

May 11, 2026

Asst. Vice President, Listing Deptt.,
National Stock Exchange of India Ltd.
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Scrip Code: HEROMOTOCO

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BSE Limited
25th Floor,
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Mumbai - 400 001
Scrip Code: 500182

Subject: Transcript of Earnings Call for the quarter and financial year ended March 31, 2026

Dear Sir / Madam,

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 May 6, 2026, for the quarter and financial year ended March 31, 2026.

This is for your information and further dissemination.

Thanking You,

For Hero MotoCorp Limited

Prabhat Singh
Company Secretary & Compliance Officer

Encl.: As above



“Hero MotoCorp Limited
Q4 FY'26 Conference Call”

May 06, 2026



MANAGEMENT: **MR. HARSHAVARDHAN CHITALE – CHIEF EXECUTIVE OFFICER – HERO MOTOCORP LIMITED**
MR. VIVEK ANAND – CHIEF FINANCIAL OFFICER – HERO MOTOCORP LIMITED
MR. ASHUTOSH VARMA – INDIA BUSINESS UNIT, CHIEF BUSINESS OFFICER– HERO MOTOCORP LIMITED
MS. KAUSALYA NANDAKUMAR – EMERGING MOBILITY BUSINESS UNIT, CHIEF BUSINESS OFFICER – HERO MOTOCORP LIMITED
MR. SARTHAK SIKKA - INVESTOR RELATIONS – HERO MOTOCORP LIMITED

MODERATOR: **MR. ANIKET MHATRE -- MOTILAL OSWAL FINANCIAL SERVICES LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the Hero MotoCorp Q4 FY'26 Conference Call hosted by Motilal Oswal Financial Services Limited. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Aniket Mhatre from Motilal Oswal Financial Services Limited. Thank you, and over to you, sir.

Aniket Mhatre: Thank you, Swapnali. Good morning, everyone. Welcome to the post results conference call of Hero MotoCorp. I would like to thank the management team of Hero MotoCorp for giving us an opportunity to host this call.

I will now hand over the call to Sarthak from the Investor Relations team of Hero to take this forward. Over to you, Sarthak.

Sarthak Sikka: Thank you Aniket and Swapnali. Good morning, everyone, and welcome to our earnings call. With us on the call today, we have Mr. Harshvardhan Chitale, our CEO; Mr. Vivek Anand, our CFO; Mr. Ashutosh Varma, who is the Chief Business Officer of the India Business Unit; and Ms. Kausalya Nandakumar, Chief Business Officer of the Emerging Mobility Business Unit. We'll begin the call with opening remarks from Harsh and Vivek followed by a Q&A session.

And with that, let me hand over to Harsh.

Harshvardhan Chitale: Thank you, Sarthak. And good morning, everyone, and welcome to the Hero MotoCorp's earnings call. I'm sure that by now, all of you must have seen our strong Q4 and fiscal year 2026 results. FY '26 was a very strong year for us, where we delivered our highest ever topline and bottom line, while maintaining our leadership as the world's largest 2-wheeler manufacturer for 25 consecutive years.

In the previous investor call, I spoke about opportunities that exist in the fast-growing segments of the 2-wheeler industry, where we are relatively under-indexed, where we are relatively underrepresented. And I also spoke of how we are focusing on them with a clear objective of rapidly gaining share in each of them. It's heartening to see the results already coming through. And in these focus segments, we have seen advancement in last quarter.

In scooters, we saw 48% growth year-on-year. In EV, our EV scooter volumes expanded 2.5x over the previous year. And our global business, wholesale or dispatches saw growth of 41% year-on-year. Even in the premium categories, as you all know, we have partnership with Harley-Davidson for a certain range of motorcycles and our Harley-Davidson range of bikes that we sell or make and sell grew 26% year-on-year.

What's also important to note is this is not just dispatch growth. Our retail performance actually outpaced dispatch growth. And what that means is channel stock came down over the year, and we are entering next year with much more healthier channel stock levels.

We continue to strengthen our portfolio in FY '26 with 9 impactful launches and multiple key refreshes, both in our ICE as well as EV portfolio. You all have probably also seen our 6 high-impact marketing campaigns, and one of them is already going on right now, which is around our Xoom scooter portfolio.

Combined with these high-impact launches that we did last year, we have now filled critical white spaces, both in our motorcycle as well as scooter lineup. All of this translated into market share gains across 100cc, 110cc, ICE and EV scooters, global business, and as I mentioned, even in the Harley-Davidson range, the 400 to 500 cc range where we play. In Deluxe 125 segment, we did have a dip in the very first quarter of last financial year. But thereafter, for 3 quarters, we've been gaining share quarter after quarter. Going forward, our investments in these growth segments will continue. We are investing in capacity expansion, and we have committed over ₹1,500 crores of capex in FY '27. And this capex is going to expand our capacity in scooters, where for some of our models that are doing very well, we are doubling our capacity.

In EV, in fact, in a matter of a month, we would double our capacity from where we started last year. And then further down the road in a few quarters, there will be further doubling of capacity as we are seeing great momentum for our VIDA brand. We are also making significant investment in building up a second parts center, which is going to help in further expansion of our parts and accessories business. So we've committed over ₹700 crores of investment in building out a global parts center in South of India.

