Date: November 20, 2026

BSE Limited ("BSE")
Phiroze Jeejeebhoy Towers,
Dalal Street
Mumbai – 400001

National Stock Exchange of India Limited ("NSE")
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex,
Bandra (E), Mumbai – 400051

Scrip Code: 544936

Symbol: HEROMOTORS

Sub: Transcript of the Conference Call for Analyst / Investors held on November 16, 2026

Dear Sir/Ma'am,

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith transcript of the Analyst / Investor Conference Call held on November 16, 2026, in respect of Unaudited Standalone and Consolidated Financial Results of the Company for the quarter and half year ended September 30, 2026.

The above information will also be hosted on the Company's website at https://www.heromotors.com/investors/corporate-governance/investor-updates-investor-meet.

Please take the aforesaid information/document on records.

Thanking You,
for **Hero Motors Limited**

Sakshi Dureja
Digitally signed by Sakshi Dureja
Date: 2026.11.20 16:35:00 +05'30'

Sakshi Dureja
Company Secretary & Compliance Officer

“Hero Motors Limited

Q2 FY27 Results Conference Call”

November 16, 2026

MANAGEMENT: **MR. AMIT GUPTA – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – HERO MOTORS LIMITED**
MR. UTKARSH SANGHI – CHIEF FINANCIAL OFFICER – HERO MOTORS LIMITED

MODERATOR: **MR. RONAK MEHTA – ICICI SECURITIES LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the Hero Motors Q2 FY27 Results Conference Call. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Ronak Mehta from ICICI Securities. Thank you, and over to you, sir.

Ronak Mehta: Good evening, everyone. On behalf of ICICI Securities, we would like to welcome you all to Hero Motors Q2 FY27 Earnings Conference Call. Today, we have with us from the management team, Mr. Amit Gupta, Managing Director and CEO; Mr. Utkarsh Sanghi, CFO; and the IR team.

So we'll start the call with brief opening remarks from the management team about the quarter gone by, and then we'll proceed to the Q&A session. Thank you, and over to you, sir.

Amit Gupta: Hello, everyone. My name is Amit Gupta, and thank you for joining this call. This is really special, even for us, as the first earnings conference call for us. Thank you very much for the support in the IPO. The promoter, Munjal family, some of you know, that Munjal family is the promoter of the company.

And we started this business long back about more than two decades back. At that time, this company -- just to give you the background, this company was a sheet metal component company. And this company was a division of Hero Cycles Limited, which was our flagship company, which is our flagship company.

In 2010 onwards, after the separation of Munjal family in the business, this company started focusing in powertrain solutions. And Mr. Pankaj Munjal, our chairman, he's really -- he's the Board member since the beginning and incorporation of the company, and he helped guide the company evolution from sheet metal components to powertrain solutions.

We make the complete systems, complete transmissions and the EDU systems, electronic drive units now. And we design to cost. We design these complex systems and the manufacturing also. Our board and the management, we will discuss in upcoming slides. We thought that it's the first call, it's important that we share a little bit about the company, what we do, where we have locations, what customers, what kind of systems we make.

So we are, you can say that we are the design to cost company and globally competitive company, a few companies in the world, and we make the CVT systems also for electric mobility for the European market, that too in two-wheeler industry. Maybe we are the only company making that.

We have two business divisions, Gears and Transmission, Powertrain Solutions and Alloy and Metallics. Alloy and Metallics is our legacy business, which we started more than two decades back, and we make some components as the sheet metal components, painting, machining, all those components there.

Powertrain Solutions business we started in 2012-13, and we started making components for the gears and transmissions. So we have two subdivisions in the powertrain solutions. One is gears and transmission, and one is bike powertrain. In gears and transmissions, we make the complete systems and it's for automotive, aviation, marine, defense. That kind of systems.

And in bike powertrain, we do for the micro mobility for two wheelers and three wheelers for the global market. In overall, we have two tech centers, one in UK and one in India. UK tech center focus more on automotive and aerospace, and Indian tech center focus more on the micro mobility in bike powertrain solutions.

We have six manufacturing facilities, four manufacturing facilities in India, one in UK and one in Thailand. We do most of our manufacturing of components in India, and we do the final assembly closer to the customer. That is how our business model runs. We have -- since when we started our business in powertrain solution, it was like a component business, as we said, and it transformed to systems and then we from systems, we started designing also to the cost system.

So we now make our own design transmissions and we serve the global market, global customers. In our system of business, we are about 56% gears and transmission. And if we see in gears and transmission, about 28% of our business is in EV and hybrid solutions. In bike powertrain solutions, 100% of the business is in EV and hybrid solutions, and we make 100% of the business in systems also or a part of the systems. So we don't make components there in bike powertrain solution.

If you see, you know, in acquisitions and JVs in the past few years, Hewland Engineering is the company which we acquired in UK, and this company works as our design house. So we make our design for the transmissions there in UK, Hewland. We have good engineering people there. We have one facility where we have the you know, engineering people, prototyping facility, and the manufacturing facility, and one facility we have is for the testing and validation.

