ATHER ENERGY LIMITED

April 28, 2025

SMC Ranking

★ ½ ☆ ☆ ☆ (1.5/5)

Issue Highlights

Industry	Electric two-wheeler
Offer for sale (Shares)	11,051,746
Fresh Issue (Shares)	81,806,853
Net Offer to the Public	**92,858,599**
Issue Size (Rs. Cr.)	2822-2981
Price Band (Rs.)	304-321
Employee Discount	30
Offer Date	28-Apr-25
Close Date	30-Apr-25
Face Value	₹1 per share
Lot Size	46

Issue Composition

	In shares
Total Issue for Sale	92,858,599
QIB	69,643,949
NIB	13,928,790
Retail	9,285,860

Shareholding Pattern (%)

Particulars	Pre-issue	Post -issue
Promoters & promoters group	54.61%	42.09%
QIB	45.39%	51.68%
NIB	0.00%	3.74%
Retail	0.00%	2.49%
Total	**100.00%**	**100.00%**

*calculated on the upper price band

Objects of the Issue

Capital expenditure to be incurred by the Company for establishment of an E2W factory in Maharashtra, India.

Repayment/ pre-payment, in full or part, of certain borrowings availed by the Company.

Investment in research and development.

Expenditure towards marketing initiatives.

General corporate purposes.

Book Running Lead Manager

- Axis Capital Limited
- HSBC Securities and Capital Markets (India) Private Limited
- JM Financial Limited
- Nomura Financial Advisory and Securities (India) Private Limited

Name of the registrar

- MUFG Intime India Private Limited (Formerly Link Intime India Private Limited)

About the company

Hero MotoCorp-backed Ather Energy was 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 operates as a vertically integrated EV manufacturer with a focus on product and technology development. The company sold 107,983 E2Ws and 109,577 E2Ws in the nine months ended December 31, 2024 and Fiscal Year 2024, respectively. As of December 31, 2024, it 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. The company's product ecosystem includes Ather Grid, a public fast-charging network for two-wheelers, and Atherstack, a proprietary software platform with 64 connected features as of July 2024. Manufacturing is carried out at the Hosur Factory in Tamil Nadu, which had an annual installed capacity of 420,000 electric vehicles and 379,800 battery packs as of March 2024. 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. Ather's strategy is built on four pillars: Vertically integrated design and engineering, A software-defined product ecosystem, Premium market positioning and Capital-efficient operations. As of March 31, 2024, Ather Energy employed 2,454 people, including 1,458 on-roll employees and 996 off-roll staff.

Strength

Ability to Pioneer New Technologies: Ather Energy has consistently led innovation in India's electric 2-wheeler (E2W) sector. It was the first to launch a high-speed E2W with the Ather 450 in 2018, offering features like touchscreen dashboard, 3G internet, OTA updates, and fast charging. Atherstack, its proprietary software platform, enables traction control, cloud integration, and ride analytics. The company also pioneered a fast-charging network (Ather Grid) and smart helmets. With significant R&D investments, Ather has built a strong team of 731 R&D professionals, comprising 46% of its workforce. As of February 2025, Ather holds 303 trademarks, 201 designs, and 45 patents. The company continues to drive innovation through its in-house R&D, enabling control over design and enhancing product offerings. Ather's technology-first approach has made it a frontrunner in India's E2W market, setting industry benchmarks in both performance and connectivity, while significantly contributing to the sector's electrification momentum.

Premium Market Positioning: Ather Energy's focus on quality and innovation allows it to command premium pricing in both performance and convenience scooter segments. As of December 2024, it had validated over 4,500 E2W components and built a software-driven ecosystem that enhances user experience. Features like Trip Planner and smart diagnostics improve usability, while its experience centers showcase design quality. Ather has streamlined its service operations, introducing ExpressCare for one-hour servicing and launching premium Ather Gold service centers. Despite higher pricing, sales grew significantly, reaching 107,983 units in the nine months ending December 2024, up from 74,333 the previous year. Ather was ranked 3rd and 4th largest E2W seller in India by sales in March and December 2024, respectively. With the launch of its more affordable Ather Rizta, priced ₹16,474 below the Ather 450 series, Ather aims to expand market reach while maintaining its focus on superior user experience and after-sales service quality.

