

November 19, 2025

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

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

Sub: Transcript of Earnings Conference Call for the quarter ended September 30, 2025

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 November 14, 2025, for the quarter ended on September 30, 2025.

This is for your information and further dissemination.

Thanking you,

For **Hero MotoCorp Limited**

Vikram Kasbekar
Executive Director, Chief Technology Officer and
Acting Chief Executive Officer

Encl. as above



“Hero MotoCorp Limited
Q2 FY26 Post Results Conference Call”
November 14, 2025



The Management Team represented by:



Mr. Vikram Kasbekar
Acting Chief Executive Officer



Mr. Vivek Anand
Chief Financial Officer



Mr. Ashutosh Varma
Chief Business Officer – India BU



Ms. Kausalya Nandakumar
Chief Business Officer – EMBU

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

Analyst:

Mr. Mitul Shah – DAM Capital Advisors Limited

Moderator: Ladies and gentlemen, good day, and welcome to the Hero MotoCorp Limited Q2 FY26 Post Results Conference Call hosted by DAM Capital Advisors Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the call over to Mitul Shah from DAM Capital. Thank you, and over to you, sir.

Mitul Shah: Thank you, Sarthak. Good morning, everyone. On behalf of DAM Capital, I welcome you all to the Q2 FY'26 Post Results Conference Call of Hero MotoCorp. I also welcome the senior management of Hero MotoCorp to this call. Thank you for giving us the opportunity to host this conference call. Now I hand over to Mr. Umang Khurana, Head - Investor Relations and Risk, to take it forward. Over to you, Umang.

Umang Khurana: Thank you, Mitul. Thank you, Sarthak. Hello, everyone and welcome to the call. With us on the call today, we have Mr. V. S Kasbekar, our CEO; Vivek Anand, the Chief Financial Officer; Ashutosh Varma, who is the India Business Unit Chief Business Officer; and Kausalya Nandakumar, the EV business Chief Business Officer as well. We will begin the call with opening comments from Mr. Kasbekar and then Vivek. Thereafter, we'll open up the floor and take your questions. Sarthak, we could -- we'll first begin with Mr. Kasbekar and then take it from there.

Mr. Kasbekar?

V. S. Kasbekar: Thank you, Umang. Namaskar and a very warm welcome to everyone joining us for Hero MotoCorp's earnings call for the second quarter and the first half of FY '26. Let me start by wishing you and your families a very happy and a prosperous festive season. Trust you all had a safe and joyful Diwali. I hope you all would have seen our strong financial performance in the quarter.

At the outset, I would like to express our sincere gratitude to the Honorable Prime Minister, Shri Narendra Bhai Modi ji and Honourable Finance Minister for announcing the GST reductions ahead of the festive season. This timely intervention significantly uplifted the consumer sentiment and revitalized retail momentum across the markets. Riding on this positive sentiment, we concluded the festive season this year with nearly 1 million retails on VAHAN on October'25. Our VAHAN market share in October expanded by 3.7% year-on-year to 31.6%. Consumer sentiment has continued to remain buoyant. And even after the festive season, we expect the retail momentum to sustain.

In the key business highlights for the quarter, first, I would like to mention about the gain. We gained market share dispatch across all key segments - Entry, Deluxe, Premium, Scooters, EVs and even our Global Business. Our entry segment share in overall 2-wheeler industry expanded for the second consecutive quarter. We gained 3% market share in Quarter 2 and 5% in H1 in the segment, led by the launch of aspirational HF Deluxe Pro, coupled with a very emotional customer connect campaign. I'm sure you would have seen the 'Hathi Wala ad'. Splendor further

strengthened its market leadership, gaining us -- helping us gain market share in the Deluxe 100 category. In the Deluxe 125cc space, our new launch Glamour X has received excellent response, driving sequential market share gains. We expect this momentum to continue as we further scale up our Glamour X. The Xtreme 125R also gets an upgrade with the dual channel variant. While in the motorcycles overall, we continue to maintain our dispatch market share.

In scooters, our recent launches of Destini 125, Xoom 125 led to approximately 10% market share in the 125cc segment. Bulk of our market share gains have come primarily from the strong scooter markets like Kerala, Karnataka, Maharashtra and Gujarat. We are confident of building on this with the ramp-up of Destini 110 - metal body and the Xoom 160 premium scooter.

In the premium segment, our premium network expansion progressed well. We have now reached 100 stores, which covers 50% of the upper premium market. Xpulse retails grew by 31% in the ongoing festival period. The EV business delivered its highest ever quarterly market share of 11.7%, which is up 6.8% year-on-year, riding on the success of Vida VX2. And finally, in our global business, dispatches grew by an impressive 77%, which is almost 3x the industry growth. Overall, on the back of the macroeconomic tailwind and a robust product portfolio, we are gearing up well for the rest of the year.

Lastly, happy to share a significant development for Hero MotoCorp's leadership team and our future trajectory. We are delighted to announce the appointment of Mr. Harshavardhan Chitale, our new Chief Executive Officer effective January '26. Mr. Chitale is a distinguished leader who brings with him three decades of extensive global and diversified expertise across multiple sectors. His profound experience will be instrumental in shaping and guiding the next exciting chapter of Hero MotoCorp's journey. He has proven track record of consistently delivering profitable growth and driving large-scale transformations. Mr. Chitale is widely respected for his exceptional strategic vision, execution excellence and remarkable ability to empower and inspire diverse global teams. We are confident that his leadership will significantly strengthen our capabilities and accelerate our journey to become a global leader in a rapidly evolving mobility landscape.

