

Mulling an IPO for Ola ride-share business next year, says Bhavish

'Looking at synergies with EV business, will announce details soon'

SURAJEET DAS GUPTA

New Delhi, 5 December

Ola's ride-hailing business which has turned profitable might look at going for an IPO next year though a final decision has not been taken.

Ola founder and CEO Bhavish Aggarwal says that the business has matured and has been growing steadily except for the temporary pandemic blip. Ola will continue to grow at 25-30 per cent year on year, he said.

Like its chief rival Uber, Ola saw a substantial fall in its business during the pandemic and the lockdowns. Now it has turned the corner and reached higher ridership levels than before the pandemic.

On reviving its plans to go for an IPO, Aggarwal said: "We were planning to take the ride-hailing business for an IPO later last year but had held back because of the Ukraine-Russia war. Now that things are starting to stabilize, we will see for next year, though we have not taken a final decision yet."

The company, which operates in over 150 cities, is planning to leverage its electric vehicle business for the ride-hailing operations. Some of the electric two wheelers that Ola Electric manufactures will be delivered to the ride-hailing



LONG WAY TO GO

- ▶ The ride hailing business has matured and ridership is already higher than pre-covid levels
- ▶ Ola plans to synergise its EV business with ride-hailing
- ▶ Working on a plan for electrification
- ▶ Service problems stemming from the pandemic are being resolved

business and drivers will be encouraged to switch. Ola has an in-house financial services company to support the buying of vehicles.

Aggarwal says that Ola will take the lead in 'electrifying ride-hailing as right

now there is nothing much happening there'.

He added that the company is working on areas of synergies between the two businesses and will announce details soon.

On the issue of growing customer annoyance over frequent cancellations and over-charging, Aggarwal blamed them on the 'tail end effect of the pandemic'; drivers who left during the pandemic were replaced by new ones unfamiliar with the operating procedures.

Based on its last fund raise last year, Ola's ride-hailing business is currently valued at \$7.3 billion and is ranked among the top five unlisted companies in the country along with Byju's, Swiggy, Oyo and the Serum Institute.

Ola Electric, which plans to manufacture passenger cars as well as two wheelers, has been valued at \$5 billion.

According to Research And Markets.com, the Indian ride-sharing business is expected to have a fleet of over 9.70 million by 2027 from the current figure of 7.02 million which is growing at the rate of 5.5 per cent per annum.

Data from Statista predicts that revenues in the ride-sharing and taxi segment will touch \$11.75 billion in revenue volumes in 2022, going up to \$12.92 billion in 2026.