

Ather Energy

Operator: Good afternoon, everyone. Welcome to the third day of the Arihant Bharat Connect Conference, September 2026. I would like to extend a warm welcome to all of you to the conference call of Ather Energy Ltd. Joining us today from the management team are Mr. Abhinav, Vice President Finance; Mr. Rishikesh, VP Business; and the IR team.

Before I hand over the call to management, let me briefly outline today's session. We will begin with a brief introduction and opening remarks from management, following which we will move into the Q&A session. Participants who wish to ask questions may raise their hands using the platform feature or submit their questions in the chat box. We will first address questions from participants who have raised their hands and then move to questions received through the chat box.

If time permits towards the end, we will also address a few questions that we have received from clients who were unable to join the call today. Please note that we will take the last question approximately 5 minutes before the scheduled end of the session, at 12:55, so that we can conclude the call on time. Without taking much more time, I would now like to hand over the call to management for the opening remarks. Thank you, and over to you.

Abhinav – VP Finance: From our perspective, we have had our earnings release, which is available on the website. What I can do over the next 2–5 minutes is give you a brief overview of the key highlights from our first-quarter earnings and the recent updates on the company, after which we can take the Q&A.

From an earnings perspective, as we released earlier, if you look at the slides, we are seeing a significant uptick in E2W penetration and demand. This is on the back of 2–3 major levers. One is the national agenda and the way the government has been supporting electric mobility through its policies, whether it is the EMPS extension, the Delhi EV policy, or the support coming from the Prime Minister's Office and the Prime Minister for electric mobility. That has given us a good amount of tailwind.

Also, from the perspective of what is happening with the US–Iran war, how crude has behaved, and how fuel has become a concern overall in terms of availability and cost, we are seeing consumer sentiment move towards EVs. This appears to be more of a structural move rather than a short-term move.

As a result, we have been able to move E2W penetration closer to 11%, which is 44% higher year-on-year. From the perspective of scooter penetration, it is close to 25%. One out of every four scooters being sold right now is electric. That is a significant movement from where we were earlier.

Moving on quickly, from the perspective of Ather inquiries, we have seen a 95% year-on-year increase. From a pre-order perspective, we have seen an increase of approximately 160%. That is a significant uptick in demand.

If I have to go deeper into how these pre-orders look on a monthly basis, at the end of Q1 we were averaging 50,000 pre-orders. For context, a pre-order is when a customer pays an initial deposit of at least 2,500 rupees to block a booking for an Ather vehicle. That figure was approximately

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50,000, compared with around 19,000–20,000 at the same time last year. That is a significant increase.

Unfortunately, we are behind from a supply perspective. We have been able to supply approximately 30,000 units, and therefore we have unserved demand of around 15,000 units. This is clearly due to the supply constraints we saw in Q1. From a manufacturing perspective, our supply is restricted to around 35,000 units a month from our current Hosur plant.

As a result, our dealer stock, or channel stock, has moved down to approximately 2–3 days, and we have a significant waiting period.

What we have been able to do in this regard is increase our capacity through the new plant in Aurangabad, which is going live in Q4. That will improve our capacity from 35,000 per month to approximately 70,000–77,000 per month. On an overall basis, we are increasing it to approximately 9.2 lakh units on an annualized basis.

This will be our first response to addressing the unserved demand. Secondly, we are also trying to further improve our capacity. We have not mentioned a timeline, but reasonably, within a year to a year and a half, we should be able to increase our capacity further to approximately 1.4 million units. That is the major capacity ramp-up we are discussing, which should address the current demand as well as future demand from our perspective.

Moving on quickly, our commodity basket, or raw material basket, has faced significant headwinds. We discussed this in Q3 and Q4, including how these pressures were affecting our margins. Whether it is aluminum, copper, plastics, or lithium, we had been seeing a significant amount of margin contraction.

From that perspective, we have been able to take some price increases. We have 2 opportunities to take price increases. One is the scooter, and the second is the software, which is the AtherStack that we sell. We have taken 2 price increases, one in April and one in June. Along with the improvement in the SKU mix, we have been able to improve our overall ASP by approximately 11,000 rupees per vehicle. Our AtherStack software attachment rate has also increased from approximately 93% to 94%. This has provided some cushion to the margin.

