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# ATHER

**DRAFT RED HERRING PROSPECTUS**  
Dated September 9, 2024  
(Please read Section 32 of the Companies Act, 2013)  
(This Draft Red Herring Prospectus will be updated upon filing with the RoC)  
**100% Book Built Offer**

**ATHER ENERGY LIMITED**  
**CORPORATE IDENTITY NUMBER: U40100KA2013PLC093769**

REGISTERED OFFICE	CORPORATE OFFICE	CONTACT PERSON	TELEPHONE AND E-MAIL	WEBSITE
3 <sup>rd</sup> Floor, Tower D, IBC Knowledge Park, #4/1 Bannerghatta Main Road, Bangalore 560 029, Karnataka, India	13 <sup>th</sup> Floor, Tower D, IBC Knowledge Park, #4/1 Bannerghatta Main Road, Bangalore 560 029, Karnataka, India	Puja Aggarwal, Company Secretary and Compliance Officer	+91 80 6646 5750 cs@atherenergy.com	www.atherenergy.com

**PROMOTERS OF OUR COMPANY:**  
**TARUN SANJAY MEHTA, SWAPNIL BABANLAL JAIN AND HERO MOTOCORP LIMITED**

**DETAILS OF OFFER TO THE PUBLIC**

Type	Fresh Issue size <sup>***</sup>	Offer for Sale size	Total Offer size	Eligibility and Reservation
Fresh Issue and Offer for Sale	[●] Equity Shares of face value of ₹1 each aggregating up to ₹ 31,000 million	Up to 22,000,766 Equity Shares of face value of ₹ 1 each aggregating to ₹ [●] million	[●] Equity Shares of face value of ₹1 each aggregating to ₹ [●] million	The Offer is being made pursuant to Regulation 6(2) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (“SEBI ICDR Regulations”) as the Company did not fulfill the requirement under Regulations 6(1)(a) and 6(1)(b) of SEBI ICDR Regulations. For further details, see “Other Regulatory and Statutory Disclosures – Eligibility for the Offer” on page 447. For details in relation to share reservation among Qualified Institutional Buyers (“QIBs”), Non-Institutional Investors (“NIIs”), Retail Individual Investors (“RIIs”), Eligible Employees and Eligible HMCL Shareholders, see “Offer Structure” beginning on page 469.

**DETAILS OF THE SELLING SHAREHOLDERS, OFFER FOR SALE AND WEIGHTED AVERAGE COST OF ACQUISITION**

Name of the Selling Shareholders	Type of Selling Shareholder	Number of Offered Shares/ Amount (₹ in million) <sup>#</sup>	Weighted Average Cost of Acquisition per Equity Share (in ₹) <sup>^*@</sup>
Tarun Sanjay Mehta	Promoter Selling Shareholder	Up to 1,000,000 Equity Shares of face value of ₹ 1 aggregating to ₹ [●] million	21.09
Swapnil Babanlal Jain	Promoter Selling Shareholder	Up to 1,000,000 Equity Shares of face value of ₹ 1 aggregating to ₹ [●] million	21.09
Caladium Investment Pte Ltd	Corporate Selling Shareholder	Up to 10,520,000 Equity Shares of face value of ₹ 1 aggregating to ₹ [●] million	204.24
National Investment and Infrastructure Fund II	Corporate Selling Shareholder	Up to 4,616,519 Equity Shares of face value of ₹ 1 aggregating to ₹ [●] million	183.71
Internet Fund III Pte. Ltd.	Corporate Selling Shareholder	Up to 4,000,000 Equity Shares of face value of ₹ 1 aggregating to ₹ [●] million	38.58
3State Ventures Pte. Ltd.	Corporate Selling Shareholder	Up to 480,000 Equity Shares of face value of ₹ 1 aggregating to ₹ [●] million	187.36
IITM Incubation Cell	Corporate Selling Shareholder	Up to 310,495 Equity Shares of face value of ₹ 1 aggregating to ₹ [●] million	Nil <sup>**</sup>
IITMS Rural Technology and Business Incubator	Corporate Selling Shareholder	Up to 41,910 Equity Shares of face value of ₹ 1 aggregating to ₹ [●] million	8.31
Amit Bhatia	Individual Selling Shareholder	Up to 18,531 Equity Shares of face value of ₹ 1 aggregating to ₹ [●] million	184.82
Karandeep Singh	Individual Selling Shareholder	Up to 13,311 Equity Shares of face value of ₹ 1 aggregating to ₹ [●] million	183.78

<sup>#</sup>All or a certain portion of the Offered Shares of the Selling Shareholders includes Equity Shares that will be acquired upon conversion of Preference Shares prior to the filing of the Red Herring Prospectus, as applicable.

<sup>\*</sup> Assuming conversion of Preference Shares.

<sup>^</sup>As certified by Manian & Rao, Chartered Accountants, by way of their certificate dated September 9, 2024.

<sup>\*\*</sup>This includes equity shares acquired pursuant to the incubation agreement dated December 23, 2013 superseded by the graduation agreement dated October 14, 2014 and bonus issue.

<sup>@</sup>This includes shares acquired pursuant to bonus issuance of equity shares and Preference Shares.

**RISKS IN RELATION TO THE FIRST OFFER**

This being the first public issue of our Company, there has been no formal market for the Equity Shares of our Company. The face value of the Equity Shares is ₹ 1 per Equity Share. The Floor Price, the Cap Price and the Offer Price, as determined by our Company, in consultation with the book running lead managers (“BRLMs”), on the basis of the assessment of market demand for the Equity Shares by way of the book building process, in accordance with the SEBI ICDR Regulations, and as stated in “Basis for Offer Price” beginning on page 166, should not be considered to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

**GENERAL RISK**

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Offer unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Offer. For taking an investment decision, investors must rely on their own examination of our Company and the Offer,

including the risks involved. The Equity Shares in the Offer have not been recommended or approved by the Securities and Exchange Board of India (“SEBI”), nor does SEBI guarantee the accuracy or adequacy of the contents of this Draft Red Herring Prospectus. Specific attention of the investors is invited to “Risk Factors” beginning on page 36.





#### OUR COMPANY’S AND SELLING SHAREHOLDERS’ ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to our Company and the Offer, which is material in the context of the Offer, that the information contained in this Draft Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions, misleading in any material respect. Further, each of the Selling Shareholders, severally and not jointly, accepts responsibility for and confirms only the statements specifically made by such Selling Shareholders in this Draft Red Herring Prospectus to the extent of information specifically pertaining to it and/or its respective portion of the Offered Shares and assumes responsibility that such statements are true and correct in all material respects and not misleading in any material respect. Each of the Selling Shareholder assumes no responsibility for any other statement, disclosure or undertaking in this Draft Red Herring Prospectus, including, *inter alia*, any of the statements, disclosures or undertakings made by or relating to our Company or our Company’s business or any other person(s) or any other Selling Shareholders.

#### LISTING

The Equity Shares offered through the Red Herring Prospectus are proposed to be listed on the Stock Exchanges being BSE Limited (“BSE”) and National Stock Exchange of India Limited (“NSE, and together with the BSE, the “Stock Exchanges”). For the purposes of the Offer, the Designated Stock Exchange shall be NSE.

#### BOOK RUNNING LEAD MANAGERS

NAME AND LOGO		CONTACT PERSON(S)	TELEPHONE AND E-MAIL
 <b>AXIS CAPITAL</b>	Axis Capital Limited	Sagar Jatakiya	Tel: +91 22 4325 2183 E-mail: atherenergy.ipo@axiscap.in
 <b>HSBC</b>	HSBC Securities and Capital Markets (India) Private Limited	Rishi Tiwari / Sumant Sharma	Tel: +91 22 6864 1289 E-mail: atheripo@hsbc.co.in
 <b>JM FINANCIAL</b>	JM Financial Limited	Prachee Dhuri	Tel: +91 22 6630 3030 E-mail: atherenergy.ipo@jmfl.com
 <b>NOMURA</b>	Nomura Financial Advisory and Securities (India) Private Limited	Vishal Kanjani / Arun Narayana	Tel: +91 22 4037 4037 E-mail: atheripo@nomura.com

#### REGISTRAR TO THE OFFER

NAME OF REGISTRAR	CONTACT PERSON	TELEPHONE AND E-MAIL
Link Intime India Private Limited	Shanti Gopalkrishnan	Tel: +91 81 0811 4949 E-mail: atherenergy.ipo@linkintime.co.in

#### BID/ OFFER PERIOD

ANCHOR INVESTOR BIDDING DATE	[•]*	BID/ OFFER OPENS ON	[•]	BID/ OFFER CLOSES ON	[•]**#
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\* Our Company, in consultation with the BRLMs, may consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bid/Offer Period shall be one Working Day prior to the Bid/Offer Opening Date.

\*\* Our Company, in consultation with the BRLMs, may consider closing the Bid/Offer Period for QIBs, one Working Day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations.

\*\*\* Our Company, in consultation with the BRLMs, may consider issue of specified securities, as may be permitted under the applicable law, aggregating up to ₹6,200 million prior to filing of the Red Herring Prospectus with the RoC (“Pre-IPO Placement”). The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company, in consultation with the BRLMs. If the Pre-IPO Placement is completed, the amount raised pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to compliance with Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended (“SCRR”). The Pre-IPO Placement shall not exceed 20% of the size of the Fresh Issue. Prior to the completion of the Offer, our Company shall appropriately intimate the subscribers to the Pre-IPO Placement, prior to allotment pursuant to the Pre-IPO Placement, that there is no guarantee that our Company may proceed with the Offer or the Offer may be successful and will result into listing of the Equity Shares on the Stock Exchanges. Further, relevant disclosures in relation to such intimation to the subscribers to the Pre-IPO Placement (if undertaken) shall be appropriately made in the relevant sections of the RHP and Prospectus.

# UPI mandate end time and date shall be at 5:00 pm on the Bid/Offer Closing Date.

**ATHER ENERGY LIMITED**

Our Company was originally incorporated as "Ather Energy Private Limited" as a private limited company under the provisions of the Companies Act, 1956, pursuant to a certificate of incorporation dated October 21, 2013, issued by the Registrar of Companies, Tamil Nadu, Chennai, Andaman and Nicobar Islands. Pursuant to a change in the registered office of our Company, a certificate of registration dated May 31, 2016, was issued by the Registrar of Companies, Karnataka at Bangalore. Upon the conversion of our Company into a public limited company, pursuant to a board resolution dated June 18, 2024, and a shareholders' resolution dated June 21, 2024, the name of our Company was changed to "Ather Energy Limited", and a fresh certificate of incorporation dated August 27, 2024 was issued by the Registrar of Companies, Central Processing Centre. For details in relation to the changes in the registered office of our Company, see "History and Certain Corporate Matters - Changes in the registered office of our Company" on page 286.

**Corporate Identity Number:** U40100KA2013PLC093769**Registered Office:** 3<sup>rd</sup> Floor, Tower D, IBC Knowledge Park, #4/1 Bannerghatta Main Road, Bangalore 560 029, Karnataka, India**Corporate Office:** 13<sup>th</sup> Floor, Tower D, IBC Knowledge Park, #4/1 Bannerghatta Main Road, Bangalore 560 029, Karnataka, India**Contact Person:** Puja Aggarwal, Company Secretary and Compliance Officer; **Tel:** +91 80 6646 5750; **E-mail:** cs@atherenergy.com; **Website:** www.atherenergy.com**PROMOTERS OF OUR COMPANY: TARUN SANJAY MEHTA, SWAPNIL BABANLAL JAIN AND HERO MOTOCORP LIMITED**

**INITIAL PUBLIC OFFERING OF [●] EQUITY SHARES OF FACE VALUE OF ₹ 1 EACH ("EQUITY SHARES") OF ATHER ENERGY LIMITED (OUR "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE INCLUDING A SECURITIES PREMIUM OF ₹ [●] PER EQUITY SHARE (THE "OFFER PRICE") AGGREGATING TO ₹ [●] MILLION (THE "OFFER").** THE OFFER COMPRISES A FRESH ISSUE OF [●] EQUITY SHARES OF FACE VALUE OF ₹ 1 BY OUR COMPANY AGGREGATING UP TO ₹31,000 MILLION (THE "FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO 22,000,766 EQUITY SHARES OF FACE VALUE OF ₹ 1 EACH AGGREGATING TO ₹ [●] MILLION COMPRISING UP TO 1,000,000 EQUITY SHARES OF FACE VALUE OF ₹ 1 EACH AGGREGATING TO ₹ [●] MILLION BY TARUN SANJAY MEHTA, UP TO 1,000,000 EQUITY SHARES OF FACE VALUE OF ₹ 1 EACH AGGREGATING TO ₹ [●] MILLION BY SWAPNIL BABANLAL JAIN (TOGETHER THE "PROMOTER SELLING SHAREHOLDERS"), UP TO 10,520,000 EQUITY SHARES OF FACE VALUE OF ₹ 1 EACH AGGREGATING TO ₹ [●] MILLION BY CALADIUM INVESTMENT PTE LTD, UP TO 4,616,519 EQUITY SHARES OF FACE VALUE OF ₹ 1 AGGREGATING TO ₹ [●] MILLION BY NATIONAL INVESTMENT AND INFRASTRUCTURE FUND II, UP TO 4,000,000 EQUITY SHARES OF FACE VALUE OF ₹ 1 EACH AGGREGATING TO ₹ [●] MILLION BY INTERNET FUND III PTE. LTD., UP TO 480,000 EQUITY SHARES OF FACE VALUE OF ₹ 1 EACH AGGREGATING TO ₹ [●] MILLION BY 3STATE VENTURES PTE. LTD., UP TO 310,495 EQUITY SHARES OF FACE VALUE OF ₹ 1 EACH AGGREGATING TO ₹ [●] MILLION BY IITM INCUBATION CELL, UP TO 41,910 EQUITY SHARES OF FACE VALUE OF ₹ 1 EACH AGGREGATING TO ₹ [●] MILLION BY IITMS RURAL TECHNOLOGY AND BUSINESS INCUBATOR (TOGETHER THE "CORPORATE SELLING SHAREHOLDERS"), UP TO 18,531 EQUITY SHARES OF FACE VALUE OF ₹ 1 EACH AGGREGATING TO ₹ [●] MILLION BY AMIT BHATIA AND UP TO 13,311 EQUITY SHARES OF FACE VALUE OF ₹ 1 EACH AGGREGATING TO ₹ [●] MILLION BY KARANDEEP SINGH (TOGETHER THE "INDIVIDUAL SELLING SHAREHOLDERS"), AND TOGETHER WITH THE PROMOTER SELLING SHAREHOLDERS AND THE CORPORATE SELLING SHAREHOLDERS REFERRED TO AS THE "SELLING SHAREHOLDERS").

THE OFFER INCLUDES A RESERVATION OF [●] EQUITY SHARES OF FACE VALUE OF ₹ 1 EACH, AGGREGATING TO ₹ [●] MILLION (CONSTITUTING UP TO [●]% OF THE POST OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY, FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES (THE "EMPLOYEE RESERVATION PORTION") AND A RESERVATION OF UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION (CONSTITUTING UP TO [●]% OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL) FOR SUBSCRIPTION BY ELIGIBLE HMCL SHAREHOLDERS ("SHAREHOLDER RESERVATION PORTION"). THE OFFER LESS THE EMPLOYEE RESERVATION PORTION AND THE SHAREHOLDER RESERVATION PORTION IS HEREINAFTER REFERRED TO AS THE "NET OFFER". THE OFFER AND THE NET OFFER SHALL CONSTITUTE [●]% AND [●]%, RESPECTIVELY, OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY. OUR COMPANY MAY IN CONSULTATION WITH THE BRLMS, OFFER A DISCOUNT OF ₹ [●] ON THE OFFER PRICE TO ELIGIBLE EMPLOYEES BIDDING IN THE EMPLOYEE RESERVATION PORTION ("EMPLOYEE DISCOUNT").

THE PRICE BAND, EMPLOYEE DISCOUNT, IF ANY, AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY IN CONSULTATION WITH THE BRLMS, AND WILL BE ADVERTISED IN ALL EDITIONS OF [●] (A WIDELY CIRCULATED ENGLISH NATIONAL DAILY NEWSPAPER), ALL EDITIONS OF [●] (A WIDELY CIRCULATED HINDI NATIONAL DAILY NEWSPAPER), AND [●] EDITIONS OF [●] (A WIDELY CIRCULATED KANNADA DAILY NEWSPAPER, KANNADA BEING THE REGIONAL LANGUAGE OF KARNATAKA WHERE OUR REGISTERED OFFICE IS LOCATED), AT LEAST TWO WORKING DAYS PRIOR TO THE BID/OFFER OPENING DATE AND SHALL BE MADE AVAILABLE TO THE STOCK EXCHANGES FOR UPLOADING ON THEIR RESPECTIVE WEBSITES, IN ACCORDANCE WITH THE SEBI ICDR REGULATIONS.

OUR COMPANY, IN CONSULTATION WITH THE BRLMS, MAY CONSIDER AN ISSUE OF SPECIFIED SECURITIES AS MAY BE PERMITTED UNDER THE APPLICABLE LAW AGGREGATING UP TO ₹ 6,200 MILLION PRIOR TO FILING OF THE RED HERRING PROSPECTUS WITH THE ROC ("PRE-IPO PLACEMENT"). THE PRE-IPO PLACEMENT, IF UNDERTAKEN, WILL BE AT A PRICE TO BE DECIDED BY OUR COMPANY, IN CONSULTATION WITH THE BRLMS. IF THE PRE-IPO PLACEMENT IS COMPLETED, THE AMOUNT RAISED PURSUANT TO THE PRE-IPO PLACEMENT WILL BE REDUCED FROM THE FRESH ISSUE, SUBJECT TO COMPLIANCE WITH RULE 19(2)(B) OF THE SCRR. THE PRE-IPO PLACEMENT SHALL NOT EXCEED 20% OF THE SIZE OF THE FRESH ISSUE. PRIOR TO THE COMPLETION OF THE OFFER, OUR COMPANY SHALL APPROPRIATELY INTIMATE THE SUBSCRIBERS TO THE PRE-IPO PLACEMENT, PRIOR TO ALLOTMENT PURSUANT TO THE PRE-IPO PLACEMENT, THAT THERE IS NO GUARANTEE THAT OUR COMPANY MAY PROCEED WITH THE OFFER OR THE OFFER MAY BE SUCCESSFUL AND WILL RESULT INTO LISTING OF THE EQUITY SHARES ON THE STOCK EXCHANGES. FURTHER, RELEVANT DISCLOSURES IN RELATION TO SUCH INTIMATION TO THE SUBSCRIBERS TO THE PRE-IPO PLACEMENT (IF UNDERTAKEN) SHALL BE APPROPRIATELY MADE IN THE RELEVANT SECTIONS OF THE RHP AND PROSPECTUS.

In case of any revision in the Price Band, the Bid/ Offer Period shall be extended for at least three additional Working Days after such revision of the Price Band, subject to the total Bid/ Offer Period not exceeding 10 Working Days. In cases of force majeure, banking strike or similar unforeseen circumstances, our Company may, for reasons to be recorded in writing, extend the Bid/ Offer Period for a minimum of one Working Day, subject to the Bid/ Offer Period not exceeding 10 Working Days. Any revision in the Price Band, and the revised Bid/ Offer Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges, by issuing a public notice and also by indicating the change on the websites of the BRLMs and at the terminals of the Members of the Syndicate and by intimation to Designated Intermediaries and Sponsor Bank(s), as applicable.

The Offer is being made in terms of Rule 19(2)(b) of the SCRR read with Regulation 31 of the SEBI ICDR Regulations. The Offer is being made through the Book Building Process in accordance with Regulation 6(2) of the SEBI ICDR Regulations wherein in terms of Regulation 32(2) of the SEBI ICDR Regulations, not less than 75% of the Net Offer shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("QIBs"), and such portion, the "QIB Portion" provided that our Company in consultation with the BRLMs, may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations, of which at least one-third shall be available for allocation to domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis only to Mutual Funds and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors) including Mutual Funds, subject to valid Bids being received at or above the Offer Price. However, if the aggregate demand from Mutual Funds is less than 5% of the QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining QIB Portion for proportionate allocation to QIBs. Further, not more than 15% of the Net Offer shall be available for allocation to Non-Institutional Bidders out of which (a) one-third of such portion shall be reserved for applicants with application size of more than ₹200,000 and up to ₹1,000,000; and (b) two-third of such portion shall be reserved for applicants with application size of more than ₹1,000,000 provided that the unsubscribed portion in either of such sub-categories may be allocated to applicants in the other sub-category of Non-Institutional Bidders and not more than 10% of the Net Offer shall be available for allocation to RIs in accordance with the SEBI ICDR Regulations, subject to valid Bids being received from them at or above the Offer Price. All potential Bidders (except Anchor Investors) are required to mandatorily utilise the Application Supported by Blocked Amount ("ASBA") process by providing details of their respective bank accounts (including UPI ID for UPI Bidders using UPI Mechanism) (as defined hereinafter) in which the Bid Amount will be blocked by the SCBS or the Sponsor Banks, as applicable, to participate in the Offer. Anchor Investors are not permitted to participate in the Anchor Investor Portion of the Offer through the ASBA process. For details, see "Offer Procedure" beginning on page 475.

**RISKS IN RELATION TO FIRST OFFER**

This being the first public offer of our Company, there has been no formal market for the Equity Shares. The face value of the Equity Shares is ₹ 1. The Offer Price/ Floor Price/ Cap Price, as determined and justified by our Company, in consultation with the BRLMs in accordance with the SEBI ICDR Regulations and as stated in "Basis for Offer Price", beginning on page 166, should not be taken to be indicative of the market price of the Equity Shares after such Equity Shares are listed. No assurance can be given regarding an active and/ or sustained trading in the Equity Shares nor regarding the price at which the Equity Shares will be traded after listing.

**GENERAL RISK**

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Offer unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Offer. For taking an investment decision, investors must rely on their own examination of our Company and the Offer, including the risks involved. The Equity Shares have not been recommended or approved by the SEBI, nor does SEBI guarantee the accuracy or adequacy of the contents of this Draft Red Herring Prospectus. Specific attention of the investors is invited to "Risk Factors" beginning on page 36.

**COMPANY'S AND SELLING SHAREHOLDERS' ABSOLUTE RESPONSIBILITY**

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to our Company and the Offer, which is material in the context of the Offer, that the information contained in this Draft Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions, misleading in any material respect. Each of the Selling Shareholders, severally and not jointly, accepts responsibility for and confirms only the statements specifically made by such Selling Shareholders in this Draft Red Herring Prospectus to the extent of information specifically pertaining to it and/ or its respective portion of the Offered Shares and assumes responsibility that such statements are true and correct in all material respects and not misleading in any material respect. Each of the Selling Shareholder assumes no responsibility for any other statement, disclosure or undertaking in this Draft Red Herring Prospectus, including, *inter alia*, any of the statements made by or relating to our Company or our Company's business or any other person(s) or any other Selling Shareholders.

**LISTING**

The Equity Shares offered through the Red Herring Prospectus are proposed to be listed on the Stock Exchanges. Our Company has received in-principle approvals from BSE and NSE for listing of the Equity Shares pursuant to their letters dated [●] and [●], respectively. For the purposes of the Offer, NSE shall be the Designated Stock Exchange. A signed copy of the Red Herring Prospectus and the Prospectus shall be filed with the RoC in accordance with Section 26(4) and Section 32 of the Companies Act, 2013. For details of the material contracts and documents available for inspection from the date of the Red Herring Prospectus until the Bid/ Offer Closing Date, see "Material Contracts and Documents for Inspection" beginning on page 519.

**BOOK RUNNING LEAD MANAGERS****REGISTRAR TO THE OFFER**

<b>Axis Capital Limited</b> Axis House, 1 <sup>st</sup> Floor P.B. Marg, Worli Mumbai 400 025, Maharashtra, India <b>Telephone:</b> +91 22 4325 2183 <b>Email:</b> atherenergy.ipo@axiscap.in	<b>HSBC Securities and Capital Markets (India) Private Limited</b> 52/60, Mahatma Gandhi Road, Fort Mumbai 400 001 Maharashtra, India <b>Telephone:</b> +91 22 6864 1289 <b>Email:</b> atheripo@hsbc.co.in	<b>JM Financial Limited</b> 7 <sup>th</sup> Floor, Energy Appasaheb Marathe Marg, Prabhadevi Mumbai 400 025, Maharashtra, India <b>Telephone:</b> +91 22 6630 3030 <b>E-mail:</b> atherenergy.ipo@jmf.com	<b>Nomura Financial Advisory and Securities (India) Private Limited</b> Ceejay House, Level 11 Plot F, Shivsagar Estate, Dr. Annie Besant Road, Worli, Mumbai 400 018, Maharashtra, India <b>Telephone:</b> +91 22 4037 4037	<b>Link Intime India Private Limited</b> C-101, 1 <sup>st</sup> Floor, 247 Park L.B.S. Marg, Vikhroli (West) Mumbai 400 083 Maharashtra, India <b>Tel:</b> +91 100 811 4949

<b>Investor grievance email:</b> complaints@axiscap.in <b>Website:</b> www.axiscapital.co.in <b>Contact Person:</b> Sagar Jatakiya <b>SEBI Registration No.:</b> INM000012029	<b>Investor grievance email:</b> investorgrievance@hsbc.co.in <b>Website:</b> https://www.business.hsbc.co.in/en-gb/regulations/hsbc-securities-and-capital-market <b>Contact Person:</b> Rishi Tiwari / Sumant Sharma <b>SEBI Registration No.:</b> INM000010353	<b>Investor Grievance email:</b> grievance.ibd@jmfll.com <b>Website:</b> www.jmfll.com <b>Contact Person:</b> Prachee Dhuri <b>SEBI Registration No.:</b> INM000010361	<b>E-mail:</b> atheripo@nomura.com <b>Investor Grievance email:</b> investorgrievances-in@nomura.com <b>Website:</b> www.nomuraholdings.com/company/group/asia/india/index.html <b>Contact Person:</b> Vishal Kanjani / Arun Narayana <b>SEBI Registration No.:</b> INM000011419	<b>E-mail:</b> atherenergy.ipo@linkintime.co.in <b>Investor grievance e-mail:</b> atherenergy.ipo@linkintime.co.in <b>Website:</b> www.linkintime.co.in <b>Contact Person:</b> Shanti Gopalkrishnan <b>SEBI Registration No.:</b> INR000004058
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**BID/ OFFER PROGRAMME**

<b>ANCHOR INVESTOR BIDDING DATE</b>	[●]*	<b>BID/ OFFER OPENS ON</b>	[●]	<b>BID/ OFFER CLOSES ON</b>	[●]**#
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\* Our Company may, in consultation with the BRLMs, consider participation by Anchor Investors. The Anchor Investors shall Bid during the Anchor Investor Bidding Date, i.e., one Working Day prior to the Bid/Offer Opening Date.  
\*\*Our Company may, in consultation with the BRLMs, consider closing the Bid/ Offer Period for QIBs one day prior to the Bid/Offer Closing Date, in accordance with the SEBI ICDR Regulations.  
# UPI mandate end time and date shall be at 5:00 pm on the Bid/Offer Closing Date.

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## SECTION I – GENERAL

### DEFINITIONS AND ABBREVIATIONS

*This Draft Red Herring Prospectus uses certain definitions and abbreviations which, unless the context otherwise indicates or implies, shall have the meaning as provided below. The words and expressions used in this Draft Red Herring Prospectus but not defined herein, shall have, to the extent applicable, the meanings ascribed to such terms under the Companies Act, 2013, the Securities and Exchange Board of India Act, 1992, the SEBI ICDR Regulations, the Securities Contracts (Regulation) Act, 1956, the Contracts (Regulation) Rules, 1957, the Depositories Act, 1996, each as amended or the rules and regulations made thereunder.*

*Notwithstanding the foregoing, terms used in “Basis for Offer Price”, “Statement of Special Tax Benefits”, “Industry Overview”, “Key Regulations and Policies in India”, “History and Certain Corporate Matters”, “Financial Information”, “Outstanding Litigation and Material Developments”, “Other Regulatory and Statutory Disclosures”, “Offer Procedure” and “Provisions of the Articles of Association”, beginning on pages 166, 176, 277, 286, 431, 446, 475 and 500, respectively, will have the meaning ascribed to such terms in those respective sections.*

*References to any legislation, act, regulation, rule, guideline, policy, circular, notification or clarification shall be to such legislation, act, regulation, rule, guideline, policy, circular, notification or clarification as amended, supplemented or re-enacted from time to time, and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision. This Draft Red Herring Prospectus contains information based on the extant provisions of Indian law and the judicial, regulatory and administrative interpretations thereof. Further, the Offer related terms used but not defined in this Draft Red Herring Prospectus shall have the meaning ascribed to such terms under the General Information Document. In case of any inconsistency between the definitions given below and the definitions contained in the General Information Document, the definitions given below shall prevail.*

#### General Terms

Term	Description
Our Company or the Company or the Issuer	Ather Energy Limited, a public limited company, incorporated under the Companies Act, 1956, having its Registered Office at 3 <sup>rd</sup> Floor, Tower D, IBC Knowledge Park, #4/1 Bannerghatta Main Road, Bangalore 560 029, Karnataka, India. All references to the terms “we”, “us” and “our” are to our Company.

#### Company Related Terms

Term	Description
Articles or Articles of Association	The articles of association of our Company, as amended from time to time.
Audit Committee	The audit committee of our Board, as described in “ <b>Our Management – Board Committees – Audit Committee</b> ” on page 301.
Auditors or Statutory Auditors	The current statutory auditors of our Company, namely, Deloitte Haskins & Sells, Chartered Accountants.
Board or Board of Directors	The board of directors of our Company. For details, see “ <b>Our Management</b> ” on page 294.
Chief Executive Officer or CEO	The chief executive officer of our Company, namely Tarun Sanjay Mehta. For details, see “ <b>Our Management</b> ” on page 294.
Chief Financial Officer or CFO	The chief financial officer of our Company, namely Sohil Dilipkumar Parekh. For details, see “ <b>Our Management</b> ” on page 294.
Chief Technical Officer or CTO	The chief technical officer of our Company, namely Swapnil Babanlal Jain. For details, see “ <b>Our Management</b> ” on page 294.
Company Secretary and Compliance Officer	The company secretary and compliance officer of our Company, namely, Puja Aggarwal. For details, see “ <b>Our Management</b> ” on page 294.
Corporate Office	The corporate office of our Company situated at 13 <sup>th</sup> Floor, Tower D, IBC Knowledge Park, #4/1 Bannerghatta Main Road, Bengaluru 560 029, Karnataka, India.
Corporate Promoter/ HMCL	Hero MotoCorp Limited
Corporate Selling Shareholders	Collectively, Caladium Investment Pte Ltd, Internet Fund III Pte. Ltd., National Investment and Infrastructure Fund II ( <i>represented by and acting through its investment manager, National Investment and Infrastructure Fund Limited</i> ), 3State Ventures Pte. Ltd., IITM Incubation Cell and IITMS Rural Technology and Business Incubator
CRISIL	CRISIL Market Intelligence & Analytics, a division of CRISIL Limited

<b>Term</b>	<b>Description</b>
CRISIL Report	Industry report titled “Assessment of Electric Two-wheeler Industry in India” dated September, 2024 prepared by CRISIL, appointed by our Company on May 7, 2024, exclusively commissioned by and paid for in connection with the Offer and is available on the website of our Company at <a href="https://www.atherenergy.com/investor-relations/drhp-documents">https://www.atherenergy.com/investor-relations/drhp-documents</a> .
D&B	Dun & Bradstreet Information Services of India Private Limited
D&B Report	The report in relation to the Project titled ‘ <i>Project Cost Vetting Report</i> ’ dated September 6, 2024, issued by D&B
Director(s)	The director(s) on our Board. For details, see “ <b><i>Our Management</i></b> ” on page 294.
Equity Shares	The equity shares of our Company of face value of ₹ 1 each.
ESOP Scheme	Ather Energy ESOP Plan 2024, as amended from time to time
Executive Director(s)	The executive director(s) on our Board, namely, Tarun Sanjay Mehta and Swapnil Babanlal Jain. For details, see “ <b><i>Our Management</i></b> ” on page 294.
Group Company	Our group company, being Hero FinCorp Limited, as disclosed in “ <b><i>Our Group Company</i></b> ” beginning on page 439.
Independent Director(s)	The independent director(s) on our Board, namely, Kaushik Dutta, Neelam Dhawan and Sanjay Nayak. For details, see “ <b><i>Our Management</i></b> ” on page 294.
Individual Promoters	Collectively, Tarun Sanjay Mehta and Swapnil Babanlal Jain
Individual Selling Shareholders	Collectively, Amit Bhatia and Karandeep Singh
IPO Committee	The IPO committee of our Board for the purpose of the Offer, comprising Directors namely, Tarun Sanjay Mehta, Niranjan Kumar Gupta, Pankaj Sood and Nilesh Shrivastava.
Key Managerial Personnel	The key managerial personnel of our Company in terms of Regulation 2(1)(bb) of the SEBI ICDR Regulations and as disclosed in “ <b><i>Our Management – Key Managerial Personnel and Senior Management – Key Managerial Personnel</i></b> ” on page 309.
Materiality Policy	Policy for identification of (i) companies to be disclosed as group companies; (ii) material outstanding civil litigation proceedings involving our Company, our Promoters and our Directors; and (iii) material creditors of the Company, pursuant to the disclosure requirements under SEBI ICDR Regulations, as adopted by the Board pursuant to its resolution dated August 27, 2024.
Memorandum of Association	The memorandum of association of our Company, as amended from time to time.
Nomination and Remuneration Committee	The nomination and remuneration committee of our Board, as described in “ <b><i>Our Management – Board Committees – Nomination and Remuneration Committee</i></b> ” on page 304.
Non-Executive Director(s)	The non-executive director(s) on our Board as disclosed in “ <b><i>Our Management</i></b> ” on page 294.
Preference Shares	Collectively, the Series Seed – One CCPS, Series Seed – Two CCPS, Series Seed – Three CCPS, Series Seed – Four CCPS, Series A CCPS, Series B CCPS, Series B1 CCPS, Series C CCPS, Series C1 CCPS, Series D CCPS, Series E CCPS, Series E1 CCPS, Series E2 CCPS, Series F CCPS and CCPS (includes Series G CCPS).
Promoter Group	The individuals and entities constituting the promoter group of our Company in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations. For details, see “ <b><i>Our Promoters and Promoter Group</i></b> ” on page 312.
Promoter Selling Shareholders	Collectively, Tarun Sanjay Mehta and Swapnil Babanlal Jain.
Promoters	The promoters of our Company, namely, Tarun Sanjay Mehta, Swapnil Babanlal Jain, and HMCL
Registered Office	The registered office of our Company situated at 3 <sup>rd</sup> Floor, Tower D, IBC Knowledge Park, #4/1 Bannerghatta Main Road, Bangalore 560 029, Karnataka, India.
Registrar of Companies or RoC	The Registrar of Companies, Karnataka at Bangalore.
Restated Financial Information	The restated financial information of our Company for the financial years ended March 31, 2024, March 31, 2023 and March 31, 2022 comprising the restated statement of assets and liabilities as at March 31, 2024, March 31, 2023 and March 31, 2022, the restated statement of profit and loss (including other comprehensive income), the restated statement of changes in equity and the restated statement of cash flow for the years ended March 31, 2024, March 31, 2023 and March 31, 2022, the summary of material accounting policies and other explanatory information prepared in accordance with Section 26 of Part I of Chapter III of the Companies Act, 2013, as amended, SEBI ICDR Regulations, as amended, and the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the ICAI, as amended.
Risk Management Committee	The risk management committee of our Board, as described in “ <b><i>Our Management – Board Committees – Risk Management Committee</i></b> ” on page 306.
Selling Shareholders	Collectively, the Promoter Selling Shareholders, the Corporate Selling Shareholders and the Individual Selling Shareholders.
Senior Management	The senior management of our Company in terms of Regulation 2(1)(bbbb) of the SEBI ICDR Regulations and as disclosed in “ <b><i>Our Management – Key Managerial Personnel</i></b> ”



Term	Description
	<i>and Senior Management – Senior Management</i> ” on page 309.
Series A CCPS	Series A compulsorily convertible preference shares having face value ₹1 each.
Series B CCPS	Series B compulsorily convertible preference shares having face value ₹10 each.
Series B1 CCPS	Series B1 compulsorily convertible preference shares having face value ₹10 each.
Series C CCPS	Series C compulsorily convertible preference shares having face value ₹10 each.
Series C1 CCPS	Series C1 compulsorily convertible preference shares having face value ₹10 each.
Series D CCPS	Series D compulsorily convertible preference shares having face value ₹10 each.
Series E CCPS	Series E compulsorily convertible preference shares having face value ₹10 each.
Series E1 CCPS	Series E1 compulsorily convertible preference shares having face value ₹10 each.
Series E2 CCPS	Series E2 compulsorily convertible preference shares having face value ₹10 each.
Series F CCPS	Series F compulsorily convertible preference shares having face value ₹1 each.
Series G CCPS	Series G compulsorily convertible preference shares having face value ₹10 each.
Series Seed – Four CCPS	Series Seed – Four compulsorily convertible preference shares having face value ₹37 each.
Series Seed – One CCPS	Series Seed – One compulsorily convertible preference shares having face value ₹37 each.
Series Seed – Three CCPS	Series Seed – Three compulsorily convertible preference shares having face value ₹37 each.
Series Seed – Two CCPS	Series Seed – Two compulsorily convertible preference shares having face value ₹37 each.
SHA	Amended and Restated Shareholders’ Agreement dated July 30, 2024 entered into among our Company, Tarun Sanjay Mehta, Swapnil Babanlal Jain, Mehta Family Trust, Tarun Swarna Family Trust, Jain Family Trust, Swapnil Jain Family Trust, Internet Fund III Pte. Ltd., HMCL, Caladium Investment Pte Ltd, 3State Ventures Pte. Ltd., IITMS Rural Technology and Business Incubator, NK Squared, Kamath Associate, National Investment and Infrastructure Fund II ( <i>represented by and acting through its investment manager, National Investment and Infrastructure Fund Limited</i> ), India-Japan Fund ( <i>represented by and acting through its investment manager, National Investment and Infrastructure Fund Limited</i> ), Venkatachary Srinivasan, IITM Incubation Cell, Arun Vinayak, Achal Kothari, Asha Krishnakumar, R. Mahadevan, Abhishek Venkataraman, Gurusankar Sankararaman, Jayaprakash Vijayan, Volpi Cupal Trust, Sagar Meher Pushpala, InnoVen Capital India Fund, Herald Square Ventures, Guerilla Ventures Private Limited, Amit Bhatia, Karandeep Singh and Amod Malviya.
SHA Amendment cum Waiver Agreement	Amendment cum waiver and consent agreement dated September 5, 2024 to the SHA entered into among our Company, Tarun Sanjay Mehta, Swapnil Babanlal Jain, Mehta Family Trust, Tarun Swarna Family Trust, Jain Family Trust, Swapnil Jain Family Trust, Internet Fund III Pte. Ltd., HMCL, Caladium Investment Pte Ltd, 3State Ventures Pte. Ltd., IITMS Rural Technology and Business Incubator, NK Squared, Kamath Associates, National Investment and Infrastructure Fund II ( <i>represented by and acting through its investment manager, National Investment and Infrastructure Fund Limited</i> ), India-Japan Fund ( <i>represented by and acting through its investment manager, National Investment and Infrastructure Fund Limited</i> ), Venkatachary Srinivasan, IITM Incubation Cell, Arun Vinayak, Achal Kothari, Asha Krishnakumar, R. Mahadevan, Abhishek Venkataraman, Gurusankar Sankararaman, Jayaprakash Vijayan, Volpi Cupal Trust, Sagar Meher Pushpala, InnoVen Capital India Fund, Herald Square Ventures, Guerilla Ventures Private Limited, Amit Bhatia, Karandeep Singh and Amod Malviya.
Shareholders	The equity shareholders and preference shareholders of our Company from time to time.
Stakeholders’ Relationship Committee	The stakeholders’ relationship committee of our Board, as described in “ <i>Our Management– Board Committees – Stakeholders’ Relationship Committee</i> ” on page 305.

## Offer Related Terms

Term	Description
Abridged Prospectus	Abridged prospectus means a memorandum containing such salient features of the prospectus as may be specified by SEBI in this regard.
Acknowledgement Slip	The slip or document issued by the relevant Designated Intermediary(ies) to the Bidder as proof of registration of the Bid cum Application Form.
Allot or Allotment or Allotted	Unless the context otherwise requires, allotment or transfer, as the case may be of Equity Shares offered pursuant to the Fresh Issue and transfer of the Offered Shares by the Selling Shareholders pursuant to the Offer for Sale to the successful Bidders.
Allotment Advice	Advice or intimation of Allotment sent to the successful Bidders who have Bid in the Offer or are to be Allotted the Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchange.

Term	Description
Allottee	A successful Bidder to whom an Allotment is made.
Anchor Investor Allocation Price	The price at which Equity Shares will be allocated to Anchor Investors according to the terms of the Red Herring Prospectus, which will be decided by our Company in consultation with the BRLMs during the Anchor Investor Bid/Offer Period.
Anchor Investor Application Form	The form used by an Anchor Investor to make a Bid in the Anchor Investor Portion and which will be considered as an application for Allotment in terms of the Red Herring Prospectus and under the SEBI ICDR Regulations.
Anchor Investor Bid/ Offer Period or Anchor Investor Bidding Date	The date, one Working Day prior to the Bid/ Offer Opening Date, on which Bids by Anchor Investors shall be submitted, prior to and after which the Book Running Lead Managers will not accept any Bids from Anchor Investors and allocation to Anchor Investors shall be completed.
Anchor Investor Offer Price	The price at which the Equity Shares will be Allotted to Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which price will be equal to or higher than the Offer Price but not higher than the Cap Price. The Anchor Investor Offer Price will be decided by our Company in consultation with the BRLMs.
Anchor Investor Pay-in Date	With respect to Anchor Investor(s), it shall be the Anchor Investor Bidding Date, and in the event the Anchor Investor Allocation Price is lower than the Offer Price, not later than two Working Days after the Bid/ Offer Closing Date.
Anchor Investor Portion	Up to 60% of the QIB Portion which may be allocated by our Company in consultation with the BRLMs, to Anchor Investors and the basis of such allocation will be on a discretionary basis by our Company, in consultation with the BRLMs, in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price.
Anchor Investor(s)	A Qualified Institutional Buyer, applying under the Anchor Investor Portion in accordance with the SEBI ICDR Regulations and the Red Herring Prospectus, and who has Bid for an amount of at least ₹ 100 million.
ASBA Account	Account maintained with an SCSB which may be blocked by such SCSB or the account of the UPI Bidders blocked upon acceptance of UPI Mandate Request by UPI Bidders using the UPI mechanism to the extent of the Bid Amount of the ASBA Bidder.
ASBA Bid	A Bid made by an ASBA Bidder.
ASBA Bidder(s)	Any Bidder (other than an Anchor Investor) in the Offer.
ASBA Form	An application form, whether physical or electronic, used by ASBA Bidders which will be considered as the application for Allotment in terms of the Red Herring Prospectus and the Prospectus.
ASBA or Application Supported by Blocked Amount	An application, whether physical or electronic, used by ASBA Bidders, other than Anchor Investors, to make a Bid and authorising an SCSB to block the Bid Amount in the specified bank account maintained with such SCSB and will include applications made by UPI Bidders using the UPI Mechanism where the Bid Amount will be blocked upon acceptance of UPI Mandate Request by the UPI Bidders using the UPI.
Axis Capital	Axis Capital Limited
Banker(s) to the Offer	Collectively, the Escrow Collection Bank(s), the Refund Bank(s), the Public Offer Account Bank(s) and the Sponsor Bank(s), as the case may be.
Basis of Allotment	Basis on which Equity Shares will be Allotted to successful Bidders under the Offer, described in " <i>Offer Procedure</i> " on page 475.
Bid Amount	The highest value of optional Bids indicated in the Bid cum Application Form, and payable by the Bidder or blocked in the ASBA Account of the ASBA Bidder, as the case may be, upon submission of the Bid in the Offer, as applicable. In the case of RIIs Bidding at the Cut off Price, the Cap Price multiplied by the number of Equity Shares Bid for by such RIIs and mentioned in the Bid cum Application Form. However, Eligible Employees applying in the Employee Reservation Portion can apply at the Cut-off Price and the Bid Amount shall be Cap Price net of Employee Discount, if any, multiplied by the number of Equity Shares Bid for by such Eligible Employee and mentioned in the Bid cum Application Form.  The maximum Bid Amount under the Employee Reservation Portion by an Eligible Employee shall not exceed ₹ 500,000 (net of Employee Discount, if any). However, the initial Allotment to an Eligible Employee in the Employee Reservation Portion shall not exceed ₹ 200,000 (net of Employee Discount, if any). Only in the event of an undersubscription in the Employee Reservation Portion post initial Allotment, such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, for a value in excess of ₹ 200,000 (net of Employee Discount, if any) subject to the total Allotment to an Eligible Employee not exceeding ₹ 500,000 (net of Employee Discount, if any).

Term	Description
	Eligible HMCL Shareholders applying in the Shareholder Reservation Portion (subject to the Bid Amount being up to ₹200,000) can apply at the Cut-off Price and the Bid amount shall be Cap Price multiplied by the number of Equity Shares Bid for by such Eligible HMCL Shareholders and mentioned in the Bid cum Application Form
Bid cum Application Form	The Anchor Investor Application Form or the ASBA Form, as the context requires.
Bid Lot	[●] Equity Shares of face value of ₹1 each.
Bid(s)	An indication by a ASBA Bidder to make an offer during the Bid/Offer Period pursuant to submission of the ASBA Form, or on the Anchor Investor Bidding Date by an Anchor Investor, pursuant to the submission of the Anchor Investor Application Form, to subscribe to or purchase Equity Shares at a price within the Price Band, including all revisions and modifications thereto, to the extent permissible under the SEBI ICDR Regulations, in terms of the Red Herring Prospectus and the Bid cum Application Form. The term 'Bidding' shall be construed accordingly.
Bid/ Offer Closing Date	Except in relation to any Bids received from the Anchor Investors, the date after which the Designated Intermediaries will not accept any Bids, which shall be notified in all editions of [●] (a widely circulated English national daily newspaper), all editions of [●] (a widely circulated Hindi national daily newspaper), and [●] editions of [●] (a widely circulated Kannada daily newspaper, Kannada being the regional language of Karnataka where our Registered Office is located) and in case of any revision, the extended Bid/Offer Closing Date shall also be notified on the website and terminals of the Members of the Syndicate and communicated to the designated intermediaries and the Sponsor Bank, as required under the SEBI ICDR Regulations. Our Company in consultation with the BRLMs, may consider closing the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations.
Bid/ Offer Opening Date	Except in relation to any Bids received from the Anchor Investors, the date on which the Designated Intermediaries shall start accepting Bids, which shall be notified in all editions of [●] (a widely circulated English national daily newspaper), all editions of [●] (a widely circulated Hindi national daily newspaper), and [●] editions of [●] (a widely circulated Kannada daily newspaper, Kannada being the regional language of Karnataka where our Registered Office is located) and in case of any revision, the extended Bid/Offer Opening Date also to be notified on the website and terminals of the Members of the Syndicate and communicated to the Designated Intermediaries and the Sponsor Bank, as required under the SEBI ICDR Regulations.
Bid/ Offer Period	Except in relation to Anchor Investors, the period between the Bid/ Offer Opening Date and the Bid/ Offer Closing Date, inclusive of both days, during which prospective Bidders can submit their Bids, including any revisions thereof, in accordance with the SEBI ICDR Regulations and in accordance with the terms of the Red Herring Prospectus. Provided that the Bidding shall be kept open for a minimum of three Working Days for all categories of Bidders, other than Anchor Investors. Our Company in consultation with the BRLMs, may consider closing the Bid/ Offer Period for QIBs one Working Day prior to the Bid/ Offer Closing Date in accordance with the SEBI ICDR Regulations.
Bidder or Applicant	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form and unless otherwise stated or implied, includes an Anchor Investor.
Bidding Centres	Centres at which the Designated Intermediaries shall accept the ASBA Forms, <i>i.e.</i> , Designated SCSB Branches for SCSBs, Specified Locations for Members of the Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs.
Book Building Process	Book building process, as provided in Schedule XIII of the SEBI ICDR Regulations, in terms of which the Offer is being made.
Book Running Lead Managers or BRLMs	The book running lead managers to the Offer, being Axis Capital, HSBC, JM Financial and Nomura.
Broker Centres	Broker centres notified by the Stock Exchanges where ASBA Bidders can submit the ASBA Forms to a Registered Broker, provided that Retail Individual Investors may only submit ASBA Forms at such broker centres if they are Bidding using the UPI Mechanism. The details of such Broker Centres, along with the names and contact details of the Registered Brokers are available on the respective websites of the Stock Exchanges at <a href="http://www.bseindia.com">www.bseindia.com</a> and <a href="http://www.nseindia.com">www.nseindia.com</a> .
CAN or Confirmation of Allocation Note	Notice or intimation of allocation of the Equity Shares sent to Anchor Investors, who have been allocated the Equity Shares, after the Anchor Investor Bidding Date.
Cap Price	The higher end of the Price Band, subject to any revisions thereto, above which the Offer Price and Anchor Investor Offer Price will not be finalised and above which no Bids

<b>Term</b>	<b>Description</b>
	will be accepted. The Cap Price shall not be more than 120% of the Floor Price, provided that the Cap Price shall be at least 105% of the Floor Price.
Cash Escrow and Sponsor Bank Agreement	The agreement to be entered into among our Company, the Selling Shareholders, the Registrar to the Offer, the BRLMs, the Escrow Collection Bank(s), the Public Offer Account Bank(s), the Sponsor Bank(s), and the Refund Bank(s) for, among other things, collection of the Bid Amounts from the Anchor Investors and where applicable, refunds of the amounts collected from Anchor Investors, on the terms and conditions thereof.
CDP or Collecting Depository Participant	A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Bids at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 and other applicable circulars issued by SEBI as per the lists available on the websites of the Stock Exchanges.
Client ID	Client identification number maintained with one of the Depositories in relation to the dematerialised account.
Cut-Off Price	Offer Price, which shall be any price within the Price Band, finalised by our Company in consultation with the BRLMs. Only Retail Individual Bidders, Eligible Employees Bidding under the Employee Reservation Portion and Eligible HMCL Shareholders Bidding in the Shareholder Reservation Portion are entitled to Bid at the Cut-off Price. QIBs (including Anchor Investor) and Non-Institutional Bidders are not entitled to Bid at the Cut-off Price.
Demographic Details	The details of the Bidders including the Bidder's address, name of the Bidder's father/husband, investor status, occupation, bank account details, PAN and UPI ID, as applicable.
Designated CDP Locations	Such locations of the CDPs where Bidders can submit the ASBA Forms. The details of such Designated CDP Locations, along with names and contact details of the CDPs eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges ( <a href="http://www.bseindia.com">www.bseindia.com</a> and <a href="http://www.nseindia.com">www.nseindia.com</a> , respectively) as updated from time to time.
Designated Date	The date on which the Escrow Collection Bank(s) transfer funds from the Escrow Account to the Public Offer Account or the Refund Account, as the case may be, and/or the instructions are issued to the SCSBs (in case of UPI Bidders using the UPI Mechanism, instruction issued through the Sponsor Bank(s)) for the transfer of the relevant amounts blocked by the SCSBs in the ASBA Accounts to the Public Offer Account and/ or are unblocked, as the case may be, in terms of the Red Herring Prospectus and the Prospectus, after finalization of the Basis of Allotment in consultation with the Designated Stock Exchange, following which Equity Shares will be Allotted to successful Bidders in the Offer.
Designated Intermediary(ies)	SCSBs, Syndicate, sub-Syndicate, Registered Brokers, CDPs and RTAs who are authorised to collect ASBA Forms from the ASBA Bidders, in relation to the Offer. In relation to ASBA Forms submitted by UPI Bidders where the Bid Amount will be blocked upon acceptance of UPI Mandate Request by such UPI Bidders using the UPI Mechanism, Designated Intermediaries shall mean Syndicate, sub-syndicate/agents, Registered Brokers, CDPs, SCSBs and RTAs. In relation to ASBA Forms submitted by QIBs (excluding Anchor Investors) and NIBs (not using UPI Mechanism), Designated Intermediaries shall mean Syndicate, sub-syndicate/ agents, SCSBs, Registered Brokers, the CDPs and RTAs.
Designated RTA Locations	Such locations of the RTAs where Bidders can submit the ASBA Forms to RTAs. The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges ( <a href="http://www.bseindia.com">www.bseindia.com</a> and <a href="http://www.nseindia.com">www.nseindia.com</a> , respectively) as updated from time to time.
Designated SCSB Branches	Such branches of the SCSBs which shall collect the ASBA Forms used by the Bidders, a list of which is available on the website of SEBI at <a href="http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=35">http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=35</a> , updated from time to time, or at such other website as may be prescribed by SEBI from time to time.
Designated Stock Exchange	NSE.
Draft Red Herring Prospectus or DRHP	This draft red herring prospectus dated September 9, 2024 issued in accordance with the SEBI ICDR Regulations, which does not contain complete particulars of the price at which the Equity Shares will be Allotted and the size of the Offer, including any addenda or corrigenda thereto.
Eligible Employee(s)	Permanent employees of our Company (excluding such employees not eligible to invest in the Offer under applicable laws, rules, regulations and guidelines), as on the date of filing of the Red Herring Prospectus with the RoC and who continue to be a permanent employee of our Company until the submission of the ASBA Form and is based,

Term	Description
	<p>working and present in India or abroad as on the date of submission of the ASBA Form; or Director of our Company, whether a whole-time Director or otherwise, who is eligible to apply under the Employee Reservation Portion under applicable law as of the date of filing of the Red Herring Prospectus with the RoC and who continues to be a Director of our Company until submission of the ASBA Form and is based, working and present in India or abroad as on the date of submission of the ASBA Form, but not including (i) Promoters; (ii) persons belonging to the Promoter Group; and (iii) Directors who either themselves or through their relatives or through any body corporate, directly or indirectly, hold more than 10% of the outstanding Equity Shares of our Company.</p> <p>The maximum Bid Amount under the Employee Reservation Portion by an Eligible Employee shall not exceed ₹ 500,000 (net of Employee Discount, if any). However, the initial Allotment to an Eligible Employee in the Employee Reservation Portion shall not exceed ₹ 200,000 (net of Employee Discount, if any). Only in the event of an under-subscription in the Employee Reservation Portion post initial Allotment, such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, for a value in excess of ₹ 200,000 (net of Employee Discount, if any) subject to the total Allotment to an Eligible Employee not exceeding ₹ 500,000 (net of Employee Discount, if any).</p>
Eligible HMCL Shareholders	<p>Individuals and HUFs who are the public equity shareholders of Hero MotoCorp Limited, one of our Promoters (excluding such persons who are not eligible to invest in the Offer under applicable laws, rules, regulations and guidelines) as on the date of the filing of the Red Herring Prospectus.</p> <p>The maximum Bid Amount under the HMCL Shareholders Reservation Portion by an Eligible HMCL Shareholder shall not exceed ₹200,000.</p>
Eligible NRI(s)	NRI(s) from jurisdictions outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the Bid cum Application Form and the Red Herring Prospectus will constitute an invitation to purchase the Equity Shares.
Employee Discount	Our Company, in consultation with the BRLMs, may offer a discount of [●]% on the Offer Price (equivalent of ₹ [●] per Equity Share) to Eligible Employees which shall be announced at least two Working Days prior to the Bid / Offer Opening Date.
Employee Reservation Portion	<p>The portion of the Offer being [●] Equity Shares of face value of ₹1 each aggregating up to ₹ [●] million which shall not exceed 5% of the post Offer Equity Share capital of our Company, available for allocation to Eligible Employees, on a proportionate basis.</p> <p>The maximum Bid Amount under the Employee Reservation Portion by an Eligible Employee shall not exceed ₹500,000 (net of the Employee Discount). However, the initial Allotment to an Eligible Employee in the HMCL Shareholder Reservation Portion shall not exceed ₹200,000. Only in the event of under-subscription in the Employee Reservation Portion, the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹200,000,</p>
Escrow Account(s)	Account(s) opened with the Escrow Collection Bank and in whose favour Anchor Investors will transfer the money through direct credit/NEFT/RTGS/NACH in respect of the Bid Amount while submitting a Bid.
Escrow Collection Bank(s)	Bank(s) which are clearing members and registered with SEBI as a banker to an issue under the SEBI BTI Regulations, and with whom the Escrow Account(s) will be opened, in this case being [●].
First Bidder or Sole Bidder	The Bidder whose name shall be mentioned in the Bid cum Application Form or the Revision Form and in case of joint Bids, whose name shall also appear as the first holder of the beneficiary account held in joint names.
Floor Price	The lower end of the Price Band, subject to any revision thereto, not being less than the face value of the Equity Shares, at or above which the Offer Price and the Anchor Investor Offer Price will be finalised and below which no Bids will be accepted.
Fresh Issue	<p>The issue of [●] Equity Shares of face value of ₹1 each, at ₹ [●] per Equity Share (including a premium of ₹ [●] per Equity Share) aggregating up to ₹ 31,000 million by our Company.</p> <p>Our Company, in consultation with the BRLMs, may consider a Pre-IPO Placement of specified securities, as may be permitted under the applicable law, aggregating up to ₹ 6,200 million prior to filing of the Red Herring Prospectus with the RoC. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company, in consultation with the BRLMs. If the Pre-IPO Placement is completed, the amount raised pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to</p>

Term	Description
	compliance with Rule 19(2)(b) of the SCRR. The Pre-IPO Placement shall not exceed 20% of the size of the Fresh Issue. Prior to the completion of the Offer, our Company shall appropriately intimate the subscribers to the Pre-IPO Placement, prior to allotment pursuant to the Pre-IPO Placement, that there is no guarantee that our Company may proceed with the Offer or the Offer may be successful and will result into listing of the Equity Shares on the Stock Exchanges. Further, relevant disclosures in relation to such intimation to the subscribers to the Pre-IPO Placement (if undertaken) shall be appropriately made in the relevant sections of the RHP and Prospectus.
Fugitive Economic Offender	An individual who is declared a fugitive economic offender under section 12 of the Fugitive Economic Offenders Act, 2018.
General Information Document	The General Information Document for investing in public offers, prepared and issued in accordance with the circular (SEBI/HO/CFD/DIL1/CIR/P/2020/37) dated March 17, 2020, issued by SEBI and the UPI Circulars, as amended from time to time. The General Information Document shall be available on the websites of the Stock Exchanges and the BRLMs.
Gross Proceeds	The gross proceeds of the Fresh Issue that will be available to our Company.
HSBC	HSBC Securities and Capital Markets (India) Private Limited
HMCL Shareholder Reservation Portion	The portion of the Offer being [●] Equity Shares of face value of ₹1 each aggregating up to ₹ [●] million which shall not exceed 10% of the Offer size, available for allocation to Eligible HMCL Shareholders, on a proportionate basis.
JM Financial	JM Financial Limited
Monitoring Agency	[●]
Monitoring Agency Agreement	The agreement to be entered into between our Company and the Monitoring Agency prior to filing of the Red Herring Prospectus.
Mutual Fund Portion	The portion of the Offer being 5% of the Net QIB Portion consisting of [●] Equity Shares of face value of ₹1 each, which shall be available for allocation to Mutual Funds only on a proportionate basis, subject to valid Bids being received at or above the Offer Price.
Mutual Funds	Mutual funds registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.
Net Offer	The Offer less the Employee Reservation Portion and the HMCL Shareholder Reservation Portion.
Net Proceeds	Proceeds of the Fresh Issue less our Company's share of the Offer expenses. For further details regarding the use of the Net Proceeds and the Offer expenses, see " <i>Objects of the Offer</i> " beginning on page 142.
Net QIB Portion	The QIB Portion less the number of Equity Shares Allotted to the Anchor Investors.
Nomura	Nomura Financial Advisory and Securities (India) Private Limited
Non-Institutional Bidder(s) or Non-Institutional Investor(s) or NII(s) or NIB(s)	Bidders that are not QIBs or RIIs and who have Bid for Equity Shares for an amount more than ₹ 200,000 (but not including NRIs other than Eligible NRIs).
Non-Institutional Portion	The portion of the Offer being not more than 15% of the Net Offer consisting of [●] Equity Shares of face value of ₹1 each, which shall be available for allocation to Non-Institutional Bidders, of which (a) one-third portion shall be reserved for applicants with application size of more than ₹ 200,000 and up to ₹ 1,000,000, and (b) two-thirds portion shall be reserved for applicants with application size of more than ₹ 1,000,000, provided that the unsubscribed portion in either of such sub-categories may be allocated to applicants in the other sub-category of Non-Institutional Bidders, subject to valid Bids being received at or above the Offer Price.
Non-Resident	A person resident outside India, as defined under FEMA and includes NRIs, FPIs and FVCIs.
Offer	Initial public offering of [●] Equity Shares of face value of ₹1 each, for cash at a price of ₹ [●] per Equity Share comprising of a Fresh Issue aggregating up to ₹ 31,000 million and an Offer for Sale. The Offer comprises the Net Offer, the Employee Reservation Portion and the HMCL Shareholder Reservation Portion.

Our Company, in consultation with the BRLMs, may consider a Pre-IPO Placement of specified securities, as may be permitted under the applicable law, aggregating up to ₹ 6,200 million, prior to filing of the Red Herring Prospectus with the RoC. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company, in consultation with the BRLMs. If the Pre-IPO Placement is completed, the amount raised pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to compliance with Rule 19(2)(b) of the SCRR, as amended. The Pre-IPO Placement shall not exceed 20% of the size of the Fresh Issue. Prior to the completion of the Offer, our Company shall appropriately intimate the subscribers to the Pre-IPO Placement, prior to allotment pursuant to the Pre-IPO Placement, that there is no guarantee that our Company may proceed with the Offer or the Offer may be successful and will result into

Term	Description
	listing of the Equity Shares on the Stock Exchanges. Further, relevant disclosures in relation to such intimation to the subscribers to the Pre-IPO Placement (if undertaken) shall be appropriately made in the relevant sections of the RHP and Prospectus.
Offer Agreement	The agreement dated September 9, 2024 executed among our Company, the Selling Shareholders and the BRLMs, pursuant to which certain arrangements are agreed to in relation to the Offer.
Offer for Sale	The offer for sale of up to 22,000,766 Equity Shares of face value of ₹1 each, aggregating to ₹ [●] million by the Selling Shareholders in the Offer. For further information, see “ <i>The Offer</i> ” beginning on page 87.
Offer Price	The final price at which Equity Shares will be Allotted to successful Bidders other than Anchor Investors in terms of the Red Herring Prospectus. The Offer Price will be decided by our Company in consultation with the BRLMs on the Pricing Date, in accordance with the Book-Building Process and in terms of the Red Herring Prospectus.  A discount of [●] % on the Offer Price (equivalent of ₹ [●] per Equity Share) may be offered to Eligible Employees Bidding in the Employee Reservation Portion. This Employee Discount, if any, will be decided by our Company in consultation with the BRLMs.
Offered Shares	Up to 22,000,766 Equity Shares of face value of ₹1 each, aggregating to ₹ [●] million being offered for sale by the Selling Shareholders in the Offer for Sale.
Pre-IPO Placement	Our Company, in consultation with the BRLMs, may consider a further issue of specified securities, as may be permitted under the applicable law, aggregating up to ₹ 6,200 million prior to filing of the Red Herring Prospectus with the RoC. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company, in consultation with the BRLMs. If the Pre-IPO Placement is completed, the amount raised pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to compliance with Rule 19(2)(b) of the SCRR. The Pre-IPO Placement shall not exceed 20% of the size of the Fresh Issue. Prior to the completion of the Offer, our Company shall appropriately intimate the subscribers to the Pre-IPO Placement, prior to allotment pursuant to the Pre-IPO Placement, that there is no guarantee that our Company may proceed with the Offer or the Offer may be successful and will result into listing of the Equity Shares on the Stock Exchanges. Further, relevant disclosures in relation to such intimation to the subscribers to the Pre-IPO Placement (if undertaken) shall be appropriately made in the relevant sections of the RHP and Prospectus.
Price Band	The price band ranging from the Floor Price of ₹ [●] per Equity Share to the Cap Price of ₹ [●] per Equity Share, including any revisions thereof. The Price Band and minimum Bid Lot, as decided by our Company in consultation with the BRLMs will be advertised in all editions of [●] (a widely circulated English national daily newspaper), all editions of [●] (a widely circulated Hindi national daily newspaper), and [●] editions of [●] (a widely circulated Kannada daily newspaper, Kannada being the regional language of Karnataka where our Registered Office is located), at least two Working Days prior to the Bid/Offer Opening Date with the relevant financial ratios calculated at the Floor Price and at the Cap Price, and shall be made available to the Stock Exchanges for the purpose of uploading on their respective websites.  Provided that the Cap Price shall be at least 105% of the Floor Price and shall not be greater than 120% of the Floor Price.
Pricing Date	The date on which our Company in consultation with the BRLMs, will finalise the Offer Price.
Prospectus	The Prospectus to be filed with the RoC on or after the Pricing Date in accordance with Section 26 of the Companies Act, 2013, and the SEBI ICDR Regulations containing, <i>inter alia</i> , the Offer Price, the size of the Offer and certain other information, including any addenda or corrigenda thereto.
Public Offer Account	The bank account opened with the Public Offer Account Bank under Section 40(3) of the Companies Act, 2013, to receive monies from the Escrow Account and from the ASBA Accounts on the Designated Date.
Public Offer Account Bank(s)	Bank(s) which are clearing members and registered with SEBI as bankers to an issue, and with whom the Public Offer Account(s) will be opened.
QIB Bid/ Offer Closing Date	In the event our Company in consultation with the BRLMs, decide to close Bidding by QIBs one day prior to the Bid/Offer Closing Date, the date one day prior to the Bid/Offer Closing Date; otherwise it shall be the same as the Bid/Offer Closing Date.
QIB Bidders	QIBs who Bid in the Offer.
QIB Portion	The portion of the Offer (including the Anchor Investor Portion) being not less than 75% of the Net Offer consisting of [●] Equity Shares of face value of ₹1 each, available for allocation to QIBs (including Anchor Investors) on a proportionate basis (in which

Term	Description
	allocation to Anchor Investors shall be on a discretionary basis, as determined by our Company in consultation with the BRLMs up to a limit of 60% of the QIB Portion), subject to valid Bids being received at or above the Offer Price or Anchor Investor Offer Price (for Anchor Investors).
QIBs or Qualified Institutional Buyers	Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations.
Red Herring Prospectus or RHP	The Red Herring Prospectus to be issued in accordance with Section 32 of the Companies Act, 2013, and the provisions of the SEBI ICDR Regulations, which will not have complete particulars of the Offer Price, including any addenda or corrigenda thereto. The Red Herring Prospectus will be filed with the RoC at least three working days before the Bid/Offer Opening Date and will become the Prospectus upon filing with the RoC after the Pricing Date.
Refund Account(s)	The account opened with the Refund Bank(s), from which refunds, if any, of the whole or part of the Bid Amount to Anchor Investors shall be made.
Refund Bank(s)	The Banker(s) to the Offer with whom the Refund Account(s) will be opened, in this case being [●].
Registered Brokers	Stock brokers registered with SEBI under the Securities and Exchange Board of India (Stock Brokers and Sub-Brokers) Regulations, 1992 and the stock exchanges having nationwide terminals, other than the Members of the Syndicate and eligible to procure Bids in terms of Circular No. CIR/CFD/14/2012 dated October 4, 2012, issued by SEBI and the UPI Circulars.
Registrar Agreement	The agreement dated September 6, 2024 entered into between our Company, the Selling Shareholders and the Registrar to the Offer, in relation to the responsibilities and obligations of the Registrar to the Offer pertaining to the Offer.
Registrar to the Offer or Registrar	Link Intime India Private Limited
Resident Indian	A person resident in India, as defined under FEMA.
Retail Individual Bidder(s) or Retail Individual Investor(s) or RII(s) or RIB(s)	Individual Bidders, who have Bid for the Equity Shares for an amount which is not more than ₹ 200,000 in any of the bidding options in the Offer (including HUFs applying through their karta and Eligible NRI Bidders) and does not include NRIs (other than Eligible NRIs).
Retail Portion	The portion of the Offer being not more than 10% of the Net Offer consisting of [●] Equity Shares of face value of ₹1 each, available for allocation to Retail Individual Investors as per the SEBI ICDR Regulations, which shall not be less than the minimum Bid Lot, subject to valid Bids being received at or above the Offer Price.
Revision Form	Form used by the Bidders to modify the quantity of the Equity Shares or the Bid Amount in any of their Bid cum Application Forms or any previous Revision Form(s). QIB Bidders and Non-Institutional Bidders are not allowed to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders, Eligible Employees and Eligible HMCL Shareholders can revise their Bids during the Bid/ Offer Period and withdraw their Bids until the Bid/ Offer Closing Date.
RTAs or Registrar and Share Transfer Agents	The registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, issued by SEBI.
Self Certified Syndicate Bank(s) or SCSB(s)	The banks registered with SEBI, offering services in relation to ASBA (other than through UPI Mechanism), a list of which is available on the website of SEBI at <a href="http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=34">www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=34</a> or <a href="http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=35">www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=35</a> or such other website as updated from time to time, and (ii) The banks registered with SEBI, enabled for UPI Mechanism, a list of which is available on the website of SEBI at <a href="http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=40">www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=40</a> or such other website as updated from time to time. Applications through UPI in the Offer can be made only through the SCSBs mobile applications (apps) whose name appears on the SEBI website. A list of SCSBs and mobile application, which, are live for applying in public issues using UPI Mechanism is appearing in the “list of mobile applications for using UPI in Public Issues” displayed on the SEBI website at <a href="http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=43">www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=43</a> . The said list shall be updated on the SEBI website from time to time.
Share Escrow Agent	[●].
Share Escrow Agreement	The agreement to be entered into among our Company, the Selling Shareholders and the Share Escrow Agent in connection with the transfer of the Offered Shares by the Selling Shareholders and credit of such Offered Shares to the demat account of the Allottees in accordance with the Basis of Allotment.



<b>Term</b>	<b>Description</b>
Specified Locations	Bidding Centres where the Syndicate shall accept ASBA Forms from Bidders.
Sponsor Bank (s)	Bank(s) registered with SEBI which will be appointed by our Company to act as a conduit between the Stock Exchanges and the National Payments Corporation of India in order to push the mandate collect requests and/ or payment instructions of the UPI Bidders and carry out other responsibilities, in terms of the UPI Circulars, in this case being [●].
Sub-Syndicate Members	The sub-syndicate members, if any, appointed by the BRLMs and the Syndicate Members, to collect ASBA Forms and Revision Forms.
Syndicate Agreement	The agreement to be entered into among our Company, the Registrar to the Offer, the Selling Shareholders, the BRLMs and the Syndicate Members in relation to the procurement of Bid cum Application Forms by the Syndicate.
Syndicate Members	Syndicate members as defined under Regulation 2(1)(hhh) of the SEBI ICDR Regulations.
Syndicate or Members of the Syndicate	The BRLMs and the Syndicate Members.
Underwriters	[●].
Underwriting Agreement	The agreement to be entered into among the Underwriters, our Company, the Selling Shareholders and the Registrar, on or after the Pricing Date but prior to filing of the Prospectus with the RoC.
UPI	Unified Payments Interface, which is an instant payment mechanism, developed by NPCI.
UPI Bidders	Collectively, individual investors who applied as (i) Retail Individual Bidders in the Retail Portion, (ii) Non-Institutional Bidders, (iii) Eligible Employees who applied in the Employee Reservation Portion and with an application size of up to ₹ 500,000 (net of Employee Discount, if any) in the Non-Institutional Portion and (iv) Eligible HMCL Shareholders in the Eligible HMCL Reservation Portion (subject to the Bid Amount) bidding under the UPI Mechanism through ASBA Form(s) submitted with Syndicate Members, Registered Brokers, Collecting Depository Participants and Registrar and Share Transfer Agents.  Pursuant to Circular no. SEBI/HO/CFD/DIL2/P/CIR/P/2022/45 dated April 5, 2022 issued by SEBI, all individual investors applying in public issues where the application amount is up to ₹ 500,000 are required to use UPI Mechanism and are required to provide their UPI ID in the Bid cum Application Form submitted with: (i) a syndicate member, (ii) a stock broker registered with a recognized stock exchange (whose name is mentioned on the website of the stock exchange as eligible for such activity), (iii) a depository participant (whose name is mentioned on the website of the stock exchange as eligible for such activity), and (iv) a registrar to an issue and share transfer agent (whose name is mentioned on the website of the stock exchange as eligible for such activity).
UPI Circulars	SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018, SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, SEBI circular number SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019, SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020, SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, SEBI circular number SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2022/45 dated April 5, 2022, SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022, SEBI circular number SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022, SEBI master circular with circular number SEBI/HO/MIRSD/POD-1/P/CIR/2024/37 dated May 7, 2024 (to the extent that such circulars pertain to the UPI Mechanism), SEBI ICDR Master Circular, SEBI circular number SEBI/HO/CFD/TPD1/CIR/P/2023/140 dated August 9, 2023, and any subsequent circulars or notifications issued by SEBI in this regard, along with the circulars issued by the Stock Exchanges in this regard, including the circular issued by the NSE having reference number 25/2022 dated August 3, 2022, and the circular issued by BSE having reference number 20220803-40 dated August 3, 2022 and any subsequent circulars or notifications issued by SEBI or Stock Exchanges in this regard.
UPI ID	ID created on Unified Payment Interface (UPI) for single-window mobile payment system developed by the National Payments Corporation of India.
UPI Mandate Request	A request (intimating the UPI Bidder by way of a notification on the UPI application and by way of a SMS directing the UPI Bidder to such UPI application) to the UPI Bidder initiated by the Sponsor Bank to authorise blocking of funds on the UPI

Term	Description
	application equivalent to Bid Amount and subsequent debit of funds in case of Allotment.
UPI Mechanism	The bidding mechanism that shall be used by UPI Bidders to make a Bid in the Offer in accordance with UPI Circulars.
UPI PIN	Password to authenticate UPI transaction.
Wilful Defaulter or Fraudulent Borrower	Wilful defaulter or fraudulent borrower as defined under Regulation 2(1)(III) of the SEBI ICDR Regulations.
Working Day	All days other than second and fourth Saturday of the month, Sunday or a public holiday, on which commercial banks in Mumbai are open for business; provided, however, with reference to (a) announcement of Price Band; and (b) Bid/ Offer Period, the expression “Working Day” shall mean all days on which commercial banks in Mumbai are open for business, excluding all Saturdays, Sundays or public holidays; and (c) with reference to the time period between the Bid/ Offer Closing Date and the listing of the Equity Shares on the Stock Exchanges, the expression ‘Working Day’ shall mean all trading days of Stock Exchanges, excluding Sundays and bank holidays, in terms of the circulars issued by SEBI.

### Technical/ Industry and Business-Related Abbreviations

Term	Description
2W”	Two-wheeler
ADC	Ather Drive Controller
Adjusted Gross Margin	Total income less cost of material consumed, purchase of stock-in-trade and change in inventories of finished goods, stock-in-trade and work-in-progress
Adjusted Gross Margin %	Adjusted Gross Margin divided by total income
Adjusted Gross Margin Excluding Subsidies	Adjusted Gross Margin less government subsidies under the FAME scheme
APDS	Ather Product Development System
AIS	Automotive Industry Standards
API	Application Programming Interface
ARAI	Automotive Research Association of India
Ather Data Platform	A cloud management software developed in-house that processes data from our E2Ws in real-time and extracts insights
ASDK	Ather Software Development Kit
BIS	Bureau of Indian Standards
BMS	Battery management system
BOM	Bill of materials
COGS	Sum of cost of materials consumed, purchase of stock-in-trade, change in inventories of finished goods, stock-in-trade and work-in-progress
CSR	Corporate social responsibility
DC-DC Converter	An electronic circuit or electromechanical device that converts a source of direct current (“DC”) from one voltage level to another
DMS	Dealer management system
DSIR	Department of Scientific and Industrial Research
E2W	Electric two-wheeler
EBITDA	Earnings before exceptional items and tax plus finance cost and depreciation and amortization expenses
EBITDA Margin %	EBITDA divided by total income
EHSS	Environmental, health, safety and social
EMPS 2024	Ministry of Heavy Industries, Government of India’s electric mobility promotion scheme subsidy provided to customers who purchase EVs in order to encourage faster adoption of electric mobility and the development of its manufacturing ecosystem in India
ESG	Environmental, social and governance
EVs	Electric vehicles
FAME	Ministry of Heavy Industries, Government of India’s faster adoption and manufacturing of hybrid and electric vehicles subsidy provided to customers who purchase EVs in order to encourage Faster Adoption Of Electric Mobility and the development of its manufacturing ecosystem in India
GHG	Greenhouse gas
HMI	Human machine interaction
ICE	Internal combustion engine
LECCS	Light Electric Combined Charging System

<b>Term</b>	<b>Description</b>
LFP	Lithium-fero phosphate
MCU	Motor control unit
MES	Manufacturing execution system
NMC	Nickel manganese cobalt oxide
OEM	Original equipment manufacturer
OTA	Over-the-air
PCBA	Printed circuit board assembly
PLMS	Product lifecycle management system
PMSM	Permanent magnet synchronous motor
Production Linked Incentive Scheme	Production-linked incentive scheme launched by the Government of India across various sectors to boost domestic manufacturing, reduce import dependence, encourage exports and generate employment
R&D	Research and development
SIPCOT	State Industrial Promotion Corporation of Tamil Nadu
SOP	Start of Product
TAAS	Think As A Species
TCO	Total cost of ownership
VCU	Vehicle Control Unit

### Conventional and General Terms or Abbreviations

<b>Term</b>	<b>Description</b>
₹ or Rs. or Rupees or INR	Indian rupees
AGM	Annual General Meeting.
AIF	An alternative investment fund as defined in and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012.
Bangalore/Bengaluru	The term Bangalore has been interchangeably used as Bengaluru
BSE	BSE Limited.
CAGR	Compound annual growth rate
Category I AIF	AIFs registered as “Category I alternative investment funds” under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012.
Category I FPI	FPIs registered as “Category I foreign portfolio investors” under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014.
Category II AIF	AIFs registered as “Category II alternative investment funds” under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012.
Category II FPI	FPIs registered as “Category II foreign portfolio investors” under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014.
CCPS	Compulsorily convertible preference shares.
CDSL	Central Depository Services (India) Limited.
CIN	Corporate Identity Number.
Companies Act	The Companies Act, 1956 and the Companies Act, 2013, as applicable.
Companies Act, 1956	The erstwhile Companies Act, 1956 along with the relevant rules made thereunder.
Companies Act, 2013	Companies Act, 2013, along with the relevant rules, regulations, clarifications, circulars and notifications issued thereunder, as amended to the extent currently in force.
DDT	Dividend distribution tax.
Depositories	NSDL and CDSL.
Depositories Act	The Depositories Act, 1996, read with regulations framed thereunder.
DIN	Director Identification Number.
DP ID	Depository Participant’s Identity Number.
DP or Depository Participant	A depository participant as defined under the Depositories Act.
EGM	Extraordinary General Meeting.
EIA Notification	Environmental Impact Assessment Notification, 2006.
EPS	Earnings Per Share.
ESOP	Employee stock option plan
Factories Act	Factories Act, 1948
FCNR	Foreign currency non-resident account.
FDI	Foreign Direct Investment.
FDI Policy	The consolidated FDI Policy, issued by the Department of Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India, and any modifications thereto or substitutions thereof, issued from time to time.
FEMA	The Foreign Exchange Management Act, 1999, read with rules and regulations thereunder.

<b>Term</b>	<b>Description</b>
FEMA Non-Debt Instruments Rules	Foreign Exchange Management (Non-debt Instruments) Rules, 2019 issued by the Ministry of Finance, GoI.
Financial Year or Fiscal or Fiscal Year	The period of 12 months commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year.
FPI(s)	Foreign portfolio investors as defined under the SEBI FPI Regulations.
FVCI	Foreign venture capital investors as defined and registered under the SEBI FVCI Regulations.
GoI or Government or Central Government	The Government of India.
GST	Goods and services tax.
HUF	Hindu undivided family.
ICAI	The Institute of Chartered Accountants of India.
IFRS	International Financial Reporting Standards of the International Accounting Standards Board.
Income Tax Act	The Income-tax Act, 1961, read with the rules framed thereunder.
Income Tax Rules	The Income-tax Rules, 1962.
Ind AS	The Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013, as notified under Companies (Indian Accounting Standard) Rules, 2015, as amended.
India	Republic of India.
Indian GAAP	Accounting standards notified under section 133 of the Companies Act, 2013, read with Companies (Accounting Standards) Rules, 2006, as amended and the Companies (Accounts) Rules, 2014, as amended.
IPO	Initial public offering.
IST	Indian Standard Time.
IT Act	The Information Technology Act, 2000
MCA	The Ministry of Corporate Affairs, Government of India.
Mn or mn	Million.
N.A.	Not applicable.
NAV	Net asset value
NBFC-SI	A systemically important non-banking financial company as defined under Regulation 2(1)(iii) of the SEBI ICDR Regulations.
NEFT	National Electronic Fund Transfer.
NPCI	National Payments Corporation of India.
NRI	A person resident outside India, who is a citizen of India or an overseas citizen of India cardholder within the meaning of section 7(A) of the Citizenship Act, 1955.
NSDL	National Securities Depository Limited.
NSE	The National Stock Exchange of India Limited.
OCB or Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date was eligible to undertake transactions pursuant to general permission granted to OCBs under FEMA. OCBs are not allowed to invest in the Offer.
P/E Ratio	Price / earnings ratio.
PAN	Permanent account number.
PAT	Profit after tax.
RBI	Reserve Bank of India.
Regulation S	Regulation S under the U.S. Securities Act.
RTGS	Real time gross settlement.
Rule 144A	Rule 144A under the U.S. Securities Act.
SCORES	SEBI complaints redress system.
SCRA	The Securities Contracts (Regulation) Act, 1956.
SCRR	The Securities Contracts (Regulation) Rules, 1957.
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992.
SEBI (Merchant Bankers) Regulations	Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992.
SEBI Act	The Securities and Exchange Board of India Act, 1992.
SEBI AIF Regulations	The Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012.
SEBI BTI Regulations	The Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994.
SEBI FPI Regulations	The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014.
SEBI FVCI Regulations	The Securities and Exchange Board of India (Foreign Venture Capital Investors)

<b>Term</b>	<b>Description</b>
	Regulations, 2000.
SEBI ICDR Master Circular	SEBI master circular bearing reference number SEBI/HO/CFD/PoD2/P/CIR/2023/00094 dated June 21, 2023.
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.
SEBI Listing Regulations	The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
SEBI RTA Master Circular	SEBI master circular bearing number SEBI/HO/MIRSD/POD-1/P/CIR/2024/37 dated May 7, 2024.
SEBI SBEB & SE Regulations	Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.
SEBI VCF Regulations	Erstwhile, the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996.
State Government	The government of a state in India.
Stock Exchanges	Collectively, the BSE and NSE.
Takeover Regulations	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
TAN	Tax deduction account number.
U.S.	The United States of America
U.S. Dollar(s) or USD or US Dollar	United States Dollar
U.S. GAAP	Generally accepted accounting principles in the United States of America.
U.S. QIBs	Persons reasonably believed to be “qualified institutional buyers” (as defined in Rule 144A under the U.S. Securities Act in the United States
U.S. Securities Act	The U.S. Securities Act of 1933, as amended.
VCFs	Venture capital funds as defined in and registered with SEBI under the SEBI VCF Regulations and the SEBI AIF Regulations.
Year/ Calendar Year/ CY	The 12-month period ending December 31.

## CERTAIN CONVENTIONS, USE OF FINANCIAL INFORMATION AND MARKET DATA AND CURRENCY OF PRESENTATION

### Certain Conventions

All references in this Draft Red Herring Prospectus to ‘India’ are to the Republic of India and its territories and possessions and all references herein to the ‘Government’, ‘Indian Government’, ‘GoI’, ‘Central Government’ or the ‘State Government’ are to the Government of India, central or state, as applicable. Further, references to Bangalore shall be construed to be to Bengaluru, and vice-versa.

Unless otherwise specified, any time mentioned in this Draft Red Herring Prospectus is in Indian Standard Time. Unless indicated otherwise, all references to a year in this Draft Red Herring Prospectus are to a calendar year.

Unless otherwise stated, all references to page numbers in this Draft Red Herring Prospectus are to page numbers of this Draft Red Herring Prospectus.

### Currency and Units of Presentation

All references to “Rupee(s)”, “Rs.” or “₹” or “INR” are to Indian Rupees, the official currency of the Republic of India. All references to “U.S. Dollar(s)” or “USD” or “US Dollar” are to United States Dollars, the official currency of the United States of America.

### Exchange Rates

This Draft Red Herring Prospectus contains conversion of U.S. Dollar into Rupees that have been presented solely to comply with the requirements of the SEBI ICDR Regulations. These conversions should not be considered as a representation that such U.S. Dollar amounts have been, could have been or can be converted into Rupees at any particular rate, the rates stated below or at all. Unless otherwise stated, the exchange rates referred to for the purpose of conversion of U.S. Dollar amounts into Rupee amounts, are as follows:

Currency	Exchange rate as on <span style="float: right;">(in ₹)</span>		
	March 31, 2024	March 31, 2023	March 31, 2022
1 USD	83.37	82.22	75.81

Source: [www.fbiil.org.in](http://www.fbiil.org.in)

Note: If the reference rate is not available on a particular date due to a public holiday, exchange rates of the previous Working Day has been disclosed. The reference rates are rounded off to two decimal places.

### Financial and Other Data

Unless stated or the context requires otherwise, the financial information and the financial ratios in this Draft Red Herring Prospectus is derived from our Restated Financial Information.

The restated financial information of our Company for the financial years ended March 31, 2024, March 31, 2023 and March 31, 2022 comprising the restated statement of assets and liabilities as at March 31, 2024, March 31, 2023 and March 31, 2022, the restated statement of profit and loss (including other comprehensive income), the restated statement of changes in equity and the restated statement of cash flow for the years ended March 31, 2024, March 31, 2023 and March 31, 2022, the summary of material accounting policies and other explanatory information prepared in accordance with Section 26 of Part I of Chapter III of the Companies Act, 2013, the SEBI ICDR Regulations, as amended, and the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the ICAI, as amended.

For further information of our Company’s financial information, please see “**Financial Information**” beginning on page 319.

Our Company’s fiscal year commences on April 1 of each year and ends on March 31 of the next year. Accordingly, all references to a particular fiscal year (referred to herein as “**Fiscal**”, “**Fiscal Year**”, “**Financial Year**”) are to the 12 months ended March 31 of that particular year, unless otherwise specified.

The degree to which the financial information included in this Draft Red Herring Prospectus will provide

meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting policies and practices, Ind AS, the Companies Act, 2013, and the SEBI ICDR Regulations. Any reliance by persons not familiar with Indian accounting policies and practices on the financial disclosures presented in this Draft Red Herring Prospectus should, accordingly, be limited. There are significant differences between Ind AS, Indian GAAP, U.S. GAAP and IFRS. Our Company does not provide reconciliation of its financial information to IFRS or U.S. GAAP. Our Company has not attempted to explain those differences or quantify their impact on the financial data included in this Draft Red Herring Prospectus and it is urged that you consult your own advisors regarding such differences and their impact on our financial data. For details, see ***“Risk Factors – Indian accounting standard (“Ind AS”) and other accounting principles, such as international financial reporting standards (“IFRS”) and United States generally accepted accounting principles (“US GAAP”) have significant differences, which may be material to investors’ assessments of our financial condition”*** on page 81.

All the figures in this Draft Red Herring Prospectus have been presented in million or in whole numbers where the numbers have been too small to present in million unless stated otherwise. One million represents 1,000,000 and one billion represents 1,000,000,000. Certain figures contained in this Draft Red Herring Prospectus, including financial information, have been subject to rounding adjustments. Certain figures in decimals have been rounded off to the two decimal points. Any discrepancies in any table between the totals and the sum of the amounts listed are due to rounding off. In certain instances, (i) the sum or percentage change of numbers may not conform exactly to the total figure given, and (ii) the sum of the figures in a column or row in certain tables may not conform exactly to the total figure given for that column or row. Figures sourced from third-party industry sources may be expressed in denominations other than million or may be rounded off to other than two decimal points in the respective sources, and such figures have been expressed in this Draft Red Herring Prospectus in such denominations or rounded-off to such number of decimal points as provided in such respective sources

Unless the context otherwise indicates, any percentage amounts, as set forth in ***“Risk Factors”***, ***“Our Business”*** and ***“Management’s Discussion and Analysis of Financial Condition and Results of Operations”*** on pages 36, 225 and 396, respectively, and elsewhere in this Draft Red Herring Prospectus have been calculated on the basis of amounts derived from the Restated Financial Information.

#### *Non-Generally Accepted Accounting Principles Financial Measures*

This Draft Red Herring Prospectus contains certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance like Adjusted Gross Margin, EBITDA, EBITDA Margin, Profit / (Loss) for the year Margin and certain other supplemental statistical information relating to our operations and financial performance (together, ***“Non-GAAP Measures”***) that are not required by, or presented in accordance with, Ind AS, Indian GAAP, or IFRS. Further, these non-GAAP measures are not a measurement of our financial performance or liquidity under Ind AS, Indian GAAP, IFRS or U.S. GAAP and should not be considered in isolation or construed as an alternative to profit/ (loss) for the years, cash flows, liquidity or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS, Indian GAAP, IFRS or U.S. GAAP. We compute and disclose such non-Indian GAAP financial measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance. These non-Indian GAAP financial measures and other statistical and other information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other companies and are not measures of operating performance or liquidity defined by Ind AS and may not be comparable to similarly titled measures presented by other companies. For the risks relating to our Non-GAAP Measures, see ***“Risk Factors – We track certain operational metrics and non-GAAP (generally accepted accounting principles) measures for our operations with internal systems and tools and do not independently verify such metrics. Certain of our operational metrics are subject to inherent challenges in measurement and any real or perceived inaccuracies in such metrics may adversely affect our business and reputation.”*** on page 73.

#### **Industry and Market Data**

Industry publications generally state that the information contained in such publications has been obtained from publicly available documents from various sources. The data used in these sources may have been re-classified by us for the purposes of presentation. Data from these sources may also not be comparable. Accordingly, no

investment decision should be made solely on the basis of such information. Further, industry sources and publications are also prepared based on information as of a specific date and may no longer be current or reflect current trends.

Unless stated otherwise, industry and market data used in this Draft Red Herring Prospectus is derived from the report titled, “*Assessment of Electric Two-wheeler Industry in India*” dated September, 2024 (“**CRISIL Report**”) prepared by CRISIL appointed by our Company pursuant to an engagement letter dated May 7, 2024, and such CRISIL Report has been commissioned by and paid for by our Company, exclusively in connection with the Offer. Further, CRISIL pursuant to their consent letter dated September 4, 2024 has accorded its no objection and consent to use the CRISIL Report in connection with the Offer and has also confirmed that it is an independent agency, and that it is not related to our Company, our Directors, our Promoters, our Key Managerial Personnel or our Senior Management or the BRLMs.

The CRISIL Report is available on the website of our Company at <https://www.atherenergy.com/investor-relations/drhp-documents>.

CRISIL MI&A has required us to include the following disclaimer in connection with the CRISIL Report:

*“CRISIL MI&A, a division of CRISIL Limited (“CRISIL”) has taken due care and caution in preparing the CRISIL Report based on the Information obtained by CRISIL from sources which it considers reliable. However, CRISIL does not guarantee the accuracy, adequacy or completeness of the Data/ Report and will not be responsible for any errors or omissions or for the results obtained from the use of Data/ Report. The CRISIL Report is not a recommendation to invest / disinvest in any company covered in the CRISIL Report. CRISIL especially states that it has no financial liability whatsoever to the subscribers/ users/ transmitters/ distributors of the Report. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL’s Ratings Divisions, which may, in their regular operations, obtain information of a confidential nature. The views expressed in the CRISIL Report are that of CRISIL Research and not of CRISIL Ratings Division. No part of the CRISIL Report may be published / reproduced in any form without CRISIL’s prior written approval”.*

The extent to which industry and market data set forth in this Draft Red Herring Prospectus is meaningful depends on the reader’s familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions may vary widely among different industry sources. Accordingly, no investment decision should be made solely on the basis of such information. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those disclosed in “**Risk Factors – We have used information from the CRISIL Report which we commissioned and paid for exclusively in relation to the Offer and any reliance on information therein is subject to inherent risks**” on page 72.

In accordance with the SEBI ICDR Regulations, the section “**Basis for Offer Price**” on page 166, includes information relating to our peer group companies and industry averages. Such information has been derived from publicly available sources. Such industry sources and publications are also prepared based on information as at specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base this information on estimates and assumptions that may prove to be incorrect.

#### **Notice to Prospective Investors in the United States**

The Equity Shares have not been recommended by any U.S. federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Draft Red Herring Prospectus or approved or disapproved the Equity Shares. Any representation to the contrary is a criminal offence in the United States. In making an investment decision, investors must rely on their own examination of our Company and the terms of the Offer, including the merits and risks involved. The Equity Shares offered in the Offer have not been and will not be registered under the U.S. Securities Act or any other applicable law of the United States and, unless so registered, may not be offered or sold within the United States



except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold (a) in the United States only to persons reasonably believed to be “qualified institutional buyers” (as defined in Rule 144A under the U.S. Securities Act and referred to in this Draft Red Herring Prospectus as “**U.S. QIBs**”; for the avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investor defined under applicable Indian regulations and referred to in this Draft Red Herring Prospectus as “**QIBs**”) in transactions exempt from the registration requirements of the U.S. Securities Act and (b) outside of the United States in offshore transactions as defined in and in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales are made. See “*Other Regulatory and Statutory Disclosures – Eligibility and Transfer Restrictions*” on page 450.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made, by persons in any such jurisdiction except in compliance with the applicable laws of such jurisdiction.

## FORWARD-LOOKING STATEMENTS

This Draft Red Herring Prospectus contains certain “forward-looking statements”. All statements regarding our expected financial condition and results of operations, business, plans and prospects are forward looking statements, which may include statements with respect to our business strategy, our revenue and profitability, our goals and other such matters discussed in this Draft Red Herring Prospectus regarding matters that are not historical facts. These forward-looking statements generally can be identified by words or phrases such as “*aim*”, “*anticipate*”, “*believe*”, “*goal*”, “*expect*”, “*estimate*”, “*intend*”, “*likely to*”, “*objective*”, “*plan*”, “*projected*”, “*should*” “*will*”, “*will continue*”, “*seek to*”, “*will pursue*” or other words or phrases of similar import. Similarly, statements that describe our expected financial conditions, results of operations, strategies, objectives, prospects, plans or goals are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements. All forward-looking statements whether made by us or any third parties in this Draft Red Herring Prospectus are based on our current plans, estimates, presumptions and expectations and are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement.

Actual results may differ materially from those suggested by the forward-looking statements due to risks or uncertainties associated with the expectations with respect to, but not limited to, regulatory changes pertaining to the industry in which our Company has businesses and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India and globally which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, incidence of any natural calamities and/or acts of violence, changes in laws, regulations and taxes and changes in competition in our industry.

Important factors that could cause actual results to differ materially from our expectations include, but are not limited to, the following:

- we have experienced losses and negative cash flows experienced by us from operations since inception;
- our limited operating history makes evaluating our business and future prospects difficult;
- our dependence on the demand for and adoption of E2Ws;
- our ability to attract customers;
- our competitiveness within the highly competitive Indian automotive market depends on our ability to successfully develop, market and deliver new and quality EV models and launch new associated services;
- defects or quality issues in our EVs, software, charging infrastructure, accessories or the components used in the manufacture of our EVs (electric vehicles) may cause us to fail to meet industry standards or advertised performance levels;
- we currently derive our revenue predominantly from the sale of limited electric two-wheeler models. If our E2Ws are not well-received by the market, our business and future prospects;
- if our E2Ws do not meet the promised level of performance and quality, we may be required to undertake product recalls or other corrective actions;
- failure of our suppliers to deliver components used in our E2Ws as agreed, may cause delays in our manufacturing and delivery timelines or an increase in the retail price of our EVs; and
- the retail prices of our electric two-wheelers are susceptible to a reduction or elimination of government incentives or the ineligibility of our electric two-wheelers for such incentives. The increase in retail price could affect customer demand and in turn, adversely impact our business and prospects.

For a further discussion on factors that could cause our actual results to differ from our expectations, see “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages 36, 225 and 396, respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual gains or losses could materially differ from those that have been estimated.

Forward-looking statements reflect our views as of the date of this Draft Red Herring Prospectus and are not a guarantee of future performance. These statements are based on our management’s beliefs and assumptions, which in turn are based on the currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and

the forward-looking statements based on these assumptions could be incorrect. None of our Company, Directors, the Selling Shareholders, and the BRLMs or their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. There can be no assurance to Bidders that the expectations reflected in these forward-looking statements will prove to be correct. Given these uncertainties, Bidders are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements to be a guarantee of our future performance.

In accordance with regulatory requirements of SEBI and as prescribed under applicable law, our Company will ensure that investors in India are informed of material developments from the date of filing of the Red Herring Prospectus until the date of Allotment. In accordance with the requirements of SEBI, each of the Selling Shareholders, shall, severally and not jointly, ensure that our Company is informed of material developments in relation to the statements and undertakings specifically made or confirmed by it in relation to its portion of Offered Shares in the Red Herring Prospectus until the date of Allotment. Only statements and undertakings which are specifically confirmed or undertaken by each of the Selling Shareholders to the extent of information pertaining to it and/or its respective portion of the Offered Shares, as the case may be, in this Draft Red Herring Prospectus shall be deemed to be statements and undertakings made by such Selling Shareholder, as of the date of this Draft Red Herring Prospectus.

## SUMMARY OF THE DRAFT OFFER DOCUMENT

This section is a general summary of certain disclosures included in this Draft Red Herring Prospectus and is not exhaustive, nor does it purport to contain a summary of all the disclosures in this Draft Red Herring Prospectus or all details relevant to prospective investors. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Draft Red Herring Prospectus, including the sections titled “Risk Factors”, “The Offer”, “Capital Structure”, “Objects of the Offer”, “Industry Overview”, “Our Business”, “Financial Information”, “Our Promoters and Promoter Group”, “Outstanding Litigation and Material Developments”, “Offer Procedure” and “Provisions of the Articles of Association” beginning on pages 36, 87, 103, 142, 183, 225, 319, 312, 431, 475 and 500, respectively.

### Summary of Business

We are a pure play EV company that designs all its products ground-up in India. Since our inception in 2013, we have focused on product and technology development in India in order to build an E2W ecosystem. Our E2W portfolio currently consists of two product lines, the Ather 450 and the Ather Rizta, comprising a total of seven variants. Our E2Ws are complemented by our product ecosystem, which comprises our charging infrastructure, accessories and the Atherstack. We focus on delivering quality products and user experiences. Our products are positioned at premium prices in their respective segments.

For further details, see “*Our Business*” on page 225.

### Summary of Industry

According to the CRISIL Report, India is the largest global motorised 2W market by volume with 18.4 million units sold domestically in Fiscal Year 2024. Currently, exports account for 15% to 20% of the overall 2W sales. There is a clear shift towards preferences for more premium vehicles within the 2W industry. The launch of EVs at competitive prices with advanced features is driving consumer interest and accelerating the growth of E2Ws, which is expected to reach 10.2 – 12.2 million units by Fiscal Year 2031. Electrification and premiumisation trends hence present a large domestic and international opportunity for E2W players.

For further details, see “*Industry Overview*” on page 183.

### Promoters

The Promoters of our Company are Tarun Sanjay Mehta, Swapnil Babanlal Jain and Hero MotoCorp Limited.

For further details, see “*Our Promoters and Promoter Group*” on page 312.

### Offer Size

The following table summarizes the details of the Offer. For further details, see “*The Offer*” and “*Offer Structure*” beginning on pages 87 and 469, respectively.

Offer	[●] Equity Shares of face value of ₹1 each, aggregating to ₹ [●] million
<i>of which</i>	
Fresh Issue <sup>(1)(3)</sup>	[●] Equity Shares of face value of ₹1 each, aggregating up to ₹ 31,000 million
Offer for Sale <sup>(2)(4)</sup>	Up to 22,000,766 Equity Shares of face value of ₹1 each, aggregating to ₹ [●] million by the Selling Shareholders
<b>The Offer consists of:</b>	
Employee Reservation Portion <sup>(5)</sup>	[●] Equity Shares of face value of ₹1 each, aggregating up to ₹ [●] million
HMCL Shareholder Reservation Portion <sup>(6)</sup>	[●] Equity Shares of face value of ₹1 each, aggregating up to ₹ [●] million
Net Offer	[●] Equity Shares of face value of ₹1 each, aggregating to ₹ [●] million

(1) The Offer has been authorized by a resolution of our Board dated August 27, 2024. Our Shareholders have authorised the Fresh Issue pursuant to their special resolution passed at the EGM dated September 5, 2024.

(2) Our Board has taken on record the authorisations for the Offer for Sale by each of the Selling Shareholders pursuant to its resolution dated September 6, 2024. For details of authorisations received from the Selling Shareholders for the Offer for Sale, see “*Other Regulatory and Statutory Disclosures – Authority for the Offer – Consents from the Selling Shareholders*” on page 446. The Offered Shares are eligible for being offered for sale in the Offer in compliance with the SEBI ICDR Regulations. Further, each Selling

Shareholder has, severally and not jointly, confirmed compliance with and will severally and not jointly comply with the conditions specified in Regulation 8A of the SEBI ICDR Regulations, to the extent applicable. For further details, see “**The Offer**” and “**Other Regulatory and Statutory Disclosures**” beginning on pages 87 and 446, respectively.

- (3) Our Company, in consultation with the BRLMs, may consider a Pre-IPO Placement of specified securities, as may be permitted under the applicable law, aggregating up to ₹ 6,200 million prior to filing of the Red Herring Prospectus with the RoC. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company, in consultation with the BRLMs. If the Pre-IPO Placement is completed, the amount raised pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to compliance with Rule 19(2)(b) of the SCRR. The Pre-IPO Placement shall not exceed 20% of the size of the Fresh Issue. Prior to the completion of the Offer, our Company shall appropriately intimate the subscribers to the Pre-IPO Placement, prior to allotment pursuant to the Pre-IPO Placement, that there is no guarantee that our Company may proceed with the Offer or the Offer may be successful and will result into listing of the Equity Shares on the Stock Exchanges. Further, relevant disclosures in relation to such intimation to the subscribers to the Pre-IPO Placement (if undertaken) shall be appropriately made in the relevant sections of the RHP and Prospectus.
- (4) As on the date of this Draft Red Herring Prospectus, there are 17,436,522 Preference Shares that are outstanding. Prior to filing of the Red Herring Prospectus with the RoC the following CCPS will convert maximum of up to 269,196,676 Equity Shares in accordance with the SEBI ICDR Regulations:
- (a) 710 Series Seed - One CCPS shall be converted to 185,310 Equity Shares.
  - (b) 530 Series Seed - Two CCPS shall be converted to 138,330 Equity Shares.
  - (c) 350 Series Seed - Three CCPS shall be converted to 91,350 Equity Shares.
  - (d) 21,900 Series Seed - Four CCPS shall be converted to 5,715,900 Equity Shares.
  - (e) 74,732 Series A CCPS shall be converted to 19,505,052 Equity Shares.
  - (f) 99,826 Series B CCPS shall be converted to 26,054,586 Equity Shares.
  - (g) 29,347 Series B1 CCPS shall be converted to 8,146,071 Equity Shares.
  - (h) 29,699 Series C CCPS shall be converted to 7,751,961 Equity Shares.
  - (i) 20,688 Series C1 CCPS shall be converted to 5,400,351 Equity Shares.
  - (j) 88,040 Series D CCPS shall be converted to 22,978,440 Equity Shares.
  - (k) 193,789 Series E CCPS shall be converted to 50,578,929 Equity Shares.
  - (l) 51,359 Series E1 CCPS shall be converted to 13,404,699 Equity Shares.
  - (m) 204,391 Series E2 CCPS shall be converted to 53,346,051 Equity Shares.
  - (n) 74,148 Series F CCPS shall be converted up to a maximum of 19,352,628 Equity Shares.
  - (o) 18,088 CCPS shall be converted to 4,720,968, Equity Shares and 16,528,925 Series G CCPS shall be converted up to a maximum of 31,826,050 Equity Shares.
- (5) Eligible Employees bidding in the Employee Reservation Portion must ensure that the maximum Bid Amount does not exceed ₹500,000 (net of Employee Discount, if any). However, the initial Allotment to an Eligible Employee in the Employee Reservation Portion shall not exceed ₹200,000 (net of Employee Discount, if any). In the event of under-subscription in the Employee Reservation Portion (if any), the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹ 200,000 (net of Employee Discount, if any), subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹ 500,000 (net of Employee Discount, if any). The unsubscribed portion, if any, in the Employee Reservation Portion after allocation of up to ₹ 500,000 (net of Employee Discount, if any), shall be added to the Net Offer. Our Company, in consultation with the BRLMs, may offer a discount of [●]% on the Offer Price (equivalent of ₹ [●] per Equity Share) to Eligible Employees bidding in the Employee Reservation Portion which shall be announced two Working Days prior to the Bid/Offer Opening Date. For further details, see “**Offer Procedure**” and “**Offer Structure**” beginning on pages 475 and 469, respectively.
- (6) The HMCL Shareholder Reservation Portion shall not exceed 10% of the Offer size available for allocation to Eligible HMCL Shareholders, on a proportionate basis. The unsubscribed portion, if any, in the Shareholder Reservation Portion, shall be added to the Net Offer. For further details, see “**Offer Structure**” on page 469.

The Offer shall constitute [●]% of the post-Offer paid up equity share capital of our Company. See “**The Offer**” and “**Offer Structure**” beginning on pages 87 and 469, respectively.

## Objects of the Offer

The Net Proceeds are proposed to be used in accordance with the details provided in the following table:

S. No	Particulars	Amount (in ₹ million) <sup>(2)</sup>
1.	Capital expenditure to be incurred by our Company for establishment of an E2W factory in Maharashtra, India	9,272
2.	Repayment/ pre-payment, in full or part, of certain borrowings availed by our Company	3,782
3.	Investment in research and development	7,500
4.	Expenditure towards marketing initiatives	3,000
5.	General corporate purposes <sup>(1)</sup>	[●]
<b>6.</b>	<b>Total Net Proceeds</b>	<b>[●]</b>

(1) To be finalized upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC. The amount utilised for general corporate purposes shall not exceed 25% of the Gross Proceeds.

- (2) Our Company, in consultation with the BRLMs, may consider a Pre-IPO Placement of specified securities, as may be permitted under the applicable law, aggregating up to ₹ 6,200 million prior to filing of the Red Herring Prospectus with the RoC. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company, in consultation with the BRLMs. If the Pre-IPO Placement is completed, the amount raised pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to compliance with Rule 19(2)(b) of the SCRR. The Pre-IPO Placement shall not exceed 20% of the size of the Fresh Issue. Prior to the completion of the Offer, our Company shall appropriately intimate the subscribers to the Pre-IPO Placement, prior to allotment pursuant to the Pre-IPO Placement, that there is no guarantee that our Company may proceed with the Offer or the Offer may be successful and will result into listing of the Equity Shares on the Stock Exchanges. Further, relevant disclosures in relation to such intimation to the subscribers to the Pre-IPO Placement (if undertaken) shall be appropriately made in the relevant sections of the RHP and Prospectus.

For further details, see “*Objects of the Offer*” on page 142.

### Aggregate pre-Offer Shareholding of our Promoters, members of our Promoter Group and Selling Shareholders

The aggregate pre-Offer shareholding and percentage of the pre-Offer paid-up Equity Share capital, of each of our Promoters, members of our Promoter Group and Selling Shareholders as on the date of this Draft Red Herring Prospectus is set forth below:

S. No	Name of the shareholder	Number of Equity Shares of face value of ₹ 1 each	Number of Preference Shares	Number of Equity Shares of face value of ₹1 each, on a fully diluted basis	Percentage of pre-Offer Equity Share capital, on a fully diluted basis (%) <sup>^</sup>
<b>Promoters</b>					
1.	Tarun Sanjay Mehta	10,841,418	37,074	20,517,732	6.63
2.	Swapnil Babanlal Jain	10,841,418	37,074	20,517,732	6.63
3.	HMCL	1,337,625	433,938	115,083,252	37.20
<b>Total (A)</b>		<b>23,020,461</b>	<b>508,086</b>	<b>156,118,716</b>	<b>50.47</b>
<b>Promoter Group</b>					
4.	Mehta Family Trust	783,000	-	783,000	0.25
5.	Tarun Swarna Family Trust	522,000	-	522,000	0.17
6.	Swapnil Jain Family Trust	652,500	-	652,500	0.21
7.	Jain Family Trust	652,500	-	652,500	0.21
<b>Total (B)</b>		<b>2,610,000</b>	<b>-</b>	<b>2,610,000</b>	<b>0.84</b>
<b>Selling Shareholders*</b>					
8.	Caladium Investment Pte Ltd	26,100	178,116	46,514,376	15.04
9.	National Investment and Infrastructure Fund II (represented by and acting through its investment manager, National Investment and Infrastructure Fund Limited)	26,100	78,107	20,412,027	6.60
10.	Internet Fund III Pte. Ltd.	26,100	75,612	19,760,832	6.39
11.	3State Ventures Pte. Ltd.	-	10,950	2,857,950	0.92
12.	IITM Incubation Cell	1,372,860	-	1,372,860	0.44
13.	IITMS Rural Technology and Business Incubator	-	710	185,310	0.06
14.	Amit Bhatia	-	71	18,531	0.01
15.	Karandeep Singh	-	51	13,311	Negligible**
<b>Total (C)</b>		<b>1,451,160</b>	<b>343,617</b>	<b>91,135,197</b>	<b>29.46</b>
<b>Total (D=A+B+C)</b>		<b>27,081,621</b>	<b>851,703</b>	<b>249,863,913</b>	<b>80.77</b>

\* Swapnil Babanlal Jain and Tarun Sanjay Mehta are also Promoter Selling Shareholders.

\*\* Less than 0.005%

^ Calculated on the basis of total Equity Shares held and such number of Equity Shares on a fully diluted basis, including those which will result upon conversion of outstanding Preference Shares and vested options under the ESOP Scheme.

For further details, see “**Capital Structure**” beginning on page 103.

### Summary of Selected Financial Information derived from our Restated Financial Information

The summary of selected financial information of our Company derived from the Restated Financial Information is set forth below:

(₹ in million, unless otherwise specified)

Particulars	As at and for the year ended March 31, 2024	As at and for the year ended March 31, 2023	As at and for the year ended March 31, 2022
Equity Share capital* (₹)	241,640	241,640	241,440
Instruments entirely equity in nature	8	6	7
Net Worth	5,459	6,137	2,249
Revenue from operations	17,538	17,809	4,089
Loss for the year	(10,597)	(8,645)	(3,441)
Earnings per share*			
- Basic earnings per share (₹)	(47)	(48)	(27)
- Diluted earnings per share (₹)	(47)	(48)	(27)
Net Asset Value (NAV) per Equity Share* (₹)	24	34	18
Current borrowings	2,840	3,647	1,897
Non-current borrowings	309	1,205	1,087
Total borrowings	3,149	4,852	2,984

\* The Board of Directors in its meeting held on June 18, 2024 and Shareholders of the Company in the EGM held on June 21, 2024 approved the issuance of bonus equity share of ₹ 1 each in the ratio of 260:1 and 224:1 for the equity shares of ₹ 1 each and for the equity shares of ₹ 37 each respectively and also approved the sub-division of 3,530 equity shares of ₹ 37 each into 130,610 equity shares of ₹ 1 each. The conversion ratio of the CCPS into Equity Shares and the employee stock options along with its price per option have been adjusted accordingly. The number of shares used for the calculation of earnings per share, and net asset value per share have been adjusted for pursuant to Paragraph 64 of Ind AS 33 – “Earnings Per Share”, prescribed under Section 133 of the Companies Act, 2013.

**Notes:**

A. The ratios have been computed as follows:

- Basic EPS is calculated as loss for the year attributable to owners of our Company divided by the weighted average number of Equity Shares outstanding during the year.
- Diluted EPS is calculated as loss for the year attributable to owners of our Company divided by the weighted average number of Equity Shares outstanding during the year adjusted for the effects of all dilutive potential Equity Shares.
- Net Asset Value per Equity Share (in ₹) is computed as Net Worth at the end of the year divided by weighted average number of Equity Shares outstanding during the year.

B. Accounting and other ratios are derived from the Restated Financial Information.

C. Net-worth means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off as per the restated financial information, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.

D. Total borrowings means total of non-current borrowings and current borrowing.

E. Weighted average number of equity shares (including equivalent number of equity shares on conversion of instruments entirely equity in nature) is the number of equity shares outstanding at the beginning of the year adjusted by the number of equity shares issued during the year multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the year

F. Earnings per share calculations are in accordance with Ind AS 33 “Earnings per share”.

G. For reconciliation of Non-GAAP measures, please see “**Other Financial Information – Reconciliation of Non-GAAP Measures**” on page 393.

For further details, see “**Financial Information - Restated Financial Information**” and “**Other Financial Information**” on pages 319 and 392, respectively.

### Qualifications of the Auditors which have not been given effect to in the Restated Financial Information

The Statutory Auditors have not made any qualifications in their examination report, which have not been given effect to in the Restated Financial Information.

### Summary of Outstanding Litigation

A summary of outstanding litigation proceedings involving our Company, our Promoters, our Directors and our

Group Company, as disclosed in this Draft Red Herring Prospectus, is provided below:

Category of individuals/entities	Criminal proceedings	Tax proceedings	Statutory or regulatory actions	Disciplinary actions by the SEBI or Stock Exchanges against our Promoters in the last five years, including outstanding action	Material civil litigations as per the Materiality Policy	Aggregate amount involved* (in ₹ million)
<b>Company</b>						
By our Company	Nil	Nil	NA	NA	Nil	Nil
Against our Company	Nil	26	Nil	Nil	Nil	796.44**
<b>Directors</b>						
By our Directors	Nil	Nil	Nil	NA	Nil	Nil
Against our Directors	1	14	Nil	Nil	Nil	Nil
<b>Promoters</b>						
By the Promoters#	1	Nil	Nil	NA	Nil	Nil
Against our Promoters#	9	84	1	Nil	Nil	103,482.15^
<b>Group Company</b>						
By our Group Company	Nil	Nil	Nil	Nil	Nil	N.A.
Against our Group Company	Nil	Nil	Nil	Nil	Nil	N.A.

\* To the extent quantifiable.

\*\* This amount excludes interest and penalty.

#All litigations reflected hereunder are related to our Corporate Promoter.

^This amount includes interest and penalty wherever applicable.

As on the date of this Draft Red Herring Prospectus, our Company does not have any Subsidiaries.

For further details of the outstanding litigation proceedings, see “*Outstanding Litigation and Material Developments*” beginning on page 431.

## Risk Factors

Please see “*Risk Factors*” beginning on page 36. Investors are advised to read the risk factors carefully before making an investment decision in the Offer.

## Summary of Contingent Liabilities

The following is a summary table of our contingent liabilities as per Ind AS 37 as at March 31, 2024 as indicated in our Restated Financial Information:

Particulars	(in ₹ million) As at March 31, 2024
Claims against the Company not acknowledged as debt (Custom Duties, GST and litigation)	9

For further details, please see “*Financial Information - Restated Financial Information – Note 35 – Contingent Liabilities and Commitments*”, “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” and “*Outstanding Litigation and Material Developments*” beginning on pages 373, 396 and 431, respectively.

## Summary of Related Party Transactions

The following is the summary of transactions with related parties as at and for Fiscals 2024, 2023 and 2022, as per the requirements under Ind AS 24.



(₹ in million)

S. No	Related parties with whom transactions have taken place	Nature of transaction	Fiscal 2024	Fiscal 2023	Fiscal 2022
1.	Hero MotoCorp Limited	Issue of compulsorily convertible preference shares	5,000	2,625	-
2.	Hero MotoCorp Limited	Issue of Equity Shares on exercise of the right to subscribe	-	-	49
3.	Hero MotoCorp Limited	Issue of bonus compulsorily convertible preference share	283	-	-
4.	Hero MotoCorp Limited	Issue of compulsorily convertible preference shares on conversion of compulsorily convertible debentures	-	1,500	-
5.	Hero MotoCorp Limited	Issue of compulsorily convertible debentures	-	-	1,500
6.	Hero MotoCorp Limited	Revenue from charging Infrastructure usage	0***	-	-
7.	Hero MotoCorp Limited	Expense on charging infrastructure usage	1	-	-
8.	Hero MotoCorp Limited	Fair valuation impact of right to subscribe liability	(84)	367	19
9.	Hero FinCorp Limited	Term loan taken	-	1,500	1,300
10.	Hero FinCorp Limited	Repayment of term loan	1,064	1,319	445
11.	Hero FinCorp Limited	Interest on term loan*	216	175	253
12.	Hero FinCorp Limited	Deposit given to / (refunded by) lender	(295)	295	-
13.	Hero FinCorp Limited	Interest subvention	3	-	-
14.	Hero FinCorp Limited	Commission income	1	-	-
15.	Hero FinCorp Limited	Fair valuation impact of right to subscribe liability	(12)	22	10
16.	Sachin Bansal	Issue of Equity Shares on exercise of right to subscribe	-	-	197
17.	Managerial remuneration paid to key managerial personnel	Employee benefits**	214	76	36
18.	Managerial remuneration paid to key managerial personnel	Share based payments	667	399	9

\* Excludes ₹ 16 million (March 31, 2023: ₹ 17 million, March 31, 2022: ₹ 10 million) charged to restated statement of profit & loss on account of effective interest rate calculation as per Ind AS.

\*\*The actuarial valuation report of gratuity and compensated absence liabilities are taken for the entire Company without any bifurcation to any specific employee, hence it is not included in related party transaction.

\*\*\* Denotes an amount less than ₹ 0.5 million.

Note: All related party transactions were entered at arm's length basis and in the ordinary course of business.

For details of the related party transactions in accordance with Ind AS 24, see “**Financial Information - Restated Financial Information – Note 36 – Related party disclosures**” on page 374.

### Financing Arrangements

There have been no financing arrangements whereby our Promoters, members of our Promoter Group, our Directors and their relatives have financed the purchase by any other person of securities of our Company (other than in the normal course of the business) during a period of six months immediately preceding the date of this Draft Red Herring Prospectus.

**Details of price at which specified securities of our Company were acquired by our Promoters, members of the Promoter Group, Selling Shareholders and Shareholders with right to nominate directors or other special rights in the last three years preceding the date of this Draft Red Herring Prospectus**

Except as disclosed below, none of the Promoters, members of the Promoter Group, Selling Shareholders or Shareholders with right to nominate directors or other special rights acquired specified securities in the last three years preceding the date of this Draft Red Herring Prospectus. The details of price at which specified securities acquired are as follows:

Name of acquirer/ shareholder	Nature of the transaction	Nature of specified securities	Face value (in ₹)	Date of acquisition	Number of specified securities	Acquisition price per specified security (in ₹)*
<b>Promoters</b>						
Tarun Sanjay Mehta <sup>@</sup>	Bonus issue	Equity Shares	1	June 22, 2024	10,348,000	N.A.
	Exercise of stock options pursuant to the Companies (Share Capital and Debentures) Rules, 2014	Equity Shares	1	July 4, 2024	453,618	Negligible**
	Private placement	Series F CCPS	1	July 9, 2024	37,074	11,674
Swapnil Babanlal Jain <sup>@</sup>	Bonus issue	Equity Shares	1	June 22, 2024	10,348,000	N.A.
	Exercise of stock options pursuant to the Companies (Share Capital and Debentures) Rules, 2014	Equity Shares	1	July 4, 2024	453,618	Negligible**
	Private placement	Series F CCPS	1	July 9, 2024	37,074	11,674
Hero MotoCorp Limited	Rights issue	Equity Shares	1	February 21, 2022	998	1
	Private placement	Series E CCPS	10	May 18, 2022	53,652	48,926
	Allotment on conversion of compulsorily convertible debentures of face value ₹100 each	Series E CCPS	10	May 18, 2022	30,658	48,926
	Rights issue	Series E2 CCPS	10	September 12, 2023	113,404	44,090
	Bonus issue	CCPS	10	December 7, 2023	1,720	N.A.
	Bonus issue	CCPS	10	December 7, 2023	4,700	N.A.
	Transfer from Sachin Bansal	Series C CCPS	10	March 20, 2024	7,759	44,090
	Transfer from Sachin Bansal	Series D CCPS	10	March 20, 2024	20,189	44,090
	Transfer from Sachin Bansal	Series Seed Four CCPS	37	March 20, 2024	3,672	44,090
	Bonus issue	Equity Shares	1	June 22, 2024	285,480	N.A.
Transfer from Sachin Bansal	Series C CCPS	10	August 2, 2024	8,450	55,000	
Transfer from	Series D CCPS	10	August 2,	5,543	55,000	

Name of acquirer/ shareholder	Nature of the transaction	Nature of specified securities	Face value (in ₹)	Date of acquisition	Number of specified securities	Acquisition price per specified security (in ₹)*
	Sachin Bansal			2024		
	Transfer from Sachin Bansal	CCPS	10	August 2, 2024	4,495	55,000
	Transfer from Sachin Bansal	Equity Shares	1	August 5, 2024	1,051,047	210.73
<b>Promoter Group</b>						
Mehta Family Trust	Gift from Tarun Sanjay Mehta	Equity Shares	1	March 26, 2024	3,000	N.A.
	Bonus issue	Equity Shares	1	June 22, 2024	780,000	N.A.
Tarun Swarna Family Trust	Gift from Tarun Sanjay Mehta	Equity Shares	1	March 26, 2024	2,000	N.A.
	Bonus issue	Equity Shares	1	June 22, 2024	520,000	N.A.
Babanlal Girdharilal Jain	Gift from Swapnil Babanlal Jain	Equity Shares	1	June 4, 2024	2,500	N.A.
	Bonus issue	Equity Shares	1	June 22, 2024	650,000	N.A.
Jain Family Trust	Gift from Swapnil Babanlal Jain	Equity Shares	1	June 6, 2024	2,500	N.A.
	Bonus issue	Equity Shares	1	June 22, 2024	650,000	N.A.
Swapnil Jain Family Trust	Gift from Babanlal Girdharilal Jain	Equity Shares	1	August 7, 2024	652,500	N.A.
<b>Selling Shareholders</b>						
Amit Bhatia	Private placement	Series E CCPS	10	May 18, 2022	70	48,926
	Bonus issue	CCPS	10	December 7, 2023	1	N.A.
Karandeep Singh	Private placement	Series E CCPS	10	May 18, 2022	50	48,926
	Bonus issue	CCPS	10	December 7, 2023	1	N.A.
Caladium Investment Pte Ltd	Private placement	Series E CCPS	10	May 18, 2022	30,558	48,926
	Private placement	Equity Shares	10	May 18, 2022	100	48,926
	Private placement	Series E1 CCPS	10	November 9, 2022	51,276	78,008
	Rights issue	Series E2 CCPS	10	September 12, 2023	90,723	44,090
	Bonus issue	CCPS	10	December 7, 2023	4,936	N.A.
	Bonus issue	CCPS	10	December 7, 2023	623	N.A.
	Bonus issue	Equity Shares	1	June 22, 2024	26,000	N.A.
National Investment and Infrastructure Fund II (represented by and acting through its investment manager, National Investment and Infrastructure Fund Limited)	Private placement	Series E CCPS	10	May 18, 2022	76,546	48,926
	Private placement	Equity Shares	10	May 18, 2022	100	48,926
	Bonus issue	CCPS	10	December 7, 2023	1,561	N.A.
	Bonus issue	Equity Shares	1	June 22, 2024	26,000	N.A.

Name of acquirer/ shareholder	Nature of the transaction	Nature of specified securities	Face value (in ₹)	Date of acquisition	Number of specified securities	Acquisition price per specified security (in ₹)*	
Internet Fund III Pte Ltd	Bonus issue	Equity Shares	1	June 22, 2024	26,000	N.A.	
3State Ventures Pte. Ltd.	Transfer from Binny Bansal	Series Seed Four CCPS	37	July 22, 2022	10,950	48,900	
IITM Incubation Cell	Bonus issue	Equity Shares	1	June 22, 2024	1,367,600	N.A.	
<b>Shareholders with right to nominate directors or other rights</b>							
Tarun Mehta <sup>@</sup>	Sanjay	Bonus issue	Equity Shares	1	June 22, 2024	10,348,000	N.A.
		Exercise of stock options pursuant to the Companies (Share Capital and Debentures) Rules, 2014	Equity Shares	1	July 4, 2024	453,618	Negligible**
		Private placement	Series F CCPS	1	July 9, 2024	37,074	11,674
Swapnil Babanlal Jain <sup>@</sup>		Bonus issue	Equity Shares	1	June 22, 2024	10,348,000	N.A.
		Exercise of stock options pursuant to the Companies (Share Capital and Debentures) Rules, 2014	Equity Shares	1	July 4, 2024	453,618	Negligible**
		Private placement	Series F CCPS	1	July 9, 2024	37,074	11,674
Hero MotoCorp Limited		Rights issue	Equity Shares	1	February 21, 2022	998	1
		Private placement	Series E CCPS	10	May 18, 2022	53,652	48,926
		Allotment on conversion of compulsorily convertible debentures of face value ₹100 each	Series E CCPS	10	May 18, 2022	30,658	48,926
		Rights issue	Series E2 CCPS	10	September 12, 2023	113,404	44,090
		Bonus issue	CCPS	10	December 7, 2023	1,720	N.A.
		Bonus issue	CCPS	10	December 7, 2023	4,700	N.A.
		Transfer from Sachin Bansal	Series C CCPS	10	March 20, 2024	7,759	44,090
		Transfer from Sachin Bansal	Series D CCPS	10	March 20, 2024	20,189	44,090
		Transfer from Sachin Bansal	Series Seed Four CCPS	37	March 20, 2024	3,672	44,090
		Bonus issue	Equity Shares	1	June 22, 2024	285,480	N.A.
		Transfer from Sachin Bansal	Series C CCPS	10	August 2, 2024	8,450	55,000
		Transfer from Sachin Bansal	Series D CCPS	10	August 2, 2024	5,543	55,000
		Transfer from Sachin Bansal	CCPS	10	August 2, 2024	4,495	55,000
		Transfer from	Equity Shares	1	August 5,	1,051,047	210.73

Name of acquirer/ shareholder	Nature of the transaction	Nature of specified securities	Face value (in ₹)	Date of acquisition	Number of specified securities	Acquisition price per specified security (in ₹)*
	Sachin Bansal			2024		
Caladium Investment Pte Ltd	Private placement	Series E CCPS	10	May 18, 2022	30,558	48,926
	Private placement	Equity Shares	10	May 18, 2022	100	48,926
	Private placement	Series E1 CCPS	10	November 9, 2022	51,276	78,008
	Rights issue	Series E2 CCPS	10	September 12, 2023	90,723	44,090
	Bonus issue	CCPS	10	December 7, 2023	4,936	N.A.
	Bonus issue	CCPS	10	December 7, 2023	623	N.A.
	Bonus issue	Equity Shares	1	June 22, 2024	26,000	N.A.
National Investment and Infrastructure Fund II (represented by and acting through its investment manager, National Investment and Infrastructure Fund Limited)	Private placement	Series E CCPS	10	May 18, 2022	76,546	48,926
	Private placement	Equity Shares	10	May 18, 2022	100	48,926
	Bonus issue	CCPS	10	December 7, 2023	1,561	N.A.
	Bonus issue	Equity Shares	1	June 22, 2024	26,000	N.A.
Internet Fund III Pte Ltd	Bonus issue	Equity Shares	1	June 22, 2024	26,000	N.A.

\* As certified by Manian & Rao, Chartered Accountants, by way of their certificate dated September 9, 2024.

\*\* This is less than ₹1.

® Tarun Sanjay Mehta and Swapnil Babanlal Jain are also Promoter Selling Shareholders.

### Weighted average price at which the equity shares and preference shares were acquired by our Promoters and the Selling Shareholders in the last one year preceding the date of this Draft Red Herring Prospectus

The weighted average price at which equity shares were acquired by our Promoters and the Selling Shareholders in the last one year preceding the date of this Draft Red Herring Prospectus is as follows:

Name	Number of equity shares acquired in last one year	Weighted average price of equity shares acquired in the last one year(in ₹)*
<b>Promoters</b>		
Tarun Sanjay Mehta®	10,801,618	Negligible <sup>2</sup>
Swapnil Babanlal Jain®	10,801,618	Negligible <sup>2</sup>
Hero MotoCorp Limited	1,336,527	165.717
<b>Selling Shareholders</b>		
Caladium Investment Pte Ltd	26,000	Nil <sup>3</sup>
National Investment and Infrastructure Fund II (represented by and acting through its investment manager, National Investment and Infrastructure Fund Limited)	26,000	Nil <sup>3</sup>
Internet Fund III Pte. Ltd	26,000	Nil <sup>3</sup>
3State Ventures Pte. Ltd.	Nil	N.A. <sup>1</sup>
IITM Incubation Cell	1,367,600	Nil <sup>3</sup>
IITMS Rural Technology and Business Incubator	Nil	N.A. <sup>1</sup>
Amit Bhatia	Nil	N.A. <sup>1</sup>
Karandeep Singh	Nil	N.A. <sup>1</sup>

\* As certified by Manian & Rao, Chartered Accountants, by way of their certificate dated September 9, 2024.

@ Tarun Sanjay Mehta and Swapnil Babanlal Jain are also Promoter Selling Shareholders.

<sup>1</sup> No Equity Shares were acquired.

<sup>2</sup> This is less than ₹1.

<sup>3</sup> This includes Equity Shares acquired pursuant to the bonus issue.

The weighted average price at which preference shares were acquired by our Promoters and the Selling Shareholders in the last one year preceding the date of this Draft Red Herring Prospectus is as follows

Name	Number of preference shares acquired in last one year	Weighted average price of preference shares acquired in the last one year (in ₹) <sup>#</sup>
<b>Promoters</b>		
Tarun Sanjay Mehta <sup>@</sup>	37,074	11,674.00
Swapnil Babanlal Jain <sup>@</sup>	37,074	11,674.00
Hero MotoCorp Limited	169,932	43,611.26 <sup>1</sup>
<b>Selling Shareholders</b>		
Caladium Investment Pte Ltd	96,282	41,544.39 <sup>1</sup>
National Investment and Infrastructure Fund II (represented by and acting through its investment manager, National Investment and Infrastructure Fund Limited)	1,561	Nil <sup>1</sup>
Internet Fund III Pte. Ltd.	Nil	N.A. <sup>2</sup>
3State Ventures Pte. Ltd.	Nil	N.A. <sup>2</sup>
IITM Incubation Cell	Nil	N.A. <sup>2</sup>
IITMS Rural Technology and Business Incubator	Nil	N.A. <sup>2</sup>
Amit Bhatia	1	Nil <sup>1</sup>
Karandeep Singh	1	Nil <sup>1</sup>

\* As certified by Manian & Rao, Chartered Accountants, by way of their certificate dated September 9, 2024.

@ Tarun Sanjay Mehta and Swapnil Babanlal Jain are also Promoter Selling Shareholders.

<sup>1</sup> This includes Preference Shares acquired pursuant to bonus issue of CCPS.

<sup>2</sup> No Preference Shares were acquired.

### Average Cost of Acquisition of Equity Shares for our Promoters and the Selling Shareholders

The average cost of acquisition per Equity Share for our Promoters and the Selling Shareholders as on the date of this Draft Red Herring Prospectus is as follows:

S. No.	Name	Number of Equity Shares of face value of ₹1 each, held <sup>#</sup>	Average cost of acquisition per Equity Share (in ₹) <sup>*#^</sup>
<b>Promoters</b>			
1.	Tarun Sanjay Mehta <sup>@</sup>	20,517,732	21.09
2.	Swapnil Babanlal Jain <sup>@</sup>	20,517,732	21.09
3.	Hero MotoCorp Limited	115,083,252	146.01
<b>Selling Shareholders</b>			
4.	Caladium Investment Pte Ltd	46,514,376	204.24
5.	National Investment and Infrastructure Fund II (represented by and acting through its investment manager, National Investment and Infrastructure Fund Limited)	20,412,027	183.71
6.	Internet Fund III Pte. Ltd.	19,760,832	38.58
7.	3State Ventures Pte. Ltd.	2,857,950	187.36
8.	IITM Incubation Cell	1,372,860	Nil <sup>**</sup>
9.	IITMS Rural Technology and Business Incubator	185,310	8.31
10.	Amit Bhatia	18,531	184.82

S. No.	Name	Number of Equity Shares of face value of ₹1 each, held <sup>#</sup>	Average cost of acquisition per Equity Share (in ₹) <sup>*#^</sup>
11.	Karandeep Singh	13,311	183.78

<sup>\*</sup> As certified by Manian & Rao, Chartered Accountants, by way of their certificate dated September 9, 2024.

<sup>#</sup> Assuming conversion of Preference Shares.

<sup>\*\*</sup> This includes equity shares acquired pursuant to the incubation agreement dated December 23, 2013 superseded by the graduation agreement dated October 14, 2014 and bonus issue.

<sup>@</sup> Tarun Sanjay Mehta and Swapnil Babanlal Jain are also Promoter Selling Shareholders.

<sup>^</sup> This includes shares acquired pursuant to bonus issuance of equity shares and Preference Shares.

### Weighted average cost of acquisition of all equity shares transacted in last one year, 18 months and three years preceding the date of this Draft Red Herring Prospectus<sup>\*</sup>

Period	Weighted average cost of acquisition (in ₹) <sup>#</sup>	Cap Price is 'x' times the weighted average cost of acquisition <sup>1</sup>	Range of acquisition price: lowest price – highest price (in ₹) <sup>#</sup>
Last one year preceding the date of this Draft Red Herring Prospectus	123.76	[•]	Nil <sup>2</sup> to ₹ 210.73
Last 18 months preceding the date of this Draft Red Herring Prospectus	123.76	[•]	Nil <sup>2</sup> to ₹ 210.73
Last three years preceding the date of this Draft Red Herring Prospectus	148.25	[•]	Nil <sup>2</sup> to ₹ 298.88

<sup>#</sup> As certified by Manian & Rao, Chartered Accountants, by way of their certificate dated September 9, 2024.

<sup>\*</sup> Assuming conversion of Preference Shares into maximum number of Equity Shares. For details of the CCPS, see "Capital Structure" beginning on page 109.

<sup>1</sup> To be updated upon finalization of the Price Band.

<sup>2</sup> Includes equity shares acquired by way of gifts, bonus issuances and split undertaken by the Company.

### Details of Pre-IPO Placement

Our Company, in consultation with the BRLMs, may consider a Pre-IPO Placement of specified securities, as may be permitted under the applicable law, aggregating up to ₹ 6,200 million prior to filing of the Red Herring Prospectus with the RoC. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company, in consultation with the BRLMs. If the Pre-IPO Placement is completed, the amount raised pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to compliance with Rule 19(2)(b) of the SCRR, as amended. The Pre-IPO Placement shall not exceed 20% of the size of the Fresh Issue. Prior to the completion of the Offer, our Company shall appropriately intimate the subscribers to the Pre-IPO Placement, prior to allotment pursuant to the Pre-IPO Placement, that there is no guarantee that our Company may proceed with the Offer or the Offer may be successful and will result into listing of the Equity Shares on the Stock Exchanges. Further, relevant disclosures in relation to such intimation to the subscribers to the Pre-IPO Placement (if undertaken) shall be appropriately made in the relevant sections of the RHP and Prospectus.

### Issue of Equity Shares for consideration other than cash or bonus issue in the last one year

Except as disclosed below, our Company has not issued Equity Shares for consideration other than cash or bonus in the one year preceding the date of this Draft Red Herring Prospectus:

Date of allotment	Nature of allotment	Details of allottees	Number of equity shares allotted	Face value per Equity Share (₹)	Issue price per Equity Share (₹)	Nature of consideration
June 22, 2024	Bonus Issue in the ratio of 224:1 (in respect of outstanding equity shares of face value of ₹ 37 each	Allotment of 790,720 equity shares to Venkatachary Srinivasan	790,720	1	N.A.	N.A.

Date of allotment	Nature of allotment	Details of allottees	Number of equity shares allotted	Face value per Equity Share (₹)	Issue price per Equity Share (₹)	Nature of consideration
as on the record date i.e., June 21, 2024)	Bonus Issue in the ratio of 260:1 (in respect of outstanding Equity Shares of face value of ₹ 1 each as on the record date i.e., June 21, 2024)	Allotment of 10,348,000 Equity Shares to Tarun Sanjay Mehta, allotment of 780,000 Equity Shares to Mehta Family Trust, allotment of 520,000 Equity Shares to Tarun Swarna Family Trust, allotment of 10,348,000 Equity Shares to Swapnil Babanlal Jain, allotment of 650,000 Equity Shares to Babanlal Girdharilal Jain, allotment of 650,000 Equity Shares to Jain Family Trust, allotment of 2,189,200 Equity Shares to Arun Vinayak Srinivasan, allotment of 1,367,600 Equity Shares to IITM Incubation Cell, allotment of 1,047,020 Equity Shares to Sachin Bansal, allotment of 343,200 Equity Shares to Asha Krishnakumar, allotment of 285,480 Equity Shares to Hero MotoCorp Limited, allotment of 171,600 Equity Shares to Achal Kothari, allotment of 57,200 Equity Shares to R. Mahadevan, allotment of 26,000 Equity Shares to Internet Fund III Pte Ltd., allotment of 13,000 Equity Shares to NKSquared, allotment of 13,000 Equity Shares to Kamath Associates, allotment of 26,000 Equity Shares to National Investment and Infrastructure Fund II ( <i>represented by and acting through its investment manager, National Investment and Infrastructure Fund Limited</i> ), allotment of 6,500 Equity Shares to Abhishek Venkataraman and allotment of 26,000 Equity Shares to	28,867,800	1	N.A.	N.A.



Date of allotment	Nature of allotment	Details of allottees	Number of equity shares allotted	Face value per Equity Share (₹)	Issue price per Equity Share (₹)	Nature of consideration
		Caladium Investment Pte Ltd				

**Split / Consolidation of Equity Shares in the last one year**

Except for the subdivision of 3,530 equity shares of face value ₹ 37 into 130,610 Equity Shares of face value of ₹ 1 on June 21, 2024, our Company has not undertaken any other split/ consolidation in the one year preceding the date of this Draft Red Herring Prospectus.

**Exemption from complying with any provisions of securities laws, if any, granted by SEBI**

Our Company has not sought for any exemptions from complying with any provisions of securities laws, as on the date of this Draft Red Herring Prospectus

## SECTION II – RISK FACTORS

An investment in our Equity Shares involves a high degree of risk. You should carefully consider all the information in this Draft Red Herring Prospectus, including the risks and uncertainties described below before making an investment in our Equity Shares.

We have described the risks and uncertainties that we believe are material, but these risks and uncertainties may not be the only risks relevant to us, our Equity Shares, or the industry in which we currently operate or propose to operate. Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implications of any of the risks mentioned in this section. If any or a combination of the following risks actually occur, or if any of the risks that are currently not known or deemed to be not relevant or material now actually occur or become material in the future, our business, cash flows, prospects, financial condition and results of operations could suffer, the trading price of our Equity Shares could decline, and you may lose all or part of your investment. For more details on our business and operations, see “**Our Business**” “**Industry Overview**” “**Key Regulations and Policies in India**” “**Restated Financial Information**” and “**Management’s Discussion and Analysis of Financial Condition and Results of Operations**” on pages 225, 183, 277, 319 and 396, respectively, as well as other financial information included elsewhere in this Draft Red Herring Prospectus. In making an investment decision, you must rely on your own examination of our Company and the terms of the Offer, including the merits and risks involved, and you should consult your tax, financial and legal advisors about the particular consequences of investing in the Offer. Prospective investors should pay particular attention to the fact that our Company is incorporated under the laws of India and is subject to a legal and regulatory environment which may differ in certain respects from that of other countries.

This Draft Red Herring Prospectus also contains forward-looking statements that involve risks, assumptions, estimates and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including but not limited to the considerations described below and elsewhere in this Draft Red Herring Prospectus. For details, see “**Forward-Looking Statements**” on page 20.

Unless otherwise indicated, industry and market data used in this section have been derived from the report titled “**Assessment of Electric Two-wheeler Industry in India**” dated September, 2024, prepared and issued by CRISIL, which has been commissioned and paid for by us and prepared, only for the purposes of understanding the industry exclusively in connection with the Offer. The CRISIL Report is available at the following web-link: <https://www.atherenergy.com/investor-relations/drhp-documents>. The data included herein includes excerpts from the CRISIL Report and such excerpts may have been re-ordered by us for the purposes of presentation. There are no parts, data or information which may be relevant for the proposed Offer, that has been left out or changed in any manner. Unless otherwise indicated, all financial, operational, industry and other related information derived from the CRISIL Report and included herein with respect to any particular year, refers to such information for the relevant year. For further details, please see “– **We have used information from the CRISIL Report which we commissioned for industry related data in this Draft Red Herring Prospectus and any reliance on such information is subject to inherent risks.**” and “**Industry Overview**” on pages 72 and 183, respectively. Unless otherwise indicated or unless context requires otherwise, the financial information in this section has been derived from the Restated Financial Information. See “**Restated Financial Information**” on page 319. Our financial year commences on April 1 and ends on March 31 of the subsequent year, and references to a particular financial year are to the 12 months ended March 31 of that year. The risk factors have been ordered on the basis of their materiality.

### INTERNAL RISKS

1. ***We have incurred losses and negative cash flows from operations since incorporation. There is no assurance that we will be cost effective in our operations or achieve profitability in the future.***

We derive our revenue principally from sales of our electric two-wheelers (“E2Ws”), supplemented by sales of the Atherstack, accessories and other services. Some of the accessories include sidesteps, seat covers, tyre pressure monitoring systems and helmets. We also offer services such as charging services, warranty programs and software subscription programs. The table below shows our revenue from operations as well as our loss before tax and negative cash flows from operating activities for the Fiscal Years indicated.

	2024	Fiscal Year 2023 (₹ million)	2022
Revenue from operations	17,538	17,809	4,089
Loss before tax	(10,597)	(8,645)	(3,441)
Net cash used in operating activities	(2,676)	(8,713)	(2,284)

See “*Management’s Discussion and Analysis of Financial Condition and Results of Operations – Principal Components of Statement of Profit and Loss – Income – Revenue from Operations*” on page 397 and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations – Cash Flows – Operating Activities*” on page 415.

We may continue to incur operating losses as we invest in expanding our manufacturing capabilities, distribution network, product portfolio and charging infrastructure. We may not realise expected returns from such investments in the future. Our ability to achieve profitability, positive cash flows from operating activities and a net working capital surplus will depend on many factors, including our ability to increase our total revenue, fully utilise our production capacity to produce E2Ws at scale, control our costs, increase sales of our E2Ws in India, Nepal, and Sri Lanka and any other international markets that we enter, expand our charging infrastructure, and expand our business internationally. We cannot assure you that our expansion into international markets will be profitable, nor can we guarantee that our products can be sold at favourable margins. Failure to become profitable would materially and adversely affect the value of your investment in our Company.

**2. *Our limited operating history makes evaluating our business and future prospects difficult.***

Our Company was incorporated in 2013 and launched our first E2W, the Ather 450, in June 2018. As we have a limited operating history, there is a limited historical basis on which we can make judgements regarding our ability to develop, manufacture, and deliver E2Ws or their components or our results of operations, including our ability to achieve profitability in the future. Our historical revenue growth should not be considered indicative of our future performance.

Further, when analysing our business and prospects, consideration should also be given to the risks and challenges our Company faces as a new entrant to the EV industry. These include, our ability to develop our underlying technologies, navigate the dynamic EV regulatory framework domestically and abroad, manufacture reliable E2Ws, related components and accessories, expand our product portfolio and enhance our brand image. If we are unsuccessful in addressing any or all of the risks and challenges we face as a pure play EV company, our business and prospects may be materially and adversely affected.

**3. *Our future growth is dependent on the demand for and adoption of electric two-wheelers. If the market does not develop as we expect, or develops at a speed that is slower than anticipated, our business, prospects, financial condition and operating results will be affected.***

Demand for our E2Ws and services greatly depends on the demand for EVs in the Indian EV market, and in particular, E2Ws. According to the CRISIL Report, in the last two to three years, EV offerings have increased multi-fold with the entry of new players, expansion of legacy players and profile expansion of current players. However, compared to internal combustion engine (“ICE”) vehicles, EV options are still at a nascent stage. Further, there is generally a limited awareness and understanding of the benefits such as a lower total cost of ownership, that EVs offer beyond environmental gains. The limited awareness and understanding of these benefits may restrict the mass scale adoption of EVs, according to the CRISIL Report. Factors that may influence the adoption of EVs include:

- perceptions about EV quality, safety, design, performance and cost, especially if adverse events or accidents occur that are linked to the quality, safety or durability of EVs, whether such vehicles are produced by us or other companies;
- uncertainty about EV resale value;
- developments in alternative technologies in ICE vehicles, such as advanced diesel, hydrogen, ethanol, fuel cells, or compressed natural gas, improvements in the fuel economy or other features

of ICE vehicles, or lower cost of gasoline, which lower the total cost of ownership of ICE vehicles;

- the availability of service and spare parts and component replacement costs for EVs;
- the environmental consciousness of consumers;
- access to charging stations, standardisation of EV charging systems and consumers' perceptions about convenience and cost to charge an EV;
- traffic congestion resulting in lower demand for private passenger vehicles;
- insurance premiums for EVs;
- the availability of tax and other governmental subsidies and incentives to purchase and operate EVs; and
- macroeconomic factors.

If the market for EVs does not develop as we expect, or develops more slowly than we expect, our business, prospects, financial condition and operating results will be affected.

**4. Our business could be adversely affected if we are not able to attract customers.**

Our success depends on our ability to attract customers to purchase our E2Ws, accessories, Atherstack and charging services. The table below summarises the growth in our customer base for the Fiscal Years indicated. While our customer base grew over the past three Fiscal Years, we cannot guarantee that such a trend will continue in the future.

	2024	As at March 31, 2023	2022
Customers ( <i>thousands</i> )	114	85	23
Growth (%)	34%	270%	360%

We allocate significant resources to advertising and marketing activities, including promotional discounts on our E2Ws, and there can be no assurance that such efforts will yield their expected benefits in terms of attracting customers to us. For the Fiscal Years indicated, our advertisement and marketing expenses were as follows:

	2024	Fiscal Year 2023	2022
Advertisement and marketing expense (₹ million)*	1,071	2,259	539
Advertisement and marketing expense as a percentage of revenue from operations (%)	6%	13%	13%

\*Figures are inclusive of applicable tax.

For further details of our marketing initiatives, see “**Our Business – Marketing**” on page 269.

Our ability to attract customers depends on many factors, including timely delivery of E2Ws and developing software that meet customers' requirements and comply with relevant regulatory and industry standards, effective advertising, providing high quality after sales services, partnering with quality service providers and dealerships, expanding our charging infrastructure, as well as growing our brand and reputation in the E2W market.

While we have not experienced any material issues in addressing customer complaints regarding any of our products and services in Fiscal Years 2024, 2023 and 2022, and have set in place customer grievance redressal mechanisms, any deficiency in the redressal of our customers' complaints can also affect customer satisfaction which may impact our reputation and brand. If, for any of these reasons, we are not

able to attract and retain customers, our business, prospects, financial condition, results of operations and cash flows would be materially harmed.

- 5. Our competitiveness within the highly competitive Indian automotive market depends on our ability to develop, market and deliver new and quality electric two-wheeler models and launch new associated services. There is no assurance that we will be able to successfully compete in the markets we currently operate in or those that we plan to expand into, which accordingly may affect our business, operations and financial condition.***

We compete with both E2W manufacturers and traditional automotive companies in the highly competitive Indian automotive industry. We cannot assure you that we will be able to compete successfully within India, or in other jurisdictions that we expand into. Our existing and future competitors may have significantly greater experience and financial, technical, manufacturing, marketing and other resources than we do and may be able to devote greater resources to the design, development, manufacturing, marketing, sales and support of their vehicles.

According to the CRISIL Report, India's 2W industry is an oligopolistic market with the top four players contributing more than 80% of annual sales. Competition has intensified over the years with the entry of new age players, such as our company, according to the CRISIL Report. See "***Industry Overview—Competitive landscape of the domestic two-wheeler industry***" on page 201.

Our ability to remain competitive depends on our ability to fund, design, develop, manufacture, market and deliver new and quality E2W models with improved features to the market. If our E2Ws fail to achieve market acceptance, we may not recover the capital investments made into the product. If our competitors introduce new vehicles or services that successfully compete with or surpass the quality or performance of our vehicles or services at more competitive prices, we may be unable to satisfy existing customers or attract new customers at the price levels that would allow us to generate attractive rates of return on our investment. Other factors that may adversely affect our competitiveness include our ability to control costs, quality of our products, incorporate new technologies, offer quality customer service through our retail partners and maintain effective and efficient quality and safety controls, including within our manufacturing lines.

- 6. We have received customer complaints pertaining to our products in the past. There is no assurance that we will not receive similar complaints in the future or that we will be able to address such customer complaints in a timely manner or at all.***

While any E2W we deliver must meet the relevant EV standards prescribed by the Automotive Research Association of India ("**ARAI**") and the Automotive Industry Standards as amended from time to time, these testing and approval protocols may not succeed in identifying and addressing all latent, potential and other defects.

We received customer complaints from time to time relating to our products. For instance, we received product failure complaints on range prediction issues on the charge of our earlier Ather 450 model, durability issues with our transmission belt, motor cut-offs due to harness issues and inadequate product design for our mud flaps. While we were able to address such complaints through design modifications and offered complementary extended warranty coverage and replacements, there is no assurance that we will be able to adequately address future product failures. We were not required to compensate such customers in relation to such complaints in Fiscal Years 2024, 2023 and 2022. While such incidents have not had a material effect on our business, we cannot assure you that incidents arising from defects in the E2Ws will not cause us to incur significant cost or damage our reputation. See also "***– The lithium-ion cells used in our electric two-wheelers' batteries could catch on fire or vent smoke even if properly manufactured, managed or controlled. Such instances could subject us to adverse publicity, which may impact our brand, business, prospects, financial condition and results of operations.***"

In the ordinary course of business, our Company has been made party to certain proceedings before various consumer dispute redressal commissions by our customers alleging *inter alia* (i) delivery of defective vehicle, range issues, underperformance and failure of battery, erroneous display of range, (ii) delay in delivery of our E2W post-advance payment and deficiency in products, and (iii) improper

servicing of E2Ws, deficiency in service and unavailability of spare parts.

For details on litigation initiated by customers before consumer forums, please refer to “*Outstanding Litigation and Material Developments – Litigation involving our Company – Litigation against our Company – Other Matters*” on page 432.

**7. *Our electric two-wheelers, software, charging infrastructure, accessories or the components used in the manufacture of our electric two-wheelers may be defective or have quality issues, and may fail to meet industry standards or advertised performance levels.***

Any design or manufacturing defects found in our E2Ws, charging infrastructure or accessories, whether relating to our software or hardware, or product failures that cause them not to perform as designed or as advertised or that require repair, increases the likelihood of motor vehicle accidents, fires, explosions or other incidents. The over-the-air (“OTA”) software updates to the Atherstack that we roll out may not perform as expected.

We cannot guarantee that the components sourced from suppliers will be free from defects or quality issues. While we provide our suppliers with the design and/or performance specifications for our E2W components and in some instances, necessary tools to manufacture our components, we cannot guarantee that the quality of the components manufactured by them will be consistent with our specifications and will be consistent across multiple suppliers. We also cannot guarantee our suppliers’ compliance with applicable government motor vehicle safety standards with respect to the supplied E2W components, ethical business practices, such as environmental responsibilities, industry standards on sustainability, fair wage practices and compliance with child labour laws, among others. While our suppliers provide product warranties, we may not be able to recover all the losses incurred from them.

Further, any defects or quality issues with these E2W components or any incidents of non-compliance by these suppliers could result in quality issues with our E2Ws, interruptions or delays in the supply of components and consequently adversely impact our brand image and results of operations. While we have been able to address customer complaints arising in connection with defects or quality issues with the E2W components, there is no assurance that we will be able to adequately address such issues in the future.

**8. *We currently derive our revenue predominantly from the sale of limited electric two-wheeler models. If our electric two-wheelers are not well-received by the market, our business and future prospects could be adversely impacted.***

We mainly derive our revenue from the sale of E2Ws, with our E2W portfolio comprising variants of the Ather 450 series and the Ather Rizta series.

The following table provides details of our current portfolio of E2Ws as at July 31, 2024.

<b>E2W Model</b>	<b>Month and year of commencement of delivery</b>	<b>Segment</b>	<b>Price (₹) as at July 31, 2024 (exclusive of tax)<sup>(1)</sup></b>
Ather 450S	August 2023	Performance scooter	117,489
Ather 450X (2.9 kWh)	August 2023	Performance scooter	142,646
Ather 450X (3.7 kWh)	September 2023	Performance scooter	157,046
Ather 450 Apex	February 2024	Performance scooter	194,946
Ather Rizta Z (2.9 kWh)	May 2024	Convenience scooter	127,046
Ather Rizta Z (3.7 kWh)	July 2024	Convenience scooter	147,047
Ather Rizta S	August 2024	Convenience scooter	112,046

(1) Prices shown are ex-showroom prices in New Delhi, India, net of subsidies and discounts.

In Fiscal Year 2024, our revenue from the sale of E2Ws was primarily dependent on the sale of Ather 450X (3.7 kWh). There is no assurance that our future revenue will be more evenly distributed across our E2W offerings. The following table provides a breakdown of the revenue contribution of each of our E2W variants in the past three Fiscal Years.

E2W Model	Fiscal Year					
	2024		2023		2022	
	Revenue Contribution (₹ million)	Revenue contribution as a percentage of revenue from operations (%) <sup>(6)</sup>	Revenue Contribution (₹ million)	Revenue contribution as a percentage of revenue from operations (%) <sup>(6)</sup>	Revenue Contribution (₹ million)	Revenue contribution as a percentage of revenue from operations (%) <sup>(6)</sup>
Ather 450S <sup>(1)</sup>	2,777	16%	-	-	-	-
Ather 450X <sup>(2)</sup>	5,905	34%	14,327	80%	3,703	91%
Ather 450X (2.9 kWh) <sup>(3)</sup>	1,578	9%	-	-	-	-
Ather 450X (3.7 kWh) <sup>(4)</sup>	5,355	31%	-	-	-	-
Ather 450 Apex <sup>(5)</sup>	91	1%	-	-	-	-

Notes:

- (1) We recognised revenue from sales of Ather 450S starting in August 2023.
- (2) The Ather 450X with 2.9 kWh battery capacity was launched in January 2020 and was succeeded by the Ather 450X (Gen 3) with 3.7 kWh battery capacity launched in July 2022. Following that, the Ather 450X (Gen 3.1) was launched in January 2023. The Ather 450X (Gen 3.1) was succeeded by the Ather 450X (2.9 kWh) and Ather 450X (3.7 kWh) variants, launched in August 2023.
- (3) We recognised revenue from the Ather 450X (2.9 kWh) starting in August 2023.
- (4) We recognised revenue from the Ather 450X (3.7 kWh) starting in September 2023.
- (5) We recognised revenue from sales of Ather 450 Apex starting in February 2024.
- (6) E2W sales contributed 90%, 80% and 91% of the revenue from operations in the Fiscal Years 2024, 2023 and 2022.

The following table provides a breakdown of our sales volume by E2W models in the past three Fiscal Years.

E2W Model	Fiscal Year		
	2024	2023	2022
		(units)	
Ather 450S <sup>(1)</sup>	22,712	-	-
Ather 450X <sup>(2)</sup>	39,067	92,093	23,402
Ather 450X (2.9 kWh) <sup>(3)</sup>	11,249	-	-
Ather 450X (3.7 kWh) <sup>(4)</sup>	35,999	-	-
Ather 450 Apex <sup>(5)</sup>	550	-	-
<b>Total<sup>(6)</sup></b>	<b>109,557</b>	<b>92,093</b>	<b>23,402</b>

Notes:

- (1) We recognised revenue from sales of Ather 450S starting in August 2023.
- (2) The Ather 450X with 2.9 kWh battery capacity was launched in January 2020 and was succeeded by the Ather 450X (Gen 3) with 3.7 kWh battery capacity launched in July 2022. Following that, the Ather 450X (Gen 3.1) was launched in January 2023. The Ather 450X (Gen 3.1) was succeeded by the Ather 450X (2.9 kWh) and Ather 450X (3.7 kWh) variants, launched in August 2023.
- (3) We recognised revenue from the Ather 450X (2.9 kWh) starting in August 2023.
- (4) We recognised revenue from the Ather 450X (3.7 kWh) starting in September 2023.
- (5) We recognised revenue from sales of Ather 450 Apex starting in February 2024.
- (6) The Ather Rizta is not included in the table as customer delivery commenced in May 2024. As at June 30, 2024, we had received 23,915 net bookings (bookings after accounting for cancellations) for the Ather Rizta variants.

See “**Our Business – Overview – Our Product Ecosystem – Our E2Ws**” on page 228.

Customers who book our E2Ws may terminate their bookings for reasons beyond our control, including changes in their preferences, their perception of EVs in general, changes in the subsidies available or the quality of our E2Ws or their financial situation. Customers who cancel their bookings are able to receive a full refund of their booking amount, which ranges from ₹999 to ₹2,500 per vehicle. Further, our E2Ws encompass high range and low range models, with corresponding profit margins. A growth in the demand of our lower range E2Ws may not result in a significantly positive change to our results of operations.

**9. If our electric two-wheelers do not meet the promised level of performance and quality, we may be required to undertake product recalls or other corrective actions.**

If any of our E2Ws, their components or accessories prove to be defective or non-compliant with applicable government motor vehicle safety standards due to human error or otherwise, we or our

suppliers may be compelled to initiate product recalls. While we have not undertaken any product recalls under the Motor Vehicles Act, 1988, in Fiscal Years 2024, 2023 and 2022, there is no guarantee that we will not be required to or opt to recall our E2Ws or accessories in the future. Such inspections, recalls, repairs and replacements involve significant expenses, the possibility of lawsuits, and diversion of management's attention and other resources. Any of the foregoing could harm our reputation and lead to loss of revenue, delivery delays, customer complaints, breach of warranty and related consumer protection claims and significant warranty and lawsuits, and in turn, materially and adversely affect our business, financial condition, results of operations and prospects.

**10. *The retail prices of our electric two-wheelers are susceptible to a reduction or elimination of government incentives or the ineligibility of our electric two-wheelers for such incentives. The increase in retail price could affect customer demand and in turn, adversely impact our business and prospects.***

We benefit from certain government incentives such as the Faster Adoption and Manufacturing of Electric ("FAME") subsidy, which was introduced by the then Department of Heavy Industry in 2015 and expired on March 31, 2024, and superseded by the Electric Mobility Promotion Scheme 2024 ("EMPS 2024") effective from April 1, 2024. Reduction, elimination or ineligibility for such government incentives, or any reduction, elimination, non-receipt or delays in receiving such incentives, could reduce the demand for E2Ws and potentially result in us becoming less price competitive compared to conventional ICE 2Ws. For instance, the benefits we avail from the total enhanced outlay under EMPS 2024 may reduce or we may be rendered ineligible therefor, or the extension in the past in the duration of the EMPS 2024 from July 31, 2024 to September 30, 2024 may not be recurrent in the future. Further, the eligible EV category under EMPS 2024 extends beyond E2Ws and covers electric three-wheelers as well which impacts the aggregate disburseable outlay under EMPS 2024 in respect of E2Ws. Whilst we are not compelled to do so, such policy changes may require us to pass on the additional expenses to our consumers, thereby increasing the retail price of our E2Ws. For example, the Government of India has in the past recalled and scaled back, and may in the future recall or scale back, the benefits available to EV manufacturers under its schemes, increasing the costs borne by EV manufacturers. For example, pursuant to a notification dated May 19, 2023 from the Ministry of Heavy Industries, Government of India, the cap on incentives for the FAME scheme was scaled back from ₹15,000 per kWh to ₹10,000 per kWh, with effect from June 1, 2023. As a result of the reduced subsidy, our customers faced an increase in the retail price of our E2Ws ranging from ₹20,434 to ₹30,285. This contributed to a slight decrease in our revenue from operations from ₹17,809 million in Fiscal Year 2023 to ₹17,538 million in Fiscal Year 2024. For further details, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Summary Results of Operations - Fiscal Year 2024 compared to Fiscal Year 2023 – Revenue from operations*" on page 406.

While we may be eligible for future schemes from the Indian or foreign governments, there is no assurance that we will be successful in such applications and nor can we guarantee that the funds allocated under such schemes will be available to us in a timely manner.

Availability of government subsidies may be critical to accelerating the adoption of E2Ws. In the absence of such support, we cannot assure you that consumers will continue to purchase E2Ws at the same pace in light of competition from conventional ICE 2W that are manufactured by long-standing industry players whose cost structures may be lower than ours on a non-subsidised basis.

**11. *If our electric two-wheelers become ineligible for the Electric Mobility Promotion Scheme 2024, or such incentives are reduced or eliminated, the retail price of our electric two-wheelers could increase and demand for our products may decline.***

With effect from April 1, 2024, the FAME subsidies were replaced by the EMPS 2024 subsidy. The EMPS 2024 subsidy was originally a limited funding scheme of ₹5 billion that was due to expire on July 31, 2024. On July 26, 2024, the Ministry of Heavy Industries announced an extension of the EMPS 2024 subsidy up to September 30, 2024 with an increased funding amount of ₹7.78 billion. We have obtained EMPS 2024 subsidies for Ather 450S, Ather 450X and Ather Rizta (S and Z). The Ather 450 Apex does not benefit from the EMPS 2024 subsidy. There is no guarantee that this scheme will be further extended or be replaced with another scheme.



The following table summarises details of the EMPS 2024 subsidy, customs exemptions which we or our products qualify for, as at the date of this Draft Red Herring Prospectus:

Incentive Scheme	Model	Date of Letter of Award	Duration	Eligibility Requirements / Targets	Incentive Amount	Application / Claim Status
EMPS 2024 subsidy	Ather 450S	March 26, 2024 and July 31, 2024	April 1, 2024 to August 7, 2024. We are in the process of extending the validity of this certification.	As per EMPS 2024 guidelines and ARAI certifications	₹10,000 / E2W	We make claims for reimbursement on a monthly basis
	Ather 450X (2.9 kWh)	March 26, 2024 and July 31, 2024	April 1, 2024 to September 30, 2024			
	Ather 450X (3.7 kWh)	March 25, 2024 and July 31, 2024	April 1, 2024 to September 14, 2024			
	Ather Rizta Z (2.9 kWh)	May 28, 2024 and July 31, 2024	May 28, 2024 to September 30, 2024			
	Ather Rizta Z (3.7 kWh)	June 20, 2024 and July 31, 2024	June 20, 2024 to September 30, 2024			
	Ather Rizta S	May 28, 2024 and July 31, 2024	May 28, 2024 to September 30, 2024			

Under the EMPS 2024, we and our retail partners submit subsidy claims for E2Ws sold that meet the government’s performance and efficiency eligibility criteria and receive the subsidies directly from the government. There is no assurance that we or our retail partners will submit these claims in a timely manner or with the accurate documents, and such occurrences could result in delays in subsidy payouts or claims being withheld until issues are resolved. The applicable subsidy is priced into the retail price of our E2Ws. In addition, we may not be eligible for certain incentives that our competitors receive, such as the Production Linked Incentive scheme, which may reduce our competitiveness. For further details on the EMPS 2024, refer to “**Key Regulations and Policies in India – Government Plans and Policies**” on page 279.

If we fail to meet the requirements of the EMPS 2024, our vehicles would no longer be eligible for the EMPS 2024 subsidy of ₹10,000 per vehicle as at September 30, 2024. If our vehicles become ineligible for the EMPS 2024 subsidy, we may become less competitive due to higher product pricing and increased expenditures (absent subsidies), potentially impacting our business and financial performance. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy related to EMPS 2024 may adversely impact our business and financial conditions. New laws, regulatory changes and interpretations of such requirements on the extent of localisation required in the supply chain may prevent us from successfully claiming these subsidies and benefits, further increasing our operating costs and E2Ws’ retail prices.

12. *If our suppliers fail to deliver components used in our electric two-wheelers in accordance with agreed volumes and schedules or increase their prices, we may face delays in our manufacturing and delivery timelines or be required to increase the retail price of our electric two-wheelers.*

Our E2Ws contain components purchased from various domestic and foreign third-party suppliers, which expose us to the risk of component shortages. The table below shows the total cost of materials consumed for our E2Ws as a percentage of our expenses for the Fiscal Years indicated.

	Fiscal Year		
	2024	2023	2022
	(₹ million, unless otherwise indicated)		
Cost of materials consumed	15,792	15,370	3,482
Cost of materials consumed as a percentage of total expenses (%)	59%	58%	46%
<b>Total expenses</b>	<b>26,742</b>	<b>26,663</b>	<b>7,579</b>

See “*Management’s Discussion and Analysis of Financial Condition and Results of Operations – Principal Components of Statement of Profit and Loss – Expenses – Cost of materials consumed*” on page 398.

The table below provides a breakdown of key E2W components for the Ather 450X (2.9 kWh) and Ather 450X (3.7 kWh) variants as a percentage of bill of materials (“BOM”) for these respective variants as at the dates indicated.

E2W Component	March 31,		
	2024	2023	2022
Ather 450X (2.9 kWh) <sup>(1)</sup>			
Mechanical	35%	-	34%
Battery pack	31%	-	29%
Electronics	34%	-	37%
<b>Total</b>	<b>100%</b>	<b>-</b>	<b>100%</b>

Note:

(1) We first delivered the Ather 450X (which had a battery capacity of 2.9 kWh) in Fiscal Year 2021, which was succeeded by the Ather 450X (Gen 3) (3.7 kWh) in Fiscal Year 2023, before relaunching the Ather 450X (2.9 kWh) in Fiscal Year 2024.

E2W Component	March 31,		
	2024	2023	2022
Ather 450X (3.7 kWh) <sup>(1)</sup>			
Mechanical	32%	28%	-
Battery pack	33%	40%	-
Electronics	35%	32%	-
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>-</b>

Note:

(1) We launched the Ather 450X (Gen 3) (3.7 kWh) in Fiscal Year 2023, which was succeeded by the Ather 450X (3.7 kWh) in Fiscal Year 2024.

We domestically sourced 72%, 70% and 80% of our cost of materials consumed for the Fiscal Years 2024, 2023 and 2022, respectively. Some of our key E2W components, such as lithium-ion cells are imported. In Fiscal Years 2024, 2023 and 2022, we imported supplies from China, Hong Kong SAR, Singapore and South Korea. The table below shows the cost of imported materials consumed by country as a percentage of the total cost of materials consumed for our E2Ws for the Fiscal Years indicated.

Country	Fiscal Year		
	2024	2023	2022
China	28%	10%	-
Hong Kong SAR	0%*	0%*	0%*
Singapore	0%*	0%*	0%*
South Korea	0%*	20%	20%
<b>Total</b>	<b>28%</b>	<b>30%</b>	<b>20%</b>

\*Denotes less than 0.5%.

Our top 10 suppliers who collectively supplied 75% of our total purchases (i.e. sum of the purchase of raw materials and components consumed, and purchase of stock-in-trade) in Fiscal Years 2022 to 2024, were Bharat FIH Limited, Zhengzhou BAK Battery Co Ltd, LG Energy Solutions Ltd, Mahle Electric Drives India Private Limited, Rockman Industries Limited, IPEC India Private Limited, Brembo Brake India Private Limited, Gates Unitta India Company Private Limited, Gabriel India Limited and INDIC EMS Electronics Private Limited.

While the majority of our components by BOM value are sourced from more than one supplier, the number of suppliers of electronic components, lithium-ion cells, seat locks and side stand sensors are more limited. Unexpected changes in business conditions, quality of the components, poor business ethics, materials pricing, including inflation of raw material costs and currency fluctuations, labour issues, wars, trade policies, natural disasters, health epidemics and pandemics, trade and shipping disruptions, port congestions, cyberattacks and other factors beyond our or our suppliers' control could affect these suppliers' ability to provide an adequate and steady supply of components to us or their pricing.

The unavailability of any component or inability of suppliers to supply such components to a satisfactory quality could result in production delays or line stoppages, and consequently delivery delays, as well as idle manufacturing facilities, longer servicing times and product design changes. It could also impact our capacity expansion and our ability to fulfil other obligations under customer contracts. For example, a global shortage of semiconductors between Fiscal Years 2021 and 2023 impacted our supply chain and production. Our suppliers may discontinue the supply of certain components for a variety of reasons including, as a result of their corporate strategy re-alignment or insolvency.

While we have not faced any material difficulties in retaining our suppliers or finding alternative suppliers or experienced any material supply shortages in Fiscal Years 2024, 2023 and 2022, other than the aforementioned semiconductor shortage, we cannot assure you that we will be able to continue retaining our suppliers on commercially favourable terms or to find alternative suppliers or maintain a steady supply of components. Such occurrences could result in increased production costs, which could result in an increase in the retail price of our E2Ws and adversely affect sales of our E2Ws.

***13. Any disruptions in the availability and any changes in the pricing and quality of lithium-ion cells could cause significant disruptions to and adversely impact our business operations.***

We sourced our lithium-ion cells, one of the critical components in our E2Ws, from two foreign suppliers located in China and South Korea in the last three Fiscal Years. As we rely on foreign suppliers for the supply of lithium-ion cells and our general purchase agreements with our cell suppliers do not specify terms such as price and quantum, we face more pronounced risks relating to the availability, pricing and quality of lithium-ion cells. These risks include disruptions in the supply of lithium-ion cells due to a demand surplus for lithium-ion cells or quality issues or recalls by cell manufacturers.

The growth in popularity of EVs without a significant expansion in cell production capacity could result in shortages and cause suppliers to increase their prices, thereby increasing our own production costs. An increase in the cost of, or decrease in the available supply of, raw materials used in cell manufacturing, such as lithium, nickel, cobalt, manganese oxides, aluminium, graphite, copper and other minerals, or the occurrence of natural disasters, logistical interruptions, local disruptions, trade restrictions or labour shortages could also affect our suppliers' manufacturing schedules and supplies.

Further, in relation to the sourcing lithium-ion cells from China, we may experience supply disruptions and increased costs in the event of any changes in the policies, rules and regulations of the Indian or Chinese government relating to imports or exports from China, whether as a result of geopolitical factors or for other reasons, such as the implementation of trade tariffs or a complete halt on imports from China. While we have not experienced any material disruptions in the supply of or adverse changes in the pricing or quality of the lithium-ion cells that we imported in the past three Fiscal Years, there is no assurance that such risks will not materialise in the future. We cannot assure you that in the event of such occurrences, we will be able to find alternative suppliers of lithium-ion cells in a timely manner in sufficient quantities, to our required specifications and quality levels, or at reasonable prices.

Any of the aforementioned events would impact our projected manufacturing and delivery timelines, and

adversely affect our business, prospects, financial condition, results of operations, and cash flows.

**14. If our retail partners or authorised distributor operating the ‘Ather’ branded experience centres and service centres fail to provide satisfactory customer service, or we fail to retain or attract retail partners, our business, prospects, financial condition, results of operations and cash flows could be adversely affected.**

Our distribution network comprises experience centres and service centres, which are operated by third-party retail partners and an authorised distributor. As at March 31, 2024, we had 129 retail partners and one authorised distributor operating all our experience centres and service centres in India and Nepal, other than one experience centre in India that we operated. The following table provides a breakdown of our retail partners and authorised distributor in India and Nepal as at the dates indicated.

	As at March 31,		
	2024	2023	2022
India (Retail Partners)	129	68	24
Nepal (Authorised Distributor)	1	-	-
<b>Total</b>	<b>130</b>	<b>68</b>	<b>24</b>

For further details, please see “*Our Business – Business Description – Our Distribution and Service Network*” on page 266.

While we are not aware of any material issues in the past three Fiscal Years, any misconduct, negligence or failure on the part of our retail partners to follow protocols or any deficiency in the quality of the customer service that they provide could adversely affect our business, reputation, results of operations and financial condition. There can be no assurance that we will be able to maintain acceptable arrangements with our partners.

Although our third-party service providers may have experience in servicing ICE vehicles or other EVs, they may have limited experience in servicing our E2Ws. Servicing E2Ws is different from servicing ICE vehicles and requires certain specialised skills. For instance, safety precautions in handling batteries and high voltage electricals and awareness of vehicle software integration are required in servicing E2Ws. If our retail partners fail to provide satisfactory service, we may suffer adverse implications to our reputation and may be subject to lawsuits. Our retail partners may also have insufficient resources or inventory to meet our customers’ service requirements in a timely manner, particularly as our product portfolio and the volume of Ather E2Ws sold increases. Similarly, while some of our third-party dealers have experience selling ICE vehicles at scale, they may have more limited experience selling E2Ws.

We may also face difficulties in retaining our retail partners or recruiting new retail partners or authorised distributors. This can be due to various factors, including profitability concerns or more competitive terms of arrangement being offered by our competitors. In cases where a retail partner or authorised distributor notifies us of their intention to close their experience centre or service centre, we may opt to either allow it to close or in some cases acquire such a centre and operate it ourselves in the interim until a new retail partner or authorised distributor can be recruited. Operating such experience or service centres in the interim will give rise to additional expenses for our Company. The closing of key experience and service centres, particularly in cities with a limited number of experience and service centres, may cause us to lose customers within such cities and adversely affect the quality of services to existing customers. While our retail partners’ closures in the past have not had a material impact on our business, there is no assurance that this will continue to be the case in the future. For example, a retail partner in Mumbai resigned, and to maintain the continuity of our business in this location, we opened a company owned and operated experience centre at the same location in April 2024. Further, in Fiscal Year 2024, 11% of our revenue from operations was attributable to one retail partner. As a result, the retirement of the aforementioned retail partner may have an adverse impact on our business and financial condition if we are unable to find an appropriate substitute in a timely manner or at all.

As we continue to grow, additional pressure may be placed on our customer support team or retail partners, and we may be unable to quickly adapt to the increase in customer demand for technical support. This can negatively impact customer experience and satisfaction. If we are unable to address the service

requirements of our customers, our business, prospects, financial condition, results of operations, and cash flows could be materially and adversely affected.

**15. We currently depend on our Hosur Factory for the assembly and manufacturing of our electric two-wheelers and battery packs, and any disruptions to the operations of our Hosur Factory could materially adversely affect our business, financial condition and results of operations.**

We assemble our E2Ws and manufacture battery packs at our two manufacturing facilities near Hosur, Tamil Nadu (the “**Hosur Factory**”), which include assembly and testing of E2Ws, battery packs and electronic box builds as well as manufacturing spares for sale.

The table below sets out the total E2Ws assembled and batteries manufactured at our Hosur Factory for the Fiscal Years indicated.

Units Produced	Fiscal Year		
	2024	2023	2022
E2W	108,344	93,948	22,644
Battery packs	109,359	96,253	23,100

See “**Our Business – Business Description – Our Operations Ecosystem – Our Manufacturing Facilities**” on page 260.

Risks affecting the operation of our Hosur Factory may include political and regional strife, labour shortages, severe weather and natural disasters such as earthquakes, hurricanes, fires, epidemics, pandemics, floods and lengthy power outages. Further, we could face shortages or disruptions in supply of electricity and water locally, which may cause delays and disrupt the expansion of our production capacity. We may encounter quality, process or other issues when increasing the number of assembly lines to increase our production capacity. Any disruptions to our manufacturing facilities could cause delivery delays and adversely affect our business, financial condition and results of operations. While we have not experienced any material disruptions at our manufacturing facilities during Fiscal Years 2024, 2023 and 2022, we cannot guarantee that such disruptions will not occur in the future.

**16. Our business and prospects depend significantly on our ability to build our Ather brand. We may not succeed in continuing to develop and strengthen the Ather brand, and our reputation, brand and sales could be harmed by complaints and negative publicity regarding our Company or products.**

Our business and prospects depend on our ability to develop and strengthen the Ather brand which depends significantly on the success of our marketing efforts and our ability to provide high quality E2Ws, an integrated ecosystem with useful software and hardware features and a high quality customer experience.

Our ability to develop and strengthen our brand will depend on the success of our traditional branding and marketing efforts, as well as non-traditional initiatives such as the building of online forums, our ‘Community Day’ event and other offline events. Further, we intend to utilise ₹3,000 million of the Net Proceeds to fund our advertising and marketing efforts. For further details, see “**Objects of the Offer – Expenditure towards marketing initiatives**” on page 160. These initiatives may not achieve the desired results. The following table sets out our advertisement and marketing expenses for the Fiscal Years indicated.

	Fiscal Year		
	2024	2023	2022
Advertisement and marketing expense	1,071	(₹ million) 2,259	539
Advertisement and marketing expenses as a percentage of revenue from operations (%)	6%	13%	13%

\*Inclusive of ₹164 million, ₹221 million and ₹84 million as taxes for Fiscal 2024, 2023 and 2022 respectively.

For further details of our marketing initiatives, see “*Our Business – Marketing*” on page 269.

Our current and potential competitors in India and internationally may have greater marketing resources than us. If we fail to develop and strengthen our brand, our business, prospects, financial condition and operating results will be materially and adversely impacted.

Furthermore, our reputation and brand are vulnerable to many threats that can be difficult or impossible to predict or control, and costly or unfeasible to remediate. Since we are a consumer-facing brand, and particularly given the popularity of social media, any negative publicity about us, such as complaints by our customers or reviews that compare us unfavourably to competitors, alleged misconduct, unethical business practices, safety breaches, or other improper activities, or rumours, whether deliberate or otherwise, that relate to our business, directors, officers, employees, or shareholders, can harm our reputation, business, and results of operations.

While we have not received any such complaints in the past three Fiscal Years, we cannot assure that these will not arise in the future. These allegations, even if unproven, may lead to inquiries, investigations, or other legal actions against us by regulatory or government authorities as well as private parties and could cause us to incur significant costs to defend ourselves. Any negative market perception or publicity regarding our suppliers, Promoters or other business partners that we closely cooperate with, or any regulatory inquiries or investigations and lawsuits initiated against them, may also have an impact on our brand and reputation, or subject us to regulatory inquiries or investigations or lawsuits. Further, perceived or actual concerns on battery deterioration that are often associated with EVs could also negatively impact customer confidence in EVs. Any negative publicity about the general auto industry, especially the EV industry, could also indirectly affect customer perception of our products and brand. If we are unable to maintain a good reputation or further enhance our brand recognition, our ability to attract and retain a critical mass of customers, third-party partners, and key employees could be harmed and, as a result, our business, financial position, and results of operations could be materially and adversely affected.

**17. An excess or shortage in our inventory of electric two-wheelers and components and underutilisation of our manufacturing capacity could result in additional costs or production delays and limit our ability to leverage economies of scale.**

Any excess or shortage in our inventory of E2Ws or their components due to failure to accurately estimate demand for our products, or any misallocation of production capacity, could increase operating costs or result in delayed production and longer waiting times, and in turn, cause us to lose customers. The table below sets out our inventories as at the dates indicated.

	As at March 31,		
	2024	2023	2022
		<i>(in ₹ million)</i>	
Inventories	1,167	2,574	607

See “*Management’s Discussion and Analysis of Financial Condition and Results of Operations – Summary Results of Operations – Selected Restated Statement of Assets and Liabilities*” on page 414.

We are exposed to inventory risks that may adversely affect our operating results as a result of increased competition, seasonality, new model launches, rapid changes in vehicle life cycles and pricing, defective vehicles, changes in consumer demand and consumer spending patterns, among other factors. As a company with limited operating history in a relatively nascent segment within the automotives industry, we have limited insights into consumer trends including customers’ inclination to adopt EVs and the competitive landscape that may emerge and affect our business. We may misjudge customer demand, resulting in inventory buildup, higher storage costs for inventories stored on our own and our suppliers’ premises, reduced margins due to discounted E2W sales and possible significant inventory write-down. While we endeavour to predict these trends and avoid overstocking or understocking issues, demand for our E2Ws can change significantly between the time the inventory or components are ordered and the date of sale.

While we have not experienced any instances of inventory excess or shortage that had a material impact on our business in the past three Fiscal Years, there is no assurance that this will not occur in the future. If we are unable to match the timing and quantities of component purchases to our actual needs or successfully implement automation, inventory management and other systems to accommodate the increased complexity in our supply chain and parts management, we may incur unexpected production disruption, storage, transportation and write-off costs, which may harm our business and operating results. The lead times for materials and E2W components that we order from our suppliers may vary significantly and depend on factors such as the specific supplier, contract terms and demand for each E2W component at a given time. If we fail to order sufficient quantities of raw materials and/or product components in a timely manner, the production and delivery of E2Ws to our customers could be delayed, which would harm our business, prospects, financial condition, results of operations, and cash flows. For certain suppliers, we may be required to pay additional expenses if our purchase volumes fall short of the agreed pre-order amounts, in accordance with the terms of the relevant agreements.

**18. In Fiscal Year 2024, our Hosur Factory had a capacity utilisation rate of 29% for both of our electric two-wheeler assembly and battery pack manufacturing lines. Low capacity utilisation rates of our Hosur Factory may limit our ability to leverage economies of scale.**

Our Hosur Factory had a total installed capacity of 420,000 units for E2W assembly per annum and 379,800 for battery pack manufacturing per annum in Fiscal Year 2024. Our battery pack manufacturing capacity is being expanded to manufacture 531,120 units per year. We may not be able to fully utilise such capacity if demand for our E2Ws does not meet our expectations.

The table below provides our annual installed capacity, effective annual capacity, annual production and capacity utilisation rate for E2W assembly in the Fiscal Years indicated.

E2W models	Fiscal Year 2024				Fiscal Year 2023				Fiscal Year 2022			
	Annual Installed Capacity <sup>(1)</sup> (units)	Effective Annual Capacity <sup>(2)</sup> (units)	Annual Production (units)	Capacity Utilisation (%) <sup>(3)</sup>	Annual Installed Capacity <sup>(1)</sup> (units)	Effective Annual Capacity <sup>(2)</sup> (units)	Annual Production (units)	Capacity Utilisation (%) <sup>(3)</sup>	Annual Installed Capacity <sup>(1)</sup> (units)	Effective Annual Capacity <sup>(2)</sup> (units)	Annual Production (units)	Capacity Utilisation (%) <sup>(3)</sup>
Ather 450S			22,814				23				-	-
Ather 450X <sup>(4)</sup>			84,814				93,925	40%			22,644	20%
Ather 450	420,000	379,800		29%	266,850	232,475			113,700	113,700		-
Ather Apex			688				-	-			-	-
Ather Rizta			28				-	-			-	-
<b>Total</b>	<b>420,000</b>	<b>379,800</b>	<b>108,344</b>	<b>29%</b>	<b>266,850</b>	<b>232,475</b>	<b>93,948</b>	<b>40%</b>	<b>113,700</b>	<b>113,700</b>	<b>22,644</b>	<b>20%</b>

The following table provides a summary of the Hosur Factory’s annual installed capacity, effective annual capacity, annual production and capacity utilisation for production of battery packs as at and for the Fiscal Years indicated.

Battery Models	Fiscal Year 2024				Fiscal Year 2023				Fiscal Year 2022			
	Annual Installed Capacity <sup>(1)</sup> (units)	Effective Annual Capacity <sup>(2)</sup> (units)	Annual Production (units)	Capacity Utilisation (%) <sup>(3)</sup>	Annual Installed Capacity <sup>(1)</sup> (units)	Effective Annual Capacity <sup>(2)</sup> (units)	Annual Production (units)	Capacity Utilisation (%) <sup>(3)</sup>	Annual Installed Capacity <sup>(1)</sup> (units)	Effective Annual Capacity <sup>(2)</sup> (units)	Annual Production (units)	Capacity Utilisation (%) <sup>(3)</sup>
2.9 kW (Gen 2)			1,097				10,660				23,100	20%
3.7 kW	379,800	379,800	73,635	29%	232,475	232,475	85,593	41%	121,200	113,700	-	-
2.9 kW			34,627				-	-			-	-
<b>Total</b>	<b>379,800</b>	<b>379,800</b>	<b>109,359</b>	<b>29%</b>	<b>232,475</b>	<b>232,475</b>	<b>96,253</b>	<b>41%</b>	<b>121,200</b>	<b>113,700</b>	<b>23,100</b>	<b>20%</b>

- (1) Annual installed capacity: maximum amount of production that the Hosur Factory can achieve in a Fiscal Year, assuming that all machines are running at full speed and considering 15% standard losses, 300 days a year. It is determined after taking into account the product with maximum power output and can be produced in the specific production line.
- (2) Effective annual capacity: actual amount of production that the Hosur Factory can achieve in a Fiscal Year, assuming that all machines are running at full speed considering 15% standard losses, 300 days a year. It is determined after taking into account the capacity of the general assembly plant and depends on inputs from the battery plant. The E2W production capacity of the Hosur Factory is constrained by its battery production capacity.
- (3) Capacity utilisation: actual production during the relevant Fiscal Year divided by the effective annual installed capacity of the Hosur Factory as at the end of the relevant Fiscal Year.
- (4) The Ather 450X with 2.9 kWh battery capacity was launched in January 2020 and was succeeded by the Ather 450X (Gen 3) with 3.7 kWh battery capacity launched in July 2022. Following that, the Ather 450X (Gen 3.1) was launched in January 2023. The Ather 450X (Gen 3.1) was succeeded by the Ather 450X (2.9 kWh) and Ather 450X (3.7 kWh) variants, launched in August 2023.

For a further breakdown of our capacity utilisation rate, please see “Our Business – Business Description – Our Operations Ecosystem – Our Manufacturing Facilities – Our Hosur Factory” on page 260.

In Fiscal Year 2024, we had a capacity utilisation rate of 29% across both our E2W assembly and battery pack manufacturing lines in our Hosur Factory. If demand for our E2Ws does not increase and we are unable to expand our operations at the Hosur Factory, we may not realise operational efficiencies and certain economies of scale.

Further, upon the completion of Phase 1 of the Factory 3.0, if we do not have sufficient customer orders to fully utilise the additional production capacity at the Factory 3.0, in addition to any remaining production capacity at the Hosur Factory, we may experience increased costs and lower profit margins. We cannot assure you that we will be able to achieve high capacity utilisation rates in the future, which in turn could limit our ability to leverage economies of scale, thereby adversely affecting our margins and results of operations.

**19. We are highly dependent on the services of Tarun Sanjay Mehta and Swapnil Babanlal Jain, Key Managerial Personnel, Senior Management and other qualified personnel, and we may experience disruptions to our business if we lose their services.**

Our success substantially depends on the ongoing service and reputation of Tarun Sanjay Mehta and Swapnil Babanlal Jain, as well as the efforts of our Key Managerial Personnel (“KMP”) and Senior Management. We had turnover in some of our KMP, Senior Management and others, including certain senior executives, in Fiscal Years 2024, 2023 and 2022, and are in the process of identifying successors for certain roles. For details of change in Key Managerial Personnel and Senior Management in the last three years, please see “*Our Management – Changes in Key Managerial Personnel and Senior Management*” on page 311.

The following table summarises the total number of our permanent employees (excludes consultants, trainees and interns) and attrition rate of permanent employees in Fiscal Years 2024, 2023 and 2022.

	As at March 31, / Fiscal Year		
	2024	2023	2022
Total number of permanent employees	1,424	1,370	768
Total number of permanent employee exits	257	171	134
Attrition rate <sup>(1)</sup>	18%	16%	21%

Note:

(1) Attrition rate is calculated as the total number of permanent employees who exited within the relevant Fiscal Year divided by the average total number of permanent employees as at the beginning and end of the relevant Fiscal Year.

If any of our KMPs or Senior Management leave due to death, disability, or other reasons, or if their reputation is harmed, our business may be disrupted, and our financial condition adversely affected. We may incur additional costs to recruit, train, and retain qualified personnel. If any of our KMP or Senior Management join a competitor or start a competing company, we may lose customers, know-how and key staff. Although there are non-compete provisions contained in their letters of appointment or employment agreements, as applicable, these may not be enforceable in disputes. While we have not had any adverse publicity related to this staff turnover in the past, there is no assurance that it would not occur in the future. Such instances could harm our reputation and impede our ability to attract new talent, which may negatively impact our business operations.

If any of our key employees, including our KMP and Senior Management, choose to discontinue their roles or become unable to continue their roles, finding suitable replacements in a timely manner could prove challenging. We may not be able to replace them at all. As our brand gains recognition, we face an increased risk of our employees being targeted by competitors or other businesses for recruitment. The sector we operate in is known for its high demand for skilled professionals and competition for such individuals, and we cannot guarantee our success in retaining or hiring staff. See “*Our Management – Changes in Key Managerial Personnel and Senior Management*” on page 311.

Furthermore, as our Company is relatively young and we operate in a nascent industry, our ability to staff and train new employees in our operations may not meet the growing demands of our business, especially with the expansion of our Factory 3.0. This may materially and adversely affect our ability to grow our business and our results of operations. In addition, because our E2Ws are based on a different technology



platform than conventional ICE vehicles, individuals with sufficient training in such E2Ws may not be available to hire. We will therefore need to expend significant time and expenses in hiring and training new employees. We also employ personnel on a contractual basis, such as in our manufacturing facilities and our Corporate Office, and we cannot assure you that we will be able to recruit qualified and adequately trained personnel to meet the growing demands of our business.

We run the risk of employee misconduct or the failure of our internal processes and procedures to identify and prevent such misconduct. For instance, in the recent past, we have had an allegation pertaining to unfair means in our recruitment process and we have taken actions in respect of such instance. Any such instances in future may also adversely affect our reputation, thereby adversely impacting our business, results of operations and financial condition.

**20. We require a significant amount of capital and our future capital needs may require us to obtain additional loans and borrowings or issue equity or debt securities, which may impose restrictions on our business activities and dilute our shareholders' equity.**

We need significant capital to, among other things, conduct R&D, invest in technologies and product development including sales and marketing, capital expenditure, construct the Factory 3.0, expand our production capacity and fund organic growth initiatives and general corporate purposes. The table below sets out our total capital expenditure in Fiscal Years 2024, 2023 and 2022.

Particulars	Fiscal Year		
	2024	2023 (₹ million)	2022
<b>Total Capital Expenditure</b>	<b>1,159</b>	<b>1,318</b>	<b>722</b>

For further details, see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations – Capital Expenditures*” on page 417.

We expect our capital expenditures to continue to be significant in the foreseeable future as we expand our business. Our limited operating history makes it difficult to accurately forecast our future capital requirements.

We may in the future seek equity or debt financing to finance a portion of our capital expenditures or refinance our debt. Such financing may not be available to us in a timely manner or on commercially acceptable terms, or at all. In addition, our future capital needs and other business reasons may require us to issue additional equity or debt securities (including convertible debt securities) or obtain a credit facility. The issuance of additional equity securities or debt securities convertible into equity could dilute our shareholders’ shareholding. Our ability to obtain the necessary financing could be subject to a number of factors, including general market conditions, business performance and investor acceptance of our business plan. Our outstanding indebtedness may also affect our ability to obtain financing in a timely manner and on reasonable terms. These factors may make the timing, amount, terms and conditions of such financing unattractive or unavailable to us. If we are unable to raise sufficient funds, we will have to significantly reduce our spending, delay or cancel our planned activities. We might not be able to obtain any funding or service any of the debts we incurred, which could mean that we would be forced to curtail or discontinue our operations thus causing our business, financial condition and prospects to be materially and adversely affected.

The incurrence of indebtedness would require us to use a portion of our future cash flows from operations to pay interest and principal on our indebtedness, thereby resulting in an increase in debt service obligations. Our financing arrangements may also impose certain operating and/or financial covenants that restrict our operations, limit our ability to implement our business strategy, heighten our vulnerability to downturns in our business, the industry, or in the general economy, prevent us from taking advantage of business opportunities as they arise, or prevent us from being able to pay dividends to our shareholders. For further details, see – “*If we are unable to comply with repayment and other covenants in our financing agreements, our business, financial condition and cash flows could be adversely affected*” on page 63.

**21. Our research and development efforts may not yield expected results.**

Technological innovation is important to our success. We have developed most of our technologies in-house and have invested in our R&D efforts and expect to continue doing so in the future. R&D activities are inherently uncertain, and there can be no assurance that we will continue to achieve technological breakthroughs and successfully commercialise such breakthroughs. The following table sets out our R&D expenditure for the Fiscal Years indicated.

	Fiscal Year		
	2024 <sup>(1)</sup>	2023 <sup>(2)</sup>	2022 <sup>(3)</sup>
	<i>(₹ million) unless otherwise indicated</i>		
Manpower	1,518	1,204	575
% of total income	8%	7%	14%
Non-manpower	847	712	435
% of total income	5%	4%	11%
<b>Total R&amp;D Expenditure</b>	<b>2,365</b>	<b>1,916</b>	<b>1,010</b>
% of total income	13%	11%	24%

<sup>(1)</sup> Inclusive of ₹ 142 million as taxes.

<sup>(2)</sup> Inclusive of ₹ 132 million as taxes.

<sup>(3)</sup> Inclusive of ₹ 55 million as taxes.

See “**Management’s Discussion and Analysis of Financial Condition and Results of Operations – Principal Components of Statement of Profit and Loss – Expenses – R&D expenditure**” on page 398.

For instance, we are currently invested in developing battery packs that utilise cells of other types of chemistry and we cannot assure you that we will be able to recoup our investments. A delay in the development or regulatory approval (if applicable) of technologies for our new E2W models could delay our expected timelines to bring new E2Ws to market or to provide upgrades to existing models or generally fail to meet customer demand, which would in turn damage our brand and reputation, adversely affect our business, financial condition, results of operations, cash flows and prospects and cause liquidity constraints.

**22. We may experience delays, disruptions or cost overruns in the construction of the Factory 3.0 at Chhatrapati Sambhajnagar (formerly Aurangabad), Maharashtra, India, which could adversely affect our business, prospects, financial condition and results of operation.**

We plan to construct the Factory 3.0 at Chhatrapati Sambhajnagar (formerly Aurangabad), Maharashtra, India, on a 95-year leased property in both phases, having a total production capacity of 1 million E2Ws per year upon completion of construction of both phases to achieve a total production capacity of 1.42 million of E2Ws per year across all our manufacturing facilities. This first phase of Factory 3.0 is proposed to be financed through the Net Proceeds and expected to be completed in March 2027, with a production capacity of 0.5 million E2Ws per year, based on the D&B Report. For further details on timelines, project cost and funding, see “**Objects of the Offer – Capital expenditure to be incurred by our Company for establishment of an E2W factory in Maharashtra, India**” on page 144.

However, if, amongst other factors, the market demand is weak, we may not complete or may delay the construction of the two phases of Factory 3.0. Further, we could experience delays, disruptions or other difficulties during construction, such as labour disruptions, technological advancement rendering the purchased software redundant, foreign exchange rate fluctuations and failure to receive approvals from relevant government and statutory authorities. These may cause us to incur additional expenses and experience cost overruns or face difficulties in meeting the demand for our products as we continue to grow our business, thus adversely affecting our business, prospects, financial condition and results of operation. For further details in relation to time and costs overruns, please see “– ₹9,272 million of the Net Proceeds are intended to be utilised for funding our capital expenditure requirements to construct our Factory 3.0 at Chhatrapati Sambhajnagar (formerly Aurangabad), Maharashtra. We have relied on third-parties’ quotations in estimating the total cost of our capital expenditure and no bank, financial institution or other independent agency have appraised this project.”

Under Indian laws, the construction of manufacturing facilities is subject to, *inter alia*, government supervision and approval procedures, including but not limited to project approvals and filings, construction land and project planning approvals, environment protection approvals, pollution discharge permits, drainage licence, factory and labour licences, work safety approvals, fire protection approvals,

and the completion of inspection and acceptance by relevant authorities. For details, see “*Objects of the Offer – Details of the Objects - Capital expenditure to be incurred by our Company for establishment of an E2W factory in Maharashtra, India – Government and Other Approvals*” on page 152.

In response to our proposal to set up Factory 3.0 for undertaking certain capital investment and providing employment at Factory 3.0, the Government of Maharashtra has issued an offer letter in accordance with which our Company has been offered incentives and exemptions including in relation to electric duties, capital subsidy, industrial promotion subsidy, stamp duties subject to compliance with the Electric Vehicle Policy, 2018. The land on which we propose to construct Factory 3.0 has been leased to us by the Maharashtra Industrial Township Limited (“MITL”) and we have entered into a sub-lease deed dated August 1, 2024 with MITL for a period of 95 years. As part of the terms and conditions of the sub-lease deed, before commencing construction, we are required to obtain approval of the plans and specification of Factory 3.0 within 24 months from the date of execution of the sub-lease deed with MITL, obtain a consent to establish from Maharashtra Pollution Control Board, and we are required to complete construction within five years from the date of execution of the sub-lease deed with MITL. If we fail to comply with such terms and conditions, we may be subject to fines, penalties, legal proceedings and cancellation of the sub-lease/ allotment of land.

There is no assurance that we will be able to comply with the requirements of government supervision or procure requisite business approvals in a timely manner or at all. While we have not experienced any such delays in the execution of our expansion projects in the past three Fiscal Years, any such delays could result in us becoming subject to administrative uncertainty, fines, or the suspension of use of such project. Any of the foregoing could materially and adversely affect our business operations.

**23. *Any failure of our products or technology systems, breaches in data security or privacy concerns, and any failure on our part to address such issues, could harm our reputation and growth prospects, and cause us to incur substantial costs to remedy such issues.***

Our products and technology systems are vulnerable to damage or interruptions from, among others, fire, natural disasters, power loss, telecommunications failures, errors, glitches, bugs, vulnerabilities or design defects, which could result in service interruptions or system failures, and our systems are subject to certain technical limitations that may compromise our ability to meet our objectives.

We may face technological failures, such hardware failures, product software failures, and internal software failures. We have experienced minor hardware failures in the past (although none have materially affected our operations), and such hardware failures may occur in the future. In addition, the product software updates that we deploy through OTA updates may fail to properly update the vehicles’ software or otherwise have unintended consequences, including software failure. While we have not faced any material product software failures in the past three Fiscal Years, such issues may be difficult to detect and may only be discovered after the OTA update has been released for external or internal use. Further, failure of our internal information system technology may disrupt our operations and prevent us from delivering our products and services in a timely manner. Whilst we have not experienced any material internal software failures in the past three Fiscal Years, we cannot assure you that this will not happen in the future.

