Ather Energy Limited

April 28, 2025

IPO Note

Ather Energy Ltd., a pure-play EV company, focuses on selling E2Ws and an integrated product ecosystem comprising proprietary software, charging infrastructure, and smart accessories, all conceptualised and designed in India. The company manufactures battery packs in-house, utilizing lithium-ion cells sourced from suppliers, while outsourcing the manufacturing of other vehicle components such as electronics and chassis. Chargers and motors used in Ather's E2Ws are procured from third-party suppliers who both design and manufacture them. Final vehicle assembly is carried out in-house by Ather. The company's E2W portfolio consists of two product lines—the Ather 450 and the Ather Rizta, encompassing seven variants. Ather's proprietary software platform, Atherstack, integrates deeply with the overall product ecosystem and delivers functionality in navigation, analytics, ride assistance, safety, and productivity. Ather Energy's products are strategically positioned at premium price points within their respective segments, aligning with the broader market trend toward premiumisation in the Indian 2W industry.

Investment Rationale:

Market Opportunity:

- India's 2W market, the largest globally by volume, recorded 18.4 million units in FY24 and is projected to grow at a 7% CAGR, reaching 29-30 million units by FY31.
- E2W sales in India saw 5.1% penetration in FY24, growing to 5.5% in 9MFY25, with electric scooters leading at 15.2% market share. E2Ws are expected to grow at a CAGR of 41%-44%, reaching 10.3-12.3 million units by FY31, with electric scooters making up 70% and electric motorcycles 10% of the market by FY31.
- Export opportunities are also significant, with Indian OEMs exporting 3.1 million 2Ws in 9MFY25. India's growing middle class and rising per capita income will further boost demand for premium vehicles, contributing to the ongoing premiumisation and electrification trends in the 2W sector.

Strategic expansion of product portfolio through multi-product technology platforms:

- Ather's product portfolio now includes the Ather 450 series for performance-focused users and the Ather Rizta for the convenience scooter segment.
- The Ather Rizta accounted for 52% of sales in 9MFY25 despite its launch in May 2024, contributing to a 45% increase in total sales volume to 107,983 units in 9MFY25.
- Ather is also developing new platforms: EL (cost-effective) for scooters and Zenith (125cc–300cc) for motorcycles, with further battery and motor innovations. These efforts aim to expand Ather's addressable market and drive future growth.

Expand and deepen distribution network in India and beyond:

- Ather aims to expand its distribution network through third-party retail partnerships, increasing experience and service centres.
- The number of experience centres increased by 58% by December 31, 2024. Expansion in Nepal and Sri Lanka, with further international opportunities, supports growth. Increased market penetration in underrepresented regions is a key focus to sustain sales growth.

Improving operational efficiency and manufacturing capabilities through the establishment of Factory 3.0:

- Ather plans to start construction of Factory 3.0 in May 2025, with production beginning in phases by July 2026. The total installed capacity will rise to 1 million E2Ws annually.
- The facility will integrate new processes like transmission and electronics assembly to enhance supply chain flexibility and improve operational efficiency, reducing reliance on regional disruptions.

Continued focus on unit economics:

- Ather's revenue grew by 329% from FY22 to FY24, driven by premium positioning and increased E2W sales. BOM cost reductions of 31% for Ather 450X (2.9 kWh) in FY24 and 18% for Ather 450X (Gen 3) (3.7 kWh) have contributed to improved margins.
- The company has also focused on in-house component development to lower costs and enhance features. Despite reduced subsidies, Ather improved its Adjusted Gross Margin to 19% in 9MFY25, up from 9% in FY24, signalling a strong push for long-term profitability.

Valuation and Outlook: Ather Energy has demonstrated a strong scale-up in operations over the past few years, though profitability continues to be a key challenge. In 9MFY25, the company sold 108,000 vehicles, a 45% YoY increase from 74,000 units in 9MFY24, reflecting sustained demand in the electric E2W segment and a competitive product portfolio. FY24 volumes stood at 110,000 units, up 19% YoY, building on an exceptional FY23 where volumes surged 294% to 92,000 units from 23,000 units in FY22. Revenue from operations grew 28% YoY to ₹15,789 million in 9MFY25. However, FY24 revenues moderated slightly to ₹17,538 million, down 2% YoY, primarily due to a decline in average selling price (ASP) to ₹143,333 from ₹155,571 in FY23 and ₹158,192 in FY22. This ASP decline was driven by Ather's strategic entry into the family scooter segment, which, while impacting pricing, helped the company gain market share, particularly in North India—a region expected to play a crucial role in future growth. Despite topline growth, Ather remains loss-making, with net losses of ₹5,779 million in 9MFY25 and ₹10,597 million in FY24, attributable to high operational costs and continued investments in capacity expansion, R&D, and distribution. Nonetheless, operating metrics show early signs of improvement. EBITDA margins improved from -38% in FY23 to -36% in FY24 and further to -23% in 9MFY25, while adjusted gross margins expanded significantly to 19% in 9MFY25, up from 9% in both FY24 and 9MFY24, driven by better cost efficiencies and scale benefits. The company's revenue mix remains largely stable, with over 90% derived from vehicle sales. Market share in the E2W segment improved consistently, rising to 11.5% in FY24 from 10.6% in FY23 and 7.9% in FY22, underlining growing brand equity and customer acceptance. Additionally, the company has demonstrated effective working capital management, with negative working capital days improving to -48 in 9MFY25 from -21 in 9MFY24, indicating enhanced operating cycle efficiency. We recommend subscribe to the issue as a good long term investment, Ather Energy continues to deliver robust volume growth and margin improvement, positioning it well for long-term scalability, though a clear path to sustained profitability remains a critical area to watch. We recommend to subscribe to the issue as a high risk - high return long term investment, with the E2W industry in India poised for more than 100% cagr over the next 5-7 years and the enhanced addressable market beyond south India - which contributes to ~33% of all India 2W sales, coupled with stronger R&D capabilities and higher capacities post the issue.

Key Financial & Operating Metrics (Consolidated)

In INR mn	Revenue	YoY (%)	EBITDA	EBITDA %	PAT	EPS	ROE	ROCE
FY22	4089.00	80.48	-2599.00	-63.56	-3441.00	-11.84	-125.74	-56.65
FY23	17809.00	335.53	-7076.00	-39.73	-8645.00	-29.74	-245.73	-98.56
FY24	17538.00	-1.52	-6,847.00	-39.04	-10597.00	-36.46	-225.90	-99.07

Issue Snapshot

Issue Open	28-April-25
Issue Close	30-April-25
Price Band	INR 304-321
Issue Size (Shares)	9,28,58,600
Market Cap (mln)	INR 119557

Particulars

Fresh Issue (INR mln)	INR 26260
OFS Issue (INR mln)	INR 3547.61
QIB	75%
Non-institutionals	15%
Retail	10%

Capital Structure

Pre Issue Equity	29,06,43,469
Post Issue Equity	37,24,50,323
Bid Lot	46 Shares
Minimum Bid amount @ 304	INR 13984
Maximum Bid amount @ 321	INR 14766

Share Holding Pattern	Pre Issue	Post Issue
Promoters	52.67%	38.13%
Public	47.00%	61.87%

Particulars

Face Value	INR 10
Book Value	INR 85.16
EPS, Diluted	INR -36.46

Objects of the Issue

1. CAPEX for establishment of an E2W factory in Maharashtra, India- INR 9272 million
2. Repayment or prepayment of borrowings- INR 400 million
3. Investment in R&D- INR 7500 million
4. Expenditure towards marketing initiatives- INR 3000 million
5. General Corporate Purposes

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Industry Overview:

India's Demographic Advantage and its impact on 2Ws

India's population has surpassed China's by a slight margin, making it the most populous country with 1.44 billion people, as per UNFPA's State of World Population Report 2024. According to the report, 24% of India's total population is between 0–14 years, 68% is between the ages of 15 and 64 years, which is considered the working population of a country, and 7% is above 65 years.