HYM is a joint venture with a Japanese company, Yamaha Motor, and here we make the motors for the micro-mobility for the two-wheelers and three-wheelers. Munjal STP is our recent joint venture, which is in alloy and metallics division, and this joint venture is for the forging and the machining facility for the global market.

About 37% of our revenue -- 38% of our revenue is from the global market -- it's from the overseas market, and the rest is from India. If we talk, majority of our business is in motorcycles, which is premium motorcycles in the global market. Performance cars like motorsports, cars, Formula 1, Formula 2, these kinds of vehicles.

In electric bicycles, we work with a company called Enviolo, where we make the company continuous variable transmissions for the European market mainly, and we have very good market share in this company. And in the automotive segments, we work with a few companies globally, and majority of the business is in EV or hybrid solutions here.

As we discussed our bike power train solutions, we make motors, the complete EDUs systems, electronic drive unit, which includes motors, controllers, battery, sensors, all put together. We design those systems, manufacture those systems in our group companies or maybe through our

supplier, we integrate everything together, test and validate together, and then we supply to the global market. And the same way we do for the three-wheelers also in L3, L5 categories.

In our transmission business, we work in component category, in the gearset category and the complete solutions also for the global market. And here we work for, you know, in automotive, in performance automotive, in performance bikes segments, and the aerospace. Our majority of the customers, if we talk, let's say in our powertrain solutions, majority of our business is overseas. And the business is in Europe, USA, in Asia, and some part of the business is in India.

Where is in alloy and metallics, our business is primarily in India, and now we have some customers in global markets which we started two, three years back only. So overall, you can say that in powertrain solutions, about 70%, 75% business is in global market.

So we focus more on providing the complete systems rather than the components, and we focus on the design to cost solutions for our customers, where we make our own design and we make the design sometimes for the customers specific, which the customer asks us to make, or sometimes we make our own design for the products we manufacture and sell in the global market. And those products we sell in our own brands.

In some of the important things for us is that our relationship with the customers and our partners, like Enviolo is one of our partner, where we started manufacturing the CVTs first time in the country, in India. And we have majority stake share of business in the global market now. And here we are planning to -- we already co-developed the CVTs with the customer, which are already in the market in Europe. We are since last two years.

Yamaha is another joint venture partner where we started doing our motor manufacturing in the micro-mobility segment. STP Germany is another joint venture partner. Same way we have partnership with the customers, where we have very long-lasting relationship with very prominent customers, marquee customers in the global market.

When we say long-lasting relationship, that approximately you can say about maybe one decade to two-decade relationship with them. And important thing is that in the last 10 years, we have not lost any customer. Whenever we started any project with any of the customer, maybe the project we started with one project, we run now various project with the same customers.

If we see that in last five years or six years, the majority of the business was in alloy and metallics sheet metal component earlier. And if we see now in FY26, which are the published results, we see majority of the business is in powertrain solutions. So, most of the profits we earn is in powertrain solutions. Here, the margins are good.

In gears and transmission business, we earn more than 20% EBITDA. In some of the projects, specifics, we earn 25% to 26% or maybe 30% also in some cases. And alloy and metallics, our EBITDA level is 6% to 7% overall. Bike powertrain business which we started, about in 2018-2019 only, is also a significant portion of our business now. Last year, this was about 13% of our total revenue.

As we discussed, now we focus more on systems versus the component. 20, 25 years back, the system portion, the complete solutions, it was only 5%, 6% or maximum 7%. Now we do approximately majority of our business in the powertrain solutions is in system solutions.

And we focus on the in the global market. In FY26, more than 40% of our revenue comes from the global market. And if you see the powertrain solutions, approximately 75% of the business revenue comes from the global market.

If we talk, let's say, the new developments -- a few new developments or the BD initiatives we have taken or are doing, one of the major initiatives is that we are setting up a new facility in Bengaluru, India. And this facility will focus on the EV system manufacturing. This facility we are planning to establish in March or April 2027.

And next year, we have a good order book already. We will ramp up this facility in one-year time and 28, 29, we can see a good sizable business from this facility. One very good project which we have got is Formula 2 racing program, which we are now designing the complete transmissions, 6-speed transmissions, integrated starter system and advanced differentials for Formula 2 racing cars and we will be starting supplying this end of this year.

Similar projects we have, we are working on it at gate transmission, which is for premium super premium cars. We are working on, we are designing the transmissions internally in our R&D facility in UK and planning to do this in FY27-28. Marine application is again the target here, we have got some projects already.

We are working, designing some of these transmissions and making the prototypes and testing and development. We focus more on the businesses where we have the design to cost solutions as we said in the beginning. We make the design, we test, make the prototype, test, validate and give to our customers.

And if the testing and validation is done, it's well fitted, then we take the manufacturing orders and we try to do the manufacturing orders from the low-cost country. Manufacturing of the major components happens in India and the final assembly sometimes closer to the customer. Like in Hero Thai facility, we do the manufacturing of the gear sets in India, but we make the complete transmission inside facility and serve to BMW there.

