

Ather Energy Ltd.

Nifty: 24,039 | Sensex: 79,213

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IPO Note | 25th April 2025

Sector: Automobiles

Price Range: ₹304 - ₹321

A pioneer in the Indian E2W market...

Ather Energy Ltd (AEL), incorporated in 2013, is a pioneer in the Indian electric two-wheeler (“E2W”) market. It is a pure-play EV company that sells E2Ws and the associated product ecosystem, comprised of software, charging infrastructure and smart accessories, all of which are conceptualised and designed by the company in India. Other than battery packs, which are manufactured in-house, and portable chargers and motors, which are designed and manufactured by suppliers, other key E2W components, such as motor controllers, transmissions, vehicle control units, dashboards, DC-DC converters, harnesses, and chassis, are designed in-house and outsourced to suppliers for manufacturing.

- ◆ India’s E2W market is expected to grow at a CAGR of ~41% to 44% as E2W penetration is expected to increase to 35-40% by FY31 from 5.1% in FY24.
- ◆ AEL offers premium products that appeal to aspiring customers. The company is also working on a new platform called Zenith, which will support electric motor cycle segment in the 125cc to 300cc range.
- ◆ Ather has launched a new Halo smart helmet that offers features such as wireless charging as well as seamless connectivity, which helps to improve sales volume, and AEL is focusing on improving the ecosystem through implementing EV charging stations.
- ◆ The company has an annual installed capacity of 4.2 lakh E2W and 3.8 lakh battery packs at its Hosur facility in Tamil Nadu. To enhance its overall production capacity to 14.2 lakh units, Ather is building a dedicated E2W hub in Maharashtra.
- ◆ Ather operates an asset-light distribution model comprising experience centres and service centres operated by its third-party retail partners.
- ◆ AEL’s revenue grew at a CAGR of 107.1% between FY22 and FY24, reaching ₹1,753.8 crore. Although the company reported a loss of ₹1,059.7cr in FY24, it is well-positioned to improve profitability by leveraging advancements in EV technology.
- ◆ At the upper price band of ₹321, Ather’s EV/Sales ratio of 7.1x (FY24) appears expensive. However, as a pioneer in the E2W segment, the company is in a strong growth phase with robust R&D and new technological platforms. Despite current profitability challenges and valuation concerns, we recommend a “Subscribe” rating for high-risk investors with a long-term outlook.

Purpose of IPO

The issue is primarily an Offer for Sale (OFS) of up to 1,10,51,746 equity shares totalling ₹354.76 cr. and fresh issue of up to 8,18,06,853 equity share totalling ₹2,626cr. The objective of the issue is to meet the capital expenditure incurred by the company for E2W factory (₹927cr), repayments of borrowings(₹40cr), investment in R&D (₹ 750cr), expenditure towards marketing initiatives (₹300cr) and general corporate purposes.

Key Risks

- ◆ AEL sources all EV components from suppliers for in-house assembly of E2W.
- ◆ It relies on imports from countries like China, which may be affected by regulatory or policy changes.
- ◆ Any disruption in the supply, pricing, or quality of lithium-ion cells could adversely impact operations.

Peer Valuation

Company	MCap(₹ cr)	Sales (₹ cr)	EBITDA(%)	PAT (%)	EPS(₹)	RoE (%)	P/E(x)	EV/Sales	P/BV	Mcap/sales	CMP(₹)
Ather	11,956	1754	-39.04	-60.4	-28.5	-194.1	-11.3	7.1	21.9	6.8	321
Bajaj Auto Limited	2,30,388	44,870.4	19.5	17.2	284.0	26.4	29.1	5.0	8.0	5.1	8,262
Ola Electric Mobility Limited	23,439	4,998.1	-25.3	-31.7	-4.3	-72.4	-12.1	4.1	-	4.7	53
TVS Motor Company Limited	1,32,008	39,144.7	14.2	4.3	34.5	27.4	81.5	3.4	19.7	3.4	2,807
Hero MotoCorp Limited	78,812	37,788.6	14.2	9.9	167.4	21.8	23.5	1.9	4.5	2.1	3,941

Source: Geojit Research, Bloomberg; Valuations of Ather are based on upper end of the price band (post issue), Financials as per FY24 consolidated.

