

August 12, 2025

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National Stock Exchange of India Ltd.
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Subject: Transcript of Earnings Call for the quarter ended June 30, 2025

Dear Sir(s),

Pursuant to Regulation 30 read with Schedule III of the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015, please find attached the transcript of the earnings conference call held on August 7, 2025, for the quarter ended on June 30, 2025.

This is for your information and further dissemination.

Thanking You,

For Hero MotoCorp Limited

Dhiraj Kapoor
Company Secretary & Compliance Officer

Encl.: As above

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“Hero MotoCorp Limited
Q1 FY '26 Earnings Conference Call”
August 07, 2025



The Management Team represented by:



Mr. Vikram Kasbekar
Acting Chief Executive
Officer



Mr. Vivek Anand
Chief Financial Officer



Mr. Ashutosh Varma
Chief Business Officer – India BU

And **Umang Khurana**, Chief Risk Officer and Head - Investor Relations

Analyst:

Mr. Saksham Kaushal – JM Financial Institutional Securities

Moderator: Ladies and gentlemen, good day, and welcome to the Hero MotoCorp Q1 FY '26 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Umang Khurana, Chief Risk Officer and Head of Investor Relations. Thank you, and over to you, sir.

Umang Khurana: Thank you, Vishakha. Hello, and welcome, everyone, to the Hero MotoCorp Q1 FY '26 Investor Call. On the call with us today, we have our CEO - Vikram Kasbekar; CFO - Vivek Anand; India Business Unit Head - Ashutosh Varma; and Emerging Mobility Business Unit Head - Kausalya Nandakumar, who joins us today.

We will start with opening comments from our CEO, followed by comments from the CFO and then take questions. Mr. Kasbekar will start with your opening commentary.

Vikram Kasbekar: Thank you, Umang. Namaskar, and welcome, everyone, to the Hero MotoCorp's Earnings Call for the First Quarter FY '26. I'm sure you must have seen our healthy quarterly performance. We are pleased to report a positive start to the fiscal year with our Vahan market share recovering to 30.9% in quarter 1 FY '26, representing a sequential increase of 1%.

The economic landscape appears notably optimistic as we approach our festive season, commencing with Onam on 26th August and Ganesh Chaturthi on 27th August. Multiyear low inflation recorded in June, coupled with significant RBI rate cuts and favorable monsoon should help in demand sentiment as the year progresses. Riding on this positive optimism, we expect two-wheeler demand to continue its upward trajectory as we enter the upcoming festive season.

In key business highlights, we continue to gain market share in entry 100cc Deluxe, Scooters and EV business. The company temporarily paused production in April '25, which impacted the overall dispatch and volumes during the quarter and has since normalized. In the entry segment, HF Deluxe spearheaded the category expansion for industry, gaining 800 bps market share year-on-year, taking our market share to 11-quarter high. We also strengthened our HF Deluxe portfolio with the launch of HF Deluxe Pro with the first-in-segment features. In the Deluxe 125cc segment, we are strategically poised to disrupt the market with the forthcoming launch of a new 125cc with best-in-class technology, features and style and a refreshed sporty 125cc variant. Both are designed to offer compelling value and enhance our competitive edge. In Scooters 125cc, we reached our highest market share in June at 9.7%, led by new Destini 125 and Xoom 125.

Premia channel scale-up is progressing well, and we reached 90 stores by Q1 FY '26 and covering more than 40% of the premium industry's footprint. Global business continued to gain market share, driven by gain across majority of our focus markets. In EV, we reported our highest ever market share, quarterly market share of 7%, more than doubling year-on-year. Our July market share further increased to over 10%. To further accelerate our growth in the EV business, in July we launched the VIDA VX2 pioneering Battery-as-a-Service model.

We are confident about strong growth momentum in the business. We have ramped up our marketing efforts with recent high visibility campaigns in HF Deluxe Pro to expand the entry segment and Xtreme 250 to boost our premium market standing. The VIDA VX2 EVOOTER campaign caters to meet the evolving Indian consumer need for a blend of reliable scooter and modern EV technology.

The rare earth -- heavy rare earth situation is evolving. We are covered in the short run for both ICE and EV and continue to work on other alternatives. Supplies normalized for us during the quarter.

As we continue to strengthen our leadership and capabilities across the organization, I am happy to introduce Ms. Kausalya Nandakumar, who joined us as the Chief Business Officer for our EV business. Kausalya brings nearly 2 decades of leadership experience, spanning the automotive, electric mobility, digital innovation and social impact sectors.

I will now pass the floor to Kausalya for her introductory comments. Kausalya?

Kausalya Nandakumar: Good morning, everyone, and Namaskar. I'm Kausalya. I joined Hero MotoCorp to lead the Emerging Mobility Business in July. I've had close to 2 decades of experience in the automotive sector and a privilege to lead digital start-ups as well as large businesses. I have spent the lion's share of my career in the automotive sector and I'm extremely passionate about energy transition and EV in the mobility space. I am also looking forward to bringing the best of our start-up agility, which is defined by the Emerging Mobility Business Unit and Hero MotoCorp's 40+ years of leadership in this space. Thank you very much, and I look forward to being here.

