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Pune E-Stock Broking Limited

Ather Energy Ltd.

Investment Thesis

- **Strong EV Demand and Market Penetration:** Ather is benefiting from the structural shift towards electric two-wheelers, supported by rising consumer acceptance, improving product offerings and expanding adoption beyond traditional EV markets. India's E2W penetration reached a record 11.6% in September 2026, while industry registrations grew 82% YoY in Q2FY27. Ather's wholesale volumes increased 42% YoY to 93,211 units, and registrations rose 60% to 92,589 units. Enquiries and pre-orders surged 109% and 108%, respectively, indicating a strong demand pipeline that could support future volume growth, provided production keeps pace.

- **Capacity Expansion to Unlock Next Growth Phase:** Ather's planned manufacturing expansion provides a pathway to convert rising demand into higher sales and market share. Monthly production increased 45% YoY to approximately 98,400 units in Q2FY27, while demand reached 180,300 pre-orders. Existing capacity at Hosur and the AURIC facility is being expanded, with annual capacity targeted to reach 11.4 lakh units by Q2FY28 and a further Phase 2 expansion planned thereafter. The additional capacity could ease supply constraints and improve scale benefits; however, timely commissioning, utilisation ramp-up and the ability to convert enquiries into actual deliveries remain key execution monitorables.

- **Improving Unit Economics:** Ather's transition towards sustainable profitability is emerging as a key investment driver, with operating leverage improving alongside scale. Q2FY27 adjusted gross margin expanded 160 bps YoY to 24%, while EBITDA margin improved approximately 1,450 bps to 4.9%, marking the second consecutive EBITDA-positive quarter. EBITDA stood at ₹74 crore versus a loss of ₹91 crore a year ago, and PAT turned positive at ₹1.3 crore. Higher volumes, improved pricing and a richer revenue mix could support further margin expansion, although commodity inflation and sustained profitability remain important monitorables.

- **Premium Product Portfolio:** Ather is strengthening differentiation through product innovation, connected services and customer experience, potentially supporting pricing power and customer retention. In Q2FY27, revenue per vehicle increased 14.6% YoY, while non-vehicle revenue rose to 15% of the revenue mix, up 270 bps YoY. AtherStack Pro's attachment rate remained at 94%, highlighting strong adoption of connected features. New offerings such as Bedrock batteries, Ather Node charging solutions and advanced scooter technologies can deepen ecosystem engagement and diversify revenue.

Outlook:. Management remains highly optimistic on demand, citing a 108% YoY increase in pre-orders (1.8 lakh), 60% YoY growth in registrations (92.6k) and unrealised demand of 18–20k units per month over current production of 33k. AURIC Phase I trial production starts in Q3FY27, with capex complete by Q4FY27, lifting annual capacity from 4.2 lakh to 9.2 lakh units; approved Hosur (+6k/month) and AURIC (+12k/month) expansions take it to 11.4 lakh by Q2FY28, with Phase II (16.4 lakh) to follow. Despite a 9.4 pt commodity hit versus Q4 FY26, adjusted gross margin held at 24.0%, cushioned by 5.3 pts of structural gains and 2.7 pts of SKU management, as average ex-showroom price rose ~₹14,000 to ₹1.64 lakh; no further hikes are planned. Konarc's ramp (long-term gross margin 6–7% above Rizta), 15% non-vehicle revenue and dealer expansion from Q4 are expected to sustain volume growth and profitability. At CMP ₹1,785, the stock is trading at EV/Sales multiple of 3.66x FY29E. **We assign EV/Sales multiple of 5x and arrive at a TP of ₹1,975 implying an upside of 11% with HOLD rating.**

CMP: ₹ 1,785
Reco: BUY
Target Price: ₹ 1,975

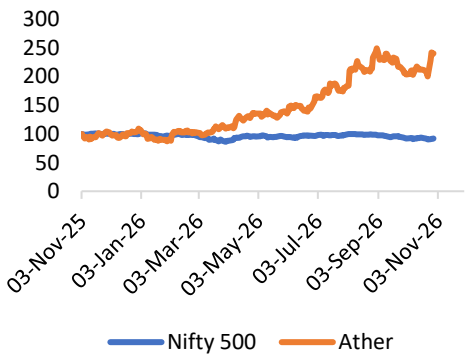
Stock Info	
BSE	544397
NSE	ATHERENERG
Sector	Auto
Face Value (₹)	1
Equity Capital (₹ Cr)	38.3
Mkt Cap (₹ Cr)	66,985
Avg volume (1 year)	43,22,891
Dividend yield (%)	0.00
52w H/L (₹)	1,788 / 582

Source: Company filings, PESB research

Shareholding Pattern (Sep 2026)	
Promoters	42.33%
FII	15.08%
DII	27.01%
Public	15.56%

Source: Company filings, PESB research

Nifty 500 Vs Ather Energy Ltd



Source: Company filings, PESB research

Soft Coverage report (link):
Ather Energy Ltd.

