IPO NOTE

ATHER

ATHER ENERGY LIMITED
28.04.2025

canmoney
Canara Bank Securities Ltd

Canara Bank Securities Ltd
A Wholly Owned Subsidiary Of Canara Bank

- Ather Energy Limited, incorporated in 2013, is an Indian electric two-wheeler (E2W) company engaged in the design, development, and in-house assembly of electric scooters, battery packs, charging infrastructure, and supporting software systems. The company is a vertically integrated EV manufacturer focusing on product and technology development.
- As of Apr-Dec of fiscal 2025, Ather was the 4th largest Electric 2-Wheeler ("E2W") manufacturer in India by sales volume, after Ola, TVS and Bajaj.
- 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.
- Ather's manufacturing is carried out at the Hosur Factory in Tamil Nadu, which has an annual installed capacity of 420,000 electric vehicles and 379,800 battery packs as of March 2024.
- Ather Energy as part of its Ather Grid charging network, has a company owned network of over 2,583 fast chargers in India, 22 in Nepal and 11 in Sri Lanka as of December 31, 2024. Ather was the first 2-wheeler OEM to establish a two-wheeler fast charging network in India in 2018 and has the widest footprint amongst two-wheeler fast charging networks in India. Ather also has the provision of neighborhood charging which provides access to AC charging points in shared private spaces.
- As of February 28, 2025, globally, the company had 303 registered trademarks, 201 registered designs and 45 registered patents, in addition to pending applications for 102 trademarks, 12 designs and 303 patents.

Product Portfolio:

E2W : 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 kW)

Issue Details

Price Band (in ₹ per share)	304.00-321.00
Issue size (in ₹ Crore)	2962.27-2981.06
Fresh Issue (in ₹ Crore)	2626.00
OFS (in ₹ Crore)	335.97-354.76
Issue open date	28.04.2025
Issue close date	30.04.2025
Tentative date of Allotment	02.05.2025
Tentative date of Listing	06.05.2025
Total number of shares (lakhs)	974.43-928.68
No. of shares for QIBs (75%) (lakhs)	730.07-695.76
No. of shares for NII (15%) (lakhs)	146.01-139.15
No. of shares for S-HNI (33%) (lakhs)	48.67-46.38
No. of shares for B-HNI (66%) (lakhs)	97.34-92.77
No. of shares for retail investors (10%) (lakhs)	97.34-92.77
No of shares for Employee Reservation (lakhs)	1.00
Minimum order quantity	46
Face value (in ₹)	1.00
Amount for retail investors (1 lot) (in ₹)	13984 -14766
Maximum no. of shares for Retail investors at Lower Band	644 (14 lots)
Maximum no. of shares for Retail investors at Upper Band	598 (13 lots)
Maximum amount for retail investors at lower band - upper band (in ₹)	195776-191958
Minimum no. of shares for sHNI (2 Lakhs) at upper band	644 (14 lots)
Maximum no. of shares for sHNI (10 Lakhs) at upper band	3082 (67 lots)
Minimum number of shares for bHNI at upper band	3128 (68 lots)
Exchanges to be listed on	BSE & NSE

Promoters

- TARUN SANJAY MEHTA
- SWAPNIL BABANLAL JAIN
- HERO MOTOCORP LIMITED

Objects of the Offer

The company proposes to utilise the Net Proceeds towards funding the following objects:

- Capital expenditure to be incurred by the Company for establishing an E2W factory in Maharashtra, India. (927.20 Crores)
- Repayment/pre-payment, in full or part, of certain borrowings availed by the Company (40 Crores)
- Investment in research and development (750 Crores)
- Expenditure towards marketing initiatives (300 Crores)
- General corporate purposes.

