

October 30, 2026

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 held on October 26, 2026.

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 October 26, 2026 on the audio recording of earnings call held on October 26, 2026, please find enclosed herewith the transcript of the said earnings call.

Kindly take the above information on record.

Thank you

For Ather Energy Limited

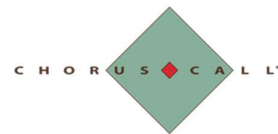
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Puja Aggarwal
Company Secretary and Compliance Officer
Membership No: A49310



“Ather Energy Limited
Q2 FY27 Results Conference Call”
October 26, 2026



MANAGEMENT: **MR. TARUN MEHTA – EXECUTIVE DIRECTOR AND
CHIEF EXECUTIVE OFFICER, ATHER ENERGY LIMITED
MR. SOHIL PAREKH – CHIEF FINANCIAL OFFICER,
ATHER ENERGY LIMITED
MR. MURALI SASHIDHARAN – HEAD OF
COMMUNICATIONS, ATHER ENERGY LIMITED**

Moderator:

Ladies and gentlemen, good day, and welcome to the Ather Energy Limited Q2 FY27 Results 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 touchtone telephones. Please note that this conference is being recorded.

I now hand the conference over to Mr. Murali Sashidharan, Head of Communications at Ather Energy. Thank you, and over to you, sir.

Murali Sashidharan: Thank you. Good evening, everyone, and welcome to Ather Energy Limited's Q2 FY27 Earnings Conference Call. From the management, we have with us today Mr. Tarun Mehta, Executive Director and Chief Executive Officer; and Mr. Sohil Parekh, Chief Financial Officer.

Before we begin, let me draw your attention to the fact that the discussion today may include certain forward-looking statements, which are predictions, projections or other estimates about future events. These statements reflect management's current expectations about the future performance of the company and are subject to various risks and uncertainties that may cause actual results to differ materially.

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

With that, I now request Mr. Tarun Mehta, Executive Director and CEO, Ather Energy, to share his opening remarks. Over to you, Tarun.

Tarun Mehta: Thanks, Murali. Welcome, everybody. Welcome to our earnings call for Q2 FY27. This has been a pretty stellar quarter for us, and I would say actually the entire industry with industry registrations hitting a growth of 82% year-on-year, netting out at about 6 lakh sales for the entire quarter. Phenomenal growth across all the 3 zones that we track, Middle India, South India and Rest of India.

What's really heartening is I want to bring attention to 2 important points. First, the growth is becoming more broad-based. And that's very important and very, very healthy to see. For example, if you see last quarter, the growth across 3 zones was a bit different with South India leading at 82% and Rest of India at about 54% and Middle India in the middle at 66%.

But in Q2, we are starting to see signs of growths pretty much coming in at the same level across the zones at 82% in South, 85% in Middle India and 79% in Rest of India. So quite a broad-based growth overall.

The second important trend is that South still continues to be an absolute monster of a zone, growing at 82% despite a fairly healthy base already, which is what you want to see, obviously, because electrification is still in early stages.

Q2 was the first quarter when pan-India E2W penetration crossed 10%, netting out at about 11.2% for the full quarter. And very -- we do believe that this is still supply constrained at an industry level, and the coming quarters should continue to remain fairly healthy for the entire industry.

For us, Q2 was particularly important because this was the quarter when we had our annual Ather Community Day 2026 and where we launched a whole bunch of things from our ecosystem to software to obviously, the new product, Konarc. Let's start with some of the launches we did in this ACD. ACD overall has become a pretty landmark event for us.

It's grown from its humble origins of about 600, 700 owners who came in, in 2023 to almost 6,000 people who got together in Bangalore this year. Fantastic coverage, many, many, many viral moments, and a lot of attention that it's helped bring to the brand and established its equity across the country.

Some of the important things that launched in this ACD were starting with Ather TrueHealth. This is a comprehensive health report of a scooter, where we basically started showing the health of different components like the battery, brakes, belts, dashboard, motor, etcetera, on your mobile app.

So you can just go to your mobile app, click a button and see the health of different components, which is quite pioneering in our industry. And we convert all of that into a simple health score. Essentially, we want to -- the idea here is we want to give EV owners a lot of confidence and comfort that how their EV is performing even after years of usage.

