August 11, 2026

Asst. Vice President, Listing Deptt.,
National Stock Exchange of India Ltd.
Exchange Plaza, Plot C-1, Block G,
Bandra Kurla Complex,
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Mumbai - 400 051
Scrip Code: HEROMOTOCO

The Secretary,
BSE Limited
25th Floor,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400 001
Scrip Code: 500182

Subject: Transcript of the Earnings Call for the quarter ended June 30, 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 August 7, 2026, for the quarter ended on June 30, 2026.

This is for your information and further dissemination.

Thanking You,

For Hero MotoCorp Limited,

Digitally signed by: PRABHAT SINGH
Date: 2026.08.11 18:07:49 +05'30'

Prabhat Singh
Company Secretary & Compliance Officer

"Hero MotoCorp Limited
Q1 FY27 Earnings Conference Call"
August 07, 2026

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

MODERATOR: **MR. MIHIR VORA -- EQUIRUS SECURITIES**

Moderator: Ladies and gentlemen, good day, and welcome to the Hero MotoCorp Q1 and FY '27 Earnings Conference Call hosted by Equirus Securities. 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. Mihir Vora from Equirus Securities. Thank you, and over to you, Mihir.

Mihir Vora: Yes. Thank you, Danish. Good morning, everyone. Welcome to the Q1 FY '27 Post Results Conference Call of Hero MotoCorp. I would like to thank the management team of Hero MotoCorp for giving us the opportunity to host this call.

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

Sarthak Sikka: Hi. Thank you, Mihir. Good morning, everyone, and welcome to our earnings call. With us on the call today, we have Mr. Harshavardhan Chitale, who is our CEO; Mr. Vivek Anand, our CFO; Mr. Ashutosh Varma, who is the Chief Business Officer of the India Business Unit; Ms. Kausalya Nandakumar, Chief Business Officer of the Emerging Mobility Business Unit; and Mr. Anuj Dua, who is the Chief Business Officer of Premium 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.

Harshavardhan Chitale: Thank you, Sarthak, and good morning, everyone, and thank you for joining us on this call today. I'm sure that all of you must have seen our results for Q1 fiscal year FY '27. Before we dive into analyzing our performance, I want to highlight that we have already uploaded our quarterly investor presentation on our website besides just the results. And those of you who want to refer to it, please feel free to do so. I and Vivek will also touch upon some of the key points that are highlighted there in that deck through this call.

So let's begin with macro and industry trends. Starting first with the underlying demand trend in quarter 1 FY '27. As you all noticed, we had a good tailwind, and we had a good demand momentum throughout the quarter. And 2-wheeler industry volumes grew 14% year-on-year in terms of VAHAN or retail sales, of which 11% was growth in ICE and 67% was in EV. So both ICE and EV had strong demand momentum in quarter 1. This growth was broad-based, supported by improved affordability post GST rate cuts as well as healthy urban and rural demand and continued acceleration in EV adoption. It's heartening to see that this strong demand momentum has continued in quarter 2. And quarter 2 also saw a strong retail growth, year-on-year retail growth in July of 28%. Both ICE and EV again registered similar kind of strong momentum as we saw in quarter 1.

Moving to operational performance of Hero MotoCorp in quarter 1. When we look at our dispatches, our volume grew at 23% year-on-year, and our revenue grew 36%. So this extra 13% uplift between 36% and 23% came from improved price realization as well as mix. For the last few quarters, we've been talking about our emphasis on growing in EV, growing in premium, growing in our global business, and growing in scooters. All of these 4 actually performed very well for us this quarter, and that contributed to a positive mix of 8%. So a lot of our growth now as well as going forward, you will see in revenue is on top of volume growth, which is contributed by increasing shift to these higher-value products of scooter, premium, EV, and global businesses.

Overall, we saw our wholesale market share increase by 30 basis points in quarter 1. And as I highlighted in the last quarter, our strategy of focusing on fast-growing segments continued to yield results as we consolidated our gains -- besides we consolidated our gains in the Commuter segment. ICE overall grew 21% year-on-year with 18% growth in domestic volumes and 63% growth in global business. Within ICE - scooters, we gained market share by 2.3%. So 230 basis point market share gain was in scooters alone. And now we have crossed close to 7% market share in ICE scooters. In EV, we had a wholesale growth of 151%. And this has helped us gain more than 400 basis points of market share here on -- within 1 year. Now we are consistently retailing at more than 20,000 units every month. And you will see that going forward increasing as we have just now introduced 2 very exciting new products, and later on, Kausalya can speak more about that. And we've also done the first leg of our capacity expansion, which comes on stream, has already come on stream on August 1st. So both these new launches as well as additional capacity will see a further boost to our EV sales going forward.

On global business, we expanded our market share by 110 basis points within the quarter. And in parts and accessories business, which is a very profitable contributor to our financials, we saw strong growth of 30% year-on-year.

Moving to some key new launches that we did in the quarter. We had a number of launches in ICE. We saw Super Splendor XTEC 2.0, which comes with a best-in-class mileage as well as the silent start. We also launched a Passion Plus Disc variant, so both of which actually expanded our -- so Passion Plus Disc variant expands our 100cc portfolio. And then in July, you heard from us about new launches in VIDA, where we've now launched a premium variant of VIDA VX2. It gives 187 kilometers of IDC range and also a superior fast charging capability. And if you want to learn more about it, Kausalya is on the call to talk more about it later.

