

**CMP: INR 45**

**Outlook - Positive**

**Stock Info**

BSE	544225
NSE	OLAELEC
Bloomberg	OLAELEC:IN
Reuters	OLAENS
Sector	2/3 Wheelers
Face Value (INR)	10
Equity Capital (INR Mn)	44,110
Mkt Cap (INR Mn)	2,26,143
52w H/L (INR)	157/40
Avg Yearly Volume (in 000')	55,132

**Shareholding Pattern %**

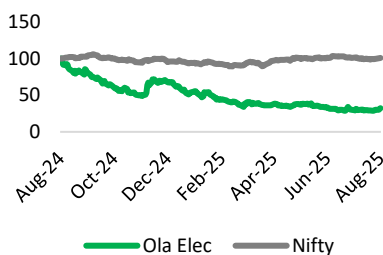
(As on June 2025)

Promoters	36.78
FII	4.48
DII	2.87
Public & Others	55.88

**Stock**

Performance (%)	3m	6m	12m
Ola Elec	0.43	-16.80	-62.74
Nifty 50	1.51	8.46	1.14

**Ola Electric Vs Nifty 50**



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Ola Electric Mobility Ltd., headquartered in Bengaluru, is India's leading electric 2-wheeler manufacturer with a market share of 19.6% in Q1 FY26 and deliveries of 68,192 units during the quarter. It has a strong presence in the scooter segment through its S1 range (Gen 2 and Gen 3) and the recently launched Roadster motorcycle line. The company operates in 2 main segments – the Auto business, comprising electric scooters and bikes, and the Cell business, focused on in-house 4680 lithium-ion battery cell development and manufacturing at its Gigafactory. The company's Future factory in Krishnagiri, Tamil Nadu, is a highly automated facility with 1M annual E-2W capacity, scalable to 4M, producing S1 scooters and Roadster bikes. Adjacent to it, the Cell Gigafactory India's first 4680 cell plant has 1.4 GWh capacity, expanding to 5 GWh by FY26 using advanced dry electrode technology. Ola follows a D2C model under Project Vistaar, enhancing reach and inventory efficiency.

**Investment Rationale**

**Clear Pathway with Gigafactory Expansion:** The Company's upcoming cell gigafactory at Krishnagiri (Tamil Nadu) remains on track, with the first phase expected to be operational in FY26. This backward integration will reduce battery costs, improve supply security, and significantly expand margins over time. The cell costs form ~40% of vehicle costs, so owning this capability provides a strong competitive advantage. We expect that the gigafactory project signals long-term value creation and positions the company as not just a scooter maker but an integrated EV technology company.

**Expanding Product Portfolio for Wider Market Reach:** Ola's Gen 3 scooters contributed ~80% of Q1FY26 sales, giving a sense of strong customer acceptance of its upgraded technology. The Roadster bike has seen encouraging traction with 1.7bn+ social media impressions and is set for wider rollout across 200+ stores by Navratri. Premium software add-on Move OS+ saw adoption jump to 50% of buyers (vs. 2% in Q4), adding high-margin revenue. Further, the company confirmed its motorcycle line-up launch in FY27 across commuter to premium segments, significantly expanding its addressable market. With strong brand equity and proven execution in scooters, the roadmap provides visibility for sustained growth.

**Reduce Dependency On External Suppliers And Improving Long-term Margin Visibility:** The company has already productionised rare-earth-free motors, ensuring business continuity and cost savings amid supply disruptions. It is also the only major EV 2W player with ABS-equipped products and is developing an in-house ABS system, giving a cost and compliance edge when norms become mandatory from Jan 2026. Additionally, Ola's 4680 battery cells will enter vehicles from Q2FY26, with capacity scaling to 5 GWh by FY27. This integrated approach helps the company to reduce dependence on external suppliers and improves long-term margin visibility.