Issue Details	
Date of opening	April 28 , 2025
Date of closing	April 30, 2025
Total No. of shares offered (cr.)	9.29
Post Issue No. of shares (cr)	37.25
Face Value	₹1
Bid Lot	46 Shares
Minimum application for retail (upper price band for 1 lot)	₹ 14,766
Maximum application for retail (upper price band for 13 lot)	₹ 1,91,958
Listing	BSE,NSE
Employee Discount	Rs.30
Lead Managers	Axis Capital Limited, Hsbc Securities & Capital Markets Pvt Ltd, Jm Financial Limited, Nomura Financial Advisory And Securities (India) Pvt Ltd
Registrar	Link Intime India Private Ltd

Issue size (upper price)	Rs.cr
Fresh Issue	2,626
OFS	354.8
Total Issue	2,980.8

Shareholding (%)	Pre-Issue	Post Issue
Promoter & Promo. Group.	54.6	40
Public & others	45.4	60
Total	100.0	100.0

Issue structure	Allocation (%)	Size Rs.cr
Retail	10	298.1
Non-Institutional	15	447.1
QIB	75	2,235.6
Emp. Reservation	-	-
Total	100	2,980.8

Y.E March (Rs cr) Consol.	FY23	FY24	9MFY25
Sales	1,780.9	1,753.8	1,578.9
Growth YoY(%)	335.5	-1.5	28.3
EBITDA	-707.6	-684.7	-408.5
Margin(%)	-40	-39	-26
PAT Adj.	-864.5	-1059.7	-577.9
Growth (%)	151.2	22.6	-25.6
EPS	-23.2	-28.5	-15.5
P/E (x)	-13.8	-11.3	-20.7
EV/EBITDA (x)	-17.8	-18.2	-32.4
P/BV(x)	19.5	21.9	110.7



Business Description:

Ather Energy ("Ather") is a pioneer in the Indian Electric 2-Wheeler ("E2W") market. The company is a pure play EV company that sells E2Ws and the associated product ecosystem, comprised of software, charging infrastructure and smart accessories, all of which are conceptualised and designed by us in India. Other than battery packs which are manufactured in-house and portable chargers and motors which are designed and manufactured by suppliers, other key E2W components, such as motor controllers, transmissions, vehicle control units, dashboards, DC-DC converters, harnesses, and chassis are designed in-house and outsourced to suppliers for manufacturing.

- The company launched their first product, the Ather 450, in June 2018. With the Ather 450, they 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. It was also the 1st 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.
- The current E2W portfolio comprises 2 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.
- Company's E2Ws are complemented by their product ecosystem which comprises charging infrastructure, accessories and the Atherstack, their in-house developed software that powers their products.
- Ather has a vertically integrated approach to the design of their products and key technologies. This integrated approach is applicable to both their hardware and software and has enabled them to pioneer several EV technological advancements. Through this approach towards design, they seek to establish new standards for performance, efficiency and user experience in the E2W market.
- The company operates an asset-light distribution model comprising experience centres and service centres operated by their third-party retail partners in India and through an authorised distributor in Nepal and Sri Lanka.

Company's product ecosystem

Company's product ecosystem consists of E2Ws, Accessories, Atherstack software and Charging Infrastructure:

- ◆ **E2Ws** - Ather design, develop and manufacture E2Ws. They delivered their 1st scooter model, the Ather 450 in September 2018. Following that, they launched their flagship scooter, the Ather 450X in January 2020; the Ather 450S, their entry-level scooter, in August 2023; and their top-of-the-range scooter, the Ather 450 Apex, in January 2024. With the Ather 450, they 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. Between the Ather 450 and the Ather 450 Apex, they have improved the peak battery capacity by 37%, the peak power by 30%, the top speed by 25% and the acceleration from 0-40 kmph by 26%, as of December 31, 2024. They have lowered the BOM cost of this variant by 31% as of December 31, 2024. All E2W purchases come with a standard portable charger that can be plugged into any 6A socket.
- ◆ **Atherstack**- The Atherstack is the in-house developed software that powers all Ather products. It offers 69 features related to navigation, analytics, ride assistance, safety and productivity, as well as integration with their charging infrastructure and smart accessories. The Atherstack comprises several layers of software which include algorithms, firmware, middleware, human machine interface ("HMI"), data platforms and mobile applications.
- ◆ **Accessories** - Company's current accessory offerings include the Halo smart helmet, Halo Bit and tyre pressure monitoring system. The Halo smart helmet offers wireless charging, seamless connectivity and a premium sound system, while maintaining safety standards. They also offer other in-house designed accessories, such as side-steps, bodyguards, seat covers and the Frunk (front storage) for their E2Ws. In addition, the Ather Rizta is equipped with additional accessories designed for convenience, such as a multipurpose charger, storage organiser and back rest.
- ◆ **Charging Infrastructure**- Ather is 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. The EV charging solutions comprise (i) the Ather Grid, a public charging network of 2,616 fast chargers and 666 neighbourhood chargers spread across 314 cities in India, Nepal and Sri Lanka. (ii) their portable chargers for home charging, which are bundled and sold with the E2Ws. They designed their own in-house charging connector technology, the Light Electric Combined Charging System ("LECCS") and protocol, for their fast-charging network.