In terms of our technology advancements, we continue to do investments in new powertrains with our focus on the future of mobility, clean mobility. And hence, you heard from us in June about our flex fuel range that we introduced. We are the first ones to have introduced in the core commuter segment, flex fuel variants of our highest selling models, Splendor and HF. And with that variant, you can now have a motorcycle that is designed to operate all the way from 20% of ethanol content in the fuel all the way up to 85%. It comes with a smart engine technology as well as components specifically designed to work at higher blends of ethanol. We started dispatching those from the third week of July, and it's very heartening to see that within 2 weeks we have already sold close to 5,000 of these in a few outlets where we've made these vehicles available. So it's seeing a great traction, and we are the only ones, and we are differentiated in that category right now.

We are also further advancing on our electric motorcycle range, and you should also hear more about that soon from us. Kausalya can also talk about it later. So we continue to work on these future of mobility and clean mobility powertrains, and that remains our focus. Last quarter, we had also spoken about capacity expansion investments, and we've made significant progress on that.

When it comes to EV, you would recollect that we had ended last year with a monthly capacity of 15,000 per month. As we stand today, in the first week of August, it has already increased to close to 30,000 per month. And you should see us go to close to 45,000 per month before the end of this financial year. So as we had committed, we are tripling our capacity of EV within this financial year. We've also increased our capacity in Splendor, looking at, encouraged by the growth that we are seeing even in our Splendor, which grew 15% year-on-year within the quarter. So we've added 2,000 per day of capacity in Splendor. We've added -- we've doubled the capacity of Destini, and both of this has got completed within the quarter itself. We are further increasing our capacity also in Xoom, which is a 50% further jump in the capacity of Xoom scooters. And this increase in Destini and increase in Xoom, our scooter range is coming from the confidence of growth that we see in scooters, where we almost doubled our dispatches in scooters year-on-year. So we are seeing excellent traction in scooters and 230 basis points of share gain in scooters, hence, the significant capacity enhancements in scooters.

In May, we had talked about a new CTO who joined us, Sachin Agrawal. He joined us as the new CTO in May, and he comes with a background of multiple decades working on different powertrains, and that further bolsters our capability that we are building about our powertrain development.

Just earlier this week, we announced Mr. Anuj Dua as the Chief Business Officer for Premium segment. Anuj brings over 2 decades of experience with deep leadership experience across different 2-wheeler OEMs, and he has a proven track record across global product strategy, brand building, market expansion across different geographies. He's on the call with us today. And before I hand over the floor to Vivek, I would request Anuj to introduce himself and maybe talk about some of his immediate priorities. Anuj, all the best, and over to you.

Anuj Dua: Thank you, Harsh. Thank you very much. Good morning, everyone, once again. I would like to begin with expressing my huge thanks to Harsh and Dr. Munjal for trusting me to lead this premium business unit. That's our next big growth engine. All of us are fully aware of this. I'm personally very excited about leading this business unit. Motorcycling for me is a hobby and passion, not just a job. So thank you once again, Harsh.

Since I'm interacting with all of you for the first time, I would like to just quickly share my background. I joined 1 year back leading the products, and now I've been given this new assignment. Prior to this, 9 years, I was working with Royal Enfield. Prior to that, 10 years, I was working with Hero. So all these 2 journeys across Hero and Royal Enfield was across sales, marketing, product planning. It has given me immense learning from interacting with all my colleagues in plant, sourcing, manufacturing, R&D, across sales and marketing.

So one thing which has remained very common and permanent was focus on consumers and what they would love to see in the motorcycles. I've enjoyed creating the product experiences, engagements in motorcycling in a few parts of the world, in Asia Pacific and specifically in India. My mandate from Harsh is very clear, focus on consumer and community, do exactly what they need in product, in engagement, in experiences. So I think that's amongst the few priorities that Harsh wanted me to speak about.

The first priority remains to elevate the consumer retail experience across all touch points - from a search journey to in-use journey, everywhere wherever they interact with us, they should feel related and get a premium feel. The next important priority will be portfolio expansion. There are interesting, very, very exciting products coming over in the next 12 months. That's where we'll focus a lot. I would also love to focus on merchandise and accessory. Across the globe now, mass customization, mass personalization is a trend across categories and more so in 2-wheeler. That's where merchandise and accessory plays a very important role in uplifting the lifestyle association and not just the business.

We have an amazing partnership with the OG brand, Harley-Davidson. We will take it to the next level. Community and lifestyle engagement, that's where the 2-wheeler riders all over the globe are feeling more and more involved into. That's where we'll focus a lot. Our huge investments in terms of the right bandwidth in MotoSports is already paying us huge dividends across the globe, specifically in India and Latin America. We'll make sure we make the MotoSports fully accessible to the motorcycle enthusiasts. And this adventure segment is the fastest-growing segment across the world, and Hero through Dakar and MotoSports efforts has been seen as a clear winner in that mind space. So we will make sure we do that more and more now.

In the end, I would also like to say that not now, maybe in future, whenever Vivek, Sarthak feel, we should ride with some of you and let's catch up for riding motorcycles, not just on the calls like this. So looking forward to that and maybe Sarthak can help us do that.

Thank you very much once again, and over to Vivek.