Apart from this, about 17% of the population is between 10–19 years of age, and 26% are between 10–24 years (Generation Z). India's median age is about 28 years, and it has the largest working population among major global economies. It is expected to add ~70 million to the workforce (15–64 age group) by 2030.

This benefit allows greater engagement in productive labor, thus bolstering national income. India's youthful demographic not only strengthens the country's competitive edge in the services and manufacturing sectors but also unlocks the spending potential of a young population towards discretionary expenses. The working/young population has significantly impacted India's growth in the past few years, particularly in the IT, manufacturing, and service sectors. This is in line with the past progress of economies like Japan and China, where the young population has fueled economic development.

India's young population is embracing new technologies and ideas, which is expected to further boost industries like technology, manufacturing, healthcare, and infrastructure. The demographic dividend fosters workforce expansion, driving accelerated urbanization and industrialization. This, in turn, will spur investment in both physical and human infrastructure, ultimately enhancing the country's economic productivity.

Need for Electrification in India

Rising Air Pollution in India and Air Quality Impact of 2Ws:

Air pollution has become a growing concern in India, especially in urban centers, and the government has adopted various strategies to mitigate it. The government is aligning itself with global climate-related policies and standards to improve air quality across the country.

As per the **World Air Quality Report 2023**, India ranked as the world's third most polluted country, with an average annual PM2.5 concentration of 54.4 micrograms per cubic meter (µg/m³). Additionally, **9 out of the top 10 most polluted cities in the world were from India.**

According to the **Air Quality Life Index (AQLI)**, air pollution shortens the average Indian life expectancy by **5.9 years**. Around **136 million Indians** (96% of the population) are exposed to PM2.5 concentrations that are **seven times higher** than the World Health Organization's recommended level of 5 µg/m³.

According to the **International Energy Agency (IEA)**, road transport currently accounts for **12% of India's energy-related CO_2 emissions** and is responsible for **20–30% of urban air pollution**.

To address this issue, the government has implemented stringent emission regulations for vehicles, including two-wheelers, aimed at reducing harmful pollutants and promoting sustainable mobility through a shift toward electrification.

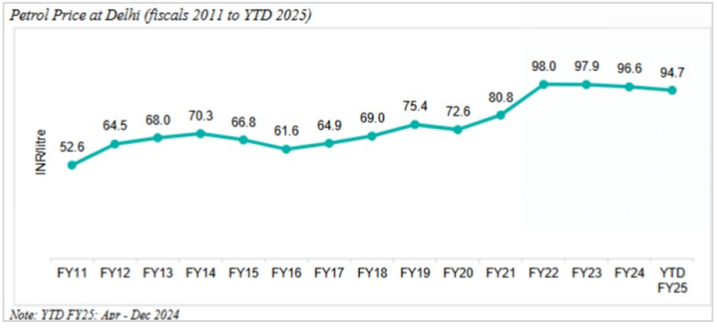
In India, two-wheelers are a common mode of transportation and contribute significantly to air pollution. They continue to dominate India's vehicle fleet.

Rise in Fuel Prices in India

The two-wheeler industry is sensitive to fuel price fluctuations, and consumers are cautious about the total cost of ownership (TCO). An increase in fuel prices can lead to higher fuel-related expenses, thereby elevating the TCO. Additionally, changes in fuel prices—whether an increase or decrease—are likely to impact consumer sentiment and may influence the pace of purchase decisions, potentially causing a slowdown or a pickup in sales.

Domestic Two-wheeler Industry Review (fiscals 2019 to YTD 2025)

India is the largest motorised two-wheeler market by volume in the world as of CY 2023 (according to Mordor intelligence) and had domestic sales of 18.4 million units in fiscal 2024. Indian automobile segment primarily consists of two-wheelers (2W), passenger vehicles (PV), commercial vehicles (CV), three wheelers (3W) and tractors. In fiscal 2024, Two-wheeler was the largest segment and contributed 73% to the total auto market by volume followed by the passenger vehicle segment which contributed 16.7%. The share of 2W segment in total auto market reached to ~75% by volume as of Apr –Dec period of fiscal 2025, followed by passenger vehicle segment with ~15% share.



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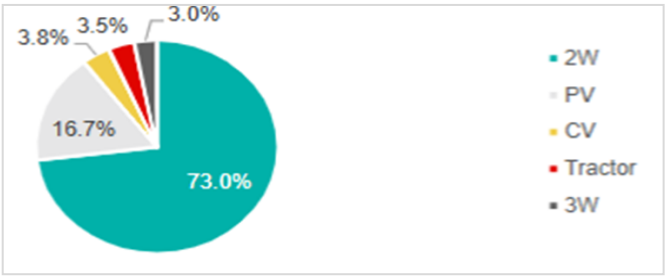
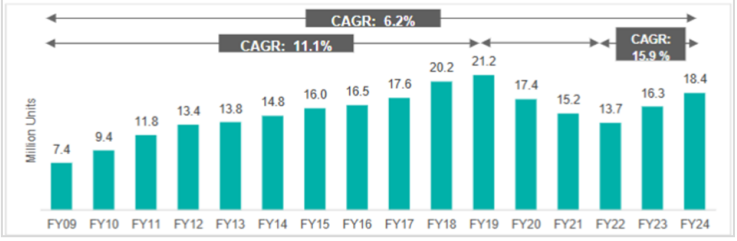
Segment wise split of the Indian Automobile market by volumes (fiscal 2024)

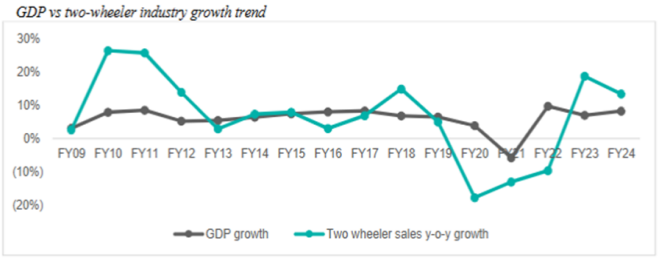


Domestic two-wheeler sales volume trend (fiscals 2009 to 2024)

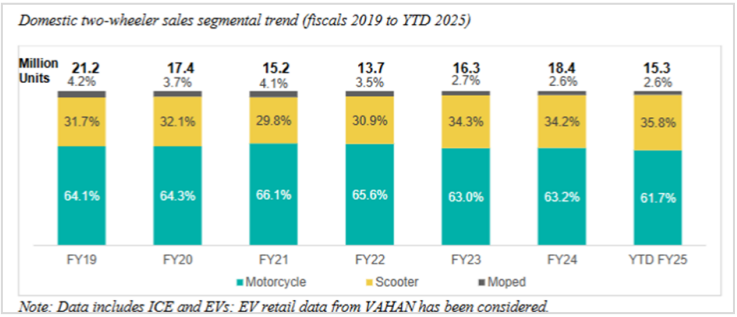


Macroeconomic support

GDP vs two-wheeler industry growth trend



Domestic two-wheeler sales segmental trend (fiscals 2019 to YTD 2025)



Note: Data includes ICE and EVs; EV retail data from VAHAN has been considered.