Anupama Bhootra
Analyst
Siyaa Deshmukh
Associate

Concall Highlights

- **Industry:** Industry E2W registrations hit a record ~6.0 lakh units (+82% YoY), with growth converging across Middle India (+85%), South (+82%) and Rest of India (+79%). Pan-India penetration crossed 10% for the first time, at 11.2%. Management believes the industry remains supply-constrained, keeping coming quarters healthy.

- **Demand visibility:** Ather enquiries rose 109% YoY to over 10 lakh, pre-orders 108% to 1.8 lakh (~60k/month), and searches 94% versus 34% for the EV category. Management estimates ~18-20k units/month of unrealised retail demand beyond current production of ~33k, so demand visibility remains strong.

- **Volume growth:** Wholesale volumes grew 42% YoY to 93,211 units, while Vahan registrations rose 60% to ~92.6k and production 45% to 98.4k. Supply averaged 33k units/month versus 28k in Q1. E2W market share slipped to 15.1% from 17.2% as supply lagged demand.

- **Commodities:** Commodities proved worse than expected three months ago: aluminium +35%, copper +58%, plastics +25% since Q2 FY26, with memory chips costly on AI demand. Management calls the hit temporary but longer-lasting. Q3 looks flat so far and aluminium is cooling, but memory has no near-term fix.

- **Margins and pricing:** Adjusted gross margin was 24.0% versus 25.4% in Q4 FY26: structural gains added 5.3 pts, SKU/incentive management 2.7 pts, commodity inflation cut 9.4 pts. Average ex-showroom price rose ₹14k to ₹1.64 lakh. No further hikes in Q3; Konarc economics may allow lower prices at stable margins.

- **Ecosystem:** AtherStack Pro attach rate was 94% even as registrations scaled 5x, lifting non-vehicle revenue to 15% of total (12% last year). AtherStack Pro is over 50% of this at 80-90% gross margin; accessories earn 30-40%, spares 40-45%. Konarc's early attach matches Rizta's, though management wants two more quarters' data.

- **Capacity expansion:** Board approved capacity additions: Hosur +6k units/month (₹58 cr; live this quarter) and AURIC Phase I +12k/month (₹64 cr; by Q2 FY28), lifting installed capacity to 11.4 lakh/yr from 9.2 lakh. AURIC's base 42k/month completes by Q4 FY27, trials start in weeks, ramp takes two quarters.

- **Konarc rollout:** Konarc (EL platform) launched 29 August; under 10,000 units sold in September, rolled out state-by-state from UP and Rajasthan, South later. Mid variants SR2/SR3 lead; entry SR1 by Q4 with AURIC capacity. Like-to-like it is a few thousand rupees cheaper than Rizta, with long-term gross margin 6-7% higher.

- **Showroom expansion:** Showroom expansion was deliberately slowed, with under 50 experience centres added in the last two quarters, to avoid dealers sitting without inventory. Hundreds of LOIs were held back; expansion restarts from end-Q3 as Hosur and AURIC capacity comes live, with noticeable additions from Q4.

Management Outlook and Guidance:

Management remains highly optimistic on demand, citing a 108% YoY increase in pre-orders (1.8 lakh), 60% YoY growth in registrations (92,600) and unrealised demand of 18,000–20,000 units per month over current production of 33,000. AURIC Phase I trial production starts in Q3 FY27, with capex complete by Q4FY27, lifting annual capacity from 4.2 lakh to 9.2 lakh units; approved Hosur (+6,000/month) and AURIC (+12,000/month) expansions take it to 11.4 lakh by Q2 FY28, with Phase II (16.4 lakh) to follow. Despite a 9.4 pt commodity hit versus Q4 FY26, adjusted gross margin held at 24.0%, cushioned by 5.3 pts of structural gains and 2.7 pts of SKU management, as average ex-showroom price rose ~₹14,000 to ₹1.64 lakh; no further hikes are planned. Konarc's ramp (long-term gross margin 6–7% above Rizta), 15% non-vehicle revenue and dealer expansion from Q4 are expected to sustain volume growth and profitability.