Vikram Kasbekar: Thank you Kausalya. Over to you, Vivek, for your commentary on the quarter's performance.

Vivek Anand: Thank you, Vikramji. Namaskar, very good morning, and thank you all for joining the call. I am pleased to report financial performance for Hero MotoCorp for the first quarter of FY'26. The company recorded quarterly revenue of ₹9,579 crores, EBITDA of ₹1,382 crores and PAT of ₹1,126 crores. The EBITDA margin during the quarter for ICE business improved to 16.8%, driven by mix improvement, price and LEAP savings, while we continue to invest behind brand building and new businesses.

During the quarter, after taking into account the investments behind EV business of ₹189 crores, the overall EBITDA margin remains flat at 14.4%. The average selling price increased 6% year-on-year, driven by mix and price. However, average selling price quarter-on-quarter was impacted by seasonality of PAM business. The company reported quarterly revenue from parts, accessories and merchandise business at ₹1,296 crores.

Consolidated PAT for the quarter stood at ₹1,706 crores. This includes share of onetime gain of ₹722 crores on account of dilution of the company's share of investment in associate companies, consequent to the public issue and private placement. Our continued focus on cash management resulted in delivering strong cash from operations, strengthening our financial performance.

Our EV business expansion is gaining significant momentum, achieving a share of 7% during the quarter, which further improved to 10% in July. Our market presence is evident from achieving over 20% market share in 27 towns and securing a top 2 position in 54 towns. We expanded our offerings across both sporty and family scooter segment with the launch of VIDA VX2 range, which is being well received by the market. Our new offerings of differentiated Battery-as-a-Service reduces the upfront ownership cost and will help bring in new customers. We also received PLI certification for VIDA V2 Pro in July and are working on approval for other models.

With our product launches, and as we amplify our brand building initiatives, we expect to grow our EV share in the coming quarters. In ICE business, we endeavor to increase our leadership in the entry segment with the launch of HF Deluxe Pro with segment first features. Similarly, we expect market share in the Deluxe 125 segment to expand with our launches planned in the stylish and sporty 125 segments.

Moving to the premium portfolio, as we grow Xtreme 250 and Xpulse 210 and scale up the Premia channel, we are looking forward to improving in the premium segment. In scooters, there was a sequential increase in market share during the quarter on the back of new launches of the new Destini 125 and Xoom 125. We expect the momentum to continue. In global business, we reported dispatch growth of 27% year-on-year. Our strategy of focus on top 10 markets and new product launches has helped us grow our share.

Moving forward, we will continue to invest behind growth. We remain consistent in our commitment towards investing in premium, scooters and EV portfolio and to improve customer service in store with Hero 2.0 and Premia. We are positive about the growth prospects of two-wheeler industry, with the continuity of demand and recovery in the broader two-wheeler markets for us, both rural and urban. New product launches and strong investment behind building power brands, we expect to grow ahead of the industry. Thank you. On that note, let us open the floor for Q&A. Over to you, Umang.

Umang Khurana: Happy to take questions now, Vishakha.

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

Gunjan Prithyani: Just 2 questions. Firstly, on the industry. It did seem like the start of the quarter was pretty strong, but things slowed down towards the end of the quarter at industry level. So if you can talk about 2 things - On industry, One, what is it that we have seen on the ground in rural, urban and why the softness in the month of June and again, July as well? And there's an interesting data point that you put on the financing penetration that it went down for a couple of quarters and now has come back to 65% in July. So what are we seeing on the financing side?

Ashutosh Varma: Hi Gunjan, Ashutosh here. I'll take that question. Yes, you're right. I think what we have seen for the last 4 months is like 2 distinct patterns emerging. When the year started, rural was outpacing the urban growth. For the last couple of months, it's urban that's actually growing a little stronger. What we see is the larger reason, some early arrival of monsoon. I mean, in some

sense, it has disrupted the last couple of months, but it augurs well for the upcoming festive season. I mean, good sentiments should translate into good market performance.

From a financing standpoint, Q1 generally is a time where we see a little lower finance penetration. I mean, driven by a lot of marriage buying, we see a lot of cash purchases coming in Q1, and that's generally been the trend. However, as we move into Q2 and as more urban markets open up, I mean, colleges and, as I said, I mean, those markets open up, we start seeing finance penetration going up. So that's a phenomena that we've observed year-on-year. And we also feel that going into festive, they just become stronger.

Gunjan Prithyani: And just to be clear, this financing, there is no cautiousness or are you seeing that change in the lenders, because there was a period where the lending norms were being more stringent. Is that something which is changing now? Or it's more just the seasonality?

