

ATHER ENERGY

VISIT NOTE

KEY DATA

Rating UNLISTED

Issue summary

Issue Opens	Apr 28, 2025
Issue Closes	Apr 30, 2025
Price band (INR per share)	304 - 321
Bid Lot	46 shares
Face Value (INR)	1.0
Pre Issue Shares o/s (mn)	290.6
Offer for Sale (No of sh. mn)	11.1
Fresh Issue (No of sh. mn)	81.8
Post Issue shares o/s (mn)	372.5
Issue Size (INR bn)	28.2 - 29.8
Market cap (INR bn)	113.2 - 119.6

Issue break-up

QIB	75%
NII	15%
Retail	10%

Promoter holding

Pre issue	52.67%
Post issue	42.09%

FINANCIALS

(INR mn)

Year to March	FY22	FY23	FY24	9MFY25
Revenue	4,089	17,809	17,538	15,789
EBITDA	(2,599)	(7,076)	(6,847)	(4,085)
Adjusted profit	(3,441)	(8,645)	(8,851)	(5,779)
Diluted EPS (INR)	(27.0)	(48.0)	(39.3)	(23.0)

Beneficiary of mega EV trend

We met with CEO Mr Tarun Mehta, CTO Mr Swapnil Jain and CFO Mr Sohil Parekh of Ather Energy. Highlights: i) Focusing on two new platforms—*EL* (scooter platform) and *Zenith* (motorcycle platform), which will expand its addressable market. ii) Network expansion to continue, particularly in non-South regions. In 9MFY25, the South region formed 61% of its sales. iii) Capacity is being added through the Maharashtra plant—0.5mn units in Phase 1 would be eventually expanded to 1mn units. iv) IPO fresh issue of INR26.3bn to go towards capacity addition, R&D, marketing efforts and debt repayment.

Ather reported 9MFY25 revenue of INR15.8bn, with an annualised FY25 valuation of 6x P/S at the top end of IPO valuation of INR 119.6bn.

New platform for electric scooters and motorcycles

Ather is developing two new E-2W platforms: *EL* for scooters and *Zenith* for motorcycles. The *EL* platform is at an advanced stage of development and set to offer a cost-effective and versatile solution for the scooter line-up. It will feature a new powertrain, electronics and chassis while incorporating components from the *Ather 450* platform, including the battery and Atherstack. Additionally, the *Zenith* platform is being developed to support a new series of E-2W models aimed at the 125cc to 300cc motorcycle segments.

Cost reduction initiatives underway

The company has made significant strides in cost reduction. Gross margin increased from 7% in FY24 to 17% in 9MFY25, driven by a 31% cut in the BOM cost for the Ather 450X (2.9 kWh) model. This was achieved through strategic investments in R&D, with BOM cost reductions coming from electronics (18%), mechanical components (6%), and battery parts (7%). Warranty costs per unit were reduced YoY by 29% in FY23, 37% in FY24 and 32% in 9MFY25, reflecting improved product reliability from extensive testing and quality control.

Capacity expansion to 1.42mn E-2Ws

Ather currently operates two plants in Hosur (Karnataka) with an annual capacity of 420,000 units for E-2W assembly and 379,800 units for battery pack manufacturing. As on 9MFY25, capacity utilisation stood at 39% for E-2W assembly and 41% for battery pack production. To support future growth, Ather is developing a new manufacturing facility in Chhatrapati Sambhajnagar (Maharashtra) with an eventual annual production capacity of 1mn units. Phase 1 of this plant, with capacity of 0.5mn units, is scheduled for completion by Mar-27. Once fully operational, Ather's total production capacity will touch 1.42mn units.

IPO valuation at INR119.6bn

The issue size amounts to INR29.8bn, with a mix of fresh issue (INR26.3bn) and OFS (INR3.5bn). Fresh issue proceeds to be utilised as follows: INR9.7bn towards the new plant, INR7.5bn for R&D, INR3bn for marketing and INR400mn for debt repayment.

