ATHER

May 08, 2026

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

Dear Sir/ Madam,

Sub: Transcript of earnings call pertaining to the Audited Financial Results of the Company for the quarter and financial year ended March 31, 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 May 04, 2026 on the audio recording of earnings call of the Company pertaining to the Audited Financial Results for the quarter and financial year ended March 31, 2026, 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#earnings-call-transcript

Kindly take the above information on record.

Thank you

For Ather Energy Limited

PUJA AGGARWAL

Digitally signed by PUJA AGGARWAL
Date: 2026.05.08 15:03:26 +05'30'

Puja Aggarwal
Company Secretary and Compliance Officer
Membership No: A49310

“Ather Energy Limited

Q4 FY '26 Results Conference Call”

May 04, 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: Good day and welcome to Ather Energy Limited's Q4 FY '26 Results Conference Call. As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need any assistance during this conference call, please signal an operator by pressing star and then zero on your touchtone telephones. Please note that this conference call is being recorded.

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

Murali Sashidharan: Thank you. Good evening, everyone, and welcome to Ather Energy Limited's Q4 FY '26 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 today's discussions 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.

With that, I now request Mr. Tarun Mehta to share his opening remarks. Following his comments, we will open the forum for questions. Over to you, Tarun.

Tarun Mehta: Hey, thanks Murali. Very excited to be here. Good afternoon, folks. Today's call will probably be a slightly longer walkthrough as we try and summarize the entire year's performance, particularly as we come here at literally the eve of, or very close to the eve of our listing, which happened on 6th May last year.

So, first, FY '26 was definitely a very massive important year for us. It was truly a breakthrough year. We had originally set out to establish that on the back of a new product like Rizta, Ather's rightful market share and volumes are going to be substantially higher. In fact, that was part of the, a large part of the story that we had gone public with, and clearly in FY '26, results showed that, overall volumes are up almost 66%, with Q4 itself delivering 83,000 units, which is almost 80% of the volume that we did just a couple of years ago.

And a large part of this, in fact, I would say almost all of this growth is ascribed down to the new product Rizta, which has grown remarkably well and today is almost three-quarters of our sales. It's also improved our market share, improving by about 1100bps from about 11% -- from about 8% to about 18.6% in Q4 FY '26. So, a fantastic growth through the course of the year.

The second thing that we were confident of delivering was a new product will unlock new stores for us, and those stores can drive a fantastic growth trajectory for the business - which has happened. We doubled our store count through the course of the year from 351 to 700 stores by March '26 and all of that's been built on the back of a very solid and reliable product and operations engine, with R&D firing on full gear, 643 patents filed till date with 283 patents filed just in FY '26 alone.

We also launched AtherStack 7 in FY '26, which had a lot of new features like Infinite Cruise, Vernacular Dashboards, pothole detection, so on and so forth. And finally, we are in the midst of our build-up of Factory 3.0, which is our new capacity, which is the largest capacity and will help us scale up our new platform EL later this year.

Distribution was particularly a growth lever that we were very bullish on. Many folks had been -- many investors, many shareholders had asked us before the IPO that why not add more stores, and we were very clear that we will add stores when they are independently viable and we will add them on the back of a new product, which is what we were finally able to do on the back of Rizta, scaling up about 80, 90 new stores every quarter like clockwork through the course of the entire financial year.

What's really heartening is to see that a large part of this store expansion happened with our existing partners. 75% of stores have opened with existing dealers. We've focused a lot in the last one, a couple of years particularly, in ensuring that our dealers have strong unit economics and strong underlying businesses, which is what's translated into them adding a very large network with Ather, becoming an important partner for them.

Not only stores, but they've also added a lot of service centers. Our service centers actually have more than doubled this year, and particularly in the last two quarters, they've become a large part of what we are focusing on and scaling up across the country.

In this growth journey, instead of going with a plain vanilla, expand everywhere where you're not kind of a strategy, we chose a far more targeted approach. We'd called out a zone which we call as Middle India, which are the five states of Chhattisgarh, Gujarat, Madhya Pradesh, Odisha, and Maharashtra. And we had called out that we're going to focus here in FY '26. We believed that given that these states have high scooter penetration, they have high share of premium scooters, and Ather's brand equity is actually decent, Middle India can start behaving very much like South India, where Ather has historically always done well.

So, we'd bet that Middle India can be taken to a South India kind of performance very quickly. We put a lot of our eggs on this basket, doubling down in marketing, doubling down in distribution. So, for example, in the doubling of stores last year, Middle India got the highest share of new stores with 125% EC expansion -- store expansion year-on-year. And that's led to an almost unbelievable result where Middle India, which was at about 4% market share at the start of FY '25, today has more than quadrupled market share for Ather to 17.3%.

Rest of India's done well, going -- tripling its market share from just under 4% to 12%, and even in South, where we've added 80% more stores, we've seen a market share growth from 13% to 23%. This strategy of adding a new product which expands addressable market and then adding new stores on the back of that larger TAM is something that I think paid the most clearest results possible in the Middle India -- in the Middle India zone for us.

So, if you see our slides, we've added a couple of slides to make this point. Gujarat and Odisha were two states where our estimate was that Ather has decent brand equity but is lacking the right product, and something like Rizta can really unlock market share for us - which is what happened. Introducing Rizta in Q2 FY '25, our market share tripled in a matter of just few quarters from 4% to 14% in these states. And then on the back of this really strong response, we were able to unlock a lot more new stores, and those stores took us further upwards from 14% to 19% and almost 20% market share.