If we are unable to prevent or effectively remedy such software and hardware issues in a cost effective and timely manner, our business, prospects, financial condition, results of operations, and cash flows could be adversely affected. In the event that our technology systems are unable to handle the additional business volume, our service capabilities, operating efficiency and future business volume may decline.

While we have designed, implemented and tested security measures intended to prevent unauthorised access to our product and internal information technology networks, databases and our E2Ws and their systems and have not experienced any such attacks in the past, hackers may, in the future, attempt to gain unauthorised access to modify, alter, and use our networks, E2Ws, and systems to gain control of, or to change, our E2Ws’ functionality, customer interface, and performance characteristics; carry out computer denial of service attacks; or gain access to data stored in or generated by the E2Ws. Vulnerabilities could be identified in the future and our remediation efforts may not be successful. Any unauthorised access to or control of our E2Ws or their systems or any loss of data could result in legal claims or proceedings against us. Our data centres are also subject to break-ins, sabotage, and intentional

acts of vandalism, and to potential disruptions caused by earthquakes, hurricanes, floods, fires and other natural disasters, power losses, and disruptions in telecommunications services. Some of our systems are not fully redundant, and our disaster recovery planning cannot account for all eventualities. While we have not experienced any such attacks on or disruptions to our data centres in Fiscal Years 2024, 2023 and 2022, we could experience lengthy interruptions in our service if such events manifest. While we have obtained coverage under our cyber security insurance policy, there is no assurance that we will be covered for all losses incurred. Further, reports of unauthorised access to our E2Ws, their systems, or data as well as other factors that give the perception that our E2Ws, their systems, or data are capable of being hacked, could negatively affect our brand and harm our business, financial condition, results of operations, and prospects.

**24. *The lithium-ion cells used in our electric two-wheelers’ battery packs could catch on fire or vent smoke even if properly manufactured, managed or controlled. Such instances could subject us to adverse publicity, which may impact our brand, business, prospects, financial condition and results of operations.***

We manufacture our E2W battery packs using lithium-ion cells imported from third-party suppliers. Even if properly manufactured, stored or managed or if exposed to environmental stressors, lithium-ion cells may release the energy they contain by venting smoke or may catch fire and ignite surrounding objects. Our batteries undergo various tests, such as over temperature testing, mechanical drop testing and extreme vibration testing. Our battery systems comply with and are tested for AIS 156, the latest proposed standard for India by the Ministry of Road Transport and Highways. Despite these tests, our E2Ws or their battery packs have experienced certain failures in the past three Fiscal Years. While these past failures have neither had a material impact on our business nor have they resulted in any bodily injuries or deaths, there is no assurance that we will not experience failures in the future that could result in bodily injury or death and could subject us to litigation, including product liability claims, field actions (including product recalls), or redesign efforts, all of which would be time consuming, expensive and could harm our brand. However, there is no assurance that we will not face any lawsuits or product liability claims in the future, which could require us to pay substantial monetary compensation and our insurance coverage might not be sufficient to cover all such potential product liability claims. This in turn could affect our brand, business, prospects, financial condition and results of operations.

In addition, we store the lithium-ion cells at our facilities. While we have implemented safety procedures related to the handling of the lithium-ion cells and have not faced any material safety issues in Fiscal Years 2024, 2023 and 2022, any mishandling of lithium-ion cells at our facilities or during transportation between our facilities could lead to safety issues or fires which could disrupt our operations. Such damage or injury could lead to adverse publicity and potentially a safety recall. Moreover, any failure of a competitor’s EV or energy storage product or negative public perceptions regarding the suitability of lithium-ion cells for automotive applications, the social and environmental impacts of mineral mining or procurement associated with the constituents of lithium-ion cells, or any future incident involving lithium-ion cells, such as a vehicle or other fire, may result indirect adverse publicity for us and our products. Such adverse publicity could negatively affect our brand and harm our business, financial condition, results of operations and prospects.

**25. *Our statutory auditors have identified certain emphasis of matters in their auditor reports.***

Our statutory auditors have noted an emphasis of matter in their auditor report for Fiscal Year 2022 as highlighted in the table below.

		<b><u>Emphasis of matters</u></b>
Fiscal 2022 (standalone)	Year	We draw attention to Note 1.2 to the financial statements with regard to the basis of preparation of the financial statements. As mentioned therein, the Company has incurred a net loss of Rs. 3,441 Million during the year ended March 31, 2022 and, as of that date, has accumulated loss of Rs. 9,629 Million. Further the Company’s current liabilities exceeded its current assets by Rs. 1,017 Million. However, the financial statements of the Company have been prepared on a going concern basis for the reasons stated in the said Note.

We cannot assure you that our Statutory Auditor’s reports for any future financial period will not contain

similar matters or other emphasis of matters, adverse remarks, observations or other matters and that such matters will not otherwise affect our results of operations and cash flows in the future. For further information, see “*Restated Financial Information – Emphasis of Matter*” on page 321.

**26. The driving range of our electric two-wheelers on a single battery charge decreases over time and this may negatively impact customers’ decision to adopt electric vehicles. We may not be able to fully ascertain the deterioration rate of our battery packs.**

The rate at which the driving range of our E2Ws on a single battery charge declines depends on usage, time and charging patterns. The following table provides a comparison of the ARAI certified driving range on a single battery comparison to our peers.

Company	Model	Range (ARAI certified)
Ather Energy Limited	Rizta S	123 km
	Rizta Z (2.9 kWh)	123 km
	Rizta Z (3.7 kWh)	159 km
	450S	115 km
	450 X (2.9 kWh)	111 km
	450 X (3.7 kWh)	150 km
Bajaj Auto Limited	450 Apex	157 km
	Chetak Premium (2024) -TecPac#	126 km
	Chetak Premium (2024) -Standard	126 km
	Chetak Urban ( 2024)-TecPac#	113 km
Ola Electric Mobility Limited	Chetak Urban ( 2024)-Standard	113 km
	S1X+ (3Kwh)	151 km
	S1X (2kwh/3Kwh)	95 km/143 km
	S1X (4 kWh)	190 km
	S1X+ (3 kWh)	151 km
TVS Electric Mobility Limited	S1 Air (3 kWh)	151 km
	S1 Pro (2nd gen)	195 km
	iQube ST	100 km
	iQube	100 km
	iQube S	100 km
Greaves Electric Mobility Private Limited	TVS X	140 km
	Magnus LT	81 km
	Zeal Ex	100 km
	Magnus EX	100 km
Okinawa Autotech	Primus	107 km
	Prasie Pro	81 km
	Ridge+	81 km
	Ridge+(GPS)	81 km
	Dual 100	129 km
	Ridge 100	149 km
	Ipraise +	137 km
Hero MotoCorp Limited	Okhi-90	161 km
	V1 Plus	143 km
	V1 Pro	165 km

(Source: CRISIL)

As customers use E2Ws for various purposes, in differing manners and durations, the performance of the battery packs in our E2Ws may vary and decline at a faster rate than the manufacturer’s estimate. For instance, the frequency of a customer’s usage and charging patterns can all result in accelerated deterioration of the battery pack’s ability to hold a charge. While we have completed standard warranty cycles in the past, our limited operating history means that we are unable to accurately assess the actual deterioration of our battery packs in the future. The decline in driving range on a single battery charge over time may negatively affect potential customers’ decision to purchase our E2Ws, thereby affecting our business and financial operations.

**27. The wider distribution networks of certain of our competitors may provide them with a competitive edge.**

Certain of our competitors, including those that are incumbent ICE players, have a wider distribution reach than our company. As a result, they may have a higher rate of market penetration than us in certain markets and we may face entry barriers to successfully compete with them. Further, wider distribution networks may lead to greater brand visibility and recognition, which could entrench customers in those regions to our competitors. Extensive distribution channels may also offer better convenience to ensure higher product availability and faster delivery times, which could promote brand loyalty. As a result of these factors, our business, prospects, financial condition, results of operations and cash flows may be adversely affected.

**28. *Any insufficiency of our warranty reserves to cover future warranty claims could have an adverse impact on our financials.***

As we commenced the delivery of our E2Ws in September 2018, we have a limited operating history in terms of responding to warranty claims and have experienced a limited number of warranty claims relating to our E2Ws to date. Therefore, we have a limited basis upon which to estimate our future expenses related to warranty claims and the appropriate level of warranty provisions that we should maintain. We have warranty provisions of ₹1,076 million, ₹820 million and ₹241 million as at March 31, 2024, March 31, 2023 and March 31, 2022, respectively. The amount of the warranty reserve represents our best estimate of the projected costs to repair or replace items under warranties, as well as the nature and frequency of future claims. See “*Management’s Discussion and Analysis of Financial Condition and Results of Operations – Summary Results of Operations – Selected Restated Statement of Assets and Liabilities*” on page 414.

We currently offer a three-year/30,000 km (whichever is earlier) warranty for all our E2W models. We offer a five-year/60,000 km (whichever is earlier) warranty for the Ather 450 Apex battery pack, while the battery packs for other E2W models come with a three-year/30,000 km (whichever is earlier) warranty; with an extended battery warranty option available for an additional two years/30,000 km (whichever is earlier) totalling to five years/60,000 km (whichever is earlier), for an additional fee. Our warranty program is intended to cover all parts and labour costs to repair defects in manufacturing and workmanship. We also offer battery replacements for any batteries whose state-of-health falls below 70% within the coverage period. We plan to introduce a new extended battery warranty program in the first half of Fiscal Year 2025, which will extend the battery warranty to eight years /80,000 km (whichever is earlier).

While we have completed the standard warranty cycles for our Ather 450 and Ather 450X scooters, we cannot guarantee that our warranty reserves will be sufficient in the future. As at March 31, 2024, we have not received any customer claims under the extended battery warranty. Nonetheless, we may, in the future, face significant warranty claims, resulting in substantial expenses that could materially and adversely affect our financial condition, results of operations, and prospects. As we aim to increase sales volumes and expand our product line, we could see a rise in warranty claims, necessitating an increase in our warranty reserves.

We monitor and adjust warranty provisions based on actual and estimated future warranty costs. For instance, we took into account the battery warranty claims from our customers relating to battery performance in Fiscal Years 2023 and 2022 when setting our Fiscal Year 2024 provisions. Although we have an insurance policy to underwrite liabilities for the two-year extended warranty period for our batteries, our third-party partners cover only up to ₹100,000 for battery repairs or replacement per E2W. Any battery failures exceeding ₹100,000 in repair costs per E2W will be covered by our Company. There is no assurance that these insurance policies or provisions will sufficiently cover all incurred costs. We cannot guarantee that costs associated with extended warranty claims will not adversely affect our future results of operations or that our warranty provisions will be adequate to cover all future claims.

**29. *The automotive industry and its technology are rapidly evolving and may be subject to unforeseen changes which could adversely affect the demand for our electric two-wheelers or increase our operating costs.***

We may be unable to keep up with changes in EV technology or alternatives to electricity as a fuel source and, as a result, our competitiveness may suffer. We have invested in our R&D capabilities to keep up with these technological trends and have set out our R&D expenses in the table below, as at the dates

indicated.

	Fiscal Year		
	2024 <sup>(1)</sup>	2023 <sup>(2)</sup>	2022 <sup>(3)</sup>
	<i>(₹ million) unless otherwise indicated</i>		
Manpower	1,518	1,204	575
% of total income	8%	7%	14%
Non-manpower	847	712	435
% of total income	5%	4%	11%
<b>Total R&amp;D Expenditure</b>	<b>2,365</b>	<b>1,916</b>	<b>1,010</b>
% of total income	13%	11%	24%

<sup>(1)</sup> Inclusive of ₹ 142 million as taxes.

<sup>(2)</sup> Inclusive of ₹ 132 million as taxes.

<sup>(3)</sup> Inclusive of ₹ 55 million as taxes

See “*Management’s Discussion and Analysis of Financial Condition and Results of Operations – Principal Components of Statement of Profit and Loss – Expenses – R&D expenditure*” on page 398.

Any failure by us to develop new or enhanced technologies or processes, or to react to changes in existing technologies, could materially delay our development and introduction of new and enhanced E2Ws. Any of these, including any failure by us to anticipate customers’ rapidly changing needs, expectations, and preferences, could result in the loss of competitiveness of our E2Ws, decreased revenue, and a loss of market share to competitors. Our R&D efforts may not be sufficient to adapt to changes in EV technology.

Our E2Ws may not compete effectively with alternative systems if we are not able to source and integrate the latest technology into our E2Ws. The introduction and integration of new technologies into our E2Ws may increase our costs and capital expenditures required for the production and manufacture of our E2Ws. In addition, upgrades and adaptations to our E2Ws may also require, from time to time, planned and temporary manufacturing shutdowns. Plant shutdowns, whether associated with product changes or other factors, can have a negative impact on our revenues and a negative impact on our working capital. If we are unable to implement new technologies or adjust our manufacturing operations in a cost efficient manner, if we experience delays in achieving the foregoing, or if planned manufacturing shutdowns last longer than projected, our business, prospects, financial condition, results of operations, or cash flows would be materially and adversely affected.

**30. We may face challenges in the provision of charging solutions to customers, and inadequate access to our charging infrastructure could materially and adversely affect demand for our electric two-wheelers.**

We may face challenges in our expansion of the Ather Grid. The following table sets out details of the Ather Grid as at March 31, 2024, March 31, 2023 and March 31, 2022.

	As at March 31,		
	2024	2023	2022
Fast Chargers	1,973	1,175	291
Neighbourhood Chargers <sup>(1)</sup>	510	-	-

Note:

<sup>(1)</sup> We began commissioning neighbourhood chargers in Fiscal Year 2024.

For further details, please see “*Our Business – Business Description – Our Charging Infrastructure*” on page 230.

While we provide a portable charger with every E2W we sell, our abilities to provide out-of-home charging solutions and continue the expansion of our charging infrastructure depend on our partnerships with third-parties to install and maintain our chargers. The cost of setting up chargers in each location also differs depending on factors such as the distance of electrical cabling required, requirement of civil work and other branding requirements. The successful setup of our chargers also depends upon the receipt of necessary private and government approvals, the criteria for which varies by state and location. While we have not faced any material challenges in establishing and growing our charging infrastructure in

Fiscal Years 2024, 2023 and 2022, we may nonetheless face delays in the continued expansion of our charging infrastructure.

If our continued expansion of the Ather Grid cannot keep pace with the increasing demand for our charging infrastructure, customer wait times may increase, which may result in customer dissatisfaction and adversely affect our brand and demand for our E2Ws.

**31. Our sales are geographically concentrated, exposing us to additional risks of business disruptions.**

Sales from our retail centres in south zones in India contributes to a significant portion of our revenue. Due to this geographical concentration, any occurrences affecting southern India’s economy could disrupt our sales activities and reduce our overall sales volume, thereby adversely affecting our business, operating results and financial condition. The following table provides a breakdown of our E2W sales volumes by region.

Zones	Fiscal Year					
	2024		2023		2022	
	(Units)					
South	74,372	68%	60,977	66%	15,199	65%
North	9,315	9%	7,389	8%	1,973	8%
East	6,006	5%	3,049	3%	297	1%
West	17,899	16%	19,737	22%	5,566	24%
Central	1,704	2%	941	1%	367	2%
Exports to Nepal	281	0%*	-	-	-	-
<b>Total</b>	<b>109,577</b>	<b>100%</b>	<b>92,093</b>	<b>100%</b>	<b>23,402</b>	<b>100%</b>

\*Denotes less than 0.5%.

See “*Our Business - Our Strategies – Expand and deepen our distribution network in India and beyond*” on page 239.

Natural disasters, regional unrest and regulatory changes in south zones in India could have a disproportionate impact on the demand for our E2Ws. Although we have not experienced any major disruptions to our sales in south zones in India in Fiscal Years 2024, 2023 and 2022, we cannot guarantee that such disruptions will not occur in the future.

**32. If our customers alter or customise our electric two-wheelers with aftermarket parts or severely damage our electric two-wheelers, such electric two-wheelers may not operate properly and impact our reputation.**

Customers may alter or customise our E2Ws with aftermarket parts or severely damage our E2Ws through accidents or by using improper external cabling or unsafe charging outlets, such as incorrect chargers or plug points. Such actions can severely damage or compromise our E2Ws’ performance, safety, charging systems and security systems, and in the case of severe damages, expose our customers to injury from high voltage electricity or cause our batteries to catch on fire. For example, in Fiscal Year 2022, the battery case of one of our E2Ws was severely damaged due to a traffic accident. Following routine service, water inadvertently seeped into the battery, which subsequently caught on fire. While this incident did not have a material impact on our business nor cause any bodily injuries, and we are not aware of any other material incidents arising from modifications or misuse in Fiscal Years 2024, 2023 and 2022, there is no assurance that they will not arise in the future. Any injuries resulting from such actions could result in adverse publicity, which would negatively affect our brand and thus harm our business, prospects, financial condition, results of operations and cash flows.

**33. Failure to comply or a delay in complying with motor vehicle standards laid down by the Automotive Research Association of India could materially and adversely affect our business and results of operations.**

Our E2Ws are required to adhere to the safety standards mandated in India, as specified by the ARAI. To obtain a certificate of compliance with Central Motor Vehicle Rules, 1989, the ARAI conducts tests to ensure that components automobile lamps, indicators, signalling/lighting devices, wheel rims, spray



suppression, horn, tyre, bulb and retro reflectors comply with the safety standards under Rule 124 of the Central Motor Vehicle Rules, 1989. If our E2Ws fail to meet ARAI's homologation criteria, they will not be deemed fit for road use and cannot be released to the public. Additionally, the compliance certificate can be suspended or revoked if a certified E2W model is discovered to have defects that lead to quality or safety issues, or if it fails to meet certification standards during subsequent inspections. While we possess the required certifications for our E2Ws, there is no assurance that we will be able to maintain or renew such certifications. If a certificate of compliance for any of our E2Ws is revoked or suspended, that model cannot be delivered, sold, imported or utilised in any commercial capacity from the date of such revocation or suspension. Therefore, non-compliance with the required safety standards could have a significant and detrimental impact on our business operations and financial performance. While we have not experienced any instances of non-compliance with standards of motor vehicles set by ARAI and other industry standards in the past three Fiscal Years, there is no guarantee that such instances of non-compliance will not occur in the future.

Further, whilst our E2Ws may meet all the necessary standards laid down by ARAI, there may be a delay in receiving such certificates of compliance. These delays could result in fines or delayed launches, which have the ability to materially affect our business and results of operations. While we have not experienced any delays in compliance with the ARAI standards in Fiscal Years 2024, 2023 and 2022, there is no assurance that such delay will not occur in the future.

**34. ₹9,272 million of the Net Proceeds are intended to be utilised for funding our capital expenditure requirements to construct Phase 1 of Factory 3.0 at Chhatrapati Sambhajnagar (formerly Aurangabad), Maharashtra. We have relied on third-parties' quotations in estimating the total cost of our capital expenditure and no bank, financial institution or other independent agency have appraised this project.**

We intend to use the Net Proceeds from this Offer for the purposes described in “*Objects of the Offer*” beginning on page 142. The objects of the Offer comprise (i) capital expenditure to be incurred by our Company for establishment of Factory 3.0 in Maharashtra; (ii) repayment / pre-payment, in full or part, of certain borrowings availed by our Company; (iii) investment in R&D; (iv) expenditure towards marketing initiatives; and (v) general corporate purposes.

In relation to the construction of our Factory 3.0, the total cost of this project is estimated to be ₹11,226.99 million. We have relied on the D&B Report for our estimation. We have not placed any orders for plants or machinery for our Factory 3.0 as on the date of this Draft Red Herring Prospectus, and we cannot assure you that such orders will be placed in a timely manner. In the event of any delay for placing these orders, the proposed schedule, implementation and deployment of the Net Proceeds may be extended or varied accordingly. In addition, we have not entered into any definitive agreements with third-parties to utilise the Net Proceeds for this project and have rather relied on their quotations to provide the necessary figures for the D&B Report. Most of these quotations are valid for a certain period of time and may be subject to revisions and other commercial and technical conditions. There is no assurance that the actual costs incurred in relation to constructing our Factory 3.0 will be similar to and not exceed the amounts indicated in the third-party quotations. Further, we may ultimately contract with vendors other than those that had previously submitted quotations for various reasons. For further details, see “*Objects of the Offer – Capital expenditure to be incurred by our Company for establishment of an E2W factory in Maharashtra, India*” on page 144.

If we are unable to procure the requisite materials from the contracted vendors, there is no assurance that we will be able to identify alternative vendors to provide us the materials that satisfy our requirements at acceptable prices and in a timely manner. Our inability to undertake construction work and procure plant and machinery at acceptable prices or in a timely manner, may result in an increase in the cost of Factory 3.0, the proposed scheduled implementation and deployment of the Net Proceeds may be extended or may vary accordingly, thereby resulting in an adverse effect on our business, prospects and results of operations.

Furthermore, the completion of Factory 3.0 is also dependent on the performance of external agencies which are responsible for, *inter alia*, undertaking construction work, installation and commissioning of machinery and supply and testing of equipment. If the performance of these agencies is inadequate, it may result in incremental cost and time overruns which could adversely affect our business and results

of operations. Although we have not experienced any material delays in the commencement of operations at our other facilities, there is no assurance that delays will not occur in the future. Such delays may be caused by events beyond our control and may affect our ability to complete the Factory 3.0 in accordance with the proposed schedule of implementation, which could have an adverse impact on our growth, prospects, cash flows and financial condition.

Further, the D&B Report provides that there may be inter alia (i) time and cost overrun in relation to completion and operationalisation of lines 1-3 of Phase 1 of Factory 3.0, (ii) risks in relation to obtaining required approvals from governmental authorities in a timely manner, (iii) technological risks, (iv) force majeure events, etc. The above-mentioned issues may arise due to lack of availability of funds, improper implementation, dependence on third parties regarding machineries and software. Further, if the required government approvals are not obtained in a timely manner, it can cause delay in initiating production or installation of machineries, in relation to Phase 1. Any delay in financing this project could significantly delay our plans to expand our operations and achieve economies of scale for our E2Ws.

**35. *The functioning of our electric two-wheelers is highly dependent on the health and functioning of key components, such as our battery packs. If customers perceive the cost of replacing these components in our electric two-wheelers to be high, they may choose not to purchase our electric two-wheelers.***

Our E2Ws are comprised of key components such as our battery packs, and the functioning of our E2Ws depends heavily on the state of health of these components. Our battery packs constitute a significant portion of our BOM. For instance, the battery pack made up 31% of the BOM for the Ather 450X (2.9 kWh) variant, as at March 31, 2024. The lithium-ion cells used in our battery packs are designed for single use, which means that they cannot be repaired or reused. Once the battery packs installed in our E2Ws reach the end of their lifecycles, they would need to be replaced.

Some of our customers may consider the cost of replacing the battery packs in our E2Ws to be high, and in such cases, they may elect to purchase other 2Ws instead. As a result, we may lose customers or experience a lower demand for our E2Ws, which will adversely impact our business and prospects.

**36. *Compared to internal combustion engine two-wheelers, the network of repair and service centres for electric two-wheelers have a much restricted geographical spread, which may deter customers from purchasing our electric two-wheelers.***

According to the CRISIL Report, E2W repair and service centres have a much restricted geographical spread as compared to those available for ICE 2Ws. As a result, customers might be hesitant to purchase our E2W due to concerns about the availability and accessibility of repair and service centres compared to the well-established networks for ICE 2Ws. This perceived lack of support and service options for E2Ws could slow down the adoption of EVs as customers may prefer the security of the established ICE service infrastructure. These could, in turn, adversely affect our future sales, business, prospects, financial condition, results of operations and cash flows.

**37. *We may not be able to prevent others from unauthorised use of our intellectual property and may in the future become subject to patent, trademark and/or other intellectual property infringement claims.***

We rely on a combination of trademarks, designs, patents, domain names, trade secrets, proprietary technologies, and similar intellectual property to establish and protect our rights in our technology and intellectual property. The table below sets out the number of our registered intellectual property and pending applications, as at the dates indicated.

<b>Intellectual Property</b>	<b>As at August 31, 2024</b>
Registered intellectual property	
Patents	45
Design registrations	199
Trademarks	291
Pending applications in respect of intellectual property	
Patent applications	210
Design registration applications	11
Trademark applications	93
<b>Total</b>	<b>849</b>

See “*Our Business – Other Business Description – Intellectual Property*” on page 274.

While we undertake to register our intellectual property, there is no assurance that such applications will be granted. An intellectual property registration granted to us may not be sufficient to protect our intellectual property rights. We may also be susceptible to claims from third-parties asserting infringement and other related claims. While we have not been subject to any material intellectual property claims in Fiscal Years 2024, 2023 and 2022, there were instances of unauthorised usage of our intellectual property by third-parties in such Fiscal Years. For instance, in Fiscal Year 2024, an unauthorised party misused the ‘Ather’ brand name which is currently a registered trademark. Although all unauthorised usages were remedied in Fiscal Years 2024, 2023 and 2022 following the service of necessary notices, monitoring unauthorised use of our intellectual property is difficult and costly, and the steps we will take to prevent misappropriation in the future may not be successful. From time to time, we may have to resort to litigation to enforce our intellectual property rights, which could result in substantial costs and diversion of our resources. Implementation and enforcement of Indian laws relating to intellectual property have historically been deficient and ineffective, and may not be as effective as in the United States or other developed countries. Failure to defend, maintain or protect these rights could harm our business. Any unauthorised use of our intellectual property by third-parties may adversely affect our current and future revenues and our reputation.

We may in the future become party to additional, intellectual property infringement claims or proceedings. Companies, including our competitors, or individuals, may hold or obtain patents, trademarks or other proprietary or intellectual property rights that would prevent, limit or interfere with our ability to make, use, develop, sell, or market our E2Ws or EV accessories, which could make it more difficult for us to operate our business. From time to time, we may receive inquiries from holders of patents or trademarks inquiring whether we infringe their proprietary rights or may have lawsuits filed against us by holders of patents, trademarks, trade secrets or other intellectual property or proprietary rights alleging that we are infringing, misappropriating, diluting or otherwise violating their rights, or may be required to execute settlement agreements. Litigation or other legal proceedings relating to intellectual property claims, regardless of merit, may cause us to incur significant expenses and divert the attention and resources of our management and key personnel. If we are determined to have infringed upon a third-party’s intellectual property rights, we may be required to cease sales of the products that incorporate or use the intellectual property right under dispute, incur additional costs in redesigning our products, pay royalties, licensing fees or other damages or obtain a licence from the holder of the infringed intellectual property which may not be available on reasonable terms or at all. Such licences could be non-exclusive, thereby giving our competitors and other third-parties access to the same technologies licensed to us. Any of the foregoing events would adversely affect our business, prospects, financial condition, results of operations, and cash flows.

**38. *Our business may be adversely affected by our failure to obtain, renew, or maintain the statutory and regulatory permits and approvals required.***

Operation of our R&D facilities and manufacturing facilities is contingent upon obtaining the required environmental and other operational permits and from various government entities. We currently possess all the requisite approvals to carry out our existing plans and operate our facilities. Further, our approvals may expire from time to time and we may be required to make applications for such renewals. The construction or operation of Factory 3.0 and any future facility may require additional land use, environmental and operating permits. For details of the material licences, registrations and approvals for our Company, see “*Government and Other Approvals – Material Approvals obtained in relation to our Company*” on page 442. While we have not experienced any material delays, denials or restrictions on any of the applications for or assignment of the permits to operate our manufacturing facilities in Fiscal Years 2024, 2023 and 2022, we cannot assure you that we will not experience any such delays, denials or restrictions on any of the applications for or assignment of the permits to operate our facility or any future facility we may acquire or construct. Such events could adversely affect our ability to execute on our business plans and objectives.

While there have been no regulatory proceedings or actions initiated against us in relation to the inaccuracies or non-availability of the corporate records, we have filed the MGT-14 form filings in relation to the amendments of our MoA and AoA approved by our Shareholders on September 5, 2024,

for which RoC approval is pending. There is no assurance that we will be able to receive the approval on time as required under the Companies Act, 2013.

**39. *We are subject to various environmental, health and safety laws and regulations and failure to comply with such laws and regulations could subject us to fines, penalties, suspensions or revocations of our permits and other consequences.***

Our manufacturing facilities are subject to a wide range of increasingly strict environmental, health and safety laws and regulations in India, including the Water (Prevention and Control of Pollution) Act 1974, the Air (Prevention and Control of Pollution) Act 1981, the Environment Protection Act 1986 and the Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016, the Battery Waste Management Rules, 2022, the E-Waste Management Rules, 2022, the Plastic Waste Management Rules, 2016, as well as the rules and regulations implemented thereunder. Such laws and regulations address, among other things, air emissions, wastewater discharges, releases into the environment, human exposure to hazardous materials, the storage, treatment, transportation and disposal of wastes and hazardous materials, the investigation and clean-up of contamination, process safety, and the maintenance of health and safety conditions in the workplace, and impose certain restrictions or onerous conditions on our business operations. We are required to comply with applicable battery disposal regulations and may face issues with the disposal and recycling of our lithium-ion cells and battery modules. For example, under the Battery Waste Management Rules, 2022, as a producer of EV batteries, we are responsible for the batteries that we introduce into the market, including ensuring that the batteries are recycled and/or refurbished. Furthermore, many of our operating permits require that we comply with applicable environmental, health and safety laws and regulations. While we are not aware of any violations of applicable environmental, health or safety requirements in Fiscal Years 2024, 2023 and 2022, there is no assurance that we will be able to remain in compliance. Violations of such laws and regulations could subject us to significant fines and penalties, the suspension, revocation or non-renewal of our permits, production delays or limitations, imprisonment, or the closure of our plants. We have incurred, and will continue to incur, substantial ongoing capital and operating expenditures to ensure compliance with applicable environmental, health and safety laws and regulations. For further details in connection with the applicable regulatory and legal framework within which we operate, see “**Key Regulations and Policies in India**” beginning on page 277.

**40. *Our use of open source software in our applications can subject our proprietary software to general release and subject us to litigation, claims or proceedings.***

Our development and deployment processes for our E2Ws incorporate open source software, which carries the risk of potential claims from third-parties alleging infringement or non-compliance with open source licensing terms. While we are not aware of any such claims made against us in Fiscal Years 2024, 2023 and 2022, we cannot assure you that we will not be subject to such challenges in the future. While we will monitor the use of open source software and try to ensure that open source software is not used in a manner that would subject our proprietary source code to general release and restrictions, such use could occur as open source licence terms are often ambiguous and have generally not been interpreted by Indian or foreign courts.

The technical and legal risks associated with using open source software can be higher than those associated with using commercially licensed third-party software. Our reliance on open source software for certain parts of our platform means that any undetected errors or defects could disrupt our deployment or compromise the functionality of our systems, potentially damaging our reputation. Moreover, the publicly accessible nature of open source software could make it easier for malicious parties to launch cyber-attacks against our platform. While none of the foregoing risks have materialised in Fiscal Years 2024, 2023 and 2022, if such risks materialise in the future, our business, prospects, financial condition, results of operations, and cash flows could be materially and adversely affected.

**41. *Failure to renew our leases or service agreements, or secure new leases for our manufacturing facilities, experience centres, research and development facilities and Registered, Corporate and zonal offices could cause business disruptions.***

Our Registered Office, Corporate Office, zonal offices, manufacturing facilities and R&D facilities in India are located on leased properties or licenced under service agreements. While all lease deeds for the

premises are adequately stamped and registered, we cannot assure you that this will continue to be the case in the future. We typically renew these lease agreements and deeds, and service agreements periodically, as part of our regular business practice, but there is no assurance that future renewals will be concluded on commercially acceptable terms. Should any of our leases or service agreements be terminated or not renewed by the respective lessor or licensor, it could lead to significant disruptions to our business activities.

We cannot assure you that we will be able to find suitable alternative locations on terms that are commercially viable, or at all. Additionally, any regulatory non-compliance by our landlords, or any negative changes to their title or ownership rights to the properties, could cause substantial operational disruptions and reputational harms, particularly if we are compelled to vacate the premises as a result of such issues. An increase in our rent and associated costs, such as set up and interior decoration costs, without a corresponding increase in sales could result in a materially adverse effect on our profitability, cash flow and overall financial performance.

**42. If we are unable to comply with repayment and other covenants in our financing agreements, our business, financial condition and cash flows could be adversely affected.**

We have entered into short-term and long-term loan agreements with certain banks, non-banking financial institutions and alternate investment funds. As at March 31, 2024, we had total outstanding borrowings (consisting of long-term borrowings and short-term borrowings) of ₹3,149 million. The following table summarises our total borrowings on a consolidated basis as at the dates indicated.

	2024	As at March 31, 2023 (₹ million)	2022
Long-term borrowings	309	1,205	1,087
Short-term borrowings	2,840	3,647	1,897
<b>Total</b>	<b>3,149</b>	<b>4,852</b>	<b>2,984</b>

For further details see “*Financial Indebtedness*” on page 429.

Certain of our borrowings contain restrictive covenants, including, but not limited to, requirements that we obtain consent from the lenders prior to undertaking certain matters such as amending our constitutional documents, altering our capital structure, changing our shareholding, any further issuances of shares, changing the management, dilution of Promoters’ shareholding, and change in the composition of the board of directors. Further, in terms of security, we are required to create a hypothecation of our movable properties, including present and future current assets, stocks of raw materials, goods in process, semi-finished goods, finished goods, book debts at our Registered and Corporate Office, present and future book charge on the brand, intangibles of technology stock and product. Additionally, we are required to, among others, maintain the total outstanding liabilities to tangible net worth ratio, cash burn coverage, net debt to tangible net worth ratio, current ratio, minimum unencumbered cash, cap on long-term debt and cap on net debt. While instances of non-compliance in Fiscal Years 2024, 2023 and 2022, have not been material and we have received all necessary waivers from the relevant lenders, there can be no assurance that we will be able to comply with these financial or other covenants or that we will be able to obtain consents necessary to take the actions that we believe are required to operate and grow our business in the future. Any fluctuations in the interest rates assigned to our debt instruments may also directly impact the interest costs of our loans. Our ability to make payments on and refinance our indebtedness will depend on our continued ability to generate cash from our future operations. We may not be able to generate enough cash flow from operations or obtain enough capital to service our debt in the future.

For the purpose of the Offer, the intimations to and consents from our lenders as required under the relevant loan documents for undertaking activities relating to the Offer have been obtained. A failure to observe the covenants under the financing arrangements or to obtain necessary waivers may lead to the termination of our credit facilities, acceleration of amounts due under such facilities, suspension of further access/withdrawals, either in whole or in part, for the use of the facility and/or restructuring of

our debt.

Any failure to comply with the conditions and covenants in our financing agreements that is not waived by our lenders or guarantors or otherwise cured could lead to a termination of our credit facilities, foreclosure on our assets such as our manufacturing plants, acceleration of all amounts due under such facilities, trigger cross-default provisions under certain of our other financing agreements, any of which could adversely affect our financial condition and our ability to conduct our business and implement our business plans.

**43. There are outstanding legal proceedings against our Company, Promoters as well as certain of our Directors. Any adverse decision in such proceedings may render us/them liable to liabilities/penalties and may adversely affect our business, cash flows and reputation.**

As at the date of this Draft Red Herring Prospectus, there are outstanding legal proceedings involving our Company and our Promoters and certain of our Directors. These proceedings are pending at different levels of adjudication before various courts, tribunals, enquiry officers and appellate tribunals.

A summary of the outstanding matters set out below includes details of criminal proceedings, tax proceedings, statutory and regulatory actions and material civil litigation as defined in the section “*Outstanding Litigation and Material Developments*” beginning on page 431, involving our Company and Promoters and certain of our Directors, along with the amount involved, to the extent quantifiable, has been set out below:

Category of individuals/entities	Criminal proceedings	Tax proceedings	Statutory or regulatory actions	Disciplinary actions by the SEBI or Stock Exchanges against our Promoters in the last five years, including outstanding action	Material civil litigations as per the Materiality Policy	Aggregate amount involved* (in ₹ million)
<b>Company</b>						
By our Company	Nil	Nil	NA	NA	Nil	Nil
Against our Company	Nil	26	Nil	Nil	Nil	796.44**
<b>Directors</b>						
By our Directors	Nil	Nil	Nil	NA	Nil	Nil
Against our Directors	1	14	Nil	Nil	Nil	Nil
<b>Promoters</b>						
By the Promoters#	1	Nil	Nil	NA	Nil	Nil
Against our Promoters#	9	84	1	Nil	Nil	103,482.15^
<b>Group Company</b>						
By our Group Company	Nil	Nil	Nil	Nil	Nil	N.A.
Against our Group Company	Nil	Nil	Nil	Nil	Nil	N.A.

\* To the extent quantifiable.

\*\* This amount excludes interest and penalty.

^ This amount includes interest and penalty wherever applicable.

# All litigations reflected hereunder are related to our Corporate Promoter.

We cannot provide any assurance that these legal proceedings will be decided in our favour or that we will not, in the future, be implicated in lawsuits or legal proceedings, including in relation to tax matters, civil disputes, labour and service matters, statutory notices and regulatory petitions. We may incur

substantial costs in defending ourselves in such legal proceedings and settlement of disputes and any applicable fines or penalties, and such legal proceedings would divert the time and resources of our management. Thus, any legal proceedings to which we are party and any adverse decisions arising from such proceedings could have a material adverse effect on our business, reputation, prospects, results of operations, financial condition and cash flows, and cause a delay in the implementation of our current or future projects.

Further, we received a show cause notice dated March 29, 2023 from IFCI Limited on behalf of the MHI, seeking a reply in relation to certain matters including with respect to non-inclusion of on-board chargers in EVs, under the FAME Scheme II and Phased Manufacturing Program Guidelines. We submitted detailed responses to ARAI dated April 12, 2023 and May 2, 2023 offering a refund of the amount invoiced for the off-board / portable chargers to our customers, which amounted to an aggregate of approximately ₹1.58 billion for our Company. In this regard, by way of our letters dated March 12, 2024, March 22, 2024 and July 9, 2024 to the Ministry of Heavy Industries, our Company submitted that it has concluded the process of processing the refunds for the off-board / portable chargers to 92% of the customers, having submitted statutory auditor certificates to IFCI Limited in this regard periodically and has paid deposit to IFCI towards processing such pending refunds. Our Company would process the refunds for the remaining non-responsive customers, once approached by such customers. Our Company has also deposited an amount of ₹ 168 million as differential amount of usable battery capacity with the MHI. Our Company further requested the MHI to release all pending subsidy claims and reimbursements of refunds for the chargers made by our Company to the customers, of which certain amounts are pending to be released to us, and treat the matter pertaining to the show-cause notice dated March 29, 2023 as closed. However, there is no assurance that all such subsidy claims will be released to us, in entirety.

In addition, we receive correspondences and notices from various authorities from time to time, such as from the director of factories, labour inspector/ commissioner, employees' state insurance corporation etc over the course of our operations, in respect of which we provide our responses to such authorities. There can be no assurance that such authorities will find our responses satisfactory and not initiate proceedings/ impose penalties in relation thereto.

- 44. We had ₹9 million of contingent liabilities as at March 31, 2024, which represented 0.2% of our net worth, and capital commitments of ₹406 million as at such date. If our contingent liabilities materialise, it may affect our results of operations, financial condition and cash flows.**

The following table sets forth details of our contingent liabilities and capital commitments as at March 31, 2024 as per Ind AS 37 and set out in the Restated Financial Information. The table below summarises our contingent liabilities as at March 31, 2024.

<b>Particulars</b>	<b>As at March 31, 2024</b> <i>(in ₹ million)</i>
<b>Contingent Liabilities</b>	
Claims against the Company not acknowledged as debt (Custom Duties, GST & litigation)	9
<b>Capital Commitments</b>	
Estimated amount of contracts remaining to be executed on account of capital account and not provided for (net of advances)	406

See “*Management’s Discussion and Analysis of Financial Condition and Results of Operations – Summary Results of Operations – Contingent Liabilities and Commitments*” on page 417.

If a significant portion of these liabilities materialise, it could have an adverse effect on our business, cash flows, financial condition and results of operations. Moreover, our future contingent liabilities (if any) may crystallise and become actual liabilities. In the event that any of our future contingent liabilities become non-contingent, our business, financial condition, cash flows and results of operations may be adversely affected.

- 45. The Ather Grid may not be interoperable with other electric vehicle players’ charging infrastructure, and this may deter potential customers from purchasing our electric two-wheelers.**

Our charging connector technology (the Light Electric Combined Charging System (“LECCS”)) and protocol are recognised as an official Indian standard, having been published by the Bureau of Indian Standards (“BIS”) in August 2023 and March 2024, respectively, and further adopted by, among others, Hero MotoCorp Limited. Nonetheless, there is no assurance that other players will not adopt a different charging standard. If other EV players adopt a different charging standard that is not compatible with our E2Ws, our customers will have limited access to the public charging infrastructures available in India and face difficulties in charging their E2Ws during commute, due to their dependency on the Ather Grid and other LECCS chargers. This may reduce the demand for our E2Ws as well as the demand for the Ather Grid charging services outside our existing customer base.

To the extent that we are unable to meet our customers’ expectations or experience difficulties with providing accessible charging solutions, our business, prospects, financial condition, results of operations and cash flows may be materially and adversely affected. For further details on our charging infrastructure, please see “*Our Business – Other Business Description – Our Charging Infrastructure*” on page 230.

**46. *The power used to charge our electric two-wheeler battery packs are partly generated by non-renewable sources and the use of these may not be environmentally sustainable.***

Our Company and our customers partly use non-renewable energy sources to charge our E2Ws. The use of such non-renewable energies to power our E2Ws may have a negative impact on the environment. In addition, the perceived environmental costs of charging E2W batteries may deter customers who are originally drawn to E2Ws for their environmentally friendly reputation. This could impact the demand for our E2Ws as customers may instead choose to purchase ICE 2Ws, which could result in a decrease in the sales of our E2Ws thus adversely impacting our business, prospects, financial condition, results of operations and cash flows.

**47. *The manufacturing of our electric two-wheelers and later discharge of our battery packs are associated with environmental hazards, especially given that our lithium-ion cells are not designed to be repaired or reused.***

The manufacturing of E2Ws can have significant environmental impacts. These include air pollution from the mining of raw materials required for our lithium-ion cells, large volumes of water consumed during the mining process and the sizeable carbon footprint from the transportation of the lithium-ion cells to our facilities to be assembled into battery packs. In addition, as our lithium-ion cells are designed for one-time use and therefore cannot be repaired or reused, the improper disposal or improper recycling of such cells may result in the release of hazardous waste material into the environment, posing risks of toxic exposure to humans and potential contamination of natural habitats. According to the CRISIL Report, the net carbon dioxide emissions from an E2W is three tonnes during its entire lifecycle as compared to 4.8 tonnes for an ICE 2W.

While no material instances of environmental harm have occurred in the past three Fiscal Years, should our E2Ws or their manufacturing processes cause environmental harm that exceeds the parameters set by relevant laws and regulations, we could face substantial monetary fines and penalties, the suspension, revocation or non-renewal of our permits, production delays or limitations, imposition of terms of imprisonment, or the closure of our plants. For further details, please see “ – *We are subject to various environmental, health and safety laws and regulations and failure to comply with such laws and regulations could subject us to fines, penalties, suspensions or revocations of our permits and other consequences*” on page 62.

**48. *₹7,500 million of the Net Proceeds are intended to be utilised for investment into our research and development requirements, which constitutes a significant portion of the Net Proceeds proposed to be raised from the Offer. There is no assurance that such investment will proceed as planned and nor can we guarantee that it will result in the creation of tangible assets or otherwise achieve results or outcomes as anticipated.***

We intend to use the Net Proceeds from this Offer for the purposes described in “*Objects of the Offer*” on page 142. The objects of the Offer comprise (i) capital expenditure to be incurred by our Company



for establishment of Factory 3.0 in Maharashtra; (ii) repayment / pre-payment, in full or part, of certain borrowings availed by our Company; (iii) investment in R&D; (iv) expenditure towards marketing initiatives; and (v) general corporate purposes.

In relation to our R&D investments, we intend to utilise ₹7,500 million of the Net Proceeds, which constitutes a significant portion of the Net Proceeds we propose to raise from the Offer. Our R&D expenditures include, among others, the design and development costs in relation to our key E2W components, new motorbike platform, Atherstack, accessories and charging technology. For further details, see “*Objects of the Offer – Investment in research and development*” on page 156.

There is no assurance that our R&D activities will result in the creation of any tangible assets for our Company, nor can we guarantee that our investments can achieve the expected results. Failure to do so may adversely impact our business, prospects, financial condition, results of operations, and cash flows.

**49. *Customers may face difficulties charging their electric two-wheelers, particularly during long distance travels, as a result of inadequate access to public charging infrastructure. This in turn, could materially and adversely affect demand for our electric two-wheelers.***

According to the CRISIL Report, while E2Ws are sold with dedicated personal chargers, India’s current limited public charging infrastructure poses a threat to the mass adoption of EVs primarily due to, among others, the anxiety of being unable to find a functional charger in case of sudden need. The demand for our E2Ws therefore depends, in part, on the availability of public charging infrastructure, particularly for customers wishing to charge their E2Ws during long distance travels. If customers anticipate difficulties in on-the-road charging, it may deter potential customers from purchasing our E2Ws and choose ICE alternatives instead. This in turn, would adversely affect our business, prospects, financial condition, results of operations and cash flows.

For further details on our charging infrastructure, please see “*Our Business – Other Business Description – Our Charging Infrastructure*” on page 257.

**50. *We collect and process significant information about our customers and their vehicles and are subject to various laws, regulations, rules, policies and other obligations regarding cybersecurity, privacy, data protection and information security, and failure to comply with them, or any loss, unauthorised access or data leakage could subject us to significant reputational, financial, legal and operational consequences.***

Collection, possession, transmission and use of personal data subjects us to laws, rules and regulations in India relating to the collection, storage, use, sharing, disclosure, protection and security of personal information, as well as requests from regulatory and government authorities relating to such data. In addition to the information we collect from our customers to complete a sale or transaction, we receive data from multiple sources such as, among others, the Ather app and our E2Ws. The data collected are processed by the Ather Data Platform, which gives us intelligence on customer cohort usage patterns, product performance, post-sales journey and charging insights.

Data collection and analysis help us customise and optimise the driving and riding experiences of our E2Ws and provide additional features such as Trip Planner. For example, we are required to comply with the Information Technology Act, 2000 and the rules notified thereunder, including the Information Technology (Reasonable Security Practices and Procedures and Sensitive Personal Data or Information) Rules, 2011, which prescribe, *inter alia*, directions for the collection, disclosure, transfer and protection of sensitive personal data. We could become subject to similar burdens in other jurisdictions into which we expand our business, including requirements to notify relevant government agencies of any data breach and restrictions on our use of such information. Our users may in the future choose not to provide this data, which may harm our business and our ability to properly maintain the vehicle.

These laws, rules, and regulations evolve frequently, and their scope may continually change, through new legislation, amendments to existing legislation, and changes in enforcement. For example, we are subject to the Digital Personal Data Protection Act, 2023 (“**Data Protection Act**”), which received the President’s assent on August 11, 2023 and will come into force on such date as the Central Government may, by notification in the Official Gazette, appoint and different dates may be appointed for different

provisions of this legislation. The Data Protection Act, when notified, would require data fiduciaries (persons who alone or in conjunction with other persons determine purpose and means of processing of personal data), such as us, to implement organisational and technical measures to ensure compliance with obligations imposed under the Data Protection Act, protect personal data and impose reasonable security safeguards to prevent breach of personal data and establish mechanism for redressal of grievances of data principals. In case we are notified as a significant data fiduciary under the Data Protection Act, we may have additional obligations imposed on us. Changes in laws or regulations relating to privacy, data protection, and information security, particularly any new or modified laws or regulations, such as the General Data Protection Regulation adopted by the European Union, or changes to the interpretation or enforcement of such laws or regulations, that require enhanced protection of certain types of data or new obligations with regard to data retention, transfer, or disclosure, could require us to modify our existing systems or invest in new technologies to ensure compliance with such applicable laws, which may require us to incur additional expenses.

We have, in the normal course of business, shared the personal data of our customers, employees or vendors with third-parties like SaaS platforms for carrying out various processes, including but not limited to analysing, storing, or optimisation. Although we have taken reasonable preventive measures under the applicable laws to protect such personal data, there is a possibility of theft or loss of the personal data in the possession of such third-parties on account of acts or omissions on their part. If such loss or theft of personal data from third-parties occurs, it may have a negative impact on our reputation and may also give rise to regulatory actions against us.

Compliance with such laws, rules and regulations can be expensive, and may place restrictions on the conduct of our business and the manner in which we interact with our customers. Failure to comply with applicable laws and regulations could result in regulatory enforcement actions against us. For example, our misuse of or failure to secure personal information could result in violation of data privacy laws and regulations, proceedings against us by governmental entities or others, and/or result in significant liability and damage to our reputation and credibility. These possibilities, if borne out, could have a negative impact on revenues and profits. We may face difficulties or delays in identifying or otherwise responding to any attacks or actual or potential security breaches or threats. A breach in our data security could create system disruptions or slowdowns and provide malicious parties with access to sensitive information stored on our networks, including information on our products, customers and suppliers, resulting in data being publicly disclosed, altered, lost, or stolen, which could subject us to liability and adversely impact our financial condition. Such security breaches could also adversely impact the safety of our retail partners, employees and customers. We may incur significant financial and operational costs to investigate, remediate and implement additional tools, devices and systems designed to prevent actual or perceived privacy breaches and other privacy incidents, as well as costs to comply with any notification obligations resulting from any such incidents. While we are not aware of any material data breaches or similar losses to our systems in Fiscal Years 2024, 2023 and 2022, we cannot assure you that the security measures that we have implemented will be able to prevent such incidents from occurring. Any actual, alleged or perceived failure to prevent a security breach or to comply with our privacy policies or privacy-related legal obligations, on our part or that of our partners', or any other actual, alleged or perceived data security incident that we or our partners suffer, could damage our reputation, cause a loss in customers and sales and cause us to incur additional costs to remedy the issues, notify relevant regulators and/or affected individuals, and manage any resulting liabilities, regulatory investigations, enforcement actions or legal proceedings.

**51. *We have engaged in, and may continue to engage in, related party transactions, which could give rise to conflicts of interest.***

We have in the course of our business entered into transactions with related parties. Details of the related party transactions with our Promoters, entities which our Promoters have significant influence over and our KMPs in Fiscal Years 2024, 2023 and 2022 respectively, are set out below. These related party transactions were undertaken in compliance with applicable provisions of the Companies Act, 2013 and other applicable laws.

Name of Related Party		Name of Transaction	2024	Fiscal Year 2023 (₹ million)	2022
Hero MotoCorp Limited		Issue of compulsorily convertible preference shares	5,000	2,625	-
		Issue of equity shares on exercise of right to subscribe	-	-	49
		Issue of bonus compulsorily convertible preference shares	283	-	-
		Issue of compulsorily convertible preference shares on conversion of compulsorily Convertible debentures	-	1,500	-
		Issue of compulsorily convertible debentures	-	-	1,500
		Revenue from charging Infrastructure usage	0*	-	-
		Expense on charging infrastructure usage	1	-	-
		Fair valuation impact of right to subscribe liability	(84)	367	19
Hero FinCorp Limited <sup>(1)</sup>		Term loan taken	-	1,500	1,300
		Repayment of term loan	1,064	1,319	445
		Interest on term loan <sup>(2)</sup>	216	175	253
		Deposit given to / (refunded by) lender	(295)	295	-
		Interest subvention	3	-	-
		Commission income	1	-	-
		Fair valuation impact of right to subscribe liability	(12)	22	10
Managerial remuneration paid to key managerial personnel		Employee benefits <sup>(3)</sup>	214	76	36
		Share based payments	667	399	9

\*Denotes an amount less than ₹0.5 million.

Notes:

- (1) Hero FinCorp Limited is an entity in which Hero MotoCorp Limited has significant influence.
- (2) Excludes ₹16 million, ₹17 million and ₹10 million as at March 31, 2024, March 31, 2023 and March 31, 2022, respectively, charged to statement of profit and loss on account of effective interest rate calculation as per Ind AS.
- (3) The actuarial valuation report of gratuity and compensated absence liabilities are taken for the entire Company without any bifurcation to any specific employee, hence it is not included in related party transaction.
- (4) All related party transactions were entered at an arm's length basis and in the ordinary course of business.

For details of the related party transactions, see “**Restated Financial Information – Notes forming part of the Restated Financial Information – Note 36 - Related Party Disclosures**” on page 374.

As disclosed in the table above, we have entered into certain related party transactions with Hero MotoCorp Limited, one of our Promoters and Hero FinCorp Limited, our Group Company an entity in which Hero MotoCorp Limited has significant influence including in relation to certain borrowings availed by us. While we believe that all such transactions have been executed on an arm's length basis, we cannot guarantee you that these transactions were on the most advantageous terms possible compared to what we might have secured from unrelated parties. It is likely that we will engage in transactions with related parties in the future. While any such future transactions following our listing will be subject to approval by our Audit Committee, Board, or Shareholders as required by the Companies Act, 2013, and the SEBI Listing Regulations, we cannot ensure that all existing agreements and future transactions will serve the best interests of our Company and our minority shareholders or be fully compliant with the SEBI Listing Regulations. Whether individually or collectively, these transactions could potentially impact our financial status and operational results negatively.

Transactions with our related parties could potentially involve conflicts of interest, as the interests of such entities and their shareholders may not align with the interests of our Company and our shareholders, particularly in relation to the negotiation of, and certain other matters related to, our transactions with such entities. Conflicts of interest may also arise in connection with the exercise of contractual remedies

under these transactions such as defaults. There can be no assurance that we will be able to address such conflicts of interest in the future.

**52. Our insurance policies may not be sufficient to protect us from all business risks, and if our insurance coverage is inadequate, it may have an adverse effect on our business, financial condition and results of operations.**

We maintain insurance which we believe to be typical in our industry in India and in amounts which we believe to be commercially appropriate for a variety of risks, including property insurance (inclusive of fire and special perils and burglary insurance), electronic equipment insurance, machinery breakdown insurance, portable electronics equipment insurance, money insurance, marine insurance, commercial general liability insurance, directors' and officers' liability insurance, cyber security insurance and crime insurance.

The following table summarises our gross insured assets as a percentage of total assets as at the dates indicated. For more details, see "**Our Business – Insurance**" on page 276.

	2024	As at March 31, 2023	2022
Insured assets as a percentage of total assets <sup>(1)</sup>	20%	25%	26%
Insurance coverage as a percentage of the insured assets <sup>(1)</sup>	208%	218%	123%

Note:

(1) Insured assets include gross property, plant and equipment (excluding vehicles) and inventories (excluding raw material in transit).

While we have not experienced any material uninsured liabilities in Fiscal Years 2024, 2023 and 2022, there is no assurance that our insurance will adequately cover all losses or liabilities that may arise from our operations, particularly when the loss suffered is not easily quantifiable. As per our Restated Financial Information, we had no insurance claim receivables as at March 31, 2024, March 31, 2023 and March 31, 2022, respectively.

Our insurance policies contain exclusions and limitations on coverage, and, accordingly, we may not be insured for certain risks and may not be successful in asserting claims for part of, or the full amount of, any liability or losses. There can be no assurance that in the future we will be able to maintain insurance of the types or at levels which we deem necessary or adequate or at premiums which we deem to be commercially acceptable, or that any claim under the insurance policies maintained by us will be honoured fully, in part or on time. We would be liable for any uninsured losses, which could result in an adverse effect on our business operations, financial conditions and results of operations. Even if we are able to successfully make a claim for our losses, we may be required to pay higher insurance premiums in the future. If we are unable to pass the effects of higher premiums to our customers, such additional costs could have a material adverse effect on our costs and profitability.

**53. We may not be able to sustain historical revenue growth rates and our historical performance may not be indicative of our future growth or financial results.**

Our business has grown substantially since inception, although we experienced a period of revenue decline in Fiscal Year 2024 due to the FAME subsidy reduction. We cannot assure you that our historical growth rate will be sustainable or achieved at all in the future or that we will be able to successfully execute our business strategies. If we are not able to manage our growth or execute our strategies effectively, our business and prospects may be materially and adversely affected. The table below sets out our revenue from operations in the Fiscal Years indicated.

	2024	Fiscal Year 2023 (₹ million)	2022
Revenue from Operations	17,538	17,809	4,089

See “*Management’s Discussion and Analysis of Financial Condition and Results of Operations – Principal Components of Statement of Profit and Loss – Income – Revenue from Operations*” on page 397.

We may also experience a decline in our revenue growth rate as a result of a number of factors, including slowing demand for our products and services, stalled growth of our charging infrastructure and distribution network, increasing competition, a decrease in the growth of our overall market and increasing regulatory costs, any of which would have a material adverse impact on our cash flows, financial condition and results of operation.

***54. Management judgement is used when ascertaining our funding requirements and the proposed deployment of Net Proceeds. We have not entered into any definitive arrangements to utilise certain portions of the Net Proceeds of the Offer.***

The Objects of the Offer have not been appraised by any bank or financial institution. Our funding requirement is based on management estimates, current state of our business and prevailing market conditions, which are subject to changes in external factors. These factors include financial and market conditions, market feedback and demand of our products, competition, business strategy and interest/exchange rate fluctuations, which may not be within the control of our management. Given the competitive landscape of our industry, there may be a need to periodically revise our business plan and management estimates, which could lead to changes in our funding needs. These internal estimates could vary from those that might be obtained through third-party appraisals, potentially necessitating adjustments to our expenditure projections, subject to applicable laws. See “*Objects of the Offer*” on page 142.

Should actual expenses exceed projections or if there is a shortfall in the required funds, we will seek additional capital by any means available, including internal accruals and securing further equity or debt financing. Such measures could negatively affect our business operations, financial performance, and cash flow. Investors in our Equity Shares are therefore relying on our management's discretionary judgements regarding the use of the Net Proceeds from the Offer.

Further, pursuant to Section 27 of the Companies Act, 2013 and other applicable law, a special resolution of the Shareholders and Promoters or controlling Shareholders is required for any variation in the Objects of the Offer. This provides an exit opportunity to the Shareholders who do not agree to vary the Objects of the Offer, at such price and in such manner in accordance with applicable law.

Our Company, in accordance with the applicable law and to attain the Objects set out above, will have the flexibility to deploy the Net Proceeds. Pending utilisation of the Net Proceeds for the purposes described above, our Company may temporarily deposit the Net Proceeds with one or more scheduled commercial banks included in the Second Schedule of Reserve Bank of India Act, 1934 as may be approved by our Board. We will appoint a Monitoring Agency for monitoring the utilisation of Gross Proceeds in accordance with Regulation 41 of the SEBI ICDR Regulations and the Monitoring Agency will submit its report to us on a quarterly basis in accordance with the SEBI ICDR Regulations.

***55. There may be injuries sustained by people or damage to property within our manufacturing and research and development facilities.***

Our manufacturing operations expose us to health and safety risks. Our factories require individuals to work with chemicals, equipment and other hazardous materials. We have implemented and plan to continue enforcing safety protocols and maintain adequate insurance coverage, including insurance policies for accidents. Despite these measures, risks of unforeseen accidents, such as fires, explosions, electrical hazards or machinery accidents, occurring at one of our facilities remain pertinent. Such an accident or breach of safety standards could lead to injuries among our workforce, damage to property or equipment, production or shipment delays, environmental harm, or could necessitate a temporary halt in operations and result in liabilities. In such cases, the factory medical officer will typically examine and clear the worker when they return to work post recovery.

While we have not faced any material accidents or defaults in the Fiscal Years 2024, 2023 and 2022, there have been certain instances of minor injuries suffered by our factory workers. For example in Fiscal

Year 2024, two workers suffered minor finger injuries at the Hosur Factory and returned to work after recovering from their injuries and being cleared by the factory medical officer. Any such incidents in the future may result in disruption to our operation, legal and regulatory consequences and reputational damage, which may have a negative effect on our business, results of operations, financial condition, cash flows and prospects.

- 56. *We have used information from the CRISIL Report which we commissioned and paid for exclusively in relation to the Offer and any reliance on information therein is subject to inherent risks.***

For industry related data in this Draft Red Herring Prospectus, we have derived the information from the CRISIL Report, which we commissioned and paid for, exclusively for the purpose of this Offer. The data included herein includes excerpts from the CRISIL Report and such excerpts may have been re-ordered by us for the purposes of presentation. There are no parts, data or information which may be relevant for the proposed Offer, that has been left out or changed in any manner. The information is subject to various limitations, highlights certain industry and market data relating to us and our competitors which may not be based on any standard methodology and is based upon certain assumptions that are subjective in nature. None of our Company, our Directors, our Promoter, our Key Managerial Personnel, our Senior Management or the BRLMs are related to CRISIL. Accordingly, investors should read the industry related disclosures in this Draft Red Herring Prospectus in this context. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Accordingly, investors should not place undue reliance on, or base their investment decision solely on this information. For further details, see “*Certain Conventions, Use of Financial Information and Market Data and Currency of Presentation – Industry and Market Data*” on page 17.

- 57. *As we operate in the competitive Indian automobile market, we may face downward pricing pressures that may require us to reduce the price of our electric two-wheelers. A reduction in the price of our electric two-wheelers will reduce profitability, which will adversely affect our business, prospects and results of operations.***

We operate in the competitive Indian automobile market. Certain of our competitors may, due to their size or market penetration, be able to source raw materials at lower prices or manufacture their two-wheelers more cost-efficiently. In light of the reduction in production costs, and other relevant considerations, our competitors may price their 2Ws at lower price points. To remain competitive, we may be compelled to reduce the prices of our E2Ws and such reduction in pricing without any cost reductions will harm our ability to achieve profitability. As a result, our business, prospectus and results of operations may be adversely affected.

- 58. *Our limited operating history makes it difficult for us to judge the exact nature and effect of seasonality on our business.***

The performance of our business could fluctuate significantly between different time periods, due to various factors, including seasonal trends that may affect consumers’ demand for our E2Ws, according to the CRISIL Report. Demand in the automotive industry typically peaks between January and March, reduces from April to July before increasing again during the festive seasons from September to December. Our Company was incorporated in 2013 and launched our first E2W in June 2018. Given our limited operating history, it is difficult for us to accurately predict the exact nature or effect of seasonality on our results of operations. Moreover, if the revenue generated from the sales of our E2Ws does not align with our projections, our business may be adversely affected as many of our operational costs are fixed and predicated on expected yearly revenue figures.

- 59. *Certain of our Promoters, Directors, Key Managerial Personnel and Senior Management have interests in our Company in addition to their remuneration and reimbursement of expenses.***

Certain of our Promoters, Directors, KMPs and Senior Management have interests in our Company beyond the reimbursement of expenses incurred and normal remuneration or benefits, including shareholdings. The shareholding of our Promoters as at date of this Draft Red Herring Prospectus is as follows:

Name	Number of Equity Shares	Face value per Equity Share (₹)	Pre-Offer		Percentage of pre-Offer Equity Share capital, on a fully diluted basis (%) <sup>+</sup>
			Number of Preference shares	Face value per Preference Share (₹)	
Tarun Sanjay Mehta	10,841,418	1	37,074	1	6.63%
Swapnil Babanlal Jain	10,841,418	1	37,074	1	6.63%
Hero MotoCorp Limited	1,337,625	1	430,266	10	37.20%
			3,672	37	
<b>Total</b>	<b>23,020,461</b>		<b>508,086</b>		<b>50.47%</b>

+ Calculated on the basis of total Equity Shares held and such number of Equity Shares on a fully diluted basis, including those which will result upon conversion of outstanding Preference Shares and vested options under ESOP Scheme.

See “*Summary of the Offer Document*”, “*Capital Structure*”, “*Our Management – Shareholding of our Directors in our Company*”, “*Our Promoter and Promoter Group – Interests of Promoters*” beginning on pages 22, 103, 299 and 315, respectively.

Their interest could be in the form of Equity Shares held by them as well as to the extent of any dividends, bonuses, or other distributions on such Equity Shares. In addition, Tarun Sanjay Mehta and Swapnil Babanlal Jain, two of our Promoters, have pledged 3,119,357 Equity Shares each, held by them, aggregating to 2.02% of the paid-up share capital of our Company on a fully-diluted basis, in favour of 360 ONE Prime Limited, (“**Lender**”) as security for a loan availed by them for the purpose of subscribing to certain securities of our Company. The pledged shares are not being offered in the Offer for Sale, and if they are proposed to be, will be temporarily released from the pledge on or before the Anchor Investor Bid/Offer Period and re-pledged immediately after the implementation of the statutory lock-in under Regulation 16(1)(b) of the SEBI ICDR Regulations post Allotment of the Offered Shares. For further details see, “*Capital Structure – History of Share Capital held by the Promoters*” on page 125. In case of any default by Tarun Sanjay Mehta or Swapnil Babanlal Jain, the Lender may invoke the pledge and they may not be in control of the rights as a shareholder in relation to such pledged Equity Shares. For further details, see – “*Risk Factors - Our Promoter, Hero MotoCorp Limited, is a shareholder of companies and is itself engaged in a similar line of business to ours. Any conflict of interest which may occur as a result could adversely affect our business, prospects, results of operations and financial condition*”, “*Capital Structure*”, “*Our Management – Interests of Directors*”, “*Our Promoters and Promoter Group – Interests of Promoters*” beginning on pages 83, 103, 299 and 315, respectively.

**60. We track certain operational metrics and non-GAAP (generally accepted accounting principles) measures for our operations with internal systems and tools and do not independently verify such metrics. Certain of our operational metrics are subject to inherent challenges in measurement and any real or perceived inaccuracies in such metrics may adversely affect our business and reputation.**

Certain of our operational metrics are prepared with internal systems and tools that are not independently verified by any third-party and which may differ from estimates or similar metrics published by third-parties due to differences in sources, methodologies, or the assumptions on which we rely. Such operational metrics include sales volumes, order fulfilment numbers and after sales service volumes. Our internal systems and tools have a number of limitations and our methodologies for tracking these metrics may change over time, which could result in unexpected changes to our metrics, including the metrics we publicly disclose. If the internal systems and tools we use to track these metrics under-count or over-count performance or contain algorithmic or other technical errors, the data we report may not be accurate. While these numbers are based on what we believe to be reasonable estimates of our metrics for the applicable period of measurement, there are inherent challenges in measuring how our platform is used across large populations. Limitations or errors with respect to how we measure data or with respect to the data that we measure may affect our understanding of certain details of our business, which could affect our long-term strategies. Further, although information relating to installed capacities, historical production and capacity utilisation of the manufacturing facilities are verified by the independent chartered engineer, such verification is subject to assumptions and estimates that may not

be accurate. If our operating metrics are not accurate representations of our business, if investors do not perceive our operating metrics to be accurate, or if we discover material inaccuracies with respect to these figures, we expect that our business, reputation, financial condition and results of operations would be adversely affected.

Further, these operational metrics and other non-GAAP metrics presented in this Draft Red Herring Prospectus, such as EBITDA, EBITDA Margin (%), Adjusted Gross Margin, Adjusted Gross Margin (%), Net Worth, Return on Net Worth (%), Net Asset Value per Equity Share, Profit / (Loss) For The Year Margin (%), Cost of Goods Sold and Working Capital Days are supplemental measure of our performance and liquidity that is not required by, or presented in accordance with, Indian accounting standard (“**Ind AS**”), Indian GAAP, international financial reporting standards (“**IFRS**”) or United States generally accepted accounting principles (“**U.S. GAAP**”). Further, these metrics are not a measurement of our financial performance or liquidity under Ind AS, Indian GAAP, IFRS or U.S. GAAP and should not be considered in isolation or construed as an alternative to cash flows, profit/(loss) for the period/year or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS, Indian GAAP, IFRS or U.S. GAAP. Although these non-GAAP metrics are not a measure of performance calculated in accordance with applicable accounting standards, our management believes that they are useful to an investor in evaluating us, as these metrics are widely used to evaluate an entity’s operating performance. In addition, these are not standardised terms, hence a direct comparison of these measures between companies may not be possible. Other companies may calculate these measures differently from us, limiting its usefulness as a comparative measure.

**61. Our business may be adversely affected by labour unrest and union activities.**

The following table sets out the total number of our current on-roll employees as at the dates indicated.

	As at March 31,		
	2024	2023	2022
On-roll employees	1,458	1,487	820

See “**Our Business – Other Business Description – Employees**” on page 275.

None of our employees were members of labour unions as at March 31, 2024, though we cannot guarantee you that our employees will not join labour unions in the future. Union membership can result in higher employee costs, operational restrictions and increased risk of disruption to operations. Efforts by our employees to modify compensation and other terms of employment may also divert management’s attention and increase operating expenses or lead to production delays. While we have not experienced any disruptions in our operations due to disputes or other problems with our workforce in Fiscal Years 2024, 2023 and 2022 there is no assurance that such problems will not arise. The occurrence of such events could materially and adversely affect our business, financial condition and results of operations.

We may also depend on other companies with unionised workforces, such as raw material and EV component suppliers, and trucking and freight companies. Any work stoppages or strikes organised by such unions, including contract labourers who are engaged by us for the production of our E2Ws, could have a material adverse impact on our business, prospects, financial condition, results of operations and cash flows.

In addition, while we do not engage third-party workforces directly, it is possible under Indian law that we may be held responsible for wage payments to labourers engaged by contractors should the contractors default on wage payments. Any requirement to fund such payments may adversely affect our results of operations.

**62. Our international operations and business expansions abroad may subject us to unfavourable regulatory, political, currency, tax, and labour conditions, which could harm our business, prospects, financial condition, results of operations, and cash flows.**

In November 2023, we opened our first outlet in Kathmandu, Nepal through an authorised distributor. Further, in August 2024, we announced our plans to enter into the Sri Lankan market. As part of our



business strategy, we plan to further expand our business into other international markets. Heightened geo-political and economic tensions may affect our ability to expand outside of India, which may also be affected by protectionist policies from the government of the target market. As we depend on certain EV components from suppliers, some of which are overseas, tariffs by the Indian government on such suppliers may also affect the cost of our products.

Conducting and launching international operations require close coordination of activities across multiple jurisdictions and time zones and consumes significant management resources. We will also be subject to a number of risks associated with international business activities that may increase our costs, impact our ability to sell our E2Ws and require significant management attention. These risks include:

- difficulties attracting customers in new jurisdictions;
- being subject to foreign government taxes, regulations and permit requirements, especially in relation to the incorporation of a company under foreign laws;
- difficulty in staffing and managing foreign operations and complying with foreign labour laws and regulation;
- conforming our E2Ws to applicable international regulatory requirements where our E2Ws are sold and serviced, which requirements may change over time;
- fluctuations in foreign currency exchange rates and interest rates, including risks related to any foreign currency swap or other hedging activities we may undertake;
- changes in diplomatic and trade relationships;
- United States and foreign government trade restrictions, tariffs and price or exchange controls;
- expenditures related to foreign lawsuits and liability;
- difficulties protecting or procuring intellectual property rights;
- laws and business practices favouring local companies;
- political instability, natural disasters, wars or events of terrorism and health epidemics and pandemics; and
- the strength of international economies.

If we fail to successfully address these risks, our business, prospects, financial condition, results of operations, and cash flows could be materially harmed.

**63. We are subject to risks associated with exchange rate fluctuations.**

Although our reporting currency is the Indian Rupee, we export some EV components and plan to further expand sales of our E2Ws into international markets. We also source certain EV components from foreign suppliers. As such, a portion of our revenue and expenses are denominated in foreign currencies, subjecting us to risks stemming from fluctuations in currency exchange rates. Any appreciation of the Indian Rupee would reduce the revenue received from exports, while any depreciation of the Indian Rupee would increase the cost of imported EV components. In addition, our use of import financing, whereby the loans are denominated in U.S. dollars, further expose us to foreign exchange rate fluctuations, which can affect our net profit, finance costs and margins. The following table sets out our exchange rate fluctuation losses, and as a percentage of revenue from operations for the Fiscal Years indicated.

Particulars	Fiscal Year		
	2024	2023	2022
Exchange rate fluctuation loss (₹ million)	7	22	20
Exchange rate fluctuation loss as a percentage of revenue from operations (%)	0.04%	0.12%	0.49%

See “*Management’s Discussion and Analysis of Financial Condition and Results of Operations – Summary Results of Operations – Quantitative and Qualitative Disclosures about Market Risks*” on page 417.

To date, we do not have a hedging policy and have not entered into any hedging transactions in an effort to reduce our exposure to foreign currency risk. While we may decide to enter into hedging transactions in the future, the availability and effectiveness of these hedges may be limited. In addition, the policies of the Reserve Bank of India (“**RBI**”) may change from time to time, which may limit our ability to effectively hedge our foreign currency exposures and may have an adverse effect on our business, financial condition, cash flows and results of operations.

**64. We may not be able to pay dividends in the future.**

Our Company’s ability to distribute dividends will depend on internal factors such as earning stability, past dividend trends, free cash flow for the period under consideration, borrowing capacity, profitability of our Company during the period under consideration and external factors, including but not limited to the macro-economic environment, market conditions, prevailing legal requirements and regulatory conditions or restrictions laid down under the applicable laws including tax laws and industry outlook for business in which our Company operates. In addition, the ability of our Company to pay dividends may be impacted by a number of factors, including change in tax laws, restrictive covenants under the loans or financing arrangements our Company is currently availing of or may enter into to finance our funding requirements for our business activities. Further, our Company has not declared and paid any dividend in the past three Fiscal Years or up to the date of this Draft Red Herring Prospectus. Decisions regarding the declaration and distribution of dividends are at the discretion of our Board and will be made in line with our dividend distribution policy. These decisions will be based on a variety of considerations that our Board considers pertinent, such as the factors outlined above. For further details, see “**Dividend Policy**” on page 318.

**65. We are or may be subject to risks associated with strategic alliances or acquisitions**

We have entered into and may in the future enter into strategic alliances, such as joint ventures or equity investments, with various third-parties to further our business purpose from time to time. For example, we have entered into a collaboration agreement with Hero MotoCorp Limited (“**HMCL**”) dated November 23, 2023 (the “**Collaboration Agreement**”), pursuant to which our Company and HMCL have agreed to collaborate on enabling the interoperability of charging stations and other ancillary activities. Pursuant to the Collaboration Agreement, our Company and HMCL have agreed to develop and set up a charging management system in relation to interoperability between the charging stations of our Company and of HMCL, through open charge point interface (“**OCPI**”). Accordingly, EVs of HMCL and EVs of our Company will be able to access and charge at both charging stations of our Company and HMCL, respectively, and such usage would be referred to as “**Roaming Session**”. For further details, see “**History and Certain Corporate Matters – Other material agreements**” on page 292.

These alliances could expose us to various risks, including those associated with sharing proprietary information, non-performance by the third-party and increased expenses in establishing new strategic alliances. Our capacity to oversee or influence our partners' actions is limited, and to the extent any of these associates encounter negative publicity, our own reputation may be affected due to our association with them. Additionally, inefficiencies in processes or inadequate training of personnel could lead to operational shortcomings and elevated expenses. Furthermore, any problems arising from our partners’ use of licensed technologies, including product recalls, safety issues, or resulting legal disputes, could negatively harm the ‘Ather’ brand. Any of these risks may materially and adversely affect our business, results of operation and financial conditions.

Moreover, we may acquire additional assets, products, technologies or businesses that are complementary to our current operations. In addition to shareholder approvals, these acquisitions may also require regulatory approvals and compliance with relevant Indian or foreign laws, potentially causing delays and additional costs, and could disrupt our business strategy if not obtained. Past and future acquisitions and the subsequent integration of new assets and businesses into our own require significant attention from our management and could result in a diversion of resources from our existing business, which in turn could have an adverse effect on our operations. There is no guarantee that acquired assets or businesses will yield the expected financial returns. Acquisitions could result in the use of substantial amounts of cash, potentially dilutive issuances of equity securities, the occurrence of significant goodwill impairment charges, amortisation expenses for other intangible assets and exposure to potential unknown liabilities of the acquired business. Moreover, the costs of identifying and

consummating acquisitions may be significant.

**66. There have been certain instances of delays in payment of statutory dues in the past. Any delay in payment of statutory dues in future, may result in the imposition of penalties and in turn may have an adverse effect on our business, financial condition, results of operation and cash flows**

Our Company is required to pay certain statutory dues including employee provident fund contributions and employee state insurance contributions under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and the Employees' State Insurance Act, 1948, respectively, GST, professional taxes and labour welfare fund. In compliance with the provisions of the Income-tax Act, we are also required to deduct taxes at source at prescribed rates. Set out below are the details of statutory dues paid for the Fiscal Years indicated.

Statutory Dues	Fiscal Year		
	2024	2023	2022
	(₹ million)		
Employee provident fund contribution	240	187	84
Employee state insurance contributions	NA	NA	NA
Professional taxes	3	3	1
Goods and service tax	1,454	1,411	389
Labour welfare fund	0*	0*	0*
Tax deducted at source	1,020	623	281

\*Denotes less than ₹0.5 million.

There have been certain instances of delays in payment of statutory dues in the past by our Company, which occur in the ordinary course of making such payments including due to administrative or logistical issues, clerical errors, technical difficulties. The details of such delays are set out below:

Statutory Dues	Fiscal Year		
	2024	2023	2022
	(₹ million)		
Provident fund contribution	0*	36	13
Employee state insurance contributions	NA	NA	NA
Professional taxes	0*	0*	0*
Labour welfare fund	0*	-	-
Goods and service tax	-	0*	0*
Tax deducted at source	-	11	41

\*Denotes less than ₹0.5 million.

As at the date of this Draft Red Herring Prospectus, there are no outstanding delays in the payment of statutory dues. However, we cannot assure you that there will not be any delays in the future. Any delay in payment of statutory dues in future, may result in the imposition of penalties and in turn may have an adverse effect on our business, financial condition, results of operation and cash flows.

**67. We have not been able to obtain records of all the prior work experience of certain of our Directors to supplement their past work experience. Accordingly, limited disclosure has been made for their profiles in this Draft Red Herring Prospectus.**

In relation to our Directors, Neelam Dhawan and Sanjay Nayak, we have not been able to trace complete records of their past work experience. Accordingly, we have limited the disclosure in respect of their aggregate years of their prior work experience in this Draft Red Herring Prospectus. In this regard, see, "Our Management - Brief profiles of our Directors" on page 297.

## EXTERNAL RISKS

### Risks Related to India

**68. Changing laws, rules and regulations and legal uncertainties in India may adversely affect our business, prospects and results of operations.**

The regulatory and policy environment in which we operate is evolving and subject to change. Such changes, including the instances mentioned below, may adversely affect our business, results of operations, financial condition, cash flows and future prospects, to the extent that we are unable to suitably respond to and comply with any such changes in applicable law and policy. Adverse modifications to, or changes in interpretations of, existing policies, laws, rules or regulations, or the introduction of new statutes, rules or regulations (including those related to foreign investment and stamp duty) that govern our business activities could lead to our operations being considered as non-compliant or adversely affect our business, prospects and operating results. For example, regulatory authorities in India and abroad may introduce new rules or policies, or pass new legislations that impact EVs or the broader automotive sector. Such circumstances could result in additional compliance obligations, necessitating us to secure further approvals and licences from relevant government and regulatory agencies, who may impose stringent conditions. It could also cause uncertainty in our business practices, potentially disrupting our operations. Adapting to such changes could result in higher costs and additional demands on our management and resources. Any lapses in compliance could negatively impact our business operations, financial performance, cash flow, and growth prospects.

Additionally, the Government of India has introduced (a) the Code on Wages, 2019 (“**Wages Code**”); (b) the Code on Social Security, 2020 (“**Social Security Code**”); (c) the Occupational Safety, Health and Working Conditions Code, 2020; and (d) the Industrial Relations Code, 2020 (collectively, the “**Labour Codes**”) which consolidate, subsume and replace numerous existing central labour legislations. The Government of India has postponed the enactment of the respective Labour Codes, and they shall come into force from such dates as may be notified. It is possible that different provisions within the Labour Codes may come into effect at various times. While the rules for implementation under these codes have not been notified in its entirety, as an immediate consequence, their introduction could potentially increase our company's financial obligations, negatively affecting our profit margins. We have not yet fully assessed the impact that these or similar laws might have on our business operations, which could potentially limit our ability to expand in the future. For instance, the Social Security Code is designed to standardise social security benefits for employees, which were previously divided under various acts with differing scopes and coverage. Additionally, the Wages Code restricts the portion of wages that can be excluded from calculations for employment benefits (such as gratuity and maternity benefits) to a maximum of 50% of the total wages paid to employees. The enforcement of these laws could lead to higher employee and labour costs, which in turn could have a detrimental effect on our operational results, cash flow, business, and overall financial health.

Further, pursuant to the Finance (No.2) Act of 2024, notified on August 16, 2024, the Government of India has introduced new income tax slabs, an increase in standard deduction and an increase in the deduction available in respect of private sector employer's contribution to National Pension Scheme from 10% to 14% of the salary of the concerned employees. There is no certainty on the impact of the full union budget on tax laws or other regulations, which may adversely affect our business, financial condition, results of operations or on the industry in which we operate.

**69. *Challenging economic conditions may affect consumer demand for new vehicles, particularly electric vehicles.***

Economic conditions in India have a significant impact on our revenues and financial results as we derive a majority of our revenues from India. Economic conditions in India are sensitive to global economic conditions, as well as changes in domestic economic and political policies and the expected or perceived overall economic growth rate in India. Our revenue and profitability are strongly correlated to discretionary consumer spending, which is influenced by general economic conditions, unemployment levels, the availability of discretionary income and consumer confidence. Recessionary economic cycles, a protracted slowdown or worsening of the global or Indian economy, increased unemployment in India, rising interest rates or other industry-wide cost pressures could also affect consumer behaviour and lead to a decline in our sales and earnings. Discretionary consumer spending also is affected by other factors, including changes in tax rates and tax credits, interest rates and the availability and terms of consumer credit. During future periods of economic weakness, we may experience a decline in the demand for our E2Ws, which could harm our business, prospects and operating results. Accordingly, any events that have a negative effect on the Indian economy or on foreign economies or that negatively affect consumer confidence in the economy, including disruptions in credit and stock markets, and actual or perceived economic slowdowns, may harm our business, prospects and operating results.

**70. *Indian financial markets could be subject to increased volatility due to financial instability in other countries.***

Our business operations and primary market are predominantly concentrated in India, a country whose economic landscape is affected by global market trends, especially those in emerging Asian economies.

While each country's economic conditions are unique, investor sentiment in one country can negatively impact the securities market in another. Historically, several Asian currencies have experienced devaluation against the U.S. Dollar due to a variety of factors. A decline in investor confidence in the financial systems of other emerging markets could lead to heightened volatility in India's financial markets and indirectly affect the Indian economy in general. Global financial instability could also adversely influence the Indian economy, potentially affecting our business, future financial performance, and the value of our Equity Shares. Additionally, concerns about trade conflicts between major economies could lead to greater risk aversion and volatility in the global capital markets, which may, in turn, impact the Indian economy.

China is one of India's significant trade partners, and any economic downturn in China or adverse developments in the bilateral relationship could negatively affect trade between the two nations. Our Company and our suppliers import certain components for E2Ws from China; therefore, any tension in trade relations between India and China could disrupt the supply of these components. Such disruptions could have a detrimental effect on our business operations, financial health, and operational results.

The global credit and equity markets have occasionally faced severe dislocations, liquidity issues, and market corrections. In response to these events, policymakers and regulators in various countries, including the United States and India, have enacted measures aimed at stabilising the financial markets. The long-term effects of these legislative and regulatory actions on the global financial markets remain unclear, and may not achieve the desired effect of market stabilisation. Should the current challenges in the global credit markets persist or if significant financial disruptions arise, these conditions could negatively impact our business, future financial performance, and the trading price of our Equity Shares.

**71. *Increase in Indian inflation may lead to increased costs and a decline in profits.***

We may experience inflation volatility in India and continue to face historically persistent high inflation rates. Escalating inflation may increase interest rates and operational costs, including transportation, salaries, and other business-related expenses, negatively impacting our financial health. Inflationary pressures could also complicate cost estimation and management. Should operating expenses rise due to inflation, our inability to fully transfer these costs to customers could adversely affect our profitability and financial standing. Moreover, inflation-induced interest rate rises could slow economic growth and credit expansion, further straining our financial performance. Our future success depends on our ability to increase revenue to counterbalance inflation-related cost hikes, failing which our business prospects, financial condition, operational results, and cash flow could suffer. Although the Government of India has implemented measures to mitigate inflation, there can be no assurance that these measures remain effective.

**72. *Events beyond our control such as natural disasters, fires, epidemics, pandemics, acts of war, terrorist attacks and civil unrest could materially and adversely affect our business.***

Our business, financial condition, and operational results are susceptible to risks from natural disasters like typhoons, droughts, floods, monsoons, earthquakes, and fires, as well as global health crises, including epidemics and pandemics such as COVID-19. Additionally, geopolitical conflicts, including the Russia-Ukraine war and Israel-Gaza unrest, acts of war, terrorism, civil disturbances, and economic instability can materially disrupt our operations. These events, often beyond our control, may result in property repairs, personnel evacuation, or operational suspension. Geopolitical tensions, such as those arising from conflicts between Russia and Ukraine or Israel and Hamas, could lead to embargoes, airspace restrictions, or retaliatory actions against companies, with unpredictable impacts on our business. Such incidents could hinder our production, disrupt our technology systems or platform, affect sales, and result in unforeseen expenses or delays, such as disruptions in our delivery schedule. Consequently, these factors could have a material adverse effect on our business, financial condition, and results of operations.

**73. *Any domestic or international rating agencies' downgrade of India's debt rating could adversely affect our business.***

Several factors could lead to a downgrade of India's sovereign debt rating, including changes in tax or fiscal policies or a decrease in India's foreign exchange reserves, all of which are beyond our company's control. Should international rating agencies revise India's creditworthiness for domestic or international debt, it could significantly affect our ability to secure additional external financing and the terms of such financing, particularly from international markets.

Our Company's ability to access debt capital markets and our cost of borrowing are heavily reliant on India's credit ratings. As of recent assessments, India's sovereign credit rating was affirmed at Baa3 with a "stable" outlook by Moody's in August 2023 and affirmed as BBB- with a "stable" outlook by Fitch in January 2024, and confirmed as BBB "low" by DBRS in May 2023. Additionally, S&P rated India's long-term sovereign credit as BBB- and short-term as A-3, both with a "stable" outlook. Any negative adjustments to these ratings could impair our ability to obtain additional financing on favourable terms, or any at all. Such a downgrade could be triggered by changes in the government's tax or fiscal policies, over which we have no control. Such downgrade and consequently, our overall financial health may also be. This may negatively impact our business operations, cash flow, financial condition, and the valuation of our Equity Shares.

**74. *Indian law investment restrictions imposed on foreign investors may limit our ability to attract such investors, which can adversely impact the market price of our Equity Shares.***

Currently, Indian foreign exchange regulations allow for the transfer of shares between non-residents and residents, provided they adhere to sector-specific norms, certain restrictions and meet the Reserve Bank of India's ("RBI") pricing guidelines and reporting requirements. Should a share transfer not align with these guidelines, requirements, or fall under specific exceptions, prior regulatory approval is necessary. Moreover, foreign investments are generally permitted across various sectors of the Indian economy without caps or the need for prior approvals, except where specifically restricted. However, foreign investors must comply with certain procedures prescribed for such investments. The RBI, along with relevant ministries and departments, are responsible for such approvals.

Shareholders intending to convert the Rupee proceeds from the sale of shares into foreign currency and repatriate it out of India must obtain either a no-objection certificate or a tax clearance certificate from the Indian income tax authorities. This conversion is contingent upon the shares being held on a repatriable basis and the sale being conducted in accordance with the pricing guidelines or with the necessary regulatory approval for both the sale and the remittance of sale proceeds.

Additionally, as per the Press Note No. 3 (2020 Series) issued by the Department for Promotion of Industry and Internal Trade ("DPIIT") on April 17, 2020, investments from beneficial owners in countries that share a land border with India are subject to government approval. This also applies to any change in beneficial ownership of existing or future foreign direct investments in an Indian entity, which results in the ownership falling under the aforementioned restrictions, necessitating the Government of India's approval. The Ministry of Finance further amended the FEMA Non-debt Instruments Rules on April 22, 2020, to reflect this change. We cannot guarantee that the necessary approvals from the RBI or other government agencies will be granted under specific terms, conditions, or at all. For further information, see "*Restrictions on Foreign Ownership of Indian Securities*" beginning on page 498.

**75. *Investors may have difficulty enforcing foreign judgements against us or our management.***

Our Company is incorporated under the laws of India and all of our Directors are residents of India. All of our Company's assets are located in India. As a result, it may not be possible for investors outside of India to effect service of process on us or such persons from their respective jurisdictions outside of India, or to enforce against them judgements obtained in courts outside of India predicated upon our civil liabilities or our Directors under laws other than Indian Law.

Recognition and enforcement of foreign judgements is provided for under Sections 13 and 44A of the Code of Civil Procedure, 1908 ("CPC"). India is not a party to any international treaties in relation to the recognition or enforcement of foreign judgements. India has reciprocal recognition and enforcement

of judgements in civil and commercial matters with only a limited number of jurisdictions, such as the United Kingdom, United Arab Emirates, Singapore and Hong Kong SAR. In order to be enforceable, a judgement from a jurisdiction with reciprocity must meet certain requirements established in the CPC. The CPC only allows for the enforcement and execution of monetary judgements that are not related to taxes, other governmental levies, fines or penalties from reciprocating territories. Judgements or decrees from countries that do not have a reciprocal arrangement with India, such as the United States, cannot be executed through Indian legal proceedings. If a party receives a final judgement for monetary compensation from a court in a non-reciprocating territory, they have the option to initiate a new lawsuit in an Indian court based on that judgement, provided they do so within three years of the judgement date. However, it is improbable that an Indian court would grant damages in the same manner as the foreign court if a case were filed in India. Moreover, Indian courts are unlikely to enforce foreign judgements that they consider to be excessive or in conflict with Indian public policy.

**76. *Indian accounting standard (“Ind AS”) and other accounting principles, such as international financial reporting standards (“IFRS”) and United States generally accepted accounting principles (“US GAAP”) have significant differences, which may be material to investors’ assessments of our financial condition.***

For the purposes of disclosure in this Draft Red Herring Prospectus, the SEBI ICDR Regulations requires us to prepare and present our Restated Financial Information. This Restated Financial Information has been derived from our audited financial statements for the Fiscal Years 2024, 2023 and 2022, and prepared in accordance with the Ind AS. Ind AS differs from other accounting frameworks that potential investors might be more accustomed to, such as Indian GAAP, IFRS, or U.S. GAAP. We have not measured the potential effect of U.S. GAAP or IFRS on the financial data presented herein, nor have we reconciled our financial statements to those standards.

The relevance of the audited financial statements for the Fiscal Years 2024, 2023 and 2022 prepared in accordance with Ind AS, which are restated as per the requirements of the Companies Act, SEBI ICDR Regulations, and the Guidance Note on Reports in Company’s Prospectuses (Revised 2019) by the ICAI, is dependent on the reader’s familiarity with Indian accounting practices. Those not familiar with Indian accounting standards should exercise caution when relying on the financial information provided in this Draft Red Herring Prospectus. We also advise prospective investors to review the specific accounting policies used to prepare our financial statements and to consult with professional advisors to better understand the differences between Ind AS and other accounting principles that they may be more familiar with.

**77. *We may be affected by competition law in India.***

The Competition Act, 2002 (“**Competition Act**”) regulates activities that have an appreciable adverse effect on competition in the relevant market in India (“**AAEC**”). It addresses any anti-competition agreement or arrangement, understanding or action in concert between enterprises, whether formal or informal, which causes or is likely to cause an AAEC. Agreements between competitors that involve price-fixing, limiting production or supply, market sharing, or any other activity that leads to bid-rigging or collusive bidding are typically assumed to adversely affect competition. Additionally, the Competition Act prohibits the abuse of a dominant market position by any enterprise. Under the merger control regulations of the Act, certain acquisitions, mergers, or amalgamations that exceed specified asset and turnover thresholds must be notified to and approved by the Competition Commission of India (“**CCI**”) before they can proceed. Violations of the Competition Act can result in significant financial penalties.

The Competition (Amendment) Act, 2023, which came into force on April 11, 2023, grants the CCI greater authority to prevent practices that harm competition and consumer interests, aims to facilitate the ease of doing business in India and promotes transparency. Among other changes, the amendment adjusts the criteria for determining the AAEC, shortens the time frame for the CCI to review mergers, and allows the CCI to levy penalties based on the global turnover for anti-competitive agreements and abuse of dominance.

Given that the Competition Act seeks to prevent any agreements or transactions that may negatively affect competition in India, all of our agreements could fall under its purview. The CCI also has jurisdiction beyond India’s borders to investigate any agreements or behaviours occurring outside the

country if such agreement has an AAEC in India. However, the implications of the Competition Act on our agreements are not entirely certain. We are not currently party to any legal proceedings, nor have we received any notices regarding non-compliance with the Competition Act. The interpretation or application of the Competition Act to any future mergers, acquisitions, or amalgamations we propose, as well as any enforcement actions initiated by the CCI or negative publicity arising from such scrutiny, could potentially impact our business operations, financial condition and results of operations.

**78. *Fluctuations in the exchange rate between the Indian Rupee and foreign currencies may have an adverse effect on the value of our Equity Shares, independent of our operating results.***

On listing, our Equity Shares will be quoted in Indian Rupees on the Stock Exchanges. Any dividends in respect of our Equity Shares will also be paid in Indian Rupees and subsequently converted into the relevant foreign currency for repatriation, if required. Any adverse movement in currency exchange rates during the time taken for such conversion may reduce the net dividend to foreign investors. In addition, any adverse movement in currency exchange rates during a delay in repatriating the proceeds from a sale of Equity Shares outside India, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares may reduce the proceeds received by Shareholders. For example, the exchange rate between the Indian Rupee and the U.S. dollar has fluctuated substantially in recent years and may continue to fluctuate substantially in the future, which may have an adverse effect on the returns on our Equity Shares, independent of our operating results.

**79. *Pursuant to listing of the Equity Shares, we may be subject to pre-emptive surveillance measures like Additional Surveillance Measure (“ASM”) and Graded Surveillance Measures (“GSM”) by the Stock Exchanges in order to enhance market integrity and safeguard the interest of investors.***

SEBI and the Stock Exchanges have introduced various pre-emptive surveillance measures aimed at maintaining market integrity and protecting investors interests. To further these objectives, SEBI and the Stock Exchanges have introduced the ASM and GSM. These measures apply to the securities of companies based on a set of objective criteria, including significant fluctuations in price and trading volume, high concentration of trading by certain client accounts, average delivery percentage, and securities experiencing unusual price increases that are not aligned with the company’s financial health and fundamentals, such as earnings, book value, fixed assets, net worth, price-to-earnings ratio, and market capitalisation.

Upon listing, our Equity Shares will be subject to varying market conditions and other factors that could lead to substantial price volatility, low trading volumes, and a high concentration of trading by certain client accounts. If any of these factors occur, or if other conditions arise, they may activate the thresholds set by SEBI and the Stock Exchanges for placing our securities under the ASM and/or GSM frameworks or other surveillance measures. This could lead to significant trading restrictions being imposed on our Equity Shares by SEBI and the Stock Exchanges. Such restrictions might include higher margin requirements, trade-for-trade settlement without netting off, limitations on trading frequency, reduced price bands, settlement on a gross basis or a freeze on the upper price limit during trading. Our Equity Shares may also be listed on the surveillance dashboards of the Stock Exchanges. The imposition of these trading restrictions and limitations could negatively impact the market price, trading activity, and liquidity of our Equity Shares, as well as our company’s reputation and conditions. Such events could divert the attention of our management, potentially harm our reputation, and lead to a decrease in the market price of our Equity Shares. This, in turn, could result in prospective investors experiencing a partial or total loss of their investment.

## **Risks Related to the Offer**

**80. *Our Promoters will be able to exercise substantial control over our Company and may have interests that are different from those of our other Shareholders.***

Upon completion of this offering, our Promoters, HMCL, Tarun Sanjay Mehta and Swapnil Babanlal Jain, will hold approximately [ ● ]%, [ ● ]% and [ ● ]% of our outstanding shares of common stock as the controlling shareholders, respectively. As a result, our Promoters will be able to exercise a significant level of control over all matters requiring shareholder approval, including the election of directors, amendment of our constitutional documents and approval of significant corporate transactions and any



other approvals which require a majority vote of shareholders eligible to vote. This control could have the effect of delaying or preventing a change of control of our Company or changes in management and will make the approval of certain transactions difficult or impossible without the support of such Promoters. While the actions carried out by our Company post-listing will be subject to Board and Shareholder approval, as required under the Companies Act, 2013, and the SEBI Listing Regulations, any such conflict may adversely affect our ability to execute our business strategy or to operate our business.

- 81. *Our Corporate Promoter, Hero MotoCorp Limited, is a shareholder of companies that are in similar lines of business as us, and is itself engaged in a similar line of business as us. Further, certain Directors who are nominees of Hero MotoCorp Limited on our Board, are engaged in such business to the extent of being the senior management of Hero MotoCorp Limited. Any conflict of interest which may occur as a result could adversely affect our business, prospects, results of operations and financial condition.***

Our Corporate Promoter, HMCL, is a shareholder of Zero Motorcycles Inc., which manufactures and sells motorcycles outside of India, and Gogoro Inc., which focuses on swappable battery technology for E2Ws on a subscription-based model and also has its own series of E2Ws. Both companies are involved in a similar line of business as our Company. Further, HMCL is involved in a similar line of business as our Company. Our Corporate Promoter currently has two E2W models under the VIDA brand and has announced plans to launch new products in the mid- and affordable E2W space. Accordingly, our Non-executive Directors, Niranjan Kumar Gupta, chief executive officer of HMCL and Ram Kuppuswamy, chief procurement officer of HMCL, who are nominees of HMCL on our Board, are also involved in a similar line of business as that of our Company to the extent they are part of the senior management of HMCL.

To address any conflict of interest which may arise in the future, we will adopt the necessary procedures and practices as permitted by applicable law. We cannot assure you that our Corporate Promoter and its nominees on our Board, will not favour the interests of such other companies over our interests or that we will be able to suitably resolve any such conflict without an adverse effect on our business or operations.

- 82. *Our Equity Shares have not been traded on any public exchange prior to this Offer, and it is uncertain whether an active trading market for our Equity Shares will develop. Further, the Offer Price may not be indicative of the market price of our Equity Shares after this Offer.***

Before this Offer, our Equity Shares have not been traded on any public markets, and we cannot guarantee that a robust trading market will develop or be maintained subsequent to this Offer. The Offer Price for our Equity Shares will be established by our Company in consultation with the BRLMs through the book-building process. This price may not reflect the actual market value of our Equity Shares when trading begins or at any subsequent point.

There has been significant volatility in the Indian stock markets in the recent past, and the trading price of our Equity Shares after this Offer could fluctuate significantly as a result of market volatility or due to various internal or external risks, including but not limited to those described in this Draft Red Herring Prospectus. The market price of our Equity Shares may be influenced by many factors, some of which are beyond our control, including:

- The failure of analysts to cover the Equity Shares after this Offer, or changes in the estimates of our performance by analysts;
- The activities of competitors and suppliers;
- Future sales of the Equity Shares by us or our shareholders;
- Investor perception of us and the industry in which we operate;
- Our quarterly or annual earnings or those of our competitors;
- Developments affecting fiscal, industrial or environmental regulations;
- The public's reaction to our press releases and adverse media reports; and
- General economic conditions.

These widespread market shifts and sector-specific trends could materially reduce the market price of

our Equity Shares, independent of our actual operational results. Additionally, after the six-month lock-in period ends for certain portions of the pre-Offer Equity Share capital, pre-Offer shareholders may choose to sell their shareholding in our Company, depending on prevailing market conditions and their investment strategies. Any perception by investors that such sales might occur or actual sales by such pre-Offer shareholders could adversely affect the trading price of our Equity Shares. As a result, the value of our Equity Shares may be volatile, and investors might not be able to sell their shares at or above the Offer Price, or at all. Should the market price of our Equity Shares decline, investors lose some or all of their investment.

**83. *No proceeds from the Offer for Sale portion will be received by our Company.***

The Offer includes an offer for sale of up to 22,000,766 Equity Shares by the Selling Shareholders. The proceeds from the Offer for Sale will be transferred to each of the Selling Shareholders, in proportion to the number of Equity Shares each has sold in the Offer for Sale. Our Company will not benefit financially from the proceeds of the Equity Shares sold by the Selling Shareholders in the Offer. For details, see “*Objects of the Offer*” beginning on page 142.

**84. *Our Company has issued specified securities during the preceding one year at a price that may be below the Offer Price.***

Our Company has issued Equity Shares in the preceding one year from the date of this Draft Red Herring Prospectus, (i) by way of a bonus issue on June 22, 2024 to its Equity Shareholders and, (ii) pursuant to an issuance and exercise of stock options pursuant to the Companies (Share Capital and Debentures) Rules, 2014 by Tarun Sanjay Mehta and Swapnil Babanlal Jain, on July 4, 2024. Further, our Company has issued preference shares in the preceding one year from the date of this Draft Red Herring Prospectus, (i) by way of a rights issue on September 12, 2023 to HMCL, Caladium Investment Pte Ltd, Abhishek Venkatraman and Herald Square Ventures (*represented by its managing partner, Rajeev Mantri*), (ii) pursuant to a bonus issue on December 7, 2023 to certain preference shareholders, (iii) by way of a private placement of Series F CCPS to Tarun Sanjay Mehta and Swapnil Babanlal Jain on July 9, 2024 and (iv) by way of a private placement of Series G CCPS to India-Japan Fund (*represented by and acting through its investment manager, National Investment and Infrastructure Fund Limited*) on September 4, 2024. For further details, see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations – Significant Developments After March 31, 2024 that May Affect Our Future Results of Operations*” on page 420. Such issuances were at a price that may be lower than the Offer Price. The price at which specified securities have been issued by our Company in the preceding one year is not indicative of the price at which they will be issued or traded after listing. For details on such allotments, see “*Capital Structure – Notes to Capital Structure – Issue of specified securities at a price lower than the Offer Price in the last year*” on page 120.

**85. *Investors may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares.***

Under current Indian tax laws, unless specifically exempted, any capital gains arising from the sale of our Equity Shares are generally taxable in India. Gains from the sale of Equity Shares by an Indian resident, which are held for more than 12 months but sold outside of a recognised stock exchange without the payment of STT, are also subject to long-term capital gains tax in India. Similarly, gains from the sale of Equity Shares held for 12 months or less, including those sold outside of a recognised stock exchange where no STT is paid, will be taxed as short-term capital gains. Pursuant to the Finance (No.2) Act of 2024, any the capital gains arising from the sale of listed equity shares held for a period exceeding 12 months, will be subject to tax at the rate of 12.5%. Similarly, short-term capital gains tax is levied at a rate of 20%. Further, in long-term any of the capital gains arising from sale of listed equity shares on which STT has been paid on transfer and at the time of acquisition (unless such acquisition was through a notified transaction) will be exempt up to ₹ 125,000.

Further, a securities transaction tax (“**STT**”) will be levied on and collected by an Indian stock exchange on which our Equity Shares are sold.

Consequently, international residents may be liable for taxation in India on gains from the sale of our Equity Shares, while also facing tax obligations in their own countries, depending on the provisions of any applicable tax treaty or the laws of their respective jurisdictions.

The Finance Act, 2019 amended the Indian Stamp Act of 1899, effective from July 1, 2020, and clarified that payment of stamp duty on the sale of securities through stock exchanges rests with the buyer, unless agreed otherwise. In other cases, such as transfers for consideration through a depository, the transferor bears the stamp duty. The stamp duty rate for the transfer of securities (excluding debentures) on a delivery basis is set at 0.015%, and for non-delivery transfers, it is 0.003% of the consideration amount. The Finance Act, 2020 introduced changes to the tax regime, including a simplified alternate direct tax system. It also provided that the dividend distribution tax for dividends declared, distributed, or paid by domestic companies after March 31, 2020 will not be payable. Consequently, such dividends will not be exempt in the hands of the shareholders, and that such dividends are likely to be subject to tax deduction at source. Investors are advised to consult with their tax advisors to understand the implications of investing or trading in our Equity Shares.

There is no certainty on the impact of the recently enacted tax laws or other tax laws and regulations, which may adversely affect our business, financial condition, results of operations or on the industry in which we operate. Investors are advised to consult their own tax advisors and to carefully consider the potential tax consequences of owning, investing or trading in our Equity Shares. Unfavourable changes in or interpretations of existing, or the promulgation of new laws, rules and regulations, governing our business and operations could result in us being deemed to be in contravention of such laws requiring us to apply for additional approvals.

**86. *QIB Bidders and Non-Institutional Bidders are not permitted to withdraw or lower their Bids at any stage after submitting a Bid and Retail Individual Investors, Eligible Employees and Eligible HMCL Shareholders are not permitted to withdraw their Bids after Bid/Offer Closing Date.***

Pursuant to the SEBI ICDR Regulations, QIB Bidders and Non-Institutional Bidders are required to pay the Bid Amount on submission of the Bid and are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid. Retail Individual Bidders, Eligible Employees and Eligible HMCL Shareholders can revise their Bids during the Bid/Offer Period and withdraw their Bids until Bid/Offer Closing Date.

Our Company is required to fulfil all listing formalities and initiate trading of our Equity Shares on all the Stock Exchanges where they are intended to be listed, including the Allotment as per the Offer, within three Working Days from the Bid/Offer Closing Date or such other timeline as may be prescribed under applicable law. Nevertheless, between the time of bid submission and the allotment of shares, various events could influence the bidders' decision to invest in our Equity Shares. Such events could include significant changes in international or domestic monetary policies, or shifts in financial, political, or economic conditions, as well as changes in our business operations, financial performance, or condition. Even if such events occur, our Company may proceed with the allotment of Equity Shares. These occurrences may restrict the bidders' ability to sell the allotted Equity Shares post-offer or may lead to a decrease in the trading price of our Equity Shares once they are listed.

**87. *There is no guarantee that the Equity Shares of our Company will be listed on the Stock Exchanges in a timely manner or at all.***

In accordance with applicable Indian law and practice, permission for listing and trading of our Equity Shares will not be granted until after certain actions have been completed in relation to this Offer and until the Allotment of Equity Shares pursuant to this Offer. In accordance with current regulations and circulars issued of SEBI, our Equity Shares are required to be listed on the Stock Exchanges within such time as mandated under UPI Circulars, subject to any change in the prescribed timeline in this regard. However, we cannot assure you that the trading in our Equity Shares will not be delayed due to various factors such as market conditions and developments, or at all. Any failure or delay in obtaining final listing and trading approvals may restrict your ability to dispose of your Equity Shares.

**88. *Any future issuance of Equity Shares or securities linked to Equity Shares may dilute your shareholding, and our major shareholders' sale of our Equity Shares may also adversely affect our Equity Shares' trading prices.***

We may be required to finance our growth through future equity offerings. Issuing more equity, whether through a primary offering or by allotting Equity Shares to employees when they exercise vested options

granted under our ESOP Plan 2024 or any extant employee stock option plan of our Company, could result in the dilution of existing investors' shareholdings in our Company. We cannot assure you that we will not issue more Equity Shares or that our Shareholders will not sell their holdings. Any future issuance could also diminish the value of current investments in our Equity Shares and one-off charges associated with such issuance will increase our expenditures. Furthermore, investor concerns about potential issuances or disposals might negatively impact the market price of our Equity Shares.

Significant sales, or the perception that such sales will occur, including the pledging or encumbrance of our Equity Shares by our major shareholders or Promoters after this Offer is complete, could depress the market price of our Equity Shares, even if these actions are in compliance with the lock-in provisions under the SEBI ICDR Regulations. Such market activity could also significantly hinder our ability to secure capital in the future, whether through the sale of Equity Shares or by taking on additional debt.

**89. Shareholders' rights under Indian law may be more limited than under the laws of other jurisdictions.**

Our Articles of Association, composition of our Board, Indian laws governing our corporate affairs, the validity of corporate procedures, directors' fiduciary duties, responsibilities and liabilities, and shareholders' rights may vary significantly from those applicable to companies in other jurisdictions. The rights afforded to shareholders under Indian legislation may not be as comprehensive or robust as those granted in other jurisdictions. Consequently, investors might encounter more difficulties in exercising their shareholder rights within an Indian company compared to their experiences with entities in other legal jurisdictions.

**90. The Offer Price of our Equity Shares, our price-to-earnings ratio and our enterprise value to earnings before interest, taxes, depreciation and amortisation ("EBITDA") ratio may not fully reflect the trading price of our Equity Shares upon listing on the Stock Exchanges subsequent to the Offer and, as a result, you may lose a significant part or all of your investment.**

While the Offer Price ultimately determines our market capitalisation, which will be decided by our Company in consultation with the BRLMs through the book building process, our enterprise value to EBITDA ratio for Fiscal Year 2024 is set out below.

Particulars	Ratio vis-à-vis Floor Price (In multiples, unless otherwise specified)	Ratio vis-à-vis Cap Price
Enterprise value to EBITDA	[●]	[●]

Further, our Offer Price, the multiples and ratio specified above may not be comparable to the market price, market capitalisation and price-to-earnings ratios of our peers and would be dependent on the various factors included under "**Basis for Offer Price**" beginning on page 166.

Accordingly, any valuation exercise undertaken for the purposes of the Offer by our Company and the Selling Shareholders in consultation with the BRLMs, would not be based on a peer benchmark. The relevant financial parameters on the basis of which Price Band will be determined, have been disclosed under "**Basis for Offer Price**" on page 166 and shall be disclosed in the price band advertisement. For details of comparison with listed peers, please see "**Basis for Offer Price**" on page 166.

## SECTION III – INTRODUCTION

### THE OFFER

The following table summarises details of the Offer:

<b>Offer<sup>(1)(2)</sup></b>	[●] Equity Shares of face value of ₹1 each, aggregating to ₹ [●] million
<i>of which:</i>	
Fresh Issue <sup>(1)</sup>	[●] Equity Shares of face value of ₹1 each, aggregating up to ₹ 31,000 million
Offer for Sale <sup>(2)</sup>	Up to 22,000,766 Equity Shares of face value of ₹1 each, aggregating to ₹ [●] million
<i>The Offer consists of:</i>	
Employee Reservation Portion <sup>(3)</sup>	[●] Equity Shares of face value of ₹1 each, aggregating up to ₹ [●] million
HMCL Shareholder Reservation Portion <sup>(4)</sup>	[●] Equity Shares of face value of ₹1 each, aggregating up to ₹ [●] million
<b>Net Offer</b>	[●] Equity Shares of face value of ₹1 each, aggregating to ₹ [●] million
<i>The Net Offer consists of:</i>	
<b>A. QIB Portion<sup>(5)(7)</sup></b>	Not less than [●] Equity Shares of face value of ₹1 each
<i>Of which:</i>	
Anchor Investor Portion	[●] Equity Shares of face value of ₹1 each
Net QIB Portion (assuming Anchor Investor Portion is fully subscribed)	[●] Equity Shares of face value of ₹1 each
<i>Of which:</i>	
Mutual Fund Portion (5% of the Net QIB Portion)	[●] Equity Shares of face value of ₹1 each
Balance of QIB Portion for all QIBs including Mutual Funds	[●] Equity Shares of face value of ₹1 each
<b>B. Non-Institutional Portion<sup>(6)(7)</sup></b>	Not more than [●] Equity Shares of face value of ₹1 each
<i>Of which:</i>	
One-third available for allocation to Bidders with an application size of more than ₹ 200,000 and up to ₹ 1,000,000	[●] Equity Shares of face value of ₹1 each
Two-thirds available for allocation to Bidders with an application size of more than ₹ 1,000,000	[●] Equity Shares of face value of ₹1 each
<b>C. Retail Portion</b>	Not more than [●] Equity Shares of face value of ₹1 each
<b>Pre and post-Offer Equity Shares</b>	
Equity Shares outstanding prior to the Offer (as on the date of this Draft Red Herring Prospectus)	30,807,396 Equity Shares of face value of ₹1 each
Equity Shares outstanding after the Offer	[●] Equity Shares of face value of ₹1 each
<b>Use of Net Proceeds</b>	See “ <i>Objects of the Offer</i> ” on page 142 for details regarding the use of the proceeds from the Fresh Issue. Our Company will not receive any proceeds from the Offer for Sale.

<sup>(1)</sup> Our Board has authorised the Offer pursuant to their resolution dated August 27, 2024. Our Shareholders have authorised the Fresh Issue pursuant to their special resolution dated September 5, 2024. Our Company, in consultation with the BRLMs, may consider a Pre-IPO Placement of specified securities, as may be permitted under the applicable law, aggregating to ₹ 6,200 million prior to filing of the Red Herring Prospectus with the RoC. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company, in consultation with the BRLMs. If the Pre-IPO Placement is completed, the amount raised pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to compliance with Rule 19(2)(b) of the SCRR. The Pre-IPO Placement shall not exceed 20% of the size of the Fresh Issue. Prior to the completion of the Offer, our Company shall appropriately intimate the subscribers to the Pre-IPO Placement, prior to allotment pursuant to the Pre-IPO Placement, that there is no guarantee that our Company may proceed with the Offer or the Offer may be successful and will result into listing of the Equity Shares on the Stock Exchanges. Further, relevant disclosures in relation to such intimation to the subscribers to the Pre-IPO Placement (if undertaken) shall be appropriately made in the relevant sections of the RHP and Prospectus.

<sup>(2)</sup> Our Board has taken on record the authorisations for the Offer for Sale by each of the Selling Shareholders pursuant to its resolution dated September 6, 2024. Each Selling Shareholder has, severally and not jointly, authorized the inclusion of its respective portion of the Offered Shares in the Offer for Sale. For details of authorizations received for the Offer for Sale, see “**Other Regulatory and Statutory**

**Disclosures - Authority of the Offer – Consents from the Selling Shareholders**” on page 446. Each Selling Shareholder has, severally and not jointly, confirmed that the Offered Shares are eligible for being offered for sale in the Offer in compliance with the SEBI ICDR Regulations. Further, each Selling Shareholder has, severally and not jointly, confirmed compliance with and will comply with the conditions specified in Regulation 8A of the SEBI ICDR Regulations, to the extent applicable. For further details, see **“Summary of the Draft Offer Document”** and **“Other Regulatory and Statutory Disclosures”** on pages 22 and 446, respectively.

- (3) Eligible Employees bidding in the Employee Reservation Portion must ensure that the maximum Bid Amount does not exceed ₹500,000 (net of Employee Discount, if any). However, the initial Allotment to an Eligible Employee in the Employee Reservation Portion shall not exceed ₹200,000 (net of Employee Discount, if any). In the event of under-subscription in the Employee Reservation Portion (if any), the unsubscribed portion will be available for allocation proportionately to all Eligible Employees who have Bid in excess of ₹ 200,000 (net of Employee Discount, if any), subject to the maximum value of allocation made to such Eligible Employee not exceeding ₹ 500,000 (net of Employee Discount, if any). The unsubscribed portion, if any, in the Employee Reservation Portion (after allocation up to ₹ 500,000 net of Employee Discount, if any), shall be added to the Net Offer. Our Company, in consultation with the BRLMs, may offer a discount of [●]% on the Offer Price (equivalent of ₹ [●] per Equity Share) to Eligible Employees bidding in the Employee Reservation Portion which shall be announced two Working Days prior to the Bid/Offer Opening Date. For further details, see **“Offer Procedure”** and **“Offer Structure”** beginning on pages 475 and 469, respectively.
- (4) The HMCL Shareholder Reservation Portion shall not exceed 10% of the Offer size. The unsubscribed portion, if any, in the Shareholder Reservation Portion, shall be added to the Net Offer. Bids by Eligible HMCL Shareholders in the HMCL Shareholder Reservation Portion, the Net Offer portion and the Employee Reservation Portion (if eligible) shall not be treated as multiple Bids subject to applicable limits. If an Eligible HMCL Shareholder is Bidding in the HMCL Shareholder Reservation Portion up to ₹ 200,000, application by such Eligible HMCL Shareholders in the Retail Portion or Non-Institutional Portion and Employee Reservation Portion (if eligible and subject to applicable limits) shall not be treated as multiple Bids. Therefore, Eligible HMCL Shareholders bidding in the HMCL Shareholder Reservation Portion (subject to the Bid Amount being up to ₹ 200,000) can also Bid under the Net Offer and Employee Reservation Portion (if eligible and subject to applicable limits) and such Bids shall not be treated as multiple Bids. For further details, see **“Offer Structure”** on page 469.
- (5) Our Company may, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription in the Anchor Investor Portion, the balance Equity Shares in the Anchor Investor Portion shall be added to the Net QIB Portion. Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. However, if the aggregate demand from Mutual Funds is less than as specified above, the balance Equity Shares available for Allotment in the Mutual Fund Portion will be added to the QIB Portion and allocated proportionately the QIB Bidders (other than Anchor Investors) in proportion to their Bids. For further details, see **“Offer Procedure”** on page 475.
- (6) Not more than 15% of the Net Offer shall be available for allocation to Non-Institutional Investors of which one-third of the Non-Institutional Portion will be available for allocation to Bidders with an application size of more than ₹ 200,000 and up to ₹ 1,000,000 and two-thirds of the Non-Institutional Portion will be available for allocation to Bidders with an application size of more than ₹ 1,000,000 and under-subscription in either of these two sub-categories of Non-Institutional Portion may be allocated to Bidders in the other sub-category of Non-Institutional Portion.
- (7) Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in any category, except in the QIB Portion, would be allowed to be met with spill over from any other category or combination of categories at the discretion of our Company, in consultation with the BRLMs and the Designated Stock Exchange subject to applicable law. Under-subscription, if any, in the Net QIB Portion would not be allowed to be met with spill-over from other categories or a combination of categories. In the event of under-subscription in the Offer, Equity Shares shall be allocated in the manner specified in the section **“Terms of the Offer – Minimum Subscription”** on page 466.

Pursuant to Rule 19(2)(b) of the SCRR, the Offer is being made for at least [●]% of the post-Offer paid-up Equity Share capital of our Company. Allocation to all categories of Bidders shall be made in accordance with SEBI ICDR Regulations. The allocation to each Retail Individual Investor shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Category and the remaining available Equity Shares, if any, shall be allocated on a proportionate basis. The allocation to each Non-Institutional Investor shall not be less than the minimum non-institutional application size, subject to availability of Equity Shares in the Non-Institutional Category and the remaining available Equity Shares, if any, shall be allocated on a proportionate basis in accordance with the conditions specified in this regard in Schedule XIII to the SEBI ICDR Regulations. Allocation to Anchor Investors shall be on a discretionary basis in accordance with the SEBI ICDR Regulations. For further details, see **“Offer Structure”**, **“Terms of the Offer”** and **“Offer Procedure”** beginning on pages 469, 462 and 475, respectively.

## SUMMARY FINANCIAL INFORMATION

The summary financial information presented below should be read in conjunction with “*Financial Information - Restated Financial Information*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” beginning on pages 319 and 396, respectively. The following tables set forth summary financial information derived from our Restated Financial Information.

*[The remainder of this page has been intentionally left blank]*

Particulars	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	1,871	1,818	935
Right of use assets	1,489	1,844	646
Capital work-in-progress	0	9	4
Intangible assets	1,229	1,783	1,766
Intangible assets under development	706	365	923
Financial assets			
- Investments	-	-	0
- Other financial assets	153	177	132
Other non-current assets	1,393	689	855
<b>TOTAL - NON CURRENT ASSETS</b>	<b>6,841</b>	<b>6,685</b>	<b>5,261</b>
<b>CURRENT ASSETS</b>			
Inventories	1,167	2,574	607
Financial assets			
- Investments	2,922	2,859	373
- Trade receivables	16	12	10
- Cash and cash equivalents	2,279	826	574
- Other balances with banks	2,199	936	313
- Loans	2	-	-
- Other financial assets	1,170	3,721	355
Current tax asset	24	23	9
Other current assets	2,515	2,132	684
<b>TOTAL - CURRENT ASSETS</b>	<b>12,294</b>	<b>13,083</b>	<b>2,925</b>
<b>TOTAL ASSETS</b>	<b>19,135</b>	<b>19,768</b>	<b>8,186</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity share capital	0	0	0
Instruments entirely equity in nature	8	6	7
Other equity	5,451	6,131	2,242
<b>TOTAL - EQUITY</b>	<b>5,459</b>	<b>6,137</b>	<b>2,249</b>
<b>LIABILITIES</b>			
<b>NON CURRENT LIABILITIES</b>			
Financial liabilities			
- Borrowings	309	1,205	1,087
- Lease liabilities	1,419	1,686	597
- Other financial liabilities	103	59	19
Provisions	702	486	290
Other non-current liabilities	379	-	-
<b>TOTAL - NON CURRENT LIABILITIES</b>	<b>2,912</b>	<b>3,436</b>	<b>1,993</b>
<b>CURRENT LIABILITIES</b>			
Financial liabilities			
- Borrowings	2,840	3,647	1,897
- Lease liabilities	209	178	68
- Trade payables			
(A) Total outstanding dues of micro enterprises and small enterprises	185	238	100
(B) Total outstanding dues of creditors other than micro and small enterprises	3,842	3,599	1,109
- Other financial liabilities	1,348	1,383	533
Other current liabilities	1,533	563	132
Provisions	807	587	105
<b>TOTAL - CURRENT LIABILITIES</b>	<b>10,764</b>	<b>10,195</b>	<b>3,944</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>19,135</b>	<b>19,768</b>	<b>8,186</b>



Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023	For the year ended 31 March 2022
I Revenue from operations	17,538	17,809	4,089
II Other income	353	209	49
<b>III Total income (I + II)</b>	<b>17,891</b>	<b>18,018</b>	<b>4,138</b>
<b>IV EXPENSES</b>			
Cost of materials consumed	15,792	15,370	3,482
Purchase of stock-in-trade	279	923	201
Change in inventories of finished goods, stock-in-trade and work-in-progress	247	(339)	155
Employee benefits expense	3,692	3,348	1,139
Finance costs	890	650	407
Depreciation and amortisation expenses	1,467	1,128	484
Other expenses	4,375	5,583	1,711
<b>Total expenses (IV)</b>	<b>26,742</b>	<b>26,663</b>	<b>7,579</b>
<b>V Loss before exceptional items and tax (III - IV)</b>	<b>(8,851)</b>	<b>(8,645)</b>	<b>(3,441)</b>
<b>VI Exceptional items</b>	1,746	-	-
<b>VII Loss before tax (V - VI)</b>	<b>(10,597)</b>	<b>(8,645)</b>	<b>(3,441)</b>
<b>VIII Tax expense</b>			
(1) Current tax	-	-	-
(2) Deferred tax	-	-	-
<b>Total tax expense</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>IX Loss for the year (VII - VIII)</b>	<b>(10,597)</b>	<b>(8,645)</b>	<b>(3,441)</b>
<b>X Other comprehensive income</b>			
(i) Items that will not be reclassified to profit or loss			
Re-measurement of defined benefit plans	(26)	6	(5)
Income tax relating to above items	-	-	-
<b>XI Total comprehensive loss for the year (IX+X)</b>	<b>(10,623)</b>	<b>(8,639)</b>	<b>(3,446)</b>
<b>XII Loss per equity share in INR (Face value of INR 1 each)</b>			
(1) Basic	(47)	(48)	(27)
(2) Diluted	(47)	(48)	(27)

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023	For the year ended 31 March 2022
<b>A. Cash flows from operating activities</b>			
Loss before tax	(10,597)	(8,645)	(3,441)
<b>Adjustments for:</b>			
Depreciation and amortisation expenses	1,467	1,128	484
Warranty cost	429	572	204
Assets discarded	12	104	18
Finance costs	890	650	407
Loss on fair value measurement of financial liabilities (net)	224	568	137
Allowance for doubtful advance and receivables	58	8	49
Provision/Liability no longer required written back	(32)	-	-
Sundry balances written off	6	-	-
Net unrealized foreign exchange loss / (gain)	4	(3)	2
Share based payment expense	815	885	195
Interest income	(196)	(82)	(22)
Profit on sale of property, plant and equipment	(3)	(3)	-
Gain on derecognition of Right of use assets and lease liabilities on account of termination of leases	-	(6)	(5)
Net gain on disposal / fair valuation of investments carried at fair value through profit & loss	(115)	(120)	(20)
<b>Operating cash outflow before working capital changes</b>	<b>(7,038)</b>	<b>(4,944)</b>	<b>(1,992)</b>
<b>Changes in working capital:</b>			
(Increase)/decrease in inventories	1,407	(1,967)	(40)
(Increase)/decrease in trade receivables	(4)	(2)	(10)
(Increase)/decrease in other financial assets	2,512	(3,483)	(18)
(Increase)/decrease in other assets	(976)	(1,383)	(752)
(Decrease)/increase in trade payables	193	2,635	534
(Decrease)/increase in other financial liabilities	(48)	(30)	43
(Decrease)/increase in other liabilities and provisions	1,279	475	(42)
<b>Cash used in operations</b>	<b>(2,675)</b>	<b>(8,699)</b>	<b>(2,277)</b>
Income taxes paid (net)	(1)	(14)	(7)
<b>Net cash used in operating activities</b>	<b>(2,676)</b>	<b>(8,713)</b>	<b>(2,284)</b>
<b>B. Cash flows from investing activities</b>			
Capital expenditure on property, plant and equipment and intangible assets, capital work in progress and intangible assets under development including capital advances and payable on purchase of property, plant and equipment.	(1,159)	(1,318)	(722)
Proceeds from disposal of property, plant and equipment	3	20	-
Investments in fixed deposits	(4,385)	(31,367)	(3,603)
Redemption of fixed deposits	3,123	30,743	4,229
Investments in mutual funds	(125)	-	-
Proceeds from sale of mutual funds	-	387	-
Interest received	262	185	30
<b>Net cash used in investing activities</b>	<b>(2,281)</b>	<b>(1,350)</b>	<b>(66)</b>
<b>C. Cash flows from financing activities</b>			
Proceeds from issue of compulsorily convertible preference shares and equity shares (including security premium)	9,011	11,998	-
Proceeds from issue of compulsorily convertible debentures	-	-	1,500
Payment of lease liability	(168)	(121)	(99)
Proceeds from non- current borrowings (including current maturities)	1,300	2,000	1,300
Repayment of non- current borrowings (including current maturities)	(1,847)	(1,630)	(706)
(Repayment) / Proceeds of current borrowings (net)	(1,194)	1,528	700
Finance cost	(770)	(601)	(388)
<b>Net cash generated from financing activities</b>	<b>6,332</b>	<b>13,174</b>	<b>2,307</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>1,375</b>	<b>3,111</b>	<b>(43)</b>
Cash and cash equivalents at the beginning of the year	826	574	53
Liquid mutual funds	2,859	-	564
<b>Cash and cash equivalents at the end of the year</b>	<b>5,060</b>	<b>3,685</b>	<b>574</b>
<b>Reconciliation of cash and cash equivalents</b>			
Cash on hand	1	1	0
Balances with banks in current accounts	2,278	825	574
Liquid mutual funds	2,781	2,859	-
<b>Total</b>	<b>5,060</b>	<b>3,685</b>	<b>574</b>

## Notes

1. The above Restated Statement of Cash Flows has been prepared under the "Indirect Method" as set out in Ind AS 7 "Statement of Cash Flows".
2. Disclosure of changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, are given below:

Particulars	As at 01 April 2023	Net Cash flows	Changes in fair values / Accruals	Unrealised foreign exchange fluctuation	Others *	As at 31 March 2024
Non-current borrowings (including current maturities)	2,659	(547)	2	-	-	2,114
Current borrowings	2,193	(1,194)	33	3	-	1,035
Interest accrued	11	(770)	760	-	-	1
Lease liabilities	1,864	(168)	-	-	(68)	1,628
<b>Total</b>	<b>6,727</b>	<b>(2,679)</b>	<b>795</b>	<b>3</b>	<b>(68)</b>	<b>4,778</b>

\*Others includes net remeasurement of lease liability during the year of (INR 68) million

Particulars	As at 01 April 2022	Net Cash flows	Changes in fair values / Accruals	Unrealised foreign exchange fluctuation	Others *	As at 31 March 2023
Non-current borrowings (including current maturities)	2,297	370	(8)	-	-	2,659
Current borrowings	687	1,528	(21)	(1)	-	2,193
Interest accrued	14	(601)	598	-	-	11
Lease liabilities	665	(121)	-	-	1,320	1,864
<b>Total</b>	<b>3,663</b>	<b>1,176</b>	<b>569</b>	<b>(1)</b>	<b>1,320</b>	<b>6,727</b>

\* Others includes net addition of lease liability during the year of INR 1,320 million

Particulars	As at 01 April 2021	Net Cash flows	Changes in fair values / Accruals	Unrealised foreign exchange fluctuation	Others *	As at 31 March 2022
Non-current borrowings (including current maturities)	1,717	594	(14)	-	-	2,297
Current borrowings	-	700	(13)	-	-	687
Interest accrued	13	(388)	389	-	-	14
Lease liabilities	472	(99)	-	-	292	665
<b>Total</b>	<b>2,202</b>	<b>807</b>	<b>362</b>	<b>-</b>	<b>292</b>	<b>3,663</b>

\* Others includes net addition of lease liability during the year of INR 292 million

## GENERAL INFORMATION

Our Company was originally incorporated as “Ather Energy Private Limited” as a private limited company under the provisions of the Companies Act, 1956 pursuant to a certificate of incorporation dated October 21, 2013, issued by the Registrar of Companies, Tamil Nadu, Chennai, Andaman and Nicobar Islands. Pursuant to a change in the registered office of our Company, a certificate of registration dated May 31, 2016, was issued by the Registrar of Companies, Karnataka at Bangalore. Upon the conversion of our Company into a public limited company, pursuant to a board resolution dated June 18, 2024 and a shareholders’ resolution dated June 21, 2024, the name of our Company was changed to “Ather Energy Limited”, and a fresh certificate of incorporation dated August 27, 2024, was issued by the Registrar of Companies, Central Processing Centre.

**Corporate Identity Number:** U40100KA2013PLC093769

**Company Registration Number:** 093769

### Registered Office of our Company

3<sup>rd</sup> Floor, Tower D  
IBC Knowledge Park, #4/1 Bannerghatta Main Road  
Bangalore 560 029  
Karnataka, India

For details of change in the registered office of our Company, see “*History and Certain Corporate Matters – Changes in the registered office of our Company*” on page 286.

### Corporate Office of our Company

13<sup>th</sup> Floor, Tower D  
IBC Knowledge Park, #4/1 Bannerghatta Main Road  
Bengaluru 560 029  
Karnataka, India

### Address of the RoC

Our Company is registered with the RoC located at the following address:

### Registrar of Companies, Karnataka at Bengaluru

‘E’ Wing, 2nd Floor, Kendriya Sadana  
Koramangala  
Bengaluru 560 034  
Karnataka, India

### Board of Directors of our Company

Our Board comprises the following Directors, as on the date of filing of this Draft Red Herring Prospectus:

Name, Designation and DIN	Address
Tarun Sanjay Mehta <i>Executive Director and Chief Executive Officer</i> DIN: 06392463	Flat A 603, Mantri Sarovar, Opposite Agara Lake, HSR Layout, Bengaluru 560 102, Karnataka
Swapnil Babanlal Jain <i>Executive Director and Chief Technical Officer</i> DIN: 06682759	Huron, H-1302, SNN Raj Lakeview, Phase-2, Ranka Colony Road, Ranka Colony, Munivenkatappa Layout, Bangalore South, Bengaluru 560 076, Karnataka
Niranjan Kumar Gupta <sup>1</sup> <i>Non-executive Director</i> DIN: 07806792	Flat No - 703, Tower B, Bestech Park View Spa Sector 47, Gurugram 122 018, Haryana
Nilesh Shrivastava <sup>2</sup> <i>Nominee Director</i> DIN: 09632942	D-18, 3rd Floor, Saket, Delhi 110 017, New Delhi
Pankaj Sood <sup>3</sup> <i>Nominee Director</i> DIN: 05185378	C2106, Oberoi Exquisite, Opposite Oberoi Woods, Goregaon East, Mumbai 400 063, Maharashtra

<b>Name, Designation and DIN</b>	<b>Address</b>
Ram Kuppaswamy <sup>1</sup> <i>Non-executive Director</i> DIN: 09817635	Tower A3, Apt 1501, Sector 30, World Spa East, Gurugram 122 001, Haryana
Kaushik Dutta <i>Independent Director</i> DIN: 03328890	A-843, Lavy Pinto Block, Asiad Games Village, Khel Gaon, New Delhi 110 049
Neelam Dhawan <i>Chairperson and Independent Director</i> DIN: 00871445	C – 3/10, Dlf City, Phase I, Near Park, Gurugram, Haryana, 122 001
Sanjay Nayak <i>Independent Director</i> DIN: 01049871	N- 8, Assetz 27 Park Avenue, 24 <sup>th</sup> main road, HSR Layout Sector I, Bengaluru, Karnataka, 560102

<sup>1</sup>Nominee of HMCL

<sup>2</sup>Nominee of National Investment and Infrastructure Fund II

<sup>3</sup>Nominee of Caladium Investment Pte Ltd.

For further details of our Directors, see “*Our Management*” on page 294.

### **Filing of this Draft Red Herring Prospectus**

A copy of this Draft Red Herring Prospectus has been uploaded on the SEBI Intermediary Portal at <https://siportal.sebi.gov.in>, in accordance with Regulation 25(8) of the SEBI ICDR Regulations SEBI ICDR Master Circular and at [cfddil@sebi.gov.in](mailto:cfddil@sebi.gov.in), in accordance with the instructions issued by the SEBI on March 27, 2020, in relation to “Easing of Operational Procedure – Division of Issues and Listing – CFD” and will also be filed with the SEBI at the following address:

#### **Securities and Exchange Board of India**

Corporation Finance Department, Division of Issues and Listing  
SEBI Bhavan, Plot No. C4 A, ‘G’ Block  
Bandra Kurla Complex Bandra (E)  
Mumbai 400 051,  
Maharashtra, India

A copy of the Red Herring Prospectus, along with the material contracts and documents required to be filed with the RoC in accordance with Section 32 of the Companies Act, and a copy of the Prospectus shall be filed with the RoC as required under Section 26 of the Companies Act and through the electronic portal at <http://www.mca.gov.in/mcafoportal/loginvalidateuser.do>.

#### **Company Secretary and Compliance Officer**

Puja Aggarwal is the Company Secretary and Compliance Officer of our Company. Her contact details are set forth below:

#### **Puja Aggarwal**

3<sup>rd</sup> Floor, Tower D  
IBC Knowledge Park, #4/1 Bannerghatta Main Road  
Bengaluru 560 029  
Karnataka, India  
**Tel:** +91 80 6646 5750  
**E-mail:** [cs@atherenergy.com](mailto:cs@atherenergy.com)

#### **Investor Grievances**

**Investors may contact the Company Secretary and Compliance Officer or the Registrar to the Offer in case of any pre-Offer or post-Offer related grievances including non-receipt of letters of Allotment, non-credit of Allotted Equity Shares in the respective beneficiary account, non-receipt of refund orders or non-receipt of funds by electronic mode, etc. For all Offer related queries and for redressal of complaints, investors may also write to the BRLMs.**

All Offer-related grievances, other than of Anchor Investors, may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary(ies) with whom the Bid cum Application Form was submitted, giving full details such as name of the sole or first bidder, Bid cum Application Form number, Bidder’s DP ID,

Client ID, PAN, address of Bidder, number of Equity Shares applied for, ASBA Account number in which the amount equivalent to the Bid Amount was blocked or the UPI ID (for UPI Bidders who make the payment of Bid Amount through the UPI Mechanism), date of Bid cum Application Form and the name and address of the relevant Designated Intermediary(ies) where the Bid was submitted. Further, the Bidder shall enclose the Acknowledgment Slip or the application number from the Designated Intermediaries in addition to the documents or information mentioned hereinabove. All grievances relating to Bids submitted through Registered Brokers may be addressed to the Stock Exchanges with a copy to the Registrar to the Offer. The Registrar to the Offer shall obtain the required information from the SCSBs for addressing any clarifications or grievances of ASBA Bidders

All Offer-related grievances of the Anchor Investors may be addressed to the Registrar to the Offer, giving full details such as the name of the sole or first bidder, Anchor Investor Application Form number, Bidders' DP ID, Client ID, PAN, date of the Anchor Investor Application Form, address of the Bidder, number of the Equity Shares applied for, Bid Amount paid on submission of the Anchor Investor Application Form and the name and address of the BRLMs where the Anchor Investor Application Form was submitted by the Anchor Investor.

### Book Running Lead Managers

#### Axis Capital Limited

Axis House, 1<sup>st</sup> Floor  
P.B. Marg, Worli  
Mumbai 400 025, Maharashtra, India  
**Telephone:** +91 22 4325 2183  
**Email:** atherenergy.ipo@axiscap.in  
**Investor grievance email:** complaints@axiscap.in  
**Website:** www.axiscapital.co.in  
**Contact Person:** Sagar Jatakiya  
**SEBI Registration No.:** INM000012029

#### HSBC Securities and Capital Markets (India) Private Limited

52/60, Mahatma Gandhi Road, Fort  
Mumbai 400 001  
Maharashtra, India  
**Telephone:** +91 22 6864 1289  
**Email:** atheripo@hsbc.co.in  
**Investor grievance email:** investor grievance@hsbc.co.in  
**Website:** <https://www.business.hsbc.co.in/en-gb/regulations/hsbc-securities-and-capital-market>  
**Contact Person:** Rishi Tiwari / Sumant Sharma  
**SEBI Registration No.:** INM000010353

#### JM Financial Limited

7th Floor, Cnergy  
Appasaheb Marathe Marg, Prabhadevi  
Mumbai 400 025, Maharashtra, India  
**Telephone:** +91 22 6630 3030  
**E-mail:** atherenergy.ipo@jmfl.com  
**Investor Grievance email:** grievance.ibd@jmfl.com  
**Website:** www.jmfl.com  
**Contact Person:** Prachee Dhuri  
**SEBI Registration No.:** INM000010361

#### Nomura Financial Advisory and Securities (India) Private Limited

Ceejay House, Level 11 Plot F, Shivsagar Estate, Dr. Annie Besant Road, Worli, Mumbai 400 018, Maharashtra, India  
**Telephone:** +91 22 4037 4037  
**E-mail:** atheripo@nomura.com  
**Investor Grievance email:** investor grievances-in@nomura.com  
**Website:** [www.nomuraholdings.com/company/group/asia/india/index.html](http://www.nomuraholdings.com/company/group/asia/india/index.html)  
**Contact Person:** Vishal Kanjani / Arun Narayana  
**SEBI Registration No.:** INM000011419

### Statement of inter-se allocation of responsibilities amongst the BRLMs

The responsibilities and coordination by the BRLMs for various activities in the Offer are as follows:

S.No	Activity	Responsibility	Co-ordinator
1.	Capital structuring, positioning strategy and due diligence of the Company including its operations/management/business plans/legal, etc. Drafting and design of the Draft Red Herring Prospectus and of statutory advertisements including a memorandum containing salient features of the Prospectus. The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalization of Prospectus and RoC filing	All BRLMs	Axis Capital
2.	Drafting and approval of all statutory advertisements	All BRLMs	Axis Capital

S.No	Activity	Responsibility	Co-ordinator
3.	Drafting and approval of all publicity material other than statutory advertisements as mentioned in point 2 above, including corporate advertising and brochures and filing of media compliance report with SEBI	All BRLMs	HSBC
4.	Appointment of Registrar to the Offer and Bankers to the Offer including co-ordination for their agreements	All BRLMs	Nomura
5.	Appointment of all other intermediaries (including coordination of all agreements)	All BRLMs	Nomura
6.	Preparation of road show presentation and FAQs	All BRLMs	Nomura
7.	International institutional marketing of the Offer, which will cover, inter alia: <ul style="list-style-type: none"> <li>• Institutional marketing strategy</li> <li>• Finalizing the list and division of international investors for one-to-one meetings</li> <li>• Finalizing international road show and investor meeting schedules</li> </ul>	All BRLMs	HSBC
8.	Domestic institutional marketing of the Offer, which will cover, inter alia: <ul style="list-style-type: none"> <li>• Finalizing the list and division of domestic investors for one-to-one meetings</li> <li>• Finalizing domestic road show and investor meeting schedules</li> </ul>	All BRLMs	JM Financial
9.	Conduct non-institutional marketing of the Offer	All BRLMs	Axis Capital
10.	Conduct retail marketing of the Offer, which will cover, inter-alia: <ul style="list-style-type: none"> <li>• Finalizing media, marketing, public relations strategy and publicity budget</li> <li>• Finalizing collection centres</li> <li>• Finalizing commission structure</li> <li>• Finalizing centres for holding conferences for brokers etc.</li> <li>• Follow-up on distribution of publicity and Offer material including form, RHP/Prospectus and deciding on the quantum of the Offer material</li> </ul>	All BRLMs	Axis Capital
11.	Coordination with Stock Exchanges for book building software and bidding terminals	All BRLMs	JM Financial
12.	Managing anchor book related activities, coordination with Stock Exchanges for anchor intimation, submission of letters regulators post completion of anchor allocation	All BRLMs	HSBC
13.	Managing the book and finalization of pricing in compliance with SEBI ICDR Regulations	All BRLMs	HSBC
14.	Post-Offer activities – Post bidding activities including management of escrows accounts, mock trading, coordinate non-institutional allocation, coordination with Registrar, SCSBs and Bankers to the Offer, intimation of allocation and dispatch of refund to Bidders, etc.	All BRLMs	JM Financial

Post-Offer activities, which shall involve essential follow-up steps including allocation to Anchor Investors, follow-up with Bankers to the Offer and SCSBs to get quick estimates of collection and advising the Issuer about the closure of the Offer, based on correct figures, finalisation of the basis of allotment or weeding out of multiple applications, listing of instruments, dispatch of certificates or demat credit and refunds and coordination with various agencies connected with the post-Offer activity such as registrar to the Offer, Bankers to the Offer, SCSBs including responsibility for underwriting arrangements, as applicable.

Payment of the applicable securities transactions tax on sale of unlisted equity shares by the Selling Shareholders under the Offer for Sale to the Government.

S.No	Activity	Responsibility	Co-ordinator
	Submission of all post Offer reports including the final post Offer report to SEBI		

### **Syndicate Members**

[●]

### **Legal Counsel to the Company as to Indian Law**

#### **Shardul Amarchand Mangaldas & Co**

Prestige Sterling Square  
Madras Bank Road, Off Lavelle Road  
Bengaluru 560 001  
Karnataka, India  
**Telephone:** +91 80 6674 9999

Amarchand Towers  
216, Okhla Industrial Estate Phase III  
New Delhi 110 020  
Delhi, India  
**Telephone:** +91 11 4159 0700

### **Registrar to the Offer**

#### **Link Intime India Private Limited**

C-101, 1st Floor, 247 Park  
L.B.S. Marg, Vikhroli (West)  
Mumbai 400 083  
Maharashtra, India  
**Telephone:** +91 810 811 4949  
**E-mail:** atherenergy.ipo@linkintime.co.in  
**Investor Grievance E-mail:** atherenergy.ipo@linkintime.co.in  
**Website:** www.linkintime.co.in  
**Contact person:** Shanti Gopalkrishnan  
**SEBI Registration No.:** INR000004058

### **Statutory Auditors to our Company**

#### **Deloitte Haskins & Sells, Chartered Accountants**

Prestige Trade Tower, Level 19  
46, Palace Road, High Grounds  
Bengaluru 560 001  
Karnataka, India  
**Email:** gusingh@deloitte.com  
**Telephone:** +91 80 6188 6000  
**Peer Review Certificate No.:** 014126  
**Firm Registration No.:** 008072S

### **Changes in auditors**

There has been no change in the statutory auditors of our Company in the three years preceding the date of this Draft Red Herring Prospectus.

### **Bankers to the Offer**

#### ***Escrow Collection Bank(s)***

[●]

#### ***Public Offer Account Bank(s)***



[•]

**Refund Bank(s)**

[•]

**Sponsor Bank(s)**

[•]

### **Bankers to our Company**

#### **Axis Bank Limited**

Level 3, No.8, MG. Road, Bengaluru 560 001,  
Karnataka

**Telephone:** 080 68047352

**E-mail:** Naveen.inmadar@axisbank.com

**Website:** www.axisbank.com

**Contact person:** Naveen Inamdar

#### **The Hongkong and Shanghai Corporation Limited**

No. 7, M.G. Road, Bengaluru,  
Karnataka 560 001

**Telephone:** + 91 40 66162080

**E-mail:** Apurba.mukherjee@hsbc.co.in

**Website:** www.hsbc.co.in

**Contact person:** Apurba Mukherjee

### **Self-Certified Syndicate Banks**

The list of SCSBs notified by SEBI for the ASBA process is available at [www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes](http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes), or at such other website as may be prescribed by SEBI from time to time. A list of the Designated Branches of the SCSBs with which an ASBA Bidder (other than UPI Bidders using the UPI Mechanism), not bidding through Syndicate/ Sub Syndicate or through a Registered Broker, RTA or CDP may submit the Bid cum Application Forms, is available at <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34> or at such other websites as may be prescribed by SEBI from time to time.

### **Self-Certified Syndicate Banks and mobile applications enabled for UPI Mechanism**

In accordance with SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 and SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2022/45 dated April 5, 2022, UPI Bidders using the UPI Mechanism may only apply through the SCSBs and mobile applications whose names appears on the website of the SEBI, which may be updated from time to time. A list of SCSBs and mobile applications, using the UPI handles and which are live for applying in public issues using UPI mechanism is available on the website of SEBI at <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40> and <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=43>, respectively, as updated from time to time and at such other websites as may be prescribed by SEBI from time to time.

### **Syndicate SCSB Branches**

In relation to Bids (other than Bids by Anchor Investors and RIIs) submitted under the ASBA process to a member of the Syndicate, the list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive deposits of Bid cum Application Forms from the members of the Syndicate is available on the website of the SEBI ([www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35](http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35)) and updated from time to time or any such other website as may be prescribed by SEBI from time to time.

### **Registered Brokers**

Bidders can submit ASBA Forms in the Offer using the stockbroker network of the Stock Exchanges, i.e., through the Registered Brokers at the Broker Centres. The list of the Registered Brokers eligible to accept ASBA Forms, including details such as postal address, telephone number and e-mail address, is provided on the websites of the Stock Exchanges at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com), as updated from time to time.

### **Registrar and Share Transfer Agents**

The list of the RTAs eligible to accept ASBA Forms at the Designated RTA Locations, including details such as address, telephone number and e-mail address, is provided on the websites of the Stock Exchanges at

<https://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?> and <https://www.nseindia.com/products-services/initial-public-offerings-asba-procedures> respectively, as updated from time to time.

### **Collecting Depository Participants**

The list of the CDPs eligible to accept ASBA Forms at the Designated CDP Locations, including details such as their name and contact details, is provided on the websites of the Stock Exchanges at <http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?> and <https://www.nseindia.com/products-services/initial-public-offerings-asba-procedures> respectively, as updated from time to time.

### **Grading of the Offer**

No credit agency registered with SEBI has been appointed for grading of the Offer.

### **Monitoring Agency**

Our Company will appoint a monitoring agency prior to the filing of the Red Herring Prospectus in accordance with Regulation 41 of SEBI ICDR Regulations, for monitoring of the utilisation of the Gross Proceeds. For details in relation to the proposed utilisation of the proceeds from the Fresh Issue, please see “*Objects of the Offer*” on page 142.

### **Experts**

Except as stated below, our Company has not obtained any expert opinions:

- (i) Our Company has received written consent dated September 9, 2024 from Deloitte Haskins & Sells, Chartered Accountants, holding a valid peer review certificate from ICAI, to include their name as required under Section 26(5) of the Companies Act, 2013 read with the SEBI ICDR Regulations, in this Draft Red Herring Prospectus, and as an “expert” as defined under Section 2(38) of the Companies Act, 2013 to the extent and in their capacity as our Statutory Auditors, and in respect of their (i) examination report dated August 27, 2024 on the Restated Financial Information; and (ii) their report dated September 5, 2024 on the statement of possible special tax benefits available to the Company and its Shareholders included in this Draft Red Herring Prospectus and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus. However, the term “expert” and “consent” do not represent an “expert” or “consent” within the meaning under the U.S. Securities Act.
- (ii) Our Company has received written consent dated September 9, 2024 from Manian & Rao, Chartered Accountants, holding a valid peer review certificate from ICAI, to include their name as required under Section 26(5) of the Companies Act, 2013 read with the SEBI ICDR Regulations in this Draft Red Herring Prospectus, and as an “expert” as defined under Section 2(38) of the Companies Act, 2013 in respect of the various certifications issued by them in their capacity as an independent chartered accountant to our Company and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.
- (iii) Our Company has received a written consent dated September 5, 2024 from M/s. RBSA Advisors LLP, to include their name as an “expert” as defined under Sections 2(38) and 26(5) of the Companies Act, 2013 to the extent and in their capacity as the independent chartered engineer and in respect of the certificate issued by them and included in this Draft Red Herring Prospectus and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.
- (iv) Our Company has received a written consent dated September 6, 2024 from LexOrbis Intellectual Property Attorneys & Advocates, as intellectual property consultant to include to include its name as required under Section 26(5) of the Companies Act, 2013 in this Draft Red Herring Prospectus and as an “expert” as defined under Section 2(38) of the Companies Act, 2013.

### **Appraising Entity**

None of the objects for which the Net Proceeds will be utilised have been appraised by any agency.

### **Credit Rating**

As the Offer is of Equity Shares, credit rating is not required.

## **Debenture Trustees**

As the Offer is of Equity Shares, the appointment of debenture trustees is not required.

## **Green Shoe Option**

No green shoe option is contemplated under the Offer.

## **Book Building Process**

The Book Building Process, in the context of the Offer, refers to the process of collection of Bids from Bidders on the basis of the Red Herring Prospectus, the Bid cum Application Forms and the Revision Forms within the Price Band which will be decided by our Company, in consultation with the BRLMs and will be advertised in all editions of [●] (a widely circulated English national daily newspaper), all editions of [●] (a widely circulated Hindi national daily newspaper) and [●] editions of [●] (a widely circulated Kannada daily newspaper, Kannada being the regional language of Karnataka, where our Registered Office is located), at least two Working Days prior to the Bid/Offer Opening Date and shall be made available to the Stock Exchanges for the purposes of uploading on their respective websites. Pursuant to the Book Building Process, the Offer Price shall be determined by our Company, in consultation with the BRLMs after the Bid/Offer Closing Date.

**All Investors (other than Anchor Investors) shall mandatorily participate in the Offer only through the ASBA process by providing details of their respective ASBA Account in which the corresponding Bid Amount will be blocked by SCSBs, or in the case of UPI Bidders, by using the UPI Mechanism. Anchor Investors are not permitted to participate in the Offer through the ASBA process.**

**In accordance with the SEBI ICDR Regulations, QIBs and Non-Institutional Bidders are not permitted to withdraw their Bid(s) or lower the size of their Bid(s) (in terms of the quantity of the Equity Shares or the Bid Amount) at any stage. RIBs can revise their Bid(s) during the Bid/Offer Period and withdraw their Bid(s) until Bid/Offer Closing Date. Anchor Investors cannot withdraw their Bids after the Anchor Investor Bidding Date. Except for Allocation to RIBs, NIBs and the Anchor Investors, allocation in the Offer will be on a proportionate basis. Further, allocation to Anchor Investors will be on a discretionary basis.** For further details on the Book Building Process and the method and process of Bidding, see “*Terms of the Offer*”, “*Offer Procedure*” and “*Offer Structure*” beginning on pages 462, 475 and 469 respectively.

**The Book Building Process is subject to change, from time to time. Bidders are advised to make their own judgment about an investment through this process prior to submitting a Bid.**

**Bidders should note that the Offer is also subject to (i) the final approval of the RoC after the Prospectus is filed with the RoC, and (ii) our Company obtaining final listing and trading approvals from the Stock Exchanges, which our Company shall apply for after Allotment.**

For an illustration of the Book Building Process, price discovery process and allocation, see “*Offer Procedure*” on page 475.

## **Underwriting Agreement**

Prior to the filing of the Red Herring Prospectus or Prospectus with the RoC, as applicable, and in accordance with the nature of underwriting which is determined in accordance with Regulation 40(3) of SEBI ICDR Regulations, our Company and the Selling Shareholders will enter into the Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Offer. The extent of underwriting obligations and the Bids to be underwritten by each BRLM shall be as per the Underwriting Agreement. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters will be several and will be subject to certain conditions to closing, as specified therein.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

*(This portion has been intentionally left blank and will be completed before filing of the Red Herring Prospectus or Prospectus with the RoC, as applicable)*

Name, address, telephone number and e-mail address of the Underwriters	Indicative number of Equity Shares to be Underwritten	Amount underwritten (₹ in million)
[●]	[●]	[●]
[●]	[●]	[●]
[●]	[●]	[●]
[●]	[●]	[●]
<b>Total</b>	[●]	[●]

The abovementioned amounts are provided for indicative purposes only and would be finalized after the pricing and actual allocation and subject to the provisions of Regulation 40 of the SEBI ICDR Regulations.

In the opinion of our Board, the resources of the Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The Underwriters are registered with the SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchange(s). Our Board/ IPO Committee, at its meeting held on [●], has approved the execution of the Underwriting Agreement by our Company.

Allocation amongst the Underwriters may not necessarily be in proportion to their underwriting commitments set forth in the table above. Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to Equity Shares allocated to Investors procured by them in accordance with the Underwriting Agreement.

## CAPITAL STRUCTURE

The share capital of our Company, as on the date of this Draft Red Herring Prospectus, is set forth below:

<i>(in ₹, except share data)</i>			
S.No.	Particulars	Aggregate nominal value	Aggregate value at Offer Price*
<b>A. AUTHORISED SHARE CAPITAL<sup>(1)</sup></b>			
<i>Equity Shares comprising:</i>			
	600,000,000 Equity Shares of face value of ₹ 1 each	600,000,000	-
<i>Preference Shares comprising:</i>			
	710 Series Seed - One CCPS of face value of ₹ 37 each	26,270	-
	530 Series Seed - Two CCPS of face value of ₹ 37 each	19,610	-
	350 Series Seed - Three CCPS of face value of ₹ 37 each	12,950	-
	21,900 Series Seed - Four CCPS of face value of ₹ 37 each	810,300	-
	74,732 Series A CCPS of face value of ₹ 1 each	74,732	-
	99,826 Series B CCPS of face value of ₹ 10 each	998,260	-
	29,347 Series B1 CCPS of face value of ₹ 10 each	293,470	-
	29,699 Series C CCPS of face value of ₹ 10 each	296,990	-
	20,688 Series C1 CCPS of face value of ₹ 10 each	206,880	-
	88,040 Series D CCPS of face value of ₹ 10 each	880,400	-
	193,789 Series E CCPS of face value of ₹ 10 each	1,937,890	-
	51,359 Series E1 CCPS of face value of ₹ 10 each	513,590	-
	229,120 Series E2 CCPS of face value of ₹ 10 each	2,291,200	-
	74,148 Series F CCPS of face value of ₹ 1 each	74,148	-
	39,156,331 CCPS of face value of ₹ 10 each	391,563,310	-
	<b>Total</b>	<b>1,000,000,000</b>	
<b>B. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE OFFER AND PRIOR TO CONVERSION OF PREFERENCE SHARES AS ON THE DATE OF THIS DRAFT RED HERRING PROSPECTUS</b>			
<i>Equity Shares comprising:</i>			
	30,807,396 Equity Shares of face value of ₹ 1 each	30,807,396	-
<i>Preference Shares comprising:</i>			
	710 Series Seed - One CCPS of face value of ₹ 37 each	26,270	-
	530 Series Seed - Two CCPS of face value of ₹ 37 each	19,610	-
	350 Series Seed - Three CCPS of face value of ₹ 37 each	12,950	-
	21,900 Series Seed - Four CCPS of face value of ₹ 37 each	810,300	-
	74,732 Series A CCPS of face value of ₹ 1 each	74,732	-
	99,826 Series B CCPS of face value of ₹ 10 each	998,260	-
	29,347 Series B1 CCPS of face value of ₹ 10 each	293,470	-
	29,699 Series C CCPS of face value of ₹ 10 each	296,990	-
	20,688 Series C1 CCPS of face value of ₹ 10 each	206,880	-
	88,040 Series D CCPS of face value of ₹ 10 each	880,400	-
	193,789 Series E CCPS of face value of ₹ 10 each	1,937,890	-
	51,359 Series E1 CCPS of face value of ₹ 10 each	513,590	-
	204,391 Series E2 CCPS of face value of ₹ 10 each	2,043,910	-
	74,148 Series F CCPS of face value of ₹ 1 each	74,148	-
	16,547,013 CCPS of face value of ₹ 10 each**	165,470,130	-
	<b>Total</b>	<b>204,466,926</b>	
<b>C. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE OFFER BUT POST CONVERSION OF PREFERENCE SHARES<sup>(2)</sup></b>			
	[●] Equity Shares of face value of ₹ 1 each	[●]	[●]
<b>D. PRESENT OFFER<sup>(3)(4)(5)</sup></b>			
	Offer of [●] Equity Shares of face value of ₹ 1 each <sup>(3)</sup>	[●]	[●]
<i>Of which:</i>			
	Fresh Issue of [●] Equity Shares of face value of ₹ 1 each aggregating up to ₹ 31,000 million <sup>(3)(5)</sup>	[●]	[●]
	Offer for Sale of up to 22,000,766 Equity Shares of face value of ₹ 1 each by the Selling Shareholders <sup>(3)</sup>	[●]	[●]
<i>The Offer includes:</i>			
	Employee Reservation Portion of [●] Equity Shares of face value of ₹ 1 each <sup>(6)</sup>	[●]	[●]
	Shareholder Reservation Portion of [●] Equity Shares of face value of ₹ 1 each <sup>(7)</sup>	[●]	[●]

S.No.	Particulars	Aggregate nominal value	Aggregate value at Offer Price*
	Net Offer of [●] Equity Shares of face value of ₹ 1 each	[●]	[●]
<b>E.</b>	<b>ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE OFFER<sup>+</sup></b>		
	[●] Equity Shares of face value of ₹ 1 each	[●]	-
<b>F.</b>	<b>SECURITIES PREMIUM ACCOUNT</b>		
	Before the Offer		33,466,126,991
	After the Offer		[●]

\*To be updated upon finalisation of the Offer Price, and subject to the Basis of Allotment.

<sup>+</sup>Assuming full subscription in the Offer.

\*\*Includes 18,088 CCPS and 16,528,925 Series G CCPS.

- (1) For details in relation to the changes in the authorised share capital of our Company in the last 10 years, see “**History and Certain Corporate Matters – Amendments to our Memorandum of Association in the last 10 years**” on page 286.
- (2) As on the date of this Draft Red Herring Prospectus, there are 17,436,522 Preference Shares that are outstanding. Prior to filing of the Red Herring Prospectus with the RoC the following CCPS will convert to a maximum of up to 269,196,676 Equity Shares in accordance with the SEBI ICDR Regulations:
- 710 Series Seed - One CCPS shall be converted to 185,310 Equity Shares.
  - 530 Series Seed - Two CCPS shall be converted to 138,330 Equity Share.
  - 350 Series Seed - Three CCPS shall be converted to 91,350 Equity Shares.
  - 21,900 Series Seed - Four CCPS shall be converted to 5,715,900 Equity Shares.
  - 74,732 Series A CCPS shall be converted to 19,505,052 Equity Shares.
  - 99,826 Series B CCPS shall be converted to 26,054,586 Equity Shares.
  - 29,347 Series B1 CCPS shall be converted to 8,146,071 Equity Shares.
  - 29,699 Series C CCPS shall be converted to 7,751,961 Equity Shares.
  - 20,688 Series C1 CCPS shall be converted to 5,400,351 Equity Shares.
  - 88,040 Series D CCPS shall be converted to 22,978,440 Equity Shares.
  - 193,789 Series E CCPS shall be converted to 50,578,929 Equity Share.
  - 51,359 Series E1 CCPS shall be converted to 13,404,699 Equity Shares.
  - 204,391 Series E2 CCPS shall be converted to 53,346,051 Equity Shares.
  - 74,148 Series F CCPS shall be converted up to a maximum of 19,352,628 Equity Shares.
  - 18,088 CCPS shall be converted to 4,720,968, Equity Shares and 16,528,925 Series G CCPS shall be converted up to a maximum of 31,826,050 Equity Shares.
- (3) Our Board has authorised the Offer, pursuant to their resolution dated August 27, 2024. Our Shareholders have authorised the Fresh Issue pursuant to special resolution dated September 5, 2024. Further, our Board has taken on record the consent for the Offer for Sale by the Selling Shareholders pursuant to its resolution dated September 6, 2024.
- (4) The Selling Shareholders, severally and not jointly, confirm that its respective portion of the Offered Shares are eligible for being offered for sale in the Offer in accordance with the Regulation 8 of the SEBI ICDR Regulations. Each Selling Shareholder has, severally and not jointly, confirmed that it is in compliance with the conditions specified in Regulation 8A of the SEBI ICDR Regulations, to the extent applicable to it as on the date of this Draft Red Herring Prospectus and has authorized its participation in the Offer for Sale. For details on authorisation of the Selling Shareholders in relation to their respective portion of the Offered Shares, see “**The Offer**” and “**Other Regulatory and Statutory Disclosures**” beginning on pages 87 and 446, respectively.
- (5) Our Company, in consultation with the BRLMs, may consider a Pre-IPO Placement of specified securities, as may be permitted under the applicable law, aggregating to ₹ 6,200 million prior to filing of the Red Herring Prospectus with the RoC. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company, in consultation with the BRLMs. If the Pre-IPO Placement is completed, the amount raised pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to compliance with Rule 19(2)(b) of the SCRR.
- (6) Eligible Employees bidding in the Employee Reservation Portion must ensure that the maximum Bid Amount does not exceed ₹500,000 (net of Employee Discount, if any). However, the initial Allotment to an Eligible Employee in the Employee Reservation Portion shall not exceed ₹200,000 (net of Employee Discount, if any). In the event of under-subscription in the Employee Reservation Portion (if any), the unsubscribed portion will be available for allocation proportionately to all Eligible Employees who have Bid in excess of ₹ 200,000 (net of Employee Discount), subject to the maximum value of allocation made to such Eligible Employee not exceeding ₹ 500,000 (net of Employee Discount). The unsubscribed portion, if any, in the Employee Reservation Portion (after allocation up to ₹ 500,000 net of Employee Discount), shall be added to the Net Offer. Our Company, in consultation with the BRLMs, may offer a discount of [●]% on the Offer Price (equivalent of ₹ [●] per Equity Share) to Eligible Employees bidding in the Employee Reservation Portion which shall be announced two Working Days prior to the Bid/Offer Opening Date. For further details, see “**Offer Procedure**” and “**Offer Structure**” beginning on pages 475 and 469, respectively.
- (7) The HMCL Shareholder Reservation Portion shall not exceed 10% of the Offer size. The unsubscribed portion, if any, in the HMCL Shareholder Reservation Portion, shall be added to the Net Offer. Bids by Eligible HMCL Shareholders in the HMCL Shareholder Reservation Portion, the Net Offer portion and the Employee Reservation Portion (if eligible) shall not be treated as multiple Bids subject to applicable limits. If an Eligible HMCL Shareholder is Bidding in the HMCL Shareholder Reservation Portion up to ₹ 200,000, application by such Eligible HMCL Shareholders in the Retail Portion or Non-Institutional Portion and Employee Reservation Portion (if eligible and subject to applicable limits) shall not be treated as multiple Bids. Therefore, Eligible HMCL Shareholders bidding in the HMCL Shareholder Reservation Portion (subject to the Bid Amount being up to ₹ 200,000) can also Bid under the Net Offer and Employee Reservation Portion (if eligible and subject to applicable limits) and such Bids shall not be treated as multiple Bids. For further details, see “**Offer Structure**” on page 469.

## **Notes to Capital Structure**

### **1. Equity share capital history of our Company**

(a) The following table sets forth the history of the equity share capital of our Company:

Date of allotment	Nature of allotment	Details of allottees	Number of equity shares allotted	Cumulative number of equity shares	Face value per equity share (₹)	Issue price per equity share (₹)	Cumulative paid-up equity share capital (in ₹)	Nature of consideration
October 21, 2013	Allotment pursuant to initial subscription to the Memorandum of Association	Allotment of 5,000 equity shares to Tarun Sanjay Mehta and 5,000 equity shares to Swapnil Babanlal Jain (as initial subscribers to the Memorandum of Association)	10,000	10,000	10	10	100,000	Cash
October 20, 2014	Pursuant to the incubation agreement dated December 23, 2013 superseded by the graduation agreement dated October 14, 2014	Allotment of 526 equity shares to IITM Incubation Cell	526	10,526	10	N.A.	105,260	Consideration other than Cash
	Allotment pursuant to the conversion of 250,000 compulsorily convertible debentures of face value ₹10 each	Allotment of 353 equity shares to Venkatachary Srinivasan pursuant to conversion of 250,000 compulsorily convertible debentures of face value ₹10 each	353	10,879	370	7,082.15	235,870	Cash*
<p>Pursuant to a special resolution passed by our Shareholders at the extraordinary general meeting on March 13, 2015, the face value of existing authorised share capital of our Company was subdivided in the ratio of 1:10 to ₹ 1,105,000 divided into 105,260 equity shares of face value ₹1 each, 3,530 equity shares of face value ₹37 each and 23,490 CCPS of face value of ₹37 each. Thereafter, the authorised share capital of our Company was increased to ₹1,179,832 divided into 105,260 equity shares of face value ₹1 each, 3,530 equity shares of face value ₹37 each 23,490 CCPS of face value ₹37 each and 74,732 Series A Preference Shares of face value ₹1 each.</p>								
March 30, 2015	Private Placement	Allotment of 100 Equity Shares to Internet Fund III Pte. Ltd.	100	108,890	1	10,067.40	235,970	Cash
September 24, 2016	Allotment pursuant to exercise of ESOPs under the Ather Energy ESOP 2015 and Companies (Share Capital and Debentures) Rules, 2014	Allotment of 25 Equity Shares to Abhishek Venkataraman	25	108,915	1	1	235,995	Cash



Date of allotment	Nature of allotment	Details of allottees	Number of equity shares allotted	Cumulative number of equity shares	Face value per equity share (₹)	Issue price per equity share (₹)	Cumulative paid-up equity share capital (in ₹)	Nature of consideration
October 20, 2016	Private Placement	Allotment of 220 Equity Shares to R. Mahadevan	220	109,135	1	N.A.	236,215	Consideration other than Cash**
January 5, 2017	Private Placement	Allotment of 100 Equity Shares to Hero MotoCorp Limited	100	109,235	1	20,202.11	236,315	Cash
May 27, 2019	Private Placement	Allotment of 100 Equity Shares to Sachin Bansal	100	109,335	1	73,829.24	236,415	Cash
February 21, 2022	Rights issue	Allotment of 4,027 Equity Shares to Sachin Bansal and 998 Equity Shares to Hero MotoCorp Limited	5,025	114,360	1	1	241,440	Cash
May 18, 2022	Private Placement	Allotment of 100 Equity Shares to National Investment and Infrastructure Fund II ( <i>represented by and acting through its investment manager, National Investment and Infrastructure Fund Limited</i> ) and 100 Equity Shares to Caladium Investment Pte Ltd	200	114,560	1	48,926.00	241,640	Cash
Pursuant to a special resolution passed by our Shareholders at the extraordinary general meeting on June 21, 2024, the outstanding 3,530 equity shares of face value ₹37 each were subdivided into 130,610 Equity Shares of face value ₹1 each.								
June 22, 2024	Bonus issue in the ratio of 224:1 (in respect of outstanding equity shares of face value of ₹ 37 each as on the record date i.e., June 21, 2024)	Allotment of 790,720 Equity Shares to Venkatachary Srinivasan	790,720	905,280	1	N.A.	1,032,360	N.A.
	Bonus issue in the ratio of 260:1 (in respect of outstanding Equity Shares of face value of ₹ 1 each as on the record date i.e., June 21, 2024)	Allotment of 10,348,000 Equity Shares to Tarun Sanjay Mehta, Allotment of 780,000 Equity Shares to Mehta Family Trust, Allotment of 520,000 Equity Shares to Tarun Swarna Family Trust Allotment of 10,348,000 Equity Shares to Swapnil Babanlal Jain, Allotment of 650,000 Equity Shares to Babanlal Gridharilal Jain, Allotment of 650,000 Equity Shares to Jain Family Trust, Allotment of 2,189,200 Equity Shares to	28,867,800	29,773,080	1	N.A.	29,900,160	N.A.

Date of allotment	Nature of allotment	Details of allottees	Number of equity shares allotted	Cumulative number of equity shares	Face value per equity share (₹)	Issue price per equity share (₹)	Cumulative paid-up equity share capital (in ₹)	Nature of consideration
		Arun Vinayak Srinivasan, Allotment of 1,367,600 Equity Shares to IITM Incubation Cell, Allotment of 1,047,020 Equity Shares to Sachin Bansal, Allotment of 343,200 Equity Shares to Asha Krishnakumar, Allotment of 285,480 Equity Shares to Hero MotoCorp Limited, Allotment of 171,600 Equity shares to Achal Kothari, Allotment of 57,200 Equity Shares to R. Mahadevan, Allotment of 26,000 Equity Shares to Internet Fund III Pte Ltd., Allotment of 13,000 Equity Shares to NKSquared, Allotment of 13,000 Equity Shares to Kamath Associates, Allotment of 26,000 Equity Shares to National Investment and Infrastructure Fund II ( <i>represented by and acting through its investment manager, National Investment and Infrastructure Fund Limited</i> ), Allotment of 6,500 Equity Shares to Abhishek Venkataraman and Allotment of 26,000 Equity Shares to Caladium Investment Pte Ltd						
July 4, 2024	Exercise of stock options pursuant to the Companies (Share Capital and Debentures) Rules, 2014	Allotment of 453,618 Equity Shares to Tarun Sanjay Mehta and 453,618 Equity Shares to Swapnil Babanlal Jain	907,236	30,807,396	1	Negligible***	30,807,396	Cash

\*Consideration was paid at the time of issue of the compulsorily convertible debentures of face value ₹10 each.

\*\*Consideration of ₹ 220 was paid for the shares being allotted in lieu of the advisory services provided by R. Mahadevan pursuant to the advisory agreement dated December 29, 2015 for a value amounting to ₹ 1,859,926.

\*\*\*The value of the issue price per equity share is nominal and less than ₹1.

## 2. Preference share capital history of our Company

The following table sets forth the history of the preference share capital of our Company:

Date of allotment	Nature of allotment	Details of allottees	Number of preference shares allotted	Face value per preference share (₹)	Issue price per preference share (₹)	Nature of consideration	Cumulative number of Preference Shares	Cumulative paid-up Preference Share capital (in ₹)	Conversion Ratio (Equity Shares: Preference Shares)	Number of Equity Shares to be allotted post conversion	Estimated price per Equity Share (based on conversion ratio) (in ₹)
<b>Series Seed – One CCPS</b>											
October 20, 2014	Conversion of loan together with the interest accrued amounting to ₹1,540,428 pursuant to the loan agreement dated March 5, 2014 and amendments thereto to Series Seed - One CCPS	Allotment of 71 Series Seed - One CCPS to IITMS Rural Technology and Business Incubator	71	370	21,696.17	Cash	71	26,270	261:1	185,310	8.31
March 13, 2015	Sub-division of Series Seed – One CCPS of face value of ₹370 each to Series Seed – One CCPS of face value of ₹37 each, resulting in 710 Series Seed – One CCPS of face value of ₹37 each.										
<b>Series Seed – Two CCPS</b>											
November 13, 2014	Private Placement	Allotment of 53 Series Seed - Two CCPS to Raji Raju	53	370	28,301.89	Cash	53	45,880	261:1	138,330	10.84
March 13, 2015	Sub-division of Series Seed – Two CCPS of face value of ₹370 each to Series Seed – Two CCPS of face value of ₹37 each, resulting in 530 Series Seed – Two CCPS of face value of ₹37 each.										
<b>Series Seed – Three CCPS</b>											
November 13, 2014	Private Placement	Allotment of 35 Series Seed	35	370	28,571.43	Cash	35	58,830	261:1	91,350	10.95

Date of allotment	Nature of allotment	Details of allottees	Number of preference shares allotted	Face value per preference share (₹)	Issue price per preference share (₹)	Nature of consideration	Cumulative number of Preference Shares	Cumulative paid-up Preference Share capital (in ₹)	Conversion Ratio (Equity Shares: Preference Shares)	Number of Equity Shares to be allotted post conversion	Estimated price per Equity Share (based on conversion ratio) (in ₹)
		-Three CCPS to Vishalakshy Subramaniam									
March 13, 2015		Sub-division of Series Seed – Three CCPS of face value of ₹370 each to Series Seed – Three CCPS of face value of ₹37 each, resulting in 350 Series Seed – Three CCPS of face value of ₹37 each.									
<b>Series Seed – Four CCPS</b>											
November 13, 2014	Private Placement	Allotment of 1,095 Series Seed - Four CCPS to Sachin Bansal and 1,095 Series Seed - Four CCPS to Binny Bansal	2,190	370	28,310.50	Cash	2,190	869,130	261:1	5,715,900	10.85
March 13, 2015		Sub-division of Series Seed – Four CCPS of face value of ₹370 each to Series Seed – Four CCPS of face value of ₹37 each, resulting in 21,900 Series Seed – Four CCPS of face value of ₹37 each.									
<b>Series A CCPS</b>											
March 30, 2015	Private Placement	Allotment of 74,732 Series A CCPS to Internet Fund III Pte. Ltd.	74,732	1	10,067.40	Cash	74,732	943,862	261:1	19,505,052	38.57
<b>Series B CCPS</b>											
January 5, 2017	Private Placement	Allotment of 89,258 Series B CCPS to Hero MotoCorp Limited	89,258	10	20,202.11	Cash	89,258	1,836,442	261:1	23,296,338	77.40
June 16, 2017	Preferential allotment	Allotment of 9,928 Series B CCPS to Hero MotoCorp	9,928	10	20,202.11	Cash	99,186	1,935,722	261:1	2,591,208	77.40

Date of allotment	Nature of allotment	Details of allottees	Number of preference shares allotted	Face value per preference share (₹)	Issue price per preference share (₹)	Nature of consideration	Cumulative number of Preference Shares	Cumulative paid-up Preference Share capital (in ₹)	Conversion Ratio (Equity Shares: Preference Shares)	Number of Equity Shares to be allotted post conversion	Estimated price per Equity Share (based on conversion ratio) (in ₹)
		Limited									
October 16, 2017	Rights issue	Allotment of 160 Series B CCPS to Jaya Prakash Vijayan, 160 Series B CCPS to Gurusankar Sankararaman, 160 Series B CCPS to Volpi-Cupal Family Trust and 160 Series B CCPS to Sagar Meher Pushpala	640	10	20,202.11	Cash	99,826	1,942,122	261:1	167,040	77.40
<b>Series B1 CCPS</b>											
May 27, 2019	Conversion of compulsorily convertible debentures of face value ₹100 each	Allotment of 29,347 Series B1 CCPS to Hero MotoCorp Limited pursuant to the conversion of the 66,320 compulsorily convertible debentures of face value ₹100 each	29,347	10	44,297.70	Cash*	29,347	2,235,592	277.57764:1	8,146,071	159.59
<b>Series C CCPS</b>											
May 27, 2019	Private Placement	Allotment of 29,699 Series	29,699	10	73,829.24	Cash	29,699	2,532,582	261.01756:1	7,751,961	282.85

Date of allotment	Nature of allotment	Details of allottees	Number of preference shares allotted	Face value per preference share (₹)	Issue price per preference share (₹)	Nature of consideration	Cumulative number of Preference Shares	Cumulative paid-up Preference Share capital (in ₹)	Conversion Ratio (Equity Shares: Preference Shares)	Number of Equity Shares to be allotted post conversion	Estimated price per Equity Share (based on conversion ratio) (in ₹)
		C CCPS to Sachin Bansal									
<b>Series C1 CCPS</b>											
July 28, 2020	Private Placement	Allotment of 20,688 Series C1 CCPS to Hero MotoCorp Limited	20,688	10	40,602	Cash	20,688	2,739,462	261.0378:1	5,400,351	155.54
<b>Series D CCPS</b>											
November 7, 2020	Private Placement	Allotment of 30,475 Series D CCPS to Hero MotoCorp Limited and 57,565 Series D CCPS to Sachin Bansal	88,040	10	29,532	Cash	88,040	3,619,862	261:1	22,978,440	113.15
<b>Series E CCPS</b>											
May 18, 2022	Conversion of compulsorily convertible debentures of face value ₹100 each	Allotment of 30,658 Series E CCPS to Hero MotoCorp Limited pursuant to conversion of 30,658 compulsorily convertible debentures of face value ₹100 each	30,658	10	48,926	Cash*	30,658	3,926,442	261:1	8,001,738	187.46
	Private	Allotment of	163,131	10	48,926	Cash	193,789	5,557,752	261:1	42,577,191	187.46

Date of allotment	Nature of allotment	Details of allottees	Number of preference shares allotted	Face value per preference share (₹)	Issue price per preference share (₹)	Nature of consideration	Cumulative number of Preference Shares	Cumulative paid-up Preference Share capital (in ₹)	Conversion Ratio (Equity Shares: Preference Shares)	Number of Equity Shares to be allotted post conversion	Estimated price per Equity Share (based on conversion ratio) (in ₹)
	Placement	76,546 Series E CCPS to National Investment and Infrastructure Fund II ( <i>represented by and acting through its investment manager, National Investment and Infrastructure Fund Limited</i> ), 30,558 Series E CCPS to Caladium Investment Pte Ltd, 53,652 Series E CCPS to Hero MotoCorp Limited, 1,532 Series E CCPS to InnoVen Capital India Fund, 633 Series E CCPS to Herald Square Ventures ( <i>represented</i>									

Date of allotment	Nature of allotment	Details of allottees	Number of preference shares allotted	Face value per preference share (₹)	Issue price per preference share (₹)	Nature of consideration	Cumulative number of Preference Shares	Cumulative paid-up Preference Share capital (in ₹)	Conversion Ratio (Equity Shares: Preference Shares)	Number of Equity Shares to be allotted post conversion	Estimated price per Equity Share (based on conversion ratio) (in ₹)
		by its managing partner, Rajeev Mantri), 30 Series E CCPS to Guerrilla Ventures Private Limited, 70 Series E CCPS to Amit Bhatia, 50 Series E CCPS to Karandeep Singh and 60 Series E CCPS to Amod Malviya									
<b>Series E1 CCPS</b>											
November 9, 2022	Private Placement	Allotment of 51,276 Series E1 CCPS to Caladium Investment Pte Ltd and 83 Series E1 CCPS to Herald Square Ventures (represented by its managing partner, Rajeev	51,359	10	78,008.00	Cash	51,359	6,071,342	261:1	13,404,699	298.88



Date of allotment	Nature of allotment	Details of allottees	Number of preference shares allotted	Face value per preference share (₹)	Issue price per preference share (₹)	Nature of consideration	Cumulative number of Preference Shares	Cumulative paid-up Preference Share capital (in ₹)	Conversion Ratio (Equity Shares: Preference Shares)	Number of Equity Shares to be allotted post conversion	Estimated price per Equity Share (based on conversion ratio) (in ₹)
<i>Mantri</i>											
<b>Series E2 CCPS</b>											
September 12, 2023	Rights issue	Allotment of 113,404 Series E2 CCPS to Hero MotoCorp Limited, 90,723 Series E2 CCPS to Caladium Investment Pte Ltd, 37 Series E2 CCPS to Abhishek Venkatraman and 227 Series E2 CCPS to Herald Square Ventures <i>(represented by its managing partner, Rajeev Mantri)</i>	204,391	10	44,090.00	Cash	204,391	8,115,252	261:1	53,346,051	168.93
<b>Series F CCPS</b>											
July 9, 2024	Private Placement	Allotment of 37,074 Series F CCPS to Tarun Sanjay Mehta and 37,074 Series F CCPS to Swapnil	74,148	1	11,674	Cash	74,148	8,189,400	261:1	Up to 19,352,628**	44.73

Date of allotment	Nature of allotment	Details of allottees	Number of preference shares allotted	Face value per preference share (₹)	Issue price per preference share (₹)	Nature of consideration	Cumulative number of Preference Shares	Cumulative paid-up Preference Share capital (in ₹)	Conversion Ratio (Equity Shares: Preference Shares)	Number of Equity Shares to be allotted post conversion	Estimated price per Equity Share (based on conversion ratio) (in ₹)
Babanlal Jain											
<b>CCPS</b>											
December 7, 2023	Bonus issue	Allotment of 4,495 bonus CCPS to Sachin Bansal in the ratio of 1,000:6,607 (1,000 bonus CCPS of ₹ 10 each for every 6,607 Series C CCPS of ₹ 10 each)	4,495	10	N.A.	N.A.	4,495	8,234,350	261:1	1,173,195	N.A.
		Allotment of 4,700 bonus CCPS to Hero MotoCorp Limited in the ratio of 1,000:4,401 (1,000 bonus CCPS of ₹ 10 each for every 4,401 Series C1 CCPS of ₹ 10 each)	4,700	10	N.A.	N.A.	9,195	8,281,350	261:1	1,226,700	N.A.
		Allotment of 1,561 bonus CCPS to National Investment and Infrastructure Fund II	3,950	10	N.A.	N.A.	13,145	8,320,850	261:1	1,030,950	N.A.

Date of allotment	Nature of allotment	Details of allottees	Number of preference shares allotted	Face value per preference share (₹)	Issue price per preference share (₹)	Nature of consideration	Cumulative number of Preference Shares	Cumulative paid-up Preference Share capital (in ₹)	Conversion Ratio (Equity Shares: Preference Shares)	Number of Equity Shares to be allotted post conversion	Estimated price per Equity Share (based on conversion ratio) (in ₹)										
		(represented by and acting through its investment manager, National Investment and Infrastructure Fund Limited),	623	bonus	CCPS	to Caladium Investment Pte Ltd,	1,720	bonus	CCPS	to Hero MotoCorp Limited,	31	bonus	CCPS	to InnoVen Capital India Fund,	12	bonus	CCPS	to Herald Square Ventures			
		(represented by its managing partner, Rajeev Mantri),	1	bonus	CCPS	to Amit															

Date of allotment	Nature of allotment	Details of allottees	Number of preference shares allotted	Face value per preference share (₹)	Issue price per preference share (₹)	Nature of consideration	Cumulative number of Preference Shares	Cumulative paid-up Preference Share capital (in ₹)	Conversion Ratio (Equity Shares: Preference Shares)	Number of Equity Shares to be allotted post conversion	Estimated price per Equity Share (based on conversion ratio) (in ₹)
		Bhatia, 1 bonus CCPS to Karandeep Singh, and 1 bonus CCPS to Amod Malviya in the ratio of 1,000:49,006 (1,000 bonus CCPS of ₹ 10 each for every 49,006 Series E CCPS of ₹ 10 each)									
		Allotment of, 4,936 bonus CCPS to Caladium Investment Pte Ltd, 7 bonus CCPS to Herald Square Ventures ( <i>represented by its managing partner, Rajeev Mantri</i> ) in the ratio of 1,000:10,387 (1,000 bonus CCPS of ₹ 10 each for every	4,943	10	N.A.	N.A.	18,088	8,370,280	261:1	1,290,123	N.A.

Date of allotment	Nature of allotment	Details of allottees	Number of preference shares allotted	Face value per preference share (₹)	Issue price per preference share (₹)	Nature of consideration	Cumulative number of Preference Shares	Cumulative paid-up Preference Share capital (in ₹)	Conversion Ratio (Equity Shares: Preference Shares)	Number of Equity Shares to be allotted post conversion	Estimated price per Equity Share (based on conversion ratio) (in ₹)
September 4, 2024	Private Placement	10,387 Series E1 CCPS of ₹ 10 each) Allotment of 16,528,925 Series G CCPS to India-Japan Fund <i>(represented by and acting through its investment manager, National Investment and Infrastructure Fund Limited)</i>	16,528,925	10	363	Cash	16,547,013	173,659,530	1.93:1	Up to 31,826,050***	188.52

\*Consideration was paid at the time of issue of the compulsory convertible debentures of face value ₹100 each.

\*\*The issue price for Series F CCPS is ₹ 11,674 per share. However, this indicates the maximum number of Equity Shares that may be issued upon conversion in accordance with such terms of the issue.

\*\*\*The issue price for Series G CCPS is ₹ 363 per share. However, this indicates the maximum number of Equity Shares that may be issued upon conversion in accordance with such terms of the issue.

### Terms of conversion of Preference Shares

As on the date of this Draft Red Herring Prospectus, there are 17,436,522 Preference Shares that are outstanding which will convert to a maximum of up to 269,196,676 Equity Shares, prior to filing of the Red Herring Prospectus with the RoC the following shall be converted in accordance with the SEBI ICDR Regulations:

- 710 Series Seed - One CCPS shall be converted to 185,310 Equity Shares.
- 530 Series Seed - Two CCPS shall be converted to 138,330 Equity Shares.
- 350 Series Seed - Three CCPS shall be converted to 91,350 Equity Shares.
- 21,900 Series Seed - Four CCPS shall be converted to 5,715,900 Equity Shares.
- 74,732 Series A CCPS shall be converted to 19,505,052 Equity Shares.
- 99,826 Series B CCPS shall be converted to 26,054,586 Equity Shares.

- (g) 29,347 Series B1 CCPS shall be converted to 8,146,071 Equity Shares.
- (h) 29,699 Series C CCPS shall be converted to 7,751,961 Equity Shares.
- (i) 20,688 Series C1 CCPS shall be converted to 5,400,351 Equity Shares.
- (j) 88,040 Series D CCPS shall be converted to 22,978,440 Equity Shares.
- (k) 193,789 Series E CCPS shall be converted to 50,578,929 Equity Shares.
- (l) 51,359 Series E1 CCPS shall be converted to 13,404,699 Equity Shares.
- (m) 204,391 Series E2 CCPS shall be converted to 53,346,051 Equity Shares.
- (n) 74,148 Series F CCPS shall be converted up to a maximum of 19,352,628 Equity Shares.
- (o) 18,088 CCPS shall be converted to 4,720,968, Equity Shares and 16,528,925 Series G CCPS shall be converted up to a maximum of 31,826,050 Equity Shares.

### 3. Secondary Transactions

The details of secondary transactions of specified securities of our Company by our Promoters, members of the Promoter group and the Selling Shareholders is set forth in the table below:

Date of transfer of securities	Number of securities Transferred	Nature of securities	Details of transferor(s)	Details of transferee(s)	Transfer/transmission	Face value per security	Transfer price of security	Nature of consideration
<b>Promoter: Tarun Sanjay Mehta</b>								
May 16, 2014	421	Equity Shares	Tarun Sanjay Mehta	Arun Vinayak Srinivasan	Transfer	10	10	Cash
March 10, 2015	33	Equity Shares	Tarun Sanjay Mehta	Achal Kothari	Transfer	10	10	Cash
March 10, 2015	66	Equity Shares	Tarun Sanjay Mehta	Asha Krishnakumar	Transfer	10	7,744.05	Cash
March 26, 2024	3,000	Equity Shares	Tarun Sanjay Mehta	Mehta Family Trust	Gift	1	N.A.	N.A.
March 26, 2024	2,000	Equity Shares	Tarun Sanjay Mehta	Tarun Swarna Family Trust	Gift	1	N.A.	N.A.
<b>Promoter: Swapnil Babanlal Jain</b>								
May 16, 2014	421	Equity Shares	Swapnil Babanlal Jain	Arun Vinayak Srinivasan	Transfer	10	10	Cash
March 10, 2015	33	Equity Shares	Swapnil Babanlal Jain	Achal Kothari	Transfer	10	10	Cash
March 10, 2015	66	Equity Shares	Swapnil Babanlal Jain	Asha Krishnakumar	Transfer	10	7,744.05	Cash
June 4, 2024	2,500	Equity Shares	Swapnil Babanlal Jain	Babanlal Girdharilal Jain	Gift	1	N.A.	N.A.
June 6, 2024	2,500	Equity Shares	Swapnil Babanlal Jain	Jain Family Trust	Gift	1	N.A.	N.A.
<b>Promoter: Hero MotoCorp Limited</b>								
March 20, 2024	7,759	Series C CCPS	Sachin Bansal	Hero MotoCorp Limited	Transfer	10	44,090	Cash
March 20, 2024	20,189	Series D CCPS	Sachin Bansal	Hero MotoCorp Limited	Transfer	10	44,090	Cash
March 20, 2024	3,672	Series Seed - Four CCPS	Sachin Bansal	Hero MotoCorp Limited	Transfer	37	44,090	Cash
August 2, 2024	8,450	Series C CCPS	Sachin Bansal	Hero MotoCorp Limited	Transfer	10	55,000.00	Cash
August 2, 2024	5,543	Series D CCPS	Sachin Bansal	Hero MotoCorp Limited	Transfer	10	55,000.00	Cash

<b>Date of transfer of securities</b>	<b>Number of securities Transferred</b>	<b>Nature of securities</b>	<b>Details of transferor(s)</b>	<b>Details of transferee(s)</b>	<b>Transfer/transmission</b>	<b>Face value per security</b>	<b>Transfer price of security</b>	<b>Nature of consideration</b>
August 2, 2024	4,495	CCPS	Sachin Bansal	Hero MotoCorp Limited	Transfer	10	55,000.00	Cash
August 5, 2024	1,051,047	Equity Shares	Sachin Bansal	Hero MotoCorp Limited	Transfer	1	210.73	Cash
<b><i>Promoter Group: Mehta Family Trust</i></b>								
March 26, 2024	3,000	Equity Shares	Tarun Sanjay Mehta	Mehta Family Trust	Gift	1	N.A.	N.A.
<b><i>Promoter Group: Tarun Swarna Family Trust</i></b>								
March 26, 2024	2,000	Equity Shares	Tarun Sanjay Mehta	Tarun Swarna Family Trust	Gift	1	N.A.	N.A.
<b><i>Promoter Group: Jain Family Trust</i></b>								
June 6, 2024	2,500	Equity Shares	Swapnil Babanlal Jain	Jain Family Trust	Gift	1	N.A.	N.A.
<b><i>Promoter Group: Babanlal Girdharilal Jain</i></b>								
June 4, 2024	2,500	Equity Shares	Swapnil Babanlal Jain	Babanlal Girdharilal Jain	Gift	1	N.A.	N.A.
August 7, 2024	652,500	Equity Shares	Babanlal Girdharilal Jain	Swapnil Jain Family Trust	Gift	1	N.A.	N.A.
<b><i>Promoter Group: Swapnil Jain Family Trust</i></b>								
August 7, 2024	652,500	Equity Shares	Babanlal Girdharilal Jain	Swapnil Jain Family Trust	Gift	1	N.A.	N.A.
<b><i>Selling Shareholder: Internet Fund III Pte. Ltd</i></b>								
September 29, 2015	530	Series Seed – Two CCPS	Raji Raju	Internet Fund III Pte. Ltd.	Transfer	37	10,227.27	Cash
September 29, 2015	350	Series Seed – Three CCPS	Vishalakshy Subramaniam	Internet Fund III Pte. Ltd.	Transfer	37	10,227.27	Cash
<b><i>Selling Shareholder: 3State Ventures Pte. Ltd.</i></b>								
July 22, 2022	10,950	Series Seed – Four CCPS	Binny Bansal	3State Ventures Pte. Ltd.	Transfer	37	48,900	Cash

*[The remainder of this page has been intentionally left blank]*

#### 4. Shares issued for consideration other than cash (excluding bonus issuance)

Except as disclosed below, our Company has not issued any equity shares for consideration other than cash since its incorporation:

Date of allotment	Reason of allotment	Details / Names of allottees	Face value per equity share (₹)	Issue price	Benefits accrued pursuant to the allotment
October 20, 2014	Pursuant to incubation agreement dated December 23, 2013 superseded by the graduation agreement dated October 14, 2014	Allotment of 526 equity shares to IITM Incubation Cell	10	N.A.	Assistance in the form of physical infrastructure, mentorship and such support as applicable to an incubated company to help its business succeed.
October 20, 2016	Private Placement	Allotment of 220 Equity Shares to R. Mahadevan*	1	N.A.	R. Mahadevan has advised our Company on overall business strategy and assisted our Company in compliance with applicable laws and provided other services.

\* Consideration of ₹ 220 was paid for the shares being allotted in lieu of the advisory services provided by R. Mahadevan pursuant to the advisory agreement dated December 29, 2015 for a value amounting to ₹ 1,859,926.

Our Company has not issued any preference shares for consideration other than cash (excluding bonus issuance) since its incorporation.

#### 5. Shares issued out of revaluation reserves

Our Company has not issued any equity shares or preference shares out of revaluation reserves since its incorporation.

#### 6. Issue of equity shares pursuant to Sections 391 to 394 of the Companies Act, 1956 or Sections 230 to 234 of the Companies Act, 2013

Our Company has not allotted any equity shares pursuant to any scheme approved under Sections 391 to 394 of the Companies Act, 1956 or Sections or Section 230 to 234 of the Companies Act, 2013.

#### 7. Issue of specified securities at a price lower than the Offer Price in the last year

Except for the below allotment(s), our Company has not issued any equity shares during a period of one year preceding the date of this Draft Red Herring Prospectus at a price which may be lower than the Offer Price:

Date of allotment	Number of equity shares allotted	Face value per equity share (₹)	Details of allottees	Issue price per equity share (₹)	Nature of Consideration	Whether allottees are part of the Promoter Group	Reason/ Nature of allotment or transfer
June 22, 2024	790,720	1	Allotment of 790,720 equity shares to Venkatachary Srinivasan	N.A.	N.A.	No	Bonus issue
	28,867,800	1	Allotment of 10,348,000 Equity Shares to Tarun Sanjay Mehta, Allotment of 780,000 Equity Shares to Mehta Family Trust, Allotment of	N.A.	N.A.	Yes, Tarun Sanjay Mehta,	Bonus issue



Date of allotment	Number of equity shares allotted	Face value per equity share (₹)	Details of allottees	Issue price per equity share (₹)	Nature of Consideration	Whether allottees are part of the Promoter Group	Reason/ Nature of allotment or transfer
			520,000 Equity Shares to Tarun Swarna Family Trust, Allotment of 10,348,000 Equity Shares to Swapnil Babanlal Jain, Allotment of 650,000 Equity Shares to Babanlal Girdharilal Jain, Allotment of 650,000 Equity Shares to Jain Family Trust, Allotment of 2,189,200 Equity Shares to Arun Vinayak Srinivasan, Allotment of 1,367,600 Equity shares to IITM Incubation Cell, Allotment of 1,047,020 Equity Shares to Sachin Bansal, Allotment of 343,200 Equity Shares to Asha Krishnakumar, Allotment of 285,480 Equity Shares to Hero MotoCorp Limited, Allotment of 171,600 Equity shares to Achal Kothari, Allotment of 57,200 Equity Shares to R. Mahadevan, Allotment of 26,000 Equity Shares to Internet Fund III Pte Ltd., Allotment of 13,000 Equity Shares to NKSquared, Allotment of 13,000 Equity Shares to Kamath Associates, Allotment of 26,000 Equity Shares to National Investment and Infrastructure Fund II ( <i>represented by and acting through its investment manager, National Investment and Infrastructure Fund Limited</i> ), Allotment of 6,500 Equity Shares to Abhishek Venkataraman and Allotment of 26,000 Equity Shares to Caladium Investment Pte Ltd			Swapnil Babanlal Jain, Babanlal Girdharilal Jain, Mehta Family Trust, Jain Family Trust, Tarun Swarna Family Trust, Hero MotoCorp Limited are individuals and entities forming a part of our Promoter Group	
July 4, 2024	907,236		Allotment of 453,618 Equity Shares to Tarun Sanjay Mehta and 453,618 Equity Shares to Swapnil Babanlal Jain	Negligible *	Cash	Yes, Tarun Sanjay Mehta and Swapnil Babanlal Jain are individuals forming a part of our Promoter Group	Exercise of stock options pursuant to the Companies (Share Capital and Debentures) Rules, 2014

\*The value of the issue price per equity share is nominal and less than ₹1.

Except for the below allotment(s), our Company has not issued any preference shares during a period of one year preceding the date of this Draft Red Herring Prospectus at a price which may be lower than the Offer Price:

Date of allotment	Number of Preference Shares allotted	Face value per Preference Share (₹)	Details of allottees	Issue price per Preference Share (₹)	Nature of Consideration	Whether allottees are part of the Promoter Group	Reason/Nature of allotment or transfer
September 12, 2023	204,391	10	Allotment of 113,404 Series E2 CCPS to Hero MotoCorp Limited, 90,723 Series E2 CCPS to Caladium Investment Pte Ltd, 37 Series E2 CCPS to Abhishek Venkatraman and 227 Series E2 CCPS to Herald Square Ventures ( <i>represented by its managing partner, Rajeev Mantri</i> )	44,090.00	Cash	Yes, Hero MotoCorp Limited forms a part of our Promoter Group	Rights issue
December 7, 2023	4,495	10	Allotment of 4,495 bonus CCPS to Sachin Bansal in the ratio of 1,000:6,607 (1,000 bonus CCPS of ₹ 10 each for every 6,607 Series C CCPS of ₹ 10 each)	N.A	N.A	No	Bonus issue
	4,700	10	Allotment of 4,700 bonus CCPS to Hero MotoCorp Limited in the ratio of 1,000:4,401 (1,000 bonus CCPS of ₹ 10 each for every 4,401 Series C1 CCPS of ₹ 10 each)	N.A	N.A	Yes, Hero MotoCorp Limited forms a part of our Promoter Group	Bonus issue
	3,950	10	Allotment of 1,561 bonus CCPS to National Investment Fund Trustee Limited ( <i>represented by and acting through its investment manager, National Investment and Infrastructure Fund Limited</i> ), 623 bonus CCPS to Caladium Investment Pte Ltd, 1,720 bonus CCPS to Hero MotoCorp Limited, 31 bonus CCPS to InnoVen Capital India Fund, 12 bonus CCPS to Herald Square Ventures ( <i>represented by its managing partner, Rajeev Mantri</i> ), 1 bonus CCPS to Amit Bhatia, 1 bonus CCPS to Karandeep Singh, and 1 bonus CCPS to Amod Malviya in the ratio of 1,000:49,006 (1,000 bonus CCPS of ₹ 10 each for every 49,006 Series E CCPS of ₹ 10 each)	N.A	N.A	Yes, Hero MotoCorp Limited forms a part of our Promoter Group	Bonus issue
	4,943	10	Allotment of, 4,936 bonus CCPS to Caladium Investment Pte Ltd, 7 bonus CCPS to Herald Square Ventures ( <i>represented by its managing partner, Rajeev Mantri</i> ) the ratio of 1,000:10,387 (1,000 bonus CCPS of ₹ 10 each for every 10,387 Series E1 CCPS of ₹ 10 each)	N.A	N.A	No	Bonus issue
July 9, 2024	74,148	1	Allotment of 37,074 Series F CCPS to Tarun Sanjay Mehta and 37,074 Series F CCPS to Swapnil Babanlal Jain	11,674	Cash	Yes, Tarun Sanjay Mehta and Swapnil Babanlal Jain are individuals forming a part of our Promoter Group	Private Placement

Date of allotment	Number of Preference Shares allotted	Face value per Preference Share (₹)	Details of allottees	Issue price per Preference Share (₹)	Nature of Consideration	Whether allottees are part of the Promoter Group	Reason/Nature of allotment or transfer
September 4, 2024	16,528,925	10	Allotment of 16,528,925 Series G CCPS to India-Japan Fund (represented by and acting through its investment manager, National Investment and Infrastructure Fund Limited)	363	Cash	No	Private Placement

## 8. Issue of equity shares under employee stock option scheme

Except pursuant to the exercise of employee stock options granted pursuant to the ESOP Scheme, our Company has not issued any equity shares under employee stock option schemes. See “- *Notes to Capital Structure – Equity share capital history of our Company*” on page 105.

