



May 17, 2023

**Online intimation/submission**

**The Secretary**  
**BSE Limited**  
Phiroze Jeejeebhoy Towers  
Dalal Street  
Mumbai-400 001  
Security Code: 505200

**The Secretary**  
**National Stock Exchange of India Ltd**  
Exchange Plaza, 5<sup>th</sup> Floor, Plot No.C/1,  
G Block, Bandra Kurla Complex, Bandra (E)  
Mumbai-400 051  
Symbol: EICHERMOT

**Subject: Regulation 30 of the SEBI (LODR) Regulations, 2015 – Transcript of conference call**

Dear Sir/Madam,

Further to our letter dated May 4, 2023 intimating the schedule of the conference call held on Thursday, May 11, 2023, please find attached transcript of the aforesaid conference call, held inter alia to discuss financial results for the fourth quarter and financial year ended March 31, 2023, pursuant to Regulation 30 of the SEBI (LODR) Regulations, 2015. The same is also available on the website of the Company [www.eichermotors.com](http://www.eichermotors.com).

The conference call started after the conclusion of the Board meeting of the Company.

You are requested to take the same on your records

Thanking you,  
For **Eicher Motors Limited**

**Atul Sharma**  
**Company Secretary**

Encl: As above



“Eicher Motors Limited  
Q4 FY23 Earnings Conference Call”

May 11, 2023



**MANAGEMENT:**    **MR. SIDDHARTHA LAL – MANAGING DIRECTOR & CEO, EICHER MOTORS LIMITED**  
                          **MR. VINOD AGGARWAL – MANAGING DIRECTOR & CEO, VE COMMERCIAL VEHICLES LIMITED**  
                          **MR. B GOVINDARAJAN – CEO ROYAL ENFIELD AND WHOLE TIME DIRECTOR, EICHER MOTORS LIMITED**  
                          **MS. VIDHYA SRINIVASAN – GROUP CFO, EICHER MOTORS LIMITED**



**Basudeb Banerjee:**

Hi, good evening, good morning and good afternoon to all of you, wherever you are in the world. Welcome to Eicher Motors Q4 & FY23 Post Results Investor Call. We have with us senior management of Eicher Motors represented by Mr. Siddhartha Lal, MD & CEO, Eicher Motors Limited; Mr. B. Govindarajan, CEO of Royal Enfield and Whole Time Director Eicher Motors Limited; Mr. Vinod Aggarwal will be joining shortly, who is the MD and CEO of Volvo Eicher Joint Venture and Whole Time Director of Eicher Motor Limited; and Ms. Vidhya Srinivasan, Group CFO, Eicher Motors Limited. So over to you, Sid.

**Siddhartha Lal:**

Hello, everyone, and a very good evening to all of you, and thank you so much for joining this late hour in India at least, on our call for Eicher Motors Limited earnings for the quarter and the year ended March 31, 2023. So overall, the financial year has been absolutely fabulous for Eicher Motors. We made really good progress towards our long-term vision, our goals and have registered an absolutely stellar performance this year. So it's been our best ever financial and business performance as it were this year.

And I'll begin with the business highlights for Royal Enfield. We registered our best ever sales of more than 834,000 motorcycles this year, beating our previous best, which was a pre-pandemic 2018-19 year.

We also took huge strides in our international business front and for the first time, we received over 100,000 units sales in the export market. So it's a big inflection point we believe, because that's when also in the domestic market, we had enormous growth. Of course, there are different challenges, but we have also started our CKD operation in Brazil this year, which is an extremely high potential market. So overall, we have 4 CKDs. In addition to Brazil, it's Argentina, Colombia, and Thailand, all relatively large potential markets. We also had two outstanding launches last year. Again, the first physical launch after the pandemic was the Hunter 350 in Bangkok with global media, which really highly appreciated the launch, the motorcycle, the refinement of this Roadster style of motorcycle, which is a totally fit for the city roads in Bangkok and also for longer distances. So it went off super well. We had our Super Meteor 650 launch in Jaisalmer in Rajasthan with a long stretch of ride that we were on with the global media again, and it really proved itself to be the absolute best middle-weight cruiser in the world today. And that's the kind of reviews that we've gotten also if you have had a chance to look at those. Both motorcycles are doing extremely well both in India and in international markets in their segments to gain two new product successes behind us in segments that we've not necessarily been in the past.

And again, after a break of two years we returned to Goa with our new format of Rider Mania, which we call the Motoverse now. And we had 3 outstanding days of motorcycles across Goa, but also entertainment, music, talks, art, shows of all sorts of things that really got the hearts and souls and bodies of our rider community moving, and it was extremely well taken. I believe even though we had an absolute record number of 14,000 visitors, I believe this year will be a hell of a lot more based on the success that we had last year. So it's been absolutely fantastic. It's also starting to become a bit of a global event with a lot of international participants also coming in. So that's the business highlights on Royal Enfield.

