



IPO Note

ATHER ENERGY LIMITED

APR 28, 2025

ATHER





Apr 28, 2025

Details of the Issue

| | |
|------------------|---------------------|
| Price Band | ₹ 304 - ₹ 321 |
| Issue Size | ₹ 2,980.76 Cr |
| Face Value | ₹ 1 |
| Bid Lot | 46 |
| Listing on | BSE, NSE |
| Post Issue Mcap | ₹ 11,955.7 Cr |
| Investment Range | ₹ 13,984 - ₹ 14,766 |

Important Indicative Dates (2025)

| | |
|--------------------|----------|
| Opening | 28 - Apr |
| Closing | 30 - Apr |
| Basis of Allotment | 02 - May |
| Refund Initiation | 05 - May |
| Credit to Demat | 05 - May |
| Listing Date | 06 - May |

Lead Manager

HSBC Securities and Capital Market Pvt Ltd

JM Financial Ltd

Nomura Financial Advisory and Securities Pvt Ltd

Axis Capital Ltd

Offer Details

| | |
|-------------|---------------|
| Offer Size | ₹ 2,980.76 Cr |
| Fresh Issue | ₹ 2,626 Cr |
| OFS | ₹ 354.76 Cr |

| Type | In Rs Cr | No of Shares (Mn) | | % of Issue |
|----------|----------|-------------------|-------|------------|
| | | Upper | Lower | |
| QIB | 2,236 | 6.96 | 7.35 | 75 |
| NII | 447 | 1.39 | 1.47 | 15 |
| Retail | 298 | 0.92 | 0.98 | 10 |
| Em-ploy. | - | - | - | - |
| Total | 2,981 | 9.29 | 9.81 | 100 |

[Invest Now](#)**Company Profile**

Ather Energy Limited, incorporated in 2013, designs, develops, and assembles electric two-wheelers (E2Ws), battery packs, charging infrastructure, motor control systems, and supporting software in-house. The company sold 109,577 E2Ws in FY24 and 107,983 units as of December 31, 2023, ranking 4th and 3rd in volume respectively. As of December 2024, it operated 265 experience centres and 233 service centres in India, along with a presence in Nepal and Sri Lanka. Its ecosystem includes Ather Grid, a fast-charging network, and Atherstack, a proprietary software platform with 64 connected features. Manufacturing is done at its Hosur plant with an annual capacity of 420,000 vehicles and 379,800 battery packs. As of February 2025, Ather held 303 registered trademarks, 201 designs, and 45 patents, with several more pending. The company's strategy focuses on vertical integration, software-defined products, premium positioning, and capital-efficient operations. It employed 2,454 people as of March 2024.

GEPL's Insights & Investment Thesis:

- Ather Energy Ltd is one of the leading player in the E2W vehicle business with an market share of 11.5%.
- It is scaling its manufacturing capabilities to meet the increasing demand for E2W vehicles and is partnering with lithium-ion suppliers to improve its cost competitiveness.
- The company is currently trading at a negative price-to-earnings, leading us to value Ather using price-to-sales ratio. Based on annualized FY25 revenue and post issue market cap, the company is trading at a 5.7x price-to-sales. We believe that the company is currently trading at a higher valuation and has negative profitability and high competition from peer. Therefore, we recommend a "Avoid" rating for the issue.

Business Highlights & Services

Ather Energy stands as a pioneer in the electric two-wheeler (E2W) market, driven by industry-first innovations such as touchscreen dashboards, fast charging, and cloud integration. The company's strong focus on research and development, alongside significant investments in technology, has resulted in numerous patents, trademarks, and designs that differentiate its premium-priced E2Ws. These vehicles are recognized for superior quality, performance, and user experience, all powered by an advanced, software-defined ecosystem, including data-driven features like Trip Planner. Ather's in-house charging infrastructure and fast-charging network further solidify its competitive advantage.