BRIEF FINANCIALS

PARTICULARS (Rs. Cr) *	9MFY25	FY24	FY23	FY22
Share Capital#	3.10^	0.00	0.00	0.00
Net Worth	108.00	545.90	613.70	224.90
Revenue from Operations	1578.90	1753.80	1780.90	408.90
EBITDA	(370.00)	(649.40)	(686.70)	(255.00)
EBITDA Margin (%)	(23)	(36)	(38)	(62)
Profit/(Loss) After Tax	(577.90)	(1059.70)	(864.50)	(344.10)
EPS (in Rs.)	(23)^^	(47)	(48)	(27)
Net Asset Value (in Rs.)	4	24	34	18
Total borrowings	1121.60	314.90	485.20	298.40
P/E#	NA	NA	NA	NA
P/B#	80.25	13.38	9.44	17.83

**Restated consolidated financials; #Calculated at upper price band; ^June, 2024: Board approved 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 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, ^^not annualized*

Profit & Loss Statement

Particulars (In Crores)	FY2022	FY2023	FY2024
INCOME			
Revenue from operations	408.90	1780.90	1753.80
Other Income	4.90	20.90	35.30
Total Income	**413.80**	**1,801.80**	**1,789.10**
YoY Growth (%)	-	335.53%	-1.52%
Cost of Materials Consumed	348.20	1537.00	1579.20
Purchase of stock-in-trade	20.10	92.30	27.90
Changes in inventories of finised goods, stock-in-trade & work-in-progress	15.50	-33.90	24.70
Employee benefit expenses	113.90	334.80	369.20
Employee Expenses-% of Revenue	27.53%	18.58%	20.64%
Other expenses	171.10	558.30	437.50
EBIDTA	**-255.00**	**-686.70**	**-649.40**
EBIDTA Margin (%)	-61.62%	-38.11%	-36.30%
Depreciation and amortisation expense	48.40	112.80	146.70
EBIT	**-303.40**	**-799.50**	**-796.10**
EBIT Margin (%)	-73.32%	-44.37%	-44.50%
Finance cost	40.70	65.00	89.00
Exceptional items	0.00	0.00	174.60
Profit before tax	**-344.10**	**-864.50**	**-1059.70**
Tax expenses			
Current tax	-	-	-
Deferred Tax	-	-	-
Total tax expenses	**0.00**	**0.00**	**0.00**
Profit for the year	**-344.10**	**-864.50**	**-1059.70**
PAT Margin (%)	-84.15%	-48.54%	-60.42%
Earnings per share			
Basic earnings per share (₹)	-27.00	-48.00	-47.00