**Outlook and View:** The company targets 3.25–3.75 lakh vehicle sales and INR 42,000 -47,000 Mn revenue in FY26, supported by strong traction in Gen 3 scooters, Roadster rollout, and PLI-linked margin gains. The company expects the auto business to turn free cash flow positive by FY26-end, while the cell business remains in investment mode with 5 GWh capacity to be completed by FY26. With a cash balance of INR 31,970 Mn, funding risks appear low in the near term. Execution on new launches, scaling of in-house cell production, and competitive intensity in the EV 2W space will remain key monitorable. **The Cell Gigafactory is ramping up, with first 4680-cell vehicles to be delivered by Navratri, which will lower costs over time. We have a positive outlook on the company.**

## Q1FY26 - Concall KTAs

**Outlook: The Company expects FY26 to be a year of transition from operational neutrality to free cash flow positivity in the auto segment, by stronger sales, operating leverage, and reduced warranty provisioning. Motorcycle volumes are expected to contribute 15-20% of FY26 sales, while EV adoption is likely to accelerate again post-consolidation. With limited auto CapEx and 5 GWh of battery capacity scaling up, The plan is to redirect excess capital efficiently while maintaining its margin advantage through vertical integration.**

**Guidance**

- FY26 volume target stands at 325,000 to 375,000 units, supported by Gen3 vehicles and the scaled rollout of the Roadster motorcycle.
- 15-20% of FY26 volumes are expected to come from motorcycles, by distribution expansion and strong consumer response.
- Auto business CapEx for FY26 is expected to be INR 4,000-5,000 Mn, with the segment projected to turn free cash flow positive by year-end.
- Cell business expected to break even at 3.5-4 GWh with ~80% yield; 5 GWh capacity to be fully operational by FY26-end.

**Other Highlights**

- Consolidated OPEX stabilized at ~INR 1,500 Mn; auto-specific OPEX at INR 1,000 Mn, with 10-15% reduction expected as volumes rise.
- One-time warranty provision of INR 2,500 Mn was made in Q4FY25; Gen3 warranty claims significantly lower.
- Gen3 vehicles contributed ~80% of Q1FY26 volumes, aided by superior quality, lower claims, and improved gross margins.
- The Roadster bike launched in June has received strong feedback, especially in semi-urban markets. Currently in 200 stores, it will be available in most outlets by Navratri.
- The 4680 cell-based vehicles will be delivered by the festive season. The Gigafactory has INR 15,000 Mn invested, with INR 12,000 Mn more to be deployed in FY26.
- Cell yield currently at ~60%; expected to reach 80% by year-end. Break-even point reached at ~3.5 GWh.
- Capital originally raised for expansion beyond 5 GWh may be redeployed for other productive use cases.
- MoveOS Plus subscription penetration rose to 70%; expected to reach 80-85% by FY26, supporting ASP improvement. Battery-as-a-service not prioritized; focus remains on integrated, in-house solutions.
- In-house ABS system under development, combining critical software and hardware to reduce costs and dependency on suppliers. The Company is the only EV OEM ready with an ABS-compliant product ahead of the 2026 mandate.
- Scooter segment dominated Q1FY26 volumes; motorcycle share to rise steadily through FY26. Internal cell consumption remains priority; third-party supply may be considered after scaling for adjacent verticals like home storage.
- EV adoption has moderated but continues to grow 3x faster than ICE. Industry in mid-S-curve phase. Vertical integration in motors, electronics, ABS, and cells remains a key margin driver.
- Wiring harness innovation, centralized electronics, and in-house motor controller development are lowering BOM costs.
- PLI benefits not yet factored into margins; discussions ongoing with the government on timeline extensions.