Vivek Anand: Hi Gunjan, Vivek here. Just to build on what Ashutosh said, right. So no, we are not seeing much change in the lending trends or norms. Yes, as Ashutosh said, in Quarter 1, the penetration actually comes down. That's largely driven by seasonality. We are seeing in July, the penetration actually moving up to 65%, almost in line with what we have seen last year, right. So I just want to add, we are not seeing too much of trends into it. I think it was more of seasonality, which really drove lower penetration in last quarter.

Gunjan Prithyani: Okay. And, second question on the 2 launches that you sort of referred to, can you share more, like, are these like new sort of models or variants and some timelines around it? What are we trying to plug on with those 2 launches? A little bit more color on the timelines and the brands.

Ashutosh Varma: Yes, Gunjan, so I mean, both these launches are planned in this quarter. They are -- I mean, new value propositions for the customers, exciting interventions in the technology space and we expect new customers to be driven into our showrooms basis these new launches.

Gunjan Prithyani: More of variants of the existing brands, right?

Ashutosh Varma: So there's a lot more excitement that comes in there. I mean, allow us to share more details as the time passes.

Moderator: The next question is from the line of Amyn Pirani from JPMorgan.

Amyn Pirani: Actually, my first question was on the HF Deluxe Pro. So again, our understanding was that there is an affordability challenge in that category for a very, very long time. And the product that you have launched, obviously, it has significantly added features, but it's also priced higher. So just trying to understand what is your thought process, which obviously you're looking at much more data than we can, as to what is the challenge in this category? Is it that people are just waiting for a significantly better product even if it is more expensive? Or are they looking for a better price? So, some color there on what your thought process is, will be very helpful.

Ashutosh Varma: Hi Amyn, good to hear you. Let me take this question. So on the entry segment, what we believe is fundamentally, there are 2 levels of challenges. While yes, affordability is a concern, which also encompasses total cost of ownership and hence, mileage and stuff like that also come in

there. There is also aspiration that drives people to -- and this is their first bike, so into mobility. So our current HF Deluxe continues to remain strong in our portfolio.

We have launched the HF Deluxe Pro, which has improved mileage and a lot of new features, graphics, digital meter, LED head lights, all that adds to a lot of aspiration in this category. And we feel that, I mean, we should be addressing both these issues, which is affordability, at the same time, aspiration, which is why the portfolio has been made a bit more robust. And we are seeing some good initial responses coming in.

Amyr Pirani: Okay. So if I can follow up on that. Is there a risk that it starts moving into the entry-level Splendor price points? Or, do you think that those brands are so distinct that nobody really moves between the two?

Ashutosh Varma: So, there still continues to be substantial difference in terms of what Splendor has to offer and what HF has to offer, right? These 2 are very strong brands in the market, have their own customer base. We expect that the entry-level mobility customers, HF will continue to excite them, while Splendor continues to enjoy a very robust and loyal fan following that continues to grow with as we keep adding more variants there.

Amyr Pirani: Okay. Great. That's helpful. And just one question on the margins. Obviously, despite a quarter where ideally you would have seen some operating deleverage, the margins have still been maintained. So can you provide some more color on what are the cost areas that you managed to control? And is it something which is sustainable because the other expenses seem to have come down quite sharply. So what is -- was it just tactical cost cutting because this was a planned production reduction? Or are there some elements there where you have taken out costs? Because I'm guessing that a large portion would be fixed cost and you still managed to cut them and show the margins that you have guided for. So some color there would be helpful.

Vivek Anand: Yes. Thanks Amyr, Vivek here. First of all, I'll say that the margins, we're holding on to our EBITDA margins at 14.4% that's a normal course of business, right. So I'll answer this in 2 parts. One, we've seen the improvement in gross margin during the quarter versus last year by 100 bps that was largely driven by mix and price increase and that was fully offset by adverse operating leverage, yes.

So, what has happened is while you briefly talked about that our operating expenses, right, we are almost in line with last year, in fact, slightly lower than in absolute terms in last year. I think there was a lot of cost management, which we've not done this quarter, we've been doing in the past, which really helped us contain our expenses. But because our revenue was down, right, we -- that whole margin increase coming from gross margin, right, got -- was impacted by the adverse operating margin.

Amyr Pirani: Okay. Okay. If I can then just ask a follow-up on this. So as your volumes improve in the coming quarters, because partly festive partly because you took the shutdown or the production cut in April, should we expect that a lot of these costs will also have to increase and hence, we should continue to think of that 14%, 14.5% as the range? Or how should we think about it?