Second kind of investment that we are going to continue doing is in brand building. Last year, just to call out, we increased our advertising and promotion spend by 22%. So while our overall costs were controlled and you saw its impact on our EBITDA expansion in the year, despite that cost control, we had a significant brand-building investment that we did last year, and we would continue to do so this year as well.

Third major investment that we'll be focusing on this year is new products. In addition to 9 launches that we did last year, you should expect from us this year many new exciting launches, both in our VIDA brand, in our premium ranges and also in scooters. So we continue to have new products coming in quarter after quarter and stay tuned for that.

Fourth area of investment that we are driving and as an organization, it's a priority for us is on technology. We are committed to our continuous investments in low-emission powertrains, be it for electric vehicles or also for flex fuels, different blends of ethanol. We are also making investments in making more and more of our vehicles now connected. Already all of our electric vehicles and premium range of motorcycles and scooters are connected and over 3 lakh of 2-wheelers that are on the road today are connected to our cloud platform, where we can monitor their performance, give rider guidance such as turn-by-turn navigation, diagnostic information. And we are also continuing to make investments in digital technology. You will be glad to know that we are now increasingly leveraging Gen AI for improving our customer conversion in our customer-facing platform and also in reducing our cycle time of development.

All of you must have also heard about new appointment that we announced yesterday, which is that of our new CTO, Mr. Sachin Agrawal, who would be joining us later this month, and he

brings with him 29 years of experience in automotive R&D and technology leadership. I'm confident that under his able leadership, Hero MotoCorp will accelerate its R&D transformation and build additional differentiated future-ready technologies.

While we are all focused on these growth drivers, we remain mindful of the evolving macro environment. As FY '27 begins, the broader economy is navigating certain short-term uncertainties due to the developments in West Asia. That has impacted the entire industry in terms of commodity costs, be it cost of metals, cost of gas or in the recent past, also we've seen an increase in certain labor costs. Despite all of these headwinds, I'm pleased to report that we navigated our supply chain with no disruption at our plants as well as our suppliers, reflecting resilience and strength of our operations. On the demand side, 2-wheeler sector has started the year on a positive note, continuing the momentum that we saw in the second half of FY '26.

With this, let me hand over to Vivek for a more detailed review of our quarterly financial performance and then we'll throw the call open for Q&A.

Vivek Anand:

Thank you, Harsh. Good morning to all of you. I would like to thank everyone for joining the call today. I'm pleased to report a strong financial performance for Hero MotoCorp for the fourth quarter and the full fiscal year 2026.

Regarding our quarter 4 financial year '26 performance, the company achieved its highest ever quarterly revenue of ₹12,797 crores, representing a 29% year-over-year growth. This top line momentum contributed to robust operational results with EBITDA reaching an all-time high of ₹1,856 crores, up 31% year-on-year and PAT reaching ₹1,401 crores, up 30% year-on-year.

ICE business EBITDA margin in the quarter expanded by 100 basis points year-on-year to 17%, driven by pricing, LEAP savings and operating leverage. After taking into account the investments behind EV business of ₹220 crores, the overall EBITDA margin improved by 30 bps to 14.5%.

Coming to the performance in fiscal year 2026, we achieved highest ever revenue, EBITDA and PAT. Revenue stood at ₹46,830 crores, growth of 15%. EBITDA ₹6,871 crores, growth of 17% and PAT ₹5,268 crores, growth of 14% year-on-year. The ICE business EBITDA margin in financial year '26 expanded by 90 basis points to 17%, driven by pricing, LEAP savings and operating leverage.

After taking into account the investments behind EV business, the overall EBITDA margin improved by 30 bps to 14.7%. Additionally, the average selling price in the quarter increased by 3% quarter-on-quarter across the product segments. I'm happy to inform that the Board has declared final dividend of ₹75 per share, taking the total dividend in financial year '26 to ₹185, our highest ever dividend. With this, we maintained our consistent dividend payout of 70% plus.

Our focus on cash management resulted in strong cash flow from operations, which stood at ₹9,395 crores for the full year '26, an increase of 80% year-on-year, driven by working capital improvements.

While operating momentum remains strong, the industry is currently facing commodity headwinds that began in March. We expect a transitional impact on margins in the short term and are mitigating this through calibrated price increases and an accelerated LEAP saving program.

We remain committed to our medium-term margin guidance of 14% to 16%. Looking ahead, we will continue to invest in capacity expansion, brand building and our premium, scooters, EV and global business portfolio. We also remain committed to enhancing customer service through Hero 2.0 and Premia. We are confident in the growth prospects of the 2-wheeler industry and anticipate high single-digit growth during the current fiscal year. With resilient demand and upcoming product launches, we expect to grow ahead of the industry.

Thank you. And I'll now turn the call over to Sarthak to open the floor for questions.

