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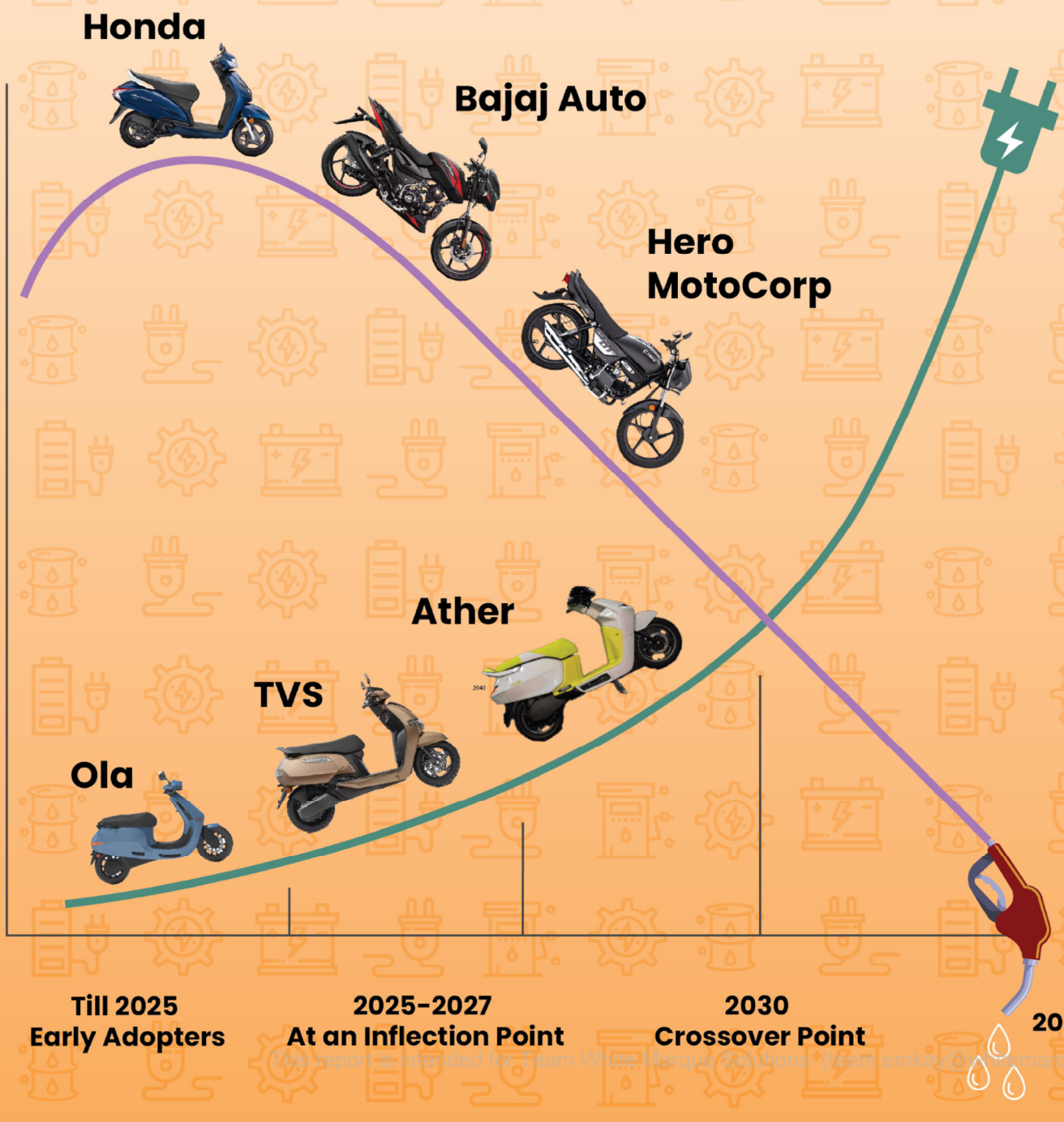
YET ANOTHER MEGA SHIFT IN MOTION;

ATHER - THE FRONTRUNNER



Chirag Jain Nandan Pradhan Marazbaan Dastur Maulik Shah

Auto & Auto Ancillaries

Yet another mega shift in motion; Ather – The frontrunner

The Indian 2W industry is on the cusp of yet another 'value migration' as customer preferences shift to electric 2Ws (E-2Ws), which offer a trinity of superior cost-economics and convenience, aided by futuristic offerings (smart, intelligent, connected). Notwithstanding the near-term GST cut-led demand spike for ICE-2Ws, this shift is expected to coincide with the slowing domestic 2W industry growth (3% volume CAGR over FY26E-35E), as household (HH) penetration levels approach saturation (64%/85% in FY25/35E). We expect domestic E-2W volumes to expand ~13-15x over FY25-35E, forming ~60% of domestic 2W volumes, with key category growth barriers being addressed; domestic ICE-2Ws to nearly halve from current levels. Despite significant reduction in subsidies and GST cuts on ICE-2Ws, we note a sustained spike in E-2W penetration (7.4/8.1% in FY26YTD/Sep-25 vs 6/5% in FY24/25). The path to profitability is emerging strongly for E-2W OEMs, with sharply improving cost curves and >20% gross margin. We expect further consolidation in E-2Ws (as seen during previous mega-shifts), with a disproportionate share of the profit pool being enjoyed by category leaders. We believe Indian 2W OEMs, with their globally competitive size/scale and steepening learning curve, can withstand competition from Japanese OEMs (which have lagged in E-2Ws across ASEAN markets; traditional stronghold in ICE-2Ws). We prefer to play the E-2W theme with Ather Energy (initiate with BUY; TP of Rs925; 51% upside), Ola Electric (initiate with BUY; TP: Rs65; 30% upside), and TVS Motor (BUY; TP: Rs4,200; 20% upside). We downgrade HMCL to ADD (TP: Rs6,000; 8% upside) as its core portfolio faces electrification risk even as it is addressing legacy pain, valuation remains reasonable, and it becomes a proxy play on Ather; retain ADD on BJAUT (TP Rs9,500; 5% upside) as its strong exports franchise and is seen offsetting its weakening domestic franchise. We downgrade EIM to ADD (TP: Rs6,900) as valuations appear rich despite its premium motorcycle franchise being shielded from EV risk.

Domestic 2Ws stagnating; E-2Ws shift to a secular trend with 13-15x rise in 10Y

Per our state-wise household and sales analysis, 2W volume growth peaks at 45–50% penetration, showing an inverse correlation between penetration and growth. Over FY15-25, the top-12 states rose only 1%, while the pan-India growth of 3% was driven by the rest of India (RoI; 'Hindi' belt) growing 4%. With RoI penetration at 55% (FY25)—also the level where growth tapered for the top states, 2W volumes face a material slowdown risk over FY25-35E. After the near-term GST-cut led demand spike, we expect the domestic 2W industry to stagnate at 3% CAGR over FY26E-35E. This is likely to coincide with the secular customer-preference shift toward E-2Ws, with volumes expected to rise 13-15x over FY25-35E, and a steep adoption curve akin to that seen during the geared scooters to motorcycle shift during the late 1990s in a base-case scenario. We highlight the possibility of an even steeper curve, as E-2Ws match all the 3 reasons for past mega shifts seen in the 2W industry, ie a) superior cost economics (upfront costs rapidly converging toward ICE-2Ws and operating costs at 1/10th of ICE-2Ws'), b) convenience (automatic transmission, better NVH), and c) futuristic (smart, intelligent, connected). Despite a staggered cut in central and state incentives (eg FAME-II and EMPS) to Rs5k/vehicle in FY26 vs Rs45k in FY23, we see a spike in retail E-2W penetration (7.4/8% in FY26TD/Sep-25 vs 5.8% in FY25) as key category growth barriers of charging, affordability, reliability, and resale value are being addressed.

Path to profitability emerging for E-2Ws; gross profit/vehicle above ICE-2Ws'

E-2W OEMs are already delivering >20% GM, translating into a gross profit/vehicle already above that of ICE-2Ws, led by >30% reduction in BOM cost (on tech-led cost curves as well as falling cell prices) over the past 3-4Y and despite a staggered subsidy cut. This is a crucial inflection point, as EVs were previously viewed as sub-scale and margin-dilutive. This has been led by a steep technology-/cost-curve seen in EVs with further scope to improve. We expect GM (for Ather/Ola) to cross 30%, as operating leverage, technology-led value engineering, and non-vehicle revenues (software subscriptions, accessories, etc) kick in. A sustained improvement in the gross margin of E-2Ws amid upward pressure on ICE-2Ws (and as emission norms continue to tighten) could trigger an acceleration in E-2W adoption, even as the profitability of E-2Ws improves significantly.

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Consolidation in play, with a few players enjoying a disproportionate profit pool

The E-2W space is undergoing a rapid consolidation phase (like the ICE 2W industry in the past, when motorcycle/scooter's shares eventually consolidated around a handful of scaled leaders like Hero/Honda who grabbed 50% of the motorcycle/scooter market respectively) as the category matures. Over the last 3Y, the top 5 OEMs (Ola, Ather, TVS, BJAUT, and HMCL) expanded their combined share to 85% (<60% in FY22), while smaller startups stagnated or exited. With EVs being capital-/tech-intensive, scale advantages in localization, vertical integration, and distribution will only accelerate this process, with a few leading players likely enjoying a disproportionate share of the profit pool. OEMs have also realized that sustainable growth lies in offering differentiated/superior value, deterring price wars. We expect Ather to be the winner among start-ups; TVSL among incumbents to further consolidate its position.

Key standouts – Ather, Ola, TVS; EIM well shielded; HMCL, BJAUT at crossroads

We prefer to play the E-2W theme with i) Ather Energy (initiate with BUY; TP: Rs925) as it is entering the scale up phase with brand and product now established, akin to Royal Enfield's 2013-17 phase, ii) Ola Electric (initiate with BUY; TP: Rs65) as product and services issues are being resolved (reinforced by channel checks) which is increasing visibility for improving profitability, and iii) TVS Motor (BUY; TP: Rs4,200), which has been sucessful in consistently identifying consumer preferences, incubating multiple successful brands, and is also leading in EVs. We downgrade HMCL (ADD; TP Rs6,000) as its valuations are reasonable and HCML becomes a proxy-play on Ather, though its core product portfolio is exposed to electrification risk. We retain ADD on BJAUT (TP: Rs9,500), as its strong export franchise is offsetting its weakening domestic franchise. We downgrade EIM (ADD; Rs6,900) as its rich valuations limit the upside, although its premium motorcycle and exports franchise is shielded from EV risk.

Exhibit 1: The India 2W industry – Valuations

SA/C	OEM	Previous Rating	Revised Rating	Valuation Basis	Target Multiple (x)	Earlier TP (Rs)	Revised TP (Rs)	Upgrade/ Downgrade (%)	CMP (Rs)	Upside/ Downside (%)
SA	TVS Motor	BUY	BUY	Core PER	35.0	3,100	4,200	35.5	3,503	20
C	Eicher Motor	BUY	ADD	Core PER	30.0	6,300	6,900	9.5	6,912	0
SA	Bajaj Auto	ADD	ADD	Core PER	26.0	8,900	9,500	6.7	9,066	5
SA	Hero MotoCorp	BUY	ADD	Core PER	18.0	5,200	6,000	15.4	5,559	8
SA	Ather Energy	Initiate with BUY		EV/Sales	7.0		925		611	51
C	Ola Electric	Initiate with BUY		EV/S for Auto	5.0		65		50	30

Source: Company, Emkay Research; Note – SA denote Standalone and C denotes Consolidated

Exhibit 2: Within the 2W universe, we expect Ather and Ola to clock the highest revenue/volume CAGR, followed by TVS

	Volume CAGR (%)				Revenue CAGR (%)				EBITDA CAGR (%)				EPS CAGR (%)			
OEMs	**FY15-25**	**FY20-25**	**FY25-28**	**FY25-35**	**FY15-25**	**FY20-25**	**FY25-28**	**FY25-35**	**FY15-25**	**FY20-25**	**FY25-28**	**FY25-35**	**FY15-25**	**FY20-25**	**FY25-28**	**FY25-35**
TVSL	6.5	7.8	16.1	9.3	13.7	17.2	19.9	11.4	22.1	27.0	24.8	13.7	22.8	34.4	28.1	14.9
EIM RE	12.8	7.7	12.1	7.4	19.8	15.2	14.1	9.4	20.6	16.7	14.4	9.7	22.5	17.6	10.7	8.2
BJAUT	2.0	0.2	7.5	6.1	8.8	10.8	10.8	8.0	9.4	14.7	11.3	8.1	10.4	10.6	11.7	7.8
HMCL	-1.2	-1.6	6.1	-3.4	4.0	7.2	8.7	-2.2	5.2	8.2	10.7	-5.5	6.1	7.7	9.5	-5.9
Ather*		88.3	42.7	41.0		76.7	38.9	39.0								
Ola*		161.9	7.0	23.2		129.5	9.7	23.7								
	EV/Sales (x)				**P/B (x)**				**PER (x)**				**Core PER (x)**			
OEMs	**FY25**	**FY26E**	**FY27E**	**FY28E**	**FY25**	**FY26E**	**FY27E**	**FY28E**	**FY25**	**FY26E**	**FY27E**	**FY28E**	**FY25**	**FY26E**	**FY27E**	**FY28E**
TVSL	4.6	3.6	3.0	2.5	16.7	12.7	9.8	7.7	61.4	42.6	34.3	29.2	59.0	41.1	33.3	28.7
EIM RE	10.0	8.1	7.1	6.6	8.9	7.7	6.6	5.8	40.0	33.9	29.5	27.7	48.4	40.3	35.0	32.9
BJAUT	4.4	3.9	3.4	3.1	7.9	7.3	6.7	6.2	30.2	26.4	23.5	21.7	30.2	26.9	23.5	21.2
HMCL	2.4	2.2	2.0	1.9	5.6	5.3	5.0	4.7	24.1	21.8	19.5	18.3	21.9	19.4	17.2	16.0
Ather	8.0	6.3	5.0	3.7	36.0	9.0	11.1	11.9								
Ola	4.9	7.0	5.5	4.6	4.3	6.1	10.6	32.7								

Source: Company, Emkay Research; Note: For Ather and Ola, FY22-25 CAGR has been considered instead of FY20-25*

Exhibit 3: We upgrade our EPS estimates for the 2W pack on the back of GST-cut led demand spike

EPS (Rs)	Earlier Estimates			Revised estimates			Upgrade (%)		
OEMs	**FY26E**	**FY27E**	**FY28E**	**FY26E**	**FY27E**	**FY28E**	**FY26E**	**FY27E**	**FY28E**
TVSL	75.7	89.7	102.0	82.2	102.0	120.0	*8.5*	*13.8*	*17.6*
EIM RE	152.5	174.4	187.7	171.6	197.3	210.3	*12.5*	*13.2*	*12.0*
HMCL	238.5	258.7	284.7	255.4	284.6	303.3	*7.1*	*10.0*	*6.5*
BJAUT	331.1	368.8	400.9	333.4	375.2	406.8	*0.7*	*1.7*	*1.5*

Source: Company, Emkay Research

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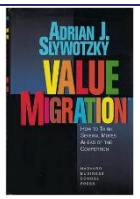
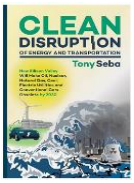


*"**Value** (profits, market share, customer loyalty) **constantly moves from outdated business models to new ones** that better satisfy customer priorities. **Companies** don't lose because markets vanish; they **lose because value migrates to competitors** with **superior business designs.**"*

- Adrian J Slywotzky, Author - Value Migration: How to Think Several Moves Ahead of the Competition (1996).



*"**Technology adoption happens in S-curves**; once you hit the tipping point, it accelerates. Mainstream analysts and experts fail to see the S-curves. **It's going to accelerate, and it basically wipes out the market in months or in a few years**."*

- Tony Seba, Author - Clean Disruption of Energy and Transportation (*Link*).

*"An **electric car is fundamentally better. Acceleration is better, handling is better**. Tesla is not really a car company,* it's a software company on wheels."

- Elon Musk, CEO, Tesla Inc in 2018 (*Link*).

*"I think in the **coming four-to-six months, electric cars, and electric buses will become equal to petrol-diesel prices**"*

- Nitin Gadkari, Minister of Road Transport and Highways in Oct-25 (*Link*)

*"**Customers, who once never included electric two-wheelers** in their buying plans, are **now actively considering them**."*

- *Rajiv Bajaj, Managing Director, Bajaj Auto in Apr-25 (Link).*

*"The **premiumization of two-wheelers in India is fundamental; the direction is unmistakable**. Scooter category's share is currently 32%. I am a firm believer that the scooter segment will substantially expand; it may even go to 40% and above.*

- KN Radhakrishnan (Director and CEO, TVS) in 2020 (*Link*).

*"People have started thinking of electric to be an upgrade for them. **They're expecting that if it's a new technology then it must be in electric**, like Electric is going to basically have everything digital, everything fantastic, autonomous. And it's correct because **everything new that they hear in automotives is largely coming with electric vehicles**; new tech means electric, electric-upgrade-electric-fancy."*

- Tarun Mehta, Co-founder and CEO, Ather Energy in 2021 (*Link*).

*"There's an incorrect assessment of the automotive industry that whoever produces more will have a better margin. **Volume** has played a **minimal role in unit economics over the years**. There's a **ton of value engineering**. There's a lot of **process optimization**, and then there's a lot of **technology improvement** to bring in, **which improves cost structures**. **Engineering is the superpower**."*

- Tarun Mehta, Co-founder and CEO, Ather Energy in Jul-25 (*Link*).

*"In the **electric vehicle** business, we have **not seen any adverse impact of GST cut;** that segment is growing strongly as well."*

- Rakesh Sharma, ED, Bajaj Auto, in Oct-25 (Link).

"In the **electric vehicle** segment too, the **potential for exports is huge**…India has a strong foreign market presence where it sells conventional models"

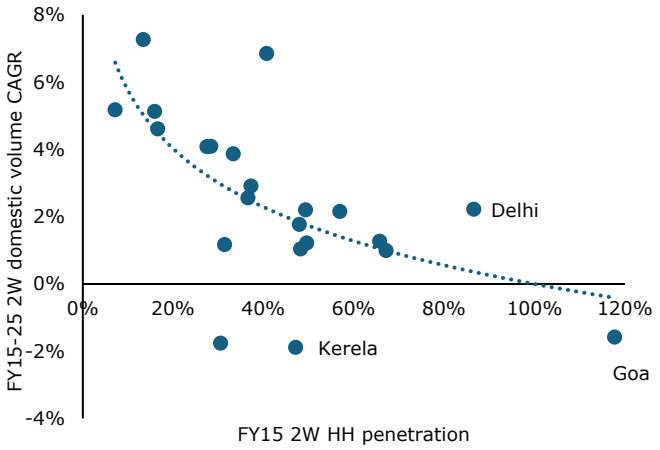
- Nitin Gadkari, Minister of Road Transport and Highways in Sep-24 (*Link*)

"We strongly believe that **India will emerge as a major export hub for two-wheeler EVs**…continuous improvement in EV supply chain and infrastructure gives us confidence"

- KN Radhakrishnan (Director and CEO, TVS) in Aug-24 (*Link*)

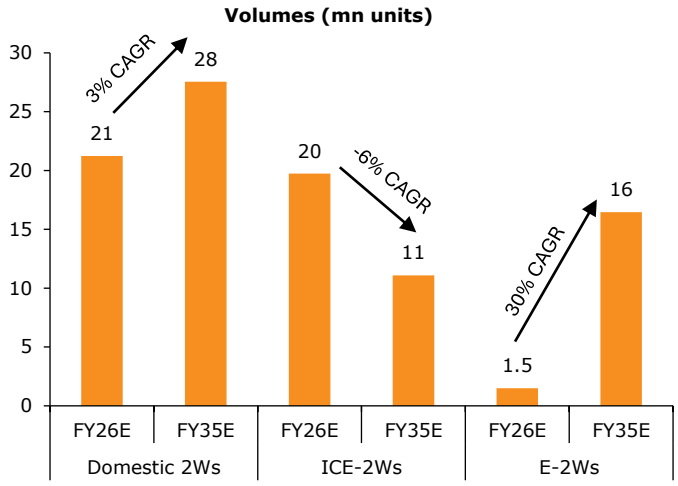
Story in Charts

Exhibit 4: Strong inverse correlation in household penetration and 2W volume growth rate (growth peaks out at ~45-50% HH penetration)



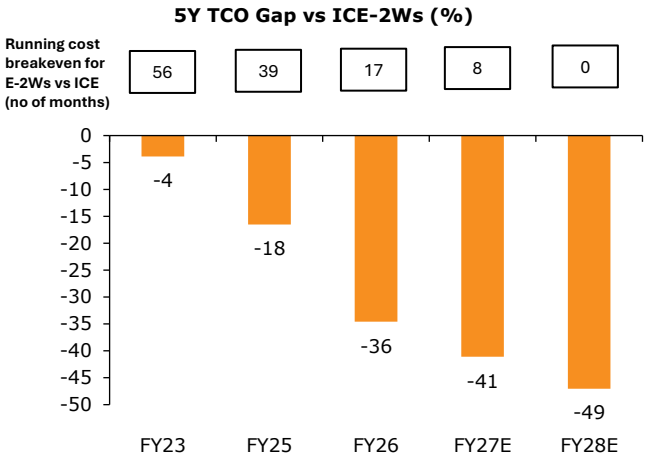
Source: MoSPI, MoRTH, SIAM, Emkay Research

Exhibit 5: We expect domestic 2Ws to clock a modest 3% CAGR over FY26-35E; ICE-2Ws to dip at 6%; E-2Ws to grow at 31%



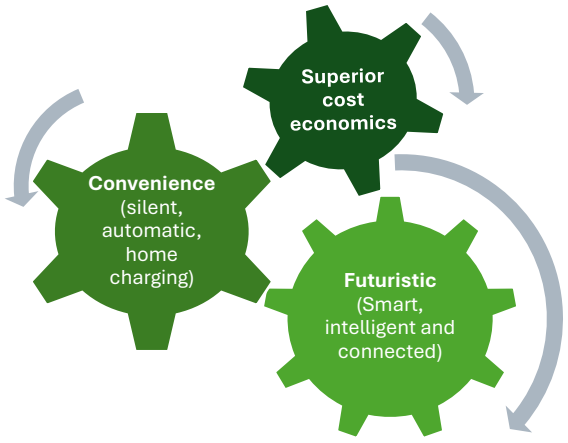
Source: Company, Media Articles, Emkay Research

Exhibit 6: The gap in TCO (for 5Y) is increasingly tilting in favor of E-2Ws, as upfront cost becomes similar in FY28E



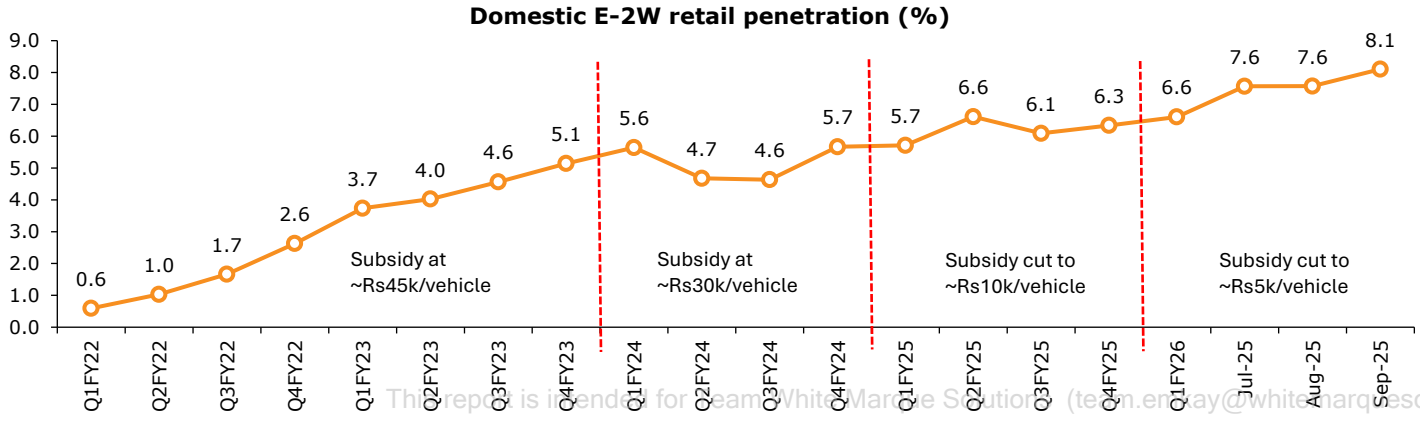
Source: Emkay Research

Exhibit 7: Trinity of cost, convenience, and futuristic offerings to drive the sharp rise in E-2W volumes



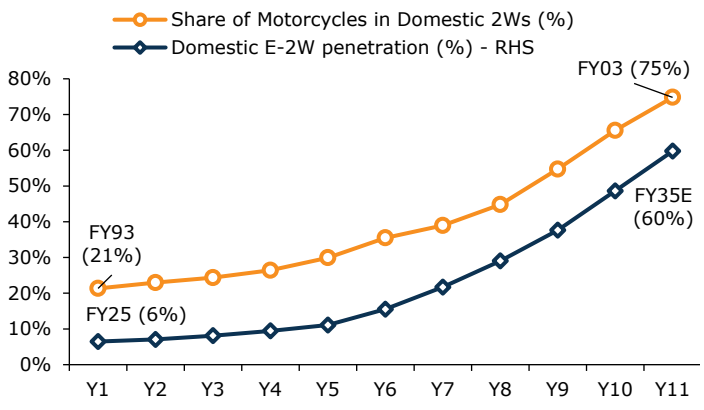
Source: Emkay Research

Exhibit 8: E-2W retail penetration reached 8.1% in Sep-25 despite a staggered subsidy cut over the past 3Y and GST cut on ICE-2Ws



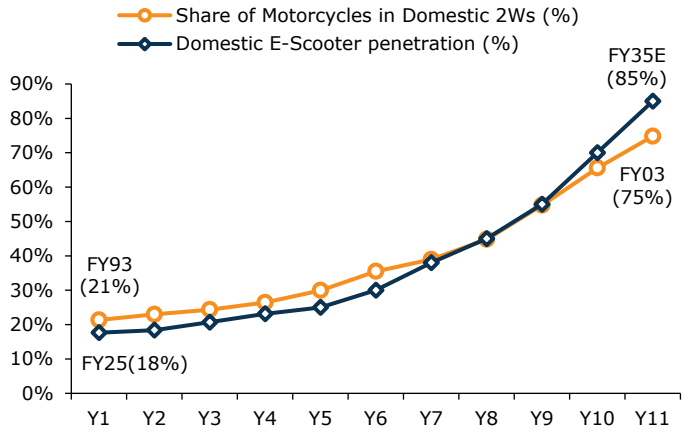
Source: Vahan, Emkay Research; Note: Subsidy is calculated basis a 3kWh battery; for FY25/26, subsidy is capped at Rs10k/Rs5k per vehicle

Exhibit 9: We highlight that E-2Ws could mirror a rapid rise which has been seen in motorcycles...



Source: SIAM, Emkay Research; Note: for motorcycles Y1-Y11, it is FY93-03 and for E-2Ws, it is FY25-35E

Exhibit 10: ...with E-scooters potentially rising much faster



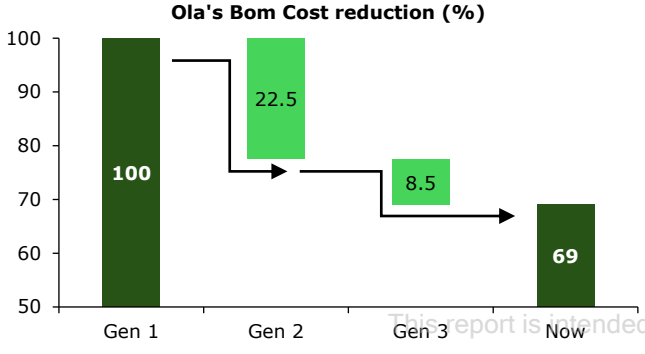
Source: SIAM, Emkay Research; Note: For motorcycles Y1-Y11, it is FY93-03 and for E-scooters, it is FY25-35E

Exhibit 11: All major E-2W OEMs are highlighting improving profitability in EVs on improving tech-led cost curves; pricing wars largely behind

Management commentary	By Whom	Source
*"**No plans to wage price wars for EV market share**. **We believe in not playing the discount game**, but in giving value to the customer. And that strategy will always remain for us."*	KN Radhakrishnan, CEO TVS Motor	Link
*"**Continuing work at R&D and supply chain is ensuring that the cost profile has been constantly driven down month-on-month,** and our growth plans consider an acceptable level of cost being reached."*	Rakesh Sharma, ED, Bajaj Auto	Link
*"With the launch of the new Chetak platform, the **35 Series that we launched in Dec-24, the unit economics for the New Chetak model is now seen as a line of sight on an EBITDA breakeven.**"*	Rakesh Sharma, ED, Bajaj Auto	Link
*"**We gained share without cutting prices.** In fact, we've maintained our ASP and even inched prices up slightly in places, calling it a sign that 'sanity is starting to return to the industry."*	Ravneet Singh Phokela, CBO, Ather Energy	
*"**We believe the worst of the pricing war is now behind us**. The market is stabilizing, and consumer demand is centred around product quality, brand trust, and service experience, rather than just pricing."*	Tarun Mehta, Co-founder and CEO Ather Energy	Link
"We have, over the last couple of quarters, transitioned our strategy from aggressive penetration to a more balanced profitable growth strategy."	Bhavish Aggarwal, Founder and CMD, Ola Electric	Link
"Gen 3 product is still ramping up in terms of presence across all our distribution stores, but it still accounts for almost 80% of our overall sales. It is a much better product in performance, in gross margins, as well as in quality, and hence, warranty claims."	Bhavish Aggarwal, Founder and CMD, Ola Electric	Link

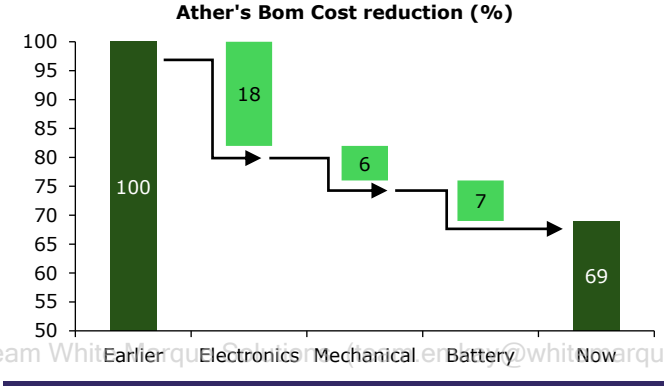
Source: Company, Emkay Research

Exhibit 12: Ola's Gen 3 platform has also seen a similar, >30% drop in BOM cost during the last 3Y



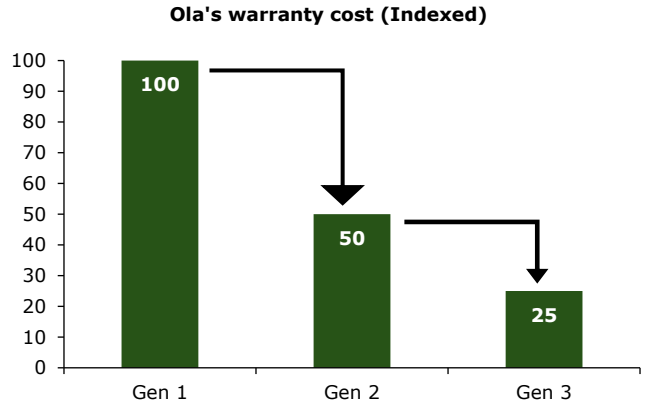
Source: Company, Emkay Research

Exhibit 13: Ather has reduced its BOM cost for the *450x* by over 30% during the past 3Y (FY21-24)



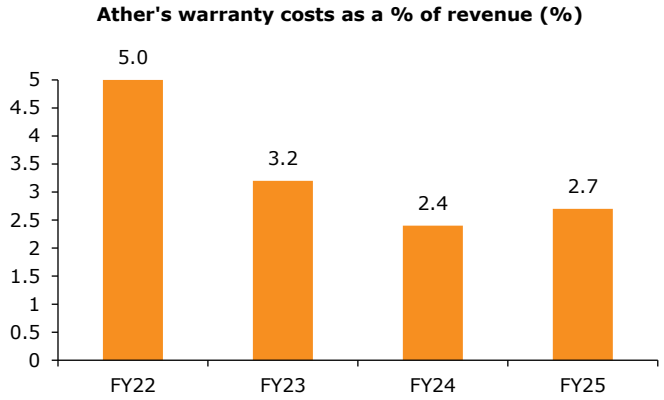
Source: Company, Emkay Research

Exhibit 14: Ola has seen a significant reduction in warranty costs across generations amid a transition to superior Gen 3 products



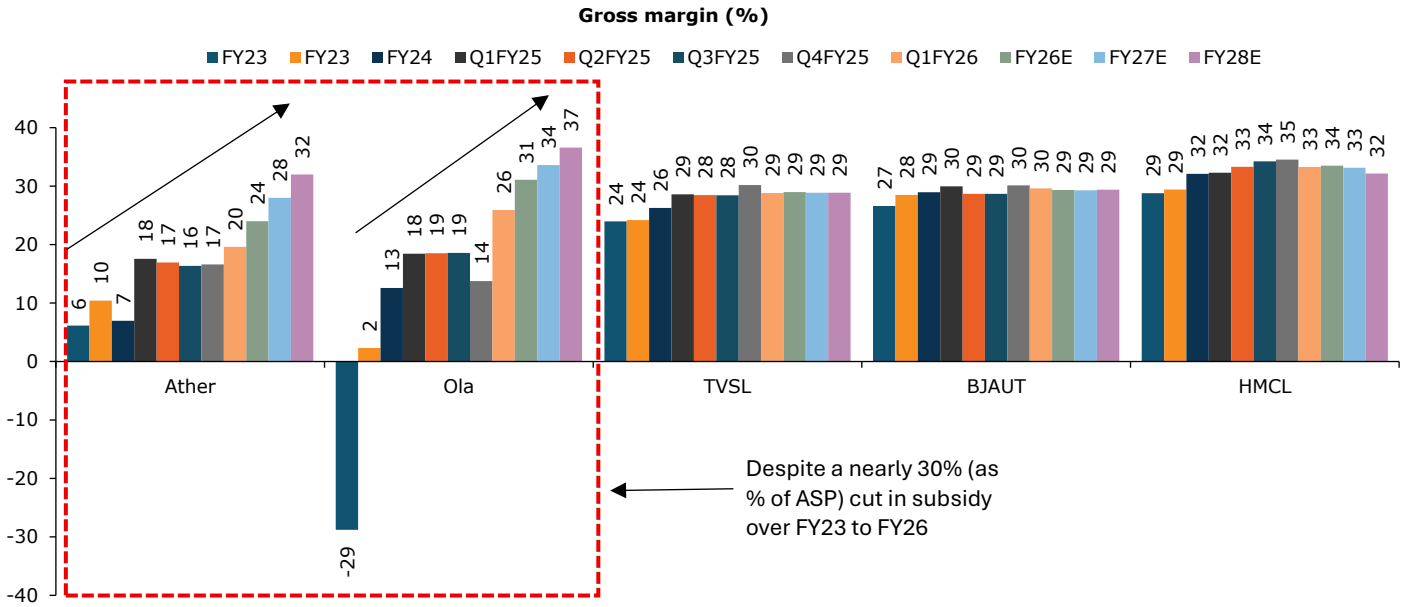
Source: Company, Emkay Research

Exhibit 15: Ather's cost drag on sales has also halved



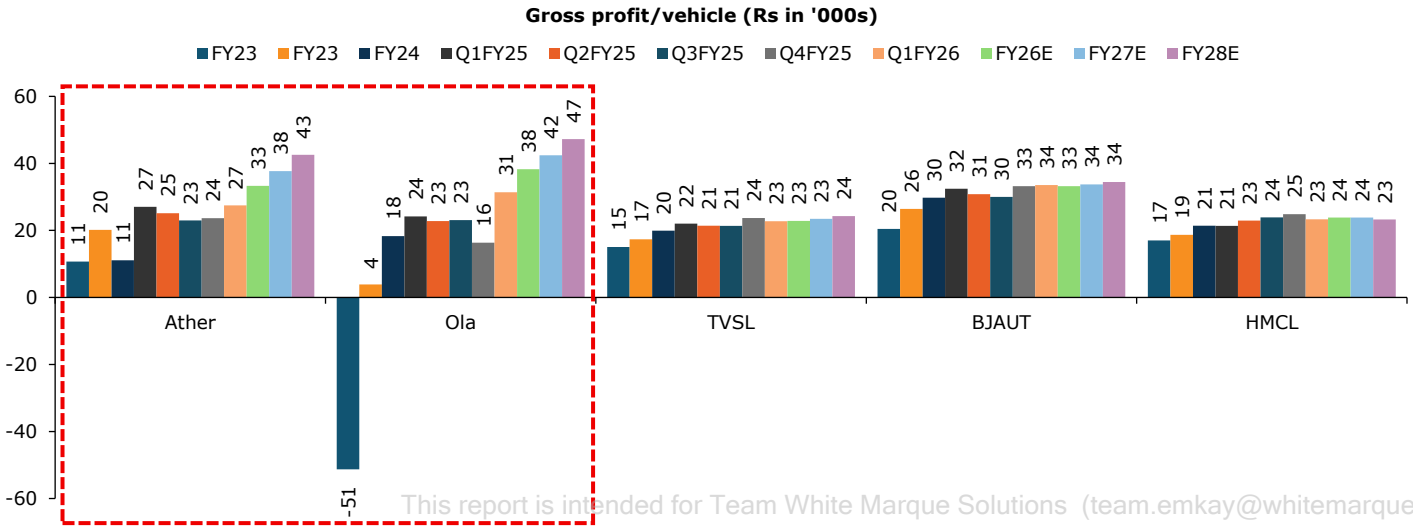
Source: Company, Emkay Research

Exhibit 16: Path to profitability for E-2W players like Ather/Ola is visible, with their gross margins now comparable to those of incumbents



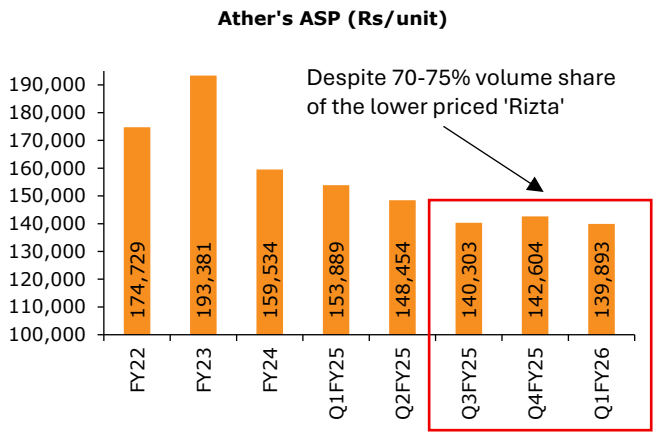
Source: Company, Emkay Research

Exhibit 17: The gross profit/vehicle for Ather and Ola has already surpassed that of incumbents



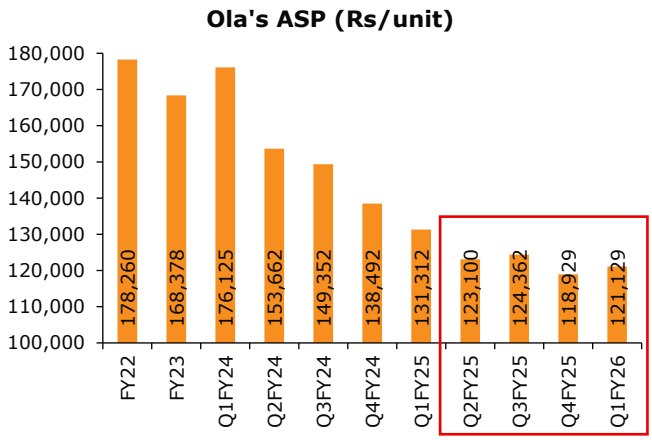
Source: Company Emkay Research

Exhibit 18: Ather's ASP has stabilized over the last few quarters...



Source: Company, Emkay Research

Exhibit 19: ...with Ola also seeing a similar trend in its ASPs

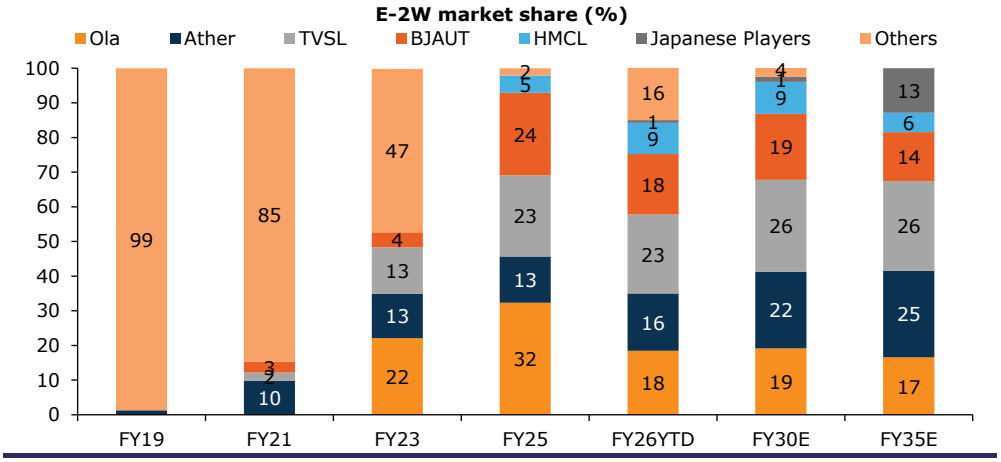


Source: Company, Emkay Research

"Post the reduction of FAME subsidies, the E-2W market has started to consolidate in favor of larger players."

- Rakesh Sharma, ED, Bajaj Auto (link).

Exhibit 20: E-2W market share has consolidated in the hands of 5 major players; we expect further market share consolidation over the next 10Y



Source: SIAM, Vahan, Emkay Research

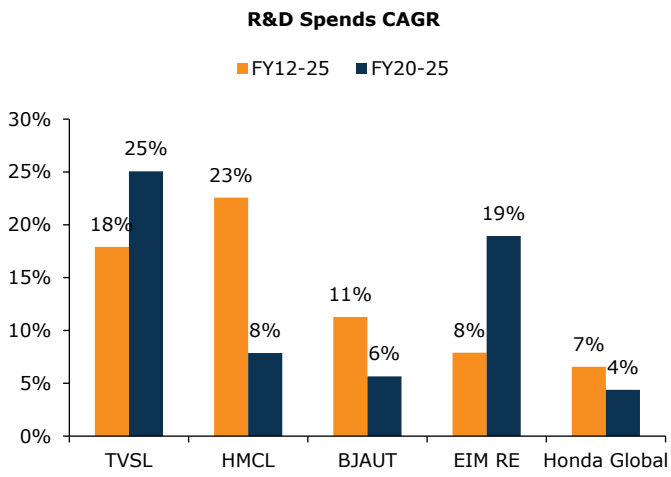
Exhibit 21: Honda's E-2W performance has been subpar, with less than 1% market share

E-2Ws Retails (no of units)	FY22	FY23	FY24	FY25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25
Ola Electric	14,405	152,292	327,248	360,181	19,804	18,541	20,189	17,487	18,972	13,371
TVS Motor	9,767	81,986	182,492	237,199	19,967	24,751	25,274	22,219	24,073	22,481
Ather Energy	20,099	76,824	108,812	130,871	13,330	13,021	14,512	16,206	17,838	18,109
Bajaj Auto	7,153	28,537	106,621	230,867	19,155	21,940	23,004	19,639	11,730	19,519
Hero MotoCorp	0	941	17,649	48,700	6,151	7,180	7,664	10,484	13,313	12,736
Okinawa	47,657	95,721	20,526	3,548	219	246	159	183	168	105
Greaves Electric	0	1,008	30,257	40,163	4,003	4,180	4,199	4,197	4,498	4,271
HMSI	**0**	**0**	**0**	**195**	**317**	**337**	**400**	**411**	**378**	**348**
Others	155,257	287,703	145,669	113,012	9,549	10,708	9,881	12,039	13,336	13,116
Industry	**254,338**	**725,012**	**939,274**	**1,164,736**	**92,495**	**100,904**	**105,282**	**102,865**	**104,306**	**104,056**

Market Share (%)	FY22	FY23	FY24	FY25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25
Ola Electric	5.7	21.0	34.8	30.9	21.4	18.4	19.2	17.0	18.2	12.8
TVS Motor	3.8	11.3	19.4	20.4	21.6	24.5	24.0	21.6	23.1	21.6
Ather Energy	7.9	10.6	11.6	11.2	14.4	12.9	13.8	15.8	17.1	17.4
Bajaj Auto	2.8	3.9	11.4	19.8	20.7	21.7	21.8	19.1	11.2	18.8
Hero MotoCorp	0.0	0.1	1.9	4.2	6.7	7.1	7.3	10.2	12.8	12.2
Okinawa	18.7	13.2	2.2	0.3	0.2	0.2	0.2	0.2	0.2	0.1
Greaves Electric	0.0	0.1	3.2	3.4	4.3	4.1	4.0	4.1	4.3	4.1
HMSI	**0.0**	**0.0**	**0.0**	**0.0**	**0.3**	**0.3**	**0.4**	**0.4**	**0.4**	**0.3**
Others	61.0	39.7	15.5	9.7	10.3	10.6	9.4	11.7	12.8	12.6
Industry	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Vahan, Emkay Research

Exhibit 22: R&D spends for the Indian 2W OEMs have grown at much faster rates compared to Japanese OEMs like Honda



Source: Company, Emkay Research

Exhibit 23: Notably, Honda has been unsuccessful in achieving a stronghold in the large ASEAN E-2W market

Leading E-2W players in ASEAN countries		
Indonesia	**Taiwan**	**Vietnam**
Gesits (50-53%)	Gogoro (~75%)	Vinfast (43%)
Yadea (13%)	Aeon (~10%)	Pega (16%)
Swap (<10%)	e-Moving CMC (3-4%)	Anbico (8%)
Viar (8-10%)	PGO (3-4%)	NIU (6%)
Selis (~8%)	Others (2%)	Gogoro (3%)

Honda's Market share in ICE-2Ws		
Indonesia	**Taiwan**	**Vietnam**
~75%	NA	~81%

Source: Media portals, Emkay Research

Exhibit 24: HMSI's recently launched E-scooters – The E-activa and QC1

Source: Company (Link), Emkay Research

Exhibit 25: Domestic 2Ws to clock 3% volume CAGR over FY25-35E, with ICE-2Ws declinng at 6% and E-2Ws growing at 30% (60% domestic penetration by FY25)

2W volumes (mn units)	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY30E	FY35E	FY25-28E CAGR	FY26E-35E CAGR	CAGR from peak
Domestic	**13.7**	**16.3**	**18.5**	**20.0**	**21.2**	**23.0**	**24.2**	**26.1**	**27.5**	**7%**	**3%**	**2%**
-- Motorcycles	4.2	5.6	6.3	7.2	8.2	9.0	9.7	11.2	13.8	10%	6%	5%
-- Scooters	9.0	10.2	11.7	12.2	12.6	13.5	14.1	14.6	13.8	5%	1%	0%
-- Mopeds	0.5	0.4	0.5	0.5	0.5	0.5	0.5	0.2	0.0	-1%	-100%	-100%
Exports	**4.4**	**3.7**	**3.5**	**4.2**	**5.3**	**6.1**	**7.0**	**8.5**	**13.7**	**19%**	**11%**	**9%**
Total 2W Volumes	**18.2**	**19.9**	**21.9**	**24.2**	**26.5**	**29.1**	**31.2**	**34.6**	**41.2**	**9%**	**5%**	
2W Volume Mix (%)												
-- Domestic	*76*	*82*	*84*	*83*	*80*	*79*	*78*	*75*	*67*			
-- Exports	*24*	*18*	*16*	*17*	*20*	*21*	*22*	*25*	*33*			
ICE-2W Volumes	**17.9**	**19.2**	**21.0**	**23.0**	**25.0**	**27.2**	**28.8**	**30.1**	**22.7**	**8%**	**-1%**	**0%**
-- Domestic	13.5	15.5	17.5	18.8	19.7	21.1	21.9	21.9	11.1	**5%**	**-6%**	**-4%**
-- Exports	4.4	3.7	3.5	4.2	5.3	6.1	6.9	8.1	11.6	**18%**	**9%**	**8%**
E-2W Volumes	**0.3**	**0.7**	**0.9**	**1.2**	**1.5**	**1.9**	**2.4**	**4.3**	**18.5**			
-- Domestic	0.3	0.8	1.0	1.3	1.5	1.9	2.3	4.0	16.5	**21%**	**30%**	**49%**
-- Exports	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.4	2.1	**161%**		
E-2W Penetration (%)	***1***	***4***	***4***	***5***	***6***	***7***	***8***	***12***	***45***			
-- Domestic	*2*	*4*	*5*	*6*	*7*	*8*	*9*	*15*	*60*			
-- Exports	*0*	*0*	*0*	*0*	*0*	*1*	*2*	*4*	*15*			

Source: SIAM, Emkay Research

Exhibit 26: Key category growth barriers are being addressed by OEMs to steepen the adoption curve for E-2Ws

Barrier	How it is being addressed	Key initiatives / OEM examples
Affordability	- Battery prices declining with scale and cell localization.	- Ather Rizta (2024) priced below 450X to target family segment.
	- Introduction of lower-cost family scooters.	- Ola S1X launched at sub-₹80k to capture entry mass segment.
	- Subscription/financing innovations to reduce upfront burden.	- Tie-ups with NBFCs and fintechs for low-EMI financing
	- Reducing upfront cost via the 'pay as you go' model	- BaaS to reduce the upfront cost of the vehicle with subscription amount to be paid monthly for the battery (Eg in HMCL's Vida)
Charging and range anxiety	- Expansion of fast-charging infra networks.	- Ather Grid has >3,600 public fast chargers (largest 2W DC network).
	- Increasing battery capacities & efficiency.	- Ola Hypercharger has 10k+ points planned, co-located with fuel pumps & malls.
	- Interoperable charging standards (under discussion).	- Hero Vida's "Charging Simple Hai" campaign with bundled home chargers.
	- Introducing swappable batteries	- Range upgrades and newer variants with extended range.
Reliability	- In-house design of core electronics & powertrain.	- Ather Stack & in-house modules (VCU, BMS, dashboard) for reliability.
	- Extended warranties.	- TVS iQube backed by TVS' dealer service network.
	- Service infra expansion.	- Ola/Ather extending battery warranties (3–5 yrs).
		- Preventive diagnostics via OTA updates.
Resale value	- Emerging used EV platforms & OEM-backed buyback programs.	- ASPs for Ather and Ola have stabilized despite introduction of lower priced variants which supports the resale value down the line
	- Battery health certificates to support resale pricing.	- OEMs introducing battery SoH (State of Health) reports to support resale.
	- Stabilizing ASPs which indicate price wars now being behind and benefit future resale value	- Ather has a A formal buyback program where the owner can return the scooter after 3/4Y and receive a guaranteed percentage of its value

Source: Emkay Research

Exhibit 27: The India 2W industry – Valuations

SA/C	OEM	Previous Rating	Revised Rating	Valuation Basis	Target Multiple (x)	Earlier TP (Rs)	Revised TP (Rs)	Upgrade/ Downgrade (%)	CMP (Rs)	Upside/ Downside (%)
SA	TVS Motor	BUY	BUY	Core PER	35.0	3,100	4,200	35.5	3,503	20
C	Eicher Motor	BUY	ADD	Core PER	30.0	6,300	6,900	9.5	6,912	0
SA	Bajaj Auto	ADD	ADD	Core PER	26.0	8,900	9,500	6.7	9,066	5
SA	Hero MotoCorp	BUY	ADD	Core PER	18.0	5,200	6,000	15.4	5,559	8
SA	Ather Energy	Initiate with BUY		EV/Sales	7.0		925		611	5
C	Ola Electric	Initiate with BUY		EV/S for Auto	5.0		65		50	30

Source: Company, Emkay Research; Note – SA denote Standalone and C denotes Consolidated

Exhibit 28: Within the 2W universe, we expect Ather and Ola to clock the highest revenue/volume CAGR, followed by TVS

	Volume CAGR (%)				Revenue CAGR (%)				EBITDA CAGR (%)				EPS CAGR (%)			
OEMs	**FY15-25**	**FY20-25**	**FY25-28**	**FY25-35**	**FY15-25**	**FY20-25**	**FY25-28**	**FY25-35**	**FY15-25**	**FY20-25**	**FY25-28**	**FY25-35**	**FY15-25**	**FY20-25**	**FY25-28**	**FY25-35**
TVSL	6.5	7.8	16.1	9.3	13.7	17.2	19.9	11.4	22.1	27.0	24.8	13.7	22.8	34.4	28.1	14.9
EIM RE	12.8	7.7	12.1	7.4	19.8	15.2	14.1	9.4	20.6	16.7	14.4	9.7	22.5	17.6	10.7	8.2
BJAUT	2.0	0.2	7.5	6.1	8.8	10.8	10.8	8.0	9.4	14.7	11.3	8.1	10.4	10.6	11.7	7.8
HMCL	-1.2	-1.6	6.1	-3.4	4.0	7.2	8.7	-2.2	5.2	8.2	10.7	-5.5	6.1	7.7	9.5	-5.9
Ather*		88.3	42.7	41.0		76.7	38.9	39.0								
Ola*		161.9	7.0	23.2		129.5	9.7	23.7								
	EV/Sales (x)				**P/B (x)**				**PER (x)**				**Core PER (x)**			
OEMs	**FY25**	**FY26E**	**FY27E**	**FY28E**	**FY25**	**FY26E**	**FY27E**	**FY28E**	**FY25**	**FY26E**	**FY27E**	**FY28E**	**FY25**	**FY26E**	**FY27E**	**FY28E**
TVSL	4.6	3.6	3.0	2.5	16.7	12.7	9.8	7.7	61.4	42.6	34.3	29.2	59.0	41.1	33.3	28.7
EIM RE	10.0	8.1	7.1	6.6	8.9	7.7	6.6	5.8	40.0	33.9	29.5	27.7	48.4	40.3	35.0	32.9
BJAUT	4.4	3.9	3.4	3.1	7.9	7.3	6.7	6.2	30.2	26.4	23.5	21.7	30.2	26.9	23.5	21.2
HMCL	2.4	2.2	2.0	1.9	5.6	5.3	5.0	4.7	24.1	21.8	19.5	18.3	21.9	19.4	17.2	16.0
Ather	8.0	6.3	5.0	3.7	36.0	9.0	11.1	11.9								
Ola	4.9	7.0	5.5	4.6	4.3	6.1	10.6	32.7								

Source: Company, Emkay Research; Note: For Ather and Ola, FY22-25 CAGR has been considered instead of FY20-25*

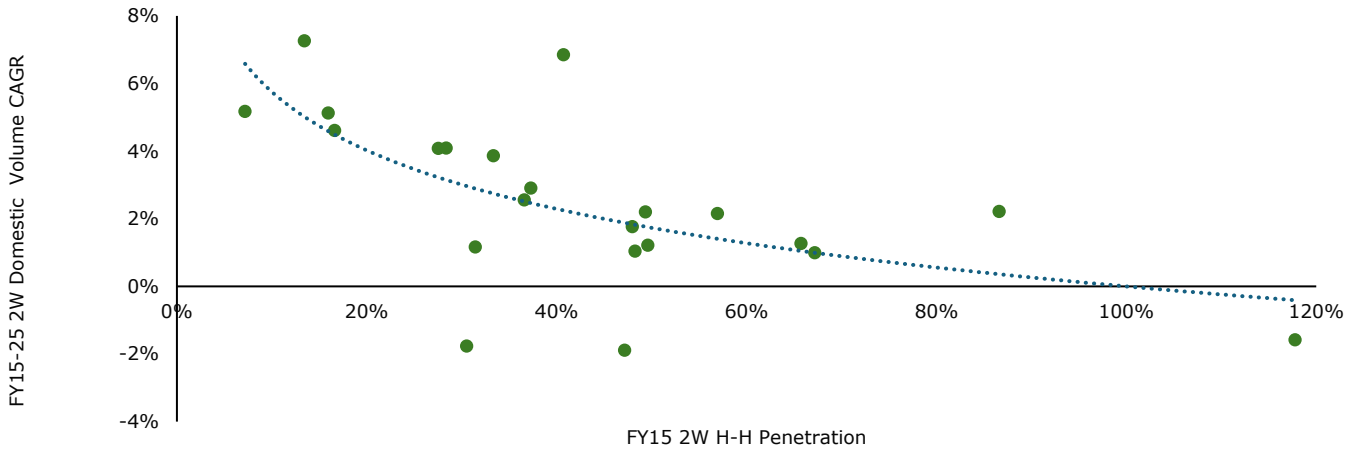
Expect domestic 2W growth to reach saturation with 3% volume CAGR over FY26-35E

- **Per our state-wise household and sales analysis, 2W volume growth peaks at 45–50% penetration, indicating an inverse correlation between penetration and growth.**
- **Over FY15–25, the top 12 states rose just 1%, while the pan-India growth of 3% was driven by the rest of India (RoI; 'Hindi' belt) growing 4%.**
- **With RoI penetration at 55% (FY25), the same level where growth tapered for the top states, 2W volumes face a material slowdown risk over FY25–35E.**
- **After the near-term GST-cut led demand spike, we expect the domestic 2W industry to stagnate at 3% CAGR over FY26-35E.**

High 2W penetration poses a risk of a sharp growth moderation

- Our state-wise 2W household and sales analysis reflects that 2W growth peaks at ~40-45% HH penetration levels.
- We thereby highlight a strong inverse correlation between HH penetration and volume growth rates.
- Nationally, HH penetration for 2Ws already reached ~64% in FY25, posing a major risk to the growth rates over FY25-35E, barring the near-term benefit from the recent GST-cut led demand spike.

Exhibit 29: Strong inverse correlation between household penetration and 2W volume growth rate (growth peaks out at ~45-50% HH penetration)



Source: MoSPI, MoRTH, SIAM, Emkay Research

A deep dive into state-wise performance unveils worrying trends

- **The top 12 states, which together account for nearly half of India's two-wheeler industry volumes, have slipped into a phase of saturation, clocking ~1% CAGR over FY15–25.**
- This muted trajectory highlights the exhaustion of growth levers in the most penetrated markets, where incremental demand is becoming increasingly difficult to generate.
- **On a pan-India level, 2W volumes expanded at a modest 3% CAGR over FY15-25, with the momentum disproportionately supported by the rest of India (RoI), primarily the Hindi belt.** Even here, growth was limited to a low single-digit (~4% CAGR), indicating that the RoI is shouldering national growth.
- **The critical insight is that the RoI's penetration already reached ~55% in FY25, the same threshold where growth visibly started tapering in the top 12 states.**

- This signals that the RoI, once the last growth frontier, may also be approaching a saturation curve, a material risk to 2W industry growth over the next decade.

Exhibit 30: The top 8 states have grown by only 1%; RoI is now at a similar stage

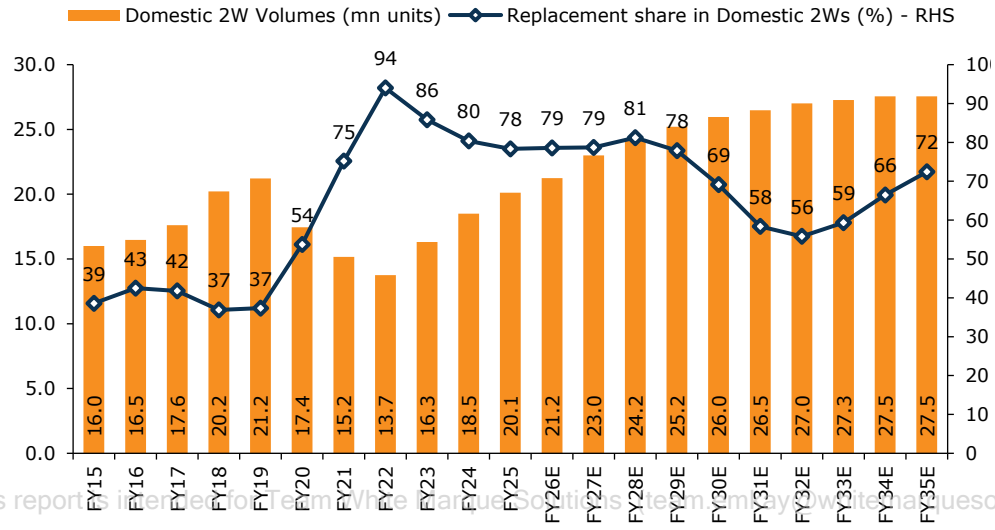
States	HH penetration		Domestic 2W volume CAGR
	FY15	FY25	FY15-25
Goa	118%	120%	-2%
Delhi	87%	120%	2%
Tamil Nadu	57%	71%	2%
Gujarat	66%	95%	1%
Haryana	67%	99%	1%
Kerala	47%	61%	-2%
Karnataka	49%	79%	2%
Maharashtra	48%	72%	2%
AP & Telangana	31%	62%	1%
Punjab & Chandigarh	31%	87%	-2%
Avg/Sum of above	**50%**	**76%**	**1%**
PAN India	**37%**	**64%**	**3%**
Rest of India (RoI)	**28%**	**55%**	**4%**
Chhattisgarh	41%	75%	7%
Rajasthan	48%	73%	1%
Madhya Pradesh	37%	67%	3%
Odisha	28%	57%	4%
Uttar Pradesh	33%	61%	4%
West Bengal	17%	35%	5%
Bihar	13%	46%	7%
Jharkhand	7%	57%	5%
Northeast	16%	51%	5%

Source: MoSPI, MoRTH, SIAM, Emkay Research

Increasing replacement demand share by FY35E exhibits signs of a maturing market, with reducing share of newer first-time buyers

- Domestic 2W industry volume CAGR of -1% over FY19-25 has been far lower than 7% CAGR seen during FY14-19.
- Share of replacement demand has risen, from 37% in FY19 to ~78% in FY26E.
- With the 2W industry growth maturing, we expect ~72% of the 2W domestic volume to be driven by replacement demand by FY35E.

Exhibit 31: Replacement demand share to rise to ~72% of domestic 2W volumes by FY35E

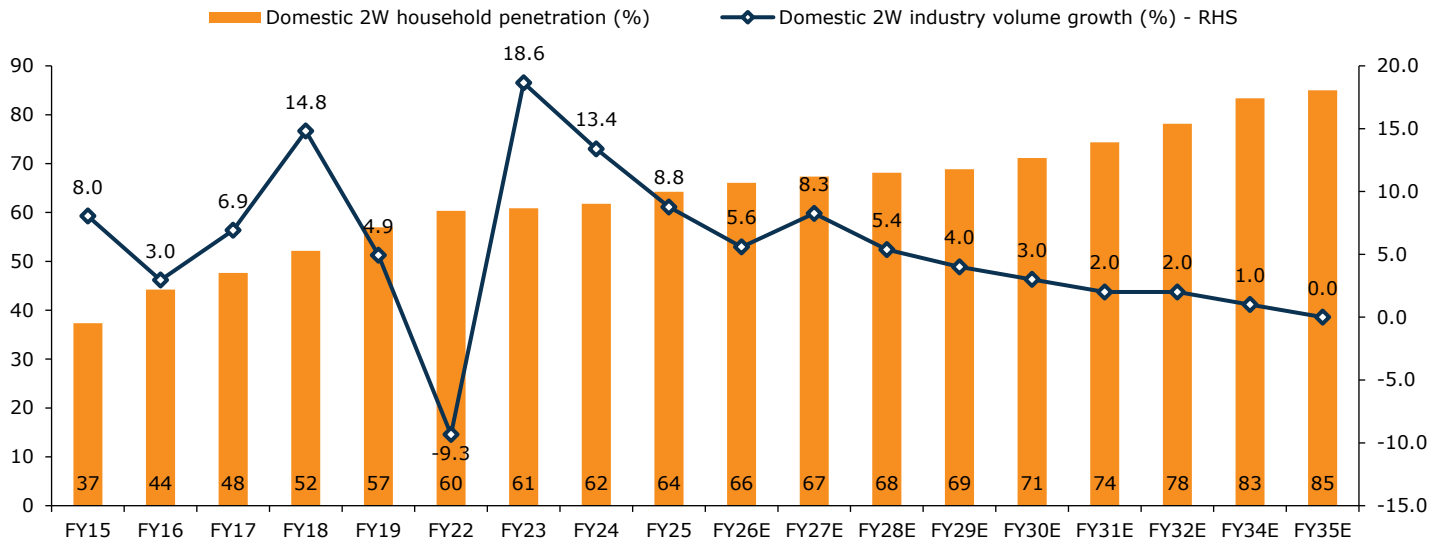


Source: SIAM, Emkay Research

Household penetration seen reaching 85% by FY35E vs 64% now indicates saturation in the 2Ws industry which will restrict growth

- **Saturation effect:** As household penetration of 2Ws rises, the addressable first-time buyer pool starts shrinking, limiting incremental demand.
- **Shift from replacement to first-time demand:** With most households already owning a 2W, industry volumes depend more on replacement cycles, which are typically longer and more price sensitive.
- **Decelerating rural growth:** Rural/semi-urban markets, which historically drove incremental penetration, are now nearing similar ownership levels as urban markets, curbing their growth potential.
- **Premiumization vs volume growth:** Demand shifts toward premium/feature-rich models rather than incremental unit sales, supporting value growth albeit capping volume CAGR.
- **Lower price/income elasticity:** Once penetration peaks, affordability improvements (via higher incomes or lower prices) add marginally to volumes, as most functional demand is already met.

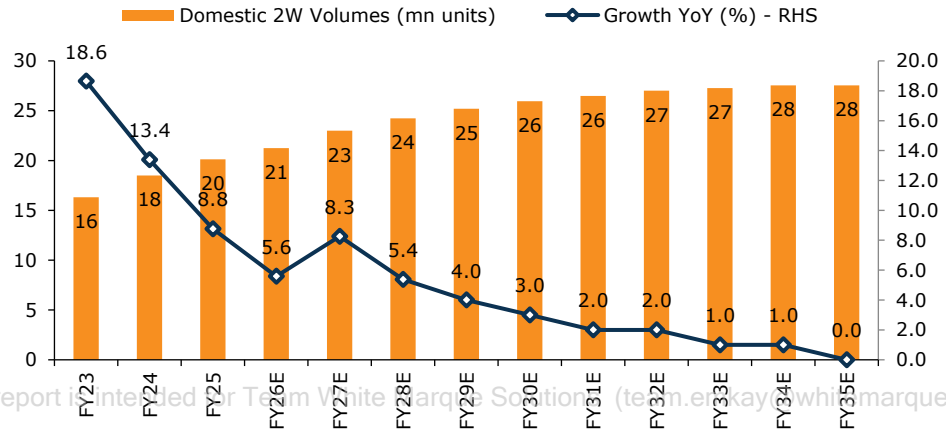
Exhibit 32: Domestic 2W industry is reaching maturity with household penetration seen reaching 85% vs ~64% in FY25



Source:

- We expect a modest 3% volume growth in domestic 2Ws over FY25-35E, following a near-term demand spike due to benefits from recent GST cut (built in ~6%/8% growth in FY26E/FY27E).

Exhibit 33: We expect the domestic 2W industry to clock a modest 3% CAGR over FY25-35E



Source: SIAM, Emkay Research

Exhibit 34: We build in 60% E-2W penetration by FY35E vs ~7% in FY26E

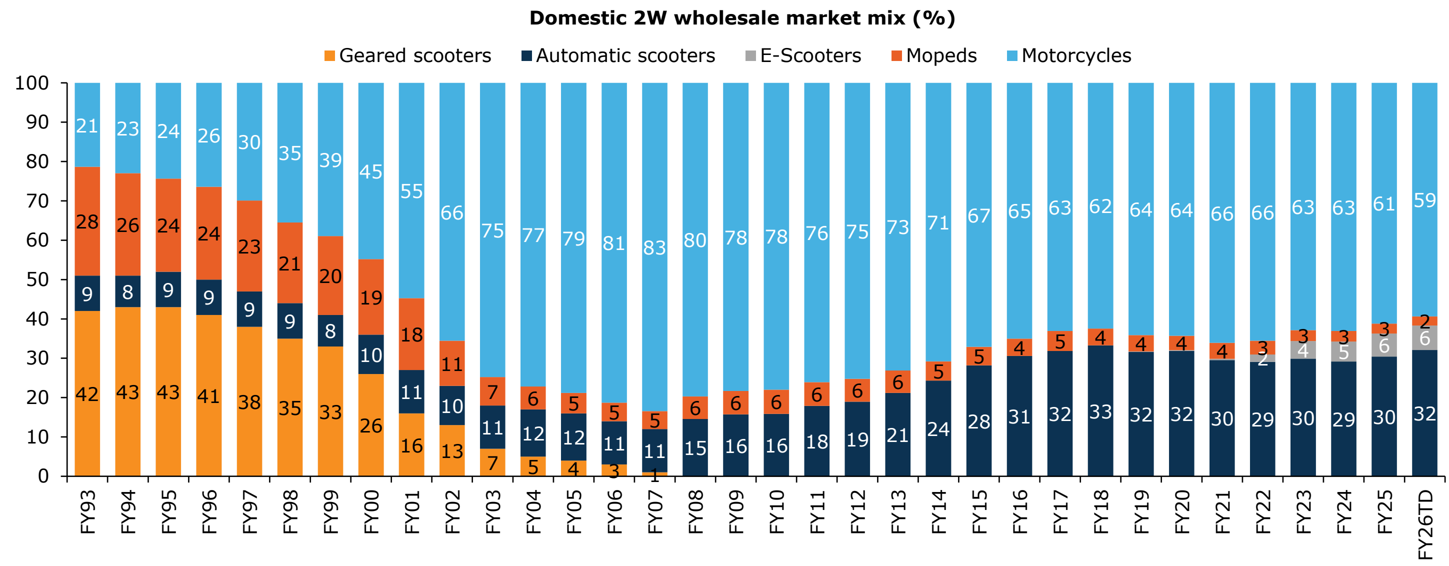
Wholesales volumes (mn units)	**FY22**	**FY23**	**FY24**	**FY25**	**FY26E**	**FY27E**	**FY28E**	**FY30E**	**FY35E**	**FY25-28E CAGR**	**FY25-35E CAGR**	**CAGR from Peak**
Domestic 2Ws	13.7	16.3	18.5	20.1	21.2	23.0	24.2	26.0	27.5	6%	3%	2%
Export 2Ws	4.4	3.7	3.5	4.2	5.3	6.1	7.0	8.5	13.7	19%	13%	9%
Total 2W Volumes	**18.2**	**20.0**	**22.0**	**24.3**	**26.5**	**29.1**	**31.2**	**34.4**	**41.2**	**9%**	**5%**	
Total Volume Mix (%)	**FY22**	**FY23**	**FY24**	**FY25**	**FY26E**	**FY27E**	**FY28E**	**FY30E**	**FY35E**			
Domestic 2Ws	*75.6*	*81.7*	*84.2*	*82.7*	*80.0*	*79.0*	*77.5*	*75.4*	*66.8*			
Export 2Ws	*24.4*	*18.3*	*15.8*	*17.3*	*20.0*	*21.0*	*22.5*	*24.6*	*33.2*			
Domestic Powertrain wise (mn units)	**13.7**	**16.3**	**18.5**	**20.1**	**21.2**	**23.0**	**24.2**	**26.0**	**27.5**	**6%**	**3%**	**2%**
-- ICE	13.5	15.5	17.5	18.8	19.7	21.1	21.9	21.9	11.1	5%	-5%	-4%
-- EV	0.3	0.8	1.0	1.3	1.5	1.9	2.3	4.0	16.5	21%	29%	49%
Domestic Volume Mix (%)	**FY22**	**FY23**	**FY24**	**FY25**	**FY26E**	**FY27E**	**FY28E**	**FY30E**	**FY35E**			
-- Share of ICE 2Ws	97.9	95.3	94.7	93.5	92.9	91.9	90.6	84.5	40.3	-1%	-8%	-6%
-- Share of E-2Ws	2.1	4.7	5.3	6.5	7.1	8.1	9.4	15.5	59.7	13%	25%	47%
Domestic Segmental (mn units)	**FY22**	**FY23**	**FY24**	**FY25**	**FY26E**	**FY27E**	**FY28E**	**FY30E**	**FY35E**			
-- Scooters	4.3	5.6	6.4	7.4	8.2	9.0	9.7	11.2	13.8	9%	6%	5%
-- Commuter Motorcycles	7.2	7.9	8.8	9.2	9.4	10.0	10.4	10.5	9.0	4%	0%	-1%
-- Premium Motorcycles	1.8	2.3	2.8	3.0	3.2	3.5	3.7	4.2	4.8	7%	5%	3%
-- Mopeds	0.5	0.4	0.5	0.5	0.5	0.5	0.5	0.2	0.0	-1%	-100%	-100%
Domestic Segmental Mix (%)	**FY22**	**FY23**	**FY24**	**FY25**	**FY26E**	**FY27E**	**FY28E**	**FY30E**	**FY35E**			
-- Scooters	31.1	34.5	34.4	36.7	38.4	39.0	39.9	43.1	50.0			
-- Commuter Motorcycles	52.2	48.6	47.8	45.9	44.1	43.7	43.1	40.1	32.6			
-- Premium Motorcycles	13.2	14.2	15.2	14.9	15.2	15.2	15.1	15.9	17.4			
-- Mopeds	3.5	2.7	2.6	2.5	2.3	2.2	2.0	0.8	0.0			
Domestic EV Volumes	***0.3***	***0.8***	***1.0***	***1.3***	***1.5***	***1.9***	***2.3***	***4.0***	***16.5***	21%	29%	49%
-- E-Scooters	*0.3*	*0.8*	*1.0*	*1.3*	*1.5*	*1.9*	*2.2*	*3.4*	*11.7*	20%	25%	46%
-- E-motorcycles (commuter)	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.1*	*0.7*	*4.8*			
-- E-Scooter Penetration (%)	*6.8*	*13.7*	*15.4*	*17.6*	*18.4*	*20.7*	*23.1*	*30.0*	*85.0*			
-- E-Commuter Motorcycle Penetration (%)	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.1*	*0.5*	*6.2*	*52.9*			
Domestic ICE Volumes (mn units)	**13.5**	**15.5**	**17.5**	**18.8**	**19.7**	**21.1**	**21.9**	**21.9**	**11.1**	**5%**	**-5%**	**-4%**
-- Scooters	**4.0**	**4.9**	**5.4**	**6.1**	**6.7**	**7.1**	**7.4**	**7.9**	**2.1**	7%	-10%	-7%
-- Commuter Motorcycles	7.2	7.9	8.8	9.2	9.4	10.0	10.4	9.8	4.2	4%	-8%	-5%
-- Premium Motorcycles	1.8	2.3	2.8	3.0	3.2	3.5	3.7	4.2	4.8	7%	5%	3%
-- Mopeds	0.5	0.4	0.5	0.5	0.5	0.5	0.5	0.2	0.0	-1%	-100%	-100%
-- ICE 2Ws as a % of Domestic 2Ws	**97.9**	**95.3**	**94.7**	**93.5**	**92.9**	**91.9**	**90.6**	**84.5**	**40.3**			
-- ICE Scooters as a % of Scooters	93.2	86.3	84.6	82.4	81.6	79.3	76.9	70.0	15.0			
-- ICE Commuter MC as a % of Commuter Motorcycles	100.0	100.0	100.0	100.0	100.0	100.0	99.5	93.8	47.1			
-- ICE Premium MC as a % of Premium Motorcycles	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0			
-- ICE Mopeds as a % of Mopeds	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	-			
Exports Segmental (mn units)	**4.4**	**3.7**	**3.5**	**4.2**	**5.3**	**6.1**	**7.0**	**8.5**	**13.7**	**19%**	**13%**	**9%**
-- Scooters	0.4	0.4	0.5	0.6	0.7	1.0	1.5	2.1	4.1	39%	22%	21%
-- Motorcycles	4.1	3.2	2.9	3.6	4.6	5.1	5.5	6.4	9.6	15%	10%	7%
-- Mopeds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	19%	-100%	-100%
Exports Mix (%)	**FY22**	**FY23**	**FY24**	**FY25**	**FY26E**	**FY27E**	**FY28E**	**FY30E**	**FY35E**			
-- Scooters	7.9	11.4	14.8	13.6	13.8	16.2	21.8	24.1	30.0			
-- Motorcycles	91.9	88.5	85.1	86.2	86.0	83.6	78.0	75.7	70.0			
-- Mopeds	0.2	0.1	0.1	0.2	0.2	0.2	0.2	0.1	0.0			
Powertrain wise volumes (mn units)	**4.4**	**3.7**	**3.5**	**4.2**	**5.3**	**6.1**	**7.0**	**8.5**	**13.7**			
-- ICE	4.4	3.7	3.5	4.2	5.3	6.1	6.9	8.1	11.6	18%	11%	8%
-- EVs	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.4	2.1	161%		119%
Exports Mix (%)	**FY22**	**FY23**	**FY24**	**FY25**	**FY26E**	**FY27E**	**FY28E**	**FY30E**	**FY35E**			
-- ICE	100.0	100.0	100.0	99.8	99.7	99.2	98.3	95.7	85.0			
-- EVs	0.0	0.0	0.0	0.2	0.3	0.8	1.7	4.3	15.0			

Source: SIAM, Emkay Research; Note: For domestic volumes, the peak year is FY19, and is FY22 for exports

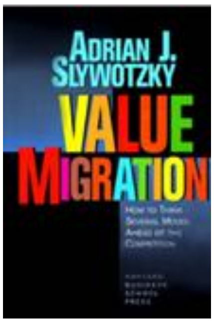
We believe E-2Ws could rise ~13-15x in 10Y

- **India's 2W industry has seen mega shifts over the past 3 decades, from motorcycles displacing geared scooters (Phase A) to automatic scooters staging a major comeback (Phase 2A), and the sustained premiumization trend within motorcycle and scooter categories (Phase 2B).**
- **The E-2W industry is at an inflection point, with the E-2W penetration exhibiting a sustained upward trajectory despite the staggered subsidy cuts (from Rs45k/vehicle in FY23 to Rs5k/vehicle in FY26) over the past 3Y.**
- **Hence, we expect E-2Ws to grow 13-15x in 10Y, while ICE-2W volumes would nearly halve from current levels over the same period.**
- **We highlight that the shift to E-2Ws would be more powerful, as it combines all the 3 reasons for the past mega shifts, ie, cost economics (with minimal running costs), convenience (automatic transmission), and futuristic products (smart, intelligent, connected).**

Exhibit 35: The Indian 2W industry has seen several drastic regime changes/mega shifts over the past 3 decades



Source: SIAM, Emkay Research



Value migration: Is business design apt to cater to changing customer priorities?

In his book, **'Value Migration: How to Think Several Moves Ahead of the Competition'**, Adrian J Slywotzky describes how value migrates from outmoded business models to business designs that are better able to satisfy customers' priorities. Developing a strategic understanding of how current and prospective customers change through time could serve as a compass that would point to the best direction for any company seeking to create value growth. There are three phases of value migration - value inflow, stability and value outflow. These phases describe the relative value-creation power of the business model, based on its ability to satisfy customer priorities better than competitors and thus, earn superior returns.

The dynamics of value migration in Indian E-2Ws

- **Shift from ICE to EV:** The traditional profit pools of India's two-wheeler industry have been concentrated in ICE scooters, where fuel efficiency and price points dictated customer choice. However, value is migrating toward electric scooters that combine lower operating costs, convenience, and an aspirational positioning. EV players are capturing customer mindshare as regulatory tailwinds (FAME, state subsidies, GST benefits) accelerate adoption, while ICE incumbents are being compelled to defend share with limited levers beyond discounting.

- **Lifecycle economics vs upfront price:** Earlier, competition revolved around upfront affordability. In the EV era, the migration of value is toward players who demonstrate superior lifecycle economics—offering lower TCO through efficient battery management, warranties, or BaaS models. This shift makes consumers less sensitive to sticker price and more attuned to ownership costs, favoring OEMs with innovative solutions.
- **From product to ecosystem:** While ICE OEMs primarily monetized through one-time vehicle sales and after-market spares, EV leaders are expanding the value capture into ecosystem services via charging infrastructure, OTA software upgrades, connectivity subscriptions, and grid services. This approach transforms EVs from a one-off purchase to a recurring revenue platform, shifting profit pools away from product margins alone.
- **Premiumization of experience:** Value is also migrating from purely functional, utility-driven 2Ws to tech-forward, premium offerings. Customers are increasingly willing to pay for added features like the digital dashboards, app-based controls, smart connectivity, OTA upgrades, and advanced safety features. Ather/Ola are positioning themselves not just as vehicles but as lifestyle products, commanding loyalty and margins.
- **Localization advantage:** Import-dependent assemblers who relied on Chinese cells and electronics are ceding ground to players investing in backward integration and localization. Companies building domestic supply chains for cells, motors, controllers, and PCBs not only gain cost leadership but also maximize PLI incentives, creating structural advantages that shift long-term profitability in their favor.
- **Network Effect Moats:** Finally, value is consolidating around players that are building scale advantages via networks like Ather Grid's charging ecosystem, Ola Hypercharger rollout, or Hero Vida's BaaS tie-ups. Once a critical density of charging/swapping points is achieved, customer stickiness rises sharply, locking in recurring value. These effects are difficult for late entrants to replicate and represent a new structural moat.

Exhibit 36: Two-wheelers – Changing landscape

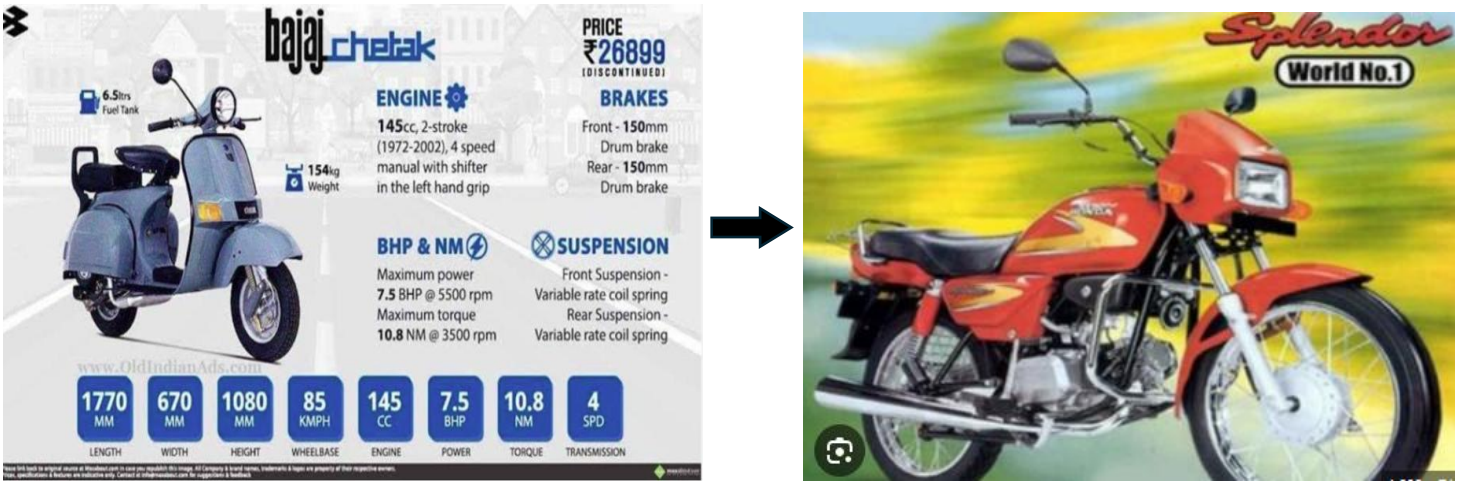
	1970-mid 2000s	From the 1990s	From 2001	From 2000	From 2018	From 2024
Product	**Bajaj Chetak**	**Hero Splendor**	**Hero Passion Pro**	**Honda Activa**	**Ather 450S**	**Ather Rizta**
						
Ex-Showroom (Rs '000s) - Mumbai	NA	73.9	76.7	74.4	122.9	114.5
Engine (cc)/Battery (kwh)	145	97.2	97.2	109.5	2.9	
Power (bhp)	6.25	7.8	7.8	7.9	NA	NA
Mileage (km/ltr or Range (kms/charge)	35-40	60-65	60-65	40-45	90-100	100
Ground clearance (mm)	145	159	165	162	170	
Positioning	Family scooter, with conservative design	Focus on male user, good ride;	Focus on male user, good ride	Family scooter with improved aesthetics and higher mileage than geared scooters	Premium, performance-led, tech-first scooter	Family-friendly, practical, comfort-oriented EV
Competitors	LML NV	Bajaj Platin		TVS Jupiter	Ola S1 Pro	Bajaj Chetak
	Lamby 15	Bajaj CT110		Suzuki Access	Ola S1 Air	TVS iQube
	Bajaj Priya	Honda Shine 100		Hero Maestro	Ather 450X	Hero Vida V2
	Bajaj Cub	Hero HF Deluxe		Hero Destini	Ultraviolette Tessaract	Honda Activa e
	Bajaj Super	TVS Star City		Hero Pleasure		TVS Orbiter
		TVS Radeon		Yamaha Fascino		Kinetic Green Flex
		TVS Sport		Honda Dio		
Comments	Starting trouble, lack of riding comfort over long distance	Good ride quality on bad roads, best mileage		Convenience due to automatic transmission, universal appeal	Build quality is very impressive; Looks futuristic; user friendly tech features	Great driving experience, comfort and storage space; Unisex appeal

Source: Media Portals, Emkay Research

A] Phase 1: Motorcycles displaced geared scooters

- Over FY93–07, the Indian 2W industry underwent one of its most defining structural shifts. Geared scooters, which commanded ~43% peak market share in the 1990s, dropped to <1% within a decade, as motorcycles surged from mid-20s in the early 1990s to ~83% by FY07, with Hero Honda leading the charge. This rapid migration was not incremental, but rather disruptive, asymmetric, and highly value-accretive in nature.
- The product switch was led by Hero Honda and was anchored in multiple factors like:
  - **Superior cost efficiency**: Hero Honda's 'Fill it, Shut it, Forget it', campaign for its CD100 model line-up showcased fuel economy and low maintenance, targeting the cost-conscious urban middle-class and rural buyers.
  - **Changing consumer preference,** with motorcycles seen as more aspirational, stylish, and reliable, resonating with a younger, upwardly mobile demographic.
  - **Technological edge,** with the introduction of four-stroke engines by Hero Honda which delivered unmatched mileage and durability vs competitors' two-stroke bikes.
  - **Distribution and scale**: Hero Honda's extensive dealer and service network ensured product reach across villages and small towns, where the bulk of incremental demand came from, creating a virtuous cycle of adoption.
- While competitors like BJAUT (via Pulsar) and Yamaha (via RX100) built their appeal around aspirational, style-heavy motorcycles aimed at urban youth, who valued speed, power, Hero Honda chose a different path. It focused on the much larger and underserved segment (rural buyers, small-town households, middle-class officegoers in metros.
- For this audience, motorcycles were not lifestyle products, but everyday workhorses; this consumer base valued reliability, mileage, and low maintenance costs far more than a flashy design or high performance.
- By anchoring its proposition on fuel efficiency and durability—qualities epitomized by the 'Fill it, Shut it, Forget it' campaign—Hero Honda positioned itself as the practical choice for the masses, ultimately capturing scale and building deep-rooted customer loyalty.
- This led to Hero Honda's motorcycle market share jumping from ~34% in FY93 to ~50% by FY02, cementing its position as the undisputed leader. In contrast, legacy scooter-focused OEMs, most notably Bajaj Auto, lost significant ground (ICE scooter market share tanked from ~39% in FY93 to ~2% in FY07), as they were slow to pivot (Bajaj Auto took time to pivot from its iconic geared scooter model*, Bajaj Chetak)*.

Exhibit 37: As the gearless scooter market declined rapidly over FY93-07, BJAUT launched the *Pulsar* in 2001 to ride the motorcycle wave

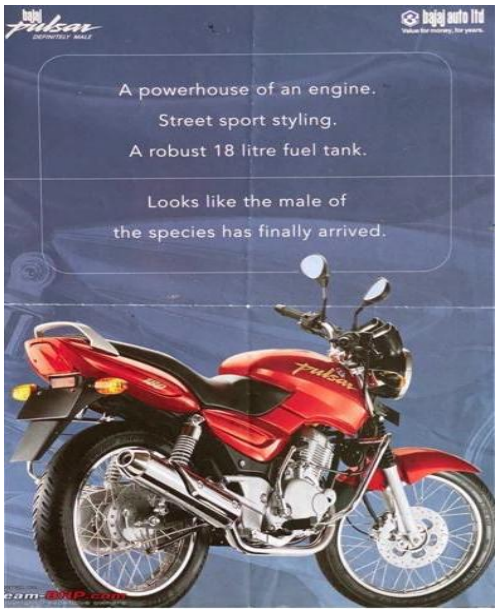


Source: Media Portals, Emkay Research

Exhibit 38: HH's 'Fill it, Shut it, Forget it' campaign showcased fuel economy and low maintenance

Source: Media Portals, Emkay Research

Exhibit 39: BJAUT entered the performance motorcycle segment with its "Pulsar" 150cc and 180cc models in 2001



Source: Media Portal, Emkay Research

A sharp increase in fuel prices, along with the rising youth (18-25-year-olds) accelerated the shift in the late 1990s

- A **sharp rise in fuel prices in the late 1990s** significantly altered consumer preferences, accelerating the move away from larger, fuel-hungry geared scooters like Bajaj Chetak, LML Vespa toward **lightweight, fuel-efficient motorcycles** like Hero Honda CD100.
- India's **youth** grew in the 1990s, as a large portion of the population born during 1970s–80s reached working/college-going age.
- The **18–25 age group** expanded rapidly from **110–120mn in 1991** to **145–150mn by 2000s** (up 25–30% over the decade).
- This demographic boom created a **new class of aspirational first-time buyers** (particularly in urban and semi-urban India), who preferred **sportier, stylish, and fuel-efficient motorcycles** over traditional geared scooters.