**Gigafactory Roadmap**

Company / Vendor	Planned Capacity & Roadmap	Timeline / Progress	Technology Focus	Market Positioning / Notes	Investment & Financing
Ola Electric Mobility Limited	<ul style="list-style-type: none"> <li>1.4 GWh (Current operational capacity)</li> </ul>	<ul style="list-style-type: none"> <li>Q1 FY26 - Currently producing 11,744 cells</li> </ul>	<ul style="list-style-type: none"> <li>4680 cylindrical cell format</li> </ul>	<ul style="list-style-type: none"> <li>Only major EV company with operational cell production in India</li> </ul>	<ul style="list-style-type: none"> <li>INR 15,000 Mn already invested out of INR 28,000 Mn total budget</li> </ul>
Ola Electric Mobility Limited	<ul style="list-style-type: none"> <li>5 GWh (Target completion by end of FY26)</li> </ul>	<ul style="list-style-type: none"> <li>Q2 FY26 - Vehicle deliveries with 4680 cells by Navratri</li> </ul>	<ul style="list-style-type: none"> <li>In-house cutting edge 4680 process technology</li> </ul>	<ul style="list-style-type: none"> <li>Break-even at 5 GWh vs external procurement</li> </ul>	<ul style="list-style-type: none"> <li>INR 10,000 Mn additional investment in FY26</li> </ul>
Ola Electric Mobility Limited	<ul style="list-style-type: none"> <li>No expansion beyond 5 GWh planned till FY29</li> </ul>	<ul style="list-style-type: none"> <li>End of FY26 - Complete 5 GWh installation</li> </ul>	<ul style="list-style-type: none"> <li>10% better energy density than 2170 cells</li> </ul>	<ul style="list-style-type: none"> <li>Capacity equivalent to 12,00,000 annual vehicles at 5 GWh</li> </ul>	<ul style="list-style-type: none"> <li>70% financed through SBI consortium term loan</li> </ul>
Ola Electric Mobility Limited	<ul style="list-style-type: none"> <li>4680 Cell production for vehicle integration</li> </ul>	<ul style="list-style-type: none"> <li>Through FY26 - Phased transition from supplier cells to own cells</li> </ul>	<ul style="list-style-type: none"> <li>Rare earth free motor integration capability</li> </ul>	<ul style="list-style-type: none"> <li>Cost leadership through technology, not just scale</li> </ul>	<ul style="list-style-type: none"> <li>Remaining INR 12,000 Mn over FY26 and some in FY27</li> </ul>

**Ola Electric – Margin Levers & Moat Drivers**

Initiative	What it is	Margin Lever	Long-Term Moat vs. Peers
<b>Rare-Earth-Free Motor</b>	<ul style="list-style-type: none"> <li>Motor design without neodymium/dysprosium rare-earth magnets</li> </ul>	<ul style="list-style-type: none"> <li>Cuts import dependency &amp; FX exposure</li> <li>Reduces BOM cost</li> <li>Higher PLI-linked localization benefit</li> </ul>	<ul style="list-style-type: none"> <li>Supply chain independence</li> <li>Cost advantage vs. peers reliant on Chinese imports</li> <li>Sustainability branding</li> </ul>
<b>ABS System (2W)</b>	<ul style="list-style-type: none"> <li>Affordable in-house ABS for scooters, ahead of regulatory curve</li> </ul>	<ul style="list-style-type: none"> <li>Adds INR 4,000–6,000 CPV per scooter</li> <li>Premium feature enables higher pricing</li> <li>Captures value in-house vs. Bosch/Nissin imports</li> </ul>	<ul style="list-style-type: none"> <li>First-mover in EV 2Ws safety</li> <li>Prepared for regulatory mandates</li> <li>Stronger customer trust &amp; stickiness</li> </ul>
<b>MoveOS+ (Software)</b>	<ul style="list-style-type: none"> <li>Subscription-based connected scooter features (navigation, diagnostics, OTA)</li> </ul>	<ul style="list-style-type: none"> <li>High-margin recurring revenue (INR 2,000–5,000/user annually)</li> <li>Extends lifecycle monetization</li> <li>Near 100% gross margin software revenue</li> </ul>	<ul style="list-style-type: none"> <li>Ecosystem lock-in</li> <li>Data-driven personalization</li> <li>Tesla-like platform moat (peers lack software stack)</li> </ul>

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**Stock Rating Scale**

	<b>Absolute Return</b>
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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