And we took it one step forward by starting -- we have started to show with estimated resale value for scooters that have crossed 3 years of ownership. The intention, again, is not at this point to establish a business channel, but to again give EV owners a lot of conviction that they've made the right choice by going to electric, and their vehicles continue to retain a lot of value.

The second thing that we announced was Ather Node, which is an infrastructure product that enables EV charging in apartments. It's a really smart system that comes with automatic queuing, smart load management.

It draws power from common loads instead of individual houses, freeing up a lot of complicated infrastructure that the homeowners otherwise would need to do, comes with customized billing and is very cost effective. Ather Node is getting industrialized right now and will commence operations -- commence deployment in the next few months as we are onboarding our first few set of partners.

Third big thing was Ather Bedrock, which is our fifth-generation battery packs with enhanced safety and much longer warranty periods. These are fairly well-developed battery packs, which come with real-time micro leak detection. They come with cell balancing that is almost 5x faster than previous generation and are the first battery packs from Ather that come with 10 years or 1 lakh kilometer warranties with a 70% performance guarantee. These batteries have already gone live across the entire portfolio from 450, Rizta and Konarc.

And obviously, the big launch for ACD underpinning all of it this year was Konarc, our mainstream product going live this year. Konarc, we decided to focus a lot of -- a lot in this product on the fundamentals of scooters in India. So this is our first scooter that's come with 14-inch front wheels. It's come with one of the longest rear suspensions in the country for scooters.

It comes with a beautiful padded grab handle, adjustable backrest, onboard charging, combined charging so that customers are not even locked into one charger spec over the ownership period.

Our first scooter with the center stand, metal body, a remarkably improved service layout so that you only have to service your scooter once in a year. And obviously, it comes with the Bedrock battery with 10-year warranty periods.

So overall, Konarc focused a lot on the fundamentals with the target being how do we get more petrol scooter buyers to buy electric. It's launched to great reception already, but this was an Ather product. So obviously, it did not just do this. It also brought to fore some of the really new magical things that our teams have spent a couple of years now really crafting and perfecting. Features like AirWalk, where the motor detects that you're trying to move the vehicle and gently assists you. The end effect being the vehicle seems remarkably lighter than it actually is.

Or a new feature called MagicKey, which is essentially keyless, but built in a very intelligent way so that it gives people who may not be very savvy with tech, a lot of confidence in owning a keyless product, lost key detection, an authenticator that works offline, a smart key that works even if it's run out of battery, one that locks the handle bar automatically, a lot of features there.

One of the more viral features from these launches was AutoPop, where you could just come tap the rear of the scooter, and the seat pops up, one that consumers are absolutely very excited for and it's going to get into production in the coming few months. And finally, AeBS, Ather's proprietary advanced electronic braking system, which helps -- which is a remarkable improvement over CBS and reduces the stopping distance substantially even on slippery roads.

So with Konarc now live, we believe we've built a very healthy portfolio in the scooter segment, between 450, Rizta and Konarc, we believe we have covered the market quite well. Obviously, there are still many small segments that remain, and we will focus on them also.

But I think for the mainstream market, between what Konarc's brought to the fore, we've probably covered the bulk of the territory already. And over the next 12 to 18 months, as different variants -- over the next -- sorry, a couple of quarters, as the different versions of Konarc keep hitting the market, we believe our TAM will continue to expand.

We've seen a remarkably strong surge in demand metrics across the board. Overall, for the EV industry as a whole, the EV searches, online searches on Google and AI, they were up roughly about 34% year-on-year. So very healthy growth, obviously.

Ather searches on the other hand, were up almost 94%. So obviously, a much, much, much stronger growth. Ather inquiries were up even more at about 109%, crossing 10 lakh inquiries for Q2 FY27. And preorders were up at about 108% year-on-year, hitting about 1.8 lakh preorders in Q2 FY27.

All of these top-of-the-funnel metrics have translated into very strong wholesale volume growth. Wholesale volume grew from 65,000 units same time last year to 93,000 units in Q2, 42% growth year-on-year. This has been enabled by a very healthy ramp-up of our capacity,

manufacturing capacity, which has gone up from 28,000 units average per month last quarter to 33,000 units average per month in Q2 FY27.

And obviously, all of that's also translated into even stronger growth in year-on-year registrations, up from 57,000 units last -- same time last year to 92,500 units, almost 60% growth year-on-year. Increasingly and particularly with Konarc launching in a phased manner from last quarter, we've seen an even sharper growth in Rest of India than, let's say, South or Middle India. Obviously, this is also because we have started to prioritize a little bit more of sales in the Rest of India, particularly in northern markets.