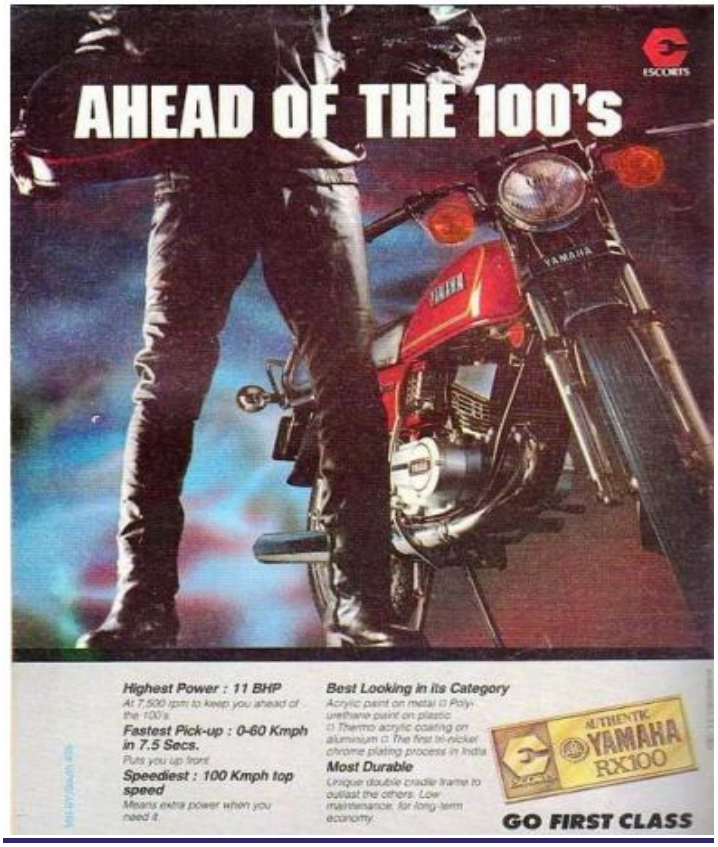
Exhibit 40: Hero Hoda's advertisements in the 1990s highlighted fuel efficiency, style, and power

Source: Media Portals, Emkay Research (refer to Youtube Link)

Exhibit 41: Hero Honda's advertisement highlighted running expenses at 10paise/km due to four-stroke technology from the global leader Honda

Source: Media Articles, Emkay Research

Exhibit 42: Yamaha's RX100 (two-stroke) ads highlighted better power, a faster pick-up, and speed as key features

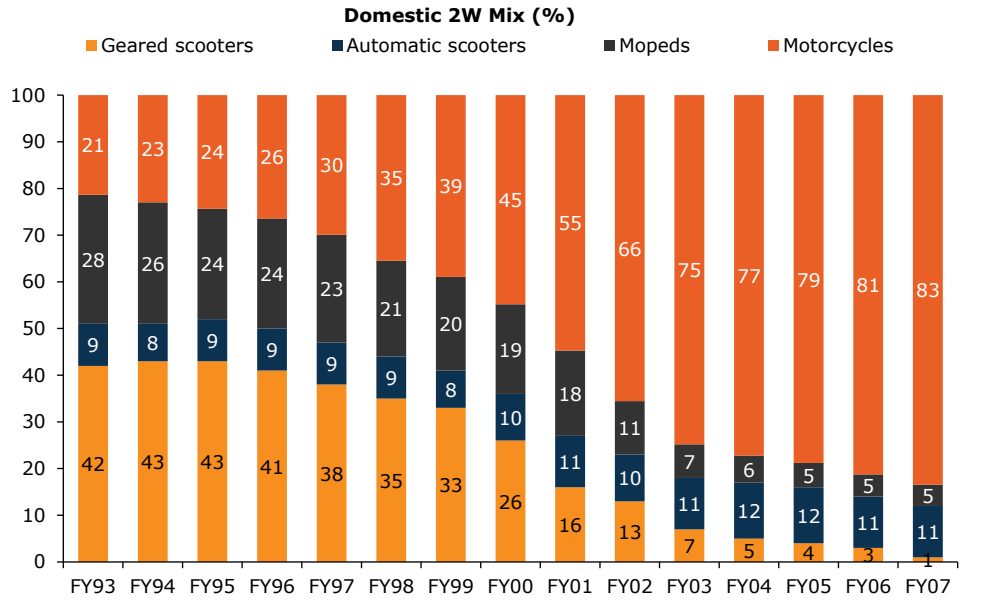


Source: Media Articles, Emkay Research

'Depending upon models and their characteristics, motorcycles have swept rural, semi-urban, and urban India in a way that would have been inconceivable even a few years ago.'

- ***BJAUT (Annual Report of 1999-2000)***

Exhibit 43: The FY93-07 phase was characterized by rapid growth in the motorcycle segment, with geared scooters practically disappearing in a span of 10Y



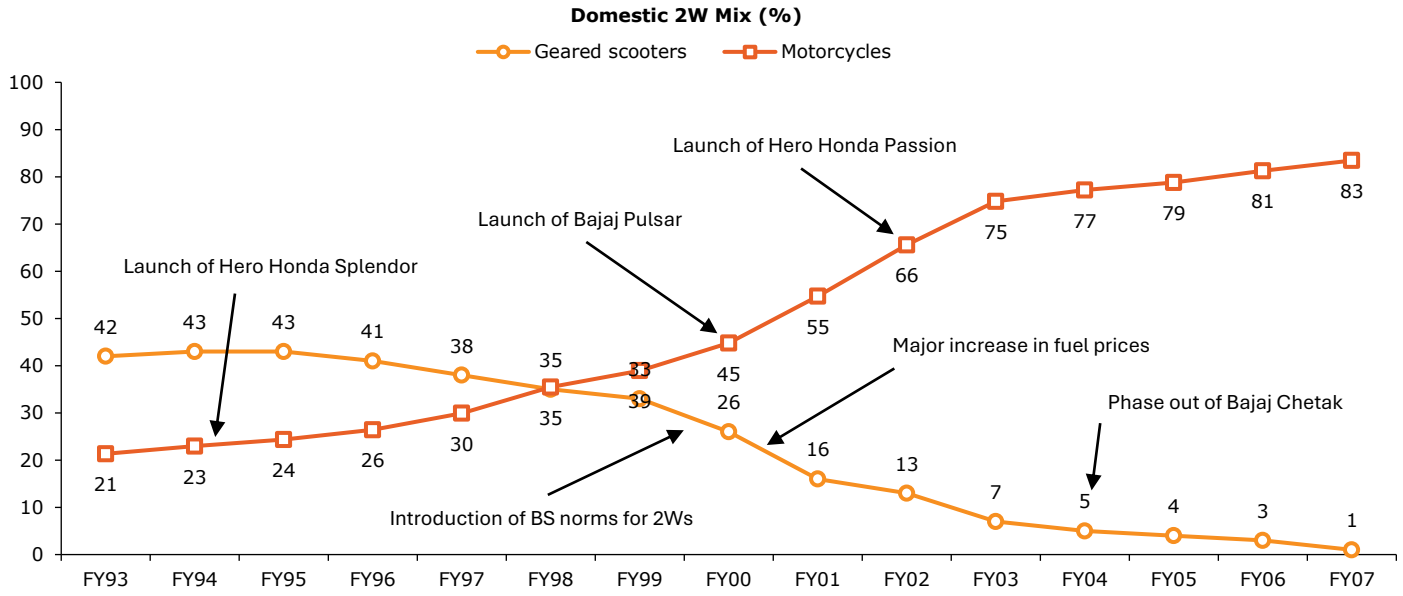
Source: SIAM, Emkay Research

Exhibit 44: Prominent motorcycle launches during 1993-2005 fuelled motorcycle growth

Year	Model	Company	Segment / Highlight
1993	TVS Suzuki Shogun	TVS–Suzuki	108 cc 2-stroke, sporty, youth-focused
1996	TVS Suzuki Samurai	TVS–Suzuki	98.2 cc 2-stroke, commuter + performance
1997	Yamaha RX-135	Yamaha	Successor to RX100, 4/5-speed variants
1999	Hero Honda CBZ	Hero Honda	156.8 cc, one of India's first performance commuter bikes
2001	Bajaj Pulsar 150 / 180	Bajaj Auto	Mainstream performance bikes; style + power
2003	Pulsar DTS-i Series	Bajaj Auto	Tech upgrade with Digital Twin Spark Ignition
2005	Bajaj Avenger 180	Bajaj Auto	Cruiser styling, entry into leisure biking
2005	TVS Apache	TVS Motor	Start of Apache series, sporty and performance-driven

Source: Online Portals, Emkay Research

Exhibit 45: The market share of motorcycles scaled up rapidly from ~27% in FY94 to 83% in FY07, led by multiple factors



Source: SIAM, Emkay Research

B] Phase 2A: The scooter renaissance

"Scooters find multiple uses in urban households vs motorcycles, which are more suited for men."

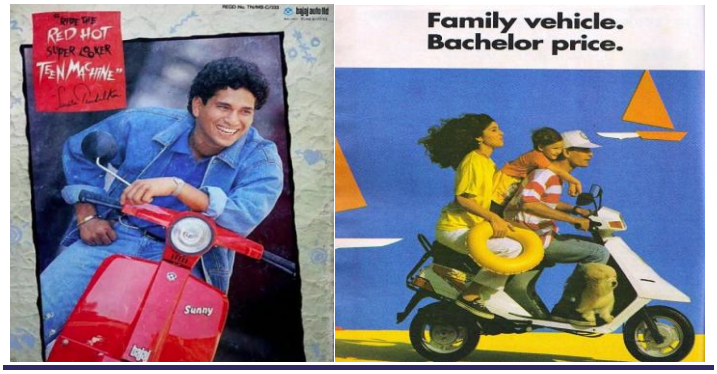
- Anil Dua, Senior VP (Marketing and Sales), HMCL, in 2013 (link).

- After nearly disappearing during the motorcycle boom of the 1990s, automatic scooters made a remarkable comeback from FY08. From a low base of ~11% share in FY08, scooters steadily regained relevance, now accounting for ~36% of the domestic 2W market. This revival was on the structural shift in consumers, triggered by product innovation, changing demographics, and evolving urban mobility needs.
- The return of scooters was led by the gearless CVT (automatic transmission) format. Unlike the bulky geared scooters of the 1980s–90s, the new generation was clutch-free, lightweight, and extremely practical for stop-and-go city traffic. Ease of use expanded the TAM beyond traditional male riders. Moreover, India's rapid urbanization, coupled with worsening city traffic, made gearless scooters the preferred option.
- The Activa, launched in 2001, scaled up post 2005 and was the most important catalyst behind the scooter renaissance. Honda more than doubled its capacity from 100kpa units to 250kpa units over FY01-03, aiding a rapid ramp up for its Activa model.
- The combination of Honda's reliability, gearless convenience, and a durable build redefined the category. Activa went on to become India's largest-selling scooter and, at its peak, even challenged the Splendor for monthly leadership across the 2W industry.
- **TVS Jupiter** (launched in 2013) built on Activa's success with strong value positioning, a stylish design, and features like external fuel filling, while **Suzuki Access** (launched in 2009) carved a niche as a performance, premium commuter scooter. As of FY25, HMSI, TVS, and Suzuki capture the bulk of the scooter segment.
- As a result, scooters' share tripled over the past 15Y (from **~12% in FY08 to ~36% by FY25)**, while motorcycles moderated from ~83% to ~61%. Within ICE scooters, HMSI has a market share of ~47%, followed by TVSL and Suzuki at ~25%/17%.

Exhibit 46: Automatic scooters were portrayed as more comfortable and convenient

Source: Media Portals, Emkay Research

Exhibit 47: BJAUT's popular automatic scooter 'Sunny' (left) and TVSL's Scooty (right)



Source: Media Portals, Emkay Research

Exhibit 48: HMCL's marketing addressed the convenience offered by scooters to female riders vs motorcycles, which were considered more appropriate for men

Source: Media Portals, Emkay Research

Exhibit 49: Honda launched multiple ad campaigns for its Activa model, showcasing the convenience of IEC automatic scooters

Source: Media Portals, Emkay Research (refer to YouTube Link)

Exhibit 50: Hero featured Alia Bhatt in its Hero Pleasure campaign, targeting young women with the iconic tagline "Why should boys have all the fun"

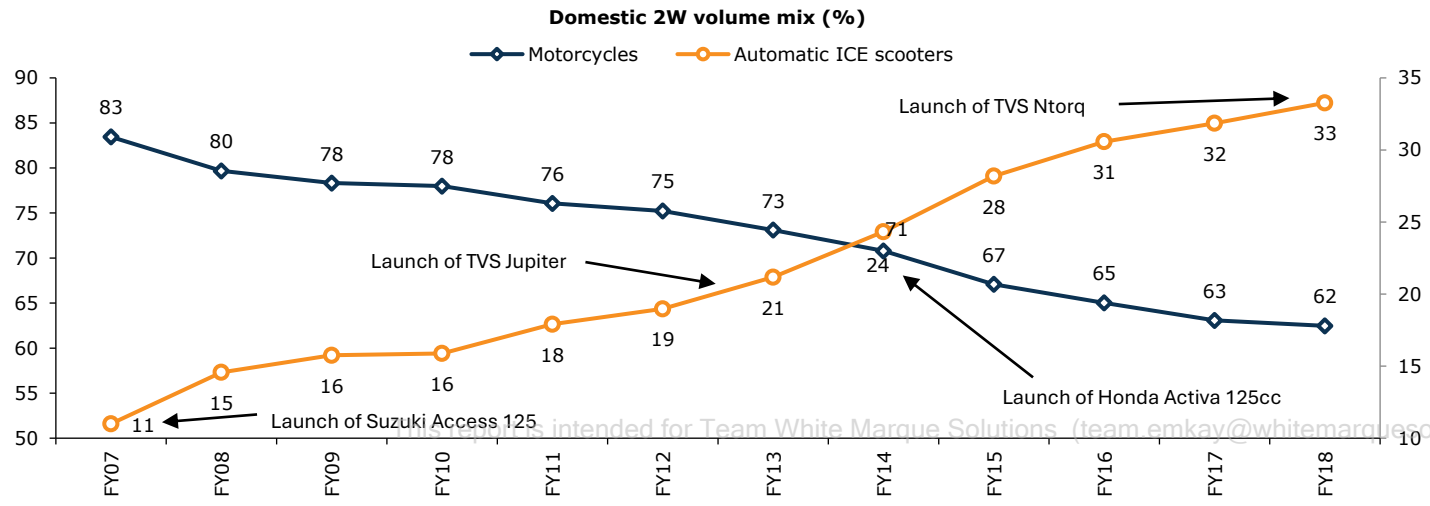
Source: Media Portals, Emkay Research (refer to YouTube Link)

Exhibit 51: The Indian ICE scooter industry has seen several prominent launches, which drove a spurt in the scooter share over the last decade

Year	Model	OEM	Displacement
2001	Activa (Gen-1)	Honda	102cc
2001	Dio (SCV100)	Honda	102cc
2004	Nova 135	Kinetic	135cc
2005	Pleasure	Hero Honda	102cc
2007	Access 125	Suzuki	125cc
2008	Aviator	Honda	109cc
2012	Maestro	Hero	109cc
2012	Ray	Yamaha	113cc
2012	Swish 125	Suzuki	125cc
2013	Jupiter	TVS	109cc
2013	Activa-i	Honda	109cc
2014	Alpha	Yamaha	115cc
2014	Let's	Suzuki	110cc
2014	Activa 125	Honda	125cc
2015	Fascino	Yamaha	113cc
2015	Duet	Hero	110cc
2016	Ray-ZR	Yamaha	113cc
2017	Grazia	Honda	125cc
2018	NTorq 125	TVS	125cc
2018	Burgman Street	Suzuki	124cc

Source: Media Articles, Emkay Research

Exhibit 52: Share of gearless scooters expanded ~3x, from 12% in FY07 to ~33% in FY18



Source: Company, SIAM, Emkay Research

C] Phase 2B: Premiumization across segments

- The seeds of premiumization in 2Ws were planted as early as the late 1990s/early 2000s, when leading OEMs introduced performance-oriented motorcycles: Hero Honda with the CBZ (160cc) in 1999, followed by Bajaj Auto with the Pulsar (150cc and 180cc) in 2001.
- EIM's RE, on the other hand, unlocked the underserved mid-sized (350–500cc) motorcycle niche, which became one of the most successful premiumization stories in Indian autos.
- Across the industry, customers increasingly sought upgrades to higher-displacement motorcycles and feature-rich scooters. The share of Executive 125cc motorcycles expanded from 14% in FY20 to 49% in FY25. The share of sporty scooters went from 2% in FY16 to 15% in FY25, while the share of ≥125cc scooters doubled from 23% in FY15 to 51% in FY25, reflecting consumers' appetite for performance, comfort, and features.
- From digital instrument clusters (~2010) and USB charging ports (2017) to Bluetooth connectivity (2018) and ride modes/traction control (~2020), Indian 2Ws steadily incorporated advanced tech. Premium EVs today offer TFT displays, keyless ignition, telematics, and integration with smart helmets.
- The shift was led by younger buyer profiles, better financing penetration, rising disposable incomes, and aspirational lifestyles. The desire to 'upgrade' within segments – commuter to sporty commuter to premium motorcycle/scooter became a recurring theme, creating multi-tiered growth opportunities for OEMs.

"The future is Indians buying better quality vehicles and paying a premium for it."

- Tarun Mehta, Co-founder and CEO, Ather Energy (Link).

i) The premiumization trend in Indian 2Ws was widespread, with the motorcycle market seeing a shift toward higher cc categories

- The seeds of premiumization in the 2W industry were sown nearly 2 decades ago, when players like Hero Honda launched its performance motorcycle, the CBZ (160cc) in 1999, and Bajaj Auto launched the Pulsar (150cc and 180cc) in 2001.
- The premiumization trend has been visible in the broader 2W industry, with the rising share of executive 125cc and over 125cc/250cc over the last decade.
- Particularly in the last 5Y (FY20-25), the executive 125cc segment and the premium (over 15cc) segment witnessed 11%/4% volume CAGR, respectively, while the entry-level motorcycles stagnated with a -1% CAGR.
- Notably, within the declining entry-level segment also, the relatively more premium Executive segment has seen an increase in its relative share (from 48% in FY19 to 67% in FY26TD).
- The over 250cc segment (driven by EIM's RE) has seen a sustained rise in volumes, with the segment mix at 8.5% in FY25 vs 6/1.2% in FY19/13.

"You can't win when you're a commuter brand."

- Niranjan Gupta, ex-CEO, HMCL, about diversifying into premium products (link).

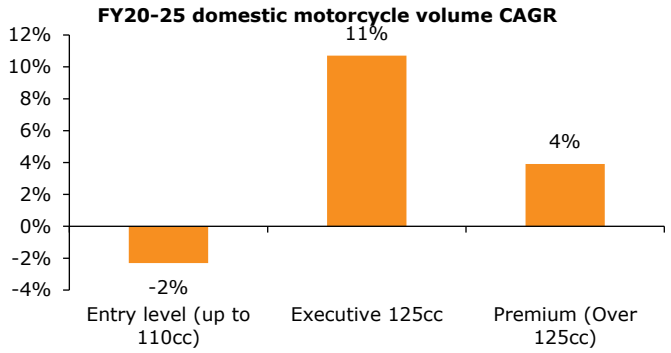
Exhibit 53: Hero Honda's CBZ 150cc performance motorcycle was launched in 1999

Source: Media Articles, Emkay Research

Exhibit 54: The original Bajaj Pulsar was launched in 2001

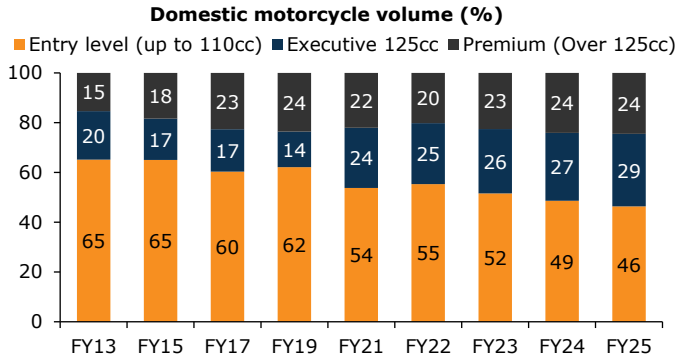
Source: Media Articles, Emkay Research

Exhibit 55: Executive 125cc/premium segments saw 11/4% CAGR over FY20-25, while the entry level declined at 2% CAGR



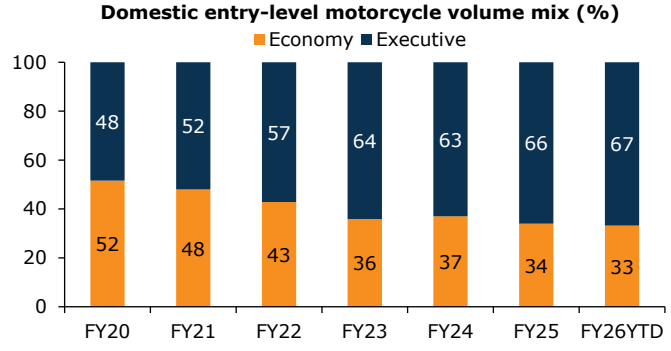
Source: SIAM, Emkay Research

Exhibit 56: This growth is visible in the tilt of the market share mix toward executive 125cc and premium segments



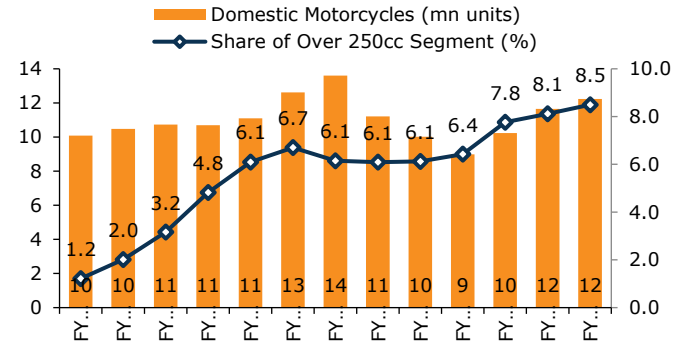
Source: SIAM, Emkay Research

Exhibit 57: Within the declining entry level segment, the share of the more premium executive segment has improved consistently



Source: SIAM, Emkay Research

Exhibit 58: The share of over 250cc segment has risen rapidly, especially over the last 5Y to ~9% in FY25



Source: SIAM, Emkay Research

ii) Scooters are also seeing a tilt toward performance-oriented categories (over 125cc), indicating sustained premiumization

- Another major indicator of premiumization has been the rising intensity of product launches in the >125cc and sporty scooter categories, as consumer preferences are increasingly shifting toward more performance-oriented yet convenient products.
- The sporty ICE scooter segment grew from 100kpa units in FY16 to 555kpa units in FY20 and 882kpa units in FY25, clocking 27%/10% CAGR over FY16-25/FY20-25, respectively.
- Resultantly, the share of sporty scooters in domestic ICE scooters rose from 2%/10% in FY16/20 to 15% in FY25, indicating a sustained premiumization trend in ICE scooters.

Exhibit 59: TVSL's Ntorq 150cc, HMCL Zoom 160cc, and Suzuki Burgman offer an aggressive/sporty look, combined with the convenience of a scooter

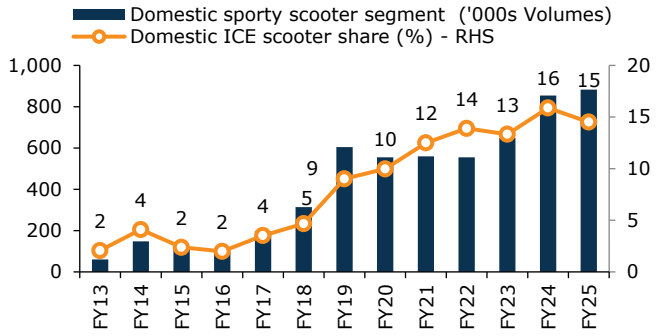
Source: Media articles, Emkay Research

OEMs clearly see huge potential for growth in the sporty scooter segment in India which is outperforming the overall bike/scooter industry

"The sporty scooter segment has been significant in driving growth for the scooter industry overall. This is a high-growth segment. Hence, our focus on this space is warranted. When you keep in mind that from a demographic standpoint, ***India is only getting younger, buyers' requirements are going to move more into the sporty segment****."*

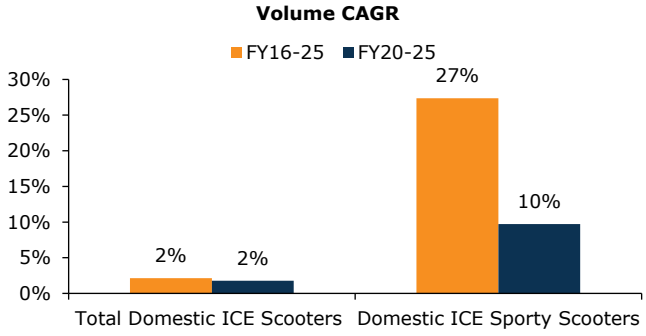
- Aniruddha Haldar, SVP and Head – Commuter and EV Business, TVSL (*link*).

Exhibit 60: The share of sporty scooters rose consistently from 4%/10% in FY14/19 to ~17% in FY25



Source: SIAM, Emkay Research

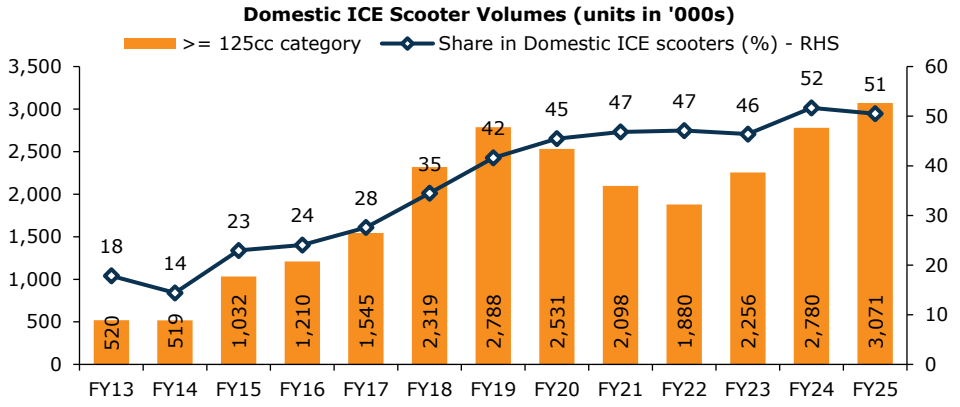
Exhibit 61: Domestic sporty scooters grew at 10% over FY20-25, on a lower base vs 2% CAGR for domestic ICE scooters



Source: SIAM, Emkay Research

- The share of ≥125cc scooters within domestic ICE scooters reached 50% in FY25 vs 18%/42% in FY13/19, indicating a sustained premiumization trend.

Exhibit 62: ≥125cc category formed 50% of the domestic ICE scooter volume in FY25



Source: SIAM, Emkay Research

Exhibit 63: HMSI's 'Sau mein sava sau' ad campaign was to promote its 125cc Activa

Source: Media Articles, Emkay Research

Exhibit 64: TVSL's advertisement to promote 125cc Jupiter scooter

Source: Media Articles, Emkay Research

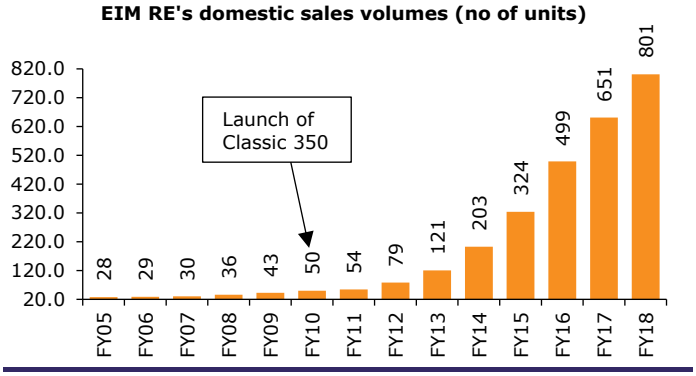
iii) Playbook for a turnaround – A case study on Royal Enfield

- In the early 2000s, RE was on the brink of closure. Sales dropped to barely 2k/month units despite 6k/month capacity, and motorcycles were plagued with chronic issues like engine seizures, oil leaks, broken cables, and an inconvenient right-side gear lever. Customers loved Bullet's heritage, although they complained about its unreliability, while the management debated on shutting down the division altogether.
- Siddhartha Lal, a third-generation promoter of Eicher, decided to attempt a revival. The central challenge was to modernize the product without diluting its identity. Engineers redesigned the engine into a modern, unit-construction aluminum block, improving fuel efficiency, emissions, and durability.
- Yet, deliberate efforts were made to preserve the signature 'thump' and rugged styling. Quality processes tightened, supplier ecosystems upgraded, and warranty issues drastically reduced. The gear lever was standardized to the left side for ease of use, and the dealership network was revamped to enhance customer experience.
- The real breakthrough came with the launch of the Classic 350/500 in 2008 which reinterpreted the Bullet's vintage look to a more accessible, stylish package. The Classic struck a chord with younger riders, turning Royal Enfield into a lifestyle choice rather than just a retro niche. Waiting periods soon stretched to months, sales ramped up sharply, and by FY10-18, volumes expanded ~16x.
- This spurt in volumes was supported by an expanding domestic distribution network, which grew ~6x, from 186 dealerships in FY11 to ~825 dealerships in FY18, leading to a change in RE's regional mix, making it a national product.

Exhibit 65: EIM RE launched the classic 350cc in 2009 to cater to a wider and younger audience

Source: Media Articles, Emkay Research

Exhibit 66: 2010-18 was characterized by a major spurt in EIM's RE volumes, with annual volumes rising ~16x during this stint



Source: Company, Emkay Research

"This is the coming of age of the Royal Enfield motorcycles."

- Siddhartha Lal, MD and CEO, Eicher Motors in Nov-09 during the Classic 350 launch (link).

EIM's RE diversified from its target customers (mostly older generations) to cater to a wider audience and drive volumes.

"Since the time we launched the bike in the European market, we've been besieged by demand from Indian customers. To reach out to all customers and give them what they want, we've introduced both the Classic 350 and the 500."

- RL Ravichandran, CEO, Royal Enfield in Nov-09 (*link*).

A clear articulation of premiumization, targeting the 'middle' motorcycle (250–750cc) as a growth space.

*"We then decided to position it as a **leisure and practical brand**. It is not everything for everyone. Our target consumer is difficult to define, anyone who has an interest in motorcycling is our target consumer."*

- *Siddhartha Lal, MD and CEO, Eicher Motors in 2010 (Link).*

*"**We have successfully managed to create market space between the two extremes**. For me, the world is going to converge in the middle market; we have been able to show in India that if you give a good offer, people move to middle-weight motorcycles."*

- *Siddhartha Lal, MD and CEO, Eicher Motors in 2016 (Link).*

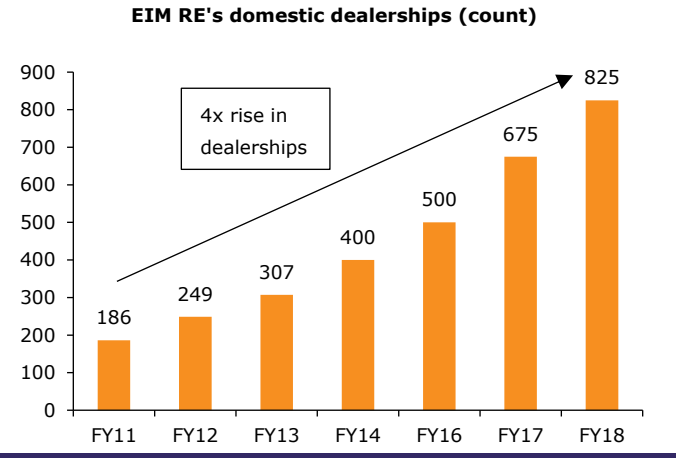
Exhibit 67: Women bikers on RE ride in Chandigarh on Women's Day, signaling RE's attempt at inclusivity/community among females

Source: Media Article, Emkay Research

Exhibit 68: A group ride/club gathering in the UK — reflects RE's international community connect (beyond India)

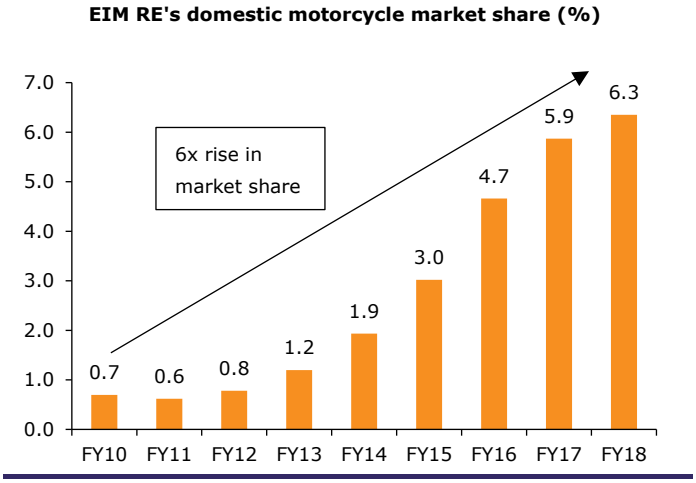
Source: Media Articles, Emkay Research

Exhibit 69: This was supported by a rapid distribution network expansion...



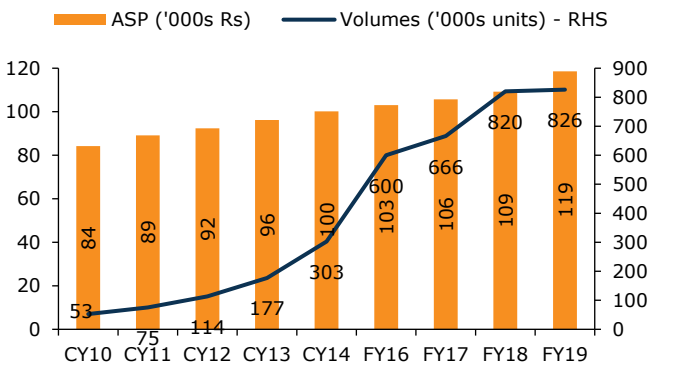
Source: Company, Emkay Research

Exhibit 70: ...which resulted in sustained market share gains



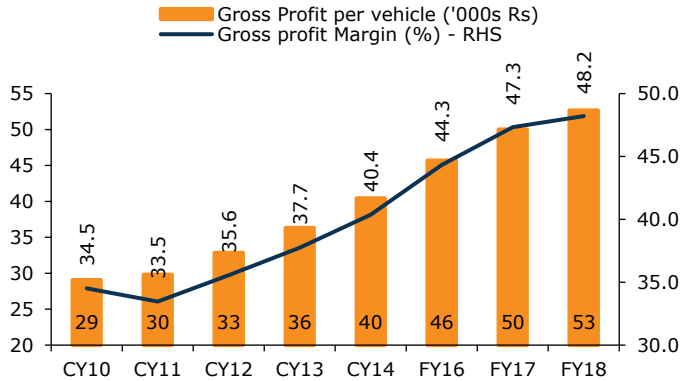
Source: Company, Emkay Research

Exhibit 71: Realizations exhibited upward trajectory, indicating the premiumization trend in motorcycles...



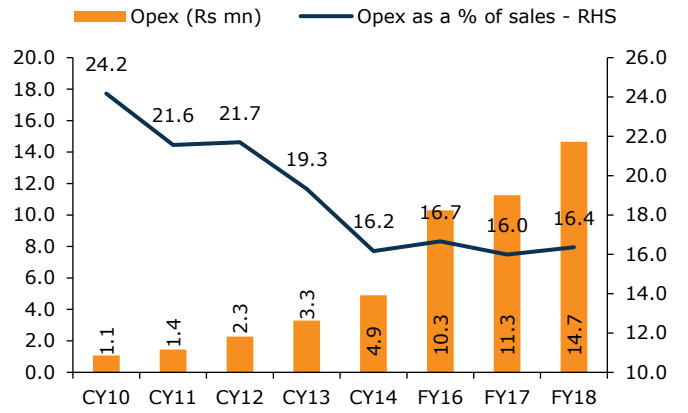
Source: Company, Emkay Research

Exhibit 72: ...which also resulted in a sustained improvement in gross margins



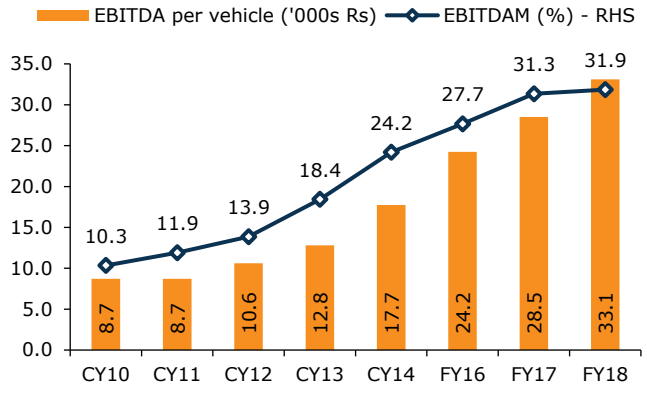
Source: Company, Emkay Research

Exhibit 73: EIM's RE also delivered a major improvement in opex, on volume-led efficiencies and operating leverage



Source: Company, Emkay Research

Exhibit 74: The culmination of these aforementioned factors translated to a rapid ~22pps rise in the EBITDAM



Source: Company, Emkay Research

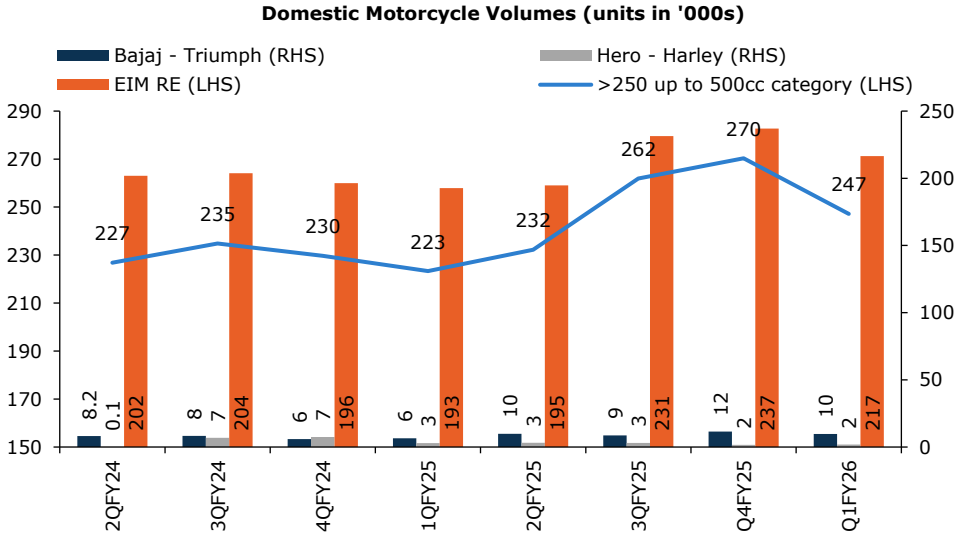
*"**We had waves and waves of competition coming in different ways**. The largest guys, the biggest brands, the global guys (Harley Davidson), the Indian guys (Bajaj Auto), everyone's been coming in; there's no dearth of competition for Royal Enfield. **Of course, competition hasn't done very well in our segment** (link)."*

- Siddhartha Lal, MD and CEO, Eicher Motors

"We built a fortress. It's not going to be easy for robbers to penetrate…We want to grow rapidly, faster than the industry. That's our ambition. To grow faster, maybe even at twice the industry's rate of growth in the long term (link)."

- Siddhartha Lal, MD and CEO, Eicher Motors

Exhibit 75: Competition has failed to displace RE, as volumes stagnated few months after launch



Source: SIAM, Emkay Research

D] E-2Ws hitting the sweet spot

- We believe the E-2W shift will be even more powerful than past disruptions because it combines all three triggers (cost + convenience + tech) that historically drove structural value migrations in India's 2W industry.

Trinity of crucial catalysts to drive sustained superior E-2W growth

- **Cost economics (efficiency as a catalyst)**
  In the 1990s, Hero Honda's iconic 'Fill it, Shut it, Forget it' campaign captured the imagination of Indian consumers by making fuel efficiency the single most important buying factor, ultimately displacing bulky geared scooters with lightweight, frugal motorcycles. A similar shift is now underway with electric two-wheelers, where ultra-low running costs are becoming the decisive trigger for adoption. The cost advantage is being reinforced as localization of components increases and battery cell prices continue to decline, steadily reducing the upfront acquisition gap with ICE vehicles. Much like fuel efficiency reshaped consumer preference in the past, TCO is now becoming the pivot around which E-2Ws are redefining the two-wheeler market.

"I think it's very clear that when a consumer is going to buy a two-wheeler, an electric option is certainly in the consideration set."

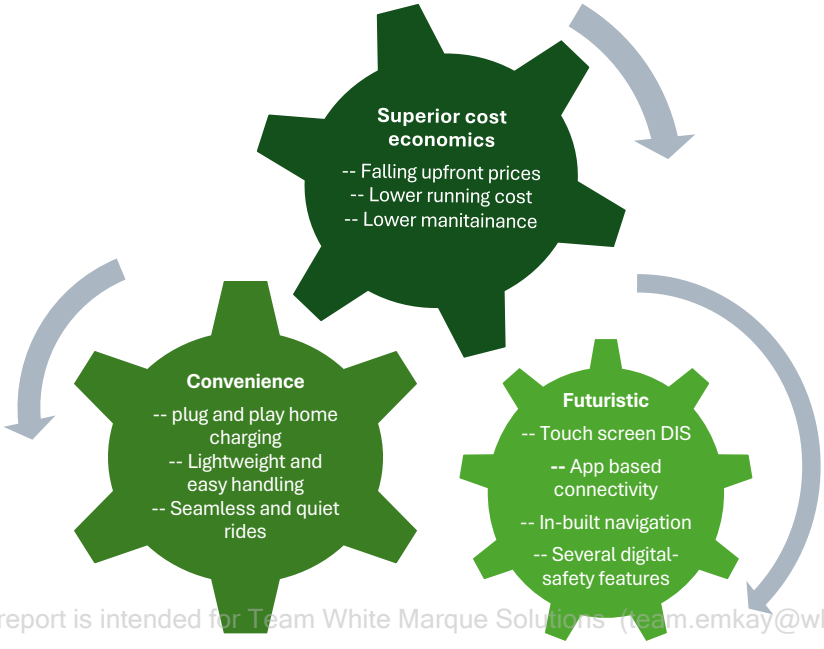
- Rakesh Sharma, ED, Bajaj Auto (link).

- **Convenience (ease of use and access)**
  The scooter boom over FY08–25 was driven by convenience – gearless riding, easy handling, and family-friendly design. E-scooters naturally inherit these traits, being automatic, lightweight, and simple to operate. Beyond this, they add further layers of convenience through portable home/office charging, regenerative braking that reduce effort, and app-based features for real-time monitoring and navigation. This blend of traditional scooter's practicality with modern digital ease makes e-scooters a seamless, more convenient upgrade for everyday urban mobility.

- **Futuristic and smart products (aspirational shift)**
  Unlike prior shifts, which were anchored in one driver (cost or convenience), EVs are seen as smart, intelligent, and connected products — software upgrades, app integration, geo-fencing, AI-driven diagnostics, and OTA updates. This 'tech product' positioning appeals to younger, aspirational buyers in metros and tier-1 cities, adding a lifestyle/brand element just like RE did in the mid-sized motorcycle space.

- **Unlike earlier shifts that were one-dimensional, E-2Ws combine all three reasons, making this migration sharper, faster, and more value-accretive. Hence, we believe that E-2W volumes could grow 13-15x over FY25-35E; ICE-2W volumes would nearly halve from current levels by FY35E**.

Exhibit 76: Trinity of cost, convenience, and futuristic offergings to drive a sharp rise in E-2W volumes



Source: Company, Emkay Research

Key categories are being addressed proactively by OEMs

i) Increasingly favorable and superior cost economics of E2Ws would be the key lever to drive category growth/penetration

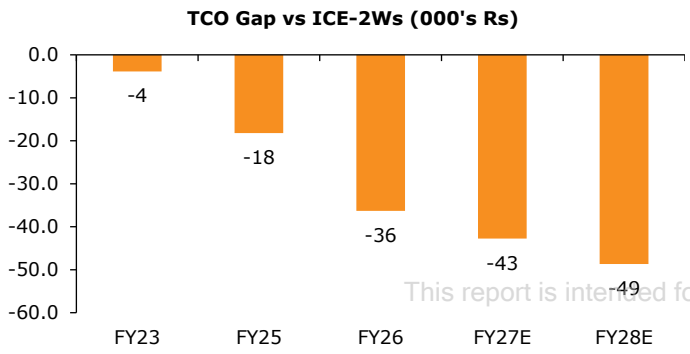
- Over the past 3Y, E2Ws have improved consistently, with the breakeven period reducing from 56 months to just 17 months (with the introduction of lower priced but still technologically superior EV product). Resultantly, the gap in TCO vs ICE (for a 5Y period) has improved from 4% in FY23 to 35% in FY26.
- We believe that a culmination of the learning curve steepening further and reducing component costs (primarily cell costs for batteries) would lower prices for E-2Ws even further and the breakeven period would nullify by FY28E, making E-2Ws more cost-competitive from day 1, and the gap in TCO would increase further to 47%.

Exhibit 77: We believe that TCO will further tilt in favor of EVs, driven by further improvement in pricing on tech-led cost curves

Particulars (Rs)	FY23		FY25		FY26E		FY27E		FY28E	
Models	**Honda Activa***	**Ather 450 Plus**	**Honda Activa***	**Ather 450x**	**Honda Activa***	**Ather Rizta**	**Honda Activa***	**Ather's New EL Platform**	**Honda Activa***	**Ather's New EL Platform**
Ex-Showroom Price (Ex-Subsidy) - Delhi	**70,337**	**171,730**	**81,045**	**156,258**	**76,314**	**114,546**	**79,814**	**105,000**	**83,314**	**95,000**
RTO Charges	5,627		9,725		9,662		10,105		10,548	
Insurance (~5% of Ex-showroom)	5,881	8,415	6,228	7,473	5,864	6,895	6,133	5,229	6,402	4,731
On-Road Price (Ex-Subsidy) - Delhi	**81,845**	**180,145**	**96,998**	**163,731**	**91,840**	**121,441**	**96,052**	**110,229**	**100,264**	**99,731**
Upfront Price premium		**98,300**		**66,733**		**29,601**		**14,177**		**-533**
Premium (%)		**120**		**69**		**32**		**15**		**-1**
Running Cost for 3Y										
Annual Kms	**10,000**	**10,000**	**10,000**	**10,000**	**10,000**	**10,000**	**10,000**	**10,000**	**10,000**	**10,000**
On-Road mileage/range (kms)	40	70	40	90	40	90	40	90	40	90
Fuel Cost (Rs/ltr)	98		95		95		95		95	
Electricity Tariff (Rs/kWh)		7.8		7.8		7.8		7.8		7.8
Battery Capacity (kWh)		**2.9**		**2.9**		**2.9**		**2.9**		**2.9**
Fuel or Charging Cost/Km		23		23		23		23		23
Total annual running costs	**24,475**	**3,231**	**23,700**	**2,513**	**23,700**	**2,513**	**23,700**	**2,513**	**23,700**	**2,513**
Savings in running cost pa		**21,244**		**21,187**		**21,187**		**21,187**		**21,187**
Breakeven Period for E-2Ws (no of months)		**56**		**38**		**17**		**8**		**0**
Total Running Costs for 5Y	122,375	16,157	118,500	12,567	118,500	12,567	118,500	12,567	118,500	12,567
TCO for 5Y	**204,220**	**196,302**	**215,498**	**176,298**	**210,340**	**134,008**	**214,552**	**122,796**	**218,764**	**112,298**
Savings in TCO for 5Y (%)		**-4**		**-18**		**-36**		**-43**		**-49**

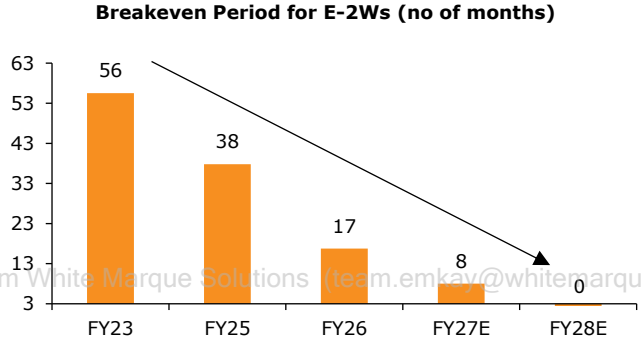
*Source: Online Portal, Emkay Research, *Note: We have considered the 110cc variant of Honda Activa*

Exhibit 78: The gap in TCO (for 5Y) is increasingly tilting in favor of E-2Ws...



Source: Emkay Research

Exhibit 79: ...with the breakeven period for E-2Ws also falling at a rapid pace

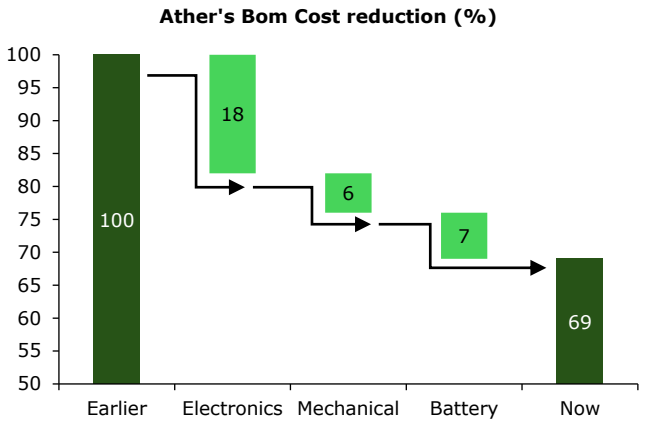


Source: Emkay Research

ii) Multiple backward/vertical integration initiatives already underway to reduce BOM cost for E-2Ws even further

- This sustained improvement in TOC has been aided by continued efforts of OEMs to reduce BOM cost, to offer better-priced products to customers. Start-ups like Ather and Ola, on R&D-led improvements, have reduced their BOM cost by 31% over the last 3-4Y.
- Various vertical integration initiatives like 80% in-house design and 100% software stack ownership offer significant fungibility and reduce the turnaround time (Ather built the Rizta in 13 months because of its modular architecture).
- Also, Ather is transitioning to LFP chemistry, which will help in bringing BOM cost down even further, as LFP chemistry cells are inherently 20-25% cheaper than NMC cells.

Exhibit 80: Ather has reduced BOM cost 450x by over 30% in 3Y

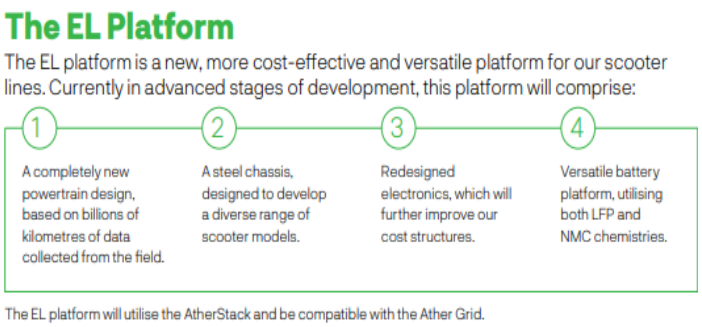


Source: Company, Emkay Research

Exhibit 81: Ather unveiled the EL01, based on the EL platform

Source: Company, Emkay Research

Exhibit 82: Ather's upcoming EL platform (far more cost effective and versatile) to aid further cost reduction and BOM optimization



Source: Media Articles (link), Emkay Research

Exhibit 83: Transition to LFP chemistry will help in reducing BOM costs even further, as LFP cells are 20-25% cheaper than NMC

- The introduction of LFP chemistry based battery platform will allow us to further reduce the BOM costs of our E2Ws. LFP based battery cells were 23% cheaper than Nickel-based chemistries as on March 2025

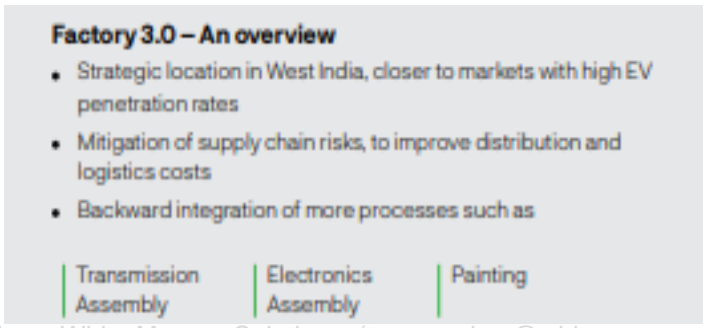
Source: Company, Emkay Research

Exhibit 84: A majority of Ather's components are designed in-house, while manufacturing is outsourced to maintain an asset-light model

E2W component	Designed in-house	Manufactured in-house	Outsourced manufacturing
Battery Pack (excluding cells)	✓	✓	
Motor			✓
Transmission	✓		✓
Motor Controller	✓		✓
Vehicle Control Unit	✓		✓
Dashboard	✓		✓
DC-DC Converter	✓		✓
Harnesses	✓		✓
Chassis	✓		✓
Charger (portable)*			✓

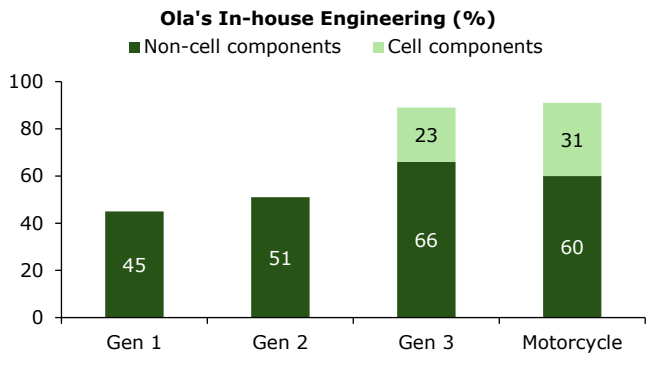
Source: Company, Emkay Research

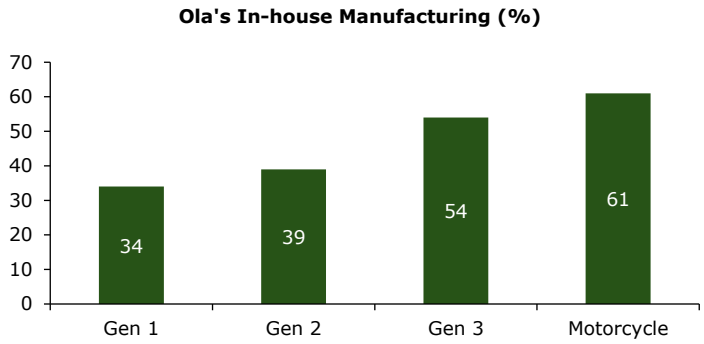
Exhibit 85: Ather's upcoming AURIC plant to enable cost savings in logistics along with deepening the level of backward integration



Source: Company, Emkay Research

Exhibit 86: Ola is deeply vertically integrated, offering significant cost benefits





Source: Company, Emkay Research

Exhibit 87: Ola has also undertaken several crucial steps toward deepening its backward integration capabilities, to reduce costs

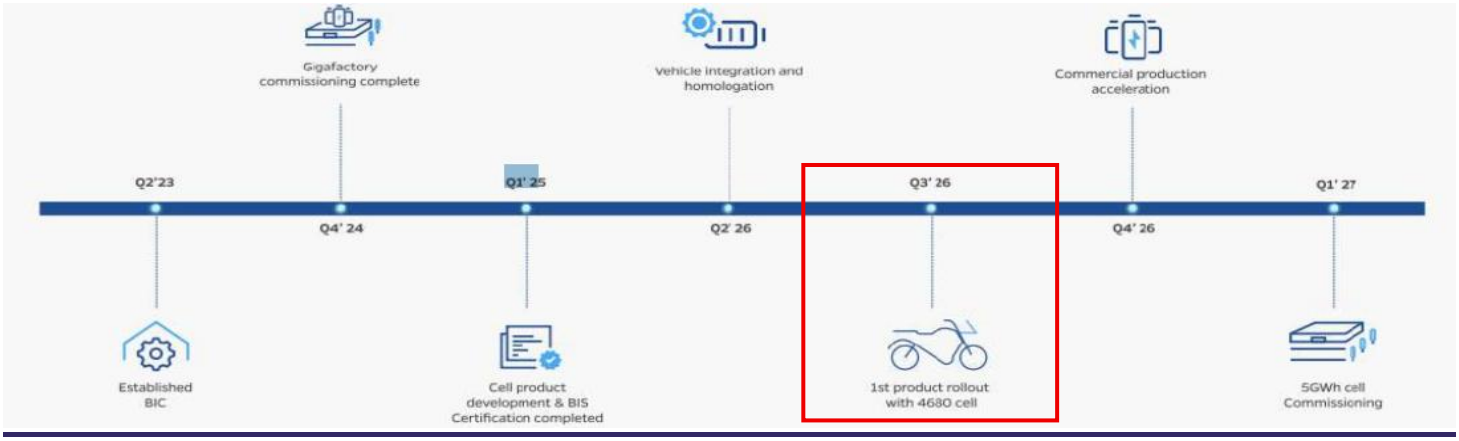
Engineering in-house: We design core components from the ground up, achieving industry leading standards across parameters and securing 222 patents till June'25. Our innovation spans the entire gamut from chassis, motors, displays, software, braking systems, cells and a whole lot more in the coming months.

Manufacturing at scale: Our Futurefactory investment enables products to be manufactured in a takt time of 24 seconds. Critical manufacturing processes are performed by highly automated equipment which ensures exceptional quality is built within the products. For these processes the automation level is over 91%.

Cell technology ownership: Our Battery Innovation Centre has developed 4680 cells with 15% higher energy density, now approaching final stages for mass production using ground breaking manufacturing processes at our Gigafactory.

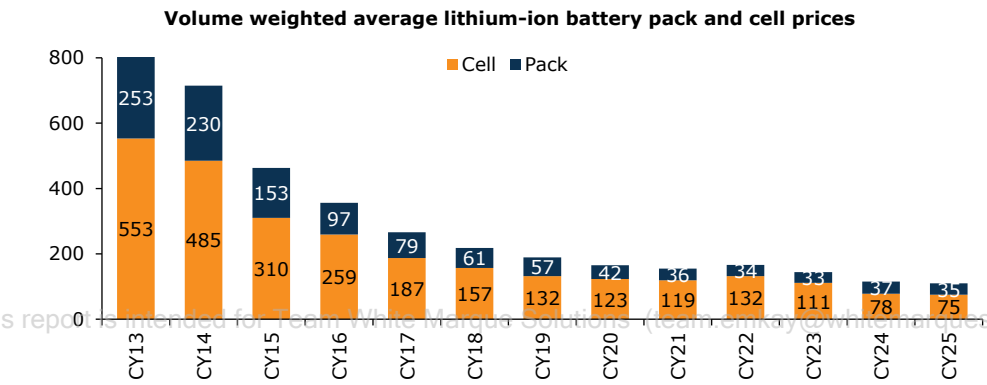
Source: Company, Emkay Research

Exhibit 88: Ola is the first player to manufacture cells in-house and has begun deploying cells in its vehicles now



Source: Company, Emkay Research

Exhibit 89: Backward integration initiatives of Ola and Ather are being supplemented by falling battery prices



Source: Ather DRHP, Emkay Research

iii) Financiers are now accepting E-2Ws and are willing to underwrite loans due to a superior customer profile as well as lower loan defaults

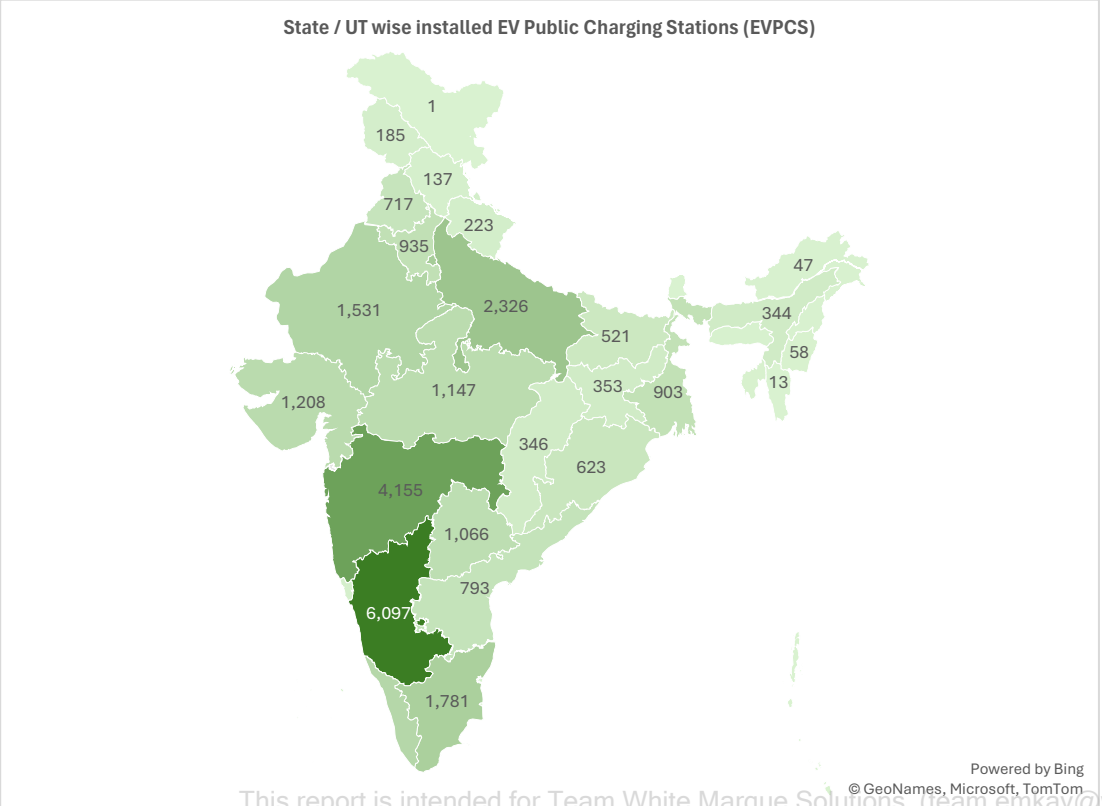
Excerpts from our conversation with the Managing Director of a leading E-2W financier – Manba Finance

- **What is the take of financiers on providing financing to E-2W buyers?**
  - Financiers are turning more constructive on E-2Ws, especially for established Indian brands. As the confidence in brand reliability, product quality, market positioning improves, willingness to underwrite loans/expand financing support also improves.
- **What are the key reasons for the improved financing outlook for E-2Ws?**
  - E-2W customers predominantly reflect a superior profile, as they are typically more urban, aspirational, and financially stronger. These customers are willing to pay a slight premium over comparable ICE scooters in return for advanced technology, lower running costs, and the pride of adopting a future-ready mobility solution.
- **What are some of the initiatives that financiers are taking to promote financing options for E-2Ws?**
  - Financiers are increasingly willing to extend E-2W loans at relatively lower interest rates, not only to make financing options more viable and attractive for customers, but also because default rates in this category have been lower offering the lenders greater confidence in the asset quality and repayment behavior of E-2W buyers

iv) Key concerns like charging infrastructure are also being addressed by OEMs and are being pushed by the government

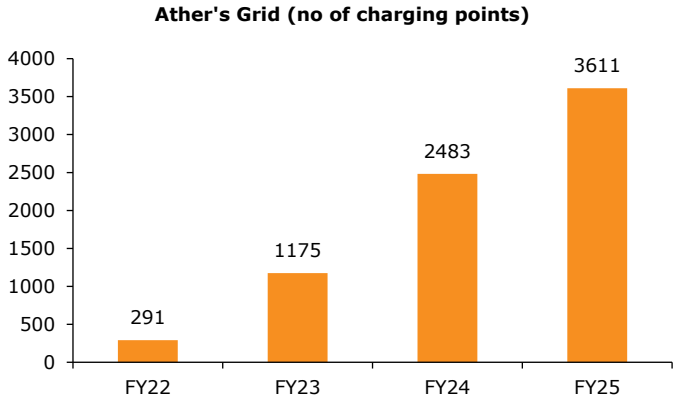
- Start-ups like Ather and Ola are rapidly expanding their charging networks to address key concerns around charging and range anxiety, to steepen the EV adoption curve.
- An allocation of Rs20bn has been made under the PM E-DRIVE Scheme to support setting up of public charging infrastructure for various categories of EVs on a pan-India basis.
- The EVCs set up across India have grown ~3x, from ~10k in FY24 to ~29.2k in FY26.

Exhibit 90: Public EV charging stations (EVCS) have been installed across the country to support faster EV adoption



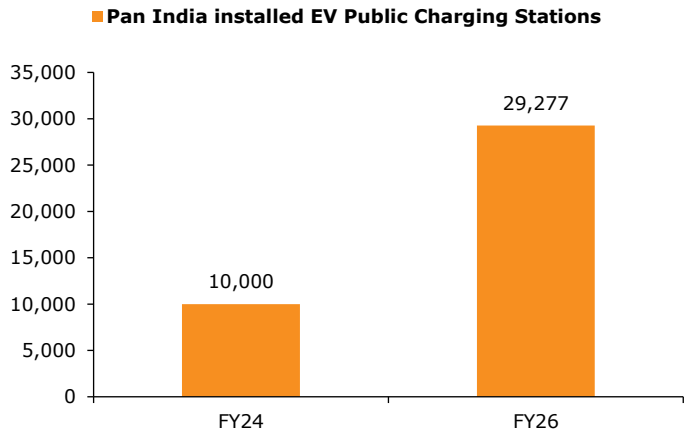
Source: PIB (link), Emkay Research

Exhibit 91: Ather's charging grid also grew 3x in 2Y to ~3.6k charging points, making it the largest grid in the country



Source: Company, Emkay Research

Exhibit 92: Total EVCS installed in India have grown 3x in 2Y



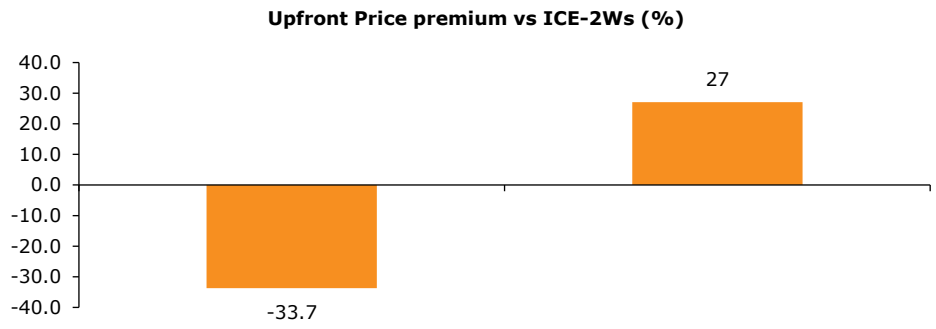
Source: PIB, Emkay Research

- Players like HMCL (via Vida VX2) is offering swappable battery options. By offering removable batteries that can be charged without moving the entire scooter to a charging point, the company aims to make EVs more accessible to urban Indian households.
- HMCL launched a 'Charging Simple Hai' campaign, showcasing its removable battery technology. It highlights the convenience of charging Vida V2's battery at any regular wall socket, making EV ownership more practical.

v) Offerings like BaaS (Battery-as-a-Service) are bringing down upfront cost and making E-2Ws more viable even for price sensitive customers

- **What is Baas?**
  - BaaS is an ownership model where the **battery is decoupled from the vehicle**, allowing the user to buy the scooter at a lower upfront price and pay separately for the battery through a **subscription or pay-per-use** model.
- **How does it work?**
  - The OEM retains ownership of the battery and provides it via **rental, lease, or swapping network**. Users pay a recurring fee based on **time, distance, or energy consumed**, while enjoying ready access to charged batteries and service coverage
- **What is the value proposition for customers?**
  - **Lower entry cost:** Reduces the upfront of an E-scooter price by ~30%, thereby improving affordability and addressing the perception around EVs being expensive.
  - **No battery risk:** Shields buyers from degradation, warranty, or replacement costs.
  - **Predictable running costs:** Fixed monthly or per-km charge simplifies budgeting and fleet operations.

Exhibit 93: Under the BaaS option, upfront price of E-2W is ~34% lower than an ICE 2W's



Source: Media Portal, Company, Emkay Research

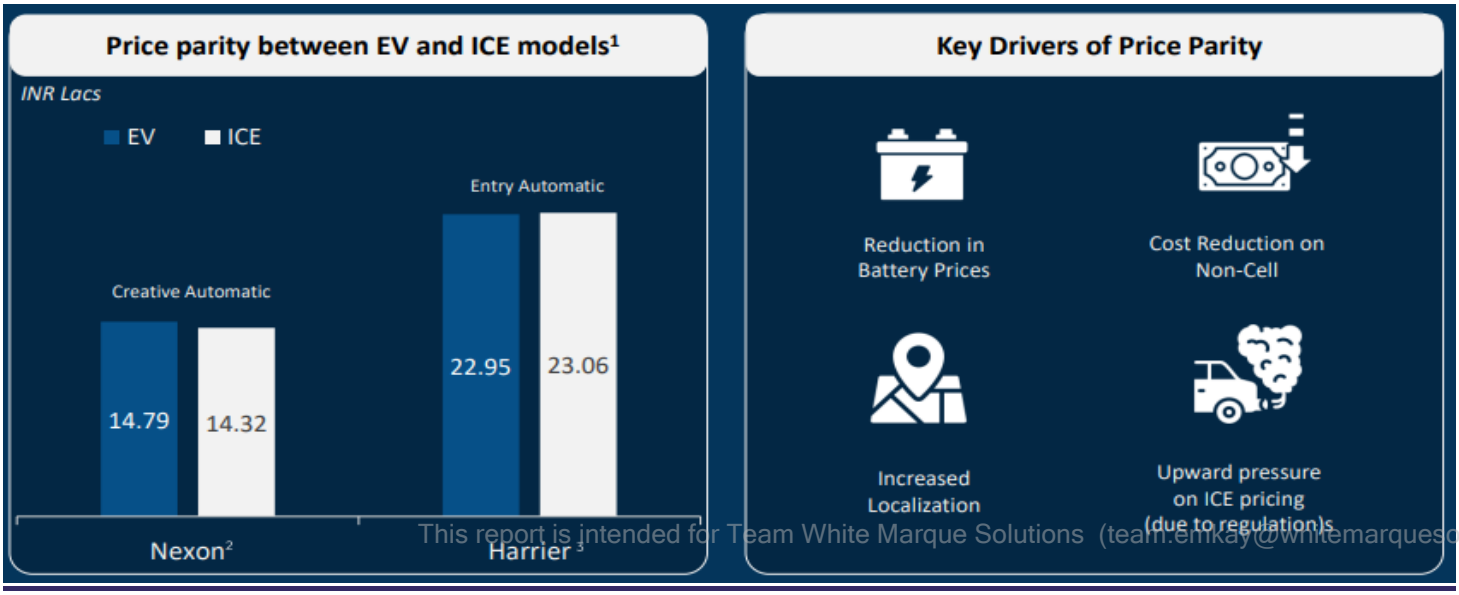
Exhibit 94: Under the BaaS model, the upfront cost of the E-2Ws is reduced by ~35% which further addresses the affordability concerns

Particulars (Rs)	Honda Activa (110cc)	HMCL Vida V2X Plus		
		With BaaS option (within 800kms/mth)	With BaaS option (Exceeding 800kms/mth)	Without BAAS option
Ex-Showroom Price Delhi	**76,314**	**57,990**	**57,990**	**109,990**
RTO Charges	9,662			
Insurance (~5% of Ex-showroom)	5,864	2,888	2,888	6,690
On-Road Price (Ex-Subsidy) Delhi	**91,840**	**60,878**	**60,878**	**116,680**
Upfront Price premium (Rs)		**-30,962**	**-30,962**	**24,840**
Premium vs ICE-2Ws (%)		**-33.7**	**-33.7**	**27**
Annual Running Cost				
Annual Distance travelled (Kms/pa)	**10,000**	**9,600**	**10,000**	**10,000**
On-Road mileage/range (kms)	40	70	70	70
Fuel Cost (Rs/ltr)	95			
Electricity Tariff (Rs/kWh)		7.8	7.8	7.8
Battery Capacity (kWh)		**3.4**	**3.4**	**3.4**
Fuel/Charging Cost per Km		27	27	27
Battery Subscription Charges (Rs1.41/km)		1,128	1,128	
Battery Subscription Charges (Rs pa)		13,536	13,536	
Additional battery charges (for distance beyond limits)			564	
Total Annual Running Costs (Rs)	**23,700**	**17,173**	**17,889**	**3,789**
Savings in Annual Running Cost		**6,527**	**5,811**	**19,911**
Breakeven Period for E-2Ws (no of months)		**-57**	**-64**	**15**
Total Running Costs for 5Y	118,500	85,865	89,443	18,943
Total Cost of Ownership for 5Y (Rs)	**210,340**	**146,743**	**150,321**	**135,623**
Savings in Total ownership cost for 5Y (%)		***-30.2***	***-28.5***	***-35.5***

Source: Media Portals, Emkay Research, Note – HMCL offers a 'pay-as-you-go' plan where a minimum 800kms/mth need to be travelled in the BaaS option; Additional subscription charges are levied for distance travelled beyond 800kms at Rs1.41/km under the 800kms/mth plan.

- Notably, the phenomenon of improving price parity between ICE and EV variants is visible in PVs as well, indicating a broad-based trend across vehicle categories led by falling cell prices, increased push towards localization, and sustained efforts to reduce BOM costs.

Exhibit 95: TTMT highlights parity in prices of ICE and EV models led by falling component costs, higher localization and optimised BOM



Source: Tata Motor India Investor Day Presentation in Jun-25 (Link), Emkay Research

Ather and Ola have introduced various distinctive features in their E-2Ws which stand out among traditional ICE 2Ws

Exhibit 96: Ather 450 offer several technologically advanced features, which are lacking in a regular ICE 2W

Tech Features	Ather 450X	Honda Activa
Touchscreen dashboard	✓	X
Built-in Google Maps navigation	✓	X
Multiple riding modes	✓	X
Adaptive cruise control	✓	X
Pothole/impediments alerts		
Ride analytics (including AI features)	✓	X
Over-the-air software updates	✓	X
Remote diagnostics and alerts	✓	X
Fast charging support	✓	X
Regenerative braking ("MagicTwist")	✓	X
Vehicle tracking / geo-fencing	✓	X
App-controlled lock/unlock	✓	X
Autoreply for calls/messages on the dashboard	✓	X
Document storage on dashboard	✓	X

Source: Company, Emkay Research

"Wait for another eight years, and you will see the market constantly migrating upward. The future is Indians buying better quality vehicles and paying a premium for it."

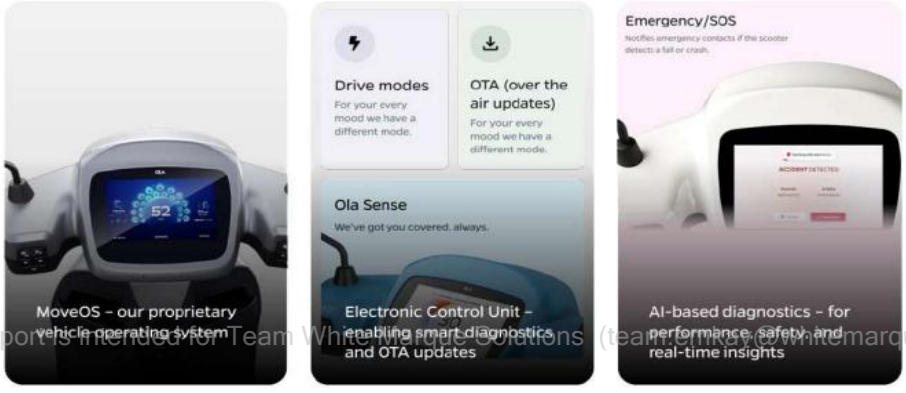
"Everything new that customers hear in automotives is largely coming with electric vehicles; new tech means electric, electric-upgrade-electric-fancy."

- Tarun Mehta , Co-founder and CEO, Ather Energy (Link).

Exhibit 97: Ather offers several industry first and segment first offerings in its EVs

Source: Company, Emkay Research

Exhibit 98: Ola's futuristic offerings powered by its MoveOS software

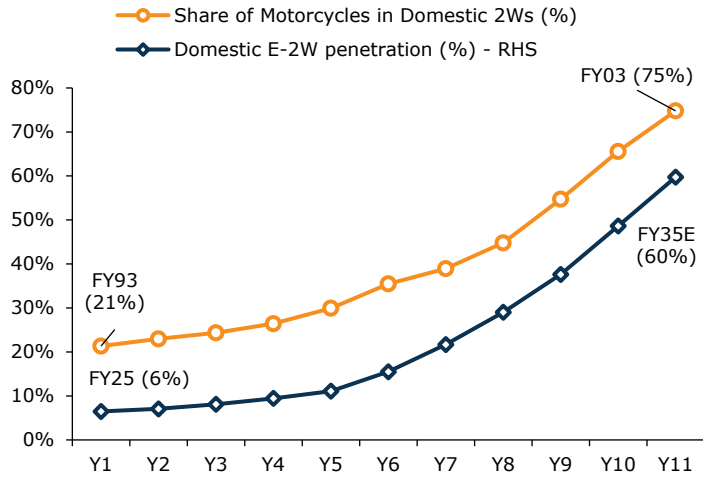


Source: Company, Emkay Research

We believe that E2W volumes could rise 13-15x by FY35E, with E-2W penetration reaching 60% and e-scooter penetration at 85%

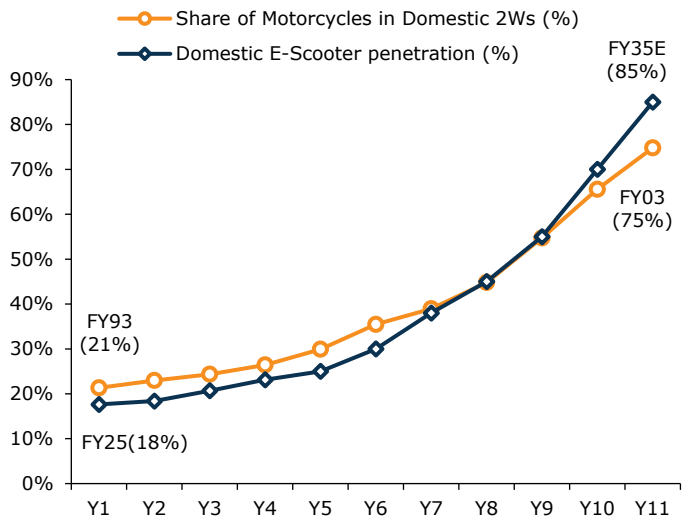
- We believe that the E-2W industry will mirror the strong spurt in volumes and segment share exhibited by motorcycles during FY93-03, when the share of motorcycles in domestic 2Ws rose from 21% to 75% in a span of 10Y.
- Domestic E-2W penetration is seen reaching 60% in FY35E vs ~6% in FY25. Notably, the penetration curve in scooters would be much steeper, with penetration reaching 85% by FY35E vs 16% in FY25.

Exhibit 99: We highlight that E-2Ws could mirror a rapid rise which has been seen in motorcycles...



Source: SIAM, Emkay Research; Note: for motorcycles Y1-Y11, it is FY93-03 and for E-2Ws, it is FY25-35E

Exhibit 100: ...with E-scooters potentially rising much faster



Source: SIAM, Emkay Research; Note: For motorcycles Y1-Y11, it is FY93-03 and for E-scooters, it is FY25-35E

Exhibit 101: Domestic 2Ws to clock 3% volume CAGR over FY25-35E, with ICE-2Ws declinng at 6% and E-2Ws growing at 30% (60% domestic penetration by FY25)

2W volumes (mn units)	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY30E	FY35E	FY25-28E CAGR	FY26E-35E CAGR	CAGR from peak
Domestic	**13.7**	**16.3**	**18.5**	**20.0**	**21.2**	**23.0**	**24.2**	**26.1**	**27.5**	**7%**	**3%**	**2%**
-- Motorcycles	4.2	5.6	6.3	7.2	8.2	9.0	9.7	11.2	13.8	10%	6%	5%
-- Scooters	9.0	10.2	11.7	12.2	12.6	13.5	14.1	14.6	13.8	5%	1%	0%
-- Mopeds	0.5	0.4	0.5	0.5	0.5	0.5	0.5	0.2	0.0	-1%	-100%	-100%
Exports	**4.4**	**3.7**	**3.5**	**4.2**	**5.3**	**6.1**	**7.0**	**8.5**	**13.7**	**19%**	**11%**	**9%**
Total 2W Volumes	**18.2**	**19.9**	**21.9**	**24.2**	**26.5**	**29.1**	**31.2**	**34.6**	**41.2**	**9%**	**5%**	
2W Volume Mix (%)												
-- Domestic	*76*	*82*	*84*	*83*	*80*	*79*	*78*	*75*	*67*			
-- Exports	*24*	*18*	*16*	*17*	*20*	*21*	*22*	*25*	*33*			
ICE-2W Volumes	**17.9**	**19.2**	**21.0**	**23.0**	**25.0**	**27.2**	**28.8**	**30.1**	**22.7**	**8%**	**-1%**	**0%**
-- Domestic	13.5	15.5	17.5	18.8	19.7	21.1	21.9	21.9	11.1	**5%**	**-6%**	**-4%**
-- Exports	4.4	3.7	3.5	4.2	5.3	6.1	6.9	8.1	11.6	**18%**	**9%**	**8%**
E-2W Volumes	**0.3**	**0.7**	**0.9**	**1.2**	**1.5**	**1.9**	**2.4**	**4.3**	**18.5**			
-- Domestic	0.3	0.8	1.0	1.3	1.5	1.9	2.3	4.0	16.5	**21%**	**30%**	**49%**
-- Exports	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.4	2.1	**161%**		
E-2W Penetration (%)	***1***	***4***	***4***	***5***	***6***	***7***	***8***	***12***	***45***			
-- Domestic	*2*	*4*	*5*	*6*	*7*	*8*	*9*	*15*	*60*			
-- Exports	*0*	*0*	*0*	*0*	*0*	*1*	*2*	*4*	*15*			

Source: SIAM, Emkay Research

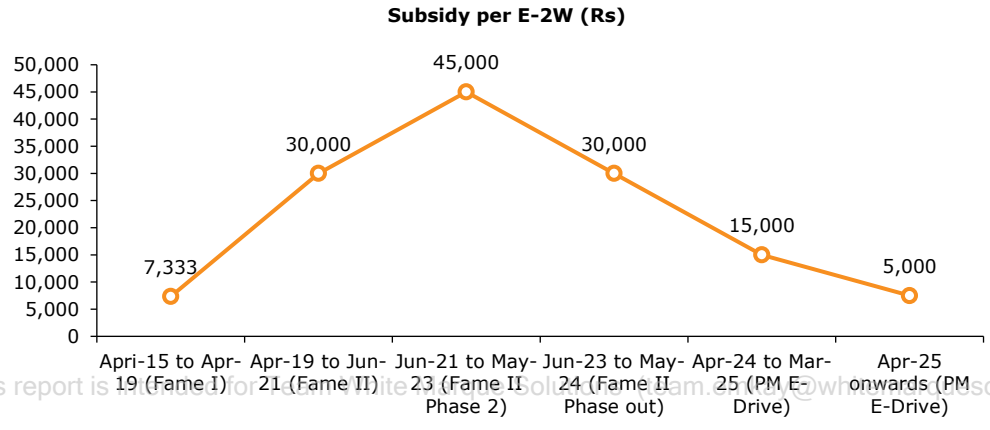
Path to profitability emerging for E-2W OEMs

- **Gross margins for E-2W OEMs like Ola and Ather have already crossed the 20% mark, delivering higher absolute gross profit per vehicle vs those of ICE 2Ws. This marks a sharp departure from the earlier narrative of E-2Ws being sub-scale and margin-dilutive.**
- **Despite the central/state incentives (FAME-II, EMPS) being cut to Rs5k/vehicle in FY26 vs Rs45k/Rs30k in FY23/FY24, we note a spike in E-2W penetration (7.4%/8% in FY26TD/Sep-26 vs 5/6% in FY24/25) as key category growth barriers (charging, affordability, reliability, resale value) are being addressed.**
- **At the same time, profitability is improving across OEMs:**
  - **Ather reduced its BOM cost by >30% via 67 engineering changes, transition to LFP chemistry (~25% cheaper than NMC), and a 7% further BOM savings in Rizta (57% volume share in FY25).**
  - **Ola has credited its Gen-3 platform re-design (motor integration, electronics simplification, chain drive) for a sharp BOM reduction (11% vs Gen 2), margin uplift, and has pivoted from a penetration-led growth model to profitable growth as its strategic stance. Incumbents like Bajaj and TVS have highlighted cost localization and pricing discipline as key levers.**
- **With operating leverage, value-engineering initiatives, and scaling of non-vehicle revenue streams (charging, software, accessories, services), gross margins are poised to breach +30% levels.**

A] Improving E-2W profitability despite subsidy cuts

- Over the past 3Y, the E-2W industry has seen a phased reduction of government incentives under various schemes (FAME-II and PM e-Drive). Subsidies that once stood at Rs45k/vehicle in FY23 were pared down to just Rs5k/vehicle in FY26.
- This steep rollback reflects the government's intent to gradually transition the industry away from reliance on direct subsidies, while simultaneously testing the sector's ability to stand on its own economic merits.
- All major OEMs, startups, and incumbents alike, have highlighted subsidies as transitional support rather than a lifeline. While OEMs acknowledge near-term volume volatility, they emphasize demand resilience, inevitability of subsidy-free economics and the need for cost discipline, localization, and realistic pricing. This positions the industry to become structurally sustainable, moving beyond its subsidy-dependent infancy.
- Importantly, the industry's profitability profile has also improved, alongside rising penetration. OEMs like Ather and Ola have expanded their gross margins to ≥20% zone despite lower subsidies, while Bajaj and TVS have highlighted cost localization and pricing discipline as key levers. This underscores that the sector is not only resilient in terms of demand, but also progressively moving toward self-sustaining, profitable growth.

Exhibit 102: The government cut subsidies for E-2Ws in a staggered manner over the past 3Y



Source: PIB, Emkay Research; Note: Calculation in based on per kWh subsidy offered for a 3kWh battery

Exhibit 103: Under the PM E-drive scheme, E-2Ws are eligible for subsidy of Rs5k per kWh (maximum, Rs10k per vehicle)

Vehicle Segment	No of vehicles to be supported (FY25)	No of vehicles to be supported (FY26)	Incentives for vehicles (FY25)	Incentives for vehicles (FY26)	Maximum ex-factory price
E-2W	1,064,000	1,415,120	Rs5,000/kWh capped at Rs10,000 max	Rs2,500/kWh capped at Rs5,000 max	Rs150,000
E-3W (L3)	43,371	67,225	Rs5,000/kWh capped at Rs25,000 max	Rs2,500/kWh capped at Rs12,500 max	Rs250,000
E-3W (L5)	80,546	124,846	Rs5,000/kWh capped at Rs50,000 max	Rs2,500/kWh capped at Rs25,000 max	Rs500,000

Source: Greaves Electric Mobility DRHP (refer to Link), Emkay Research

- All leading E-2W players—incumbents such as TVSL, BJAUT, and HMCL, and new-age entrants like Ather and Ola—are consistently highlighting the improving path to profitability in the segment. This optimism has come even in the face of subsidy reductions, underscoring the structural nature of the shift.
- The drivers are threefold: **1) technology-led cost curves,** with battery prices trending down and R&D-driven BOM optimization; **2) aggressive localization** of key components like battery packs, motors, and controllers, reducing import dependence and forex risk; and **3) operating leverage benefits** from scale, as rising adoption boosts capacity utilization and spreads fixed costs.
- These factors are now converging with a visible increase in E-2W's penetration, reinforcing confidence that E-2Ws can achieve sustainable profitability without subsidies.

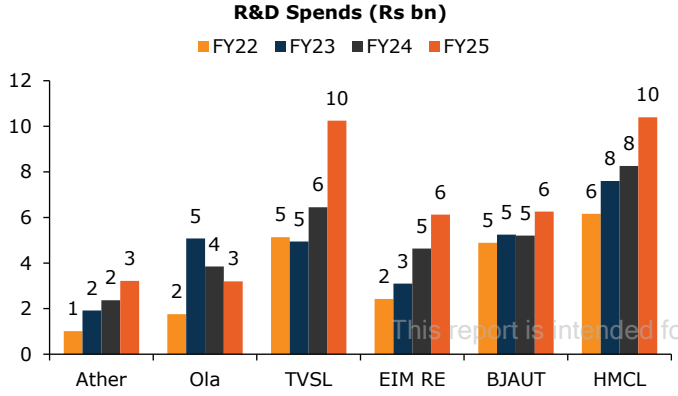
Exhibit 104: All major OEMs, startups, and incumbents alike, have highlighted reducing subsidy dependency in the E-2W industry

OEM	Commentary	Spokesperson	Source
TVSL	*The EV industry will continue to grow rapidly as the consumer interest is buttressed, with active policy support from the Central and State Governments through PLI, FAME II, and State-specific support policies.*	TVSL FY23 AR	Link
BJAUT	*"We have always known that subsidies will decline over time and ultimately be zero. The announcement on reduction in FAME subsidy shows that it can happen sooner than others had probably anticipated. We have the smallest battery among high-speed e-scooter makers. With this clarity, we are well positioned to introduce new e-scooters that fit in the framework of subsidy cut."*	Eric Vas, President, Urbanite Business, BJAUT	Link
HMCL	*"With the EMPS coming in, the subsidies are lower, and we will see what shape the FAME 3 takes. But we are prepared for the reduced subsidy as well. We are also aggressively working on our cost-reduction roadmap, so we will be stronger and independent."*	Swadesh Srivastava, CBO for HMC's Emerging Mobility, BU	Link
Ather	*"The industry is no longer entirely dependent on subsidies for survival, but an early discontinuation of the subsidy in April would prompt industry players to tighten their belts and work hard."*	Tarun Mehta, Co-founder and CEO, Ather Energy	Link
Ather	*"While the drop was slightly more than we'd anticipated, we remain optimistic about an industry bounce-back over the next 2-3 months. We have always been of the view that the subsidy should be phased off gradually over time, so that consumers can adjust to more realistic market prices. While it impacts short-term financials, this is certainly a step in the right direction from a long-term perspective."*	Ravneet Singh Phokela, CBO, Ather Energy	Link
Ola	*"The reduced incentive would be a "short-term blip" for sales, and the move would "have no impact on volumes. People had feared that the e-scooter industry will be hit due to government incentive cuts. The industry has more than recovered."*	Bhavish Aggarwal, Founder and CMD, Ola Electric	Link

Source: Company, Media Articles, Emkay Research

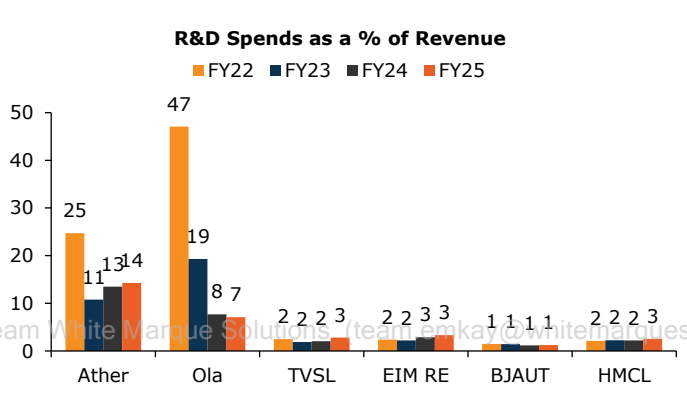
- Start-ups like Ather and Ola have devoted significant resources to R&D investments in their nascent years which are not significantly below those of mature incumbents.