## 9. History of the share capital held by the Promoters

As on the date of this Draft Red Herring Prospectus, our Promoters hold, in aggregate, 23,020,461 Equity Shares and 508,086 Preference Shares, which constitutes 50.47% of the issued, subscribed and paid-up share capital of our Company, on a fully diluted basis. All the Equity Shares and Preference shares held by our Promoters are in dematerialised form.

Our Promoter, Tarun Sanjay Mehta has pledged 3,119,357 Equity Shares held by him and our Promoter, Swapnil Babanlal Jain has pledged 3,119,357 Equity Shares held by him, representing 2.02% (in aggregate) of the paid-up share capital of our Company (on fully diluted basis), in favour of 360 One Prime limited (“**Lender**”), as security for a loan availed by them for the purpose of subscribing to certain securities of our Company. For details, see “-*Risk Factors- Certain of our Promoters, Directors, Key Managerial Personnel and Senior Management have interests in our Company in addition to their remuneration and reimbursement of expenses.*” The pledged shares are not being offered in the Offer for Sale, and if they are proposed to be, will be temporarily released from the pledge on or before the Anchor Investor Bid/Offer Period and re-pledged immediately after the implementation of the statutory lock-in under Regulation 16(1)(b) of the SEBI ICDR Regulations post Allotment of the Offered Shares.

### a) Build-up of Promoters’ shareholding in our Company

Set forth below is the equity share build-up of our Promoters since incorporation of our Company:

Date of allotment/transfer	Number of equity shares allotted/transferred	Face value per equity share (₹)	Issue/acquisition/transfer price per equity share (₹)	Nature of consideration	Nature of transaction	% of the pre-Offer equity share capital (on a fully diluted basis)^	% of the post-Offer equity share capital
<b>Tarun Sanjay Mehta</b>							
October 21, 2013	5,000	10	10	Cash	Allotment pursuant to initial subscription to the Memorandum of Association	Negligible <sup>+</sup>	[●]
May 16, 2014	(421)	10	10	Cash	Transfer from Tarun Sanjay Mehta to Arun Vinayak Srinivasan	Negligible <sup>+</sup>	[●]

Date of allotment/ transfer	Number of equity shares allotted/transferred	Face value per equity share (₹)	Issue/ acquisition/ transfer price per equity share (₹)	Nature of consideration	Nature of transaction	% of the pre-Offer equity share capital (on a fully diluted basis)^	% of the post-Offer equity share capital	
March 10, 2015	(33)	10	10	Cash	Transfer of equity shares from Tarun Sanjay Mehta to Achal Kothari	Negligible <sup>+</sup>	[●]	
	(66)	10	7,744.05	Cash	Transfer of equity shares from Tarun Sanjay Mehta to Asha Krishnakumar	Negligible <sup>+</sup>	[●]	
March 13, 2015	Pursuant to a special resolution passed by our Shareholders at the extraordinary general meeting on March 13, 2015, the face value of existing authorised share capital of our Company was subdivided in the ratio of 1:10 to ₹ 1,105,000 divided into 105,260 equity shares of face value ₹1 each, 3,530 equity shares of face value ₹37 each and 23,490 CCPS of face value of ₹37 each. Thereafter, the authorised share capital of our Company was increased to ₹1,179,832 divided into 105,260 equity shares of face value ₹1 each, 3,530 equity shares of face value ₹37 each 23,490 CCPS of face value ₹37 each and 74,732 Series A Preference Shares of face value ₹1 each.							
March 26, 2024	(3,000)	1	NA	NA	Gift from Tarun Sanjay Mehta to Mehta Family Trust	Negligible <sup>+</sup>	[●]	
	(2,000)	1	NA	NA	Gift from Tarun Sanjay Mehta to Tarun Swarna Family Trust	Negligible <sup>+</sup>	[●]	
June 22, 2024	10,348,000	1	N.A	N.A	Allotment to Tarun Sanjay Mehta pursuant to bonus issue in the ratio of 260:1 (in respect of outstanding equity shares of face value of ₹ 1 each as on the record date i.e., June 21, 2024)	3.35%	[●]	
July 4, 2024	453,618	1	Negligible*	N.A	Allotment of Equity Shares to Tarun Sanjay Mehta upon exercise of stock options pursuant to the Companies (Share Capital and Debentures) Rules, 2014	0.15%	[●]	
<b>Total (A)</b>	10,841,418 Equity Shares						3.50%	[●]
<b>Swapnil Babanlal Jain</b>								
October 21, 2013	5,000	10	10	Cash	Allotment pursuant to initial subscription to the Memorandum of Association	Negligible <sup>+</sup>	[●]	
May 16, 2014	(421)	10	10	Cash	Transfer from Swapnil Babanlal Jain to Arun Vinayak Srinivasan	Negligible <sup>+</sup>	[●]	
March 10, 2015	(33)	10	10	Cash	Transfer of equity shares from Swapnil Babanlal Jain to Achal Kothari	Negligible <sup>+</sup>	[●]	
	(66)	10	7,744.05	Cash	Transfer of equity	Negligible <sup>+</sup>	[●]	

Date of allotment/transfer	Number of equity shares allotted/transferred	Face value per equity share (₹)	Issue/acquisition/transfer price per equity share (₹)	Nature of consideration	Nature of transaction	% of the pre-Offer equity share capital (on a fully diluted basis)^	% of the post-Offer equity share capital	
March 13, 2015					shares from Swapnil Babanlal Jain to Asha Krishnakumar			
	Pursuant to a special resolution passed by our Shareholders at the extraordinary general meeting on March 13, 2015, the face value of existing authorised share capital of our Company was subdivided in the ratio of 1:10 to ₹ 1,105,000 divided into 105,260 equity shares of face value ₹1 each, 3,530 equity shares of face value ₹37 each and 23,490 CCPS of face value of ₹37 each. Thereafter, the authorised share capital of our Company was increased to ₹1,179,832 divided into 105,260 equity shares of face value ₹1 each, 3,530 equity shares of face value ₹37 each 23,490 CCPS of face value ₹37 each and 74,732 Series A Preference Shares of face value ₹1 each.							
June 4, 2024	(2,500)	1	NA	NA	Gift from Swapnil Babanlal Jain to Babanlal Girdharilal Jain	Negligible <sup>+</sup>	●	
June 6, 2024	(2,500)	1	NA	NA	Gift from Swapnil Babanlal Jain to Jain Family Trust	Negligible <sup>+</sup>	●	
June 22, 2024	10,348,000	1	N.A	N.A	Allotment to Swapnil Babanlal Jain pursuant to bonus issue in the ratio of 260:1 (in respect of outstanding equity shares of face value of ₹ 1 each as on the record date i.e., June 21, 2024)	3.35%	●	
July 4, 2024	453,618	1	Negligible*	N.A	Allotment of Equity Shares to Swapnil Babanlal Jain upon exercise of stock options pursuant to the Companies (Share Capital and Debentures) Rules, 2014	0.15%	●	
<b>Total (B)</b>	10,841,418 Equity Shares						3.50%	●
<b>Hero MotoCorp Limited</b>								
January 5, 2017	100	1	20,202.11	Cash	Allotment to Hero MotoCorp Limited pursuant to a private placement	Negligible <sup>+</sup>	●	
February 21, 2022	998	1	1	Cash	Allotment to Hero MotoCorp Limited pursuant to a rights issue	Negligible <sup>+</sup>	●	
June 22, 2024	285,480	1	N.A	N.A	Allotment to Hero MotoCorp Limited pursuant to bonus issue in the ratio of 260:1 (in respect of outstanding equity shares of face value of ₹ 1 each as on the record date i.e., June 21, 2024)	0.09%	●	
August 5, 2024	1,051,047	1	210.73	Cash	Transfer of equity shares from Sachin	0.34%	●	

Date of allotment/ transfer	Number of equity shares allotted/transferred	Face value per equity share (₹)	Issue/ acquisition/ transfer price per equity share (₹)	Nature of consideration	Nature of transaction	% of the pre-Offer equity share capital (on a fully diluted basis)^	% of the post-Offer equity share capital
					Bansal to Hero MotoCorp Limited		
<b>Total (C)</b>	1,337,625 Equity Shares					0.43%	[●]
<b>Total (A+B+C)</b>	23,020,461 Equity Shares					7.44%	[●]

\*The value of the issue price per equity share is nominal and less than ₹1.

^ Calculated on the basis of total Equity Shares held and such number of Equity Shares on a fully diluted basis, including those which will result upon conversion of outstanding Preference Shares and vested options under ESOP Scheme.

+This value is less than 0.05%

Set forth below is the preference share build-up of our Promoters since incorporation of our Company:

Date of allotment/ transfer	Number of preference shares allotted/ transferred	Face value per preference share (₹)	Issue/ acquisition/ transfer price per preference share (₹)	Nature of consideration	Nature of transaction	% of the pre-Offer equity share capital (on a fully diluted basis)^	% of the post-Offer equity share capital#
<b>Tarun Sanjay Mehta</b>							
<b>Series F CCPS</b>							
July 9, 2024	37,074 Series F CCPS	1	11,674.00	Cash	Allotment to Tarun Sanjay Mehta pursuant to private placement	3.13%	[●]
<b>Total (A)</b>	37,074 Series F CCPS					3.13%	[●]
<b>Swapnil Babanlal Jain</b>							
<b>Series F CCPS</b>							
July 9, 2024	37,074 Series F CCPS	1	11,674.00	Cash	Allotment to Swapnil Babanlal Jain pursuant to private placement	3.13%	[●]
<b>Total (B)</b>	37,074 Series F CCPS					3.13%	[●]
<b>Hero MotoCorp Limited</b>							
<b>Series Seed - Four CCPS</b>							
March 20, 2024	3,672 Series Seed Four CCPS	37	44,090.00	Cash	Transfer from Sachin Bansal to Hero MotoCorp Limited	0.31%	[●]
<b>Series B CCPS</b>							
January 5, 2017	89,258 Series B CCPS	10	20,202.11	Cash	Allotment to Hero MotoCorp Limited pursuant to a private placement	7.53%	[●]
June 16, 2017	9,928 Series B CCPS	10	20,202.11	Cash	Allotment to Hero MotoCorp Limited pursuant to a preferential allotment	0.84%	[●]
<b>Series B1 CCPS</b>							
May 27, 2019	29,347 Series B1 CCPS	10	44,297.70	Cash*	Allotment to Hero MotoCorp Limited pursuant to conversion of 66,320 compulsorily convertible debentures of face value ₹100 each	2.63%	[●]

Date of allotment/ transfer	Number of preference shares allotted/ transferred	Face value per preference share (₹)	Issue/ acquisition/ transfer price per preference share (₹)	Nature of consideration	Nature of transaction	% of the pre-Offer equity share capital (on a fully diluted basis)^	% of the post-Offer equity share capital#
<b>Series C CCPS</b>							
March 20, 2024	7,759 Series C CCPS	10	44,090.00	Cash	Transfer of shares from Sachin Bansal to Hero MotoCorp Limited	0.65%	[●]
August 2, 2024	8,450 Series C CCPS	10	55,000.00	Cash	Transfer of shares from Sachin Bansal to Hero MotoCorp Limited	0.71%	[●]
<b>Series C1 CCPS</b>							
July 28, 2020	20,688 Series C1 CCPS	10	40,602.00	Cash	Allotment to Hero MotoCorp Limited pursuant to a private placement	1.75%	[●]
<b>Series D CCPS</b>							
November 7, 2020	30,475 Series D CCPS	10	29,532.00	Cash	Allotment to Hero MotoCorp Limited pursuant to a private placement	2.57%	[●]
March 20, 2024	20,189 Series D CCPS	10	44,090.00	Cash	Transfer of shares from Sachin Bansal to Hero MotoCorp Limited	1.70%	[●]
August 2, 2024	5,543 Series D CCPS	10	55,000.00	Cash	Transfer of shares from Sachin Bansal to Hero MotoCorp Limited	0.47%	[●]
<b>Series E CCPS</b>							
May 18, 2022	30,658 Series E CCPS	10	48,926.00	Cash*	Allotment to Hero MotoCorp Limited pursuant to conversion of 30,658 compulsorily convertible debentures of face value ₹100 each	2.59%	[●]
May 18, 2022	53,652 Series E CCPS	10	48,926.00	Cash	Allotment to Hero MotoCorp Limited pursuant to a private placement	4.53%	[●]
<b>Series E2 CCPS</b>							
September 12, 2023	113,404 Series E2 CCPS	10	44,090.00	Cash	Allotment to Hero MotoCorp Limited pursuant to rights issue	9.57%	[●]
<b>CCPS</b>							
December 7, 2023	1,720 CCPS	10	N.A	N.A	Allotment to Hero MotoCorp Limited pursuant to bonus issue in the ratio of 1,000:49,006 (1,000 bonus CCPS of ₹ 10 each for every 49,006 Series E CCPS of ₹ 10 each)	0.15%	[●]
	4,700 CCPS	10	N.A	N.A.	Allotment to Hero MotoCorp Limited pursuant to bonus	0.40%	[●]

Date of allotment/ transfer	Number of preference shares allotted/ transferred	Face value per preference share (₹)	Issue/ acquisition/ transfer price per preference share (₹)	Nature of consideration	Nature of transaction	% of the pre-Offer equity share capital (on a fully diluted basis)^	% of the post-Offer equity share capital#
					issue in the ratio of 1,000:4,401 (1,000 CCPS of ₹ 10 each for every 4,401 Series C1 CCPS of ₹ 10 each)		
August 2, 2024	4,495 CCPS	10	55,000.00	Cash	Transfer of shares from Sachin Bansal to Hero MotoCorp Limited	0.38%	[●]
<b>Total (C)</b>	3,672 Series Seed – Four CCPS, 99,186 Series B CCPS, 29,347 Series B1 CCPS, 16,209 Series C CCPS, 20,688 Series C1 CCPS, 56,207 Series D CCPS, 84,310 Series E CCPS, 113,404 Series E2 CCPS, 10,915 CCPS					36.77%	[●]
<b>Total A+B+C</b>						43.03%	[●]

\*Consideration was paid at the time of issue of the compulsorily convertible debentures of face value ₹100 each.

# Subject to finalization of basis of Allotment.

^ Calculated on the basis of total Equity Shares held and such number of Equity Shares on a fully diluted basis, including those which will result upon conversion of outstanding Preference Shares and vested options under ESOP Scheme.

+ Shares acquired pursuant to the bonus issue

#### b) Shareholding of our Promoters and members of our Promoter Group

Name	Number of Equity Shares	Pre-Offer			Post-Offer#		
		Face value per Equity Share (₹)	Number of Preference shares	Face value per Preference Share (₹)	Percentage of pre-Offer Equity Share capital, on a fully diluted basis (%) <sup>+^</sup>	Number of Equity Shares	Percentage of post-Offer Equity Share capital (%)
<b>Promoters</b>							
Tarun Sanjay Mehta	10,841,418	1	37,074	1	6.63%	[●]	[●]
Swapnil Babanlal Jain	10,841,418	1	37,074	1	6.63%	[●]	[●]
Hero MotoCorp Limited	1,337,625	1	430,266 3,672	10 37	36.89% 0.31%	[●]	[●]
<b>Total (A)</b>	<b>23,020,461</b>		<b>508,086</b>		<b>50.47%</b>	[●]	[●]
<b>Promoter Group</b>							
Mehta Family Trust	783,000	1	Nil	N.A	0.25%	[●]	[●]
Tarun Swarna Family Trust	522,000	1	Nil	N.A	0.17%	[●]	[●]
Swapnil Jain Family Trust	652,500	1	Nil	N.A	0.21%	[●]	[●]
Jain Family Trust	652,500	1	Nil	N.A	0.21%	[●]	[●]
<b>Total (B)</b>	<b>2,610,000</b>		<b>Nil</b>		<b>0.84%</b>	[●]	[●]
<b>Total (A+B)</b>	<b>25,630,461</b>		<b>508,086</b>		<b>51.31%</b>	[●]	[●]

Note: To be updated at the Prospectus stage.

# Subject to finalization of basis of Allotment.

+ Assuming conversion of CCPS.

^ Calculated on the basis of total Equity Shares held and such number of Equity Shares on a fully diluted basis, including those which will result upon conversion of outstanding Preference Shares and vested options under ESOP Scheme.



Except as disclosed above, as on the date of this Draft Red Herring Prospectus, none of the members of the Promoter Group hold any Equity Shares. The directors of our Corporate Promoters do not hold any Equity Shares.

**c) Details of minimum Promoters' contribution and lock in**

Pursuant to Regulations 14 and 16 of the SEBI ICDR Regulations, an aggregate of 20% of the fully diluted post-Offer Equity Share capital of our Company held by our Promoters shall be considered as minimum promoters' contribution and locked-in for a period of eighteen months or any other period as may be prescribed under applicable law, from the date of Allotment ("**Promoters' Contribution**"). Our Promoter's shareholding in excess of 20% shall be locked in for a period of six months from the date of Allotment. Our Promoters hold in aggregate 23,020,461 Equity Shares and 508,086 Preference Shares, which constitutes 50.47% of the issued, subscribed and paid-up share capital of our Company, on a fully diluted basis.

Our Promoters have given their consent to include such number of Equity Shares held by them, in aggregate, as may constitute 20% of the fully diluted post-Offer Equity Share capital of our Company as Promoter's Contribution. Our Promoters have agreed not to dispose, sell, transfer, charge, pledge or otherwise encumber in any manner the Promoters' Contribution from the date of this Draft Red Herring Prospectus, until the expiry of the lock-in period specified above, or for such other time as required under SEBI ICDR Regulations, except as may be permitted, in accordance with the SEBI ICDR Regulations.

The details of Equity Shares held by our Promoters, which will be locked-in for minimum Promoters' contribution for a period of eighteen months or such other period as prescribed under the SEBI ICDR Regulations from the date of Allotment as Promoters' Contribution are as provided below:

Name of the Promoter	Number of Equity Shares held	Number of Equity Shares locked-in**	Date of allotment/ transfer#	Face value per Equity Share (₹)	Allotment/ Acquisition price per Equity Share (₹)	Nature of transaction	%of the post-Offer paid-up Capital	Date up to which the Equity Shares are subject to lock-in
[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
<b>Total</b>	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]

Note: To be updated at the Prospectus stage.

# Equity Shares were fully paid-up as on the date of allotment/acquisition.

\*\* Subject to finalisation of Basis of Allotment.

Our Company undertakes that the Equity Shares that are being locked-in are not and will not be ineligible for computation of Promoters' Contribution under Regulation 15 of the SEBI ICDR Regulations. For details of the build-up of the share capital held by our Promoter, see "**History of the Equity Share capital held by our Promoter**" on page 125. In particular, these Equity Shares do not and shall not consist of:

- (i) Equity Shares acquired during the immediately preceding three years preceding the date of this Draft Red Herring Prospectus (a) for consideration other than cash and revaluation of assets or capitalisation of intangible assets, or (b) as a result of bonus shares issued by utilization of revaluation reserves or unrealised profits or from bonus issue against Equity Shares which are otherwise in-eligible for computation of Promoters' Contribution;
- (ii) Equity Shares acquired or subscribed to during the one year preceding the date of this Draft Red Herring Prospectus, at a price lower than the price at which the Equity Shares are being offered to the public in the Offer;
- (iii) Our Company has not been formed by the conversion of one or more partnership firms or a limited liability partnership firm and hence, the Equity Shares have not been issued in the one year immediately preceding the date of this Draft Red Herring Prospectus pursuant to conversion from a partnership firm or limited liability partnership; and

(iv) Equity Shares held by the Promoters that are subject to any pledge or any other form of encumbrance.

10. ***Details of share capital locked-in for six months or any other period as may be prescribed under applicable law***

In terms of Regulation 17 of the SEBI ICDR Regulations, except for:

- (i) the Promoter's Contribution and any Equity Shares held by our Promoters in excess of Promoters' Contribution, which shall be locked in as above for a period of six months;
- (ii) Equity Shares allotted by our Company to Eligible Employees (or such persons as permitted under the SEBI SBEB & SE Regulations), whether currently an employee or not and including the legal heirs or nominees of any deceased employees or ex-employees, under an employee stock option prior to the Offer; and
- (iii) the Offered Shares successfully transferred by the Selling Shareholders pursuant to the Offer for Sale;

The entire pre-Offer Equity Share capital of our Company, shall, unless otherwise permitted under the SEBI ICDR Regulations, be locked in for a period of six months from the date of Allotment in the Offer, other than the Equity Shares held by National Investment and Infrastructure Fund II, India-Japan Fund, and InnoVen Capital India Fund all of which are SEBI registered AIFs in accordance with Regulation 17(c) of the SEBI ICDR Regulations. As required under Regulation 20 of the SEBI ICDR Regulations, our Company shall ensure that the details of the Equity Shares locked-in are recorded by the relevant Depository.

In terms of Regulation 21 of the SEBI ICDR Regulations, the Equity Shares held by our Promoters which are locked-in as per Regulation 16 of the SEBI ICDR Regulations, may be pledged only with scheduled commercial banks or public financial institutions or systemically important non-banking finance companies or deposit taking housing finance companies as collateral security for loans granted by such entity, provided that such pledge of the Equity Shares is one of the terms of the sanctioned loan. However, such lock-in will continue pursuant to any invocation of the pledge and the transferee of the Equity Shares pursuant to such invocation shall not be eligible to transfer the Equity Shares until the expiry of the lock-in period stipulated above.

In terms of Regulation 22 of the SEBI ICDR Regulations, Equity Shares held by our Promoters which are locked-in pursuant to Regulation 16 of the SEBI ICDR Regulations, may be transferred amongst our Promoters or any member of the Promoter Group or to any new promoter, subject to continuation of lock-in in the hands of the transferees for the remaining period and compliance with provisions of the Takeover Regulations, as applicable and such transferee shall not be eligible to transfer them till the lock-in period stipulated in SEBI ICDR Regulations has expired. The Equity Shares held by persons other than our Promoters and locked-in for a period of six months from the date of Allotment in the Offer, may be transferred to any other person holding Equity Shares which are locked-in, subject to the continuation of the lock-in in the hands of the transferee for the remaining period and compliance with the provisions of the Takeover Regulations.

11. **Lock-in of Equity Shares to be Allotted, if any, to the Anchor Investors**

50% of the Equity Shares allotted to Anchor Investors under the Anchor Investor Portion shall be locked-in for a period 90 days from the date of Allotment and the remaining 50% shall be locked-in for a period of 30 days from the date of Allotment.

12. **Details of sales or purchases of securities of our Company by our Promoters, directors of our Corporate Promoter, the members of our Promoter Group or our Directors or their relatives during the six months preceding the date of this Draft Red Herring Prospectus**

Other than as mentioned below, there has been no sale or purchase of Equity Shares of our Company by our Promoters, directors of our Corporate Promoter, the members of our Promoter Group or our Directors or their

relatives during the six months preceding the date of this Draft Red Herring Prospectus:

Name of Promoter/ Promoter Group/ Director of Promoter/ Directors/ Relatives of Directors	Promoter/ Promoter Group/ Director of Promoter/ Directors/ Relatives of Directors	Sale/ purchase/ Gift	Number of equity shares subscribed/ purchase d	Number of equity shares sold	Face value of equity shares	Price at which equity shares was subscribed/ sold	Date at which equity shares was subscribed/ sold
Tarun Sanjay Mehta	Promoter	Gift	-	3,000	1	N.A.	March 26, 2024
Tarun Sanjay Mehta	Promoter	Gift	-	2,000	1	N.A.	March 26, 2024
Swapnil Babanlal Jain	Promoter	Gift	-	2,500	1	N.A.	June 4, 2024
Swapnil Babanlal Jain	Promoter	Gift	-	2,500	1	N.A.	June 6, 2024
Babanlal Girdharilal Jain	Promoter Group	Gift	-	652,500	1	N.A.	August 7, 2024
Hero MotoCorp Limited	Promoter	Purchase	1,051,047	-	1	210.73	August 5, 2024
Mehta Family Trust	Promoter Group	Gift	3,000	-	1	N.A.	March 26, 2024
Tarun Swarna Family Trust.	Promoter Group	Gift	2,000	-	1	N.A.	March 26, 2024
Babanlal Girdharilal Jain	Promoter Group	Gift	2,500	-	1	N.A.	June 4, 2024
Jain Family Trust	Promoter Group	Gift	2,500	-	1	N.A.	June 6, 2024
Swapnil Jain Family Trust	Promoter Group	Gift	652,500	-	1	N.A.	August 7, 2024

Other than as mentioned below, there has been no sale or purchase of Preference Shares of our Company by our Promoters, directors of our Corporate Promoter, the members of our Promoter Group or our Directors or their relatives during the six months preceding the date of this Draft Red Herring Prospectus:

Name of Promoter/ Promoter Group/ Director of Promoter/ Directors/ Relatives of Directors	Promoter/ Promoter Group/ Director of Promoter/ Directors/ Relatives of Directors	Sale/ purchase	Number of preference shares subscribed/ purchased	Face value of preference shares	Number of preference shares sold	Price at which preference shares was subscribed/ sold	Date at which preference shares was subscribed/ sold
Hero MotoCorp Limited	Promoter	Purchase	7,759 Series C CCPS	10	-	44,090	March 20, 2024
Hero MotoCorp Limited	Promoter	Purchase	20,189 Series D CCPS	10	-	44,090	March 20, 2024
Hero MotoCorp Limited	Promoter	Purchase	3,672 Series Seed Four CCPS	37	-	44,090	March 20, 2024
Hero MotoCorp Limited	Promoter	Purchase	8,450 Series C CCPS	10	-	55,000	August 2, 2024
Hero MotoCorp Limited	Promoter	Purchase	4,495 CCPS	10	-	55,000	August 2, 2024
Hero MotoCorp Limited	Promoter	Purchase	5,543 Series D CCPS	10	-	55,000	August 2, 2024

### 13. Our shareholding pattern

The table below represents the shareholding pattern of our Company as on the date of this Draft Red Herring Prospectus:

Category (I)	Category of shareholder (II)	Number of shareholders (III)	Number of fully paid up Equity Shares held (IV)	Number of partly paid-up Equity Shares held (V)	Number of shares underlying Depository Receipts (VI)	Total number of shares of Re 1 held (VII) =(IV)+(V)+(VI)	Shareholding as a % of total number of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)			Number of Equity Shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2)^	Number of Locked in Equity Shares (XII)		Number of Equity Shares pledged* or otherwise encumbered (XIII)		Number of Equity Shares held in dematerialized form (XIV)	
								Class eg: Equity Shares	Class eg: Others	Total			Number As a % of total Shares held (a)	Number As a % of total Shares held (b)	Number As a % of total Shares held (a)	Number As a % of total Shares held (b)		
(A)	Promoter and promoter group	7	25,630,461	-	-	25,630,461	83.20%	25,630,461	-	25,630,461	83.20	133,098,255	52.91%	-	-	6,238,714	3.93%	25,630,461
(B)	Public	25	5,176,935	-	-	5,176,935	16.80%	5,176,935	-	5,176,935	16.80	136,098,421	47.09%	-	-	-	-	4,255,605
(C)	Non-promoter – non public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C1)	Equity shares underlying depository receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C2)	Equity shares held by employee trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Total</b>	<b>32</b>	<b>30,807,396</b>	<b>-</b>	<b>-</b>	<b>30,807,396</b>	<b>100.00%</b>	<b>30,807,396</b>	<b>-</b>	<b>30,807,396</b>	<b>100</b>	<b>269,196,676</b>	<b>100.00%</b>	<b>-</b>	<b>-</b>	<b>6,238,714</b>	<b>3.93%</b>	<b>29,886,066</b>

\*As of the date of this Draft Red Herring Prospectus, 3,119,357 Equity Shares held by Tarun Sanjay Mehta and 3,119,357 Equity Shares held by Swapnil Babanlal Jain are pledged or are otherwise encumbered.

^ Calculated on the basis of total Equity Shares held and such number of Equity Shares on a fully diluted basis, including those which will result upon conversion of outstanding Preference Shares.

Note: As on the date of this Draft Red Herring Prospectus, there are 17,436,522 Preference Shares that are outstanding. Prior to filing of the Red Herring Prospectus with the RoC the following CCPS will convert maximum of upto 269,196,676 Equity Shares in accordance with the SEBI ICDR Regulations:

- 710 Series Seed - One CCPS shall be converted to 185,310 Equity Shares.
- 530 Series Seed - Two CCPS shall be converted to 138,330 Equity Shares.
- 350 Series Seed - Three CCPS shall be converted to 91,350 Equity Shares.
- 21,900 Series Seed - Four CCPS shall be converted to 5,715,900 Equity Shares.
- 74,732 Series A CCPS shall be converted to 19,505,052 Equity Shares.
- 99,826 Series B CCPS shall be converted to 26,054,586 Equity Shares.
- 29,347 Series B1 CCPS shall be converted to 8,146,071 Equity Shares.
- 29,699 Series C CCPS shall be converted to 7,751,961 Equity Shares.
- 20,688 Series C1 CCPS shall be converted to 5,400,351 Equity Shares.

- (j) 88,040 Series D CCPS shall be converted to 22,978,440 Equity Shares.
- (k) 193,789 Series E CCPS shall be converted to 50,578,929 Equity Share.
- (l) 51,359 Series E1 CCPS shall be converted to 13,404,699 Equity Shares.
- (m) 204,391 Series E2 CCPS shall be converted to 53,346,051 Equity Shares.
- (n) 74,148 Series F CCPS shall be converted up to a maximum of 19,352,628 Equity Shares.
- (o) 18,088 CCPS shall be converted to 4,720,968, Equity Shares and 16,528,925 Series G CCPS shall be converted up to a maximum of 31,826,050 Equity Shares.

*[The remainder of this page has been intentionally left blank]*

14. As on the date of this Draft Red Herring Prospectus, our Company has 32 Shareholders, based on number of folios.

15. **Shareholding of our Directors, Key Managerial Personnel and Senior Management in our Company**

Except as stated below, none of our Directors, Key Managerial Personnel or Senior Management hold any Equity Shares:

S.No.	Name	Number of Equity Shares	Number of Equity Shares on fully diluted basis	Percentage of pre-Offer Equity Share capital on a fully diluted basis <sup>^</sup>
1.	Tarun Sanjay Mehta	10,841,418	20,517,732*	6.63%
2.	Swapnil Babanlal Jain	10,841,418	20,517,732*	6.63%

\*Includes 37,074 compulsorily convertible preference shares.

<sup>^</sup> Calculated on the basis of total Equity Shares held and such number of Equity Shares on a fully diluted basis, including those which will result upon conversion of outstanding Preference Shares and vested options under ESOP Scheme.

16. **Details of shareholding of the major shareholders of our Company**

(a) Set forth below are details of shareholders holding 1% or more of the issued, subscribed and paid-up share capital of our Company as on the date of this Draft Red Herring Prospectus:

S. No.	Name of Shareholder	Number of Equity Shares	Number of Preference Shares	Number of Equity Shares on a fully diluted basis	Percentage of pre-Offer Equity Share capital on a fully diluted basis (%) <sup>*#@</sup>
1.	Hero MotoCorp Limited	1,337,625	433,938	115,083,252	37.20%
2.	Caladium Investment Pte Ltd	26,100	178,116	46,514,376	15.04%
3.	India-Japan Fund (represented by and acting through its investment manager, National Investment and Infrastructure Fund Limited)	-	16,528,925	31,826,050	10.29%
4.	Tarun Sanjay Mehta	10,841,418	37,074	20,517,732	6.63%
5.	Swapnil Babanlal Jain	10,841,418	37,074	20,517,732	6.63%
6.	National Investment and Infrastructure Fund II (represented by and acting through its investment manager, National Investment and Infrastructure Fund Limited)	26,100	78,107	20,412,027	6.60%
7.	Internet Fund III Pte. Ltd.	26,100	75,612	19,760,832	6.39%
8.	NKSquared	13,050	26,301	6,877,611	2.22%
9.	Kamath Associates	13,050	26,300	6,877,350	2.22%
<b>Total</b>		<b>23,124,861</b>	<b>17,421,447</b>	<b>288,386,962</b>	<b>93.23%</b>

\* Calculated on the basis of total Equity Shares held and such number of Equity Shares on a fully diluted basis, including those which will result upon conversion of outstanding Preference Shares and vested options under ESOP Scheme.

# The Board of Directors of our Company in its meeting held on June 18, 2024 and shareholders of our Company in the Extraordinary General Meeting held on June 21, 2024 approved the issuance of bonus equity share of ₹ 1 each in the ratio of 260:1 and 224:1 for the equity shares of ₹ 1 each and for the equity shares of ₹ 37 each respectively and also approved the sub-division of 3,530 equity shares of ₹ 37 each into 1,30,610 equity shares of ₹ 1 each. The conversion ratio of the Compulsory Convertible Preference Shares into Equity Shares and the employee stock options along with its price per option have been adjusted accordingly.

@ The issue price for Series G CCPS is ₹ 363 per share. However, this indicates the maximum number of Equity Shares that may be issued upon conversion in accordance with such terms of the issue.

- (b) Set forth below are details of shareholders holding 1% or more of the issued, subscribed and paid-up share capital of our Company as of 10 days prior to the date of this Draft Red Herring Prospectus:

S. No.	Name of Shareholder	Number of Equity Shares	Number of Preference Shares	Number of Equity Shares on a fully diluted basis	Percentage of pre-Offer Equity Share capital on a fully diluted basis(%) <sup>*#</sup>
1.	Hero MotoCorp Limited	1,337,625	433,938	115,083,252	41.47%
2.	Caladium Investment Pte Ltd	26,100	178,116	46,514,376	16.76%
3.	Tarun Sanjay Mehta	10,841,418	37,074	20,517,732	7.39%
4.	Swapnil Babanlal Jain	10,841,418	37,074	20,517,732	7.39%
5.	National Investment and Infrastructure Fund II (represented by and acting through its investment manager, National Investment and Infrastructure Fund Limited),	26,100	78,107	20,412,027	7.36%
6.	Internet Fund III Pte. Ltd.	26,100	75,612	19,760,832	7.12%
7.	NKSquared	13,050	26,301	6,877,611	2.48%
8.	Kamath Associates	13,050	26,300	6,877,350	2.48%
9.	3State Ventures Pte. Ltd.	-	10,950	2,857,950	1.03%
<b>Total</b>		<b>23,124,861</b>	<b>903,472</b>	<b>259,418,862</b>	<b>93.49%</b>

\* Calculated on the basis of total Equity Shares held and such number of Equity Shares on a fully diluted basis, including those which will result upon conversion of outstanding Preference Shares and vested options under ESOP Scheme.

# The Board of Directors of our Company in its meeting held on June 18, 2024 and shareholders of our Company in the Extraordinary General Meeting held on June 21, 2024 approved the issuance of bonus equity share of ₹ 1 each in the ratio of 260:1 and 224:1 for the equity shares of ₹ 1 each and for the equity shares of ₹ 37 each respectively and also approved the sub-division of 3,530 equity shares of ₹ 37 each into 1,30,610 equity shares of ₹ 1 each. The conversion ratio of the Compulsory Convertible Preference Shares into Equity Shares and the employee stock options along with its price per option have been adjusted accordingly.

- (c) Set forth below are details of shareholders holding 1% or more of the issued, subscribed and paid-up share capital of our Company as of one year prior to the date of this Draft Red Herring Prospectus:

S. No.	Name of Shareholder	Number of Equity Shares	Number of Preference Shares	Number of equity shares on a fully diluted basis	Percentage of pre-Offer Equity Share capital on a fully diluted basis(%) <sup>*</sup>
1.	Hero MotoCorp Limited	1,098	264,006	271,674	35.15%
2.	Sachin Bansal	4,127	98,214	104,724	13.55%
3.	Caladium Investment Pte Ltd	100	81,834	81,934	10.60%
4.	National Investment and Infrastructure Fund II (represented by and acting through its investment manager, National Investment and Infrastructure Fund Limited),	100	76,546	76,646	9.92%
5.	Internet Fund III Pte. Ltd.	100	75,612	75,712	9.79%
6.	Tarun Sanjay Mehta	44,800	-	46,538	6.02%
7.	Swapnil Babanlal Jain	44,800	-	46,538	6.02%
8.	3State Ventures Pte. Ltd.	0	10,950	10,950	1.42%
9.	Arun Vinayak	8,420	-	8,420	1.09%
<b>Total</b>		<b>103,545</b>	<b>607,162</b>	<b>723,136</b>	<b>93.55%</b>

\* Calculated on the basis of total Equity Shares held and such number of Equity Shares on a fully diluted basis, including those which will

result upon conversion of outstanding Preference Shares and vested options under ESOP Scheme.

- (d) Set forth below are details of shareholders holding 1% or more of the issued, subscribed and paid-up share capital of our Company as of two years prior to the date of this Draft Red Herring Prospectus:

S. No.	Name of Shareholder	Number of Equity Shares	Number of Preference Shares	Number of equity shares on a fully diluted basis	Percentage of pre- Offer Equity Share capital on a fully diluted basis(%) <sup>*</sup>
1.	Hero MotoCorp Limited	1,098	264,006	271,674	38.21%
2.	Sachin Bansal	4,127	98,214	104,724	14.73%
3.	National Investment and Infrastructure Fund II ( <i>represented by and acting through its investment manager, National Investment and Infrastructure Fund Limited</i> ),	100	76,546	76,646	10.78%
4.	Internet Fund III Pte. Ltd.	100	75,612	75,712	10.65%
5.	Tarun Sanjay Mehta	44,800	-	44,800	6.30%
6.	Swapnil Babanlal Jain	44,800	-	44,800	6.30%
7.	Caladium Investment Pte Ltd	100	30,558	30,658	4.31%
8.	Arun Vinayak	8,420	-	8,420	1.18%
9.	3State Ventures Pte. Ltd.	0	10,950	10,950	1.54%
<b>Total</b>		<b>103,545</b>	<b>555,886</b>	<b>668,384</b>	<b>93.99%</b>

<sup>\*</sup> Calculated on the basis of total Equity Shares held and such number of Equity Shares on a fully diluted basis, including those which will result upon conversion of outstanding Preference Shares and vested options under ESOP Scheme.

- (e) There have been no financing arrangements whereby our Promoters, members of the Promoter Group, directors of our Corporate Promoter, our Directors and their relatives have financed the purchase by any other person of securities of our Company during the period of six months immediately preceding the date of filing of this Draft Red Herring Prospectus.
- (f) Our Company, our Directors and the BRLMs have not entered into any buy-back arrangement for purchase of the Equity Shares being offered through the Offer.
- (g) The Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of this Draft Red Herring Prospectus. The Equity Shares to be issued or transferred pursuant to the Offer shall be fully paid-up at the time of Allotment.
- (h) None of our BRLMs and their respective associates (as defined under the SEBI Merchant Bankers Regulations) hold any Equity Shares of face value of ₹1 each in our Company as on the date of this Draft Red Herring Prospectus.
- (i) As on the date of this Draft Red Herring Prospectus, the BRLMs and their respective associates (as defined in the SEBI Merchant Bankers Regulations) do not hold any Equity Shares of our Company. The BRLMs and their respective associates and affiliates in their capacity as principals or agents may engage in transactions with, and perform services for, our Company and its respective directors and officers, partners, trustees, affiliates, associates or third parties in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with our Company and each of its respective directors and officers, partners, trustees, affiliates, associates or third parties, for which they have received, and may in the future receive, compensation.
- (j) Except for (i) employee stock options granted pursuant to ESOP Scheme, and (ii) the Preference Shares issued by our Company, there are no outstanding warrants, options or rights to convert debentures, loans or other



instruments into, or which would entitle any person any option to receive Equity Shares of our Company, as on the date of this Draft Red Herring Prospectus.

- (k) No person connected with the Offer, including, but not limited to, our Company, the Selling Shareholders, the members of the Syndicate, or our Directors, shall offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise to any Bidder for making a Bid.
- (l) Except for the allotment of specified securities pursuant to the (i) Fresh Issue, (ii) conversion of Preference Shares, (iii) exercise of employee stock options under ESOP Scheme, and (iv) Pre-IPO Placement, if any, there will be no further issue of specified securities whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from the date of filing of this Draft Red Herring Prospectus with SEBI until the Equity Shares have been listed on the Stock Exchanges or all application monies have been refunded, as the case may be.
- (m) Except for the Equity Shares to be allotted pursuant to the Fresh Issue, exercise of employee stock options under ESOP scheme and Pre-IPO Placement there is no proposal or intention, negotiations or consideration by our Company to alter its capital structure by way of split or consolidation of the specified securities on a preferential basis or issue of bonus or rights or further public offer of such securities, within a period of six months from the Bid/Offer Opening Date.
- (n) There is no proposal or intention, negotiations or consideration by our Company to alter its capital structure by way of split or consolidation of the Equity Shares or issue of Equity Shares or convertible securities on a preferential basis or issue of bonus or rights or further public offer of such securities, within a period of six months from the Bid/Offer Opening Date.
- (o) Our Company shall ensure that there shall be only one denomination of the Equity Shares, unless otherwise permitted by law.
- (p) The issuance of securities since incorporation until the date of this Draft Red Herring Prospectus, by our Company had been undertaken in accordance with the provisions of the Companies Act, as to the extent applicable.
- (q) Our Company will comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
- (r) All transactions in specified securities our Promoters and members of our Promoter Group between the date of filing of this Draft Red Herring Prospectus and the date of closing of the Offer shall be reported to the Stock Exchanges within 24 hours of such transactions.
- (s) **Employee Stock Option Scheme**

#### **Ather Energy ESOP Plan 2024 (“ESOP Scheme”)**

The ESOP Scheme was last amended pursuant to the resolutions passed by our Board and the Shareholders dated August 27, 2024 and September 5, 2024 respectively.

ESOP Scheme is in compliance with the SEBI SBEB & SE Regulations. All options under the ESOP Scheme that have been granted till the date of this Draft Red Herring Prospectus have been granted only to employees of our Company and such options have been granted in compliance with Companies Act.

The details of the ESOP Scheme, as certified by Manian & Rao, Chartered Accountants, pursuant to their certificate dated September 9, 2024 are as follows:

Particulars	Details <sup>^</sup>			
	Fiscal 2022	Fiscal 2023	Fiscal 2024	For the period from April 1, 2024 till the date of this Certificate
Options granted	2,483,415	2,799,225	2,220,987	4,286,062
Number of employees to whom options were granted	360	368	323	398
Options vested (Excluding options that have been exercised)	649,890	1,128,303	2,475,063	471,627
Options exercised	Nil	Nil	Nil	Nil
Options forfeited/ lapsed/ cancelled	405,333	725,841	199,926	170,694
Options outstanding (including vested and unvested options)	8,062,551	10,135,935	12,156,996	16,272,364
Exercise price of options – weighted average exercise price per option (in ₹)	Negligible*	Negligible*	Negligible*	Negligible*
Total number of Equity Shares that would arise as a result of full exercise of options granted (net of forfeited/ lapsed/ cancelled options) (vested and unvested options)	8,062,551	10,135,935	12,156,996	16,272,364
Variation in terms of options	There are no variations in the terms of the options.			
Money realised by exercise of options (in ₹ million)	Nil	Nil	Nil	Nil
Total number of options in force (vested and unvested options)	8,062,551	10,135,935	12,156,996	16,272,364
Employee wise details of options granted to				
(i) Key Managerial Personnel				
Puja Aggarwal	Nil	Nil	6,786	6,525
Sohil Dilipkumar Parekh	Nil	13,050	15,660	195,750
(ii) Senior Managerial Personnel				
Sunitha Lal	58,725	143,550	107,271	192,357
Ravneet Singh Phokela	52,200	234,900	Nil	255,524
Sanjeev Kumar Singh	Nil	52,200	50,112	179,307
Harendra Saksena	Nil	62,640	52,200	179,307
Milind Suresh Kotheekar	19,575	48,807	52,200	92,655
(iii) Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year				
Deepak Jain	Nil	143,550	Nil	Nil
(iv) Identified employees who are granted options, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant			Nil	
Fully diluted EPS on a pre- Offer basis pursuant to the issue of Equity Shares on exercise of options calculated in accordance with the applicable accounting standard on 'Earnings per Share' (in ₹) for continuing and discontinued operations	(27)	(48)	(47)	Not Available*

Particulars	Details <sup>^</sup>			
	Fiscal 2022	Fiscal 2023	Fiscal 2024	For the period from April 1, 2024 till the date of this Certificate
Difference between employee compensation cost calculated using the intrinsic value of stock options and the employee compensation cost that shall have been recognised if the Company had used fair value of options and impact of this difference on profits and EPS of the Company	Not Applicable. As per the Restated Financial Information, the fair value has been determined as per the Black Scholes Merton Model			
Description of the pricing formula and the method and significant assumptions used during the year to estimate the fair values of options, including weighted-average information, namely, risk-free interest rate, expected life, expected volatility, expected dividends and the price of the underlying share in market at the time of grant of the option	Fair Value under Black Scholes Merton Model			
- Expected Volatility (% p.a.)	50%	40%	35%	NA
-Weighted average share price (INR)	1 to 73,824	1 to 78,008	1 to 78,008	NA
- Expected life of the Options	5-8 years	5-8 years	5-8 years	NA
- Risk Free Rate of Return (%)	5.42%- 6.16%	6.32% - 7.19%	6.86% - 7.11%	NA
- Expected Dividends (% p.a.)	0%	0%	0%	NA
Impact on profits and EPS of the last three years if the Company had followed the accounting policies specified in the SEBI SBEB & SE Regulations in respect of options granted in the last three years	Not Applicable			
Intention of the Key Managerial Personnel, Senior Managerial Personnel and whole-time directors who are holders of Equity Shares allotted on exercise of options granted under an employee stock option scheme or allotted under an employee stock purchase scheme, to sell their Equity Shares within three months after the date of listing of the Equity Shares in the Offer (aggregate number of Equity Shares intended to be sold by the holders of options), if any	Not Applicable			
Intention to sell Equity Shares arising out of an employee stock option scheme or allotted under an employee stock purchase scheme within three months after the date of listing, by Directors, senior managerial personnel and employees having Equity Shares issued under an employee stock option scheme or employee stock purchase scheme amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions) of the Company	Not Applicable			

<sup>^</sup> The Board of Directors of our Company in its meeting held on June 18, 2024 and shareholders of our Company in the Extraordinary General Meeting held on June 21, 2024 approved the issuance of bonus equity share of ₹ 1 each in the ratio of 260:1 and 224:1 for the equity shares of ₹ 1 each and for the equity shares of ₹ 37 each, respectively. The conversion ratio of the Compulsory Convertible Preference Shares into Equity Shares and the employee stock options along with its price per option have been adjusted accordingly.

\*This is less than ₹1.

<sup>+</sup> This is not available since the books of accounts of our Company are not audited post March 31, 2024

## OBJECTS OF THE OFFER

The Offer comprises of a Fresh Issue of [●] Equity Shares, aggregating up to 31,000 million by our Company and an Offer for Sale of up to 22,000,766 Equity Shares, aggregating to ₹ [●] million by the Selling Shareholders. See “*Summary of the Draft Offer Document*” and “*The Offer*” on pages 22 and 87, respectively.

### Offer for Sale

Each of the Selling Shareholders shall be entitled to its respective portion of the proceeds of the Offer for Sale after deducting its proportion of the Offer expenses and relevant taxes thereon. See “- *Offer-related expenses*” on page 162. Our Company will not receive any proceeds from the Offer for Sale and the proceeds received from the Offer for Sale will not form part of the Net Proceeds.

### Fresh Issue

The details of the Proceeds of the Fresh Issue are summarized in the table below.

Particulars	Estimated Amount (in ₹ million)
<b>Gross Proceeds of the Fresh Issue</b>	31,000 <sup>(1)</sup>
<i>Less: Offer expenses to the extent applicable to the Fresh Issue (only those apportioned to our Company)</i>	[●] <sup>(2)</sup>
<b>Total Net Proceeds</b>	[●] <sup>(1)(2)</sup>

(1) *Includes the proceeds, if any, received pursuant to the Pre-IPO Placement of up to ₹ 6,200 million, which may be undertaken at the discretion of our Company, in consultation with the BRLMs, prior to filing of the Red Herring Prospectus. If the Pre-IPO Placement is completed, the amount raised pursuant to the Pre-IPO Placement, will be reduced from the Fresh Issue, subject to compliance with Rule 19(2)(b) of the SCRR. The Pre-IPO Placement shall not exceed 20% of the size of the Fresh Issue. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company, in consultation with the BRLMs. Prior to the completion of the Offer, our Company shall appropriately intimate the subscribers to the Pre-IPO Placement, prior to allotment pursuant to the Pre-IPO Placement, that there is no guarantee that our Company may proceed with the Offer or the Offer may be successful and will result into listing of the Equity Shares on the Stock Exchanges. Further, relevant disclosures in relation to such intimation to the subscribers to the Pre-IPO Placement (if undertaken) shall be appropriately made in the relevant sections of the RHP and Prospectus.*

(2) *To be finalized upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC.*

### Requirements of funds

Our Company proposes to utilize the Net Proceeds towards funding the following objects (collectively, referred to herein as the “**Objects**”):

1. Capital expenditure to be incurred by our Company for establishment of an E2W factory in Maharashtra, India;
2. Repayment/ pre-payment, in full or part, of certain borrowings availed by our Company;
3. Investment in research and development;
4. Expenditure towards marketing initiatives; and
5. General corporate purposes.

In addition, our Company expects to receive the benefits of listing of the Equity Shares on the Stock Exchanges, including among other things, enhancement of our Company’s brand name among existing and potential customers and creation of a public market for the Equity Shares in India.

The main objects and the objects incidental or ancillary to the attainment of the main objects, as set out in our Memorandum of Association, enable our Company to undertake the activities proposed to be funded from the Net Proceeds.

### Utilisation of Net Proceeds

We propose to utilize the Net Proceeds in the manner set forth in the table below:

S. No.	Particulars	Estimated Amount (in ₹ million) <sup>(2)</sup>
1.	Capital expenditure to be incurred by our Company for establishment of an E2W factory in Maharashtra, India	9,272
2.	Repayment/ pre-payment, in full or part, of certain borrowings availed by our Company	3,782
3.	Investment in research and development	7,500
4.	Expenditure towards marketing initiatives	3,000
5.	General corporate purposes <sup>(1)</sup>	[●]
	<b>Total Net Proceeds<sup>(1)</sup></b>	<b>[●]</b>

<sup>(1)</sup> To be finalized upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC. The amount to be utilized towards general corporate purposes shall not exceed 25% of the Gross Proceeds.

<sup>(2)</sup> Includes the proceeds, if any, received pursuant to the Pre-IPO Placement of up to ₹ 6,200 million, which may be undertaken at the discretion of our Company, in consultation with the BRLMs, prior to filing of the Red Herring Prospectus. If the Pre-IPO Placement is completed, the amount raised pursuant to the Pre-IPO Placement, will be reduced from the Fresh Issue, subject to compliance with Rule 19(2)(b) of the SCRR. The Pre-IPO Placement shall not exceed 20% of the size of the Fresh Issue. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company, in consultation with the BRLMs. Prior to the completion of the Offer, our Company shall appropriately intimate the subscribers to the Pre-IPO Placement, prior to allotment pursuant to the Pre-IPO Placement, that there is no guarantee that our Company may proceed with the Offer or the Offer may be successful and will result into listing of the Equity Shares on the Stock Exchanges. Further, relevant disclosures in relation to such intimation to the subscribers to the Pre-IPO Placement (if undertaken) shall be appropriately made in the relevant sections of the RHP and Prospectus.

### Proposed schedule of implementation and deployment of Net Proceeds

We propose to deploy the Net Proceeds towards the Objects in accordance with the estimated schedule of implementation and deployment of funds as set forth in the table below:

Particulars	(in ₹ million)				
	Estimated amount proposed to be funded from Net Proceeds	Estimated deployment of Net Proceeds in Fiscal 2025 <sup>(2)</sup>	Estimated deployment of Net Proceeds in Fiscal 2026 <sup>(2)</sup>	Estimated deployment of Net Proceeds in Fiscal 2027 <sup>(2)</sup>	Estimated deployment of Net Proceeds in Fiscal 2028 <sup>(2)</sup>
1. Capital expenditure to be incurred by our Company for establishment of an E2W factory in Maharashtra, India	9,272	1,080	8,192	-	-
2. Repayment/ pre-payment, in full or part, of certain borrowings availed by our Company	3,782	682	3,100	-	-
3. Investment in research and development	7,500	580	2,430	2,450	2,040
4. Expenditure towards marketing initiatives	3,000	100	1,400	1,500	-
5. General corporate purposes <sup>(1)</sup>	[●]	[●]	[●]	[●]	[●]
<b>Total Net Proceeds<sup>(2)</sup></b>	<b>[●]</b>	<b>[●]</b>	<b>[●]</b>	<b>[●]</b>	<b>[●]</b>

<sup>(1)</sup> To be finalized upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC. The amount to be utilized towards general corporate purposes shall not exceed 25% of the Gross Proceeds.

<sup>(2)</sup> Includes the proceeds, if any, received pursuant to the Pre-IPO Placement of up to ₹ 6,200 million, which may be undertaken at the discretion of our Company, in consultation with the BRLMs, prior to filing of the Red Herring Prospectus. If the Pre-IPO Placement is completed, the amount raised pursuant to the Pre-IPO Placement, will be reduced from the Fresh Issue, subject to compliance with Rule 19(2)(b) of the SCRR. The Pre-IPO Placement shall not exceed 20% of the size of the Fresh Issue. Prior to the completion of the Offer, our Company shall appropriately intimate the subscribers to the Pre-IPO Placement, prior to allotment pursuant to the Pre-IPO Placement, that there is no guarantee that our Company may proceed with the Offer or the Offer may be successful and will result into listing of the Equity Shares on the Stock Exchanges. Further, relevant disclosures in relation to such intimation to the subscribers to the Pre-IPO Placement (if undertaken) shall be appropriately made in the relevant sections of the RHP and Prospectus.

Other than the report titled ‘Project Cost Vetting Report’ provided by D&B dated September 6, 2024 (the “D&B Report”) on which we have relied on, in relation to the establishment of an E2W factory in Maharashtra, India and particularly, in relation to infrastructure (land development, civil and building), production equipment, utilities and other equipment and contingencies, the deployment of funds indicated above is based on management estimates, current circumstances of our business and prevailing market conditions, all of which are subject to

change. We intend to deploy the Net Proceeds towards the Objects as disclosed in the table above, in accordance with the business needs of our Company. The deployment of funds described herein has not been appraised by any bank or financial institution or any other independent agency. The actual deployment of funds shall be based on our current business plan, internal management estimates, prevailing market conditions and other commercial and technical factors, including interest rates and other charges, and the financing and other agreements entered into by our Company. We may have to revise our funding requirements and deployment from time to time on account of various factors, such as, change in cost, financial and market conditions, demand for our products, change in technology, our management's analysis of economic trends and business requirements, competitive landscape, ability to identify and consummate proposed investments as well as general factors affecting our results of operations, financial condition, access to capital, business and strategy and interest/exchange rate fluctuations or other external factors, which may not be within the control of our management. For further details, please see "**Risk Factors – We are subject to risks associated with exchange rate fluctuations.**" on page 75.

If the Net Proceeds are not utilized (in full or in part) for the Objects during the respective periods stated above due to factors such as (i) the timing of completion of the Offer; (ii) market conditions outside the control of our Company; and (iii) any other business and commercial considerations, the remaining Net Proceeds shall be utilized (in part or full) in subsequent periods as may be determined by our Company, in accordance with applicable laws. This may entail rescheduling the proposed utilization of the Net Proceeds and changing the deployment of funds at the discretion of our management, subject to compliance with applicable laws. Further, our Company may decide to accelerate the estimated deployment of Net Proceeds ahead of the schedule of implementation specified above. Any such change in our plans may require rescheduling of our expenditure programs and increasing or decreasing expenditure for a particular Object vis-à-vis the utilization of Net Proceeds.

## **Details of the Objects**

### **I. Capital expenditure to be incurred by our Company for establishment of an E2W factory in Maharashtra, India**

As per CRISIL Report, the E2W penetration is expected to increase to 35-40% by Fiscal 2031, from 5.1% in Fiscal 2024. To cater to the growing demand of the segment, enable new product launches (scooters and motorcycles) and to mitigate the critical supply chain risk around key manufacturing processes, we propose to construct a factory in Chhatrapati Sambhajnagar, Maharashtra, India at Aurangabad Industrial City (AURIC), BIDKIN ("**Factory 3.0**") with the approval of Maharashtra Industrial Township Limited ("**MITL**"). The Board of our Company pursuant to its resolution dated June 6, 2024 has approved the establishment of Factory 3.0.

Factory 3.0 will be set up in two phases, of which Phase I of Factory 3.0 ("**Project**") is proposed to be partly financed through the Net Proceeds. The Project is expected to commence production in May, 2026 in a phased manner and be completed in full by March, 2027, with a production capacity of 0.5 million E2Ws per year, based on the D&B Report. Factory 3.0 is expandable to a total production capacity of 1.00 million E2Ws per year upon completion of both phases (*Source: D&B Report*). Our Company proposes to invest an amount of ₹ 9,272 million in the Project, from the Net Proceeds.

We believe that spreading out our Hosur plant and Factory 3.0, each situated in different geographical areas in India, will enable us to alleviate some of the risks inherent in the manufacturing process, such as natural disasters, electricity outages and labour disputes. For further details of such risks, please see "**Risk Factors – We currently depend on our Hosur Plant for the manufacturing and assembly of our electric two-wheelers and battery, and any disruptions to the operations of our Hosur Plant could materially adversely affect our business, financial condition and results of operations**" on page 47. According to the CRISIL Report, E2W penetration rate is high in West India and we therefore seek to leverage the location of Factory 3.0 in Maharashtra, and the strong automotive supplier base in the region, to reduce cost of logistics and aim to reach customers faster.

At Factory 3.0, we plan to vertically integrate additional automation technologies and manufacturing lines for selected manufacturing processes such as transmission assembly, painting, and electronics assembly, that we currently outsource to third-party OEM manufacturers, in order to achieve greater cost efficiencies in our production process, enhance our control over the quality of our products, increase flexibility in introducing and managing variants and mitigate supply chain risk. Once we execute such manufacturing processes, in-house, we are also likely to achieve economies of scale and drive better operational efficiencies. This approach will also provide us with greater agility in responding to changes in customer demand and greater resilience to supply disruptions. In addition, we plan to manufacture our new scooter and motorcycle platforms at Factory 3.0, with a phased expansion plan, to ensure efficient capital utilisation.

The proposed timeline for implementation of the various activities in relation to the Project are set out below:

Particulars	Timeline of completion
Sub-lease of land	August 2024

Particulars	Estimated schedule of commencement	Estimated schedule of completion
<b>Phase I timeline*</b>	<b>January 2025</b>	<b>March 2027</b>
- Equipment	January 2025	June 2026
- Construction	March 2025	January 2026
- Installation and commissioning	October 2025	March 2027

\*Phase I is proposed to be completed by March 2027 for production with a targeted capacity of 0.5 million E2Ws (Source: D&B Report). In line with our capital efficient approach, we will commence production in a phased manner at the Factory 3.0, starting in May, 2026.

#### Estimated cost of the Project

The total estimated cost of the Project is ₹ 11,226.99 million (including contingencies and taxes), based on the D&B Report, of which ₹ 955.14 million has been deployed in respect of the Project as at August 31, 2024. We propose to utilize an aggregate of ₹ 9,272 million towards the capital expenditure to be incurred by our Company towards the Project, from the Net Proceeds. We confirm that there are firm arrangements of finance under Regulation 7(1)(e) of the SEBI ICDR Regulations through verifiable means towards at least 75% of the stated means of finance of the Project, excluding the amount to be raised from the Fresh Issue. In this regard, please note that our Company has raised ₹ 6,000 million through a private placement of 16,528,925 compulsorily convertible preference shares of face value ₹ 10 each to India-Japan Fund (represented by and acting through its investment manager, National Investment and Infrastructure Fund Limited) in September 2024, of which ₹ 1,000 million has been earmarked to fund the balance cost of the Project. For further details on the private placement to India-Japan Fund, please see “*Capital Structure - Preference share capital history of our Company*” on page 109.

As a part of the Project, we require investment in (a) land; (b) infrastructure (land development, civil and building); (c) production equipment; (d) utilities; and (e) contingency. The detailed break-up of the estimated cost of the Project, as per the D&B Report, is set forth below:

Particulars	Total estimated cost	(in ₹ million)	
		Amount deployed as at August 31, 2024	Balance amount to be funded
Land	955.14	955.14 <sup>(5)</sup>	-
Infrastructure (land development, civil and building)	3,833.46 <sup>(1)</sup>	-	3,833.46
Production equipment	3,827.29 <sup>(2)</sup>	-	3,827.29
Utilities	1,939.11 <sup>(3)</sup>	-	1,939.11
Contingency <sup>(6)</sup>	671.99 <sup>(4)</sup>	-	671.99
<b>Total</b>	<b>11,226.99</b>	<b>955.14</b>	<b>10,271.85</b>

(1) Inclusive of ₹ 603.99 million as taxes and duties.

(2) Inclusive of ₹ 604.57 million as taxes and duties.

(3) Inclusive of ₹ 294.07 million as taxes and duties.

(4) Inclusive of ₹ 105.18 million as taxes and duties.

(5) This amount deployed towards establishing the Project as on August 31, 2024 was from the amount received from the issuance of Series C3 NCDs by our Company to Stride Ventures Debt Fund II, of ₹ 1,000 million. In accordance with clause 9(F)(1) under Part A of Schedule VI of the SEBI ICDR Regulations, our Company has obtained the requisite Statutory Auditor's report dated September 6, 2024 issued in accordance with Indian Standard on Related Services (SRS) 4400, “Engagements to Perform Agreed-upon Procedures regarding Financial Information”, issued by the Institute of Chartered Accountants of India, in relation to the sources of funds and the deployment of such funds.

(6) Our Company has considered a contingency of 7% on infrastructure, production equipment and utilities costs in case of any potential increase in scope of work as well as any cost impact in case of any policy and regulation changes.

The detailed break-down of estimated cost for the Project, in terms of the D&B Report, is set forth below:

S. No.	Vendor	Classifications of work (Major and minor)	Total estimated cost (in ₹ million)	Date of quotation	Period of validity, as applicable
<b>I. Infrastructure (land development, civil &amp; building)</b>					
	ECR Build Tech Private Limited	Infrastructure & utilities - civil	1,877.94	July 31, 2024	July 30, 2025
1.	Greenedge Architects and Designers	Infrastructure & utilities - landscaping	68.55	July 31, 2024	July 30, 2025
2.	Kirby Building Systems & Structures India Private Limited	Infrastructure & utilities - PEB	849.79	July 31, 2024	January 30, 2025
3.	Studiokon Ventures Private Limited	Infrastructure & civil - interior	391.17	August 1, 2024	July 30, 2025
4.	Jones Lang LaSalle Inc.	Infrastructure & utilities - PMC	42.02	August 1, 2024	December 31, 2024
<b>Total (A) Infrastructure</b>			<b>3,229.47</b>		
5.	Taxes as applicable		603.99		
<b>Total (B) Infrastructure + taxes as applicable</b>			<b>3,833.46</b>		
<b>II. Production equipment</b>					
6.	Taikisha Engineering Private Limited	India Equipment & machinery – ACED	260.18	June 7, 2024	June 6, 2025
7.	Taikisha Engineering Private Limited	India Equipment & machinery – paint shop	689.91	June 7, 2024	June 6, 2025
8.	Tass Maquina Private Limited	Equipment & machinery – Box builds	204.04	July 31, 2024	July 30, 2025
9.	Ingersoll Rand Inc	Equipment & machinery – Vehicle assembly tools	70.70	July 31, 2024	January 30, 2025
10.	Flexi Efficad Private limited		66.00	July 31, 2024	July 30, 2025
11.	Difacto Robotics and Automations Private Limited		119.06	August 1, 2024	July 31, 2025
12.	XNG Automation Solutions Private Limited		124.84	July 31, 2024	July 30, 2025
13.	F&K Delvotec Bondtechnik Singapore Pte. Limited		151.91	July 31, 2024	July 30, 2025
14.	Procyon Technsolutions Private Limited	Equipment & machinery - Battery assembly line	98.73	July 31, 2024	July 30, 2025
15.	New Dispensing Automation Private Limited		11.82	July 31, 2024	July 30, 2025
16.	Cosmo Instruments India Private Limited		19.91	August 1, 2024	July 31, 2025
17.	Atlascopco India Ltd., Belgium		26.17	August 1, 2024	December 31, 2024
18.	Inno Fixture and Gauge		99.10	July 31, 2024	July 30, 2025
19.	Urja Systems		114.28	August 2, 2024	August 1, 2025



S. No.	Vendor	Classifications of work (Major and minor)	Total estimated cost (in ₹ million)	Date of quotation	Period of validity, as applicable
20.	Blue Fin Engineering Enterprises		60.26	July 31, 2024	January 30, 2025
21.	Instant Procurement Services Private Limited		0.14	July 31, 2024	July 30, 2025
22.	Keller-ITS India LLP		4.79	July 30, 2024	July 29, 2025
23.	SuVeechi Technologies Private Limited		1.16	July 29, 2024	January 28, 2025
24.	Maini Precision Product Limited	Equipment & machinery – Warehouse	22.14	August 1, 2024	July 31, 2025
25.	NIDO Machineries Private Limited		1.75	July 31, 2024	January 30, 2025
26.	Datar Engineering & Consultancy Private Limited		14.32	August 1, 2024	July 31, 2025
27.	Crientors Automation Solutions Private Limited		104.96	June 7, 2024	June 6, 2025
28.	Sua Automation Pvt Ltd, Pune		16.34	July 31, 2024	July 31, 2025
29.	Movetech Conveyors Private Limited		149.50	July 31, 2024	July 30, 2025
30.	Dynomerck Controls India Private Limited		25.46	July 30, 2024	July 29, 2025
31.	Gravotech Engineering Private Limited	Equipment & machinery - Vehicle Line	2.73	July 31, 2024	March, 2025
32.	Ingersoll Rand (India) Limited		21.09	July 31, 2024	July 30, 2025
33.	Smart Storage Technologies		7.44	July 30, 2024	July 29, 2025
34.	S.S.Tools & Company		3.69	August 2, 2024	August 1, 2025
35.	Dynomerck Controls India Private Limited		18.88	July 31, 2024	July 31, 2025
36.	Ferro Foundries Private Limited		1.02	August 3, 2024	August 2, 2025
37.	ATS Elgi Ltd.		0.74	August 2, 2024	August 1, 2025
38.	Carl Zeiss India Private Limited		45.65	July 31, 2024	July 30, 2025
39.	FARO Business Technologies Private Limited		28.72	August 1, 2024	August 31, 2025
40.	Mitutoyo South Asia Private Limited		2.10	July 31, 2024	July 30, 2025
41.	Ssmith technologies	Equipment & machinery - IQC	16.07	July 30, 2024	December 31, 2024
42.	APM Technologies 3D Private Limited		5.4	July 31, 2024	July 30, 2025
43.	Perkin Elmer - Spectralytic Scientific India Private Limited		22.88	July 31, 2024	July 30, 2025
44.	Stanlay - Asian contec Ltd.		0.56	July 31, 2024	July 30, 2025

S. No.	Vendor	Classifications of work (Major and minor)	Total estimated cost (in ₹ million)	Date of quotation	Period of validity, as applicable
45.	Caltech Instruments Private Limited		0.53	August 23, 2024	September 22, 2024
46.	Effective Lab India		0.13	August 2, 2024	August 2, 2025
47.	Sams Advanced Climatic Technologies Private Limited		3.46	June 28, 2024	September 26, 2024
48.	Ittiam Industrial Needs		0.01	July 31, 2024	July 30, 2025
49.	Chennai Metco Private Limited		18.71	July 30, 2024	July 30, 2025
50.	Venture Instrumentation technology Private Limited		6.82	August 23, 2024	November 21, 2024
51.	Unitron Instrumentation technology Private Limited		10.50	September 5, 2024	December 4, 2024
52.	ABS Instruments Private Limited		3.25	July 31, 2024	December 15, 2024
53.	Thermofisher Scientific India Private Limited		24.69	June 28, 2024	October 31, 2024
54.	Addverb Technologies Limited		230.77	August 2, 2024	August 2, 2025
55.	Know All Edge Networks Private Limited	Equipment & machinery - Spares WH Equipment	44.93	August 1, 2024	July 31, 2025
56.	Fabricatio Industries		12.26	July 30, 2024	July 30, 2025
57.	PPG Asian Paints Private Limited		12.86	July 31, 2024	April 30, 2025
58.	Mitsubishi Electric India Private Limited	Equipment & machinery - Digital Manufacturing (MES)	82.10	July 31, 2024	July 31, 2025
59.	Sonata Information Technology Ltd.	Equipment & machinery – SAP Licenses	21.54	August 1, 2024	August 1, 2025
60.	Difacto Robotics and Automations Private Limited	Equipment & machinery - Battery rework Line	108.52	July 31, 2024	July 30, 2025
61.	SUA Automation Pvt. Ltd.		3.65	August 2, 2024	July 31, 2025
62.	Nilkamal Limited		0.28	August 2, 2024	January 29, 2025
63.	Shri Maruthi Hardwares		0.40	August 2, 2024	August 1, 2025
64.	Tetrahedron Manufacturing Services Private Limited	Equipment & machinery - Dojo centre -conveyor	0.97	August 2, 2024	August 1, 2025
65.	Fine steel Furnitures		0.09	August 2, 2024	August 1, 2025
66.	Sai Balaji Toolss		0.30	August 2, 2024	August 1, 2025
67.	Yume Newturn Private Limited		1.28	August 2, 2024	August 1, 2025
68.	S S Tools & Company		0.22	August 1, 2024	July 31, 2025
<b>Total (C)</b>			<b>3,222.72</b>		
69.	Taxes as applicable		604.57		
<b>Total (D) Production equipment + taxes as applicable</b>			<b>3,827.29</b>		
<b>III.</b>	<b>Utilities</b>				

S. No.	Vendor	Classifications of work (Major and minor)	Total estimated cost (in ₹ million)	Date of quotation	Period of validity, as applicable
70.	Safe Earth		35.00	July 31, 2024	June 30, 2025
71.	Classic Electrical Limited		235.69	July 31, 2024	December 30, 2024
72.	Engineers and Engineers (Electricals) Private Limited	Infra & Utilities – electrical	109.12	July 31, 2024	December 30, 2024
73.	Fuji Electric Private Limited		37.47	September 2, 2024	March 2025
74.	Powerica Limited		89.51	August 1, 2024	January 31, 2025
75.	Voltamp Transformers Limited		24.74	August 2, 2024	February 1, 2025
76.	VSPV & Gas projects Private Limited	Infra & Utilities – mechanical LNG	21.00	August 2, 2024	August 1, 2025
77.	Minsun Infra Private Limited		6.21	July 31, 2024	December 30, 2024
78.	Minsun Infra Private Limited	Infra & Utilities – mechanical HSD	7.31	July 31, 2024	December 30, 2024
79.	Minsun Infra Private Limited	Infra & Utilities - mechanical – piping distribution	26.63	July 31, 2024	December 30, 2024
80.	Atlas Copco Private Limited	Infra & Utilities - mechanical – air compressor	25.03	June 13, 2024 and August 2, 2024	December 30, 2024
81.	Dynamic Engineering	Infra & Utilities – HVAC – AHU & distribution	154.37	July 31, 2024	December 30, 2024
82.	Daikin Air Conditioning India	Infra & Utilities – HVAC - chiller	24.55	August 1, 2024	July 31, 2025
83.	ION Exchange India Limited	Infra & Utilities – PHE	69.83	August 1, 2024	January 31, 2025
84.	National sanitation	Infra & Utilities – PHE – sanitary	87.00	August 1, 2024	January 31, 2025
85.	DK Fire Service Private Limited		423.29	July 31, 2024	July 30, 2025
86.	Vijay Fire Vehicles and Pumps Private Limited	Infra & Utilities – fire fighting	4.28	July 31, 2024	December 30, 2024
87.	SD INFOSYSTEMS		153.87	August 1, 2024	August 1, 2025
88.	Sytech Services Private Limited		35.09	August 2, 2024	August 1, 2025
89.	Auto-ID Tech Solutions Private Limited		6.33	July 31, 2024	July 30, 2025
90.	Team computers Private Limited	Infra & Utilities – IT	5.84	August 1, 2024	July 31, 2025
91.	AdvanceTech Industrial Private Limited	infrastructure	3.88	August 1, 2024	July 31, 2025
92.	Guru SAI IT Solutions		1.98	August 2, 2024	August 1, 2025
93.	Archon Consulting Systems Private Limited		2.51	July 31, 2024	July 30, 2025
94.	Bhavik IT Solutions		0.70	July 31, 2024	July 30, 2025
95.	Jesai Healthcare India Private Limited	Infra & Utilities – Vehicles	3.15	August 2, 2024	August 2, 2025
96.	Roots Industries Private Limited		1.37	August 19, 2024	August 19, 2025
97.	Ferro Foundries Private Limited		1.69	August 3, 2024	August 2, 2025

S. No.	Vendor	Classifications of work (Major and minor)	Total estimated cost (in ₹ million)	Date of quotation	Period of validity, as applicable
98.	Technospacio Tech Solutions Private Limited		4.02	August 1, 2024	July 6, 2025
99.	Bharat Fritz Werner Limited		8.87	August 1, 2024	July 31, 2025
100.	Micromatic Grinding Technologies Private Limited	Infra & Utilities - Other package-general items	2.25	August 1, 2024 August 2, 2024	January 31, 2025 February 1, 2025
101.	Advance hydraotec Private Limited		5.76	August 22, 2024	February 21, 2025
102.	Digital instruments & Control System		6.00	August 2, 2024	August 1, 2025
103.	Schneider Electric India Private Limited	Infra & Utilities – EMS / BMS	20.70	August 1, 2024	July 31, 2025
<b>Total (E) Utilities</b>			1,645.04		
104.	Taxes as applicable		294.07		
<b>Total (F) Utilities + taxes as applicable</b>			<b>1,939.11</b>		
<b>Total (B+D+F)</b>			<b>9,599.86</b>		

The land on which our Project is proposed to be established is at Plot No. 123, Aurangabad Industrial City (AURIC) BIDKIN, Sector No. 12, Taluka Paithan, District Chhatrapati Sambhajnagar at Maharashtra. Our Company has by way of a sub-lease deed dated August 1, 2024 executed with MITL (“**Sub-Lease Deed**”) and the allotment letter from MITL dated July 11, 2024, sub-leased the 397,976.74 square metres of land on which the Project is proposed to be located, for a term of 95 years. The sub-lease will be automatically renewed after the initial term, in accordance with its terms and conditions. The aggregate amount paid by our Company for sub-lease of the land is ₹ 955.14 million. Further, as a part of the terms and conditions of the sub-lease, prior to commencing construction, we are required to obtain approval of the plans and specification of Factory 3.0 from MITL within 24 months from the date of execution of the Sub-Lease Deed / date of receipt of possession of the land and are required to complete construction within five years from the date of execution of the Sub-Lease Deed/ date of receipt of possession of the land or seven years from the date of execution of the Sub-Lease Deed/ / date of receipt of possession of the land, as maybe extended by MITL, one year at a time. Pursuant to the possession letter dated August 1, 2024 from MITL, our Company has obtained possession of the land in relation to the Project.

The land cost of ₹ 955.14 million paid by our Company is inclusive of the cost for land for both phases of Factory 3.0.

#### ***Infrastructure (land development, civil and building)***

Infrastructure for construction of the Project includes civil and infrastructure consultancy, including landscaping, project management consultancy, interior designing, pre-engineered building and process design and infrastructure (civil, land development and construction). The total estimated cost for infrastructure (land development, civil and building) is ₹ 3,833.46 million (inclusive of taxes and duties), based on the D&B Report. This includes costs of boundary wall and storm water drain which will be common for both phases of Factory 3.0, as stated in the D& B Report. Under the Sub-Lease Deed, in the event we are unable to commence construction within two years from from the date of execution of the Sub-Lease Deed / date of receipt of possession of the land, the Sub-Lease Deed shall terminate and we would have to re-enter into a sub-lease deed and forfeit the entire sub-lease premium paid by us.

#### ***Production equipment***

The amount to be spent on production equipment for the Project by our Company will depend upon business requirements and technology advancement. The total estimated cost for production equipment based on the D&B Report is ₹3,827.29 million (inclusive of taxes and duties). We propose to utilise the Net Proceeds towards purchase of production equipment which would consist of, among other things, paint shop, assembly tools, box builds, battery line, warehouse, vehicle line, battery rework line, conveyor, workstation and tools, etc.

#### ***Utilities***

Utilities that would be required for the Project consist of *inter alia*: (i) electrical equipment and machinery such as high-tension and low-tension panels, transformers, etc.; (ii) mechanical equipment such as machinery compressors network, high-speed diesel, piping distribution, etc.; (iii) firefighting systems and fire tender vehicles; (iv) IT infrastructure; (v) vehicles such as ambulance and visitor cart; (vi) heating, ventilation and air-conditioning systems and chillers, etc.; and (vii) general items such as service scissors lift, turnstile, machining centres, which will be purchased from various vendors. The total estimated cost for utilities is ₹ 1,939.11 million (inclusive of taxes and duties).

#### ***Contingencies***

Our Company has considered a contingency of 7% on infrastructure, production equipment and utilities costs in case of any potential increase in scope of work as well as any cost impact in case of any policy and regulation changes, in terms of the D&B Report. The total estimation for contingencies is ₹ 671.99 million (inclusive of taxes and duties).

All quotations received from the vendors mentioned above are valid as on the date of this Draft Red Herring Prospectus. However, we have not entered into any definitive agreements or placed orders with any of these vendors and will do so at an appropriate time when the construction phase is near completion. Hence, there can be no assurance that the same vendors would be engaged to supply the equipment or at the same costs at the time of placing such orders. The quantity of equipment to be purchased is based on the present estimates of our

management. Our Company shall have the flexibility to deploy such equipment and machinery being procured in our Factory 3.0, according to the business requirements of such facilities and based on the estimates of our management. For further details see, **“Risk Factors- ₹ 9,272 million of the Net Proceeds are intended to be utilised for funding our capital expenditure requirements to construct Phase I of Factory 3.0 at Chhatrapati Sambhajnagar (formerly Aurangabad), Maharashtra. We have relied on third-parties’ quotations in estimating the total cost of our capital expenditure and no bank, financial institution or other independent agency have appraised this project”**.

No second-hand or used machinery is proposed to be purchased out of the Net Proceeds.

### **Government and other approvals**

In relation to the construction of the Project, we are required to obtain certain pre-construction and post-construction approvals such as a factory licence, consent to establish, environmental clearances, consent to operate, hazardous waste authorization and bio-medical waste authorization from the Maharashtra Pollution Control Board, no-objection certificates from fire safety authorities, occupancy certificate from the Maharashtra Industrial Development Corporation, etc. which are routine in nature. In the event of any unanticipated delay in receipt of such approvals, the proposed schedule of implementation and deployment of the Net Proceeds may be extended or vary. Except for the consent to establish in relation to the Project, to be obtained from the Maharashtra Pollution Control Board, for which we have made an application dated August 14, 2024, necessary approvals for the Project shall be procured as and when they are required in accordance with applicable law. However, in the event of any regulatory changes there might be an ask for additional approvals beyond what the current norms require which might lead to the extension of project

### **Power and water requirements**

Our Company proposes to meet the water requirements for the operations of the Project from the metered water connections to be provided by MITL from the Godavari river and from the treated water from the centralised effluent treatment facility of MITL, as specified in the D&B Report. Further, our Company plans to source power from Maharashtra State Electricity Distribution Company Limited and plans to apply for connections at the appropriate stages of construction, in accordance with the timelines and specifications included in the D&B Report. Further, power and water connections for the construction of the Project are proposed to be applied for in January, 2025 and February, 2025 respectively, and permanent power and water connections are proposed to be applied for in January, 2026 (*Source: D&B Report*).

Our Directors, Key Managerial Personnel, members of Senior Management, Promoters, members of our Promoter Group and Group Company do not have any interest in the proposed investment to be made by our Company towards the Project.

## **II. Repayment/ pre-payment, in full or part, of certain borrowings availed by our Company**

Our Company has entered into various borrowing arrangements, including borrowings in the form of term loans, fund-based and non-fund based working capital facilities. For details of these financing arrangements including indicative terms and conditions, security provided, see **“Financial Indebtedness”** beginning on page 429. As on July 31, 2024, we had total outstanding borrowings of ₹ 6,710 million.

Our Company intends to utilize an aggregate amount of ₹ 3,782 million from the Net Proceeds towards repayment/ prepayment of all or a portion of certain outstanding borrowings availed by our Company. Pursuant to the terms of the borrowing arrangements, prepayment of certain indebtedness may attract prepayment charges or penalties as prescribed by the respective lender. Such prepayment charges and penalties, as applicable, will also be funded out of the Net Proceeds. In addition to prepayment charges, certain borrowing arrangements have terms of backend fees, in the range of 1.5% to 2% of the drawdown amount, payable upon maturity or upon prepayment of the facility, whichever is earlier. Such prepayment charges and backend fees, as applicable, will also be funded out of the Net proceeds. Given the nature of the borrowings and the terms of repayment/ prepayment, the aggregate outstanding amounts under the borrowings may vary from time to time and our Company may, in accordance with the relevant repayment schedule, repay or refinance some of their existing borrowings prior to Allotment. In addition, our Company may, from time to time, enter into further financing arrangements and drawdown funds thereunder. In such cases or in case any of the borrowings listed below are prepaid, repaid (earlier or scheduled), refinanced, in part or full, or further drawn down prior to the completion of the Offer, or if any additional facilities are availed, we may utilize the Net Proceeds towards prepayment or repayment (earlier or scheduled) of such

additional indebtedness availed by us and/ or interest thereon, details of which shall be provided in the Red Herring Prospectus. In the event our management deems appropriate, the amount allocated for the estimated schedule of deployment of Net Proceeds in a particular Financial Year may be repaid/ pre-paid in part or full by our Company in the subsequent Financial Year. Further, the amounts outstanding under the borrowings as well as the sanctioned limits are dependent on several factors and may vary with the business cycle of our Company with multiple intermediate repayments, drawdowns and enhancement of sanctioned limits.

We believe that such repayment/ prepayment will help reduce our outstanding indebtedness and debt servicing costs and improve our debt-to-equity ratio. In addition, we believe that this would improve our ability to raise further resources in the future to fund potential business development and growth opportunities. The selection of borrowings proposed to be prepaid or repaid amongst our borrowing arrangements will be based on various factors, including (i) maturity profile and the remaining tenor of the loan, (ii) cost of the borrowing, including applicable interest rates, (iii) any conditions attached to the borrowings, restricting our ability to prepay/ repay the borrowings and time taken to fulfil, or obtain waivers for fulfilment of such conditions, or relating to the terms of repayment, (iv) levy of any prepayment penalties and the quantum thereof, (v) provisions of any laws, rules and regulations governing such borrowings, and (vi) other commercial considerations including, among others, the amount of the loan outstanding and the remaining tenor of the loan.

The following table provides the details of outstanding amount of borrowings availed by our Company, as on July 31, 2024, which we propose to prepay or repay, in full or in part, from the Net Proceeds for an aggregate amount of ₹ 3,782 million:

*[the remainder of this page is intentionally left blank]*

S. No.	Lender	Nature of borrowing	Amount sanctioned (in ₹ million)*	Amount outstanding as on July 31, 2024 (in ₹ million)*	Interest rate as on July 31, 2024	Tenor	Repayment schedule	Prepayment penalty and backend fees conditions	Purpose of borrowing
1.	Alteria Capital Fund III – Scheme A (represented by its investment managers, Alteria Capital Advisors LLP and Alteria Venture Partners LLP)	Non-Convertible debenture	200	86	14.85%	22 months (up to July 1, 2025)	Principal repayment on monthly basis in equal instalments commencing from November 1, 2023. Instalments shall be payable on the 1 <sup>st</sup> day of the month.	Prepayment shall not be permitted up to 12 months from the date of investment of NCDs. Thereafter, prepayment shall be permitted subject to payment of a prepayment penalty of 1.5% on the prepaid amount. Company to give investors a written notice of 15 business days prior to any prepayment.	General corporate purposes
2.	Alteria Capital Fund II - Scheme I (represented by its investment managers, Alteria Capital Advisors LLP and Alteria Venture Partners LLP)	Non-Convertible debenture	300	86	14.85%	22 months (up to July 1, 2025)	Principal repayment on monthly basis in equal instalments commencing from November 1, 2023. Instalments shall be payable on the 1 <sup>st</sup> day of the month.	Prepayment shall not be permitted up to 12 months from the date of investment of NCDs. Thereafter, prepayment shall be permitted subject to payment of a prepayment penalty of 1.5% on the prepaid amount. Company to give investors a written notice of 15 business days prior to any prepayment.	General corporate purposes
3.	Innoven Capital India Fund (represented by its investment manager InnoVen Triple Blue Capital Advisors LLP)	Non-Convertible debentures	1,000	572	14.85%	22 months (up to July 1, 2025)	Principal repayment may be made from November 1, 2023	Our Company shall not have a right to prepay the NCDs up to 12 months from the closing date ( <i>as per the debenture subscription agreement</i> ). Upon expiry of 12 months from the closing date ( <i>as per the debenture subscription agreement</i> ), our Company may prepay the outstanding NCDs subject to payment of a prepayment penalty of 2% of the outstanding obligations. Subject to the provisions hereof, our Company (as relevant) may prepay the NCDs after giving 30 business days advance notice in writing to the debenture trustee and the debenture holders.	General corporate purposes
4.	Stride Ventures Debt Fund II (acting through Axis Trustee Services Limited) <sup>#</sup>	Non-Convertible debentures	1,000	500	14.50%	30 months (up to November 29, 2026)	Monthly repayment of principal post 9 months of moratorium (commencing from March 31, 2025)	Our Company shall not be entitled, without approval of the investor, to prepay for 12 months from the date of disbursement of the respective tranche. Any time after 12 months, our Company can prepay in part or in full subject to a minimum prepayment amount of one million and a prepayment penalty of 1.0% of the amount to be prepaid by our Company. In the case of prepayment, our Company is required to give an advance notice of 30 business days in writing. Further, our Company is required to pay backend fees at 1.50% of the drawdown amount, payable upon maturity or upon prepayment of the facility whichever is earlier.	Capital expenditure, working capital and general corporate purposes
5.	Nuvama Crossover Yield Opportunities Fund (acting through Axis Trustee Services Limited) <sup>#</sup>	Non-Convertible debentures	NA	500	14.50%	30 months (up to November 29, 2026)	Monthly repayment of principal post 9 months of moratorium (commencing from March 31, 2025)	Our Company shall not be entitled, without approval of the investor, to prepay for 12 months from the date of disbursement of the respective tranche. Any time after 12 months, our Company can prepay in part or in full subject to a minimum prepayment amount of one million and a prepayment penalty of 1.0% of the amount to be prepaid by our Company. In the case of prepayment, our Company is required to give an advance notice of 30 business days in writing. Further, our Company is required to pay backend	Capital expenditure, working capital and general corporate purposes



S. No.	Lender	Nature of borrowing	Amount sanctioned (in ₹ million)*	Amount outstanding as on July 31, 2024 (in ₹ million)*	Interest rate as on July 31, 2024	Tenor	Repayment schedule	Prepayment penalty and backend fees conditions	Purpose of borrowing
								fees at 1.50% of the drawdown amount, payable upon maturity or upon prepayment of the facility whichever is earlier.	
6.	Stride Ventures Debt Fund III (acting through Axis Trustee Services Limited) <sup>#</sup>	Non-Convertible debentures	1,000	1,000	14.50%	30 months (up to December 11, 2026)	Monthly repayment of principal post 9 months of moratorium (commencing from April 30, 2025)	Our Company shall not be entitled, without approval of the investor, to prepay for 12 months from the date of disbursement of the respective tranche. Any time after 12 months, our Company can prepay in part or in full subject to a minimum prepayment amount of one million and a prepayment penalty of 1.0% of the amount to be prepaid by our Company. In the case of prepayment, our Company is required to give an advance notice of 30 business days in writing. Further, our Company is required to pay backend fees at 1.50% of the drawdown amount, payable upon maturity or upon prepayment of the facility whichever is earlier.	Capital expenditure, working capital and general corporate purposes*
7.	Alteria Capital Fund III - Scheme A (represented by its investment managers, Alteria Capital Advisors LLP and Alteria Venture Partners LLP)	Non-Convertible debentures	300	270	14.85%	20 months (up to January 1, 2026)	Principal repayment on equal monthly basis in equal instalments commencing from June 1, 2024. Instalments shall be payable on the 1 <sup>st</sup> day of the month.	Prepayment shall not be permitted before 12 months from the date of investment of fully paid up NCDs. Thereafter, prepayment shall be permitted subject to payment of a prepayment penalty of 1.50% of the amount prepaid. Our Company is required to give a written notice of 15 business days prior to any prepayment. Further, our Company is required to pay backend fees at 2% of the drawdown amount, payable upon maturity or upon prepayment of the facility whichever is earlier.	General corporate purposes
8.	Alteria Capital Fund II - Scheme I (represented by its investment managers, Alteria Capital Advisors LLP and Alteria Venture Partners LLP)	Non-Convertible debentures	200	180	14.85%	20 months (up to January 1, 2026)	Principal repayment on equal monthly basis in equal instalments commencing from June 1, 2024. Instalments shall be payable on the 1 <sup>st</sup> day of the month.	Prepayment shall not be permitted before 12 months from the date of investment of fully paid up NCDs. Thereafter, prepayment shall be permitted subject to payment of a prepayment penalty of 1.50% of the amount prepaid. Our Company is required to give a written notice of 15 business days prior to any prepayment. Further, our Company is required to pay backend fees at 2% of the drawdown amount, payable upon maturity or upon prepayment of the facility whichever is earlier.	General corporate purposes
9.	Innoven Capital India Fund (represented by its investment manager InnoVen Triple Blue Capital Advisors LLP)	Non-Convertible debentures	600	600	14.85%	22 months (up to April 1, 2026)	Principal repayments will start from September 1, 2024.	Prepayment shall not be permitted till 12 months from drawdown. Thereafter, prepayment shall be permitted subject to payment of a prepayment penalty of 2% on the amount outstanding. Our Company shall be required to provide Innoven a written notice of 45 business days prior to any prepayment.	General corporate purposes
10.	Innoven Capital India Fund (represented by its investment manager InnoVen Triple Blue Capital Advisors LLP)	Non-Convertible debentures	1,000	600	14.85%	24 months (up to August 1, 2026)	Principal repayments will start from January 1, 2025.	Prepayment shall not be permitted till 12 months from drawdown. Thereafter, prepayment shall be permitted subject to payment of a prepayment penalty of 2% on the amount outstanding. Our Company shall be required to provide Innoven a written notice of 45 business days prior to any prepayment.	General corporate purposes
	<b>Total</b>		<b>5,600</b>	<b>4,394</b>					

\*The Company has received ₹2,000 million from the issuance of Series C3 non-convertible debentures to Strides Venture Debt Fund - II and Strides Venture Debt Fund - III. Out of the total amount of ₹ 2,000 million, the Company has incurred ₹ 955.14 million for capital expenditure towards the payment of leasehold land.

<sup>#</sup> Pursuant to securities transfer agreement dated July 10, 2024 between Strides Venture Capital Fund – II (“Strides”) and Nivama Crossover Yield Opportunities Fund (“Nuvama”), Strides has down-sold ₹ 500 million to Nuvama.

In accordance with Clause 9(A)(2)(b) of Part A of Schedule VI of the SEBI ICDR Regulations, our Company has obtained the requisite Statutory Auditor's report dated September 6, 2024 issued in accordance with Indian Standard on Related Services (SRS) 4400, "Engagements to Perform Agreed-upon Procedures regarding Financial Information", issued by the Institute of Chartered Accountants of India, certifying the utilisation of loans for the purpose availed.

Our Directors, Key Managerial Personnel, members of Senior Management, Promoters, members of our Promoter Group and Group Company do not have any interest in the proposed investment to be made by our Company towards the abovementioned Object.

### **III. Investment in research and development**

Research & Development ("R&D") is fundamental to our business model and plays a crucial role in enabling us to cater to the growing market opportunity for the EV sector. Our vertically integrated approach in respect of our products is centred around making significant investment towards developing and designing our products and addressing evolving customer preferences. We design 80% of the key components of our E2Ws, such as the chassis, battery pack and battery management system, vehicle control unit, motor controller, transmissions and signal harness, in addition to designing our charging infrastructure, accessories and the underlying software, in-house. Our R&D activities typically involve design, development and testing of (i) our E2W products, (ii) software for our E2Ws, (iii) our charging infrastructure, and (iv) our accessories, which are focussed on each with the aim of achieving improvement in quality, cost reductions, economies of scale, reduce supply chain dependencies, quality and user experience.

We have made significant investments in R&D in the past and will continue to undertake such efforts to improve our hardware and software infrastructure across the charging infrastructure and accessories, upgrade our existing product portfolio and design and develop new E2W products. Our R&D efforts have a crucial role in enabling us to cater to evolving market preferences in the E2W sector and our investment in R&D will further increase as our product lines expand. Our R&D expenditure in Fiscals 2024, 2023 and 2022 was ₹2,365 million, ₹1,916 million and ₹1,010 million, respectively, which constituted 13%, 11% and 25% of our revenue from operations in Fiscals 2024, 2023 and 2022, respectively.

#### **R&D facilities**

We currently have three R&D facilities in India, located at IBC Knowledge Park and NS Palya in Bengaluru, Karnataka, and we have commissioned our third R&D facility at Begur in Bengaluru, Karnataka in January, 2024, to the limited extent and the balance development is in process. Our R&D facilities house component testing labs, prototype build labs, battery labs and vehicle testing facilities. Our R&D facilities are situated on land leased from third parties to save on upfront capital investments and to maintain flexibility in adapting our business operations to changes in consumer demands.

The R&D facility located at IBC Knowledge Park in Bengaluru, Karnataka, seats our industrial design and engineering teams, and also houses our industrial design studio, cell lab, software testing labs, integration lab, electronics testing labs and virtual simulation facilities. The design of all our products is undertaken at this R&D facility and this facility has also been recognised by the Department of Scientific and Industrial Research as an 'in-house R&D unit'.

The R&D facility located at NS Palya in Bengaluru, Karnataka houses the battery lab and vehicle durability testing facilities and is also equipped with testing equipment for durability testing of our E2Ws, instrumentation and testing protocols to evaluate various aspects of vehicle performance, including acceleration, braking, handling and rider comfort. We test our battery packs here and evaluate various aspects of battery performance, such as structural integrity, charging efficiency, cycle life and safety.

The R&D facility located at Begur in Bengaluru, Karnataka is expected to expand our testing capabilities to house a reliability test lab, structural dynamics lab, battery test lab, vehicle environment test lab and data acquisition lab by Fiscal Year 2025.

#### **Product Launches**

Our R&D capabilities have been crucial in facilitating our current E2W line-up of two product lines, the Ather

450 performance line and the Ather Rizta convenience scooter line, with a total of seven variants. We delivered the first Ather 450 in September 2018. The Ather 450 was the first E2W to offer features such as a touchscreen dashboard with navigation, internet connectivity, cloud integration and aluminium chassis, according to the CRISIL Report. The Ather 450 was also the first E2W to offer a top speed of 80 kmph comparable to ICE scooters, according to the CRISIL Report. Following that, we launched the Ather 450X in January 2020, the Ather 450 X (Generation 3) in July 2022, the Ather 450 X (Generation 3.1) in January 2023, the Ather 450S in August 2023 and the Ather 450 Apex in January 2024. With the Ather 450X, we improved the model's performance with features such as warp mode and Bluetooth-based features. The Ather 450X (Generation 3) introduced higher driving range options and the Ather 450X (Generation 3.1) introduced more colour options in January 2023. The Ather 450S, a more affordable model than the Ather 450X, featured the DeepView display on the dashboard. With the Ather 450 Apex, we increased the 450 line's acceleration and top speed specifications and introduced new features, such as the Magic Twist, a ride feature that allows riders to utilise the vehicle's throttle for electronic braking regardless of the level of battery charge.

The Ather Rizta, launched in April 2024, is our first convenience scooter model featuring a large seat and safety features such as SkidControl. With the introduction of each new EV model, we also leveraged our R&D and design capabilities to introduce new features and performance upgrades. The Ather Rizta utilises the battery, powertrain and software of the 450 platform while using a modified chassis and electronics platform. The various elements of the 450 platform are common building blocks that we can leverage to develop and manufacture different products that cater to a variety of customer preferences.

Further, according to the CRISIL Report, we were the first two-wheeler (“2W”) OEM to establish a 2W fast charging network, the Ather Grid, in India. Our software, the Atherstack, introduced industry-first connected features such as Over-The-Air (“OTA”) updates and ride statistics on the Ather app. It had 64 features as at July 31, 2024.

### **Historical R&D initiatives**

Our R&D initiatives in the last three Fiscal Years were towards the development of the existing 450 E2W platform (comprising battery, chassis, powertrain, software and electronics), a new battery platform and our in-house motor controller and low-cost smart dashboard, improvement of our powertrain, as well as various cost reduction initiatives such as developing our in-house motor controller and belt transmission system. These efforts enabled launch of the Ather 450X, 450S, 450 Apex and Rizta products in the last three fiscals. We also designed and developed charging infrastructure products such as the fast charger, the Ather neighbourhood charger and the Ather Duo charger, which works as a fixed as well as portable charger.

A few key R&D developments in the last three fiscals are elaborated below:

- (i) *Design and development of new chassis for Ather Rizta*: The Ather Rizta, launched in April 2024, is our first convenience scooter model. Our R&D initiatives in respect of Ather Rizta include redesign of our prior chassis and assembly line, design of new lamps, body panels and accessories, and tuning of our powertrain. This involved creating virtual simulations and testing multiple prototypes.
- (ii) *Design and development of advanced versions of the Atherstack*: The Atherstack is our software engine developed in-house that powers our EVs, charging infrastructure, accessories and mobile applications. The R&D efforts in respect of Atherstack in the last three fiscals have been focussed on expansion of features through development of new firmware, algorithms, human machine interface, applications and data platform. The Atherstack is crucial in enabling us to gain insight on usage patterns of customer cohorts that we analyse to further advance our vehicle features, quality and performance in line with evolving customer needs.
- (iii) *Design and development of the Ather Drive Controller (“ADC”)*: The ADC is a motor controller module developed in-house to maintain control over the power delivery process. The design and development of ADC involved mechanical, electrical, assembly line design and software development through virtual simulations and testing of multiple prototypes. The ADC has enabled us to deliver features such as the MagicTwist, which allows for electronic braking from 0% to 100% of the battery state of charge, the Smart-Eco mode, which dynamically adjusts power delivery to ensure a longer driving range and SkidControl which adjusts torque to the rear wheel to prevent skidding, commonly known as traction control.

- (iv) *Design and development of Halo smart helmet and Halo Bit*: The Halo smart helmet offers features such as ChitChat (i.e. a helmet-to-helmet communication system), a premium sound system, a microphone equipped with noise filtration, and Auto WearDetect sensors that automatically connects the helmet with the user's phone when worn. The Halo Bit is a device that can be attached to an Ather half-face helmet to provide the user with access to some of the Halo smart helmet functions, such as ChitChat, music sharing and noise filtration. Our R&D efforts in respect of the Halo smart helmet and Halo Bit include design and development of the helmet shell, electronics, assembly line and software.

## Investment in R&D

The components of our R&D costs are manpower costs and non-manpower costs, as described in detail below:

### Manpower costs:

Our R&D team comprised over 884 on-roll and off-roll employees, including engineers as at June 30, 2024. Our manpower costs include payment of salaries to our design engineers, graduate engineering trainees, research scientists, industrial designers, data scientists and other professionals and off-roll employees involved in design and development of our E2W products, software, charging infrastructure and accessories in the verticals of design, engineering, product management and product ownership. Further, our Company is required to pay statutory dues to our employees including employee provident fund contributions and there have been certain delays in the payment of such statutory dues. For further details of such delays, please see "**Risk Factors – There have been certain instances of delays in payment of statutory dues in the past. Any delay in payment of statutory dues in future, may result in the imposition of penalties and in turn may have an adverse effect on our business, financial condition, results of operation and cash flows**" on page 77. Our off-roll employees assist us primarily in testing and also support with design drawings and prototyping. Our on-roll and off-roll employees in our R&D team has been as follows:

Particulars	On-roll employees	Off-roll employees	Total strength
As at March 31, 2022	361	104	465
As at March 31, 2023	693	193	886
As at March 31, 2024	701	105	806
As at June 30, 2024	706	178	884

Our manpower costs for R&D in Fiscals 2024, 2023 and 2022 were ₹1,518 million, ₹ 1,204 million and ₹ 575 million, respectively (inclusive of taxes).

### Non-manpower costs:

Investments into R&D involves non-manpower costs which include testing expenses, prototyping costs, licensing costs for product development activities, development of tools such as moulds for casting, fixtures for welding and machining, for components, expenditure relating to operations of testing facilities and labs. Our R&D facilities house testing labs, prototype build labs, battery labs and vehicle testing facilities. Our vehicle testing facilities play a crucial role in ensuring the overall quality and reliability of Ather E2Ws, particularly for India's roads. These facilities are equipped with sophisticated instrumentation and testing protocols to evaluate every aspect of vehicle performance, from acceleration and braking to handling and ride comfort. Our battery labs enable us to test our battery packs and evaluate various aspects of battery performance, such as structural integrity, charging efficiency, cycle life and safety. Our cell lab enables us to work closely with cell suppliers to test different cell form factors and develop cells customised for optimal performance on our vehicles. Our EV scooters are certified by relevant authorities and certification organisations, including the Automotive Research Association of India. Our battery packs are tested to ensure an IPX7 waterproof rating and have been certified by the Automotive Research Association of India as per AIS 156. Our non-manpower costs for R&D in Fiscals 2024, 2023 and 2022 was ₹847 million, ₹ 712 million and ₹ 435 million, respectively (inclusive of taxes). R&D includes internally generated intangible assets (i.e. product development cost). Product development cost capitalised as an intangible asset includes manpower and non-manpower costs incurred during the development phase of the product.

## Current R&D focus areas

Our R&D team is currently focussed on the following areas of vehicle, software, charging infrastructure and accessories development:

- (i) Addressing production ramp-up for recently launched Ather Rizta, including development projects for quality and cost structure improvements;
- (ii) Development of various sub-systems of the new E2W platform, including chassis, powertrain and electronics, in order for the platform to serve as a more cost-effective and versatile platform for the development of our scooter lines;
- (iii) Preliminary designing of our new motorcycle platform which includes virtual simulation of various motorcycle and battery architectures, prototyping and testing of various concepts prior to finalization;
- (iv) Designing a new battery platform using the LFP cathode chemistry, which is expected to be compatible with some of our existing products and leverage the price difference between LFP and nickel based chemistries. We are exploring the use of heavy rare-earth free and rare-earth magnet free motors to reduce our dependence on the rare earth metals while reducing our costs;
- (v) Improving software reliability prior to mass deployment of Atherstack 6, which involves testing of all new software features across a range of mobile devices and older scooter generations to ensure consistent performance for all customers;
- (vi) Design of higher power charging systems to reduce charging time through increase of current carrying capacity and voltage of existing charging technology. Exploration of concepts through prototyping and testing in order to reduce costs of our current charging infrastructure products.

#### **Outlook towards future R&D investments**

India was the largest 2W market as at March 31, 2024, with a total domestic sales of 18.4 million 2Ws, according to the CRISIL Report, and this market is expected to grow at a CAGR of 7% to 8% between Fiscals 2024 and 2031, to reach a market size of 29 to 31 million in Fiscal 2031. Electrification of 2Ws has brought about innovative features and a better total cost of ownership (“TCO”) as compared to ICE vehicles, and consequently, E2W penetration has risen to 5.1% in Fiscal 2024 and is expected to increase to 35-40% by Fiscal 2031, according to the CRISIL Report.

We believe we will continue to require sustained investment in R&D activities to stay competitive and improve our products. As we seek to foray into more segments of the electric scooter market and venture into the electric motorcycle market, we will require a wider portfolio of products to penetrate well into the market in India and other countries. For instance, the motorcycle market in India has seen low EV penetration according to the CRISIL Report and therefore presents an opportunity for a product that can drive EV penetration. Such products may require sustained R&D efforts to be able to effectively address customer requirements. Additionally, we will work on leveraging technological advancements across various platforms such as powertrain, battery and software and electronics in our products to make our products more appealing to customers while improving our unit economics.

In addition to our current R&D focus areas, we propose to continue investing in R&D and focusing on aspects that will contribute towards quality improvement, economies of scale, cost reductions and lower supply chain dependencies, and enhance overall user experience in respect of our products, which include, among others:

- (i) Design and development of battery packs and battery management systems for our proposed motorcycle platform, and adoption of new battery platform based on alternative chemistries for our existing product portfolio;
- (ii) Design and development of powertrains for our proposed new scooter and motorcycle platforms, and exploring rare-earth free and heavy rare-earth free motor technologies;
- (iii) Design and development of chassis for our proposed new scooter and motorcycle platforms, including body panels and peripheral components;

- (iv) Development of a dashboard and instrument cluster for our proposed new scooter and motorcycle platforms, new vehicle control unit for our proposed motorcycle platform and amalgamation of electronic modules;
- (v) Development of embedded software, new algorithms for vehicle functions (such as charging, battery charge estimation, health estimation, regenerative and electronic braking and thermal management) and development of new features for the Ather app on two different operating systems;
- (vi) Design and development of new accessories that augment our product experience, and explore methods for cost reduction of our accessories;
- (vii) Design and development of new fast charging technology, new slow charging technology and improvement of existing charging infrastructure to improve performance and reduce costs.

The Board of our Company pursuant to its resolution dated September 6, 2024 has estimated that a sum of ₹ 7,500 million out of the total Net Proceeds will be required for investment into research and product development over the next three years. The proposed schedule of deployment of funds is as follows:

<i>(in ₹ million)</i>				
<b>Particulars</b>	<b>Fiscal 2025</b>	<b>Fiscal 2026</b>	<b>Fiscal 2027</b>	<b>Fiscal 2028</b>
Investment in R&D	Manpower costs: 280	Manpower costs:	Manpower costs:	Manpower costs:
	Non-manpower costs:	1,550	1,830	1,620
	300	Non-manpower costs:	Non-manpower costs:	Non-manpower costs:
	Total: 580	880	620	420
		Total: 2,430	Total: 2,450	Total: 2,040

Our investment in R&D is subject to multiple internal and external factors, including applicable business requirements, our ability to compete effectively, adapt to changes in customer and user preferences, availability of regulatory incentives for the EV industry and upcoming technological advancements. For further details on expansion of our product portfolio, please see “*Our Business – Our Strategies - Strategic expansion of our product portfolio through our multi product technology platforms*” on page 238.

Our Directors, Key Managerial Personnel, members of Senior Management, Promoters, members of our Promoter Group and Group Company do not have any interest in the proposed investment to be made by our Company towards the above-mentioned Object.

#### **IV. Expenditure towards marketing initiatives**

We are invested in building an EV ecosystem with a community of current and future Ather customers and EV enthusiasts around the “Ather” brand. We engage in marketing initiatives through brand building efforts, advertising and promotion of Ather products by use of online and offline media platforms, including television, print, outdoor media, social media, influencer marketing and through brand association by way of event sponsorships and product placement in movies.

We strategically invest in marketing initiatives that drive brand salience. We have launched brand campaigns during cricket series that have been broadcast on multiple television channels and OTT platforms. We have also undertaken campaigns through cricket and football teams and in relation thereto undertaken marketing campaigns on television, print media, social media, digital platforms and through influencer marketing. Branding and marketing campaigns of such nature enable repeated brand exposure amongst our consumers who follow these sports.

Our marketing initiatives are typically undertaken either for brand building efforts to drive awareness of new product launches, festive campaigns and micro-marketing in targeted areas or to consistently drive demand for the existing product portfolio through product promotions. We do this through an omnichannel approach by way of investments in traditional and digital media platforms across India and other markets where we have operations, to expand our retail footprint, as well as through influencer marketing and content marketing on social media. Sustained marketing activities play an important role in building the sales funnel and creating awareness of our product portfolio. Festive campaigns are opportunities for us to market our products during peak buying celebratory seasons. Micro-marketing is undertaken in target markets to harness opportunities and address challenges we perceive in these markets.

We seek to attract more consumers to join the Ather community and establish ourselves not just as an EV manufacturer, but also as the brand of choice when it comes to an upgrade. We host an annual Community Day event that gathers Ather owners from across India. This provides us an opportunity to strengthen our relationships with our customers and excite them with new products/technologies we are working to implement in the future. At our most recent Community Day in April 2024, we had an offline and online attendance of 2,281 persons and 20,343 persons, respectively. We reward customer loyalty through promotions for Community Day attendees. We also host open houses for current customers, potential customers and EV enthusiasts to gather in a close setting and bring them through the Ather product journey. Further, we host Wheee camps, featuring one-day intensive training that teaches users how to ride their scooters. In addition, we have an Ather Vantage community, whereby we collaborate with universities to host tech competitions, knowledge-sharing sessions and share our knowledge and experience of building EVs ground up. Further, at our AtherSpace experience centres across India, customers are able to get first-hand information about our products through product specialists, test drive our E2Ws and know more about our charging infrastructure and accessories. This helps promote our brand while making our customers aware of the product we are building for them.

In 2023, we were awarded the ‘2023 PR and Communications Team of the Year (Bike)’ and ‘2023 Best Creative Film (Bike)’ by Acko Drive Awards for our battery advertisement. In 2022, our marketing campaign was awarded the ‘Best Creative Film of the Year’ by Car and Bike Awards.

Our advertisement and marketing expenses in Fiscals 2024, 2023 and 2022 were as follows:

Particulars	Fiscal 2024	Fiscal 2023	Fiscal 2022
Advertisement and marketing expenses (in ₹ million)*	1,071	2,259	539
Advertisement and marketing expenses as a % of revenue from operations (%)	6%	13%	13%

\*Inclusive of ₹164 million, ₹221 million and ₹84 million as taxes for Fiscal 2024, 2023 and 2022 respectively.

Our marketing journey has evolved over the past few years. In Fiscal 2022, we commenced focussing on brand building and expansion of retail footprint as we saw the EV sector gaining increasing consumer adoption. In Fiscal 2023, we undertook brand campaigns and scaled up marketing investments as we launched our products, Ather 450X (Generation 3) and Ather 450X (Generation 3.1). In Fiscal 2024, we reduced and optimized marketing spends foreseeing a slowdown in consumer demand given the reduction of regulatory incentives in respect of EVs under phase II of the FAME scheme.

Our Company has entered into a service agreement dated June 14, 2024 (“**Execution Date**”) and a first addendum to the service agreement dated September 5, 2024 with Initiative Media (India) Private Limited, through its media division, Initiative, Bangalore (“**Agency**”) for the purpose of *inter alia* planning, preparing and placing of advertisements through various media, such as television, print, radio, cinema, outdoor and digital media for our Company (“**Marketing Agreement**”). The Marketing Agreement is valid for a period of three years from the Execution Date or until the full deployment of the budgeted marketing expenses under it of ₹3,000 million. The scope of services under the Marketing Agreement includes, *inter alia*, marketing on online and offline media on a non-exclusive basis for the materials being advertised by our Company. The Board of our Company pursuant to its resolution dated September 6, 2024 has taken on record the Marketing Agreement.

### Future outlook and proposed utilization of Net Proceeds

As stated in the CRISIL Report, E2Ws designed and manufactured in India offer a higher number of features and similar performance compared to a majority of global peers. With the aim of creating product awareness, brand building and driving EV adoption, our focus is oriented towards deepening the awareness of our brand across India, increasing brand love and to drive awareness of our new products among new consumer segments. As we continue our journey, we will invest in marketing and promotion activities and branding, promotion, acquisition and marketing campaigns to increase customer awareness and affinity towards the “Ather” brand and will also look for new media opportunities which evolve based on changing consumer media consumption habits.

We intend to utilize ₹ 3,000 million of our Net Proceeds towards funding our marketing initiatives, deployed as ₹ 100 million in Fiscal 2025, ₹ 1,400 million in Fiscal 2026 and ₹ 1,500 million in Fiscal 2027. Our deployment of the Net Proceeds for this Object and the medium through which marketing initiatives may be undertaken is contingent on various internal and external factors, such as our Company’s business and marketing plans, expected viewership of advertisements in different geographies or user segments, growth of the EV industry, our proposed

product launches, the nature of our marketing campaigns and advertising, etc. Further, maintaining and improving upon our marketing strategies involves expenditures which may not be proportionate to the revenue generated and customers acquired.

Our Directors, Key Managerial Personnel, members of Senior Management, Promoters, members of our Promoter Group and Group Company do not have any interest in the proposed investment to be made by our Company towards the above-mentioned Object.

## V. General corporate purposes

The Net Proceeds will first be utilized for each of the other Objects as set out in this section. Subject to this, our Company intends to deploy any balance left out of the Net Proceeds towards general corporate purposes, as approved by our management, from time to time, subject to such utilization for general corporate purposes not exceeding 25% of the Gross Proceeds, in compliance with Regulation 7(2) of the SEBI ICDR Regulations. Such general corporate purposes may include, but are not restricted to strategic initiatives, funding growth opportunities, working capital requirements, maintenance of plants and machineries, support functions, meeting corporate exigencies and any other purpose in the ordinary course of business, as may be approved by our management, from time to time, subject to compliance with applicable law, including provisions of the Companies Act. The allocation or quantum of utilization of funds towards the specific purposes described above will be determined by our Board, based on our business requirements, the amount actually available under this head and other relevant considerations, from time to time.

### Offer-related Expenses

The total expenses of the Offer are estimated to be approximately ₹ [●] million.

Other than (a) listing fees, stamp duty payable on issue of Equity Shares pursuant to Fresh Issue, audit fees of statutory auditors (to the extent not attributable to the Offer) and expenses in relation to product or corporate advertisements consistent with past practice of our Company which will be borne by our Company; and (b) fees and expenses in relation to the legal counsel appointed by the respective Selling Shareholders which shall be borne by the respective Selling Shareholders, each of our Company and the Selling Shareholders have agreed that all costs, charges, fees and expenses associated with and incurred directly with respect to the Offer will be shared among our Company and the Selling Shareholders, on a *pro rata* basis, in proportion to the number of Equity Shares (i) issued and Allotted by our Company through the Fresh Issue and (ii) sold by each of the Selling Shareholders through the Offer for Sale, in accordance with Applicable Law. For avoidance of doubt, it is clarified that in the event the Other Selling Shareholders do not sell and/ or fully withdraws from the Offer or abandon the Offer, at any stage, prior to completion of the Offer, consequently them not being a party to the Offer Agreement, they shall not be liable to pay and/ or reimburse our Company for any cost, charges, fees and expenses associated with and incurred in connection with the Offer (including BRLMs fee and expenses). All such payments shall be made by our Company on behalf of the Selling Shareholders and, each of the Selling Shareholders agree that it shall reimburse our Company, on a *pro rata* basis, in proportion to its respective portion of the Offered Shares that are sold in the Offer, for any documented expenses incurred by our Company on behalf of such Selling Shareholder, subject to receipt of supporting documents for such expenses upon the successful completion of the Offer. It is further clarified that all payments shall be made first by our Company and consequently each of the Selling Shareholders severally and not jointly shall reimburse our Company for its respective proportion of Offer related expenses upon the success of the Offer. In the event that the Offer is postponed or withdrawn or abandoned for any reason or in the event the Offer is not successfully completed, all expenses in relation to the Offer including the fees of the Book Running Lead Managers, and their respective reimbursement for expenses which may have accrued up to the date of such postponement, withdrawal, abandonment or failure as set out in their respective engagement letters, shall be borne and paid by our Company and each of the Selling Shareholders, on a *pro rata* basis, in proportion to the number of Equity Shares proposed to be issued and Allotted by our Company through the Fresh Issue and the respective portion of the Offered Shares proposed to be transferred by each of the Selling Shareholders in the Offer for Sale.

The estimated Offer expenses are as follows:

(₹ in million)				
S. No	Activity	Estimated amount <sup>(1)</sup>	As a % of total estimated Offer expenses <sup>(1)</sup>	As a % of Offer size <sup>(1)</sup>
1.	BRLMs fees and commissions (including underwriting commission, brokerage and selling commission)	[●]	[●]	[●]



S. No	Activity	Estimated amount <sup>(1)</sup>	As a % of total estimated Offer expenses <sup>(1)</sup>	As a % of Offer size <sup>(1)</sup>
2.	Fees payable to the Registrar to the Offer	[●]	[●]	[●]
3.	Selling commission/processing fee for SCSBs and Bankers to the Offer, fee payable to the Sponsor Bank for Bids made by RIIs using UPI, brokerage and selling commission and bidding charges for the Members of the Syndicate, Registered Brokers, RTAs and CDPs <sup>(2)(3)(4)(5)(6)(7)(8)</sup>	[●]	[●]	[●]
4.	Advertising and marketing expenses	[●]	[●]	[●]
5.	Other expenses	[●]	[●]	[●]
	(i) Listing fees, SEBI filing fees, BSE and NSE processing fees, book building software fees,			
	(ii) Other regulatory expenses,			
	(iii) Printing and stationery expenses			
	(iv) Fees payable to the legal counsel			
	(v) Fees payable to other advisors to the Offer, including but not limited to Statutory Auditors, independent chartered accountant, industry expert, and independent chartered engineer			
	(vi) Miscellaneous			
<b>Total estimated Offer Expenses</b>		[●]	[●]	[●]

(1) Amounts will be finalised and incorporated in the Prospectus on determination of Offer Price. Offer expenses are estimates and are subject to change. Offer expenses include goods and services tax, where applicable..

(2) Selling commission payable to the SCSBs on the portion for Retail Individual Investors, Non-Institutional Investors and Eligible Employee Bidders which are directly procured by the SCSBs, would be as follows:

Portion for Retail Individual Investors*	[●] % of the Amount Allotted* (plus applicable taxes)
Portion for Non-Institutional Investors*	[●] % of the Amount Allotted* (plus applicable taxes)
Portion for Eligible Employees*	[●] % of the Amount Allotted* (plus applicable taxes)
Portion for Eligible HMCL Shareholders*	[●] % of the Amount Allotted* (plus applicable taxes)

\*Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price. The selling commission payable to the SCSBs will be determined on the basis of the bidding terminal ID as captured in the Bid Book of BSE or NSE.

(3) No uploading/processing fees shall be payable by our Company and the Selling Shareholders to the SCSBs on the Bid cum Application Forms directly procured by them. Processing fees payable to the SCSBs on the portion for Retail Individual Investors and Non-Institutional Investors which are procured by the members of the Syndicate/sub-Syndicate/Registered Broker/RTAs/ CDPs and submitted to SCSB for blocking, would be as follows:

Portion for Retail Individual Investors	₹ [●] per valid application (plus applicable taxes)
Portion for Non-Institutional Investors	₹ [●] per valid application (plus applicable taxes)
Portion for Eligible Employees	₹ [●] per valid application (plus applicable taxes)
Portion for Eligible HMCL Shareholders	₹ [●] per valid application (plus applicable taxes)

(4) The Processing fees for applications made by UPI Bidders using the UPI Mechanism would be as follows:

Members of the Syndicate / RTAs / CDPs	₹ [●] per valid application (plus applicable taxes)
Sponsor Bank	₹ [●] per valid Bid cum Application Form* (plus applicable taxes) The Sponsor Bank shall be responsible for making payments to the third parties such as remitter bank, NPCI and such other parties as required in connection with the performance of its duties under the SEBI circulars, the Syndicate Agreement and other applicable laws.

\*For each valid application

(5) Selling commission on the portion for Retail Individual Investors, Non-Institutional Investors and Eligible Employees which are procured by members of the Syndicate (including their sub-Syndicate Members), Registered Brokers, RTAs and CDPs would be as follows:

Portion for Retail Individual Investors	[●] % of the Amount Allotted* (plus applicable taxes)
Portion for Non-Institutional Investors	[●] % of the Amount Allotted* (plus applicable taxes)
Portion for Eligible Employees	[●] % of the Amount Allotted* (plus applicable taxes)
Portion for Eligible HMCL Shareholders	[●] % of the Amount Allotted* (plus applicable taxes)

\*Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price

(6) The selling commission payable to the Syndicate / sub-Syndicate Members will be determined on the basis of the application form number / series, provided that the application is also bid by the respective Syndicate / sub-Syndicate Member. For clarification, if a Syndicate ASBA application on the application form number / series of a Syndicate / sub-Syndicate Member, is bid by an SCSB, the Selling Commission will be payable to the SCSB and not the Syndicate / sub-Syndicate Member.

- (7) Bidding Charges payable to members of the Syndicate (including their sub-Syndicate Members), RTAs and CDPs on the portion for RIIs and Non-Institutional Bidders which are procured by them and submitted to SCSB for blocking, would be as follows: ₹ [●] plus applicable taxes, per valid application bid by the Syndicate (including their sub-Syndicate Members), RTAs and CDPs.

The selling commission and bidding charges payable to Registered Brokers the RTAs and CDPs will be determined on the basis of the bidding terminal id as captured in the Bid Book of BSE or NSE.

Bidding charges payable to the Registered Brokers, RTAs/CDPs on the portion for RIIs, Non-Institutional Bidders, Eligible Employees and Eligible HMCL Shareholders which are directly procured by the Registered Broker or RTAs or CDPs and submitted to SCSB for processing, would be as follows:

Portion for Retail Individual Investors*	₹ [●] per valid application (plus applicable taxes)
Portion for Non-Institutional Investors*	₹ [●] per valid application (plus applicable taxes)
Portion for Eligible Employees*	₹ [●] per valid application (plus applicable taxes)
Portion for Eligible HMCL Shareholders*	₹ [●] per valid application (plus applicable taxes)

\*Based on valid applications

- (8) The processing fees for applications made by UPI Bidders using the UPI Mechanism may be released to the remitter banks (SCSBs) only after such banks provide a written confirmation on compliance with SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, read with the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022 and SEBI Circular No. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022.

### Interim use of funds

The Net Proceeds shall be retained in the Public Offer Account until receipt of the listing and trading approvals from the Stock Exchanges by our Company. Pending utilization for the purposes described above, we undertake to temporarily invest the funds from the Net Proceeds only with scheduled commercial banks included in the second schedule of the Reserve Bank of India Act, 1934, as amended. In accordance with section 27 of the Companies Act 2013, our Company confirms that it shall not use the Net Proceeds for buying, trading or otherwise dealing in shares of any other listed company or for any investment in the equity markets.

### Bridge loan

Our Company has not raised any bridge loans from any banks or financial institutions, which are proposed to be repaid from the Net Proceeds.

### Monitoring of utilization of funds

In accordance with Regulation 41 of the SEBI ICDR Regulations, our Company shall appoint a Monitoring Agency for monitoring the utilisation of Gross Proceeds prior to the filing of the Red Herring Prospectus. Our Audit Committee and the Monitoring Agency will monitor the utilisation of the Gross Proceeds including in relation to the utilisation of the Gross Proceeds towards general corporate purposes) and the Monitoring Agency shall submit the report required under Regulations 41(2) of the SEBI ICDR Regulations, on a quarterly basis, until such time as the Gross Proceeds, have been utilised in full in accordance with the Monitoring Agency Agreement. Our Company undertakes to place the report(s) of the Monitoring Agency on receipt before the Audit Committee without any delay.

Our Company will disclose and continue to disclose, till the time any part of the Fresh Issue proceeds remains unutilised, the utilisation of the Gross Proceeds, including interim use under a separate head in its balance sheet for such fiscal years as required under the SEBI ICDR Regulations, the SEBI Listing Regulations and any other applicable laws or regulations, clearly specifying the purposes for which the Gross Proceeds have been utilised. Our Company will also, in its balance sheet for the applicable fiscal years, provide details, if any, in relation to all such Gross Proceeds that have not been utilised, if any, of such currently unutilised Gross Proceeds. Further, our Company, on a quarterly basis, shall include the deployment of Gross Proceeds under various heads with an item by item description for all the expense heads and sub-heads disclosed under each of the objects of the Offer, as applicable, in the notes to our financial results.

Pursuant to Regulation 32(3) and Part C of Schedule II, of the SEBI Listing Regulations, our Company shall, on a quarterly basis, disclose to the Audit Committee the uses and applications of the Gross Proceeds. Subject to applicable laws including SEBI Listing Regulations, on an annual basis, our Company shall prepare a statement of funds utilised for purposes other than those stated in this Draft Red Herring Prospectus and place it before the Audit Committee and make other disclosures as may be required until such time as the Gross Proceeds remain

unutilised. Such disclosure shall be made until such time that all the Gross Proceeds have been utilised in full. The statement shall be certified by the statutory auditor of our Company and such certification shall be provided to the Monitoring Agency. Furthermore, in accordance with Regulation 32(1) of the SEBI Listing Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement indicating (i) deviations, if any, in the actual utilization of the proceeds of the Fresh Issue from the Objects; and (ii) details of category wise variations in the actual utilization of the proceeds of the Fresh Issue from the Objects.

### **Variation in Objects**

In accordance with Sections 13(8) and 27 of the Companies Act 2013, our Company shall not vary the Objects unless our Company is authorized to do so by way of a special resolution of its Shareholders, through postal ballot and such variation will be in accordance with the applicable laws including the Companies Act 2013 and the SEBI ICDR Regulations. In addition, the notice issued to the Shareholders in relation to the passing of such special resolution by postal ballot shall specify the prescribed details and be published in newspapers, one in English, one in Hindi and one in Kannada, the vernacular language where our Registered Office is situated.

In accordance with the Companies Act, our Promoters will be required to provide an exit opportunity to the Shareholders who do not agree to such proposal to vary the objects, subject to the provisions of the Companies Act and in accordance with such terms and conditions, including in respect of pricing of the Equity Shares, in accordance with our Articles of Association, the Companies Act and the SEBI ICDR Regulations. For further details, see *“Risk Factors – Management judgement is used when ascertaining our funding requirements and the proposed deployment of Net Proceeds. We have not entered into any definitive arrangements to utilise certain portions of the Net Proceeds of the Offer”* on page 71.

### **Appraising entity**

None of the Objects of the Fresh Issue for which the Net Proceeds will be utilized have been appraised by any bank/ financial institution.

### **Other Confirmations**

Except to the extent of the proceeds received from the Offer for Sale, there is no proposal whereby any portion of the Offer proceeds will be paid to our Promoters, Promoter Group, Directors, Key Managerial Personnel or members of the Senior Management, no part of the Net Proceeds will be paid by our Company to our Promoters, members of our Promoter Group, Directors, Key Managerial Personnel, members of the Senior Management or Group Company, except in the ordinary course of business.

Our Company has not entered into and is not planning to enter into any arrangement/ agreements with any of Promoters, members of our Promoter Group, Directors, Key Managerial Personnel, members of the Senior Management or Group Company in relation to the utilization of the Net Proceeds.

## BASIS FOR OFFER PRICE

The Price Band and Offer Price will be determined by our Company in consultation with the BRLMs, and in accordance with applicable law, on the basis of assessment of market demand for the Equity Shares offered through the Book Building Process and quantitative and qualitative factors as described below. The face value of the Equity Shares is ₹ 1 each and the Offer Price is [●] times the Floor Price and [●] times the Cap Price, and Floor Price is [●] times the face value and the Cap Price is [●] times the face value. Investors should also refer to the sections “*Risk Factors*”, “*Our Business*”, “*Restated Financial Information*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” beginning on pages 36, 225, 319 and 396, respectively, to have an informed view before making an investment decision.

### I. Qualitative Factors

Some of the qualitative factors and our strengths which form the basis for computing the Offer Price are as follows:

1. Our ability to pioneer new technologies;
2. Our E2Ws are positioned at a premium price in their respective segments in the E2W market;
3. Vertically integrated approach to product design with strong in-house R&D capabilities;
4. Software defined ecosystem that drives high customer engagement and drives margins;
5. Established and scalable technology platform enabling accelerated product launches;
6. Experienced management team and long-term investors committed to strong corporate governance standards.

For further details, see “*Risk Factors*” and “*Our Business – Competitive Strengths*” on pages 36 and 233, respectively.

### II. Quantitative Factors

Certain information presented below relating to our Company is based on the Restated Financial Information. For details, see “*Restated Financial Information*” and “*Other Financial Information*” on pages 319 and 392, respectively.

#### 1. Basic and diluted earnings per Equity Share (“EPS”):

As derived from the Restated Financial Information:

Financial Year ended	Basic EPS* (₹)	Diluted EPS* (₹)	Weight
March 31, 2024	(47)	(47)	3
March 31, 2023	(48)	(48)	2
March 31, 2022	(27)	(27)	1
Weighted Average	<b>(44)</b>	<b>(44)</b>	

\*The Board of Directors of the Company in its meeting held on June 18, 2024 and shareholders of the Company in the Extraordinary General Meeting held on June 21, 2024 approved the issuance of bonus equity share of ₹ 1 each in the ratio of 260:1 and 224:1 for the equity shares of ₹ 1 each and for the equity shares of ₹ 37 each respectively and also approved the sub-division of 3,530 equity shares of ₹ 37 each into 130,610 equity shares of ₹ 1 each. The number of shares used for the calculation of earnings per share, and the earnings per share (including that in the comparative periods), have been adjusted for pursuant to Paragraph 64 of Ind AS 33 - “Earnings Per Share”, prescribed under Section 133 of the Companies Act, 2013.

Notes:

1. Basic EPS is calculated as loss for the year attributable to owners of our Company divided by the weighted average number of Equity Shares outstanding during the year.
2. Diluted EPS is calculated as loss for the year attributable to owners of our Company divided by the weighted average number of Equity Shares outstanding during the year adjusted for the effects of all dilutive potential Equity Shares.
3. Weighted average number of equity shares (including equivalent number of equity shares on conversion of instruments entirely equity in nature) is the number of equity shares outstanding at the beginning of the year adjusted by the number of equity shares issued during the year multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the year.
4. Earnings per share calculations are in accordance with Ind AS 33 “Earnings per share”.

## 2. Price/Earning (“P/E”) ratio in relation to the Price Band of ₹ [●] to ₹ [●] per Equity Share:

Particulars	P/E at the Floor Price* (no. of times)	P/E at the Cap Price (no. of times)*
Based on basic EPS for financial year ended March 31, 2024	[●]	[●]
Based on diluted EPS for financial year ended March 31, 2024	[●]	[●]

\*To be updated at the price band stage.

## 3. Industry Peer Group P/E ratio

Based on the peer group information (excluding our Company) given below in this section, details of the highest, lowest and industry average P/E ratio are set forth below:

Particulars	Name of the Company	P/E ratio
Highest	TVS Motors Limited	78
Lowest	Hero MotoCorp Limited	30
Average		45.25

Note: The highest and lowest industry P/E shown above is based on the peer set provided below under “Comparison with listed industry peers”. The industry average has been calculated as the arithmetic average P/E of the peer (excluding the peer where P/E is not applicable) set provided below. For further details, see “- Comparison with listed industry peers” below.

## 4. Return on Net Worth (“RoNW”)

As derived from the Restated Financial Information:

Financial Year ended	RoNW (%)	Weight
March 31, 2024	(194%)	3
March 31, 2023	(141%)	2
March 31, 2022	(153%)	1
<b>Weighted Average</b>	<b>(170%)</b>	

Notes:

- RoNW is calculated as Loss for the year divided by the net worth at the end of the respective year.
- Net worth means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the restated financial information, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation;
- Weighted average return on net worth = Product of return on net worth and the respective assigned weight, dividing the resultant by the total aggregate weight.

## 5. Net Asset Value (“NAV”) per Equity Share

NAV per Equity Share	NAV Per Share* (₹)
As on March 31, 2024	24
As on March 31, 2023	34
As on March 31, 2022	18
After the completion of the Offer	
- At the Floor Price	[●]#
- At the Cap Price	[●]#
Offer Price	[●]#

\*The Board of Directors of our Company in its meeting held on June 18, 2024 and shareholders of our Company in the extraordinary general meeting held on June 21, 2024 approved the issuance of bonus equity share of ₹1 each in the ratio of 260:1 and 224:1 for the equity shares of ₹1 each and for the equity shares of ₹37 each respectively and also approved the sub-division of 3,530 equity shares of ₹37 each into 130,610 equity shares of ₹1 each. The number of shares used for the calculation of NAV have been adjusted to give the impact of Bonus Issuance and Share Sub-division.

# To be computed after finalization of price band.

Notes:

- Net Asset Value per Equity Share (in ₹, which is a Non-GAAP measure) is computed as Net Worth at the end of the year divided by weighted average number of Equity Shares outstanding during the year.
- Net worth means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the restated financial information, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.

## III. Key Performance Indicators (“KPIs”)

The table below sets forth the details of the KPIs that our Company considers have a bearing for arriving at the basis for Offer Price. These KPIs have been used historically by our Company to understand and analyse the business performance, which in result, help us in analysing the growth of various verticals segments in comparison to our peers. The Bidders can refer to the below-mentioned KPIs, being a combination of financial and operational key financial and operational metrics, to make an assessment of our Company's performance in various business verticals and make an informed decision.

The KPIs disclosed below have been approved and confirmed by a resolution of our Audit Committee dated September 9, 2024. Further, the members of our Audit Committee have verified the details of all KPIs pertaining to the Company and confirmed that the KPIs pertaining to our Company that have been disclosed to investors at any point of time during the three years prior to the date of filing of this Draft Red Herring Prospectus have been disclosed in this section and have been subject to verification and certification by Manian & Rao, Chartered Accountants, pursuant to certificate dated September 9, 2024, which has been included as part of the "**Material Contracts and Documents for Inspections**" on page 519. For details of other business and operating metrics disclosed elsewhere in this Draft Red Herring Prospectus, see "**Our Business**" and "**Management's Discussion and Analysis of Financial Condition and Results of Operations**" beginning on pages 225 and 396, respectively.

In addition to the above, the Audit Committee also noted that other than the below mentioned KPIs, there are certain items/ metrics which have not been disclosed in this Draft Red Herring Prospectus as the same are either sensitive to the business and operations, not critical or relevant for analysis of our financial and operational performance or such items do not convey any meaningful information to determine performance of our Company.

Our Company confirms that it shall continue to disclose all the KPIs included in this section on a periodic basis, at least once a year, for a duration of one year after the date of listing of the Equity Shares on the Stock Exchanges or till the utilisation of the proceeds from the Offer, whichever is later, or for such other duration as required under the SEBI ICDR Regulations.

Details of our KPIs for the Fiscals 2024, 2023 and 2022 is set out below:

Key Performance Indicators	Units	As at and for the Financial Year ended		
		March 31, 2024	March 31, 2023	March 31, 2022
Vehicles Sold #	Numbers in thousands	110 <sup>^</sup>	92 <sup>^</sup>	23 <sup>^</sup>
Year-on-year growth of Vehicles Sold <sup>(1)</sup> #	(%)	19%	294%	373%
Revenue from Operations #	INR in Million	17,538	17,809	4,089
Year-on-year growth in Revenue from Operations <sup>(2)</sup> #	(%)	(2%)	336%	412%
Adjusted Gross Margin <sup>(3)</sup> #	(%)	9%	11%	7%
EBITDA <sup>(4)</sup> #	INR in Million	(6,494)	(6,867)	(2,550)
EBITDA Margin <sup>(5)</sup> #	(%)	(36%)	(38%)	(62%)
Revenue Mix #				
- Sale of Vehicles <sup>(6)</sup>	(%)	90%	80%	91%
- Sale of Non-Vehicle <sup>(7)</sup>	(%)	10%	20%	9%
Revenue per unit of Two Wheeler Vehicle Sold <sup>(8)</sup> #	In INR	143,333	155,571	158,192
Profit / (Loss) for the year #	INR in Million	(10,597)	(8,645)	(3,441)
Profit / (Loss) for the year Margin <sup>(9)</sup> #	(%)	(59%)	(48%)	(83%)
Working Capital Days <sup>(10)</sup> #	Days	(46)	(21)	(33)
E2W Market Share (%) *	(%)	11.5%	10.6%	7.9%

<sup>(1)</sup> Year-on-year growth of Vehicles Sold (%) is calculated as ((Number of vehicles sold during the relevant Fiscal – Number of vehicles sold during the previous Fiscal)/ Number of vehicles sold during the previous Fiscal) \*100

<sup>(2)</sup> Year-on-year growth in Revenue from Operations (%) is calculated as ((Revenue from operations during the relevant Fiscal – revenue from operations during the previous fiscal)/ revenue from operations during the previous Fiscal) \*100

<sup>(3)</sup> Adjusted Gross Margin (%) is calculated as adjusted gross margin (₹) divided by total income \*100. Where in Adjusted Gross Margin (₹) is calculated as total income reduced by Cost of materials consumed, Purchase of stock-in-trade and change in inventories of finished goods, stock-in-trade and work-in-progress.

<sup>(4)</sup> EBITDA is calculated as Profit / (Loss) before exceptional items and tax reduced by Finance costs and Depreciation and amortisation expenses.

<sup>(5)</sup> EBITDA Margin (%) is calculated as EBITDA divided by Total Income \*100.

<sup>(6)</sup> Revenue Mix – Sale of Vehicles (%) is calculated as Revenue from sale of vehicles divided by Revenue from operations \*100.

<sup>(7)</sup> Revenue Mix –Sale of Non-Vehicle (%) is calculated as revenues from operations reduced by revenue from sale of vehicles divided by Revenue from Operations \*100.

<sup>(8)</sup> Revenue per unit of Two-wheeler Vehicle Sold is calculated as Revenue from sale of two wheeler vehicles during the Fiscal divided by the number of two wheeler vehicles sold during the relevant fiscal.

<sup>(9)</sup> Profit / (Loss) for the year margin (%) is calculated as Profit / (Loss) for the year divided by Total income \*100.

<sup>(10)</sup> Working Capital Days is computed as Trade Receivables days plus inventory days minus trade payable days; Wherein, Trade Receivable Days is calculated as average trade receivables divided by revenue from operations multiplied by 365 for Financial Years, Inventory Days is calculated as average inventory divided by cost of goods sold multiplied by 365 for Financial Years and Trade Payable Days is calculated as average trade payables divided by cost of goods sold multiplied by 365 for Financial Years. Further Cost of Goods Sold is the sum of Cost of materials consumed, Purchase of stock-in-trade and Change in inventories of finished goods, stock-in-trade and work-in-progress.

# As certified by Manian & Rao, Chartered Accountants, by their certificate dated September 9, 2024.

\*As per CRISIL Report

^Figures disclosed have been rounded off. Actual figures are 109,577 (in Fiscal 2024), 92,093 (in Fiscal 2023) and 23,402 (in Fiscal 2022).

Our Company shall continue to disclose the KPIs disclosed hereinabove in this section on a periodic basis, at least once in a year (or for any lesser period as determined by the Board of our Company), for a duration of one year after the date of listing of the Equity Shares, or until the utilization of Offer Proceeds, whichever is later, on the Stock Exchanges pursuant to the Offer, or for such other period as may be required under the SEBI ICDR Regulations.

A list of our KPIs along with a brief explanation of the relevance of the KPIs to our business operations are set forth below. All such KPIs have been defined consistently and precisely in “**Definitions and Abbreviations – Conventional and General Terms or Abbreviations**” on page 13.

KPIs	Explanation for the KPI
Vehicles sold (Numbers in thousands)	Vehicles sold refers to the volume of new vehicles sold for the period. We believe it indicates the overall effectiveness of our R&D, product quality, manufacturing, marketing and after sales capabilities, having a direct impact on our revenue from vehicle sales as well as indirectly impacting our non-vehicle revenue.
Vehicles sold growth (Year-on-year)	Vehicles sold growth indicates the Company’s year-on-year growth of quantity of vehicles sold.
Revenue from Operations (INR in Million)	Revenue from operations is used by our management to track the revenue profile of the business and help assess the overall financial performance of our Company and also represents the scale of our business.
Revenue growth (Year-on-year)	Revenue growth indicates the Company’s year-on-year growth of revenue generated from our operations.
Adjusted Gross Margin (%)	We believe that tracking Adjusted Gross Margin enables us to track the profitability year-on-year and provides inputs for key decisions around pricing, cost optimisation projects and overall margin profile.
EBITDA (INR) in Million) and EBITDA Margin (%)	EBITDA and EBITDA margin track operational efficiency and hence profitability of the business. They assist in tracking the operational margin profile of our business benchmarked against our historical performance and against our peers.
Revenue mix (%)	Revenue mix shows the diversification of revenue streams across vehicle and non-vehicle, highlighting the Company’s ability to generate income not only from vehicle sales, but also from higher margin accessories, software and after sales / services business.
Revenue per unit of Two Wheeler Vehicle sold (In INR)	Revenue per unit of Two Wheeler Vehicle sold measures the average revenue generated per two wheeler sold, provides insight and helps track our sales strategy, ability to price at a premium and product mix.
Profit / (Loss) for the year (INR in Million) and Profit / (Loss) for the year Margin (%)	Profit / (Loss) for the year and Profit / (Loss) for the year Margin (%) track overall profitability of the business. They assist in tracking the overall margin profile of our business benchmarked against our historical performance and against our peers.
Working Capital Days	Working Capital Days describes how many days it takes for the company to convert its working capital into revenue
E2W Market Share (%)	E2W Market Share (%) enables companies to monitor their competitive standing within the E2W market vis-a-vis our peers.

**Description on the historic use of the KPIs by our Company to analyze, track or monitor the operational and/or financial performance of our Company**

In evaluating our business, we consider and use certain KPIs, as presented above, as a supplemental measure to review and assess our financial and operating performance. The presentation of these KPIs is not intended to be considered in isolation or as a substitute for the Restated Financial Information. We use these KPIs to evaluate our financial and operating performance. Some of these KPIs are not defined under Ind AS and are not presented in accordance with Ind AS. These KPIs have limitations as analytical tools. Although these KPIs are not a measure

of performance calculated in accordance with applicable accounting standards, our Company's management believes that it provides an additional tool for investors to use in evaluating our ongoing operating results and trends because it provides consistency and comparability with past financial performance, when taken collectively with financial measures prepared in accordance with Ind AS.

#### IV. Comparison of KPIs with listed industry peers

Set forth below is a comparison of our accounting ratios with our peer group companies listed in India:

Name of Company	Face Value (₹ Per Share)	Closing price on September 3, 2024 (₹)&	Revenue from operation for Fiscal 2024 (in ₹ million)	EPS (₹)		NAV (₹ per share) <sup>(2)</sup>	P/E <sup>(3)</sup>	RoNW (%) <sup>(4)</sup>
				Basic <sup>(1)</sup>	Diluted <sup>(1)</sup>			
Our Company ^	1	NA	17,538	(47)*	(47)*	24*	NA <sup>#</sup>	(194%)
<b>Peer Group</b> +								
Hero MotoCorp Limited	2	5,647	377,886	187	187	884	30	21%
Bajaj Auto Limited	10	11,044	448,704	273	273	935	40	29%
Ola Electric Mobility Limited	10	113	50,098	(4)	(4)	6	NA	(78%)
TVS Motors Limited	1	2,783	391,447	36	36	143	78	26%
Eicher Motors Limited	1	4,866	165,358	146	146	657	33	22%

<sup>^</sup>Financial information of the Company has been derived from the Restated Financial Information as at or for the financial year ended March 31, 2024.

<sup>&</sup>Source: <https://www.nseindia.com/>

<sup>+</sup>Source: All the financial information for listed industry peers mentioned above is on a consolidated basis (unless otherwise available only on standalone basis) and is sourced from the annual reports / annual results/ restated financial information as available of the respective company for the year ended March 31, 2024.

<sup>\*</sup>The Board of Directors in its meeting held on June 18, 2024 and Shareholders of the Company in the Extraordinary General Meeting held on June 21, 2024 approved the issuance of bonus equity share of ₹ 1 each in the ratio of 260:1 and 224:1 for the equity shares of ₹ 1 each and for the equity shares of ₹ 37 each respectively and also approved the sub-division of 3,530 equity shares of ₹ 37 each into 1,30,610 equity shares of ₹ 1 each. The conversion ratio of the CCPS into Equity Shares and the employee stock options along with its price per option have been adjusted accordingly. The number of shares used for the calculation of earnings per share, and net asset value per share have been adjusted for pursuant to Paragraph 64 of Ind AS 33 - "Earnings Per Share", prescribed under Section 133 of the Companies Act, 2013.

<sup>#</sup>To be included in respect of our Company in the Prospectus based on the Offer Price.

<sup>(1)</sup> Basic EPS is calculated as loss for the year attributable to owners of our Company divided by the weighted average number of Equity Shares outstanding during the year. Diluted EPS is calculated as loss for the year attributable to owners of our Company divided by the weighted average number of Equity Shares outstanding during the year adjusted for the effects of all dilutive potential Equity Shares. Basic/Diluted EPS of Peer group refers to the Basic/Diluted EPS sourced from the financial statements of the respective peer group companies for the Fiscal March 31, 2024.

<sup>(2)</sup> Net Asset Value per Equity Share (in ₹) is computed as Net Worth at the end of the year divided by weighted average number of Equity Shares outstanding during the year.

<sup>(3)</sup> P/E ratio for the peer group has been computed based on the closing market price of equity shares on NSE as on September 3, 2024,, divided by the Diluted EPS for the Fiscal March 31, 2024.

<sup>(4)</sup> Net-worth means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off as per the restated financial information, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.



Set forth below is a comparison of our KPIs with our peer group companies listed in India:

**Key Financial KPIs for last three Fiscals (Fiscal 2022 to Fiscal 2024 for Listed Players only)**

Consolidated		Ather			Ola**			Bajaj**			Hero**			TVS**			Eicher**		
KPIs		FY 2024	FY 2023	FY 2022	FY 2024	FY 2023	FY 2022	FY 2024	FY 2023	FY 2022	FY 2024	FY 2023	FY 2022	FY 2024	FY 2023	FY 2022	FY 2024	FY 2023	FY 2022
Vehicles sold (numbers in thousands)		110 <sup>^</sup>	92 <sup>^</sup>	23 <sup>^</sup>	330	156	21	4,351	3,923	4,308	5,621	5,329	4,944	4,191	3,682	3,310	912 <sup>*</sup>	824 <sup>*</sup>	595 <sup>*</sup>
Out of which 2W		110 <sup>^</sup>	92 <sup>^</sup>	23 <sup>^</sup>	330	156	21	3,728	3,438	3,837	5,621	5,329	4,944	4,045	3,513	3,138	912	824	595
Vehicles sold growth (Year-on-year) <sup>(1)</sup>		19%	294%	373%	111.54%	642.86%	NA <sup>#</sup>	10.91%	(8.95%)	8.45%	5.48%	7.79%	(14.76%)	13.82%	11.24%	8.42%	10.67%	38.39%	(2.29%)
Out of which 2W <sup>(1)</sup>		19%	294%	373%	111.54%	642.86%	NA <sup>#</sup>	8.43%	(10.40%)	6.41%	5.48%	7.79%	(14.76%)	15.14%	11.95%	7.14%	10.67%	38.39%	(2.29%)
Revenue from Operation (INR in Million)		17,538	17,809	4,089	50,098.31	26,309.27	3,734.23	448,704.30	364,553.80	331,447.10	377,886.20	341,583.80	295,512.80	391,447.40	319,739.90	243,553.10	165,357.80	144,421.80	102,978.30
Revenue growth (Year-on-year) (%) <sup>(2)</sup>		(2%)	336%	412%	90.42%	604.54%	43090.26%	23.08%	9.99%	19.48%	10.63%	15.59%	(4.55%)	22.43%	31.28%	25.41%	14.50%	40.24%	18.09%
Adjusted Gross Margin (%) <sup>(3)</sup>		9%	11%	7%	16.47%	7.63%	(5.40%)	31.13%	30.61%	29.33%	33.99%	31.05%	30.51%	37.82%	35.09%	33.34%	49.01%	45.39%	44.54%
EBITDA (INR in Million) <sup>(4)</sup>		(6,494)	(6,867)	(2,550)	(10,341.41)	(11,006.78)	(7,175.52)	104,651.70	81,673.40	71,135.90	60,839.20	46,658.90	38,007.30	56,057.60	41,646.50	27,899.90	58,505.00	43,538.60	26,732.20
EBITDA margin (%) <sup>(5)</sup>		(36%)	(38%)	(62%)	(19.72%)	(39.55%)	(157.27%)	22.60%	21.70%	20.66%	15.74%	13.44%	12.62%	14.28%	12.97%	11.44%	33.22%	28.95%	24.89%
Revenue mix																			
Sale of Vehicles (%) <sup>(6)</sup>		90%	80%	91%	91.89%	87.55%	85.07%	NA <sup>#</sup>	NA <sup>#</sup>	NA <sup>#</sup>	82.90%	83.14%	83.06%	75.35%	75.79%	75.70%	84.83%	85.29%	84.58%
Sale of Non-vehicle (%) <sup>(7)</sup>		10%	20%	9%	8.11%	12.45%	14.93%	NA <sup>#</sup>	NA <sup>#</sup>	NA <sup>#</sup>	17.10%	16.86%	16.94%	24.65%	24.21%	24.30%	15.17%	14.71%	15.42%
Revenue per unit of two wheeler vehicle sold (₹) <sup>(8)</sup>		1,43,333	1,55,571	1,58,192	139,503.42	147,654.55	151,273.33	NA <sup>#</sup>	NA <sup>#</sup>	NA <sup>#</sup>	55,730.90	53,294.01	49,644.28	NA <sup>#</sup>	NA <sup>#</sup>	NA <sup>#</sup>	153,810.46	149,467.64	146,267.34
Profit/(Loss) for the year (INR in Million)		(10,597)	(8,645)	(3,441)	(15,844.00)	(14,720.79)	(7,841.50)	77,082.40	60,602.10	61,658.70	37,421.60	27,999.00	23,290.50	17,785.40	13,094.60	7,308.80	40,010.10	29,139.40	16,766.00
Profit/(Loss) for the year Margin (%) <sup>(9)</sup>		-59%	-48%	-83%	(30.22%)	(52.90%)	(171.86%)	16.65%	16.10%	17.91%	9.68%	8.06%	7.74%	4.53%	4.08%	3.00%	22.72%	19.38%	15.61%
Working capital days <sup>(10)</sup>		(46)	(21)	(33)	(22.99)	(6.02)	(19.88)	(21.43)	(18.28)	(17.81)	(23.32)	(18.71)	(27.98)	(42.25)	(40.29)	(49.97)	(16.44)	(17.92)	(32.20)
E2W market share <sup>(11)</sup>		11.5%	10.6%	7.9%	35.09%	20.98%	5.70%	11.40%	3.92%	2.81%	1.85%	0.13%	0.00%	19.33%	11.28%	3.85%	NA <sup>#</sup>	NA <sup>#</sup>	NA <sup>#</sup>

\*Eicher vehicles sold excludes commercial vehicles sold via VE Commercial Vehicles (VECV) JV, which is not consolidated. (Source: CRISIL)

*\*\*All the financial information for the competitor entities mentioned above is on a consolidated basis and is sourced from the annual reports/quarterly financials as available for Fiscal Year ended March 31, 2024, March 31, 2023, March 31, 2022 (as applicable) submitted to Stock Exchanges. Ola Electric financials is sourced from Red Herring Prospectus and Draft Red Herring Prospectus filings submitted to SEBI. (Source: CRISIL)*

*# NA stands for Not available as the data is not reported in the Annual report or RHP/DRHP filings.*

*^Figures disclosed have been rounded off. Actual figures for Ather are 109,577 (in Fiscal 2024), 92,093 (in Fiscal 2023) and 23,402 (in Fiscal 2022).*

*Notes:*

- 1. Year-on-year growth of Vehicles Sold (%) is calculated as ((Number of vehicles sold during the relevant Fiscal – Number of vehicles sold during the previous Fiscal)/ Number of vehicles sold during the previous Fiscal) \*100*
- 2. Year-on-year growth in Revenue from Operations (%) is calculated as ((Revenue from operations during the relevant Fiscal – revenue from operations during the previous fiscal)/ revenue from operations during the previous Fiscal) \*100*
- 3. Adjusted Gross Margin (%) is calculated as adjusted gross margin (₹) divided by total income \*100. Where in Adjusted Gross Margin (₹) is calculated as total income reduced by Cost of materials consumed, Purchase of stock-in-trade and change in inventories of finished goods, stock-in-trade and work-in-progress.*
- 4. EBITDA is calculated as Profit / (Loss) before exceptional items and tax reduced by Finance costs and Depreciation and amortisation expenses.*
- 5. EBITDA Margin (%) is calculated as EBITDA divided by Total Income \*100.*
- 6. Revenue Mix – Sale of Vehicles (%) is calculated as Revenue from sale of vehicles divided by Revenue from operations \*100.*
- 7. Revenue Mix –Sale of Non-Vehicle (%) is calculated as revenues from operations reduced by revenue from sale of vehicles divided by Revenue from Operations \*100.*
- 8. Revenue per unit of Two-wheeler Vehicle Sold is calculated as Revenue from sale of two wheeler vehicles during the Fiscal divided by the number of two wheeler vehicles sold during the relevant fiscal.*
- 9. Profit / (Loss) for the year margin (%) is calculated as Profit / (Loss) for the year divided by Total income \*100.*
- 10. Working Capital Days is computed as Trade Receivables days plus inventory days minus trade payable days; Wherein, Trade Receivable Days is calculated as average trade receivables divided by revenue from operations multiplied by 365 for Financial Years, Inventory Days is calculated as average inventory divided by cost of goods sold multiplied by 365 for Financial Years and Trade Payable Days is calculated as average trade payables divided by cost of goods sold multiplied by 365 for Financial Years. Further Cost of Goods Sold is the sum of Cost of materials consumed, Purchase of stock-in-trade and Change in inventories of finished goods, stock-in-trade and work-in-progress.*
- 11. Source: CRISIL Report*

V. Weighted average cost of acquisition, Floor Price and Cap Price

1. Price per share of our Company (as adjusted for corporate actions, including split, bonus issuances) based on primary issuances of Equity Shares or convertible securities (excluding Equity Shares issued under Employee Stock Option Scheme and issuance of Equity Shares pursuant to a bonus issue) during the 18 months preceding the date of this Draft Red Herring Prospectus, where such issuance is equal to or more than 5% of the fully diluted paid-up share capital of our Company (calculated based on the pre-Offer capital before such transaction(s) and excluding ESOPs granted but not vested) in a single transaction or multiple transactions combined together over a span of rolling 30 days (“Primary Issuances”)

Date of Allotment	Name of allottees	Number of Equity Shares or convertible securities allotted	Transaction as a % of fully diluted capital of the Company (calculated based on the pre-issue capital before such transaction(s))	Price per Equity Share or convertible securities (₹)	Total Cost	Weighted average cost of acquisition based on primary issue of Equity Shares or convertible securities <sup>^#</sup>
September 12, 2023	Hero MotoCorp Limited, Caladium Investment Pte Ltd, Abhishek Venkatraman and Herald Square Ventures (represented by its managing partner, Rajeev Mantri)	204,391	26.44%	44,090	9,011,599,190	168.93
July 9, 2024	Tarun Sanjay Mehta and Swapnil Babanlal Jain	74,148	7.48%	11,674	865,603,752	44.73
September 4, 2024	India-Japan Fund (represented by and acting through its investment manager, National Investment and Infrastructure Fund Limited)	16,528,925	11.47%	363	5,999,999,775	188.52
<b>Weighted Average Cost of Acquisition (WACA) (Primary Transactions) (₹ per Equity Share)</b>						<b>151.90</b>

<sup>^</sup>As certified by Manian & Rao, Chartered Accountants, by their certificate dated September 9, 2024.

<sup>^</sup>The Board of Directors in its meeting held on June 18, 2024 and Shareholders of the Company in the Extraordinary General Meeting held on June 21, 2024 approved the issuance of bonus equity share of ₹ 1 each in the ratio of 260:1 and 224:1 for the equity shares of ₹ 1 each and for the equity shares of ₹ 37 each respectively and also approved the sub-division of 3,530 equity shares of ₹ 37 each into 1,30,610 equity shares of ₹ 1 each. The conversion ratio of the CCPS into Equity Shares and the employee stock options have been adjusted accordingly

<sup>#</sup> Assuming conversion of CCPS.

2. Price per share of our Company (as adjusted for corporate actions, including bonus issuances) based on secondary sale or acquisition of equity shares or convertible securities (excluding gifts) involving the Promoters, members of the Promoter Group, any of the Selling Shareholders or other Shareholders of our Company with rights to nominate directors on our Board during the 18 months preceding the date of filing of this Draft Red Herring Prospectus, where the acquisition or sale is

equal to or more than 5% of the fully diluted paid-up share capital of our Company (calculated based on the pre-Offer capital before such transaction/s, and excluding ESOPs granted but not vested) in a single transaction or multiple transactions combined together over a span of rolling 30 days (“Secondary Transactions”)

Nil\*

\*As certified by Manian & Rao, Chartered Accountants, by their certificate dated September 9, 2024.

3. If there are no such transactions to report under 1 and 2 above, the following are the details of the price per share of our Company basis the last five primary or secondary transactions (secondary transactions where our Promoters, members of the Promoter Group, Selling Shareholders or other Shareholder(s) having the right to nominate director(s) on our Board, are a party to the transaction), not older than three years prior to the date of this Draft Red Herring Prospectus irrespective of the size of transactions

Nil\*

\*As certified by Manian & Rao, Chartered Accountants, by their certificate dated September 9, 2024.

4. The Floor Price is [●] times and the Cap Price is [●] times the weighted average cost of acquisition based on Primary/ Secondary transactions mentioned under 1, 2 or 3 above, are disclosed below:

Past transactions	Weighted average cost of acquisition per Equity Share (₹)*^	Floor Price** (₹)	Cap Price** (₹)
Weighted average cost of acquisition of Primary Issuances	151.90	[●] times	[●] times
Weighted average cost of acquisition of Secondary Transactions	NA	[●] times	[●] times

\*As certified by Manian & Rao, Chartered Accountants, by their certificate dated September 9, 2024.

<sup>^</sup>The Board of Directors in its meeting held on June 18, 2024 and Shareholders of our Company in the Extraordinary General Meeting held on June 21, 2024 approved the issuance of bonus equity share of ₹ 1 each in the ratio of 260:1 and 224:1 for the equity shares of ₹ 1 each and for the equity shares of ₹ 37 each respectively and also approved the sub-division of 3,530 equity shares of ₹ 37 each into 1,30,610 equity shares of ₹ 1 each. The conversion ratio of the CCPS into Equity Shares and the employee stock options have been adjusted accordingly.

\*\*To be updated at the Prospectus stage.

5. The Offer Price is [●] times of the face value of the Equity Shares

The Offer Price of ₹ [●] has been determined by our Company in consultation with the BRLMs, on the basis of the demand from investors for the Equity Shares through the Book Building Process. Our Company, in consultation with the BRLMs, are justified of the Offer Price in view of the above qualitative and quantitative parameters.

6. Detailed explanation for Offer Price/ Cap Price being [●] times of WACA of primary issuances /secondary transactions of Equity Shares (as disclosed above) along with our Company’s KPIs and financial ratios for, Fiscal 2024, 2023 and 2022

[●]\*

\*To be included on finalisation of Price Band.

7. Explanation for the Offer Price/Cap Price, being [●] times of WACA of primary issuances/secondary transactions of Equity Shares (as disclosed above) in view of the external factors which may have influenced the pricing of the Offer.

[●]\*

\*To be included on finalisation of Price Band.

Investors should read the above-mentioned information along with “*Risk Factors*”, “*Our Business*”, “*Management Discussion and Analysis of Financial Condition and Revenue from Operations*” and “*Restated Financial Information*” beginning on pages 36, 225, 396 and 319, respectively, to have a more informed view.

The trading price of the Equity Shares could decline due to the factors mentioned in the section “*Risk Factors*” beginning on page 36 and any other factors that may arise in the future and you may lose all or part of your investments.

## STATEMENT OF SPECIAL TAX BENEFITS

To,

The Board of Directors

Ather Energy Limited (formerly known as “Ather Energy Private Limited”)

3<sup>rd</sup> Floor, Tower D, IBC Knowledge Park,

#4/1, Bannerghatta Main Road,

Bangalore 560029

Karnataka, India

Dear Sirs,

**Sub: Statement of possible special tax benefits (“Statement”) available to Ather Energy Limited (formerly known as “Ather Energy Private Limited”) (“the Company”) and its shareholders under direct and indirect tax laws.**

We refer to the proposed initial public offering of the equity shares (the “Offer”) of the Company. We enclose herewith the statement (the “Annexure”) showing the possible special tax benefits available to the Company and to its shareholders as per the provisions of the Income-tax Act, 1961, The Central Goods and Services Tax Act, 2017, The Integrated Goods and Services Tax Act, 2017, The State Goods and Services Tax Act as passed by respective State Governments from where the Company operates and applicable to the Company, Customs Act, 1962 and Foreign Trade Policy 2023 (as extended) including the rules, regulations, circulars and notifications issued thereunder (the “Tax laws”), relevant to the financial year 2024-25 for inclusion in the Draft Red Herring Prospectus (“DRHP”) for the Offer, as required under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (“ICDR Regulations”).

Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Tax laws. Hence, the ability of the Company or its shareholders to derive these direct and indirect tax benefits is dependent upon their fulfilling such conditions, which is based on business imperatives the Company may face in the near future and accordingly, the Company or its shareholders may or may not choose to fulfil.

The benefits discussed in the enclosed Annexure are neither exhaustive nor conclusive. The contents stated in the Annexure are based on the information and explanations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company. This statement is only intended to provide general information to guide the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation in the offer particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail. We are neither suggesting nor are we advising the investor to invest money or not to invest money based on this statement.

We do not express any opinion or provide any assurance whether:

- The Company or its shareholders will continue to obtain these possible special tax benefits in future;
- The conditions prescribed for availing the possible special tax benefits have been/would be met;
- The revenue authorities/courts will concur with the views expressed herein.

We hereby give our consent to include this report and the enclosed Annexure regarding the special tax benefits available to the Company and to its shareholders in the DRHP in relation to the Offer, which the Company intends to file with the Securities and Exchange Board of India and the stock exchange(s) provided that the below statement of limitation is included in the DRHP.

### LIMITATIONS

*Our views expressed in the enclosed Annexure are based on the facts and assumptions indicated above. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company and the existing provisions of tax laws in force in India and its interpretation, which are subject to change from time to time. We do not assume*

*responsibility to update the views consequent to such changes. Reliance on the statement is on the express understanding that we do not assume responsibility towards the investors and third parties who may or may not invest in the Offer relying on the statement.*

*This statement has been prepared solely in connection with the Offer, as required under the ICDR Regulations.*

Yours faithfully,

**For Deloitte Haskins & Sells**  
**Chartered Accountants**  
(Firm Registration Number: 008072S)

**Gurvinder Singh**  
Partner  
(Membership No. 110128)

Place: Bangalore  
Dated: 05 September 2024  
UDIN: 24110128BKBGZE8833

## ANNEXURE

### STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO ATHER ENERGY LIMITED (FORMERLY KNOWN AS “ATHER ENERGY PRIVATE LIMITED”) (“THE COMPANY”) AND ITS SHAREHOLDERS

The information provided below sets out the possible special direct tax benefits available to the Company and the shareholders of the Company in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of equity shares of the Company, under the current Tax Laws presently in force in India. Several of these benefits are dependent on the shareholders fulfilling the conditions prescribed under the relevant Tax Laws. Hence, the ability of the shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which, based on business / commercial imperatives a shareholder faces, may or may not choose to fulfill. We do not express any opinion or provide any assurance as to whether the Company or its shareholders will continue to obtain these benefits in future. The following overview is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation in the Offer. We are neither suggesting nor are we advising the investor to invest money or not to invest money based on this statement.

**INVESTORS ARE ADVISED TO CONSULT THEIR OWN TAX CONSULTANT WITH RESPECT TO THE TAX IMPLICATIONS OF AN INVESTMENT AND CONSEQUENCES OF PURCHASING, OWNING AND DISPOSING OF EQUITY SHARES IN THE SECURITIES, PARTICULARLY IN VIEW OF THE FACT THAT CERTAIN RECENTLY ENACTED LEGISLATION MAY NOT HAVE A DIRECT LEGAL PRECEDENT OR MAY HAVE A DIFFERENT INTERPRETATION ON THE BENEFITS, WHICH AN INVESTOR CAN AVAIL IN THEIR PARTICULAR SITUATION.**

#### STATEMENT OF POSSIBLE SPECIAL DIRECT TAX BENEFITS AVAILABLE TO THE COMPANY AND SHAREHOLDERS OF COMPANY.

##### I. Special direct tax benefits available to the Company

The statement outlined below is based on the provisions of the Income-tax Act, 1961 ('the Act') presently in force in India as amended by the Finance(No. 2) Act, 2024.

##### a) Lower corporate tax rate under section 115BAA of the Act

The section 115BAA provides an option to a domestic company to pay corporate tax at a reduced rate of 22% (plus applicable surcharge and education cess<sup>1</sup>).

In case the Company opts for the concessional income tax rate as prescribed under section 115BAA of the Act, it will not be allowed to claim any of the following deductions/ exemptions:

- Deduction under the provisions of section 10AA (deduction for units in Special Economic Zone).
- Deduction under clause (iia) of sub-section (1) of section 32 (Additional depreciation).
- Deduction under section 32AD or section 33AB or section 33ABA (Investment allowance in backward areas, Investment deposit account, site restoration fund).
- Deduction under sub-clause (ii) or sub-clause (iia) or sub-clause (iii) of sub-section (1) or sub-section (2AA) or sub-section (2AB) of section 35 (Expenditure on scientific research).
- Deduction under section 35AD or section 35CCC (Deduction for specified business, agricultural extension project).
- Deduction under section 35CCD (Expenditure on skill development).
- Deduction under any provisions of Chapter VI-A other than the deductions under section 80JJAA (Deduction in respect of employment of new employees) and 80M (Deduction in respect of certain inter-corporate dividends).
- No set-off of any loss carried forward or depreciation from any earlier assessment year, if such loss or depreciation is attributable to any of the deductions referred above.
- No set-off of any loss or allowance for unabsorbed depreciation deemed so under section 72A, if such loss or depreciation is attributable to any of the deductions referred to in clause.

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<sup>1</sup> Surcharge at 10% on the tax liability and further, enhanced by an education cess at 4% of the total tax liability and surcharge.



The provisions of section 115JB regarding Minimum Alternate Tax (“MAT”) are not applicable if the Company opts for the concessional income tax rate as prescribed under section 115BAA of the Act. Further, the Company will not be entitled to claim tax credit relating to MAT.

The Company has not opted for the concessional rate of tax in the latest furnished return of income for the previous year ended 31<sup>st</sup> March 2023 relevant to assessment year 2023-24. The due date for furnishing of tax return for FY 2023-24 has not yet approached and hence, the Company may opt for the concessional rate of tax subject to furnishing of Form 10IC and satisfying the other conditions discussed above.

#### **b) Deduction from Gross Total Income**

- Deduction under section 80G:

The Company is entitled to claim deduction in respect of any donations made to approved funds, charitable institutions, etc. subject to satisfaction of conditions therein.

However, the deduction under section 80G of the Act is not applicable if the Company opts for concessional tax rate under section 115BAA of the Act.

- Deduction under section 80JJAA:

The Company is entitled to claim a deduction of an amount equal to thirty per cent of additional employee cost incurred in the course of business in the previous year, for three assessment years including the assessment year relevant to the previous year in which such employment is provided under section 80JJAA of the Act, subject to the fulfilment of prescribed conditions therein.

The deduction under section 80JJAA is available even if the Company opts for concessional tax rate under section 115BAA of the Act.

## **II. Special direct tax benefits available to shareholders**

- a) Dividend income earned by the shareholders would be taxable in their hands at the applicable rates. However, in case of domestic corporate shareholders, deduction under section 80M of the Act would be available on fulfilling the conditions.
- b) Further, in case of shareholders who are individuals, Hindu Undivided Family, association of persons, body of individuals, whether incorporated or not and every artificial juridical person, surcharge would be restricted to 15%, irrespective of the amount of dividend.
- c) As per section 112A of the Act, long-term capital gains arising from transfer of an equity share shall be taxed at 12.5% plus applicable surcharge and cess (without benefit of indexation) of such capital gains subject to fulfilment of prescribed conditions under the Act as well as per Notification No. 60/2018/F.No.370142/9/2017-TPL dated 1 October 2018. It is worthwhile to note that tax shall be levied where such capital gains exceed Rs. 1,25,000. Further, in respect of non-resident shareholder foreign exchange rate fluctuation as per first proviso to section 48 of the Act shall not be available if capital gains are taxable under section 112 or 112A of the Act.
- d) As per section 111A of the Act, short term capital gains arising from transfer of an equity share shall be taxed at 20% plus applicable surcharge and cess subject to fulfilment of prescribed conditions under the Act.
- e) In respect of non-resident shareholders, the tax rates and the consequent taxation shall be further subject to any benefits available under the applicable Double Taxation Avoidance Agreement, if any, between India and the relevant country subject to entitlement.

Except the above and apart from the tax benefits available to each class of shareholders as such, there are no special tax benefits for the shareholders.

## **STATEMENT OF POSSIBLE SPECIAL INDIRECT TAX BENEFITS AVAILABLE TO THE COMPANY AND SHAREHOLDERS OF THE COMPANY**

The Statement of possible tax benefits enumerated below is per the Central Goods and Services Tax Act, 2017 (“**CGST Act**”), the Integrated Goods and Services Tax Act, 2017 (“**IGST Act**”), the Union Territory Goods and Services Tax Act, 2017 (“**UTGST Act**”), respective State Goods and Services Tax Act, 2017 (“**SGST Act**”) (All these legislations collectively referred to as “**GST Legislation**”), the Customs Act, 1962, the Customs Tariff Act, 1975 (“**Customs Tariff Act**”) and Foreign Trade Policy (collectively referred to as “**Indirect Tax**”) as amended from time to time and as applicable for financial year 2023-24.

### **I. Special Indirect tax benefits available to the Company**

#### **a. Import of capital goods without payment of customs duty under Export Promotion Capital Goods Scheme (“EPCG Scheme”)**

The objective of the EPCG Scheme is to facilitate import of capital goods for producing quality goods and services and enhance India's manufacturing competitiveness. EPCG Scheme allows import of capital goods for pre-production, production and post-production at zero customs duty (i.e. exemption from basic customs duty, additional customs duty along with Integrated Goods and Services Tax (“**IGST**”) and compensation cess). EPCG Scheme covers manufacturer exporters with or without supporting manufacturer(s), merchant exporters tied to supporting manufacturer(s) and service providers.

As per provisions contained under Chapter 5 of Foreign Trade Policy 2023 (“**FTP**”) and Handbook of Procedures 2023 read with Notification No. 26/2023 – Customs dated 01 April 2023, the imports under EPCG Scheme are subject to an Export Obligation (“**EO**”) equivalent to six times of duties, taxes and cess saved on capital goods which is required to be fulfilled within six years reckoned from date of issue of license. Further, the license is valid for undertaking import of goods for 24 months from the date of issue of license.

The Company has obtained EPCG authorization (license) from Directorate General of Foreign trade (“**DGFT**”) towards availing the benefit of duty-free import of capital goods falling under HSN code 90248099, 84122100 and 85158090.

#### **b. Concession/exemption on customs duty on import of certain products under Notification 50/2017**

The Customs Act, 1962, provides power to the Central Government to exempt duty of customs leviable on goods and from so much of integrated tax leviable thereon under sub-section (7) of section 3 of said Customs Tariff Act, read with section 5 of the IGST Act as is in excess of the amount calculated at the rate specified in the corresponding entry in column (4) towards customs leviable under the first schedule and in column (5) towards Integrated tax leviable thereon under sub-section (7) of section 3 of said Customs Tariff Act described under in the Notification 50/2017 – Customs dated 30 June 2017 read with Customs (Import of Goods at Concessional Rate of Duty) Rules, 2017 and Notification No. 11/2021-Customs as amended from time to time.

The Company has availed benefit of concessional rate of basic custom duty at 5% on assessable value and NIL rate of Agriculture Infrastructure and Development Cess towards import of goods viz. Lithium-ion cells falling under HSN code 85076000.

In addition, the Company has also availed benefit of concessional rate of basic custom duty at 2.5% on assessable value and NIL rate of Agriculture Infrastructure and Development Cess towards import of goods viz. Steel can cell falling under HSN code 85079090.

As per the tariff, the actual rate of basic customs duty (“**BCD**”) applicable on Lithium-ion cells (HSN code 8507600) is 20% and on Steel can cell (HSN code 85079090) is 10% and the Company has availed benefit of reduced rate of customs duty by 15% on Lithium-ion cells and of 7.5% on Steel can cell accordingly.

#### **c. Exemption of Customs duty on exports of goods as part of Comprehensive Economic Partnership Agreement between The Republic of Korea and The Republic of India**

The Customs Act, 1962 provides power to the Central Government to grant concessional duty or exempt duty of customs leviable on imported goods to the extent it finds feasible if the said goods are imported into India from the Republic of Korea as part of Comprehensive Economic Partnership Agreement between Republic of Korea and the Republic of India as per Notification No. 152/2009 – Customs read with Notification No. 11/2021-Customs as amended from time to time. In order to avail the said tariff concession, the importer is required to prove to the satisfaction of the Customs authorities that the goods in respect of which the benefit of concession/exemption is being claimed are of the origin from Republic of Korea.

The Company has availed benefit of NIL Basic Customs Duty along with NIL rate of Agriculture Infrastructure and Development Cess against import of goods falling under the Customs Tariff Head 85076000 made from Korea.

**d. Concession in custom duty over & above 5% of the tariff rate for all Research and Development related ("R&D") imports under customs**

The Customs Act, 1962, provides power to the Central Government to exempt duty of customs as in excess of the amount calculated at the rate of five percent ad valorem and from the whole of the additional duty leviable thereon under section 3 of the said Customs Tariff Act, under in the Notification 51/1996 – Customs dated 30 June 2017 as amended from time to time. The said notification provides the concessional duty benefits when the goods are imported for research purposes and the importer is registered with the Government of India with Department of Scientific and Industrial Research ("DSIR").

The Company has availed benefit of discharging concessional rate of basic custom duty at 5% on assessable value and NIL rate of Agriculture Infrastructure and Development Cess against import of goods falling under various HSN codes viz. 87149100(cell holder), 85076000(Lithium-ion rechargeable cell) etc.

**e. Refund of integrated tax paid on Inverted duty structure supply of goods**

Under the GST Legislation, a registered person may claim refund of any unutilised input tax credit at the end of any tax period where the credit has accumulated on account of rate of tax on inputs being higher than the rate of tax on output supplies (other than nil rated or fully exempt supplies), except supplies of goods or services or both as may be notified by the Government on the recommendations of the GST Council.

The Company has availed the benefit of claiming refund under the inverted duty structure.

**f. Export supply of goods without payment of integrated tax**

Under the GST Legislation, a registered person can make export supply of goods or services without payment of integrated tax under bond or letter of undertaking ("LUT"). The Company is involved in export of goods, spare parts to a place outside India.

The Company has availed the benefit of export of goods without payment of Integrated tax under LUT. Further, the Company is eligible for claiming refund of accumulated ITC on account of export of goods without payment of tax as per the provisions of section 54 of CGST Act, 2017.

**g. SGST reimbursement under Tamil Nadu Electric Vehicle Policy 2019:**

The Company has entered into MOU with the Government of Tamil Nadu to avail incentives under the Structured Package of Assistance ("EV Special Manufacturing Package" and "Special EV Package for Battery Manufacturing") under the Tamil Nadu Electric Vehicle Policy 2019. The benefits under the Structured Package are available subject to fulfilment of conditions, failing which the Company will have to refund the benefits availed along with applicable interest. The following indirect benefits are available to the Company under the Structured Package:

- 100% SGST reimbursement subject to ceiling limit of INR 140 crore for the sales effected till 31 December 2030 on sale of electric vehicles manufactured, sold and registered for use in in the State of Tamil Nadu.

**h. SGST reimbursement under Maharashtra Electric Vehicle Policy 2018:**

The Company has received an offer letter from the Government of Maharashtra to avail incentives under the Maharashtra Electric Vehicle Policy 2018. The benefits under the Structured Package are available subject to fulfilment of conditions, failing which the Company will have to refund the benefits availed along with applicable interest. The following indirect benefits are available to the Company under the Structured Package:

- 100% SGST reimbursement for period of 15 years on sale of electric vehicles manufactured, sold and registered for use in in the State of Maharashtra.

**II. Special Indirect tax benefits available to shareholders**

*There are no special tax benefit available to the current shareholders of the Company under the Tax Laws*

**NOTES:**

1. We have not considered general tax benefits available to the Company or shareholders of the Company. The above Statement covers only certain special tax benefits under the Act, read with the relevant rules, circulars and notifications and does not cover any benefit under any other law in force in India. This Statement also does not discuss any tax consequences, in the country outside India, of an investment in the shares of an Indian company.
2. The above Statement of possible special tax benefits sets out the provisions of Indian tax laws in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.
3. This Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the proposed offer.
4. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this Statement.
5. This statement does not discuss any tax consequences in the hands of the Company on account of holding shares, securities, interest, outside India.

## SECTION IV – ABOUT OUR COMPANY

### INDUSTRY OVERVIEW

Only to the extent explicitly indicated, industry and market data used in this section has been derived from the report titled ‘Assessment of Electric Two-wheeler Industry in India’ dated September 2024, prepared and issued by CRISIL (the “**CRISIL Report**”), commissioned by and paid for by our Company. The CRISIL Report has been prepared and issued by CRISIL for the purpose of understanding the industry exclusively in connection with the Offer. Further, CRISIL, vide their consent letter dated September 4, 2024 (“**Letter**”) has accorded their no objection and consent to use the CRISIL Report and has also confirmed that they are an independent agency, and confirmed that it is not related to our Company, our Directors, our Promoter, our Key Managerial Personnel, our Senior Management or the BRLMs. The CRISIL Report is available on the website of our Company at <https://www.atherenergy.com/investor-relations/dhrp-documents>. Unless otherwise indicated, all financial, operational, industry and other related information derived from the CRISIL Report and included herein with respect to any particular fiscal or calendar year, refers to such information for the relevant fiscal or calendar year. For further details, see “**Risk Factors – Internal Risks – We have used information from the CRISIL Report which has been commissioned and paid for by our Company for industry related data in this Draft Red Herring Prospectus and any reliance on such information is subject to inherent risks**” on page 72.

#### Overview of the Indian Economy

##### India to be the fastest growing large economy

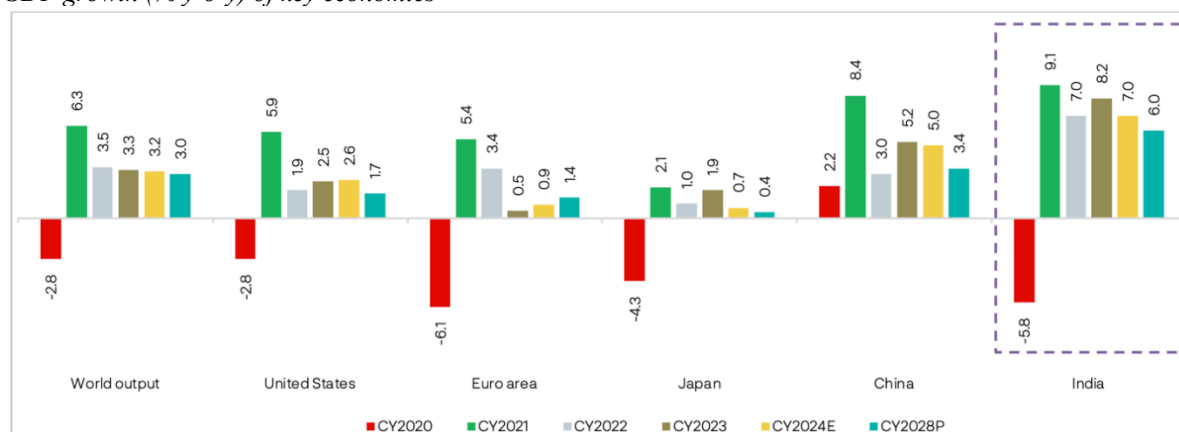
India’s GDP has expanded at 8.2% in fiscal 2024 that was higher than 7% in fiscal 2023, aided by a greater than expected expansion of 7.8% in the fourth quarter of fiscal 2024, according to provisional estimates of GDP growth released by the National Statistical Office (NSO).

After a strong GDP growth in the past three fiscals, GDP growth is expected to moderate to 6.8% in fiscal 2025. The growth will still be higher than the pre-pandemic decadal average of 6.7%, continuing to position India as the fastest growing major economy. Investments, a key factor that boosts growth, are expected to moderate as the government focuses on fiscal consolidation. The extent of revival in private investment cycle will determine the investment momentum this fiscal. The transmission of past rate hikes by the RBI to the broader lending rates continues. Rising borrowing costs and regulatory measures to clamp down risky lending could moderate domestic demand in the current fiscal. On the other hand, another spell of normal monsoon and easing inflation can revive rural demand, which was a laggard in the country’s growth story last year.

As per CRISIL MI&A, the fiscal 2025 seems to have started on a good note, merchandise exports registering growth in the first quarter of FY2025.

India ranks as the world’s 5<sup>th</sup> largest economy and is the fastest growing among major economies. The Indian economy logged 4.3% CAGR between fiscals 2019 and 2024.

##### GDP growth (% y-o-y) of key economies



Note: On Calendar Year (CY) basis

\* Euro area comprises 19 member countries of the EU

Source: International Monetary Fund (IMF); World Economic Outlook (WEO) – July 2024 update), CRISIL MI&A

\*CY28 projections are based on IMF WEO-April 2024

### ***Drivers for India's Economic Growth***

- Capital will continue to be the biggest contributor to growth. As the government pursues fiscal consolidation, its role in boosting overall capex will partly diminish compared with the past few years.
- Strong domestic demand is expected to drive India's growth over peers in the medium term.
- Investment prospects are optimistic, given the government's capex push, progress of Production-Linked Incentive (PLI) scheme, healthier corporate balance sheets, and a well-capitalised banking sector with low non-performing assets (NPAs).
- India is also likely to benefit from its diversification of the supply chain for incoming FDI flows, as global supply chains get reconfigured with focus shifting from efficiency towards resilience and friend shoring.
- Rising employment rates and a notable increase in private consumption, buoyed by growing consumer confidence, are poised to drive GDP growth in the upcoming months.
- The government's future capital expenditures are expected to be supported by factors such as tax buoyancy, simplified tax structures with lower rates, tariff structure reassessment, and tax filing digitization.
- Medium-term growth is anticipated to be bolstered by increased capital spending on infrastructure and asset development projects, leading to enhanced growth multipliers.

### **India's Demographic Advantage and its impact on 2Ws**

India's population surpassed China's by a slight margin in CY2023, making it the most populous country with 1.4 billion (140 crores) people as per UNFPA's State of World Population Report 2023. According to the report, 25% of India's total population is between 0-14 years, 68% is between the ages of 15 and 64 years, which is considered the working population of a country, and 7% above 65 years. Apart from this, about 18% of the population is between 10-19 years of age, and 26% are between 10-24 years (Generation Z). People under the age of 25 years currently account for more than 40% of the population.

India's median age is about 28 years, and it has largest working population among major global economies. It is expected to add ~70 million to the workforce (15-64 age group) by 2030. This benefit allows greater engagement in productive labor, thus bolstering national income. India's youthful demographic not only strengthens the country's competitive edge in the services and manufacturing sectors but also unlocks the spending potential of a young population towards discretionary expenses.

The working/young population has significantly impacted India's growth in past few years majorly in the IT, manufacturing, and service sectors. This is in line with past progress of economies like Japan and China where the young population has fueled economic development. India's young population is embracing new technologies and ideas which is expected to further boost the industries like technology, manufacturing, healthcare, and infrastructure.

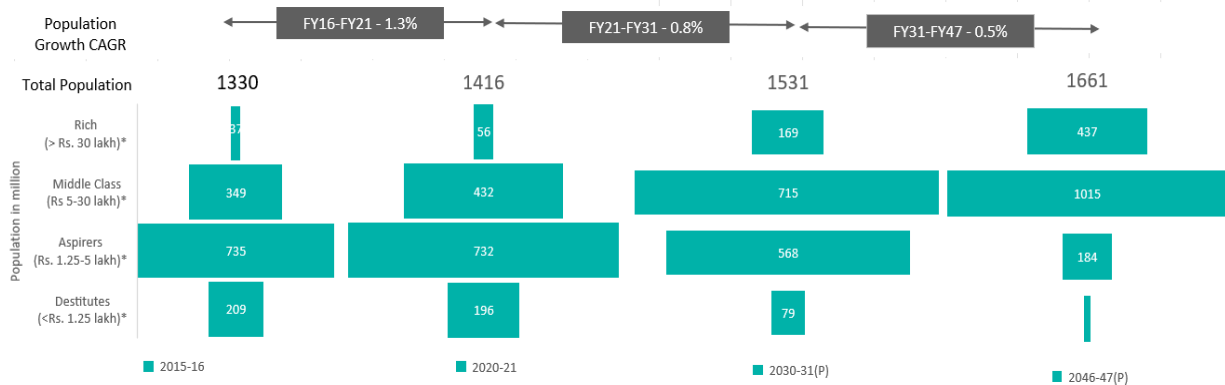
The demographic dividend fosters workforce expansion, driving accelerated urbanization and industrialization. This, in turn, will spur investment in both physical and human infrastructure, ultimately enhancing the country's economic productivity.

### ***Rise of the Middle Class***

As per Crisil estimates, India's GDP is expected to grow 6.7% between FY25 - FY31 to make it the third largest economy with a GDP inching closer to USD 7 trillion and lift per capita income to the upper middle-income category. By fiscal 2031, India's per capita income will rise to ~USD 4,500, thereby making it an upper middle-income nation. (As defined by World Bank, lower middle-income countries are those with per capita income of USD 1,000 to USD 4,000 and upper middle-income countries are those with per capita income of above USD 4,000 to ~USD 12,000).

Estimates from PRICE's ICE 360° Pan-India primary surveys indicate that the population of the Destitute and Aspirer groups is projected to decline from approximately 928 million in 2020-21 to 647 million by 2030-31 and further to 209 million by 2046-47. In contrast, the Rich segment is expected to increase significantly from 56 million to an estimated 169 million and 437 million. Meanwhile, the Middle Class is anticipated to expand substantially to nearly 1.02 billion by 2046-47, up from 715 million in 2030-31 and 432 million in 2020-21.

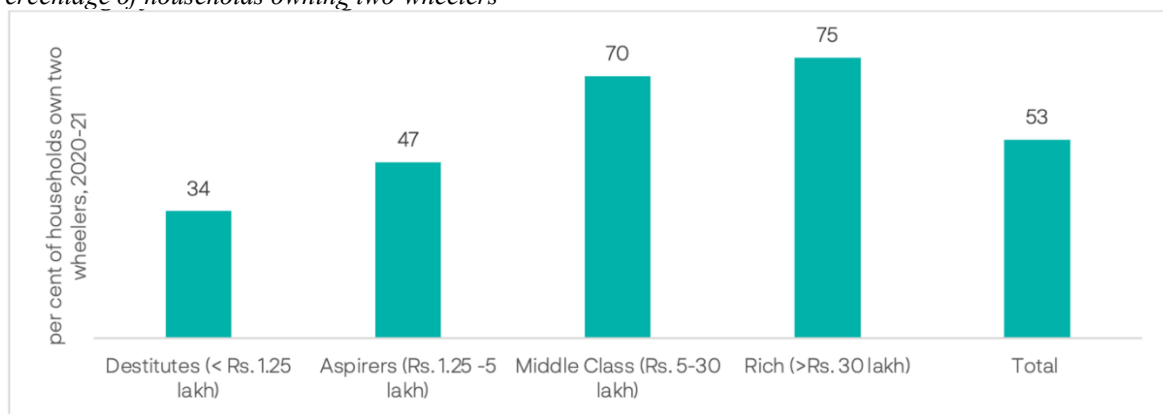
## India's Income Pyramid



Note: \*: Annual household income at 2020-21 prices

Source: ICE 360 survey PRICE, CRISIL MI&A

## Percentage of households owning two-wheelers



Source: ICE 360 survey PRICE, CRISIL MI&A

India's per capita disposable income is expected to grow by 8% in Fiscal 2024 to be about INR 2.14 lakhs. This would peg India as a lower middle-income country as per World Bank. According to the International Monetary Fund's estimates, India's per capita income (at current prices) is expected to grow at 9.4% CAGR over CY2024 to 2029.

At the macroeconomic level, the rise in per capita income implies that as incomes increase, the proportion of expenditure allocated to discretionary items such as consumer durables and automobiles will increase. This will lead to a qualitative enhancement in consumption patterns, characterized by a growing demand for discretionary goods. Further improvement in the per capita income will expand the 2W penetration going ahead.

## Rising 2W penetration in India

Two-wheelers stand as a vital and easily accessible mode of transportation across both urban and rural areas of India. Among them, motorcycles hold the highest popularity, trailed by scooters and mopeds. While the presence of mopeds in the two-wheeler inventory is declining, the prevalence of scooters is experiencing a notable surge. Across India, the primary use of two-wheelers among owners is for commuting to their workplaces. Additionally, business-related activities constitute the second-largest segment in the two-wheeler market, with delivery services for food, goods, as well as mail and courier services, extensively relying on two-wheelers. Some of the key drivers supporting the growth of the two-wheeler industry are the rise in per capita income, improving infrastructure, urbanization, and worsening traffic congestion etc. Indian two-wheeler penetration per 1000 people had been around 106-108 in FY19 which rose upto around 116-118 in FY24.

According to PRICE, two-wheelers are considered as a choice of transportation for Aspirer and Middle-Class households. Among Destitute households, 63% own a bicycle, but nearly 34% possess a two-wheeler, such as a moped, motorcycle, or scooter. This ownership rises to 47% for Aspirer households and 70% for Middle-Class households. Even among Rich households, 75% own a two-wheeler, typically a luxury two-wheeler, compared to the 100% that own a car.

### ***Robust 2W Replacement Demand - Shift from 2W to 4W Takes Time***

The Indian domestic passenger vehicle industry has witnessed a healthy 5% CAGR growth in the last five years backed by improvement in macroeconomic scenario, portfolio expansion by players, ironing out of vehicle supply concerns coupled with rising traction for UVs. However, rising PV industry did not have any sizeable impact on the two-wheeler industry sales.

Although there is a typical upgradation done by entry segment customers from two-wheelers to passenger vehicles (especially compact hatchbacks), the sharp rise in passenger vehicle prices in the last 5 years has restricted the shift towards the passenger vehicles segment. The income of this customer segment has also been impacted significantly amidst the pandemic. Moreover, the rise in interest expense & fuel costs, in turn the overall operating expenses, was another factor disincentivizing the upgrade from two-wheelers to passenger vehicles.

Thus, the significant increase in passenger vehicle ownership costs, and pressure on income levels for this customer segment, has limited the replacement of the two-wheeler with an entry level passenger vehicle in the last 5 years. Even going ahead, given the sizeable price difference between the  $\leq 110$ cc motorcycle and an entry level / compact hatchback, the replacement of the two-wheeler with a car by the entry level customer base, is expected to be limited. Therefore, it is imperative that such customers, when in a position to upgrade their two-wheeler, prefer a  $\geq 125$ cc two-wheeler as compared to what they own.

On the other hand, for the financially stable, affluent customers who already own a  $\geq 125$ cc motorcycle or scooter, a car is usually an additional vehicle purchase. There is also a scenario of  $\geq 125$ cc scooter or motorcycle being purchased for usage by non-car driving family members. For such customers, usage scenarios of two-wheeler and the passenger vehicle are different. They do not replace the two-wheeler with a passenger vehicle and prefer to own both simultaneously. Both also undergo their own individual replacement cycles.

Thus, the replacement demand for two-wheelers is expected to remain strong despite the rise in passenger vehicle industry sales.

### **Need for Electrification in India**

#### ***Rising Air Pollution in India and Air Quality Impact of 2Ws***

Air pollution has become a growing concern in India, especially in the urban centers, and the government has adopted various strategies to mitigate the same. The government is aligning themselves in accordance with the global climate related policies and standards to improve the air quality in the country. As per World Air Quality Report 2023, India ranked as the world's third most polluted country with an average annual PM2.5 concentration of 54.4 micrograms per cubic meter ( $\mu\text{g}/\text{m}^3$ ). Also, 9 out of the top 10 polluted cities in the world were from India. According to Air Quality Life Index (AQLI), air pollution shortens average Indian life expectancy by 5.9 years. Around 136 million Indians (96% of the Indian population) face PM2.5 concentrations that are seven times higher than the World Health Organization's recommended levels of 5 ( $\mu\text{g}/\text{m}^3$ ).

According to the International Energy Agency (IEA), road transport presently accounts for 12% of India's energy-related CO2 emission and is currently responsible for 20-30% of urban air pollution.

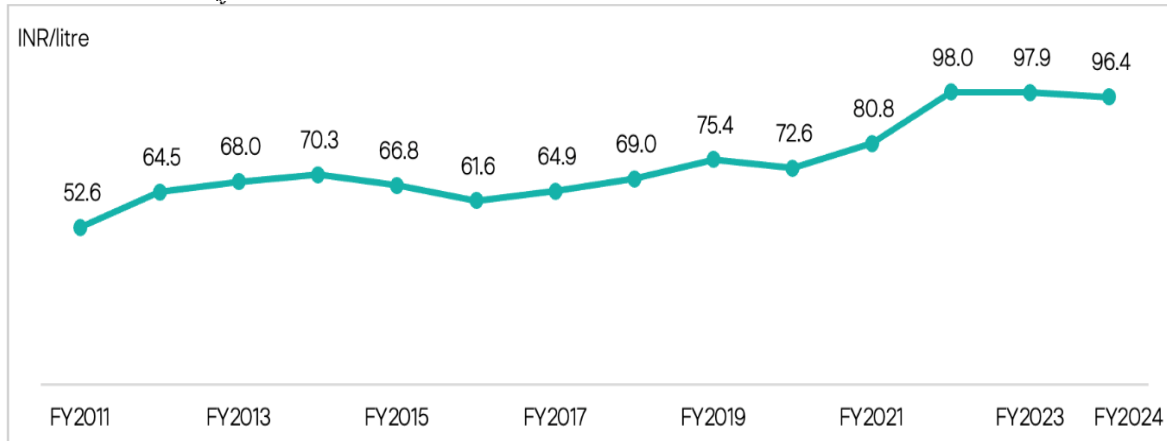
To address this issue, the government has implemented stringent emission regulations for vehicles including two-wheelers, aimed at reducing harmful pollutants and promoting sustainable mobility by moving towards electrification. In India, two-wheelers are a common mode of transportation and contribute significantly to air pollution. Also, two-wheelers continue to dominate India's vehicle fleet.

#### ***Rise in Fuel Prices in India***

The two-wheeler industry is sensitive to fuel price fluctuations and consumers are cautious about total cost of ownership (TCO). The increase in fuel prices could result in higher fuel related expenses thereby elevating the TCO. Also, an increase or decrease in fuel prices is likely to affect consumer sentiments and may lead to slow down or pickup in purchase decisions.



*Petrol Price at Delhi from FY2011 to FY2024*



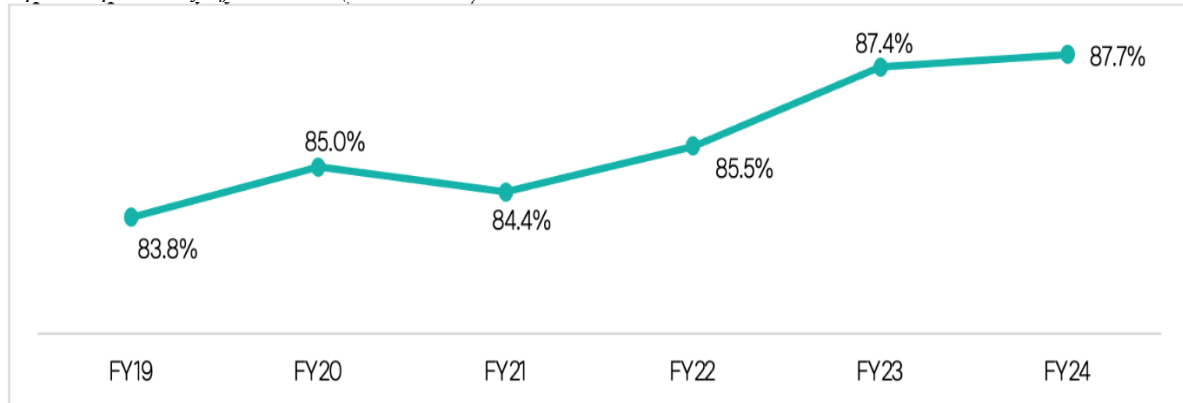
Source: CRISIL MI&A

### **India’s Dependence on Fuel Imports**

According to Energy Statistics India 2024, crude oil contributes to more than 30% of India's total primary energy supply and is the second largest after coal, which contributed more than 58% of the primary energy supply in fiscal 2023.

Further, volatile crude oil prices are a threat to the economy as it impacts the price stability of fuels in India driving inflationary pressure. Therefore, crude oil becomes an important parameter to determine reserve position and trade balance.

*Import dependency of crude oil (FY19-FY24)*



Source: PPAC, CRISIL MI&A

India could potentially lower its dependence on imports based on its ability to substitute/replace crude oil with other energy sources that can result in a positive effect in the Indian economy. According to the Ministry of Petroleum & Natural Gas, the government has adopted a five-pronged strategy comprising increasing domestic production of oil and gas, promoting energy efficiency and conservation measures, giving thrust on demand substitution, promoting biofuels and other alternate fuels/ renewables, EV charging facilities and refinery process improvements for reducing the country’s oil dependence on imported crude oil.