- Vivek Anand:** Yes, that's right. I think we've given the guidance on the margin that the margins will operate between 14% and 16%. And in the short term, you are right, it will operate on the lower band of this range.
- Moderator:** The next question is from the line of Kumar Rakesh from BNP Paribas.
- Kumar Rakesh:** My first question was on the growth expectations. So last quarter, you had spoken about that you expect the industry growth to be about 6% to 7%. So how do we stand on that after how the first quarter has gone by? And your inventory in June quarter inched up to about 6, 7 weeks. I would estimate that in June, July and inventory would be higher than that. So what kind of growth going into festival season you are building in?
- Ashutosh Varma:** So Rakesh, I mean, the full year growth forecast for the industry, when we started off the year was around 6% to 7%. In the quarter 1, we have seen the retail industry grow at around 3%, 3.5%, so in that range. It has dampened in the last couple of months, but we feel that it's a postponement that should largely come back in festive and hence, should be back to that 6 to 7 growth percent by the festive, and that's our outlook is. In terms of inventory, this is the time when you'll start from here on building stocks for the festive. So yes, we are operating at close to around 7-odd weeks. But as we move forward, we'll build inventory for the festive.
- Kumar Rakesh:** Great. My second question was around financing, more specifically Hero FinCorp. So what exactly is ailing that business in terms of not able to generate profitability, asset quality being under pressure? And by when do you see those things to start peaking and start reversing?
- Vivek Anand:** So Kumar, I think on HFCL, I think the loan book grew by 4% versus last year. Yes, you're right, the performance got impacted during the quarter by high credit cost and NPA, right. But that's the trend we are seeing across the industry. And with interest rates falling, and we are seeing improvement in credit quality and collection efficiency, and we are confident that going forward, HFCL will go back to profitable growth.
- Kumar Rakesh:** Can you just clarify what's the loan book now for HFCL?
- Vivek Anand:** It is ₹54,735 crores.
- Moderator:** The next question is from the line of Arvind Sharma from Citi Group.
- Arvind Sharma:** The first question would be on the Battery-as-a-Service, which was offered with a VIDA V2. If you could give some more details, more on technical parts, how you track it in the profitability for the company for the BaaS service? That will be the first question.
- Kausalya Nandakumar:** Hi Arvind, this is Kausalya. I think with respect to where we looked at Battery-as-a-Service coming in, at the most fundamental level, we looked at some of the key barriers for people to enter the electric category and address quite a few of them. With respect to how we see the offering, it's a highly differentiated industry-leading offering. We are seeing a lot of customers looking at how they could come into the electric ownership through this model.

It's -- at a very simple level, it's a pay per kilometer battery subscription model that allows customers to look at the total cost of ownership in a different way. It allows them to finance the 2 elements separately. And basis their usage of the actual scooter, they can actually look at different offerings. It's addressed some of the key elements of the category growth, and we are very optimistic about the offtake of this particular product.

- Arvind Sharma:** I believe there would be some sort of a tracking element that you would use to track it, right?
- Kausalya Nandakumar:** Absolutely. Very early stage, again, for us. As you know, VX2 was launched on the 1st of July, and we have started the process of rolling this out. So early green shoots. Consumers are looking at various aspects. We have multiple plans in offering, and we've kind of been able to get a tremendous amount of interest into the segment.
- Arvind Sharma:** The second question would be on the 125cc strategy. There are quite a few brands that you have. So how do you position the brands in that specific 125cc strategy? Maybe if you could throw some more light on the upcoming brands. But even from the existing portfolio, what's your strategy going ahead, the 125cc specifically?
- Ashutosh Varma:** So there are 3 vectors Arvind here, right? One is, of course, on performance where Xtreme is positioned, then there is style where Glamour is positioned, and then there is efficiency and mileage where Super Splendor is positioned, right. They are 3 very distinct audiences, and each of these 3 products have a very strong value proposition. As we said, we are augmenting the portfolio further in this quarter 2, making us stronger in each of these 3 vectors. And we believe that will help us gain significant further improvement in market share in 125cc.
- Moderator:** The next question is from the line of Kapil Singh from Nomura.
- Kapil Singh:** My question is on VIDA. We've seen a sharp ramp-up in volumes this quarter. Is this mainly driven by VX2? And what percentage of sales are coming from VX2? Also, if you could talk about what is really working here? Is it the pricing or some features of the product? Is the product gaining share from ICE scooters, or is it the bike customers also who are coming in over here?
- Kausalya Nandakumar:** Yes. This is Kausalya. We are obviously very motivated and energized by the offtake for the electric portfolio. We are seeing a very healthy mix right now. We have the V2, which is positioned more in the sports range. And we, of course, have the VX2 that's come in to appeal to the segment of family and other buyers. So we have expanded the addressability of the portfolio to more consumers. It's -- again, it's the first month of launch, and therefore, we are ramping up in terms of both product offerings to consumer.
- In terms of the kind of people who are coming in with the differentiated offering of Battery-as-a-Service with our introductory pricing, we've seen new consumers walking in, people who are looking at the segment in a different way and with the improved access, there is a lot of curiosity that we actually built in here. So again, early days, but a lot of green shoots. The portfolio is now robust with offerings in both categories, and we are seeing healthy offtake.
- Kapil Singh:** Sure. The second question was on ASPs. If I look at ASPs, excluding the spare parts revenues, on a quarter-on-quarter basis, it's not changed much. We had taken some price hikes for OBD II

as well. So just trying to understand whether this is a mix impact or there have been some pricing changes also, which has resulted in this.