Vivek Anand: Yes. Thank you, Anuj, and good morning, everyone. A very warm welcome to all joining us in the call today. I hope you have all had the opportunity to review our financial results for the first quarter of fiscal year 2027.

Turning straight to our financial performance for quarter 1 financial year '27. We delivered a strong quarter on the top line, recording revenue from operations of INR12,999 crores, an EBITDA of INR1,727 crores and a profit after tax of INR1,454 crores.

Total volume grew by a robust 23% year-on-year. This was backed by steady 21% growth in our core ICE portfolio and a strong 151% growth in our EV business, reflecting both healthy underlying market demand and growing customer preference for our new launches. What is particularly encouraging is that our revenue growth outpaced volume growth significantly, coming in at 36% year-on-year.

This top line expansion was driven by premiumization across our portfolio, driven by a shift in mix towards EV, scooters and premium variants, contributing a mix benefit of 8% with the rest coming from calibrated price increase. Notably, this includes strong growth in our parts business of over 30% through a healthy mix of volume expansion and price.

Now as we flagged during our last earnings call, quarter 1 did experience transitionary commodity cost pressures. The conflict in West Asia triggered inflationary spikes across oil and gas, freight, foreign exchange and core raw materials, including steel, aluminum and precious metals. Because of this, our gross margin for the quarter came down under pressure, contracting 300 basis points quarter-on-quarter, primarily due to an approximate 4.5% net commodity inflation impact.

Recognizing these headwinds risk early, we moved quickly and decisively. There are a couple of initiatives what I would like to briefly talk about we've taken during the quarter. Firstly, we improved mix, driven by higher contribution from premium variants and PAM business. Second, we rationalized our cost structures by deferring noncritical operating expenses and accelerating cost savings under our internal LEAP program. We leveraged our operating scale to drive cost efficiencies across manufacturing and supply chain operations. And finally, we took judicious price actions across select models, balancing margin protection with market momentum.

As a direct result of these initiatives, even with a gross margin contraction of 300 basis points quarter-on-quarter, our overall EBITDA margin decline was lower at 120 basis points sequentially, landing at 13.3%, thanks to the disciplined cost management as reflected in a 14% sequential reduction in other expenses. Looking specifically at our ICE portfolio, EBITDA margins held up even better, contracting by 90 basis points sequentially to 15.9%, cushioned by strong operating leverage, cost savings and higher profitability in our parts business.

Amid these short-term cost pressures, we chose not to compromise on our long-term growth priorities. We continue to invest aggressively behind brand building and strategic product launches. During the quarter, we launched 2 new EV products and rolled out high-impact global marketing campaigns across major events like the FIFA World Cup and the India England Cricket Series, creating strong visibility across key brands, including Xtreme, Destini, Xoom and XPulse.

In our EV business, VIDA achieved strong growth with quarterly volume reaching 57,000 units, up 26% quarter-on-quarter. Importantly, our total P&L investment in the VIDA business remained flat sequentially at around INR230 crores. This disciplined cost profile was made possible by continuous improvement in per unit economics, targeting pricing actions and PLI benefit amounting to INR48 crores during the quarter.

On the PLI front, I'm pleased to share that around 60% of our EV portfolio is now PLI certified, and we expect 100% of our portfolio to be PLI compliant by December 2026. Financial year '27 will be our first full year of PLI accruals, providing a strong structural tailwind to support EV portfolio. Moreover, some of our models have turned gross margin positive, which will further enhance our overall EV profitability going forward.

Moving on to the consolidated results. Company PAT of INR1,418 crores versus normalized profit of around INR1,100 crores last year. It is important to note that last year, we had a onetime gain of approximately INR700 crores before tax on account of dilution of company's shares of investment in associates consequent to public issue and private placement.

Looking ahead to quarter 2 financial year '27, while we expect a marginal uptick in input cost inflation, we plan to neutralize by continued improvement of product mix, optimizing our discretionary spends and accelerating cost-saving programs.

Our primary focus will remain on driving EBITDA growth while progressing towards our medium-term EBITDA margin target range of 14% to 16%. Going forward, our journey of investment behind growth will continue, both in terms of capacity expansion and brand building to support our premium, scooters, EV and global business portfolio. Thank you once again for your time and continued support. On that note, let me open the floor for Q&A. Over to you, Sarthak.

Sarthak Sikka: Thank you. Danish, we can open the line for questions.

Moderator: The first question comes from the line of Amyn Pirani with JPMorgan.

Amyn Pirani: Congratulations on a very strong performance in a very tough quarter for the auto industry. My first question was actually on the scooter and EV capacity expansion as well as the model launches that you have done in the last few weeks. So any initial sense of demand on the ground? Are there any order books? Is there low inventory levels for these models because you're going to expand capacity quite rapidly. And historically, you were mentioning that you were supply constrained? So any extra color there would be quite helpful.

Harshavardhan Chitale: Thank you, Amyn. Thank you for your question. So let's begin with VIDA, on EV. We have pretty much nil channel inventory. It's 2 to 3 days depending on region to region. So whatever we are supplying and shipping is actually retailed immediately. So that gives you an indication of the pent-up demand. So as we now bring on 10,000 more capacity right away this month, I mean, we expect there is a demand there, which will immediately pick that up.

Coming to ICE scooters, as you saw, we had an 87% growth year-on-year in our ICE scooters as well. And there, when I look at the channel stock of Xoom, for example, or some variants of Destini, those are running into typically half of what on an average, we normally see in all our models. So there is also a bit of a depletion of channel stock there. And hence, between VIDA and between all the scooters put together, we've added close to 2,500 per day of extra capacity.

