

November 14, 2025

To National Stock Exchange of India Ltd Exchange Plaza, 5th Floor, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai 400051 NSE Symbol: ATHEREENERG	To BSE Limited 1 st Floor, Phiroze Jeejeebhoy Towers Dalal Street Mumbai – 400001 Scrip Code: 544397
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Dear Sir/ Madam,

Sub: Transcript of earnings call pertaining to the Unaudited Financial Results of the Company for the quarter and half year ended September 30, 2025

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in furtherance to our earlier letter dated November 11, 2025 on the audio recording of earnings call of the Company pertaining to the Unaudited Financial Results for the quarter and half year ended September 30, 2025, please find enclosed herewith the transcript of the said earnings call.

The said transcript is also available on the website of the Company at: <https://www.atherenergy.com/investor-relations/financials>

Kindly take the above information on record.

Thank you

For Ather Energy Limited

Puja Aggarwal
Company Secretary and Compliance officer
Membership no: A49310

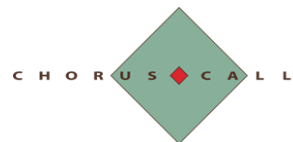
ATHER

Ather Energy Limited

Q2 & H1 FY 2026 Earnings Conference Call

November 11, 2025

ATHER



MANAGEMENT:

MR. TARUN MEHTA – EXECUTIVE DIRECTOR & CEO – ATHER ENERGY LIMITED
MR. SOHIL PAREKH – CHIEF FINANCIAL OFFICER – ATHER ENERGY LIMITED
MR. MURALI SASHIDHARAN – HEAD OF PUBLIC RELATIONS & GOVT RELATIONS
-ATHER ENERGY LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the Ather Energy Limited's Q2 and H1 FY 2026 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Murali Sashidharan from Ather Energy Limited. Thank you and over to you Mr. Murali.

Murali Sashidharan: Good morning everyone and welcome to Ather Energy Limited's Q2 FY 2026 earnings conference call. We have with us today Mr. Tarun Mehta, Executive Director and CEO and Mr. Sohil Parekh, CFO, Ather Energy Limited.

Before we begin, I would like to add that anything that the management might say on this call, which might be seen as forward-looking statements, may involve risks and uncertainties. Such statements or comments are not guaranteed by Ather Energy Limited and the actual results may differ from those statements.

Please note that, this conference is being recorded and all participants will be in listen-only mode. There will be an opportunity for you to ask questions after a brief overview by our management team.

So, let us begin and start with an overview from Mr. Tarun Mehta, Executive Director and CEO, Ather Energy Limited.

Tarun Mehta: Thanks, Murali. Good morning, folks. Q2 was a strong quarter for us. Units sold were up at 66,000 units, which is a 67% growth year-on-year and a 42% growth quarter-on-quarter. Total income fantastically was up at INR940 crores, our highest ever and up 57% year-on-year. Adjusted gross margin on an absolute basis was INR210 crores and on a percentage basis was 22%, which is a 300 bps improvement year-on-year.

There was a one-time impact because of the rare earth supply crunch in Q2, wherein we had to change our supply chain and because of which the majority of vehicles in Q2 we have not filed for subsidy. So, there was an associated reduction in revenue and hence AGM. However, if you were to account for that, AGM actually grew materially this quarter. For example, without incentives, AGM was up at 21%, which is a 100 bps improvement quarter-on-quarter and a 900 bps improvement year-on-year.

Finally, overall EBITDA came in at lower than negative 10%. The first time we have touched single-digit EBITDA losses in any quarter. 1,100 bps improvement year-on-year and a strong 600 bps improvement quarter-on-quarter.

Market share actually in Q2, I think in some sense a little bit of an exceptional quarter. We saw the strongest gain in market share in recent times. Market share came in at 17.5%, 17.4%. Over the last six, seven quarters, our market share has been broadly on an upswing. The first few quarters was largely Rizta-led improvement in market share. But the last three, four quarters has been largely a distribution-led expansion of our market share, which continues to pay dividends even as we speak.

On volumes in Q2, we were up 67% compared to the same quarter last year. More importantly, on an absolute basis, we added more volume in Q2 corresponding to Q2 last year than we did in Q1. In Q1, we added 23,000 units over the same quarter last year. In Q2, we added almost 26,000 units.

So, very strong growth overall in Q2. All this has been on the back of an expanding distribution. We have been calling out that a large part of our growth in recent quarters has been distribution-led, and that is because we have been adding distribution, we have been adding new stores, particularly in new cities, and increasingly now also in same cities at a rapid pace. Q2 was no exception, We added 78 stores, taking our total store count to 524, and keeping us on a strong path for our ambition of nearly 700 stores later this year.

When we began this distribution-led expansion, our South Indian stores were almost the same as non-South stores, maybe even higher. I will check the exact number. But they were quite comparable.

Over the last three, four quarters, we have added the majority of our stores in non-South with a particular focus on Middle India. So, Middle India is a strategy that we have been calling out for a while. Instead of us saying that all of non-South is a focus, we have chosen to focus in a big way in Middle India over the last few quarters, and that certainly paid strong dividends.

If you see a market share in Middle India, Middle India is, for everybody's recall, the states of Chhattisgarh, Gujarat, Maharashtra, Madhya Pradesh, Chhattisgarh, and Odisha, and a couple of union territories there. So, these five states have been a particular focus for us in the last few quarters, from a distribution, marketing all perspectives. And the payout has been strong.

In Q2, we ended with 14.5% market share in Middle India, growing almost 10% from 4% in Q1 2025 to 14.5% in Q2 FY 2026, taking us to a fairly strong presence in all states. And honestly, we are still at early stages in many markets where our distribution is still opening and there is a lot of headroom to grow for us.

