



Ather Energy

The Future is Electric

Financial and Legal Aspects in New
Technology Ventures



By Group 7

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Introduction



COMPANY PROFILE

Name: Ather Energy Pvt. Ltd

Established: 2013

Headquarters: Bengaluru, Karnataka, India

Founders: Tarun Mehta and Swapnil Jain

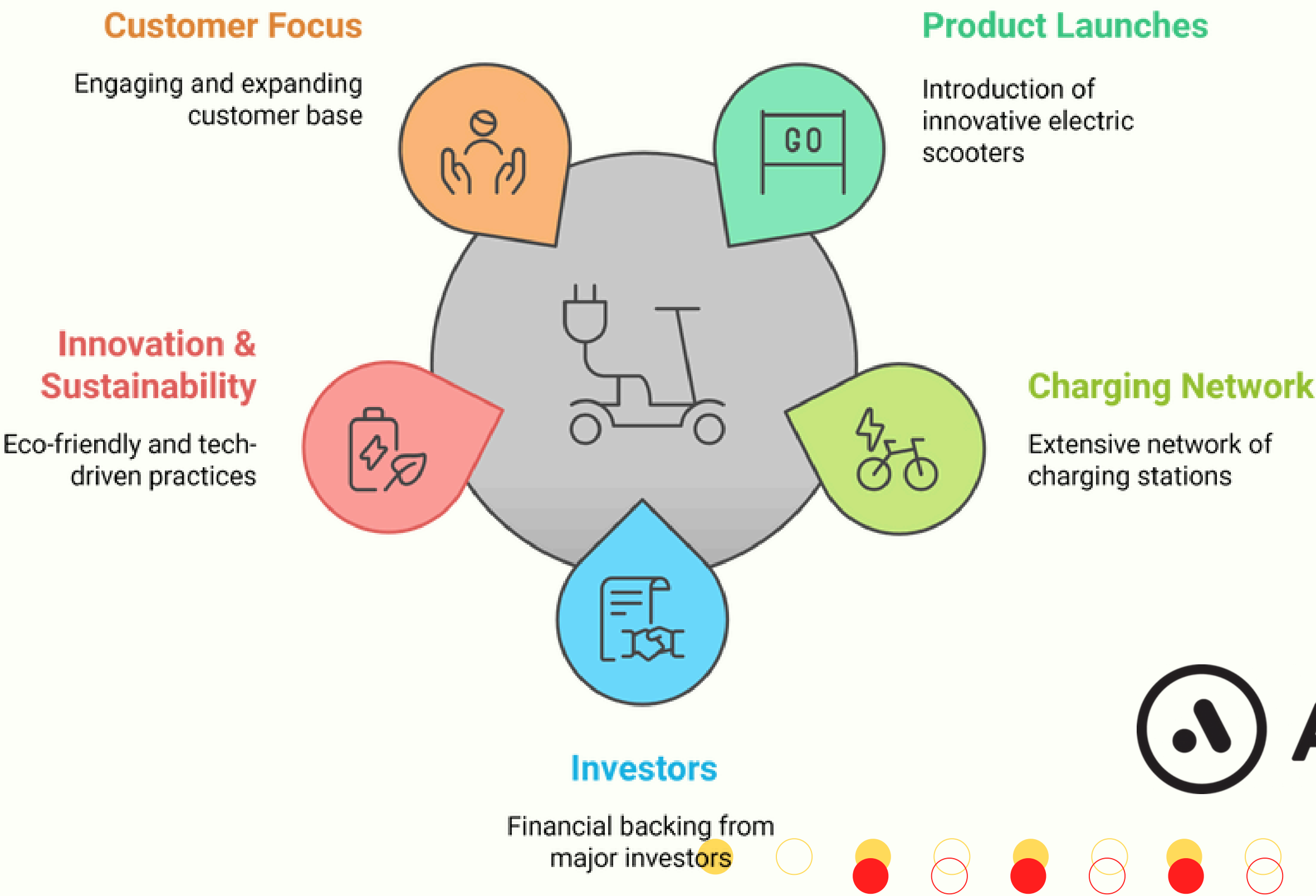
Core Products:

- **Electric scooters** (Ather 450X, Ather 450 Plus, Rizta)
- **EV charging infrastructure** (Ather Grid)