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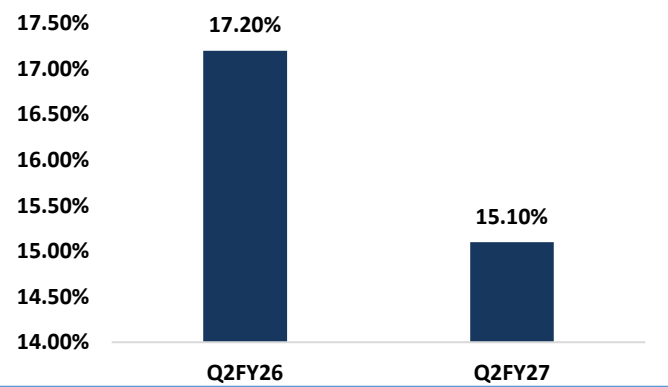
Q2FY27 Financials

Particulars (₹Cr)	Q2FY27	Q1FY27	QoQ	Q2FY26	YoY
Revenue from Operations	1,464	1,217	20%	899	63%
COGS	1,160	977	19%	730	59%
Gross Profit	**304**	**239**	27%	**169**	80%
Gross Profit Margin	**21%**	**20%**	***109bps***	**19%**	***200bps***
Employee Exp	121	118	2%	114	6%
Other Exp	172	155	11%	187	-8%
EBITDA	**11**	**-33**	**134%**	**-133**	**109%**
EBITDA Margin	**1%**	**-3%**	***352bps***	**-15%**	***1553bps***
Depreciation & Amortization	47	39	20%	43	10%
EBIT	**-35**	**-72**	**51%**	**-175**	**80%**
EBIT Margin	**-2%**	**-6%**	***352bps***	**-19%**	***1706bps***
Finance Cost	26	22	21%	21	25%
Other Income	63	43	47%	42	50%
EBT	**1**	**-51**	**102%**	**-154**	**101%**
Tax Expense	0	0		0	
PAT	**1**	**-51**	**102%**	**-154**	**101%**
PAT Margin	**0%**	**-4%**	***428bps***	**-17%**	***1723bps***
EPS	**0.03**	**-1.29**	**102%**	**-3.88**	**101%**

Source: Company filings, PESB research

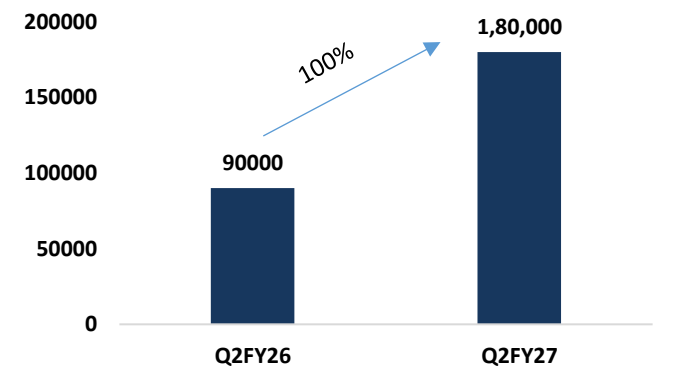
➢ KPI's (YoY)

Market Share



Source: Company filings, PESB Research

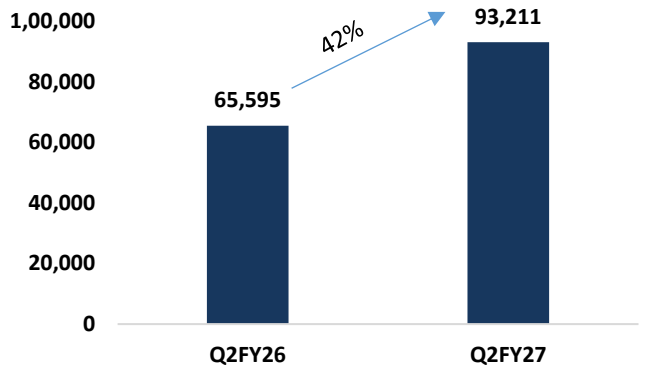
Pre Orders (K)



Source: Company filings, PESB Research

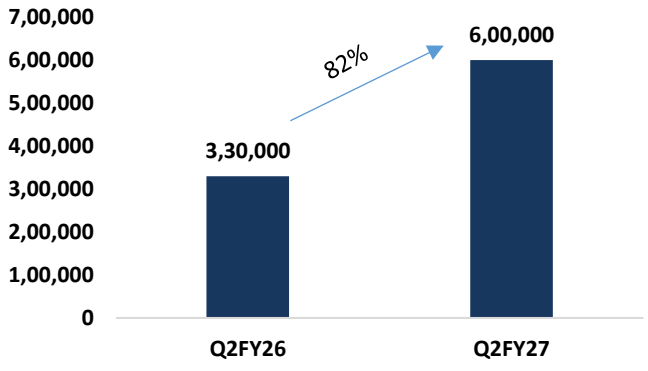
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Whole Sale Volumes YoY (K)



