

Ola Electric stock jumps 20% as Citi initiates coverage with a 'Buy'

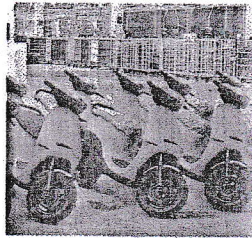
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Shares of Ola Electric Mobility zoomed 20 per cent on Wednesday following Citi's coverage on the stock initiating 'buy' call. The EV manufacturer recently launched its Gig and S1 Z range of scooters.

The brokerage, which said that the ride can be rewarding, mentioned that their positive stance is based on Ola Electric's market share of nearly 38 per cent (in FY25YTD), a wide product portfolio, strong focus on research and development, significant vertical integration and large scale of production and soon-to-be-launched motorcycles and electric three-wheelers acting as potential volume boosters.

PROFIT TO GO UP

The brokerage expects profitability to improve as the company's capacity utiliza-



tion increases, which is currently modest at 40 per cent.

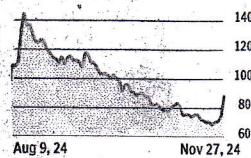
Although Citi highlighted "negative perception on product or service quality" as a key risk, the brokerage acknowledged that the service perception has been negative of late, but, "if the product offering is attractive, service issues could subside over the medium term as back-end supply chain improves."

EV PENETRATION

The brokerage points to other risks in its report such as lower EV penetration in two-wheelers, elevated competition, tech obsolescence, and sustained losses.

Ola Electric Mobility

Return -3% ₹ 88 160



Commenting on EV penetration in India, Citi believes that the optimal cost base and consolidation of the industry will let large OEMs dominate and remain profitable.

Citi has assigned the target price of ₹90 on Ola Electric. As per the report, Citi's preference within the two-wheeler space goes in this order: Eicher Motors, Hero MotoCorp, Ola Electric, Bajaj Auto and TVS Motor.

The company came out with ₹6,145-crore IPO in August at ₹76 a share. The stock hit a low of ₹66.60 and a high of ₹157.53 on the BSE since listing.