Domestic 2W Industry Outlook (fiscals 2025 to 2031)

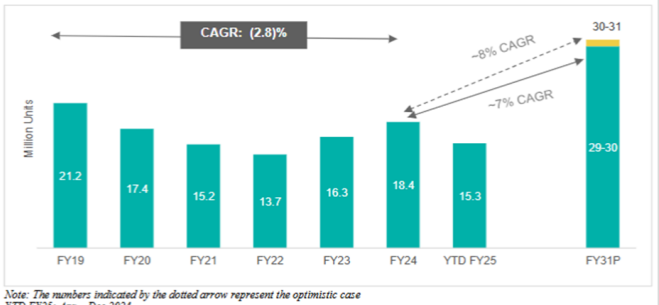
The industry is expected to continue its growth momentum over the long-term horizon, driven by a positive microeconomic and macroeconomic environment, favourable rural demand, premiumization, intermittent product launches, a shrinking replacement cycle, and continued support from financers. Moreover, sustained R&D investments by OEMs and technological advancements will further support the industry's growth over the long term.

Additionally, the fast-rising EV segment—with portfolio expansion by legacy players and capacity expansion by new-age entrants—will accelerate industry growth. The entry of established players like **HMSI, Suzuki**, and **Royal Enfield** into the EV space is expected to provide an added thrust to segment growth. The introduction of **CNG-powered motorcycles** by **Bajaj** and the announcement of a **CNG scooter** by **TVS**, which offer lower operating costs compared to petrol variants, will also contribute to further expansion of the two-wheeler industry.

Led by these positive industry drivers, two-wheeler industry sales are projected to grow at a **~7% CAGR**, reaching volumes of **29–30 million units by fiscal 2031**. Of this, the **E2W (electric two-wheeler)** segment is projected to record a healthy **~41% CAGR**, while the **ICE (internal combustion engine) 2W** segment is expected to grow at a modest **~2% CAGR** during the same period. With this E2W growth, **EV penetration is expected to reach ~35%** of overall two-wheeler industry sales by fiscal 2031.

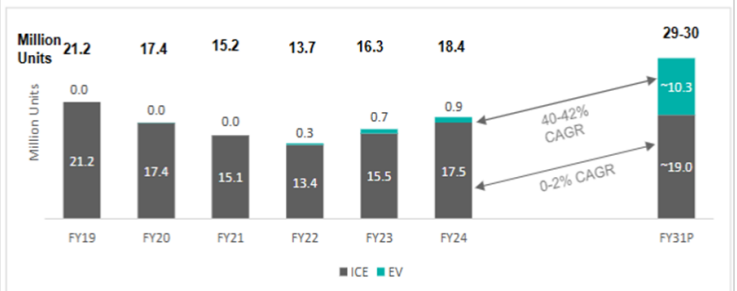
In an **optimistic scenario**—supported by increased EV launches, favourable government policies, accelerated infrastructure development, falling battery prices, easing supply chain constraints, a localized value chain, and a faster consumer shift towards electrification—industry sales are projected to grow at a **faster pace of ~8% CAGR**, reaching volumes of **30–31 million units by fiscal 2031**. In this case, **EV penetration could reach ~40%**, compared to the ~35% estimated in the base case.

Domestic two-wheeler industry outlook (till fiscal 2031)



Note: The numbers indicated by the dotted arrow represent the optimistic case
YTD FY25: Apr – Dec 2024

Domestic two-wheeler industry powertrain wise outlook



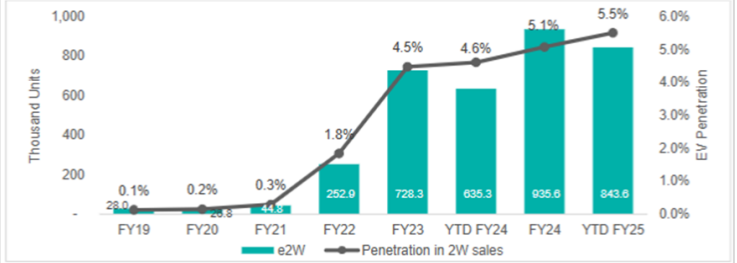
Note: Figures above the graph showcase the total sales, outlook is for the base case scenario

Segmental growth within the industry in the last 5 years and outlook till fiscal 2031

Segment	FY19-FY24 CAGR	FY24-FY31P CAGR
Motorcycles	**(3.0) %**	**4-6%**
ICE	(3.1) %	3-5%
EV	NM	107-109%
Scooters	**(1.3) %**	**8-10%**
ICE	(4.3) %	(7)-(8) %
EV	101.3%	35-37%
Mopeds	**(11.4) %**	**6-8%**
ICE	(11.4) %	(21)- (19) %
EV	NM	NM
Total	**(2.8) %**	**6-8%**

Note: NM: Not meaningful; Figures in bracket to be read as negative (e.g. (10) to be read as minus 10), EV retail data from VAHAN has been considered

E2W Retails (high speed) and Penetration trend (fiscals 2019 to YTD 2025)



Note: Only high-speed electric two-wheelers have been considered for the analysis
YTD FY25: Apr – Dec 2024 and YTD FY24: Apr – Dec 2023

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Competitive landscape of the 2W / E2W industry

India's two-wheeler industry, particularly in the electric scooter (E2W) segment, has witnessed a significant shift with increasing competition. Initially dominated by a few major players, like **Hero Electric** and **Okinawa**, which together controlled over 80% of the market in fiscal 2019, the entry of **new age players** such as **Ola**, **Ather**, **Ampere**, and **TVS** has intensified competition. The E2W segment has traditionally been highly concentrated, but with technological advancements and better product offerings, newer entrants have managed to challenge the incumbents.

Ather Energy played a key role in the transition from basic electric scooters to more feature-rich, high-performance models. Its **Ather 450** series, launched in fiscal 2019, offered comparable power and acceleration to traditional internal combustion engine (ICE) vehicles and gained significant traction, capturing **~11% market share** in fiscal 2020. Despite competition, Ather has maintained a steady market share of **11.5% in fiscal 2024**, though there has been a slight decline in share to **10.7%** by the end of **fiscal 2025**. The company has continued its momentum through regular product updates, expansion of its retail network, and ecosystem development.

Ola, a later entrant in **fiscal 2022**, rapidly scaled its operations and captured a leading position in the **E2W** market, holding a **35.1% share in fiscal 2024**. Although its market share dipped slightly to **34.1%** during **Apr-Dec fiscal 2025**, it still demonstrated growth compared to the previous year. The fast-paced expansion of Ola's **product portfolio** and **distribution network** was instrumental in its rise.

Legacy players like **TVS** and **Bajaj** have also made significant inroads in the EV space. **TVS** launched the **iQube** model in **fiscal 2020**, which helped it become the **second-largest contributor to E2W sales in fiscal 2024**. **Bajaj**, with the introduction of the **Chetak EV** in **fiscal 2019**, expanded its footprint rapidly and saw its market share grow from **10.4% in fiscal 2024** to **18.1% in Apr-Dec fiscal 2025**.