- Sarthak Sikka:** Thank you. We can start with the Q&A.
- Moderator:** We will take the first question from the line of Binay Singh from Morgan Stanley. Please go ahead.
- Binay Singh:** Hi team. Congrats on a good set of numbers. My first question is on your volume outlook. Could you share your thoughts on motorcycle industry volume outlook that you expect and for yourself also for FY '27? And which will be the key models driving that growth?
- Harshavardhan Chitale:** Thank you, Binay. Thank you for your question. As Vivek mentioned, industry expects high single-digit volume growth in FY '27. And it's a combination of both growth in motorcycles as well as scooters. Having said that, we do expect scooters to grow a couple of points more than motorcycles. So high single digit with a little less motorcycle, more in scooters. And looking at our success of some of the new launches and the plans next year, we do plan to outgrow industry both in motorcycles as well as scooters.
- Binay Singh:** Any key models to watch in that, which will drive the motorcycle growth for you?
- Harshavardhan Chitale:** So we do have multiple launches planned. I would not like to give out information ahead of our launches. But you should expect launches across commuter, various high displacement bikes, different ranges of high displacement bikes. And you should also see some great launches coming from us in VIDA. I would not like to give specifics before the launch for competitive reasons.
- Binay Singh:** Okay. And secondly, in the opening remarks, you talked about headwind both on the wage side and the commodity side, and we are seeing aluminum almost, I think, all-time high today. Could you help us think that in the next few quarters, what is the quantum of headwind coming your way? What is the price hike taken? Are you hedged on some of these key commodities? Like how should we think about the margin bridge in the next few quarters from where we are?
- Vivek Anand:** Yes, Vivek here. So I think it's difficult to give a number, Binay, let me start with that because things are evolving as we speak. Things are changing really, very, very fast. But at an industry level, we are -- as you rightly said, we are seeing commodity headwinds, which started in March,

right. So we expect that there will be a transitional impact on our margins in the short term. And as management, we are doing whatever it takes to really mitigate the impact of that, which includes taking calibrated price increases and also accelerating our cost saving programs, right. But in the medium term, we are committed to our margin guidance of maintaining 14% to 16%.

Harshavardhan Chitale: And Binay, I think the reason we can't give any specific number, as Vivek said, is it's literally changing every day. Every week, if you see the volatility and hence, picking to any number would be taking a shot in the dark.

Binay Singh: But just for FY '27, do you think you'll be able to maintain this range that you've given, 14% to 16%?

Vivek Anand: See, again, we are certainly committed to that. But as I said, the way things are evolving, it's difficult to really commit at this point in time that how the full year is going to be. But what we can certainly talk about is the interventions, what we are really doing, right. So we are certainly -- as I said, we've taken a calibrated price increase in April, right.

We are closely monitoring the market conditions. And if there is an opportunity, we'll try to cover up more during the quarter and in the times to come. Right. But certainly, internally, we have accelerated our cost savings program.

We are really looking at postponing some of our discretionary spends, cutting down on our discretionary spends to just make sure that to whatever extent we can mitigate in the short term. As a management, we are doing whatever it takes to mitigate.

Binay Singh: And just lastly, on the EV losses, quite sizable. Do you think they have peaked out? How to think about it in terms of it volume? Do they start to inch down, any comments on PLI? Like how to think about this EV loss number narrowing as the year progresses?

Harshavardhan Chitale: We are still in the phase of building out our EV portfolio. And we still have many new launches planned in the year and hence, significant R&D investments are happening there. As I mentioned, we are also in process of big capacity expansion on EV. So EV is still for us in a build-out phase because if you see just about 7% of 2-wheelers in the country today are EV.

And there are many categories where EV penetration is very low. So it's still a build-out phase for us, and we are committed to continuing to do that build-out. Coming to the second question on PLI, maybe Vivek, you can give.

Vivek Anand: You're absolutely right. We are in an investment phase. But when I really look at our performance quarter-on-quarter, the EBITDA losses per unit is actually coming down, right, in each quarter.

Having said that, Binay, I just want to briefly talk about the 3-pillar strategy we have in terms of making this business self-sustainable, right. So you talked about PLI. Let me start with PLI. So I'm happy to share that we now have PLI for 3 products, right, which almost covers 60% of our portfolio, right. And we have plans during the year to go to almost 90% of our coverage. And almost it translates to 13% of revenue as the benefit.

So you can work out that this could certainly help us in terms of achieving self-sustainability for our EV business. We talked about -- Harsh talked about scaling up the business because that's something really important for us to really -- as one of the levers to path to profitability. So we'll continue to scale up and invest in this business.

And the third thing I want to call out is the BOM cost reduction. So we are working aggressively on driving efficiency, LEAP savings and better unit economics for our new launches. So with all these 3 initiatives, right, we strongly believe that we'll continue to improve the profitability of this business quarter-on-quarter.

Binay Singh: If you could just end with EV revenue and losses for the quarter, that's it.

Vivek Anand: Yes. Binay, we'll possibly take this offline separately with you.

Binay Singh: Okay, yes. Okay. Thank you, team.

Moderator: We will take the next question from the line of Gunjan Prithyani from Bank of America. Please go ahead.

Gunjan Prithyani: Yes. Hi. Thanks for taking my questions. Just continuing on the margin question that Binay asked, could you talk about the price hikes taken so far since the beginning of this year? And also, is it fair -- could you also share in the sense that all the price hikes that we have taken, does it largely cover for where the commodities are right now or it covers 50%, whatever is there some thoughts that you can share what is the offset that we've already managed through the price hikes taken?