Konarc itself is being released in a staggered manner with early releases focusing on Uttar Pradesh and Rajasthan, now expanding into Madhya Pradesh, Bihar, Maharashtra, Gujarat, Punjab and many other states. And over the coming months -- coming few months, with AURIC going live, we're also looking at bringing Konarc to the southern markets.

Overall, all this rising demand obviously necessitates a fresh look at capacity. Inquiries have honestly gone parabolic, as you can see in our presentation that we have shared online. Preorders have also risen up quite a lot. And though we have produced 33,000 units average last quarter, on current demand trajectory from the current stores, our team's internal estimate is that we have roughly about 20,000 units per month of unrealized retail that we are not tapping into yet.

Now to solve this, Hosur, which is already at its tether's end, it's at 35,000 per month capacity. And AURIC Phase 1, which is going live and will finish complete installation of its capex by Q4 FY27, adds an incremental 42,000 units, which means a net capacity of 77,000 units per month. But if current demand is already in 50,000 to 60,000 units zip code, 77,000 units obviously does not leave a lot of headroom to grow. So this is a question that we've been pondering for the last few months.

What we've decided to do, and we have just taken Board approval a few hours ago, is we decided to enhance capacity in both Hosur and AURIC Phase 1 in the coming months itself with Hosur capacity expansion happening right away, an incremental 6,000 units per month capacity that will go live this quarter -- later this quarter.

And AURIC Phase 1, an incremental 12,000 units per month incremental capacity that will go -- that will finish -- that will go live by Q2 FY28, taking our total installed capacity up from 9.2 lakh units, which is where we were -- we would have been by, let's say, middle of next year to 11.4 lakh units by Q2 FY28.

So this is an important jump and an important near-term jump, I would say, that our teams have decided to focus on, giving us hopefully enough headroom to grow for the next couple of years as Konarc hopefully drives a lot more growth across the country for us. I know the last few months have been quite tight for us with demand far outstripping supply. But with all this capacity expansion finally is starting to yield through, I'm very excited about the next few months as we start seeing results of all of this in the top line.

Coming to unit economics, bad news, good news. First, bad news. Commodities have been worse than we estimated a couple -- like just a quarter ago. 3, 4 months ago, we were hoping for

aluminum to be cooling down because there were a lot of murmurs of the Hormuz crisis would be resolved soon. Copper was estimated to have flatlined. Plastics was going to get better because, again, Hormuz was going to be resolved. And memory was estimated is probably already at its peak.

Unfortunately, all these 4 have proven out to be incorrect, at least in the short term. Aluminum's run much higher, at least in Q2, though in the last few days, it's showed some signs of cooling down, so fingers crossed. Copper has run really far ahead, particularly because of prebuying by U.S. and much higher AI demand.

Plastics also remained disrupted for much longer because of the Hormuz crisis. I'm again hoping that, that peak is hopefully not like -- hopefully behind us now. Unfortunately, memories continue to be really, really complicated and expensive, and we don't see any near-term solution to that.

Overall, commodities have been worse than we hoped. I do continue to believe that this is a temporary hit. But yes, it's definitely lasted a few quarters longer than I would have thought. But against that, teams have put in a remarkable amount of discipline and focus to bring in forth a lot of very, very good solutions, starting with price hikes and SKU management.

To give a frame of reference, our average ex-showroom price across the country -- weighted average ex-showroom price average was roughly about INR150,000 in Q4 FY26, including Pro Pack sales that we do, Ather Pro Pack sales that we do. That number for Q2 FY27 came in at INR164,000, so INR14,000 increase in average ex-showroom price. So a phenomenal improvement and honestly, one that even I was surprised that the teams pulled off. So very good performance for the teams there.

Some of it is structural with price hikes, the teams have been able to land successfully in the market. Some of it is also a little bit more temporary with very, very smart SKU management across the board and incentive management. What's also been very successful is AtherStack Pro attach rate, which came in at 94% for Q2 FY27 and non-vehicle revenue, which came in at 15% overall.

Overall, if you were to see the AGM, and if I were to compare this to Q4 FY26, Q4 FY26, 2 quarters ago was 25.4%. Structurally, we have seen some gains, which is sustainable price hikes, VAVE work the teams have taken, cost reduction the teams have driven across the board. All of that put together has given us a 5.3% improvement in gross margin.