Market Opportunity

India was the largest motorised 2W market by volume in the world in 2023. Total domestic sales in Fiscal Year 2024 were 1.84 crore units. The Indian 2W market is expected to further grow at a CAGR of approximately ~7% between FY2024 and 2031 to reach a market size of 2.9 to 3 crore in FY2031. Apart from domestic sales, Indian 2Ws are also exported. Such exports accounted for approximately 17% of the overall Indian 2W sales in FY24. 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 FY2031. The E2W segment is expected to grow at a CAGR of approximately 41% to 44% to reach a market size of approximately 1.03 crore to 1.23 crore units by FY2031. Such expansion will make it one of the fastest growing segments in the automotive industry in India. 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 8 to 8.2 crore units by 2029.

Source: RHP, Geojit Research

Key strengths:

- ◆ Ability to pioneer new technologies.
- ◆ Vertically integrated approach to product design with strong in-house R&D capabilities.
- ◆ Software-defined ecosystem that drives customer engagement and margins.
- ◆ Scalable technology platform enabling accelerated product launches.

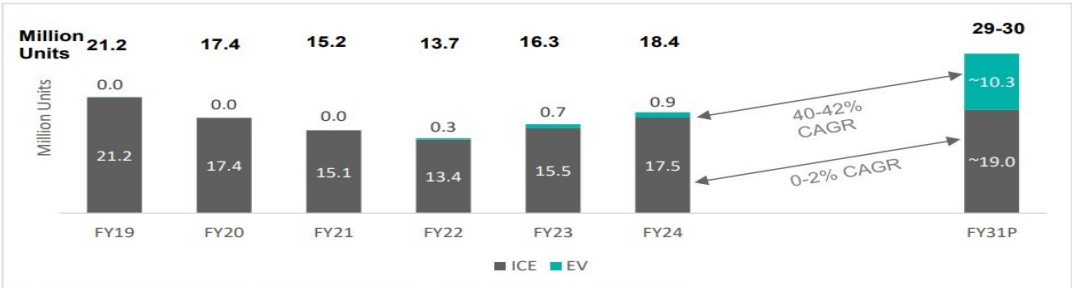
Key strategies:

- ◆ Strategic expansion of the product portfolio through multi-product technology platforms (currently developing 2 new E2W platforms: a new scooter platform (the EL platform) and a motorcycle platform (the Zenith platform).
- ◆ Expand and deepen the distribution network in India and beyond.
- ◆ Securing the cell supply chain through long-term partnerships.

Industry Outlook

India is the largest global motorised 2W market by volume with 18.4 million units sold in FY2024, of which 16% were exports. In the nine months ended December 31, 2024, exports accounted for 17% of the overall 2W sales in India. There is increasing preference for premium vehicles within the 2W industry, with a growth in market share of motorcycles and scooters with an engine capacity of 125 cc and beyond between FY2019 and 2024. The launch of EVs at competitive prices with advanced features is accelerating E2W growth, which is expected to reach ~10.3 – ~12.3 million units by FY2031. The sharp increase in EV launches, favourable government support, continuation of incentives and benefits, faster momentum in infrastructure development, further lowering of battery prices and improving local value chain is expected to enable a faster shift towards electrifications. Such electrification and premiumisation trends present a large domestic and international opportunity for E2W players.

Domestic two-wheeler industry powertrain wise outlook



Note: Figures above the graph showcase the total sales, outlook is for the base case scenario
 Source: SLAM, Crisil Intelligence

Source: RHP, Geojit Research

Promoter and promoter group

The Promoter of the company are Tarun Sanjay Mehta, Swapnil Babanlal Jain and Hero MotoCorp Limited.

Brief Biographies of directors

- **Tarun Sanjay Mehta** is the Non-Executive Independent Director and Chairman of the Company. He is one of the Promoters, and Executive Director and the Chief Executive Officer of the Company. He has been associated with the Company since incorporation and leads operations in the product, business as well as growth front.
- **Swapnil Babanlal Jain**, one of the Promoters, is an Executive Director and the Chief Technical Officer of the Company. He has been associated with the company since incorporation and works on both the long-term technology roadmap.
- **Niranjan Kumar Gupta** is a Non-executive Director of the company and a nominee of HMCL on Board. He has been associated with the Company since November 3, 2020.
- **Nilesh Shrivastava** is a Nominee Director of the company, nominee of National Investment and Infrastructure Fund II on the Board.
- **Pankaj Sood** is a Nominee Director of the company, nominee of Caladium Investment Pte Ltd on the Board.
- **Ram Kuppuswamy** is a Non-executive Director of the company and a nominee of HMCL on the Board. He has been associated with the Company since January 27, 2023.
- **Kaushik Dutta** is an Independent Director of the 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.
- **Neelam Dhawan** is the Chairperson and an Independent Director of the Company.
- **Sanjay Nayak** is an Independent Director of the company. He has been associated with the company since August 27, 2024.