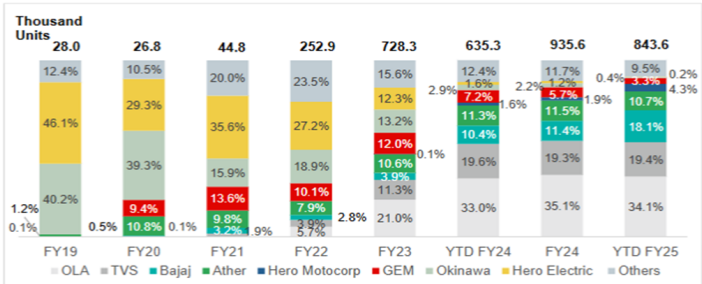
Ampere, which entered the E2W market in **fiscal 2020**, saw its market share peak at **12% in fiscal 2023** but faced challenges as the competition intensified. The company's share fell to **5.7% in fiscal 2024** and further reduced to **3.3% in Apr-Dec fiscal 2025**.

The entry of **HMCL** with its **VIDA** models in **fiscal 2023**, and **HMSI** with **Activa e** in **late November 2024**, is expected to fuel further growth in the E2W sector. As these legacy players continue to innovate, the market will see even more competition and diversification of offerings.

Hero Electric and **Okinawa**, once dominant players, have experienced a decline in market share due to increasing competition from newer entrants and legacy players entering the EV space.

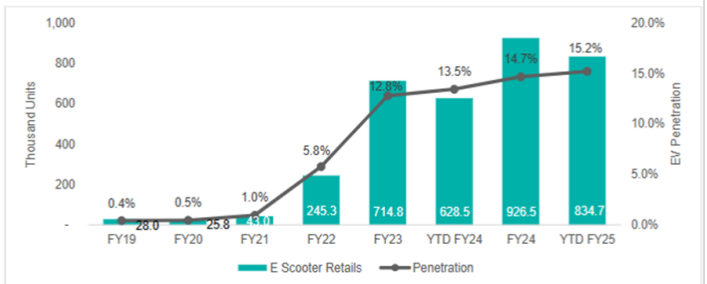
The E2W market is expected to continue growing, with **Ola**, **Ather**, **TVS**, and **Bajaj** leading the way in **fiscal 2025**, as the overall **electric vehicle** market continues to expand.

OEM wise contribution to E2W retails



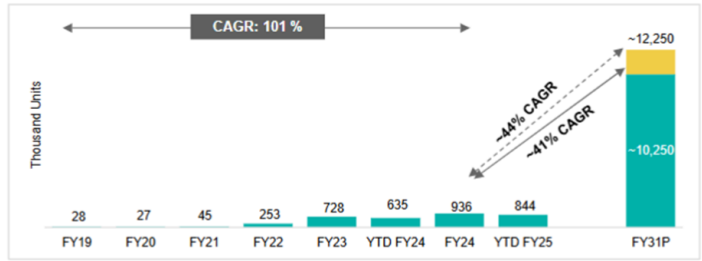
Note: YTD FY25: Apr – Dec 2024 and YTD FY24: Apr – Dec 2023

EV penetration within Scooter retails



Note: YTD FY25: Apr – Dec 2024 and YTD FY24: Apr-Dec 2023

E2W Retails and CAGR Outlook



Note: Only high-speed electric two-wheelers have been considered for the analysis, Dotted arrow showcasing the optimistic scenario
YTD FY25: Apr – Dec 2024 and YTD FY24: Apr – Dec 2023

Outlook for EV Penetration in 2W segment

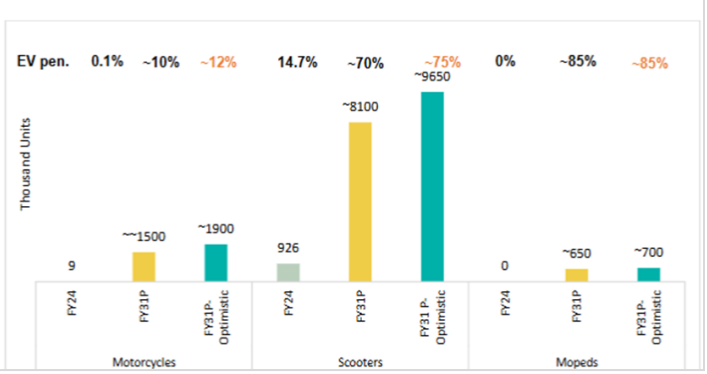
Note: Only high-speed electric two-wheelers have been considered for the analysis, Dotted arrow showcasing the optimistic scenario.

Investment Rationale:

Market Opportunity: India was the largest motorised 2W market by volume in the world in CY23. Total domestic sales in FY24 were 18.4 million units. In 9MFY25, the Indian 2W market recorded sales of 15.3 million units, positioning itself for sustained growth in FY25. This performance marks an 11% year-on-year increase compared to 9MFY24. The Indian 2W market is expected to grow at a CAGR of approximately 7% between FY24 and FY31, reaching a market size of 29 to 30 million in FY31.

Apart from domestic sales, Indian 2Ws are also exported. Exports accounted for approximately 17% of overall Indian 2W sales in 9MFY25. Indian OEMs exported 3.1 million and 3.5 million 2Ws in 9MFY25 and FY24 respectively, primarily to Africa, Asia, and North America.

Segment wise EV Outlook



IPO Note

India's middle class is expected to grow to a population of 715 million by FY31 from 432 million in FY21. India's per capita income is expected to grow at a 9.2% CAGR over CY24 to CY29. The growth in per capita income and discretionary spending is expected to drive increased demand for premium products and experiences.

There is a clear shift in consumer preference toward premium vehicles within the 2W industry. For instance, over the past five years, the share of motorcycles and scooters with an engine capacity of 125cc and above increased from approximately 38% and 20% in FY19 to approximately 52% and 47% in FY24, respectively. In 9MFY25, motorcycles and scooters with an engine capacity of 125cc and above accounted for approximately 53% and 48% of market share by volume, respectively. Younger buyer profiles, new vehicles with attractive features launched at competitive rates, and increasing financing support have accelerated this premiumisation trend.

An expanding E2W portfolio of technology-rich vehicles launched at competitive rates has driven consumer interest and accelerated the growth of E2Ws in India. E2Ws currently offer advanced technological features such as touchscreen displays, Bluetooth, and LTE connectivity. Additionally, E2Ws offer a lower total cost of ownership (TCO) compared to ICE vehicles. In FY25, the TCO of an E2W, including subsidies, was 52% lower than that of an ICE 2W for an annual running range of 8,000 km.

Assuming the current GST structure continues until FY32 and some subsidies remain in place, the acquisition cost (ex-showroom price) gap between an E2W and an ICE 2W is projected to shrink to approximately 5% by FY32.

In FY24, E2W penetration rose to 5.1%, and EV penetration in the scooter segment increased to 14.7%. In 9MFY25, EV penetration reached approximately 5.5% with EV volumes totaling 0.84 million units. During this period, the share of e-scooters increased to 15.2%. This led to a decrease in the market share of ICE scooters to 84.8% in 9MFY25 from 85.3% in FY24.