Exhibit 105: Ather and Ola have invested heavily in R&D...



Source: Company, Emkay Research

Exhibit 106: Ather and Ola have invested 11-15% of their revenue in FY22-25



Source: Company, Emkay Research

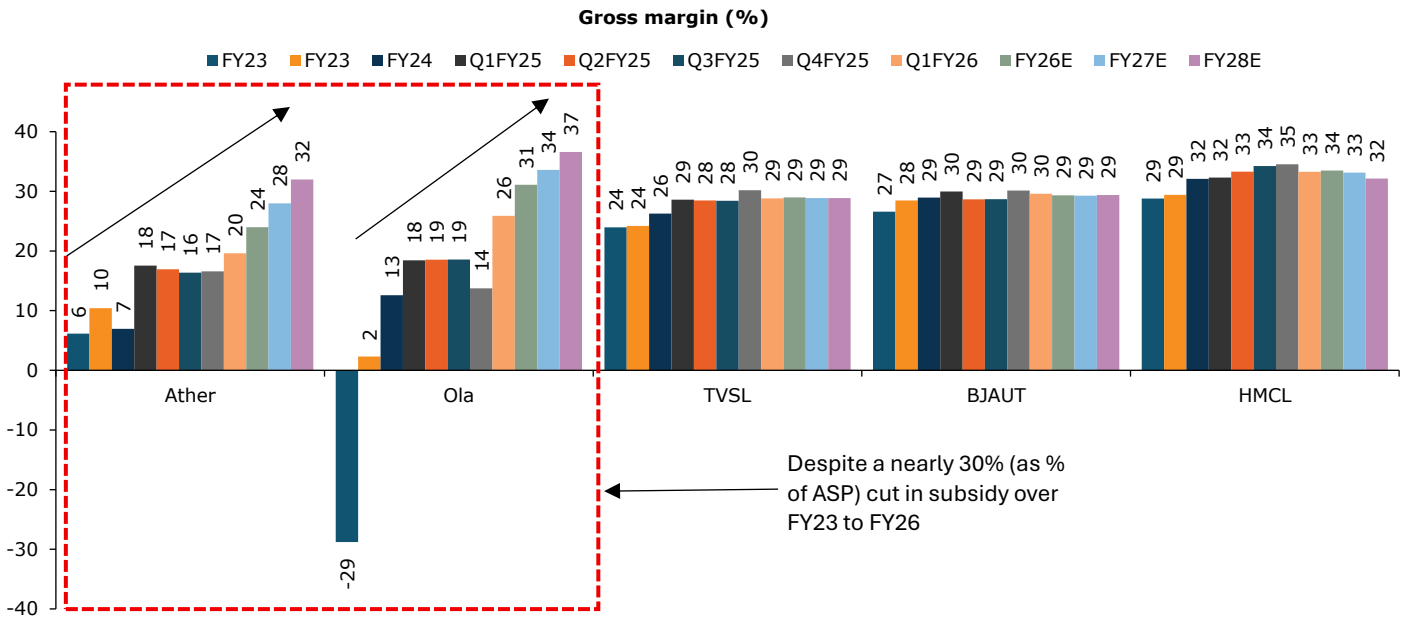
B] Gross margin trajectory turning upward; EBITDAM breakeven in sight

- E-2W OEMs such as Ather, BJAUT, and Ola have demonstrated sustained improvement in profitability, with gross margins steadily expanding on BOM cost reductions (engineering redesigns, cheaper chemistries for LFP vs NMC and platform re-architecture), aided by scale, localization, and tech dispelling earlier notions of e-scooters being margin-dilutive.
- Gross margins for pure play e-2W OEMs like Ather/Ola have already reached/surpassed the 20% threshold, with a ~30–35% target firmly in sight, led by continued value engineering, in-house tech integration, falling cell prices, and cost-efficient new platforms (Ather EL, Ola Gen-3). Moreover, Ather is considering the use of heavy rare earth-free and rare earth magnet-free motors to reduce the dependence on rare earth metals.
- A volume-led operating leverage is beginning to kick in which would also be instrumental in improving EBITDA margins, a key focus area for the OEMs. Strong control over opex (especially fixed costs) has led to a flowthrough of GM expansion benefit, resulting in EBITDAM losses shrinking at a fast pace, with EBITDAM breakeven around the corner.

E-2W OEMs have highlighted the following factors as key levers of margin expansion

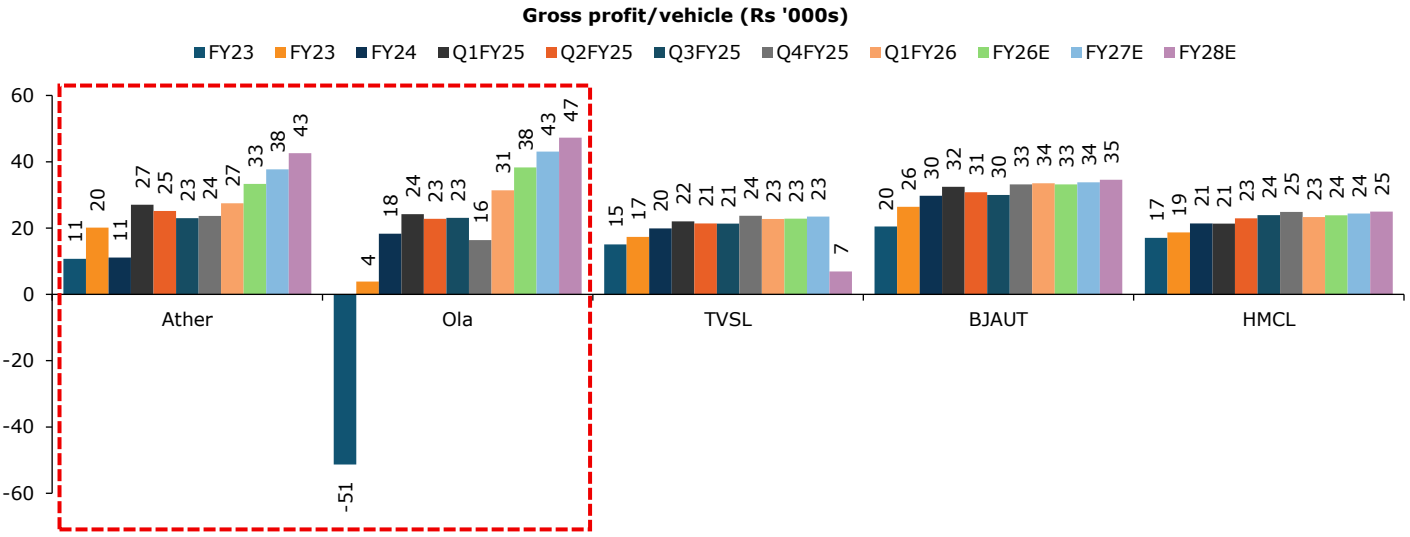
- **Operating leverage and scale benefits** – A ramp-up in production volumes has allowed fixed costs to be spread over a larger base, driving unit economics closer to ICEs; this is reflected in the gross margins and gross profit/vehicle for E-2W start-ups (now comparable with those of incumbents like TVSL, BJAUT, and HMCL).
- **Localization and value engineering** – The managements have emphasized in-house development of critical components (battery packs, motor controllers, and dashboards) and deeper supplier partnerships, which reduced dependency on imports and lowered BOM costs. For instance, Ather's investments in key technologies like a new scooter platform (EL) and a new battery platform (LFP) are expected to improve the BOM cost structure by over 30%. The scooter platform is expected to realize BOM cost benefits by featuring a new chassis, which will help build multiple scooters on a single platform.
- **Technology-led cost curves** – A transition to higher-density cells (eg 2170 format or the recent 4680 cells by Ola), improved BMS, and IoT-enabled production processes are enhancing efficiency and reducing per-unit costs. For instance, Ola's Gen 2 brought a complete platform redesign (22% lower cost); Gen 3 platform added in-house innovations (a 48V unified architecture, patented brake-by-wire), and BOM cost reduced further by ~11%.
- **Higher-margin non-vehicle revenues** – Charging infrastructure, accessories, software services, and subscription models are increasingly being positioned as profit accretive add-ons; a rising revenue contribution from these high-margin streams is indicative of the ongoing premiumization in E-2Ws. For instance, Ather's non-vehicle revenue (accessories, charging) contributed ~12% of overall revenue in FY25. Such accessories and merchandise are high-margin (25% to 30%) products and help to promote the brand for OEMs.

Exhibit 107: Path to profitability for E-2W players like Ather/Ola is visible, with their gross margins now comparable to those of incumbents



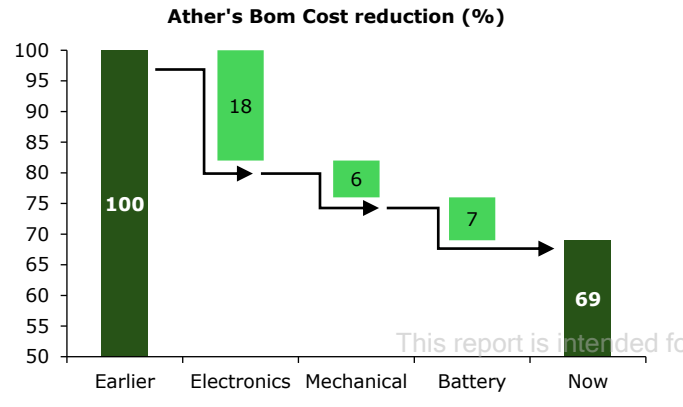
Source: Company, Emkay Research

Exhibit 108: Gross profit/vehicle for Ather and Ola has already surpassed that of incumbents



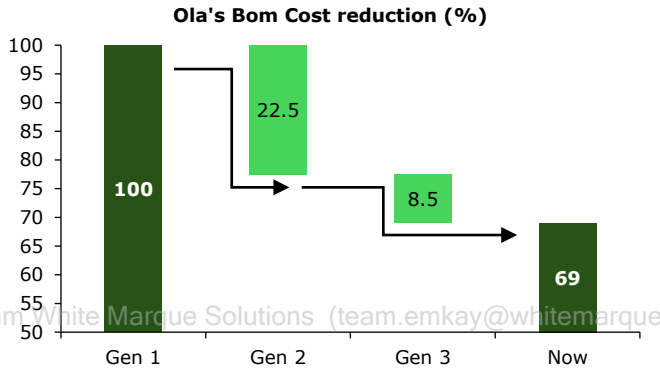
Source: Company, Emkay Research

Exhibit 109: During FY25, Ather implemented 67 engineering modifications, reducing BOM cost by over 30%



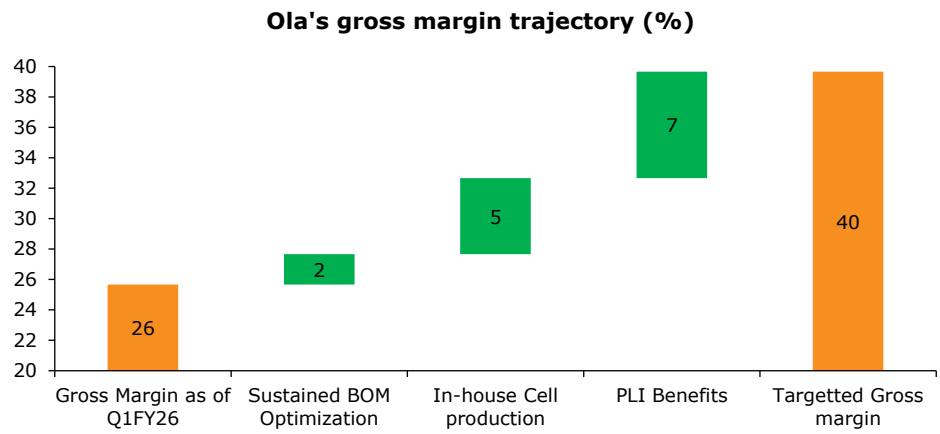
Source: Company, Emkay Research

Exhibit 110: Ola's Gen 2 completely redesigned the platform (at 22% lower cost); Gen 3 added in-house innovations (48V unified architecture, patented brake-by-wire), reducing it further by 9%



Source: Company, Emkay Research

Exhibit 111: Ola targets 35-40% gross margin, led by multiple backward integration initiatives



Source: Company, Emkay Research

Exhibit 112: OEMs (both incumbents and start-ups) have highlighted improving profitability trajectories in their E-2W portfolios

Management commentary	By Whom	Source
"No plans to wage price wars for EV market share. We believe in not playing the discount game, but in giving value to the customer. And that strategy will always remain for us."	KN Radhakrishnan, CEO, TVS Motor	Link
"Continuing work at R&D and supply chain is ensuring that the cost profile has been constantly driven down month-on-month and our growth plans consider an acceptable level of cost being reached."	Rakesh Sharma, ED, Bajaj Auto	Link
"With the launch of the new Chetak platform, the 35 Series that we launched in Dec-24, the unit economics for the New Chetak model is now seen a line of sight on an EBITDA breakeven."	Rakesh Sharma, ED, Bajaj Auto	Link
"We gained share without cutting prices. In fact, we've maintained our ASP and even inched prices up slightly in places, calling it a sign that 'sanity is starting to return to the industry."	Ravneet Singh Phokela, CBO, Ather Energy	Link
"We believe the worst of the pricing war is now behind us. The market is stabilizing, and consumer demand is centred around product quality, brand trust, and service experience, rather than just pricing."	Tarun Mehta, Co-founder and CEO, Ather Energy	Link
"We have, over the last couple of quarters, transitioned our strategy from aggressive penetration to a more balanced profitable growth strategy."	Bhavish Aggarwal, Founder and CMD, Ola Electric	Link
"Gen 3 product is still ramping up in terms of presence across all our distribution stores, but it still accounts for almost 80% of our overall sales. It is a much better product in performance, in gross margins, as well as in quality, and hence, warranty claims."	Bhavish Aggarwal, Founder and CMD, Ola Electric	Link

Source: Company, Media Articles, Emkay Research

Exhibit 113: BJAUT, a peer, has also highlighted that certain variants of the new Chetak are now in the EBITDA-positive territory, underlining the R&D-led improvement in unit economics of E-2Ws

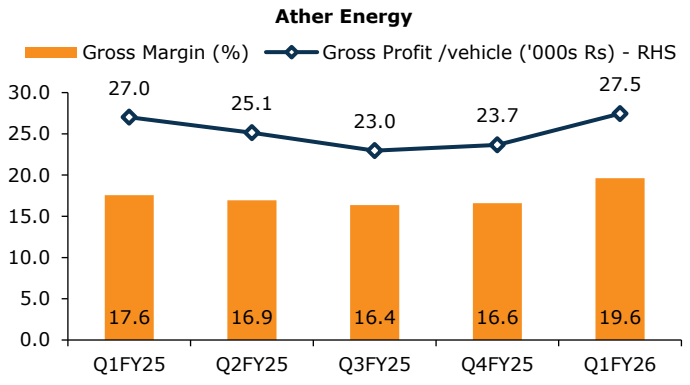
BJAUT	Commentary	
Quarter	**Cost**	**Profitability**
Q1FY25	-"**Continuing work on R&D and supply chain is ensuring that the cost profile has been constantly driven down month-on-month** and our growth plans consider an acceptable level of cost being reached."	-"**Expansion of Chetak that is happening is not coming in as an incremental drag."** -"A lot of the cost reduction effort is going behind funding for lower pricing and for a potentially lower price mix."
Q2FY25	-"**Very significant streams of work have been put into place on R&D and fundamental tech. Those obviously have borne fruition."**	-"**Cash burn on the electric portfolio is now flat."** **-"E-3W portfolio profitability is similar to ICE-3Ws (incl PLI)."** -"Flat EBITDA margin for the total EV portfolio (incl PLI)." -"Upgraded Chetaks will also significantly improve margin structure."
Q3FY25	-"R&D and procurement teams have done some impressive work on EV-related costs." -"**Each designed with superior functionality and improved cost structures."**	-"With the launch of the new Chetak platform, the 35 Series that was launched in Dec-24, the **unit economics for the New Chetak model is now seen a line of sight on an EBITDA breakeven."**
Q4FY25	-"Continues to look for opportunities to move cost down even further. PLI will be quite consistent this year because that's not changing."	-"Chetak business continues to remains margin-dilutive, although with much better economics that have evolved over last 18 months. -**With the launch of the 35 series and everything that's followed ever since December, we are now very close to line of sight on EBITDA breakeven**."
Q1FY26	-"The whole portfolio has now, with this launch, moved to 100% on the new platform which is giving better economics."	-"**The electric portfolio is now very close to double-digit EBITDA margin."** -"**Unit economics of Chetak** have improved over time, and we now have **some of the models that are already clocking in being EBITDA positive."**

Source: Company, Emkay Research

Path to profitability for Ather and Ola is now clearly visible, as gross margins have crossed 20% levels and gross profit/vehicle is above that of incumbents

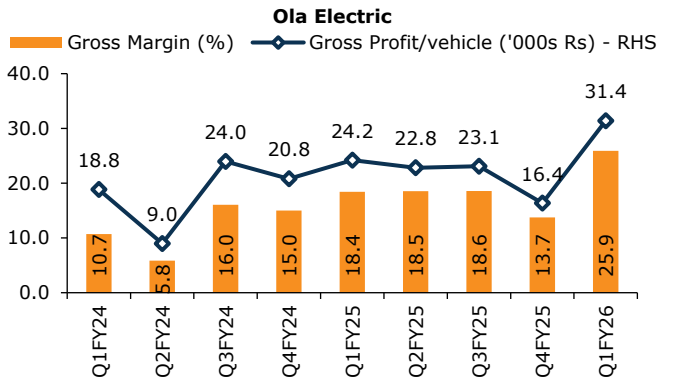
- Despite a staggered subsidy cut, Ather and Ola have +20% gross margins, with their gross profit/vehicle now surpassing that of incumbents.
- We expect Ather and Ola to surpass 30% on sustained tech-led optimization of BOM cost, growing scale, and by the fall in component prices, strong push for localization, and incremental contribution from the higher-margin non-vehicle revenues.

Exhibit 114: Ather's GM exhibited sustained improvement, while reaching 20% in the recent quarter



Source: Company, Emkay Research

Exhibit 115: Ola, a peer, has also seen a similar improvement in GM to over 25% levels



Source: Company, Emkay Research

Exhibit 116: Ather currently sells multiple accessories, with non-vehicle revenue (accessories, charging) contributing ~12% of overall revenues as of FY25

Source: Company, Emkay Research

"Software is trending very favorably for us, and has been holding up really well despite an expansion into all parts of the country today, with very high attach rates."

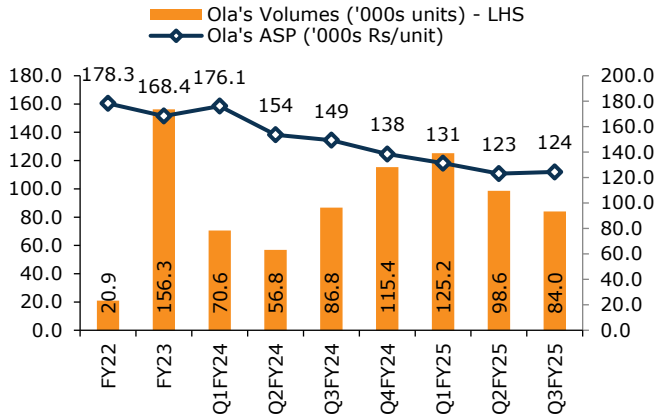
- Tarun Mehta, Co-founder and CEO, Ather Energy (link).

"Almost everybody is buying the MoveOS+ subscription, be it for premium or for mass scooters. That also brings in a certain advantage on ASPs."

- Bhavish Aggarwal - CMD, Ola Electric Mobility (link).

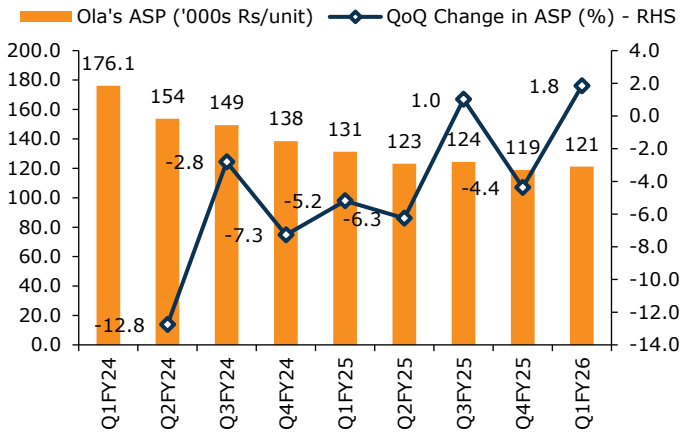
- Despite subsidy cuts, both Ola and Ather have highlighted their ability to pass on costs, supported by strong brand and consumer willingness to pay for differentiated features.
- Moreover, the high and sticky attach rates for the high-margin software business for both Ola and Ather are also offering strong support to the topline, along with a direct flow through to the margins.
- This is clearly visible in the shrinking rate of decline and stabilization of realizations for both Ola and Ather over the past few quarters.

Exhibit 117: Ola's realizations have stabilized over the past 4 quarters despite lower volumes…



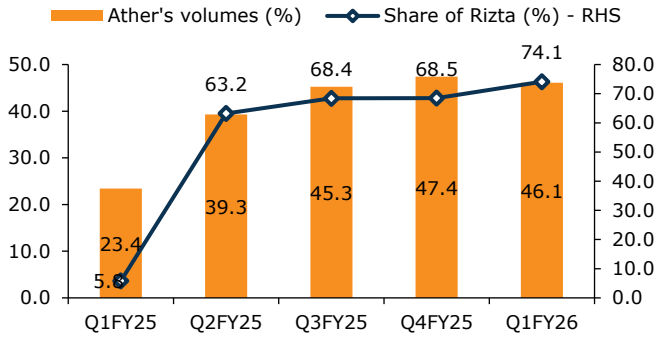
Source: Company, Emkay Research

Exhibit 118: …with the rate of ASP decline shrinking rapidly



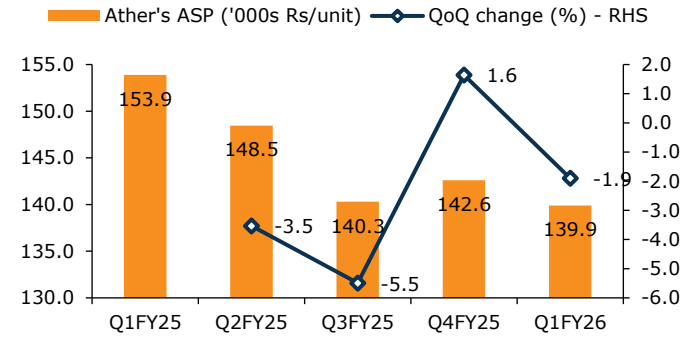
Source: Company, Emkay Research

Exhibit 119: At Ather, though the share of the lower-priced Rizta is now over 70%, following its introduction in Q1FY25…



Source: Company, Emkay Research

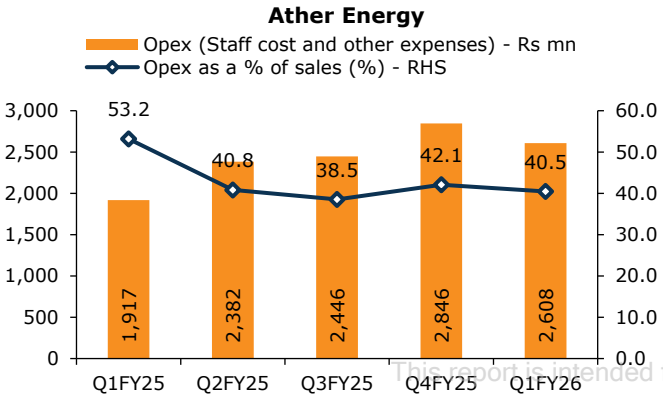
Exhibit 120: … Ather's ASPs have remained resilient over the last 3 quarters



Source: Company, Emkay Research

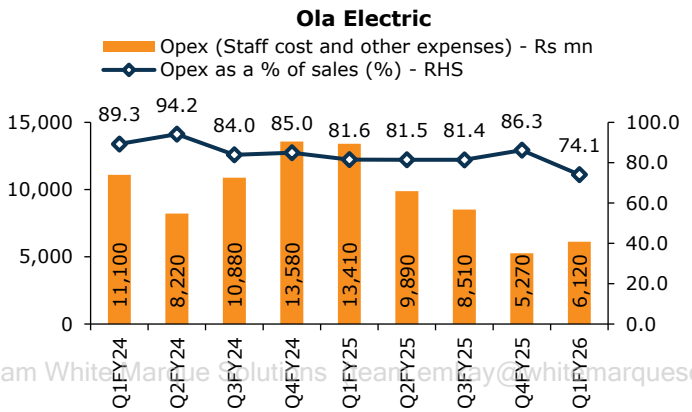
- A volume-led operating leverage for the players is beginning to kick in which would be instrumental in improving the EBITDAM, a key focus area for OEMs.

Exhibit 121: Ather's opex as a % of sales reduced considerably over the past couple of quarters



Source: Company, Emkay Research

Exhibit 122: Ola is also showing similar rationalization in opex despite lower volumes



Source: Company, Emkay Research

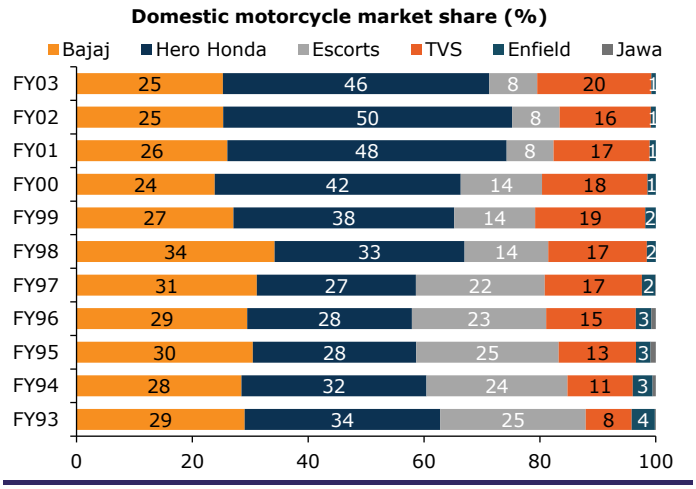
Consolidation in play, with a few players enjoying a disproportionate profit pool

- **The E-2W space is undergoing a rapid consolidation phase, much like the ICE 2W industry in the past (when motorcycle and scooter market shares eventually consolidated among a handful of scaled-up leaders).**
- **Over the last 3Y, the top 5 OEMs (Ola, Ather, TVS, BJAUT, and HMCL) expanded their combined share to 85% (<60% in FY22), while smaller startups either stagnated or exited.**
- **With EVs being capital-/tech-intensive, scale advantages in localization, vertical integration, and distribution will only accelerate this process, with a few leading players likely enjoying a disproportionate share of the profit pool.**

A] A handful of scaled players have historically captured significant market share

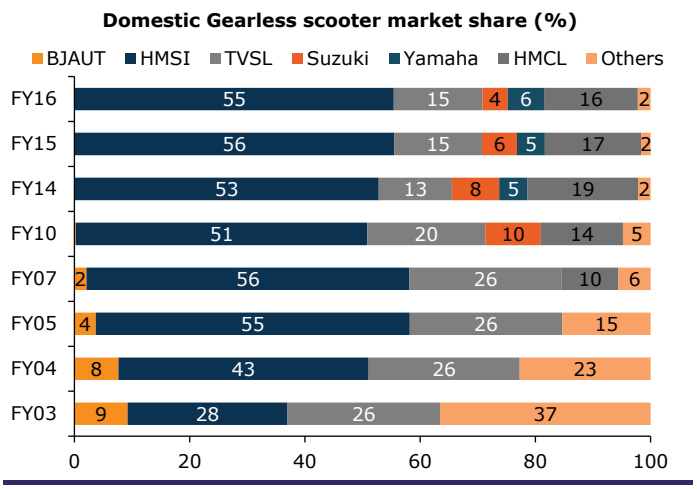
- During the 2 mega shifts that the domestic 2W industry witnessed, only a handful of large, scaled-up OEMs were able to garner market share gains, owing to their sheer presence in volume terms and agility to adapt to the changing ecosystem.
- Amid rapid growth in motorcycle volumes during 1993-2007, Hero Honda captured a bulk of the market share (nearly 50%), driven by its customer-centric marketing and the iconic *'Fill it, Shut it, Forget it'* campaign, which popularized India's first four-stroke motorcycle, the plain-yet-practical CD100. Unlike the stylish two-stroke bikes of that era, it offered unmatched fuel efficiency and purposefully aimed at rural and small-town consumers, for whom mileage outweighed design or flair and a segment largely overlooked by other motorcycle manufacturers at the time.
- Similarly during the scooterization phase, HMSI (via Activa) captured over 50% share, indicating that the right product at the right time is key to market consolidation.

Exhibit 123: During the FY93-03 phase, HMCL grabbed nearly 50% market share, followed by BJAUT at No 2



Source: SIAM, Emkay Research

Exhibit 124: Scooters also saw a similar consolidation, with HMSI, TVSL, and Suzuki dominating the space



Source: SIAM, Emkay Research

B] Expect further market share consolidation as the category matures

- India's E-2W industry, once crowded with startups, is rapidly consolidating with market leadership concentrated among Ola, Ather, TVS, Bajaj, and Hero — a reflection of capital intensity, scale advantages, and brand trust.
- What began as a fragmented EV two-wheeler market has now coalesced into a handful of deep-pocketed players, as smaller firms struggled with funding, compliance, and consumer acceptance.
- We believe the E-2W market will consolidate further, with only a handful of scaled-up players capturing the entire space, driven by the right products, continued R&D spends, and benefits from huge scale.
- Key catalysts underpinning market consolidation include:
  - **Technology/product development and vertical integration:** Leading players invested early in BMS, motor/controller IP, connected dashboards, differentiating on performance and reliability. Ather pioneered premium mid-drive scooters, Ola scaled up affordable variants, while TVS/Bajaj/Hero used in-house R&D plus global tie-ups. Smaller firms often relied on CKD kits from China, leading to weaker product quality and safety recalls, thereby losing consumer confidence.
  - **Scale economies and cost structure:** Large-scale players achieve better vendor terms, localization, and manufacturing efficiencies, lowering BOM costs. Ola and Ather have built large-scale plants (future factory, Hosur/AURIC), while TVSL, BJAUT and HMCL leveraged existing networks for EV localization. Smaller OEMs with low volumes cannot reach cost parity with ICE, thereby losing competitiveness.
  - **Consumer trust and brand recall:** EV fires, quality issues, and delivery delays among smaller entrants hurt consumer trust. Buyers naturally gravitate toward reputable brands with proven service back-up (legacy OEMs) or toward visible market leaders (Ola, Ather). Word-of-mouth and resale value concerns further concentrate demand toward trusted names.
  - **Distribution and brand strength:** Incumbent ICE majors (TVS, Bajaj, Hero) have significantly higher established touchpoints, ensuring instant reach for EVs. Ola and Ather invested aggressively in digital-first or experience-led distribution, building brand equity among urban buyers. Startups without distribution or aftersales scale struggled to instil trust in a high-involvement purchase.

"Post the reduction of FAME subsidies, the E-2W market has started to consolidate in favor of larger players."

- Rakesh Sharma, ED, Bajaj Auto (link)

Exhibit 125: Incumbents and start-ups Ola/Ather have undertaken several key backward/vertical integration initiatives as well as major tech tie-ups for local manufacturing

OEM	Backward/vertical integration	Tech tie-ups/collaborations (components, infra, ecosystem)
Ather Energy	**Deep in-house stack**: The CEO stated that ~80% of hardware and 100% of software were developed in-house; **heavy domestic sourcing**; it builds packs/BMS, mid-drive powertrain, and **runs its own fast-charging network** (Ather Grid).	**Electronics manufacturing partner**: Bharat FIH (Foxconn group) to design/manufacture key electronics (PCBA for BMS, dashboard, drive control modules) for the 450 series.
Ola Electric	**Cell + motor verticalization**: Unveiled its in-house 4680 'Bharat cell' and a rare-earth-free ferrite motor; it is building a Gigafactory with in-house electrode production, cell assembly, and formation. **It runs its own Hyper charger network**.	**Network expansion partners/programs**: Hyper charger roll-out with partners (incl BPCL sites reported) and a Network Partner Program to onboard 10,000 sales/service partners by 2025.
TVSL	Building EV capability in-house; the management said that it is **developing an integrated vehicle architecture with critical backend manufacturing of battery and key parts managed in-house**. It is expanding public charging access for iQube customers.	**Charging infrastructure**: An MoU with Tata Power to set up e-2W charging nationwide; a partnership with Jio-bp to build public charging for 2W/3W.
BJAUT	Chetak Tech plant for EV manufacturing; **restructured EV supply chain with vendor programs to secure >10k units/month and lower cost**; recently secured rare-earth magnet supply to normalize Chetak production.	**Co-development and manufacturing with Yulu**: BJAUT designs and manufactures Yulu's Miracle GR/DeX GR via Chetak Technology; exploring broader tie-ups for exports.
HMCL	Vida V1 designed and developed at CIT Jaipur + Hero Tech Centre Germany; manufactured at the Chittoor plant **(backward integration on product/R&D and domestic manufacturing)**. Also, it is moving upstream in EV CVs via Euler Motors' stake.	**A battery-swapping JV** with Gogoro to bring a swappable battery platform and network to India, plus strategic investments in Ather Energy and Euler Motors.

Source: Company, Emkay Research

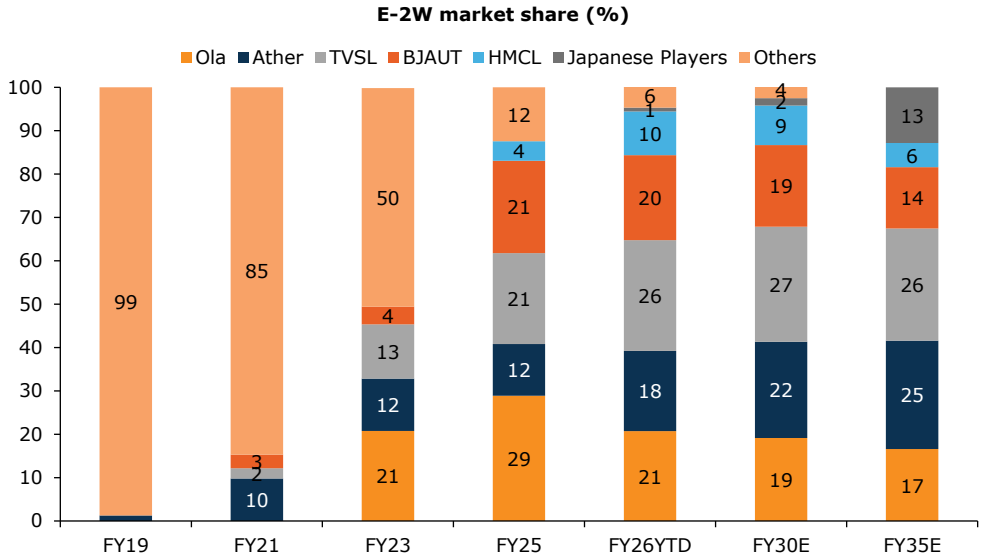
Exhibit 126: Several instances stemming from low-quality imports and products (also battery packs) were seen in the past

Issue observed	Headline	Root cause	Source
Battery pack fires; safety recalls	Okinawa Praise Pro recall, Apr-22	Packs not engineered for India's heat/load cycles; inadequate pack design/QA in imported kits.	Link
Fire incidents; casing/design faults	Pure EV (E-pluto) fire cases, 2021–22	Enclosures from generic imports lacked thermal robustness for Indian summers/charging patterns.	Link
CKD parts falsely posed as locally sourced	Subsidy clawback for China parts; Oct-23	Over-reliance on Chinese CKD led to policy non-compliance and investor distrust.; the government sought return of USD60mn for using Chinese parts from Hero Electric.	Link
Unregulated low-power e-bike flooding	Grey-market, 2025	A sub-250W loophole attracts ultra-cheap imports/assemblies with unsafe cells, hurts category trust.	Link

Source: Media articles, EMKAY Research

- What began as a fragmented EV two-wheeler market has now coalesced into a handful of deep-pocketed players, as smaller firms struggle with funding, compliance, and consumer acceptance.

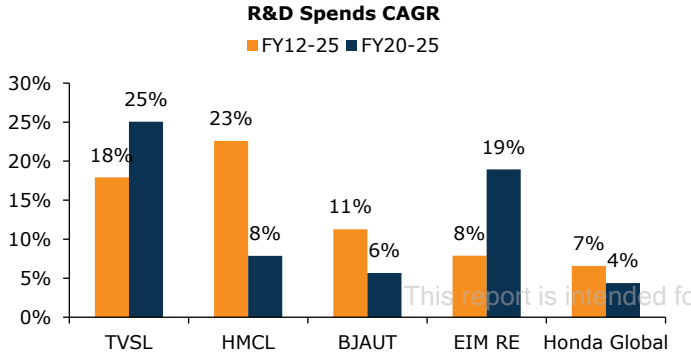
Exhibit 127: The E-2W market has largely consolidated among the top brands. We expect the market to consolidate further with only a handful of OEMs dominating the space



Source: SIAM, Emkay Research

- Addressing the concern around entry of Japanese players, evidence suggests that global ICE giants like Honda have lagged on the EV front and have failed to achieve leadership in any of the EV-heavy ASEAN markets.
- Domestic players have invested more aggressively in R&D over the past 10-15Y to achieve scale and establish a strong presence; they are now also succeeding on the E-2W front.

Exhibit 128: R&D spends for the Indian 2W OEMs have grown at much faster rates compared to Japanese OEMs like Honda



Source: Company, Emkay Research

Exhibit 129: Notably, Honda has failed to achieve a stronghold in the large ASEAN E-2W market

Leading E-2W players in ASEAN countries		
Indonesia	**Taiwan**	**Vietnam**
Gesits (50-53%)	Gogoro (~75%)	Vinfast (43%)
Yadea (13%)	Aeon (~10%)	Pega (16%)
Swap (<10%)	e-Moving CMC (3-4%)	Anbico (8%)
Viar (8-10%)	PGO (3-4%)	NIU (6%)
Selis (~8%)	Others (2%)	Gogoro (3%)
Honda's Market share in ICE-2Ws		
Indonesia	**Taiwan**	**Vietnam**
~75%	NA	~81%

Source: Media Portals, Emkay Research

Exhibit 130: HMSI's recently launched E-scooters, the E-activa and QC1

Source: Company (Link), Emkay Research

Exhibit 131: Honda's E-2W performance has been subpar, with less than 1% market share

E-2Ws Retails (no of units)	FY22	FY23	FY24	FY25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25
Ola Electric	14,405	152,292	327,248	360,181	19,804	18,541	20,189	17,487	18,972	13,371
TVS Motor	9,767	81,986	182,492	237,199	19,967	24,751	25,274	22,219	24,073	22,481
Ather Energy	20,099	76,824	108,812	130,871	13,330	13,021	14,512	16,206	17,838	18,109
Bajaj Auto	7,153	28,537	106,621	230,867	19,155	21,940	23,004	19,639	11,730	19,519
Hero MotoCorp	0	941	17,649	48,700	6,151	7,180	7,664	10,484	13,313	12,736
Okinawa	47,657	95,721	20,526	3,548	219	246	159	183	168	105
Greaves Electric	0	1,008	30,257	40,163	4,003	4,180	4,199	4,197	4,498	4,271
HMSI	**0**	**0**	**0**	**195**	**317**	**337**	**400**	**411**	**378**	**348**
Others	155,257	287,703	145,669	113,012	9,549	10,708	9,881	12,039	13,336	13,116
Industry	**254,338**	**725,012**	**939,274**	**1,164,736**	**92,495**	**100,904**	**105,282**	**102,865**	**104,306**	**104,056**

Market Share (%)	FY22	FY23	FY24	FY25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25
Ola Electric	5.7	21.0	34.8	30.9	21.4	18.4	19.2	17.0	18.2	12.8
TVS Motor	3.8	11.3	19.4	20.4	21.6	24.5	24.0	21.6	23.1	21.6
Ather Energy	7.9	10.6	11.6	11.2	14.4	12.9	13.8	15.8	17.1	17.4
Bajaj Auto	2.8	3.9	11.4	19.8	20.7	21.7	21.8	19.1	11.2	18.8
Hero MotoCorp	0.0	0.1	1.9	4.2	6.7	7.1	7.3	10.2	12.8	12.2
Okinawa	18.7	13.2	2.2	0.3	0.2	0.2	0.2	0.2	0.2	0.1
Greaves Electric	0.0	0.1	3.2	3.4	4.3	4.1	4.0	4.1	4.3	4.1
HMSI	**0.0**	**0.0**	**0.0**	**0.0**	**0.3**	**0.3**	**0.4**	**0.4**	**0.4**	**0.3**
Others	61.0	39.7	15.5	9.7	10.3	10.6	9.4	11.7	12.8	12.6
Industry	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Vahan, Emkay Research

BUY Ather Energy

The EV Vanguard – Positioned for the long haul

Emkay Your success is our success

Auto & Auto Ancillaries | Initiating Coverage | **October 14, 2025** | **CMP (Rs): 611 | TP (Rs): 925**

We initiate coverage on Ather Energy with BUY and TP of Rs925 (51% upside), at 7x Sep27E EV/sales (vs EIM RE's implied 7x Sep-27 EV/S). Primed to ride India's accelerating E-2W adoption, we see Ather as a potential 10x-in-10Y story. Dedicating its nascent years (2013–17) to product development ('450' platform) and ensuing years (2018–22) to building the operational ecosystems, Ather is entering a scale-up phase (like EIM RE's 2013-17 phase), led by 1) rapid distribution expansion (targets 700 touchpoints in FY26), 2) widening scale from larger optimized plants (AURIC), 3) upcoming optimized EL platform to drive mass adoption (and 4x expansion in TAM). Results from forward looking investments are now visible, with gross margin (GM) at 20% in Q1 (FY22:6%) despite subsidy cuts in the last 3Y, on scale/tech-led cost curves (31% BOM cost reduction in *Ather 450*; another 7% in *Rizta*); transition to LFP batteries (15-20% cheaper than NMC), high margin non-vehicle mix (12% of FY25 revenue) are added levers. We model 43/39% FY25-28E volume/revenue CAGR with 28%/32% FY27E/28E GM and EBITDA-/PAT-positive by FY28E/29E

Early bets paying off; premium positioning visible; further ramp up underway

In its preliminary years (2013–17), Ather focused on building the brand from the ground up (developed lithium-ion battery packs, BMS, connected dashboards), while also piloting the Ather Grid (charging network). It channeled its early investments into R&D, in-house prototyping (80% hardware, 100% software in-house, as of FY25), and setting up a manufacturing/distribution/charging ecosystem (2018-22). Ather is now reaping rewards via a premium brand perception (higher ASPs), rising margin (Q1: 20%; FY22: 6%; GP/vehicle above that of ICE-2W OEMs) despite subsidy cuts in FY23-25 on R&D-led cost curves (30% BOM cost drop in *Ather 450* in the last 3Y). Ather is entering a scale-up phase with capacity rising >2x to 0.92mnpa units by FY27 via AURIC plant, calibrated capex (Rs2-2.5bnpa with Rs7.5bn/2bn in FY26/27 for AURIC) largely offset by subsidies.

From niche to mainstream premium; network scale-up to aid rapid share-gains

Akin to RE in the early 2010s, Ather has built its base in the South (20% market share, #1 in the South as of Q1FY26). After the launch of *Rizta* (75% volume share FY26YTD vs 47%/nil in FY25/23), Ather's market share in non-South regions has risen by 200bps to 7.3% (vs 5% in FY22). The upcoming optimized EL platform targets the mass premium scooter segment (≥125cc scooters; 50% scooter volume share) to drive faster adoption and avoid the commoditized <Rs0.1mn space. The distribution network is also scaling-up (aims for ~700 stores by FY26 vs 446 as of Q1), aided by a dealer-led model.

Major scale-up underway; EBITDA/PAT breakeven in sight; initiate with BUY

We build in 28/32% FY27E/28E GM; expect EBITDA-/PAT-positive numbers by FY28E/29E on continued volume rise, BOM optimization, operating leverage. Transition to LFP battery and non-vehicle revenue (12% of FY25 share) would be added margin levers. Ather is primed for better profitability/continual market-share gains as EV penetration amplifies (FY35E: 60%). We initiate coverage on Ather with BUY, TP of Rs925 at 7x Sep-27 EV/S.

Target Price – 12M	Sep-25
Change in TP (%)	**NA**
Current Reco.	BUY
Previous Reco.	NA
Upside/(Downside) (%)	51.4

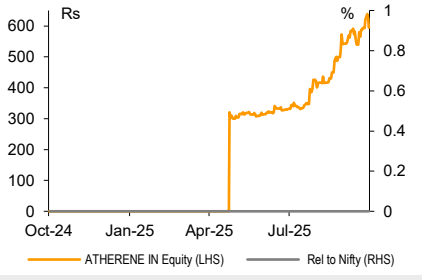
Stock Data	**ATHERENE IN**
52-week High (Rs)	679
52-week Low (Rs)	287
Shares outstanding (mn)	380.3
Market-cap (Rs bn)	233
Market-cap (USD mn)	2,622
Net-debt, FY26E (Rs mn)	(10,550.4)
ADTV-3M (mn shares)	0
ADTV-3M (Rs mn)	1,566.1
ADTV-3M (USD mn)	17.7
Free float (%)	58.0
Nifty-50	25,227.3
INR/USD	88.7

Shareholding,Jun-25	
Promoters (%)	42.1
FPIs/MFs (%)	24.1/24.0

Price Performance

(%)	1M	3M	12M
Absolute	12.7	84.0	0.0
Rel. to Nifty	12.2	83.4	0.0

1-Year share price trend (Rs)



Ather Energy: Financial Snapshot (Standalone)

Y/E Mar (mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	17,538	22,550	34,734	44,452	60,427
EBITDA	(6,847)	(5,809)	(3,601)	(1,855)	1,560
Adj. PAT	(8,851)	(8,123)	(5,979)	(4,689)	(1,439)
Adj. EPS (Rs)	(39.5)	(27.9)	(16.1)	(12.6)	(3.9)
EBITDA margin (%)	(39.0)	(25.8)	(10.4)	(4.2)	2.6
EBITDA growth (%)	0	0	0	0	0
Adj. EPS growth (%)	0	0	0	0	0
RoE (%)	(152.7)	(156.4)	(39.6)	(20.4)	(7.2)
RoIC (%)	(196.9)	(241.2)	(73.6)	(37.4)	(9.2)
P/E (x)	(12.9)	(21.9)	(38.1)	(48.6)	(158.2)
EV/EBITDA (x)	(19.6)	(31.0)	(60.3)	(120.3)	143.7
P/B (x)	25.1	36.0	9.0	11.1	11.9
FCFF yield (%)	(2.9)	(5.9)	(5.8)	(2.2)	0.2

Source: Company, Emkay Research

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Story in Charts

Exhibit 132: Having dedicated its initial years to product development and portfolio/market expansion, Ather is now entering a major scale up phase

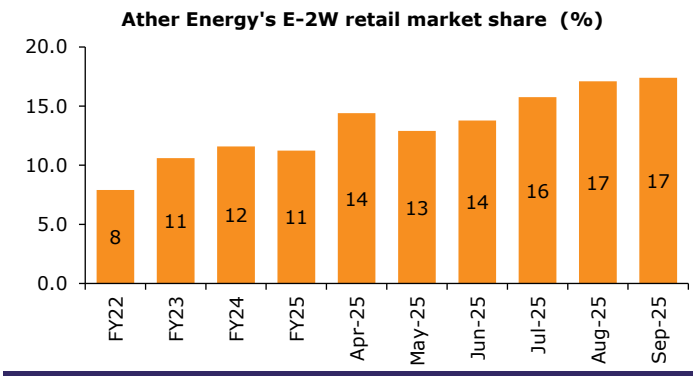
Phase	Time frame	Key highlights
Product Development	2013-2018	• Major focus area was R&D capabilities for in-house designing of core elements • Undertook nearly 100k kms of road testing and built 55 prototypes before unveiling the S340 "India's first truly smart scooter" in 2016. • Core elements such as lithium-ion battery packs, indigenous BMS, and embedded electronics were engineered from scratch
Operations Ecosystem build-out	2018-2022	• Ather grid (charging network) went live in Bangalore in 2018 • Launched the first Ather Space in Bengaluru • Unveiled the Ather 450 and AtherStack (proprietary software) in 2018 • Unveiled the Ather 450x and Ather 450 Plus in 2020 • Commenced production at larger Hosur plant (~100kpa units and ~120K battery packs capacity) • Shifted to dedicated vehicle facility within Hosur (~270kpa units capacity)
Market and Product expansion	2022-2025	• Launched multiple variants based on 450 platform (450S and 450X) in 2023. • Second factory opened at Hosur in 2024 (capacity rose to 420kpa units) • Introduced accessories like Helmets, TPMS, and Sidestep to widen revenue base • Launched the Rizta the family oriented, lower priced E-2W for mass premium segment • Strong share gains in non-south regions led by the Rizta
Volume and Profitability Ramp up	2025 onwards	• Capacity ramp up via AURIC plant Phase 1 to increase capacity to 0.9mnpa units (420kpa units now); plant to go live in Jul-26. • 80-100 ongoing projects for sustained improvement in BOM cost. • Transition to LFP batteries (15-20% cheaper than NMC) to aid further BOM optimization. • Upcoming optimized and versatile EL platform is aimed at driving mass adoption. • Multiple products to skew out of this platform primarily to target the 'belly of the market' ie the Rs0.1-0.13mn price segment. • Ather to parallelly launch products in Rs0.13-.015mn and >0.15mn points on EL platform • Rapid distribution network expansion from 351 in FY25 to 700 by FY26-end with higher focus on non-south region

Source: Company, Emkay Research

Exhibit 133: Evolution of Ather's models from early-stage prototypes to best-in-class products in both the performance and family categories

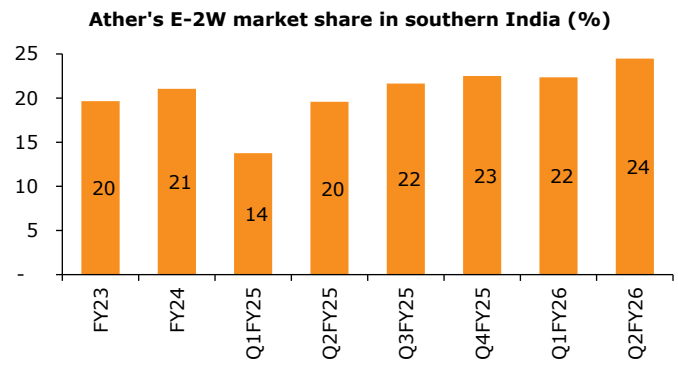
Source: Company, Emkay Research

Exhibit 134: Ather's market share has grown >2x over the last 3Y



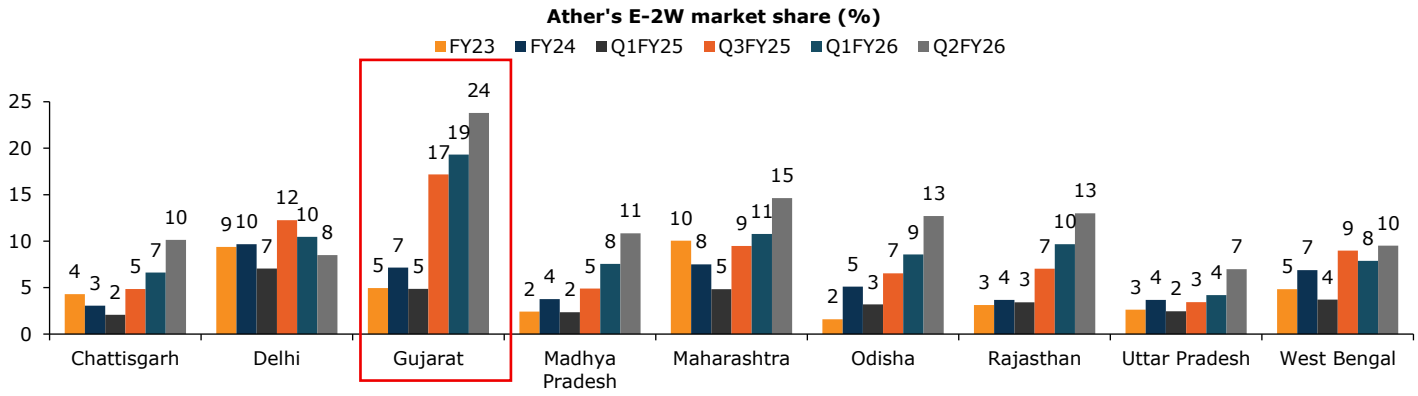
Source: Vahan, Emkay Research

Exhibit 135: Ather has created a stronghold in southern India



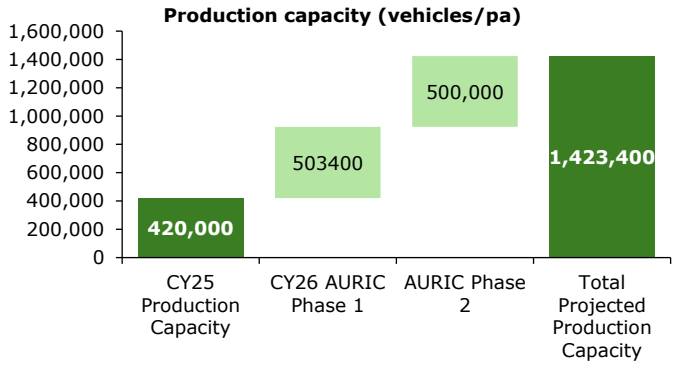
Source: Vahan, Emkay Research; Note: South India denotes Tamil Nadu, Kerala, Karnataka, and Andhra Pradesh

Exhibit 136: Ather has gained significant share in several non-South states as well; Ather is a leader in Gujarat



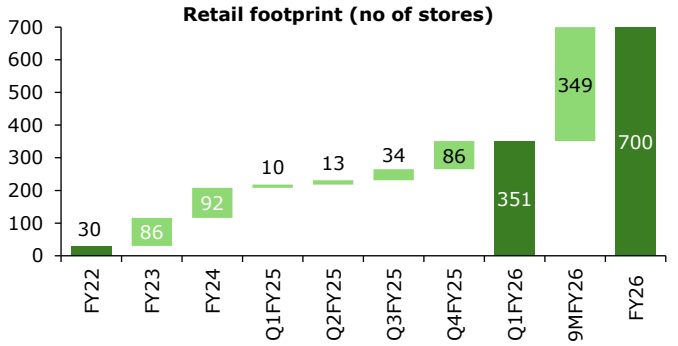
Source: Vahan, Emkay Research

Exhibit 137: Ather is increasing its production capacity to 1.4mnpa units over 2 phases to drive volumes...



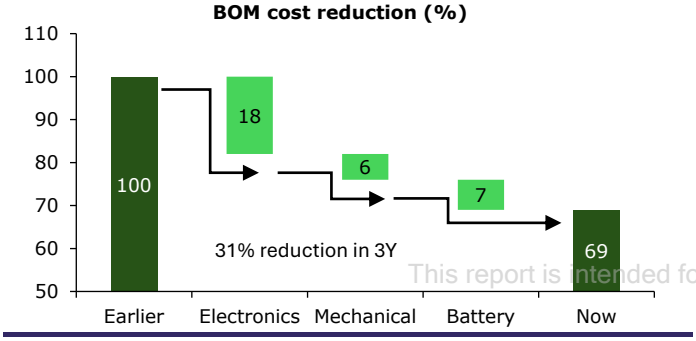
Source: Company, Emkay Research

Exhibit 138: ...with distribution network expansion to 700 stores by the end of FY26, and focus on the non-South regions



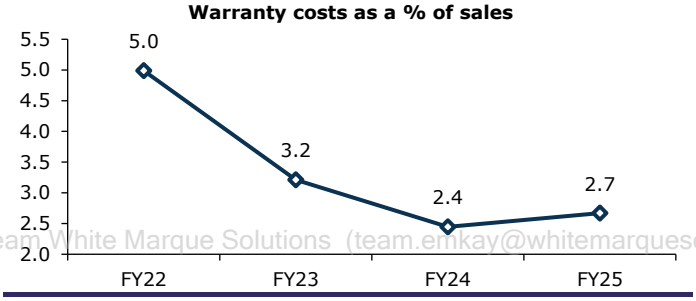
Source: Company, Emkay Research

Exhibit 139: Ather has reduced BOM cost of the *450 by* 31% in 3Y



Source: Company, Emkay Research

Exhibit 140: The drag from warranty costs has nearly halved for Ather

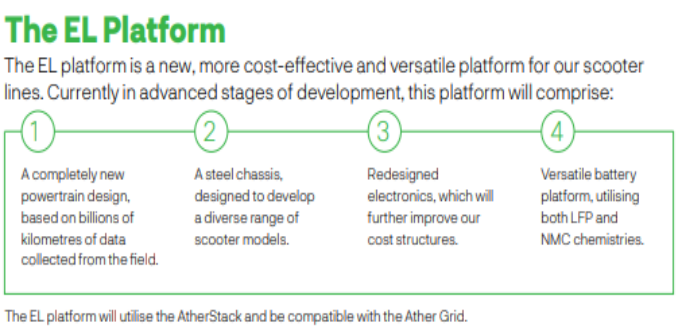


Source: Company, Emkay Research

Exhibit 141: The EL01 scooter based on the upcoming EL platform

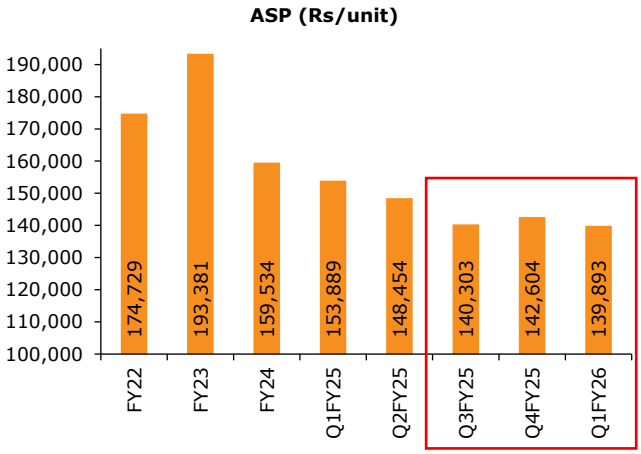
Source: Company, Emkay Research

Exhibit 142: The upcoming versatile EL platform to drive further BOM optimization and margin expansion



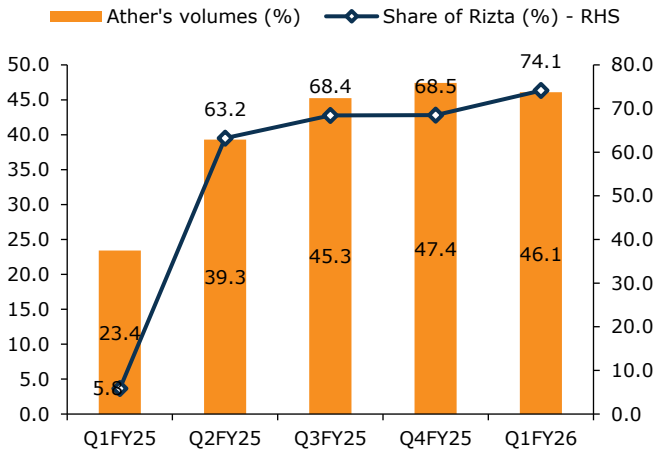
Source: Company, Emkay Research

Exhibit 143: Ather's ASP has stabilized over the last few quarters…



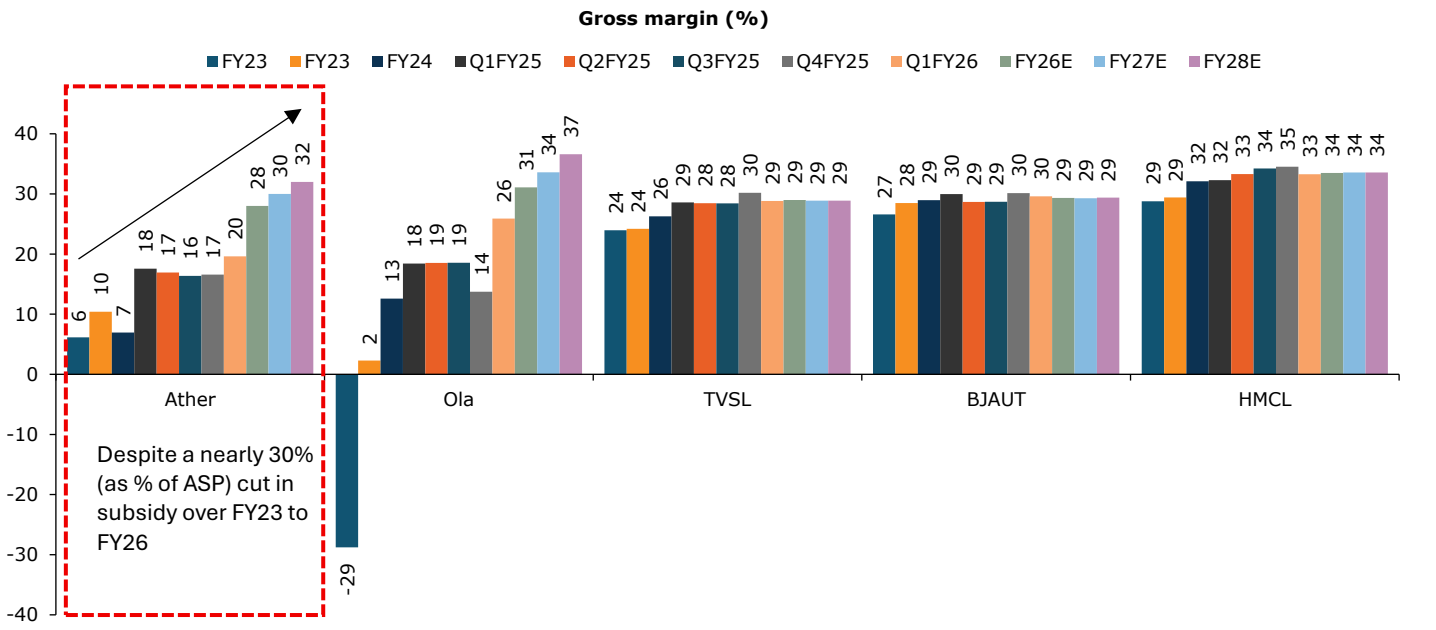
Source: Company, Emkay Research

Exhibit 144: …despite rising share of lower-priced *Rizta*



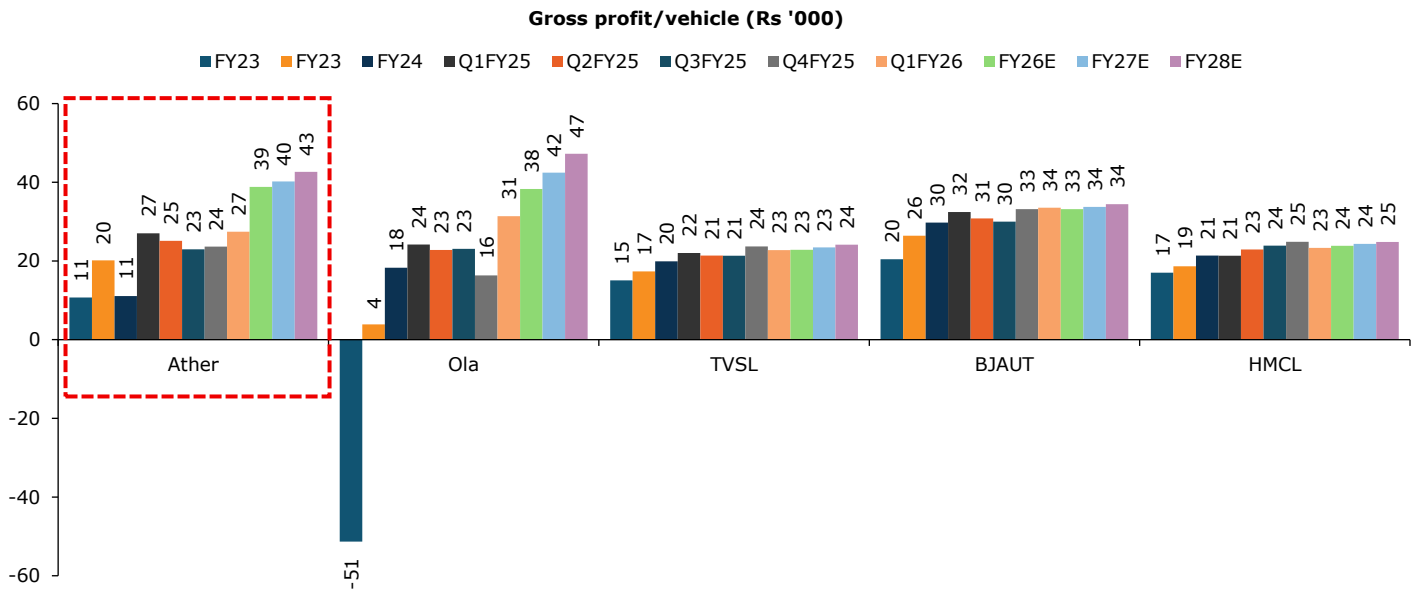
Source: Company, Emkay Research

Exhibit 145: Path to profitability for Ather is visible, with gross margin now comparable with that of incumbents



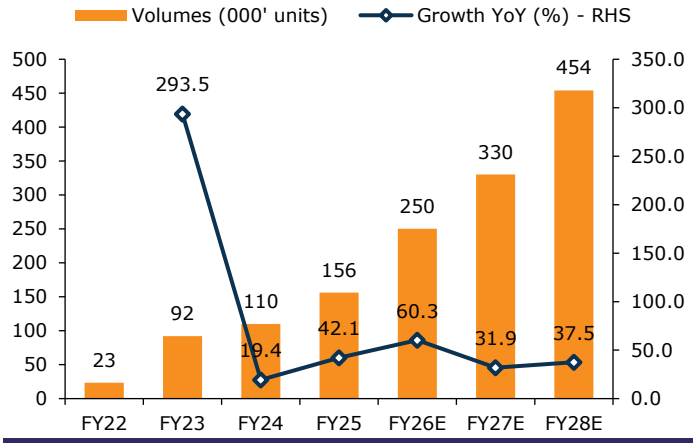
Source: Company, Emkay Research

Exhibit 146: The gross profit/vehicle for Ather has already surpassed that of incumbents



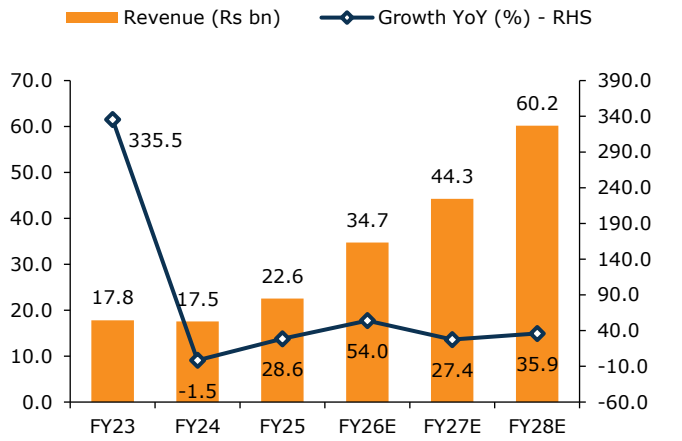
Source: Company Emkay Research

Exhibit 147: We build in FY25-28E volume CAGR of 43%



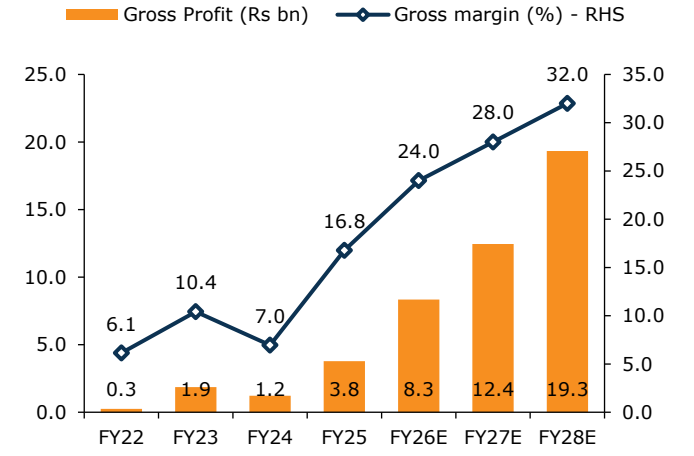
Source: Company, Emkay Research

Exhibit 148: We build in 39% FY25-28E revenue CAGR



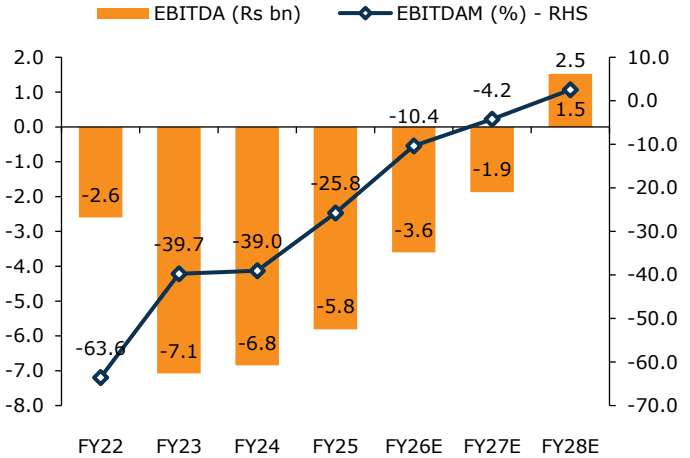
Source: Company, Emkay Research

Exhibit 149: Gross margin to expand to 28/32% by FY27E/28E



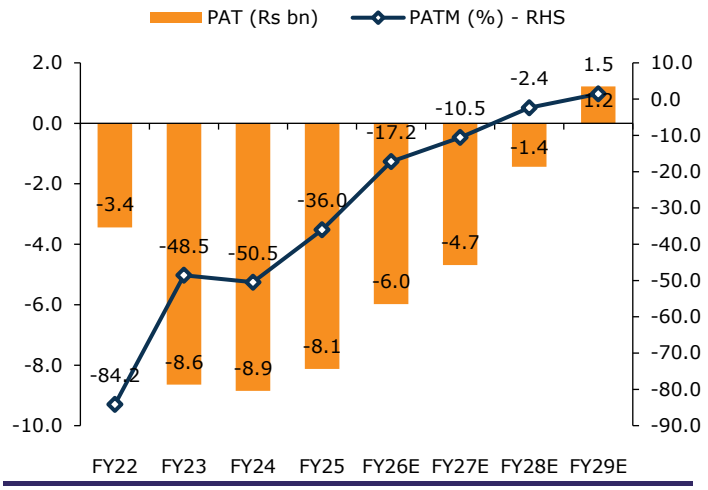
Source: Company, Emkay Research

Exhibit 150: Expect Ather to turn EBITDA-positive by FY28E



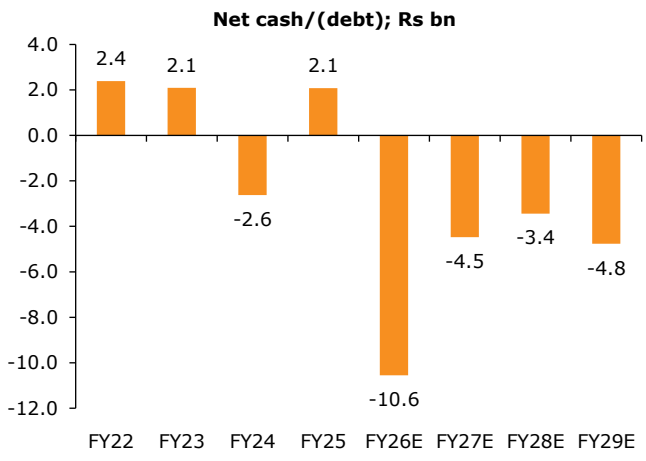
Source: Company, Emkay Research

Exhibit 151: PAT to turn positive by FY29E



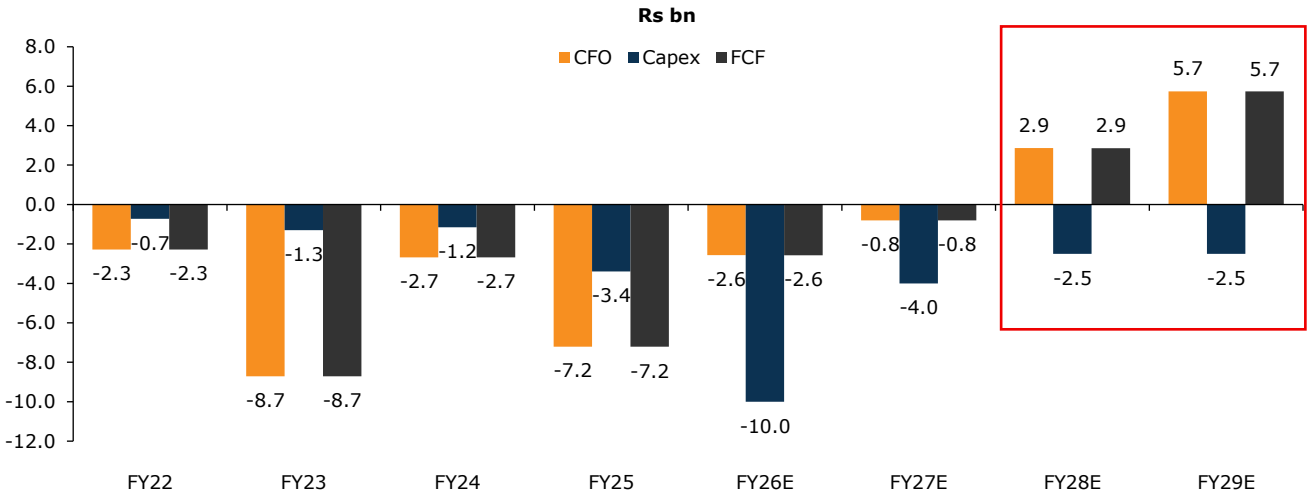
Source: Company, Emkay Research

Exhibit 152: Ather to be net cash positive



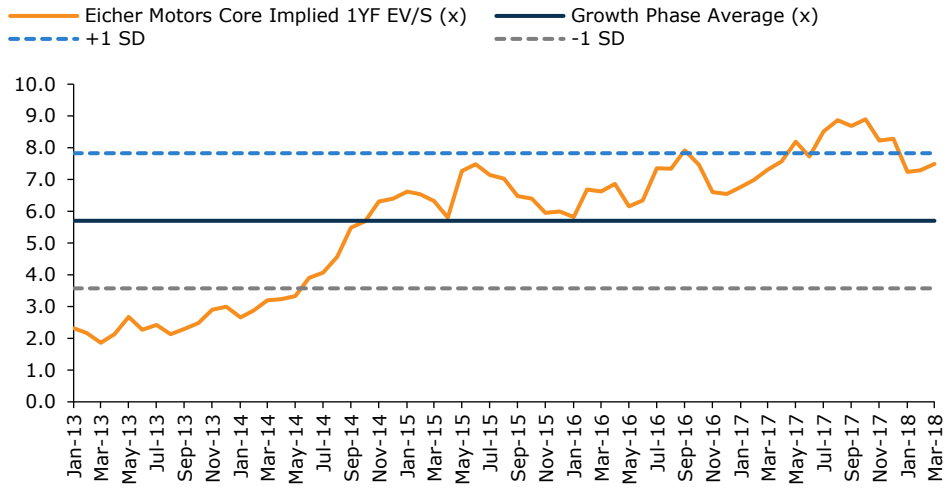
Source: Company, Emkay Research

Exhibit 153: We expect FCF to turn positive by FY28E, led by calibrated capex, improving profitability, and working capital



Source: Company, Emkay Research

Exhibit 154: During EIM RE's high growth phase from 2013-17, its core 1YF EV/Sales valuation rose to ~8x



Source: Company, Bloomberg, Emkay Research

We initiate coverage on Ather Energy with BUY and TP of Rs925, implying 51% upside

Early bets now paying off; premium brand positioning now visible: In its formative years (2013–17), Ather focused on building the brand and product stack from first principles, developing key technologies such as lithium-ion battery packs, BMS, and connected dashboards, while simultaneously piloting the Ather Grid charging network. Early investments were channeled into deep in-house R&D and prototyping, resulting in a vertically integrated capability where ~80% of hardware and 100% of software are developed internally. During 2018-22, Ather scaled up from being a prototype to production, thereby establishing its manufacturing, distribution, and charging ecosystem via launch of the 'Ather 450' series and expansion of the Ather Grid. These foundational years helped build strong brand equity and engineering credibility. Today, Ather is reaping the rewards of its early R&D intensity, reflected in a premium brand perception and superior unit economics (gross margin improved from 6% in FY22 to 20% in Q1FY26, with gross profit /vehicle surpassing ICE OEMs, despite subsidy rationalization during FY23-25). This was enabled by sustained localization and >30% BOM cost reduction in the '450' platform over the last three years. Ather is now entering the scale-up phase (similar to EIM RE's 2013-17 phase), with capacity expected to rise from 0.42mn units to ~0.92mn units by FY27, led by the AURIC plant expansion. Capex of Rs2-2.5bnpa (Rs7.5bn/FY26 and Rs2bn/FY27) will be executed in a calibrated manner, with a large portion offset by state subsidies, ensuring disciplined capital deployment as the company transitions from innovation-led growth to scale-driven profitability.

From niche to mainstream premium; network scale-up to aid rapid share gains: Akin to Royal Enfield (RE)'s trajectory in the early 2010s, Ather has built a strong regional franchise in South India, where it commands ~20% market share and ranks #1 as of Q1FY26. This southern dominance stems from early brand establishment, stronger charging density, and higher EV awareness in key states such as Karnataka, Tamil Nadu, and Kerala. Following the launch of *Rizta*—Ather's family-oriented scooter, the company has begun broadening its geographic footprint. *Rizta* now contributes 75% of FY26YTD volumes (vs 47% in FY25 and nil in FY23), driving a 200bps increase in non-South market share to 7.3% (from 5% in FY22). The success of *Rizta* validates Ather's product diversification strategy and appeal beyond its traditional premium-tech buyer base. The upcoming optimized and versatile EL platform is aimed at the mass-premium scooter segment (≥125cc equivalent; ~50% of scooter industry volumes) which is a sweet spot that balances scale and profitability while deliberately avoiding the commoditized sub-Rs0.1mn segment. On the distribution front, Ather is in the middle of a network scale-up to ~700 outlets by FY26 (vs 446 in Q1FY26) under its dealer-led retail model, enabling faster nationwide coverage, deeper reach in tier-2/3 markets, and reduced capex intensity. Together, such initiatives are repositioning Ather from a regional innovator to a pan-India premium EV brand with scalable economics and broad-based demand.

EBITDA breakeven in sight; Street yet to re-rate: We build in gross margin expansion to 28%/32% by FY27E/FY28E, driven by continued BOM cost optimization, favorable product mix, and operating leverage from scale-up. The ongoing transition to LFP battery packs is expected to structurally lower cell costs and enhance supply chain resilience, while the rising share of non-vehicle revenues (12% in FY25), including software subscriptions, charging infra, and accessories, provide additional high-margin tailwinds. We expect EBITDA/PAT breakeven by FY28E/FY29E, underpinned by volume ramp-up, improved localization, and better fixed-cost absorption as capacity utilization at the Hosur and AURIC plants scales up. With its strong brand equity, deep technology integration, and disciplined execution, Ather is well positioned to deliver sustained profitability and market share gains as 2W EV penetration rises toward ~60% by FY35E with the scooter penetration reaching 80% levels. We initiate coverage with BUY and target price of Rs925, valuing Ather at 7x Sep-27E EV/sales, reflecting its differentiated product strategy, high-growth optionality from the EL platform, and long-term earnings scalability.

Exhibit 155: Revenue Model – We build in 43%/39% volume/revenue CAGR over FY25-28E

Particulars (no of units)	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY30E	FY35E	FY25-28E	FY25-35E
E-Scooters	**93,212**	**107,622**	**155,405**	**248,600**	**324,289**	**425,010**	**731,101**	**2,926,940**	**40%**	**34%**
Growth YoY (%)	*351.5*	*15.5*	*44.4*	*60.0*	*30.4*	*31.1*	*31.6*	*28.2*		
E-Commuter Motorcycles	**0**	**0**	**0**	**0**	**0**	**12,000**	**163,273**	**1,187,715**		
Growth YoY (%)							*343.0*	*18.4*		
Domestic Volumes	**93,212**	**107,622**	**155,405**	**248,600**	**324,289**	**437,010**	**894,374**	**4,114,656**	**41%**	**39%**
Growth YoY (%)	*351.5*	*15.5*	*44.4*	*60.0*	*30.4*	*34.8*	*50.9*	*25.2*		
Export Volumes	**0**	**356**	**805**	**1,757**	**5,931**	**17,134**	**91,067**	**732,983**	**177%**	**98%**
Growth YoY (%)			*126.1*	*118.3*	*237.5*	*188.9*	*169.2*	*35.9*		
Total Volumes	**93,212**	**107,978**	**156,210**	**250,357**	**330,221**	**454,143**	**985,441**	**4,847,638**	**43%**	**41%**
Growth YoY (%)	*351.5*	*15.8*	*44.7*	*60.3*	*31.9*	*37.5*	*57.3*	*26.7*		
Ather's Volume Mix (%)										
E-Scooters	100.0	99.7	99.5	99.3	98.2	93.6	74.2	60.4		
E-Commuter Motorcycles	0.0	0.0	0.0	0.0	0.0	2.6	16.6	24.5		
Exports	0.0	0.3	0.5	0.7	1.8	3.8	9.2	15.1		
E-2W Market Share (%)	***12%***	***11%***	***12%***	***17%***	***17%***	***19%***	***22%***	***25%***		
E-Scooter Market Share (%)	*12%*	*11%*	*12%*	*17%*	*18%*	*19%*	*22%*	*25%*		
E-Motorcycle Market Share (%)	-	-	-	-	-	-	*25%*	*25%*		

Particulars (Rs mn)	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY30E	FY35E	FY25-28E	FY25-35E
ASP (Rs)	**193,381**	**159,534**	**144,357**	**138,737**	**134,612**	**133,057**	**129,020**	**125,611**	**-3%**	**-1%**
Growth YoY (%)	*10.7*	*-17.5*	*-9.5*	*-3.9*	*-3.0*	*-1.2*	*-3.2*	*-0.6*		
Revenue	**17,809**	**17,538**	**22,550**	**34,734**	**44,452**	**60,427**	**127,142**	**608,915**	**39%**	**39%**
Growth YoY (%)	*335.5*	*-1.5*	*28.6*	*54.0*	*28.0*	*35.9*	*52.3*	*26.0*		
Gross Profit	**1,855**	**1,220**	**3,782**	**8,336**	**12,446**	**19,337**	**40,685**	**194,853**	**72%**	**48%**
Gross margin (%)	*10.4*	*7.0*	*16.8*	*24.0*	*28.0*	*32.0*	*32.0*	*32.0*		
Gross Profit Per Vehicle (Rs)	*19,901*	*11,336*	*24,336*	*33,532*	*38,381*	*44,248*	*45,490*	*47,356*		
Employee Costs (%)	**3,348**	**3,692**	**4,124**	**4,817**	**5,634**	**6,598**	**9,084**	**20,646**	**17%**	**17%**
% of Revenue	*18.8*	*21.1*	*18.3*	*13.9*	*12.7*	*10.9*	*7.1*	*3.4*		
Growth YoY (%)	*193.9*	*10.3*	*11.7*	*16.8*	*17.0*	*17.1*	*17.4*	*18.1*		
-- R&D Employee Costs'	**1,051**	**1,381**	**1,905**	**2,137**	**2,398**	**2,691**	**3,387**	**6,023**	**12%**	**12%**
% of Revenue	*5.9*	7.9	8.4	6.2	5.4	4.5	2.7	1.0		
Growth YoY (%)	99.8	31.4	37.9	12.2	12.2	12.2	12.2	12.2		
-- Non-R&D Employee Costs'	**2,297**	**2,311**	**2,219**	**2,679**	**3,235**	**3,907**	**5,696**	**14,623**	**21%**	**21%**
% of Revenue	*12.9*	13.2	9.8	7.7	7.3	6.5	4.5	2.4		
Growth YoY (%)	274.7	0.6	-4.0	20.8	20.8	20.8	20.8	20.8		
Other Expenses (%)	**5,583**	**4,375**	**5,467**	**7,120**	**8,668**	**11,179**	**20,661**	**65,763**	**27%**	**28%**
% of Revenue	*31.3*	*24.9*	*24.2*	*20.5*	*19.5*	*18.5*	*16.3*	*10.8*		
Growth YoY (%)	*226.3*	*-21.6*	*25.0*	*30.2*	*21.7*	*29.0*	*41.4*	*14.8*		
EBITDA	**-7,076**	**-6,847**	**-5,809**	**-3,601**	**-1,855**	**1,560**	**10,941**	**108,444**		
EBITDA margin (%)	**-39.7**	**-39.0**	**-25.8**	**-10.4**	**-4.2**	**2.6**	**8.6**	**17.8**		
EBITDA Per Vehicle (Rs)	*-75,913*	*-63,621*	*-37,380*	*-14,486*	*-5,721*	*3,570*	*12,233*	*26,356*		
Depreciation	1,128	1,467	1,710	2,006	2,497	2,725	2,982	5,991		
% of Gross Block	*19.2*	*19.3*	*18.0*	*13.2*	*11.3*	*10.2*	*9.1*	*7.6*		
EBIT	**-8,204**	**-8,314**	**-7,519**	**-5,607**	**-4,352**	**-1,165**	**7,960**	**102,453**		
EBIT margin (%)	*-46.1*	*-47.4*	*-33.3*	*-16.1*	*-9.8*	*-1.9*	*6.3*	*16.8*		
PAT	**-8,645**	**-8,851**	**-8,123**	**-5,979**	**-4,689**	**-1,439**	**7,736**	**80,958**		
PAT margin (%)	*-48.5*	*-50.5*	*-36.0*	*-17.2*	*-10.5*	*-2.4*	*6.1*	*13.3*		
EPS (Rs)	***-48.1***	***-47.3***	***-27.9***	***-16.1***	***-12.6***	***-3.9***	***20.8***	***217.4***		

Source: SIAM, Company, Emkay Research

Early bets now paying off; premium positioning visible

- **Ather, since its inception in 2013, has undergone three distinct phases. 1) Development of the 'Ather 450' platform over CY13-18. 2) Establishment of the operational (manufacturing/distribution/charging) ecosystem during CY18-22. 3) Market/product portfolio expansion from CY23 onward.**
- **Ather is now reaping the rewards of its forward-looking investments via a premium brand positioning, which is clearly visible in the comparatively higher ASPs vs peers and superior tech-focused product offerings.**
- **Ather is entering a scale-up phase (major volume/profitability ramp-up) with capacity rising to ~1mnpa units by FY27 (380kpa now) via the AURIC plant, with calibrated capex (Rs2-2.5bnpa with Rs7.5bn/2bn in FY26/27 for AURIC) largely offset by state subsidies.**
- **On the other hand, gross margin is also improving (Q1: 20% vs FY22: 6%; gross profit/vehicle has crossed that of ICE-2W OEMs), despite subsidy cuts over FY23-25 driven by a sustained R&D push and tech-led cost curves (30% BOM cost drop in *Ather 450* in the last 3Y).**

A) Phase 1: Initial development phase (2013-17)

- Ather's journey began with a strong emphasis on prototyping and validation. Its first product, the S340, was unveiled in 2016 after clocking nearly 100,000km of rigorous road testing. It was positioned as India's first connected EV scooter with a smart touchscreen dashboard.
- Between 2013 to 2018, the major focus was on establishing R&D capabilities on the development of the battery pack, BMS, chassis, electronics, charging infrastructure, and the first version of the Ather stack for the 'Ather 450' platform.
- From the outset, the company adopted a tech-first approach. Core elements such as lithium-ion battery packs, indigenous battery management systems (BMS), and embedded electronics were engineered from scratch, laying the foundations for what has become a deep technology moat.
- Parallelly, Ather invested heavily in building scale in talent and infrastructure. By 2017, its engineering workforce had grown to nearly 250, and assembly operations commenced at its Whitefield facility in Bengaluru. This site not only enabled initial market entry but also acted as a launchpad for larger-scale manufacturing at Hosur in later years.
- Simultaneously, Ather seeded its unique ecosystem-driven DNA by piloting beta programs in Bengaluru before full commercial rollout. Practices such as over-the-air (OTA) updates and tight customer feedback loops were embedded early, shaping a culture that continues to define Ather's differentiated positioning today.

