May 01, 2025

Ola Electric Technologies Private Limited: Ratings downgraded to [ICRA]BBB+ (Negative)/[ICRA]A2

Summary of rating action

Instrument*	Previous rated amount (Rs. Crore)	Current rated amount (Rs. Crore)	Rating action
Long-term – Fund-based – Term loan	732.0	732.0	[ICRA]BBB+ (Negative); downgraded from [ICRA]A (Negative)
Long-term – Interchangeable – Letter of Credit/ Bank Guarantee	(340.0)	(340.0)	[ICRA]BBB+ (Negative); downgraded from [ICRA]A (Negative)
Long-term/ Short-term Fund-based/Non-fund based facilities	1,061.0	1,061.0	[ICRA]BBB+ (Negative)/[ICRA]A2; downgraded from [ICRA]A (Negative)/[ICRA]A1
Long-term/ Short-term – Unallocated limits	94.0	94.0	[ICRA]BBB+ (Negative)/[ICRA]A2; downgraded from [ICRA]A (Negative)/[ICRA]A1
Total	**1,887.0**	**1,887.0**	

**Instrument details are provided in Annexure I*

Rationale

For rating purposes, ICRA has undertaken a consolidated analysis of Ola Electric Technologies Private Limited (OET), its parent Ola Electric Mobility Limited (OEML), and its fellow subsidiary Ola Cell Technologies Private Limited (OCT), given the common management as well as the close operational and financial linkages among them. Hereinafter, they are collectively referred to as the 'company', unless specified otherwise.

The downgrade of ratings and continuation of the Negative outlook are due to slower-than-expected scale-up in OET's electric two-wheeler (e2W) sales volumes, which has resulted in a longer-than-expected period of cash burn and has elongated the road to the company's profitability. Consequently, the company may need to explore additional fund-raising options over the next 12-24 months as existing cash balances gradually moderate.

The e2W market in India is at its nascent phase with penetration of around 6% in FY2025 (1.8% in FY2022). While the market is growing, competition has intensified materially over the recent past. The entrenched incumbents, particularly Bajaj Auto Limited (Bajaj) and TVS Motor Company Limited (TVS), by virtue of their strong brands and expansive reach, collectively captured around 40% of the market for high speed e2Ws in FY2025, up from a mere 7% in FY2022. Although OET retained its market leadership position in FY2025 with a share of ~30%, it has ceded ground in recent months. OET's brand strength has also faced incessant challenges such as claims regarding service backlog issues, issues relating to the purported lack of adherence by the company-owned showrooms to the compliance requirements, besides a recent tryst with an insolvency petition filed by vendors who earlier provided registration services to the company. While the company has taken steps to navigate these challenges (expansion of sales/service infrastructure as well as amicable resolution of the dispute with the registration service provider), as a consequence of intense competition and various operating challenges, the volume scale-up has been slower. Accordingly, operating leverage benefits have been slow to come by and thereby losses have been running higher than earlier estimated.

The company reported a net loss of around Rs. 1,600 crore in FY2024, which—as per ICRA's estimates—is expected to increase to around Rs. 1,900-2,000 crore in FY2025. Profitability pressures, however, are expected to ease in FY2026 and thereafter. The array of new product introductions, including both next-generation scooters and motorcycles, already launched and those in the pipeline, are expected to facilitate a faster and more profitable revenue scale-up, as these products share a common platform. OET has also expanded its sales touchpoints to more than 4,000 as of March 2025 from around 900 as of March 2024, which too will be an important growth enabler through deeper market penetration; a ramp up in service infrastructure is also likely to help address service backlog issues faced previously. In addition, the multiple cost rationalisation measures taken by the company recently by way of headcount reduction, and sales and service process optimisations, will also help cut losses and aid the road to breakeven. As the company acts upon the levers in its control, the primary determinant of how swiftly it can achieve profitability will be the pace of sales unit volume scale-up.