Vertically Integrated Design and R&D: Ather Energy's vertically integrated model allows control over core components like software, motors, and chassis, accelerating innovation and quality control. In FY24 alone, it implemented 204 component upgrades and 91

engineering modifications, helping it adapt quickly to market shifts, including global chip shortages. This approach also helped reduce its BOM cost—for example, by 51% on motor controllers through in-house ADC designs. The Ather Rizta, launched in April 2024, had a 7% lower BOM than previous models. Ather partners with global leaders like Infineon, Qualcomm, and LG Energy, while focusing in-house resources on IP-sensitive parts. It also manufactures battery packs and assembles E2Ws on proprietary assembly lines. This hybrid manufacturing and sourcing strategy boosts supply chain resilience and cost efficiency. With a multidisciplinary R&D team, Ather delivers a connected, user-centric experience, while driving innovation through deep tech integration, showcasing its strength in developing sustainable and scalable EV solutions.

Software Ecosystem & Engagement: Ather Energy's proprietary Atherstack platform powers a software-defined ecosystem that enhances product functionality and customer engagement. Insights from its E2Ws, app, chargers, and smart accessories are processed through the Ather Data Platform, guiding product upgrades and new features. The Trip Planner feature predicts route viability based on user driving habits and suggests charging stops via Ather Grid. As of December 2024, 86% of customers subscribed to advanced Atherstack features, and the app had over 308,000 monthly active users. Regular OTA updates ensure E2Ws stay up-to-date with performance and usability improvements. Atherstack also enables predictive analytics and customer-level insights, which inform engineering and product decisions. This ecosystem, backed by high-margin software sales (EBITDA margins of 53–56%), creates a feedback loop that improves both product and profitability. The Atherstack's success illustrates how data-driven innovation can differentiate products and deepen user loyalty in the competitive EV space.

Scalable Technology Platform: Ather's modular technology platform—encompassing battery, powertrain, electronics, and Atherstack—enables faster development and launch of new models. As of December 2024, Ather 450-based scooters had clocked over 4.11 billion km. The platform's shared components, like chassis and battery systems, allow for rapid iteration while maintaining quality. For example, the Ather Rizta was developed within 13 months. Despite faster rollouts, Ather ensures durability and quality, as seen in battery health data showing 88% median SoH in 5–6-year-old scooters. This focus also reduced warranty costs. The platform's architecture supports cost-effective integration of new technologies and features, providing scalability and future readiness. Ather's ability to develop and deliver advanced products at speed positions it well for continued leadership in India's evolving EV market. Its approach balances innovation, speed, and reliability, enhancing competitiveness and customer satisfaction while expanding the brand's reach and technological edge.

Capital-Efficient & Flexible Operations: Ather Energy runs a capital-efficient model, focusing on design control and operational flexibility. It avoids heavy upfront investment by outsourcing component manufacturing—like chassis, BMS, and motor controllers—while focusing on IP-sensitive in-house development. Ather uses contract manufacturing for cost efficiency, reallocating resources to R&D and product expansion. Its working capital cycle is tight, with 48 and 46 days in the nine months ending December 2024 and FY24. Ather's facility in Hosur, Tamil Nadu, scaled from a 21,300-unit capacity in 2021 to 420,000 E2Ws and 379,800 battery packs annually by 2024. Its asset-light distribution model leverages partner-run experience centers, allowing for fast, low-cost retail expansion. The company also localizes its supply chain and staggers capital investment until a product's reliability is established. These strategies reduce overinvestment risk and enable Ather to remain nimble in a rapidly evolving market while maintaining a strong focus on innovation and growth.

Experienced Leadership and Governance: Ather Energy is led by co-founders Tarun Mehta and Swapnil Jain, supported by an experienced management team from sectors like engineering, software, and manufacturing. Their collective expertise has shaped Ather's strategic direction, helping it adapt quickly to market shifts and deliver innovative solutions. The company is backed by investors and board members from diverse fields, including automotive and fintech, who contribute financial support and governance oversight. Ather maintains strong corporate governance standards, ensuring accountability and transparency in operations. Its leadership fosters a culture of innovation, efficiency, and long-term vision, which is crucial in navigating the dynamic EV market. The governance framework also promotes agility and resilience, allowing Ather to pursue sustainable growth while upholding the interests of stakeholders. The blend of seasoned leadership and committed investors positions Ather Energy for continued success in India's competitive electric

mobility space.