After 4 years, 55 prototypes, 50k km in on-road testing and over a million-man hours the S340 is finally ready

- Tarun Mehta, Co-founder and CEO, Ather Energy addressing the launch of its first E2W, the S340 (Link)

Ather Energy unveiled its S340 billed as "India's first truly smart, electric scooter"

"***The future will be connected and inevitably electric and the Ather S340 has been built as a manifestation of this philosophy***… *It is an unapologetically electric vehicle, designed and built mostly in-house with engineering precision…Intelligent vehicles will revolutionize our commute experience in future and we have just begun that journey." (Link)*

*"For us, the **S340 has never been only about the vehicle, but it is about your complete ownership experience from purchase to after-sales**. When you have enough computing power baked into your design from the get-go, then how you track and schedule servicing, how and when you recharge, your reason to purchase itself — they all change" (Link)*

- Tarun Mehta, CEO & Co-founder, Ather Energy

Exhibit 156: Clay model of Ather's first scooter (S340) in 2016

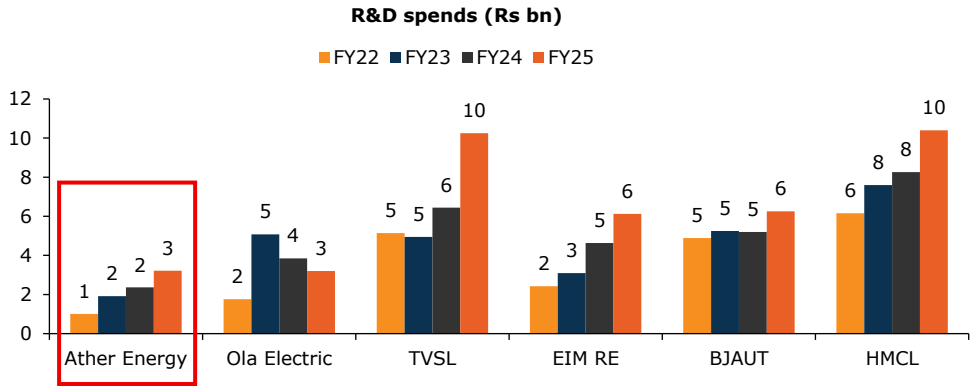
Source: Company, Emkay Research

Exhibit 157: S340 launched in Mar-16

Source: Media Article (link), Emkay Research

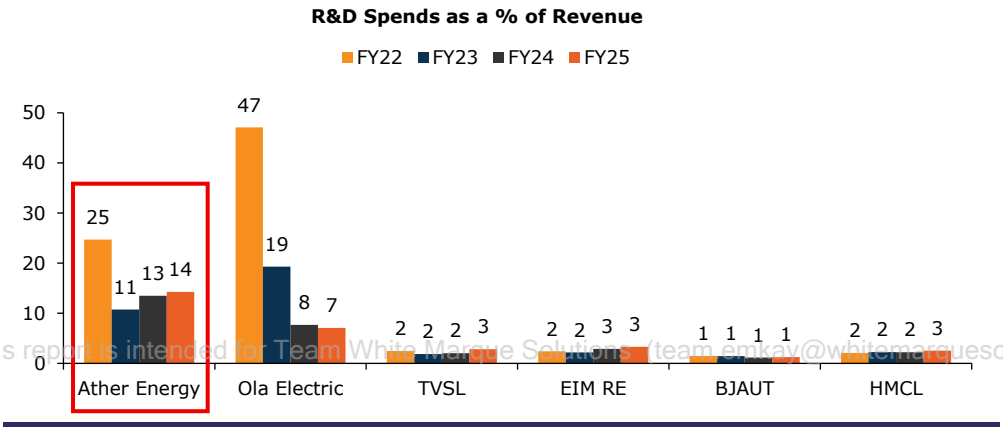
- Ather's product design philosophy is underpinned by its robust in-house R&D across diverse engineering disciplines, enabling cross-functional technological advancements that strengthen integration between hardware, software, and systems.
- This deep integration facilitates the creation of a seamless, connected user experience, allowing customers to engage with an entire ecosystem of intelligent, software-driven products rather than standalone vehicles.
- The company's R&D depth is evident in its expanding intellectual property portfolio and its sustained investments in innovation, reinforcing its long-term focus on tech leadership

Exhibit 158: Ather has consistently invested in R&D over the years, with spends close to more mature and larger incumbents



Source: Company, Emkay Research

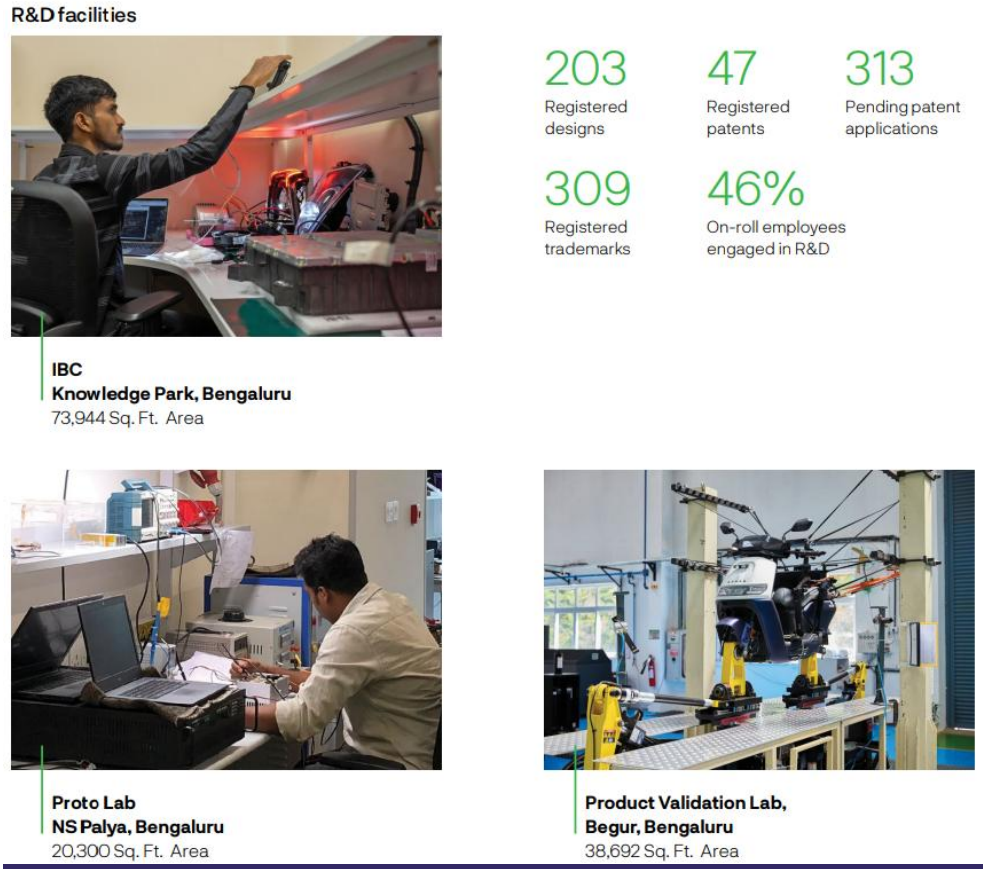
Exhibit 159: Ather has invested over 10% of its revenue in R&D over the last 3Y



Source: Company, Emkay Research

- Ather has placed strong emphasis on building in-house capabilities, recognizing that designing critical components internally is key to ensuring high product quality, competitive cost structures, and a superior user experience. It has developed expertise in **battery technology, power electronics, structural design, industrial design, and software development.**

Exhibit 160: R&D has been the at the core of Ather's product philosophy



Source: Company, Emkay Research

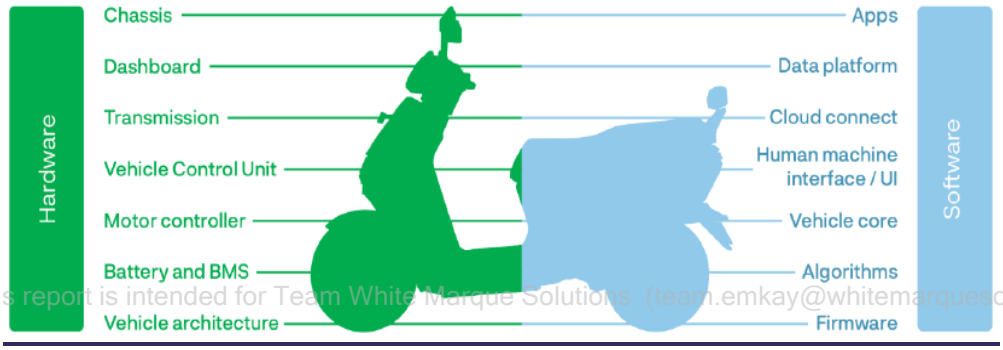
"Given the demographic advantage we are sitting on, our policy focus on R&D needs to go up in an immense way. If we have a 10-20X growth ahead of us for the next few decades then we need to target big numbers everywhere. 10-15 per cent R&D spend in all critical sectors."

- Tarun Mehta, Co-founder and CEO, Ather Energy (Link)

- Its core electronic modules including the **VCU, DC-DC converter, touchscreen dashboard, charging systems, wiring harnesses, and smart helmet platform** are all designed in-house. This modular approach accelerates product development, improves adaptability across models, and strengthens supply chain resilience by enabling redesigns to support alternative semiconductor chips.

- Ather has also packaged multiple functions into compact modules for example, combining the DC-DC converter, VCU, and junction box, or integrating the battery, wireless charger, speaker, microphone, and Bluetooth into the Halo smart helmet. All electronics, including the **BMS, ADC**, are powered by Ather's proprietary embedded software and algorithms, reflecting the depth of its in-house R&D

Exhibit 161: Ather's R&D focus spans crucial elements of hardware as well as software

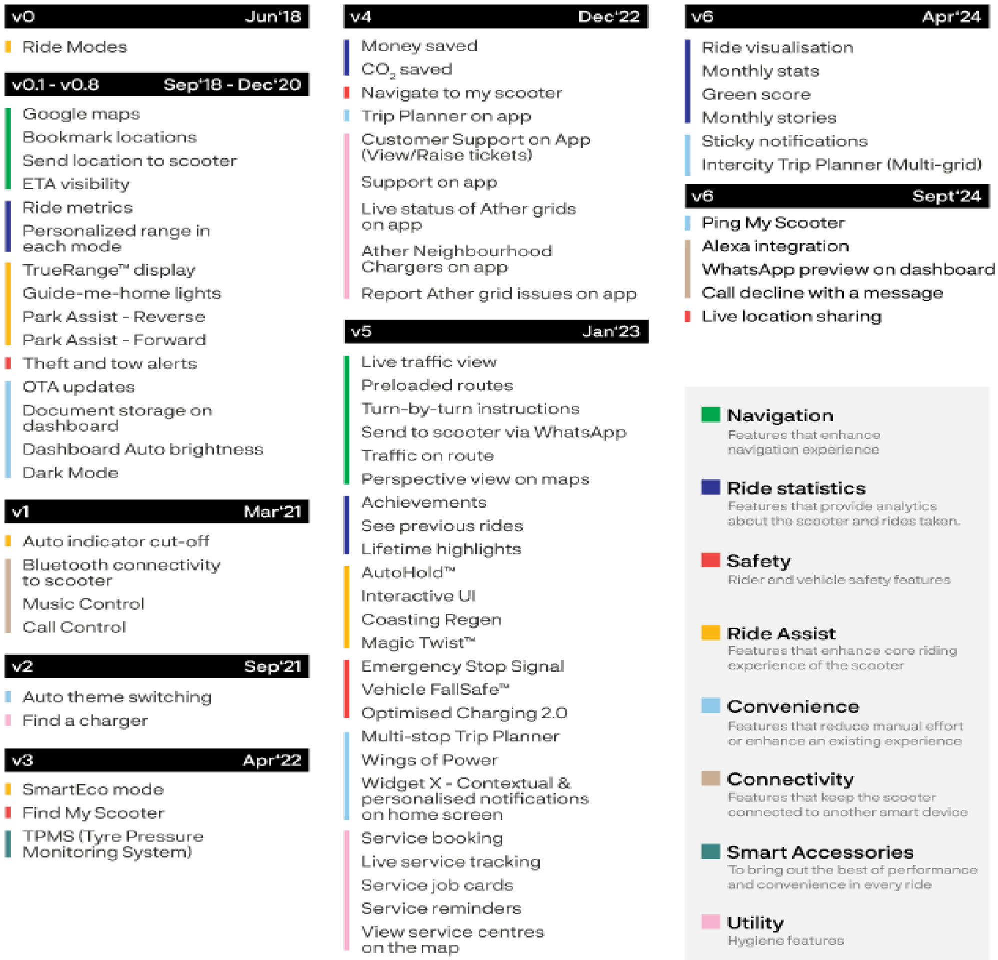


Source: Company, Emkay Research

Software-Led Moat: Evolution of the AtherStack

- The Ather Stack is Ather's proprietary technology platform that brings together its hardware, software, and cloud ecosystem into a tightly integrated system. It forms the backbone of Ather's differentiated product experience.
    - **Battery and Power Electronics layer** – Ather's in-house designed battery pack, battery management system (BMS), motor controller, and power electronics ensure safety, efficiency, and performance tuning unique to Indian conditions.
    - **On-board intelligence** – The Vehicle Control Unit (VCU) and embedded software algorithms manage real-time energy use, range prediction, throttle response, and diagnostics.
    - **User Interface layer** – The touchscreen dashboard, OS, and app ecosystem deliver connected features such as navigation, ride stats, over-the-air (OTA) updates, and smart charging.
    - **Cloud and Data layer** – Ather's cloud platform enables continuous upgrades, data analytics, predictive maintenance, and integration with its charging network (Ather Grid).

Exhibit 162: Over the years, Ather has upgraded its offerings by adding multiple new features to the Ather Stack to enhance user experience


v0 Jun'18
Ride Modes
v0.1 - v0.8 Sep'18 - Dec'20
Google maps
Bookmark locations
Send location to scooter
ETA visibility
Ride metrics
Personalized range in each mode
TrueRange™ display
Guide-me-home lights
Park Assist - Reverse
Park Assist - Forward
Theft and tow alerts
OTA updates
Document storage on dashboard
Dashboard Auto brightness
Dark Mode
v1 Mar'21
Auto indicator cut-off
Bluetooth connectivity to scooter
Music Control
Call Control
v2 Sep'21
Auto theme switching
Find a charger
v3 Apr'22
SmartEco mode
Find My Scooter
TPMS (Tyre Pressure Monitoring System)
v4 Dec'22
Money saved
CO_2 saved
Navigate to my scooter
Trip Planner on app
Customer Support on App (View/Raise tickets)
Support on app
Live status of Ather grids on app
Ather Neighbourhood Chargers on app
Report Ather grid issues on app
v5 Jan'23
Live traffic view
Preloaded routes
Turn-by-turn instructions
Send to scooter via WhatsApp
Traffic on route
Perspective view on maps
Achievements
See previous rides
Lifetime highlights
AutoHold™
Interactive UI
Coasting Regen
Magic Twist™
Emergency Stop Signal
Vehicle FallSafe™
Optimised Charging 2.0
Multi-stop Trip Planner
Wings of Power
Widget X - Contextual & personalised notifications on home screen
Service booking
Live service tracking
Service job cards
Service reminders
View service centres on the map
v6 Apr'24
Ride visualisation
Monthly stats
Green score
Monthly stories
Sticky notifications
Intercity Trip Planner (Multi-grid)
v6 Sept'24
Ping My Scooter
Alexa integration
WhatsApp preview on dashboard
Call decline with a message
Live location sharing
Navigation
Features that enhance navigation experience
Ride statistics
Features that provide analytics about the scooter and rides taken.
Safety
Rider and vehicle safety features
Ride Assist
Features that enhance core riding experience of the scooter
Convenience
Features that reduce manual effort or enhance an existing experience
Connectivity
Features that keep the scooter connected to another smart device
Smart Accessories
To bring out the best of performance and convenience in every ride
Utility
Hygiene features

Source: Company, Emkay Research

- Together, the Ather Stack provides end-to-end control over vehicle performance, user experience, and lifecycle management, differentiating Ather from peers who rely on off-the-shelf components.
- Each version release has added new features spanning safety, efficiency, connectivity, and user experience, highlighting Ather's deep in-house R&D and system integration capabilities. This cadence of frequent upgrades demonstrates Ather's positioning closer to a tech company with recurring feature evolution than a traditional two-wheeler OEM.

Ather has been able to introduce various distinctive features that standout among traditional ICE 2Ws, led by its sustained R&D push

Everything new that customers hear in automotives is largely coming with electric vehicles…new tech means electric, electric-upgrade-electric-fancy

- Tarun Mehta , Co-founder and CEO Ather Energy (Link)

Exhibit 163: Ather offers technologically advanced features that a regular ICE 2W lacks

Tech Features	Ather 450X	Honda Activa 125
Touchscreen dashboard	✓	X
Built-in Google Maps navigation	✓	X
Multiple riding modes	✓	X
Adaptive cruise control	✓	X
Pothole/impediments alerts		
Ride analytics (including AI features)	✓	X
Over-the-air software updates	✓	X
Remote diagnostics and alerts	✓	X
Fast charging support	✓	X
Regenerative braking ("MagicTwist")	✓	X
Vehicle tracking / geo-fencing	✓	X
App-controlled lock/unlock	✓	X
Autoreply for calls/messages on the dashboard	✓	X
Document storage on dashboard	✓	X

Source: Media Portal, Company, Emkay Research

Exhibit 164: Ather has been the pioneer of several industry-first/segment-first moments that later saw renditions from peers

Feature / Innovation	When Ather did it	Why it mattered (pioneering edge)	Who/when followed
First truly "smart" scooter in India with touchscreen + onboard navigation	Ather 450 (2018) with 7" TFT, Google Maps integration, ride stats, diagnostics	No other scooter in India had a cloud-connected dashboard with live maps at that time	Ola S1 (2021), Hero VIDA V1 (2022), TVS iQube/Orbiter (2022–25)
Regular OTA (Over-the-Air) software updates	From 2019 onward with "Ather Stack" (now v7 in 2025)	Made a scooter behave like a smartphone; new features (regen braking, Eco mode, UI changes)	Ola (MoveOS), VIDA, TVS Orbiter (2025)
Reverse assist mode + auto-indicator cancel	Ather 450 (2018)	Convenience and safety features unheard of in scooters then	Ola, TVS, VIDA all later added
Public fast-charging infra ("Ather Grid")	2018 pilot and 2019 rollout	First Indian E-2W OEM to invest in nationwide fast-charging grid (AC/DC mix). Helped remove range anxiety	Ola Hypercharger announced 2021, though still patchy; VIDA/TVS rely on partnerships
Comprehensive app + ride analytics	2018–19	Trip logs, efficiency scores, locate-my-scooter, remote lock; first-time users could interact with a scooter	Later added by Ola, TVS, VIDA
Crash alert & theft/tow notification	OTA from ~2021	First to integrate IoT telematics into safety alerts on 2Ws	Ola and VIDA added similar alerts later
Large under-seat storage on a "tech" scooter	Ather Rizta (2024) with 34ltr under-seat + 22ltr front boot	Marked pivot toward family/utility EVs in a premium brand	TVS Orbiter (2025) matched 34L; River Indie (utility-focused) already had >40L
Multi-language dashboard (8 languages via OTA)	2025 (Rizta update)	First Indian EV OEM to push multilingual UI across scooters via software update	No direct peer yet — Ola/TVS offer app-based language, but not dash UI at same scale
Battery-as-a-Service (BaaS)	Piloted 2022–23, expanded with Rizta in 2024	Lower upfront cost barrier, unique business model	Others still experimenting (Ola has leasing/EMI schemes, not pure BaaS), HMCL's new Vida offer this service now (2025)

Source: Media portals, Company, Emkay Research

Exhibit 165: Several industry-first features introduced by Ather in its models

Source: Company, Emkay Research

B) Phase 2: Ecosystem Build-Out (2018–2022)

"We have spent years designing and refining the Ather 450. From design to tech, we have been obsessing over the finest details, to build something atypical"

- Ather Energy blog (Link)

- The next phase of Ather's journey was marked by building out the infrastructure and operational backbone needed to scale up. In 2018, Ather launched its Ather Grid network, ie its public charging network, in Bengaluru.
- Alongside this, it also opened the first Ather Space experience centre to create a differentiated retail presence, and rolled out its flagship Ather 450, a performance-oriented scooter, setting the tone for its premium positioning.
- By 2020, Ather doubled down on this positioning with the launch of the 450X and 450 Plus, targeting more sharply at the affluent, tech-savvy urban consumers. These models armored Ather's credentials as a premium EV brand.
- A major inflection point came in 2021 with the commissioning of Ather's greenfield Hosur factory, which represented the company's first true scale-up in manufacturing capacity. This move shifted Ather from being a niche innovator to a credible volume player, capable of meeting growing demand across multiple cities.
- Momentum accelerated further in CY22, when Ather rolled out 50k scooters, launched Ather Grid 2.0 for faster and smarter charging, and expanded its product ecosystem with accessories such as helmets, TPMS, and sidestep kits.
- Importantly, CY22 also saw the commissioning of a second Hosur facility with a capacity of 0.42mnpa units, establishing the operational backbone underpinning its growth trajectory today.

Exhibit 166: Glimpses from Ather Energy's experience centers across the country

Source: Company, Emkay Research

Exhibit 167: Modular architecture of Ather's Battery and 450 platform on display at one of the experience centers

Source: Company, Emkay Research

Launch of the 450/450x kickstarted Ather's E-2W journey

"When you build a product you're not building it around cool engineering that you want to do, you're building it around use cases"

- Tarun Mehta, Co-founder and CEO, Ather Energy (Link)

- Ather's journey in the E-2W segment began with the launch of the Ather 450 in 2018, India's first truly performance-oriented electric scooter. Unlike legacy low-speed EVs, the 450 was designed to compete directly with petrol scooters on performance, safety, and user experience.
- With a top speed of 80km/hr, 0–40 km/hr acceleration in 3.9seconds, and ~75km of real-world range, the 450 redefined consumer perception of EVs from compromise-driven alternatives to aspirational, tech-led products. Its 7-inch touchscreen dashboard with onboard navigation, connected features, OTA updates, and parking assist set a new benchmark for the industry. The simultaneous roll-out of the Ather Grid fast-charging network further underscored the company's ecosystem-driven approach.
- Building on this foundation, Ather introduced the Ather 450X in Jan-20, an enhanced variant that addressed both—product performance and business model sustainability.
- The 450X offered improved battery technology, faster charging, refined software, and new riding modes, while maintaining the design and handling DNA of the 450. Importantly, Ather introduced an innovative subscription model covering battery, data, and charging services, lowering the upfront purchase barrier.
- The transition from 450 to 450X reflects Ather's strategic pivot from just proving EV performance parity with ICE, to building a scalable, sustainable business model backed by ecosystem control, modular hardware, and recurring service revenues. This evolution reinforces Ather's positioning as a structural leader in India's E-2W industry.

Exhibit 168: The original Ather 450 launched in 2018

Source: Company, Emkay Research

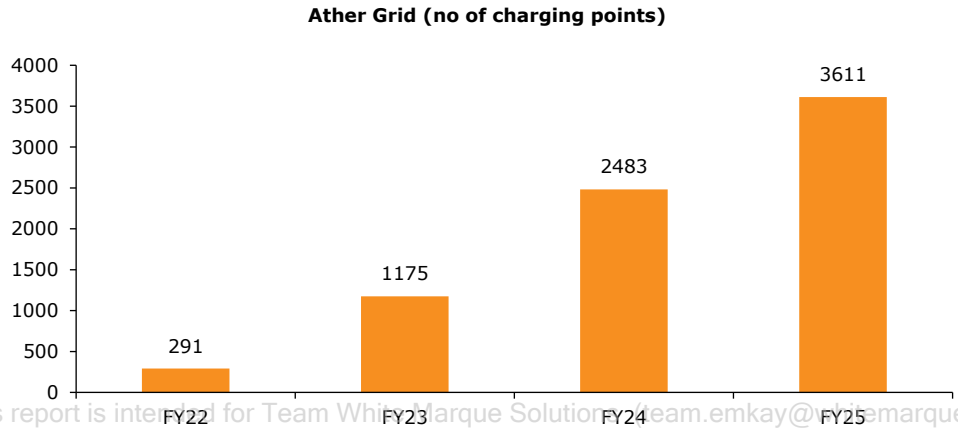
Exhibit 169: Ather 450X launched in Jan-20

Source: Company (link), Emkay Research

We believe fast charging is the way forward, and we are investing in expanding and upgrading our fast-charging network to reduce range anxiety

- ***Tarun Mehta, Co-founder and CECO, Ather Energy***

Exhibit 170: Ather also rapidly expanded its charging grid to address concerns of range anxiety

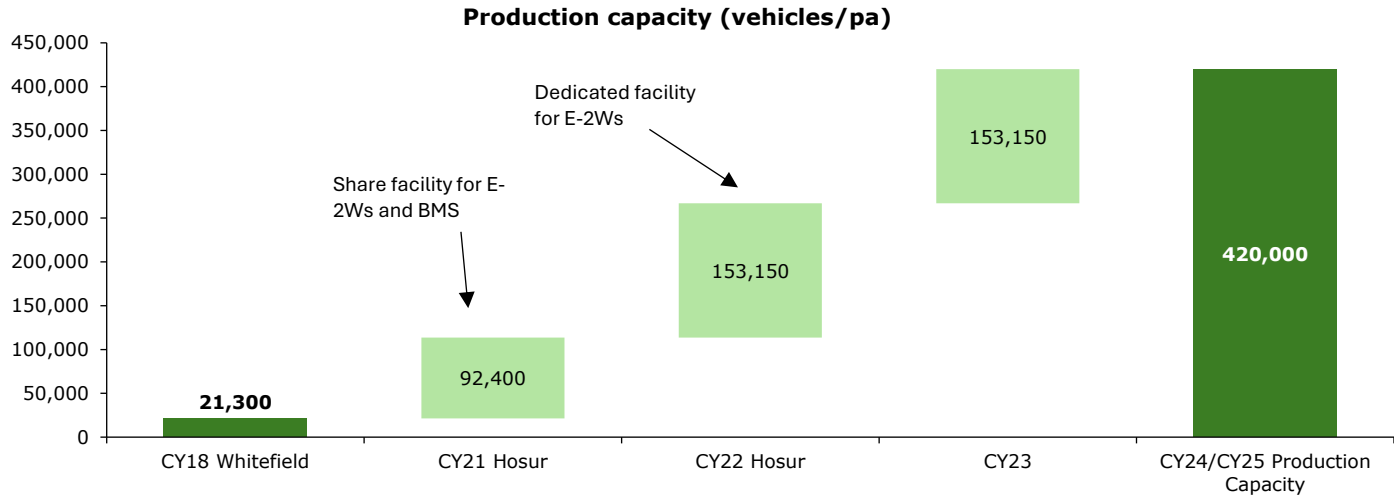


Source: Company, Emkay Research

Production capacity scale-up: the next lever of volume growth

- **2018 – Whitefield Facility (Bengaluru):** Ather began with its pilot plant in Whitefield, operating at ~1.2k/mth units. The facility was largely manual with minimal automation, aimed at validating manufacturing processes and ironing out early quality challenges. This capacity supported the initial rollout of the first Ather 450.
- **2021 – Hosur plant (Tamil Nadu):** The first large-scale facility was commissioned with ~100kpa units capacity (~9.5k/mth units). Battery assembly lines were IoT-enabled, and critical processes were partially automated, reducing defects, and improving traceability. This plant marked Ather's transition from pilot-scale to mass production, aligning with the launch of the 450X.
- **2022 – Hosur Unit 2 expansion:** Capacity rose sharply to ~380kpa units (~31.5k/mth units). The new unit implemented 100% IoT integration across battery lines, enabling real-time quality monitoring. While vehicle assembly lines remained semi-automated, automation was prioritized in high-risk areas. This step-up supported Ather's nationwide expansion of the 450X.

Exhibit 171: Ather has scaled up its production capacity to 420kpa units in CY25 vs 21.3kpa units in CY18



Source: Company, Emkay Research

Exhibit 172: Ather shifted its manufacturing operations from Whitefield to Hosur and expanded its capacity from 21.3kpa units to ~114kpa

Source: Company, Emkay Research

Exhibit 173: Ather's journey of automation-led efficiency improvement

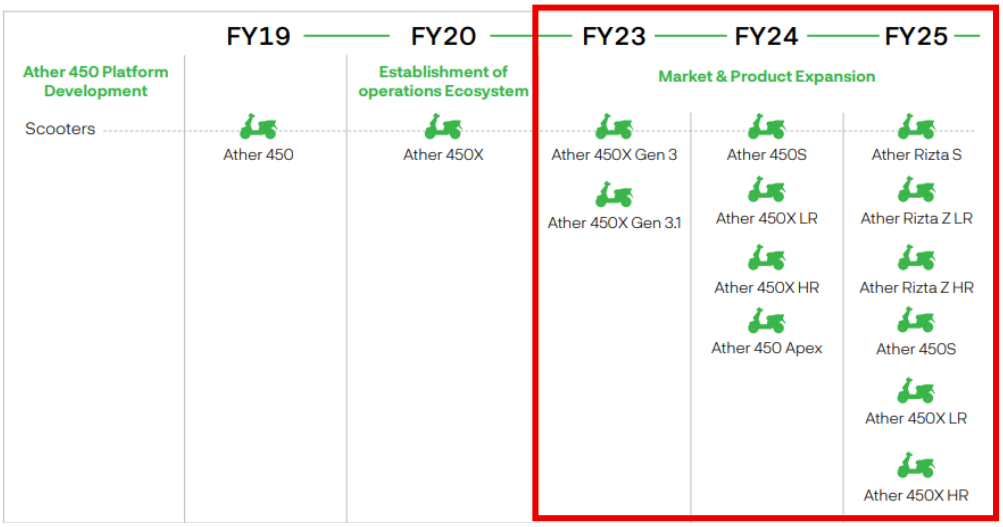
Year	Facility	IOT integration	Automation capabilities
CY18	Whitefield	No IOT	No automation
CY21	Hosur Plant (Unit 1)	Battery line IOT	Battery line automation; vehicle line partial
CY22	Hosur Plant (Unit 2)	100% IOT	Battery lines automated; zero station automation
CY26	AURIC Phase 1	100% IOT	All lines automated (except vehicles); Lines are fungible for LFP and NMC

Source: Company, Emkay Research

C) Phase 3: Market/Product expansion (2022–2025)

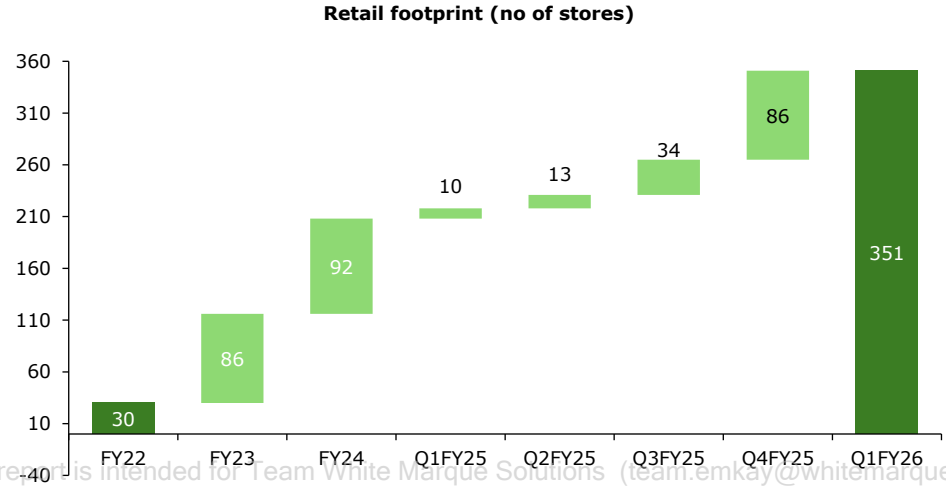
- After establishing its operational backbone, Ather turned to broadening its portfolio and strengthening brand equity. The product line, once anchored solely around the Ather 450 platform, expanded meaningfully with newer launches.
- Ather *Rizta*, introduced in FY24 as a family-oriented scooter, rapidly became the franchise's growth driver, scaling to ~75% of volumes by FY26YTD and marking a decisive shift in Ather's mix toward mass-premium relevance without losing its technology edge.
- Parallelly, Ather invested in community-building to deepen consumer loyalty. Starting 2023, the company institutionalized Ather Community Day, creating a platform for user engagement, product showcases, and cultural bonding, helping it position itself akin to RE's cult-like brand franchise, reinforcing stickiness among its riders.
- The company also made aggressive strides in distribution expansion. Its retail footprint grew from the 150th Ather Space in CY23 to the 350th outlet by CY25 (targets 700 touch-points by FY26-end), improving accessibility across urban and semi-urban markets.
- Finally, Ather began to scale up its non-vehicle revenue streams (accessories, charging infrastructure, and software services) to form ~12% of the topline as of FY25, providing both margin resilience and a differentiated revenue model vs traditional OEMs.

Exhibit 174: Having set up the requisite ecosystem, Ather entered the scale-up phase with focus on product portfolio as well as distribution expansion



Source: Company, Emkay Research

Exhibit 175: Ather has simultaneously also expanded its retail footprint to 351 stores as of Q1



Source: Company, Emkay Research

Ather via its 'Annual Community Day' has built a cult following for the brand, while also increasing exposure to the wider audience

- **Strengthens customer loyalty**
  - Community Day is more than a showcase; it is Ather's way of converting buyers into advocates.
  - EV adoption in India is still early — trust and peer validation matter. By giving owners a sense of belonging, Ather creates word-of-mouth multipliers, much like Royal Enfield did with its Rider Mania events.
  - Owners who feel 'co-created' with the brand are less likely to churn to peers when they launch new products.
- **Differentiates Ather in a crowded EV market**
  - Most OEMs announce products via press conferences or auto expos. Ather is one of the first to build a standalone community-centric product reveal platform, mirroring tech companies (Apple WWDC, Tesla Battery Day).
  - Creates a cultural moat as customers do not just buy a scooter, they join a movement. For investors, it signals Ather's ability to build brand pull beyond subsidies and price competition.
- **Co-creation and real-time feedback loop**
  - Owners directly interact with Ather's engineers, designers, and product managers during the event.
  - This crowdsourcing of insights helps refine software features (eg navigation, UI changes in AtherStack) and even informs hardware roadmaps (battery expectations, comfort in *Rizta*). It reinforces Ather's **"built with the community"** narrative

Exhibit 176: Glimpses from the Ather Community Day

Source: Company, Emkay Research

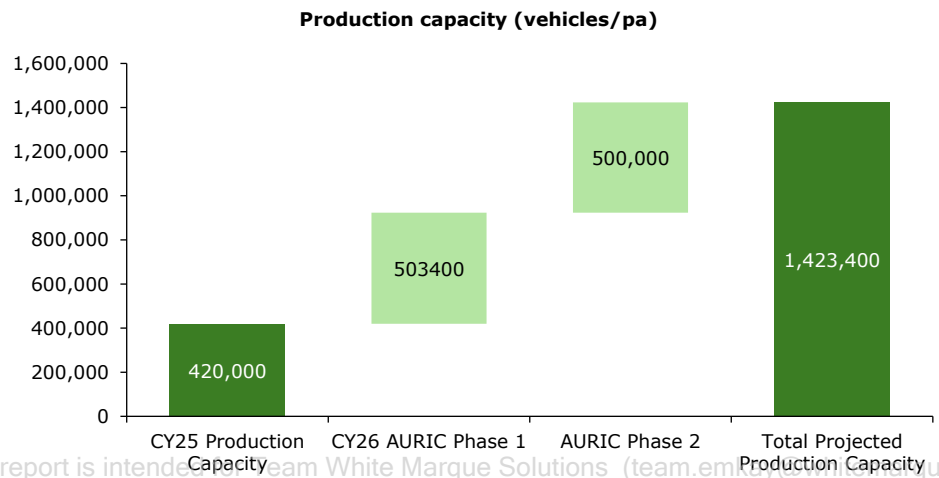
D) Phase 4: Scale-up and profitability (2025 onward)

- While during FY26YTD, Ather is the #4 player in the overall E-2W space, its position has converged toward the top-3 spots in recent months; it is ramping up volumes at a rapid pace, with average retails nearly doubling to ~15k/mth units in FY26YTD vs 8.4k over the same period last year.
- To support such a scale-up, Ather is undertaking a step-change in manufacturing capacity. The commissioning of Factory 3.0 in Aurangabad will expand the company's capacity from ~380k units to ~1mnpa units by FY27, with Phase 2 capable of expanding the capacity to 1.4mnpa units.
- The expansion is being executed with disciplined capex outlay (~Rs2-2.5bnpa supplemented by one-time spends of Rs7.5bn in FY26 and ~Rs2bn in FY27), with most of this investment offset by state incentives and subsidies.
- Importantly, Ather's positioning at the premium end of the market is being reinforced with ASPs comparable to ICE-2W OEMs' (despite a subsidy cut during FY23-25).
- Ather's gross profit/vehicle has already surpassed that of ICE 2W OEMs (aided by a 30% BOM cost reduction in *450x, 7% reduction in Rizta vs the 450 series, as well as stable ASPs*), coupled with rising share of non-vehicle revenue (12% share), which provides structural support for long-term profitability.

Phase 1 of the AURIC plant to substantially increase Ather's production capacity; to help cater to the growing demand

- Ather's new flagship Factor 3.0 AURIC plant with ~500kpa units capacity (~42k/mth units) is slated to come onstream in Jul-26. The plant is fully automated for battery and is fungible for both, LFP and NMC chemistries, enhancing flexibility and scalability.
- The plant would cater to Ather's upcoming EL platform as well as motorcycles under the *Zenith* platform, while the existing *450* platform models would be built in Hosur.
- Phase 2 of the AURIC plant will increase the company's capacity by ~500kpa units, taking its total manufacturing capacity to ~1.4mnpa units. With this plant, Ather seeks to leverage the location of Factory 3.0 in Maharashtra, and the strong automotive supplier base in the region, with aim to reduce cost of logistics and reach customers faster.
- Ather aims to bring in-house key processes such as transmission assembly, painting, and electronics assembly (currently outsourced), enabling tighter quality control, lower costs, and improved supply chain resilience
- By executing such processes inhouse, Ather would be able to achieve economies of scale, drive better operational efficiencies, gain flexibility in managing product variants.

Exhibit 177: Ather's upcoming Factory 2.0 in AURIC will expand production capacity from 420kpa units to 920kpa units



Source: Company, Emkay Research

Ather remains rooted to its development mindset with multiple initiatives still ongoing toward further improving costs

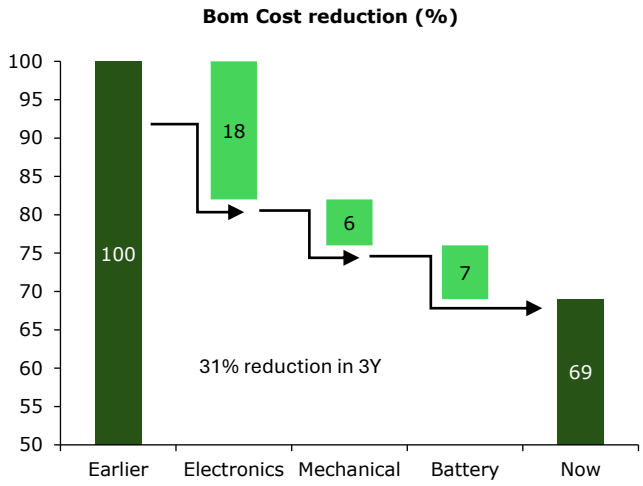
- Ather, on the back of R&D-led improvements, has cut BOM costs for the *Ather 450* platform by 31% in the last 3Y while also having achieved 7% reduction in the BOM cost for *Rizta* as compared to the rest of the 450 series.
- Various vertical integration initiatives like 80% in-house design and 100% software stack ownership offer significant fungibility and reduce turnaround time (Ather built the *Rizta* in 13 months because of its modular architecture).
- Further, Ather is transitioning to LFP chemistry, which will aid in bringing down BOM costs even more, as LFP chemistry cells are inherently 15-20% cheaper than NMC cells.

Exhibit 178: Majority of Ather's components are designed in-house, while manufacturing is outsourced to maintain an asset-light model

E2W components	Designed in-house	Manufactured in-house	Outsourced manufacturing
Battery Pack (ex-cells)	✓	✓	
Motor			✓
Transmission	✓		
Motor Controller	✓		✓
Vehicle Control Unit	✓		✓
Dashboard	✓		✓
DC-DC Converter	✓		✓
Harnesses	✓		✓
Chassis	✓		✓
Charger (portable)			✓

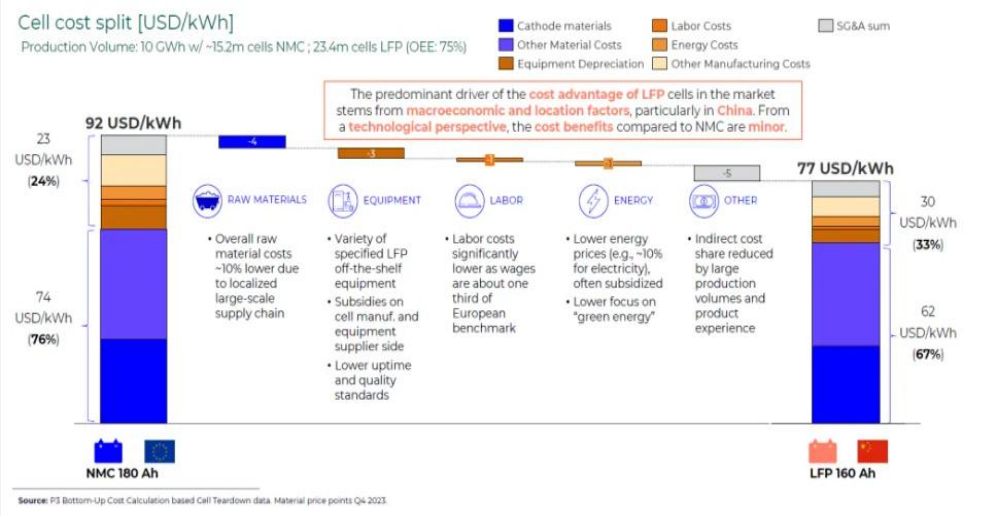
Source: Company, Emkay Research

Exhibit 179: Ather has reduced BOM cost for *450x* by over 30% in 3Y



Source: Company, Emkay Research

Exhibit 180: Transition to LFP chemistry will help reduce BOM costs even more, as LFP cells are 15-20% cheaper than NMC



Source: Batterydesign.net (link), Emkay Research

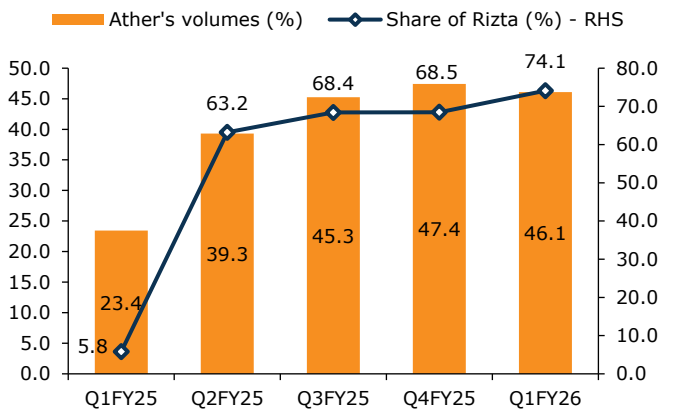
*"**What we see today are LFP battery packs, which can fit very well for most customers**. I think they are still a bit of a difficult thing to package for the higher range versions. But with improving density for the lower or the mid-range variants**, I think LFP can play a very, very, very strong role in India…Also more suitable to our climate**."*

- *Tarun Mehta, Co-founder and CEO, Ather Energy in the Q4FY25 earnings call (Link)*

Ather's positioning as a premium player being reinforced

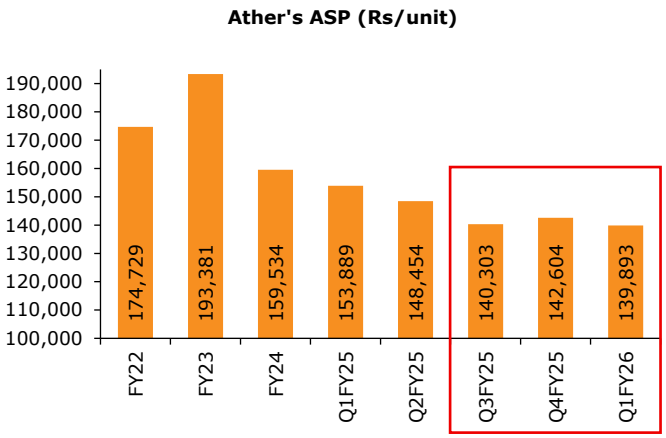
- **Premium positioning and ASPs**
  - Ather has deliberately positioned itself at the premium end of the e-2W spectrum, despite the volatility created by subsidy rationalization during FY23-25.
  - Notably, Ather's ASPs are also seen stabilizing over the past few quarters, despite the introduction of the lower-prized *Rizta* indicating that the price wars are behind.
  - Such pricing discipline reflects brand strength and consumer willingness to pay for differentiated design, technology, and connectivity, rather than relying on subsidies to drive volumes.

Exhibit 181: *Rizta*'s share in Ather's volumes has risen to ~75% in Q1FY26…



Source: Company, Emkay Research

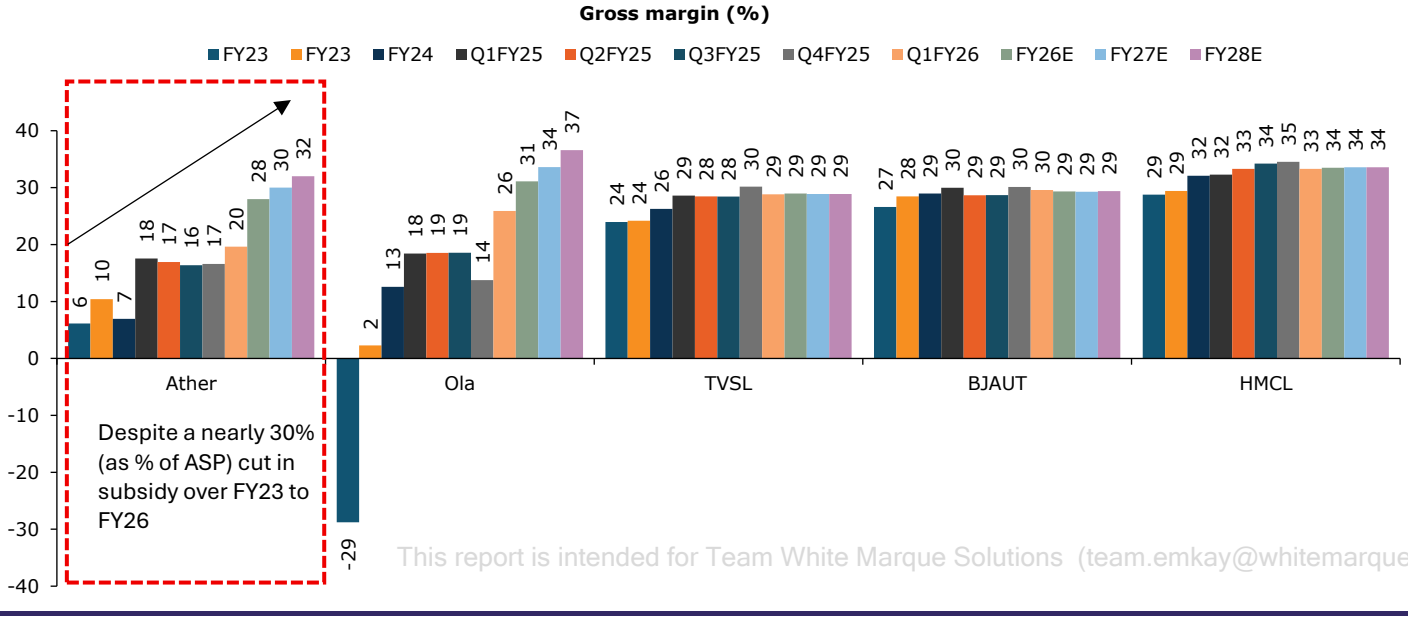
Exhibit 182: …despite which Ather's ASPs have remained largely stable during the last couple of quarters



Source: Company, Emkay Research

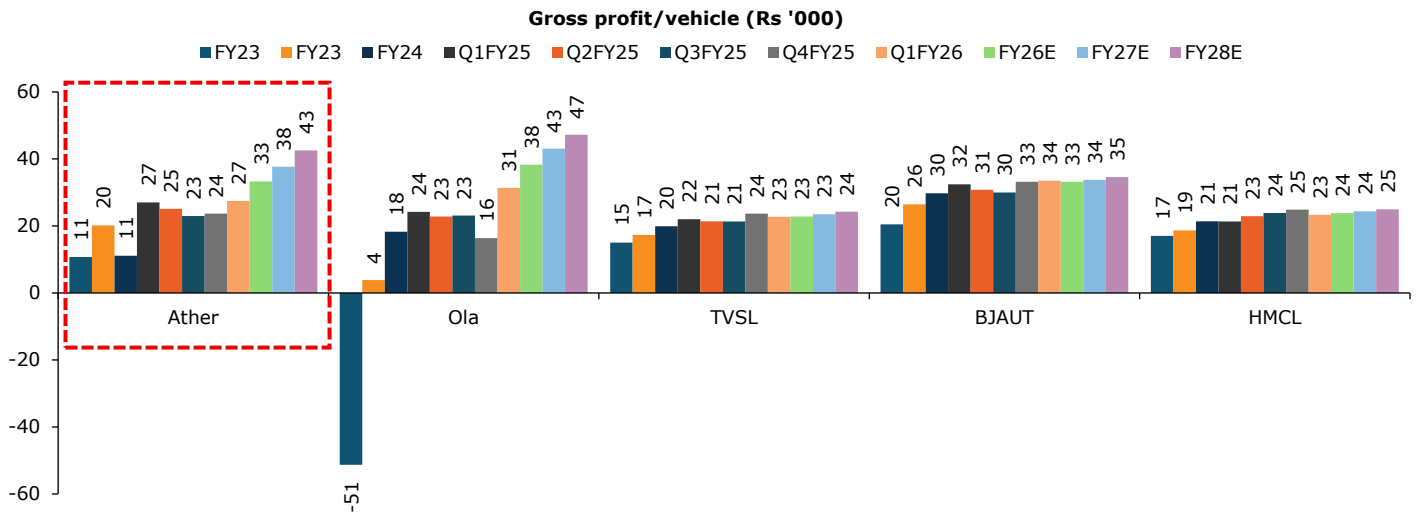
- **Superior unit economics**
  - Ather's gross margins are now comparable to ICE-2W OEMs' (despite the subsidy cut over FY23-25), with gross profit/vehicle already surpassing that of ICE-2W OEMs, underscoring the structural margin advantage EVs can achieve once scale and localisation come through.
  - Ather's early bets on in-house component design (battery packs, controllers, dashboard) and tight supply chain management have helped reduce BOM costs and secure better gross margin trajectories.

Exhibit 183: Path to profitability for Ather visible, with gross margins now comparable to that of incumbents



Source: Company, Emkay Research

Exhibit 184: Gross profit/vehicle for Ather has already surpassed that of incumbents



Source: Company Emkay Research

Sticky high margin non-vehicle revenues to aid margin improvement and drive revenue growth

- Importantly, 12% of Ather's topline now comes from non-vehicle revenues, including charging infrastructure (Ather Grid), subscription services, extended warranties, and digital upgrades via AtherStack.
- The attach rate for the AtherStack is ~89% (50% of the non-vehicle revenue), which indicates the customer's willing to pay incrementally for differentiated offerings.
- Ather's Halo smart helmet offers wireless charging, premium audio, and seamless connectivity, complemented by in-house designed accessories like side-steps, body guards, seat covers, and the Frunk.
- The *Rizta* is equipped with add-ons such as a multipurpose charger, storage organizer, and backrest, enhancing comfort and practicality.
- Such annuity-like revenue streams provide recurring cash flows and margin stability, thus reducing dependence on vehicle sales cycles alone. The rise in non-vehicle revenue (higher GM; flow-through to EBITDA) will continue to be instrumental in enhancing profitability.

Exhibit 185: The rise in non-vehicle revenue (higher GM; flow-through to EBITDA) will continue to be instrumental in enhancing profitability

Source: Company, Emkay Research

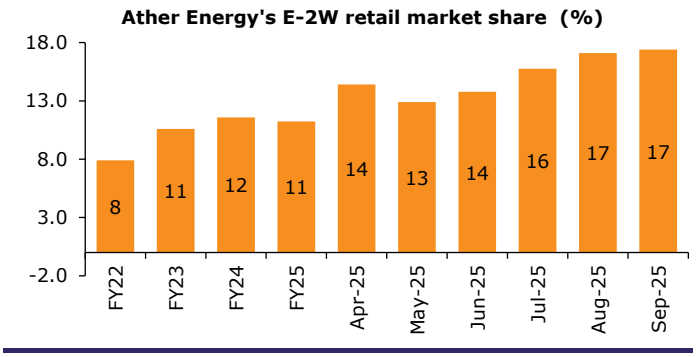
From niche to mainstream premium; network scale-up to aid rapid share gains

- **Akin to RE in the early 2010s, Ather has built its base in the South (24% market share, #1 player in the South as of Q1FY26; #3 player overall).**
- **With the launch of *Rizta* (~75% portfolio share in FY26YTD vs 47% in FY25 and nil in FY23), market share in non-South regions has grown by ~200bps to ~7.3% (vs 5% in FY22).**
- **The upcoming optimized EL platform targets the mass-premium scooter segment (50% of the market dominated by 125cc), to drive faster EV adoption while avoiding the commoditized sub-Rs0.1mn space.**
- **Distribution scale-up is also accelerating (95 stores added in Q1FY26, total 446; targets another ~700 by FY26), aided by a dealer-led model.**

[A] Southern stronghold: Building the core franchise

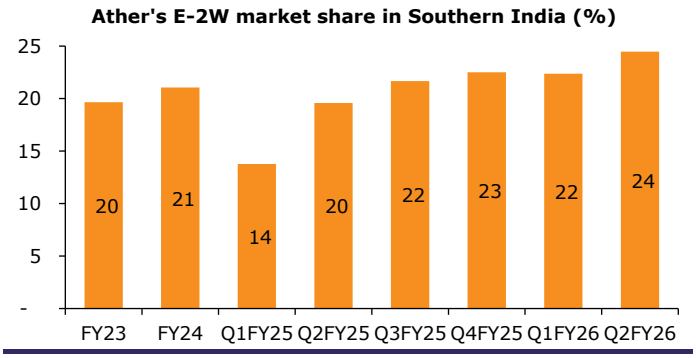
- The South has been an **early-adopter market for premium, performance-oriented scooters**, creating fertile ground for Ather's tech-led positioning.
- Ather, over the years, has established a formidable base in the South – its most penetrated region comprising Tamil Nadu, Karnataka, Kerala, Andhra Pradesh, Goa, and Telangana.
- Ather's position has strengthened to 24% market share as of Q2FY26, making it the **#1 EV scooter player across most southern states** (barring Tamil Nadu, where expansion is still under way). Karnataka, Kerala, Andhra Pradesh, and Telangana remain core bastions, with distribution density improving as new outlets are added.
- Ather's retail footprint in Tamil Nadu trails its strong market share, but Ather is actively expanding its presence across the state and reinforcing its broader South India network. This scale-up is set to strengthen its leadership, while also turning the region into both a profit pool and a key showcase of Ather's brand strength

Exhibit 186: Ather's market share has grown >2x over the last 3Y



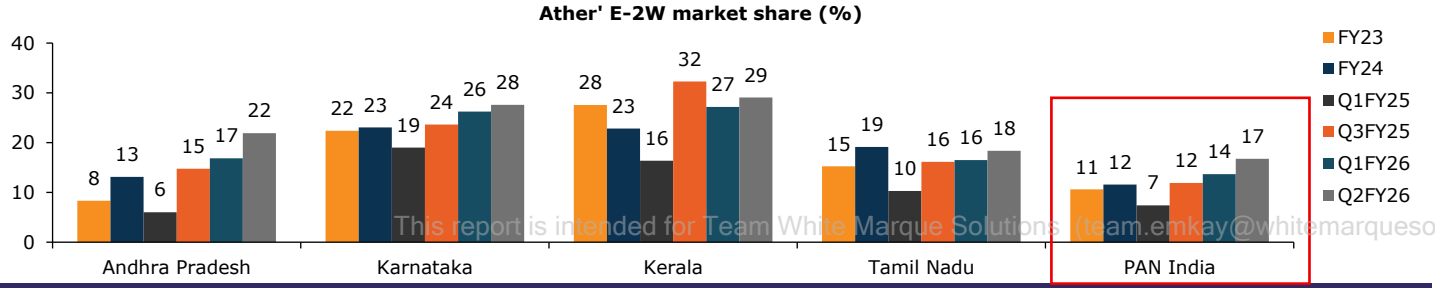
Source: Vahan, Emkay Research

Exhibit 187: Ather has developed a stronghold in South India



Source: Vahan, Emkay Research; Note: South India denotes Tamil Nadu, Kerala, Karnataka, and Andhra Pradesh

Exhibit 188: Ather's market share in Southern India exceeds its pan India market share



Source: Vahan, Emkay Research

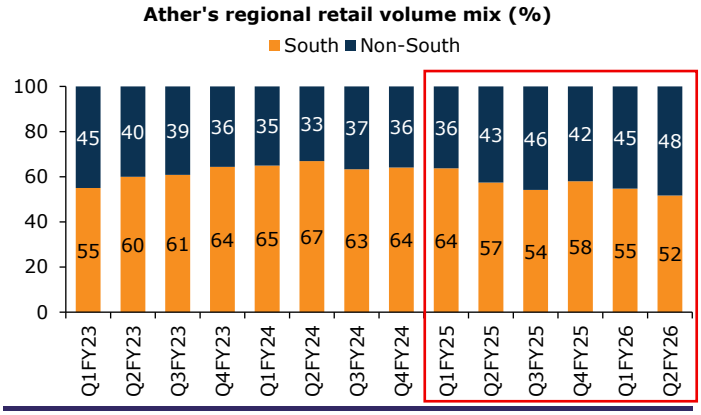
[B] The *Rizta* Effect: Portfolio expanding to the family segment

- Ather launched the *Rizta*, its first family-oriented scooter, in Q1FY25, targeting the convenience and utility segment. The key differentiated features that *Rizta* offers are a larger seat with a more practical 56liter storage space, WhatsApp notifications on dashboard, Alexa voice commands, appealing more to household use cases.
- For FY25, Ather's overall sales volumes were up 42% YoY to 155k units (vs 110k units in FY24). This was primarily driven by the *Rizta* (89k units sold in FY25) driving up the bulk of incremental volumes. Share of the non-South region in Ather's volumes has also risen, to 48% now vs 36% prior to the launch of Rizta.
- The rapid scale-up highlights the strength of Ather's modular platform, which enabled development, from proof of concept to market, in only 13 months.
- Ather's domestic E-2W share has also improved to 17% in Q2FY25. Notably, share gains were seen in the non-South markets mainly in Gujarat, Maharashtra, Rajasthan, and Madhya Pradesh, where Rizta's family-oriented proposition resonated strongly. *Rizta* has provided Ather with a strategic entry lever to scale beyond its South stronghold.
- The network expanded from 208 stores in FY24 to 446 in Q1FY26, underpinning growth momentum. Impact of the new store additions, majorly in non-South markets (targets 700 by FY26E), will be more visible going ahead, as capacity utilization ramps up.

Exhibit 189: Ather launched family-oriented EV *Rizta in* Q2FY25

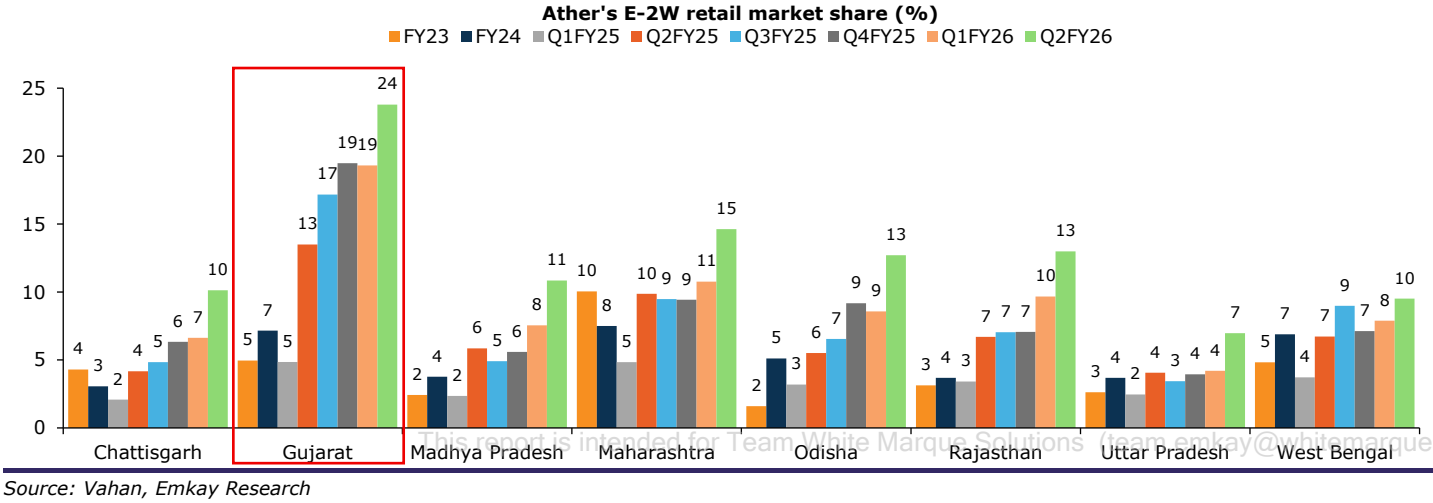
Source: Company, Emkay Research

Exhibit 190: Share of the non-South region for Ather has also shown an uptick following the launch of *Rizta*



Source: Vahan, Emkay Research

Exhibit 191: Ather's market share in non-South regions has also risen, following the launch of the more family-oriented *Rizta* with leadership in Gujarat and strong uptick in states like Maharashtra and Rajasthan



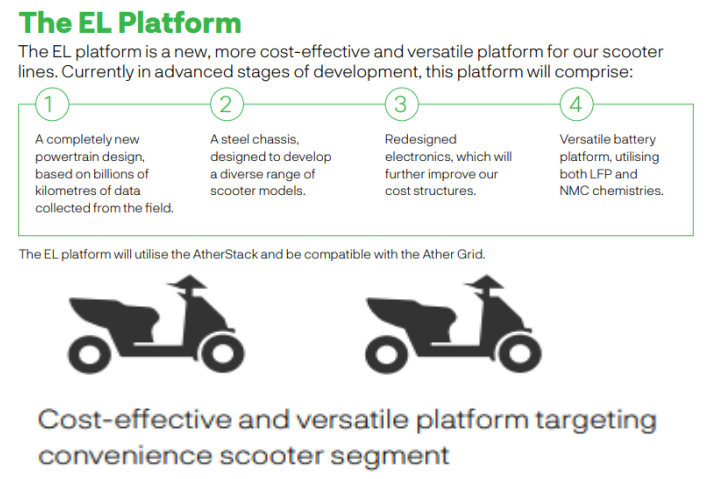
Source: Vahan, Emkay Research

[C] Targeting mass premium with the EL platform; scaling-up the distribution network

The upcoming scalable, flexible, and optimized EL platform to drive faster mass adoption and aid profitability

- The upcoming EL platform is in the advanced development stages, and marks a step-change in cost efficiency as well as versatility, with a redesigned powertrain (backed by extensive field data), a multi-format steel chassis, and cost-optimized electronics. It incorporates a flexible BMS (LFP/NMC compatible), while staying integrated with AtherStack and fully compatible with Ather Grid.
- Ather does not intend to enter the sub-Rs0.1mn segment, given its limited growth prospects, lack of subsidy/PLI support and higher impact from GST cut on ICE vehicles. Instead, the EL platform will be used to capture the Rs0.10–0.13mn price band, which forms the "belly of the market" and represents the largest volume opportunity.
- By addressing the mid-price belt, EL is expected to drive incremental volumes and strengthen market share. The simplified architecture/reduced component count enables ~15% faster assembly, allowing up to 2x faster periodic services.
- This volume push, combined with cost-down efficiencies from platform re-engineering, should improve both scale leverage and profitability. Parallely, variants in the higher bands (Rs0.13-0.15mn and >Rs0.15mn) will sustain margin accretion, balancing scale and profitability.
- While EL may create some cannibalization risk with *Rizta*, such risk would be limited as *Rizta* itself is in the early stages of a franchise build-up. Focus will remain on expanding TAM rather than on brand dilution, with no immediate plans for launching a separate sub-brand under EL.
- Ather Energy recently unveiled a concept model on the new platform EL01. New models will be manufactured from Ather Energy's upcoming facility in Aurangabad. However, the first model based on the new EL platform is likely to hit the markets by Festive FY26. In the meantime, Ather is focusing on expanding its retail footprint to 750 stores and maximizing the reach of its family scooter.

Exhibit 192: Key features of the upcoming EL platform



Source: Company, Emkay Research

Exhibit 193: The recently unveiled EL01 E-Scooter

Source: Company, Emkay Research

*"With the EL platform, we are **laying the foundation for Ather's next phase of growth. Just as the 450 defined our first chapter, EL will define the next, enabling us to develop multiple types of scooters at scale far more efficiently**. This platform-first approach enables faster innovation and improved efficiency, serviceability, and rider experience,"*

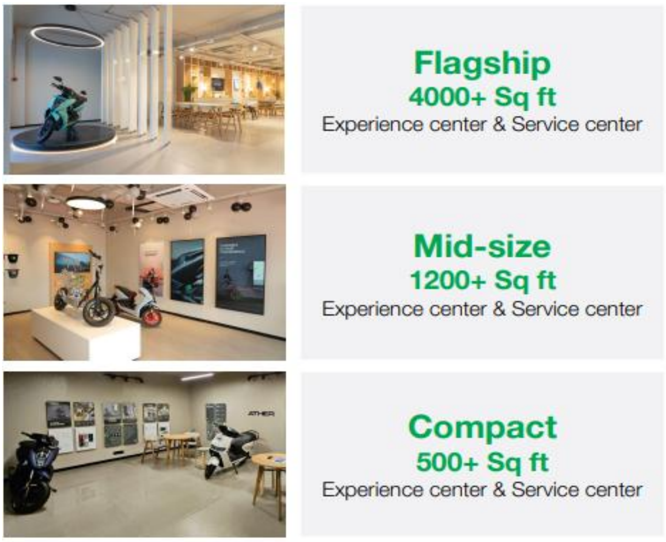
- *Tarun Mehta, co-founder & CEO of Ather Energy (Refer Link)*

Tailoring retail distribution channels based on geographies, while increasing pan-India reach

Three retail formats tailored by market size

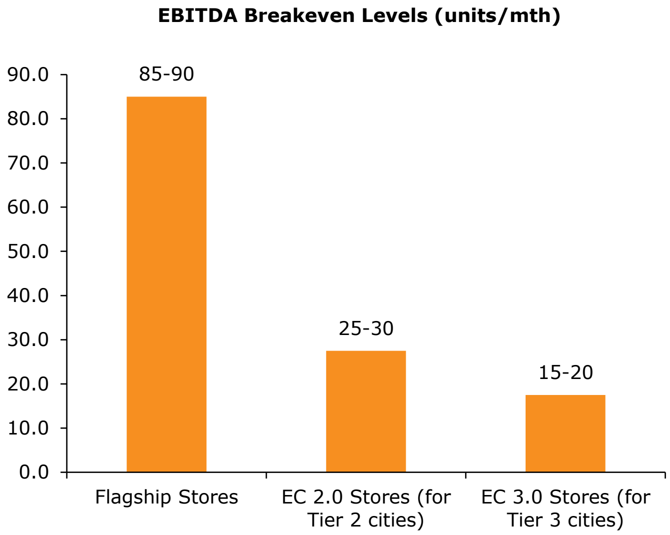
- **Flagship** (>4,000sqft): Full-scale experience and service center, designed for tier 1 cities; high-capital, premium brand showcase.
- **Mid-size** (>1,200sqft): Balanced experience and service center format, suited for tier 1 and tier 2 cities, offering scale with moderate investment.
- **Compact** (>500sqft): Lean format with minimal capital outlay, enabling Ather to penetrate tier 3 and tier 4 towns; combines sales and service in a smaller footprint.

Exhibit 194: Ather is tailoring its retail format stores based on geography, to achieve faster profitability



Source: Company, Emkay Research

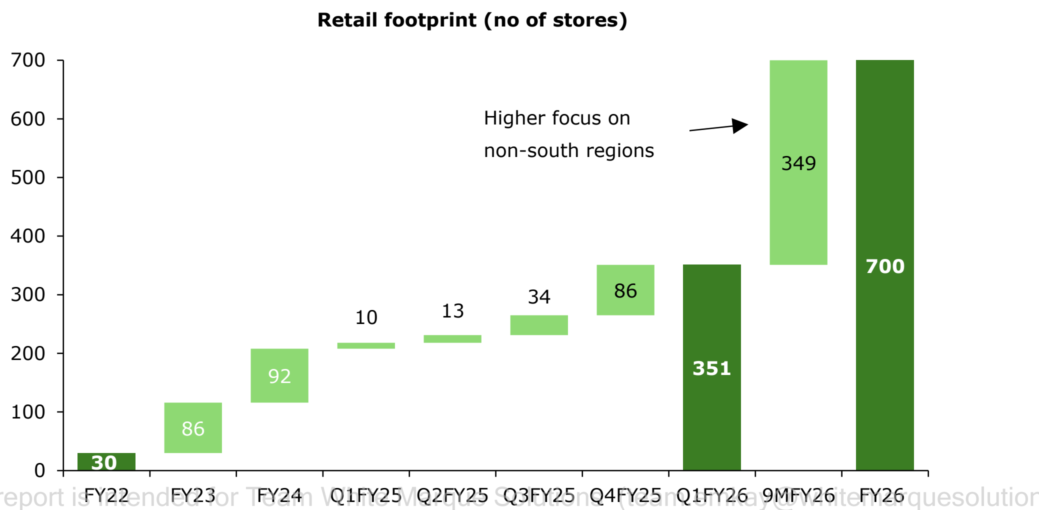
Exhibit 195: Smaller stores achieve breakeven sooner



Source: Company, Emkay Research

- **Targeted distribution strategy**
  - Formats are **modular and scalable**, allowing Ather to optimize cost vs reach.
  - Enables **faster retail rollout** across geographies, without over-investing in low-volume markets.
  - Provides **flexibility to match market maturity**: premium showrooms for urban metros, lean setups for emerging towns.

Exhibit 196: Rapid distribution expansion with a focus on the non-South markets

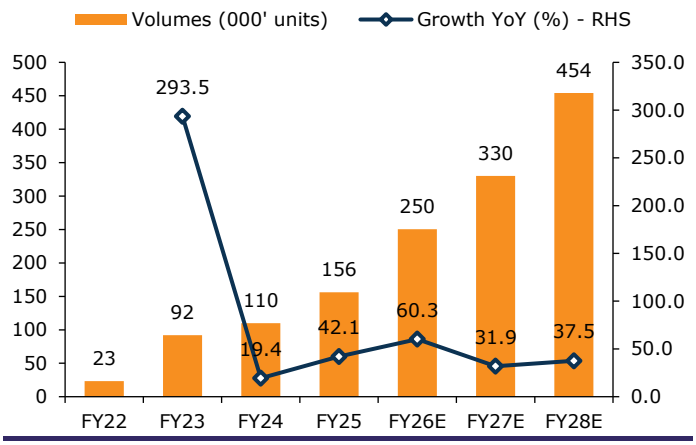


Source: Company, Emkay Research

Financials: We build in 43%/39% FY25-28E volume and revenue CAGR; expect EBITDA/PAT positive by FY28E/FY29E

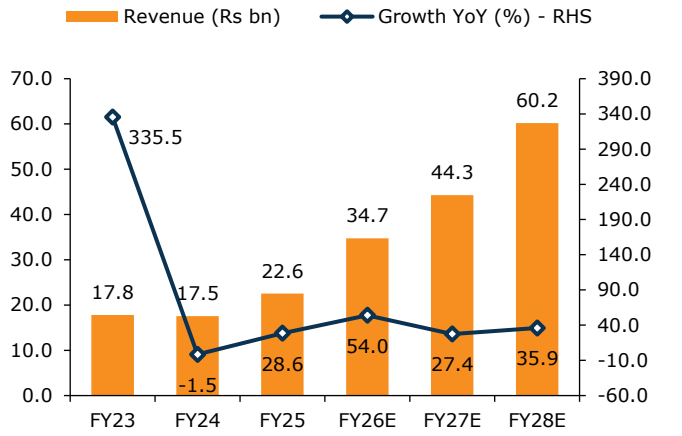
- We build in 43%/39% volume/revenue CAGR over FY25-28E led by a sustained volume ramp-up (would also be aided by the upcoming AURIC plant from Jul-26), consistent market share gains (Ather to also benefit from the upcoming optimized EL platform) and continued rise in E-2W penetration.

Exhibit 197: We build in FY25-28E volume CAGR of 43%



Source: Company, Emkay Research

Exhibit 198: We build in FY25-28E revenue CAGR of 39%

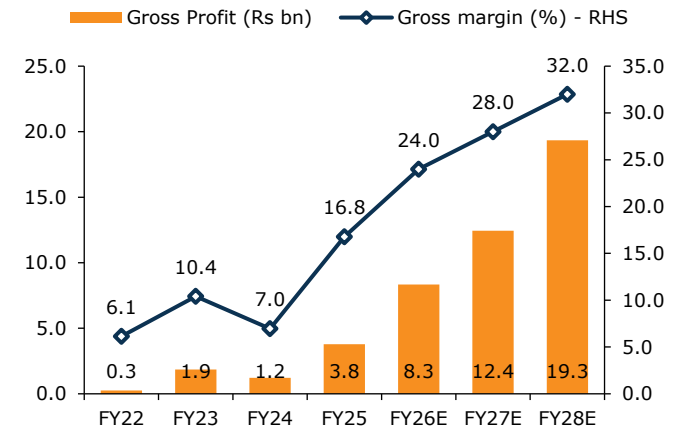


Source: Company, Emkay Research

- We build in gross margin expansion to 28%/32% by FY27E/28E on the back of the tech-led cost curve, upcoming EP platform (more fungible and scalable), and a growing share of the high margin non-vehicle revenue with a direct flowthrough to EBITDA.

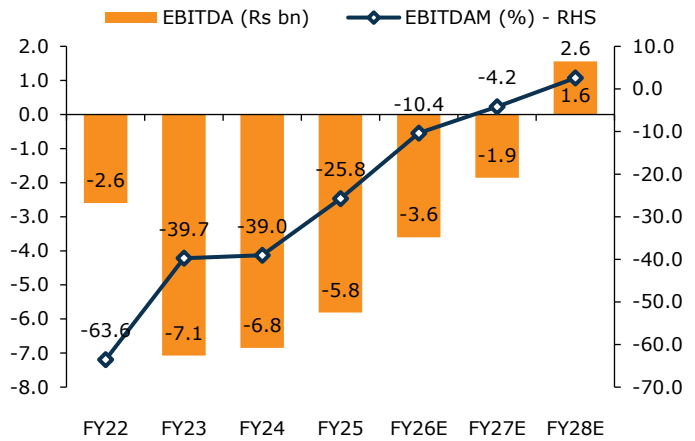
- We expect Ather to turn EBITDA positive by FY28E, led by the improved operating leverage as volumes ramp up further. We expect Ather to achieve 8.4%/17.8% EBITDA margin by FY30/35E.

Exhibit 199: We build in gross margin expansion to 28%/32% by FY27E/28E...



Source: Company, Emkay Research

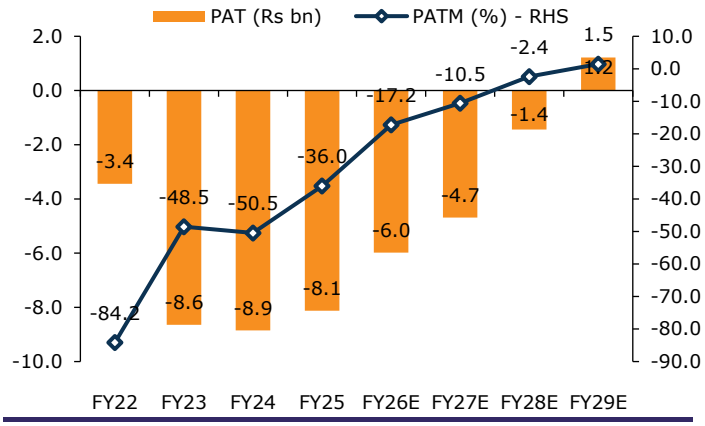
Exhibit 200: ...and expect the company to tun EBITDA positive by FY28E



Source: Company, Emkay Research

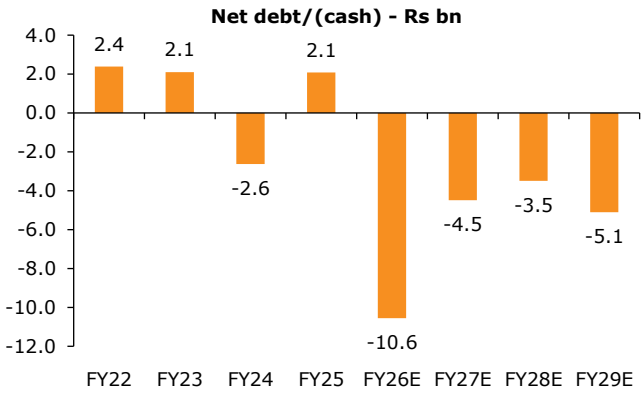
- Improvement in EBITDA (on sustained gross margin rise and operating leverage from volume scale up), net-cash balance sheet (lower debt levels), and an asset-light model (lower depreciation) will aid Ather in turning PAT positive by FY29E.

Exhibit 201: PAT to turn positive by FY29E



Source: Company, Emkay Research

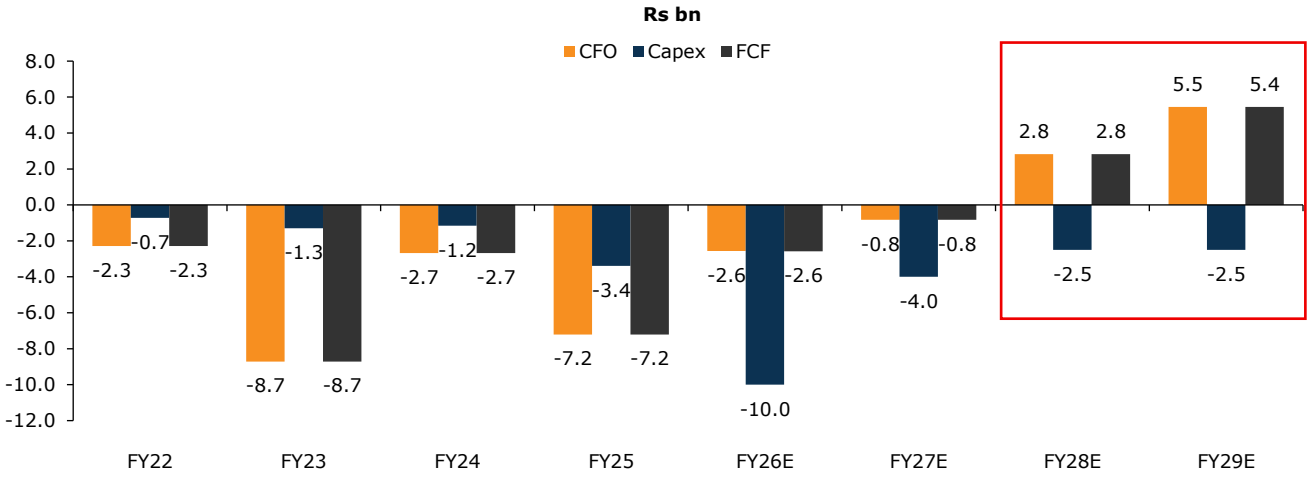
Exhibit 202: Ather to remain net cash positive led by healthy generation of cashflows and calibrated capex



Source: Company, Emkay Research

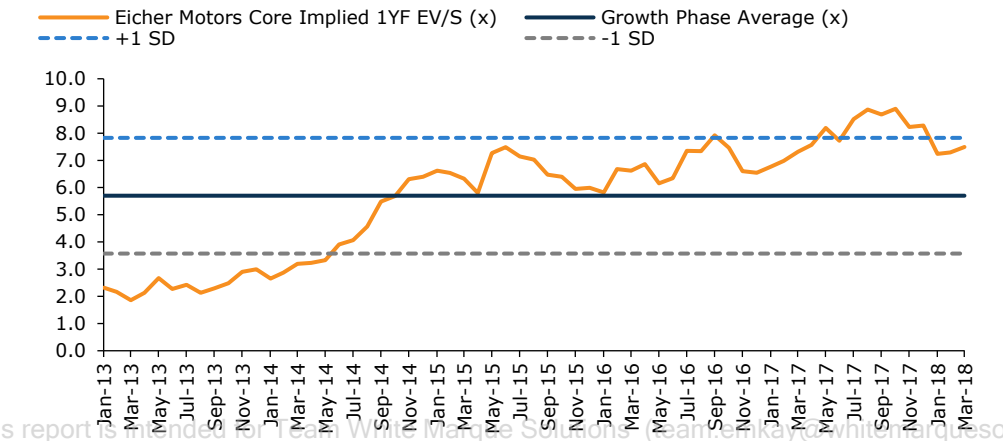
- Improvement in profitability coupled with a range-bound working capital requirement is expected to drive OCF positive for Ather by FY28E. Calibrated capex spends (~Rs2-25bnpa) to help achieve FCF positive by FY28E.

Exhibit 203: We expect FCF to turn positive by FY28E, led by calibrated capex, improving profitability, and working capital



Source: Company, Emkay Research

Exhibit 204: During EIM RE's high growth phase from 2013-17, its core 1YF EV/Sales valuation rose to ~8x



Source: Company, Bloomberg, Emkay Research

Exhibit 205: Revenue Model – We build in 43%/39% volume/revenue CAGR over FY25-28E

Particulars (no of units)	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY30E	FY35E	FY25-28E	FY25-35E
E-Scooters	**93,212**	**107,622**	**155,405**	**248,600**	**324,289**	**425,010**	**731,101**	**2,926,940**	**40%**	**34%**
Growth YoY (%)	*351.5*	*15.5*	*44.4*	*60.0*	*30.4*	*31.1*	*31.6*	*28.2*		
E-Commuter Motorcycles	**0**	**0**	**0**	**0**	**0**	**12,000**	**163,273**	**1,187,715**		
Growth YoY (%)							*343.0*	*18.4*		
Domestic Volumes	**93,212**	**107,622**	**155,405**	**248,600**	**324,289**	**437,010**	**894,374**	**4,114,656**	**41%**	**39%**
Growth YoY (%)	*351.5*	*15.5*	*44.4*	*60.0*	*30.4*	*34.8*	*50.9*	*25.2*		
Export Volumes	**0**	**356**	**805**	**1,757**	**5,931**	**17,134**	**91,067**	**732,983**	**177%**	**98%**
Growth YoY (%)			*126.1*	*118.3*	*237.5*	*188.9*	*169.2*	*35.9*		
Total Volumes	**93,212**	**107,978**	**156,210**	**250,357**	**330,221**	**454,143**	**985,441**	**4,847,638**	**43%**	**41%**
Growth YoY (%)	*351.5*	*15.8*	*44.7*	*60.3*	*31.9*	*37.5*	*57.3*	*26.7*		
Ather's Volume Mix (%)										
E-Scooters	100.0	99.7	99.5	99.3	98.2	93.6	74.2	60.4		
E-Commuter Motorcycles	0.0	0.0	0.0	0.0	0.0	2.6	16.6	24.5		
Exports	0.0	0.3	0.5	0.7	1.8	3.8	9.2	15.1		
E-2W Market Share (%)	***12%***	***11%***	***12%***	***17%***	***17%***	***19%***	***22%***	***25%***		
E-Scooter Market Share (%)	*12%*	*11%*	*12%*	*17%*	*18%*	*19%*	*22%*	*25%*		
E-Motorcycle Market Share (%)	-	-	-	-	-	-	*25%*	*25%*		

Particulars (Rs mn)	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY30E	FY35E	FY25-28E	FY25-35E
ASP (Rs)	**193,381**	**159,534**	**144,357**	**138,737**	**134,612**	**133,057**	**129,020**	**125,611**	**-3%**	**-1%**
Growth YoY (%)	*10.7*	*-17.5*	*-9.5*	*-3.9*	*-3.0*	*-1.2*	*-3.2*	*-0.6*		
Revenue	**17,809**	**17,538**	**22,550**	**34,734**	**44,452**	**60,427**	**127,142**	**608,915**	**39%**	**39%**
Growth YoY (%)	*335.5*	*-1.5*	*28.6*	*54.0*	*28.0*	*35.9*	*52.3*	*26.0*		
Gross Profit	**1,855**	**1,220**	**3,782**	**8,336**	**12,446**	**19,337**	**40,685**	**194,853**	**72%**	**48%**
Gross margin (%)	*10.4*	*7.0*	*16.8*	*24.0*	*28.0*	*32.0*	*32.0*	*32.0*		
Gross Profit Per Vehicle (Rs)	*19,901*	*11,336*	*24,336*	*33,532*	*38,381*	*44,248*	*45,490*	*47,356*		
Employee Costs (%)	**3,348**	**3,692**	**4,124**	**4,817**	**5,634**	**6,598**	**9,084**	**20,646**	**17%**	**17%**
% of Revenue	*18.8*	*21.1*	*18.3*	*13.9*	*12.7*	*10.9*	*7.1*	*3.4*		
Growth YoY (%)	*193.9*	*10.3*	*11.7*	*16.8*	*17.0*	*17.1*	*17.4*	*18.1*		
-- R&D Employee Costs'	**1,051**	**1,381**	**1,905**	**2,137**	**2,398**	**2,691**	**3,387**	**6,023**	**12%**	**12%**
% of Revenue	*5.9*	7.9	8.4	6.2	5.4	4.5	2.7	1.0		
Growth YoY (%)	99.8	31.4	37.9	12.2	12.2	12.2	12.2	12.2		
-- Non-R&D Employee Costs'	**2,297**	**2,311**	**2,219**	**2,679**	**3,235**	**3,907**	**5,696**	**14,623**	**21%**	**21%**
% of Revenue	*12.9*	13.2	9.8	7.7	7.3	6.5	4.5	2.4		
Growth YoY (%)	274.7	0.6	-4.0	20.8	20.8	20.8	20.8	20.8		
Other Expenses (%)	**5,583**	**4,375**	**5,467**	**7,120**	**8,668**	**11,179**	**20,661**	**65,763**	**27%**	**28%**
% of Revenue	*31.3*	*24.9*	*24.2*	*20.5*	*19.5*	*18.5*	*16.3*	*10.8*		
Growth YoY (%)	*226.3*	*-21.6*	*25.0*	*30.2*	*21.7*	*29.0*	*41.4*	*14.8*		
EBITDA	**-7,076**	**-6,847**	**-5,809**	**-3,601**	**-1,855**	**1,560**	**10,941**	**108,444**		
EBITDA margin (%)	**-39.7**	**-39.0**	**-25.8**	**-10.4**	**-4.2**	**2.6**	**8.6**	**17.8**		
EBITDA Per Vehicle (Rs)	*-75,913*	*-63,621*	*-37,380*	*-14,486*	*-5,721*	*3,570*	*12,233*	*26,356*		
Depreciation	1,128	1,467	1,710	2,006	2,497	2,725	2,982	5,991		
% of Gross Block	*19.2*	*19.3*	*18.0*	*13.2*	*11.3*	*10.2*	*9.1*	*7.6*		
EBIT	**-8,204**	**-8,314**	**-7,519**	**-5,607**	**-4,352**	**-1,165**	**7,960**	**102,453**		
EBIT margin (%)	*-46.1*	*-47.4*	*-33.3*	*-16.1*	*-9.8*	*-1.9*	*6.3*	*16.8*		
PAT	**-8,645**	**-8,851**	**-8,123**	**-5,979**	**-4,689**	**-1,439**	**7,736**	**80,958**		
PAT margin (%)	*-48.5*	*-50.5*	*-36.0*	*-17.2*	*-10.5*	*-2.4*	*6.1*	*13.3*		
EPS (Rs)	***-48.1***	***-47.3***	***-27.9***	***-16.1***	***-12.6***	***-3.9***	***20.8***	***217.4***		

Source: SIAM, Company, Emkay Research

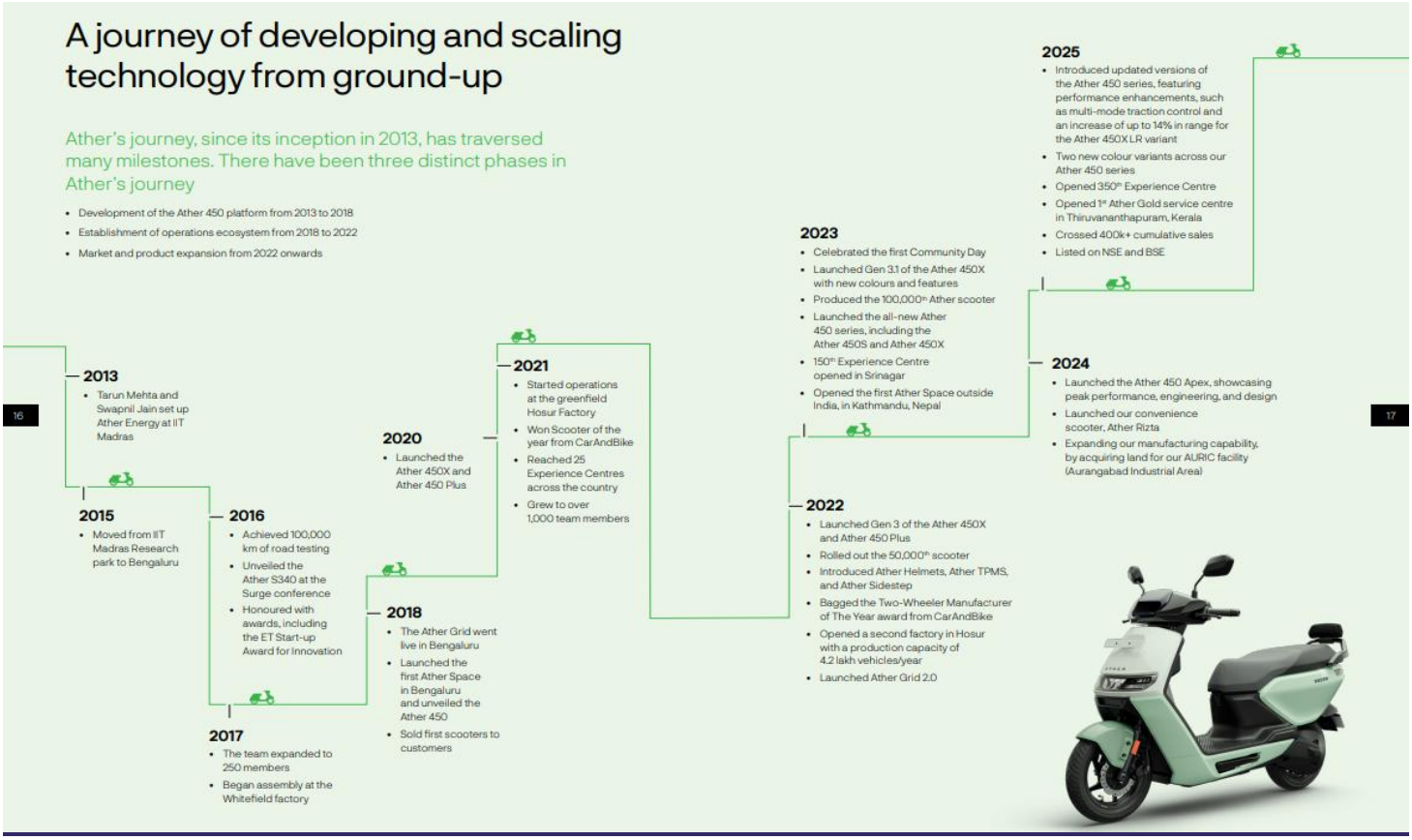
Key Risks

- **Supplier dependence and supply-chain risks:** Ather manufactures its battery packs in-house, although it relies on third-party suppliers for most other key vehicle components — motor controllers, transmissions, VCUs, dashboards, DC–DC converters, harnesses, and chassis. Any disruption in supplier delivery (volume shortfalls, schedule slippages, or price hikes) could lead to manufacturing delays, higher input costs, or retail price increases, affecting competitiveness and customer satisfaction. High dependence on a few crucial suppliers presents a concentration risk.
- **Market adoption and consumer perception risks:** Ather's long-term growth depends on the pace of EV adoption in India. Awareness of EV benefits (lower TCO, performance, convenience) remains limited outside urban early adopters. Misconceptions around EV quality, safety, performance, and resale value can restrict broader mass-market penetration.
- **Technology and product risks:** EV technologies evolve rapidly; delays in bringing cost-effective platforms (like the EL platform) to the market could result in competitive lag. Risks of cannibalization between models (eg *Rizta* vs future EL platform scooters) may dilute volumes if positioning is not carefully managed.
- **Execution and distribution risks:** Aggressive distribution expansion entails execution challenges. Underperforming or low-utilization outlets may weigh on margins until maturity. Scaling factories (Hosur, Aurangabad) to 1mn capacity by FY27 requires capex discipline and operational efficiency; any slippage could affect profitability milestones (EBITDA breakeven, OCF positivity).