I'll now hand over to Vivek for your commentary on the quarter's performance. Over to you, Vivek.

Vivek Anand:

Thank you, Vikram ji. Namaskar and thank you all for joining the call and warm greetings for the festival season to everyone. I'm pleased to report strong financial performance for Hero MotoCorp for the second quarter and first half of FY'26. The company recorded its highest ever quarterly revenue of ₹12,126 crores, reflecting year-on-year growth of 16%, highest ever EBITDA of ₹1,823 crores, growth of 20% and highest ever PAT of ₹1,393 crores, growth of 16%.

Moving on to the half year FY'26 results. The revenue amounted to ₹21,705 crores, year-on-year growth of 5.3%, EBITDA ₹3,205 crores, a growth of 7.7% and PAT of ₹2,519 crores, a year-on-year growth of 8%. The EBITDA margin during the quarter for ICE business improved to 17.7%, up 121 basis points year-on-year, driven by lower material cost, cost efficiencies and mix improvement, while we continue to invest behind brand building, new businesses and new

products. During the quarter, after taking into account the investment behind EV business of ₹252 crores, the overall EBITDA margin improved 54 bps to 15% for the quarter. The average selling price increased 4.2% year-on-year and 2.4% quarter-on-quarter, driven by mix and pricing.

The company reported quarterly revenue from parts, accessories and merchandise business at ₹1,533 crores, which is a growth of 5%+. Our continued focus on cash management resulted in delivering strong cash from operations, strengthening our financial performance, operating cash generated in first half is ₹4,111 crores.

During the quarter, we had 12 new models and variants seeing the festive for the first time, our highest ever for a season. This strong product portfolio expansion and GST reforms led to record sales of nearly 1 million units on VAHAN and a market share gain of 370 bps year-on-year to 31.6% in October.

During this year, festive season starting from ONAM i.e. from 23rd August '25 until yesterday, November 13, 2025, the growth in ICE VAHAN registration stood at 16.2%, ahead of industry growth of 14.7% over the comparable period in the previous year, leading with a 40 bps market share gain. This was supported by strong traction in the Entry, Deluxe and Scooter segments.

Our market share gains have continued into November, supported by sustained post-festive demand and the strength of our refreshed product portfolio. This buoyancy was clearly visible in our operations. Post the festive period, we now have the lowest inventory and lowest receivables in the recent years. Based on these encouraging trends, we expect the 2-wheeler industry to grow 8% to 10% in the second half of FY'26 with Hero poised to outperform the overall market and continue to gain market share.

Moving on to Vida, Hero MotoCorp Emerging Mobility Business continued its robust growth trajectory with highest ever EV business market share of 11.7%, led by Vida VX2 EVOOTER. We now hold over 20% share in 48 towns and are among the top 2 players in 56 towns, a clear testament to the growing strength of our EV brand. The company's Global Business continued its upward growth trajectory during the quarter with dispatch growth of 77%, which is 3x the industry growth, led by Bangladesh, Nepal, Sri Lanka and Colombia. The company marked its entry into Europe and the U.K. markets, bringing our presence to 52 countries.

Dow Jones Sustainability Index score further improved to 75 in FY'25 from 69 in FY'24, reflecting HMCL's leadership towards sustainable business growth. We expect the momentum in growth to continue, supported by benefits flowing in from the GST reforms, healthy macroeconomic parameters and a robust product portfolio. Moving forward, our journey of investment behind growth will continue. We remain consistent in our commitment towards investing in Premium, Scooters, EV portfolio, brand building and to improve customer service in store with Hero 2.0 and Premia.

Thank you, and I'll hand it back to Umang now for him to open it for questions.

Umang Khurana:

Sarthak, we can take questions now.

- Moderator:** Thank you very much. We will now begin the question and answer session. Our first question is from the line of Gunjan Prithyani from Bank of America.
- Gunjan Prithyani:** Congratulations on good festive. First question was more on the festive trend. You did speak about the 17% growth. Can you give us a bit more color on what we are seeing particularly post GST in terms of a bit segment color, whether if you can split this 16%, 17% as to what came from entry, what came from scooters, etcetera - a bit more color around that and rural urban sort of color as well?
- Ashutosh Varma:** Hi Gunjan, Ashutosh here. I hope you can hear me well. So the festive 17-odd percent growth that we've had so far, in fact since Vivek said 16.2% it's improved in 1 day to 17% now. It's getting better with every passing day. We've seen a very strong recovery in 100cc. There were a lot of fence sitters who joined the mobility space. So that has really helped the -- us to grow ahead of the industry in the festive. And we are seeing very strong traction around Splendor, even HF. So that has helped. Scooters have been also a very good story of growth. Again, you would see our quarter 2 numbers. We have grown ahead of the industry, doing well, almost 39%-odd growth that you saw in the quarter, festive also, I mean, good double-digit growth that came in.
- Our new models have been really accepted well, and that has helped us gain acceptance across markets, across geographies. I mean, as Mr. Kasbekar said in his opening remarks, we have been doing well in markets like the South and West, where scooters are predominantly stronger, and we've done well there.
- Rural was a little slow to start with, primarily because of certain rain disruptions and festive also came in early this time. But as we have progressed late into festive towards Dhanteras and then early part of November, we are seeing all this crop harvesting proceeds reaching the market and it's now responding really well. And that's why November continues to be very strong, and we expect that to continue going forward. Of course, GST reductions have been a huge shot in the arm. Our festive closing stock has been the lowest ever, as Vivek said. November demand continues to be one of the highest that we've seen in the previous year. So confident going forward.
- Vivek Anand:** Gunjan, just to add to what Ashutosh said, I think we've also seen the highest ever collections during the festive period, thereby bringing our receivables in the Indian business to close to 12 days compared to what it was 30 days in the previous years, right. So that itself really shows the kind of mood and the demand we are seeing during the festive period.
- Gunjan Prithyani:** That's actually quite good to hear. Ashutosh, actually just a little bit zooming into what you said on the growth. I'm just trying to understand post GST, is it that we've seen entry surge back? Or for now, it is more around everything being very broad-based and for you, it's a combination of a little bit of scooter, new products adding in. So if you can give us some sense on how is entry responding to post the GST rate cut. Is this far outsized growth coming from entry when you look at the retail that you are in?

