

RESEARCH**ATHER ENERGY | NOT RATED**

Steadily spreading wings; improvement in margins expected

SUMMARY**ATHER ENERGY**

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- EL platform launch is expected to balance improved margins through lower BOM costs (~10%) and also expand Ather's addressable market
- Margin trajectory remains positive, aided by value engineering, higher software attach (93%) rate as well as pricing power

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| Automobiles

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We had a meeting with the management of Ather Energy Ltd. Highlights below:

Near-term growth constrained, but momentum remains strong: Ather highlighted that its growth momentum will remain healthy, driven by rapid network expansion (700 in FY26 vs 351 in FY25), improving market share across geographies and improvement in earnings. The upcoming EL platform is expected to be a key strategic catalyst, enabling the company's entry into lower affordability segments — expanding the addressable market and structurally reducing costs.

Distribution channel expansion continues to drive market share gains: Ather's market share improvement has been broad-based — South India: 23.5% (vs 22% YoY); Middle India: 17.3% (vs 9.5% YoY); Rest of India: 12.1% (vs 6.5% YoY). Ather highlighted the distribution expansion as the key growth driver, with significant white spaces available for showroom additions. Dealer expansion should expand once the EL platform is launched and new production capacity becomes operational.

EL platform to significantly expand addressable market: The upcoming EL platform is designed to address lower affordability segments while still improving profitability (exposure in premium segment). Ather indicated that Rizta, based on EL, may rationalise cost (~10% lower BOM cost) vs the current 450 platform. However, EL-platform-based premium variants unlikely to have price cuts, allowing most cost savings to flow through to margins.

Short-term cost headwinds here to stay, partially mitigated by price hikes: 40% of base metal prices and 100% of precious metals prices have inflated. Further, chips and semiconductors have become costlier. This will impact Ather Energy cost structure and will continue to be inflated for the next 3-4 quarters. Total cost inflation of 133% YoY till Q4FY26 and Q1FY27 the impact will be even more.

Launch roadmap healthy on capacity addition in AURIC: Mass-premium variant based on EL platform targeted around festive season FY27 and Premium variant by Q4FY27. Full EL portfolio rollout targeted by Q1FY28. Ather have plans to add a greenfield capacity at Aurangabad Industrial Corridor (AURIC) with Rs20bn investment helping capacity of 1mn in two phases of 0.5mn in FY27 and 0.5mn by FY29.



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