In effect, the states of Gujarat and Odisha today are almost behaving like any other South Indian state for Ather today. Newer places, newer states like Madhya Pradesh and Chhattisgarh for Ather, and fiercely competing large markets like Maharashtra, the story's been a bit different, but we took the same leap. Given the strong performance in Gujarat and Odisha, we started adding stores here really rapidly post-Rizta, and we've seen a very similar trajectory. We've gone from about 8% market share to 16% plus market share, and we do believe that there is a lot more headroom here, particularly as we're able to unlock much more supplies in the coming quarters.

Rest of India's done incredibly well for us too, ending at about 12% plus market share. States like Rajasthan, Punjab have done, and Himachal Pradesh have done incredibly well, and even Bihar and Uttar Pradesh are about to enter double-digit market shares for Ather, unlocking large potential markets, particularly as we build up our markets for EL later this year.

South is a little bit of a surprise for us in how it's expanded. Frankly, given that South is the most penetrated EV market and one with -- and it's also the largest EV market, we frankly expected South's growth to be considerably lesser than the rest of the country. And which is what happened for a large part of FY '25 and even till early FY '26. So, our focus was frankly on capturing market share and getting to 20%, 25% market share as soon as possible. But the last few quarters have completely surprised us because South has actually grown as fast as the rest of the country.

Basically, the most penetrated and the largest EV market has also grown the fastest. and hence we've been -- basically the performance of South has to be seen from the perspective of a really fast-growing market, which is also why our EC count, our store count has been increasing really rapidly because the market's just becoming deeper.

So, our quarterly sales have gone from about 27,000 units in a quarter to about 41,000 units by the end of Q4, and we've been able to broadly maintain our market share. We do believe even now that the rightful market share for South lies even higher, and we'll need to unlock more capacity, more supplies in this zone in the coming quarters.

All of that takes us to unit economics. Unit economics, we've entered the FY -- we've ended FY '26 at a great place, improving our AGM by about 5 percentage points. This is with subsidy, up from 19% to 24%. Without subsidy, margin improvement has been even sharper, from 12 percentage AGM to 21 percentage AGM and this has been driven by a consistent reduction in COGS, which reduced by about 9 percentage through the course of FY '26.

This was supported by a very strong performance by AtherStack and Pro-Packs. Honestly, completely against our expectations, as you will see in the slide that we've uploaded, even as our quarterly volumes have really compounded up from 43,000 units to 81,000 units, Pro-Pack attach rates not only have held steady, they've actually gone up, with Q4 FY '26 being the highest ever Pro-Pack attach rate at 93%. This has definitely and certainly helped our margins and has really helped differentiate the product and the business.

Charging infrastructure has played the role of a really differentiated ecosystem experience and has deepened the moat. We now have more than 6,000 fast charging points on the LECCS standard across the country. And in the recent years, the number of charging sessions on public fast chargers has compounded faster than the total number of chargers, which is a really positive thing for the underlying unit economics of these fast chargers, one that already obviously has had positive unit economics and we believe will have a line of sight of positive EBITDA as a standalone business in the coming years too.

All this scale for charging infrastructure has also been built on the back of LECCS, which is the charging protocol that Ather has now created. It no longer is the Ather charging standard, but it's an Indian charging standard, and we're very happy to report that it's no longer just Ather that is using it. There are more than 20 plus stakeholders of OEMs, CPOs, and suppliers and providers who've joined the newly created consortium called LEAF, which is now pushing this as not just a national but also soon an international charging standard.

Finally, coming to EBITDA, so all of this has translated into strong EBITDAs. The work on vehicle, the work on software, the work on all the ecosystem products together, and the EBITDA improvement is where the story is hands down the sharpest. We saw more than a 1500-1600 bps improvement in EBITDA losses from FY '25 to FY '26, with Q4 being an incredible 2,000 bps improvement in EBITDA losses, with EBITDA losses coming down from 23% to about negative 2%.

So, a very sharp improvement. This has been possible because EBITDA has enjoyed two advantages: one, continuously improving unit economics; B) also very solid operating leverage. About three-fourths of the cost below gross margin is fundamentally fixed in nature, and hence the operating leverage has been very powerful and has been a very strong translation of all the gains built upwards of that.

FY '26 was not without challenges, particularly supply chain challenges have been building up through the course of the year. What hit us were three big things, which is rare earth magnet prices, the spike in memory costs across the entire world, and the spike in lithium-ion battery prices because of commodity inflation. What we did was a lot of work in strategic sourcing, pre-buying, and inventory planning, which is what allowed us to sidestep or at least push out a lot of these hits in FY '26.

Engineering for alternate technologies, for example, like LFP, which allowed us to mellow down or even again buy our way out of the spike in lithium-ion battery prices overall, and definitely obviously the continuous work in alternate technologies and product-led design changes, which was the constant VAVE work that delivered the overall COGS reduction that we've seen till date.

But this is not the end of it. We are living in an extremely volatile macro, as you're all aware, and we do expect the impact to be there in the short term. We've put out some content this time, we spoke about it during Q3 results also. We expect the hit on -- not just the supply of material, but now also the cost of all raw materials to remain inflated for a while.

While the current commodity costs are obviously crazy and we don't expect this to be a new normal for our industry going forward, it is also true that in the short term, the inflation is real and will be here with us. Which means there will be a pressure on margins, one that we will try and mitigate as much as possible with price hikes and even more work on things like accessories and software, but they can't be fully mitigated.

So, expect a short-term impact on margins. But the silver lining in all of this cost pressure is that commodities eventually will find their natural level once again. And every time a business like ours will go through this kind of a phase, it emerges out much more stronger. We saw this during FY '23 when the build-up of pressures of reducing subsidies created a climate which led to the birth of Ather's Pro-Pack business model and the entire AtherStack approach.