From a first-quarter perspective, we saw a 0.8% contraction in margins. Through structural gains from price increases, SKU management, and cost reduction, we were able to manage the margins by approximately 2.6%, leading to a gross margin of approximately 22.4% in Q1.

For the entire first quarter, we also saw EBITDA at approximately 0.8% positive for the first time. While EBITDA is positive at this point, there could be challenges from commodities, which we foresee continuing in Q2 and Q3, and margins could decline further. Therefore, we do not consider this to be sustainable EBITDA at this stage. We will wait and watch to determine when we become profitable on a sustainable basis.

That is broadly the update on demand, supply, capacity, and margins.

The last point we are looking at as of Q1 is that demand saw a significant increase, as did registrations and production. The major highlight we are looking forward to is the Rizta launch,

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which took place on August 29. We are seeing a very good response to Rizta.

Factory 3.0, which will be Phase 1 as I mentioned, is going live in Q3 and will begin ramping up in Q4. I will pause here. These are the overall quarterly highlights and the key levers we are looking at right now. We are happy to take questions.

Operator: Thank you. We will take the first question from Manish Oswal. Please unmute yourself and ask your question.

Manish Oswal: Hi, Abhinav. Thank you for taking my question. Regarding the {? Konark ?} launch and the current status of our network, how many stores are ready to take registrations for {? Konark ?}? I believe management is conducting a very selective launch in certain cities. Could you comment on that?

Rishikesh – VP Business: This is Rishikesh, VP Business. I can take that question, Manish.

Given that our capacity is generally limited to 35,000 units at Hosur until the new plant comes in, we have decided to restrict {? Konark ?} to the markets of Uttar Pradesh, Rajasthan, and the northern states, and gradually open it up in states such as Madhya Pradesh, Bihar, and Chhattisgarh.

At present, those are the only states where bookings are open for select models, namely the 125-kilometer and 165-kilometer range products. There are also pre-bookings for the 100-kilometer product, which will be launched later in March. Those are the only cases where we have opened it up.

The rationale is, first, our capacity is limited. More importantly, this product is largely designed to acquire new customers from ICE scooters in the northern markets, where it is believed to be more attuned to that segment. That is why we chose to open it there. It will gradually be opened up to other states and zones as capacity becomes available.

Manish Oswal: Are you seeing any migration from Rizta to {? Konark ?}? Are you seeing any initial trends?

Rishikesh – VP Business: There is no significant difference so far. We have seen practically no change in demand for Rizta in the markets where we have opened up {? Konark ?}. {? Konark ?} has brought incremental demand to us.

It remains to be seen whether this is a function of the general market momentum, where demand is twice what it was approximately 3 quarters ago. As Abhinav mentioned at the beginning, this is a function of the US-Iran crisis, concerns around ethanol blending, and petrol prices generally increasing. It is a combination of multiple factors, along with the subsidy extension.

It remains to be seen whether this demand is because of those factors, but as such, we are not seeing significant cannibalization from Rizta to {? Konark ?}.

Management: Internally, however, we are comfortable with cannibalization from Rizta to Konark because Konark has a slightly better margin profile than Rizta. If cannibalization occurs because customers prefer Konark over Rizta for any reason, that is acceptable to us.

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Manish Oswal: My last question is on the commencement of the factory. Regarding Q3 FY27, we already know that there is 13,000–15,000 units of unmet demand because of the capacity constraint. How should we think about the ramp-up once commercial production starts? Can we achieve 100% capacity within 6 months or 9 months? How should we think about it?

Management: Within approximately 6 months, we should assume that we will be able to reach 100% of the capacity. That should happen around June or July 2027. From then on, we should expect the entire 42,000 units per month of capacity to be available to us, which would be 500,000 units on an annualized basis. That is Phase 1.

That is what you should expect from approximately December onwards.

Manish Oswal: Thank you. Thank you, everyone.

Operator: Thank you. The next question is from Andre Purushottam. Please unmute yourself and ask your question.

Andre Purushottam: Thank you for taking my question. I am relatively new to this company, so I wanted to ask for more detail on the macro picture for the entire two-wheeler market.

There is an ICE market and an EV market. How do you see the conversion happening? Where do you see a major source of gains for both your models, assuming that you have addressed your production constraints? You can consider the situation approximately a year from now, when constraints are not governing your sales mix and demand.