Ashutosh Varma: Yes, Gunjan. So as I said, I mean, the fence sitters who joined the mobility space, so that has really helped. I mean a numerical indicator, first-time buyers generally hover around 70%, 72% on an average. In the festive, it went up to 81%. So that's really added new customers into our portfolio. Entry has been -- I mean, 100 cc, I would say, largely overall, of course, this continues to be very aspirational for a large part of the country. And that has drawn new customers in, which augurs well. But that said, I guess, I mean, we had products across categories this time and 12 new products, as Vivek mentioned. We have had all products responding very well, and some of them were urban-centric, some of them were rural focused, and we have had that response all across.

Gunjan Prithyani: Sure. The second question, Vivek, is more around the margins. Of course, you consistently delivered on the margins. I'm just trying to understand as we see the growth coming from, let's say, ICE scooters and exports a bit more higher than the rest of the businesses, is there something from a mix perspective we should bear in mind like are exports expected to be accretive, dilutive or similarly with scooters, a bit more color around that.

Vivek Anand: So Gunjan, I think I have answered this in the past, and I'll just repeat that we will -- as a business, we will continue to invest behind brand building. We invest behind product across businesses, which includes EV and global business. So we will continue with our investments there. And while we are making the investments, we are very, very conscious that we continue to expand our margins.

And therefore, our -- the mix is something which we will -- we continuously drive in terms of really improving on an ongoing basis. We will continue to drive volumes, which will help us deliver operating margin -- operating efficiencies. So therefore, the guidance what we've given, we will continue to really be within EBITDA margins of 14% to 16%, right. So there has not been any change in that guidance. And even if you really look at this quarter, although we are at 15% EBITDA margin for the quarter, but in the first half, we are at around 14.8%.

Moderator: Our next question comes from the line of Amyn Pirani from JPMorgan.

Amyn Pirani: Congrats for a great festive season. I had a question, I don't know if you can answer that because something that is on the mind of investors and us is that, obviously, when the GST was announced, there was a period of postponement. And then the festive was strong, but then at the same time, there was some buying which was pending for the month before.

At the same time now, post festive, given the strength that we are seeing, it looks like there could be some preponement also because of the whole communication by the government as well as every company around GST cut. So just trying to understand if you can help us, how should we think about the momentum as we go into, say, the next 3 to 4 months because clearly, the post-festive momentum has also surprised us. So how should we think about this as we go into year-end and probably early next year? Whatever sense you're getting from the ground.

Ashutosh Varma: So Amyn, good to hear you again. Just the number of 17% that we mentioned is accounting for the time since Ganesh Chaturthi, and that was the time when the GST cut was announced, of course, not implemented, implemented on 22nd of September. So I mean, if you look at the

growth from 22nd onwards, it's actually I mean, far, far higher. So this actually balances out. And you would see that 17% manifesting from a little earlier than Ganesh Chaturthi so far. The good thing is that, as I was explaining to Gunjan also in the earlier question, I mean, we hadn't seen the rural market respond very well in the early part of the festive. Festive actually comes early for 4 years and then actually resets itself.

And this time, it was the -- I mean, festive came in the earliest in the 4 years. I mean this is the time when the crop harvesting most is not very synced with some of the key festive dates. So that, of course, towards the later part of the festive has started manifesting a lot more. We had good marriage season, I mean, quarter -- I mean, the marriages season throughout -- marriages throughout November. Again, we have a good quarter 4 in terms of marriages. We see again a good quarter 1 in terms of marriages. So these are good positive indicators as to how we see the year manifesting. I mean, overall, from -- I mean, the monsoon, almost two consecutive years of good monsoon, reservoirs are full.

I mean overall -- and also you would see everything. I think we are -- we continue to spend in November in terms of our actions, both ATL, on ground, classic early cycle recovery pattern that you would see - leaders increasing spend, smaller players cutting back. I think it augurs well overall.

Vivek Anand:

Amy, Vivek here. Now also in addition to what Ashutosh said, if you really look at the income tax cuts, right, the low inflation is really also supplementing. But I just want to also just bring it to you what happened in the past when we had excise rate cuts in the past, right. So we had three rounds of excise rate cuts in 2003, '08 and '14, where the price cuts were 5% to 8%. And we've seen double-digit growth in the 2-wheeler industry for the next couple of years. And this time, the price cuts are the highest ever of 10%, right. In our product, it ranges from ₹5,500 to as high as ₹15,000, right. So therefore, I think if I really look at the long-term trend, right, and also what we've been able to achieve in the 85 days of the long festive period, I think we strongly believe that this trend is likely to stay.