Financial Statements

Income Statement (INR mn)

Year to March	FY22	FY23	FY24	9MFY25
Total operating income	4,089	17,809	17,538	15,789
Gross profit	251	1,855	1,220	2,660
Employee costs	1,139	3,348	3,692	3,033
Other expenses	1,711	5,583	4,375	3,712
EBITDA	(2,599)	(7,076)	(6,847)	(4,085)
Depreciation	484	1,128	1,467	1,258
Less: Interest expense	407	650	890	821
Add: Other income	49	209	353	385
Profit before tax	(3,441)	(8,645)	(8,851)	(5,779)
Prov for tax	-	-	-	-
Less: Other adj				
Reported profit	(3,441)	(8,645)	(10,597)	(5,779)
Less: Excp.item (net)	-	-	1,746	-
Adjusted profit	(3,441)	(8,645)	(8,851)	(5,779)
Diluted shares o/s	127	180	225	251
Adjusted diluted EPS	(27.0)	(48.0)	(39.3)	(23.0)
DPS (INR)	-	-	-	-
Tax rate (%)	-	-	-	-

Important Ratios (%)

Year to March	FY22	FY23	FY24	9MFY25
Gross profit margin (%)	6.1	10.4	7.0	16.8
Staff cost % sales	27.9	18.8	21.1	19.2
Other expenses % sales	41.8	31.3	24.9	23.5
EBITDA margin (%)	(63.6)	(39.7)	(39.0)	(25.9)
Net profit margin (%)	(84.2)	(48.5)	(50.5)	(36.6)
Revenue growth (% YoY)	412.4	335.5	(1.5)	20.0
EBITDA growth (% YoY)	nm	nm	nm	nm
Adj. profit growth (% YoY)	nm	nm	nm	nm

Valuation Metrics

Year to March	FY22	FY23	FY24	9MFY25
Diluted P/E (x)	nm	nm	nm	nm
Price/BV (x)	18.2	9.4	13.3	74.7
EV/EBITDA (x)	nm	nm	nm	nm
Dividend yield (%)	-	-	-	-

Source: Company

Balance Sheet (INR mn)

Year to March	FY22	FY23	FY24	9MFY25
Share capital	7	6	8	39
Reserves	2,242	6,131	5,451	1,041
Shareholders funds	2,249	6,137	5,459	1,080
Minority interest	-	-	-	-
Borrowings	2,984	4,852	3,149	11,216
Trade payables	1,209	3,837	4,027	4,121
Other liabs & prov	1,744	4,942	6,500	5,303
Total liabilities	8,186	19,768	19,135	21,720
Net block	3,347	5,445	4,589	6,078
Intangible assets				
Capital WIP	927	374	706	869
Total fixed assets	4,274	5,819	5,295	6,947
Non current inv	-	-	-	-
Cash/cash equivalent	887	1,762	4,478	3,472
Sundry debtors	10	12	16	103
Loans & advances	1,574	3,208	3,986	4,566
Other assets	1,441	8,967	5,360	6,632
Total assets	8,186	19,768	19,135	21,720

Free Cash Flow (INR mn)

Year to March	FY22	FY23	FY24	9MFY25
Reported profit	(3,441)	(8,645)	(10,597)	(5,779)
Add: Depreciation	484	1,128	1,467	1,258
Interest (net of tax)	385	568	694	696
Others	573	1,991	1,397	796
Less: Changes in WC	(285)	(3,755)	4,363	(4,142)
Operating cash flow	(2,284)	(8,713)	(2,676)	(7,171)
Less: Capex	(722)	(1,298)	(1,156)	(2,635)
Free cash flow	(3,006)	(10,011)	(3,832)	(9,806)

