



**NEUTRAL**

**IPO Report**

25<sup>th</sup> April '25

**Snapshot**

Ather Energy Limited is a pioneer in the Indian electric two-wheeler ("E2W") market. Company is a pure play EV company that sells E2Ws and the associated product ecosystem, comprised of company's software, charging infrastructure and smart accessories, all of which are conceptualised and designed by company in India. Other than battery packs which are manufactured in-house and portable chargers and motors which are designed and manufactured by company's 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. Company developed all components of the Atherstack software that powers its products in-house.

**VALUATION**

Company is bringing the issue at price band of Rs 304-321 per share at p/s multiple of approx. 4x on FY25E sales basis. Company has ability to pioneer new technologies. Its E2Ws are positioned at a premium price in their respective segments in the E2W market. Company has established and scalable technology platform enabling accelerated product launches. We are quite optimistic on Ather Rizta which helps company in gaining market share as well as increase in gross margin. Focus on quality, innovation & R&D are also some of the key differentiators of company. However we find valuations to be almost in line with company's close peer and therefore seems to be fully priced at current level. We also believe that issue's premium listing to some extent will also depend on market mood & macro situation at that time. Therefore we feel the that it can be risky bet to apply for issue in present environment & hence we recommend to wait till listing before deploying funds in this ipo.

<b>Price Band (Rs./Share)</b>	<b>304-321</b>
<b>Opening date of the issue</b>	<b>28<sup>th</sup> April '2025</b>
<b>Closing Date of the issue</b>	<b>30<sup>th</sup> April '2025</b>
<b>No of shares pre issue</b>	290,643,469 Eq Shares
<b>Fresh Issue</b>	Rs 2626 Cr
<b>Offer For Sale</b>	11,051,746 Eq Shares
<b>Issue Size</b>	Rs 2962-2981 Cr
<b>Face Value (Rs/ share)</b>	Rs 1/share
<b>Bid Lot</b>	46
<b>Employee Discount</b>	Rs 30/Share

**BIDDING DETAILS**

<b>QIBs (Including Anchor)</b>	75% of the offer (Approx 73,007,396-67,575,960 Eq Shares)
<b>Non-Institutional</b>	15% of the offer (Approx 14,601,478-13,915,191 Eq Shares)
<b>Retail</b>	10% of the offer (Approx 9,374,319-9,276,794 Eq Shares)
<b>Employee Reservation</b>	Up to 1,00,000 Equity Shares
<b>Lead managers</b>	HSBC Securities, Axis Capital, JM Financial, Nomura Financial
<b>Registrar to the issue</b>	MUFG Intime India Pvt Ltd

**WHAT WE LIKE**

***Company's E2Ws are positioned at a premium price within their respective segments in the Indian E2W market fast-growing SLCM market***

Company'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, based on data provided by CRISIL. Company had 4,535 unique tests to validate all components of its E2W, as of December 31, 2024, and its software-defined ecosystem is designed to generate engagement to enhance company's product quality and elevate the user experience.

***Vertically integrated approach to product design with strong in-house R&D capabilities***

Company's control over the design of key components of its E2Ws and accessories, including the underlying software, gives company 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. Company make improvements to its products at a fast pace and introduce new models quickly

***Company's ability to pioneer new technologies.***

Electrification of the 2W industry gained momentum from the launch of highspeed (i.e. with a speed limit of above 25 km/h) E2Ws. Ather entered the market in 2018 with the Ather 450 model and has introduced several technologies first to the E2W market, including features like touchscreen dashboard with navigation, internet connectivity via 3G SIM, aluminium chassis, fast charging and guide-me-home lights. Company has also introduced several industry first features such as traction control, fall safe, cloud integration, OTA updates (Over-The-Air), ride statistics on app, through their software package, Atherstack.



## COMPANY BACKGROUND

Company was founded by Tarun Sanjay Mehta and Swapnil Babanlal Jain in 2013, with a focus on product and technology development in India in order to build an E2W ecosystem. Company sold 107,983 and 109,577 E2Ws in the nine months ended December 31, 2024 and Fiscal Year 2024, respectively.