Amyn Pirani: Okay. That's really great to know and looking forward to the ramp-up of the wholesale and retails here. My second question is on motorcycles. Now if you look at motorcycles, it looks like especially the bottom half, which is up to 125cc, as a category is still not doing as well as the other categories within 2-wheelers despite GST, you have gained share within the 100cc clearly, but the category doesn't seem to be doing that well. So any color there, any insights as to what is going on and what we can expect over the next few quarters?

Harshavardhan Chitale: No, I think a great observation. Yes, within the motorcycle, the category -- by the way, the category 100cc is also growing, but other ranges, 125cc and above are growing faster. And the 100cc, we have outgrown the industry and hence, gained 230 basis points of market share. So we are now at close to 86% market share. So already from a high, we have further gained market share there. But that category in itself is also growing.

So that's heartening because the tailwind out of GST creating more affordability, that still continues. And this is still the bike, the first commuter purchase that many of our customers do as they get into the market. The higher categories, of course, as India urbanizes, India becomes richer, those categories are growing faster, and you saw us gain share in those as well.

Moderator: Our next question comes from the line of Gunjan Prithyani with Bank of America.

Gunjan Prithyani: My first question is just a clarification on the 2,500 capacity per day that you mentioned. Is the understanding right that we're roughly doing about 60,000 - 65,000 right now put together ICE and EVs. This will pretty much double by the second half of the year. Is there any timeline? And is the understanding on the number correct on a monthly basis?

Harshavardhan Chitale: You're right. I think we are right now clocking 65,000 a month, very accurate, in fact. And the capacity addition will more than -- a little more than double.

Gunjan Prithyani: Okay and any timeline, and when does this, when do we get to this capacity? Is it by the exit quarter of fiscal '27? Any timelines around the expansion?

Harshavardhan Chitale: So 2/3 of this is already done. And the balance 1/3, the second phase of expansion of VIDA, which will come in the last quarter of this financial year.

Gunjan Prithyani: And we do have that reasonable visibility on demand to be able to ramp it up pretty immediately in terms of production?

Harshavardhan Chitale: That is right. And that is -- the earlier question, which was on the channel stock and underlying demand. In each of these models, we actually have much lower channel stock than what one would normally like to have.

Gunjan Prithyani: Got it. That's good to hear. My question essentially is just shifting gears to the motorcycle business. I think we did take a pretty back-to-back price increases in quarter 4 and quarter 1. Just trying to maybe hear from Ashutosh on what has been the acceptance of these price hikes?

And given this also came along with the fuel price inflation that we saw. So how has the customer been able to take this sort of inflation? And is there something that we are sort of thinking through in terms of getting the growth. We did see that immediate tailwind in the entry segment when the GST rate cut happened. That seems to be again stabilizing now for some reason. If you can share your thoughts, is it because of the price increases, there's been some impact on the demand or your thoughts on the whole total cost of ownership acceptance at the entry end?

Ashutosh Varma: Sure, Gunjan. Thank you for your question. I mean I'll start off from where Harsh left. In fact, first of all, thanking the customers that in the overall 100cc, our market share now is 86%. Effectively, 9 out of every 10 customers are preferring Hero for the values that we stand for, which is mileage, reliability and trust. So this is a category that we have owned. If you look at specifically 100cc, the likes of Splendor and Passion, there, we've seen category expansion and there, we have seen market share expansion.

So I mean, this segment growing from 32% to almost 33%, a little more market share went up by almost 3%. So we have seen a lot of excitement. That's also because of the fact that we have continued to make interventions beyond the product itself. So there have been interventions in terms of retail finance. There have been interventions in terms of some of the other affordability measures that we have tried to do. So we are confident that this segment is resilient. As the way things look like from a monsoon perspective, it's looking the quarter and possibly the leading into festive looking much stronger. We expect this segment to be, to do even better.

Yes, we have taken some price increases, but that's also largely because of the confidence that we have in the brands that we feel that it will be able to continue to demand that kind of traction from consumers and the growth in terms of market share is a testimony of that. So confident at that end. I hope I answered your question.

Gunjan Prithyani: Okay. No, that's helpful. And maybe if I can just get the channel stock that's there on the bikes portfolio, scooters numbers are very clear and the financing penetration, if there is any significant change there?

Ashutosh Varma: So 6 weeks is what we do. And I mean, all this inventory is forward-looking. So of course, we are nearly not there in terms of where we want to be in terms of stocks. And over the next couple of months, you would see some increase that we will have to do to be ready for the festive. So progressing in the right direction.

From a retail finance perspective, we saw the quarter becoming stronger. We have seen our retail finance penetration last month jumping to close to 65-odd percent, and that's strong. There has been easing out in terms of credit, and that has started helping the markets. We believe that as we move into festive, this will become even more helpful.

Moderator: Our next question comes from the line of Binay Singh with Morgan Stanley.

Binay Singh: The first question is on the margin front. Looking at Q1, we earlier talked about the 14% to 16% range. Do you think considering cost pressures, you will be able to maintain that range for the year?

