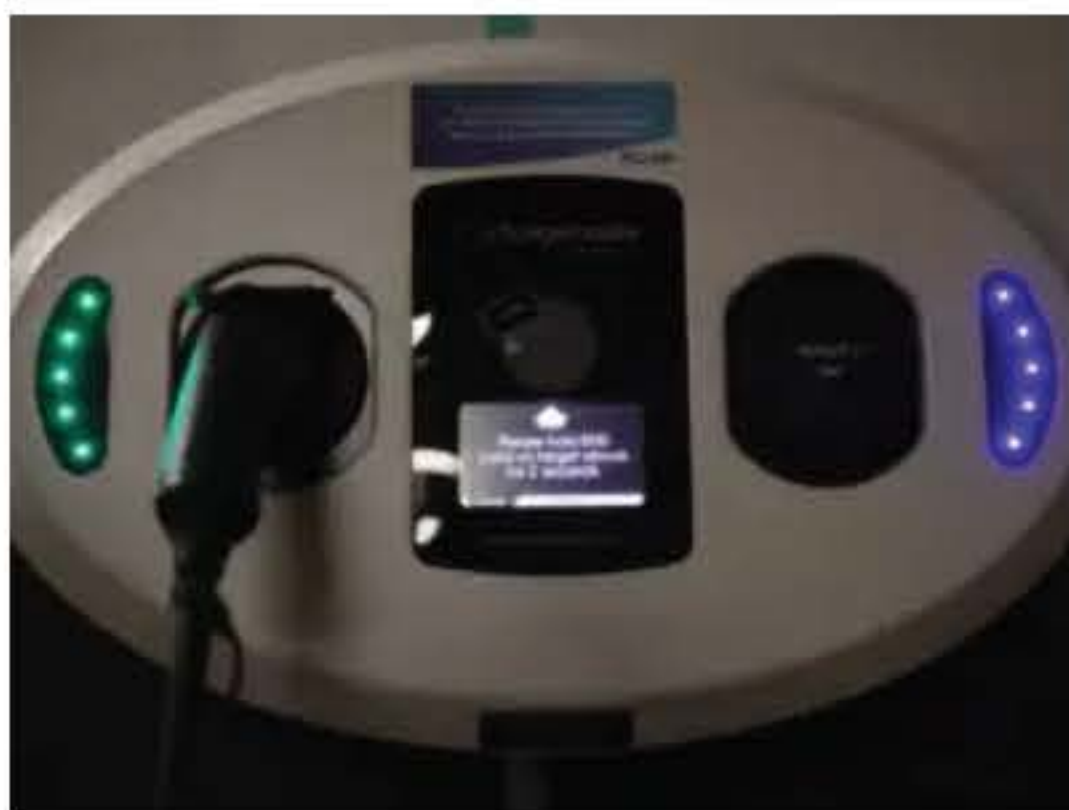


Hero MotoCorp bets big on EVs, ready for cash-burn



NEW DELHI: Pawan Munjal, chairman of Hero MotoCorp, has said the company is ready to shed its 'old guard' stance and play the startup game — including getting into the 'cash-burn' customer-subsidy model, if the need arises — as it lines up new investments worth thousands of crores, while being open to raise fresh funds.

The bold statement by Munjal, a generally reticent businessman, comes at a time when the SoftBank-backed Ola Electric is challenging traditional two-wheeler players with its green scooter that claims to have garnered one lakh bookings in just one day (vehicle gets launched on August 15).

“In case the market is disrupted in a manner that we are required to do that (engage in cash-burn) to get into the market with pricing where we have to become aggressive and get a fair share, then we will do it,” Munjal told TOI when asked whether he is ready to look beyond traditional business wisdom and engage in aggressive price one-upmanship.

“We may be the so-called established player — the old guard. Having said that, if and when it comes to playing the right type of game, we will become a startup. In many ways right now, many teams within the EV programme are working like startups.” Hero Moto-Corp is celebrating the 10th anniversary of a solo journey after separating from the JV with Japanese Honda. While Ola Electric is a startup, it promises mega investments and a production scale of 10 million units (annually) by next year — capacity what the 1985-incorporated Hero still doesn't have.

Munjal remains unfazed and is ready to fight it out. “I do believe the way forward is electric (and) we cannot be left behind... We want to be a leader in electrification also, (and) we want to be a global leader ... Hero will do whatever it takes to become the leader.” The company, he said, will not shy away from raising funds to maintain an aggressive posture. “... who says that we as a company cannot bring in funds, if and when required? Today, we are a debtfree company. We don't have to be a debt-free company all our lives. Is it impossible or difficult for a Hero MotoCorp to bring in funds? I believe investors will come forward to support a company like Hero MotoCorp.”

Munjal added that Hero will ensure it keeps making margins and does not simply rely on a cash-burn model. “What we are also doing with our supply chain partners is to create a very competitive product. Depending on the type of products and the segments we get in — yes, to start with, there is a possibility that in one, there could be a cash-burn and in the other maybe not.”