### **India’s Climate Commitments**

The Paris Agreement or Conference of Parties 21 (COP 21) was adopted by India in 2015. It replaced the Kyoto Protocol which was an earlier agreement to deal with climate change. It is a global treaty wherein more than 200 countries agreed to cooperate to reduce greenhouse gas emissions and lead climate conservation. The Agreement aims to limit greenhouse gas emissions so that the rise in global warming by the end of this century does not exceed 1.5°C above pre-industrial levels. Under the COP 21 National Determined Contribution (NDC) targets, India adopted three targets:

- To reduce emissions intensity of its GDP by 30-35% by 2030, from 2005 levels

- To achieve about 40% cumulative electric power installed capacity from non-fossil fuel-based energy resources by 2030
- To create an additional carbon sink of 2.5 to 3 billion tonnes of CO2 equivalent through additional forest and tree cover by 2030

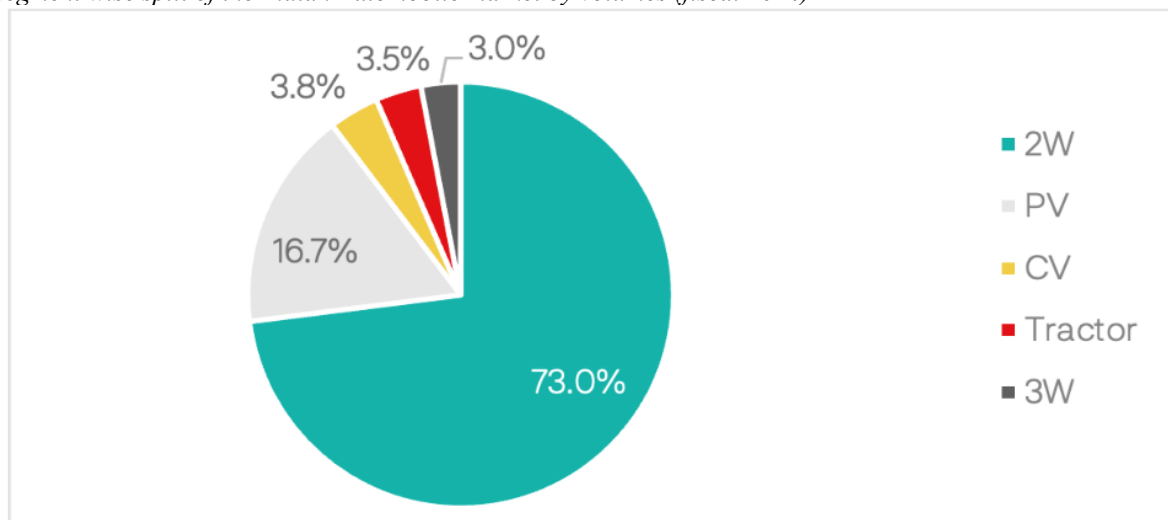
All these global commitments are navigating India towards a sustainable and emission free future. To aid this transition, adoption of emission free and green technologies needs to be promoted in the transport sector.

## Review of the Indian Domestic Two-wheeler Industry

### Domestic Two-wheeler Industry Review (fiscals 2019 to 2024)

India is the largest motorised two-wheeler market by volume in the world as of CY 2023 (according to Mordor intelligence), and had domestic sales of 18.4 million units in fiscal 2024. Indian automobile segment primarily consists of two-wheelers (2W), passenger vehicles (PV), commercial vehicles (CV), three wheelers (3W) and tractors. Two-wheeler is the largest segment and contributed 73% to the total auto market by volume followed by the passenger vehicle segment which contributed 16.7%.

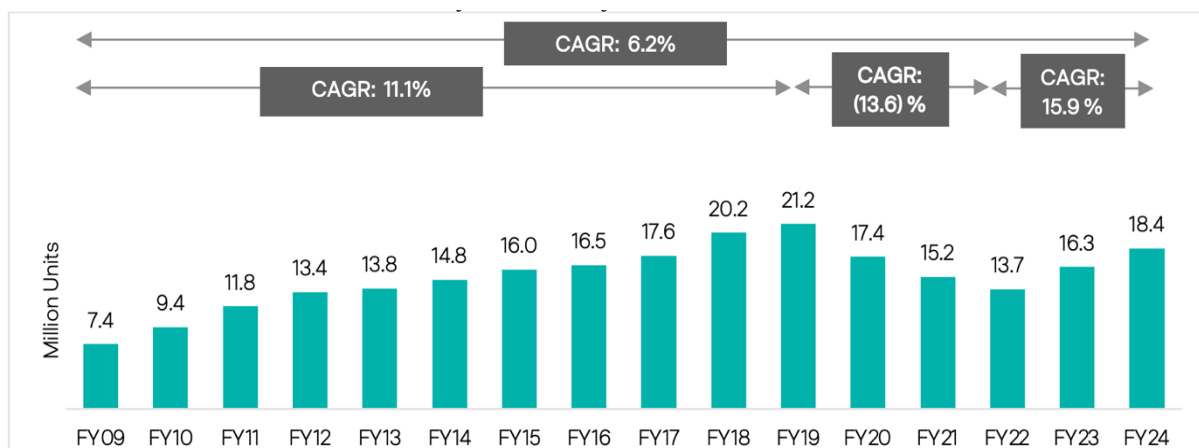
Segment wise split of the Indian Automobile market by volumes (fiscal 2024)



Source: SIAM, VAHAN, CRISIL MI&A

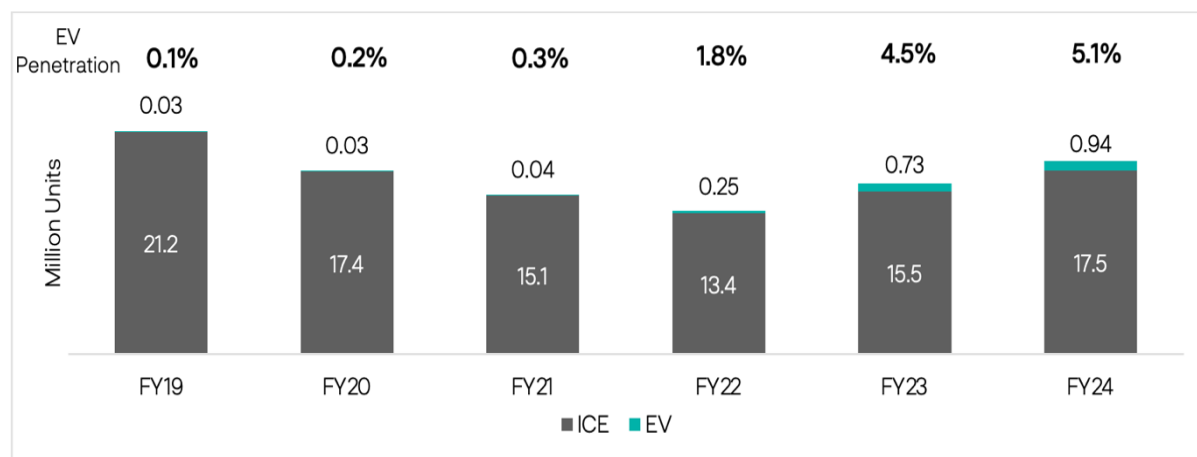
In the last 15 years (fiscal 2009 to fiscal 2024), the domestic two-wheeler industry has grown at a CAGR of 6.2% and reached a volume of 18.4 million in fiscal 2024. Within this period, the industry accelerated at a much faster pace of 11.1% CAGR over the 10-year period from fiscal 2009 to fiscal 2019 and reached a historic high of volumes of 21.2 million in fiscal 2019.

Domestic two-wheeler sales volume trend – fiscal 2009 to fiscal 2024



Note: Figures in bracket to be read as negative (E.g. (10) to be read as minus 10)  
 Source: SIAM, VAHAN, CRISIL MI&A

### Domestic two-wheeler sales volume trend (ICE vs EV)



Source: SIAM, VAHAN, CRISIL MI&A

y-o-y growth	FY19	FY20	FY21	FY22	FY23	FY24	FY19-24 CAGR
ICE	4.9%	-17.8%	-13.2%	-11.1%	15.5%	12.7%	-3.7%
EV	1393.6%	-4.1%	67.0%	464.1%	187.9%	28.5%	101.7%

Source: SIAM, VAHAN, CRISIL MI&A

In the last 5 years, the electrification within the industry has helped grow the industry sales. During fiscal 2019 to fiscal 2024 period, ICE segment contracted at 3.7% CAGR and EV retails grew with a 101.7% CAGR, albeit from a lower base.

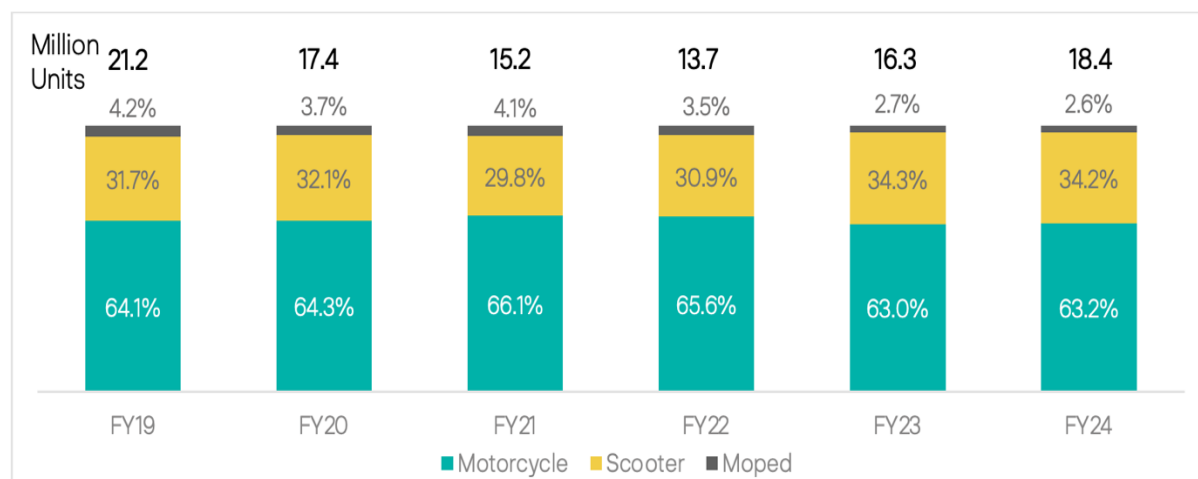
### Seasonality of sales

Demand in the automotive industry typically peaks between January and March, reduces from April to July before increasing again during the festive season from September to December. These festive months account for maximum of the festivals like Ganesh Chaturthi, Onam, Dushhera, Diwali and Christmas and are usually the best months from retail perspective. The fiscal year end month of March also sees higher dispatches to comply with the annual targets. Post the higher offtake, the beginning of the new fiscal (April-June) sees relatively lower dispatches after the increased inventory built up done during the previous financial year end coupled with lower retails during the rainy season.

### Segment wise domestic sales trend

Motorcycles dominate the domestic two-wheeler industry sales with more than 60% contribution to the annual domestic sales volumes. However, their contribution has gradually contracted over the years, from 78% in fiscal 2009 to 63% by fiscal 2024. On the other hand, the scooters segment expanded its presence over the long-term horizon; from 15% in fiscal 2009 to 34% in fiscal 2024.

## Domestic two-wheeler sales segmental trend – fiscals 2019 to 2024



Note: Data includes ICE and EVs; EV retail data from VAHAN has been considered.  
Source: SLAM, VAHAN, CRISIL MI&A

### Scooters

In the last 5 years, scooters witnessed gradual expansion and their share increased from 31.7% in fiscal 2019 to 34.2% in fiscal 2024. The strong demand for new model launches (like the Dio 125, Avenis, upgrades of Activa, Jupiter as well as e-scooters), increasing usage of scooters by working professionals, especially women in urban areas (due to high convenience) and a growing preference as a second vehicle in households restricted the fall in demand for scooters. There has also been a rise in multiple vehicle ownership within a family including a passenger vehicle coupled with multiple two-wheelers.

Within ICE scooters, over 97% of the market by volumes has fallen under the >90cc and <=125cc subsegment, consistently since fiscal 2019, with over 99% of the volumes in fiscal 2024. The <=90cc subsegment which had a 2% volume share in fiscal 2019 has degrown at a CAGR of -48%, and had only a 0.1% volume share in fiscal 2024. This subsegment has seen only one model, the TVS Pep+, in this period, whose sales have declined over the years as customers are now preferring higher cc scooters.

Based on CRISIL MI&A's estimates and market understanding, there has also been a lot of shifting within the >90cc and <=125cc subsegment in terms of customers purchasing higher cc scooters.

The 110cc scooters held almost ~78% share in fiscal 2019. However, their volumes have seen a sharp decline in recent times. The share of 125cc scooters within the ICE scooter segment rose from ~20% in fiscal 2019 to ~47% by fiscal 2024.

The overall scooters segment can also be categorized into performance and convenience scooters basis the market positioning by OEMs. Convenience scooters cater to customers seeking comfort, fuel efficiency and family friendliness. On the other hand, performance scooters cater to customers who focus on higher power and superior performance.

Convenience ICE scooters primarily have 110cc and 125cc engines and these scooters account for ~80% of the 2W ICE scooter market by volume.

Within scooters, e-scooters witnessed growth at an accelerated pace and contributed a sizeable share of 14.7% to overall scooter sales in fiscal 2024. Launch of new models, government incentives, rising awareness, increased acquisition and operating costs for the ICE equivalents provided a boost to the EV sales during the fiscal 2019-2024 period. E-scooters clocked growth at 101% CAGR in the last 5 years and their penetration within the scooters segment rose from 0.4% in fiscal 2019 to 14.7% in fiscal 2024.

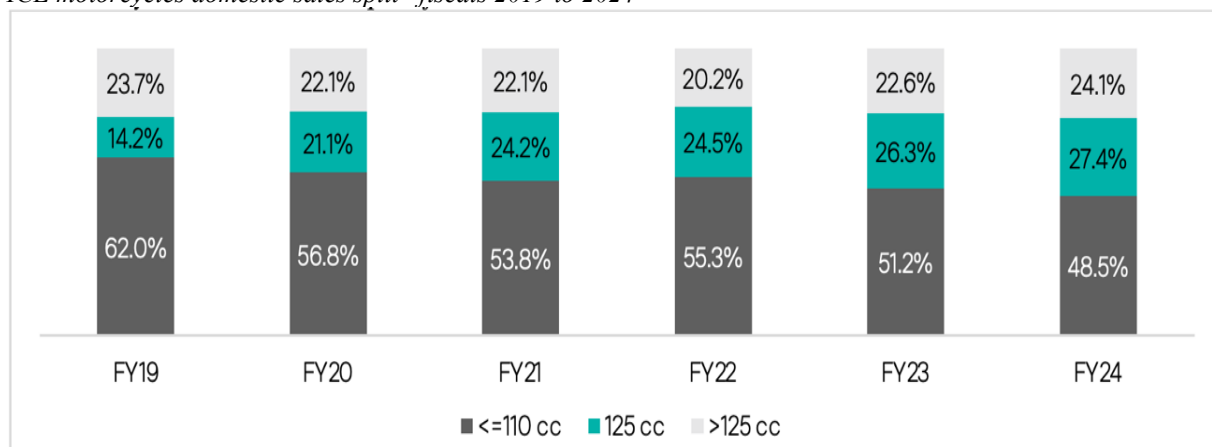
### Motorcycles

In the overall domestic sales, motorcycles have maintained their leading position in the last 5 years, however, they lost some ground to scooters during the period. During the pandemic period of fiscal 2021 & fiscal 2022, amidst

the lack of availability of public transportation, requirement of motorcycles continued especially for daily commute, thereby restricting their drop.

Unlike scooters, the EV penetration within motorcycles has remained inconsequential amidst lack of EV options. A few OEMs like Revolt offered EV motorcycles from fiscal 2020. Manufacturers like Tork and Ultraviolette also introduced their e bikes/ motorcycles in the following 2/3 years.

*ICE motorcycles domestic sales split– fiscals 2019 to 2024*



Source: SIAM, CRISIL MI&A

Within the ICE motorcycles segment, the 125cc subsegment has witnessed 11% CAGR growth during fiscal 2019-2024 period while the <=110cc subsegment has contracted at a rapid pace of 8% CAGR. The >125cc subsegment has also contracted by 3% CAGR during this period. However, within the ICE motorcycles segment, the 125cc and above subsegments together hold 51.5% of the market share by volume in fiscal 2024 as against 38% in fiscal 2019, thereby indicating a shift towards higher cc motorcycles.

### **Demand drivers and trends in the domestic two-wheeler market**

The performance of the Indian 2W industry is dependent on numerous social and economic factors, including demographic trends and preferences, income levels, affordability of 2W vehicle customers, changes in government policies, overall economic conditions as well as availability of finance and interest rates. Certain factors, such as general macroeconomic and consumer trends, have a direct impact on demand for 2W vehicles.

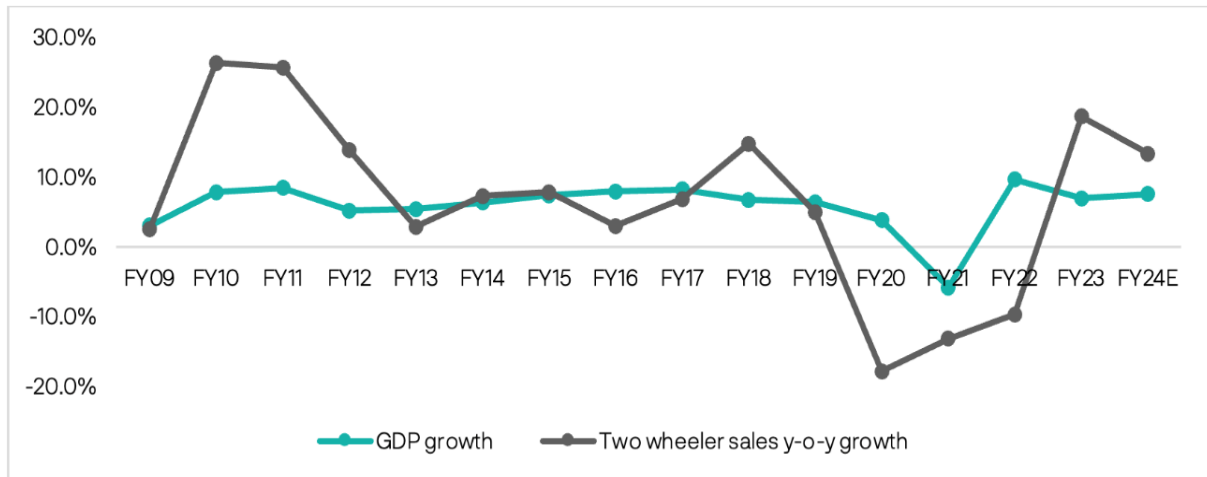
#### ***Macroeconomic support***

The primary demand drivers for the two-wheeler industry are improving affordability and lower cost of acquisition and ownership. Macroeconomic factors primarily determine the disposable income and affordability for customers.

During the fiscal 2009-2019 decade, India’s GDP grew at a healthy pace of 7% CAGR aiding the affordability of the customer base. This improvement in income levels translated into a healthy growth for the domestic two-wheeler industry at 11% CAGR. After this healthy growth, slowdown in the GDP growth during fiscal 2020 and the pandemic induced economic contraction in fiscal 2021 impacted the healthy run of the domestic two-wheeler industry.

Going ahead, CRISIL expects India’s GDP to clock a healthy growth at 6.5-7.5% CAGR (till fiscal 2031) aiding the growth of domestic two-wheeler industry sales over the long-term horizon.

### GDP vs two-wheeler industry growth trend



Source: MoSPI, SIAM, VAHAN, CRISIL MI&A

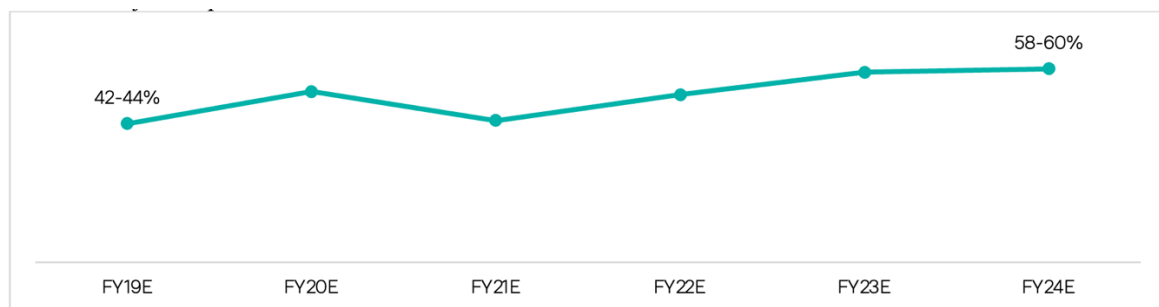
### Financing support

Finance support plays an important role in the overall demand growth of the two-wheeler industry given the relatively lower income profile of customers as well as smaller ticket size of the industry.

Over the years, amidst the intensifying competition, financial institutions have expanded their reach to gain further market share within the auto finance industry. Moreover, the entry of NBFCs which focus primarily on non-metros, expanded the reach of the financing system further as banks primarily catered to the urban and salaried customers.

This expansion aided the growth of overall finance penetration in the industry and in turn supported the growth of the domestic two-wheeler industry. Going forward, CRISIL MI&A expects the finance penetration to improve further and support the growth of two-wheeler industry.

### Two-wheeler finance penetration trend



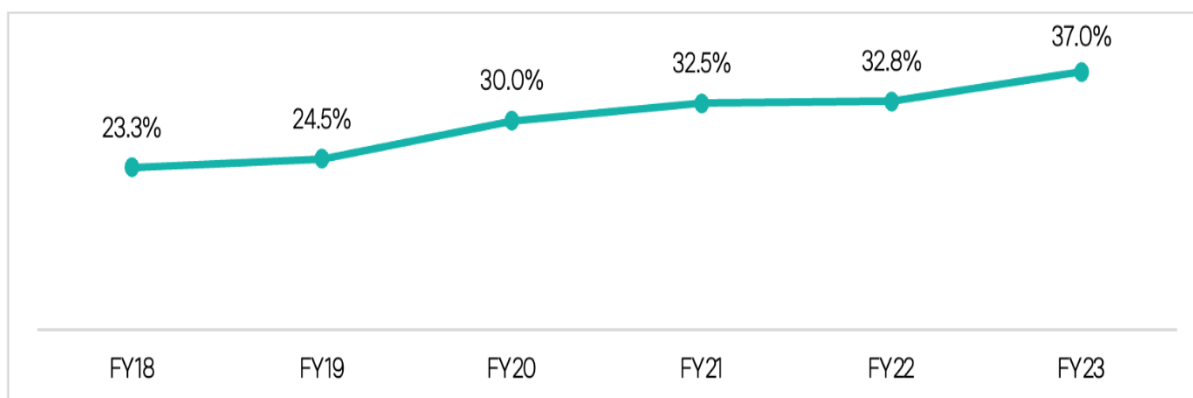
Source: CRISIL MI&A

### Women participation in the workforce

Increasing women participation in the Indian workforce has provided an additional boost to the two-wheeler, especially scooter sales. Given the added comfort in terms of ease of seating, lower vehicle weight, easy maneuverability and baggage space, scooters are amongst the preferred vehicle choices for working women.

The female participation in the work force has also aided the overall household incomes, boosting the two-wheeler sales as well.

### *Female labour force participation rate trend*



Source: CRISIL MI&A

Going forward, CRISIL MI&A expects the women to increasingly become a part on the workforce and support the long-term growth of the two-wheeler industry.

### ***Premiumization in the 2W Industry***

There is a clear shift towards premium vehicles being witnessed within the two-wheeler industry. Customers are looking to upgrade to the next premium vehicle segment within motorcycles as well as scooters. Younger buyer profiles, new vehicles with attractive features launched at competitive rates and increasing financing support have supported this premiumization trend within the two-wheeler industry. In the last 5 years, as per CRISIL MI&A's estimates, the share of  $\geq 125$ cc motorcycles increased from  $\sim 38\%$  in fiscal 2019 to  $\sim 52\%$  in fiscal 2024. While for scooters, the share of  $\geq 125$ cc scooters is estimated to have risen from  $\sim 20\%$  in fiscal 2019 to  $\sim 47\%$  in fiscal 2024. A relatively price agnostic customer base, feature rich vehicles and young buyers that prefer high performance and advanced features have led to a premiumization trend in scooters.

A similar premiumization trend is being witnessed in other industries as well. Within the consumer durable industry, there is clear customer shift towards the premium larger panel TVs. According to CRISIL Research, the share of large size panel TV ( $>32$  inch) has increased from 15-20% in fiscal 2017 to an estimated 45-50% in fiscal 2023. Even in washing machines, the premium fully automatic washing machines have been growing at a faster rate compared to semi-automatic washing machines signaling the customer shift towards the premium products.

Similarly in the automobile space, the passenger vehicle PV segment is seeing a noteworthy premiumization trend. In fact, the share of relatively premium PVs – Sports Utility Vehicles (SUVs) has increased from 29% in fiscal 2019 to 60% in fiscal 2024. The traction for these feature rich connected vehicles has been on the rise, especially from the young customer base, and is expected to continue going ahead.

Thus, this growth of premium products – premiumization trend – has taken over multiple industries including the two-wheeler industry. Over the long-term horizon, CRISIL MI&A expects the premiumization trend to drive the overall sales in the 2W industry.

### ***Electrification in the 2W industry***

EV sales have grown, especially post pandemic aided by the rising awareness, government support and expanding EV portfolio of the industry. The entry of the new age non-traditional OEMs like Ola, Ather, Okinawa and Ampere provided an additional boost to the EV segment in India.

Going ahead, the rise in electrification is estimated to contribute significantly to the industry growth over the long term.

### ***Shrinking replacement cycles***

The vehicle replacement cycles have been shrinking amidst the expanding vehicle portfolios by OEMs, entry of newer players into the industry - global & non- traditional, increasing number of attractive, feature rich and competitively priced vehicle launches, shortening duration of new vehicle launches by OEMs, continuous

technological advancement in vehicles, younger buyer demographic, expanding financing coverage and rising awareness. The increasing share of scooters with a relatively lower ownership holding period is another factor contributing to the shortening of the replacement cycle in the overall 2W industry.

From an average 10-12 years replacement cycle a decade ago, the replacement cycles have come down to 7-8 years. The shortened replacement cycle for the average customer is an added boost for the two-wheeler industry sales.

#### ***Accessories lending further support to OEM topline and the bottom line***

Over the years, traditional ICE 2W OEMs have expanded their consumer offerings with company branded accessories and merchandise like side mirrors, vehicle covers, seat covers, handlebar pads, engine guard, backrest, helmets, apparels, gloves etc. Such branded accessories form an integral part of the two-wheeler industry. For the premium models / brands, merchandising has also been actively promoted as a means to drive brand image and build long term loyalty by developing a sense of community (for example Royal Enfield). The revenues from sales of accessories & merchandise, along with those from sale of parts and spares, typically contribute ~10-15% of the overall revenues for the traditional ICE 2W OEMs.

In line with the ICE 2W players, the new age EV players have also entered the accessories and merchandise space and are providing some of the traditional accessories like vehicle cover, seat covers, floor mats, sidestep, t-shirts and helmets. However, they have also started to offer technologically advanced accessories for their customers including smart helmets, portable chargers, fast chargers, electronic tyre inflators, pressure monitors etc. These advanced accessories are sold at a premium over the general accessories as they have technology integrations that cater specifically to the E2W customer. Going forward, the demand for such accessories is expected to rise along with the growth of the overall E2W industry.

These accessories and merchandise products are high gross margin (25-30%) products for the OEMs which not only promote the brand but also provide an added support to the company top line as well as bottom line.

#### ***Advancement in Vehicle Technology***

Over the years, there has been a significant advancement in vehicle technology as well as addition of latest features in ICE as well as EVs, making the vehicles more appealing to the customers, especially the younger buyers. EV segment has revolutionised the industry in terms of latest technological designs as well as offerings, and ICE vehicles are following with notable advancements.

In recent two-wheelers, features such as digital instrument cluster (around 2010), navigation (around 2017), USB charging port (2017), Bluetooth connectivity (2018), cruise control have been added over the years. Over and above these basic features, premium vehicles including EVs offer much advanced features like full colour TFT displays, gear shift indicators, real time mileage, fuel efficiency metrics, music, calls on vehicle display, riding modes, traction control, keyless ignition, smart helmets with built in communication, etc.

As technology continues to advance, two-wheeler industry will witness more innovations in the coming years, making the ride safer and more enjoyable for the customer, thereby supporting the growth of industry over the long-term horizon.

#### **Domestic Two-Wheeler Industry Outlook (fiscals 2025 to 2031)**

The industry is expected to continue its growth momentum over the long-term horizon led by the positive microeconomic and macroeconomic environment, favourable rural demand, premiumization, intermittent launches, shrinking replacement cycle and continued support from financiers. Moreover, continued R&D investments by the OEMs and the technological advancements in the industry to provide an added support to the growth of the industry over the long-term horizon.

Additionally, the fast-rising EV segment, with EV portfolio expansion by legacy players, capacity expansion by new age players will accelerate the industry growth.

Introduction of CNG powertrain motorcycle by Bajaj, which will offer lower operating costs compared to petrol variants, will push the two-wheeler industry growth further.

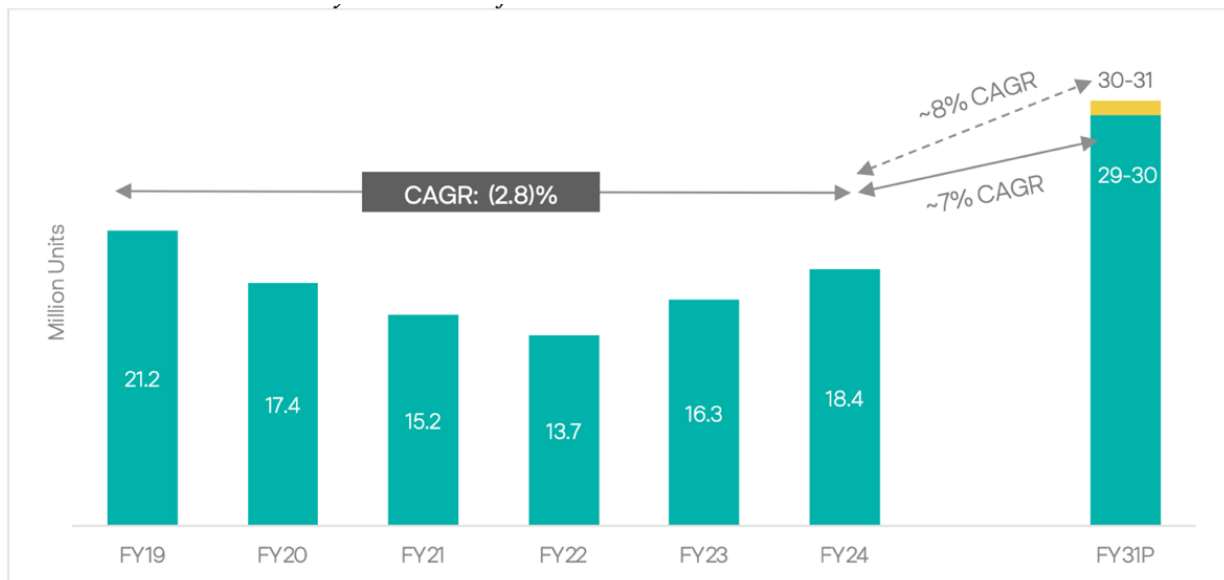


Led by these positive industry drivers, the two-wheeler industry sales are projected to grow at ~7% CAGR and reach volumes of 29-30 million by fiscal 2031. Of this, the E2W segment is projected to clock a healthy CAGR of ~41% during the period and the ICE 2W vehicle segment is expected to grow at a pace of ~2% CAGR.

With the growth in E2Ws, the EV penetration is expected to reach ~35% of overall 2W industry sales by fiscal 2031.

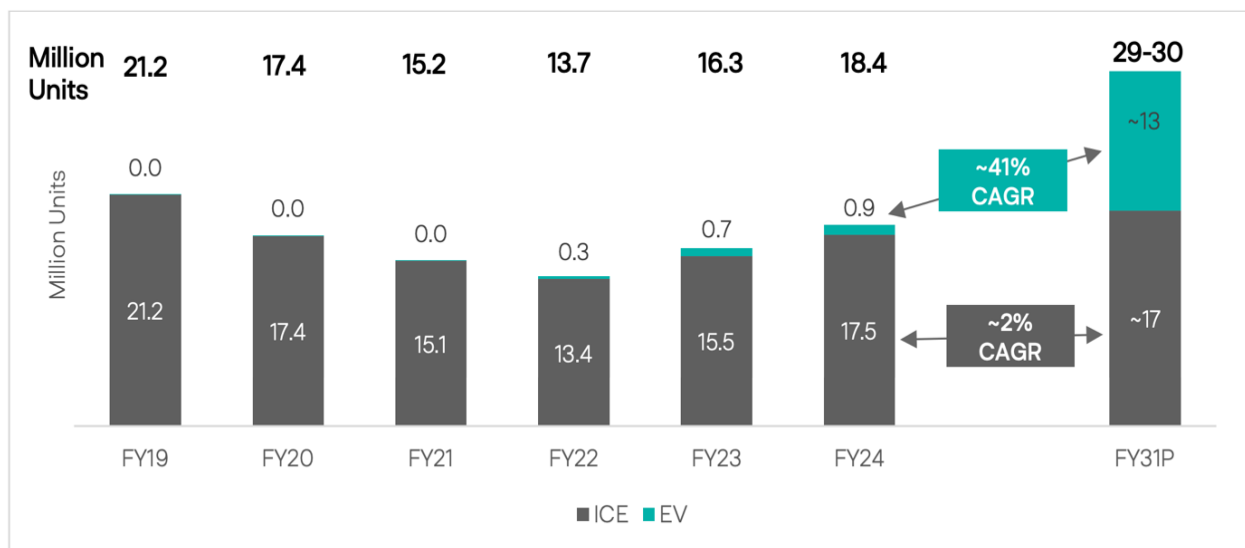
In an optimistic scenario, supported by increased EV launches, favourable government support, faster momentum in infrastructure development, reduced battery prices, easing supply chain constraints, localized value chain and faster consumer shift towards electrification, the industry sales are projected to grow at a faster pace of ~8% CAGR to reach volumes of 30-31 million by fiscal 2031. In the optimistic scenario, EV penetration is expected to reach ~40% compared to ~35% estimated for the base case.

*Domestic two-wheeler industry outlook – till fiscal 2031*



Note: The numbers indicated by the dotted arrow represent the optimistic case  
 Source: SIAM, CRISIL MI&A

*Domestic two-wheeler industry powertrain wise outlook*



Note: Figures above the graph showcase the total sales, outlook is for the base case scenario  
 Source: SIAM, CRISIL MI&A

Going ahead, over the long-term horizon, CRISIL MI&A expects the scooter segment to grow at a much faster pace off the relatively lower base, backed by expected sharp rise in e-scooter demand, ubiquitous usage of scooters, rising share of women in workforce, projected growth of e-commerce segment coupled with continued focus of OEMs on the scooters segment. The strong launch pipeline, especially for e-scooters and faster replacement cycles of the scooters segment will also back the faster growth of the scooters segment. Further, the improvement in supporting charging infrastructure is expected to provide added impetus to the segment's growth.

CRISIL MI&A projects the scooters segment to grow at a faster pace of 8-10% CAGR over the long-term horizon. Sizeable portion of the ICE scooter replacement demand will shift towards the electric variants.

### **Segmental Split Outlook**

Segmental growth within the industry in the last 5 years and outlook till FY31

<b>Segment</b>	<b>FY19-FY24 CAGR</b>	<b>FY24-FY31P CAGR</b>
<b>Motorcycles</b>	<b>(3.0) %</b>	<b>4-6%</b>
ICE	(3.1) %	3-5%
EV	NM	107-109%
<b>Scooters</b>	<b>(1.3) %</b>	<b>8-10%</b>
ICE	(4.3) %	(7)-(8) %
EV	101.3%	35-37%
<b>Mopeds</b>	<b>(11.4) %</b>	<b>6-8%</b>
ICE	(11.4) %	(21)- (19) %
EV	NM	NM
<b>Total</b>	<b>(2.8) %</b>	<b>6-8%</b>

Note: NM: Not meaningful; Figures in bracket to be read as negative (E.g. (10) to be read as minus 10), EV retail data from VAHAN has been considered.

Source: SIAM, CRISIL MI&A

### **Review of the Indian Electric Two-wheeler Industry**

In India, the EV two-wheelers (E2W) are gaining popularity enabled by the government's support via Faster Adoption and Manufacturing of Hybrid and Electric vehicles (FAME II), the latest EMPS subsidy, state subsidies and tax rate cuts coupled with growing awareness and concern for environmental issues. Additionally, the E2W portfolio is expanding with technology-rich vehicles that are being launched at competitive rates, which is driving consumer interest and growth of E2Ws in India. Significant strides in product evolution are one of the primary reasons for the sharp growth witnessed in the E2W segment in India.

#### **Evolution of E2W offerings**

Electrification in the two-wheelers industry started with low-speed electric two-wheelers. These low-speed electric vehicles had a much smaller battery and a speed limit of about 25 kmph.

The real push to electrification in the two-wheelers industry came from the launch of high-speed electric two-wheelers (speed >25kmph). These electric vehicles were comparable to their ICE counterparts in terms of power as well as speed. The organised nature of the high-speed electric two-wheelers industry also provided authenticity and trust to the E2W segment. Further, in 2018 Ather Energy launched the country's first smart electric scooter with features like touchscreen dashboard, connectivity features via 3G sim card and onboard navigation.

Improved battery chemistry and development of associated software technology is further aiding fast charging capability of the latest EVs. Software enablement in motor controllers as well as battery management systems have supported improvement in vehicle efficiency as well.

These technological advancements have helped EV OEMs address one of the primary concerns regarding the usage of EVs – the range anxiety. In fact, the high-speed electric vehicles launched around fiscal 2018 had a relatively limited range of about 60-75km per charge. In the next 6 years, the range has nearly doubled to 100-150km per charge.

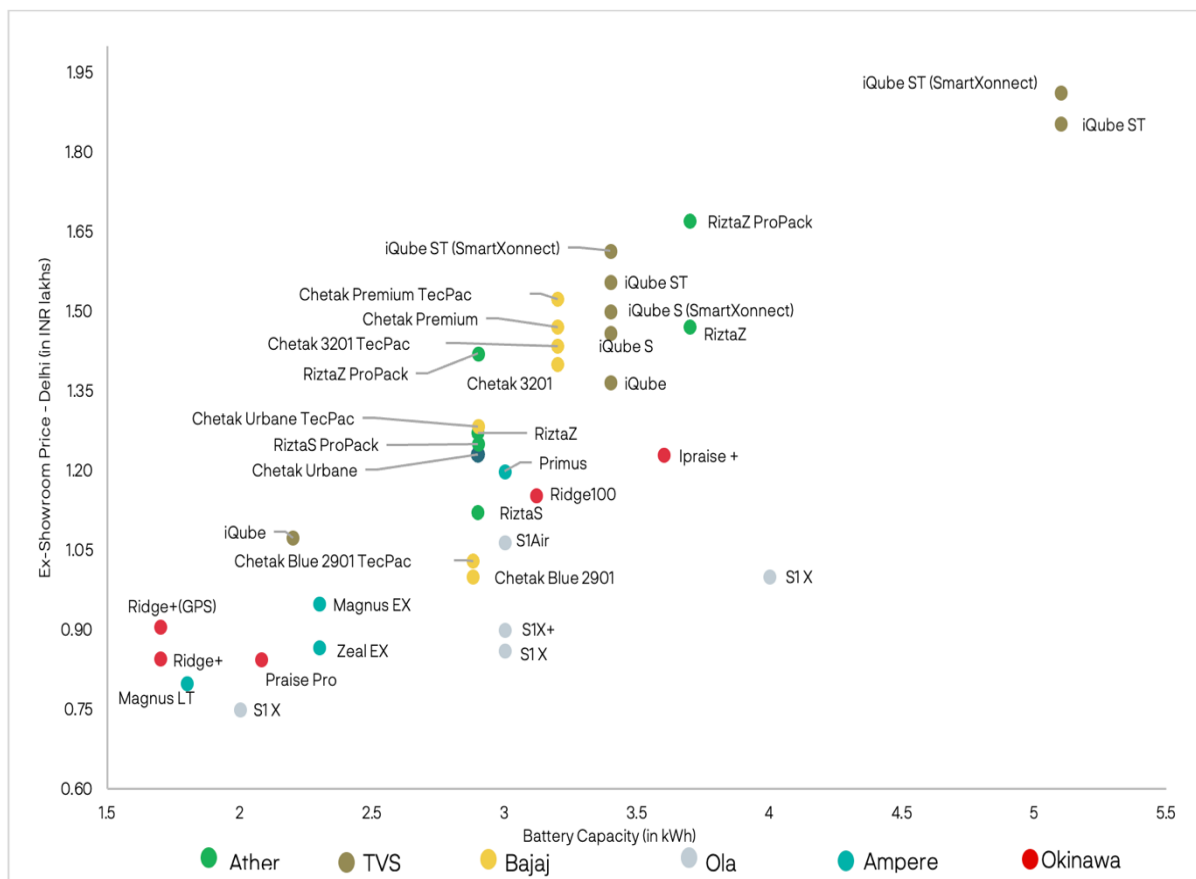
Additionally, over the years, OEMs have also introduced high performance e-scooters which offer maximum speed of more than 80 km/hr like Ather 450 series, Ola S1 Pro, TVS X etc, to cater to customers who value power and performance.

Moreover, number of product offerings have expanded significantly in the last few years further propelling the industry growth. In line with traditional ICE 2Ws, E2Ws are also being offered in the convenience as well as performance categories, where convenience scooters are comfort focused scooters that provide high mileage and cater to family and daily usage. On the other hand, performance scooters focus on higher power and superior performance.

### Convenience Scooters Category Offerings (2024) – EV

Convenience ICE scooters account for almost 80% of the 2W ICE scooter market by volume, thereby making the target customer segment attractive for electric 2W players. As can be seen from the graphs below, a host of E2Ws are now present in the convenience category across battery capacity range. It has also been largely observed that as battery capacity increases, the E2W price also increases. Prices are also a function of technological features (including add-on packs) and national subsidies (like the current EMPS subsidy).

#### Convenience EV scooters (August 2024)



Note:

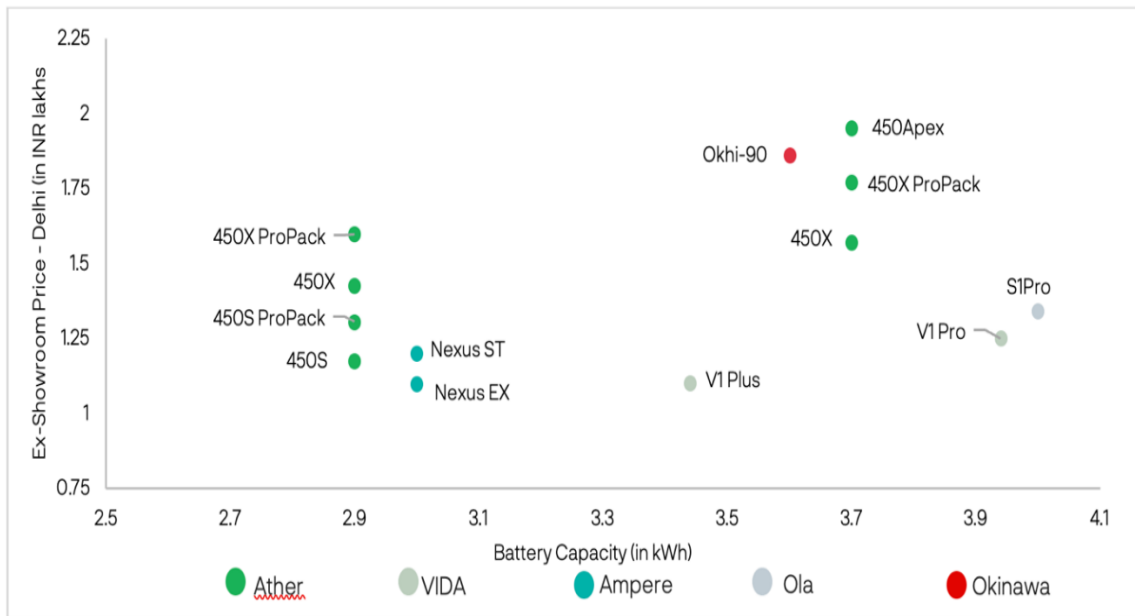
- Delhi Ex-showroom prices have been considered.
- Ola & Hero do not offer option of buying the vehicle without the software pack. The ex-showroom prices are inclusive of the cost of software package.
- EMPS subsidy and any direct cash discounts offered by OEMs as of 28<sup>th</sup> August 2024 have been considered in the prices
- Convenience categorization is done based on the company positioning of the vehicle

Source: Industry, Company Websites

### Performance Scooters Category Offerings (2024) – EV

Performance ICE scooters account for almost 20% of the 2W ICE scooter market by volume. As can be seen from the graphs below, few OEMs are now offering E2Ws in the performance category with product options across battery capacity range, having prices upto INR 2 lakhs.

Performance EV scooters (August 2024)



Note:

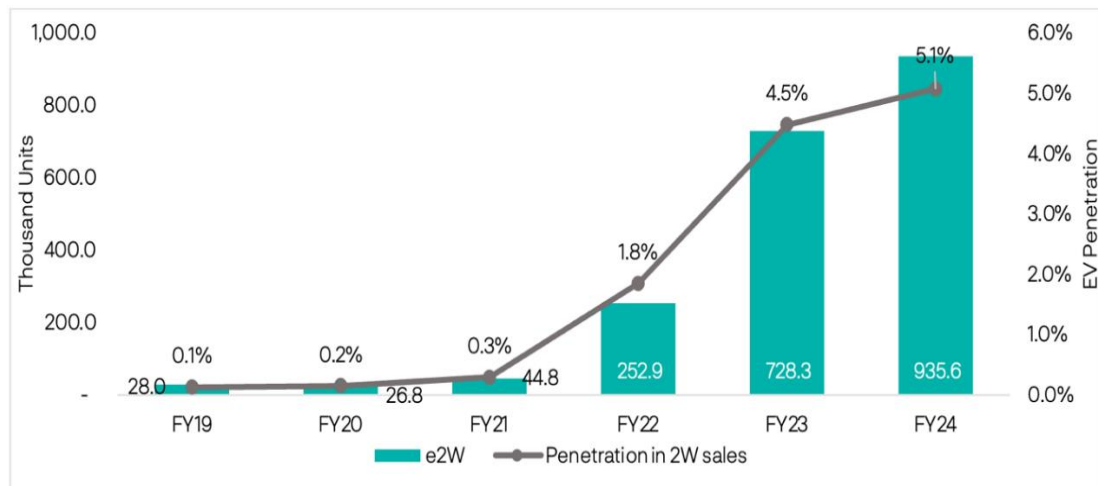
- Delhi Ex-showroom prices have been considered.
- Ola & VIDA do not offer option of buying the vehicle without the software pack. The ex-showroom prices are inclusive of the cost of software package.
- EMPS subsidy and any direct cash discounts offered by OEMs as of 28<sup>th</sup> August 2024 have been considered in the prices
- Performance categorization is done based on the company positioning of the vehicle

Source: Industry, Company Websites

EV OEMs have expanded their offerings across multiple price brackets and battery capacities, in order to cater to various customer requirements.

Over the last 6 years, high speed E2W have propelled momentum in E2W sales, having increased at a rapid pace from 28k retails in fiscal 2019 to 936k retails in fiscal 2024. The healthy growth in electrification was propelled by rising awareness, continued government support, lower total cost of ownership of EVs compared to their ICE counterparts, narrowing gap between acquisition cost of EV and ICE parallels, lower maintenance, new age advanced features and expanding EV portfolio of the industry. The entry of the new age non-traditional OEMs like Ola, Ather, Okinawa and Ampere has enabled the growth of the E2W segment in India.

E2W Retails (high speed) and Penetration trend – fiscals 2019 to 2024



Note: Only high-speed electric two-wheelers have been considered for the analysis  
 Source: SIAM, SMEV, VAHAN, CRISIL MI&A

However, E2W retails were growing only at a moderate pace till fiscal 2022 due limited vehicle portfolio, lower awareness, customer concerns regarding the range, charging infrastructure etc; despite the INR 10,000 per kWh government incentive under the FAME scheme. In June 2021, demand incentive for 2Ws was increased to INR 15,000/ kWh from INR 10,000/kWh incentive given earlier. This heightened FAME incentive coupled with expansion in vehicle portfolio by players as well as entry of Ola provided an additional thrust to the E2W retails in fiscal 2022.

Additionally, ICE vehicles witnessed a steep rise in prices in fiscal 2021 due to the BSVI implementation and a further hike during fiscal 2022 amidst the hike in raw material prices. This price hike was much higher than the normal 3-4% annual hike undertaken by the industry. Over and above, this increase in vehicle acquisition costs, the sharp rise in petrol prices (petrol prices crossing INR 100 mark) during the year provided an additional incentive to customers to shift from ICE vehicles to E2Ws. During fiscal 2022, amidst the much severe Covid second wave, pressure on incomes and increased medical expenses; limiting other expenses was a priority for most of the customer base.

Thus, the increased subsidy on E2W, vehicle portfolio expansion coupled with increased acquisition and operating costs of ICE 2Ws led to the sharp growth in E2W retails during fiscal 2022. E2W retails rose 5.6x from 45k in fiscal 2021 to 253k in fiscal 2022.

Growth momentum continued for the E2W segment in fiscal 2023. During the year, sharp push from new age EV players supported the growth in E2W. The legacy OEMs also scaled up their EV production, providing an added push to the EV retails during the year.

Fiscal 2024 began on a very strong growth trajectory. However, On June 1, 2023, the government reduced the FAME subsidy incentive cap from 40% of a vehicle's value to 15% and capped the subsidy at INR 10,000 per kWh of battery from INR 15,000 per kWh earlier. Due to this, manufacturers have had to increase the prices of electric scooters, which led to a 57% sequential slowdown in sales in June. This sharp sequential contraction was on an elevated base of May 2023, where sizeable pre buying was done by the customers due to the price rise from June.

#### **State wise two-wheeler sales and EV penetration for fiscal 2024**

The below graph showcases E2W penetration and E2W sales by states. As per the graph, states like Karnataka, Maharashtra, Goa, and Kerala have highest E2W penetration. While states like UP, Gujarat, Bihar, Rajasthan, Madhya Pradesh and Tamil Nadu have higher 2W sales, their EV penetration is relatively lower.

Eastern states including the seven sisters, West Bengal and Jharkhand have very low EV penetration between 0-2%. Northern states like Punjab, Himachal Pradesh, Uttarakhand, and Jammu Kashmir also have low EV penetration in the range of 2-4%.



Although the operating margins are higher for COCO model, the expenditures involved are also higher as the initial dealership investment is done by the company instead of a third-party dealer. Also, the dealership operating expenses are incurred by the company which raises the overall operating expenses. While this is not the case with DODO model, the revenues are lower as margins are shared with the dealers.

### **Customer Experience Centers for E2Ws**

Experience Centers are designed to engage, educate, and empower customers and provide a personalized experience. These centers help customers in their buying decisions with proper guidance and expertise. This is an extremely important part of the E2W purchase journey as it allows potential customers to experience new-age products by themselves. Experience Centers are equipped with experts who assist with detailed information on product features, test drives, finance options and overall buying process. These experts guide customers through the various buying process stages such as documentation, purchase, delivery, post-sale care and maintenance.

Customers can experience products directly via a test drive, and also experience real and virtual demonstrations of what the product does and how it works. Today electric vehicle manufacturers are using the concept of Experience Centers to drive customer engagement and sales, especially in the electric 2W segment.

### **Competitive landscape of the 2W / E2W industry**

India's Two-wheeler industry has traditionally been a market with only few major players, wherein the top 4 players have contributed to more than 80% of the annual sales. However, over the years, the competition has intensified within the industry, especially, with the entry of new age players in the electric scooter segment like Ola, Ather, Okinawa and Ampere catering to the fast-expanding segment of EVs.

The E2W segment has been highly concentrated with a few players primarily catering to the entire segment. During fiscal 2019, a few OEMs like Hero Electric and Okinawa completely dominated the market with more than 80% of the market share. Over the years, with the entry of new players, EV launches from legacy ICE OEMs as well as expansion in EV portfolio of players, competition intensified within the EV space.

High speed vehicles offered initially by Hero Electric and Okinawa offered relatively lower speed and acceleration compared to the ICE counterparts. Ather Energy entered the market in fiscal 2019 with its 450 model which offered comparable power and acceleration as an ICE vehicle along with internet connectivity and "smart" features. This helped Ather achieve ~11% market share in fiscal 2020 and they have managed to maintain that share through multiple updates to the Ather 450 line, despite the intensifying competition in the next 4 years. Ather with its 450 line of scooters had a 11.5% market share in fiscal 2024. It is the third largest E2W manufacturer in India by sales market share, after Ola and TVS, as of fiscal 2024. Intermittent launches, technology rich products, expansion in retail network and development of the overall E2W ecosystem has helped the company maintain its momentum in the market.

Ola entered the EV market in fiscal 2022 and expanded its presence at a very fast pace and became the leading contributor to EV retails in India. Expansion in product portfolio and distribution network thrust the contribution of Ola in E2W market. As of fiscal 2024, Ola has the market leadership in E2W sales with a share of 35.1%.

The legacy OEMs have also entered the EV space. TVS introduced the iQube model in fiscal 2020, and has gradually increased its supply over the years. Its model iQube received healthy traction helping them clock second highest retails during fiscal 2024.

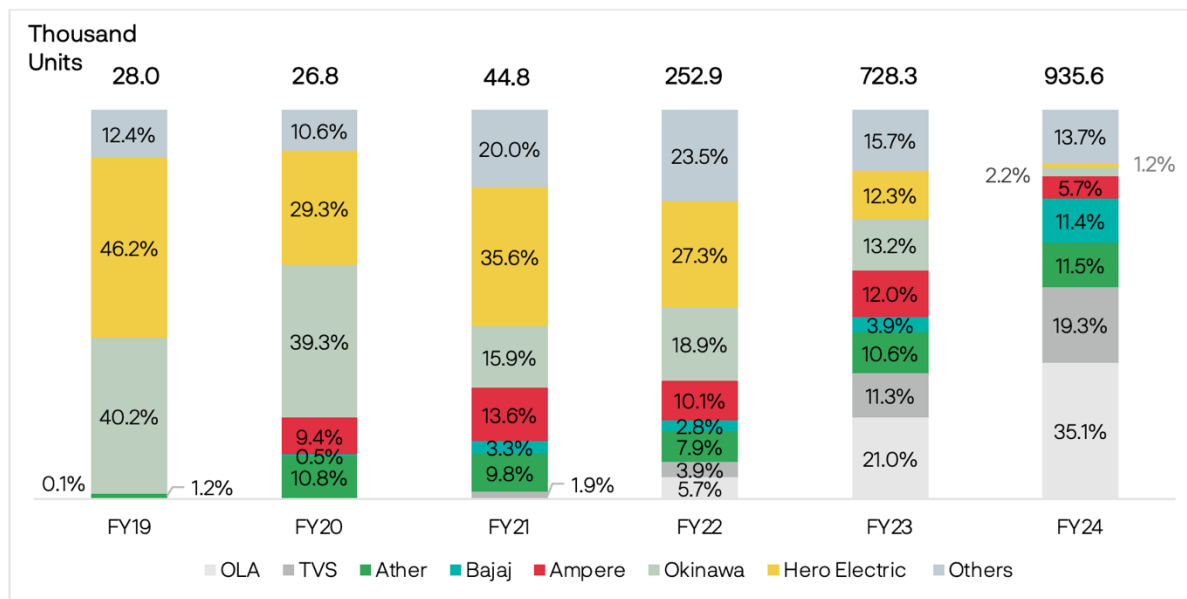
Bajaj's Chetak EV was introduced in Q4 of fiscal 2019. The company gradually expanded its presence across the country in the next few years. With increased company focus, coverage expansion and higher production, the company's share increased to nearly 11% in fiscal 2024.

Ampere entered the market in fiscal 2020 and gradually expanded its presence in the E2W space. In fiscal 2023, company's contribution reached 12% levels. However, amidst the increased competition, the company lost some ground during fiscal 2024.

HMCL entered the EV segment with VIDA in fiscal 2023. In the two years, the company's contribution has increased to ~2% by fiscal 2024 amongst intensified competition in the E2W industry.

Erstwhile leading contributors in the E2W industry, Hero Electric and Okinawa faced stiff competition from newer entrants and increased focus from other legacy two-wheeler manufacturers. From a high base, their share contracted in the next 3 years.

*OEM wise contribution to E2W retails*



Source: VAHAN, CRISIL MI&A

Given more than 98% contribution of scooters in E2W retails, OEM wise contribution for scooters is in line with the OEM wise contribution for overall E 2W segment.

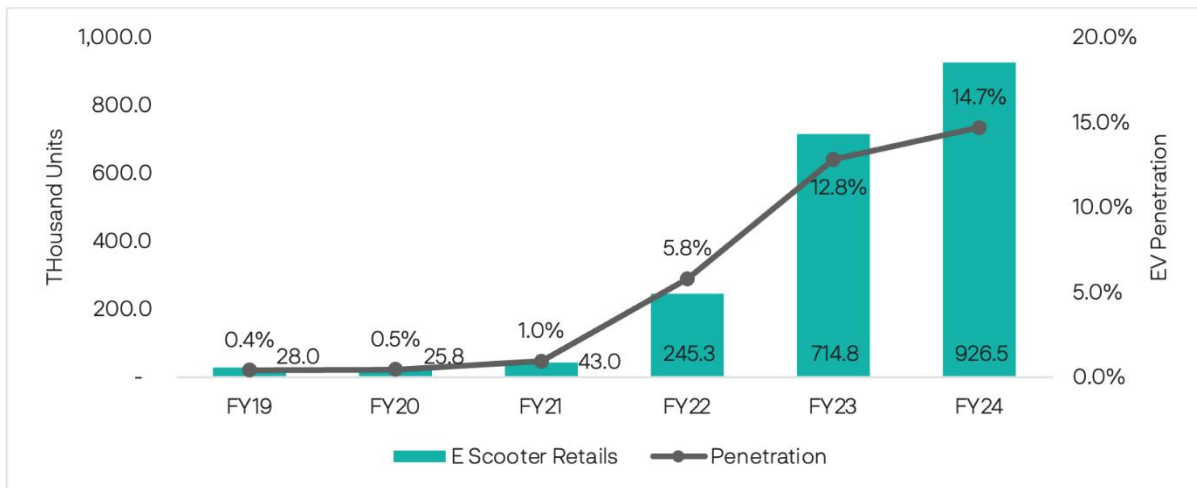
### Segment wise EV sales trend

Electrification is much more pronounced in the scooters segment and very limited in motorcycles. Within the two-wheeler space, the scooter segment was the first to see the launch of electric models, owing to an already established preference for scooters by women as well as men, and college students and professionals, coupled with its growing demand as an additional vehicle for intracity commute. In fact, scooters also provide a better proposition over motorcycles in the form of higher storage, load carrying capacity and relatively lower acquisition cost. Additionally, motorcycles are normally used for longer commute, raising the range concern for electric variants.

Thus, most of the OEMs introduced electric models in the scooters segment barring a few OEMs like Revolt, Ultraviolette and Tork Motors. Moreover, the acceptance of electric motorcycles has been relatively limited. Hence, even in the overall EV retails the share of motorcycles remained limited as of fiscal 2024. As of fiscal 2024, e motorcycles/ e bikes contributed 1% to EV sales.

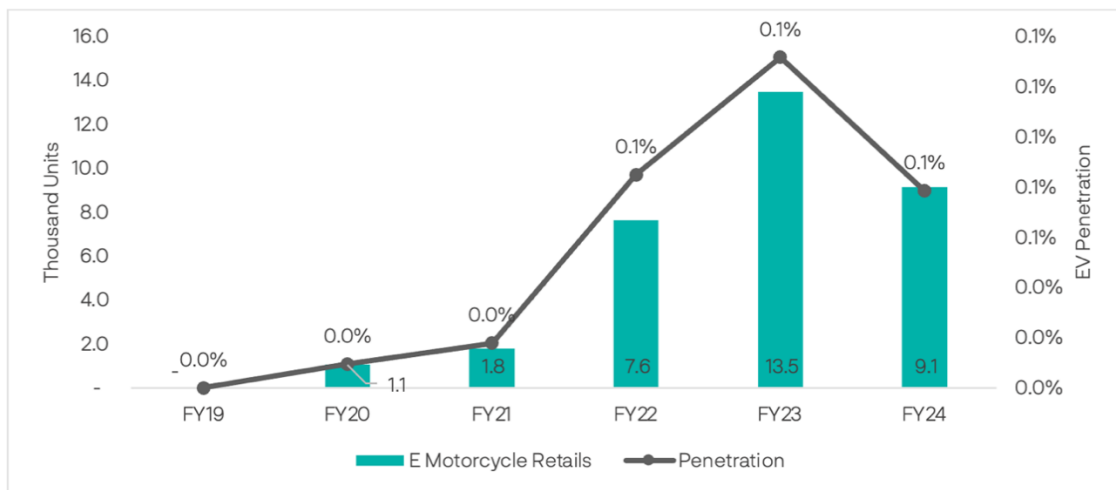


### EV penetration within Scooter retails



Source: VAHAN, SIAM, CRISIL MI&A

### EV penetration within Motorcycle retails



Source: VAHAN, SIAM, CRISIL MI&A

### Growth Drivers for E2Ws

Over and above the conducive environment for electrification, including government focus on environment & limiting air pollution, support for manufacturing EVs, demand incentives and tax breaks, below key drivers are expected to aid the electrification in the two-wheeler industry over the long-term horizon.

#### Cost of Ownership Comparison - EV vs ICE

For the Total cost of ownership (TCO) calculation, an annual running of 8,000 km is considered, i.e., 25 km per day for 325 days of operation per year. A 7-year holding period is considered, assuming no battery replacement happens during the ownership period.

As of fiscal 2024, the total cost of ownership (TCO) of an E2W, even without a subsidy, was 37% lower than that of an ICE 2W for an annual running of 8,000 km. With subsidy this difference increased to 55% for fiscal 2024.

Going ahead, by fiscal 2031, E2W ownership is expected to become financially more lucrative. For an annual running of 8,000 km, the E2W TCO is projected to be 52% lower than its petrol counterpart even without the subsidy. Total cost of ownership for an E2W is decreasing over the years amidst the lowering global battery prices, economies of scale and improving technology resulting in higher manufacturing efficiency of the electric vehicles.

However, despite the favorable TCO, the acquisition cost (ex-showroom price) for an E2W was about 40% higher than its ICE counterpart during fiscal 2024. Going ahead, this price gap between the two is expected to narrow down considering the expected decline in battery prices and improving economies of scale, despite standard inflation impact.

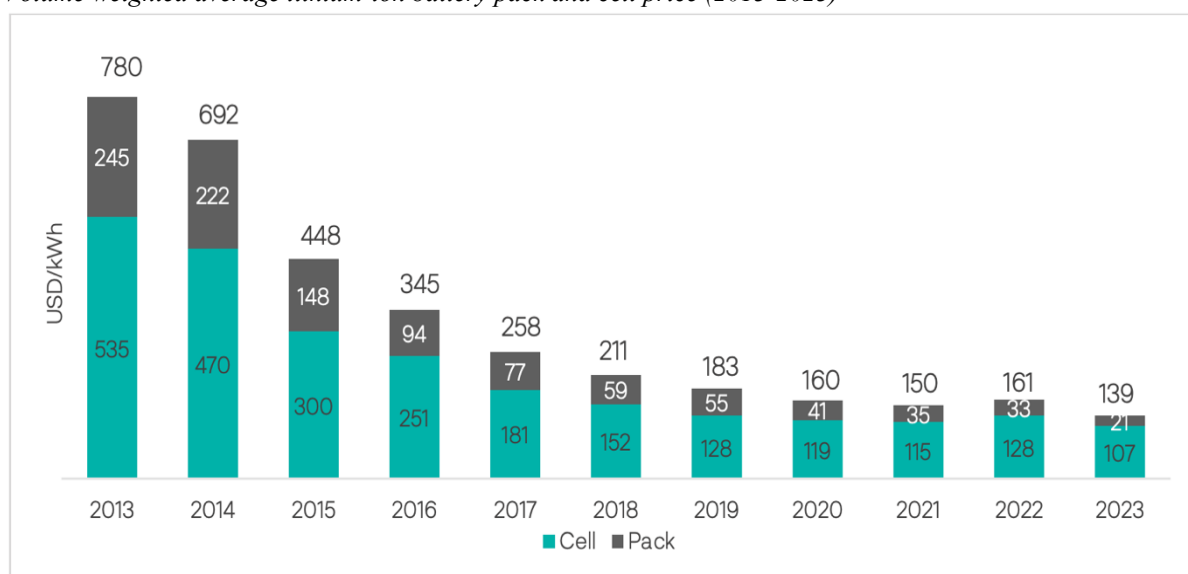
Considering the current GST structure to continue till fiscal 2031, in a scenario where there is some form of central/ state subsidy being provided till fiscal 2026, the gap between the acquisition cost (ex-showroom price) of an E2W and ICE 2W is projected to shrink to ~7% by fiscal 2031.

E2Ws currently offer more advanced technological features such as touch screen displays, map-based navigation, Bluetooth and LTE connectivity.

### **Battery Pack price glide path and drivers**

The prices of lithium-ion cells and battery packs have been declining steadily in recent years. This is due to several factors, including increased demand, technological advancements, and economies of scale.

#### *Volume weighted average lithium-ion battery pack and cell price (2013-2023)*



*Notes: Historical prices have been updated to reflect real 2023 dollars. Weighted average value includes 303 data points from passenger cars, buses, commercial vehicles, and stationary storage.*

*Source: Bloomberg NEF*

BNEF expects average battery pack prices to drop again in 2024, reaching USD133/kWh due to decreasing raw material costs for metals like lithium, nickel, and cobalt. In the medium to long term, advancing technological innovations along with manufacturing improvement should further drive decline in battery pack prices, to USD113/kWh in 2025 and USD80/kWh in 2030. Manufacturing process improvements, continued R&D investment, and capacity expansion across the battery value chain would help improve battery technology and reduce costs over the next decade.

### **Government Policies**

#### *FAME policy (I & II)*

As part of the National Electric Mobility Mission Plan (NEMMP) 2020, the Department of Heavy Industry (DHI) formulated the FAME I policy in 2015 with a budget outlay of INR 895 crore. The FAME I policy was aimed at promoting EV ecosystem through technology development, demand creation, pilot project, and charging infrastructure thereby ensuring its sustainable growth. In the FAME 1, about 2.78 lakh EVs were supported via demand incentives. In addition, 465 buses were sanctioned to various cities/states under this scheme. Phase-II of the FAME policy was implemented with an outlay of INR 10,000 Crore in 2019 for a period of 5 years, with the aim to support demand for EVs by supporting 7,000 e-Buses, 5 lakh e-3 Wheelers, 55,000 e-4 Wheeler (Commercial purposes) and 10 lakh e-2 Wheelers (including commercial & private). The Ministry of Heavy Industries (MHI) had sanctioned 520 Charging Stations/Infrastructure under the FAME I policy. Further, this

Ministry has also sanctioned 2,877 Electric Vehicle Charging Stations in 68 cities across 25 States/UTs and 1576 charging stations across 9 Expressways and 16 Highways under FAME II.

In June 2021, demand incentive for 2Ws was increased to INR 15,000/ kWh capped at 40% of the vehicle cost. In June 2023, this was again revised and reduced to INR 10,000 per kWh of battery from INR15,000 per kWh earlier and the maximum subsidy cap was reduced from 40% to 15%.

With the expiry of FAME II in fiscal 2024, the government introduced Electric Mobility Promotion Scheme 2024 (EMPS) to support the adoption of EV 2Ws and 3Ws.

#### *Electric Mobility Promotion Scheme 2024*

MHI introduced Electric Mobility Promotion Scheme 2024 (EMPS 2024) in March 2024 with a budget outlay of INR 500 crores for a period of 4 months, starting from 1st April 2024 to 31st July 2024, for faster adoption of electric two-wheeler (E2W) and three-wheeler (E3W). The scheme has further been extended for two months, till September 2024. The scheme is aimed at providing incentives for the purchase of E2Ws and E3Ws in the country. The scheme would support the adoption of 372,215 EVs in total, including 333,387 E2Ws and 38,828 E3Ws. The targeted E3Ws include 13,590 e-rickshaws and e-carts, and 25,238 E3Ws in the L5 category. Under the FAME-II scheme, PMP was implemented, and manufacturers were obligated to follow the PMP guidelines outlining the localization of EV components over time. These PMP guidelines for EVs will have to be followed by OEMs to be eligible for support under Electric Mobility Promotion Scheme 2024.

E2Ws will get a subsidy of INR 5,000 per kWh with a maximum limit of INR 10,000 per vehicle under the new scheme. E-rickshaws and carts will get a subsidy of Rs 5,000 per kWh with a limit of Rs 25,000 per vehicle. E3Ws in the L5 category will also get a subsidy of Rs 5,000 per kWh with maximum incentive capped at Rs 50,000 per vehicle. Subsidies play a vital role in driving sales for EVs in the country. With FAME II having expired in March 2024, the introduction of EMPS is expected to provide an impetus to the EV market in the near term.

#### *Charging and EV Infrastructure policy*

The government is actively promoting charging infrastructure and battery swapping to support the EV ecosystem in India. The plan is to establish five lakh public charging stations (PCS) by 2025, by offering financial assistance to states and private companies. This initiative addresses the lack of charging infrastructure which is a key barrier to EV adoption. Further through the revised guidelines and standards for charging infrastructure issued by Ministry of Power, the government aims to augment the station density/distance between two charging stations as below:

- At least one charging station to be made available in a grid of three-by-three km. Further one charging station to be set up at every 25 km on both side of highway/roads.
- For long range and heavy duty EVs, there should be one fast charging station at every 100 km, one on each side of the road/highway

#### *Policies towards battery recycling*

Battery Waste Management Rules 2022 was implemented by the Government to promote the re-use and recycling of Advanced Chemistry Cell (ACC) batteries. This policy has set out the government's vision for battery recycling in India, including the provision of financial incentives, the development of standards, and raising of awareness about the importance of battery recycling. The traditional EV battery value chain includes raw material extraction, battery manufacturing followed by first life application and finally disposal. However, battery re-use and recycle will introduce alternate value chain where batteries are re-purposed for a second life application in the energy-storage segment. Finally, in the end-of-life stage where the battery no longer meets its performance requirements, it is recycled for extraction of metals like Co, Ni, Al, Cu, etc. The introduction of re-use and recycle policy of ACC batteries would help to reduce the battery prices further and improve availability of raw materials in the future.

#### *Vehicle Scrappage*

The scrappage policy envisages the phasing out of old passenger and commercial vehicles. The policy aims to curb air pollution, improve road, passenger & vehicle safety, enhance fuel efficiency, improve auto sector sales

and boost availability of low-cost materials for automotive, steel and electronics industry.

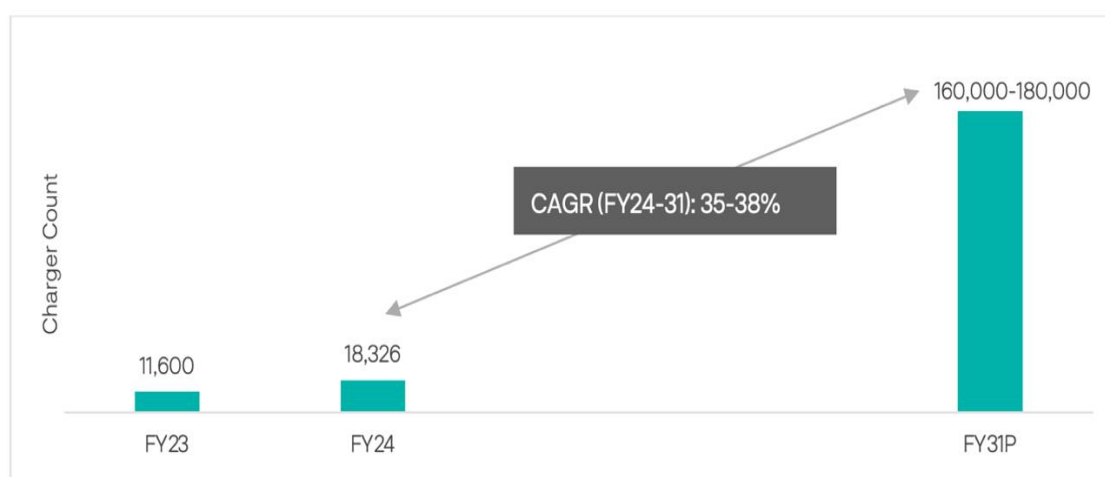
### *Charging Infrastructure for 2Ws*

Charging infrastructure plays a significant role in growth of EV adoption.

EV charging stations have single or multiple charge points that supply electrical power necessary to charge a vehicle. Electric vehicle supply equipment (EVSE) is the basic unit of a charging station where it accesses power from electricity grid, utilizes a control system and connectors to charge EVs. EVSE manufacturers meet the need for EV chargers by supplying OEMs with charging equipment for retail EV consumers and to charge point operators (CPOs) who put up charging stations in public places. EVSE manufacturers are also partnering with EV fleet operators to develop the most appropriate charging solutions for their fleet.

For E2Ws, the number of public chargers in fiscal 2024 was 18,326 and is expected to grow at a CAGR of 35-38% from fiscal 2024 to fiscal 2031. The connector types for E2Ws considered as per BEE India are Bharat AC-001, Bharat AC-001, Light EV AC Charge point, Light EV DC Charge point, and Light EV Combined Charging standard (LECCS).

### *Two-wheeler public Charging infrastructure outlook*



Source: BEE India, Crisil MI&A

Note: \* FY24 data is for Apr-Jan month. P=Projected

The chargers depicted in the chart above represent public charging stations as per BEE standards. However, it's important to note that for every electric two-wheeler (E2W) sold, a home charger is provided which can be plugged into a standard 6A / 5A socket.

### *Key players present in standard as well as fast charging infrastructure*

Ather Energy's charging infrastructure initiative, Ather Grid, is a crucial aspect of their electric vehicle ecosystem. For corporates, the company is also offering incentives to host a charging station on their premises. Ather Grid EV chargers incorporate their in-house designed charging connector, which has been established as a national charging standard for electric two-wheelers (LECCS) recognized by the BIS (Bureau of Indian Standards).

Ather was the first two-wheeler OEM to establish a two-wheeler fast charging network in India in 2018, the Ather Grid, which has the widest footprint amongst two-wheeler fast charging networks as of March 2024, comprising about 1,973 charging points.

Hero MotoCorp has partnered with Ather Energy to establish an interoperable fast-charging network of 550 chargers for electric two-wheelers in India. This collaboration will allow Hero's EV users to seamlessly access AtherGrid stations across 200+ cities. This combined network spans over 2,500 fast-chargers.

Ola Electric has also introduced the Ola Hypercharger Network, a charging infrastructure tailored for their two-wheeler products. According to the company, these hyper chargers can provide 50km charging range in 15 mins

of charging. As on 31st March 2024, Ola's charging network comprised 248 hyper charger guns and 764 standard charger guns.

The government is playing a crucial role in promoting electric mobility and charging infrastructure development. Various initiatives and policies, such as subsidies, incentives, and regulations, support the growth of both standard and fast charging infrastructure for two-wheelers.

### ***Technology and advanced product offerings***

The EV segment has given a push to technological advancement within the two-wheeler industry. Over and above the introduction of new advanced powertrain, E2Ws also introduced advanced features like smart connectivity, navigation, telematics, touch screen, OTA, ride modes, geofencing, proximity unlock, park assist, cruise control etc. which were traditionally not offered by ICE two-wheelers.

EVs also have software enabled features including ride journal, real time statistics, intercity trip planner, savings tracker, universal connectivity (smart phone, smart watch, helmet), anti-theft alert etc.

Thus, these advanced technologically advanced features are an added incentive for the customers to prefer E2Ws. The young customer base appreciates these advanced technologies which can influence their decision making in favor of EVs. This is expected to aid electrification going ahead.

### ***Financing Support***

There was an initial inhibition from financiers regarding financing of electric vehicles amidst the uncertainty about the vehicle resale and its end-of-life valuation. However, for leveraging the sharp growth in the E2W segment, banks as well as NBFCs have been expanding their product offerings in the E2W space.

Over and above the traditional financiers, digital commerce platforms and fintech companies like OTO, MufinGreen, LoanTap have entered the E2W segment, offering competitive financing terms for EV buyers. These new age financing companies offer novel customized financing options for EV buyers offering improved transparency, accessibility, and simplify the entire financing processes for E2Ws. Besides the fully digital financing solutions, instant approval-disbursal and flexible EMIs, these financiers also offer flexibility in financing components like battery replacements, system upgrades, exchange option, allowing consumers who wish to exchange their existing ICE two-wheeler for a new E2W.

Additionally, financiers also offer leasing and subscription schemes for e-commerce players opting for E2Ws for their logistics operations.

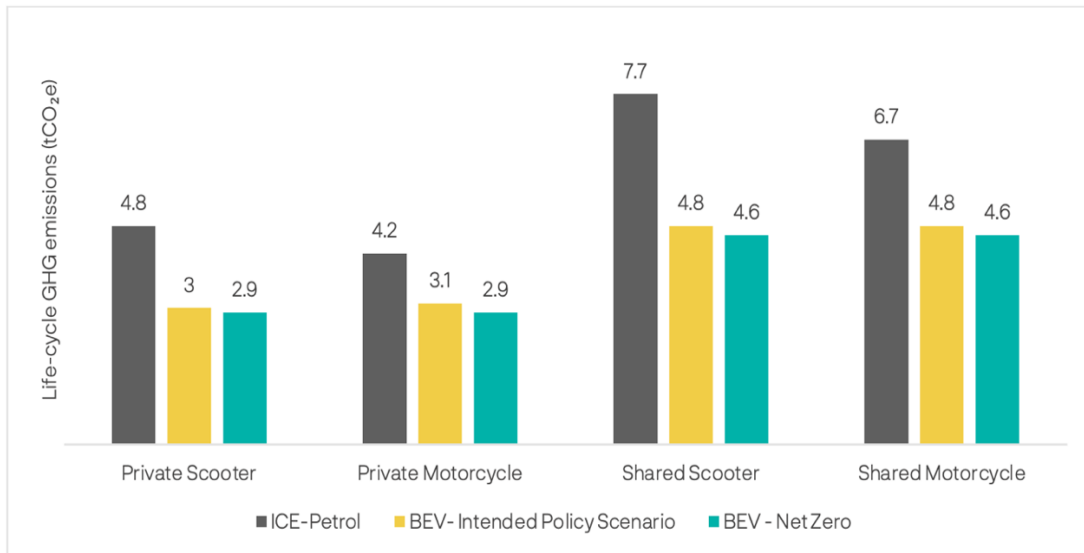
Thus, the expanding financier scope and intensifying competition within the E2W financing space will help scale up the vehicle electrification in the two-wheeler industry.

### ***Lifecycle Emissions Comparison of Electric vs ICE 2W***

Life cycle emissions, referred as well-to-wheel emission, is the total amount of greenhouse gases emitted throughout a product's life, starting from its production, operation, and disposal. It considers present and projected future greenhouse gas (GHG) emissions attributable to every stage in the life cycles of both vehicles and fuels, from extracting and processing raw materials through refining and manufacturing to operation and eventual recycling/disposal.

According to The World Bank and ITF, the transition of private scooters to battery electric vehicles (BEVs) can yield a decrease in their life-cycle greenhouse gas (GHG) emissions by roughly 1.8 to 1.9 tCO<sub>2</sub>e (tonnes of carbon dioxide equivalent) across all scenarios. An electric scooter for private use has about 38% lower GHG emissions than a petrol scooter (~1.8 tCO<sub>2</sub>e). Similarly, transitioning private motorcycles to BEVs can lead to reductions of approximately 1.1 to 1.3 tCO<sub>2</sub>e, representing about 26% less GHG emissions compared to petrol motorcycles. This decline in emissions is attributed to the enhanced efficiency of BEV scooters, supported by their smaller batteries and fewer manufacturing-related emissions.

### Lifecycle GHG emissions for two-wheelers



Note: Energy supply was analyzed for two scenarios:

- **Intended Policy Scenario (IPS):** Transition of the electricity grid to clean energy based on previously announced policies (COP21, 2015)
- **Net Zero Scenario:** An accelerated energy transition to meet Net Zero targets, as proposed by the government of India (COP26, 2021)

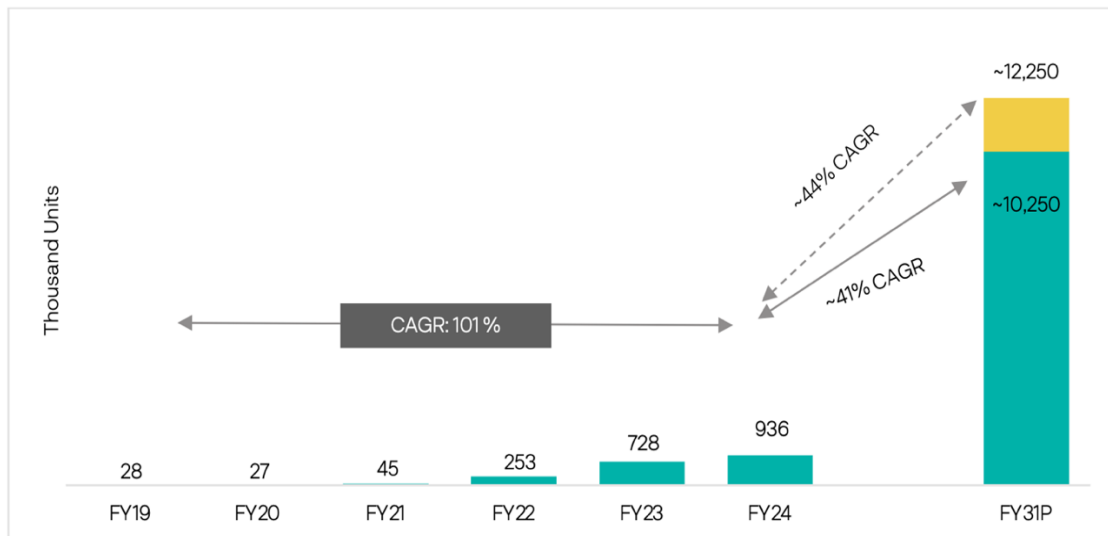
Source: International Transport Forum, CRISIL MI&A

### Electrification Outlook for Indian Two-wheeler Industry (fiscals 2025-2031)

The electric two-wheeler retails rose at a sharp growth pace of 101% CAGR in the last 6 years, albeit off the small base of fiscal 2019. Going ahead the growth momentum in the industry is expected to continue over the long-term horizon led by rising awareness, improving TCO for electric vehicles, bridging acquisition cost gap between EV and ICE counterparts, larger vehicle portfolio, expanding charging infrastructure, furthering financing support, increasing EV manufacturing capacity, and continued government support.

If the government continues with the demand incentive (FAME, EMPS or an equivalent alternate form) at least for the next 1 year (till fiscal 2026), CRISIL MI&A expects the EV retails to rise at a healthy pace of ~41% CAGR and reach volumes of ~10.2 million in fiscal 2031. And the EV penetration to reach ~35% by fiscal 2031. Such expansion will make E2Ws one of the fastest growing segments in the automotive industry in India.

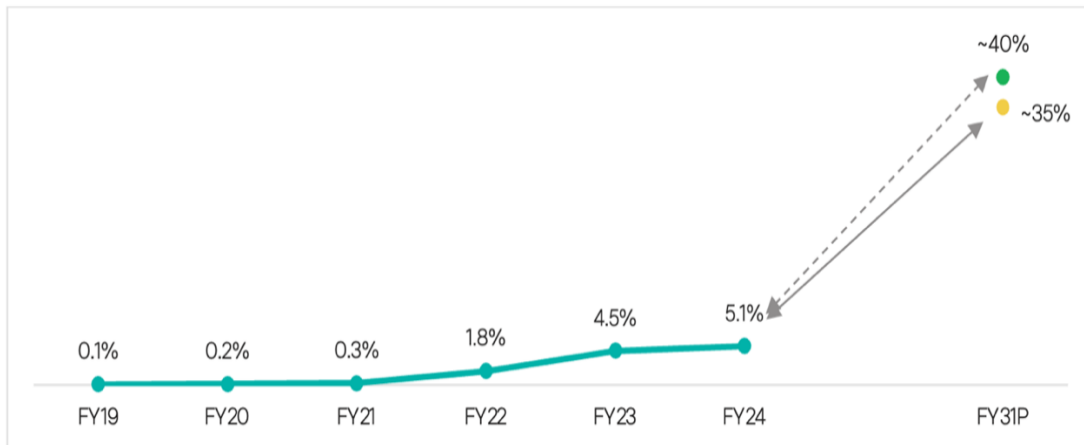
#### E2W Retails and CAGR Outlook



Note: Only high-speed electric two-wheelers have been considered for the analysis, Dotted arrow showcasing the optimistic scenario

Source: SIAM, SMEV, VAHAN, CRISIL MI&A

### Outlook for EV Penetration in 2W segment



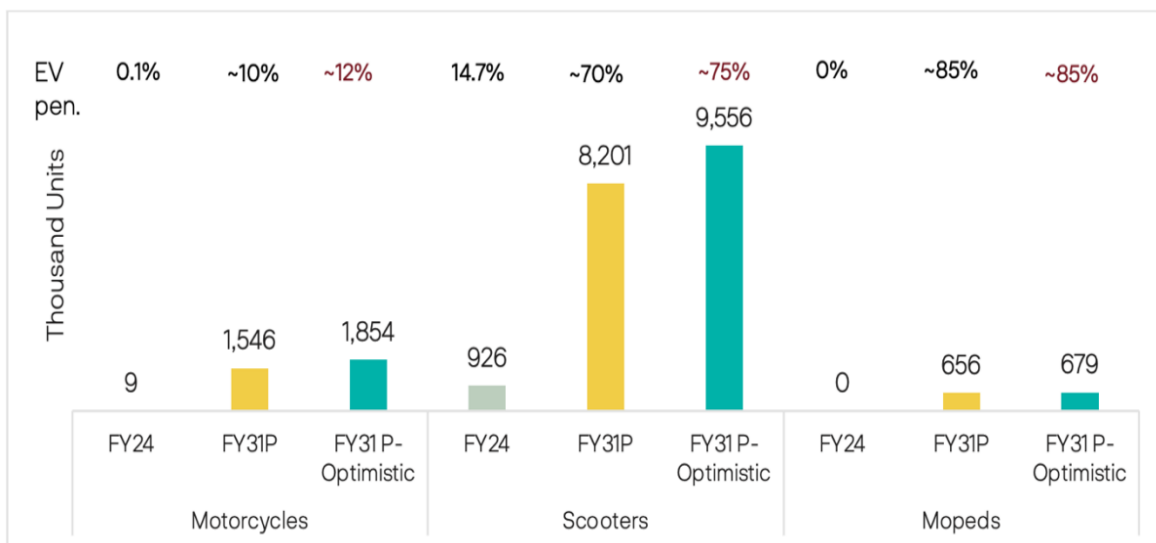
Note: Only high-speed electric two-wheelers have been considered for the analysis, Dotted arrow showcasing the optimistic scenario.  
Source: SIAM, SMEV, VAHAN, CRISIL MI&A

Scooters are expected to lead the charge going ahead as well. EV penetration within scooters is currently the highest at 14.7% as of fiscal 2024. Due to the fast-expanding e scooter portfolio, OEM focus, highly tech-enabled e-scooter offerings, lowering TCO and reduction in acquisition cost difference vs ICE counterparts, the customer preference is expected to shift from ICE scooters to e-scooters leading to a sharp rise in e-scooter penetration going forward. CRISIL MI&A expects the EV penetration to reach ~70% for scooters by fiscal 2031.

Electrification within motorcycles segment has remained limited amidst limited offerings as well as longer distance usage of motorcycles compared to scooters. However, amidst the projected launch of e bikes/ motorcycles from OEMs including Revolt, Ola, Tork and Ather will back electrification within motorcycles as well. Hence, EV penetration is expected to reach ~10% within motorcycles by fiscal 2031.

In the above projections, CRISIL MI&A has considered the government demand incentive to continue till fiscal 2026 which will provide an additional support to the EV adoption going forward.

### Segment wise EV Outlook



Note: Only high-speed electric two-wheelers have been considered for the analysis. Above figures are approximate figures.  
Source: SIAM, SMEV, VAHAN, CISIL MI&A

In an optimistic scenario, the electric vehicles sales are projected to grow at a faster pace of ~44% and reach volumes of 12.2 million. In this scenario, penetration within the motorcycles segment as well as scooters segment will reach a higher level of 12% and 75% by fiscal 2031.

In this scenario, CRISIL MI&A projects the overall EV penetration in 2Ws to reach ~40% by fiscal 2031.

## Technology overview of E2Ws

### Key components of an E2W

The key components in an E2W are charger, battery pack, battery management system (BMS), motor controller, motor, transmission, vehicle control unit, dashboard, DC-DC converter, harnesses and chassis.

The charger converts the electricity from grid/socket to charge the battery. The battery supplies DC current and current is inverted into AC through inverter/motor controller to drive the motor. The battery stores electrical energy necessary for operation of the vehicle. The BMS monitors voltage, current and temperature inside a battery pack. The measured parameters are used to provide the decision parameter for the system control and protection.

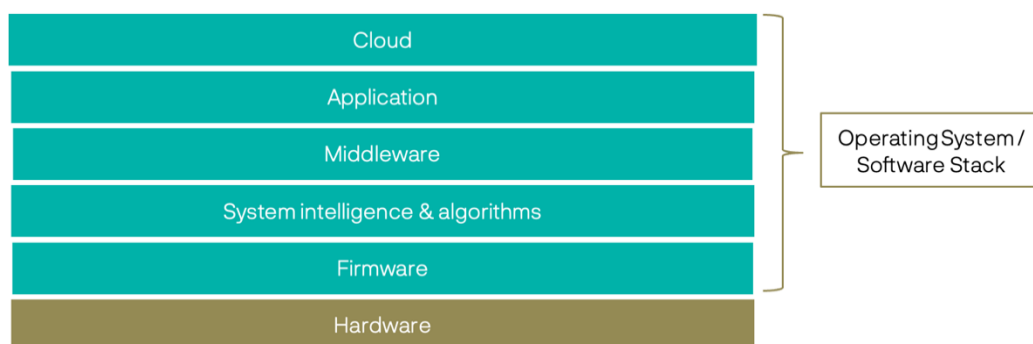
Motor converts electrical energy into mechanical energy resulting in propulsion of the vehicle. It governs the start/stop motion of the motor, forward/reverse rotation, selection and regulation of speed, regulation of torque, and protects against overloads and fault. Motor also has a controller that governs its performance basis the prestored mechanism. The motor controller, also called the inverter, regulates the amount of power applied to the motor basis the throttle input/movement.

Based on the integration of the motor in the vehicle, the motors can be classified into two types: hub motors and frame mounted (mid-drive) motors. Hub motors are easy to maintain and avoid wear and tear on gears/belts. Besides, hub-motor bikes are simpler in design and lower in cost. However, there are several factors that impact vehicle performance, handling and dynamics while using the hub motors. Hub motors are exposed to water, dust and mud owing to their lower position near the wheel. This impacts the durability and longevity of hub motors. Whereas mid-drive motors are placed into the scooter's frame and protected by the body and isolated from road shocks by the suspension

Additionally, the penetration of advanced software systems has converted two-wheelers into a high-tech machine on wheels enhancing drivers' experiences and improving safety systems. The software powered vehicles bear striking resemblance to smartphones or computers on wheels with multiple layers of specialized software modules working in harmony.

A software stack is a collection of independent components that work together to support the execution of an application. The components include firmware, algorithms, middleware, applications and cloud layer stacked one on top of each other in a hierarchy. Typically, the lower-level software layers interact with hardware, while the higher-level layers in the hierarchy perform specific tasks and services for the end user through the cloud.

### Software stack in automotive



Source: CRISIL MI&A

### App integration in E2Ws

E2Ws in India are integrated with respective OEM apps to perform various functionalities like check ride statistics, battery status, charging status, locating charging stations and keep a check on overall performance on the E2W. The Ather app has the highest ratings amongst the apps of key E2W players in India.



## Overview of Lithium-ion Battery technology

Lithium-ion battery is the most critical component of the EV powertrain that stores and distributes energy necessary for the operation of a vehicle along with powering other systems. A typical battery pack consists of battery cells / modules, battery management system (BMS), thermal management systems and other minor components. Battery cells form the base unit of the battery which are made by inserting anode, cathode, electrolyte, and separator into a metal case. Battery module is an assembly of battery cells put together in a frame which protects them from external damage, heat, and vibrations. These modules along with other components like BMS, peripherals, etc. make a battery pack. The number of modules and cells would depend on the size of the battery pack.

### Battery Chemistry

Battery chemistry plays a key role in delivering optimal performance in automotive applications. India compared to developed markets, has a different climate, terrain and driving conditions and hence demands a chemistry that is best in terms of reliability, safety, and performance. Further, an ideal battery chemistry should offer higher energy density, long cycle life, and fast charging capability. The five large-scale commercialized chemistries are LCO, LMO, LFP, NMC, and NCA. The most common versions of lithium-ion batteries that have proven to be the most suitable and viable for automobiles in India are LFP, NMC and NCA.

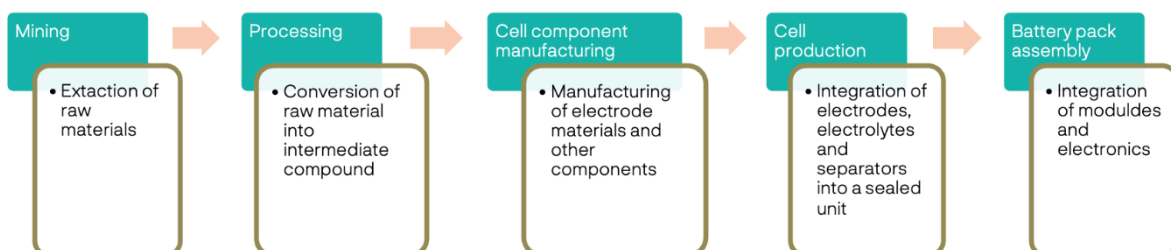
Electric two-wheelers with high range require high energy density, hence Nickel based chemistries are dominant presently. While LFP has a longer cycle life and lower cost, it has a lower energy density. The cost of LFP battery packs is lower than NMC/NCA battery packs. In 2023, LFP battery packs were 15-23% cheaper than NMC battery packs.

LFP is a less mineral intensive chemistry (need of critical raw materials like Lithium, Nickel, Cobalt, and Manganese is lower), hence it would help OEMs to overcome the supply chain challenges rising from the supply shortage of critical raw materials. LFP battery production has a lower environmental impact as compared to NMC batteries.

With more vehicles being introduced in the market at lower price points, LFP with its lower cost and less risky supply chain is anticipated to be used more widely in E2Ws. For instance, the recently launched Ampere Nexus e-scooter utilizes an LFP battery.

### Supply Chain

Battery supply chain involves six major manufacturing stages where multiple components are assembled to create a battery pack. These six stages are cathode manufacturing, anode manufacturing, electrolyte, separator, cell assembly and battery pack assembly. Under each of these stages, multiple operations are performed including mining, refining, and processing. Multiple stakeholders like mining companies, refineries, cell component manufacturers, cell manufacturers, suppliers and OEMs are involved in the EV battery supply chain, making it complex and extensive.



The value addition of each manufacturing stage in the supply chain is different. Industry estimates show that battery cells, including materials and manufacturing, account for almost 70%-80% of the total cost of a battery pack. The assembly of the cells into a complete battery pack accounts for the remaining 20%-30% of the total cost.

The current capability in India is restricted to pack assembly. However, with the advent of gigafactories in India, the cell production capability will be established going forward. Creating gigafactories for cell production is a

technologically complicated and capital-intensive process. However, the value addition due to cell production only contributes to 17-27% of the overall battery cost. The most value is captured in cathode and anode material manufacturing. In this stage, raw materials contribute significantly to the overall manufacturing process. This makes the extraction and processing of battery minerals a highly strategic sector.

Access to critical minerals like lithium, nickel, cobalt, and manganese is imperative for India to localize EV value chain, and this is a major challenge for cathode/anode manufacturing in India. Lithium is used in all existing battery chemistries and India is import dependent for this mineral. Although India recently discovered lithium deposits in the country, the commissioning of mines and extraction might be a long way away for India.

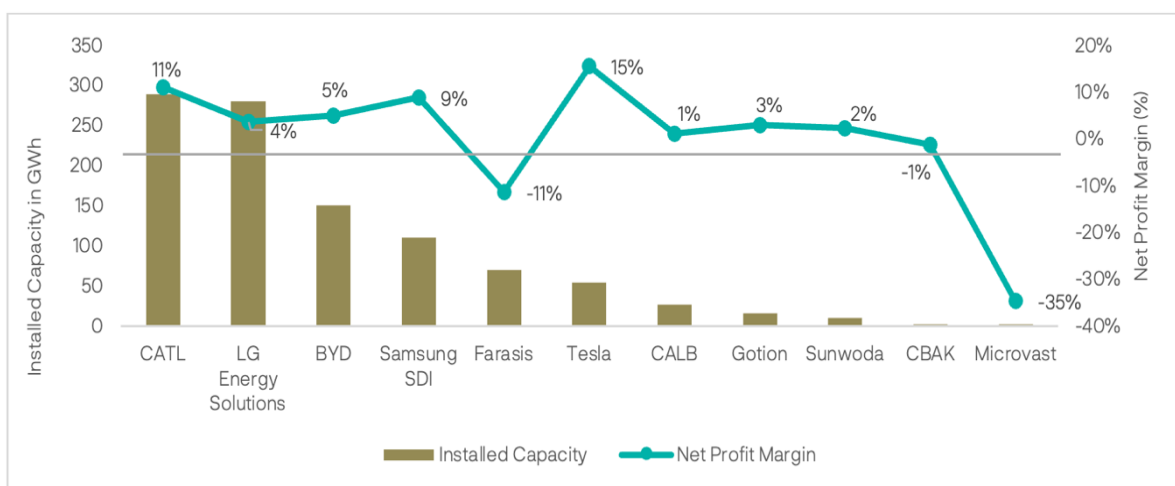
While cell manufacturing is still in nascent stages in India, with the establishment of gigafactories under PLI ACC this is expected to pick up. During that time access to raw material (cathode and anode minerals) could become a major potential obstacle, when cell manufacturing is expected to be ramped up to a higher capacity and higher local content percentages would be required. Thus, ensuring access to raw materials will become increasingly important and de-risking strategies should be in place to mitigate any potential supply chain disruption. Raw materials contribute significantly to cell production cost by over 60%. Because India being import dependent for many of the raw materials, future gigafactories may face pricing pressures from raw material suppliers and EV manufacturers.

The government through various schemes including PLI ACC, FAME, PMP is aiming to bolster the local EV battery manufacturing supply chain. This had provided an impetus for domestic OEMs and suppliers to set up a battery manufacturing plant in the country. In the first round of PLI ACC, a total of 30 GWh were awarded to Rajesh Exports (5 GWh), Ola Electric Mobility (20 GWh), and Reliance New Energy (5 GWh) in 2022 for setting up battery manufacturing plant in India.

**Scale is crucial to make economics work for cell manufacturing**

Demand potential is a key factor for cell manufacturers. This guaranteed demand is essential in capital-intensive projects, such as gigafactories for cell manufacturing and cathode manufacturing plants. Further guaranteed offtake is a key metric to gain access to private capital. Across the battery supply chain, access to private markets and capital is essential, given the high upfront capital required, including R&D and technology costs in the battery business. For example, Tata is planning to build a 40GW battery cell gigafactory in the United Kingdom (UK) with an investment over £4 billion (\$5.2 billion) to supply EV batteries for their luxury passenger vehicle arm, JLR. European battery cell manufacturer ACC (Automotive Cells Company), a joint venture between Stellantis, Mercedes Benz and Total Energies, has raised €4.4 billion (USD\$4.7 billion) in February 2024, aimed at supporting the construction of three gigafactories for lithium-ion battery cell production in France, Germany, and Italy. These figures indicate the higher CAPEX need for and importance of private capital in the battery manufacturing supply chain.

*Gigafactory net profit margin assessment and installed capacity (2023)*



Source: CRISIL MI&A, Company annual reports

With many Indian OEMs and suppliers venturing into battery cell production, the scale of manufacturing will be a critical factor impacting profitability. In addition to that raw material availability and its pricing will also impact profitability.

Pureplay battery suppliers like CATL and Samsung SDI had a net profit margin in 9-11% range. EV OEMs like Tesla and BYD have a positive net margin, however, most of their revenue comes from automotive vehicle related business. Other battery suppliers including LG Energy Solutions, CALB and Gotion have a net profit margin in the range of 1-4%. This indicates that scale of manufacturing is amongst the key factors which impact profitability of cell manufacturing apart from pricing and other supply chain related parameters.

Going forward, India will need approximately 40-45 GWh battery capacity for E2Ws by fiscal 2031. Depending on the battery technology chosen, the capex required to install 1GWh of battery capacity can range between USD 60 to 100 million.

## **Success in EVs**

### ***Technology (Vertical integration/design control of key components)***

Traditionally, companies have relied on multiple suppliers for raw material, technology and components. A vertically integrated approach refers to taking ownership of the technology of key components and software of the vehicle. Alternatively, it can also refer to taking ownership of multiple steps in the supply chain and integrating them into the business. Vertical integration involves taking greater control of upstream or downstream operations by developing internal expertise or through acquisitions of capabilities which were traditionally being outsourced. However, vertical integration requires higher expenditure to build capabilities in-house and not all the components or in-house processes can drive higher return-on-investment (ROI).

Below are a few advantages of vertical integration:

- **Control of the supply chain:** Vertical integration gives a company control over the design and manufacturing process. It can reduce its reliance on external suppliers by owning and controlling certain aspects of the overall process. This also speeds up the creation of a new product as dependencies on external stakeholders are reduced and helps them to meet the changing demands of their customers. It gives companies a competitive edge over their competitors as well as manage costs and time to market.
- **Lower unit costs:** It allows the company to control the design hence reducing wastes that occur due to standard designs for multiple customers.
- **Control of user experience:** Vertical integration of the design enables companies to better control the user experience offered by the product as the number of interfaces that have to be managed with external suppliers are fewer.
- **Faster time to market:** This approach enables OEMs to introduce technological advancements in the market at an accelerated pace.
- **Better coordination:** Through vertical integration, companies can monitor, manage, and control the various operations within their supply chain.

### ***Software capabilities and revenue stream***

Software has been a key driver for EV adoption, and it enabled confidence among the EV riders where they can be sure of the statistics and condition of the underlying technology so that they can take decisions regarding their ride accordingly. Further software opened possibilities of connectivity, smartphone integration and LTE services which augmented the riding experience. For example, an ICE scooter still uses turn-by-turn navigation which is enabled through smartphone, whereas EV scooters have in-built navigation and access to Google Maps. While software is used to some extent in ICE vehicles to control the engine functionalities, these are not interactive, or rider enabled. In EVs, riders can choose their driving mode based on the required performance.

Revenue stream in traditional automotive business were through vehicles sales, accessory sales, and aftermarket. With vehicles being electric and software driven, the OEMs have identified recurring revenue opportunities in the software side through selling customer experiences by monetizing certain features and functionality in a vehicle. Software which enables features and functionality in EVs are now becoming a key revenue stream for OEMs. Software offers potential to OEMs are introducing various business models to monetize the software opportunity through subscription, pay-per-use and one time purchase models.

## ***Quality and testing***

**Battery health:** Understanding and effectively managing battery health holds significant importance in the lifecycle of electric vehicles for better performance. Also, it impacts the residual value of the vehicle, a critical aspect impacting the overall cost and investment value.

**Testing:** Battery testing is crucial for ensuring the durability and safety of batteries before they are integrated into vehicles. It ensures products meet performance expectations and are safe for consumers. Additionally, data from the battery testing serves as an input for R&D purposes where it supports in preparing batteries with optimal performance.

**Software reliability and predictable performance:** Reliable software is less open to security breaches as there are regular updates to the software including that to data security, which help in reducing the risk of data breaches. Predictable performances help manufacturers to plan efficiently on how the software will perform under different conditions and will help in predicting further updates or changes required in the vehicle functionality.

**Software-hardware integration:** Seamless coordination between the software and hardware ensures safe, efficient, and smooth vehicle operation.

## ***Supply Chain Resilience***

Semiconductors are the brain of modern electronics and serve as the basic building block of most electronic circuits. Currently, India is highly dependent on imports for its semiconductor needs. India has witnessed notable advancements and strategic transitions aimed at creating a self-sufficient semiconductor ecosystem, through substantial governmental support, strategic collaborations on an international scale, and an emphasis on constructing a holistic ecosystem.

## ***Unit economics and cash burn rate***

Cash burn is a common phenomenon in the pre-scaling stage of new age companies. Cash burn refers to the situation where the company is spending more money than it is generating. In the pre-scaling stage, companies are typically focused on developing their products, building capabilities, establishing their brand and may also need to invest heavily in infrastructure such as manufacturing equipment as well as hiring employees. These investments are essential for future growth and may result in negative cash flow over a period of time. Eventually the cash burn rate reduces as companies become EBITDA positive. Factors such as COGS, capital expenses, and operational expenses can impact cash burn.

Positive unit economics is a crucial success factor for reducing cash burn and sustaining an EV manufacturing business. By producing and selling a large number of EVs at healthy margins, manufacturers can reduce their unit costs and improve their unit economics. Vehicle prices and cost of goods sold (COGS) per vehicle can have a significant impact on unit economics.

Tesla is a one of the notable examples of a pure play EV company transitioning from a cash burn phase to profitability. Tesla has focused on reducing unit costs per vehicle and has continued to do so even after achieving profitability. However, prior to being profitable, Tesla had a phase of cash burn. A similar phenomenon is being observed for EV manufacturing in India, more evidently in the pure play EV players who are currently in the cash burn phase.

The below figures indicate that the cash burn occurs in the pre-scaling stages. By managing cash burn effectively and focusing on unit economics, companies can ensure their long-term profitability and sustainability.

	<b>Tesla</b>	<b>Livewire</b>	<b>Ather Energy</b>	<b>Ola Electric</b>
Founding year	2003	2021	2013	2017
Year from which revenue generation started	CY2007	CY2020	FY2019	FY2021
Period considered (till EBITDA positive / Till date)	CY2007-CY2012 (EBITDA positive in CY2013)	CY2020-CY2023 (latest till date)	FY2019-FY2024 (latest till date)	FY2021-FY2024 (latest till date)
Cumulative cash burn (USD million)	(1,269.8)	(342.1)	(240.2)	(538.1)

Cash burn rate	(1.5)	(2.3)	(0.8)	(1.3)
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Note:

- For Tesla and Livewire financials are reported in calendar year (CY) terms. Hence cumulative cash burn is sum of CYs.
- For Ola Electric Mobility and Ather Energy, financials are reported in financial year (FY) terms. Hence cumulative cash burn is sum of FYs
- Tesla turned EBITDA positive in 2013 and had a negative cash burn till 2012.
- Cash burn is calculated as sum of net cash flow from operations and outflow of capital expenditure on plant, property and equipment (PPE) and intangibles. The cash burn rate is calculated as - total cash burn during the selected period / total revenue accrued during the period
- Cumulative cash burn reported for Ather Energy and Ola Electric Mobility are converted from INR to USD considering 1 USD = INR 83.3
- Cash burn rate is the ratio between cumulative cash burn and cumulative revenue between the periods stated above

Source: Company annual reports

## Key Electric Two-Wheeler (E2W) Player Profiles

### ***Bajaj Auto Limited***

Bajaj Auto established Chetak Technology Limited (CTL), a 100% subsidiary of Bajaj Auto formed on 4<sup>th</sup> October 2021, to focus on the development of new technologies and products in the electric two-wheeler space.

#### *Rise of Chetak and Market Share*

Chetak has progressively scaled up from 3,000 units in month of March 2023 to 16,000 units in month of March 2024. Chetak delivered its highest numbers of nearly 40,000 units in the Q4 fiscal 2024 with a significant share gain, moved from 5% by the end of the previous year to 13% by the end of fiscal 2024. This was majorly due to the steady progress made by the company over the last year on network expansion, innovation, and branding activities. Overall, Chetak sold more than 1 lakh units in fiscal 2024, almost 4 times its volumes of fiscal 2023.

#### *Chetak distribution network*

Chetak was launched on January 14, 2020. Initially Chetak's sales were conducted from KTM outlets, but were restricted to only two cities – Pune (4 outlets) and Bengaluru (13 outlets) due to low demand. Bajaj Auto introduced a second model, the Chetak Urbane, in November 2023 and upgraded the Chetak Premium in December 2023. Currently, these two models, are offered through a network of 204 dealers in over 160 cities.

#### *Value added services*

Chetak's new variants provide new display, easy navigation, hill hold assist, etc. available with TecPac offering, while the standard offering gives Reverse Mode, limited app connectivity, on board charger, key fob to locate your ride instantly, etc. Chetak offers a warranty of 50,000 km or 3 years (whichever comes earlier) on the product and the Lithium-ion battery.

On financing side, attractive financing scheme options are provided to EV users such as low rate of interest, tenure upto 60 months, zero processing charges and EMI lower than INR 100/day.

#### *Charging infrastructure*

Chetak's top variant Chetak Premium 2024 comes with an onboard charger and a charging cable. However, Chetak Urbane (2024) comes with an offboard charger as well. Chetak can be charged at a standard household outlet, or any other charging stations installed by Government and local administrative authorities and others which have 3 pin plug connectors.

### ***Ola Electric Mobility Limited***

Ola Electric holds largest market share in electric two-wheeler segment in India and has gone public with an Initial public offering (IPO) in August 2024.

They have been approved for both PLI schemes – one relating to the manufacturing of advanced automotive technology products (part of the Automobile PLI Scheme), and another relating to advanced cell chemistry batteries (the "Cell PLI Scheme"). The company is also awarded with 20GWh capacity under the Cell PLI Scheme.

Ola has brought about several innovations in the E2W industry by introducing several features like proximity unlock, cruise control, music playback, dashboard themes and voice commands.

#### *Sales in Fiscal 2024*

Ola gained significant market share over the last one year, from 21% in fiscal 2023 to 35.1% in fiscal 2024 with a year-on-year growth of 115%. They recorded highest ever monthly volume of 53,000 units in March 2024.

#### *Distribution network*

Ola's network comprising 870 experience centers and 431 service centers situated across India, as of March 31, 2024. Customers can discover products, reserve test drives and pre-order and purchase EV scooters through the Ola Electric website and track the status of delivery and after-sales.

#### *Value added services*

Customers can subscribe to Ola Care and Ola Care+ programs for a fixed annual fee through the Ola Electric Website and the Ola Electric Companion app and receive services and assistance at home or any other locations. Ola Care provides free home servicing, free consumable (consumable replaced free of charge for non-accidental and non-insurance cases), Theft assistance and road assistance which includes free towing, on the spot puncture repair, medical assistance and more.

Ola has also introduced an 8-year or 80,000 km battery warranty at no extra cost. It also provides other benefits such as hassle-free battery replacement, 100% defect coverage, and transferable ownership.

They also have MoveOS software pack that enables vehicle's features, driving modes and performance.

#### *Ola Hyper charger*

In addition to facilitating home charging through portable chargers, Ola is currently offering customers public charging facility via its charging network which comprised 248 hyper charging guns and 764 standard charging guns, as of March 31, 2024. Ola EV scooter owners can achieve a 50 km driving range on a 15-minute charge by using a hyper charger.

#### ***Ather Energy***

Ather Energy was founded in 2013 and is headquartered in Bangalore, Karnataka. It is the third largest E2W manufacturer in India by sales volume, after Ola and TVS, as of fiscal 2024.

Ather Energy Ltd. is a pioneer in the E2W industry as they introduced the Ather 450 in 2018 with a top speed of 80 kmph, which was comparable to ICE scooters and the highest among E2W in India in 2018. They also introduced connected features and cloud integration through a 3G SIM card for the first time in the E2W industry in India. In 2024 Ather Energy launched a new range of 'Rizta' scooters targeting the family convenience segment. It features a large seat and upto 56L of storage space and introduced traction control as an industry first feature in the E2W market.

Ather Energy has brought about several firsts in the E2W industry by introducing features like touchscreen dashboard with navigation, internet connectivity via 3G SIM, aluminum chassis, fast charging and guide-me-home lights. They have also introduced several industry first features such as traction control, fall safe, cloud integration, OTA updates (Over-The-Air), ride statistics on app, through their software package, AtherStack. Ather was also the first OEM to introduce an electric scooter with a high speed of 80 kmph, first OEM to establish its own fast charging network (Ather Grid) and also the first OEM to develop a smart helmet (Halo).

Ather Energy's manufacturing facility is located at Hosur, Tamil Nadu. They are also planning to set up another manufacturing plant in Maharashtra state (Chattrapati Sambhaji Nagar district), which has a high E2W penetration and has a strong automotive supplier base.

#### *Sales in Fiscal 2024*

In fiscal 2024, Ather Energy's sales grew by 39.3% year-on-year to cross the 1 lakh units mark.

### *Distribution network*

The company has built a strong dealer network with 208 Experience Centers (ECs) across 154 cities as on 31st March 2024. They also have a dealer network present in Nepal.

### *Value added services*

The company has launched two 'smart helmets' under the brand 'Halo' with light weight version called 'Halo Bit'. The helmet provides seamless connectivity and enhanced safety, and is the first smart helmet designed and developed by an E2W OEM in India. They have also launched accessories like Tyre Pressure Monitoring System (TPMS), side – step and a storage solution Frunk. Ather sells its software and battery warranty via the Propack bundle which includes access to their AtherStack software and extended Ather Battery Protect warranty. These products can also be bought individually. The Ather Battery Protect is a comprehensive 5 year warranty plan that extends the battery's manufacturer warranty of 3 years by an additional 2 years.

### *Ather Grid*

Ather Energy as part of its Ather Grid charging network, has a network of over 1,973 chargers. Ather was the first two-wheeler OEM to establish a two-wheeler fast charging network in India in 2018 which has the widest footprint amongst two-wheeler fast charging networks as of March 2024. The charging network supported by the Ather Grid app allows EV owners to locate and check the availability of the nearest charging station in real time. Ather also has the provision of neighborhood charging which provides access to AC charging points in shared private spaces such as apartment complexes, office, buildings, and tech parks.

### ***TVS Motor Company Limited***

TVS Motor Company manufactures the electric scooter, TVS iQube, which was launched in 2020. TVS Electric Mobility Limited (TVSEM), is 100% subsidiary of TVS motor. TVSEM was incorporated in December 2021 to undertake Electric Mobility business. The company has yet to commence its operations as of fiscal 2024.

TVS Motor Company has brought about several innovations in the E2W industry by introducing features like viewing smartphone status on dashboard, auto reply while driving, DND mode, last parked vehicle location and has also launched an e-scooter with the largest ever battery pack in India, the TVS iQube ST with a 5.1 kWh battery pack.

### *Sales in Fiscal 2024*

TVS Electric scooter grew by 120% in fiscal 2024, as per Vahan data and sales reached to 183,205 units in fiscal 2024 as compared to 82,116 units in fiscal 2023, making TVS the 2<sup>nd</sup> largest electric scooter player in the country by volumes.

### *TVS distribution network*

TVS has 700+ dealer touchpoints across 400+ cities in India as of fiscal 2024. Vehicle test ride, enquiry, or post sale services are available at TVS dealership through company trained sales and service team.

### *Value added services*

TVS iQube provides Roadside assistance (at no cost for 1 year) in case of any support required while on the road. Their software stack of SmartXconnect offers a wide variety of connected features in the areas of vehicle health, safety, navigation and infotainment.

### *Charging infrastructure*

TVSM has tied up with Tata power and Jio BP for charging infrastructure. As of end of fiscal 2024, TVS iQube can be charged at any 2,000+ public charger across the country. iQube comes with an easy to use, plug and play portable charger and charging cable that can be use at any standard 15A plug point to charge vehicle.

## Eicher Motors Limited

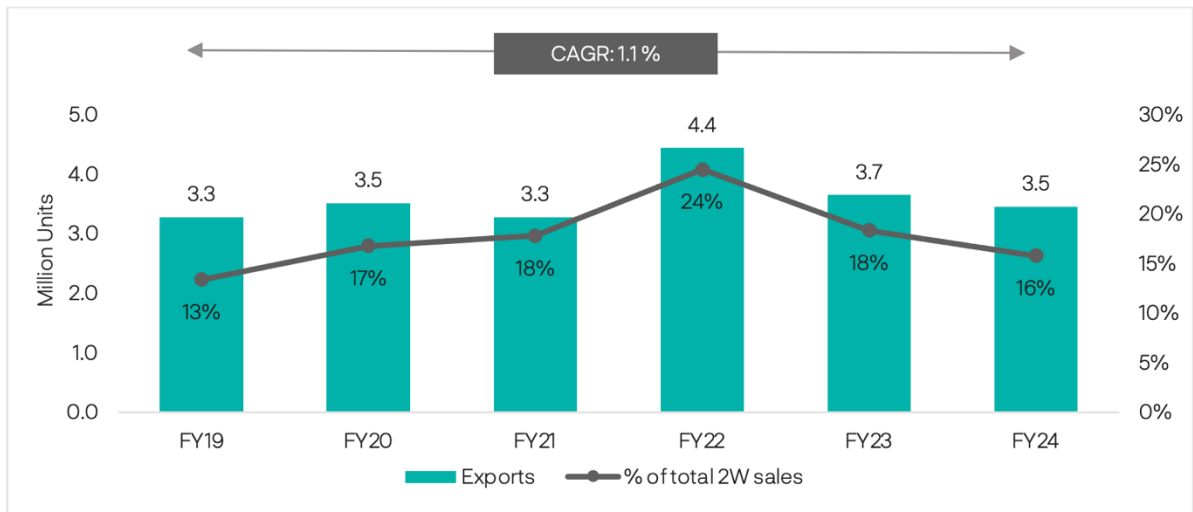
Eicher Motors Limited (EML) is the listed parent Company of Royal Enfield, an iconic and one of the oldest motorcycle brands in continuous production.

Royal Enfield showcased its first ever electric vehicle design concept, the Electric Himalayan Testbed, at the EICMA Motor Show 2023. It is expected to launch in India around by end of 2025.

### Review and Outlook of 2W Exports from India

In the last six years, between fiscal 2019-2024, two-wheeler industry exports rose at a moderate pace of 1% reaching volumes of 3.5 million in fiscal 2024. Currently exports account for 15-20% of the overall two-wheeler sales in India.

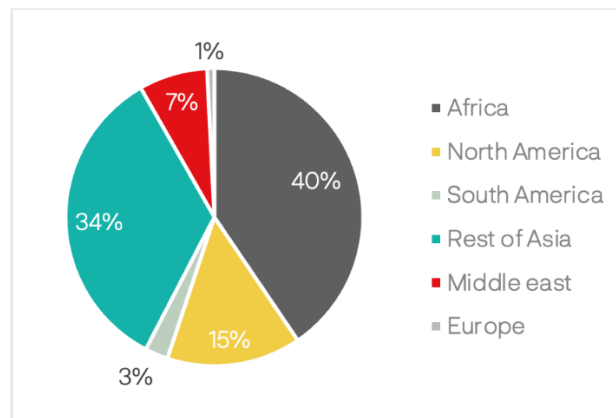
#### Two-wheeler exports trend



Source: SIAM, CRISIL MI&A

Two wheelers are primarily exported to developing countries from India with Africa contributing the major share. However, exports to Africa have been under pressure amidst the slowdown in their economy, sharp rise in inflation levels and unavailability of forex in Nigeria, the leading two-wheeler importer from India. Contribution of Africa has reduced from 44% in fiscal 2023 to 41% in fiscal 2024 (Apr 2023-Feb 2024).

#### Geographical split for Indian two-wheeler exports volumes (Fiscal 2024)



Note: Rest of Asia: Entire Asia except Middle East

Source: Ministry of Commerce and Industry, CRISIL MI&A

ICE two-wheelers completely dominate the exports. However, in line with electrification in the domestic two-wheeler market, OEMs have started exporting EVs from India in the last 3 years. In fact, in fiscal 2024, EV exports rose 19x compared to EV exports in fiscal 2023.



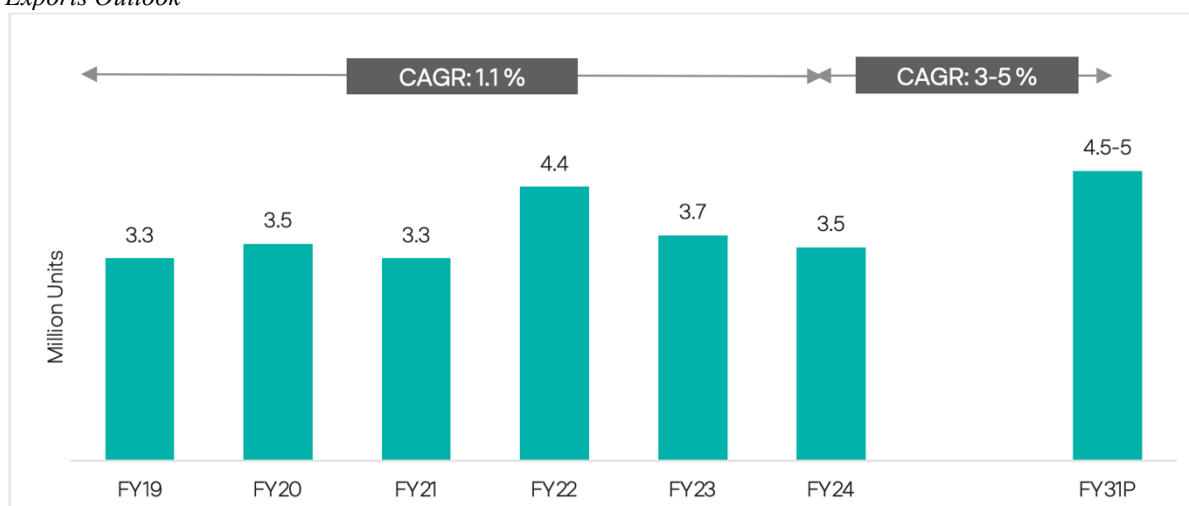
As of fiscal 2024, TVS, Ola and Ather are primarily exporting EVs from India. The EV exports are currently at a nascent stage, however, are expected to grow going ahead.

### Exports Outlook

Two-wheeler exports from India grew at a moderate pace of 1.1% CAGR during fiscal 2019 to fiscal 2024. Going ahead, CRISIL MI&A expects the industry growth to grow at a faster pace of 3-5% CAGR to reach 4.5-5 million levels by fiscal 2031.

India being one of the largest two-wheeler domestic markets globally, has a unique opportunity to leverage its domestic market scale and manufacturing competitiveness to produce electric two-wheelers not just for the domestic market but also for the exports markets. Additionally, the growing demand for eco-friendly and sustainable transportation options globally is expected to provide the fillip to e-two-wheelers demand going forward. Countries like Nepal, which have a strong dependence on India for their two-wheeler imports, have declared high electrification targets of 90% EV penetration in all private passenger vehicles sales (including 2W) by 2030. They have also reduced import duties on EVs, ranging from 25% to 90% (import duties for gas and diesel fueled vehicles are 276% and 329%). Such initiatives will aid the Indian E2W exports demand going ahead.

### Exports Outlook



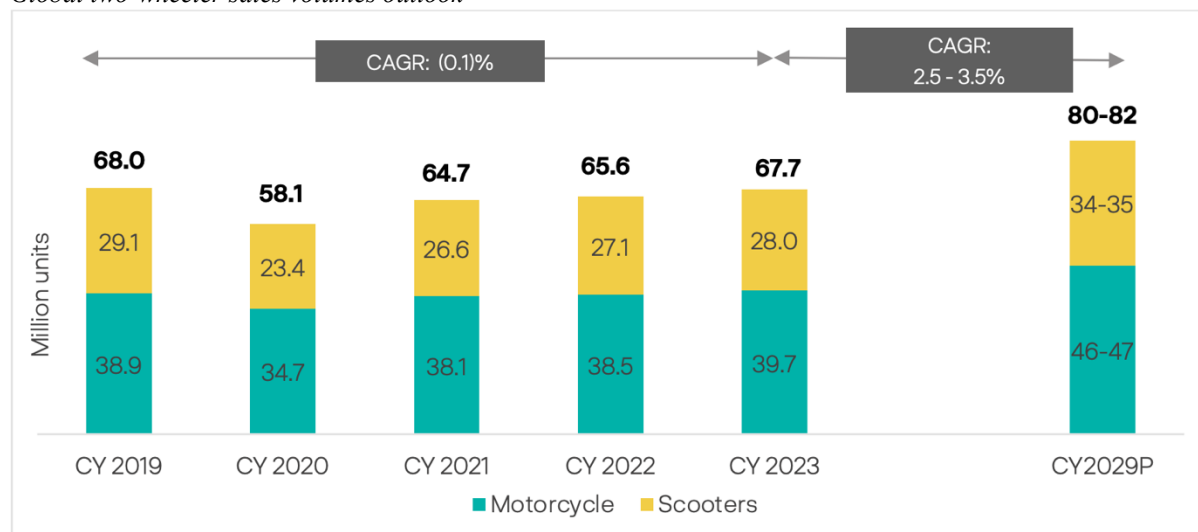
Source: SIAM, CRISIL MI&A

### Global Industry Outlook

The global two-wheeler industry sales are expected to grow at an accelerated pace of 2.5-3.5% CAGR till CY2029 compared to a 0.1% CAGR contraction witnessed during CY2019-2023 period. Improvement in economic conditions, rising demand from underlying segments like e-commerce, ride hailing coupled with increased traction for EVs to support this demand growth. Sales volumes are projected to reach 80-82 million levels by CY2029.

Rising electrification is projected to support faster growth of scooters at 3-4% CAGR. Motorcycles are projected to grow at a slightly slower pace of 2-3% CAGR from an elevated base.

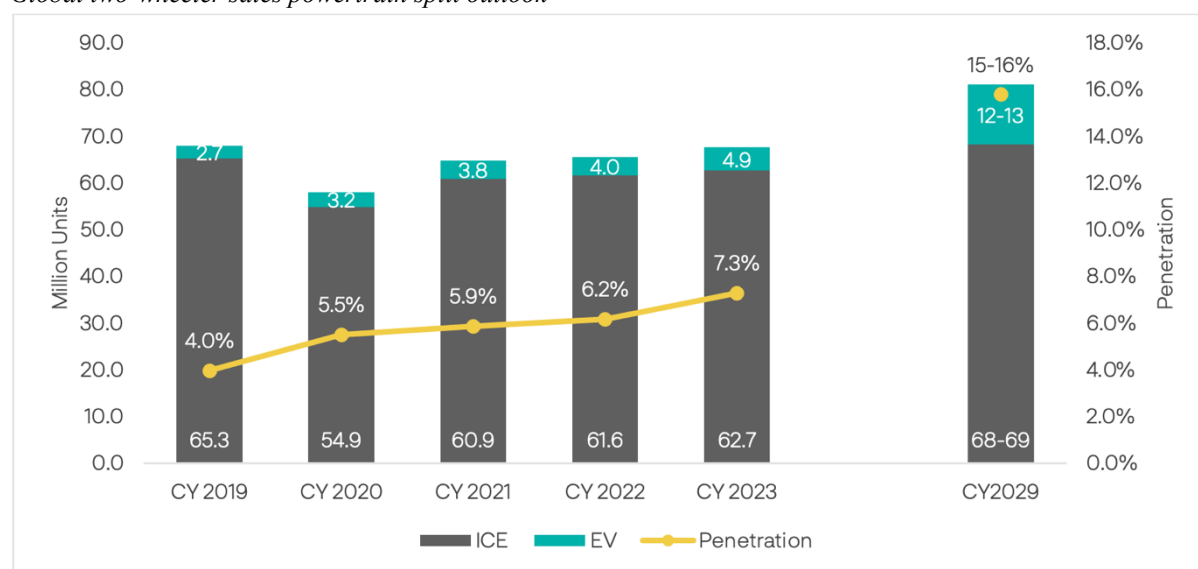
### Global two-wheeler sales volumes outlook



Source: MORDOR data

Amidst the continued push from governments, increasing awareness, expanding vehicle portfolio is expected to provide a fillip to electrification growth going forward. Globally, the EV penetration is expected to reach 15-16% levels by CY2029.

### Global two-wheeler sales powertrain split outlook



Source: MORDOR data

### India's leadership in electric 2W technology

India is the largest 2W market in the world (by sales volume). Unlike ICE vehicles, wherein the technology was developed outside India and then brought to India through joint ventures, Indian OEM's have been investing heavily in R&D and developing the core technology of EV products.

Electric scooters manufactured in India offer a higher number of features and similar performance, compared to majority of global peers. For example, Indian electric scooters offer features like on-board navigation, ride statistics, geo-fencing, and hill-hold technology.

### Challenges to the Electric Two-Wheeler (E2W) Industry in India

There are certain potential challenges that players in the Indian E2W industry like Ather Energy, Ola Electric Mobility, TVS Motors, Bajaj Auto, Hero MotoCorp etc. could face in the near future. These challenges will affect

players differently based on their respective strategies:

### **1. Demand Side**

- *Slowdown in economic activities impacting buying decision*

India's GDP growth is projected to be 6.8% for fiscal 2025 and is expected to grow at a CAGR of 6% to 8% between fiscals 2024 and fiscal 2029. Any moderation to GDP growth may have an impact on the incomes of people at large and hence the decision to buy two-wheelers

- *Above or below normal monsoons*

We have considered a normal monsoon scenario while forecasting domestic sales for fiscal 2025 as well as forecast till fiscal 2031. If rains are not normal then farm activities and farming output could be impacted which could adversely affect farm related incomes, rural sentiments, food prices and thereby inflation. This could directly impact demand for overall two-wheelers

- *Lower Awareness*

Over and above the environmental benefits, EVs offer notable gains over their ICE counterparts. However, limited awareness and understanding of these benefits restricts the mass scale adoption of EVs.

- *Increase in vehicle cost of acquisition*

The cost of vehicle acquisition rises when OEMs transfer the impact of increased manufacturing costs to the customers. In the past, the industry has seen price hikes owing to several reasons like increase in raw material prices and general inflationary hikes. These are also likely to push vehicle prices upwards going forward.

It is also expected that going forward battery prices will further decline, and economies of scale will help EV OEMs to achieve profitability, thereby the price hikes might be nominal. However, there could be a scenario of potential supply chain shocks leading to rise in/ flattish battery prices, or a scenario of lower economies of scale, which might impact overall E2W costs and prices.

Also, the cost of acquisition for E2Ws would continue to remain higher than their ICE counterparts over the next few years, which could continue to be a barrier to purchasing.

- *Vehicle Financing and Resale*

Vehicle finance rates are also pivotal in determining affordability and cost of ownership for E2W customers. While financiers have started to offer financing products for E2W, the uncertainty about the vehicle resale values is still a barrier as it impacts the confidence of financiers who aim for higher tenors. Due to relatively lower loan tenors being offered, the effective monthly EMI increases for the customers, leading to higher monthly outgo, thereby posing a barrier to purchase.

Given that the battery contributes the majority of vehicle cost, there is still an uncertainty about the battery valuation, battery health/life and the overall resale value calculation for E2Ws. The overall EV resale ecosystem itself remains one of the biggest unknowns for the segment.

- *Increase in traffic density on account of increasing congestion*

Increasing traffic congestion on roads especially in urban centers is leading to longer transit times, which is also causing a rise in air pollution due to excessive burning of fuel. This problem is leading to more and more people preferring to use public modes of transport, and is also driving the growth of public transport systems like metro, e-buses, ride hailing etc. The traffic congestion is expected to rise further owing to rapid urbanization, which could lead to customers deferring personal vehicle purchases going forward.

- *Charging Infrastructure*

One of the major hurdles in adoption of EVs in India is the unavailability and slow development of public charging infrastructure. While E2Ws are sold with dedicated personal chargers, currently India has limited public charging infrastructure which poses a threat to mass scale adoption of EVs in the country. This is primarily because of range anxiety and anxiety of being unable to find a functional charger in case of sudden need

- *Policy Uncertainty*

Central policies like FAME and EMPS, and state wise subsidies, still have a direct impact on the electric vehicle sales in India. Uncertainty around these policies greatly influence E2W retails on a regular basis and absence of subsidies have impacted their retails in the past. While the current EMPS scheme has been extended by two more months, a long-term solution is awaited. Also, it is unknown as to when customer buying will become stable in the absence of any kind of subsidies.

- *Network Spread*

Currently E2Ws are present at much lesser number of outlets as compared to ICE 2Ws in India. The number of customer touchpoints, both of sales as well as service, that cater to E2Ws, have a much restricted geographical spread as compared to ICE 2Ws. While the OEMs are actively expanding their dealer networks for selling and servicing E2Ws, it will be a few years before they are able to match up the scale of the existing ICE 2W network. This could act as a barrier to adoption as customers might be vary of purchasing an E2W due to uncertainty of services for repairs or maintenance in vicinity in case of breakdowns.

## **2. Supply Side**

- *Dependence on imports for key raw materials*

Many OEMs in India are still dependent on suppliers based out of locations outside India for critical components including transmission systems, electronics, semi-conductors, magnets, rare earth materials etc. to name a few. Metals like lithium, magnesium, cobalt, nickel, etc. are needed for manufacturing EV batteries. Countries deficient in these resources need to depend on imports for manufacturing EVs from limited countries that possess the production capability as well as control the mines for these elements. Imports increase the cost of procurement of raw materials and hence overall cost of EVs.

Also, any unprecedented global event could further elevate the raw material prices along with disrupting the entire supply chain for the same. Currently, India is highly dependent on imports for Lithium-ion cells and the dependency on imports along with the lack of robust supply chain network threatens the current supply of the batteries. While India recently discovered Lithium reserves in the country, commercialization and setting up the production capabilities of the same will take time, thereby making India dependent on imports for the medium term.

While many EV suppliers have reached domestic content requirement as mentioned by the government, there are still a lot of component parts that need to be imported. For example, permanent magnets in electric motors, semiconductor chips, electronic child parts, and printed circuit boards (PCBs). Capability of Indian OEMs to manufacture and design these complex systems is currently limited owing to limited technical expertise, less availability of raw materials and intense investment requirement.

The government is trying to reduce dependence on these imports by driving several initiatives like Make In India, Atmanirbhar Campaign, PMP, PLI scheme, Custom Duty elimination and enabling FDI across sectors, but it may take some time for the OEMs to localize. Until then dependence on imports for certain components will continue to carry an inherent risk from supply, pricing and other risks which may emanate out of global macro-economic situations.

- *Geo-political and supply chain risks*

India is currently dependent on global markets, including China, for the import of battery cells. China dominates the global battery supply chain, from mineral processing to cell component manufacturing and cell manufacturing. Although China has less control over mineral extraction, mineral processing is dominated by China. When it comes to extraction of minerals, there is global concentration of Lithium

reserves in Bolivia, Chile, Argentina and Australia; of Cobalt reserves in Democratic Republic of Congo; of copper reserves in Peru, Chile and Australia; and of Nickel reserves in Indonesia, Brazil, Australia and Philippines.

India is highly dependent on China for battery cell, raw materials and semi-conductors. This makes India vulnerable to geo-political and supply chain risks. During the pandemic, the world faced semi-conductor shortage due to lockdowns in China and disruptions of operations in other supplier countries. Any similar global incidents, like pandemics, may greatly impact the electric vehicle industry in India in the future.

- *Commodity and input material prices*

The INR/USD exchange rate also directly impacts the input costs and fuel prices. A weak INR exchange rate puts the burden on OEMs for deciding whether or not to pass on the costs to the consumer. Often these fluctuations are absorbed by the OEMs which may negatively impact their overall margins.

For example, pricing and availability of commodities like steel and aluminum can be volatile due to numerous factors beyond our control, including general domestic and international economic conditions, geopolitical tensions, extreme weather shocks, import duties and tariffs and foreign currency exchange rates

- *Availability of skilled manpower*

The automotive industry is undergoing continuous and rapid technological change in terms of introduction of new powertrains like electric, hybrid and CNG, battery technologies, lightweighting, enhanced safety, growth of embedded software technology and driver controls, etc. These continuous advancements have led to a constant demand for skilled manpower in the industry. Currently few OEMs are taking initiatives in developing the new age skills inhouse or participating in skill training initiatives by associating with various educational institutions and the government.

However, there will still be an ever-growing demand for skilled manpower as the electric vehicle industry will continue to undergo technological advancements in the future and hence availability of manpower could turn out to be a challenge in case of demand supply mismatch.

- *Technology risk*

With ever changing technology also comes the risk of obsolescence of older technologies. The automotive industry today faces the challenge of adapting newer technologies by either upgrading the older technologies or introducing new ones, thereby posing a risk in terms of capability development, investments, skill development, technology development and product development as well. For example, the field of battery technology is continuously evolving with current LFP and NMC battery technologies being challenged by newer technologies like solid state battery, LTO etc. Electric and hybrid technologies are also continuously evolving. Therefore, going forward, OEMs have to be cautious in terms of investing in technology and ensure positive yields.

- *Limited vehicle portfolio*

In the last 2-3 years, EV offerings of the industry increased multifold with entry of new players, expansion of legacy players into EVs as well as portfolio expansion by current players. Despite this, compared to the ICE portfolio, EV options are still at a nascent stage.

- *Localization norms*

The government is encouraging localization across sectors, especially in automotive sector via policies like PLI for Automotive Technology, PLI for Advanced Cell Chemistry, Phased Manufacturing Program, Atmanirbhar Bharat and Make in India. While the end goal of localization is to reduce import dependence, and bring down overall manufacturing costs, it also involves significant initial capital investments from several stakeholders within the automotive industry. While the government has designed the schemes to support investments by offering several subsidies and import duty benefits, there are still concerns around the meeting the eligibility criteria and availing the benefits. Going forward, simplification and better tracking of the policies will ensure localization in India.

- *Ad hoc changes in policies*

Another challenge that the industry is facing is frequent changes in policies which makes it difficult for auto industry stakeholders not only to ensure adherence but also commit investments. Overall policy stability and transparency will be required going forward to ensure smooth technology transition and localization in the country.

- *Increasing competition intensity*

Several new players have entered the E2W space in the last few years, and the competition is expected only to rise further as investments increase, along with newer technologies and new product launches. Most of the current OEMs have announced future launches and with the increased number of vehicle options in the market, it will be a challenge to acquire more and more customers for each OEM going forward.

## **Conclusion**

The E2W industry is set to grow in the coming years with a CAGR of 41% to 44% and reach overall 2W industry penetration of 35%-40% by fiscal 31. While there are some headwinds that could impact both the supply side and the demand side, Crisil MI&A expects that long term policy support, expansion of product portfolio, and lowering battery prices leading to lowering of cost of acquisition and overall cost of ownership will lead to steady growth in the E2W industry.

## OUR BUSINESS

*Some of the information in the following section, especially information with respect to our plans and strategies, consists of certain forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those expressed in, or implied by, these forward-looking statements. You should read the section “**Forward-Looking Statements**” on page 20 for a discussion of the risks and uncertainties related to those statements and the section “**Risk Factors**” on page 36 for a discussion of certain risks that may affect our business, financial condition, or results of operations.*

*Unless otherwise stated, or the context otherwise requires, the financial information used in this section is derived from our Restated Financial Information included in this Draft Red Herring Prospectus beginning on page 319. Industry and market data used in this section have been extracted from the CRISIL Report and such excerpts may have been re-ordered by us for the purpose of presentation. The CRISIL Report has been commissioned by our Company exclusively in connection with the Offer for the purpose of confirming our understanding of the industry in which we operate. For further details and risks in relation to the CRISIL Report, see “**Risk Factors – We have used information from the CRISIL Report which we commissioned and paid for exclusively in relation to the Offer and any reliance on information therein is subject to inherent risks.**” on page 72. The CRISIL Report will form part of the material documents for inspection and is available on the website of our Company at <https://www.atherenergy.com/investor-relations/drhpd-documents>. The information in the following section is qualified in its entirety by, and should be read together with, the more detailed financial and other information included in this Draft Red Herring Prospectus, including the information contained in “**Risk Factors**”, “**Industry Overview**”, “**Restated Financial Information**” and “**Management’s Discussion and Analysis of Financial Condition and Results of Operations**” on pages 36, 183, 319 and 396, respectively.*

### Overview

#### Who We Are

We are a pioneer in the Indian electric two-wheeler (“**E2W**”) market, according to the CRISIL Report. We design and develop E2Ws, battery packs, charging infrastructure, associated software and accessories, while we manufacture our battery packs and assemble our E2Ws in-house. Our Company was founded by Tarun Sanjay Mehta and Swapnil Babanlal Jain in 2013, with a focus on product and technology development in India in order to build an E2W ecosystem. We are a pure play EV company that designs all our products ground-up in India. We sold 109,577 E2Ws in Fiscal Year 2024. According to the CRISIL Report, in Fiscal Year 2024, we were the third largest player by volume of E2W sales.

We build products with a focus on quality and user experience. Our products are positioned at a premium price in their respective segments. We launched our first product, the Ather 450, in June 2018. With the Ather 450, we introduced connected features through a 3G SIM card, touchscreen dashboard, aluminium chassis and cloud integration for the first time in the E2W industry in India, according to the CRISIL Report. It was also the first E2W to offer a top speed of 80 kmph, comparable to internal combustion engine (“**ICE**”) scooters and had the highest top speed among E2Ws in India in 2018, according to the CRISIL Report. Our current E2W portfolio comprises two product lines – the Ather 450 line, which caters to customers seeking performance scooters, and the Ather Rizta line, which is targeted at customers seeking convenience scooters for their family. Launched in April 2024, the Ather Rizta features a large seat, WhatsApp notifications displayed on the vehicle dashboard, voice commands through Alexa Skills, up to 56 L of storage and introduced traction control to the Indian E2W market, according to the CRISIL Report.

Our E2Ws are complemented by our product ecosystem which comprises charging infrastructure, accessories and the Atherstack, our in-house developed software that powers our products. According to the CRISIL Report, we were the first two-wheeler (“**2W**”) OEM to establish a 2W fast charging network, the Ather Grid, in India. Our software, the Atherstack, introduced industry-first connected features such as Over-The-Air (“**OTA**”) updates and ride statistics on the Ather app, according to the CRISIL Report. It had 64 features as at July 31, 2024.

We have a vertically integrated approach to the design of our products and key technologies. This integrated approach is applicable to both our hardware and software, and has enabled us to pioneer several EV technological advancements. Through this approach towards design, we seek to establish new standards for performance, efficiency and user experience in the E2W market.

Our technological innovations are enabled by our in-house design and research and development (“**R&D**”) capabilities. Our R&D team had 701 on-roll employees, housed at three R&D facilities in Bengaluru, India, as at March 31, 2024. We had 48% of our total workforce dedicated to R&D as at March 31, 2024. As at August 31, 2024, globally, we had 291 registered trademarks, 199 registered designs and 45 registered patents, in addition to pending applications for 11 designs, 93 trademarks and 210 patents.

We assemble our E2Ws and manufacture our battery packs at our manufacturing facilities located near Hosur, Tamil Nadu, India (the “**Hosur Factory**”). At the Hosur Factory, we had a total annual installed capacity of 420,000 units for E2Ws and 379,800 units for battery packs as at March 31, 2024. We are in the process of building the first phase of our Factory 3.0 in Chhatrapati Sambhajinagar (formerly Aurangabad), Maharashtra, India to expand our total installed production capacity to 1.42 million E2Ws upon completion of phase two. We operate an asset-light distribution model comprising experience centres and service centres operated by our third-party retail partners in India and through an authorised distributor in Nepal. We had 208 experience centres and 191 service centres in India, and three experience centres and one service centre in Nepal, as at March 31, 2024. We place an emphasis on capital efficiency across our value chain and prioritise control over design and technology, while maintaining operational flexibility.

As a pure play EV company, our commitment to sustainable business practices is reflected in our environmental, social and governance (“**ESG**”) strategy, which focuses on strong governance, developing technologies that accelerate the transition to EVs, minimising environmental impact and investing in talent under a focused, single-company structure. Our corporate ESG committee, along with our code of ethics policy and policies on matters such as anti-bribery, anti-corruption and fraud prevention, aim to create a culture of responsibility and sustainability.

### **Market Opportunity**

*Unless otherwise indicated, industry and market data appearing in this section have been derived from the CRISIL Report.*

India was the largest motorised 2W market by volume in the world in 2023. Total domestic sales in Fiscal Year 2024 was 18.4 million units. The Indian 2W market is expected to further grow at a CAGR of 7% to 8% between Fiscal Years 2024 and 2031 to reach a market size of 29 to 31 million in Fiscal Year 2031. Apart from domestic sales, Indian 2Ws are also widely exported. Such exports accounted for 15% to 20% of the overall Indian 2W sales. Indian OEMs exported 3.5 million 2Ws in Fiscal Year 2024 primarily to Africa, Asia and North America.

India’s middle class is expected to grow to a population of 715 million by Fiscal Year 2031 from 432 million in Fiscal Year 2021. India’s per capita income is expected to grow at 9.4% CAGR over 2024 to 2029. The growth in per capita income and discretionary spending is expected to lead to a corresponding increase in the demand for premium products and experiences. There is a clear shift towards preferences for more premium vehicles within the 2W industry. For instance, in the last five years, the share of motorcycles and scooters with an engine capacity of 125cc and beyond, increased from approximately 38% and 20% in Fiscal Year 2019, respectively to approximately 52% and 47% in Fiscal Year 2024, respectively. Younger buyer profiles, new vehicles with attractive features launched at competitive rates, and increasing financing support have supported this premiumisation trend within the 2W industry.

An expanding E2W portfolio of tech-enabled vehicles at lower acquisition costs has driven consumer interest in and accelerated the growth of E2Ws in India. E2Ws currently offer advanced technological features such as touch screen displays, Bluetooth and LTE connectivity. Further, E2Ws also offer a lower total cost of ownership (“**TCO**”) as compared to ICE vehicles. In Fiscal Year 2024, the TCO of an E2W, even without accounting for subsidies, was 37% lower than that of an ICE 2W for an annual running range of 8,000 km. With subsidies accounted for in the TCO, this cost saving increased to 55% for Fiscal Year 2024. Assuming that the current GST structure will continue to Fiscal Year 2031, and that some of the subsidies will be provided until Fiscal Year 2026, the acquisition cost (ex-showroom price) between an E2W and ICE 2W is projected to shrink to approximately 7% by Fiscal Year 2031.

In Fiscal Year 2024, E2W penetration rose to 5.1% and EV penetration in the scooter segment increased to around 15%. Reduction in the acquisition price gap, coupled with the wide range of technological features offered by E2Ws are expected to further drive EV penetration. Scooters are expected to lead the electrification of the 2W market in India, with the penetration of electric scooters expected to reach approximately 70% by Fiscal Year 2031 and the penetration of electric motorcycles expected to reach approximately 10% by Fiscal Year 2031. The



E2W segment is expected to grow at a CAGR of approximately 41% to 44% to reach a market size of approximately 10.2 million to 12.2 million units by Fiscal Year 2031. Such expansion will make it one of the fastest growing segments in the automotive industry in India.

Moreover, with India being one of the largest 2W domestic markets globally, it has a unique opportunity to leverage its domestic market scale and manufacturing competitiveness for the export market. This, together with the industry-wide trend of electrification afford Indian E2Ws an opportunity to amass a larger share of the global 2W market. The global 2W market is expected to reach 80 to 82 million units by 2029.

The trends of electrification and premiumisation hence present a large domestic and international opportunity for E2W players. Quality, software capabilities, control over design of key components, unit economics, capital efficiency and supply chain resilience are key factors for success in EVs.

Our emphasis on all of the above, coupled with our focused product strategy, position us well to capture the opportunities presented by the shifting consumer preferences and trends of electrification in India and globally.

### ***Our Business Model***

Our business model is founded on four key pillars: (i) our vertically integrated approach to design, (ii) our software-defined ecosystem, (iii) our premium positioning, and (iv) our capital efficient approach to business operations across the value chain. This business model is designed to deliver products focused on quality and user experience.



## Products focused on Quality and User Experience



**Vertically integrated approach to designing our EVs**

- ↑ Quality
- ↓ Cost and time to market



**Premium positioning across segments**

- ↑ Higher average selling price
- ↑ Customer satisfaction



**Our software-defined ecosystem**

- ↑ Differentiated experience
- ↑ Expansive feature set



**Capital efficient approach to business across the value chain**

- ↓ Cash burn
- ↑ Flexibility & agility

### ***Our vertically integrated approach***

**We have a vertically integrated approach to design focused on delivering quality and user experience.** We design and develop key components of our E2Ws, accessories and the Atherstack, the software that powers them, in-house. Our control over all key aspects of our product design enables us to quickly introduce new technologies

and deliver an improved user experience. This approach also allows us to control critical aspects of our products' quality, such as battery life, thermal management, build quality and safety. We develop all our products in accordance with the Ather Product Development System ("APDS"). The APDS requires eight quality reviews prior to the launch of all our products. Our in-house designed hardware includes, but is not limited to, the vehicle architecture and chassis, battery packs and battery management system ("BMS"), vehicle control unit ("VCU"), touchscreen dashboard, motor controller, transmission, signal harness and fast charging system. Our commitment to the "Make in India" initiative is reflected in our comprehensive in-house development and manufacturing processes.

#### *Our software-defined ecosystem*

**The Atherstack powers our product ecosystem and generates customer engagement** by unlocking features related to navigation, analytics, ride assistance, safety and productivity, as well as integration with our charging infrastructure and smart accessories. As at July 31, 2024, our customers had access to 64 features of the Atherstack. The Ather app had the highest app ratings amongst key E2W players in India, scoring a 4.5 out of 5 on both the Android app store and the Apple app store, as at July 11, 2024, according to the CRISIL Report. In Fiscal Year 2024, 89% of our E2W owners purchased advanced Atherstack features, while 61% of our users engaged with our connected software features at least once a week. Revenue from sales of the Atherstack software amounted to 6% of our revenue from operations in Fiscal Year 2024. Further, during the same Fiscal Year, the Atherstack recorded an EBITDA% of 56%.

#### *Our premium positioning across segments*

**Our products are focused on quality and user experience, and are positioned at a premium price within their respective segments in the Indian E2W market.** We have developed our two E2W product lines – the Ather 450 series and the Ather Rizta – along with our software-defined ecosystem which includes our extensive charging infrastructure and smart accessories, with an aim to provide our customers with a quality user experience.

We introduced the Ather Grid in every city into which we expanded our distribution network through our retail partner-operated experience centres. Further, in March 2024, we entered into partnership agreement with Google Asia Pacific Pte Ltd., pursuant to which Google Maps' customers will be able to find Ather Grid locations with live status updates starting in the first half of the Fiscal Year 2025. Our experience centres are designed to provide a curated experience for potential customers. Additionally, our service network is designed to be accessible and efficient, with an average turnaround time of 4.7 hours for our standard periodic maintenance. In Fiscal Year 2024, we introduced our ExpressCare service, which offers expedited vehicle servicing within a maximum turnaround time of one hour for standard periodic maintenance.

Our products, despite being positioned at premium prices, recorded an increase in sales volumes to 109,577 in Fiscal Year 2024 from 92,093 in Fiscal Year 2023 and 23,402 in Fiscal Year 2022. We were the third largest E2W player by sales volume in Fiscal Year 2024, according to the CRISIL Report.

#### *Our capital efficient approach across our value chain*

**We employ a capital efficient approach across our value chain** with an emphasis on control over design and technology, while maintaining operational flexibility. Our prudent capital deployment approach is focused on ascertaining the reliability of our product platform through testing and achieving scalable cost structures before making higher investments to minimise risk. This focus has allowed us to reduce our up-front capital needs, promote cost savings and gain flexibility to adopt new technologies. It also allows us to leverage the expertise and scale of large technology companies for select components such as lithium-ion cells and semiconductors.

We operate an asset-light distribution model primarily comprising experience centres and service centres operated by third-party retail partners. This model reduces both our upfront capital investments and operational costs in our distribution network, in turn giving us the flexibility to adjust our distribution reach to respond to changes in customer demand and market trends.

#### ***Our Product Ecosystem***

##### *Our E2Ws*

Our current E2W line-up comprises two product lines, the Ather 450 performance scooter line and the Ather Rizta

convenience scooter line, with a total of seven variants.

## Performance



## Convenience



	450S	450X (2.9 kWh)	450X (3.7 kWh)	450 Apex	Rizta S	Rizta Z (2.9 kWh)	Rizta Z (3.7 kWh)
<b>0-40 km/h</b>	3.9s	3.3s	3.3s	2.9s	4.7s	4.7s	4.7s
<b>Top speed</b>	90 km/h	90 km/h	90 km/h	100 km/h	80 km/h	80 km/h	80 km/h
<b>Range</b>	115 km	111 km	150 km	157 km	123 km	123 km	159 km

The following table sets forth a breakdown of our sales volume by vehicle model for the Fiscal Years indicated.

E2W Model	Fiscal Year		
	2024	2023	2022
Ather 450S <sup>(1)</sup>	22,712	-	-
Ather 450X <sup>(2)</sup>	39,067	92,093	23,402
Ather 450X (2.9 kWh) <sup>(3)</sup>	11,249	-	-
Ather 450X (3.7 kWh) <sup>(3)</sup>	35,999	-	-
Ather 450 Apex <sup>(4)</sup>	550	-	-
<b>Total<sup>(5)</sup></b>	<b>109,577</b>	<b>92,093</b>	<b>23,402</b>

Notes:

- (1) We recognised revenue from sales of Ather 450S starting in August 2023.
- (2) Sales of the standalone Ather 450X model was discontinued with the launch of the Ather 450X (2.9 kWh) and Ather 450X (3.7 kWh) variants in Fiscal Year 2024.
- (3) We recognised revenue from sales of Ather 450X (2.9 kWh) starting August 2023 and Ather 450X (3.7 kWh) starting September 2023.
- (4) We recognised revenue from sales of Ather 450 Apex starting in February 2024.
- (5) Delivery of the Ather Rizta variants commenced from May 2024 and therefore did not contribute to our sales volume in Fiscal Years 2022, 2023 and 2024. As at June 30, 2024, we have received 23,915 net bookings (i.e. bookings after accounting for cancellations) for the Ather Rizta variants.

### Atherstack

The Atherstack is our in-house software that powers all our products and offered 64 features related to navigation, analytics, ride assistance, safety and productivity, as well as integration with our charging infrastructure and smart accessories, as at July 31, 2024. The Atherstack comprises several layers of software which include algorithms, firmware, middleware, human machine interface (“HMI”), data platforms and mobile applications.

Upon purchase of an E2W, our customers have the option to purchase advanced Atherstack software features through the Pro Pack bundle. The Pro Pack is priced at a fixed fee ranging from ₹13,000 to ₹20,000, depending on the E2W model at the time of purchase. The Pro Pack unlocks Ride Assist features, such as traction control, AutoHold, and theft and tow alerts, and provides three-year access to Ather Connect features, such as live location sharing and access to OTA software updates. At the end of three years, customers have the option to pay a subscription charge to access or continue to access Ather Connect features.

## *Accessories*

We have designed and developed accessories that are integrated with our product ecosystem to enhance the user experience. Our current accessory offerings include the Halo smart helmet, Halo Bit and tyre pressure monitoring system. Our Halo smart helmet offers wireless charging, seamless connectivity and a premium sound system, while maintaining safety standards. We also offer other in-house designed accessories, such as side-steps, body guards, seat covers and the Frunk (front storage) for our E2Ws. In addition, the Ather Rizta is equipped with additional accessories designed for convenience, such as a multipurpose charger, storage organiser and back rest.

## ***Our Charging Infrastructure***

According to the CRISIL Report, unavailability and slow development of charging infrastructure are barriers to the adoption of EVs in India. To address this issue, we have designed a comprehensive set of charging solutions for charging at home and on-the-go.

According to the CRISIL Report, we are the first 2W OEM to establish a 2W fast charging network in India in 2018 and the Ather Grid is India's widest 2W fast charging network, as at March 31, 2024. Our EV charging solutions comprise (i) the Ather Grid, a public charging network of 1,973 fast chargers and 510 neighbourhood chargers spread across 233 cities in India and Nepal, as at March 31, 2024, and (ii) our portable home chargers for home charging, which are bundled and sold with our E2Ws.

We designed our own in-house charging connector technology, the Light Electric Combined Charging System ("LECCS") and protocol, for our fast charging network. We worked with various government bodies and the Bureau of Indian Standards ("BIS") to establish our LECCS and protocol as an official Indian standard with the aim of enabling interoperability. In August 2023, BIS published our LECCS as a standard IS17017 (Part2/Sec7) : 2023. In February 2024, BIS published the protocol as an official standard IS17017 (Part31) : 2024. As a result, any EV owner with an EV that uses the same charging standard, regardless of brand, is able to access our entire charging infrastructure through our Ather Grid app.

## ***Our Technology and R&D***

Our technology platform is composed of five key elements: (i) battery, (ii) powertrain, (iii) electronics, (iv) chassis, and (v) the Atherstack.

Our battery pack and BMS are developed in-house with a focus on long life, safety and thermal management. Our compact powertrain platform, consisting of our mid-drive motor, in-house developed motor controller (the Ather Drive Controller ("ADC")) and in-house designed transmission system, is designed to offer customers near instantaneous power delivery and consistent performance. Our electronics platform comprises components such as the VCU, dashboard, harnesses and fast charging systems. This, along with the Atherstack, has enabled multiple connectivity functions that differentiate the Ather ecosystem. Our chassis platform is modular and caters to both performance and convenience scooter segments. These elements make up the Ather 450 platform.

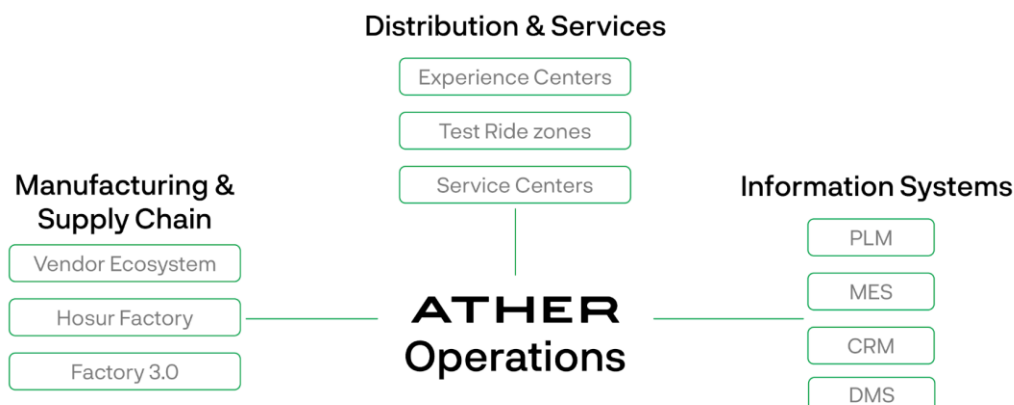
The Ather 450 platform was designed in-house from 2013 to 2018 and we have continued to improve upon the platform since its launch in 2018. The various elements of the platform are common building blocks that we can leverage to develop and manufacture different products that cater to a variety of customer preferences. For instance, the Ather Rizta utilises the battery of the Ather 450 platform while using modified chassis and electronics platforms. The Ather Rizta also utilises our Atherstack software. We are developing a new scooter platform and a motorcycle platform to further address the demand in the E2W market.

As at March 31, 2024, we had three R&D facilities in India. Our R&D facilities house testing labs, prototype build labs, battery labs and vehicle testing facilities. Our R&D team comprised 701 on-roll employees as at March 31, 2024.

## ***Our Operations Ecosystem***

Our operations ecosystem consists of our manufacturing facilities, supply chain, distribution and service network and information systems.

## Our Operations Ecosystem



### *Our Manufacturing Facilities*

We assemble our E2Ws and manufacture our battery packs at our Hosur Factory, which had a total installed capacity of 420,000 E2Ws per year and 379,800 battery packs per year as at March 31, 2024. Our battery pack manufacturing capacity at the Hosur Factory is being expanded to manufacture 531,120 units per year.

Our Hosur Factory is integrated with our manufacturing execution system (“MES”) and equipped with industry 4.0 smart manufacturing technologies that feature semi-automated assembly lines. The plant also housed 77 connected machines, 124 smart devices and 103 connected manual stations that monitor 10,756 parameters and checked 231 parameters at the end of the manufacturing line, as at March 31, 2024.

We plan to build our Factory 3.0 in Chhatrapati Sambhajnagar (formerly Aurangabad), Maharashtra, India, in two phases. This facility will be built with industry 4.0 principles of integrating intelligent digital technologies into the manufacturing process. We plan to commence the first phase of construction of the Factory 3.0 in March 2025 and plan to commence production at the Factory 3.0 in phases, starting in May 2026. The first phase of construction is expected to be completed by March 2027, following which, it will provide an additional installed production capacity of 0.5 million E2Ws per year. Upon completion of construction for both phases, our total installed capacity from the Hosur Factory and Factory 3.0 is expected to reach a total of 1.42 million E2Ws per year.

### *Our Supply Chain*

According to the CRISIL Report, the key components of an E2W are the charger, battery pack (which includes the battery management system), motor, motor controller, transmission, chassis, dashboard, DC-DC converter, harness and vehicle control unit. As at March 31, 2024, we designed 80% of these key components in-house. In addition, we also develop our entire software stack, the Atherstack, in-house. For more details on key components, see “ – **Other Business Description – Our Design and R&D Capabilities**” on page 250. We maintain a localised and diversified supplier base which enhances our supply chain resilience. We procured 99% of our E2W components by BOM value excluding lithium-ion cells, through domestic vendors, as at March 31, 2024. As at March 31, 2024, March 31, 2023 and March 31, 2022, we had 230 suppliers, 160 suppliers and 123 suppliers, respectively. We have direct arrangements with large OEMs to procure select components such as lithium-ion cells, motors and semiconductors, which allow us to leverage their scale and give us operational flexibility. We are committed to enhancing the sustainability of our supply chain in partnership with our key vendors.

### *Our Distribution and Servicing Network*

Our distribution and servicing network comprises experience centres and service centres spread across India and in Nepal, which are primarily operated by our retail partners in India and through an authorised distributor in

Nepal. This asset-light distribution model enables us to leverage the expertise of third-party dealers and service providers to provide an enhanced experience to our customers at our retail touchpoints. Our experience centres are designed to enhance our customers' understanding of our products and the underlying technology. We strive to maintain a high ratio of service centres to experience centres to ensure that our customers' vehicle servicing needs are adequately addressed. All our retail partners' sales and service staff undergo training to ensure that they have adequate knowledge about our products and can provide the service that aligns with the 'Ather' brand.

As at March 31, 2024, we had a total of 211 experience centres in India and Nepal, of which 210 of our experience centres were operated by third-party retail partners in India and through an authorised distributor in Nepal and one experience centre located in Bengaluru, India was company owned and operated. We had 192 service centres in India and Nepal, as at March 31, 2024, all of which were operated by our retail partners in India and through an authorised distributor in Nepal.

### *Our Information Systems*

We digitise the entire value chain of our E2Ws, from engineering, manufacturing, sales, service and post-sales lines, using our information systems. This includes our website, lead management system, product lifecycle management system ("PLMS"), MES, customer relationship management ("CRM") and dealer management system ("DMS") to digitise the entire value chain of our Ather E2W. Our information systems leverage a combination of internally designed and externally sourced tools such as the Teamcenter by Siemens Industries Software (India) Pvt Ltd to enable the flow of information across the organisation.

### **Environment, Social and Governance**

Our commitment to sustainable business practices is reflected in our ESG strategy, which focuses on strong governance, developing technologies that accelerate the transition to EVs, minimising environmental impact and investing in talent. We are led by Tarun Sanjay Mehta and Swapnil Babanlal Jain, who are supported by a senior leadership team under a single company structure. The board consists of nine directors, including three independent directors. Our ESG committee, code of ethics policy and policies on matters such as anti-bribery, anti-corruption and fraud prevention aim to create a culture of responsibility and sustainability.

To address environmental concerns and manage key risks, we have established a corporate ESG committee headed by our Chief Operating Officer. Our efforts towards sustainable manufacturing operations include paper-based packaging, pollution control and zero-sewage discharge. We have published three impact reports with Aspire Impact in 2020, 2021 and 2024, and were awarded a 'Gold Leaf' rating by Aspire Impact in all three reports.

We strive to create a consistent and stable work environment in order to retain existing and attract new employees, to enable the continuity of our operations. The attrition rate of permanent employees was 18%, 16% and 22% in Fiscal Years 2024, 2023 and 2022.

### **Select Operational and Financial Metrics**

The following table sets forth our select operational and financial metrics.

Particulars	Units	As at and for the Financial Year ended		
		March 31, 2024	March 31, 2023	March 31, 2022
Vehicles Sold <sup>#</sup>	Numbers in thousands	110 <sup>^</sup>	92 <sup>^</sup>	23 <sup>^</sup>
Year-on-year growth of Vehicles Sold <sup>(1) #</sup>	(%)	19%	294%	373%
Revenue from Operations <sup>#</sup>	INR in Million	17,538	17,809	4,089
Year-on-year growth in Revenue from Operations <sup>(2) #</sup>	(%)	(2%)	336%	412%
Adjusted Gross Margin <sup>(3) #</sup>	(%)	9%	11%	7%
EBITDA <sup>(4) #</sup>	INR in Million	(6,494)	(6,867)	(2,550)
EBITDA Margin <sup>(5) #</sup>	(%)	(36%)	(38%)	(62%)
Revenue Mix <sup>#</sup>				
- Sale of Vehicles <sup>(6) #</sup>	(%)	90%	80%	91%
- Sale of Non-Vehicle <sup>(7) #</sup>	(%)	10%	20%	9%
Revenue per unit of Two Wheeler Vehicle Sold <sup>(8) #</sup>	In INR	143,333	155,571	158,192

Particulars	Units	As at and for the Financial Year ended		
		March 31, 2024	March 31, 2023	March 31, 2022
Profit / (Loss) For The Year <sup>#</sup>	INR in Million	(10,597)	(8,645)	(3,441)
Profit / (Loss) For The Year Margin <sup>(9) #</sup>	(%)	(59%)	(48%)	(83%)
Working Capital Days <sup>(10) #</sup>	Days	(46)	(21)	(33)
E2W Market Share (%) <sup>(11)</sup>	(%)	11.5%	10.6%	7.9%

<sup>(1)</sup> Year-on-year growth of Vehicles Sold (%) is calculated as ((Number of vehicles sold during the relevant Fiscal – Number of vehicles sold during the previous Fiscal)/ Number of vehicles sold during the previous Fiscal) \*100

<sup>(2)</sup> Year-on-year growth in Revenue from Operations (%) is calculated as ((Revenue from operations during the relevant Fiscal – revenue from operations during the previous fiscal)/ revenue from operations during the previous Fiscal) \*100

<sup>(3)</sup> Adjusted Gross Margin (%) is calculated as adjusted gross margin (₹) divided by total income \*100. Where in Adjusted Gross Margin (₹) is calculated as total income reduced by Cost of materials consumed, Purchase of stock-in-trade and change in inventories of finished goods, stock-in-trade and work-in-progress.

<sup>(4)</sup> EBITDA is calculated as Profit / (Loss) before exceptional items and tax reduced by Finance costs and Depreciation and amortisation expenses.

<sup>(5)</sup> EBITDA Margin (%) is calculated as EBITDA divided by Total Income \*100.

<sup>(6)</sup> Revenue Mix – Sale of Vehicles (%) is calculated as Revenue from sale of vehicles divided by Revenue from operations \*100.

<sup>(7)</sup> Revenue Mix –Sale of Non-Vehicle (%) is calculated as revenues from operations reduced by revenue from sale of vehicles divided by Revenue from Operations \*100.

<sup>(8)</sup> Revenue per unit of Two-wheeler Vehicle Sold is calculated as Revenue from sale of two wheeler vehicles during the Fiscal divided by the number of two wheeler vehicles sold during the relevant fiscal.

<sup>(9)</sup> Profit / (Loss) for the year margin (%) is calculated as Profit / (Loss) for the year divided by Total income \*100.

<sup>(10)</sup> Working Capital Days is computed as Trade Receivables days plus inventory days minus trade payable days; Wherein, Trade Receivable Days is calculated as average trade receivables divided by revenue from operations multiplied by 365 for Financial Years, Inventory Days is calculated as average inventory divided by cost of goods sold multiplied by 365 for Financial Years and Trade Payable Days is calculated as average trade payables divided by cost of goods sold multiplied by 365 for Financial Years. Further Cost of Goods Sold is the sum of Cost of materials consumed, Purchase of stock-in-trade and Change in inventories of finished goods, stock-in-trade and work-in-progress.

<sup>(11)</sup> Source: CRISIL Report.

#As certified by Manian & Rao, Chartered Accountants, by their certificate dated September 9, 2024.

^Figures disclosed have been rounded off. Actual figures are 109,577 (in Fiscal 2024), 92,093 (in Fiscal 2023) and 23,402 (in Fiscal 2022).

## Our Competitive Strengths

### *Our ability to pioneer new technologies.*

According to the CRISIL Report, electrification of the 2W industry gained momentum from the launch of high-speed E2Ws. Ather entered the market in 2018 with the Ather 450 model and has been a pioneer in the Indian E2W industry, according to the CRISIL Report.

Our strong in-house R&D capabilities across different disciplines give us control over the design of our existing and future product offerings. We invested ₹2,365 million, ₹1,916 million and ₹1,010 million in R&D in Fiscal Years 2024, 2023 and 2022, respectively. As at March 31, 2024, our R&D team had 701 on-roll employees who made up 48% of our total workforce. Our R&D expenses as a percentage of our total income was 13%, 11% and 24% in Fiscal Years 2024, 2023 and 2022, respectively. Through our focused R&D team, globally we have filed 273 patents, 219 design registrations and 392 trademarks, and have been granted 45 patents, registered 291 trademarks and 199 design registrations, as at August 31, 2024.

Our first E2W, the Ather 450, was India's first E2W with features such as a touchscreen dashboard, internet connectivity via 3G SIM, OTA updates and aluminium chassis, according to the CRISIL Report. The Ather 450 was also the first E2W to offer top speed of 80 kmph, which was the highest speed among E2Ws in 2018, according to the CRISIL Report. In addition, we brought about several innovations in the E2W industry such as fast charging, Fall Safe and traction control, as well as smart helmets within the E2W segment, according to the CRISIL Report. Further, Ather was also the first 2W OEM to set up a fast charging network for E2Ws in 2018, according to the CRISIL Report. Our charging infrastructure utilises our in-house designed charging connector technologies.

### *Our E2Ws are positioned at a premium price within their respective segments in the Indian E2W market.*

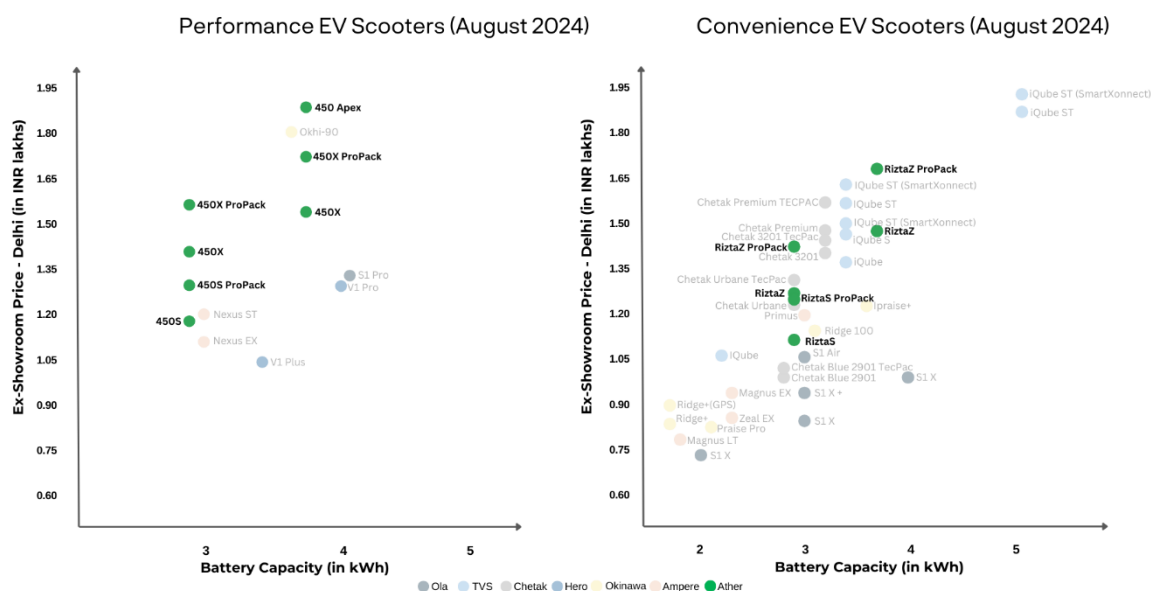
Our focus on quality and user experience enables us to position our E2Ws at a premium price within both the performance and convenience scooter segments, according to the CRISIL Report. We had 3,826 unique tests to validate all components of our E2W, as at March 31, 2024, and our software-defined ecosystem is designed to generate engagement to enhance our product quality and elevate the user experience. For instance, we offer features such as Trip Planner, a data-driven feature in our Ather app which allows customers to plan their daily

commutes and charge requirements. Data collected from app usage further drives our product development and user engagement.

Our focus on user experience extends to our distribution and service network. Our experience centres are designed to showcase the engineering behind our products, as evidenced by the positioning of our chassis as the centrepiece, to facilitate a thorough understanding of our E2Ws. We offer training to the sales and service personnels at our retail partners' experience centres to ensure a consistent and quality user experience. Our service network is designed to be accessible and efficient, with an average turnaround time of 4.7 hours for our standard periodic maintenance in Fiscal Year 2024. Our continuous focus on improving our service delivery is evident in our introduction of the ExpressCare service in Fiscal Year 2024, which offered an expedited E2W servicing within a maximum turnaround time of one hour for standard periodic servicing. We also track and analyse 10 key customer satisfaction metrics across different points of interaction as part of our regular business operations, as at March 31, 2024. These customer satisfaction parameters are tracked from initial contact with the customer, through their purchase journey and extends to the product and after sales experiences.

Our investments in ensuring quality and user experience allow us to command a premium price for our E2Ws in each of their respective segments. This is reflected in our sales growth to 109,577 E2Ws in Fiscal Year 2024 from 23,402 E2Ws in Fiscal Year 2022. Despite our premium pricing, according to the CRISIL Report, we were the third-largest E2W manufacturer by sales in India as at March 31, 2024. We seek to further expand our market share with the launch of our latest convenience scooter, the Ather Rizta to serve a broader range of customers. The Ather Rizta series was, on average, priced ₹ 17,474 lower than the Ather 450 series as at July 31, 2024

Price Ladder Graph Comparing Ather and Prices of Peers for Different E2W segments



Note: 2024 data obtained from the CRISIL Report based on ex-showroom prices in Delhi, India.

**Vertically integrated approach to product design with strong in-house R&D capabilities.**

Our control over the design of key components of our E2Ws and accessories, including the underlying software, gives us speed to market, control over quality, cost management capabilities, access to partnerships with large technology companies and the ability to deliver an improved user experience. We make improvements to our products at a fast pace and introduce new models quickly. For instance, we made 204 component upgrades in Fiscal Year 2024 via engineering changes, which enabled us to drive higher sales volumes and adapt to market developments. This approach also braced our Company to respond to the global semiconductors shortage which occurred between Fiscal Year 2021 and 2023, during which our sales volume increased despite the disruption in supplies.

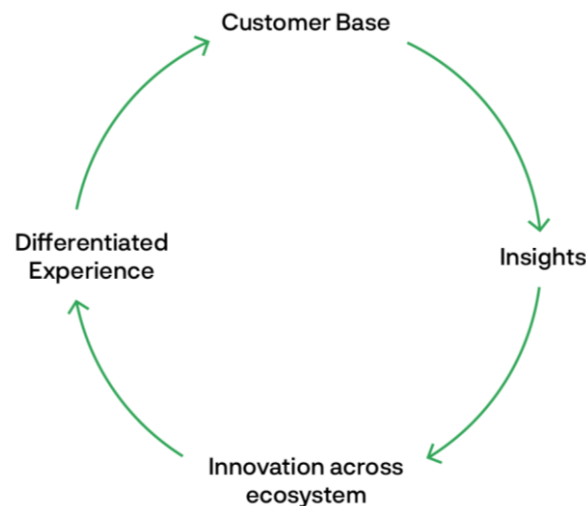


Through continued investments in our R&D and designs, we strive to reduce our bill of materials (“**BOM**”) costs. In Fiscal Year 2024, we made 91 engineering changes which helped to reduce our BOM costs. For instance, our in-house designed ADC reduced our BOM cost for the motor controller by 51% from launch in Fiscal Year 2022 compared to the motor controllers sourced from our vendor in Fiscal Year 2021. Our design capabilities also enable us to source our components and raw materials from multiple suppliers so as to increase competition, scale and supply chain resilience. We outsource the manufacturing of select EV components to a diverse supplier base, while focusing our resources on the in-house manufacturing of IP sensitive components. We partner with international technology companies such as Infineon Technologies, Asia Pacific Pte Ltd, Qualcomm Technologies Inc., LG Energy Solution Ltd., Mahle Electric Drives India Private Limited and Nidec India Private Limited for components such as semiconductors, motors and lithium-ion cells. Such partnerships enable us to leverage our suppliers’ scale and capabilities to procure critical raw materials and remain agile with respect to capital intensive technology. We then manufacture our battery packs and assemble our E2Ws at our manufacturing facilities, on assembly lines that we designed in-house.

Our approach to product design requires strong in-house R&D capabilities across different disciplines, as cross-discipline advancements in technology enable us to better integrate between various systems and software. This integration in turn allows us to deliver a connected user experience with our ecosystem of products. Our R&D capabilities are reflected in our IP portfolio and our continued efforts to invest in R&D initiatives.

***Software-defined ecosystem that drives customer engagement and margins.***

Powered by the in-house developed Atherstack, our software-defined ecosystem aims to improve user experience and drive customer engagement. Our continued innovation and improvements to our product ecosystem, driven by insights from the Atherstack, generate a flywheel effect. Continuous technological upgrades enhance our products’ appeal to customers, enabling us to grow our customer base and harness more user data. The insights derived from the data collected guide our investments and serve as real-time feedback in our efforts to enhance the Ather ecosystem. The following diagram illustrates our flywheel:



We receive data from multiple sources such as the Ather App, our E2Ws, charging infrastructure, smart accessories and other information systems. The data from these sources is processed by the Ather Data Platform, which gives us intelligence on customer cohort usage patterns, product performance, post-sales journey and charging insights. We use this intelligence to design new solutions for our customers across our ecosystem. For instance, based on our customer cohort data, we have created virtual drive cycles that are now part of our test standards, enabling us to more accurately predict the range of our E2Ws and earn the trust of our customers.

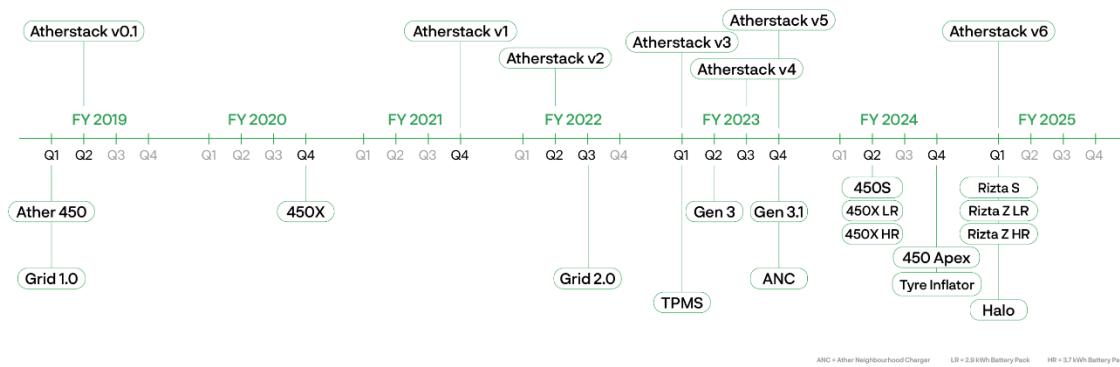
We also utilise the intelligence gathered on app features to improve engagement. For example, we offer Trip Planner, a data-driven feature that helps customers plan their daily commutes and charge requirements for round-trips. Based on the route they are planning to take, Trip Planner analyses if they are likely to run out of charge based on their past driving style, and will route them to the most suitable Ather Grid public fast charger so that they reach their destination comfortably.

As at March 31, 2024, 89% of customers who purchased our E2Ws also purchased access to the advanced features of the Atherstack. We had 222,133 monthly active users on the Ather app, as at March 31, 2024. We periodically introduce OTA software upgrades to our E2Ws in order to enhance the functionality and appeal of the Atherstack, which is currently in its seventh generation. We recorded revenue from sales of software per E2W of ₹9,797, ₹14,341 and ₹11,265 in Fiscal Years 2024, 2023 and 2022, respectively. The Atherstack recorded an EBITDA% of 56% in Fiscal Year 2024.

***Scalable technology platform enabling accelerated product launches.***

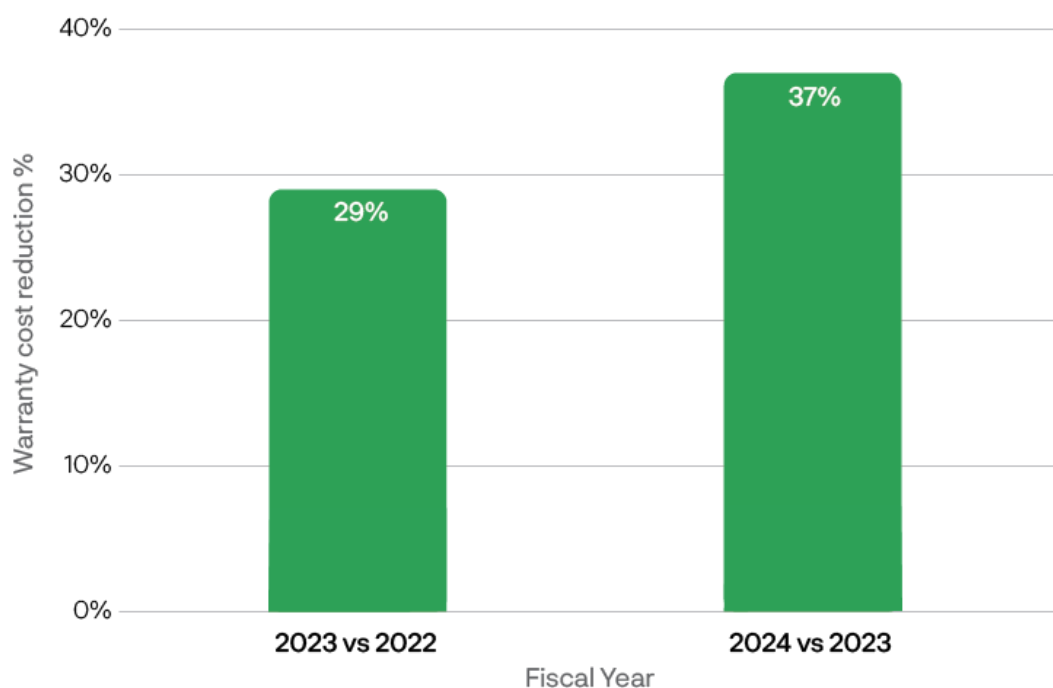
Our technology platform, comprising our battery, powertrain, electronics, chassis and Atherstack, serves as the backbone of our entire product lineup. Our scooters based on the 450 platform have clocked 3.2 billion kilometers since launch. Our technology platform offers scalability, adaptability and cost structures that accelerate the development of new products. We leverage common elements across our platform, such as the chassis, battery and BMS, to accelerate the rate at which we are able to develop new products, thereby reducing our time-to-market while maintaining our quality standards. Our platform’s modular architecture enables cost-efficient integration of new features and advancements, enabling us to continue innovating in the evolving EV market. We were able to develop the new Ather Rizta scooter model within 13 months from the first proof of concept.

***Timeline of Product Launches***



While we have accelerated our product launch times, we have maintained our quality controls for our products. As at March 31, 2024, our batteries’ median state of health remained at 90% after five years. Our focus on quality also enabled us to lower our warranty costs as shown in the graph below.

***Warranty cost reduction from Fiscal 2022 to Fiscal 2024***



***Capital efficient and flexible operations.***

We adhere to a capital efficient business model with an emphasis on control over design and technology, while maintaining operational flexibility. Through this business model, we seek to reduce our up-front capital needs, promote cost savings, retain flexibility to adopt new technologies and simultaneously minimise our risk of over-investment. According to the CRISIL Report, our cash burn rate, on a cumulative basis, is lower than comparable domestic and international peers. For further details on the analysis of cash burn rate, see “**Industry Overview – Unit economics and cash burn rate**” on page 214. We place an emphasis on financial prudence in working capital management, as evidenced by our 46 days of favourable working capital days in Fiscal Year 2024. Our business model aims to prioritise sustainability and flexibility, giving us the agility to respond to evolving market trends and customer demands.

We have made investments in our R&D and manufacturing facilities, and leverage a localised supply chain to manufacture our E2W components. Our capital investment approach begins with the establishment of the product’s reliability through testing and optimisation of cost structures before investing into expansion thereafter.

We procure lithium-ion cells from third-party suppliers to avoid upfront capital investments into cell manufacturing. We similarly outsource the manufacturing of our in-house designed chassis, BMS, VCU, motor controller, signal harness and fast charger, to third-party contract manufacturers. We have strategically elected to outsource the manufacturing of these components to third-party suppliers to reduce our own capital expenditures and maintain flexibility in light of the developing technological landscape. Further, our approach to outsource certain components has allowed us to allocate more of our capital and resources into expanding our product portfolio and developing other vehicle and manufacturing technologies.

We started with a small-scale factory in the Whitefield area of Bengaluru, Karnataka, India, which had a total installed capacity of 21,300 E2Ws per year in Fiscal Year 2021. We then moved our manufacturing to larger facilities in our Hosur Factory. We began operations at the first facility in our Hosur Factory in January 2021, which had a total installed capacity of 113,700 E2Ws and 121,200 battery packs. Production at the second facility in our Hosur Factory began in September 2022, and with the addition of this phase, our total installed capacity increased by 266,850 E2Ws and 232,475 battery packs. As at March 31, 2024, the Hosur Factory had a total installed capacity of 420,000 units per annum for vehicle assembly and 379,800 units per annum for battery pack manufacturing.

We have adopted an asset-light approach to our distribution network which accommodates rapid expansion and generates cost efficiencies. Our distribution network comprises experience centres and services centres operated by our retail partners. This model enables us to avoid substantial upfront capital investments on brick-and-mortar

stores and lower our operating costs, while simultaneously allowing us to leverage on the regional sales expertise of our retail partners.

***Experienced management team and long-term investors committed to strong corporate governance standards.***

Our Company is led by Tarun Sanjay Mehta and Swapnil Babanlal Jain, and an experienced management team, who are committed to upholding our corporate governance standards. Tarun Sanjay Mehta and Swapnil Babanlal Jain have played pivotal roles in shaping our Company’s strategic direction. Our experienced and professional senior management team comes from diverse backgrounds and has execution track records across various industries such as engineering, manufacturing supply chain, software and technology. Our management team is committed to and is focused on growing our business. For further details, see “***Our Management***” on page 294. This combined knowledge and experience have enabled us to efficiently respond to market opportunities, adapt to changes in the business landscape and introduce innovative solutions. We have a robust governance framework, and take pride in upholding our governance standards. See “ – ***Other Business Description – Environment, Social and Governance – Strong Governance Practices***” on page 271.

We have a panel of directors and experienced investors from diverse industries such as automotive, finance, and fintech, who have been instrumental in providing financial support and strategic direction. Their support has provided us with the agility and resilience needed to navigate the dynamic E2W market conditions.

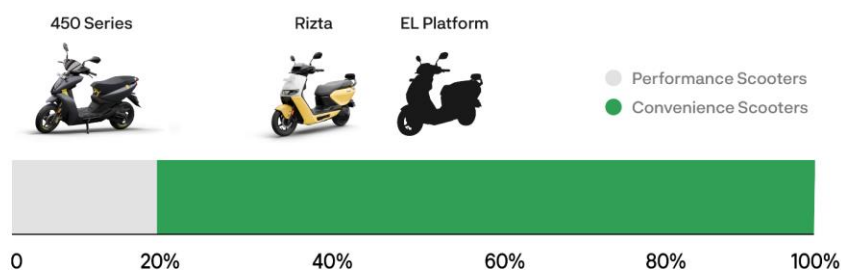
**Our Strategies**

We aim to achieve profitability and reduce our risk exposure by implementing the strategies below in our future business operations.

***Strategic expansion of our product portfolio through our multi-product technology platforms***

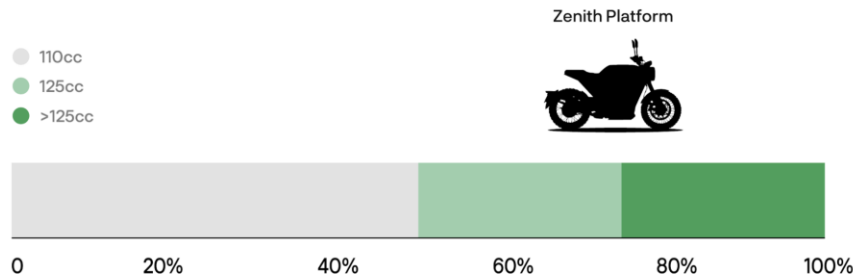
We will continue expanding our product portfolio by launching E2Ws that cater to the broader 2W market as a compelling alternative to ICE vehicles. According to the CRISIL Report, in Fiscal Year 2024, 85.3% of the Indian scooter market is composed of ICE scooters, which are segmented as performance and convenience scooters. Performance scooters accounted for ~20% of the ICE scooter market in Fiscal Year 2024 and cater to customers seeking 2Ws that offer higher power and superior performance levels, according to the CRISIL Report. Meanwhile, convenience scooters account for the remaining ~80% of the ICE scooter market in Fiscal Year 2024, and cater to customers seeking family friendliness, comfort and fuel efficiency, according to the CRISIL Report.

*Indian ICE Scooter Market Share Percentage of Performance and Convenience Scooters*



(Source: CRISIL, Fiscal Year 2024)

*Indian Motorcycle Market Share Percentage of Motorcycles with Different Engine Capacity*



(Source: CRISIL, Fiscal Year 2024)

Our Ather 450 line of E2Ws caters to customers seeking a performance scooter. In Fiscal Year 2024, our Ather 450 line held 11.5% of the market share in the Indian E2W market, according to the CRISIL Report. The introduction of the Ather Rizta marked our entry into the convenience scooter segment, enabling us to address the broader portion of the scooter market. The Ather Rizta is designed for families, featuring a large seat, up to 56 L of storage capacity with a joey pocket and safety features such as disc brake, traction control, Emergency Stop Signal and Fall Safe. Both models are built on the Ather 450 platform and utilise our proprietary software, the Atherstack. We plan to continuously enhance the Ather 450 and Ather Rizta lines by adding new features and software updates to meet the growing demand for E2Ws. This will help increase the attractiveness of our E2W offerings and therefore increase our sales volume, paving the way to future profitability.

We are currently developing two new E2W platforms: a new scooter platform (the EL platform) and a motorcycle platform (the Zenith platform). The EL platform, which is in an advanced stage of development, will serve as a more cost-effective and versatile platform for our scooter lines. It will incorporate a new powertrain, electronics and chassis platform, while utilising elements of the battery and Atherstack from the Ather 450 platform. The EL platform will allow us to develop a diverse range of scooter models tailored to various domestic and international markets needs, and reduce our costs. Additionally, we are developing our Zenith platform, which is designed to support new E2W models targeting the 125 cc to 300 cc motorcycle segments. According to the CRISIL Report, motorcycles accounted for 63.2% of the Indian 2W market in Fiscal Year 2024. The motorcycle segment presents a significant opportunity for us to expand our addressable market.

Further, we are in the process of designing a new battery platform using the lithium-iron phosphate (“LFP”) cathode chemistry to augment our existing battery platform. This new battery platform is expected to be compatible with some of our existing products and leverage the price difference between LFP and nickel based chemistries. We are exploring the use of heavy rare earth-free and rare earth magnet-free motors to reduce our dependence on the rare earth metals while reducing our costs. Additionally, we will continue to invest significant efforts in the expansion of our software capabilities and improve our ecosystem products. We will leverage our multidisciplinary R&D capabilities to expand the ‘Ride Assist’ features in the Atherstack, which is an Advanced Rider Assistance System to enhance rider safety, comfort and overall user experience through the integration of sensors, communication systems and artificial intelligence. We will continue upgrading our charging technology, and expanding our accessories portfolio and the Atherstack feature set. We will also continue to leverage the insights gained from usage patterns of customer cohorts to build new products that enhance the user experience.

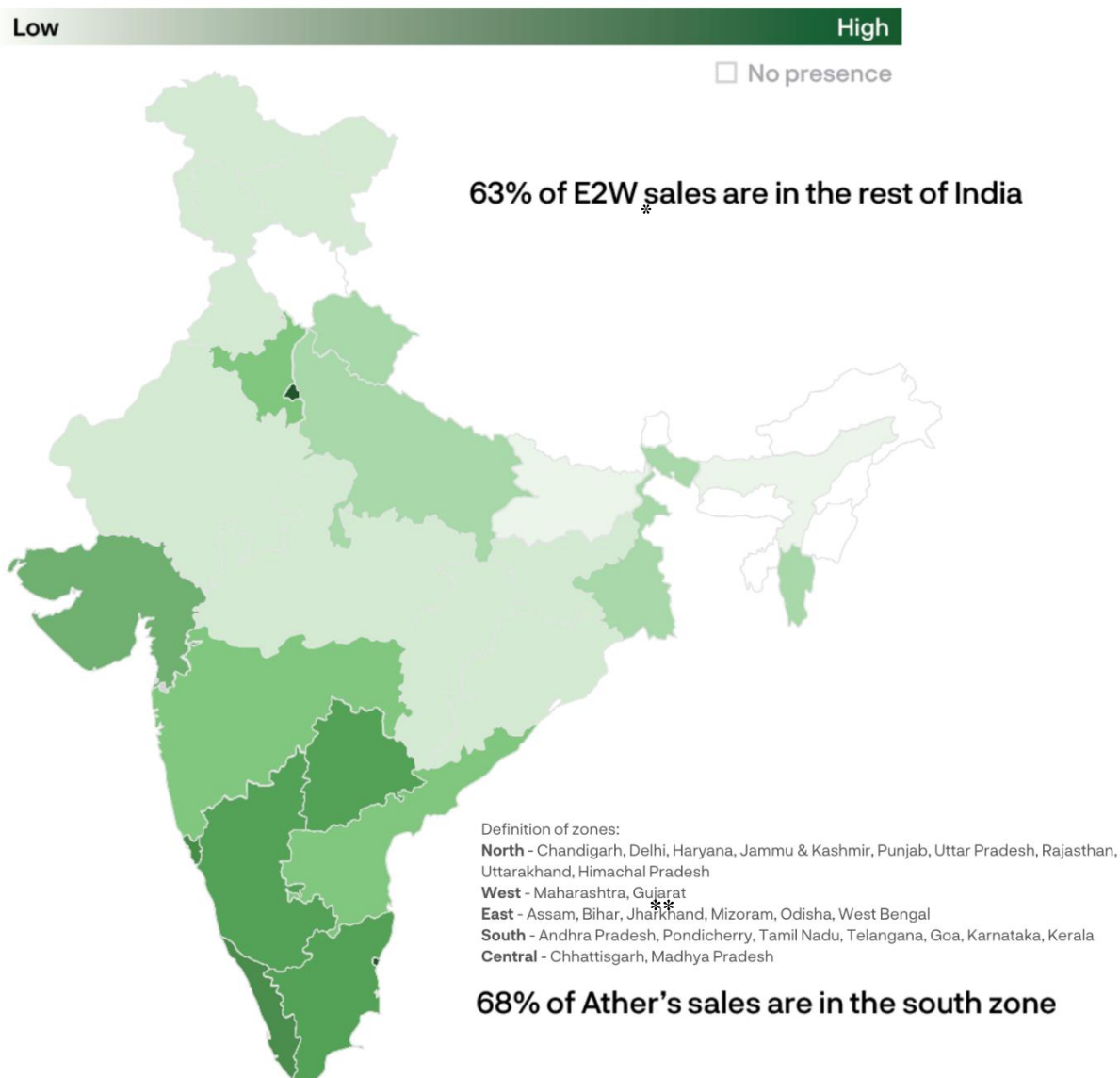
These new platforms and platform improvements will build on the strengths of our existing technology while catering to the demand of the majority of the Indian 2W market.

***Expand and deepen our distribution network in India and beyond.***

We plan to continue to leverage on our asset-light distribution model to quickly expand and deepen our distribution network while maintaining our focus on quality and customer satisfaction.

## Concentration of our Experience Centres in India

### Concentration of our experience centers



\* CRISIL, Fiscal Year 2024

\*\* Fiscal Year 2024 data and zone definitions from our Company.

According to data from the CRISIL Report, the south zones only accounted for 37% of the total E2W sales in India, while 48% of our experience centres are located in the south zones, which contributed to 68% of our sales in Fiscal Year 2024. This affords our Company a variety of potential markets in which to expand our distribution network. With our entry into the convenience scooter segment through the launch of the Ather Rizta, we are able to address a larger portion of the scooter market as we expand distribution. We aim to partner with additional third-party retail partners to expand our network of experience centres and service centres within India, especially in less penetrated regions, in order to grow our customer base and drive sales in a cost effective manner. Additionally, we plan to continue to increase our market penetration by opening more experience and service centres in regions where we already have a presence.

To ensure our customers have easy access to service centres, we aim to achieve a ratio of service centres to experience centres of greater than one. As at March 31, 2024, our ratio of service centres to experience centres in India was 0.9 and 0.3 in Nepal. In August 2024, we announced our plans to enter the Sri Lankan market. As we grow our distribution network, we plan to continue offering marketing support and training to the sales agents and

technicians at our retail partners' experience centres and service centres to ensure a consistent and high quality customer service.

