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Ather Energy

One for the ages

INSTITUTIONAL RESEARCH

Ather Energy

One for the ages

Ather Energy has been a product-focused company, which has emerged as one of the tech leaders in the electric scooter space. Its products have been on par, if not superior, to products of market leaders like TVS Motor and Bajaj Auto. While the above-mentioned ICE 2W incumbents have the advantage of established dealer networks, strong supplier relationships, and available cash flows, Ather Energy has been able to compete well at a stable No. 4 position with a retail market share of 13.4% in 5MCY25. With an expanding product portfolio, rapidly expanding dealership network, and improving focus on marketing and advertising, we expect the company to outgrow the industry over the medium term and gain market share. We expect unit economics to improve in the medium term, given the improving economies of scale, better operating leverage, shift from NMC to LFP technology, introduction of the more efficient EL platform, and improving mix of merchandise and accessories. The expansion of its product portfolio (to also include more affordable models) and dealership network is the right ingredient for scaling up. We strongly believe that Ather Energy will remain one of the leading players through the EV transition. It provides a good EV pure play opportunity for investors to invest in the Indian EV transition story. We initiate coverage on Ather Energy with a BUY rating, valuing it at 3.5x EV/sales for a TP of Rs.409.

- **Why invest in Ather Energy?** We believe India is still in nascent stages of EV transition. When an industry goes through a once-in-a-hundred-years kind of transition, it augurs well to invest early in what could emerge as one of the strong leaders of the transition. We have seen similar stories playing out globally with other leading EV players. The management's product-focused approach enables the company to be a tech leader in the e-2W space, thus positioning it well to sustain as one of the leaders in the space in the long term.
- **Path to profitability:** We expect Ather to improve profitability and become EBITDA positive in the medium term with improving unit cost economics and expected market consolidation that could lower competitive intensity. As the EV ecosystem improves in the medium term, we expect localization to improve, further contributing to profitability.
- **Risks to watch out for:** A key medium to long-term risk is the low stake of key promoters, Tarun Mehta and Swapnil Jain, who also took part in the OFS, taking their combined post-IPO stake to around 11%. Considering the promoters initially wanted to start an energy company, one risk could be promoters starting new businesses that may limit their bandwidth for Ather Energy, as has also been the case with tech icons like Elon Musk. Another risk is that of Hero MotoCorp (holds around 30%) acquiring controlling stake, which could lead to management changes. An impending risk over the medium term is increase in GST on EVs from 5% currently to 18% or 28%. A key near-term risk emanates from restrictions and compliance hurdles that China has imposed on the access of rare earth magnets, which are critical for making EVs, and could impact near-term EV production.

Financial summary

YE Mar (INR mn)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net Sales	17,809	17,538	22,550	29,221	38,866	51,576
EBITDA	(7,076)	(6,847)	(5,809)	(5,962)	(5,910)	(5,757)
EBITDA Margin %	(39.7)	(39.0)	(25.8)	(20.4)	(15.2)	(11.2)
APAT	(8,645)	(8,851)	(8,123)	(7,292)	(7,328)	(7,513)
Diluted EPS (INR)	(23.2)	(23.8)	(21.8)	(19.6)	(19.7)	(20.2)
EV/Sales (x)	3.3	3.9	4.1	2.5	2.1	1.8

Source: Company, HSIE Research

BUY

CMP *(as on 13 Jun 2025)*	**INR 313**
Target Price	**INR 409**
NIFTY	**24,719**

KEY STOCK DATA	
Bloomberg code	ATHERENE IN
No. of Shares (mn)	372
MCap (INR bn) / ($ mn)	117/1,354
6m avg traded value (INR mn)	-
52 Week high / low	INR 343/287

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	-	-	-
Relative (%)	-	-	-

SHAREHOLDING PATTERN (%)	Pre-IPO	Post-IPO
Promoters	52.67	40.91
Others	47.33	59.09

Source : Company's Final Offer Document

Shareholding on a fully diluted basis

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Ather Energy: One for the ages

IPO

The Offer

The IPO offer consisted of a fresh issue of Rs.26,260mn and an offer for sale of 11.1mn shares. There was a cut in the final offer size from the DRHP filed in September 2024, which we believe may have been due to a downward revision in valuation amid deteriorating global macroeconomics and weakened investor sentiment.

Exhibit 1: Downsizing the IPO

IPO Offer	RHP (Apr-25)	DRHP (Sep-24)	Change in Offer
Fresh Issue (Rs mn) (a)	26,260	31,000	-15.3%
Offer For Sale: No. of shares (mn)	11.1	22.0	-49.8%

Source: Company's Final Offer Document, HSIE Research

The price band was set at Rs.304-Rs.321, with the issue price set at the upper end of Rs.321. This pegged the total IPO size at Rs.29,808 mn and the post-offer valuation at Rs.119,557 mn.

Exhibit 2: IPO Details

Price Band	
Low (Rs)	304
High (Rs)	321
Fresh Issue (Rs mn) (a)	26,260
OFS value (Rs mn) (b)	3,548
Total IPO Size (Rs mn) (a+b)	29,808
New shares for fresh issue (mn)	82
Pre-IPO no. of shares (mn)	291
New total no. of shares (mn)	372
Post offer valuation (Rs mn)	119,557

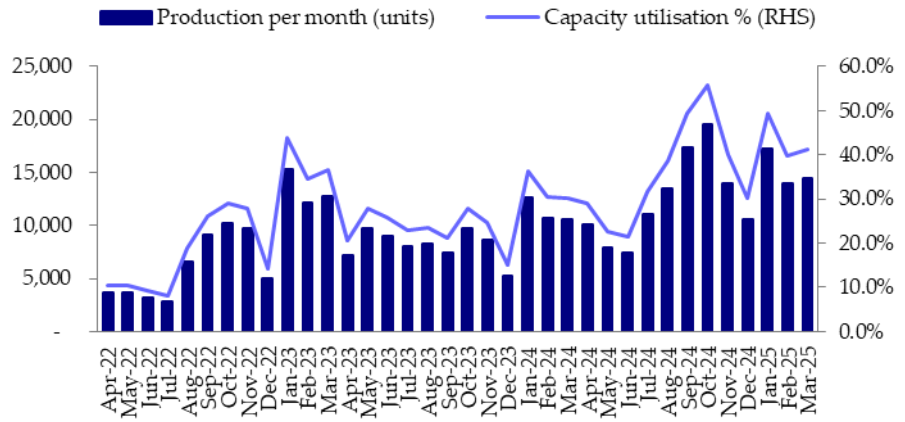
Source: Company's Final Offer Document, HSIE Research

Use of net proceeds

The IPO proceeds would be used for the following:

- **Rs.9,270 mn towards capex for an e2W factory:** The current annual e2W manufacturing capacity stands at 420,000 units. This makes it a monthly capacity of 35,000 units. Ather Energy manufactured 157,040 units of e2W in FY25, which makes it a capacity utilization of 37%. However, since the demand is usually higher around festive seasons in India, the utilization touched 56% in October 2024. Considering the company's dealership and product portfolio expansion plans and renewed focus on marketing, we expect production during certain festive periods to only increase from here. Hence, in anticipation and for better preparation, since setting up a large capacity takes time, the company has begun the process of setting up a manufacturing factory at Shambhajinagar, for 1 mn units, split over two phases of 500,000 each. As per management, Phase 1 is expected to complete by March 2027.

Exhibit 3: Monthly capacity utilization hits 56% last festive season (Oct 2024)



Source: Company's Final Offer Document, SIAM, HSIE Research

- **Rs.7,500 mn on R&D investment:** Considering that R&D is Ather's key strength (it enables the company to offer differentiated products), technologies are fast-changing and costly to develop, and R&D talent pool is limited in India, it becomes imperative for the company to continue investing in R&D.
- **Rs.3,000 mn on marketing initiatives:** Though the company has made arguably superior e2W products and has been the first to market with many advanced technology features, we believe that it has not been able to capitalize on the same due to its relatively weaker marketing initiatives. There is a limited window between a new feature introduced by the company and its replication by a competing e2W OEM. This is a time when it is imperative to market the new feature and communicate it well to its consumers, before competition catches up. We expect Ather to start bridging this gap through improved marketing and advertising initiatives. The utilization of the IPO proceeds for marketing, we believe, is the right move.
- **Rs.400 mn for repayment/prepayment of borrowings:** Even though the company's borrowings amounts to Rs.4,499 bn, it had chosen to repay/prepay only Rs.400 mn towards the same, focusing instead on investing in other key business drivers.
- **The balance for general corporate purposes:** This will be the amount remaining after deducting all of the above as well as the funds spent on the offer.