Then we moved to VECV and just in time with Vinod also joining us now, Vinod Aggarwal as you can see on the screen. And we've had an absolutely tremendous year of excellent performance in VECV this year. We had a highest ever sale of Eicher trucks and buses at 77,000 units, and record performances in our other business segments in our VE Powertrain where we sell engines to Volvo Group globally at Volvo Trucks, where we distribute and sell Volvo Trucks in India, and the engineering components business as well.

We had robust profitability, improved profitability through the quarters and improved market share across the board in our light-duty, medium-duty and heavy-duty, and buses and Volvo Truck segment everywhere. We made huge strides, market share gains and had a very successful year overall. We also celebrated 15 years of the joint venture with Volvo. We had a lovely event in our state-of-the-art new manufacturing unit plant in Bhopal, where the entire Executive Board or the management team of Volvo Group, all of them came down. They spent time with us in Bhopal and reconfirmed our commitment towards modernization of commercial transportation in India and of working closely together between Volvo and Eicher in the coming years as well. So it was really a very good highlight last month in April with our 15th year anniversary of the joint-venture.



Coming to consolidated financials for Q4 and for the full-year that ended March 31, 2023; we had five quarters in a row of record revenue, which again, last quarter was record revenue for EML consolidated and our best ever annual revenue. For Q4, we had a revenue of over ₹3,800 crores, up 19% and for the financial year, revenue at ₹14,442 crores which is a 40% growth over last year. Our profit and EBITDA have also been growing YoY and sequentially, and we registered our highest ever PAT and EBITDA for four quarters in a row and for the financial year. So again, record numbers through. Our EBITDA for Q4 was ₹934 crores, up 23% for the full-year was ₹3,444 crores, up 59%, and PAT was at ₹906 crores, up 48% and PAT for the year was at ₹2,900 crores, up 74%. So good absolute profit growth at EML and EBITDA margin for the quarter stood at 24.5%, against 23.7%. And for the full year, a 23.8% against 21% last year. So again, big growth in profitability as well from previous year.

And overall, in the Board meeting that we held today, the Board of Directors of Eicher Motors Limited has declared a final dividend of ₹37 per share for the last year, implying a payout sum of ₹1,012 crores, which is around 35% of our profit after tax. And the dividend per share is the highest ever for EML and is around 76% higher than the previous year.

In addition, the Board has also approved a cash outlay towards capital expenditure for Royal Enfield business at ₹1,000 crore for FY23-24, which is the year that we're in already, which includes investment towards EV manufacturing, EV product development, and of course product development for our internal combustion engine portfolio. The large chunk of it is only for product development in both ICE and EV. So that's the overview of Eicher Motors Limited. Now we'll have Vinod Aggarwal talking to us about VECV. But before that, I'll hand over to Govindarajan, CEO of Royal Enfield to give us more detail about the business of Royal Enfield in the last quarter and in the last year. Over to you, Govind.

**B Govindarajan:**

Thank you, Siddharth. Hi, everyone, I hope you guys are doing well. Royal Enfield has had a spectacular year. Not only we registered strong performance in the domestic market, as Siddharth was mentioning, we also crossed a very important milestone in our international journey: over 100,000 motorcycles dispatched from India.

Let me begin with the performance of this quarter and the year. For the Q4, we sold almost 214,685 motorcycles, which is up by about 18% compared to last year. Our demand is continuing to stay very resilient. It's actually further getting aided by our new motorcycle launches, which we have done, which got an excellent response from our consumers.

Our market share in the domestic market in the motorcycle segment, especially on the 125cc and above, it grew to almost 33.5% for Q4 FY23 compared to about 32.9% in the Q4 of FY2022. For the full-year, the total standalone motorcycle sales of Royal Enfield stood at almost about 8,34,895 motorcycles, registering a growth of 38.4% compared to last year. And in the motorcycle market share, we gained almost 7.2%, which is a record one. And we also gained almost a 31.3% market share in more than 125cc. So every third motorcycle is now a Royal Enfield in India.

In our international markets, the momentum is continuing, and we crossed, as mentioned, about 100,000 motorcycles mark for the first time and we also registered about 23% growth over the previous year. Despite the macroeconomic backdrop, our retail growth in the international market is ranging between 27% to 45% across various regions in the FY2023. Our market share in the middle weight segment across the markets has climbed, especially in Americas, about 7%, and APAC is almost 8.9%, and EMEA is about 8.8%. We further strengthened our footprint in Americas with our fourth CKD plant in Brazil, which is very important for us to be looking at that market. And we also have plans to launch the CKD facilities, which we have signed up for Bangladesh and Nepal. In U.K., we are actually implementing a direct distribution by ourselves. We have already taken over this month, and we are aggressively working on expanding our reach in existing and a few newer international markets during this upcoming years.