Could you also explain the proposition offered by your 2 models to potential users of either ICE vehicles? Are you primarily acquiring people who have already adopted the EV mindset, or are you directly targeting ICE customers as well? Are you seeing traction only from the scooter market, or are you also having an impact on the motorcycle market?

Management: If I were to begin from the top, I think there are a couple of macro trends in the industry.

The first is increasing scooterization. As infrastructure improves, customers are looking beyond just commuting and are considering convenience features, better safety, greater functionality, and use by multiple people within the family. Scooters have increased from a 30% contribution to the market to a 40% contribution over approximately the last 5–6 years. That is the first trend, which is scooterization.

Within scooters, there is also significant premiumization. The market share of scooters with 125cc and above has increased from approximately 20%–25% to close to 54%–55% in recent times. Clearly, people are choosing more premium scooters over motorcycles as replacements.

Two-wheelers are not a new category for India's middle class. Approximately 70% of middle-class households own a scooter or some form of two-wheeler. Typical replacement cycles are in the 6–7-year range. As more customers replace their vehicles, they are buying more scooters than motorcycles.

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Therefore, I would say that within two-wheelers, scooters are growing at twice the rate of overall two-wheeler growth, which means that motorcycles are growing at approximately 0.5 times that rate.

Once we establish that, we also need to understand how the total cost of ownership, or TCO, economics work for scooters versus motorcycles. Motorcycles in the commuter segment, which have engines of approximately 100cc, tend to be reasonably efficient compared with scooters. Therefore, the TCO argument for scooter electrification is much stronger, given that this was one of the primary reasons customers were pursuing electrified two-wheelers.

What has changed over the last few quarters is the following. The penetration of electric two-wheelers within the overall two-wheeler market was approximately 6%–7% around 8 or 7 quarters ago. The penetration within scooters was in the range of 15%–16% during the same period.

Over the last 3 quarters, because of the factors we have been discussing—the West Asia crisis, ethanol blending, petrol price increases, and the subsidy extension—scooter penetration has increased to approximately 25%. This means that 1 in every 4 scooters sold in the country today is an electric two-wheeler.

The same is not true for motorcycles. In motorcycles, the percentage is much lower, perhaps around 1%. That is why, as a blended figure, total electrification of two-wheelers continues to be in the range of 11%–12%. That is the more recent number.

What is the primary reason electrification remains at this level and is not growing faster? The reasons have remained largely the same over the last few quarters.

The first major concern is range and what happens if a customer runs out of charge and is stranded somewhere. The second concern used to be the service network. Unlike ICE vehicles, where a customer can take a scooter to an FNG or a roadside garage for repairs, electric vehicles tend to be fairly integrated and connected. Customers therefore need to go to an authorized service center. The size of the network and where a customer can obtain service become additional concerns.

The third concern is the buyback value or resale value, how much value the vehicle will retain over time, and how much it will depreciate. A major concern used to be that the battery would depreciate much faster and that the vehicle would not have a long life. These were some of the concerns customers used to have.

As Ather specifically, I think we have mitigated many of these concerns.

On charging, there are a couple of points. First, our batteries are fairly reliable. Our Gen 1 vehicles, which are now 8.5–9 years old, continue at a fleet level to retain approximately 83% charge. This means that even after 9 years, the battery is retaining its capacity.

Our dashboard range meter, which shows how much range remains on the charge, or the True Range, is also something that works very well for customers. Whatever we show on the dashboard is what the customer will get.

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In addition, Ather has India's largest DC fast-charging network for two-wheelers. We have more than 6,000 fast-charging stations across the country, where customers can add approximately 30 kilometers of range in 10 minutes. That provides a day's worth of driving in just 10 minutes, which is equivalent to going to a petrol or fuel station and using the nozzle to fill the tank.

Through this, we have largely mitigated customers' concerns regarding range anxiety and the charging network. We have also introduced more range options with Konark. A 200-kilometer range scooter is also coming. With all of this, we believe that many of the concerns around range are being addressed.

Regarding the service network, wherever we have a dealership or an experience center, we are required to have a service center as well. Today, we have approximately 500-plus service centers, and over the next few months we will reach the approximately 750 experience centers that we have.

Essentially, wherever customers can buy the scooter, they can also get it serviced. This addresses some of their service concerns. We also have Roadside Service Centers that promise a 4-hour TAT within which the scooter can be serviced.