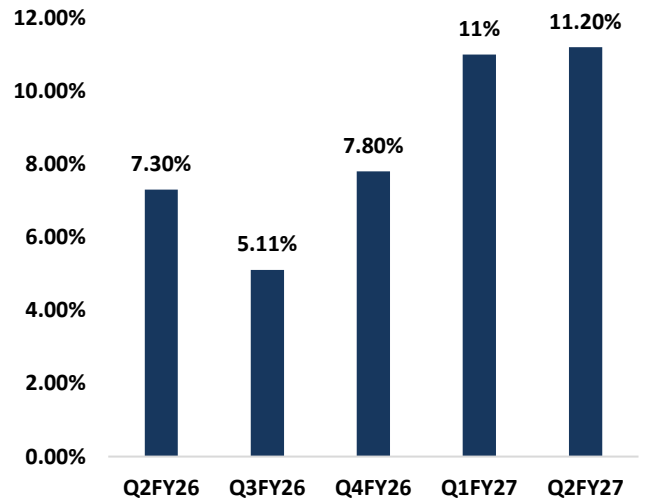
Source: Company filings, PESB Research

Registrations YoY (K)



Source: Company filings, PESB Research

PAN-India E2W Penetration(QoQ)



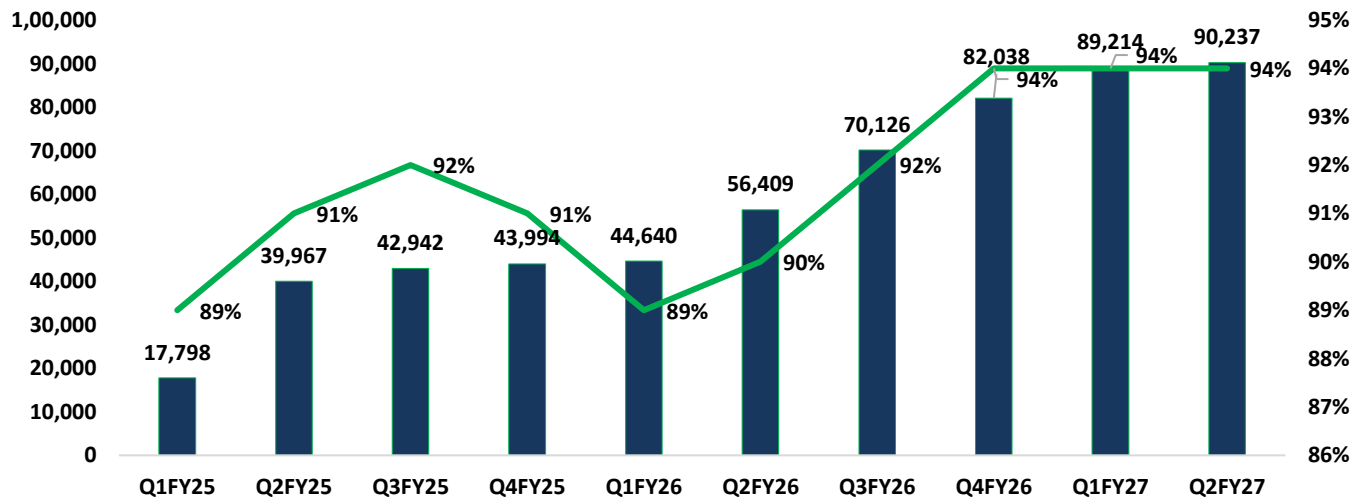
Source: Company filings, PESB Research, Ola Electric Mobility

Region-Wise E2W Penetration(YoY)



Source: Company filings, PESB Research

AtherStack Pro Attach rate



Source: Company filings, PESB Research

Ather Energy Ltd.