As stated in the CRISIL Report, E2Ws designed and manufactured in India offer a higher number of features and similar performance compared to a majority of global peers. Over the next several years, we will seek opportunities to expand in other international markets, where we identify high, untapped demand for our products. As at March 31, 2024, we had three experience centres and one service centre in Nepal, operated by our authorised distributor. Our technological advancement coupled with competitive cost structures present an opportunity for us to leverage the electrification trends in other international markets.

### ***Improving operational efficiency and manufacturing capabilities through the establishment of our Factory 3.0.***

According to the CRISIL Report, E2W demand in India is projected to reach 10.2 million to 12.2 million units by Fiscal Year 2031. Based on this expected growth rate, we plan to scale up our production capacity to meet the projected demand through the establishment of our Factory 3.0. We plan to commence the first phase of construction of the Factory 3.0 in March 2025 and plan to commence production at the Factory 3.0 in phases, starting in May 2026. The first phase of construction is expected to be completed by March 2027, following which, our total installed production capacity across our existing manufacturing facilities is expected to increase to 0.92 million E2Ws per annum. Upon completion of construction for both phases, our total installed capacity from the Factory 3.0 is expected to reach 1 million E2Ws per year.

Currently in our Hosur Factory, we focus on assembling E2Ws and manufacturing battery packs. In Factory 3.0, aside from the available production processes, we plan to introduce backward integrations of certain processes such as transmission assembly, electronics assembly and painting. These new in-house processes will help de-risk our supply chain and mitigate the impact of market fluctuations on our operating costs. We aim to bring in flexibility through a focused variant development strategy, which will enable us to retain capacity for new technology while maintaining our capital efficient approach for investment. In addition, we plan to manufacture our new scooter and motorcycle platforms at Factory 3.0, with a similar phased expansion to ensure efficient capital utilisation.

Further, by locating Factory 3.0 in a different region, we also seek to mitigate the impact of possible regional disruptions as a result of geographical concentration. With the establishment of our Factory 3.0 at Chhatrapati Sambhajnagar (formerly Aurangabad), Maharashtra, India, we aim to increase the geographical presence of our manufacturing operations to improve our delivery timeframes and operational efficiencies. We also seek to leverage the high EV penetration rate in the state of Maharashtra, and the strong automotive supplier base in the region, according to the CRISIL Report, to further enhance the quality of our products and services.

### ***Continue our focus on unit economics.***

Our revenue from operations improved by 329% between Fiscal Year 2022 and Fiscal Year 2024 as a result of our premium positioning across segments and increase in the sales volume of our E2Ws. We have focused on improving gross margins through the reduction of the BOM cost of our E2Ws through investments in our R&D capabilities and technologies. We will continue to remain focused on our unit economics, the quality and user experience of our E2Ws, to further our aim of profitability.

We have focused on improving gross margins through the reduction in the BOM cost of our E2Ws through investments in our R&D capabilities and technologies. For example, we have lowered the BOM cost of the Ather 450X (2.9 kWh) variant by 26% as at March 31, 2024, compared to when it was first produced in Fiscal Year 2021. Of this 26% reduction in total BOM cost, 16%, 6% and 4% of such reduction were attributable to the reductions in the BOM costs of the electronics, mechanicals and battery components, respectively. Meanwhile, compared to the Ather 450X (Gen 3) (3.7 kWh) that was first launched in Fiscal Year 2023, the BOM cost of this variant was reduced by 12% as at March 31, 2024.

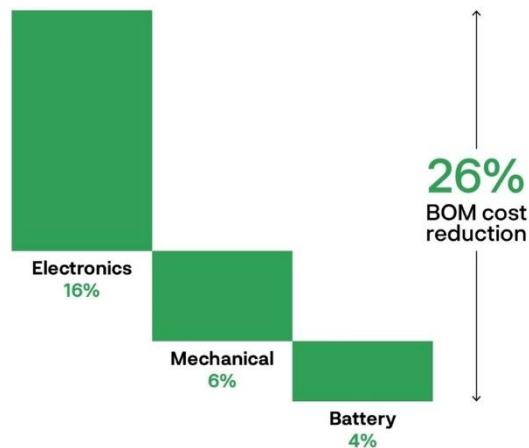
We have strategically increased the number of key components we design in-house to improve our cost structures. For instance, in Fiscal Year 2022, we introduced the ADC, our in-house motor controller, which generated cost savings of 51% on introduction and improved the feature set of our E2Ws. Our in-house motor controller and in-house software capabilities enabled us to launch features such as Smart Eco, AutoHold and traction control. We also developed our in-house capabilities to design synchronous belt drive systems, which reduced the cost of our transmission system by 16% on introduction in Fiscal Year 2024.

Our vertically integrated design approach enables us to form connections with large semiconductor chip manufacturers such as Qualcomm Technologies Inc, Analog Devices, Inc. and Microchip Technologies Incorporated, as well as lithium-ion cell manufacturers such as LG Energy Solutions Limited, and work alongside them to develop more cost effective solutions. We will continue our strategy of sourcing components from a diverse set of suppliers, enabling us to benefit from competitive supply costs and further improve our unit economics.

During the last three Fiscal Years, reduction of the FAME subsidies resulted in a decline of 41% of the subsidies availed per E2W. However, our focus on unit economics has allowed us to become less reliant on government subsidies under the FAME scheme and maintain margins to drive profitability in the future. Our Adjusted Gross Margin improved to 9% in Fiscal Year 2024 as compared to 7% in Fiscal Year 2022, despite the reduction of government subsidies under the FAME scheme per E2W to ₹24,955 in Fiscal Year 2024 from ₹42,448 in Fiscal Year 2022, positioning us well to achieve positive unit economics, even without government support.

Our new in-house designed technologies and continuous improvements to our existing Ather 450 platform, along with investments in key technologies, such as a new scooter platform and a new battery platform, are expected to improve the BOM cost structures for our products. The scooter platform is expected to realise BOM cost benefits by featuring a new chassis, which will allow us to build multiple scooter types on a single platform. Our new battery platform, based on the LFP cathode chemistry, will allow us to leverage the lower raw material costs of the LFP cathode chemistry. According to the CRISIL Report, in 2023, the manufacturing cost of LFP battery packs was 15% to 23% lower than that of nickel manganese cobalt oxide (“NMC”) battery packs. With the establishment of the Factory 3.0, we will be able to bring additional manufacturing processes such as electronics assembly, painting and transmission assembly in-house, to leverage manufacturing efficiencies and economies of scale to improve our unit economics. We will also continue our R&D initiatives to improve our existing products, which in Fiscal Year 2024, allowed us to make 91 engineering changes. Our continued focus on improving our unit economics, along with our capital efficient approach, echo our aim to achieve profitability in the future.

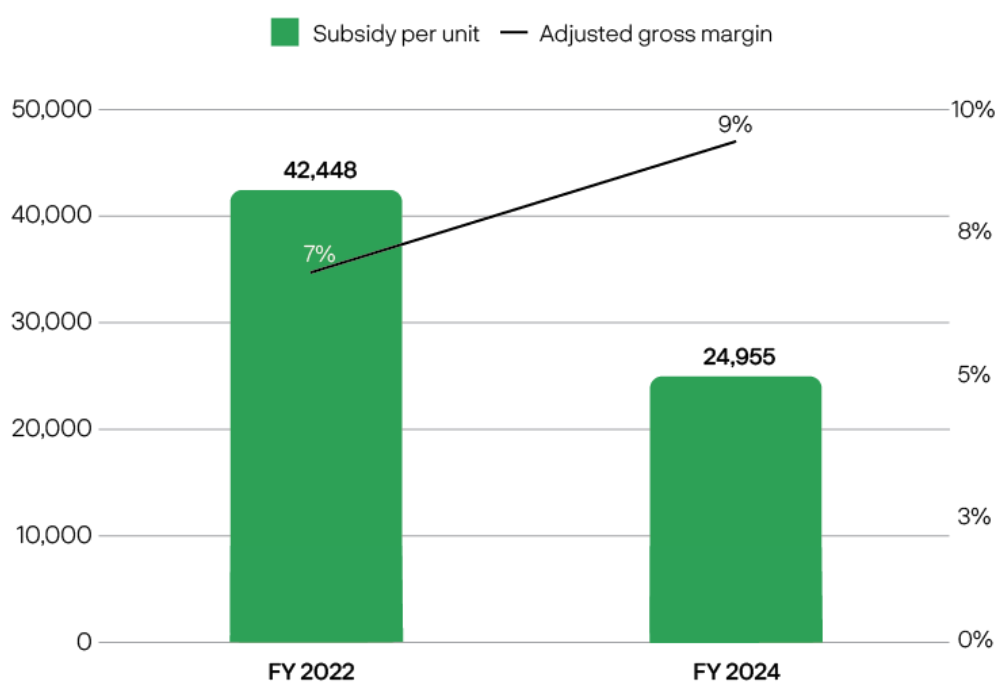
Reduction of BOM Cost for Ather 450X (2.9 kWh)



Note: BOM cost reduction on the Ather 450X (2.9 kWh) variant from the start of production in Fiscal Year 2021 to the end of Fiscal Year 2024.



Adjusted Gross Margins and Subsidies under the FAME scheme per E2W



***Securing our cell supply chain through long-term partnerships.***

We seek to enter into long-term supply arrangements with cell suppliers to ensure a stable and consistent supply of cells on favourable terms, and thereby improve value to our customers and competitiveness in the E2W market. For example, we signed a memorandum of understanding with LG Energy Solution Limited in February 2023 for the supply of lithium-ion cells and access to their latest cell technologies. Further, on August 1, 2024, we signed a non-binding and non-exclusive memorandum of understanding with Amara Raja Advanced Cell Technologies Private Limited (“ARACT”), a wholly-owned subsidiary of Amara Raja Energy & Mobility Ltd., pursuant to which ARACT will provide samples or prototypes of products involving NMC and/or LFP lithium-ion cells to us for testing and validation. Through this collaboration, we seek to share our own experiences and data-driven insights to facilitate the design, use and manufacture of lithium-ion cells that are customised for our E2Ws and manufacture them in India. Pursuant to the terms of the memorandum of understanding, once the products have been validated, ARACT will enter into a definitive business arrangement with us before commencing manufacture of the developed cells.

Our approach of partnering with third-party manufacturers for cell manufacturing enables us to take advantage of the declining cost of cells. The prices of lithium-ion cells and battery packs have been declining steadily in recent years according to the CRISIL Report. Moreover, as stated in the CRISIL Report, the average battery pack price is expected to further decrease from US\$133 per kWh in 2024 to US\$113 per kWh in 2025 and US\$80 per kWh in 2030. According to the CRISIL Report, scale is crucial to make economics work for cell manufacturing. Further, as stated in the CRISIL Report, cell manufacturing requires US\$60 million to US\$100 million of capital investment per GWh of capacity development. As a result, establishing our own lithium-ion cell manufacturing facility would not be in line with our capital efficient strategy, given the substantial amount of capital and scale required.

This outsourcing approach also allows for additional flexibility with respect to the incorporation of new technologies and form factors across product lines. For instance, we use two different chemistries and cell form factors in our upcoming new E2W platform depending on the vehicle variant. In addition, this approach allows us to allocate more of our capital and resources into expanding our product portfolio and developing other vehicle and manufacturing technologies from which we are able to derive better cost efficiencies.

***Continue to build the ‘Ather’ brand.***

We have focused on building Ather into a brand which delivers quality user experience at every touchpoint, including Ather Space Experience Centres, digital touchpoints such as websites and social media, Atherstack

software experiences and the Ather app. We have undertaken a number of consumer engagement initiatives, including Open House events, the Ather Community Day and the creation of the Ather online community. In addition, we have also invested in consumer education on E2Ws through online content and at our curated experience centres. Moreover, to further our brand strategy as a pure EV company focused on delivering high levels of service, we had the widest footprint among 2W fast charging networks in India, as at March 2024, according to the CRISIL Report. Further, our total network footprint comprised 2,691 touch points, comprising experience centres and Ather Grid chargers, across 233 cities in India, as at March 31, 2024.

As compared to our prior initiatives, going forward, we will focus our brand engagement campaigns on building brand equity among a broader consumer base as we enter into the convenience segment. We will invest in large-scale brand awareness initiatives through mass media platforms to achieve our reach and awareness goals. Our engagement strategy will focus on (i) targeting customers through the Ather 450 portfolio by building on our established performance credentials; (ii) targeting customers through the Ather Rizta by emphasising features around comfort, convenience and safety; (iii) focusing on the core brand values such as quality, reliability and an enhanced user experience for all our product offerings; and (iv) expanding our charging infrastructure to remove adoption barriers for our E2Ws.

We will leverage a combination of traditional mass media, digital platforms, and our social media and influencer marketing channels. We will continue to strengthen the Ather community, fostering dialogue among members to share experiences and insights, thereby expanding organic brand loyalty. For instance, our Ather Community Day event gathers Ather owners from across India, strengthening relationships and updating them on new products. At our Ather Community Day event in 2024, 20,343 customers joined the livestream and 2,281 customers attended in-person. We will also conduct future Wheee camps, Wheee Campus, our campus engagement platform, and customer meetups through the PluggedIn program to educate users about our products.

We had 233,356 community members as at August 31, 2024. We will continue to invest in these initiatives at scale, aiming to attract more consumers to join the inclusive and supportive Ather community, establishing ourselves not just as an EV manufacturer but as the brand of choice.

#### ***Pursue Selective Strategic Partnerships and Acquisitions.***

In addition to growing our business organically, we may also pursue strategic partnerships and targeted acquisitions that complement our product portfolio, enhance our software and other service offerings or strengthen or establish our presence in our targeted overseas markets. We believe our existing technology platform will enable us to successfully and cost-effectively integrate our partners or new companies we acquire into our Ather ecosystem. While we have not entered into any agreements or commitments for any partnerships or acquisitions as at the date of this Draft Red Herring Prospectus, we will continue to explore such opportunities. Any acquisition will be subject to diligence by us and obtaining any required corporate, lender and regulatory approvals. We plan to use cash from internal accruals and do not plan to use the proceeds from this Offer for any such acquisitions.

## **BUSINESS DESCRIPTION**

### **Our Product Ecosystem**

Our product ecosystem consists of our E2Ws, accessories, Atherstack software and charging infrastructure, as detailed below.



### ***Our Scooters***

We design, develop and manufacture E2Ws. We delivered our first scooter model, the Ather 450 in September 2018. Following that, we launched our flagship scooter, the Ather 450X in January 2020; the Ather 450S, our entry-level scooter, in August 2023; and our top-of-the-range scooter, the Ather 450 Apex, in January 2024.

With the Ather 450, we introduced connected features through a 3G SIM card, touchscreen dashboard, aluminium chassis and cloud integration for the first time in the E2W industry in India, according to the CRISIL Report. With the Ather 450X, we improved the model's performance with features such as Warp mode and Bluetooth-based features. The Ather 450X (Generation 3) introduced higher driving range options and the Ather 450X (Generation 3.1) introduced more colour options in January 2023. The Ather 450S, a more affordable model than the Ather 450X, features the DeepView display on the dashboard. With the Ather 450 Apex, we increased the 450 line's acceleration and top speed specifications and introduced new features, such as the Magic Twist, a ride feature that allows riders to utilise the vehicle's throttle for electronic braking regardless of the level of battery charge.

In Fiscal Years 2024, 2023 and 2022, we generated revenue from sales of vehicles of ₹15,706 million, ₹14,327 million and ₹3,702 million, respectively, or a CAGR of 106%. With the introduction of each new E2W model, we also leveraged our R&D and design capabilities to introduce new features and performance upgrades while lowering our BOM costs.

The Ather Rizta, launched in April 2024, is our first convenience scooter model. It features a large seat, flat floorboard, low resistance tyres, reverse switch, safety features such as disc brake and traction control, WhatsApp notifications on dashboard, voice commands through Alexa Skills integration and, has an overall storage capacity of up to 56 L. The Ather Rizta comes in three variants and integrates many features from our Ather 450 product line. As at June 30, 2024, we had 23,915 net bookings for Ather Rizta variants, calculated after taking into account customer cancellations. We commenced delivery of Ather Rizta variants from May 2024.

Our current E2W product portfolio comprises the following:






- Ather 450X (2.9 kWh)
- Ather 450X (3.7 kWh)
- Ather 450S
- Ather 450 Apex
- Ather Rizta S
- Ather Rizta Z (2.9 kWh)
- Ather Rizta Z (3.7 kWh)

We plan to expand our product portfolio by launching E2Ws that cater to the broader 2W market with upgraded software features, including electric motorcycles. We are in the process of developing two new E2W platforms that are expected to further improve cost structures and enable us to launch products across a range of scooter and motorcycle segments.

We have designed our E2Ws from the ground up in India. We perform tests such as rain shower tests, water wading, vibration tests, thermal cycling tests, corrosion tests and cam drum tests. We apply industry standards in the testing and validation of our products, from the components to the final product, while also developing internal standards of testing to further validate our products’ performance. For example, we performed 272 tests on our battery pack and its components in Fiscal Year 2024. All of our battery packs are tested to ensure an IPX7 waterproof rating and have undergone a variety of tests such as water resistance to be certified by the Automotive Research Association of India as per AIS 156. Our E2Ws are certified by relevant authorities and certification organisations, such as ARAI.

We have improved our Ather 450 product line from 2018 to 2024. Between the Ather 450 and the Ather 450 Apex, we have improved the peak battery capacity by 37%, our peak power by 30%, our top speed by 25% and our acceleration from 0-40 kmph by 26%, as at March 31, 2024. Meanwhile, our cost structures have improved. Compared to the Ather 450X (2.9 kWh) variant that was first launched in Fiscal Year 2021, we have lowered the BOM cost of this variant by 26% as at March 31, 2024. Meanwhile, compared to the Ather 450X (Gen 3) (3.7 kWh) that was first launched in Fiscal Year 2023, the BOM cost of this variant was reduced by 12% as at March 31, 2024.

## Consistent product enhancement over generations

Model (Launch date)	450 Jun 2018	450X Jan 2020	450X Gen 3 Jul 2022	450X Gen 3.1 Jan 2023	450 Apex Jan 2024
					
Battery (kWh)	2.7	+7% → 2.9	+28% → 3.7	3.7	3.7
Range (km)	97	+20% → 116	+26% → 146	146	+8% → 157
Powertrain (kW)	5.4	+11% → 6.0	+3.3% → 6.2	6.2	+13% → 7.0
Top Speed (kmph)	80	80	80	+12.5% → 90	+11% → 100
Acceleration (0-40 kmph)	3.9s	-15% → 3.3s	3.3s	3.3s	-12% → 2.9s

All E2W purchases come with a standard portable charger that can be plugged into any 6A socket. In February 2024, we also launched our new Ather Duo charger, which can be fixed on walls through our wall mount accessory or be used as a portable charger. For further details, see “**Our Charging Infrastructure — Our Portable Chargers**” on page 259.

In addition, customers have the option to purchase the Ather Pro Pack together with their E2W, for a fixed fee which varies based on the vehicle model. See “**—Atherstack Software**” on page 247.

### *Atherstack Software*

The Atherstack is our in-house software that powers our EVs, charging infrastructure, accessories and mobile applications, such as the Ather app and the Ather Grid app. It enables us to provide customers with an integrated user experience, with features related to navigation, analytics, ride assistance, safety and productivity, as well as integration with our charging infrastructure and smart accessories. Since the introduction of the Atherstack with the ride modes feature in Fiscal 2019, we have made 63 additions to the features, as at July 31, 2024.

Customers are able to purchase the Atherstack software through the Pro Pack bundle for a fixed fee ranging from ₹13,000 to ₹20,000 at the time of purchasing the E2W, as at March 31, 2024. The fee varies based on the E2W model. When purchased separately, the price of the Pro Pack starts from ₹35,000, as at March 31, 2024, depending on the E2W model. The Pro Pack unlocks Ride Assist features and provides a three-year access to Ather Connect features. Ride Assist features include AutoHold, Park Assist, true range display, Emergency Stop Signal and Magic Twist, while Ather Connect covers features such as vehicle connectivity, remote tracking and access to OTA software updates. The Pro Pack also includes an extended battery warranty package under the Ather Battery Protect program.

After three years, customers may opt to pay a subscription charge to continue accessing Ather Connect features which require internet connectivity.

We have regularly introduced OTA upgrades to our Atherstack software. Atherstack 6.0, our latest version, was launched in April 2024. The Atherstack 6.0 includes a new user interface, an app redesign and features such as WhatsApp notifications on dashboard, ping my scooter, live location sharing and voice commands through Alexa Skills integration.

The table below showcases various features that we have added to the Atherstack with each new generation:

Comparison of Past Generations of the Atherstack

# ATHERSTACK

v0	Jun'18	v4	Dec'22	v6	Apr'24
<ul style="list-style-type: none"> <li>Ride Modes</li> </ul>		<ul style="list-style-type: none"> <li>Money saved</li> <li>CO<sub>2</sub> saved</li> </ul>		<ul style="list-style-type: none"> <li>Ride visualisation</li> <li>Monthly stats</li> <li>Green score</li> <li>Monthly stories</li> </ul>	
<b>v0.1 - v0.8</b> <ul style="list-style-type: none"> <li>Sep'18 - Dec'20</li> <li>Google maps</li> <li>Bookmark locations</li> <li>Send location to scooter</li> <li>ETA visibility</li> <li>Ride metrics</li> <li>Personalized range in each mode</li> <li>TrueRange™ display</li> <li>Guide-me-home lights</li> <li>Park Assist - Reverse</li> <li>Park Assist - Forward</li> <li>Theft and tow alerts</li> <li>OTA updates</li> <li>Document storage on dashboard</li> <li>Dashboard Auto brightness</li> <li>Dark Mode</li> </ul>		<ul style="list-style-type: none"> <li>Navigate to my scooter</li> <li>Trip Planner on app</li> <li>Customer Support on App (View/Raise tickets)</li> <li>Support on app</li> <li>Live status of Ather grids on app</li> <li>Ather Neighbourhood Chargers on app</li> <li>Report Ather grid issues on app</li> </ul>		<ul style="list-style-type: none"> <li>Sticky notifications</li> <li>Intercity Trip Planner (Multi-grid)</li> <li>Ping My Scooter*</li> <li>Alexa integration*</li> <li>WhatsApp preview on dashboard*</li> <li>Call decline with a message*</li> <li>Live location sharing*</li> </ul>	
		<b>v5</b> <ul style="list-style-type: none"> <li>Jan'23</li> <li>Live traffic view</li> <li>Preloaded routes</li> <li>Turn-by-turn instructions</li> <li>Send to scooter via WhatsApp</li> <li>Traffic on route</li> <li>Perspective view on maps</li> <li>Achievements</li> <li>See previous rides</li> <li>Lifetime highlights</li> <li>AutoHold™</li> <li>Interactive UI</li> <li>Coasting Regen</li> <li>Magic Twist™</li> </ul>			
<b>v1</b> <ul style="list-style-type: none"> <li>Mar'21</li> <li>Auto indicator cut-off</li> <li>Bluetooth connectivity to scooter</li> <li>Music Control</li> <li>Call Control</li> </ul>		<ul style="list-style-type: none"> <li>Emergency Stop Signal</li> <li>Vehicle FallSafe™</li> <li>Optimised Charging 2.0</li> <li>Multi-stop Trip Planner</li> <li>Wings of Power</li> <li>Widget X - Contextual &amp; personalised notifications on home screen</li> <li>Service booking</li> <li>Live service tracking</li> <li>Service job cards</li> <li>Service reminders</li> <li>View service centres on the map</li> </ul>			
<b>v2</b> <ul style="list-style-type: none"> <li>Sep'21</li> <li>Auto theme switching</li> <li>Find a charger</li> </ul>					
<b>v3</b> <ul style="list-style-type: none"> <li>Apr'22</li> <li>SmartEco mode</li> <li>Find My Scooter</li> <li>TPMS (Tyre Pressure Monitoring System)</li> </ul>					

\*Features under development

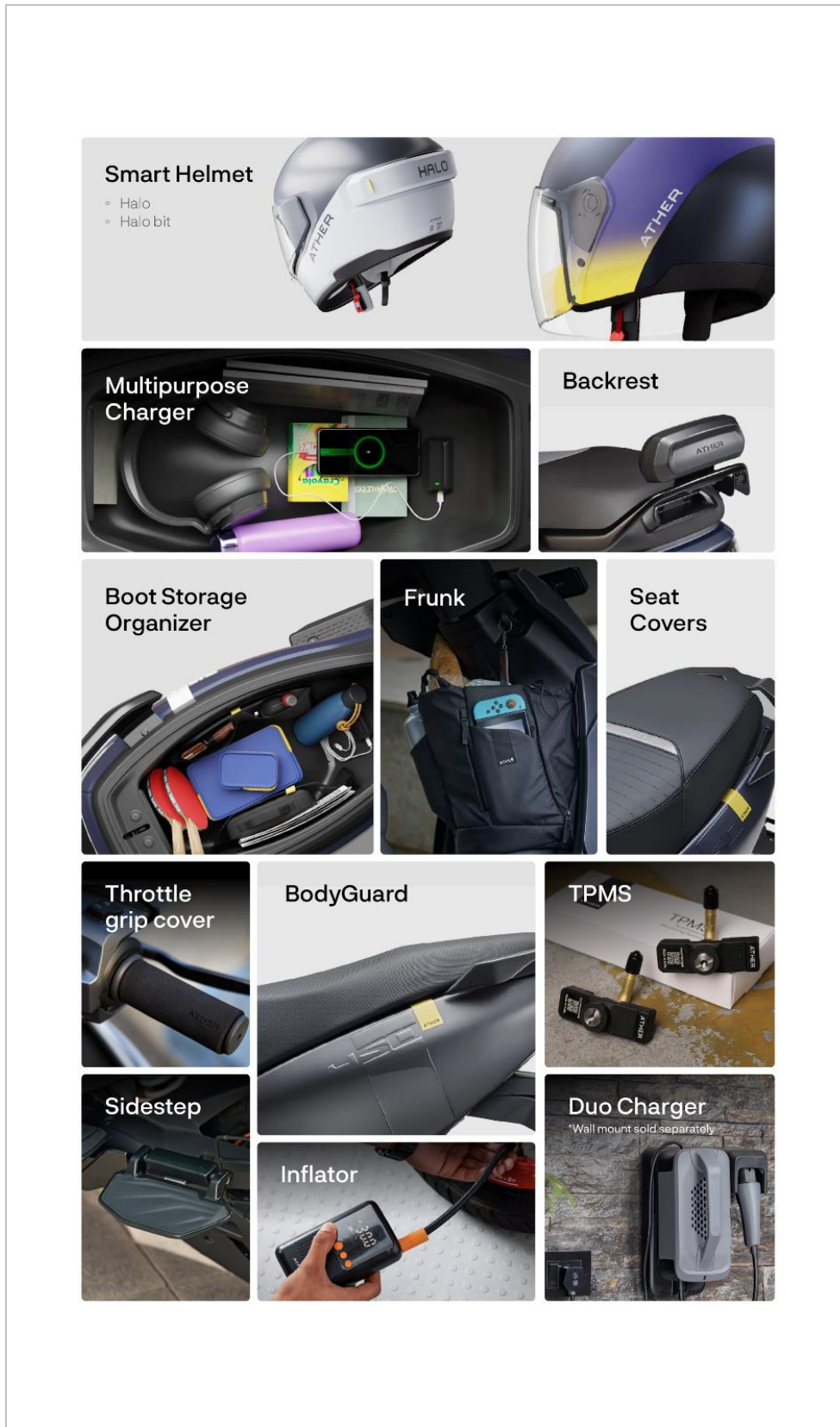
- Navigation**  
Features that enhance navigation experience
- Ride statistics**  
Features that provide analytics about the scooter and rides taken.
- Safety**  
Rider and vehicle safety features
- Ride Assist**  
Features that enhance core riding experience of the scooter
- Convenience**  
Features 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

### Our Accessories

According to the CRISIL Report, a relatively price agnostic customer base, featuring rich vehicles and young buyers that prefer high performance and advanced features, has driven the premiumisation trend in scooters. Branded accessories form an integral part of the 2W industry. The revenues from accessory and merchandise sales contributed to ~10% to ~15% of the revenues of traditional ICE 2W OEMS, according to the CRISIL Report. Such accessories and merchandise, according to the CRISIL Report, are high margin (25% to 30%) products and

help to promote the brand for OEMs. We have designed and developed accessories that are integrated with our ecosystem.

We currently sell the following accessories:



Our tyre inflator is capable of inflating up to six tyres in a single charge and comes in five inflation modes, which range from 2W to toys. Further, the tyre inflator can be used as a torch (in three different light modes) and a 4,000 MAh power bank. Our tyre pressure monitoring system is capable of sharing real time tyre pressure updates, which are displayed on the dashboard and can also send alerts to the rider’s Ather app. We also offer other accessories such as throttle grip covers, which provide non-slip grip, scooter covers to protect the scooter from exposure to water, dust and heat, and body guards.

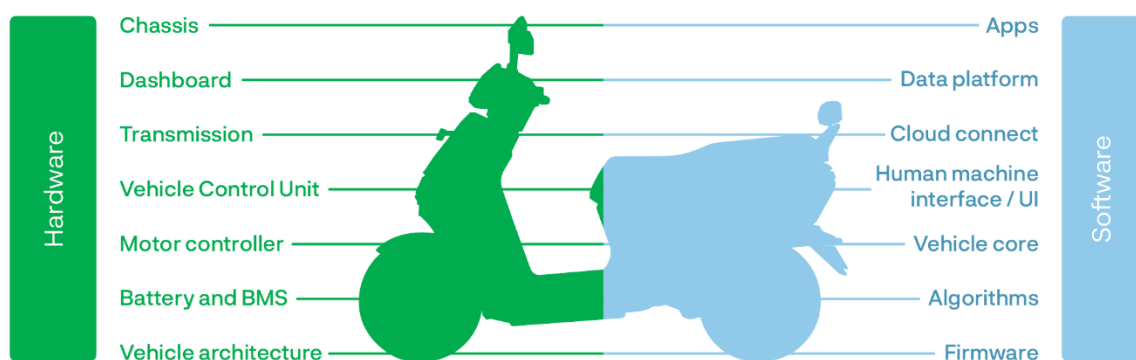
In April 2024, we introduced our in-house designed smart helmets, the Halo and Halo Bit, to further enhance the riding experience. The Halo smart helmet offers features such as ChitChat – a helmet-to-helmet communication system, a premium sound system, a microphone equipped with noise filtration, in-boot wireless charging with the Ather Rizta and Auto WearDetect sensors that automatically connects the helmet with the user’s phone when worn. The Halo Bit is a device that can be attached to an Ather half-face helmet to provide the user with access to some of the Halo smart helmet functions, such as ChitChat, music sharing and ambient noise reduction. Our smart helmets also feature music and call control to improve the rider’s experience. The Halo smart helmet retailed for ₹12,999 and the Halo Bit retailed for ₹4,999, as at June 30, 2024.

In Fiscal Years 2024, 2023 and 2022, the total revenue from accessories was ₹193 million, ₹142 million and ₹4 million, respectively

### Our Design and R&D Capabilities

We employ a vertically integrated approach to design, which is centred around the user experience. According to the CRISIL report, the key components of an E2W are the charger, battery pack, BMS, motor, motor controller, transmission, chassis, dashboard, DC-DC converter, harnesses and VCU. We designed 80% of these key components in-house, as at March 31, 2024. In addition we also develop our entire software stack, Atherstack, in-house.

Between 2013 to 2018, we focused our R&D capabilities on the development of the battery pack, BMS, chassis, electronics, charging infrastructure and the first version of Atherstack for the Ather 450 platform. Since the launch of our first product, the Ather 450 in 2018, our R&D efforts have expanded to focus on initiatives such as improving the cost, scalability and features of our E2Ws. This was achieved through projects such as the development of our in-house Ather Drive Controller, an in-house transmission system, a larger battery pack, smart accessories and subsequent versions of the Atherstack. These efforts led to the launch of the Ather 450X, Ather 450S and the Ather 450 Apex. More recently, we focused our R&D efforts on the development of the Ather Rizta and the Halo line of smart helmets.



As designing key components in-house is crucial to producing quality products at low cost structures and focusing on user experience, we have built capabilities in areas such as battery technology, power electronics, structural design, industrial design and software development. Our R&D team is seated across our R&D facilities in Bangalore, India. These facilities have enabled us to reduce our reliance on third-party suppliers and their proximity to our Corporate Office has improved the internal collaborative efficiency. As at March 31, 2024, our R&D team comprised 701 on-roll employees. Our R&D facilities serve as the innovation hub where ideas are transformed into tangible products through rigorous testing, experimentation and refinement. Further, these facilities also play a pivotal role in our ability to maintain quality control standards throughout the product development lifecycle to develop reliable and quality E2Ws. The majority of our engineers work from our IBC Knowledge Park office, while product testing is conducted in our Proto Lab.



Details of our R&D facilities are as follows:

- IBC Knowledge Park, Bangalore, India – this facility spans 73,944 sq.ft. and seats our industrial design and engineering teams. We carry out key tasks such as clay modelling, cell characterisation, electronics testing and engineering simulations here. Apart from seating our engineers, this facility also houses our industrial design studio, software testing labs, integration lab, electronics testing labs and simulation equipment.

Situated within the IBC Knowledge Park is the Cell Lab, in which we test different cell technologies and guide our suppliers in developing cells customised for optimal performance on our vehicles. We test cells for performance, ageing and safety. These tests enable us to observe the performance parameters of cells under various conditions. This involves conducting a series of standardised tests, such as capacity measurements, charge and discharge cycles, thermal tests and ageing studies, to ensure the battery cells meet industry standards and Ather's internal requirements. Our Cell Lab is equipped to simultaneously test a variety of cells from multiple suppliers in an automated fashion.

The IBC Knowledge Park also houses our electronic testing facilities and integrates testing facilities that allow us to perform tests at the component and system level for our electronic systems.

The labs located in the IBC Knowledge Park R&D facility are certified by the Department of Scientific and Industrial Research as 'In-house' R&D Units, which enable us to obtain exemptions from customs duty on R&D-related imports.

- Proto Lab, NS Palya, Bangalore, India – houses the battery and vehicle durability testing facilities. The facility spans 20,300 sq.ft. and houses test equipment for durability testing. We test our battery packs here and evaluate various aspects of battery performance, such as structural integrity, charging efficiency, cycle life and safety. By subjecting batteries to simulated real-world conditions, such as extreme temperatures and usage patterns, engineers can identify potential weaknesses and optimise battery designs for maximum durability and longevity. Our vehicle testing facilities at the Proto Lab play a crucial role in ensuring the overall quality and reliability of Ather E2Ws. These facilities are equipped with instrumentation and testing protocols to evaluate every aspect of vehicle performance, from acceleration and braking to handling and ride comfort. Engineers scrutinise each component and subsystem, conducting exhaustive tests to detect and rectify any defects or shortcomings.
- Product Validation Lab, Begur, Bangalore, Karnataka, India – We commissioned this facility in January 2024, which spanned 38,692 sq.ft. as of March 31, 2024. The lab facilitates on-road durability and mechanical durability testing processes. This facility will also house a reliability test lab, structural dynamics lab, battery test lab, vehicle environment test lab and data acquisition lab by Fiscal Year 2025.

### Our R&D Facilities



**Proto Lab**  
**NS Palya, Bengaluru**  
20,300 sqft Area

**IBC Knowledge Park,**  
**Bengaluru**  
73,944 sqft Area



**Product Validation Lab,**  
**Begur, Bengaluru**  
38,692 sqft Area

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### **Our Technology**

Our current vehicle line-up, comprising the Ather 450X, Ather 450S, Ather 450 Apex and Ather Rizta, is built on the Ather 450 platform. The Ather 450 platform was designed over a period of five years from 2013 to 2018, during which we have continuously improved upon it since its inception. It consists of various technologies that provide common building blocks that we can leverage to develop and manufacture different products that cater to a variety of customer preferences.

Our technology platform is composed of five key interconnected elements: (i) battery, (ii) powertrain, (iii) electronics, (iv) chassis and (v) the Atherstack.

### ***Our Batteries***

We design and manufacture our battery packs in-house. Our battery packs have undergone several design iterations. We have designed our battery packs to be compatible with cells from different vendors and our in-house manufactured BMS to be compatible with different sources of semiconductor chips to ensure our supply chain resilience. We currently manufacture two sizes of battery packs, 2.9 kWh and 3.7 kWh batteries, on the same platform.

All battery components are enclosed in die-cast aluminium casing. Aluminium casings have better thermal conductivity compared to other alternative materials such as steel or plastic, according to the CRISIL Report. Our battery packs house 21700 form factor lithium-ion cells, in-house designed battery management system, cell interconnections and a thermal management system. Our battery management system has 25 different protection features to protect the battery from being used outside of the recommended limits. Our BMS uses our proprietary embedded software and algorithms, which has resulted in features like Smart Eco designed to provide accurate range and longer use. Further, our patented thermal management system utilises phase change materials that cater to Indian weather conditions and ensure consistent performance without overheating. Our batteries undergo 272

tests, including optional tests that go beyond what is required by the Automotive Research Association of India as part of the Automotive Industry Standards 156. Our batteries are IP X7 rated and are built on custom-designed semi-automatic production lines.

### *Our Battery*



### *Our Powertrains*

Our powertrain comprises the ADC, permanent magnet synchronous motor (“PMSM”) and a two-stage synchronous belt transmission system. The Ather 450 platform’s powertrain caters to products with a peak power range of 4.3 kW to 7 kW and a peak torque range of 170N-m to 210N-m, which enabled us to cater to a wide variety of customers using a single powertrain package, thereby allowing us to leverage on the economies of scale to lower our costs.

We have designed and developed the ADC in-house to maintain control over the power delivery process. This has enabled us to deliver features such as the Magic Twist, a ride feature that utilises the E2W’s throttle for electronic braking regardless of battery charge level, the SmartEco mode, which dynamically adjusts power delivery to ensure a longer driving range and traction control which adjusts torque to the rear wheel to prevent skidding. We also designed the ADC to be compatible with multiple types of semiconductor chips for supply chain resilience.

Our PMSMs, sourced from leading motor suppliers, Mahle Electric Drives India Private Limited and Nidec India Private Limited, are customised for both low and high power vehicle models. The PMSM’s placement in the chassis as a mid-drive motor at the centre of our scooter results in better handling and stability. It is mounted on the vehicle frame rather than the swingarm or wheel, which, according to the CRISIL Report, isolates it from road shocks and protects it from mud and dust. All of our E2Ws have a throttle response of 90 milliseconds, as at March 31, 2024, delivering near instantaneous power to the wheels.

### *Our Powertrain*



### *Our Electronics*

We design all of our critical electronics modules in-house. Such electronics modules include the VCU, DC-DC converter, touch screen dashboard, charging systems, harnesses and smart helmet platform. Our in-house design approach enables us to create modular components that can be adapted for use in different vehicle models, thereby accelerating product development timelines. Moreover, this approach has allowed us to quickly adapt to global supply chain fluctuations, such as by redesigning our electronics modules to support various types of semiconductor chips. Further, we were also able to package multiple functionalities, such as the DC-DC converter, VCU and junction box, into a single module, as well as the battery, wireless charger, speaker, microphone and Bluetooth module in a compact form factor for our Halo smart helmets. All our electronics, including our BMS and ADC, are powered by our in-house developed embedded software and algorithms.

### *Our Halo Smart Helmet*



According to the CRISIL Report, we were the first E2W company to develop a touch-screen dashboard, which offered our customers access to a number of connected features, such as map-based navigation, OTA updates, internet connectivity, guide-me-home lights and ride statistics. All of our electronics undergo a variety of tests which seek to ensure compliance with existing standards and maintain quality.

We have also designed our charging connector technology and protocol for fast chargers. Our fast chargers can charge our E2Ws at 15 km per 10 minutes and have been engineered to be scalable. As at March 31, 2024, the BOM cost of one of our fast charging systems was ₹61,520. Our neighbourhood chargers are engineered to provide 3.3 kW of power and can be easily installed, which we believe will promote uptake from our public charging hosts. These design specifications accommodate different charge currents and alleviate charging anxiety, furthering our aim to promote a more widespread adoption of EVs.

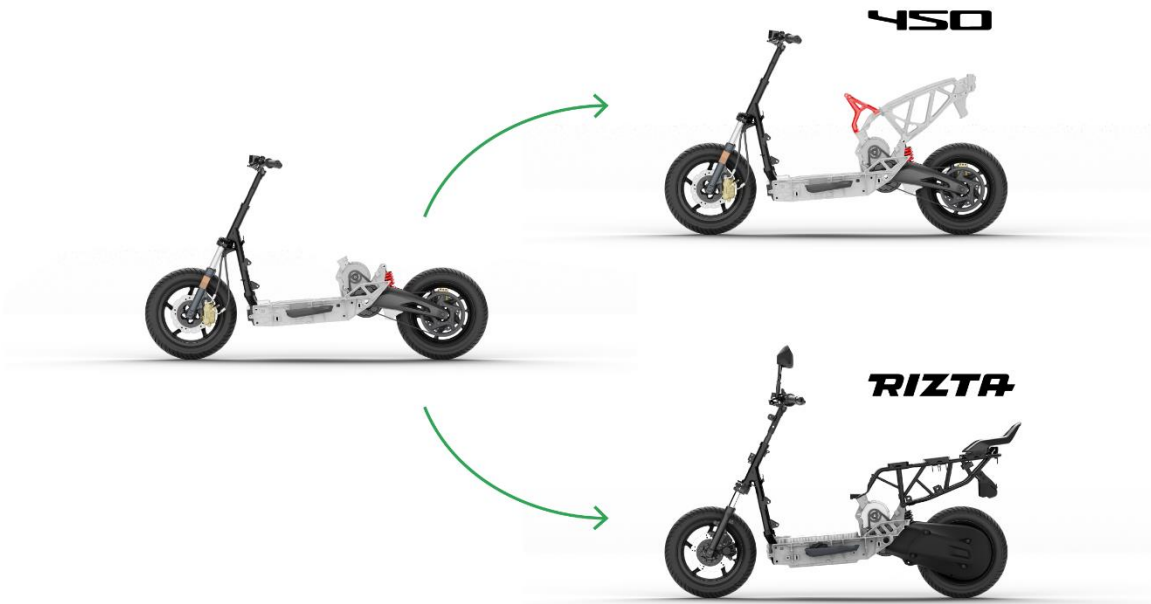
Further, our signal harness, which is comparable to the ‘nerves’ of our scooters, is also designed in-house. The harness transmits all critical signals across various sub-systems. Our in-house design has allowed us to ensure low signal noise, which led to reliable and consistent vehicle performance.

### *Our Chassis*

The 450 chassis, used in our current E2W line-up of Ather 450 models and the Rizta model, is a hybrid aluminium and steel chassis. We designed the 450 chassis from the ground-up for our E2Ws, with a centrally mounted mono-shock suspension and low centre of gravity which provides for a balanced ride. The chassis also enables a more even distribution of weight between the front and the rear wheels. Unlike welded chassis, our chassis platform is bolted together allowing customisation based on product needs. This enables us to adjust it for an aluminium rear

frame in the Ather 450 models and a steel rear frame in the Ather Rizta model to fulfil the respective needs of each model. All other critical interfaces such as battery and powertrain on the scooter remain the same.

### Our Chassis



We are developing two new vehicle platforms, comprising a new scooter platform and a motorcycle platform. The new E2W platform will serve as a more cost-effective and versatile platform for the development of our scooter lines. It will feature a new powertrain, electronics and chassis platform while using elements of the battery and Atherstack from the Ather 450 platform. The new E2W platform will also enable us to develop a wide range of scooter body types on the same platform. We are designing a versatile motorcycle platform to address the electrification of the 125 cc and above motorcycle segments and support multiple body types.

### ***The Atherstack***

We also designed and developed in-house, the Atherstack, our software that powers our E2Ws, charging infrastructure, accessories and mobile applications. The Atherstack allows us to gain insight on usage patterns of customer cohorts that we analyse to further advance our vehicle features, quality and performance in line with evolving customer needs.

The Atherstack is composed of several elements, which include algorithms, firmware, Ather Software Development Kit (“**ASDK**”) Application Programming Interface (“**API**”), middleware, data platform, HMI and applications. These elements work together to provide our customers with an integrated experience.

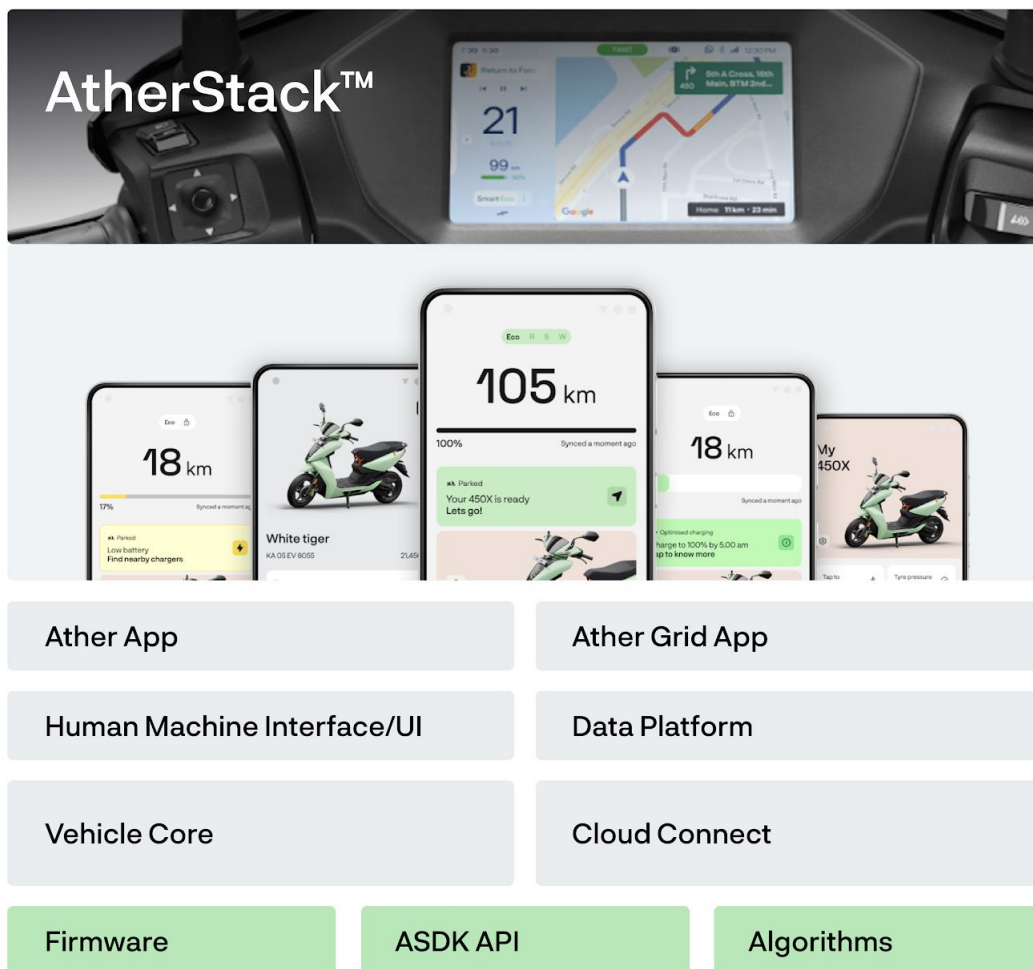
The **ASDK** is an API, which enables our engineers to develop firmware for the various vehicle systems within accelerated timelines. The firmware was developed in-house and incorporates algorithms to perform functions such as motor control, battery protection and regenerative braking.

The firmware of various systems communicates with the middleware, which is programmed on the Android open source platform. The various modules of firmware communicate over the Controller Area Network (CAN bus) which is akin to the vehicle’s nervous system and transmits information to and from various components of the vehicle. The vehicle core and cloud connect process data from the various sub-systems based on advanced algorithms designed in-house and communicate with the Ather Data Platform to upload relevant data from the vehicle to the cloud. Our software capabilities, in particular, our firmware and algorithm development capabilities, have enabled us to develop a number of ‘RideAssist’ features in the Atherstack. The RideAssist features are an advanced rider assistance system that enhances rider safety, comfort and the overall ride experience through the

integration of sensors, communication systems and artificial intelligence. These algorithms enable several ‘intelligent’ features including range estimation, auto-indicator cut off, AutoHold, Magic Twist and Fall Safe.

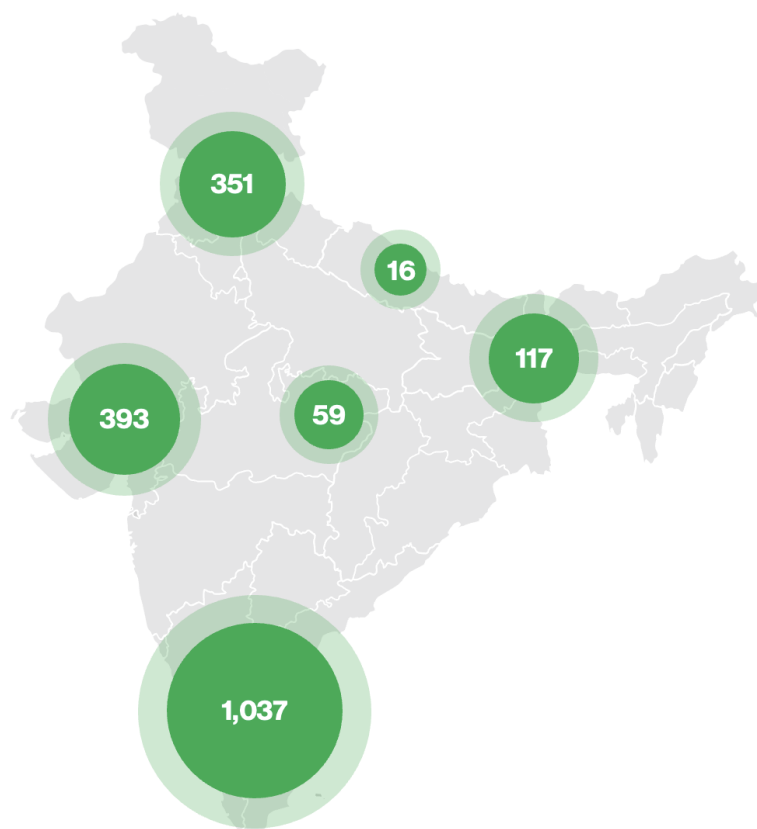
The Ather Data Platform is a cloud management software that was developed in-house. The Ather Data Platform processes the data from our E2Ws in real-time and extracts insights. This involves data stream processing, data batch processing and data warehousing, along with management of OTA updates. This data platform enables us to perform real-time diagnostics on our vehicles. For example, on July 31, 2024, the Ather Data Platform processed and stored 1.63 terabyte of data. The encrypted data is transferred over the network securely without any interceptions. For further details on data privacy management, see “–*Data Security and Protection*” on page 275. Further, we design the HMI in-house using the Android open-source platform. Each E2W model has a customised HMI to ensure a seamless and specific user experience.

The Ather Grid app and the Ather mobile app serve to connect our ecosystem, comprising our E2Ws, chargers and accessories. These apps leverage the Atherstack to provide a number of product features on our users’ phones, such as real-time scooter location tracking, finding the nearest Ather Grid on route, and booking an appointment for vehicle servicing.



## Our Charging Infrastructure

### *Ather's Charging Infrastructure Across India and Nepal*



*Note: Ather Grid distribution across India and Nepal as at March 31, 2024.*

We offer charging solutions covering all use cases: (i) the Ather Grid, a public charging network comprising fast chargers in India and Nepal, and neighbourhood chargers spread across India, and (ii) portable chargers for home charging. The table below sets out details of the Ather Grid as at March 31, 2024, March 31, 2023, and March 31, 2022.

	As at March 31,		
	2024	2023	2022
Fast Chargers <sup>(1)</sup>	1,973	1,175	291
Neighbourhood Chargers	510	-	-

*Note*

*(1) Figure includes 16 Ather Grid fast chargers located in Nepal.*

### *Our Ather Grid Fast Chargers*

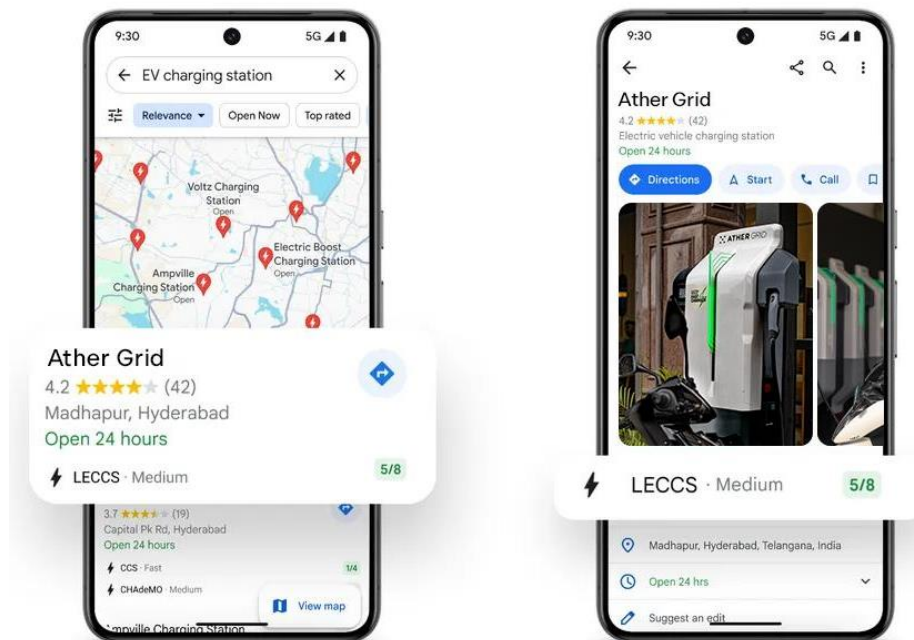


According to the CRISIL Report, unavailability and slow development of charging infrastructure are barriers to the adoption of EVs in India. In 2018, we established the first 2W fast charging infrastructure in India, the Ather Grid, to increase the accessibility of charging solutions to our customers. As at March 31, 2024, the Ather Grid had the widest footprint among 2W fast charging networks in India, according to the CRISIL Report. We leverage data collected from the Atherstack to identify key locations for setting up our fast chargers and partner with hosts such as petrol stations, cafes and restaurants to install and maintain our fast chargers on their business premises. We have established partnerships with companies such as Bharat Petroleum Corporation Limited, Sangeetha Mobiles Private Limited and Cafe Coffee Day Global Limited to install our public fast chargers. Our arrangements with hosts are either free or on a rental or revenue sharing basis

We designed our own in-house LECCS and protocol for our fast chargers. Our generation 2.1 fast charger can charge for a range of up to 15 km in 10 minutes. To encourage the update of a common charging standard and encourage EV adoption, we open sourced our LECCS in 2021. In August 2023, BIS published our LECCS as a national standard. This has, in turn, made our fast chargers interoperable across all EVs using the same charging standard, regardless of vehicle brand. Any EV owner using our LECCS can charge their EVs at our Ather Grid fast chargers. On November 23, 2023, we entered into a collaboration agreement with Hero MotoCorp Limited (the “**Collaboration Agreement**”) to enable the interoperability of charging stations, which extended our customers’ access to an additional 550 fast chargers, according to the CRISIL Report. For further details on the Collaboration Agreement, please see “*History and certain corporate matters – Other material agreements*” on page 292.

Further, we entered into a partnership with Google Asia Pacific Pte Ltd. in March 2024. Pursuant to the terms of the partnership agreement, starting on August 31, 2024, Google Maps users are able to find Ather Grid fast chargers with live status updates on Google Maps when searching for LECCS-based chargers.





Through the establishment and continued expansion of our Ather Grid, we seek to address consumer anxiety over charging options, which we believe will facilitate vehicle electrification in India and build the ‘Ather’ brand.

### ***Our Ather Grid Neighbourhood Chargers***

We partner with Ather hosts who wish to install neighbourhood chargers at locations such as apartment blocks, office buildings and university campuses. We reimburse our hosts for the cost of electricity used at specified tariffs. As at March 31, 2024, we had 510 neighbourhood chargers installed across 12 cities in India. We operate our neighbourhood chargers through either a host operated or Ather operated model. In the former case, hosts purchase our neighbourhood chargers and receive revenue generated from the installed chargers. Under the Ather operated model, we install and operate the neighbourhood chargers for a service fee negotiated annually.

Our neighbourhood chargers are compatible with electric two-wheelers, three-wheelers and four-wheelers. Our neighbourhood chargers are 3.3kW AC chargers with the speed of charging varying based on the customer’s portable charger wattage. Customers can start charging by connecting their own portable charger cord to our neighbourhood charger and are able to track and pay for the charging session through the Ather Grid app.

### ***Our Portable Chargers***

Our portable home chargers work with any 6A plug points and can be carried along in our scooter boots.

In February 2024, we introduced the Ather Duo, our 700W fast charger which can be portable or fixed and is sold with the Ather 450X 3.7 kWh model. The Ather Duo may also be purchased separately for owners of other Ather models at a retail price of ₹13,999 alone or as a bundled package with the wall mount charger at a retail price of ₹14,999, as at March 31, 2024. The wall mount charger can also be purchased separately for ₹2,599, as at March 31, 2024.

### **Our Value Added Services**

#### ***Warranties***

We offer our E2W owners a standard three-year/30,000 km (whichever is earlier) scooter warranty and a three-year warranty on our charger. While the Ather 450 Apex come with a five-year/60,000 km (whichever is earlier) battery warranty, we offer a three-year/30,000 km (whichever is earlier) battery warranty for other E2W variants. Customers who purchase the Pro Pack receive an extended battery warranty of an additional two years/30,000 km (whichever is earlier) under the Ather Battery Protect program for a price of ₹1, which will give customers access

to a total of five years/60,000 km (whichever is earlier) of coverage. The extended battery warranty can be purchased separately for a price of ₹6,999, as at March 31, 2024. Our extended battery warranty covers any electronic failures on the battery including reduction in the state of health of the battery below 70% within five years and cases of deep discharge. There is no limit on the value of claims brought under the Ather Battery Protect program. We plan to introduce a new extended battery warranty program in the first half of Fiscal Year 2025, which will extend the battery warranty to eight years/80,000 km (whichever is earlier).

### ***Roadside Assistance***

We partner with third-party service providers to provide roadside assistance, which covers situations such as a flat tire, charge runout, scooter breakdown and accidents. Once a vehicle is picked-up, it will be towed to the nearest experience centre, service centre or Ather Grid or wherever else the situation demands.

Customers may subscribe for the Ather Roadside Assistance plan through the Ather app for an annual fee of ₹999, as at March 31, 2024. Under the plan, roadside assistance for up to 100 km from the nearest Ather touchpoint is free of charge, with every additional kilometre subject to a fee of ₹22. Customers may avail themselves of this service within the 12-month subscription period.

### ***Ather Care***

Our E2W owners have the option to purchase a vehicle maintenance plan under Ather Care, which covers the cost of certain vehicle maintenance services within our network of service centres. Through Ather Care, we offer three tiers of maintenance plans with varying fees and service coverage. The Ather Care plans are valid for a year/10,000 km (whichever is earlier).

### ***Financial Packages***

We have partnered with banks and non-banking financial companies such as L&T Finance Limited to offer vehicle financial options to our customers under our Flexipay financing solution. Loans can be made available to our customers with interest rates starting at 5.75% and flexible tenures ranging from six to 60 months.

The Flexipay financing solutions aim to make our E2Ws more affordable and advance the adoption of E2Ws in Indian households, thereby improving social mobility and enabling Indian households across the income spectrum to participate in the transition to EVs.

The number of customers who opt to finance their vehicle purchases has grown by a CAGR of 198% between Fiscal Years 2022 and 2024. The following table shows the percentage of scooters purchased that were financed with bank loans through our partner financial institutions in the Fiscal Years indicated.

	Fiscal Year		
	2024	2023	2022
Percentage of scooters purchased with financing (%)	48%	37%	27%

### **Our Operations Ecosystem**

Our operations ecosystem consists of our manufacturing facilities, supply chain, distribution and service network and information systems.

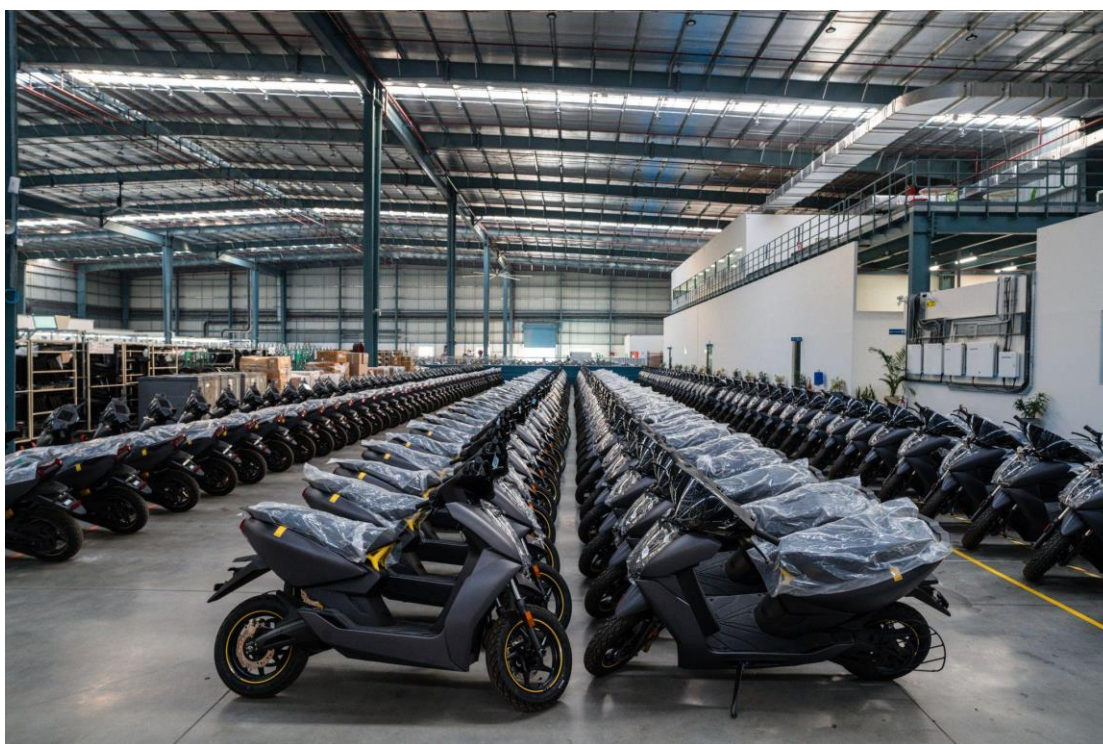
#### ***Our Manufacturing Facilities***

We manufacture our battery packs and assemble our E2Ws in-house to ensure the integrity and quality of our final product. Our manufacturing facilities are currently located near Hosur, Tamil Nadu, India. We plan to expand our manufacturing capacity through the establishment of our Factory 3.0 in Chhatrapati Sambhajnagar (formerly Aurangabad), Maharashtra, India.

#### ***Our Hosur Factory***

We assemble our E2Ws and manufacture our battery packs at our Hosur Factory, which had a total installed capacity of 420,000 units per annum for the E2W assembling plant and 379,800 units per annum for the battery

pack manufacturing plant as at March 31, 2024.



Our plants are equipped with two E2W assembly lines and three semi-automated battery assembly lines. Further, a fourth battery line is in the process of being set up. All our assembly lines are integrated with a MES. The MES is equipped with smart technologies that help us maintain traceability, make data-driven decisions, reduce defects, and improve productivity. The Hosur Factory is equipped with 35 automated robots, as at March 31, 2024, which perform functions such as cell pick and place, welding and dispensing. The plant also housed 77 connected machines, 124 smart devices and 103 connected manual stations that monitored 10,756 parameters and checked 231 parameters at the end of the manufacturing line, as at March 31, 2024. Our assembly lines were capable of assembling an E2W within 48 seconds and a battery pack within 43 seconds, as at March 31, 2024.

The following table provides a summary of the Hosur Factory's E2W production capacity statistics as at and for the Fiscal Years indicated.

E2W models	Fiscal Year 2024				Fiscal Year 2023				Fiscal Year 2022			
	Annual Installed Capacity <sup>(1)</sup> (units)	Effective Annual Capacity <sup>(2)</sup> (units)	Annual Production (units)	Capacity Utilisation (%) <sup>(3)</sup>	Annual Installed Capacity <sup>(1)</sup> (units)	Effective Annual Capacity <sup>(2)</sup> (units)	Annual Production (units)	Capacity Utilisation (%) <sup>(3)</sup>	Annual Installed Capacity <sup>(1)</sup> (units)	Effective Annual Capacity <sup>(2)</sup> (units)	Annual Production (units)	Capacity Utilisation (%) <sup>(3)</sup>
Ather 450S			22,814				23				-	-
Ather 450X <sup>(4)</sup>			84,814				93,925	40%			22,644	20%
Ather 450	420,000	379,800		29%	266,850	232,475			113,700	113,700		
Apex			688				-	-			-	-
Ather Rizta			28				-	-			-	-
<b>Total</b>	<b>420,000</b>	<b>379,800</b>	<b>108,344</b>	<b>29%</b>	<b>266,850</b>	<b>232,475</b>	<b>93,948</b>	<b>40%</b>	<b>113,700</b>	<b>113,700</b>	<b>22,644</b>	<b>20%</b>

The following table provides a summary of the Hosur Factory's battery pack production capacity statistics as at and for the Fiscal Years indicated.

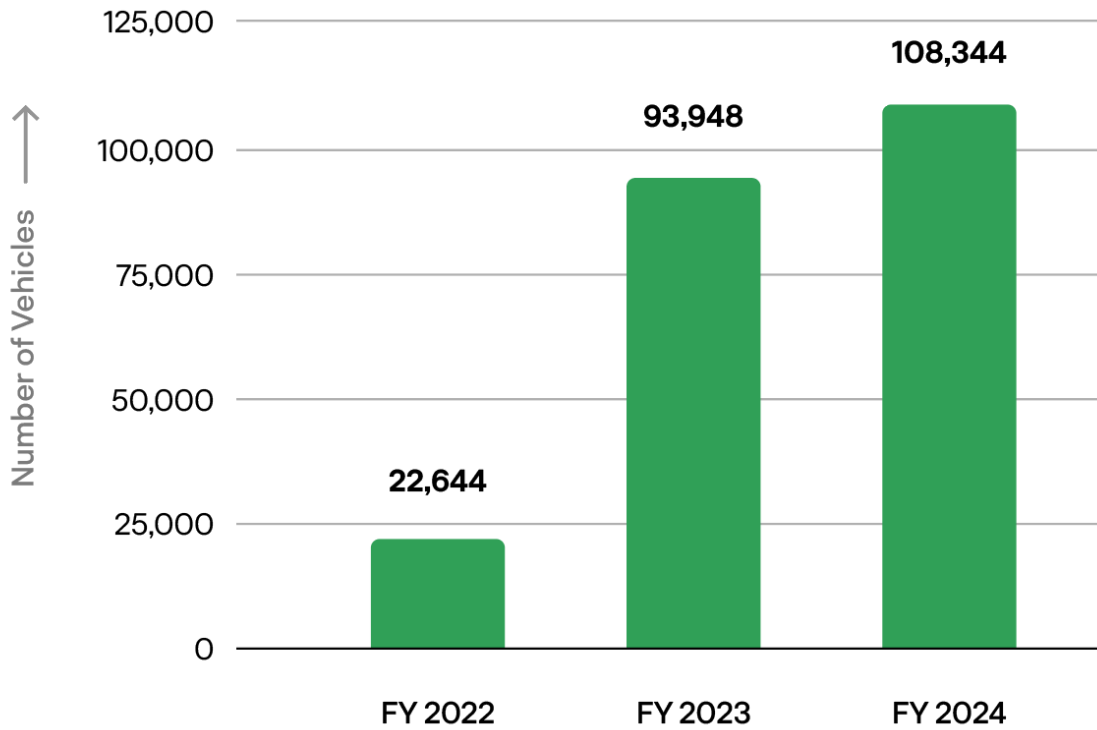
Battery Models	Fiscal Year 2024				Fiscal Year 2023				Fiscal Year 2022			
	Annual Installed Capacity <sup>(1)</sup> (units)	Effective Annual Capacity <sup>(2)</sup> (units)	Annual Production (units)	Capacity Utilisation (%) <sup>(3)</sup>	Annual Installed Capacity <sup>(1)</sup> (units)	Effective Annual Capacity <sup>(2)</sup> (units)	Annual Production (units)	Capacity Utilisation (%) <sup>(3)</sup>	Annual Installed Capacity <sup>(1)</sup> (units)	Effective Annual Capacity <sup>(2)</sup> (units)	Annual Production (units)	Capacity Utilisation (%) <sup>(3)</sup>
2.9 kW (Gen 2)			1,097				10,660	41%			23,100	20%
3.7 kW	379,800	379,800	73,635	29%	232,475	232,475	85,593		121,200	113,700	-	-
2.9 kW			34,627				-	-			-	-
<b>Total</b>	<b>379,800</b>	<b>379,800</b>	<b>109,359</b>	<b>29%</b>	<b>232,475</b>	<b>232,475</b>	<b>96,253</b>	<b>41%</b>	<b>121,200</b>	<b>113,700</b>	<b>23,100</b>	<b>20%</b>

(1) Annual installed capacity: maximum amount of production that the Hosur Factory can achieve in a Fiscal Year, assuming that all machines are running at full speed and considering 15% standard losses, 300 days a year. It is determined after taking into account the product with maximum power output and can be produced in the specific production line.

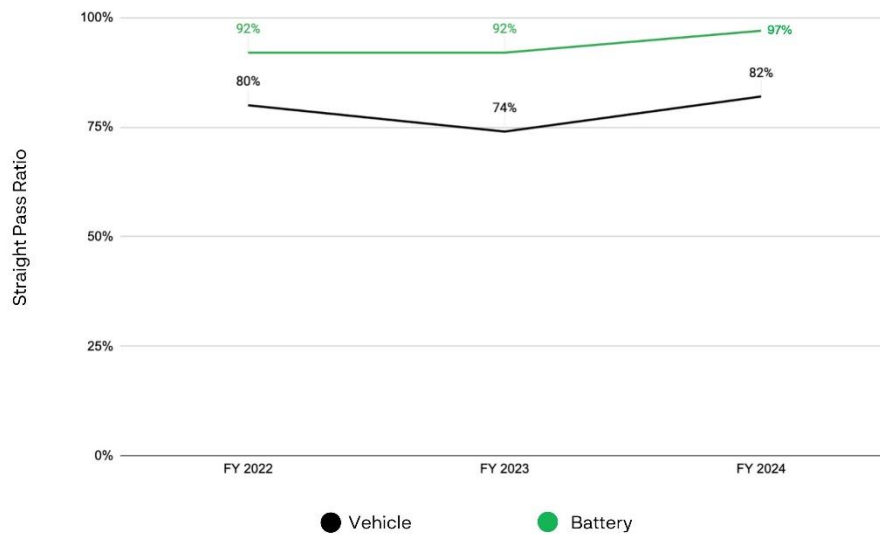
(2) Effective annual capacity: actual amount of production that the Hosur Factory can achieve in a Fiscal Year, assuming that all machines are running at full speed considering 15% standard losses, 300 days a year. It is determined after taking into account the capacity of the general assembly plant and depends on inputs from the battery plant. The E2W production capacity of the Hosur Factory is constrained by its battery production capacity.

- (3) Capacity utilisation: actual production during the relevant Fiscal Year divided by the effective annual installed capacity of the Hosur Factory as at the end of the relevant Fiscal Year.
- (4) The Ather 450X with 2.9 kWh battery capacity was launched in January 2020 and was succeeded by the Ather 450X (Gen 3) with 3.7 kWh battery capacity launched in July 2022. Following that, the Ather 450X (Gen 3.1) was launched in January 2023. The Ather 450X (Gen 3.1) was succeeded by the Ather 450X (2.9 kWh) and Ather 450X (3.7 kWh) variants, launched in August 2023.

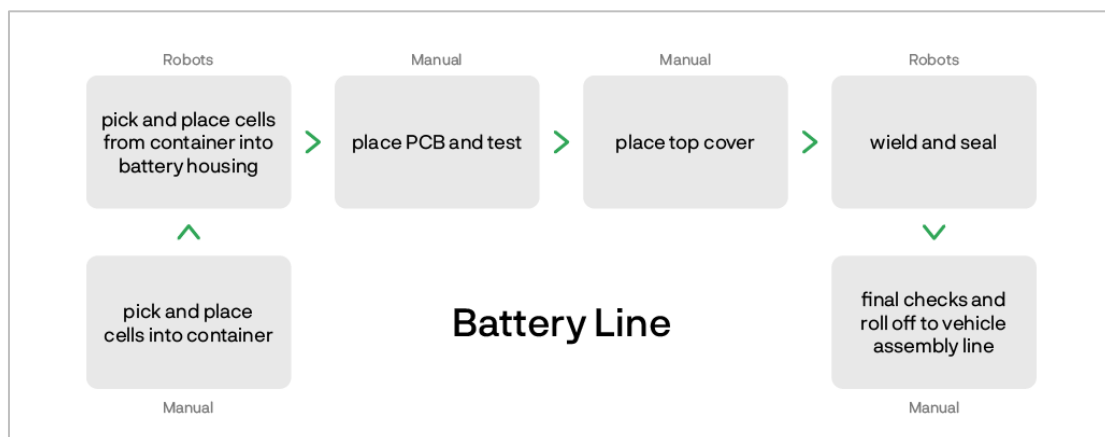
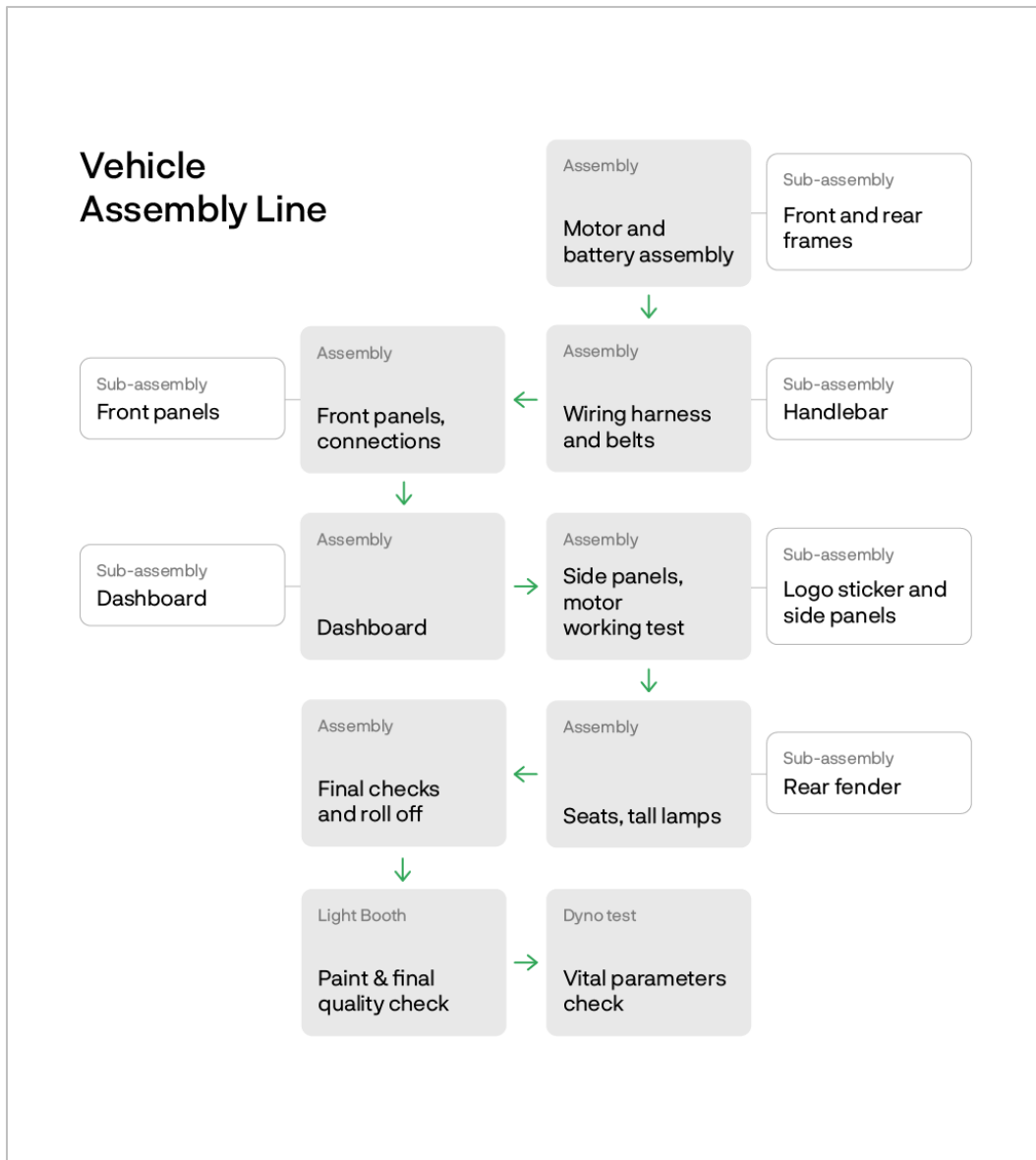
The following diagram provides details of vehicles produced at the Hosur Factory for the Fiscal Years indicated.



Leveraging our manufacturing capabilities, as well as our R&D initiatives, we have improved our operational efficiency through data analytics, automation and workforce skill upgrades. From Fiscal Year 2019 to Fiscal Year 2024, we reduced our work content or time taken to assemble an E2W by 81%. Our straight pass ratio for the vehicle and battery line was 82% and 97% in Fiscal Year 2024, respectively.



The diagram below gives an overview of the vehicle assembly and battery manufacturing lines at the Hosur Factory:



In addition, we are focused on minimising the environmental footprint of our manufacturing operations and making an impact in the communities we operate in. At the Hosur Factory, 13% of our energy needs for manufacturing were powered by on-site solar panels in Fiscal Year 2024. Through the 120 KLD sewage treatment plant installed in our Hosur Factory, we have ensured zero-sewage discharge in the past three Fiscal Years. The treated water was re-used for gardening and toilet flushing in the stated Fiscal Years. Sustained efforts in logistics

and packaging have led to the adoption of green and reusable packaging such as water-based paper tapes, paper pouches, paper bubble wraps, shredded carton waste used as cushion or fillers, Velcro straps, biodegradable packaging sheets and recycled paper.

Further, we have implemented workplace safety initiatives at our Hosur Factory such as machine guarding and engineering controls for high risk areas identified by hazard identification and risk assessment, and safety audits. In Fiscal Year 2024, we had a closure rate of 88% for the total 3,885 safety observations identified.

#### *Our Vehicle Assembly Line*



#### *Our Battery Pack Manufacturing Line*



#### *Our Factory 3.0*

We plan to build our Factory 3.0 in Chhatrapati Sambhajnagar (formerly Aurangabad), Maharashtra, India, to expand our production capacity to accommodate for the growth of our business and demand in the E2W industry in general, as well as improve cost efficiencies in our production. The strategic location of Factory 3.0 in Maharashtra, West India, will help us to be closer to markets with high EV penetration rates, according to the CRISIL Report, thereby improving our distribution and logistics cost. The factory will be completed in two phases with a view to ultimately increase our production capacity by one million E2Ws per year. We plan to commence

the first phase of construction of the Factory 3.0 in March 2025 and plan to commence production at the Factory 3.0 in phases, starting in May 2026. The first phase of construction is expected to be completed by March 2027, following which, it will provide an additional installed production capacity of 0.5 million E2Ws per year. Upon completion of construction for both phases, our total installed capacity from the Hosur Factory and Factory 3.0 is expected to reach a total of 1.42 million E2Ws per year.

At the Factory 3.0, we plan to integrate additional automation technologies and manufacturing lines for selected manufacturing processes that we currently outsource to third-party OEM manufacturers, in order to achieve greater cost efficiencies in our production process and enhance our control over the integrity and quality of our products. These processes have been selected to help with mitigation of supply chain risks, flexibility to address market demands and ensure better control over product quality. We have identified certain manufacturing processes that we currently outsource to third-party manufacturers, which we intend to execute in-house. This approach will provide us with greater agility in responding to changes in customer demand and greater resilience to supply disruptions.

### ***Our Supply Chain***

While we design key components of our EVs and some of our accessories in-house, we strategically focus on manufacturing IP-sensitive components in-house and outsource the manufacturing of other components to renowned vendors. We have direct arrangements with large OEMs to procure components such as lithium-ion cells and semiconductors, which require a high upfront capital investment, to optimise our own capital expenditures and maintain flexibility in the face of the fast-evolving technology landscape. We similarly outsource the manufacture of our in-house designed chassis, BMS, VCU, motor controller, signal harness and fast charger, to third-party manufacturers or vendors. Our direct arrangements with our suppliers enable us to bypass intermediaries and partner with suppliers who meet our quality criteria to procure supplies.

We maintain a localised and diversified supplier base which enhances our supply chain resilience. As at March 31, 2024, March 31, 2023, and March 31, 2022, we had 230 suppliers, 160 suppliers and 123 suppliers, respectively. Aside from lithium-ion cells, semi-conductor chips and belts, all our key components were locally sourced. We strive to maintain relationships with multiple suppliers for a single component, and multi-source components comprised 63%, 65% and 28% of the BOM value of our Ather 450X 2.9 kWh in Fiscal Years 2024, 2023 and 2022, respectively. 99% of our E2W components by BOM value, other than lithium-ion cells, are sourced domestically. The largely localised nature of our supply enables us to procure supplies at lower costs given the reduction of transportation costs. The proximity to our suppliers also reduces lead times, facilitates just-in time inventory management and minimises our inventory costs.

We evaluate and select our suppliers with a view to maintaining the consistent quality of our products, optimising our cost structure and managing potential supply chain risks. We have developed internal processes for risk assessment, which measure the performance of our suppliers across multiple parameters and ensure we mitigate risks in our supply chain. We place an emphasis on the digitisation of our supply chain to enable robust governance.

As part of our internal Environmental, Health, Safety and Social (“**EHSS**”) Policy, we place a strong emphasis on engaging suppliers and contractors who demonstrate a commitment towards ESG principles. We have commenced a process for measuring our suppliers’ emission to better understand our overall environmental footprint. See “—*Environmental, Social and Governance*” on page 271.

### ***Our Distribution and Service Network***

Our distribution and servicing network comprises experience centres and service centres spread across India and in Nepal, which are primarily operated by our retail partners in India and through our authorised distributor in Nepal. This distribution model enables us to leverage the expertise of third-party dealers and service providers to further enhance the user experience.

We opened our first experience centre outside of India, in Kathmandu, Nepal, in November 2023. Nepal's strong dependence on India for their 2W imports and its high electrification target of 90% EV penetration in all private passenger vehicle sales (including 2Ws) by 2030, according to the CRISIL Report, drove our decision to enter into the Nepalese market. In August 2024, we announced plans to enter into Sri Lanka.



### *Our Experience Centres*

In India, we had a network of 208 experience centres spanning 154 cities as at March 31, 2024. In addition, we had three experience centres in Nepal, as at March 31, 2024. We have designed our experience centres to offer customers a thorough understanding of our products and technology.

We offer three formats of experience centres, all referred to as the “Ather Space”:

- Format 1 – our largest retail format is designed to offer a wide variety of products and services, which includes a showroom, service centre, and a dedicated area for sales of spare parts, accessories and merchandise.
- Format 2 – our medium-sized format offers a comprehensive suite of products and services in a more compact space.
- Format 3 – our smallest format providing space for potential customers to test ride our scooters.

Through this three-tier retail model, we are able to engage with more retail partners, increase our penetration across markets and better manage our costs. We engage in regular dialogues with our retail partners regarding our products and process improvements. We offer training to new staff at our retail partner’s experience centres to ensure a consistent and high quality customer service. When new repair procedures and products are introduced, we also conduct training sessions on a need basis. As at March 31, 2024, we have trained 3,589 sales agents at our retail partners’ experience centres.

### *Our Flagship Ather Experience Centre*



### *Our Service Centres*

We had a network of 191 service centres spanning 154 cities in India as at March 31, 2024. In addition, we had one service centre in Nepal, as at March 31, 2024. Our service centres are operated by our retail partners in India and through our authorised distributor in Nepal. We adopt a data-centric approach in determining where to locate service centres, such as measuring the density of our customers in one given area before committing to set-up a

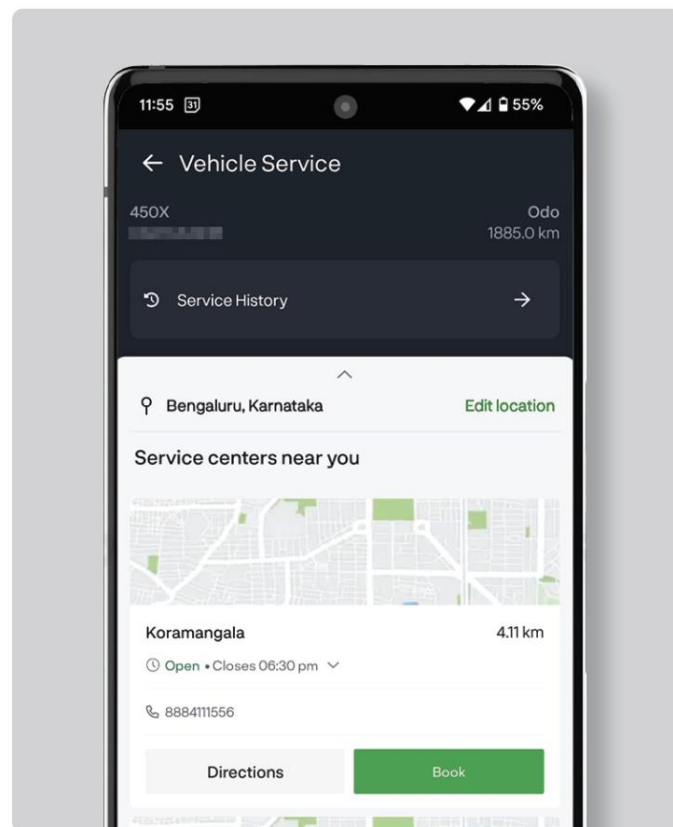
service centre. All our service centres exclusively service our E2Ws. We train our retail partners' technicians on our scooters and their underlying technology.

Our service centres are monitored by our field teams. Area vehicle service managers and zonal vehicle service managers regularly interact with service centre teams and frequently conduct site visits. During their visits, our field teams make observations and provide feedback to our retail partner management. Our team also conducts detailed quarterly audits and reviews our retail partners' monthly self audits to ensure the consistency of our service quality.

In January 2024, we rolled out ExpressCare, a quick service option whereby customers can have their scooters serviced within a maximum turnaround time of one hour. Customers will pay an additional premium on top of standard service fees ranging from ₹125 to ₹150, based on the location of the service centre. Two specially trained technicians are posted at each bay to ensure fulfilment of the time commitment. As at March 31, 2024, we had 43 ExpressCare locations set up across 21 cities in India.

Our focus on technology enables us to offer a digitally enabled vehicle servicing experience to our customers. Our customers are able to book service appointments, track the service history and service status of their E2Ws and receive service invoices through the Ather app.

*Booking a service appointment*



*Our Service Centre*



### ***Information Systems***

We utilise our information systems to manage data related to engineering, manufacturing, sales and after sales services. Our information systems leverage a combination of tools such as Teamcenter by Siemens Industries Software (India) Pvt Ltd and internally built tools to enable the flow of information across the organisation. Our information systems comprise our website, lead management system, DMS, customer relationship management system, inventory management system, manufacturing supplier operations, MES, internal reporting systems, PLMS and other systems that enable communication between the various modules. Our internally designed tools look to build innovative products based on the latest technology trends such as generative artificial intelligence, industrial internet of things and edge computing.

### **Marketing**

We are invested in more than just creating an EV ecosystem but also building a community of current and future Ather customers and EV enthusiasts around the “Ather” brand to promote EV adoption. Our customers are able to experience and test drive our E2Ws at our experience centres, and our extensive charging infrastructure also serves to promote our brand. We incurred ₹1,071 million, ₹2,259 million and ₹539 million on advertisement and marketing expenses (inclusive of taxes) in Fiscal Years 2024, 2023 and 2022, respectively.

We strategically invest in marketing campaigns, brand building initiatives and product campaigns. We have adopted a two-phase marketing strategy. As part of Phase 1, we organised community outreaches, beta test drives and influencer marketing and undertook other public relations initiatives. For example, we launched the ‘Break Through’ campaign in 2020, our first integrated brand campaign during the India-Australia T-20 cricket series and focused on re-iterating our identity as a ‘Made in India’ company established to transform India’s EV industry. The ‘Break Through’ campaign was broadcasted through multiple channels including social media, over-the-top media service, print and television.

# Don't keep evolution waiting. Break Through.

Engineered to be the quickest, designed to be the smartest, and all set to keep you ahead of the curve. We're officially ending your wait for a game-changer.



## Introducing the all electric Ather 450X.

India's quietest scooter.  
Go from 0 to 40 km/h in 3.3 seconds.  
7-inch touchscreen dashboard.  
On-board Google Maps™ navigation.  
Bluetooth® & 4G connectivity.  
Music & call control.  
Range: 100 km on a single charge.  
Fast Charging: Up to 18 km in 10 min.\*



Ather Space Experience Center: 55, 100 Feet Road,  
Sector 50, Gurgaon, Haryana - 122002.  
Contact us: +91 98760 05855

Book a test ride & experience the Ather 450X  
[www.atherbiking.com](http://www.atherbiking.com)

\*Specifications, pricing and product availability are subject to change without notice. Google and the Google logo are registered trademarks of Google LLC. Pictures and illustrations are for reference only. Actual colors may vary. \*Based on acceleration from 0 to 40 km/h in the 0-20 km/h electric scooter category based on internal tests. Performance factors such as range, charging speed, etc., are based on internal tests and are obtained under ideal conditions. Actual numbers may vary.

Phase 2 of our marketing strategy commenced in 2022 with the ramp-up of our marketing campaigns. We invested ₹386 million (exclusive of tax) over two Fiscal Years leveraging sporting events and teams, procured influencer endorsements and released creative advertisements. Our promotional campaign enabled us to gain close to 17 hours and 15 hours of brand exposure during the Fiscal Years in 2023 and 2022, respectively. Our advertisement campaigns during Fiscal Year 2023 garnered 487 million total views from 17 million viewers across all media platforms. In 2023, we introduced our ‘Quick. Quicker. Ather.’ campaign to differentiate our E2Ws from that of our competitors’ and to highlight the launch of our Ather 450S model at a starting price of ₹129,999.

We host our Ather Community Day event that gathers Ather owners from across India and provides an opportunity for us to strengthen our relationships with them and update them on new products. At our Ather Community Day event in 2024 event, 20,343 customers joined the livestream and 2,281 customers attended in-person. From time to time, we offer promotions on our products to our customers. For instance, at our 2024 Ather Community Day, we offered attendees a discount on our new smart Halo helmet, from the introductory price of ₹12,999 to ₹6,499. We host open houses for current customers, potential customers and EV enthusiasts to gather in a close setting and take them through the Ather product journey. We host Wheee camps, featuring one-day intensive training to teach users how to ride their scooters better. In addition, we established the Ather Vantage community, whereby we collaborate with university students to host tech competitions and knowledge-sharing sessions to share our knowledge and experience from building our E2Ws from the ground up.

We also seek to attract corporate customers through the Ather Corporate Program which offers companies that want to help promote the adoption of electric mobility to collaborate with us directly. Ather supports these organisations through offers and assistance in setting up charging infrastructures.

In 2023, we were awarded the “2023 PR and Communications Team of the Year (Bike)” and “2023 Best Creative Film (Bike)” by Acko Drive Awards for our battery advertisement. In 2022, our marketing campaign was awarded the ‘Best Creative Film of the Year’ by Car and Bike Awards.

## Redressal of Customer Concerns and Complaints

Our customers can contact us regarding any questions, issues or complaints they may have with respect to pre-sales, sales, post-sales, vehicle servicing, charging infrastructure, accessories and merchandise through various

customer support channels, including through our call centre, emails, Ather app, WhatsApp, social media, Ather community forum, and website at <https://www.atherenergy.com/contact/write-to-us>.

The lodged query, request or complaint will be tagged with a unique Case ID and attended to by a dedicated member of our customer service team. Our responsiveness is tracked and measured through internal service level criteria agreement for calls and tickets, whilst the quality of our response is audited in accordance with our standard operating procedures. These metrics are available to both internal teams and relevant external parties such as our retail partners and other service providers on a regular basis.

## **OTHER BUSINESS DESCRIPTION**

### **Environmental, Social and Governance**

We are focused on sustainable business practices that are good for the environment, the community, and the business.

We previously commissioned impact reports in 2020 and 2021 under the proprietary 4P framework which assessed our Company's impact across Product, Planet, People and Policy. In September 2024, we released another impact report in partnership with Aspire Impact, where we received a rating of Gold Leaf.

We have designed our Company's ethos around a thoughtful ESG strategy based on (i) instituting strong governance practices, (ii) mitigating the impact of the business of our operations on the environment, and (iii) investing in talent and community development. Our EHSS and corporate social responsibility ("CSR") policies reflect our commitment to our community and the environment, whilst our governance policies such as whistleblower, anti-bribery and anti-corruption policies reflect our principles of transparency, accountability and integrity.

#### ***Governance Practices***

##### *Governance*

Our Company adopts a robust approach to corporate governance in order to create long-term stakeholder value for our promoters, shareholders, employees and community. Our board consists of nine directors, including three independent directors. We are led by Tarun Sanjay Mehta and Swapnil Babanlal Jain, and a tenured senior leadership team. The single-company structure ensures transparency and a simple governance structure. Our board consists of audit, risk, nomination and remuneration, initial public offering and stakeholder relations committees.

To oversee and facilitate the implementation of the ESG strategy, an ESG Committee has been constituted at the corporate level (operations level). The ESG Committee is headed by the Chief Operating Officer, assisted by the EHSS head. The ESG Committee's roles and responsibilities include overseeing the implementation of the Environmental & Social Management System, consistent application of the company's Environmental and Social (E&S) policies across each of its facilities, and monitoring follow-up on improvement actions; addressing any grievance arising about the company and its facilities with regard to concerns on E&S issues, setting appropriate strategic goals, as well as shorter term KPIs and associated targets related to ESG matters, making recommendations to the Board on all matters relating to ESG, including strategy.

##### *Policies*

We practice a zero-tolerance approach to bribery and corruption. The anti-bribery and anti-corruption policy provides a framework for ensuring compliance with legislations governing bribery and corruption. No gifts of any kind, that are offered by vendors, suppliers, customers, potential employees, potential vendors and suppliers, or any other individual or organisation, no matter the value or occasion, should be accepted by any employee, at any time, on or off the work premises, as per our no gifts policy.

The Anti-Fraud and Fraud Reporting Policy aids in prevention and detection of fraud in the company. Our Whistleblower Policy enables all stakeholders, including employees, suppliers, vendors and customers to report misconducts on a strictly confidential basis. Further, our code of ethics policy, which aligns with our values system, Think As A Species ("TAAS"), covers a range of matters including the handling of conflicts of interest, regulatory compliance issues and providing equal opportunities. Our code of ethics policy applies to all members of our

company, including contract associates, consultants, interns, workers and trainees. It also extends to our customers, value chain partners, financial stakeholders, governments of the countries we operate in, and the communities and environment in which we operate.

### ***Mitigating the impact of the business of our operations on the environment***

#### *Developing technologies*

According to the CRISIL Report, LFP is a less mineral intensive chemistry as the need for critical raw materials like lithium, nickel, cobalt and manganese is lower. Accordingly, it would help OEMs overcome the supply chain challenges rising from the supply shortage of critical raw materials. Additionally, LFP battery production has a lower environmental impact as compared to NMC batteries. We are exploring battery chemistries and motor technologies that do not contain any rare-earth magnets which will aid our supply chain to be more resilient and less carbon intense, while also avoiding the negative externalities associated with mining rare-earth minerals.

#### *Sustainable practices*

According to the CRISIL Report, an electric scooter for private use has about 38% lower greenhouse gas (“GHG”) emissions than a petrol scooter (~1.8 tCO<sub>2</sub>e). Similarly, transitioning private motorcycles to battery electric vehicles can lead to reductions of approximately 1.1 to 1.3 tCO<sub>2</sub>e, representing about 26% less GHG emissions compared to petrol motorcycles. Ather owners have collectively saved ₹6.9 billion in petrol costs and avoided 71 million tonnes of CO<sub>2</sub> emissions from September 2019 to March 2024. In Fiscal Year 2024, we observed an improvement in the utilisation of truck capacity since we began reducing outbound trip requirements for delivery of scooters pan India from 36 and 24 lot sizes to 40 lot size.

Our sustainable manufacturing initiatives include paper-based packaging, renewable energy, air pollution control and zero-sewage discharge. The 120 KLD sewage treatment plant installed in our Hosur Factory ensures zero-sewage discharge from our manufacturing operations and the wastewater from the sewage treatment plant is utilised for gardening.

We have adopted green packaging and reusable packaging such as water-based paper tapes, paper pouches, paper bubble wraps, shredded carton waste used as cushion/ fillers, Velcro straps, biodegradable packaging sheets, and recycled paper. We have adopted reusable containers/returnable containers like reusable pallet, reusable trays, foldable containers, reusable trolleys, to reduce consumption of fresh packaging materials and waste management cost. Supplier packaging waste has been reduced by 2.3 kg/vehicle from Fiscal Year 2022 to Fiscal Year 2024.

With a current system size of 200 kWh, 13% of our current manufacturing capacity energy needs, on average, were powered by solar panels installed on-site in our Hosur Factory in Fiscal Year 2024.

The implementation of ISO 14001 of environmental management system has led to optimisation of energy consumption through various energy-saving projects in Fiscal Years 2023 and 2024, such as optimisation of compressed air generation by reduction of working pressure from 6.7 to 5.5 Bar and provision of 10 cfm 2.2 kW new screw compressor instead of 37 kW 250 cfm compressor for the continuous operation of IQC lab.

In addition, we have installed the Retrofit Emission Control Device for all DG sets. This has allowed us to reduce air emission particles in the exhaust by 80%.

The installation of a regenerative dynamometer has helped to put electricity consumed in vehicle testing back to the internal grid.

We are compliant with legal requirements under the Environment Protection Act 1986, hazardous waste and other waste rules 2016, and battery waste management rules 2022. We have tie-ups with third-party vendors such as Lohum Cleantech Private Limited for battery end-of-life recycling.

### ***Investing in talent and community development***

#### *Our talent*

TAAS is our culture collective that serves as a building block for our thoughts, actions, and working ways. Under the umbrella of TAAS, we have five values whose wisdom we turn to in defining who we are, the way we work

and the way we aspire to conduct our business. To gauge how our employees live up to and experience TAAS and Ather in its truest sense, we conduct Culture Conversations every 18-20 months. These are open, spirited and inclusive conversations that are conducted as one-on-ones, dyads, triads, or group discussions, covering various cohorts. Since 2017, we have conducted four editions of Culture Conversations, covering 723 employees cumulatively.

Our employee benefits include one to six months of sabbatical leave once every two years, child adoption / surrogacy leave, miscarriage leave and leave to participate in volunteer work. Our medical insurance policy coverage extends to domestic partners as well.

We invest in our talent by providing opportunities for their learning and development as well. Learning Assistance benefits are made available to our employees under the Learning Assistance Policy for them to pursue deeper knowledge in their domain for enhanced contribution to current and future roles. We conduct compliance, technical, leadership and behavioural training programs to aid in the holistic development of our employees, across all our facilities. In our Hosur Factory, we have an advanced dojo setup to cover the entire scooter assembly process on the conveyor line, covering critical processes like robotics, hydraulics and pneumatics. In Fiscal Year 2024, our employees spent an average of 4.2 hours on behavioural and technical training. All new joiners also undergo a new employee orientation to help assimilate into the organisation, and gain context of their work.

Further, in 2021, we curated the Ather Step Up Program, a comprehensive learning journey and career development opportunity for our contract associates to re-join us as full-time employees. Upon completion of the Ather Step Up Program, we hired 18 associates for full-time positions in Fiscal Year 2024.

We have fostered a healthy, safe and inclusive work environment for our employees as demonstrated by the annualised retention rate of 82% as at March 31, 2024, and by *Marksmen Daily's* award as the *Most Preferred Workplace (Manufacturing Edition)* in 2024. The average percentage of female employees on a contract basis across our E2W and battery pack lines was 47% as at March 31, 2024. Our diversity, equity and inclusion efforts are carried out under the umbrella of Mosaic. We have conducted interventions such as an awareness session on PCOS and an art workshop by a differently-abled artist. We are an equal opportunities provider, and we aim to promote and safeguard the equality, fairness, dignity and social inclusion of persons with disabilities, HIV & AIDS and people identifying themselves as a part of the LGBTQIA+ community at Ather.

We are committed to creating a safe and conducive work environment that enables employees to work without fear of prejudice, gender bias and sexual harassment. We have constituted an internal committee as per the guidance of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. In 2023, we were awarded the Top 25 Safest Workplaces in India by kelpHR PoSH Awards. We had two reported cases in Fiscal Year 2023, and one reported case in Fiscal Year 2024.

We have carried out health and safety initiatives such as annual health check up for employees at the factory; provided access to menstrual products in the restrooms and awareness session for women on menstrual hygiene management to emphasizing a period positive workplace; are observing recognised days to raise awareness such as Global Handwashing Day, World Cancer Day and World Oral Health Day; and providing access to an Occupational Health Centre at the Hosur Factory.

As part of risk mitigation processes for workplace safety, some of the initiatives that have been implemented across our facilities include machine guarding provision for implementation of engineering controls for the high risks identified through HIRA, GEMBA audits by team members and management team, safety audits, and electrical room. In Fiscal Year 2024, there were a total of 3,885 safety observations with a closure rate of 88%.

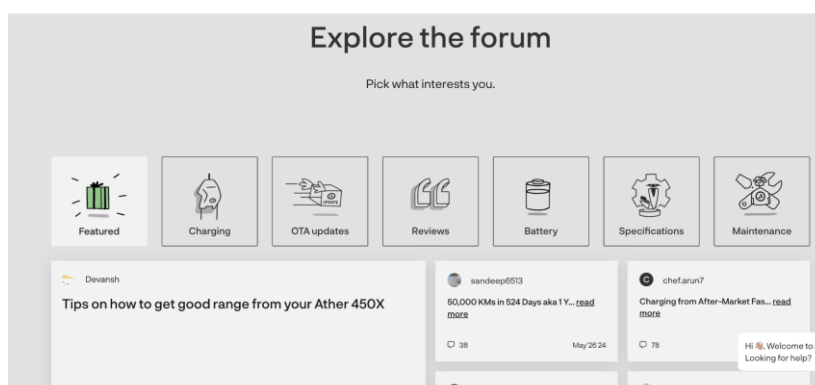
#### *The communities we operate in*

Our live location sharing feature addresses concerns for personal safety, particularly for women, whilst technologies such as traction control, Emergency Stop Signal and Fall Safe ensure that our customers avoid unnecessary accidents. Our Halo and Halo Bit smart helmets, coupled with onboard navigation on our scooters, discourage the use of phones while riding.

Guided by our CSR policy, we have engaged in various social activities such as supporting children from migrant families at the polio vaccination drive in March 2024, donating immediate food needs to families in the cyclone Michaung flood response in December 2023 and raising awareness on the effect of single-use plastics and

distribution of reusable cloth bags to children in June 2023. We have also implemented a safety directive system with our retail partners for new facilities to ensure that the safety and compliance standards are in place.

The Ather Community forum was launched in 2018 and had 1,465 members at the end of 2018. This community has grown to 233,356 members as at August 31, 2024. The forum offers a space for Ather owners and EV enthusiasts to learn more about EVs, engage in dialogue about the technology, and explore how to use their Ather scooters better.



We strive to engage with our community to educate them about the EV space and its possibilities, as well as to listen to what our owners want, and what the audience looks for in an EV. Some of our initiatives towards this end include open houses (intimate, closed-door catch-ups with the owners, future owners, and EV enthusiasts community to make them a part of the product journey), Ather Community Day, Wheee camps, and PluggedIn. Through the Ather Vantage community, we collaborate with university students and other communities on tech competitions and open knowledge-sharing sessions on aspects of building an electric ecosystem.

### *Use of Resources and Supply Chain*

As a part of our supplier risk assessment, we have an EHSS checklist based on which we evaluate the suppliers. These parameters include, among others, their emissions, treatment plants and working conditions. We work with suppliers for process improvement and non-compliance resolution, if any should arise. We have also piloted a GHG accounting activity with certain of our suppliers to evaluate Ather’s scope 3 emissions, which will enable us to understand the environmental footprint of our value chain. We also have a supplier code of conduct where EHSS guidelines are included and are given to our suppliers as a guideline for being an Ather Partner.

### **Legal Proceedings**

We are party to various legal proceedings which arise primarily in the ordinary course of our operations. We are also involved in certain tax disputes. For details relating to legal and tax proceedings involving us, our Directors, and our Promoters, see “*Outstanding Litigation and Other Material Developments*” on page 431. See “*Risk Factors*” — *There are outstanding legal proceedings against our Company, Promoters as well as certain of our Directors. Any adverse decision in such proceedings may render us/them liable to liabilities/penalties and may adversely affect our business, cash flows and reputation.*” on page 64.

### **Awards and Recognition**

We have received multiple awards recognising our EV design and manufacturing, operations, corporate responsibility and contributions towards sustainability. See “*History — Awards, accreditations and recognition*” on page 290.

### **Intellectual Property**

We rely on a combination of patents, patent applications, trade secrets, including know-how and employee and third-party nondisclosure agreements, trademarks, intellectual property licenses and other contractual rights to protect our technology and intellectual property.

**Patents:** Globally, we had 45 registered patents and 210 pending patent applications, as at August 31, 2024.



We have filed patents across all areas of our technology platform, namely: (i) battery, (ii) powertrain, (iii) electronics, (iv) chassis, and (v) software. The table below presents the percentage of patents filed for each technology platform area as at August 31, 2024.

Platform Area	Percentage of patents
Software	26%
Electronics	25%
Chassis	20%
Battery	17%
Powertrain	8%
Others	4%
<b>Total</b>	<b>100%</b>

**Design:** Globally, we had 199 registered designs and 11 pending design applications, as at August 31, 2024.

**Trademarks:** Globally, we had 291 registered trademarks and 93 pending trademark applications, as at August 31, 2024.

### Data Security and Protection

Given the level of intelligence of and the inter-connectivity between our E2Ws, the Ather app, the Ather Grid app, and the Atherstack, and the customer data collected therefrom, we place a strong emphasis on data security and protection. We have implemented procedures to regulate our employees' actions in relation to user data in order to protect user privacy and data security. We have also adopted a strict access control mechanism to protect user privacy while meeting business requirements. In addition, we employ a variety of technical solutions to prevent and detect risks in user privacy and data security, such as encryption and log audit. Our internal information security teams examine and test our data security system to ensure that any vulnerability identified is fixed. We are in the process of implementing our data protection policy in compliance with the Digital Personal Data Protection Act, 2023 enacted on August 11, 2023.

### Employees

As at March 31, 2024, we had a total of 2,454 employees, comprising 1,458 on-roll employees (including 32 consultants, trainees and interns) and 996 off-roll employees. All of our permanent employees are based in India.

The following table sets forth the number of on-roll and off-roll employees by function as at March 31, 2024.

Function	Number of On-roll Employees	Percentage	Number of Off-roll Employees	Percentage
Manufacturing operations and supply chain management	172	12%	739	74%
R&D <sup>(1)</sup>	701	48%	105	11%
Sales, service and fulfilment	323	22%	35	3%
Support functions	262	18%	117	12%
<b>Total</b>	<b>1,458</b>	<b>100%</b>	<b>996</b>	<b>100%</b>

Note:

(1) R&D functions include design, engineering, product ownership and product management.

None of our employees are currently represented by labour unions or are covered by a collective bargaining agreement with respect to their employment. To date, we have not experienced any work stoppages. We enter into standard labour contracts with our employees with a standard confidentiality clause. We believe in investing in internal talent development and progression.

### Property and Facilities

Our Corporate Office is located on leased premise at 13<sup>th</sup> Floor, Tower D, IBC Knowledge Park, #4/1 Bannerghatta Main Road, Bengaluru 560 029, Karnataka, India. Our Registered Office is located on leased premise at 3<sup>rd</sup> Floor, Tower D, IBC Knowledge Park, #4/1 Bannerghatta Main Road, Bangalore 560 029, Karnataka, India. Our Sales and Marketing Office is located on leased premise at 8<sup>th</sup> Floor, Tower D, IBC Knowledge Park, #4/1 Bannerghatta Main Road, Bangalore 560 029, Karnataka, India. Our Hosur Factory, the Product Validation Labs, zonal offices and Factory 3.0, as well as our self-operated experience centres are located

on leased properties or licenced under service agreements in India. The term of our lease agreements ranges from two years to 95 years for our various facilities. We are required to pay security deposits, specified monthly rentals and maintenance charges for the duration of the relevant agreement, subject to periodic escalations at agreed rates, and electricity, water and telephone charges with applicable taxes, in accordance with the terms of our lease deeds.

## **Insurance**

We maintain various insurance policies to safeguard against risks and unexpected events. We maintain property insurance (inclusive of fire and special perils and burglary insurance), electronic equipment insurance, machinery breakdown insurance, portable electronics equipment insurance, money insurance, marine insurance, commercial general liability insurance, directors' and officers' liability insurance, cyber security insurance and crime insurance. In addition, we have obtained an insurance policy to underwrite our liabilities for the two-year extended warranty periods under the Ather Battery Protect Program. These policies are renewed from time to time. Our insurance policies may not be sufficient to cover our economic loss. See "***Risk Factors— Our insurance policies may not be sufficient to protect us from all business risks, and if our insurance coverage is inadequate, it may have an adverse effect on our business, financial condition and results of operations.***" on page 70.

## KEY REGULATIONS AND POLICIES IN INDIA

*Given below is an indicative summary of certain sector specific and relevant laws and regulations in India, which are applicable to the business and operations of our Company. The information available in this section has been obtained from sources available in the public domain and is based on the current provisions of Indian law and the judicial, regulatory and administrative interpretations thereof, which are subject to change or modification by subsequent legislative actions, regulatory, administrative, quasi-judicial, or judicial decisions. The description of laws and regulations set out below may not be exhaustive and is only intended to provide general information to the investors and is neither designed nor intended to substitute for professional legal advice.*

### **Industry specific laws**

#### ***The Electricity Act, 2003 (“Electricity Act”)***

The Electricity Act provides for, *inter alia*, generation, transmission, distribution, trading and use of electricity and generally for taking measures conducive to development of the electricity industry. Under the Electricity Act, the transmission, distribution, and trade of electricity are regulated activities which require licenses from the Central Electricity Regulatory Commission (“CERC”), the State Electricity Regulatory Commissions (“SERCs”) or a joint commission (constituted by an agreement entered into between two or more State Governments or the Central Government in relation to one or more State Governments, as the case may be). The Central Electricity Authority in consultation with the state governments, is also empowered to specify suitable measures for safety and electricity supply such as protecting the public from dangers arising from the generation, transmission or distribution of electricity and prohibiting the supply or transmission of electricity except by means of a system which conforms to the specifications, as may be specified.

The Electricity Act also promotes captive generation of electricity and authorizes a person for construction, maintenance or operation of a captive generating plant and dedicated transmission lines, without the requirement of obtaining a license under the Electricity Act.

#### ***Central Electricity Authority (Measures relating to Safety and Electric Supply) Regulations, 2023 (“CEA Regulations”)***

The CEA Regulations are applicable to electrical installation including electrical plant and electric line, and the person engaged in the generation or transmission or distribution or trading or supply or use of electricity. It lays down regulations for safety requirements for electric supply lines and accessories, such as meters, switchgears, switches and cables. All material and apparatus used in the construction, installation, protection, operation and maintenance of electric supply lines and apparatus are required to conform to the relevant standards as provided under the CEA Regulations. Pursuant to the CEA Regulations, all electric supply lines and apparatus are required to have sufficient rating for power, insulation, and estimated fault current and of sufficient mechanical strength, for the duty cycle which they may be required to perform under the environmental conditions of installation and shall be constructed, installed, protected, worked and maintained in such a manner as to ensure safety of human beings, animal and property. The supplier is also required to provide a suitable switchgear in each conductor of every service line other than an earthed or earthed neutral conductor or the earthed external conductor of a concentric cable within a consumer’s premises, in an accessible position and such switchgear is required to be adequately enclosed in a fireproof receptacle. Pursuant to the CEA Regulations, all electric vehicle charging stations are required to conform to additional safety requirements, including providing general safety requirements, incorporating fire retardant material for the enclosures of electric vehicle supply equipment and maintenance of records of design, construction and labelling, including records of the relevant test certificates of the charging station.

#### ***The Industries (Development and Regulation) Act, 1951 (“D&R Act”)***

The D&R Act provides for the development and regulation of specified industrial undertakings. An industrial undertaking, which is exempt from licensing under the D&R Act, is required to file an Industrial Entrepreneurs Memorandum with the Secretariat for Industrial Assistance, Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India.

### ***Motor Vehicles Act, 1988 and the Central Motor Vehicle Rules, 1989***

The Motor Vehicles Act, 1988, and the Central Motor Vehicle Rules, 1989 framed thereunder provide for quality, safety, and performance standards in relation to any part, component, or assembly to be used in the manufacture of automobiles. In 2019, by way of an amendment, the Central Government has introduced a mandatory recall provision for automobiles if any defects were found in the vehicle or a component of the vehicle, which were harmful to the environment, driver or occupant or other road users or which contains defects which are reported to the Central Government. Further, if a manufacturer notices a defect in a motor vehicle manufactured by them, they may be required on certain conditions, to inform the Central Government of the defect and if necessary, initiate recall proceedings. The Central Government may direct a manufacturer to recall motor vehicles of a particular type or its variants if the defect in that particular type of motor vehicle has been reported to the Central Government by: (i) such percentage of owners; or (ii) a testing agency; or (iii) any other source.

### ***Legal Metrology Act, 2009 (“LM Act”) and the Legal Metrology (Packaged Commodities) Rules, 2011 (“Packaged Commodity Rules”)***

The LM Act seeks to establish and enforce standards of weights and measures, regulate trade and commerce in weights, measures and other goods which are sold or distributed by weight, measure or number. The LM Act requires all units of weights and measures used by an entity to be in accordance with the metric system based on the international system of units only. Any non-compliance or violation under the LM Act may result in, *inter alia*, a monetary penalty on the manufacturer or seizure of goods or imprisonment in certain cases.

The Packaged Commodities Rules framed under the LM Act enlists specific provisions applicable to packages intended for retail sale, wholesale packages and for export and import of packaged commodities and also provides for registration of manufacturers and packers. The Packaged Commodity Rules also provides specific provisions for e-commerce transactions.

### ***Bureau of Indian Standards Act, 2016 (the “BIS Act”)***

The BIS Act provides for the establishment of the Bureau of Indian Standards (“**BIS**”) as the national standards body for the standardization, conformity assessment and quality assurance of goods. The functions of the BIS include, *inter alia*, (a) establishing, publishing, reviewing and promoting the Indian standard, in relation to any goods, article, process, system or service (b) adopting as an Indian standard, any standard established for any article or process by any other institution in India or elsewhere; (c) establishing a standard mark in relation to each of its conformity assessment schemes, which shall be of such design and contain such particulars as may be specified by regulations to represent a particular standard (“**Standard Mark**”); and (d) appointing certification officers for inspecting whether any goods, article, process, system or service in relation to which the Standard Mark has been used conforms to the relevant standard.

### ***Consumer Protection Act, 2019 (“Consumer Protection Act”) and the rules made thereunder***

The Consumer Protection Act provides for timely and effective administration and settlement of consumer disputes. It seeks, *inter alia* to promote and protect the interests of consumers against deficiencies and defects in goods or services and secure the rights of a consumer against unfair trade practices, which may be practiced by manufacturers, service providers and traders. The definition of “consumer” has been expanded under the Consumer Protection Act to include persons who buy goods or avail services by offline or online transactions through electronic means or by tele-shopping or direct-selling or multi-level marketing. It provides for the establishment of consumer disputes redressal commissions for the purposes of redressal of consumer grievances. In cases of misleading and false advertisements, a manufacturer or service provider who causes a false or misleading advertisement to be made which is prejudicial to the interest of consumers can be punished with imprisonment for a term up to two years and with a fine of up to ten lakh rupees.

### ***The Information Technology Act, 2000 (the “IT Act”) and the Information Technology (Reasonable Security Practices and Procedures and Sensitive Personal Data or Information) Rules, 2011 (“IT Security Rules”)***

The IT Act aims to provide legal recognition to transactions carried out by various means of electronic data interchange and other means of electronic communication and facilitate electronic filing of documents. The IT Act creates a constructive mechanism for the authentication of electronic documentation through digital signatures. The IT Act makes electronic commerce seamless by recognizing contracts concluded through electronic means, protects intermediaries in respect of third-party information liability and creates liability for failure to protect such sensitive personal data.

The IT Security Rules enlists directions for the disclosure, collection and transfer of sensitive personal data by a body corporate or any person acting on behalf of a body corporate. The IT Security Rules require every such body corporate or person who on behalf of the body corporate receives, stores or handles information to provide a privacy policy for handling and dealing with personal information, including sensitive personal data, publishing such policy on its website. The IT Security Rules further require that all such personal data be used solely for the purposes for which it was collected and any third-party disclosure of such data is made with the prior consent of the information provider, unless contractually agreed upon between them or where such disclosure is mandated by law.

### ***The Digital Personal Data Protection Act, 2023 (“Data Protection Act”)***

The Data Protection Act received the assent of the President of India on August 11, 2023 and the provisions of the Data Protection Act shall come into effect on such date as the Central Government may notify in the official gazette. The Data Protection Act provides for collection and processing of digital personal data by persons, including companies. Further, companies collecting and dealing in high volumes of personal data are defined as significant data fiduciaries. These significant data fiduciaries will be required to fulfil certain additional obligations under the Data Protection Act including appointment of a data protection officer who will be the point of contact between such fiduciaries and individuals for grievance redressal. Further such significant data fiduciaries will also be required to appoint an independent data auditor who will evaluate their compliance with the Data Protection Act. The Central Government will also establish the Data Protection Board of India (the “DPB”), whose key functions include: (i) monitoring compliance and imposing penalties, (ii) directing data fiduciaries to take necessary measures in the event of a data breach, and (iii) hearing grievances made by data principals.

### **Government Plans and Policies**

#### ***Electric Mobility Promotion Scheme 2024 (“EMPS”) and Operational Guidelines for Electricity Mobility Promotion Scheme, 2024 (“Mobility guidelines”)***

The EMPS has been introduced by the Ministry of Heavy Industries, Government of India (“MHI”) to accelerate the adoption of electric vehicles (“EVs”) in India. This is a limited scheme with a total outlay of ₹7,780 million with two components: (a) subsidies in form of demand incentives; and (b) administration of EMPS including IEC (information, education and communication activities) and fee for project management agency for a period of six months from April 1, 2024 to September 30, 2024, for faster adoption of electric two-wheeler (“e-2W”) and three-wheeler (“e-3W”) to provide further impetus to the green mobility and development of EVs manufacturing ecosystem in India. The EMPS aims to support 372,215 EVs including 5,00,080 e-2W and 60,709 e-3W and encourage advance technologies. The benefits under the EMPS will be extended to EVs fitted with advanced battery. For the purpose of availing benefits under the EMPS, an original equipment manufacturer is required to register with the MHI and get its vehicle model certified from designated testing agencies, after which MHI will approve the incentives. The EMPS will be monitored and implemented by the Project Implementation and Sanctioning Committee.

#### ***National Electric Mobility Mission Plan 2020 (“NEMMP”)***

The NEMMP promotes adoption of electric vehicles and their manufacturing in India. The NEMMP was designed by the ministry of heavy industries (“MHI”) to enhance national fuel security, to provide affordable and environmentally friendly transportation and to enable the Indian automotive industry to achieve global manufacturing leadership. Further, under NEMMP, it is also proposed to develop infrastructure such as charging station for electric vehicles across India, offering incentives for electric vehicle adoption and fostering research and development in the electric vehicle sector. As part of the NEMMP, Faster Adoption and Manufacturing of (Hybrid &) Electric Vehicles in India Scheme was formulated in 2015 to promote the manufacturing of electric and hybrid vehicle technology.

#### ***The Charging Infrastructure for Electric Vehicles - the Revised Consolidated Guidelines & Standards dated January 14, 2022 (“EV Guidelines”)***

The EV Guidelines are framed to accelerate the E-mobility transition in India. The objectives of the EV Guidelines includes, inter-alia, (a) to enable faster adoption of electric vehicles in India by ensuring safe, reliable, accessible and affordable charging infrastructure and ecosystem, (b) to provide for affordable tariff chargeable from charging station operations/ owners and electric vehicles owners, (c) to proactively support creation of electric vehicles charging infrastructure, and (d) to promote preparedness of electrical distribution system to adopt electric vehicle

charging infrastructure. The EV Guidelines provide requirements for public charging infrastructure, requirements for location of public charging stations, and tariff for supply of electricity to electric vehicle public charging stations, and provision of land at promotional rates for public charging stations, etc.

### ***Guidelines on Recognition and Registration of In-house research and development units of Corporate Industries***

The Department of Scientific and Industrial Research (“**DSIR**”) is operating a scheme for granting recognition and registration to in-house research and development units established by corporate industry. The in-house research and development units applying for recognition to DSIR are expected to be engaged in innovative research and development activities related to the development of new technologies, design and engineering, process/product/design improvements, developing new methods of analysis and testing; research for increased efficiency in use of resources, such as, capital equipment, materials and energy; pollution control, effluent treatment & recycling of waste products or any other areas of research.

### ***The Automotive Mission Plan 2016-2026 (“AMP”) and the draft National Auto Policy 2018***

The Ministry of Heavy Industries, Government of India (“**MHI**”) released the AMP in September 2015, which aims of making the Indian automotive industry an integral part of the “Make in India” programme. It aims to position India as a global hub and amongst the top three nations in the world in engineering, manufacturing and export of automotive vehicles and components by the year 2026. The AMP encourages interventions in the form of incentives for the speedy development of an indigenous component design and manufacturing base for electric and hybrid vehicles industry, and planned establishment of adequate charging stations in both cities and rural areas. The draft National Auto Policy identifies opportunities and challenges for bringing about a shift in the auto industry from pure Internal Combustion Engine Technology to ‘Green Mobility’ technologies (such as Hybrid Vehicles, Battery Electric Vehicles, Fuel Cell Vehicles, Alternative-Fuel Vehicles) through the use of alternate fuels, drive-train technologies or other measures.

### ***Phased Manufacturing Programme dated May 6, 2019 (“PMP”)***

The PMP was notified with the objective of development of domestic manufacturing of electric vehicles, its assemblies/sub-assemblies and parts/sub-parts, thereby increasing the domestic values addition and creating employment opportunities. The PMP shall enable the manufactures in the sector to plan their investments for establishment of robust indigenous electric vehicles and related sub-assemblies components manufacturing base in India.

## **Environmental laws**

### ***Environment Protection Act, 1986 (the “EP Act”) and the Environment Protection Rules, 1986 (the “EP Rules”)***

The EP Act has been enacted with the objective of protection and improvement of the environment and for matters connected therewith. As per the EP Act, the Central Government has been given the power to take all such measures for the purpose of protecting and improving the quality of the environment and to prevent, control and abate environmental pollution. Further, the Central Government has been given the power to give directions in writing to any person or officer or any authority for any of the purposes of the EP Act, including the power to direct the closure, prohibition or regulation of any industry, operation, or process. The EP Rules prescribes the standards for emission or discharge of environmental pollutants from industries, operations, or processes, prohibitions and restrictions on the location of industries as well as prohibitions and restrictions on the handling of hazardous substances in different areas for the purpose of protecting and improving the quality of the environment and preventing and abating environmental pollution.

### ***Water (Prevention and Control of Pollution) Act, 1974 (the “Water Act”)***

The Water Act provides for the prevention and control of water pollution and the maintaining or restoring of wholesomeness of water, and the establishment of the Central Pollution Control Board, as well as state pollution control boards (“**State PCB**”), to implement its provisions, including to lay down standards of treatment of sewage and trade effluents. The Water Act prohibits the use of any stream or well for the disposal of polluting matter, in violation of the standards set down by the State PCB. The Water Act also provides that the consent of the State PCB must be obtained prior to establishing any industry, operation or process, or opening of any new outlets, which are likely to discharge sewage effluent. The Water Act prescribes specific amounts of fine and terms of imprisonment for various contraventions.

### ***Air (Prevention and Control of Pollution) Act, 1981 (the “Air Act”)***

The Air Act provides for the prevention, control and abatement of air pollution. Under the Air Act, the State Government may, after consultation with the relevant state pollution control board declare, by notification in the Official Gazette, any area or areas within the state as air pollution control area or areas for the purposes of the Air Act. Pursuant to the provisions of the Air Act, any person establishing or operating any industrial plant within an air pollution control area, must obtain the consent of the relevant state pollution control board prior to establishing or operating such industrial plant. Further, no person operating any industrial plant in any air pollution control area shall discharge or permit or cause to be discharged the emission of any air pollutant in excess of the standards laid down by the state pollution control board. The Air Act prescribes specific amounts of fine and terms of imprisonment for various contraventions.

### ***Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016 (the “Hazardous Waste Rules”)***

The Hazardous Waste Rules regulate the management, treatment, storage and disposal of hazardous waste. Under the Hazardous Waste Rules, “hazardous waste” *inter alia* means any waste which by reason of characteristics such as physical, chemical, biological, reactive, toxic, flammable, explosive or corrosive, causes danger or is likely to cause danger to health or environment, whether alone or in contact with other wastes or substances. Every occupier of a facility generating hazardous waste must obtain authorization from the relevant state pollution control board. Further, the occupier (importer or exporter), or operator of a disposal facility is liable for damages caused to the environment or third party resulting from the improper handling and management and disposal of hazardous waste and shall be liable to pay any financial penalty that may be levied by the respective state pollution control board for violation of the Hazardous Waste Rules.

### ***Noise Pollution (Regulation and Control) Rules, 2000 (“Noise Pollution Rules”)***

The Noise Pollution Rules were enacted to regulate and control noise producing and generating sources with the objective of maintaining of ambient air quality standards in respect of noise in different areas/zones. Pursuant to the Noise Pollution Rules, different areas/zones shall be classified into industrial, commercial, residential or silence areas/zones, with each area having a permitted ambient air quality standard in respect of noise. The Noise Pollution Rules provide for penalties in case the noise levels in any area/zone exceed the permitted standards.

### ***Bio-Medical Waste Management Rules, 2016 (“BMW Rules”)***

The BMW Rules apply to all persons who generate, collect, receive, store, transport, treat, dispose or handle authorization under the BMW Rules for the generation of bio-medical waste to ensure that such waste is handled without any adverse effect to human health and the environment and to set up bio-medical waste treatment facilities as prescribed under the BMW Rules, including pre-treating laboratory and microbiological waste, and providing training to health care workers and others involved in handling bio-medical waste. We are also required to submit an annual report to the prescribed authority and maintain records related to the generation, collection, storage, transportation, treatment, disposal, and/ or any form of handling of biomedical waste in accordance with the BMW Rules and the guidelines issued thereunder. The prescribed authority may cancel, suspend or refuse to renew an authorization, if for reasons to be recorded in writing, the occupier/operator has failed to comply with any of the provisions of EP Act or BMW Rules

### ***E-Waste Management Rules, 2022 (“E-Waste Rules”)***

The E-Waste Rules apply to a manufacturer, producer, refurbisher, dismantler and recycler involved in the manufacture, sale, transfer, purchase, refurbishing, dismantling, recycling and processing of e-waste or electrical and electronic equipment specified in the E-Waste Rules, who are required to be registered on an online portal developed by the central pollution control board. The E-Waste Rules sets out, amongst others, the responsibilities of a manufacturer, producer, refurbisher or recycler, the procedure for storage of e-waste and the management of solar photo-voltaic modules, panels or cells.

### ***Plastic Waste Management Rules, 2016***

Under the Plastic Waste Management Rules, 2016, all institutional generators of plastic waste, are required to *inter alia*, segregate and store the waste generated by them in accordance with the Municipal Solid Waste (Management and Handling) Rules, 2000, as amended, and handover segregated wastes to authorized waste processing or disposal facilities or deposition centres, either on its own or through the authorized waste collection agency.

### ***The Battery Waste Management Rules, 2022 (“Battery Rules”)***

The Battery Rules are framed under the EPA and apply to every producer, dealer, consumer, entities involved in collection, segregation, transportation, refurbishment and recycling of waste batteries. The Battery Rules prescribe the functions of a producer, consumer, refurbisher, recycler and dealers of the batteries as well as lay down the action on violations and imposition of environmental compensation. The rules cover all types of batteries, viz. electric vehicle batteries, portable batteries, automotive batteries and industrial batteries. The Battery Rules function based on the concept of ‘extended producer responsibility’ (“EPR”), where the producers (including importers) of batteries are responsible for collection and recycling or refurbishment of waste batteries and use of recovered materials from wastes into new batteries. To meet the EPR obligations, producers may engage themselves or authorise any other entity for collection, recycling or refurbishment of waste batteries. Every person or an entity involved in manufacturing of batteries shall register with Central Pollution Control Board (“CPCB”) in accordance with the procedure provided in the Battery Rules.

### **Labour laws**

#### ***Factories Act, 1948***

The Factories Act, 1948, as amended (the “**Factories Act**”), defines a “factory” to cover any premises which employs or had employed 10 or more workers on any day of the preceding 12 months and in which a manufacturing process is carried on with the aid of power or any premises where at least 20 workers are or were employed on any day of the preceding 12 months, and where a manufacturing process is carried on without the aid of power. Each State Government has enacted rules in respect of the prior submission of plans and their approval for the establishment of factories and registration/licensing thereof. The Factories Act mandates the “occupier” of a factory to ensure the health, safety and welfare of all workers in the factory premises. Further, the “occupier” of a factory is also required to ensure (i) the safety and proper maintenance of the factory such that it does not pose health risks to persons in the factory premises; (ii) the safe use, handling, storage and transport of factory articles and substances; (iii) provision of adequate instruction, training and supervision to ensure workers’ health and safety; and (iv) cleanliness and safe working conditions in the factory premises. The Factories Act provides for imposition of fines and imprisonment of the manager and occupier of the factory in case of any contravention of the provisions of the Factories Act.

#### ***Contract Labour (Regulation and Abolition) Act, 1970 (“CLRA”)***

The CLRA regulates the employment of contract labour in certain establishments. The CLRA provides that the appropriate Government may, after consultation with the Central or State Advisory Boards (constituted under the CLRA), prohibit employment of contract labour in any process, operation or other work in any establishment.

#### ***Shops and establishments legislations***

Under the provisions of local shops and establishments legislations applicable in the states in India where our establishments are set up and business operations exist, such establishments are required to be registered. Such legislations regulate the working and employment conditions of the workers employed in shops and establishments, including commercial establishments, and provide for fixation of working hours, rest intervals, overtime, holidays, leave, termination of service, maintenance of records, maintenance of shops and establishments and other rights and obligations of the employers and employees. These shops and establishments’ acts, and the relevant rules framed thereunder, in each state, also prescribe penalties in the form of monetary fine or imprisonment for violation of provisions, as well as procedures for appeal in relation to such contravention of the provisions.

In addition to the Factories Act, the CLRA and the local shops and establishments legislations, the employment of workers, depending on the nature of activity, is regulated by a wide variety of generally applicable labour laws. The various other labour and employment-related legislations (and rules issued thereunder) that may apply to our operations, from the perspective of protecting the workers’ rights and specifying registration, reporting and other compliances, and the requirements that may apply to us as an employer, would include the following:

- Employee’s Compensation Act, 1923.
- Employees’ Provident Funds and Miscellaneous Provisions Act, 1952.
- Employees’ State Insurance Act, 1948.
- The Equal Remuneration Act, 1976.
- Maternity Benefit Act, 1961.



- Minimum Wages Act, 1948.
- Payment of Bonus Act, 1965.
- Payment of Gratuity Act, 1972.
- Payment of Wages Act, 1936.
- The Child and Adolescent Labour (Prohibition and Regulation) Act, 1986.
- The Labour Welfare Fund Act, 1965.
- Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
- The Employment Exchange (Compulsory Notification of Vacancies) Act, 1959.
- The Tamil Nadu Payment of Subsistence Allowance Act, 1981.
- The Tamil Nadu Panchayats Act, 1996.
- The Apprentices Act, 1961.
- The Trade Unions Act, 1926.
- The Industrial Disputes Act, 1947.
- The Right of Persons with Disabilities Act, 2016.
- The Apprentices Act, 1961.
- The Industrial Employment (Standing Orders) Act, 1946.
- The Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979.
- The Building and Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996.

In order to rationalize and reform labour laws in India, the Government of India has framed four labour codes, namely:

- (a) The Occupational Safety, Health and Working Conditions Code, 2020 received the assent of the President of India on September 28, 2020, and proposes to subsume certain existing legislations, including the Factories Act, 1948, the Contract Labour (Regulation and Abolition) Act, 1970, and the Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979. This code proposes to provide for, *among other things*, standards for health, safety and working conditions for employees of establishments, and will come into effect on a date to be notified by the Central Government.
- (b) The Industrial Relations Code, 2020 received the assent of the President of India on September 28, 2020, and proposes to subsume three existing legislations, namely, the Industrial Disputes Act, 1947 and the Industrial Employment (Standing Orders) Act, 1946. The Industrial Relations Code, 2020 will come into effect on a date to be notified by the Central Government.
- (c) The Code on Wages, 2019 received the assent of the President of India on August 8, 2019. Through its notification dated December 18, 2020, the Government of India brought into force certain sections of the Code on Wages, 2019. The remaining provisions of this code will be brought into force on a date to be notified by the Government of India. It proposes to subsume four separate legislations, namely, the Payment of Wages Act, 1936, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965 and the Equal Remuneration Act, 1976.
- (d) The Code on Social Security, 2020 received the assent of the President of India on September 28, 2020. Through its notification dated April 30, 2021, the Government of India brought into force Section 142 of the Code on Social Security, 2020. The remaining provisions of this code will be brought into force on a date to be notified by the Government of India. It proposes to subsume several separate legislations including the Employee's Compensation Act, 1923, the Employees' State Insurance Act, 1948, the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, the Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959, the Maternity Benefit Act, 1961, and the Payment of Gratuity Act, 1972.

## **Intellectual property laws**

### ***The Trade Marks Act, 1999 (the "Trademarks Act")***

The Trademarks Act governs the statutory protection of trademarks and prohibits any use of deceptively similar trademarks, among others. The purpose of the Trade Marks Act is to grant exclusive rights to marks such as a brand, label and heading, and to obtain relief in case of infringement of registered trademarks. Indian law permits the registration of trademarks for both goods and services. Once granted, a trademark registration is valid for 10 years unless cancelled, subsequent to which, it can be renewed. If not renewed, the mark is removed from the

register of trademarks and the registration is required to be restored.

### ***The Patents Act, 1970 (“Patents Act”)***

The Patents Act recognises both product and process patents and prescribes eligibility criteria for grant of patents, including the requirement that an invention must satisfy the requirements of novelty, utility and non-obviousness in order for it to avail patent protection. The term of a patent under the Patents Act is twenty years from the date of filing an application for the patent.

### ***The Copyright Act, 1957***

The Copyright Act, 1957, along with the Copyright Rules, 2013 (“**Copyright Laws**”) governs copyright protection in India. The Register of Copyrights under the Copyright Laws acts as prima facie evidence of the particulars entered therein and helps expedite infringement proceedings and reduce delay caused due to evidentiary considerations. The Copyright Laws prescribe a fine, imprisonment or both for violations, with enhanced penalty on second or subsequent convictions.

### ***Designs Act, 2000 (“DA”) and the Designs Rules, 2001 (“DR”)***

The DA regulates and protects the originality of an article’s design and prohibits the piracy of registered designs. The Central Government also drafted the DR under the authority of the DA for the purposes of specifying certain prescriptions regarding the practical aspects related to designs such as payment of fees, register for designs, classification of goods, address for service, restoration of designs, etc.

## **Foreign investment and trade regulations**

### ***Foreign investment regulations***

#### ***The Foreign Exchange Management Act, 1999 (“FEMA”) and regulations framed thereunder***

Foreign investment in India is governed primarily by the provisions of the FEMA, and the rules, regulations and notifications thereunder, as issued by the RBI from time to time and the consolidated FDI Policy, effective from October 15, 2020, issued by the DPIIT, and any modifications thereto or substitutions thereof, issued from time to time (the “**Consolidated FDI Policy**”). Under the current Consolidated FDI Policy, foreign investment in manufacturing sector is under automatic route.

#### ***Foreign Trade (Development and Regulation) Act, 1992 (the “FTA”)***

The FTA is the main legislation concerning foreign trade in India. The FTA, read along with the Foreign Trade (Regulation) Rules, 1993, provides for the development and regulation of foreign trade by facilitating imports into, and augmenting exports from, India and for matters connected therewith or incidental thereto. It authorizes the Central Government to formulate as well as announce the foreign trade policy and to keep amending the same on a timely basis. The Central Government has also been given a wide power to prohibit, restrict and regulate the exports and imports in general as well as specified cases of foreign trade. The FTA read with the Foreign Trade Policy, 2023, prohibits anybody from undertaking any import or export except under an importer exporter code (“**IEC**”) number granted by the Director General of Foreign Trade. Hence, every entity in India engaged in any activity involving import/export is required to obtain an IEC unless specifically exempted from doing so. The IEC shall be valid until it is suspended or cancelled by the issuing authority. An IEC number allotted to an applicant is valid for all its branches, divisions, units and factories. Failure to obtain the IEC number shall attract penalty under the FTA.

Additionally, the Export Promotion Capital Goods Scheme (“**ECG Scheme**”) under chapter 5 of the FTA allows for import of certain capital goods for pre-production, production and post-production at zero customs duty

## **Tax laws**

In addition to the aforementioned material legislations which are applicable to our Company, some of the tax legislations that may be applicable to the operations of our Company include:

- The Income-tax Act 1961, the Income-tax Rules, 1962, as amended by the Finance Act in respective years;

- The Central Goods and Services Tax Act, 2017, the Central Goods and Services Tax Rules, 2017, and various state-wise legislations made thereunder;
- The Integrated Goods and Services Tax Act, 2017, and rules thereof;
- Professional tax-related state-wise legislations; and
- The Customs Act, 1962.

***Other Indian laws***

In addition to the above, we are also governed by the Indian Stamp Act, 1899, The Micro, Small, and Medium Enterprises Development, 2006. and Intellectual Property Rights (Imported Goods) Enforcement Rules, 2007.

## HISTORY AND CERTAIN CORPORATE MATTERS

### Brief history of our Company

Our Company was originally incorporated as “Ather Energy Private Limited” as a private limited company under the provisions of the Companies Act, 1956, pursuant to a certificate of incorporation dated October 21, 2013 issued by the Registrar of Companies, Tamil Nadu, Chennai, Andaman and Nicobar Islands. Pursuant to a change in the registered office of our Company, a certificate of registration dated May 31, 2016, was issued by the Registrar of Companies, Karnataka at Bangalore. Upon the conversion of our Company into a public limited company, pursuant to a Board resolution dated June 18, 2024 and a shareholders’ resolution dated June 21, 2024, the name of our Company was changed to “Ather Energy Limited”, and a fresh certificate of incorporation dated August 27, 2024 was issued by the Registrar of Companies, Central Processing Centre.

### Changes in the registered office of our Company

Except as disclosed below, there has been no change in the registered office of our Company since its incorporation.

Date of change	Details of change in the registered office	Reasons for change
March 17, 2016	The registered office of our Company was shifted from No. 5, Venkatrathnam Nagar Extension, 2 <sup>nd</sup> Street, Adyar, Chennai 600 020, Tamil Nadu, India to No 1 Victoria Road Extension, Victoria Layout 6 <sup>th</sup> Cross, Bengaluru 560 047, Karnataka, India.	For administrative convenience
September 25, 2017	The registered office of our Company was shifted from No 1 Victoria Road Extension, Victoria Layout 6 <sup>th</sup> Cross, Bengaluru 560 047, Karnataka, India to 3 <sup>rd</sup> Floor, Tower D, IBC Knowledge Park, #4/1 Bannerghatta Main Road, Bangalore 560 029, Karnataka, India.	For administrative convenience

### Main Objects of our Company

The main objects contained in the Memorandum of Association of our Company are as mentioned below:

- “To carry on the business of generating, accumulating, distributing, storing and supplying energy in all forms including energy in the form of batteries.*
- To engage in the business of purchasing, procuring, selling, importing, exporting and trading all forms of electric power including energy in the form of batteries and ancillary services on commercial basis, either individually or on joint venture basis.*
- To provide consultancy, expert services, advice, designs, drawings in relation to supervision and control of power in India and abroad and to undertake energy related projects.*
- To carry on the business in India and elsewhere in the world as developers, designers, makers, assemblers, manufacturers, producers, importers, exporters, traders, buyers, sellers, suppliers, indenters, agents, sub-agents, jobbers, brokers, repairers, cleaners, or otherwise deal in electrical automobiles as cars, lorries, vans, motor-cycles, motors, scooters, and other vehicles suitable for propulsion on land, sea, or in the air or in any combination thereof and vehicles of all description whether propelled or assisted by means of electrical power and components, accessories and all machinery, implements, utensils, appliances, apparatuses, lubricants, solutions, enamels and all things capable of being used for, in, or in connection with the manufacture, maintenance and working of motors or other vehicles and all other things associated with or incidental to the above business including construction of any track or surface scrapers, recyclers or processors of vehicle waste/e-waste.*

### Amendments to our Memorandum of Association in the last 10 years

Set out below are the amendments to our Memorandum of Association in the last 10 years, except as disclosed under “ - *Changes in the registered office of our Company*” above:

Date of Shareholder's resolution/ Effective date	Particulars
October 20, 2014	Clause V of the Memorandum of Association was amended to reflect the increase in the authorised share capital from ₹100,000 divided into 10,000 equity shares of ₹10 each to ₹1,105,000 divided into 10,526 equity shares of ₹10 each, 353 equity shares of ₹370 each and 2,349 cumulative compulsorily convertible preference shares of ₹370 each.
March 13, 2015	Sub-division of 10,526 equity shares of face value ₹10 each and 353 equity shares of ₹3,730 each into 105,260 Equity Shares of face value ₹1 each, 3,530 equity shares of ₹37 each and 23,490 cumulative compulsorily convertible preference shares of ₹37 each, and corresponding change to the Memorandum of Association. Clause V of the Memorandum of Association was amended to reflect the increase in the authorised share capital from ₹1,105,000 divided into 10,526 equity shares of ₹10 each, 353 equity shares of ₹370 each and 2,349 cumulative compulsorily convertible preference shares of ₹370 each to ₹1,179,832 divided into 105,360 Equity Shares of ₹1 each, 3,530 equity shares of ₹37 each, 23,490 cumulative compulsorily convertible preference shares of ₹37 each and 74,732 Series A preference shares of ₹1 each.
August 27, 2015	Clause V of the Memorandum of Association was amended to reflect the increase in the authorised share capital from ₹1,179,832 divided into 105,360 Equity Shares of ₹1 each, 3,530 equity shares of ₹37 each, 23,490 CCPS of ₹37 each and 74,732 Series A preference shares of ₹1 each to ₹1,191,630 divided into 117,158 Equity Shares of ₹1 each, 3,530 equity shares of ₹37 each, 23,490 CCPS of ₹37 each and 74,732 Series A preference shares of ₹1 each. Amendment to Clause III(A) of the Memorandum of Association to reflect change in the objects of the Company to include –  <i>“To carry on the business in India and elsewhere in the world as manufacturers, producers, importers, exporters, traders, buyers, sellers, suppliers, indenters, agents, sub-agents, jobbers, brokers, repairers, cleaners, or otherwise deal in electrical automobiles as cars, lorries, vans, motor-cycles, motors, scooters, and other vehicles suitable for propulsion on land, sea, or in the air or in any combination thereof and vehicles of all description whether propelled or assisted by means of electrical power and components, accessories and all machinery, implements, utensils, appliances, apparatuses, lubricants, solutions, enamels and all things capable of being used for, in, or in connection with the manufacture, maintenance and working of motors or other vehicles and other things or in the construction of any track or surface adapted for the use thereof.”</i>
December 6, 2016	Clause V of the Memorandum of Association was amended to reflect the increase in the authorised share capital from ₹1,191,630 divided into 117,158 equity shares of ₹1 each, 3,530 equity shares of ₹37 each, 23,490 CCPS of ₹37 each and 74,732 Series A CCPS of ₹1 each to ₹2,291,630 divided into 217,158 Equity Shares of ₹1 each, 3,530 equity shares of ₹37 each, 23,490 Series Seed CCPS of ₹37 each, 74,732 Series A CCPS of ₹1 each and 100,000 Series B CCPS of ₹10 each.
July 27, 2018	Clause V of the Memorandum of Association was amended to reflect the increase in the authorised share capital from ₹2,291,630 divided into 217,158 Equity Shares of ₹1 each, 3,530 equity shares of ₹37 each, 23,490 Series Seed CCPS of ₹37 each, 74,732 Series A CCPS of ₹1 each and 100,000 Series B CCPS of ₹10 each to ₹3,291,630 divided into 287,158 Equity Shares of ₹1 each, 3,530 equity shares of ₹37 each, 23,490 Series Seed CCPS of ₹37 each, 74,732 Series A CCPS of ₹1 each, 100,000 Series B CCPS of ₹10 each, 70,000 Series B1 CCPS of ₹10 each and 23,000 Series C CCPS of ₹10 each.
May 20, 2019	Clause V of the Memorandum of Association was amended to reflect the reclassification of ₹3,291,630 divided into 287,158 Equity Shares of ₹1 each, 3,530 equity shares of ₹37 each, 23,490 Series Seed CCPS of ₹37 each, 74,732 Series A CCPS of ₹1 each, 100,000 Series B CCPS of ₹10 each, 70,000 Series B1 CCPS of ₹10 each and 23,000 Series C CCPS of ₹10 each to ₹3,291,630 divided into 287,158 Equity Shares of ₹1 each, 3,530 equity shares of ₹37 each, 710 Series Seed - One CCPS of ₹37 each, 530 Series Seed - Two CCPS of ₹37 each, 350 Series Seed - Three CCPS of ₹37 each, 21,900 Series Seed - Four CCPS of ₹37 each, 74,732 Series A CCPS of ₹1 each, 100,000 Series B CCPS of ₹10 each, 29,437 Series B1 CCPS of ₹10 each and 63,563 Series C CCPS of ₹10 each.
July 21, 2020	Clause V of the Memorandum of Association was amended to reflect the reclassification of ₹3,291,630 divided into 287,158 Equity Shares of ₹1 each, 3,530 equity shares of ₹37 each, 710 Series Seed - One CCPS of ₹37 each, 530 Series Seed - Two CCPS of ₹37 each, 350 Series Seed - Three CCPS of ₹37 each, 21,900 Series Seed - Four CCPS of ₹37 each, 74,732 Series A CCPS of ₹1 each, 100,000 Series B CCPS of ₹10 each, 29,437 Series B1 CCPS of ₹10 each and 63,563 Series C CCPS of ₹10 each to ₹3,291,630 divided into 287,158 Equity Shares of ₹1 each, 3,530 equity shares of ₹37 each, 710 Series Seed - One CCPS of ₹37 each, 530 Series Seed - Two CCPS of ₹37 each, 350 Series Seed - Three CCPS of ₹37 each, 21,900 Series Seed - Four CCPS of ₹37 each, 74,732 Series A CCPS of ₹1 each, 99,826 Series B CCPS of ₹10

Date of Shareholder's resolution/ Effective date	Particulars
November 4, 2020	<p>each, 29,347 Series B1 CCPS of ₹10 each, 33,563 Series C CCPS of ₹ 10 each and 30,264 Series C1 CCPS shares of ₹10 each.</p> <p>Clause V of the Memorandum of Association was amended to reflect the increase in the authorised share capital from ₹ 3,291,630 divided into 287,158 Equity Shares of ₹ 1 each, 3,530 equity shares of ₹ 37 each, 710 Series Seed - One CCPS of ₹ 37 each, 530 Series Seed - Two CCPS of ₹ 37 each, 350 Series Seed - Three CCPS of ₹ 37 each, 21,900 Series Seed - Four CCPS of ₹ 37 each, 74,732 Series A CCPS of ₹ 1 each, 99,826 Series B CCPS of ₹10 each, 29,347 Series B1 CCPS of ₹10 each, 33,563 Series C CCPS of ₹ 10 each and 30,264 Series C1 CCPS of ₹10 each to ₹4,291,630 divided into 287,158 Equity Shares of ₹ 1 each, 3,530 Equity shares of ₹ 37 each, 710 Series Seed - One CCPS of ₹ 37 each, 530 Series Seed - Two CCPS of ₹ 37 each, 350 Series Seed Three CCPS of ₹ 37 each, 21,900 Series Seed - Four CCPS of ₹ 37 each, 74,732 Series A CCPS of ₹1 each, 99,826 Series B CCPS of ₹10 each, 29,347 Series B1 CCPS of ₹ 10 each, 33,563 Series C CCPS of ₹10 each, 30,264 Series C1 CCPS of ₹10 each and 100,000 Series D CCPS of ₹10 each.</p>
January 25, 2022	<p>Clause V of the Memorandum of Association was amended to reflect the increase in the authorised share capital from ₹4,291,630 divided into 287,158 Equity Shares of ₹ 1 each, 3,530 equity shares of ₹ 37 each, 710 Series Seed - One CCPS of ₹ 37 each, 530 Series Seed - Two CCPS of ₹ 37 each, 350 Series Seed - Three CCPS of ₹ 37 each, 21,900 Series Seed - Four CCPS of ₹ 37 each, 74,732 Series A CCPS of ₹1 each, 99,826 Series B CCPS of ₹10 each, 29,347 Series B1 CCPS of ₹ 10 each, 33,563 Series C CCPS of ₹10 each, 30,264 Series C1 CCPS of ₹10 each and 100,000 Series D CCPS of ₹10 each to ₹7,791,630 divided into 287,158 Equity Shares of ₹1 each, 3,530 equity shares of ₹ 37 each, 710 Series Seed - One CCPS of ₹ 37 each, 530 Series Seed - Two CCPS of ₹ 37 each, 350 Series Seed - Three CCPS of ₹ 37 each, 21,900 Series Seed - Four CCPS of ₹ 37 each, 74,732 Series A CCPS of ₹ 1 each, 99,826 Series B CCPS of ₹ 10 each, 29,347 Series B1 CCPS of ₹10 each, 33,563 Series C CCPS of ₹ 10 each, 30,264 Series C1 CCPS of ₹ 10 each and 350,000 Series E CCPS of ₹ 10 each.</p>
October 14, 2022	<p>Clause V of the Memorandum of Association was amended to reflect the reclassification of ₹7,791,630 divided into 287,158 Equity Shares of ₹1 each, 3,530 equity shares of ₹ 37 each, 710 Series Seed - One CCPS shares of ₹ 37 each, 530 Series Seed - Two CCPS of ₹ 37 each, 350 Series Seed - Three CCPS of ₹ 37 each, 21,900 Series Seed - Four CCPS of ₹ 37 each, 74,732 Series A CCPS of ₹ 1 each, 99,826 Series B CCPS of ₹ 10 each, 29,347 Series B1 CCPS of ₹10 each, 33,563 Series C CCPS of ₹ 10 each, 30,264 Series C1 CCPS of ₹ 10 each, 100,000 Series D CCPS of ₹ 10 each and 350,000 Series E CCPS of ₹ 10 each to ₹7,791,630 divided into 287,158 equity shares of ₹1 each, 3,530 equity shares of ₹ 37 each, 710 Series Seed - One CCPS of ₹ 37 each, 530 Series Seed - Two CCPS of ₹ 37 each, 350 Series Seed - Three CCPS of ₹ 37 each, 21,900 Series Seed - Four CCPS of ₹ 37 each, 74,732 Series A CCPS of ₹ 1 each, 99,826 Series B CCPS of ₹ 10 each, 29,347 Series B1 CCCPS of ₹10 each, 29,699 Series C CCPS of ₹10 each, 20,688 Series C1 CCPS of ₹ 10 each, 88,040 Series D CCPS of ₹10 each, 193,789 Series E CCPS shares of ₹10 each, 51,359 Series E1 CCPS of ₹ 10 each, and 130,252 CCPS of ₹ 10 each.</p>
August 7, 2023	<p>Clause V of the Memorandum of Association was amended to reflect the increase in the authorised share capital from ₹7,791,630 divided into 287,158 Equity Shares of ₹1 each, 3,530 equity shares of ₹ 37 each, 710 Series Seed - One CCPS of ₹ 37 each, 530 Series Seed - Two CCPS of ₹ 37 each, 350 Series Seed - Three CCPS of ₹ 37 each, 21,900 Series Seed - Four CCPS of ₹ 37 each, 74,732 Series A CCPS of ₹ 1 each, 99,826 Series B CCPS of ₹ 10 each, 29,347 Series B1 CCPS of ₹10 each, 29,699 Series C CCPS of ₹10 each, 20,688 Series C1 CCPS of ₹ 10 each, 88,040 Series D CCPS of ₹10 each, 193,789 Series E CCPS of ₹10 each, 51,359 Series E1 CCPS of ₹ 10 each, 229,120 Series E2 CCPS of ₹ 10 each, and 51,132 CCPS of ₹10 each.</p>
May 28, 2024	<p>Clause V of the Memorandum of Association was amended to reflect the increase in the authorised share capital from ₹ 9,291,630 divided into 287,158 Equity Shares of ₹ 1 each, 3,530 equity shares of ₹ 37 each, 710 Series Seed - One CCPS of ₹ 37 each, 530 Series Seed - Two CCPS of ₹ 37 each, 350 Series Seed - Three CCPS of ₹ 37 each, 21,900 Series Seed - Four CCPS of ₹ 37 each, 74,732 Series A CCPS of ₹ 1 each, 99,826 Series B CCPS of ₹ 10 each, 29,347 Series B1 CCPS of ₹10 each, 29,699 Series C CCPS of ₹ 10 each, 20,688 Series C1 CCPS of ₹ 10 each, 88,040 Series D CCPS of ₹ 10 each, 193,789 Series E CCPS of ₹ 10 each, 51,359 Series E1 CCPS of ₹ 10 each, 229,120 Series E2 CCPS of ₹ 10 each, and 51,132 CCPS</p>

Date of Shareholder's resolution/ Effective date	Particulars
	of ₹10 each to ₹ 9,365,778 divided into 287,158 Equity Shares of ₹ 1 each, 3,530 equity shares of ₹ 37 each, 710 Series Seed - One CCPS of ₹ 37 each, 530 Series Seed - Two CCPS of ₹ 37 each, 350 Series Seed - Three CCPS of ₹ 37 each, 21,900 Series Seed - Four CCPS of ₹ 37 each, 74,732 Series A CCPS of ₹ 1 each, 99,826 Series B CCPS of ₹ 10 each, 29,347 Series B1 CCPS of ₹10 each, 29,699 Series C CCPS of ₹ 10 each, 20,688 Series C1 CCPS of ₹ 10 each, 88,040 Series D CCPS of ₹ 10 each, 193,789 Series E CCPS of ₹ 10 each, 51,359 Series E1 CCPS of ₹ 10 each, 229,120 Series E2 CCPS of ₹ 10 each, 51,132 CCPS of ₹10 each and 74,148 Series F CCPS of ₹1 each.
June 21, 2024	<p>Clause I of the Memorandum of Association was amended to reflect the conversion of our Company from private limited company into public limited company and consequent change in the name of our Company from "Ather Energy Private Limited" to "Ather Energy Limited"</p> <p>Clause V of the Memorandum of Association was amended to reflect the increase in the authorised share capital from ₹ 9,365,778 divided into 287,158 Equity Shares of ₹ 1 each, 3,530 equity shares of ₹ 37 each, 710 Series Seed - One CCPS of ₹ 37 each, 530 Series Seed - Two CCPS of ₹ 37 each, 350 Series Seed - Three CCPS of ₹ 37 each, 21,900 Series Seed - Four CCPS of ₹ 37 each, 74,732 Series A CCPS of ₹ 1 each, 99,826 Series B CCPS of ₹ 10 each, 29,347 Series B1 CCPS of ₹10 each, 29,699 Series C CCPS of ₹ 10 each, 20,688 Series C1 CCPS of ₹ 10 each, 88,040 Series D CCPS of ₹ 10 each, 193,789 Series E CCPS of ₹ 10 each, 51,359 Series E1 CCPS of ₹ 10 each, 229,120 Series E2 CCPS of ₹ 10 each, 51,132 CCPS of ₹10 each and 74,148 Series F CCPS of ₹1 each to ₹ 500,000,000 divided into 299,869,390 Equity Shares of ₹ 1 each, 3,530 equity shares of ₹ 37 each, 710 Series Seed - One CCPS of ₹ 37 each, 530 Series Seed - Two CCPS of ₹ 37 each, 350 Series Seed - Three CCPS of ₹ 37 each, 21,900 Series Seed - Four CCPS of ₹ 37 each, 74,732 Series A CCPS of ₹ 1 each, 99,826 Series B CCPS of ₹ 10 each, 29,347 Series B1 CCPS of ₹10 each, 29,699 Series C CCPS of ₹ 10 each, 20,688 Series C1 CCPS of ₹ 10 each, 88,040 Series D CCPS of ₹ 10 each, 193,789 Series E CCPS of ₹ 10 each, 51,359 Series E1 CCPS of ₹ 10 each, 229,120 Series E2 CCPS of ₹ 10 each, 74,148 Series F CCPS of ₹1 each and 19,156,331 CCPS of ₹10 each</p> <p>Sub-division of 3,530 equity shares of face value ₹37 each into 130,610 Equity Shares of face value ₹ 1 each and corresponding change to the Memorandum of Association</p>
September 5, 2024	<p>Clause V of the Memorandum of Association was amended to reflect the increase in the authorised share capital from ₹ 500,000,000 divided into 300,000,000 Equity Shares of ₹ 1 each, 710 Series Seed - One CCPS of ₹ 37 each, 530 Series Seed - Two CCPS of ₹ 37 each, 350 Series Seed - Three CCPS of ₹ 37 each, 21,900 Series Seed - Four CCPS of ₹ 37 each, 74,732 Series A CCPS of ₹ 1 each, 99,826 Series B CCPS of ₹ 10 each, 29,347 Series B1 CCPS of ₹10 each, 29,699 Series C CCPS of ₹ 10 each, 20,688 Series C1 CCPS of ₹ 10 each, 88,040 Series D CCPS of ₹ 10 each, 193,789 Series E CCPS of ₹ 10 each, 51,359 Series E1 CCPS of ₹ 10 each, 229,120 Series E2 CCPS of ₹ 10 each, 74,148 Series F CCPS of ₹1 each and 19,156,331 CCPS of ₹10 each to ₹ 1,000,000,000 divided into 600,000,000 Equity Shares of ₹ 1 each, 710 Series Seed - One CCPS of ₹ 37 each, 530 Series Seed - Two CCPS of ₹ 37 each, 350 Series Seed - Three CCPS of ₹ 37 each, 21,900 Series Seed - Four CCPS of ₹ 37 each, 74,732 Series A CCPS of ₹ 1 each, 99,826 Series B CCPS of ₹ 10 each, 29,347 Series B1 CCPS of ₹10 each, 29,699 Series C CCPS of ₹ 10 each, 20,688 Series C1 CCPS of ₹ 10 each, 88,040 Series D CCPS of ₹ 10 each, 193,789 Series E CCPS of ₹ 10 each, 51,359 Series E1 CCPS of ₹ 10 each, 229,120 Series E2 CCPS of ₹ 10 each, 74,148 Series F CCPS of ₹1 each and 39,156,331 CCPS of ₹10 each</p>
September 5, 2024	<p>Clause III of the Memorandum of Association was amended in order to align the Memorandum of Association with the requirements of the Companies Act, 2013 and Clause IV of the Memorandum of Association was amended to align with Table A of the schedule I of the Companies Act, 2013.</p>

## Major events and milestones of our Company

The table below sets forth some of the key events and milestones in our history:

Calendar Year	Milestone
2013	Founded by Tarun Sanjay Mehta and Swapnil Babanlal Jain
2018	Launch of Ather 450 Launch of our first experience center and charging infrastructure
2020	Launch of Ather 450X
2021	Commenced operations at the first facility in Hosur factory
2022	Commenced operations at the second facility in Hosur factory
2023	Launch of Ather 450S
2024	Launch of Ather 450 Apex and Rizta

Calendar Year	Milestone
	Crossed cumulative sales of 233,130 E2Ws
	Sub-lease of land for 95 years for setting up of Factory 3.0 in Chhatrapati Sambhajnagar, Maharashtra

### Awards, accreditations and recognition

The table below sets forth some of the key awards, accreditations and recognition received by our Company:

Calendar Year	Awards, accreditations and recognition
2016	<ul style="list-style-type: none"> <li>Recognised as 'Best on Campus' at ET Startup Awards</li> <li>Recognised as 'Most Promising Start-up Impacting Automotive' at IoTNext 2016 Awards by India Electronics and Semiconductor Association</li> </ul>
2018	<ul style="list-style-type: none"> <li>The Ather 450 received the 'Black Elephant' award at the 2018 Kyoorius Design Awards</li> <li>Ather space received the 'Blue Elephant' award for retail design at the 2018 Kyoorius Design Awards</li> <li>The Ather 450 received the 'Blue Elephant' award for consumer product design at the 2018 Kyoorius Design Awards</li> <li>The Ather 450 received the 'Electric Powertrain of the Year – 2W' award at the India Automotive Technology and Innovation Awards</li> <li>The Ather 450 was recognised as 'Scooter of the Year' by the 3<sup>rd</sup> ASSOCHAM Auto Forum &amp; Awards</li> <li>The Ather 450 was recognised as 'Two Wheeler Design of the Year' by the 3<sup>rd</sup> ASSOCHAM Auto Forum &amp; Awards</li> </ul>
2020	Received an award for 'Excellent Contribution in the Field of Patents' at the Fox Asia Health, Education & IPR (Conference & Awards) by Social Talks
2021	<ul style="list-style-type: none"> <li>Received certificate of achievement of "Excellence in Culture Evolution" from CHRO Vision and Innovation Summit &amp; Awards 2021.</li> <li>Received the following awards from CarandBike <ul style="list-style-type: none"> <li>'Scooter of the Year' for the Ather 450X</li> <li>First runner-up of the 'Two Wheeler of the Year' for the Ather 450X</li> <li>'EV Two Wheeler of the Year' for the Ather 450X</li> <li>'Viewer's Choice Award from Best Scooter'</li> </ul> </li> <li>The Ather 450X was recognised as the 'Best of 2021' by autoX</li> <li>The Ather 450X was recognised as the "Winner – Electric Two-Wheeler of the Year" in the TopGear India Awards 2021</li> <li>The Ather 450X received the "Best Indian EV Two Wheeler of the Year" from MotorOctane</li> <li>The Ather 450X received the "Green Two Wheeler of the Year" from Autocar</li> </ul>
2022	Received an award for 'Two-Wheeler Manufacturer of the Year' from CarandBike Ranked #2 in the automobile industry (mid-sized category) in the AmbitionBox Best Places to Work in India 2022
2024	Certified as the most preferred workplace for 2023-2024 in manufacturing by Marksmen Daily

### Significant financial and strategic partnerships

Except for the collaboration agreement with HMCL, as disclosed below under "*- Other Material Agreements*", our Company does not have any significant financial or strategic partnerships as on the date of this Draft Red Herring Prospectus.

### Time/cost overrun in setting up projects

As on the date of this Draft Red Herring Prospectus, there has been no time or cost over-run in respect of our business operations.

### Defaults or rescheduling/ restructuring of borrowings with financial institutions/ banks

As on the date of this Draft Red Herring Prospectus, there has been no instance of rescheduling/ restructuring of borrowings with financial institutions/banks in respect of our Company's borrowings.



### **Launch of key products or services, entry into new geographies or exit from existing markets, capacity/facility creation, location of projects**

For details of key products or services launched by our Company, entry into new geographies or exit from existing markets or capacity/facility creation, location of projects, see “*Our Business*” and “–*Major events and milestones of our Company*” on pages 225 and 289, respectively.

### **Details regarding material acquisitions or divestments of business/undertakings, mergers, amalgamation, any revaluation of assets, etc. in the last 10 years**

Our Company has not made any material acquisitions or divestments of business/undertakings, mergers, amalgamation, any revaluation of assets, etc. in the last 10 years.

### **Guarantees provided to third parties by our Promoters offering their Equity Shares in the Offer for Sale**

As on the date of this Draft Red Herring Prospectus, no guarantee has been issued by our Promoters offering their Equity Shares in the Offer for Sale to third parties.

### **Summary of key agreements and shareholders’ agreements**

As on the date of this Draft Red Herring Prospectus, other than as disclosed below, there are no other subsisting shareholders’ agreements, arrangements or agreements that our Company is aware of, and there are no clauses/covenants which are material and which need to be disclosed in this Draft Red Herring Prospectus or non-disclosure of which may have a bearing on the investment decision in connection with the Offer. Further, there are no other clauses/covenants that are adverse or prejudicial to the interest of the minority/public Shareholders of our Company.

*Amended and Restated Shareholders’ Agreement dated July 30, 2024 entered into among our Company, Tarun Sanjay Mehta, Swapnil Babanlal Jain, Mehta Family Trust, Tarun Swarna Family Trust, Jain Family Trust, Swapnil Jain Family Trust, Internet Fund III Pte. Ltd., HMCL, Caladium Investment Pte Ltd, 3State Ventures Pte. Ltd., IITMS Rural Technology and Business Incubator, NK Squared, Kamath Associates, National Investment and Infrastructure Fund II (represented by and acting through its investment manager, National Investment and Infrastructure Fund Limited), India-Japan Fund (represented by and acting through its investment manager, National Investment and Infrastructure Fund Limited), Venkatachary Srinivasan, IITM Incubation Cell, Arun Vinayak, Achal Kothari, Asha Krishnakumar, R. Mahadevan, Abhishek Venkataraman, Gurusankar Sankararaman, Jayaprakash Vijayan, Volpi Cupal Trust, Sagar Meher Pushpala, InnoVen Capital India Fund, Herald Square Ventures, Guerilla Ventures Private Limited, Amit Bhatia, Karandeep Singh and Amod Malviya (“SHA”), as amended by way of the amendment cum waiver and consent agreement dated September 5, 2024 (“SHA Amendment cum Waiver Agreement”)*

The SHA governs the mutual rights and obligations of the parties to the SHA in relation to their respective shareholding in our Company, management of our Company and certain other rights and obligations. Pursuant to the terms of the SHA, (a) each of National Investment and Infrastructure Fund II and Caladium Investment Pte Ltd have the right to nominate one director on the Board, (b) Tarun Sanjay Mehta and Swapnil Babanlal Jain, collectively, and (c) HMCL have the right to nominate two directors on the Board each. In addition to the right to nominate directors, (i) HMCL, (ii) Caladium Investment Pte Ltd, and (iii) National Investment and Infrastructure Fund II and India-Japan Fund (jointly), have the right to appoint one non-voting observer each, on the Board, and such non-voting observers have the right to attend all meetings of the Board and committees of the Board, respectively. Additionally, each of the directors nominated by the investors are entitled to receive all notices, agenda (and all information and documents circulated to the Board and the Shareholders in connection with meetings of the Board or any committees thereof), as provided under the SHA. Further, the SHA provides certain inspection and information rights to Internet Fund III Pte. Ltd., HMCL, Caladium Investment Pte Ltd, 3State Ventures Pte. Ltd., IITMS Rural Technology and Business Incubator, India-Japan Fund and National Investment and Infrastructure Fund II (collectively, the “**Investors**”), and certain additional information rights to National Investment and Infrastructure Fund II, Caladium Investment Pte Ltd and India-Japan Fund. The Investors have also agreed to be subject to certain restrictions and obligations in relation to certain proposed transfers of shareholding by the Investors, including providing inter-se rights of first offer/ refusal, tag along rights and drag along rights.

In order to facilitate the Offer, the parties to the SHA have entered into the SHA Amendment cum Waiver Agreement, pursuant to which certain provisions of the SHA have been amended to facilitate the Offer, and parties

have also provided certain waivers and consents, in relation to their rights under the SHA for the purposes of the Offer, including, *inter alia*, (i) waiver for executing any deed of adherence for allotment/transfer of Equity Shares pursuant to the Offer, (ii) waiver for adjournment of any meetings of the Board for three business days due to non-availability of quorum, in respect of matters directly related to the Offer, and (c) consents for disclosure of the terms of the SHA and the SHA Amendment cum Waiver Agreement in the Offer related documents and for participation of the Selling Shareholders, who are also parties to the SHA, in the Offer for Sale. The SHA Amendment cum Waiver Agreement shall automatically terminate and the amendments, waivers and consents provided pursuant to it shall automatically cease to be effective and the rights and obligations of the parties to the SHA shall stand reinstated, as existing prior to the execution of the SHA Amendment cum Waiver Agreement, upon the earlier of: (a) if the listing of the Equity Shares on the Stock Exchanges pursuant to the Offer has not occurred within six months from the date of conversion of Preference Shares held by the Investors into Equity Shares in accordance with the SHA, or such other date as maybe mutually agreed among the parties to the SHA, in writing; or (b) if this Draft Red Herring Prospectus is rejected by SEBI; or (c) completion of 12 months from the date of issuance of final observations by SEBI on this Draft Red Herring Prospectus; or (d) the date on which the Board by way of a resolution passed at its meeting, decides not to undertake the Offer and/or withdraw any offer document filed with SEBI, subject to applicable laws, however, certain amendments to Part B of the Articles of Association in respect of provisions corresponding to public companies under applicable law, shall survive termination, as provided under the SHA Amendment cum Waiver Agreement.

Upon the commencement of listing and trading of the Equity Shares on the Stock Exchanges pursuant to the Offer, the SHA, along with all rights available to the parties, shall stand automatically terminated without requiring any further action, except for certain clauses relating to governing law, dispute resolution, confidentiality and notices that will continue to survive such termination. Further, all provisions of Part B of the Articles of Association of our Company shall automatically terminate and cease to have any force and effect and the provisions of Part A of the Articles of Association shall automatically come in effect and be in force, without any further corporate or other action, by the parties.

#### **Other material agreements**

*Collaboration agreement dated November 23, 2023 entered into between our Company and HMCL*

Our Company has entered into a collaboration agreement with HMCL (“**Agreement**”), pursuant to which our Company and HMCL have agreed to collaborate on enabling interoperability of charging stations and other ancillary activities. Pursuant to the Agreement, our Company and HMCL have agreed to develop and set up a charging management system in relation to interoperability between the charging stations of our Company and of HMCL, through open charge point interface (“**OCPI**”). Accordingly, users of EVs of HMCL and EVs of our Company, will be able to access and charge at the charging stations of our Company or HMCL, respectively, in order to ensure a wider availability of charging stations for such users, and such usage would be referred to as “**Roaming Session**” for which our Company and HMCL have agreed to have a common basis for applying a fee payable by our Company to HMCL or vice versa.

#### **Agreements with Key Managerial Personnel or Senior Management or Directors or Promoters or any other employee**

As on the date of this Draft Red Herring Prospectus, there are no agreements entered into by our Key Managerial Personnel or Senior Management or Directors or Promoters or any other employee of our Company, either by themselves or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of our Company.

#### **Holding company**

As on the date of this Draft Red Herring Prospectus, our Company has no holding company.

#### **Subsidiaries of our Company**

As on the date of this Draft Red Herring Prospectus, our Company does not have any subsidiaries.

#### **Confirmations**

*Business Interest in our Company*

As on the date of this Draft Red Herring Prospectus, our Company does not have any subsidiary or associate.

*Common Pursuits with our Company*

As on the date of this Draft Red Herring Prospectus, our Company does not have any subsidiary or associate.

## OUR MANAGEMENT

Under the Articles of Association, our Company is authorised to have a minimum of three Directors and a maximum of up to 15 Directors. As on the date of this Draft Red Herring Prospectus, our Board comprises nine Directors, of whom three are Independent Directors (including one woman Director). Our Company is in compliance with the corporate governance norms prescribed under the SEBI Listing Regulations and the Companies Act, 2013, in relation to the composition of our Board and constitution of committees thereof.

The following table sets forth details regarding our Board of Directors as on the date of this Draft Red Herring Prospectus:

Name, designation, term, period of directorship, address, occupation, date of birth, age and DIN	Directorships in other companies
<p><b>Tarun Sanjay Mehta</b></p> <p><i>Designation:</i> Executive Director and Chief Executive Officer</p> <p><i>Term:</i> Five years with effect from May 30, 2024</p> <p><i>Period of Directorship:</i> Director since October 21, 2013</p> <p><i>Address:</i> Flat A 603, Mantri Sarovar, Opposite Agara Lake, HSR Layout, Bengaluru, Karnataka, 560 102</p> <p><i>Occupation:</i> Professional</p> <p><i>Date of Birth:</i> October 31, 1989</p> <p><i>Age:</i> 34 years</p> <p><i>DIN:</i> 06392463</p>	<p>Nil</p>
<p><b>Swapnil Babanlal Jain</b></p> <p><i>Designation:</i> Executive Director and Chief Technical Officer</p> <p><i>Term:</i> Five years with effect from May 30, 2024</p> <p><i>Period of Directorship:</i> Director since October 21, 2013</p> <p><i>Address:</i> Huron, H-1302, SNN Raj Lakeview, Phase-2, Ranka Colony Road, Ranka Colony, Muniivenkatappa Layout, Bangalore South, Bengaluru, Karnataka, 560 076</p> <p><i>Occupation:</i> Professional</p> <p><i>Date of Birth:</i> June 23, 1989</p> <p><i>Age:</i> 35 years</p> <p><i>DIN:</i> 06682759</p>	<p>Nil</p>
<p><b>Niranjan Kumar Gupta</b></p> <p><i>Designation:</i> Non-executive Director (nominee of HMCL)</p> <p><i>Term:</i> Liable to retire by rotation</p> <p><i>Period of Directorship:</i> Director since November 3, 2020</p> <p><i>Address:</i> Flat No - 703, Tower B, Bestech Park View Spa, Sector 47, Gurugram, Haryana, 122 018</p> <p><i>Occupation:</i> Service</p> <p><i>Date of Birth:</i> January 30, 1971</p>	<p><i>Indian Companies</i></p> <ul style="list-style-type: none"> <li>• HMC MM Auto Limited</li> </ul> <p><i>Foreign Companies</i></p> <ul style="list-style-type: none"> <li>• HMCL Netherlands BV</li> <li>• HMCL Colombia SAS</li> </ul>

Name, designation, term, period of directorship, address, occupation, date of birth, age and DIN	Directorships in other companies
<p>Age: 53 years</p> <p>DIN: 07806792</p>	
<p><b>Nilesh Shrivastava</b></p> <p><i>Designation:</i> Nominee Director (nominee of National Investment and Infrastructure Fund II)</p> <p><i>Term:</i> Liable to retire by rotation</p> <p><i>Period of Directorship:</i> Director since July 22, 2022</p> <p><i>Address:</i> D-18, 3rd Floor, Saket, New-Delhi, 110 017</p> <p><i>Occupation:</i> Service</p> <p><i>Date of Birth:</i> October 1, 1973</p> <p>Age: 50 years</p> <p>DIN: 09632942</p>	<p><i>Indian Companies</i></p> <ul style="list-style-type: none"> <li>• Aseem Infrastructure Finance Limited</li> <li>• NIIF Infrastructure Finance Limited</li> </ul> <p><i>Foreign Companies</i></p> <p>Nil</p>
<p><b>Pankaj Sood</b></p> <p><i>Designation:</i> Nominee Director (nominee of Caladium Investment Pte Ltd)</p> <p><i>Term:</i> Liable to retire by rotation</p> <p><i>Period of Directorship:</i> Director since November 11, 2022</p> <p><i>Address:</i> C2106, Oberoi Exquisite, Opposite Oberoi Woods, Goregaon East, Mumbai, Maharashtra, 400 063</p> <p><i>Occupation:</i> Service</p> <p><i>Date of Birth:</i> July 11, 1975</p> <p>Age: 49 years</p> <p>DIN: 05185378</p>	<p><i>Indian Companies</i></p> <ul style="list-style-type: none"> <li>• Aditya Birla Fashion and Retail Limited</li> <li>• Mphasis Limited</li> <li>• Bandhan Financial Holdings Limited</li> <li>• Bandhan Financial Services Limited</li> <li>• Spore Investment Management (India) Private Limited</li> <li>• Singapore Investcorp (India) Private Limited</li> <li>• Bandhan Bank Limited</li> </ul> <p><i>Foreign Companies</i></p> <p>Nil</p>
<p><b>Ram Kuppuswamy</b></p> <p><i>Designation:</i> Non-executive Director (nominee of HMCL)</p> <p><i>Term:</i> Liable to retire by rotation</p> <p><i>Period of Directorship:</i> Director since January 27, 2023</p> <p><i>Address:</i> Tower A3, Apt 1501, Sector 30, World Spa East, Gurugram, Haryana, 122 001</p> <p><i>Occupation:</i> Service</p> <p><i>Date of Birth:</i> June 25, 1976</p> <p>Age: 48 years</p> <p>DIN: 09817635</p>	<p>Nil</p>
<p><b>Kaushik Dutta</b></p> <p><i>Designation:</i> Independent Director</p> <p><i>Term:</i> Five years with effect from May 6, 2024</p>	<p><i>Indian Companies</i></p> <ul style="list-style-type: none"> <li>• PB Fintech Limited</li> <li>• Zomato Limited</li> </ul>

Name, designation, term, period of directorship, address, occupation, date of birth, age and DIN	Directorships in other companies
<p><i>Period of Directorship:</i> Director since May 6, 2024</p> <p><i>Address:</i> A-843, Lavy Pinto Block, Asiad Games Village, Khel Gaon, New Delhi, 110 049</p> <p><i>Occupation:</i> Business</p> <p><i>Date of Birth:</i> May 1, 1962</p> <p><i>Age:</i> 62 years</p> <p><i>DIN:</i> 03328890</p>	<ul style="list-style-type: none"> <li>• Zomato Hyperpure Private Limited</li> <li>• Paisabazaar Marketing And Consulting Private Limited</li> <li>• Resilient Innovations Private Limited</li> <li>• Zinka Logistics Solutions Limited</li> <li>• Hero FinCorp Limited</li> <li>• Thought Arbitrage Research Institute</li> <li>• Shiprocket Private Limited</li> </ul> <p><i>Foreign Companies</i></p> <p>Nil</p>
<p><b>Neelam Dhawan</b></p> <p><i>Designation:</i> Chairperson and Independent Director</p> <p><i>Term:</i> Three years with effect from August 27, 2024</p> <p><i>Period of Directorship:</i> Director since August 27, 2024</p> <p><i>Address:</i> C – 3/10, Dlf City, Phase I, Near Park, Gurugram, Haryana, 122 002</p> <p><i>Occupation:</i> Professional</p> <p><i>Date of Birth:</i> October 22, 1959</p> <p><i>Age:</i> 64 years</p> <p><i>DIN:</i> 00871445</p>	<p><i>Indian Companies</i></p> <ul style="list-style-type: none"> <li>• Hindustan Unilever Limited</li> <li>• Fractal Analytics Private Limited</li> <li>• Yatra Online Limited</li> <li>• ICICI Bank Limited</li> <li>• Capillary Technologies India Limited</li> <li>• Tech Mahindra Limited</li> <li>• Nudge Lifeskills Foundation</li> </ul> <p><i>Foreign Companies</i></p> <ul style="list-style-type: none"> <li>• Yatra Online Inc</li> <li>• Capita PLC</li> </ul>
<p><b>Sanjay Nayak</b></p> <p><i>Designation:</i> Independent Director</p> <p><i>Term:</i> Five years with effect from August 27, 2024</p> <p><i>Period of Directorship:</i> Director since August 27, 2024</p> <p><i>Address:</i> N- 8, Assetz 27 Park Avenue, 24<sup>th</sup> main road HSR Layout Sector I, Bengaluru, Karnataka, 560 102</p> <p><i>Occupation:</i> Engineer/ Business</p> <p><i>Date of Birth:</i> June 28, 1964</p> <p><i>Age:</i> 60 years</p> <p><i>DIN:</i> 01049871</p>	<p><i>Indian Companies</i></p> <ul style="list-style-type: none"> <li>• Shramol Technologies Private Limited</li> <li>• Epic Electronics Products Foundation</li> </ul> <p><i>Foreign Companies</i></p> <p>Nil</p>

#### Arrangement or understanding with major shareholders, customers, suppliers or others

Except Niranjana Kumar Gupta and Ram Kuppaswamy who have been appointed as nominees of HMCL, Nilesh Shrivastava who has been appointed as nominee of National Investment and Infrastructure Fund II and Pankaj Sood who has been appointed as nominee of Caladium Investment Pte Ltd, none of our Directors have been appointed to our Board pursuant to any arrangement or understanding with major Shareholders, customers, suppliers or others.

For further details, see “*History and Certain Corporate Matters – Summary of Shareholders’ Agreements*” on page 291.

## Brief profiles of our Directors

**Tarun Sanjay Mehta**, one of the Promoters, is an Executive Director and the Chief Executive Officer of our Company. He has been associated with our Company since incorporation and leads operations in the product, business as well as growth front. He holds a bachelor's and masters' degree in technology in engineering design from Indian Institute of Technology, Madras under the dual degree programme. He has over 10 years of experience in the electric vehicles sector. He attended the CEO Forum (Quai d'Orsay) in Paris, France in 2023. He has received the 'Jagdish Khattar Rising Star' award from Acko Drive, the 'Young Entrepreneur' award from the All India Management Association, the 'Keep Walking' award from India chapter of International Advertising Association and Walkers & Co, and was named in the list of 'India 30 under 30' by Forbes India in 2018 and in Fortune '40 under 40' in 2019, 2021 and 2023.

**Swapnil Babanlal Jain**, one of the Promoters, is an Executive Director and the Chief Technical Officer of our Company. He has been associated with our Company since incorporation and works on both the long-term technology roadmap for our Company, as well as day-to-day aspects of creating an engineering team and culture. He holds a bachelor's and masters' degree in technology in engineering design from Indian Institute of Technology, Madras under the dual degree programme. He has over 10 years of experience in the electric vehicles sector. He has received 'Young Entrepreneur' award from the All India Management Association and was named in the list of 'India 30 under 30' by Forbes India in 2018 and in Fortune '40 under 40' in 2019, 2021 and 2023.

**Niranjan Kumar Gupta** is a Non-executive Director of our Company and a nominee of HMCL on our Board. He has been associated with our Company since November 3, 2020. He holds a bachelor's degree in commerce from University of Calcutta. He is a qualified chartered accountant, company secretary and cost and works accountant. He was previously associated with Vedanta Group as the chief financial officer for the aluminium and power vertical and is currently the chief executive officer of HMCL. He has over 10 years of experience in finance, mergers and acquisitions and supply chain.

**Nilesh Shrivastava** is a Nominee Director of our Company, nominee of National Investment and Infrastructure Fund II on our Board. He has been associated with our Company since July 22, 2022. He holds a bachelor's degree in technology from Lucknow University and a post-graduate diploma in management from Indian Institute of Management, Calcutta. He was previously associated with International Finance Corporation as a manager. He is currently designated as a Partner, Strategic Opportunities Fund at National Investment and Infrastructure Fund II. He has over 25 years of experience in private equity, portfolio management and banking.

**Pankaj Sood** is a Nominee Director of our Company, nominee of Caladium Investment Pte Ltd on our Board. He has been associated with our Company since November 11, 2022. He holds a bachelor's degree in chemical engineering from Indian Institute of Technology, Kharagpur and a post-graduate diploma in computer aided management from Indian Institute of Management, Kolkata. He was previously associated with Kotak Mahindra Capital Company Limited, Ernst & Young and SBI Capital Markets. He is currently employed by GIC in the Global Leadership Group. He has over 25 years of experience in finance, advisory and capital markets.

**Ram Kuppuswamy** is a Non-executive Director of our Company and a nominee of HMCL on our Board. He has been associated with our Company since January 27, 2023. He holds a bachelor's degree in engineering from Madurai Kamaraj University and a post-graduate diploma in management from the Indian Institute of Management, Ahmedabad. He was previously associated with Bharti Airtel Limited and VMWare Singapore Pte. Ltd. He is currently designated as the chief procurement officer of HMCL. He has over nine years of experience in supply chain management, logistics and customer fulfilment.

**Kaushik Dutta** is an Independent Director of our Company. He is a fellow member of the Institute of Chartered Accountants of India and a co-founder of Thought Arbitrage Research Institute, an independent not-for-profit research think tank working in areas of corporate governance and sustainability. He was also associated with Price Waterhouse & Co Chartered Accountants, LLP, and Lovelock & Lewes, Chartered Accountants as Partner for over 16 years. He was engaged as an expert on corporate governance by the Indian Institute of Corporate Affairs of the Ministry of Corporate Affairs in matters relating to future of corporate governance in India, was engaged as a consultant by the Serious Fraud Investigation Office, MCA and was a member of the Task Force to lay down the Criteria for Selection of the Strategic Partners for Various Platforms from the Private Sector Industry. He has over 25 years of experience in governance, policy and audit.

**Neelam Dhawan** is the Chairperson and an Independent Director of our Company. She holds a bachelor's degree in arts (economics) from the University of Delhi and a master's degree in business administration from the University of Delhi. She was previously associated with Hewlett-Packard Enterprise India Private Limited as vice-

president, solutions sales and with HP India Sales Private Limited, Hewlett-Packard India Private Limited, Microsoft Corporation (India) Private Limited as managing director. Currently she serves as an independent director on the boards of ICICI Bank Limited, Yatra Online Limited, Yatra Online Inc., Capita PLC and Tech Mahindra Limited. She has several years of experience in information technology.

**Sanjay Nayak** is an Independent Director of our Company. He has been associated with our Company since August 27, 2024. He holds a bachelor's degree in science (engineering) from Birla Institute of Technology, Ranchi University and a master's degree in science from North Carolina State University, Raleigh. He was previously associated with Tejas Networks Limited as its managing director and chief executive officer. He has several years of industry experience and has expertise in electronics and telecommunications.

#### **Relationship between our Directors, Key Managerial Personnel and Senior Management**

None of our Directors are related to each other or to any of the Key Managerial Personnel or Senior Management.

#### **Terms of appointment of our Executive Directors**

**Tarun Sanjay Mehta:** Tarun Sanjay Mehta is an Executive Director and the Chief Executive Officer of the Company. He has been associated with our Company since October 21, 2013. He was re-appointed as the Executive Director and the Chief Executive Officer of the Company pursuant to the resolution passed by our Board dated July 28, 2023, for a period of five years with effect from May 30, 2024. Pursuant to the resolution of the Board dated August 27, 2024 and the resolution of the Shareholders dated September 5, 2024, he is entitled to the following remuneration and perquisites, for Fiscal 2025 with effect from August 1, 2024:

S. No.	Particulars	Remuneration per annum (₹ million)
1.	Fixed compensation	21.00
	i. Basic	10.50
	ii. HRA	5.25
	iii. Special Allowance	3.45
	iv. Provident Fund	1.26
	v. Gratuity	0.51
	vi. Mediclaim Insurance	0.02
	vii. Life Insurance	0.01
2.	Variable compensation	9.00
	Total	30.00

Further, our Board by way of its resolution dated August 27, 2024 and shareholders by way of their special resolution dated September 5, 2024, have approved a revised annual remuneration of up to ₹ 50 million in any Fiscal Year where our Company has no profit or where profit is inadequate for Tarun Sanjay Mehta, for a period of three years with effect from August 1, 2024, in accordance with Companies Act, 2013, as may be approved by the Board based on the recommendation of the Nomination and Remuneration Committee from time to time.

**Swapnil Babanlal Jain:** Swapnil Babanlal Jain is the Executive Director and the Chief Technical Officer of the Company. He has been associated with our Company since October 21, 2013. He was re-appointed as the Executive Director and the Chief Technical Officer of the Company pursuant to the resolution passed by our Board dated July 28, 2023, for a period of five years with effect from May 30, 2024. Pursuant to the resolution of the Board dated August 27, 2024 and the resolution of the Shareholders dated September 5, 2024, he is entitled to the following remuneration and perquisites, for Fiscal 2025 with effect from August 1, 2024:

S. No.	Particulars	Remuneration per annum (₹ million)
1.	Fixed compensation	21.00
	i. Basic	10.50
	ii. HRA	5.25
	iii. Special Allowance	3.45
	iv. Provident Fund	1.26
	v. Gratuity	0.51
	vi. Mediclaim Insurance	0.02
	vii. Life Insurance	0.01
2.	Variable compensation	9.00
	Total	30.00



Further, our Board by way of its resolution dated August 27, 2024 and shareholders by way of their special resolution dated September 5, 2024, have approved a revised annual remuneration of up to ₹ 50 million in any Fiscal Year where our Company has no profit or where profit is inadequate for Swapnil Babanlal Jain, for a period of three years with effect from August 1, 2024, in accordance with Companies Act, 2013, as may be approved by the Board based on the recommendation of the Nomination and Remuneration Committee from time to time.

### Compensation paid to our Executive Directors

Details of the remuneration paid to our Executive Directors for Fiscal 2024 are set forth below:

(in ₹ million)

S. No.	Name of the Executive Director	Total Remuneration
1.	Tarun Sanjay Mehta	22.67*
2.	Swapnil Babanlal Jain	22.67*

\*This excludes one-time payment of ₹70 million granted to each of the Executive Directors by way of a circulation resolution of the Board passed on April 30, 2024 and other share-based payments made in Fiscal 2025, but includes variable pay for Fiscal 2024 paid in Fiscal 2025.

### Compensation paid to our Non-executive Directors and Nominee Directors

As on the date of this Draft Red Herring Prospectus, our Non-Executive Directors and Nominee Directors are neither entitled to any sitting fees for attending meetings of the Board or any of its committees, not entitled to any commission or remuneration from our Company. Accordingly, our Non-executive Directors, Niranjana Kumar Gupta, and Ram Kuppuswamy and our Nominee Directors, Nilesh Shrivastava and Pankaj Sood, did not receive any compensation from our Company during Fiscal 2024.

### Compensation paid to our Independent Directors

Pursuant to a resolution passed by our Board on May 16, 2024, our Independent Directors are entitled to receive a sitting fee of ₹ 0.10 million for attending each meeting of our Board and committees constituted by our Board. Further, pursuant to a resolution passed by our Board on August 27, 2024 and a special resolution of our Shareholders dated September 5, 2024, each of our Independent Directors are entitled to receive remuneration of up to ₹ 7.5 million in a Fiscal Year, for a period of three years from Fiscal Year 2024-25. All our Independent Directors were appointed in Fiscal 2025, accordingly, no compensation was paid to them in Fiscal 2024.

### Remuneration paid to our Directors by our Subsidiary

As on date of this Draft Red Herring Prospectus, our Company does not have a subsidiary.

### Bonus or profit-sharing plan for our Directors

None of our Directors are party to any bonus or profit-sharing plan of our Company.

### Contingent and deferred compensation payable to our Directors

There is no contingent or deferred compensation payable to our Directors, which does not form part of their remuneration.

### Shareholding of our Directors in our Company

Our Articles of Association do not require our Directors to hold any qualification shares.

Except for our Individual Promoters, Tarun Sanjay Mehta, who directly holds 10,841,418 Equity Shares and 37,074 Preference Shares aggregating to 6.63% of the pre-Offer Equity Share capital on a fully-diluted basis, and Swapnil Babanlal Jain, who directly holds 10,841,418 Equity Shares and 37,074 Preference Shares aggregating to 6.63% of the pre-Offer Equity Share capital on a fully-diluted basis, respectively, none of our Directors hold Equity Shares in our Company, as on date of this Draft Red Herring Prospectus. In this regard, see “*Capital Structure - History of the share capital held by the Promoters - Shareholding of our Promoters and member of our Promoter Group*” on page 130.

## **Interest of Directors**

All our Directors may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a committee thereof, as well as to the extent of other remuneration and reimbursement of expenses, if any, payable to them.

Our Directors may also be interested to the extent of Equity Shares and to the extent of any dividend, bonuses or other distribution payable to them, if any, held by them or held by the entities in which they are associated as promoters, directors, partners, proprietors or trustees or held by their relatives or that may be subscribed by or allotted to the companies, firms, ventures, trusts in which they are interested as promoters, directors, partners, proprietors, members or trustees, pursuant to the Offer.

For further details regarding the shareholding of our Directors, see “*Capital Structure – Shareholding of our Directors, Key Managerial Personnel and Senior Management in our Company*” on page 136.

Further, our Directors may also directors on the board, or are shareholders, kartas, trustees, proprietors, members or partners, of entities with which our Company has had transactions and may be deemed to be interested to the extent of the payments made by our Company, or services provided by our Company, if any, to these entities.

### *Interest in land and property*

None of our Directors have any interest in any property acquired in the preceding three years or proposed to be acquired from our Company or by our Company.

### *Interest in promotion of our Company*

Except for Tarun Sanjay Mehta and Swapnil Babanlal Jain, who are the Individual Promoters and Executive Directors of our Company, none of our Directors have any interest in the promotion or formation of our Company, as on the date of this Draft Red Herring Prospectus.

### *Loans to Directors*

As on the date of this Draft Red Herring Prospectus, no loans have been availed by our Directors from our Company.

## **Confirmations**

None of our Directors is or has been a director on the board of any listed company whose shares have been/were suspended from being traded on any of the stock exchanges, during his/her tenure, in the five years preceding the date of this Draft Red Herring Prospectus.

None of our Directors have been or are directors on the board of any listed companies which is or has been delisted from any stock exchange(s) during his/her tenure.

No consideration in cash or shares or otherwise has been paid, or agreed to be paid to any of our Directors, or to the firms or companies in which they are interested as a member by any person either to induce such director to become, or to help such director to qualify as a Director, or otherwise for services rendered by him/her or by the firm or company in which he/she is interested, in connection with the promotion or formation of our Company.

## **Changes in our Board during the last three years**

The changes in our Board during the three years immediately preceding the date of this Draft Red Herring Prospectus are set forth below.

Name of Director	Date of Change	Reasons
Nilesh Shrivastava	July 22, 2022	Appointed as an additional Director <sup>1</sup>
Pankaj Sood	November 11, 2022	Appointed as an additional Director
Reeta Nathwani	November 30, 2022	Resigned as Non-executive Director
Ram Kuppuswamy	January 27, 2023	Appointed as Non-executive Director <sup>2</sup>
Tarun Sanjay Mehta	July 28, 2023 <sup>4</sup>	Re-appointed as the Executive Director and Chief Executive Officer
Swapnil Babanlal Jain	July 28, 2023 <sup>4</sup>	Re-appointed as the Executive Director and Chief Technical Officer
Nilesh Shrivastava	July 28, 2023	Re-designated as Nominee Director
Pankaj Sood	August 24, 2023	Re-designated as Nominee Director
Kaushik Dutta	May 6, 2024	Appointed as Independent Director <sup>3</sup>
Neelam Dhawan	August 27, 2024	Appointed as Independent Director <sup>5</sup>
Sanjay Nayak	August 27, 2024	Appointed as Independent Director <sup>5</sup>

<sup>1</sup>Regularised by way of shareholders' resolution dated September 26, 2022

<sup>2</sup>Regularized by way of shareholders' resolution dated August 24, 2023

<sup>3</sup>Regularized by way of shareholders' resolution dated May 28, 2024

<sup>4</sup>The term of re-appointment is with effect from May 30, 2024

<sup>5</sup>Regularized by way of shareholders' resolution dated September 5, 2024

### Borrowing Powers

In accordance with our Articles of Association and the applicable provisions of the Companies Act, 2013, and pursuant to the resolution passed by our Board on August 27, 2024 and by our Shareholders on September 5, 2024 and subject to the applicable laws, our Board has been authorised to borrow funds, exceeding the paid-up capital, free reserves and securities premium of our Company up to ₹ 50,000 million.

### Corporate Governance

As on the date of this Draft Red Herring Prospectus, there are nine Directors on our Board comprising two Executive Directors and three Independent Directors, including one women Independent Director. Our Company is in compliance with the corporate governance norms prescribed under the SEBI Listing Regulations and the Companies Act in relation to the composition of our Board and constitution of committees thereof.

### Board committees

Our Company has constituted the following Board committees in terms of the SEBI Listing Regulations, and the Companies Act:

- (a) Audit Committee;
- (b) Nomination and Remuneration Committee;
- (c) Stakeholders' Relationship Committee; and
- (d) Risk Management Committee.

### Audit Committee

The Audit Committee was constituted by a resolution passed by our Board dated August 27, 2024. The Audit Committee is in compliance with Section 177 and other applicable provisions of the Companies Act and Regulation 18 of the SEBI Listing Regulations. The Audit Committee currently comprises of:

S. No.	Name of Director	Designation	Committee Designation
1.	Kaushik Dutta	Independent Director	Chairperson
2.	Neelam Dhawan	Independent Director	Member
3.	Niranjan Kumar Gupta	Non-executive Director	Member

### Terms of Reference:

The Audit Committee shall be responsible for, among other things, as may be required by the stock exchange(s)

from time to time, the following:

### **Role of Audit Committee**

The role of the Audit Committee shall include the following:

- (1) oversight of the financial reporting process and the disclosure of financial information relating to the Company to ensure that the financial statements are correct, sufficient and credible;
- (2) recommendation to the Board of directors of the Company for appointment, re-appointment, removal, remuneration and other terms of appointment of statutory auditors, internal auditors and secretarial auditors of the Company;
- (3) approval of payment for any other services rendered by the statutory auditors;
- (4) reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with reference to:
  - a. matters required to be included in the director's responsibility statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013;
  - b. changes, if any, in accounting policies and practices and reasons for the same;
  - c. major accounting entries involving estimates based on the exercise of judgment by management;
  - d. significant adjustments made in the financial statements arising out of audit findings;
  - e. compliance with listing and other legal requirements relating to financial statements;
  - f. disclosure of any related party transactions; and
  - g. modified opinion(s) in the draft audit report.
- (5) reviewing, with the management, the quarterly, financial statements before submission to the Board for approval;
- (6) reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the Offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue or preferential issue or qualified institutions placement, and making appropriate recommendations to the Board to take up steps in this matter.
- (7) reviewing and monitoring the statutory auditor's independence and performance, and effectiveness of audit process;
- (8) approval or any subsequent modification of transactions of the Company with related parties and omnibus approval for related party transactions proposed to be entered into by the Company;
  - i. Recommend criteria for omnibus approval or any changes to the criteria for approval of the Board;
  - ii. Make omnibus approval for related party transactions proposed to be entered into by the Company for every financial year as per the criteria approved;
  - iii. Review of transactions pursuant to omnibus approval;
  - iv. Make recommendation to the Board, where Committee does not approve transactions other than the transactions falling under Section 188 of the Companies Act, 2013.
  - v. Related party transaction to which the subsidiary of the Company is a party, but the Company is not a party as per limits mentioned in the related party transaction policy of the Company.