Particular call-outs in these states, Gujarat, we have been consistently doing 20%, 25% market share now, cementing us a very strong player there. Maharashtra, we have now started to do almost 15%, market share. In fact, in October, we were, I think, at almost 16%, 17% market share. MP has been an outstanding story for us, from something like 300, 400 units just about a year, year and a half back. Now, we are starting to see more than 2,000 units a month. In Q2, we ended with more than 10% market share. And if you see our October performance on VAHAN, you will see we are almost doing mid-teens performance in Madhya Pradesh.

Madhya Pradesh also deserves special mention because of not just our market share gains, but also it's compounded, because of how fast MP is itself growing as an EV market. MP has been one of the fastest-growing EV markets in recent quarters, making it a particularly big focus for us in Middle India.

On Rest of India, while obviously Middle India was our largest strategic focus and has been for the last few quarters. Rest of India, we have been a bit more targeted. But those targeted efforts have been also paying out. Q2 was the first time we have hit 10% market share in Rest of India together. October was, I think, even better performance.

And this 10% has come with some really strong performance in specific states. For example, in Jammu and Kashmir, we have gone from number two, number three to now number one, with more than 40% market share.

In Punjab, we have now entered 12-13% market share. In fact, we have become market leaders in places like Amritsar. Rajasthan has been another fantastic story. Frankly, even I didn't think it will grow so rapidly. In fact, Rajasthan is rapidly becoming one of our key focus areas in Rest of India now, with Q2 performance at 13% market share, with us showing really strong traction in places like Jodhpur, Kota, Bikaner, many other places.

With all this, South India has not been lacking attention. We have been calling out that while distribution expansion is more focused in non-South states, South India will also continue to expand and it has. Q2, we have hit 25% market share, becoming number one in all of South zone once again. I know this is Q3, but still want to call out, in October, we were number one in every single state in all of South, making this I think, the first time we have achieved so.

So, South India continues to expand. And this is happening because we still have had pockets where Ather's distribution hadn't reached, which we are continuing to open up. Particularly in South, Density, which is most stores in the same city, is opening up as a fantastic expansion opportunity now, particularly in the states of Telangana, Karnataka and Kerala, where we are able to go quite deep now and the market is really opening up.

Coming to financial performance, adjusted gross margin for H1 came in at 23%, 20% if you look at without any incentives. Overall, COGS saw a good reduction. If you look at Q4 in isolation, as I called out, AGM was at 22%, 21% without incentives.

There was roughly, I would think, about a INR20 crores subsidy that we haven't filed for in Q2. We expect this to be a one-time hit as the issue was resolved through the course of Q2. So, we don't expect this to repeat in Q3, making us reasonably confident about AGM in the coming quarters also.

All of this AGM expansion and volume expansion has played out beautifully in EBITDA. EBITDA for H1 came in at negative 12%, but if you see Q2 particularly, Q2 came in at less than 10%, about a INR90 crores loss. Even here, the rare earth hit was almost about INR20-25 crores overall. So EBITDA has come in strong. Obviously, there's still some more work to do, but

operating leverage is coming in -- is playing out well at these scales now. This was an 1,100 bps improvement over same quarter last year.

Q2 also saw us starting to ratchet up our marketing and sales spend in the buildup to festive. Particularly -- particular call-outs on marketing were some of our integrations. For example, we have had a strong integration with Taarak Mehta Ka Ooltah Chashmah and Siragadikka Aasai in Tamil Nadu. Both of those integrations have been very well received, and we are very bullish about how -- particularly with Rizta, we've been able to really go mainstream with some of our marketing efforts in Q2. We've also seen some integrations in movies like Param Sundari and others, and all of these are landing really well for us.

On new product launches in Q2, we've had a gap in our portfolio for a while now. We've -- if you were to think of a portfolio with two axis, one is technology and other is range, we've had three out of those four quadrants covered well between 450 and Rizta, which is we have had enough technology options, and we have had high range and low-range options. But one quadrant, which is low-tech, high range, this was a gap in our portfolio for a long while. We finally filled that gap up. We finally filled that gap up with the introduction of low-range models on 450S and Rizta S, sorry, the high-range options on 450S and Rizta S with about 160 kilometers of range each. This has been well received. We are seeing good demand, and we are seeing very little to no cannibalization of the higher technology models with this. This is helping us expand our sales and our market share in many markets.

In Q2, we also launched Battery as a Service, BaaS, which allowed us to reduce our upfront price of Rizta S to as low as INR76,000. This is an important top-of-the-funnel introduction. And while the actual attach rates are still emerging, we expect this to continue supporting our marketing efforts on making and landing Rizta as a more mainstream product across the country.

Q2, we also had our annual Ather Community Day. This has become our flagship launch event every year now. This time, we had almost 4,500 people in attendance. We launched our new generation fast charging, which was almost 2x faster. We unveiled AtherStack 7.0, our latest generation of software.

And more importantly, we unveiled EL platform, our new generation scooter platform. EL is a more versatile scooter platform with focus -- with a big focus on safety and convenience. And from an operations perspective, this is designed for scalability and a better cost structure compared to 450 and Rizta today.

We also unveiled the first form factor, the first concept vehicle on EL, something that's shaping up incredibly well for a launch next year. EL is going to bring to the market Ather's first 14-inch wheel in scooters. We are also launching Ather Charge Drive Controller, AC/DC, which is our integrated charger and motor controller module, something that simplifies service, simplifies assembly and more importantly, brings cost down considerably.

From a customer's perspective, Ather Charge Drive Controller will also unlock onboard charging, reducing the portable charger massively in terms of size and weight, making it a big convenience upgrade with in -- with our EL portfolio. EL is also going to launch with Advanced

Electronic Braking System, AEBS, which is our proprietary braking technology. This mimics ABS-like performance in many scenarios at a very, very, very, very low cost structure overall.