We believe the entire spike in commodity prices, which we hope will be short-term, will end us up with better cost structures, better margin structures, better price structures, which will survive the elevated prices today and will land up in an even better than estimated eventual cost structures in the long term. And one big thing that we're excited about, which will also help, by the way, with the cost structures and particularly sidestepping really expensive commodities, is our upcoming scooter platform EL.

We spoke about EL in FY '26, unveiling the platform and a few concept vehicles on it in the last Ather Community Day in August last year. Just a quick recap, it's an extremely versatile platform focused on safety, convenience, and designed with cost in mind. It comes with a lot of significant technology upgrades like the Ather Charge Drive Controller, which brings onboard charging, reducing the size of the charger.

It comes with larger wheelsets, it comes a new technology called AEBS, Advanced Electronic Braking System, a technology that mimics an ABS-like braking experience in a large percentage of the same safety scenarios at a fraction of the cost of traditional ABS technology. So, all of this goes live in ABS -- in EL later this year. It also has a substantially better cost structure because it's been designed with this cost in mind, particularly moving away from aluminum frames to steel frames and a much simpler transmission system.

The expectation that we have is, if you see the overall E2W market today, there are broadly four categories, four price segments the way we see the market. There is the entry segment, which is below INR1 lakh ex-showroom price. Then there is the mass segment, which is from INR1 lakh to INR1.25 lakhs. Then there's the mass premium segment, where Ather operates heavily today, from INR1.25 lakh to INR1.5 lakh. And then there's the premium segment, which is greater than INR1.5 lakh, where Ather absolutely dominates the market, particularly with the 450 product line.

If you see the larger market, particularly with the key five players, our competition, our peers have a lot of variants in increasing order as the prices come down. So, they will have four variants in the premium segment, six in the segment below in mass premium, 12 in mass, and 10 in the entry segment. While Ather has a completely inverted pyramid with 6 variants in the premium segment, 3 in mass premium, and none in mass or the entry segments.

Our understanding is that the mass segment of INR1 to INR1.25 lakh is the largest chunk of the EV market today, electric two-wheeler market today. And with EL, we are particularly targeting this segment. In fact, EL will play a dual role in our expectation. It will give us the opportunity to expand margins with less dependence on really expensive commodities like aluminum, even reduced copper, and considerable cost reduction fundamentally with how we've designed this platform.

We believe EL products and variants will improve our margins in the premium and mass premium space, while giving us really, really viable products in the INR1 lakh to INR1.25 lakh space where Ather does not have any presence today. In fact, this is one of the cleanest product introductions one can imagine because we're talking about adding a product in a segment, in a price segment where Ather literally does not play and operate today, giving us a large upside with very limited cannibalization concern overall. So, that's the reason why we're excited about EL, and work is on in full swing, and we expect EL to be commercialized and in the field before end of this year.

And to scale up EL and obviously talking about production because I've already hinted that we are supply constrained, comes our next big topic, which is Factory 3.0 in Chhatrapati Sambhajinagar. This is our largest factory till date, initially planned for a 10 lakh total capacity with 5 lakh capacity going live in Phase 1 itself. Expecting commencement of Phase 1 by end of this calendar year, Q3 FY '27. This plant, apart from it driving the bulk of EL's growth in the coming quarters, it also will help unit economics because it has higher vertical integration than what Ather does today, with battery pack assembly, transmission assembly, painting, electronics assembly, and CED coating coming in-house.

It's also in a really vibrant supplier ecosystem, with Aurangabad, Chhatrapati Sambhajinagar itself being a really, really large and active supplier base. And also, it's inside a park which has now become a really large EV OEM geography. Ather was probably one of the first ones in the EV world to go into AURIC, but since then we've seen really many several large names also announcing the plants here, which really gives us a lot of confidence for the future of this plant and this entire geography.

It'll also long-term help our logistics cost because we expect Middle India to remain one of our largest and most important markets, followed by North India, particularly with EL. So, scaling up EL production out of AURIC will be an important part of our operations strategy in the coming years.

Coming to marketing, we get a lot of these questions and we used to get a lot of these questions particularly during the IPO journey, that why don't we invest more in marketing? So, we have. In fact, Q4 you will see a slightly higher other expenses, partly driven by an increased spending on marketing. And not just plain vanilla spending, our marketing's been evolving very strategically with clear growth pillars, clear pillars on which we will build our strategy on.

The first pillar which we spoke and we've already acknowledged -- already highlighted over the previous quarters was the "Zayada Mat Socho, Ather Lelo" campaign, which is going to become a long-term pillar driving assurance in the market, particularly in North India. But the latest pillar which we went live with in Q4 is a new campaign called "It's Easy on an Ather". This is the marketing lead that really focuses on why our products deserve a premium, why Ather's experience remains the only real magical experience in this market.

Highlighting experiences like skid control, superfast charging, the really accurate range prediction, so on and so forth. This has become an important part of our marketing strategy overall. All of it culminated with Ather becoming in Quarter 4 the number one searched EV brand across the country. A thing that we've finally -- that we're incredibly proud of, particularly given the fact that we are still some distance away from becoming number one in volume, it really hopefully portends to where Ather's brand equity today already is.

Not only in searches, we saw very healthy increases across the board. Our internal brand track interviews suggest that our awareness has gone up almost 100% up over the course of the previous 12 months from December '24 to December '25. Our consideration scores have gone up 31%, and finally, the most important criteria, which is preference, has gone up by a solid 50 percentage. So incredible results out of a really focused and strategic marketing investment and campaign over the last one year.