Exhibit 4: Net proceeds utilization plan (Rs mn)

Capex for e2W factory	9,272
Investment in R&D	7,500
Marketing expenditure	3,000
Repayment/Prepayment of borrowings	400
General corporate purposes *	6,088
Total net proceeds	**26,260**

* To be lower after adjusting for offer expenses

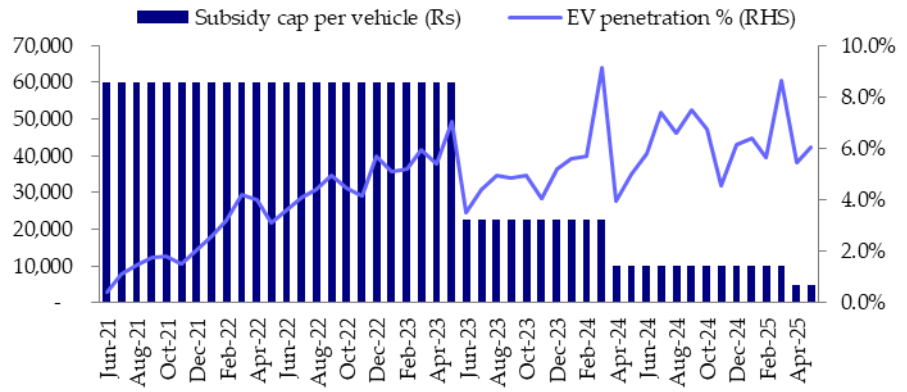
Source: Company's Final Offer Document, HSIE Research

Electric 2W market in India

Improving EV penetration for 2W

- While initially volumes were majorly driven by government subsidies, current demand is driven by the presence of a large industry portfolio—including affordable models—declining battery prices being passed on to consumers, a reduced upfront cost compared to ICE 2Ws, narrowing total cost of ownership gaps, and increasing competitive intensity that is pushing e2W prices lower. Although government subsidies have declined sharply over the years, the lower GST rate of 5% on EVs vs 28% on ICE 2Ws continues to support EV sales.

Exhibit 5: Central Government subsidy for e-2W on the decline

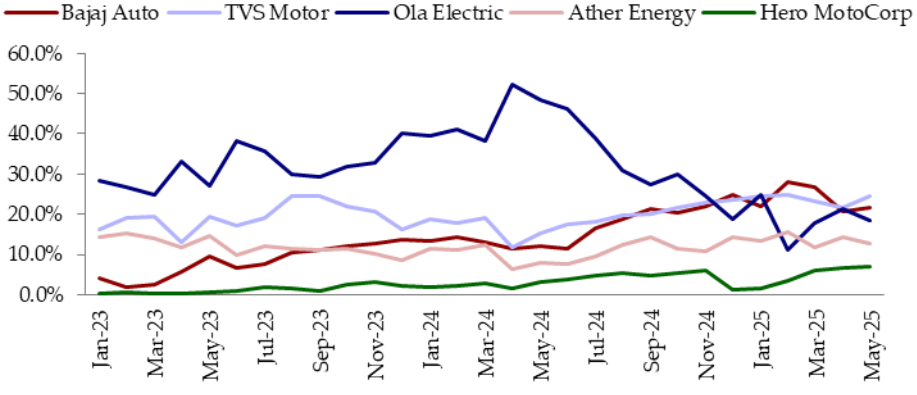


Source: Vahan, Ministry of Heavy Industries, HSIE Research

Competitive landscape has not yet stabilized

- The electric 2W (e2W) market in India has gone through various stages of development over the last few years, including an overhaul in the market share landscape. Additionally, there has been a constant tussle between incumbent 2W ICE OEMs with new-age e2W OEMs.
- The advantage of incumbents has been strong with existing dealership presence across India, customer relationship, brand value, manufacturing experience, R&D prowess, supply chain relationships, and most importantly a strong cash position as well as better access to financing.
- The new-age OEMs though have entered the market with a focused approach and an appetite for growth. However, a key new-age OEM which has stood out has been Ather Energy, for its R&D focus and product-focused approach. Hero MotoCorp, being a major ICE 2W incumbent, has lagged behind in this space. However, it has partially made up through its substantial holding in Ather Energy, at ~30%, and also by continually showing confidence in the company (has not participated in the OFS).

Exhibit 6: Central Government subsidy for e-2W on the decline



Source: Vahan, HSIE Research

Key drivers of the EV transition

EV subsidy

- Central government subsidies for e2W have reduced over time, from as high as Rs.60,000 per vehicle around two years back to Rs.5,000 per vehicle currently. We have also see a certain level of pull-back of state EV policies, with subsidies for e2W reducing or even ending. However, what is continuing to narrow the upfront cost differential between an e2W and an ICE 2W is the continued GST differential (5% for EV vs 28% for ICE), lowering battery prices that are being passed on to consumers, increasing competitive intensity that keep EV prices lower as well as introduction of more affordable models in the industry.

Total cost of ownership

- Two key metrics to track here are difference in upfront cost and total cost of ownership. Let us consider the most sold ICE scooter in India, which is the Honda Activa, and compare it to the affordable scooter of Ather Energy, the Rizta. However, we assume the pricing of the Rizta with the pro pack since around 86% of the company's vehicles are sold along with the pro pack, as per management. Considering the current pricing and cost dynamics, and an average monthly driving distance of 600km, the breakeven vs the Activa 110cc is 2.4 years and vs the Activa 125cc is 0.9 years. This is a reasonable period considering that in most cases the vehicle will be used for at least 8-10 years. Even if the distance travelled is halved, the breakeven vs the Activa 110cc is 3.6 years and vs the Activa 125cc is 1.4 years. However, with the already higher upfront cost of 32% vs the Activa 110cc, the industry is left dependent on the GST differential between EV and ICE.

Exhibit 7: Total cost of ownership comparison of e-scooter and ICE scooter

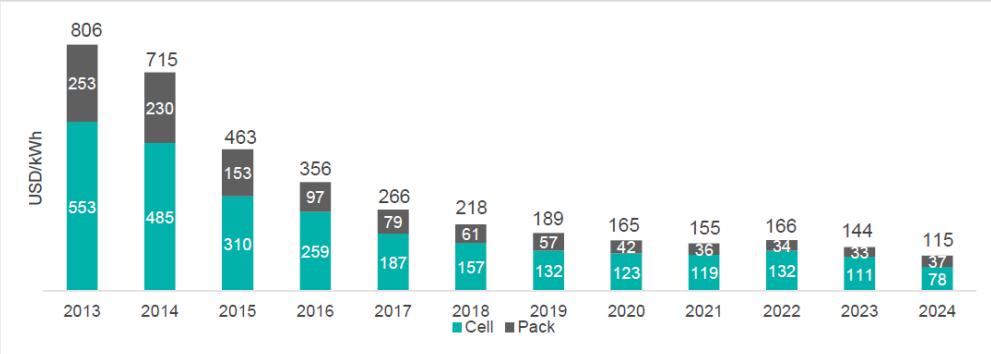
	Activa 110cc	Ather Rizta	Activa 125cc	Ather Rizta
Ex-Showroom (Rs)	83,097	111,258	98,642	111,258
On-Road (Rs)	100,640	133,115	118,137	133,115
Price premium (Rs)		32,475		14,978
Price premium		32.3%		12.7%
Annual Travel (Km)	7,200	7,200	7,200	7,200
Mileage (Kmpl)	59.5		48.0	
Practical Mileage (Kmpl)	53.6		43.2	
Range (Km)		123		123
Practical Range (Km)		86		86
Fuel Cost (Rs per litre)	103.5		103.5	
Charging Time (Hours)		8.3		8.3
Charging cost per unit (Rs)		7.0		7.0
Annual Fuel/Charging Cost (Rs)	13,916	4,859	17,250	4,859
Maintenance Cost (Rs)	6,000	1,500	6,000	1,500
Annual Savings (Rs)		13,557		16,891
Breakeven (Years)		2.4		0.9

Source: Bikewale, HSIE Research

Lithium ion battery prices are rationalizing

- Lithium ion battery prices are continuing to cool off, majorly led by lowering cell prices over the last couple of years. Some of the key factors contributing to this continued decline have been cell manufacturing overcapacity and slowdown in the EV sales growth globally. Additionally, adoption of lower cost LFP batteries, which has improved in quality over the years, is also helping the case. As per BNEF, the total fully-commissioned battery-cell manufacturing capacity globally is 3.1 terawatt-hours, which is 2.5x the annual demand for lithium ion batteries in 2024. Going forward, battery prices are expected to fall by another USD3 per kWh in 2025, as per BNEF.

Exhibit 8: Battery cell costs on the decline



Notes: Historical prices have been updated to reflect real 2024 dollars. Weighted average value includes 303 data points from passenger cars, buses, commercial vehicles, and stationary storage.

Source: Bloomberg NEF, Company RHP, HSIE Research

Widening industry portfolio

- Recent times have also seen an onslaught of affordable models in the market by major OEMs, as well as addition of new e2W variants, which has helped broaden the customer base and price points.