Harshavardhan Chitale: Yes. Thank you for the question, Gunjan. So the price hike that we've taken is close to 2% - varies by different model, but approximately, say, 2% of the sale price. Commodity and the labor cost and the fuel cost increase is far higher than that. It's in high single digits, and it's changing day by day. So the price hike as of now does not cover fully the BOM cost increase.

Having said that, the other mitigating factors that, as Vivek talked about, is a BOM cost reduction through our value engineering concept saving kind of programs, some of the offsets that we are also getting through reduction in discretionary spend and volume leverage. So there are offsets through other things, but all of these put together in the short term will still have a margin impact, which will be transitory, as Vivek mentioned. So it will not fully offset the total commodity impact.

Gunjan Prithyani: And just so maybe I'm clear, what you mentioned is high single-digit increase that you mean is high single-digit increase as a percentage of ASP or as a percentage of revenue. That's the way I should look at that number, right? 2% against maybe...

Harshavardhan Chitale: Great point. So 2% was on the revenue, on the sale price, but high single digit was on the BOM cost.

Gunjan Prithyani: Okay. Got it. That's clear. And the second question, just going back to the introductory points that you made on capacity ramp-up. Could you just refresh us where we are on EV capacity, e-

scooter capacity right now, where do we plan to take it through the course of the year and also on the ICE scooters that is the Xoom and Destini portfolio? Because I think that's something that you all also spoke about in last quarter that we are facing capacity bottlenecks. So some refresh on the numbers will help on both e-scooters and ICE scooters?

Harshavardhan Chitale: Sure. So starting with ICE scooters, we increased our Destini capacity by 50% already. We are in process of doubling our Xoom capacity. So significant on both of them, as you can see. And on EV, we have -- we are close to completing an expansion, which will effectively get us 50% more capacity than the last quarter. So within a month, we'll be at a 50% more capacity than last quarter. And then additional few quarters down the road, we are in process of further doubling capacity.

Gunjan Prithyani: So we have a 60,000-odd scooter volume run rate right now. Is it fair to say you're sort of working through a number which is closer to -- if you're saying doubling, this could be closer to 100,000. Is that what we are seeing visibility in the business?

Harshavardhan Chitale: That's our ambition.

Gunjan Prithyani: Okay. Got it. And last question, maybe, Harsh, for you. Now you're 3 months into the firm, right? I mean any thoughts that you would sort of like to talk about how you are looking at recalibrating strategies, areas that you're prioritizing, doubling down on areas where you think could be -- where we are doing fine and can be kept aside for a bit. So some thoughts 3 months into the system, any recalibration to the strategy, anything that you'd want to talk about?

Harshavardhan Chitale: Sure. So let me start with one part of your question where I've seen where we are already doing very well, and it's a question of continuing and just doing more of the same, first part of it. And then I'll come to the second part of where else are we going to focus more. So we are doing exceedingly well when it comes to entry and commuter motorcycles.

In some of those ranges, as you know, we have market share in excess of 90%. And last year, we grew on top of that market share. So we are doing exceptionally well when it comes to our entry and commuter motorcycles. We have probably best in the industry go-to-market in terms of points of sale and also points of service. Wherever you go in the country, we are present. In fact, in 93% of the talukas in the country, we have our point-of-sale presence. So you -- a biker today, a rider can buy our bike and go anywhere and expect service will be available. So I think these 2, I would say, are great foundations.

Third, we do see brand salience high across various categories. And we do see across value chain, whether suppliers or dealers, I think relationships and trust that I'm sure a lot of the competitors and peers could give an arm and leg for. So those are the things that are actually great, and we are going to maintain going forward.

Now where are we going to put more emphasis and where there is more opportunity. First, as we talked about in last quarter as well, is have a bigger pie of the scooterization trend that we see and hence, all that capacity expansion that we spoke about. So we will have even stronger play going forward in scooters.

We will also have much, much stronger play and share going forward in our EV. And hence, you've seen our continued commitment, whether it was many years back to Ather to last financial year to Euler, which also gets into additional categories in EV and continued investment in VIDA. So EV is a second area of focus.

Third big area of focus for us is other low-emission powertrains. We believe India is not just a single low-emission powertrain story. There will be multiple different powertrains will have their role to play. And where -- hence, we are also investing, and you should see some launches on that from us on vehicles that will work on higher blends of ethanol. We are also increasing focus going forward on technology. And that's where I spoke about in my opening remarks on powertrains, connected vehicles, use of AI in different functions.

So that's another area where we are increasing emphasis. And lastly, as a relatively late entrant into exports, we started much later than some of our peers. We have a lot of headroom for growth in our global business. Last year, we grew by 41%. Year before that, we grew by 40%, but still, our exports is much smaller than what it could be.

And hence, that will be a continued focus of expanding right market fit products for different geographies in the world and also opening more and more countries in terms of our presence. We are right now present in 52 countries, but we see opportunities in many more.

Gunjan Prithyani:

Thank you so much and best wishes. Thank you.

Moderator:

We will take the next question from the line of Aryn Pirani from JPMorgan. Please go ahead.