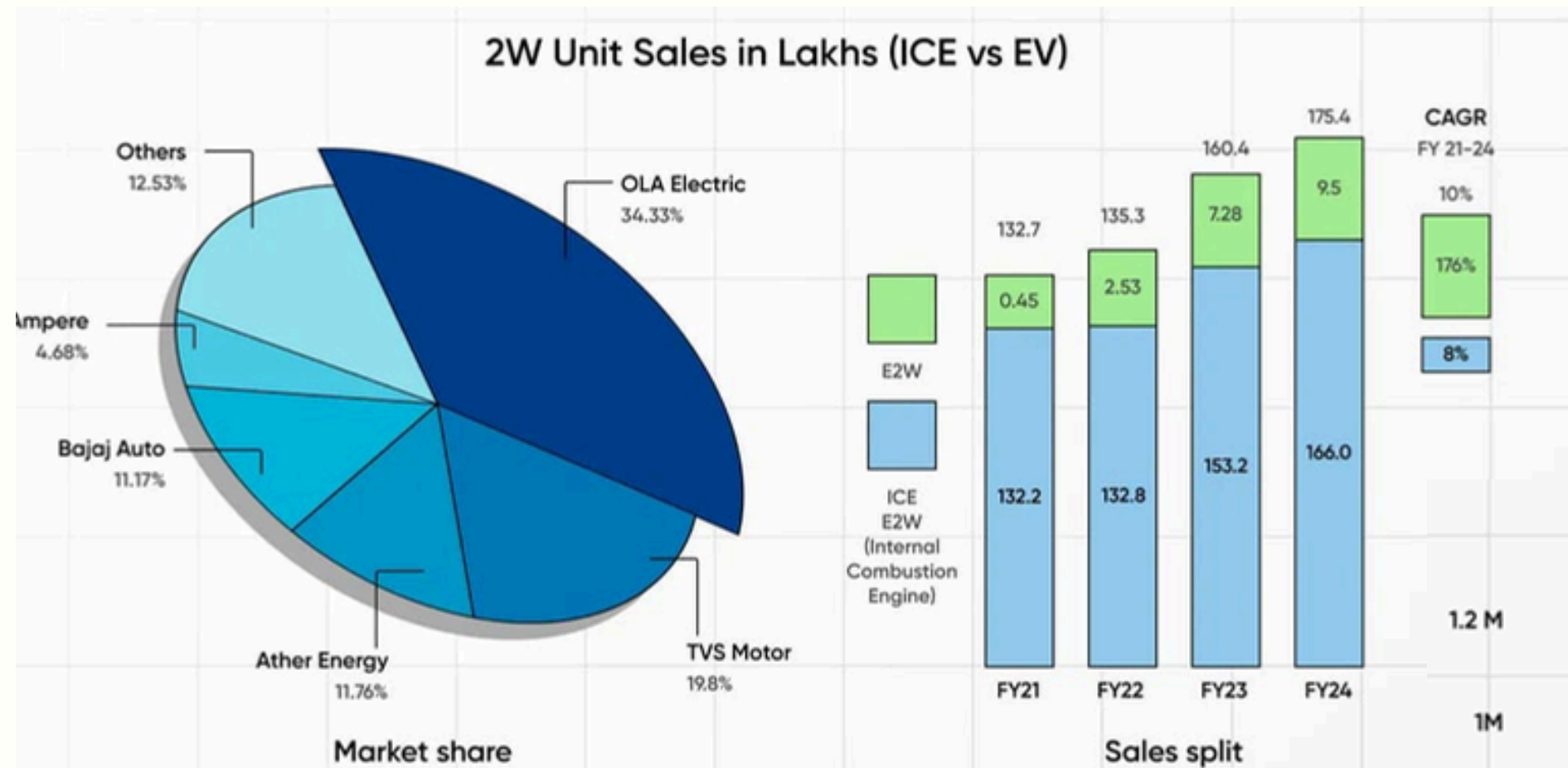


Brief Company Background

Ather Energy's Success in EV Market

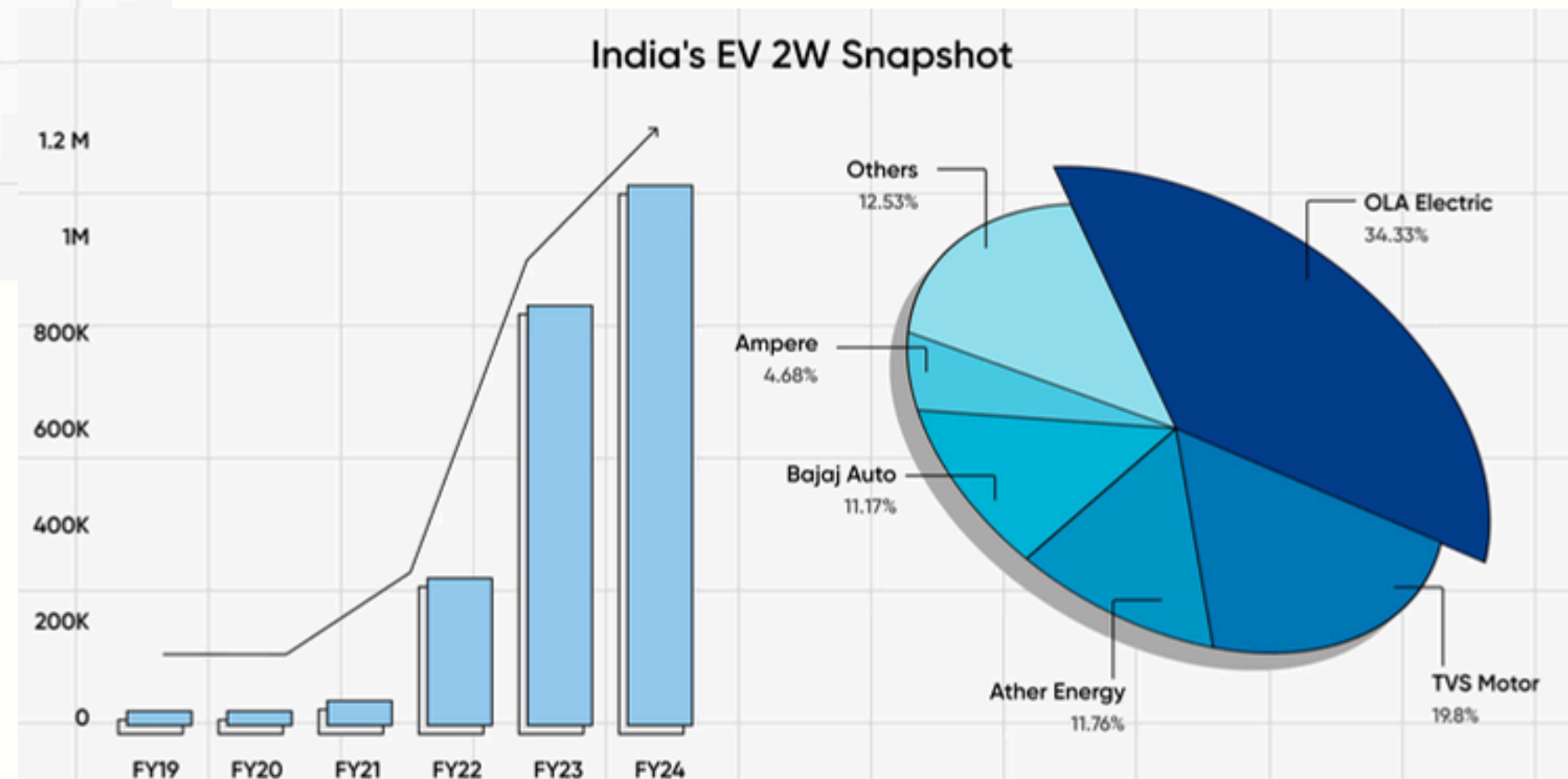


Brief Industry Background



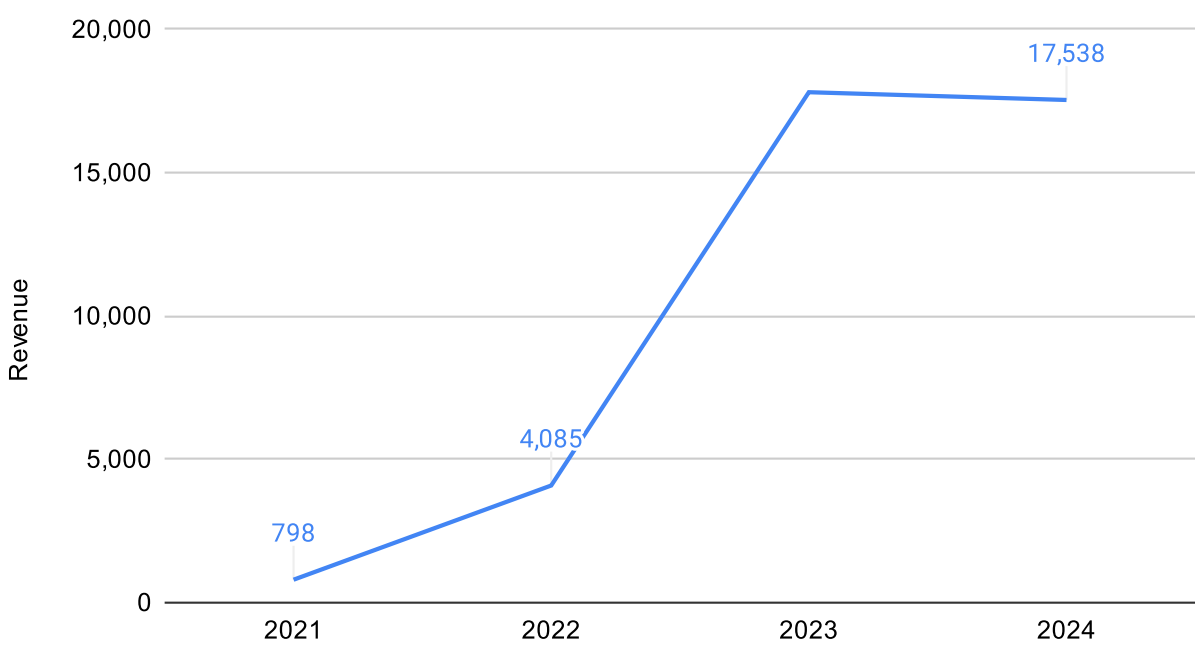
- E2W Segment Growth:
 - Despite 25% subsidy cut in June 2023, 8.4 lakh units sold in CY23 (+33% YoY).
 - Led by Top OEMs: Ola, TVS, Ather.
 - Post-subsidy resilience indicates market maturity and strong demand

- Global Standing: India is the 3rd largest auto market, competing with China in 2W & 3W
- EV Push Benefits: Drives economic growth and climate change mitigation.
- COP26 Commitments:
 - a. Net-Zero by 2070.
 - b. 30% of new vehicle sales electric by 2030.
 - c. 45% reduction in emissions intensity by 2030 (from 2005 levels).