Key Ratios

Year to March	FY22	FY23	FY24	9MFY25
RoE (%)	nm	nm	nm	nm
RoCE (%)	nm	nm	nm	nm
Inventory days	54	53	24	51
Receivable days	1	0	0	2
Payable days	108	79	84	95
Working cap (% sales)	(21.9)	4.7	(24.3)	(9.8)
Gross debt/equity (x)	1.3	0.8	0.6	10.4
Net debt/equity (x)	0.9	0.5	(0.2)	7.2
Interest coverage (x)	nm	nm	nm	nm

Valuation Drivers

Year to March	FY22	FY23	FY24	9MFY25
EPS growth (%)	nm	nm	nm	nm
RoE (%)	nm	nm	nm	nm
EBITDA growth (%)	nm	nm	nm	nm
Payout ratio (%)	-	-	-	-

Company Description




Ather Energy is a pioneer in the Indian E-2W market. The company's product portfolio includes the Ather 450 and the Ather Rizta. Ather sold 107,983 E-2Ws in 9MFY25 and 109,577 E-2Ws in FY24, ranking third and fourth by volume over these periods.

As a pure-play EV company, Ather designs its products ground-up in India, maintaining strong control over innovation and quality. Battery packs are manufactured in-house while portable chargers and motors are produced by suppliers. Other key E-2W components—such as motor controllers, transmissions, vehicle control units, dashboards, DC-DC converters, harnesses and chassis—are designed in-house and outsourced for manufacturing. Further, Ather has developed the Atherstack software platform in-house, powering its connected and intelligent E-2W offerings.

Ather follows an asset-light distribution model through a network of experience centres and service centres operated by third-party retail partners in India, and authorized distributors in Nepal and Sri Lanka. It operates 260+ dealer touchpoints across India.

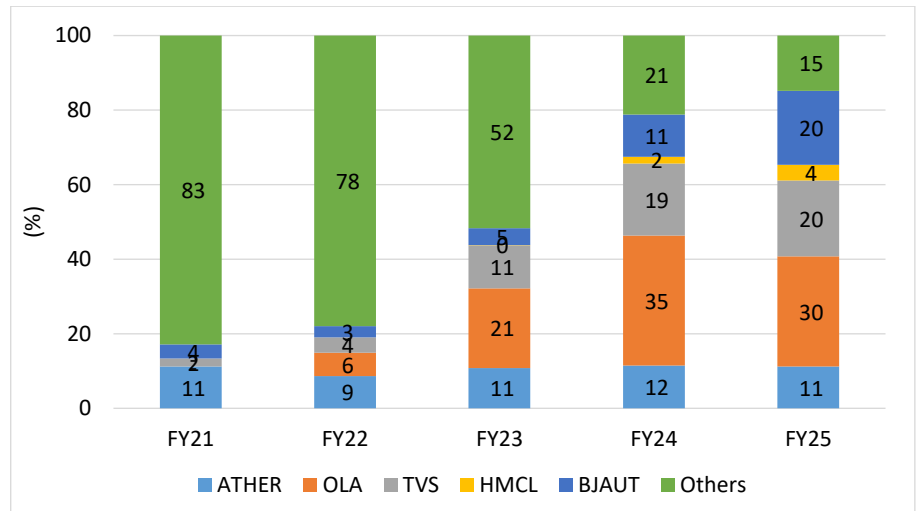
Ather’s key strengths include: i) ability to pioneer new technologies; ii) vertically integrated approach to product design with strong in-house R&D capabilities; iii) software defined ecosystem that drives high customer engagement and drives margins; and iv) established and scalable technology platform enabling accelerated product launches.