The final point is buyback value. We have programs such as the buyback guarantee. In the third year, we will give customers 60% of the value back, and in the fourth year, we will give them 50% of the value back if they want to sell the scooter back.

These programs are available. In addition, we are running programs through which we want to extend this to 6 years, 7 years, 8 years, and so on.

Together, all these measures help mitigate the concerns customers have specifically regarding electric two-wheelers, and that also helps the industry overall. With Konark, we have recently announced a 10-year battery warranty, which also helps address concerns that the battery will fail or will not retain a full charge after 3 years.

We have also demonstrated multiple times that batteries are one of the strong points of the Ather ecosystem in general. All of this is helping mitigate some of the concerns people have about moving to electric vehicles.

Additionally, what is Ather's proposition to customers? One final point is the software-defined experience we offer on Ather vehicles.

When you buy an Ather scooter, if you also buy AtherStack Pro, which is the software package enabled on top of the scooter itself, you receive a range of experiences. These include convenience features, safety features, Google Maps, ride modes, traction control, hill hold—which is called AutoHold—the Magic Twist feature, where you can use the accelerator itself to brake by twisting it counter-clockwise, and Infinite Cruise.

More recently, on Konark, we have introduced what is called Airbak. This helps you push the scooter when you are crawling or parking it by moving it backwards and forwards.

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A range of these features is enabled, and they are unique to Ather, at least in the way they are implemented. While competitors may also have some of these features, Ather does a much better job of refining and delivering them in a way that results in very high customer adoption.

For example, 96% of customers have AutoHold enabled, and approximately 83%–84% of them use it daily.

Another feature is Share Your Live Location. In the states of Uttar Pradesh, Rajasthan, Uttarakhand—sorry, Jharkhand—and Bihar, 80% of customers use it at least once a month. A customer presses the start button 4–5 times, and the live location is shared with the 2 or 3 contacts stored by the customer.

Some of these features are unique to us. Some are not unique to us, but the way they are implemented leads to high adoption. This helps us deliver a unique experience to our customers.

Specifically regarding Konark, some of the features that differentiate it are, first, the metal body. It has the industry's longest suspension, at 100 millimeters, and a wide wheelbase with 14-inch wheels, which makes it very comfortable to ride.

For the first time, we have also introduced stackable charging, which we call Combi Charging. This allows the customer to add another 450-watt charger to the 450-watt charger already on board, creating a 900-watt fast-charging solution. That is unique to us.

We have also discussed the 10-year battery warranty. For the first time, we are increasing the service interval. Earlier, customers typically had to bring the scooter in for service every 5,000 kilometers, which customers would generally achieve in approximately 6 months. With Konark, we are increasing the service interval to 10,000 kilometers, which means that the vehicle will need to be brought in for service only once a year.

Those are some of the differences with Konark.

In addition, Konark uses the same motor as Rizta. Therefore, there is no compromise even in the 100-kilometer range version in terms of the proposition delivered to the customer. It uses the same chassis, suspension, wheelbase, and motor, giving customers the same acceleration and top speed as the higher version of the product software.

In general, our proposition to customers is that across the range, they receive the same vehicle without compromise. The fundamentals are present. When they buy AtherStack Pro, they also receive software-defined experiences that fundamentally change the way they ride the vehicle.

In general, we support electrification. For example, our charging standard, LEX, has been adopted by BIS as India's two-wheeler charging standard. We have also applied to IEC for a similar international certification.

The standard itself is open-source and can be licensed at no cost by any CPO or other OEM. Several other OEMs also use it.

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We are also founding members of LEAF, which is a forum for light vehicle electrification and an existing consortium. We want EV adoption to increase, and as a company we are contributing to many of these initiatives.

To summarize, I have discussed how electrification is likely to develop. We believe that electrification within scooters can increase significantly in the future.

In states such as Karnataka and Kerala, and in parts of Odisha and Rajasthan, electrification has already reached 1 in every 3 scooters. That trend should continue. We can expect it to reach 50%–60% at some point in the future.

Motorcycles will take more time. Therefore, as an industry, the total average will always remain below scooter electrification. Those are our views on how the industry may progress.

Andre Purushottam: Thank you very much. That was very useful. If I could ask you to elaborate specifically on whom you consider—

Operator: Sorry to interrupt you. Could you please rejoin the queue, as there are many participants?