Harshavardhan Chitale: So as we indicated, 14% to 16% is our guidance for the midterm. And last quarter, we indicated that with this transitory commodity price -- commodity inflation, there would be some impact in the margin percent. However, our focus would be to mitigate that through volume and focus on absolute EBITDA growth and not just EBITDA percent. So in the midterm, we are confident of going back to it, but not in the short term.

Vivek Anand: Yes. Binay, Vivek here. Just to add, I think clearly, when we look ahead to the current quarter, which is quarter 2 financial year '27, we expect a marginal uptick in input cost inflation, right. As I said earlier, we plan to neutralize this by continued improvement of product mix, optimizing our discretionary spends and accelerating cost saving programs. So our primary focus, as Harsh said, will remain on driving EBITDA growth while progressing towards our medium-term EBITDA margin target range of 14% to 16%.

Binay Singh: And secondly, like you shared, just to get a sense on the ICE capacity, like the EV capacity, we talked about 15,000 Q1, 30,000 now going to 45,000. So what exactly is the ICE capacity now versus what you see into the festive season? What is the delta change in ICE capacity in the scooter side?

Harshavardhan Chitale: Yes. So ICE capacity increases both on motorcycle and scooters. So I also talked of increasing Splendor capacity by 2,000 per day, so almost 50,000 a month, a little over 50,000 a month of increase in Splendor capacity. So that's a capacity increase that has already happened to prepare us well for festival season.

Also on the ICE scooter front, we've added 1,500 per day, so which is also done. So that is also done. And then first phase of VIDA is done and the last phase will happen in the quarter 4.

Binay Singh: And lastly, just on the EV launches that you talked about, the 2 variants that came up. Could you share as to how would they contribute to the portfolio?

Harshavardhan Chitale: Yes, Kausalya over to you.

Kausalya Nandakumar: Binay, good morning. We launched 2 variants in the first quarter and 1 recently of the 2. The first variant is our long-range variant. It's called the VX2 Plus 4.4 kilowatt with an IDC range of 187 kilometers. We launched it with a campaign called 'Hafte Mein Ek Baar' because the unmatched range that we give allows consumers the flexibility to take charge at just once a week if they so desire.

This also comes with the twin removable battery, giving the flexibility to consumers to charge everywhere. We have just started dispatch in the quarter, and we have crossed about 1,000 vehicle dispatch and are now looking at an uptick on the contribution of this product.

The second product that we launched in August, actually, the variant, it's called the VX2 Go 3.1 kilowatt hour, and this offers an IDC range of about 120. And this particular product is catering to a set of consumers who are looking at a product which they have access to charging at their home and office in a more easy manner. It comes with a strong backing of the styling that the VX2 already enjoys, the very favorable styling. Both of these products will contribute a significant volume going forward.

As they stabilize in the forthcoming quarters, we'll share a little bit more in how they are actually blending in. But we are very optimistic with our Ghar Ghar Evooter now with VIDA, we have a range from the 2.2 kilowatt all the way up to the 4.4 kilowatt, allowing consumers complete flexibility of options.

Moderator: Our next question comes from the line of Pramod Kumar with UBS.

Pramod Kumar: Before the question, Harsh, I think congratulations as in for doing the right thing by the customer in terms of revising the HF Deluxe portfolio pricing. And my first question is related to that segment again. Given that how dominant your market share is near monopoly, how do you see this pricing action? If you can help us put this in context as to with the price revisions what you have done, where has the pricing gone to? And what is the expected impact on demand or what it could do to revive the category?

Because this category is the only one which is kind of holding you back on market share or pushing you back. So if you can just share your broad thoughts behind the price cut what you did, where it puts the pricing in terms of affordability for the consumer? And how do you see this segment playing out going into the festive season?

Harshavardhan Chitale: I think, thank you, Pramod. Great question. So across the board, in general, we have taken price increases for different variants, and they vary by different variants and different geography. But as we look at tactical opportunities, there are some variants and some geographies where we did take a tactical price cut. So while overall weighted average is a price increase, as Gunjan in earlier question asked, there are some pockets where we did do price correction, where we saw an opportunity to boost demand as well as gain share.

And as you rightly pointed out, that was in one variant of HF Deluxe. The early signs after we've done that, it has given an immediate boost to demand as more customers are now coming into the market because that was target that absolute entry-level variant is basically for the first-time buyer, and we wanted to make it more and more accessible to first-time buyers.

So we've seen a huge boost in the demand in the first few weeks after that has gone live. Now how it plays out over the next 3, 4 months leading up to festive, we'll see shortly. But first indications are very, very positive.

Ashutosh Varma: Pramod, to pick up from what Harsh said. Yes. So as Harsh said, yes, the initial traction has been exciting. What we have seen is that we are drawing customers into our showrooms. We've also seen our Splendor portfolio growing stronger since we have introduced this. So we are confident that there is this unaddressable market that we probably need to address people who are falling off the mobility. And in certain geographies, we feel this kind of intervention can just grow the category substantially.

Pramod Kumar: And is my understanding right that this category may not be ripe for electrification because the use case is very, very different, very tough, both in terms of the distances driven in a single day by many customers and also the kind of abuse these products take in terms of the load they carry. So in that sense, this category is kind of well protected from the electrification risk. But yes, affordability is what you need to make work. Is that understanding right, Ashutosh?

Harshavardhan Chitale: In the near term, yes.