Amy Pirani:

Great. That's good to know. And my second question was actually on exports. We -- it's still a relatively small part of the overall company. But consistently, we've been seeing very strong double-digit growth here. So any color if you can give? Are there any new geographies that are helping you? Are there existing geographies where you've been gaining some market share? What's the kind of response? And what's the kind of numbers that we should look forward to going forward?

Vivek Anand:

Yes. So Amy, Vivek here once again. So I think, one, of course, I think this quarter, we've grown 3x the market. And I think that has been our performance now for the last couple of quarters. And I think what is really driving this performance is your question. So clearly, our 80-20 strategy of focus on top 10 markets is really playing out very well for us. In the top 10 markets, we already have 12% market share. And in some of the markets, we are number one. In the top five -- in the top 7 markets, actually, we are gaining market share. Our new product launches, which we've had across our markets in Asia, LATAM, have continued to really do well.

I'm also happy to share that our premium product contribution is 40%+ in the global markets, right. And the premium portfolio, therefore, continues to really outgrow the markets. We've actually been designing and developing products now, which is very, very specific to the markets. And I think that strategy is also really helping us gain market share. We've also been investing in improving customer service across the markets. So I think this is a combination of all what we are doing is really helping us sustain our performance in the global markets.

Moderator: Our next question comes from the line of Jay Kale from Elara Capital.

Jay Kale: Congrats on a good festive and strong margins. My first question is on the scooter and motorcycle mix. We've seen that including EVs, it's now close to around 40-odd percent. How are you seeing that? Because clearly, in the last 1-1.5 years, the scooter ICE segment has positively surprised. With this GST cut and you mentioning about the rural and first-time buyers expectations coming back, how do you see this scooterization trend settling now? Have we hit a plateau or you see further scope of this moving up?

Ashutosh Varma: Hi Jay, thank you for the question. You're right. I think overall, ICE plus EVs put together, the scooter contribution has been pretty robust. In fact, ICE alone also has done really well. I think the good part that has happened in the scooter segment is today, there is sub segmentation and new products that are serving different needs of customers have evolved. So I mean, you today have a sporty segment, a large wheel cruising segment, a typical metal body lower 100cc commuter segment. So there are quite a lot that has emerged and everything is carving a niche out of itself, suits larger needs. And this is why we feel that overall, from a scooter category growth perspective, the momentum will sustain.

And I mean, we are also seeing that in our portfolio. I mean now we have a complete portfolio catering all these subcategories. And we are seeing growth across these, across markets. So overall, from a scooter perspective, in fact, ICE coupled with EV today is, I mean, driving new set of customers to our showroom. So that's also giving us a lot of confidence. We think that this is going to sustain going forward.

Kausalya Nandakumar: This is Kausalya. Just to add on to what Ashutosh talked about, I think the scooterization trend is, of course, now contributing a significant share of the overall 2-wheeler market. We also see electrification really catching imagination in the scooter segment with product launches. I think in the last quarter, we ended close to participation of 25% of scooter sales was actually in the EV category. And again, here with Vida, we continue to outperform and outgrow that market and contribute with new product launches as well as segment share. So overall, we see a very positive trend on the adoption of EVs in the scooter space. And now with Vida's portfolio, we also see a positive contribution from Hero MotoCorp in that space.

Jay Kale: My second question is on -- you mentioned about first-time buyers now contributing in the festive of 70% to 80%, 82%, which also means that as we have more first-time buyers, the penetration of 2-wheelers has also started further inching up. How do you see this over the next 2 to 3 years given that already 2-wheeler penetration is relatively on the higher side. Of course, there is still opportunity. But how do you see this first-time buyer contribution settling because

eventually, it will hit a level where further penetration increase will kind of plateau. So how do you see it from a next 2-3 year growth perspective?

Ashutosh Varma: So Jay, I mean, as Vivek said, I mean, every time an intervention like this has happened, we've seen the growth momentum sustain for few years and which is why we think that this momentum is going to continue. That said, I mean, 2-wheeler volumes are not -- have not crossed the pre-COVID levels yet, right? So I mean, we have seen higher numbers.

We feel that the replacement demand should come back even more. I mean we had seen in the last 3, 4 years, customers holding on to their products much longer. We've seen that in our workshops, 4 years old customers, actually the percentage increasing. So we feel that as now, I mean, markets are opening up, the overall sentiment is looking far more positive. The new product introductions that are happening, all that will also help bring the old customers -- I mean, replacement cycles being faster. So yes, I hope that answers your question.

Jay Kale: Sure. I mean we're looking forward for the replacement cycle also to come back because, frankly, after the price increases, a lot of postponement of the replacement cycle would have been seen. So we are hoping for that to drive in the rest of year.

Ashutosh Varma: And we think it should.

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

Pramod Kumar: Congratulations on a very good set of numbers. And I think credit especially to Ashutosh and the team for really turning on the market share. So my first question is on the market outlook, Ashutosh, as in -- did I hear it right that you talked about a 10% kind of a growth in the opening remarks? And just want to clarify, that's for the full year or for the second half year?

Ashutosh Varma: So yes, Vivek said that 8% to 10% growth in the second half of the year, Pramod. Good to hear you again.

