BUY
TP: Rs 1,804 | ▲ 15%

ATHER ENERGY

| Automobiles | 27 October 2026

New capacity addition to catch the momentum; Maintain BUY

- **Strong momentum on demand and pricing drive revenue up ~63% YoY; Volumes surge by ~42% YoY and registrations by 60% YoY**
- **ASP improvement of ~15% YoY, favourable product mix, strong AtherStack penetration and value engineering turn EBITDA positive**
- **We value Ather at 16x Sep 2028 M-cap/Gross Block ratio, 18% below average valuation of TVS and BJAUT, arriving at TP of Rs1,804, BUY**

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Demand visibility robust; ASP expansion drives revenue: ATHERENE reported revenue growth of ~63%/20% YoY/QoQ to Rs14.6bn in Q2FY27, supported by healthy volume growth of 42%/12% YoY/QoQ and improved realisations. ASP increased ~15%/7% YoY/QoQ to Rs164k, aided by price hikes implemented in June and calibrated mix/incentive management. Volumes rose 42% YoY to 93k units, registrations grew 60% YoY to 92.5k units. Demand remained robust, with pre-orders increasing 108% YoY to ~180k and monthly production rising to ~33k units.

Product mix, value engineering and price hike drive profitability: EBITDA turned positive at Rs115mn, resulting into a margin of 0.8%, while PAT stood at Rs13mn. The improvement was supported by higher volumes, better realisations and increased contribution from non-vehicle revenue, up from 12% YoY to 15%. AtherStack attach rate remained robust at 94% (stable QoQ), supporting the contribution of higher-margin and the broader accessories and services portfolio. No further price hikes planned for Q3, however, Konarc is guided to be gross margin accretive by 6-7% aiding in driving margins without the need for hikes.

Capacity expansion and product rollout to support the next growth phase: ATHERENE has proposed capex of Rs1.22bn, with annual capacity at Hosur set to increase from 420k to 495k units and AURIC capacity from 500k to 650k units. Konarc's initial response has been encouraging, management expects the rollout to broaden across variants and geographies as supply improves. Dealer-network expansion is planned to gather pace, supporting growth over the medium term.

Retain BUY, valuing at 16x M-cap to gross block: We value Ather at 16x Sep 2028 M-cap/Gross Block, 18% (earlier 20%) below the average valuation of TVS and BJAUT two leading companies in the 2-WEV segment.. The depreciation to sales ratio is improving too for Ather to 3.1% in FY29 from a high of 12% in FY22. The return on assets profile enters the positive territory for Ather moving to 10% in FY29 from a negative 21% in FY26. Healthy momentum, well spread product mix assures growth and profitability. Commodity cost inflation key risk. We arrive at a revised target price of Rs1,804/sh (earlier Rs 1,680) and retain our BUY rating.

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	ATHRENE IN/Rs 1,575
Market cap	US$ 5.0bn
Free float	44%
3M ADV	US$ 69.1mn
52wk high/low	Rs 1,744/Rs 582
Promoter/FPI/DII	56%/23%/16%

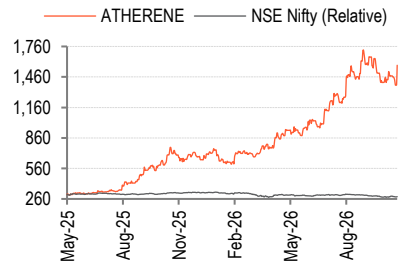
Source: NSE | Price as of 26 Oct 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	36,718	60,440	90,889
EBITDA (Rs mn)	(4,084)	1,082	3,146
Adj. net profit (Rs mn)	(5,121)	(99)	1,145
Adj. EPS (Rs)	(13.6)	(0.3)	2.9
Consensus EPS (Rs)	(13.6)	(9.0)	2.5
Adj. ROAE (%)	(19.9)	(0.3)	3.0
Adj. P/E (x)	(115.4)	(6,131.9)	539.6
EV/EBITDA (x)	(117.9)	445.1	152.6
Adj. EPS growth (%)			

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

Earnings Call Highlights

Volume Growth and Demand Scenario

E2W industry grew 82% YoY to ~600k units in Q2FY27, with penetration reaching 11.2% for the quarter, crossing 10% for the first time. Industry growth was broad-based across South, Middle and Rest of India, at 82%, 85% and 79%, respectively. ATHERENE's inquiries grew 109% YoY to over 1mn, pre-orders increased 108% to ~180k. Volumes increased 42% YoY to ~93k units in Q2FY27, while VAHAN registrations grew ~60% to 92.5k units. Average monthly production increased to ~33k units from ~28k QoQ, representing ~45% YoY growth. Despite the ramp-up, management estimates unrealised retail demand of ~20k units per month, indicating that near term growth is constrained by supply.