About the company

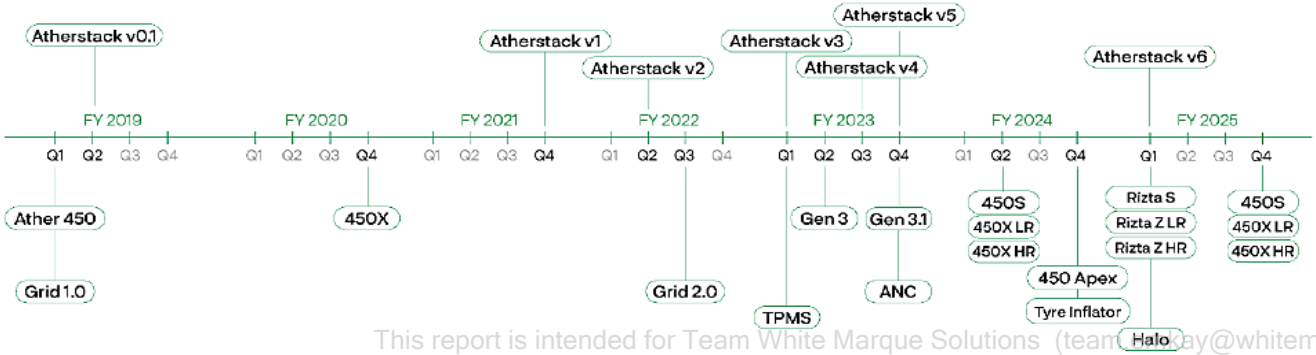
Founded in 2013, Ather Energy has emerged as one of India's leading e-2W OEMs, positioned at the premium end of the market with a strong technology-first DNA. Founded on deep in-house capabilities across battery packs, software, and platform design, Ather has built a differentiated brand around performance, connectivity, and customer engagement. Its portfolio now spans the flagship 450 series to the family-oriented *Rizta*, which has quickly scaled up volumes and expanded the company's TAM. With 12% market share and leadership in key southern states, Ather is actively expanding its distribution footprint (400 experience centers now, with 700 targeted by the end of FY26) and manufacturing capacity (Hosur, with AURIC slated to come onstream in Jul-26) to support rapid scale-up. Backed by modular platforms, a growing non-vehicle revenue base, and improving cost structures, Ather is positioned not only as an EV scooter maker but also as a long-term mobility ecosystem player in India's accelerating e-2W transition.

Exhibit 206: Key milestones for Ather Energy



Source: Company, Emkay Research

Exhibit 207: Timeline of Ather's product/software launches



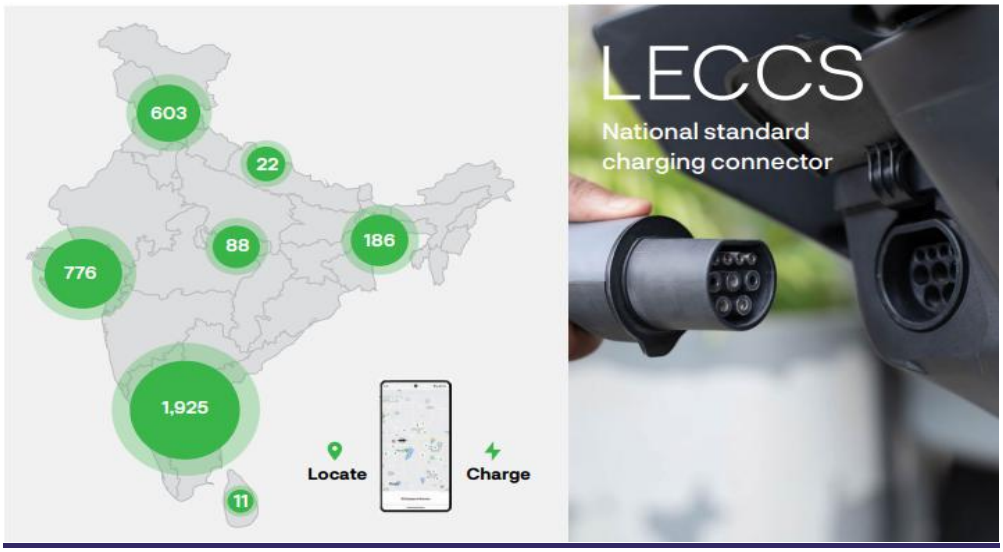
Source: Company, Emkay Research

Exhibit 208: Management Profile

Name	Designation	Qualification/Background
Tarun Sanjay Mehta	Co-founder and CEO	Has been associated with Ather since its incorporation and leads operations in the product, business, as well as growth fronts. Holds a Bachelors and Masters in Technology in engineering design from IIT, Madras, under the dual degree program. Has over 10 years of experience in EVs.
Swapnil Babanlal Jain	Co-founder and CTO	Has been associated with Ather since incorporation and works on both, the long-term technology roadmap for Ather as well as day-to-day aspects of creating an engineering team and culture. He holds a Bachelor's and Masters' in Technology in engineering design from IIT, Madras under the dual degree programme. Has over 10 years of experience in EVs.
Sohil Dilipkumar Parekh	Chief Financial Officer	Brings experience from previous roles at Claris Lifesciences Limited, Azure Knowledge Corporation, and Motif, Inc. Sohil Parekh holds a Chartered Accountancy degree from The ICAI with a robust skill set including project finance, valuation, due diligence, team management, and MIS.
Ravneet Singh Phokela	Chief Business Officer	Has a diverse and extensive professional background, with experience in companies such as Flipkart India Pvt, Nokia, Whirlpool of India, etc. Holds an MBA from IMT, Ghaziabad, and executive education degrees in General Management from Harvard and Marketing from INSEAD.
Sanjeev Kumar Singh	Chief Operating Officer	Has led large teams across various functions in previous role at Bosch, handling continuous and discrete manufacturing, relocation of products and processes from Europe, and successful new product SOPs. Also played a crucial role in leading various transformation initiatives, including the Labour Model transformation, driving, inculcating lean manufacturing culture, creating and nurturing high-performance teams, and creating a sustainable problem-solving culture.

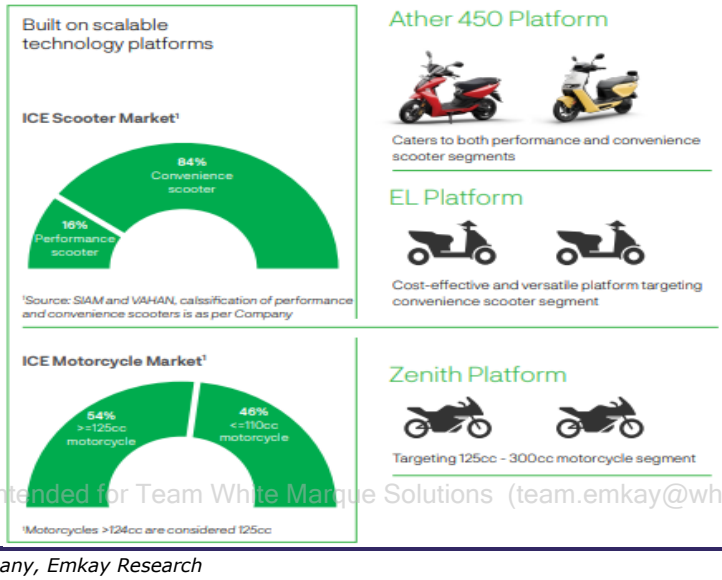
Source: Company, Emkay Research

Exhibit 209: Ather has the largest charging grid in the country with ~3.6 charging points



Source: Company, Emkay Research

Exhibit 210: Ather targets the convenience scooter segment with the upcoming EL platform and 125cc-300cc motorcycle market share with the Zenith platform



Source: Company, Emkay Research

Ather Energy: Standalone Financials and Valuations

Profit & Loss

Y/E Mar (mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	**17,538**	**22,550**	**34,734**	**44,452**	**60,427**
Revenue growth (%)	(1.5)	28.6	54.0	28.0	35.9
EBITDA	**(6,847)**	**(5,809)**	**(3,601)**	**(1,855)**	**1,560**
EBITDA growth (%)	0	0	0	0	0
Depreciation & Amortization	1,467	1,710	2,006	2,497	2,725
EBIT	**(8,314)**	**(7,519)**	**(5,607)**	**(4,352)**	**(1,165)**
EBIT growth (%)	0	0	0	0	0
Other operating income	-	-	-	-	-
Other income	353	502	774	918	1,085
Financial expense	890	1,106	1,146	1,255	1,359
PBT	**(8,851)**	**(8,123)**	**(5,979)**	**(4,689)**	**(1,439)**
Extraordinary items	(1,746)	0	0	0	0
Taxes	0	0	0	0	0
Minority interest	-	-	-	-	-
Income from JV/Associates	-	-	-	-	-
Reported PAT	**(10,597)**	**(8,123)**	**(5,979)**	**(4,689)**	**(1,439)**
PAT growth (%)	0	0	0	0	0
Adjusted PAT	**(8,851)**	**(8,123)**	**(5,979)**	**(4,689)**	**(1,439)**
Diluted EPS (Rs)	**(39.5)**	**(27.9)**	**(16.1)**	**(12.6)**	**(3.9)**
Diluted EPS growth (%)	0	0	0	0	0
DPS (Rs)	**0**	**0**	**0**	**0**	**0**
Dividend payout (%)	**0**	**0**	**0**	**0**	**0**
EBITDA margin (%)	(39.0)	(25.8)	(10.4)	(4.2)	2.6
EBIT margin (%)	(47.4)	(33.3)	(16.1)	(9.8)	(1.9)
Effective tax rate (%)	0	0	0	0	0
NOPLAT (pre-IndAS)	**(8,314)**	**(7,519)**	**(5,607)**	**(4,352)**	**(1,165)**
Shares outstanding (mn)	224	291	372	372	372

Source: Company, Emkay Research

Balance Sheet

Y/E Mar (mn)	FY24	FY25	FY26E	FY27E	FY28E
Share capital	8	291	372	372	372
Reserves & Surplus	5,451	4,639	24,920	20,230	18,791
Net worth	**5,459**	**4,930**	**25,292**	**20,603**	**19,163**
Minority interests	-	-	-	-	-
Non-current liab. & prov.	0	0	0	0	0
Total debt	**4,777**	**6,193**	**8,134**	**9,183**	**11,728**
Total liabilities & equity	**10,718**	**12,075**	**34,763**	**31,331**	**32,768**
Net tangible fixed assets	3,360	4,931	10,945	14,448	14,673
Net intangible assets	1,229	1,229	1,229	1,229	1,229
Net ROU assets	-	-	-	-	-
Capital WIP	706	1,220	3,200	1,200	750
Goodwill	-	-	-	-	-
Investments [JV/Associates]	-	-	-	-	-
Cash & equivalents	**7,400**	**4,114**	**18,685**	**13,674**	**15,221**
Current assets (ex-cash)	5,047	7,787	11,899	15,107	20,370
Current Liab. & Prov.	8,417	8,931	13,852	17,727	24,098
NWC (ex-cash)	**(3,370)**	**(1,144)**	**(1,952)**	**(2,620)**	**(3,728)**
Total assets	**10,718**	**12,075**	**34,763**	**31,331**	**32,768**
Net debt	(2,623)	2,079	(10,550)	(4,491)	(3,493)
Capital employed	10,718	12,075	34,763	31,331	32,768
Invested capital	**1,219**	**5,016**	**10,222**	**13,057**	**12,174**
BVPS (Rs)	24.4	17.0	67.9	55.3	51.5
Net Debt/Equity (x)	(0.5)	0.4	(0.4)	(0.2)	(0.2)
Net Debt/EBITDA (x)	0.4	(0.4)	2.9	2.4	(2.2)
Interest coverage (x)	(8.9)	(6.3)	(4.2)	(2.7)	(0.1)
RoCE (%)	**(69.0)**	**(65.7)**	**(21.7)**	**(10.9)**	**(0.3)**

Source: Company, Emkay Research

Cash flows

Y/E Mar (mn)	FY24	FY25	FY26E	FY27E	FY28E
PBT (ex-other income)	(10,597)	(8,123)	(5,979)	(4,689)	(1,439)
Others (non-cash items)	1,398	1,222	0	0	0
Taxes paid	(1)	(23)	0	0	0
Change in NWC	4,363	(2,909)	262	133	216
Operating cash flow	**(2,676)**	**(7,207)**	**(2,566)**	**(804)**	**2,861**
Capital expenditure	(1,156)	(3,390)	(10,000)	(4,000)	(2,500)
Acquisition of business	-	-	-	-	-
Interest & dividend income	262	394	0	0	0
Investing cash flow	**(2,281)**	**(3,782)**	**(10,500)**	**(4,500)**	**(3,000)**
Equity raised/(repaid)	9,011	866	26,341	0	0
Debt raised/(repaid)	(1,741)	7,347	1,941	1,048	2,545
Payment of lease liabilities	(168)	(211)	0	0	0
Interest paid	(770)	(973)	(1,146)	(1,255)	(1,359)
Dividend paid (incl tax)	0	0	0	0	0
Others	0	0	0	0	0
Financing cash flow	**6,332**	**7,029**	**27,137**	**(207)**	**1,186**
Net chg in Cash	1,375	(3,960)	14,071	(5,511)	1,047
OCF	(2,676)	(7,207)	(2,566)	(804)	2,861
Adj. OCF (w/o NWC chg.)	(7,039)	(4,298)	(2,827)	(937)	2,645
FCFF	(3,832)	(10,597)	(12,566)	(4,804)	361
FCFE	(4,460)	(11,309)	(13,712)	(6,059)	(998)
OCF/EBITDA (%)	39.1	124.1	71.3	43.3	183.4
FCFE/PAT (%)	42.1	139.2	229.3	129.2	69.3
FCFF/NOPLAT (%)	**46.1**	**140.9**	**224.1**	**110.4**	**(31.0)**

Source: Company, Emkay Research

Valuations and key Ratios

Y/E Mar	FY24	FY25	FY26E	FY27E	FY28E
P/E (x)	(12.9)	(21.9)	(38.1)	(48.6)	(158.2)
P/CE(x)	(18.5)	(27.7)	(57.3)	(103.9)	177.1
P/B (x)	25.1	36.0	9.0	11.1	11.9
EV/Sales (x)	7.7	8.0	6.3	5.0	3.7
EV/EBITDA (x)	(19.6)	(31.0)	(60.3)	(120.3)	143.7
EV/EBIT(x)	(16.2)	(23.9)	(38.7)	(51.3)	(192.4)
EV/IC (x)	110.2	35.8	21.2	17.1	18.4
FCFF yield (%)	(2.9)	(5.9)	(5.8)	(2.2)	0.2
FCFE yield (%)	(1.9)	(4.9)	(5.9)	(2.6)	(0.4)
Dividend yield (%)	0	0	0	0	0
DuPont-RoE split					
Net profit margin (%)	(50.5)	(36.0)	(17.2)	(10.5)	(2.4)
Total asset turnover (x)	1.5	2.0	1.5	1.3	1.9
Assets/Equity (x)	2.0	2.2	1.5	1.4	1.6
RoE (%)	**(152.7)**	**(156.4)**	**(39.6)**	**(20.4)**	**(7.2)**
DuPont-RoIC					
NOPLAT margin (%)	(47.4)	(33.3)	(16.1)	(9.8)	(1.9)
IC turnover (x)	4.2	7.2	4.6	3.8	4.8
RoIC (%)	**(196.9)**	**(241.2)**	**(73.6)**	**(37.4)**	**(9.2)**
Operating metrics					
Core NWC days	(70.1)	(18.5)	(20.5)	(21.5)	(22.5)
Total NWC days	**(70.1)**	**(18.5)**	**(20.5)**	**(21.5)**	**(22.5)**
Fixed asset turnover	2.3	2.4	2.3	2.0	2.3
Opex-to-revenue (%)	46.0	42.5	34.4	32.2	29.4

Source: Company, Emkay Research

BUY Ola Electric Mobility

From blitzscale to balance; strategic pivot under way

Emkay Your success is our success

Auto & Auto Ancillaries | Initiating Coverage | **October 14, 2025** | **CMP (Rs): 50 | TP (Rs): 65**

We initiate coverage on Ola Electric with BUY and Sep-27E TP of Rs65 (SOTP basis; auto at 5x EV/sales; cell at 2x P/B; 30% upside). Ola catalyzed India's EV wave by making e-scooters mainstream via affordable feature-rich products, with rapid iterations and a digital-first GTM strategy. While Ola faced roadblocks in steepening the adoption curve (service issues due to the sudden volume spurt), it is now pivoting to a sustainable and profitability-led strategy (vs penetration-led approach earlier), anchored on: i) the structurally superior Gen3 (reducing warranty drag; reinforced by our channel checks); ii) improved opex control (visible in the gross margin rising to 26% in Q1; 18% in FY25), with a path to >30% gross margin by FY26E on engineering-led BOM cost drop (2-3%), in-house cells (5-6%), and PLI (7%); iii) calibrated capex (Rs5bnpa for R&D); iv) enhanced focus on 'juicing out' the distribution network; v) crucial vertical/backward integration efforts. We model 28%/31% volume/revenue CAGR over FY26-28E, with auto EBITDA/PAT turning positive by FY27E/30E. A positive consolidated PAT, though, may be delayed to FY32E, owing to higher depreciation on the cell plant/interest on its debt-funded capex.

Catalyzed India's EV wave; strategically pivoting from disruption to discipline

Ola catalyzed India's EV wave by making e-scooters mainstream via affordable feature-rich products and a digital-first GTM resetting consumer expectations. While Ola faced hiccups (service issues due to a rapid volume spike leading to share loss), it is now pivoting from a 'penetration' to a 'sustainable, profitability-led' strategy, while also looking at 'juicing out' the network. Ramp-up of the structurally superior Gen3 (~100% of volume by FY26-end) and a rising share of higher-margin MoveOS+ software (80% attach rate) will be the key revenue drivers. Ola is leveraging its strong franchise (via S1) to enter the e-motorcycles space and explore E-3Ws. A calibrated launch cadence (S1Z/Gig on standby), balanced scale, and execution discipline position it for sustained growth in the consolidating E-2W space.

Legacy warranty pain finally subsiding; margin expansion imminent

Ola's earlier Gen1/Gen2 created a warranty drag on margins (now largely behind, with 70% Gen1 out of warranty). Gen3 has been reengineered for reliability (redesigned subsystems, improved cell/BMS integration, revamped motor/transmission, simplified electronics), driving warranty costs to 25% of Gen1. Provisions have been made more conservative/institutionalized (dealer chargebacks excluding intentional damage) so that realized claims undershoot them. Greenshoots are visible, with GM at 26% in Q1 (amid minimal PLI; FY25: 18%) and a path forged to >30% by FY26E, led by continued BOM optimization (2–3%), in-house cells (5–6%), and PLI (7%; Gen-3 eligible from Aug-25).

Capex heavy-lifting largely over; model positive auto EBITDA/PAT in FY27/30E

Auto capex may be range-bound (Rs4-5bnpa for R&D/product differentiation); capital intensity is confined to the 5GWh cell plant (Rs28bn capex; 70% debt). We model >35% GM by FY28E, on stabilizing ASPs, lower BOM costs, and operating leverage. We expect auto EBITDA/PAT to turn positive by FY27E/30E; higher interest, depreciation (cell plant) may delay the positive consolidated PAT to FY32E. We initiate with BUY and TP of Rs65.

Target Price – 12M	Sep-26
Change in TP (%)	**NA**
Current Reco.	BUY
Previous Reco.	NA
Upside/(Downside) (%)	30.0

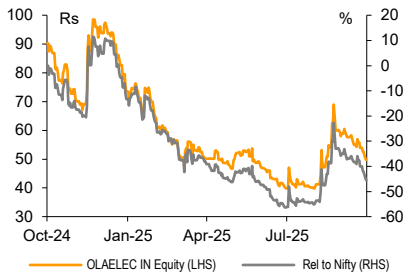
Stock Data	**OLAELEC IN**
52-week High (Rs)	103
52-week Low (Rs)	40
Shares outstanding (mn)	4,410.8
Market-cap (Rs bn)	222
Market-cap (USD mn)	2,500
Net-debt, FY26E (Rs mn)	20,861.1
ADTV-3M (mn shares)	129
ADTV-3M (Rs mn)	11,469.4
ADTV-3M (USD mn)	129.3
Free float (%)	63.2
Nifty-50	25,227.3
INR/USD	88.7

Shareholding,Jun-25	
Promoters (%)	36.8
FPIs/MFs (%)	4.5/2.9

Price Performance

(%)	1M	3M	12M
Absolute	(14.7)	26.3	(44.3)
Rel. to Nifty	(15.0)	25.9	(44.8)

1-Year share price trend (Rs)



Ola Electric Mobility: Financial Snapshot (Consolidated)

Y/E March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	50,098	45,140	34,579	47,805	59,585
EBITDA	(12,676)	(17,390)	(5,881)	(3,376)	(1,485)
Adj. PAT	(15,784)	(22,530)	(15,122)	(15,317)	(14,209)
Adj. EPS (Rs)	(3.2)	(5.1)	(3.4)	(3.5)	(3.2)
EBITDA margin (%)	(25.3)	(38.5)	(17.0)	(7.1)	(2.5)
EBITDA growth (%)	0	0	0	0	0
Adj. EPS growth (%)	0	0	0	0	0
RoE (%)	(72.1)	(62.9)	(34.5)	(53.4)	(102.3)
RoIC (%)	(84.5)	(71.0)	(28.7)	(21.6)	(16.7)
P/E (x)	(15.6)	(9.8)	(14.7)	(14.5)	(15.6)
EV/EBITDA (x)	(20.4)	(12.9)	(41.2)	(78.3)	(186.6)
P/B (x)	12.2	4.3	6.1	10.6	32.7
FCFF yield (%)	(7.1)	(15.1)	(6.0)	(5.9)	(2.2)

Source: Company, Emkay Research

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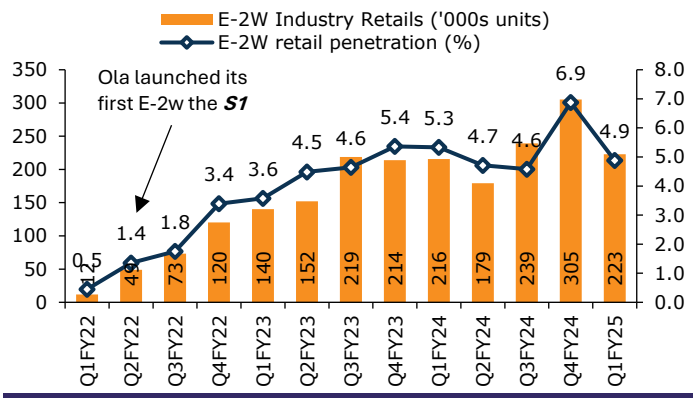
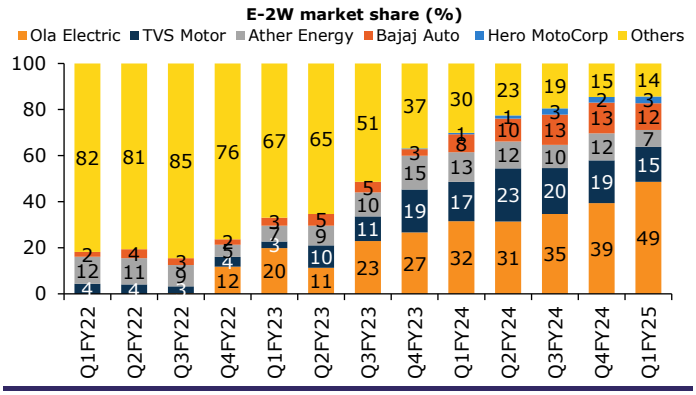
Story in Charts

Exhibit 211: E-2W penetration rose rapidly, following the launch of Ola's first model (the S1)...



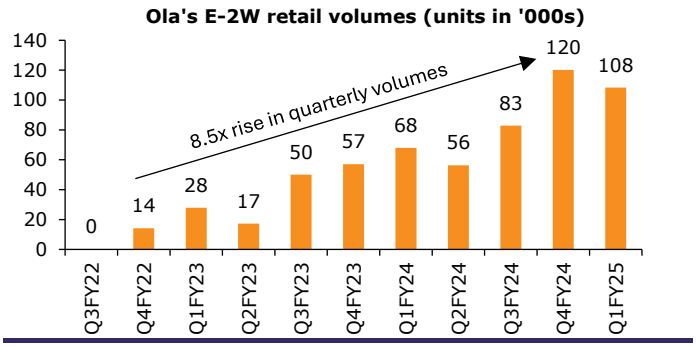
Source: Vahan, Emkay Research

Exhibit 212: ...the E-2W market also underwent consolidation, with Ola at the helm



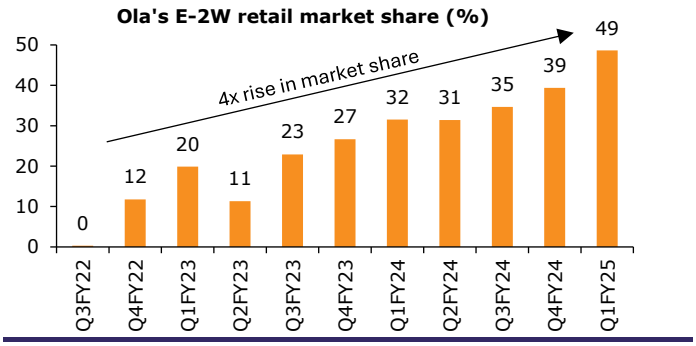
Source: Vahan, Emkay Research

Exhibit 213: Ola's volumes rose rapidly during FY23-25...



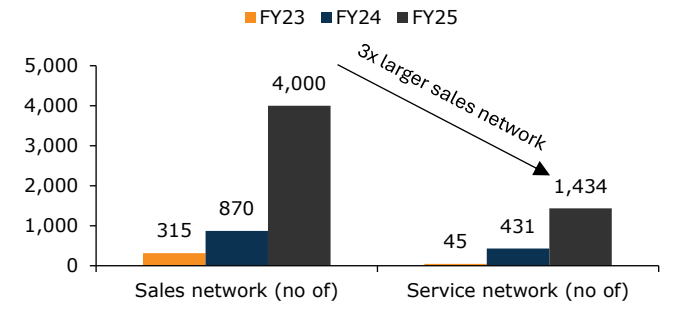
Source: Vahan, Emkay Research

Exhibit 214: ...with a consistent rise in its retail market share...



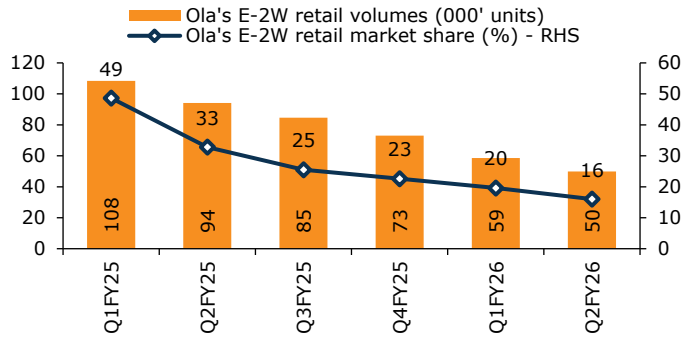
Source: Vahan, Emkay Research

Exhibit 215: ...however, the rise in service network was not in tandem with the rise in its distribution network and volumes



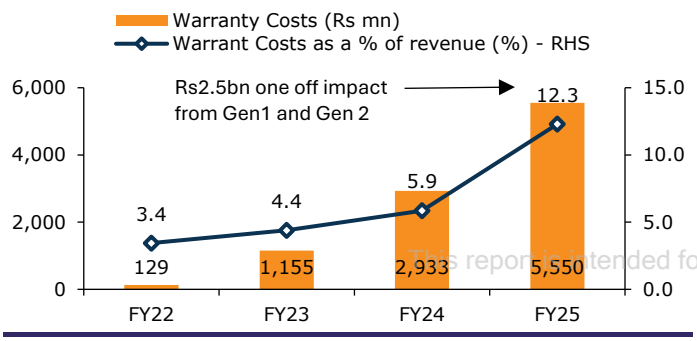
Source: Company, Emkay Research

Exhibit 216: Service challenges, coupled with issues in Gen1/Gen2, led to market share loss for Ola



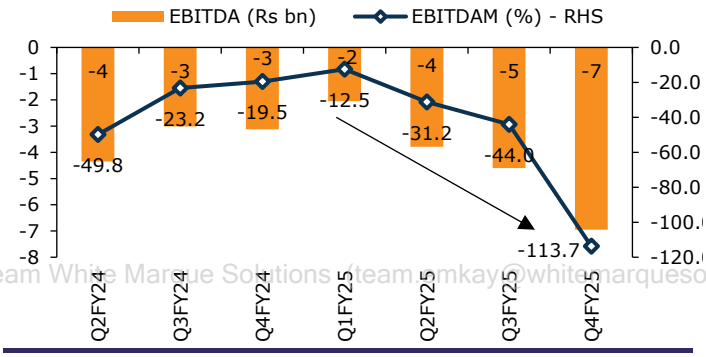
Source: Vahan, Emkay Research

Exhibit 217: It faced a rise in warranty costs due to service issues...



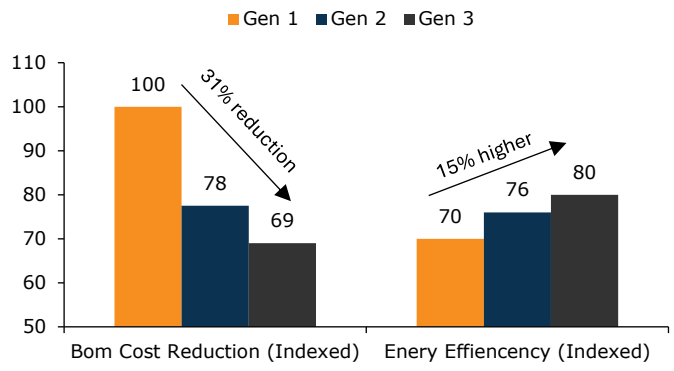
Source: Company, Emkay Research

Exhibit 218: ...with a visible impact on EBITDAM as well



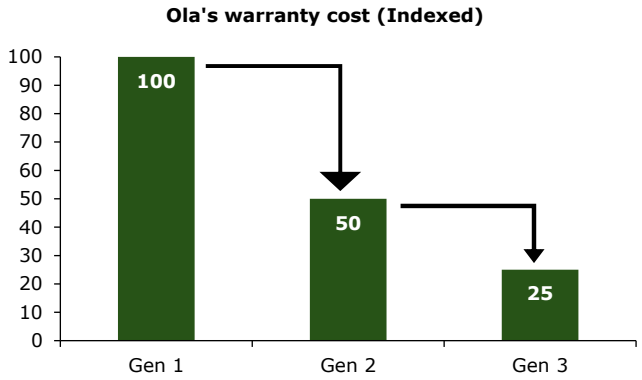
Source: Company, Emkay Research

Exhibit 219: Structurally superior Gen3 has 31% lower BOM cost



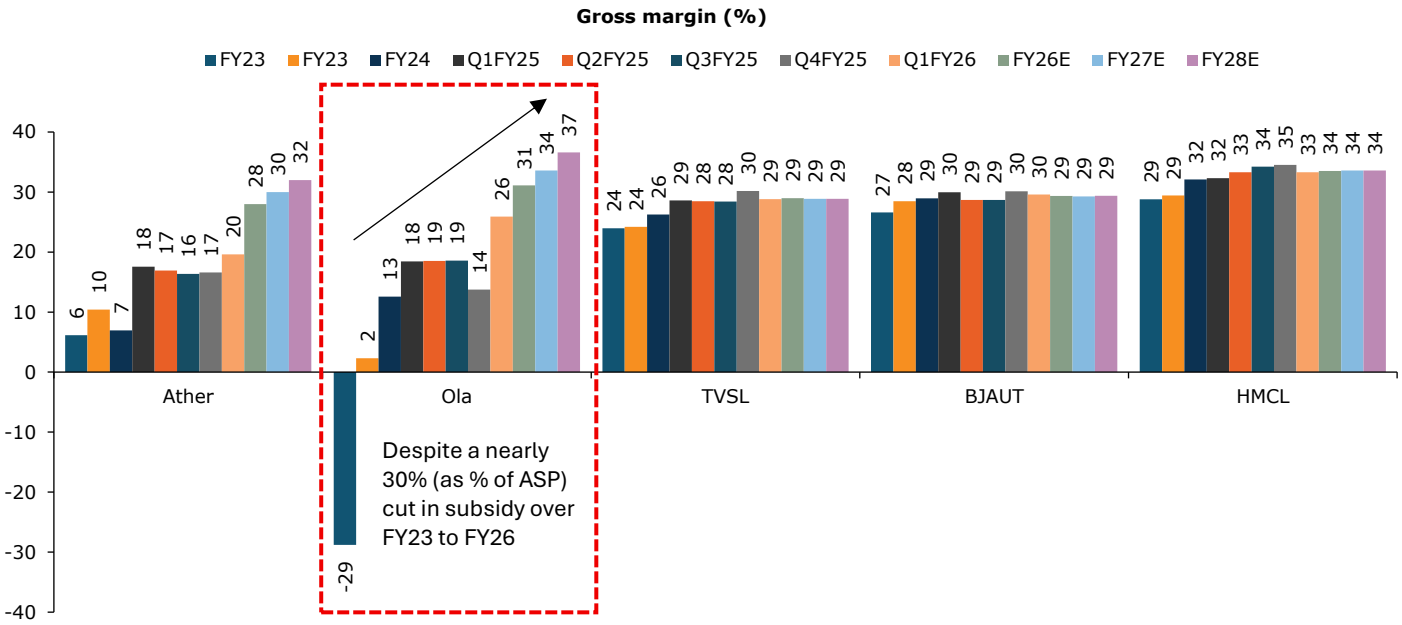
Source: Company, Emkay Research

Exhibit 220: Warranty costs at 1/4th of costs of Gen1 models



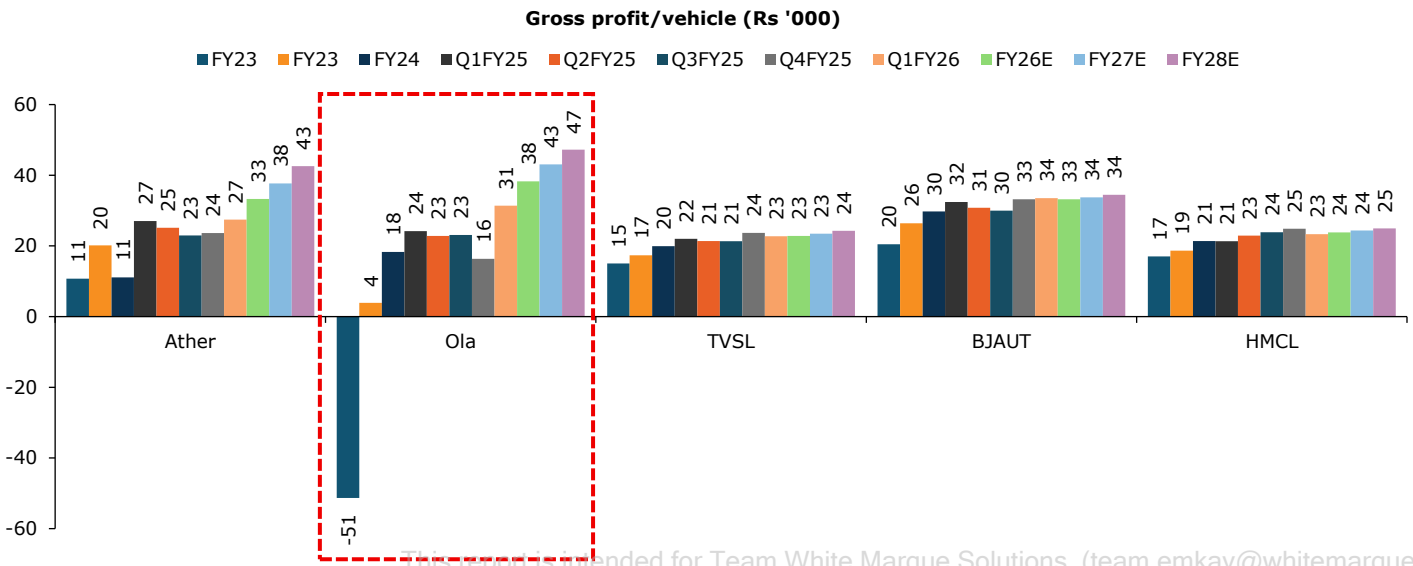
Source: Company, Emkay Research

Exhibit 221: Path to profitability for Ola is visible, with gross margins now comparable with those of incumbents



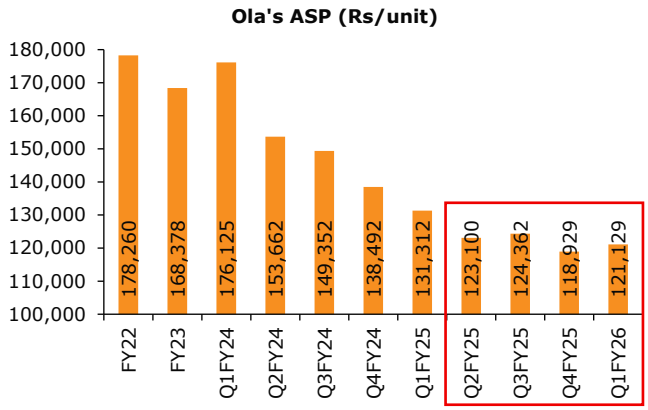
Source: Company, Emkay Research

Exhibit 222: The gross profit/vehicle for Ola has already surpassed that of incumbents



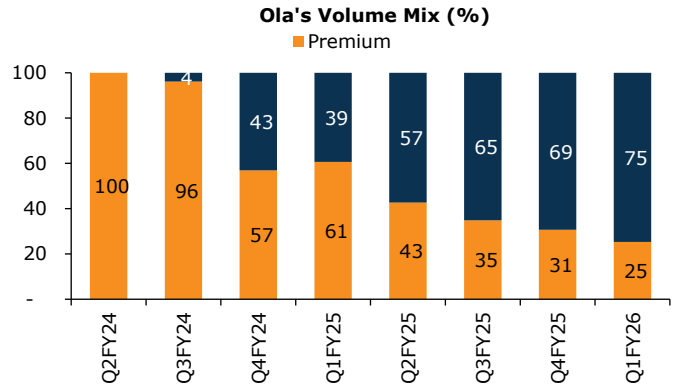
Source: Company Emkay Research

Exhibit 223: Ola's ASP has stabilized in the last few quarters...



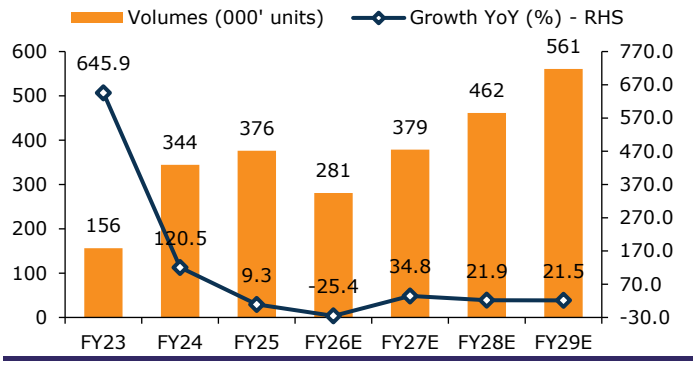
Source: Company, Emkay Research

Exhibit 224: ...despite the rising volume share of the mass segment



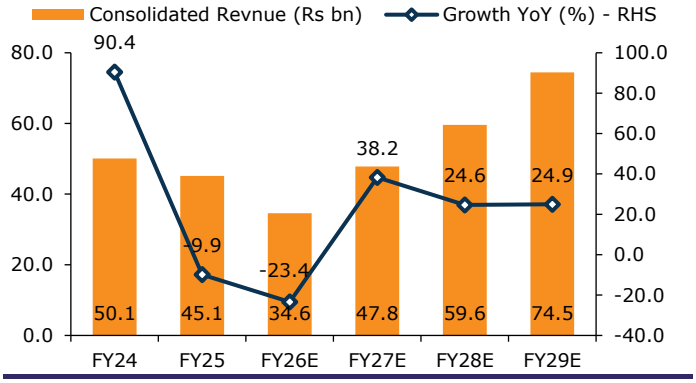
Source: Company, Emkay Research

Exhibit 225: We build in 28% volume CAGR over FY25-28E...



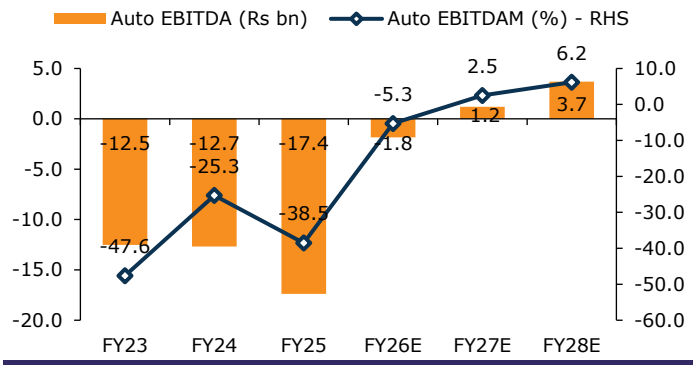
Source: Company, Emkay Research

Exhibit 226: ...with 31% revenue CAGR over the same period



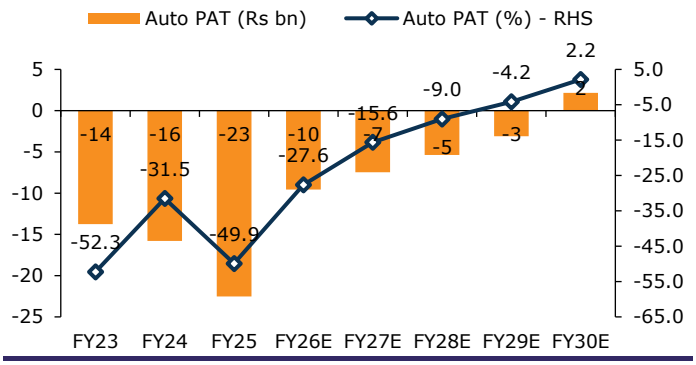
Source: Company, Emkay Research

Exhibit 227: We expect Auto EBITDA to be positive by FY27E...



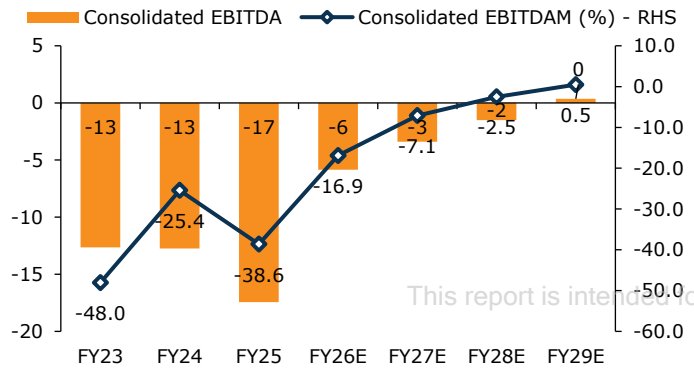
Source: Company, Emkay Research

Exhibit 228: ...with a positive Auto PAT by FY30E



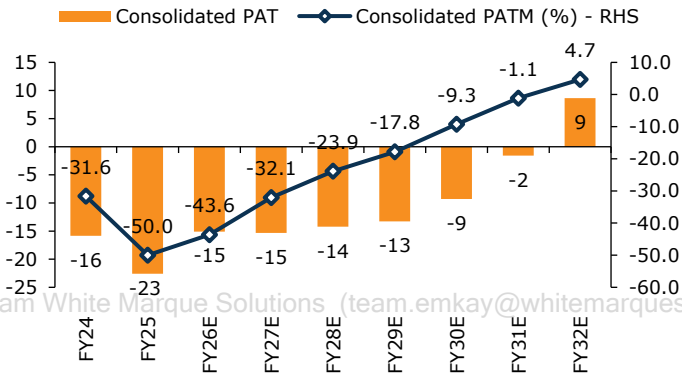
Source: Company, Emkay Research

Exhibit 229: We expect consolidated EBITDA to see breakeven by FY29E



Source: Company, Emkay Research

Exhibit 230: Consolidated PAT to turn positive by FY32E, led by near-term impact from cell plant's interest/higher depreciation



Source: Company, Emkay Research

Initiate on Ola Electric with BUY; TP of Rs65

Catalyzed India's EV wave; strategically pivoting from disruption to discipline: Ola catalyzed India's EV revolution, transforming e-scooters from a niche concept into a mainstream choice via affordable, feature-rich products and a digital-first GTM strategy that reset consumer expectations on performance and value. However, its rapid scale-up from 800 to 4K outlets strained after-sales execution, causing service gaps and a dent in brand perception and market share. Recognizing these challenges, Ola is moving from a penetration-led model to a sustainable, profitability-driven strategy, emphasizing operational discipline, customer experience, and monetization of a large installed base. The next leg of growth will be driven by the ramp-up of its Gen3 platform (100% of volumes by FY26) and the MoveOS+ software suite (with ~80% attach rate), which would enhance margins and provide recurring revenue visibility. Ola is also leveraging its strong S1 franchise to expand into e-motorcycles and E-3Ws, broadening its addressable market. With a calibrated launch cadence (S1Z/Gig on standby) and sharper cost controls, it is evolving from an early-stage disruptor to a disciplined, scale-efficient operator that is well-positioned for growth in India's consolidating E-2W market.

Legacy warranty pain finally subsiding; margin expansion imminent: Ola's early Gen1 and Gen2 scooters created a meaningful warranty drag on margins; this phase is now largely behind with ~70% of Gen1 vehicles already out of warranty and Gen2 claims within provision limits. Notably, the Gen3 platform has been comprehensively reengineered for reliability, with redesigned subsystems, improved cell/BMS integration, revamped motor and transmission, and simplified electronics. These changes have driven warranty costs for the Gen3 down to 25% of Gen-1 levels. Simultaneously, the provisioning practices have been made more conservative/institutionalized, with mechanisms such as dealer chargebacks and exclusion of intentional damage, ensuring that the realized claims consistently undershoot provisions. This shift is already visible in profitability, with gross margins improving to 26% in Q1FY26 vs 18% in FY25, and a clear trajectory toward >30%/>35% by FY26E/28E. The expansion will be driven by continued BOM optimization (2-3%), in-house cell production (5-6%), and PLI benefits (~7%, Gen3 eligibility from Aug-25), creating a structurally stronger margin profile.

Capex heavy-lifting largely over; model positive auto EBITDA/PAT in FY27E/30E: Auto business capex could remain range-bound (Rs4–5bnpa largely towards R&D to drive product differentiation). Capital intensity is confined to 5 GWh cell plant (Rs28bn capex; ~70% debt; Rs15bn spent). We build in gross margin expansion to >35% by FY28E, driven by stabilizing ASPs, continued reduction in BOM costs, and improving operating leverage as volumes ramp up and localization deepens. The steady fall in cell and component costs, coupled with the higher mix of in-house parts and non-vehicle revenue share, is expected to structurally enhance gross profitability. We expect the Auto business' EBITDA to turn positive by FY27E, led by sustained BOM cost optimization, controlled opex, and operating leverage from Gen3's ramp-up. Subsequently, we expect Auto PAT to turn positive by FY30E, led by calibrated capex and limited leverage. However, we expect consolidated PAT to likely remain subdued in the near term, reflecting higher depreciation (linked to the cell manufacturing facility) and incremental interest costs arising from elevated debt in the investment phase. Nevertheless, we expect consolidated PAT to break even by FY32E, supported by margin expansion, scaling up of efficiencies, and normalization of fixed cost's absorption**.** We initiate with BUY and an SOTP-based TP of Rs65 (auto at 5x EV/sales; cells at 2x P/B).

Exhibit 231: We build in 28%/31% volume/revenue CAGR over FY25-28E; expect Auto EBITDA/PAT to turn positive by FY27E/30E

Volumes (no of units)	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY30E	FY35E	FY26E-28E CAGR	FY26E-35E CAGR
Domestic E-Scooters	**160,307**	**344,472**	**376,338**	**280,919**	**366,539**	**447,178**	**652,923**	**1,873,242**	**26%**	**23%**
Growth YoY (%)	*957.2*	*114.9*	*9.3*	*-25.4*	*30.5*	*22.0*	*23.3*	*19.7*		
Domestic E-Motorcycles	**0**	**0**	**0**	**0**	**12,000**	**14,400**	**117,557**	**855,155**		
Growth YoY (%)						*20.0*	*343.0*	*18.4*		
Total Domestic volumes	**160,307**	**344,472**	**376,338**	**280,919**	**378,539**	**461,578**	**770,479**	**2,728,397**	**28%**	**29%**
Growth YoY (%)	957.2	114.9	9.3	-25.4	34.8	21.9	38.5	19.3		
Export Volumes	**0**	**0**	**0**	**0**	**0**	**0**	**13,838**	**307,689**		
Growth YoY (%)							246.8	69.6		
Total Volumes	**160,307**	**344,472**	**376,338**	**280,919**	**378,539**	**461,578**	**784,317**	**3,036,085**	**28%**	**30%**
Growth YoY (%)	957.2	114.9	9.3	-25.4	34.8	21.9	40.0	23.0		
Ola's Volume mix (%)										
-- E-Scooters	100.0	100.0	100.0	100.0	96.8	96.9	83.2	61.7		
-- E-Commuter Motorcycles	0.0	0.0	0.0	0.0	3.2	3.1	15.0	28.2		
-- Exports	0.0	0.0	0.0	0.0	0.0	0.0	1.8	10.1		
Ola's market share (%)										
-- E-2W	20.8	35.1	28.9	18.7	20.3	20.2	19.1	16.6		
-- E-Scooters	20.8	35.1	28.9	18.7	19.8	20.0	19.3	16.0		
-- E-Commuter Motorcycles	0.0	0.0	0.0	0.0	100.0	26.1	18.0	18.0		

Auto Business (Rs mn)	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY30E	FY35E	FY26E-28E CAGR	FY26E-35E CAGR
ASP (Rs)	**164,118**	**145,435**	**119,945**	**123,091**	**126,288**	**129,091**	**128,024**	**124,272**	**2%**	**0%**
Growth YoY (%)	-33.4	-11.4	-17.5	2.6	2.6	2.2	-3.6	-0.1		
Revenue	**26,309**	**50,098**	**45,140**	**34,579**	**47,805**	**59,585**	**100,411**	**377,300**	**31%**	**30%**
Growth YoY (%)	604.5	90.4	-9.9	-23.4	38.2	24.6	35.0	22.9		
Gross Profit	**605**	**6,303**	**8,060**	**10,754**	**16,301**	**21,808**	**37,755**	**141,865**	**42%**	**33%**
Gross margin (%)	2.3	12.6	17.9	31.1	34.1	36.6	37.6	37.6		
Gross Profit Per Vehicle (Rs)	3,775	18,298	21,417	38,281	43,064	47,247	49,001	51,996		
Employe Costs	**4,267**	**4,389**	**4,630**	**2,593**	**3,111**	**3,734**	**5,376**	**13,378**	**20%**	**20%**
% of Revenue	*16.2*	*8.8*	*10.3*	*7.5*	*6.5*	*6.3*	*5.4*	*3.5*		
Growth YoY (%)	*51.1*	*2.8*	*5.5*	*-44.0*	*20.0*	*20.0*	*20.0*	*20.0*		
Other Expenses	**8,862**	**14,590**	**20,820**	**9,994**	**11,992**	**14,391**	**20,723**	**51,565**	**20%**	**20%**
% of Revenue	*33.7*	*29.1*	*46.1*	*28.9*	*25.1*	*24.2*	*20.6*	*13.7*		
Growth YoY (%)	*116.0*	*64.6*	*42.7*	*-52.0*	*20.0*	*20.0*	*20.0*	*20.0*		
EBITDA	**-12,525**	**-12,676**	**-17,390**	**-1,832**	**1,198**	**3,684**	**11,655**	**76,922**		
EBITDA margin (%)	*-47.6*	*-25.3*	*-38.5*	*-5.3*	*2.5*	*6.2*	*11.6*	*20.4*		
EBITDA Per Vehicle (Rs)	*-78,128*	*-36,798*	*-46,208*	*-6,523*	*3,164*	*7,981*	*15,128*	*28,193*		
Depreciation	1,671	3,576	5,660	6,704	7,072	7,434	7,914	8,919		
% of Gross Block	13.2	15.8	15.3	14.1	12.8	12.2	11.1	9.3		
EBIT	**-14,195**	**-16,252**	**-23,050**	**-8,537**	**-5,874**	**-3,750**	**3,741**	**68,003**		
EBIT margin (%)	-54.0	-32.4	-51.1	-24.7	-12.3	-6.3	3.7	18.0		
Other income	1518	2334	4180	2420	1357	1355	2330	13118		
% of C&B	*9.9*	*14.0*	*11.9*	*10.7*	*8.4*	*10.4*	*11.2*	*7.5*		
Interest Expense	1079	1866	3660	3441	2945	2984	3907	6646		
% of Gross Debt	8.6	8.5	11.7	11.0	10.8	10.7	10.5	10.5		
PBT	-15,274	-18,118	-26,710	-11,978	-8,819	-6,734	-166	74,475		
Tax	0	0	0	0	0	0	0	18,768		
Effective Tax Rate (%)	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*25.2*		
PAT	**-13,757**	**-15,784**	**-22,530**	**-9,558**	**-7,462**	**-5,379**	**2,164**	**55,707**		
PAT margin (%)	-52.3	-31.5	-49.9	-27.6	-15.6	-9.0	2.2	14.8		

Source: Company, Vahan, Emkay Research

Exhibit 232: We expect consolidated EBITDA/PAT to turn positive by FY29E/32E

Consolidated (Rs mn)	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY30E	FY35E	FY26E-28E CAGR	FY26E-35E CAGR
ASP (Rs)	**164,118**	**145,435**	**119,945**	**123,091**	**126,288**	**129,091**	**128,024**	**124,272**	**2%**	**0%**
	-33.4	-11.4	-17.5	2.6	2.6	2.2	-3.6	-0.1		
Revenue	**26,309**	**50,098**	**45,140**	**34,579**	**47,805**	**59,585**	**100,411**	**377,300**	**31%**	**30%**
Growth YoY (%)	604.5	90.4	-9.9	-23.4	38.2	24.6	35.0	22.9		
Gross Profit	**605**	**6,303**	**8,060**	**10,754**	**16,301**	**21,808**	**37,755**	**141,865**	**42%**	**33%**
Gross margin (%)	2.3	12.6	17.9	31.1	34.1	36.6	37.6	37.6		
Gross Profit Per Vehicle (Rs)	3,775	18,298	21,417	38,281	43,064	47,247	49,001	51,996		
Employee Costs (%)	**4,267**	**4,389**	**4,630**	**3,519**	**4,125**	**4,844**	**6,708**	**15,474**	**17%**	**18%**
% of Revenue	16.2	8.8	10.3	10.2	8.6	8.1	6.7	4.1		
Growth YoY (%)	51.1	2.8	5.5	-24.0	17.2	17.4	17.8	18.5		
Other Expenses (%)	**8,862**	**14,590**	**20,820**	**13,117**	**15,553**	**18,449**	**25,997**	**61,721**	**19%**	**19%**
% of Revenue	33.7	29.1	46.1	37.9	32.5	31.0	25.9	16.4		
Growth YoY (%)	116.0	64.6	42.7	-37.0	18.6	18.6	18.7	19.0		
EBITDA	**-12,525**	**-12,676**	**-17,390**	**-5,881**	**-3,376**	**-1,485**	**5,050**	**64,670**		
EBITDA margin (%)	-47.6	-25.3	-38.5	-17.0	-7.1	-2.5	5.0	17.1		
EBITDA Per Vehicle (Rs)	-78,128	-36,798	-46,208	-20,937	-8,920	-3,217	6,554	23,703		
Depreciation	1,671	3,576	5,660	6,866	7,561	7,901	8,723	10,489		
% of Gross Block	13.2	15.8	15.3	13.8	11.7	10.3	9.9	9.3		
EBIT	**-14,195**	**-16,252**	**-23,050**	**-12,748**	**-10,937**	**-9,386**	**-3,674**	**54,181**		
EBIT margin (%)	-54.0	-32.4	-51.1	-36.9	-22.9	-15.8	-3.7	14.4		
EBIT Per Vehicle (Rs)	-88,549	-47,180	-61,248	-45,378	-28,894	-20,335	-4,768	19,858		
Interest Expense	1079	1866	3660	4794	5736	6178	7934	9859		
% of Gross Debt	8.6	8.5	11.7	11.0	10.8	10.7	10.5	10.5		
PAT	**-13,873**	**-15,848**	**-22,573**	**-15,085**	**-15,336**	**-14,228**	**-9,296**	**57,421**		
PAT margin (%)	-52.7	-31.6	-50.0	-43.6	-32.1	-23.9	-9.3	15.2		
EPS (Rs)	**-3.7**	**-3.2**	**-5.1**	**-3.4**	**-3.5**	**-3.2**	**-2.1**	**13.0**		

Source: Company, Emkay Research

Catalyzed India's EV wave; now strategically pivoting from disruption to discipline

- **Ola catalyzed India's EV wave by mainstreaming e-scooters with a combination of affordability, feature-rich design, and a digital-first go-to-market (GTM) strategy that fundamentally reset consumer expectations around EVs.**
- **However, Ola faced certain hiccups on the way, in the form of damage to market share stemming from service issues due to a sharp ramp-up in volumes but a limited-service network, which strained the after-sales service capabilities.**
- **Having recalibrated its approach, it is pivoting from an earlier "penetration-driven strategy" to a "sustainable and profitability-led growth" while also looking to "juice out" the strength of the established network.**
- **Ramp-up of the structurally superior Gen3 (100% of volumes by FY26) as well as rising contribution from MoveOS+ (80% attach rate) would be key revenue drivers. Ola is now also leveraging its strong franchise (built via S1) to tap into motorcycles with an E-3W optionality.**
- **A calibrated launch cadence (S1Z/Gig on standby) with balanced scale and execution discipline positions Ola for sustained growth in the consolidating E-2W market.**

A] Propelled the E-2W wave with a sharp volume rise

- Ola catalyzed India's EV wave by mainstreaming e-scooters through affordability, feature-rich design, and a digital-first GTM strategy. Compressing the adoption curve with rapid volume rise on multiple iterations, Ola reset consumers expectations for EVs.
- Following the launch of Ola's first e-scooter the ***S1*** *and* ***S1 Pro*** in Q2FY22, the E-2W penetration rose rapidly from 1.4% to ~7% by the end of FY24 as the E-2W industry volumes grew from ~47K units/quarter to ~100K units/quarter with Ola at the helm.
- Simultaneously, the underlying E-2W industry also saw a major consolidation in the market as the share of fringe players reduced drastically from 82% in Q2FY22 to 14% by Q1FY25 as major players like Ola gained ground.
- Ola's market share rose exponentially, and at its peak in Q1FY25, it captured 49% market in the E-2W segment, becoming the poster child of India's EV transition.

Ola's E-2W philosophy is anchored on three key pillars

i) Democratizing EVs—EVs for the rest, not the west

- Mainstream EV adoption by compressing cost curves via scale, localization, engineering.
- Focus is on mass-premium segments that can deliver volume scale (>=125cc).
- Emphasis on price-performance parity with ICE vehicles, not luxury positioning.

ii) Building India's EV stack—'cell to software' integration

- Vertical integration in cells, powertrain, and software to secure cost, quality, and control.
- Gigafactory + in-house cell manufacturing under PLI to localize the battery value chain.
- Software-defined vehicles as a key differentiator and monetization lever.
- Function defines form - design follows utility and engineering purpose.

iii) India first, global next—Build in India, for the world

- Build world-class EV products entirely engineered and manufactured in India.
- Target global cost leadership through India's ecosystem advantage and frugal innovation.
- Create a self-reliant EV supply chain, de-risked from imports.

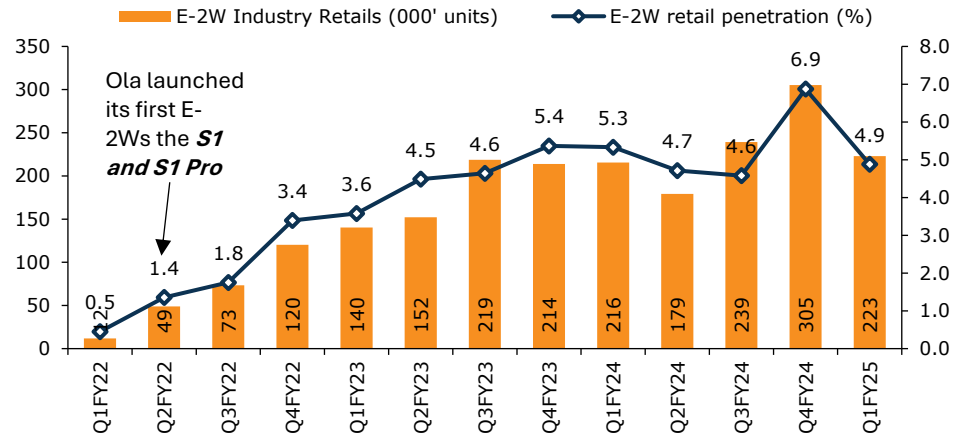
- Global ambition framed around scale: India as a hub for 50 million EVs by 2030.

Ola to make India the EV epicenter; believes India can lead global E-2W market

"Strategic objective of the whole ecosystem is that we have to make the world's largest EV hub in India from product manufacturing, EV manufacturing, EV components, lithium cells, the whole chain…India has a unique opportunity to build a global scale industry in EV products and EV technologies (link)…For us to be a leader in the world, we have to lead the technologies of the future to build them in India. We have to build world-class products from India, and I believe, Indians have the best talent and access to capital and now the market (Link)."

- Bhavish Aggarwal, Founder, CMD and CEO at Ola Electric

Exhibit 233: Following the launch of Ola's first E-scooter (S1), the E-2W industry volume took off, with penetration levels reaching nearly 7% within less than 3Y

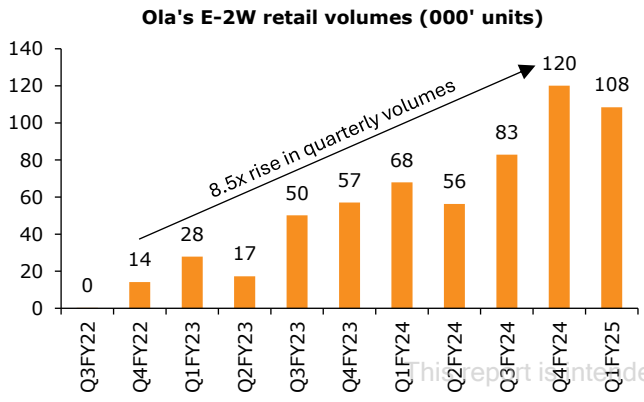


Source: Company, Vahan, Emkay Research

Exhibit 234: Ola's first e-scooters, S1 and S1 Pro

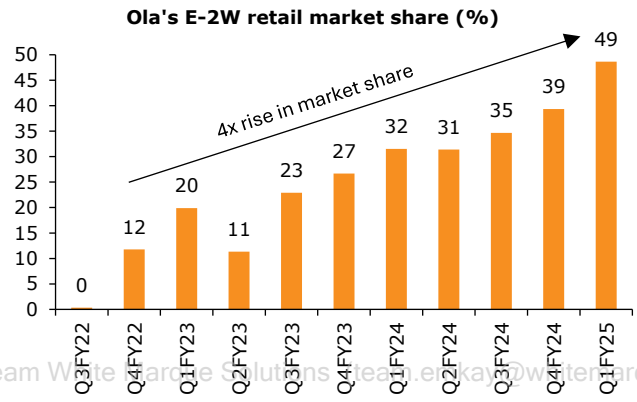
Source: Company, Emkay Research

Exhibit 235: Ola's volumes rose rapidly during FY23-FY25…



Source: Vahan, Emkay Research

Exhibit 236: …with a consistent rise in its retail market share

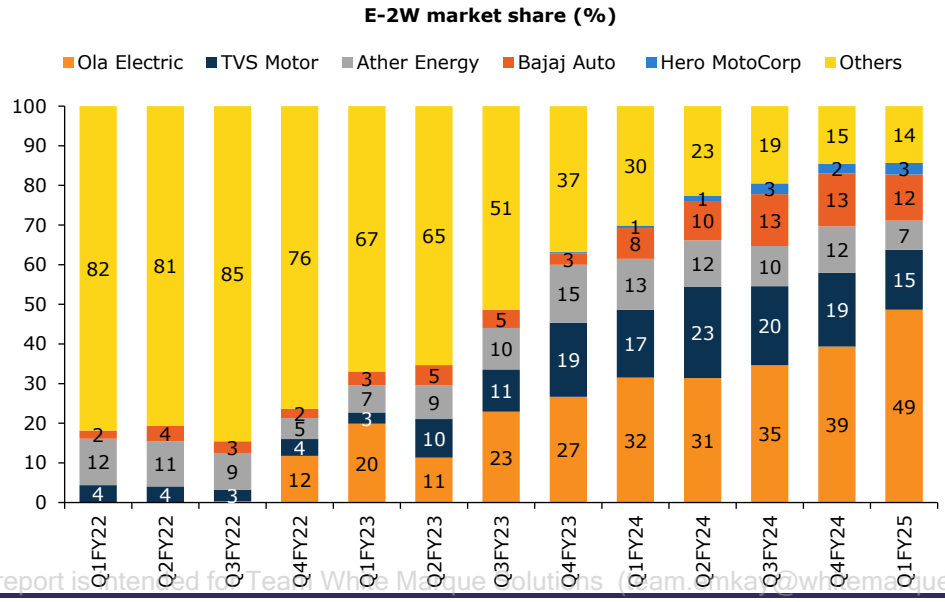


Source: Vahan, Emkay Research

E-2W industry majorly consolidates; top 5 players hold 80-85% of market

- **Scale and execution become the ultimate differentiators**
  - **Capital intensity of EV manufacturing:** Building reliable supply chains, battery packs, and service networks requires deep pockets; smaller players could not sustain high fixed costs once subsidies tapered.
  - **Economies of learning:** Large players like Ola, Ather, and TVS benefited from data feedback loops (software, battery performance) that continuously improved products, creating a widening technology gap.
  - **Manufacturing leverage:** As localization rose and cell/battery sourcing stabilized, only scaled OEMs could meaningfully lower BOM costs and reinvest savings into R&D and brand building.
- **Policy tightening and customer maturity drove out weak players**
  - **Subsidy rationalization (FAME-II cuts):** When incentives were reduced, brands dependent on pricing support struggled to stay viable, exposing the importance of cost discipline.
  - **Stricter compliance and quality expectations:** Safety regulations (AIS-156 battery norms) and BIS standards forced OEMs to redesign products; many low-cost import assemblers could not meet them.
  - **Customer awareness shift:** As early adopters gave way to mainstream buyers, reliability, service, and resale value began to outweigh low upfront pricing — favouring trusted, well-capitalized brands.
- **Distribution, service, and brand trust became key moats**
  - **After-sales became a litmus test:** Service experience, spare parts availability, and turnaround time emerged as critical differentiators and were areas where unorganized/fringe brands faltered.
  - **Distribution expansion as an entry barrier:** Building and maintaining a large network of outlets across India requires both investment and operational capability, consolidating share among a few large players.
  - **Brand trust as a flywheel:** OEMs that consistently delivered reliable products and invested in transparent communication weathered the early category perception shocks, strengthening long-term stickiness.

Exhibit 237: The underlying E-2W market share also underwent a consolidation, with the share of fringe players dropping sharply to ~14% vs 82% three years ago

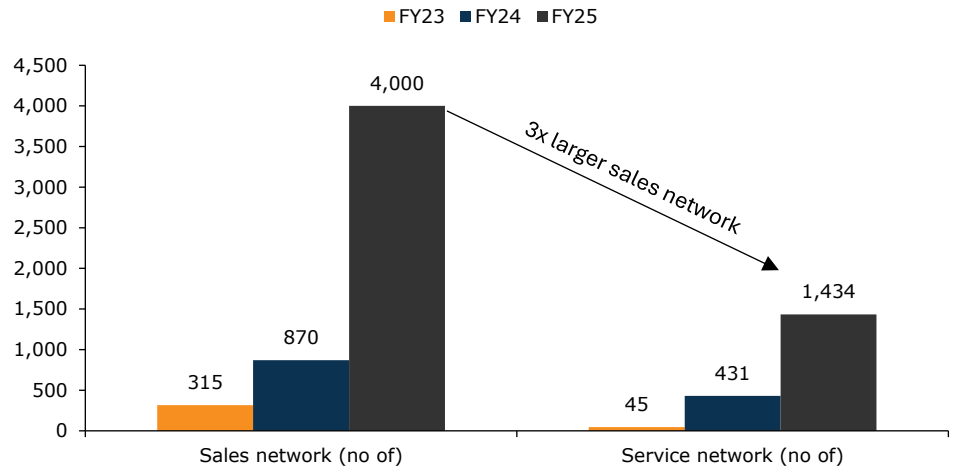


Source: Vahan, Emkay Research

B] Multiple hiccups along the way to volume growth

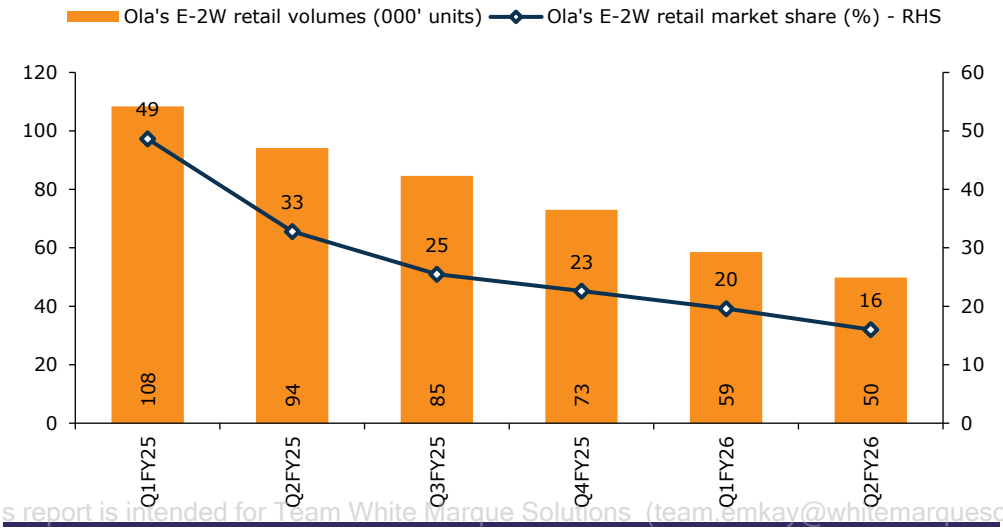
- However, Ola faced a few growing pains as its rapid scale-up outpaced operational readiness. The company's sharp ramp-up in volumes from 28k/quarter units to ~120k/quarter by the end of FY24 was not matched by an equivalent expansion in its service network.
- While Ola's distribution network jumped nearly 13x from 315 stores in FY23 to ~4K stores in Fy25, the service network only saw a scale-up from 45 outlets to 1.4K outlets (~1/3rd of the distribution network).
- This imbalance between rising volumes and limited after sales service outlets created pressure on after-sales infrastructure, resulting in longer turnaround times, inconsistent service quality, and customer dissatisfaction in several regions.
- The limited-service capacity per outlet, combined with the complexity of new software-led systems (MoveOS updates, battery calibration, etc.) strained Ola's ability to maintain a consistent ownership experience.
- These challenges translated into a market share erosion for Ola in the past 1.5Y to 16% in Q2FY25, from the peak of 49% in Q1FY25.

Exhibit 238: While Ola's volumes rose sharply in the initial stint, coupled with a 5x jump in the distribution network, the service network expansion lacked such a pace



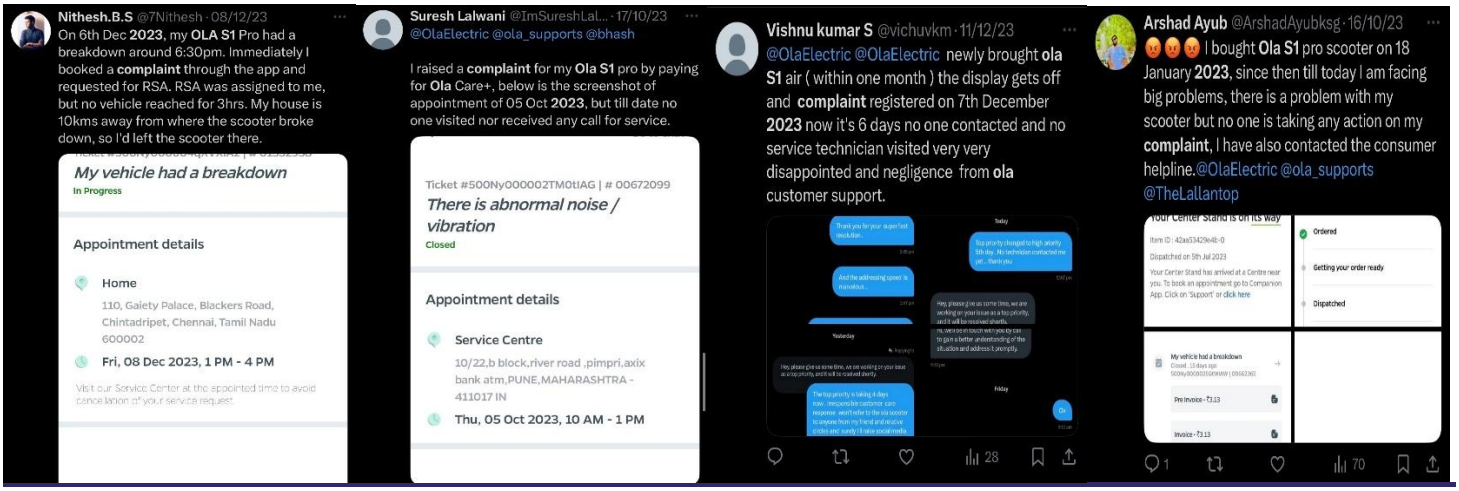
Source: Company, Emkay Research

Exhibit 239: Ola's average volume fell and the company faced a major market share erosion, with share falling to 16% in Q2FY26 from the peak of 49% in Q1FY25



Source: Vahan, Emkay Research

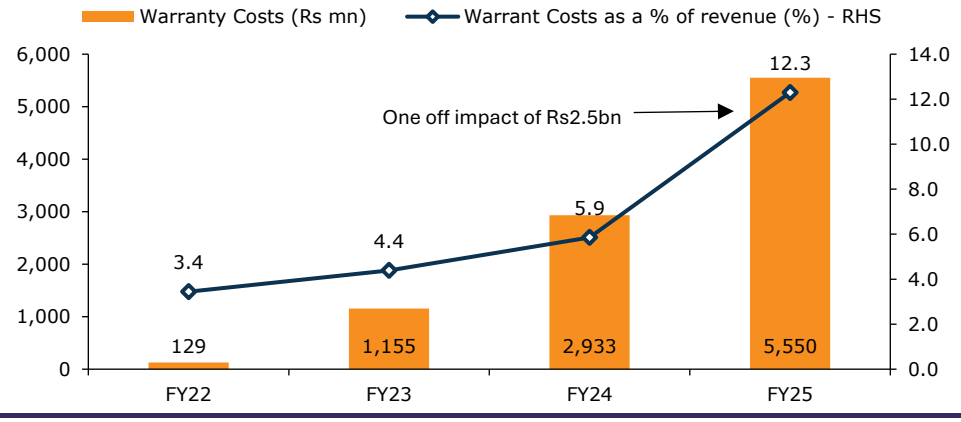
Exhibit 240: Ola also faced severe backlash on social media, as several after-sales complaints were not resolved



Source: Media articles, Emkay Research

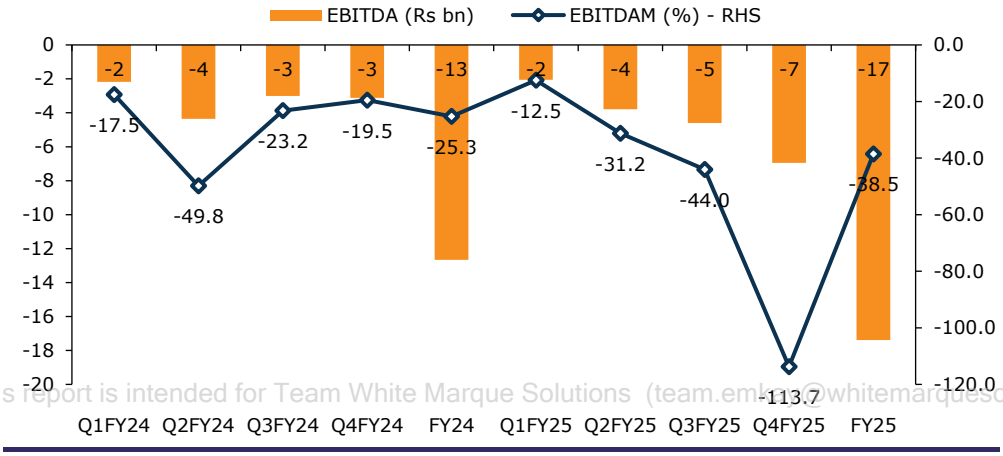
- In financial terms, the impact was twofold:
  - **Margin compression** arose due to operating deleverage, as the volumes fell due to perception around service issues for the Gen1 products. Ola's EBITDA margins contracted from -25% in FY24 to -39% in FY25.
  - **Rising warranty costs** from early-generation (Gen1) scooters dented profitability. Ola's warranty costs rose from Rs129mn in FY22 to Rs5.6bn in FY25, largely led by the Gen1 models. Ola also implemented a one of provision of Rs2.5bn in FY25 to tackle the lifetime warranty costs for Gen1 and Gen2 products.

Exhibit 241: Ola's warranty costs rose from ~Rs130mn in FY22 to Rs5.5bn in FY25



Source: Company, Emkay Research

Exhibit 242: As Ola's volumes fell, EBITDAM declined from -25% to -38% over FY24-25



Source: Company, Emkay Research

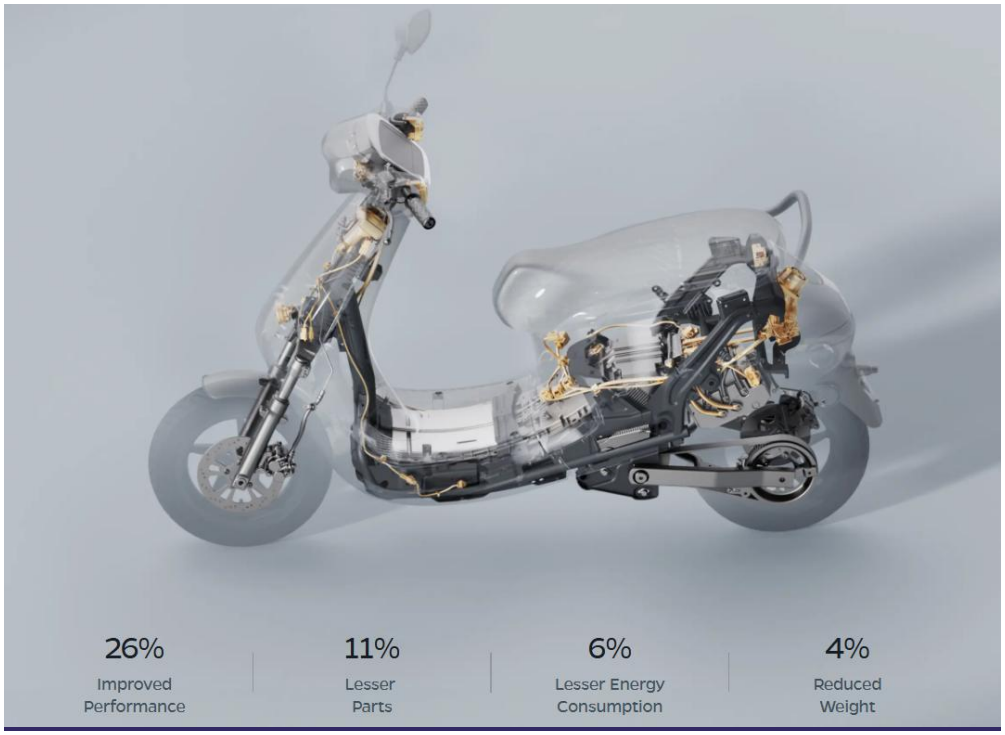
C] Strategic pivot under way

- Ola has recalibrated its strategy and is pivoting from a "penetration-led growth" to a more "sustainable profitability-led approached".
- Notably, Ola has achieved >30% reduction in the BOM cost for Gen3 vs Gen1 products, led by crucial backward integration initiatives (cells, motors, controllers, BMS, etc).
- The Gen3 platform delivers a comprehensive upgrade across performance, efficiency, and safety parameters, translating into enhanced reliability and margin accretion.

The structurally superior Gen3 product is expected to be a crucial growth lever for Ola for driving volumes

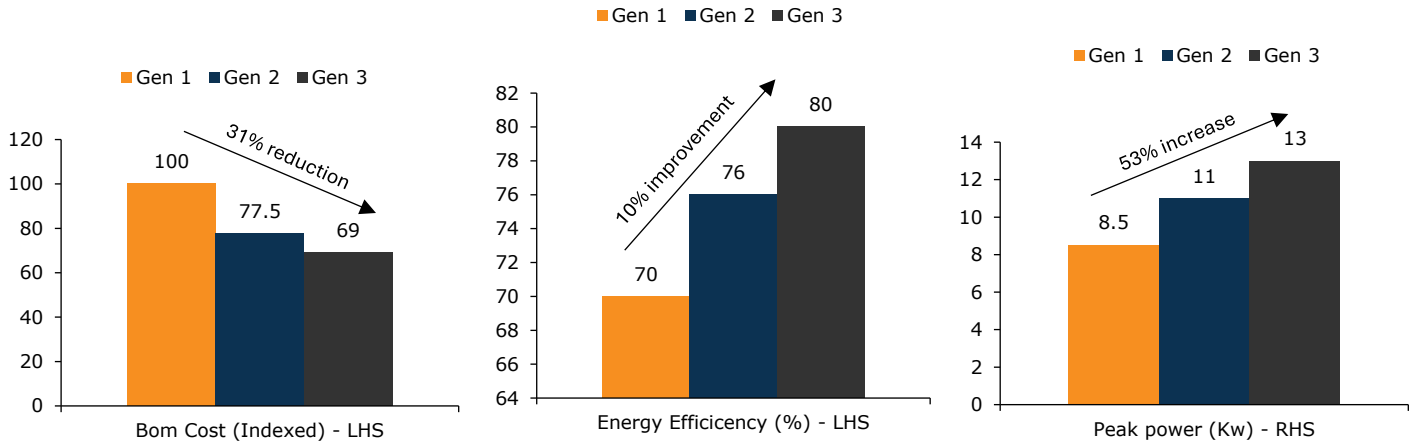
- **Powertrain efficiency and performance upgrade**
  - New mid-drive motor with chain transmission replaces the older belt-drive system, improving torque delivery, responsiveness, and durability.
  - Ola claims ~10% higher energy efficiency and ~10% faster acceleration, alongside reduced drivetrain wear.
  - Bhavish Aggarwal described Gen3 as a *"revolution on wheels"*, signaling that the redesign is not incremental but a ground-up rethink of propulsion and dynamics.
- **Simplified electronics and enhanced reliability**
  - The Gen3 platform integrates multiple ECUs into a single high-performance control unit, cutting wiring complexity and potential failure points.
  - This consolidation improves system reliability, reduces part count, and lowers production cost.
  - Bhavish has highlighted that product maturity and service turnaround have improved sharply, reflecting the reliability focus of Gen3.
- **Structural battery integration and safety**
  - The battery pack now forms part of the chassis structure, improving stiffness, packaging efficiency, and crash safety.
  - Modular design enables flexibility for different capacities (up to 5.3 kWh, 4680-cell format), offering extended range and better thermal management.
  - Safety upgrades include brake-by-wire and dual-channel ABS on higher variants, a major leap over earlier generations.
- **Manufacturing efficiency and cost leverage**
  - The new platform design is engineered for higher localization and faster assembly, cutting per-unit production costs by ~20–25%.
  - Reduced material usage, simplified architecture, and modularity enable scalability across multiple models (S1, S1 Pro+, S1Z).
  - Ola has underscored Gen3's role in restoring margins and demonstrating the "next phase of operational discipline" at Ola.
- **Improved customer experience and product maturity**
  - Enhanced software integration (with MoveOS) improves diagnostics, firmware updates, and remote issue resolution.
  - After-sales service times have reportedly fallen from 2.5–3 days to ~1 day, signaling stronger service readiness.
  - The redesign aims to eliminate early-generation issues (suspension, connectivity glitches, and charger faults) that affected Gen1 users.

Exhibit 243: Ola's recently-launched Gen3 platform



Source: Company, Emkay Research

Exhibit 244: Ola has improved its product offering in all aspects via the new Gen3 platform



Source: Company, Emkay Research

Ola aims to improve the profitability and productivity of its existing stores vs earlier approach of rapid distribution expansion

"We have, over last couple of quarters, transitioned our strategy from aggressive penetration to a more balanced profitable growth strategy." (Link)

"Our focus is to increase productivity, sales productivity as well as sales per store of these stores that we have opened up. That is the focus for this quarter, as well as for the next couple of quarters." (Link)

- Bhavish Aggarwal, Founder, CMD and CEO at Ola Electric

D] Optionality beyond E-2Ws (e-motorcycles, E-3Ws)

- Ola is now looking beyond scooters to tap into the much larger motorcycle market, which is ~2x the TAM of scooters. Unlike scooters, motorcycles cater to a consumer base that values performance (rapid acceleration, highway stability, and aggressive aesthetics) but still demands practicality suited to Indian road conditions.
- Ola's approach has been to engineer a "motorcycle that thinks like a computer." Choices such as the mid-mounted motor go beyond weight distribution benefits, enabling sophisticated traction control that hub motors cannot support.
- If the initial traction sustains for 5–6 months, Ola intends to accelerate its pipeline with additional 2W models, including the S1Z and Gig.
- The company is also evaluating a foray into E-3Ws in the next 12–18M, contingent on market stability and demand signals.
- Central to this strategy is the Roadster motorcycle, built on the same 48V platform as the S1. Ola expects the Roadster to emerge as the next big volume driver, helping expand its footprint beyond the scooter segment and cementing its presence in mainstream 2Ws.

As against its earlier aggressive launch strategy, Ola now aims to launch new products by gauging the market response and getting the timing right

"We are delaying the S1 Z, Gig/Gig+ and some other future products and will sequentially launch these products such that each product receives the right customer mindshare."