Pramod Kumar: Yes. Great. But I think I just had one follow-up on that. Basically, if you look at the growth what you're clocking in October and what we are slated to do as an industry in November, if you work with the 10% number for the second half, then that practically implies a decline for the remainder of the period. So I'm talking about VAHAN retail, by the way. I'm talking entirely on VAHAN retail. So just trying to understand, is that expectation low or it would be -- can there be an upside to this particular number?

Ashutosh Varma: So YTD September, the industry was growing at 2%. And last couple of months, October, November put together, YTD numbers have gone up to almost 12%, right. It will taper down for sure because this festive spike is a festive spike. But we anticipate that overall, for a full year perspective, we'll be not far away from the growth estimate that we had given at the beginning of the year, which was close to around 5%, 6%.

Pramod Kumar: Okay. Not that because, Ashutosh, it effectively implies a decline for the December to March period. So I'm trying to understand why would that be the case, given that inventory levels for you who are the largest player is a multiyear low. And we understand even other companies had

a reasonably sharp reduction in inventory levels post season. So why -- I'm just trying to understand what is you are seeing on the ground, which is making you -- or the entire industry sound a bit more conservative on the guidance side. I'm just trying to understand here as to what's holding you back from giving a more optimistic outlook?

Ashutosh Varma:

So we don't see a decline for sure, Pramod. I mean if the current trends are anything to go by and historical data gives us that confidence that this is -- this momentum is going to sustain. Probably might not sustain at the festive levels that you have seen in the last -- because there was possibly a lot of these customers who are holding back who came in this festive.

But clearly, the fundamentals seem strong. I mean you see rural markets recovering, rainfalls, as I said, being good, 2 surplus years, reservoirs being full. I mean, government can be supportive in terms of what they're trying to do for rural economy, GST, I mean, a huge shot in the arm, right. All this doesn't point towards any decline that you would see, right. It could possibly not sustain at the October, November period that you have seen, industry did 30 lakhs in October, right. So from there on, you might possibly see a decline, but from -- but I mean, clearly, we expect a much better H2 and overall full year -- I mean, that better that overall full year will turn into positive and close the year, not far away from what the expectations we had set in the beginning of the year.

Pramod Kumar:

So then Ashutosh on Hero specific performance because clearly, you are doing much better than the underlying market. And I think -- now I think after a long time, the entire portfolio is firing in terms of scooters, premium, EV as well. So how would you kind of look at the next 6 months or 1 year in terms of milestones for market share come back?

If you can -- anything you can help us understand here because that will help us kind of quantify the kind of outperformance what we can expect from Hero next year because a lot of these launches happened in the recent times, so you haven't had the full year benefit. There's no inventory. So if you can just help us understand how you think about market share incrementally from here on?

Ashutosh Varma:

So sure, Pramod, thank you. We -- our goal is to grow ahead of the market, and that's what you would have seen in manifesting as we have made our portfolio more robust. Our focus going forward is going to be scooters where we have had some really good excitement around the new products that we have launched.

The 125cc motorcycles, the intervention that we have done with Glamour X and Xtreme 125R, I mean, really very well accepted. And as we step up our campaigns and capacities, we are expecting a very strong H2 around the 125cc as well. So overall, of course, from a year-end outlook, I mean, our goal is to grow ahead of the market and end up gaining significant share.

Vivek Anand:

Hi Pramod, just to also talk very briefly about global business. I think this quarter, we had an 8.6% share, which is an improvement of almost 250 bps compared to previous quarter. And I think clearly, the way that the demand trends are, we are confident we'll continue to gain share quarter-on-quarter from now onwards.

Kausalya Nandakumar: Hi Pramod, Kausalya here, just to add on the EV front, again, we see ourselves outperforming. We have grown both in quarter 2 as well as overall H1 far outpacing the market growth and continue to gain market share. So overall, the outlook for -- from the EV combined portfolio would also be extremely positive, and we estimate that we would do extremely well as the combined portfolio as well.

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

Kapil Singh: Congratulations on a good performance for the quarter. I just wanted to understand our growth expectations in terms of the segments, when we are looking at 10% growth in the second half or the period beyond that as well, the 100cc, 125cc, premium and scooters, where -- how would you rank the growth rates or range of growth rates for these segments? And any thoughts you have?

Ashutosh Varma: So yes, the growth percentage that we spoke about was aggregate. We feel and if the festive trends are anything to go by, a very strong bounce back on the 100cc category. That's where we have seen, I mean, a very strong demand across HF, Splendor and Passion portfolio that we have- we have the strongest portfolio there. So we see that segment doing well. As I said, new customers coming into the space. Subsequently, we also expect the replacement cycles to pick up, overall rural coming back sharply towards the later part of the festive. So we expect this segment to -- I mean, it has been subdued for a while, and I think it has its due. I mean it should come back, which is what we see, the early signs in the festive.

Scooters, we expect that they will continue to do well across markets. They have been doing well for the last few years as well and should continue to do well. And so primarily, if you ask me, I mean, these 2 segments should largely lead the growth followed by the others.

Kapil Singh: Okay. And sir, on the ABS cost impact, how much it is, by when are we expecting? And can it impact the industry growth in your view?

Vikram Kasbekar: So I'll take that, I'm Vikram. We are definitely very much for the safety of the customers, and we continue to drive our technology for the vehicle engineering, to see that we come up with the most optimum cost-effective solution. We are in talks with the government. And I think shortly, we should come to a very positive conclusion, which will be far more effective technological intervention.