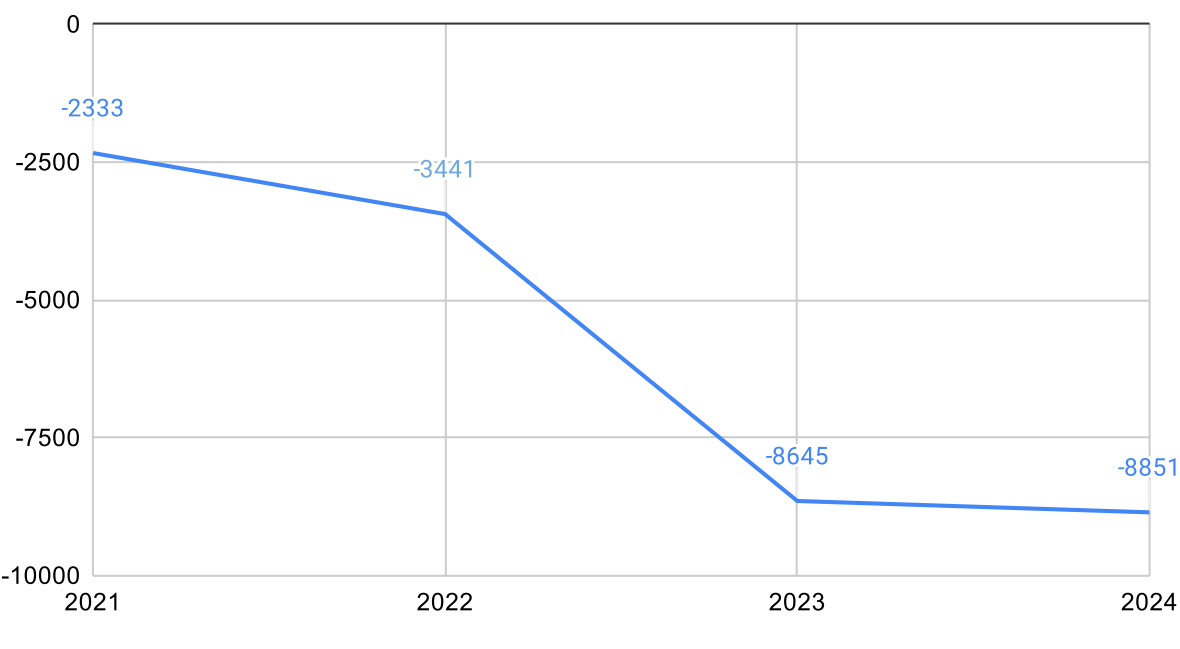


INCOME STATEMENT

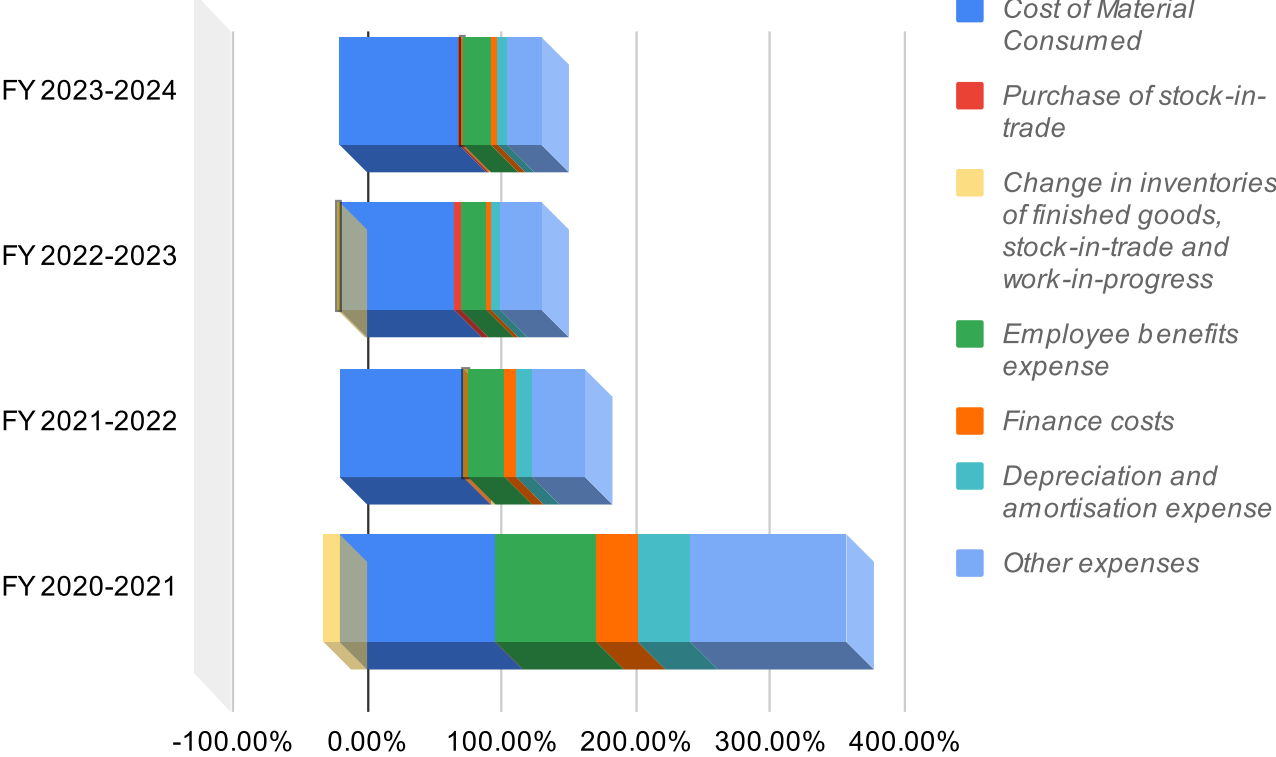
Revenue vs. Year



Year and EBITDA



Expenses as % of revenue



Growth in Revenue: The company has demonstrated strong revenue growth, indicating that it is expanding and likely capturing market share or introducing successful new products/services.

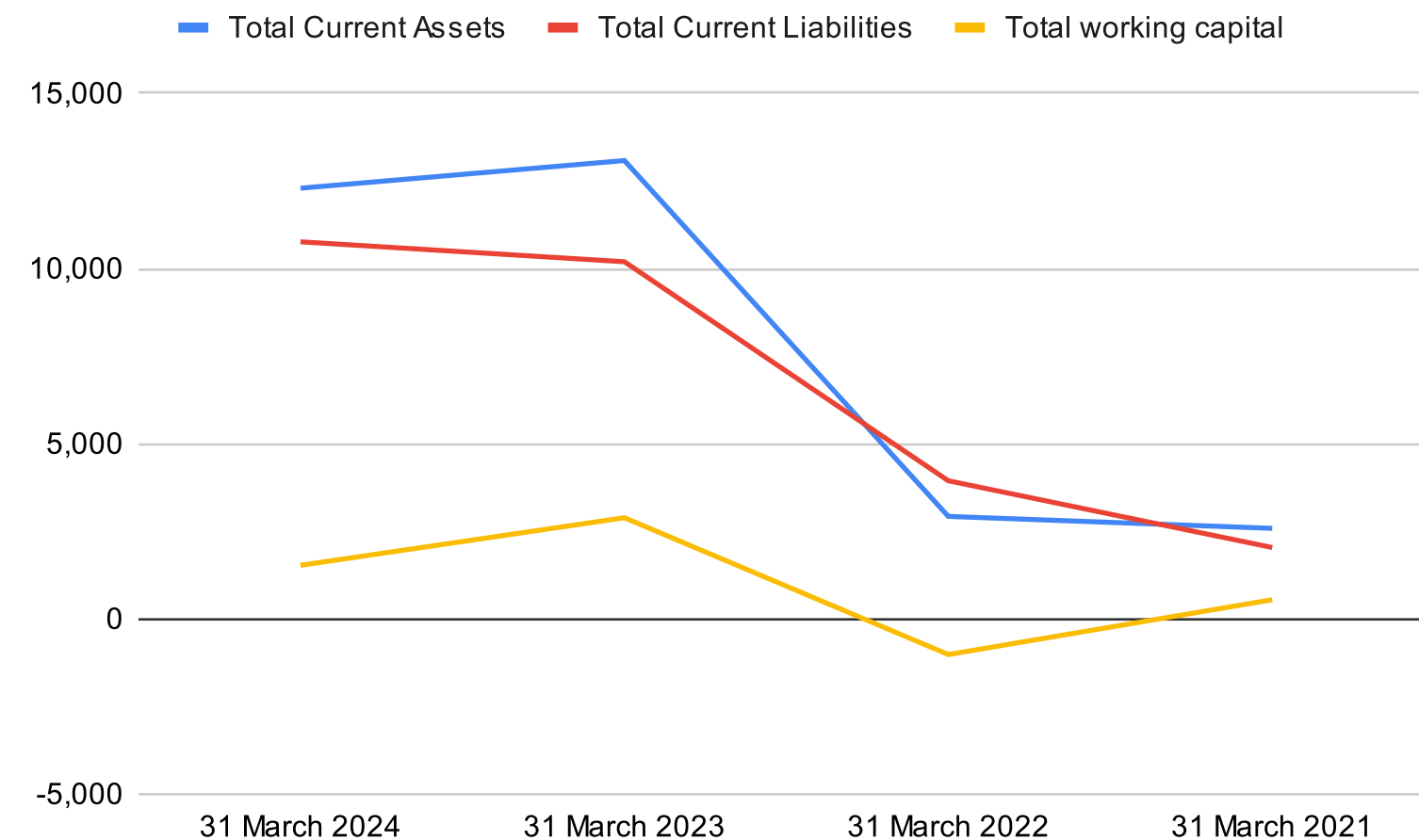
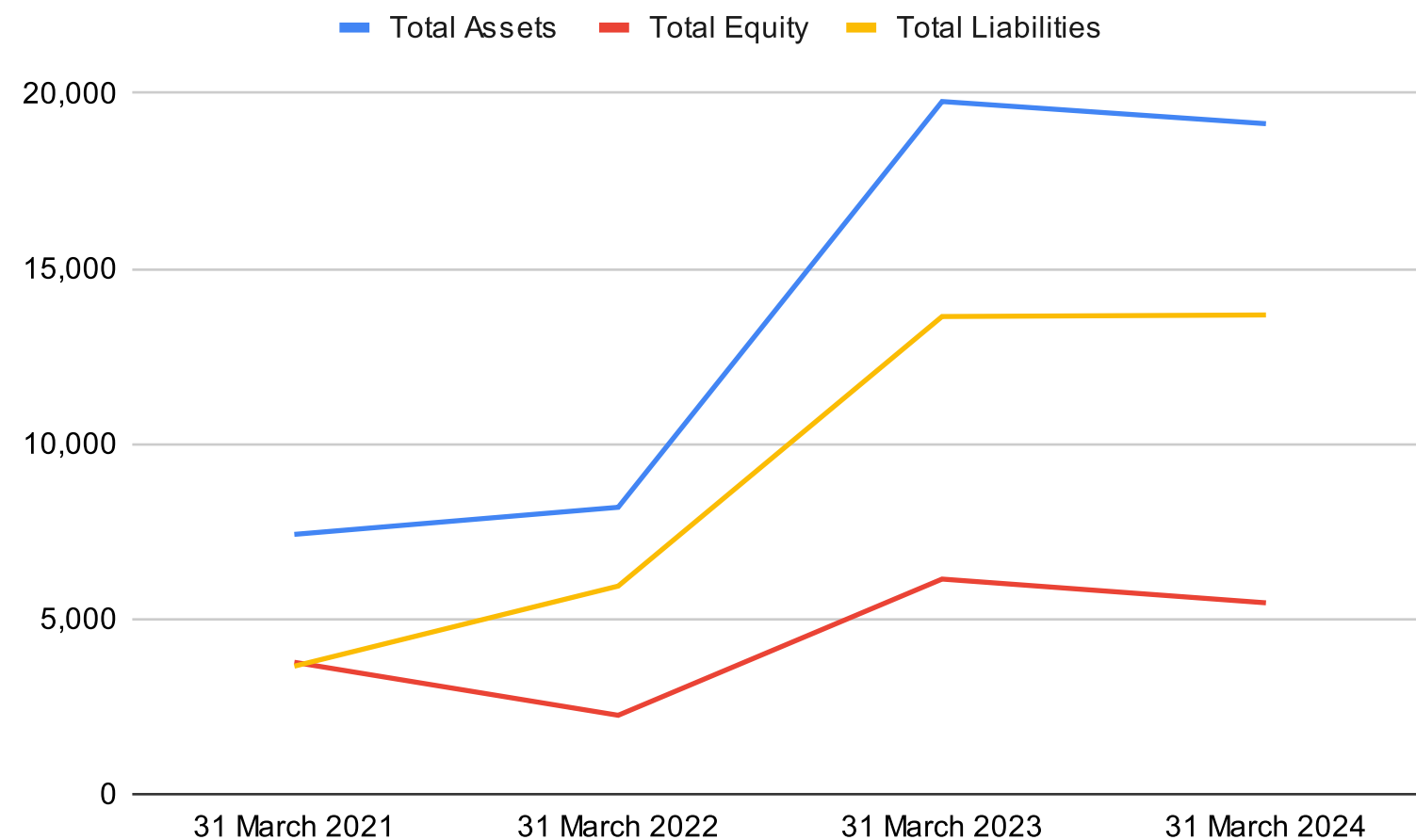
High Operating Expenses: Despite revenue growth, high operating expenses continue to weigh on profitability. Cost of goods sold and employee costs represent large expenses, and while there has been some effort to manage these, further optimization may be necessary.

Consistent Losses: The widening net and comprehensive losses highlight the need for the company to shift focus towards profitability. Without a path to profit, the company may struggle to sustain growth or attract further investment.

Investment in Growth: Increased employee costs, depreciation, and revenue growth suggest that the company is investing in expansion. While this can be positive if managed well, the current strategy is impacting the bottom line and may require adjustment to balance growth with profitability.



BALANCE SHEET



The overall trend shows a consistent increase in the company's assets, liabilities, and equity, indicating a period of sustained growth and expansion.