Exhibit 9: Affordable e-scooter launches on the rise

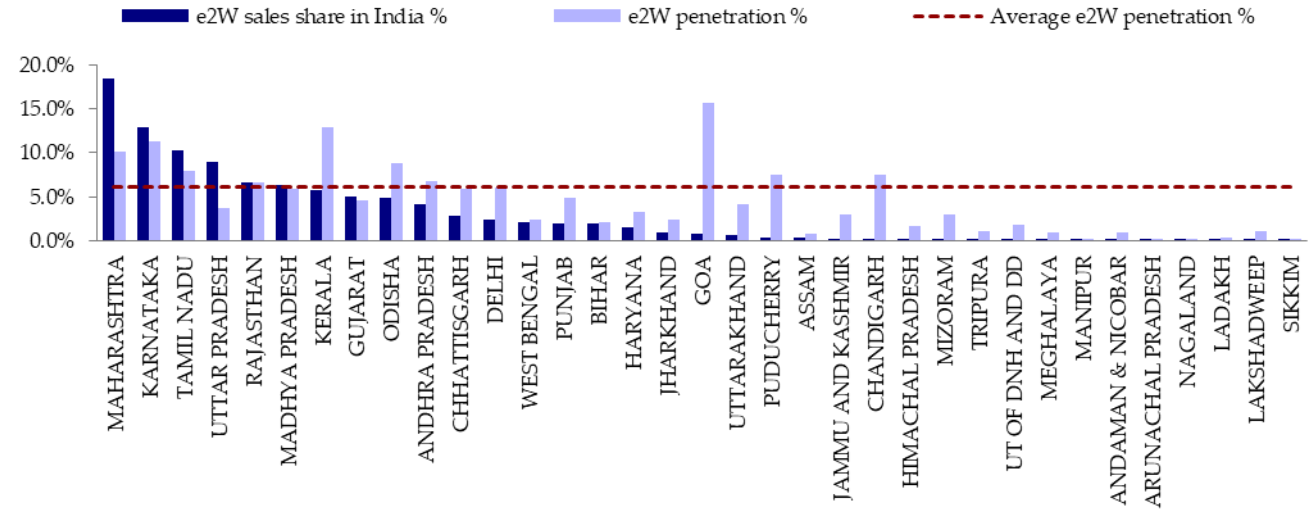
OEM	Affordable Model	Launched	On-Road (Rs)
TVS Motor	iQube 2.2 kWh	May-24	107,274
Ather Energy	Rizta	Apr-24	119,115
Hero MotoCorp	Vida V2	Dec-24	107,440
Ola Electric	S1X (Gen 3)	Jan-25	97,573
HMSI	QC1	Jan-25	96,530
Bajaj Auto	Chetak 3503	Apr-25	116,915

Source: Bikewale, HSIE Research

State-wise analysis

- We are seeing a divide between states in the rate of e2W adoption and believe that the key drivers for e2W adoption in a state have been better presence of dealerships, charging stations, relatively higher GDP per capita, and support from the respective state government for improving e2W penetration.

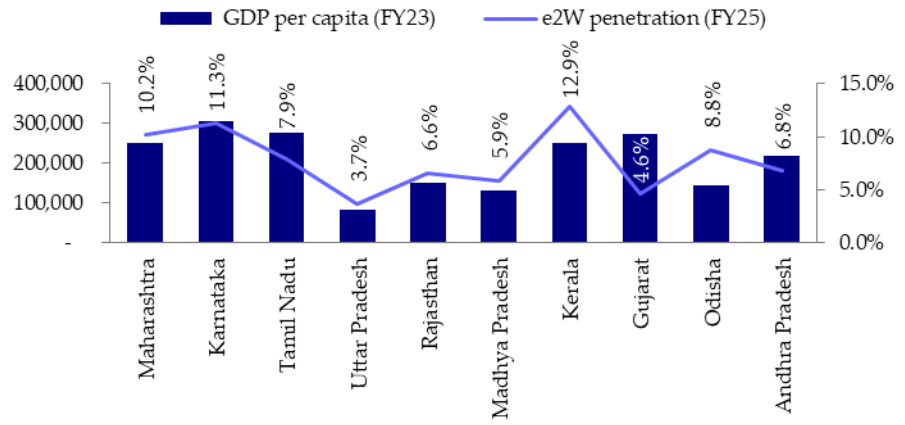
Exhibit 10: State-wise analysis of e-2W penetration



Source: Vahan, HSIE Research

- If we consider the top 10 states that sold the most e2Ws in FY25, we see that the GDPs per capita of those states are among the key differentiating factors. Hence, in this list we see a major difference in e2W penetration level between the top 3 states vs the next 3 states, which can be partly explained by the difference in GDP per capita of the state.

Exhibit 11: Correlation of state GDP per capital and e2W penetration



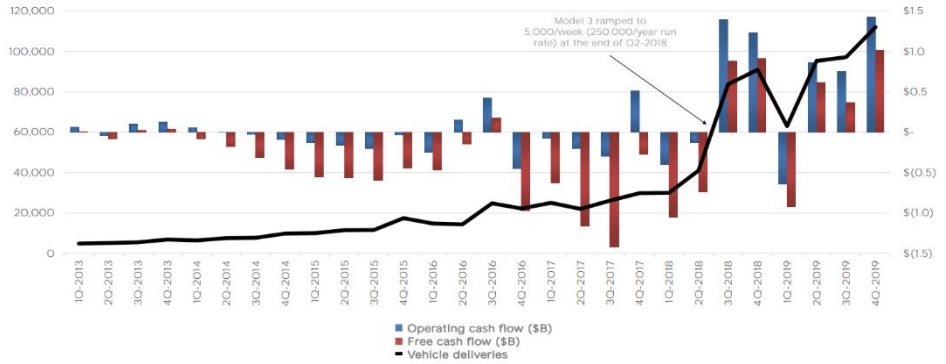
Source: RBI, Vahan, HSIE Research

Ather Energy: The path to profitability

Scaling up

- In the initial days of running the business, management was focused majorly on the product and thus on R&D. However, now with an arguably superior product to competition, the focus also shifts to expansion of product portfolio, dealer stores, and capacity, and better unit cost economics. We believe scale is one of the most important levers for electric vehicle companies to move toward profitability and improve their cash flows. We note an example of Tesla below:

Exhibit 12: Scale a key driver for EV manufacturers to generate cash flows

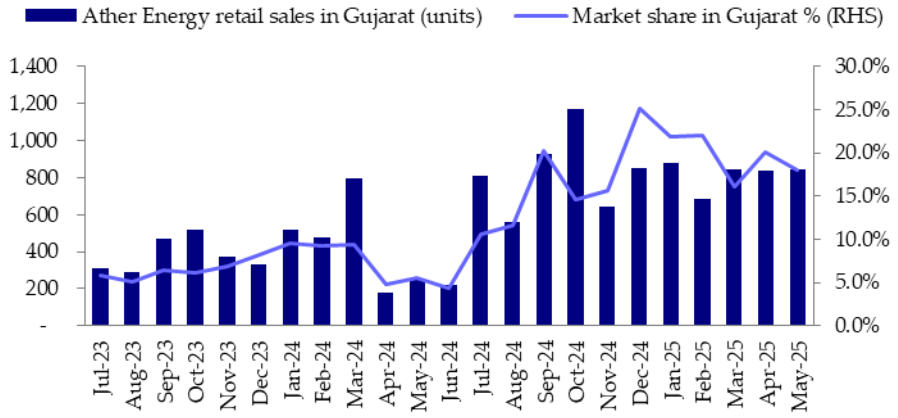


Source: Tesla

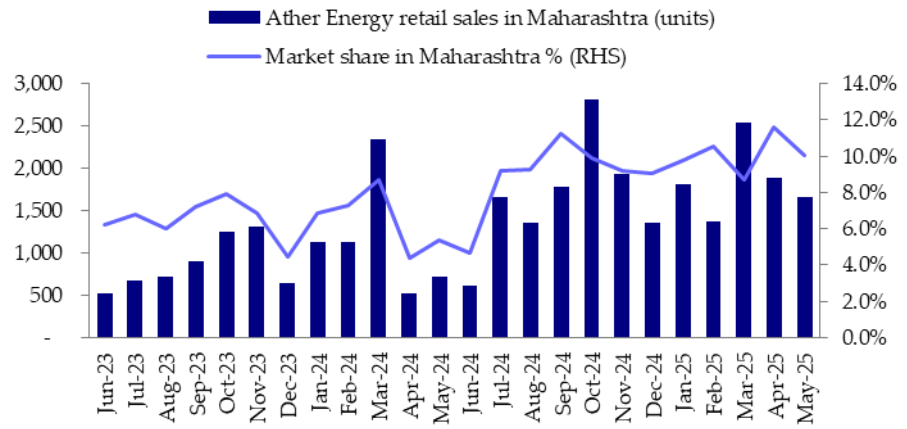
- The decision of slower store expansion initially for Ather Energy, in our view, was a deliberate one as management was focused on getting the product right. It focused on performance scooters initially, which were popular only in some regions of the country, with the other regions demanding more affordable electric scooters.

- However, the new more affordable scooter 'Rizta' in the portfolio has opened up many more markets for the company in the country, such as Gujarat and Maharashtra, states in which affordable scooters are preferred.