And this has been happening in the context and the backdrop of an incredibly fast-growing EV market. Now, one question that probably every analyst has asked everybody in this industry over the last one or two years is that why is the EV market not really growing fast? And I think over the last three, four months, five months, that's starting to change quite massively. We've shared some data for everybody's consumption.

If you look at EV category searches, they've surged 140% from Q1 to Q4 FY '26. If you see the overall volume, the volume growth has been fantastic, particularly in the last couple of quarters. In fact, we've been highlighting this for the longest time, that the EV industry is actually been growing incredibly well. It was the abnormal growth of the sub-INR1 lakh industry and its eventual decline that kind of hid the fact that products priced above a lakh have been actually growing incredibly well for years now.

And for now that the sub-INR1 lakh category has settled at a more sustainable level and is in fact also starting to grow, and you see the compounded growth on top of it of the greater than INR1 lakh category, you're seeing both these growths add up together, and which is why finally the entire industry growth has become visible even to an outsider. We believe this trend will continue, and particularly with the current macro, we believe electric vehicles will continue to find even more favor with the consumer. And ultimately, it's the consumer who will vote with their wallets and will continue to buy more electric.

With that, I am at the end of my section. I think we can open it up for Q&A now. Thank you.

Moderator: Thank you very much, sir. Ladies and gentlemen, we will now begin with the question-and-answer session. The first question is from the line of Krupashankar from Avendus Spark. Please go ahead.

Krupashankar: Good evening and thanks for the opportunity. Congrats on a great set of numbers. My first question is on the Pro-Pack. Just wanted to get a sense -- so 93% overall attach rate is quite impressive. Just wanted to get a sense around, what would be the difference in the attach rates in newer markets like Madhya Pradesh or Uttar Pradesh, or as you call it, Middle India and Rest of India, versus more mature markets like Karnataka and Tamil Nadu, if you can share that?

Tarun Mehta: Yes, hi. so it follows -- so the highest attach rates are in South India, particularly states like Kerala where there is nearly 98%, 99% kind of attach rates, followed by Middle India, followed by rest of India. But to give you a sense that the gap is really narrow, Rest of India, which is our weakest zone by far, is also at 81% attach rate now. Overall attach rates are quite healthy.

There is a trend, however, that every time we open up a new store, every time we particularly open up a new city, the attach rates start at a much more humble level. We've seen, for example, Madhya Pradesh like less than a year ago was at 40%-50% attach rates. Today Madhya Pradesh consistently does more than 80%, 85% attach rates. It takes between two to four quarters for those new stores, for those new teams, the sales teams that join Ather, to you know sort of become comfortable with the idea of upselling anything beyond the vehicle.

Traditional automotive comfort and wisdom and experience ends at upselling things like, I don't know, like throttle covers and, you know, rain jackets and mats. Which we also sell very profitably because, you know, that stuff's also been fairly profitable for us. But the entire concept of selling a Pro-Pack has been very alien to our industry.

So, there's a little bit of a learning curve for newer sales teams, newer stores, and particularly newer cities. But within a year, they all ramp up to a pretty healthy number. So, I wouldn't be surprised if even rest of India, which is North India particularly, gets to 90% attach rate over the next couple of years.

Krupashankar: Right. So, considering the fact that you've opened close to about 170 branches in the last two quarters, 93% attach rates looks quite impressive. Do you see that ramp-up in the newer stores being much faster than what you had initially anticipated? Any trend around that?

Tarun Mehta: So, in terms of volume, just absolute sales?

Krupashankar: Absolute sales with newer branches, the attach rate getting better.

Tarun Mehta: So, sorry, I won't be able to immediately comment on the attach rates in the -- oh Yes, okay. So, sorry, there is one trend where if the new store is opening with an existing dealer partner, which is also three-fourths of our case, then the ramp-up is certainly much faster because the partner is already aware about the incentives, is already excited and believes in the power, and hence is able to push their teams much faster. With a newer partner, there will be a little longer ramp-up time.

In terms of just sheer volumes of scooters sold, yes, definitely new city, new store growth has definitely surprised us. we I think we generally tell all our new partners that with a new format stores, it'll take you a couple of years to sort of get to operational break-even and a little longer to get to actual break-even. But the reality has been much, much, much faster.

Operational break-evens on average being achieved by every cohort of stores that we open in about a quarter, max two quarters. So, in about two quarters, they're getting to on average operational break-even. And so the overall ramp-up journey has been very, very, very heartening.

Krupashankar: Thank you. My second question is on the near-term EV tailwind which you were talking about. Given that you've already stated that you're going to expand close to about 400 branches this year, are you seeing an accelerated branch opening in the first half to capitalize on this trend? Is that something which is on the cards? Can you talk a little bit more about that?

Tarun Mehta: We're not giving any specific guidance for new store expansion in FY '27. In FY '26, because this was the most important growth driver for us, we publicly put out a number because we wanted people to understand where we're really betting on. For us, the big growth driver in FY '27 and FY '28 is going to be first and foremost EL, followed by the continuous expansion of new stores.

In a sense, new store expansion's becoming a little bit of BAU for us. So, yes, I certainly hope that the current pace of EC opening on a quarterly basis will more or less continue, but we're not putting out a specific guidance of new stores in FY '28.

Krupashankar: Got it. Thanks for answering my questions.