The growth in non-current assets, particularly property, plant, and equipment, suggests the company is investing in its long-term operational capabilities.

The increase in current assets, such as inventories and financial assets, suggests the company is expanding its working capital to support its growing business activities.

The rise in both non-current and current liabilities indicates the company is leveraging a combination of long-term and short-term financing to fund its expansion.

CASHFLOW STATEMENTS

Operating Challenges:

The consistently negative cash flow from operations suggests possible challenges in generating cash from core activities. Increased trade receivables and costs related to operations could be contributing factors.

Heavy Investment in Assets:

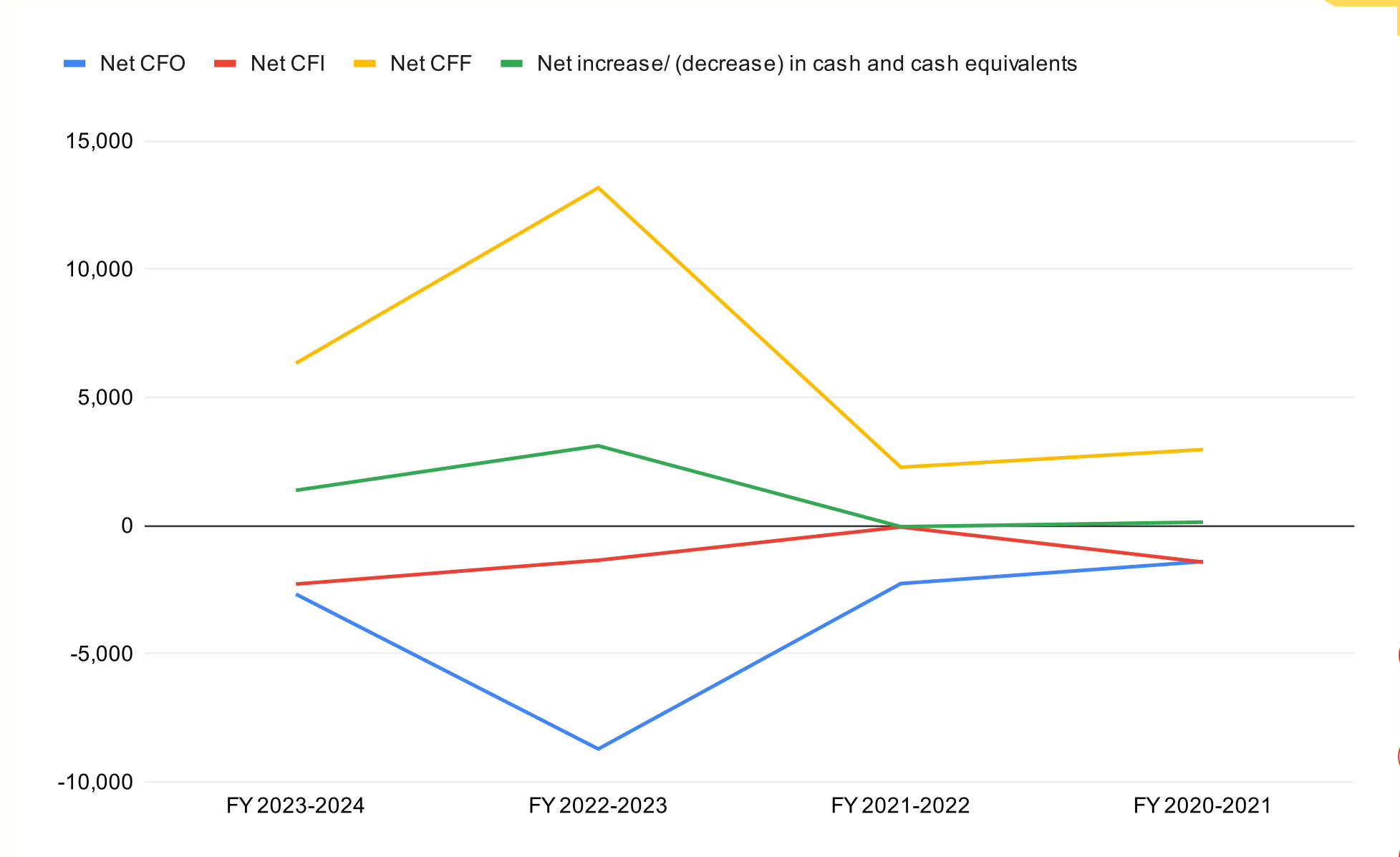
The company is actively investing in assets, which may reflect long-term growth strategies. However, it has required significant cash outflows, putting pressure on the operating cash.

Reliance on External Financing:

The reliance on financing activities to maintain cash flow indicates that the company is using external sources to support its operations and investments. This strategy could lead to increased interest expenses and potential liquidity risks if operating cash flows don't improve.

Improved Liquidity in Recent Year

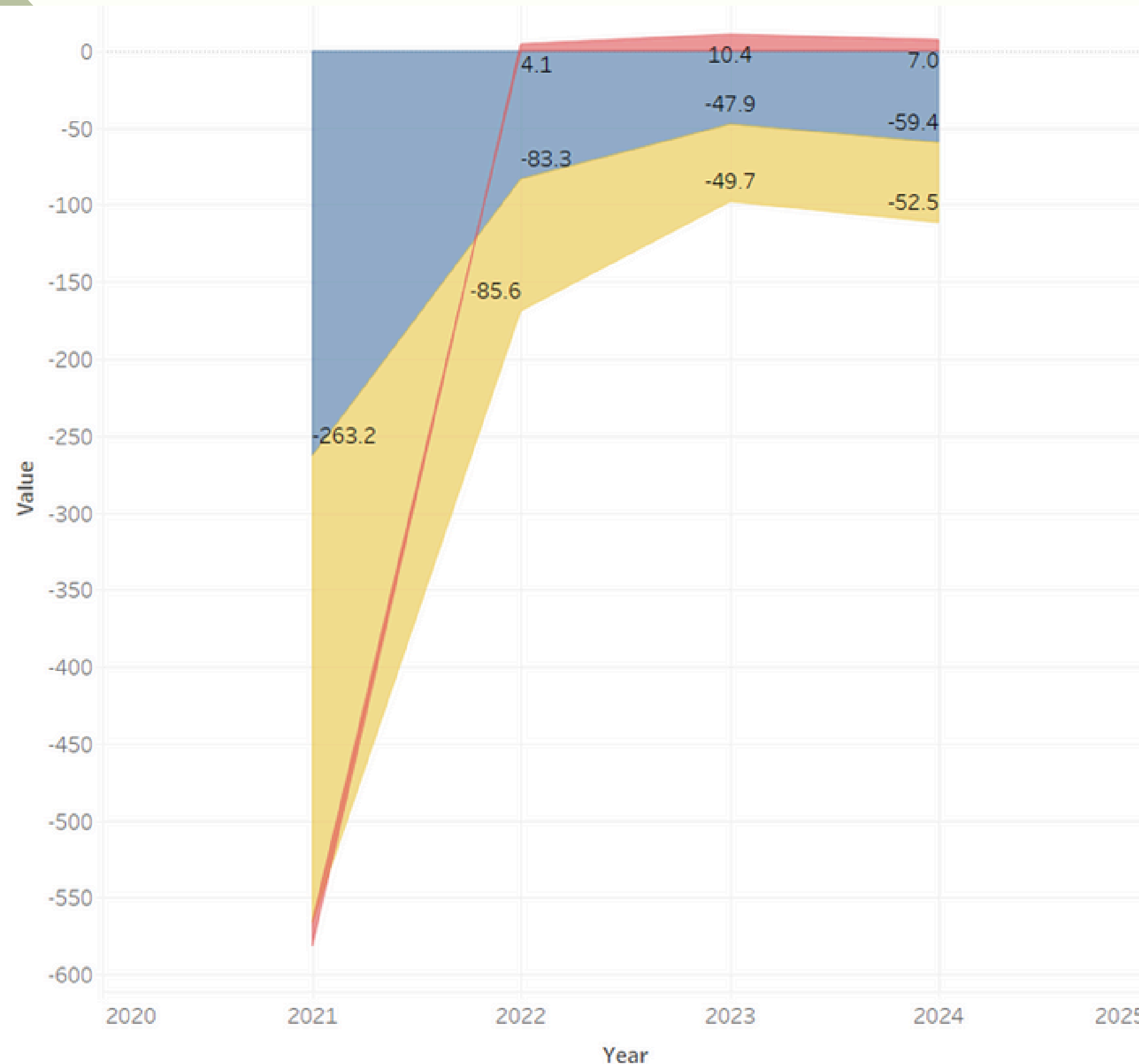
FY 2023-2024 shows better cash management with a positive net increase in cash and cash equivalents, possibly due to a combination of raised funds and reduced capital expenditures.