On AtherStack 7.0, I think this was our best launch and best launch for our stack till date. Many very, very viral features, particularly pothole alerts, which I think got picked up by media and consumers alike incredibly well. Crash alerts, voice on the Ather. I think with AtherStack 7.0, we were able to finally bring the entire power of our ecosystem together incredibly well, the vehicle software, our algorithms, the vehicle, our helmet, chargers, everything coming together incredibly well as a very tight package. On the business front, this entire suite continues to pay again strong dividends with an attach rate of 89% for customers for AtherStack and a 12% contribution for non-vehicle revenue.

On charging, we launched our fastest charger yet. This is a 6-kilowatt charger, 2x faster than our current fast charger at a considerably smaller size and a better cost structure. Our fast chargers are up at almost 4,300 points across the country, making this a very important part of our entire value proposition to our customers.

A big focus for us recently has been in enabling intercity rights, for example, between Mumbai-Pune or Bengaluru-Mysore or Chennai-Pondicherry, with our fast charging really going deep on connecting customers on these routes.

With that, at the end of my session, just to summarize Q2 FY 2026, total income up considerably at INR940 crores, Pan-India market share of 17.4%, experience centres up at 524 centres across the country, adjusted gross margin up at 22%, EBITDA losses have come down to sub 10%, market leadership in South India, new variants launched, BaaS launched, EL platform unveiled for scheduled launch for next year and a strong reception to Ather Stack 7.0, which is going live over the next few months.

With that, folks, I'm done. Thank you for your patience. Look forward to your questions now.

Moderator:

Thank you very much. We will now begin the question and answer session. Any one who wishes to ask a question may press star and one on the touch-tone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and Gentlemen we will wait for a moment while the question queue assembles. The first question is from the line of Kapil Singh from Nomura. Please go ahead.

Kapil Singh:

Yes. Hi. Good morning, Tarun, and congratulations. I think great to see that market share is improving across the country. My first question is on the network expansion that you have been doing. How do you see the ASPs and the attached rates in the new regions that you are going to because that would be more in the interiors?

And also, a lot of stores probably closer to 160 stores you have added in the last six months. So how much time does it take for those stores to mature? Because -- are you getting optimum volumes here or should we expect further gains on account of that as well?

Tarun Mehta:

Great. Thanks, Kapil. Thanks for the question. So -- as we have been adding these new stores, this was a little bit of a new territory for us also because the last three quarters have been terrific store expansion, something that we have not really taken on in our previous years. Fascinatingly, though, our ASPs have been extremely steady. I think the customer landed price, ex-showroom average of vehicle plus pro pack, is probably within a few hundred rupees over the last several quarters now.

And I'll be honest, I think that was a bit of a surprise to some of us also. And it's not just, oh, you know, like some states canceling out other states. Even newer zones like Madhya Pradesh, Rajasthan, Gujarat, Uttar Pradesh are holding up the ASPs incredibly well despite massive introduction of new stores in these zones, which is actually very positive because what we are seeing is that the older stores are starting to grow their ASPs.

So let me just step back and give you a sense of what we are seeing internally as store growth. When a new store opens up for Ather, in the early few months, we see that given that we obviously we have a more premium product portfolio available, in the early months, we see often sales teams initially only having the courage to frankly sell the more entry-level models. And hence, ASPs are more modest. But as the months start rolling by and there is a better word of mouth in those zones, in those districts, ASPs start inching up because maybe a mix of consumer pull and also dealers starting to realize that it's not actually that crazy to sell our more higher-priced variants.

So the first growth that we see typically within six, eight months is ASPs for the store growing up. This is followed by Pro Pack -- sorry, the first growth that we see is actually Pro Pack attached rate going up. Sorry, I mixed up the order there. So even if the lower-end variants sell, very quickly within literally a few months, our dealers realize that the ability to sell software is pretty high. And there's a massive pull for the Pro Pack in almost every geography that we go to, including new geographies.

So very quickly, while new zones might open up at 40-50% attached rate, within literally quarters, they start inching up to 70%-75% attached rate. For example, in Madhya Pradesh, we have seen a very similar trend starting at 45%-50% attached rate. Now, Madhya Pradesh is showing consistently 70%-75% attached rates for Pro Pack, which is fantastic. So the first thing that goes up is Pro Pack attached rate for us.

Next thing that goes up is the ASP of the base vehicle itself as the confidence goes up to sell more and more higher-end variants. And finally, what we see once stores stabilize, typically around one -- one and a half-year mark, is accessory attached rate go up.

So for example, Gujarat is a reasonably stable market for us from a distribution perspective now. Distribution expansion kind of reached a steady state about a few quarters back. In the last three, four quarters, we have seen accessory attached rates in Gujarat go up as much as 60%-75%, while newer stores are obviously not that focused on accessories right now.

So, this is like a three-tier opportunity. New stores will first grow their Pro Packs, followed by base vehicle attached, base vehicle ASPs, then finally accessories, and eventually over a few

years' time, service revenues. But in general, we have seen very, very steady ASPs that you can also see in the numbers. If you account for the subsidy math here, you will see our ASPs are very, very solid right now.

Kapil Singh:

Okay, great. And just on the new stores, I mean, I'd also wanted to check, like how much time does it take for the stores to mature? What are your observations on the dealer profitability in these new stores? Are you finding interest from new dealers in new locations to expand? Just some color on that?

Tarun Mehta:

Very strong dealer pull. We are largely preferring our existing partners, because it allows ease of expansion, and frankly, we want them to become larger and larger partners with our business. But very strong pull from almost every geo. Very, very few states where we would have a challenge. Almost like Pan India, there's a strong pull.

Dealer profitability is at a good place now. Typically, we are seeing new stores stabilize in three to four quarters. I would say, again, depends a lot on the exact city, the exact variant mix, but I would say a few quarters, three, four quarters is a reasonable estimate for dealer profitability currently. So it's a pretty rapid timeline. All of this has been driven by EC 2.0 and EC 3.0, our new format stores, which have been the primary driver of our distribution expansion the last one, one and a half years. These format stores have allowed very good profitability and hence a very strong pull from dealers overall.

