

Chairman's Message

The Hero of Growth, Sustainability and Compassion



Dr. Pawan Munjal
Chairman and CEO

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Dear Shareholders,

I hope you and your loved ones are keeping well and staying healthy.

"Be kind, for everyone you meet is fighting a hard battle" - Plato

The Athenian philosopher could not have ever imagined that thousands of years

in the future, Humanity will face as dire a situation that we are facing today. In the year 2020 and even in 2021, our planet has been engulfed in what can only be described as "the worst crisis of our times!"

As I reflect back on the year that went by, I am filled with the emotions of

grief, compassion as we saw several of our family, friends and acquaintances succumb to and struggle with this dynamic and evolving virus. We all, however, stood by each other as One Family and supported the ones who suffered and also the ones who could not protect themselves.

Through this huge effort of collaboration and constant communication, we were able to emerge from the first-wave of the pandemic to ensure business sustainability, which in turn powered the economy and human sustenance.

Although, just when the world appeared to have moved past the pandemic, a string of virus variants of the disease continued to emerge sending everyone back to their respective homes one more time.

I am confident, however, that with the learnings of the previous wave, the mass vaccination effort and with greater awareness for preventive actions in the society, we will once again overcome this challenging time.

At Hero MotoCorp, our ability to judiciously continue operations, maintain fiscal prudence, strengthen the emotional bond with all stakeholders and prepare for the future truly defined us as an organisation.

100 Million – A Milestone par excellence

“Remember to celebrate milestones as you prepare for the road ahead.” - Nelson Mandela

Your company has always been at the forefront of providing mobility to the aspirations of millions around the world. The achievement of the 100 million cumulative production and sales milestone is a testament of the success of our evolving engineering, operational excellence and sustainable practices. This is a statement on the resilience of our holistic ecosystem built on trust and empathy. It is a celebration of the 100 million customers who continue to demonstrate their faith and trust in Hero MotoCorp, generation after generation. The achievement of this is an occasion for celebration and a motif of inspiration for all of us in the Hero MotoCorp Family.

We have already declared our next ambitious goal – we will achieve the target of the next 100 million within this decade. In keeping with our vision - **‘Be The Future of Mobility’**, our 200 millionth vehicle may not be a two-wheeler!

Create, Collaborate, Inspire

With robust product planning and a predictable product development roadmap, we are ensuring that we cater to the requirements of the customer by delivering technologically advanced products year after year. Our vision is to look beyond the traditional mobility space and are already making investments in electric mobility products, both personal and mass transit.

Please note, that your company is leaving no stone unturned in preparing itself for the future and in setting-the-trend, leading from the front instead of following it!

In 2020, we started a new journey with one of the most storied motorcycle companies in the world, Harley-Davidson. This partnership is an important stepping stone in the road to ‘Premiumisation’ of our brand and product. From building premium retail experience outlets to premium ownership models, Hero MotoCorp is enhancing capabilities and preparing itself to expand its presence in the premium two-wheeler segment. Hero MotoCorp is also in the process of developing a range of premium products, both under Harley and Hero MotoCorp brand names. We can all take great pride as Harley Davidson in its history of over hundred years has never embarked on such a partnership.

The partnership with Gogoro® Inc, which was announced earlier this year, is one of global significance. Gogoro® Inc. is a Taiwanese EV specialisation company with the world’s largest battery-swapping network. This partnership will be a key to the propagation of electric vehicle

charging technology and network supporting the EV products in India, and across our global markets.

I would like to share that our relationship with Ather Energy in which we have 38% stake is actively evolving into a partnership on multiple fronts. This clearly is going to pave our way into being a market leader in the EV space.

Resilience through the Global Crisis

We entered into the financial year 20-21 under ‘Lockdown’ conditions- a term that is part of common parlance today, and brought the world to a grinding halt a year ago. At Hero MotoCorp, however, we were extremely proactive in our approach and consciously decided that we will not let this crisis go to waste. Our top priority being keeping people and their wellbeing above everything. We, at Hero MotoCorp have always been people centric and know that our people are our family. We are also of the firm belief that our relationships are the key to our success.