Ashutosh Varma: Yes, so absolutely. I mean, the price points are hugely different from EV versus this category. The use cases are very different. I mean, so, and the markets also, I mean, if you look where these 2 relatively play out are very different markets, right. So we don't feel that there is that risk there. But I mean, so this is reasonably protected that way. We just wanted to expand the market.

Pramod Kumar: And last question on the export bit, Harsh, if you can just help us understand how is the export outlook looking? Because some of our peers at a much larger scale are talking about unprecedented growth. So how do you see the export opportunity for yourself given that it's generally positive on margins and ASP and gives the diversification? And also on EVs, is there a possibility that you can fast track your capacity expansion if you see demand on the ground remaining robust? Is it possible?

Harshavardhan Chitale: No, no, absolutely. So as you saw, we grew more than 60% in the quarter on exports, and there's still a huge headroom considering still where we are. So we are getting into more markets and introducing more products. So we opened Germany. We did a launch in Germany of our ICE vehicles. We have started now selling in Nepal, our VIDA. So VIDA had launched earlier this month -- earlier in July in Nepal. And so you will see more and more products, more and more geographies continue to get opened and high growth trajectory that you saw in our exports over the last 2 years of 40% plus year-on-year. We are aiming for that kind of growth going forward.

And our volume expansion is planned keeping in view growth in exports as well. And also, you're right, with the price realization and the FX gain that it provides, we did see benefit of that also in last quarter. I think we did get a 25 bps out of our FX, higher FX realization. That was a contribution to EBITDA.

Moderator: Our next question comes from the line of Chandramouli Muthiah with Goldman Sachs.

Chandramouli Muthiah: My first question is just around the Delhi proposed EV policy starting FY '28. Just related to your comments on potentially unveiling an electric motorcycle. I just want to understand how the industry is taking the proposal and then also what the negotiations are? And how important do electric motorcycles become for Hero if this policy were to go through?

Harshavardhan Chitale: Okay. So thanks, Chandramouli, for your question. So we have seen great momentum to EVs in Delhi. So last month, we saw a doubling of our inquiries in EV. We also saw near doubling of our retails of EV. And from fourth, we now jump to second with 16.7% market share in EV in Delhi. So we are seeing momentum building up. We have increased supplies to Delhi from our side. We have made sure all our dealerships are activated. We have made sure that all our dealer service techs, et cetera, are being trained. So we are preparing our infrastructure.

We are also, as you know, building charging network. So we are also increasing charge points from our own side to create a stronger charging infrastructure for customers. Coming to product portfolio, way before this policy goes into effect, we will have a range of motorcycles into the market. And we are progressing well on that, and Kausalya can talk a bit about that.

Kausalya Nandakumar: Chandramouli, thanks for the question. We had unveiled our motorcycle platforms last year in EICMA in 2025. We continue to be committed to developing customer-centric, customer-oriented motorcycles.

Like Harsh said, we are obviously making sure that Delhi citizens and consumers have the power of choice as they walk into our showrooms on the full range of the EV scooters as well as the forthcoming motorcycle platforms that will be launched. And so we will have a full stack of available products to cater to every need before the policy comes fully into action.

Chandramouli Muthiah: Got it. That's helpful. Second question is just around the PLI comment that you had shared earlier that 60% of the electric 2-wheeler portfolio is now eligible for PLI. So just to clarify, what is the current percentage of company revenue that's coming from EVs? And roughly where you see that going with this additional capacity that's coming through going forward?

Vivek Anand: So as I talked about, PLI this quarter, we've got a benefit of -- a PLI benefit of INR48 crores, which is covering 60% of our business. And we expect that this benefit will cover almost all our products by end of December, right. So during the full year, we should have the entire EV portfolio under PLI benefit, right.

So EV revenue last quarter is around INR660 crores, right. So that's almost translating to on a INR12,999 crores, it's almost 5%, right. So that's the percentage contribution coming from EV during quarter 1, right. So our plan is to aggressively grow this business. So you will see in the rest of the year, the contribution from EV business as a contribution to the total revenue is likely to really move up.

Chandramouli Muthiah: Got it. That's helpful. And just last question relates to comments you had made on profitability. So I just want to understand, you did mention that a couple of your EV models are now gross margin positive. So I just want to understand on an EBITDA margin basis for the EV portfolio, how far we might be from breakeven? And if the PLI comes through on the full portfolio towards the end of the year, what it potentially implies for full year EBITDA margin on the EV portfolio?

Vivek Anand: So Chandra, so we are working on our 4-pillar strategy to achieve self-sustainability in EV business, right. So as I had talked in the past, so clearly, PLI is one big contributor. I talked about we are 60%. Hopefully, by December, this should become 100%. So that's one thing. As we move forward, we'll continue to improve our profitability of EV business.

Second is scale. So we've launched some products and some of the products have already started to be profitable, right. We are scaling up. So as we scale up our capacity and as we scale up, we will continue to get operating leverage that will help improve our profitability. We are working on BOM cost reduction. We are driving efficiencies. We are working on LEAP savings and better unit economics for new launches, and we are taking calibrated price increase in line with the industry.

Harshavardhan Chitale: Maybe Kausalya, you can talk about non-product revenue, which has also started kicking in.

Kausalya Nandakumar: Yes. So Chandra, just as a follow-up, of course, the price increase is as calibrated, keeping in mind how consumers are looking at the products and making sure they remain accessible. But we have a slew of now new offerings.