Kapil Singh:

So Tarun and lastly, just want to check on the cost side. We have seen some drop this quarter on the cost per vehicle, and we can see the potential of EL, but if you could articulate on the existing platform as well, what are the other areas where you are looking to reduce costs and how much is the potential over there?

Tarun Mehta:

Right. So I think cost did come down by, I think overall underlying gross margins have improved by 100-150 bps this quarter, accounting for subsidy. I think part of that has been the increasing attach – share of business of LFP batteries, but also constant cost reduction by R&D.

Teams for us, and we have been calling this out forever, that while scale plays one set of roles, scale largely gives us operating leverage for our fixed costs. Most of our cost reduction has been driven by very strong engineering efforts. I expect that trend to continue all the way till actually EL launches.

Obviously, EL is a step change in our cost structures, and there will be a much stronger improvement of gross margin. But even on 450 and Rizta, we are seeing strong cost reduction continuously. This is despite a small change of forex in Q2. Despite that, we are seeing a good improvement of underlying cost structures.

Kapil Singh:

Okay. Thank you. I'll come back in the queue.

Moderator:

Thank you very much. The next question is from the line of Chirag Jain from Emkay Global. Please go ahead.

Chirag Jain: Yeah. Hi. Good morning, Tarun, and thanks for the opportunity. Tarun just wanted to get a sense in terms of how's been the festive season and probably in terms of retails, if you want to share some thoughts, channel inventory? And particularly from the supply side standpoint, I think the new plant is coming a bit delayed by two, three months. So, how are we placed from a capacity standpoint till the time the new plant comes up?

Tarun Mehta: Yeah. Thanks, Chirag. So, festive was very strong. Honestly, we are all scrambling around to ensure that we can keep raising the capacity, particularly on the supplier ends. I think recent months have been the first few months where the retail has been outstripping wholesale by a considerable margin, and we are working hard to fill that gap up. While that presents a lot of operational work for us, but I think obviously that's a very strong sign for the business.

It underlines a very strong demand across zones. You saw Vahan numbers in October. You saw more than 30,000 registrations for us, which is at almost a 50% growth over last year, and I can tell you we were – we were stocked out. We were stocked out in, I think, almost every single EC, ending with a fairly slim channel inventory.

I'm hopeful that over the next few quarters we'll improve this, but this is a very strong underlying demand sign for us. On the new plant, there was, I think, a two, three-month delay because of the delay in obtaining environment clearances, but that's behind us. Work has begun in full swing. To ensure that EL does not struggle because of the delay of the new plant, we have a plan of commencing EL production out of Hosur itself as an early measure to protect EL timelines, and to ensure that from a customer perspective and a market perspective, we don't really miss a step there. So I don't foresee any volume impact because of this, and this, I think, gives us – I think overall Auric will come well on time for the overall ramp-up of EL.

Chirag Jain: Understood. Thank you. Next question is on EBITDA performance. Well, obviously, we have seen major improvement in terms of EBITDA performance, but one of the incumbent two-wheeler OEM did mention that they have reached EBITDA neutral in terms of their two-wheeler business. So where are the gaps between, let's say, an incumbent versus us in terms of cost structure? Is it because of the shared resources on manufacturing, distribution is where they have advantage as of now at this scale, and probably we might see major advantage? I mean, any thoughts on that, if you were to share?

Tarun Mehta: Yes. So, I think the biggest difference is our P&L is a completely clean P&L. We have no mix happening between, like there is no sharing of resources, there is no – like, you can't switch, you can't mix incentives, you can't mix pricing, you can't mix cost structures. So what you are seeing here is a pure, clean P&L overall for electric, free of – and largely, we are also discussing a P&L without additional incentives like PLI and others.

What you are seeing is very strong gross margins that continue to compound, very strong ability to make margins out of software that will continue to compound. Overall, cost structures are quite well. EBITDA came in at negative 10%, and I think that was also full quarter average. Obviously, with increasing volume through the course of the quarter, EBITDA performance has been strong.

So I am feeling good about where we are headed on overall profitability without a specific guidance for when. I personally feel this is one of the better cost structures in the industry on fixed costs, but it's obviously hard for people to see that because ours is one of those few P&Ls that is pure electric and is not mixed up in any possible way. So, yeah, so I would say I am feeling good about our overall cost structures, and obviously, you have seen the improvement this quarter.

Chirag Jain: Yeah. Thank you. Thank you so much, Tarun. I will come back.

Tarun Mehta: Thanks, Chirag. Yes.

Moderator: Thank you very much. The next question is from the line of Vipul Agrawal from HSBC. Please go ahead.

Vipul Agrawal: Yeah. Hi. Thank you for taking my question. Sir, first question is on the gross margin trajectory, like now the PM E-DRIVE will go away in April, and two new margins now look like the more realistic margins. So what will be the gross margin triggers going forward like if you can pinpoint some key improvement areas on the existing platform would be really helpful?

Tarun Mehta: Yeah. So on the revenue front, we expect as stores stabilize for our ASPs to hold up well, maybe even a minor improvement in some geos. We expect our accessory attach rates to continue improving. Again, we are looking – I am looking at our mature states versus our newly emerging states. There is a – There is a good opportunity on accessory attach rates and the trend signs are extremely positive for us to be very confident about them. Service revenues will continue compounding and margins from there will continue compounding.

So I think over the next one year as we go through the final set of subsidy removal, there are a lot of positive tailwinds on the revenue front, even before EL comes in, by the way, and this is at unit economics. Now, on the cost front – variable cost front, we have seen strong improvements in warranty costs.