Consolidated Financials

INCOME STATEMENT (₹ Cr)	FY24	FY25	FY26	FY27E	FY28E	FY29E
Revenue from Operations	1,754	2,255	3,672	5,874	10,354	15,240
COGS	1,632	1,877	2,898	4,347	7,144	10,211
Gross Profit	**122**	**378**	**774**	**1,527**	**3,210**	**5,029**
Gross Profit Margin	***7%***	***17%***	***21%***	***26%***	***31%***	***33%***
Employee Benefit Expenses	369	412	482	529	932	1,067
Other Expenses	438	547	701	1,057	1,864	2,743
EBITDA	**-685**	**-581**	**-408**	**-59**	**414**	**1,219**
EBITDA Margin	***-39%***	***-26%***	***-11%***	***-1%***	***4%***	***8%***
Depreciation and Amortization	147	171	173	197	246	282
EBIT	-831	-752	-581	-255	169	937
EBIT Margin	-47%	-33%	-16%	-4%	2%	6%
Other Income	35	50	151	164	315	506
Finance Cost	89	111	82	88	92	96
Exceptional Items						
PBT	-885	-812	-512	-179	392	1,346
PBT Margin	-50%	-36%	-14%	-3%	4%	9%
Tax	0	0	0	0	0	0
PAT	-1,060	-812	-563	-179	392	1,346
PAT Margin	-60%	-36%	-15%	-3%	4%	9%
			FY24-26			**FY26-29E**
Revenue CAGR			45%			61%

Source: Company filings, PESB Research

BALANCE SHEET (₹ Cr)	FY24	FY25	FY26	FY27E	FY28E	FY29E
Assets						
Non-Current Assets						
Property, Plant & Equipment	187	267	307	344	387	443
Right of Use of Asset	149	244	218	197	177	157
Other Non Current Assets	348	432	821	815	793	792
Total Non Current Assets	**684**	**944**	**1,347**	**1,355**	**1,356**	**1,392**
Current Assets						
Inventories	117	245	282	422	694	992
Trade Receivables	2	12	8	13	23	34
Cash and Cash equivalents	448	370	823	939	1,875	3,782
Other Current Assets	663	530	2,262	2,262	2,262	2,262
Total Current Assets	**1,229**	**1,157**	**3,375**	**3,637**	**4,854**	**7,071**
TOTAL ASSETS	**1,914**	**2,101**	**4,722**	**4,992**	**6,211**	**8,463**
Equity						
Equity Share Capital	0	29	38	38	38	38
Other Equity	546	464	2,534	2,355	2,747	4,093
Total Equity	**546**	**493**	**2,573**	**2,393**	**2,785**	**4,132**
Liabilities						
Total Borrowings	478	619	664	699	724	751
Trade Payables	403	561	830	1,245	2,046	2,925
Other liabilities	487	428	655	655	655	655
Total Liabilities	**1,368**	**1,608**	**2,149**	**2,599**	**3,425**	**4,331**
Total Equity and Liabilities	**1,914**	**2,101**	**4,722**	**4,992**	**6,211**	**8,463**

Source: Company filings, PESB Research

CASH FLOW STATEMENT (₹ Cr)	FY24	FY25	FY26	FY27E	FY28E	FY29E
Cash flow from Operations	-268	-721	32	374	1,249	2,294
Cash flow from Investing	58	-100	-2,527	-205	-247	-317
Cash flow from Financing	633	703	2,497	-53	-67	-69

Source: Company filings, PESB Research

RATIOS	FY24	FY25	FY26	FY27	FY28	FY29
Margin Ratios						
Gross Margin	7%	17%	21%	26%	31%	33%
EBITDA Margin	-39%	-26%	-11%	-1%	4%	8%
EBIT Margin	-47%	-33%	-16%	-4%	2%	6%
PAT Margin	-60%	-36%	-15%	-3%	4%	9%
Profitability %						
ROA	-55%	-39%	-12%	-4%	6%	16%
ROCE	-97%	-80%	-19%	-9%	5%	20%
ROE	-194%	-165%	-22%	-7%	14%	33%
Lquidity & Solvency Ratios (X)						
Current Ratio (x)	1.14	0.99	2.42	2.03	1.88	2.05
Quick Ratio (x)	1.03	0.78	2.22	1.79	1.61	1.76
Total Debt/Equity (x)	0.58	0.91	0.20	0.23	0.21	0.15
Interest Coverage Ratio (x)	-9.34	-6.80	-7.07	-2.91	1.84	9.75
Valuation Ratios (X)						
EV/Sales	38.9	30.4	18.5	11.6	6.5	4.3
P/S	39.0	30.3	18.6	11.6	6.6	4.5
P/E	-49.0	-63.9	-120.6	-400.1	183.1	53.3
EV/EBITDA	-99.7	-117.8	-166.7	-1157.2	161.9	53.5

Source: Company filings, PESB Research

Disclosures and Disclaimers:

Stock Rating	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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