Commodity inflation has come much worse than we would have liked, at a 9.4% hit to gross margins overall. But very smart SKU management by the teams have yielded and has created - essentially opened up a new lever for us in the business, and it's improved margins by 2.7% in Q2. Netting out Q2 FY27 AGM at 24%, which is a 1.6% improvement over Q1 FY27, I think roughly, yes.

Overall, H1 FY27 AGM is at 23%. And all of this has given us a phenomenal operating leverage with EBITDA showing a 1,450 bps improvement year-on-year, from minus 9.6% in Q2 FY26 to positive 4.9% in Q2 FY27. Even without other income, this was the first time our business

registered positive EBITDA at I think roughly about 1% to 0.8% EBITDA. And I would be remiss in not acknowledging the first time our business hit positive PAT, something definitely worth celebrating for us.

I do want to call out, however, that we're not out of the woods. There's a lot of ops for us to deliver on. And PAT is not the first thing to focus on. The real thing to focus on is top of top line and improving volume will itself take care of a lot of things and is the right operating leverage to focus on.

If that -- if all the capacity work that we're putting in bears fruit well over the next few months, then I believe that PAT will take care of itself. In the near term, PAT can go up and down, but definitely worth celebrating this milestone for the business this quarter.

Okay. Coming to -- obviously, the key thing that all of us are super excited and focused on is the new capacity coming live in Chhatrapati Sambhaji Nagar. So AURIC Phase 1 is shaping up incredibly well. We have shared some pictures in the deck for your reference.

The battery line, the vehicle line, the paint shop, all of that's coming together really well. Trial production is expected to start in the next few weeks. So very much on track for Q3 FY27. And we expect to finish our capex installation and hence, capacity installation by Q4 FY27.

It will take a couple of quarters for the installed capacity to be fully realized, but all of that is right now tracking very well and it's very much on track. I was there just a few weeks ago, and the progress is honestly quite phenomenal. So all of us are super excited for this.

Coming to finally, a summary. Demand is up quite beautifully. Preorders are up 108%. Registrations are up 60%. Production is up 45% all year-on-year. Important quarter for the industry with 11.6% E2W penetration, highest ever and the first time it's crossed into double digits at a quarterly level.

Very strong growth in revenue from operations for the business, very strong growth in gross margins despite almost, frankly, an unprecedented amount of commodity hits. And what we're excited about and looking forward to is the 11.4 lakh annual capacity -- installed capacity over the next few quarters that the team is working on right now.

With that, let me just pause and open the floor for questions.

Moderator:

Thank you sir. We will now begin the question-and-answer session. The first question comes from the line of Aryn Pirani with JPMorgan.

Aryn Pirani:

Congratulations on a good performance in a relatively tough time period. My first question is just some clarification on the capacity. Because you are adding AURIC in Q4 and within AURIC Phase 1 itself, you are now adding more. By when should we expect that you will be able to realize this capacity?

Because I understand that while Hosur is already an existing plant and adding this 6,000, you can realize it immediately. When you add such a new greenfield, by when will you be able to ramp it up to this 6.5 lakhs? Will it be by 2Q itself? Or will it be more by like 4Q of next year?

Tarun Mehta:

I will have to get back on specifically for the 10,000 units that we are increasing in AURIC Phase 1, but my estimate would be that even that will take a few months. Phase 1, the base capacity of 42,000 units will certainly take 2 quarters to ramp up. The additional 12,000 units that goes live in Q2 might ramp up a little faster. So I'm reasonably sure it will ramp up within FY28, but I can't give you the exact month right now.

But you're right, Hosur ramp-up should be pretty rapid. So we are expecting that to happen over the next, let's say, roughly -- later this quarter, and you will start seeing the results of that almost immediately on a daily basis from the end of the quarter itself.

Amyr Pirani:

Sure. That's helpful. Secondly, just on the commodity bit, like you rightly said and a lot of other OEMs when we speak to them, all of them echo the sentiment that the extent and the amount of time that these commodities have remained high is higher than what most of you in the industry were expecting. And obviously, it's been a surprise.

So given where we are today, and let's assume there is no letup and no trend down even, say, next calendar year, how much more pricing levers are available in the system according to you? Because at some point of time, the affordability starts to become a challenge for customers. Some companies like you have done a better job than some other companies. How should we think about the pricing levers available going forward?