Same way we try to do the components manufacturing in India and the final assembly in UK also. One of the projects which we have got already is a design project where we are working for a European company and making the last-mile mobility vehicles for them and the designing of the complete vehicle.

We are focusing on eAxle motors and other components from our subsidiaries and our suppliers in India. This project is one of the prominent projects. It's more or less like L5 category in India, but it's very prominent project for a global company in Europe. Same way we are working for L3 and L5 segments in Indian market and we have got already some customers. These transmissions are designed, co-designed by the Indian R&D and the UK R&D, the complete differentials and we are serving already started serving some of the Indian customers.

If we talk, let's say, about our order book, approximately we can say about INR4,000 crores are the projects which are in the lifecycle. So, we have one project which range from 5 years to about 8 years. Approximately INR4,000 crores is the life-time revenue of those projects, which we already got and we are developing those projects internally.

One project takes approximately the one-year time to two years' time to develop and start supply to the customer. So, these are the projects where we already got the purchase orders or the confirmation from the customers and we are now developing those projects internally and starting supplies to the customer. These projects amount approximately INR500 crores to INR600 crores of revenue every year which will sit on top of what we are doing.

Some of the quality awards like Ducati Holding, they gave us best quality awards. Like River in India, they gave us best quality awards. Harley-Davidson USA, they gave us letter of appreciation for the work we did for their one of the projects LaMotta. And these kind of projects and maybe export award by the UP government, one of the best exporter in the state.

In our leadership, our board as we, you know, shared that Mr. Pankaj Munjal is our Chairman and, he has been, you know, guiding and, and very, you know, very much involved in the strategy of the company. Mr. Abhishek Munjal, who joined our board in 2020, is the whole-time director, from the Munjal family.

Mr. Andrew Palmer, he is the board member and he is the ex-CEO of Aston Martin. He advises on R&D projects to be taken, where should we focus more on R&D. Mr. Ashok Kumar Taneja, he is a veteran and he is, ex-CEO of Shriram Pistons. Mr. Keshav Misra and Mr. Sridhar Narayan, they are from the PE industry and they understand the financials.

Ms. Jyoti Arora, Pratibha Goyal, who could be seen, they are -- Jyoti Arora is IAS and Pratibha Goyal is from the, I think she is a professor and come from the academy background. And Mr. Kulbir Singh is from the bank background. So these, these people really support us at the board level.

In our management, so it's very important to share that, in our management, the top management level, average age of the people in the management is six to seven years in the company. Mr. Chandra Shekhar Mittal, he comes from ZF Hero, our joint venture company, and since last five years, he is the CEO of gears and transmission business.

Mr. Anil Rathi, he is there in the group since more than 15 years, and he is the CEO of bike powertrain business. He is the person who nurtured this business from scratch, from 2018 onwards, and, and in the current situation, this business is one of -- very important business for us and doing very, very fast.

Mr. Utkarsh Sanghi, he comes from Hero Cycles. He is the CFO of the company. He was the CFO of Hero Cycles and shifted recently here in Hero Motors. Mr. Ajay Sood, again, he is COO of alloy metallic business and, he will be responsible for, Hero STP -- Munjal STP joint venture also.

Mr. Holger, he is the CTO of bike powertrain business, reporting to Mr. Anil Rathi, who is the CEO of bike powertrain. He's German national, but overall, he is the person who is guiding us and, and taking the R&D in India forward. Mr. Ashish Narukulla, not sure if he is there in the call. He is the strategy guy. He is working currently as interim CEO of UEN. He is, since last three, four years, he is there in UEN UK.

Agnes, Agnes is group sustainability director, and she is working at a group level, for the global business. Mr. Sanjay Singh Suryavanshi, he is Vice President, Business Growth and HR. He is the person who is there in the group since last 15 years and, responsible for the subsidiary companies also.

Now, there are, some financial details, which, my colleague, Mr., Utkarsh, would like to share with you.

Utkarsh Sanghi: Thank you, Amit, and good evening, everyone. Let me now brief you on our financial performance for the quarter, quarter two of the current financial year FY27 and also for the first half of the current financial year 2027. So starting with the quarterly performance. During the quarter, the standalone revenues from operations grew by 27% year-on-year to INR318 crores from a number of INR251 crores.

EBITDA -- corresponding EBITDA increased by 35% on an year-on-year basis to INR47 crores, with EBITDA margin also improving by almost 99 basis points to 14.4%. Profit after tax grew by 49% year-on-year to INR24 crores, while the PAT margins improved by 112 basis points to 7.3% on a standalone basis.

On the consolidated front, revenue from operations grew by 21% on a year-on-year to INR365 crores from INR301 crores during the same period last year. EBITDA increased by 23% year-on-year to INR47 crores, with EBITDA margin also improving by 22 basis points and leading the EBITDA percentage to 12.8% in the current financial year for the first half. And the corresponding percentage of EBITDA for the same period last year was 12.6% approximately.

Profit after tax also registered a very strong growth of 62% on a year-on-year basis to INR18 crores from INR11 crores in the same period last year, with PAT margins also improving by 125 basis points to 4.9%.