Trend Analysis



Profitability Margins



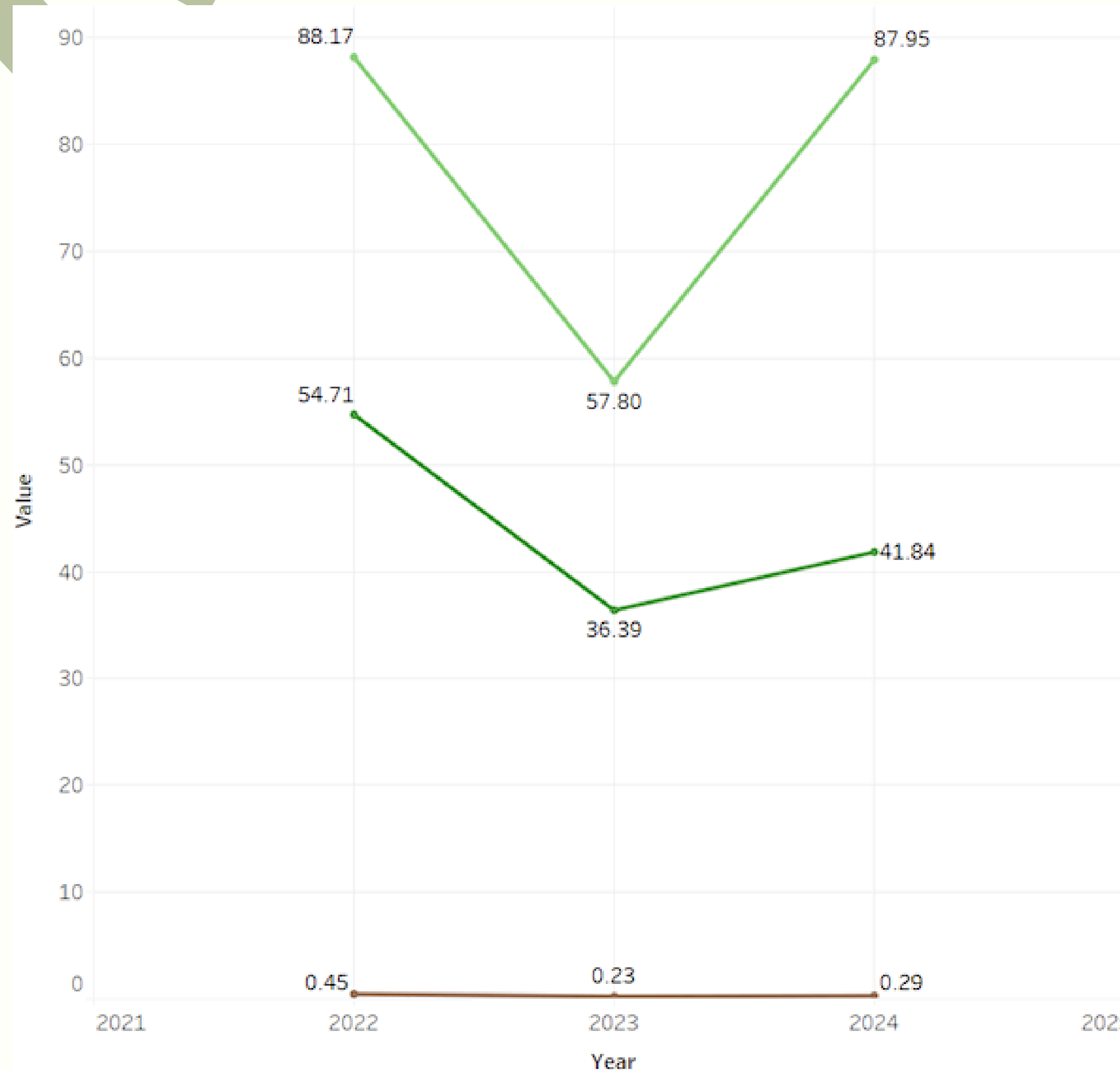
This graph presents three profitability metrics: Gross Profit Margin, Operating Profit Margin, and Net Profit Margin for a Ather over the years 2021 to 2024. Ather has been progressing towards profitability over the years but is still grappling with challenges in managing operating and net expenses. The slight dip in Gross Profit Margin in 2024 could be a sign of cost pressures or revenue constraints.

Efficiency Ratios



This graph shows three efficiency metrics from 2021 to 2024: Asset Turnover Ratio (ATO), Inventory Turnover Ratio, and Cash Conversion Cycle (CCC). The company has had mixed results in efficiency ratios. While asset turnover improved initially, it declined sharply in 2024. Inventory turnover showed minimal improvement, while the high CCC in 2023 indicates issues with cash flow management. The company may need to optimize asset usage and streamline its cash conversion process to enhance efficiency.

Efficiency Ratios

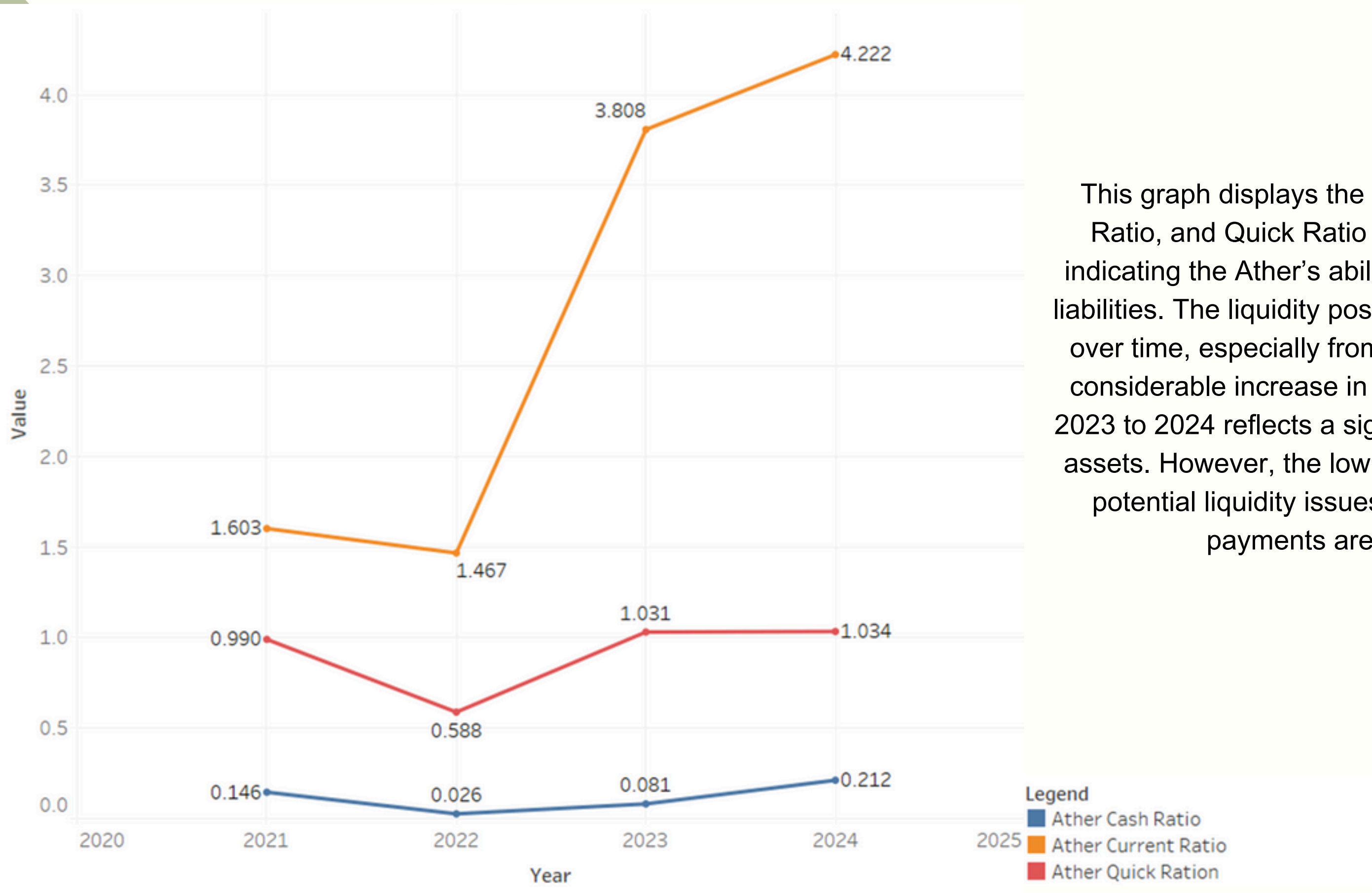


Days Inventory Outstanding (DII) measures how long it takes to turn inventory into sales. It dropped from 88.17 in 2022 to 57.80 in 2023, then rose to 87.95 in 2024, showing fluctuating inventory turnover speed.

Days Sales Outstanding (DSO) tracks how quickly payments are collected. It improved from 54.71 in 2022 to 36.39 in 2023 but increased slightly to 41.84 in 2024, indicating a minor slowdown.