We continue to improve accessibility through our Battery as a Service offering across the portfolio that allows access point to consumers who wish to own an EV. We also are now amping up our focus on the revenue from connected services. We call it the VIDA Edge program and consumers can avail that benefit as a paywall benefit. And then once they subscribe to the services, we unlock a slew of connected features for them.

In addition, we are bringing highly focused products like extended warranty and other such value-added services for consumers to pick and choose from a bouquet of offerings. All of this now will supplement how consumers can actually use their EVs more effectively with a lot more confidence as well as bring additional revenue into the VIDA business.

Vivek Anand: Yes. And just to sum up, we continuously improve our unit economics of our EV portfolio. So just to give some numbers, this quarter, the EBITDA loss has come down from almost INR50,000 from previous quarter to INR40,000. So it's on an improvement trajectory as we really move forward.

Moderator: Our next question comes from the line of Kapil Singh with Nomura.

Kapil Singh: On the EVs, firstly, on the motorcycles, can you talk about what could be the timelines by which the platform would be ready? And in terms of segments, which are the segments which, where you see the adoption happening first? And how would the EV platform be different from the, EV motorcycle platform be different from the scooter platform? Just anything you can share in terms of as a concept?

Kausalya Nandakumar: Kapil, good morning. Kausalya here. We had talked a little bit about these 2 product platforms in EICMA 2025. So I'll reaffirm some of the pointers from there. The first concept that we talked about was Project Ubex.

It's our code name for a product that is suited very much for urban mobility. This is a neo-naked motorcycle concept, which we had revealed. This will be a good performance motorcycle for a segment of consumers who are looking for both the thrill and acceleration of a motorcycle on an EV platform, but also extremely city and road friendly. That's the first platform, Ubex, and you will hear more about this product as we come closer to launch.

The second was our collaboration platform with Zero Motorcycles of USA, which is a high-performance motorcycle. It's codenamed VXZ internally. This is coming into the much high-performance category. This is our aspirational motorcycle catering to those consumers who are looking for adventure, who are looking for a motorcycle that has a true outperformance need. So these 2 motorcycle concepts are already in display, and we've shared a lot more details about these products as they come closer.

And we continue to innovate and bring products into the market that consumers need. These will be new platforms. While we do take a lot of learnings from our scooter platform, the motorcycle platform now caters to the needs of a motorcycle consumer. And therefore, these are new platforms that we are developing with learnings from the scooter platform, but with technology that is suited to what a motorcycle consumer is actually looking for in terms of performance, rideability, gradability and range.

Kapil Singh: Any color you can throw on the timelines? Is anything coming this year, next year or it will be later?

Kausalya Nandakumar: It's not this year. We will be looking at products coming in from the next year.

Kapil Singh: Okay. Sure. And the second question was on the EV profitability. Any broad range in terms of where the breakeven volumes will land? And if you have done any cost benchmarking with competition, what are the areas where there are gaps which you need to bridge? Is it mainly scale? Or is it mainly the cost of the platform? Just any thoughts on this would be helpful.

Kausalya Nandakumar: Yes. So Kapil, I think a couple of elements. I'm just going back to what Vivek already shared. There are 4 major levers that we focus on, on profitability. The first, of course, is scale. We've just ramped up from the 15,000 mark to this quarter looking at close to 30,000. The scale gives us a lot of leverage, which will now start kicking in across the portfolio. On the BOM cost in specific, this is a continuous activity. Internally, we've shared what we call the LEAP savings program. This is a relentless focus on how we actually look at cost and design for cost. We have some unique value proposition like the removable battery that gives consumers a power of choice in terms of charging. And therefore, we believe our designs are unique and tailored to consumer need. But every quarter, we are seeing an improvement because we are putting all 4 levers at the same time, and we should continue on our trajectory to look positive by the end of the year.

Kapil Singh: Sure. And just lastly, on the volume growth for the industry, how are you thinking about it, especially in the second half? Should we expect growth to continue because the base is high. So just any thoughts there? That's all.

Harshavardhan Chitale: We see a strong momentum, not just quarter 1, but also July, and the momentum continues strong. So from 67% growth in quarter 1 for the industry, industry grew at more than 80% in July. So I think the growth is strong, and there are no indications of the momentum slowing down yet...

Kapil Singh: My question was on the 2-wheeler industry, not on EVs.

Harshavardhan Chitale: I'm sorry. Okay. So 2-wheeler industry, quarter 1, the total industry ICE plus EV put together grew about 14% in quarter 1. We see similar trajectory for quarter 2, looking at how July has started. H2, you're right, does have a base effect of big jump that happened in sales in H2 last year post GST. Hence, from a base perspective, the year-on-year growth will be lower, but the way momentum is, we expect still a positive growth in H2. And right now, plans are towards full year of approaching double digit as an industry growth.

Moderator: Our next question comes from the line of Raghunandhan N. L. with Nuvama Research.

Raghunandhan N. L.: Congratulations team on strong numbers and also for the comprehensive investor presentation. Thanks to the team and Sarthak. Firstly, can you talk about upcoming models with regards to premium motorcycle? There are expectations of models like XPulse 421, XMR 250. Your thoughts there will be helpful.

Anuj Dua: This is Anuj. There are a lot of models which are in working. You rightly said 2 of the flagship ones. In the next 12 months, you'll see many more coming up. Market will be fully lined up with these models. You'll see a few starting from this festive itself and going up to next few quarters as well. We'll see a lot of action in the premium segment. We are fully aware that customers love the brand XPulse, not just in India, but globally as well.