Moderator: Thank you. 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 question and thanks for the comprehensive comments in the beginning. I had a few questions. I think firstly on the more near-term cost headwinds that you called out. I think, we'd generally understand the aluminum and metal really to some extent, but could you also give us some color on lithium? You know, there's been such a huge rebound on the lithium prices as well, right? So, how are we working to mitigate that and more fundamentally, how do we think about the impact of lithium prices on the overall BOM cost if you can share some color on that?

Tarun Mehta: Sure. thanks Gunjan. And Yes, and actually, this is why we've been trying to drive awareness around this, people are never surprised. Lithium particularly was a pretty crazy commodity, has been a pretty crazy commodity, going up from I think a base of $8 per kilogram to about $24 per kilogram in a very short span of time. It's cooled down a little since then, but Yes, it's still up more than 2x to 2.5x.

So, and we've seen very similar trajectories from most NMC commodities. So, nickel's been up crazy, manganese been up, cobalt's been up, lithium's been up. So all of it has created a situation where the even the finished good in lithium-ion cells, because the underlying raw materials have been up so much, the final price of a lithium-ion cell is up quite considerably. Depending on where you buy from and when did you actually procure, prices could be up like 30, 40, 50 percentage also.

So, prices have been up, that's true. Unfortunately, even producing them in India is not really unfortunately an answer because the underlying raw materials which we all import are up a lot more. Aluminum, as we've already highlighted, is up and actually I believe will be up will go up a little bit more given the Hormuz crisis. So Yes, that's all we're dealing with.

We believe that the overall commodity price inflation is between 40 to 50%. Obviously, which will not increase the BOM by 40 to 50 percentage. The overall BOM increase is going to be a fraction of it, but this is still I think larger than any commodity supercycle I think our industry's ever seen.

Gunjan Prithyani: And this 40% to 50% or 30 to 50% that you mentioned on the lithium or the cell cost, like everything is up, is it fair way to think that the cell in itself will -- is there a number that you can give me in the sense that what will be the cell as a percentage of BOM cost? Because this number has changed over the last two, three years as the cost structure has improved, right? So, what should be the ballpark number of, the battery cell, pack, motor, anything that you can give us, that can make us think better on this?

Tarun Mehta: Yes, so overall cells used to be 15%-16% of the overall BOM, sub-20% of the BOM until a few quarters ago. But obviously, since then it's seen a reasonable amount of spike up. So, now it's a slightly larger part of the overall bill of material of the vehicle. Aluminum, there's a fairly healthy amount of aluminum in most electric vehicles. In fact, on our current platforms, I would say the content of aluminum is comparable to that of ICE, which uses otherwise a lot of aluminum in transmission and engine.

Something that we should be able to de-risk substantially once EL comes in because it uses far lesser aluminum than in the past. What else? I think these are the big ones. There's a long tail of small other precious metals which are also up.

Gunjan Prithyani: Okay. This is very useful. And the second question that I had was on the slide 24 of the industry structure that you have on the presentation. Can you give us some idea on how the market, market sizes are in different segments and what I'm trying to really get at is that what is the part of the market, addressable market that Ather is currently addressing? You know, just a bit more on the sizing of this different price buckets that you've called out on slide 24.

Tarun Mehta: Yes, thanks Gunjan. So, you know, for everybody's benefit, I'll just call this out again. We believe there are four price segments in the Indian market: the sub-INR1 lakh ex-showroom price is what we call as entry; INR1 to INR1.25 lakh rupees is mass; INR1.25 to INR1.5 lakh is mass premium; and INR1.5 lakh and beyond is premium. It's hard to exactly nail down what is the size of each of these segments, but a few months ago, Vahan website did put out some beta data around specific variants.

So, unfortunately, the website is down, so we are not able to refer to it right now, but the data was up there a few months ago. If you were to study it, what it would tell you is that it looks like the premium market is between 10 to 15 percentage. The mass premium market is a little larger, between 15 to 20 percentage. The mass market -- so basically everything INR1.25 lakh and above where we play today is give or take about 25 to 30-ish percentage of the overall E2W market.

By the way, this I'm only looking at the volume of the top five manufacturers. There are other manufacturers also whose volumes I've not considered while I'm talking about these indicative sizes. Our understanding from that data back then was that mass market could be as high as 45 to 50 percentage of our industry, and the sub-INR1 lakh segment which has shrunk is probably between 15 to 20 percentage of the industry. Again, please take this with a pinch of salt. These were our very rough estimates from an early beta site that we saw and our field intelligence.

I could be off here, but directionally I do feel that this sounds about right in the market. So, what we are excited about is that EL opens up the mass market for us, where Ather today and, when you look at our price points with Pro-Pack, today Ather actually has no product in the mass market at all. So we're missing almost half of the industry. So, we are excited about EL because that unlocks that entire segment to us.

Gunjan Prithyani: Got it. And last question, just going to the Delhi EV policy news which came through. And it is not about, what happens to that policy, but I think fundamentally if the push from the policy makers is towards EVs, I think at this point of time we're essentially just catering to scooters, right? So, I just want to hear from you how do you think about the viability of electric bikes? Is it possible now?

And I think the fact that, we are seeing significant shift or rise in inquiries for EVs, it'll still cater to only the scooter part of the industry, right? So, how do we think how soon can electric bikes come through? Is it viable? What do you, just is -- should we see this as an opportunity or a challenge?

Tarun Mehta: Yes, so thanks Gunjan. I think the Delhi EV policy conversation is very interesting because I believe this is the first time when we are seeing very strong signs of a strong support by almost every section of the society for a clean vehicles-friendly policy like this. There were -- there've been previous conversations, including the famous odd-even policy, but I think they've had mixed support from grounds up. I think this is the first time I'm seeing in my experience where there seems to be a groundswell of support from all corners.