Exhibit 1: Current product line-up caters to performance as well as convenience

	Performance				Convenience		
							
	450S	450X (2.9 kWh)	450X (3.7 kWh)	450 APEX	RIZTA ^B	RIZTA ^B (2.9 kWh)	RIZTA ^B (3.7 kWh)
0-40 km/h	3.9s	3.3s	3.3s	2.9s	4.7s	4.7s	4.7s
Top Speed	90 km/h	90 km/h	90 km/h	100 km/h	80 km/h	80 km/h	80 km/h
Range	122 km	126 km	161 km	157 km	123 km	123 km	159 km

Source: Company, Nuvama Research

Exhibit 2: Ather's retail market share largely consistent – ~11% in FY25



Source: Vahan, Nuvama Research

Exhibit 3: Common size P&L statement

Company	Ather Energy				OLA Electric			
Particulars	FY22	FY23	FY24	9MFY25	FY22	FY23	FY24	9MFY25
Revenue	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
COGS	93.9%	89.6%	93.0%	83.2%	128.8%	97.7%	87.4%	81.5%
Gross Profit	6.1%	10.4%	7.0%	16.8%	(28.8%)	2.3%	12.6%	18.5%
Employee Cost	27.9%	18.8%	21.1%	19.2%	75.6%	16.2%	8.8%	9.3%
Other Expenses	41.8%	31.3%	24.9%	23.5%	109.9%	33.7%	29.1%	35.9%
EBITDA	(63.6%)	(39.7%)	(39.0%)	(25.9%)	(214.3%)	(47.6%)	(25.3%)	(26.7%)
Depreciation	11.8%	6.3%	8.4%	8.0%	13.1%	6.4%	7.1%	10.1%
EBIT	(75.4%)	(46.1%)	(47.4%)	(33.8%)	(227.5%)	(54.0%)	(32.4%)	(36.9%)
Interest	10.0%	3.6%	5.1%	5.2%	4.7%	4.1%	3.7%	6.3%
Other Income	1.2%	1.2%	2.0%	2.4%	22.2%	5.8%	4.7%	7.7%
PBT	(84.2%)	(48.5%)	(50.5%)	(36.6%)	(210.0%)	(52.3%)	(31.5%)	(35.4%)
Tax	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Adj. PAT	(84.2%)	(48.5%)	(50.5%)	(36.6%)	(210.0%)	(52.3%)	(31.5%)	(35.4%)

Source: Company, Nuvama Research

Exhibit 4: Key operating metrics of Ather and OLA — How they stack up

Company	Ather Energy				OLA Electric			
Particulars	FY22	FY23	FY24	9MFY25	FY22	FY23	FY24	9MFY25
Volumes	23,402	92,093	109,577	107,983	20,948	156,171	329,618	307,846
ASP/unit	158,234	155,571	144,364	129,743	151,675	147,466	139,664	126,784
Gross Profit/unit	10,726	20,143	11,134	24,634	(51,307)	3,875	19,122	23,453
Employee cost/unit	48,671	36,355	33,693	28,088	134,848	27,324	13,314	11,824
EBITDA/unit	(111,059)	(76,835)	(62,486)	(37,830)	(382,084)	(80,197)	(38,456)	(33,913)
EBIT/unit	(131,741)	(89,084)	(75,874)	(49,480)	(405,465)	(90,895)	(49,306)	(46,777)
Adj. PAT/unit	(147,039)	(93,872)	(80,774)	(53,518)	(374,332)	(88,087)	(47,884)	(44,925)

