

**39<sup>TH</sup> ANNUAL GENERAL MEETING OF HERO MOTOCORP  
LIMITED - AUGUST 9, 2022**

**CHAIRMAN'S SPEECH**

My Namaskar to All of You!

Dear investors, shareholders, partners and colleagues from across the globe – once again a warm welcome to the 39<sup>th</sup> Annual General Meeting of our company. I hope you and all your loved ones are staying safe and healthy!

A lot has happened since our previous AGM in 2021. It was a period unlike any other; I will share with you the key aspects a little later.

Before I start my official address for today's Annual General meeting,

I would like to take us all back 11 years...some of you may instantly know the significance of the date today while the new members of our Hero family may be wondering what is special about this date.

Well...It was on August 9, 2011.... 11 years ago – a date etched in the history of our company. A day that is very close to my heart.

The day when I unveiled the brand 'Hero MotoCorp' - The REBORN HERO - as the world stood witness. It was on this day at the O2 Arena in London where an Indian company made the world take note of its aspirations and goals.

The rest, as they say, is history! We have surely come a long way with the continuous support, trust and confidence of you all and the untiring efforts of our employees & partners, who have all contributed to building this brand as the World's No. 1 motor cycle and scooter company – a coveted position we have proudly held for the last 21 consecutive years.

So on this momentous Hero Day, let me congratulate and thank you all for being a part of this Hero family.

The journey of Hero exemplifies the journey of India. Hero has been one of the earliest pioneers of 'Make in India'. Key inflexion points in our company's history interestingly overlap with the history of India. Including the month of August.

As, we celebrate Hero Day on August 9;

India celebrates its Independence Day on August 15. I would like to take this opportunity to wish all Indians across the world a proud and glorious 75<sup>th</sup> Independence Day in advance.

Let's now recap on the year gone by.

For us at Hero MotoCorp, the past year has been about change, resilience, resetting priorities and the continuous drive towards the achievement of our vision – Be the Future of Mobility.

Navigating a difficult environment and the unforeseeable circumstances during the more intense second wave of the pandemic, our company proved its resilience with prudent leadership and the tremendous hard work of our colleagues through FY 2021-22. I am humbled and proud to say we truly stood together during these testing times.

As you may be aware, there is a possibility of a global recession looming on the horizon. The global markets are in a frenzy, inflation has reached unheard of heights, especially in traditionally mature, developed economies; and the Indian rupee has hit an all-time low against the US dollar, while outperforming many other emerging market currencies.

With no sign of an end to the war in Ukraine, it is not unlikely that the conflict may tip the already fragile global economy into a slump. This is unfortunately the reality of the dynamic changing times that we are all living in.

Our company too has faced multiple headwinds during this unprecedented year, yet we maintained our global leadership position. We kept our customers' requirements at the centre of our mission and at the heart of our business. We continued to offer the best products and services to meet the changing & evolving expectations and parallelly drive new product developments.

In line with our Company's Mission Statement to 'Create, Collaborate and Inspire', we are leading the world into a sustainable future! The best ideas often come to fruition when different partners collaborate and work together. Collaboration is what defines Brand Hero.

As the Japanese author, Ryunosuke Satoro wrote, "Individually, we are one drop. Together, we are an ocean."

Our hard work and tenacity has enabled our company to continue to retain its coveted position as the world's no. 1 motorcycle and scooter company for more than two decades.

Hero MotoCorp is not only a proud contributor to India's growing economy, but a harbinger of the nation's ingenuity and manufacturing prowess; and being a major contributor towards its position in the global economic space.

During the past decade of our growth journey, we have expanded our global footprint to 43 countries; doubled our manufacturing base to eight plants, including internationally in Colombia and Bangladesh; We scaled up our in-house research and development capabilities with a world-class R&D ecosystem in India and Germany and, above all, we have built an organisation on the pillars of diversity and inclusion (D&I). With women workers comprising approximately 10% of our workforce, and associates from

over a dozen countries around the world, we are spearheading the industry in inculcating D&I in the organisational culture.

Mobility is undergoing one of the most transformational shifts of the century, with far-reaching implications such as evolving consumer demands, ownership, and breakthrough technologies.

The global automotive industry may be over 100 years old, and yet it is being redrawn, recrafted and reborn before our own eyes – like no other industry in this world.

Being a responsible corporate citizen, we at Hero MotoCorp fully understand and realize that the future of humankind will be governed by sustainability and protecting the environment and climate. I am totally convinced that mobility will be one of the industries that will lead this massive transformation;

And We at Hero MotoCorp will be right at the forefront of this transformation, keeping with our Vision – Be the Future of Mobility. This year will see our company claim its position in the exciting clean mobility space in a new avatar as we take strides to transform our leadership in the internal combustion engine (ICE) market into the electric vehicle space – globally!

In keeping with our vision to lead the migration to this new future of mobility, I unveiled Vida - Powered by Hero – as our new brand identity for emerging mobility solutions. Through Vida, which means ‘life’, we will not only revolutionise the electric mobility space, we will ensure a cleaner, greener and better future for generations to come.

Our company continues to leverage our global partnerships to strengthen our capabilities. With our partnership with Gogoro Inc. of Taiwan, we will bring the largest battery-swapping network to India.

Our collaboration with Bharat Petroleum Corporation Limited will support setting up battery charging infrastructure for EVs across the country.

With the investment in Ather Energy in 2016, we are accelerating our electric journey and bringing sustainable mobility solutions that deliver value to our stakeholders.

