

ATHER ENERGY LTD

28-04-2025 TO 30-04-2025

Recommendation: Subscribe for long term

Price Band: ₹ 304 – 321

Industry: Electric Vehicles

Post Implied Market Cap: ₹ 11,788 – 12,300 Cr

Key Data

Issue Size (₹ Cr)	2,962 – 2,981
Fresh (₹)	2,626
OFS (₹)	355
No. of shares offered	8,18,16,199
Face Value (₹ /share)	1
Bid Lot	46

Indicative Timetable

Activity	On or about
Finalisation of Basis of Allotment	02/05/2025
Refunds/Unblocking ASBA Fund	05/05/2025
Credit of equity shares to DP A/c	05/05/2025
Trading commences	06/05/2025

Shareholding (No. of shares)

Pre-Issue	29,06,43,469
Post Issue (Lower price band)	37,70,34,916
Post Issue (Higher price band)	37,24,59,668

Shareholding Pattern

Promoter:	
Pre Issue	53.71%
Post Issue	41.39%

Promoter Group :	
Pre Issue	0.90%
Post Issue	0.70%

Public – Corporate Selling S/h :	
Pre Issue	30.36%
Post Issue	21.26%

Public – Individual Selling S/h	
Pre Issue	0.01%
Post Issue	0.00%

Public – Individual Selling S/h	
Pre Issue	15.02%
Post Issue	36.65%

Issue Breakup

QIB	75%
NIB	15%
Retail	10%

Other Details

BRLMs: Axis Capital, HSBC Securities, JM Financial, Nomura Financial

Registrar: MUFG Intime India Pvt Ltd.

Listing: BSE & NSE

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About the Company

Ather Energy Ltd (Ather) is a leading Indian electric two-wheeler (E2W) company with in-house design and development capabilities for EVs, batteries and charging infrastructure. It operates a manufacturing facility in Hosur and plans a new plant in Maharashtra. As of December 2024, Ather has a global network of 280 Experience Centres, including 265 in India and 15 across Nepal and Sri Lanka, with 3 company-operated outlets.

Investment Rationales

- **Vertically integrated approach to product design with strong in-house R&D capabilities:** Ather Energy's strong in-house design and engineering capabilities across key components and software provide it with a strategic advantage –enabling faster time-to-market, improved quality control, and cost optimization. In FY24, the company implemented 204 component upgrades and 91 engineering changes, significantly reducing its bill of materials (BOM) cost. Notably, the recently launched Ather Rizta series features an average BOM cost 7% lower than that of the Ather 450 series as of December 31, 2024, reflecting enhanced operational efficiency and responsiveness to market demands.
- **Software-defined ecosystem that drives customer engagement and margins:** Company's proprietary software ecosystem, Atherstack, enhances user experience and customer engagement through continuous innovation and data-driven insights. By integrating data from its EVs, app, charging infrastructure, and accessories, Ather's Data Platform provides valuable intelligence on user behavior and product performance. As of December 31, 2024, 86% of customers subscribed to Atherstack's advanced features, and the Ather app had 308,067 monthly active users, highlighting strong customer adoption and ecosystem engagement.
- **E2Ws are positioned at a premium price within their respective segments in the Indian E2W market:** Ather Energy's emphasis on quality and user experience supports its premium pricing strategy. As of December 31, 2024, the company conducted 4,535 unique component tests and maintained an average service turnaround time of 4.8 hours. It also introduced Ather Gold service centres, with the first launched in Trivandrum in January 2025. These efforts contributed to a strong sales growth, with E2W sales rising to 107,983 units in the first nine months of FY25 from 23,402 units in FY22.
- **Scalable technology platform enabling accelerated product launches:** Ather's 450 platform scooters have logged 4.11 billion kilometres, as of December 31, 2024. The company's tech platform enables faster product launches while maintaining strong quality controls. Notably, their batteries retain a median state of health of 88% even in 5–6-year-old scooters, highlighting durability and product reliability.
- **Capital efficient and flexible operations:** The company's business model emphasizes sustainability, flexibility, and financial discipline, demonstrated by strong working capital efficiency (48 days for the nine months ended December 31, 2024, and 46 days in FY2024). By outsourcing lithium-ion cells and select components, they avoid significant capital outlay and focus resources on expanding their product portfolio and advancing vehicle and manufacturing technologies. As of December 31, 2024, their Hosur facility had an annual installed capacity of 420,000 vehicles and 379,800 battery packs.