A reduction in the acquisition price gap, coupled with the wide range of technological features offered by E2Ws, is 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 FY31 and electric motorcycles to reach approximately 10% by the same year. The E2W segment is expected to grow at a CAGR of approximately 41% to 44%, reaching a market size of approximately 10.3 million to 12.3 million units by FY31. Such expansion will make it one of the fastest-growing segments in the Indian automotive industry.

Moreover, with 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 exports. This, together with the industry-wide trend of electrification, affords Indian E2Ws an opportunity to amass a larger share of the global 2W market. The global 2W market is expected to reach 80 to 82 million units by CY29.

The trends of electrification and premiumisation present significant domestic and international opportunities for E2W players. Quality, software capabilities, control over design of key components, unit economics, and supply chain resilience are key success factors in EVs. Ather's emphasis on all of the above, coupled with its focused product strategy, positions the company well to capture the opportunities presented by shifting consumer preferences and trends in electrification, both in India and globally.

Strategic expansion of product portfolio through multi-product technology platforms: Ather will continue expanding its product portfolio by launching E2Ws that cater to the broader 2W market as a compelling alternative to ICE vehicles. In FY24, 85.3% of the Indian scooter market was composed of ICE scooters, segmented as performance and convenience scooters. In 9MFY25, the market share of ICE scooters was 84.8%. Performance scooters accounted for approximately 19% of the ICE scooter market in 9MFY25, catering to customers seeking 2Ws that offer higher power and superior performance levels. Meanwhile, convenience scooters accounted for the remaining 81% of the ICE scooter market in 9MFY25, catering to customers seeking family-friendliness, comfort, and fuel efficiency.

The Ather 450 line of E2Ws caters to customers seeking a performance scooter. In 9MFY25 and FY24, Ather's products held a 10.7% and 11.5% share of the Indian E2W market, respectively. The Indian E2W market recorded sales of 0.94 million units in FY24. The introduction of the Ather Rizta marked the company's entry into the convenience scooter segment, enabling it to address a broader portion of the scooter market. The Ather Rizta is designed for families, featuring a large seat, up to 56 L of storage capacity with a joey pocket, and safety features such as disc brake, traction control, Emergency Stop Signal, and Fall Safe. Both models are built on the Ather 450 platform and utilise the company's proprietary software, the Atherstack.

The Ather Rizta line accounted for 52% of Ather's sales volume in 9MFY25, despite sales commencing only in May 2024. Consequently, the company's sales volume increased by 45% to 107,983 units in 9MFY25 from 74,333 units in 9MFY24. Ather plans to continuously enhance the Ather 450 and Ather Rizta lines by adding new features, performance upgrades, and software updates to meet the growing demand for E2Ws.

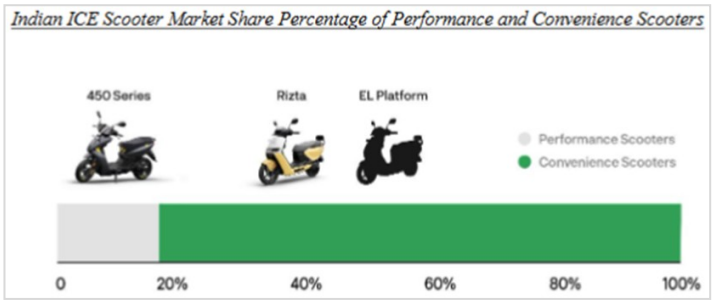
For example, in January 2025, Ather introduced updated versions of the Ather 450 series, featuring performance enhancements such as multi-mode traction control and an increase of up to 14% in range for the Ather 450X 2.9 kWh variant, along with two new colour variants across the Ather 450 series. These developments will help increase the attractiveness of Ather's E2W offerings and, therefore, increase sales volume, paving the way to future profitability.

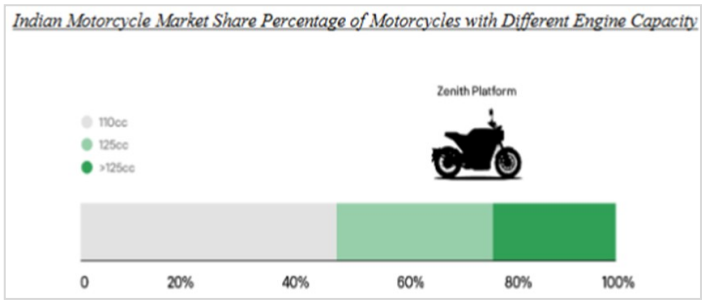
The company is currently developing two new E2W platforms: a new scooter platform (the EL platform) and a motorcycle platform (the Zenith platform). The EL platform, which is in an advanced stage of development, will serve as a more cost-effective and versatile platform for Ather's scooter lines. It will incorporate a new powertrain, electronics, and chassis platform, while utilising elements of the battery and Atherstack from the Ather 450 platform. The EL platform will allow Ather to develop a diverse range of scooter models tailored to various domestic and international market needs while reducing costs.
Additionally, Ather is developing the Zenith platform, which is designed to support new E2W models targeting the 125cc to 300cc motorcycle segments. Motorcycles accounted for 62% and 63% of the Indian 2W market in 9MFY25 and FY24, respectively. The motorcycle segment presents a significant opportunity for the company to expand its addressable market.

The company is also in the process of designing a new battery platform using lithium-iron phosphate (LFP) cathode chemistry to augment its existing battery platform. This new battery platform is expected to be compatible with some of Ather's existing products and leverage the price difference between LFP and nickel -based chemistries. The company is exploring the use of heavy rare earth-free and rare earth magnet-free motors to reduce dependence on rare earth metals while lowering costs.

Ather will continue to invest significant efforts in the expansion of its software capabilities and ecosystem products. The company will leverage its multidisciplinary R&D capabilities to expand the 'Ride Assist' features in the Atherstack, which is an Advanced Rider Assistance System to enhance rider safety, comfort, and overall user experience through the integration of sensors, communication systems, and artificial intelligence. Ather will continue upgrading its charging technology, expanding its accessories portfolio, and enhancing the Atherstack feature set. The company will also continue leveraging insights gained from usage patterns of customer cohorts to build new products that improve the user experience.

These new platforms and platform improvements will build on the strengths of Ather's existing technology while catering to the demand of the majority of the Indian 2W market.





Expand and deepen distribution network in India and beyond: Ather plans to continue leveraging its asset-light distribution model to quickly expand and deepen its distribution network while maintaining a focus on quality and customer satisfaction. The south zones accounted for approximately 33% of total E2W sales in India, while 48% of Ather's experience centres were located in the south zones, contributing to 61% and 68% of sales in 9MFY25 and FY24, respectively. This provides the company with a wide range of potential markets for further distribution network expansion.

With the launch of the Ather Rizta and entry into the convenience scooter segment, Ather is able to address a larger portion of the scooter market as it scales distribution. The company aims to partner with additional third-party retail partners to expand its network of experience centres and service centres within India—particularly in underpenetrated regions—to grow the customer base and drive sales in a cost-effective manner.