So, let's see, but it looks like something may actually make its way to final execution this time around. And I think it's also happening -- you should also see this in the context of the larger macro, which is definitely pivoting towards becoming EV-friendly now. I think this entire oil crisis has, while it's not changed petrol prices yet, and that in fact that change if it does happen could create an even bigger demand upside for our business and the industry, but even without that, just the LPG crisis itself I think has put this question in the mind of every customer that maybe it is electric and electricity which is the most reliable commodity.

So I've been joking about internally that we're hearing signs of, you know, the consumer going from "if you're buying an electric, then at least keep one petrol in the family, one petrol vehicle" to "well, you can have all vehicles, but at least keep one electric vehicle in the family, for that rainy day." so I think there is a larger shift underway here. Details like, you know, whether motorcycles are there or not, I honestly believe are secondary layer.

And if there's going to be a very strong pull from the market, I think we'll all build electric motorcycles. They're not rocket science, they're definitely buildable. There's just not been enough or any meaningful proofs that establish them to be a large market yet. But when the time comes, I'm sure all of you will see all of us, not just startups but incumbents alike, build a massive portfolio of them.

Gunjan Prithyani: Okay. Got it. I'll join back the queue. Thank you so much.

Moderator: Thank you. The next question is from the line of Kapil Singh from Nomura. Please go ahead.

Kapil Singh: Yes, hi. Good evening, Tarun. Tarun, and congratulations on a very strong performance. Firstly, I wanted to talk about industry growth itself, any thoughts there, how should it shape up? And also for Ather, you seem to be operating in a supply constraint scenario, I think you mentioned that as well. How much can you extract from the current facility and how should we expect the ramp-up of new facility?

Tarun Mehta: Yes, thanks Kapil. So, the current facility is running at -- it's not still at full capacity, so I do believe there is a little bit more juice to extract out of it. But we're definitely now on the edge, and which is why we've decided to talk a little bit more about AURIC and the new factory in this earnings call to give everybody a little bit of a sense of how work is shaping up there. The current capacity is designed to do 35,000 a month, and now multiple times we've been at 90% to 95% of that utilization over the last few months.

So, we're definitely running at the edge, and hence any gaps are very unforgiving. But kudos to all the operating teams involved to have run a really tight ship with all the constraints. And hence the excitement around AURIC. AURIC in Phase 1 should unlock 42,000 units a month incremental capacity, hopefully paving the way for at least another couple of years of solid growth and uninterrupted growth for us.

Kapil Singh: So by when can we expect 42,000 per month from a capacity point of view that you can extract?

Tarun Mehta: Okay. So, we are expecting commencement of trial productions by before end of this calendar year, likely around festive or just around that timeline. And the full 42,000 should be operationalized before end of this FY for sure.

Kapil Singh: Okay. Great. Second question, just following up on the cost side. Can you also talk about how much price hike we have taken? Is it enough to cover the cost increase? And should we expect more price hikes to come through? And also some comments on the cost reduction. You know, last year we had a very impressive run. So how much cost reduction can we expect as we go through the next year?

Tarun Mehta: Right. So, in Quarter 4, we took a roughly about a INR1,000 to INR1,500 kind of a price hike. and in Quarter 1, like basically this April last month, we took on a blended basis about roughly another INR2,500 price hike. So, just in this calendar year, we've already taken roughly about just under INR4,000 kind of a blended price hike. We do believe the market might be okay to support a little bit more, particularly given the competitive scenario where, like the underlying cost structures have gone up. So we could likely look at another price hike in the coming few months. Sorry, and sorry, did I answer your questions around price hikes and...

Kapil Singh: No, I was looking for cost reduction as well, if you can talk about what is the cost reduction targets or potential, I should say, that is...

Tarun Mehta: So, the biggest cost reduction that's coming ahead of us is EL going live. Obviously, that'll take a few quarters to become visible in the P&L from it going live. But expect that by the end of FY '27, the largest source of cost reduction and COGS reduction that'll come in a P&L would be largely EL-linked. While the current platform products, which is 450 and Rizta, can see a meaningful more cost reduction, they will be slightly lower priority in the short term over the move to EL first.

So, in priority order, cost reductions will come from EL over the course of FY '27, a little bit more backloaded. There will be some cost reductions that'll also come on the 450 platform, particularly on Rizta first, followed by 450. They may not be as large as the last two years because the bigger focus will be in operationalizing EL first. But once EL is operationalized, I think the actual improvement will be lot more than previous years.

Kapil Singh: Okay. And just one last clarification. On slide 25, you have mentioned in the premium and mass premium segments, EL to expand margins. Can you explain this? Are we going to have EL products there in premium and mass premium also?

Tarun Mehta: Yes, so we do see that there is a lot of potential. What we've been building with EL over the last few years has shaped up incredibly well. And while obviously it has a substantially better cost structure and opens up the mass market for us, what we've realized is given our DNA, we've actually built a pretty fantastic product even in the higher price segments, one that can actually go after current Rizta price points quite aggressively.

And financially, we are quite immune whether there's cannibalization between Rizta and EL because fundamentally EL unlocks better margins for Ather. So, Yes, there will be likely variants of EL even in the mass premium segment, potentially even in premium, but certainly in mass premium.

Fundamentally, Yes, just last point I want to make is I do want to like make sure everybody understands that EL is fundamentally a platform and not just one product. So, the number of variants, the number of products we can build on it even this year and definitely in the coming years can be quite large, and hence expect this platform to have products across all price segments, while obviously the early focus will be the mass premium and the mass segments.