Tarun Mehta:

Yes. So honestly, on the current portfolio, I would not want to push pricing up at least over the next few quarters. I want to preserve the flexibility for our business to be able to grow sustainably without offering discounts as we -- as all this additional capacity goes live over the next few months. Having said that, what will happen almost organically is that Konarc has a more aggressive entry portfolio, right? And it offers us better unit economics current compared to, let's say, something like Rizta.

So it opens up the door for us to offer more affordable products without necessarily sacrificing absolute gross margins or maybe even improving them. So we could essentially, in effect, reduce the average ex-showroom price that the customer is experiencing without any impact on gross margin. Again, at a high level, it's not an exact guidance, but you get the picture.

I think Konarc is this very beautiful lever that opens up this opportunity for us to effectively improve our margins without improving -- without pushing prices up any further or maybe even reducing the average ex-showroom price a little bit and still maintaining these margins. And that's assuming that commodities do not let up at all.

I have been proven wrong once in some ways, but I would really like to hope that over next calendar, some of these commodities will certainly cool down. Otherwise, I think it will be quite a monumental thing for the automotive industry to have seen such elevated commodities for such a long time.

- Amyr Pirani:** Yes. No, that's true. But yes, we are all hoping for it to come down. But I think it's -- Yes. Anyways, I'll come back in the queue. But thanks for this.
- Moderator:** The next question comes from the line of Kapil Singh with Nomura.
- Kapil Singh:** Congratulations for a wonderful performance. Firstly, on Konarc, Tarun, you talked about quite a bit and very interesting product. Just any sense we have in regions where you have launched, how many incremental bookings are coming in dealerships where Konarc is launched? Like there will be some cannibalization as well, but net-net, what are you observing over there? And how is the customer response so far?
- Tarun Mehta:** Yes. So I think we did not share the exact data because Konarc is, honestly, Kapil, very new in our sales channel. It literally only saw 1 month of sales in Q2, month of September. And it's still at an early stage. only, I believe, like not even 10,000 units have been sold by the end of Q2.
- Having said that, the response has been very positive. There has been like in the few limited markets of Rajasthan, Uttar Pradesh, where we launched it, inquiries, preorders, walk-ins, everything was up several times, pointing to an incredibly strong potential. In fact, it's lifted up our inquiries.
- If you see our top-of-the-funnel metrics that we have shared, it's lifted up our inquiries by a huge margin because customers across the country are quite excited. In fact, I think one thing that we probably underestimated was the demand for Konarc Z, the line that we haven't -- that we have showcased, but we haven't started production and sales of yet.
- Given the solid set of features like AutoPop, MagicKey, etcetera, there is a phenomenal demand for Konarc Z also. So I do believe that Rizta will have to make some more space for Konarc to continue growing because its demand is very strong, definitely in the North, but I would not be surprised to see very strong traction in South also.
- One thing that initially I was maybe a little nervous is that how would a shape like this land in the market? Our thesis was that Konarc -- like we built Konarc to essentially be more relatable, right, like more familiar for customers. Our early concern was that what if it lands as a simple design.
- But it seems to have landed really well at least in the northern markets where people are -- many customers are seeing this as a finally a proper scooter and not just an electric one, which is a very complicated thing I know to articulate, but it's something consumers seem to be seeing across the board. So early days, I do want to emphasize that, but very positive and strong signs across the board, which is why so much capacity expansion we are doing on the back of Konarc.
- Kapil Singh:** And Tarun, secondly, just on your ASPs, we are at INR160,000 plus. Are these all scooter customers because a typical scooter would cost like roughly around INR100,000, right? So -- or are there motorcycle customers who are also now looking at scooters as a viable option? Just your thoughts on that.