- Bhavish Aggarwal, Founder, CMD and CEO at Ola Electric (*Link*)

Exhibit 245: Ola has commenced the deliveries of Roadster X with other products in the pipeline

Source: Company, Emkay Research

Exhibit 246: Ola's product pipeline in the e-motorcycle space with optionality in E-3Ws as well

Source: Company, Emkay Research

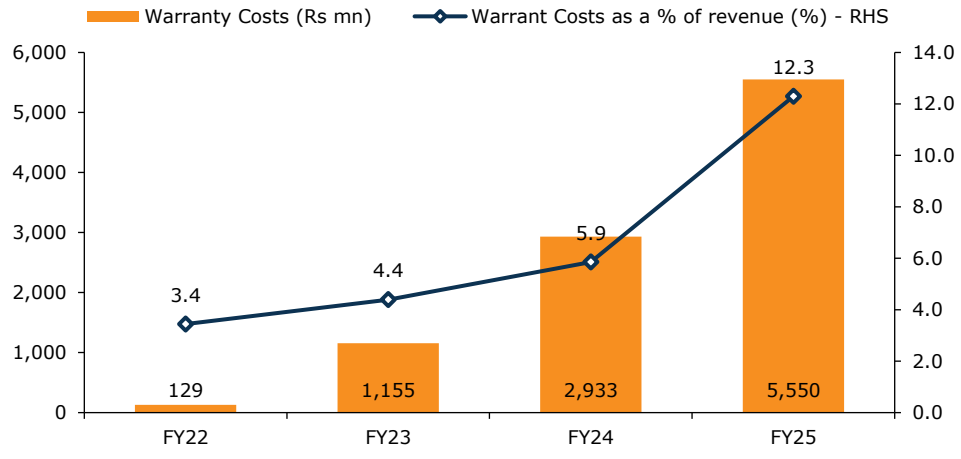
Legacy warranty pain finally subsiding; margin expansion imminent

- **Ola's early Gen1 and Gen2 scooters created a meaningful warranty drag on margins; this phase is now largely behind with ~70% of Gen1 vehicles already out of warranty and Gen2 claims within provision limits.**
- **Notably, Gen3 platform has been comprehensively reengineered for reliability, with redesigned subsystems, improved cell and BMS integration, revamped motor and transmission, and simplified electronics. These changes have driven warranty costs for the Gen-3 down to 25% of Gen1 levels.**
- **Simultaneously, the provisioning practices are being made more conservative and institutionalized, with mechanisms such as dealer chargebacks and exclusion of intentional damage, ensuring that the realized claims consistently undershoot provisions.**
- **The shift in profitability is already visible, with gross margins improving to 26% in Q1FY26 vs 18% in FY25, gross profit/vehicle surpassing ICE-2W OEMs, and a trajectory towards >30% by FY26E.**
- **The expansion will be driven by continued BOM optimization (2-3%), in-house cell production (5-6%), and PLI benefits (~7%, with Gen3 eligibility from Aug-25), together creating a structurally stronger margin profile.**

A] Legacy warranty overhang now hopefully behind

- As pioneers in India's EV journey, Ola deliberately adopted a liberal warranty stance during the early phases of Gen 1, prioritizing customer trust and adoption over near-term financial impact.
- This resulted in elevated warranty provisions during FY22-FY25, with Gen1 carrying disproportionately higher costs (FY25 warranty costs at ~Rs5.5bn vs Rs129mn in FY22).
- To draw a line under these legacy costs, Ola has taken a one-time provision of Rs2.5bn in Q4FY25 to cover outstanding liabilities of Gen1 and Gen2 vehicles for the remainder of their warranty life.
- 70% of the Gen1 vehicles are now out of warranty and while Gen2 products are still under warranty, they are structurally within the limits. As a result, the base is now reset, which ensures no further "exceptional" warranty hits in the future.

Exhibit 247: Ola witnessed a substantial jump in the warranty cost over FY22-25

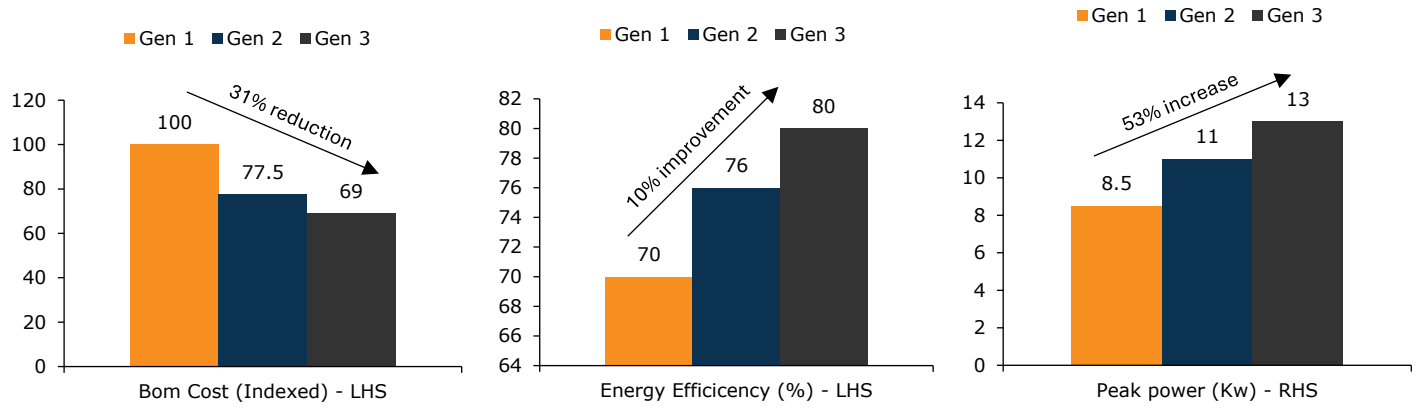


Source: Company, Emkay Research

B] Gen3 reliability and provisioning discipline

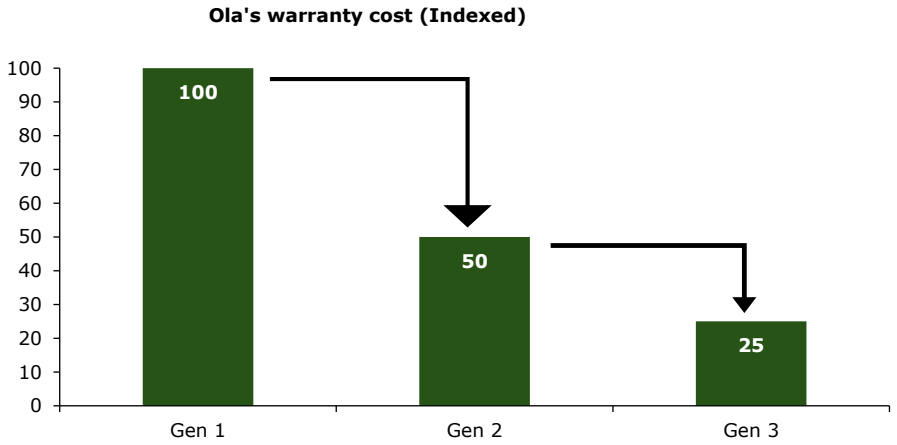
- With >70% of Gen1 vehicles already beyond their 3-Y warranty period, monthly claims are steadily tapering down, as per management.
- The real driver, however, is the engineering leap in Gen3, where in-house design/vertical integration has transformed quality.
- For instance, Ola's proprietary mid-mounted motor (introduced in the Gen2 S1 Pro) delivered a 90% lower failure rate vs outsourced hub motors, and in Gen3, this in-house approach has been extended to the entire motor and controller architecture.
- These improvements translate into progressively lower warranty costs per generation: Gen2 was 50% of Gen1, and Gen3 is tracking at 50% of Gen2.
- Importantly, Ola has complemented this with a disciplined provisioning policy, ensuring that no fresh large-scale charges will be required going forward, barring minor adjustments.
- This reliability curve, with tighter SOPs and conservative accounting, strengthens both Ola's margin roadmap as well as the customer's trust.
- Strategically, Ola frames warranty discipline as a proof point of its broader model — manufacturing integration, in-house tech development, and D2C engagement.
- Each of these pillars reinforces the other, creating a compounding competitive advantage.

Exhibit 248: Ola has improved its product offering in all aspects via the new Gen3 platform



Source: Company, Emkay Research

Exhibit 249: Warranty costs for Gen3 products are nearly 25% of the Gen1 products

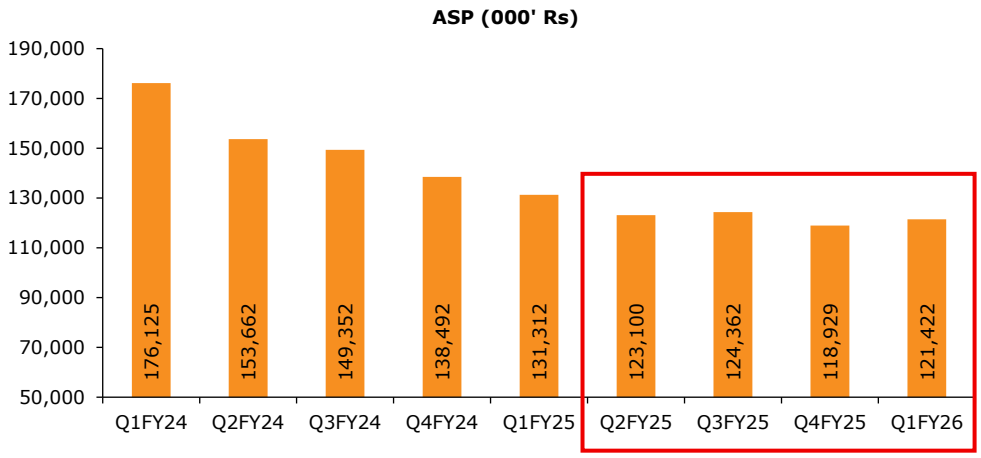


Source: Company, Emkay Research

C] Margin roadmap ahead

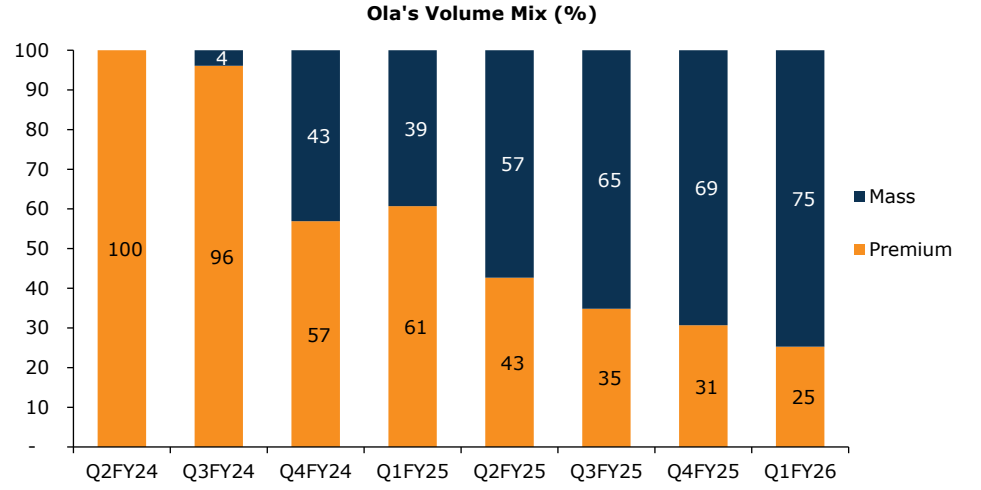
- Ola's margin trajectory is turning structurally upward, underpinned by platform maturity, vertical integration, and disciplined cost management. The ramp-up of the Gen2 platform through FY25 delivered meaningful BOM reductions.
- Deployment of Gen3 models has further strengthened resilience. As a result, the gross margin expanded from 12.6% in FY24 to 26% in Q1FY26, with gross profit/vehicle rising to ~Rs27K in Q1FY26 vs Rs11K in FY24, surpassing the ICE-2W OEMs despite stabilizing ASPs and minimal subsidy support (Gen3 became eligible for PLI only from Aug-25).
- We expect the gross margin to reach >35% by FY28E, led by further BOM optimisation (2–3%; has already achieved >30% reduction in 3Y), in-house cells (5–6%) and PLI (7%; Gen-3 eligible from Aug-25).
- The scaling of Gen3, coupled with the ramp-up of in-house cell production at the new Gigafactory, is expected to materially improve gross margin performance.
- While a small component of cell savings may accrue in FY26, the full impact is likely from FY27, when cells reach scale. Opex has also stabilized at Rs1bn/quarter for auto (Rs1.5bn overall).
- The margin profile is therefore shifting from subsidy-reliant to structurally self-sustaining, with vertical and backward integration are emerging as the dominant drivers.

Exhibit 250: Ola's ASPs have stabilized over the last couple of quarters...



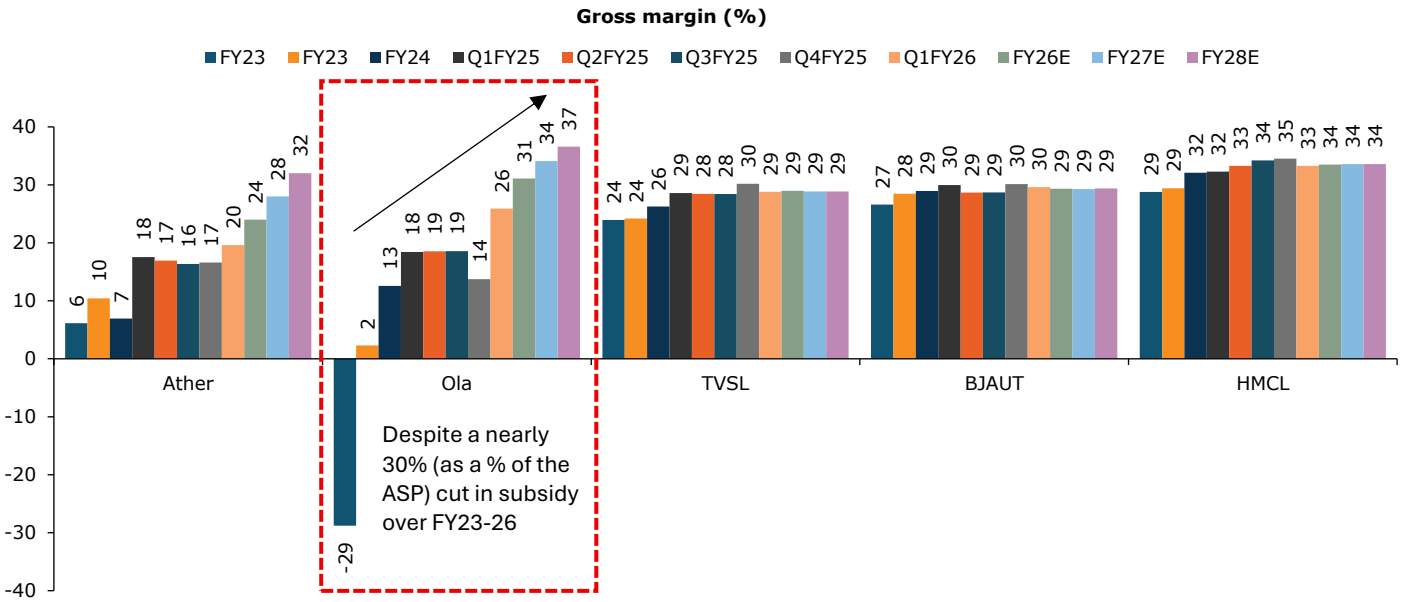
Source: Company, Emkay Research

Exhibit 251: ...this is despite the increased share of the mass segment in Ola's volumes



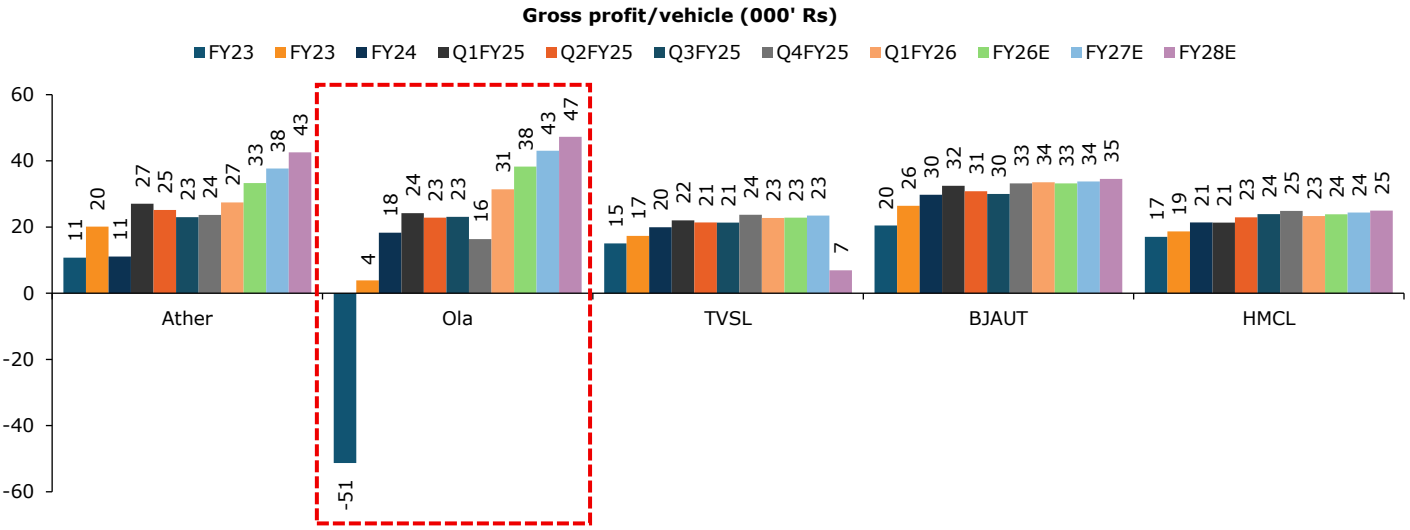
Source: Company, Emkay Research

Exhibit 252: Path to profitability for Ola is visible, with gross margin now comparable to that of incumbents



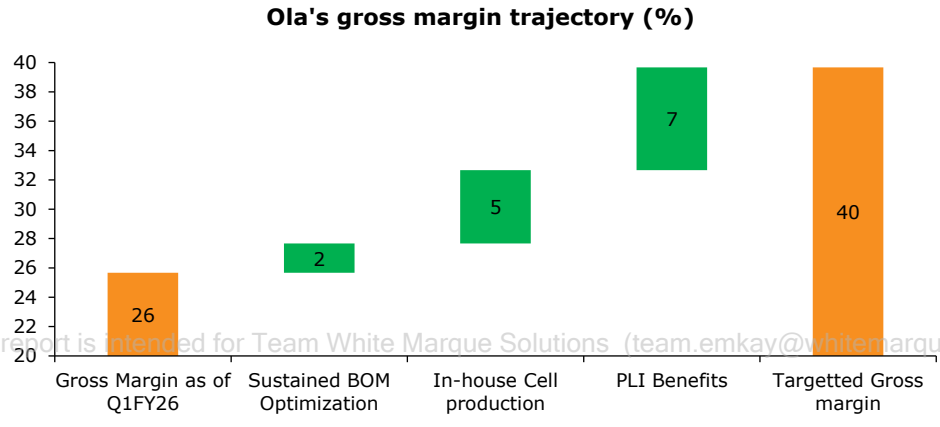
Source: Company, Emkay Research

Exhibit 253: The gross profit/vehicle for Ola has already surpassed that of incumbents



Source: Company Emkay Research

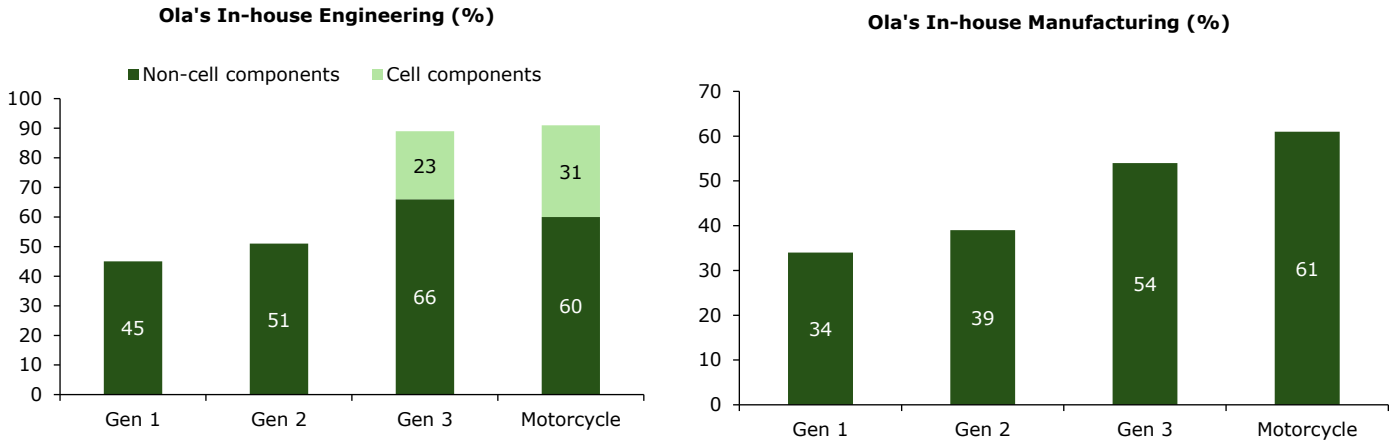
Exhibit 254: Ola targets achieving gross margin of 35-40%, led by multiple backward integration initiatives



Source: Company, Emkay Research

Ola has undertaken several key initiatives for backward and vertical integration which are expected to positively impact margins

Exhibit 255: Ola is deeply vertically integrated, offering significant cost benefits



Source: Company, Emkay Research

Exhibit 256: Ola has also undertaken several crucial steps toward deepening its backward integration capabilities, to reduce costs

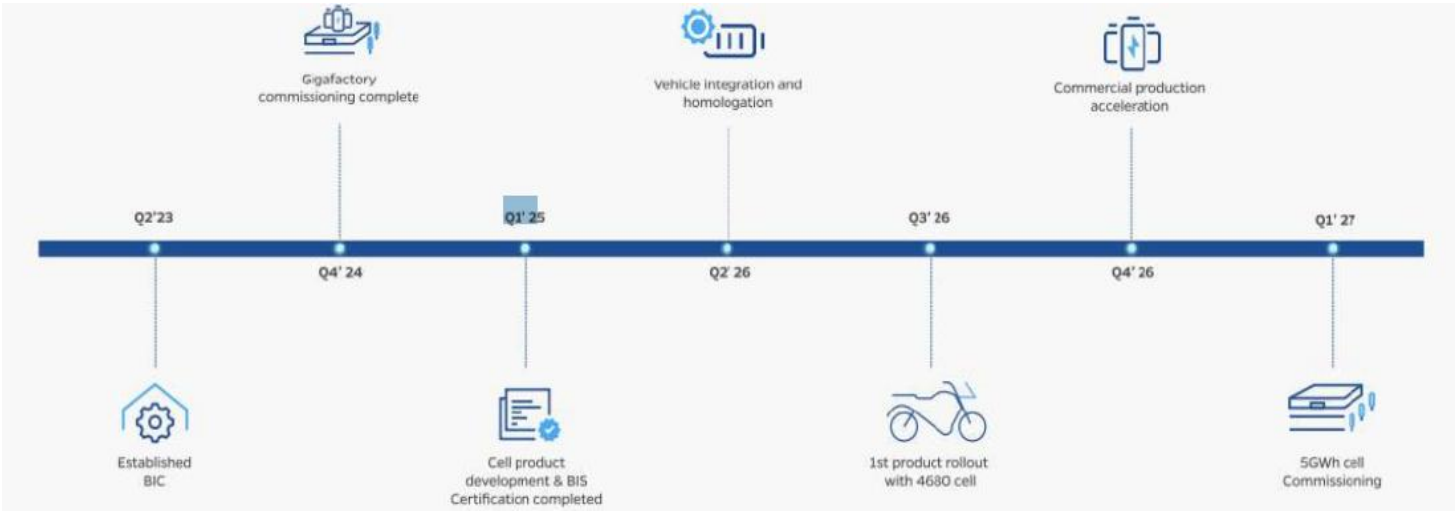
Engineering in-house: We design core components from the ground up, achieving industry leading standards across parameters and securing 222 patents till June'25. Our innovation spans the entire gamut from chassis, motors, displays, software, braking systems, cells and a whole lot more in the coming months.

Manufacturing at scale: Our Futurefactory investment enables products to be manufactured in a takt time of 24 seconds. Critical manufacturing processes are performed by highly automated equipment which ensures exceptional quality is built within the products. For these processes the automation level is over 91%.

Cell technology ownership: Our Battery Innovation Centre has developed 4680 cells with 15% higher energy density, now approaching final stages for mass production using ground breaking manufacturing processes at our Gigafactory.

Source: Company, Emkay Research

Exhibit 257: Ola is the first player to manufacture cells in-house and has begun deploying cells in its vehicles now



Source: Company, Emkay Research

We build in 28/31% FY26-28E volume/revenue CAGR; positive auto EBITDA/PAT by FY27/30E

- **We build in 28/31% volume/revenue CAGR over FY256-28E, driven by Gen-3's ramp up and gross margin expansion to >30%/>35% by FY26/FY28E, on stabilizing ASPs, continued reduction in BOM costs, and improving operating leverage as volumes ramp up and localization deepens.**
- **The steady fall in cell/component costs, coupled with a higher mix of in-house parts and rising non-vehicle revenue share, could structurally enhance margins.**
- **Auto business' capex to remain range-bound (Rs4-5bn pa largely toward R&D to drive product differentiation). Capital intensity is confined to the 5GWh cell plant (Rs28bn capex; ~70% debt; Rs15bn spent).**
- **We expect the Auto business' EBITDA to turn positive by FY27E, driven by the structurally superior Gen-3, sustained BOM cost optimization, controlled opex, and operating leverage. Subsequently, auto PAT would turn positive by FY30E, driven by limited leverage and a calibrated capex strategy.**
- **However, we believe consolidated PAT is likely to be subdued, on higher depreciation and interest costs from elevated debt; we expect PAT to be positive by FY32E.**

Exhibit 258: We build in 28%/31% volume/revenue CAGR over FY26E-28E; expect Auto EBITDA/PAT to turn positive by FY27E/FY30E

Particulars (Rs mn)	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY30E	FY35E	FY26-28E CAGR	FY26-35E CAGR
Total Volumes	**160,307**	**344,472**	**376,338**	**280,919**	**378,539**	**461,578**	**784,317**	**3,036,085**	**28%**	**30%**
Growth YoY (%)	957.2	114.9	9.3	-25.4	34.8	21.9	40.0	23.0		
ASP (Rs)	**164,118**	**145,435**	**119,945**	**123,091**	**126,288**	**129,091**	**128,024**	**124,272**	**2%**	**0%**
Growth YoY (%)	-33.4	-11.4	-17.5	2.6	2.6	2.2	-3.6	-0.1		
Revenue	**26,309**	**50,098**	**45,140**	**34,579**	**47,805**	**59,585**	**100,411**	**377,300**	**31%**	**30%**
Growth YoY (%)	604.5	90.4	-9.9	-23.4	38.2	24.6	35.0	22.9		
Gross Profit	**605**	**6,303**	**8,060**	**10,754**	**16,301**	**21,808**	**37,755**	**141,865**	**42%**	**33%**
Gross margin (%)	2.3	12.6	17.9	31.1	34.1	36.6	37.6	37.6		
Gross Profit/Vehicle (Rs)	3,775	18,298	21,417	38,281	43,064	47,247	49,001	51,996		
Employee Costs	**4,267**	**4,389**	**4,630**	**2,593**	**3,111**	**3,734**	**5,376**	**13,378**	**20%**	**20%**
% of Revenue	*16.2*	*8.8*	*10.3*	*7.5*	*6.5*	*6.3*	*5.4*	*3.5*		
Growth YoY (%)	*51.1*	*2.8*	*5.5*	*-44.0*	*20.0*	*20.0*	*20.0*	*20.0*		
Other Expenses	**8,862**	**14,590**	**20,820**	**9,994**	**11,992**	**14,391**	**20,723**	**51,565**	**20%**	**20%**
% of Revenue	*33.7*	*29.1*	*46.1*	*28.9*	*25.1*	*24.2*	*20.6*	*13.7*		
Growth YoY (%)	*116.0*	*64.6*	*42.7*	*-52.0*	*20.0*	*20.0*	*20.0*	*20.0*		
EBITDA	**-12,525**	**-12,676**	**-17,390**	**-1,832**	**1,198**	**3,684**	**11,655**	**76,922**		
EBITDA margin (%)	*-47.6*	*-25.3*	*-38.5*	*-5.3*	*2.5*	*6.2*	*11.6*	*20.4*		
EBITDA Per Vehicle (Rs)	*-78,128*	*-36,798*	*-46,208*	*-6,523*	*3,164*	*7,981*	*15,128*	*28,193*		
Depreciation	1,671	3,576	5,660	6,704	7,072	7,434	7,914	8,919		
% of Gross Block	*13.2*	*15.8*	*15.3*	*14.1*	*12.8*	*12.2*	*11.1*	*9.3*		
EBIT	**-14,195**	**-16,252**	**-23,050**	**-8,537**	**-5,874**	**-3,750**	**3,741**	**68,003**		
EBIT margin (%)	-54.0	-32.4	-51.1	-24.7	-12.3	-6.3	3.7	18.0		
Other income	1518	2334	4180	2420	1357	1355	2330	13118		
% of C&B	*9.9*	*14.0*	*11.9*	*10.7*	*8.4*	*10.4*	*11.2*	*7.5*		
Interest Expense	1079	1866	3660	3441	2945	2984	3907	6646		
% of Gross Debt	*8.6*	*8.5*	*11.7*	*11.0*	*10.8*	*10.7*	*10.5*	*10.5*		
PBT	-15,274	-18,118	-26,710	-11,978	-8,819	-6,734	-166	74,475		
Tax	0	0	0	0	0	0	0	18,768		
Effective Tax Rate (%)	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*25.2*		
PAT	**-13,757**	**-15,784**	**-22,530**	**-9,558**	**-7,462**	**-5,379**	**2,164**	**55,707**		
PAT margin (%)	-52.3	-31.5	-49.9	-27.6	-15.6	-9.0	2.2	14.8		
EPS (Rs)	**-3.7**	**-3.2**	**-5.1**	**-2.2**	**-1.7**	**-1.2**	**0.5**	**12.6**		

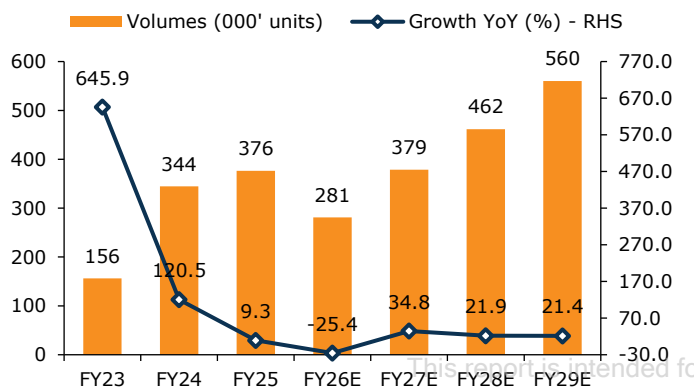
Source: Company, Emkay Research

Exhibit 259: We expect consolidated EBITDA to turn positive by FY29E; PAT turning positive may be delayed to FY32E due to higher depreciation and interest for debt-funded cell plant capex

Consolidated (Rs mn)	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY30E	FY35E	FY26E-28E CAGR	FY26E-35E CAGR
ASP (Rs)	**164,118**	**145,435**	**119,945**	**123,091**	**126,288**	**129,091**	**128,024**	**124,272**	**2%**	**0%**
	-33.4	-11.4	-17.5	2.6	2.6	2.2	-3.6	-0.1		
Revenue	**26,309**	**50,098**	**45,140**	**34,579**	**47,805**	**59,585**	**100,411**	**377,300**	**31%**	**30%**
Growth YoY (%)	604.5	90.4	-9.9	-23.4	38.2	24.6	35.0	22.9		
Gross Profit	**605**	**6,303**	**8,060**	**10,754**	**16,301**	**21,808**	**37,755**	**141,865**	**42%**	**33%**
Gross margin (%)	2.3	12.6	17.9	31.1	34.1	36.6	37.6	37.6		
Gross Profit Per Vehicle (Rs)	3,775	18,298	21,417	38,281	43,064	47,247	49,001	51,996		
Employee Costs (%)	**4,267**	**4,389**	**4,630**	**3,519**	**4,125**	**4,844**	**6,708**	**15,474**	**17%**	**18%**
% of Revenue	16.2	8.8	10.3	10.2	8.6	8.1	6.7	4.1		
Growth YoY (%)	51.1	2.8	5.5	-24.0	17.2	17.4	17.8	18.5		
Other Expenses (%)	**8,862**	**14,590**	**20,820**	**13,117**	**15,553**	**18,449**	**25,997**	**61,721**	**19%**	**19%**
% of Revenue	33.7	29.1	46.1	37.9	32.5	31.0	25.9	16.4		
Growth YoY (%)	116.0	64.6	42.7	-37.0	18.6	18.6	18.7	19.0		
EBITDA	**-12,525**	**-12,676**	**-17,390**	**-5,881**	**-3,376**	**-1,485**	**5,050**	**64,670**		
EBITDA margin (%)	-47.6	-25.3	-38.5	-17.0	-7.1	-2.5	5.0	17.1		
EBITDA Per Vehicle (Rs)	-78,128	-36,798	-46,208	-20,937	-8,920	-3,217	6,554	23,703		
Depreciation	1,671	3,576	5,660	6,866	7,561	7,901	8,723	10,489		
% of Gross Block	13.2	15.8	15.3	13.8	11.7	10.3	9.9	9.3		
EBIT	**-14,195**	**-16,252**	**-23,050**	**-12,748**	**-10,937**	**-9,386**	**-3,674**	**54,181**		
EBIT margin (%)	-54.0	-32.4	-51.1	-36.9	-22.9	-15.8	-3.7	14.4		
EBIT Per Vehicle (Rs)	-88,549	-47,180	-61,248	-45,378	-28,894	-20,335	-4,768	19,858		
Interest Expense	1079	1866	3660	4794	5736	6178	7934	9859		
% of Gross Debt	8.6	8.5	11.7	11.0	10.8	10.7	10.5	10.5		
PAT	**-13,873**	**-15,848**	**-22,573**	**-15,085**	**-15,336**	**-14,228**	**-9,296**	**57,421**		
PAT margin (%)	-52.7	-31.6	-50.0	-43.6	-32.1	-23.9	-9.3	15.2		
EPS (Rs)	**-3.7**	**-3.2**	**-5.1**	**-3.4**	**-3.5**	**-3.2**	**-2.1**	**13.0**		

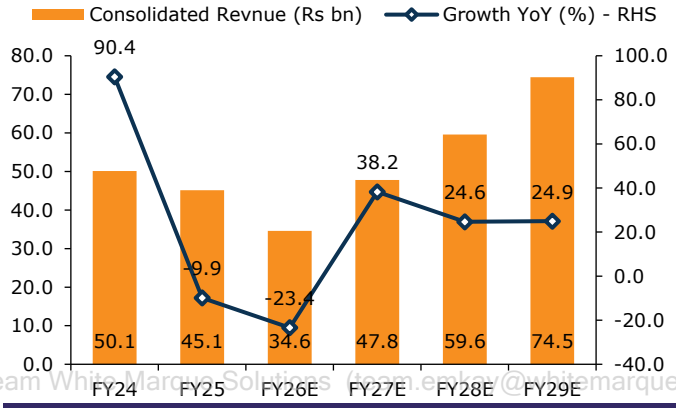
Source: Company, Emkay Research

Exhibit 260: We build in 28% volume CAGR over FY26-28E...



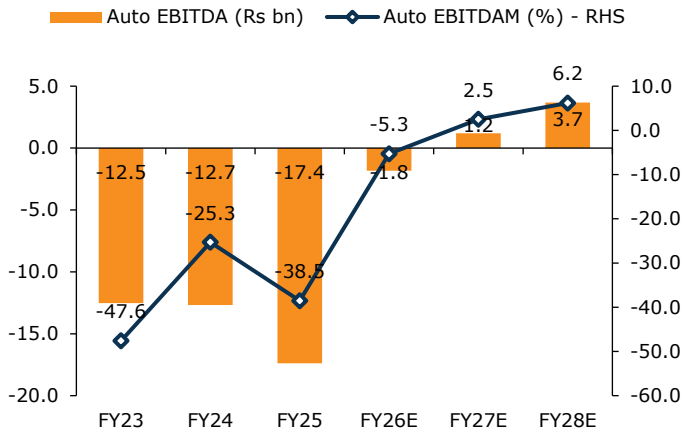
Source: Company, Emkay Research

Exhibit 261: ...with 31% revenue CAGR over the same period



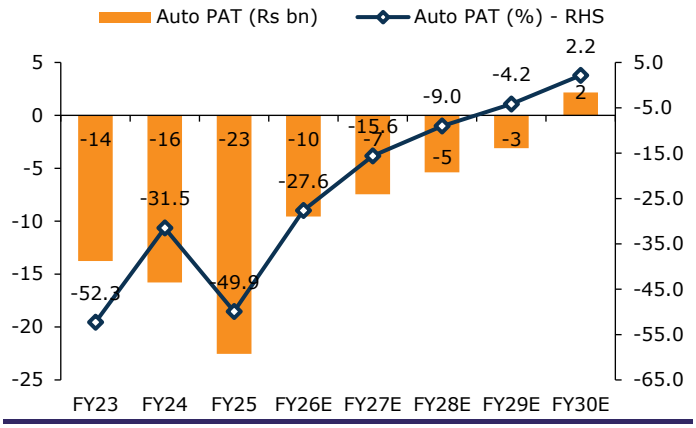
Source: Company, Emkay Research

Exhibit 262: We expect Auto EBITDA to be positive by FY27E...



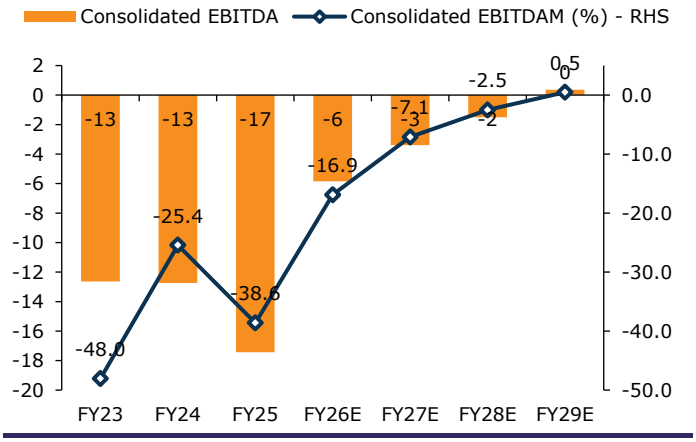
Source: Company, Emkay Research

Exhibit 263: ...with Auto PAT being positive by FY30E



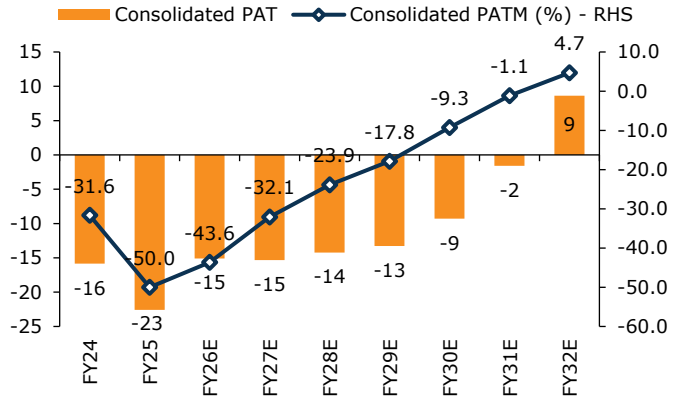
Source: Company, Emkay Research

Exhibit 264: We expect consol EBITDA to be positive only in FY29E



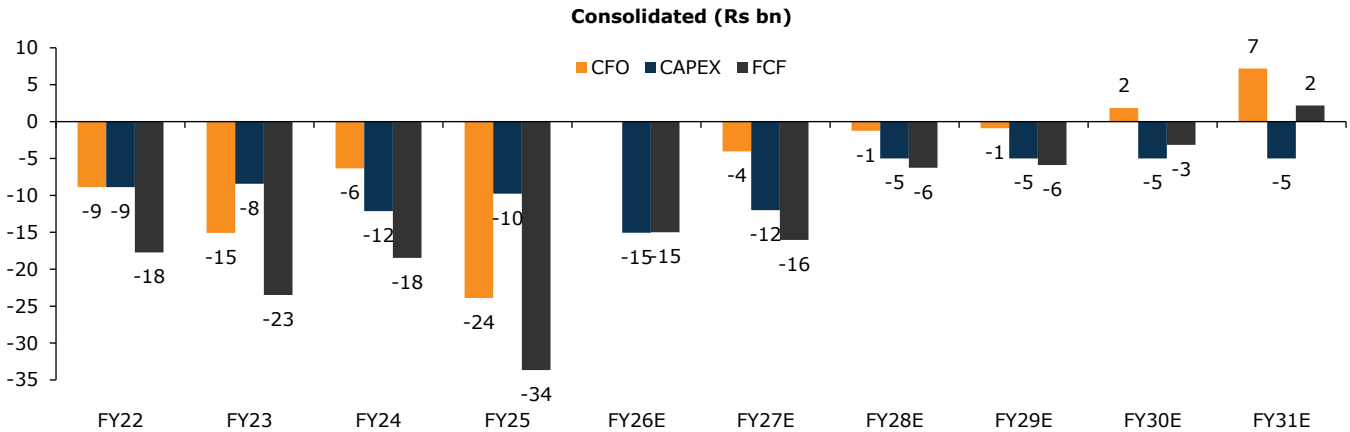
Source: Company, Emkay Research

Exhibit 265: Higher interest, depreciation (mainly due to cell capex) to weigh on PAT; consolidated PAT likely to be positive by FY32E



Source: Company, Emkay Research

Exhibit 266: We expect Ola to become consolidated FCF-positive by FY31E



Source: Company, Emkay Research

Key Risks

Product quality and reliability: Past incidents of fires, breakdowns, and service issues dented consumers' trust. The sustained negative perception could hurt repeat purchases and brand equity. While the product and service-related issues are being resolved with the structurally superior Gen 3 product, sustained execution remains a key monitorable.

Aftersales and service infrastructure: Ola's service network remains comparatively smaller than its distribution network. However, Ola is now focusing on 'juicing out' the established capabilities of the service network. While issues are being tackled rapidly with improvements, further improvement remains a monitorable.

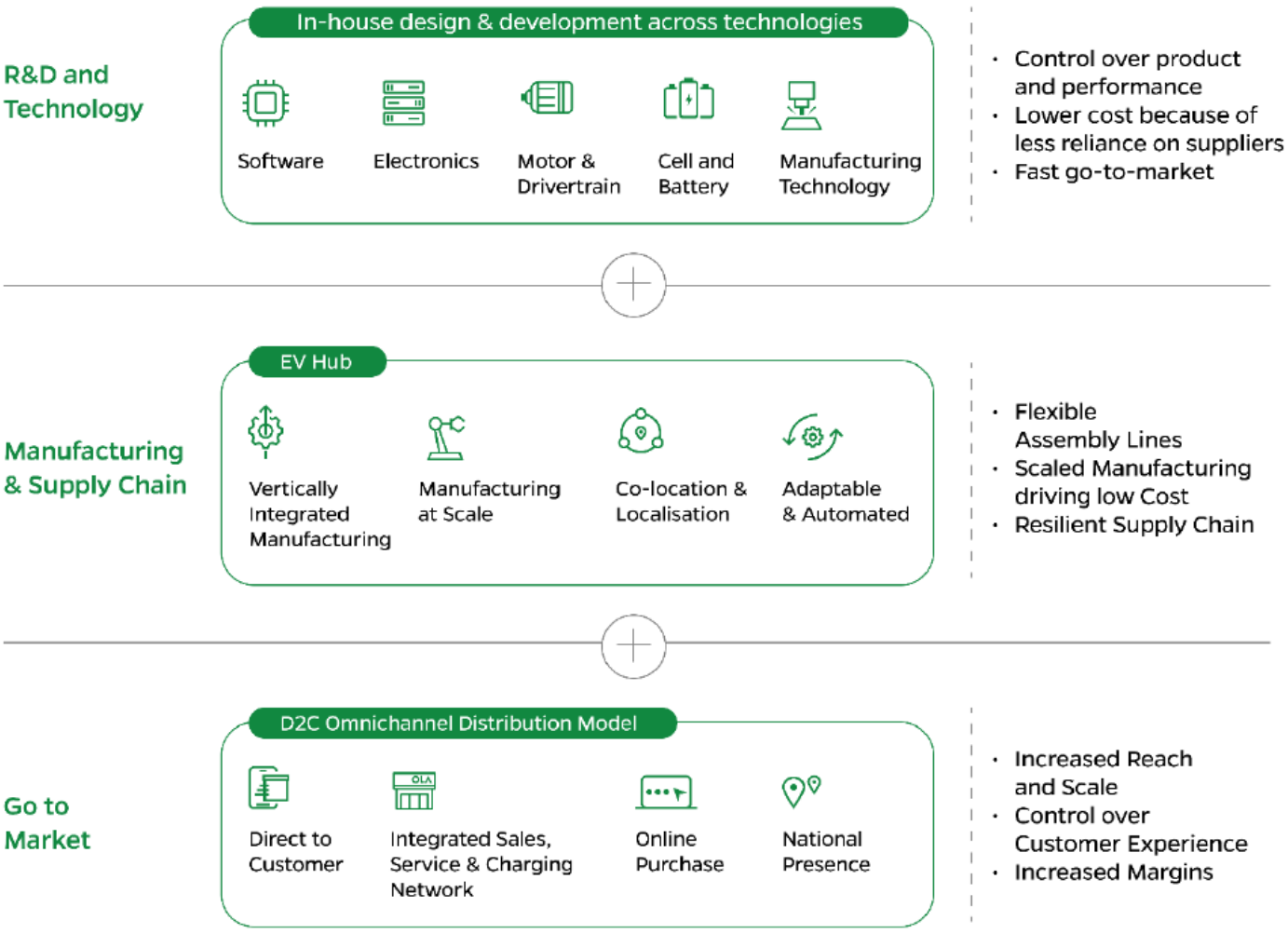
High capex leverage: The Rs28bn cell manufacturing plant (70% debt-funded) elevates interest and depreciation costs. Any delay in scaling up the in-house 4680 cell production or technology migration could have an impact on cost benefits, localization target; it could also delay PAT breakeven, if utilization ramps up slower than planned.

Success in cell manufacturing business: Ola Electric is the only OEM to manufacture battery cells in-house and Ola's scale-up also hinges on flawless execution in large-scale battery manufacturing; reliable cell production is vital to cut costs, secure supply, and unlock margin gains. Any slip in scaling up or quality could derail profitability and weaken its competitive edge in India's fast-growing EV market.

About the company

Ola Electric, founded in 2017 as a subsidiary of ANI Technologies (the parent of Ola Cabs), has rapidly emerged as one of India's largest E2W companies. The company disrupted the market in 2021 with the launch of its S1 scooter platform, positioned around affordability, design innovation, and a digital-first D2C sales model. At its peak in 2024, Ola commanded ~49% share of the domestic E2W market, catalysing India's EV adoption curve. Headquartered in Bengaluru, Ola operates its large-scale "Future factory" in Tamil Nadu, which is among the world's largest 2W manufacturing facilities. The company is also investing heavily in vertical integration, spanning battery cell manufacturing (gigafactory project), R&D in software and vehicle intelligence, and expansion into adjacent mobility solutions. Ola's product portfolio today includes the S1 series scooters (Gen3), designed to address reliability issues from earlier models, and newer variants such as S1 Pro, S1 Air, and S1 X that broaden the pricing spectrum. It has also entered the mass-market EV motorcycle and e-3W development segments, aiming to scale volumes and address multiple mobility categories.

Exhibit 267: Three key pillars of Ola's business model



Source: Company, Emkay Research

Exhibit 268: Ola's current product portfolio

Source: Company, Emkay Research

Exhibit 269: Ola's product pipeline – Deliveries for Gig/S1Z delayed indefinitely

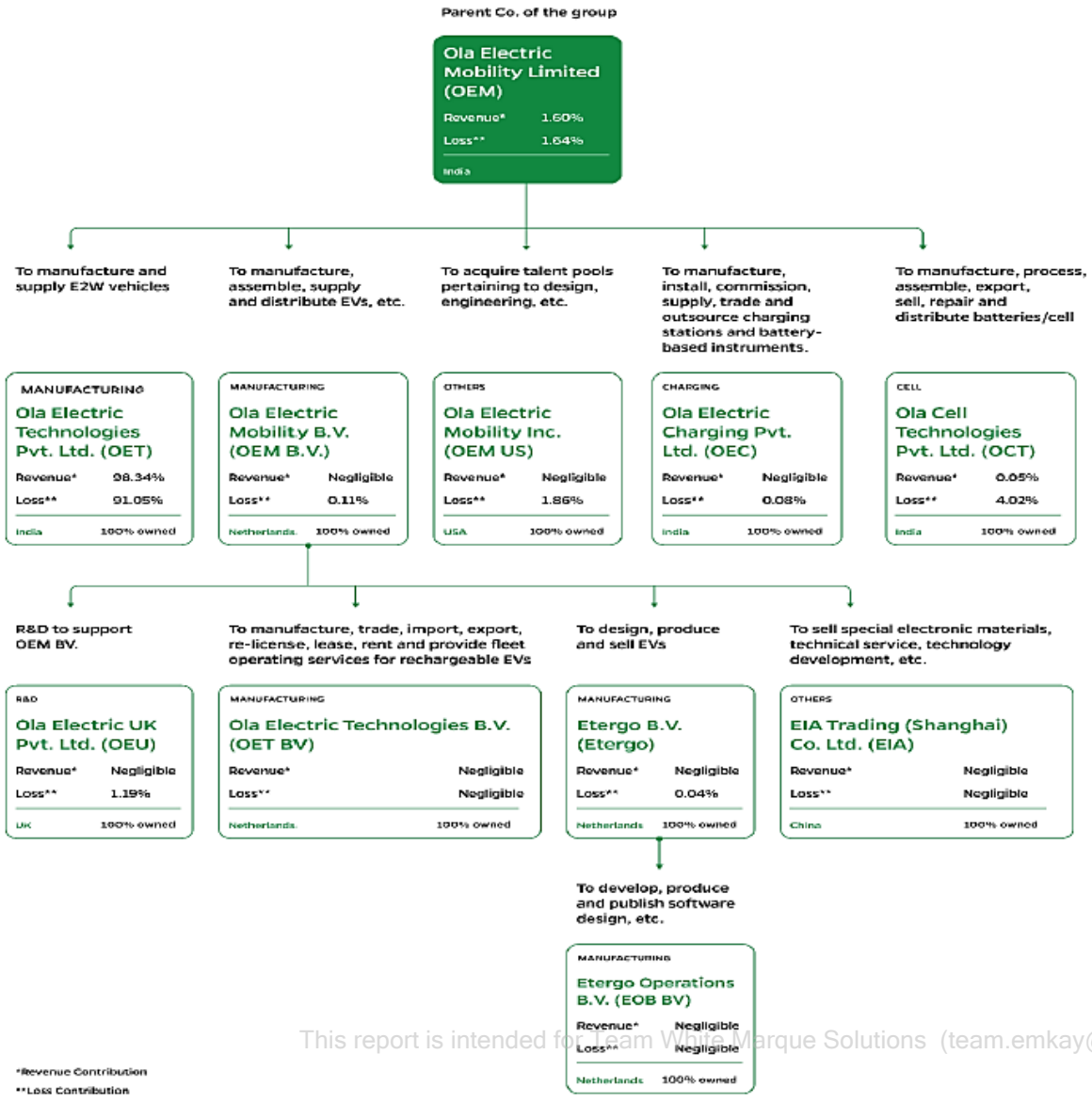
Source: Company, Emkay Research

Exhibit 270: Ola's Board of Directors and key managerial personnel

Name	Designation	Background
Bhavish Aggarwal	Chairman and MD	He holds a bachelor's degree of technology in computer science and engineering from the Indian Institute of Technology, Bombay. He founded Ola Cabs, a ride hailing platform operated by ANI Technologies Private Ltd in 2010 and is currently the Chairman and Managing Director of ANI
Harish Abichandani	Chief Financial Officer	He is a member of the Institute of Chartered Accountants of India and has passed the examination for the Institute of Cost and Work Accountants of India. Prior to joining Ola, he was associated with ANI Technologies as CFO, Omar Zawawi Establishment as GM – finance, Tata Communications as vice president, and TATA TD Waterhouse Securities as CFO. He joined Ola in FY24
Ananth Sankaranarayanan	Independent Director	He holds a master's degree of science in engineering (industrial and operations engineering) from the University of Michigan, US. He was previously associated with McKinsey & Company, Inc. as a senior partner, Medlife International Private Ltd as a co-founder and chief executive officer and Myntra Designs Private Ltd as the chief executive officer
Krishnamurthy Venugopala Tenneti	Non-Executive Director	He holds a bachelor's degree in technology in electrical engineering (HC) from the Indian Institute of Technology, Madras and a post-graduate diploma in business administration from Indian Institute of Management, Ahmedabad. He has been an advisor to the board of ANI Technologies Private Ltd since 2017 and a director on the board of Indegene Ltd since 2008
Manoj Kumar Kohli	Independent Director	He holds a bachelor's degree in commerce (honours) and a master's degree in business administration from the University of Delhi. He has also received a diploma in training and development from the Indian Society for Training and Development and a post-graduate diploma in personnel management from the New Delhi YMCA Institute of Management Studies. He was previously associated with SoftBank Group International as country head and Bharti Enterprises Ltd as the managing director
Arun Sarin	Non-Executive Director	He holds a bachelor's degree of technology in metallurgical engineering from the IIT, Kharagpur and a master's degree in science, materials science and engineering and in business administration from the University of California at Berkeley. He was previously associated with Vodafone Group as CEO
Shradha Sharma	Independent Director	She has received a post-graduate certificate in design communications management from the Mudra Institute of Communications, Ahmedabad. She is the founder and chief executive officer of Your Story Media and is also a member of the National Startup Advisory Council

Source: Company, Emkay Research

Exhibit 271: Ola Electric's corporate structure



Source: Ola Electric RHP, Emkay Research

Ola Electric Mobility: Consolidated Financials and Valuations

Profit & Loss

Y/E March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	**50,098**	**45,140**	**34,579**	**47,805**	**59,585**
Revenue growth (%)	90.4	(9.9)	(23.4)	38.2	24.6
EBITDA	**(12,676)**	**(17,390)**	**(5,881)**	**(3,376)**	**(1,485)**
EBITDA growth (%)	0	0	0	0	0
Depreciation & Amortization	3,576	5,660	6,866	7,561	7,901
EBIT	**(16,252)**	**(23,050)**	**(12,748)**	**(10,937)**	**(9,386)**
EBIT growth (%)	0	0	0	0	0
Other operating income	-	-	-	-	-
Other income	2,334	4,180	2,420	1,357	1,355
Financial expense	1,866	3,660	4,794	5,736	6,178
PBT	**(15,784)**	**(22,530)**	**(15,122)**	**(15,317)**	**(14,209)**
Extraordinary items	0	0	0	0	0
Taxes	0	0	0	0	0
Minority interest	-	-	-	-	-
Income from JV/Associates	-	-	-	-	-
Reported PAT	**(15,784)**	**(22,530)**	**(15,122)**	**(15,317)**	**(14,209)**
PAT growth (%)	0	0	0	0	0
Adjusted PAT	**(15,784)**	**(22,530)**	**(15,122)**	**(15,317)**	**(14,209)**
Diluted EPS (Rs)	**(3.2)**	**(5.1)**	**(3.4)**	**(3.5)**	**(3.2)**
Diluted EPS growth (%)	0	0	0	0	0
DPS (Rs)	**0**	**0**	**0**	**0**	**0**
Dividend payout (%)	**0**	**0**	**0**	**0**	**0**
EBITDA margin (%)	(25.3)	(38.5)	(17.0)	(7.1)	(2.5)
EBIT margin (%)	(32.4)	(51.1)	(36.9)	(22.9)	(15.8)
Effective tax rate (%)	0	0	0	0	0
NOPLAT (pre-IndAS)	**(16,252)**	**(23,050)**	**(12,748)**	**(10,937)**	**(9,386)**
Shares outstanding (mn)	4,901	4,411	4,411	4,411	4,411

Source: Company, Emkay Research

Balance Sheet

Y/E March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Share capital	49,014	44,110	44,110	44,110	44,110
Reserves & Surplus	(28,820)	7,320	(7,765)	(23,101)	(37,328)
Net worth	**20,193**	**51,430**	**36,345**	**21,009**	**6,782**
Minority interests	-	-	-	-	-
Non-current liab. & prov.	0	0	0	0	0
Total debt	**28,696**	**37,060**	**52,755**	**56,211**	**62,826**
Total liabilities & equity	**48,890**	**88,490**	**89,100**	**77,220**	**69,607**
Net tangible fixed assets	12,715	16,020	22,589	30,874	31,523
Net intangible assets	8,150	9,620	9,620	9,620	9,620
Net ROU assets	3,960	5,810	5,810	5,810	5,810
Capital WIP	7,126	7,020	8,646	4,800	1,250
Goodwill	85	90	90	90	90
Investments [JV/Associates]	379	380	380	380	380
Cash & equivalents	**16,889**	**35,180**	**31,894**	**13,472**	**7,449**
Current assets (ex-cash)	25,591	33,820	25,112	32,753	39,191
Current Liab. & Prov.	28,464	22,260	17,194	23,554	29,416
NWC (ex-cash)	**(2,873)**	**11,560**	**7,918**	**9,198**	**9,775**
Total assets	**48,890**	**88,490**	**89,100**	**77,220**	**69,607**
Net debt	11,807	1,880	20,861	42,739	55,376
Capital employed	48,890	88,490	89,100	77,220	69,607
Invested capital	**21,952**	**43,010**	**45,937**	**55,503**	**56,729**
BVPS (Rs)	4.1	11.7	8.2	4.8	1.5
Net Debt/Equity (x)	0.6	-	0.6	2.0	8.2
Net Debt/EBITDA (x)	(0.9)	(0.1)	(3.5)	(12.7)	(37.3)
Interest coverage (x)	(7.5)	(5.2)	(2.2)	(1.7)	(1.3)
RoCE (%)	**(30.7)**	**(27.5)**	**(11.6)**	**(11.5)**	**(10.9)**

Source: Company, Emkay Research

Cash flows

Y/E March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
PBT (ex-other income)	(15,909)	(22,760)	(15,085)	(15,336)	(14,228)
Others (non-cash items)	689	(2,300)	0	0	0
Taxes paid	(82)	(100)	0	0	0
Change in NWC	4,507	(8,070)	3,949	(1,664)	(919)
Operating cash flow	**(6,331)**	**(23,910)**	**524**	**(3,702)**	**(1,068)**
Capital expenditure	(12,123)	(9,760)	(15,062)	(12,000)	(5,000)
Acquisition of business	(221)	(21,070)	0	0	0
Interest & dividend income	-	-	-	-	-
Investing cash flow	**(11,363)**	**(28,640)**	**(15,062)**	**(12,000)**	**(5,000)**
Equity raised/(repaid)	11,618	53,410	0	0	0
Debt raised/(repaid)	5,978	4,350	16,046	3,017	6,223
Payment of lease liabilities	-	-	-	-	-
Interest paid	(1,697)	(3,470)	(4,794)	(5,736)	(6,178)
Dividend paid (incl tax)	0	0	0	0	0
Others	-	-	-	-	-
Financing cash flow	**15,900**	**54,290**	**11,252**	**(2,720)**	**46**
Net chg in Cash	(1,794)	1,740	(3,286)	(18,422)	(6,023)
OCF	(6,331)	(23,910)	524	(3,702)	(1,068)
Adj. OCF (w/o NWC chg.)	(10,838)	(15,840)	(3,425)	(2,038)	(149)
FCFF	(18,454)	(33,670)	(14,538)	(15,702)	(6,068)
FCFE	(20,319)	(37,330)	(19,332)	(21,439)	(12,246)
OCF/EBITDA (%)	49.9	137.5	(8.9)	109.7	71.9
FCFE/PAT (%)	128.7	165.7	127.8	140.0	86.2
FCFF/NOPLAT (%)	**113.5**	**146.1**	**114.0**	**143.6**	**64.6**

Source: Company, Emkay Research

Valuations and key Ratios

Y/E March	FY24	FY25	FY26E	FY27E	FY28E
P/E (x)	(15.6)	(9.8)	(14.7)	(14.5)	(15.6)
P/CE(x)	(20.2)	(13.1)	(26.9)	(28.6)	(35.2)
P/B (x)	12.2	4.3	6.1	10.6	32.7
EV/Sales (x)	5.2	5.0	7.0	5.5	4.7
EV/EBITDA (x)	(20.4)	(12.9)	(41.2)	(78.3)	(186.6)
EV/EBIT(x)	(15.9)	(9.7)	(19.0)	(24.2)	(29.5)
EV/IC (x)	11.8	5.2	5.3	4.8	4.9
FCFF yield (%)	(7.1)	(15.1)	(6.0)	(5.9)	(2.2)
FCFE yield (%)	(9.2)	(16.8)	(8.7)	(9.7)	(5.5)
Dividend yield (%)	0	0	0	0	0
DuPont-RoE split					
Net profit margin (%)	(31.5)	(49.9)	(43.7)	(32.0)	(23.8)
Total asset turnover (x)	1.2	0.7	0.4	0.6	0.9
Assets/Equity (x)	2.0	1.8	1.9	2.7	4.9
RoE (%)	**(72.1)**	**(62.9)**	**(34.5)**	**(53.4)**	**(102.3)**
DuPont-RoIC					
NOPLAT margin (%)	(32.4)	(51.1)	(36.9)	(22.9)	(15.8)
IC turnover (x)	2.6	1.4	0.8	0.9	1.1
RoIC (%)	**(84.5)**	**(71.0)**	**(28.7)**	**(21.6)**	**(16.7)**
Operating metrics					
Core NWC days	(20.9)	93.5	83.6	70.2	59.9
Total NWC days	**(20.9)**	**93.5**	**83.6**	**70.2**	**59.9**
Fixed asset turnover	2.2	1.2	0.7	0.7	0.8
Opex-to-revenue (%)	37.9	56.4	48.1	41.2	39.1

Source: Company, Emkay Research

BUY TVS Motor

Strength of an incumbent, agility of a start up

Emkay Your success is our success

Auto & Auto Ancillaries ▸ Company Update ▸ **October 14, 2025** **CMP (Rs): 3,503 | TP (Rs): 4,200**

TVSL boasts of capturing evolving consumer preferences, identifying emerging categories, incubating multiple new brands – an industry rarity. This has reinforced its market share across superior growth categories like premium motorcycles, scooters, exports. A richer portfolio mix, with >70% of domestic motorcycles in the ≥125cc premium category, highlights this shift. TVSL has emerged as the leading E-2W incumbent player, with 23% share in FY26TD; it is rapidly gaining ground in E-3Ws (11% share) via strategic launches. A strong execution track record (sustained export outperformance, strong product line-up, growing distribution) places it well to prop the robust growth momentum. We revise FY26/27/28E EPS by 8/14/18% on benefits from GST-cut led demand spike. We build in 16/20/28% FY25-28E volume/revenue/EPS CAGR; maintain BUY and haul up TP by ~36% to Rs4,200 (from Rs3,100), at 35x Sep-27E core PER (30x earlier), as sustained broad-based growth across premium bikes, scooters (EV/ICE), and exports reinforces the LT growth visibility.

Sustained market share gains across growth categories, led by product actions

TVSL has leveraged consumer insight-led innovations to identify emerging categories, capture evolving preferences, and successfully incubate multiple new brands – a rarity in the industry. This led to sustained share gains across superior growth categories like premium motorcycles (19% in FY26TD vs 14.5% in FY19), scooters (29% in FY26TD vs 19% in FY19), and exports (~29% vs 19%), and is reflected in the richer portfolio mix, with +125cc motorcycles forming 78% of domestic motorcycles (FY19: 55%; industry: 55%). TVSL is outpacing in 2W exports (FY26TD/25 volume up 41%/23% vs BJAUT's 25%/13%), with sustained share gains at 28%. It is also outdoing industry retails (up 13% in FY26TD vs the industry's 3%) – Norton's first model to debut in Q3/Q4 (in EU in Q1FY27). India would be a key market for the premium yet accessible 300-400cc models.

Reigning E-2W leader; widening portfolio/distribution to penetrate the market

TVSL, an early mover among incumbent E-2W players, is now the leader with 23% share in FY26TD, surpassing Ola/BJAUT (18%/19%). Recent launches (Orbiter, targeting a differentiated customer set) and an expanding distribution footprint should further consolidate its position. In E-3Ws, TVSL has scaled up rapidly, with market share rising to ~11% in FY26TD (1% in FY25), aided by the King EV Max (Passenger) and King HD-EV (Cargo), placing it closer to majors like BJAUT/M&M. The recently announced strategic partnership with Hyundai to co-develop E-3Ws and micro-E4Ws for domestic and export markets further deepens the EV roadmap. Meanwhile, falling cell prices, amid sustained innovation and OEM-led cost improvements, are likely to bolster long-term margins.

Broad-based gains drive robust volume/revenue/EPS CAGR; retain BUY

We build in 16/20/28% FY25-28E volume/revenue/EPS CAGR and revise FY26E/27E/28E EPS to reflect the GST-cut benefit, TVSL's sustained share gains in superior growth categories (premium motorcycles, scooters), export outperformance, rising E-2W leadership, and improving E-3W positioning. We retain BUY; boost TP 35.5% to Rs4,200.

Target Price – 12M	Jun-26
Change in TP (%)	**35.5**
Current Reco.	BUY
Previous Reco.	BUY
Upside/(Downside) (%)	19.9

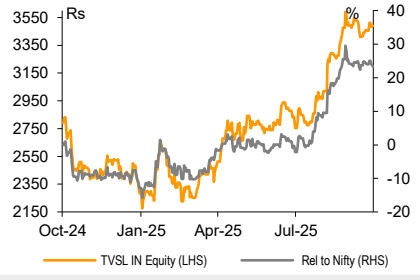
Stock Data	**TVSL IN**
52-week High (Rs)	3,606
52-week Low (Rs)	2,170
Shares outstanding (mn)	475.1
Market-cap (Rs bn)	1,664
Market-cap (USD mn)	18,769
Net-debt, FY26E (Rs mn)	(9,571.3)
ADTV-3M (mn shares)	1
ADTV-3M (Rs mn)	2,710.8
ADTV-3M (USD mn)	30.6
Free float (%)	49.7
Nifty-50	25,227.3
INR/USD	88.7

Shareholding,Jun-25	
Promoters (%)	50.3
FPIs/MFs (%)	22.4/18.8

Price Performance

(%)	1M	3M	12M
Absolute	0.3	27.2	25.4
Rel. to Nifty	(0.1)	26.8	24.1

1-Year share price trend (Rs)



TVS Motor: Financial Snapshot (Standalone)

Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	317,764	362,513	463,971	545,601	624,405
EBITDA	35,141	44,541	60,960	74,348	86,597
Adj. PAT	20,830	27,106	39,030	48,480	56,999
Adj. EPS (Rs)	43.8	57.1	82.2	102.0	120.0
EBITDA margin (%)	11.1	12.3	13.1	13.6	13.9
EBITDA growth (%)	31.5	26.7	36.9	22.0	16.5
Adj. EPS growth (%)	40.0	30.1	44.0	24.2	17.6
RoE (%)	30.2	30.7	33.9	32.3	29.7
RoIC (%)	129.6	328.1	445.4	439.3	495.5
P/E (x)	79.9	61.4	42.6	34.3	29.2
EV/EBITDA (x)	47.6	37.6	27.4	22.5	19.3
P/B (x)	21.5	16.7	12.7	9.8	7.7
FCFF yield (%)	1.5	1.5	2.1	2.8	3.6

Source: Company, Emkay Research

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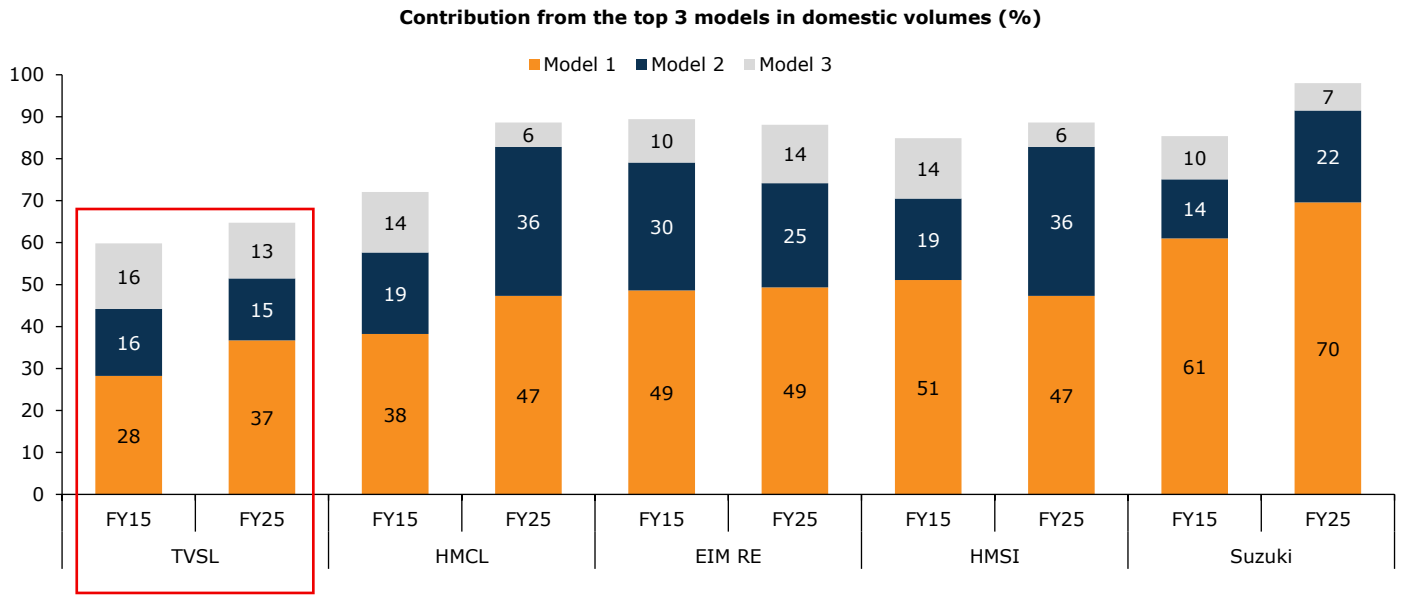
Exhibit 272: TVSL has gained share across the key categories of premium motorcycles and scooters (both, ICE and EVs), leading to an improvement in the overall domestic market share as well

Market share (%)	FY21	FY22	FY23	FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26TD
Domestic 2Ws	**20.4**	**21.3**	**24.2**	**25.2**	**23.8**	**26.3**	**28.2**	**29.3**	**29.6**	**31.4**
Commuter Motorcycles	**3.8**	**5.3**	**7.0**	**9.3**	**7.9**	**8.1**	**8.1**	**7.0**	**8.2**	**7.8**
-- Economy motorcycles	7.3	9.1	10.4	10.0	8.0	12.3	9.7	7.2	9.6	9.8
-- Executive motorcycles	3.9	3.8	3.6	3.7	3.3	4.0	3.9	3.5	3.4	4.1
--125cc motorcycles	0.0	3.5	9.1	15.1	12.9	9.9	11.7	10.4	12.3	10.8
Premium Motorcycles	14.9	18.2	15.3	14.3	16.3	14.8	16.3	17.3	20.5	17.8
Scooters	**20.3**	**20.3**	**24.0**	**23.5**	**21.7**	**24.5**	**26.9**	**28.6**	**28.2**	**29.4**
-- ICE	*20.5*	*21.5*	*26.0*	*24.3*	*22.4*	*25.3*	*28.2*	*30.1*	*29.5*	*31.1*
-- EV	*2.4*	*3.7*	*12.5*	*19.4*	*18.1*	*21.1*	*21.7*	*22.3*	*22.7*	*21.3*
Mopeds	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

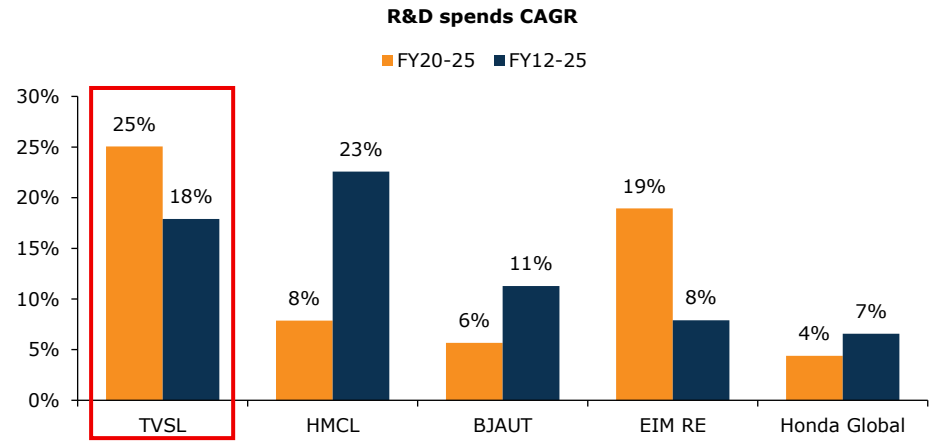
Source: SIAM, Emkay Research; Note: Q2 data is till Aug-25

Exhibit 273: TVSL's reliance on its top-3 models is far lower than peers which reflects its success in multiple avenues



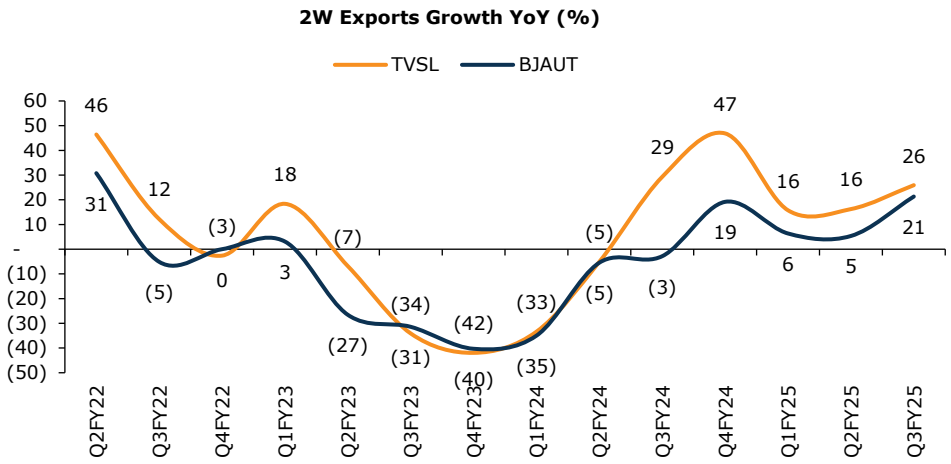
Source: SIAM, Emkay Research

Exhibit 274: TVSL's R&D investments have been the highest among incumbents



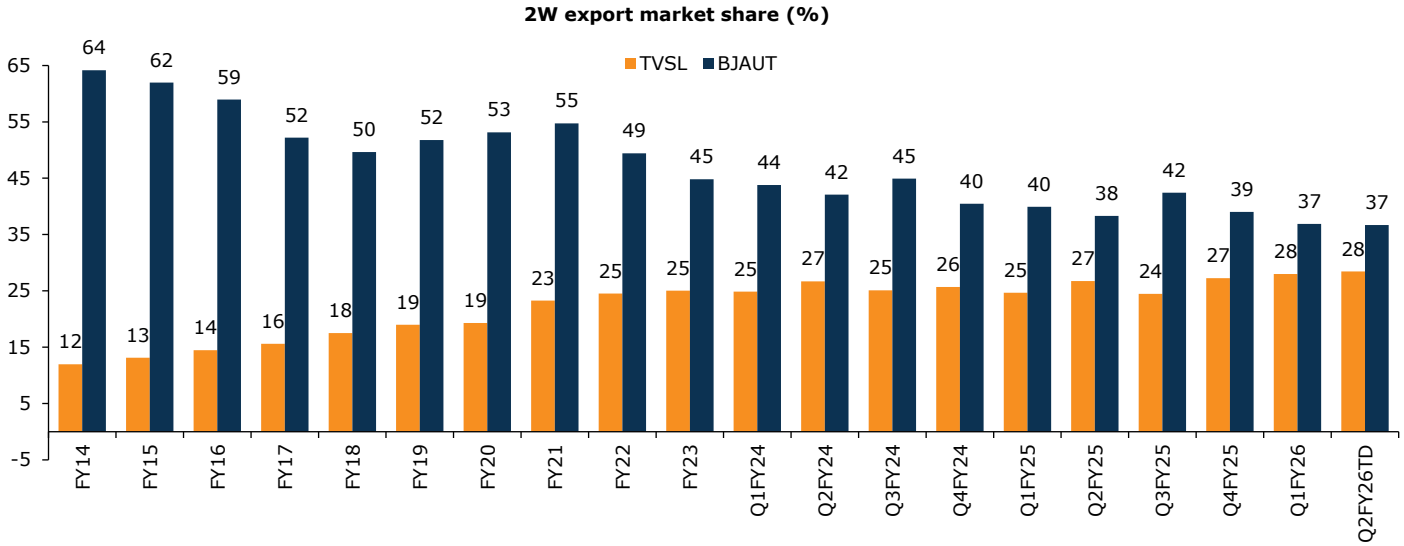
Source: Company, Emkay Research

Exhibit 275: TVSL has continually outpaced BJAUT in 2W exports



Source: Company, Emkay Research

Exhibit 276: TVSL has consistently gained market share in 2W exports, which now account for nearly 30% of the total industry's 2W exports



Source: SIAM, Emkay Research; Note: Q2 data is till Aug-25

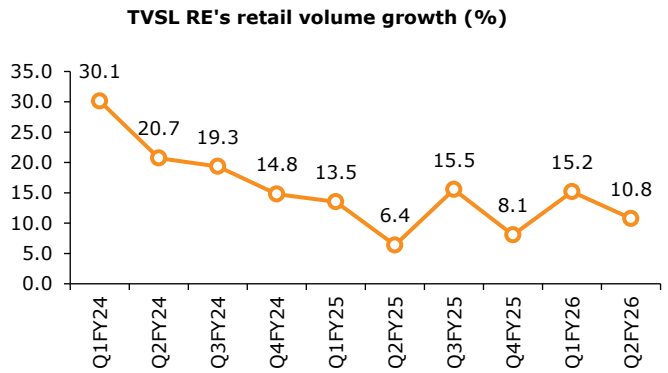
Exhibit 277: TVSL has consistently gained retail market share, from 12% to 20% now

Retail volumes (No of units)	FY21	FY22	FY23	FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26
BJAUT	1,353,033	1,474,346	1,744,394	2,218,651	553,283	477,042	708,640	525,635	551,603	425,613
HMCL	4,277,586	4,346,074	5,310,283	5,695,580	1,428,526	1,087,712	1,917,506	1,263,793	1,479,865	1,056,999
HMSI	3,013,668	3,124,485	4,109,792	4,310,593	1,200,215	1,114,303	1,605,032	1,089,335	1,215,509	1,074,721
TVSL	**1,795,076**	**1,899,489**	**2,585,158**	**3,121,762**	**822,620**	**748,329**	**1,036,669**	**860,531**	**947,492**	**828,838**
RE	493,718	475,854	730,134	824,067	204,777	182,183	254,847	229,455	238,981	226,853
Industry	**14,976,551**	**15,716,046**	**16,980,364**	**18,983,089**	**4,806,803**	**4,208,000**	**6,209,562**	**4,637,538**	**5,056,726**	**4,232,770**

Market Share (%)	FY21	FY22	FY23	FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26
BJAUT	9.0	9.4	10.3	11.7	11.5	11.3	11.4	11.3	10.9	10.1
HMCL	28.6	27.7	31.3	30.0	29.7	25.8	30.9	27.3	29.3	25.0
HMSI	20.1	19.9	24.2	22.7	25.0	26.5	25.8	23.5	24.0	25.4
TVSL	**12.0**	**12.1**	**15.2**	**16.4**	**17.1**	**17.8**	**16.7**	**18.6**	**18.7**	**19.6**
RE	3.3	3.0	4.3	4.3	4.3	4.3	4.1	4.9	4.7	5.4

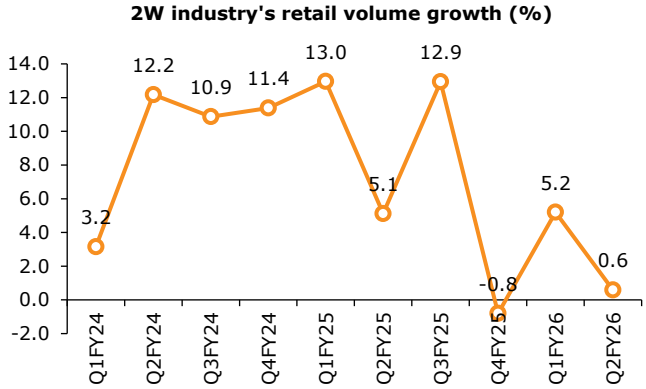
Source: Vahan, Emkay Research

Exhibit 278: BJAUT has seen a decline in retail volumes over the past few quarters…



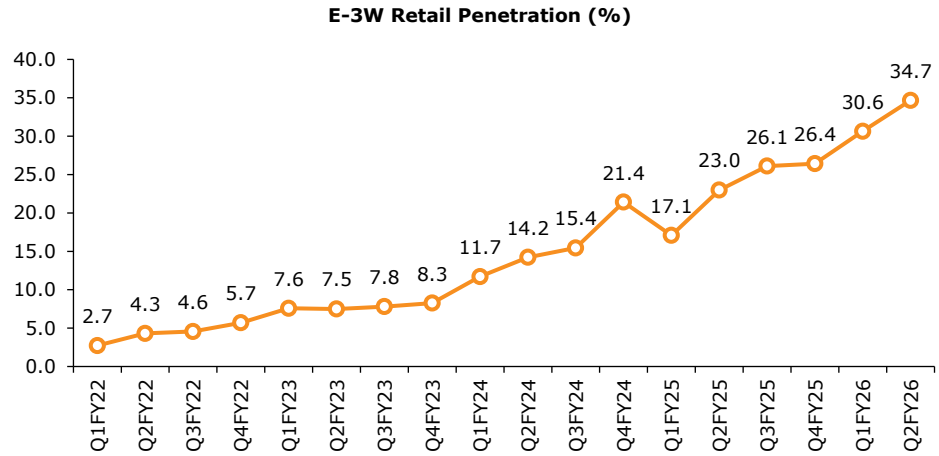
Source: Vahan, Emkay Research

Exhibit 279: …with volume growth outpacing industry growth



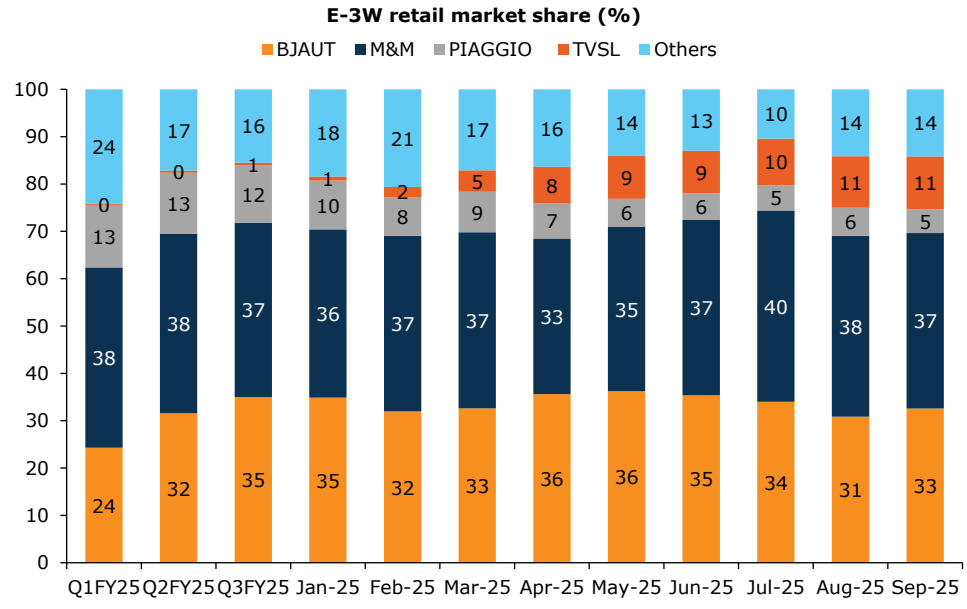
Source: Vahan, Emkay Research

Exhibit 280: E-3W penetration has reached a fresh high of 35% in Q2FY26



Source: Vahan, Emkay Research

Exhibit 281: In E- 3Ws, TVSL's market share has scaled up, to 11%



Source: Vahan, Emkay Research

Exhibit 282: Norton's products (expected to be launched in India as well); TVSL is also developing 300-400cc bikes under Norton for India

Source: Media Articles, Emkay Research

"In Norton, we launch toward the end of this year and will start phasing in the products toward the end of this year and early next year. We will have a differentiated retail strategy in India for Norton, possibly for some of the premium TVS vehicles also."

Sudarshan Venu, Managing Director, TVS Motor (Link).