Hero MotoCorp was among the first Companies to halt operations in March 2020 at the onset of the pandemic in a proactive effort to protect our employees. Hero MotoCorp resumed operations in May of 2020 and what followed from there on was a story of sound planning, proactive actions, compassionate operations and considered optimism.

Not only did we manage to support all our employees, their families and our business partners during the lockdown period, we also ‘hit the ground sprinting’ once businesses reopened to achieve multiple production and sales milestones. These records would have made our whole ecosystem proud. We were able to achieve them in a year still overcoming the pandemic was truly Heroic! Our performance provided inspiration to others; it also led the way for the revival of the auto industry.

Chairman’s Message (contd..)

In a year marked by severe economic downturn, poor sentiments, challenges and chequered opportunities, we delivered a shining result for all our stakeholders - including employees, shareholders, investors, business partners, customers, our communities and the industry. We created value, building an even more sustainable and robust business that is attuned to the future.

‘People First’ Approach

Not limiting ourselves to excellence in business operations, Hero MotoCorp scaled up the concentrated program towards the development and welfare of all our colleagues. With our commitment to place ‘people-first’, we continued to strengthen and enhance our organisation’s new philosophy, providing training, support, camaraderie and engagement to employees. This effort drove the idea of inclusiveness and help built a robust and holistic work culture within the organization.

During the year, we nurtured our existing talent pool and identified future leaders for greater opportunities within the company. We reinvigorated and reorganized traditional organisational structures to achieve greater efficiencies in our operations. The position of the Chief Operating Officer (COO) was created for the first time in the company’s history. This was done with the aim of ensuring further robust practices in the area of quality and all aspects of operations.

Our main focus during this pandemic year was to ensure the safety and well-being of everyone in the ecosystem, our ‘Hero MotoCorp Family’. As things stand today, we continue to keep health and safety as our top priority. The company has initiated a vaccination drive and as of now, more than 90% of the employees and workers have been vaccinated with the first dose. Counseling and Covid Care Centres have been set up to support our employees and their families through various initiatives.

The commitment showcased by our teams, in ensuring business continuity and supporting the community is immensely heart-warming and motivating. My heartfelt thanks to all my Heroes who have ensured that your company continued to be at the forefront in every sphere of its operations!

Ensuring Fiscal Prudence

Our sustainable financial performance in the year under review, FY 2020-21, is testimony to our agility and preparedness for unprecedented events. We were able to manage our top line and deliver a healthy bottom line. We registered improved profit margins by enhancing our productivity levels optimising costs and ensuring strong cash flows. Despite all the challenges during this pandemic, Hero MotoCorp was able to grow its market share in both motorcycles, scooters and also the premium motorcycle segment.

While the recovery towards the second half of FY 2020-21 the Company saw a gain in sales volumes, the overall performance for the year was subdued. The company managed to contain the effects of the pandemic on its business and financial performance with focus on strategic initiatives such as a strict discipline on expenses and prioritization of projects. We also succeeded in substantially reducing general overhead costs and capex. Our tight working capital management further helped in ensuring the much required liquidity buffer.

The R4 of Global Business

Revitalize, Recalibrate, Revive and Revolutionize

With our new strategy called R4, the focus on our Global Business is very clear. Hero MotoCorp continues to invest in the development of new products for our international markets and we are determined to expand our global footprint. Our goal is to develop new

markets and strengthen our market share in the existing ones by delivering superior products and enhanced customer experiences.

We ended the fiscal year with our highest-ever exports in any single month - a clear indication that the company is poised to step into the next growth phase of global business. In a significant milestone in our global journey, we made an entry into Mexico. A key motorbike and scooter market. With Grupo Salinas as our partner this has enabled us to form one of the largest retail sales channels in the country. Our expectation is that Mexico will become a key international market for us in the foreseeable future.