Andre Purushottam: Sure.

Operator: Thank you. The next question is from Mr. Rushabh Shukla. Please unmute yourself and ask your question.

Rushabh Shukla: Hello. Thank you for the opportunity. I wanted to ask about the technical side of the scooter. Are the battery packs currently made in-house? Will they be made in-house for future models, or will we import the cells from outside and manufacture the packs here? I have a follow-up question on this.

Rushabh Shukla: First, please clarify this, and then I can ask the follow-up.

Management: From a battery perspective, we currently own the entire battery design. That is our critical USP.

Cells are a commodity, and we import them. From that perspective, we undertake the entire battery design, casing, and battery manufacturing at our Hosur plant. The same will happen at our Aurangabad plant.

To provide some additional information, from a battery perspective, and specifically from a cell perspective, we work with multiple chemistries, including NMC, NCA, and LFP chemistries. This gives us fungibility and flexibility regarding the chemistry we use in our vehicles.

Regarding our further strategy for cells, while we currently import them, we also have clear MOUs with domestic players and want to work closely with them. In fact, we are trying to help the entire ecosystem in India develop these types of cells. That is where we stand on cells.

Rushabh Shukla: Regarding the battery, as you said, you will manufacture it here apart from the cells. Will all the CCS attached to the battery also be manufactured in-house, or will we import it? Could you provide some clarity on that?

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Management: Regarding the CCS—

Rushabh Shukla: The cell connect system, or CCS, which goes on top of the battery pack.

Management: From our perspective, as I mentioned, the entire battery, excluding the cell, which is a commodity, is designed in-house even today.

Historically, since we started sales in 2018, this has always been the process.

Rushabh Shukla: I am not referring to design. I am referring to manufacturing.

Management: When you refer to manufacturing, are you referring to the PCBs?

Rushabh Shukla: Yes, the PCB and the entire CCS that goes on top of the battery pack, including the busbars, welding, and all of that.

Management: From an overall electronics manufacturing perspective, while we own the designs, we work with contract manufacturers in India who support us with contract manufacturing and assembly of that part.

Rushabh Shukla: Thank you very much for the answer.

Operator: Thank you. Before taking the next question, I would like to request all participants to restrict their questions to one question only so that we can answer the maximum number of participants. The next question is from Mr. Siddhant. Please unmute yourself and ask your question.

Siddhant: Hello. Am I audible?

Management: Yes, you are.

Siddhant: One of the biggest complaints, or one of the few complaints, that we see with the Ather 450 and Rizta concerns belt-drive breakdowns, maintenance, and replacement costs. Our competitors have also faced these issues and have shifted to a chain-drive system. Do we have anything like this in our pipeline, or is there nothing planned at present?

Management: On Konark, for example, we have already moved away from a belt to a traditional gearbox with a swingarm-mounted motor. We are already shifting in that direction.

The reason we use a belt is that the platform on which both the 450 and Rizta are built is designed for performance scooters. A belt drive allows us to provide instantaneous torque, which is desirable in a performance scooter.

The 450 platform will continue to use a belt, and both the 450 and Rizta will continue to use a belt for now. Eventually, Rizta may move to the EL platform, which is the platform on which Konark is based, and it will then move away from a belt to a gear drive. However, that is at least 18–24 months away.

Since the 450 is a performance scooter, it will continue to use a belt drive because that is required for its performance, acceleration, and torque.

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Siddhant: Understood. That was very helpful. I have a follow-up regarding the PLI. Is there any update on the PLI? I believe we have been trying very hard to obtain it.

Management: From our perspective, regarding the policy, until we see some form of white paper, it is very difficult to comment on it.

We have obviously been in discussions, and the government has been willing to listen to us, but there is nothing we can guide you on at present regarding the PLI. Unfortunately, we are currently not part of the PLI scheme.

Siddhant: Does the PLI affect how we proceed with EL production? For the lower-cost scooter, it significantly changes the unit economics, correct?

Management: From a pricing perspective, we have always been wary of entering the entry segment of the market.

Regarding where Konark is today, while PLI would certainly be supportive from a margin perspective, it may not change how we respond to the market in terms of Konark pricing or production.

Siddhant: Understood. Thank you.

Operator: Thank you. The next question is from Mr. Vinayak Agarwal. Please unmute yourself and ask your question.