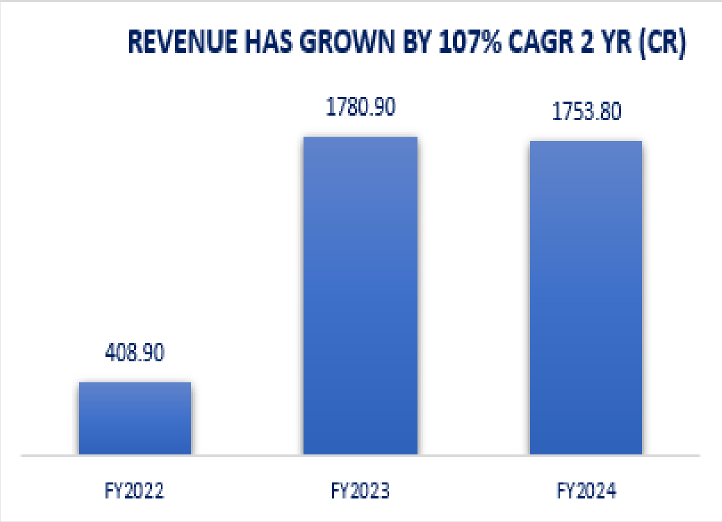
Cashflow Statement

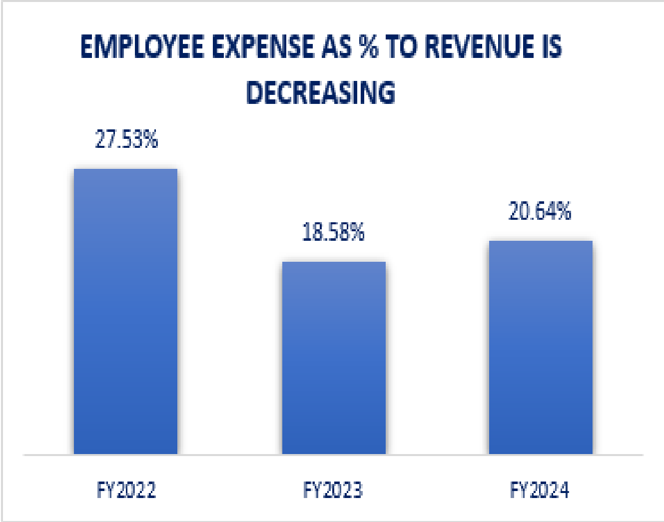
Particulars (In Crores)	FY2022	FY2023	FY2024
Cash generated from operating activities	-227.70	-869.90	-267.50
Income tax paid (net of refunds)	-0.70	-1.40	-0.10
Net cash generated from operating activities	-228.40	-871.30	-267.60
Net cash used in investing activities	-6.60	-135.00	-228.10
Net cash used in financing activities	230.70	1317.40	633.20
Net increase/ (decrease) in cash and cash equivalents	**-4.30**	**311.10**	**137.50**
Balance as at beginning	5.30	57.40	82.60
Liquid mutual funds	56.40	-	285.90
Cash and cash equivalent as at year end	**57.40**	**368.50**	**506.00**

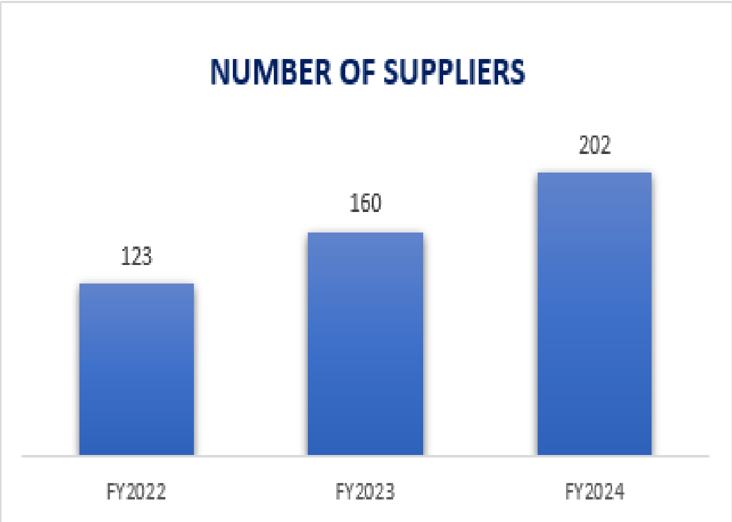
Balance Sheet

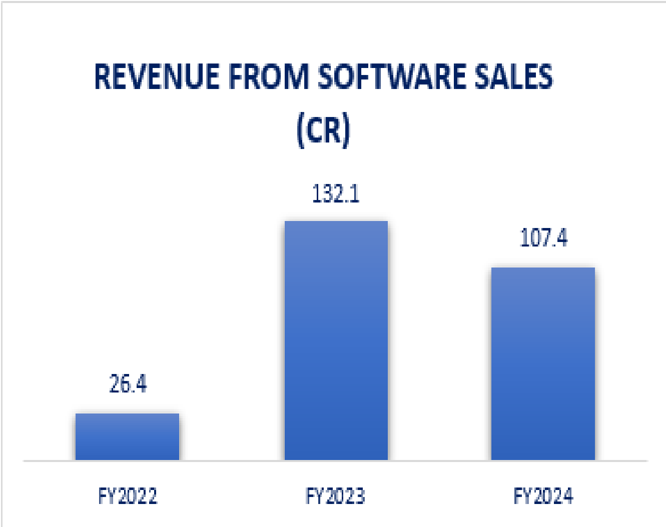
Particulars (In Crores)	FY2022	FY2023	FY2024
Assets			
Non-current assets			
Property, Plant and Equipment	93.50	181.80	187.10
Rights to Use Assets	64.60	184.40	148.90
Capital work in progress	0.40	0.90	-
Intangible Assets	176.60	178.30	122.90
Intangible Assets Under Development	92.30	36.50	70.60
Financial Assets			
Investment	-	-	-
Other Financial assets	13.20	17.70	15.30
Other non-current assets	85.50	68.90	139.30
Total non- current assets	**526.10**	**668.50**	**684.10**
Current Asset			
Inventories	60.70	257.40	116.70
Financial Assets			
Investments	37.30	285.90	292.20
Trade Receivables	1.00	1.20	1.60
Cash and Cash Equivalents	57.40	82.60	227.90
Bank Balances other than above	31.30	93.60	219.90
Loans	-	-	0.20
Other financial assets	35.50	372.10	117.00
Current tax assets	0.90	2.30	2.40
Other Current Assets	68.40	213.20	251.50
Total current Asset	**292.50**	**1308.30**	**1229.40**
Total assets	**818.60**	**1976.80**	**1913.50**
Equity and liabilities			
Equity			
Equity Share Capital	0.00	0.00	0.00
Instruments entirely equity in Natur	0.70	0.60	0.80
Other Equity	224.20	613.10	545.10
Total equity	**224.90**	**613.70**	**545.90**
Liabilities			
Non-Current liabilities			
Financial Liabilities			
Borrowings	108.70	120.50	30.90
Lease Liabilities	59.70	168.60	141.90
Other Financial Liabilities	1.90	5.90	10.30
Provisions	29.00	48.60	70.20
Deferred tax liabilities (net)	-	-	37.90
Total Non-Current liabilities	**199.30**	**343.60**	**291.20**
Current liabilities			
Financial liabilities			
Borrowings	189.70	364.70	284.00
Lease Liabilities	6.80	17.80	20.90
Trade payables			
Due to MSME	10.00	23.80	18.50
Due to other than MSME	110.90	359.90	384.20
Other financial liabilities	53.30	138.30	134.80
Other current liabilities	13.20	56.30	153.30
Provisions	10.50	58.70	80.70
Total Current liabilities	**394.40**	**1019.50**	**1076.40**
Total liabilities	**593.70**	**1363.10**	**1367.60**
Total equity and liabilities	**818.60**	**1976.80**	**1913.50**