Vivek Anand: Kapil, so you are right, I think largely quarter-on-quarter, the ASP has -- is down by ₹1,900, right. That's largely because the mix impact coming from the PAM business. I think on the price increase, if you remember in the last call, I had said that the OBD II price increase, we had started our dispatches sometime in the previous quarter itself. So that price increase got spread out between quarter 4 and quarter 1, right? Just to really let you know that the full impact of that price increase was not there in the last quarter. It was actually shared between quarter 4 and quarter 1.

Kapil Singh: Okay. And lastly, sir, on the commodities, what is the outlook for Q2? And has the pricing fully passed on the cost pressure?

Vivek Anand: Yes. So this quarter -- last quarter, we've seen -- our commodity prices went up by 0.5%. I think looking forward, we believe that it will be range bound. And with our LEAP program, right, the cost saving program we have, we are confident of neutralizing the impact of that.

Moderator: The next question is from the line of Pramod Kumar from UBS Securities.

Pramod Kumar: My first question is to Ashutosh on the 125cc segment. I think last year with the Xtreme, we had a fairly solid start, very encouraging reviews, customer feedback, even competitors acknowledge that it's a pretty good product. But what we have seen is that we have -- in the last few months or last couple of quarters, the market shares -- Xtreme's volumes have kind of started slipping meaningfully.

So, I just want to understand what is holding us back in terms of ramping up on Xtreme, be it in terms of marketing investments or higher dispatches because you still have reasonable distinction versus the competition on the safety side and all of that. So I just want to understand your thoughts as to what's kind of holding that back as a brand? And what's the plan going forward?

Ashutosh Varma: Thanks, Pramod, for this question. Good to hear you again. On Xtreme 125, it continues to be an extremely loved product. In fact, if you look at the sporty 125cc segment as a whole, that has seen some headwinds in this quarter. I mean, hovers around 43-odd percent in terms of contribution to the entire 125cc. I mean, in this segment and almost all players have faced those headwinds. Xtreme continues to gain market share within this sporty 125cc. So if you look at the competition and the players that normally customers keep in the consideration set, we continue to be emerging and gaining market share within this category.

As I was saying, little headwinds for the category as such, but we have made interventions in terms of bringing in a single seat variant, so that has had great acceptance. We have also refreshed it with some new color options. And, there are some exciting interventions that are planned, as I said, in quarter 2, which will make this even more attractive. This thing is largely a lot of rationality in purchase, and we feel that as long as we continue to be ahead of the curve in terms of features and tech that we are able to provide, we'll continue to gain share, which so far has happened in this category. But of course, we need to speed up that a little bit.

Pramod Kumar:

Okay. And second question is on the industry itself, Ashutosh, and because last year, the base impact is quite big on the festive. And even in this year so far, first quarter, we had a bumper marriage season, if I were to -- if I may call that, because of the additional days compared to last year. But despite that, the industry in July has seen reasonable deceleration, right. Vahan retails have collapsed, and you have been underperforming the industry. So just trying to understand why -- what gives you the confidence or why the industry is still holding on to a 6%, 7% expectation when the first 4-month retail trends are not at all that encouraging. We had a good marriage season, but things have kind of fizzled out after that.

And given the base ahead and the inventory situation, I'm just trying to understand what is driving that confidence? Or do we run the risk of the industry, the festive season kind of disappointing on the margins given the high base, right? So just trying to understand what are the green shoots you're seeing because it's been -- income tax cuts have been in the market for like, what, 5 months now, but we haven't seen much traction.

And on the same topic, also your color on sustained outperformance of premium categories even during the marriage season. So what are the thoughts there? Because we haven't seen much participation from our brands there. So just -- if you can just share your broad thinking on that, Ashutosh, that will be great.

Ashutosh Varma:

Sure. Pramod, I said that in one of the previous questions. I mean, the last 4 months, you can kind of see 2 very distinct patterns. So April and May, when we had peak marriages, in fact, June also had, unfortunately, with the early onset of monsoons, we saw that getting disrupted a little bit. But the demand doesn't go away. We know it will come back. The April and May, the rural was outpacing the urban growth. It was doing well. Unfortunately, June and July has been a little damp from that aspect. But, as I said, I mean, there's such a stark difference between how April and May for the industry has performed and how June and July for the industry has performed. At fundamental level, things do not change is what we believe. This should come back strongly for us in festive because we have some marriages in November as well, November, early part of December, for which buying should happen in the festive as well.

We know that we are making interventions in terms of, as I said, new products in -- across motorcycles and scooters category, which is in more recent months has helped us gain volume significantly. HF Pro, I just spoke about as to how that is bringing aspiration back in entry mobility category. We have a couple of exciting launches in the 125cc motorcycle category. We have had launches in the 125cc scooter category. And Destini, for the last couple of months, our scooter market share has inched up to beyond 6% now. And, we are confident that as we ramp up our supplies, we'll be able to make further dent. That said, I mean, our scooter performance, both ICE and EV put together, is also driving a new set of customers into our showrooms.