Strategy

Product Portfolio Expansion through Platform Innovation : Ather Energy is expanding its product lineup to tap into the broader ICE-dominated 2W market, where scooters account for over 85% of volume. The Ather 450 line targets the performance segment, holding 11.5% market share in FY24, while the new Ather Rizta, launched in May 2024, entered the convenience segment and made up 52% of sales by December 2024. Built on the same 450 platform, the Rizta combines family-focused features like 56L storage and advanced safety tech. Sales grew 45% YoY to 107,983 units. In January 2025, upgraded 450 variants were launched with traction control and extended range. To broaden reach and cut costs, Ather is developing the EL (next-gen scooter) and Zenith (motorcycle) platforms. The EL will be modular and cost-effective, while the Zenith targets the high-volume 125–300cc motorcycle market. Ather is also developing LFP battery tech and rare-earth-free motors, enhancing sustainability and affordability.

Expanding and Deepening Distribution in India and Overseas : Ather Energy is scaling its distribution using an asset-light model, focusing on underserved regions. Despite 48% of its experience centres being in southern India, that region only contributes 33% to national E2W sales—highlighting major expansion potential. With the Ather Rizta's mass appeal, the company is widening its presence by partnering with third-party retailers to boost its reach and cost efficiency. Experience centres increased by 58% YoY in Dec 2024, and service centre ratios are being enhanced to >1 per experience centre to improve support. Internationally, Ather operates in Nepal and Sri Lanka through distributors and plans further expansion in untapped overseas markets. Technological superiority and local manufacturing advantages position Ather well for global adoption. To ensure service consistency, Ather supports partners with training and marketing while expanding its accessories and ecosystem offerings, including over-the-air updates, to reinforce brand loyalty and customer satisfaction.

Operational Efficiency through Factory 3.0 : To meet India's projected 10–12 million unit E2W demand by FY31, Ather Energy is building Factory 3.0 in Chhatrapati Sambhajinagar, Maharashtra. Phase 1 starts May 2025, with production set for July 2026 and full completion by March 2027, raising total capacity to 1 million units annually. Unlike Hosur, which handles E2W assembly and battery packs, Factory 3.0 will integrate key operations like transmission, electronics, and painting in-house—enhancing supply chain resilience and cost control. It will also manufacture upcoming scooter and motorcycle platforms. The location expands geographical diversity to reduce regional disruption risks and leverage Maharashtra's EV ecosystem and supplier base. Ather's capital-efficient, phased investment approach ensures capacity scalability and technology flexibility. Factory 3.0's backward integration strategy supports the company's focus on unit economics, enabling it to scale profitably while boosting product quality, delivery timelines, and operational resilience across markets.

Improving Unit Economics to Drive Profitability: Ather Energy improved revenues 329% from FY22 to FY24 and 28% YoY (Dec 2023–2024) by boosting volumes and reducing BOM costs. The Ather 450X (2.9 kWh) saw a 31% BOM cost drop, with 18% from electronics, 6% mechanical, and 7% battery. Similarly, the 3.7 kWh version cut costs by 18%. The Ather Rizta has 7% lower BOM than the 450. In-house innovations like its motor controller (51% cost savings) and synchronous belt drive (16% cost drop) enhance efficiency and control. Despite a 77% fall in per-E2W subsidies under FAME, Ather's adjusted gross margin rose to 19% in 9M FY24. LFP battery trials (30% cheaper than NMC cells) began in Dec 2024, and Grid 3.0—its new fast charger—is in development. The vertically integrated strategy, coupled with smart supplier partnerships and relentless R&D (91 engineering changes in FY24), underscores Ather's commitment to sustainable margins and long-term profitability.