From a business segment perspective, all the 3 segments contributed 2 growth. Alloy and Metallics revenues increased by 24% year-on-year to INR174 crores. Gears and Transmission grew by 16% on an year-on-year basis to INR142 crores, while Bike Powertrain recorded a strong growth of 27% on a year-on-year basis to INR48 crores.

In terms of the revenue contribution, Alloy and Metallics contributed to 48%, Gears and Transmission, 39% of the total revenues, and Bike Powertrain contributed to 13% of our total revenues. So thereby taking the total contribution in terms of revenue from the powertrain to more than 50%, approximately 52%. This similar percentage 5 years back was -- 5, 6 years back was 80/20 between Alloy and Metallics and Powertrain.

So Powertrain being the more profitable division segment, and our focus being more on powertrain solutions have improved from 20% to 52% as we speak. From a product application perspective, EV and hybrid applications increased their contribution to total -- in the total revenues to 26% in Q2 FY27, compared to 20% in the corresponding quarter last year, while ICE applications accounted to the remaining 74%.

This increasing contribution reflects the expanding scale of our electric and hybrid powertrain business alongside our established ICE portfolio. Moving on to the half-yearly performance, the performance for the first half of the Financial Year 2027, standalone revenues from operations grew by 28% year-on-year to INR596 crores.

EBITDA increased by 57% year-on-year to INR92 crores, with EBITDA margins improving by 292 basis points to 15.2%. Profit after tax grew by 92% year-on-year to INR47 crores for the first half of the current financial year, while PAT margins improved by 261 basis points to 7.8% on a standalone basis.

On the consolidated front, the revenue from operations grew by 23% year-on-year to INR684 crores. EBITDA for the same period increased by 32% year-on-year to INR87 crores, while EBITDA margin improving by 103 basis points to 12.5%. Profit after tax also registered a strong growth of 84% year-on-year to INR28 crores, with PAT margin also improving by 136 basis points to 4%.

From the product application perspective, the contribution of EV and hybrid solutions increased to 24% of the revenues in H1 FY27 compared to 20% in H1 FY26. While ICE application accounted for the remaining 76%. This again reflects the growing contribution from our electric and hybrid powertrain business alongside our established presence in the conventional ICE applications.

On a segment level, the gears and transmission grew by 15% year-on-year to INR265 crores. Bike powertrain grew by 37% in the first half of the current financial year to INR89 crores. Alloy and metallics also registered a growth of 26% in the current- first half of the current financial year to INR330 crores.

Moving on to the balance sheet. So on the balance sheet front also, we have registered and strengthened our financial position with our debt-to-equity ratio improving significantly from 0.89 times in FY26 to 0.21 times in H1 FY27. This provides a greater financial flexibility to support our planned investment and future growth initiatives.

With this, broadly, I conclude my remarks. We remain focused on building on our operational progress strengthening our financial performance and creating sustainable value for all our stakeholders. Thank you, and we now open the floor for question and answer session.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Ronak Mehta from ICICI Securities. You may proceed.

Ronak Mehta: Thank you. Thank you team for the detailed commentary. So my first question is on the order book. So in the slide, you've highlighted that, the total business pipeline is about INR4,000

crores, which would get split over 5 to 8 years, and average annual revenue is about INR550 crores to INR650 crores basis this order book.

Wanted to get a sense on what is the -- are these orders confirmed or these are still under development? And if they are still under development, what would be the confirmed order book and by when can we see the full ramp-up on an annual basis? Roughly about INR550-INR600 crores revenue. By when can we see that ramp-up? Yes, that would be my first question.

Management: See, when we say the product under development for INR4,000 crores, it means that the product orders are under confirmed, or we have very high visibility of these orders. These products are under development at our end already for the confirmed orders.

So when we say 5 to 8 years of the lifecycle of any product we do, and sometimes it's more also, up to 12 years, it means that, as and when the product is done, the complete development is done at our end, it's going for testing at customer end or at our end, and then the final SOP starts. It normally 1 year to 2 years time cycle. So out of this INR500 crores, INR600 crores of orders every year, you can say that partially we'll start any times now onward.

You know, some of the orders, if we talk, let's say, very specifically, it could be about INR100 crores to INR150 crores of orders which will start within this year, and some of the orders will start next year. But overall annual size will be about -- and when it's a ramp-up, it's approximately INR500 crores to INR600 crores.

Ronak Mehta: Yes. So is it fair to assume that full ramp-up will happen, or at least it will reflect from FY29, if not later, either FY28 or FY29?

Management: Yes, FY28 we can see that more or less 100% of ramp-up. In next year itself -- in this year itself, there will be some ramp-up, some orders which will be starting to executing.

Ronak Mehta: And when you say that the visibility, basis of visibility that you have, does that also mean that your customers have also invested in some of these pipeline business projects and hence there is a good visibility? Is it fair to assume that there would be a high probability that these orders will get confirmed? The timeline may vary, but it will get confirmed.