Vinayak Agarwal: Thank you for the opportunity. I have 2 questions.

First, the current penetration of EVs in the two-wheeler market is 11%. Where do you see this number 1-2 years from now? You could break it down into the scooter segment and the overall two-wheeler market.

The second question relates to our Phase 3 capex. Have you already committed the capex, and when do you see it coming online?

Management: Currently, regarding the demand front, the recent Vahan data showed approximately 10.6%-10.7%.

We do not have an exact number to guide at this point, but directionally we can discuss 4 factors.

Could you please mute your line? There is some background noise.

Sorry about that. We definitely see E2W penetration moving significantly higher from where it is today, subject to certain underlying assumptions. However, we will not be able to provide an exact penetration number.

First, there are the government policies we discussed, which favor the E2W market.

Second, customers are quite willing, and awareness of E2Ws has increased significantly.

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Third, the number of brands, products, and distribution channels now active in electrification and capable of selling electric vehicles is significantly higher than it was earlier.

Fourth, there is word-of-mouth awareness. The general consensus is that when word of mouth is positive and there is significant positive awareness—for example, if your neighbor or people in your society own an EV—it has a critical impact. Based on our research trends, that impact is currently much higher from an EV awareness perspective.

Therefore, while we cannot guide a specific number by saying that we expect penetration to be between X and Y, we do have analyst reports and CRISIL reports that were cited earlier. Those reports indicated that around FY30–FY31, scooter penetration could rise above 45%–50%, compared with approximately 25% currently.

However, these are based purely on industry reports. From management's perspective, we may not be able to guide these numbers precisely.

Vinayak Agarwal: What about the capex for Phase 3?

Management: Regarding capex, as we said, Phase 1 is taking place in Q3 and will begin ramping up in Q4. Phase 1 is funded by the IPO itself.

Phase 2 will be funded through internal means, including equity and debt funding. That is expected to happen around FY28 or FY29. Those are the timelines we are considering for Phase 2.

We do not have any timeline for Phase 3 at present. It will depend on how demand develops, after which we will determine any incremental investments in Phase 3 and beyond.

Vinayak Agarwal: Thank you.

Operator: Thank you. The next question is from Mr. Badal Rawat. Please unmute yourself and ask your question.

Badal Rawat: My first question is how ASP will change with the introduction of Konark. Second, what will the production mix be for Factory 3.0? Will it be dedicated solely to the EL platform, or will it have a mix of the current 450 models and the EL platform?

Management: I will first take the second part, regarding the Aurangabad plant, which is coming online. It will have only the EL platform, which is what it is designed for. Therefore, it will support Konark products for now.

The current 450 platform is designed only for Hosur. Hosur should be able to produce the 450 and Rizta from the 450 platform, while Konark is fungible between the Hosur plant and the Aurangabad plant.

That addresses the first part of the question.

Regarding ASP, it is currently difficult to estimate whether ASP trends will decline. In Q1, we saw that our ASP, helped by an improved SKU mix, had a higher trend and reached approximately 1.61 lakh rupees.

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In the short to medium term, given that demand is significantly high and we are behind from a supply perspective, we may not be able to estimate any downward trend in ASP.

Konark does have products starting in the mass segment, and those products have been launched. They may have a somewhat lower impact on ASP and could lead to a deflationary trend, but we will have to wait and see how the SKU mix develops.

It is still early to estimate Konark's impact, including how the SKU mix will develop and what effect it will have on the entire portfolio. We want to be conservative in this regard, and that is how we have assessed it.

Badal Rawat: Thank you. Just one more thing—

Operator: Please rejoin the queue. There are many participants. The next question is from Mr. Sunil Saha. Please unmute yourself and ask your question.

Sunil Saha: Thank you for the opportunity. My question is about the technological advantage we can have over the competition.

In Konark, we have introduced a new feature that makes it easier to move the vehicle when it is parked. Can we obtain a patent for something like this? How does it work, and how does it give us an edge over others? Can we patent such technological advancements, or is that not possible? I wanted to understand this.

Management: We patent a number of processes and features. As you may know, for the record, we have approximately 790 patents from the last few years, which is a large number for a young company like ours.

These patents cover hardware, software, and processes. However, it is not possible to patent a concept. This type of functionality is fairly generic. Using a motor to help move a vehicle forwards or backwards is generic and cannot be patented as such.

