

Ather's entry in PLI could boost India's e2w exports: CEO

PHOTO: KAMLESH PEDNEKAR



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Ather Energy was seeking access to the government's production-linked incentive (PLI) scheme for the automobile sector as it could unlock a massive export opportunity for India's electric two-wheeler industry, said Cofounder and Chief Executive Officer (CEO) Tarun Mehta on Monday. He added that the existing rigid eligibility rules had kept pure-electric startups out of a policy designed to accelerate electrification.

"PLI, if it were to deliver on its promise, can open up a massive export of electric two wheelers from India. India stands at the cusp of a huge export market," Mehta said in a session titled 'A Conversation — Electrifying Mobility' moderated by Deepak Patel at *Business Standard* Manthan summit. "It is a \$100 billion-dollar market globally. But PLI needs to reform...In PLI, you could not apply if you were a startup. The only way to apply was if you had no revenue, which is obviously a mistake. What if a startup had 100 rupees of revenue? You could not apply. This needs to be corrected," he said.

The PLI scheme for automobiles and auto components was approved by the Union Cabinet on September 15, 2021, with a total outlay of ₹25,938 crore over five years. It aims to encourage domestic manufacturing of advanced automotive

technologies by offering incentives linked to incremental sales. Of the 115 companies that applied, 82 have been approved, including original equipment manufacturers (OEMs) — vehicle makers — and auto-component firms.

Under the scheme's rules, an OEM must sell at least ₹125 crore worth of eligible vehicles in the first year to qualify for incentives and must grow those sales by at least 10 per cent annually to continue receiving benefits. Mehta argued that the structure, though well-intentioned, had created unintended barriers for electric-only startups. India already exported a large number of petrol-powered two-wheelers through established manufacturers, but captured only a small portion of global revenues, Mehta said.

"The bulk of the revenue does not come to us and goes to the Chinese and the Japanese, who have built great petrol-run two-wheeler brands," he added. When it comes to electric scooters, Mehta said India had no competition anywhere in the world. "India is genuinely — and there is no debate about it — the cutting edge of electric two-wheeler technology today, encompassing software, batteries, charging, onboard charging, power electronics, transmission, and the cost structures," he said.

Mehta noted that while China had numerous two-wheeler brands, most focus on entry-level products.

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According to him, Chinese manufacturers were not particularly focused on the mid-tier and premium segments where Ather operates.

"And I think PLI can play a massive role in opening exports as a big opportunity for our industry not just in the next one or two years, even over a longer time period, because the budget (under the auto PLI scheme) is still there," he said.

A key concern for Ather, Mehta said, was that companies with large legacy petrol businesses were able to qualify for incentives under India's auto PLI scheme, while pure-electric players struggled to meet eligibility criteria tied to overall revenues.

"Ather is the largest public

charging infrastructure for electric two-wheelers in India. 5,000 fast chargers. We are the number one e-scooter manufacturer in the South, in J&K, in the North-East with about 20 per cent market share. And we can't get PLI. Players who are three, four, five times smaller can get PLI because they have petrol scooter or petrol motorcycle revenue. There's obviously a gap here in the market," he said.

Mehta said several innovative startups were investing heavily in research and development (R&D) and capital expenditure (capex), yet were unable to claim incentives.

"So we do believe, and we'll continue making that argument that PLI needs to be opened and it's not just us. Many other highly innovative startups invest hundreds of crores annually in R&D and capex, yet they cannot claim PLI, which is creating a very convoluted structure where PLI, which was meant to push electrification, is penalising almost every pure electric player," he said.

According to Mehta, this created a situation where pure-electric companies must wait until the scheme ends to compete on equal terms — a delay that could slow the overall pace of market development.

"We'll not die without PLI, but we will have to keep delaying products and we'll have to wait to be on an even footing with the rest of the players. And this is delaying the market," Mehta said.