Securing Cell Supply Chain through Strategic Partnerships: To ensure cost-effective and reliable cell supply, Ather Energy has forged key partnerships. It signed MOUs with LG Energy Solution (Feb 2023) and Amara Raja Advanced Cell Technologies (Aug 2024) to co-develop lithium-ion cells suited to its E2Ws. These collaborations allow Ather to guide product design using internal usage data, ensuring optimized cell performance and cost. Outsourcing aligns with its capital-

efficient strategy, avoiding the $60M–$100M/GWh investment needed for in-house production. Battery pack prices are projected to fall from $115/kWh (2024) to $80/kWh by 2030, enhancing affordability. This outsourcing model also provides flexibility to adopt new chemistries like LFP and evolve battery form factors across products. As cell technologies advance and economies of scale improve, Ather's supply chain strategy ensures it stays competitive, adaptable, and focused on delivering high-performance, value-driven electric vehicles without overextending capital.

Risk factor

- Apart from in-house battery production, Ather Energy relies on external suppliers for all other components required to assemble its electric two-wheelers (E2Ws). A loss of key suppliers or their failure to deliver could disrupt operations.
- Disruptions in the availability, pricing, or quality of lithium-ion cells could significantly harm Ather Energy's business operations.
- Ather Energy imports certain components, notably from China, and potential disruptions due to changes in regulations, economic conditions, or trade tensions could impact the supply chain.
- With sales predominantly concentrated in South India, Ather Energy faces heightened risks from natural disasters, regional unrest, or regulatory changes in the region.
- Operating in the competitive Indian automobile market, Ather Energy could face downward pricing pressure, potentially forcing them to reduce the prices of their electric two-wheelers. This would reduce profit margins, adversely affecting their financial performance and business outlook.

Peer comparison

Co_Name	Total Income	PAT	EPS	P/E	P/BV	BV	FV	Price	Mcap
Eicher Motors	17561.18	4442.74	162.05	34.86	8.16	692.27	1.00	5649.45	154887.63
Hero Motocorp	40570.29	4152.16	207.60	19.05	4.16	950.47	2.00	3954.10	79086.28
TVS Motor Co.	42885.64	1974.38	41.56	66.84	17.01	163.32	1.00	2778.05	131981.58
Bajaj Auto	48312.26	7534.31	269.80	30.39	7.39	1109.33	10.00	8200.30	228999.62
Ola Electric	5501.00	-1822.00	0.00	0.00	3.52	14.90	10.00	52.42	23121.57
Ather Energy Limited	1789.10	-1059.70	0.00	0.00	4.37	73.41	10.00	321.00	11955.66

***Peer companies financials are TTM based**
*****Ather Energy Limited is based on FY24**

Valuation

The company is loss making , at the higher band of Rs. 321, we are considering the P/B ratio, pre issue, book value of Rs. 3.72 of P/Bvx 86.39x. Post issue, book value of Rs. 73.41 of P/Bvx 4.37x.

At the lower band of Rs. 304 , we are considering the P/B ratio, pre issue, book value of Rs. 3.72 of P/Bvx 81.81x. Post issue, book value of Rs. 73.41 of P/Bvx 4.14x.

Industry Outlook

According to the CRISIL Report, India is the largest global motorised 2W market by volume with 18.4 million units sold in Fiscal Year 2024, of which 16% were exports. In the nine months ended December 31, 2024, exports accounted for 17% of the overall 2W sales in India. There is increasing preference for premium vehicles within the 2W industry, with a growth in market share of motorcycles and scooters with an engine capacity of 125 cc and beyond between Fiscal Years 2019 and 2024. The launch of EVs at competitive prices with advanced features is accelerating E2W growth, which is expected to reach ~10.3 – ~12.3 million units by Fiscal Year 2031. The sharp increase in EV launches, favourable government support, continuation of incentives and benefits, faster momentum in infrastructure development, further lowering of battery prices and improving local value chain is expected to enable a faster shift towards electrifications. Such electrification and premiumisation trends present a large domestic and international opportunity for E2W players.

Outlook

The company is a pure play EV company selling E2W, batteries and other related products. The company is expanding its capacity with a new unit at Maharashtra. The company enjoys strong parentage and is the main attraction. It's a pure long-term story, hence well informed/cash surplus investors may park moderate funds.