Aryn Pirani:

Yes. Hi. Thanks for the opportunity. Actually, my first question is something that, sir, you mentioned towards the end of your comments on the exports. So last 2 years, we've seen a very sharp increase in our exports. So any color or guidance you can provide as to how should we think about maybe the next 12 months or maybe the next 12 to 24 months in terms of the momentum?

And are there any specific markets where we are seeing any improvements? And how should we think about the development in this segment? And also, are there any near-term risks that we should think about given whatever is happening in terms of logistics, global shipping lines, so on and so forth?

Harshvardhan Chitale:

Yes. No, thank you for your question. So we have good traction on our products in Latin America. And there are more and more countries where we plan to open our presence and strengthen our presence. So Latin America, we have good presence, and we should see more opportunity there. We are relatively small in Africa, but we are now opening many countries and also planning launches next year in Africa. We are actually the largest 2-wheeler brand in Bangladesh, but we operate only in about 50% of the market there, and we don't operate in 50%, and we are planning to have our launches into that balance 50% as well this year.

We have re-entered after a bit of a hiatus in Sri Lanka last year, and we are rapidly gaining share in Sri Lanka. So to answer your question, nearby SAARC geographies, Africa, which is a new

entry and expansion for us and Latin America is further building on what we are already doing and getting into newer territories.

We do hope to continue our momentum of last 2 years in FY '27 as well. Having said that, the last part of your question about certain near-term challenges out of the West Asian war. We do see fuel price hike in Bangladesh, in Sri Lanka. There, we do see some impact on demand in the short term. And we do see increase in transportation cost, container costs all over the world, but that's a matter of then pricing it and passing it on in the end retail price. And so far, we and our dealers have been able to do so.

Amyr Pirani:

Great. My second question is more on the domestic demand and market share. And while it is well appreciated that in every category or most categories, you have managed to gain share last year, because of the differences in your salience in scooters and EVs, your market share -- overall retail market share still has come off a bit, even though that trend was also much better than the last few years.

So looking forward in FY '27, I know it might be a difficult question to answer. How should we think about your retail overall market share and the salience? And how soon do you think that your salience in scooters and EVs can catch up so that your overall market share starts to look stable to improving?

Harshavardhan Chitale:

I think it's a great question. And the way you put it, that while we gained share across categories because of the business mix of different categories, it appears that arithmetically, total retail share has come down. But as we continue to outgrow the market in these high-growth areas, whether it's EVs or scooters or premium or also in our exports in each of them. And as that share continues to grow in our business mix, I think it's a matter of time where we expect to see overall reversal and also gaining of total retail market share. I think it's a question of just doing a math of how many quarters of that continued share gain will flip that. If we were to look at our last 2 quarters of growth on each of these categories, we have outgrown the market significantly on each of these categories.

And hence, it's a question of just continuing that momentum. So EV, for example, 2.5x the industry; scooters, 48%; exports, 41%; Harley-Davidson range, 26%. So I mean, it's a question of now just continuing that momentum for a few more quarters and then the math flips.

Amyr Pirani:

Sure. We'll look forward to that sir. Thanks for the opportunity and I will come back in the queue.

Moderator:

We will take the next question from the line of Kapil Singh from Nomura. Please go ahead.

Kapil Singh:

Good morning, sir. Thanks for the opportunity. Sir, just wanted to understand how you think will be the pacing of growth between the 2 halves of the year because last year, we had a very strong second half and a flattish first half. So in the second half of the year, are you expecting growth on this base? Just some color there will be helpful.

Harshavardhan Chitale:

So you're right. I think we do have a benefit of base effect in the first half. And hence, we do expect the first half growth to be stronger. And I think the second half will be relatively lower

than the first half. So I think there is a base effect definitely that will come into play. But overall, for the full year as a whole, we do continue to see growth momentum that you have seen in our overall revenue growth of FY '26.

Kapil Singh: Sir, also I had a quick follow-up on the commodity cost. In Q4, how much commodity cost pressure did we face?

Vivek Anand: Yes. So Kapil, in Q4, let me just -- just a second, yes. So our commodity cost increase in Q4 was a total of ₹2,000 per unit. And in terms of -- if you really look at our revenue per unit, we also had a corresponding increase of ₹2,000 in the revenue per unit.

Kapil Singh: Okay. And sir, how much price hike we have taken in April?

Harshavardhan Chitale: About 2%.

Vivek Anand: About 2% we've taken, and that ranges by products. So it starts with anything from ₹700 to ₹3,500.

Kapil Singh: Okay. Sir, just one follow-up on the EV demand and the scooter demand, you've been talking about much higher growth for scooter portfolio. Just from a consumer trends point of view, if you could share that last few years, we have been observing that motorcycle growth has been somewhere in mid-single digits and scooters and EVs has been much higher.

Is there a shift also happening here between these categories? Or it's just that more consumers are coming in the scooter category? Because is this a trend that we should expect for next few years? Just trying to understand.

Harshavardhan Chitale: In the near term, that's definitely so. I think the scooterization has happened to the industry and scooters as a share of 2-wheeler industry has grown by a couple of points every year for last few years. And we do expect that to continue in the near term. And hence, you saw so much of focus from us in new launches in scooters and building up of our capacity in scooters that we spoke about.