Risk

- Loss making history.
- Dependency on china for E2W components.
- Geographical concentration.
- Industry risk arising from intense competition with established players.

MView

We believe Ather Energy Ltd IPO brings investors an opportunity to invest in a leading innovator in India's electric two-wheeler (E2W) market, known for its end-to-end design and development of E2Ws, battery packs, charging infrastructure, software and accessories. We think the company's ability to implement rapid design and engineering improvements—evident in the 204 component upgrades and 91 engineering changes in FY24—has led to meaningful cost efficiencies, including a 7% lower BOM cost in its new Rizta series. We also think Ather's proprietary software ecosystem, Atherstack, enhances customer engagement and margins through real-time data integration across vehicles, apps, and infrastructure, with 86% of customers subscribed to advanced features and over 308,000 monthly app users. By looking at the financials, the company reported a 335.5% increase in revenue from operations in FY2023, followed by a marginal decline of 1.5% in FY2024. However, net losses widened to ₹1,059.7 Cr in FY2024 from ₹864.5 Cr in FY2023, reflecting continued investment in growth and scale. On valuation parse on upper price band of ₹321/-, the issue is asking a Market cap of ₹12,300 Cr. Based on annualized FY 2025 earnings and fully diluted post –IPO paid up capital, EV to Sales multiple at 6.2x which seems to be aggressively priced when compared to OLA which is trading around 3.5x. Ather's strategy is anchored in customer centricity and technological innovation, with a strong focus on delivering a connected and personalized riding experience. By leveraging data and advanced technology, Ather continuously enhance both product performance and overall customer satisfaction in the electric vehicle space. But given the E2W segment experiencing high growth, we believe the E2W segment poses significant industry risk due to entrance of established players, especially for new players who are struggling to achieve profitability. Hence, we recommend only risk taking investors to "SUBSCRIBE" the Ather Energy Ltd IPO for long-term perspective only.

CONSOLIDATED FINANCIAL TABLES

BASIC FINANCIAL DETAILS

	As at December 31		As at March 31		
Particulars ₹ (in Cr)	2024 (09)	2023 (09)	2024	2023	2022
Equity Share Capital	3.1	0	0	0	0
Instruments Entirely Equity In Nature	0.8	0.8	0.8	0.6	0.7
Reserves as stated	104.1	842.70	545.1	613.1	224.2
Net Worth	108	843.50	545.9	613.7	224.9
Total Borrowings	1,121.60	299	314.9	485.2	298.4
Revenue From Operations	1,578.90	1,230.4	1,753.8	1,780.9	408.9
Revenue Growth	28.32 %	-	-1.52%	335.5%	-
EBITDA	-370	-422.9	-649.4	-686.7	-255
EBITDA Margin (%) as stated	-23%	-34%	-36%	-38%	-62%
Net Loss For Period	-577.9	-776.4	-1059.70	-864.50	-344.10
NAV Basic & Diluted (₹)	4	39	24	34	18
Debt to Equity	0.9	0.6	0.9	1.1	1.6

Source: Company RHP

COMPARISON WITH INDUSTRY LISTED PEERS ₹ (IN CR)

Companies	Revenue from operations for fiscal 2024 (₹ in Cr)	Consolidated/ Standalone	Mcap (₹ in Cr)	FV	EPS	NAV (₹ Per Share)	P/B	P/E	RoNW
Ather Energy Ltd	1,753.80	Restated	12,300	1	-	73.40	4.4	-	-194%
Hero MotoCorp Ltd	37,788.60	Consolidated	77,439	2	187	884	4.1	18.7	21%
Bajaj Auto Ltd	44,870.40	Consolidated	2,23,294	10	273	935	7.2	29.6	29%
Ola Electric Mobility Ltd	5,009.80	Consolidated	22,138	10	-	6	3.3	-	-78%
TVS Motots Ltd	39,144.70	Consolidated	1,29,319	1	36	143	16.6	65.6	26%
Elcher Motos Ltd	16,535.80	Consolidated	1,51,805	1	146	657	8	34.2	22%

Date as on 31st March 2024, Cline Mcap, PE, PB calculated as on 25-04-2025

Ather Energy Ltd, EPS/PE,P/B, NAV calculated on annualised basis post money



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Msearch's Recommendation (Absolute Performance)

Buy: > 20% within the next 12 Months

Accumulate: 5% to 20% within the next 12 Months

Sell: < -20% within the next 12 Months

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