- Tarun Mehta:** Honestly, Kapil, I don't think it's the motorcycle customer that we are pulling in yet. I think what we continue to tap into, to a lot of people's surprise, is willingness of the same scooter buyer to pay up for better experiences, better quality and better features as demonstrated by also a much higher success of AtherStack Pro than honestly any of us has anticipated.
- We ask this question to each other every quarter. And consistently, the feedback from the team says that this is the scooter buyer. This is not a niche premium buyer only. This is your average scooter buyer who's seeing a lot of value into this.
- Just see Konarc, for example. We haven't shared exact data, but early signs of AtherStack Pro attach rates of Konarc are as strong as Rizta. There's almost no change. So I think -- I don't think these are the motorcycle buyers. I think these are still very much scooter buyers. People see the value in a quality electric product quite clearly.
- Kapil Singh:** Okay. And just lastly, any thoughts on like how is the pricing and costs shaping up for Q3? Any color over there?
- Tarun Mehta:** Sorry, raising pricing or commodities?
- Kapil Singh:** Both, actually. I mean, have you taken any pricing in Q3 so far? And is there more commodity pressure ahead in Q3?
- Tarun Mehta:** No, we are not taking any more price hikes in Q3. As I guided the quarter before, we will stay put with these prices for a while. Let Konarc also stabilize for the first next few quarters. At this point, commodities seem to be on balance flat. They don't seem to be going up. We didn't see a rising trend in the last few weeks. That would tell us that Q3 would be worse than Q2. But honestly, this world has been very volatile. So we can only play it by the ear. Let's see.
- Moderator:** The next question comes from the line of Gunjan Prithyani with Bank of America.
- Gunjan Prithyani:** Just a couple of follow-ups. Firstly, on the margin front, when I looked at the cost numbers that you've shared, it seems like there's almost like 400 basis points of commodity pressure in this quarter, but we were still able to expand the margins. I mean, almost 5 percentage point plus sort of value engineering mix or just the SKU that we've been able to manage in this quarter.
- I'm just trying to understand, is there any element of this 5%, 5.5% of benefit that we saw in this quarter, which sort of reverses when the supply situation normalizes or Konarc ramps up. Any thoughts there? And also, was there any element of subsidy in this quarter because that was also sort of tailing off, right?
- Tarun Mehta:** So first, subsidy continues to stay. That's pretty much same as Q2. There could be a few hundred rupees of difference here and there between variants, but broadly the same. You will see in the slide that we have shared, and I know it's very last minute. So -- but you will see in the slides that we have shared, we exactly called this out because we did not want people to believe that all of the gains that we have delivered in this quarter are necessarily structural. So a little bit of nuance we brought in the reporting this quarter.

We believe roughly about 5.3% margin improvement that we have driven over the last 2 quarters is broadly structural in nature. What I mean by that is this is largely price hikes that seem to have landed well in the market or cost reductions, which are obviously permanent, VAVE, so on and forth. What's a little bit more lever kind or more temporary in nature are things like SKU management and pullback of incentives or other support mechanisms. In Q2 compared to Q4, that amounted to roughly about 2.7%.

So this is a lever that I would say, think of 2.7% here as a lever that we will exercise in a more finite time window if we are supply constrained or if commodities are this elevated. If either of this cools down, then we will probably open up this lever again. So TLDR, 2.7% is a bit more temporary in nature.

Gunjan Prithyani:

Okay. So just to put it other way, 5.3% is the price and cost improvements that you all have made, 2.7% is the mix or other supply stuff that gave you a tailwind. But it's not necessary that this entirely reverses in a normalized supply environment because some of these mix benefits will still prevail, right? Like this 2.7% is also not one-off. I'm just to be amply clear on that.

Tarun Mehta:

It's not one-off. It's not one-off. That's why I'm using the word lever. So if, for example, we continue to remain, let's say, we supply another 20% next quarter. But if demand goes up even more, then essentially this lever will pretty much apply in the same way or a large part of this lever will still continue to be very valid because we'll obviously push the SKU in a more healthy trend in our favor.

So overall a 5.3% improvement from -- compared to Q4 FY26, out of which 2.7% is a more temporary lever that we will -- that we can choose to activate if we enjoy this supply-demand mismatch or if the commodities are this outlandishly elevated.

Gunjan Prithyani:

Got it. And the second question I had was on the EL platform. Any thoughts that you can give on what is the sort of cost improvement we get on this platform? And this is irrespective of the mix because eventually, at some point of time, Rizta will also move to EL platform. So what's the structural benefit we get in terms of cost improvement on EL?

Tarun Mehta:

So we'll have to give it some quarters to see where it lands up. But even within the first literally 1 or 2 months of production, when typically new products have a very elevated cost structure, Konarc like-to-like is a few thousand rupees cheaper compared to Rizta already right off the bat. And we believe that with stabilizing production, this difference will expand quite materially.

Again, it's -- sorry, Gunjan, it's very, very variant dependent, but I would not be surprised if a like-to-like version of Konarc is 6%, 7% better in gross margins to Rizta in the long-term. That would be quite a believable long-term estimate.