ICRA recognises that a new age/ high technology/ high complexity manufacturing business like Ola's has a long gestation period. From a credit standpoint, while these characteristics imply a high business risk, the company's ratings have been drawing comfort from its strong financial flexibility. This has reflected in the backing by a strong set of investors. This has also manifested in the company successfully raising Rs. 5,500 crore of equity capital via an Initial Public Offering (IPO) in August 2024. Another credit supportive factor is the favourable outlook on the Indian e2W industry, backed by supportive Government policies (like FAME, PLI, EMPS and PM e-Drive), improving battery technology, and greater customer awareness and acceptability. The company is also investing heavily, most notably in battery cell manufacturing, to secure a crucial value-added segment of the supply chain. On one hand, these are essential investments for achieving longer term profitability, reducing import dependence, and de-risking the business model; on the other, these investments add to project risks and ramp-up risks in the near-term.

The company had unencumbered cash and liquid investments of ~Rs. 3,100 crore as of March 31, 2025 (including funds earmarked for subject matters as per the IPO), which supports the liquidity profile and provides buffer to absorb losses. However, if the unit sales volume scale-up remains impacted, the company will be compelled to explore more capital-raising options, which pose funding risks. Nevertheless, ICRA expects the company to have adequate capacity to raise fresh funding (both equity and debt).

Key rating drivers and their description

Credit strengths

Adequate financial flexibility and healthy liquidity profile – Despite the elongated road to profitability, the company has maintained a strong balance sheet, characterised by a healthy capital structure and adequate liquidity profile. Mr. Bhavish Aggarwal, founder of the Ola Group, together with other investors, cumulatively infused ~$792 million of long-term capital into the company since its inception till the IPO in August 2024 (with ~Rs. 5,500 crore of fresh issue). Although ICRA expects the company to have adequate capacity to raise fresh funding (both equity and debt), the same remains a monitorable.

Favourable EV industry outlook supported by Government policies – While India is the largest conventional 2W market (in terms of volumes sold), its e2W industry is still nascent, with 18-20% penetration in the scooter segment in FY2025. A strong push by both the Central and state governments for faster adoption of EVs (Electric Vehicles), has led to improved demand for the higher speed e2Ws and accelerated the electrification transition. Further, significant investment layout plans under the PLI scheme (Production Linked Incentives scheme) for the automobile segment and advanced chemistry cell batteries are expected to accelerate investments towards a local EV ecosystem development. Even as a reduction in subsidy benefits has led to a temporary slowdown in the pace of EV adoption during FY2025, given the improving product features, policy support and enhanced pricing parity with conventional 2Ws, the e2W industry volumes are expected to grow at a robust pace over the medium term, leading to healthy revenue growth potential for OET.

Healthy market position in e2W segment – OET launched its first products in August 2021 and was able to ramp-up its scale of operations in FY2023. The company has established a leadership position in the e2w segment, enjoying a market share of ~30% in FY2025. However, due to rise in competitive intensity OET's market share has moderated over the past few months. Despite this, the company has a strong brand perception as an e2W OEM and has built strong manufacturing capabilities that will aid reducing manufacturing cost and, subsequently, maintain competitive pricing to support volume growth. The company's ability to sustain its market position will remain a key monitorable, going forward.

Improving backward integration likely to support margin profile over medium term; early-mover advantage in lithium-ion cell manufacturing – The company, supported by institutional investors, set up the largest e2W manufacturing plant in the country. The company manufactures the bulk of its required components in-house, giving it greater control over cost and quality. Given the medium to long-term demand prospects for EVs, domestic auto OEMs and ancillaries are investing in developing a local vendor ecosystem. Through Ola Cell Technologies Private Limited (OCT), the Group is one of the early movers in lithium-ion cell manufacturing in India, wherein the company is aiming to set up a lithium-ion cell manufacturing facility. OCT is to act as a captive cell manufacturer for the Ola Group over the medium term and is expected to reduce cost of production for the Group. A proposed supplier park in the plant's vicinity, over the medium term, would also aid in reducing logistic costs and improving inventory management. Cumulatively, a large scale and highly integrated operations, would support margin expansion for OET, as volumes ramp-up over the medium term.

Credit challenges

Limited track record of e2W operations – OET is the Ola Group's first venture in the manufacturing business. The company started its deliveries for e2Ws from December 2021. Even though the company achieved healthy volume growth over FY2022-FY2024, in FY2025 its growth moderated (3.44 lakh units in FY2025 over 3.26 lakh units in FY2024) led by enhanced competitive intensity as well as slower than expected increase in penetration due to reduction in Government subsidies. The company has been subject to claims of service backlog-related issues and regulatory and store level compliance related issues over the recent past. ICRA would continue to track the OEM's ability to ramp-up production, going forward. Any underperformance, especially in product availability and reliability, and volume ramp up has the potential to impact the company's operations/earnings and, hence, would be a key monitorable.