An Indicative timetable in respect of the Issue is set out below:

EVENT	INDICATIVE DATE (On or about)
BID/ISSUE OPENS ON	28-April-25
BID/ISSUE CLOSES ON	30-April-25
Finalisation of Basis of Allotment with the Designated Stock Exchange	02-May-25
Initiation of refunds (if any, for Anchor Investors)/unblocking of funds from ASBA Account	05-May-25
Credit of Equity Shares to Demat Accounts of Allottees	05-May-25
Commencement of trading of the Equity Shares on the Stock Exchanges	06-May-25

Annexure

Consolidated Financials

Profit & Loss

Rs. in Cr.

Particulars	Period ended 31-Dec-24 (9 Months)	Period ended 31-Mar-24 (12 Months)	Period ended 31-Mar-23 (12 Months)
Revenue from operations	1578.90	1753.80	1780.90
Total expenditure	1987.40	2438.50	2488.50
Operating Profit	**-408.50**	**-684.70**	**-707.60**
OPM%	-25.87	-39.04	-39.73
Other Income	38.50	35.30	20.90
Total Net Income	**-370.00**	**-649.40**	**-686.70**
Interest	82.10	89.00	65.00
PBDT	**-452.10**	**-738.40**	**-751.70**
Depreciation	125.80	146.70	112.80
Loss before tax	**-577.90**	**-885.10**	**-864.50**
Exceptional items	**0.00**	**174.60**	**0.00**
Restated loss before tax	**-577.90**	**-1059.70**	**-864.50**
Tax	0.00	0.00	0.00
Profit & Loss	**-577.90**	**-1059.70**	**-864.50**

Balance sheet is on next page

Balance Sheet

Rs. in Cr.

Particulars	As on 31-Dec-24	As on 31-Mar-24	As on 31-Mar-23
Non-current assets			
Property, plant and equipment	244.50	187.10	181.80
Right of use assets	239.10	148.90	184.40
Capital work-in-progress	3.40	0.00	0.90
Intangible assets	124.20	122.90	178.30
Intangible assets under development	83.50	70.60	36.50
Financial Assets	0.00	0.00	0.00
Other financial assets	36.50	15.30	17.70
Other non-current assets	173.80	139.30	68.90
Total non-current assets	**905.00**	**684.10**	**668.50**
Current asset			
Inventories	222.70	116.70	257.40
Financial Assets			
Investments	238.40	292.20	285.90
Trade Receivables	10.30	1.60	1.20
Cash and Cash Equivalents	46.90	227.90	82.60
Other balances with banks	300.30	219.90	93.60
Loans	0.10	0.20	0.00
Other financial assets	147.30	117.00	372.10
Current tax asset	3.60	2.40	2.30
Other current assets	297.40	251.50	213.20
Total current assets	**1267.00**	**1229.40**	**1308.30**
Total Assets	**2172.00**	**1913.50**	**1976.80**
Non-current liabilities			
Financial liabilities			
Borrowings	160.20	30.90	120.50
Lease liabilities	139.30	141.90	168.60
Other financial liabilities	11.50	10.30	5.90
Provisions	71.40	70.20	48.60
Other non-current liabilities	68.10	37.90	0.00
Total Non- Financial liabilities	450.50	291.20	343.60
Current liabilities			
Financial Liabilities			
Borrowings	961.40	284.00	364.70
Lease Liability	23.70	20.90	17.80
Trade payables- Total outstanding	26.70	18.50	23.80
dues of micro and small enterprises			
Trade payables-Total outstanding	385.40	384.20	359.90
dues of creditors other than micro			
and small enterprises			
Other financial liabilities	42.20	134.80	138.30
Other current liabilities	61.30	153.30	56.30
Provisions	112.80	80.70	58.70
Total Financial liabilities	**1613.50**	**1076.40**	**1019.50**
Total	**2064.00**	**1367.60**	**1363.10**
Net worth represented by:			
Equity share capital	3.10	0.00	0.00
Instruments entirely equity in nature	0.80	0.80	0.60
Other equity	104.10	545.10	613.10
Net Worth	**108.00**	**545.90**	**613.70**

RANKING METHODOLOGY

WEAK	★
NEUTRAL	★★
FAIR	★★★
GOOD	★★★★
EXCELLENT	★★★★★

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