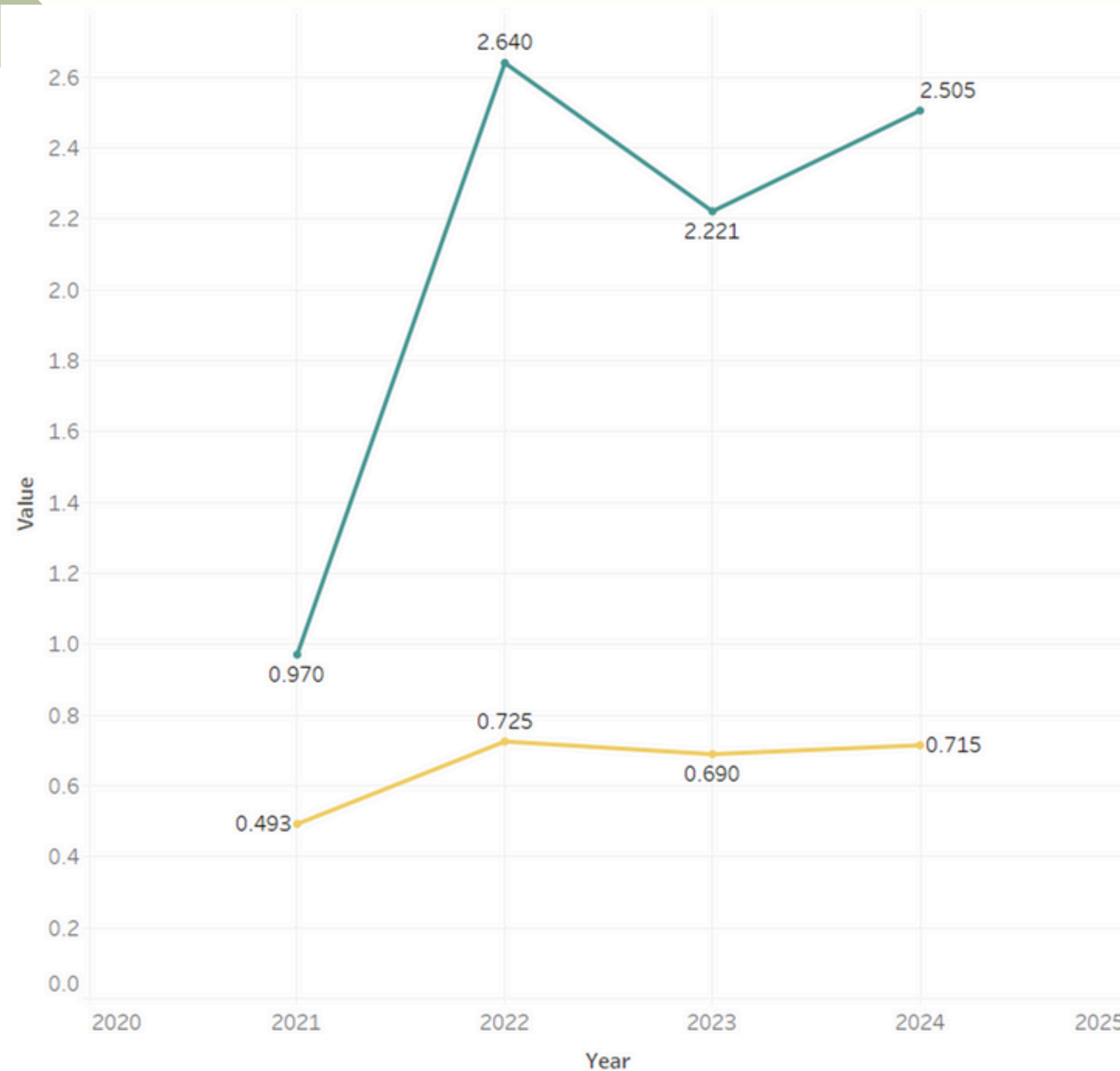
Days Payable Outstanding (DPO) indicates the time taken to pay suppliers. The values (0.45 in 2022, 0.23 in 2023, 0.29 in 2024) are low and stable, showing little change in payment management.¹

Liquidity Ratios



This graph displays the Cash Ratio, Current Ratio, and Quick Ratio from 2021 to 2024, indicating the Ather's ability to meet short-term liabilities. The liquidity position has strengthened over time, especially from 2022 onwards. The considerable increase in the Quick Ratio from 2023 to 2024 reflects a significant boost in liquid assets. However, the low Cash Ratio suggests potential liquidity issues if immediate cash payments are required.

Leverage Ratios

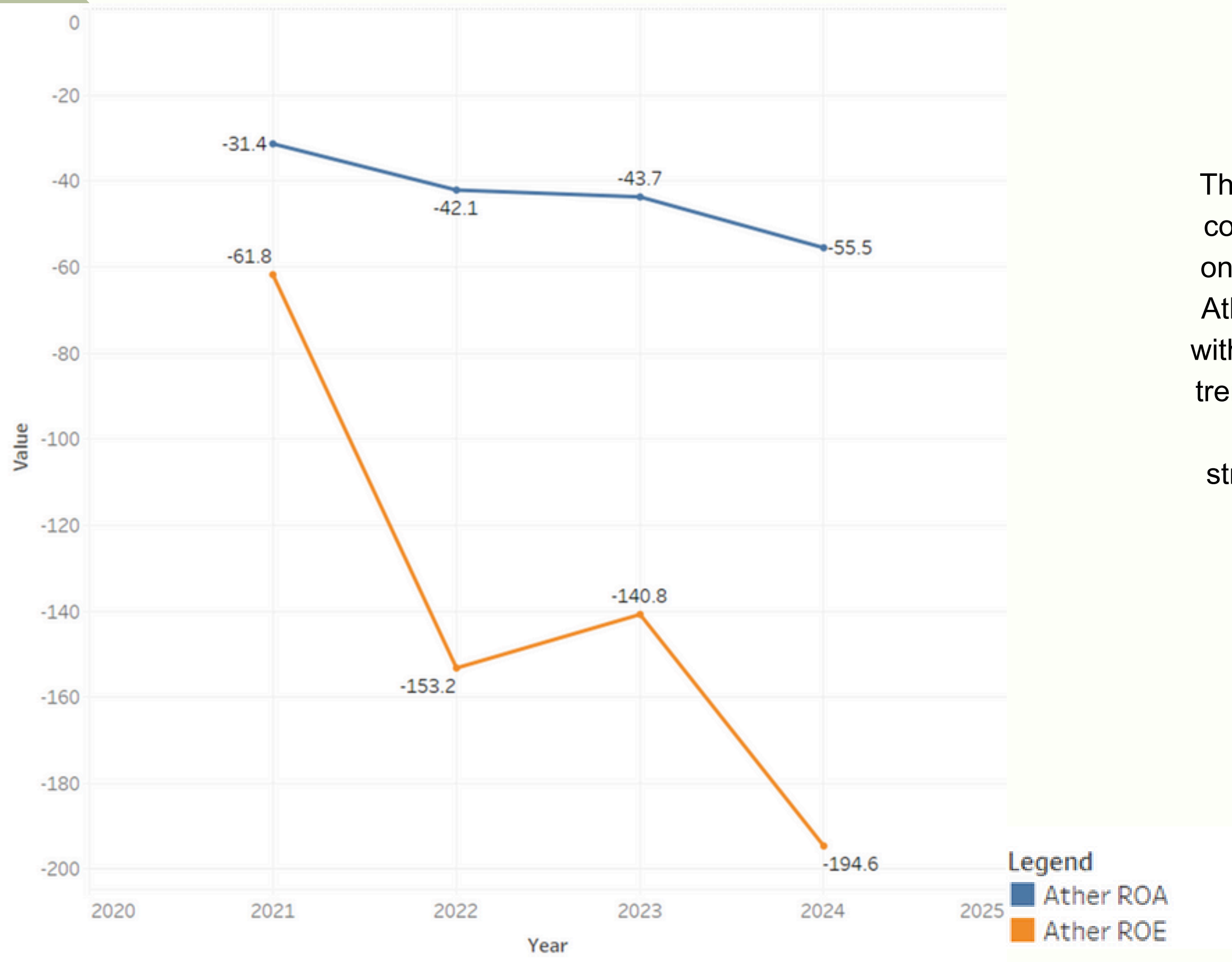


This graph highlights the Debt to Equity Ratio and Debt to Asset Ratio over the years, illustrating the Ather's reliance on debt vs equity and assets. In 2022, Ather's leverage surged, shown by a spike in the Debt to Equity Ratio, likely from significant borrowing. The Debt to Asset Ratio also increased but stabilized afterward, indicating controlled debt usage for asset financing. However, the high Debt to Equity Ratio in 2023 and 2024 signals persistent leverage, posing potential financial risk if not managed effectively.

Legend

- Ather Debt to Equity Ratio
- Ather Debt to Asset Ratio

ROA and ROE



This graph presents two solvency metrics for a company over the years 2021 to 2024: Return on Assets (ROA) and Return on Equity (ROE). Ather faces considerable solvency challenges, with both ROA and ROE displaying a downward trend. Although there was a slight improvement in ROA in 2023, overall, the company is struggling to achieve profitability and effective asset/equity utilization