Significant operational losses; dependence on Government incentives – On the back of a reduction in subsidy benefits, the timeline to profitability for the e2W segment has been prolonged, even as the company has been focused on various value engineering initiatives and vendor renegotiations to achieve breakeven. The company's operating margins have continued to be negative with operating margin (OPM) for 9M FY2025 at -26.7% over -22.7% for FY2024. The ability of the company to reduce operational losses and eventually turn profitable would remain a key monitorable.

Intense competition in domestic 2W segment necessitating consistent investments – The Indian 2W industry is highly competitive with regular launches of new products and refreshes by OEMs to gain/maintain market share. Given the structural shift in customer preferences towards EVs over the medium to long term, the competitive intensity in this segment is increasing, as both incumbent OEMs and e2W start-ups race to gain market share. Consequently, consistent investment in EV technology, new product development and regular model launches will remain crucial for OET to establish a leading position in the Indian 2W market.

Dependence on imports for supply of critical components – Given the company's import dependence for battery cells (in line with the Indian EV industry), the supply of e2Ws by OET would remain vulnerable to geopolitical developments between India and cell-exporting nations over the near to medium term. Any change in regulations related to imports of components or supply-chain disruptions could likely impact OET's operations. ICRA notes that the company is setting up a battery cell manufacturing facility, with commercial production targeted to begin over the next few quarters. Its ability to achieve a timely commercialisation of the facility would reduce the company's dependence on imports and aid its growth prospects.

Sizeable capex plans over medium term for setting up battery cell manufacturing capabilities; project exposed to risks of execution, demand/offtake, supply chain and technology obsolescence – The company is setting up a 5-GWh lithium-ion manufacturing facility in two phases with 1.4 gWh in phase 1 (a) and 3.6 gWh in phase 1 (b), before extending it to 20 gWh based on requirement. The company has indicated that phase 1 (a) of the cell plant has been completed with a manufacturing capacity of 1.4 gWh, which will expand to 5 gWh by the end of FY2026 and subsequently to 6.4 gWh. The plant is ready to commence mass production of its 4680 cells, which were indigenously developed at its battery innovation centre. Further, the company's cell is under the homologation process with authorities, with internal testing on vehicles also ongoing. OCT expects to integrate its cells into OETs vehicles over the next few quarters, with commercial production starting then on. Even as the commencement of commercial production (for supplies to OET) is delayed vis-à-vis ICRA expectations, the same has not had any material impact on the project cost and the overall liquidity profile of the Group. The project remains exposed to risks of timely execution of subsequent expansion phases, demand/offtake, supply chain and technology obsolescence. In this regard, the Group's demonstrated track record of setting up manufacturing facilities in a time bound manner (Ola Futurefactory and first phase of Ola Gigafactory), expectation of healthy captive offtake from the Group and the chemistry agnostic nature of the capacity being set up at Ola Gigafactory mitigates the risks to an extent. The battery cell manufacturing segment is technologically complex. In this regard, the company's in-house capabilities (the company has been developing a cell at its battery innovation centre for the past two years) provides comfort.

Environmental and social risks

Environmental considerations – OET, being a pureplay EV manufacturer, is not exposed to climate transition risks emanating from a likelihood of tightening emission control requirements. Further, the exposure to litigation/penalties arising from issues related to waste and water management for the company remains low.

Social considerations – OET has a healthy dependence on human capital and, hence, retention and maintenance of healthy employee relations as well as supplier ecosystem remain essential for disruption free operations. Another social risk that automotive OEMs, like OET, face pertains to product safety and quality, wherein instances of product recalls and high warranty costs may not only lead to a financial implication but could also harm the brand reputation and create a more long-lasting adverse impact on demand. The entities also remain exposed to any major shift in consumer preferences/ demographics, which are a key driver for demand and, accordingly, may need to make material investments to realign their product portfolio.