Exhibit 13: Rizta has improved the company's market share in non-South regions



Source: Vahan, HSIE Research



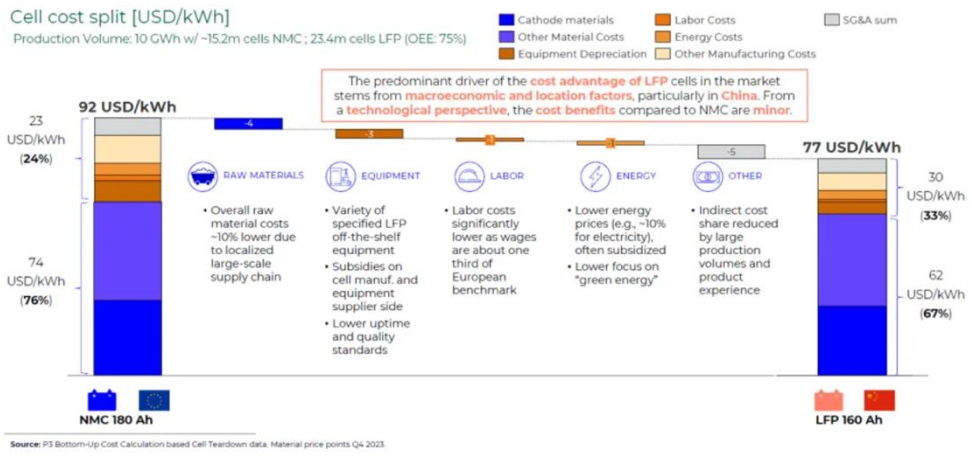
Source: Vahan, HSIE Research

- As the company also moves towards completing the development of the EL platform, we expect more launches, especially in the affordable scooter segment. We believe that the portfolio expansion and accelerated dealer store expansion will enable it to scale well, going forward.
- The company ended FY25 at 351 stores, which is much lower than the market leaders TVS Motor (around 950 dealerships) and Bajaj Auto (310 experience centers and over 3,000 points of sale). It plans to expand its dealership network at an accelerated pace and could continue to add around one new dealership a day in FY26 (in Q4FY25, it added 86 stores).
- To support this scale-up, the company has invested in a new plant at Sambhajinagar, Maharashtra, which it expects would be partly operational by late-FY27. In addition to its existing vehicle manufacturing capacity of 420,000 units p.a. in Hosur, Tamil Nadu, the company plans to add 1mn units p.a. capacity in Sambhajinagar, with 500,000 units p.a. in phase 1 and the remaining 500,000 units p.a. in phase 2.
- Despite having high capacity utilization of 37% in FY25, it decided to go ahead with major capacity expansion. The reasons for this, as per management, are multifold. The new facility enables the company to better incorporate the EL platform, which requires a few different processes. It is also more vertically integrated and thus would provide for better unit economics. More importantly, it would provide additional capacity for scaling up, especially during festive periods (as seen in October 2024, when the company hit a monthly capacity utilization of 56%). Utilization during the next festive period (in the next 3-4 months) is expected to be much higher (unless the rare earth magnet shortage impacts production).

Moving to LFP batteries

- LFP batteries are generally 15-20% cheaper than NMC batteries, offer better safety and thermal stability, especially during higher temperatures and harsher conditions, and come with a higher battery lifecycle. They were the low hanging fruit for the company in terms of reducing costs to improve unit economics. However, LFP batteries have relatively lower energy density compared to NMC batteries and thus shorter range, which also contributes to them being relatively heavier for a similar range.
- Globally, LFP cells are largely produced by Chinese manufacturers. The chart below shows how Chinese manufacturers are able to produce LFP cells at a lower cost, on the back of better economies of scale, lower labor costs, cheaper equipment, and better vertical integration.

Exhibit 14: LFP cost advantage

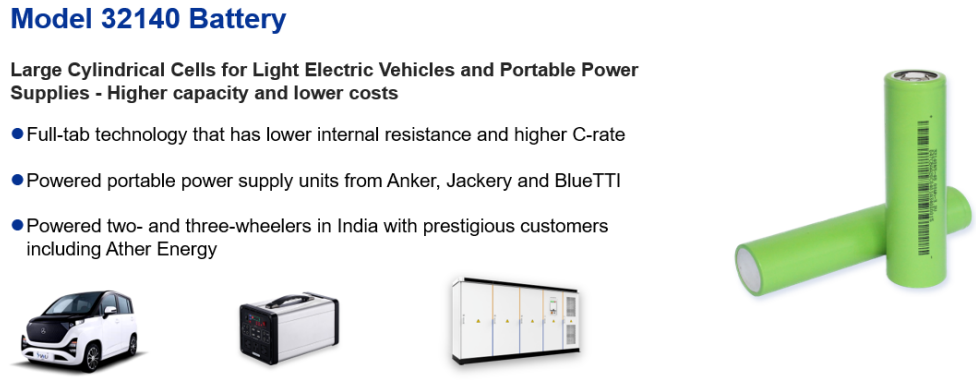


Note: $97/kWh to $92/kWh is a scale effect on production sizing

Source: batterydesign.net

- As per media articles, the company has recently partnered with CBAK Energy Technology for potential sourcing of 32140 cylinder LFP cells. The 32140 cell is 32mm in diameter and 140mm in length, and hence the name.
- As per CBAK Energy's presentation, we see that it is also supplying the 32140 battery cell to other customers in India.

Exhibit 15: The company's move to LFP already in play



Source: CBAK Energy Technology

- We also expect this to lead to the company providing improved warranty terms to customers.
- Since the company does not favor price cuts in order to protect resale value, we expect a significant part of these savings to aid gross margins.

- Additionally, the company can now seek to introduce more affordable models at better cost economics.
- As per our estimate, gross margin can improve by 207bps due to the shift from NMC to LFP battery cells, assuming a 15% cost advantage, as shown in our calculations below:

Exhibit 16: The company's move to LFP to improve gross margins

	FY25
Revenue from operations (Rs mn)	22,550
- Removing Atherstack Revenues (Rs mn)	1,353
- Removing Merchandise Revenues (Rs mn)	358
Implied Vehicle Revenues (Rs mn)	20,839
Total Vehicles Sold (Units)	156,210
Vehicle Realization (Rs)	133,401
RM Cost %	83.2%
RM Cost (Rs mn)	18,768
- RM Cost Atherstack (Rs mn)	541
- RM Cost Merchandise (Rs mn)	251
Implied Vehicle RM Cost (Rs mn)	17,976
Implied Vehicle RM Cost	86.3%
RM Cost per Vehicle (Rs)	115,075
Battery Cell Cost per kWh (Rs)	6,630
Average kWh	3.0
Total Cell Cost (Rs)	19,890
Reduction in cell cost due to shift to LFP	15.0%
New Total Cell Cost (Rs)	16,907
Reduction in RM Cost per Vehicle (Rs)	2,984
Reduction in Total RM Cost (Rs mn)	466
Existing Overall RM Cost (Rs mn)	18,768
New Assumed Overall RM Cost (Rs mn)	18,302
New Assumed RM Cost	81.2%
Improvement in Gross Margin (bps)	**207**

Source: Company, BNEF, HSIE Research estimates

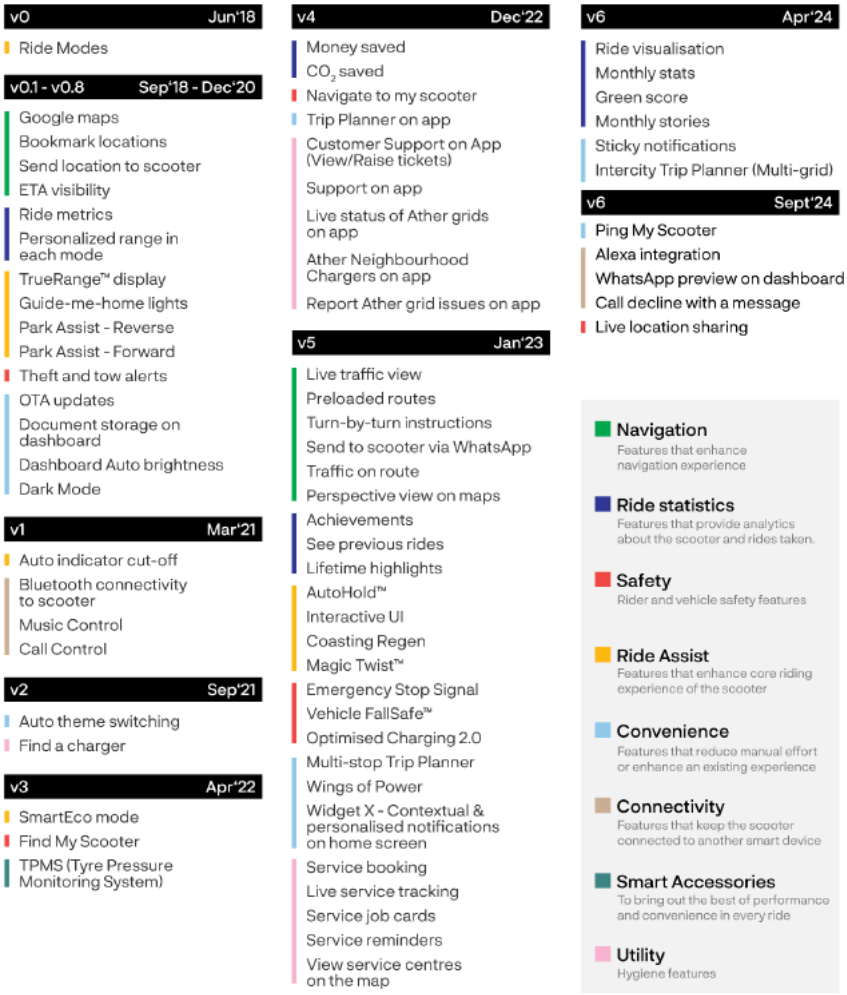
New Vehicle Platforms (EL Platform)

- The more affordable scooter, Rizta, which has become the company's bestselling electric scooter, was developed by the company on its existing 450 platform. Rizta, being an affordable scooter, also branded as a family scooter, caters to a different set of customer requirements, and thus does not need the same build as a performance scooter. We believe that the EL platform is being designed in a frugal manner to reduce costs. As per management, it will incorporate a new powertrain, electronics, and chassis platform, while utilising elements of the battery and Atherstack from the Ather 450 platform.
- Additionally, it is also working on an e-motorcycle platform called 'Zenith' that is expected to compete with the 125-300cc ICE motorcycles.