Exhibit 283: Spy shots of the upcoming V4 bike from TVS, backed by Norton for EU and India

Source: Media Articles (Link), Emkay Research

Exhibit 284: We expect TVSL's E-scooter share to reach 25% and premium motorcycle/2W export market share to reach ~20%/36% by FY35E

Industry (mn units)	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY30E	FY35E	FY25-28E CAGR (%)	FY25-35E CAGR (%)
Domestic 2W ICE industry	15.5	17.5	18.8	19.7	21.1	21.9	21.9	11.1	5%	-5%
Growth YoY (%)	*15.5*	*12.7*	*7.4*	*4.9*	*7.0*	*3.8*	*-2.1*	*-21.6*		
Domestic 2W EV industry	0.3	0.8	1.0	1.3	1.5	1.9	2.8	13.4	24%	30%
Growth YoY (%)	*547.9*	*166.0*	*26.9*	*32.8*	*15.1*	*24.3*	*22.0*	*30.5*		
Total Domestic 2W Volumes	**15.8**	**18.3**	**19.8**	**21.0**	**22.6**	**23.8**	**24.7**	**24.5**	6%	2%
Growth YoY (%)	*17.2*	*15.5*	*8.2*	*6.3*	*7.5*	*5.2*	*0.1*	*0.3*		
Total Export 2W Volumes	**3.7**	**3.5**	**4.2**	**5.3**	**6.1**	**7.0**	**8.5**	**13.7**	19%	13%
Growth YoY (%)	*-17.8*	*-5.3*	*21.4*	*26.4*	*15.0*	*15.0*	*10.0*	*10.0*		

TVSL's Market Share (%)	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY30E	FY35E
Domestic 2Ws	**16.0**	**17.1**	**17.5**	**19.7**	**20.4**	**20.8**	**21.0**	**22.6**
Domestic Scooter	22.1	22.8	24.6	28.7	29.9	30.2	29.8	25.9
-- E-Scooters	12.5	19.4	21.0	23.8	26.6	26.5	26.2	25.0
-- ICE Scooters	23.6	23.5	25.3	29.8	30.8	31.3	31.3	31.3
Domestic motorcycles	8.9	10.5	9.8	10.9	11.2	11.6	12.9	19.2
--Domestic Commuter motorcycle	7.0	9.3	7.8	8.1	8.4	9.0	10.3	19.2
--ICE (%)	7.0	9.3	7.8	8.1	8.4	8.9	9.1	9.4
--EV (%)	-	-	-	-	-	21.7	28.0	28.0
Premium motorcycles	15.3	14.3	16.2	19.0	19.0	19.2	19.2	19.2
Export 2W market share (%)	**25.1**	**25.7**	**26.0**	**28.2**	**29.3**	**30.3**	**32.4**	**36.2**
-- ICE-2W share (%)	25.1	25.6	25.9	28.1	28.9	29.5	30.9	38.2
-- E-2W share (%)	0.0	72.9	86.4	85.0	84.0	78.5	63.8	25.0

Source: SIAM, Emkay Research

Exhibit 285: We expect TVSL to clock 9% volume CAGR over FY25-35E, led by 33%/4% CAGR in its EV/ICE volumes

Segmental Volumes (no of units)	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY30E	FY35E	FY25-28E CAGR (%)	FY25-35E CAGR (%)
ICE	**3,589,620**	**4,001,537**	**4,464,031**	**5,488,862**	**6,139,498**	**6,699,189**	**7,139,305**	**6,717,476**	**14%**	**4%**
Domestic Motorcycles	**910,376**	**1,223,838**	**1,204,309**	**1,370,397**	**1,511,823**	**1,627,122**	**1,691,055**	**1,319,486**	**11%**	**1%**
-- Commuter motorcycles	556,955	822,133	719,852	756,047	847,000	924,191	890,735	397,920	9%	-6%
-- Economy	197,314	210,425	182,553	201,947	223,526	243,834	200,249	52,255	10%	-12%
-- Executive	120,253	133,265	137,480	156,207	182,146	194,896	174,423	67,081	12%	-7%
-- 125cc	239,388	478,443	399,819	397,893	441,329	485,462	516,063	278,584	7%	-4%
-- Premium motorcycles	**353,421**	**401,705**	**484,457**	**614,350**	**664,823**	**702,931**	**800,320**	**921,566**	**13%**	**7%**
Scooters	1,149,339	1,261,513	1,540,040	1,982,080	2,188,110	2,325,386	2,465,613	647,007	**15%**	**-8%**
Mopeds	445,773	483,459	501,813	481,510	495,455	485,546	216,302	0	**-1%**	**-100%**
3Ws	16,075	20,747	27,142	25,585	32,171	40,294	35,879	8,034	**14%**	**-11%**
Exports	**1,068,057**	**1,011,980**	**1,190,727**	**1,629,290**	**1,911,939**	**2,220,842**	**2,730,456**	**4,742,948**	**23%**	**15%**
-- 2Ws	910,812	883,873	1,076,563	1,474,872	1,734,357	2,016,623	2,500,584	4,437,554	23%	15%
-- 3Ws	153,039	125,379	105,740	143,806	165,377	190,184	217,742	305,394	22%	11%
-- Mopeds	4,206	2,728	8,424	10,612	12,204	14,035	12,130	0	19%	-100%
EVs	**96,654**	**191,113**	**280,757**	**398,223**	**567,882**	**738,019**	**1,354,196**	**4,873,310**	38%	33%
Domestic Motorcycles	**0**	**0**	**0**	**0**	**0**	**12,000**	**182,866**	**1,330,241**		
-- Commuter motorcycles	0	0	0	0	0	12,000	182,866	1,330,241		
-- Economy	*0*	*0*	*0*	*0*	*0*	*0*	*25,450*	*126,181*		
-- Executive	*0*	*0*	*0*	*0*	*0*	*0*	*55,497*	*405,529*		
-- 125cc	*0*	*0*	*0*	*0*	*0*	*0*	*101,919*	*798,531*		
-- Premium motorcycles										
Scooters	**96,654**	**189,896**	**273,063**	**356,406**	**492,589**	**591,107**	**884,727**	**2,926,940**	29%	27%
Mopeds										
3Ws (based on retails)	0	44	1,781	29,368	33,774	38,840	51,366	103,314	179%	50%
Exports	**0**	**1,173**	**5,913**	**12,448**	**41,519**	**96,072**	**235,238**	**512,814**	153%	56%
-- 2Ws	0	1,173	5,913	12,448	41,519	96,072	235,238	512,814	153%	56%
-- 3Ws										

	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY30E	FY35E	FY25-28E CAGR (%)	FY25-35E CAGR (%)
Total	**3,686,274**	**4,192,650**	**4,744,788**	**5,887,085**	**6,707,380**	**7,437,208**	**8,493,501**	**11,590,786**	**16%**	**9%**
Domestic Motorcycles	**910,376**	**1,223,838**	**1,204,309**	**1,370,397**	**1,511,823**	**1,639,122**	**1,873,921**	**2,649,727**	**11%**	**8%**
-- Commuter motorcycles	556,955	822,133	719,852	756,047	847,000	936,191	1,073,600	1,728,161	9%	9%
-- Economy	*197,314*	*210,425*	*182,553*	*201,947*	*223,526*	*243,834*	*225,699*	*178,436*	10%	0%
-- Executive	*120,253*	*133,265*	*137,480*	*156,207*	*182,146*	*194,896*	*229,920*	*472,610*	12%	13%
-- 125cc	*239,388*	*478,443*	*399,819*	*397,893*	*441,329*	*485,462*	*617,981*	*1,077,114*	7%	10%
-- Premium motorcycles	353,421	401,705	484,457	614,350	664,823	702,931	800,320	921,566	**13%**	**7%**
Scooters	**1,245,993**	**1,451,409**	**1,813,103**	**2,338,486**	**2,680,699**	**2,916,493**	**3,350,340**	**3,573,948**	**17%**	**7%**
Mopeds	**445,773**	**483,459**	**501,813**	**481,510**	**495,455**	**485,546**	**216,302**	**0**	**-1%**	**-100%**
3Ws	**16,075**	**20,791**	**28,923**	**54,954**	**65,944**	**79,133**	**87,244**	**111,349**	**40%**	**14%**
Exports	**1,068,057**	**1,013,153**	**1,196,640**	**1,641,739**	**1,953,458**	**2,316,913**	**2,965,693**	**5,255,763**	**25%**	**16%**
-- 2Ws	910,812	885,046	1,082,476	1,487,320	1,775,876	2,112,695	2,735,822	4,950,369	25%	16%
-- 3Ws	153,039	125,379	105,740	143,806	165,377	190,184	217,742	305,394	22%	11%
-- Mopeds	4,206	2,728	8,424	10,612	12,204	14,035	12,130	-	19%	-100%

Source: SIAM, Vahan, Emkay Research

Exhibit 286: TVSL's segmental volume mix – We expect exports to form 45% of the total volumes by FY35E and share of E-scooters to be at 60% by FY35E

Segmental Volume Mix (%)	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY30E	FY35E
ICE								
Domestic Motorcycles	**25.4**	**30.6**	**27.0**	**25.0**	**24.6**	**24.3**	**23.7**	**19.6**
-- Commuter motorcycles	15.5	20.5	16.1	13.8	13.8	13.8	12.5	5.9
-- Economy	*5.5*	*5.3*	*4.1*	*3.7*	*3.6*	*3.6*	*2.8*	*0.8*
-- Executive	*3.4*	*3.3*	*3.1*	*2.8*	*3.0*	*2.9*	*2.4*	*1.0*
-- 125cc	*6.7*	*12.0*	*9.0*	*7.2*	*7.2*	*7.2*	*7.2*	*4.1*
-- Premium motorcycles	9.8	10.0	10.9	11.2	10.8	10.5	11.2	13.7
Scooters	**32.0**	**31.5**	**34.5**	**36.1**	**35.6**	**34.7**	**34.5**	**9.6**
Mopeds	**12.4**	**12.1**	**11.2**	**8.8**	**8.1**	**7.2**	**3.0**	**0.0**
3Ws	**0.4**	**0.5**	**0.6**	**0.5**	**0.5**	**0.6**	**0.5**	**0.1**
Exports	**29.8**	**25.3**	**26.7**	**29.7**	**31.1**	**33.2**	**38.2**	**70.6**
-- 2Ws	**25.4**	**22.1**	**24.1**	**26.9**	**28.2**	**30.1**	**35.0**	**66.1**
-- 3Ws	4.3	3.1	2.4	2.6	2.7	2.8	3.0	4.5
-- Mopeds	**0.1**	**0.1**	**0.2**	**0.2**	**0.2**	**0.2**	**0.2**	**0.0**
	100.0	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

EVs (%)	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY30E	FY35E
Domestic Motorcycles	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*1.6*	*13.5*	*27.3*
-- Commuter motorcycles	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*1.6*	*13.5*	*27.3*
-- Economy	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*1.9*	*2.6*
-- Executive	0.0	0.0	0.0	0.0	0.0	0.0	4.1	8.3
-- 125cc	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**7.5**	**16.4**
-- Premium motorcycles	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Scooters	**100.0**	**99.4**	**97.3**	**89.5**	**86.7**	**80.1**	**65.3**	**60.1**
Mopeds	-	-	-	-	-	-	-	-
3Ws (based on retails)	-	0.0	0.6	7.4	5.9	5.3	3.8	2.1
Exports	**0.0**	**0.6**	**2.1**	**3.1**	**7.3**	**13.0**	**17.4**	**10.5**
-- 2Ws	0.0	0.6	2.1	3.1	7.3	13.0	17.4	10.5
-- 3Ws	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*
	100.0	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Total (%)	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY30E	FY35E
Domestic Motorcycles	**24.7**	**29.2**	**25.4**	**23.3**	**22.5**	**22.0**	**22.1**	**22.9**
-- Commuter motorcycles	**15.1**	**19.6**	**15.2**	**12.8**	**12.6**	**12.6**	**12.6**	**14.9**
-- Economy	5.4	5.0	3.8	3.4	3.3	3.3	2.7	1.5
-- Executive	3.3	3.2	2.9	2.7	2.7	2.6	2.7	4.1
-- 125cc	6.5	11.4	8.4	6.8	6.6	6.5	7.3	9.3
-- Premium motorcycles	**9.6**	**9.6**	**10.2**	**10.4**	**9.9**	**9.5**	**9.4**	**8.0**
Scooters	**33.8**	**34.6**	**38.2**	**39.7**	**40.0**	**39.2**	**39.4**	**30.8**
Mopeds	**12.1**	**11.5**	**10.6**	**8.2**	**7.4**	**6.5**	**2.5**	**-**
3Ws	**0.4**	**0.5**	**0.6**	**0.9**	**1.0**	**1.1**	**1.0**	**1.0**
Exports	**29.0**	**24.2**	**25.2**	**27.9**	**29.1**	**31.2**	**34.9**	**45.3**
-- 2Ws	24.7	21.1	22.8	25.3	26.5	28.4	32.2	42.7
-- 3Ws	4.2	3.0	2.2	2.4	2.5	2.6	2.6	2.6
-- Mopeds	0.1	0.1	0.2	0.2	0.2	0.2	0.1	-
	100.0	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: SIAM, Vahan, Emkay Research

Exhibit 287: We build in 16%/20%/28% volume/revenue/EPS CAGR over FY25-28E

Particulars (No of units)	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY30E	FY35E	FY25-28E CAGR	FY25-35E CAGR
Domestic ICE 2Ws	2,501,282	2,967,154	3,246,162	3,833,987	4,195,388	4,426,054	4,372,970	1,966,493	11%	-5%
Growth YoY (%)	*22.8*	*18.6*	*9.4*	*18.1*	*9.4*	*5.5*	*(1.2)*	*(27.5)*		
Domestic EV 2Ws	96,654	189,896	273,063	356,406	492,589	603,107	1,067,593	4,257,181	30%	32%
Growth YoY (%)	*797.2*	*96.5*	*43.8*	*30.5*	*38.2*	*22.4*	*44.0*	*21.9*		
Domestic 2Ws	**2,597,936**	**3,157,050**	**3,519,225**	**4,190,393**	**4,687,978**	**5,029,161**	**5,440,563**	**6,223,675**	**13%**	**6%**
Growth YoY (%)	*26.9*	*21.5*	*11.5*	*19.1*	*11.9*	*7.3*	*5.3*	*0.3*		
-- Scooters	1,245,993	1,451,409	1,813,103	2,338,486	2,680,699	2,916,493	3,350,340	3,573,948	17%	7%
Growth YoY (%)	43.7	16.5	24.9	29.0	14.6	8.8	5.2	(1.5)		
-- Motorcycles	*910,376*	*1,223,838*	*1,204,309*	*1,370,397*	*1,511,823*	*1,627,122*	*1,873,921*	*2,649,727*	11%	8%
Growth YoY (%)	*28.7*	*34.4*	*(1.6)*	*13.8*	*10.3*	*7.6*	*8.4*	*4.8*		
-- Mopeds	*441,567*	*481,803*	*501,813*	*481,510*	*495,455*	*485,546*	*216,302*	-	-1%	-100%
Growth YoY (%)	*(6.7)*	*9.1*	*4.2*	*(4.0)*	*2.9*	*(2.0)*	*(14.2)*	*(100.0)*		
Domestic 3Ws	***16,075***	***20,791***	***28,923***	***54,954***	***65,944***	***79,133***	***87,244***	***111,349***	**40%**	**14%**
Growth YoY (%)	*82.2*	*29.3*	*39.1*	*90.0*	*20.0*	*20.0*	*5.0*	*5.0*		
Domestic Total	***2,614,011***	***3,177,841***	***3,548,148***	***4,245,347***	***4,753,922***	***5,108,295***	***5,527,807***	***6,335,023***	**13%**	**6%**
Growth YoY (%)	*27.1*	*21.6*	*11.7*	*19.6*	*12.0*	*7.5*	*5.3*	*0.4*		
Export 2Ws	*915,018*	*887,774*	*1,089,748*	*1,497,932*	*1,788,080*	*2,126,730*	*2,747,952*	*4,950,369*	25%	16%
Growth YoY (%)	*(16.1)*	*(3.0)*	*22.8*	*37.5*	*19.4*	*18.9*	*12.3*	*11.6*		
Export 3Ws	*153,039*	*125,379*	*105,740*	*143,806*	*165,377*	*190,184*	*217,742*	*305,394*	22%	11%
Growth YoY (%)	*(6.1)*	*(18.1)*	*(15.7)*	*36.0*	*15.0*	*15.0*	*7.0*	*7.0*		
Export Total	***1,068,057***	***1,013,153***	***1,195,488***	***1,641,739***	***1,953,458***	***2,316,913***	***2,965,693***	***5,255,763***	**25%**	**16%**
Growth YoY (%)	*(14.8)*	*(5.1)*	*18.0*	*37.3*	*19.0*	*18.6*	*11.9*	*11.4*		
Volumes	**3,682,068**	**4,190,994**	**4,743,636**	**5,887,085**	**6,707,380**	**7,425,208**	**8,493,501**	**11,590,786**	**16%**	**9%**
Growth YoY (%)	*11.3*	*13.8*	*13.2*	*24.1*	*13.9*	*10.7*	*7.5*	*5.1*		

Particulars (Rs mn)	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY30E	FY35E	FY25-28E CAGR	FY25-35E CAGR
ASP (Rs/unit)	71,639	75,821	76,421	78,812	81,343	84,093	85,987	92,158	**3%**	**2%**
Growth YoY (%)	*14.0*	*5.8*	*0.8*	*3.1*	*3.2*	*3.4*	*1.1*	*1.6*		
Revenues	**263,781**	**317,764**	**362,513**	**463,971**	**545,601**	**624,405**	**730,334**	**1,068,183**	20%	11%
Growth YoY (%)	*26.9*	*20.5*	*14.1*	*28.0*	*17.6*	*14.4*	*8.7*	*6.8*		
Gross Profit	**63,823**	**83,474**	**104,908**	**134,453**	**157,563**	**180,320**	**212,372**	**315,955**		
Gross margin (%)	*24.2*	*26.3*	*28.9*	*29.0*	*28.9*	*28.9*	*29.1*	*29.6*		
Employee Costs	**13,451**	**15,959**	**19,703**	**24,463**	**27,060**	**29,808**	**34,239**	**48,550**		
% of Revenue	*5.1*	*5.0*	*5.4*	*5.3*	*5.0*	*4.8*	*4.7*	*4.5*		
Other Expenses	**23,655**	**32,374**	**40,664**	**49,029**	**56,154**	**63,915**	**74,201**	**106,622**		
% of Revenue	*9.0*	*10.2*	*11.2*	*10.6*	*10.3*	*10.2*	*10.2*	*10.0*		
EBITDA	**26,717**	**35,141**	**44,541**	**60,960**	**74,348**	**86,597**	**103,932**	**160,783**	25%	14%
EBITDAM (%)	*10.1*	*11.1*	*12.3*	*13.1*	*13.6*	*13.9*	*14.2*	*15.1*		
Growth YoY (%)	*36.2*	*31.5*	*26.7*	*36.9*	*22.0*	*16.5*	*10.1*	*7.9*		
EBITDA/unit (Rs)	*7,256*	*8,385*	*9,390*	*10,355*	*11,085*	*11,663*	*12,237*	*13,872*		
EBIT	**21,411**	**29,623**	**37,675**	**53,692**	**66,206**	**77,598**	**93,488**	**147,192**	27%	15%
EBIT margin (%)	*8.1*	*9.3*	*10.4*	*11.6*	*12.1*	*12.4*	*12.8*	*13.8*		
PAT	**14,881**	**20,830**	**27,106**	**39,030**	**48,480**	**56,999**	**69,066**	**108,930**		
PAT margin (%)	*5.6*	*6.6*	*7.5*	*8.4*	*8.9*	*9.1*	*9.5*	*10.2*		
EPS (Rs)	**31.3**	**43.8**	**57.1**	**82.2**	**102.0**	**120.0**	**145.4**	**229.3**	28%	15%
Core EPS (Rs)	**31.2**	**43.5**	**56.7**	**81.7**	**101.5**	**119.4**	**144.3**	**227.8**		

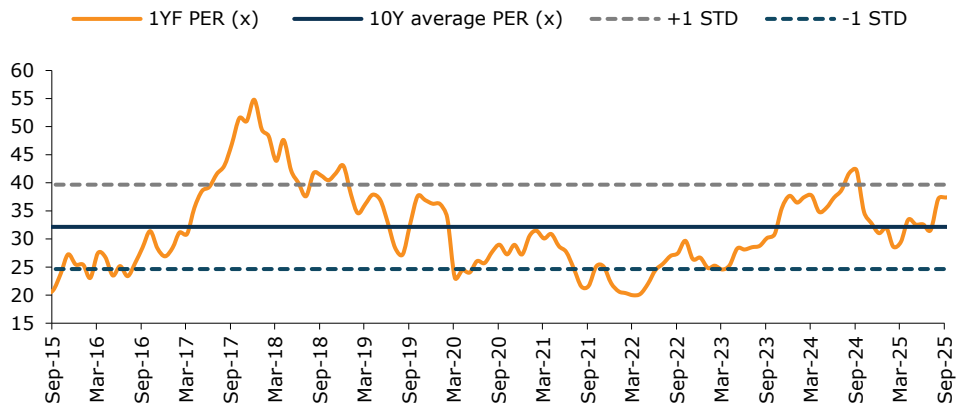
Source: Company, SIAM, Emkay Research

Exhibit 288: We raise FY26E/27E/28E EPS by 8.5%/14%/18% to factor in the benefit from the recent GST cut and TVSL's superior performance across key growth categories

Change in Estimates	FY26E				FY27E				FY28E			
No of units	**Earlier**	**Revised**	**% Change**	**% YoY**	**Earlier**	**Revised**	**% Change**	**% YoY**	**Earlier**	**Revised**	**% Change**	**% YoY**
Domestic 2Ws	3,961,133	4,190,393	5.8	19.1	4,245,955	4,687,978	10.4	11.9	4,504,480	5,029,161	11.6	7.3
Domestic 3Ws	43,963	54,954	25.0	90.0	46,161	65,944	42.9	20.0	48,469	79,133	63.3	20.0
Total Domestic	**4,005,096**	**4,245,347**	**6.0**	**19.6**	**4,292,116**	**4,753,922**	**10.8**	**12.0**	**4,552,950**	**5,108,295**	**12.2**	**7.5**
Export 2W	1,334,941	1,497,932	12.2	37.5	1,468,435	1,788,080	21.8	19.4	1,600,595	2,126,730	32.9	18.9
Export 3W	143,806	143,806	-	36.0	172,568	165,377	(4.2)	15.0	188,099	190,184	1.1	15.0
Total Exports	**1,478,748**	**1,641,739**	**11.0**	**37.3**	**1,641,003**	**1,953,458**	**19.0**	**19.0**	**1,788,693**	**2,316,913**	**29.5**	**18.6**
Total Volumes	**5,483,844**	**5,887,085**	**7.4**	**24.1**	**5,933,119**	**6,707,380**	**13.0**	**13.9**	**6,341,643**	**7,425,208**	**17.1**	**10.7**
ASP (Rs/unit)	79,202	78,812	(0.5)	3.1	82,273	81,343	(1.1)	3.2	84,741	84,093	(0.8)	3.4
Sales (Rs mn)	434,329	463,971	6.8	28.0	488,137	545,601	11.8	17.6	537,400	624,405	16.2	14.4
EBITDA (Rs mn)	56,995	60,960	7.0	36.9	66,423	74,348	11.9	22.0	75,287	86,597	15.0	16.5
Margin (%)	13.1	13.1	*2bps*	*85bps*	13.6	13.6	*2bps*	*49bps*	14.0	13.9	*(14) bps*	*24 bps*
Net Profit (Rs mn)	35,986	39,030	8.5	44.0	42,609	48,480	13.8	24.2	48,449	56,999	17.6	17.6
EPS (Rs)	75.7	82.2	8.5	44.0	89.7	102.0	13.8	24.2	102.0	120.0	17.6	17.6

Source: Company, Emkay Research

Exhibit 289: At CMP, TVSL trades close to 1SD above its LTA on a 1YF PER basis



Source: Company, Bloomberg, Emkay Research

TVS Motor: Standalone Financials and Valuations

Profit & Loss

Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	**317,764**	**362,513**	**463,971**	**545,601**	**624,405**
Revenue growth (%)	20.5	14.1	28.0	17.6	14.4
EBITDA	**35,141**	**44,541**	**60,960**	**74,348**	**86,597**
EBITDA growth (%)	31.5	26.7	36.9	22.0	16.5
Depreciation & Amortization	7,004	7,446	8,263	9,289	10,294
EBIT	**28,138**	**37,095**	**52,697**	**65,060**	**76,303**
EBIT growth (%)	37.9	31.8	42.1	23.5	17.3
Other operating income	-	-	-	-	-
Other income	1,485	580	995	1,146	1,295
Financial expense	1,816	1,387	1,440	1,303	1,290
PBT	**27,807**	**36,289**	**52,252**	**64,904**	**76,308**
Extraordinary items	0	0	0	0	0
Taxes	6,977	9,183	13,222	16,423	19,309
Minority interest	-	-	-	-	-
Income from JV/Associates	-	-	-	-	-
Reported PAT	**20,830**	**27,106**	**39,030**	**48,480**	**56,999**
PAT growth (%)	40.0	30.1	44.0	24.2	17.6
Adjusted PAT	**20,830**	**27,106**	**39,030**	**48,480**	**56,999**
Diluted EPS (Rs)	**43.8**	**57.1**	**82.2**	**102.0**	**120.0**
Diluted EPS growth (%)	40.0	30.1	44.0	24.2	17.6
DPS (Rs)	**8.0**	**10.0**	**10.0**	**16.4**	**20.4**
Dividend payout (%)	**18.2**	**17.5**	**12.2**	**16.1**	**17.0**
EBITDA margin (%)	11.1	12.3	13.1	13.6	13.9
EBIT margin (%)	8.9	10.2	11.4	11.9	12.2
Effective tax rate (%)	25.1	25.3	25.3	25.3	25.3
NOPLAT (pre-IndAS)	**21,078**	**27,709**	**39,363**	**48,597**	**56,995**
Shares outstanding (mn)	475	475	475	475	475

Source: Company, Emkay Research

Balance Sheet

Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Share capital	475	475	475	475	475
Reserves & Surplus	76,835	98,891	130,115	168,900	214,499
Net worth	**77,310**	**99,367**	**130,590**	**169,375**	**214,974**
Minority interests	-	-	-	-	-
Non-current liab. & prov.	1,871	2,659	3,387	4,292	5,356
Total debt	**15,134**	**17,349**	**15,625**	**15,257**	**15,333**
Total liabilities & equity	**97,761**	**121,581**	**152,425**	**192,244**	**242,531**
Net tangible fixed assets	30,661	36,406	44,474	51,685	57,891
Net intangible assets	3,668	3,668	3,668	3,668	3,668
Net ROU assets	-	-	-	-	-
Capital WIP	9,301	12,388	12,557	12,557	12,557
Goodwill	-	-	-	-	-
Investments [JV/Associates]	68,281	90,382	99,795	109,795	119,795
Cash & equivalents	**6,942**	**7,915**	**25,196**	**52,757**	**92,848**
Current assets (ex-cash)	34,688	41,928	57,472	67,583	77,345
Current Liab. & Prov.	62,861	78,048	98,671	114,536	131,079
NWC (ex-cash)	**(28,174)**	**(36,120)**	**(41,199)**	**(46,952)**	**(53,734)**
Total assets	**97,761**	**121,581**	**152,425**	**192,244**	**242,531**
Net debt	8,193	9,434	(9,571)	(37,500)	(77,515)
Capital employed	97,761	121,581	152,425	192,244	242,531
Invested capital	**9,545**	**7,344**	**10,333**	**11,791**	**11,215**
BVPS (Rs)	162.7	209.1	274.9	356.5	452.5
Net Debt/Equity (x)	0.1	0.1	(0.1)	(0.2)	(0.4)
Net Debt/EBITDA (x)	0.2	0.2	(0.2)	(0.5)	(0.9)
Interest coverage (x)	16.3	27.2	37.3	50.8	60.1
RoCE (%)	**32.7**	**36.0**	**40.8**	**40.0**	**37.4**

Source: Company, Emkay Research

Cash flows

Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
PBT (ex-other income)	27,807	36,289	52,252	64,904	76,308
Others (non-cash items)	(620)	2,065	(3,055)	(1,890)	(1,704)
Taxes paid	(6,162)	(8,314)	(12,493)	(15,519)	(18,245)
Change in NWC	6,518	3,982	4,703	5,451	9,559
Operating cash flow	**36,173**	**42,657**	**51,110**	**63,537**	**77,502**
Capital expenditure	(10,555)	(17,797)	(16,500)	(16,500)	(16,500)
Acquisition of business	(8,601)	(22,101)	(21,000)	(16,000)	(16,000)
Interest & dividend income	194	1,190	0	0	0
Investing cash flow	**(18,963)**	**(38,708)**	**(37,500)**	**(32,500)**	**(32,500)**
Equity raised/(repaid)	0	0	0	0	0
Debt raised/(repaid)	(7,690)	2,200	(1,725)	(367)	76
Payment of lease liabilities	(1,068)	(983)	0	0	0
Interest paid	(2,137)	(1,384)	(1,440)	(1,303)	(1,290)
Dividend paid (incl tax)	(3,801)	(4,751)	(4,751)	(7,806)	(9,696)
Others	0	1,243	0	0	0
Financing cash flow	**(14,696)**	**(3,675)**	**(7,916)**	**(9,476)**	**(10,910)**
Net chg in Cash	2,515	273	5,693	21,561	34,092
OCF	36,173	42,657	51,110	63,537	77,502
Adj. OCF (w/o NWC chg.)	29,655	38,674	46,406	58,086	67,944
FCFF	25,618	24,860	34,610	47,037	61,002
FCFE	23,995	24,663	33,169	45,734	59,712
OCF/EBITDA (%)	102.9	95.8	83.8	85.5	89.5
FCFE/PAT (%)	115.2	91.0	85.0	94.3	104.8
FCFF/NOPLAT (%)	**121.5**	**89.7**	**87.9**	**96.8**	**107.0**

Source: Company, Emkay Research

Valuations and key Ratios

Y/E Mar	FY24	FY25	FY26E	FY27E	FY28E
P/E (x)	79.9	61.4	42.6	34.3	29.2
P/CE(x)	59.8	48.2	35.2	28.8	24.7
P/B (x)	21.5	16.7	12.7	9.8	7.7
EV/Sales (x)	5.3	4.6	3.6	3.1	2.7
EV/EBITDA (x)	47.6	37.6	27.4	22.5	19.3
EV/EBIT(x)	59.4	45.1	31.7	25.7	21.9
EV/IC (x)	175.2	227.7	161.9	141.9	149.1
FCFF yield (%)	1.5	1.5	2.1	2.8	3.6
FCFE yield (%)	1.4	1.5	2.0	2.7	3.6
Dividend yield (%)	0.2	0.3	0.3	0.5	0.6
DuPont-RoE split					
Net profit margin (%)	6.6	7.5	8.4	8.9	9.1
Total asset turnover (x)	3.3	3.3	3.4	3.2	2.9
Assets/Equity (x)	1.4	1.2	1.2	1.1	1.1
RoE (%)	**30.2**	**30.7**	**33.9**	**32.3**	**29.7**
DuPont-RoIC					
NOPLAT margin (%)	6.6	7.6	8.5	8.9	9.1
IC turnover (x)	19.5	42.9	52.5	49.3	54.3
RoIC (%)	**129.6**	**328.1**	**445.4**	**439.3**	**495.5**
Operating metrics					
Core NWC days	(32.4)	(36.4)	(32.4)	(31.4)	(31.4)
Total NWC days	**(32.4)**	**(36.4)**	**(32.4)**	**(31.4)**	**(31.4)**
Fixed asset turnover	3.8	3.8	4.2	4.3	4.4
Opex-to-revenue (%)	15.2	16.7	15.8	15.3	15.0

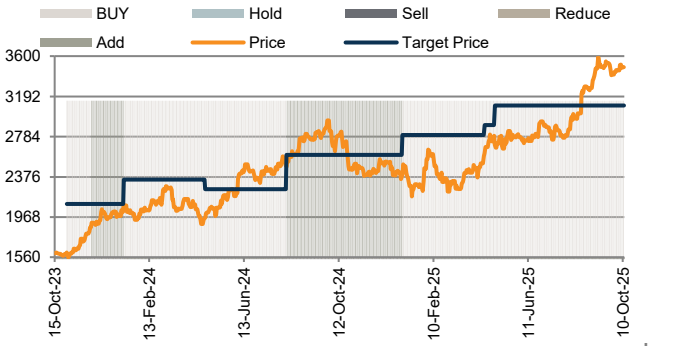
Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (Rs)	TP (Rs)	Rating	Analyst
01-Aug-25	2,858	3,100	Buy	Chirag Jain
29-Apr-25	2,703	3,100	Buy	Chirag Jain
16-Apr-25	2,614	2,900	Buy	Chirag Jain
20-Feb-25	2,419	2,800	Buy	Chirag Jain
29-Jan-25	2,465	2,800	Buy	Chirag Jain
21-Jan-25	2,292	2,800	Buy	Chirag Jain
10-Jan-25	2,283	2,800	Buy	Chirag Jain
01-Jan-25	2,407	2,800	Buy	Chirag Jain
24-Oct-24	2,482	2,600	Add	Chirag Jain
06-Aug-24	2,479	2,600	Add	Chirag Jain
09-May-24	2,064	2,250	Buy	Chirag Jain
24-Apr-24	1,964	2,250	Buy	Chirag Jain
24-Jan-24	2,001	2,350	Buy	Chirag Jain
11-Jan-24	2,087	2,350	Buy	Chirag Jain
30-Nov-23	1,865	2,100	Add	Chirag Jain
31-Oct-23	1,591	2,100	Buy	Chirag Jain
30-Oct-23	1,609	2,100	Buy	Chirag Jain

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

ADD Eicher Motors

Shielded from 'EV'fication; valuations limit upside

Auto & Auto Ancillaries | Company Update | **October 14, 2025**

CMP (Rs): 6,912 | TP (Rs): 6,900

We maintain a positive stance on EIM RE, although we downgrade it to ADD (from Buy), while raising our TP by ~10% to Rs6,900 at 30x Sep-27E core PER, as its premium valuations limit the upside. We believe the Indian premium motorcycle (>250cc) space is well-insulated from EV disruption, given cost-economics/performance barriers in electrifying larger bikes offering a long growth runway for RE. Over the past decade, RE has transformed into an undisputed leader in premium motorcycles with a massive cult following (87% market share in FY25). The brand's export play (#1 player in UK mid-size motorcycles and ~9% share in EMEA/APAC as of FY25) further strengthens its growth pillars. RE is also laying EV optionality via its endorsement of Flying Flea, aimed at addressing city+ mobility in E-2Ws. We build in 12/14/14% volume/revenue/EPS CAGR over FY25-28E on sustained, premiumization in the >250cc space where RE enjoys near-monopoly. With competition losing steam, RE's growth visibility, margin resilience, and benefits from GST-cut led demand spike justify our EPS upgrade of 12-13% over FY25-28E.

The RE growth story – From local to global

Over the last decade, RE has transformed into an undisputed leader of India's >250 cc motorcycle market. Through product introductions (Classic 350, Bullet, Himalayan), aggressive brand building (Rider Mania, One Ride), and distribution expansion (1.6k stores added over the last 10Y), RE has built a cult following, driving ~19x volume growth over FY10-25. The aspirational pull remains strong, with FY26YTD retails up 20% YoY (vs industry's 3%), lifting retail market share to ~5.4% FY26YTD (up 70bps YoY). Moreover, RE has cemented its global positioning (#1 share in UK mid-size motorcycles and 9% share in EMEA/APAC), while recent wins in Japan and network expansion across >500 international outlets reinforce its lifestyle positioning.

Dominating the premium lane; competition now largely behind

The turnaround in RE is clearly product-led, with well-timed launches reigniting demand. The Bullet 'Battalion Black' revived the franchise in the North, pushing Bullet's share to ~22% of domestic volumes in FY26YTD (vs 15% in Q1FY25). Also, newer models (Goan Classic, Guerilla 450) are broadening RE's reach across consumer segments, helping lift motorcycle market share to 8% in FY26YTD (FY24/FY15: 7/3%). Such trends are aided by higher brand investments and the strength of RE's extensive distribution. In contrast, peers (Bajaj–Triumph, Hero–Harley) have seen volumes stagnate after initial spikes, with RE still commanding a near monopoly (~90% share of the >250cc segment in FY26YTD).

Rich valuations limit upside; downgrade to ADD; TP up by ~10% to Rs6,900

We believe RE's dominance in the >250cc premium motorcycles (also shielded from electrification)—aided by scale efficiencies, rising exports traction, and sustained brand investments—provides a strong foundation for earnings growth. While we build a robust 16% FY25-28E EPS CAGR to factor in RE's dominance in the premium motorcycles and benefits from the recent GST-cut led demand spike, its rich valuations limit the upside.

Target Price – 12M	Jun-26
Change in TP (%)	**9.5**
Current Reco.	ADD
Previous Reco.	BUY
Upside/(Downside) (%)	(0.2)

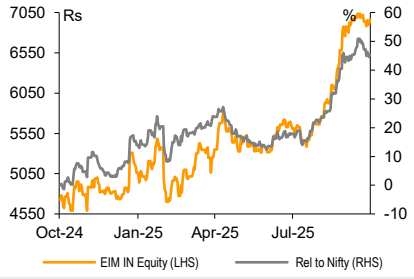
Stock Data	**EIM IN**
52-week High (Rs)	7,124
52-week Low (Rs)	4,509
Shares outstanding (mn)	274.3
Market-cap (Rs bn)	1,896
Market-cap (USD mn)	21,379
Net-debt, FY26E (Rs mn)	(147,725.5)
ADTV-3M (mn shares)	1
ADTV-3M (Rs mn)	3,382.7
ADTV-3M (USD mn)	38.1
Free float (%)	50.9
Nifty-50	25,227.3
INR/USD	88.7

Shareholding,Jun-25	
Promoters (%)	49.1
FPIs/MFs (%)	25.8/15.8

Price Performance

(%)	1M	3M	12M
Absolute	0.5	23.2	46.2
Rel. to Nifty	0.1	22.8	44.7

1-Year share price trend (Rs)



Eicher Motors: Financial Snapshot (Consolidated)

Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	165,358	188,704	232,495	261,339	280,271
EBITDA	43,269	47,120	56,893	65,258	69,985
Adj. PAT	40,010	47,344	55,849	64,063	68,267
Adj. EPS (Rs)	146.1	172.9	204.0	234.0	249.3
EBITDA margin (%)	26.2	25.0	24.5	25.0	25.0
EBITDA growth (%)	25.7	8.9	20.7	14.7	7.2
Adj. EPS growth (%)	37.3	18.3	18.0	14.7	6.6
RoE (%)	24.2	24.1	24.3	24.0	22.2
RoIC (%)	87.5	55.6	53.8	55.4	53.0
P/E (x)	47.3	40.0	33.9	29.5	27.7
EV/EBITDA (x)	41.2	37.9	31.4	27.3	25.5
P/B (x)	10.5	8.9	7.7	6.6	5.8
FCFF yield (%)	1.6	1.7	2.5	3.0	3.4

Source: Company, Emkay Research

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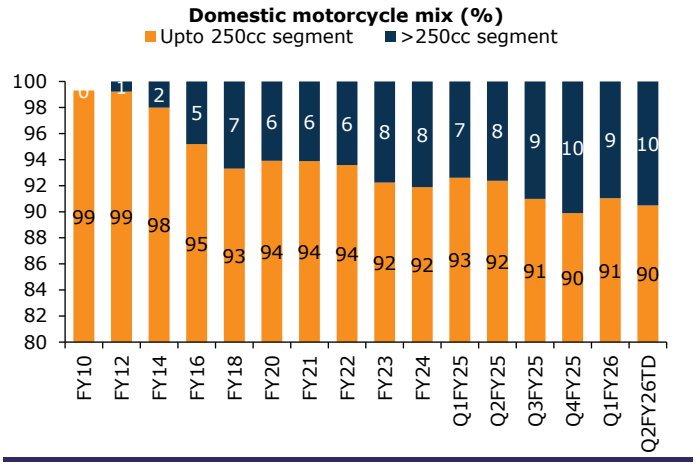
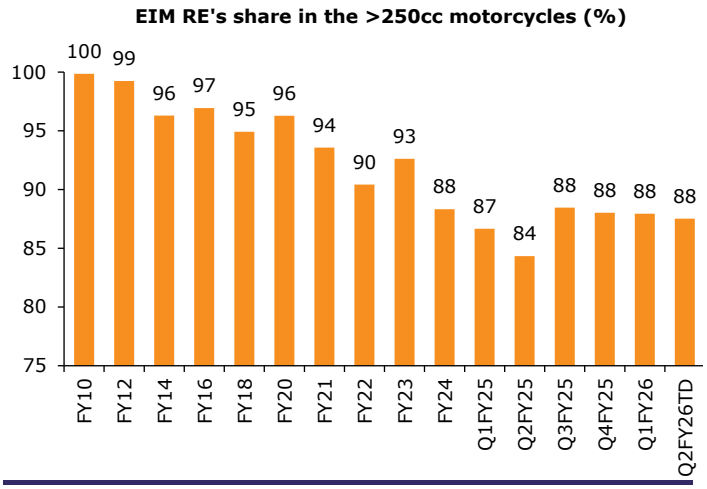
Exhibit 290: Share of the over 250cc motorcycles has risen on a sustained basis to 10% now…



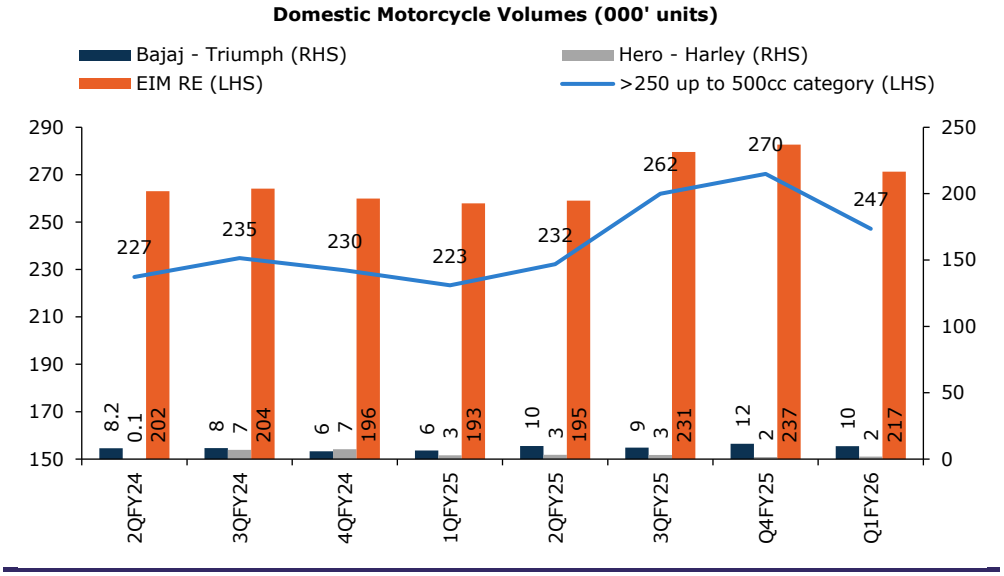
Source: SIAM, Emkay Research

Exhibit 291: …with RE at the helm and commanding ~90% share



Source: SIAM, Emkay Research

Exhibit 292: Following the spike post-launch, volumes of peers Triumph (BJAUT)/Harley (HMCL) have remained largely range-bound/declined, respectively



Source: SIAM, Emkay Research

*"**We had waves and waves of competition coming in different ways**. The largest guys, the biggest brands, the global guys (Harley Davidson), the Indian guys (Bajaj Auto), everyone's been coming in there's no dearth of competition for Royal Enfield. **Of course, competition hasn't done very well in our in our segment**. (link)*

- Siddhartha Lal, MD and CEO, Eicher Motors

***We built a fortress. It's not going to be easy for robbers, to penetrate**. We don't want to compromise on growth. We want to grow rapidly, faster than industry. That's our ambition. To grow faster, maybe even at twice the industry's rate of growth in the long term". (link)*

- Siddhartha Lal, MD and CEO, Eicher Motors

Key reasons for the EV proposition not being globally successful in the premium motorcycle space

- **Sound, emotion, and brand DNA**
  - A big part of the premium motorcycle culture is engine sound, vibration, and emotional engagement.
  - EVs, while smooth, remove this sensory connection. Brands like Harley-Davidson (LiveWire) have struggled because buyers perceive EVs as soulless compared to ICE bikes.
- **Range anxiety and performance trade-offs**
  - Premium motorcycle buyers expect long-distance touring, high speed, and performance consistency.
  - Current EV battery tech struggles to deliver >250–300km of real-world range without massive packs that compromise weight and agility.
  - Unlike city scooters, premium buyers are less tolerant of range limitations.
- **Charging infrastructure gap**
  - Touring and premium riders rely on highway connectivity **fast chargers, which are sparse outside urban centers**, thus making long-distance riding impractical.
  - Even in developed markets (US, EU), the EV charging ecosystem has not caught up to the needs of high-performance, long-range motorcycles.
- **Weight vs Dynamics**
  - Large battery packs needed for premium bikes make them **heavy and less nimble.**
  - This undermines the very selling point of premium motorcycles — handling, sportiness, and long-ride comfort.
- **Price vs Value proposition**
  - Premium EV bikes like Harley LiveWire, Energica, and Zero often cost **as much or more than ICE superbikes**, although they offer a lower range and fewer intangible thrills.
  - Customers compare them with proven ICE flagships (BMW GS, Ducati Multistrada, Harley Road Glide) and find the **value gap too wide.**
- **Niche demand and limited scale**
  - EV scooters and commuter bikes have **mass demand (short city rides, low TCO appeal)**, while premium bikes are already a niche.
  - Layering EV economics on a small volume segment makes scale unviable for most OEMs for manufacturing such premium E-motorcycles.

"Motorcycling is so much about freedom and independence that there is no point right now for an EV"

- Markus Flasch, CEO, BMW Motorrad

Global majors deny the possibility of electrification in premium motorcycles, owing to the sheer profile of the segment

"With the current technology, it's a bit of niche because you need to compromise on range, basically, if you want to have a light motorcycle"

- *Claudio Domenicali, CEO, Ducati (Link)*

"High-performance electric motorcycles are nonsense for now … we will only focus on small, urban e-mobility until the economics make sense"

- *Stefan Pierer, CEO, KTM/Pierer Mobility in 2024 (Link)*

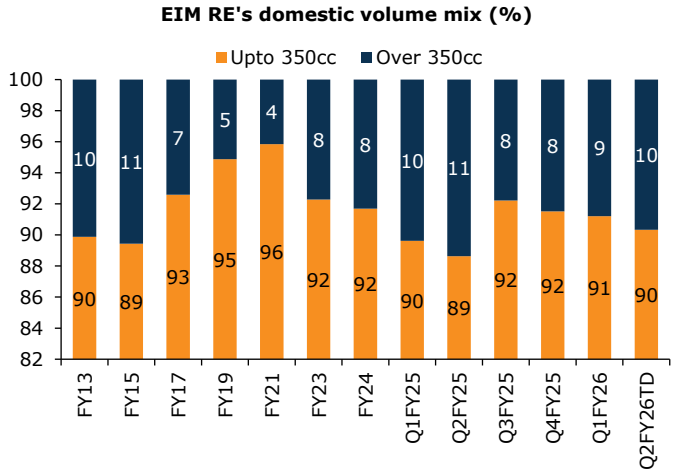
Exhibit 293: Model Mix – While legacy models like Classic contribute >30% to EIM RE domestic volumes, newer models like Hunter and Meteor 350 are also seeing rising share in EIM's volumes

Domestic Model wise volumes (%)	FY15	FY17	FY19	FY21	FY23	FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26TD
Bullet 350	98,696	143,833	166,243	148,587	144,559	164,734	32,107	31,510	52,733	60,394	50,860	40,035
Classic 350	157,531	416,693	526,442	361,140	314,982	322,370	78,058	82,888	95,448	94,338	84,601	62,541
Thunderbird 350	33,598	42,330	71,327	0	0	0	0	0	0	0	0	0
Meteor 350	0	0	0	39,893	94,637	95,784	26,406	23,351	24,683	24,492	22,856	17,557
Hunter 350	0	0	0	0	123,932	182,523	46,879	44,978	50,323	49,471	50,342	41,671
Himalayan 450	0	10,299	10,701	13,562	37,108	37,073	9,293	6,682	5,018	6,501	5,240	4,392
Guerrilla 450	0	0	0	0	0	0	0	5,331	3,195	1,801	2,651	2,469
Thunderbird 500	4,966	3,262	3,373	0	0	0	0	0	0	0	0	0
Classic 500	19,053	24,324	19,282	0	0	0	0	0	0	0	0	0
Bullet 500	7,412	9,210	2,737	0	0	0	0	0	0	0	0	0
650 Twins	2,799	1,156	5,168	10,256	17,329	19,316	7,837	7,587	7,656	9,340	8,740	7,406
Super Meteor 650	0	0	0	0	2,293	12,995	4,106	2,797	2,183	2,999	2,831	2,557
Shotgun 650	0	0	0	0	0	0	0	1,033	774	565	658	502
	324,055	**651,107**	**805,273**	**573,438**	**734,840**	**834,795**	**204,686**	**206,157**	**242,013**	**249,901**	**228,779**	**179,130**

Model Mix (%)	FY15	FY17	FY19	FY21	FY23	FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26TD
Bullet 350	30	22	21	26	20	20	16	15	22	24	22	22
Classic 350	**49**	**64**	**65**	**63**	**43**	**39**	**38**	**40**	**39**	**38**	**37**	**35**
Thunderbird 350	10	7	9	0	0	0	0	0	0	0	0	0
Meteor 350	**0**	**0**	**0**	**7**	**13**	**11**	**13**	**11**	**10**	**10**	**10**	**10**
Hunter 350	**0**	**0**	**0**	**0**	**17**	**22**	**23**	**22**	**21**	**20**	**22**	**23**
Himalayan 450	0	2	1	2	5	4	5	3	2	3	2	2
Guerrilla 450	0	0	0	0	0	0	0	3	1	1	1	1
Thunderbird 500	2	1	0	0	0	0	0	0	0	0	0	0
Classic 500	6	4	2	0	0	0	0	0	0	0	0	0
Bullet 500	2	1	0	0	0	0	0	0	0	0	0	0
650 Twins	1	0	1	2	2	2	4	4	3	4	4	4
Super Meteor 650	0	0	0	0	0	2	2	1	1	1	1	1
Shotgun 650	0	0	0	0	0	0	0	1	0	0	0	0

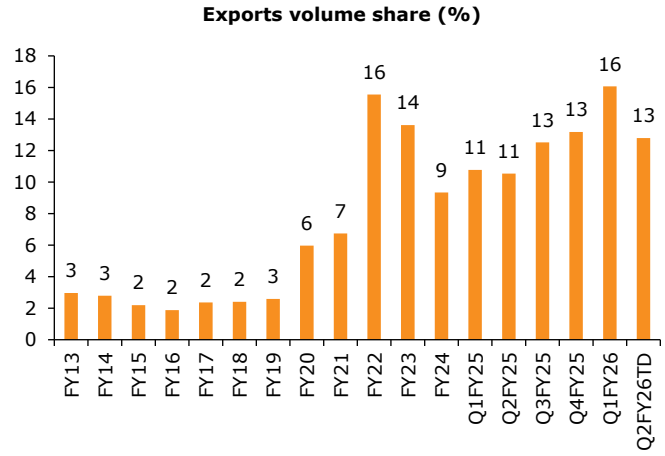
Source: SIAM, Emkay Research

Exhibit 294: 90% of EIM RE's portfolio remains shielded from the higher 40% GST bracket



Source: SIAM, Emkay Research

Exhibit 295: Notably, the share of exports is also on an upward trajectory, following the weak FY22-23 period for the industry



Source: Company, Emkay Research

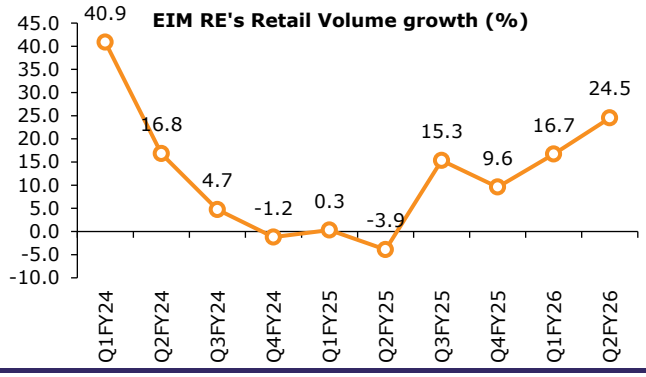
Exhibit 296: On the retail front as well, EIM RE has gained market share on a sustained basis while growing ahead of the industry

Retail Volume (no of units)	FY21	FY22	FY23	FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26
BJAUT	1,353,033	1,474,346	1,744,394	2,218,651	553,283	477,042	708,640	525,635	551,603	425,613
HMCL	4,277,586	4,346,074	5,310,283	5,695,580	1,428,526	1,087,712	1,917,506	1,263,793	1,479,865	1,056,999
HMSI	3,013,668	3,124,485	4,109,792	4,310,593	1,200,215	1,114,303	1,605,032	1,089,335	1,215,509	1,074,721
TVSL	1,795,076	1,899,489	2,585,158	3,121,762	822,620	748,329	1,036,669	860,531	947,492	828,838
RE	493,718	475,854	730,134	824,067	204,777	182,183	254,847	229,455	238,981	226,853
Industry	**14,976,551**	**15,716,046**	**16,980,364**	**18,983,089**	**4,806,803**	**4,208,000**	**6,209,562**	**4,637,538**	**5,056,726**	**4,232,770**

Market Share (%)	FY21	FY22	FY23	FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26
BJAUT	9.0	9.4	10.3	11.7	11.5	11.3	11.4	11.3	10.9	10.1
HMCL	28.6	27.7	31.3	30.0	29.7	25.8	30.9	27.3	29.3	25.0
HMSI	20.1	19.9	24.2	22.7	25.0	26.5	25.8	23.5	24.0	25.4
TVSL	12.0	12.1	15.2	16.4	17.1	17.8	16.7	18.6	18.7	19.6
RE	**3.3**	**3.0**	**4.3**	**4.3**	**4.3**	**4.3**	**4.1**	**4.9**	**4.7**	**5.4**

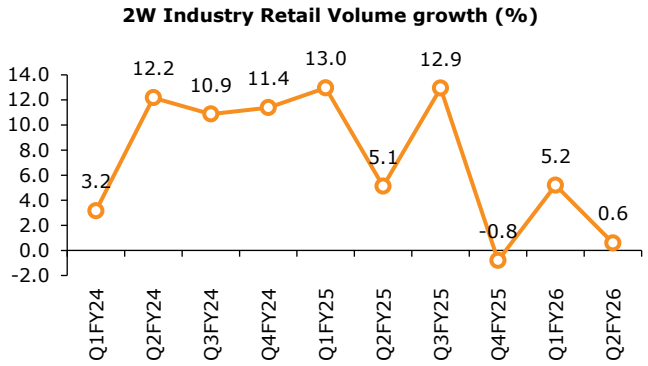
Source: Vahan, Emkay Research

Exhibit 297: EIM RE's growth has rebounded sharply and is seen sustaining since the last one year...



Source: Vahan, Emkay Research

Exhibit 298: ...against which the underlying 2W industry has seen a decline in growth



Source: Vahan, Emkay Research

Exhibit 299: We expect EIM RE's domestic motorcycle market share to improve to ~12% by FY35E vs ~7% now, as its premium motorcycle franchise remains shielded from electrification

Particulars (mn units)	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY30E	FY35E	FY25E-28E CAGR (%)	FY25E-35E CAGR (%)
Domestic 2W ICE industry	13	16	18	19	20	21	22	22	11	5%	-5%
Growth YoY (%)	*-11.0*	*15.5*	*12.7*	*7.4*	*4.9*	*7.0*	*3.8*	*-2.1*	*-21.6*		
Domestic Motorcycles	9	10	12	12	13	14	14	15	14	5%	1%
Growth YoY (%)	*-10.3*	*13.9*	*13.9*	*5.0*	*3.0*	*7.4*	*4.1*	*1.5*	*-2.3*		
Premium motorcycles	2	2	3	3	3	3	4	4	5	7%	5%
Growth YoY (%)	*-18.0*	*27.3*	*21.6*	*6.7*	*8.0*	*8.1*	*4.5*	*5.3*	*1.8*		
EIM RE's market share (%)											
Domestic 2Ws	3.8	4.5	4.5	4.5	5.1	5.2	5.1	5.4	5.9		
-- Domestic motorcycles	5.8	7.2	7.2	7.4	8.5	8.8	8.8	9.7	11.8		
-- Premium motorcycle	28.7	31.8	29.7	30.1	33.3	34.0	33.8	33.8	33.8		
ICE-2W exports	2.0	3.1	2.6	3.0	3.3	3.3	3.4	3.6	4.5		
EIM RE's Volume mix (%)											
Share of domestic volumes (%)	86.5	88.0	91.5	89.4	87.6	87.7	87.0	85.7	79.0		
Share of export volumes (%)	13.5	12.0	8.5	10.6	12.4	12.3	13.0	14.3	21.0		

Source: SIAM, Company, Emkay Research

Exhibit 300: We build in 12%/14%/14%/16% volume/revenue/EBITDA/EPS CAGR over FY25-28E

Particulars (Rs mn)	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY30E	FY35E	FY25E-28E CAGR	FY25E-35E CAGR
Domestic Volumes (no of units)	521,246	734,840	834,795	902,757	1,075,163	1,189,557	1,236,549	1,407,870	1,621,157	11%	6%
Growth YoY (%)	*-8.7*	*41.0*	*13.6*	*8.1*	*19.1*	*10.6*	*4.0*	*5.3*	*1.8*		
Export Volumes (no of units)	81,022	100,055	77,937	106,256	151,503	166,815	185,008	234,158	430,764	20%	15%
Growth YoY (%)	*109.8*	*23.5*	*-22.1*	*36.3*	*42.6*	*10.1*	*10.9*	*12.4*	*16.9*		
Volumes (no of units)	602,268	834,895	912,732	1,009,013	1,226,666	1,356,372	1,421,558	1,642,029	2,051,922	12%	7%
Growth YoY (%)	*-1.2*	*38.6*	*9.3*	*10.5*	*21.6*	*10.6*	*4.8*	*6.3*	*4.6*		
ASP (Rs/unit)	168,079	168,484	176,154	182,865	184,642	188,252	192,937	198,649	220,023	2%	2%
Growth YoY (%)	*18.8*	*0.2*	*4.6*	*3.8*	*1.0*	*2.0*	*2.5*	*1.7*	*2.2*		
Revenue	**102,978**	**144,422**	**165,358**	**188,704**	**232,495**	**261,339**	**280,271**	**332,188**	**457,471**	14%	9%
Growth YoY (%)	*18.1*	*40.2*	*14.5*	*14.1*	*23.2*	*12.4*	*7.2*	*7.9*	*6.9*		
Gross Profit	**43,422**	**62,303**	**75,551**	**85,733**	**104,466**	**117,949**	**126,493**	**149,925**	**206,468**	14%	9%
Gross margin (%)	*42.2*	*43.1*	*45.7*	*45.4*	*44.9*	*45.1*	*45.1*	*45.1*	*45.1*		
Employee Costs	**8,210**	**10,019**	**12,357**	**13,912**	**17,141**	**19,267**	**20,663**	**24,325**	**32,927**	14%	9%
% of Revenue	*8.0*	*6.9*	*7.5*	*7.4*	*7.4*	*7.4*	*7.4*	*7.3*	*7.2*		
Other Expenses	**13,489**	**17,848**	**19,925**	**24,700**	**30,432**	**33,424**	**35,845**	**42,153**	**56,906**	13%	9%
% of Revenue	*13.1*	*12.4*	*12.0*	*13.1*	*13.1*	*12.8*	*12.8*	*12.7*	*12.4*		
EBITDA	**21,723**	**34,436**	**43,269**	**47,120**	**56,893**	**65,258**	**69,985**	**83,447**	**116,635**	14%	9%
EBITDA margin (%)	*21.1*	*23.8*	*26.2*	*25.0*	*24.5*	*25.0*	*25.0*	*25.1*	*25.5*		
EBITDA Growth YoY (%)	*22.0*	*58.5*	*25.7*	*8.9*	*20.7*	*14.7*	*7.2*	*8.2*	*7.2*		
EBITDA/unit (Rs)	*36,068*	*41,246*	*47,406*	*46,699*	*46,380*	*48,112*	*49,231*	*50,820*	*56,842*		
EBIT	**17,203**	**29,174**	**37,293**	**39,827**	**48,669**	**56,773**	**60,305**	**72,115**	**102,448**	15%	10%
EBIT margin (%)	*16.7*	*20.2*	*22.6*	*21.1*	*20.9*	*21.7*	*21.5*	*21.7*	*22.4*		
SA PAT (Rs)	**15,862**	**26,226**	**37,494**	**42,792**	**47,735**	**54,302**	**57,984**	**69,101**	**94,488**	11%	8%
Share of profits from JV/ overseas subs	602	3,152	4,477	6,998	8,001	8,858	9,694	10,633	14,060		
Consol PAT	**16,766**	**29,139**	**40,010**	**47,344**	**55,849**	**64,063**	**68,267**	**79,409**	**107,202**	13%	9%
Consol EPS (Rs)	**61.2**	**106.4**	**146.1**	**172.9**	**204.0**	**234.0**	**249.3**	**290.0**	**391.5**	16%	11%
Core EPS (Rs)	**50.1**	**92.6**	**121.6**	**142.7**	**171.6**	**197.3**	**210.3**	**246.3**	**338.7**	18%	11%

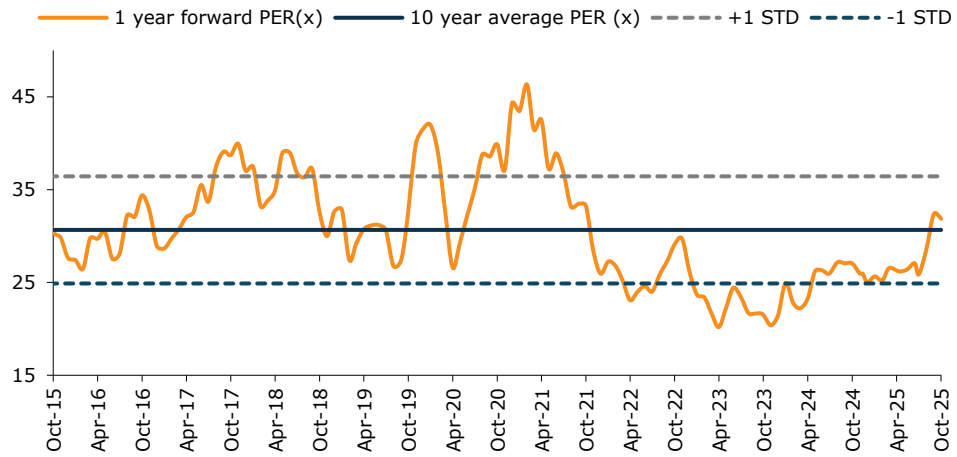
Source: Company, Emkay Research

Exhibit 301: We upgrade FY26-28E EPS by 12-13% to factor in the benefit from the recent GST cuts, as 90% of EIM RE's portfolio remains shielded

Consolidated (Rs mn)	FY26E				FY27E				FY28E			
	Earlier	Revised	% Change	% YoY	Earlier	Revised	% Change	% YoY	Earlier	Revised	% Change	% YoY
RE (no of units)	1,103,883	1,226,666	*11.1*	*21.6*	1,192,533	1,356,372	*13.7*	*10.6*	1,267,311	1,421,558	*12.2*	*4.8*
ASP (Rs)	**188,615**	**189,534**	**0.5**	***1.3***	**194,234**	**192,675**	**(0.8)**	***1.7***	**198,325**	**197,157**	**(0.6)**	***2.3***
Revenue	208,209	232,495	*11.7*	*23.2*	231,630	261,339	*12.8*	*12.4*	251,339	280,271	*11.5*	*7.2*
EBITDA	50,950	56,893	*11.7*	*20.7*	57,839	65,258	*12.8*	*14.7*	62,761	69,985	*11.5*	*7.2*
EBITDAM (%)	24.5%	24.5%	*(0)bps*	*(50)bps*	25.0%	25.0%	*0bps*	*50bps*	25.0%	25.0%	*(0)bps*	*0bps*
APAT	50,500	55,849	*10.6*	*18.0*	57,622	64,063	*11.2*	*14.7*	61,931	68,267	*10.2*	*6.6*
Adjusted EPS (Rs)	184.4	204.0	*10.6*	*18.0*	210.4	234.0	*11.2*	*14.7*	226.2	249.3	*10.2*	*6.6*
Core EPS (Rs)	**152.5**	**171.6**	***12.5***	***20.3***	**174.4**	**197.3**	***13.2***	***15.0***	**187.7**	**210.3**	***12.0***	***6.6***

Source: Company, Emkay Research

Exhibit 302: At CMP, EIM RE trades above its LTA on 1YF PER basis



Source: Company, Bloomberg, Emkay Research

Eicher Motors: Consolidated Financials and Valuations

Profit & Loss

Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	**165,358**	**188,704**	**232,495**	**261,339**	**280,271**
Revenue growth (%)	14.5	14.1	23.2	12.4	7.2
EBITDA	**43,269**	**47,120**	**56,893**	**65,258**	**69,985**
EBITDA growth (%)	25.7	8.9	20.7	14.7	7.2
Depreciation & Amortization	5,976	7,293	8,224	8,484	9,680
EBIT	**37,293**	**39,827**	**48,669**	**56,773**	**60,305**
EBIT growth (%)	27.8	6.8	22.2	16.7	6.2
Other operating income	-	-	-	-	-
Other income	10,759	13,049	13,943	15,251	16,079
Financial expense	509	543	548	419	410
PBT	**47,543**	**52,333**	**62,063**	**71,606**	**75,973**
Extraordinary items	0	0	0	0	0
Taxes	12,010	11,986	14,215	16,401	17,401
Minority interest	4,477	6,998	8,001	8,858	9,694
Income from JV/Associates	-	-	-	-	-
Reported PAT	**40,010**	**47,344**	**55,849**	**64,063**	**68,267**
PAT growth (%)	37.3	18.3	18.0	14.7	6.6
Adjusted PAT	**40,010**	**47,344**	**55,849**	**64,063**	**68,267**
Diluted EPS (Rs)	**146.1**	**172.9**	**204.0**	**234.0**	**249.3**
Diluted EPS growth (%)	37.3	18.3	18.0	14.7	6.6
DPS (Rs)	**37.0**	**51.0**	**69.9**	**78.5**	**89.2**
Dividend payout (%)	**25.3**	**29.5**	**34.3**	**33.5**	**35.8**
EBITDA margin (%)	26.2	25.0	24.5	25.0	25.0
EBIT margin (%)	22.6	21.1	20.9	21.7	21.5
Effective tax rate (%)	25.3	22.9	22.9	22.9	22.9
NOPLAT (pre-IndAS)	**27,872**	**30,705**	**37,522**	**43,770**	**46,492**
Shares outstanding (mn)	274	274	274	274	274

Source: Company, Emkay Research

Balance Sheet

Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Share capital	274	274	274	274	274
Reserves & Surplus	180,182	212,691	247,059	286,685	328,859
Net worth	**180,455**	**212,965**	**247,333**	**286,960**	**329,133**
Minority interests	-	-	-	-	-
Non-current liab. & prov.	4,483	4,930	5,856	6,924	8,058
Total debt	**2,756**	**2,665**	**3,044**	**3,044**	**3,044**
Total liabilities & equity	**187,694**	**220,559**	**256,232**	**296,927**	**340,235**
Net tangible fixed assets	24,009	29,600	33,837	38,352	41,672
Net intangible assets	3,298	3,298	3,298	3,298	3,298
Net ROU assets	-	-	-	-	-
Capital WIP	5,551	4,915	5,348	5,307	5,348
Goodwill	-	-	-	-	-
Investments [JV/Associates]	25,785	25,785	25,785	25,785	25,785
Cash & equivalents	**110,948**	**124,754**	**150,769**	**182,251**	**217,405**
Current assets (ex-cash)	59,724	81,556	100,482	115,812	127,273
Current Liab. & Prov.	43,457	51,185	65,123	75,714	82,383
NWC (ex-cash)	**16,267**	**30,371**	**35,359**	**40,098**	**44,890**
Total assets	**187,694**	**220,559**	**256,232**	**296,927**	**340,235**
Net debt	(108,192)	(122,090)	(147,726)	(179,207)	(214,362)
Capital employed	187,694	220,559	256,232	296,927	340,235
Invested capital	**45,410**	**65,105**	**74,330**	**83,585**	**91,697**
BVPS (Rs)	659.0	777.8	903.3	1,048.0	1,202.0
Net Debt/Equity (x)	(0.6)	(0.6)	(0.6)	(0.6)	(0.7)
Net Debt/EBITDA (x)	(2.5)	(2.6)	(2.6)	(2.7)	(3.1)
Interest coverage (x)	94.4	97.3	114.3	171.9	186.2
RoCE (%)	**28.7**	**26.5**	**26.9**	**26.7**	**24.6**

Source: Company, Emkay Research

Cash flows

Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
PBT (ex-other income)	47,543	52,333	62,063	71,606	75,973
Others (non-cash items)	-	-	-	-	-
Taxes paid	(10,678)	(10,802)	(13,289)	(15,332)	(16,267)
Change in NWC	3,880	2,110	(7,333)	(7,694)	(6,449)
Operating cash flow	**37,237**	**39,799**	**58,214**	**66,340**	**73,042**
Capital expenditure	(8,144)	(10,285)	(12,894)	(12,959)	(13,041)
Acquisition of business	(22,447)	(17,788)	(26,666)	(10,000)	(10,000)
Interest & dividend income	2,071	3,240	0	0	0
Investing cash flow	**(28,520)**	**(24,833)**	**(39,560)**	**(22,959)**	**(23,041)**
Equity raised/(repaid)	466	869	0	0	0
Debt raised/(repaid)	1,922	(50)	379	0	0
Payment of lease liabilities	-	-	-	-	-
Interest paid	(250)	(245)	(548)	(419)	(410)
Dividend paid (incl tax)	(10,129)	(13,975)	(19,136)	(21,481)	(24,436)
Others	(7,834)	(399)	0	0	0
Financing cash flow	**(15,826)**	**(13,799)**	**(19,305)**	**(21,900)**	**(24,846)**
Net chg in Cash	(7,108)	1,167	(651)	21,482	25,155
OCF	37,237	39,799	58,214	66,340	73,042
Adj. OCF (w/o NWC chg.)	33,358	37,689	65,547	74,034	79,491
FCFF	29,094	29,515	45,320	53,381	60,001
FCFE	30,656	32,211	44,772	52,962	59,591
OCF/EBITDA (%)	86.1	84.5	102.3	101.7	104.4
FCFE/PAT (%)	76.6	68.0	80.2	82.7	87.3
FCFF/NOPLAT (%)	**104.4**	**96.1**	**120.8**	**122.0**	**129.1**

Source: Company, Emkay Research

Valuations and key Ratios

Y/E Mar	FY24	FY25	FY26E	FY27E	FY28E
P/E (x)	47.3	40.0	33.9	29.5	27.7
P/CE(x)	41.2	34.6	29.5	26.1	24.3
P/B (x)	10.5	8.9	7.7	6.6	5.8
EV/Sales (x)	10.8	9.5	7.7	6.8	6.4
EV/EBITDA (x)	41.2	37.9	31.4	27.3	25.5
EV/EBIT(x)	47.8	44.8	36.7	31.4	29.6
EV/IC (x)	39.3	27.4	24.0	21.3	19.5
FCFF yield (%)	1.6	1.7	2.5	3.0	3.4
FCFE yield (%)	1.6	1.7	2.4	2.8	3.1
Dividend yield (%)	0.5	0.7	1.0	1.1	1.3
DuPont-RoE split					
Net profit margin (%)	24.2	25.1	24.0	24.5	24.4
Total asset turnover (x)	1.0	0.9	1.0	0.9	0.9
Assets/Equity (x)	1.0	1.0	1.0	1.0	1.0
RoE (%)	**24.2**	**24.1**	**24.3**	**24.0**	**22.2**
DuPont-RoIC					
NOPLAT margin (%)	16.9	16.3	16.1	16.7	16.6
IC turnover (x)	5.2	3.4	3.3	3.3	3.2
RoIC (%)	**87.5**	**55.6**	**53.8**	**55.4**	**53.0**
Operating metrics					
Core NWC days	35.9	58.7	55.5	56.0	58.5
Total NWC days	**35.9**	**58.7**	**55.5**	**56.0**	**58.5**
Fixed asset turnover	3.0	2.9	3.0	2.9	2.7
Opex-to-revenue (%)	19.5	20.5	20.5	20.2	20.2

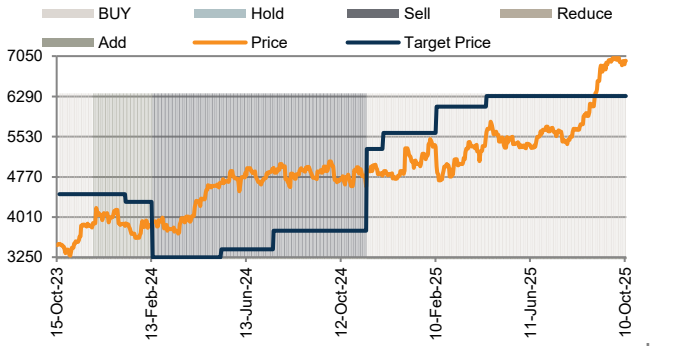
Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (Rs)	TP (Rs)	Rating	Analyst
01-Aug-25	5,528	6,300	Buy	Chirag Jain
15-May-25	5,466	6,300	Buy	Chirag Jain
16-Apr-25	5,616	6,300	Buy	Chirag Jain
11-Feb-25	4,972	6,100	Buy	Chirag Jain
10-Jan-25	5,058	5,600	Buy	Chirag Jain
01-Jan-25	4,885	5,600	Buy	Chirag Jain
05-Dec-24	4,838	5,600	Buy	Chirag Jain
14-Nov-24	4,884	5,300	Buy	Chirag Jain
08-Aug-24	4,577	3,750	Sell	Chirag Jain
18-Jul-24	4,941	3,750	Sell	Chirag Jain
12-May-24	4,658	3,400	Sell	Chirag Jain
14-Feb-24	3,902	3,250	Sell	Chirag Jain
11-Jan-24	3,889	4,300	Add	Chirag Jain
30-Nov-23	3,897	4,440	Add	Chirag Jain
13-Nov-23	3,645	4,440	Buy	Chirag Jain
18-Oct-23	3,496	4,440	Buy	Chirag Jain

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

ADD Bajaj Auto

Weakening domestic franchise; exports to cushion the blow

Emkay Your success is our success

Auto & Auto Ancillaries | Company Update | **October 14, 2025**

CMP (Rs): 9,066 | TP (Rs): 9,500

BJAUT's domestic motorcycle franchise has weakened, with entry-level and premium segments' shares down to 24% and 21% in FY26TD (35%/32% in FY19), reflecting limited brand scalability and dependency on legacy models (Pulsar and Platina account for 87% of domestic motorcycles). In the fast-growing E-3Ws, competition is intense, with M&M leading and TVSL scaling up rapidly. BJAUT has progressed in E-2Ws, with its market share rising to 19% in FY26TD (FY23/24: 4%/11%), aided by iterations of *Chetak*. Importantly, exports have emerged as a crucial buffer (30% of revenue, volumes in FY26TD), on demand recovery in Africa/LatAm amid strong 25%/58% 2W/3W exports growth. With 37% share in India's 2W exports, BJAUT is the clear leader; thus, exports materially cushion the impact of domestic share loss and near-term electrification pressure. Our EPS estimates are unchanged. We retain ADD on strong exports, improving positioning in E-2Ws, and 3.5% FY28E dividend yield

Domestic 2W franchise slipping; 3W rivalry rising; E-2Ws underpin resilience

BJAUT saw a dip in market share in key motorcycle segments, with share of entry-level/premium segments down, to 24/21% in FY26TD vs 35/32% in FY19. This reflects the limited scalability of multiple brands and increasing reliance on a few legacy models (Pulsar and Platina now account for 87% of domestic motorcycle volumes vs 45/69% in FY13/20). In the fast-growing E-3Ws (32/35% FY26TD/Q2 penetration), BJAUT has 32% share; however, M&M leads (37% share), while TVSL's share shot up to 11% on targeted launches despite its recent entry. BJAUT has progressed in E-2Ws, with 19% FY26TD share (FY23/24: 4/11%), on *Chetak's* strategic iterations *(*newer variants nearing EBITDA breakeven, per the mgmt), highlighting efforts toward a stronger presence.

Exports to emerging markets offer cushioning against electrification woes

BJAUT's exports have been countering domestic challenges, with international markets increasingly cushioning the impact of domestic share loss, electrification; most of BJAUT's exports target EMs, which are still guarded from electrification threat. The sustained exports momentum (>30% of revenue and volumes in FY26TD vs 33/32% in FY25/24) highlights BJAUT's resilience, supported by sustained demand recovery as well as macro stabilization in key markets like Africa (Nigeria, Kenya), LatAm (Mexico, Colombia), as 2W/3W exports accelerate with 25%/58% volume growth in FY26TD (FY25: 13/19%). BJAUT remains India's leading 2W exporter, with 37% FY26TD share (below 53/65% in FY20/13). The scale of its exports portfolio mitigates domestic headwinds and highlights its edge in tapping into structurally growing international markets.

Strong exports to offset weakening domestic stance; retain ADD; TP of Rs9,500

While BJAUT has put efforts into E-2Ws (sustained market-share gains) and strengthened its exports portfolio, we note the weakening domestic franchise owing to a lack of multi-brand scalability. This has resulted in share loss across key segments. We retain ADD while revising up our TP by ~7% to Rs9,500 (rolled forward) at 26x Sep-27E core PER, to factor in the strong exports franchise (which would offset the domestic weakness) and improving E-2W positioning.

Target Price – 12M	Mar-26
Change in TP (%)	**6.7**
Current Reco.	ADD
Previous Reco.	ADD
Upside/(Downside) (%)	4.8

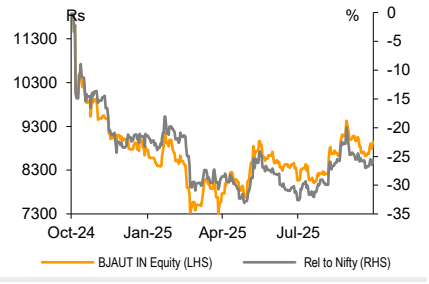
Stock Data	**BJAUT IN**
52-week High (Rs)	11,991
52-week Low (Rs)	7,088
Shares outstanding (mn)	279.3
Market-cap (Rs bn)	2,532
Market-cap (USD mn)	28,550
Net-debt, FY26E (Rs mn)	(282,397.8)
ADTV-3M (mn shares)	0
ADTV-3M (Rs mn)	3,534.4
ADTV-3M (USD mn)	39.9
Free float (%)	45.0
Nifty-50	25,227.3
INR/USD	88.7

Shareholding,Jun-25	
Promoters (%)	55.0
FPIs/MFs (%)	10.3/12.1

Price Performance

(%)	1M	3M	12M
Absolute	0.7	12.4	(23.7)
Rel. to Nifty	0.3	12.0	(24.5)

1-Year share price trend (Rs)



Bajaj Auto: Financial Snapshot (Standalone)

Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	446,852	500,103	561,107	626,799	679,461
EBITDA	88,229	100,988	113,009	127,992	139,258
Adj. PAT	74,788	81,514	93,094	104,787	113,596
Adj. EPS (Rs)	271.8	291.9	333.4	375.2	406.8
EBITDA margin (%)	19.7	20.2	20.1	20.4	20.5
EBITDA growth (%)	34.7	14.5	11.9	13.3	8.8
Adj. EPS growth (%)	36.7	7.4	14.2	12.6	8.4
RoE (%)	29.7	28.6	27.8	28.9	29.0
RoIC (%)	680.4	453.5	299.3	359.1	379.6
P/E (x)	33.4	31.1	27.2	24.2	22.3
EV/EBITDA (x)	25.9	22.7	20.2	17.9	16.4
P/B (x)	10.0	7.9	7.3	6.7	6.2
FCFF yield (%)	2.9	2.9	3.8	4.3	4.6

Source: Company, Emkay Research

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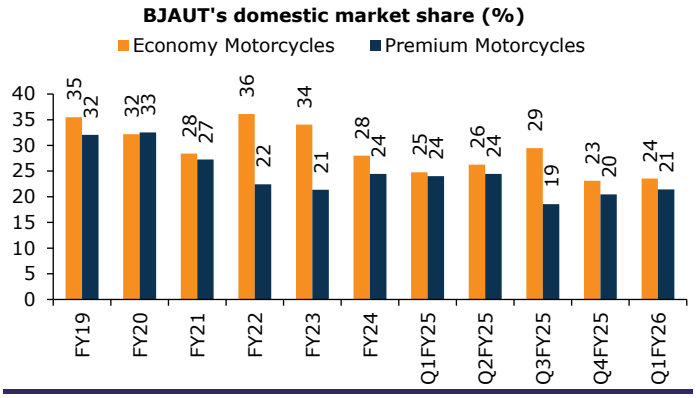
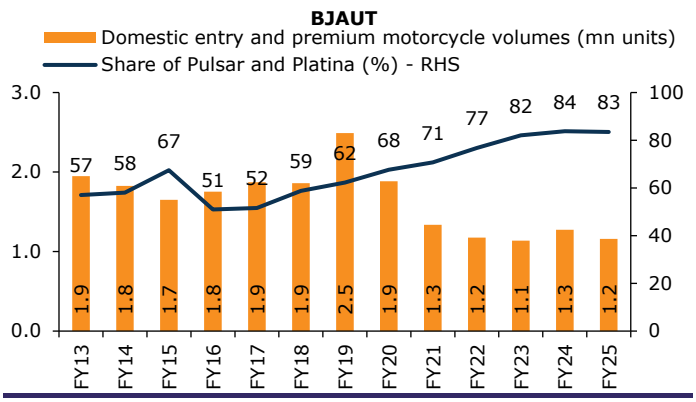
Exhibit 303: BJAUT's share in entry-level and premium motorcycles has slipped over the years...



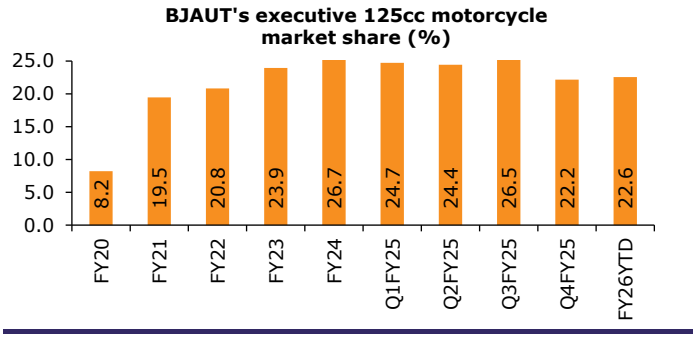
Source: SIAM, Emkay Research

Exhibit 304: ...due to its lack of multi-brand scalability and being heavily reliant on limited brands



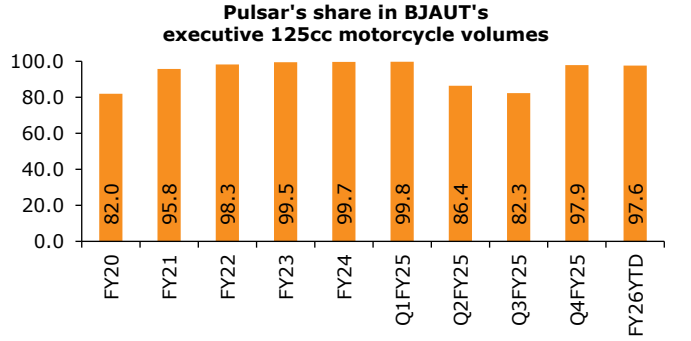
Source: SIAM, Emkay Research

Exhibit 305: BJAUT has improved its executive 125cc segment share...



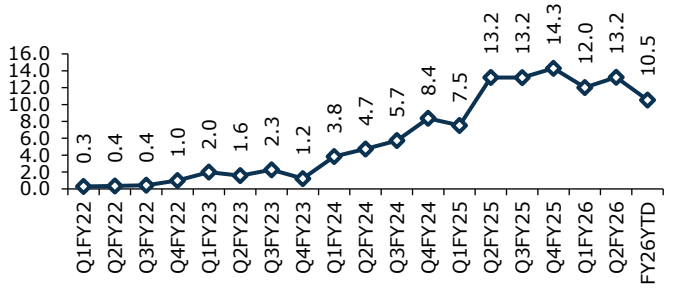
Source: SIAM, Emkay Research

Exhibit 306: ...albeit entirely driven by the Pulsar brand



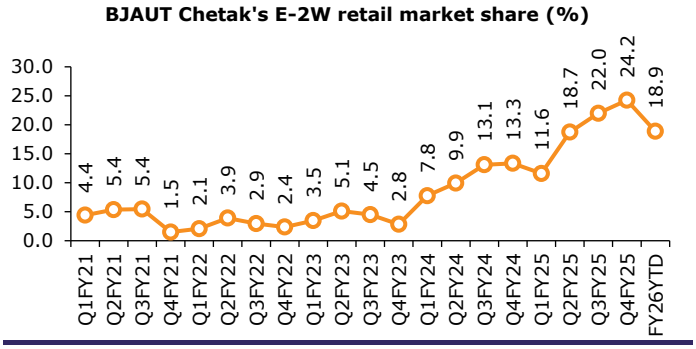
Source: SIAM, Emkay Research

Exhibit 307: On a positive note, BJAUT has rapidly scaled up in E-2Ws...



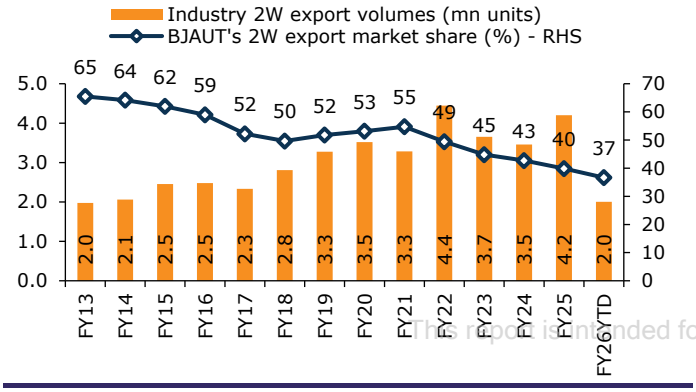
Source: SIAM, Emkay Research

Exhibit 308: ...with sustained market share gains



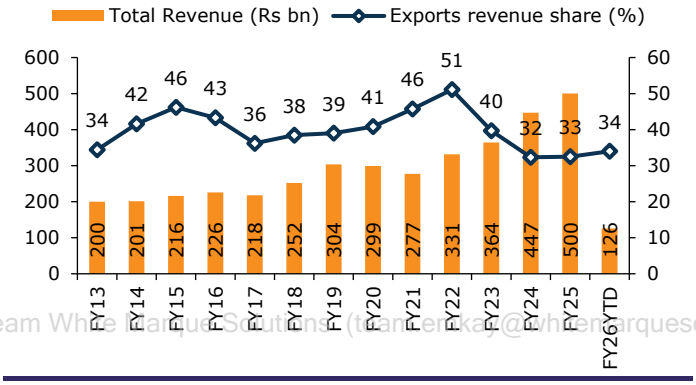
Source: Vahan, Emkay Research

Exhibit 309: Notably, BJAUT has maintained its leadership in exports, although at a lower level from its earlier peak...



Source: SIAM, Emkay Research

Exhibit 310: ...with exports forming over 30% of BJAUT's revenue amid tougher macros during FY23/24, with recovery underway



Source: Company, Emkay Research

Exhibit 311: Domestic industry mix – The domestic 2W industry has increasingly shifted toward premium motorcycles, scooters, and EVs

Domestic 2Ws (No of units)	FY21	FY22	FY23	FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26TD
Commuter Motorcycles	**7,809,307**	**7,170,432**	**7,922,348**	**8,845,671**	**2,417,191**	**2,460,380**	**2,299,092**	**2,059,602**	**2,166,870**	**1,456,522**
-- Economy	*2,585,951*	*2,126,897*	*1,894,314*	*2,096,617*	*506,749*	*523,445*	*503,798*	*393,589*	*423,412*	*314,895*
-- Executive	*2,800,538*	*2,841,160*	*3,385,467*	*3,572,121*	*996,649*	*979,460*	*935,696*	*830,778*	*883,127*	*603,497*
-- 125cc	*2,422,818*	*2,202,375*	*2,642,567*	*3,176,933*	*913,793*	*957,475*	*859,598*	*835,235*	*860,331*	*538,130*
Premium motorcycles	2,211,836	1,813,695	2,308,113	2,807,058	780,731	742,774	721,188	750,064	736,579	540,224
Scooters	4,524,676	4,280,529	5,185,818	6,182,511	1,777,732	1,906,463	1,766,272	1,688,920	1,686,137	1,326,283
-- ICE	4,479,849	3,990,116	4,413,296	5,201,930	1,505,657	1,556,942	1,422,358	1,353,016	1,380,122	1,102,980
-- EV	44,827	290,413	772,522	980,581	272,075	349,521	343,914	335,904	306,015	223,303
Mopeds	625,560	483,396	441,567	481,803	122,715	137,078	131,395	110,625	111,045	77,877
Grand total	**15,171,379**	**13,748,052**	**15,857,846**	**18,317,043**	**5,098,369**	**5,246,695**	**4,917,947**	**4,609,211**	**4,700,631**	**3,400,906**

Mix (%)	FY21	FY22	FY23	FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26TD
Commuter Motorcycles	**51.5**	**52.2**	**50.0**	**48.3**	**47.4**	**46.9**	**46.7**	**44.7**	**46.1**	**42.8**
-- Economy	*17.0*	*15.5*	*11.9*	*11.4*	*9.9*	*10.0*	*10.2*	*8.5*	*9.0*	*9.3*
-- Executive	*18.5*	*20.7*	*21.3*	*19.5*	*19.5*	*18.7*	*19.0*	*18.0*	*18.8*	*17.7*
-- 125cc	16.0	16.0	16.7	17.3	17.9	18.2	17.5	18.1	18.3	15.8
Premium motorcycles	**14.6**	**13.2**	**14.6**	**15.3**	**15.3**	**14.2**	**14.7**	**16.3**	**15.7**	**15.9**
Scooters	**29.8**	**31.1**	**32.7**	**33.8**	**34.9**	**36.3**	**35.9**	**36.6**	**35.9**	**39.0**
-- ICE	29.5	29.0	27.8	28.4	29.5	29.7	28.9	29.4	29.4	32.4
-- EV	0.3	2.1	4.9	5.4	5.3	6.7	7.0	7.3	6.5	6.6
Mopeds	**4.1**	**3.5**	**2.8**	**2.6**	**2.4**	**2.6**	**2.7**	**2.4**	**2.4**	**2.3**

Source: SIAM, Emkay Research

Exhibit 312: For BJAUT, commuter motorcycles still form the bulk of domestic volumes (57%), with a limited ~10% contribution from scooters

Domestic 2Ws (no of units)	FY21	FY22	FY23	FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26TD
Commuter Motorcycles	**1,206,115**	**1,227,210**	**1,277,556**	**1,435,681**	**351,464**	**371,406**	**376,553**	**276,245**	**306,177**	**183,175**
-- Economy motorcycles	734,712	768,330	644,957	587,097	125,423	137,507	148,527	90,984	94,618	79,161
-- Executive motorcycles	0	0	0	0	-	-	-	-	-	
--125cc motorcycles	471,403	458,880	632,599	848,584	226,041	233,899	228,026	185,261	211,559	104,014
Premium motorcycles	602,590	406,944	493,101	686,828	187,524	181,615	133,965	153,459	159,731	114,042
Scooters (EVs)	1,395	8,187	31,435	128,080	43,854	84,087	77,574	71,668	63,620	26,298
Grand Total	**1,810,100**	**1,642,341**	**1,802,092**	**2,250,589**	**582,842**	**637,108**	**588,092**	**501,372**	**529,528**	**323,515**

Volumes Mix (%)	FY21	FY22	FY23	FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26TD
Commuter Motorcycle	**66.6**	**74.7**	**70.9**	**63.8**	**60.3**	**58.3**	**64.0**	**55.1**	**57.8**	**56.6**
-- Economy motorcycles	40.6	46.8	35.8	26.1	21.5	21.6	25.3	18.1	17.9	24.5
-- Executive motorcycles	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
--125cc motorcycles	26.0	27.9	35.1	37.7	38.8	36.7	38.8	37.0	40.0	32.2
Premium motorcycles	33.3	24.8	27.4	30.5	32.2	28.5	22.8	30.6	30.2	35.3
Scooters (EVs)	0.1	0.5	1.7	5.7	7.5	13.2	13.2	14.3	12.0	8.1

Source: SIAM, Emkay Research

Exhibit 313: BJAUT has lost domestic market share from 12% in FY24 to ~9.5% in Q2FY26TD, owing to share declines across categories

Domestic 2W market share (%)	FY21	FY22	FY23	FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26TD
Overall	**11.9**	**11.9**	**11.4**	**12.3**	**11.4**	**12.1**	**12.0**	**10.9**	**11.3**	**9.5**
Commuter Motorcycles	**15.4**	**17.1**	**16.1**	**16.2**	**14.5**	**15.1**	**16.4**	**13.4**	**14.1**	**12.6**
-- Economy motorcycles	*28.4*	*36.1*	*34.0*	*28.0*	*24.8*	*26.3*	*29.5*	*23.1*	*22.3*	*25.1*
-- Executive motorcycles	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*
--125cc motorcycles	*19.5*	*20.8*	*23.9*	*26.7*	*24.7*	*24.4*	*26.5*	*22.2*	*24.6*	*19.3*
Premium motorcycles	27.2	22.4	21.4	24.5	24.0	24.5	18.6	20.5	21.7	21.1
Scooters (EVs)	3.1	2.8	4.1	13.1	16.1	24.1	22.6	21.3	20.8	11.8

Source: SIAM, Emkay Research

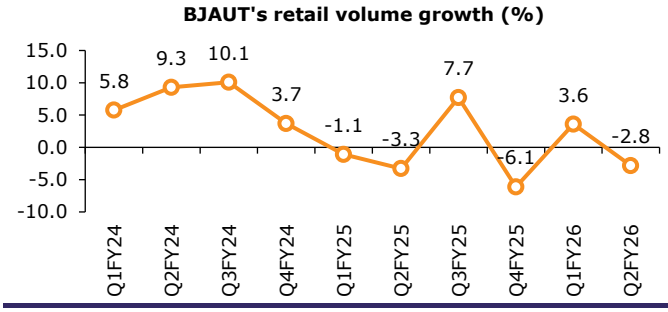
Exhibit 314: BJAUT has lost its retail market share over the last 2-3Y – 10% in Q2FY26 vs ~11.7% in FY24

Retail Volumes (no of units)	FY21	FY22	FY23	FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26
BJAUT	1,353,033	1,474,346	1,744,394	2,218,651	553,283	477,042	708,640	525,635	551,603	425,613
HMCL	4,277,586	4,346,074	5,310,283	5,695,580	1,428,526	1,087,712	1,917,506	1,263,793	1,479,865	1,056,999
HMSI	3,013,668	3,124,485	4,109,792	4,310,593	1,200,215	1,114,303	1,605,032	1,089,335	1,215,509	1,074,721
TVSL	1,795,076	1,899,489	2,585,158	3,121,762	822,620	748,329	1,036,669	860,531	947,492	828,838
RE	493,718	475,854	730,134	824,067	204,777	182,183	254,847	229,455	238,981	226,853
Industry	**14,976,551**	**15,716,046**	**16,980,364**	**18,983,089**	**4,806,803**	**4,208,000**	**6,209,562**	**4,637,538**	**5,056,726**	**4,232,770**

Market Share (%)	FY21	FY22	FY23	FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26
BJAUT	**9.0**	**9.4**	**10.3**	**11.7**	**11.5**	**11.3**	**11.4**	**11.3**	**10.9**	**10.1**
HMCL	28.6	27.7	31.3	30.0	29.7	25.8	30.9	27.3	29.3	25.0
HMSI	20.1	19.9	24.2	22.7	25.0	26.5	25.8	23.5	24.0	25.4
TVSL	12.0	12.1	15.2	16.4	17.1	17.8	16.7	18.6	18.7	19.6
RE	3.3	3.0	4.3	4.3	4.3	4.3	4.1	4.9	4.7	5.4

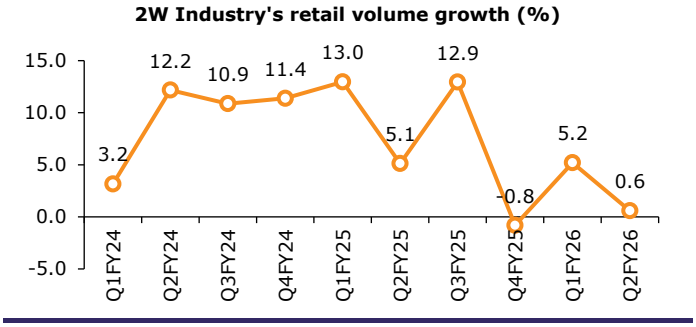
Source: Vahan, Emkay Research

Exhibit 315: BJAUT has seen a decline in retail volumes over the past few quarters...