Despite its premium pricing, Ather has seen strong sales growth, securing its position as the third-largest E2W manufacturer in India. The launch of the more affordable Ather Rizta model represents a strategic move to expand its customer base and drive continued market share growth. Ather's scalable technology platform, modular product design, and asset-light business model position it for sustainable growth in the evolving EV market. With a keen emphasis on innovation and operational flexibility, Ather is poised to lead in the rapidly growing electric vehicle sector.

It is strategically expanding its product portfolio to capture a larger share of the growing E2W market, positioning its offerings as compelling alternatives to internal ICE vehicles. With ICE scooters still dominating 85.3% of the Indian scooter market in Fiscal Year 2024, Ather is leveraging its performance-focused E2Ws, like the Ather 450 series, while expanding into the convenience scooter segment with the Ather Rizta.



This Moves broadens Ather’s appeal to a wider customer base, including families seeking comfort, fuel efficiency, and safety features. The Ather Rizta, launched in May 2024, already accounted for 52% of the company’s sales in the nine months ended Dec 31, 2024, driving a 45% increase in sales volume.

Ather is also advancing its technology with the development of new, cost-effective platforms like the EL platform for scooters and the Zenith platform for motorcycles targeting the 125 cc to 300 cc segments, addressing the largest portion of the Indian 2W market. The company is also innovating in battery technology with the development of a new LFP-based battery platform, which will reduce costs and improve product offerings. Further, Ather is enhancing its software ecosystem with features like the Ride Assist system and continuous improvements to its charging technology and accessory portfolio, which will strengthen its position in the evolving EV market.

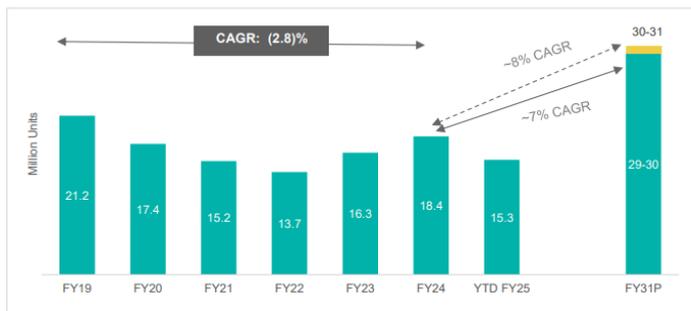
Ather’s **asset-light distribution** model enables rapid expansion with a focus on maintaining quality and customer satisfaction. Despite having 48% of its experience centres in the south of India, which contributed heavily to sales, the company plans to expand its presence across less-penetrated regions. Ather is also exploring international markets, with a growing presence in Nepal and Sri Lanka, and sees significant potential to leverage its technological advancements and competitive cost structures globally. This combination of product innovation, scalable technology platforms, and an expanding distribution network positions Ather Energy as a strong player in the rapidly growing EV market.

Ather Energy is strategically scaling its manufacturing capabilities through the establishment of Factory 3.0, aiming to meet the projected demand for E2Ws in India, expected to reach 10.3 to 12.3 million units by FY2031. Factory 3.0, set to begin production in phases by 2026, will increase total installed capacity to 1 million E2Ws per year. The factory will also introduce key backward integrations, such as transmission and electronics assembly, to de-risk the supply chain and improve operational efficiencies. The company has focused on improving unit economics, with gross margin improvements driven by reduced Bill of Materials (BOM) costs through in-house innovations. Key achievements include a 31% reduction in BOM costs for the Ather 450X and cost-saving in-house designs for motor controllers and transmission systems. This efficiency, alongside a capital-efficient approach, positions Ather to maintain profitability despite reduced subsidies. Ather’s partnership strategy with lithium-ion cell suppliers like LG Energy and Amara Raja enhances its cost competitiveness and secures a stable supply of cells, avoiding the high capital requirements of in-house production. By focusing on outsourcing cell manufacturing and leveraging scale economies, Ather is positioned to capitalize on declining battery costs and allocate more capital to expanding its product portfolio. These initiatives, coupled with a strong R&D focus and operational expansion, enhance Ather’s potential for growth, profitability, and market leadership in the electric vehicle sector.