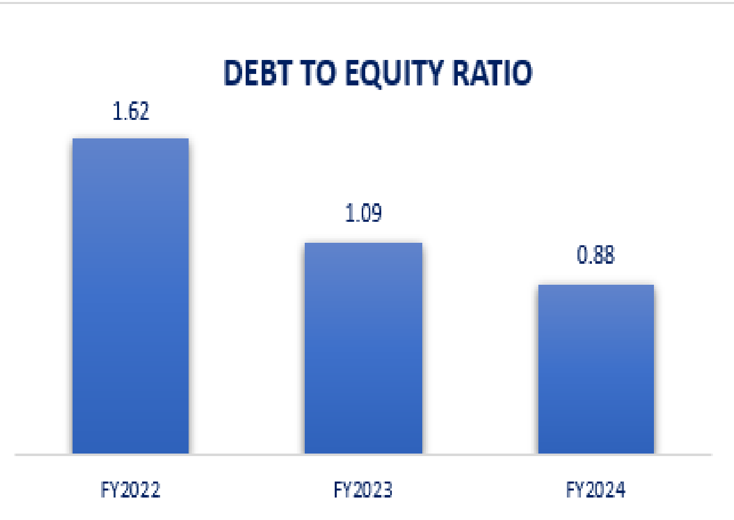
PERFORMANCE THROUGH CHARTS

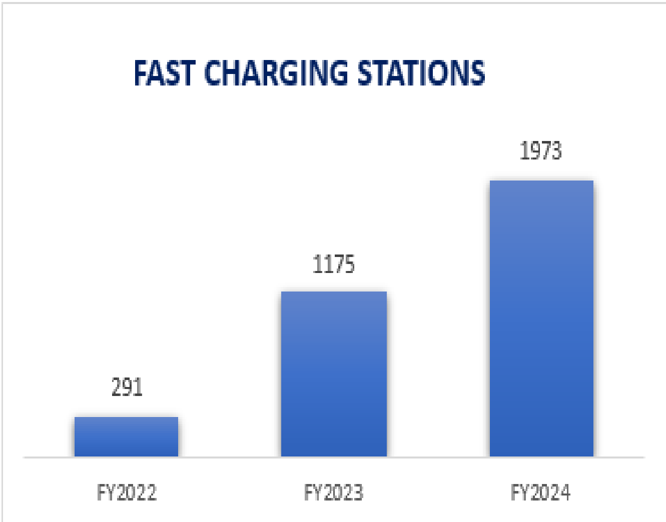












INDUSTRY REVIEW

OVERVIEW OF THE DOMESTIC TWO-WHEELER INDUSTRY

- 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. During the same period, the ICE (Internal Combustion Engine) segment contracted at 3.7% CAGR, and EV retails grew with a 101.7% CAGR, albeit from a lower base.
- 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.
- 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.
- The scooters segment in the domestic two-wheeler industry expanded its presence over the long-term horizon, from 15% in fiscal 2009 to 34% in fiscal 2024.
- 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.

