

# Ola Electric plans market debut by early 2024 to fire up growth

## ALL GEARED UP

- Ola Electric in talks with bankers and legal advisors for proposed IPO
- Will file its draft prospectus to Sebi latest by September
- Company is expanding two-wheeler capacity and setting up 5 Gwh battery cell factory
- To launch its cheapest electric scooter, apart from electric motorcycles

Ola Electric founder Bhavish Aggarwal owns about 40% stake in the firm at present



## SURAJEET DAS GUPTA

New Delhi, 25 May

Just a few days after it secured \$300 million in fresh funding led by a sovereign fund, Ola Electric, India's largest electric vehicle company, is said to be in talks with financial and legal institutions to go for the much-awaited initial public offerings (IPOs) slated to be in early 2024.

Sources say it has already begun the process to prepare its draft prospectus for an IPO which will be filed latest by September to Sebi for clearance.

According to

sources, the company is in talks with Kotak, Goldman Sachs, Citibank, and others as banking partners for the IPO. It has hired law firms Cyril Amarchand Mangaldas and Shardul Amarchand Mangaldas as legal advisors.

Just a few days ago, Ola Electric secured fresh funds which helped to increase its valuation from \$5 billion in January 2022 to \$6 billion now as part of its pre-IPO offering.

If the clearances come in time, sources say the IPO could be slated for the first quarter of the calendar year 2024. An Ola spokesperson declined to comment.



## Ola Electric...

Currently, founder and promoter Bhavish Aggarwal has a 40 per cent stake in Ola Electric which is expected to be diluted by 2 per cent after the fresh raising of funds from the sovereign fund.

Ola is banking on the fact that it is already the largest player in the electric two-wheeler space with a market share of 34 per cent in April and registrations of over 21,560 vehicles (actual sales will be higher) based on VAHAN data. Its closest competitor is TVS with 8,718 vehicles.

Ola Electric already has an annual run rate of \$1.2 billion and is Ebitda (earnings before interest, tax, depreciation, and amortisation) positive at the operational level.

The recent fundraise and the IPO will be able to finance the company's ambitious expansion. One goal is to increase its manufacturing capacity of electric two-wheelers from 0.5 million to 2 million in the next phase. This is necessary because it aims to reach sales of 1 million by the end of 2023 since its launch-nearly three times the 300,000 vehicles it has sold since its launch in the country 18 months ago.

In addition, work is in full swing to build its battery cell factory which will require \$0.5 billion for powering batteries of up to 5 GWh in the first phase. The plan is to kickstart its operations by December end and source even its cells which are currently imported from its own unit.

The company is eligible under the production-linked incentive scheme for batteries of up to 20 GWh. Ola Electric intends to hike it up to 100 GWh and hit 10 million per annum eventually at the two-wheeler facility in its Gigafactory in Tamil Nadu.

The company is also expected to launch 5-6 models in the scooter segment in the coming months. It is also reported to be planning a foray into the motorcycle segment, with 3-4 models planned by the end of the year.

This is expected to scale up Ola's business significantly with strong growth in revenue and market share. It is also launching its lowest-price electric scooter at less than 85,000 in July with the aim at ramping up volumes multiple times.

However, the big challenge for the electric two-wheeler market is the government's decision to cut the Faster Adoption and Manufacturing of (Hybrid &) Electric Vehicles in India subsidy by a third—a signal that it might be withdrawn altogether from April next year. According to ICRA, the subsidy on an Ola scooter with a 3.97 kWh battery will fall by 62 per cent from ₹59,000 to ₹22,500. While most companies say they will have to pass on 10-20 per cent of the extra cost to consumers, this could still slow down the sales growth.

From the start, Ola has taken a neutral stand on the withdrawal of the subsidy. Analysts say it might be able to absorb a large part of the cost as it has cash on its books and growing economies of scale.

## Meta...



“This is a bittersweet moment for me. I will sincerely miss collaborating with my extremely talented colleagues at Meta. At the same time, I'm excited about new beginnings for my career. I have been continuously employed for the past 13 years, and I wish I could use this opportunity to recharge. However, I am in the US on a work visa (H1B), and therefore, I need to find a job soon,” wrote Naidu in his LinkedIn post.

In a blog post in March this year, Zuckerberg said: “In our Year of Efficiency, we will make our organisation flatter by removing multiple layers of management. As part of this, we will ask many managers to become individual contributors. We'll also have individual contributors report to almost every level — not just the bottom — so information flow between people doing the work and management will be faster.”