

37TH ANNUAL GENERAL MEETING OF HERO MOTOCORP LIMITED – AUGUST 12, 2020

CHAIRMAN'S SPEECH

Dear Shareholders, Ladies and Gentlemen, my namaskar to all of you once again. I welcome you all, to this new world AGM. The completion of an eventful fiscal year 20 happened on the 31st of March. We have yet another year of maintaining our market leadership and being an enterprise focusing on innovation, my heartiest congratulations to all of us. We all did it together.

I was hoping that we could have met in person. Today, this virtual meeting exemplifies the extraordinary time that we are all currently experiencing, a world that was unimaginable, even a few months back.

The coronavirus pandemic is undoubtedly the most disruptive event in modern history. It is not just a health scare. It has changed the way we live in so many ways, such as shop, talk, buy, dine and even our interactions with each other. It has had a severe economic impact on all of us, multiple industries and sectors, putting at risk the livelihoods of millions of people around the globe. At Hero MotoCorp, we believe strongly that India and several other countries will get past this hurdle and we want to achieve faster progress, greater prosperity and a new level of development after the Covid-19, when it is over.

Every adversity presents multiple new opportunities. There are solutions available and we must have the fortitude to seek and adopt them. During this time, our greatest strength has been our attitude of collaboration and ensuring that we at Hero do not let this crisis go to waste. We are all collectively ensuring all of this on a daily basis.

This AGM is a new experience for all of us. It demonstrates how digitalization is a vital component in business continuity today. This integral part of our global business infrastructure is now in the forefront. We have held 36 digital global townhall in which we have engaged with our people, our partners and our stakeholders. Energetic, entertaining, informative and anticipated best describe our digital townhall experiences.

People have always been the driving force, the engine that powers Hero MotoCorp. We have grown exponentially to establish business operations in multiple countries. We are a global Company and we are one Hero family. Everyone in the Hero global family has been impacted by the coronavirus at different times. Each country is managing the crisis diversely. Our Company has responded to everyone's needs, be it personal or business with positive guidance and constant support. We maintain togetherness.

Our top priority has been to protect our people and safeguard their health. We acted swiftly while adhering to government regulations and time constraints. Even before our country was put under the lockdown, we had proactively taken the right steps to shut down our manufacturing plants and all other facilities. We enabled work from home to ensure the safety of our people. Our success throughout this pandemic can be attributed to the never

ending support of many people around us. This includes you as shareholders, our employees, and their families, our suppliers, our dealers, and most importantly, our customers. I would like to take this opportunity to thank all of you for your understanding, trust and loyalty. I have to say here, I have never experienced such a strong spirit of togetherness, teamwork, empathy and helpfulness and support. I am truly, truly grateful to everyone.

As we navigate the changing restrictions and concerns of the pandemic, Hero MotoCorp is constantly looking towards the future. We are relentlessly aligning our actions and initiatives to our vision to be the future of mobility. You must take measures towards this objective, including investments such as an Ather Energy recently, which move us towards our goal to be a game-changer in electric mobility.

Our R&D facility, the Centre of Innovation and Technology (CIT), in Jaipur, is the epicenter of our design and development activities. Here we are developing the concepts and solutions for future mobility, which will take us closer to realizing our vision and help us continue maintaining our pivotal position globally.

Digitalization, as I have mentioned before, is the path that is driving our future vision. Many projects have been already launched within the Company, whether it is the E-shop, Hero Connect or plant utility cockpits. Some of these are redefining how we operate.

Building on a focussed strategy of creating a robust portfolio of premium products, we have recently forayed into the 160cc motorcycle segment category with the launch of the much awaited motorcycle, the Xtreme 160R. I am delighted to share with you that it has been received very well by our customers.

Adding a powerful new chapter to the popular premium brand Xtreme, the Xtreme 160R further strengthens our presence in the premium motorcycle segment. With the successful Xpulse and Xtreme motorcycle brands, your Company, Hero MotoCorp, is geared up to make a compelling appeal to the youth across the globe. The initial response for the Xtreme 160R has been very positive and we are confident that this motorcycle will help us in scaling up our presence in this segment. This level of preparedness gives us the confidence to stand firm and resolute whenever the market gets shaky and volatile in the future.

