

Company Business

- ✦ Ather Energy Limited is described as a pioneer in the Indian electric two-wheeler (E2W) market.
- ✦ The company is a pure play EV company.
- ✦ Ather Energy sells E2Ws and the associated product ecosystem. This ecosystem includes the company's software, charging infrastructure, and usage charges.
- ✦ Ather Energy designs all its products ground-up in India.
- ✦ The business involves manufacturing and selling electric scooters, as well as selling software enabled services, spares, accessories, merchandise, charger infrastructure & usage charges, and related research & development.
- ✦ The company has a manufacturing plant located at Hosur in Tamil Nādu.

Industry analysis and TAM

Market share data for E2W players in the Indian market is provided based on the CRISIL Report:

- ✦ For the nine months ended December 31, 2024, Ather Energy's market share was 10.7%.
- ✦ For Fiscal Year 2024, Ather Energy's market share was 11.5%.
- ✦ For Fiscal Year 2023, Ather Energy's market share was 10.6%.
- ✦ For Fiscal Year 2022, Ather Energy's market share was 7.9%.
- ✦ Other players mentioned with their market shares are **Ola Electric Mobility Limited (34.1% for the nine months ended Dec 31, 2024)**, **TVS Motor Company Limited (19.4%)**, **Bajaj Auto Limited (18.1%)**, and **Hero Motocorp Limited (4.3%)**.

Objects of the Issue

The Net Proceeds from the Fresh Issue are proposed to be used for the following objects:

- ✦ Capital expenditure for the establishment of an E2W factory in Maharashtra, India, amounting to ₹ 927.20 Cr..
- ✦ Repayment/pre-payment, in full or part, of certain borrowings availed by the Company, amounting to ₹ 40 Cr..
- ✦ Investment in research and development, amounting to ₹ 750 Cr.
- ✦ Expenditure towards marketing initiatives, amounting to ₹ 300 Cr.
- ✦ General corporate purposes

IPO Details

The Offer consists of a Fresh Issue by the Company and an Offer for Sale by the Selling Shareholders.

- ✦ **Fresh Issue** : 8,18,06,853 Equity Shares aggregating up to ₹ 2,626 Cr.
- ✦ **Offer for Sale (OFS)** : Up to 1,10,51,746 Equity Shares by the Selling Shareholders, aggregating to ₹ 354.76 Cr.
- ✦ **The Selling Shareholders include**
Promoter Selling Shareholders (Tarun Sanjay Mehta and Swapnil Babanlal Jain), Corporate Selling Shareholders, and an Individual Selling Shareholder.
- ✦ **Tarun Sanjay Mehta is offering up to 980,000 Equity Shares in the OFS.**
- ✦ **Swapnil Babanlal Jain is offering up to 980,000 Equity Shares in the OFS.**
- ✦ The Offer is proposed to be listed on **BSE Limited (“BSE”) and National Stock Exchange of India Limited (“NSE”).**
- ✦ **Pre-Offer Promoters' Holding:**
 - As on the date of the Red Herring Prospectus, the Promoters are Tarun Sanjay Mehta, Swapnil Babanlal Jain, and Hero MotoCorp Limited (HMCL).
 - Collectively, the Promoters and promoters group hold 54.61% of the issued, subscribed, and paid-up share capital on a fully diluted basis.
 - Individual Promoter holdings pre-Offer are: Tarun Sanjay Mehta: 20,517,732 shares (6.81%). Swapnil Babanlal Jain: 20,517,732 shares (6.81%). HMCL: 115,083,252 shares (38.19%).
- ✦ **Post-Offer Promoters' Holding:** The post-Offer shareholding percentages for the Promoters are marked as 41.39%.

Financials of the company

(Fig. in Cr)

Particulars	Dec 31, 2024	March 31, 2024	March 31, 2023	March 31, 2022
Revenue from Operations	1578.90	1,753.80	1780.90	408.90
Growth in Revenue		-2%	336%	412%
EBITDA	-370	-649.40	-686.70	-255
EBITDA Margins	-23%	-36%	-38%	-62%
PAT	-577.90	-1059.70	-864.50	-344.10
PAT Margins	-36%	-59%	-48%	-83%
E2W Market Share	10.70%	11.50%	10.60%	7.90%
CFOA	-717.10	-267.60	-871.30	-228.40

Comparison with Peers

Companies	Revenue	EBITDA Margin	PAT Margin	D/E Ratio	MCap	P/E	EV/Sales
Ather Energy (FY 2024)	1,753.80 Cr.	-36%	-59%	0.97	11955 Cr.	In loss	6.80
Hero MotoCorp (TTM)	40,570 Cr.	14%	10%	0.03	77,174 Cr.	18.60	1.90
Bajaj Auto (TTM)	49,903 Cr.	19%	15%	0.17	2,26,511 Cr.	30	4.50
Ola Electric Mobility (TTM)	5,501 Cr.	-25%	33%	0.51	22,663 Cr.	In loss	4.10
TVS Motors (TTM)	42,886 Cr.	14%	4.90%	1.88	1,30,369 Cr.	66	3
Eicher Motors (TTM)	17,885 Cr.	26%	24.80%	0.02	1,56,411 Cr.	35.30	8.70

Pros and Cons

Pros

- ✦ Ability to pioneer new technologies.
- ✦ E2Ws are positioned at a premium price in their segments.
- ✦ Vertically integrated approach to product design with strong in-house R&D capabilities.
- ✦ Software defined ecosystem that drives high customer engagement and margins.

Cons

- ✦ Low Gross Margins.
- ✦ Sales seem to be flat.
- ✦ The company's market share is not increasing.
- ✦ Negative EBITDA, PAT and negative CFOA.
- ✦ EV/Sales looks higher as compared to peers.
- ✦ Debts are also high as compared to peers.
- ✦ Material outstanding litigation against the company, directors and its promoters.



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