Margins and Profitability

Management attributed ~5.3% improvement to structural factors, including realised price hikes and permanent cost reductions, while product mix and the withdrawal of incentives contributed a further ~2.7%. These benefits partly offset a ~9.4% gross-margin impact from commodity inflation. Weighted average ex-showroom prices, including Pro Pack sales, hike to ~Rs164k in Q2FY27 from ~Rs156k in Q1FY27. ATHERENE does not intend to implement further price hikes and plans to hold current prices while Konarc establishes itself in the market. Furthermore, for like-to-like variant Konarc is expected to be 6-7% higher gross margin than Rizta aiding in margin improvement as volume scale. The ~2.7% benefit from product skew and reduced incentives is a flexible lever rather than a permanent gain providing ability to utilize it voluntarily to offset commodity inflation and supply constraint or to pass it on once the costs cool down and new planned capacity is commissioned.

Software, Spares and other non-vehicle revenue

Non-vehicle revenue increased to ~15% of total revenue, with AtherStack Pro accounting for more than half of the segment. Gross margins profile remains at ~80–90% for AtherStack Pro, 30–40% for accessories and 40–45% for spares.

Capacity Expansion and Capex

ATHERENE has approved a further 6k units per month at Hosur, expected to come on stream later in Q3FY27, and an additional 12k units per month at AURIC Phase 1 by Q2FY28. This would increase annual installed capacity from the previously planned 920k units to ~1.14mn units by Q2FY28. Trial production at AURIC is expected to commence in the coming weeks, with installation of Phase 1 capex and capacity targeted for completion by Q4FY27. The additional capacity is intended to provide headroom for growth over the next few years, particularly as Konarc expands across India.

ATHERENE added fewer than 50 Experience Centres over the preceding two quarters as it prioritised supply availability and dealer economics. Plans are in place to restart network expansion from the end of Q3FY27, with more visible additions expected from

Q4FY27. Hundreds of previously deferred letters of intent provide a potential pipeline for expansion as production improves.

Product development

Ather launched TrueHealth, a mobile app that provides component-health reports and estimated resale values for scooters more than three years old. The fifth-generation Bedrock battery introduced is five times faster than the previous generation and comes with a 10-year/100,000km warranty with a 70% performance guarantee. The battery is being rolled out across the portfolio.

Other key points

Konarc has displayed AtherStack attach rate comparable to Rizta, though management remains cautious of the run rate as the product expands into more price-sensitive markets.

EV penetration in Tier-2 locations in Maharashtra was cited at ~18–19%, indicating growing adoption beyond major metropolitan markets.

R&D work continues for motorcycle technology but timeline hasn't been fixed for the launch of the product.

Fig 1 – Quarterly Performance

(Rs mn)	Q2FY27	Q2FY26	YoY (%)	Q1FY27	QoQ (%)	Q2FY27E	Deviation (%)
Volume (nos)	93,211	65,595	42.1	83,173	12.1	92,300	1.0
Avg. Realisation per Vehicle (Rs)	1,57,089	1,37,038	14.6	1,46,312	7.4	1,47,775	6.3
Net Revenues	14,642	8,989	62.9	12,169	20.3	13,640	7.4
Total Income (A)	**14,642**	**8,989**	**62.9**	**12,169**	**20.3**	**13,640**	**7.4**
Operating Expenses							
Raw materials consumed	11,601	7,301	58.9	9,774	18.7	11,023	5.2
Employee Expenses	1,207	1,140	5.9	1,182	2.1	1,215	(0.7)
Other Expenses	1,720	1,873	(8.1)	1,544	11.4	1,729	(0.5)
Total Expenditure (B)	**14,528**	**10,314**	**40.9**	**12,500**	**16.2**	**13,967**	**4.0**
EBITDA (A-B)	**115**	**(1,325)**	**-**	**(331)**	**-**	**(327)**	**-**
Other Income	627	418	50.0	427	46.8	411	52.6
Depreciation	469	426	10.0	389	20.4	399	17.5
EBIT	**273**	**(1,333)**	**-**	**(293)**	**-**	**(315)**	-
Finance Costs	260	208	25.2	216	20.7	221	17.8
PBT after excep items	**13**	**(1,541)**	**-**	**(509)**	**-**	**(536)**	-
Tax expense			NA		NA		NA
Reported PAT	**13**	**(1,541)**	**-**	**(509)**	**-**	**(536)**	-
Adjusted PAT	-	-		-		-	
EPS (Rs)	**13**	**(1,541)**	**-**	**(509)**	**-**	**(536)**	-
Key Ratios (%)			(bps)		(bps)		
Gross Margin	20.8%	18.8%	200	19.7%	109	19.2%	159
EBITDA Margin	0.8%	-14.7%	1552	-2.7%	350	-2.4%	318
EBIT Margin	1.9%	-14.8%	1669	-2.4%	427	-2.3%	418
PBT Margin	0.1%	-17.1%	1723	-4.2%	427	-3.9%	402
Tax Rate	0.0%	0.0%	0	0.0%	0	0.0%	0
Adj PAT Margin	-0.8%	17.0%	(1778)	3.8%	(456)	-3.9%	315