In keeping with our strategy of strengthening our core business and amid the transformation of the automotive industry, we aim to capitalise on all the opportunities presented by the global automotive and emerging markets. Our new strategy for the Global Business vertical (GB), called ‘R4’ which was launched in 2021, has been transformative and has delivered great results.

The R4 mission was to Revitalise, Recalibrate, Revive and Revolutionise our Global Business. This programme has seen tremendous success as our Global Business delivered 300,624 (over 3 lac) two-wheelers in 43 markets during the year under review. A remarkable growth of 57%.

During the financial year 2021-22, we significantly expanded our presence in the Central and South American markets through strategic partnerships.

Having already commenced retail sales in Mexico, in partnership with Grupo Salinas, we aim to become a key player in that market.

We have partnered with Gilera Motors in Argentina, one of the leading automotive companies in the country.

Our new partnerships in Central America with Grupo Casa Pellas in Nicaragua and Movesa S.S. in Honduras are extremely promising. We have further expanded our presence in El Salvador and reinvigorated our strategy in Nigeria, with a goal to attain market leadership in the African markets.

Our new dealership in Dubai will help us tap into the growing market in the Gulf region.

The goal is to garner 15% of our total volumes from global markets by 2025.

During the year under review, the two-wheeler industry faced multiple headwinds, owing to weak demand and continuous disruptions in the supply chain. The rural markets, which account for over half the annual sales of motorcycles and scooters in India, remained under economic stress.

Higher material costs, shortages of products and services and soaring fuel prices increased the cost of ownership, further dampening consumer sentiment and their ability to buy.

All of these events impacted two-wheeler sales in India. To offset the adverse impact, we focused on expanding our exports, optimising costs & resources, prioritising transformational projects, improving internal processes and re-evaluating options.

While the rising costs for freight played spoilsport, we navigated through these challenges with grit, endurance and determination to ensure that our products reached our distributors and customers.

During the year, we continued to focus on the short- and medium-term growth drivers for our Company; together, with the move towards premiumisation of our product portfolio. I am delighted to share that ever since we took Harley Davidson into our fold in India, Harley Davidson in India has again regained its number one position for motorcycles above 1000cc. and the focus on growing our Parts Accessories and Merchandise (PAM) business, we achieved both growth and profitability.

The Parts Accessories and Merchandise business recorded a growth of 15% YoY, and revenue creation of over Rs. 1,000 crore per quarter. The segment's contribution has been noteworthy and it continues to grow at a healthy rate.

Another key enabler for this fiscal year was Hero FinCorp, our finance arm, which has been growing at a phenomenal pace since 2012. It has helped serve seven million customers through its 2,000 locations spread across the country.

Hero FinCorp recently raised Rs. 2,000 crore in growth capital, which will help it expand its reach & offering, and drive two-wheeler sales. Hero FinCorp plans to evolve into a full-service finance company in the near future.

The launch of our virtual showroom, providing our customers with an immersive buying experience, is among one of the several digital initiatives that have helped us drive process optimisation. We have also launched a sales and aftersales services platform on WhatsApp.

Going forward, we expect 30% of our sales to be generated from digital channels.

Additionally, we have launched 7 new 'PHYGITAL Hero 2.0' stores across the country. These new stores offer a warm and inviting environment for our consumers, with a High Digital Engagement Infrastructure. I dare say, these stores could become a beacon of reference for the entire two-wheeler industry. In the year ahead, we plan to re-energise our dealership network across the country by opening a large number of these stores.

Hero MotoCorp sees diversity and inclusion (D&I) as its core pillars of our foundation and strength. A diverse workforce brings with it different perspectives, experiences and competencies – and thus makes us more innovative, inclusive and competitive. For this reason, we encourage a work environment that actively incorporates different ideas, perspectives and leadership styles. We embrace diversity in all its facets. Our company and its leadership are constantly striving to increase the number of women in the organisation, across the entire spectrum — from the shop floor to the Board room.

I am personally driving the D&I agenda, with a stated mandate to all the leaders to replicate this in all of their respective functions.

Our 'people first' strategy is inseparable from our future plans which are tied to our focus on sustainability, responsible manufacturing and doing business the right way.

Through the five pillars of People, Product Stewardship, Inclusive Growth, Eco-efficiency and Responsible Value Chain, we are evaluating every decision through the ESG lens. Our consistent efforts in stewarding sustainability have also been recognised by the Emerging Markets Dow Jones Sustainability Index for two consecutive years.

As a worldwide sustainability leader, we have initiated a major step during the year with the institution of a \$100 million Global Sustainability Fund. The fund will be used to nurture 10,000+ entrepreneurs on ESG solutions that will in turn, create a positive impact on the planet and people. Riding Towards New Horizons, our company is geared up for the next decade.

As we focus on the production of the next 100 million by the end of 2030, we are taking strides towards sustainability and electrification with a single-minded determination to truly Be the Future of Mobility.

All I can promise is that, while the first 100 million was achieved with the production of motorcycles and scooters, the next 100 million would certainly be an all-new, innovative and greener body form.

I am confident that our leadership team and the entire Hero family, with their courage, confidence and dedication, will write the next chapter of our Company's success story. Together, we will make a difference to our future.

I thank our valued shareholders, dealers, distributors, supply chain partners, associates, our entire workforce, our customers in India and across the world, for their complete support and trust in our Company, our people, as well as our products.

I wish everyone a healthy, safe and prosperous year ahead.

Namaskar.

\*\*\*\*\*