

Ola hopes for revival with home battery storage

Bloomberg

Ola Electric Mobility Ltd's blockbuster initial stock offering last year had investors clamouring to buy over four times the number of shares publicly available. Now, it is struggling to find backers despite a new bet on home battery storage.

Beset with shrinking market share, relentless cash burn and a nearly 52 per cent plunge in share price this year, the SoftBank Group Corp-backed electric scooter maker has been turned down by multiple financiers in recent months, said people familiar with the matter who did not want to be identified as the discussions were private.

Talks with some investors are ongoing, they added.

Investors are balking at joining the company's new ₹1,500 crore (\$168 million) fundraising plan, given the Indian EV maker's deteriorating sales and financial health. Lenders have also

The pivot comes after the loss-making firm saw a 43% drop in revenue and 47% plunge in sales in Q2

shied away from a ₹1,700 crore debt-raise plan that was approved by the company's board in May, the people said.

Now, Chairman and Founder Bhavish Aggarwal is pinning hopes for a quick turnaround on a plan to sell batteries to homeowners in need of a back-up power source. The pivot comes after the loss-making firm saw a 43 per cent drop in revenue and 47 per cent plunge in sales in the latest quarterly results this month, underlining the scale of Ola's troubles. It also pared its second-half sales expectations, shaving the full-year estimate to about 40 per cent below earlier guidance.



The negative cash flow from operations in the half year ended September 30 was primarily due to "continued operating losses and lower-than-expected growth in sales volume", said Ola in the November 6 filing.

The company has to consider "mitigating circumstances, in order to support its operations and meet its continuing obligations", it added.

Ola's market share in the e-scooter segment was 11.5 per cent in October, down from a market-leading 30 per cent last year.

'VISIBLE STRAIN'

"The company's situation is already showing visible

strain," said Rishi Vora and Apurva Desai, analysts at Kotak Securities Ltd. "Without acknowledging and addressing core issues [volumes], the fragility will rapidly escalate into a full-blown crisis."

Kotak, with a sell rating on the stock, estimates debt obligations for Ola of ₹550 crore for the year ended March 2026 and ₹620 crore for the next 12 months. While the firm has trimmed quarterly losses, the brokerage said the net cash has slipped to ₹160 crore by September-end from ₹480 crore at the end of March.

The company has "taken separate enabling provisions from the board to raise either debt, equity, or a combination of both at an appropriate time," an Ola spokesperson said in an email.

The spokesperson added that the company had no immediate need for fresh debt or equity after reclassifying the use of IPO proceeds and deploying some of that for debt repayment.