What can be patented is the unique algorithm or the unique method through which Ather implements it, and we have a patent for that.

Someone else can take the idea and create a similar feature; there is nothing preventing them from doing so. This has also happened with regenerative braking, AutoHold, and other features.

However, the way the feature is implemented at Ather, which makes it uniquely Ather-like, is proprietary and cannot be replicated.

Sunil Saha: Thank you for the explanation.

Operator: Thank you. The next question is from Mr. Kaushal Sharma. Please unmute yourself and ask your question.

Kaushal Sharma: Good afternoon. Am I audible?

Management: Yes, you are.

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Kaushal Sharma: Heartiest congratulations on the excellent numbers and execution by the company. I want to understand one feature offered by our competitors: the detachable battery.

In Delhi, there is significant congestion in market areas and other locations. People prefer to park on the roadside because they cannot park in congested areas. Why do we not offer a detachable battery as one of the features in our vehicle segment?

Management: Detachable batteries have several challenges. Even when they are not swappable and are permanently associated with the vehicle, customers have to take them out to charge them, as some competitors do.

There are a couple of challenges. First, to provide easy access to the battery, it typically has to be mounted vertically, compared with our current horizontal battery mounted in the skateboard.

With a vertically mounted battery, the weight of the vehicle is concentrated higher above the ground. This raises the vehicle's center of gravity. It affects ride dynamics, vehicle handling, and the way turns can be taken, and there is a higher chance of the vehicle toppling over.

By having much of the battery weight in the skateboard itself, we have a significant amount of inherent stability.

Second, batteries are quite heavy. They weigh between {? 13-17 kilos ?}, depending on the configuration. It requires considerable effort to lift the battery vertically by a couple of feet, remove it from the vehicle, and then charge it. Most scooter consumers would not be able to do that very easily.

That is the choice we have made, and we do not use detachable batteries for that reason.

Additionally, because it is a removable battery, the contacts between the battery and the vehicle itself have a higher chance of failure. That can cause safety issues as well as maintenance issues.

Therefore, we prefer to have the battery permanently installed in the vehicle.

Kaushal Sharma: In the future, are we likely to see this type of feature in our vehicles?

Management: No. We are not looking to adopt any type of removable battery in our roadmap.

Kaushal Sharma: Understood. Thank you very much for answering.

Operator: Thank you. The next question is from Mr. Abhinav Shetty. Please unmute yourself and ask your question. Mr. Abhinav, are you there? Yes, please go ahead.

Abhinav Shetty: Thank you for the opportunity. I have a question regarding new competition entering the market. Companies such as Simple and Ultraviolette have also opened new manufacturing facilities in Hosur, and they are entering the mass-market segment. River is also planning a second product next year.

How do you foresee competitive intensity developing over the next 2-3 years?

Ather Energy

Management: We welcome competition because it gives customers more choice and encourages them to consider electrification, which is essentially the objective behind everything we do.

Having said that, there has been increased consolidation in the market, with a very clear top 3-5 players. I think the market is likely to become more concentrated. We are already seeing approximately {? 80-85% ?} of the market share concentrated among the top 4-5 players.

Therefore, I cannot comment on their specific strategies or go-to-market strategies. We will have to see how they enter and compete.

As such, we are confident in our own portfolio, roadmap, and distribution, and we do not necessarily foresee any challenge to our plans, at least over the next few quarters.

Abhinav Shetty: Do you plan to launch any other differentiating features or products in the near future?

Management: We are working on, for example, a motorcycle on the Zenith platform, but that is at least 2 years away.

There could be further products on the EL platform that we recently introduced. Rizta is the first product on that platform. Rizta itself has multiple variants that will be launched progressively over the next year or so.

Beyond that, we can add more product lines on the EL platform as market demand becomes more concrete.

Abhinav Shetty: That is all from my side. Thank you.

Operator: Thank you. The next question is from Mr. Sourav Gupta. Please unmute yourself and ask your question.

Sourav Gupta: Hello?

Operator: Yes, please go ahead.

Sourav Gupta: As we can see, commodity prices are increasing, and we are also raising our prices. Is the price increase sufficient to maintain our margins over the next 2-3 quarters?

Management: From our current perspective, as I mentioned earlier, {? 5.6% ?} margin contraction is what we are seeing from commodities based on the current trends in aluminum, copper, steel, and polymers. They are still inflationary.