Kapil Singh: Okay. Since you mentioned that, let me ask whether EL is capable of having motorcycles also or for motorcycles you need a new platform?

Tarun Mehta: Kapil, that'll be a stretch too much. We'll need a new platform. We call that the Zenith platform.

Kapil Singh: Oh, okay. Thank you. That's all from my side and best wishes.

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

Vipul Agrawal: Hi. thank you for taking my question. So, my first question is on the margin side, like understanding that current commodity cost inflation is pretty steep. Can you help us understand how is it getting distributed across supply chain, assuming that obviously Ather will not be absorbing the complete -- the inflation part? So, how it will be absorbed across the supply chain, that is one. Second is on like how much of the commodity cost inflation in last six months has been passed on so far?

Tarun Mehta: Right. So, Vipul, I would say only a small part of the inflation's been passed on till now. Because of how we've managed procurement and how we've managed stock-piling, we've been able to push out most of the hikes till date. And honestly, if the commodities had cooled down by now, I would have not even talked about it because then we would have just managed through the rest of the year.

It's a fact that till now we haven't seen commodities cool down, in fact in Q1 we see signs of it going up further, is why we are highlighting them here. So, expect the hits in the coming quarters. How much is distributed? Honestly, I think given that volumes are rising up really rapidly and we are in the middle of a fast-growing industry and on top of it Ather has a fair bit of market share that it can further expand into, I believe that there is an opportunity for us to trade off some of these hikes with the suppliers.

But it's also a fact that suppliers ultimately have limited leverage because it's the underlying commodity that is becoming more expensive and not their processes. So, we're trying and we're hoping to share some of the burden with the supplier, but I expect the bulk will come to the company or the customer.

Vipul Agrawal: Understood. Thanks for that. one question on ASP. Like you have taken a price hike in January and your AtherStack attachment rate has also increased in this quarter, but your ASP seems to be flat Q-o-Q in 4Q. So what's the reason? Like ideally there has to be some increase in that. So, what am I missing over here?

Tarun Mehta: So, I believe the INR1,000 to INR2,000. change is likely ascribed down to how offers are structured in Q4, particularly the start of Q4, and some of the expansion in Middle and particularly North India with specially newer stores leading to a lower ASP. That trend typically tends to cool down as or typically tends to sort of go away as stores age up a bit, their ASPs do tend to inch up. So, I wouldn't read too much into it right now. Beyond that, is there anything? No, I think that's pretty much it.

Vipul Agrawal: Okay. So, we can expect some increase in ASP in coming quarter before you launch the EL platform. That would be a fair understanding.

Tarun Mehta: ASP, so actually also just a highlight, just a reminder, what you see in our financials is our realization, so which will obviously whenever the FAME subsidy expires over the next few months, take a INR5,000 hit because that incentive will go away. But if you see ASP at the ex-showroom average price in the market, then that will continue to inch up because we've been taking very disciplined price increases every few months.

Vipul Agrawal: Makes sense. Another question is on other expenses. Like you have talked about increase in marketing spend, but your other expenses was up by around 34%. So, is this something has to do with the new plant as well or just the marketing expense or something else is also there?

Tarun Mehta: So, actually because warranty and logistics sits in other expenses, and that's technically for all practical actually a variable expense. Given that volume sold was up 23% compared to the previous quarter, that number definitely went up. So that's a considerable part of apart from marketing what went up this time.

Sohil Parekh: So, basically, Vipul, the warranty cost also is calibrated, if you recall in the last year's earnings call, we do a calibration at end of the year. So, that adjustment is also reflecting, and when you're doing a provisioning for warranty, you want to be a little conservative with the commodities prices shooting up, right. So, that is the calibration that we have done. So, with the increase that you see in the other expenses over Q3 is the combination of marketing and warranty.

Vipul Agrawal: Makes sense. Just one last question on the depreciation part. So, my understanding, correct me if I'm wrong there, understanding was that it should have increased with the launch of EL platform, but it has increased on a sequential basis in fourth quarter only. So, is it because of the new plant or what is the reason behind increase in depreciation in fourth quarter?

Sohil Parekh: So, for the depreciation, let me give a larger context for the entire year because that will explain the entire movement as well. So, there are three things: one is the Ather 450 platform as a platform, so today the 450 product and Rizta product is built on one single 450 platform, EL is a separate platform. Just like that, 450 is a separate platform. In our books, it has a useful life of seven years, and now that platform is amortized and depreciated, that is why it is sitting in the depreciation line.

Of course, we continue to build and do enhancements on that platform going forward also, but from an accounting provision point of view, the platform life was ascribed as seven years and that has gone into depreciation. Then there is a -- because of increase in terms of volume that we do out of the existing plant at Hosur, and slowly as the ramp-up is happening and as we keep on doing more and more production over the -- which has actually happened if you see the Q2 to Q3 to Q4, we have started operating multiple shifts. So, we moved from a single shift to dual shift to a triple shift. So, the depreciation will also follow that suit. And again, at the end of -- so that is the second point.

Third is the useful life calibration which happens across various tools, jigs, platforms, because you are doing more shots and that is why the useful life has to be calibrated based on the actual usage. So, this is the entire depreciation charge is a combination of that. And EL is still in the development phase, so once so the amortization for EL as a part of the entire platform and the amortization will come in next financial year once we do the start of production.

Vipul Agrawal: Makes sense. Thanks for the detailed answer. That's all from my side.

Moderator: Thank you. The next question is from the line of Pooja Seth from Yes Securities. Please go ahead.