Management: Yes. These orders are already confirmed by the customers, most of these orders. So definitely customers' final products is under the NPD, the new product development phase. And these products are -- some products are under launch stage, some products are under going to be launched, some products are shifting of the suppliers. So these kind of situations overall. But all the orders are confirmed from the customer side.

Ronak Mehta: Perfect. Okay, my second question is on the marine application orders that you highlighted in one of the slides. Can you throw some light on how critical is that component or the product and what is the size of the order? Who's the customer? Given that you highlighted that this is the first supply contract in marine sector? So how significant, or what is the overall addressable market for this? So how significant this can become over the medium term?

Management: So see, we already started designing some of the transmissions, or part of the transmissions for some of the customers in marine sector. In fact, this is our second or third order in the marine application. This order is not that very big order, it will be approximately you can say, INR5 crores to INR6 crores of design fee which we will charge for designing of this transmission.

But you know, the order confirmed after the designing. In some of the orders we have seen in the past that when we do the designing, we do very strategic projects. And if this order converts to the manufacturing order, the size becomes very big. For one of the orders, the size is very big already.

So this kind of orders, the designing fees to the range of about INR5 crores to INR20 crores only. But later on the size could be very big once we have the serial production order from these customers.

Ronak Mehta: Understood. And you would already be in engagement for manufacturing some of these components or products from India?

Management: Yes.

Ronak Mehta: Perfect. Okay. And my third question is on the new Bengaluru facility. So you've highlighted that, you've leased this facility and for some of the customers. Can you throw some more light on what would be the overall capex for this plant? What is the revenue potential of this plant and who would be the key customers to whom you'll cater to from this plant?

Management: Yes. So, next year we are planning. We already have the orders, confirmed orders from the customer for this facility. And next year in 2027-'28, we can say that approximately INR60 crores to INR80 crores of revenue we may do from this facility. And at 2028-'29, we have very good visibility, approximately we can say about INR200 crores plus/minus 10%, overall. And these are the confirmed orders from the customers as per the schedule given by them.

A major customer is going to be River, where we are 100% supplier for the transmission systems they use for their electric bike, electric scooter, and we are going to make the chassis also for the electric scooters in this facility.

Ronak Mehta: Perfect. Okay. My next question is on the overall capex and debt. So what would be the capex outlook for this year and next year, total capex? And even for the debt, and how should we think about the interest cost in the second half given that you have plans to pay off some of the debt through the IPO proceeds?

Management: Yes. So starting with the capex. So in terms of capex, we have been historically investing to the tune of almost like INR125 crores to INR150 crores in our growth business. Our Gears and Transmission segment is a capex-heavy segment and also the most profitable one and also the highest ROCE-generating business. So we continue to invest in that business.

Our objects of the IPO, as per the objects of the IPO, we are using INR200 crores of the IPO proceeds in the capex investment over the next 2 years, this year plus next 2 years. Other than that, there would be approximately INR150 crores of capex more maintaining the same average.

And this mostly goes into the Gears and Transmission. Setting up of the new facility of STP, and some of it would be in the Bike Powertrain segment. These are the growing segments that we have.

Moving on to the interest costs. So current interest costs are at a level of INR8 crores to INR9 crores per quarter, which have been the historical thing. We have repaid INR190 crores of our loan, which were at approximately, INR410. Now the loans stand at about INR220 crores. As per the August, we have repaid INR190 crores, so we will save interest to that extent. And the existing -- now going forward, the interest cost will come significantly down to between INR1.5 crores to INR2 crores per quarter.

Ronak Mehta: Perfect. So one last question from my side before I fall back in the queue. Can you also highlight or give an update on the STP facility? By when can we expect that to commence? And what is the order book? And what could be the revenue potential of that facility over the next 2 to 3 years?

Management: So this is a new joint venture which we started last year only. And we see that the manufacturing of this facility may start next year in 2027 Calendar Year. And, as of now, there are a few customers we are already in touch. This is for the global market. We foresee that approximately 70% revenue will go to global market and 30% from the Indian market. So, you know, our existing customers mainly in Europe like BMW and others, they are very keen to explore the facility and see the feasibility.

But as of now, we are focusing more on the execution, machine ordering, construction, all those things. I think overall this company STP, if you see the customer portfolio of STP, they are suppliers to global OEMs and mainly Europe. And this business is shifting for forging and the precise machining, this business is shifting to other countries including India. So that is, I think, a good opportunity for us to work on. As of now, the orders are difficult to share, but overall we are expecting…

Ronak Mehta: But you are investing about INR350 crores, right, for this project?

Management: No. Not only on this project, INR350 crores is what is expected to be spent on capex in the growth business overall. This facility…

Ronak Mehta: Yes,

Management: In this facility it would be in the range of around, probably 50% of this amount, maybe 50% slightly lower also.

Ronak Mehta: Okay. And is it fair to assume that the asset turns will be somewhere around 1.5 times typically what we see in case of other forging companies?

Management: Yes, yes, that's right.

Ronak Mehta: Perfect. Thank you, thank you. I'll fall back in a bit.