Kapil Singh: One last question I had on the EV profitability. Can you just talk about where are we in terms of EBITDA margin? And what are the milestones that we are looking at to improve the profitability over there? By when can we expect EBITDA breakeven for this business?

Kausalya Nandakumar: Hi Kapil, this is Kausalya. Let me take that first. In terms of the EV business, our continued focus is, of course, to bring in the better products into the market, which can meaningfully grow. The market is bringing more consumers to adopt for EV. We also continue as an organization to invest in brand and build the electric vehicle portfolio.

Of course, there will be focus and relentless focus, if I may add, on optimizing our cost and bringing in focus across the cost elements. And we will continue to leverage benefits like PLI in

order to bring the EV business overall into a more positive road map. Having said that, the current focus for Vida and HMCL continues to be focused on bringing new products into the market as well as building the brand so that we can drive customer adoption in the EV segment.

Vivek Anand:

Yes. So Kapil, Vivek here. So I think clearly, as Kausalya said, our number one priority is to continue to invest behind product and brand building. So that clearly stays our number one priority. Having said that, you're right, our gross -- at a product contribution level, we are still in a negative zone. So that's something is the second priority we have in terms of really getting to a product contribution neutral level. A couple of interventions we are doing in terms of relentlessly working on in terms of bringing down the BOM cost. We are really making sure that the PLI benefit we've applied for one product. We are in the process of really getting approvals for the others. And third, we've also taken a price increase effective 5th of November. So hopefully, right, as we get into start of next financial year, this will help us really improve our gross margin. And thereafter, it's a matter of really getting your volumes up, right, which will really help overall profitability for the business.

Kausalya Nandakumar:

Kapil, just to add on here, we are already focusing on scaling our volume and focusing on key markets for that. Just to let you know, we are now number one or number two in 50+ towns and cities, for focus markets, and we have gained meaningful market share in more than 48 towns where we are ranking more than 20% of market share. Some of these are large core electric vehicle markets, including the large metro. So as we scale our volumes, which is our current focus now, there will be a clearer path to profitability.

Moderator:

Our next question comes from the line of Pramod Amthe from InCred Capital.

Pramod Amthe:

So 2 questions, of which first one is with regard to the EV division. Thanks for the detailed data points on EVs and what we are trying to achieve in some of the key markets. What has worked for you in those 50 markets where you are number two? Is it the characteristics of marketplace or product profile? And what you plan to do taking those successes into new markets or to that extent, what is the ambition of market share in the overall EV space?

Kausalya Nandakumar:

Hi Pramod, Kausalya again. Thank you for the question. What has worked for us, essentially, if you look at the new product introduction that happened in the month of July of 2025, we launched our new EVOOTER, the VX2 in core markets. So the focus of bringing this product into a category of consumers who are looking at the versatility of a scooter with the technology and total cost of operation of an EV has actually caught the imagination and preference of customers across these markets. These are focus markets for us in terms of penetration as we continue to focus on newer markets as we will scale up. So fundamentally, what has worked is the product has been a resounding success. We see a lot of pull from consumers for the new VX2, which is now a significant contributor to the overall portfolio.

The other element is certain key innovations that we drove around the product positioning, including our Battery-as-a-Service offering. This was an innovative offering, which allowed for consumers who may not have considered an EV in their portfolio earlier, to walk into our showrooms. With the offering of, you will pay as you ride, it allows consumers to walk in and understand the benefits of an EV and helped us to drive a large set of our inquiries through

innovative offerings. We also continue to focus on elements that allow consumers to be aware of the portfolio.

So there is a large focus on brand awareness in these markets with dedicated attempts to ensure that more consumers are aware of this offering from Vida. So we continue to focus on these markets. The success of these markets will be replicated as we scale both in terms of volume and aspiration.

Pramod Amthe: And any aspirational market share in EVs?

Kausalya Nandakumar: I think, Pramod, you've seen the trajectory of Vida. We have been doubling market share almost since last year. This aspiration continues, and we will continue to outpace and outgrow the market. We also will have a robust pipeline of products coming in. This will give buoyancy to our aspiration.

Pramod Amthe: And what's the Battery-as-a-service penetration now? Is it, I think, significant to call out?

Kausalya Nandakumar: Pramod, I assume you're asking for the Battery-as-a-service penetration. A key metric here was especially to democratize access of electric vehicles to consumers. We have seen a significant share now, of our inquiries coming in from the Battery-as-a-service element. So we continue to use this communication and this product offering as such to bring in more consumers to our showrooms to talk about what are the benefits of EV overall.

Pramod Amthe: Interesting. And related to that on the profitability, thanks for sharing for last couple of quarters the drag or investment you are doing on EBITDA level. Can you give some color in terms of how the gross margins have changed for you with a new product versus the old product and if you want to take into account that PLI where would your gross margins be in the couple of quarters down the line?

Vivek Anand: So our gross margin trajectory has been positive. Quarter-on-quarter, we are seeing improvement in gross margins, and that's largely driven by, of course, BOM cost reduction that's really helping us. Our new products, which we are going to add will further help us improve our gross margin trajectory. As I said earlier, the price interventions we are taking will help us really grow our gross margins and the PLI, all a combination of that, right. Quarter-on-quarter, we will see -- we've been improving it in the past, and we'll continue to improve it in the subsequent quarters.

Pramod Amthe: Actually more absolute volumes in the future will be helpful.