A quick point on premium. We mentioned last time that we have a very differentiated strategy in terms of -- we are selling that from our Premia outlets. We are rapidly expanding our Premia footprint, close to 125-odd outlets is what we have now. Every month, the throughput per store is going up, which gives us more confidence. Xpulse and Xtreme 250 continue to be on demand. There is booking pipeline that we have to serve. But there is, of course, a lot of work to be done here still. But we are confident that we're moving in the right trajectory.

- Pramod Kumar:** Fair enough. Last question for Vivek. Sir, on the financing arm, because at some level, sustained poor operating metrics kind of start reflecting on the business...
- Moderator:** Sorry to interrupt, sir. I will request you to join the queue back for follow-up questions. The next question is from the line of Vishal from Bandhan AMC.
- Vishal:** Just a couple of things. If you could say the price hike that we've taken, what would be the impact for us?
- Moderator:** Sorry to interrupt you, Mr. Vishal. Your voice is very low. Can you please speak a little louder?
- Vishal:** Yes. Could you tell in the 6% Y-o-Y increase in ASP that we've seen, what is the price hike impact?
- Vivek Anand:** Surely. Yes. So the price increase, what we've taken in the last 4 quarters is around -- okay, we'll share the details separately with you, yes.
- Umang Khurana:** Vishal, I will take it offline with you.
- Vishal:** Fair enough. And could you elaborate a bit more on the Battery-as-a-Service economics for the VIDA V2 -- VX2 subscription plan?
- Kausalya Nandakumar:** Hi Vishal, Kausalya here again. We are offering the Battery-as-a-Service right now on the newly launched VX2. We have 2 options. We have the variant called VX2 Go and the feature tech one which is the VX2 Plus. As of now, the Battery-as-a-Service offering goes again for both. On the VX2 Go, we have 2 plans in terms of 2 years and 3 years. And on the VX2 Plus, we are offering it for 2 years, 3 years and 5 years. We are building the usage pattern of consumers and catering to that basis consumer insights that we got in. And depending on your usage, you could select a package that caters to you.
- Moderator:** The next question is from the line of Amit Hiranandani from PhillipCapital India Private Limited. Please go ahead.
- Amit Hiranandani:** Congrats for consistently gaining share in electric vehicles and superior ICE margin performance. Sir, if you can help us understand how the ICE scooter portfolio is doing? And any plans to strengthen this scooter portfolio further, including the ICE and EV as well.
- Ashutosh Varma:** So Amit, from an ICE scooter portfolio perspective, as I just mentioned in the previous answer, I mean, as we are ramping up our supplies, we are seeing great traction. As I said, last couple of months, our overall scooter market share has been north of 6%. We -- the products that we have launched in this category, the 2 new ones that we have launched, the Destini 125 and the Xoom 125 and another impending launch of Xoom 160, we are covered with all the white spaces that are there in terms of the scooter industry. So a pretty well-covered range, meeting all the different kind of consumer requirements. We're confident that we will continue to move northwards in terms of ICE scooter market share, and also EV for which let me pass on to Kausalya.
- Kausalya Nandakumar:** In terms of the EV portfolio, with the launch of VX2 and the 2 variants and the unique offerings, we have already expanded our portfolio with V2 now occupying the sports segment and VX2

now catering to the family segment. We will continue to strengthen this portfolio as we go forward and build more consumer-driven offerings that allows them the flexibility of ownership and better access to electrification. So there will be more offerings in this space as we build consumer requirements into the product portfolio.

Amit Hiranandani: Right. Just lastly, can you update further on our partnership with the Harley and any plans to launch new models over there?

Vikram Kasbekar: Yes Amit, Vikram here. Our partnership with H-D continues to be strong, and we are developing products with them. One will be launched very soon sometime in the quarter 2. And going forward, there are a couple of exciting products, which will come in Year'26. So many, many things are in the pipeline there, and it goes from strength to strength as far as the relationship is concerned.

Moderator: The next question is from the line of Darshan M. Bhandarkar from Banyan Tree.

Darshan M. Bhandarkar: I have a question on our 440cc bike segment. In fact, our annual report indicates that now Premia showrooms are scaled up to 80 stores. But still we haven't seen that much of volume scale up for us in this 440cc bikes. Can you shed some light on this?

Ashutosh Varma: Sorry, was your question specifically on 440cc bikes?

Darshan M. Bhandarkar: Yes, for like X440 and Mavrick.

Ashutosh Varma: Okay. Okay. So -- if you look at our Premia expansion, we are expanding rapidly. We have as I -- I mean close to 124-125 now Premia outlets that cover almost 47% to 48% of the entire premium industry -- upper premium industry, which comprises of the 440cc platform as well. We have 2 products here in this space. We have the Harley X440 and we also have Mavrick 440.