Management: Thank you.

Moderator: Thank you. The next question is from the line of Smith, an Investor. Please proceed.

Smith: Yes, hi sir, am I audible?

Management: Yes.

Smith: Yes. Sir, congratulations on a good set of numbers. So my question is regarding the growth outlook. So we have grown at healthy double digits for H1. So what would be the outlook for the full year? And secondly on margins, we have delivered well on margin front as well despite the commodity inflation. So how is the pass-through arrangement for us with our customers? Is it quarterly, monthly? How does that work?

Management: See, on the numbers from the growth part, we foresee more or less the same kind of growth. And the year we are thinking that we should be 20% plus in terms of revenue and EBITDA percentage will definitely be higher than the last year. Now, it's very important to note here that the holding company, Hero Motors, which I think Mr. Utkarsh also highlighted, it's approximately, we have earned approximately 15% EBITDA in H1 and PAT of about 8%, whereas when we go to consolidation level, the EBITDA is 13%.

It means the investment in the subsidiary companies, those are getting realized and we are slowly, slowly moving up in those companies. The overall, the losses in those companies are getting clubbed. But overall, some of these companies are getting converted into EBITDA positive in the next 6 months' time, which is a very positive sign for the company. And we see that once that happens, then overall profitability, it looks very different, lucrative. So that is how we see this as investment in the subsidiary companies. And next question was on the…

Management: Margins.

Management: On the margins. So I think the margins are going to be at EBITDA margins, you can say approximately 14%-15& in that range.

Management: Yes. So margins would definitely be following the trajectory that they have been following. And as of now, we can say that we have been in line with our internal targets. We have kind of achieved, and we expect to be in line with our internal targets going forward as well.

Smith: Okay. So my next question is regarding the gears transmission business, bike powertrain, and alloy metallics business. Which of these, from these segments, which is that one segment that in your assessment has the highest opportunity to outpace the other segments in terms of growth? And are there more product developments or component developments that you're doing in each of these segments?

Management: So, these businesses see it's very difficult to say that, okay, which of these segments is doing better, but if you see the gears and transmission business, the CAGR of this business over the last 5 years is more than 30%. In the bike powertrain business, this is a newly established business, but we already have about 13% revenue coming from there.

In gears and transmission business, the thing is that we are already having good marquee customers globally and we are growing consistently, 20%, 30%, sometimes 40% also year-on-year, which is a good sign, and we have a good order book in place already. And at the same time, we are also working on some new projects, which are not already in hand, but we are working on them as a strategy and which includes very high-volume potential with some global customers -- or with some global partners.

So that is something which we are doing in gears and transmission. In bike powertrain, it's a business which we established. Now, we are already having our product lines selling in Indian market and European market. Here the capital output is not that high, in gears and transmission business, but here actually more designing and R&D which plays a very good role. So here also we are working very good.

In fact, last year -- in 2026, we have grown almost 50% in this business segment. And this year again, we are in that line. So overall we are doing good in these two segments, Powertrain Solutions. Alloy and Metallics, our strategy is to go more into premium segment. So, it may not be too much in revenue, but with the STP joint ventures coming in, it may increase the margins what we are having in this business.

Today we are having 6%-7% EBITDA margins and we are internally aligning much higher than that.

Smith: Got it.

Management: Also, to answer your specific question, we are expecting the highest growth is in the bike powertrain segment because that's the newly established segment. This is in line with the EV segment. 100% of the product goes into EVs, which is a growing segment for us. Gears and transmission continue to be a very, very profitable segment, but it is a much-established segment and the bike powertrain segment is a growing segment. So highest CAGR is expected in the bike powertrain segment.

Smith: Okay. Thank you. I'll fall back in the queue.

Moderator: Thank you. The next question is from the line of Digant Shah from DAM Capital. Please proceed.

Digant Shah: Hi, congratulations on the good set of numbers and thank you for the opportunity. I wanted to know that our new business of Hero Thailand and the EDU business, how it's going to get scaled up in coming quarters and any timelines and revenue potential of that business?

Management: So, Hero Thailand is the facility which we established for our anchor customer BMW therein Thailand. And we are starting new projects, in fact, there is the customer team already in place this month. We are starting that project maybe from January or February this financial year itself. And up to now we were doing the sale from Hero Thailand to BMW Thailand. Now we are planning to do it in BMW Germany also from Thailand facility.

So that will scale up. It's a very good, one of a very good project. We are also expecting some new orders in Thailand facility, which are not yet confirmed from the customers, which are European customers and American customers in Thailand. So, we see good growth in this overall next year, we see good profit in this Hero Thailand facility.

In EDU, it's a new, as I think Vivek also shared, it's a new segment for us. EDU systems we started making from 2024-'25 only and this year we are doing good. In fact, we have already crossed the sales which we did last year in the whole year in the six months' time. Good order book from different customers, we are also developing some good products for the customers.