Vivek Anand: Okay. Yes. We'll be happy to share with you.

Pramod Amthe: And the last question, if I can squeeze in. Some of the developed markets...

Moderator: Pramod, sir. Sorry to interrupt. May I please ask you to rejoin the question queue for your follow-up question. Our next question comes from the line of Joseph George from IIFL Capital.

Joseph George: So 2 questions. One is a clarification. You mentioned that you are expecting a growth of about 8% to 10%. So I just want to understand, are you referring to retail growth in the second half? Or are you referring to wholesale growth for the industry in the second half?

- Ashutosh Varma:** I mean largely -- retail, but largely wholesale should also be in the same line. Did you get that?
- Joseph George:** Okay. Yes. Okay. So you said it's -- so basically, you're expecting 8% to 10% for both retail and wholesale in the second half of the year?
- Ashutosh Varma:** Yes, yes. Because also, I mean, if you look at H1, largely wholesales and retails are largely matching, should match in the second half of the year as well, Joseph.
- Joseph George:** Understood. The second question that I had was in relation to commodities. I think in your opening remarks, you mentioned that commodities were a tailwind. You said lower input costs. And when I look at commodity prices such as aluminum, precious metal, etcetera, they've moved up, and I think they have continued to move up in the third quarter. So how do you see commodity playing out in the third quarter?
- Vivek Anand:** So commodity cost during the quarter was largely flat. Yes, you're right. We've seen the aluminum prices come up, but at the same time, the steel prices have actually come down during the quarter, right. And I think our LEAP program, which is the cost saving program is really helping us keep the commodities actually flat. In fact, helping us really improve our margins. A bit on quarter 3, yes, aluminum continues to really -- we see inflationary trend there. So there will be -- quarter 3, broadly, the expectation is there will be some level of commodity inflation, but will be more range bound within 1% to 2%.
- Joseph George:** Understood. Last thing, on ABS, the draft notification had said that it will be implemented effective Jan, but I think we are already in November and there is no final notification. So any communication from the government on when it's likely to be implemented?
- Vikram Kasbekar:** So Joseph, Vikram here. As I said earlier, we are in talks with the government, and they will definitely consider an appropriate time to bring the implementation in.
- Moderator:** Our next question comes from the line of Mihir Vora from Equirus.
- Mihir Vora:** So sir, basically, my question was considering the recent elongated monsoon and there's many agriculture states which have seen some output loss. So those are many of the Hero core markets, which were impacted up till October. But what is your outlook now on the rural income visibility over the next few months? And are there any early indicators of better crop realization or dealer feedback on the financing pattern part? So how do you see the demand in the rural, particularly in the entry segment?
- Ashutosh Varma:** Hi Mihir, yes, you're right. I mean some of our core markets were impacted because of monsoons. We saw that impact in MP, South Gujarat, Rajasthan, UP, parts of Bihar, Bengal, I mean these are markets which are largely impacted by rains. The good thing is that, I mean, we have seen this coming back towards the later part of the festive, as I said, and also in November. I mean, you can see the trends that are visible in November in terms of what's the retail growth that's happening. I mean, we expect a strong month. As I also said in the beginning that I mean, 2 years of good monsoons overall, I mean, while there have been temporary disruptions, but overall, I think from a sentiment perspective, it looks positive. We have a good rabi outlook.

And overall, we expect this trend to continue, a good upcoming marriage season as well. So overall, these markets should come back. We've already seen early signs.

Mihir Vora: Sir, just a follow-up on this, like in the -- you have been seeing the market for last many years. So in your experience, is it like it is more of a necessity-driven demand rather than a bad monsoon or something like that?

Ashutosh Varma: Sorry, your question, can you repeat that one?

Mihir Vora: I'm saying whether in the last 10 years, you have been seeing the market. So is it like the rural is more of a necessity-driven demand and if there's a short-term hiccups also, the demand can come if there's a necessity to the buyer?

Ashutosh Varma: So it's resilient for sure, Mihir. I mean we have seen that. Unfortunately, last 4 years since COVID, we had seen, I mean, disposable incomes getting stressed. I mean, overall prices went up significantly post BS VI. So these were structural, I mean, challenges, which I think GST also solves.

And that's why we see this coming back. I mean it has been a resilient economy, should come back strongly. And there is a strong -- I mean, this market is driven by a strong need there, I mean, as part of livelihood. So there's no reason why it shouldn't come back. And as I said, we have already seen early signs of it.

Mihir Vora: Sir, my second question basically was on the last year, if you see the December to March period was sort of bad for the industry, industrial term, but we were down around minus 8-odd percent last year. So as we enter the low bridge, do we expect that you'll see decent kind of a growth during this December to March month? How are the conditions right now in terms of financing penetration and discounting side?

Ashutosh Varma: So the industry hasn't seen much discounting for sure. I mean, as a company, we are also focused more on building brands, strengthening our brands a lot more, which will continue to drive aspirations. And we have realized that that's a key success parameter. So you will see more of that happening as we move into H2.

I mean -- and as I answered in the previous question as well that we have some new products, we really haven't seen the market in full force. And as we increase our capacities and the demand around these stabilizes, we are expecting H2 to be far more stronger. And I mean, both from a quarter 3 perspective, we already are into 45 days into quarter 3 and continue to see a very strong momentum. So expecting that to continue in quarter 4 as well.

Mihir Vora: And the financing is stable?