Kapil Singh: So I was just trying to understand if motorcycle consumers are also in some way straddling towards scooters as more options are coming here. Is that something you're observing? Or it's just that the scooter consumers are growing much faster?

Harshavardhan Chitale: So we are not seeing shift away from motorcycles, if that was your question, because these are 2 different consumer use cases. Wherever you need longer commute or higher load-bearing capacity, that's where motorcycles come into play. And hence, these are 2 distinct use cases. But with the urbanization that's happening in the country, the use case where scooters are good fit is where the growth has been higher. But it's not that people who have motorcycles are leaving motorcycles and going to scooters.

Kapil Singh: Okay, thank you so much.

- Moderator:** We will take the next question from the line of Raghunandhan from Nuvama Wealth Management. Please go ahead.
- Raghunandhan:** Thank you, sir, for the opportunity. Congratulations on good set of numbers. Firstly, I wanted to request your thoughts on a couple of regulations. One is that mandatory ABS regulation. And second is this draft EPR notification, which came out recently. I wanted to check what is your thoughts? What is the status currently? And what do you think can be the impact in future?
- Harshavardhan Chitale:** So on ABS, there hasn't been any development over the last few months. We will continue to work with government on ways and means to keep making 2-wheelers safer. But on specific ABS-related regulation draft that had come, there has not been any further development on that as of now. And on the EPR draft, Vivek, do you want to give some more details?
- Vivek Anand:** So EPR, at this point in time, as you rightly said, it's still -- it's in evolving stage, right. So the industry is at this point in time working on in terms of how to really operationalize it, right. So -- and as you know, the pricing is still evolving. So I think it's early days at this point in time for the industry. Yes, it's difficult for us to really quantify any impact.
- Raghunandhan:** Noted. Just a clarification, would there be any retrospective impact as well of EPR?
- Vivek Anand:** This is currently under discussion, I'll say. So we are really looking at evaluating all options, right. So once we have clarity, and I think the clarity is at an industry level, once we have more clarity, we'll be happy to really come back to you.
- Raghunandhan:** And second question is a housekeeping one. Can you share the export revenue for FY '26 in value terms and also the current dealer inventory, within that also, if you can give some light on scooter and EV because generally, that is where dealers say that if EV scooter inventory was much higher, they could have sold much more.
- Vivek Anand:** Yes. So in terms of the dealer inventory, it's around 5 weeks, I'll say. And your -- and as Harsh said, we have actually brought down our dealer inventory during the year, right. So it's currently at 5 weeks. And in terms of exports revenue, it is...
- Harshavardhan Chitale:** In terms of volume, it was in excess of 4 lakh units and value -- we can come back to you with value. I think Vivek is looking up the number.
- Vivek Anand:** Yes, it's around ₹3,500 crores. And in terms of volume, it is 4,02,000 units.
- Raghunandhan:** And within the dealer inventory, which you mentioned, how much would it be for, say, EV scooters?
- Vivek Anand:** That we can certainly take it offline. I'll be -- but yes, certainly, EV scooters will be on the lower side. As Harsh talked about, we are in the process of building capacity.
- Harshavardhan Chitale:** Nationally, in single-digit days.
- Raghunandhan:** Noted, sir. Thank you. Thank you so much for the details. Very helpful.

- Moderator:** We will take the next question from the line of Sonal Gupta from HSBC Asset Management India. Please go ahead.
- Sonal Gupta:** Yes, hi. Good morning and thanks for taking my questions. So just -- most of them have been answered. Just on the -- I mean, just a data point on spare parts sales, could you give us what is that for this quarter and the year?
- Vivek Anand:** Yes. So for the quarter, it's ₹1,650 crores. And for the full year, it's around ₹6,200 crores, which is almost a growth of 6% year-on-year.
- Sonal Gupta:** Okay. And just also in terms of like you've talked about a few things, but in terms of what is the total R&D spend that we had during the year? And how do you see that trending going forward?
- Vivek Anand:** So I think we can certainly share the numbers. But in terms of trending, clearly, we are increasing our spending in this space year-on-year, right. So we can certainly offline share the details with you both in absolute and as a percentage of revenue, which I know is more -- is close to 2.5%, but we can certainly share the details.
- Sonal Gupta:** Right. And just sorry, one last question around -- I mean, like you mentioned about the expansion on the scooter and the EV capacities. So could you just sort of give us some quantification, right, like currently, like where are you? And by when do you see to what numbers, right? Like so EV, I understand we were at about 15,000 a month, which is coming to 30,000. And then on scooters, if you could just quantify by when do you see -- where are you currently? And when do you see the extended capacity coming in?
- Harshavardhan Chitale:** Look, we did answer that question earlier. I think, as I said, Destini, we've increased capacity by 50%. Xoom, we are in process of doubling the capacity, which will also happen this quarter. And on EV, as you mentioned, we've gone from 15,000 to 25,000 to further doubling of that capacity before end of this year.
- Sonal Gupta:** So the EV will see another doubling by end of this year is what you're saying?
- Harshavardhan Chitale:** That's right.
- Sonal Gupta:** And sorry, on the scooters also, could you -- I mean, by when are we expecting this additional capacity coming in?
- Harshavardhan Chitale:** This quarter.
- Sonal Gupta:** This quarter itself. Okay, sure. Thank you so much.
- Moderator:** We will take the next question from the line of Jay Kale from Elara Capital. Please go ahead.
- Jay Kale:** Thanks for taking my questions. So my first question was regarding the demand scenario. I understand you mentioned about high single-digit growth for the industry in FY '27. Just wanted to understand, if you see 3 months back also, probably we would have expected a similar kind of growth.