**Explanation:** The term "related party transactions" shall have the same meaning as provided in Clause 2(zc) of the SEBI Listing Regulations and/or the applicable Accounting Standards and/or the Companies Act, 2013.

- (9) scrutiny of inter-corporate loans and investments;
- (10) valuation of undertakings or assets of the Company, wherever necessary;
- (11) evaluation of internal financial controls and risk management systems;
- (12) reviewing, with the management, performance of statutory auditors and internal auditors, and adequacy of the internal control systems;
- (13) reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- (14) discussion with internal auditors of any significant findings and follow-up thereon;
- (15) reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- (16) discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- (17) looking into the reasons for substantial defaults in the payment to depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- (18) reviewing the functioning of the whistle blower mechanism;
- (19) monitoring the end use of funds raised through public offers and related matters;
- (20) overseeing the vigil mechanism established by the Company, with the chairperson of the Audit Committee directly hearing grievances of victimization of employees and directors, who used vigil mechanism to report genuine concerns in appropriate and exceptional cases;
- (21) approval of appointment of chief financial officer (i.e., any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- (22) reviewing the utilization of loans and/or advances from/investment by the Company in its subsidiary(/ies) exceeding ₹1,000,000,000 or 10% of the asset size of the subsidiary(/ies), whichever is lower including existing loans/ advances/ investments;
- (23) review the financial statements, in particular, the investments made by any unlisted subsidiary;
- (24) considering and commenting on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders;
- (25) approving the key performance indicators ("KPIs") for disclosure in the offer documents, and approval of KPIs once every year, or as may be required under applicable law; and
- (26) carrying out any other functions as may be decided by the Board and/or as provided under the Companies Act, 2013, the SEBI Listing Regulations or any other applicable law, as and when amended from time to time.
- (27) mandatorily review the following information:
  - a. Management discussion and analysis of financial condition and results of operations;
  - b. Management letters / letters of internal control weaknesses issued by the statutory auditors;
  - c. Internal audit reports relating to internal control weaknesses;

- d. The appointment, removal and terms of remuneration of the chief internal auditor; and
- e. Statement of deviations in terms of the SEBI Listing Regulations:
  - quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) where the Equity Shares are proposed to be listed in terms of the SEBI Listing Regulations;
  - annual statement of funds utilised for purposes other than those stated in the offer document/prospectus/ notice in terms of the SEBI Listing Regulations;
  - such information as may be prescribed under the Companies Act and the SEBI Listing Regulations.

(28) To recommend to the Board, code of insider trading of the Company and to supervise implementation of the insider trading code including following:

- a. To monitor, review, assess the policies and procedures relating to the proper functioning of the system for prevention of insider trading.
- b. To note the status reports detailing the dealings by designated persons in securities of the Company.
- c. To provide directions on any penal action to be initiated, in case of any violation of the SEBI insider trading regulations by any person.

#### ***Nomination and Remuneration Committee***

The Nomination and Remuneration Committee was constituted by a resolution passed by our Board dated August 27, 2024. The composition and terms of reference of the Nomination and Remuneration Committee are in compliance with Section 178 and other applicable provisions of the Companies Act 2013 and Regulation 19 of the SEBI Listing Regulations. The Nomination and Remuneration Committee currently comprises of:

<b>S. No.</b>	<b>Name of Director</b>	<b>Designation</b>	<b>Committee Designation</b>
1.	Sanjay Nayak	Independent Director	Chairperson
2.	Neelam Dhawan	Independent Director	Member
3.	Pankaj Sood	Nominee Director	Member

#### ***Terms of Reference***

The Nomination and Remuneration Committee shall be responsible for, among other things, the following:

- (1) formulation of criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of the directors, key managerial personnel and other employees (“**Remuneration Policy**”);
- (2) for every appointment of an independent director, evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:
  - (a) use the services of external agencies, if required;
  - (b) consider candidates from a wide range of backgrounds, having due regard to diversity; and
  - (c) consider the time commitments of the candidates.
- (3) formulation of criteria for evaluation of performance of independent directors and the Board;
- (4) devising a policy on Board diversity;

- (5) identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal and carrying out evaluation of every director's performance (including independent director);
- (6) extending or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- (7) recommend to the board, all remuneration, in whatever form, payable to senior management
- (8) analyzing, monitoring and reviewing various human resource and compensation matters;
- (9) determining the Company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment, and determining remuneration packages of such directors;
- (10) the Committee, while formulating the Remuneration Policy, shall ensure that:
  - (a) the level and composition of remuneration be reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;
  - (b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
  - (c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.
- (11) perform such functions as are required to be performed under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2011, as amended, including the following:
  - (a) administering any existing and proposed employee stock option schemes formulated by the Company from time to time (the "**Plan**");
  - (b) determining the eligibility of employees to participate under the Plan;
  - (c) granting options to eligible employees and determining the date of grant;
  - (d) determining the number of options to be granted to an employee;
  - (e) determining the exercise price under the Plan; and
  - (f) construing and interpreting the Plan and any agreements defining the rights and obligations of the Company and eligible employees under the Plan, and prescribing, amending and/or rescinding rules and regulations relating to the administration of the Plan.
- (12) carrying out any other activities as may be delegated by the Board or as may be required under the Companies Act, the SEBI Listing Regulations or any other applicable law, as may be amended from time to time.

### ***Stakeholders' Relationship Committee***

The Stakeholders' Relationship Committee was constituted by a resolution of our Board dated August 27, 2024. The composition and terms of reference of Stakeholders' Relationship Committee are in compliance with Section 178 and any other applicable law of the Companies Act 2013 and Regulation 20 of the SEBI Listing Regulations. The Stakeholders' Relationship Committee currently comprises of:

S. No.	Name of Director	Designation	Committee Designation
1.	Neelam Dhawan	Independent Director	Chairperson
2.	Sanjay Nayak	Independent Director	Member
3.	Tarun Sanjay Mehta	Executive Director and Chief Executive Officer	Member

### ***Terms of Reference***

The Stakeholders' Relationship Committee shall be responsible for, among other things, as may be required under applicable law, the following:

- (1) considering and looking into various aspects of interest of shareholders, debenture holders and other security holders;
- (2) resolving the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.;
- (3) giving effect to allotment of equity shares, approval of transfer or transmission of equity shares, debentures or any other securities;
- (4) issue of duplicate certificates and new certificates on split/consolidation/renewal, etc.;
- (5) review of measures taken for effective exercise of voting rights by shareholders;
- (6) review of adherence to the service standards adopted by the Company in respect of various services being rendered by the registrar and share transfer agent;
- (7) review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company; and
- (8) carrying out any other functions required to be carried out by the Committee under the Companies Act, or the SEBI Listing Regulations or any other applicable law, as amended from time to time.

### ***Risk Management Committee***

The Risk Management Committee was constituted by a resolution of our Board August 27, 2024. The scope and functions of the Risk Management Committee are in compliance with the Regulation 21 of the SEBI Listing Regulations. The Risk Management Committee currently comprises of:

<b>S. No.</b>	<b>Name of Director</b>	<b>Designation</b>	<b>Committee Designation</b>
1.	Kaushik Dutta	Independent Director	Chairperson
2.	Swapnil Babanlal Jain	Executive Director and Chief Technical Officer	Member
3.	Nilesh Shrivastava	Nominee Director	Member
4.	Ram Kuppuswamy	Non-executive Director	Member

### ***Terms of Reference***

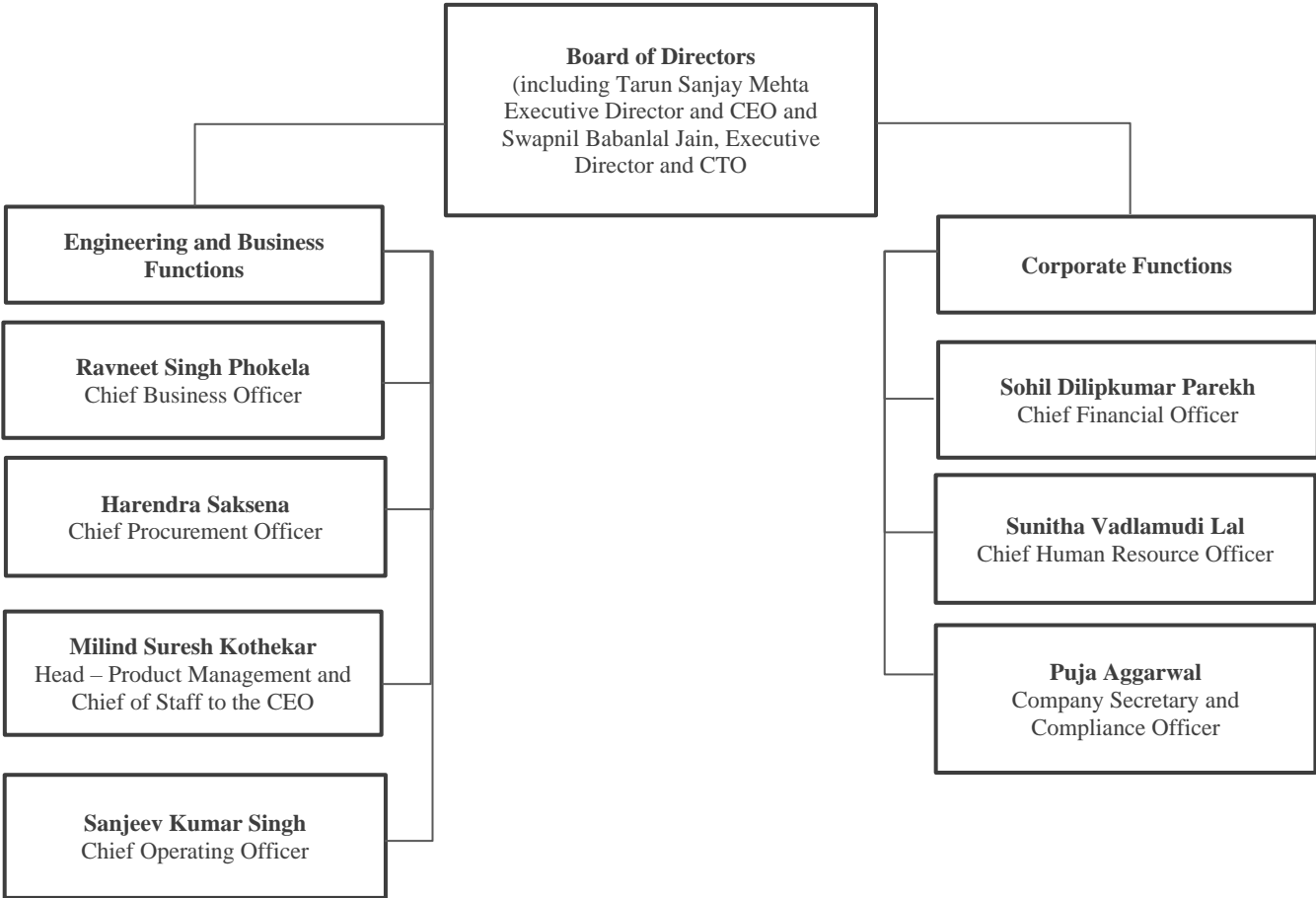
The role and responsibility of the Risk Management Committee shall be as follows:

- (1) review, assess and formulate the risk management system and policy of the Company from time to time and recommend for an amendment or modification thereof, which shall include:
  - (a) a framework for identification of internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability (particularly, environment, social and governance related risks), information, cyber security risks or any other risk as may be determined by the Risk Management Committee;
  - (b) measures for risk mitigation including systems and processes for internal control of identified risks; and
  - (c) business continuity plan;
- (2) ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;



- (3) monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- (4) periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity, and recommend for any amendment or modification thereof, as necessary;
- (5) keep the Board of the Company informed about the nature and content of its discussions, recommendations and actions to be taken;
- (6) review the appointment, removal and terms of remuneration of the Chief Risk Officer (if any);
- (7) to implement and monitor policies and/or processes for ensuring cyber security;
- (8) to coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the Board; and
- (9) any other similar or other functions as may be laid down by Board from time to time and/or as may be required under applicable law, as amended from time to time, including the SEBI Listing Regulations, as amended.

**Management Organisation Structure**



## Key Managerial Personnel and Senior Management

### *Key Managerial Personnel*

In addition to Tarun Sanjay Mehta and Swapnil Babanlal Jain, our Executive Directors, whose details are provided in '- **Brief Profiles of our Directors**' above, the details of our other Key Managerial Personnel as on the date of this Draft Red Herring Prospectus are set forth below.

**Sohil Dilipkumar Parekh** is the Chief Financial Officer of our Company, overseeing financial strategy, reporting, operations, fundraising, and tax matters. A member of the Institute of Chartered Accountants of India, Sohil holds a bachelor's degree in commerce and a bachelor's degree in law, each from Gujarat University. Prior to joining our Company on September 9, 2022, Sohil had been associated with Claris Limited, as well as had past work experience across various other sectors, including waste-to-energy, pharmaceuticals, market research, business process outsourcing, IT and ITES. In addition to his professional achievements, Sohil is an ultra-endurance athlete and has represented India in several Full Distance Ironman Triathlons, as well as participated in long-distance cycling and running events. For Fiscal 2024, he was paid aggregate compensation of ₹11.35 million (which includes annual variable for Fiscal 2024 paid in Fiscal 2025).

**Puja Aggarwal** is the Company Secretary and Compliance Officer of our Company and is responsible for ensuring managerial, secretarial and regulatory compliances of our Company. She has been associated with our Company since April 17, 2023. She is an associate member of The Institute of Company Secretaries of India and an associate member of the Institute of Chartered Accountants of India. She holds a bachelor's degree in business management from Bangalore University. Prior to joining our Company, she was associated with Aster DM Healthcare Limited, Stelis Biopharma Limited and Narayana Hrudayalaya Limited. For Fiscal 2024, she was paid an aggregate compensation of ₹ 5.29 million (which includes annual variable for Fiscal 2024 paid in Fiscal 2025).

### *Senior Management*

**Harendra Saksena** is the Chief Procurement Officer of our Company and is responsible for maintaining relationships with suppliers and overall management and supervision of our Company's procurement requirements. He has been associated with our Company since July 4, 2022. He holds a bachelor's degree in mechanical engineering from Jamia Millia Islamia and a master's degree in engineering management from University of Technology, Sydney. He has also obtained certification in supply chain management (strategies and innovation) from Stanford University Graduate School of Business. Prior to joining our Company, he was associated with Johnson Electric International Limited, Siemens VDO Automotive Limited, Motherson Auto Limited and Daewoo Motors India Limited. In Fiscal 2024, he was paid an aggregate compensation of ₹ 20.93 million (which includes annual variable for Fiscal 2024 paid in Fiscal 2025).

**Sanjeev Kumar Singh** is the Chief Operating Officer of our Company and is responsible for manufacturing operations across our factories, program management and planning. He has been associated with our Company since July 11, 2022. He holds a bachelor's degree in technology in mechanical engineering from Indian Institute of Technology, Kharagpur. Prior to joining our Company, he was associated with GENPACT India, Bosch Limited, ACME Tele Power Limited and Tata Motors Limited. In Fiscal 2024, he was paid an aggregate compensation of ₹ 15.97 million (which includes annual variable pay for Fiscal 2024 paid in Fiscal 2025).

**Ravneet Singh Phokela** is the Chief Business Officer of our Company and is responsible for marketing, sales, after-sales and service, charging infrastructure, insight and analytics and customer service verticals. He has been associated with our Company since September 1, 2015. He holds a bachelor's degree in commerce from Delhi University and a post graduate diploma in business management from Institute of Management Technology, Ghaziabad. Prior to joining our Company, he was associated with Nokia UK Limited, Flipkart India Private Limited, Lintas India Private Limited (Lowe Lintas), Loyalty Solutions & Research Private Limited (PAYBACK) and Whirlpool of India Limited. In Fiscal 2024, he was paid an aggregate compensation of ₹ 27.90 million (which includes annual variable pay for Fiscal 2024 paid in Fiscal 2025).

**Sunitha Vadlamudi Lal** is the Chief Human Resource Officer of our Company and is responsible for human resource functions and operations across talent acquisition and management, learning and development, compensation and benefits, internal communications and employer branding, as well as management of the

Company's administration and infrastructure. She has been associated with our Company since August 2, 2017. She holds a bachelor's degree in science from Madurai Kamaraj University and a master's degree in labour management from Madurai Kamaraj University. Prior to joining our Company, she was associated with Matrimony.com Limited, MphasiS Limited and TalentPro India Private Limited. For Fiscal 2024, she was paid an aggregate compensation of ₹ 19.10 million (which includes annual variable pay for Fiscal 2024 paid in Fiscal 2025).

**Milind Suresh Kothekar** is the Head – Product Management and Chief of Staff to the CEO, of our Company and is responsible for product management and continuous enhancement of our existing product portfolio including our E2Ws, charging infrastructure, AtherStack, accessories, merchandise, community-building initiatives, and ownership experience enhancements. He has been associated with our Company since October 3, 2015. He holds a bachelor's degree in technology and a master's degree in technology in electrical engineering from Indian Institute of Technology, Bombay. Prior to joining our Company, he was associated with Eaton Technologies Private Limited. For Fiscal 2024, he was paid an aggregate compensation of ₹ 10.15 million (which includes annual variable pay for Fiscal 2024 paid in Fiscal 2025).

#### **Arrangements and understanding with major shareholders, customers, suppliers or others**

None of the Key Managerial Personnel or Senior Management of our Company have been appointed pursuant to any arrangement or understanding with our major shareholders, customers, suppliers or others.

#### **Status of Key Managerial Personnel and Senior Management**

All the Key Managerial Personnel and Senior Management are permanent employees of our Company.

#### **Relationship among Key Managerial Personnel and Senior Management**

None of our Key Managerial Personnel and Senior Management are related to each other.

#### **Bonus or profit-sharing plan for the Key Managerial Personnel and Senior Management**

Except as disclosed above under “*Terms of appointment of our Executive Directors*”, none of our Key Managerial Personnel or Senior Management are party to any bonus or profit-sharing plan of our Company.

#### **Shareholding of Key Managerial Personnel and Senior Management in our Company**

Except as disclosed in “*Capital Structure - Shareholding of our Directors, Key Managerial Personnel and Senior Management in our Company*” on page 136, none of our Key Managerial Personnel or Senior Management, hold any Equity Shares in our Company as on the date of this Draft Red Herring Prospectus.

#### **Service Contracts with Directors and Key Managerial Personnel and Senior Management**

No officer of our Company, including our Directors, Key Managerial Personnel and Senior Management has entered into a service contract with our Company pursuant to which they are entitled to any benefits upon termination of employment or retirement.

#### **Contingent and deferred compensation payable to our Key Managerial Personnel and Senior Management**

There is no contingent or deferred compensation payable to our Key Managerial Personnel and Senior Management, which does not form part of their remuneration.

#### **Interest of Key Managerial Personnel and Senior Management**

Other than as disclosed in “*- Interest of Directors*” and “*-Payment or benefit to Key Managerial Personnel and Senior Management of our Company*” above, the Key Managerial Personnel and Senior Management of our Company do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business.

### Changes in Key Managerial Personnel or Senior Management during the last three years

Except as disclosed below, there are no other changes in our Key Managerial Personnel or Senior Management during the three years immediately preceding the date of this Draft Red Herring Prospectus are set forth below:

Name	Date of Change	Reasons
Harendra Saksena	July 4, 2022	Appointed as Executive Vice President
Raj Kiran BS	July 31, 2022	Resigned as the Company Secretary
Nakul Upadhaya	August 1, 2022	Appointed as the Company Secretary
Nakul Upadhya	November 10, 2022	Resigned as the Company Secretary
Puja Aggarwal	April 26, 2023	Appointed as the Company Secretary
Deepak Jain	March 31, 2024	Resigned as the Chief Financial Officer
Sohil Dilipkumar Parekh	April 1, 2024	Appointed as the Chief Financial Officer
Sanjeev Kumar Singh	April 1, 2024	Appointed as the Chief Operating Officer

### Employee stock option and stock purchase schemes

Except as disclosed in “*Capital Structure – Employee Stock Option Schemes*” on page 139, our Company does not have any employee stock option scheme.

### Payment or Benefit to Key Managerial Personnel and Senior Management of our Company

No non-salary related amount or benefit has been paid or given to any of our Company’s officers including our Directors, Key Managerial Personnel and Senior Management within the two preceding years of this Draft Red Herring Prospectus or is intended to be paid or given, other than in the ordinary course of their employment.

## OUR PROMOTERS AND PROMOTER GROUP

### Our Promoters

Tarun Sanjay Mehta, Swapnil Babanlal Jain and HMCL are the Promoters of our Company. As on the date of this Draft Red Herring Prospectus, our Promoters hold in aggregate 23,020,461 Equity Shares and 508,086 Preference Shares, which constitutes 50.47% of the issued, subscribed and paid-up share capital of our Company, on a fully diluted basis.

For details on shareholding of our Promoters in our Company, see “*Capital Structure - Build-up of Promoter’s shareholding in our Company*” on page 125. Further, for details on shareholding of the members of our Promoter Group in our Company, see “*Capital Structure - Shareholding of our Promoters and member of our Promoter Group*” on page 130.

### Details of our Individual Promoters



#### Tarun Sanjay Mehta

Tarun Sanjay Mehta, born on October 31, 1989, aged 34 years, is our Promoter and Executive Director and Chief Executive Officer. He is residing at Flat A 603, Mantri Sarovar, Opposite Agara Lake, HSR Layout, Bengaluru, Karnataka, 560 102. For the complete profile of Tarun Sanjay Mehta, along with the details of his educational qualification, experience in the business/employment, positions/posts held in past, other directorships, special achievements, his business and financial activities, see “*Our Management*” on page 294.

The permanent account number of Tarun Sanjay Mehta is AWQPM1538D.

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#### Swapnil Babanlal Jain

Swapnil Babanlal Jain, born on June 23, 1989, aged 35 years, is our Promoter and Executive Director and Chief Technical Officer. He is residing at Huron, H-1302, SNN Raj Lakeview, Phase-2, Ranka Colony Road, Ranka Colony, Munivenkatappa Layout, Bangalore South, Bengaluru, Karnataka, 560 076. For the complete profile of Swapnil Babanlal Jain, along with the details of his educational qualification, experience in the business/employment, positions/posts held in past, other directorships, special achievements, his business and financial activities, see “*Our Management*” on page 294.

The permanent account number of Swapnil Babanlal Jain is AIFPJ8925Q.

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Our Company confirms that the respective PAN, bank account numbers, Aadhaar card numbers, passport numbers and driving license numbers of our Individual Promoters will be submitted to the Stock Exchanges at the time of filing of this Draft Red Herring Prospectus.

### Details of our Corporate Promoter

#### Hero MotoCorp Limited (“HMCL”)

##### *Corporate Information*

HMCL was incorporated as Hero Honda Motors Limited on January 19, 1984, at New Delhi under the Companies Act, 1956. Pursuant to a special resolution passed by its shareholders on July 17, 2011, the name was changed to

Hero MotoCorp Limited, and a fresh certificate of incorporation dated July 28, 2011 was issued by the Registrar of Companies, National Capital Territory of Delhi and Haryana. The registered office of HMCL is located at The Grand Plaza, Plot No. 2 Nelson Mandela Road, Vasant Kunj – Phase -II, New Delhi 110 070, Delhi, India.

HMCL is a listed company having its equity shares listed on BSE with effect from February 14, 1985 and NSE with effect from April 11, 2003.

#### *Nature of Business*

HMCL is engaged in the business of manufacturing two-wheeler transport equipment and selling of motorised two-wheelers, spare parts and related services.

There has been no change in business activities of our Corporate Promoter, HMCL from the date of its incorporation.

#### *Board of Directors*

The board of directors of HMCL, as on the date of this Draft Red Herring Prospectus are as follows:

<b>S. No.</b>	<b>Name of the director</b>	<b>Designation</b>
1.	Dr. Pawan Munjal	Executive Chairman – Non-Independent, Executive
2.	Vikram Sitaram Kasbekar	Executive Director (Operations) – Non-Independent, Executive
3.	Vasudha Dinodia	Director – Non-Independent, Non-Executive
4.	Suman Kant Munjal	Director – Non-Independent, Non-Executive
5.	Pradeep Dinodia	Director – Non-Independent, Non-Executive
6.	Birender Singh Dhanoa	Director – Independent, Non-Executive
7.	Camille Miki Tang	Director – Independent, Non-Executive
8.	Tina Trikha	Director – Independent, Non-Executive
9.	Jagmohan Singh Raju	Director – Independent, Non-Executive
10.	Rajnish Kumar	Director – Independent, Non-Executive

*[remainder of the page has been intentionally left blank]*

Shareholding Pattern of HMCL

The shareholding pattern of HMCL as at June 30, 2024 is as provided below:

Category (I)	Category of Shareholder (II)	Number of Shareholders (III)	Number of fully paid up Equity Shares held (IV)	Number of partly paid-up Equity Shares held (V)	Number of Equity Shares underlying Equity Depository Receipts (VI)	Total number of Equity Shares held (VII) = (IV)+(V)+(VI)	Shareholding as a % of total number of Equity Shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of voting rights held in each class of securities (IX)			Number of Equity Shares underlying outstanding convertible securities (including warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted equity share capital) (XI) = (VII)+(X) As a % of (A+B+C2)	Number of locked in Equity Shares (XII)		Number of Equity Shares pledged or otherwise encumbered (XIII)		Number of Equity Shares held in dematerialized form (XIV)	
								Class e.g.: Equity Shares	Number of Voting Rights				Total as a % of (A+B+C)	Number (a)	As a % of total Equity Shares held (b)	Number (a)		As a % of total Equity Shares held (b)
									Class e.g.: others									
(A)	Promoter and promoter group	20	69,488,181	-	-	69,488,181	34.76	69,488,181	-	69,488,181	34.76	-	34.76	-	-	-	-	69,488,181
(B)	Public	3,00,126	130,442,929	-	-	130,442,929	65.24	130,442,929	-	130,442,929	65.24	-	65.24	-	-	-	-	129,666,680
(C)	Non-promoter – non public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C1)	Equity shares underlying depository receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C2)	Equity shares held by employee trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Total</b>	<b>3,00,146</b>	<b>199,931,110</b>	<b>-</b>	<b>-</b>	<b>199,931,110</b>	<b>100.00</b>	<b>199,931,110</b>	<b>-</b>	<b>199,931,110</b>	<b>100.00</b>	<b>-</b>	<b>100.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>199,154,861</b>



### *Details of change in control of HMCL*

There has been no change in the control of HMCL in the last three years preceding the date of this Draft Red Herring Prospectus.

### *Promoters of HMCL*

The promoters of HMCL are Dr. Pawan Munjal, Dr. Pawan Munjal (as the karta of the Pawan Kant & Sons HUF), Brijmohan Lal Om Parkash (Partnership Firm), Renu Munjal, Renuka Munjal, Suman Kant Munjal, Suman Kant Munjal (as the karta of Suman Kant & Son HUF), Bahadur Chand Investments Private Limited, Hero Investcorp Private Limited, Pawan Munjal Family Trust and RK Munjal & Sons Trust.

### *Board of Directors of the promoters of HMCL*

The board of directors of Bahadur Chand Investments Private Limited, as on the date of this Draft Red Herring Prospectus are as follows:

S. No.	Name of the director	Designation
1.	Dr. Pawan Munjal	Non- Executive director
2.	Suman Kant Munjal	Non- Executive Director
3.	Renu Munjal	Non-Executive Director
4.	Suresh Shetty	Independent Director
5.	Navin Raheja	Independent Director

The board of directors of Hero Investcorp Private Limited, as on the date of this Draft Red Herring Prospectus are as follows:

S. No.	Name of the director	Designation
1.	Dr. Pawan Munjal	Director
2.	Suman Kant Munjal	Director
3.	Renu Munjal	Director

Our Company confirms that the PAN, bank account number, company registration number of HMCL along with the address of the registrar of companies where HMCL is registered, will be submitted to the Stock Exchanges at the time of filing of this Draft Red Herring Prospectus.

### **Other ventures of our Promoters**

Other than as disclosed in this section under “- **Promoter Group**” and in the section “**Our Management**” on page 294, our Promoters are not involved in any other ventures.

### **Change in the management and control of our Company**

There has been no change in the control of our Company in the last five years. Pursuant to the resolution dated August 27, 2024, our Board has identified Tarun Sanjay Mehta, Swapnil Babanlal Jain and HMCL as the Promoters of our Company.

### **Interests of Promoters**

Except for HMCL, our Promoters are interested in our Company to the extent that they have promoted our Company and hold Equity Shares in our Company and to the extent of any dividend declared thereon. For details of the shareholding of our Promoters in our Company, see “**Capital Structure - Build-up of Promoter’s shareholding in our Company**” on page 125.

Our Individual Promoters, Tarun Sanjay Mehta and Swapnil Babanlal Jain, who are Directors, may be deemed to be interested to the extent of their remuneration/fees, service considerations, benefits and reimbursement of expenses, payable to them. For further details, see “**Our Management - Interest of Directors**” and “**Restated Financial Information**” on pages 299 and 319, respectively.

Our Promoters have no interest in any property acquired by our Company during the three years preceding the date of this Draft Red Herring Prospectus, or proposed to be acquired, or in any transaction by our Company for acquisition of land, construction of building or supply of machinery.

Our Promoters are not interested as a member in any firm or company which has any interest in our Company. Further, no sum has been paid or agreed to be paid to any of our Promoters or to any firm or company in which any of our Promoters are interested as a member, in cash or shares or otherwise by any person either to induce any of our Promoters to become, or qualify them as a director, or otherwise for services rendered by any our Promoters or by such firm or company in connection with the promotion or formation of our Company. Our Company has entered into a collaboration agreement with HMCL pursuant to which our Company and HMCL have agreed to collaborate on enabling interoperability of charging stations and other ancillary activities. For details, see “*History and Certain Corporate Matters - Summary of key agreements and shareholders’ agreements - Other material agreements*”

#### **Payments or benefits to our Promoters or members of our Promoter Group**

Except in ordinary course of business and as disclosed in, “*Our Management*” and “*Restated Financial Information*” on pages 294 and 319, respectively, no amount or benefit has been paid or given to our Promoters or members of our Promoter Group during the two years preceding the filing of this Draft Red Herring Prospectus nor is there any intention to pay or give any benefit to our Promoter or members of our Promoter Group.

#### **Material Guarantees to third parties with respect to the Equity Shares**

Our Promoters have not given any material guarantee to any third party with respect to the Equity Shares, as on the date of this Draft Red Herring Prospectus.

#### **Disassociation by our Promoters in the three immediately preceding years**

Except as disclosed below, our Promoters have not disassociated themselves from any company or firm in the three years immediately preceding the date of this Draft Red Herring Prospectus:

<b>Name of Promoter</b>	<b>Name of company or firm from which the Promoter has disassociated</b>	<b>Reasons and circumstances for disassociation</b>	<b>Date of disassociation</b>
Tarun Sanjay Mehta	Crion Technologies Private Limited	Divestment of shares	August 29, 2024
Swapnil Babanlal Jain	Crion Technologies Private Limited	Divestment of shares	August 29, 2024

#### **Promoter Group**

Apart from our Promoters, the following individuals and entities constitute our Promoter Group in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations.

##### **A. Natural persons who are part of the Promoter Group**

The natural persons who are part of the Promoter Group, other than our individual Promoter, are as follows:

<b>Name of Promoter</b>	<b>Name of relative</b>	<b>Relationship</b>
<b>Tarun Sanjay Mehta</b>	Sanjay Surajraj Mehta	Father
	Sangeeta Sanjay Mehta	Mother
	Swarna Srimal Mehta	Spouse
	Divya Mehta	Sister
	Aarohi Mehta	Daughter
	Vinod Srimal	Spouse’s father
	Shikha Srimal	Spouse’s mother
	Shivika Srimal	Spouse’s sister
<b>Swapnil Babanlal Jain</b>	Babanlal Girdharilal Jain	Father
	Rajulmati Babanlal Jain	Mother
	Chitra C R	Spouse
	Renukaradhya CS	Spouse’s father
	Sumangala HS	Spouse’s mother
	Chirashree CR	Spouse’s sister

**B. *Entities forming part of the Promoter Group (in addition to Hero MotoCorp Limited)***

The entities forming part of our Promoter Group in relation to Tarun Sanjay Mehta and Swapnil Babanlal Jain as Promoters are as follows:

1. Mehta Family Trust;
2. Tarun Swarna Family Trust;
3. Jain Family Trust;
4. Swapnil Jain Family Trust; and
5. Bentinck Fashions LLP

The entities forming part of our Promoter Group in relation to HMCL as Promoter are as follows:

1. Hero Tech Center Germany GmbH;
2. HMCL Netherlands B.V.;
3. HMCL Colombia S.A.S;
4. HMCL Niloy Bangladesh Limited;
5. HMC MM Auto Limited;
6. HMCL Americas Inc.;
7. Bahadur Chand Investments Private Limited; and
8. Hero FinCorp Limited.

## DIVIDEND POLICY

The dividend distribution policy of our Company was approved and adopted by our Board on August 27, 2024 (“**Dividend Policy**”). In terms of the Dividend Policy, the declaration and payment of dividends on our Equity Shares, if any, will be recommended by our Board and approved by our Shareholders, at their discretion, subject to the provisions of the Articles of Association and applicable laws including the Companies Act, read with the rules notified thereunder, each as amended.

Any future determination as to the declaration and payment of dividends, if any, will be at the discretion of the Board and will depend on a number of factors, including but not limited to, internal factors such as earning stability, past dividend trends, free cashflow for the period under consideration, borrowing capacity, profitability of our Company during the period under consideration and external factors, including but not limited to the macro-economic environment, market conditions, prevailing legal requirements and regulatory conditions or restrictions laid down under the applicable laws including tax laws and industry outlook for business in which our Company operates. Additionally, we may retain all our future earnings, if any, for any proposed or ongoing or planned business expansion or for any other purposes which may be considered by the Board subject to compliance with the provisions of the Companies Act. In addition, the ability of our Company to pay dividends may be impacted by a number of factors, including restrictive covenants under the loan or financing arrangements our Company is currently availing of or may enter into to finance our funding requirements for our business activities. For details in relation to risks involved in this regard, see “**Risk Factors – We may not be able to pay dividends in the future**” and “**Financial Indebtedness**” on pages 76 and 429, respectively.

Our Company has not declared and paid any dividend on the Equity Shares and Preference Shares of our Company from April 1, 2024 until the date of this Draft Red Herring Prospectus, and during the Financial Years ended March 31, 2024, March 31, 2023 and March 31, 2022.

**SECTION V – FINANCIAL INFORMATION**

**RESTATED FINANCIAL INFORMATION**

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# INDEPENDENT AUDITOR'S EXAMINATION REPORT ON RESTATED FINANCIAL INFORMATION

To

**The Board of Directors**

**Ather Energy Limited (formerly known as "Ather Energy Private Limited")**

3<sup>rd</sup> Floor, Tower D

IBC Knowledge Park,

#4/1 Bannerghatta Main Road

Bengaluru 560 029, India

Dear Sirs,

1. We have examined the attached Restated Financial Information of Ather Energy Limited (formerly known as "**Ather Energy Private Limited**") (the "**Company**" or the "**Issuer**") which comprises of the Restated Statement of Assets and Liabilities as at March 31 2024, 2023 and 2022, the Restated Statements of Profit and Loss (including other comprehensive income), Restated Statement of changes in equity and the Restated Statement of Cash Flows for the years ended March 31 2024, 2023 and 2022, and a summary of Material Accounting Policies, and other explanatory information (collectively, the "**Restated Financial Information**"), as approved by the Board of Directors of the Company ("the **Board**") at their meeting held on August 27, 2024 for the purpose of inclusion in the Draft Red Herring Prospectus ("**DRHP**") prepared by the Company in connection with its proposed initial public offer of equity shares ("**IPO**") prepared in terms of the requirements of:
  - a) Section 26 of Part I of Chapter III of the Companies Act, 2013, as amended ("**the Act**");
  - b) the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the "**ICDR Regulations**"); and
  - c) the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("**ICAI**"), as amended (the "**Guidance Note**").
2. The Company's management is responsible for the preparation of the Restated Financial Information which have been approved by the Board of Directors for the purpose of inclusion in the DRHP to be filed with Securities and Exchange Board of India (the "**SEBI**"), BSE Limited ("**BSE**") and National Stock Exchange of India Limited ("**NSE**") (collectively, with BSE, the "**Stock Exchanges**") in connection with the IPO. The Restated Financial Information have been prepared by the management of the Company on the basis of preparation stated in Note 1.2 to the Restated Financial Information. The responsibility of the Company's Board of Directors includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Financial Information. The Board of Directors are also responsible for identifying and ensuring that the Company complies with the Act, ICDR Regulations and the Guidance Note.
3. We have examined these Restated Financial Information taking into consideration:
  - a) The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated August 27, 2024 in connection with the IPO;
  - b) The Guidance Note. The Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI;
  - c) Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Financial Information; and
  - d) The requirements of Section 26 of the Act and the ICDR Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the ICDR Regulations and the Guidance Note in connection with the IPO.
4. These Restated Financial Information have been compiled by the management from the audited Ind AS Financial Statements of the Company as at and for the years ended March 31, 2024, 2023 and 2022, prepared

in accordance with Indian Accounting Standards (Ind AS) as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India (the “**Ind AS Financial Statements**”), which have been approved by the Board of Directors at their meeting held on May 6, 2024, April 26, 2023 and May 02, 2022 respectively.

5. For the purpose of our examination, we have relied on audit reports issued by us dated May 6, 2024, April 26, 2023 and May 02, 2022 in relation to Ind AS Financial Statements of the Company as at and for the years ended March 31, 2024, 2023 and 2022, respectively as referred in Paragraph 4 above which include the following Emphasis of Matter paragraph (also refer Note 1.2 of the Restated Financial Information).

As at and for the year ended March 31, 2022

Emphasis of matter

“We draw attention to Note 1.2 to the financial statements with regard to the basis of preparation of the financial statements. As mentioned therein, the Company has incurred a net loss of Rs. 3,441 Million during the year ended March 31, 2022 and, as of that date, has accumulated loss of Rs. 9,629 Million. Further, the Company’s current liabilities exceeded its current assets by Rs. 1,017 Million. However, the financial statements of the Company have been prepared on a going concern basis for the reasons stated in the said Note.

Our opinion is not modified in respect of this matter.”

6. Based on our examination and according to the information and explanations given to us, we report that the Restated Financial Information:
  - a) have been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping/reclassifications retrospectively in the financial years ended March 31, 2023 and 2022 to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed as at and for the year ended March 31, 2024;
  - b) do not require any adjustment for modification as there is no modification in the underlying audit reports. There is an item relating to emphasis of matter (refer paragraph 5 above), which do not require any adjustment to the Restated Financial Information; and
  - c) have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
8. The Restated Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of the reports on audited Ind AS Financial Statements mentioned in paragraph 4 above (except for the matters as described in note 1.2 of the Restated Financial Information)
9. This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us, nor should this report be construed as a new opinion on any of the financial statements referred to herein.
10. We have no responsibility to update our report for events and circumstances occurring after the date of the report.
11. Our report is intended solely for use of the Board of Directors for the purpose for inclusion in the DRHP to be filed with SEBI and Stock Exchanges in connection with the IPO. Our report should not be used, referred to, or distributed for any other purpose except with our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants

(Firm's Registration No. 008072S)

**Gurvinder Singh**

Partner

(Membership No. 110128)

(UDIN: 24110128BKBGZC8172)

Place: Bengaluru

Date: August 27, 2024



**Ather Energy Limited (formerly known as Ather Energy Private Limited)**  
**Restated Statement of Assets and Liabilities**  
**CIN: U40100KA2013PLC093769**

(Amount in millions of INR unless otherwise stated)

Particulars	Note No.	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022
<b>ASSETS</b>				
<b>NON CURRENT ASSETS</b>				
Property, plant and equipment	2(a)	1,871	1,818	935
Right of use assets	2(b)	1,489	1,844	646
Capital work-in-progress	2(c)	0	9	4
Intangible assets	2(d)	1,229	1,783	1,766
Intangible assets under development	2(e)	706	365	923
Financial assets				
- Investments	3	-	-	0
- Other financial assets	4	153	177	132
Other non-current assets	5	1,393	689	855
<b>TOTAL - NON CURRENT ASSETS</b>		<b>6,841</b>	<b>6,685</b>	<b>5,261</b>
<b>CURRENT ASSETS</b>				
Inventories	6	1,167	2,574	607
Financial assets				
- Investments	3	2,922	2,859	373
- Trade receivables	7	16	12	10
- Cash and cash equivalents	8	2,279	826	574
- Other balances with banks	9	2,199	936	313
- Loans	10	2	-	-
- Other financial assets	4	1,170	3,721	355
Current tax asset	11	24	23	9
Other current assets	5	2,515	2,132	684
<b>TOTAL - CURRENT ASSETS</b>		<b>12,294</b>	<b>13,083</b>	<b>2,925</b>
<b>TOTAL ASSETS</b>		<b>19,135</b>	<b>19,768</b>	<b>8,186</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Equity share capital	12	0	0	0
Instruments entirely equity in nature	12	8	6	7
Other equity	13	5,451	6,131	2,242
<b>TOTAL - EQUITY</b>		<b>5,459</b>	<b>6,137</b>	<b>2,249</b>
<b>LIABILITIES</b>				
<b>NON CURRENT LIABILITIES</b>				
Financial liabilities				
- Borrowings	14	309	1,205	1,087
- Lease liabilities	15	1,419	1,686	597
- Other financial liabilities	16	103	59	19
Provisions	17	702	486	290
Other non-current liabilities	18	379	-	-
<b>TOTAL - NON CURRENT LIABILITIES</b>		<b>2,912</b>	<b>3,436</b>	<b>1,993</b>
<b>CURRENT LIABILITIES</b>				
Financial liabilities				
- Borrowings	14	2,840	3,647	1,897
- Lease liabilities	15	209	178	68
- Trade payables				
(A) Total outstanding dues of micro enterprises and small enterprises	19	185	238	100
(B) Total outstanding dues of creditors other than micro and small enterprises	19	3,842	3,599	1,109
- Other financial liabilities	16	1,348	1,383	533
Other current liabilities	18	1,533	563	132
Provisions	17	807	587	105
<b>TOTAL - CURRENT LIABILITIES</b>		<b>10,764</b>	<b>10,195</b>	<b>3,944</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>19,135</b>	<b>19,768</b>	<b>8,186</b>

The accompanying notes 1 - 52 form an integral part of these restated financial information.

As per our report of even date

For Deloitte Haskins & Sells  
Chartered Accountants  
Firm registration no.008072S

For and on behalf of Board of Directors of  
**Ather Energy Limited (formerly known as Ather Energy Private Limited)**

**Gurvinder Singh**  
Partner  
Membership no.110128

**Tarun Sanjay Mehta**  
Executive Director and Chief Executive Officer  
DIN: 06392463

**Swapnil Babanlal Jain**  
Executive Director and Chief Technical Officer  
DIN: 06682759

**Sohil Dilipkumar Parekh**  
Chief Financial Officer

**Puja Aggarwal**  
Company Secretary and Compliance Officer  
Membership No.:A49310

Date: 27 August 2024  
Place: Bengaluru

Date: 27 August 2024  
Place: Bengaluru

Particulars	Note No.	For the year ended 31 March 2024	For the year ended 31 March 2023	For the year ended 31 March 2022
I Revenue from operations	20	17,538	17,809	4,089
II Other income	21	353	209	49
<b>III Total income (I + II)</b>		<b>17,891</b>	<b>18,018</b>	<b>4,138</b>
<b>IV EXPENSES</b>				
Cost of materials consumed	22	15,792	15,370	3,482
Purchase of stock-in-trade	23	279	923	201
Change in inventories of finished goods, stock-in-trade and work-in-progress	24	247	(339)	155
Employee benefits expense	25	3,692	3,348	1,139
Finance costs	26	890	650	407
Depreciation and amortisation expenses	27	1,467	1,128	484
Other expenses	28	4,375	5,583	1,711
<b>Total expenses (IV)</b>		<b>26,742</b>	<b>26,663</b>	<b>7,579</b>
<b>V Loss before exceptional items and tax (III - IV)</b>		<b>(8,851)</b>	<b>(8,645)</b>	<b>(3,441)</b>
<b>VI Exceptional items</b>	29	1,746	-	-
<b>VII Loss before tax (V - VI)</b>		<b>(10,597)</b>	<b>(8,645)</b>	<b>(3,441)</b>
<b>VIII Tax expense</b>				
(1) Current tax	32	-	-	-
(2) Deferred tax	32	-	-	-
<b>Total tax expense</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>IX Loss for the year (VII - VIII)</b>		<b>(10,597)</b>	<b>(8,645)</b>	<b>(3,441)</b>
<b>X Other comprehensive income</b>				
(i) Items that will not be reclassified to profit or loss				
Re-measurement of defined benefit plans	34	(26)	6	(5)
Income tax relating to above items		-	-	-
<b>XI Total comprehensive loss for the year (IX+X)</b>		<b>(10,623)</b>	<b>(8,639)</b>	<b>(3,446)</b>
<b>XII Loss per equity share in INR (Face value of INR 1 each)</b>				
(1) Basic	31	(47)	(48)	(27)
(2) Diluted		(47)	(48)	(27)

The accompanying notes 1 - 52 form an integral part of these restated financial information.

As per our report of even date

**For Deloitte Haskins & Sells**  
Chartered Accountants  
Firm registration no.008072S

**For and on behalf of Board of Directors of**  
**Ather Energy Limited (formerly known as Ather Energy Private Limited)**

**Gurvinder Singh**  
Partner  
Membership no.110128

**Tarun Sanjay Mehta**  
Executive Director and Chief Executive Officer  
DIN: 06392463

**Swapnil Babanlal Jain**  
Executive Director and Chief Technical Officer  
DIN: 06682759

**Sohil Dilipkumar Parekh**  
Chief Financial Officer

**Puja Aggarwal**  
Company Secretary and Compliance Officer  
Membership No.:A49310

Date: 27 August 2024  
Place: Bengaluru

Date: 27 August 2024  
Place: Bengaluru

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023	For the year ended 31 March 2022
<b>A. Cash flows from operating activities</b>			
Loss before tax	(10,597)	(8,645)	(3,441)
<b>Adjustments for:</b>			
Depreciation and amortisation expenses	1,467	1,128	484
Warranty cost	429	572	204
Assets discarded	12	104	18
Finance costs	890	650	407
Loss on fair value measurement of financial liabilities (net)	224	568	137
Allowance for doubtful advance and receivables	58	8	49
Provision/Liability no longer required written back	(32)	-	-
Sundry balances written off	6	-	-
Net unrealized foreign exchange loss / (gain)	4	(3)	2
Share based payment expense	815	885	195
Interest income	(196)	(82)	(22)
Profit on sale of property, plant and equipment	(3)	(3)	-
Gain on derecognition of Right of use assets and lease liabilities on account of termination of leases	-	(6)	(5)
Net gain on disposal / fair valuation of investments carried at fair value through profit & loss	(115)	(120)	(20)
<b>Operating cash outflow before working capital changes</b>	<b>(7,038)</b>	<b>(4,944)</b>	<b>(1,992)</b>
<b>Changes in working capital:</b>			
(Increase)/decrease in inventories	1,407	(1,967)	(40)
(Increase)/decrease in trade receivables	(4)	(2)	(10)
(Increase)/decrease in other financial assets	2,512	(3,483)	(18)
(Increase)/decrease in other assets	(976)	(1,383)	(752)
(Decrease)/increase in trade payables	193	2,635	534
(Decrease)/increase in other financial liabilities	(48)	(30)	43
(Decrease)/increase in other liabilities and provisions	1,279	475	(42)
<b>Cash used in operations</b>	<b>(2,675)</b>	<b>(8,699)</b>	<b>(2,277)</b>
Income taxes paid (net)	(1)	(14)	(7)
<b>Net cash used in operating activities</b>	<b>(2,676)</b>	<b>(8,713)</b>	<b>(2,284)</b>
<b>B. Cash flows from investing activities</b>			
Capital expenditure on property, plant and equipment and intangible assets, capital work in progress and intangible assets under development including capital advances and payable on purchase of property, plant and equipment.	(1,159)	(1,318)	(722)
Proceeds from disposal of property, plant and equipment	3	20	-
Investments in fixed deposits	(4,385)	(31,367)	(3,603)
Redemption of fixed deposits	3,123	30,743	4,229
Investments in mutual funds	(125)	-	-
Proceeds from sale of mutual funds	-	387	-
Interest received	262	185	30
<b>Net cash used in investing activities</b>	<b>(2,281)</b>	<b>(1,350)</b>	<b>(66)</b>
<b>C. Cash flows from financing activities</b>			
Proceeds from issue of compulsorily convertible preference shares and equity shares (including security premium)	9,011	11,998	-
Proceeds from issue of compulsorily convertible debentures	-	-	1,500
Payment of lease liability	(168)	(121)	(99)
Proceeds from non- current borrowings (including current maturities)	1,300	2,000	1,300
Repayment of non- current borrowings (including current maturities)	(1,847)	(1,630)	(706)
(Repayment) / Proceeds of current borrowings (net)	(1,194)	1,528	700
Finance cost	(770)	(601)	(388)
<b>Net cash generated from financing activities</b>	<b>6,332</b>	<b>13,174</b>	<b>2,307</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>1,375</b>	<b>3,111</b>	<b>(43)</b>
Cash and cash equivalents at the beginning of the year	826	574	53
Liquid mutual funds	2,859	-	564
<b>Cash and cash equivalents at the end of the year</b>	<b>5,060</b>	<b>3,685</b>	<b>574</b>
<b>Reconciliation of cash and cash equivalents</b>			
Cash on hand	1	1	0
Balances with banks in current accounts	2,278	825	574
Liquid mutual funds	2,781	2,859	-
<b>Total</b>	<b>5,060</b>	<b>3,685</b>	<b>574</b>

**Ather Energy Limited (formerly known as Ather Energy Private Limited)**
**Restated Statement of Cash Flows**
**CIN: U40100KA2013PLC093769**

(Amount in millions of INR unless otherwise stated)

**Notes**

1. The above Restated Statement of Cash Flows has been prepared under the "Indirect Method" as set out in Ind AS 7 "Statement of Cash Flows".
2. Disclosure of changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, are given below:

Particulars	As at 01 April 2023	Net Cash flows	Changes in fair values / Accruals	Unrealised foreign exchange fluctuation	Others *	As at 31 March 2024
Non-current borrowings (including current maturities)	2,659	(547)	2	-	-	2,114
Current borrowings	2,193	(1,194)	33	3	-	1,035
Interest accrued	11	(770)	760	-	-	1
Lease liabilities	1,864	(168)	-	-	(68)	1,628
<b>Total</b>	<b>6,727</b>	<b>(2,679)</b>	<b>795</b>	<b>3</b>	<b>(68)</b>	<b>4,778</b>

\*Others includes net remeasurement of lease liability during the year of (INR 68) million

Particulars	As at 01 April 2022	Net Cash flows	Changes in fair values / Accruals	Unrealised foreign exchange fluctuation	Others *	As at 31 March 2023
Non-current borrowings (including current maturities)	2,297	370	(8)	-	-	2,659
Current borrowings	687	1,528	(21)	(1)	-	2,193
Interest accrued	14	(601)	598	-	-	11
Lease liabilities	665	(121)	-	-	1,320	1,864
<b>Total</b>	<b>3,663</b>	<b>1,176</b>	<b>569</b>	<b>(1)</b>	<b>1,320</b>	<b>6,727</b>

\* Others includes net addition of lease liability during the year of INR 1,320 million

Particulars	As at 01 April 2021	Net Cash flows	Changes in fair values / Accruals	Unrealised foreign exchange fluctuation	Others *	As at 31 March 2022
Non-current borrowings (including current maturities)	1,717	594	(14)	-	-	2,297
Current borrowings	-	700	(13)	-	-	687
Interest accrued	13	(388)	389	-	-	14
Lease liabilities	472	(99)	-	-	292	665
<b>Total</b>	<b>2,202</b>	<b>807</b>	<b>362</b>	<b>-</b>	<b>292</b>	<b>3,663</b>

\* Others includes net addition of lease liability during the year of INR 292 million

The accompanying notes 1 - 52 form an integral part of these restated financial information.

As per our report of even date

**For Deloitte Haskins & Sells**

Chartered Accountants

Firm registration no.008072S

**For and on behalf of Board of Directors of**
**Ather Energy Limited (formerly known as Ather Energy Private Limited)**
**Gurvinder Singh**

Partner

Membership no.110128

**Tarun Sanjay Mehta**

Executive Director and Chief Executive Officer

DIN: 06392463

**Swapnil Babanlal Jain**

Executive Director and Chief Technical Officer

DIN: 06682759

**Sohil Dilipkumar Parekh**

Chief Financial Officer

Date: 27 August 2024

Place: Bengaluru

**Puja Aggarwal**

Company Secretary and Compliance Officer

Membership No.:A49310

Date: 27 August 2024

Place: Bengaluru

**Ather Energy Limited (formerly known as Ather Energy Private Limited)**  
**Restated Statement of Changes in Equity**  
**CIN: U40100KA2013PLC093769**

(Amount in millions of INR unless otherwise stated)

**A. Equity share capital**

Particulars	Equity Shares of INR 1 each		Equity Shares of INR 37 each	
	No. of Shares	Amount	No. of Shares	Amount
<b>As at 01 April 2021</b>	1,05,805	0	3,530	0
Issue of equity shares during the year	5,025	0	-	-
<b>As at 31 March 2022</b>	1,10,830	0	3,530	0
Issue of equity shares during the year	200	0	-	-
<b>As at 31 March 2023</b>	1,11,030	0	3,530	0
Issue of equity shares during the year	-	-	-	-
<b>As at 31 March 2024</b>	1,11,030	0	3,530	0

**B. Instruments entirely equity in nature - Compulsorily convertible preference shares (CCPS)**

Particulars	Compulsorily convertible preference shares of INR 1 each		Compulsorily convertible preference shares of INR 10 each		Compulsorily convertible preference shares of INR 37 each	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
<b>As at 01 April 2021</b>	74,732	0	2,67,600	3	23,490	1
Issue of compulsorily convertible preference shares during the year	-	-	-	-	-	-
<b>As at 31 March 2022</b>	74,732	0	2,67,600	3	23,490	1
Issue of compulsorily convertible preference shares during the year	-	-	2,45,148	2	-	-
<b>As at 31 March 2023</b>	74,732	0	5,12,748	5	23,490	1
Issue of compulsorily convertible preference shares during the year	-	-	2,22,479	2	-	-
<b>As at 31 March 2024</b>	74,732	0	7,35,227	7	23,490	1

**C. Instruments entirely equity in nature - Compulsorily convertible debentures**

Particulars	Compulsorily convertible debentures of INR 100 each	
	No. of debentures	Amount
<b>As at 01 April 2021</b>	-	-
Issue of compulsorily convertible debentures during the year	30,658	3
<b>As at 31 March 2022</b>	30,658	3
Conversion of compulsorily convertible debentures during the year	(30,658)	(3)
<b>As at 31 March 2023</b>	-	-
Issue of compulsorily convertible debentures during the year	-	-
<b>As at 31 March 2024</b>	-	-

**Ather Energy Limited (formerly known as Ather Energy Private Limited)**

**Restated Statement of Changes in Equity**

CIN: U40100KA2013PLC093769

(Amount in millions of INR unless otherwise stated)

**D. Other equity**

Particulars	Reserves and Surplus			Total
	Retained earnings	Securities Premium	Stock Options Outstanding Account	
<b>As at 01 April 2021</b>	(6,191)	9,779	170	3,758
Loss for the year	(3,441)	-	-	(3,441)
Other comprehensive loss for the year	(5)	-	-	(5)
Issue of compulsorily convertible debentures during the year	-	1,497	-	1,497
Issue of equity shares during the year	-	246	-	246
Charge against share based payments during the year	-	-	187	187
<b>As at 31 March 2022</b>	<b>(9,637)</b>	<b>11,522</b>	<b>357</b>	<b>2,242</b>
Loss for the year	(8,645)	-	-	(8,645)
Other comprehensive income for the year	6	-	-	6
Issue of compulsorily convertible preference shares during the year	-	11,989	-	11,989
Issue of equity shares during the year	-	10	-	10
Charge against share-based payments	-	-	650	650
Stock options settled during the year (refer note 13(b))	-	-	(121)	(121)
Transfer to retained earnings on cash settlement of stock options	(97)	-	97	-
<b>As at 31 March 2023</b>	<b>(18,373)</b>	<b>23,521</b>	<b>983</b>	<b>6,131</b>
Loss for the year	(10,597)	-	-	(10,597)
Other Comprehensive loss for the year	(26)	-	-	(26)
Issue of compulsorily convertible preference shares during the year	-	9,009	-	9,009
Issue of bonus compulsorily convertible preference shares during the year (refer note 13(a) and note 16(i))	-	(0)	-	(0)
Charge against share based payments during the year	-	-	882	882
Settlement of RTS liability by issue of equity instruments (refer note 16(i))	-	797	-	797
Stock options cancelled during the year (refer note 25(a))	-	-	(745)	(745)
Transfer to retained earnings on cancellation of stock options	(97)	-	97	-
<b>As at 31 March 2024</b>	<b>(29,093)</b>	<b>33,327</b>	<b>1,217</b>	<b>5,451</b>

The accompanying notes 1 - 52 form an integral part of these restated financial information.

As per our report of even date

For Deloitte Haskins & Sells

Chartered Accountants

Firm registration no.008072S

For and on behalf of Board of Directors of

Ather Energy Limited (formerly known as Ather Energy Private Limited)

**Gurvinder Singh**  
Partner

Membership no.110128

Date: 27 August 2024

Place: Bengaluru

**Tarun Sanjay Mehta**  
Executive Director and Chief  
Executive Officer

DIN: 06392463

Date: 27 August 2024

Place: Bengaluru

**Swapnil Babanlal Jain**  
Executive Director and Chief Technical  
Officer

DIN: 06682759

328

**Sohil Dilipkumar Parekh**  
Chief Financial Officer

**Puja Aggarwal**  
Company Secretary and Compliance Officer

Membership No.:A49310

## **Ather Energy Limited (Formerly known as Ather Energy Private Limited)**

### **1. NOTES TO RESTATED FINANCIAL INFORMATION**

#### **1.1 Corporate Information**

Ather Energy Limited (Formerly known as Ather Energy Private Limited) ('the Company') (CIN: U40100KA2013PLC093769) is a Public Limited Company incorporated and domiciled in India. The Company has converted from Private Limited Company to Public Limited Company, pursuant to a special resolution passed in the extraordinary general meeting of the shareholders of the Company held on 21 June 2024 and consequently the name of the Company has changed to Ather Energy Limited pursuant to a fresh certificate of incorporation by the Registrar of Companies on 27 August 2024. The Company's registered office is located at 3rd floor, Tower D, IBC knowledge park, #4/1, Bannerghatta main road, Bangalore, Karnataka, India, 560029.

The Company is in the business of manufacturing and selling of electric scooters, selling of software enabled services, spares, accessories, merchandise, charger infrastructure & usage charges and related research & development. The Company has manufacturing plant located at Hosur in Tamil Nādu.

These Restated Financial Information for the year ended 31 March 2024, 31 March 2023 and 31 March 2022 have been approved by the Board of Directors and authorised for issuance on 27 August 2024.

#### **1.2 Basis of Preparation**

These Restated Financial Information comprise of the Restated Statement of Assets and Liabilities as at 31 March 2024, 31 March 2023 and 31 March 2022, the Restated Statement of Profit and Loss (including Other Comprehensive Income), Restated Statement of Changes in Equity and the Restated Statement of Cash Flows for the years ended 31 March 2024, 31 March 2023 and 31 March 2022 and the Summary of Material Accounting Policies and explanatory notes (collectively, the 'Restated Financial Information').

These Restated Financial Information have been prepared by the Management for the purpose of inclusion in the Draft Red Herring Prospectus ('DRHP') to be filed by the Company with the Securities and Exchange Board of India ("SEBI"), BSE Limited and National Stock Exchange of India Limited ("NSE") (collectively, with BSE Limited, the "Stock Exchanges") in connection with Proposed Initial Public Offering ("IPO") of its equity shares.

The Restated Financial Information, which have been approved by the Board of Directors of the Company, have been prepared in accordance with the requirements of:

- a) Section 26 of Part I of Chapter III of the Companies Act, 2013, as amended ("the Act");
- b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("ICDR") as amended; and
- c) The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India (ICAI) as amended ("the Guidance Note").

These Restated Financial Information have been compiled from the audited Ind AS financial statements as at and for the years ended 31 March 2024, 31 March 2023 and 31 March 2022 ("the Ind AS Financial Statements") which have been approved by the Board of Directors in their meeting held on 6 May, 2024, 26 April 2023 and 02 May 2022 respectively.

The Restated Financial Information:

- a) have been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping/reclassifications retrospectively in the financial years ended 31 March 2023 and 31 March 2022 to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed as at and for the year ended 31 March 2024; and
- b) do not require any adjustment for modification as there is no modification in the underlying audit reports.

## Ather Energy Limited (Formerly known as Ather Energy Private Limited)

### 1. NOTES TO RESTATED FINANCIAL INFORMATION

- i. The auditor's report dated 02 May 2022 on the Ind AS Financial Statements as at and for the year ended 31 March 2022 includes the following Emphasis of Matter paragraph:

“We draw attention to Note 1.2 to the financial statements with regard to the basis of preparation of the financial statements. As mentioned therein, the Company has incurred a net loss of INR 3,441 Million during the year ended March 31, 2022 and, as of that date, has accumulated loss of INR 9,629 million. Further, the Company's current liabilities exceeded its current assets by INR 1,017 million. However, the financial statements of the Company have been prepared on a going concern basis for the reason stated in the said Note.

Our opinion is not modified in respect of this matter.”

The above emphasis of matter does not require any adjustment to the Restated Financial Information.

Subsequent to 31 March, 2024, pursuant to a resolution passed in extra-ordinary general meeting dated 21 June 2024, have approved the issuance of bonus equity shares of INR 1 each in the ratio of 224:1 for the equity shares of INR 37 each, and in the ratio of 260:1 for equity shares of INR 1 each (the “Bonus”). Further, the Company in extra-ordinary general meeting dated 21 June 2023, shareholders have approved sub-division of each equity share of face value of INR 37 each into 37 shares of face value of INR 1 each (the “Split”). As required under Ind AS 33 “Earning per share” the effect of such bonus and split is required to be adjusted for the purpose of computing earnings per share for all the period presented retrospectively. As a result, the effect of such bonus and split has been considered in these Restated Financial Information for the purpose of calculating of earning per share (Refer Note 31 of the Restated Financial Information).

These Restated Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of the board meetings for adoption of the Ind AS Financial Statements as at and for the years ended 31 March 2024, 31 March 2023 and 31 March 2022, except for issue of bonus share and share split mentioned above.

The Restated Financial Information have been prepared on a historical cost basis, except for certain financial instruments, defined benefit liabilities and share based payment arrangements that are measured at fair value at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

These Restated Financial Information are presented in Indian Rupees (INR), which is also the Company's functional currency and all values are rounded to the nearest million, except when otherwise indicated. The number ‘0’ in Restated Financial Information denotes amount less than INR 0.5 million.

### 1.3 Summary of Material Accounting Policies

#### 1.3.1 Current versus non- current classification

The Company presents assets and liabilities in the restated statement of assets and liabilities based on current/ non-current classification.

An asset is classified as current when it satisfies any of the following criteria;

- a) It is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;
- b) It is held primarily for the purpose of being traded;
- c) It is expected to be realized within twelve months after the reporting date; or



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- d) It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

A liability is classified as current when it satisfies any of the following criteria;

- a) It is expected to be settled in the Company's normal operating cycle;
- b) It is held primarily for the purpose of being traded;
- c) It is due to be settled within twelve months after the reporting date; or
- d) The Company does not have an unconditional right to defer settlements of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other assets and liabilities are classified as non-current.

The Company has determined its operating cycle as twelve months for the above purpose of classification as current and non-current.

#### 1.3.2 Fair Value Measurement

A number of Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- a) In the principal market for the asset or liability, or
- b) In the absence of a principal market, in the most advantageous market for the asset or liability
- c) The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Restated Financial Information are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- a) Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- b) Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- c) Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Restated Financial Information on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-

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assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For recurring and non-recurring fair value measurements categorised within Level 3 of the fair value hierarchy, mention a description of the valuation processes used by the entity (including, for example, how an entity decides its valuation policies and procedures and analyses changes in fair value measurements from period to period).

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

#### **1.3.3 Use of estimates and judgements**

The preparation of Restated Financial Information in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the Restated Financial Information is included in the following notes:

##### **a. Intangible assets and intangible assets under development**

Capitalisation of cost in intangible assets and intangible assets under development is based on management's judgement that technological and economic feasibility is confirmed and asset under development will generate economic benefits in future. Based on the impairment assessment carried out, the Company's management has determined that these assets have not suffered any impairment loss.

##### **b. Defined benefit plans**

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

##### **c. Provisions and contingent liability**

On an ongoing basis, Company reviews pending cases, claims by third parties and other contingencies. For contingent losses that are considered probable, an estimated loss is recorded as an accrual in the Restated Financial Information. Contingent loss that are considered possible are not provided for but disclosed as Contingent liabilities in the Restated Financial Information. Contingencies the likelihood of which is remote are not disclosed in the Restated Financial Information. Contingent gains are not recognized until the contingency has been resolved and amounts are received or receivable.

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The Company is a party to certain tax and other disputes with government authorities. Due to the uncertainty associated with such cases, it is possible that, on conclusion of such matters at a future date, the final outcome may differ significantly.

#### **d. Useful lives of depreciable assets**

Management reviews the useful lives of depreciable assets at each reporting date. As at 31 March 2024, 31 March 2023 and 31 March 2022, management assessed that the useful lives represent the expected utility of the assets to the Company. Further, there is no significant change in the useful lives as compared to previous years.

During the year ended 31 March 2023, based on a detailed reassessment carried out by the technical team for amortisation of internally generated intangible assets, the Company has decided to use, the ‘useful life’ method for amortising such intangible assets as against the “unit of production” method. Useful life method better represents the usage pattern of the assets over their useful lives. Accordingly, internally generated intangible assets have been amortised on straight-line basis over their useful lives.

#### **e. Provision for warranty**

Provisions for warranty-related costs are recognized when the products are sold by the Company. Provision is estimated based on historical experience and/or technical estimates. Provisions are discounted, where necessary, to its present value based on the best estimate required to settle the obligation at each reporting date. These are reviewed at each reporting date and adjusted to reflect the current best estimates.

#### **f. Share based payment**

Employees of the Company receive remuneration in the form of Share-based Payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions). In accordance with the Ind AS 102 Share-based Payment, the cost of equity-settled transactions is measured using the fair value method. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting year has expired and the Company’s best estimate of the number of equity instruments that will ultimately vest. The expense or credit recognised in the restated statement of profit and loss for a year represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

#### **g. Inventories**

The Company estimates the net realisable value (NRV) of its inventories by taking into account their estimated selling price, estimated cost of completion, estimated costs necessary to make the sale. Management periodically reviews the inventory listing to determine if any allowance should be accounted for in the restated financial information for obsolete or slow-moving items, and to compare the carrying value of inventory items with their respective net realizable value.

#### **1.3.4 Property, Plant and Equipment (PPE)**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes purchase price, related taxes, duties, freight, insurance, etc. attributable to the acquisition, installation of the PPE and borrowing cost if capitalisation criteria are met but excludes duties and taxes that are recoverable from tax authorities.

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Machinery spares which can be used only in connection with an item of PPE and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets. Subsequent expenditure relating to PPE is capitalised only if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

Material replacement cost is capitalized provided it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. When replacement cost is eligible for capitalization, the carrying amount of those parts that are replaced are derecognized. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful life.

Property, plant and equipment retired from active use and held for sale are stated at the lower of their net book value and net realisable value and are disclosed separately in the restated statement of assets and liabilities.

The Company identifies and determines cost of each component/part of the asset separately, if the component/part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

Property, plant and equipment not ready for the intended use, on the reporting date, are disclosed as "Capital work-in progress" and are carried at cost, comprising direct cost and attributable interest.

#### Depreciation and Amortisation

Depreciation is provided on a pro rata basis on straight line method to allocate the cost, net of residual value over the estimated useful lives of the assets.

Depreciation has been provided on the straight-line method based on the useful life as prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets:

Description of Assets	Useful life and Basis of Depreciation based on the Management estimates
a) Plant and Machinery – Laboratory Equipment	5 years
b) Plant and Machinery – Moulds and Jigs	8 years
c) Leasehold Improvements	Over the primary lease period or the life of the asset whichever is lower.
d) Internally built vehicles	3 years
e) Electric installation	Over the primary lease period or 10 years whichever is lower
f) Charging Infrastructure	3 years

The Company, based on technical assessment made by technical expert and Management estimate, depreciates above items of property, plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The Management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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Finance lease assets are depreciated over the primary lease period as the right to use of these assets ceases on expiry of the lease period.

Depreciation on additions is being provided on pro rata basis from the month of such additions.

Depreciation on assets sold, discarded or demolished during the year is being provided up to the month in which such assets are sold, discarded or demolished. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in statement of profit and loss.

#### 1.3.5 Intangible Assets

**Intangible assets acquired separately:** Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses, if any.

**Internally-generated intangible assets – research and development expenditure:** Expenditure on research activities is recognised as an expense in the statement of profit and loss in the period in which it is incurred.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use / sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in restated statement of profit and loss in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

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Useful lives of other intangible assets :

Other intangible assets are amortised over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition, and other economic factors (such as the stability of the industry, and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

The management estimates the useful lives for its assets as follows:

Description of Assets	Useful life and Basis of amortisation based on the Management estimates
a) Software	5 years
b) Patent & other intellectual property rights	5 years
c) Website	3 years
d) Product development (internally generated intangible assets)	2 - 7 years

#### 1.3.6 Impairment of tangible and intangible assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the restated statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

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After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

#### **1.3.7 Inventories**

Raw materials, components and stores & spare parts are valued at lower of cost determined on weighted average basis and estimated net realisable value. Cost includes purchase price, freight, taxes and duties and is net of Goods and Services Tax to the extent credit of the tax is availed of.

Work-in-progress and finished goods are valued at lower of cost and estimated net realisable value. Cost includes all direct costs including material procurement cost and appropriate proportion of overheads to bring the goods to the present location and condition.

Due allowance is made for slow/non-moving / obsolete items. Materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be used are expected to be sold at or above cost.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

#### **1.3.8 Revenue from contract with customers and Other Income**

##### **Revenue from contract with customers**

Revenue is recognised upon transfer of control of promised products or services to customers for an amount that reflects the consideration which the Company expects to receive in exchange for those products or services. Revenue excludes taxes or duties collected on behalf of the Government.

- **Sale of products**

The Company recognises revenues from sale of products measured at the amount of transaction price (net of variable consideration), when it satisfies its performance obligation at a point in time which is when products are delivered to customers, which is when control including risks and rewards and title of ownership pass to the customer, and when there is no longer any unfulfilled obligation. The transaction price of goods sold is net of variable consideration on account of various discounts and schemes offered by the Company as part of the contract.

The Company offers sales incentives in the form of variable marketing expense to customers, which vary depending on the timing and customer of any subsequent sale of the vehicle. This sales incentive is accounted for as a revenue reduction and is constrained to a level that is highly probable not to reverse the amount of revenue recognised when any associated uncertainty is subsequently resolved. The Company estimates the expected sales incentive by market and considers uncertainties including competitor pricing, ageing of retailer stock and local market conditions.

Revenues are recognised when collectability of the resulting receivable is reasonably assured.

- **Sale of services**

Income from sale of services and extended warranties are recognised as income over the relevant period of service or extended warranty.

When the Company sells bundled service and extended period of warranty, such services are treated as a separate performance obligation only if the service or warranty is having a different timing of performance obligation. In such cases, the transaction price allocated towards such service or extended period of warranty based on relative standalone selling price and is recognised as a contract liability until the service obligation has been met. The price that is

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regularly charged for an item when sold separately is the best evidence of its standalone selling price. In the absence of such evidence, the primary method used to estimate standalone selling price is the expected cost plus a margin, under which the Company estimates the cost of satisfying the performance obligation and then adds an appropriate margin based on similar services.

Sales of services include certain performance obligations that are satisfied over a period of time. Any amount received in advance in respect of such performance obligations that are satisfied over a period of time is recorded as a contract liability and recorded as revenue when service is rendered to customers. Refund liabilities comprise of obligation towards customers to pay for discounts and sales incentives.

Revenue is measured based on the transaction price, which is the consideration, adjusted for variable consideration on account of discounts and other incentives, if any, offered by the Company as a part of the contract with the customer. Revenue also excludes taxes or other amounts collected from customers. No element of financing is deemed present as the sale of goods / services are primarily on a "Cash and Carry" basis.

#### **Contract balances**

##### **Trade receivables**

A receivable is recognised by the Company when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment due. Refer to accounting policy on Financial instruments – initial measurement and subsequent measurement.

##### **Contract liabilities**

A contract liability is the obligation to transfer goods to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made. Contract liabilities are recognised as revenue when the Company performs under the contract.

##### **Warranty obligation**

The Company provides warranties for general repairs of defects as per terms of the contract with ultimate customers. These warranties are considered as assurance type warranties and are accounted for under Ind AS 37- Provisions, Contingent Liabilities and Contingent Assets.

#### **Other Income**

- Interest income is recognised on the accrual basis. For all debt instruments measured at amortised cost, interest income is recognised on time proportion basis, taking into account the amount outstanding and effective interest rate.
- Dividend income is accounted for when the right to receive it is established.

#### **1.3.9 Government Grants, Subsidies and Export Benefits**

Government grants and subsidies are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants/subsidy will be received.



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When the grant or subsidy from the Government relates to an expense item, it is recognised as income on a systematic basis in the restated statement of profit and loss over the period necessary to match them with the related costs, which they are intended to compensate.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset, i.e. by equal annual instalments. When loans or similar assistance are provided by Governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a Government grant. The loan or assistance is initially recognised and measured at fair value of the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

#### **1.3.10 Employee Benefits**

##### **I. Defined Contribution Plan**

###### **a. Provident Fund**

Contributions in respect of Employees Provident Fund are made to the Regional Provident Fund. These Contributions are recognised as expense in the year in which the services are rendered. The Company has no obligation other than the contribution payable to the Regional Provident fund.

###### **b. Employee State Insurance**

Contributions to Employees State Insurance Scheme are recognised as expense in the year in which the services are rendered.

##### **II. Defined Benefit Plan**

###### **a. Gratuity**

The Company accounts its liability for future gratuity benefits based on actuarial valuation done by an independent actuary, as at the reporting date, determined every year using the Projected Unit Credit method. Actuarial gains/losses are immediately recognised in retained earnings through Other Comprehensive Income in the period in which they occur. Re-measurements are not re-classified to profit or loss in subsequent periods. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The defined benefit obligation recognised in the restated statement of assets and liabilities represents the present value of the Defined Benefit Obligation less the Fair Value of Plan Assets out of which the obligations are expected to be settled and adjusted for unrecognised past service cost, if any. Any asset arising out of this calculation is recognised limited to the past service cost plus the present value of available refunds and reduction in future contributions.

- b. **Compensated Absences:** Accumulated leave (earned leave) can be availed and encashed on termination of employment, subject to terms and conditions of the scheme, the liability is recognised on the basis of an independent actuarial valuation. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in restated statement of profit and loss.

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### **III. Short Term Employee Benefits**

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services upto the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the restated statement of assets and liabilities. Short term employee benefits include short term compensated absences which is recognized based on the eligible leave at credit on the reporting date, and the estimated cost is based on the terms of the employment contract.

#### **1.3.11 Leases**

The Company assesses, whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract involves– (a) the use of an identified asset, (b) the right to obtain substantially all the economic benefits from use of the identified asset, and (c) the right to direct the use of the identified asset.

**As a lessee :** The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at the present value of the future lease payments at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, company's incremental borrowing rate. Generally, the company uses its incremental borrowing rate as the discount rate. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

As a practical expedient, Ind AS 116 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has used this practical expedient.

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Lease liabilities include the net present value of the following lease payments:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Company is reasonably certain to exercise; and
- lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method.

**Short-term leases and leases of low-value assets** The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

#### **1.3.12 Foreign Currency Transactions**

##### **Initial recognition**

Transactions in foreign currencies entered by the Company are accounted at the exchange rates prevailing on the date of the transaction.

##### **Measurement as at reporting date**

Foreign currency monetary items of the Company outstanding at the reporting date are restated at year end exchange rates.

Non-monetary items carried at historical cost are translated using the exchange rates at the dates of initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

##### **Treatment of Exchange Differences**

Exchange differences arising on settlement/restatement of foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the restated statement of profit and loss.

#### **1.3.13 Taxes on Income**

Income tax expense comprises current and deferred taxes. Income tax expense is recognized in the restated statement of profit and loss except to the extent it relates to items recognized directly in equity, in which case it is recognized in equity.

Current Tax is the amount of tax payable on the taxable income for the year and is determined in accordance with the provisions of the Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

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### **1. NOTES TO RESTATED FINANCIAL INFORMATION**

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Minimum Alternate Tax (MAT) when paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the restated statement of assets and liabilities when it is probable that future economic benefit associated with it will flow to the Company. The carrying amount of MAT would be reviewed at each reporting date and the asset is written down to the extent the Company does not have convincing evidence that it will pay normal income tax during the specified period.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and written off to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### **1.3.14 Provisions and Contingencies**

A provision is recognized when an enterprise has a present obligation (legal or constructive) as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on best estimate required to settle the obligation at the reporting date. These are reviewed at each reporting date and adjusted to reflect the current best estimates. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. The Company does not recognize a contingent liability but discloses its existence in the restated financial information.

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### **1. NOTES TO RESTATED FINANCIAL INFORMATION**

Provisions for warranty-related costs are recognized when the products are sold. Provision is estimated based on historical experience and/or technical estimates. The estimate of such warranty-related costs is reviewed annually.

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

Provisions for the costs to restore leased plant assets to their original condition, as required by the terms and conditions of the lease, are recognised when the obligation is incurred, either at the commencement date or as a consequence of having used the underlying asset during a particular period of the lease, at the Company's best estimate of the expenditure that would be required to restore the assets. Estimates are regularly reviewed and adjusted as appropriate for new circumstances.

#### **1.3.15 Borrowing Costs**

Borrowing Costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the borrowing costs. Borrowing Costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset up to the date the asset is ready for its intended use is added to the cost of the assets. Capitalisation of Borrowing Costs is suspended and charged to the restated statement of profit and loss during extended periods when active development activity on the qualifying assets is interrupted. All other borrowing costs are expensed in the period they occur.

#### **1.3.16 Earnings Per Share**

Basic Earnings Per Share is calculated by dividing the net profit or loss for the period attributable to equity shareholders the weighted average number of equity shares (including equivalent number of equity shares on conversion of compulsorily convertible preference shares) outstanding during the year.

The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

#### **1.3.17 Employees Stock Option**

Employees of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

The cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the year in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity settled transactions at each reporting date until the vesting date reflects the extent to which the vesting year has expired and the Company's

## **1. NOTES TO RESTATED FINANCIAL INFORMATION**

best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the restated statement of profit and loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

### **1.3.18 Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### **A. Financial assets**

##### **i. Initial recognition and measurement**

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under Ind AS 115. Refer accounting policy on 'Revenue from contracts with customers'.

##### **ii. Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in four categories:

- a. Financial assets at amortised cost
- b. Financial assets at fair value through other comprehensive income (OCI)
- c. Financial assets at fair value through profit or loss
- d. Equity instruments measured at Fair Value Through Other Comprehensive Income

##### **a. Financial assets at amortised cost**

A financial asset is subsequently measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses

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### 1. NOTES TO RESTATED FINANCIAL INFORMATION

arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

#### **b. Financial assets at fair value through other comprehensive income**

A financial asset is subsequently measured at fair value through other comprehensive income if both the following conditions are met:

- The asset is held within a business where the objective is achieved by both collecting contractual cash flows and selling financial assets and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After the initial measurement, such financial assets are subsequently measured at fair value at each reporting date. Fair value movement are recognised in the other comprehensive income and impairment are recognised in restated statement of profit & loss. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

#### **c. Financial assets at fair value through profit or loss**

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

#### **d. Equity instruments measured at Fair Value Through Other Comprehensive Income**

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at fair value through profit or loss. For all other equity instruments, the Company decides to classify the same either as at Fair value through other comprehensive income or fair value through profit or loss. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at fair value through other comprehensive income, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the fair value through profit or loss category are measured at fair value with all changes recognized in the restated statement of profit and loss.

#### **iii. De-recognition**

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is de-recognised primarily when:

- The rights to receive cash flows from the asset have expired, or
- the Company has transferred substantially all the risks and rewards of the asset.

## **1. NOTES TO RESTATED FINANCIAL INFORMATION**

### **iv. Impairment of financial assets**

In accordance with Ind-AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance

The Company follows 'simplified approach' for recognition of impairment loss allowance on Trade receivables.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive, discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the restated statement of profit and loss. This amount is reflected under the head 'other expenses' in the restated statement of profit and loss. The presentation for various financial instruments in the restated statement of assets and liabilities is described below:

- Financial assets measured as at amortised cost: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the restated statement of assets and liabilities. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

## **B. Financial liabilities**

### **i. Initial recognition and measurement**

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.



## **1. NOTES TO RESTATED FINANCIAL INFORMATION**

### **ii. Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

#### **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include derivatives, financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

#### **Right to subscribe**

The Shareholder Agreement includes an Anti-Dilution Price Protection clause ie. in the event of a down round funding, existing shareholders will have the right to purchase a certain number of additional shares at nominal value to compensate them. This down-round protection has been separated from the host preference shares and has been recognized as a derivative liability per Ind AS 32, Presentation of financial instruments. This financial liability is measured at FVTPL in the financial statements per Ind AS 109, Financial Instrument.

Gains or losses on liabilities held for trading are recognised in the restated statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risks are recognized in other comprehensive income. These gains/ losses are not subsequently transferred to restated statement of profit and loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the restated statement of profit and loss.

#### **Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the restated statement of profit and loss.

#### **De-recognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the restated statement of profit and loss.

#### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset, and the net amount is reported in the restated statement of assets and liabilities if there is a currently enforceable legal right to offset the

## **Ather Energy Limited (Formerly known as Ather Energy Private Limited)**

### **1. NOTES TO RESTATED FINANCIAL INFORMATION**

recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

#### **1.3.19 Restated Statement of Cash Flows**

Restated Statement of Cash flows are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

#### **1.3.20 Cash and Cash Equivalents**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of change in value. Any cash or bank balance held for any specific use is not considered as cash & cash equivalent.

## Note No. 2 (a)

**PROPERTY, PLANT AND EQUIPMENT**

Particulars	Leasehold Improvements	Plant & Machinery	Furniture and fittings	Vehicles	Office Equipment	Electronic Equipment	IT Equipment	Charging Infrastructure	Total
<b>Gross Carrying Amount</b>									
Balance as at 1 April 2021	249	781	30	2	53	20	81	11	1,227
Additions	30	229	9	-	4	13	43	10	338
Disposals	(49)	-	(2)	-	(0)	(0)	-	-	(51)
<b>Balance as at 31 March 2022</b>	<b>230</b>	<b>1,010</b>	<b>37</b>	<b>2</b>	<b>57</b>	<b>33</b>	<b>124</b>	<b>21</b>	<b>1,514</b>
Additions	139	797	28	39	59	25	113	63	1,263
Disposals	(32)	(228)	(7)	(1)	(11)	(3)	(7)	-	(289)
<b>Balance as at 31 March 2023</b>	<b>337</b>	<b>1,579</b>	<b>58</b>	<b>40</b>	<b>105</b>	<b>55</b>	<b>230</b>	<b>84</b>	<b>2,488</b>
Additions	30	281	6	6	11	13	33	58	438
Disposals	-	(18)	(1)	(1)	(3)	(2)	(14)	(8)	(47)
<b>Balance as at 31 March 2024</b>	<b>367</b>	<b>1,842</b>	<b>63</b>	<b>45</b>	<b>113</b>	<b>66</b>	<b>249</b>	<b>134</b>	<b>2,879</b>
<b>Accumulated depreciation and impairment</b>									
Balance as at 1 April 2021	116	231	1	1	12	4	56	4	425
Depreciation expense for the year	49	101	0	0	10	4	19	3	186
Disposal	(33)	-	(1)	-	(0)	(0)	-	-	(34)
<b>Balance as at 31 March 2022</b>	<b>132</b>	<b>332</b>	<b>0</b>	<b>1</b>	<b>22</b>	<b>8</b>	<b>75</b>	<b>7</b>	<b>577</b>
Depreciation expense for the year	31	137	20	4	16	8	34	10	260
Disposal	(20)	(127)	(5)	(0)	(8)	(1)	(6)	-	(167)
<b>Balance as at 31 March 2023</b>	<b>143</b>	<b>342</b>	<b>15</b>	<b>5</b>	<b>30</b>	<b>15</b>	<b>103</b>	<b>17</b>	<b>670</b>
Depreciation expense for the year	53	176	5	12	19	15	52	38	370
Disposal	-	(8)	(0)	(1)	(3)	(0)	(14)	(6)	(32)
<b>Balance as at 31 March 2024</b>	<b>196</b>	<b>510</b>	<b>20</b>	<b>16</b>	<b>46</b>	<b>30</b>	<b>141</b>	<b>49</b>	<b>1,008</b>
<b>Carrying amount (net)</b>									
<b>As at 31 March 2022</b>	<b>98</b>	<b>678</b>	<b>37</b>	<b>1</b>	<b>35</b>	<b>25</b>	<b>49</b>	<b>14</b>	<b>935</b>
<b>As at 31 March 2023</b>	<b>194</b>	<b>1,237</b>	<b>43</b>	<b>35</b>	<b>75</b>	<b>40</b>	<b>127</b>	<b>67</b>	<b>1,818</b>
<b>As at 31 March 2024</b>	<b>171</b>	<b>1,332</b>	<b>43</b>	<b>29</b>	<b>67</b>	<b>36</b>	<b>108</b>	<b>85</b>	<b>1,871</b>

**Notes:**

1. The above assets are owned by the Company unless otherwise specified.
2. Refer note 14 for details of property, plant and equipment hypothecated as security towards borrowings.

**RIGHT OF USE ASSETS**

Particulars	Right of use assets (Buildings)
<b>Gross Carrying Amount</b>	
Balance as at 1 April 2021	694
Additions	316
Disposals	(225)
<b>Balance as at 31 March 2022</b>	<b>785</b>
Additions	1,446
Disposals	(154)
<b>Balance as at 31 March 2023</b>	<b>2,077</b>
Additions	20
Adjustment*	(70)
Disposals	(43)
<b>Balance as at 31 March 2024</b>	<b>1,984</b>
<b>Accumulated depreciation and impairment</b>	
Balance as at 1 April 2021	251
Depreciation expense for the year	109
Disposal	(221)
<b>Balance as at 31 March 2022</b>	<b>139</b>
Depreciation expense for the year	199
Disposal	(105)
<b>Balance as at 31 March 2023</b>	<b>233</b>
Depreciation expense for the year	288
Disposal	(26)
<b>Balance as at 31 March 2024</b>	<b>495</b>
<b>Carrying amount (net)</b>	
<b>As at 31 March 2022</b>	<b>646</b>
<b>As at 31 March 2023</b>	<b>1,844</b>
<b>As at 31 March 2024</b>	<b>1,489</b>

**Movement in lease liabilities:**

Particulars	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022
Balance at the beginning of the year	1,864	665	472
Additions during the year	19	1,368	302
Interest expense during the year	196	136	52
Lease payments during the year	(364)	(250)	(152)
Adjustment during the year*	(68)	-	-
Reversal of lease liability on termination of lease during the year	(19)	(55)	(9)
<b>Balance at the end of the year</b>	<b>1,628</b>	<b>1,864</b>	<b>665</b>
Current lease liability	209	178	68
Non current lease liability	1,419	1,686	597

The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

Particulars	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022
Less than one year	383	364	135
One to five years	1,229	1,564	543
More than five years	1,082	1,215	426
<b>Total undiscounted lease liabilities</b>	<b>2,694</b>	<b>3,143</b>	<b>1,104</b>

Rent and maintenance for the short term leases amounting to INR 119 million is debited to restated statement of profit and loss for the year ended 31 March 2024 (31 March 2023 : INR 95 million, 31 March 2022: INR 45 million).

\* The adjustment is on account of reassessment of lease liability in accordance with IND AS 116 due to change in the lease term.

**CAPITAL WORK-IN-PROGRESS**

Particulars	As at 31	As at 31	As at 31
	March 2024	March 2023	March 2022
Balance at the beginning of the year	9	4	1
Net movement during the year	(9)	5	3
<b>Balance at the end of the year</b>	<b>0</b>	<b>9</b>	<b>4</b>

**Capital work-in-progress (CWIP) ageing as at 31 March 2024**

Particulars	Amount in CWIP for a period of				Total
	< 1 year	1-2 years	2-3 years	> 3 years	
Projects in progress	0	-	-	-	0
<b>Total</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0</b>

**Capital work-in-progress (CWIP) ageing as at 31 March 2023**

Particulars	Amount in CWIP for a period of				Total
	< 1 year	1-2 years	2-3 years	> 3 years	
Projects in progress	9	-	-	-	9
<b>Total</b>	<b>9</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9</b>

**Capital work-in-progress (CWIP) ageing as at 31 March 2022**

Particulars	Amount in CWIP for a period of				Total
	< 1 year	1-2 years	2-3 years	> 3 years	
Projects in progress	4	-	-	-	4
<b>Total</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4</b>

Note: There are no projects for which completion is overdue compared to original plan and cost is not exceeding against budgeted cost.

## Note No. 2 (d)

## INTANGIBLE ASSETS

Particulars	Website	Software	Patents & Other IP Rights	Product Development (Internally generated)	Total
<b>Gross Carrying Amount</b>					
Balance as at 1 April 2021	16	69	9	1,866	1,960
Additions	-	43	-	92	135
Disposals	-	(0)	-	-	(0)
<b>Balance as at 31 March 2022</b>	<b>16</b>	<b>112</b>	<b>9</b>	<b>1,958</b>	<b>2,095</b>
Additions	-	22	-	664	686
Disposals	-	(3)	-	-	(3)
<b>Balance as at 31 March 2023</b>	<b>16</b>	<b>131</b>	<b>9</b>	<b>2,622</b>	<b>2,778</b>
Additions	-	26	-	229	255
Disposals	(16)	(2)	-	-	(18)
<b>Balance as at 31 March 2024</b>	<b>-</b>	<b>155</b>	<b>9</b>	<b>2,851</b>	<b>3,015</b>
<b>Accumulated amortisation and impairment</b>					
Balance as at 1 April 2021	15	51	1	73	140
Amortisation expense for the year	-	10	1	178	189
Disposals	-	-	-	-	-
<b>Balance as at 31 March 2022</b>	<b>15</b>	<b>61</b>	<b>2</b>	<b>251</b>	<b>329</b>
Amortisation expense for the year	-	13	4	652	669
Disposals	-	(3)	-	-	(3)
<b>Balance as at 31 March 2023</b>	<b>15</b>	<b>71</b>	<b>6</b>	<b>903</b>	<b>995</b>
Amortisation expense for the year	1	23	3	782	809
Disposals	(16)	(2)	-	-	(18)
<b>Balance as at 31 March 2024</b>	<b>-</b>	<b>92</b>	<b>9</b>	<b>1,685</b>	<b>1,786</b>
<b>Carrying amount (net)</b>					
<b>As at 31 March 2022</b>	<b>1</b>	<b>51</b>	<b>7</b>	<b>1,707</b>	<b>1,766</b>
<b>As at 31 March 2023</b>	<b>1</b>	<b>60</b>	<b>3</b>	<b>1,719</b>	<b>1,783</b>
<b>As at 31 March 2024</b>	<b>-</b>	<b>63</b>	<b>-</b>	<b>1,166</b>	<b>1,229</b>

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Notes to restated financial information

Note No. 2 (e)

**INTANGIBLE ASSETS UNDER DEVELOPMENT**

(Amount in millions of INR unless otherwise stated)

Particulars	As at 31 March	As at 31 March	As at 31 March
	2024	2023	2022
Balance at the beginning of the year	365	923	471
Net movement during the year	341	(558)	452
<b>Balance at the end of the year</b>	<b>706</b>	<b>365</b>	<b>923</b>

**Intangible assets under development ageing as at 31 March 2024**

Intangible Assets Under Development	Amount in Intangible Assets Under Development for a period of				Total
	< 1 year	1-2 years	2-3 years	> 3 years	
Projects in progress	484	11	-	211	706
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>484</b>	<b>11</b>	<b>-</b>	<b>211</b>	<b>706</b>

**Intangible assets under development ageing as at 31 March 2023**

Intangible Assets Under Development	Amount in Intangible Assets Under Development for a period of				Total
	< 1 year	1-2 years	2-3 years	> 3 years	
Projects in progress	68	62	-	-	130
Projects temporarily suspended (refer note 1 below)	-	-	-	235	235
<b>Total</b>	<b>68</b>	<b>62</b>	<b>-</b>	<b>235</b>	<b>365</b>

**Intangible assets under development ageing as at 31 March 2022**

Intangible Assets Under Development	Amount in Intangible Assets Under Development for a period of				Total
	< 1 year	1-2 years	2-3 years	> 3 years	
Projects in progress	452	236	-	-	688
Projects temporarily suspended (refer note 1 below)	-	-	181	54	235
<b>Total</b>	<b>452</b>	<b>236</b>	<b>181</b>	<b>54</b>	<b>923</b>

**Intangible Assets Under Development Completion as at 31 March 2023**

Intangible Assets Under Development	To be completed in				Total
	< 1 year	1-2 years	2-3 years	> 3 years	
Projects temporarily suspended (refer note 1 below)	235	-	-	-	235
<b>Total</b>	<b>235</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>235</b>

**Intangible Assets Under Development Completion as at 31 March 2022**

Intangible Assets Under Development	To be completed in				Total
	< 1 year	1-2 years	2-3 years	> 3 years	
Projects temporarily suspended (refer note 1 below)	235	-	-	-	235
<b>Total</b>	<b>235</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>235</b>

Note 1: A project which was put on hold during earlier years so that the project resources could focus on reducing the material cost of existing models and to achieve scale in operations. The said project has been re-initiated during the year.

Note 2: There are no projects for which completion is overdue compared to original plan and cost is not exceeding against budgeted cost.

<b>Note - 3 INVESTMENTS</b>	<b>As at 31 March 2024</b>	<b>As at 31 March 2023</b>	<b>As at 31 March 2022</b>
<b>Non-Current</b>			
Investments in equity instruments (unquoted, carried at fair value through profit or loss)			
Investments in equity shares of M/S Autovert Technologies Private Limited	-	-	0
Nil units (31st March 2023:Nil, 31st March 2022:570) shares of INR 10 each			
<b>Total</b>	<b>-</b>	<b>-</b>	<b>0</b>
<b>Current</b>			
<b>Investments carried at fair value through profit or loss</b>			
Investments in quoted mutual funds (refer note 1 below)			
Aditya Birla Sun Life Money Manager Fund - Regular Plan 970,544.219 units (31 March 2023:970,544.219 31 March 2022:Nil)	327	304	-
Aditya Birla Sun Life Liquid Fund - Direct Plan 155,4087.826 units (31 March 2023:Nil, 31 March 2022:Nil)	606	-	-
Aditya Birla Sun Life Liquid Fund - Regular Plan 519,954.237 units (31 March 2023:Nil, 31 March 2022:Nil)	200	-	-
HDFC Ultra Short Term Fund - Direct Plan 973,452.080 units (31 March 2023:Nil, 31 March 2022:Nil)	14	-	-
DSP Savings Fund - Regular Plan 1,304,399.007 units (31 March 2023:Nil, 31 March 2022:Nil)	63	-	-
Nippon India Liquid Fund - Regular Plan 25,736.672 units (31 March 2023:Nil, 31 March 2022:Nil)	150	-	-
Bandhan Liquid Fund - Regular Plan 62,289.195 units (31 March 2023:Nil, 31 March 2022:36,014.86)	201	-	92
Bandhan Liquid Fund - Direct Plan 137,666.019 units (31 March 2023:Nil, 31 March 2022:Nil)	402	-	-
Bandhan Overnight Fund - Direct Plan 40,809.624 units (31 March 2023:Nil, 31 March 2022:Nil)	52	-	-
Tata Liquid Fund - Direct Plan 105,883.701 units (31 March 2023:Nil, 31 March 2022:Nil)	403	-	-
LIC MF Liquid Fund - Direct Plan 34,769.734 units (31 March 2023:Nil, 31 March 2022:Nil)	152	-	-
Nippon India Liquid Fund - Direct Plan 59,471.443 units (31 March 2023:95,582.013, 31 March 2022:Nil)	352	527	-
ICICI Prudential Liquid Fund - Direct Plan Nil units (31 March 2023:1,187,911.953, 31 March 2022:286,966.000)	-	396	90
Axis Liquid Fund - Regular Plan Nil units (31 March 2023:42,415.735, 31 March 2022:81,101.423)	-	105	191
Axis Liquid Fund - Direct Plan Nil units (31 March 2023:210,465.624, 31 March 2022:Nil)	-	527	-
ICICI Prudential Overnight Fund - Direct Plan Nil units (31 March 2023:165,763.762, 31 March 2022:Nil)	-	200	-
SBI Liquid Fund - Direct Plan Nil units (31 March 2023:85,258.069, 31 March 2022:Nil)	-	300	-
Kotak Liquid - Regular Plan Nil units (31 March 2023:44,300.532, 31 March 2022:Nil)	-	200	-
HDFC Liquid Fund - Direct Plan Nil units (31 March 2023:67,866.363, 31 March 2022:Nil)	-	300	-
	<b>2,922</b>	<b>2,859</b>	<b>373</b>
Investments in Commercial Paper of IL&FS Financial Services Limited	196	196	196
Less: Allowance for diminution in value of investments (refer note 2 below)	(196)	(196)	(196)
	-	-	-
<b>Total</b>	<b>2,922</b>	<b>2,859</b>	<b>373</b>
(a) Aggregate amount of quoted investments and market value there of;	2,922	2,859	373
(b) Aggregate amount of unquoted investments; and	196	196	196
(c) Aggregate amount of impairment in value of investments.	(196)	(196)	(196)

**Note 1: Details of lien marked investments**

<b>Name of the security</b>	<b>As at 31 March 2024</b>	<b>As at 31 March 2023</b>	<b>As at 31 March 2022</b>
Aditya Birla Sun Life Money Manager Fund - Regular Plan 416,630.617 units (31 March 2023:Nil, 31 March 2022:Nil)	141	-	-
Bandhan Liquid Fund - Regular Plan Nil units (31 March 2023:Nil, 31 March 2022:36,014.86)	-	-	92
ICICI Prudential Liquid Fund - Direct Plan Nil units (31 March 2023:Nil, 31 March 2022:286,966.000)	-	-	90
Axis Liquid Fund - Regular Plan Nil units (31 March 2023:Nil, 31 March 2022:81,101.423)	-	-	191
<b>Total</b>	<b>141</b>	<b>-</b>	<b>373</b>

Note 2: The Company invested in Commercial Paper (CP) of IL&FS Financial Services Limited (ILFS) with a maturity date of October 22, 2018. ILFS has defaulted on the payment on such maturity date. The Company has created provision for doubtful investment for 100% of the cost of investments on its evaluation of recoverability. The interest income on the CP has not been recognised in the restated statement of profit and loss in the current year as well as earlier years presented.



<b>Note - 4 OTHER FINANCIAL ASSETS</b>	<b>As at 31 March 2024</b>	<b>As at 31 March 2023</b>	<b>As at 31 March 2022</b>
<b>Non-current</b>			
Unsecured considered good			
Security deposits	129	121	77
Term deposits* (with original maturity of more than 12 months)	0	1	-
Deposits with lenders	24	55	55
<b>Total</b>	<b>153</b>	<b>177</b>	<b>132</b>
<b>Current</b>			
Unsecured considered good			
EV subsidy receivable	845	3,423	342
Interest accrued on term deposits	2	1	5
Deposits with lenders and others	320	295	-
Unbilled revenue	1	-	-
Other receivables	2	2	8
<b>Total</b>	<b>1,170</b>	<b>3,721</b>	<b>355</b>

\*Lien marked against bank guarantees and term loans

<b>Note - 5 OTHER ASSETS</b>	<b>As at 31 March 2024</b>	<b>As at 31 March 2023</b>	<b>As at 31 March 2022</b>
<b>Non-current</b>			
Unsecured, considered good			
Balances with Government authorities	982	649	735
Prepaid expenses	263	-	-
Capital advances	148	40	120
	1,393	689	855
Unsecured, considered doubtful			
Capital advances	32	53	51
Less: Allowance for doubtful advance	(32)	(53)	(51)
	-	-	-
<b>Total</b>	<b>1,393</b>	<b>689</b>	<b>855</b>
<b>Current</b>			
Unsecured, considered good			
Balances with Government authorities	2,293	1,615	373
Prepaid expenses	159	107	106
Advances to employees	2	9	1
Advance to vendors	61	401	204
	2,515	2,132	684
Unsecured, considered doubtful			
Advance to vendors	5	38	37
Less: Allowance for doubtful advance	(5)	(38)	(37)
	-	-	-
<b>Total</b>	<b>2,515</b>	<b>2,132</b>	<b>684</b>

<b>Note - 6 INVENTORIES</b>	<b>As at 31 March 2024</b>	<b>As at 31 March 2023</b>	<b>As at 31 March 2022</b>
Raw materials & components	892	2,112	459
Raw Materials in transit	97	6	31
Work-in-progress	0	39	5
Finished goods	90	303	40
Stock-in-trade	88	114	72
<b>Total</b>	<b>1,167</b>	<b>2,574</b>	<b>607</b>

Note 1: Mode of valuation has been stated in note 1.3.7

Note 2: The value of inventories above is stated after net provision INR 114 million (31st March 2023:INR 20 million, 31st March 2022: Nil ) for write down to net realisable value and provisions for slow-moving and obsolete items.

Note 3: Refer note 14 for details of inventories hypothecated as security towards borrowings.

<b>Note - 7 TRADE RECEIVABLES</b>	<b>As at 31 March 2024</b>	<b>As at 31 March 2023</b>	<b>As at 31 March 2022</b>
Trade Receivables considered good - Unsecured	16	12	10
<b>Total</b>	<b>16</b>	<b>12</b>	<b>10</b>

<b>Trade receivables ageing as at 31 March 2024</b>	<b>Particulars</b>	<b>Outstanding for the following periods from transaction date</b>					<b>Total</b>
		<b>Not due</b>	<b>Less than 6 months</b>	<b>6 months - 1 year</b>	<b>1-2 years</b>	<b>2-3 years</b>	
<b>Undisputed</b>							
	- Considered good	-	16	0	-	-	16
	- Which have significant increase in credit risk	-	-	-	-	-	-
	- Credit impaired	-	-	-	-	-	-
<b>Disputed</b>							
	- Considered good	-	-	-	-	-	-
	- Which have significant increase in credit risk	-	-	-	-	-	-
	- Credit impaired	-	-	-	-	-	-
<b>Total</b>		-	16	0	-	-	16

**Trade receivables ageing as at 31 March 2023**

Particulars	Outstanding for the following periods from transaction date					Total
	Not due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	
<b>Undisputed</b>						
- Considered good	-	12	0	-	-	12
- Which have significant increase in credit risk	-	-	-	-	-	-
- Credit impaired	-	-	-	-	-	-
<b>Disputed</b>						
- Considered good	-	-	-	-	-	-
- Which have significant increase in credit risk	-	-	-	-	-	-
- Credit impaired	-	-	-	-	-	-
<b>Total</b>	-	12	0	-	-	12

**Trade receivables ageing as at 31 March 2022**

Particulars	Outstanding for the following periods from transaction date					Total
	Not due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	
<b>Undisputed</b>						
- Considered good	-	10	-	-	-	10
- Which have significant increase in credit risk	-	-	-	-	-	-
- Credit impaired	-	-	-	-	-	-
<b>Disputed</b>						
- Considered good	-	-	-	-	-	-
- Which have significant increase in credit risk	-	-	-	-	-	-
- Credit impaired	-	-	-	-	-	-
<b>Total</b>	-	10	-	-	-	10

**Note - 8 CASH AND CASH EQUIVALENTS**

	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022
Cash on hand		1	1
Balances with banks			
-in current accounts		2,278	825
<b>Total</b>		2,279	826

The balance that meet the definition of cash and cash equivalents as per IndAS 7 Statement of Cash Flows is including liquid mutual fund of INR 2,781 million as at 31 March 2024, (31 March 2023: INR 2,859 million, 31 March 2022:Nil)

**Note - 9 OTHER BALANCES WITH BANKS**

	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022
<b>Bank balances other than cash and cash equivalents</b>			
-Earmarked deposits with banks*	855	934	313
-Term deposit accounts (with original maturity of more than 3 months but less than 12 months)	1,344	2	-
<b>Total</b>	2,199	936	313

\*Lien marked against bank guarantee and term loans

**Note - 10 LOANS**

	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022
<b>Current</b>			
Unsecured, considered good			
Loans to employees	2	-	-
<b>Total</b>	2	-	-

**Note - 11 CURRENT TAX ASSETS**

	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022
Tax deduction at source	24	23	9
<b>Total</b>	24	23	9

**Note - 12 EQUITY SHARE CAPITAL AND INSTRUMENT ENTIRELY EQUITY IN NATURE**

Particulars	As at 31 March 2024		As at 31 March 2023		As at 31 March 2022	
	No of Shares	Amount	No of Shares	Amount	No of Shares	Amount
<b>Authorised Capital</b>						
<b>Equity share capital</b>						
Equity Shares of INR 1 each.	2,87,158	0	2,87,158	0	2,87,158	0
Equity shares of INR 37 each	3,530	0	3,530	0	3,530	0
<b>Preference share capital</b>						
Compulsorily Convertible Preference shares of INR 37 each	23,490	1	23,490	1	23,490	1
Series A Compulsorily Convertible Preference Shares of INR 1 each	74,732	0	74,732	0	74,732	0
Series B Compulsorily Convertible Preference Shares of INR 10 each	99,826	1	99,826	1	99,826	1
Series B1 Compulsorily Convertible Preference Shares of INR 10 each	29,347	0	29,347	0	29,347	0
Series C Compulsorily Convertible Preference Shares of INR 10 each	29,699	0	29,699	0	33,563	0
Series C1 Compulsorily Convertible Preference Shares of INR 10 each	20,688	0	20,688	0	30,264	0
Series D Compulsorily Convertible Preference Shares of INR 10 each	88,040	1	88,040	1	1,00,000	1
Series E Compulsorily Convertible Preference Shares of INR 10 each	1,93,789	2	1,93,789	2	3,50,000	4
Series E1 Compulsorily Convertible Preference Shares of INR 10 each	51,359	1	51,359	1	-	-
Series E2 Compulsorily Convertible Preference Shares of INR 10 each	2,29,120	2	1,30,252	1	-	-
Compulsorily Convertible Preference Shares of INR 10 each	51,132	1	-	-	-	-
<b>TOTAL</b>	<b>11,81,910</b>	<b>9</b>	<b>10,31,910</b>	<b>8</b>	<b>10,31,910</b>	<b>8</b>

Particulars	As at 31 March 2024		As at 31 March 2023		As at 31 March 2022	
	No of Shares	Amount	No of Shares	Amount	No of Shares	Amount
<b>Issued, Subscribed and Paid up Share Capital</b>						
<b>Equity Share Capital (refer note 12.1 below)</b>						
Equity Shares of INR 1 each.	1,11,030	0	1,11,030	0	1,10,830	0
Equity shares of INR 37 each	3,530	0	3,530	0	3,530	0
<b>Preference Share Capital (instrument entirely equity in nature) (refer note 12.2 below)</b>						
Compulsorily Convertible Preference shares of INR 37 each	23,490	1	23,490	1	23,490	1
Series A Compulsorily Convertible Preference Shares of INR 1 each	74,732	0	74,732	0	74,732	0
Series B Compulsorily Convertible Preference Shares of INR 10 each	99,826	1	99,826	1	99,826	1
Series B1 Compulsorily Convertible Preference Shares of INR 10 each	29,347	0	29,347	0	29,347	0
Series C Compulsorily Convertible Preference Shares of INR 10 each	29,699	0	29,699	0	29,699	0
Series C1 Compulsorily Convertible Preference Shares of INR 10 each	20,688	0	20,688	0	20,688	0
Series D Compulsorily Convertible Preference Shares of INR 10 each	88,040	1	88,040	1	88,040	1
Series E Compulsorily Convertible Preference Shares of INR 10 each	1,93,789	2	1,93,789	2	-	-
Series E1 Compulsorily Convertible Preference Shares of INR 10 each	51,359	1	51,359	1	-	-
Series E2 Compulsorily Convertible Preference Shares of INR 10 each	2,04,391	2	-	-	-	-
Compulsorily Convertible Preference Shares of INR 10 each	18,088	0	-	-	-	-
<b>TOTAL</b>	<b>9,48,009</b>	<b>8</b>	<b>7,25,530</b>	<b>6</b>	<b>4,80,182</b>	<b>4</b>

**12.1. Equity share capital****12.1.1 Equity Shares of INR 1 each Fully paid up. (refer note below)****(i) Reconciliation of shares outstanding at the beginning and at the end of reporting year**

Particulars	As at 31 March 2024		As at 31 March 2023		As at 31 March 2022	
	No of Shares	Amount	No of Shares	Amount	No of Shares	Amount
Opening Balance	1,11,030	0	1,10,830	0	1,05,805	0
Add: Issued during the year	-	-	200	0	5,025	0
Closing Balance	<b>1,11,030</b>	<b>0</b>	<b>1,11,030</b>	<b>0</b>	<b>1,10,830</b>	<b>0</b>

**Notes:**

Out of the above equity shares 5,025 Equity shares were issued on 21 February 2022 @ face value of INR 1 received in cash and INR 48,900/- as securities premium on fair valuation of right to subscribe for consideration other than Cash.

**(ii) Rights, preferences & restrictions attached to this class of share**

Each holder of the equity shares is entitled to one vote per share and carries a right to dividends as and when declared by the Company. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amount, in proportion to their shareholding.

**Note - 12 EQUITY SHARE CAPITAL AND INSTRUMENT ENTIRELY EQUITY IN NATURE****12.1.2 Equity Shares of INR 37 each****(i) Reconciliation of shares outstanding at the beginning and at the end of reporting year**

Particulars	As at 31 March 2024		As at 31 March 2023		As at 31 March 2022	
	No of Shares	Amount	No of Shares	Amount	No of Shares	Amount
Opening Balance	3,530	0	3,530	0	3,530	0
Add: Issued during the year	-	-	-	-	-	-
Closing Balance	<b>3,530</b>	<b>0</b>	<b>3,530</b>	<b>0</b>	<b>3,530</b>	<b>0</b>

Note: 2,50,000 15% compulsorily convertible debentures of INR 10 each were converted into 353 Equity shares of INR 370 each at a price of INR 7,082.15 in exercise of the conversion clause of the subscription agreement on 20 October 2014.

The aforesaid shares were sub-divided to equity shares of face value of INR 37 each on 13 March 2015.

**(ii) Rights, preferences & restrictions attached to this class of share**

Each holder of the equity shares is entitled to one vote per share and carries a right to dividends as and when declared by the Company. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amount, in proportion to their shareholding.

**12.2 Instruments entirely equity in nature - Compulsorily convertible preference shares (CCPS).****12.2.1 Compulsorily Convertible Preference shares of INR 37 each****(i) Reconciliation of shares outstanding at the beginning and at the end of reporting year**

Particulars	As at 31 March 2024		As at 31 March 2023		As at 31 March 2022	
	No of Shares	Amount	No of Shares	Amount	No of Shares	Amount
Opening Balance	23,490	1	23,490	1	23,490	1
Add: Issued during the year	-	-	-	-	-	-
Closing Balance	<b>23,490</b>	<b>1</b>	<b>23,490</b>	<b>1</b>	<b>23,490</b>	<b>1</b>

Note: 71 Compulsorily Convertible Preference shares issued on 20 October 2014 @ fair value of INR 21,696.17 (INR 370 as face value & INR 21,326.17 as securities premium) on conversion of loan along with accrued interest of INR 1,540,428.

The aforesaid Compulsorily Convertible Preference shares were sub-divided to Compulsorily Convertible Preference shares of face value of INR 37 each on 13 March 2015.

**(ii) Rights, preferences & restrictions attached this class of share**

(a) Each preference share shall get converted into one equity share of INR 1 each subject to adjustments for share splits, bonus etc. based on the subscription agreement not later than 20 years from date of issue from financial year 2014-15.

(b) No dividend shall be payable.

(c) One vote per compulsorily convertible preference shares pari passu with the equity shares.

(d) Right over surplus assets on a pro-rata basis in the event of liquidation.

**12.2.2 Series A Compulsorily Convertible Preference Shares of INR 1 each (CCPS)****(i) Reconciliation of shares outstanding at the beginning and at the end of reporting year**

Particulars	As at 31 March 2024		As at 31 March 2023		As at 31 March 2022	
	No of Shares	Amount	No of Shares	Amount	No of Shares	Amount
Opening Balance	74,732	0	74,732	0	74,732	0
Add: Issued during the year	-	-	-	-	-	-
Closing Balance	<b>74,732</b>	<b>0</b>	<b>74,732</b>	<b>0</b>	<b>74,732</b>	<b>0</b>

**12.2.3 Series B Compulsorily Convertible Preference Shares of INR 10 each (CCPS)****(i) Reconciliation of shares outstanding at the beginning and at the end of reporting year**

Particulars	As at 31 March 2024		As at 31 March 2023		As at 31 March 2022	
	No of Shares	Amount	No of Shares	Amount	No of Shares	Amount
Opening Balance	99,826	1	99,826	1	99,826	1
Add: Issued during the year	-	-	-	-	-	-
Closing Balance	<b>99,826</b>	<b>1</b>	<b>99,826</b>	<b>1</b>	<b>99,826</b>	<b>1</b>

**12.2.4 Series B1 Compulsorily Convertible Preference Shares of INR 10 each (CCPS)****(i) Reconciliation of shares outstanding at the beginning and at the end of reporting year**

Particulars	As at 31 March 2024		As at 31 March 2023		As at 31 March 2022	
	No of Shares	Amount	No of Shares	Amount	No of Shares	Amount
Opening Balance	29,347	0	29,347	0	29,347	0
Add: Issued during the year	-	-	-	-	-	-
Closing Balance	<b>29,347</b>	<b>0</b>	<b>29,347</b>	<b>0</b>	<b>29,347</b>	<b>0</b>

**12.2.5 Series C Compulsorily Convertible Preference Shares of INR 10 each (CCPS)****(i) Reconciliation of shares outstanding at the beginning and at the end of reporting year**

Particulars	As at 31 March 2024		As at 31 March 2023		As at 31 March 2022	
	No of Shares	Amount	No of Shares	Amount	No of Shares	Amount
Opening Balance	29,699	0	29,699	0	29,699	0
Add: Issued during the year	-	-	-	-	-	-
Closing Balance	<b>29,699</b>	<b>0</b>	<b>29,699</b>	<b>0</b>	<b>29,699</b>	<b>0</b>

**12.2.6 Series C1 Compulsorily Convertible Preference Shares of INR 10 each (CCPS)****(i) Reconciliation of shares outstanding at the beginning and at the end of reporting year**

Particulars	As at 31 March 2024		As at 31 March 2023		As at 31 March 2022	
	No of Shares	Amount	No of Shares	Amount	No of Shares	Amount
Opening Balance	20,688	0	20,688	0	20,688	0
Add: Issued during the year	-	-	-	-	-	-
Closing Balance	<b>20,688</b>	<b>0</b>	<b>20,688</b>	<b>0</b>	<b>20,688</b>	<b>0</b>

**Note - 12 EQUITY SHARE CAPITAL AND INSTRUMENT ENTIRELY EQUITY IN NATURE**

**12.2.7 Series D Compulsorily Convertible Preference Shares of INR 10 each (CCPS)**

**(i) Reconciliation of shares outstanding at the beginning and at the end of reporting year**

Particulars	As at 31 March 2024		As at 31 March 2023		As at 31 March 2022	
	No of Shares	Amount	No of Shares	Amount	No of Shares	Amount
Opening Balance	88,040	1	88,040	1	88,040	1
Add: Issued during the year	-	-	-	-	-	-
Closing Balance	88,040	1	88,040	1	88,040	1

**12.2.8 Series E Compulsorily Convertible Preference Shares of INR 10 each (CCPS)**

**(i) Reconciliation of shares outstanding at the beginning and at the end of reporting year**

Particulars	As at 31 March 2024		As at 31 March 2023		As at 31 March 2022	
	No of Shares	Amount	No of Shares	Amount	No of Shares	Amount
Opening Balance	1,93,789	2	-	-	-	-
Add: Issued during the year	-	-	1,63,131	2	-	-
Add: Compulsorily Convertible Debentures converted into Series E CCPS (refer note 12.3 below)	-	-	30,658	0	-	-
Closing Balance	1,93,789	2	1,93,789	2	-	-

**12.2.9 Series E1 Compulsorily Convertible Preference Shares of INR 10 each (CCPS)**

**(i) Reconciliation of shares outstanding at the beginning and at the end of reporting year**

Particulars	As at 31 March 2024		As at 31 March 2023		As at 31 March 2022	
	No of Shares	Amount	No of Shares	Amount	No of Shares	Amount
Opening Balance	51,359	1	-	-	-	-
Add: Issued during the year	-	-	51,359	1	-	-
Closing Balance	51,359	1	51,359	1	-	-

**12.2.10 Series E2 Compulsorily Convertible Preference Shares of INR 10 each (CCPS)**

**(i) Reconciliation of shares outstanding at the beginning and at the end of reporting year**

Particulars	As at 31 March 2024		As at 31 March 2023		As at 31 March 2022	
	No of Shares	Amount	No of Shares	Amount	No of Shares	Amount
Opening Balance	-	-	-	-	-	-
Add: Issued during the year	2,04,391	2	-	-	-	-
Closing Balance	2,04,391	2	-	-	-	-

**12.2.11 Compulsorily Convertible Preference Shares of INR 10 each (CCPS)**

**(i) Reconciliation of shares outstanding at the beginning and at the end of reporting year**

Particulars	As at 31 March 2024		As at 31 March 2023		As at 31 March 2022	
	No of Shares	Amount	No of Shares	Amount	No of Shares	Amount
Opening Balance	-	-	-	-	-	-
Add: Bonus share issued during the year*	18,088	0	-	-	-	-
Closing Balance	18,088	0	-	-	-	-

\* Pursuant to board and shareholder's approval, the Company has issued to 18,088 bonus share during the year of INR 10 per share to certain class of shareholders in ratio of their respective holdings.

**(ii) Rights, preferences & restrictions attached to the above ten classes of shares**

(a) Preference share holders are entitled to receive a dividend at the rate of 0.001% per annum on each preference share held by such holder, if declared by the Board of Directors. In the event the Company declares a dividend on the Equity Shares at a rate which is higher than the rate mentioned herein, the holders of Preference Shares shall be entitled to receive, in priority to the holders of Equity Shares, a dividend at a rate per preference share as would equal the product of (i) the higher dividend rate payable on each equity share and (ii) the number of equity shares issuable upon conversion of such preference share. All dividends to such shareholders shall be non-cumulative.

(b) On the occurrence of a liquidation event, the preference share holders shall be entitled to receive out of the proceeds or assets of the Company available for distribution to its shareholders, on a pari passu basis and prior and in preference to any distribution of proceeds of such liquidation event to the holders of equity shares by reason of their ownership thereof, an amount per share equal to the sum of the applicable original issue price, plus declared but unpaid dividends thereon.

(c) Preference shares will be converted to such number of equity shares, at the conversion ratio then in effect:

- In the event the preference share holder requires Company to convert all or a part of such preference shares held by such holder;
- upon the earlier of (i) the closing of an IPO, or (ii) the date, or the occurrence of an event, specified by vote or written consent or agreement of the requisite number of investors.
- upon the date that is twenty (20) years after the date on which such series of Preference Shares were first issued by the Company.

(d) Holders of preference shares shall enjoy such voting rights available to the extent permissible under law, carry voting rights as if the preference shares have been fully converted into equity shares. Each preference share shall entitle the holder to the number of votes equal to the number of whole or fractional equity shares into which such preference share could then be converted. If applicable law does not permit any holder of preference shares to exercise voting rights on all or any matters submitted to the vote of the Shareholders of the Company (including the holders of equity shares) (the "Non-Voting Preference Shares"), then until the conversion of all such Non-Voting Preference Shares into equity shares, each shareholder shall vote in accordance with the instructions of the holders of such Non-Voting Preference Shares at a general meeting of the shareholders or provide proxies without instructions to the holders of the Non-Voting Preference Shares for the purposes of a general meeting of the shareholders, in respect of such number of equity shares held by each of them such that a relevant percentage of the equity shares of the Company are voted in the manner required by the holders of the Non-Voting Preference Shares.

**Note - 12 EQUITY SHARE CAPITAL AND INSTRUMENT ENTIRELY EQUITY IN NATURE****12.3 Instruments entirely equity in nature - Compulsorily convertible debentures (CCD) of INR 100 each.**

Particulars	As at 31 March 2024		As at 31 March 2023		As at 31 March 2022	
	No of Debentures	Amount	No of Debentures	Amount	No of Debentures	Amount
Opening Balance	-	-	30,658	3	-	-
Add: Issued during the year	-	-	-	-	30,658	3
Less: Converted in to CCPS (refer note below)	-	-	30,658	3	-	-
Closing Balance	-	-	-	-	30,658	3

**Note:**

During the year ended 31 March 2023, the CCD of INR 100 each has been converted in to Series E CCPS of INR 10 each in the ratio of 1:1.

**12.4 Details of Shares held by Shareholders holding more than 5% of the aggregate shares in the Company**

Particulars	As at 31 March 2024		As at 31 March 2023		As at 31 March 2022	
	No of Shares	% Holding	No of Shares	% Holding	No of Shares	% Holding
<b>EQUITY SHARE CAPITAL</b>						
<b>12.4.1 Equity Shares of INR 1 each</b>						
Swapnil Babanlal Jain	44,800	40%	44,800	40%	44,800	40%
Tarun Sanjay Mehta	39,800	36%	44,800	40%	44,800	40%
Arun Vinayak	8,420	8%	8,420	8%	8,420	8%
IITM Incubation Cell	5,260	5%	5,260	5%	5,260	5%
<b>12.4.2 Equity Shares of INR 37 each</b>						
V Srinivasan	3,530	100%	3,530	100%	3,530	100%
<b>COMPULSORILY CONVERTIBLE PREFERENCE SHARE CAPITAL</b>						
<b>12.4.3 Compulsorily Convertible Preference shares of INR 37 each</b>						
Sachin Bansal	7,278	31%	10,950	47%	10,950	47%
Three State Capital Pte Ltd	10,950	47%	10,950	47%	10,950	47%
Hero MotoCorp Limited	3,672	16%	-	0%	-	0%
<b>12.4.4 Series A Compulsorily Convertible Preference Shares of INR 1 each</b>						
Internet Fund III Pte Ltd	74,732	100%	74,732	100%	74,732	100%
<b>12.4.5 Series B Compulsorily Convertible Preference Shares of INR 10 each</b>						
Hero MotoCorp Limited	99,186	99%	99,186	99%	99,186	99%
<b>12.4.6 Series B1 Compulsorily Convertible Preference Shares of INR 10 each</b>						
Hero MotoCorp Limited	29,347	100%	29,347	100%	29,347	100%
<b>12.4.7 Series C Compulsorily Convertible Preference Shares of INR 10 each</b>						
Sachin Bansal	21,940	74%	29,699	100%	29,699	100%
Hero MotoCorp Limited	7,759	26%	-	-	-	-
<b>12.4.8 Series C1 Compulsorily Convertible Preference Shares of INR 10 each</b>						
Hero MotoCorp Limited	20,688	100%	20,688	100%	20,688	100%
<b>12.4.9 Series D Compulsorily Convertible Preference Shares of INR 10 each</b>						
Hero MotoCorp Limited	50,664	58%	30,475	35%	30,475	35%
Sachin Bansal	37,376	42%	57,565	65%	57,565	65%
<b>12.4.10 Series E Compulsorily Convertible Preference Shares of INR 10 each</b>						
Hero MotoCorp limited	84,310	44%	84,310	44%	-	-
National Investment and Infrastructure Fund II	76,546	39%	76,546	39%	-	-
Caladium Investment Pte Ltd	30,558	16%	30,558	16%	-	-
<b>12.4.11 Series E1 Compulsorily Convertible Preference Shares of INR 10 each</b>						
Caladium Investment Pte Ltd	51,276	100%	51,276	100%	-	-
<b>12.4.12 Series E2 Compulsorily Convertible Preference Shares of INR 10 each</b>						
Hero MotoCorp Limited	1,13,404	55%	-	-	-	-
Caladium Investment Pte Ltd	90,723	44%	-	-	-	-
<b>12.4.13 Compulsorily Convertible Preference Shares of INR 10 each</b>						
Hero MotoCorp Limited	6,420	35%	-	-	-	-
Sachin Bansal	4,495	25%	-	-	-	-
Caladium Investment Pte Ltd	5,559	31%	-	-	-	-
National Investment and Infrastructure Fund II	1,561	9%	-	-	-	-

**Note - 12 EQUITY SHARE CAPITAL AND INSTRUMENT ENTIRELY EQUITY IN NATURE**  
**12.5 Details of Shares held by Promoters & Promoter group**

**As at 31 March 2024**

<b>Particulars</b>	<b>No. of shares at the end of the period</b>	<b>% of total shares</b>	<b>% change during the period</b>
<b>Nominal value of INR 1 each</b>			
Swapnil Babanlal Jain	44,800	40%	0.00%
Tarun Sanjay Mehta	39,800	36%	-11.16%
Mehta Family Trust (Promoter group)	3,000	3%	100.00%
Tarun Swama Family Trust (Promoter group)	2,000	2%	100.00%

**As at 31 March 2023**

<b>Particulars</b>	<b>No. of shares at the end of the period</b>	<b>% of total shares</b>	<b>% change during the period</b>
<b>Nominal value of INR 1 each</b>			
Swapnil Babanlal Jain	44,800	40%	-0.18%
Tarun Sanjay Mehta	44,800	40%	-0.18%

**As at 31 March 2022**

<b>Particulars</b>	<b>No. of shares at the end of the period</b>	<b>% of total shares</b>	<b>% change during the period</b>
<b>Nominal value of INR 1 each</b>			
Swapnil Babanlal Jain	44,800	40%	0.00%
Tarun Sanjay Mehta	44,800	40%	0.00%

	(Amount in millions of INR unless otherwise stated)		
Note - 13 OTHER EQUITY	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022
<b>(i) Securities Premium</b>			
Balance at the beginning of the year	23,521	11,522	9,779
Add : Issue of compulsorily convertible debentures during the year	-	-	1,497
Add : Issue of compulsorily convertible preference shares during the year	9,009	11,989	-
Add : Issue of equity shares during the year	-	10	-
Add : Settlement of right to subscribe (RTS) liability by issue of equity instruments (refer note 16(i))	797	-	-
Add : Issue of bonus compulsorily convertible preference shares during the year (refer note (a) below and note 16(i))	(0)	-	246
<b>Balance at the end of the year</b>	<b>33,327</b>	<b>23,521</b>	<b>11,522</b>
<b>(ii) Retained earnings</b>			
Balance at the beginning of the year	(18,373)	(9,637)	(6,191)
Add : Loss for the year	(10,597)	(8,645)	(3,441)
Add : Other Comprehensive income / (loss)	(26)	6	(5)
Less : Transfer from stock option outstanding account on cancellation/cash settlement.	(97)	(97)	-
<b>Balance at the end of the year</b>	<b>(29,093)</b>	<b>(18,373)</b>	<b>(9,637)</b>
<b>(iii) Stock Options Outstanding Reserve</b>			
Balance at the beginning of the year	983	357	170
Add : Charge against share-based payments	882	650	187
Less : Stock options settled/cancelled during the year (refer note (b) below and note 25(a))	(745)	(121)	-
Add : Transfer to retained earnings on cancellation/cash settlement.	97	97	-
<b>Balance at the end of the year</b>	<b>1,217</b>	<b>983</b>	<b>357</b>
	<b>5,451</b>	<b>6,131</b>	<b>2,242</b>

**Nature and purpose of other reserve:**

**(i) Securities Premium**

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013

**(ii) Retained earnings**

Retained earnings are the accumulated profits earned by the Company till date, less transfer to general reserves, dividend and other distributions made to the shareholders.

**(iii) Stock Options Outstanding Reserve**

The fair value of the equity-settled share based payment transactions with employees is recognised in restated statement of profit and loss with corresponding credit to stock options outstanding reserve. The amount of cost recognised is transferred to security premium on exercise of the related stock options.

**Notes:**

(a) Pursuant to board and shareholder's approval, the Company has issued to 18,088 bonus shares during the year of INR 10 per share to certain class of shareholders in ratio of their respective holdings.

(b) For the year ended 31 March 2023, the Company announced ESOP Cash Settlement program whereby a participant could opt for cash settlement of vested options. The cash payment made to settle the fully vested options of INR 121 million is debited to reserves in accordance with Ind AS 102.

Note - 14 BORROWINGS	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022
<b>Non-current (at amortised cost)</b>			
Secured			
<b>(a) Non convertible debentures</b>	247	-	-
<b>(b) Term loans</b>			
(i) from banks	62	128	186
(ii) from others	-	1,077	901
<b>Total</b>	<b>309</b>	<b>1,205</b>	<b>1,087</b>
<b>Current (at amortised cost)</b>			
Secured			
<b>(a) Loans repayable on demand</b>			
(i) from banks	1,035	2,193	287
(ii) from others	-	-	400
<b>(b) Current Maturities of long term debt</b>			
<b>Non convertible debentures</b>	666	344	-
<b>Term loans</b>			
(i) from banks	68	68	105
(ii) from others	1,071	1,042	1,105
<b>Total</b>	<b>2,840</b>	<b>3,647</b>	<b>1,897</b>
	<b>3,149</b>	<b>4,852</b>	<b>2,984</b>

**Note:**

(i) The above amounts are net of unamortized borrowing cost.



**Terms and repayment:**

Secured term loans from banks and others carry interest rate ranging from 9.25% p.a. to 14.00% p.a. These loans are repayable in monthly installments as per the terms of the respective loan agreements. Tenure of these loans are ranging from 2 to 5 years.

The Company has availed short term credit facilities in the form of working capital demand loans to meet the working capital requirements of the Company and these facilities carry an floating interest from 7.5% p.a to 11.20% p.a. These are repayable on demand.

The Company has issued redeemable Non-convertible debentures for the purpose of general corporate purposes and the terms of the debentures are as below:

Face value (INR)	Number of debentures	Allotted on	Outstanding as at 31.03.2024	Outstanding as at 31.03.2023	Interest rate	Repayment
1,00,000	5000	11 August 2023	357	-	14.85% p.a payable on monthly basis	Redeemable in 21 equal installments of INR 2,38,00,000/- each
1,00,000	5000	18 August 2023	357	-	14.85% p.a payable on monthly basis	Redeemable in 21 equal installments of INR 2,38,00,000/- each
1,00,000	1500	02 September 2023	107	-	14.85% p.a payable on monthly basis	Redeemable in 21 equal installments of INR 71,42,857/- each
1,00,000	1500	02 September 2023	107	-	14.85% p.a payable on monthly basis	Redeemable in 21 equal installments of INR 71,42,857/- each
10,00,000	500	04 October 2022	-	344	14.75% p.a payable on monthly basis	Redeemable in 16 equal installments of INR 3,12,50,000/- each

Note: Non convertible debentures outstanding as at 31 March 2022 are Nil.

**Term of security:**

**Term loans & Working capital loans from banks:**

Pari passu charge on current assets both present and future, Cash margin of 25% by way lien on fixed deposits, Pari passu charge on brand and trade mark/IPR/Intangibles of the technology stock/product suite if any.

**Term loans from Others**

First pari passu charge on movable property, plant and equipment of the Company including intangibles, Cash margin @20% of principal outstanding amount, Second charge over the present and future current assets of the Company.

**Non-convertible debentures**

First pari-passu charge on existing and future property, plant and equipment, Cash and cash equivalents & all intellectual property rights, Second pari-passu charge on existing and future Current assets of the company.

**Additional disclosures:**

- The Company has borrowings from banks or financial institutions on the basis of security of current assets and the statements of current assets filed by the Company with banks or financial institutions are in agreement with the books of accounts.
- The Company has utilised the borrowings for the purpose for which it was taken.
- Charges or satisfaction of charges are registered with ROC within the statutory period, there are no charges or satisfaction yet to be registered with ROC beyond the statutory period as at 31 March 2024.
- The Company has not been declared wilful defaulter by any bank or financial institution or Government or any Government authority.

**Note - 15 LEASE LIABILITIES**

	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022
<b>Non-current</b>			
Lease liability (Refer note 2(b))	1,419	1,686	597
<b>Total</b>	<b>1,419</b>	<b>1,686</b>	<b>597</b>
<b>Current</b>			
Lease liability (Refer note 2 (b))	209	178	68
<b>Total</b>	<b>209</b>	<b>178</b>	<b>68</b>

**Note - 16 OTHER FINANCIAL LIABILITIES**

	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022
<b>Non-current</b>			
Deposits received from dealers	103	59	19
<b>Total</b>	<b>103</b>	<b>59</b>	<b>19</b>
<b>Current</b>			
Payable to employees	801	258	208
Interest accrued on borrowings	1	11	14
Right to subscribe (refer note (i) below)	44	617	49
Stock option liability (cash settled) (refer note (ii) below)	350	415	175
Payable on purchase of Property, Plant and Equipment	39	80	86
Payable towards refund of charger price (refer note to 29(a))	111	-	-
Other Liabilities	2	2	1
<b>Total</b>	<b>1,348</b>	<b>1,383</b>	<b>533</b>

Note:

(i) In terms of borrowing and shareholder's agreements, certain lenders / shareholders have 'Right To Subscribe' (RTS) to the Company's equity shares of face value of INR 1 each. During the year, certain shareholders having 18,088 RTS have shared their consent to the Company for exercising their rights. Furthermore, shareholders have indicated their consent to the board for the issuance of bonus Compulsorily Convertible Preference Shares (CCPS) in lieu of equity shares, subject to the decision of both the Board and Shareholder. Pursuant to board and shareholder's approval, the Company has issued to 18,088 bonus CCPS to certain class of shareholder's in ratio of their respective holdings. Consequently, the settlement of RTS liability of INR 797 million by issue of bonus shares has been adjusted with the Securities Premium account. As at 31 March 2024, the Company has 1,811 RTS and the fair value of liability towards those RTS is INR 44 million.

(ii) Stock option liability (cash settled): Eligible employees and consultants are entitled to receive cash on account of appreciation in stock prices of the Company, subject to fulfilment of certain vesting conditions.

The fair value of the above liabilities as at the year end are determined by using Black-Scholes Model.

(Amount in millions of INR unless otherwise stated)

Note - 17 PROVISIONS	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022
<b>Non-current</b>			
<b>Provision for Employee benefits</b>			
Provision for Gratuity (Refer note 34)	155	92	61
Provision for compensated absences (Refer note 34)	116	81	61
	271	173	122
<b>Other provisions</b>			
Provision for warranties (Refer note (a) below)	404	288	153
Provision for site-restoration expense (Refer note (b) below)	27	25	15
	431	313	168
<b>Total</b>	<b>702</b>	<b>486</b>	<b>290</b>
<b>Current</b>			
<b>Provision for Employee benefits</b>			
Provision for Gratuity (Refer note 34)	17	11	5
Provision for compensated absences (Refer note 34)	28	34	12
	45	45	17
<b>Other provisions</b>			
Provision for warranties (Refer note (a) below)	672	532	88
Provision for repairs and others (Refer note (c) below)	90	10	-
	762	542	88
<b>Total</b>	<b>807</b>	<b>587</b>	<b>105</b>

(a) Movement of provision for warranty	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022
Opening Balance	820	241	59
Addition during the year(refer note below)	444	581	204
Unwinding of interest	77	53	7
Utilised during the year	(250)	(46)	(29)
Unused amounts reversed during the year	(15)	(9)	-
Closing balance	1,076	820	241
Non Current	404	288	153
Current	672	532	88

Notes: During the year, the Company has accounted additional warranty expense of INR 182 million (net of compensation from vendor) towards repair / replacement of parts based on the internal test results and management assessment.

(b) Movement of site-restoration expense	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022
Opening Balance	25	15	5
Addition during the year	-	12	9
Unwinding of interest	3	2	1
Unused amounts reversed during the year	(1)	(4)	-
Closing balance	27	25	15
Non Current	27	25	15
Current	-	-	-

(c) Movement of provision for repairs and others	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022
Opening Balance	10	-	-
Addition during the year	93	13	-
Utilised during the year	(13)	(3)	-
Closing balance	90	10	-
Non Current	-	-	-
Current	90	10	-

(Amount in millions of INR unless otherwise stated)

Note - 18 OTHER LIABILITIES	As at 31 March	As at 31 March	As at 31 March
	2024	2023	2022
<b>Non-current</b>			
Subsidy received from Government (refer note below)	21	-	-
Deferred revenue	358	-	-
<b>Total</b>	<b>379</b>	<b>-</b>	<b>-</b>
<b>Current</b>			
Statutory dues payable	455	105	35
Interest payable to vendors registered under the MSMED Act	18	13	7
Deferred revenue	121	22	8
Advance received from customers	939	423	82
<b>Total</b>	<b>1,533</b>	<b>563</b>	<b>132</b>

Note: During the current year, the Company received an amount towards incentive under the Tamil Nadu Electric Vehicle Policy 2019 subject to fulfilment of certain conditions. Pending fulfilment of the attached conditions, the Company has disclosed the incentive received as other liability as at 31 March 2024 in line with Ind AS -20.

Note - 19 TRADE PAYABLES	As at 31 March	As at 31 March	As at 31 March
	2024	2023	2022
Total outstanding dues of micro enterprises and small enterprises (MSME)	185	238	100
Total outstanding dues of enterprises other than micro and small enterprises	3,842	3,599	1,109
<b>Total</b>	<b>4,027</b>	<b>3,837</b>	<b>1,209</b>

(a) Trade Payables ageing as at 31 March 2024

Particulars	Outstanding for the following periods from the due date					Total
	Not due	Less than 1 year	1-2 Years	2-3 years	More than 3 year	
<b>Undisputed</b>						
- MSME	133	52	0	-	-	185
- Others	2,402	475	4	0	0	2,881
<b>Disputed</b>						
- MSME	-	-	-	-	-	-
- Others	-	-	-	-	-	-
<b>Total</b>	<b>2,535</b>	<b>527</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>3,066</b>
<b>Accrued expenses</b>						<b>961</b>
						<b>4,027</b>

(b) Trade Payables ageing as at 31 March 2023

Particulars	Outstanding for the following periods from the due date					Total
	Not due	Less than 1 year	1-2 Years	2-3 years	More than 3 year	
<b>Undisputed</b>						
- MSME	217	20	0	-	0	237
- Others	1,963	460	1	3	1	2,428
<b>Disputed</b>						
- MSME	-	-	-	-	-	-
- Others	-	-	-	-	-	-
<b>Total</b>	<b>2,180</b>	<b>480</b>	<b>1</b>	<b>3</b>	<b>1</b>	<b>2,665</b>
<b>Accrued expenses</b>						<b>1,172</b>
						<b>3,837</b>

(c) Trade Payables ageing as at 31 March 2022

Particulars	Outstanding for the following periods from the due date					Total
	Not due	Less than 1 year	1-2 Years	2-3 years	More than 3 year	
<b>Undisputed</b>						
- MSME	91	-	9	-	-	100
- Others	555	11	9	4	5	584
<b>Disputed</b>						
- MSME	-	-	-	-	-	-
- Others	-	-	-	-	-	-
<b>Total</b>	<b>646</b>	<b>11</b>	<b>18</b>	<b>4</b>	<b>5</b>	<b>684</b>
<b>Accrued expenses</b>						<b>525</b>
						<b>1,209</b>

(d) Relationship with struck off Companies

Transactions during the year	Nature of transactions	Relationship	Year ended 31 March 2024	Year ended 31 March 2023	Year ended 31 March 2022
Chai Kahani Cafes And Services P. Ltd.	Service charges	Vendor	-	0	-
Touch Stream Solutions Private Ltd.	Service charges	Vendor	-	-	0
<b>Balance outstanding as at year end</b>		<b>Relationship</b>	<b>As at 31 March 2024</b>	<b>As at 31 March 2023</b>	<b>As at 31 March 2022</b>
Chai Kahani Cafes And Services P. Ltd.		Vendor	-	-	-
Touch Stream Solutions Private Ltd.		Vendor	-	-	-

(Amount in millions of INR unless otherwise stated)

**DISCLOSURES REQUIRED UNDER SECTION 22 OF THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006**

Particulars	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022
(i) Principal amount remaining unpaid to MSME suppliers	185	238	100
(ii) Interest due on unpaid principal amount to MSME suppliers	18	13	7
(iii) The amount of interest paid along with the amounts of the payment made to the MSME suppliers beyond the appointed day	-	-	-
(iv) The amount of interest due and payable for the year of delay in making the payment (without adding the interest under MSME Development Act)	5	6	4
(v) The amount of interest accrued and remaining unpaid	18	13	7
(vi) Amount of further interest remaining due and payable even in the succeeding year.	-	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

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Notes to restated financial information

(Amount in millions of INR unless otherwise stated)

Note - 20 REVENUE FROM OPERATIONS	Year ended 31 March 2024	Year ended 31 March 2023	Year ended 31 March 2022
Revenue from sale of products and services			
Sale of finished goods	15,819	14,327	3,703
Sale of stock-in-trade	502	2,072	89
Sale of services	1,190	1,397	293
Other operating revenue	27	13	4
<b>Total</b>	<b>17,538</b>	<b>17,809</b>	<b>4,089</b>

**A. Reconciliation of Revenue from operations with the contracted price:**

Description	Year ended 31 March 2024	Year ended 31 March 2023	Year ended 31 March 2022
Contract price	18,880	17,932	4,282
Less: Trade discounts, Incentives, etc	(1,342)	(123)	(193)
<b>Total</b>	<b>17,538</b>	<b>17,809</b>	<b>4,089</b>

**B. Disaggregation of revenue:**

The Company has performed a disaggregated analysis of revenues considering the nature, amount, timing and uncertainty of revenues. This includes disclosure of revenues by geography and timing of recognition. Refer note 33 for revenue by geography.

**C. Assets and liabilities related to contracts with customers:**

Description	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022
<b>Contract assets</b>			
Trade receivables	16	12	10
<b>Total</b>	<b>16</b>	<b>12</b>	<b>10</b>
<b>Contract liabilities</b>			
Advance from customers	939	423	82
Deferred revenue	479	22	8
<b>Total</b>	<b>1,418</b>	<b>445</b>	<b>90</b>

**D. Set out below is the amount of revenue recognised from:**

Description	Year ended 31 March 2024	Year ended 31 March 2023	Year ended 31 March 2022
Amount included in contract liabilities at the beginning of the year	423	82	133

**E. Movement in deferred revenue during the year:**

Description	Year ended 31 March 2024	Year ended 31 March 2023	Year ended 31 March 2022
Opening balance	22	8	13
Add: Net addition during the year	548	35	8
Less: Revenue recognised during the year	(91)	(21)	(13)
Closing balance	479	22	8

**F. Timing of revenue recognition:**

Description	Year ended 31 March 2024	Year ended 31 March 2023	Year ended 31 March 2022
Goods and services transferred at a point in time	17,447	17,788	4,076
Service transferred over time	91	21	13
<b>Total</b>	<b>17,538</b>	<b>17,809</b>	<b>4,089</b>

**Note - 21 OTHER INCOME**

Note - 21 OTHER INCOME	Year ended 31 March 2024	Year ended 31 March 2023	Year ended 31 March 2022
<b>Interest income under the effective interest method on financial assets carried at amortised cost</b>			
Interest on term deposit	164	75	18
Unwinding of Interest on financial assets	32	7	4
<b>Income on financial assets carried at fair value through profit or loss</b>			
Net gain on disposal / fair valuation of investments carried at fair value through profit & loss	115	118	20
Profit on sale of non-trade investments	-	2	-
<b>Other non-operating income</b>			
Provision/Liability no longer required written back	32	-	-
Gain on sale of Property, Plant and Equipment	3	3	-
Other income	7	4	7
<b>Total</b>	<b>353</b>	<b>209</b>	<b>49</b>

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(Amount in millions of INR unless otherwise stated)

Note - 22 COST OF MATERIAL CONSUMED	Year ended 31 March 2024	Year ended 31 March 2023	Year ended 31 March 2022
<b>Raw Materials and components consumed:</b>			
Inventory at the beginning of the year	2,118	490	296
Add: Purchases	14,663	16,998	3,676
Less: Inventory at the end of the year	(989)	(2,118)	(490)
<b>Total</b>	<b>15,792</b>	<b>15,370</b>	<b>3,482</b>

Note - 23 PURCHASE OF STOCK IN TRADE	Year ended 31 March 2024	Year ended 31 March 2023	Year ended 31 March 2022
Purchase of stock-in-trade	279	923	201
<b>Total</b>	<b>279</b>	<b>923</b>	<b>201</b>

Note - 24 CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS	Year ended 31 March 2024	Year ended 31 March 2023	Year ended 31 March 2022
<b>Inventories at the beginning of the year</b>			
- Finished Goods	303	40	184
- Work-in-Progress	39	5	4
- Stock-in-trade	114	72	84
	<b>456</b>	<b>117</b>	<b>272</b>
- Stock-in-trade capitalised	(31)	(0)	-
<b>Inventories at the end of the year</b>			
- Finished Goods	90	303	40
- Work-in-Progress	0	39	5
- Stock-in-trade	88	114	72
	<b>178</b>	<b>456</b>	<b>117</b>
<b>Total</b>	<b>247</b>	<b>(339)</b>	<b>155</b>

Note - 25 EMPLOYEE BENEFITS EXPENSE	Year ended 31 March 2024	Year ended 31 March 2023	Year ended 31 March 2022
Salaries and wages	3,055	2,240	1,106
Employee share based payment expenses (refer note (a) below)	754	885	276
Contribution to provident and other funds	137	89	38
Gratuity (refer note 34)	50	49	19
Staff welfare expenses	165	136	55
	<b>4,161</b>	<b>3,399</b>	<b>1,494</b>
Less : Transfer to intangible assets under development	(469)	(51)	(355)
<b>Total</b>	<b>3,692</b>	<b>3,348</b>	<b>1,139</b>

Note:

(a) During the financial year 2022-23, the Company has granted 46,149 option under the Management Stock Option Plan 2022 (MSOP 2022) approved by shareholders in meeting dated 26 September, 2022 and expense has been accounted by INR 52 million as at 31 March 2023.

During the year, the board, in its meeting dated 31 March 2024, has approved the cancellation of MSOP 2022 including all options granted and also approved the payment of lump sum cash consideration, based on the fair value of the said options cancelled, in lieu of cancellation of all options under MSOP 2022. On cancellation of MSOP 2022, INR 596 million has been accounted immediately in the statement of profit and loss as an acceleration of vesting. On the date of such cancellation, the fair value of the options of INR 745 million settled in cash and is accounted as a deduction from other equity.

Note - 26 FINANCE COSTS	Year ended 31 March 2024	Year ended 31 March 2023	Year ended 31 March 2022
<b>Interest cost on financial liabilities at amortised cost:</b>			
Interest on borrowings	579	433	336
Interest on lease liability	196	136	52
Interest on delayed payments to vendors registered under the MSMED Act	5	6	4
Interest on others	80	55	7
Exchange differences regarded as an adjustment to borrowing costs	7	0	-
Other borrowing cost	23	20	8
<b>Total</b>	<b>890</b>	<b>650</b>	<b>407</b>

Note - 27 DEPRECIATION AND AMORTISATION EXPENSE	Year ended 31 March 2024	Year ended 31 March 2023	Year ended 31 March 2022
Depreciation of property, plant and equipment (refer note 2(a))	370	260	186
Depreciation of right-of-use assets (refer note 2(b))	288	199	109
Amortization of other intangible assets (refer note 2(d))	809	669	189
<b>Total</b>	<b>1,467</b>	<b>1,128</b>	<b>484</b>

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Note - 28 OTHER EXPENSES*	Year ended 31 March 2024	Year ended 31 March 2023	Year ended 31 March 2022
Advertisement and marketing	907	2,038	455
Consumables	313	232	8
Freight and carriage outwards	213	155	55
Electricity charges	91	60	28
Insurance	33	26	16
Legal, professional and consultancy charges (refer note (a) below)	588	612	252
Warranty cost	429	572	204
Vehicle service and repairs	118	23	1
Web server charges and subscriptions	229	262	111
Rent and maintenance	119	95	45
Repairs and maintenance			
- Plant & machinery	12	5	1
- Vehicles	1	2	7
- Others	151	58	14
Charging infrastructure maintenance charges	44	45	14
Communication charges	160	97	21
Software license fee	209	126	59
Travelling and conveyance	222	216	53
Recruitment / training expenses	38	88	27
Security charges	42	40	22
Loss on fair value measurement of financial liabilities (refer note (b) below)	224	568	137
Assets discarded	12	104	18
Foreign exchange loss	7	22	20
Allowance for doubtful advance and receivables	58	8	49
Sundry balances written off (refer note (c) below)	6	0	0
Rates and taxes	15	19	3
Payment to auditors			
- Statutory audit fee and others	5	3	2
- Certification fees	3	-	-
- Reimbursement	0	-	-
Miscellaneous expenses	126	107	89
<b>Total</b>	<b>4,375</b>	<b>5,583</b>	<b>1,711</b>

\*Total other expenses are net of capitalisation of 2023-24: INR 94 million (2022-23: INR 54 million, 2021-22: INR 97 million)

Notes:

(a) Legal, professional and consultancy charges includes INR 59 million (2022-23 : Nil, 2021-22: Nil) towards the share based payment arrangements entered into with advisors in earlier years.

(b) Fair valuation of right to subscribe outstanding as at the year end.

(c) Net of allowance for doubtful advance utilised of INR 26 million (2022-23: Nil, 2021-22: Nil)

Note - 29 EXCEPTIONAL ITEMS	Year ended 31 March 2024	Year ended 31 March 2023	Year ended 31 March 2022
Refund of charger price (refer note (a) below)	1,578	-	-
Refund of FAME incentive for differential battery capacity (refer note (a) below)	168	-	-
<b>Total</b>	<b>1,746</b>	<b>-</b>	<b>-</b>

Note:

(a) In response to a show cause notice ("SCN") dated 29 March 2023 from IFCI Limited on behalf of the Ministry of Heavy Industries ("MHI") in relation to certain matters under the FAME II and Phased Manufacturing Program ("PMP") guidelines, the Company vide its undertaking dated 23 May 2023, without prejudice agreed to voluntarily refund the price of the "Off board chargers" to all customers who purchased an off board charger as an accessory prior to 12 April 2023. Further, the Company has also voluntarily agreed to pay differential incentive amount claimed based on installed capacity against usable capacity.

The Company has recorded an expense of INR 1,578 Million towards refund of "Off board chargers related liability" and INR 168 Million towards adjustment of incentive for differential battery capacity (including interest). As on balance sheet date, the Company has refunded an amount of INR 1,467 million to the customers for liability towards "Off-board chargers" as of 31 March 2024. Against the outstanding liability of INR 111 million (excluding cheque issued but not presented of INR 23 million), a deposit is maintained in a bank account managed by IFCI Limited, which will be refunded back to the Company on actual payment of charger refund to customers and on submission of relevant documents of such refund. Further, the Company has paid an amount of INR 168 Million to MHI towards adjustment of incentive for differential usable battery capacity.

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**Note - 30 IMPAIRMENT TESTING OF INTANGIBLE ASSETS INCLUDING INTANGIBLES ASSETS UNDER DEVELOPMENT**

The Company does its impairment evaluation on an annual basis and based on such evaluation as at March 31, 2024, the estimated recoverable amount of the Cash Generating Unit (CGU) exceeded its carrying amount. For the purpose of impairment testing, intangible assets (Product Design & Development) and intangible assets under development are allocated to the CGU which benefits from the intangible asset. For this, the Company as a whole is considered as CGU.

The recoverable amount of the above CGU has been determined based on 'value in use' model, where in the value of cash generating unit is determined as a sum of the net present value of the projected post tax cash flows for a period of 5 years and terminal value. The terminal value of cash generating unit is arrived at by extrapolating cash flows of latest forecasted year to perpetuity using a constant long-term growth rate.

Determination of value in use involves significant estimates and assumptions that affect the reporting CGU's expected future cash flows. The Company has performed sensitivity analysis for all key assumptions and concluded that it is unlikely to cause the carrying amount of the CGU exceed its estimated recoverable amount. The key assumptions used for the calculations were as follows:

Particulars	As at 31 March	As at 31 March	As at 31 March
	2024	2023	2022
Discount rate	23.70%	26.80%	25.20%
Long-term growth rate	5.00%	5.00%	5.00%

The actuals results of operations and cash flows could be different from the estimates.

**Note - 31 EARNINGS PER SHARE**

Particulars	Year ended	Year ended	Year ended
	31 March 2024	31 March 2023	31 March 2022
Loss for the year attributable to owners of the Company.	(10,597)	(8,645)	(3,441)
Weighted average number of equity shares outstanding during the year	22,39,49,224	17,98,52,541	12,84,21,345
Earnings/ (loss) per share basic and diluted (in INR) (Face value of INR 1 each)	(47)	(48)	(27)

Notes:

a) There are potential equity shares as on 31 March 2024, 31 March 2023 and 31 March 2022 in the form of stock options issued. As these are antidilutive, they are ignored in the calculation of diluted earning per share and accordingly the diluted earning per share is the same as basic earning per share.

b) During the year ended 31 March 2024, the Company's Basic and Diluted Earnings Per Share (EPS) have been adjusted retrospectively on issuance of 18,088 bonus CCPS in line with Ind AS 33 "Earnings Per Share".

c) The Board of Directors of the Company in its meeting held on 18 June 2024 and shareholders of the Company in the Extraordinary General Meeting held on 21 June 2024 approved the issuance of bonus equity share of INR 1 each in the ratio of 260:1 and 224:1 for the Equity shares of INR 1 each and for the equity shares of INR 37 each respectively and also approved the sub-division of 3,530 equity shares of INR 37 each into 1,30,610 equity shares of INR 1 each. The number of shares used for the calculation of earnings per share, and the earnings per share (including that in the comparative periods), have been adjusted for pursuant to Paragraph 64 of Ind AS 33 - "Earnings Per Share", prescribed under Section 133 of the Companies Act, 2013.



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(Amount in millions of INR unless otherwise stated)

**Note - 32 TAX EXPENSE**

**(a) Effective tax rate**

Particulars	Year ended 31 March 2024	Year ended 31 March 2023	Year ended 31 March 2022
Loss before tax	(10,597)	(8,645)	(3,441)
Tax @ 31.2%	(3,306)	(2,697)	(1,074)
Tax effect of :			
Expense disallowed for tax	21	3	4
Deferred tax asset not recognised on account of absence of certainty on availability of future taxable profit	3,220	2,498	961
Others	65	196	109
<b>Tax expense</b>	<b>-</b>	<b>-</b>	<b>-</b>

**(b) Un-recognised deferred tax assets and liabilities**

Deferred tax assets and liabilities are attributable to the following:

Particulars	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022
<b>Deferred tax liabilities</b>			
Property, plant and equipment	43	306	215
Right of use assets	464	575	201
	<u>507</u>	<u>881</u>	<u>416</u>
<b>Deferred tax assets</b>			
Carry forward business losses and unabsorbed depreciation	8,286	5,301	2,956
Lease liabilities	540	590	212
Provisions for employee benefits	180	148	108
Others	152	273	73
	<u>9,158</u>	<u>6,312</u>	<u>3,349</u>
Unrecognised deferred tax assets (net)	<u><b>8,651</b></u>	<u><b>5,431</b></u>	<u><b>2,933</b></u>

The Company has not recognised deferred tax asset of INR 8,651 millions (31 March 2023: INR 5,431 million, 31 March 2022: INR 2,933 million) generated mainly on account of carried forward loss (including unabsorbed depreciation) as there is no reasonable certainty that sufficient future taxable income will be available against which such deferred tax asset can be realised.

**Note - 33 OPERATING SEGMENTS**

The Company primarily operates in the automotive segment. The automotive segment includes all activities related to development, design, manufacture, assembly and sale of vehicles, as well as sale of related parts and accessories. The board of directors of the Company, which has been identified as being the chief operating decision maker (CODM), evaluates the Company's performance, allocate resources based on the analysis of the various performance indicator of the Company as a single unit.

Therefore, based on the guiding principles given in Ind AS 108 on 'Operating Segments', the Company's business activity fall within a single operating segment, namely automotive segment.

**Geographical information**

Particulars	Year ended 31 March 2024	Year ended 31 March 2023	Year ended 31 March 2022
<b>Revenue from contracts with customers</b>			
India	17,474	17,787	4,089
Other countries	64	22	-
	<u>17,538</u>	<u>17,809</u>	<u>4,089</u>
<b>Particulars</b>	<b>As at 31 March 2024</b>	<b>As at 31 March 2023</b>	<b>As at 31 March 2022</b>
<b>Non-current assets</b>			
India	6,688	6,508	5,129
Other countries	-	-	-
	<u>6,688</u>	<u>6,508</u>	<u>5,129</u>

**Information about major customers**

In current year one individual customer having revenue of INR 1,832 million which was aggregating to 11% of total revenues. (during the year 31 March 2023, one individual customer having revenue of INR 1,978 million which was aggregating to 11% of total revenues, during the 31 March 2022: Nil).

**Note - 34 EMPLOYEE BENEFIT PLANS**

**A. Contribution to provident fund (Defined contribution):**

The Company make contributions to provident fund which is a defined contribution plan and the Company has no obligation other than to make the specified contributions. During the year, the Company has charged INR 115 million (31 March 2023: INR 89 million, 31 March 2022: INR 38 million) to the statement of profit and loss towards defined contribution plans.

**B. Gratuity (Defined benefit plan):**

The Company provides for gratuity for employees in India as per the Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement / termination / death / disablement is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The Gratuity plan of the Company is unfunded.

**Changes in the present value of obligation**

Particulars	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022
Present value of defined benefit obligation at the beginning of the year	103	66	46
Expenses recognised in restated statement of profit and loss			
Current service cost	43	45	16
Interest expense	7	4	2
Re-measurement or actuarial (gain) / loss arising from			
Demographic assumptions	7	-	-
Financial assumptions	2	(41)	(2)
Experience adjustments	17	35	7
Benefit payments	(7)	(6)	(3)
Present value of defined benefit obligation at the end of the year	172	103	66
Fair value of plan assets as at 31 March	-	-	-
<b>Net liability recognised in the Balance Sheet</b>	<b>172</b>	<b>103</b>	<b>66</b>
Current portion of the above	17	11	5
Non current portion of the above	155	92	61

**Expense recognised in the statement of profit and loss**

Particulars	Year ended 31 March 2024	Year ended 31 March 2023	Year ended 31 March 2022
Current Service Cost	43	45	16
Net interest expense	7	4	2
	50	49	18

**Remeasurement effects recognised in Other Comprehensive Income**

Particulars	Year ended 31 March 2024	Year ended 31 March 2023	Year ended 31 March 2022
Actuarial gains and loss arising form changes in financial assumptions	2	(41)	(2)
Actuarial gains and loss arising form demographic assumptions	7	-	-
Actuarial gains and loss arising form experience adjustments	17	35	7
	26	(6)	5

**The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:**

Particulars	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022
Discount rate	7.30%	7.40%	6.03%
Salary escalation rate	10.00%	10.00%	15.00%
Attrition rate	15.00%	18.00%	18.00%
Mortality rate	Indian Assured Lives Mortality (2012-14) Ultimate table		

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(Amount in millions of INR unless otherwise stated)

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Particulars	Year ended	Year ended	Year ended
	31 March 2024	31 March 2023	31 March 2022
Discount rate			
100bps Increase	(11)	(6)	(4)
100bps Decrease	13	7	5
Salary escalation rate			
100bps Increase	10	6	4
100bps Decrease	(9)	(5)	(3)
Attrition rate			
100bps Increase	(9)	(6)	(8)
100bps Decrease	11	7	12

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous year.

**Maturity profile of defined benefit obligation:**

Particulars	As at 31 March	As at 31 March	As at 31 March
	2024	2023	2022
Within 1 year	17	11	5
1-5 years	83	57	27
5-10 years	73	45	33
10 years and above	148	64	45
Weighted average duration	6.98 years	6.03 years	7.99 years

**Note - 35 CONTINGENT LIABILITIES AND COMMITMENTS (to the extent not provided for)**

Particulars	As at 31 March	As at 31 March	As at 31 March
	2024	2023	2022
<b>Contingent liabilities</b>			
(a) Claims against the Company not acknowledged as debt (Custom Duties, GST & litigation)	9	3	2
<b>Capital Commitments</b>			
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	406	280	209

**Note - 36 RELATED PARTY DISCLOSURES**

List of related parties with whom transactions occurred during the financial year year ended 31 March 2024, 31 March 2023 and 31 Marh 2022 and/or has an outstanding balance as of 31 March 2024, or 31 March 2023, or 31 March 2022 and their relationship

**Party which has significant influence**

1. Hero MotoCorp Limited
2. Sachin Bansal (up to 17 May 2022)

**Party over which Hero MotoCorp. Ltd has significant influence**

1. Hero FinCorp Limited

**Key Managerial Personnel (KMP)**

1. Tarun Sanjay Mehta - Director
2. Swapnil Babanlal Jain - Director
3. Reeta Nathwani - Director (up to 29 November 2022)
4. Niranjana Kumar Gupta - Director
5. Nilesh Shrivastava - Director (w.e.f. 22 July 2022)
6. Pankaj Sood - Director (w.e.f. 11 November 2022)
7. Ram Kuppuswamy - Director (w.e.f. 27 January 2023)
8. Deepak Jain - Chief Financial Officer (up to 31 March 2024)
9. Sohil Parekh - Chief Financial Officer (w.e.f. 01 April 2024)
10. Raj Kiran Sitaramu Badavanahalli - Company Secretary (up to 31 July 2022)
11. Nakul Upadhyaya - Company Secretary (w.e.f. 01 August 2022 upto 10 November 2022)
12. Puja Aggarwal - Company Secretary (w.e.f. 26 April 2023)

<b>Related party transactions:</b>	<b>Year ended 31 March 2024</b>	<b>Year ended 31 March 2023</b>	<b>Year ended 31 March 2022</b>
<b>Issue of compulsorily convertible preference shares</b>			
Hero MotoCorp Limited	5,000	2,625	-
<b>Issue of Equity shares on exercise of right to subscribe</b>			
Hero MotoCorp Limited	-	-	49
Sachin Bansal	-	-	197
<b>Issue of bonus compulsorily convertible preference shares (refer note 16(i))</b>			
Hero MotoCorp Limited	283	-	-
<b>Issue of Compulsorily convertible preference shares on conversion of Compulsorily Convertible debentures</b>			
Hero MotoCorp Limited	-	1,500	-
<b>Issue of Compulsorily convertible debentures</b>			
Hero MotoCorp Limited	-	-	1,500
<b>Term loan taken</b>			
Hero FinCorp Limited	-	1,500	1,300
<b>Repayment of term loan</b>			
Hero FinCorp Limited	1,064	1,319	445
<b>Interest on Term loan*</b>			
Hero FinCorp Limited	216	175	253
<b>Deposit given to / (refunded by) lender</b>			
Hero FinCorp Limited	(295)	295	-
<b>Interest subvention</b>			
Hero FinCorp Limited	3	-	-
<b>Revenue from charging Infrastructure usage</b>			
Hero MotoCorp Limited	0	-	-
<b>Expense on charging infrastructure usage</b>			
Hero MotoCorp Limited	1	-	-
<b>Commission income</b>			
Hero FinCorp Limited	1	-	-
<b>Fair valuation impact of right to subscribe liability</b>			
Hero MotoCorp Limited	(84)	367	19
Hero FinCorp Limited	(12)	22	10
<b>Managerial remuneration paid to key managerial personnel</b>			
Employee benefits**	214	76	36
Share based payments (refer note 25(a))	667	399	9

Balances outstanding with respect to related parties	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022
<b>Term Loan</b>			
Hero FinCorp Limited	1,076	2,140	1,944
<b>Interest accrued on long term debts</b>			
Hero FinCorp Limited	1	5	8
<b>Deposit with lender</b>			
Hero FinCorp Limited	24	350	55
<b>Receivable towards income accounted</b>			
Hero MotoCorp Limited	0	-	-
Hero FinCorp Limited	0	-	-
<b>Payable towards expenses accounted</b>			
Hero MotoCorp Limited	1	-	-
<b>Liability towards key managerial personnel**</b>			
Employee benefits	84	-	-
Share based payments (refer note 25(a))	808	431	33
<b>Liability towards right to subscribe</b>			
Hero MotoCorp Limited	-	367	-
Hero FinCorp Limited	25	37	15

\*Excludes INR 16 millions (31 March 2023: INR 17 millions, 31 March 2022: INR 10 million) charged to restated statement of profit & loss on account of effective interest rate calculation as per Ind AS.

\*\*The Actuarial Valuation Report of Gratuity and Compensated absence liabilities are taken for the entire Company without any bifurcation to any specific employee, hence it is not included in related party transaction.

Note: All related party transactions were entered at an arm's length basis and in the ordinary course of business.

## Note - 37 FINANCIAL INSTRUMENTS - FAIR VALUE MEASUREMENT

**a) The carrying value of financial assets by categories is as follows:**

Particulars	As at 31 March	As at 31 March	As at 31 March
	2024	2023	2022
<b>Measured at fair value through statement of profit and loss (FVTPL)</b>			
Investment in equity shares	-	-	0
Investment in mutual funds	2,922	2,859	373
<b>Total</b>	<b>2,922</b>	<b>2,859</b>	<b>373</b>
<b>Measured at amortised cost</b>			
Trade receivables	16	12	10
Cash and cash equivalents	2,279	826	574
Other balances with banks	2,199	936	313
Loans	2	-	-
Other financial assets	1,323	3,898	487
<b>Total</b>	<b>5,819</b>	<b>5,672</b>	<b>1,384</b>

**b) The carrying value of financial liabilities by categories is as follows:**

Particulars	As at 31 March	As at 31 March	As at 31 March
	2024	2023	2022
<b>Measured at fair value through statement of profit and loss (FVTPL)</b>			
Stock appreciation rights	350	415	175
Right to subscribe	44	617	49
<b>Total</b>	<b>394</b>	<b>1,032</b>	<b>224</b>
<b>Measured at amortised cost</b>			
Borrowings	3,149	4,852	2,984
Lease liabilities	1,628	1,864	665
Trade payables	4,027	3,837	1,209
Other financial liability	1,057	410	328
<b>Total</b>	<b>9,861</b>	<b>10,963</b>	<b>5,186</b>

The management assessed that carrying value of cash and cash equivalent, trade receivables, trade payables, other financial assets, other financial liability, lease liabilities and borrowings approximates their fair value largely due to short-term maturities of these instruments.

**c) Fair value hierarchy**

The section explains the judgement and estimates made in determining the fair value of the financial instruments that are:

a) recognised and measured at fair value.

b) measured at amortised cost and for which fair values are disclosed in the restated financial information.

To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into three levels as mentioned under Indian accounting standards.

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities. This category consists of quoted equity share, quoted debt instruments and mutual fund investments. The fair values of investments in units of mutual fund are based on the Net Asset Value (NAV) as per the fund statement ;

Level 2 - This level includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3 - This level includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

There are certain Company's financial assets and liabilities which are measured at fair value at the end of each reporting period. Following table gives information about how the fair values of these financial assets and liabilities are determined:

Particulars	Fair value as at 31 March 2024		
	Level 1	Level 2	Level 3
<b>Financial assets and measured at fair values</b>			
Investments	2,922	-	-
<b>Financial liabilities and measured at fair values</b>			
Stock appreciation rights	-	-	350
Right to subscribe	-	-	44

Particulars	Fair value as at 31 March 2023		
	Level 1	Level 2	Level 3
<b>Financial assets and measured at fair values</b>			
Investments	2,859	-	-
<b>Financial liabilities and measured at fair values</b>			
Stock appreciation rights	-	-	415
Right to subscribe	-	-	617

Particulars	Fair value as at 31 March 2022		
	Level 1	Level 2	Level 3
<b>Financial assets and measured at fair values</b>			
Investments	373	-	0
<b>Financial liabilities and measured at fair values</b>			
Stock appreciation rights	-	-	175
Right to subscribe	-	-	49

There were no transfers between level 1 and level 2 for recurring fair value measurements during the above years.

There were no significant inter-relationships between unobservable inputs that materially affects fair values.

**Note 38 - FINANCIAL RISK MANAGEMENT FRAMEWORK**

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors. The Company is constantly evaluating micro and macro economic factors influencing the business including, economical, geo-political and other risks which may have a bearing on the business or operations. The Company is of the view that the impact of these risks would not have a material impact on the business in medium to long term business plans. The Company continuously monitor these risks and other developments to identify significant uncertainties.

**A. CREDIT RISK**

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company has adopted a policy of dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults. This information is supplied by independent rating agencies wherever available and if not available, the Company uses other publicly available financial information and its own trading records to rate its major customer. The Company's exposure and credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Financial instruments that are subject to concentrations of credit risk, principally consist of balance with banks, investments in mutual funds, trade receivables and other financial assets. None of the financial instruments of the Company result in material concentrations of credit risks.

**B. LIQUIDITY RISK**

**(i) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

**(ii) Maturities of financial liabilities**

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Particulars	Carrying value	Less than 1 Year	1-5 Years	5 years and above	Total
<b>As at 31 March 2024</b>					
Trade Payable	4,027	4,027	-	-	4,027
Borrowings	3,149	3,107	320	-	3,427
Lease liabilities	1,628	383	1,229	1,082	2,694
Other financial liabilities	1,451	1,451	-	-	1,451
	<b>10,255</b>	<b>8,968</b>	<b>1,549</b>	<b>1,082</b>	<b>11,599</b>
<b>As at 31 March 2023</b>					
Trade Payable	3,837	3,837	-	-	3,837
Borrowings	4,852	4,036	1,293	-	5,329
Lease liabilities	1,864	364	1,564	1,215	3,143
Other financial liabilities	1,442	1,442	-	-	1,442
	<b>11,995</b>	<b>9,679</b>	<b>2,857</b>	<b>1,215</b>	<b>13,751</b>
<b>As at 31 March 2022</b>					
Trade Payable	1,209	1,209	-	-	1,209
Borrowings	2,984	2,157	1,229	-	3,386
Lease liabilities	665	135	543	426	1,104
Other financial liabilities	552	552	-	-	552
	<b>5,410</b>	<b>4,053</b>	<b>1,772</b>	<b>426</b>	<b>6,251</b>

**C. MARKET RISK**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk such as equity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. All such transactions are carried out within the guidelines set by the Board of Directors and Risk Management Committee.

There has been no significant changes to the Company's exposure to market risk or the methods in which they are managed or measured.

**i. Interest Rate Risk**

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's main interest rate risk arises from long term borrowings and short term borrowings with variable rates. The Company constantly monitors the credit markets and rebalances its financing strategies to achieve an optimal maturity profile and financing cost

**Interest rate risk exposure**

Particulars	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022
Floating rate borrowings	1,165	2,389	978

**Sensitivity analysis**

A reasonably possible change of 100 basis points (bps) in interest rates at the reporting date would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Particulars	Year ended 31 March 2024	Year ended 31 March 2023	Year ended 31 March 2022
<b>(Increase) or decrease in loss</b>			
Interest rates – increase by 100 basis points (100 bps)	(12)	(24)	(10)
Interest rates – decrease by 100 basis points (100 bps)	12	24	10



**Ather Energy Limited (formerly known as Ather Energy Private Limited)**

**Notes to restated financial information**

**ii. Currency Risk**

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's / Company's exposure to currency risk relates primarily to the Company's operating activities and borrowings when transactions are denominated in a different currency from the Company's functional currency.

**Foreign currency sensitivity**

The following table details the Company's sensitivity to a 1% increase and decrease in the INR against the relevant foreign currencies. (+)/(-)1% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 1% change in foreign currency rates. A positive number below indicates an increase in profit or equity where the INR strengthens (+)/(-)1% against the relevant currency. For a 1% weakening of the rupees against the relevant currency, there would be a comparable impact on the profit or equity, and the balances below would be negative.

<b>Particulars</b>	<b>USD</b>	<b>EURO</b>	<b>CHF</b>
<b>As at 31 March 2024</b>			
<b>A. Exposure</b>			
<b>In foreign currency (absolute numbers)</b>			
Trade payables	80,02,496	1,780	-
Borrowings	40,22,460	-	-
<b>In functional currency (INR in millions)</b>			
Trade payables	667	0	-
Borrowings	335	-	-
<b>Increase or (decrease) in loss for the year ended 31 March 2024</b>			
<b>B. Sensitivity analysis</b>			
<b>1% Increase (in functional currency, INR in million)</b>			
Trade payables	7	0	-
Borrowings	3	-	-
<b>1% Decrease (in functional currency, INR in million)</b>			
Trade payables	(7)	(0)	-
Borrowings	(3)	-	-
<b>As at 31 March 2023</b>			
<b>A. Exposure</b>			
<b>In foreign currency (absolute numbers)</b>			
Trade payables	69,433	450	835
Borrowings	24,54,400	-	-
<b>In functional currency (INR in millions)</b>			
Trade payables	6	0	0
Borrowings	203	-	-
<b>Increase or (decrease) in loss for the year ended 31 March 2023</b>			
<b>B. Sensitivity analysis</b>			
<b>1% Increase (in functional currency, INR in million)</b>			
Trade payables	0	0	0
Borrowings	2	-	-
<b>1% Decrease (in functional currency, INR in million)</b>			
Trade payables	(0)	(0)	(0)
Borrowings	(2)	-	-
<b>As at 31 March 2022</b>			
<b>A. Exposure</b>			
<b>In foreign currency (absolute numbers)</b>			
Trade payables	44,303	1,237	-
Borrowings	-	-	-
<b>In functional currency (INR in millions)</b>			
Trade payables	3	0	-
Borrowings	-	-	-
<b>Increase or (decrease) in loss for the year ended 31 March 2022</b>			
<b>B. Sensitivity analysis</b>			
<b>1% Increase (in functional currency, INR in million)</b>			
Trade payables	0	0	-
Borrowings	-	-	-
<b>1% Decrease (in functional currency, INR in million)</b>			
Trade payables	(0)	(0)	-
Borrowings	-	-	-

**iii. Other price risk**

The Company's exposure to price risk arises for investment in mutual funds held by the Company. To manage its price risk arising from investments in mutual funds, the Company diversifies its portfolio.

**Ather Energy Limited (formerly known as Ather Energy Private Limited)**  
**Notes to restated financial information**

(Amount in millions of INR unless otherwise stated)

**Note - 39 CAPITAL MANAGEMENT**

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.
- to augment requisite resources for future infrastructure requirements

For the purpose of debt to total equity ratio, debt considered is long-term, short-term borrowings and current and non-current lease liabilities. Total equity comprise of issued share capital and all other equity reserves.

The Company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

<b>Particulars</b>	<b>As at 31 March 2024</b>	<b>As at 31 March 2023</b>	<b>As at 31 March 2022</b>
Total equity attributable to the equity shareholders	5,459	6,137	2,249
Long term borrowings including current maturities	1,201	2,315	2,297
Short term borrowings	1,035	2,193	687
Non Convertible Debentures	913	344	-
Lease liabilities	1,628	1,864	665
<b>Total debt</b>	<b>4,777</b>	<b>6,716</b>	<b>3,649</b>
<b>Debt to equity ratio</b>	<b>0.88</b>	<b>1.09</b>	<b>1.62</b>

**Note - 40**

The Code on Social Security, 2020 (the Code) has been enacted, which would impact the contributions by the Company towards Provident Fund and Gratuity. The effective date from which the changes are applicable is yet to be notified. The Ministry of Labour and Employment (the Ministry) has released draft rules for the Code on 13 November 2020. The Company will complete its evaluation and will give appropriate impact in its financial statements in the period in which the Code becomes effective and the related rules are published.

**Note - 41 RATIOS**

The following are analytical ratios for the year ended 31 March 2024 and 31 March 2023

Ratio	Numerator	Denominator	31 March 2024	31 March 2023	% Variance	Reason for variance
Current ratio - (no.of times)	Current assets	Current liabilities	1.14	1.28	-11.00%	-
Debt-equity ratio - (no.of times)	Non-current borrowings (+) current borrowings	Total equity	0.88	1.09	-20.04%	-
Debt service coverage ratio - (no.of times)	Profit/(loss) before depreciation + amortisation + finance costs + exceptional items and tax	Interest expenses + Principal repayments of long-term debt + payment of lease liabilities	(2.26)	(2.88)	-21.69%	-
Return on equity ratio - (no.of times)	Loss for the year	Average Equity	(1.83)	(2.06)	-11.36%	-
Inventory turnover ratio - (no.of times)	Cost of goods sold	Average inventory	8.72	10.03	-13.04%	-
Trade receivable turnover ratio - (no.of times)	Revenue from operations	Average trade receivables	1,252.71	1,619.00	-22.62%	-
Trade Payable turnover ratio - (no.of times)	Total purchases & other expenses, other than non-cash expenses	Average accounts payable	4.71	8.86	-46.79%	Mainly due to decrease in consumption and higher average payable during the year.
Net capital turnover ratio - (no.of times)	Revenue from operations	Average working capital (i.e Current assets (-) Current liabilities)	7.94	19.06	-58.34%	Mainly due to increase in average net working capital during the year.
Net profit/(loss) ratio (%)	Loss for the year	Revenue from operations	-60.42%	-48.55%	24.46%	Mainly due to increase in loss for the year.
Return on capital employed (%)	Earning before interest and tax	Capital employed (i.e Tangible net worth + debt)	-118.68%	-69.94%	69.69%	Mainly due to loss incurred during the year.
Return on investment (%)	Net gain on disposal / fair valuation of investments carried at fair value through profit & loss	Time weighted average investment	7.58%	5.99%	26.54%	Mainly due to increase in average return on investments held during current year.

The following are analytical ratios for the year ended 31 March 2023 and 31 March 2022

Ratio	Numerator	Denominator	31 March 2023	31 March 2022	% Variance	Reason for variance
Current ratio - (no.of times)	Current assets	Current liabilities	1.28	0.74	73.03%	Current ratio has increased during the year ended 31 March 2023 due to increase in inventories, short term investments of funding received during the year and balance with government authorities.
Debt-equity ratio - (no.of times)	Non-current borrowings (+) current borrowings	Total equity	1.09	1.62	-32.55%	Decrease in debt to equity ratio during the year is due to additional shares issued during the year.
Debt service coverage ratio - (no.of times)	Profit/(loss) before depreciation + amortisation + finance costs + exceptional items and tax	Interest expenses + Principal repayments of long-term debt + payment of lease liabilities	(2.88)	(2.12)	36.15%	Decrease in return on equity is due to losses incurred during the year ended 31 March 2023, despite issue of equity shares and compulsory convertible preference shares at premium.
Return on equity ratio - (no.of times)	Loss for the year	Average Equity	(2.06)	(1.15)	80.06%	Due to increase in loss during the year ended 31 March 2023.
Inventory turnover ratio (no.of times)	Cost of goods sold	Average inventory	10.03	6.54	53.41%	Improvement in inventory turnover ratio is due to increased operations and comparable reduction in inventory held in stock during the year ended 31 March 2023.
Trade receivable turnover ratio - (no.of times)	Revenue from operations	Average trade receivables	1,619.00	817.80	97.97%	Improvement in trade receivable turnover ratio is due to increase in turnover.
Trade payable turnover ratio (no.of times)	Total purchases & other expenses, other than non-cash expenses	Average accounts payable	8.86	5.53	60.37%	Consumption of higher material on account of increased volume of operations.
Net capital turnover ratio - (no.of times)	Revenue from operations	Average working capital (i.e Current assets (-) Current liabilities)	19.06	(19.57)	-197.40%	Increase in working capital turnover ratio is due to increase in net working capital on account of increase in inventories, short term investment of additional funding received during the year, accumulation of balances with government authorities and is offset by increase in trade payables and short term borrowings.
Net profit/(loss) ratio (%)	Loss for the year	Revenue from operations	-48.55%	-84.16%	-42.32%	Increase in net Profit / (Loss) ratio is due to increase in operations of the Company during the year ended 31 March 2023 and related economies of scale.
Return on capital employed (%)	Earnings before interest and tax	Capital employed (i.e Tangible net worth + debt)	-69.94%	-85.02%	-17.74%	-
Return on investment (%)	Net gain on disposal / fair valuation of investments carried at fair value through profit & loss	Time weighted average investment	5.96%	3.08%	93.25%	Mainly due to increase in average return on investments held during current year.

**Note 42 : STOCK OPTION PLANS****A. Employee stock option plan****a. Details of the plan**

Areas	Details of the plan
Exercise of options while in employment	Liquidity Events /Cash settlement / Buy back / Purchase by Investor / IPO
Resignation / Termination other than due to Breach	Allowed to carry vested options till liquidity event
Retirement	Allowed to carry vested options till liquidity event
Death	Unvested options shall vest immediately and nominee allowed to carry vested options till liquidity event.
Termination due to permanent incapacity	Unvested option shall be vested immediately and allowed to carry vested options till liquidity event.
Abandonment	Vested and unvested options shall be cancelled.
Any other reasons	At the discretion of the Board.
Reconstruction	As defined in Liquidity event.
Lapse	Cash settlement / Buy back / Purchase by Investor / IPO/ Abandonment.
Lock in Period	Not applicable.

**b. Shares arising out of Employee stock option plan**

Particulars	As at 31 March	As at 31 March	As at 31 March
	2024	2023	2022
Outstanding at the beginning	38,835	30,891	22,929
Granted/adjustment	8,510	10,725	9,515
Exercised	-	-	-
Cancelled	(766)	(1,231)	(1,553)
Cash settled	-	(1,550)	-
Expired	-	-	-
<b>Outstanding at the end of the year</b>	<b>46,579</b>	<b>38,835</b>	<b>30,891</b>
<b>Exercisable at the end of the year</b>	<b>33,992</b>	<b>24,509</b>	<b>20,186</b>
<b>Weighted average remaining contractual life</b>	<b>2.40 years</b>	<b>2.43 years</b>	<b>3.49 years</b>

**c. Assumptions used for actuarial valuation using the Black Scholes Merton Model**

Particulars	As at 31 March	As at 31 March	As at 31 March
	2024	2023	2022
Weighted average share price (INR)	1 to 78,008	1 to 78,008	1 to 73,824
Exercise Price (INR)	1	1	1
Expected Volatility	35%	40%	50%
Expected life of the Options	5-8 years	5-8 years	5-8 years
Expected Dividends (%)	0%	0%	0
Risk free interest rate (%)	6.86% - 7.11%	6.32% - 7.19%	5.42%- 6.16%

**B. Management stock option plan****a. Details of the plan**

Areas	Details of the plan
Exercise of options while in employment	Exit Event or IPO.
Resignation / Termination other than due to Breach	Options Lapse.
Retirement	Not defined.
Death	Allowed to carry vested options till exit event.
Termination due to permanent incapacity	Not defined.
Abandonment	Options Lapse.
Any other reasons	Not defined.
Reconstruction	As defined in Exit event.
Lapse	Resignation/ Termination due to breach.
Lock in Period	Not defined.

**b. Shares arising out of Management stock option**

Particulars	As at 31 March	As at 31 March	As at 31 March
	2024	2023	2022
Outstanding at the beginning	46,598	-	-
Granted/adjustment	-	46,598	-
Exercised	-	-	-
Cancelled	(46,598)	-	-
Cash settled	-	-	-
Expired	-	-	-
<b>Outstanding at the end of the year</b>	<b>-</b>	<b>46,598</b>	<b>-</b>
<b>Exercisable at the end of the year</b>	<b>-</b>	<b>-</b>	<b>-</b>

Note: For the year ended 31 March 2023, value of share price is calculated as per Black Scholes method and number of units that are expected to vest is calculated using Monte Carlo simulation.

**c. Assumptions used for actuarial valuation using the Black Scholes Merton Model**

Particulars	As at 31 March	As at 31 March	As at 31 March
	2024	2023	2022
Weighted average share price (INR)	-	52291	-
Exercise Price (INR)	-	1	-
Expected Volatility	-	54%	-
Expected life of the Options	-	4.59 years	-
Expected Dividends (%)	-	0%	-
Risk free interest rate (%)	-	7.00%	-

**C. Founders stock option (Equity settled)****a. Details of the plan**

Areas	Details of the plan
Exercise of options while in employment	Prior to a Liquidity event.
Resignation / Termination other than due to Breach	Allowed to carry vested options till liquidity event.
Retirement	Not applicable
Death	Unvested options shall vest immediately and nominee allowed to carry vested options till liquidity event
Termination due to permanent incapacity	Unvested options shall vest immediately allowed to carry vested options till liquidity event.
Abandonment	Options Lapse.
Any other reasons	At the discretion of the Board.
Reconstruction	As defined in Liquidity event.
Lapse	Termination due to breach.
Lock in Period	Not defined.

**b. Shares arising out of Founders stock option (Equity settled)**

Particulars	As at 31 March	As at 31 March	As at 31 March
	2024	2023	2022
Outstanding at the beginning	3,476	-	-
Granted/adjustment	-	3,476	-
<b>Outstanding at the end of the year</b>	<b>3,476</b>	<b>3,476</b>	-
<b>Exercisable at the end of the year</b>	<b>3,476</b>	<b>3,476</b>	-

**c. Assumptions used for actuarial valuation using the Black Scholes Merton Model**

Particulars	As at 31 March	As at 31 March	As at 31 March
	2024	2023	2022
Weighted average share price (INR)	48,926	48,926	-
Exercise Price (INR)	1	1	-
Expected Volatility	40%	40%	-
Expected life of the Options	1.5 years	1.5 years	-
Expected Dividends (%)	0%	0%	-
Risk free interest rate (%)	4.76%	4.76%	-

Note: In addition to ESOP, MSOP and FSOP, the Company has issued 2,403 options (31 March 2023 : 2,403; 31 March 2022:2,403) to be settled in equity under the share based payment arrangement entered with advisors in earlier years.

**D. Stock Appreciation Rights Plan 2020 ("Ather SARs 2020")****a. Details of the plan**

Areas	Details of the plan
Exercise of options while in employment	Cash Settlement on Liquidity Events.
Resignation / Termination other than due to Breach	Allowed to carry vested SARs till liquidity event.
Retirement	Allowed to carry vested SARs till liquidity event.
Death	Unvested options shall vest immediately and nominee allowed to carry vested options till liquidity event
Termination due to permanent incapacity	Unvested options shall vest immediately and allowed to carry vested options till liquidity event
Abandonment	Vested and unvested options shall be cancelled.
Any other reasons	At the discretion of the Committee.
Reconstruction	As defined in Liquidity event.
Lapse	Resignation/ Termination due to breach.
Lock in Period	Not applicable.

**b. Shares arising out of Ather SARs 2020**

Particulars	As at 31 March	As at 31 March	As at 31 March
	2024	2023	2022
Outstanding at the beginning	3,588	3,588	3,343
Granted/adjustment	164	-	245
Cancelled	-	-	-
<b>Outstanding at the end of the year</b>	<b>3,752</b>	<b>3,588</b>	<b>3,588</b>
<b>Weighted average remaining contractual life</b>	<b>0.61 years</b>	<b>1.38 years</b>	<b>2.31 years</b>

**E. Founders stock option plan (Cash settled)****a. Details of the plan**

Areas	Details of the plan
Exercise of options while in employment	Prior to a Liquidity event.
Resignation / Termination other than due to Breach	Allowed to carry vested options till liquidity event.
Retirement	Applicable.
Death	Unvested options shall vest immediately and nominee allowed to carry vested options till liquidity event
Termination due to permanent incapacity	Unvested options shall vest immediately allowed to carry vested options till liquidity event.
Abandonment	Options Lapse.
Any other reasons	At the discretion of the Board.
Reconstruction	As defined in Liquidity event.
Lapse	Termination due to breach.
Lock in Period	Not defined.

**b. Shares arising out of Founders stock option plan (Cash settled)**

Particulars	As at 31 March	As at 31 March	As at 31 March
	2024	2023	2022
Outstanding at the beginning	1,738	-	-
Granted/adjustment	-	1,738	-
Cancelled	-	-	-
<b>Outstanding at the end of the year</b>	<b>1,738</b>	<b>1,738</b>	<b>-</b>

Note: In addition to above, the Company has issued 164 options (31 March 2023 : 164, 31 March 2022 : 164) to be settled in cash under the share based payment arrangement entered with advisors in earlier years.

**Ather Energy Limited (formerly known as Ather Energy Private Limited)**
**Notes to restated financial information**
**Note - 43**

The financial statements are presented in INR in million. Those items which are required to be disclosed and which were not presented in the financial statement due to rounding off to the nearest INR in million are given below as applicable:

Balance Sheet	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Capital work-in-progress	2,58,232	-	-
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity share capital	2,41,640	2,41,640	2,41,440

**Statement of Changes in Equity: A.Equity share capital**

Particulars	Equity Shares of INR 1 each		Equity Shares of INR 37 each	
	No. of Shares	Amount	No. of Shares	Amount
As at 01 April 2021	1,05,805	1,05,805	3,530	1,30,610
Issue of equity share during the year	5,025	5,025	-	-
As at 31 March 2022	1,10,830	1,10,830	3,530	1,30,610
Issue of equity share during the year	200	200	-	-
As at 31 March 2023	1,11,030	1,11,030	3,530	1,30,610
Issue of equity share during the year	-	-	-	-
As at 31 March 2024	1,11,030	1,11,030	3,530	1,30,610

**Statement of Changes in Equity: Compulsorily convertible preference shares**

Particulars	Compulsorily convertible preference shares of INR 1 each	
	No. of Shares	Amount
As at 01 April 2021	74,732	74,732
Issue of compulsorily convertible preference share during the year	-	-
As at 31 March 2022	74,732	74,732
Issue of compulsorily convertible preference share during the year	-	-
As at 31 March 2023	74,732	74,732
Issue of compulsorily convertible preference share during the year	-	-
As at 31 March 2024	74,732	74,732

**D. Other equity**

Particulars	Reserves and Surplus			Total
	Retained earnings	Securities Premium	Stock Options Outstanding Account	
Issue of bonus compulsorily convertible preference shares during the FY 2023-24	-	(1,80,880)	-	(1,80,880)

**Note No. 2 (a)**
**PROPERTY, PLANT AND EQUIPMENT**

Particulars	Furniture and Fittings	Vehicles	Office Equipment	Electronic Equipment
Disposals during 2021-22	-	-	(3,46,031)	(3,84,600)
Depreciation during 2021-22	2,26,884	2,54,311	-	-
Reversal of accumulated depreciation on disposal during 2021-22	-	-	(2,24,140)	(1,88,612)
Reversal of accumulated depreciation on disposal during 2022-23	-	(4,54,453)	-	-
Reversal of accumulated depreciation on disposal during 2023-24	(3,86,066)	-	-	(1,84,582)

**Note No. 2 (c)**
**CAPITAL WORK-IN-PROGRESS**

Particulars	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022
Balance at the end of the year	2,58,232	-	-

**Capital work-in-progress (CWIP) ageing as at 31 March 2024**

Particulars	Amount in CWIP for a period of				Total
	< 1 year	1-2 years	2-3 years	> 3 years	
Projects in progress	2,58,232	-	-	-	2,58,232
<b>Total</b>	<b>2,58,232</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,58,232</b>

**Ather Energy Limited (formerly known as Ather Energy Private Limited)**

**Notes to restated financial information**

**Note - 43**

The financial statements are presented in INR in million. Those items which are required to be disclosed and which were not presented in the financial statement due to rounding off to the nearest INR in million are given below as applicable:

<b>Note - 3 INVESTMENTS</b>	<b>Year ended 31 March 2024</b>	<b>Year ended 31 March 2023</b>	<b>Year ended 31 March 2022</b>
Investments in equity instruments (unquoted, carried at fair value through profit and loss)			
Investments in equity shares of M/S Autovert Technologies Private Limited	-	-	5,700
Nil units (31st March 2023:Nil, 31st March 2022:570) shares of INR 10 each	-	-	5,700

<b>Note - 4 OTHER FINANCIAL ASSETS</b>	<b>Year ended 31 March 2024</b>	<b>Year ended 31 March 2023</b>	<b>Year ended 31 March 2022</b>
<b>Non-current</b>			
Term deposits* (with original maturity of more than 12 months)	57,000	-	-

<b>Note - 5 INVENTORIES</b>	<b>Year ended 31 March 2024</b>	<b>Year ended 31 March 2023</b>
Work-in-progress	3,55,972	-

<b>Note - 7 TRADE RECEIVABLES</b>						
<b>Trade receivables ageing as at 31 March 2024</b>						
Particulars	Outstanding for the following periods from transaction date					
	Not due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years
<b>Undisputed</b>						
- Considered good	-	-	4,66,172	-	-	-

<b>Trade receivables ageing as at 31 March 2023</b>						
Particulars	Outstanding for the following periods from transaction date					
	Not due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years
<b>Undisputed</b>						
- Considered good	-	-	55,333	-	-	-

<b>Note - 8 CASH AND CASH EQUIVALENTS</b>	<b>Year ended 31 March 2024</b>	<b>Year ended 31 March 2023</b>	<b>Year ended 31 March 2022</b>
Cash on hand	-	-	20,537
	-	-	20,537



**Note - 43**

The financial statements are presented in INR in million. Those items which are required to be disclosed and which were not presented in the financial statement due to rounding off to the nearest INR in million are given below as applicable:

**Note - 12 EQUITY SHARE CAPITAL AND INSTRUMENT ENTIRELY EQUITY IN NATURE**

Particulars	As at 31 March 2024		As at 31 March 2023		As at 31 March 2022	
	No of Shares	Amount	No of Shares	Amount	No of Shares	Amount
<b>Authorised Capital</b>						
<b>Equity share capital</b>						
Equity Shares of INR 1 each.	2,87,158	2,87,158	2,87,158	2,87,158	2,87,158	2,87,158
Equity shares of INR 37 each	3,530	1,30,610	3,530	1,30,610	3,530	1,30,610
<b>Preference share capital</b>						
Series A Compulsorily Convertible Preference Shares of INR 1 each	74,732	74,732	74,732	74,732	74,732	74,732
Series B1 Compulsorily Convertible Preference Shares of INR 10 each	29,347	2,93,470	29,347	2,93,470	29,347	2,93,470
Series C Compulsorily Convertible Preference Shares of INR 10 each	29,699	2,96,990	29,699	2,96,990	33,563	3,35,630
Series C1 Compulsorily Convertible Preference Shares of INR 10 each	20,688	2,06,880	20,688	2,06,880	30,264	3,02,640

Particulars	As at 31 March 2024		As at 31 March 2023		As at 31 March 2022	
	No of Shares	Amount	No of Shares	Amount	No of Shares	Amount
<b>Issued, Subscribed and Paid up Share Capital</b>						
<b>Equity Share Capital (refer note 12.1 below)</b>						
Equity Shares of INR 1 each.	1,11,030	1,11,030	1,11,030	1,11,030	1,10,830	1,05,805
Equity shares of INR 37 each	3,530	1,30,610	3,530	1,30,610	3,530	1,30,610
<b>Preference Share Capital (instrument entirely equity in nature) (refer note 12.2 below)</b>						
Series A Compulsorily Convertible Preference Shares of INR 1 each	74,732	74,732	74,732	74,732	74,732	74,732
Series B1 Compulsorily Convertible Preference Shares of INR 10 each	29,347	2,93,470	29,347	2,93,470	29,347	2,93,470
Series C Compulsorily Convertible Preference Shares of INR 10 each	29,699	2,96,990	29,699	2,96,990	29,699	2,96,990
Series C1 Compulsorily Convertible Preference Shares of INR 10 each	20,688	2,06,880	20,688	2,06,880	20,688	2,06,880
Compulsorily Convertible Preference Shares of INR 10 each	18,088	1,80,880	-	-	-	-

**12.1. Equity share capital**

**12.1.1 Equity Shares of INR 1 each Fully paid up. (refer note below)**

**(i) Reconciliation of shares outstanding at the beginning and at the end of reporting year**

Particulars	As at 31 March 2024		As at 31 March 2023		As at 31 March 2022	
	No of Shares	Amount	No of Shares	Amount	No of Shares	Amount
Opening Balance	1,11,030	1,11,030	1,10,830	1,10,830	1,05,805	1,10,830
Add: Issued during the year	-	-	200	200	5,025	200
Closing Balance	<b>1,11,030</b>	<b>1,11,030</b>	<b>1,11,030</b>	<b>1,11,030</b>	<b>1,10,830</b>	<b>1,11,030</b>

**12.1.2 Equity Shares of INR 37 each**

**(i) Reconciliation of shares outstanding at the beginning and at the end of reporting year**

Particulars	As at 31 March 2024		As at 31 March 2023		As at 31 March 2022	
	No of Shares	Amount	No of Shares	Amount	No of Shares	Amount
Opening Balance	3,530	1,30,610	3,530	1,30,610	3,530	1,30,610
Closing Balance	<b>3,530</b>	<b>1,30,610</b>	<b>3,530</b>	<b>1,30,610</b>	<b>3,530</b>	<b>1,30,610</b>

**Note - 43**

The financial statements are presented in INR in million. Those items which are required to be disclosed and which were not presented in the financial statement due to rounding off to the nearest INR in million are given below as applicable:

**12.2 Instruments entirely equity in nature - Compulsorily convertible preference shares (CCPS).**

**12.2.2 Series A Compulsorily Convertible Preference Shares of INR 1 each (CCPS)**

**(i) Reconciliation of shares outstanding at the beginning and at the end of reporting year**

Particulars	As at 31 March 2024		As at 31 March 2023		As at 31 March 2022	
	No of Shares	Amount	No of Shares	Amount	No of Shares	Amount
Opening Balance	74,732	74,732	74,732	74,732	74,732	74,732
Closing Balance	74,732	74,732	74,732	74,732	74,732	74,732

**12.2.4 Series B1 Compulsorily Convertible Preference Shares of INR 10 each (CCPS)**

**(i) Reconciliation of shares outstanding at the beginning and at the end of reporting year**

Particulars	As at 31 March 2024		As at 31 March 2023		As at 31 March 2022	
	No of Shares	Amount	No of Shares	Amount	No of Shares	Amount
Opening Balance	29,347	2,93,470	29,347	2,93,470	29,347	2,93,470
Closing Balance	29,347	2,93,470	29,347	2,93,470	29,347	2,93,470

**12.2.5 Series C Compulsorily Convertible Preference Shares of INR 10 each (CCPS)**

**(i) Reconciliation of shares outstanding at the beginning and at the end of reporting year**

Particulars	As at 31 March 2024		As at 31 March 2023		As at 31 March 2022	
	No of Shares	Amount	No of Shares	Amount	No of Shares	Amount
Opening Balance	29,699	2,96,990	29,699	2,96,990	29,699	2,96,990
Closing Balance	29,699	2,96,990	29,699	2,96,990	29,699	2,96,990

**12.2.6 Series C1 Compulsorily Convertible Preference Shares of INR 10 each (CCPS)**

**(i) Reconciliation of shares outstanding at the beginning and at the end of reporting year**

Particulars	As at 31 March 2024		As at 31 March 2023		As at 31 March 2022	
	No of Shares	Amount	No of Shares	Amount	No of Shares	Amount
Opening Balance	20,688	2,06,880	20,688	2,06,880	20,688	2,06,880
Closing Balance	20,688	2,06,880	20,688	2,06,880	20,688	<b>2,06,880</b>

**12.2.8 Series E Compulsorily Convertible Preference Shares of INR 10 each (CCPS)**

**(i) Reconciliation of shares outstanding at the beginning and at the end of reporting year**

Particulars	As at 31 March 2024		As at 31 March 2023		As at 31 March 2022	
	No of Shares	Amount	No of Shares	Amount	No of Shares	Amount
Compulsorily Convertible Debentures converted into Series E CCPS	-	-	30,658	3,06,580	-	-

**12.2.11 Compulsorily Convertible Preference Shares of INR 10 each (CCPS)**

**(i) Reconciliation of shares outstanding at the beginning and at the end of reporting year**

Particulars	As at 31 March 2024		As at 31 March 2023		As at 31 March 2022	
	No of Shares	Amount	No of Shares	Amount	No of Shares	Amount
Bonus share issued during the year	18,088	1,80,880	-	-	-	-
Closing Balance	18,088	1,80,880	-	-	-	-

**Ather Energy Limited (formerly known as Ather Energy Private Limited)**
**Notes to restated financial information**
**Note - 43**

The financial statements are presented in INR in million. Those items which are required to be disclosed and which were not presented in the financial statement due to rounding off to the nearest INR in million are given below as applicable:

<b>Note - 13 OTHER EQUITY</b>	<b>Year ended 31 March 2024</b>	<b>Year ended 31 March 2023</b>	<b>Year ended 31 March 2022</b>
<b>(i) Securities Premium</b>			
Issue of bonus compulsorily convertible preference shares during the year	-	(1,88,080)	-

**Note - 19 TRADE PAYABLES**
**(a) Trade Payables ageing as at year ended 31 March 2024**

<b>Particulars</b>	<b>Outstanding for the following periods from transaction date</b>				
	<b>Not due</b>	<b>Less than 1 year</b>	<b>1-2 Years</b>	<b>2-3 years</b>	<b>More than 3 years</b>
<b>Undisputed</b>					
- MSME	-	-	2,50,427	-	-
- Others	-	-	-	27,193	1,89,595

**(b) Trade Payables ageing as at year ended 31 March 2023**

<b>Particulars</b>	<b>Outstanding for the following periods from transaction date</b>				
	<b>Not due</b>	<b>Less than 1 year</b>	<b>1-2 Years</b>	<b>2-3 years</b>	<b>More than 3 years</b>
<b>Undisputed</b>					
- MSME	-	-	5,486	-	1,04,038
- Others	-	-	-	-	-

**(d) Relationship with struck off Companies**

<b>Transactions during the year</b>	<b>Nature of transactions</b>	<b>Relationship</b>	<b>Year ended 31 March 2024</b>	<b>Year ended 31 March 2023</b>	<b>Year ended 31 March 2022</b>
Chai Kahani Cafes And Services P. Ltd.	Service charges	Vendor	-	35,746	-
Touch Stream Solutions Private Ltd.	Service charges	Vendor	-	-	10,730

<b>Balance outstanding as at year end</b>	<b>Relationship</b>	<b>As at 31 March 2024</b>	<b>As at 31 March 2023</b>	<b>As at 31 March 2022</b>
Chai Kahani Cafes And Services P. Ltd.	Vendor	-	-	-
Touch Stream Solutions Private Ltd.	Vendor	-	-	-

<b>Note - 24 CHANGES IN INVENTORIES OF WORK-IN-PROGRESS &amp; FINISHED GOODS</b>	<b>Year ended 31 March 2024</b>	<b>Year ended 31 March 2023</b>	<b>Year ended 31 March 2022</b>
- Stock-in-trade capitalised	-	(1,57,016)	-
<b>Inventories at the end of the year</b>			
- Work-in-progress	3,55,792	-	-

<b>Note - 26 FINANCE COSTS</b>	<b>Year ended 31 March 2024</b>	<b>Year ended 31 March 2023</b>	<b>Year ended 31 March 2022</b>
Exchange differences regarded as an adjustment to borrowing costs	-	3,55,039	-

<b>Note - 28 OTHER EXPENSES</b>	<b>Year ended 31 March 2024</b>	<b>Year ended 31 March 2023</b>	<b>Year ended 31 March 2022</b>
Sundry balances written off	-	4,82,520	-
Payment to auditors			
- Reimbursement	2,65,997	-	-

<b>Note - 36 RELATED PARTY DISCLOSURES</b>	<b>Year ended 31 March 2024</b>	<b>Year ended 31 March 2023</b>	<b>Year ended 31 March 2022</b>
<b>Revenue from charging infrastructure usage</b>			
Hero MotoCorp Limited	4,14,174	-	-

<b>Balances outstanding with respect to related parties</b>			
<b>Receivable towards income accounted</b>			
Hero MotoCorp Limited	4,50,994	-	-
Hero FinCorp Limited	1,56,038	-	-

**Ather Energy Limited (formerly known as Ather Energy Private Limited)**
**Notes to restated financial information**
**Note - 43**

The financial statements are presented in INR in million. Those items which are required to be disclosed and which were not presented in the financial statement due to rounding off to the nearest INR in million are given below as applicable:

**Note - 37 FINANCIAL INSTRUMENTS - FAIR VALUE MEASUREMENT**
**a) The carrying value of financial assets by categories is as follows:**

Particulars	As at 31 March	As at 31 March	As at 31 March
	2024	2023	2022
<b>Measured at fair value through statement of profit and loss (FVTPL)</b>			
Investment in equity shares	-	-	5,700
	-	-	5,700

There are certain Company's financial assets and liabilities which are measured at fair value at the end of each reporting period. Following table gives information about how the fair values of these financial assets and liabilities are determined:

Particulars	Fair value as at 31 March 2022		
	Level 1	Level 2	Level 3
<b>Financial assets and measured at fair values</b>			
Investments	-	-	5,700

**Note - 38 FINANCIAL RISK MANAGEMENT FRAMEWORK**
**Foreign currency sensitivity**

Particulars	USD	EURO	CHF
<b>As at 31 March 2024</b>			
<b>A. Exposure</b>			
<b>In functional currency (INR)</b>			
Trade payables	-	1,60,567	-
<b>B. Sensitivity analysis</b>			
<b>1% Increase (in functional currency, INR)</b>			
Trade payables	-	1,606	-
<b>1% Decrease (in functional currency, INR)</b>			
Trade payables	-	(1,606)	-
<b>As at 31 March 2023</b>			
<b>A. Exposure</b>			
<b>In functional currency (INR)</b>			
Trade payables	-	39,096	57,724
<b>B. Sensitivity analysis</b>			
<b>1% Increase (in functional currency, INR)</b>			
Trade payables	57,301	391	577
<b>1% Decrease (in functional currency, INR)</b>			
Trade payables	(57,301)	(391)	(577)
<b>As at 31 March 2022</b>			
<b>A. Exposure</b>			
<b>In functional currency (INR)</b>			
Trade payables	-	1,04,013	-
<b>B. Sensitivity analysis</b>			
<b>1% Increase (in functional currency, INR)</b>			
Trade payables	33,630	1,040	-
<b>1% Decrease (in functional currency, INR)</b>			
Trade payables	(33,630)	(1,040)	-

**Note 44**

As of balance sheet date, the Company has an aggregate sum of INR 1 million equivalent to USD 7,321 and EURO 450 (31 March 2023: INR Nil, 31 March 2022: INR 6.08 millions equivalent to USD 78,390 and EURO 7,367) payable to overseas Companies towards import of goods and services which are outstanding beyond the prescribed time limit for payment as per the extant Foreign Exchange Management Act (FEMA) regulations.