CONSOLIDATED FINANCIALS

PROFIT & LOSS

Y.E March (Rs cr)	FY23	FY24	9MFY25
Sales	1780.9	1753.8	1578.9
% change	335.5%	-1.5%	28.3%
EBITDA	-707.6	-684.7	-408.5
% change	172%	-3%	-8.4%
Depreciation	112.8	146.7	125.8
EBIT	-820.4	-831.4	-534.3
Interest	65	89	82.1
Other Income	20.9	35.3	38.5
Exceptional items	-	175	-
PBT	-864.5	-1,059.7	-577.9
% change	151%	22.6%	-26%
Tax	-	-	-
Tax Rate (%)	0%	0%	0%
Reported PAT	-864.5	-1059.7	-577.9
Adj	-	-	-
Adj. PAT	-864.5	-1059.7	-577.9
% change	151.2%	22.6%	-25.6%
Post issue No. of shares (cr)	37.2	37.2	37.2
Adj EPS (Rs)	-23.2	-28.5	-15.5
% change	151.2%	22.6%	-25.6%

CASH FLOW

Y.E March (Rs cr)	FY23	FY24	9MFY25
PBT Adj.	-864.5	-1059.70	-577.90
Non-operating & non cash adj.	370.1	355.9	276.2
Changes in W.C	-375.5	436.3	-414.2
C.F. Operating	-871.3	-267.6	-717
Capital expenditure	-131.8	-115.9	-264
Change in investment	-3,136.7	-438.5	-232.30
Sale of investment	38.7	-12.5	11.9
Other invest.CF	-3094.8	338.8	173.7
C.F - investing	-135	-228.10	-310.2
Issue of equity	1,199.8	901.1	87
Issue/repay debt	-	-	-
Dividends paid	-	-	-
Other finance.CF	117.6	-267.9	719.3
C.F - Financing	1317.4	633.20	805.9
Change. in cash	311.1	137.5	-221.4
Opening Cash	57.4	368.5	506
Closing cash	368.5	506	284.6

BALANCE SHEET

Y.E March (Rs cr)	FY23	FY24	9MFY25
Cash	176.2	447.8	347.2
Accounts Receivable	1.2	1.6	10.3
Inventories	257.4	116.7	222.7
Other Cur. Assets	587.6	371.1	448.4
Investments	285.9	292.2	238.4
Deff. Tax Assets	-	-	-
Net Fixed Assets	181.8	187.1	244.5
CWIP	0.9	-	3.4
Intangible Assets	399.2	342.4	446.8
Other Assets	86.6	154.6	210.3
Total Assets	1977	1914	2172
Current Liabilities	440	556	473.4
Provisions	113.2	199.1	263.8
Debt Funds	671.6	477.7	1284.6
Other Fin. Liabilities	138.3	134.8	42.2
Deferred Tax liability	-	-	-
Equity Capital	613.7	545.9	108
Reserves & Surplus	-	-	-
Shareholder's Fund	613.7	545.9	108
Total Liabilities	1,977	1,914	2,172
BVPS (Rs)	16.5	14.7	2.9

RATIOS

Y.E March	FY23	FY24	9MFY25
Profitab. & Return			
EBITDA margin (%)	-39.7	-39	-25.9
EBIT margin (%)	-46.1	-47.4	-33.8
Net profit mgn.(%)	-48.5	60.4	-36.6
ROE (%)	-140.9	-194.1	-535.1
ROCE (%)	-85.3	-84.1	-36.6
W.C & Liquidity			
Receivables (days)	0	0	0
Inventory (days)	36	42	14
Payables (days)	79	84	24
Current ratio (x)	2.4	1.6	1.7
Quick ratio (x)	0.4	0.8	0.8
Turnover & Levq.			
Net asset T.O (x)	12.9	9.5	6.5
Total asset T.O (x)	1.3	0.9	0.8
Int. covge. ratio (x)	-12.6	-9.3	-6.5
Adj. debt/equity (x)	1.1	0.9	11.9
Valuation ratios			
EV/Sales (x)	7.1	7.1	8.4
EV/EBITDA (x)	-17.8	-18.2	-32.4
P/E (x)	-13.8	-11.3	-20.7
P/BV (x)	19.5	21.9	110.7



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GRIEVANCES

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