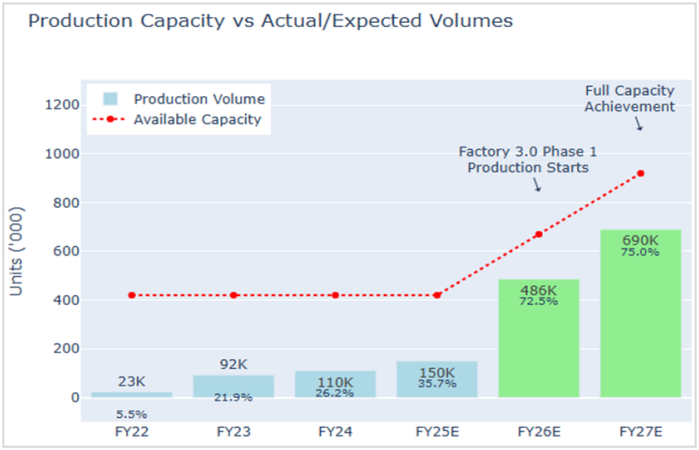
While the number of Ather's experience centres increased by 58% as of December 31, 2024, compared to December 31, 2023, the company plans to continue increasing market penetration by opening more experience and service centres in regions where it already has a presence. To ensure customers have easy access to service centres, Ather aims to achieve a ratio of service centres to experience centres greater than one. As of December 31, 2024, the ratio of service centres to experience centres was 0.9 in India, 0.8 in Nepal, and 0.1 in Sri Lanka, where operations commenced in November 2024.
As the distribution network grows, Ather plans to continue offering marketing support and training to sales agents and technicians at retail partners' experience centres and service centres to ensure consistent and high-quality customer service.

E2Ws designed and manufactured in India offer a higher number of features and comparable performance to most global peers. Over the coming years, Ather will seek opportunities to expand into international markets where it identifies high, untapped demand for its products. As of December 31, 2024, the company had five experience centres and four service centres in Nepal, and ten experience centres and one service centre in Sri Lanka, all operated by authorised distributors. Ather's technological advancements, coupled with a competitive cost structure, present an opportunity to capitalise on electrification trends in international markets.

Improving operational efficiency and manufacturing capabilities through the establishment of Factory 3.0.: E2W demand in India is projected to reach approximately 10.3 million to 12.3 million units by FY31. Based on this expected growth, Ather plans to scale up its production capacity through the establishment of Factory 3.0. The company plans to commence the first phase of construction for Factory 3.0 in May 2025, with production expected to begin in phases starting July 2026. The first phase of construction is expected to be completed by March 2027, following which Ather's total installed production capacity across existing manufacturing facilities is expected to increase to 0.92 million E2Ws per annum. Upon completion of both phases of construction, the total installed capacity from Factory 3.0 is expected to reach 1 million E2Ws annually.

Ather Manufacturing Capacity

Facility	Location	Product_Type	Current Capacity	Expansion Plan	Post Expansion Capacity	Timeline
Hosur Factory	Hosur, Tamil Nadu	E2W Assembly	420000	No Change	420000	Currently Operational
Hosur Factory	Hosur, Tamil Nadu	Battery Packs	379800	151320	531120	By Dec 2024
Factory 3.0 (Phase 1)	Chhatrapati Sambhajinagar, Maharashtra	E2W Assembly	0	500000	500000	Production by July 2026
Total E2W Capacity	-	E2W Assembly	420000	500000	920000	By March 2027



Currently, Ather's Hosur facility focuses on E2W assembly and battery pack manufacturing. At Factory 3.0, in addition to these existing processes, Ather plans to introduce backward integration of processes such as transmission assembly, electronics assembly, and painting. These new in-house capabilities are aimed at de-risking the supply chain and mitigating the impact of market fluctuations on operating costs. Ather also intends to introduce flexibility through a focused variant development strategy, allowing capacity to be retained for new technologies while maintaining a capital-efficient investment approach.

Factory 3.0 will also support manufacturing of Ather's new scooter and motorcycle platforms, with a similar phased expansion strategy to ensure efficient capital utilisation. By situating Factory 3.0 in a different region—Chhatrapati Sambhajinagar (formerly Aurangabad), Maharashtra—Ather aims to reduce the impact of potential regional disruptions due to geographical concentration. This expansion will help improve delivery timeframes and enhance operational efficiency. Additionally, Ather seeks to leverage the high EV penetration rate in Maharashtra and the region's strong automotive supplier base to further enhance product and service quality.

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Continued focus on unit economics: Ather's revenue from operations improved by 329% between FY22 and FY24, and by 28% between 9MFY25 and 9MFY24, as a result of its premium positioning across segments and an increase in the sales volume of E2Ws. The company has focused on improving gross margins through the reduction of the BOM cost of its E2Ws, enabled by continued investments in R&D capabilities and technologies. Ather remains focused on unit economics, quality, and user experience to further its aim of profitability.

For instance, the BOM cost of the Ather 450X (2.9 kWh) variant was reduced by 31% as of December 31, 2024, compared to its first production in FY21. Of this reduction, 18%, 6%, and 7% were attributable to the electronics, mechanicals, and battery components, respectively. Meanwhile, the BOM cost of the Ather 450X (Gen 3) (3.7 kWh) variant, launched in FY23, was reduced by 18% as of December 31, 2024.

Ather has also strategically increased the number of key components it designs in-house to improve cost structures. For example, in FY22, the company introduced the ADC, an in-house motor controller, which generated cost savings of 51% upon introduction and improved the feature set of its E2Ws. The in-house motor controller and software capabilities enabled the launch of features such as Smart Eco, AutoHold, and traction control.

In April 2024, Ather launched the Ather Rizta series, featuring an average BOM cost that is 7% lower than the Ather 450 series. The company also developed in-house capabilities to design synchronous belt drive systems, which reduced the cost of the transmission system by 16% upon introduction in FY24.

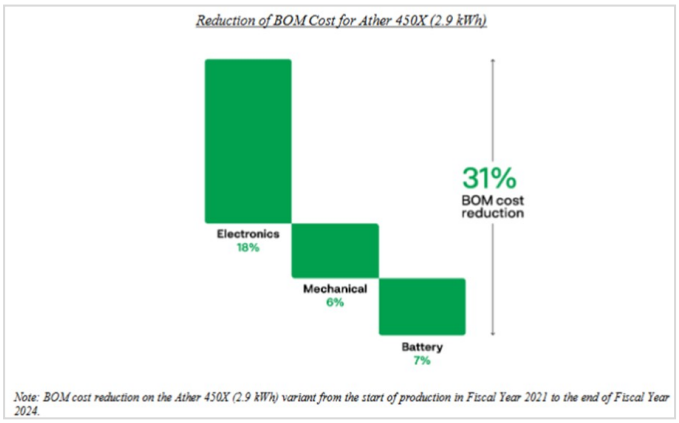
Ather's vertically integrated design approach enables partnerships with leading semiconductor chip manufacturers such as Qualcomm Technologies Inc., Analog Devices, Inc., and Microchip Technologies Incorporated, as well as lithium-ion cell manufacturers like LG Energy Solutions Limited and Amara Raja Advanced Cell Technologies Private Limited, to co-develop cost-effective solutions. The company continues to source components from a diverse supplier base to maintain competitive supply costs and improve unit economics.

During FY22 to FY24 and 9MFY25, a reduction in FAME subsidies led to a 77% decline in the subsidy amount availed per E2W. However, Ather's focus on unit economics allowed the company to become less reliant on government subsidies and maintain margins to support future profitability. Adjusted Gross Margin improved to 19% in 9MFY25 and 9% in FY24, up from 7% in FY22, despite the reduction in FAME subsidies to ₹9,643 and ₹24,955 in 9MFY25 and FY24, respectively, compared to ₹42,448 in FY22.