Gunjan Prithyani:

Okay. Got it. And lastly, on the rollout of Konarc, you did share a little bit in the earlier parts, but I'm just trying to understand a little bit more on how we've thought about rolling this out because it's still -- it will take us about 2 quarters to ramp up the capacity. And we're going very phased-wise, essentially targeting newer markets in North, whereas I'm sure there is already a lot of inquiries and demand you must be seeing in your home market like South and middle of India.

So I mean, some philosophy on why did we follow this geo rollout as well as the INR99,000 variant, which is where I think a lot of excitement lies, which will expand the TAM. That comes only in quarter 1 or quarter 2 basis the time line that I recall from the Community Day. If you can just share your thoughts on how did we think about this rollout?

Tarun Mehta:

Yes. So when we were planning Konarc's variant rollout many quarters ago, at that point, we had estimated that Konarc will provide us the much-needed volume growth and hence, market share growth in what would have been otherwise a normal market, right? So at that point, we had prioritized the entry versions of Konarc first and then the more higher-end variants, the one with the more magical features.

What happened as we got very close to Konarc's launch in ACD 2026, which is 29th August this year, the situation had changed quite a lot with us no longer having the capacity even to meet 450 and Rizta demand, which basically then presented us with a very complicated situation that why would you want to go live with our entry variants of Konarc and cannibalize very, very high margin generating variants today.

So we changed the sequence a little bit, which is why Konarc's mid variants, SR2 and SR3 have gone live today. SR1 will go live a few months later. It will go live by Q4. And SR1 going live is the one that we obviously believe can drive a much larger volume. So we only want to bring SR1 to the market when we have Aurangabad capacity available to us. Otherwise, it's honestly a margin loss for us, which is not very healthy.

I would have loved to -- in current situation, I would have actually loved to launch Z first because of the demand that it has, but we can't change so much now. So mid variants are launching first, then we will see entry variants and then we will see the high-end variants. Even within this, we have started with northern markets first, then Rest of India, then Middle India and then Western India and then Southern India.

So you will see these growth levers stacked up one on top of other consistently every other month. This gives us better control and also allows us to ensure that we are not essentially just dispersing our product across the country with no real depth anywhere. So that's why phase-wise, geography-wise launch.

Moderator:

The next question comes from the line of Krupashankar NJ with Aventus.

Krupashankar NJ:

Congrats on great set of numbers. Just wanted to get a sense around the inquiries piece. Can you just give some color around demand across rural and urban clusters? How is it shaping up? We are hearing that rural is facing a lot of issues. So just wanted to get some sense around that.

Tarun Mehta:

So we are not honestly present in rural markets yet. So it would be incorrect for me to really comment on that. What I can comment at a high level is that we are seeing Tier 2 city penetration rising faster than any other segment, Tier 1 or Tier 3.

Particularly in the western part of the country, in places like Maharashtra, Madhya Pradesh -- sorry, particularly in Middle India by our definitions, we are seeing phenomenal Tier 2 penetrations. I think Tier 2 penetrations in Maharashtra at about 18%, 19% -- sorry, yes, 18%,

19%. So very healthy overall. I will not be able to comment on rural markets, particularly, but yes.

Krupashankar NJ:

Tier 2 plus gives us a good picture of our test. Thanks for that. The second one is on dealer network. While you did mention that capacity ramp-up is quite important for further scaling up our dealer network. Now that you have charted out how the capacity is going to come up over the next 1 year, how are you expecting to scale up your dealer network across geographies?

Tarun Mehta:

Yes. So we're definitely looking at starting the dealer -- the network expansion -- looking at restarting network expansion in a big way very soon now. Teams have picked up the threads across the country. There are hundreds of LOIs that we have held up for the last few months because as I said in the previous earnings call, it is very important for us that we set expectations correctly for our dealer partners, and we don't let them open up and do the capex if we can't supply healthily to them.

But with now increasing -- higher capacity being cited for Hosur and AURIC Phase 1 going live very soon, expect us to start focusing on network expansion in a big way from the coming -- actually from pretty much end of this quarter itself. So you will start seeing noticeable numbers from Q4 there.