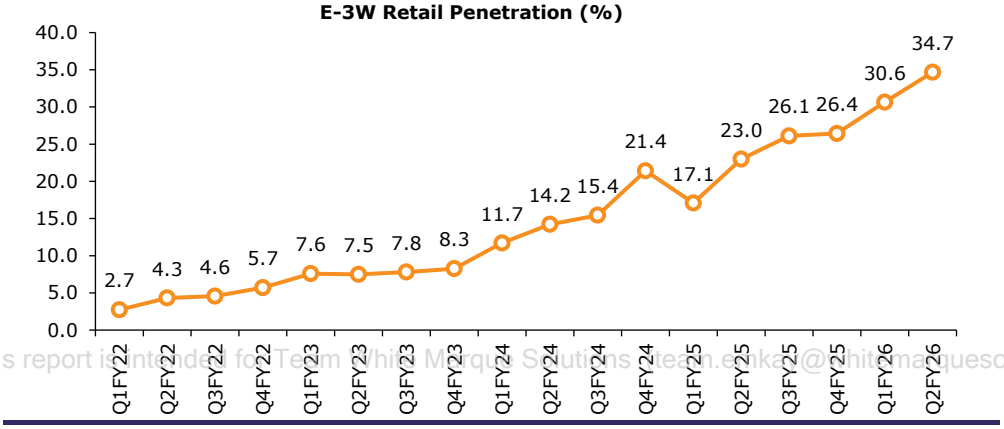
Source: Vahan, Emkay Research

Exhibit 316: ...with volume growth lagging industry growth



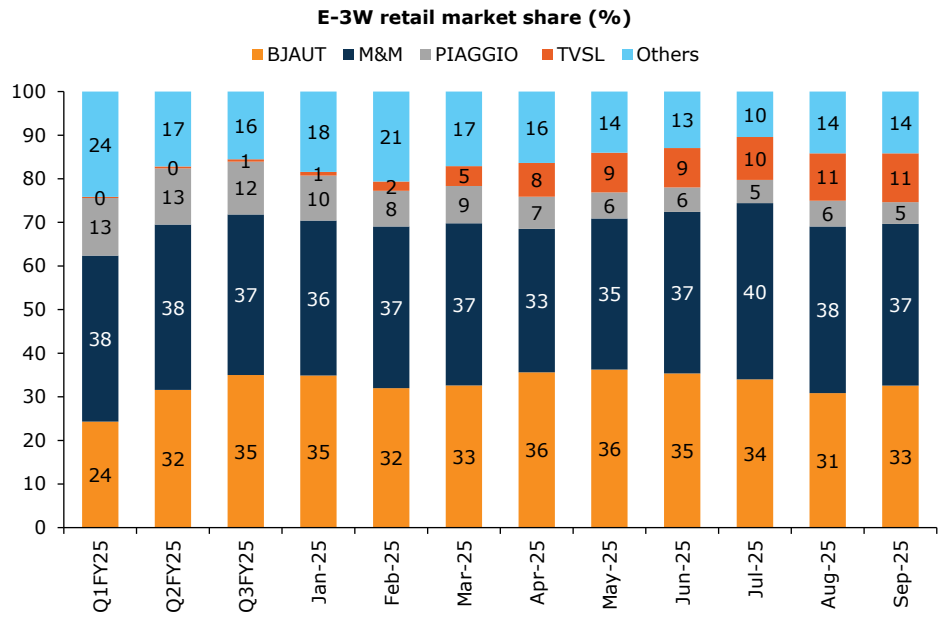
Source: Vahan, Emkay Research

Exhibit 317: E-3W penetration touched a fresh high of 35% in Q2FY26



Source: Vahan, Emkay Research

Exhibit 318: While BJAUT has retained >30% share in domestic E-3Ws, TVSL's share has rapidly risen to 11%



Source: Vahan, Emkay Research

Exhibit 319: BJAUT's E-scooter market share to reach ~15% by FY35E, with the domestic motorcycle market share stabilizing at ~15%

Industry (mn units)	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY30E	FY35E	FY25-28E CAGR (%)	FY25-35E CAGR (%)
Domestic 2W ICE industry	15.5	17.5	18.8	19.7	21.1	21.9	21.9	11.1	5%	-5%
Growth YoY (%)	*15.5*	*12.7*	*7.4*	*4.9*	*7.0*	*3.8*	*-2.1*	*-21.6*		
Domestic 2W EV industry	0.3	0.8	1.0	1.3	1.5	1.9	2.8	13.4	24%	30%
Growth YoY (%)	*547.9*	*166.0*	*26.9*	*32.8*	*15.1*	*24.3*	*22.0*	*30.5*		
Total Domestic 2W Volumes	15.8	18.3	19.8	21.0	22.6	23.8	24.7	24.5	6%	2%
Growth YoY (%)	*17.2*	*15.5*	*8.2*	*6.3*	*7.5*	*5.2*	*0.1*	*0.3*		
Total Export 2W Volumes	3.7	3.5	4.2	5.3	6.1	7.0	8.5	13.7	19%	13%
Growth YoY (%)	*-17.8*	*-5.3*	*21.4*	*26.4*	*15.0*	*15.0*	*10.0*	*10.0*		
Domestic 2W market share (%)	**11.0**	**12.2**	**11.5**	**10.5**	**10.6**	**10.5**	**11.2**	**14.0**		
Domestic Scooter market share (%)	0.6	2.0	3.8	3.7	4.7	4.9	6.0	12.8		
--E-Scooter market share (%)	4.1	13.2	21.3	20.0	22.8	21.2	20.1	15.0		
--ICE Scooter market share (%)	-	-	-	-	-	-	-	-		
Domestic motorcycle market share (%)	**17.3**	**18.2**	**16.6**	**15.3**	**14.9**	**14.8**	**15.3**	**15.3**		
Domestic Commuter motorcycle market share (%)	16.1	16.2	14.9	13.4	13.2	13.1	13.4	13.1		
--ICE (%)	16.1	16.2	14.9	13.4	13.2	13.1	13.5	14.3		
--EV (%)	**-**	**-**	**-**	**-**	**-**	**10.9**	**12.0**	**12.0**		
Premium motorcycle market share (%)	21.4	24.5	21.9	20.5	19.7	19.5	19.5	19.5		
Export 2W market share (%)	**44.8**	**42.7**	**39.9**	**37.0**	**35.3**	**33.2**	**30.5**	**23.8**		
-- ICE-2W share (%)	44.9	42.8	40.0	37.2	35.6	33.8	31.6	25.7		
-- E-2W share (%)	8.3	4.6	1.8	2.0	3.0	4.3	6.8	13.0		

Source: SIAM, Company, Emkay Research

Exhibit 320: We build in 6% volume CAGR over FY25-35E, led by 25% CAGR in EVs and a nominal 2% CAGR in ICE volumes

Segmental Volumes (no of units)	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY30E	FY35E	FY25-28E CAGR (%)	FY25-35E CAGR (%)
ICE	**3,892,626**	**4,211,355**	**4,321,478**	**4,567,308**	**4,898,051**	**5,165,225**	**5,502,432**	**5,345,345**	**6%**	**2%**
Domestic Motorcycles	1,770,657	2,122,509	2,032,231	1,923,053	2,018,148	2,072,144	2,138,833	1,539,380	1%	-3%
-- Commuter motorcycles	1,277,556	1,435,681	1,375,668	1,258,835	1,328,404	1,359,473	1,327,423	605,045	0%	-8%
-- Economy	644,957	587,097	502,441	454,480	474,224	486,984	399,937	104,364	-1%	-15%
-- Executive	0	0	0	0	0	0	0	0		
-- 125cc	632,599	848,584	873,227	804,355	854,179	872,489	927,486	500,681	0%	-5%
-- Premium motorcycles	493,101	686,828	656,563	664,218	689,744	712,671	811,410	934,335	3%	4%
Scooters	0	0	0	0	0	0	0	0		
Quadricycles	725	725	120	128	135	142	134	104	6%	-1%
3Ws	300,009	451,985	425,972	420,834	428,052	432,865	397,320	174,135	1%	-9%
Exports	**1,821,235**	**1,636,136**	**1,863,155**	**2,223,293**	**2,451,717**	**2,660,074**	**2,966,144**	**3,631,727**	**13%**	**7%**
-- 2Ws	1,636,951	1,477,264	1,673,934	1,962,237	2,152,787	2,326,289	2,563,742	2,986,631	12%	6%
-- 3Ws	182,004	154,694	182,799	255,919	294,306	329,623	398,844	642,342	22%	13%
-- Quadricycles	2,280	4,178	6,422	5,138	4,624	4,161	3,558	2,753	-13%	-8%

	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY30E	FY35E	FY25-28E CAGR (%)	FY25-35E CAGR (%)
EVs	**31,488**	**140,551**	**330,772**	**392,885**	**534,106**	**616,831**	**974,087**	**3,068,469**	**23%**	**25%**
Domestic Motorcycles	**0**	**0**	**0**	**0**	**0**	**6,000**	**78,371**	**570,103**		
-- Commuter motorcycles	0	0	0	0	0	6,000	78,371	570,103		
-- Economy	*0*	*0*	*0*	*0*	*0*	*0*	*10,907*	*54,078*		
-- Executive	*0*	*0*	*0*	*0*	*0*	*0*	*23,785*	*173,798*		
-- 125cc	*0*	*0*	*0*	*0*	*0*	*0*	*43,679*	*342,227*		
-- Premium motorcycles										
Scooters	**31,483**	**129,019**	**277,183**	**300,429**	**422,028**	**472,916**	**679,701**	**1,756,164**		
Quadricycles										
E-3Ws (based on retails)	0	11,458	53,464	92,162	110,595	132,714	191,108	475,538	**35%**	**24%**
Exports	**5**	**74**	**125**	**293**	**1,483**	**5,201**	**24,908**	**266,664**	**247%**	**115%**
-- 2Ws	5	74	125	293	1,483	5,201	24,908	266,664		
-- 3Ws	-	-	-	-	-	-	-	-		

	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY30E	FY35E	FY25-28E CAGR (%)	FY25-35E CAGR (%)
Total	**3,924,114**	**4,351,906**	**4,652,250**	**4,960,193**	**5,432,157**	**5,782,056**	**6,476,519**	**8,413,814**	**8%**	**6%**
Domestic Motorcycles	**1,770,657**	**2,122,509**	**2,032,231**	**1,923,053**	**2,018,148**	**2,078,144**	**2,217,204**	**2,109,483**	1%	0%
-- Commuter motorcycles	1,277,556	1,435,681	1,375,668	1,258,835	1,328,404	1,365,473	1,405,794	1,175,148	0%	-2%
-- Economy	*644,957*	*587,097*	*502,441*	*454,480*	*474,224*	*486,984*	*410,844*	*158,441*	-1%	-11%
-- Executive	*0*	*0*	*0*	*0*	*0*	*0*	*23,785*	*173,798*		
-- 125cc	*632,599*	*848,584*	*873,227*	*804,355*	*854,179*	*872,489*	*971,166*	*842,908*	0%	0%
-- Premium motorcycles	493,101	686,828	656,563	664,218	689,744	712,671	811,410	934,335	3%	4%
Scooters	**31,483**	**129,019**	**277,183**	**300,429**	**422,028**	**472,916**	**679,701**	**1,756,164**	19%	20%
Quadricycles	**725**	**725**	**120**	**128**	**135**	**142**	**134**	**104**	6%	-1%
3Ws	**300,009**	**463,443**	**479,436**	**512,997**	**538,646**	**565,579**	**588,428**	**649,672**	6%	3%
Exports	**1,821,240**	**1,636,210**	**1,863,280**	**2,223,586**	**2,453,200**	**2,665,275**	**2,991,052**	**3,898,390**	13%	8%
-- 2Ws	1,636,956	1,477,338	1,674,059	1,962,530	2,154,270	2,331,491	2,588,650	3,253,295	12%	7%
-- 3Ws	182,004	154,694	182,799	255,919	294,306	329,623	398,844	642,342	22%	13%
-- Quadricycles	2,280	4,178	6,422	5,138	4,624	4,161	3,558	2,753	-13%	-8%

Source: SIAM, Vahan, Emkay Research

Exhibit 321: BJAUT's segmental volume mix – We expect exports to form >45% BJAUT's volumes by FY35 as exports to emerging markets (where electrification risk is still some time away) would offset the weakening domestic ICE franchise; E-scooters to form 20% of volumes

Segmental Volume Mix (%)	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY30E	FY35E
ICE								
Domestic Motorcycles	**45.5**	**50.4**	**47.0**	**42.1**	**41.2**	**40.1**	**38.9**	**28.8**
-- Commuter motorcycles	32.8	34.1	31.8	27.6	27.1	26.3	24.1	11.3
-- Economy	16.6	13.9	11.6	10.0	9.7	9.4	7.3	2.0
-- Executive	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
-- 125cc	16.3	20.1	20.2	17.6	17.4	16.9	16.9	9.4
-- Premium motorcycles	12.7	16.3	15.2	14.5	14.1	13.8	14.7	17.5
Scooters	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Quadricycles	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
3Ws	**7.7**	**10.7**	**9.9**	**9.2**	**8.7**	**8.4**	**7.2**	**3.3**
Exports	**46.8**	**38.9**	**43.1**	**48.7**	**50.1**	**51.5**	**53.9**	**67.9**
-- 2Ws	42.1	35.1	38.7	43.0	44.0	45.0	46.6	55.9
-- 3Ws	4.7	3.7	4.2	5.6	6.0	6.4	7.2	12.0
-- Quadricycles	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
	100.0	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

EVs	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY30E	FY35E
Domestic Motorcycles	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**1.0**	**8.0**	**18.6**
-- Commuter motorcycles	0.0	0.0	0.0	0.0	0.0	1.0	8.0	18.6
-- Economy	0.0	0.0	0.0	0.0	0.0	0.0	1.1	1.8
-- Executive	0.0	0.0	0.0	0.0	0.0	0.0	2.4	5.7
-- 125cc	0.0	0.0	0.0	0.0	0.0	0.0	4.5	11.2
-- Premium motorcycles	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Scooters	**100.0**	**91.8**	**83.8**	**76.5**	**79.0**	**76.7**	**69.8**	**57.2**
Quadricycles	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
E-3Ws (based on retails)	0.0	8.2	16.2	23.5	20.7	21.5	19.6	15.5
Exports	0.0	0.1	0.0	0.1	0.3	0.8	2.6	8.7
-- 2Ws	0.0	0.1	0.0	0.1	0.3	0.8	2.6	8.7
-- 3Ws	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
-- Quadricycles	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	100.0	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Total	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY30E	FY35E
Domestic Motorcycles	**45.1**	**48.8**	**43.7**	**38.8**	**37.2**	**35.9**	**34.2**	**25.1**
-- Commuter motorcycles	32.6	33.0	29.6	25.4	24.5	23.6	21.7	14.0
-- Economy	16.4	13.5	10.8	9.2	8.7	8.4	6.3	1.9
-- Executive	0.0	0.0	0.0	0.0	0.0	0.0	0.4	2.1
-- 125cc	16.1	19.5	18.8	16.2	15.7	15.1	15.0	10.0
-- Premium motorcycles	**12.6**	**15.8**	**14.1**	**13.4**	**12.7**	**12.3**	**12.5**	**11.1**
Scooters	**0.8**	**3.0**	**6.0**	**6.1**	**7.8**	**8.2**	**10.5**	**20.9**
Quadricycles	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
3Ws	**7.6**	**10.6**	**10.3**	**10.3**	**9.9**	**9.8**	**9.1**	**7.7**
Exports	**46.4**	**37.6**	**40.1**	**44.8**	**45.2**	**46.1**	**46.2**	**46.3**
-- 2Ws	41.7	33.9	36.0	39.6	39.7	40.3	40.0	38.7
-- 3Ws	4.6	3.6	3.9	5.2	5.4	5.7	6.2	7.6
-- Quadricycles	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0
	100.0	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: SIAM, Vahan, Emkay Research

Exhibit 322: We build in 7%/11%/11% volume/revenue/EBITDA CAGR over FY25-28E

Particulars (No of units)	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY30E	FY35E	FY25-28E CAGR (%)	FY25-35E CAGR (%)
Domestic ICE 2Ws	1,770,609	2,121,570	2,031,066	1,923,053	2,018,148	2,066,144	2,138,833	1,539,380	1%	-3%
Growth YoY (%)	*8.4*	*19.8*	*(4.3)*	*(5.3)*	*4.9*	*2.4*	*(0.2)*	*(8.1)*		
Domestic E-2Ws	31,483	129,019	277,183	300,429	422,028	478,916	758,072	2,326,267	20%	24%
Growth YoY (%)	*284.5*	*309.8*	*114.8*	*8.4*	*40.5*	*13.5*	*31.2*	*17.2*		
Domestic 2Ws	**1,802,092**	**2,250,589**	**2,308,249**	**2,223,482**	**2,440,176**	**2,545,060**	**2,896,905**	**3,865,647**	**3%**	**5%**
Growth YoY (%)	*9.8*	*24.9*	*2.6*	*(3.7)*	*9.7*	*4.3*	*6.5*	*5.6*		
Domestic 3Ws	**300,734**	**464,168**	**479,556**	**513,125**	**538,781**	**565,720**	**588,563**	**649,776**	**6%**	**3%**
Growth YoY (%)	*87.1*	*54.3*	*3.3*	*7.0*	*5.0*	*5.0*	*2.0*	*2.0*		
Domestic Total	**2,102,826**	**2,714,757**	**2,787,805**	**2,736,607**	**2,978,957**	**3,110,781**	**3,485,467**	**4,515,424**	**4%**	**5%**
Growth YoY (%)	*16.7*	*29.1*	*2.7*	*(1.8)*	*8.9*	*4.4*	*5.7*	*5.1*		
Export 2Ws	1,636,956	1,477,338	1,674,060	1,962,530	2,154,270	2,331,491	2,588,650	3,253,295	12%	7%
Growth YoY (%)	*(25.4)*	*(9.8)*	*13.3*	*17.2*	*9.8*	*8.2*	*5.4*	*(0.5)*		
Export 3Ws	184,284	158,872	189,221	261,056	298,930	333,785	402,402	645,095	21%	13%
Growth YoY (%)	*(40.7)*	*(13.8)*	*19.1*	*38.0*	*14.5*	*11.7*	*9.8*	*9.9*		
Export Total	**1,821,240**	**1,636,210**	**1,863,281**	**2,223,586**	**2,453,200**	**2,665,275**	**2,991,052**	**3,898,390**	**13%**	**8%**
Growth YoY (%)	*(27.3)*	*(10.2)*	*13.9*	*19.3*	*10.3*	*8.6*	*6.0*	*1.1*		
Total volumes	**3,924,066**	**4,350,967**	**4,651,086**	**4,960,193**	**5,432,157**	**5,776,056**	**6,476,519**	**8,413,814**	**7%**	**6%**
Growth YoY (%)	*(8.9)*	*10.9*	*6.9*	*6.6*	*9.5*	*6.3*	*5.8*	*3.2*		

Particulars (Rs mn)	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY30E	FY35E	FY25-28E CAGR (%)	FY25-35E CAGR (%)
ASP (Rs/unit)	**92,831**	**102,702**	**107,524**	**113,122**	**115,388**	**117,640**	**120,401**	**128,435**	3%	2%
Growth YoY (%)	*20.7*	*10.6*	*4.7*	*5.2*	*2.0*	*2.0*	*1.1*	*1.6*		
Revenues	**364,276**	**446,852**	**500,103**	**561,107**	**626,784**	**679,391**	**776,482**	**1,072,676**	11%	8%
Growth YoY (%)	*9.9*	*22.7*	*11.9*	*12.2*	*11.7*	*8.4*	*6.6*	*6.3*		
Gross Profit	**103,729**	**129,418**	**146,729**	**164,627**	**183,521**	**199,603**	**228,128**	**315,900**	11%	8%
Gross margin (%)	*28.5*	*29.0*	*29.3*	*29.3*	*29.3*	*29.4*	*29.4*	*29.4*		
Employee Costs	**14,449**	**15,376**	**15,794**	**16,751**	**18,188**	**19,940**	**23,009**	**32,132**	8%	7%
% of Revenue	*4.0*	*3.4*	*3.2*	*3.0*	*2.9*	*2.9*	*3.0*	*3.0*		
Other Expenses	**23,788**	**25,813**	**29,947**	**34,867**	**37,343**	**40,419**	**46,205**	**63,911**	11%	8%
% of Revenue	*6.5*	*5.8*	*6.0*	*6.2*	*6.0*	*5.9*	*6.0*	*6.0*		
EBITDA	**65,491**	**88,229**	**100,988**	**113,009**	**127,989**	**139,244**	**158,915**	**219,857**	11%	10%
EBITDA margin (%)	*18.0*	*19.7*	*20.2*	*20.1*	*20.4*	*20.5*	*20.5*	*20.5*		
EBITDA Growth YoY (%)	*24.5*	*34.7*	*14.5*	*11.9*	*13.3*	*8.8*	*6.5*	*6.4*		
EBIT	**64,762**	**84,880**	**97,128**	**108,686**	**123,267**	**134,038**	**152,684**	**210,609**	11%	10%
EBIT margin (%)	*17.8*	*19.0*	*19.4*	*19.4*	*19.7*	*19.7*	*19.7*	*19.6*		
PAT	**56,276**	**74,788**	**81,514**	**93,094**	**104,787**	**113,596**	**128,505**	**173,365**	12%	9%
PAT margin (%)	*15.4*	*16.7*	*16.3*	*16.6*	*16.7*	*16.7*	*16.5*	*16.1*		
EPS (Rs)	**198.9**	**267.9**	**291.9**	**333.4**	**375.2**	**406.7**	**458.9**	**617.9**	12%	9%
Core EPS (Rs)	**170.6**	**229.9**	**259.0**	**287.3**	**324.7**	**355.5**	**406.5**	**562.1**	11%	10%

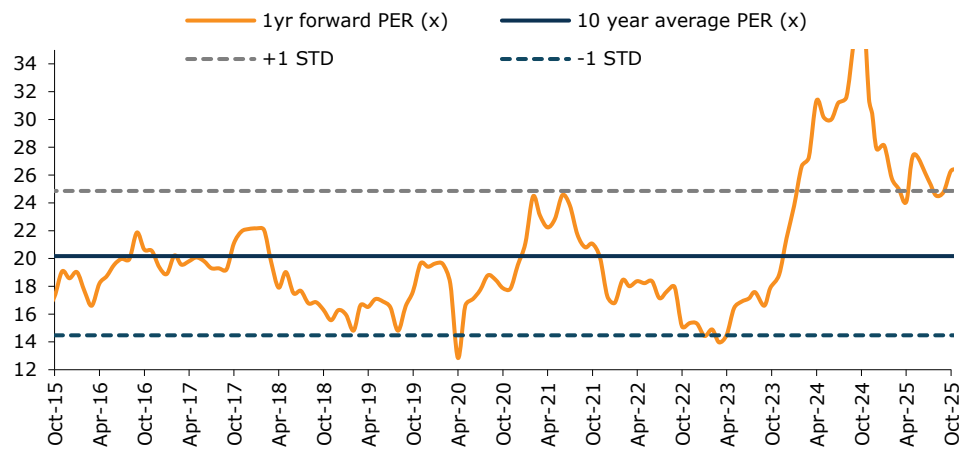
Source: SIAM, Company, Emkay Research

Exhibit 323: Our FY26-28 estimates remain unchanged as the growth in exports offsets the weakening domestic franchise

Rs mn	FY26E				FY27E				FY28E			
	Earlier	Revised	% Change	% YoY	Earlier	Revised	% Change	% YoY	Earlier	Revised	% Change	% YoY
Domestic 2Ws	2,390,428	2,223,482	(7.0)	(3.7)	2,519,119	2,440,176	(3.1)	9.7	2,698,604	2,545,060	(5.7)	4.3
Domestic 3Ws	489,147	513,125	4.9	7.0	513,604	538,781	4.9	5.0	539,285	565,720	4.9	5.0
Total Domestic	**2,879,575**	**2,736,607**	**(5.0)**	**(1.8)**	**3,032,723**	**2,978,957**	**(1.8)**	**8.9**	**3,237,889**	**3,110,781**	**(3.9)**	**4.4**
Export 2Ws	1,925,169	1,962,530	1.9	17.2	2,156,189	2,154,270	(0.1)	9.8	2,307,123	2,331,491	1.1	8.2
Export 3Ws	223,281	261,056	16.9	38.0	245,609	298,930	21.7	14.5	270,170	333,785	23.5	11.7
Total Export	**2,148,450**	**2,223,586**	**3.5**	**19.3**	**2,401,798**	**2,453,200**	**2.1**	**10.3**	**2,577,293**	**2,665,275**	**3.4**	**8.6**
Volumes (Units)	**5,028,025**	**4,960,193**	**(1.3)**	**6.6**	**5,434,521**	**5,432,157**	**(0.0)**	**9.5**	**5,815,181**	**5,776,056**	**(0.7)**	**6.3**
ASP (Rs)	**111,098**	**113,122**	**1.8**	**5.2**	**113,393**	**115,387**	**1.8**	**2.0**	**115,277**	**117,634**	**2.0**	**1.9**
Revenues	558,605	561,107	0.4	12.2	616,236	626,799	1.7	11.7	670,356	679,461	1.4	8.4
EBITDA	112,184	113,009	0.7	11.9	125,450	127,992	2.0	13.3	136,929	139,258	1.7	8.8
Margin (%)	20.1	20.1	6bps	-5bps	20.4	20.4	6bps	28bps	20.5	20.5	4bps	4bps
Net Profit	92,466	93,094	0.7	14.2	102,978	104,787	1.8	12.6	111,962	113,596	1.5	8.4
EPS	**331.1**	**333.4**	**0.7**	**14.2**	**368.8**	**375.2**	**1.7**	**12.6**	**400.9**	**406.8**	**1.5**	**8.4**

Source: Company, Emkay Research

Exhibit 324: At CMP, BJAUT trades 1SD above its LTA on a 1YF PER basis



Source: Company, Bloomberg, Emkay Research

Bajaj Auto: Standalone Financials and Valuations

Profit & Loss

Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	**446,852**	**500,103**	**561,107**	**626,799**	**679,461**
Revenue growth (%)	22.7	11.9	12.2	11.7	8.4
EBITDA	**88,229**	**100,988**	**113,009**	**127,992**	**139,258**
EBITDA growth (%)	34.7	14.5	11.9	13.3	8.8
Depreciation & Amortization	3,498	4,001	4,457	4,851	5,331
EBIT	**84,731**	**96,987**	**108,552**	**123,141**	**133,926**
EBIT growth (%)	35.2	14.5	11.9	13.4	8.8
Other operating income	-	-	-	-	-
Other income	14,025	14,209	15,633	17,107	17,201
Financial expense	535	677	1,693	2,370	1,659
PBT	**98,220**	**110,519**	**122,492**	**137,877**	**149,469**
Extraordinary items	0	0	0	0	0
Taxes	23,432	29,005	29,398	33,091	35,872
Minority interest	-	-	-	-	-
Income from JV/Associates	-	-	-	-	-
Reported PAT	**74,788**	**81,514**	**93,094**	**104,787**	**113,596**
PAT growth (%)	32.9	9.0	14.2	12.6	8.4
Adjusted PAT	**74,788**	**81,514**	**93,094**	**104,787**	**113,596**
Diluted EPS (Rs)	**271.8**	**291.9**	**333.4**	**375.2**	**406.8**
Diluted EPS growth (%)	36.7	7.4	14.2	12.6	8.4
DPS (Rs)	**143.9**	**80.0**	**210.0**	**240.0**	**270.0**
Dividend payout (%)	**53.0**	**27.4**	**63.0**	**64.0**	**66.4**
EBITDA margin (%)	19.7	20.2	20.1	20.4	20.5
EBIT margin (%)	19.0	19.4	19.3	19.6	19.7
Effective tax rate (%)	23.9	26.2	24.0	24.0	24.0
NOPLAT (pre-IndAS)	**64,517**	**71,533**	**82,499**	**93,587**	**101,784**
Shares outstanding (mn)	275	279	279	279	279

Source: Company, Emkay Research

Balance Sheet

Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Share capital	2,792	2,793	2,793	2,793	2,793
Reserves & Surplus	245,813	318,677	344,748	374,135	403,953
Net worth	**248,605**	**321,469**	**347,541**	**376,927**	**406,745**
Minority interests	-	-	-	-	-
Non-current liab. & prov.	5,069	11,230	11,108	10,970	10,820
Total debt	**9,599**	**9,276**	**38,376**	**28,376**	**18,376**
Total liabilities & equity	**263,582**	**342,257**	**397,343**	**416,629**	**436,327**
Net tangible fixed assets	31,379	34,911	37,994	41,143	43,812
Net intangible assets	119	119	119	119	119
Net ROU assets	-	-	-	-	-
Capital WIP	275	283	300	300	300
Goodwill	-	-	-	-	-
Investments [JV/Associates]	34,465	34,465	34,465	37,465	40,465
Cash & equivalents	**216,315**	**265,001**	**320,774**	**336,578**	**352,066**
Current assets (ex-cash)	49,790	76,268	81,374	87,859	93,089
Current Liab. & Prov.	79,007	82,032	93,620	102,863	109,644
NWC (ex-cash)	**(29,217)**	**(5,764)**	**(12,246)**	**(15,004)**	**(16,555)**
Total assets	**263,582**	**342,257**	**397,343**	**416,629**	**436,327**
Net debt	(206,716)	(255,724)	(282,398)	(308,201)	(333,689)
Capital employed	263,582	342,257	397,343	416,629	436,327
Invested capital	**2,281**	**29,266**	**25,868**	**26,258**	**27,376**
BVPS (Rs)	903.4	1,151.1	1,244.5	1,349.7	1,456.5
Net Debt/Equity (x)	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)
Net Debt/EBITDA (x)	(2.3)	(2.5)	(2.5)	(2.4)	(2.4)
Interest coverage (x)	184.6	164.2	73.4	59.2	91.1
RoCE (%)	**38.4**	**37.8**	**34.7**	**35.5**	**36.4**

Source: Company, Emkay Research

Cash flows

Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
PBT (ex-other income)	98,220	110,519	122,492	137,877	149,469
Others (non-cash items)	-	-	-	-	-
Taxes paid	(23,826)	(26,804)	(29,520)	(33,228)	(36,022)
Change in NWC	10,171	(2,429)	3,826	2,704	1,488
Operating cash flow	**74,783**	**72,667**	**94,569**	**106,196**	**113,547**
Capital expenditure	(7,957)	(7,189)	(7,558)	(8,000)	(8,000)
Acquisition of business	-	-	-	-	-
Interest & dividend income	4,374	2,731	0	0	0
Investing cash flow	**(1,392)**	**(36,410)**	**(65,758)**	**(10,000)**	**(10,000)**
Equity raised/(repaid)	(39,307)	(9,025)	0	0	0
Debt raised/(repaid)	8,327	(505)	29,100	(10,000)	(10,000)
Payment of lease liabilities	0	0	0	0	0
Interest paid	(519)	(659)	(1,693)	(2,370)	(1,659)
Dividend paid (incl tax)	(39,602)	(22,353)	(58,645)	(67,022)	(75,400)
Others	10,634	(6,211)	0	0	0
Financing cash flow	**(60,467)**	**(38,753)**	**(31,238)**	**(79,393)**	**(87,059)**
Net chg in Cash	12,924	(2,496)	(2,426)	16,803	16,488
OCF	74,783	72,667	94,569	106,196	113,547
Adj. OCF (w/o NWC chg.)	64,612	75,097	90,744	103,493	112,059
FCFF	66,826	65,478	87,011	98,196	105,547
FCFE	70,665	67,532	85,318	95,826	103,888
OCF/EBITDA (%)	84.8	72.0	83.7	83.0	81.5
FCFE/PAT (%)	94.5	82.8	91.6	91.4	91.5
FCFF/NOPLAT (%)	**103.6**	**91.5**	**105.5**	**104.9**	**103.7**

Source: Company, Emkay Research

Valuations and key Ratios

Y/E Mar	FY24	FY25	FY26E	FY27E	FY28E
P/E (x)	33.4	31.1	27.2	24.2	22.3
P/CE(x)	31.9	29.6	26.0	23.1	21.3
P/B (x)	10.0	7.9	7.3	6.7	6.2
EV/Sales (x)	5.1	4.6	4.1	3.7	3.4
EV/EBITDA (x)	25.9	22.7	20.2	17.9	16.4
EV/EBIT(x)	27.0	23.6	21.1	18.6	17.1
EV/IC (x)	1,003.1	78.2	88.5	87.1	83.6
FCFF yield (%)	2.9	2.9	3.8	4.3	4.6
FCFE yield (%)	2.8	2.7	3.4	3.8	4.1
Dividend yield (%)	1.6	0.9	2.3	2.6	3.0
DuPont-RoE split					
Net profit margin (%)	16.7	16.3	16.6	16.7	16.7
Total asset turnover (x)	1.7	1.7	1.5	1.5	1.6
Assets/Equity (x)	1.0	1.1	1.1	1.1	1.1
RoE (%)	**29.7**	**28.6**	**27.8**	**28.9**	**29.0**
DuPont-RoIC					
NOPLAT margin (%)	14.4	14.3	14.7	14.9	15.0
IC turnover (x)	47.1	31.7	20.4	24.0	25.3
RoIC (%)	**680.4**	**453.5**	**299.3**	**359.1**	**379.6**
Operating metrics					
Core NWC days	(23.9)	(4.2)	(8.0)	(8.7)	(8.9)
Total NWC days	**(23.9)**	**(4.2)**	**(8.0)**	**(8.7)**	**(8.9)**
Fixed asset turnover	7.7	7.6	7.7	7.8	7.7
Opex-to-revenue (%)	9.2	9.1	9.2	8.9	8.9

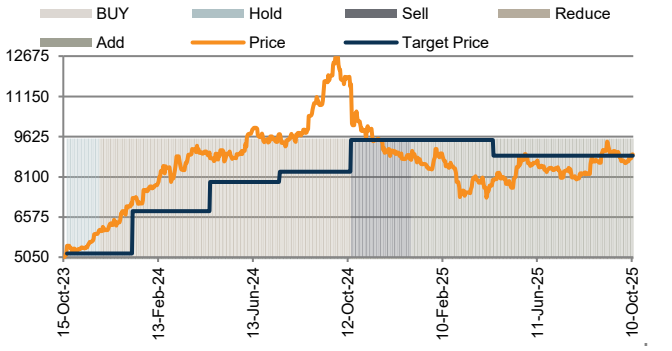
Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (Rs)	TP (Rs)	Rating	Analyst
07-Aug-25	8,229	8,900	Add	Chirag Jain
30-May-25	8,607	8,900	Add	Chirag Jain
16-Apr-25	7,962	8,900	Add	Chirag Jain
29-Jan-25	8,626	9,500	Add	Chirag Jain
10-Jan-25	8,764	9,500	Add	Chirag Jain
01-Jan-25	8,741	9,500	Add	Chirag Jain
16-Oct-24	11,617	9,500	Sell	Chirag Jain
17-Jul-24	9,718	8,300	Reduce	Chirag Jain
19-Apr-24	8,805	7,900	Reduce	Chirag Jain
25-Jan-24	7,598	6,800	Reduce	Chirag Jain
11-Jan-24	7,299	6,800	Reduce	Chirag Jain
30-Nov-23	6,091	5,190	Reduce	Chirag Jain
19-Oct-23	5,483	5,190	Hold	Chirag Jain

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

ADD Hero MotoCorp

Contours of growth levers shifting; execution is monitorable

Emkay Your success is our success

Auto & Auto Ancillaries | Company Update | **October 14, 2025** | **CMP (Rs): 5,559 | TP (Rs): 6,000**

We downgrade HMCL to ADD (from Buy), while raising our TP ~15% to Rs6,000 (at 18x Sep-27E core PER; Rs5,200 earlier), as valuations are reasonable and HMCL would be a proxy play on Ather, though its core portfolio faces high risk from electrification. While HMCL leads with 43% share in domestic motorcycles, its share has fallen from the peak of 61% due to its reliance on entry-level bikes (85% of domestic volume). This segment has been losing relevance and is the most exposed to risk of electrification, leading to major share loss in the last 5Y. HMCL also lagged in value migration to scooters (industry share rose to 35% over 10Y; HMCL's was only 7%). To address legacy pain-points, HMCL has doubled its export volume share to 7%; scooters rose to 10% of domestic volume in recent quarters, and share of EVs in scooters rapidly scaled up to 25%, led by Vida V2. While such steps are aimed at repositioning the franchise toward more resilient segments, the contours of growth levers are shifting rapidly toward E-2Ws (where execution remains key). We raise FY26E/27E/28E EPS by 7/10/7%, to factor in near-term benefit from the GST rate cut.

Dependence on electrification-prone segment; structural migration lagging

While HMCL retains its leadership in domestic motorcycles (43% share in FY25), its share dipped from the earlier levels of 61%/52% in FY09/20 due to heavy reliance on the entry-level motorcycle segment (86% contribution in FY25 vs 84%/80% in FY13/20); the segment has been losing relevance in the motorcycle mix (46% of domestic motorcycles in FY25; 65/57% in FY13/20) and is the most exposed to electrification (especially visible in the falling share of the segment in the last 3Y as the share of EVs rose). Also, HMCL has seen delayed value migration to scooters vs the industry (the segment's share consistently expanded in the industry: 35% in FY25; 15%/32% in FY08/20, albeit remained underrepresented in HMCL's portfolio at 7% in FY25 vs 3%/6.5% in FY08/20).

Addressing past drags; new variables in play

HMCL took steps to address legacy pain in exports/scooters/EVs. It scaled up exports (7% share in FY26TD; 3.5% in FY24) on deeper penetration in South American/African markets and new distributor-led partnerships in Europe, thus broadening its global reach. Domestic contribution from scooters rose to 10% in Q2FY26 vs 7% 2 years ago, signaling gradual progress where HMCL previously lagged. Notably, the e-scooter mix for HMCL rose to 25% in Q2FY26 (FY24: 5%), led by the more affordable Vida V2, which expanded the addressable client base. While such steps show efforts to realign the strategy with evolving industry trends, sustained execution (especially in EVs) would be key ahead.

Valuations still supportive; downgrade to ADD; raise TP by ~15% to Rs6,000

HMCL's prominent positioning in the entry-level category and a delayed migration to scooters led to share loss. While efforts are underway to address legacy pain-points (scooter, exports, EVs), the contours of growth levers are shifting rapidly to EVs (where HMCL's execution is a key monitorable). We downgrade HMCL to ADD, with a revised up TP of Rs6,000, as valuations are reasonable and HMCL becomes a proxy play on Ather.

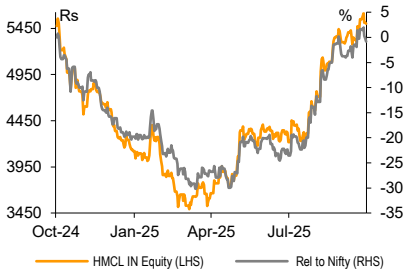
Target Price – 12M	Jun-26
Change in TP (%)	**15.4**
Current Reco.	ADD
Previous Reco.	BUY
Upside/(Downside) (%)	7.9

Stock Data	**HMCL IN**
52-week High (Rs)	5,659
52-week Low (Rs)	3,323
Shares outstanding (mn)	200.1
Market-cap (Rs bn)	1,112
Market-cap (USD mn)	12,542
Net-debt, FY26E (Rs mn)	(132,386.7)
ADTV-3M (mn shares)	1
ADTV-3M (Rs mn)	4,912.7
ADTV-3M (USD mn)	55.4
Free float (%)	65.3
Nifty-50	25,227.3
INR/USD	88.7

Shareholding,Jun-25	
Promoters (%)	34.7
FPIs/MFs (%)	27.0/27.8

Price Performance			
(%)	**1M**	**3M**	**12M**
Absolute	4.9	31.8	1.5
Rel. to Nifty	4.4	31.4	0.5

1-Year share price trend (Rs)



Hero MotoCorp: Financial Snapshot (Standalone)

Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	374,557	407,564	443,369	490,538	523,740
EBITDA	52,557	58,677	65,981	74,164	79,536
Adj. PAT	41,280	46,100	51,023	56,873	60,598
Adj. EPS (Rs)	206.6	230.7	255.4	284.6	303.3
EBITDA margin (%)	14.0	14.4	14.9	15.1	15.2
EBITDA growth (%)	31.8	11.6	12.4	12.4	7.2
Adj. EPS growth (%)	41.8	11.7	10.7	11.5	6.6
RoE (%)	23.8	24.4	25.0	26.3	26.5
RoIC (%)	70.1	83.9	94.0	106.0	110.0
P/E (x)	28.0	24.1	21.8	19.5	18.3
EV/EBITDA (x)	19.0	17.0	15.1	13.5	12.5
P/B (x)	6.2	5.6	5.3	5.0	4.7
FCFF yield (%)	4.2	3.4	4.7	4.9	5.8

Source: Company, Emkay Research

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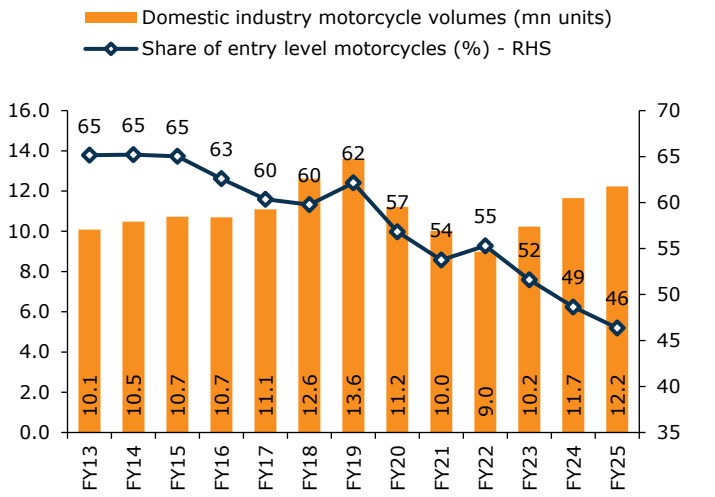
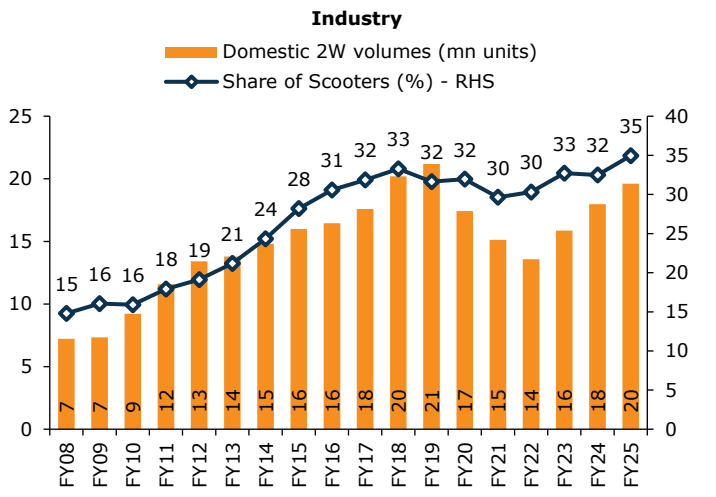
Exhibit 325: Entry-level motorcycles continually lost share...



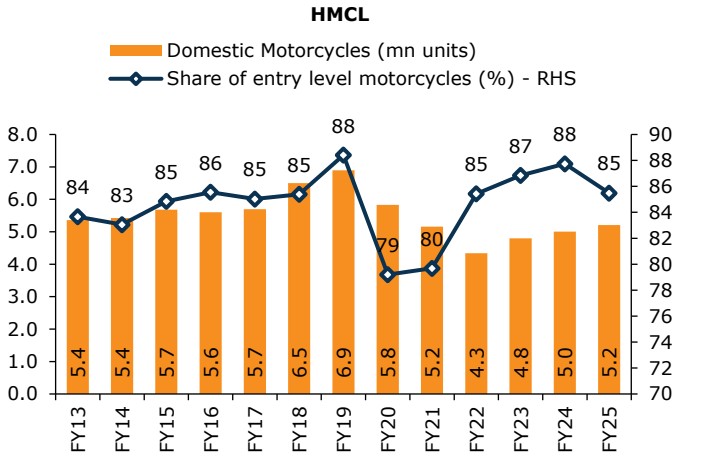
Source: SIAM, Emkay Research

Exhibit 326: ...while relevance of scooters increased significantly



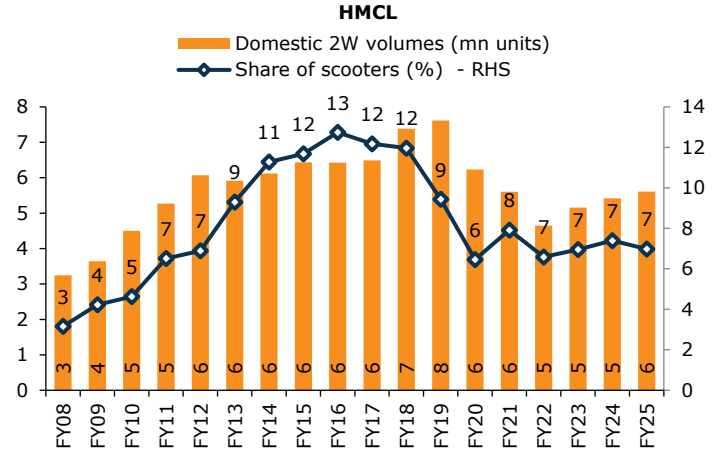
Source: SIAM, Emkay Research

Exhibit 327: In contrast to the industry, the share of entry-level motorcycles remains high for HMCL...



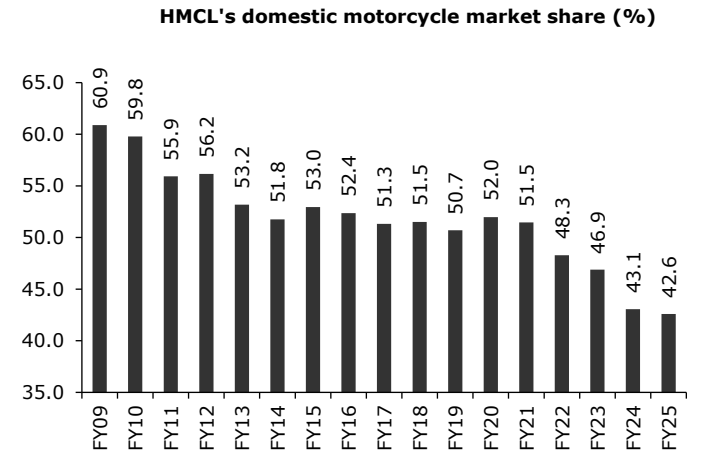
Source: SIAM, Emkay Research

Exhibit 328: ...while the share of scooters has been lower than the industry's



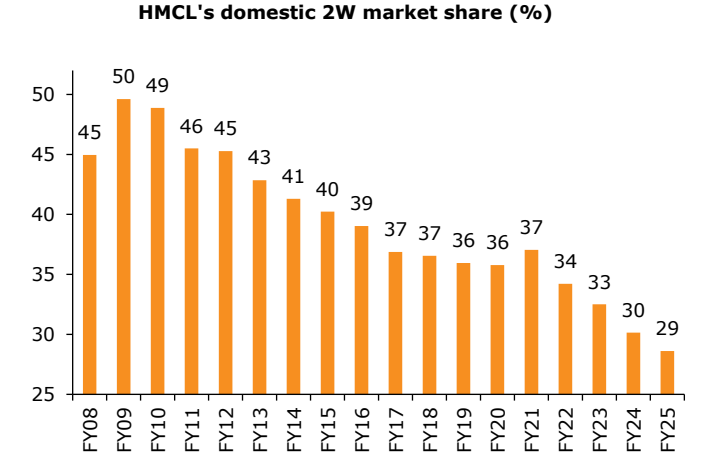
Source: SIAM, Emkay Research

Exhibit 329: Resultantly, HMCL has lost domestic motorcycle market share over the years...



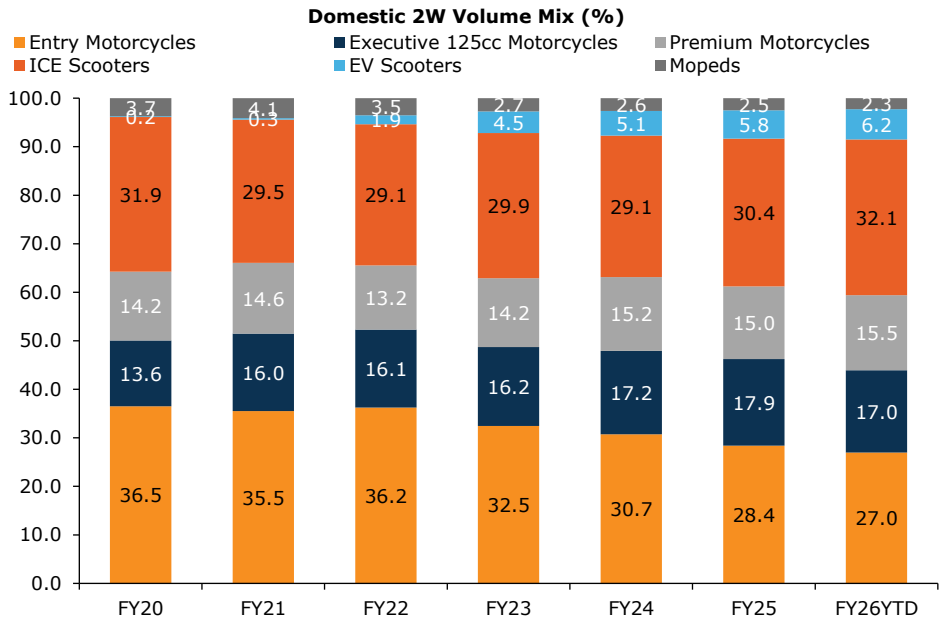
Source: SIAM, Emkay Research

Exhibit 330: ...with the overall domestic 2W market share also seeing significant declines



Source: SIAM, Emkay Research

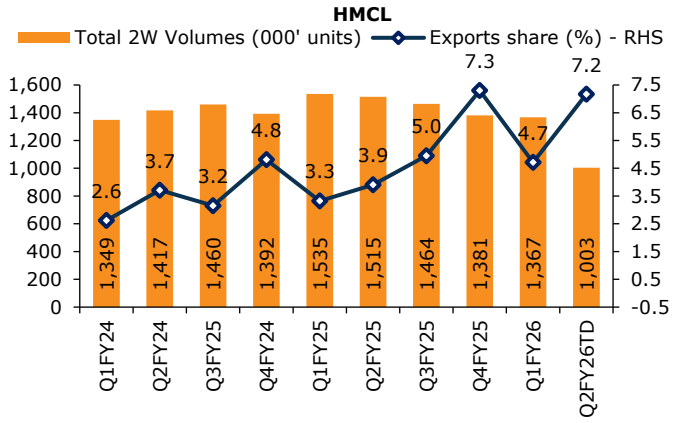
Exhibit 331: Changing mix with a falling share of entry-level segments, as EVs see a rise



Source: SIAM, Emkay Research

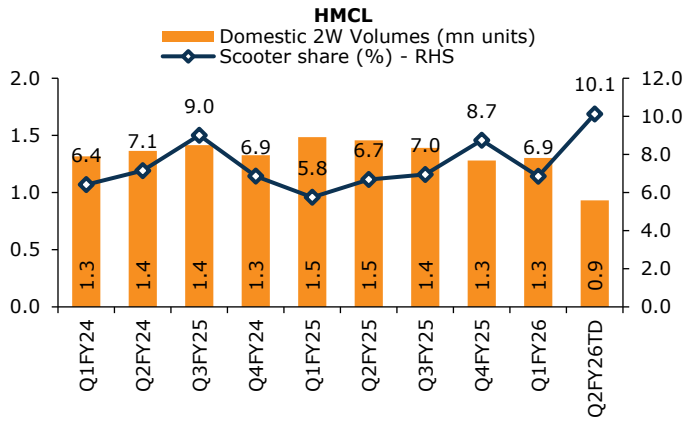
HMCL is taking deliberate steps to address its legacy pain-points, with green shoots of improvement visible; sustained execution remains a key monitorable.

Exhibit 332: The share of exports for HMCL rose to 7% vs 2.5% earlier



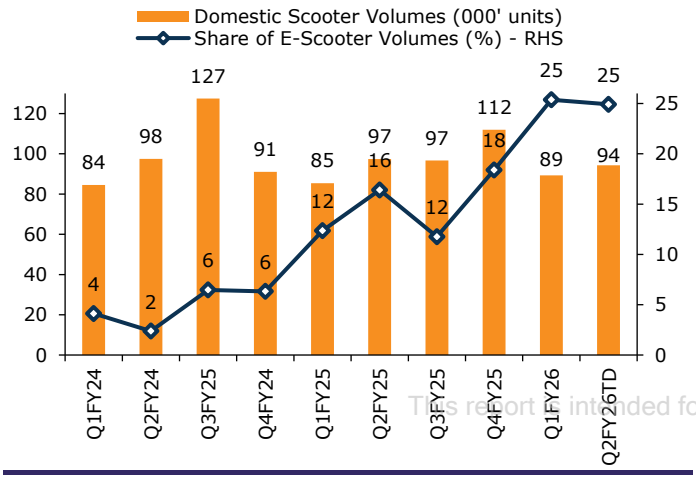
Source: Company, Emkay Research

Exhibit 333: The share of scooters also rose, to 10% vs 6.5% earlier



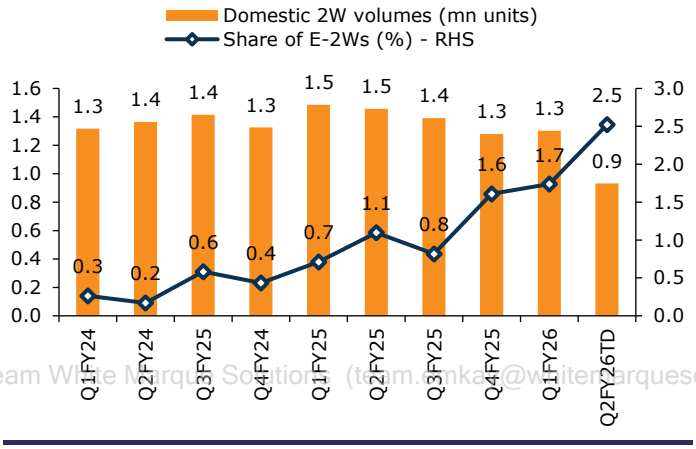
Source: Company, Emkay Research

Exhibit 334: Share of E-2Ws in HMCL's scooters is 25%



Source: Company, Emkay Research

Exhibit 335: Improvement in the E-2W mix for HMCL is monitorable



Source: Company, Emkay Research

Exhibit 336: Domestic industry mix – The 2W industry has increasingly shifted toward premium motorcycles, scooters, and EVs

Domestic 2Ws (no of units)	FY21	FY22	FY23	FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26TD
Commuter Motorcycles	**7,809,307**	**7,170,432**	**7,922,348**	**8,845,671**	**2,417,191**	**2,460,380**	**2,299,092**	**2,059,602**	**2,166,870**	**1,456,522**
-- Economy	*2,585,951*	*2,126,897*	*1,894,314*	*2,096,617*	*506,749*	*523,445*	*503,798*	*393,589*	*423,412*	*314,895*
-- Executive	*2,800,538*	*2,841,160*	*3,385,467*	*3,572,121*	*996,649*	*979,460*	*935,696*	*830,778*	*883,127*	*603,497*
--125cc	*2,422,818*	*2,202,375*	*2,642,567*	*3,176,933*	*913,793*	*957,475*	*859,598*	*835,235*	*860,331*	*538,130*
Premium motorcycles	2,211,836	1,813,695	2,308,113	2,807,058	780,731	742,774	721,188	750,064	736,579	540,224
Scooters	4,524,676	4,280,529	5,185,818	6,182,511	1,777,732	1,906,463	1,766,272	1,688,920	1,686,137	1,326,283
-- ICE	4,479,849	3,990,116	4,413,296	5,201,930	1,505,657	1,556,942	1,422,358	1,353,016	1,380,122	1,102,980
-- EV	44,827	290,413	772,522	980,581	272,075	349,521	343,914	335,904	306,015	223,303
Mopeds	625,560	483,396	441,567	481,803	122,715	137,078	131,395	110,625	111,045	77,877
Grand total	**15,171,379**	**13,748,052**	**15,857,846**	**18,317,043**	**5,098,369**	**5,246,695**	**4,917,947**	**4,609,211**	**4,700,631**	**3,400,906**

Domestic 2Ws mix (%)	FY21	FY22	FY23	FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26TD
Commuter Motorcycles	**51.5**	**52.2**	**50.0**	**48.3**	**47.4**	**46.9**	**46.7**	**44.7**	**46.1**	**42.8**
-- Economy	*17.0*	*15.5*	*11.9*	*11.4*	*9.9*	*10.0*	*10.2*	*8.5*	*9.0*	*9.3*
-- Executive	*18.5*	*20.7*	*21.3*	*19.5*	*19.5*	*18.7*	*19.0*	*18.0*	*18.8*	*17.7*
--125cc	16.0	16.0	16.7	17.3	17.9	18.2	17.5	18.1	18.3	15.8
Premium motorcycles	**14.6**	**13.2**	**14.6**	**15.3**	**15.3**	**14.2**	**14.7**	**16.3**	**15.7**	**15.9**
Scooters	**29.8**	**31.1**	**32.7**	**33.8**	**34.9**	**36.3**	**35.9**	**36.6**	**35.9**	**39.0**
-- ICE	29.5	29.0	27.8	28.4	29.5	29.7	28.9	29.4	29.4	32.4
-- EV	0.3	2.1	4.9	5.4	5.3	6.7	7.0	7.3	6.5	6.6
Mopeds	**4.1**	**3.5**	**2.8**	**2.6**	**2.4**	**2.6**	**2.7**	**2.4**	**2.4**	**2.3**

Source: SIAM, Emkay Research

Exhibit 337: Segmental volume mix – Commuter motorcycles form bulk of HMCL's domestic volumes; Scooter share has risen to 10%

HMCL's Domestic 2W Volumes (no of units)	FY21	FY22	FY23	FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26TD
Commuter Motorcycles	**5,073,282**	**4,270,214**	**4,727,399**	**4,934,508**	**1,376,364**	**1,340,416**	**1,278,205**	**1,151,099**	**1,201,742**	**822,743**
-- Economy motorcycles	1,661,735	1,165,163	1,052,043	1,034,178	274,132	245,061	227,301	224,625	250,291	161,239
-- Executive motorcycles	2,448,333	2,539,982	3,113,801	3,357,725	920,509	903,482	869,059	787,534	841,169	571,245
--125cc motorcycles	963,214	565,069	561,555	542,605	181,723	191,873	181,845	138,940	110,282	90,259
Premium motorcycles	84,514	66,819	69,525	70,953	22,929	18,877	16,067	16,849	11,684	14,500
Scooters	443,459	305,892	358,543	400,453	85,389	97,366	96,681	111,983	89,286	94,293
-- ICE	443,459	305,892	357,077	380,648	74,830	81,390	85,315	91,381	66,631	74,778
-- EVs	0	0	1,466	19,805	10,559	15,976	11,366	20,602	22,655	19,515
Total	**5,601,255**	**4,642,925**	**5,155,467**	**5,405,914**	**1,484,682**	**1,456,659**	**1,390,953**	**1,279,931**	**1,302,712**	**931,536**

Volume Mix (%)	FY21	FY22	FY23	FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26TD
Commuter Motorcycles	**90.6**	**92.0**	**91.7**	**91.3**	**92.7**	**92.0**	**91.9**	**89.9**	**92.2**	**88.3**
-- Economy motorcycles	29.7	25.1	20.4	19.1	18.5	16.8	16.3	17.5	19.2	17.3
-- Executive motorcycles	43.7	54.7	60.4	62.1	62.0	62.0	62.5	61.5	64.6	61.3
--125cc motorcycles	17.2	12.2	10.9	10.0	12.2	13.2	13.1	10.9	8.5	9.7
Premium motorcycles	**1.5**	**1.4**	**1.3**	**1.3**	**1.5**	**1.3**	**1.2**	**1.3**	**0.9**	**1.6**
Scooters	**7.9**	**6.6**	**7.0**	**7.4**	**5.8**	**6.7**	**7.0**	**8.7**	**6.9**	**10.1**
-- ICE	7.9	6.6	6.9	7.0	5.0	5.6	6.1	7.1	5.1	8.0
-- EV	0.0	0.0	0.0	0.4	0.7	1.1	0.8	1.6	1.7	2.1
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: SIAM, Emkay Research

Exhibit 338: HMCL has seen a major overall dip in 2Ws, including commuter motorcycles; some improvement was seen in the scooter and E-2W market share

Domestic market share (%)	FY21	FY22	FY23	FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26TD
HMCL	**36.9**	**33.8**	**32.5**	**29.5**	**29.1**	**27.8**	**28.3**	**27.8**	**27.7**	**27.4**
Commuter Motorcycles	**65.0**	**59.6**	**59.7**	**55.8**	**56.9**	**54.5**	**55.6**	**55.9**	**55.5**	**56.5**
-- Economy motorcycles	*64.3*	*54.8*	*55.5*	*49.3*	*54.1*	*46.8*	*45.1*	*57.1*	*59.1*	*51.2*
-- Executive motorcycles	*87.4*	*89.4*	*92.0*	*94.0*	*92.4*	*92.2*	*92.9*	*94.8*	*95.2*	*94.7*
--125cc motorcycles	*39.8*	*25.7*	*21.3*	*17.1*	*19.9*	*20.0*	*21.2*	*16.6*	*12.8*	*16.8*
Premium motorcycles	**3.8**	**3.7**	**3.0**	**2.5**	**2.9**	**2.5**	**2.2**	**2.2**	**1.6**	**2.7**
Scooters	9.8	7.1	6.9	6.5	4.8	5.1	5.5	6.6	5.3	7.1
-- ICE	9.9	7.7	8.1	7.3	5.0	5.2	6.0	6.8	4.8	6.8
-- EV	0.0	0.0	0.2	2.0	3.9	4.6	3.3	6.1	7.4	8.7

Source: SIAM, Emkay Research

Exhibit 339: We build in a -6% volume CAGR for ICE volumes and 33% EV volume CAGR over FY25-35E, implying a -3% CAGR for total volumes

Segmental Volumes (no of units)	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY30E	FY35E	FY25-28E CAGR	FY25-35E CAGR
ICE	**5,327,084**	**5,601,474**	**5,840,980**	**6,080,577**	**6,555,293**	**6,811,813**	**6,387,249**	**3,147,548**	**5%**	**-6%**
Domestic Motorcycles	4,797,255	5,019,916	5,218,398	5,315,653	5,687,890	5,869,713	5,316,228	2,118,347	4%	-9%
-- Commuter motorcycles	4,727,399	4,934,508	5,146,084	5,252,870	5,622,570	5,801,032	5,238,032	2,028,305	4%	-9%
-- Economy	1,052,043	1,034,178	971,119	1,033,581	1,045,045	1,086,847	892,576	232,918	4%	-13%
-- Executive	3,113,801	3,357,725	3,480,584	3,627,735	3,875,976	3,961,727	3,545,566	1,363,586	4%	-9%
-- 125cc	561,555	542,605	694,381	591,554	701,550	752,458	799,889	431,801	3%	-5%
-- Premium motorcycles	69,856	85,408	72,314	62,784	65,319	68,681	78,196	90,043	**-2%**	**2%**
-- Scooters	357,077	380,648	332,916	394,281	449,263	467,464	495,654	130,066	**12%**	**-9%**
-- Exports	172,752	200,910	289,666	370,642	418,140	474,636	575,368	899,135	**18%**	**12%**
EVs	**1,466**	**19,811**	**58,503**	**149,246**	**203,241**	**234,492**	**374,988**	**1,020,511**	**59%**	**33%**
Domestic Motorcycles	**0**	**0**	**0**	**0**	**0**	**0**	**45,716**	**332,560**		
-- Commuter motorcycles	0	0	0	0	0	0	45,716	332,560		
-- Economy	*0*	*0*	*0*	*0*	*0*	*0*	*6,362*	*31,545*		
-- Executive	*0*	*0*	*0*	*0*	*0*	*0*	*13,874*	*101,382*		
-- 125cc	*0*	*0*	*0*	*0*	*0*	*0*	*25,480*	*199,633*		
-- Premium motorcycles										
-- Scooters	**1,466**	**19,805**	**58,503**	**149,246**	**203,241**	**233,727**	**322,353**	**585,388**	**59%**	**26%**
-- Exports	**0**	**6**	**0**	**0**	**0**	**765**	**6,919**	**102,563**		
Total	**5,328,550**	**5,621,285**	**5,899,483**	**6,229,823**	**6,758,534**	**7,046,305**	**6,762,237**	**4,168,059**	**6%**	**-3%**
Domestic Motorcycles	**4,797,255**	**5,019,916**	**5,218,398**	**5,315,653**	**5,687,890**	**5,869,713**	**5,361,944**	**2,450,908**	4%	-7%
-- Commuter motorcycles	4,727,399	4,934,508	5,146,084	5,252,870	5,622,570	5,801,032	5,283,748	2,360,865	4%	-7%
-- Economy	*1,052,043*	*1,034,178*	*971,119*	*1,033,581*	*1,045,045*	*1,086,847*	*898,939*	*264,463*	4%	-12%
-- Executive	*3,113,801*	*3,357,725*	*3,480,584*	*3,627,735*	*3,875,976*	*3,961,727*	*3,559,440*	*1,464,968*	4%	-8%
-- 125cc	*561,555*	*542,605*	*694,381*	*591,554*	*701,550*	*752,458*	*825,369*	*631,433*	3%	-1%
-- Premium motorcycles	69,856	85,408	72,314	62,784	65,319	68,681	78,196	90,043	**-2%**	**2%**
-- Scooters	**358,543**	**400,453**	**391,419**	**543,527**	**652,504**	**701,191**	**818,006**	**715,454**	**21%**	**6%**
-- Exports	**172,752**	**200,916**	**289,666**	**370,642**	**418,140**	**475,401**	**582,286**	**1,001,698**	**18%**	**13%**

Source: SIAM, Emkay Research

Exhibit 340: HMCL's segmental volume mix – Commuter motorcycles to form 56% of HMCL's volumes vs 88% now, with share of scooters rising to ~17% by FY35 vs 7% now

Segmental Volume Mix (%)	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY30E	FY35E
ICE								
Domestic Motorcycles	**90.1**	**89.6**	**89.3**	**87.4**	**86.8**	**86.2**	**83.2**	**67.3**
-- Commuter motorcycles	88.7	88.1	88.1	86.4	85.8	85.2	82.0	64.4
-- Economy	*19.7*	*18.5*	*16.6*	*17.0*	*15.9*	*16.0*	*14.0*	*7.4*
-- Executive	*58.5*	*59.9*	*59.6*	*59.7*	*59.1*	*58.2*	*55.5*	*43.3*
-- 125cc	*10.5*	*9.7*	*11.9*	*9.7*	*10.7*	*11.0*	*12.5*	*13.7*
-- Premium motorcycles	1.3	1.5	1.2	1.0	1.0	1.0	1.2	2.9
-- Scooters	**6.7**	**6.8**	**5.7**	**6.5**	**6.9**	**6.9**	**7.8**	**4.1**
-- Exports	**3.2**	**3.6**	**5.0**	**6.1**	**6.4**	**7.0**	**9.0**	**28.6**
EVs								
Domestic Motorcycles	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**12.2**	**32.6**
-- Commuter motorcycles	0.0	0.0	0.0	0.0	0.0	0.0	12.2	32.6
-- Economy	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*1.7*	*3.1*
-- Executive	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*3.7*	*9.9*
-- 125cc	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*6.8*	*19.6*
-- Premium motorcycles	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
-- Scooters	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**99.7**	**86.0**	**57.4**
-- Exports	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.3**	**1.8**	**10.1**
Total								
Domestic Motorcycles	**90.0**	**89.3**	**88.5**	**85.3**	**84.2**	**83.3**	**79.3**	**58.8**
-- Commuter motorcycles	88.7	87.8	87.2	84.3	83.2	82.3	78.1	56.6
-- Economy	*19.7*	*18.4*	*16.5*	*16.6*	*15.5*	*15.4*	*13.3*	*6.3*
-- Executive	*58.4*	*59.7*	*59.0*	*58.2*	*57.3*	*56.2*	*52.6*	*35.1*
-- 125cc	*10.5*	*9.7*	*11.8*	*9.5*	*10.4*	*10.7*	*12.2*	*15.1*
-- Premium motorcycles	1.3	1.5	1.2	1.0	1.0	1.0	1.2	2.2
-- Scooters	**6.7**	**7.1**	**6.6**	**8.7**	**9.7**	**10.0**	**12.1**	**17.2**
-- Exports	**3.2**	**3.6**	**4.9**	**5.9**	**6.2**	**6.7**	**8.6**	**24.0**
ICE Share	100.0	99.6	99.0	97.6	97.0	96.7	94.5	75.5
EV Share	0.0	0.4	1.0	2.4	3.0	3.3	5.5	24.5

Source: SIAM, Emkay Research

Exhibit 341: We build in 6%/9%/11% volume/EBITDA/revenue CAGR over FY25-28E

Particulars (no of units)	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY30E	FY35E	FY25-28E CAGR	FY25-35E CAGR
Domestic Motorcycles	4,797,255	5,019,916	5,218,401	5,315,653	5,687,890	5,869,713	5,361,944	2,450,908	4%	-7%
Growth YoY (%)	*10.6*	*4.6*	*4.0*	*1.9*	*7.0*	*3.2*	*(6.2)*	*(18.8)*		
Domestic Scooters	358,541	400,453	391,419	543,527	652,504	701,191	818,006	715,454	21%	6%
Growth YoY (%)	*17.2*	*11.7*	*(2.3)*	*38.9*	*20.0*	*7.5*	*5.3*	*(11.4)*		
Total Domestic 2W	**5,155,796**	**5,420,369**	**5,609,820**	**5,859,181**	**6,340,394**	**6,570,904**	**6,179,951**	**3,166,361**	**5%**	**-6%**
Growth YoY (%)	*11.0*	*5.1*	*3.5*	*4.4*	*8.2*	*3.6*	*(4.8)*	*(17.3)*		
Export Motorcycles	161,902	170,587	258,418	323,997	357,097	383,154	466,102	765,803	14%	11%
Growth YoY (%)	*(44.2)*	*5.4*	*51.5*	*25.4*	*10.2*	*7.3*	*10.7*	*10.3*		
Export Scooters	10,850	30,329	31,250	46,645	61,043	92,247	116,184	235,895	43%	22%
Growth YoY (%)	*3.4*	*179.5*	*3.0*	*49.3*	*30.9*	*51.1*	*11.6*	*18.7*		
Exports	**172,752**	**200,916**	**289,668**	**370,642**	**418,140**	**475,401**	**582,286**	**1,001,698**	**18%**	**13%**
Growth YoY (%)	*(42.5)*	*16.3*	*44.2*	*28.0*	*12.8*	*13.7*	*10.8*	*12.2*		
Total	**5,328,548**	**5,621,285**	**5,899,488**	**6,229,823**	**6,758,534**	**7,046,305**	**6,762,237**	**4,168,059**	6%	-3%
Growth YoY (%)	*7.8*	*5.5*	*4.9*	*5.6*	*8.5*	*4.3*	*(3.7)*	*(11.7)*		

Revenue Model	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY30E	FY35E	FY25-28E CAGR	FY25-35E CAGR
Avg monthly volumes (no of units)	444,046	468,440	491,624	519,152	563,211	587,192	563,520	347,338		
Volumes (no of units)	5,328,548	5,621,285	5,899,488	6,229,823	6,758,534	7,046,305	6,762,237	4,168,059	6%	-3%
Growth YoY (%)	*7.8*	*5.5*	*4.9*	*5.6*	*8.5*	*4.3*	*(3.7)*	*(11.7)*		
ASP (Rs/unit)	63,443	66,632	69,085	71,169	72,580	74,328	75,662	78,394		
Growth YoY (%)	*7.3*	*5.0*	*3.7*	*3.0*	*2.0*	*2.4*	*0.7*	*0.9*		
Revenues	**338,057**	**374,557**	**407,564**	**443,369**	**490,538**	**523,740**	**511,643**	**326,749**	9%	-2%
Growth YoY (%)	*15.6*	*10.8*	*8.8*	*8.8*	*10.6*	*6.8*	*(3.0)*	*(10.9)*		
Gross Profit	**99,475**	**120,250**	**136,877**	**148,529**	**164,723**	**175,872**	**171,810**	**109,722**	9%	-2%
Gross margin (%)	*29.4*	*32.1*	*33.6*	*33.5*	*33.6*	*33.6*	*33.6*	*33.6*		
Employee Costs	**21,898**	**24,023**	**25,952**	**27,345**	**29,595**	**31,714**	**32,995**	**33,290**	7%	3%
% of Revenue	*6.5*	*6.4*	*6.4*	*6.2*	*6.0*	*6.1*	*6.4*	*10.2*		
Other Expenses	**37,715**	**43,669**	**52,248**	**55,202**	**60,964**	**64,623**	**63,447**	**43,012**	7%	-2%
% of Revenue	*11.2*	*11.7*	*12.8*	*12.5*	*12.4*	*12.3*	*12.4*	*13.2*		
EBITDA	**39,862**	**52,557**	**58,677**	**65,981**	**74,164**	**79,536**	**75,367**	**33,420**	11%	-5%
EBITDA margin (%)	*11.8*	*14.0*	*14.4*	*14.9*	*15.1*	*15.2*	*14.7*	*10.2*		
EBITDA Growth YoY (%)	*18.3*	*31.8*	*11.6*	*12.4*	*12.4*	*7.2*	*(5.6)*	*(20.7)*		
EBITDA/unit (Rs)	*7,481*	*9,350*	*9,946*	*10,591*	*10,973*	*11,288*	*11,145*	*8,018*		
EBIT	**33,348**	**45,493**	**50,971**	**58,241**	**65,532**	**70,351**	**65,050**	**21,829**	11%	-8%
EBIT margin (%)	*9.9*	*12.1*	*12.5*	*13.1*	*13.4*	*13.4*	*12.7*	*6.7*		
PAT	**29,106**	**41,280**	**46,100**	**51,023**	**56,873**	**60,598**	**56,965**	**25,115**	10%	-6%
EPS (Rs)	**145.7**	**206.6**	**230.7**	**255.4**	**284.6**	**303.3**	**285.1**	**125.7**	10%	-6%
Core-EPS (Rs)	**124.4**	**167.1**	**193.8**	**217.8**	**245.1**	**263.1**	**285.9**	**126.0**	11%	-4%

Source: Company, Emkay Research

Exhibit 342: We revise FY26E/27E/28E EPS by 7%/10%/6.5%, to factor in the near-term benefits arising from the GST cuts

Rs mn	FY26E				FY27E				FY28E			
	Earlier	Revised	% Change	% YoY	Earlier	Revised	% Change	% YoY	Earlier	Revised	% Change	% YoY
Volumes	**6,027,827**	**6,229,823**	**3.4**	**5.6**	**6,311,801**	**6,758,534**	**7.1**	**8.5**	**6,740,871**	**7,046,305**	**4.5**	**4.3**
ASP (Rs/unit)	70,603	71,169	0.8	3.0	71,846	72,580	1.0	2.0	73,371	74,328	1.3	2.4
Net Sales	425,581	443,369	4.2	8.8	453,476	490,538	8.2	10.6	494,582	523,740	5.9	6.8
EBITDA	61,728	65,981	6.9	12.4	67,137	74,164	10.5	12.4	74,398	79,536	6.9	7.2
Margin (%)	14.5	14.9	38bps	48bps	14.8	15.1	31bps	24bps	15.0	15.2	14bps	7bps
APAT	47,653	51,023	7.1	10.7	51,692	56,873	10.0	11.5	56,882	60,598	6.5	6.6
EPS	238.5	255.4	7.1	10.7	258.7	284.6	10.0	11.5	284.7	303.3	6.5	6.6

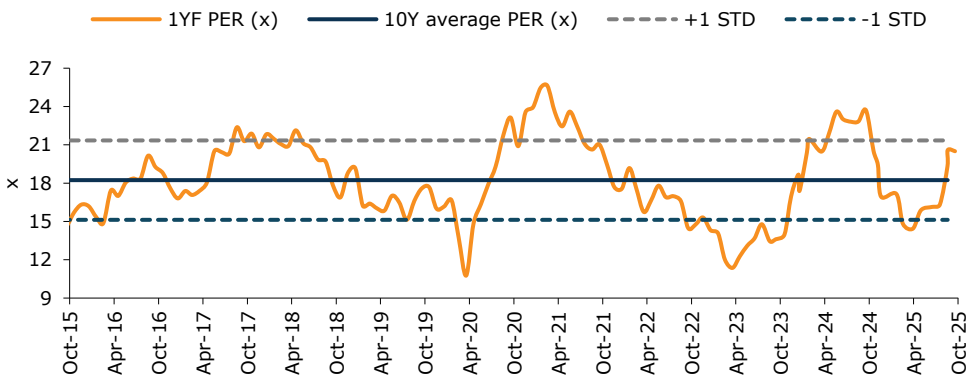
Source: Company, Emkay Research

Exhibit 343: We revise up our SoTP-based TP by 15.4% to Rs6,000

HMCL - SOTP valuation	Basis of valuation	Equity value (Rs mn)	Equity value/share (Rs)
Core business	18x Sep-27E core EPS	939,337	4,701
Hero FinCorp	1.5x FY28E P/B (Holdco discount of 20%)	50,251	252
Ather Energy	7x Sep-27E EV/Sales (Holdco discount of 20%)	84,859	425
Cash per share	As of Sep-27E		672
Total			**6,050**
Total (Rounded off)			**6,000**

Source: Company, Emkay Research

Exhibit 344: At CMP, HMCL trades close to 1SD above its LTA on 1YF PER basis



Source: Company, Bloomberg, Emkay Research

Hero MotoCorp: Standalone Financials and Valuations

Profit & Loss

Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	**374,557**	**407,564**	**443,369**	**490,538**	**523,740**
Revenue growth (%)	10.8	8.8	8.8	10.6	6.8
EBITDA	**52,557**	**58,677**	**65,981**	**74,164**	**79,536**
EBITDA growth (%)	31.8	11.6	12.4	12.4	7.2
Depreciation & Amortization	7,114	7,759	7,795	8,690	9,245
EBIT	**45,443**	**50,918**	**58,186**	**65,474**	**70,290**
EBIT growth (%)	36.5	12.0	14.3	12.5	7.4
Other operating income	-	-	-	-	-
Other income	8,926	10,559	10,242	10,791	10,975
Financial expense	185	199	215	232	251
PBT	**54,184**	**61,278**	**68,213**	**76,033**	**81,014**
Extraordinary items	(1,600)	0	0	0	0
Taxes	12,904	15,179	17,190	19,160	20,416
Minority interest	-	-	-	-	-
Income from JV/Associates	-	-	-	-	-
Reported PAT	**39,680**	**46,100**	**51,023**	**56,873**	**60,598**
PAT growth (%)	36.3	16.2	10.7	11.5	6.6
Adjusted PAT	**41,280**	**46,100**	**51,023**	**56,873**	**60,598**
Diluted EPS (Rs)	**206.6**	**230.7**	**255.4**	**284.6**	**303.3**
Diluted EPS growth (%)	41.8	11.7	10.7	11.5	6.6
DPS (Rs)	**135.1**	**140.1**	**165.0**	**191.5**	**227.7**
Dividend payout (%)	**68.0**	**60.7**	**64.6**	**67.3**	**75.1**
EBITDA margin (%)	14.0	14.4	14.9	15.1	15.2
EBIT margin (%)	12.1	12.5	13.1	13.3	13.4
Effective tax rate (%)	23.8	24.8	25.2	25.2	25.2
NOPLAT (pre-IndAS)	**34,621**	**38,306**	**43,523**	**48,975**	**52,577**
Shares outstanding (mn)	200	200	200	200	200

Source: Company, Emkay Research

Balance Sheet

Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Share capital	400	400	400	400	400
Reserves & Surplus	179,462	197,669	210,424	221,799	233,919
Net worth	**179,862**	**198,069**	**210,824**	**222,199**	**234,319**
Minority interests	-	-	-	-	-
Non-current liab. & prov.	4,348	5,096	5,928	6,856	7,844
Total debt	**0**	**0**	**0**	**0**	**0**
Total liabilities & equity	**187,106**	**205,845**	**219,689**	**232,303**	**245,631**
Net tangible fixed assets	49,339	49,490	51,709	55,019	0
Net intangible assets	5,286	5,593	5,593	5,593	0
Net ROU assets	-	-	-	-	-
Capital WIP	4,805	4,925	6,910	6,910	6,910
Goodwill	-	-	-	-	-
Investments [JV/Associates]	23,795	23,795	33,795	43,795	53,795
Cash & equivalents	**113,156**	**128,833**	**132,387**	**133,248**	**135,299**
Current assets (ex-cash)	54,351	61,531	67,015	74,145	79,163
Current Liab. & Prov.	68,609	73,356	82,861	91,676	97,881
NWC (ex-cash)	**(14,258)**	**(11,825)**	**(15,845)**	**(17,531)**	**(18,718)**
Total assets	**187,106**	**205,845**	**219,689**	**232,303**	**245,631**
Net debt	(113,156)	(128,833)	(132,387)	(133,248)	(135,299)
Capital employed	187,106	205,845	219,689	232,303	245,631
Invested capital	**44,082**	**47,189**	**45,387**	**47,012**	**48,580**
BVPS (Rs)	900.2	991.3	1,055.2	1,112.1	1,172.8
Net Debt/Equity (x)	(0.6)	(0.7)	(0.6)	(0.6)	(0.6)
Net Debt/EBITDA (x)	(2.2)	(2.2)	(2.0)	(1.8)	(1.7)
Interest coverage (x)	293.9	308.6	318.1	328.2	323.8
RoCE (%)	**31.3**	**32.5**	**33.5**	**35.2**	**35.6**

Source: Company, Emkay Research

Cash flows

Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
PBT (ex-other income)	52,584	61,279	68,213	76,033	81,014
Others (non-cash items)	(5,460)	(4,334)	(5,300)	(7,231)	(2,981)
Taxes paid	(13,142)	(15,341)	(16,357)	(18,233)	(19,427)
Change in NWC	10,747	(3,336)	4,171	1,869	1,697
Operating cash flow	**49,065**	**41,819**	**58,736**	**61,361**	**69,800**
Capital expenditure	(7,102)	(8,103)	(12,000)	(12,000)	(12,000)
Acquisition of business	(14,473)	(12,898)	(9,000)	(9,000)	(7,000)
Interest & dividend income	3,556	5,143	0	0	0
Investing cash flow	**(18,019)**	**(15,858)**	**(21,000)**	**(21,000)**	**(19,000)**
Equity raised/(repaid)	104	69	0	0	0
Debt raised/(repaid)	0	0	0	0	0
Payment of lease liabilities	(1,345)	(50)	0	0	0
Interest paid	(185)	(540)	(215)	(232)	(251)
Dividend paid (incl tax)	(26,987)	(27,998)	(32,967)	(38,267)	(45,498)
Others	-	-	-	-	-
Financing cash flow	**(28,412)**	**(28,519)**	**(33,182)**	**(38,500)**	**(45,749)**
Net chg in Cash	2,634	(2,558)	4,554	1,861	5,051
OCF	49,065	41,819	58,736	61,361	69,800
Adj. OCF (w/o NWC chg.)	38,319	45,156	54,566	59,492	68,102
FCFF	41,963	33,716	46,736	49,361	57,800
FCFE	45,334	38,660	46,521	49,129	57,549
OCF/EBITDA (%)	93.4	71.3	89.0	82.7	87.8
FCFE/PAT (%)	114.3	83.9	91.2	86.4	95.0
FCFF/NOPLAT (%)	**121.2**	**88.0**	**107.4**	**100.8**	**109.9**

Source: Company, Emkay Research

Valuations and key Ratios

Y/E Mar	FY24	FY25	FY26E	FY27E	FY28E
P/E (x)	28.0	24.1	21.8	19.5	18.3
P/CE(x)	23.0	20.6	18.9	16.9	15.9
P/B (x)	6.2	5.6	5.3	5.0	4.7
EV/Sales (x)	2.7	2.4	2.2	2.0	1.9
EV/EBITDA (x)	19.0	17.0	15.1	13.5	12.5
EV/EBIT(x)	22.0	19.6	17.1	15.2	14.2
EV/IC (x)	22.6	21.1	22.0	21.2	20.5
FCFF yield (%)	4.2	3.4	4.7	4.9	5.8
FCFE yield (%)	4.1	3.5	4.2	4.4	5.2
Dividend yield (%)	2.4	2.5	3.0	3.4	4.1
DuPont-RoE split					
Net profit margin (%)	11.0	11.3	11.5	11.6	11.6
Total asset turnover (x)	2.1	2.1	2.1	2.2	2.2
Assets/Equity (x)	1.0	1.0	1.0	1.0	1.0
RoE (%)	**23.8**	**24.4**	**25.0**	**26.3**	**26.5**
DuPont-RoIC					
NOPLAT margin (%)	9.2	9.4	9.8	10.0	10.0
IC turnover (x)	7.6	8.9	9.6	10.6	11.0
RoIC (%)	**70.1**	**83.9**	**94.0**	**106.0**	**110.0**
Operating metrics					
Core NWC days	(13.9)	(10.6)	(13.0)	(13.0)	(13.0)
Total NWC days	**(13.9)**	**(10.6)**	**(13.0)**	**(13.0)**	**(13.0)**
Fixed asset turnover	2.4	2.5	2.6	2.7	2.7
Opex-to-revenue (%)	18.1	19.2	18.6	18.5	18.4

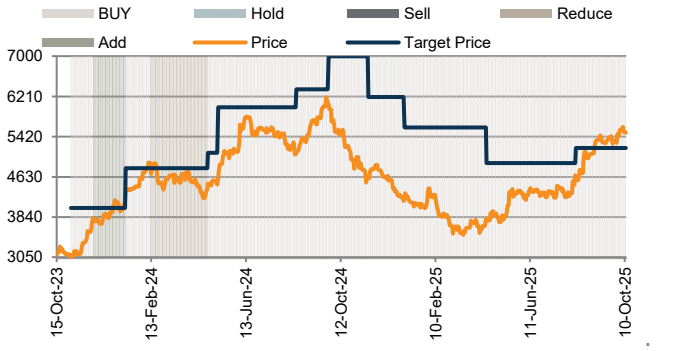
Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (Rs)	TP (Rs)	Rating	Analyst
08-Aug-25	4,600	5,200	Buy	Chirag Jain
15-May-25	4,325	4,900	Buy	Chirag Jain
16-Apr-25	3,782	4,900	Buy	Chirag Jain
08-Feb-25	4,275	5,600	Buy	Chirag Jain
10-Jan-25	4,122	5,600	Buy	Chirag Jain
01-Jan-25	4,184	5,600	Buy	Chirag Jain
16-Nov-24	4,604	6,200	Buy	Chirag Jain
26-Sep-24	6,051	7,000	Buy	Chirag Jain
16-Aug-24	5,128	6,350	Buy	Chirag Jain
04-Jun-24	5,311	6,000	Buy	Chirag Jain
08-May-24	4,614	6,000	Buy	Chirag Jain
25-Apr-24	4,498	5,100	Buy	Chirag Jain
11-Feb-24	4,909	4,800	Reduce	Chirag Jain
24-Jan-24	4,434	4,800	Buy	Chirag Jain
11-Jan-24	4,342	4,800	Buy	Chirag Jain
30-Nov-23	3,819	4,020	Add	Chirag Jain
02-Nov-23	3,052	4,020	Buy	Chirag Jain

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

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ADD	5-15% upside
REDUCE	5% upside to 15% downside
SELL	>15% downside

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