Pooja Seth: Thank you and congrats for the good set of numbers. I just want a clarification on the other financial assets in the current assets, because I am seeing that it was increased too much. So, can you throw some light why it all increased so much?

Sohil Parekh: So, that is largely the fixed deposits or the term deposits as we call it, which is the IPO money sitting there.

Pooja Seth: And is there anything because of the EV subsidy receivables that we used to get?

Sohil Parekh: Yes, that also sits there, but that's a very nominal sum because all the FAME-related incentives or the PM E-DRIVE is coming in regularly. Only the Maharashtra state subsidy, which is something new which got introduced in the recent months, so that is a very small amount which is reflecting in the other financial assets. But largely, most of it is the term deposits or the FDs as we call them.

Pooja Seth: Okay. And sir, another question, as we are going to launch a new product in the EL platform, so it is still the same in this festive season we are going to see those models?

Tarun Mehta: Yes, most likely. We're not giving an exact month of launch for obvious reasons because we can't, we don't want to at this stage, but we believe by this festive would be a good timeline for the products to come out.

Pooja Seth: Okay. Sir, one more question. Do you guys anticipate any kind of supply issue because some of your competitor is facing? So, any kind of supply issue you guys are facing?

Tarun Mehta: So, we had -- actually the biggest challenge for us is trying to ramp up as quickly as the market is ramping up. Over the last few months, there've been localized challenges in supply ramp-up. For example, in November-December, there were particular variants which were becoming really fast-growing in the market for which we had some constraints. We've come over that and you've seen increased supply and sales every month. But frankly, retail demand has been running higher than estimate.

So, for example, in Q4, while wholesale is what it is, retail was actually a little higher. And by retail, I'm saying what dealers have already sold to customers even if they're pending registration. So, retail number was higher, which is actually quite a crazy stat because Q4 is also the quarter when you need to dial up your wholesale quite materially because in December you've cleaned up the channel stock quite a lot. So, we're not able to, we're definitely ramping up. Even in April, there was a little bit of a specific challenge given the election season and the disruption to labor there, but looks like that's also behind us.

So more localized challenges, not like a secular, not like we are not able to access materials, but squeezing more out of the current capacity until the next capacity goes live. Also, last point, we've been trying to secure material as -- so one big true north for us has been secure production, secure supplies at almost all cost. Big true north for supply chain for us has been de-risking on technology, vendor, and geography, which is how we brought in LFP, NMC, NCA, which is how we've been working -- we've been adding more and more suppliers for every single component.

For things like memories, for example, we don't mind paying a little bit more if it allows us to secure long-term more capacities, and which is probably avoided some -- which has helped us avoid some disruptions that otherwise could have hit us. So, I do want to call that out because we've invested actively towards it.

Pooja Seth: Okay. Sir, recently we have started a Phase 1 in capacity that we are going to set up. So, when we can start the top lines coming from there?

Tarun Mehta: Before end of this financial year, most likely Q4 from the new factory.

Pooja Seth: Okay. Thank you.

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

Chirag Jain: Yes, hi. Good evening, Tarun and Sohil. So, Tarun, you mentioned about the macro tailwind with respect to EV demand. Have we noticed any major difference in the customer profile over the past few months in terms of maybe more share of first-time buyers or any regional disparity which gives confidence that the current EV demand momentum could be sustained or probably we could see an acceleration in terms of EV adoption?

Tarun Mehta: I would say it seems like the demand is becoming more mainstream in nature, which is also what's helping us go deeper and deeper in the country. Today Ather's present across 500 cities and I was just looking at this data a few weeks ago, our growth in market share in Tier 3 cities is right now higher than Tier 2 cities, very funnily. So, while obviously that presents us with an obvious opportunity to grow further in Tier 2, but it also tells a really, really, really happy story that demand is not just in the tech-forward markets but across the length and breadth of the country.

So, we've been definitely seeing this, we've been seeing this build up continuously. Last few months, we've seen a little bit of acceleration of this trend. We've also seen a higher comfort for paying for more assurance. So, products that end up -- even internally in our portfolio, products that communicate more assurance seemingly are finding more and more buyers.

For example, our 8-year battery warranty product has been selling really well. We are seeing a really strong demand in every time we communicate assurance as a message, we see strong traction, which is also really symptomatic of a market that's becoming more mainstream, where assurance becomes a very important part of the reason to buy or reason to buy a specific brand.

Chirag Jain: Understood. And you've discussed about Pro-Pack. Can you also discuss in terms of how the other non-vehicle revenue stream has shaped up over the past let's say few quarters or years and probably how one should see going ahead and how that could support the overall profitability?

Tarun Mehta: So, there are four streams of revenue in non-vehicle. First, you've got the Pro-Pack, followed by the service revenues, followed by our accessories division, and finally followed by the charging infrastructure division. So, right now we're only sharing trends for the Pro-Packs. I did have this stat available, but we just figured we'll talk about it later.

One thing that's been accelerating really fast has been our accessories division, where the revenue per unit has been growing really, really rapidly. In the last few years, it's I think grown more than 30, 40 percentage. So, it's still on the larger scheme of things, it's still like a sub-INR100 crores P&L, but it's growing well and at some point, in the coming few quarters, we will try and bring some visibility onto those other P&Ls also.

Chirag Jain: Okay. Thank you. Thank you so much. That's it from my side.

Tarun Mehta: Thanks Chirag.

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

Murali Sashidharan: Thank you, everyone. We appreciate all of you joining us today and for your continued engagement and support. We look forward to updating you on our developments in the coming quarters. Wishing you all a pleasant week ahead. Thank you.

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

(This document has been edited for readability purpose)

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