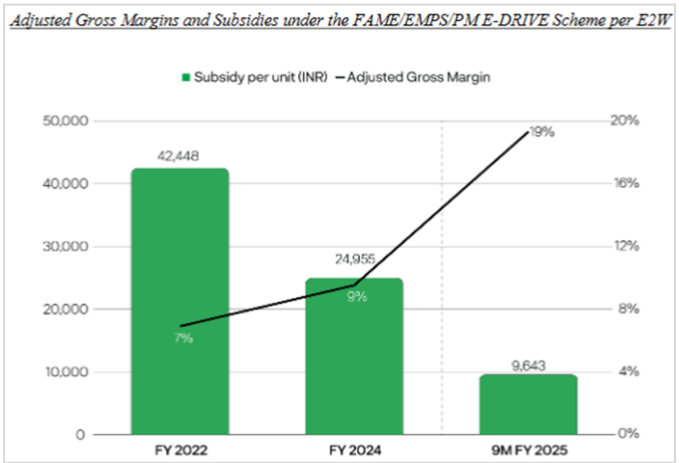
Ather's continuous improvement of its Ather 450 platform and investments in new technologies are expected to enhance BOM cost structures further. The upcoming scooter platform is designed to offer BOM cost benefits through a new chassis architecture, allowing multiple scooter variants to be built on a single platform. The new battery platform, based on LFP cathode chemistry, is expected to reduce material costs, as LFP battery cells had a 30% lower manufacturing cost in 2024 compared to NMC battery cells. Ather conducted production trials of its LFP-based battery packs in December 2024.

With the upcoming Factory 3.0, Ather will bring additional processes such as electronics assembly, painting, and transmission assembly in-house, enabling greater manufacturing efficiency and economies of scale. The company is also developing Grid 3.0, the next-generation fast charging system aimed at delivering higher power output and lowering the BOM cost of fast chargers.

Ather will continue its R&D initiatives to enhance product performance, reflected in 91 engineering changes implemented in FY24. This ongoing focus on improving unit economics, combined with a capital-efficient strategy, aligns with Ather's objective of achieving long-term profitability.



Note: BOM cost reduction on the Ather 450X (2.9 kWh) variant from the start of production in Fiscal Year 2021 to the end of Fiscal Year 2024.



Valuation and outlook: Ather Energy has demonstrated a strong scale-up in operations over the past few years, though profitability continues to be a key challenge. In 9MFY25, the company sold 108,000 vehicles, a 45% YoY increase from 74,000 units in 9MFY24, reflecting sustained demand in the electric E2W segment and a competitive product portfolio. FY24 volumes stood at 110,000 units, up 19% YoY, building on an exceptional FY23 where volumes surged 294% to 92,000 units from 23,000 units in FY22. Revenue from operations grew 28% YoY to ₹15,789 million in 9MFY25. However, FY24 revenues moderated slightly to ₹17,538 million, down 2% YoY, primarily due to a decline in average selling price (ASP) to ₹143,333 from ₹155,571 in FY23 and ₹158,192 in FY22. This ASP decline was driven by Ather's strategic entry into the family scooter segment, which, while impacting pricing, helped the company gain market share, particularly in North India—a region expected to play a crucial role in future growth. Despite topline growth, Ather remains loss-making, with net losses of ₹5,779 million in 9MFY25 and ₹10,597 million in FY24, attributable to high operational costs and continued investments in capacity expansion, R&D, and distribution. Nonetheless, operating metrics show early signs of improvement. EBITDA margins improved from -38% in FY23 to -36% in FY24 and further to -23% in 9MFY25, while adjusted gross margins expanded significantly to 19% in 9MFY25, up from 9% in both FY24 and 9MFY24, driven by better cost efficiencies and scale benefits. The company's revenue mix remains largely stable, with over 90% derived from vehicle sales. Market share in the E2W segment improved consistently, rising to 11.5% in FY24 from 10.6% in FY23 and 7.9% in FY22, underlining growing brand equity and customer acceptance. Additionally, the company has demonstrated effective working capital management, with negative working capital days improving to -48 in 9MFY25 from -21 in 9MFY24, indicating enhanced operating cycle efficiency. We recommend subscribe to the issue as a good long term investment, Ather Energy continues to deliver robust volume growth and margin improvement, positioning it well for long -term scalability, though a clear path to sustained profitability remains a critical area to watch. We recommend to subscribe to the issue as a high risk - high return long term investment, with the E2W industry in India poised for more than 100% cagr over the next 5-7 years and the enhanced addressable market beyond south India - which contributes to ~33% of all India 2W sales, coupled with stronger R&D capabilities and higher capacities post the issue.

IPO Note

Peer Comparison

Peers Financial Comparison Table (FY24)

Company	Closing Price as on 24-04-25	Revenue (Million)	EPS (Basic)	EPS (Diluted)	PE Ratio
Ather Energy	321	17538	-36.46	-28.45	-
Hero MotoCorp Limited	3723	377886	187	187	20
Bajaj Auto Limited	7879	448704	273	273	29
Ola Electric Mobility Limited	5350	50098	-4	-4	-
TVS Motors Limited	2420	391447	36	36	26
Eicher Motors Limited	8348	165358	146	146	57

Ather Energy

Metric	9MFY25	FY24	FY23	FY22
Vehicles Sold in 000	108	110	92	23
Growth YoY (%)	45	19	294	373
Revenue (Million)	15789	17538	17809	4089
Revenue Growth %	28	-2	336	412
GrossMargin%	19	9	11	7
EBITDA (Million)	-3700	-6494	-6867	-2550
EBITDA Margin%	-23	-36	-38	-62
Net Profit (Million)	-5779	-10597	-8645	-3441
Net Margin %	-36	-59	-48	-83
Working Capital Days	-48	-46	-21	-33
Revenue Mix Vehicles %	88	90	80	91
Revenue Mix Non Vehicles %	12	10	20	9
Revenue Per Unit	129001	143333	155571	158192
E2W Market Share %	10.7	11.5	10.6	7.9

Ola Electric Mobility Ltd.

Metric	9MFY25	FY24	FY23	FY22
Vehicles Sold in 000	308	330	156	21
Growth YoY (%)	43.74	111.54	642.86	-
Revenue (Million)	39030	50098	26309	3734
Revenue Growth %	14.39	90.42	604.54	43090
GrossMargin%	24.33	16.47	7.63	-5.4
EBITDA (Million)	-7430	-10341	-11007	-7176
EBITDA Margin%	-17.67	-19.72	-39.55	-157.27
Net Profit (Million)	-14060	-15844	-14721	-7841
Net Margin %	-33.44	-30.22	-52.9	-171.86
Working Capital Days	-	-22.99	-6.02	-19.88
Revenue Mix Vehicles %	-	91.89	87.55	85.07
Revenue Mix Non Vehicles %	-	8.11	12.45	14.93
Revenue Per Unit	126721	151812	168647	177810
E2W Market Share %	34.08	35.09	20.98	5.7