I mean these are exciting products, which -- where we get a lot of love from the customers. As Mr. Kasbekar said, we are expanding the Harley lineup with new additions in this space, which will continue to excite the customers. From a Mavrick 440, I mean -- we will continue to sell from our Premia outlets and in the select markets. The product has a lot of love, which we are confident that will continue.

Darshan M. Bhandarkar: Actually, my question was on volume ramp-up, like we haven't seen that kind of ramp-up in the last 2, 3 quarters for this segment. So I mean, like are we doing some refreshers or anything for this segment?

Vikram Kasbekar: So Darshan, as I mentioned, there is a new product from the H-D 440 portfolio, which you'll see in quarter 2 launch. And going forward also, there will be exciting products, which will come through from the H-D portfolio.

Moderator: The next question is from the line of Abhinav Ganeshan from SBI Pension Funds.

Abhinav Ganeshan: Two questions from my side. First thing is that we are seeing a very good scale-up of our EV portfolio. Kudos on that. I could see a 10,000+ retail number for the month of July, which is

very encouraging. But just wanted to understand how are we placed given the rare earth conundrum? And how are we addressing that?

And my second question is that we have always been a very dominant player in the entry-level motorcycle. So now if I look at it, there has been -- this segment is slowing down a bit. So how are we as the market leaders looking at this problem? And what are the mitigation steps that we are taking to address the same?

Vikram Kasbekar:

Hi Abhinav, Vikram here. As far as the rare earth metal is concerned, it is an industry-wide phenomenon. It is a challenge, no doubt on that. So the key components of magnet availability in the EV motor, the engine speed and ICE also, so engine speed sensor, wheel speed sensor, et cetera, bank angle sensor. These are all required as a common thing. So we are covered for the quarter 2 FY '26 for both ICE and EV vehicle. And we continue to work on alternatives, and this is something that we will try and see that we circumvent the problem.

Ashutosh Varma:

Yes, I will take the question on entry. So I mean, in this segment, yes, has been under stress for a while now. And I guess our strategy was twofold here. One, of course, how do we gain more share in this space? And second is how do we grow the category. In fact, if you look at our performance from the last -- for the last couple of quarters, I mean, there are 2 fundamental problems to address. Of course, we had to address the affordability piece, and we also had to address the aspiration piece. I mean for the last couple of quarters, we have seen significant market share improvements in this category, 600 basis points in the previous quarter, 800 basis points year-on-year in this quarter. We are now operating close to around 67% in terms of market share in the entry space.

We continue to drive innovations in finance. We have a large park size of our own customers whom we are leveraging, trying to nudge them to -- for faster replacement. So all those are actions that we are trying to do.

That said, I mean, from an aspiration standpoint, we have brought in the HF Deluxe Pro, which improved mileage and tech features like, I mean, digital screens, LED headlights and a very emotional and a beautiful campaign that we have just launched in HF Deluxe. I don't know if you have seen that, but it is something that is evoking a lot of positive sentiments and emotions driving customers to our showrooms.

Moderator:

The next question is from the line of Chandramouli Muthiah from Goldman Sachs.

Chandramouli Muthiah:

My first question is just on the network. If you could just refresh us on how many sales touch points, service touch points you have? And just related to that, if you could also give us some color on at this stage, the VIDA portfolio, including the VX2, what is the kind of channel network that we're operating on that product?

Ashutosh Varma:

So overall, from a sales and service touch points, we operate with more than 6,000 in the market, and we continue to expand in critical areas. Kausalya, do you want to take that question?

Kausalya Nandakumar:

Yes. On the VIDA offering, we are focusing on expanding in select network. We are now present in more than 400 cities, and we have a network of more than 600 touch points for consumers.

VIDA is today offered from Hero as well as from Premia showrooms, and we are now looking to expand that as we ramp-up.

Chandramouli Muthiah: Got it. That's helpful. And just as a clarification on Xtreme 125 as well. Is that now available across the 6,000 touch points? Or is that also sort of restricted to Hero 2.0 and Premia only?

Ashutosh Varma: So, almost all our outlets now are 2.0, from -- I mean, dealership standpoint, of course, the network touch points close to 5,000-odd that we have. We are in the process of upgrading that and moving rapidly there. But Xtreme 125 is available everywhere. It's not restricted to select outlets only.

Chandramouli Muthiah: Got it. That's helpful. And second question is just around exports. So over the past 3 quarters, we've seen exports significantly outgrow domestic for the industry. Exports is maybe a smaller share of your total volume, but that trend has been visible for you as well. So just wanted to understand over the next 12 to 18 months, how you see the export market opportunity shaping up for you? And if there are any targets that you're looking at there?

Vikram Kasbekar: So I will take that question. As far as our strategy is concerned, we are now making products specifically suiting to these global markets. Our focus of attention is clearly on 10 to 12 markets, and that is what we are making products for. Additionally, these new products which we have taken are catering to those specific customer requirements there. And if you have seen the quarter 4 -- quarter 1 also, there's a good growth coming through. Last year, we grew by about 40% plus. And this year also, we want to grow by over 40%. And going forward, we would like to have 10% of our revenue and volumes coming through from the global business. So we are quite aggressive as far as the global business is concerned.