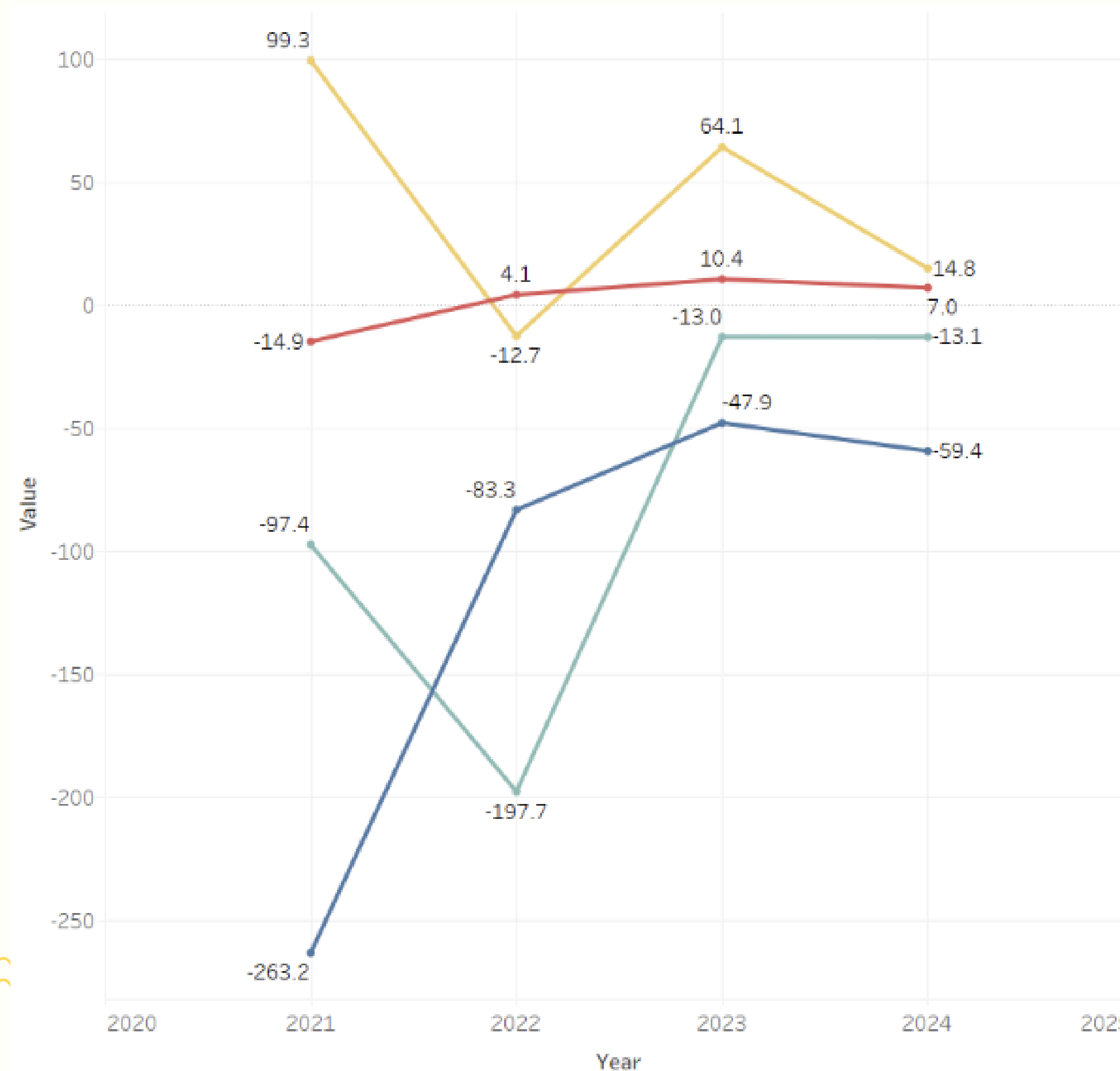


Comparative Analysis

Ather vs Ola Electric



Profitability



Profitability Trends

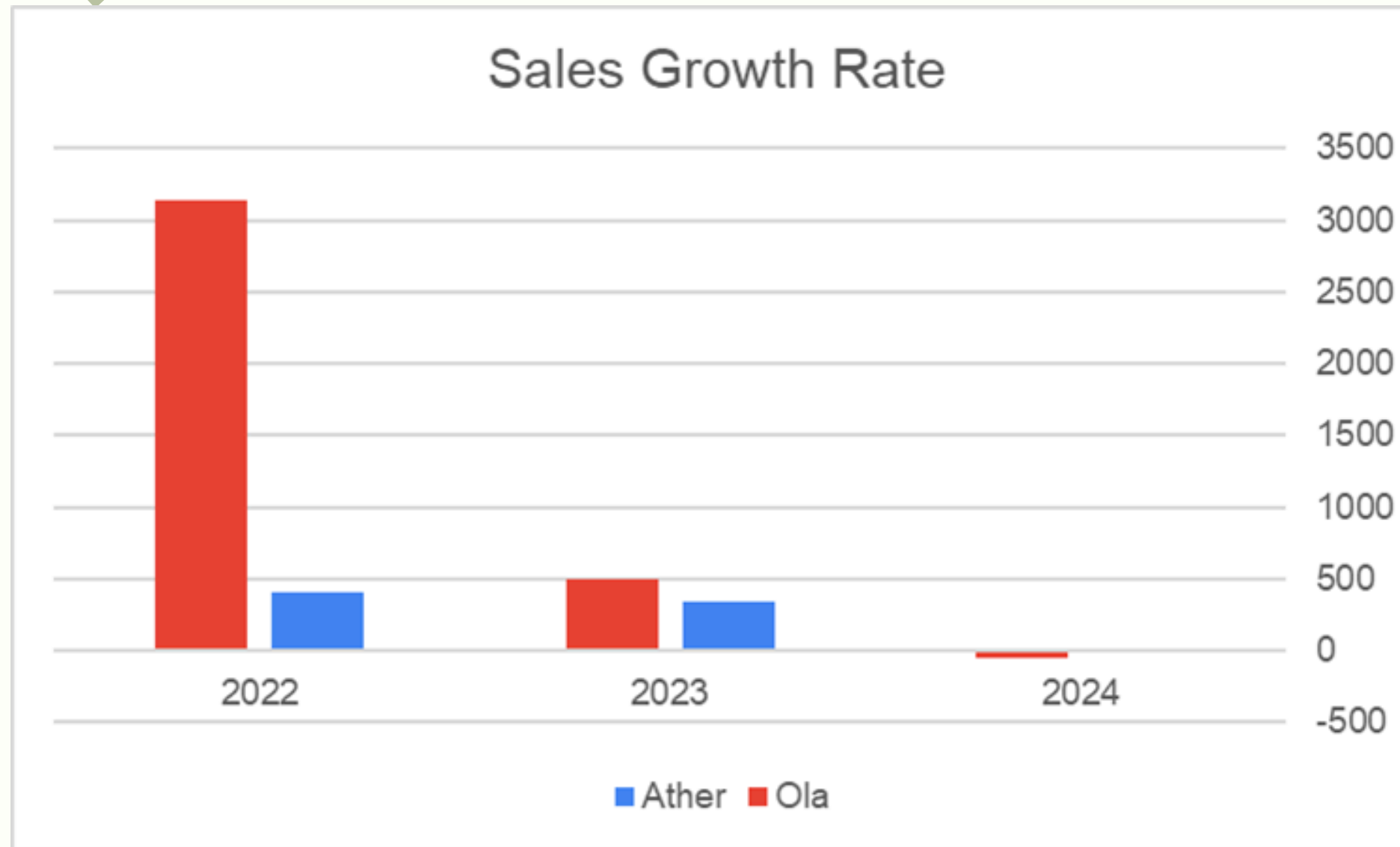
Ather: Improved Gross Profit Margin (GPM) until 2023; slight dip in 2024. Operating and Net Profit Margins remain negative, signaling scaling challenges.

Ola: Fluctuating GPM, peaking at 99.29% in 2021; consistently negative Operating and Net Margins, indicating high scaling costs

Legend

- Ather Gross Profit margin
- Ather Net Profit Margin
- Ola Gross Profit Margin
- Ola Net Profit Margin

Profitability vs Sales Growth



Effect on Profitability

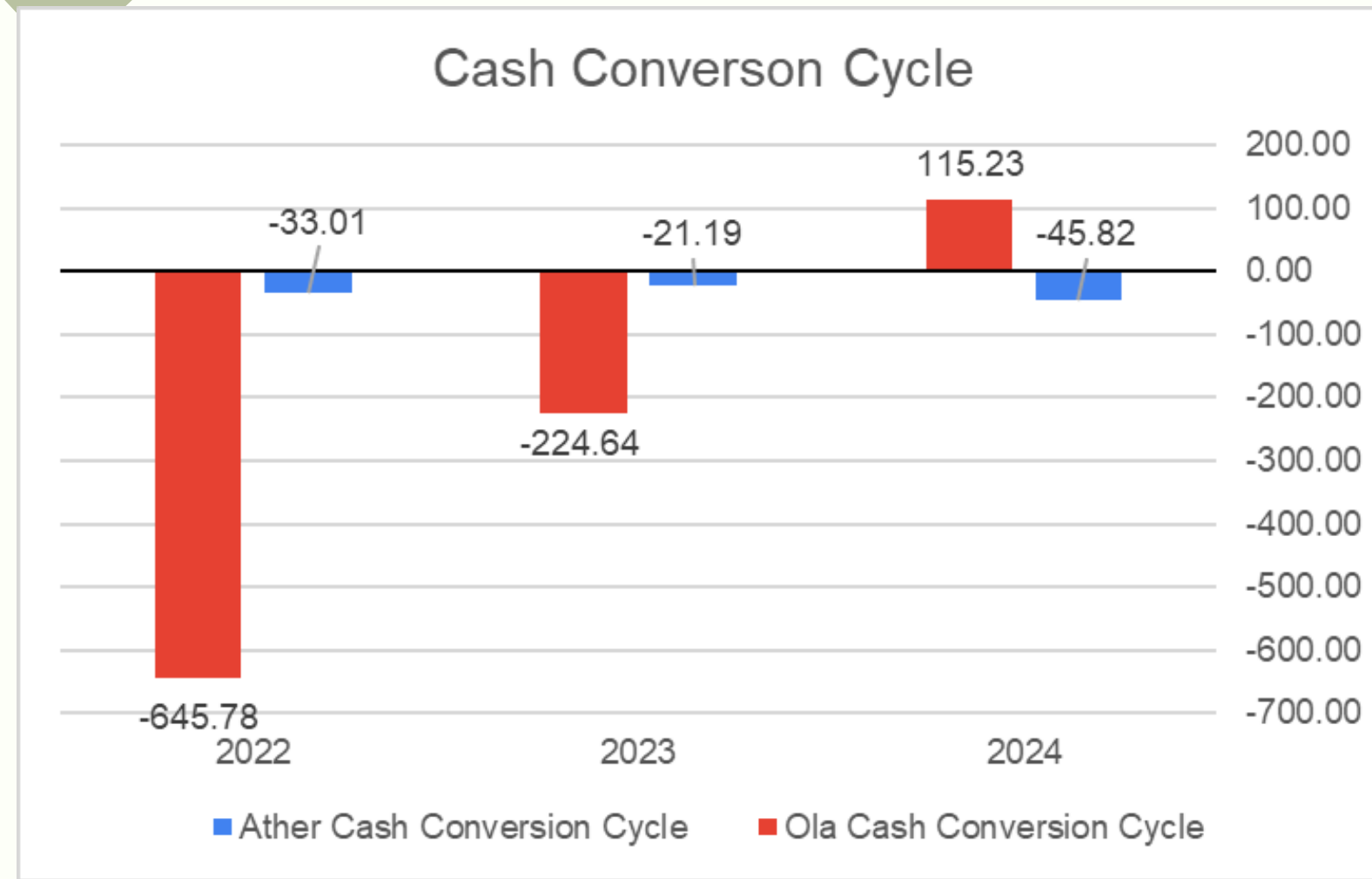
Ather: Significant sales growth in 2022 and 2023 helped improve Gross Profit Margin slightly but did not make up for high operating costs

Ola: Explosive growth in 2022 and 2023 led to severe profitability issues. Despite initial high Gross Profit Margin, both Operating and Net Profit Margins are extremely negative

Sales Growth

- Ather:** Declined by 1.52% in 2024; strong growth in prior years (335.96% in 2023, 411.90% in 2022).
- Ola :** Significant decline in 2024 (-52.06%); explosive growth in 2022 and 2023 (504.87%, 3133.33%).