According to the CRISIL Report, company was the third and fourth largest player by volume of E2W sales in Fiscal Year 2024 and the nine months ended December 31, 2024, respectively. Company build products with a focus on quality and user experience. Company's products are positioned at a premium price in their respective segments. Company launched its first product, the Ather 450, in June 2018. With the Ather 450, company 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, according to the CRISIL Report.

It was also the first 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, according to the CRISIL Report. Company's current E2W portfolio comprises two 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. Launched in April 2024, the Ather Rizta features a large seat, WhatsApp notifications displayed on the vehicle dashboard, voice commands through Alexa Skills, up to 56 L of storage and introduced traction control to the Indian E2W market, according to the CRISIL Report.

Company's E2Ws are complemented by its product ecosystem which comprises charging infrastructure, accessories and the Atherstack, company's in-house developed software that powers its products. According to the CRISIL Report, company was the first two-wheeler ("2W") OEM to establish a 2W fast charging network, the Ather Grid, in India. Company's software, the Atherstack, introduced industry-first connected features such as Over-The-Air ("OTA") updates and ride statistics on the Ather app, according to the CRISIL Report. It had 69 features as of December 31, 2024.

Company have a vertically integrated approach to the design of its products and key technologies. This integrated approach is applicable to both company's hardware and software, and has enabled company to pioneer several EV technological advancements. Through this approach towards design, company seek to establish new standards for performance, efficiency and user experience in the E2W market. Company's technological innovations are enabled by its in-house design and research and development ("R&D") capabilities. Company's R&D team had 731 on-roll employees, housed at three R&D facilities in Bengaluru, India, as of December 31, 2024. Company had 46% of its total workforce dedicated to R&D as of December 31, 2024. As of February 28, 2025, globally, 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. Company assemble its E2Ws and manufacture company's battery packs using lithium-ion cells sourced from suppliers at its manufacturing facilities located near Hosur, Tamil Nadu, India (the "Hosur Factory"). At the Hosur Factory, company had a total annual installed capacity of 420,000 units for E2Ws and 379,800 units for battery packs as of December 31, 2024.

Company is in the process of building the first phase of company's Factory 3.0 in Chhatrapati Sambhajnagar (formerly Aurangabad), Maharashtra, India to expand its total installed production capacity to 1.42 million E2Ws upon completion of phase two. Company operate an asset-light distribution model comprising experience centres and service centres operated by company's third-party retail partners in India and through authorised distributors in Nepal and Sri Lanka. As of December 31, 2024, company had 265 experience centres and 233 service centres in India, five experience centres and four service centres in Nepal, and ten experience centres and one service centre in Sri Lanka. Company place an emphasis on capital efficiency across its value chain and prioritise control over design and technology, while maintaining operational flexibility. As a pure play EV company, company's commitment to sustainable business practices is reflected in its environmental, social and governance ("ESG") strategy, which focuses on strong governance, developing technologies that accelerate the transition to EVs, minimising environmental impact and investing in talent under a focused, singlecompany structure. Company's corporate ESG committee, along with its code of ethics policy and policies on matters such as anti-bribery, anti-corruption and fraud prevention, aim to create a culture of responsibility and sustainability.