Source: Company, Nuvama Research

Management meet: Key takeaways

- **Growth strategies:** Ather is focused on developing two new E-2W platforms—*EL* for scooters and *Zenith* for motorcycles—to expand its product portfolio. The company is also leveraging its LFP battery platform for performance optimisation. The company aims to strengthen its geographic footprint by expanding into North, West, and East regions while deepening its presence in South, wherein it already holds a strong position.
- **Gross margin** improved from 7% in FY24 to 17% in 9MFY25. The improvement was driven by a reduction in BOM cost through investments in R&D capabilities. BOM cost of the Ather 450X (2.9 kWh) variant has been lowered by 31%. Of this 31% reduction in total BOM cost, 18pp, 6pp and 7pp of reductions are attributable to the reductions in the BOM costs of electronics, mechanicals and battery components, respectively. The company has increased the number of key components designed in-house to improve cost structures.
- **Market share and touchpoints:** As of FY25, Ather commands a market share of 11% in the E-2W space. It operates 260+ dealer touchpoints across India, compared to 700+ for leading competitors, indicating ample room for network expansion.
- **Product reliability and warranty:** Ather has significantly improved product reliability, leading to a YoY reduction in warranty cost per unit by 29% in FY23, 37% in FY24 and 32% in 9MFY25. This is supported by rigorous testing protocols, including 270+ tests on battery packs and over 4,500 tests across E-2W components. The median battery health remains at 88% even after 5–6 years of usage. Ather also offers an extended battery warranty of 8 years or 80,000km.
- **Charging infrastructure:** The company has developed a robust charging network, installing over 2,600 DC fast chargers across 300+ cities, enabling charging at a rate of 15km per 10 minutes for a fee of INR1 per minute. An additional 650+ AC chargers further supplement this infrastructure.
- **Atherstack – Proprietary software ecosystem:** Ather's software suite, Atherstack, is actively used by 86% of its E-2W customers. It contributes 6% to overall revenue and delivers a strong EBITDA margin of 53%, positioning it as a high-margin revenue stream and a key differentiator in the market.
- **Supply chain:** To ensure a steady and cost-efficient supply of battery cells, Ather has signed MoUs with LG Energy Solution and Amara Raja Batteries. The company does not intend to venture into cell manufacturing, choosing instead to focus on capital efficiency and external sourcing.
- **Hosur plant:** Ather currently operates two plants in Hosur (Karnataka) with annual capacity of 420,000 units for E-2W assembly and 379,800 units for battery pack manufacturing. In 9MFY25, capacity utilisation was 39% w.r.t. E-2W assembly and 41% for battery pack manufacturing lines.
- **Chhatrapati Sambhajnagar plant:** Plans afoot to construct Factory 3.0 at Chhatrapati Sambhajnagar (formerly Aurangabad), Maharashtra, with total annual production capacity of 1mn E-2Ws. This first phase is scheduled for completion by Mar-27E with production capacity of 0.5mn units per year. Total annual production capacity once this plant is fully operational would be 1.42mn units.

- **R&D** team makes up 46% of total employees, showcasing strong commitment to technological advancements. R&D has been instrumental in BOM cost reduction, product innovation and enhancement of software ecosystem.
- **Utilisation of IPO proceeds:** Ather is raising INR26.3bn from a fresh issue in its IPO. Of this, INR9.7bn will be expended on capex in Maharashtra, INR400mn shall be utilised for repayment of borrowings, INR7.5bn would go towards R&D and INR3bn would be ploughed in marketing.

Additional Data

Management

CEO	Tarun Mehta
CTO	Swapnil Jain
CFO	Sohil Parekh
CBO	Ravneet Singh Phokela
Auditor	Deloitte Haskins & Sells

Recent Company Research

Date	Title	Price	Reco

Holdings – Top 10*

	% Holding		% Holding
Caladium Inv.	15.43	Kamath Associates	2.28
India-Japan Fund	7.45	3State Ventures Pte.	0.95
National Inv & Infra	6.77	IITM Incubation Cell	0.46
Internet Fund III Pte.	6.56		
NKSquared	2.28		

*Latest public data

Recent Sector Research

Date	Name of Co./Sector	Title
04-Apr-25	Automobiles	Tractor and 2W firms to outpace others; <i>Sector Update</i>
26-Mar-25	Automobiles	Positive year-end for tractors, 2Ws, PV; <i>Sector Update</i>
25-Mar-25	Automobiles	Global outlook 2025: A mixed bag; <i>Sector Update</i>

Rating Rationale & Distribution: Nuvama Research

Rating	Expected absolute returns over 12 months	Rating Distribution
Buy	15%	210
Hold	<15% and >-5%	59
Reduce	<-5%	35

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