Liquidity position: Adequate

The company's liquidity profile remains adequate, supported by unencumbered cash and bank balances of ~Rs. 3,109.8 crore as on March 31, 2025 (at a consolidated level); a part of the proceeds is earmarked for capex, and research and development (R&D) expenses. While OET has moderate capex commitments over the near to medium term, the Group has sizeable capex commitments towards battery cell manufacturing plant (under OCT) along with working capital and loss funding requirements likely over the near term for both entities. The available cash balances coupled with debt drawdown for OCT are expected to be sufficient to meet the funding requirements over the near term. ICRA expects the company to continue to raise further funds over the medium term, to be used primarily for capacity expansion, new product development and geographic diversification, etc.

Rating sensitivities

Positive factors – Healthy ramp up in its operations coupled with the ability to achieve EBIDTA breakeven on a sustained basis, while maintaining a comfortable capitalisation, could be favourably considered for a change in outlook. Timely commercialisation and ramp up in operations of the battery cell manufacturing plant would remain critical for improvement in ratings.

Negative factors – Negative pressures on OET's rating could arise from lower product acceptability and/or increase in competition, leading to an inability to improve sales volumes and profitability. An adverse impact of any large debt-funded growth plans, leading to a deterioration in liquidity profile and credit metrics, would also be a key monitorable.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Two-Wheelers
Parent/Group support	Not applicable
Consolidation/Standalone	ICRA has taken a consolidated view of OET and its parent, OEML, for arriving at the ratings; ICRA has considered the consolidated financials of OEML. As on March 31, 2024, OEML had 10 subsidiaries (including step-down subsidiaries), including OCT, who are all enlisted in Annexure-II.

About the company

Incorporated in January 2021, OET is a pure EV OEM in India and is involved in building vertically integrated technology and manufacturing capabilities for EVs and EV components, including cells. The company manufactures EVs and certain core EV components like battery packs, motors and vehicle frames at the company's Futurefactory in Krishnagiri, Tamil Nadu. OET has delivered seven products (OLA S1 Pro, OLA S1, OLA S1 Air, OLA S1 X+, OLA S1 X 2, 3, 4 kWh) and additionally announced 12 new products (Roadster X (3 variants), Roadster (3 variants), Roadster Pro (2 variants), OLA S1 gig (2 variants), OLA S1 Z (2 variants)), which are due for delivery. OET commenced delivery of its first EV model, Ola S1 Pro, in December 2021. This was followed by the delivery of Ola S1 in September 2022, Ola S1 Air in August 2023, Ola S1 X+ in December 2023, and Ola S1 X (2 kWh), Ola S1 X (3 kWh) and Ola S1 X (4 kWh) in May 2024. On August 15, 2024, the company announced a line-up of motorcycles and on November 26, 2024, an e-commerce-focused scooter line-up. In February 2025, the company commenced bookings for its Gen 3 scooters and motorcycles with deliveries commencing from Q4 FY2025 and Q1 FY2026 respectively.

OET is a 100% subsidiary of Ola Electric Mobility Ltd. (OEML), a start-up company in the EV manufacturing and mobility space. The company had raised ~US$ 792 million equity since its inception till the IPO (August 2, 2024) from reputed investors like SoftBank, Tiger Global Capital, Matrix Partners, and Falcon Edge Capital, etc. It is a part of the Ola Group (promoted by Mr. Bhavish Aggarwal), which is present in multiple businesses, viz., ride-hailing and financial services.

The company launched its IPO on August 2, 2024, which consisted of an offer for sale of up to 84.94 million shares and a fresh issue of Rs. 5,500 crore. The size of the issuance was Rs. 6,145 crore in total.