## INVESTMENT RATIONALE

<i>Company's ability to pioneer new technologies</i>	According to the CRISIL Report, electrification of the 2W industry gained momentum from the launch of highspeed (i.e. with a speed limit of above 25 km/h) E2Ws. Ather entered the market in 2018 with the Ather 450 model and has introduced several technologies first to the E2W market, including features like touchscreen dashboard with navigation, internet connectivity via 3G SIM, aluminium chassis, fast charging and guide-me-home lights. Company has also introduced several industry first features such as traction control, fall safe, cloud integration, OTA updates (Over-The-Air), ride statistics on app, through their software package, Atherstack. Company was also the first OEM to introduce an electric scooter with a high speed of 80 kmph, first OEM to establish its own fast charging network (Ather Grid) and also the first OEM to develop a smart helmet (Halo). Company's strong in-house R&D capabilities across different disciplines give it control over the design of company's existing and future product offerings. 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 Fiscal Years 2024, 2023 and 2022, respectively. As of December 31, 2024, company's R&D team had 731 on-roll employees who made up 46% of company's total workforce. Company's R&D expenses as a percentage of its total income was 15%, 13%, 13%, 11% and 24% in the nine months ended December 31, 2024 and 2023 and Fiscal Years 2024, 2023 and 2022, respectively.
<i>Software-defined ecosystem that drives customer engagement and margins.</i>	Powered by the in-house developed Atherstack, company's software-defined ecosystem aims to improve user experience and drive customer engagement. Company's continued innovation and improvements to its product ecosystem, driven by insights from the Atherstack, generate a flywheel effect. Continuous technological upgrades enhance company's products' appeal to customers, enabling it to grow its customer base and harness more user data. The insights derived from the data collected guide company's investments and serve as real-time feedback in company's efforts to enhance the Ather ecosystem.
<i>Scalable technology platform enabling accelerated product launches</i>	Company's technology platform, comprising its battery, powertrain, electronics, chassis and Atherstack, serves as the backbone of company's entire product lineup. As of December 31, 2024, company's scooters based on the Ather 450 platform have clocked 4.11 billion kilometres since launch. Company's technology platform offers scalability, adaptability and cost structures that accelerate the development of new products. Company leverage common elements across its platform, such as the chassis, battery and BMS, to accelerate the rate at which company is able to develop new products, thereby reducing its time-to-market while maintaining its quality standards. Company's platform's modular architecture enables cost-efficient integration of new features and advancements, enabling company to continue innovating in the evolving EV market. Company was able to develop the new Ather Rizta scooter model within 13 months from the first proof of concept.
<i>Capital efficient and flexible operations</i>	Company adhere to a capital efficient business model with an emphasis on control over design and technology, while maintaining operational flexibility. Through this business model, company seek to reduce its up-front capital needs, promote cost savings, retain flexibility to adopt new technologies and simultaneously minimise company's risk of overinvestment. According to the CRISIL Report, company's cash burn rate, on a cumulative basis, is lower than comparable domestic and international peers.



## OBJECTS OF OFFER

The Offer comprises of a Fresh Issue of Equity Shares, aggregating up to 26,260 million by Company and an Offer for Sale of up to 11,051,746 Equity Shares, by the Selling Shareholders.

### Fresh Issue

Company proposes to utilize the Net Proceeds towards funding the following objects (collectively, referred to herein as the “Objects”):

1. Capital expenditure to be incurred by Company for establishment of an E2W factory in Maharashtra, India;
2. Repayment/ pre-payment, in full or part, of certain borrowings availed by Company;
3. Investment in research and development;
4. Expenditure towards marketing initiatives; and
5. General corporate purposes.

## RISKS

Other than the batteries that company manufacture in-house, company rely on its suppliers to provide all other EV components used in assembling its E2Ws in-house. Any loss of key suppliers, or any failure or refusal by them to supply such components to company could cause business disruptions.

Source:RHP

## INDUSTRY OVERVIEW

### Review and Outlook of 2W Exports from India

In the last six years, between fiscal 2019-2024, two-wheeler industry exports rose at a moderate pace of 1% reaching volumes of 3.5 million in fiscal 2024. During the Apr-Dec period of fiscal 2025, exports account for ~17% of the overall two-wheeler sales in India. During fiscal 2024, two-wheeler industry exports dropped by 5% further amidst continued focus on rising domestic market and slowdown in demand from major contributing geographies of Africa and Asia. In Apr-Dec of fiscal 2025, export clocked 3.1 million units.

ICE two-wheelers completely dominate the exports. However, in line with electrification in the domestic two-wheeler market, OEMs have started exporting EVs from India in the last 3 years. In fact, in fiscal 2024, EV exports rose 19x compared to EV exports in fiscal 2023. As of fiscal 2024, TVS, Ola and Ather are primarily exporting EVs from India. The EV exports are currently at a nascent stage, however, are expected to grow going ahead. In Apr-Dec of fiscal 2025, TVS contributed majorly to the export of EVs from India, helping increase the share of EVs from 0.05% in fiscal 2024 to 0.18% in Apr-Dec of fiscal 2025. Ather Energy's contribution towards EV exports has also increased significantly in Apr-Dec fiscal 2025.