Krupashankar NJ:

Got it. And last question from my side. Just wanted to get a sense around the attach rates for AtherStack. Now you did mention in the previous call that in Konarc, you're expecting that it should be close to about 70%-odd, but the recent launch, you did mention earlier in the call that it's as strong as Rizta. So are you probably seeing a revised attach rate expectation going ahead while maintaining at close to about 90%-odd even as Konarc scales up. Is that the right assumption to make?

Tarun Mehta:

I would say it's too early to make that assumption. We have only launched Konarc meaningfully in just a few handful of markets yet. So I would urge some more patience. While early signs are strong and heartening, it is also very likely that Konarc will be a bit more non-South heavy for us. So we'll have to see how the final attach rates play out. I would say we'll have to wait for at least 2 quarters to get a better sense here.

Moderator:

The next question comes from the line of Yash Agrawal with Nirmal Bang.

Yash Agrawal:

Just wanted to know what is the current experience center breakup like in FY26 and it was around 700 stores we have added in the first half? And what is the expansion plan for rest of the year?

Tarun Mehta:

So I think we've added roughly -- I think, less than 50 more experience centers in the last 2 quarters. As I said in the previous question also, we took a conscious call to slow down network expansion because we do not want dealers to sit on without inventory. We will restart network expansion in the coming -- in the next couple of months.

Yash Agrawal:

And also like our non-vehicle sales revenue is around 15%. That was used to be around 11%, 12% last year. So could you please provide breakup of that non-vehicle revenue? How much is coming from software, how much from the other revenue stream?

- Tarun Mehta:** I'm sorry, I don't think we are providing that breakup right now. The bulk of this continues to be adding more than 50% continues to be AtherStack Pro with probably a reasonably equal split between accessories and servicing.
- Yash Agrawal:** And what is the typical margin profile for non-vehicle revenue versus the vehicle sales? If you have some tentative idea, like how much is it?
- Tarun Mehta:** Yes, very different margin structures fundamentally. So something like accessories will be probably in the 30% to 40% kind of gross margin structure. Something like spares will be 40%, 45% maybe. Again, it's a range will change once in a while. And something like AtherStack Pro is almost 80%, 90% gross margin for us.
- Yash Agrawal:** Okay. And just one last question on electric motorcycle launch time plan. So are we planning to like launch it initially like from FY29 to FY28 or our plans remain the same, like it will take at least 2 years?
- Tarun Mehta:** I have no guidance right now for electric motorcycles. We continue to work. We continue to develop the tech, but we will refrain from sharing any time lines for motorcycles today.
- Moderator:** The next question comes from the line of Nikhil Kale with Invesco.
- Nikhil Kale:** Congrats on the really good set of numbers. So just one question. You spoke about the prioritization of the variants and geographies. So I just wanted to understand, sir, typically, what we've seen is OEMs, when you kind of operate in a situation where demand kind of outstrips supply, tend to prioritize the top variant, right?
- So -- and I think we had gone with this particular thought process. But now how much freedom do we have to maybe accelerate the high-end variant launch and maybe just change that sequence? Is that the flexibility there?
- Tarun Mehta:** Nikhil, in theory, there is flexibility, but not one that we would likely exercise because such a last-minute change to industrialization plans tends to cause more chaos and probably inefficiencies in spends. So we will stay with the plan. We've already tweaked it enough with the mid variants being prioritized over the entry variant. But beyond this, the entry variant will come first and then the top-end variants.
- Lastly, we should be okay because Rizta top-end variant demand has been also, frankly, quite fantastic. So if anything, I think Konarc will present us with a great opportunity to expand margins a bit more. But I think it's okay for the market to wait for a few months while we continue executing on our current plans.
- Nikhil Kale:** And any quantitative data around the kind of interest you would have seen for the entry versus mid versus premium variants for Konarc?
- Tarun Mehta:** Unfortunately, I would not call it quantitative. Those are just qualitative feedbacks from sales channels and sales channels are right now super excited. Qualitatively, I can tell you, I've heard things like people walking into showrooms in Northern markets and asking for the scooter which

opens by kneeling. But honestly, I would not read anything into it. That's just early good viral marketing. We'll have to see once we put the product out, how people take to it. But we are -- obviously, we are very happy with the early response. So we are excited.

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

Murali Sashidharan: Yes. Thank you. Thank you, everyone. We really appreciate all of you joining us today and taking the time. We look forward to updating you on our developments in the next few quarters and wishing you all a great week ahead. Thank you.

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

(This document has been edited for readability purpose)

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