And post that, we've seen a lot of macro headwinds in terms of sentiments around expected fuel price increase, prices increasing. So are you not expecting any dampening of that sentiment? What is driving this on-ground strength? If you could help us some texture around rural versus urban and your expectations going forward? That is my first question.

Harshavardhan Chitale: No. So it's a good question. It's an evolving situation. So volume growth of high single digit is what was the expectation pre-war. Post war, even if you see April and first week of May, that kind of momentum has continued. We have not seen any softening of demand yet because as an industry, the full inflation has not been passed on because of either productivity or volume leverage, just like what we've done. I think as an industry, hence, that impact is not passed on to consumers.

So there hasn't been any dampening because of that, nor has there been any significant move on fuel price. As a result, we don't see in the near term, the demand going down. But this is an evolving situation, and we need to keep monitoring because of this impact and the uncertainty that it creates.

Your second question on structural drivers of growth. I think the urbanization, increasing penetration of e-commerce, gig economy and hence, 2-wheelers remaining as a primary source of mobility for bulk of the country. I think that structural momentum is still there. And hence, I think the industry's bullishness towards this volume growth.

Jay Kale: Understood. And second question is on -- historically, we've spoken about scooters and premium motorcycles being the key focus areas for us. And it's heartening to see a lot of actions being taken and yielding results on the scooter side, both on ICE and EVs. If you could just talk a little bit about some of your learnings from that category and how one could use it to further enhance your presence in the premium motorcycles because that's clearly one of the last areas where one should -- one could expect incremental market share gains?

Harshavardhan Chitale: So I think our learning has been great products and good brand building yield results. And that's what has happened with our Destini and now with Xoom, great products, which are differentiated in their category, backed up by campaigns that have created brand salience, same on VIDA, a differentiated product. We are the only one in the country that offers a removable battery so that your range anxiety is addressed. So a differentiated product like this and a brand campaign, you've also seen our sponsorship of KKR and the activation around that. And when you combine a product and brand building like that, you see a 600 basis point gain and hence, you can rapidly gain share. That's the learning when you get those 2. And that's the formula that now we are repeating.

You saw that also with our Harley-Davidson. We launched X440. And there was a product placement of that also in movie Saiyaara, so much so that customers would come into our showroom and ask for Saiyaara bike. And hence, our Harley-Davidson range in premium, although it's a small part of the entire premium, but that grew 26% year-on-year.

And the new variant of that, X440 T that we launched last quarter actually gave us 120% growth year-on-year for the corresponding quarter. So good product backed up by capacity and brand

building investment. And I think those 3 things is what hence, we are now repeating as we also expand further into premium.

Jay Kale: Okay, understood. Great. Thanks and all the best for future.

Moderator: We will take the next question from the line of Arvind Sharma from Citi. Please go ahead.

Arvind Sharma: Good morning sir, thanks for taking my question. It's a sizable capex that you are planning, ₹1,500 crores. Just to understand the entire money would be only for FY '27. Is that the correct understanding?

Harshavardhan Chitale: That is right.

Vivek Anand: That is, yes.

Arvind Sharma: Okay. And sir, if you could also share the aspiration for PAM revenue since you're targeting a second global parts center. Roughly, you've got some target in mind that it should be x percentage of vehicle sales. That would be great just to understand what the target is. And if EV volumes grow significantly, given the capacity expansion, could it impact margins at least over the near term? Or as you said, PLI would more than offset this? So these 2 questions, PAM revenue target and the impact on margins?

Harshavardhan Chitale: Yes. On the PAM, if we look at our total vehicle parts and considering that parts and the kilometers that they run, how many parts you need to keep them running. If you do that calculation, our estimate is that about 50% of that demand is what we are servicing today. And for the balance 50%, either there is gray market or other spurious parts that riders, especially those with older bikes are accessing. So that is the kind of headroom available.

So first; A, the vehicle park itself is growing; and B, how do we also get more share of that unaddressed parts market. And hence, the capacity that we are building for our parts business pretty much doubles our parts handling capacity. So the new center that we are setting up is to get us a double the capacity. That's first part of your question.

And on the EV, PLI will certainly help in the investment phase as we are expanding capacity. And our continued expansion on ICE should hopefully help us mitigate this continued investment as we rapidly grow our EV.

Arvind Sharma: Sure sir, thank you. That's all from my side sir. Thank you so much.

Moderator: We will take the next question from the line of Pramod Amthe from InCred Capital. Please go ahead.

Pramod Amthe: Hi, thanks for taking my question. So the first question is with regard to Euler. Now you have been investing consistently almost like ₹200 crores quarterly. I wanted to get how much stake you hold now end of the year? And what is the expected investment plan in FY '27 or next 2, 3 years?

