

Ather promoters set to drive stake 6-7% up

Fresh equity infusions before the company takes the IPO route

SURAJEET DAS GUPTA
New Delhi, 9 June

The promoter-founders of Ather Energy — Tarun Mehta and Swapnil Jain — are set to increase their stake in the electric two-wheeler startup by 6-7 per cent through fresh equity infusions.

The process, involving different tranches of equity infusions, is expected to be completed in the coming weeks. Currently, the promoters hold a 10-11 per cent stake in the company.

Last Friday, Hero Motocorp, Ather Energy's largest investor, in a regulatory announcement stated that it was acquiring an additional 2.2 per cent stake from an existing shareholder for ₹124 crore. The transaction is slated for completion by July 31.

The shares are reportedly being purchased from Flipkart co-founder Sachin Bansal.

Hero Motocorp, a behemoth of the mobike and scooter industry, had previously invested ₹140 crore in Ather Energy last December, thereby reaching a 40 per cent shareholding mark. According to an understanding between Ather and Hero Motocorp, the latter's shareholding in the company is capped at 40 per cent.

Neither Ather Energy nor Hero Motocorp offered any comment or response to queries from *Business Standard*.

Ather has been on a fundraising spree as it moves towards an initial public offering, with plans to file a draft red herring prospectus (DRHP) in the next few months. The company is planning another fund-raise of around ₹1,000 crore soon, before it hits the IPO route, according to people in the know.

The firm hopes to raise \$400-\$500 million (₹3,336 crore-₹4,170 crore) through the IPO, though the numbers have not been frozen as yet. It is working on finalising its DRHP for the Securities and Exchange



THE ROAD AHEAD

- Promoters are increasing their stake through **equity infusion**
- Planning to raise another **₹1,000 crore** before it goes for an IPO
- IPO size to be between **\$400-500 million**. DRHP to be filed in a few months
- IPO expected at the **end of this year or early next year**, depending on Sebi clearance
- Cap of **40 per cent** equity for Hero Motocorp has not been breached

Board of India's (Sebi's) consideration. Depending on when it is cleared, Ather will do the IPO either by the end of this year or early next year.

In May, Ather Energy was India's fourth-largest electric scooter company — behind Ola Electric, TVS Motor Company, and Bajaj Auto, with registrations going up by 39 per cent month-on-month. The company is betting big on its new family scooter, Ritza, which is expected to take on TVS in this category. While bookings for Ritza have begun, delivery is expected from June-July, which should help push the company's overall volume.

Ather, which currently has a capacity of 420,000 electric scooters per year in two plants — one each in Karnataka and Tamil Nadu — is scouting around to set up a new plant in another state.

According to experts, the Hero Motocorp deal has an implied valuation of ₹5,636 crore for the company. However, those aware of the development said that Ather's current valuation is far higher, and because they expect a substantial upside, investors are buying more in the firm.

PV exports rose by 268,000 units in four years

Passenger vehicle exports from India rose by 268,000 units in the last four financial years with Maruti Suzuki India accounting for nearly 70 per cent of the incremental shipments during the period.

According to the industry data, passenger vehicle exports in the financial year 2020-21 (FY21) stood at 404,397 units. It rose to 577,875 units in the FY22 and to 662,703 units in the FY23. Last financial year, exports stood at 672,105 units, an increase of 267,708 units since 2020-21.

In the last three financial years, Maruti Suzuki has accounted for 70 per cent of the 267,708 units across the industry.