So overall this segment is expected to grow much higher than the other segments in terms of percentage of the growth. It's a good overall, we see approximately, you can say in EDU only, approximately 80%, 90% growth we did last year from 3 to 30 or 25 and this year approximately 70%, 80%. So, I mean to answer in terms of numbers, EDU started in FY25, when we did and late FY25 and we did approximately INR25 crores of business in there.

Last year, FY26 is this business was INR27 crores. So, you can see the growth number. This year, as Harshavardhan also mentioned, we have sort of already crossed the number that we did for the entire last year. So, the growth is there and this is in line with our internal plans as well. So, that's the growth that you're projecting for this year.

Digant Shah: Okay. And my second question was that, in the Alloys and metallic segment, we saw very high growth of 24% year-on-year. So, is there any one-off -- or household, because it is much higher than the industry growth rate. So, household which look into that,

Management: In alloy and metallic business, it was more or less, the business for the domestic customers earlier three years back, and we added some new customers, new products in this segment. And we also started some sale to European market. So, that is the reason that, we are growing in this segment. But overall, we see this growth in this.

Management: Again, with SCP coming into this segment, the growth will definitely be higher and in line with what was there. Till the time SCP starts their production, the growth might, we are not saying that the growth would be 24% every quarter-on-quarter, but yes, there will be growth, but the major growth will come once the SCP facility starts the production -- the commercial production.

Digant Shah: Okay. And are we on track to commence the facility from Q1 FY28 onwards or it would be any guidance on that?

Management: This could slightly vary because, when we had projected, we did not foresee the war situation that was there in Q1 entirely. So, it got slightly impacted, but we are committed to at least the timelines, maybe slight delay, but we are there.

Digant Shah: Okay, okay. Thank you. Thank you for your guidance.

Moderator: Thank you. The next question is from the line of Ayan Satyaki an Investor. Please proceed.

Ayan Satyaki: Hi. Thank you for taking this opportunity. I have a couple of questions. First one on the margins front. Your stand-alone margins, EBITDA margins have improved significantly from 12.3% in H1 to almost roughly 15% in H1 FY27. And the consolidated margins remain at a similar level of 12%, 12.5%. What are the key differences in the profitability margins between the standalone and its subsidiary? And separately, are there any specific factors that affects the console margins as compared to your standalone margins?

Management: So, see, the standalone margins, as the name suggests, have are margins of Hero MotoCorp Limited, which is a steady state business for us, comprising of primarily Gears and Transmission, our legacy Alloy and Metallic and the PVT system business. All those are established businesses, while the subsidiaries on the console front, there are subsidiaries which have got newly established as we were discussing, the E-sync facility, the EDU, the HYM, they have recently come up. So, they are in the growth phase, - the ESYNC facility, the EDU, the HYM, they have recently come up.

So, they are in the growth phase. Amit also mentioned that we are on the path of making them, break-even. Maybe some of them would be break-even probably in this year itself, while the others we expect to achieve a break-even mark in the next year. And therefrom the growth journey begins for the subsidiaries as well. So steady state, our standalone margins of H1 FY27, even at PAT levels, we are close to 8%, 7.8% of PAT margins.

Yes, the margins on a consolidated basis are slightly lower due to these subsidiaries' growing businesses, and they are witnessing the growth, and they are broadly in line with our, again, internal plans and estimates.

Ayan Satyaki: Got it. Another question I had was on the manufacturing capacities and utilization levels on across the divisions, so G&T, BPT, A&M, could you be able to provide me a breakup of the installed manufacturing capacities and utilization levels, current utilization levels, and what are the anticipated utilization levels, current utilization levels. And what are the anticipated utilization levels or the expected optimum utilization levels you would want to reach in these specific businesses?

Management: Yes, so broadly speaking, the Gears and Transmission, they operate at about, close to 70% to 75% capacity utilization levels. Bike Powertrain, there is a lot of room. We have done the capex. Now is the time to reap the benefits. So, they are at a fairly low-capacity utilization level, and that's how we are able to achieve the growth that we have been achieving for the past 2 years and the first half of this year in bike powertrain.

Alloy and Metallics again operate at about 70% to 75%, maybe slightly more in one of our facilities at capacity utilization. This would again be slightly lower due to the SCP coming in the next year initial phase, and once it ramps up, the capacity utilization would be at a similar level.

Ayan Satyaki: Got it. One last question I have on the realization levels. So, I just wanted to understand what are the margin differences between a system-level product as compared to your individual components, if you could elaborate on that.

Management: See, the most important point is that, when you supply the system, your size of business is very different. For example, let's say if you are buying a component, which is a USD10 component or USD20 component, when you supply a system, it ranges from approximately USD250 to, let's say, GBP50,000. So that makes a very, big difference. And if you are designing the system also, it adds a lot of margins in designing also.

So, it depends on project to project, but you can say that the margins are pretty higher in systems. And overall, the capital output when you make the ROCE calculation, this is much, much higher. For the components, you need to set up all the facilities, everything, whereas for the systems, you need, a lot of value-add is from the suppliers, the capacities are diverse, and overall, you are responsible for the final solution.