We have seen strong improvements in bill of materials. LFP obviously is a continuous trigger that continues to pay off and I think even in Q3 you will see dividends out of it. You will see constant cost reduction paying out particularly on the Rizta portfolio but also a little bit on the 450 portfolio. We have seen very good success with our ability to raise prices in our strong markets, particularly 450 in the recent quarters, we have seen very strong traction.

In fact, even now we have been able to undertake constant price hikes with – with good response from the market. So, overall the upcoming subsidy removal, in fact, this quarter was largely a nearly very limited subsidy quarter. So, I think what you are seeing here is probably a very strong sign of things to come.

So, for me, the April subsidy removal is probably no longer a big call-out or a big concern. I think our business is very well set up to absorb that. Yes, that's I think overall.

Software continues to be obviously a positive news for all of us, I want to call it a positive surprise but this is our third public conference call. So, it would probably not be fair for me to say we are surprised but we still are surprised at 89% attached rates. So, and I am hoping this will stay in somewhere this zone for some more time.

Vipul Agrawal:

That's was actually important software attachment, it's pretty strong. And second question is on the Battery as a Service like what was the share of that product in total sales so far and how many customers are opting for buyback option like would you offer like three years guarantee buyback or three and five years?

Tarun Mehta:

Okay. So, both BaaS and buyback is largely a top of the funnel activation for us. You know, where the industry right now is we have a lot of the consumers already coming in, who, I wouldn't call them early adopters.

We are definitely beyond that phase with almost 15%-20% of the scooter market buying electric, but let's say, the early majority. I think a lot of the early majority and specifically the 125cc buyers are already very positively looking at electric and buying it in reasonable attached rates, reasonable penetration.

Now, we are starting to deal with a lot of the mainstream market which would be buying the 110cc scooters and some of the 125cc scooter customers. For a lot of these consumers, the problem is not the logic. I think the logical argument for buying electric scooter is just astoundingly strong.

The batteries are lasting 8, 9, 10 years. Like we, our oldest batteries are now almost 7-8 years in the field and they are still holding well. Obviously, the newer generation batteries will last longer. The running cost is incredibly low. The overall servicing cost has come to a great place. Distribution is good. So, a lot of the logical reasons are there.

But we are now increasingly dealing with a customer who is not worried about the logic. They are worried about the social proof of buying an electric. They are more afraid about things that they don't know. What will be the resale price? What will happen to a battery? They have heard rumors that battery is like 70-80,000 rupees and if battery goes off in 1-2 years, everything will go for a toss.

So, our focus, even in our marketing, with the Ather Advantage campaign, which is "Jyada mat socho, Ather lelo", incredibly focused on this. And the launch of BaaS and the launch of the buyback program has been squarely aimed at giving comfort to these customers. Honestly, I have been never expecting a lot of customers to opt for buyback. I don't think they will need the buyback. But I think just knowing that the brand is able to promise a – the brand and its ecosystem is able to promise a 50%-60% resale value after 3-4 years is a very strong signal for the incoming customer.

We had a similar lever with the 8-year battery warranty, which has always been a buyable product. But Consistent India dealers and channels have given us feedback that don't worry about

the cost of it. Just the fact that the OEM is willing to offer a 70% range guarantee after 8 years is a very strong signal for some of the mainstream consumers.

Similarly, BaaS and this plays the same role. Their attached rates are low. I would say they are like low single digits. But that is not their primary agenda. They are there in our portfolio to give comfort to customers. Hopefully, the attached rates will go up. But I think they played the role that they were intended to.

Vipul Agrawal:

Can you partially answer my next question as well. Since we are targeting 110cc to 125 cc customers, so maybe apart from scooters segment what – if you can give some idea like how many motorcycles customer are now opting for EV like maybe, some entry-level customers, or maybe 125cc customers who would have bought a motorcycle are buying scooter, is there any kind of analysis you might have done at your end, maybe, that will help us to understand how are we looking at the penetration in the longer term?

Tarun Mehta:

I think motorcycles continue to bleed customers to scooters on – in general, which is why scooter – I think scooter penetration is almost nearly 40% now in the two-wheeler market. But I would still hesitate to say that electric is particularly pulling those consumers from bikes to scooters yet. I think that's likely a factor that will play out, but it's still at a fairly early stage right now.

I think largely what we are getting are overwhelmingly the 125cc customer base moving to electric. And now some of the 110cc customers are starting to switch. But I would say the motorcycle transition is still a small story that's not a big part of the story yet.

Vipul Agrawal:

Thank you. That's all from my side.

Moderator:

Thank you. The next question is from the line of Amyn Pirani from JP Morgan. Please go ahead.

Amyn Pirani:

Yes. Hi, Tarun. Thanks for the opportunity.

Tarun Mehta:

Hi, Amyn.

Amyn Pirani:

Hi. So most of the questions have been answered. But my question was on the growth that you're showing, obviously, there has been a very significant expansion of market share. Even though the EV market growth is still there, but hasn't been like great in terms of penetration growth in the last, say, I would say 8 to 10 months.

So do you think that this is just a temporary phenomenon because of rare earth and maybe other issues? Or like how should we think about the overall industry growth, because at some point of time, since you're already number one in south, you're gaining market share, your growth will also be a function of the figure. So any thoughts there?

Tarun Mehta:

Thanks, Amyn. So, obviously, that's an important question for our industry. Now, this is my perspective, I think last two months, in fact, I think nobody's asked me this, but GST on petrol was decreased by 10%. I think that should have been a really scary moment for our industry. I think we should have been seeing crazy discounting on electric portfolio, we should have been seeing a serious volume drop. You haven't seen that.

Actually, October was a material growth over last October. September was also actually, underlying September was also strong. Demand continues to hold up well. And I can tell you, most players are actually having supply crunch. Obviously, a double factor of there is some growth, but also the rare earth crisis.

