

# Ather Energy to foray into 125-300cc e-bike space

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**A**ther Energy, which saw its shares being listed on the bourses on Tuesday, is gearing up to enter the 125-300cc-equivalent electric motor-cycles space.

It would be locking horns with Ola Electric, which has been grappling with product delays that could see deliveries being pushed by around 12 months after bookings last year.

Speaking after the listing, Tarun Mehta, cofounder and chief executive officer (CEO), Ather, said, "We have started work but can give you details only prior to the announcements. I think motorcycles will get electrified in the coming year and we are looking at products in the 125-300 cc ICE-range."

The company also received Automotive Research Association of India (ARAI) nod to use lithium phosphate (LFP) batteries for its two wheelers. According to Mehta, this will help in reducing costs further. Currently, Ather's electric two-wheelers run on lithium ion batteries.

Ruling out entry into the sub ₹1 lakh segment, where many of its rivals have grabbed market share, Mehta said: "Our two-wheelers are an upgrading story. And, the share of 125 cc scooters, above ₹1 lakh, has gone up from 20 per cent to 50 per cent. So,

we don't think there is any sense of going to the ₹70,000-80,000 market as the sub ₹1 lakh segment sees very small margins. The 'sasta strategy' has not worked in our industry."

He said that there is a lot of segmentation possible in the over ₹1 lakh market. "We started with ₹1.4-1.5 lakh scooters but with the Rizta, we are now at ₹1.1 lakh. The scooter market is also fragmenting based on usage — we had family scooters, then power scooters. Now, we have maxi and sports scooters," said Mehta.

His big focus is to expand distribution. Mehta said despite his distribution being one third of competition, it has garnered a market share of around 15 per cent last month.

Now, his aim is to enter 100 cities where his competitors are present. He wants to take them head on and reach similar levels compared to rivals.

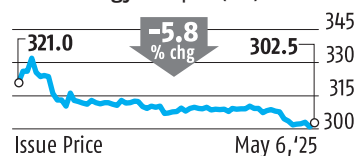
However, Ather is not worried because it is not eligible for production-linked incentive (PLI) schemes like rivals Bajaj Auto, Ola and TVS. This comes despite experts fearing that Ather could lose market share because of this.

Mehta said, "PLI has the risk of becoming a handicap in the long run as it is a few years' strategy. We have 19 per cent

## Ather Energy dips 5.8% on mkt debut

### WEAK START

Ather Energy Share price (in ₹)



Source: Bloomberg, Compiled by BS Research Bureau

The shares of Ather Energy closed 5.8 per cent below their issue price of ₹321 in their trading debut on Tuesday. This follows a lacklustre response to the electric two-wheeler maker's ₹2,981 crore initial public offering (IPO), which was subscribed only 1.4 times. The stock hit a high of ₹333 and a low of ₹299 intraday before settling at ₹300 on the National Stock Exchange (NSE), where shares worth ₹480 crore were traded. At close, the company was valued at ₹11,174 crore, down from its IPO valuation of ₹12,000 crore. The tepid IPO response and weak listing highlight challenging market conditions for new share offerings.

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gross margins without PLI and that makes our business model strong. When PLI finishes, Ather's pricing strategy will be the most bulletproof as we will have zero impact. Others will see their high margins drop, which is a negative for business and customers."

**Tarun Mehta, cofounder and CEO of Ather Energy, says his aim is to enter 100 cities where his competitors are present. He wants to take them head on and reach similar levels compared to rivals**