**Note 45: Events after reporting period:**

The Board of Directors of the Company in its meeting held on 18 June 2024 and shareholders of the Company in the Extraordinary General Meeting held on 21 June 2024 approved the issuance of bonus equity share of INR 1 each in the ratio of 260:1 and 224:1 for the equity shares of INR 1 each and for the equity shares of INR 37 each respectively and also approved the sub-division of 3,530 equity shares of INR 37 each into 1,30,610 equity shares of INR 1 each. The number of shares used for the calculation of earnings per share, and the earnings per share (including that in the comparative periods), have been adjusted for pursuant to Paragraph 64 of Ind AS 33 - "Earnings Per Share", prescribed under Section 133 of the Companies Act, 2013. No other adjustments are made in the Restated Summary Statements on account of the bonus shares and share sub-division.

**Note 46**

There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**Note 47 : Other statutory disclosures**

A. The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other persons or entities, including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall;

- i. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
- ii. provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

B. The Company has not received any fund from any persons or entities, including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall;

- i. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
- ii. provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,

**Note 48**

As at 31st March 2024 there are no proceedings initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

**Note 49**

The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

**Note 50**

The Company has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year

**Note 51**

There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account

**Note 52: Statement of adjustment to restated financial information:**

**Part A: Reconciliation between audited equity and restated equity:**

Particulars	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022
Total equity as per audited financial statements	5,459	6,137	2,249
Restatement adjustments	-	-	-
Restated equity as per restated statement of assets and liabilities	5,459	6,137	2,249

**Part B: Reconciliation between audited loss and restated loss:**

Particulars	Year ended 31 March 2024	Year ended 31 March 2023	Year ended 31 March 2022
Loss as per audited financial statements	(10,597)	(8,645)	(3,441)
Restatement adjustments	-	-	-
Restated loss for the year as per restated statement of profit and loss	(10,597)	(8,645)	(3,441)

**Part C: Reclassification and regrouping:**

Appropriate re-groupings have been made in the restated statement of assets and liabilities, restated statement of profit and loss and restated statement of cash flows, wherever required, by reclassification of the corresponding items of income, expenses, assets, liabilities and cash flows, in order to bring them in line with the accounting policies and classification as per the restated financial information of the Company for the year ended 31 March 2024 respectively prepared in accordance with amended Schedule III of Companies Act, 2013, requirements of Ind AS 1 and other applicable Ind AS principles and the requirements of the Securities and Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations, 2018, as amended.

**For and on behalf of Board of Directors of Ather Energy Limited (Formerly known as Ather Energy Private Limited)**

**Tarun Sanjay Mehta**  
 Executive Director and Chief Executive  
 Officer  
 DIN: 06392463

**Swapnil Babanlal Jain**  
 Executive Director and Chief  
 Technical Officer  
 DIN: 06682759

**Sohil Dilipkumar Parekh**  
 Chief Financial Officer

**Puja Aggarwal**  
 Company Secretary and  
 Compliance Officer  
 Membership No.:A49310

Date: 27 August 2024  
 Place: Bengaluru

## OTHER FINANCIAL INFORMATION

The accounting ratios required under Paragraph 11 of Part A of Schedule VI of the SEBI ICDR Regulations are given below.

Particulars	<i>(in ₹ million, other than share data)</i>		
	Fiscal 2024	Fiscal 2023	Fiscal 2022
Loss per Equity Share - Basic (in ₹) <sup>(1)*</sup>	(47)	(48)	(27)
Loss per Equity Share - Diluted (in ₹) <sup>(2)*</sup>	(47)	(48)	(27)
Return on Net Worth (RoNW) (%) <sup>(3)</sup>	(194)	(141)	(153)
Net Asset Value per Equity Share (in ₹) <sup>(4)*</sup>	24	34	18
EBITDA <sup>(5)</sup>	(6,494)	(6,867)	(2,550)

\* The Board of Directors our Company in its meeting held on June 18, 2024 and Shareholders of our Company in the Extraordinary General Meeting held on June 21, 2024 approved the issuance of bonus equity share of ₹ 1 each in the ratio of 260:1 and 224:1 for the equity shares of ₹ 1 each and for the equity shares of ₹ 37 each respectively and also approved the sub-division of 3,530 equity shares of ₹ 37 each into 130,610 equity shares of ₹ 1 each. The conversion ratio of the CCPS into Equity Shares and the employee stock options along with its price per option have been adjusted accordingly. The number of shares used for the calculation of earnings per share and net asset value per share have been adjusted for pursuant to Paragraph 64 of Ind AS 33 – “Earnings Per Share”, prescribed under Section 133 of the Companies Act, 2013”.

### A. Notes:

- (1) Basic EPS is calculated as loss for the year attributable to owners of our Company divided by the weighted average number of Equity Shares outstanding during the year.
  - (2) Diluted EPS is calculated as loss for the year attributable to owners of our Company divided by the weighted average number of Equity Shares outstanding during the year adjusted for the effects of all dilutive potential Equity Shares.
  - (3) RoNW is calculated as Loss for the year divided by the net worth at the end of the respective year.
  - (4) Net Asset Value per Equity Share (in ₹) is computed as Net Worth at the end of the year divided by weighted average number of Equity Shares outstanding during the year.
  - (5) EBITDA is calculated as Loss before exceptional items and tax reduced by Finance costs and Depreciation and amortisation expenses.
- B. Net-worth means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off as per the restated financial information, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.
- C. Weighted average number of equity shares (including equivalent number of equity shares on conversion of instruments entirely equity in nature) is the number of equity shares outstanding at the beginning of the year adjusted by the number of equity shares issued during the year multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the year
- D. Earnings per share calculations are in accordance with Ind AS 33 “Earnings per share.”

In accordance with the SEBI ICDR Regulations, the audited financial statements of our Company, for the years ended March 31, 2024, March 31, 2023 and March 31, 2022 together with all the annexures, schedules and notes thereto (“**Audited Financial Statements**”) are available on our website at <https://www.atherenergy.com/investor-relations/financials>.

Our Company is providing a link to this website solely to comply with the requirements specified in the SEBI ICDR Regulations. The Audited Financial Statements do not constitute, (i) a part of this Draft Red Herring Prospectus; or (ii) a prospectus, a statement in lieu of a prospectus, an offering circular, an offering memorandum, an advertisement, an offer or a solicitation of any offer or an offer document or recommendation or solicitation to purchase or sell any securities under the Companies Act, 2013, the SEBI ICDR Regulations, or any other applicable law in India or elsewhere in the world. The Audited Financial Statements should not be considered as part of information that any investor should consider to subscribe for or purchase any securities of our Company or any entity in which it or its shareholders may have significant influence and should not be relied upon or used as a basis for any investment decision. Neither the Company or any of its advisors, nor any of the BRLMs or the Selling Shareholders, nor any of their respective employees, directors, affiliates, agents, trustees or representatives accept any liability whatsoever for any loss, direct or indirect, arising from reliance placed on any information presented or contained in the Audited Standalone Financial Statements, or the opinions expressed therein.

## RELATED PARTY TRANSACTIONS

For details of the related party transactions, as per the requirements under applicable Accounting Standards i.e. Ind AS 24 ‘Related Party Disclosures’ for the Financial Years ended March 31, 2024, March 31, 2023 and March 31, 2022, and as reported in the Restated Financial Information, see “**Restated Financial Information – Notes forming part of the Restated Financial Information – Note 36 – Related Party disclosures**” on page 374.

## Reconciliation of Non-GAAP Measures

Reconciliation for the following non-GAAP financial measures included in this Draft Red Herring Prospectus, are as set out below

Particulars	Fiscal Year		
	2024	2023	2022
Adjusted Gross Margin (₹ million) <sup>(1)</sup>	1,573	2,064	300
Adjusted Gross Margin (%) <sup>(2)</sup>	9%	11%	7%
EBITDA (₹ million) <sup>(3)</sup>	(6,494)	(6,867)	(2,550)
EBITDA Margin (%) <sup>(4)</sup>	(36%)	(38%)	(62%)
Profit / (Loss) for the year margin (%) <sup>(5)</sup>	(59%)	(48%)	(83%)
Net Worth (₹ million) <sup>(6)</sup>	5,459	6,137	2,249
RoNW (%) <sup>(7)</sup>	(194%)	(141%)	(153%)
NAV per Equity Share (₹) <sup>(8)</sup>	24	34	18
Cost of Goods Sold (₹ million) <sup>(9)</sup>	16,318	15,954	3,838
Working Capital Days <sup>(9)</sup>	(46)	(21)	(33)

Notes:

(1) Adjusted Gross Margin is calculated as total income reduced by Cost of materials consumed, Purchase of stock-in-trade and change in inventories of finished goods, stock-in-trade and work-in-progress.

(2) Adjusted Gross Margin (%) is calculated as adjusted gross margin (₹) divided by total income.

(3) EBITDA is calculated as Loss before exceptional items and tax reduced by Finance costs and Depreciation and amortisation expenses.

(4) EBITDA Margin (%) is calculated as EBITDA divided by Total Income

(5) Profit / (Loss) for the year margin (%) is calculated as Profit / (Loss) for the year divided by Total income

(6) Net-worth means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off as per the restated financial information, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.

(7) RoNW (%) is calculated as Loss for the year divided by the net worth at the end of the respective year.

(8) NAV per Equity Share is calculated as Net Worth at the end of the year divided by weighted average number of Equity Shares outstanding during the year.

(9) Working Capital Days is computed as Trade Receivables days plus inventory days minus trade payable days; Wherein, (i) Trade Receivable Days is calculated as average trade receivables divided by revenue from operations multiplied by 365 for Financial Years, (ii) Inventory Days is calculated as average inventory divided by cost of goods sold multiplied by 365 for Financial Years and (iii) Trade Payable Days is calculated as average trade payables divided by cost of goods sold multiplied by 365 for Financial Years. Further, Cost of Goods Sold is the sum of Cost of materials consumed, Purchase of stock-in-trade and Change in inventories of finished goods, stock-in-trade and work-in-progress.

## Reconciliation for Adjusted Gross Margin & Adjusted Gross Margin (%)

The following table reconciles Adjusted Gross Margin and Adjusted Gross Margin (%) to total income for the Fiscal Years presented:

Particulars	Fiscal Year		
	2024	2023	2022
	<i>(in ₹ million, except as indicated otherwise)</i>		
Total income (A)	17,891	18,018	4,138
Less :			
Cost of materials consumed (B)	15,792	15,370	3,482
Purchase of stock-in-trade (C)	279	923	201
Change in inventories of finished goods, stock-in-trade and work-in-progress (D)	247	(339)	155
<b>Adjusted Gross Margin (E) (E=A-B-C-D)</b>	<b>1,573</b>	<b>2,064</b>	<b>300</b>
<b>Adjusted Gross Margin (%) (E/A)</b>	<b>9%</b>	<b>11%</b>	<b>7%</b>

## Reconciliation of EBITDA and EBITDA Margin (%)

The following table reconciles EBITDA and EBITDA Margin (%) to loss before exceptional items and tax for the Fiscal Years presented:

Particulars	Fiscal Year		
	2024	2023	2022
	<i>(in ₹ million, except as indicated otherwise)</i>		
Total income (A)	17,891	18,018	4,138
Loss before exceptional items and tax (B)	(8,851)	(8,645)	(3,441)
Add:			
Finance costs (C)	890	650	407
Depreciation and amortisation expenses (D)	1,467	1,128	484
<b>EBITDA (E) (E = B+C+D)</b>	<b>(6,494)</b>	<b>(6,867)</b>	<b>(2,550)</b>

Particulars	Fiscal Year		
	2024	2023	2022
	<i>(in ₹ million, except as indicated otherwise)</i>		
<b>EBITDA Margin (%) (E/A)</b>	<b>(36%)</b>	<b>(38%)</b>	<b>(62%)</b>

### Reconciliation of Profit / (Loss) For The Year Margin (%)

The following table reconciles Profit / (Loss) for the year margin (%) for the Fiscal Years presented:

Particulars	Fiscal Year		
	2024	2023	2022
	<i>(in ₹ million, except as indicated otherwise)</i>		
Total income (A)	17,891	18,018	4,138
Loss for the year (B)	(10,597)	(8,645)	(3,441)
<b>Profit / (Loss) For The Year Margin (%) (B/A)</b>	<b>(59%)</b>	<b>(48%)</b>	<b>(83%)</b>

### Reconciliation of Net Worth and RoNW (%)

The following table reconciles Net Worth and RoNW (%) for the Fiscal Years presented:

Particulars	Fiscal Year / As at March 31,		
	2024	2023	2022
	<i>(in ₹ million, except as indicated otherwise)</i>		
Equity Share capital* (in ₹)(A)	241,640	241,640	241,440
Instruments entirely equity in nature (B)	8	6	7
Other equity (C)	5,451	6,131	2,242
<b>Net Worth (D = A+B+C)</b>	<b>5,459</b>	<b>6,137</b>	<b>2,249</b>
Loss for the year (E)	(10,597)	(8,645)	(3,441)
<b>RoNW (%) (E/D)</b>	<b>(194%)</b>	<b>(141%)</b>	<b>(153%)</b>

\* The Board of Directors in its meeting held on June 18, 2024 and Shareholders of the Company in the EGM held on June 21, 2024 approved the issuance of bonus equity share of ₹ 1 each in the ratio of 260:1 and 224:1 for the equity shares of ₹ 1 each and for the equity shares of ₹ 37 each respectively and also approved the sub-division of 3,530 equity shares of ₹ 37 each into 130,610 equity shares of ₹ 1 each. The conversion ratio of the CCPS into Equity Shares and the employee stock options along with its price per option have been adjusted accordingly. The number of shares used for the calculation of earnings per share, and net asset value per share have been adjusted for pursuant to Paragraph 64 of Ind AS 33 - "Earnings Per Share", prescribed under Section 133 of the Companies Act, 2013.

### Reconciliation of NAV per Equity Share (%)

The following table reconciles NAV per Equity Share for the Fiscal Years presented:

Particulars	Fiscal Year		
	2024	2023	2022
	<i>(in ₹ million, except as indicated otherwise)</i>		
Net Worth (A)	5,459	6,137	2,249
Weighted average number of equity shares outstanding considered for calculation of basic earning per share (B)*	223,949,224	179,852,541	128,421,345
<b>Net Asset Value per Equity Share (A/B)*</b>	<b>24</b>	<b>34</b>	<b>18</b>

\* The Board of Directors of our Company in its meeting held on June 18, 2024 and Shareholders of our Company in the EGM held on June 21, 2024 approved the issuance of bonus equity share of ₹ 1 each in the ratio of 260:1 and 224:1 for the equity shares of ₹ 1 each and for the equity shares of ₹ 37 each respectively and also approved the sub-division of 3,530 equity shares of ₹ 37 each into 130,610 equity shares of ₹ 1 each. The conversion ratio of the CCPS into Equity Shares and the employee stock options along with its price per option have been adjusted accordingly. The number of shares used for the calculation of earnings per share and net asset value per share have been adjusted for pursuant to Paragraph 64 of Ind AS 33 - "Earnings Per Share", prescribed under Section 133 of the Companies Act, 2013.

### Reconciliation for Cost of Goods Sold and Working Capital Days

The following table reconciles Cost of Goods Sold and Working Capital Days for the Fiscal Years presented:

Particulars	Fiscal Year / As at March 31,		
	2024	2023	2022
	<i>(in ₹ million, except as indicated otherwise)</i>		
Cost of materials consumed (A)	15,792	15,370	3,482
Purchase of stock-in-trade (B)	279	923	201



Particulars	Fiscal Year / As at March 31,		
	2024	2023	2022
	<i>(in ₹ million, except as indicated otherwise)</i>		
Change in inventories of finished goods, stock-in-trade and work-in-progress (C)	247	(339)	155
<b>Cost of Goods Sold (D) = (A+B+C)</b>	<b>16,318</b>	<b>15,954</b>	<b>3,838</b>
Opening Trade receivable (E)	12	10	-
Closing Trade receivable (F)	16	12	10
Average Trade receivable (G = (E+F)/2)	14	11	5
Revenue from Operation (H)	17,538	17,809	4,089
<b>Trade receivable Days (I) = (G*365/H)</b>	<b>0<sup>^</sup></b>	<b>0<sup>^</sup></b>	<b>0<sup>^</sup></b>
Opening Inventory (J)	2,574	607	567
Closing Inventory (K)	1,167	2,574	607
Average Inventory (L = (J+K)/2)	1,871	1,591	587
<b>Inventory Capital Days (M) = (L*365/D)</b>	<b>42</b>	<b>36</b>	<b>56</b>
Opening Trade Payables (N)	3,837	1,209	676
Closing Trade Payables (O)	4,027	3,837	1,209
Average Trade Payables (P = (N+O)/2)	3,932	2,523	943
<b>Trade Payables Days (Q) = (P*365/D)</b>	<b>88</b>	<b>58</b>	<b>90</b>
<b>Working Capital Days (I+M-Q)</b>	<b>(46)</b>	<b>(21)</b>	<b>(33)</b>

<sup>^</sup>0 denotes less than 0.5 day

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following discussion is intended to convey the management's perspective on our financial condition and results of operations for Fiscal Years 2024, 2023 and 2022. Unless otherwise stated, the financial information in this section has been derived from the Restated Financial Information included in this Draft Red Herring Prospectus.*

*Our financial year ends on March 31 of each year. Accordingly, references to "Fiscal Year 2024", "Fiscal Year 2023" and "Fiscal Year 2022" are to the 12-month period ended March 31 of the relevant year.*

*Ind AS differs in certain respects from Indian GAAP, IFRS and U.S. GAAP and other accounting principles with which prospective investors may be familiar. Please also see "**Risk Factors – External Risks – Risks Related to India – Indian accounting standard ("Ind AS") and other accounting principles, such as international financial reporting standards ("IFRS") and United States generally accepted accounting principles ("US GAAP") have significant differences, which may be material to investors' assessments of our financial condition**" on page 81. This discussion contains certain forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, such as the risks set forth in the chapters entitled "**Risk Factors**" and "**Forward-Looking Statements**" on pages 36 and 20, respectively.*

*Industry and market data used in this section have been extracted from the CRISIL Report and such excerpts may have been re-ordered by us for the purpose of presentation. The CRISIL Report has been commissioned by our Company exclusively in connection with the Offer for the purposes of confirming our understanding of the industry in which we operate.*

### OVERVIEW

We are a pioneer in the Indian electric two-wheeler ("**E2W**") market, according to the CRISIL Report. We design and develop E2Ws, battery packs, charging infrastructure, associated software and accessories, manufacture battery packs and assemble our E2Ws in-house. We are a pure play EV company that designs all our products ground-up in India. We sold 109,577 E2Ws in Fiscal Year 2024. According to the CRISIL Report, in Fiscal Year 2024, we were the third largest player by volume of E2W sales.

We build products with a focus on quality and user experience. Our products are positioned at premium prices in their respective segments. We launched our first product, the Ather 450, in June 2018 and have launched our first convenience scooter, the Ather Rizta series, in April 2024. Our current E2W portfolio comprises two product lines – the Ather 450 line, which caters to customers seeking performance scooters, and the Ather Rizta line, which is targeted at customers seeking convenience scooters for their family. Our E2Ws are complemented by our product ecosystem which comprises charging infrastructure, accessories and the Atherstack, our in-house developed software that powers our products.

We operate an asset-light distribution model comprising experience centres and service centres operated by our third-party retail partners in India and through our authorised distributor in Nepal. We had 208 experience centres and 191 service centres in India, and three experience centres and one service centre in Nepal, as at March 31, 2024. Our experience centres are designed to provide a curated and comfortable experience for potential customers. As at March 31, 2024, we had a service centre to experience centre ratio of 0.9 in India, which ensured the availability of after-sales service to our customers. We also introduced our fast charging network, the Ather Grid, in every city to which we expanded our distribution network through our retail partner-operated experience centres. According to the CRISIL Report, we were the first 2W OEM to establish a 2W fast charging network in India and the Ather Grid is India's widest 2W fast charging network, as at March 31, 2024.

We assemble our E2Ws and manufacture our battery packs at the Hosur Factory, our manufacturing facilities located near Hosur, Tamil Nadu, India. Our Hosur Factory had a total annual installed capacity of 420,000 units for E2Ws and 379,800 units for battery packs as at March 31, 2024. We are in the process of building our Factory 3.0 in Chhatrapati Sambhajnagar (formerly Aurangabad), Maharashtra, India and expect to expand our total production capacity to 1.42 million E2Ws following the final phase of construction.

For more details on our business, see "**Our Business**" on page 225.

## PRINCIPAL COMPONENTS OF STATEMENT OF PROFIT AND LOSS

### Income

Our income comprises (i) revenue from operations and (ii) other income.

#### Revenue from Operations

We primarily generate revenue from (i) the sale of finished goods, comprising E2Ws; (ii) the sale of stock-in-trade, comprising EV-related accessories, spare parts and merchandise; and (iii) the sale of services. Revenue from operations comprised 98%, 99% and 99% of our total income in Fiscal Years 2024, 2023 and 2022, respectively.

#### *Revenue from sales of products and services*

*Sale of finished goods.* From the launch of sale of our E2Ws in 2018 to March 31, 2024, we have sold a total of 233,130 E2Ws. We delivered the first Ather 450 in September 2018, followed by:

- the Ather 450X in January 2020;
- the Ather 450X (Gen 3) in July 2022;
- the Ather 450X (Gen 3.1) in January 2023;
- the Ather 450S in August 2023;
- the Ather 450X (2.9 kWh) in August 2023;
- the Ather 450X (3.7 kWh) in September 2023;
- the Ather 450 Apex in February 2024;
- the Ather Rizta Z (2.9 kWh) in May 2024;
- the Ather Rizta Z (3.7 kWh) in July 2024; and
- the Ather Rizta S in August 2024.

For Fiscal Years 2024, 2023 and 2022, revenue from the sale of finished goods comprised 90%, 80% and 91% of our revenue from operations, respectively.

Revenue from sale of finished goods to dealers and customers (including any booking amounts received) is recognised upon delivery of the E2Ws to the relevant parties, and is net of any applicable discounts or schemes offered under the terms of our contracts with dealers or duties collected on sales of finished goods. It excludes taxes or other amounts collected from customers. See “— **Critical Accounting Policies — Revenue from contract with customers and other income — Revenue from contract with customers — Sale of products**” on page 424.

*Sale of stock-in-trade.* We derive revenue from sales of EV-related accessories, spare parts and merchandise. Prior to April 13, 2023, revenue from sale of portable chargers were recognised as sale of stock-in-trade. From April 13, 2023 onwards, our portable chargers were sold as part of our E2Ws. Revenue from the sale of stock-in-trade comprised 3%, 12% and 2% of our revenue from operations for Fiscal Years 2024, 2023 and 2022, respectively.

*Sale of services.* We primarily derive our revenue from the sales of Pro Pack, which consists of Atherstack features, three years of access to Ather Connect features and the extended battery warranty. Revenue is also generated from continued subscription to Ather Connect. Revenue from sale of services comprised 7%, 8% and 7% of our revenue from operations, respectively. See “— **Critical Accounting Policies — Revenue from contract with customers and other income — Revenue from contract with customers — Sale of services**” on page 425.

#### *Other operating revenue*

We also derive other operating revenue primarily from sale of scraps. In Fiscal Years 2024, 2023 and 2022, other operating revenue amounted to 0.2%, 0.1% and 0.1% of our revenue from operations, respectively.

### **Other Income**

In addition, we receive other income primarily in the form of interest income or gains from our financial investments and gains on sale of property, plant and equipment.

### **Expenses**

Our major expenses include (i) the cost of materials consumed; (ii) the purchase of stock-in-trade; (iii) research and development (“**R&D**”) expenditure; (iv) employee benefits expense; (v) finance costs; (vi) depreciation and amortisation expenses; and (vii) other expenses.

#### ***Cost of materials consumed***

We purchase raw materials and components from our vendors for use in the manufacture of our E2Ws. We outsource the manufacturing of certain components, such as the chassis, battery management system (“**BMS**”), vehicle control unit, motor controller, signal harness and fast charger to our vendors, while maintaining control over the design of such components. We also source the raw materials and components required for our in-house manufacturing of select high margin components from third parties. The cost of materials consumed represented 90%, 86% and 85% of our revenue from operations in Fiscal Years 2024, 2023 and 2022, respectively.

#### ***Purchase of stock-in-trade***

We outsource the manufacturing of our EV-related accessories, such as TPMS sensors and chargers, as well as E2W spare parts and merchandise from our vendors. Purchase of stock-in-trade represented 2%, 5%, 5% of our revenue from operations in Fiscal Years 2024, 2023 and 2022, respectively.

#### ***R&D expenditure***

We have invested in our in-house R&D, with a focus on further developing our design of, and the technology underlying, our E2Ws, accessories, software and charging infrastructure, in order to enhance the two-wheeler user experience and improve our unit economics.

Our R&D expenditure comprises manpower costs and non-manpower costs. Our manpower costs include payment of salaries to our on-roll employees such as engineers, graduate engineering trainees, research scientists, designers, data scientists, interns, consultants and other professionals and off-roll employees involved in R&D. We are also required to pay statutory dues to our employees, including employee provident fund contributions. As of March 31, 2024, we had 701 on-roll employees and 105 off-roll employees involved in R&D functions, comprising design, engineering, product ownership and product management. Our non-manpower costs comprise testing expenses, prototyping costs, licensing costs for product development activities, development of tools such as moulds for casting, fixtures for welding and machining, and components, and expenditure relating to the operation of our testing facilities and labs.

In recording R&D expenses to our statement of profit and loss, we identify the manpower and non-manpower expenses incurred in connection with various R&D activities. In relation to R&D manpower expenses, we identify the on-roll employees (comprising consultants, interns and contractors) from the design, engineering, product ownership and product management departments and the off-roll employees from such departments who were involved in the identified R&D activities and allocate related employee benefit expenses to R&D expenditure. For R&D non-manpower expenses, we identify the cost of materials consumed and other expenses (primarily comprising consumables, rent and maintenance, freight and carriage outwards, legal, professional and consultancy charges, software license fee, and repairs and maintenance for plant and machinery) incurred in connection with the identified R&D activities and account it as R&D expenses in our statement of profit and loss. In addition, we allocate the relevant GST paid on such expenses to R&D expenditure.

In accordance with Ind AS 38, expenses incurred during the development phase of a project are capitalised if, and only if, it can be demonstrated that it is technically feasible to complete the development of the intangible asset for use or sale, there is an intention to complete the intangible asset and use or sell it, there is an ability to use or sell the intangible asset, the intangible asset will generate probable future economic benefits, there is an availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, and there is an ability to reliably measure the expenditure attributable to the intangible asset during its development. To identify manpower costs to capitalise, we consult with the R&D project heads to identify qualifying R&D projects and require employees involved in such projects to identify the time spent on such projects on a quarterly basis, which is then reviewed and approved by the reporting managers and project

heads. To identify non-manpower costs to capitalise, we review the R&D expenses identified through our internal budget management system, together with the project heads, to identify the expenses incurred during the development phase of each of the identified R&D projects, which are then capitalised.

While we incur development efforts on quality improvement, capacity enhancement and cost reductions for existing product lines, expenses in relation thereto are not eligible for capitalisation as per Ind AS. Such R&D expenses are expensed out in the statement of profit and loss.

R&D expenditure is calculated as the sum of R&D expenses that have not been capitalised, capitalised development costs and applicable GST. The following table sets forth a breakdown of our R&D expenditure by manpower and non-manpower costs for the Fiscal Years indicated.

	2024 <sup>(1)</sup>	Fiscal Year 2023 <sup>(2)</sup>	2022 <sup>(3)</sup>
	<i>(₹ million) unless otherwise indicated</i>		
Manpower	1,518	1,204	575
% of total income	8%	7%	14%
Non-manpower	847	712	435
% of total income	5%	4%	11%
<b>Total R&amp;D Expenditure</b>	<b>2,365</b>	<b>1,916</b>	<b>1,010</b>
% of total income	13%	11%	24%

<sup>(1)</sup> Inclusive of ₹ 142 million as taxes.

<sup>(2)</sup> Inclusive of ₹ 132 million as taxes.

<sup>(3)</sup> Inclusive of ₹ 55 million as taxes.

Our R&D expenditure represented 13%, 11% and 25% of our revenue from operations in Fiscal Years 2024, 2023 and 2022, respectively. We expect to continue investing in our in-house R&D activities and to incur additional capital expenditures in connection therewith.

#### ***Employee benefits expense***

Our employee benefits expense consists of salaries and wages, employee share based payment expenses, contribution to provident and other funds, gratuity and staff welfare expenses paid to our employees. We had 1,458 on-roll employees and 996 off-roll employees as at March 31, 2024.

#### ***Finance costs***

We incur finance costs primarily in the form of interest on our borrowings and lease liabilities.

#### ***Depreciation and amortisation expense***

We incur depreciation and amortisation expenses in relation to our property, plant and equipment, right-of-use assets comprising our leased properties, and intangible assets, comprising our product development costs, software, website and IP rights.

#### ***Other expenses***

Our other expenses primarily consist of advertisement and marketing expenses, as we invested in marketing campaigns, brand building initiatives and product campaigns to promote our brand, such as the Ather Community Day event and Wheee scooter-riding training camps. See “***Our Business - Marketing***” on page 269. Other key expenses include legal, professional and consultancy charges and a provision for estimated warranty costs upon the sale of our E2Ws.

## **PRINCIPAL FACTORS AFFECTING OUR FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

Our results of operations and financial condition are affected by a number of important factors, including:

### **Our ability to grow our customer base.**

Our results of operations depend significantly on our ability to attract new orders from customers, which impacts our sales volumes. Our focus on quality and user experience enables us to position our E2Ws as premium offerings within their respective market segments. We also offer quality customer experience through our Ather product

ecosystem and operations ecosystem. Providing our customers with quality products and services at appropriate vehicle pricing is essential for us to remain competitive in the EV market while preserving our ability to achieve and maintain profitability in the future. The introduction of new portfolio offerings, such as the launch of the Halo smart helmets, the Atherstack 6.0 and our latest E2W model, the Ather Rizta, in April 2024, enable us to expand into different customer segments to attract new customers and grow our customer base.

To further enhance customer satisfaction, we strive to maintain a ratio of service centres to experience centres above one in all cities in which we operate. The total number of our experience centres and service centres located in India and Nepal increased from 34 experience centres and 30 service centres as at March 31, 2022 to 117 experience centres and 102 service centres as at March 31, 2023 and 211 experience centres and 192 service centres as at March 31, 2024. Our service centre to experience centre ratio as at March 31, 2024 was 0.9 in India and 0.3 in Nepal. We offer training to the sales and service personnel at our retail partners' experience centres and service centres to ensure a consistent and high quality customer experience. In addition, we expanded the Ather Grid from 291 chargers as at March 31, 2022 to 1,175 chargers as at March 31, 2023 and 2,483 chargers as at March 31, 2024. Our existing pool of customer data allows us to enhance our products through user insights, and further expand our customer base. We invest in brand building initiatives, such as online marketing campaigns and sports marketing campaigns, to spread brand visibility and drive long-term customer loyalty.

Customer recognition of our commitment to quality and customer experience is reflected in the expansion of our customer base from 23,062 customers in Fiscal Year 2022 to 84,505 customers in Fiscal Year 2023 and 113,992 customers in Fiscal Year 2024, as well as the corresponding growth in vehicle sales from 23,402 units in Fiscal Year 2022 to 92,093 units in Fiscal Year 2023 and 109,577 units in Fiscal Year 2024.

We will continue investing in the expansion of our product portfolio by launching E2Ws that cater to the broader 2W market, while also continuing to enhance the Ather 450 and Ather Rizta lines by adding new features and software updates to meet the growing demand for E2Ws and attract new customers. According to the CRISIL Report, demand for E2Ws is expected to continue to grow at a CAGR of 41% to 44% to reach a market size of 10.2 million to 12.2 million units by Fiscal Year 2031, and we seek to continue to grow our portfolio offerings to capture this growth. We also plan to further expand and deepen our distribution network in India, leveraging on our asset-light distribution model. As we expand our distribution network, we will also expand our charging infrastructure in every region that we enter. We will also seek opportunities to expand into other international markets where we identify significant untapped demand for our products. Our ability to attain commercial acceptance for our products in new markets will be a key factor in accelerating revenue growth.

### **Investments in our in-house R&D, design and manufacturing capabilities**

Our future profitability significantly depends on our ability to innovate and manufacture our E2Ws in an efficient manner. We have made significant investments into R&D, focused on the development of EV-related technologies and new scooter and battery platforms in order to expand our product line, lower our BOM and manufacturing costs and improve our operational efficiencies.

Our R&D expenditure amounted to ₹2,365 million, ₹1,916 million and ₹1,010 million in Fiscal Years 2024, 2023 and 2022, respectively. In Fiscal Year 2024, we made 91 engineering changes which helped reduce our bill of materials (“BOM”) costs. Further, our vertically integrated approach to technology and design of the majority of our key components have allowed us to better manage our costs. For example, we redesigned our ADC, which reduced our BOM cost for the motor controller by 51% from launch in Fiscal Year 2022 as compared to the motor controllers sourced from our vendor in Fiscal Year 2021. Our efforts have enabled us to achieve an Adjusted Gross Margin of 9% in Fiscal Year 2024, 11% in Fiscal Year 2023 and 7% in Fiscal Year 2022. Through our continued investments in our R&D, E2Ws and testing capabilities, we improved the quality of our products and reduced our warranty costs as a percentage of our total income to 2% in Fiscal Year 2024, from 3% in Fiscal Year 2023 and 5% in Fiscal Year 2022.

We plan to continue investing significantly in our R&D, design and manufacturing capabilities to further enhance our product ecosystem, generate greater economies of scale and cost reductions, lower supply chain dependencies and enhance the user experience. For example, we are developing a new E2W platform (the EL platform) and a new battery platform in order to improve the cost structures of our E2Ws. We have also commissioned a new R&D facility, the Product Validation Lab, in the Begur area of Bengaluru, Karnataka, India, to further enhance our R&D capabilities. In order to further expand our production capacity, we plan to build the Factory 3.0 in Chhatrapati Sambhajnagar (formerly Aurangabad), Maharashtra, India, and integrate automation technologies and select manufacturing processes for certain components that we currently outsource to achieve greater cost efficiencies. These processes include electronics assembly, transmission assembly, and painting. Upon the

completion of the first phase of construction, which is expected to be by March 2027 our E2W production capacity is expected to increase from 420,000 units per year as at March 31, 2024, to 0.92 million units per year. For additional details on our future R&D investments, please see “*Objects of the Offer - Outlook towards future R&D investments*” on page 159.

### **Our ability to develop and manage a resilient supply chain**

According to the CRISIL Report, supply chain resilience is one of the key factors for success in EVs. Our ability to maintain a localised and diversified supplier base while being strategic in the selection of components to manufacture in-house is a key driver for future profitability. We have built a diversified and localised supplier base, which comprised 230 suppliers as at March 31, 2024. Except for lithium-ion cells, we sourced 99% of our E2W components by BOM value as at March 31, 2024, domestically. The largely localised nature of our supply enables us to procure supplies at lower costs given the reduction of transportation costs. The proximity to our suppliers also reduces lead times, facilitates just-in time inventory management and minimises our inventory costs.

To further develop and manage our supply chain resilience, we plan to enter into long-term supply arrangements with our lithium-ion cell suppliers to ensure a stable and consistent supply of lithium-ion cells on favourable terms. We seek to collaborate with a domestic lithium-ion cell manufacturer to drive the manufacturing process in India. Our ability to successfully execute on these initiatives will enable us to further strengthen the resilience of our supply chain.

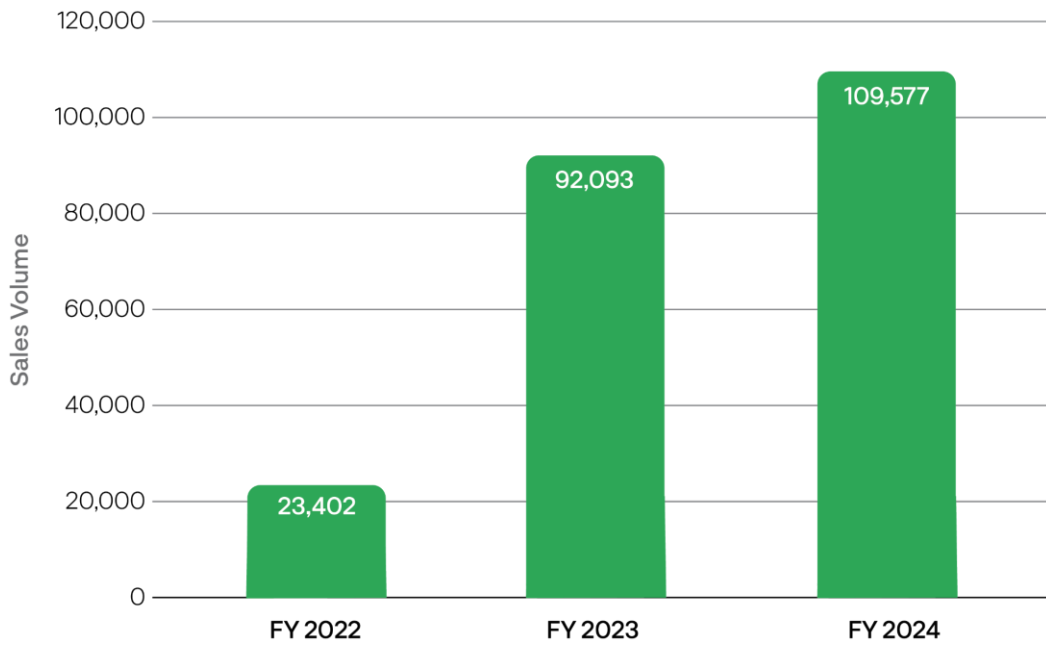
### **Improvement of costs and profitability**

Through our R&D capabilities, scalable technology platform, premium positioning across segments and capital efficient business model, we have reduced our costs and improved our revenue, as evidenced by the growth of our revenue which has outpaced the increase in our total expenses.

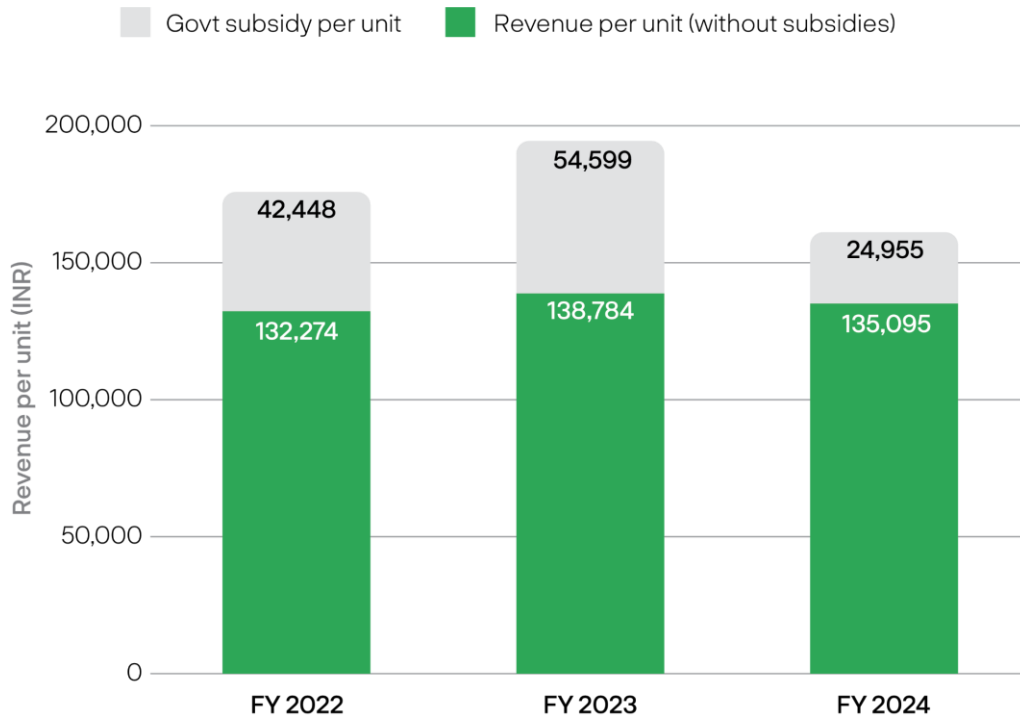
Our revenue from operations grew by 329% from Fiscal Year 2022 to Fiscal Year 2024. We recorded an increase to ₹15,819 million of revenue from sale of finished goods in Fiscal Year 2024 from ₹14,327 million in Fiscal Year 2023 and ₹3,703 million in Fiscal Year 2022. The increase in our revenue from sale of finished goods, coupled with the increase in EBITDA Margin to (36%) in Fiscal Year 2024 from (38%) in Fiscal Year 2023 and (62%) in Fiscal Year 2022, did not result in a commensurate increase in our total expenses. Our total expenses (excluding exceptional items) as a percentage of total income increased marginally to 149% in Fiscal Year 2024, from 148% in Fiscal Year 2023 and decreased from 183% in Fiscal Year 2022. Please see “ - *Non-GAAP Measures – Reconciliation of EBITDA and EBITDA Margin*” on page 412.

Our focus on premium positioning across segments and cost reduction has improved our unit economics. This, in turn, has reduced our dependence on government subsidies under the FAME scheme and improved our margins to further our aim of achieving profitability. Our revenue from government subsidies under the FAME scheme as a percentage of our revenue from operations reduced to 16% in Fiscal Year 2024 from 24% in Fiscal Year 2022, and we expect this figure to be further reduced in the future. The premium positioning of our E2Ws across segments has ensured that the variation of our revenue per E2W, exclusive of subsidies, was less than 5% in the past three Fiscal Years. Further, our Adjusted Gross Margin also increased from 7% in Fiscal Year 2022 to 9% in Fiscal Year 2024, despite the 41% decrease in subsidies in Fiscal Year 2024 as compared to Fiscal Year 2022. Our Adjusted Gross Margins Excluding Subsidies under the FAME scheme improved by 11% in the past three Fiscal Years, to (6%) in Fiscal Year 2024 from (17%) in Fiscal Year 2022. Moreover, our sales volume of E2Ws grew by 368% to 109,577 E2Ws in Fiscal Year 2024 from 23,402 E2Ws in Fiscal Year 2022, further demonstrating our resilience. Please see “ - *Non-GAAP Measures – Adjusted Gross Margin*” on page 412.

Sales volume in the past three Fiscal Years

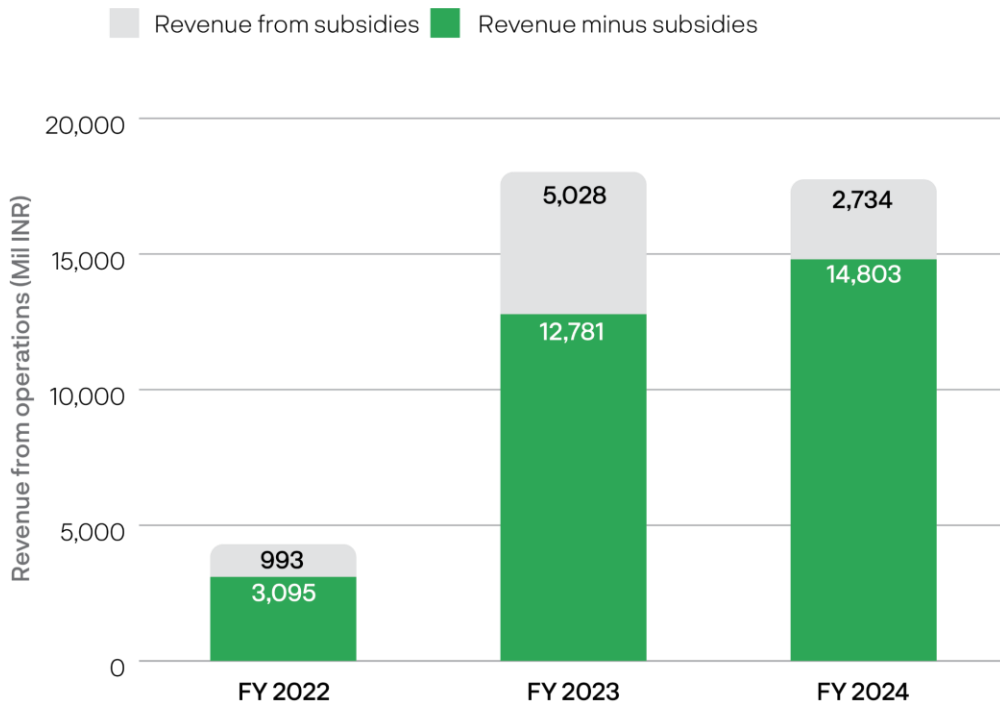


Revenue per unit (without subsidies) and government subsidies from the FAME scheme per unit



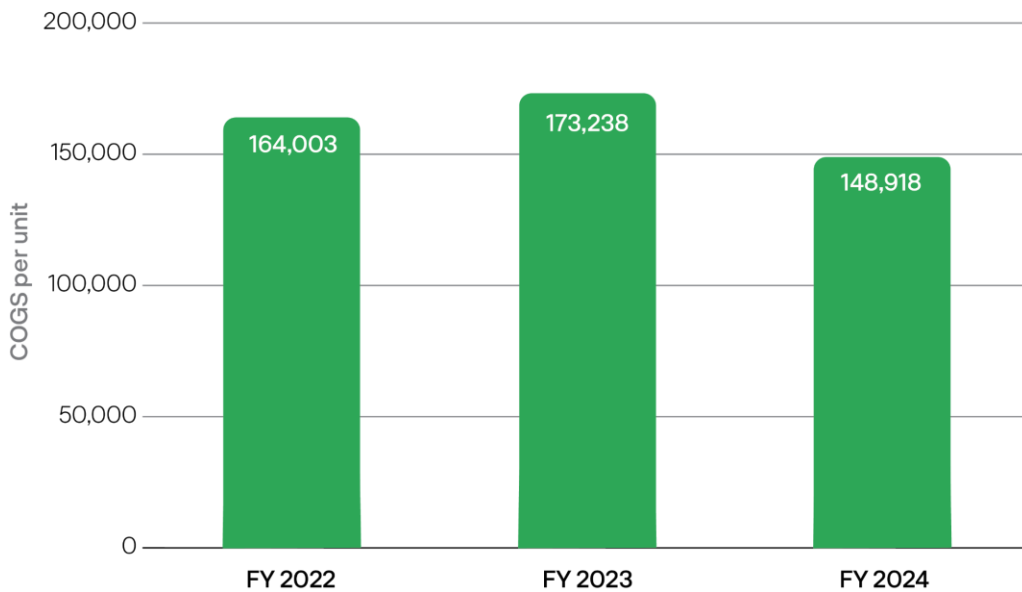


Revenue from Operations from and minus subsidies from the FAME scheme



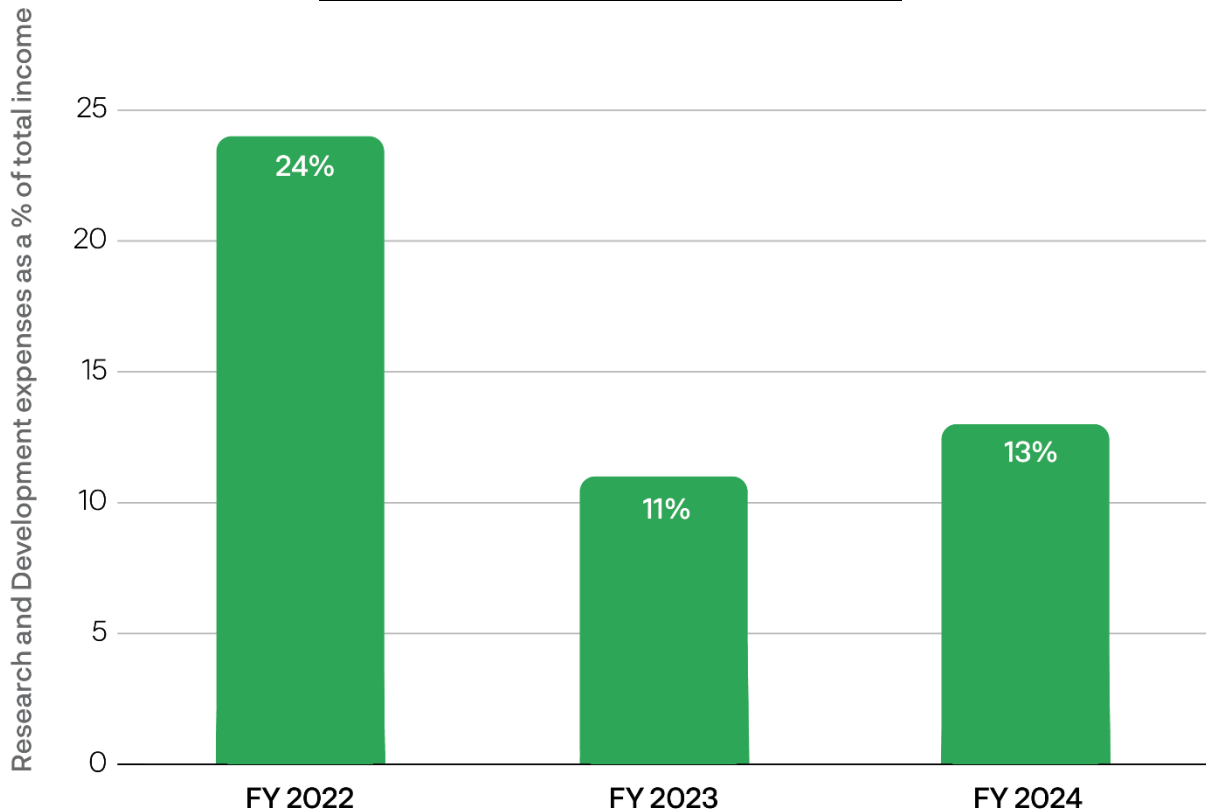
Our focus on cost reduction through our R&D capabilities, diversification and localisation of our supplier base, and improvement of manufacturing efficiencies, has simultaneously reduced our Cost of Goods Sold (“COGS”) per unit over the past three Fiscal Years as demonstrated by the diagram below. For a breakdown of COGS, please see “ - *Non-GAAP Measures – Working Capital Days*” on page 412.

COGS per unit



While we invest substantially in our R&D capabilities, our existing technology platforms such as the battery, powertrain, electronics, chassis and Atherstack, have allowed us to achieve scalability and have decreased our R&D expenditure over the past three Fiscal Years, as indicated by the diagram below.

R&D Expenditure as a percentage of total income (%)



We will continue to follow our capital efficient business model whereby we strategically invest in technology, manufacturing and distribution to minimise our cash burn. According to the CRISIL Report, our cumulative cash burn ratio of 0.8 is lower than comparable domestic and global peers demonstrating our efficient use of capital. Our Factory 3.0 will be constructed to include more in-house manufacturing processes, thereby increasing our profit margin through the decrease of COGS. The cost savings generated from our capital efficient approach to expansion and manufacturing will enable us to allocate more resources towards investments with potentially high internal rates of return, such as investments in our R&D for ecosystem products and manufacturing facilities as well as our charging and distribution network.

We plan to continue to build upon the strength of our existing technology to further develop platforms compatible with a wider variety of products, thereby accelerating new product and software launches at reduced operational costs. These initiatives are expected to help us expand our product portfolio, retain our premium position across segments, lower our costs and improve our margins.

**Software monetisation**

Sale of our Atherstack software serves as another revenue stream and offers significant monetisation opportunities at high gross margins. The success of our software offerings depends on our ability to further develop our software features and seamlessly integrate it within the Ather product ecosystem. As at July 11, 2024, our Ather app was rated 4.5 out of 5 on both the Android app store and the Apple app store. In April 2024, we launched the sixth generation of our Atherstack, which will be our seventh version since inception.

In Fiscal Years 2024, 2023 and 2022, we recorded revenue from software sales of ₹1,074 million, ₹1,321 million, and ₹264 million in Fiscal Years 2024, 2023, and 2022, respectively, representing 6%, 7%, and 6% of our revenue from operations in Fiscal Years 2024, 2023, and 2022, respectively. In Fiscal Year 2024, 89% of our E2W owners purchased advanced Atherstack features, while 61% of our users engaged with our software features at least once a week.

We plan to continue enhancing the functionality and features of our software to maintain its appeal and integration within the Ather ecosystem. This includes developing new features and improving existing ones through OTA updates. We will also continue to offer the Atherstack software through the Pro Pack to our customers and aim to increase the revenue stream from software sales in the future.

## Government incentive packages

We have benefited from various government incentives seeking to encourage EV adoption. Such subsidies lower the price point of our products to consumers and help to spur customer demand for our E2Ws. Our E2Ws qualified for the Government of India's Faster Adoption and Manufacturing of Electric ("FAME") subsidy until its expiry on March 31, 2024, following which, all our E2Ws except for the Ather 450 Apex qualified for the Electric Mobility Promotion Scheme 2024 ("EMPS 2024"), which succeeded the FAME subsidy. Accordingly, under the EMPS scheme, such vehicles are eligible for a subsidy of ₹10,000 per vehicle as at July 31, 2024. The EMPS 2024 has been extended to September 30, 2024. Further, in certain states, our Company and our customers also qualify for certain tax exemptions in relation to road tax. These incentives further drive the demand for EVs in India.

Our ability to qualify for or maintain eligibility for such government incentives is a key factor that affects our ability to maintain and grow our market share. We may experience recalls or scale backs on benefits available to EV manufacturers under various government incentive schemes. For example, pursuant to a notification dated May 19, 2023 from the Ministry of Heavy Industries, Government of India, the cap on incentives for the FAME scheme was scaled back from ₹15,000 per kWh to ₹10,000 per kWh, with effect from June 1, 2023. As a result of the reduced subsidy, our customers faced an increase in the retail price of our E2Ws ranging from ₹20,434 to ₹30,285. The EMPS 2024 scheme was due to expire on July 31, 2024 but pursuant to a notification by the Ministry of Heavy Industries, Government of India, it was extended to September 30, 2024. There is no assurance that the EMPS 2024 scheme will be extended or replaced by a similar subsidy scheme. In Fiscal Years 2024, 2023 and 2022, revenue from government subsidies under the FAME scheme comprised 16%, 28% and 24% of our revenue from operations, respectively. We seek to reduce our costs, improve our operational efficiencies and maintain our premium position across segments to further reduce our reliance on government incentives. Revenue from government incentives constituted only 16% of our revenue from operations in Fiscal Year 2024.

## Growth of India's economy and growing aspiration of Indian consumers to acquire premium E2Ws

Our two E2W models, the Ather 450 and the Ather Rizta, are positioned as premium offerings in their respective market segments and are therefore susceptible to India's macroeconomic developments that could affect discretionary consumer spending, particularly for premium goods.

According to the CRISIL Report, India's GDP grew at a CAGR of 4.3% between Fiscal Years 2019 and 2024 with per capita income expected to increase to about US\$4,500 by Fiscal Year 2031. Further, according to the CRISIL Report, India's per capita disposable income is expected to grow by 8% in Fiscal Year 2024 and 13.3% in Fiscal Year 2023. In line with these growths, the share of premium vehicles increased from ~38% in Fiscal Year 2019 to ~52% in Fiscal Year 2024 for motorcycles and from ~20% in Fiscal Year 2019 to ~47% in Fiscal Year 2024 for scooters, according to the CRISIL Report. According to the CRISIL Report, EV penetration is expected to reach approximately 35% of industry sales by Fiscal Year 2031. Our ability to continue to grow our business depends on the growth of India's economy and the trend for demand for premium products.

Leveraging on our product usage insights, we seek to continue designing and manufacturing E2Ws and EV-related accessories that meet the growing aspirations of our target customers across all 2W segments. For further details, see "*Our Business - Overview - Market Opportunity*" on page 226.

## SUMMARY RESULTS OF OPERATIONS

The following table sets forth select financial data from our restated statement of profit and loss for Fiscal Years 2024, 2023 and 2022, the components of which are also expressed as a percentage of total income for such Fiscal Years.

Particulars	Fiscal Year					
	2024		2023		2022	
	Amount (in ₹ million)	% of Total income	Amount (in ₹ million)	% of Total income	Amount (in ₹ million)	% of Total income
Revenue from operations	17,538	98	17,809	99	4,089	99
Other income	353	2	209	1	49	1
<b>Total income</b>	<b>17,891</b>	<b>100</b>	<b>18,018</b>	<b>100</b>	<b>4,138</b>	<b>100</b>

Particulars	Fiscal Year					
	2024		2023		2022	
	Amount (in ₹ million)	% of Total income	Amount (in ₹ million)	% of Total income	Amount (in ₹ million)	% of Total income
<b>EXPENSES</b>						
Cost of materials consumed	15,792	88	15,370	85	3,482	84
Purchase of stock-in-trade	279	2	923	5	201	5
Change in inventories of finished goods, stock-in trade and work-in-progress	247	1	(339)	(2)	155	4
Employee benefits expense	3,692	21	3,348	19	1,139	28
Finance costs	890	5	650	4	407	10
Depreciation and amortisation expenses	1,467	8	1,128	6	484	12
Other expenses	4,375	24	5,583	31	1,711	41
<b>Total expenses</b>	<b>26,742</b>	<b>149</b>	<b>26,663</b>	<b>148</b>	<b>7,579</b>	<b>183</b>
<b>Loss before exceptional items and tax</b>	<b>(8,851)</b>	<b>(49)</b>	<b>(8,645)</b>	<b>(48)</b>	<b>(3,441)</b>	<b>(83)</b>
<b>Exceptional items</b>	<b>1,746</b>	<b>10</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Loss before tax</b>	<b>(10,597)</b>	<b>(59)</b>	<b>(8,645)</b>	<b>(48)</b>	<b>(3,441)</b>	<b>(83)</b>
<b>Tax expense</b>						
Current tax	-	-	-	-	-	-
Deferred tax	-	-	-	-	-	-
<b>Total tax expense</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Loss for the year</b>	<b>(10,597)</b>	<b>(59)</b>	<b>(8,645)</b>	<b>(48)</b>	<b>(3,441)</b>	<b>(83)</b>

### Fiscal Year 2024 compared to Fiscal Year 2023

#### Revenue from operations

Our revenue from operations slightly decreased to ₹17,538 million in Fiscal Year 2024 from ₹17,809 million in Fiscal Year 2023. The decrease was mainly due to the reduction in the FAME subsidies. The subsidies were reduced from ₹15,000 per kWh to ₹10,000 per kWh, with effect from June 1, 2023. As a result of the reduced FAME subsidy, our customers faced an increase in the retail price of our E2Ws ranging from ₹20,434 to ₹30,285. However, in response to the reduction in the FAME subsidy, we launched new variants with lower battery capacity at lower prices, namely, the Ather 450X (2.9 kWh) and Ather 450S, to attract customers. Further in August 2023 and January 2024, we launched our higher battery capacity variants, the Ather 450X (3.7 kWh) and the Ather 450 Apex, respectively. The Ather 450 Apex is our most premium E2W model.

These new launches enabled us to increase sales volume of E2Ws to 109,557 E2Ws sold in Fiscal Year 2024 (comprising 22,712 units of the Ather 450S, 39,067 units of the Ather 450X, 11,249 units of Ather 450X (2.9 kWh), 35,999 units of Ather 450X (3.7 kWh) and 550 units of the Ather 450 Apex) as compared to 92,093 E2Ws sold in Fiscal Year 2023 (comprising 92,093 units of the Ather 450X), with the new Ather 450S contributing significantly to sales. Nonetheless, given the lower price of the Ather 450S and the 6% decrease in the sales of our flagship Ather 450X model, our revenue from sale of E2Ws declined.

Despite the decrease in revenue from E2Ws, our revenue from sale of finished goods increased slightly to ₹15,819 million in Fiscal Year 2024 from ₹14,327 million in Fiscal Year 2023. This increase is mainly attributable to the increase in the sales volume of our E2Ws and the change in our policies whereby we ceased selling our standard portable chargers separately from our E2Ws as sale of stock-in-trade and priced the chargers into the retail price of the E2Ws from April 13, 2023 onwards.

Our sale of services decreased to ₹1,190 million in Fiscal Year 2024 from ₹1,397 million in Fiscal Year 2023 due to the introduction of a lower priced Pro Pack bundle for our low battery capacity variants.

#### ***Other income***

Our other income increased to ₹353 million in Fiscal Year 2024 from ₹209 million in Fiscal Year 2023, mainly due to an increase in the interest income on term deposits to ₹164 million in Fiscal Year 2024 from ₹75 million in Fiscal Year 2023 as a result of an increase in the interest rate on our term deposits and an increased average holding of funds in our term deposits.

#### ***Expenses***

Our total expenses increased to ₹26,742 million in Fiscal Year 2024 from ₹26,663 million in Fiscal Year 2023, primarily due to an increase in cost of materials consumed in the production of our E2Ws, changes in inventories of finished goods, stock-in-trade and work-in-progress, employee benefits expense, finance costs and depreciation and amortisation expenses, in line with the growth in sales of our E2Ws. Our total expenses as a percentage of total income were 149% in Fiscal Year 2024 as compared to 148% in Fiscal Year 2023.

#### ***Cost of materials consumed***

Our cost of materials consumed increased to ₹15,792 million in Fiscal Year 2024 from ₹15,370 million in Fiscal Year 2023, primarily due to an increase in the production of E2Ws to meet the higher sales volume of our E2Ws and the shift in the recognition of the cost of chargers, whose prices were included within the price of E2Ws from April 13, 2023 onwards. The increase was partially offset by cost efficiencies generated through our in-house design and R&D initiatives, which lowered our average BOM cost per vehicle. Moreover, the launch of new E2W variants with lower battery capacity also decreased our overall volume of lithium-ion cells consumed in Fiscal Year 2024 as compared to that in Fiscal Year 2023, partially offsetting the increase in our cost of materials consumed. Other factors such as efficient design changes, commodity price reduction and multi-sourcing supplies for reduced acquisition costs, also partially offset the increase in our total cost of materials consumed. The cost of materials consumed represented 88% and 85% of our total income in Fiscal Years 2024 and 2023, respectively.

#### ***Purchase of stock-in-trade***

Our purchase of stock-in-trade decreased to ₹279 million in Fiscal Year 2024 from ₹923 million in Fiscal Year 2023, as we began recognising the cost of chargers, whose prices were included within the price of E2Ws from April 13, 2023 onwards, as cost of materials consumed.

#### ***Change in inventories of finished goods, stock-in trade and work-in-progress***

Closing inventories levels of finished goods, stock-in-trade and work-in progress decreased to ₹178 million as at March 31, 2024 from ₹456 million as at March 31, 2023 primarily due to an increase in sales of our E2Ws and accessories in the last quarter of Fiscal Year 2024. This resulted in the recognition of changes in the inventories of finished goods, stock-in trade and work-in-progress of ₹247 million in Fiscal Year 2024 as compared to ₹339 million for Fiscal Year 2023.

#### ***Employee benefits expenses***

Our employee benefits expenses increased to ₹3,692 million in Fiscal Year 2024 from ₹3,348 million in Fiscal Year 2023 primarily due to an increase in the salaries and welfare expenses paid to our employees. This increase was partially offset by the fully and semi-automated manufacturing processes, which led to the creation of operating efficiencies among our workforce. We had 1,458 on-roll employees as at March 31, 2024, as compared to 1,487 on-roll employees as at March 31, 2023. Further, our employee share based payment expenses decreased to ₹754 million in Fiscal Year 2024 from ₹885 million in Fiscal Year 2023 due to the impact on the fair valuation of our shares, which was partially offset by an increase in expenses related to the cancellation of the Management Stock Option Plan 2022. For further details on the Management Stock Option Plan 2022, see “***Restated Financial Information – Notes forming part of the Restated Financial Information – Note 25: Employee Benefits***”

**Expense**” on page 368.

#### *Finance Costs*

Our finance costs increased to ₹890 million in Fiscal Year 2024 from ₹650 million in Fiscal Year 2023 primarily due to an increase in interest cost on borrowings and lease liabilities.

#### *Depreciation and amortisation expense*

Our depreciation and amortisation expense increased to ₹1,467 million in Fiscal Year 2024 from ₹1,128 million in Fiscal Year 2023. Depreciation and amortisation expense increased due to our increased investments in property, plant and equipment (“PPE”), leases and other intangible assets, as we expanded our business operations and continued investing in our manufacturing facilities.

#### *Other expenses*

Our other expenses decreased to ₹4,375 million in Fiscal Year 2024 from ₹5,583 million in Fiscal Year 2023 primarily due to a decrease in advertisement and marketing, warranty costs and loss on fair value measurement of financial liabilities. Advertisement and marketing expense decreased to ₹907 million in Fiscal Year 2024 from ₹2,038 million in Fiscal Year 2023 mainly due to a reduction in marketing efforts as we sought to optimise marketing spends, foreseeing a slowdown in consumer demand given the reduction of regulatory incentives in respect of EVs under phase II of the FAME scheme. Warranty costs reduced to ₹429 million in Fiscal Year 2024 from ₹572 million in Fiscal Year 2023 due to a decreasing rate of product failure and associated costs. Further, the loss on fair value measurement of financial liabilities decreased to ₹224 million in Fiscal Year 2024 from ₹568 million in Fiscal Year 2023 as a result of the settlement of such financial liabilities.

R&D expenditure increased to ₹2,365 million in Fiscal Year 2024 from ₹1,916 million in Fiscal Year 2023 as we continued to invest in R&D and grow our business.

#### *Exceptional items*

Exceptional items amounted to ₹1,746 million in Fiscal Year 2024, which consisted of ₹1,578 million in refund of charger price to customers who purchased the Ather 450X prior to April 13, 2024, and ₹168 million for refund of FAME incentive for differential battery capacity. As at March 31, 2024, we have processed refunds of 92% of eligible customers for the former, and have processed 100% of the refunds for the latter.

#### *Loss for the year*

As a result of the foregoing factors, our loss for the year increased to ₹10,597 million in Fiscal Year 2024 from a loss of ₹8,645 million in Fiscal Year 2023.

### **Fiscal Year 2023 compared to Fiscal Year 2022**

#### *Revenue from operations*

Our revenue from operations increased to ₹17,809 million in Fiscal Year 2023 from ₹4,089 million in Fiscal Year 2022 primarily due to an increase in the revenue per E2W through the launch and delivery of the Ather 450X (Gen 3) in January 2023. Further, the availability of the FAME subsidy, which effectively lowered the retail price of our E2Ws, led to an increase in sales volume of our E2Ws. In Fiscal Year 2023, we sold 92,093 units of Ather 450X compared to 23,402 units of Ather 450X in Fiscal Year 2022. This increase can also be attributed to the scale-up of our supply chain and our growth in our distribution network. The increase in sales volume resulted in a corresponding increase in our revenue from sale of finished goods to ₹14,327 million in Fiscal Year 2023 as compared to ₹3,703 million in Fiscal Year 2022.

Sale of our stock-in-trade, primarily accessories, chargers and spare parts, also increased to ₹2,072 million in Fiscal Year 2023 from ₹89 million in Fiscal Year 2022, in line with the growth in sales of our E2Ws. Revenue from sale of services also increased to ₹1,397 million in Fiscal Year 2023 from ₹293 million in Fiscal Year 2022 as sales of our performance upgrade software (prior to the introduction of the Pro Pack) grew in line with the increase in sales of our E2Ws.

#### *Other income*

Our other income increased to ₹209 million in Fiscal Year 2023 from ₹49 million in Fiscal Year 2022 primarily due to an increase in income from investment of surplus fund in liquid mutual funds to ₹118 million in Fiscal Year 2023 from ₹20 million in Fiscal Year 2022. Interest income on term deposits increased to ₹75 million in Fiscal Year 2023 from ₹18 million in Fiscal Year 2022 as we also invested surplus fund into short term deposits during Fiscal Year 2023.

### ***Expenses***

Our total expenses increased to ₹26,663 million in Fiscal Year 2023 from ₹7,579 million in Fiscal Year 2022 primarily due to an increase in cost of materials consumed in the production of our E2Ws, purchase of stock-in-trade, employee benefits expenses and other expenses, in line with the growth in sales of our E2Ws. Our total expenses as a percentage of total income was 148% in Fiscal Year 2023 compared to 183% in Fiscal Year 2022.

#### *Cost of materials consumed*

Our cost of materials consumed increased to ₹15,370 million in Fiscal Year 2023 from ₹3,482 million in Fiscal Year 2022 in line with the increase in the production and sale of our E2Ws and the launch of the Ather 450X (Gen 3) in January 2023. Further, the Ather 450X (Gen 3) utilises a larger battery pack, which increased the overall volume of lithium-ion cells consumed. This increase was partially offset by our in-house R&D and design initiatives, which reduced BOM cost. The cost of materials consumed represented 85% and 84% of our total income for Fiscal Years 2023 and 2022, respectively.

#### *Purchase of stock-in-trade*

Our purchase of stock-in-trade increased to ₹923 million in Fiscal Year 2023 from ₹201 million in Fiscal Year 2022 due to an increase in our purchase of accessories, chargers, spare parts and merchandise to support the growth of our business.

#### *Change in inventories of finished goods, stock-in trade and work-in-progress*

Closing stock levels of finished goods, stock-in-trade and work-in-progress increased to ₹456 million as at March 31, 2023 from ₹117 million as at March 31, 2022 due to an increase in the purchase of inventories in Fiscal Year 2023 in anticipation for a rise in sale volumes. This resulted in the recognition of changes in the inventories of finished goods, stock-in trade and work-in-progress of ₹(339) million for Fiscal Year 2023 as compared to ₹155 million for Fiscal Year 2022.

#### *Employee benefits expense*

Our employee benefits expense increased to ₹3,348 million in Fiscal Year 2023 from ₹1,139 million in Fiscal Year 2022 due to an increase in the size of our workforce, especially the increase in our R&D teams, to support the growth in sales of our E2Ws and an increase in the salaries paid to our employees, in addition to the increased share-based payment expense on grant of additional options. We had 1,487 on-roll employees as at March 31, 2023, as compared to 820 on-roll employees as at March 31, 2022. Employee share based payment expenses increased to ₹885 million in Fiscal Year 2023 from ₹276 million in Fiscal Year 2022 due to the grant of new share options and the cash settlement of vested options.

#### *Finance Costs*

Our finance costs increased to ₹650 million in Fiscal Year 2023 from ₹407 million in Fiscal Year 2022 mainly due to an increase in borrowings from banks and other financial institutions to finance our business operations.

#### *Depreciation and amortisation expense*

Our depreciation and amortisation expense increased to ₹1,128 million in Fiscal Year 2023 from ₹484 million in Fiscal Year 2022. Depreciation and amortisation expense increased due to our increased investments in PPE, leases and other intangible assets, as we expanded our business operations and continued investing in our manufacturing facilities.

#### *Other expenses*

Our other expenses increased to ₹5,583 million in Fiscal Year 2023 from ₹1,711 million in Fiscal Year 2022 primarily due to an increase in advertisement and marketing, legal professional and consultancy charges, loss on

fair value measurement of financial liabilities, warranty costs, assets discarded and software licence fees, mainly attributable to the increase in sale of E2Ws. Our advertisement and marketing expense increased to ₹2,038 million in Fiscal Year 2023 from ₹455 million in Fiscal Year 2022 primarily due to an increase in the amount of our brand promotions and the launch of other marketing initiatives. Our legal, professional and consultancy charges increased to ₹612 million in Fiscal Year 2023 from ₹252 million in Fiscal Year 2022 due to increased expenditures in relation to contractors, legal and tax consultants as well as other expert services necessary to support our growth. Loss on fair value measurement of financial liabilities increased to ₹568 million in Fiscal Year 2023 from ₹137 million in Fiscal Year 2022 as a result of an increase in the fair value of our share price. Warranty costs increased to ₹572 million in Fiscal Year 2023 from ₹204 million in Fiscal Year 2022 due to an increase in the sale volume of our E2Ws. Moreover, our software licensing fees increased to ₹126 million in Fiscal Year 2023 from ₹59 million in Fiscal Year 2022 as a result of increased subscription to various software and the expansion of our distribution channel.

R&D expenditure increased to ₹1,916 million in Fiscal Year 2023 from ₹1,010 million in Fiscal Year 2022 as we continued to invest in R&D and grow our business.

### ***Loss for the year***

As a result of the foregoing factors, our loss for the year increased to ₹8,645 million in Fiscal Year 2023 from a loss of ₹3,441 million in Fiscal Year 2022.

### **Key Performance Indicators**

When evaluating our business, we consider and use certain key performance indicators (“KPIs”), as outlined below, as a supplemental measure to review and assess our financial and operating performance. These KPIs are not intended to be viewed in isolation or as a substitute for the Restated Financial Information. We present these KPIs because we use them to evaluate our financial and operating performance. However, these KPIs have limitations as analytical tools and may differ from similar metrics used by other companies, including our peers, hence limiting their comparability.

While most of these KPIs are not calculated in accordance with applicable accounting standards, our Company’s management believes that they provide an additional tool for investors to use in evaluating our ongoing operating results and trends, and in comparing our financial results with other companies in our industry. This is because they offer consistency and comparability with past financial performance when considered alongside the Restated Financial Information.

Key Performance Indicators	Units	As at and for the Financial Year ended		
		March 31, 2024	March 31, 2023	March 31, 2022
Vehicles Sold <sup>#</sup>	Numbers in thousands	110 <sup>^</sup>	92 <sup>^</sup>	23 <sup>^</sup>
Year-on-year growth of Vehicles Sold <sup># (1)</sup>	(%)	19%	294%	373%
Revenue from Operations <sup>#</sup>	INR in Million	17,538	17,809	4,089
Year-on-year growth in Revenue from Operations <sup># (2)</sup>	(%)	(2%)	336%	412%
Adjusted Gross Margin <sup># (3)</sup>	(%)	9%	11%	7%
EBITDA <sup># (4)</sup>	INR in Million	(6,494)	(6,867)	(2,550)
EBITDA Margin <sup># (5)</sup>	(%)	(36%)	(38%)	(62%)
Revenue Mix <sup>#</sup>				
- Sale of Vehicles <sup># (6)</sup>	(%)	90%	80%	91%
- Sale of Non-Vehicle <sup># (7)</sup>	(%)	10%	20%	9%
Revenue per unit of Two Wheeler Vehicle Sold <sup># (8)</sup>	In INR	143,333	155,571	158,192
Profit / (Loss) For The Year <sup>#</sup>	INR in Million	(10,597)	(8,645)	(3,441)
Profit / (Loss) For The Year Margin <sup># (9)</sup>	(%)	(59%)	(48%)	(83%)
Working Capital Days <sup># (10)</sup>	Days	(46)	(21)	(33)
E2W Market Share (%) <sup>*</sup>	(%)	11.5%	10.6%	7.9%

<sup>(1)</sup> Year-on-year growth of Vehicles Sold (%) is calculated as ((Number of vehicles sold during the relevant Fiscal – Number of vehicles sold during the previous Fiscal)/ Number of vehicles sold during the previous Fiscal) \*100

<sup>(2)</sup> Year-on-year growth in Revenue from Operations (%) is calculated as ((Revenue from operations during the relevant Fiscal – revenue from operations during the previous fiscal)/ revenue from operations during the previous Fiscal) \*100

<sup>(3)</sup> Adjusted Gross Margin (%) is calculated as adjusted gross margin (₹) divided by total income \*100. Where in Adjusted Gross Margin (₹) is calculated as total income reduced by Cost of materials consumed, Purchase of stock-in-trade and change in inventories of finished goods, stock-in-trade and work-in-progress.



- (4) EBITDA is calculated as Profit / (Loss) before exceptional items and tax reduced by Finance costs and Depreciation and amortisation expenses.
- (5) EBITDA Margin (%) is calculated as EBITDA divided by Total Income \*100.
- (6) Revenue Mix – Sale of Vehicles (%) is calculated as Revenue from sale of vehicles divided by Revenue from operations \*100.
- (7) Revenue Mix –Sale of Non-Vehicle (%) is calculated as revenues from operations reduced by revenue from sale of vehicles divided by Revenue from Operations \*100.
- (8) Revenue per unit of Two-wheeler Vehicle Sold is calculated as Revenue from sale of two wheeler vehicles during the Fiscal divided by the number of two wheeler vehicles sold during the relevant fiscal.
- (9) Profit / (Loss) for the year margin (%) is calculated as Profit / (Loss) for the year divided by Total income \*100.
- (10) Working Capital Days is computed as Trade Receivables days plus inventory days minus trade payable days; Wherein, Trade Receivable Days is calculated as average trade receivables divided by revenue from operations multiplied by 365 for Financial Years, Inventory Days is calculated as average inventory divided by cost of goods sold multiplied by 365 for Financial Years and Trade Payable Days is calculated as average trade payables divided by cost of goods sold multiplied by 365 for Financial Years. Further Cost of Goods Sold is the sum of Cost of materials consumed, Purchase of stock-in-trade and Change in inventories of finished goods, stock-in-trade and work-in-progress.

# As certified by Manian & Rao, Chartered Accountants, by their certificate dated September 9, 2024.

\*As per CRISIL Report.

^Figures disclosed have been rounded off. Actual figures are 109,577 (in Fiscal 2024), 92,093 (in Fiscal 2023) and 23,402 (in Fiscal 2022).

In Fiscal Year 2024, our revenue per unit of Two wheeler vehicle sold has decreased to ₹143,333 from ₹155,571 in Fiscal Year 2023 and ₹158,192 in Fiscal Year 2022 primarily due to the introduction of lower battery capacity variants in response to the decrease of the FAME subsidies. The increase in the sales of our lower battery capacity variants, and the decrease in the sales of our more expensive model, the Ather 450X, resulted in the reduction in our average revenue per unit.

### Non-GAAP Measures

When evaluating our business, we consider and use certain non-GAAP financial measures, as presented below, as supplemental measures to review and assess our financial performance. These are, namely Adjusted gross margin, Adjusted Gross Margin (%), Earnings Before Interest, Taxes, Depreciation, and Amortisation (“EBITDA”), EBITDA Margin (%), Profit / (Loss) For The Year Margin (%), Net Worth, Return on Net Worth (%), Net Asset Value Per Equity share, Cost of Goods Sold and Working Capital Days. Such non-GAAP measures are not intended to be viewed in isolation or as a substitution for the Restated Financial Information. We present these in this Draft Red Herring Prospectus because they are used by us to evaluate our operating performance. These non-GAAP measures are not required by, or presented in accordance with, Ind AS, IFRS or US GAAP, and have limitations as analytical tools. Further, these non-GAAP financial measures may differ from the similar information used by other companies, including peer companies, and hence their comparability may be limited. Therefore, these metrics should not be considered in isolation or construed as an alternative to Ind AS measures of performance or as an indicator of our operating performance, liquidity, profitability or results of operations. The principal limitation of these non-GAAP measures is that they exclude significant expenses that are required by Ind AS to be recorded in our financial statements, as further detailed below. A reconciliation is provided below for each non-GAAP measure to the most directly comparable Ind AS measure. Investors are encouraged to review the related GAAP measures and the reconciliation of non-GAAP measures to their most directly comparable GAAP measure included below and to not rely on any single financial measure to evaluate our business. Although these Non-GAAP Measures are not a measure of performance calculated in accordance with applicable accounting standards, our Company’s management believes that it provides an additional tool for investors to use in evaluating our ongoing operating results and trends and in comparing our financial results with other companies in our industry because it provides consistency and comparability with past financial performance, when taken collectively with financial measures prepared in accordance with Ind AS.

See “**Risk Factors – External Risks – Risks Related to India – Indian accounting standard (“Ind AS”) and other accounting principles, such as international financial reporting standards (“IFRS”) and United States generally accepted accounting principles (“US GAAP”) have significant differences, which may be material to investors’ assessments of our financial condition.**” on page 81.

Particulars	Fiscal Year		
	2024	2023	2022
Adjusted Gross Margin (₹ million) <sup>(1)</sup>	1,573	2,064	300
Adjusted Gross Margin (%) <sup>(2)</sup>	9%	11%	7%
EBITDA (₹ million) <sup>(3)</sup>	(6,494)	(6,867)	(2,550)
EBITDA Margin (%) <sup>(4)</sup>	(36%)	(38%)	(62%)
Profit / (Loss) For The Year Margin (%) <sup>(5)</sup>	(59%)	(48%)	(83%)
Net Worth (₹ million) <sup>(6)</sup>	5,459	6,137	2,249

Particulars	Fiscal Year		
	2024	2023	2022
Return on Net Worth (“RoNW”) (%) <sup>(7)</sup>	(194%)	(141%)	(153%)
NAV per Equity Share (₹) <sup>(8)</sup>	24	34	18
Cost of Goods Sold (₹ million) <sup>(9)</sup>	16,318	15,954	3,838
Working Capital Days <sup>(9)</sup>	(46)	(21)	(33)

Notes:

- (1) Adjusted Gross Margin: total income less cost of material consumed, purchase of stock-in-trade and change in inventories of finished goods, stock-in-trade and work-in-progress.
- (2) Adjusted Gross Margin (%): is defined as Adjusted Gross Margin divided by total income\*100.
- (3) EBITDA: loss before exceptional items and tax reduced by finance costs and depreciation and amortisation expenses.
- (4) EBITDA Margin: EBITDA divided by total income\*100.
- (5) Profit / (Loss) For The Year Margin (%) is calculated as Profit / (Loss) for the year divided by Total income\*100
- (6) Net Worth: Net-worth means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off as per the restated financial information, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.
- (7) RoNW: Loss For The Year divided by Net Worth\*100.
- (8) NAV per Equity Share: Net Asset Value per Equity Share (in ₹) is computed as Net Worth at the end of the year divided by weighted average number of Equity Shares outstanding during the year..
- (9) Working Capital Days: as Trade Receivables days plus inventory days minus trade payable days; Wherein, Trade Receivable Days is calculated as average trade receivables divided by revenue from operations multiplied by 365 for Financial Years, Inventory Days is calculated as average inventory divided by cost of goods sold multiplied by 365 for Financial Years and Trade Payable Days is calculated as average trade payables divided by cost of goods sold multiplied by 365 for Financial Years. Further Cost of Goods Sold is the sum of Cost of materials consumed, Purchase of stock-in-trade and Change in inventories of finished goods, stock-in-trade and work-in-progress.

#### Reconciliation of Adjusted Gross Margin and Adjusted Gross Margin (%)

The following table reconciles Adjusted Gross Margin and Adjusted Gross Margin(%) to total income for the Fiscal Years presented:

Particulars	Fiscal Year		
	2024	2023	2022
	<i>(in ₹ million, except as indicated otherwise)</i>		
Total income (A)	17,891	18,018	4,138
Less:			
Cost of material consumed (B)	15,792	15,370	3,482
Purchase of stock-in-trade (C)	279	923	201
Change in inventories of finished goods, stock-in-trade and work-in-progress (D)	247	(339)	155
<b>Adjusted Gross Margin (E) (E = A-B-C-D)</b>	<b>1,573</b>	<b>2,604</b>	<b>300</b>
<b>Adjusted Gross Margin (%) (E/A)</b>	<b>9%</b>	<b>11%</b>	<b>7%</b>

#### Reconciliation of EBITDA and EBITDA Margin

The following table reconciles EBITDA and EBITDA Margin to loss before exceptional items and tax for the Fiscal Years presented:

Particulars	Fiscal Year		
	2024	2023	2022
	<i>(in ₹ million, except as indicated otherwise)</i>		
Total income (A)	17,891	18,018	4,138
Loss before exceptional items and tax (B)	(8,851)	(8,645)	(3,441)
Add:			
Finance costs (C)	890	650	407
Depreciation and amortisation expenses (D)	1,467	1,128	484

<b>EBITDA (E) (E = B+C+D)</b>	<b>(6,494)</b>	<b>(6,867)</b>	<b>(2,550)</b>
<b>EBITDA Margin (%) (E/A)</b>	<b>(36%)</b>	<b>(38%)</b>	<b>(62%)</b>

#### Reconciliation of Profit / (Loss) For The Year Margin (%)

The following table reconciles Profit / (Loss) For The Year Margin (%) for the Fiscal Years presented:

Particulars	Fiscal Year		
	2024	2023	2022
	<i>(in ₹ million, except as indicated otherwise)</i>		
Total income (A)	17,891	18,018	4,138
Loss For The Year (B)	(10,597)	(8,645)	(3,441)
<b>Profit / (Loss) For The Year Margin (%) (B/A)</b>	<b>(59%)</b>	<b>(48%)</b>	<b>(83%)</b>

#### Reconciliation of Net Worth and RoNW (%)

The following table reconciles Net Worth and RoNW (%) for the Fiscal Years presented:

Particulars	Fiscal Year / As at March 31,		
	2024	2023	2022
	<i>(in ₹ million, except as indicated otherwise)</i>		
Equity share capital (₹)(A)	241,640	241,640	241,440
Instruments entirely equity in nature (B)	8	6	7
Other equity (C)	5,451	6,131	2,242
<b>Net Worth (D = A+B+C)</b>	<b>5,459</b>	<b>6,137</b>	<b>2,249</b>
Loss for the year (E)	(10,597)	(8,645)	(3,441)
<b>RoNW (%) (E/D)</b>	<b>(194%)</b>	<b>(141%)</b>	<b>(153%)</b>

#### Reconciliation of NAV per Equity Share (%)

The following table reconciles NAV per Equity Share for the Fiscal Years presented:

Particulars	Fiscal Year		
	2024	2023	2022
	<i>(in ₹ million, except as indicated otherwise)</i>		
Net Worth (A)	5,459	6,137	2,249
Weighted average number of equity shares outstanding considered for calculation of basic earning per share (B)*	223,949,224	179,852,541	128,421,345
<b>Net Asset Value per Equity Share (A/B)*</b>	<b>24%</b>	<b>34%</b>	<b>18%</b>

\* The Board of Directors of our Company in its meeting held on June 18, 2024 and Shareholders of our Company in the Extraordinary General Meeting held on June 21, 2024 approved the issuance of bonus equity share of ₹ 1 each in the ratio of 260:1 and 224:1 for the equity shares of ₹ 1 each and for the equity shares of ₹ 37 each respectively and also approved the sub-division of 3,530 equity shares of ₹ 37 each into 1,30,610 equity shares of ₹ 1 each. The conversion ratio of the CCPS into Equity Shares and the employee stock options along with its price per option have been adjusted accordingly. The number of shares used for the calculation of earnings per share and net asset value per share have been adjusted for pursuant to Paragraph 64 of Ind AS 33 – “Earnings Per Share”, prescribed under Section 133 of the Companies Act, 2013.

#### Reconciliation for Cost of Goods Sold and Working Capital Days

The following table reconciles Cost of Goods Sold and Working Capital Days for the Fiscal Years presented:

Particulars	Fiscal Year / As at March 31,		
	2024	2023	2022
	<i>(in ₹ million, except as indicated otherwise)</i>		
Cost of materials consumed (A)	15,792	15,370	3,482
Purchase of stock-in-trade (B)	279	923	201
Change in inventories of finished goods, stock-in-trade and work-in-progress (C)	247	(339)	155
<b>Cost of Goods Sold (D) = (A+B+C)</b>	<b>16,318</b>	<b>15,954</b>	<b>3,838</b>
Opening Trade receivable (E)	12	10	-
Closing Trade receivable (F)	16	12	10
Average Trade receivable (G = (E+F)/2)	14	11	5
Revenue from Operation (H)	17,538	17,809	4,089
<b>Trade receivable Days (I) = (G*365/H)</b>	<b>0^</b>	<b>0^</b>	<b>0^</b>
Opening Inventory (J)	2,574	607	567
Closing Inventory (K)	1,167	2,574	607
Average Inventory (L = (I+K)/2)	1,871	1,591	587
<b>Inventory Capital Days (M) = (L*365/D)</b>	<b>42</b>	<b>36</b>	<b>56</b>
Opening Trade Payables (N)	3,837	1,209	676
Closing Trade Payables (O)	4,027	3,837	1,209
Average Trade Payables (P = (N+O)/2)	3,932	2,523	943
<b>Trade Payables Days (Q) = (P*365/D)</b>	<b>88</b>	<b>58</b>	<b>90</b>
<b>Working Capital Days (I+M-Q)</b>	<b>(46)</b>	<b>(21)</b>	<b>(33)</b>

<sup>0</sup> denotes less than 0.5 day

### Selected Restated Statement of Assets and Liabilities

The table below sets forth the principal components of our total assets, equity and liabilities as at the dates indicated in the table below:

Particulars	2024	As at March 31,	
		2023	2022
	<i>(in ₹ million)</i>		
Total non-current assets	6,841	6,685	5,261
Total current assets	12,294	13,083	2,925
<b>Total assets</b>	<b>19,135</b>	<b>19,768</b>	<b>8,186</b>
<b>Total equity</b>	<b>5,459</b>	<b>6,137</b>	<b>2,249</b>
Total non-current liabilities	2,912	3,436	1,993
Total current liabilities	10,764	10,195	3,944
<b>Total liabilities</b>	<b>13,676</b>	<b>13,631</b>	<b>5,937</b>
<b>Total equity and liabilities</b>	<b>19,135</b>	<b>19,768</b>	<b>8,186</b>

Our total non-current assets were ₹5,261 million as at March 31, 2022, increasing by 27% to ₹6,685 million as at March 31, 2023 and further increasing by 2% to ₹6,841 million as at March 31, 2024. The increase in our non-current assets was primarily due to an increase in our investments in our manufacturing facilities and development expenditure incurred on internally generated intangible assets, namely (i) property, plant and equipment, (ii) capital work-in-progress, (iii) intangible assets and (iv) intangible assets under development, and an increase in right of use assets arising from new lease agreements entered into in relation to the expansion of our Hosur Factory, R&D facilities and corporate office.

Our total current assets were ₹2,925 million as at March 31, 2022, increasing by 347% to ₹13,083 million as at March 31, 2023 and decreasing by 6% to ₹12,294 million as at March 31, 2024. The increase as at March 31,

2023 was primarily due to an increase in inventories, investments and other financial assets mainly from an increase in FAME subsidy receivables rising from higher E2W sales volumes. While the decrease as at March 31, 2024 was primarily due to a reduction in inventories and other financial assets mainly from a decrease in FAME subsidy receivables. The reduction in the FAME subsidy receivables was due to the decrease in the maximum amount of incentives available from ₹15,000 per kWh as at May 31, 2023 to ₹10,000 per kWh from June 1, 2023, and release of the FAME subsidy by the authority in the last quarter of the Fiscal Year 2024

Our total equity increased from ₹2,249 million as at March 31, 2022 to ₹6,137 million as at March 31, 2023 and decreased to ₹5,459 million as at March 31, 2024. The increase as at March 31, 2023 was primarily due to the issuance of compulsorily convertible preference shares and equity shares of ₹11,998 million during Fiscal Year 2023, which was partially offset by our loss before tax of ₹8,645 million, while the decrease as at March 31, 2024 was primarily a result of our operating loss, which led to a decrease in retained earnings.

Our total non-current liabilities increased from ₹1,993 million as at March 31, 2022 to ₹3,436 million as at March 31, 2023 and decreased to ₹2,912 million as at March 31, 2024. The increase as at March 31, 2023 was primarily due to an increase in lease liabilities as a result of a new lease agreement for the expansion of our Hosur Factory, R&D facilities and corporate office, increased borrowings and an increase in our warranty and employee provisions, while the decrease as at March 31, 2024 was primarily due to the repayment of our borrowings and payment of lease liabilities.

Our total current liabilities increased from ₹3,944 million as at March 31, 2022 to ₹10,195 million as at March 31, 2023 and increased to ₹10,764 million as at March 31, 2024. The increase was primarily due to an increase in us availing credit facilities to meet working capital requirements, advances received from customers and outstanding dues of creditors.

### Liquidity and Capital Resources

Historically, our primary liquidity requirements have been to finance our working capital needs for our operations and capital expenditures. We have met these requirements through additional equity infusions and borrowings. As at March 31, 2024, we had ₹2,279 million in cash and cash equivalents, ₹2,199 million as other balances with banks, ₹2,781 million in investment in liquid mutual funds, ₹309 million in non-current borrowings and ₹2,840 million in current borrowings. We believe that, after taking into account the expected cash to be generated from our operations, our borrowings and proceeds from this Offering, we will have sufficient liquidity for our present requirements and anticipated requirements for capital expenditure and working capital for the next 12 months.

### Cash Flows

The table below summarises the statement of cash flows, as per our restated cash flow statements, for the Fiscal Years indicated:

	2024	Fiscal Year	
		2023	2022
		<i>(in ₹ million)</i>	
Net cash used in operating activities	(2,676)	(8,713)	(2,284)
Net cash used in from investing activities	(2,281)	(1,350)	(66)
Net cash generated from financing activities	6,332	13,174	2,307
Net increase/(decrease) in cash and cash equivalents	1,375	3,111	(43)

### Operating Activities

Net cash used in operating activities for Fiscal Year 2024 was ₹2,676 million, while our operating cash outflow before working capital changes was ₹7,038 million. The difference was primarily attributable to a decrease in other financial assets of ₹2,512 million, a decrease in inventories of ₹1,407 million and an increase in other liabilities and provisions of ₹1,279 million. This was partially offset by an increase in other assets of ₹976 million.

Net cash used in operating activities for Fiscal Year 2023 was ₹8,713 million, while our operating cash outflow before working capital changes was ₹4,944 million. The difference was primarily attributable to an increase in other financial assets of ₹3,483 million, an increase in our inventories of ₹1,967 million and an increase in our other assets of ₹1,383 million, due to the growth of our business. This was partially offset by an increase in trade

payables of ₹2,635 million and an increase in other liabilities and provisions of ₹475 million.

Net cash used in operating activities for Fiscal Year 2022 was ₹2,284 million, while our operating cash outflow before working capital changes was ₹1,992 million. The difference was primarily attributable to an increase in other assets of ₹752 million due to an increase in GST credits attributable to the increase in purchases of inputs for our manufacturing activities. This was partially offset by an increase in trade payables of ₹534 million.

### Investing Activities

Net cash used in investing activities for Fiscal Year 2024 was ₹2,281 million, and primarily included capital expenditure on PPE, intangible assets, capital work-in-progress and intangible assets under development, including capital advances and payable on purchase of property, plant and equipment of ₹1,159 million and net investment in fixed deposits of ₹1,262 million (i.e., investment of fixed deposits of ₹ 4,385 million minus redemption of fixed deposits of ₹ 3,123 million). This was partially offset by interest received from investment of ₹262 million.

Net cash used in investing activities for Fiscal Year 2023 was ₹1,350 million, and primarily included capital expenditure on PPE, intangible assets, capital work-in-progress and intangible assets under development, including capital advances and payable on purchase of property, plant and equipment of ₹1,318 million and net investment in fixed deposits of ₹624 million (i.e., investment of fixed deposits of ₹ 31,367 million minus redemption of fixed deposits of ₹ 30,743 million). This was partially offset by proceeds from the sale of mutual funds of ₹387 million and interest received from investment of ₹185 million.

Net cash used in investing activities for Fiscal Year 2022 was ₹66 million, and primarily included capital expenditure on PPE, intangible assets, capital work-in-progress and intangible assets under development, including capital advances and payable on purchase of property, plant and equipment of ₹722 million, partially offset by proceeds from the net redemption of fixed deposits of ₹626 million (i.e., redemption of fixed deposits of ₹4,229 million minus investment in fixed deposits of ₹3,603 million) and interest received from investment of ₹30 million.

### Financing Activities

Net cash flow generated from financing activities for Fiscal Year 2024 was ₹6,332 million, and primarily included proceeds from issue of compulsorily convertible preference shares of ₹9,011 million and proceeds from non-current borrowings (including current maturities) of ₹1,300 million. This was partially offset by the repayment of non-current borrowings (including current maturities) of ₹1,847 million, repayment of current borrowings (net) of ₹1,194 million and payment of finance cost of ₹770 million.

Net cash flow generated from financing activities for Fiscal Year 2023 was ₹13,174 million, and primarily included proceeds from issue of compulsorily convertible preference shares and equity shares of ₹11,998 million, proceeds from non-current borrowings (including current maturities) of ₹2,000 million and proceeds of current borrowings (net) of ₹1,528 million. This was partially offset by the repayment of non-current borrowings (including current maturities) of ₹1,630 million and payment of finance cost of ₹601 million.

Net cash flow generated from financing activities for Fiscal Year 2022 was ₹2,307 million, and primarily included proceeds from the issue of compulsorily convertible debentures of ₹1,500 million, proceeds from non-current borrowings (including current maturities) of ₹1,300 million and proceeds from current borrowings (net) of ₹700 million. This was partially offset by the repayment of non-current borrowings (including current maturities) of ₹706 million and payment of finance cost of ₹388 million.

### Indebtedness

As at March 31, 2024, we had total borrowings of ₹3,149 million, comprising both non-current and current borrowings. These loans were primarily used to fund our R&D expenditure and working capital requirements. For more details on the agreements governing our outstanding indebtedness, see “*Financial Indebtedness*” on page 429. The table below provides breakdown of our total borrowings as at the dates indicated:

Particulars	2024	As at March 31	
		2023	2022
		(in ₹ Million)	
Non-current Borrowings	309	1,205	1,087

Current Borrowings	2,840	3,647	1,897
Total Borrowings	3,149	4,852	2,984

### Contractual Obligations

The table below sets forth our contractual obligations as at March 31, 2024.

Particulars	As at March 31, 2024			Total
	Less than 1 year	1 to 5 years	More than 5 years	
	<i>(in ₹ Million)</i>			
Borrowings	3,107	320	-	3,427
Lease liabilities	383	1,229	1,082	2,694
Trade payables	4,027	-	-	4,027
Other financial liabilities	1,451	-	-	1,451
Total	8,968	1,549	1,082	11,599

### Contingent Liabilities and Commitments

The following table sets forth the principal components of our contingent liabilities and capital commitments as at March 31, 2024 as per the Restated Financial Information. Our Company is involved in certain disputes and claims that have arisen in the ordinary course of business. For more details see “*Outstanding Litigation and Material Developments*” on page 431.

Particulars	As at March 31, 2024 (in ₹ million)
Contingent liabilities	
Claims against the Company not acknowledged as debt (Custom Duties, GST and litigation)	9
Capital Commitments	
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	406

### Capital Expenditures

Our historical capital expenditures primarily included cash flow used in investing activities for the acquisition of PPE, intangible assets, capital work-in-progress and intangible assets under development, including capital advances and payable on purchase of property, plant and equipment, which amounted to ₹1,159 million, ₹1,318 million and ₹722 million in Fiscal Years 2024, 2023, 2022, respectively.

We expect our future capital expenditures to be primarily for (i) the construction of our Factory 3.0 at Chhatrapati Sambhajnagar, Maharashtra, India, (ii) investment in research and product development, including investments in PPE and intangible assets, and (iii) organic growth initiatives.

### Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements, derivative instruments or other relationships with other entities that would have been established for the purpose of facilitating off-balance sheet arrangements.

### Related Party Transactions

We enter into various transactions with related parties. For further information, see “*Restated Financial Information – Notes forming part of the Restated Financial Information – Note 36: Related Party Disclosures*” on page 374.

### Quantitative and Qualitative Disclosures about Market Risks

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risks: interest rate risk, currency risk and other price risks, such as equity price risk. Financial instruments affected by market risks include loans and borrowings, deposits, investments and foreign currency receivables and payables.

### **Interest rate risk**

Interest rate risk refers to the potential risk for the future cash flows of a financial instrument to vary due to changes in market interest rates. Our primary exposure to interest rate risk arises from long term borrowings and short term borrowings with variable rates. We had floating rate borrowings of ₹1,165 million, ₹2,389 million and ₹978 million as at March 31, 2024, March 31, 2023 and March 31, 2022, respectively. We continuously monitor the credit markets and adjust our financing strategies to achieve an optimal maturity profile and minimise financing costs.

With all other variables held constant, our loss will be impacted by a 1% change in interest rate as follows:

Particulars	Fiscal Year		
	2024	2023	2022
	<i>(Increase)/decrease in loss (in ₹ million)</i>		
Increase in interest rate by 1%	(12)	(24)	(10)
Decrease in interest rate by 1%	12	24	10

### **Currency risk**

We undertake transactions denominated in foreign currencies, subjecting us to exchange rate fluctuations. Our exposure to currency risk relates primarily to our operating activities and borrowings when transactions are denominated in a different currency from our functional currency. For example, we source certain components from suppliers based outside India and are exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the U.S Dollars (“USD”), Euros (“EUR”) and Swiss Francs (“CHF”). Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not our functional currency. Our functional currency is the Indian Rupee.

The following table details how our trade payables and borrowings would be impacted by a 1% increase and decrease in the Indian Rupee against the relevant foreign currencies.

Particulars	Fiscal Year								
	2024			2023			2022		
	<i>Increase/(decrease) (in ₹ million)</i>								
	USD	EURO	CHF	USD	EURO	CHF	USD	EURO	CHF
<b>1% increase</b>									
Trade payables	7	0	-	0	0	0	0	0	-
Borrowings	3	-	-	2	-	-	-	-	-
<b>1% decrease</b>									
Trade payables	(7)	(0)	-	(0)	(0)	(0)	(0)	(0)	-
Borrowings	(3)	-	-	(2)	-	-	-	-	-

### **Credit risk**

Credit risk refers to the risk of a counterparty defaulting on its obligation, which results in a financial loss. Our exposure to credit risk is limited as we have a prepaid business model where our retail partners, authorised distributor and/or customers pay upfront in advance for products and/or services to be rendered to them in the future. The demographics of customer, including the default risk of the industry, also has an influence on credit risk assessment. We manage credit risk through continuously monitoring of the creditworthiness of our dealers and customers. Financial instruments that are subject to concentrations of credit risk, principally consist of balance with banks, investments in mutual funds, trade receivables and other financial assets.

### **Liquidity risk**

Liquidity risk is defined as the risk that we will not be able to settle or meet our repayment obligations on time or at a reasonable price. Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for managing our short-, medium-, and long-term funding and liquidity requirements. We manage liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. We manage liquidity risk by maintaining adequate cash reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual



cash flows, and by matching the maturity profiles of financial assets and liabilities.

### ***Other price risk***

Our exposure to price risk arises from our investment in mutual funds. To manage our price risk arising from investments in mutual funds, we diversify our portfolio.

### ***Capital risk management***

Capital is defined as the combination of shareholders' equity, reserves, net debt and lease liabilities. Our key objective when managing capital is to safeguard its ability to continue as a going concern, so that we can continue to maximise shareholder returns through the optimisation of our debt and equity balance. The aim of our capital management framework is to maintain, monitor and secure access to future funding arrangements to finance our R&D activities and future infrastructure requirements. We monitor capital on the basis of the debt to equity ratio. As at March 31, 2024, our debt to equity ratio was 0.88.

	<b>March 31, 2024</b>
	<i>(in ₹ million unless otherwise indicated)</i>
Total equity attributable to the equity shareholders (A)	5,459
Long term borrowings including current maturities	1,201
Short term borrowings	1,035
Non Convertible Debentures	913
Lease liabilities	1,628
Total debt (B)	4,777
<b>Debt to equity ratio (C) (C = B/A) (times)</b>	<b>0.88</b>

### **Significant Economic Changes**

Other than as described above under the heading titled "***Principal Factors Affecting Our Financial Condition and Results of Operations***" to the knowledge of our management, there are no other significant economic changes that materially affect or are likely to affect income from continuing operations.

### **Unusual or Infrequent Events of Transactions**

Except as described in this Draft Red Herring Prospectus, there have been no events or transactions that, to our knowledge, may be described as "unusual" or "infrequent".

### **Known Trends or Uncertainties**

Our business has been affected and we expect will continue to be affected by the trends identified above in the heading titled "***Principal Factors Affecting Our Financial Condition and Results of Operations***" and the uncertainties described in "***Risk Factors***" on page 36. To our knowledge, except as described or anticipated in this Draft Red Herring Prospectus, there are no known factors which we expect will have a material adverse impact on our sales, revenues or income from continuing operations.

### **Future Relationship Between Cost and Income**

Other than as described elsewhere in this Draft Red Herring Prospectus, to the knowledge of our management, there are no known factors that might affect the future relationship between costs and revenues.

### **Competitive Conditions**

We face intense competition from domestic and multinational automobile manufacturers in India and outside India. Our existing and future competitors may have significantly greater financial resources that can be devoted to design, development, manufacturing, sales and support of their E2Ws. They may also have technical and manufacturing capabilities and/or marketing, distribution and service network and brand recognition that is comparable to, or more developed than, our own. For further details, see "***Risk Factors – Internal Risks – Our competitiveness within the highly competitive Indian automotive market depends on our ability to develop, market and deliver new and quality electric two-wheeler models and launch new associated services. There is***

*no assurance that we will be able to successfully compete in the markets we currently operate in or those that we plan to expand into, which accordingly may affect our business, operations and financial condition.”* on page 39.

### **New Products or Business Segments Expected**

Except as disclosed in “*Our Business*” on page 225, and products that we announce in the ordinary course of business, we have not announced and do not expect to announce in the near future any new products or business segments.

### **Seasonality of Business**

Our orders are influenced by seasonality, in line with the fluctuating demand for vehicles in the Indian automotive market, which typically peaks between January and March each year. Demand is generally lower between April and July, before picking up again during the festive season from September to December. See “*Risk Factors – Internal Risks – Our limited operating history makes it difficult for us to judge the exact nature and effect of seasonality on our business.*” on page 37.

### **Significant Dependence on Single or Few Suppliers**

We depend on a limited number of suppliers for E2W components. For further details, see “*Risk Factors – Internal Risks – If our suppliers fail to deliver components used in our electric two-wheelers in accordance with agreed volumes and schedules or increase their prices, we may face delays in our manufacturing and delivery timelines or be required to increase the retail price of our electric two-wheelers.*” on page 44.

### **Significant Developments After March 31, 2024 that May Affect Our Future Results of Operations**

Except as disclosed above and elsewhere in this Draft Red Herring Prospectus, to our knowledge, no circumstances have arisen since the date of the Restated Financial Information as disclosed in this Draft Red Herring Prospectus which materially and adversely affect or are likely to affect our trading, operations or profitability, or the value of our assets or our ability to pay our liabilities within the next 12 months.

- During the three months ended June 30, 2024, the sales of our Ather 450 line of scooters were lower, resulting in lower revenues, compared to the three months ended June 30, 2023. This was primarily due to factors such as a reduction of government subsidies under the FAME Scheme per E2W in Fiscal Year 2024, and our reduced marketing efforts on the Ather 450 line due to the Ather Rizta launch in April 2024. We commenced delivery of Ather Rizta variants from May 2024.
- Issuance of Bonus Equity Shares - The Board of Directors of the Company in its meeting held on June 18, 2024 and shareholders of the Company in the Extraordinary General Meeting held on June 21, 2024 approved the issuance of Bonus Equity Shares of ₹1 each in the ratio of 260 Bonus Equity Shares of ₹1 each for each Equity Share of face value of ₹1 each held by the Equity Shareholders and 224 bonus equity shares of ₹1 each for each Equity Share of face value of ₹37 each held by the Equity Shareholders. Further, these Bonus Equity Shares were allotted pursuant to the Board Resolution dated June 22, 2024.
- Sub-division in the nominal value of Equity Shares - The Board of Directors of the Company in its meeting held on June 18, 2024 and shareholders of the Company in the Extraordinary General Meeting held on June 21, 2024 approved the sub division in the face value of each Equity Share of the face value of ₹37 each into 37 Equity Shares of the face value of ₹1 each.
- Allotment of Series F CCPS - The Board of Directors vide their resolution dated July 9, 2024 allotted 74,148 Series F – CCPS of face value of ₹1 each with a premium of ₹11,673 per share to Tarun Sanjay Mehta and Swapnil Babanlal Jain.
- Issue of Non-Convertible Debentures  
The Company has raised the following amounts as debt by way of issuing the Non-Convertible Debentures:

-Pursuant to the resolution passed by the Board of Directors dated April 28, 2024, the Company has raised debt to the tune of ₹500 million by issuing 5,000 Series C Unlisted, Secured, Redeemable, Non-Convertible Debentures of face value of ₹100,000 each.

- Pursuant to the resolution passed by the Board of Directors dated May 04, 2024, the Company has raised debt to the tune of ₹600 million by issuing 6,000 Series C1 Unlisted, Secured, Redeemable, Non-Convertible Debentures of face value of ₹100,000 each.
- Pursuant to the resolution passed by the Board of Directors dated May 30, 2024, the Company has raised debt to the tune of ₹1,000 million by issuing 10,000 Series C3 Unlisted, Secured, Redeemable, Non-Convertible Debentures of face value of ₹100,000 each.
- Pursuant to the resolution passed by the Board of Directors dated June 13, 2024, the Company has raised debt to the tune of ₹1,000 million by issuing 10,000 Series C3 Unrated, Unlisted, Secured, Redeemable, Non-Convertible Debentures of face value of ₹100,000 each.
- Pursuant to the resolution passed by the Board of Directors dated July 24, 2024, the Company has raised debt to the tune of ₹600 million by issuing 6,000 Series D1 Unlisted, Secured, Redeemable, Non-Convertible Debentures of face value of ₹100,000 each.
- Acquisition of Land - The Board of Directors vide their resolution dated June 06, 2024 approved investment in approximately 100 Acres of land located in Chhatrapati Sambhajnagar, Maharashtra. Subsequently on August 01, 2024, the Sub Lease Deed was entered into between the Maharashtra Industrial Township Limited and the Company for leasing of the piece and parcel of the land admeasuring 397,976.74 square meters and bearing plot number 123, situate lying and being at AURIC BIDKIN, Sector 12, Taluka Paithan and District Chhatrapati Sambhajnagar, India for a period of 95 years from the date of Sub Lease Deed for a Sub Lease Premium of ₹955.14 million.
- Cancellation of Right to Subscribe –
  - Pursuant to the Right to Subscribe agreement ("**RTS agreement**") dated August 9, 2018, Hero Fincorp Limited ("**HFCL**") had a right to subscribe to 813 Series C CCPS of the Company (as adjusted to bonus, splits, reclassifications, exchanges, substitutions, combinations, dilutive issuances etc.) at a price of ₹73,829 per share. Subsequently, the Company has entered into the Settlement Letter cum Agreement with HFCL on July 15, 2024 whereby the Company and HFCL has agreed for cancellation and relinquishment of HFCL's right to subscribe to the shares under RTS agreement and the Company agreed, in consideration of the said termination and relinquishment of HFCL's right to subscribe to the shares, to pay a sum of ₹4.64 million net of GST or other applicable taxes but subject to deduction of withholding taxes as applicable under the Indian Income Tax Act, 1961. The Company has paid the said amount to HFCL on July 26, 2024.
  - Pursuant to the Right to Subscribe agreements ("**RTS agreement**") dated June 14, 2019, Innoven Capital India Private Limited ("**Innoven**") had a right to subscribe to 595 Series C CCPS of the Company (as adjusted to bonus issuances, splits, reclassifications, exchanges, substitutions, combinations, dilutive issuances etc.,) at a price of ₹73,829 per share. Subsequently, the Company has entered into the Settlement Letter cum Agreement with Innoven on July 15, 2024 whereby the Company and Innoven has agreed for cancellation and relinquishment of Innoven's right to subscribe to the shares under RTS agreement and the Company agreed, in consideration of the said termination and relinquishment of Innoven's right to subscribe to the shares, to pay a sum of ₹3.36 million plus GST subject to deduction of withholding taxes as applicable under the Indian Income Tax Act, 1961 read with relevant rules thereunder. The Company has paid the said amount to Innoven on July 26, 2024.
- Issuance of Equity Shares pursuant to exercise of stock options pursuant to the Companies (Share Capital and Debentures) Rules, 2014 - The Board of Directors of the Company vide their resolution dated July 4, 2024 approved the allotment of 907,236 Equity shares of INR 1 each (adjusted for Bonus Issuance) to Tarun Sanjay Mehta and Swapnil Babanlal Jain pursuant to exercise of stock options pursuant to the Companies (Share Capital and Debentures) Rules, 2014.
- Allotment of Series G CCPS - The Board of Directors vide their resolution dated July 29, 2024 approved the issue of 16,528,925 Series G CCPS of face value of ₹10 each with a premium of ₹353 per share to India – Japan Fund (Represented by and acting through its investment manager, National Investment and Infrastructure Fund Limited). Further, our Board of Directors by the resolution dated September 4, 2024, allotted 16,528,925 Series G CCPS at an issue price of ₹363 for an aggregate consideration of ₹6,000 million.

## CRITICAL ACCOUNTING POLICIES

A full description of our material accounting policies adopted in the preparation of our Restated Financial Information is provided in Note 1.3 to our Restated Financial Information. See under “**Restated Financial Information Notes forming part of the Restated Financial Information – Note 1.3: Summary of Material Accounting Policies**” on page 330. The critical accounting policies that our management believes to be the most significant are summarised below.

### **Property, plant and equipment**

Property, plant and equipment (“**PPE**”) are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes purchase price, related taxes, duties, freight, insurance, etc. attributable to the acquisition, installation of the PPE and borrowing cost if capitalisation criteria are met but excludes duties and taxes that are recoverable from tax authorities.

Machinery spares which can be used only in connection with an item of PPE and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets. Subsequent expenditure relating to PPE is capitalised only if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

Material replacement cost is capitalised provided it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. When replacement cost is eligible for capitalisation, the carrying amount of those parts that are replaced are derecognised. When significant parts of plant and equipment are required to be replaced at intervals, we depreciate them separately based on their specific useful life.

PPE retired from active use and held for sale are stated at the lower of their net book value and net realisable value and are disclosed separately in the restated statement of assets and liabilities.

We identify and determine the cost of each component / part of the asset separately if the component / part has a cost that is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

PPE not ready for the intended use, on the reporting date, are disclosed as “Capital work-in-progress” and are carried at cost, comprising direct cost and attributable interest.

### **Depreciation and amortisation**

Depreciation is provided on a pro rata basis using the straight line method to allocate the cost, net of residual value over the estimated useful lives of the assets.

Depreciation has been provided on the straight-line method based on the useful life as prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets:

<b>Description of Assets</b>	<b>Useful life and Basis of Depreciation</b>
Plant and Machinery – Laboratory Equipment	5 years
Plant and Machinery – Moulds and Jigs	8 years
Leasehold Improvements	Over the primary lease period or the life of the asset whichever is lower.
Internally built vehicles	3 years
Electric installation	Over the primary lease period or 10 years whichever is lower
Charging Infrastructure	3 years

Based on technical assessment made by technical expert and management estimate, we depreciate above items of PPE over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The Management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Finance lease assets are depreciated over the primary lease period as the right to use of these assets ceases on expiry of the lease period.

Depreciation on additions is being provided on a pro rata basis from the month of such additions.

Depreciation on assets sold, discarded or demolished during the year is being provided up to the month in which such assets are sold, discarded or demolished. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in statement of profit and loss.

## **Intangible assets**

### ***Intangible assets acquired separately***

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses, if any.

### ***Internally generated intangible assets – research and development expenditure***

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use / sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in the restated statement of profit and loss in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

### **Useful lives of other intangible assets:**

Other intangible assets are amortised over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

Management estimates the useful lives for our assets as follows:

Description of assets	Useful life and basis of amortisation
Software	5 years
Patent & other intellectual property rights	5 years
Website	3 years
Product development (internally generated intangible assets)	2 – 7 years

### Impairment of tangible and intangible assets

We assess at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, we then estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

We base our impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of our CGUs to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, we then estimate the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the restated statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

### Revenue from contract with customers and other income

#### *Revenue from contract with customers*

Revenue is recognised upon transfer of control of promised products or services to customers for an amount that reflects the consideration which we expect to receive in exchange for those products or services. Revenue excludes taxes or duties collected on behalf of the Government.

- Sale of products

We recognise revenues from sale of products measured at the amount of transaction price (net of variable consideration), when we satisfy our performance obligation at a point of time in which the products are delivered to customers. This is when control, including risks, rewards and title of ownership pass to the customer, and when there is no longer any unfulfilled obligation. The transaction price of goods sold is net of variable consideration on account of various discounts and schemes that we offer as part of the contract.

We offer sales incentives in the form of variable marketing expense to customers, which vary depending on the timing and any subsequent sale of the vehicle. This sales incentive is accounted for as a revenue reduction and is constrained to a level that is highly probable not to reverse the amount of revenue recognised when any associated uncertainty is subsequently resolved. We estimate the expected sales incentive by market and consider uncertainties such as competitor pricing, ageing of retailer stock and local market conditions.

- Sale of services

Income from sale of services and extended warranties are recognised as income over the relevant period of service or extended warranty.

When we sell bundled service and extended warranty, such services are treated as a separate performance obligation only if the service or warranty have a different timing of performance obligation. In such cases, the transaction price allocated towards such service or extended period of warranty based on relative standalone selling price and is recognised as a contract liability until the service obligation has been met. The price that is regularly charged for an item when sold separately is the best evidence of its standalone selling price. In the absence of such evidence, the primary method used to estimate the standalone selling price is the expected cost plus a margin, under which we estimate the cost of satisfying the performance obligation and then add an appropriate margin based on similar services.

Sale of services include certain performance obligations that are satisfied over a period of time. Any amount received in advance in respect of such performance obligations that are satisfied over a period of time is recorded as a contract liability and recorded as revenue when service is rendered to customers. Refund liabilities comprise of obligation towards customers to pay for discounts and sales incentives.

Revenue is measured based on the transaction price, which is the consideration, adjusted for variable consideration on account of discounts and other incentives, if any, that we offer as a part of the contract with the customer. Revenue also excludes taxes or other amounts collected from customers. No element of financing is deemed present as the sale of goods / services are primarily on a “Cash and Carry” basis.

### ***Contract balances***

#### *Trade receivables*

We recognise a receivable when the goods are delivered to the customer as this represents the point of time at which the right to consideration becomes unconditional, as only the passage of time is required before payment due.

#### *Contract liabilities*

A contract liability is the obligation to transfer goods to a customer for which we have received consideration. If a customer pays consideration before we transfer the goods or services, a contract liability is recognised when the payment is made. Contract liabilities are recognised as revenue when we perform under the contract.

#### *Warranty obligation*

We provide warranties for general repairs of defects as per the terms of the contract with our ultimate customers. These warranties are considered as assurance-type warranties and are accounted for under Ind AS 37- Provisions, Contingent Liabilities and Contingent Assets.

### ***Other income***

Interest income is recognised on an accrual basis. For all debt instruments measured at amortised cost, interest income is recognised on a time proportion basis, taking into account the amount outstanding and effective interest rate.

Dividend income is accounted for when the right to receive it is established.

### **Provision and contingencies**

A provision is recognised when we have a present obligation (legal or constructive) as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on best estimate required to settle the obligation at the reporting date. These are reviewed at each reporting date and adjusted to reflect the current best estimates. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). When some or all of the economic benefits required to settle a provision are expected to be recovered from a third-party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured

reliably.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. We do not recognise a contingent liability but disclose its existence in the restated financial information.

Provisions for warranty-related costs are recognised when the products are sold. Provision is estimated based on historical experience and/or technical estimates. The estimate of such warranty-related costs is reviewed annually.

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where we have a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

Provisions for the costs to restore leased plant assets to their original condition, as required by the terms and conditions of the lease, are recognised when the obligation is incurred, either at the commencement date or as a consequence of having used the underlying asset during a particular period of the lease, at our best estimate of the expenditure that would be required to restore the assets. Estimates are regularly reviewed and adjusted as appropriate for new circumstances.

### **Inventories**

Raw materials, components, and stores and spare parts are valued at the lower of the cost determined on weighted average basis and estimated net realisable value. Cost includes purchase price, freight, taxes and duties and is net of GST to the extent credit of the tax is availed of.

Work-in-progress and finished goods are valued at the lower of the cost and estimated net realisable value. Cost includes all direct costs including material procurement cost and appropriate proportion of overheads to bring the goods to the present location and condition.

Due allowance is made for slow, non-moving or obsolete items. Materials and other items held for use in the production of inventories are not written down below the cost if the finished products in which they will be used are expected to be sold at or above cost.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

### **Government grants, subsidies and export benefits**

Government grants and subsidies are recognised when there is reasonable assurance that we will comply with the conditions attached to them and the grant or subsidy will be received.

When the grant or subsidy from the Government relates to an expense item, it is recognised as income on a systematic basis in the restated statement of profit and loss over the period necessary to match them with the related costs of which they are intended to compensate.

When we receive grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset, i.e. by equal annual instalments. When loans or similar assistance are provided by Governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a Government grant. The loan or assistance is initially recognised and measured at fair value of the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

### **Employee benefits**

#### ***Defined contribution plan***

##### *Provident funds*

Contributions in respect of the Employees Provident Fund are made to the Regional Provident Fund. These



contributions are recognised as expenses in the year in which the services are rendered. We have no obligation other than the contribution payable to the Regional Provident fund.

#### *Employee state insurance*

Contributions to the Employees State Insurance Scheme are recognised as expenses in the year in which the services are rendered.

#### ***Defined benefit plan***

##### *Gratuity*

We account our liability for future gratuity benefits based on actuarial valuation done by an independent actuary, as at the reporting date, determined every year using the projected unit credit method. Actuarial gains / losses are immediately recognised in retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not re-classified to profit or loss in subsequent periods. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The defined benefit obligation recognised in the restated statement of assets and liabilities represents the present value of the defined benefit obligation less the fair value of plan assets out of which the obligations are expected to be settled and adjusted for unrecognised past service cost, if any. Any asset arising out of this calculation is recognised limited to the past service cost plus the present value of available refunds and reduction in future contributions.

##### *Compensated absences*

Accumulated leave (earned leave) can be availed and encashed on termination of employment, subject to terms and conditions of the scheme, the liability is recognised on the basis of an independent actuarial valuation. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in restated statement of profit and loss.

##### ***Short term employee benefits***

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the restated statement of assets and liabilities. Short term employee benefits include short term compensated absences which is recognised based on the eligible leave at credit on the reporting date, and the estimated cost is based on the terms of the employment contract.

## CAPITALISATION STATEMENT

The following table sets forth our Company's capitalization as at March 31, 2024, as derived from our Restated Financial Information. This table should be read in conjunction with the sections titled "**Risk Factors**", "**Financial Information**" and "**Management's Discussion and Analysis of Financial Condition and Results of Operations**" beginning on pages 36, 319 and 396, respectively.

Particulars	(₹ in million, except ratios)	
	Pre-offer as at March 31, 2024	As adjusted for the Offer*
<b>Borrowings</b>		
Non-current borrowings <sup>#</sup>	309	[●]
Current borrowings <sup>#</sup>	2,840	[●]
<b>Total borrowings<sup>#</sup> (A)</b>	3,149	[●]
<b>Equity</b>		
Equity Share capital <sup>#</sup> (B)	0 <sup>^</sup>	[●]
Instruments entirely equity in nature <sup>#(C)</sup>	8	[●]
Other equity <sup>#</sup> (D)	5,451	[●]
<b>Total equity (E=B+C+D)</b>	5,459	[●]
Ratio: Non-current borrowings/Total equity	0.06	[●]
Ratio: Total borrowings/Total equity (A/E)	0.58	[●]

<sup>#</sup> These terms shall carry the meaning as per Schedule III of the Companies Act.

<sup>\*</sup>The corresponding post Offer capitalization data is not determinable at this stage pending the completion of the Book Building Process and hence have not been furnished. To be updated upon finalization of the Offer Price at the Prospectus Stage.

<sup>^</sup>0 denotes that the amount is less than ₹0.5 million.

### Notes:

The above has been computed on the basis of amounts derived from the Restated Financial Information. Subsequent to March 31, 2024:

(a) The Board of Directors of our Company in its meeting held on June 18, 2024 and shareholders of our Company in the EGM held on June 21, 2024 approved the issuance of bonus equity share of ₹ 1 each in the ratio of 260:1 and 224:1 for the equity shares of ₹ 1 each and for the equity shares of ₹ 37 each respectively and also approved the sub-division of 3,530 equity shares of ₹ 37 each into 1,30,610 equity shares of ₹ 1 each.

(b) The Board of Directors of our Company vide their resolution dated July 4, 2024 approved the allotment of 907,236 Equity Shares of ₹ 1 each to the Tarun Sanjay Mehta and Swapnil Babanlal Jain pursuant to exercise of stock options pursuant to the Companies (Share Capital and Debentures) Rules, 2014.

(c) The Board of Directors vide their resolution dated July 9, 2024 allotted 74,148 Series F CCPS of face value of ₹ 1 each to Tarun Sanjay Mehta and Swapnil Babanlal Jain.

(d) The Board of Directors vide their resolution dated September 4, 2024 allotted 16,528,925 Series G CCPS of face value of ₹ 10 to India – Japan Fund (Represented by and acting through its investment manager, National Investment and Infrastructure Fund Limited).

## FINANCIAL INDEBTEDNESS

Our Company has availed loans and entered into financing arrangements in the ordinary course of business for purposes such as, *inter alia*, meeting our working capital requirements or business requirements and for general corporate purposes.

Set forth below is a brief summary of our outstanding borrowings amounting as on July 31, 2024:

<i>(in ₹ million)</i>			
Category of Borrowing	Reference	Sanctioned Amount (to the extent applicable)	Amount outstanding as on July 31, 2024
<b>Total Secured</b>	<b>(A)=(B+C+D+E)</b>	<b>10,370</b>	<b>6,710</b>
Non-convertible debentures	(B)	5,600	4,393
Term loan-Banks	(C)	270	107
Term loan-Others	(D)	1,500	703
Working capital facilities	(E)=(F+G)	3,000	1,507
Fund based	(F) <sup>^</sup>		298
Non-fund based	(G) <sup>^</sup>	3,000	1,209
<b>Unsecured</b>	(H)	-	-
<b>Total borrowing</b>	<b>(A+H)</b>	<b>10,370</b>	<b>6,710</b>

<sup>^</sup> Interchangeability between working capital demand loan and letter of credit.

As certified by Manian & Rao, Chartered Accountants, by way of their certificate dated September 9, 2024.

All indicative key terms of our borrowings are disclosed below:

- **Tenor and interest rate:** The tenor of the secured ranges from seven days to five years. The interest rates for the facilities are typically linked to benchmark rates varying from 7.78% p.a. to 14.85% p.a., such as the repo rate prescribed by the RBI, treasury bill rate and marginal cost of funds-based lending rate (“MCLR”) of the specific lender plus a spread per annum is charged above these benchmark rates.
- **Security:** In terms of our borrowings where security needs to be created, we are typically required to create security by way of charge on existing or future fixed assets, cash and cash equivalents and intellectual property rights. Further, security needs to be created, security by way of charge on existing or future fixed current assets.
- **Repayment:** Our facilities are repayable from the date of first reimbursement till the date of maturity as per repayment schedule or are repayable on demand.
- **Prepayment/ Backend fees:** Certain loans availed by our Company have prepayment provisions which allows for prepayment of the outstanding loan amount and sometimes carry a pre-payment penalty on the pre-paid amount or on the outstanding amount subject to terms and conditions stipulated under the loan documents. Further, certain loans availed by our Company have backend charges, in the range of 1.5% to 2% of the drawdown amount, payable upon maturity or upon prepayment of the facility, whichever is earlier
- **Penal Interest:** We are required to pay additional interest to our lenders for defaults in the payment of interest or other monies due and payable. This additional interest is charged as per the terms of our loan agreements and is typically 1% to 2.50% over the applicable interest rate.
- **Restrictive Covenants:** As per the terms of our loan agreements, certain corporate actions for which our Company requires prior written consent of the lenders include:
  - (a) Effecting any change in control/ ownership/ management/ directorship of our Company amongst others;
  - (b) Amending the constitutional documents of our Company, including the Memorandum of Association and Articles of Association;
  - (c) Effecting any changes to the capital structure or shareholding pattern of our Company;
  - (d) Enter into any scheme of merger, amalgamation, compromise or reconstruction or do a buyback; and

- (e) Undertaking any new business, operations or projects or substantial expansion of any current business, operations or projects.
- **Events of Default:** Our borrowing arrangements prescribe the following events of default, including among others:
  - (a) Failure and inability to pay amounts on the due date;
  - (b) Utilisation of the loan for any other purpose other than the purpose for which the loan is sanctioned;
  - (c) Making any representation or warranty that is incorrect or misleading;
  - (d) Cross default under other financing arrangements entered into with the lenders;
  - (e) Bankruptcy, insolvency or any such event; and
  - (f) Exit of our Individual Promoters, from the Board of our Company.
- **Consequences of occurrence of events of default:** Our borrowing arrangements prescribe the following consequences of occurrence of events of default, including among others:
  - (a) Withdrawal or termination of the sanctioned facilities;
  - (b) Seek immediate repayments of all or part of the outstanding amounts under the respective facilities;
  - (c) Initiate legal proceedings for recovery of their dues;
  - (d) Change in composition of the Board, management of our Company, managing director or any other person holding substantial power in our Company;
  - (e) Enforce the security over the hypothecated/ mortgaged assets; and
  - (f) Appoint a nominee director on the board of our Company.

This is an indicative list and there may be additional terms that may require the consent of the relevant lender and/or trustee and/or debenture holder the breach of which may amount to an event of default under various borrowing arrangements entered into by us, and the same may lead to consequences other than those stated above. We have obtained the necessary consents required under the relevant loan documentation for undertaking activities in relation to the Offer, including, inter alia, effecting a change in our shareholding pattern, effecting a change in the composition of our Board and amending our constitutional documents. For risks in relation to the financial and other covenants required to be complied with in relation to our borrowings, see “**Risk Factors –If we are unable to comply with repayment and other covenants in our financing agreements, our business, financial condition and cash flows could be adversely affected.**” on page 63.

**SECTION VI – LEGAL AND OTHER INFORMATION**  
**OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS**

*Except as disclosed in this section, there are no outstanding (i) criminal proceedings (including FIRs); (ii) actions taken by regulatory or statutory authorities; (iii) claims related to direct and indirect taxes (disclosed in a consolidated manner giving the total number of claims and the total amount involved); and (iv) any other outstanding litigation as determined to be material as per the Materiality Policy in accordance with the SEBI ICDR Regulations in each case involving our Company, Promoters (excluding our Corporate Promoter, HMCL) and Directors (“**Relevant Parties**”).*

*As on the date of this Draft Red Herring Prospectus, our Company does not have any Subsidiary. Further, except as stated in this section, there are no disciplinary actions including penalty imposed by the SEBI or stock exchanges against our Promoters in the last five Financial Years including any outstanding action and pending litigation involving our Group Company which may have a material impact on our Company.*

*Pursuant to the Materiality Policy adopted by our Board of Directors on August 27, 2024 for the purposes of (iv) above, any pending litigation involving the Relevant Parties, has been considered ‘material’ and accordingly disclosed in this Draft Red Herring Prospectus where:*

- (i) the claim/ dispute amount, to the extent quantifiable, exceeds 1% of net worth as on March 31, 2024 as per the Restated Financial Information, in this case being ₹ 55 million; or*
- (ii) where monetary liability is not quantifiable or does not exceed the threshold mentioned in point (i) above, the outcome of any such pending proceedings may have a material bearing on the business, operations, performance, prospects, financial position or reputation of the Company.*

*For HMCL (our Corporate Promoter), in accordance with Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI LODR Regulations**”), an event may be considered ‘material’ if the value or expected impact in terms of value, exceeds the lower of the following:*

- (a) 2% of turnover as per last audited consolidated financial statements of HMCL, in this case being ₹7,558 million*
- (b) 2% of net worth as per last audited consolidated financial statements of HMCL, except in case arithmetic value of net worth is negative, in this case being ₹3,540 million; or*
- (c) 5% of average of absolute value of profit/ loss after tax as per last three audited consolidated financial statements of HMCL, in this case being ₹ 1,479 million.*

*Accordingly, for the purposes of (iv) above, the above materiality threshold has been considered for HMCL.*

*Further, the following shall also be considered material litigation in relation to the Corporate Promoter, litigations where the decision in one litigation is likely to affect the decision in similar litigations and the cumulative amount involved in all such litigations exceeds ₹ 1,479 million, even though the amount involved in an individual litigation may not exceed ₹ 1,479 million.*

*Pre-litigation notices received by any of the Relevant Parties from third parties (excluding such notices issued by any statutory/ regulatory/ governmental/ taxation authorities) shall, unless otherwise decided by the Board, not be considered as litigation until such time that the Relevant Parties are impleaded as defendants or respondents in litigation proceedings before any judicial forum.*

*Except as stated in this section, there are no outstanding material dues to creditors of our Company. Further in terms of the Materiality Policy, a creditor shall be considered “material”, if the outstanding dues to such creditor is equal to or exceeds 5% of total outstanding dues (trade payables) of our Company, in this case being ₹ 201 million, based on the Restated Financial Information. Further, for outstanding dues to any party which is a micro, small or medium enterprise (“**MSME**”), the disclosure will be based on information available with the Company regarding the status of the creditor as defined under Micro, Small and Medium Enterprises Development Act, 2006, as amended read with the rules and notifications thereunder.*

## I. Litigation involving our Company

### A. Litigation filed against our Company

#### Criminal proceedings

Nil

#### Outstanding actions by regulatory and statutory authorities

Nil

#### Material civil proceedings

Nil

#### Other Matters

In the ordinary course of business, our Company, has been made party to certain proceedings before various consumer dispute redressal commissions by its customers alleging *inter alia* (i) delivery of defective vehicle, underperformance, missing parts of the scooter, manufacturing defect and failure of battery, erroneous display of range meter, (ii) delay in delivery of the scooter post advance payment and deficiency in product and service, and (iii) improper servicing of vehicles and deficiency in service. As on date of this Draft Red Herring Prospectus, there are 17 consumer related matters against us involving an aggregate amount of ₹6 million, to the extent quantifiable. These matters are presently pending at various stages of adjudication.

### B. Litigation filed by our Company

#### Criminal proceedings

Nil

#### Material civil proceedings

Nil

### C. Tax proceedings involving our Company

Details of outstanding tax claims involving our Company as of the date of this Draft Red Herring Prospectus are disclosed below:

Nature of case	Number of cases	Amount involved (in ₹ million)*
Direct Tax	5	156.34
Indirect Tax	21	640.10
<b>Total</b>	<b>26</b>	<b>796.44</b>

\*To the extent quantifiable and amount excludes interest and penalty, if any.

Set out below are the details in relation to the tax claims involving our Company (included in the table above as well) which exceed the 1% of net worth as on March 31, 2024 as per the Restated Financial Information, or ₹ 55 million:

#### Direct Tax

Our Company filed the return of income (“ROI”) for Assessment Year (“AY”) 2020-21 under section 139(1) of the of the Income Tax Act, 1961 (“Act”). The ROI was picked up for assessment under section 143(2) of the Act. On September 29, 2022, our Company received the assessment order wherein the officer had referred to “income” computed under section 143(1)(a) of the Act and assessed the loss at the lesser amount. The copy of this assessment order was not available on the portal. The centralised processing centre had in the interim sent an email dated October 8, 2021, stating adjustment under section 143(1)(a) of the Act by proposing disallowance in relation to payment of gratuity, delayed payment of employees contribution to provident fund and allowance of

doubtful investment under the Act. This copy of the email was not hosted on the portal of the income tax department. Subsequently, our Company filed an appeal dated October 28, 2022 (“**Appeal**”) stating that the officer had allegedly erred the facts and circumstances and did not provide the copy of the draft assessment order on the details of proposed disallowances. The disallowance of ₹156.34 million made by the centralised processing centre was already voluntarily disallowed by our Company in the return of income filed under section 139(1) of the Act. The matter is currently pending.

### ***Indirect Tax***

Our Company received a pre -show cause intimation notice dated March 21, 2024 and subsequently a show cause notice dated April 16, 2024 (“**SCN**”) from the Office of the Assistant Commissioner, Chennai under section 73 of the Central and Goods Services Tax act read with rules and regulations, made thereunder. The Assistant Commissioner of commercial taxes department had taken up the scrutiny in accordance with the above section and observed discrepancies in the input tax credit availed for the Fiscal year 2022-2023 and raised a demand of ₹598 million against the Company. Our Company filed a reply dated May 14, 2024 to the notice dated April 16, 2024, explained the total input tax credit availed, deductions claimed on account of reversals under the Goods and Services Tax Act and the final net input tax availed which is reconciled with annual return and hence there is no discrepancy. Therefore, our Company requested the SCN to be dismissed and demand for payment of input tax credit as raised in the SCN be withdrawn. The matter is currently pending for further adjudication.

## **II. Litigation involving our Directors**

### **A. Litigation filed against our Directors**

#### **Criminal proceedings**

A complaint was filed against Neelam Dhawan (“**Director**”) a director of ICICI Bank Limited (“**Bank**”) by Rajesh Kumar Jain and Sangeeta Jain (“**Complainant**”), alleging that they had purchased certain shares of the Bank during the years 1992 to 1995. The share certificates in relation to the purchased shares got misplaced by the Complainant hence they approached the Bank requesting for issuance of duplicate share certificates. The Bank had further informed that such shares were already sold and denied the new share certificates. The Complainant filed an FIR under section 156(3) of Criminal Procedure Code, 1973 against the Bank and the Director. The matter is currently pending.

#### **Outstanding actions by regulatory and statutory authorities**

Nil

#### **Material civil proceedings**

Nil

### **B. Litigation filed by our Directors**

#### **Criminal proceedings**

Nil

#### **Material civil proceedings**

Nil

### **C. Tax proceedings involving our Directors**

<b>Nature of case</b>	<b>Number of cases</b>	<b>Amount involved (in ₹ million)</b>
Direct Tax	14	Nil
Indirect Tax	Nil	Nil
<b>Total</b>	<b>14</b>	<b>Nil</b>

Certain Income Tax related matters are being pursued against Tejas Networks Limited (“**Tejas**”), where Sanjay Nayak, an Independent Director of our Company, was the Managing Director and CEO until June 2023. The cases are against *inter alia* Tejas and Sanjay Nayak. In July 2017, the Income Tax Department initiated proceedings under the Income Tax Act, 1961 for assessment years 2012-13 to 2018-19, in respect of which Tejas received orders on disallowance of certain expenses and had subsequently filed appeals against such orders. In 2018, the Income Tax Department served Tejas and Sanjay Nayak with show cause notices and subsequently summons under the Income Tax Act, to which Tejas has responded to the notice. After receiving the reply from Tejas, the Income Tax Department had issued sanction orders for proceedings in the Special Court of Economic Offences. Thereafter, Tejas initiated a writ petition before the High Court of Karnataka against the sanction orders and the proceedings at the Special Court of Economic Offences was stayed accordingly. Currently the stay order remains in force.

### III. Litigation involving our Promoters

#### *Litigation filed against our Promoters*

#### **Hero MotoCorp Limited (“HMCL”)**

#### **Material civil proceedings**

Nil

#### **Criminal proceedings**

- (i) Roopdarshan Pandey (“**Applicant**”) has filed a petition dated December 14, 2020 with the District and Sessions Court, Gurgaon (“**Court**”) against HMCL and its directors (collectively, “**Respondents**”) under Section 340 of the Criminal Procedure Code, 1973. The Applicant has alleged that the Respondents have submitted documents with fabricated dates while representing themselves before the Court. Consequently, the Respondents have filed a petition with the High Court of Punjab and Haryana Court dated January 24, 2021, for quashing of this proceeding, on the grounds that the allegations are false and bad in law. The High Court of Punjab and Haryana, *vide* its order dated January 29, 2021, has granted a stay on the proceedings in the Court in favour of the Respondents. The matter is currently pending.
- (ii) Roopdarshan Pandey (“**Petitioner**”) has filed a contempt petition dated November 21, 2019 (“**Contempt Petition**”) with the District and Sessions Court, Gurugram (“**Court**”) against HMCL, its employees and some of its directors (collectively, “**Respondents**”) under Section 2 (c) of the Contempt of the Courts Act, 1971. The Petitioner has alleged that the Hero MotoCorp Limited had directed its employee to impersonate as an advocate and make misleading submissions before another proceeding in the District and Sessions Court, Gurugram (“**Trial Court**”) pertaining to the execution of an award. Consequently, the Respondents have filed a civil revision petition with the High Court of Punjab and Haryana dated December 3, 2019, for quashing of the notice issued in Contempt Petition, on the grounds that the Court does not have jurisdiction over the subject matter of the Contempt Petition. The matters are currently pending.
- (iii) Roopdarshan Pandey (“**Applicant**”) has filed an application dated November 16, 2019 (“**Application**”) with the District and Sessions Court, Gurugram (“**Trial Court**”) against HMCL, through its director Dr. Pawan Munjal (“**Respondent**”) under, *inter alia*, Sections 34, 120-B 177, 416 and 419, of the IPC. The Applicant has alleged that Hero MotoCorp Limited had directed its employee to impersonate as an advocate and make misleading submissions before another proceeding in the District and Sessions Court, Gurgaon pertaining to the execution of an award. Consequently, HMCL has filed a petition dated January 22, 2020, with the High Court of Punjab and Haryana (“**Court**”) for quashing of the Application, on the grounds that the allegations are false. The Court, *vide* its order dated January 28, 2020, has granted a stay on the proceedings in the Trial Court in favour of the Respondent. The matters are currently pending.
- (iv) Roopdarshan Pandey (“**Petitioner**”) has filed a criminal petition dated January 5, 2018 (“**Petition**”) with the Chief Judicial Magistrate, Gurugram against HMCL (“**Respondent**”) under Section 340 of the CrPC. The Petitioner has alleged that the Respondent have tampered with judicial records under, *inter alia*, Sections 191, 192, 193, 196, 200, 469, 470 and 471 of the IPC by removing judicial papers from records during the proceedings against the Respondent. The matter is currently pending.
- (v) Brains Logistics Private Limited, through its authorized representative Roopdarshan Pandey



(“**Complainant**”) had filed a first information report (“**FIR**”) dated January 4, 2013, with the Shakarpur Police Station, Delhi (“**Police Station**”) against HMCL and its director, senior officials and others (collectively, “**Accused**”), under *inter alia* Sections 120B, 406, 420, 467 and 471 of the IPC. The Complainant had alleged that the Accused has falsified documents, amounting to criminal misappropriation. The investigation regarding the FIR was conducted, and the closure report dated March 27, 2018 was filed by police concluding that no offence had been committed by the Accused. Consequently, the Complainant filed a protest petition dated May 16, 2018 with the Chief Metropolitan Magistrate, Karkardooma Court, New Delhi (“**Court**”) against the closure report seeking further investigation. The Court allowed the petition and the police, on further investigation, concluded that no offence has been committed by the Accused. A second closure report has been filed and the matter is pending before the Court for final disposal.

- (vi) Roopdarshan Pandey (“**Complainant**”) has filed an application (“**Application**”) with the District Court, Noida (“**Court**”) against HMCL (“**Accused**”) under Section 156 (3) of the CrPC, alleging that the Accused had forged bank statements of Brains Logistics Private Limited. The Court, *vide* its order dated March 23, 2022 (“**Order**”) had dismissed the Application on the grounds that no offence has been committed by the Accused. Consequently, the Complainant has filed a revision petition dated May 4, 2022 with the Court, challenging the Order. The matter is currently pending.
- (vii) Manjushree Pandey (“**Petitioner**”) has filed a contempt petition dated May 1, 2024 (“**Contempt Petition**”) with the District and Sessions Court, Gurugram (“**Trial Court**”) against HMCL, its official and directors (collectively, “**Respondents**”) under Section 2(c) of the Contempt of Courts Act, 1971. The Petitioner has alleged that the Respondents had acquired certified copies of certain documents, bearing the stamps and seals of HMCL and the Gurugram plant of HMCL from the Trial Court. Further, the Respondents manipulated these documents by removing the stamps and seals and certified them as ‘true copies’ to be submitted before a proceeding in the High Court of Delhi and Supreme Court of India for quashing of first information report no. 303/2023 involving HMCL. Consequently, the Respondents have filed a petition dated May 30, 2024 in the High Court of Punjab and Haryana (“**Court**”) against the Contempt Petition stating that the allegations are false. The Court, *vide* order dated July 3, 2024 has granted a stay on the proceedings in the Trial Court. The matters are currently pending.
- (viii) Roopdarshan Pandey (“**Complainant**”) has filed an application dated December 11, 2021 with the Chief Judicial Magistrate, Patiala House Court, New Delhi (“**Trial Court**”) under Section 156 (3) of the CrPC for registration of a first information report against HMCL and its directors (collectively, the “**Accused**”). The Trial Court allowed the application and consequently, a first information report dated October 5, 2023 (“**FIR**”) was filed with the Vasant Kunj Police Station, Delhi against the Accused under Sections 463, 467, 468, 471, 34, 477A, 120B and 406 of the IPC. The Complainant has alleged that the Accused have committed the offence of forgery in relation to falsification of books of accounts which contained the stamp and seal of HMCL. Pursuant to the FIR, the Accused has filed a petition dated October 11, 2023 with the High Court of Delhi (“**Court**”) for quashing of the FIR on the ground that the allegations are false and misleading. The Court, *vide* an order dated October 12, 2023 has granted stay on the proceedings in the Trial Court and the FIR. The matters are currently pending.
- (ix) Brains Logistics Private Limited (“**Complainant**”) has filed an application dated February 20, 2024 with the Chief Metropolitan Magistrate, Karkardooma Court, New Delhi (“**Trial Court**”) under Section 156 (3) of the CrPC for registration of a first information report against HMCL, its officials and its directors (collectively, “**Accused**”). The Complainant has alleged that the Accused has falsified the challans pertaining to provident fund in the course of their business. The Trial Court, *vide* its order dated July 19, 2024 (“**Order**”) allowed the application and consequently, directed the police to register the first information report. Consequently, the Accused have filed a petition dated July 22, 2023, with the High Court of Delhi (“**Court**”) for quashing of the Order stating that the allegations are false and misleading. The Court, *vide* order dated July 22, 2024, has granted stay on the proceedings in the Trial Court. The matters are currently pending.

#### **Outstanding actions by regulatory and statutory authorities**

The Directorate of Enforcement (“**ED**”), New Delhi has initiated proceedings against HMCL and others under Section 17(4) of the Prevention of Money Laundering Act, 2002 (“**PMLA**”) for the alleged illegal export of foreign currency amounting to ₹ 540.00 million (“**Alleged Offence**”) by certain persons. HMCL filed an appeal dated February 12, 2024, with the Appellate Authority under PMLA against the order of the Adjudicating

Authority (“AO”), stating that the AO had erroneously ordered the retention of the records that had been unjustifiably seized by the ED. The matter is currently pending.

#### **Disciplinary actions including penalties imposed by SEBI or stock exchanges in the last five financial years including outstanding actions**

Nil

#### **Tax Proceedings against HMCL**

- (i) For assessment year 2007-2008 (“AY 07-08”), the Income Tax Department (“Department”) made certain disallowances resulting in tax demand (excluding interest) of ₹ 11,340.00 million. The disallowances were made on account of, *inter alia*, non-deduction of TDS, treating royalty payment as capital expenditure instead of revenue and treating income from sale of securities as income from business instead of capital gains. HMCL had filed an appeal before Income Tax Appellate Tribunal, Delhi (“ITAT”) against the assessment order wherein the issue were decided in favour of HMCL, *vide* order dated June 11, 2013, disposing-off income tax demands (excluding interest) of ₹ 11,100 million for the AY 07-08. The Department has filed an appeal before High Court of Delhi against the ITAT order. The matter is currently pending.
- (ii) For assessment year 2010-2011 (“AY 10-11”), the Income Tax Department (“Department”) made certain disallowances resulting in tax demand (excluding interest) of ₹ 19,400.00 million. The disallowances were made on account of, *inter alia*, non-deduction of TDS, disallowance of deduction under Section 80IC of the Income Tax Act, 1961 treating royalty payment as capital expenditure instead of revenue and treating income from sale of securities as income from business instead of capital gains. HMCL had filed an appeal before the Income Tax Appellate Tribunal, Delhi (“ITAT”) against the assessment order. The ITAT, *vide* order dated October 24, 2016, ruled in favour of HMCL, disposing-off income tax demand for the AY 10-11. The Department has filed an appeal before High Court of Delhi against the ITAT order. The matter is currently pending.
- (iii) For assessment year 2011-12 (“AY 11-12”), the Income Tax Department (“Department”) made certain disallowances resulting in tax demand (excluding interest) of ₹ 19,750.00 million. The disallowances were made on account of, *inter alia*, non-deduction of TDS, disallowance of deduction under Section 80IC of the Income Tax Act, 1961, treating royalty payment as capital expenditure instead of revenue and treating income from sale of securities as income from business instead of capital gains. HMCL had filed an appeal before Income Tax Appellate Tribunal, Delhi (“ITAT”) against the assessment order. The ITAT, *vide* order dated October 24, 2016, ruled in favour of HMCL, disposing-off income tax demand for the AY 11-12. The Department has filed an appeal before High Court of Delhi against the ITAT order. The matter is currently pending.
- (iv) For assessment year 2012-13 (“AY 12-13”), the Income Tax Department (“Department”) made certain disallowances resulting in tax demand (excluding interest) of ₹ 20,890.00 million. The disallowances were made on account of, *inter alia*, non-deduction of TDS, disallowance of deduction under Section 80IC of the Income Tax Act, 1961, treating royalty payment as capital expenditure instead of revenue and treating income from sale of securities as income from business instead of capital gains. HMCL had filed an appeal before Income Tax Appellate Tribunal, Delhi (“ITAT”) against the assessment order. The ITAT, *vide* order dated June 13, 2018 ruled in favour of HMCL, disposing-off income tax demand for the AY 12-13. The Department has filed an appeal before High Court of Delhi against the ITAT order. The matter is currently pending.
- (v) For assessment year 2013-14 (“AY 13-14”), the Income Tax Department (“Department”) made certain disallowances resulting in tax demand (excluding interest) of ₹ 5,600.00 million. The disallowances were made on account of, *inter alia*, non-deduction of TDS, disallowance of deduction under Section 80IC of the Income Tax Act, 1961, treating royalty payment as capital expenditure instead of revenue and treating income from sale of securities as income from business instead of capital gains. HMCL had filed an appeal before Income Tax Appellate Tribunal, Delhi (“ITAT”) against the assessment order. The ITAT, *vide* order dated June 20, 2018 ruled in favor of HMCL, disposing-off income tax demand for the AY 13-14. The Department has filed an appeal before High Court of Delhi against the ITAT order. The matter is currently pending.

- (vi) The Income Tax Department (“**Department**”) had raised a tax demand of ₹ 23,370.00 million against Hero Investment Private Limited (“**HIPL**”) for the assessment year 2011-12 (“**AY 2011-12**”) in respect of valuation of stake bought by it from Honda Motors, Japan. HMCL being the successor of HIPL (pursuant to the amalgamation of HIPL with HMCL w.e.f. January 1, 2013), preferred an appeal against the said demand before Income Tax Appellate Tribunal, Delhi which has been held in favour of HMCL. The matter is currently appealable by the Income Tax Department, the eventual outcome of tax liability, if any, would be dealt with in accordance with the scheme of amalgamation.

Nature of case	Number of cases	Amount involved (in ₹ million)
Direct Tax	40	99,482.65
Indirect Tax	44	3,999.50
<b>Total</b>	<b>84</b>	<b>103,482.15*</b>

\* This amount includes interest and penalty wherever applicable.

### Others Matters

In the ordinary course of business, HMCL has been made party to certain proceedings before various consumer dispute redressal commissions by its customers alleging *inter alia* (i) defects in documents relating to the vehicles; (ii) delivery of vehicles that are defective; (iii) improper servicing; and (iv) deficiency of services. As on the date of this certificate, there are 631 such matters against HMCL involving an aggregate amount of ₹ 31.55 million, to the extent quantifiable. These matters are presently pending at various stages of adjudication at various levels of forums.

### Litigation filed by our Promoters

#### Hero MotoCorp Limited (“HMCL”)

#### Criminal proceedings

- (i) Hero MotoCorp Limited (“**Complainant**”) has filed a first information report dated December 17, 2013 (“**FIR**”) with the Sadar Police Station, Gurugram (“**Police Station**”) against Brains Logistics Private Limited and its directors, namely Roopdarshan Pandey and Manjushree Pandey (collectively, “**Accused**”). The Complainant has alleged that the Accused have forged challans pertaining to provident fund, causing wrongful loss to the Complainant. Consequently, the police had filed a chargesheet against the Accused under Sections 418, 420, 467, 468, 471 and 120-B of the IPC and the District and Sessions Court, Gurugram, (“**Court**”) *vide* order dated March 27, 2021 (“**Order**”) has framed charges against the Accused. Pursuant to the Order, Manjushree Pandey has filed a petition dated February 18, 2017 before the Punjab and Haryana High Court for quashing of the FIR. Further, Roopdarshan Pandey had filed two successive petitions for the quashing of the FIR with the High Court of Punjab and Haryana, which were dismissed *vide* its order dated December 3, 2021 and February 7, 2022 respectively. Consequently, Roopdarshan Pandey has filed a criminal revision petition dated September 12, 2022 with the District and Sessions Court against the Order. Further, Roopdarshan Pandey has filed a criminal petition dated January 5, 2018 (“**Petition**”) with the Chief Judicial Magistrate, Gurugram against the Complainant under Section 340 of the CrPC. Roopdarshan Pandey has alleged that the Complainant has tampered with judicial records under, *inter alia*, Sections 191, 192, 193, 196, 200, 469, 470 and 471 of the IPC by removing judicial papers from records during the proceedings concerning the FIR. The matters are currently pending.

#### Material civil proceedings

Nil

#### IV. Pending litigation involving our Group Company which may have a material impact on our Company

Nil

#### V. Outstanding dues to creditors

In accordance with the Materiality Policy, details of outstanding dues (trade payables) owed to MSME (as defined under section 2 of the Micro, Small and Medium Enterprises Development Act, 2006), material creditors and other creditors, as at March 31, 2024, are set out below:

Type of creditors	Number of creditors	Amount involved (in ₹ million)
Material creditors	2	1,110
Micro, Small and Medium Enterprises*	132	185
Other creditors	545	2,732 <sup>#</sup>
<b>Total</b>	679	4,027 <sup>#</sup>

*As certified by Manian & Rao, pursuant to their certificate dated September 9, 2024*

*\* As defined under the Micro, Small and Medium Enterprises Development Act, 2006*

*<sup>#</sup> Including provision to the extent of ₹ 961 million*

The details pertaining to outstanding dues to the material creditors along with names and amounts involved for each such material creditor are available on the website of our Company at <http://media.athereenergy.com/Material-Creditors-List.pdf>.

### **Material Developments**

Other than as stated in the section entitled “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on page 396, there have not arisen, since the date of the last financial information disclosed in this Draft Red Herring Prospectus, any circumstances which materially and adversely affect, or are likely to affect, our operations, our profitability taken as a whole or the value of our assets or our ability to pay our liabilities within the next 12 months from the date of the filing of the DRHP.

## OUR GROUP COMPANY

In accordance with the SEBI ICDR Regulations, for the purpose of identification of group companies, our Company has considered:

- (i) companies (other than our Promoters and subsidiaries) with which there were related party transactions, in accordance with Ind AS, during the period for which the Restated Financial Information has been disclosed in this Draft Red Herring Prospectus; and
- (ii) any other company as considered material by the Board (“**Materiality Policy**”).

In relation to point (ii) above (in addition to the companies identified as “group companies” under point (i) above), our Board, through its resolution dated August 27, 2024, has also considered such companies as material for classification as “group companies”, which are:

- (a) a promoter group entity (in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations) shall be considered “material” and will be disclosed as a ‘Group Company’ in the DRHP, if there were one or more transactions during the most recent completed financial year (and the relevant stub period, as applicable) in the restated financial statements of the Company included in the DRHP, which individually or cumulatively in value, exceeds 10% of the total income of the Company as per the restated financial statements of the Company for the most recent completed financial period included in the DRHP; and/ or
- (b) companies (other than promoters of the Company) with which there were related party transactions for the period beginning from April 1, 2024 (i.e., after the date of the latest restated statement of assets and liabilities disclosed in the Offer Documents) until the date of filing of the DRHP. Based on the parameters outlined above, as on the date of this Draft Red Herring Prospectus, our Board has identified Hero FinCorp Limited as a Group Company of our Company.

### **D. Details of our Group Company**

#### *Registered Office*

The registered office of Hero FinCorp Limited is situated at 34, Community Centre, Basant Lok, Vasant Vihar, New Delhi 110 057, Delhi, India.

#### *Financial Information*

Details of financial information with respect to: (i) reserves (excluding revaluation reserve); (ii) sales; (iii) profit after tax; (iv) earnings per share; (v) diluted earnings per share; and (vi) net asset value in relation to the Group Company, based on its audited standalone financial statements, for the preceding three financial years as prescribed under the SEBI ICDR Regulations will be available on the website of the Group Company at <https://www.herofincorp.com/investor-relations/disclosures-under-regulation-62-of-the-sebi-lodr/financial-performance>.

Such information provided on the website given above does not constitute a part of this Draft Red Herring Prospectus. Such information should not be considered as part of information that any investor should consider to purchase any securities of our Company and should not be relied upon or used as a basis for any investment decision.

### **Nature and extent of interest of our Group Company**

#### *In the promotion of our Company*

Our Group Company does not have any interest in the promotion of our Company.

#### *In the properties acquired by our Company in the three years preceding the date of filing of this Draft Red Herring Prospectus or proposed to be acquired by our Company*

Our Group Company is not interested in the properties (i) acquired by our Company in the three years preceding the date of filing of this Draft Red Herring Prospectus or (ii) proposed to be acquired by our Company as on the date of this Draft Red Herring Prospectus.

*In the transactions for acquisition of land, construction of building and supply of machinery, etc.*

Except as disclosed below, our Group Company is not interested in the transactions for acquisition of land, construction of building and supply of machinery, etc. entered into by our Company:

- (a) Our Company has availed a term loan from our Group Company, Hero FinCorp Limited, and accordingly, Hero FinCorp Limited receives payment from us towards interest on such term loan. Our Company also makes payment to Hero FinCorp Limited basis the commercial arrangement in relation to subvention schemes provided by our Company through Hero FinCorp Limited during festivals. For further details, please refer to **“Restated Financial Information - Note 36 - Related Party Disclosures”** on page 374.
- (b) Hero FinCorp Limited is also empanelled on the list of lenders for retail funding and inventory funding to our customers and our dealers, respectively. Our Company receives commission on the retail funding done through Hero FinCorp Limited for our company owned company operated store at Bengaluru.

#### **Related business transactions with our Group Company and significance on the financial performance of our Company**

There are no related business transactions amongst our Company and our Group Company, except as otherwise disclosed in **“Summary of Draft Offer Document – Summary of Related Party Transactions”** and **“Other Financial Information – Related Party Transactions”**, beginning on pages 26 and 392 respectively.

#### **Common pursuits**

There are no common pursuits between our Company and our Group Company.

#### **Business interests**

Our Group Company does not have any business interest in our Company except as otherwise disclosed below and in the **“Summary of Draft Offer Document – Summary of Related Party Transactions”** and **“Other Financial Information – Related Party Transactions”**, beginning on pages 26 and 392, respectively.

#### **Litigation**

Our Group Company is not a party to any pending litigation which has a material impact on our Company.

#### **Certain other confirmations**

As on the date of this Draft Red Herring Prospectus, except as mentioned below, our Group Company does not have any listed debt securities on any stock exchange:

S.No	ISIN	Issuance Date	Stock Exchange	Maturity Date	Coupon Rate	Face Value	Amount
1.	INE957N08011	September 15, 2015	NSE	September 15, 2025	9.35%	1,000,000	1,000,000,000.00
2.	INE957N08029	August 3, 2016	NSE	August 6, 2026	8.98%	1,000,000	1,000,000,000.00
3.	INE957N08037	June 20, 2017	NSE	June 18, 2027	8.52%	1,000,000	1,000,000,000.00
4.	INE957N08045	December 6, 2018	NSE	November 24, 2028	9.81%	1,000,000	1,250,000,000.00
5.	INE957N07732	December 27, 2021	NSE	December 27, 2028	9.55%	1,000,000	2,500,000,000.00
6.	INE957N08052	February 5, 2020	NSE	February 5, 2030	8.85%	1,000,000	1,000,000,000.00
7.	INE957N08060	March 4, 2020	NSE	March 4., 2030	8.49%	1,000,000	250,000,000.00
8.	INE957N07500	July 24, 2020	NSE	July 24, 2025	7.55% XIRR	1,000,000	250,000,000.00

S.No	ISIN	Issuance Date	Stock Exchange	Maturity Date	Coupon Rate	Face Value	Amount
9.	INE957N07526	September 10, 2020	NSE	September 10, 2024	7.30%	1,000,000	1,500,000,000.00
10.	INE957N07542	November 3, 2020	NSE	November 3, 2025	6.95%	1,000,000	1,000,000,000.00
11.	INE957N08078	December 11, 2020	NSE	December 11, 2030	7.65%	1,000,000	450,000,000.00
12.	INE957N07567	January 19, 2021	NSE	January 19, 2026	6.90% XIRR	1,000,000	250,000,000.00
13.	INE957N07591	May 7, 2021	NSE	May 7, 2031	7.35%	1,000,000	250,000,000.00
14.	INE957N07617	July 14, 2021	NSE	April 15, 2025	6.57% XIRR	1,000,000	500,000,000.00
15.	INE957N08086	July 18, 2022	NSE	July 16, 2032	8.65%	10,000,000	1,000,000,000.00
16.	INE957N07674	May 4, 2022	NSE	May 4, 2027	7.60%	1,000,000	3,000,000,000.00
17.	INE957N07682	July 29, 2022	NSE	July 9, 2025	7.99%	1,000,000	4,000,000,000.00
18.	INE957N08094	October 21, 2022	NSE	October 21, 2032	8.65%	10,000,000	55,000,000.00
19.	INE957N07716	November 22, 2022	NSE	November 22, 2024	8.44%	1,000,000	2,650,000,000.00
20.	INE957N07708	November 22, 2022	NSE	December 20, 2024	8.44% XIRR	1,000,000	200,000,000.00
21.	INE957N08102	December 1, 2022	NSE	December 1, 2032	8.65%	10,000,000	1,000,000,000.00
22.	INE957N07740	December 30, 2022	NSE	December 30, 2024	8.25%	1,000,000	350,000,000.00
23.	INE957N07757	May 12, 2023	NSE	May 12, 2026	8.25%	100,000	500,000,000.00
24.	INE957N08110	January 5, 2024	NSE	January 5, 2034	9.00%	100,000	550,000,000.00
25.	INE957N07773	February 2, 2024	NSE	February 2, 2029	8.60%	100,000	250,000,000.00
26.	INE957N07781	May 17, 2024	NSE	September 10, 2025	8.94%	100,000	2,250,000,000.00
27.	INE957N08128	May 17, 2024	NSE	December 31, 2099	9.50%	10,000,000	1,500,000,000.00
28.	INE957N08136	June 4, 2024	NSE	December 31, 2099	9.60%	10,000,000	750,000,000.00

## GOVERNMENT AND OTHER APPROVALS

*Our business requires various approvals issued by relevant central and state authorities under various rules and regulations. Set out below is an indicative list of consents, licenses, registrations, permissions, and approvals obtained by our Company, which are considered material and necessary for the purposes of undertaking its businesses and operations and except as mentioned below, we have obtained all material approvals, licenses, registrations and permits. Some of these may expire in the ordinary course of business, the applications for renewal of which are submitted from time to time in accordance with applicable procedures and requirements. Unless otherwise stated, these material approvals are valid as on the date of this Draft Red Herring Prospectus. For further details in connection with the regulatory and legal framework within which we operate, see “Key Regulations and Policies in India” beginning on page 277.*

### I. Incorporation details of our Company

For details of incorporation of our Company, see “*History and Certain Corporate Matters*” on page 286.

### II. Approvals in relation to the Offer

For details of corporate and other approvals obtained by our Company in relation to the Offer, see “*Other Regulatory and Statutory Disclosures - Authority for the Offer*” on page 446.

### III. Material Approvals obtained in relation to our Company

Our Company requires various approvals, licences and registrations issued by central and state authorities under various central or state-level acts, rules and regulations to carry on our business activities and operations in India. Our Company has obtained the following material approvals pertaining to its business and operations:

#### A. Tax related approvals obtained by our Company

- (i) The permanent account number of our Company is AAMCA0812H.
- (ii) The tax deduction account number of our Company is CHEA19994C.
- (iii) The importer-exporter code of our Company issued by the Office of the Additional Director General of Foreign Trade at Bengaluru, Ministry of Commerce and Industry, Government of India on February 5, 2014, is 0413046052.
- (iv) Goods and Services Tax (“GST”) registrations under central and applicable state GST legislations.
- (v) Professional tax registrations under applicable state legislations.

#### B. Labour and Employee related approvals obtained by our Company

- (i) Certificate of registration under the Employees’ Provident Funds and Miscellaneous Provisions Act, 1952.
- (ii) Certificate of registration under the Employees’ State Insurance Act, 1948.
- (iii) Registration under the Contract Labour (Regulation and Abolition) Act, 1970 with the Department of Labour under applicable state legislations.
- (iv) Registration certificates of establishment for Registered Office and Corporate Office issued by Department of Labour, Government of Karnataka under the Karnataka Shops and Commercial Establishments Act, 1961.
- (v) Certificate of registration issued under the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act 1996, by the Department of Labour, Government of Karnataka.

In addition to the approvals above, our Company have obtained certain other approvals in relation to our business including our products, such as:

- (i) Certificate of registration under the Legal Metrology (Packaged Commodities) Rules 2011, issued by the Ministry of Consumer Affairs, Food and Public Distribution, Department of Consumer Affairs.
- (ii) Extensive Producer Responsibility (“EPR”) certificate for producer of electrical and electronics equipment under the E-Waste Management Rules, 2022.



- (iii) Certificate of recognition of the in-house research and development unit issued by the Ministry of Science and Technology, Government of India.
- (iv) Industrial Entrepreneur Memorandum issued under the Industries (Development and Regulation) Act, 1951.
- (v) Certificate for compliance to the Central Motor Vehicle Rules, 1989 issued by the Automotive Research Association of India (Research Institution of the Automotive Industry with the Ministry of Heavy Industries, GoI).
- (vi) Certificate for compliance to the EMPS issued by the Automotive Research Association of India (Research Institution of the Automotive Industry with the Ministry of Heavy Industries, GoI).

**C. Material approvals obtained in relation to the business and operations of our Company**

(i) ***Vehicle Plant at Hosur, Tamil Nadu***

- (a) Registration and license to work in a factory under the Tamil Nadu Factories Rules, 1950, issued by the Directorate of Industrial Safety and Health, Government of Tamil Nadu.
- (b) Consent to operate and establish under the Air (Prevention and Control of Pollution) Act, 1981, as amended, and the rules and orders made thereunder, issued by the Tamil Nadu Pollution Control Board at Chennai.
- (c) Consent to operate and establish under the Water (Prevention and Control of Pollution) Act, 1974, as amended, and the rules and orders made thereunder, issued by the Tamil Nadu Pollution Control Board at Chennai.
- (d) Renewal of authorisation to the occupiers, recyclers, reprocessors, reusers, users and operators of disposal facilities under the Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016, issued by the Tamil Nadu Pollution Control Board at Chennai.
- (e) Authorisation for operating a facility for generation, collection, reception, treatment, storage, transport, and disposal of bio-medical wastes under the Bio-Medical Waste Management Rules, 2016, issued by the Tamil Nadu Pollution Control Board at Chennai.
- (f) Renewal of fire license for selling/ storing/ manufacturing/ pressing/ processing/ transporting of fireworks/ crackers/ petroleum items/ L.P.G. cylinders/explosives/other items of manufacturing of electronic power scooter under the Tamil Nadu Fire Service Act, 1985, and Tamil Nadu Fire & Rescue Service Rules, 1990, issued by the District Officer, Fire and Rescue Service, Krishnagiri, Tamil Nadu Fire & Rescue Service Department.
- (g) Certificate of registration under the Legal Metrology (Packaged Commodities), Rules 2011, issued by the Ministry of Consumer Affairs, Food and Publication, Department of Consumer Affairs.
- (h) License to operate and carry on the business under the Tamil Nadu Panchayat Act, 1994.
- (i) Certificate of registration issued under the Inter-State Migrant Workmen (Regulation of Employment and conditions of Services) Tamil Nadu Rules, 1983.

(ii) ***Battery Plant at Hosur, Tamil Nadu***

- (a) Registration and license to work in a factory under the Tamil Nadu Factories Rules, 1950, issued by the Directorate of Industrial Safety and Health, Government of Tamil Nadu.
- (b) Consent to establish and operate under the Air (Prevention and Control of Pollution) Act, 1981, as amended, and the rules and orders made thereunder, issued by the Tamil Nadu Pollution Control Board at Chennai.
- (c) Consent to establish and operate under the Water (Prevention and Control of Pollution) Act, 1974, as amended, and the rules and orders made thereunder, issued by the Tamil Nadu Pollution Control Board at Chennai.
- (d) Renewal of authorisation to the occupiers, recyclers, reprocessors, reusers, users and operators of disposal facilities under the Hazardous and Other

Wastes (Management and Transboundary Movement) Rules, 2016, issued by the Tamil Nadu Pollution Control Board at Chennai.

- (e) Authorisation for operating a facility for generation, collection, reception, treatment, storage, transport, and disposal of bio-medical wastes under the Bio-Medical Waste Management Rules, 2016, issued by the Tamil Nadu Pollution Control Board at Chennai.
- (f) Renewal of fire license for selling/ storing/ manufacturing/ pressing/ processing/ transporting of fireworks/ crackers/ petroleum items/ L.P.G. cylinders/explosives/other items of manufacturing of electronic power scooter under the Tamil Nadu Fire Service Act, 1985, and Tamil Nadu Fire & Rescue Service Rules, 1990, issued by the District Officer, Fire and Rescue Service, Krishnagiri, Tamil Nadu Fire & Rescue Service Department.
- (g) Certificate of registration under the Legal Metrology (Packaged Commodities), Rules 2011, issued by the Ministry of Consumer Affairs, Food and Publication, Department of Consumer Affairs.
- (h) License to operate and carry on the business under the Tamil Nadu Panchayat Act, 1994.
- (i) Certificate of registration issued under the Inter-State Migrant Workmen (Regulation of Employment and conditions of Services) Tamil Nadu Rules, 1983.

(iii) ***Product Validation Lab at N.S Palya, Bengaluru, Karnataka***

- (a) Combined consent for discharge of effluents and consent to operate under the Water (Prevention and Control of Pollution) Act, 1974 and emission under Air (Prevention and Control of Pollution) Act, 1981, Karnataka Pollution Control Board at Bengaluru.
- (b) Renewal of authorisation to the occupiers, recyclers, reprocessors, reusers, users and operators of disposal facilities under the Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016, issued by the Karnataka State Pollution Control Board at Bengaluru.
- (c) License to operate a factory issued by the department of factories, boilers, industrial safety and health under the Factories Act, 1948.
- (d) Trade license renewal certificate issued by the Health Department, Ministry of Health.

(iv) ***Product Validation Lab at Begur, Karnataka***

- (a) Consent for establishment under the Water (Prevention and Control of Pollution) Act, 1974 and emission under Air (Prevention and Control of Pollution) Act, 1981, Karnataka Pollution Control Board at Bengaluru.
- (b) Consent to operate under the Water (Prevention and Control of Pollution) Act, 1974 and emission under Air (Prevention and Control of Pollution) Act, 1981, Karnataka Pollution Control Board at Bengaluru.
- (c) License to operate a factory issued by the department of factories, boilers, industrial safety and health under the Factories Act, 1948.
- (d) Export Promotion Capital Goods (“EPCG”) license issued by the Ministry of Commerce and Industry by the Government of India.

(v) ***Battery Lab and Research and Development Lab at N.S Palya, Bengaluru, Karnataka***

- (a) Consent for operation under the Water (Prevention and Control of Pollution) Act, 1974 and emission under Air (Prevention and Control of Pollution) Act, 1981, Karnataka Pollution Control Board at Bengaluru.
- (b) License to operate a factory issued by the department of factories, boilers, industrial safety and health under the Factories Act, 1948.
- (c) Registration certificate for producer under the Battery Waste Management Rules, 2022.

#### IV. Material Approvals pending in respect of our Company

**A. Material approvals or renewals applied for but not received**

We have made an application dated August 14, 2024, to the Maharashtra Pollution Control Board in respect of the consent to establish for Factory 3.0.

**B. Material approvals expired and renewal yet to be applied for**

Nil

**C. Material approvals required but not obtained or applied for**

Nil

#### Intellectual Property

**Patents:** Globally, we had 45 registered patents and 210 pending patent applications, as at August 31, 2024.

**Design:** Globally, we had 199 registered designs and 11 pending design applications, as at August 31, 2024.

**Trademarks:** Globally, we had 291 registered trademarks and 93 pending trademark applications, as at August 31, 2024.

For details in relation to our Intellectual Property, see “*Business- Intellectual Property*”.

For risks associated with our intellectual property, see “*Risk Factors – We may not be able to prevent others from unauthorised use of our intellectual property and may in the future become subject to patent, trademark and/or other intellectual property infringement claims*” on page 60.

## OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for the Offer

#### Corporate Approvals

- Our Board has authorised the Offer pursuant to a resolution dated August 27, 2024.
- Our Shareholders have authorised the Fresh Issue, pursuant to a special resolution passed at their extraordinary general meeting held on September 5, 2024.
- Our Board has taken on record the consents of the Selling Shareholders to participate in the Offer for Sale pursuant to its resolution dated September 6, 2024.
- This Draft Red Herring Prospectus was approved pursuant to a resolution passed by our Board on September 6, 2024.
- Our IPO Committee has on September 9, 2024 approved this Draft Red Herring Prospectus for filing with SEBI and the Stock Exchanges.

#### Consents from the Selling Shareholders

Each of the Selling Shareholders has, severally and not jointly, confirmed the transfer of its respective portion of the Offered Shares pursuant to the Offer for Sale, as set out below:

Name of the Selling Shareholder	Date of consent letter	Date of board resolution/corporate authorisation, if applicable	Maximum number of Offered Shares <sup>#</sup>
Tarun Sanjay Mehta	September 5, 2024	-	1,000,000
Swapnil Babanlal Jain	September 5, 2024	-	1,000,000
Caladium Investment Pte Ltd	September 5, 2024	August 26, 2024	10,520,000
National Investment and Infrastructure Fund II	September 6, 2024	-	4,616,519
Internet Fund III Pte. Ltd.	September 4, 2024	August 30, 2024	4,000,000
3State Ventures Pte. Ltd.	September 5, 2024	September 2, 2024	480,000
IITM Incubation Cell	September 4, 2024	-	310,495
IITMS Rural Technology and Business Incubator	September 4, 2024	-	41,910
Amit Bhatia	September 4, 2024	-	18,531
Karandeep Singh	September 4, 2024	-	13,311

<sup>#</sup>All or a certain portion of the Equity Shares offered by the Selling Shareholders include Equity Shares that will be acquired upon conversion of Preference Shares prior to the filing of the Red Herring Prospectus, as applicable.

### In-principle listing approvals

Our Company has received in-principle approvals from BSE and NSE for the listing of our Equity Shares pursuant to letters dated [●] and [●], respectively.

### Prohibition by the Securities and Exchange Board of India (“SEBI”), the Reserve Bank of India (“RBI”) or governmental authorities

Our Company, our Promoters, members of our Promoter Group, our Directors, or persons in control of our Company and each of the Selling Shareholders are not prohibited from accessing the capital market or debarred from buying, selling or dealing in securities under any order or direction passed by SEBI or any securities market regulator in any other jurisdiction or any other authority/court.

### Compliance with the Companies (Significant Beneficial Owners) Rules, 2018, as amended

Each of our Company, our Promoters, members of our Promoter Group and the Selling Shareholders, severally and not jointly, confirms that it is in compliance with the Companies (Significant Beneficial Owners) Rules, 2018,

as amended, to the extent applicable thereto in respect of its respective holding in our Company, as on the date of this Draft Red Herring Prospectus.

#### **Directors associated with the securities market**

None of our Directors are associated with the securities market in any manner. No outstanding action has been initiated by SEBI against any of our Directors in the five years preceding the date of this Draft Red Herring Prospectus.

#### **Eligibility for the Offer**

Our Company is eligible to undertake the Offer in accordance with the eligibility criteria provided in Regulation 6(2) of the SEBI ICDR Regulations and is in compliance with the conditions specified therein in the following manner:

We are required to allot not less than 75% of the Net Offer to QIBs to meet the conditions as detailed under Regulation 6(2) of the SEBI ICDR Regulations. Further, not more than 15% of the Net Offer shall be available for allocation to NIB of which one-third of the Non-Institutional Category shall be available for allocation to Bidders with an application size of more than ₹200,000 and up to ₹1,000,000 and two-thirds of the Non-Institutional Category shall be available for allocation to Bidders with an application size of more than ₹1,000,000 provided that under-subscription in either of these two sub-categories of the Non-Institutional Category may be allocated to Bidders in the other sub-category of Non-Institutional Category in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. Further, not more than 10% of the Net Offer shall be available for allocation to RIBs in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. In the event we fail to do so, the full application monies shall be refunded to the Bidders, in accordance with the SEBI ICDR Regulations.

We do not satisfy the conditions specified in Regulation 6(1) of the SEBI ICDR Regulations, i.e. net tangible assets of at least ₹30 million under Regulation 6(1)(a) of SEBI ICDR Regulations; and (ii) average operating profit of ₹150 million under Regulation 6(1)(b) of SEBI ICDR Regulations. Therefore, we are required to meet the conditions detailed in Regulation 6(2) of the SEBI ICDR Regulations.

Our Company confirms that it is in compliance with the conditions specified in Regulation 7(1) of the SEBI ICDR Regulations, to the extent applicable, and will ensure compliance with the conditions specified in Regulation 7(2) of the SEBI ICDR Regulations, to the extent applicable. Each of the Selling Shareholders, severally and not jointly, confirms that its respective portion of the Offered Shares is in compliance with Regulation 8 and Regulation 8A of the SEBI ICDR Regulations, and it has held its respective portion of the Offered Shares for a period of at least one year prior to the date of filing of the Draft Red Herring Prospectus.

Further, our Company confirms that it is eligible to make the Offer in terms of Regulation 5 and 7(1) of the SEBI ICDR Regulations, to the extent applicable. Our Company is in compliance with the following conditions specified in Regulation 5 and 7(1) of the SEBI ICDR Regulations:

- (a) our Company, the Selling Shareholders, our Promoters, the members of our Promoter Group, and our Directors are not debarred from accessing the capital market by SEBI;
- (b) none of our Promoters or our Directors are promoters or directors of companies which are debarred from accessing the capital markets by SEBI;
- (c) none of our Company, our Promoters, the members of our Promoter Group or our Directors have been categorized as a Wilful Defaulter or a Fraudulent Borrower;
- (d) none of our Individual Promoters and our Directors are Fugitive Economic Offenders;
- (e) as on the date of this Draft Red Herring Prospectus, except for Preference Shares and options granted pursuant to the ESOP Scheme, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments convertible into, or which would entitle any person any option to receive Equity Shares.
- (f) our Company, along with the Registrar to the Company, has entered into tripartite agreements dated June 13, 2024 and June 13, 2024 with NSDL and CDSL, respectively, for dematerialization of the Equity Shares;

- (g) the Equity Shares of our Company held by our Promoters are in dematerialised form; and
- (h) the Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of filing of this Draft Red Herring Prospectus.

#### **DISCLAIMER CLAUSE OF SECURITIES AND EXCHANGE BOARD OF INDIA (“SEBI”)**

**IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THIS DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, BEING AXIS CAPITAL LIMITED, HSBC SECURITIES AND CAPITAL MARKETS (INDIA) PRIVATE LIMITED, JM FINANCIAL LIMITED AND NOMURA FINANCIAL ADVISORY AND SECURITIES (INDIA) PRIVATE LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THIS DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI ICDR REGULATIONS. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED OFFER.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT RED HERRING PROSPECTUS AND EACH OF THE SELLING SHAREHOLDERS WILL BE RESPONSIBLE, SEVERALLY AND NOT JOINTLY, ONLY FOR THE STATEMENTS SPECIFICALLY CONFIRMED OR UNDERTAKEN BY IT IN THIS DRAFT RED HERRING PROSPECTUS TO THE EXTENT OF INFORMATION SPECIFICALLY PERTAINING TO ITSELF FOR ITS RESPECTIVE PORTION OF OFFERED SHARES. THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY AND EACH OF THE SELLING SHAREHOLDERS DISCHARGE ITS RESPECTIVE RESPONSIBILITIES ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS, BEING AXIS CAPITAL LIMITED, HSBC SECURITIES AND CAPITAL MARKETS (INDIA) PRIVATE LIMITED, JM FINANCIAL LIMITED AND NOMURA FINANCIAL ADVISORY AND SECURITIES (INDIA) PRIVATE LIMITED HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 9, 2024 IN THE FORMAT PRESCRIBED UNDER SCHEDULE V (FORM A) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED.**

**THE FILING OF THIS DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER THE COMPANIES ACT, 2013, AS AMENDED OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND/OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE BOOK RUNNING LEAD MANAGERS, ANY IRREGULARITIES OR LAPSES IN THIS DRAFT RED HERRING PROSPECTUS.**

#### **Disclaimer from our Company, our Directors, the Selling Shareholders, and the Book Running Lead Managers (“BRLMs”)**

Our Company, our Directors and the BRLMs accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at our Company’s instance and anyone placing reliance on any other source of information, including our Company’s website at [www.atherenergy.com](http://www.atherenergy.com) or any of the websites of any affiliate of our Company or of any of the Selling Shareholders, would be doing so at his or her own risk.

Each of the Selling Shareholders, its respective directors, affiliates, partners, associates agents, designated partners, trustees, and officers, accept no responsibility for any statements made or undertakings provided other than those specifically confirmed or undertaken by such Selling Shareholder, and only in relation to itself and/or its respective Offered Shares and included in this Draft Red Herring Prospectus and anyone placing reliance on any other source of information, including advertisements, or any other material issued by or at our Company’s

instance, our Company's website at [www.atherenergy.com](http://www.atherenergy.com) or any affiliate of our Company or the respective websites of any of the Selling Shareholders or the BRLMs, would be doing so at his or her own risk.

The BRLMs accept no responsibility, save to the limited extent as provided in the Offer Agreement and the Underwriting Agreement.

All information shall be made available by our Company, each of the Selling Shareholders (with respect to itself and its respective portion of the Offered Shares) and the BRLMs to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports, at Bidding Centres or elsewhere.

Investors who Bid in the Offer will be required to confirm and would be deemed to have represented to our Company, the Selling Shareholders, Underwriters and their respective directors, partners, designated partners, trustees, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares and will not issue, sell, pledge, or transfer the Equity Shares to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, the Selling Shareholders, the Underwriters and their respective directors, partners, designated partners, trustees, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares.

The BRLMs and their respective associates and affiliates may engage in transactions with, and perform services for, our Company, the Selling Shareholders and their respective directors and officers, group companies, affiliates or associates or third parties in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with our Company, the Selling Shareholders and their respective affiliates or associates or third parties, for which they have received, and may in the future receive, compensation.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Draft Red Herring Prospectus will be filed with SEBI for its observations. Accordingly, the Equity Shares represented hereby may not be offered or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus nor any offer or sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company or any of the Selling Shareholders since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

### **Disclaimer in respect of jurisdiction**

The Offer is being made in India to persons resident in India (including Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872, as amended, Hindu Undivided Families (“HUFs”), companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in equity shares, domestic Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to permission from RBI), systemically important Non-Banking Financial Companies (“NBFCs”) or trusts under applicable trust law and who are authorised under their respective constitutions to hold and invest in equity shares, public financial institutions as specified in Section 2(72) of the Companies Act, 2013, multilateral and bilateral development financial institutions, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority of India (“IRDAI”), permitted provident funds (subject to applicable law) and permitted pension funds (subject to applicable law), National Investment Fund, insurance funds set up and managed by army, navy or air force of Union of India, insurance funds set up and managed by the Department of Posts, Government of India (“GoI”) and permitted Non-Residents including Foreign Portfolio Investors (“FPIs”) and Eligible Non-Resident Individuals (“NRIs”), Alternate Investment Funds (“AIFs”), and other eligible foreign investors, if any, provided that they are eligible under all applicable laws and regulations to purchase the Equity Shares. This Draft Red Herring Prospectus does not constitute an invitation to subscribe to or purchase the Equity Shares in the Offer in any jurisdiction, including India. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions.

Any dispute arising out of the Offer will be subject to the jurisdiction of appropriate court(s) in Bengaluru, India only.

Bidders are advised to ensure that any Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.

### **Eligibility and transfer restrictions**

The Equity Shares have not been recommended by any U.S. federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Draft Red Herring Prospectus or approved or disapproved the Equity Shares. Any representation to the contrary is a criminal offence in the United States. In making an investment decision, investors must rely on their own examination of our Company and the terms of the Offer, including the merits and risks involved. The Equity Shares have not been and will not be registered under the U.S. Securities Act or any other applicable law of the United States, and, unless so registered, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold only (a) to persons in the United States that are “qualified institutional buyers” (as defined in Rule 144A) and referred to in this Draft Red Herring Prospectus as “U.S. QIBs” and, for the avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investor defined under applicable Indian regulations and referred to in this Draft Red Herring Prospectus as “QIBs”) in transactions exempt from or not subject to the registration requirements of the U.S. Securities Act in reliance on Rule 144A and (b) outside the United States in “offshore transactions” (as defined in Regulation S) in reliance on Regulation S and the applicable laws of the jurisdiction where those offers and sales occur.

**The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

**Until the expiry of 40 days after the commencement of the Offer, an offer or sale of Equity Shares within the United States by a dealer (whether or not it is participating in the Offer) may violate the registration requirements of the U.S. Securities Act unless made pursuant to Rule 144A or another available exemption from the registration requirements of the U.S. Securities Act and in accordance with applicable state securities laws in the United States.**

### **Disclaimer clause of BSE Limited**

As required, a copy of this Draft Red Herring Prospectus shall be submitted to the BSE. The disclaimer clause as intimated by BSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus and the Prospectus prior to filing with the RoC.

### **Disclaimer clause of National Stock Exchange of India Limited**

As required, a copy of this Draft Red Herring Prospectus shall be submitted to the NSE. The disclaimer clause as intimated by NSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus and the Prospectus prior to filing with the RoC.

### **Listing**

The Equity Shares proposed to be Allotted pursuant to the Red Herring Prospectus and the Prospectus are proposed to be listed on the BSE and the NSE. Applications will be made to the Stock Exchanges for obtaining permission for the listing and trading of the Equity Shares being issued and sold in the Offer and NSE is the Designated Stock Exchange, with which the Basis of Allotment will be finalised.

If the permission to deal in and for an official quotation of the Equity Shares are not granted by the Stock Exchanges, our Company shall forthwith repay, without interest, all monies received from the applicants in pursuance of the Red Herring Prospectus in accordance with applicable law. If such money is not repaid within the prescribed time, then our Company and every officer in default shall be liable to repay the money, with interest, as prescribed under applicable law. Any expense incurred by our Company on behalf of any of the Selling Shareholders with regard to interest on such refunds as required under the Companies Act, 2013 and any other applicable law will be reimbursed by such Selling Shareholder as agreed among our Company and the Selling Shareholders in writing, in proportion to its respective portion of the Offered Shares and as per Applicable Law. Provided that no Selling Shareholder shall be responsible or liable for payment of any expenses or interest, unless such delay is solely and directly attributable to an act or omission of such Selling Shareholder and such liability



shall be limited to the extent of its respective Offered Shares and in such cases our Company shall be responsible to pay such interest.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading of Equity Shares at the Stock Exchanges are taken within three Working Days of the Bid/Offer Closing Date or such other period as may be prescribed by the SEBI.

If our Company does not allot Equity Shares pursuant to the Offer within three Working Days from the Bid/Offer Closing Date or within such timeline as prescribed by the SEBI, it shall repay without interest all monies received from Bidders, failing which interest shall be due to be paid to the Bidders at the rate of 15% per annum for the delayed period or such other rate as may be prescribed by the SEBI.

### **Consents**

Consents in writing of: (a) each of the Selling Shareholders, our Directors, our Promoters, Promoter Group, our Company Secretary and Compliance Officer, our Statutory Auditors, the legal counsel to our Company, the bankers to our Company, industry report provider, independent chartered accountants, the BRLMs and Registrar to the Offer have been obtained; and (b) the Syndicate Members, Escrow Collection Bank, Public Offer Account Bank, Sponsor Bank, Refund Bank and Monitoring Agency to act in their respective capacities, will be obtained. Further, such consents shall not be withdrawn up to the time of delivery of this Draft Red Herring Prospectus with SEBI and the Red Herring Prospectus and the Prospectus with the RoC.

### **Experts to the Offer**

- (i) Our Company has received written consent dated September 9, 2024 from Deloitte Haskins & Sells, Chartered Accountants, to include their name as required under Section 26(5) of the Companies Act, 2013 read with the SEBI ICDR Regulations, in this Draft Red Herring Prospectus, and as an “expert” as defined under Section 2(38) of the Companies Act, 2013 to the extent and in their capacity as our Statutory Auditors, and in respect of their (i) examination report dated August 27, 2024 on the Restated Financial Information; and (ii) their report dated September 5, 2024 on the statement of possible special tax benefits available to the Company and its Shareholders included in this Draft Red Herring Prospectus and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus. However, the term “expert” and “consent” does not represent an “expert” or “consent” within the meaning under the U.S. Securities Act.
- (ii) Our Company has received written consent dated September 9, 2024 from Manian & Rao, Chartered Accountants, to include their name as required under Section 26(5) of the Companies Act, 2013 read with the SEBI ICDR Regulations in this Draft Red Herring Prospectus, and as an “expert” as defined under Section 2(38) of the Companies Act, 2013 in respect of the various certifications issued by them in their capacity as an independent chartered accountant to our Company and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.
- (iii) Our Company has received a written consent dated September 5, 2024 from M/s. RBSA Advisors LLP, to include their name as an “expert” as defined under Sections 2(38) and 26(5) of the Companies Act, 2013 to the extent and in their capacity as the independent chartered engineer and in respect of the certificate issued by them and included in this Draft Red Herring Prospectus and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.
- (iv) Our Company has received a written consent dated September 6, 2024 from LexOrbis Intellectual Property Attorneys & Advocates, as intellectual property consultant to include to include its name as required under Section 26(5) of the Companies Act, 2013 in this Draft Red Herring Prospectus and as an “expert” as defined under Section 2(38) of the Companies Act, 2013.