Moderator: The next question is from the line of Mumuksh Mandlesha from Anand Rathi Institutional Equities.

Mumuksh Mandlesha: Just want to understand how do you see the ABS regulation for the less than 125cc market? Just want to understand what kind of price hike could be the impact? And what are options you are working with the government to ensure, I mean, not major impact on the industry, sir?

Vikram Kasbekar: Thanks, Mumuksh. Vikram here. I will take that question. As far as the regulation is concerned, MoRTH issued a draft notification on 23rd June, which made ABS mandatory for ICE vehicles less than -- greater than 50 cc and EV greater than 4 kilowatt and effective 1st January '26. Now please note, this is a draft notification. The requirement for this is also going to grow multifold from the current capacity. It will go up as much as 5x. And, the entire industry is trying to look at how to meet these requirements, number one.

The second aspect is we are, as an industry and as Hero committed for rider safety. We feel that is the topmost priority, and we will do all efforts to see as far as engineering of the product is concerned that the best-in-class features get adopted. Having said that, yes, this is going to be expensive. But if you look at the kind of a volume gain that will happen, it will basically reduce and bring down the cost also, the material cost. It does require certain capacity building, and I don't think it will happen in -- by January. However, we are in talks with the government, MoRTH, to sort of give alternate options as the SIAM body. So we are giving them alternate

options as well as looking at the practical timeline to implement this improvement. But again, I would like to repeat, we are committed to rider safety when it comes to our product offerings.

Mumuksh Mandlesha: I also want to understand what kind of expansion plans are there for the Premia. So we have reached almost 120-plus stores -- 125 stores. So how do you plan to further expand that? And finally, how is the Hero FinCorp performance...

Moderator: Sorry to interrupt you Mr. Mumuksh, I will request you to join the queue for follow-up questions. The next question is from the line of Milind Raginwar from Bank of Baroda Capital Markets Limited.

Milind Raginwar: Just an extension of the question by the previous participant some time back is you had the entry-level issues in terms of affordability plus aspirational part of it. So is this -- I mean, in terms of the aspirational part, do you see that as a permanent dent in the revival of that markets? Or how do we -- how is our assessment there? If you can just throw some light there?

Ashutosh Varma: Sorry, Milind, I didn't understand the question very well. If you could repeat that, please?

Milind Raginwar: Yes. I mean to say if there is a permanent dent in that segment is what we look at because of the segment shifting to the higher end at the entry level itself?

Ashutosh Varma: Okay. Sorry, got that now. So I mean, we've seen this segment to be under stress for a while. But if you -- at a granular level, I mean, as you study this a lot more, you will see that what -- there has been postponement of purchases in this category for several reasons, right. If you look at, let's say, for example, the average holding time of bikes in these categories, it has gone up significantly in the last 4 years, right. It is coming back. I mean, it should come back as you bring in more innovations, as I said, in terms of affordability, in terms of aspiration. I mean, in quarter 1, the first-time buyers jumped up to almost 74%, which normally hovers around 71%. So this gives us a lot of confidence that as you keep innovating in these aspects, you will continue to drive new customers into this category and also, of course, nudge the older ones to adopt faster replacement cycles.

Vikram Kasbekar: And Milind, one more aspect is the aspiration of the people is increasing in every segment. If you take the Entry, the Deluxe, the 125cc, Premium. It's a phenomenon which is across the industry and aspirations are definitely growing.

Umang Khurana: To sum up, we are pleased to highlight our strong financial performance in quarter 1 FY '26, demonstrating effective cost management and an improved mix despite lower volumes. On EV business, that is scaling up rapidly and it has achieved its highest ever quarterly market share of 7% further increasing to over 10% in July, notably with the launch of VIDA VX2, we are also pioneering with Battery-as-a-Service that came up as well.

Our Vahan market share improved to 30.9% during the quarter, driven by retained leadership in the entry segment, 11 quarter high market share and strong performance in Deluxe 100cc as we helped expand the segment. We now have over 120 Premia stores, which cover more than 45% of the premium industry footprint. These enhanced customer footprint with improved

conversions, we'll continue to work on these. Our global business continued to outperform the industry with 27%+ dispatch growth. Our retail growth is even stronger.

Looking ahead, while there are ongoing geopolitical and supply uncertainties, as you have heard from the team, we stay confident owing to product launches, the Entry, 125cc impetus, style and technology product, scooter growth, the Xoom 125 and premium launches as well as VIDA variants that will come up. Broader economic landscape is also doing better, favorable monsoons and as well as the positive expectations on the festive season should help us going forward. Thank you all for your continued interest in Hero MotoCorp and have a lovely day.

Vishakha, we could close the call, please.

Moderator:

Ladies and gentlemen, on behalf of JM Financial Institutional Securities Limited and Hero MotoCorp, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.