Ashutosh Varma: So overall, from a full year perspective, financing largely is stable. Of course, we'll see temporary ups and downs. I mean some cash customers have come out more in the festive. But overall, I guess, the fundamental doesn't change. I mean it continues to be a key driver for purchase. And I mean, companies will continue to innovate around financing products to keep the momentum on. So we expect this to be stable around in H2.

- Moderator:** Our next question comes from the line of Vipul Agrawal from HSBC.
- Vipul Agrawal:** So my first question is on the discount. This year discounts were relatively lower as compared to last year. Can you give us some idea what was the decline on discounts on Y-o-Y basis? I'm just trying to understand what is the headroom we have to boost the demand just in case it slows down?
- Ashutosh Varma:** So I think this is a very specific question, but I'll say that we are not spending any less than what we were spending last year, right. I think the way we are spending that has changed. We continue to spend for consumers, right. And that is bringing in demand. Of course, there are new -- the discount is not the only lever to have demand and you're right, but we are spending as much as we are in brand building, in new product introductions. Yes. But then yes, you're right. I think we focused more on these rather than discounting, and that has come down.
- Vivek Anand:** And also, Vipul, just to add, Vivek here. So as Ashutosh said, we continue to invest behind brand building and new products. So just to give you some numbers, our advertisement spend for the first half, that has grown by 10%, right. So we continue to invest behind -- across our ICE, EVs and across our global markets portfolio.
- Vipul Agrawal:** In fact the question was more general to the industry -- overall industry because we have this -- just give an idea. We could not see much of a newspaper advertisement of any OEM during this festive season. Like last year, it used to come like every other day, half of the first page of the newspaper will come at a lot of 2-wheeler advertisement. But this year, it was, I would say, it was almost more than 50%. So I was just assuming that since the demand was driven largely by the GST cut, maybe OEMs might have a headroom to spend more in future to keep the demand at current pace. So would that be the correct understanding or anything you can add on that?
- Ashutosh Varma:** So Vipul I mean, we can speak for Hero, right. I mean if you look from a post-festive spend perspective, we are -- we continue to be the highest spender in terms of share of voice, in terms of print campaigns, in terms of TV and several other parameters as well. So we haven't really cut down in terms of our spends, just that the medium of spending this has changed. I mean if you look at -- I mean, we -- post-festive, we have had over 150-odd inserts in the market after the traditional festive 32 period. So -- and that continues to be much more than any other competition player in the market.
- Vipul Agrawal:** Sir, my next question would be on the EV market share. Like in the last 5 years, EV penetration has necessarily taken away the market share from entry-level motorcycles. So how do you see this trend going forward? Like which segment in your opinion, will see the market share for EVs going forward?
- Ashutosh Varma:** The fundamental drivers for these two customers are very different. So we don't see a correlation between EV purchase and entry segment buying, right. I mean these are -- they largely meant for different usage patterns. So don't see a correlation there. Of course, I mean, we have different actions that are planned for expanding the segment share in entry.
- As we said, getting the replacement demand back. I mean we are focusing on greater than 4-year customers who are coming to our workshops working with them. And we are seeing some great

signs, early good responses happening here. EV, of course, is a different strategy altogether. But as I said, I mean, we don't see a correlation between the demand drivers of both these segments.

Vipul Agrawal:

So would it be fair to say that like entry level segment is -- will remain strong because given now GST cut -- with GST cut, the new customer addition will now only multiply going forward. And the EV penetration might take away share from scooters- ICE scooters plus 125cc segment or maybe 110cc segment. Would that be a fair assumption?

Ashutosh Varma:

Trying to draw too many correlations trend. But I would only say that, I mean, if you look at the entry segment for the last 2 quarters, the segment has started expanding. And I mean, went -- in quarter 4 was as low as 7.9%, has gone up to almost 9.2% now. And that's without the GST impact. With that coming in, this is expected to grow even more. As far as -- I mean, we feel that there will be a very robust coexistence between ICE models and EV models across the industry as the drivers continue to be different.

Umang Khurana:

Just to close, thank you, everyone. In highlights, financial best ever, you looked at our revenue, you saw our PAT. Strong festive performance, looking at a long-ish period of time, September, October, November, it continues to be strong. Post-festive demand has continued. Dispatch market share gain across Entry, Deluxe and Premium. Launches of HF Deluxe Pro, Glamour X, Destini and Xoom 125 should help.

The second, and Ashutosh just mentioned, consecutive quarter of segment expansion in entry. Market share gained 3.1% in Entry. Deluxe market share with Splendor and Passion continues to be stronger. In 125 Deluxe, there is the launch of Glamour X and then the Xtreme 125 are with the dual channel as well. PAM at ₹1,533 crores.

Premium new launches are scaling up well. Scooter, we spoke about at length, grew 53% in retail, which is ahead of industry, especially in urban markets as well. EV, the highest ever market share, Kausalya spoke about it, and that continues to grow, multiple new towns, 20%+ market share. We are between 1 and 2 in Delhi. Some months, we are 1, some months, we are 2. 20% plus market share, Kausalya was telling me in Mumbai as well. So that is fantastic.

Strong global business performance and improvement in the DJSI scores are some of the highlights that we wanted to close with. Thank you, everyone, for coming in, and we'll -- so on DJSI, we got to 75, and then Pawan ji was rated in the TIME100 Climate List as well. Thank you, and speak to you soon.

Moderator:

On behalf of DAM Capital, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.