

Ather Energy Hoping to See Operating Profitability in a Year

Co ramps up production at its new plant in Hosur

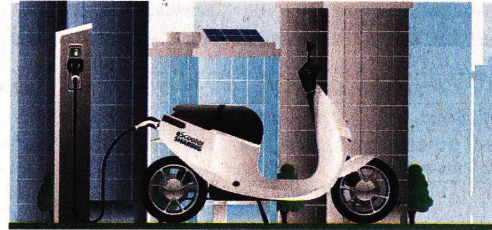
Dia Rekhi & Nehal Challawala

Hosur: Electric scooter maker Ather Energy is looking to break into operating profitability in the coming 12 months as the company ramps up production at its newly built factory here.

"We expect to reach EBITDA profitability by next year. So we are not looking at any blockbuster funding," said Tarun Mehta, chief executive officer and co-founder of the Hero MotoCorp and Tiger Global backed company.

Ather is already making money on every electric scooter it sells and now the target is to scale production and expand into more cities, Mehta said. The company began production at its 123,000 square feet factory on January 2 this year and has begun deliveries in Mumbai, Pune, Ahmedabad, Bengaluru, Chennai, and Hyderabad.

Deliveries are planned to ex-



pand in a phased manner across 21 other cities by the first quarter of the next fiscal.

With a capacity to produce 110,000 scooters annually, the facility will serve as Ather Energy's national manufacturing hub catering to demand from across the country. The factory is supported by the government of Tamil Nadu under its EV Policy.

"Given that this is our first large setup and I think we are still in the early stages of our company's product life cycles, we wanted to have the plant within driving distance from our headquarters (Bannerghatta Road in Bengaluru)," said Mehta. "There are good options in Karnataka but with this clause (of it being driving distance), the number of options were re-

duced. A lot of our supply base too was already in Hosur and we were able to move some of our suppliers who

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are tier-II assemblers to Hosur as well."

Hosur was the perfect fit owing to the abundance of talent available and the ease of ramping up production if needed, given that it is an established

industrial belt, Mehta further said.

"There is also easier access to space. We have 1.2 lakh square feet here and an additional 2.5 lakh square feet.

Once this capacity is fully utilised, we will just extend the plant thereby getting a chance to triple our capacity in just six months... As of now, the capacity of the plant is 1.2 lakh units per annum and we expect to expand the plant for further capacity in about 2 years," he said.

Speaking about what the Karnataka government could look into while tweaking its EV policy, Mehta said there is an opportunity to capture more and more of the supply in Karnataka through project financing. Bengaluru is looking to update its EV policy, ET earlier reported.

"So many new OEMs are coming up in Bengaluru and suppliers would love to be close to them and their R&D centres. Today, there is no negative policy but there is no active support for somebody who wants to set up EV supply chain in a state and on that - whether it is tax incentives or capex support, that could help," Mehta added. "Especially for Karnataka, unlike other states we don't have that many legacy OEMs setting up EV plants here. You have newer companies like Ather and Ola setting up here."