Source: Company, BOBCAPS Research

Valuation methodology

Ather is in a transitionary phase from a company adopting new edge technology that is nascent to gaining momentum while attaining maturity over a period of time. Effectively, conventional valuation methodology like earnings ratio including P/E or EV/EBITDA is unlikely to portray clarity on the business potential with valuations being far stretched.

We are using Market cap to Gross Block ratio to value Ather. We evaluate the fundamental capital efficiency of its long-term asset base as conventional ratios may distort the book value. Ather's M-cap/GB ratio is improving consistently from 42% in FY27e to 14.5% in FY29e. FY29 marks the phase II expansion of Ather indicating much more potential for Ather to efficiently manage its long-term asset base.

Further, we use Gross block over net block as Gross Block represents the cumulative original historical cost of all productive fixed assets (plant, machinery, land) currently owned and importantly eliminates the discrepancy arising out of depreciation schedules largely left to individual accounting choices of management.

Additionally, the gross block puts the asset productivity test as is depicts the exact amount of hard capital required to build the physical manufacturing asset. As Ather turns around from loss making to profitable entity, Market Cap to Gross Block points towards the company's capability to generate strong operational velocity relative to what it cost to build the infrastructure. With strong operational capability and demand supply mechanics (supply being the major constraint to meet strong demand) the lacunae of capacity utilization determination are taken care off.

We also highlight the depreciation to sales ratio that is improving for Ather and moving at ~3.1% in FY29 in a short span from a double-digit (12%) high in FY22. It is reiterated that the phase II expansion in Auric will facilitate further head-room window for the faster improvement of measuring the depreciation expense generated per unit of revenue. This is after Ather had added capacity from 0.42 mn units to 0.92 mn units in FY27. Ather targets 1.42 mn units by FY29. Further, to tap the strong demand Ather has announced capacity addition of 72K in Hosur to be operational in FY27 and 1.44K incremental capacity in Auric Phase II by 2HFY28 taking total capacity to 11.4mn by FY28 and 16.4mn in FY29.

The improvement in the return on capital employed profile also is entering positive territory for Ather with strong pace compared to its peers. The peer set (BJAUT, EIM, TVS, HMCL) is likely to deliver ~23-25% by FY29e from a range of 16-18% in FY22 (seven years) compared to Ather moving to 12% in FY29 from 2% in FY27.

We value Ather at 16x Sep 2028 M-cap/Gross Block ratio, 18% (earlier 20%) below the average valuation of TVS and BJAUT two key companies (leaders in EV manufacturing) in the 2-W segment. We exclude EIM being focused in the 350cc motor bike segment and HMCL due to its focus on lower-end motor cycle and also strategic investor in Ather. We arrive at target price of Rs1,804/sh (earlier Rs1,680) and assign a BUY rating on the stock. We will watch the performance and the healthy show may prompt us to assign further premium to ATHERENE based on the deliverable by the company.

Fig 2 – Revised estimates

(Rs mn)	New			Old			Change (%)		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Revenue	60,440	90,889	1,41,204	50,127	75,649	1,09,729	20.6	20.1	28.7
EBITDA	1,082	3,146	7,296	(2,046)	2,248	6,231	-	40.0	17.1
Adj PAT	(99)	1,145	4,436	(3,461)	(179)	2,335	-	-	90.0
Adj EPS (Rs)	(0.3)	2.9	11.3	(9.0)	(0.5)	6.0	-	-	90.0