Bajaj

Metric	9MFY25	FY24	FY23	FY22
Vehicles Sold 2W in 000	3039	3728	3438	3837
Growth Total YoY %	8.09	10.91	-8.95	8.45
Growth 2W YoY %	8.1	8.43	-10.4	6.41
Revenue (Million)	383482	448704	364554	331447
Revenue Growth %	15.11	23.08	9.99	19.48
GrossMargin%	32.14	31.13	30.61	29.33
EBITDA (Million)	82767	104652	81673	71136
EBITDA Margin%	20.99	22.6	21.7	20.66
Net Profit (Million)	55229	77082	60602	61659
Net Margin %	14.01	16.65	16.1	17.91
Working Capital Days	-	-21.43	-18.28	-17.81
Revenue Per Unit 2W	126187	120360	106036	86382
E2W Market Share Percent	18.11	11.4	3.92	2.81

IPO Note

Peer Comparison

Hero

Metric	9MFY25	FY24	FY23	FY22
Vehicles Sold 2W in 000	4519	5621	5329	4944
Growth Total YoY %	6.86	5.48	7.79	-14.76
Growth 2W YoY %	309536	377886	341584	295513
Revenue (Million)	9.87	10.63	15.59	-4.55
Revenue Growth %	35.48	33.99	31.05	30.51
GrossMargin%	50428	60839	46659	38007
EBITDA (Million)	15.9	15.74	13.44	12.62
EBITDA Margin%	32071	37422	27999	23291
Net Profit (Million)	10.11	9.68	8.06	7.74
Net Margin %	-	-23.32	-18.71	-27.98
Working Capital Days	-	82.9	83.14	83.06
Revenue Per Unit 2W	-	17.1	16.86	16.94
E2W Market Share Percent	4.31	1.85	0.13	0

TVS

Metric	6MFY25	FY24	FY23	FY22
Vehicles Sold 2W in 000	3429	4045	3513	3138
Growth Total YoY %	12.75	13.82	11.24	8.42
Growth 2W YoY %	328432	391447	319740	243553
Revenue (Million)	12.85	22.43	31.28	25.41
Revenue Growth %	39.78	37.82	35.09	33.34
GrossMargin%	48524	56058	41647	27900
EBITDA (Million)	14.71	14.28	12.97	11.44
EBITDA Margin%	16823	17785	13095	7309
Net Profit (Million)	5.1	4.53	4.08	3
Net Margin %	-	-42.25	-40.29	-49.97
Working Capital Days	-	75.35	75.79	75.7
Revenue Per Unit 2W	-	24.65	24.21	24.3
E2W Market Share Percent	19.44	19.33	11.28	3.85

Eicher Motors

Metric	9MFY25	FY24	FY23	FY22
Vehicles Sold 2W in 000	3429	4045	3513	3138
Growth Total YoY %	12.75	13.82	11.24	8.42
Growth 2W YoY %	328432	391447	319740	243553
Revenue (Million)	12.85	22.43	31.28	25.41
Revenue Growth %	39.78	37.82	35.09	33.34
GrossMargin%	48524	56058	41647	27900
EBITDA (Million)	14.71	14.28	12.97	11.44
EBITDA Margin%	16823	17785	13095	7309
Net Profit (Million)	5.1	4.53	4.08	3
Net Margin %	-	-42.25	-40.29	-49.97
Working Capital Days	-	75.35	75.79	75.7
Revenue Per Unit 2W	-	24.65	24.21	24.3
E2W Market Share Percent	19.44	19.33	11.28	3.85

Ather Energy Limited

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IPO Note

Income Statement

Y/E (INR mn)	FY22	FY23	FY24	9MFY25
Revenue	4,089.00	17,809.00	17,538.00	15,789.00
Expenses:				
Raw Material	3683.00	16293.00	16071.00	13069
Employee Cost	1139.00	3348.00	3692.00	3033.00
Total Expenses	6,688.00	24,885.00	24,385.00	19,874.00
EBITDA	-2,599.00	-7,076.00	-6,847.00	-4,085.00
EBITDA Margin %	-63.56	-39.73	-39.04	-25.87
Interest	407.00	650.00	890.00	821.00
Depreciation	484.00	1128.00	1467.00	1258.00
Other Income	49.00	209.00	353.00	385.00
PBT	-3,441.00	-8,645.00	-10,597.00	-5,779.00
PAT	-3,441.00	-8,645.00	-10,597.00	-5,796.00
EPS	-11.84	-29.74	-36.46	-19.94

Balance Sheet

Y/E (INR mn)	FY22	FY23	FY24	9MFY25
Source of funds				
Equity Share Capital	7.00	6.00	8.00	8.00
Reserves	1885.00	5148.00	4234.00	1041.00
Total Share holders	2249.00	6137.00	5459.00	1080.00
Total Debt	2,984.00	4,852.00	3,149.00	11,216.00
Curent Liabilities	3,944.00	10,195.00	10,764.00	16,135.00
Trade Payables	1209.00	3837.00	4027.00	4121.00
Total Non-Current	1,993.00	3,436.00	2,912.00	4,505.00
Total Liabilities	8,186.00	19,768.00	19,135.00	21,720.00
Application of funds				
Fixed Assets	3347.00	5445.00	4589.00	4836.00
Cash and Bank	887.00	1762.00	4478.00	3472.00
Current Assets	2925.00	13083.00	12294.00	12670.00
Trade Recievables	10.00	12.00	16.00	103.00
Other current assets	461.00	3533.00	1008.00	2974.00
Total Assets	8,186.00	19,768.00	19,135.00	21,720.00

Cash Flow

Y/E (INR mn)	FY22	FY23	FY24	9MFY25
Profit Before Tax	-3441.00	-8645.00	-10597.00	-5,779.00
Adjustment	1449.00	3701.00	3559.00	8,796.00
Changes In working Capital	-285.00	-3755.00	4363.00	4,142.00
Cash Flow after changes in Working Capital	-2277.00	-8699.00	-2675.00	-4142
Tax Paid	-7.00	-14.00	-1.00	-12
Cash From Operating Activities	-2284.00	-8713.00	-2676.00	-7,171.00
Cash Flow from Investing Activities	-66.00	-1350.00	-2281.00	-3,102.00
Cash from Financing Activities	2307.00	13174.00	6332.00	8,059.00
Net Cash Inflow / Outflow	-43.00	3111.00	1375.00	2,214.00
Opening Cash & Cash Equivalents	53.00	574.00	3685.00	5,060.00
Closing Cash & Cash Equivalent	574.00	3685.00	5060.00	2,846.00

Key Ratios

Y/E (INR mln)	FY22	FY23	FY24
Growth Ratio			
Net Sales Growth(%)	412.41	335.96	-1.52
EBITDA Growth(%)	-49.47	-168.56	5.43
PAT Growth(%)	-47.49	-151.24	-22.58
Margin Ratios			
Gross Profit	6.14	10.42	6.96
EBITDA	-63.56	-39.73	-39.04
PBT	-84.15	-48.54	-60.42
PAT	-84.15	-48.54	-60.42
Return Ratios			
ROA	-44.12	-61.85	-54.48
ROE	-125.74	-245.73	-225.90
ROCE	-56.65	-98.56	-99.07
Turnover Ratios			
Asset Turnover(x)	0.52	1.27	1.09
Inventory Turnover(x)	6.97	11.20	9.38
Fixed Asset Turnover (x)	1.01	3.04	2.30
Solvency Ratios			
Total Debt/Equity(x)	1.58	0.94	0.74
Current Ratio(x)	0.74	1.28	1.14
Quick Ratio(x)	0.59	1.03	1.03
Interest Cover(x)	-7.45	-12.30	-7.69
Valuation Ratios			
P/E	-	-	-8.80
EV/EBITDA	-	-	-16.81

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