### Exports Outlook

Two-wheeler exports from India grew at a moderate pace of 1.1% CAGR during fiscal 2019 to fiscal 2024. Going ahead, Crisil Intelligence expects the industry growth to grow at a faster pace of 3-5% CAGR to reach 4.5-5 million levels by fiscal 2031.

India being one of the largest two-wheeler domestic markets globally, has a unique opportunity to leverage its domestic market scale and manufacturing competitiveness to produce electric two-wheelers not just for the domestic market but also for the exports markets. Additionally, the growing demand for eco-friendly and sustainable transportation options globally is expected to provide the fillip to e-two-wheelers demand going forward. Countries like Nepal, which have a strong dependence on India for their two-wheeler imports, have declared high electrification targets of 90% EV penetration in all private passenger vehicles sales (including 2W) by 2030. They have also reduced import duties on EVs, ranging from 25% to 90% (import duties for gas and diesel fueled vehicles are 276% and 329%). Such initiatives will aid the Indian E2W exports demand going ahead.

### Global Industry Outlook

The global two-wheeler industry sales are expected to grow at an accelerated pace of 2.5-3.5% CAGR till CY2029 compared to a 0.1% CAGR contraction witnessed during CY2019-2023 period. Improvement in economic conditions, rising demand from underlying segments like e-commerce, ride hailing coupled with increased traction for EVs to support this demand growth. Sales volumes are projected to reach 80-82 million levels by CY2029. Rising electrification is projected to support faster growth of scooters at 3-4% CAGR. Motorcycles are projected to grow at a slightly slower pace of 2-3% CAGR from an elevated base.

### India's leadership in electric 2W technology

India is the largest 2W market in the world (by sales volume). Unlike ICE vehicles, wherein the technology was developed outside India and then brought to India through joint ventures, Indian OEM's have been investing heavily in R&D and developing the core technology of EV products. Electric scooters manufactured in India offer a higher number of features and similar performance, compared to majority of global peers. For example, Indian electric scooters offer features like on-board navigation, ride statistics, geo-fencing, and hill-hold technology.


**Consolidated Financials**

(Rs in Mn)

Financials	FY22	FY23	FY24	9M FY 2025
Total Revenue (A)	4089.00	17809.00	17538.00	15789.00
Total Expenditure (B)	6688	24885.00	24385	19874
EBIDTA	-2599.00	-7076.00	-6847.00	-4085.00
EBIDTA Margin	-63.56	-39.73	-39.04	-25.87
Other Income	49.00	209.00	353.00	385.00
Depreciation	484.00	1128.00	1467.00	1258.00
EBIT	-3034.00	-7995.00	-7961.00	-4958.00
Interest	407.00	650.00	890.00	821.00
PBT	-3441.00	-8645.00	-8851.00	-5779.00
Share of profit in Asso	0.00	0.00	0.00	0.00
PBIT	-3441.00	-8645.00	-8851.00	-5779.00
Exceptional	0.00	0.00	1746.00	0.00
PBT	-3441.00	-8645.00	-10597.00	-5779.00
Tax	0.00	0.00	0.00	0.00
PAT	-3441.00	-8645.00	-10597.00	-5779.00
NPM	-84.15	-48.54	-60.42	-36.60
ROE%	-153	-141	-194	-535
EPS	-27	-48	-47	-23
Eq Cap	0	0	0	31
Net Worth	2249	6137	5459	1080

(Source: RHP)

**Peer Comparison**

Company Name	Face Value	EPS	P/E	ROE %	NAV
<i>Company</i>	<i>1</i>	<i>-47</i>	<i>--</i>	<i>-194</i>	<i>24</i>
<b>Peers</b>					
Hero MotoCorp Limited	2	187	20	21	884
Bajaj Auto Limited	10	273	29	29	935
Ola Electric Mobility Limited	10	-4	--	-78	6
TVS Motors Limited	1	36	68	26	143
Eicher Motors Limited	1	146	37	22	657

(Source: RHP)





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