OVERVIEW OF THE INDIAN ELECTRIC TWO-WHEELER INDUSTRY

- 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 > 25 kmph). These electric vehicles were comparable to their ICE counterparts in terms of power as well as speed.
- Improved battery chemistry and the development of associated software technology are further aiding the fast-charging capability of the latest EVS.
- High-speed electric vehicles launched in 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.

COMPETITIVE LANDSCAPE OF THE 2w / E2W INDUSTRY

- India's Two-wheeler industry has traditionally been a market with only a 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 EV.
- 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 the EV portfolio of players, competition intensified within the EV space.

COMPETITIVE STRENGTHS OF THE COMPANY

PIONEER OF NEW TECHNOLOGY

- Ather 450 was also the first E2W to offer a top speed of 80 kmph, which was the highest speed among E2WS in 2018.
- Ather introduced several industry-first features such as traction control, fall-safe, cloud integration, OTA updates (Over-The-Air), ride statistics on the app, through their software package, Atherstack.
- Ather's in-house R&D capabilities across different disciplines give the company control over the design of its existing and future product offerings. The company invested ₹2,388 million, ₹1,637 million, ₹2,365 million, ₹1,916 million and ₹1,010 million in R&D in the nine months ended December 31, 2024 and 2023 and 268 Fiscal Years 2024, 2023 and 2022, respectively. As of December 31, 2024, Ather's R&D team had 731 on-roll employees who made up 46% of the company's total workforce.
- Ather globally has 303 registered trademarks, 201 registered designs and 45 registered patents, in addition to pending applications for 102 trademarks, 12 designs and 303 patents, as of February 28, 2025.
- Ather 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.

PREMIUM POSITIONING IN INDIAN E2W MARKET

- Ather's focus on quality and user experience enables it to position its E2WS at a premium price within both the performance and convenience scooter segments.
- Ather had 4,535 unique tests to validate all components of its E2W, as of December 31, 2024, and the company's software-defined ecosystem is designed to generate engagement to enhance its product quality and elevate the user experience.
- Ather's focus on user experience extends to the distribution and service network. The company's experience centres are designed to showcase the engineering behind its products, as evidenced by the positioning of the chassis as the centrepiece, to facilitate a thorough understanding of their E2WS.
- The company tracks and analyses 13 key customer satisfaction metrics across different points of interaction as part of their regular business operations, as of December 31, 2024. These customer satisfaction parameters are tracked from initial contact with the customer, through their purchase journey and extend to the product and after-sales experiences.
- Despite Ather's premium pricing, according to the CRISIL report, Ather was the third and fourth largest E2W manufacturer by sales in India as at March 31, 2024 and December 31, 2024, respectively.

VERTICALLY INTEGRATED APPROACH TO PRODUCT DESIGN WITH STRONG IN-HOUSE R&D CAPABILITIES

- Ather controls over the design of key components of their E2WS and accessories, including the underlying software, gives them 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. Others make improvements to their products at a fast pace and introduce new models quickly.
- Through continued investments in R&D and designs, Ather strive to reduce the bill of materials ("BOM") costs. For instance, in Fiscal Year 2022, in-house designed ADC reduced BOM cost for the motor controller by 51%, compared to those sourced from the vendor in Fiscal Year 2021.
- Ather's design capabilities also enable the company to source components and raw materials from multiple suppliers to increase competition, scale and supply chain resilience. The company outsource the manufacturing of select EV components to a diverse supplier base, while focusing its resources on the in-house manufacturing of IP-sensitive components.
- Ather has partnered 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 Ather to leverage suppliers' scale and capabilities to procure critical raw materials and remain agile concerning capital-intensive technology.