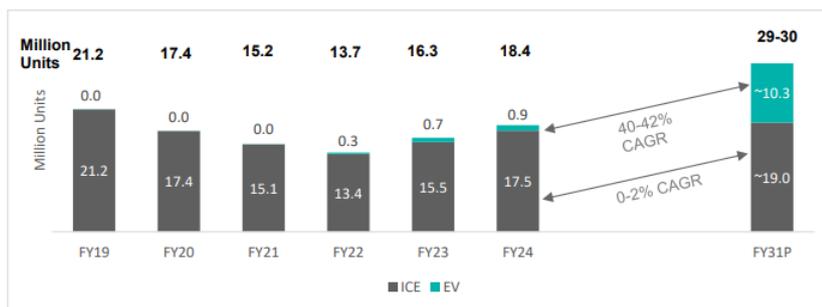
Industry Overview

India remained the world’s largest motorised 2W market by volume in CY2023, with 18.4 million domestic sales in FY24 and 15.3 million units sold in the nine months ended December 31, 2024—an 11% YoY growth. The market is projected to grow at 7% CAGR to reach 29-30 million units by FY31. Exports accounted for 17% of total 2W sales during the period, with 3.1 million units shipped to regions like Africa, Asia, and North America. Rising per capita income (CAGR of 9.2% from CY24-CY29) and a growing middle class (715 million by FY31) are driving demand for premium 2Ws. The share of 125cc+ motorcycles and scooters rose significantly to 52% and 47% in FY24, indicating clear premiumisation. E2Ws are gaining traction due to advanced features, lower total cost of ownership (52% cheaper than ICE for 8,000 km in FY25), and policy support. E2W penetration rose to 5.1% in FY24 and is expected to reach 10.3-12.3 million units by FY31, led by electric scooters with a projected 70% penetration. India’s manufacturing scale and electrification trend also position it to capture a larger share of the 80-82 million unit global 2W market by 2029. Success in this space hinges on quality, design control, software capabilities, supply chain strength, and cost efficiency.

Domestic two-wheeler industry outlook (till fiscal 2031)



Domestic two-wheeler industry powertrain wise outlook



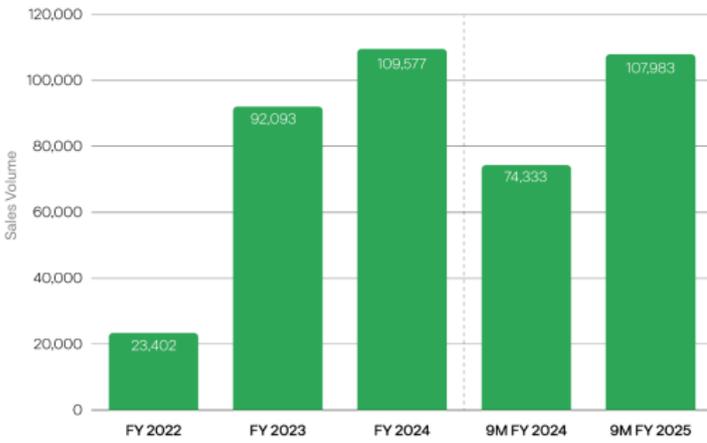


E2Ws Offerings

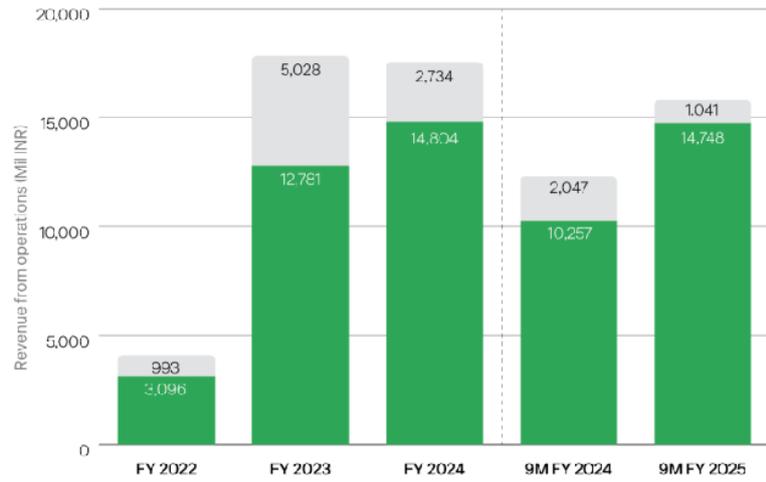
| Model <small>(Launch date)</small> | 450 <small>Jun 2018</small> | 450X <small>Jan 2020</small> | 450X Gen 3 <small>Jul 2022</small> | 450X Gen 3.1 <small>Jan 2023</small> | 450 Apex <small>Jan 2024</small> |
|---|---|---|---|--|-------------------------------------|
|  |  |  |  |  | |
| Battery (kWh) | 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 |