Source: BOBCAPS Research

Fig 3 – Key assumptions

Parameter	FY25	FY26	FY27E	FY28E	FY29E
2W Volumes	1,55,394	2,62,942	4,07,560	6,09,450	9,42,285
Adjusted ASP (Rs)	1,26,288	1,24,731	1,29,720	1,31,017	1,32,327
Adj Revenue (Rs mn)	19,624	32,797	52,869	79,848	1,24,690
Adj Gross Profit (Rs mn)	3,782	7,742	14,793	20,526	31,179
Adj Gross Margin (%)	16.77	21.08	24.48	22.58	22.08
Adj EBITDA (Rs mn)	-5,809	-4,084	1,082	3,146	7,296
Adj EBITDA Margin (%)	-25.8	-11.1	1.8	3.5	5.2
Adj. PAT (Rs mn)	-8,123	-5,222	-99	1,145	4,436
EPS (Rs)	-27.9	-13.6	-0.3	2.9	11.3

Source: Company, BOBCAPS Research

Fig 4 – Valuation summary

Business	Sep 2028
Gross Block (Rs mn)	43,325
M-cap (Rs bn)	624.8
Target Multiple (x)	**16.0**
Target M-cap (Rs bn)	**707.2**
Target Price (Rs)	1,804

Source: BOBCAPS Research

Key risks

Key downside risks to our estimates are

- Slower than expected progress in EV penetration slighting lack of government policy on issues like scrappage and the likes.
- Vulnerable to limited set of suppliers typically in key cell procurement and other critical components can lead sharp and abrupt disruption impacting business.
- Evolution to more easier and available sources of alternate energy and heavy competition from existing fuel sources can impact business visibility.
- Exposed directly to government policies which can change with short notices and will remain a key business risk.

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Total revenue	**22,550**	**36,718**	**60,440**	**90,889**	**1,40,347**
EBITDA	(5,809)	(4,084)	1,082	3,146	6,549
Depreciation	1,710	1,729	2,107	3,205	4,396
EBIT	(7,017)	(4,299)	715	1,942	4,455
Net interest inc./(exp.)	(1,106)	(822)	(814)	(798)	(766)
Other inc./(exp.)	502	1,513	1,740	2,001	2,301
Exceptional items	0	(50)	0	0	0
EBT	(8,123)	(5,172)	(99)	1,145	3,690
Income taxes	0	0	0	0	0
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
Reported net profit	**(8,123)**	**(5,172)**	**(99)**	**1,145**	**3,690**
Adjustments	0	50	0	0	0
Adjusted net profit	**(8,123)**	**(5,121)**	**(99)**	**1,145**	**3,690**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Accounts payables	5,951	8,810	13,844	21,220	33,137
Other current liabilities	4,592	3,893	4,113	5,214	7,132
Provisions	1,981	2,204	2,424	2,666	2,933
Debt funds	1,288	3,744	2,674	1,674	674
Other liabilities	2,264	2,839	2,839	2,839	2,839
Equity capital	291	383	384	392	392
Reserves & surplus	4,639	25,343	29,745	38,390	42,079
Shareholders' fund	4,930	25,726	30,129	38,782	42,471
Total liab. and equities	**21,005**	**47,215**	**56,024**	**72,395**	**89,186**
Cash and cash eq.	3,704	8,232	7,247	12,580	3,431
Accounts receivables	118	83	235	349	627
Inventories	2,446	2,816	3,911	5,469	8,028
Other current assets	4,889	17,099	5,297	6,213	7,543
Investments	410	5,520	6,120	6,720	7,320
Net fixed assets	2,674	3,073	13,966	27,761	40,865
CWIP	57	1,026	10,000	4,000	12,000
Intangible assets	2,206	3,393	3,056	2,870	2,675
Deferred tax assets, net	0	0	0	0	0
Other assets	4,501	5,974	6,192	6,433	6,697
Total assets	**21,005**	**47,215**	**56,024**	**72,395**	**89,186**

Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Cash flow from operations	**(9,616)**	**(17,041)**	**15,485**	**7,681**	**14,953**
Capital expenditures	(3,794)	(4,026)	(21,855)	(11,055)	(25,569)
Change in investments	2,512	(5,110)	(600)	(600)	(600)
Other investing cash flows	502	1,513	1,740	2,001	2,301
Cash flow from investing	**(780)**	**(7,623)**	**(20,715)**	**(9,654)**	**(23,868)**
Equities issued/Others	7,047	26,642	2	8	0
Debt raised/repaid	876	2,456	(1,069)	(1,000)	(1,000)
Interest expenses	(1,106)	(822)	(814)	(798)	(766)
Dividends paid	0	0	0	0	0
Other financing cash flows	0	0	0	0	0
Cash flow from financing	**6,817**	**28,275**	**(1,881)**	**(1,790)**	**(1,766)**
Chg in cash & cash eq.	**(3,579)**	**3,612**	**(7,112)**	**(3,762)**	**(10,681)**
Closing cash & cash eq.	**3,704**	**8,232**	**7,247**	**12,580**	**3,431**