RISK FACTORS

ATHER'S SALES ARE GEOGRAPHICALLY CONCENTRATED IN SOUTH INDIA, EXPOSING IT TO ADDITIONAL RISKS OF BUSINESS DISRUPTIONS ARISING FROM NATURAL DISASTERS, REGIONAL UNREST AND REGULATORY CHANGES IN SOUTH INDIA.

- Sales from the company's retail centers in the southern zones of India contribute a significant portion of revenue.
- Due to this geographical concentration, any occurrences affecting southern India's economy could disrupt their sales activities and reduce the company's overall sales volume, thereby adversely affecting their business, operating results and financial condition.
- More than 60% of Sales in the past 3 financial years have been in Southern India
- Natural disasters, regional unrest and regulatory changes in the southern zones in India could have a disproportionate impact on the demand for E2WS.

ATHER IS OR MAY BE SUBJECT TO RISKS ASSOCIATED WITH STRATEGIC ALLIANCES OR ACQUISITIONS

- Ather has entered into and may in the future enter into strategic alliances, such as joint ventures or equity investments, with various third parties to further its business purpose from time to time. For example, it has entered into a collaboration agreement with Hero MotoCorp Limited ("HMCL") dated November 23, 2023 (the "Collaboration Agreement"), under which the company and HMCL have agreed to collaborate on enabling the interoperability of charging stations and other ancillary activities.
- These alliances could expose the company to various risks, including those associated with sharing proprietary information, non-performance by the third-party and increased expenses in establishing new strategic alliances.
- The Company's capacity to oversee or influence its partners' actions is limited, and to the extent any of these associates encounter negative publicity, its reputation may be affected due to Ather's association with them.
- Ather may acquire additional assets, products, technologies or businesses that are complementary to its 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 its business strategy if not obtained.

THE RETAIL PRICES OF ATHER'S ELECTRIC TWO-WHEELERS ARE SUSCEPTIBLE TO A REDUCTION OR ELIMINATION OF GOVERNMENT INCENTIVES OR THE INELIGIBILITY OF ITS ELECTRIC TWO-WHEELERS FOR SUCH INCENTIVES, SUCH AS THE PRODUCTION-LINKED INCENTIVES SCHEME, WHICH ATHER IS NOT ELIGIBLE FOR. THE INCREASE IN RETAIL PRICE COULD AFFECT CUSTOMER DEMAND AND, IN TURN, ADVERSELY IMPACT ITS BUSINESS AND PROSPECTS.

- The company previously benefited from the FAME subsidy, which was introduced by the then Department of Heavy Industry in 2015 and expired on March 31, 2024. The FAME subsidy was superseded by the Electric Mobility Promotion Scheme 2024 ("EMPS 2024") effective from April 1, 2024.
- Ather had obtained EMPS 2024 subsidies for Ather 450s, Ather 450x and Ather Rizta (S and Z), of ₹10,000 per E2W, eligible for reimbursement for claims made every month. The Ather 450 Apex did not benefit from the EMPS 2024 subsidy.
- The EMPS 2024 expired on September 30, 2024 and was succeeded by the PM Electric Drive Revolution in Innovative Vehicle Enhancement ("PM E-DRIVE") scheme, which came into effect on October 1, 2024, and will remain in force until March 31, 2026. Ather has obtained a certificate for compliance with the incentive eligibility criteria under the PM E-DRIVE Scheme, from the Automotive Research Association of India, to claim incentives for its Ather 450s, Ather 450x, Ather Rizta (S and Z) until April 30, 2025.
- The 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, Ather's customers faced an increase in the retail price of its E2WS ranging from ₹20,434 to ₹30,285.
- Availability of government subsidies may be critical to accelerating the adoption of E2WS. In the absence of such support, Ather cannot assure that consumers will continue to purchase E2WS at the same pace in light of competition from conventional ICE 2Ws that are manufactured by long-standing industry players whose cost structures may be lower than on a non-subsidised basis.