Driving revenue of Atherstack

- Atherstack is a software developed by the company that enhances user experience by providing features related to navigation, analytics, ride assistance, safety, and productivity, among others. Since the introduction of Atherstack in FY19, the company has made 68 additions to the features as of December 2024-end.
- It is an add-on product, which the customer can purchase through the Pro Pack bundle for Rs.13,000-Rs.20,000 at the time of purchasing an e2W. It costs Rs.35,000 if purchased separately (prices as of December 2024-end). Three years after purchasing it, customers have an option of paying a subscription fee to continue using Ather Connect features.

Exhibit 17: Atherstack features



Source: Company RHP, HSIE Research

- Atherstack forms ~6% of revenues, with much higher margins than that of the core e2W business.

Driving accessories sales

- Merchandise and accessories sales currently form ~1.6% of revenues. This is low for a 2W OEM, considering that merchandise and accessories sales usually form 10-15% of an ICE 2W OEM's revenues (as per CRISIL and the RHP of the company). It offers a wide range of merchandise and accessories, and is still building on the portfolio. Considering that OEMs relatively make much higher margins on merchandise and accessories sales, we expect this area to help the company achieve its overall profitability goals.

Exhibit 18: Accessories portfolio of the company

Source: Company RHP, HSIE Research

- Ather only recently (September 2024) started the deliveries of its smart helmets 'Halo' and 'Halo Bit', and thus we expect merchandise and accessories sales to ramp up, going forward. These helmets are advanced tech products that also feature the much raved about 'helmet-to-helmet' communication between the riders.

Halo features:

- Premium sound
- Auto WearDetect
- Integrated music and call control
- Helmet-to-helmet comms - Ather ChitChat™
- Music sharing
- ISI(IS:4151),DOTCertified

Considering that the company is a R&D-focused OEM, we expect the merchandise and accessories portfolio to expand further, along with technology-leading products that would attract the attention of its consumers.

Exploring rare earth-free motors

- The company is exploring the use of rare earth-free motors to reduce dependence on the rare earth metals while also reducing costs.
- Recent events have exposed the supply threat of rare-earth metals and magnets to Indian EV manufacturers. As per media articles, China had restricted the export of rare earth magnets to India, starting 4 April 2025, making it mandatory for the purchasers to have an end-use certificate. The process for certification is tedious and could also face rejections, as we have recently seen happen with Sona Comstar.
- Hence, the company's efforts on exploring use of rare earth-free magnets is a move in the right direction, that could bring down costs further.

EV transition: how it will play out for the e-2W industry and Ather

e-2W transition by FY40

- As per our base case scenario, we expect electric two-wheeler penetration in India to hit 13.7% by FY30, 28.7% by FY35, and accelerate to 54.8% in FY40. For Ather Energy, we expect electric two-wheeler market share to improve from 13.5% in FY25 to 17.9% in FY30, to 21.3% in FY35, and 25.2% in FY40. In FY40, we also expect Ather Energy's market share of the overall domestic two-wheeler segment to hit 13.8%.
- We believe that Ather Energy, TVS Motor, and Bajaj Auto would be the likely top 3 players in FY40, with no major difference in market share between the three.
- We expect EV retail sales to grow at a 25.0% CAGR over FY26-FY30, driven by increasing launches of affordable scooters, expanding product portfolios, expanding dealer network for EVs, improving total cost of ownership vs ICE, and an improving ecosystem. We expect the company to outperform the industry and grow at 32.2% over the same period, led by its portfolio and network expansion.
- Thereon, as per our base case, as the e-2W penetration gets closer to 15% in FY30, we expect the Indian government to increase the GST on EVs from 5% to 18% (from FY31). We expect OEMs to pass on most of the impact to consumers, which could slow down the e-2W industry growth rate to 5.0% in FY31, and the company's domestic growth rate to 8.3% in FY31. FY32, however, should see momentum picking up again, as consumers continue digesting higher prices.
- From FY33, we expect a major inflection point for the e-2W industry on the back of a larger industry portfolio that would have covered many white spaces and customer profiles, highly improved and advanced charging infrastructure system, improved charging times of e-2W, narrowing upfront cost, and improving total cost of ownership vs ICE 2W. We expect the company to outgrow the industry on the back of its superior products as well as market consolidation (as loss-making and weaker players fold or get acquired). Additionally, we expect the ICE 2W market to start declining from FY34. This would be on the back of better pricing and total cost of ownership of EVs vs ICE, improved range and charging infrastructure, and superior technology in EVs vs ICE; we expect a major proportion of investments meant for vehicle development to be toward EVs, leading to a superior vehicle positioning of EV models against ICE models.

Exhibit 19: EV transition till FY40

	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36	FY37	FY38	FY39	FY40
Domestic 2W retails	1,89,07,437	2,01,40,472	2,14,46,665	2,28,92,961	2,42,99,505	2,56,32,048	2,66,92,389	2,78,88,851	2,94,48,794	3,04,10,336	3,12,75,636	3,17,26,871	3,26,08,076	3,37,31,091	3,50,12,265	3,57,74,962
YoY %		6.5%	6.5%	6.7%	6.1%	5.5%	4.1%	4.5%	5.6%	3.3%	2.8%	1.4%	2.8%	3.4%	3.8%	2.2%
- ICE retails	1,77,56,784	1,86,44,623	1,95,76,854	2,05,55,697	2,13,77,925	2,21,26,152	2,30,11,198	2,34,71,422	2,37,06,137	2,32,32,014	2,23,02,733	2,18,56,679	2,07,63,845	1,95,18,014	1,79,56,573	1,61,60,916
- EV retails	11,50,653	14,95,849	18,69,811	23,37,264	29,21,580	35,05,896	36,81,191	44,17,429	57,42,657	71,78,322	89,72,902	98,70,192	1,18,44,231	1,42,13,077	1,70,55,693	1,96,14,046
- EV penetration	6.1%	7.4%	8.7%	10.2%	12.0%	13.7%	13.8%	15.8%	19.5%	23.6%	28.7%	31.1%	36.3%	42.1%	48.7%	54.8%
- Ather domestic volumes	1,55,405	2,06,045	2,80,744	3,78,103	4,95,648	6,28,512	6,80,534	8,55,022	11,54,668	14,65,911	19,10,497	21,32,711	26,35,912	32,94,890	41,18,613	49,42,335
- Ather market share (e-2W)	13.5%	13.8%	15.0%	16.2%	17.0%	17.9%	18.5%	19.4%	20.1%	20.4%	21.3%	21.6%	22.3%	23.2%	24.1%	25.2%
- Ather market share (All 2W)	0.8%	1.0%	1.3%	1.7%	2.0%	2.5%	2.5%	3.1%	3.9%	4.8%	6.1%	6.7%	8.1%	9.8%	11.8%	13.8%