I think despite a GST change, despite the rare earth crisis, the industry's delivered growth, I think the underlying demand is strong. It just is going to be visible in the coming quarters. But beyond that, there is one or two more stories to describe here.

There are some of these more mature markets, like let's say Tamil Nadu, Telangana, Andhra Pradesh, where obviously EV penetration has been healthy, even Rajasthan actually, where EV scooter penetration has been already quite healthy. There we are seeing moderate to no growth in recent quarters. Now, that's not because – that's largely because of the change of the target customer base. If you've already gotten 20%, 25% of the scooter buyers, you're now switching target to a more mainstream buyer. And there is a new PMF, new product market fit that is emerging, which is why our marketing story narrative, everything is changing.

We are seeing in our marketing research every quarter, a very strong growth in awareness, interest and intent to buy electric. But we are also seeing that a lot of the consumers are at the fence waiting. I think in many of these markets, the switch to the mainstream consumers buying electric will be very sudden and very rapid. And when that happens, that will present a very strong growth opportunity.

But in the meantime, there are obviously very strong growth markets for electric, which is also where our focus is now starting to switch to. For example, Madhya Pradesh, almost 50%, 60% growth in the last few quarters; Bihar, Punjab, they've grown incredibly well. Even Karnataka somehow has grown almost 17%, 20%, which is beating the trend in southern states overall.

Even in Kerala – So this is one part where some markets are growing really well. We continue to – we are now starting to switch our focus there. In some markets, like Kerala, I think existing players like ourselves are now starting to grow the existing market. Kerala, obviously, has a strong E two wheeler market. Even Kerala grew 30% in the last few quarters.

Now that's happening because players like ourselves are doing specific efforts. We are doing targeted marketing. We are expanding our distribution well. So I think it is possible and it is certainly happening where players like us are now starting to pick up specific markets and grow them. There are clear markets that are growing really fast. There are some markets which have now sort of stopped growing, as I called out, like AP, Telangana, Maharashtra, where EV penetration is probably already at a healthy pace.

But I don't think this is a genuine wall here. I think this basically means we are undergoing a transition and as our product portfolio evolves for the next set of customers, as our marketing evolves for the next set of customers, I think strong growth will restart in these markets also. And on top of all of this, what I said at the start, what I think we should still not discount is that despite the rare earth crisis and despite the GST change, our industry is showing quite a strong bit of resilience and will grow.

There is one last point that I also want to highlight. I think when we look at the growth over the last four to six quarters, we often look at early half of, let's say, calendar '24 and we wonder that the industry only seems to have grown so much. But I also want to call out that a lot of the volume happening in those quarters was happening below the INR1 lakh segment.

Now, I think the sub INR1 lakh category has a role to play in the industry. I don't think it's not a market. But I think the kind of volume that we were seeing out of that segment in those quarters was not strictly fundamental. I think a lot of it was like sort of pushed growth as opposed to real organic growth. And we have seen very strong signs of a lot of that market shrinking as the entire industry is starting to migrate. That's most of the industry is starting to migrate in to beyond INR1 lakh price points.

If you see the growth of the north of INR1 lakh segment, that's been very, very powerful. And that probably fits in very well with the narrative of electric two wheeler growth that you would want to see. So, some of this is also colored because those sub INR1 lakh segment grew artificially a little bit in that timeline. Some of those consumers have pulled back and disappeared because honestly, I don't think there were real EV consumers in this timeline. But the real EV consumers above INR1 lakh continue to grow really well.

Amyr Pirani:

That's very helpful. Secondly, just an update. It's good to know that you're already preparing for your own version of an ABS. Any updates from the government side as to you know what are they thinking about the Jan 2026 deadline you know that they had initially talked about for ABS across all 2-wheelers?

Tarun Mehta:

See, I think, obviously, this is a much larger conversation with the government. Ather is supportive of a focus on safety in 2 wheelers. We do think this is a topic that's not discussed enough. And I think should increasingly becoming a big part of the narrative and the conversation. I think India moves on 2 wheelers. So, safety is paramount here.

We are also, however, having said that, not a big fan of mandating things. I think a lot of these things should happen organically. I think consumers will and are demanding more and more safety. You saw our EL launch. We had a big focus on safety. We announced the electronic advanced braking system. We announced a lot of features there, even in AtherStack 7. I think the market will reward better safety products. Personally, I'm not a big fan of mandating it.

But it's a much larger industry conversation. If ABS is mandated, I think we will obviously prepare for it. Particularly for us, almost our entire portfolio has front disc brake. So, some of the cost that would increase because of ABS is not a challenge. Limiting our cost increase only to the ABS module. And we are also developing systems like the advanced electronic braking systems. Hopefully, a mix of these will limit the impact on our business, if at all.

Amyr Pirani:

Great. That's good to know. I'll come back in the queue.

Moderator:

Thank you very much. The next question is from the line of Gunjan Prithyani from Bank of America. Please go ahead.

Gunjan Prithyani:

Yes. Hi. Thanks for taking my questions. Thanks, Tarun, for sharing the insights on consumer behavior. I'm going to just push you to share a little bit more on this. You know, you've seen a journey over the last few years. What do you think the buyer decision-making hinges on? Because when the industry started off, it was all about TCO, TCO, TCO. But by the look of it, it feels like it's not TCO. It's a lot beyond TCO when they're looking at these e-scooters. So what are the top two or three things that customers come and ask on the showroom?

And second is a little bit more color on how do you see a Karnataka, which is a mature scooter market, different from an MP? When these – Is it the different models that the customer is looking at? A little bit more color on how the two markets, let's say, are evolving, Karnataka versus a relatively more nascent MP market?

Tarun Mehta:

Hey, thanks, Gunjan, for the question. On the first question, that's actually part of the big narrative that we've been trying to land. We've always been a big believer that electric is going to be ultimately driven by product and aspiration as opposed to total cost of ownership.