Such consents have not been withdrawn as on the date of this Draft Red Herring Prospectus. The term “experts” and consent thereof does not represent an expert or consent within the meaning under the U.S. Securities Act.

### **Particulars regarding public or rights issues during the last five years**

Except as disclosed in the section “*Capital Structure*” on page 103, our Company has not undertaken any public issues or rights issues during the five years preceding the date of this Draft Red Herring Prospectus.

**Commission or brokerage on previous issues in the last five years**

Since this is the initial public offering of the Equity Shares, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure public subscription for any of our Equity Shares during the five years preceding the date of this Draft Red Herring Prospectus.

**Capital issues in the preceding three years by our Company, our listed group companies, subsidiaries and associates of our Company**

Except as disclosed in the section “*Capital Structure*” on page 103, our Company has not made any capital issue during the three years preceding the date of this Draft Red Herring Prospectus. As on the date of this Draft Red Herring Prospectus, our Company does not have any subsidiary or associate. Further, our Group Company has listed debt. For further details see, “*Our Group Company*”- *Certain other confirmations*” on page 440.

**Performance vis-à-vis objects – public/rights issue of our Company**

Except as disclosed in the section “*Capital Structure*” on page 103, our Company has not undertaken any public issues or rights issues during the five years preceding the date of this Draft Red Herring Prospectus.

**Performance vis-à-vis objects - public/rights issue of any listed subsidiary/ Promoters of our Company**

Our Corporate Promoter, HMCL, has not undertaken any public/ rights issues in the five years preceding the date of this Draft Red Herring Prospectus. As on the date of this Draft Red Herring Prospectus, we do not have a subsidiary.

*[The remainder of this page has been intentionally left blank]*

## Price information of past issues handled by the Book Running Lead Managers

### Axis Capital Limited

#### 1. Price information of past issues (during current financial year and two financial years preceding the current financial year) handled by Axis Capital Limited

Sr. No.	Issue name	Issue size (₹ millions)	Issue price (₹)	Listing date	Opening price on listing date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1	Bazaar Style Retail Limited <sup>(1)S</sup>	8,346.75	389.00	6-Sep-24	389.00	-	-	-
2	Interarch Building Product Limited <sup>(2)</sup>	6,002.87	900.00	26-Aug-24	1,299.00	-	-	-
3	Ola Electric Mobility Limited <sup>(2)#</sup>	61,455.59	76.00	9-Aug-24	91.20	+44.17%, [+1.99%]	-	-
4	Akums Drugs and Pharmaceuticals Limited <sup>@ (2)</sup>	18,567.37	679.00	6-Aug-24	725.00	+32.10%, [+5.03%]	-	-
5	Emcure Pharmaceuticals Limited <sup>^ (2)</sup>	19,520.27	1,008.00	10-Jul-24	1,325.05	+27.94%, [-0.85%]	-	-
6	Stanley Lifestyles Limited <sup>(1)</sup>	5,370.24	369.00	28-Jun-24	499.00	+55.96%, [+2.91%]	-	-
7	Le Travenues Technology Limited <sup>(1)</sup>	7,401.02	93.00	18-Jun-24	135.00	+86.34%, [+4.42%]	-	-
8	Awfis Space Solutions Limited <sup>*(2)</sup>	5,989.25	383.00	30-May-24	435.00	+34.36%, [+6.77%]	+100.18%, [+11.25%]	-
9	Go Digit General Insurance Limited <sup>(2)</sup>	26,146.46	272.00	23-May-24	286.00	+22.83%, [+2.32%]	+30.79%, [+7.54%]	-
10	TBO Tek Limited <sup>(2)</sup>	15,508.09	920.00	15-May-24	1,426.00	+69.94%, [+5.40%]	+84.90%, [+9.67%]	-

Source: [www.nseindia.com](http://www.nseindia.com) and [www.bseindia.com](http://www.bseindia.com)

Source: [www.nseindia.com](http://www.nseindia.com) and [www.bseindia.com](http://www.bseindia.com)

<sup>(1)</sup>BSE as Designated Stock Exchange

<sup>(2)</sup>NSE as Designated Stock Exchange

<sup>S</sup> Offer Price was ₹ 354.00 per equity share to Eligible Employees

<sup>!</sup> Offer Price was ₹ 815.00 per equity share to Eligible Employees

<sup>#</sup> Offer Price was ₹ 69.00 per equity share to Eligible Employees

<sup>@</sup> Offer Price was ₹ 615.00 per equity share to Eligible Employees

<sup>^</sup> Offer Price was ₹ 918.00 per equity share to Eligible Employees

<sup>\*</sup> Offer Price was ₹ 347.00 per equity share to Eligible Employees

#### Notes:

a. Issue Size derived from Prospectus/final post issue reports, as available.

b. The CNX NIFTY or S&P BSE SENSEX is considered as the Benchmark Index as per the Designated Stock Exchange disclosed by the respective Issuer at the time of the issue, as applicable.

c. Price on NSE or BSE is considered for all of the above calculations as per the Designated Stock Exchange disclosed by the respective Issuer at the time of the issue, as applicable.

d. In case 30th/90th/180th day is not a trading day, closing price of the previous trading day has been considered.

e. Since 30 calendar days, 90 calendar days and 180 calendar days, as applicable, from listing date has not elapsed for few of the above issues, data for same is not available.

#### 2. Summary statement of price information of past issues (during current financial year and two financial years preceding the current financial year) handled by Axis Capital

Limited

Financial Year	Total no. of IPOs	Total funds raised (₹ in Millions)	Nos. of IPOs trading at discount on as on 30th calendar days from listing date			Nos. of IPOs trading at premium on as on 30th calendar days from listing date			Nos. of IPOs trading at discount as on 180th calendar days from listing date			Nos. of IPOs trading at premium as on 180th calendar days from listing date		
			Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2024-2025*	11	217,057.91	-	-	-	4	4	1	-	-	-	-	-	-
2023-2024	18	218,638.22	-	-	4	2	6	6	-	-	2	7	4	4
2022-2023	11	279,285.39	-	1	6	-	2	2	-	2	5	-	3	1

\* The information is as on the date of the document

The information for each of the financial years is based on issues listed during such financial year.

Note: Since 30 calendar days and 180 calendar days, as applicable, from listing date has not elapsed for few of the above issues, data for same is not available.

## HSBC Securities and Capital Markets (India) Private Limited

1. Price information of past issues (during the current Financial Year and two Financial Years preceding the current Financial Year) handled by HSBC Securities and Capital Markets (India) Private Limited

S. No.	Issue name	Issue size (₹ million)	Issue price (₹)	Listing date	Opening price on listing date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180 <sup>th</sup> calendar days from listing
1.	JSW Infrastructure Limited <sup>#</sup>	28,000.00	119.00	October 3, 2023	143.00	+41.34%, [-2.93%]	+75.04%, [+10.27%]	+106.30%, [+12.42%]
2.	R R Kabel Limited <sup>#5</sup>	19,640.10	1,035.00	September 20, 2023	1,179.00	+34.45%, [-1.75%]	+64.44%, [+6.76%]	36.24%, [+8.75%]
3.	Nuvoco Vistas Corporation Limited <sup>#</sup>	50,000.00	570.00	August 23, 2021	471.00	-5.83%, [+6.21%]	-9.74%, [+7.34%]	-32.76%, [+4.10%]

Source: www.nseindia.com for price information and prospectus/basis of allotment for issue details.

<sup>#</sup> BSE as designated stock exchange

\* NSE as designated stock exchange

Notes:

1. Issue size derived from prospectus/final post issue reports, as available.

2. Nifty index and sensex is considered as the benchmark index as per the designated stock exchange (NSE or BSE).

3. Price on designated stock exchange (NSE or BSE) as disclosed by the respective issuer at the time of issue has been considered for all of the above calculations.

4. In case 30th/90th/180th day is not a trading day, closing price on designated stock exchange (NSE or BSE) of the previous trading day has been considered.

5. Discount of ₹ 98 per equity share was offered to eligible employees bidding in the employee reservation portion.

2. Summary statement of price information of past issues (during the current Financial Year and two Financial Years preceding the current Financial Year) handled by HSBC Securities and Capital Markets (India) Private Limited

Financial Year	Total no. of IPOs	Total amount of funds raised (₹ million)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	
2024-25	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2023-24	2	47,640.10	-	-	-	-	-	-	-	-	-	-	-	-
2022-23	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Notes:

1. The information is as on the date of this Draft Red Herring Prospectus.
2. The information for each of the financial years is based on issues listed during such financial year.

### JM Financial Limited

1. Price information of past issues (during the current Financial Year and two Financial Years preceding the current Financial Year) handled by JM Financial Limited

Sr. No.	Issue name	Issue Size ( million)	Issue price (₹)	Listing Date	Opening price (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark] - 30 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark] - 90 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark] - 180 <sup>th</sup> calendar days from listing
1.	Bazaar Style Retail Limited <sup>#12</sup>	8,346.75	389.00	September 06, 2024	389.00	Not Applicable	Not Applicable	Not Applicable
2.	Brainbees Solutions Limited <sup>*11</sup>	41,937.28	465.00	August 13, 2024	651.00	Not Applicable	Not Applicable	Not Applicable
3.	Ceigall India Limited <sup>*10</sup>	12,526.63	401.00	August 08, 2024	419.00	-4.89% [3.05%]	Not Applicable	Not Applicable
4.	Stanley Lifestyles Limited <sup>#</sup>	5370.24	369.00	June 28, 2024	499.00	55.96% [2.91%]	Not Applicable	Not Applicable
5.	Le Travenues Technology Limited <sup>#</sup>	7401.02	93.00	June 18, 2024	135.00	86.34% [4.42%]	Not Applicable	Not Applicable
6.	TBO Tek Limited <sup>*</sup>	15,508.09	920.00	May 15, 2024	1,426.00	69.94% [5.40%]	84.90% [9.67%]	Not Applicable
7.	Gopal Snacks Limited <sup># 9</sup>	6,500.00	401.00	March 14, 2024	350.00	-18.13% [1.57%]	-19.35% [4.60%]	Not Applicable
8.	GPT Healthcare Limited <sup>#</sup>	5,251.40	186.00	February 29, 2024	216.15	-5.13% [1.59%]	-20.67% [3.68%]	0.30% [12.69%]
9.	Juniper Hotels Limited <sup>*</sup>	18,000.00	360.00	February 28, 2024	365.00	43.76% [1.71%]	21.22% [4.47%]	9.83% [13.08%]
10.	Entero Healthcare Solutions Limited <sup># 8</sup>	16,000.00	1,258.00	February 16, 2024	1,245.00	-19.65% [0.30%]	-19.84% [0.77%]	-2.19% [9.02%]

Source: www.nseindia.com and www.bseindia.com

<sup>#</sup> BSE as Designated Stock Exchange

<sup>\*</sup> NSE as Designated Stock Exchange

Notes:

1. Opening price information as disclosed on the website of the Designated Stock Exchange.
2. Change in closing price over the issue/offer price as disclosed on Designated Stock Exchange.

3. For change in closing price over the closing price as on the listing date, the CNX NIFTY or S&P BSE SENSEX is considered as the Benchmark Index as per the Designated Stock Exchange disclosed by the respective Issuer at the time of the issue, as applicable.
4. In case of reporting dates falling on a trading holiday, values for the trading day immediately preceding the trading holiday have been considered.
5. 30<sup>th</sup> calendar day has been taken as listing date plus 29 calendar days; 90<sup>th</sup> calendar day has been taken as listing date plus 89 calendar days; 180<sup>th</sup> calendar day has been taken as listing date plus 179 calendar days.
6. Restricted to last 10 issues.
7. A discount of Rs. 7 per Equity Share was offered to Eligible Employees bidding in the Employee Reservation Portion.
8. A discount of Rs. 119 per Equity Share was offered to Eligible Employees bidding in the Employee Reservation Portion.
9. A discount of Rs. 38 per Equity Share was offered to Eligible Employees bidding in the Employee Reservation Portion.
10. A discount of Rs. 38 per Equity Share was offered to Eligible Employees bidding in the Employee Reservation Portion.
11. A discount of Rs. 44 per Equity Share was offered to Eligible Employees bidding in the Employee Reservation Portion.
12. A discount of Rs. 35 per Equity Share was offered to Eligible Employees bidding in the Employee Reservation Portion.

2. Summary statement of price information of past issues handled by JM Financial Limited:

Financial Year	Total no. of IPOs	Total funds raised (Millions)	Nos. of IPOs trading at discount on as on 30 <sup>th</sup> calendar days from listing date			Nos. of IPOs trading at premium on as on 30 <sup>th</sup> calendar days from listing date			Nos. of IPOs trading at discount as on 180 <sup>th</sup> calendar days from listing date			Nos. of IPOs trading at premium as on 180 <sup>th</sup> calendar days from listing date		
			Over 50%	Between 25% - 50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2024-2025	6	91,090.01	-	-	1	3	-	-	-	-	-	-	-	-
2023-2024	24	2,88,746.72	-	-	7	4	5	8	-	-	4	7	5	7
2022-2023	11	3,16,770.53	-	1	3	-	5	2	-	2	2	2	3	2

**Nomura Financial Advisory and Securities (India) Private Limited**

1. Price information of past issues (during the current Financial Year and two Financial Years preceding the current Financial Year) handled by Nomura Financial Advisory and Securities (India) Private Limited

S. No.	Issue Name	Issue Size (₹ Mn.)	Issue price (₹)	Listing Date	Opening Price on Listing Date	+/- % change in closing price, [+/- % change in closing benchmark]- 30 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180 <sup>th</sup> calendar days from listing
1.	Aadhar Housing Finance Limited	30,000.00	315 <sup>1</sup>	May 15, 2024	315.00	+25.56% [+5.40%]	+33.89% [+9.67%]	Not applicable
2.	Indegene Limited	18,417.59	452 <sup>2</sup>	May 13, 2024	655.00	+24.28% [+5.25%]	+26.86% [+10.24%]	Not applicable
3.	Protean eGov Technologies Limited	4,899.51	792 <sup>3</sup>	November 13, 2023	792.00	+45.21% [+7.11%]	+73.18% [+10.26%]	+45.85% [+11.91%]

S. No.	Issue Name	Issue Size (₹ Mn.)	Issue price (₹)	Listing Date	Opening Price on Listing Date	+/- % change in closing price, [+/- % change in closing benchmark]- 30 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180 <sup>th</sup> calendar days from listing
4.	Avalon Technologies Limited	8,649.99	436	April 18, 2023	436.00	-10.09% [+2.95%]	+59.45% [+10.78%]	+21.32% [+11.84%]
5.	Five-Star Business Finance Limited	15,885.12	474	November 21, 2022	468.80	+29.72% [+1.24%]	+19.20% [-1.19%]	+11.72% [+0.24%]
6.	Life Insurance Corporation of India	205,572.31	949 <sup>4</sup>	May 17, 2022	867.20	-27.24% [-3.27%]	-28.12% [+9.47%]	-33.82% [+13.76%]
7.	MedPlus Health Services Limited	13,982.95	796 <sup>5</sup>	December 23, 2021	1,015.00	+53.22% [+3.00%]	23.06% [+1.18%]	-6.55% [-9.98%]
8.	Shriram Properties Limited	6,000.00	118 <sup>6</sup>	December 20, 2021	90.00	-12.42% [+9.02%]	-33.39% [+4.05%]	-46.69% [-7.95%]
9.	RateGain Travel Technologies Limited	13,357.35	425 <sup>7</sup>	December 17, 2021	360.00	+11.99% [+7.48%]	-31.08% [-0.06%]	-35.24% [-7.38%]
10.	Fino Payments Bank	12,002.93	577	November 12, 2021	548.00	-30.55% [-3.13%]	-34.56% [-3.66%]	-52.33% [-10.42%]

Source: [www.nseindia.com](http://www.nseindia.com), [www.bseindia.com](http://www.bseindia.com)

- Discount of INR 23.00 per Equity Share was offered to eligible employees bidding in the Employee Reservation Portion
- Discount of INR 30.00 per Equity Share was offered to eligible employees bidding in the Employee Reservation Portion
- Discount of INR 75.00 per Equity Share was offered to eligible employees bidding in the Employee Reservation Portion
- Discount of INR 60.00 per Equity Share was offered to eligible policyholders bidding in the Policyholder Reservation Portion, discount of INR 45.00 per Equity Share was offered to eligible employees and retail individual bidders bidding in the Employee Reservation Portion and the Retail Portion respectively
- Discount of INR 78.00 per Equity Share was offered to eligible employees bidding in the Employee Reservation Portion
- Discount of INR 11.00 per Equity Share was offered to eligible employees bidding in the Employee Reservation Portion
- Discount of INR 40.00 per Equity Share was offered to eligible employees bidding in the Employee Reservation Portion

**Notes:**

- For each issue, depending on its Designated Stock Exchange, BSE or NSE; Sensex or Nifty50 is considered as the benchmark for each issue
- For each issue, depending on its Designated Stock Exchange, price on BSE or NSE is considered for above calculations
- In case 30<sup>th</sup>/90<sup>th</sup>/180<sup>th</sup> day is not a trading day, closing price on BSE or NSE of the previous trading day has been considered
- Not applicable – Period not completed
- Above list is limited to last 10 equity initial public issues

2. Summary statement of price information of past issues handled by Nomura Financial Advisory and Securities (India) Private Limited

Financial Year	Total no. of IPOs	Total amount of funds raised (₹ mn)	No. of IPOs trading at discount – 30 <sup>th</sup> calendar days from listing			No. of IPOs trading at premium – 30 <sup>th</sup> calendar days from listing			No. of IPOs trading at discount – 180 <sup>th</sup> calendar days from listing			No. of IPOs trading at premium – 180 <sup>th</sup> calendar days from listing		
			Over 50%	Between 50% and 25%	Less than 25%	Over 50%	Between 50% and 25%	Less than 25%	Over 50%	Between 50% and 25%	Less than 25%	Over 50%	Between 50% and 25%	Less than 25%
2024-2025	2	48,417.59	-	-	-	-	1	1	-	-	-	-	-	-
2023-2024	2	13,549.50	-	-	1	-	1	-	-	-	-	-	1	1

Financial Year	Total no. of IPOs	Total amount of funds raised (₹ mn)	No. of IPOs trading at discount – 30 <sup>th</sup> calendar days from listing				No. of IPOs trading at premium – 30 <sup>th</sup> calendar days from listing				No. of IPOs trading at discount – 180 <sup>th</sup> calendar days from listing				No. of IPOs trading at premium – 180 <sup>th</sup> calendar days from listing			
			Over 50%	Between 50%	25- Less than 25%		Over 50%	Between 50%	25- Less than 25%		Over 50%	Between 50%	25- Less than 25%		Over 50%	Between 50%	25- Less than 25%	
2022-2023	2	221,457.43	-	1	-	-	1	-	-	-	1	-	-	-	-	-	1	

Source: [www.nseindia.com](http://www.nseindia.com), [www.bseindia.com](http://www.bseindia.com)

Notes:

- a) The information is as on the date of this document  
b) The information for each of the financial years is based on issues listed during such financial year

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## Track record of past issues handled by the BRLMs

For details regarding the track record of the BRLMs, as specified in circular reference CIR/MIRSD/1/2012 dated January 10, 2012 issued by SEBI, please see the websites of the Book Running Lead Managers, as set forth in the table below:

S. No.	Name of the BRLM	Website
1.	Axis Capital Limited	<a href="http://www.axiscapital.co.in">www.axiscapital.co.in</a>
2.	HSBC Securities and Capital Markets (India) Limited	<a href="https://www.business.hsbc.co.in/en-gb/regulations/hsbc-securities-and-capital-market">https://www.business.hsbc.co.in/en-gb/regulations/hsbc-securities-and-capital-market</a>
3.	JM Financial Limited	<a href="http://www.jmfl.com">www.jmfl.com</a>
4.	Nomura Financial Advisory and (Securities) India Limited	<a href="https://www.nomuraholdings.com/company/group/asia/nfaspl.html">https://www.nomuraholdings.com/company/group/asia/nfaspl.html</a>

## Stock market data of the Equity Shares

This being the initial public offering of the Equity Shares of our Company, the Equity Shares are not listed on any stock exchange as on the date of this Draft Red Herring Prospectus, and accordingly, no stock market data is available for the Equity Shares.

## Mechanism for Redressal of Investor Grievances

The Registrar Agreement provides for retention of records with the Registrar to the Offer for a period of at least eight years from the date of listing and commencement of trading of the Equity Shares on the Stock Exchanges or any such period as prescribed under the applicable laws, to enable the investors to approach the Registrar to the Offer for redressal of their grievances. The Registrar to the Offer shall obtain the required information from the Self Certified Syndicate Banks (“SCSBs”) for addressing any clarifications or grievances of application supported by blocked amount (“ASBA”) Bidders.

**Bidders can contact the Company Secretary and Compliance Officer and/or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems such as non-receipt of letters of Allotment, non-credit of Allotted Equity Shares in the respective beneficiary account, non-receipt of refund orders or non-receipt of funds by electronic mode, etc. For all Offer related queries and for redressal of complaints, Bidders may also write to the BRLMs, in the manner provided below. Our Company, the Selling Shareholders, the BRLMs and the Registrar to the Offer accept no responsibility for errors, omissions, commission or any acts of SCSBs including any defaults in complying with its obligations under the applicable provisions of the SEBI ICDR Regulations.**

All Offer related grievances, other than of Anchor Investors, may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary, with whom the Bid cum Application Form was submitted giving full details such as name of the sole or First Bidder, Bid cum Application Form number, Bidder’s DP ID, Client ID, UPI ID, PAN, address of Bidder, number of the Equity Shares applied for, ASBA Account number in which the amount equivalent to the Bid Amount was blocked or the UPI ID (for UPI Bidders who make the payment of Bid Amount through the UPI Mechanism), date of Bid cum Application Form and the name and address of the relevant Designated Intermediary where the Bid was submitted. Further, the Bidder shall enclose the Acknowledgment Slip or the application number from the Designated Intermediary in addition to the documents or information mentioned hereinabove. The Registrar to the Offer shall obtain the required information from the SCSBs for addressing any clarifications or grievances of ASBA Bidders. For Offer-related grievances, investors may contact the BRLMs, details of which are given in “*General Information – Book Running Lead Managers*” on page 96.

In case of any delay in unblocking of amounts in the ASBA Accounts exceeding two Working Days from the Bid/Offer Closing Date, the Bidder shall be compensated at a uniform rate of ₹100 per day for the entire duration of delay exceeding two Working Days from the Bid / Offer Closing Date by the intermediary responsible for causing such delay in unblocking. The BRLMs, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking.

Pursuant to the SEBI master circular for Issue of Capital and Disclosure Requirements bearing reference number SEBI/HO/CFD/PoD-2/P/CIR/2023/00094 dated June 21, 2023 (“**SEBI ICDR Master Circular**”), SEBI has identified the need to put in place measures, in order to manage and handle investor issues arising out of the UPI Mechanism *inter alia* in relation to delay in receipt of mandates by Bidders for blocking of funds due to systemic

issues faced by Designated Intermediaries/SCSBs and failure to unblock funds in cases of partial allotment/non allotment within prescribed timelines and procedures.

In terms of SEBI ICDR Master Circular issued by the SEBI, any ASBA Bidder whose Bid has not been considered for Allotment, due to failure on the part of any SCSB, shall have the option to seek redressal of the same by the concerned SCSB within three months of the date of listing of the Equity Shares. SCSBs are required to resolve these complaints within 15 days, failing which the concerned SCSB would have to pay interest at the rate of 15% per annum for any delay beyond this period of 15 days. Further, in terms of SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022, the payment of processing fees to the SCSBs shall be undertaken pursuant to an application made by the SCSBs to the BRLMs, and such application shall be made only after (i) unblocking of application amounts for each application received by the SCSB has been fully completed, and (ii) applicable compensation relating to investor complaints has been paid by the SCSB.

Separately, pursuant to the circular (No. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M) dated March 16, 2021 issued by the SEBI (“**March 2021 Circular**”), the following compensation mechanism shall be applicable for investor grievances in relation to Bids made through the UPI Mechanism, for public issues opening on or after May 1, 2021, for which the relevant SCSBs shall be liable to compensate the investor:

Scenario	Compensation amount	Compensation period
Delayed unblock for cancelled/withdrawn/deleted applications	₹100 per day or 15% per annum of the Bid Amount, whichever is higher	From the date on which the request for cancellation/withdrawal/deletion is placed on the bidding platform of the Stock Exchanges till the date of actual unblock
Blocking of multiple amounts for the same Bid made through the UPI Mechanism	1. Instantly revoke the blocked funds other than the original Bid Amount; and 2. ₹100 per day or 15% per annum of the total cumulative blocked amount except the original Bid Amount, whichever is higher	From the date on which multiple amounts were blocked till the date of actual unblock
Blocking more amount than the Bid Amount	1. Instantly revoke the difference amount, i.e., the blocked amount less the Bid Amount; and 2. ₹100 per day or 15% per annum of the difference amount, whichever is higher	From the date on which the funds to the excess of the Bid Amount were blocked till the date of actual unblock
Delayed unblock for non-Allotted/partially Allotted applications	₹100 per day or 15% per annum of the Bid Amount, whichever is higher	From the Working Day subsequent to the finalisation of the Basis of Allotment till the date of actual unblock

Further, in the event there are any delays in resolving the investor grievance beyond the date of receipt of the complaint from the investor, for each day delayed, the BRLMs shall be liable to compensate the investor ₹100 per day or 15% per annum of the Bid Amount, whichever is higher. The compensation shall be payable for the period ranging from the day on which the investor grievance is received till the date of actual unblock.

All grievances relating to Bids submitted with Registered Brokers, may be addressed to the Stock Exchanges, with a copy to the Registrar to the Offer.

All Offer-related grievances of the Anchor Investors may be addressed to the Registrar to the Offer, giving full details such as the name of the sole or first bidder, Anchor Investor Application Form number, Bidders’ DP ID, Client ID, PAN, date of the Anchor Investor Application Form, address of the Bidder, number of the Equity Shares applied for, Bid Amount paid on submission of the Anchor Investor Application Form and the name and address of the BRLMs where the Anchor Investor Application Form was submitted by the Anchor Investor. Our Company, the BRLMs, Selling Shareholders and the Registrar to the Offer accept no responsibility for errors, omissions, commission or any acts of SCSBs including any defaults in complying with its obligations under applicable SEBI ICDR Regulations.

#### **Disposal of investor grievances by our Company**

Our Company estimates that the average time required by our Company or the Registrar to the Offer or the SCSBs in case of ASBA bidders for the redressal of routine investor grievances shall be 10 Working Days from the date

of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Our Company shall obtain authentication on the SCORES platform and shall comply with the SEBI circulars in relation to redressal of investor grievances through SCORES.

Our Company has appointed Puja Aggarwal, as the Company Secretary and Compliance Officer of our Company. See “*General Information – Company Secretary and Compliance Officer*” on page 95.

Each of the Selling Shareholders, severally and not jointly, have authorized Puja Aggarwal, the Company Secretary and Compliance Officer of our Company and the Registrar to the offer to redress any complaints received from Bidders solely to the extent of the statements specifically made, confirmed or undertaken by it in the Offer Documents in respect of itself and its respective Offered Shares.

Our Company has also constituted a Stakeholders’ Relationship Committee to resolve the grievances of the security holders of our Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends and issue of new/duplicate certificates. See “*Our Management – Stakeholders’ Relationship Committee*” on page 305.

Our Company has not received any investor complaint during the three years preceding the date of this Draft Red Herring Prospectus. Further, no investor complaint in relation to our Company is pending as on the date of this Draft Red Herring Prospectus.

#### **Other confirmations**

Any person connected with the Offer shall not offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise, to any person for making a Bid in the Offer, except for fees or commission for services rendered in relation to the Offer.

#### **Exemption from complying with any provisions of securities laws, if any, granted by Securities and Exchange Board of India**

Our Company has not sought any exemption from complying with any provisions of securities laws as on the date of this Draft Red Herring Prospectus.

## SECTION VII – OFFER INFORMATION

### TERMS OF THE OFFER

The Equity Shares being offered and Allotted pursuant to this Offer are and shall be subject to the provisions of the Companies Act, 2013 (“**Companies Act, 2013**”), the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (“**SEBI ICDR Regulations**”), the Securities Contracts (Regulation) Act, 1956 (“**SCRA**”), the Securities Contracts (Regulation) Rules, 1957 (“**SCRR**”), the Memorandum of Association, the Articles of Association, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI Listing Regulations**”), the terms of this Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus, the Bid cum Application Form, the Revision Form, the Abridged Prospectus and other terms and conditions as may be incorporated in the CAN, Allotment Advice and other documents and certificates that may be executed in respect of the Offer. The Equity Shares shall also be subject to all applicable laws, guidelines, rules, notifications and regulations relating to the issue of capital and listing and trading of securities, issued from time to time, by Securities and Exchange Board of India (“**SEBI**”), Government of India (“**GoI**”), the Stock Exchanges, the Registrar of Companies, Karnataka at Bengaluru (“**RoC**”), the Reserve Bank of India (“**RBI**”), and/or other authorities, as in force on the date of the Offer and to the extent applicable or such other conditions as maybe prescribed by SEBI, GoI, the Stock Exchange, the RoC, the RBI, and/or other authorities while granting its approval for the Offer.

#### Ranking of Equity Shares

The Equity Shares being offered/Allotted and transferred pursuant to the Offer will rank *pari passu* in all respects with the existing Equity Shares of our Company, including in respect of rights to receive dividends and other corporate benefits, if any, declared by our Company after the date of Allotment as per the applicable law. See “*Provisions of the Articles of Association*” beginning on page 500.

#### Mode of payment of dividend

Our Company will pay dividends, if declared, to the Shareholders, as per the provisions of the Companies Act, 2013, the SEBI Listing Regulations, the Memorandum of Association and the Articles of Association, and any guidelines or directives that may be issued by the Government of India in this respect or any other applicable law. Any dividends declared, after the date of Allotment in the Offer, will be payable to the Allottees who have been Allotted Equity Shares in the Offer, for the entire year, in accordance with applicable laws. See “*Dividend Policy*” and “*Provisions of the Articles of Association*” beginning on pages 318 and 500, respectively.

#### Face Value, Offer Price and Price Band

The face value of each Equity Share is ₹ 1 each and the Offer Price at the lower end of the Price Band is ₹ [●] per Equity Share and at the higher end of the Price Band is ₹ [●] per Equity Share. The Anchor Investor Offer Price is ₹ [●] per Equity Share.

The Price Band and the minimum Bid Lot will be decided by our Company in consultation with the BRLMs, and published by our Company in all editions of [●] (a widely circulated English national daily newspaper), all editions of [●] (a widely circulated Hindi national daily newspaper) and all editions of [●] (a widely circulated Kannada daily newspaper, Kannada being the regional language of Karnataka, where our Registered Office is located), at least two Working Days prior to the Bid/Offer Opening Date, and shall be made available to the Stock Exchanges for the purpose of uploading the same on their websites. The Price Band, along with the relevant financial ratios calculated at the Floor Price and at the Cap Price shall be pre-filled in the Bid-cum-Application Forms available at the respective websites of the Stock Exchanges. The Offer Price shall be determined by our Company, in consultation with the BRLMs, after the Bid/Offer Closing Date, on the basis of assessment of market demand for Equity Shares offered by way of the Book Building Process.

At any given point in time there will be only one denomination for the Equity Shares.

#### Compliance with disclosure and accounting norms

Our Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

## **Rights of the Equity Shareholders**

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, the Equity Shareholders will have the following rights:

1. right to receive dividends, if declared;
2. right to attend general meetings and exercise voting powers, unless prohibited by law;
3. right to vote on a poll either in person or by proxy and e-voting in accordance with the provisions of the Companies Act;
4. right to receive offers for rights shares and be allotted bonus shares, if announced;
5. right to receive any surplus on liquidation subject to any statutory and preferential claims being satisfied;
6. right of free transferability of their Equity Shares, subject to applicable foreign exchange regulations and other applicable law; and
7. such other rights as may be available to a shareholder of a listed public company under the Companies Act, the terms of the SEBI Listing Regulations and our Memorandum of Association and Articles of Association.

For a detailed description of the main provisions of our Articles of Association relating to voting rights, dividend, forfeiture, lien, transfer, transmission, consolidation and splitting, see “*Provisions of the Articles of Association*” beginning on page 500.

## **Allotment only in dematerialised form**

Pursuant to Section 29 of the Companies Act, 2013 and the SEBI ICDR Regulations, the Equity Shares shall be allotted only in dematerialised form. Hence, the Equity Shares offered through the Red Herring Prospectus can be applied for in dematerialised form only. As per the SEBI ICDR Regulations, the trading of the Equity Shares shall only be in dematerialised form.

In this context, two agreements have been entered into and amongst our Company, the respective Depositories and the Registrar to the Offer:

- Tripartite Agreement dated June 13, 2024 among NSDL, our Company and the Registrar to the Offer.
- Tripartite Agreement dated June 13, 2024 among CDSL, our Company and Registrar to the Offer.

## **Market Lot and Trading Lot**

Since trading of the Equity Shares will be in dematerialised form, the tradable lot is one Equity Share. Allotment in the Offer will be only in electronic form in multiples of [●] Equity Share, subject to a minimum Allotment of [●] Equity Shares for QIBs and RIBs. For NIBs allotment shall not be less than the Minimum Non-Institutional Application Size. For the method of Basis of Allotment, see “*Offer Procedure*” beginning on page 475.

## **Jurisdiction**

Exclusive jurisdiction for the purpose of the Offer is with the competent courts/authorities in Mumbai, India.

## **Joint Holders**

Subject to the provisions of the Articles of Association, where two or more persons are registered as the holders of the Equity Shares, they will be deemed to hold such Equity Shares as joint tenants with benefits of survivorship.

## **Nomination Facility to Investors**

In accordance with Section 72 of the Companies Act, 2013, read with the Companies (Share Capital and Debentures) Rules, 2014, as amended, the sole Bidder, or the first bidder along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest to the exclusion of all other persons,

unless the nomination is varied or cancelled in the prescribed manner. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale, transfer or alienation of Equity Share(s) by the person nominating. A nomination may be cancelled or varied by nominating any other person in place of the present nominee by the holder of the Equity Shares who has made the nomination by giving a notice of such cancellation. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered Office or to the Registrar and Share Transfer Agents of our Company.

Further, any person who becomes a nominee by virtue of Section 72 of the Companies Act, 2013, as amended, will, on the production of such evidence as may be required by our Board, elect either:

- to register himself or herself as holder of Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, our Board may thereafter withhold payment of all dividend, interests, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Offer will be made only in dematerialised form, there is no need to make a separate nomination with our Company. Nominations registered with the respective Depository Participant of the Bidder will prevail. If Bidders want to change their nomination, they are advised to inform their respective Depository Participants.

#### Bid/Offer Period

<b>BID/OFFER OPENS ON*</b>	[●]
<b>BID/OFFER CLOSES ON**#</b>	[●]

\* Our Company in consultation with the BRLMs, may consider participation by Anchor Investors. The Anchor Investor Bid/ Offer Period shall be one Working Day prior to the Bid/Offer Opening Date in accordance with the SEBI ICDR Regulations.

\*\* Our Company in consultation with the BRLMs, may consider closing the Bid/Offer Period for QIBs, one Working Day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations.

# UPI mandate end time and date shall be at 5:00 pm on the Bid/Offer Closing Date.

An indicative timetable in respect of the Offer is set out below:

<b>FINALISATION OF BASIS OF ALLOTMENT WITH THE DESIGNATED STOCK EXCHANGE</b>	On or about [●]
<b>INITIATION OF REFUNDS FOR ANCHOR INVESTORS/ UNBLOCKING OF FUNDS FROM ASBA ACCOUNT*</b>	On or about [●]
<b>CREDIT OF EQUITY SHARES TO DEPOSITORY ACCOUNTS</b>	On or about [●]
<b>COMMENCEMENT OF TRADING OF THE EQUITY SHARES ON THE STOCK EXCHANGE</b>	On or about [●]

\* In case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding two Working Days from the Bid/Offer Closing Date for cancelled/withdrawn/deleted ASBA Forms, the Bidder shall be compensated at a uniform rate of ₹100 per day or 15% per annum of the Bid Amount, whichever is higher, for the entire duration of delay exceeding two Working Days from the Bid/Offer Closing Date by the intermediary responsible for causing such delay in unblocking. The BRLMs and shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking. The Bidder shall be compensated by the manner specified in the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 read with the SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022 and SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022, and the SEBI ICDR Master Circular, which for the avoidance of doubt, shall be deemed to be incorporated in the deemed agreement of the Company with the SCSBs, to the extent applicable. The processing fees for applications made by UPI Bidders using the UPI Mechanism may be released to the remitter banks (SCSBs) only after such banks provide a written confirmation in compliance with SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 read with SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 read with SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 and SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022, SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022 read with SEBI master circular no. SEBI/HO/CFD/PoD- 2/P/CIR/2023/00094 dated June 21, 2023, for which the avoidance of doubt, shall be deemed to be incorporated in the deemed agreement of the Company with the SCSBs, to the extent applicable. The processing fee for applications made by the UPI Bidders using the UPI Mechanism may be released to the remitter banks (SCSBs) only after such banks provide a written confirmation on compliance with SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 read with SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 and SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022.

April 20, 2022 and SEBI Circular no. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022 read with SEBI master circular no. SEBI/HO/MIRSD/POD-1/P/CIR/2024/37 dated May 7, 2024.

**The above timetable is indicative and does not constitute any obligation on our Company or any of the Selling Shareholders or the BRLMs.**

Whilst our Company shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchanges are taken within three Working days of Bid/ Offer Closing Date or such time as may be prescribed by SEBI, the timetable may be extended due to various factors, such as extension of the Bid/Offer Period by our Company, in consultation with the BRLMs, revision of the Price Band or any delay in receiving the final listing and trading approval from the Stock Exchanges or delay in receipt of final certificates from SCSBs, etc. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges and in accordance with the applicable laws. Each of the Selling Shareholder, severally and not jointly, confirms that it shall extend reasonable support and co-operation to our Company, to the extent such reasonable support and cooperation is in relation to its respective portion of the Offered Shares, as required under applicable law, to facilitate the process of listing and commencement of trading of the Equity Shares on the Stock Exchanges within three Working Days from the Bid/Offer Closing Date or such time as prescribed by SEBI.

SEBI vide circular SEBI/HO/CFD/TPD1/CIR/P/2023/140 dated August 9, 2023 has reduced the post issue timeline for IPOs. The revised timeline of T+3 days has been made applicable in two phases, i.e., voluntary for all public issues opening on or after September 1, 2023 and mandatory on or after December 1, 2023. Accordingly, the Offer will be made under UPI Phase III on mandatory basis, subject to the timing of the Offer and any circulars, clarification or notification issued by the SEBI from time to time, including with respect to SEBI circular SEBI/HO/CFD/TPD1/CIR/P/2023/140 dated August 9, 2023.

In terms of the UPI Circulars, in relation to the Offer, the BRLMs will be required to submit reports of compliance with timelines and activities prescribed by SEBI in connection with the allotment and listing procedure within three Working days of Bid/ Offer Closing Date or such time prescribed by SEBI, identifying non-adherence to timelines and processes and an analysis of entities responsible for the delay and the reasons associated with it.

Any circulars or notifications from SEBI after the date of this Draft Red Herring Prospectus may result in changes to the listing timelines. Further, the offer procedure is subject to change basis any revised SEBI circulars to this effect.

**Submission of Bids (other than Bids from Anchor Investors):**

<b>Bid/Offer Period (except the Bid/Offer Closing Date)</b>	
Submission and Revision in Bids	Only between 10.00 a.m. and 5.00 p.m. IST
<b>Bid/Offer Closing Date*</b>	
Submission of Electronic Applications (Online ASBA through 3-in-1 accounts) – For RIIs, other than QIBs and Non-Institutional Investors	Only between 10.00 a.m. and up to 5.00 p.m. IST
Submission of Electronic Applications (Bank ASBA through Online channels like Internet Banking, Mobile Banking and Syndicate UPI ASBA applications)	Only between 10.00 a.m. and up to 4.00 p.m. IST
Submission of Electronic Applications (Syndicate Non-Retail, Non-Individual Applications)	Only between 10.00 a.m. and up to 3.00 p.m. IST
Submission of Physical Applications (Bank ASBA)	Only between 10.00 a.m. and up to 1.00 p.m. IST
Submission of Physical Applications (Syndicate Non-Retail, Non-Individual Applications of QIBs and Non-Institutional Investors)	Only between 10.00 a.m. and up to 12.00 p.m. IST
<b>Modification/ Revision/cancellation of Bids</b>	
Upward Revision of Bids by QIBs and Non-Institutional Investors categories#	Only between 10.00 a.m. on the Bid/Offer Opening Date and up to 4.00 p.m. IST on Bid/Offer Closing Date
Upward or downward Revision of Bids or cancellation of Bids by RIIs	Only between 10.00 a.m. on the Bid/Offer Opening Date and up to 5.00 p.m. IST on Bid/Offer Closing Date

\*UPI mandate end time and date shall be at 5:00 pm on the Bid/Offer Closing Date.

#QIBs and Non-Institutional Investors can neither revise their bids downwards nor cancel/ withdraw their Bids.

**On the Bid/Offer Closing Date, the Bids shall be uploaded until:**

- (i) 4.00 p.m. IST in case of Bids by QIBs and Non-Institutional Investors; and

- (ii) until 5.00 p.m. IST or such extended time as permitted by the Stock Exchanges, in case of Bids by Retail Individual Investors, Eligible Employees and Eligible HMCL Shareholders.

On Bid/Offer Closing Date, extension of time may be granted by Stock Exchanges only for uploading Bids received by RIIs, Eligible Employees Bidding in the Employee Reservation Portion and Eligible HMCL Shareholders in the HMCL Shareholder Reservation Portion after taking into account the total number of Bids received up to closure of timings for acceptance of Bid cum Application Forms as stated herein and as reported by the BRLMs to the Stock Exchanges.

The Registrar to the Offer shall submit the details of cancelled/withdrawn/deleted applications to the SCSBs on a daily basis within 60 minutes of the bid closure time from the Bid/Offer Opening Date till the Bid/Offer Closing Date by obtaining such information from the Stock Exchanges. The SCSBs shall unblock such applications by the closing hours of the Working Day and submit the confirmation to the BRLMs and the Registrar to the Offer on a daily basis.

It is clarified that Bids shall be processed only after the application monies are blocked in the ASBA Account and Bids not uploaded on the electronic bidding system or in respect of which the full Bid Amount is not blocked by SCSBs, or not blocked under the UPI Mechanism in the relevant ASBA Account, as the case may be, would be rejected.

To avoid duplication, the facility of re-initiation provided to Syndicate Members shall preferably be allowed only once per bid/batch and as deemed fit by the Stock Exchanges, after closure of the time for uploading Bids.

Due to limitation of time available for uploading the Bids on the Bid/Offer Closing Date, Bidders are advised to submit their Bids one day prior to the Bid/Offer Closing Date and, in any case, no later than 12.00 p.m. (Indian Standard Time) on the Bid/ Offer Closing Date. Any time mentioned in this Draft Red Herring Prospectus is IST. Bidders are cautioned that, in the event a large number of Bids are received on the Bid/Offer Closing Date, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under the Offer. Bids will be accepted on the Stock Exchange platform only during Working Days, during the Bid/ Offer Period. The Designated Intermediaries shall modify select fields uploaded in the Stock Exchange Platform during the Bid/Offer Period till 5.00 pm on the Bid/Offer Closing Date after which the Stock Exchange(s) send the bid information to the Registrar to the Offer for further processing. Further, as per letter no. list/SMD/SM/2006 dated July 3, 2006 and letter no. NSE/IPO/25101- 6 dated July 6, 2006 issued by BSE and NSE respectively, Bids and any revision in Bids shall not be accepted on Saturdays, Sundays and public/bank holidays as declared by the Stock Exchanges. Bids by ASBA Bidders shall be uploaded by the relevant Designated Intermediary in the electronic system to be provided by the Stock Exchanges.

Our Company in consultation with the BRLMs, reserves the right to revise the Price Band during the Bid/Offer Period in accordance with the SEBI ICDR Regulations. The revision in the Price Band shall not exceed 20% on either side, i.e., the Floor Price may move up or down to the extent of 20% of the Floor Price and the Cap Price will be revised accordingly, but the Floor Price shall not be less than the face value of the Equity Shares. In all circumstances, the Cap Price shall be less than or equal to 120% of the Floor Price. Provided that, the Cap Price of the Price Band shall be at least 105% of the Floor Price.

**In case of any revision to the Price Band, the Bid/Offer Period will be extended by at least three additional Working Days following such revision of the Price Band, subject to the Bid/Offer Period not exceeding 10 Working Days. In cases of force majeure, banking strike or similar unforeseen circumstances, our Company, for reasons to be recorded in writing, extend the Bid/Offer Period for a minimum of one Working Day, subject to the Bid/Offer Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/Offer Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a public notice, and also by indicating the change on the respective websites of the BRLMs and at the terminals of the Syndicate Members and by intimation to the Designated Intermediaries and the Sponsor Banks, as applicable. In case of revision of Price Band, the Bid Lot shall remain the same.**

In case of discrepancy in data entered in the electronic book vis-à-vis data contained in the Bid cum Application Form for a particular Bidder, the details as per the Bid file received from the Stock Exchanges shall be taken as the final data for the purpose of Allotment.

#### **Minimum Subscription**



On the date of closure of the Offer, if our Company does not receive (i) minimum subscription of 90% of the Fresh Issue; or (ii) a subscription in the Offer equivalent to at least the minimum number of securities as specified under Rule 19(2)(b) of the SCRR, or (iii) in case of devolvement of Underwriting, aforesaid minimum subscription is not received within 60 days from the date of Bid/ Offer Closing Date; or (iv) if the listing or trading permission is not obtained from the Stock Exchanges for the Equity Shares in the Offer, our Company shall forthwith refund the entire subscription amount received, within the timeline prescribed under applicable law. If there is a delay beyond such timeline, our Company shall pay interest at the rate of 15% per annum in accordance with circulars issued by SEBI including the SEBI ICDR Master Circular.

Further, in terms of Regulation 49(1) of the SEBI ICDR Regulations, our Company shall ensure that the number of Bidders to whom the Equity Shares will be Allotted will be not less than 1,000, failing which the entire application money shall be unblocked in the respective ASBA Accounts of the Bidders. In case of delay, if any, in unblocking the ASBA Accounts within such timeline as prescribed under applicable laws, our Company shall be liable to pay interest on the application money in accordance with applicable laws.

In case of under-subscription in the Offer, the Equity Shares will be allotted in the following order of priority: (a) Equity Shares will first be Allotted by the Company such that 90% of the Fresh Issue portion is subscribed ("**Minimum Subscription**"); (b) subsequently (i), all the Offered Shares being offered by National Investment and Infrastructure Fund II and Caladium Investment Pte Ltd will be allotted; (ii) all the Offered Shares (in proportion to the Offered Shares being offered by each Selling Shareholder, except for entities mentioned in (i)) will be allotted; and (c) once Equity Shares have been Allotted as per (a), (b) above, such number of Equity Shares will be Allotted by the Company towards the balance 10% of the Fresh Issue portion

#### **Arrangements for disposal of odd Lots**

Since the Equity Shares will be treated in dematerialised form only, and the market lot for the Equity Shares will be one Equity Share, there are no arrangements for disposal of odd lots.

#### **New financial instruments**

Our Company is not issuing any new financial instruments through the Offer.

#### **Restrictions, if any on transfer and transmission of Equity Shares**

Except for lock-in of pre-Offer equity shareholding, minimum Promoter's Contribution and Anchor Investor lock-in in the Offer, as detailed in "*Capital Structure – History of share capital held by Promoters*" beginning on page 125 and except as provided in our Articles as detailed in "*Provisions of the Articles of Association*" beginning on page 500, there are no restrictions on transfers and transmission of shares/debentures and on their consolidation/splitting.

#### **Option to receive Equity Shares in dematerialized form**

Investors should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialised form. Bidders will not have the option of being Allotted Equity Shares in physical form. However, they may get the Equity Shares rematerialized subsequent to Allotment of the Equity Shares in the Offer, subject to applicable laws.

#### **Withdrawal of the Offer**

Our Company, in consultation with the BRLMs, and each of the Selling Shareholders to the extent of its respective portion of the Offered Shares, reserve the right not to proceed with the Offer, in whole or in part thereof, after the Bid/Offer Opening Date but before the Allotment. In such an event, our Company would issue a public notice in the newspapers in which the pre-Offer advertisements were published, within two days of the Bid/Offer Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Offer and inform the Stock Exchanges promptly on which the Equity Shares are proposed to be listed. The BRLMs, through the Registrar to the Offer, shall notify the SCSBs and the Sponsor Banks, in case of UPI Bidders, to unblock the bank accounts of the ASBA Bidders within one Working Day from the date of receipt of such notification and also inform the Bankers to the Offer to process refunds to the Anchor Investors, as the case may be. The notice of withdrawal will be issued in the same newspapers where the pre-Offer advertisements have appeared and the Stock Exchanges will also be informed promptly.

If our Company in consultation with the BRLMs withdraw the Offer after the Bid/Offer Closing Date and thereafter determines that it will proceed with a public offering of the Equity Shares, our Company shall file a

fresh draft red herring prospectus with SEBI. Notwithstanding the foregoing, the Offer is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment and within three Working Days of the Bid/ Offer Closing Date or such other time period as prescribed under applicable law; and (ii) the final RoC approval of the Prospectus after it is filed and/ or submitted with the RoC and the Stock Exchanges. If Allotment is not made within the prescribed time period under applicable law, the entire subscription amount received will be refunded/unblocked within the time prescribed under applicable law.

## OFFER STRUCTURE

The Offer is of [●] Equity Shares of face value of ₹1 each, for cash at a price of ₹[●] per Equity Share (including a premium of ₹ [●] per Equity Share) aggregating to ₹ 31,000 million comprising a Fresh Issue of [●] Equity Shares of face value of ₹1 each, aggregating up to ₹ 31,000 million by our Company and an Offer for Sale of up to 22,000,766 Equity Shares of face value of ₹1 each, aggregating to ₹ [●] million by the Selling Shareholders. The Offer comprises Employee Reservation Portion of [●] Equity Shares of face value of ₹1 each, HMCL Shareholders Reservation Portion of [●] Equity Shares of face value of ₹1 each and a Net Offer of [●] Equity Shares of face value of ₹1 each. The Employee Reservation Portion shall not exceed 5% of our post-Offer paid-up Equity Share capital and the HMCL Shareholder Reservation Portion shall not exceed 10% of the Offer size. The Offer shall constitute [●]%, respectively of the post-Offer paid-up Equity Share capital of our Company. Our Company, in consultation with the BRLMs, may consider a Pre-IPO Placement of specified securities, as may be permitted under the applicable law, aggregating up to ₹ 6,200 million prior to filing of the Red Herring Prospectus with the RoC. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company, in consultation with the BRLMs. If the Pre-IPO Placement is completed, the amount raised pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to compliance with Rule 19(2)(b) of the SCRR. The Pre-IPO Placement shall not exceed 20% of the size of the Fresh Issue. Prior to the completion of the Offer, our Company shall appropriately intimate the subscribers to the Pre-IPO Placement, prior to allotment pursuant to the Pre-IPO Placement, that there is no guarantee that our Company may proceed with the Offer or the Offer may be successful and will result into listing of the Equity Shares on the Stock Exchanges. Further, relevant disclosures in relation to such intimation to the subscribers to the Pre-IPO Placement (if undertaken) shall be appropriately made in the relevant sections of the RHP and Prospectus.

In terms of Rule 19(2)(b) of the SCRR, the Offer is being made through the Book Building Process, in compliance with Regulation 31 of the SEBI ICDR Regulations

Particulars	Eligible Employees <sup>#</sup>	Eligible HMCL Shareholders <sup>##</sup>	QIBs <sup>(1)</sup>	NIIIs	RIIs
Number of Equity Shares available for Allotment or allocation <sup>*(2)</sup>	[●] Equity Shares of face value of ₹1 each	[●] Equity Shares of face value of ₹1 each	Not less than [●] Equity Shares of face value of ₹1 each, aggregating to ₹ [●] million, subject to the allocation/ allotment of not less than 75% of the Net Offer	Not more than [●] Equity Shares of face value of ₹1 each, available for allocation or Net Offer less allocation to QIB Bidders and RIIs	Not more than [●] Equity Shares of face value of ₹1 each, available for allocation or Net Offer less allocation to QIB Bidders and Non-Institutional Investors
Percentage of Offer Size available for Allotment or allocation	[●]% of the post-Offer paid-up equity share capital of our Company	[●]% of the post-Offer paid-up equity share capital of our Company	Not less than 75% of the Net Offer being available for allocation to QIB Bidders. However, up to 5% of the QIB Portion will be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the Mutual Fund Portion will also be eligible for allocation in the remaining QIB Portion (excluding the Anchor Investor Portion). The unsubscribed portion in the Mutual Fund Portion will be available for	Not more than 15% of the Net Offer less allocation to QIB Bidders and RIIs shall be available for allocation, following: (i) one-third of the portion available to NIIIs shall be reserved for applicants with an application size of more than ₹ 200,000 and up to ₹1,000,000 million; and	Not more than 10% of the Net Offer less the Offer less allocation to QIB Bidders and Non-Institutional Investors will be available for allocation

Particulars	Eligible Employees <sup>#</sup>	Eligible HMCL Shareholders <sup>##</sup>	QIBs <sup>(1)</sup>	NIIIs	RIIs
			allocation to other QIBs	(ii) two-third of the portion available to NIIIs shall be reserved for applicants with application size of more than ₹1,000,000.	
				provided that the unsubscribed portion in either of the subcategories specified above may be allocated to applicants in the other sub-category of NIIIs	
Basis of Allotment if respective category is oversubscribed*	Proportionate; unless the Employee Reservation Portion is undersubscribed, the value of allocation to an Eligible Employee shall not exceed ₹200,000 (net of Employee Discount, if any). In the event of undersubscription in the Employee Reservation Portion, the unsubscribed portion may be allocated, on a proportionate basis, to Eligible Employees Bidding in the Employee Reservation Portion for value exceeding ₹200,000 (net of Employee Discount, if any)., subject to total Allotment to an Eligible Employee not exceeding ₹500,000 (net of Employee Discount, if any)	Proportionate and in case of oversubscription subject to minimum bid lot; For details, see “Offer Procedure” beginning on page 475	Proportionate as follows (excluding the Anchor Investor Portion): a) [●] Equity Shares of face value of ₹1 each, shall be available for allocation on a proportionate basis to Mutual Funds only; b) [●] Equity Shares of face value of ₹1 each, shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds receiving allocation as per (a) above; and [●] Equity Shares of face value of ₹1 each, may be allocated on a discretionary basis to Anchor Investors, of which one-third shall be available for allocation to Mutual Funds only, subject to valid Bid received from Mutual Funds at or above the Anchor Investor Allocation Price.	The Allotment of Equity Shares to each Non-Institutional Investor shall not be less than the minimum application size, subject to availability in the Non-Institutional Portion, and the remainder, if any, shall be allotted on a proportionate basis in accordance with the conditions specified in Schedule XIII to the SEBI ICDR Regulations	The allotment to each RII shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Portion and the remaining available Equity Shares if any, shall be Allotted on a proportionate basis. See “Offer Procedure” beginning on page 475.
Mode of Bid	Through ASBA process only	Through ASBA process only	Through ASBA process only	Through ASBA process only	Through ASBA process only

Particulars	Eligible Employees <sup>#</sup>	Eligible HMCL Shareholders <sup>##</sup>	QIBs <sup>(1)</sup>	NII's	RIIs
	(including the UPI Mechanism)	(including the UPI Mechanism)	(except Anchor Investors) (excluding the UPI Mechanism)	(including the UPI Mechanism for Bids up to ₹ 500,000)	(including the UPI Mechanism)
Minimum Bid	[●] Equity Shares of face value of ₹1 each	[●] Equity Shares of face value of ₹1 each	Such number of Equity Shares in multiples of [●] Equity Shares of face value of ₹1 each, such that the Bid Amount exceeds ₹ 200,000.	For Institutional Investors applying under one-third of the Non-Institutional Category (with application size of more than ₹200,000 and up to ₹1,000,000) such number of Equity Shares in multiples of [●] Equity Shares of face value of ₹1 each, such that the Bid Amount exceeds ₹ 200,000. For Non-Institutional Investors applying under two-thirds of the Non-Institutional Category (with application size of more than ₹1,000,000) such number of Equity Shares in multiples of [●] Equity Shares of face value of ₹1 each, such that the Bid Amount exceeds ₹ 1,000,000.	[●] Equity Shares of face value of ₹1 each
Maximum Bid	Such number of Equity Shares in multiples of [●] Equity Shares of face value of ₹1 each, so as to ensure that the Bid Amount by each Eligible Employee does not exceed ₹500,000 less Employee Discount, if any	Such number of Equity Shares in multiples of [●] Equity Shares, such that the maximum Bid Amount by each Eligible HMCL Shareholder in this portion does not exceed ₹200,000	Such number of Equity Shares in multiples of [●] Equity Shares of face value of ₹1 each, not exceeding the size of the Net Offer (excluding the Anchor Investor Portion), subject to applicable limits to each Bidder	For Institutional Investors applying under one-third of the Non-Institutional Category (with application size of more than ₹200,000 and up to ₹1,000,000) such number of Equity Shares in multiples of [●] Equity Shares of face value of ₹1 each, such that the Bid Amount does not exceed ₹ 1,000,000. For Non-Institutional	Such number of Equity Shares in multiples of [●] Equity Shares of face value of ₹1 each, so that the Bid Amount does not exceed ₹ 200,000

Particulars	Eligible Employees <sup>#</sup>	Eligible HMCL Shareholders <sup>##</sup>	QIBs <sup>(1)</sup>	NIIIs	RIIs
				Investors applying under two-thirds of the Non-Institutional Category (with application size of more than ₹1,000,000) such number of Equity Shares in multiples of [●] Equity Shares of face value of ₹ 1 each not exceeding the size of the Net Offer, (excluding the QIB Portion) subject to limits applicable to the Bidder	
Mode of Allotment	Compulsorily in dematerialised form				
Bid Lot	[●] Equity Shares of face value of ₹1 each, and in multiples of [●] Equity Shares of face value of ₹1 each, thereafter				
Allotment Lot	[●] Equity Shares of face value of ₹1 each, and in multiples of one Equity Share of face value of ₹ 1 each thereafter	[●] Equity Shares of face value of ₹1 each, and in multiples of one Equity Share of face value of ₹ 1 each thereafter	[●] Equity Shares of face value of ₹1 each, and in multiples of one Equity Share of face value of ₹ 1 each thereafter	For NIBs allotment shall not be less than the Minimum Non-Institutional Application Size.	[●] Equity Shares of face value of ₹1 each, and in multiples of one Equity Share of face value of ₹ 1 each thereafter
Trading Lot	One Equity Share				
Who can apply <sup>(3)(4)(5)(6)</sup>	Eligible Employees	Individuals and HUFs who are the public equity shareholders of Hero MotoCorp Limited, one of our Promoters (excluding such persons who are not eligible to invest in the Offer under applicable laws, rules, regulations and guidelines) as on the date of the Red Herring Prospectus	Public financial institutions as specified in Section 2(72) of the Companies Act, scheduled commercial banks, multilateral and bilateral development financial institutions, Mutual Funds, FPIs other than individuals, corporate bodies and family offices, VCFs, AIFs, FVCIs, state industrial development corporation, insurance company registered with IRDAI, provident funds with minimum corpus of ₹ 250 million, pension funds with minimum corpus of ₹ 250 million registered with the Pension Fund	Resident Indian individuals, Eligible NRIs (in the name of the karta), companies, corporate bodies, scientific institutions, societies, and trusts and any individuals, corporate bodies and family offices which are re-categorised as category II FPI (as defined in the SEBI FPI Regulations) and registered with SEBI.	Resident Indian individuals, Eligible NRIs and HUFs (in the name of the karta)

Particulars	Eligible Employees <sup>#</sup>	Eligible HMCL Shareholders <sup>##</sup>	QIBs <sup>(1)</sup>	NIIIs	RIIs
			Regulatory and Development Authority established under the provisions of Pension Fund Regulatory and Development Authority Act, 2013, National Investment Fund set up by the GoI, insurance funds set up and managed by army, navy or air force of the Union of India, insurance funds set up and managed by the Department of Posts, India and Systemically Important NBFCs.		
Terms of Payment	<p><b>In case of Anchor Investors:</b> Full Bid Amount shall be payable by the Anchor Investors at the time of submission of their Bids<sup>(4)</sup></p> <p><b>In case of all other Bidders:</b> Full Bid Amount shall be blocked by the Self-Certified Syndicate Banks (“SCSBs”) in the bank account of the ASBA Bidder (other than Anchor Investors), or by the Sponsor Banks through the UPI Mechanism, that is specified in the ASBA Form at the time of submission of the ASBA Form</p>				

\* Assuming full subscription in the Offer.

# Eligible Employees Bidding in the Employee Reservation Portion can Bid up to a Bid Amount of ₹ 500,000 (net of Employee Discount, if any). However, a Bid by an Eligible Employee in the Employee Reservation Portion will be considered for allocation, in the first instance, for a Bid Amount of up to ₹ 200,000 (net of Employee Discount, if any). In the event of under-subscription in the Employee Reservation Portion, the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹ 200,000 (net of Employee Discount, if any), subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹ 500,000 (net of Employee Discount, if any). An Eligible Employee Bidding in the Employee Reservation Portion (subject to Bid Amount being up to ₹ 200,000) can also Bid in the Retail Portion, and such Bids shall not be considered multiple Bids. However, Bids by Eligible Employees (subject to such Bids being more than ₹ 200,000) Bidding in the Employee Reservation Portion and in the Non Institutional Portion shall be treated as multiple Bids. The unsubscribed portion if any, in the Employee Reservation Portion shall be added back to the Net Offer. In case of under-subscription in the Net Offer, spill-over to the extent of such under-subscription shall be permitted from the Employee Reservation Portion.

## Eligible HMCL Shareholders Bidding in the HMCL Shareholder Reservation Portion can also Bid under the Net Offer and Employee Reservation Portion (if eligible) and such Bids shall not be considered as multiple Bids subject to applicable limits. If an Eligible HMCL Shareholder is Bidding in the HMCL Shareholders Reservation Portion up to ₹ 200,000, application by such Eligible HMCL Shareholders in the Retail Portion or Non-Institutional Portion and Employee Reservation Portion (if eligible and subject to applicable limits) shall not be treated as multiple Bids. Therefore, Eligible HMCL Shareholders bidding in the HMCL Shareholder Reservation Portion (subject to the Bid Amount being up to ₹ 200,000) can also Bid under the Net Offer and Employee Reservation Portion (if eligible and subject to applicable limits) and such Bids shall not be treated as multiple Bids.

^ SEBI vide its circular no. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022, has mandated that ASBA applications in public issues shall be processed only after the application monies are blocked in the bank accounts of the investors. Accordingly, Stock Exchanges shall, for all categories of investors viz. QIBs, NIIIs and RIIs and also for all modes through which the applications are processed, accept the ASBA applications in their electronic book building platform only with a mandatory confirmation on the application monies blocked.

(1) Our Company may, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors at the Anchor Investor Offer Price, on a discretionary basis, subject to there being (i) a maximum of two Anchor Investors, where allocation in the Anchor Investor Portion is up to ₹100,000,000, (ii) minimum of two and maximum of 15 Anchor Investors, where the allocation under the Anchor Investor Portion is more than ₹100,000,000 but up to ₹ 2,500,000,000 under the Anchor Investor Portion, subject to a minimum Allotment of ₹ 50,000,000 per Anchor Investor, and (iii) in case of allocation above ₹ 2,500,000,000 under the Anchor Investor Portion, a minimum of five such investors and a maximum of 15 Anchor Investors for allocation up to ₹ 2,500,000,000, and an additional 10 Anchor Investors for every additional ₹ 2,500,000,000 or part thereof will be permitted, subject to minimum allotment of ₹ 50,000,000 per Anchor Investor. An Anchor Investor will make a minimum Bid of such number of Equity Shares, that the Bid Amount is at least ₹100,000,000. One-third of the Anchor Investor Portion will be reserved for domestic Mutual Funds, subject to valid Bids being received at or above the price at which allocation is made to Anchor Investors, which price shall be determined by the Company in consultation with the BRLMs.

(2) Subject to valid Bids being received at or above the Offer Price. This Offer is being made in accordance with Rule 19(2)(b) of the SCRR

and Regulation 6(2) of the SEBI ICDR Regulations.

- (3) *In the event that a Bid is submitted in joint names, the relevant Bidders should ensure that the depository account is also held in the same joint names and the names are in the same sequence in which they appear in the Bid cum Application Form. The Bid cum Application Form should contain only the name of the first Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such first Bidder would be required in the Bid cum Application Form and such first Bidder would be deemed to have signed on behalf of the joint holders.*
- (4) *Full Bid Amount shall be payable by the Anchor Investors at the time of submission of the Anchor Investor Application Forms provided that any difference between the Anchor Investor Allocation Price and the Anchor Investor Offer Price shall be payable by the Anchor Investor pay-in date as indicated in the Confirmation of Allotment Note (“CAN”).*
- (5) *Bids by FPIs with certain structures as described under “Offer Procedure – Bids by Foreign Portfolio Investors” beginning on page 482 and having the same PAN may be collated and identified as a single Bid in the Bidding process. The Equity Shares Allocated and Allotted to such successful Bidders (with the same PAN) may be proportionately distributed.*
- (6) *Bidders will be required to confirm and will be deemed to have represented to our Company, each of the Selling Shareholders, the Underwriters, their respective directors, officers, designated partners, partners, trustees, associates, agents, affiliates and representatives that they are eligible under applicable law, rules, regulations, guidelines and approvals to acquire the Equity Shares.*

Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in any category except the QIB Portion, would be allowed to be met with spill over from any other category or combination of categories at the discretion of our Company, in consultation with the BRLMs and the Designated Stock Exchange, on a proportionate basis.

Eligible Employees bidding in the Employee Reservation Portion at a price within the Price Band can make payment based on Bid Amount, at the time of making a Bid. Eligible Employees bidding in the Employee Reservation Portion at the Cut-Off Price have to ensure payment at the Cap Price, at the time of making a Bid. Employee Discount, if any, will be offered to Eligible Employees bidding in the Employee Reservation Portion, and, at the time of making a Bid. Eligible Employees bidding in the Employee Reservation Portion at a price within the Price Band can make payment based on Bid Amount net of Employee Discount, if any, at the time of making a Bid. Eligible Employees bidding in the Employee Reservation Portion at the Cut-Off Price have to ensure payment at the Cap Price, less Employee Discount, if any, at the time of making a Bid. In case of any revision in the Price Band, the Bid/ Offer Period shall be extended for at least three additional Working Days after such revision of the Price Band, subject to the total Bid/ Offer Period not exceeding ten Working Days. Any revision in the Price Band, and the revised Bid/ Offer Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges by issuing a public notice and also by indicating the change on the websites of the BRLMs and at the terminals of the members of the Syndicate. In case of discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical Bid cum Application Form for a particular Bidder, the details as per the Bid file received from the Stock Exchanges may be taken as the final data for the purpose of Allotment.



## OFFER PROCEDURE

All Bidders should read the General Information Document which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, the SCRA, the SCRR and the SEBI ICDR Regulations which is part of the abridged prospectus accompanying the Bid cum Application Form. The General Information Document is available on the websites of the Stock Exchanges and the BRLMs. Please refer to the relevant provisions of the General Information Document which are applicable to the Offer especially in relation to the process for Bids by UPI Bidders through the UPI Mechanism. The investors should note that the details and process provided in the General Information Document should be read along with this section.

Additionally, all Bidders may refer to the General Information Document for information in relation to (i) category of investors eligible to participate in the Offer; (ii) maximum and minimum Bid size; (iii) price discovery and allocation; (iv) Payment Instructions for ASBA Bidders/Applicants; (v) issuance of CAN and allotment in the Offer; (vi) general instructions (limited to instructions for completing the Bid cum Application Form); (vii) submission of Bid cum Application Form; (viii) other instructions (limited to joint bids in cases of individual, multiple bids and instances when an application would be rejected on technical grounds); (ix) applicable provisions of the Companies Act relating to punishment for fictitious applications; (x) mode of making refunds; (xi) Designated Date; (xii) interest in case of delay in allotment or refund; and (xiii) disposal of applications. SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018 read with its circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, has introduced an alternate payment mechanism using Unified Payments Interface (“UPI”) and consequent reduction in timelines for listing in a phased manner. From January 1, 2019, the UPI Mechanism for UPI Bidders applying through Designated Intermediaries was made effective along with the existing process and existing timeline of T+6 days. (“UPI Phase I”). The UPI Phase I was effective till June 30, 2019.

With effect from July 1, 2019, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, read with circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 with respect to Bids by RIBs through Designated Intermediaries (other than SCSBs), the existing process of physical movement of forms from such Designated Intermediaries to SCSBs for blocking of funds was discontinued and only the UPI Mechanism for such Bids with existing timeline of T+6 days was mandated for a period of three months or launch of five main board public issues, whichever is later (“UPI Phase II”). Subsequently however, SEBI vide its circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019 extended the timeline for implementation of UPI Phase II till March 31, 2020. However, given the prevailing uncertainty due to the COVID-19 pandemic, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020, had decided to continue with the UPI Phase II till further notice. The final reduced timeline of T+3 days for the UPI Mechanism for applications by UPI Bidders (“UPI Phase III”) and modalities of the implementation of UPI Phase III was notified by SEBI vide its circular no. SEBI/HO/CFD/TPD1/CIR/P/2023/140 dated August 9, 2023 and made effective on a voluntary basis for all issues opening on or after September 1, 2023 and on a mandatory basis for all issues opening on or after December 1, 2023. The Offer will be undertaken pursuant to the processes and procedures under UPI Phase III, subject to any circulars, clarification or notification issued by the SEBI from time to time. Further, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 as amended pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 and SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022 has introduced certain additional measure for streamlining process for initial public offers and redressing investor grievances. Subsequently, vide the SEBI RTA Master Circular, consolidated the aforementioned circulars (excluding SEBI circular no. SEBI/HO/CFD/TPD1/CIR/P/2023/140 dated August 9, 2023) to the extent relevant for RTAs, and rescinded these circulars. Further, pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/P/2022/45 dated April 5, 2022, all individual bidders in initial public offerings (opening on or after May 1, 2022) whose application sizes are up to ₹500,000 shall use the UPI Mechanism and shall also provide their UPI ID in the Bid cum Application Form submitted with Syndicate Members, Registered Brokers, Collecting Depository Participants and Registrar. This circular shall come into force for initial public offers opening on/or after May 1, 2022, and the provisions of this circular are deemed to form part of this Draft Red Herring Prospectus. Pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022, applications made using the ASBA facility in initial public offerings shall be processed only after application monies are blocked in the bank accounts of investors (all categories).

The BRLMs shall be the nodal entity for any issues arising out of public issuance process.

*In terms of Regulation 23(5) and Regulation 52 of SEBI ICDR Regulations, the timelines and processes mentioned in SEBI RTA Master Circular, shall continue to form part of the agreements being signed between the intermediaries involved in the public issuance process and lead managers shall continue to coordinate with intermediaries involved in the said process.*

*In case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding two Working Days from the Bid/Offer Closing Date, the Bidder shall be compensated in accordance with applicable law. The BRLMs shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking. Further, Investors shall be entitled to compensation in the manner specified in the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, in case of delays in resolving investor grievances in relation to blocking/unblocking of funds.*

*Bidders are advised to make their independent investigations and ensure that their Bids are submitted in accordance with Applicable Laws and did not exceed the investment limits or maximum number of the Equity Shares that can be held by them under applicable law or as specified in the Red Herring Prospectus and the Prospectus. Further, our Company, the Selling Shareholders and the Syndicate are not liable for any adverse occurrences consequent to the implementation of the UPI Mechanism for application in this Offer.*

*Pursuant to circular no. NSDL/CIR/II/28/2023 dated August 8, 2023 issued by NSDL and circular no. CDSL/OPS/RTA/POLCY/2023/161 dated August 8, 2023 issued by CDSL, our Company may request the Depositories to suspend/ freeze the ISIN in depository system till listing/ trading effective date. Pursuant to the aforementioned circulars, our Company may request the Depositories to suspend/ freeze the ISIN in depository system from or around the date of the Red Herring Prospectus till the listing and commencement of trading of our Equity Shares. The shareholders who intend to transfer the pre-Offer shares may request our Company and/ or the Registrar for facilitating transfer of shares under suspended/ frozen ISIN by submitting requisite documents to our Company and/ or the Registrar. Our Company and/ or the Registrar would then send the requisite documents along with applicable stamp duty and corporate action charges to the respective depository to execute the transfer of shares under suspended ISIN through corporate action. The transfer request shall be accepted by the Depositories from our Company till one day prior to Bid/ Offer Opening Date.*

### **Book Building Procedure**

The Offer is being made in terms of Rule 19(2)(b) of the SCRR, read with Regulation 31 of the SEBI ICDR Regulations. The Offer is being made through the Book Building Process, in compliance with Regulation 6(2) of the SEBI ICDR Regulations, wherein not less than 75% of the Net Offer shall be available for allocation on a proportionate basis to QIBs, provided that our Company in consultation with the Book Running Lead Managers may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations, of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription, or non-allotment in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis only to Mutual Funds, and spill-over from the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not more than 15% of the Net Offer shall be available for allocation on a proportionate basis to Non-Institutional Investors and not more than 10% of the Net Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price.

Furthermore, [●] Equity Shares of face value of ₹1 each, aggregating up to ₹ [●] million shall be made available for allocation on a proportionate basis only to Eligible Employees Bidding in the Employee Reservation Portion and Eligible HMCL Shareholders Bidding in the HMCL Shareholder Reservation Portion, subject to valid Bids being received at or above the Offer Price, if any.

Subject to valid Bids being received at or above the Offer Price, undersubscription, if any, in any category, except in the QIB Portion, would be allowed to be met with spill-over from any other category or a combination of categories at the discretion of our Company in consultation with the BRLMs, and the Designated Stock Exchange. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories. In case of under-subscription in the Offer, Equity Shares up to 90% of the Fresh Issue will be issued prior to the sale of Equity Shares in the Offer for Sale, provided that the balance subscription in the Offer will be met in the following order of priority (i) through the sale of the Offered Shares being offered by the Selling Shareholders in the Offer for Sale on a proportionate basis, and then (ii) through the

issuance of balance part of the Fresh Issue. The balance Equity Shares of the Fresh Issue (*i.e.*, 10% of the Fresh Issue) will be offered only once the entire portion of the Offered Shares is Allotted in the Offer. In accordance with Rule 19(2)(b) of the SCRR, the Offer will constitute at least [●]% of the post Offer paid-up Equity Share capital of our Company. Further, in the event of an under-subscription in the Employee Reservation Portion, such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, for a value in excess of ₹ 200,000 (net of Employee Discount, if any) subject to the total Allotment to an Eligible Employee not exceeding ₹ 500,000 (net of Employee Discount, if any). The unsubscribed portion, if any, in the Employee Reservation Portion shall be added to the Net Offer.

Investors must ensure that their PAN is linked with Aadhaar and are in compliance with the notification issued by Central Board of Direct Taxes on February 13, 2020, and press release dated June 25, 2021 and September 17, 2021, CBDT circular no.7 of 2022, dated March 30, 2022, read with press release dated March 28, 2023, read with subsequent circulars issued in relation thereto.

The Equity Shares, on Allotment, shall be traded only in the dematerialised segment of the Stock Exchanges.

Investors should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialised form. The Bid cum Application Forms which do not have the details of the Bidders' depository account, including depository participant's identity number ("DP ID"), client identification number ("Client ID"), PAN and unified payments interface identity number ("UPI ID"), as applicable, shall be treated as incomplete and will be rejected. Bidders will not have the option of being Allotted Equity Shares in physical form. However, they may get the Equity Shares rematerialized subsequent to Allotment of the Equity Shares in the Offer, subject to applicable laws.

### **Phased implementation of Unified Payments Interface**

SEBI has issued the UPI Circulars in relation to streamlining the process of public issue of *inter alia* equity shares and convertibles by introducing an alternate payment mechanism using UPI. Pursuant to the relevant UPI Circulars, the UPI Mechanism has been introduced in a phased manner as a payment mechanism (in addition to mechanism of blocking funds in the account maintained with SCSBs under ASBA) for applications by UPI Bidder through Designated Intermediaries with the objective to reduce the time duration from public issue closure to listing from six Working Days to up to three Working Days. Considering the time required for making necessary changes to the systems and to ensure complete and smooth transition to the UPI payment mechanism, the UPI Circulars have introduced and implemented the UPI Mechanism in three phases in the following manner:

**Phase I:** This phase was applicable from January 1, 2019 until March 31, 2019 or floating of five main board public issues, whichever was later. Subsequently, the timeline for implementation of Phase I was extended until June 30, 2019. Under this phase, an RII had the option to submit the ASBA Form with any of the Designated Intermediary and use his/her UPI ID for the purpose of blocking of funds. The time duration from public issue closure to listing continued to be six Working Days.

**Phase II:** This phase has become applicable from July 1, 2019 and was to initially continue for a period of three months or floating of five main board public issues, whichever is later. SEBI pursuant to its circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019, had decided to extend the timeline for implementation of UPI Phase II until March 31, 2020. Subsequently, SEBI pursuant to its circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020 extended the timeline for implementation of UPI Phase II till further notice. Under this phase, submission of the ASBA Form by RIIs through Designated Intermediaries (other than SCSBs) to SCSBs for blocking of funds was discontinued and replaced by the UPI Mechanism. However, the time duration from public issue closure to listing continued to be six Working Days during this phase.

**Phase III:** This phase has become applicable on a voluntary basis for all issues opening on or after September 1, 2023 and on a mandatory basis for all issues opening on or after December 1, 2023, vide SEBI circular bearing number SEBI/HO/CFD/TPD1/CIR/P/2023/140 dated August 9, 2023 ("**T+3 Notification**"). In this phase, the time duration from public issue closure to listing has been reduced to three Working Days. The Offer shall be undertaken pursuant to the processes and procedures as notified in the T+3 Notification as applicable, subject to any circulars, clarification or notification issued by SEBI from time to time, including any circular, clarification or notification which may be issued by SEBI.

The processing fees for applications made by UPI Bidders using the UPI Mechanism may be released to the SCSBs only after such banks provide a written confirmation, in compliance with the SEBI RTA Master Circular in a format as prescribed by SEBI, from time to time, and such payment of processing fees to the SCSBs shall be

made in compliance with circulars prescribed by SEBI and applicable law. Accordingly, the Offer will be undertaken pursuant to the processes and procedures under UPI Phase III, subject to any circulars, clarification or notification issued by the SEBI pursuant to the T+3 Notification. The Offer shall be advertised in all editions of [●] (a widely circulated English national daily newspaper), all editions of [●] (a widely circulated Hindi national daily newspaper) and all editions of [●] (a widely circulated Kannada daily newspaper, Kannada being the regional language of Karnataka, where our Registered Office is located), on or prior to the Bid/Offer Opening Date and such advertisement shall also be made available to the Stock Exchanges for the purpose of uploading on their websites.

All SCSBs offering the facility of making application in public issues shall also provide facility to make application using UPI. Our Company has appointed the Sponsor Banks to act as a conduit between the Stock Exchanges and National Payments Corporation of India (“NPCI”) in order to facilitate collection of requests and/or payment instructions of the UPI Bidders using the UPI.

NPCI through its circular (NPCI/UPI/OC No. 127/ 2021-22) dated December 9, 2021, inter alia, has enhanced the per transaction limit from ₹ 200,000 to ₹ 500,000 for applications using UPI in initial public offerings.

Pursuant to the UPI Circulars, SEBI has set out specific requirements for redressal of investor grievances for applications that have been made through the UPI Mechanism. The requirements of the UPI Circular include, appointment of a nodal officer by the SCSB and submission of their details to SEBI, the requirement for SCSBs to send short message service (“SMS”) alerts for the blocking and unblocking of UPI mandates, the requirement for the Registrar to submit details of cancelled, withdrawn or deleted applications, and the requirement for the bank accounts of unsuccessful Bidders to be unblocked no later than one Working Day from the date on which the Basis of Allotment is finalised. Failure to unblock the accounts within the timeline would result in the SCSBs being penalised under the relevant securities law.

For further details, refer to the General Information Document available on the websites of the Stock Exchanges and the BRLMs. Additionally, if there is any delay in the redressal of investors’ complaints, the relevant SCSB as well as the post – Offer BRLM will be required to compensate the concerned investor.

Further, pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/45 dated April 5, 2022, all UPI Bidders shall provide their UPI ID in the Bid cum Application Form submitted with any of the entities mentioned herein below:

- (i) a syndicate member;
- (ii) a stockbroker registered with a recognised stock exchange (and whose name is mentioned on the website of the stock exchange as eligible for this activity);
- (iii) a depository participant (whose name is mentioned on the website of the stock exchange as eligible for this activity); or
- (iv) a registrar to an issue and share transfer agent (whose name is mentioned on the website of the stock exchange as eligible for this activity).

#### **Electronic registration of Bids**

- (i) The Designated Intermediary may register the Bids using the online facilities of the Stock Exchanges. The Designated Intermediaries can also set up facilities for off-line electronic registration of Bids, subject to the condition that they may subsequently upload the off-line data file into the online facilities for Book Building on a regular basis before the closure of the Offer.
- (ii) On the Bid/Offer Closing Date, the Designated Intermediaries may upload the Bids till such time as may be permitted by the Stock Exchanges and as disclosed in the Red Herring Prospectus.
- (iii) Only Bids that are uploaded on the Stock Exchanges Platform are considered for allocation/Allotment. The Designated Intermediaries are given till 5:00 pm on the Bid/Offer Closing Date to modify select fields uploaded in the Stock Exchange Platform during the Bid/Offer Period after which the Stock Exchange(s) send the bid information to the Registrar to the Offer for further processing.

#### **Bid cum Application Form**

Copies of the Bid cum Application Form (other than for Anchor Investors) and the abridged prospectus will be available with the Designated Intermediaries at the Bidding Centres, and our Registered Office. An electronic copy of the Bid cum Application Form will also be available for download on the websites of BSE (<https://www.bseindia.com>) and NSE (<https://www.nseindia.com>) at least one day prior to the Bid/Offer Opening Date.

Copies of the Anchor Investor Application Form will be available at the offices of the BRLMs.

All Bidders (other than Anchor Investors) shall mandatorily participate in the Offer only through the ASBA process. UPI Bidders shall Bid in the Offer through the UPI Mechanism. ASBA Bidders must provide either (i) the bank account details and authorisation to block funds in the ASBA Form, or (ii) the UPI ID, as applicable, in the relevant space provided in the ASBA Form. The ASBA Forms that do not contain such details are liable to be rejected. Applications made by the UPI Bidders using third party bank account or using third party linked bank account UPI ID are liable for rejection. Anchor Investors are not permitted to participate in the Offer through the ASBA process. UPI Bidders Bidding using the UPI Mechanism may also apply through the SCSBs and mobile applications using the UPI handles as provided on the website of SEBI. ASBA Bidders shall ensure that the Bids are made on ASBA Forms bearing the stamp of the relevant Designated Intermediary, submitted at the relevant Bidding Centres only (except in case of electronic ASBA Forms) and the ASBA Forms not bearing such specified stamp are liable to be rejected. For all initial public offerings opening on or after September 1, 2022, as specified in SEBI pursuant to its circular no. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022, the ASBA applications in public issues shall be processed only after the application monies are blocked in the investor's bank accounts. Stock Exchanges shall accept the ASBA applications in their electronic book building platform only with a mandatory confirmation on the application monies blocked. This circular shall be applicable for all categories of investors viz. Retail, QIB, NII and other reserved categories and also for all modes through which the applications are processed. ASBA Bidders may submit the ASBA Form in the manner below:

- (i) UPI Bidders using the UPI Mechanism, may submit their ASBA Forms, including details of their UPI IDs with the Syndicate, Sub-Syndicate Members, Registered Brokers, Registrar and Share Transfer Agents (“RTAs”) or Collecting Depository Participants (“CDPs”), or online using the facility of linked online trading, demat and bank account (3 in 1 type accounts), provided by certain brokers.
- (ii) RIIs authorising an SCSB to block the Bid Amount in the ASBA Account may submit their ASBA Forms with the SCSBs (physically or online, as applicable), or online using the facility of linked online trading, demat and bank account (3 in 1 type accounts), provided by certain brokers.
- (iii) QIBs and NIBs (other than UPI Bidders) may submit their ASBA Forms with SCSBs, Syndicate, Sub-Syndicate Members, Registered Brokers, RTAs or CDPs.

The ASBA Bidders, including UPI Bidders, shall ensure that they have sufficient credit balance such that an amount equivalent to full Bid Amount can be blocked therein, at the time of submitting the Bid. as the application made by a ASBA Bidder shall only be processed after the Bid amount is blocked in the ASBA account of the investor's bank accounts, pursuant to SEBI circular number SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022, which is effective from September 1, 2022.

The prescribed colour of the Bid cum Application Form for the various categories is as follows:

Category	Colour of Bid cum Application Form*
Resident Indians, including resident QIBs, Non-Institutional Investors, Retail Individual Investors and Eligible NRIs applying on a non-repatriation basis <sup>^</sup>	[●]
Non-Residents including Foreign Portfolio Investors (“FPIs”), Eligible Non-Resident Investors (“NRIs”) applying on a repatriation basis, foreign Venture Capital Investors (“FVCIs”) and registered bilateral and multilateral institutions	[●]
Anchor Investors <sup>^^</sup>	[●]
Eligible Employees Bidding in the Employee Reservation Portion <sup>#</sup>	[●]
Eligible HMCL Shareholders Bidding in the HMCL Shareholder Reservation Portion	[●]

<sup>\*</sup>Excluding the electronic Bid cum Application Form.

<sup>^</sup>Electronic Bid cum Application Form will be made available for download on the website of the BSE ([www.bseindia.com](http://www.bseindia.com)) and NSE ([www.nseindia.com](http://www.nseindia.com)).

<sup>^^</sup>Bid cum Application Forms for Anchor Investors will be made available at the offices of the BRLMs.

<sup>#</sup> Bid cum Application Forms for Eligible Employees shall be available at the Registered Office of our Company.

In case of ASBA Forms, the relevant Designated Intermediaries shall upload the relevant bid details in the electronic bidding system of the Stock Exchanges and the Stock Exchanges shall accept the ASBA applications in their electronic bidding system only with a mandatory confirmation on the application monies blocked. For RIIs using the UPI Mechanism, the Stock Exchanges shall share the Bid details (including UPI ID) with the Sponsor Banks on a continuous basis to enable the Sponsor Banks to initiate UPI Mandate Request to UPI Bidders for blocking of funds.

In case of ASBA Forms, the relevant Designated Intermediaries shall capture and upload the relevant bid details (including UPI ID in case of ASBA Forms under the UPI Mechanism) in the electronic bidding system of the Stock Exchanges.

For UPI Bidders using UPI Mechanism, the Stock Exchanges shall share the Bid details (including UPI ID) with the Sponsor Banks on a continuous basis through API integration to enable the Sponsor Banks to initiate UPI Mandate Request to UPI Bidders, for blocking of funds. Stock Exchanges shall validate the electronic bids with the records of the CDP for DP ID/Client ID and PAN, on a real time basis and bring inconsistencies to the notice of the relevant Designated Intermediaries, for rectification and re-submission within the time specified by Stock Exchanges. Stock Exchanges shall allow modification of either DP ID/Client ID or PAN ID, bank code and location code in the Bid details already uploaded. The Sponsor Banks shall initiate request for blocking of funds through NPCI to UPI Bidders, who shall accept the UPI Mandate Request for blocking of funds on their respective mobile applications associated with UPI ID linked bank account. In accordance with BSE Circular No: 20220803-40 and NSE Circular No: 25/2022, each dated August 3, 2022, for all pending UPI Mandate Requests, the Sponsor Banks shall initiate requests for blocking of funds in the ASBA Accounts of relevant Bidders with a confirmation cut-off time of 5:00 pm on the Bid/Offer Closing Date (“**Cut-Off Time**”). Accordingly, UPI Bidders Bidding using through the UPI Mechanism should accept UPI Mandate Requests for blocking off funds prior to the Cut-Off Time and all pending UPI Mandate Requests at the Cut-Off Time shall lapse. Further, modification of Bids shall be allowed in parallel during the Bid/Offer Period until the Cut-Off Time. The NPCI shall maintain an audit trail for every Bid entered in the Stock Exchanges bidding platform, and the liability to compensate UPI Bidders (Bidding through UPI Mechanism) in case of failed transactions shall be with the concerned entity (i.e. the Sponsor Banks, NPCI or the issuer bank) at whose end the lifecycle of the transaction has come to a halt. The NPCI shall share the audit trail of all disputed transactions/ investor complaints to the Sponsor Banks and the issuer bank. The Sponsor Banks and the Bankers to the Offer shall provide the audit trail to the BRLMs for analysing the same and fixing liability. For ensuring timely information to investors, SCSBs shall send SMS alerts for mandate block and unblock including details specified in SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 as amended pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 and SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated April 20, 2022.

The Sponsor Banks will undertake a reconciliation of Bid responses received from Stock Exchanges and sent to NPCI and will also ensure that all the responses received from NPCI are sent to the Stock Exchanges platform with detailed error code and description, if any. Further, the Sponsor Banks will undertake reconciliation of all Bid requests and responses throughout their lifecycle on daily basis and share reports with the BRLMs in the format and within the timelines as specified under the UPI Circulars. Sponsor Banks and issuer banks shall download UPI settlement files and raw data files from the NPCI portal after every settlement cycle and do a three way reconciliation with UPI switch data, Core Banking System (“**CBS**”) data and UPI raw data. NPCI is to coordinate with issuer banks and Sponsor Banks on a continuous basis.

For ASBA Forms (other than UPI Bidders using UPI Mechanism) Designated Intermediaries (other than SCSBs) shall submit/deliver the ASBA Forms to the respective SCSB where the Bidder has an ASBA bank account and shall not submit it to any non-SCSB bank or any Escrow Collection Bank(s).

The Sponsor Banks shall host a web portal for intermediaries (closed user group) from the date of Bid/Offer Opening Date till the date of listing of the Equity Shares with details of statistics of mandate blocks/unblocks, performance of apps and UPI handles, down-time/network latency (if any) across intermediaries and any such processes having an impact/bearing on the Offer Bidding process.

**Participation by the Promoters and Promoter Group of our Company, BRLMs, the Syndicate Members and their associates and affiliates and the persons related thereto**

The BRLMs and the Syndicate Members shall not be allowed to purchase Equity Shares in the Offer in any manner, except towards fulfilling their respective underwriting obligations. However, the respective associates and affiliates of the BRLMs and the Syndicate Members may Bid for Equity Shares in the Offer, either in the QIB Portion or in the Non-Institutional Portion as may be applicable to such Bidders, and such subscription may be on

their own account or on behalf of their clients. All categories of investors, including associates or affiliates of the BRLMs and Syndicate Members, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

Neither (i) the BRLMs or any associates of the BRLMs (except Mutual Funds sponsored by entities which are associates of the BRLMs or insurance companies promoted by entities which are associate of BRLMs or AIFs sponsored by the entities which are associate of the BRLMs or FPIs other than individuals, corporate bodies and family offices which are associates of the BRLMs) or pension fund sponsored by entities which are associate of the BRLMs nor; (ii) any person related to the Promoters or Promoter Group shall apply in the Offer under the Anchor Investor Portion

Except as stated below, neither the BRLMs nor any persons related to the BRLMs can apply in the Offer under the Anchor Investor Portion:

- (i) mutual funds sponsored by entities which are associate of the BRLMs;
- (ii) insurance companies promoted by entities which are associate of the BRLMs;
- (iii) Alternate Investment Funds (“AIFs”) sponsored by the entities which are associate of the BRLMs;
- (iv) Foreign Portfolio Investors (“FPIs”) other than individuals, corporate bodies and family offices sponsored by the entities which are associate of the BRLMs; or
- (v) pension funds sponsored by entities which are associate of the BRLMs;

Except to the extent of the Offered Shares, our Promoters and the members of our Promoter Group will not participate in the Offer. Further, persons related to our Promoters and Promoter Group shall not apply in the Offer under the Anchor Investor Portion.

For the purposes of the above, a QIB who has the following rights shall be deemed to be a person related to our Promoters or Promoter Group:

- (i) rights under a shareholders’ agreement or voting agreement entered into with our Promoters or Promoter Group;
- (ii) veto rights; or
- (iii) right to appoint any nominee director on the Board.

Further, an Anchor Investor shall be deemed to be an “associate of the BRLM” if:

- (i) either of them controls, directly or indirectly through its subsidiary or holding company, not less than 15% of the voting rights in the other; or
- (ii) either of them, directly or indirectly, by itself or in combination with other persons, exercises control over the other; or
- (iii) there is a common director, excluding nominee director, amongst the Anchor Investors and the BRLMs.

### **Bids by Mutual Funds**

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, our Company in consultation with the BRLMs reserve the right to reject any Bid without assigning any reason thereof, subject to applicable laws.

Bids made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Bids are made.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

No Mutual Fund scheme shall invest more than 10% of its net asset value (“NAV”) in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in case of index funds or sector or industry specific schemes. No Mutual Fund under all its schemes should own more than 10% of any company’s paid-up share capital carrying voting rights.

### **Bids by Eligible Non-resident Indians (“NRIs”)**

Eligible NRIs may obtain copies of Bid cum Application Form from the Designated Intermediaries. Eligible NRI Bidders bidding on a repatriation basis by using the Non-Resident forms should authorise their SCSB to block their Non-Resident External (“NRE”) accounts (including UPI ID, if activated), or Foreign Currency Non-Resident (“FCNR”) accounts, and eligible NRI Bidders bidding on a non-repatriation basis by using resident forms should authorise their SCSB to block their Non-Resident Ordinary (“NRO”) accounts for the full Bid Amount, at the time of the submission of the Bid cum Application Form. NRIs applying in the Offer through the UPI Mechanism are advised to enquire with the relevant bank, whether their account is UPI linked, prior to submitting a Bid cum Application Form.

Eligible NRIs Bidding on non-repatriation basis are advised to use the Bid cum Application Form for residents ([●] in colour). Eligible NRIs Bidding on a repatriation basis are advised to use the Bid cum Application Form meant for Non-Residents ([●] in colour).

Participation of Eligible NRIs in the Offer shall be subject to the Foreign Exchange Management Act (“FEMA”) Non-debt Instrument Rules. Only bids accompanied by payment in Indian rupees or fully convertible foreign exchange will be considered for allotment.

Eligible NRIs will be permitted to apply in the Offer through Channel I or Channel II (as specified in the SEBI UPI Circulars). Further, subject to applicable law, Eligible NRIs may use Channel IV (as specified in the SEBI UPI Circulars) to apply in the Offer, provided the UPI facility is enabled for their NRE/NRO accounts. In accordance with the FEMA Non-Debt Instruments Rules, the total holding by any individual NRI, on a repatriation basis, shall not exceed 5% of the total paid-up Equity Share capital on a fully diluted basis or shall not exceed 5% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all NRIs and Overseas Citizen of India (“OCI”) put together shall not exceed 10% of the total paid-up Equity Share capital on a fully diluted basis or shall not exceed 10% of the paid-up value of each series of debentures or preference shares or share warrant. Our Company has raised the aggregate ceiling to 24% by a special resolution dated September 5, 2024. For details of restrictions on investment by NRIs, see “*Restrictions on Foreign Ownership of Indian Securities*” beginning on page 498.

### **Bids by Hindu Undivided Families (“HUFs”)**

Bids by Hindu Undivided Families or HUFs, in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: “Name of sole or first bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta”. Bids by HUFs may be considered at par with Bids from individuals.

### **Bids by Foreign Portfolio Investors (“FPIs”)**

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the same multiple entities having common ownership directly or indirectly of more than 50% or common control) must be below 10% of our post-Offer Equity Share capital. Further, in terms of the FEMA Non-Debt Instruments Rules, the total holding by each FPI, of an investor group, shall be below 10% of the total paid-up Equity Share capital of our Company on a fully diluted basis and the aggregate limit for FPI investments shall be the sectoral caps applicable to our Company, which is 100% of the total paid-up Equity Share capital of our Company on a fully diluted basis. In case the total holding of an FPI or investor group increases beyond 10% of the total paid-up Equity Share capital of our Company, on a fully diluted basis, the total investment made by the FPI or investor group will be re-classified as FDI subject to the conditions as specified by SEBI and the RBI in this regard and our Company and the investor will be required to comply with applicable reporting requirements. Further, the total holdings of all FPIs put together, with effect from April 1, 2020, can be up to the sectoral cap applicable to the sector in which our Company operates (i.e., up to 100%). In terms of the FEMA Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included. Bids by FPIs which utilise the multi-investment manager structure, submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs may not be treated as multiple Bids.



In case of Bids made by FPIs, a certified copy of the certificate of registration issued under the SEBI FPI Regulations is required to be attached to the Bid cum Application Form, failing which our Company, in consultation with the BRLMs reserves the right to reject any Bid without assigning any reason, subject to applicable laws.

FPIs are permitted to participate in the Offer subject to compliance with conditions and restrictions which may be specified by the Government from time to time. In terms of the FEMA Non-Debt Instruments Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

To ensure compliance with the above requirement, SEBI, pursuant to its circular dated July 13, 2018, has directed that at the time of finalisation of the Basis of Allotment, the Registrar shall (i) use the PAN issued by the Income Tax Department of India for checking compliance for a single FPI; and (ii) obtain validation from Depositories for the FPIs who have invested in the Offer to ensure there is no breach of the investment limit, within the timelines for issue procedure, as prescribed by SEBI from time to time.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 22 of the SEBI FPI Regulations, an FPI, may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only by persons registered as Category I FPIs; (ii) such offshore derivative instruments are issued only to persons eligible for registration as Category I FPIs; (iii) such offshore derivative instruments are issued after compliance with 'know your client' norms; and (iv) such other conditions as may be specified by SEBI from time to time.

In case the total holding of an FPI increases beyond 10% of the total paid-up Equity Share capital, on a fully diluted basis or 10% or more of the paid-up value of any series of debentures or preference shares or share warrants issued that may be issued by our Company, the total investment made by the FPI will be re-classified as FDI subject to the conditions as specified by SEBI and the RBI in this regard and our Company and the investor will be required to comply with applicable reporting requirements.

An FPI issuing offshore derivative instruments is also required to ensure that any transfer of offshore derivative instruments issued by, or on behalf of it subject to, inter alia, the following conditions:

- (a) such offshore derivative instruments are transferred to persons subject to fulfilment of SEBI FPI Regulations; and
- (b) prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred are pre-approved by the FPI.

The FPIs who wish to participate in the Offer are advised to use the Bid cum Application Form for non-residents.

Bids received from FPIs bearing the same PAN shall be treated as multiple Bids and are liable to be rejected, except for Bids from FPIs that utilize the multiple investment manager structure in accordance with SEBI master circular bearing reference number SEBI/HO/AFD-2/CIR/P/2022/175 dated December 19, 2022, provided such Bids have been made with different beneficiary account numbers, Client IDs and DP IDs.

Accordingly, it should be noted that multiple Bids received from FPIs, who do not utilize the multiple investment managers ("MIM") Structure, and bear the same PAN, are liable to be rejected. In order to ensure valid Bids, FPIs making multiple Bids using the same PAN, and with different beneficiary account numbers, Client IDs and DP IDs, are required to provide a confirmation in the Bid cum Application Forms that the relevant FPIs making multiple Bids utilize the MIM Structure. In the absence of such confirmation from the relevant FPIs, such multiple Bids shall be rejected.

Further, in the following cases, Bids by FPIs shall not be treated as multiple Bids:

- FPIs which utilise the MIM structure, indicating the name of their respective investment managers in such confirmation;
- Offshore derivative instruments ("ODI") which have obtained separate FPI registration for ODI and proprietary derivative investments;

- Sub funds or separate class of investors with segregated portfolio who obtain separate FPI registration;
- FPI registrations granted at investment strategy level/sub fund level where a collective investment scheme or fund has multiple investment strategies/sub-funds with identifiable differences and managed by a single investment manager;
- Multiple branches in different jurisdictions of foreign bank registered as FPIs;
- Government and Government related investors registered as Category 1 FPIs; and
- Entities registered as collective investment scheme having multiple share classes.

The Bids belonging to any of the abovementioned seven structures and having same PAN may be collated and identified as a single Bid in the Bidding process. The Equity Shares allotted in the Bid may be proportionately distributed to the Applicant FPIs (with same PAN). In order to ensure valid Bids, FPIs making multiple Bids using the same PAN, and with different beneficiary account numbers, Client IDs and DP IDs, are required to provide a confirmation along with each of their Bid cum Application Forms that the relevant FPIs making multiple Bids utilize any of the above-mentioned structures and indicate the name of their respective investment managers in such confirmation. In the absence of such confirmation from the relevant FPIs, such multiple Bids shall be rejected.

Please note that in terms of the General Information Document, the maximum Bid by any Bidder including QIB Bidder should not exceed the investment limits prescribed for them under applicable laws. Further, MIM Bids by an FPI Bidder utilising the MIM Structure shall be aggregated for determining the permissible maximum Bid. Further, please note that as disclosed in this Draft Red Herring Prospectus read with the General Information Document, Bid Cum Application Forms are liable to be rejected in the event that the Bid in the Bid cum Application Form *“exceeds the Offer size and/or investment limit or maximum number of the Equity Shares that can be held under applicable laws or regulations or maximum amount permissible under applicable laws or regulations, or under the terms of the Red Herring Prospectus.”*

For example, an FPI must ensure that any Bid by a single FPI and/ or an investor group (which means the same multiple entities having common ownership directly or indirectly of more than 50% or common control) (collective, the **“FPI Group”**) shall be below 10% of the total paid-up Equity Share capital of our Company on a fully diluted basis. Any Bids by FPIs and/ or the FPI Group (including but not limited to (a) FPIs Bidding through the MIM Structure; or (b) FPIs with separate registrations for offshore derivative instruments and proprietary derivative instruments) for 10% or more of our total paid-up post Offer Equity Share capital shall be liable to be rejected.

**Bids by Securities and Exchange Board of India (“SEBI”) registered Venture Capital Funds (“VCFs”), Alternate Investment Funds (“AIFs”) and Foreign Capital Investors (“FVCIs”)**

The Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 (**“SEBI VCF Regulations”**) as amended, inter alia prescribe the investment restrictions on VCFs, registered with SEBI. The Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 (**“SEBI AIF Regulations”**) prescribe, amongst others, the investment restrictions on AIFs. The Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000 as amended (**“SEBI FVCI Regulations”**) prescribe the investment restrictions on FVCIs.

Accordingly, the holding in any company by any individual VCF or FVCIs registered with SEBI should not exceed 25% of the corpus of the VCF or FVCI. Further, VCFs and FVCIs can invest only up to 33.33% of the investible funds in various prescribed instruments, including in public offering.

Category I and II AIFs cannot invest more than 25% of the investible funds in one investee company. A Category III AIF cannot invest more than 10% of the investible funds in one investee company. A VCF registered as a Category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than one-third of its investible funds by way of subscription to an initial public offering of a venture capital undertaking whose shares are proposed to be listed. Additionally, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the SEBI VCF Regulations until the existing fund or scheme managed by the fund is wound up and such funds shall not launch any new scheme after the notification of the SEBI AIF Regulations.

All non-resident investors should note that refunds (in case of Anchor Investors), dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and commission.

Our Company or the BRLMs will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Participation of AIFs, VCFs and FVCIs shall also be subject to the FEMA Rules.

Further, the shareholding of VCFs, Category I AIFs or Category II AIFs and FVCIs holding equity shares of a company prior to an initial public offering being undertaken by such company, shall be exempt from lock-in requirements, provided that such equity shares shall be locked in for a period of at least six months from the date of purchase by the venture capital fund or alternative investment fund or foreign venture capital investor.

There is no reservation for Eligible NRI Bidders, AIFs, FPIs and FVCIs. All Bidders will be treated on the same basis with other categories for the purpose of allocation.

### **Bids by Limited Liability Partnerships**

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, our Company, in consultation with the BRLMs reserve the right to reject any Bid without assigning any reason thereof.

### **Bids by banking companies**

In case of Bids made by banking companies registered with the RBI, certified copies of (i) the certificate of registration issued by the RBI, and (ii) the approval of such banking company's investment committee are required to be attached to the Bid cum Application Form. Failing this, our Company, in consultation with the BRLMs, reserves the right to reject any Bid without assigning any reason thereof, subject to applicable law.

The investment limit for banking companies in non-financial services companies as per the Banking Regulation Act, 1949, as amended (the "**Banking Regulation Act**"), and Master Direction – Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, as amended, is 10% of the paid-up share capital of the investee company or 10% of the bank's own paid-up share capital and reserves, whichever is lower. Further, the aggregate equity investments in any other entities engaged in financial and non-financial services, including overseas investments, cannot exceed 20% of the bank's paid-up share capital and reserves. However, a banking company may hold up to 30% of the paid-up share capital of the investee company with the prior approval of the RBI, provided that the investee company is engaged in non-financial activities in which banking companies are permitted to engage under the Banking Regulation Act or the additional acquisition is through restructuring of debt, or to protect the bank's interest on loans/investments made to a company.

### **Bids by Self-Certified Syndicate Banks ("SCSBs")**

SCSBs participating in the Offer are required to comply with the terms of the circulars bearing numbers CIR/CFD/DIL/12/2012 and CIR/CFD/DIL/1/2013 dated September 13, 2012, and January 2, 2013, respectively, issued by SEBI. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for such applications.

### **Bids by Eligible Employees**

The Bid must be for a minimum of [●] Equity Shares of face value of ₹1 each, and in multiples of [●] Equity Shares of face value of ₹1 each, thereafter so as to ensure that the Bid Amount payable by the Eligible Employee does not exceed ₹ 500,000 (net of Employee Discount, if any). The Allotment in the Employee Reservation Portion will be on a proportionate basis. Eligible Employees under the Employee Reservation Portion may Bid at Cut-off Price provided that the Bid does not exceed ₹ 500,000 (net of Employee Discount, if any).

However, Allotments to Eligible Employees in excess of ₹ 200,000 (net of Employee Discount, if any) shall be considered on a proportionate basis, in the event of undersubscription in the Employee Reservation Portion, subject to the total Allotment to an Eligible Employee not exceeding ₹ 500,000 (net of Employee Discount, if any) (which will be less Employee Discount, if any). Subsequent undersubscription, if any, in the Employee

Reservation Portion shall be added back to the Net Offer. Eligible Employees Bidding in the Employee Reservation Portion may Bid at the Cut-off Price.

Bids under Employee Reservation Portion by Eligible Employees shall be:

- a) Made only in the prescribed Bid cum Application Form or Revision Form (i.e. [●] colour form).
- b) The Bidder should be an Eligible Employee as defined. In case of joint bids, the first Bidder shall be an Eligible Employee.
- c) Only Eligible Employees would be eligible to apply in the Offer under the Employee Reservation Portion.
- d) Only those Bids, which are received at or above the Offer Price, net of Employee Discount, if any, if any would be considered for Allotment under this category.
- e) Eligible Employees can apply at Cut-off Price.
- f) If the aggregate demand in this category is less than or equal to [●] Equity Shares of face value of ₹1 each, at or above the Offer Price, full allocation shall be made to the Eligible Employees to the extent of their demand.
- g) Eligible Employees bidding in the Employee Reservation Portion can also Bid through the UPI mechanism
- h) Under-subscription, if any, in the Employee Reservation Portion will be added back to the Net Offer.

In case of under-subscription in the Net Offer, spill over to the extent of under-subscription shall be permitted from the Employee Reservation Portion. If the aggregate demand in this category is greater than [●] Equity Shares of face value of ₹1 each, at or above the Offer Price, the allocation shall be made on a proportionate basis. Please note that any individuals who are directors, employees or promoters of (a) the BRLMs, Registrar to the Offer, or the Syndicate Members, or of the (b) 'associate companies' (as defined in the Companies Act, 2013, as amended) and 'group companies' of such BRLMs, Registrar to the Offer or Syndicate Members are not eligible to bid in the Employee Reservation Portion.

#### **Bids by Eligible HMCL Shareholders**

Bids under the HMCL Shareholder Reservation Portion shall be subject to the following:

1. Only Eligible HMCL Shareholders (i.e. individuals and HUFs who are public equity shareholders of one of our Promoters, Hero MotoCorp Limited, excluding such other persons not eligible under applicable laws, rules, regulations and guidelines as at the date of the Red Herring Prospectus) would be eligible to apply in this Offer under the Shareholder Reservation Portion.
2. In case of joint Bids, the sole / first Bidder shall be an Eligible HMCL Shareholder.
3. Only those Bids, which are received at or above the Offer Price, would be considered for allocation under this portion.
4. The Bids must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter.
5. Bids by Eligible HMCL Shareholders in the HMCL Shareholder Reservation Portion, the Net Offer portion and the Employee Reservation Portion (if eligible) shall not be treated as multiple Bids subject to applicable limits. If an Eligible HMCL Shareholder is Bidding in the HMCL Shareholder Reservation Portion up to ₹ 200,000, application by such Eligible HMCL Shareholders in the Retail Portion or Non-Institutional Portion and Employee Reservation Portion (if eligible and subject to applicable limits) shall not be treated as multiple Bids. Therefore, Eligible HMCL Shareholders bidding in the HMCL Shareholder Reservation Portion (subject to the Bid Amount being up to ₹ 200,000) can also Bid under the Net Offer and Employee Reservation Portion (if eligible and subject to applicable limits) and such Bids shall not be treated as multiple Bids. Our Company reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories.

6. If the aggregate demand in this portion is less than or equal to [●] Equity Shares at or above the Offer Price, full allocation shall be made to the Eligible HMCL Shareholders to the extent of their demand.
7. Any unsubscribed portion remaining in the HMCL Shareholder Reservation Portion shall be added to the Net Offer. Under-subscription, if any, in any category including the HMCL Shareholder Reservation Portion and Employee Reservation Portion, except in the QIB Portion, would be allowed to be met with spill over from any other category or a combination of categories at the discretion of our Company and the Selling Shareholders in consultation with the Book Running Lead Managers and the Designated Stock Exchange.

Eligible HMCL Shareholders would need to have a valid PAN and their PAN should be updated with the register of shareholders maintained with Hero MotoCorp Limited. Further, Eligible HMCL Shareholders would need to have a valid demat account and details, as Equity Shares can only be Allotted to Eligible HMCL Shareholders having a valid demat account.

If the aggregate demand in this portion is greater than [●] Equity Shares at or above the Offer Price, the allocation shall be made on a proportionate basis. For the method of proportionate basis of Allotment, see “*Offer Procedure*” on page 475.

### **Bids by Insurance Companies**

In case of Bids made by insurance companies registered with the IRDAI, a certified copy of certificate of registration issued by IRDAI must be attached to the Bid cum Application Form. Failing this, our Company, in consultation with the BRLMs reserve the right to reject any Bid without assigning any reason thereof, subject to applicable law.

The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority of India (Investment) Regulations, 2016, read with the Investments – Master Circular dated October 27, 2022, each as amended, are broadly set forth below:

- (a) equity shares of a company: the lower of 10%\* of the outstanding equity shares (face value) or 10% of the respective fund in case of life insurer or 10% of investment assets in case of general insurer or reinsurer or health insurer;
- (b) the entire group of the investee company: not more than 15% of the respective fund in case of a life insurer or 15% of investment assets in case of a general insurer or reinsurer or health insurer or 15% of the investment assets in all companies belonging to the group, whichever is lower; and
- (c) the industry sector in which the investee company operates: not more than 15% of the fund of a life insurer or a general insurer or a reinsurer or health insurer or 15% of the investment asset, whichever is lower.

The maximum exposure limit, in the case of an investment in equity shares, cannot exceed the lower of an amount of 10% of the investment assets of a life insurer or general insurer and the amount calculated under (a), (b) and (c) above, as the case may be.

*\*The above limit of 10% shall stand substituted as 15% of outstanding equity shares (face value) for insurance companies with investment assets of ₹ 2,500,000 million or more and 12% of outstanding equity shares (face value) for insurers with investment assets of ₹ 500,000 million or more but less than ₹ 2,500,000 million.*

Insurance companies participating in the Offer shall comply with all applicable regulations, guidelines and circulars issued by IRDAI from time to time.

### **Bids by Provident Funds/Pension Funds**

In case of Bids made by provident funds/pension funds with minimum corpus of ₹ 250,000,000, registered with the Pension Fund Regulatory and Development Authority established under sub-section (1) of section 3 of the Pension Fund Regulatory and Development Authority Act, 2013, subject to applicable law, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be attached to the Bid cum Application Form. Failing this, our Company, in consultation with the BRLMs reserve the right to reject any Bid, without assigning any reason thereof.

### **Bids under Power of Attorney**

In case of Bids made pursuant to a power of attorney by limited companies, corporate bodies, registered societies, eligible FPIs, AIFs, Mutual Funds, insurance companies, systematically important non-banking finance company (“NBFC-SI”), insurance funds set up by the army, navy or air force of the India, insurance funds set up by the Department of Posts, India or the National Investment Fund and provident funds with a minimum corpus of ₹ 250,000,000 (subject to applicable laws) and pension funds with a minimum corpus of ₹ 250,000,000, registered with the Pension Fund Regulatory and Development Authority established under sub-section (1) of section 3 of the Pension Fund Regulatory and Development Authority Act, 2013, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Our Company, in consultation with the BRLMs, in their absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form, subject to such terms and conditions that our Company, in consultation with the BRLMs, may deem fit.

### **Bids by Anchor Investors**

In accordance with the SEBI ICDR Regulations, in addition to details and conditions mentioned in this section the key terms for participation by Anchor Investors are provided below:

- (a) Anchor Investor Application Forms will be made available for the Anchor Investor Portion at the offices of the BRLMs.
- (b) The Bid must be for a minimum of such number of Equity Shares so that the Bid Amount exceeds ₹100,000,000. A Bid cannot be submitted for over 60% of the QIB Portion. In case of a Mutual Fund, separate bids by individual schemes of a Mutual Fund will be aggregated to determine the minimum application size of ₹100,000,000.
- (c) One-third of the Anchor Investor Portion will be reserved for allocation to domestic Mutual Funds.
- (d) Bidding for Anchor Investors will open one Working Day before the Bid/Offer Opening Date and will be completed on the same day.
- (e) Our Company may finalise allocation to the Anchor Investors and the basis of such allocation will be on a discretionary basis by our Company in consultation with the BRLMs, provided that the minimum number of Allottees in the Anchor Investor Portion will not be less than:
  - (i) maximum of two Anchor Investors, where allocation under the Anchor Investor Portion is up to ₹100,000,000;
  - (ii) minimum of two and maximum of 15 Anchor Investors, where the allocation under the Anchor Investor Portion is more than ₹100,000,000 but up to ₹ 2,500,000,000, subject to a minimum Allotment of ₹ 50,000,000 per Anchor Investor; and
  - (iii) in case of allocation above ₹ 2,500,000,000 under the Anchor Investor Portion, a minimum of five such investors and a maximum of 15 Anchor Investors for allocation up to ₹ 2,500,000,000, and an additional 10 Anchor Investors for every additional ₹ 2,500,000,000, subject to minimum Allotment of ₹ 50,000,000 per Anchor Investor.
- (f) Allocation to Anchor Investors will be completed on the Anchor Investor Bid/Offer Period. The number of Equity Shares allocated to Anchor Investors and the price at which the allocation is made, will be made available in the public domain by the BRLMs before the Bid/Offer Opening Date, through intimation to the Stock Exchanges.
- (g) Anchor Investors cannot withdraw or lower the size of their Bids at any stage after submission of the Bid.

- (h) If the Offer Price is greater than the Anchor Investor Allocation Price, the additional amount being the difference between the Offer Price and the Anchor Investor Offer Price will be payable by the Anchor Investors on the Anchor Investor Pay-in Date specified in the CAN. If the Offer Price is lower than the Anchor Investor Offer Price, Allotment to successful Anchor Investors will be at the higher price.
- (i) 50% of the Equity Shares Allotted to the Anchor Investors in the Anchor Investor Portion shall be locked in for a period of 90 days from the date of Allotment and the remaining 50% of the Equity Shares Allotted to Anchor Investors in the Anchor Investor Portion shall be locked in for a period of 30 days from the date of Allotment.
- (j) Neither the BRLMs nor any associate of the BRLMs (except Mutual Funds sponsored by entities which are associates of the BRLMs or insurance companies promoted by entities which are associate of BRLMs or AIFs sponsored by the entities which are associate of the BRLMs or FPIs, other than individuals, corporate bodies and family offices sponsored by the entities which are associate of the and BRLMs) shall apply in the Offer under the Anchor Investor Portion. See “– *Participation by the Promoters and Promoter Group of our Company, BRLMs, the Syndicate Members and their associates and affiliates and the persons related thereto*” on page 480.
- (k) Bids made by QIBs under both the Anchor Investor Portion and the QIB Portion will not be considered multiple Bids.

#### **Bids by Systemically Important Non-Banking Financial Companies**

In case of Bids made by NBFC-SI registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, (ii) certified copy of its last audited financial statements on a standalone basis, (iii) a net worth certificate from its statutory auditors, and (iv) such other approval as may be required by the NBFC-SI, are required to be attached to the Bid cum Application Form. Failing this, our Company, in consultation with the BRLMs, reserves the right to reject any Bid without assigning any reason thereof, subject to applicable law. NBFC-SI participating in the Offer shall comply with all applicable regulations, guidelines and circulars issued by RBI from time to time.

The investment limit for NBFC-SI shall be as prescribed by RBI from time to time.

For more information, please read the General Information Document.

The above information is given for the benefit of the Bidders. Bidders are advised to make their independent investigations and ensure that any single Bid from it does not exceed the applicable investment limits or maximum number of the Equity Shares that can be held by it under applicable law or regulation or as specified in the Red Herring Prospectus and the Prospectus.

The relevant Designated Intermediary will enter a maximum of three Bids at different price levels opted in the Bid cum Application Form and such options are not considered as multiple Bids. It is the Bidder’s responsibility to obtain the acknowledgment slip from the relevant Designated Intermediary. The registration of the Bid by the Designated Intermediary does not guarantee that the Equity Shares shall be allocated/Allotted. Such Acknowledgement Slip will be non-negotiable and by itself will not create any obligation of any kind. When a Bidder revises his or her Bid, he/she shall surrender the earlier Acknowledgement Slip and may request for a revised acknowledgment slip from the relevant Designated Intermediary as proof of his or her having revised the previous Bid. In relation to electronic registration of Bids, the permission given by the Stock Exchanges to use their network and software of the electronic bidding system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, the Selling Shareholders and/or the Book Running Lead Managers are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements, nor does it take any responsibility for the financial or other soundness of our Company, the management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.

#### **General Instructions**

Please note that QIBs and Non-Institutional Investors are not permitted to withdraw their Bid(s) or lower the size of their Bid(s) (in terms of quantity of Equity Shares or the Bid Amount) at any stage. RIIs, Eligible Employees

Bidding under the Employee Reservation Portion and Eligible HMCL Shareholders Bidding under the HMCL Shareholder Reservation Portion can revise their Bid(s) during the Bid/Offer Period and withdraw or lower the size of their Bid(s) until Bid/Offer Closing Date. Anchor Investors are not allowed to withdraw their Bids after the Anchor Investor Bid/Offer Period.

***Do's:***

1. Check if you are eligible to apply as per the terms of this Draft Red Herring Prospectus and under applicable law, rules, regulations, guidelines and approvals;
2. All Bidders (other than Anchor Investors) should submit their Bids through the ASBA process only;
3. Ensure that you have Bid within the Price Band;
4. Read all the instructions carefully and complete the Bid cum Application Form in the prescribed form;
5. Ensure that you (other than the Anchor Investors) have mentioned the correct details of ASBA Account (i.e., bank account number or UPI ID, as applicable) and PAN in the Bid cum Application Form and if you are a UPI Bidder ensure that you have mentioned the correct UPI ID (with maximum length of 45 characters including the handle), in the Bid cum Application Form;
6. Ensure that your Bid cum Application Form bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the relevant Bidding Centre (except in case of electronic Bids) within the prescribed time;
7. UPI Bidders Bidding using the UPI Mechanism in the Offer shall ensure that they use only their own ASBA Account or only their own bank account linked UPI ID to make an application in the Offer and not ASBA Account or bank account linked UPI ID of any third party;
8. Ensure that you have funds equal to the Bid Amount in the ASBA Account maintained with the SCSB before submitting the ASBA Form to the relevant Designated Intermediaries;
9. Ensure that you have accepted the UPI Mandate Request received from the Sponsor Banks prior to 5:00 pm on the Bid/Offer Closing Date;
10. Ensure that the signature of the first bidder in case of joint Bids, is included in the Bid cum Application Forms. If the first bidder is not the ASBA Account holder, ensure that the Bid cum Application Form is also signed by the ASBA Account holder;
11. Ensure that the names given in the Bid cum Application Form is/are exactly the same as the names in which the beneficiary account is held with the Depository Participant. In case of joint Bids, the Bid cum Application Form should contain the name of only the first bidder whose name should also appear as the first holder of the beneficiary account held in joint names;
12. Ensure that you request for and receive a stamped acknowledgement in the form of a counterfoil of the Bid cum Application Form for all your Bid options from the concerned Designated Intermediary;
13. Ensure that you submit the revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised acknowledgment;
14. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of the circular no. MRD/DoP/Cir-20/2008 dated June 30, 2008 issued by SEBI, may be exempt from specifying their PAN for transacting in the securities market, (ii) Bids by persons resident in the state of Sikkim, who, in terms of the circular dated July 20, 2006 issued by SEBI, may be exempted from specifying their PAN for transacting in the securities market, and (iii) persons/entities exempt from holding a PAN under applicable law, all Bidders should mention their PAN allotted under the IT Act. The exemption for the Central or the State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficial owner by a suitable



description in the PAN field and the beneficiary account remaining in “active status”; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same. All other applications in which PAN is not mentioned will be rejected;

15. FPIs making MIM Bids using the same PAN, and different beneficiary account numbers, Client IDs and DP IDs, are required to submit a confirmation that their Bids are under the MIM structure and indicate the name of their investment managers in such confirmation which shall be submitted along with each of their Bid cum Application Forms. In the absence of such confirmation from the relevant FPIs, such MIM Bids shall be rejected;
16. Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;
17. Ensure that the category and the investor status is indicated in the Bid cum Application Form to ensure proper upload of your Bid in the electronic Bidding system of the Stock Exchanges;
18. Ensure that in case of Bids under power of attorney or by limited companies, corporates, trust, etc., relevant documents including a copy of the power of attorney, if applicable, are submitted;
19. Ensure that Bids submitted by any person outside India is in compliance with applicable foreign and Indian laws;
20. However, Bids received from FPIs bearing the same PAN shall not be treated as multiple Bids in the event such FPIs utilise the MIM Structure and such Bids have been made with different beneficiary account numbers, Client IDs and DP IDs;
21. Since the Allotment will be in dematerialised form only, ensure that the depository account is active, the correct DP ID, Client ID, UPI ID (for UPI Bidders bidding through UPI mechanism) and the PAN are mentioned in their Bid cum Application Form and that the name of the Bidder, the DP ID, Client ID, UPI ID (for UPI Bidders bidding through UPI mechanism) and the PAN entered into the online initial public offerings (“**IPO**”) system of the Stock Exchanges by the relevant Designated Intermediary, as applicable, matches with the name, DP ID, Client ID, UPI ID (for UPI Bidders bidding through UPI mechanism) and PAN available in the Depository database;
22. In case of QIBs and NIIs, ensure that while Bidding through a Designated Intermediary, the ASBA Form is submitted to a Designated Intermediary in a Bidding Centre and that the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has named at least one branch at that location for the Designated Intermediary to deposit ASBA Forms (a list of such branches is available on the website of SEBI at <http://www.sebi.gov.in>);
23. Ensure that you have correctly signed the authorisation/undertaking box in the Bid cum Application Form or have otherwise provided an authorisation to the SCSB or the Sponsor Banks, as applicable, via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form at the time of submission of the Bid. In case of UPI Bidder Bidding through the UPI Mechanism, ensure that you authorise the UPI Mandate Request raised by the Sponsor Banks for blocking of funds equivalent to Bid Amount and subsequent debit of funds in case of Allotment;
24. Ensure that the Demographic Details are updated, true and correct in all respects;
25. The ASBA Bidders shall use only their own bank account or only their own bank account linked UPI ID for the purposes of making Application in the Offer, which is UPI 2.0 certified by NPCI;
26. The ASBA Bidders shall ensure that bids above ₹ 5,00,000, are uploaded only by the SCSBs;
27. Bidders (except UPI Bidders Bidding through the UPI Mechanism) should instruct their respective banks to release the funds blocked in the ASBA account under the ASBA process. In case of UPI Bidders, once

the Sponsor Banks issues the Mandate Request, the UPI Bidders would be required to proceed to authorise the blocking of funds by confirming or accepting the UPI Mandate Request to authorise the blocking of funds equivalent to application amount and subsequent debit of funds in case of Allotment, in a timely manner;

28. Bidding through UPI Mechanism shall ensure that details of the Bid are reviewed and verified by opening the attachment in the UPI Mandate Request and then proceed to authorise the UPI Mandate Request using his/her UPI PIN. Upon the authorisation of the mandate using his/her UPI PIN, a UPI Bidder Bidding through UPI Mechanism shall be deemed to have verified the attachment containing the application details of the UPI Bidding through UPI Mechanism in the UPI Mandate Request and have agreed to block the entire Bid Amount and authorised the Sponsor Banks issue a request to block the Bid Amount specified in the Bid cum Application Form in his/her ASBA Account;
29. UPI Bidders bidding using the UPI Mechanism should mention valid UPI ID of only the Bidder (in case of single account) and of the first bidder (in case of joint account) in the Bid cum Application Form;
30. UPI Bidders using the UPI Mechanism who have revised their Bids subsequent to making the initial Bid should also approve the revised UPI Mandate Request generated by the Sponsor Banks to authorise blocking of funds equivalent to the revised Bid Amount and subsequent debit of funds in case of Allotment in a timely manner.
31. Bids by Eligible NRIs HUFs and any individuals, corporate bodies and family offices which are recategorized as Category II FPI and registered with SEBI for a Bid Amount of less than ₹ 200,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Amount exceeding ₹ 200,000 would be considered under the Non-Institutional Portion for allocation in the Offer; and
32. Ensure that Anchor Investors submit their Bid cum Application Forms only to the BRLMs.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with. Application made using incorrect UPI handle or using a bank account of an SCSB or SCSBs which is not mentioned on the list available on the website of SEBI and updated from time to time and at such other websites as may be prescribed by SEBI from time to time is liable to be rejected.

***Don'ts:***

1. Do not Bid for lower than the minimum Bid Lot;
2. Do not submit a Bid using UPI ID, if you are not a UPI Bidder;
3. Do not Bid for a Bid Amount exceeding ₹ 200,000 for Bids by Retail Individual Investors and ₹ 500,000 for Bids by UPI Bidders and Eligible Employees Bidding in the Employee Reservation Portion;
4. Do not Bid on another Bid cum Application Form and the Anchor Investor Application Form, as the case may be, after you have submitted a Bid to any of the Designated Intermediary;
5. Do not Bid/revise the Bid amount to less than the floor price or higher than the cap price;
6. Do not pay the Bid Amount in cheques, demand drafts or by cash, money order, postal order or by stock invest;
7. Do not send Bid cum Application Forms by post; instead submit the same to the Designated Intermediary only;
8. Do not Bid at Cut-off Price (for Bids by QIBs and Non-Institutional Investors);
9. Do not instruct your respective banks to release the funds blocked in the ASBA Account under the ASBA process;

10. Do not submit the Bid for an amount more than funds available in your ASBA Account;
11. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a colour prescribed for another category of Bidder;
12. Do not submit a Bid in case you are not eligible to acquire Equity Shares under applicable law or your relevant constitutional documents or otherwise;
13. Do not Bid if you are not competent to contract under the Indian Contract Act, 1872 (other than minors having valid depository accounts as per Demographic Details provided by the depository);
14. Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceeds the Offer size and/or investment limit or maximum number of the Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations or under the terms of this Draft Red Herring Prospectus;
15. Do not Bid for Equity Shares more than specified by the respective Stock Exchanges for each category;
16. In case of ASBA Bidders (other than UPI Bidders using UPI mechanism), do not submit more than one Bid cum Application Form per ASBA Account;
17. If you are UPI Bidder and are using UPI mechanism, do not submit more than one Bid cum Application Form for each UPI ID;
18. Do not make the Bid cum Application Form using third party bank account or using third party linked bank account UPI ID;
19. Anchor Investors should not bid through the ASBA process;
20. Do not submit the Bid cum Application Form to any non-SCSB bank or our Company;
21. Do not Bid on another Bid cum Application Form and the Anchor Investor Application Form, as the case may be, after you have submitted a Bid to any of the Designated Intermediaries;
22. Do not submit the GIR number instead of the PAN;
23. Anchor Investors should submit Anchor Investor Application Form only to the BRLMs;
24. Do not Bid on a Bid cum Application Form that does not have the stamp of a Designated Intermediary;
25. If you are a QIB, do not submit your Bid after 3 p.m. on the QIB Bid/Offer Closing Date;
26. Do not withdraw your Bid or lower the size of your Bid (in terms of quantity of the Equity Shares or the Bid Amount) at any stage, if you are a QIB or a Non-Institutional Investor. Retail Individual Investors, Eligible Employees bidding in the Employee Reservation Portion and Eligible HMCL Shareholders Bidding under the HMCL Shareholder Reservation Portion can revise or withdraw their Bids on or before the Bid/Offer Closing Date;
27. Do not submit Bids to a Designated Intermediary at a location other than at the relevant Bidding Centres. If you are UPI Bidder and are using UPI mechanism, do not submit the ASBA Form directly with SCSBs;
28. Do not submit incorrect details of the DP ID, Client ID, PAN and UPI ID details if you are a UPI Bidder Bidding through the UPI Mechanism. Further, do not provide details for a beneficiary account which is suspended or for which details cannot be verified to the Registrar to the Offer;
29. Do not submit the Bid without ensuring that funds equivalent to the entire Bid Amount are available for blocking in the relevant ASBA Account;
30. Do not link the UPI ID with a bank account maintained with a bank that is not UPI 2.0 certified by the NPCI in case of Bids submitted by UPI Bidders using the UPI Mechanism;

31. UPI Bidders Bidding through the UPI Mechanism using the incorrect UPI handle or using a bank account of an SCSB or a banks which is not mentioned in the list provided in the SEBI website is liable to be rejected;
32. Do not submit more than one Bid cum Application Form for each UPI ID in case of UPI Bidders Bidding using the UPI Mechanism;
33. Do not Bid if you are an OCB; and
34. In case of ASBA Bidders (other than 3 in 1 Bids) Syndicate Member shall ensure that they do not upload any bids above ₹ 5,00,000.

**The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.**

For helpline details of the BRLMs pursuant to the SEBI/HO.CFD.DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, see “*General Information – Book Running Lead Managers*” on page 96.

Further, in case of any pre-Offer or post Offer related issues regarding share certificates/demat credit/refund orders/unblocking etc., investors shall reach out the Company Secretary and Chief Compliance Officer. For details of the Company Secretary and Compliance Officer, see “*General Information – Company Secretary and Compliance Officer*” on page 95.

For details of grounds for technical rejections of a Bid cum Application Form, please see the General Information Document.

#### **Names of entities responsible for finalising the basis of allotment in a fair and proper manner**

The authorised employees of the Stock Exchanges, along with the BRLMs and the Registrar to the Offer, shall ensure that the Basis of Allotment is finalised in a fair and proper manner in accordance with the procedure specified in the SEBI ICDR Regulations.

#### **Method of allotment as may be prescribed by SEBI from time to time**

Our Company will not make any allotment in excess of the Equity Shares offered through the Offer except in case of oversubscription for the purpose of rounding off to make allotment, in consultation with the Designated Stock Exchange. Further, upon oversubscription, an allotment of not more than 1% of the Net Offer to public may be made for the purpose of making allotment in minimum lots.

The allotment of Equity Shares to Bidders other than to the RIIs, non-institutional investors (“**NIIs**”) and Anchor Investors shall be on a proportionate basis within the respective investor categories and the number of securities allotted shall be rounded off to the nearest integer, subject to minimum allotment being equal to the minimum application size as determined and disclosed.

The allotment of Equity Shares to each RII shall not be less than the minimum bid lot, subject to the availability of shares in RII category, and the remaining available shares, if any, shall be allotted on a proportionate basis. The allotment to each Non-Institutional Investor shall not be less than the minimum application size, subject to the availability of Equity Shares in the Non-Institutional Portion, and the remaining Equity Shares, if any, shall be allotted on a proportionate basis in accordance with the conditions specified in Schedule XIII to the SEBI ICDR Regulations.

#### **Payment into Anchor Investor Escrow Account**

Our Company in consultation with the BRLMs will decide the list of Anchor Investors to whom the CAN will be sent, pursuant to which, the details of the Equity Shares allocated to them in their respective names will be notified to such Anchor Investors. Anchor Investors are not permitted to Bid in the Offer through the ASBA process. Instead, Anchor Investors should transfer the Bid Amount (through direct credit, real time gross settlement (“**RTGS**”), national automated clearing house (“**NACH**”) or national electronic fund transfer (“**NEFT**”) to the Escrow Account(s). For Anchor Investors, the payment instruments for payment into the Anchor Investor Escrow Account should be drawn in favour of:

- (a) In case of resident Anchor Investors: “[●]”

- (b) In case of Non-Resident Anchor Investors: “[●]”

Anchor Investors should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Selling Shareholders, the Syndicate, the Escrow Collection Bank and the Registrar to the Offer to facilitate collections of Bid amounts from Anchor Investors.

### **Pre-Offer Advertisement**

Subject to Section 30 of the Companies Act, 2013, our Company shall, after filing the Red Herring Prospectus with the RoC, publish a pre-Offer advertisement, in the form prescribed under the SEBI ICDR Regulations, in all editions of [●] (a widely circulated English national daily newspaper), all editions of [●] (a widely circulated Hindi national daily newspaper) and all editions of [●] (a widely circulated Kannada daily newspaper, Kannada being the regional language of Karnataka, where our Registered Office is located).

In the pre-Offer advertisement, we shall state the Bid/Offer Opening Date and the Bid/Offer Closing Date. This advertisement, subject to the provisions of Section 30 of the Companies Act, 2013, shall be in the format prescribed in Part A of Schedule X of the SEBI ICDR Regulations.

**The information set out above is given for the benefit of the Bidders/applicants. Bidders/applicants are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the prescribed limits under applicable laws or regulations.**

In accordance with RBI regulations, Overseas Corporate Body (“OCB”) cannot participate in the Offer.

### **Allotment Advertisement**

The Allotment Advertisement shall be uploaded on the websites of our Company, the BRLMs and the Registrar to the Offer, before 9:00 p.m. IST, on the date of receipt of the final listing and trading approval from all the Stock Exchanges where the Equity Shares are proposed to be listed, provided such final listing and trading approval from all the Stock Exchanges is received prior to 9:00 p.m. IST on that day. In an event, if final listing and trading approval from all the Stock Exchanges is received post 9:00 p.m. IST on the date of receipt of the final listing and trading approval from all the Stock Exchanges where the equity shares of the Issuer are proposed to be listed, then the Allotment Advertisement shall be uploaded on the websites of our Company, the BRLMs and the Registrar to the Offer, following the receipt of final listing and trading approval from all the Stock Exchanges.

Our Company, the BRLMs and the Registrar to the Offer shall publish an allotment advertisement not later than one Working Day after the commencement of trading, disclosing the date of commencement of trading in all editions of [●] (a widely circulated English national daily newspaper), all editions of [●] (a widely circulated Hindi national daily newspaper) and all editions of [●] (a widely circulated Kannada daily newspaper, Kannada being the regional language of Karnataka, where our Registered Office is located).

### **Signing of the Underwriting Agreement and Filing with the RoC**

- a) Our Company, each of the Selling Shareholders and the Underwriters intend to enter into an Underwriting Agreement after the finalisation of the Offer Price and allocation of Equity Shares, but prior to the filing of the Prospectus.
- b) After signing the Underwriting Agreement, an updated Red Herring Prospectus will be filed with the RoC in accordance with applicable law, which would then be termed as the Prospectus. The Prospectus will contain details of the Offer Price, the Anchor Investor Offer Price, the Offer size, and underwriting arrangements and will be complete in all material respects.

### **Impersonation**

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013, which is reproduced below:

“Any person who:

- (a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or

- (b) *makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or(c)otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,*

*shall be liable for action under Section 447.”*

The liability prescribed under Section 447 of the Companies Act, 2013, for fraud involving an amount of at least ₹ 1 million or 1% of the turnover of our Company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to 10 years and fine of an amount not less than the amount involved in the fraud, extending up to three times such amount (provided that where the fraud involves public interest, such term shall not be less than three years.) Further, where the fraud involves an amount less than ₹ 1 million or one per cent of the turnover of our Company, whichever is lower, and does not involve public interest, any person guilty of such fraud shall be punishable with imprisonment for a term which may extend to five years or with fine which may extend to ₹5 million or with both.

### **Undertakings by our Company**

Our Company undertakes the following:

- the complaints received in respect of the Offer shall be attended to by our Company expeditiously and satisfactorily;
- all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within such other time period as may be prescribed by the SEBI or applicable law will be taken;
- the funds required for making refunds/unblocking (to the extent applicable) as per the mode(s) disclosed shall be made available to the Registrar to the Offer by our Company;
- if Allotment is not made within the prescribed timelines under applicable laws, the entire subscription amount received will be refunded/unblocked within the time prescribed under applicable laws. If there is a delay beyond such prescribed time, our Company shall pay interest prescribed under the Companies Act, 2013, the SEBI ICDR Regulations and other applicable laws for the delayed period;
- where refunds (to the extent applicable) are made through electronic transfer of funds, a suitable communication shall be sent to the Applicant within time prescribed under applicable laws, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- where release of block on the applicable amount for unsuccessful Bidders or part of the application amount in case of proportionate Allotment, a suitable communication shall be sent to the applicants;
- adequate arrangements shall be made to collect ASBA applications;
- that if our Company or the Selling Shareholders do not proceed with the Offer after the Bid/Offer Closing Date but prior to Allotment, the reason thereof shall be given by our Company as a public notice within two days of the Bid/Offer Closing Date. The public notice shall be issued in the same newspapers where the pre-Offer advertisements were published. The Stock Exchanges shall be informed promptly;
- that if our Company and/or the Selling Shareholders withdraw the Offer after the Bid/Offer Closing Date, our Company shall be required to file a fresh offer document with SEBI, in the event our Company or the Selling Shareholders subsequently decide to proceed with the Offer;
- Except for Pre-IPO Placement, no further issue of Equity Shares shall be made till the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are unblocked in ASBA Account/refunded on account of non-listing, under-subscription, etc.; and
- adequate arrangements shall be made to collect all Bid cum Application Forms from Bidders.

### **Undertakings by the Selling Shareholders**

Each of the Selling Shareholder, severally and not jointly, specifically undertakes and/or confirms the following in respect to itself as a Selling Shareholder and its respective portion of the Offered Shares:

- it is the legal and beneficial owner of its respective portion of the Offered Shares;
- it shall transfer its respective portion of the Offered Shares in an escrow demat account in accordance with the Share Escrow Agreement; and
- it shall not have access to the proceeds from the Offer for Sale until receipt by our Company of the final listing and trading approvals from the Stock Exchanges in accordance with applicable law.

### **Utilisation of proceeds from the Offer**

Our Board certifies that:

- (i) all monies received out of the Offer shall be credited/transferred to a separate bank account other than the bank account referred to in sub-Section (3) of Section 40 of the Companies Act, 2013;
- (ii) details of all monies utilised out of the Fresh Issue shall be disclosed, and continue to be disclosed till the time any part of the Fresh Issue proceeds remains unutilised, under an appropriate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised; and
- (iii) details of all unutilised monies out of the Fresh Issue, if any shall be disclosed under an appropriate separate head in the balance sheet indicating the form in which such unutilised monies have been invested.

## RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the GOI and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Foreign investment is permitted (except in the prohibited sectors) in Indian companies, either through the automatic route or the approval route, depending upon the sector in which foreign investment is sought to be made. The Government of India makes policy announcements on FDI through press notes and press releases. The regulatory framework, over a period of time, thus, consists of acts, regulations, press notes, press releases, and clarifications among other amendments. The DPIIT (formerly Department of Industrial Policy & Promotion) issued the Consolidated FDI Policy Circular dated October 15, 2020, with effect from October 15, 2020 (the “**FDI Policy**”), which consolidates and supersedes all previous press note, press releases and clarifications on FDI issued by the DPIIT that were in force and effect prior to October 15, 2020.

In terms of Press Note 3 of 2020, dated April 17, 2020 (“**Press Note**”), issued by the DPIIT, the FDI Policy and the FEMA Non-Debt Instruments Rules have been amended to state that all investments under the foreign direct investment route by entities of a country which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country will require prior approval of the Government of India. Further, in the event of transfer of ownership of any existing or future foreign direct investment in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the aforesaid restriction/purview, such subsequent change in the beneficial ownership will also require approval of the Government of India. Pursuant to the Foreign Exchange Management (Non-debt Instruments) (Fourth Amendment) Rules, 2020, a multilateral bank or fund, of which India is a member, shall not be treated as an entity of a particular country nor shall any country be treated as the beneficial owner of the investments of such bank or fund in India. Each Bidder should seek independent legal advice about its ability to participate in the Offer. In the event such prior approval of the Government of India is required, and such approval has been obtained, the Bidder shall intimate our Company and the Registrar to the Offer in writing about such approval along with a copy thereof within the Bid/ Offer Period.

In accordance with the FEMA Non-Debt Instruments Rules and the FDI Policy read with the Press Note, 100% foreign direct investment is permitted under the automatic route for companies in the “manufacturing” sector. Further, the transfer of shares between an Indian resident and a non-resident does not require the prior approval of the RBI, provided that (i) the activities of the investee company are under the automatic route under the FDI Policy and transfer does not attract the provisions of the SEBI Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

For details of the aggregate limit for investments by NRIs and FPIs in our Company, see “*Offer Procedure – Bids by Eligible Non-resident Indians*” and “*Offer Procedure – Bids by Foreign Portfolio Investors*” on page 482 and 482, respectively.

As per the existing policy of the Government of India, OCBs cannot participate in this Offer.

The Equity Shares offered in the Offer have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States and, unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are only being offered and sold (i) within the United States only to persons reasonably believed to be “qualified institutional buyers” (as defined in Rule 144A under the U.S. Securities Act and referred to in this Draft Red Herring Prospectus as “U.S. QIBs”) pursuant to Section 4(a) of the U.S. Securities Act, or (ii) outside the United States in “offshore transactions” as defined in and in compliance with Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales are made. For the avoidance of doubt, the term “U.S. QIBs” does not refer to a category of institutional investors defined under applicable Indian regulations and referred to in this Draft Red Herring Prospectus as “QIBs”. The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholders and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent



investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

## SECTION VIII –PROVISIONS OF THE ARTICLES OF ASSOCIATION

### THE COMPANIES ACT, 2013

### COMPANY LIMITED BY SHARES

### ARTICLES OF ASSOCIATION

### OF

### ATHER ENERGY LIMITED

(Incorporated under the Companies Act, 1956)

The Articles of Association of Ather Energy Limited (“**Company**”), which have been adopted by our Board of Directors pursuant to a resolution dated September 4, 2024 and approved by the Shareholders pursuant to the provisions of Section 14 of the Companies Act, 2013 and by a special resolution dated September 5, 2024, comprise two parts, Part A and Part B, which parts shall, unless the context otherwise requires, co-exist with each other until the date of listing of the Equity Shares of the Company on the Stock Exchanges (“**IPO Date**”). In the event of any inconsistencies between Part A and Part B, the provisions of Part B shall prevail and be applicable until the IPO Date. All articles of Part B shall automatically terminate and shall cease to have any force and effect on and from the IPO Date and the articles of Part A shall continue to be in effect and be in force, without any further corporate action by the Company or by the Shareholders.

### APPLICABILITY OF TABLE F

Subject as hereinafter provided and in so far as these presents do not modify or exclude them the regulations contained in Table ‘F’ of Schedule I of the Companies Act, 2013, as amended from time to time, shall apply to the Company only so far as they are not inconsistent with any of the provisions contained in these Articles or modification thereof or are not expressly or by implication excluded from these Articles.

### *Interpretation*

1. In these regulations-
  - (a) “**the Act**” means the Companies Act, 2013, including the rules and regulations framed thereunder, from time to time, and includes any statutory modification(s) or re-enactment thereof for the time being in force and the term shall be deemed to refer to the applicable section thereof which is relatable to the relevant Article in which the said term appears in these Articles and any previous company law, so far as may be applicable;
  - (b) “**the seal**” means the common seal of the company.
  - (c) “**Company**” means Ather Energy Limited.
  - (d) “**Debenture**” includes debenture stock, bonds or any other instrument of the Company evidencing a debt, whether constituting a charge on the assets of the Company or not.
  - (e) “**Shares**” means the shares of the Company issued from time to time and carrying the rights as set out in these Articles including preference shares and the Equity Shares.
2. Unless the context otherwise requires, words or expressions contained in these regulations shall bear the same meaning as in the Act or any statutory modification thereof in force at the date at which these regulations become binding on the Company.

### *Public Company*

The Company is a public company within the meaning of the Act.

### *Share capital and variation of rights*

1. The authorized Share Capital of the Company shall be as per Clause V of the Memorandum of Association with the power to increase or reduce or re-classify such capital from time to time in accordance with the Articles and the legislative provisions for the time being in force in this regard and with the power also to divide the Shares in the Share Capital for the time being into Equity Share Capital and Preference Share Capital and to attach thereto respectively any preferential, qualified or special rights, privileges or conditions, in accordance with the provisions of the Act and these Articles.
2. Subject to the provisions of the Act and these Articles, the shares in the capital of the Company shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par and at such time as they may from time to time think fit.
3. (i) Every person whose name is entered as a member in the register of members, subject to the Act and other applicable laws, shall be entitled to receive within two months after incorporation, in case of subscribers to the memorandum or after allotment or within one month after the application for the registration of transfer or transmission or within such other period as the conditions of issue shall be provided, -
  - i. one or more certificates for all his shares in marketable lots for all the Shares of each class or denomination registered in his name, without payment of any charges; or
  - ii. several certificates, if the Board so approves (upon paying such fee as the Board so determines, subject to a maximum of twenty rupees), each for one (1) or more of such Shares, and the Company shall complete and have ready for delivery such certificates within 2 (two) months from the date of allotment, unless the conditions of issue thereof otherwise provide or within 1 (one) month of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its Shares as the case may be.

Provided that this shall be signed by two Directors or one Director and the company secretary and shall be in such form as prescribed under sub-section (3) of section 46 of the Act.
- (ii) In respect of any share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders.
4. (i) If any share certificate be worn out, defaced, mutilated or torn or if there be no further space on the back for endorsement of transfer, or in case of sub-division or consolidation of Shares, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the Company and on the execution of such indemnity as the Company deems adequate, being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. Every certificate under this Article shall be issued on payment of twenty rupees for each certificate. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer or in case of sub-division or consolidation of Shares.
- (ii) The provisions of this Article shall *mutatis mutandis* apply to debentures of the Company.
5. Except as required by law, no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by, or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these regulations or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.

6. (i) The company may exercise the powers of paying commissions conferred by sub-section (6) of section 40, provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by that section and rules made thereunder.
- (ii) The rate or amount of the commission shall not exceed the rate or amount prescribed in the rules made under sub-section (6) of section 40.
- (iii) The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other.
7. (i) If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of section 48, and whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.
- (ii) To every such separate meeting, the provisions of these regulations relating to general meetings shall *mutatis mutandis* apply, but so that the necessary quorum shall be as per the applicable provisions of the Act.
8. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.
9. Subject to the provisions of section 55 of the Act and rule 9 of the Companies (Share Capital and Debentures) Rules, 2014, any preference shares may be issued on the terms that they are to be redeemed on such terms and in such manner as the Company may determine before the issue of the shares, by way of a special resolution.
10. Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise, if permissible under the Act, and may be issued on the condition that they shall be convertible into Shares of any denomination and with any privileges and conditions as to redemption, surrender, drawings, allotment of Shares, attending (but not voting) at General Meetings, appointment of Directors and otherwise. Debentures with the rights to conversion into or allotment of Shares shall not be issued except with the sanction of the Company in General Meeting by a special resolution and subject to the provisions of the Act.

#### ***Further Issue of Shares***

11. (1) Where at any time, it is proposed to increase the subscribed Share Capital of the Company by the issue of further Shares, such Shares shall be offered,
  - (a) to the persons who, on the date specified under applicable law, are holders of the equity shares of the Company, in proportion, as nearly as circumstances admit, to the paid-up share capital on those shares by sending a letter of offer subject to the following conditions, namely:
    - (i) the offer shall be made by notice specifying the number of shares offered and limiting a time not less than fifteen (15) days or such lesser number of days as may be prescribed and not exceeding thirty (30) days from the date of the offer within which the offer, if not accepted, shall be deemed to have been declined;
    - (ii) the offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of

any other person; and the notice referred to in clause (i) hereof shall contain a statement of this right;

- (iii) after the expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the Shares offered, the Board of Directors may dispose of them in such manner which is not disadvantageous to shareholders and the Company.
  - (b) to employees under a scheme of employees' stock option, subject to special resolution passed by the shareholders of the Company and subject to such conditions as prescribed in the Act; or
  - (c) A further issue of shares may be made in any manner whatsoever as the Board may determine including by way of preferential offer or private placement, subject to and in accordance with Section 42 & Section 62 the Companies Act, 2013 and the Rules. .
- (2) The notice referred to in sub-clause (i) of clause (a) of sub-clause (1) shall be dispatched through registered post or speed post or through electronic mode or courier or any other mode having proof of delivery to all the existing Shareholders at least 3 (three) days before the opening of the issue or such other period prescribed under applicable law.
- (3) Nothing in this Article shall apply to the increase of the subscribed capital of a Company caused by the exercise of an option attached to the debentures issued or loan raised by the Company to convert such debentures or loans into shares in the Company.

Provided that the terms of issue of such debentures or the terms of such loans containing such option have been approved before the issue of such debentures or the raising of loan by a special resolution passed by the Company in a general meeting.

- (4) Notwithstanding anything contained in sub-clause (3) above, where any debentures have been issued or loan has been obtained from any Government by the Company, and if that Government considers it necessary in the public interest so to do, it may, by order, direct that such debentures or loans or any part thereof shall be converted into shares in the Company on such terms and conditions as appear to the Government to be reasonable in the circumstances of the case even if terms of the issue of such debentures or the raising of such loans do not include a term for providing for an option for such conversion.

Provided that where the terms and conditions of such conversion are not acceptable to the Company, it may, within sixty days from the date of communication of such order, appeal to the Tribunal which shall after hearing the Company and the Government pass such order as it deems fit.

- (5) In determining the terms and conditions of conversion under sub-clause (4), the Government shall have due regard to the financial position of the Company, the terms of issue of debentures or loans, as the case may be, the rate of interest payable on such debentures or loans and such other matters as it may consider necessary.
- (6) Where the Government has, by an order made under sub-clause (4), directed that any debenture or loan or any part thereof shall be converted into shares in the Company and where no appeal has been preferred to the Tribunal under sub-clause (4) or where such appeal has been dismissed, the Memorandum of Association of the Company shall, where such order has the effect of increasing the authorized Share Capital of the Company, be altered and the authorized share capital of the Company shall stand increased by an amount equal to the amount of the value of shares which such debentures or loans or part thereof has been converted into.

#### ***Dematerialization Of Shares***

12. The Company shall be entitled to treat the person whose name appears on the register of Members as the holder of any Share or whose name appears as the beneficial owner of Shares in the records of the

Depository, as the absolute owner thereof. The register and index of beneficial owners maintained by a Depository under the Depositories Act, 1996 shall be deemed to be a register and index of members for the purposes of the Act.

Provided however that provisions of the Act or these Articles relating to distinctive numbering shall not apply to the Shares of our Company, which have been dematerialized.

13. Notwithstanding anything contained herein, our Company shall be entitled to dematerialize its Shares, Debentures and other Securities pursuant to the Depositories Act and offer its Shares, Debentures and other Securities for subscription in a dematerialized form. The Company shall be further entitled to maintain a register of Members with the details of Members holding Shares both in material and dematerialized form in any medium as permitted by Law including any form of electronic medium.
14. Every person subscribing to the Shares offered by the Company shall receive such Shares in dematerialized form. Such a person who is the beneficial owner of the Shares can at any time opt-out of a Depository, if permitted by the Law, in respect of any Shares in the manner provided by the Depositories Act and the regulations made thereunder and our Company shall in the manner and within the time prescribed, issue to the beneficial owner the required certificate of Shares.
15. If a person opts to hold his Shares with a depository, our Company shall intimate such Depository the details of allotment of the Shares, and on receipt of the information, the Depository shall enter in its record the name of the allottee as the beneficial owner of the Shares.
16. All Shares held by a depository shall be dematerialized and shall be in a fungible form.
  - (a) Notwithstanding anything to the contrary contained in the Act or the Articles, a depository shall be deemed to be the registered owner for the purposes of effecting any transfer of ownership of Shares on behalf of the beneficial owner.
  - (b) Save as otherwise provided in (a) above, the depository as the registered owner of the Shares shall not have any voting rights or any other rights in respect of Shares held by it.
17. Every person holding Shares of our Company and whose name is entered as the beneficial owner in the records of the Depository shall be deemed to be the owner of such Shares and shall also be deemed to be a Shareholder of our Company. The beneficial owner of the Shares shall be entitled to all the liabilities in respect of his Shares which are held by a Depository.
18. Notwithstanding anything in the Act or the Articles to the contrary, where Shares are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of disks, drives or any other mode as prescribed by law from time to time.
19. In the case of transfer of Shares or other marketable Securities where our Company has not issued any certificates and where such Shares or Securities are being held in an electronic and fungible form, the provisions of the Depositories Act shall apply.

#### ***Lien***

20. (i) The Company shall have a first and paramount lien—
  - (a) on every share (not being a fully paid share or debentures), registered in the name of each Member or holder, respectively (whether solely or jointly with others) to the extent of monies called or payable in respect thereof, and upon the proceeds of sale thereof for all monies (whether presently payable or not) called, or payable at a fixed time, in respect of that share or debenture; and
  - (b) on all shares or debentures (not being fully paid shares) standing registered in the name of a single person, for all monies presently payable by him or his estate to the

Company: and no equitable interest in any Share or debenture shall be created except upon the footing and condition that this Article will have full effect.

Provided that fully paid up shares shall be free from all liens and in respect of any partly paid shares/ debentures of the Company, the lien, if any, shall be restricted to moneys called or payable at a fixed time in respect of such shares/ debentures.

Provided that the Board of Directors may at any time declare any share to be wholly or in part exempt from the provisions of this Article.

- (ii) The Company's lien, if any, on a share shall extend to all dividends payable and bonuses declared from time to time in respect of such shares.

21. Subject to provision of the Act, the Company may sell, in such manner as the Board thinks fit, any shares on which the Company has a lien:

Provided that no sale shall be made—

- i. unless a sum in respect of which the lien exists is presently payable; or
- ii. until the expiration of fourteen (14) days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency or otherwise.

22. (i) To give effect to any such sale, the Board may authorise some person to transfer the shares sold to the purchaser thereof.

(ii) The purchaser shall be registered as the holder of the shares comprised in any such transfer.

(iii) The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

23. (i) The proceeds of the sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable.

(ii) The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares before the sale, be paid to the person entitled to the shares at the date of the sale.

24. The provisions of these Articles relating to lien shall *mutatis mutandis* apply to any other securities, including debentures, of the Company.

#### **Calls on shares**

25. (i) Subject to the provision of the Act, the Board may, from time to time, make calls as it thinks fit upon the members in respect of any monies unpaid on their shares (whether on account of the nominal value of the shares or byway of premium) and not by the conditions of allotment thereof made payable at fixed times,

Provided that no call shall exceed one-fourth of the nominal value of the share or be payable at less than one month from the date fixed for the payment of the last preceding call.

(ii) Each member shall, subject to receiving at least fourteen days' notice specifying the time or times and place of payment, pay to the Company, at the time or times and place so specified, the amount called on his shares.

(iii) A call may be revoked or postponed at the discretion of the Board.

- (iv) The Board may, from time to time, at its discretion, extend the time fixed (in compliance with the Act) for the payment of any call in respect of one or more Members as the Board may deem appropriate in any circumstances.
26. The Board of Directors may, when making a call by resolution, determine the date on which such call shall be deemed to have been made, not being earlier than the date of resolution making such call, and thereupon the call shall be deemed to have been made on the date so determined and if no such date is so determined a call shall be deemed to have been made at the time when the resolution of the Board authorizing the call was passed and may be required to be paid by installments.
27. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.
28. (i) If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at ten per cent per annum or at such lower rate, if any, as the Board may determine from time to time.
- (ii) The Board shall be at liberty to waive payment of any such interest wholly or in part.
29. (i) Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purposes of these regulations, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable.
- (ii) In case of non-payment of such sum, all the relevant provisions of these regulations as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.
30. The Board—
- i. may, subject to the provisions of section 50 of the Act, if it thinks fit, agree to and receive from any member willing to advance the same, all or any part of the monies uncalled and unpaid upon any shares held by him; and
- ii. upon all or any of the monies so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate not exceeding, unless the Company in general meeting shall otherwise direct, twelve per cent per annum, as may be agreed upon between the Board and the member paying the sum in advance.

Provided that the amount paid in advance of calls on any share may carry interest but shall not confer a right to dividend or to participate in profits.

The Member shall not be entitled to any voting rights in respect of the monies so paid by him until the same would but for such payment, become presently payable.

The provisions of these Articles shall *mutatis mutandis* apply to the calls on debentures of the Company.

### ***Transfer of shares***

31. (a) The instrument of transfer of any share in the Company shall be executed by or on behalf of both the transferor and transferee.
- (b) The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.
- (c) The Company shall use a common form of transfer.



- (d) The instrument of transfer shall be in writing and all the provisions of section 56 of the Act and of any statutory modification thereof for the time being shall be duly complied with in respect of all transfers of Shares and the registration thereof.
  - (e) The Board may, subject to the right of appeal conferred by section 58 of the Act decline to register—
    - i. the transfer of a share, not being a fully paid share, to a person of whom they do not approve; or
    - ii. any transfer of shares on which the Company has a lien.
32. Subject to the provisions of the Act, these Articles and any other applicable Law for the time being in force, the Directors may, at their own absolute and uncontrolled discretion and by giving reasons, decline to register or acknowledge any transfer of Shares, not being a fully paid share, to a person of whom they do not approve, and the right of refusal, shall not be affected by the circumstances that the proposed transferee is already a member of the Company but in such cases, the Directors shall within 30 (thirty) days from the date on which the instrument of transfer was lodged with the Company, send to the transferee and transferor notice of the refusal to register such transfer provided that registration or transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except when the Company has a lien on the shares. Transfer of shares/debentures in whatever lot shall not be refused.

Subject to the provisions of the Act, these Articles and any other applicable Law for the time being in force, the Board may decline to recognize any instrument of transfer unless—

- i. the instrument of transfer is in the form as prescribed in rules made under sub-section (1) of section 56 of the Act;
- ii. the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and
- iii. the instrument of transfer is in respect of only one class of shares.

Provided that where the securities are dealt with in a depository, the Company shall intimate the details of allotment of securities to depository immediately on allotment of such securities.

33. Where in the case of partly paid shares, an application for registration is made by the transferor alone, the transfer shall not be registered, unless the Company gives the notice of the application to the transferee in accordance with the provisions of the Act and the transferee gives no objection to the transfer within the time period prescribed under the Act.
34. On giving not less than seven days' prior notice in accordance with section 91 of the Act and rules made there under or such other period as required under applicable law, the registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine:

Provided that such registration shall not be suspended for more than thirty days at any one time or for more than forty-five days in the aggregate in any year.

35. No fee shall be charged for registration of transfer, transmission, probate, succession certificate and letters of administration, certificate of death or marriage, power of attorney or similar other document.

#### ***Transmission of shares***

36. (i) On the death of a member, the survivor or survivors where the member was a joint holder, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only persons recognized by the Company as having any title to his interest in the shares.

- (ii) Nothing in clause (i) shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.
37. (i) Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either -
- i. to be registered himself as holder of the share; or
  - ii. to make such transfer of the share as the deceased or insolvent member could have made.
- (ii) The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency.
38. (i) If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.
- (ii) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.
- (iii) All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice or transfer were a transfer signed by that member.
39. A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company:
- Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share, until the requirements of the notice have been complied with.
40. The provisions of these Articles, shall, *mutatis mutandis*, apply to the transfer of or the transmission by law of the right to any securities including, debentures of the Company.

***Forfeiture of shares***

41. If a member fails to pay any call, or installment of a call or any money due in respect of any share, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or installment remains unpaid, serve a notice on him requiring payment of so much of the call or installment as is unpaid, together with any interest which may have accrued and all the expenses that may have been incurred by the Company by reason of non-payment.
42. The notice aforesaid shall -
- i. name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made; and
  - ii. state that, in the event of non-payment on or before the day so named, the shares in respect of which the call was made shall be liable to be forfeited.

43. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.
44. (i) A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.
- (ii) At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.
45. (i) A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the Company all monies which, at the date of forfeiture, were presently payable by him to the Company in respect of the shares. All such monies payable shall be paid together with interest thereon at such rate as the Board may determine, from the time of forfeiture until payment of realization.
- (ii) The liability of such person shall cease if and when the Company shall have received payment in full of all such monies in respect of the shares.
46. (i) A duly verified declaration in writing that the declarant is a director, the manager or the secretary, of the Company, and that a share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share;
- (ii) The Company may receive the consideration, if any, given for the share on any sale or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of;
- (iii) The transferee shall there upon be registered as the holder of the share; and
- (iv) The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.
47. The provisions of these regulations as to forfeiture shall apply in the case of non payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.
48. The provisions of these Articles relating to forfeiture of shares shall *mutatis mutandis* apply to any other securities, including debentures, of the Company.

#### ***Alteration of capital***

49. The Company may, from time to time, by ordinary resolution increase the share capital by such sum, to be divided into shares of such amount, as may be specified in the resolution.
50. Subject to the provisions of section 61 of the Act, the Company may, by ordinary resolution, -
- (a) increase its authorized share capital by such amount as it thinks expedient;
- (b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (c) convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination;
- (d) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum;

- (e) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.

51. Where shares are converted into stock, -

- i. the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit:

Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

- ii. the holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.
- iii. such of the regulations of the Company as are applicable to paid-up shares shall apply to stock and the words "share" and "shareholder" in those regulations shall include "stock" and "stockholder" respectively.

52. The Company may, by special resolution, reduce in any manner and with, and subject to, any incident authorized and consent required by law, -

- i. its share capital;
- ii. any capital redemption reserve account; or
- iii. any share premium account.

### ***Capitalisation of profits***

53. (i) The Company in general meeting may, upon the recommendation of the Board, resolve:

- i. that it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the Company's reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution; and
- ii. that such sum be accordingly set free for distribution in the manner specified in clause (ii) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.

(ii) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (iii), either in or towards -

- (A) paying up any amounts for the time being unpaid on any shares held by such members respectively;
- (B) paying up in full, unissued shares of the Company to be allotted and distributed, credited as fully paid-up, to and amongst such members in the proportions aforesaid;
- (C) partly in the way specified in sub-clause (A) and partly in the way specified in sub-clause (B);

- (D) a securities premium account and a capital redemption reserve account may, for the purposes of this regulation, be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares;
  - (E) the Board shall give effect to the resolution passed by the Company in pursuance of this regulation.
54. (i) Whenever such a resolution as aforesaid shall have been passed, the Board shall—
- i. make all appropriations and applications of the undivided profits resolved to be capitalized thereby, and all allotments and issues of fully paid shares if any; and
  - ii. generally do all acts and things required to give effect thereto.
- (ii) The Board shall have power—
- (a) to make such provisions, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of shares becoming distributable in fractions; and
  - (b) to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid-up, of any further shares to which they may be entitled upon such capitalization, or as the case may require, for the payment by the Company on their behalf, by the application thereto of their respective proportions of profits resolved to be capitalized, of the amount or any part of the amounts remaining unpaid on their existing shares;
- (iii) Any agreement made under such authority shall be effective and binding on such members.

***Buy-back of shares***

55. Notwithstanding anything contained in these articles but subject to the provisions of sections 68 to 70 and any other applicable provisions of the Act or any other law for the time being in force, the Company may purchase its own shares or other specified securities.

***Borrowing Powers***

56. Subject to the provision of section 180 (1) (c) of the Act and these Articles and without prejudice to the other powers conferred by these Articles, the Directors shall have the power from time to time at their discretion, by a resolution passed at a meeting of the Board and not by circular resolution, to borrow monies provided that the total amount borrowed at any time together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) shall not, without the consent of the Company in the General Meeting, exceed the aggregate of the paid-up capital of the Company and its free reserves and securities premium account, that is to say, reserves not set apart for any specific purpose. Such consent shall be obtained by a special resolution which shall provide for the total amount up to which monies may be borrowed by the Board. The expression "temporary loans" in this Article means loans repayable on demand or within six (6) months from the date of the loan such as short term loans, cash credit arrangements, the discounting of bills and the issue of other short-term loans of reasonable character but does not include loans raised for the purpose of financing expenditure of a capital nature.
57. Subject to the provisions of the Act and these Articles, the Directors may by a resolution passed at a meeting of the Board and not by circular resolution, secure the payment of such sum or sums in such manner and upon such issue of bonds, perpetual or redeemable debentures or debenture stock, or any mortgage or charge or other security on the undertaking of the whole or any part of the property,

undertaking of the Company (both present and future). Provided that consent of the Members by way of special resolution would be necessary for security to be created on whole or substantially whole of the undertaking.

58. Any bonds, Debentures, debenture-stock or other Securities issued or to be issued by the Company, shall be under the control of the Directors, who may issue them upon such terms and conditions and in such manner and for such consideration as they shall consider to be for the benefit of the Company.
59. Debentures, debenture-stock, bonds or other Securities may be made assignable, free from any equities between the Company and the person to whom the same may be issued.
60. Subject to the provisions of the Act and these Articles, any bond, Debentures, debenture - stock or other Securities, may be issued at par, premium or otherwise and with any special rights, privileges and conditions as to redemption, surrender, drawings, allotment of shares, attending (but not voting) at a General Meeting, appointment of Directors or otherwise. Provided that the Debentures with the right to allotment of or conversion into shares shall not be issued except with the sanction of the Company in a General meeting by a special resolution.
61. The Board shall cause a proper Register to be kept in accordance with the provisions of the Act, of all mortgages, Debentures and charges specifically affecting the property of the Company including all floating charges on current assets of the Company and fixed charges on the undertaking or any property of the Company, and shall cause the requirements of the Act in relation to charges be duly complied with.

#### ***General meetings***

62. All general meetings other than annual general meeting shall be called extraordinary general meetings in accordance with the Act.
63.
  - (i) The Board may, whenever it thinks fit, call an extraordinary general meeting.
  - (ii) If at any time directors capable of acting who are sufficient in number to form a quorum are not within India, any director or any two members of the Company may call an extraordinary general meeting in the same manner, as nearly as possible, as that in which such a meeting may be called by the Board, subject to applicable law.
  - (iii) Subject to section 101 of Act, a general meeting may be called by giving to the members a clear twenty one (21) days' notice either in writing or through electronic mode to all members, directors and the auditor(s) of the Company, specifying the place, date, day and the hour of the meeting, with a statement of the business to be transacted at the meeting.

Provided that a General Meeting may be called after giving a shorter notice if consent, in writing or by electronic mode is accorded thereto in accordance with the Act and other applicable law.

#### ***Proceedings at general meetings***

64.
  - (i) No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business.
  - (ii) Save as otherwise provided herein, the quorum for the general meetings shall be as provided in section 103 of the Act or other requirements under applicable law.
  - (iii) In the event a quorum as required herein is not present within 30 (thirty) minutes of the appointed time, then subject to the provisions of section 103 of the Act, the general meeting shall stand adjourned to the same day in the next week at the same time and place or to such other date and such other time and place as the Board may determine, provided that the agenda for such adjourned general meeting shall remain the same. The said general meeting if called by requisitionists under section 100 of the Act shall stand cancelled.

65. The chairperson, if any, of the Board shall preside as Chairperson at every general meeting of the Company.
66. If there is no such Chairperson, or if he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as chairperson of the meeting, the directors present shall elect one of their members to be Chairperson of the meeting.
67. If at any meeting no director is willing to act as Chairperson or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their members to be Chairperson of the meeting.

#### ***Adjournment of meeting***

68. (i) The Chairperson may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place.
- (ii) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
- (iii) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.
- (iv) Save as aforesaid, and as provided in section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

#### ***Voting rights***

69. Subject to any rights or restrictions for the time being attached to any class or classes of shares:
  - i. on a show of hands, every member holding Equity Shares and present in person shall have one vote; and
  - ii. on a poll, every Member holding Equity Shares therein shall have voting rights in proportion to his share in the paid-up equity share capital of the Company.
70. A member may exercise his vote at a meeting by electronic means in accordance with section 108 and shall vote only once.
71. (i) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.
- (ii) For this purpose, seniority shall be determined by the order in which the names stand in the register of members.
72. A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy.
73. Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll.
74. No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.
75. (i) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes.

- (ii) Any such objection made in due time shall be referred to the Chairperson of the meeting, whose decision shall be final and conclusive.

***Proxy***

- 76. The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarized copy of that power or authority, shall be deposited at the registered office of the Company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated as valid.
- 77. An instrument appointing a proxy shall be in the form as prescribed in the rules made under section 105.
- 78. A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given:

Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

***Board of Directors***

- 79. Subject to the provisions of the Act, the number of Directors shall not be less than 3 (three) and more than 15 (fifteen). The Company may appoint more than 15 (fifteen) directors after passing a special resolution.
- 80. The following shall be the first directors of the Company:
  - 1. Tarun Sanjay Mehta
  - 2. Swapnil Babanlal Jain
- 81. (i) The remuneration of the directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day-to-day.
  - (ii) In addition to the remuneration, fees and/or commission payable to them in pursuance of the Act, the directors may be paid all travelling, hotel and other expenses properly incurred by them:
    - i. in attending and returning from meetings of the Board of Directors or any committee thereof or General meetings of the Company; or
    - ii. in connection with the business of the Company. The Board may pay all expenses incurred in setting up and registering the Company.
- 82. The Directors shall not be required to hold any qualification shares.
- 83. The Company may exercise the powers conferred on it by section 88 of the Act with regard to the keeping of a foreign register, and the Board may (subject to the provisions of that section) make and vary such regulations as it may think fit respecting the keeping of any such register.
- 84. All cheques, promissory notes, drafts, hundis, bills of exchange and other negotiable instruments, and all receipts for monies paid to the Company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by such person and in such manner as the Board shall from time to time by resolution determine.



85. Every director present at any meeting of the Board or of a committee thereof shall sign his name in a book to be kept for that purpose.
86. (i) Subject to the provisions of section 149, the Board shall have power at any time, and from time to time, to appoint a person as an additional director, provided the number of the directors and additional directors together shall not at any time exceed the maximum strength fixed for the Board by the articles.
- (ii) Such person shall hold office only up to the date of the next annual general meeting of the Company but shall be eligible for appointment by the Company as a director at that meeting subject to the provisions of the Act.

***Proceedings of the Board***

87. (i) The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit.
- (ii) A director may, and the manager or secretary on the requisition of a director shall, at any time, summon a meeting of the Board.
88. (i) Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes.
- (ii) In case of an equality of votes, the Chairperson of the Board, if any, shall have a second or casting vote.
89. The continuing directors may act notwithstanding any vacancy in the Board, but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the Company, but for no other purpose.
90. (i) The Board may elect a Chairperson of its meetings and determine the period for which he is to hold office. The managing director or chief executive officer (if the chief executive officer is also an executive director) of the Company may be the chairperson.
- (ii) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the directors present may choose one of their member to be Chairperson of the meeting.
91. (i) The Board may, subject to the provisions of the Act, delegate any of its powers to committees consisting of such member or members of its body as it thinks fit.
- (ii) Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board.
92. (i) A committee may elect a Chairperson of its meetings.
- (ii) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their members to be Chairperson of the meeting.
93. (i) A committee may meet and adjourn as it thinks fit.
- (ii) Questions arising at any meeting of a committee shall be determined by a majority of votes of the members present, and in case of an equality of votes, the Chairperson shall have a second or casting vote.
94. All acts done in any meeting of the Board or of a committee thereof or by any person acting as a director, shall, notwithstanding that it may be afterwards discovered that there was some defect in the appointment

of any one or more of such directors or of any person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such director or such person had been duly appointed and was qualified to be a director.

95. Save as otherwise expressly provided in the Act, a resolution in writing, signed by all the members of the Board or of a committee thereof, for the time being entitled to receive notice of a meeting of the Board or committee, shall be valid and effective as if it had been passed at a meeting of the Board or committee, duly convened and held.

***Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer***

96. Subject to the provisions of the Act:-
- (i) A chief executive officer, manager, company secretary or chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any chief executive officer, manager, company secretary or chief financial officer so appointed may be removed by means of a resolution of the Board;
  - (ii) A director may be appointed as chief executive officer, manager, company secretary or chief financial officer.
97. A provision of the Act or these regulations requiring or authorizing a thing to be done by or to a director and chief executive officer, manager, company secretary or chief financial officer shall not be satisfied by its being done by or to the same person acting both as director and as, or in place of, chief executive officer, manager, company secretary or chief financial officer.

***The Seal***

98. (i) The Board shall provide for the safe custody of the seal and they shall have power from time to time to destroy the same and substitute a new seal in lieu thereof.
- (ii) The seal of the Company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a committee of the Board authorised by it in that behalf, and except in the presence of at least two directors and of the secretary or such other person as the Board may appoint for the purpose; and those two directors and the secretary or other person aforesaid shall sign every instrument to which the seal of the Company is so affixed in their presence.

***Dividends and Reserve***

99. The Company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board.
100. Subject to the provisions of section 123 of the Act, the Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the Company.
101. (i) The Board may, before recommending any dividend, set aside out of the profits of the Company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied, including provision for meeting contingencies or for equalizing dividends; and pending such application, may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Board may, from time to time, think fit.
- (ii) The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.
102. Subject to the rights of persons, if any,

- (i) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share.
  - (ii) All dividends shall be declared and paid according to the amounts paid or credited as paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the Company, dividends may be declared and paid according to the amounts of shares.
  - (iii) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.
103. The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company.
104. (i) Any dividend, interest or other monies payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct or in any other mode permitted under applicable law.
- (ii) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.
105. Any one of two or more joint holders of a share may give effective receipts for any dividends, bonuses or other monies payable in respect of such share.
106. Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act.
107. No dividend shall bear interest against the Company.
108. Where a dividend has been declared by the Company but has not been paid or claimed within thirty days from the date of the declaration to any Shareholder entitled to the payment of the dividend, the Company shall, within seven days from the date of expiry of the said period of thirty days, transfer the total amount of dividend which remains unpaid or unclaimed to a special account to be opened by the Company in that behalf in any scheduled bank to be called the 'Unpaid Dividend Account'.
109. Any money transferred to the 'Unpaid Dividend Account' of the Company which remains unpaid or unclaimed for a period of 7 (seven) years from the date of such transfer, shall be transferred by the Company along with the interest accrued, if any, to the Fund known as Investor Education and Protection Fund established under section 125 of the Act. There shall be no forfeiture of unclaimed dividends before the claim becomes barred by law. All other provisions under the Act will be complied with in relation to the unpaid or unclaimed dividend.

### ***Accounts***

110. (i) The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the Company, or any of them, shall be open to the members not being directors.
- (ii) No member (not being a director) shall have any right of inspecting any account or book or document of the Company except as conferred by law or authorized by the Board or by the Company in general meeting.

### *Winding up*

111. Subject to provisions of Chapter XX of the Act and rules made thereunder—
- (i) If the Company shall be wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not.
  - (ii) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.
  - (iii) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.
  - (iv) Any person who is or has been a Director or manager, whose liability is unlimited under the Act, shall, in addition to his liability, if any, to contribute as an ordinary member, be liable to make a further contribution as if he were at the commencement of winding up, a member of an unlimited company, in accordance with the provisions of the Act.

### *Indemnity*

112. Every officer of the Company shall be indemnified out of the assets of the Company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in which relief is granted to him by the court or the Tribunal.
113. The Company may take and maintain any insurance as the Board may think fit on behalf of its present and/or former directors and key managerial personnel for indemnifying all or any of them against any liability for any acts in relation to the Company for which they may be liable but have acted honestly and reasonably.

### *Secrecy Clause*

114. No Member shall be entitled to inspect the Company's works without the permission of the Managing Director/Directors or to require discovery of any information respectively and detail of the Company's trading or any matter which is or may be in the nature of a trade secret, history of trade or secret process which may be related to the conduct of the business of the Company and which in the opinion of the Managing Director/Directors will be inexpedient in the interest of the Members of the Company to communicate to the public.

### *General Authority*

115. Wherever in the Act, it has been provided that the Company shall have any right, privilege or authority or that the Company cannot carry out any transaction unless the Company is so authorized by its Articles then in that case, these Articles hereby authorize and empower the Company to have such rights, privilege or authority and to carry out such transaction as have been permitted by the Act, without there being any specific Article in that behalf herein provided.
116. At any point of time from the date of adoption of these Articles, if the Articles are or become contrary to the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "**Listing Regulations**") and the Act, as amended, or any other applicable laws ("**Laws**"), the provisions of the Listing Regulations, the Act and the Laws shall prevail over the Articles to such extent and the Company shall discharge all of its obligations as prescribed under the Listing Regulations, the Act and the Laws, from time to time

## SECTION IX – OTHER INFORMATION

### MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following documents and contracts which have been entered or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company) which are or may be deemed material will be attached to the copy of the Red Herring Prospectus and filed with the RoC. Copies of the contracts and documents for inspection referred to hereunder, may be inspected at our Registered Office and our Corporate Office, from 10.00 am to 5.00 pm on all Working Days and will also be available on the website of our Company at <https://www.atherenergy.com/investor-relations/drhp-documents>, from the date of the Red Herring Prospectus until the Bid/Offer Closing Date, except for such contracts and documents that will be entered into or executed subsequent to the completion of the Bid/Offer Closing Date.

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by other parties, without reference to the Shareholders, subject to compliance of the provisions contained in the Companies Act and other applicable law.

#### *Material Contracts to the Offer*

1. Offer Agreement dated September 9, 2024, entered into among our Company, the Selling Shareholders and the BRLMs.
2. Registrar Agreement dated September 6, 2024, entered into among our Company, the Selling Shareholders and the Registrar to the Offer.
3. Monitoring Agency Agreement dated [●] entered into between our Company and the Monitoring Agency.
4. Cash Escrow and Sponsor Bank Agreement dated [●] entered into among our Company, the Selling Shareholders, the Members of the Syndicate, Banker(s) to the Offer and the Registrar to the Offer.
5. Share Escrow Agreement dated [●] entered into among our Company, Selling Shareholders and the Share Escrow Agent.
6. Syndicate Agreement dated [●] entered into among our Company, the Members of the Syndicate, the Selling Shareholders and the Registrar to the Offer.
7. Underwriting Agreement dated [●] entered into among our Company, the Selling Shareholders and the Underwriters.

#### *Material Documents*

1. Certified copies of our Memorandum of Association and Articles of Association, as amended from time to time.
2. Certificate of incorporation dated October 21, 2013, in the name of 'Ather Energy Private Limited' and a fresh certificate of incorporation dated August 27, 2024 upon conversion into a public limited company and change in name of our Company to 'Ather Energy Limited'.
3. Resolution of our Board dated August 27, 2024, approving the Offer and other related matters.
4. Shareholders' resolution dated September 5, 2024, approving the Fresh Issue and other related matters.
5. Resolution of our Board dated September 6, 2024, approving this Draft Red Herring Prospectus for filing with SEBI and the Stock Exchanges.
6. Resolution of the IPO Committee dated September 9, 2024, approving this Draft Red Herring Prospectus for filing with SEBI and the Stock Exchanges.
7. Resolution of our Board of Directors dated September 6, 2024, taking on record the approval for the

Offer for Sale by the Selling Shareholders.

8. Consent letters from the Selling Shareholders consenting to participate in the Offer for Sale.
9. Copies of the annual reports of our Company for the Fiscals 2024, 2023 and 2022.
10. The examination report dated August 27, 2024, of the Statutory Auditors on our Restated Financial Information.
11. The report dated September 5, 2024, on the statement of special tax benefits available to the Company and its shareholders under the applicable laws in India from the Statutory Auditors.
12. Consent dated September 9, 2024, from Deloitte Haskins & Sells, Chartered Accountants, to include their name as required under Section 26(5) of the Companies Act read with SEBI ICDR Regulations, in this Draft Red Herring Prospectus and as an “expert” as defined under Section 2(38) of the Companies Act to the extent and in their capacity as our Statutory Auditors, and in respect of their (i) examination report, dated August 27, 2024 on our Restated Financial Information; and (ii) their report dated September 5, 2024 on the statement of possible special tax benefits included in this Draft Red Herring Prospectus. However, the term “expert” and “consent” does not represent an “expert” or “consent” within the meaning under the U.S. Securities Act
13. Consent dated September 9, 2024 from Manian & Rao, Chartered Accountants, to include their name as required under Section 26(5) of the Companies Act, 2013 read with the SEBI ICDR Regulations in this Draft Red Herring Prospectus, and as an “expert” as defined under Section 2(38) of the Companies Act, 2013 in respect of the various certifications issued by them in their capacity as an independent chartered accountant to our Company.
14. Certificate dated September 9, 2024, from Manian & Rao, Chartered Accountants, certifying the KPIs of our Company.
15. Consent dated September 5, 2024 from M/s. RBSA Advisors LLP, to include their name as an “expert” as defined under Sections 2(38) and 26(5) of the Companies Act, 2013 to the extent and in their capacity as the independent chartered engineer and in respect of the certificate issued by them.
16. Consent dated September 6, 2024 from LexOrbis Intellectual Property Attorneys & Advocates, as intellectual property consultant to include to include its name as required under Section 26(5) of the Companies Act, 2013 in this Draft Red Herring Prospectus and as an “expert” as defined under Section 2(38) of the Companies Act, 2013.
17. Consents of our Promoters, Directors, Bankers to our Company, the BRLMs, the Syndicate Members, Registrar to the Offer, Banker(s) to the Offer, legal counsel to our Company, Monitoring Agency, Company Secretary and Compliance Officer of our Company, as referred to act, in their respective capacities.
18. Consent letter dated September 4, 2024, from CRISIL to rely on and reproduce part or whole of the Industry report titled “*Assessment of Electric Two-wheeler Industry in India*” dated September, 2024 and include their name in this Draft Red Herring Prospectus.
19. Industry report titled “*Assessment of Electric Two-wheeler Industry in India*” dated September, 2024, prepared and issued by CRISIL, commissioned and paid for by our Company and engagement letter dated May 7, 2024.
20. Consent dated September 6, 2024 of D&B in respect of the ‘Project Cost Vetting Report’ dated September 6, 2024.
21. Report titled ‘Project Cost Vetting Report’ dated September 6, 2024 issued by D&B.
22. Employment agreements each dated August 8, 2023 in relation to terms of appointment of Tarun Sanjay Mehta and Swapnil Babanlal Jain.

23. Amended and Restated Shareholders' Agreement dated July 30, 2024 entered into among our Company, Tarun Sanjay Mehta, Swapnil Babanlal Jain, Mehta Family Trust, Tarun Swarna Family Trust, Jain Family Trust, Swapnil Jain Family Trust, Internet Fund III Pte. Ltd., HMCL, Caladium Investment Pte Ltd, 3State Ventures Pte. Ltd., IITMS Rural Technology and Business Incubator, NK Squared, Kamath Associates, National Investment and Infrastructure Fund II (*represented by and acting through its investment manager, National Investment and Infrastructure Fund Limited*), India-Japan Fund (*represented by and acting through its investment manager, National Investment and Infrastructure Fund Limited*), Venkatachary Srinivasan, IITM Incubation Cell, Arun Vinayak, Achal Kothari, Asha Krishnakumar, R. Mahadevan, Abhishek Venkataraman, Gurusankar Sankararaman, Jayaprakash Vijayan, Volpi Cupal Trust, Sagar Meher Pushpala, InnoVen Capital India Fund, Herald Square Ventures, Guerilla Ventures Private Limited, Amit Bhatia, Karandeep Singh and Amod Malviya.
24. SHA Amendment cum Waiver Agreement dated September 5, 2024 to the SHA.
25. Collaboration agreement dated November 23, 2023 entered into between our Company and HMCL.
26. Due diligence certificate to SEBI from the Book Running Lead Managers dated September 9, 2024.
27. In-principle listing approvals dated [●] and [●] from the BSE and the NSE, respectively.
28. Tripartite agreement dated June 13, 2024, among our Company, NSDL and the Registrar to the Offer.
29. Tripartite agreement dated June 13, 2024, among our Company, CDSL and the Registrar to the Offer.
30. SEBI final observation letter bearing number [●] dated [●].

## DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013, and the rules, regulations and guidelines issued by the Government of India, or the rules, regulations and guidelines issued by SEBI established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statements, disclosures and undertakings made in this Draft Red Herring Prospectus are contrary to the provisions of the Companies Act, 2013, the Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 each as amended, or the rules, regulations and guidelines issued thereunder, as the case may be. I further certify that all the statements, disclosures and undertakings in this Draft Red Herring Prospectus are true and correct.

**SIGNED BY THE DIRECTOR OF OUR COMPANY**



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**Tarun Sanjay Mehta**

**Designation:** Executive Director and Chief Executive Officer

**Date:** September 9, 2024

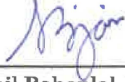
**Place:** Bengaluru



## DECLARATION

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**SIGNED BY THE DIRECTOR OF OUR COMPANY**



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**Swapnil Babanlal Jain**

**Designation:** Executive Director and Chief Technical Officer


**Date:** September 9, 2024

**Place:** Bengaluru

## DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013, and the rules, regulations and guidelines issued by the Government of India, or the rules, regulations and guidelines issued by SEBI established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statements, disclosures and undertakings made in this Draft Red Herring Prospectus are contrary to the provisions of the Companies Act, 2013, the Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 each as amended, or the rules, regulations and guidelines issued thereunder, as the case may be. I further certify that all the statements, disclosures and undertakings in this Draft Red Herring Prospectus are true and correct.

**SIGNED BY THE DIRECTOR OF OUR COMPANY**



**Niranjn Kumar Gupta**  
**Designation:** Non-executive Director  
**Date:** September 9, 2024  
**Place:** Gurugram

## DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013, and the rules, regulations and guidelines issued by the Government of India, or the rules, regulations and guidelines issued by SEBI established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statements, disclosures and undertakings made in this Draft Red Herring Prospectus are contrary to the provisions of the Companies Act, 2013, the Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 each as amended, or the rules, regulations and guidelines issued thereunder, as the case may be. I further certify that all the statements, disclosures and undertakings in this Draft Red Herring Prospectus are true and correct.

**SIGNED BY THE DIRECTOR OF OUR COMPANY**



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**Nilesh Shrivastava**

**Designation:** Nominee Director

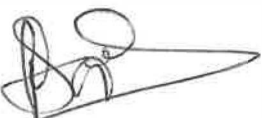
**Date:** September 9, 2024

**Place:** New Delhi

## DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013, and the rules, regulations and guidelines issued by the Government of India, or the rules, regulations and guidelines issued by SEBI established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statements, disclosures and undertakings made in this Draft Red Herring Prospectus are contrary to the provisions of the Companies Act, 2013, the Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 each as amended, or the rules, regulations and guidelines issued thereunder, as the case may be. I further certify that all the statements, disclosures and undertakings in this Draft Red Herring Prospectus are true and correct.

**SIGNED BY THE DIRECTOR OF OUR COMPANY**

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**Pankaj Sood**

**Designation:** Nominee Director

**Date :** September 9, 2024

**Place:** Mumbai

## DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013, and the rules, regulations and guidelines issued by the Government of India, or the rules, regulations and guidelines issued by SEBI established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statements, disclosures and undertakings made in this Draft Red Herring Prospectus are contrary to the provisions of the Companies Act, 2013, the Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 each as amended, or the rules, regulations and guidelines issued thereunder, as the case may be. I further certify that all the statements, disclosures and undertakings in this Draft Red Herring Prospectus are true and correct.

**SIGNED BY THE DIRECTOR OF OUR COMPANY**



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**Ram Kuppuswamy**

**Designation:** Non-executive Director

**Date:** September 9, 2024

**Place:** New Delhi

## DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013, and the rules, regulations and guidelines issued by the Government of India, or the rules, regulations and guidelines issued by SEBI established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statements, disclosures and undertakings made in this Draft Red Herring Prospectus are contrary to the provisions of the Companies Act, 2013, the Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 each as amended, or the rules, regulations and guidelines issued thereunder, as the case may be. I further certify that all the statements, disclosures and undertakings in this Draft Red Herring Prospectus are true and correct.

**SIGNED BY THE DIRECTOR OF OUR COMPANY**



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**Kaushik Dutta**

**Designation:** Independent Director

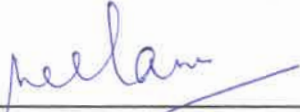
**Date:** September 9, 2024

**Place:** New Delhi

## DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013, and the rules, regulations and guidelines issued by the Government of India, or the rules, regulations and guidelines issued by SEBI established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statements, disclosures and undertakings made in this Draft Red Herring Prospectus are contrary to the provisions of the Companies Act, 2013, the Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 each as amended, or the rules, regulations and guidelines issued thereunder, as the case may be. I further certify that all the statements, disclosures and undertakings in this Draft Red Herring Prospectus are true and correct.

**SIGNED BY THE DIRECTOR OF OUR COMPANY**



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**Neelam Dhawan**

**Designation:** Independent Director

**Date:** September 9, 2024

**Place:** Lisbon

## DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013, and the rules, regulations and guidelines issued by the Government of India, or the rules, regulations and guidelines issued by SEBI established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statements, disclosures and undertakings made in this Draft Red Herring Prospectus are contrary to the provisions of the Companies Act, 2013, the Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 each as amended, or the rules, regulations and guidelines issued thereunder, as the case may be. I further certify that all the statements, disclosures and undertakings in this Draft Red Herring Prospectus are true and correct.

**SIGNED BY THE DIRECTOR OF OUR COMPANY**



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**Sanjay Nayak**

**Designation:** Independent Director

**Date:** September 9, 2024

**Place:** Bengaluru



## DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013, and the rules, regulations and guidelines issued by the Government of India, or the rules, regulations and guidelines issued by SEBI established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statements, disclosures and undertakings made in this Draft Red Herring Prospectus are contrary to the provisions of the Companies Act, 2013, the Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 each as amended, or the rules, regulations and guidelines issued thereunder, as the case may be. I further certify that all the statements, disclosures and undertakings in this Draft Red Herring Prospectus are true and correct.

**SIGNED BY THE CHIEF FINANCIAL OFFICER OF OUR COMPANY**



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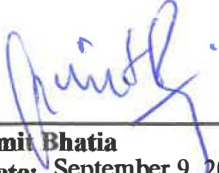
Sohil Dilipkumar Parekh

**Date:** September 9, 2024

**Place:** Bengaluru

## DECLARATION

I, Amit Bhatia, hereby confirm that all statements, disclosures and undertakings specifically made or confirmed by me in this Draft Red Herring Prospectus about and in relation to myself, as a Selling Shareholder and my respective portion of the Offered Shares, are true and correct. I assume no responsibility for any other statements, disclosures and undertakings, including, any of the statements, disclosures and undertakings made or confirmed by or relating to the Company or any other Selling Shareholder or any other person(s) in this Draft Red Herring Prospectus.



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**Amit Bhatia**

**Date:** September 9, 2024

**Place:** Gurugram, India

## DECLARATION

I, Karandeep Singh, hereby confirm that all statements, disclosures and undertakings specifically made or confirmed by me in this Draft Red Herring Prospectus about and in relation to myself, as a Selling Shareholder and my respective portion of the Offered Shares, are true and correct. I assume no responsibility for any other statements, disclosures and undertakings, including, any of the statements, disclosures and undertakings made or confirmed by or relating to the Company or any other Selling Shareholder or any other person(s) in this Draft Red Herring Prospectus.



**Karandeep Singh**

**Date:** September 9, 2024

**Place:** Bengaluru, India

## DECLARATION

I, Swapnil Babanlal Jain, hereby confirm that all statements, disclosures and undertakings specifically made or confirmed by me in this Draft Red Herring Prospectus about and in relation to myself, as a Selling Shareholder and my respective portion of the Offered Shares, are true and correct. I assume no responsibility for any other statements, disclosures and undertakings, including, any of the statements, disclosures and undertakings made or confirmed by or relating to the Company or any other Selling Shareholder or any other person(s) in this Draft Red Herring Prospectus.



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**Swapnil Babanlal Jain**

**Date:** September 9, 2024

**Place:** Bengaluru, India

## DECLARATION

I, Tarun Sanjay Mehta, hereby confirm that all statements, disclosures and undertakings specifically made or confirmed by me in this Draft Red Herring Prospectus about and in relation to myself, as a Selling Shareholder and my respective portion of the Offered Shares, are true and correct. I assume no responsibility for any other statements, disclosures and undertakings, including, any of the statements, disclosures and undertakings made or confirmed by or relating to the Company or any other Selling Shareholder or any other person(s) in this Draft Red Herring Prospectus.

*Tarun Mehta*

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**Tarun Sanjay Mehta**  
**Date:** September 9, 2024  
**Place:** Bengaluru, India

## DECLARATION

We, 3State Ventures Pte. Ltd., hereby confirm that all statements, disclosures and undertakings specifically made by us in this Draft Red Herring Prospectus in relation to us, severally and not jointly, as a Selling Shareholder and our respective portion of the Offered Shares, are true and correct. We assume no responsibility for any other statements, disclosures and undertakings, including, any of the statements, disclosures and undertakings made or confirmed by or relating to the Company or any other Selling Shareholder or any other person(s) in this Draft Red Herring Prospectus.



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Authorised Signatory

**Signed for and on behalf of 3State Ventures Pte. Ltd.**


**Name: Rajnish Singh Baweja**

**Date:** September 9, 2024

**Place:** Singapore

## DECLARATION

We, Caladium Investment Pte Ltd, hereby confirm that all statements, disclosures and undertakings specifically made by us in this Draft Red Herring Prospectus in relation to us, severally and not jointly, as a Selling Shareholder and our respective portion of the Offered Shares, are true and correct. We assume no responsibility for any other statements, disclosures and undertakings, including, any of the statements, disclosures and undertakings made or confirmed by or relating to the Company or any other Selling Shareholder or any other person(s) in this Draft Red Herring Prospectus.

  
\_\_\_\_\_  
Authorised Signatory

**Signed for and on behalf of Caladium Investment Pte Ltd**

**Name:** Ankur Meattle

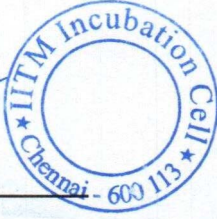
**Date:** September 9, 2024

**Place:** Singapore

## DECLARATION

We, IITM Incubation Cell, hereby confirm that all statements, disclosures and undertakings specifically made by us in this Draft Red Herring Prospectus in relation to us, severally and not jointly, as a Selling Shareholder and our respective portion of the Offered Shares, are true and correct. We assume no responsibility for any other statements, disclosures and undertakings, including, any of the statements, disclosures and undertakings made or confirmed by or relating to the Company or any other Selling Shareholder or any other person(s) in this Draft Red Herring Prospectus.

Tamaswati Ghosh



Authorised Signatory

**Signed for and on behalf of IITM Incubation Cell**

**Name:** Dr. Tamaswati Ghosh

**Date:** September 9, 2024

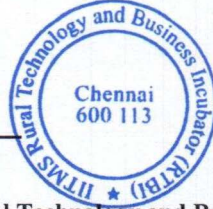
**Place:** Nairobi, Kenya



## DECLARATION

We, IITMS Rural Technology and Business Incubator, hereby confirm that all statements, disclosures and undertakings specifically made by us in this Draft Red Herring Prospectus in relation to us, severally and not jointly, as a Selling Shareholder and our respective portion of the Offered Shares, are true and correct. We assume no responsibility for any other statements, disclosures and undertakings, including, any of the statements, disclosures and undertakings made or confirmed by or relating to the Company or any other Selling Shareholder or any other person(s) in this Draft Red Herring Prospectus.

Tamaswati Ghosh



Authorised Signatory

**Signed for and on behalf of IITMS Rural Technology and Business Incubator**

**Name:** Dr. Tamaswati Ghosh

**Date:** September 9, 2024

**Place:** Nairobi, Kenya

## DECLARATION

We, Internet Fund III Pte. Ltd., hereby confirm that all statements, disclosures and undertakings specifically made by us in this Draft Red Herring Prospectus in relation to us, severally and not jointly, as a Selling Shareholder and our respective portion of the Offered Shares, are true and correct. We assume no responsibility for any other statements, disclosures and undertakings, including, any of the statements, disclosures and undertakings made or confirmed by or relating to the Company or any other Selling Shareholder or any other person(s) in this Draft Red Herring Prospectus.



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Authorised Signatory

**Signed for and on behalf of Internet Fund III Pte. Ltd.**

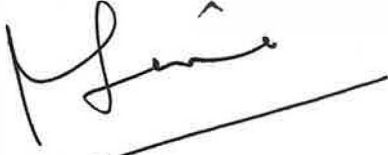
**Name: Deep Varma**

**Date: September 9, 2024**

**Place: Singapore**

## DECLARATION

We, National Investment and Infrastructure Fund II, hereby confirm that all statements, disclosures and undertakings specifically made by us in this Draft Red Herring Prospectus in relation to us, severally and not jointly, as a Selling Shareholder and our respective portion of the Offered Shares, are true and correct. We assume no responsibility for any other statements, disclosures and undertakings, including, any of the statements, disclosures and undertakings made or confirmed by or relating to the Company or any other Selling Shareholder or any other person(s) in this Draft Red Herring Prospectus.



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Authorised Signatory

**Signed for and on behalf of National Investment and Infrastructure Fund II**

**Name:** Padmanabh Sinha, Executive Director & Chief Investment Officer - Private Equity

**Date:** September 9, 2024

**Place:** Mumbai, India