Source: HSIE Research

Exhibit 20: Key expected financials of the company till FY40

	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36	FY37	FY38	FY39	FY40
Domestic Volumes	1,07,894	1,55,405	2,06,045	2,80,744	3,78,103	4,95,648	6,28,512	6,80,534	8,55,022	11,54,668	14,65,911	19,10,497	21,32,711	26,35,912	32,94,890	41,18,613	49,42,335
Export Volumes	356	805	920	1,381	2,457	3,908	6,226	10,278	13,263	19,327	31,111	48,918	73,377	1,06,397	1,54,276	2,15,986	3,02,381
Total Volumes	**1,08,250**	**1,56,210**	**2,06,966**	**2,82,125**	**3,80,560**	**4,99,556**	**6,34,738**	**6,90,812**	**8,68,285**	**11,73,995**	**14,97,022**	**19,59,415**	**22,06,088**	**27,42,309**	**34,49,166**	**43,34,599**	**52,44,716**
Total Volumes		**44.3%**	**32.5%**	**36.3%**	**34.9%**	**31.3%**	**27.1%**	**8.8%**	**25.7%**	**35.2%**	**27.5%**	**30.9%**	**12.6%**	**24.3%**	**25.8%**	**25.7%**	**21.0%**
Realisation	1,62,014	1,44,357	1,41,188	1,37,762	1,35,528	1,34,964	1,35,631	1,38,134	1,39,415	1,39,878	1,41,574	1,44,071	1,48,323	1,52,497	1,56,535	1,60,744	1,65,258
Revenue from Operations	**17,538**	**22,550**	**29,221**	**38,866**	**51,576**	**67,422**	**86,090**	**95,425**	**1,21,052**	**1,64,216**	**2,11,940**	**2,82,296**	**3,27,213**	**4,18,193**	**5,39,916**	**6,96,761**	**8,66,730**
YoY %	**-1.5%**	**28.6%**	**29.6%**	**33.0%**	**32.7%**	**30.7%**	**27.7%**	**10.8%**	**26.9%**	**35.7%**	**29.1%**	**33.2%**	**15.9%**	**27.8%**	**29.1%**	**29.0%**	**24.4%**
Total Cost of Materials consumed	16,318	18,768	23,970	31,104	40,657	52,136	65,539	74,363	92,881	1,25,015	1,60,075	2,11,520	2,44,848	3,12,509	4,02,931	5,19,285	6,45,093
% of sales	93.0%	83.2%	82.0%	80.0%	78.8%	77.3%	76.1%	77.9%	76.7%	76.1%	75.5%	74.9%	74.8%	74.7%	74.6%	74.5%	74.4%
Employee Cost	3,692	4,124	4,743	5,454	6,545	6,807	7,079	7,645	9,556	12,423	15,529	19,877	22,859	28,574	35,717	44,646	55,808
% of sales	21.1%	18.3%	16.2%	14.0%	12.7%	10.1%	8.2%	8.0%	7.9%	7.6%	7.3%	7.0%	7.0%	6.8%	6.6%	6.4%	6.4%
Other Manufacturing Expenses	4,375	5,467	6,471	8,218	10,132	11,761	13,124	13,115	15,306	19,614	23,830	29,765	33,519	42,003	53,149	67,892	83,587
% of sales	24.9%	24.2%	22.1%	21.1%	19.6%	17.4%	15.2%	13.7%	12.6%	11.9%	11.2%	10.5%	10.2%	10.0%	9.8%	9.7%	9.6%
EBITDA	-6,847	-5,809	-5,962	-5,910	-5,757	-3,282	349	302	3,309	7,164	12,506	21,134	25,986	35,108	48,119	64,938	82,242
EBITDA Margin	**-39.0%**	**-25.8%**	**-20.4%**	**-15.2%**	**-11.2%**	**-4.9%**	**0.4%**	**0.3%**	**2.7%**	**4.4%**	**5.9%**	**7.5%**	**7.9%**	**8.4%**	**8.9%**	**9.3%**	**9.5%**
Adj PAT	-8,851	-8,123	-7,292	-7,328	-7,513	-5,463	-3,416	-4,109	-2,094	638	5,226	9,778	12,530	18,171	26,368	36,990	47,464
EPS	-23.8	-21.8	-19.6	-19.7	-20.2	-14.7	-9.2	-11.0	-5.6	1.7	14.0	26.3	33.6	48.8	70.8	99.3	127.4
OCF	-2,676	-7,207	-4,556	-3,162	-2,451	506	4,720	5,102	9,274	15,247	21,670	26,333	29,007	39,209	50,793	65,265	79,226
FCF	-3,832	-10,597	-6,231	-6,148	-6,184	-4,160	-1,112	-1,727	1,021	5,272	9,611	11,750	11,293	17,682	24,624	33,440	40,510

Source: HSIE Research

Gross margins for the company

- We expect gross margins to see meaningful improvement over FY26 and FY27 on the back of transition to LFP battery, shift to EL platform, and increase in merchandise and accessories sales, which would be partially negated by increasing mix of affordable scooters. Hence, we expect gross margins to improve from 16.8% in FY25 to 18.0% in FY26, to 20.0% in FY27 and 21.2% in FY28.
- Following this, we expect gross margins to improve further to 23.9% by FY30, led mainly by improving economies of scale and operating leverage.
- However, when the sales of e2W in the industry start ramping up and penetration improves, hitting close to 15% in FY30, we expect the government to narrow the GST differential between EV and ICE two wheelers, where GST for e2W, we believe, could increase from 5% to 18%. We expect OEMs to bear ~25% of the cost impact and pass on the remaining to consumers. This would likely increase the cost to consumer (on ex-showroom basis) by 9.3%. Due to absorbing 25% of this GST increase, we expect around 310bps gross margin impact, which would, however, be partially negated by continuing other gross margin improvements. Hence, we expect the gross margin to deteriorate to 22.1% in FY31. However, we expect OEMs to pass on this 25% absorbed impact to customers over time.

Exhibit 21: GST increase for EVs

	Mar-25	Mar-26	Mar-27	Mar-28	Mar-29	Mar-30	Mar-31
Realisation	1,44,357	1,41,188	1,37,762	1,35,528	1,34,964	1,35,631	1,38,134
Gross Cost per Vehicle	1,20,146	1,15,814	1,10,248	1,06,834	1,04,365	1,03,254	1,07,645
Gross margin	16.8%	18.0%	20.0%	21.2%	22.7%	23.9%	22.1%
Old GST (before 1st increase)	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Price to consumer (Ex-showroom)	1,51,575	1,48,247	1,44,650	1,42,304	1,41,712	1,42,413	1,45,041
New GST (1st increase)							18.0%
New price to consumer (Ex-showroom)							1,62,998
New realization of Ather Energy							1,55,236
Absolute price increase							17,957
Price increase %							12.4%
If company absorbs 25% of the impact							
Gross impact from 25% absorption							4,489
Gross margin impact from this							3.1%
Price to consumer if 25% absorbed by the company (Ex-showroom)							1,58,509
Price increase %							9.3%

Source: HSIE Research

- Thereafter, we expect higher localization levels, better economies of scale, lower competition (via market consolidation), and improved product differentiation (via technologically strong products) to improve gross margins meaningfully, to reach 25.1% by FY35.
- When EV penetration improves further and reaches closer to 30% in FY35, we expect the government to increase GST on e-2W further from 18% to 28% in FY36. In this case, we expect OEMs to pass on all the impact to consumers, which would lead to a price increase of around 8.5% for the consumer.

Employee costs and other expenses

- We expect employee costs and other expenses (as a percentage of sales) to improve in FY26 and FY27 on better operating leverage but expect the improvement to slow down in FY28 as the new plant in Sambhajinagar commences production. Following this, we expect improvement to accelerate as the company scales its volumes and benefits further from operating leverage. We expect employee expenses to reach 6.4% by FY40.

EBITDA margin

- We expect EBITDA to break even by FY30, and be flattish in FY31 due to the gross margin impact from partially absorption of the GST rate increase. From FY32, we expect EBITDA margin to improve meaningfully on improving economies of scale, better operating leverage, improving localization content, better exports traction, and market consolidation, which could lower the competitive intensity. We expect it to reach an EBITDA margin of 9.5% in FY40.

Valuation

We value it on an EV/sales basis

Valuing loss-making EV companies is a black box for now, as this is a once-in-a-hundred years kind of industry transition with an under-developed ecosystem, and a plethora of players have entered the space.

Additionally, comparing the valuations to global peers is difficult:

China: It has a low-cost base, scale advantage, developed supplier ecosystem, support from the government for EVs, and most notably, a maturing and plateauing EV market.

US and Europe: We will need to compare it to e-PV players, which would not be apt. Additionally, the GDP per capita is much higher in these regions, making the EV price range still very affordable to customers there.

Hence, we need to value the business of Ather Energy in light of the potential industry opportunity, which we believe is huge, and its better odds of emerging as one of the big winners from the EV transition. We strongly believe that with its product-focused and customer-centric approach, it will stand the test of time and emerge a strong leader in the EV space.

Considering that the company would continue to grow its revenues at a comparatively higher CAGR, along with consistent margin improvement, we assign it an EV/sales multiple of 3.5x, a premium to some key listed Indian and global EV players (except Tesla).

Exhibit 22: Valuation Comparables

Company	Local Currency	Market Cap in local currency (bn)	Market Cap in USD (bn)	FY27/CY26 Sales in local currency (bn)	FY27/CY26 Sales in USD (bn)	FY26/CY25-FY28/CY27 3yr Sales CAGR %	FY27/CY26 EV/Sales	FY28/CY27 EV/Sales	FY27/CY26 EBITDA Margin
Ather Energy	INR	117.0	1.4	39	0.5	31.8%			-15.2%
Ola Electric	INR	215.1	2.5	68	0.8	26.6%	3.2	2.4	-8.8%
Yadea	HKD	38.8	5.0	43	5.6	19.5%	0.6	0.6	10.1%
NIU	CNY		0.3	6	0.9	34.1%	0.3	0.2	4.9%
Tesla	USD		1,050.3		117.8	12.9%	8.7	7.3	15.4%
BYD	CNY	1,131.5	158.4	1,182	165.5	20.5%	0.9	0.8	13.2%
NIO	CNY		8.6	116	16.2	26.8%	0.7	0.6	-3.9%
VinFast			8.2		4.4	50.3%	3.1	2.2	-18.0%
Li Auto	HKD	247.9	32.2	214	30.0	20.1%	0.6	0.5	8.6%
Bajaj Auto	INR	2,438.9	28.7	639	7.5	12.6%	3.7	3.3	20.4%
TVS Motor	INR	1,315.3	15.5	466	5.5	12.3%	2.9	2.6	13.2%

