolio
4. Strategic presence across the pharmaceutical value chain
5. Experienced and entrepreneurial management team

OBJECTS OF THE ISSUE

1. Capital expenditure to be incurred by the Subsidiary, OCT for the Project (₹ 1,227.64 Cr.)
2. Repayment or pre-payment, in full or part, of the indebtedness incurred by the Subsidiary, OET (₹ 800 Cr.)
3. Investment into research and product development (₹ 1,600 Cr.)
4. Expenditure to be incurred for organic growth initiatives (₹ 350 Cr.)
5. General corporate purposes

Offer for sale up to 84,941,997 equity shares. The company will not receive any proceeds from the Offer for sale.

OUR VIEW

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. 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. Including material subsidiaries Ola Electric Technologies (OET) and Ola Cell Technologies (OCT), has incurred losses and negative cash flows from operations since inception. May continue to incur operating losses in the near term as investment is made in the business to expand the product portfolio, build capacity, and scale operations. Any reduction or elimination of government incentives would increase the retail price of electric vehicles and could adversely affect customer demand. Also raw material supply constraint and compete in highly competitive and fast evolving automotive market remains a challenge for the company.

The topline of the company grew at CAGR of ~ 240% for the period FY 22-24 whereas bottomline is negative. The issue is priced at a P/BV of 13.72 based on its NAV of Rs. 5.54 as of March 31, 2024. Other numbers are negative as the company is running in loss since inception. However, Ola Electric Mobility operates in a fast-growing segment, with EVs seen as the future of the industry. EVs are expected to drive significant growth in the global automotive market. Moreover, the cell manufacturing capacity is being increased.

Looking at all the factors, risks, opportunities and valuation, Cash rich investors may subscribe for the issue with long-term view.

Brief Financials

PARTICULARS	₹ in Million		
	FY '24	FY '23	FY '22
Total Income	52,432.70	27,826.97	4,562.60
Total Expenditure	62,774.11	38,833.75	11,738.12
EBITDA	(10,401.91)	(11,970.98)	(7,175.52)
Profit/Loss before Tax	(15,844.00)	(14,720.79)	(7,841.50)
Profit/Loss after Tax	(15,844.00)	(14,720.79)	(7,841.50)
E.P.S. (Diluted)	(4.35)	(3.91)	(2.23)
P/E (x) (Diluted)	-	-	-
RONW (%)	(78.46)	(62.47)	(21.42)

PRICE CHART (@ ₹ 76) (Retail Category)

LOT SIZE	Amount
195	14,820
390	29,640
585	44,460
780	59,280
975	74,100
1,170	88,920
1,365	103,740
1,560	118,560
1,755	133,380
1,950	148,200
2,145	163,020
2,340	177,840
2,535	192,660

HNI Payment Chart

Category	No. of Shares	Minimum Bid Lot Amount(Rs.)
Small HNI	2,730	207,480
Big HNI	13,260	1,007,760

Indicative Time Table

Tentative Events	Indicative Dates
Finalisation of Basis of Allotment with the Designated Stock Exchange	07/08/2024
Initiation of refunds/unblocking ASBA Fund	08/08/2024
Credit of Equity Shares to demat accounts of Allottees	08/08/2024
Commencement of trading of the Equity Shares on the Stock Exchanges	09/08/2024

For more details, Please refer RHP,

(https://listing.bseindia.com/Download//PreAnchor/RHPfinal_20240730125846.pdf)

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