Profitability vs Efficiency



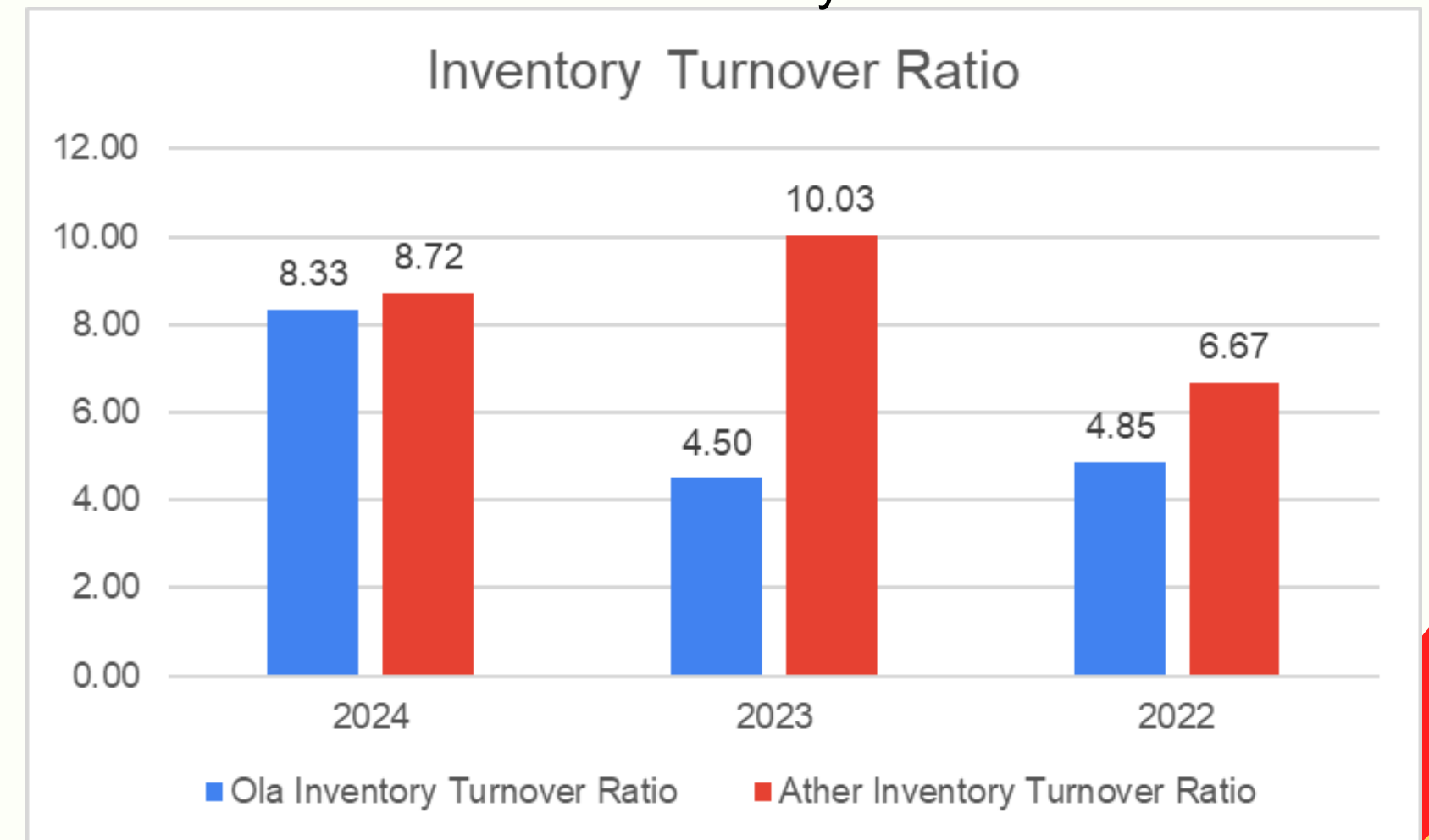
Ather: Cash Conversion Cycle is negative, which is generally positive as it indicates Ather can convert inventory and receivables into cash faster than it needs to pay its suppliers.

Ola: The Cash Conversion Cycle is highly volatile,. The positive CCC in 2024 could indicate cash flow management challenges.

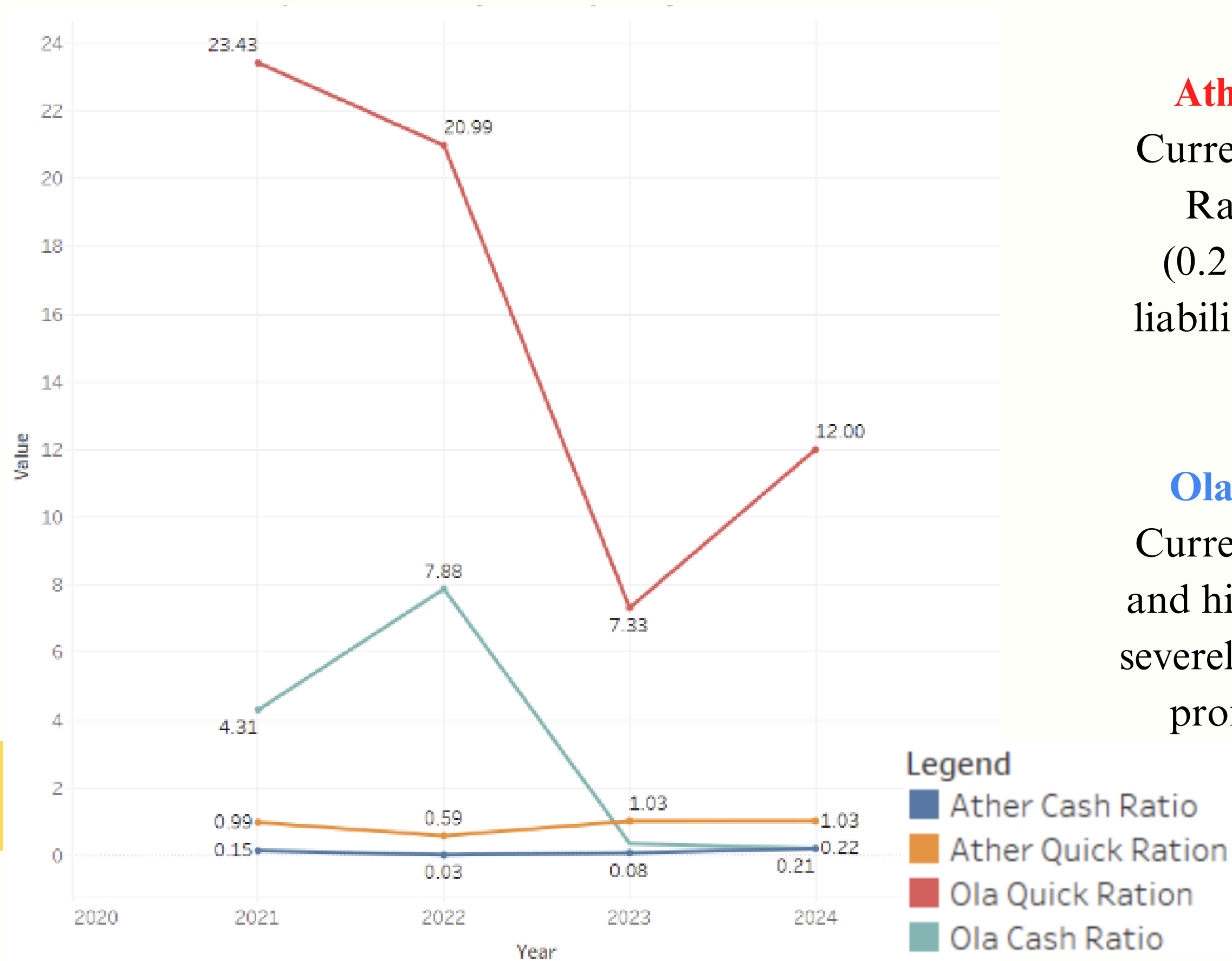
Ather Asset Turnover Ratio (ATO) has increased from 0.499 in 2022 to 0.917 in 2024, which means Ather is generating more revenue per unit of assets.

Ola's Asset Turnover Ratio is low, showing inefficiencies in generating revenue from its assets.

Both Ola and Ather improved their Inventory Turnover Ratio over the years



Profitability vs Liquidity




Ather: Strong liquidity, with a rising Current Ratio (4.222 in 2024) and Quick Ratio above 1, but low Cash Ratio (0.212). While it can cover short-term liabilities, profitability remains weak due to high operating costs.

Ola: Extremely high liquidity, with a Current Ratio reaching 6243.196 in 2022 and high cash reserves, but profitability is severely negative. High liquidity with poor profit margins suggests idle cash and inefficient asset use.



Conclusion

- **Improve Profitability:** Focus on enhancing operating and net profit margins by optimizing costs and pricing strategies.
 - **Enhance Efficiency:** Boost asset utilization and improve inventory/receivables management to reduce the cash conversion cycle.
 - **Optimize Debt:** Reduce debt levels to improve the debt-to-equity ratio and lower financial risks.
 - **Control Costs:** Focus on reducing employee benefit expenses and non-essential overhead costs.
 - **Manage Liquidity:** Ensure effective use of cash reserves to support growth, rather than holding excess liquidity.
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Team Members



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Thank You