Source: HSIE Research

Exhibit 23: Valuation of Ather Energy

	FY24	FY25	FY26	FY27	FY28
Sales	17,538	22,550	29,221	38,866	51,576
Debt	3,149	4,499	3,599	3,779	3,968
Cash	4,478	3,704	19,050	10,648	4,776
Blended Sales for Jun-27					42,044
Blended Debt for Jun-27					3,826
Blended Cash for Jun-27					9,180
EV/Sales Multiple					3.5
Value (Rs mn)					1,52,506
Target price (Rs)					**409**

Source: HSIE Research

Scenario analysis

Exhibit 24: Scenario Analysis

Base Case

	FY25	FY26E	FY27E	FY28E
2W Industry - ICE 2W retails	1,77,56,784	1,86,44,623	1,95,76,854	2,05,55,697
YoY %		5.0%	5.0%	5.0%
2W Industry - EV 2W retails	11,50,653	14,95,849	18,69,811	23,37,264
YoY %		30.0%	25.0%	25.0%
2W Industry - EV penetration	6.1%	7.4%	8.7%	10.2%
Company's domestic volumes	1,55,405	2,06,045	2,80,744	3,78,103
YoY %		32.6%	36.3%	34.7%
Company market share in e-2W	13.5%	13.8%	15.0%	16.2%
Company's export volumes	805	920	1,381	2,457
Company's total volumes	1,56,210	2,06,966	2,82,125	3,80,560
Realization	1,44,357	1,41,188	1,37,762	1,35,528
YoY %		-2.2%	-2.4%	-1.6%
Revenue	22,550	29,221	38,866	51,576
RM cost % of sales	83.2%	82.0%	80.0%	78.8%
Employee cost % of sales	18.3%	16.2%	14.0%	12.7%
Other expenses % of sales	24.2%	22.1%	21.1%	19.6%
EBITDA Margin %	-25.8%	-20.4%	-15.2%	-11.2%
Debt	4,499	3,599	3,779	3,968
Cash	3,704	19,050	10,648	4,776
Blended Sales for Jun-27				42,044
Blended Debt for Jun-27				3,826
Blended Cash for Jun-27				9,180
EV/Sales Multiple				3.5
Value (Rs mn)				1,52,506
Value per share (Rs mn)				**409**

Source: HSIE Research

Bear Case

	FY25	FY26E	FY27E	FY28E
2W Industry - ICE 2W retails	1,77,56,784	1,85,55,839	1,93,90,852	2,02,63,440
YoY %		4.5%	4.5%	4.5%
2W Industry - EV 2W retails	11,50,653	13,80,784	16,29,325	19,22,603
YoY %		20.0%	18.0%	18.0%
2W Industry - EV penetration	6.1%	6.9%	7.7%	8.5%
Company's domestic volumes	1,55,405	1,94,256	2,33,108	2,79,729
YoY %		25.0%	20.0%	20.0%
Company market share in e-2W	13.5%	14.1%	14.3%	14.5%
Company's export volumes	805	880	1,000	1,200
Company's total volumes	1,56,210	1,95,136	2,34,108	2,80,929
Realization	1,44,357	1,40,026	1,35,825	1,31,751
YoY %		-3.0%	-3.0%	-3.0%
Revenue	22,550	27,324	31,798	37,013
RM cost % of sales	83.2%	82.5%	81.2%	80.0%
Employee cost % of sales	18.3%	17.0%	15.5%	14.0%
Other expenses % of sales	24.2%	23.0%	21.8%	20.6%
EBITDA Margin %	-25.8%	-22.5%	-18.5%	-14.6%
Debt	4,499	4,274	4,701	5,172
Cash	3,704	17,145	8,572	3,429
Blended Sales for Jun-27				33,101
Blended Debt for Jun-27				4,819
Blended Cash for Jun-27				7,287
EV/Sales Multiple				2.5
Value (Rs mn)				85,221
Value per share (Rs mn)				**229**

Bull Case

	FY25	FY26E	FY27E	FY28E
2W Industry - ICE 2W retails	1,77,56,784	1,86,80,137	1,96,51,504	2,06,73,382
YoY %		5.2%	5.2%	5.2%
2W Industry - EV 2W retails	11,50,653	15,18,862	19,28,955	24,49,772
YoY %		32.0%	27.0%	27.0%
2W Industry - EV penetration	6.1%	5.5%	4.9%	11.8%
Company's domestic volumes	1,55,405	2,11,351	2,95,891	4,14,248
YoY %		36.0%	40.0%	40.0%
Company market share in e-2W	13.5%	13.9%	15.3%	16.9%
Company's export volumes	805	950	1,500	3,000
Company's total volumes	1,56,210	2,12,301	2,97,391	4,17,248
Realization	1,44,357	1,41,470	1,38,640	1,36,561
YoY %		-2.0%	-2.0%	-1.5%
Revenue	22,550	30,034	41,230	56,980
RM cost % of sales	83.2%	81.5%	79.5%	78.0%
Employee cost % of sales	18.3%	15.8%	13.5%	12.0%
Other expenses % of sales	24.2%	21.8%	20.5%	19.0%
EBITDA Margin %	-25.8%	-19.1%	-13.5%	-9.0%
Debt	4,499	3,374	3,543	3,720
Cash	3,704	20,002	12,001	6,001
Blended Sales for Jun-27				45,168
Blended Debt for Jun-27				3,587
Blended Cash for Jun-27				10,501
EV/Sales Multiple				4.0
Value (Rs mn)				1,87,585
Value per share (Rs mn)				**504**

Source: HSIE Research

DCF Analysis

Even though we have not used DCF to value the company, we have nevertheless done a DCF valuation to evaluate the outcome from a cash flow scenario.

Exhibit 25: DCF Analysis

	FY25	FY30E	FY35E	FY40E
As per a DCF				
WACC				12%
Terminal growth rate				5%
OCF	-7,207	4,720	26,333	79,226
FCF	-10,597	-1,112	11,750	40,510
PV of FCF				21,333
PV of Terminal Value				1,27,187
Total Value (Rs mn)				1,48,520
Value per share (Rs mn)				**399**

Source: HSIE Research

About the company

Products

The company has two product lines, Ather 450 and Ather Rizta, which comprise a total of seven variants.

Exhibit 26: Product portfolio

	450S	450X (2.9 kWh)	450X (3.7 kWh)	450 Apex	Rizta (2.9 kWh)	Rizta (3.7 kWh)	Rizta
0-40 km/h	3.9s	3.3s	3.3s	2.9s	4.7s	4.7s	4.7s
Top Speed	90 km/h	90 km/h	90 km/h	100 km/h	80 km/h	80 km/h	80 km/h
Range	122 km	126 km	161 km	157 km	123 km	123 km	159 km

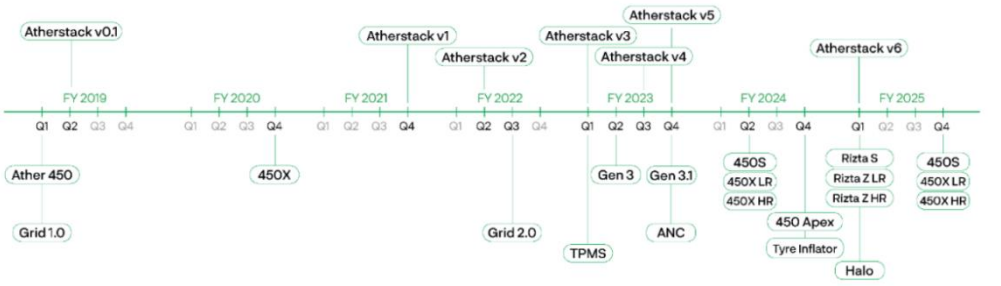
Source: Company's Final Offer Document, HSIE Research

Exhibit 27: Milestones for the company

Calendar Year	Milestone
2013	Founded by Tarun Sanjay Mehta and Swapnil Babanlal Jain
2018	Launch of Ather 450
	Launch of our first experience center and charging infrastructure
2020	Launch of Ather 450X
2021	Commenced operations at the first facility in Hosur factory
2022	Commenced operations at the second facility in Hosur factory
2023	Launch of Ather 450S
2024	Launch of Ather 450 Apex and Rizta
	Crossed cumulative sales of 341,113 E2Ws
	Sub-lease of land for 95 years for setting up of Factory 3.0 in Chhatrapati Sambhajinagar, Maharashtra