Ayan Satyaki: Right. I know it depends on your different system levels as per the designs and components. But is there any range if you could give between, as compared to individual components as compared to your system level products, the difference in realization or margins?

Management: Maybe, when we talk, let's say we can compare the Alloy and Metallics business, where the margins are, 6% to 7%, 8%. Whereas when we make the systems, the margins are to the tune of about 18% to 25%, that range approximately.

Ayan Satyaki: All right. Fine. Thank you. Thank you for this opportunity. My question's answered.

Moderator: Thank you. The next question is from the line of Dhruv Patel, an Investor. Please proceed.

Dhruv Patel: Hello, am I audible?

Management: Yes, yes, you're audible.

Dhruv Patel: Thank you so much for the opportunity. I just had a few questions. So, as you are improving your product mix within the Alloys and Metallics business, I just wanted to, if you could elaborate on the investments and capacity expansion plans in the lightweight alloys and high precision forgings, and what margin improvement can these initiatives deliver?

Management: See, in Alloy and Metallics, the capital output is good, and this forging facility what we are establishing, the capex plan is over a period of 3 years to 5 years. So initially, we are planning a capex of about USD10 million, and it will ramp up slowly in line with the business, the revenue we will generate.

But overall, you can say that the margins in the forging business and the machining business is to the tune of about 15% to 20% EBITDA, versus the Alloy and Metallics business currently at about 7%. So, it's pretty high, and it's a more global business, and this business is more domestic business currently.

Dhruv Patel: Okay, got it. And the second one is, if could you share some light on what could be the long-term, sustainable EBITDA margin going forward?

Management: So, talking about EBITDA margins, we have to look at EBITDA margins segment by segment. Alloy and Metallics as the, as Amit also said, is operate, have been historically operating at

around 6% to 7% EBITDA margin. However, now we are taking steps to improve the margin profile of this segment as well by bringing in the high-precision forgings into this business, which is typically a 14% to 15% EBITDA margin business, broadly.

The gears and transmission operate at about 23% to 25% EBITDA margin, and that also depends, if you are doing components, you'll get slightly lower margin. Our endeavour and our initiative has always been, and we have done that also from the component level to a system level, to design to cost. So, that also improves the margin profile, so let's say we operated at about 20% to 23% last year and we expect with the design to cost solutions going in more and the systems level going in more, so steady state could be at around, 24%, 25%.

The Bike Powertrain is in a nascent stage. The CVT system is established business for us, which we do with enviolo, which is at about 17%, 18% EBITDA margin. Bike Powertrain is yet to come up, but steady state again, it would be a similar margin in bike powertrain. So, overall margin profile, we expect them to go up maybe by 100 basis points to 200 basis points in future, not on immediate basis, but yes.

And with the powertrain solutions business taking a higher pie in the overall revenue pie, the margin profile, the sales mix also comes into picture and the margin profile goes up.

Dhruv Patel: Okay, sir, got it. Got it. That's it from my side. Thank you so much, and all the best for the future.

Management: Thank you.

Moderator: Thank you. The next question is from the line of Rohit from Investment Insights. Please proceed.

Rohit: Hello? Can you hear me?

Management: Yes, please.

Rohit: So, my question is given the strong routine scooter volume, but relatively low market penetrations, what concrete stages your company should be taking to increase its scooter market share from the current levels of 7.1% something, and what is the medium-term target for your company?

Management: We have not understood maybe your question very clearly. What we are understanding is maybe you're saying that why two-wheeler business is having low margins, right?

Rohit: Yes, sir, yes.

Management: See, the two-wheeler business for us, sir, in different categories in our powertrain solutions, what we do in two-wheelers is mostly in the premium category, for the European customers and American customers. And that business has really good margins for us overall. For the two-wheeler business in India, we are primarily in alloy and metallic business.

And there we have, some challenges and we are working on this, how we improve that, as I think we shared also that we are making the strategy to do, more global business, more alloy-centric business, more the overall where we can have the better value add in the overall scenario. So,

that is what we are planning to do and we are thinking that the margins will go up. And if you see the last year versus this year, itself, the margin has gone up in this particular segment.

Management: So, have we been able to answer your question? Because see, you have to not look at it only from a two-wheeler or a three-wheeler perspective. You have to bifurcate into segments. Gears and transmission segment -- even the two-wheelers in the gears and transmission segment give us very good margins because we operate in the premium category there.

Alloys and metallics, as the name suggests, the machining and the painting and all of that business. So, that the nature of the business, it's not that we are earning a lower margin, it's a low margin business, but we are trying to improve the margin of this segment by bringing in the value-added categories like the high precision forgings where the margins are higher.

Moderator: Thank you. That was the last question for today. I hand the conference over to the management for the closing comments. Over to you, sir.

Management: Thank you. Thank you very much. So, on behalf of Hero Motors, I thank you all for participating in this Earnings Conference Call. I hope, we were able to address your questions and provide you with useful insights into our business and financial performance at the same time.

If you have any further questions or you would like to know more about the company, please reach out to us through our Investor Relations team at Valorem Advisors. Thank you very much and have a good day.

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