Growth Story in Charts

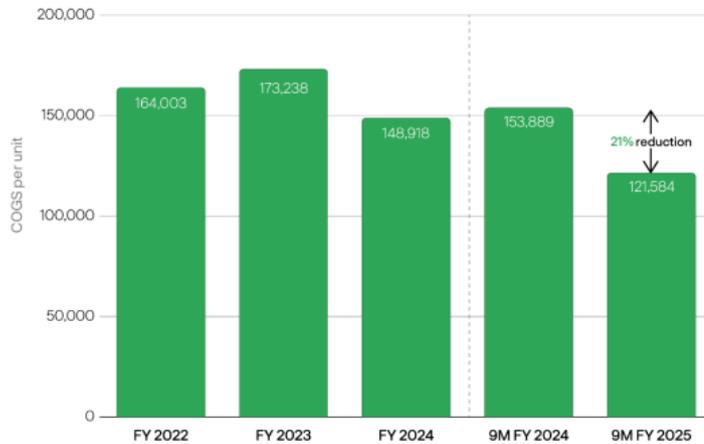
Sales volume



Revenue from subsidies Revenue minus subsidies



COGS per unit



Peers Comparison

| Name of the company | Face Value (₹) | Total Income (₹ Cr) | EPS | P/E | RoNW(%) |
|-----------------------|----------------|---------------------|-----|-----|---------|
| Ather Energy Limited | 1 | 1,754 | -47 | NA | -194% |
| Peers Group | | | | | |
| Hero MotoCrop Limited | 2 | 37,789 | 187 | 20 | 21% |
| Bajaj Auto Ltd | 10 | 44,870 | 273 | 29 | 29% |
| Ola Electric Mobility | 10 | 5,010 | -4 | NA | -78% |
| TVS Motors Limit | 1 | 39,145 | 36 | 68 | 26% |
| Eicher Motors Limited | 1 | 16,536.00 | 146 | 37 | 22% |

Companies Competitive Strength :

- It ability to pioneer new technologies.
- It E2Ws are positioned at a premium price within their respective segments in the Indian E2W market.
- 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.
- Capital efficient and flexible operations.
- Experienced management team and long-term investors committed to strong corporate governance standards.

Key Strategies Implemented by Company

- Strategic expansion of our product portfolio through the multi-product technology platforms.
- Expand and deepen the distribution network in India and beyond.
- Improving operational efficiency and manufacturing capabilities through the establishment of the Factory 3.0.
- Continue to focus on unit economics.
- Securing the cell supply chain through long-term partnerships.
- Continue to build the 'Ather' brand.
- Pursue Selective Strategic Partnerships and Acquisitions.

| Particular (INR in Cr) | 9MFY25 | FY24 | FY23 | FY22 |
|------------------------|--------|-------|-------|------|
| Equity Capital | 3.1 | 0 | 0 | 0 |
| Net Worth | 108 | 545 | 613 | 224 |
| Revenue | 1,579 | 1,754 | 1,781 | 409 |
| Growth (%) | | -2% | 335% | |
| EBITDA | -408 | -684 | -708 | -260 |
| EBITDAM (%) | | -39% | -40% | -64% |
| PAT | -578 | -885 | -865 | -344 |
| PATM (%) | | -50% | -49% | -84% |



Notes

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