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26A	FY27E	FY28E	FY29E
Reported EPS	(27.9)	(13.6)	(0.3)	2.9	9.4
Adjusted EPS	(27.9)	(13.6)	(0.3)	2.9	9.4
Dividend per share	0.0	0.0	0.0	0.0	0.0
Book value per share	17.0	67.2	78.4	98.9	108.3

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26A	FY27E	FY28E	FY29E
EV/Sales	21.3	13.1	8.0	5.3	3.4
EV/EBITDA	(82.5)	(117.9)	445.1	152.6	72.7
Adjusted P/E	(56.4)	(115.4)	(6,131.9)	539.6	167.4
P/BV	92.9	23.4	20.1	15.9	14.5

DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26A	FY27E	FY28E	FY29E
Tax burden (Net profit/PBT)	100.0	101.0	100.0	100.0	100.0
Interest burden (PBT/EBIT)	115.8	120.3	(13.8)	58.9	82.8
EBIT margin (EBIT/Revenue)	(31.1)	(11.7)	1.2	2.1	3.2
Asset turnover (Rev./Avg TA)	279.2	180.0	177.9	230.3	314.4
Leverage (Avg TA/Avg Equity)	1.6	1.3	1.2	1.1	1.1
Adjusted ROAE	(156.4)	(34.1)	(0.4)	3.3	9.1

Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
YoY growth (%)					
Revenue	28.6	62.8	64.6	50.4	54.4
EBITDA				190.7	108.2
Adjusted EPS					222.2
Profitability & Return ratios (%)					
EBITDA margin	(25.8)	(11.1)	1.8	3.5	4.7
EBIT margin	(31.1)	(11.7)	1.2	2.1	3.2
Adjusted profit margin	(36.0)	(13.9)	(0.2)	1.3	2.6
Adjusted ROAE	(164.8)	(19.9)	(0.3)	3.0	8.7
ROCE	(86.9)	(21.1)	2.1	4.9	10.0
Working capital days (days)					
Receivables	1	1	1	1	1
Inventory	29	26	20	19	18
Payables	105	93	91	91	90
Ratios (x)					
Gross asset turnover	0.2	0.1	0.3	0.4	0.4
Current ratio	0.9	1.9	0.8	0.8	0.5
Net interest coverage ratio	6.3	5.2	(0.9)	(2.4)	(5.8)
Adjusted debt/equity	0.3	0.1	0.1	0.0	0.0

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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Recommendation scale: Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

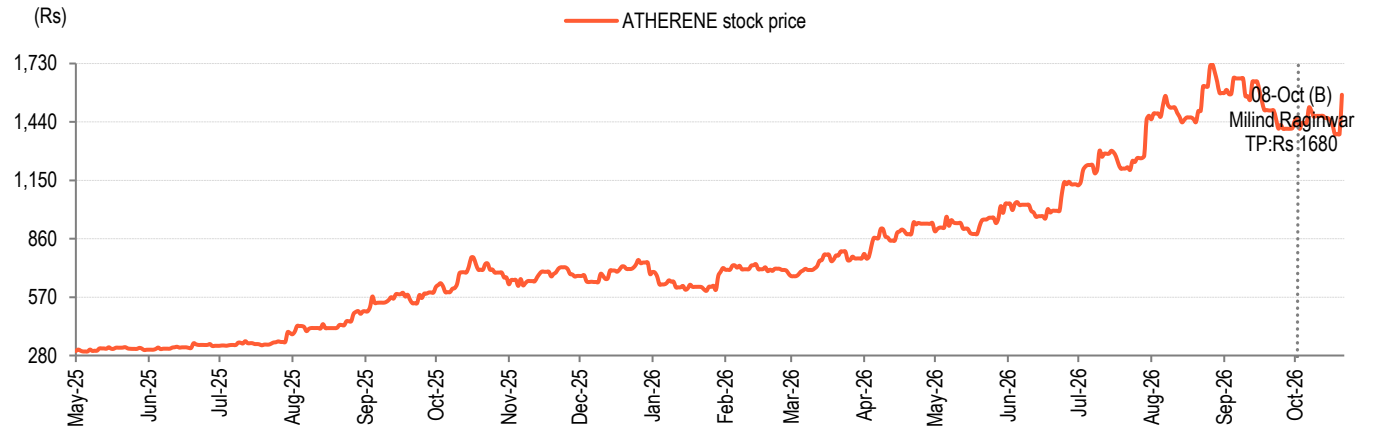
HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Ratings and Target Price (3-year history): ATHER ENERGY (ATHERENE IN EQUITY)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

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