Raghunandhan N. L.: Noted, sir. So before the festive, these products should be available, sir?

Anuj Dua: A few of the refreshes will be. And then some of the larger full body change models we'll see in the upcoming quarters.

Harshavardhan Chitale: But not the 2 that you mentioned, they won't be before festive, but there are a few others that will, in the premium range that will get launched before festive.

Raghunandhan N. L.: Sir, secondly, on the PAM revenue, the revenue had grown about 5% last year. And this year, we have started the growth with 30%. Has the company been successful in expanding penetration, taking market share from the gray market? Can there be a 20% kind of a growth in FY '27?

Ashutosh Varma: So Raghu, you're right. I mean, strong growth close to 25% and beyond. We see the trend similarly in July as well. A mix of actions that has led to it. One, of course, is the expanded reach. So we have penetrated deeper with formats. There's a lot of operational excellence -- efficiency initiatives that are being carried out. So larger SKU coverage, new parts groups, new line of businesses doing well. So I mean, parts, while we are good, we believe there is a lot more to do. We are still about scratching the surface and hence, a lot of headroom. And especially, I mean, the growth that we see coming in is with the new lines of businesses that are, that have started doing exceptionally well.

Harshavardhan Chitale: And Raghu, as you rightly pointed out, there is a growth by eating into gray market, but there is also growth through accessories, which increasingly we see traction as our VIDA range increases and premium range increases. Also in the parts business, there is a lot of growth coming out of our exports business. So, and that's the reason why the new investment of GPC 2.0 that we announced with a CapEx of INR750 crores. So that pretty much more than doubles our capacity to handle parts business.

Raghunandhan N. L.: One last question on the commodity cost impact that is expected to be small in Q2, is 50 basis point increase Q-o-Q a fair estimate? Around 4% price hike has been taken so far. Would you need further price hikes? Or would you be focusing on cost savings?

Vivek Anand: So Raghu, I think, so we are -- as I said, we are expecting a marginal uptick in input cost inflation, which we plan to neutralize by continued improvement of product mix and optimizing our discretionary spends and accelerating cost saving programs, right. So we are confident of mitigating the impact of any potential material price inflation during the quarter through these initiatives.

Moderator: Our next question comes from the line of Sonal Gupta with HSBC Mutual Fund.

Sonal Gupta: Just had a couple of questions around this, I mean, again, on the pricing. So what has been the price increases that we've taken, right? Like for this quarter and my understand -- and then in July, what sort of percentage price increase have we taken?

Harshavardhan Chitale: So we have taken so far about cumulatively from, over the last 3, 4 months, 4.5% of a blended average price increase. So on different models in different months. So that's why I gave you a blended 4.5%. And this is on the ICE part. On EV, even higher increase. In fact, it's closer to double-digit price increase. But part of that is actually price increase also with the differentiation with more functionality getting offered there. So there, the price increase in terms of per unit price is in double -- early double digits.

Sonal Gupta: Got it, sir. So just this 4.5% is since the beginning of the year or this is just April and July put together?

Harshavardhan Chitale: This is from February, end of February.

Sonal Gupta: End of Feb. So yes, so, and this, would this include any July price increases as well? Or this is...

Harshavardhan Chitale: In July, we did a marginal price increase. As Vivek mentioned, we expect marginal cost increase on commodity, which is already getting fully mitigated through our mix and LEAP savings and optimizations of cost. But in anticipation, we also took a marginal price increase in July in our ICE as well as -- in ICE.

Sonal Gupta: Got it. No. So my question was really around, I mean, like these price increases, I mean, some of it, obviously, given the unprecedented cost inflation is warranted. But I mean, like at what, given that our category itself, our core category has been sort of struggling in terms of growth.

And if I look at your overall market share on a year-on-year basis, VAHAN market share in Q1 has dropped like 150 basis points. At what point do you think that we'll calibrate this and focus more on driving growth rather than just, I mean, like taking price increases. So I'm just wondering that at what point do you think that you've taken, that more -- we cannot pass on more to the consumer in the shorter term?

Harshavardhan Chitale: No. So I think we continue to remain focused on growth, and that's what you saw in 23% growth in the volume growth in the quarter and so on. And hence, as Vivek said, it's calibrated price increase. We've not passed on all of the commodity cost. And there are areas where we've passed on less, there are areas we passed on more. And on some absolute entry-level variants where we wanted to expand the market and bring new customers into the market, we've even taken a calibrated cost reduction -- price reduction for some geographies.

And that was a question earlier from Pramod on HF in some states. And that is immediately seeing a jump in our volumes in that category. So our focus, to answer your question, continues to remain on driving volume growth and hence, calibrating price increases appropriately.

Moderator: Ladies and gentlemen, due to the time constraint, that was the last question for today. I now hand the conference over to the management for the closing remarks. Thank you, and over to you, team.

Harshavardhan Chitale: Thank you for joining us today. There are more details available on our website where we've uploaded for the first time our quarterly results presentation that gives a little more color. Please do take a look at it. And if there are any follow-up questions, do write to us, and we would get back to you.

Vivek Anand: Thank you.

Moderator: Thank you so much, sir. Ladies and gentlemen, on behalf of Equirus Securities, this concludes today's conference. Thank you for joining us and you may now disconnect.