At this time, let me provide you all a quick overview of the business performance of FY 2019-20. Your Company, Hero MotoCorp delivered a robust financial performance despite the economic slowdown and the impact of Covid-19. The Company continues to remain debt-free. Moreover, we have the solid foundation to be able to maintain a strong balance sheet with robust cash reserves.

I am happy to say that our sales performance after the resumption of operations in the month of May has been instrumental in reviving the automotive sector and is contributing greatly to the economic engine chugging along. In fact, in the month of July, our sales have climbed to nearly touch the pre-Covid-19 sales levels. I have always believed that "When the going gets tough, the tough get going." We have also proven this adage by our performance in these unprecedented times.

I am excited to share that even in the midst of such a challenging time, we are further consolidating our market share. In the first quarter of the current fiscal, our market share in the domestic motorcycle segment has gone up to more than 55%, the highest ever in the past 31-quarters which is the highest in seven years. In the domestic scooter market, our market share is now in double digits. The overall two-wheeler business has gained significant market share to cross 41% after several quarters.

Another point of pride is that two of our products are now India's highest selling two-wheelers. After the best seller Splendor, it is now the turn of HF Deluxe, which has risen to become the second top selling two-wheeler.

Let me now talk about our "Road Ahead." I am sure you are all aware that the automotive industry has been on the cusp of change. One of the transitions being from BS IV to BS VI, the new emission regime. I am also happy to share that we have smoothly transitioned into the BS VI ecosystem. On top of that, you can take pride that your Company was the first manufacturer to launch India's first BS VI motorcycle, the Splendor iSmart. Going forward, we will continue to anticipate and deliver the cutting edge aspirational products that our customers look forward to and expect from us. As always, we have been encouraged by the support shown to the industry by the government and the local administrative authorities. We thank them wholeheartedly for the measures and initiatives, including the series of stimulus packages put in place to mitigate the impact of Covid-19.

Atmanirbharta - Self-reliance is the new mantra. You are all aware that from our inception, we have followed the principle of Atmanirbharta. India has always been a land of immense opportunities and we are always grateful for being a homegrown company that is now spreading its wings across continents. When Covid-19 struck the world, we stepped up our efforts substantially to support the social and humanitarian causes. We engaged in a host of social welfare work, including distribution of PPE kits, sanitizers, masks, meals, ration kits to communities that are vulnerable and at risk. We also developed motorcycle ambulances which we have given into rural areas.

We, at Hero, along with other group companies, allocated a corpus of Rs. 100 crore towards the Covid-19 relief efforts, including a contribution of Rs. 50 crore directly to the PM CARES Fund.

These relief efforts are in many ways a natural progression of our work in the social sector. We support many-many schools and over 400,000 children to improve learning outcomes. We have provided entrepreneurship training for over 55,000 women and trained over 650,000 youngsters in safe driving techniques. We have developed villages that have improved the quality of life of more than 300,000 and planted more than two million trees.

Environmental concerns are our top priority at Hero. All of our plants have achieved Zero Liquid Discharge status and we are now well on our way to achieving Zero Waste to Landfill to reduce the generation of solid waste and plastics.



In spite of being a large manufacturing concern, we aim to become carbon-neutral by the year 2030 and have invested in conservation measures and in solar energy sources. Together, we are taking positive steps towards creating a greener future for the coming generations.

Our mission is “Create, Collaborate and Inspire.” We are inspired by the fact that we are living in an era of transformation, one that will reshape the lives of the coming generations. As we go forward, we are aware that there will be new challenges and unforeseen hurdles. We believe that perseverance and resolve will not only help us overcome any obstacle. It will take us to new levels where we will emerge stronger and better prepared to meet opportunities and challenges alike. At Hero MotoCorp, we are creating future, not waiting for it.

I am happy to share that we are on the cusp of setting yet another world record in the fiscal year 21 – a historic milestone of 100 million motorcycles and scooters in cumulative sales since our inception. We look at this milestone of 100 million as much more than just a number. It is an affirmation of the faith and trust that our customers around the world have placed in Hero. And it is powered by the collaboration of hundreds of our partners around the globe. It is an exciting journey that beckons us and I seek your support and best wishes for the future.

Thank you all for joining us today and giving me an opportunity to share my thoughts with you. Let us continue to create a brighter, better future for all of us.

Pawan Munjal
Chairman, Managing Director & CEO