We could see further margin contraction. We will discuss the extent of that and our assessment of the current situation in our Q2 earnings release.

Regarding further price increases, we have not taken any in Q2. Given that we are already at a reasonable price point from an ASP perspective, we will wait and watch how demand develops before deciding whether to take any price increases.

Ather Energy

At present, there is no clear understanding of whether there could be additional price increases. Therefore, we are estimating some further margin contraction from commodities.

Sourav Gupta: Understood. My second question is regarding—

Operator: Please rejoin the queue.

Sourav Gupta: It is just a follow-up.

Operator: Okay.

Sourav Gupta: On a yearly basis, can we see positive EBITDA in FY27?

Management: It is difficult to estimate the full year, given the volatility we are seeing on the commodity front. Therefore, I will not be able to provide specific guidance on profitability for the full year today.

What we are looking at is that we have undertaken structural measures, including the price improvements we discussed, SKU improvements, and cost reductions. Management's efforts are focused on improving our structural margins.

However, how commodities develop and how the demand scenario evolves will take some time to assess. We will wait and watch before providing any EBITDA guidance.

Sourav Gupta: If commodity prices continue to rise, are we comfortable increasing prices further?

Management: We will not be able to specifically say that we are comfortable increasing prices, because there is a reasonable price point at which Ather as a brand should appear to the customer.

However, there is no hard position that allows us to say with certainty that we will not increase prices. It really depends on the extent of margin contraction from commodities.

I hope you understand that it is difficult to navigate these uncertain times, given how commodities are behaving and how geopolitical scenarios are developing.

Sourav Gupta: Understood. Thank you. That is all from my side.

Operator: Thank you. Due to time constraints, we will take the last question from Mr. Aniket Khandelwal. Please unmute yourself and ask your question. Please limit your question to one question only.

Aniket Khandelwal: Congratulations on the excellent numbers and delivery over the past few quarters. I wanted to understand your strategic commentary.

Hero owns a one-third stake in the company. Why can we not ask Hero to sell your scooters through its dealerships and showrooms? Hero has a significant presence in rural areas, which could significantly boost your sales and volume numbers and, in turn, increase Hero's profits.

Management: Aniket, while Hero is a significant shareholder in Ather Energy Ltd., Hero has been an investor for more than a decade. They continue to operate independently of us, and we continue to

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operate independently of them. It is essentially a financial investment.

We share no R&D, technology, IP, design, or downstream sales-channel distribution, service, or sales operations. Fundamentally, the product lines are very different, and the customer experience at an Ather showroom is very different from the experience at a Hero showroom.

To attract the same customer and explain why someone should pay a {? 30-35% ?} premium for an Ather vehicle requires a different selling process. It is more consultative and experiential than what Hero's dealerships can offer.

Therefore, while it may appear that we can increase distribution overnight by using Hero's dealerships, it would not have the same impact on actual sales and conversions, based on our understanding.

We would rather establish our own distribution. We have demonstrated this over the last year by increasing our network from approximately 350 stores to more than 700 stores. That is effectively one store a day. Clearly, we are able to establish distribution and grow as we choose.

Moreover, even if we were to use Hero stores today, we would not have enough supply to provide them because we do not have sufficient supply to keep our own stores stocked in the first place.

Therefore, we will continue to add distribution over the next few quarters and beyond as supply increases. At present, there are no plans to share or jointly undertake any sales or distribution with Hero.

Aniket Khandelwal: Understood. Thank you very much, and all the best for the subsequent quarters.

Management: Thank you.

Operator: Due to time constraints, we will now conclude the call. Do you have any closing comments?

Management: Thank you very much. It was an interesting conversation, and it was good to address so many questions. Thank you to everyone for participating and congratulating us on the results.

We hope to see good momentum in Rizta and to see how Factory 3.0 develops. We should have a good update on all of this in the earnings release, so please stay tuned.

Operator: On behalf of Arihant Capital, I would like to sincerely thank the management team and the IR team for taking the time to join us today and for sharing their valuable insights about the company.

Participants whose questions were unanswered, or who have any further queries, may contact the team at Arihant Capital or the IR team at Ather Energy Ltd., and we will be happy to assist you.

Thank you, and you may now disconnect your lines.

Ather Energy

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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