Key financial indicators (audited)

OEML (consolidated)	FY2023	FY2024	9M FY2025*
Operating income	2,651.4	5,103.4	3,903.0
PAT	(1,472.1)	(1,584.4)	(1,406.0)
OPBDIT/OI	-46.5%	-22.7%	-26.7%
PAT/OI	-55.5%	-31.0%	-36.0%
Total outside liabilities/Tangible net worth (times)	1.4	2.8	-
Total debt/OPBDIT (times)	(1.4)	(2.3)	-
Interest coverage (times)	(11.4)	(6.2)	-

*Source: Company, ICRA Research; * Limited audit; All ratios as per ICRA's calculations; Amount in Rs. Crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation*

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Current (FY2026)				Chronology of rating history for the past 3 years					
			FY2026		FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Term Loan	Long-Term	732.0	May 01, 2025	[ICRA]BBB+ (Negative)	Dec 13, 2024	[ICRA]A (Negative)	May 15, 2023	[ICRA]A (Stable)	Dec 23, 2022	[ICRA]A (Stable)
					Mar 24, 2025	[ICRA]A (Negative)	Nov 30, 2023	[ICRA]A (Stable)		
Interchangeable - Letter of Credit/Bank Guarantee	Long-Term	(340.0)	May 01, 2025	[ICRA]BBB+ (Negative)	Dec 13, 2024	[ICRA]A (Negative)	May 15, 2023	[ICRA]A (Stable)	Dec 23, 2022	[ICRA]A (Stable)
					Mar 24, 2025	[ICRA]A (Negative)	Nov 30, 2023	[ICRA]A (Stable)		
Fund Based/Non-Fund based facilities	Long-Term/ Short-Term	1,061.0	May 01, 2025	[ICRA]BBB+ (Negative)/ [ICRA]A2	Dec 13, 2024	[ICRA]A (Negative)/ [ICRA]A1	May 15, 2023	[ICRA]A (Stable)/ [ICRA]A1	Dec 23, 2022	[ICRA]A (Stable)/ [ICRA]A1
					Mar 24, 2025	[ICRA]A (Negative)/ [ICRA]A1	Nov 30, 2023	[ICRA]A (Stable)/ [ICRA]A1		
Unallocated limits	Long-Term/ Short-Term	94.0	May 01, 2025	[ICRA]BBB+ (Negative)/ [ICRA]A2	Dec 13, 2024	[ICRA]A (Negative)/ [ICRA]A1	May 15, 2023	[ICRA]A (Stable)/ [ICRA]A1	Dec 23, 2022	[ICRA]A (Stable)/ [ICRA]A1
					Mar 24, 2025	[ICRA]A (Negative)/ [ICRA]A1	Nov 30, 2023	[ICRA]A (Stable)/ [ICRA]A1		

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-Term – Fund based - Term Loan	Simple
Long-Term - Interchangeable - Letter of Credit/Bank Guarantee	Very Simple
Long-Term/Short-Term Fund Based/Non-Fund based facilities	Simple
Long-Term/Short-Term - Unallocated limits	Not Applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA’s website: Click here

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	**Long-Term – Fund based - Term Loan**	FY2021	NA	FY2031	732.0	[ICRA]BBB+ (Negative)
NA	**Long-Term - Interchangeable - Letter of Credit/Bank Guarantee**	NA	NA	NA	(340.0)	[ICRA]BBB+ (Negative)
NA	**Long-Term/Short-Term Fund Based/Non-Fund based facilities**	NA	NA	NA	1,061.0	[ICRA]BBB+ (Negative)/[ICRA]A2
NA	**Long-Term/Short-Term - Unallocated limits**	NA	NA	NA	94.0	[ICRA]BBB+ (Negative)/[ICRA]A2

Source: Company

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis

Company name	Ownership	Consolidation approach
Ola Electric Mobility Limited	Parent Entity	Full consolidation
Ola Electric Technologies Private Limited	100.00% (rated entity)	Full consolidation
Ola Cell Technologies Private Limited	100.00%	Full consolidation
Ola Electric Charging Private Limited	100.00%	Full consolidation
Ola Electric Mobility Inc. (USA)	100.00%	Full consolidation
Ola Electric Mobility B.V. (Netherlands)	100.00%	Full consolidation
Etergo B.V. (Netherlands)*	100.00%	Full consolidation
Etergo Operations B.V. (Netherlands)**	100.00%	Full consolidation
Ola Electric UK Private Limited (UK)*	100.00%	Full consolidation
EIA Trading (Shanghai) Co. Ltd. (China)*	100.00%	Full consolidation
Ola Electric Technologies B.V.*	100.00%	Full consolidation

*Source: company; *Wholly owned subsidiary of Ola Electric Mobility B.V., ** Wholly owned subsidiary of Etergo B.V.*

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