Total cost of ownership, I think, is a post-purchase rationalization. I think electric first needs to win you at the product stage itself. And when that happens, you will go back to your family and you will tell them, you know what, petrol will cost me so much more. It's like two, three rupees a liter -- two, three rupees a kilometer. This is nothing. There's like INR0.20, INR0.30. You will give all those arguments. You will feel nice about having made the better choice because it's also logically very strong.

But we at Ather have been always strong believers that I don't think TCO has been the primary driver. I think it was the primary driver many years ago, like in the second wave or first wave of electric vehicles, when we saw all the low-speed electric vehicles dominate the horizon, I think, yes, at that point, TCO was the primary reason.

But when the switch happened to targeting the mainstream consumer market, I think electric has been first and foremost been driven by the appeal and the better product experience and then logically defended by all these arguments.

And I think that is what is driving growth. Even now, when a lot of brands are growing, they're growing on the back of very good, stable products, better experiences and I think that remains true. On markets like Karnataka and MP, obviously MP is a new market for us. So, obviously, our more lower end portfolio will dominate sales there. What's exciting is how the Pro Pack attach rates are starting to look very similar between a super mature market like Karnataka and even MP right now. Like literally, the Pro Pack attach rate delta would be like 10%, 15% now, which is quite outstanding.

Even on ASPs of the base vehicle itself, we are seeing all these signs. For example, I'll call out, like, in our experience, the more mature our dealer is, the more vintage our dealer has, the more likely that they will be able to sell our more higher end products.

We see this trend play out even in a market like Uttar Pradesh, where some of our older dealers are able to sell even 450 in quite a decent proportion, and not just the higher end of Riztas. So,

I think there is vintage that plays a substantial role. Obviously, the big difference, however, between Karnataka and MP is Karnataka is an equal 450 and Rizta market. MP is predominantly a Rizta market, which probably is also down to the social preferences in these markets.

Gunjan Prithyani:

Got it. And just -- I think your dealer being able to sell Pro Pack etc. much more is just the confidence when initially you're just trying to get the numbers and later on you get confidence around the business model as well.

But just on Pro Pack that you -- there's so much data that you collect through this. What is the feature that customers really value because there are so many features that a Pro Pack brings along with it, I'm just understanding what is really a functional -- utility features that consumer -- that buyers are using when you analyze the data? Or anything that you can share when you look at the Pro Pack data over the last couple of years?

Tarun Mehta:

So, let me just think, for us, many of our vehicle software -- vehicle features, for example, like AutoHold, Magic Twist, they are big crowd favorites. The heavily used features would include navigation. I think navigation, the early years, for us was a bit of a tough nut to crack. We had a good product, but we were still fixing -- catching up on the hardware, we were still getting the story out.

Navigation now sees good usage, particularly location-based services, like Vehicle Tracking, Live Location Sharing, they're seeing very strong traction. Actually Live Location Sharing is seeing several thousand real triggers, we remove the accidental triggers and then check for it. Live Location Sharing is seeing several thousand triggers every day.

Particularly again, as a top of the funnel metric, these are playing very strong roles in many relevant markets where in markets where safety is critical. A lot of these features are coming together incredibly well to land the point of safety.

So you've got crash alerts, you've got crash detection, you've got live location sharing, you are talking about theft and tow detection, skid control. These set of features together paint a very strong safety suite of features to the end consumer. And in relevant markets, they are seeing very strong traction. Our channel checks reveal that you know dealers are very happy to sell this as the primary reason to buy the Pro Pack.

Then there are some markets where value is more prioritized and value I say, like how much value you get out of the product. That is places where things like the kind of range you get, ability to see the accurate range, convenience, navigation, WhatsApp alerts on dashboard, they are really prioritized in sale.

So there are two, three different kind of markets here. In terms of absolute usage, I would say the vehicle software features like auto hold, magic twist, were really dominant in addition to maps and other safety features.

Finally, I think we are very, very, very bullish about our upcoming introductions, which we have already announced around pothole detection and pothole alert, sorry, and safe parking, which is

predicting where tow zones are. I think, I'm really optimistic about this coupled with our voice to become a big crowd favorite over the next one to one and a half years.

Gunjan Prithyani:

Got it. Just last question on the margins, I think you did allude to, you're happy at the place we are in direction it's heading. But if I were to like sort of think through the next two years, how do you see the business getting to EBITDA positive zone in next two, three years?

I mean, if you can just sort of give us a few drivers to bear in mind, is it going to be a bit more on the cost platform when EL platform comes? And what do we think from a scale perspective? Because you know, the scale has been growing, I mean, 60%, 70% growth Y-on-Y is a massive number. So, at what scale we think that you know, this is a place to be a good place to be where the business can sort of have the operating leverage benefits as well?

Tarun Mehta:

Yes, I think the current portfolio should be strong enough to take us to a sustainable basis standalone. To us internally, EL always has been the product that drives future growth, as opposed to a product that we desperately need to get to break even or sustainability. And that continues.

In fact, if anything, that has become an even stronger truth, given recent quarters performance. So that's how I would see our that that's how I would describe our timeline, our direction of profitability. Basically, what I'm saying is operating leverage should be strong enough over the over the coming few quarters to take us to a sustainable place.

Even a gross margins, one thing you will see in a P&L is that, we've been extremely disciplined, almost paranoid about adding fixed costs or adding capex that could drag down our profitability. So the gap between gross margin to EBITDA is actually quite low for us at this scale. And as a pure-play EV player, we haven't added cost of our own stores, our own insurance, our own logistics on that front, we haven't added costs of too much vertical integration.

So, I think we've kept a reasonably lean P&L. And hence our margins, our gross margins give a much better payoff at an EBITDA and PAT level than many other P&Ls. And yes, I think obviously yield should be a significant step up that coupled with the new factory in Aurangabad, should really elevate volumes and margins quite a lot over the next couple of years.