PEER COMPARISON

Name of the company	Revenue from Operations (in Cr)	Face Value (Rs per share)	EPS (in Rs)	NAV (Per share Rs)	RoE (%)	P/E*	P/B*
Ather Energy Limited	1753.80	1.00	(47.00)	24.00	(194)	NA	13.38
Hero MotoCorp Limited	37788.60	2.00	187.00	884.00	21	21.08	4.46
Bajaj Auto Limited	44870.40	10.00	273.00	935.00	29	30.25	8.83
Ola Electric Mobility Limited	5009.80	10.00	(4.00)	6.00	(78)	NA	8.76
TVS Motors Limited	39144.70	1.00	36.00	143.00	26	77.88	19.61
Eicher Motors Limited	16535.80	1.00	146.00	657.00	22	39.34	8.74

**P/E & P/B ratio based on closing market price as of April 23, 2025, at the upper price and of IPO, financial details consolidated audited results as of FY24.*

KEY BUSINESS INSIGHTS

Customer-Centric Resale Strategy and Product Transparency: Ather maintains price stability by avoiding discounts and instead builds trust with policies like an 8-year/70,000 km transferable battery warranty and a battery health report card for resale transparency. These initiatives help in retaining value over the product lifecycle and strengthening resale confidence, further supporting Ather's premium image.

Infrastructure and Expansion Plans: With two current plants capable of producing 420,000 vehicles annually, Ather is poised for scale. A new facility in Chhatrapati Sambhajinagar, operational by 2026, will add 1 million vehicle capacity in two phases. The expansion supports rising demand, especially driven by the Rizta model's success in North and West India and the introduction of the modular EL platform catering to diverse user preferences.

Cost Efficiency and Financial Strategy: Ather's business model supports margin stability by designing capital-efficient base models and monetizing tech features as add-ons, contributing significantly to EBITDA. The absence of PLI (Production-Linked Incentives) gives it control over pricing and reduces regulatory dependence, strengthening long-term sustainability.

Competitive Edge and Charging Infrastructure: Ather operates India's largest fast-charging network (LECCS) and has open-sourced its charging IP to accelerate EV adoption industry-wide. This infrastructure focus ensures convenience for users while reinforcing Ather's brand leadership. Key product features like reverse mode, incline auto-hold, and "Magic Twist" throttle braking further differentiate the riding experience.

Efficiency and Cost Advantage: Ather's E2WS deliver an operating cost of ₹0.25/km versus ₹2.50/km for petrol scooters in Maharashtra, offering a tenfold cost benefit. High battery retention (88% after five years) ensures long-term usability and lower total cost of ownership, adding to the brand's value proposition.

OUR VIEW

- On the financial performance front, for the last three fiscals, the company has (on a consolidated basis) posted a total income of 413.80 Cr (FY22), 1801.80 Cr (FY23), 1789.10 Cr (FY24), Net loss of 344.10 Cr (FY22), 864.50 Cr (FY23), 1059.70 Cr (FY24). For 9M of FY25 ended on December 31, 2024, it marked a loss of Rs. 577.90Cr on a total income of Rs. 1617.40 cr. against loss of Rs. 766.40 Cr on a total income of Rs. 1253.70 Cr for corresponding previous period.
- The company's total income grew from 413.80 crores in FY22 to 1789.10 crores in FY24. However, it has not yet broken even at the EBITDA level. EBITDA stood at -62% in FY22, later improving to -38% in FY23, and stood at -36% in FY24.
- Additionally, the company will be available at 13x P/B, based on FY24 earnings, which is more than the median of the peers, which is 9x. Based on FY24 negative earnings, the P/E stands negative. Thus, the issue is appearing aggressively priced. Total borrowing of Rs. 1121+ cr. as of December 31, 2024 raise concern.
- With the majority of sales in Southern India (~61%), Ather has plenty of room to grow. Ather plans to further deepen its roots in the Southern Market while simultaneously making an entry into the barely tapped Northern parts of India. The software segment of Ather contributes 6% to the revenue and enjoys a high EBITDA margin of 53%.
- Unlike peers, the company has not got benefits under the Production Linked Incentive (PLI) scheme, ensuring margin stability despite potential regulatory changes. The upcoming lineup of the cost-effective EL platform in the scooter segment and the Zenith platform in the bike segment might help Ather to get a further boost in its business.
- Due to uncertainty surrounding the timeline for achieving profitability, we recommend a **NEUTRAL rating** for the IPO. Investors with a long-term EV play may consider the opportunity, based on individual analysis.

Sources: Company website and red herring prospectus

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(A Wholly Owned Subsidiary of Canara Bank)

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