Our Global Business is already making strides in re-establishing itself in some of the territories in South America. New distributor partners have been appointed in Honduras and Nicaragua. Hero MotoCorp has also taken immense strides in Nigeria and have launched a new product called Hunter in that market. The initial results are extremely promising and we expect to gain significant market share in Nigeria.

Engaging with Stakeholders – Communication is the Key

Our consistent delivery of superior products and great customer experience requires the combined effort, focus and commitment of numerous people, organisations, partners and associations.

From the onset of the pandemic, the company made a conscious choice to keep communicating with our colleagues & their families, dealer partners, suppliers, investors, global distributors, shareholders and other related parties. Through a variety of digital mediums, we ensured that the entire Hero MotoCorp Family felt safe, secure and in-sync with the organisation’s approach and plans.

My personal interaction with each of these stakeholder groups through more

than 50 Town Halls, focus groups and virtual celebrations during the year; including the company’s first-ever digital Annual General Meeting (AGM) in August 2020.

This consistent communication and stakeholder outreach resulted in our strong performance once we resumed business. Building on our learnings from this approach, I continue to regularly engage with all our stakeholders and work in a very open and communication oriented environment.

Customer Orientation

The approach towards the customer of your company has remained proactive and focused on the delivery of our brand promise. From launching a host of important new products, to sales and aftersales initiatives, executing measures for safety & convenience and supporting communities where required, we were instrumental in providing a safe and convenient purchase and ownership experience to our growing customer base.

Social Responsibility 2.0

“It is during grave challenges that leaders require to tread a new path.”

Sustainability, care for the environment and supporting the communities have always been a top priority for me personally and that for your company. During this period of unprecedented challenges, individuals, societies and organisations were required to go beyond the usual extent to support humanity.

Your company took the lead in this effort and just like in managing our business operations efficiently, it was proactive in supporting social causes, our country and its people in every possible way. We enhanced our efforts towards supporting the less privileged people in our society. We combined all our strategies and

goals towards building an empowered society. Our teams worked with multiple state governments to build care and health infrastructure. Our R&D and manufacturing teams developed the unique First Responder vehicles (FRVs) that are helping people in rural and inaccessible areas of the country.

Riding beyond Horizons...

We know where we have come from and we know where we are going.

As we look ahead, we have set a clear vision and path for this organisation and its large ecosystem. Over the past decade, Hero MotoCorp has been on an accelerated growth path and has expanded itself on every count and every field. Now, we are ready and poised for the next phase of our expansion and growth.

As the world recovers from the second and a significantly severe wave of Covid-19, we are upbeat about the short-term growth and remain optimistic about the long-term view. We are well prepared to meet rising consumer demand and will be able to grow our business as and when the economic situation revives and reemerges.

For the near and medium terms, we are focussed on delivering products that are relevant and in-line with the overall sustainability of the company. With a strong pipeline of products, including premium motorcycles and scooters, we are confident of keeping the customers excited and stimulating the markets.

The future will have to be imagined today, so it can be delivered tomorrow. As I have often said, we are aggressively working towards multiple EV programs and platforms and also on various other modular mobility solutions. Sustainability remains critical to our ethos and we will continue to work in-line with these principles.

I extend my appreciation to the Members of the Board for their support and guidance during this challenging year and I thank all our colleagues and my leadership team for their relentless effort in achieving our objectives during this difficult time.

I would be remiss if I do not thank our customers, shareholders, investors, business partners, and other stakeholders for their continued support and trust in Hero MotoCorp.

I urge you to continue to share your ideas and opinions with us to help us further improve and enhance your company, Hero MotoCorp. With your blessings and support, we will continue to create milestones and make you proud of your Hero MotoCorp.

Keep Safe. Stay Healthy.

Warm Regards,

Pawan Munjal