- Harshavardhan Chitale:** Yes. Maybe just to first clarify, we are not investing ₹200 crores quarterly. We closed the ₹210 crores investment as a follow-on investment to our earlier investment, but it's not a ₹200 crores quarterly investment. Could you please repeat the second part of the question?
- Vivek Anand:** That takes our -- so we just invested ₹200-plus crores, and that takes our shareholding to close to 37%.
- Pramod Amthe:** And what's the business requirement, if you can disclose for next 1, 2 years.
- Vivek Anand:** This should take care -- so you're right. So Pramod, this should take care of their funding requirement for the current fiscal.
- Pramod Amthe:** Okay. Got it. And second question is with regard to the scooter portfolio. Considering the success which you have achieved on the EVs, does it still make sense to balance both ICE and EV portfolio or you could have gone overboard on the EV portfolio and keep the legacy out on building capacity on ICE? How are you looking at it?
- Harshavardhan Chitale:** So what we are seeing is both are growing rapidly. And hence, there is an opportunity of growth for both. And hence, our view is, I think we do need to continue to invest in both and gain share in both. So it's a customer choice and different use cases, depending on total cost of ownership, range and so on and so forth. So it's not either or, it's and for us.
- Pramod Amthe:** But are you creating flexibility in terms of production capacity between both of them or how to look at it?
- Harshavardhan Chitale:** So these are manufactured in the same factory. For example, in our Tirupati factory, both are manufactured there. It's different lines, but in the same factory. So a lot of the infrastructure does get shared.
- Pramod Amthe:** Okay. Sure. And if I can ask, Harshavardhan, looking at your 3 months into the tenure, what has positively surprised you in the firm? And what are the challenges you still feel have come through?
- Harshavardhan Chitale:** I think strength of our value chain, both on the supplier as well as dealerships, I think it's really unmatched across industries, different industries that I came from, extremely strong value chain. And especially when industry is transitioning going from one category to the other, having that strength is very useful because then you can move with that entire value chain with trust.
- So I think that's a very strong -- it's, I would say, more than surprise, something that I wasn't that aware of. And in terms of challenge, I would say, more of an opportunity that I see in some of these categories where higher growth is and that we spoke of.
- Moderator:** We will take the next question from the line of Shridhar Kallani from Antique Stock Broking Limited.
- Shridhar Kallani:** I just needed the clarifications. Firstly, on the gross margin side. In the last quarter, you did mention that 40 to 50 bps impact was expected in Q4. However, we see a sequential significant

impact of over 100 bps in the gross margin. This is in spite of your earlier commentary that the ₹2,000 per unit commodity hike was adjusted with a similar price hike. So just wanted to understand if I'm missing something over here because there seems to be a disconnect. And in the near term also, you did mention that further commodity impact may be witnessed. So if any clarity could also be given there?

And third, like the ₹2,000 per unit commodity price hike, if you could directionally help us understand how -- like what was this aluminium, steel or rubber prices, anything on direction basis could be shared would be really helpful?

Vivek Anand: Thanks, Sridhar. So I'll just repeat. So during quarter 4, the material cost inflation was ₹2,100 and the corresponding revenue increase during the quarter was ₹2,000, right? So clearly, you see an impact in gross margin when you compare on a percentage basis of 100 basis points because the margin impact could not be recovered in the last quarter. And that's almost contributing to 60% of the drop in gross margin.

Harshavardhan Chitale: If you see the value is covered, the cost increase is covered by price, but not the percent margin that you get on that cost. And that's what creates that margin percent impact, not the margin value impact.

Vivek Anand: The percentage impact there. And secondly, there is a higher BOM cost from EV business, which also partially impacted our gross margin percentage in the previous quarter. So those are the 2 reasons why you find a 100 bps drop in the gross margin in quarter 4.

Shridhar Kallani: And sir, from this ₹2,000, any directional breakup could be shared, aluminum, steel, rubber like which is the most significant, if anything could be shared?

Vivek Anand: Yes, you're right. I think -- so I can say that, yes, we have seen inflation across the commodity basket, led by aluminum, steel, rubber prices and plastics have also got impacted because of high crude prices. So overall, there is a marginal increase we've seen previous quarter in the commodity prices. And it's basically across.

Shridhar Kallani: Okay. And sir, one clarification requested on capacity of EV that you mentioned. So 50% will be done by next month increase and then 2x increase will be of the additional -- including the additional capacity that we may have?

Harshavardhan Chitale: So we said the first one will be in a matter of month and the second phase will be before end of this financial year.

Sarthak Sikka: That was the last question. Thank you all for joining the call.

Harshavardhan Chitale: Thank you, everyone, for joining the call. In case you do have any follow-up questions, you know how to reach us, and we will get back to you responding to your questions. Thank you, and wish you all a good day.

Vivek Anand: Thank you.



Harshavardhan Chitale: Thank you.

Moderator: Thank you, members of the management. On behalf of Motilal Oswal Financial Services Limited, that concludes this conference. Thank you all for joining with us today, and you may now disconnect your lines. Thank you.