Source: Company's Final Offer Document, HSIE Research

Exhibit 28: Timeline of product launches



Source: Company's Final Offer Document, HSIE Research

Financials

Standalone P&L

Year End (March) - INR mn	FY24	FY25	FY26E	FY27E	FY28E
Net Revenues	**17,538**	**22,550**	**29,221**	**38,866**	**51,576**
Growth (%)	(1.5)	28.6	29.6	33.0	32.7
Material Expenses	16,318	18,768	23,970	31,104	40,657
Employee Expense	3,692	4,124	4,743	5,454	6,545
Other Expenses	4,375	5,467	6,471	8,218	10,132
EBITDA	**(6,847)**	**(5,809)**	**(5,962)**	**(5,910)**	**(5,757)**
EBITDA Growth (%)	**(3.2)**	**(15.2)**	**2.6**	**(0.9)**	**(2.6)**
EBITDA Margin (%)	**(39.04)**	**(25.76)**	**(20.40)**	**(15.21)**	**(11.16)**
Depreciation	1,467	1,710	1,163	1,459	1,829
EBIT	**(8,314)**	**(7,519)**	**(7,125)**	**(7,368)**	**(7,586)**
Deferred rev exp/others	-	-	-	-	-
Other Income	353	502	552	607	668
Interest	890	1,106	720	567	595
PBT	**(8,851)**	**(8,123)**	**(7,292)**	**(7,328)**	**(7,513)**
Total Tax	-	-	-	-	-
RPAT	**(10,597)**	**(8,123)**	**(7,292)**	**(7,328)**	**(7,513)**
Exceptional Gain/ (loss)	(1,746)	-	-	-	-
Adjusted PAT	**(8,851)**	**(8,123)**	**(7,292)**	**(7,328)**	**(7,513)**
APAT Growth (%)	**NA**	**NA**	**NA**	**NA**	**NA**
EPS	**(39.3)**	**(27.9)**	**(25.1)**	**(25.2)**	**(25.8)**
EPS Growth (%)	NA	NA	NA	NA	NA

Source: Company, HSIE Research

Standalone Balance Sheet

Year End (March) - INR mn	FY24	FY25	FY26E	FY27E	FY28E
SOURCES OF FUNDS					
Share Capital - Equity	8	291	372	372	372
Other Equity	5,451	4,639	23,607	16,279	8,766
Total Shareholders' Funds	**5,459**	**4,930**	**23,979**	**16,651**	**9,139**
Total Debt	4,777	6,193	5,547	6,019	6,544
TOTAL SOURCES OF FUNDS	**10,236**	**11,123**	**29,526**	**22,671**	**15,683**
APPLICATION OF FUNDS					
Tangible Assets	1,871	2,674	2,718	4,326	6,237
Intangible Assets	1,229	1,043	967	937	953
CWIP	706	1,220	1,464	2,196	2,635
Right of Use Assets	1,489	2,443	1,329	1,279	1,255
Other Non-Current Assets	1,546	2,058	2,280	2,528	2,802
Total Non-current Assets	**6,841**	**9,438**	**8,759**	**11,265**	**13,884**
Current Investments	2,922	410	4,100	4,305	2,153
Inventories	1,167	2,446	3,170	4,216	5,594
Debtors	16	118	153	203	270
Cash & Equivalents	4,478	3,704	19,050	10,648	4,776
Other Current Assets	3,711	4,890	5,379	5,917	6,509
Total Current Assets	**12,294**	**11,568**	**31,851**	**25,289**	**19,302**
Creditors	4,027	5,609	5,962	7,737	10,113
Other Current Liabilities & Provisions	4,872	4,274	5,122	6,147	7,389
Total Current Liabilities	**8,899**	**9,883**	**11,084**	**13,884**	**17,502**
Net Current Assets	**3,395**	**1,685**	**20,768**	**11,405**	**1,800**
TOTAL APPLICATION OF FUNDS	**10,236**	**11,123**	**29,526**	**22,671**	**15,683**

Source: Company, HSIE Research

Standalone Cash Flow

Year End (March) - INR mn	FY24	FY25	FY26E	FY27E	FY28E
Reported PBT	**(10,597)**	**(8,123)**	**(7,292)**	**(7,328)**	**(7,513)**
Depreciation	1,467	1,710	1,163	1,459	1,829
Working Capital Change	4,363	(2,909)	(269)	918	1,307
Tax Paid	(1)	(23)	-	-	-
Interest/Dividend received	(196)	(190)	(209)	(230)	(253)
Other items	2,288	2,328	2,052	2,019	2,179
Extraordinary items					
OPERATING CASH FLOW (a)	**(2,676)**	**(7,207)**	**(4,556)**	**(3,162)**	**(2,451)**
Capex	(1,156)	(3,390)	(1,675)	(2,986)	(3,733)
Free Cash Flow (FCF)	**(3,832)**	**(10,597)**	**(6,231)**	**(6,148)**	**(6,184)**
Others	(1,125)	(392)	(3,690)	(205)	2,153
INVESTING CASH FLOW (b)	**(2,281)**	**(3,782)**	**(5,365)**	**(3,191)**	**(1,580)**
Debt Issuance/(Repaid)	(1,909)	7,136	(646)	472	525
Interest Expenses	(770)	(973)	(612)	(482)	(506)
FCFE	(4,971)	(2,488)	(6,264)	(5,194)	(5,153)
Others	9,011	866	26,260	-	-
FINANCING CASH FLOW (c)	**6,332**	**7,029**	**25,002**	**(10)**	**19**
NET CASH FLOW (a+b+c)	**1,375**	**(3,960)**	**15,082**	**(6,362)**	**(4,013)**
Add: Beginning balance	3,685	5,060	1,100	16,182	9,819
EO Items, Others					
Closing Cash & Equivalents	**5,060**	**1,100**	**16,182**	**9,819**	**5,807**

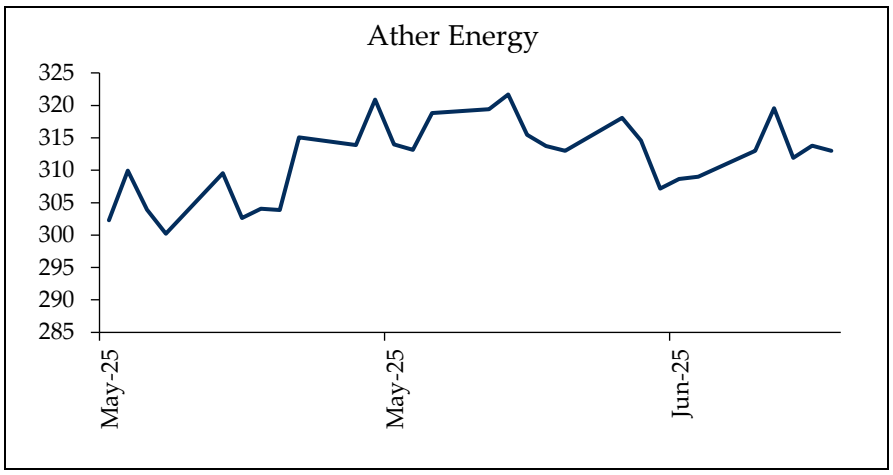
Source: Company, HSIE Research

Ratios

Year End (March)	FY24	FY25	FY26E	FY27E	FY28E
PROFITABILITY (%)					
GPM	7.0	16.8	18.0	20.0	21.2
EBITDA Margin (%)	(39.0)	(25.8)	(20.4)	(15.2)	(11.2)
EBIT Margin	(47.4)	(33.3)	(24.4)	(19.0)	(14.7)
PBT Margin	(50.5)	(36.0)	(25.0)	(18.9)	(14.6)
APAT Margin	(50.5)	(36.0)	(25.0)	(18.9)	(14.6)
RoE	(152.7)	(156.4)	(50.4)	(36.1)	(58.3)
RoIC (or Core RoCE)	(150.2)	(152.7)	(106.5)	(104.6)	(92.1)
RoCE	(72.0)	(70.4)	(35.1)	(28.2)	(39.6)
EFFICIENCY					
Tax Rate (%)	-	-	-	-	-
Fixed Asset Turnover (x)	2.2	2.5	2.8	2.9	3.0
Inventory (days)	24	40	40	40	40
Debtors (days)	0	2	2	2	2
Other Current Assets (days)	77	79	67	56	46
Payables (days)	90	109	91	91	91
Other Current Liab & Provns (days)	101	69	64	58	52
Cash Conversion Cycle (days)	(90)	(58)	(46)	(51)	(56)
Net D/E (x)	0.1	0.5	(0.6)	(0.3)	0.2
Interest Coverage (x)	(9.3)	(6.8)	(9.9)	(13.0)	(12.7)
PER SHARE DATA (Rs)					
EPS	(39.3)	(27.9)	(25.1)	(25.2)	(25.8)
CEPS	(32.7)	(22.0)	(21.1)	(20.2)	(19.5)
Dividend	-	-	-	-	-
Book Value	24.2	16.9	82.4	57.2	31.4
VALUATION					
P/E (x)	(8.0)	(11.2)	(12.5)	(12.5)	(12.2)
P/BV (x)	13.0	18.5	3.8	5.5	10.0
EV/EBITDA (x)	(10.0)	(16.1)	(12.4)	(14.0)	(15.8)
EV/Revenues (x)	3.9	4.1	2.5	2.1	1.8
OCF/EV (%)	(3.9)	(7.7)	(6.2)	(3.8)	(2.7)
FCF/EV (%)	(5.6)	(11.3)	(8.4)	(7.5)	(6.8)
FCFE/Mkt Cap (%)	(7.0)	(2.7)	(6.9)	(5.7)	(5.6)
Dividend Yield (%)	-	-	-	-	-

Source: Company, HSIE Research

Price history



Rating Criteria

BUY: >+15% return potential
ADD: +5% to +15% return potential
REDUCE: -10% to +5% return potential
SELL: >10% Downside return potential

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