I think the EV business should be able to command, -- I believe it should be able to command as much or even a little better gross margin than the ICE portfolios could, because of the ability to upsell a lot of things with EVs, particularly around the software and the accessory front. So I remain very bullish about EV gross margins as an industry over the next few years.

Gunjan Prithyani:

And how does LFP fit in here? Sorry, I'm just squeezing one more question because is that something that you sort of think help from a profitability perspective or, your thoughts on where we are heading on the LFP?

Tarun Mehta:

So obviously, LFP has supported our profitability, has supported our margins. We introduced that in at the end of Q1. In Q2, that's become a reasonable part of our product mix and will continue to increase for another quarter or two. And that's definitely helping margins. But LFP

also plays a dual role in our portfolio. For us, de-risking our supply chain and hedging is a very important topic. We want to de-risk our supply chain from a technology perspective, from a partner perspective, from a geography perspective. And hence LFP plays that role. So it's not just a cost improvement. It also allows us to ensure that we have both technologies coming often from two different geographies, multiple vendors in our mix. So we are better prepared for what seems to be an increasingly very volatile world.

Gunjan Prithyani:

Okay, got it. Thank you so much.

Moderator:

Thank you very much. The next question is in the line of Pramod Kumar from UBS. Please go ahead.

Pramod Kumar:

Yes, thanks a lot for the opportunity. Tarun, my question is on the industry side. You in a way spoke about it, but just wanted to understand now that the GST cut is behind and you've seen that demand has not got impacted so much.

How would you kind of characterize the industry growth for next year? Because this year, has been marred by supply chain constraints as well. The reason I'm asking this is like there've been multiple launches across the industry, ramp up of network by you and others.

The EV reaches improved dramatically year on year, but the share is kind of stagnant at, under 6%. So I'm just trying to understand, do we expect uptrend anytime soon where the inflection point comes for EV demand, which can make this category more broad based? Just wanted to hear your thoughts on this?

Tarun Mehta:

Yes, so Pramod, I am in the near term, that's the next couple of quarters, very bullish on industry growth. Again, you'll have to look at state-by-state. On average, the picture will be complex. But states that I'm bullish on are MP, Punjab, Bihar, Kerala, maybe even Rajasthan, though Rajasthan has been a little bit of a slow growing state recently, but I'm in the short-term confident about these four, five states.

The other states I think are a little difficult to predict the exact timeline of, but the early signs of consumer interest and intent are very strong. So in the midterm, I would be very bullish on all the southern states, not just Kerala or Karnataka, but all the southern states.

And I would add Maharashtra and UP also to this list. With increasing penetration and particularly an increasing portfolio, I think the industry will maintain a good growth trajectory. Again, if the industry has grown almost 15%-20%, with all these issues, I think the growth has to be a little better once the issues are behind us starting this quarter.

Pramod Kumar:

So any growth number would you predict for next year? Can we do double digit next year? Or rather, let me put it this way. What should be the EV multiplier over the overall dual industry growth rate? Is it going to be 1.5, 2x because its got impacted because of various issues in the last 12 months. But things settle now, the GST settles and ABS regulations come in, which I presume EVs can be in a better position because under the motor capacity, you need not have

ABS on an electric vehicle. So given all this, do you expect where the multiplier to land for the EV industry?

Tarun Mehta: So I think scooters grow at twice the pace of the two wheeler industry.

Pramod Kumar: Yes.

Tarun Mehta: And within scooters, I believe electric scooters will grow at 2x to 2.5x the growth of the overall scooter market. So that would be a compounding multiplier. So this would be about 4x to 5x faster than the overall two wheeler industry.

Pramod Kumar: Good to hear that, sir. So second question on the incentives, as an industry, we probably didn't have a great last two, three years in terms of where the category got identified, or kind of clubbed along with discounting as a perpetual, what do you say, offer given by most of the companies, which has also impacted residual values.

How are you seeing the incentives trend in the industry from yourself and across competition as well? Because that has a bearing on a lot of the customers' purchase decision process, right? Both in terms of as a demand trigger and at the same time, also something which kind of spoils the resale value for customers who bought it earlier. So how are you seeing the incentive trends in the category kind of evolving, sir?

Tarun Mehta: So Pramod, we've been very disciplined with the ASPs. If you were to model our ASPs from the P&Ls and also from the market data, you will see our consumer facing prices on average have been extremely stable despite introduction of Rizta, despite growth of its lower end portfolio. And that's because on balance, we've been able to take relevant price hikes wherever appropriate and wherever market has allowed us, because market frankly has given us those opportunities in many zones.

So we've been very disciplined on our ASPs and our realizations. We've been never fans of discounting, frankly. I think we spent most of our roadshow during IPO telling people that do not think the discounting season will last, it will go away, it does not pay off.

And I think we've seen something very similar payoff happen over the last few quarters. I think the entire industry is now calling it out that discounting and selling really low price products does not seem to work, does not seem to get you the right customer anyways. I think the industry is getting better discipline.

And we are glad to see that because we've been always big fans of not discounting and keeping stable prices. Because as a new category, and you rightfully called it out, resale prices are massively impacted by any discounting action by the industry and the OEMs. So never big fans of it. And I think we feel a little vindicated, a little validated, because the industry is kind of moved in the same direction now.

Pramod Kumar: Thanks a lot. I wish you all the best. Thank you.

Moderator: Thank you very much. Ladies and gentlemen, that was the last question. I would now like to hand the conference over to Mr. Murali Sashidharan for closing comments.

Murali Sashidharan: Thank you, everyone for joining us. This concludes our conference. So thank you and have a good week ahead.

Moderator: Thank you very much. On behalf of Ather Energy Limited, that concludes this conference. Thank you for joining us. And you may now disconnect your lines. Thank you.