Happy to share with you, Royal Enfield has achieved the fourth strongest brand globally as per the global auto report from the U.K.-based Brand Finance for 2023. Royal Enfield is the only motorcycle brand to feature amongst the top 10 global brands in this. You all know on the product front, we have introduced two new exciting motorcycles, the new Hunter 350 and the Super Meteor 650. The Hunter



350, which is a stylish very accessible roadster, which was launched in the month of August in Bangkok has received excellent response worldwide and has won numerous awards also as well. It won the India Motorcycle of the year award - IMOTY 2023, India's most prestigious automotive award. The Super Meteor, which we launched this year in January, has been performing very well. We have excellent responses from the markets outside India also. We have a very good booking in Europe, Americas, and in the APAC region. Our non-motorcycling business is continuing to grow very, very consistently. Our endeavor to deepen rider engagement with the motorcycle has resulted in an outstanding growth in spares, accessories, apparels everywhere, and we have witnessed a growth of almost 32% YoY led by the strong growth, especially in accessories business.

On the EV journey, we have been making steady progress. I can say EV journey Royal Enfield is in the top gear now. Our intention is to create uniquely differentiated electric motorcycles with strong Royal Enfield DNA. We have commissioned a very capable team and we started committing very deep investments in terms of product development, product strategy and in the product testing and development area. Currently, we have laid a robust long-term product and technology roadmap on the EV and towards developing the supplier ecosystem is what is the focus as of now. There are a lot of prototypes and testings, which are going on in. That's why I said it is in the top gear. We are very committed. It's in full blast now. In addition, you all know, we have made a strategic investment of almost €15 million in Stark Future in January 2023. Now both the teams are working well, and they are collaborating very well to learn from each other and looking at what is the co-creation and the development, which we will do and how do we leverage each other's strengths.

In conclusion, at Royal Enfield, we had a very great year, but I must tell you, we have also an even better one, which is planned, which we will see in time to come. And we have a very strong lineup of motorcycles for the year 2024 and a robust plan of growth on the rebalance, which we have articulated.

Now I will request Mr. Vinod Aggarwal to walk us through the VECV performance and updates. Over to you, Vinod.

**Vinod Aggarwal:**

Thank you, Govind, and thank you, Siddharth, and a very good evening to all of you. For VECV, last year was a record year in various respects. If you look at our overall sales, last year we closed at 79,623 units, trucks and buses, which was against our earlier peak of 72,969 in 2018-19. So we have grown by 9% as against the earlier peak in 2018-19, whereas the overall CV industry is still down as compared to the earlier peak. The 3.5 ton and above industry is down by 15% as compared to the earlier peak of 557,000 units in 2018-19 to 474,000. So industry is still lower than the earlier peak, whereas we have grown by 9%, which means that we have grown in market share in all our product lines.

For example, in light and medium-duty trucks, 5-18 ton, this year, we have a market share of 31.5%, and it is consistently improving YoY. Last year, it was 30.2%. In Buses, this year, we have a market share of 24.8%. Again, it is improving consistently year-after-year. Last year, it was 21.9%. In heavy-duty trucks, again, it's a very good steady growth YoY for both Eicher and Volvo. Last year, we had a market share of 8.3%, which was 7.3% a year before. So there has been consistent improvement in market shares all across.

We continue on our commitment towards increasing uptime to our customers. We are very, very advanced in the digitization services. We are offering 100% connected trucks. And based on that, we are able to offer various types of services like the predictive maintenance or remote diagnostics. That takes the entire customer satisfaction experience to a new level. And of course, we are continuing to improve on our network. Every year, we are adding a number of new dealers. Our penetration is improving in the country as a whole, and that is also one of the reasons for improvement in the market shares. And we also reiterated our commitment to sustainable transport by delivering 40 electric buses to the prestigious city of Chandigarh and these buses are running very successfully. And we showcased a wide range of future-ready solutions encompassing decarbonization, increasing uptime and connected solutions at the Auto Export 2023. We were also ranked number one in the dealer satisfaction survey for the second year in a row. Six of our products were ranked number one across relevant categories at the prestigious Apollo CV awards.



Now coming to the overall revenues. Last year, we closed with the total revenues of ₹18,952 crores, which have grown by 48.9% over previous year, revenues of ₹12,724 crores. And for Q4FY23, our revenues were ₹6,200 crores, which are up by 43.9% from Q4FY22 of ₹4,307 crores. As far as EBITDA is concerned, for the full-year, we have EBITDA of ₹1,375 crores, which is at around 7.5%, grown by 92.1% over previous year EBITDA of ₹716 crores, which was at 5.9%. And for quarter four, we have EBITDA of ₹619 crores, which is at 10.4% as against the Q4FY22 of ₹288 crores at 6.8%. And then as far as the PAT is concerned, for the full-year we have PAT of ₹579 crores as against ₹111 crores last year. And for quarter four, we have PAT of ₹319 crores from ₹99 crores last year.

Now, of course, I hand it over back to Siddharth for closing remarks.

**Siddhartha Lal:**

Thank you, Vinod, and thank you, Govind. I think after a couple of really tricky years previously, we've had an absolutely stellar performance in EML and VECV last year. It's been a year of consolidation in some way, because after all the different forces around the world in terms of the COVID and supply chain, it's been a settling year. It's been a year where we've all been able to settle down, get back to full focus as we do. And get back to our growth and profitability and development of the future for both RE and VECV. So, we've had a really solid year, and I'm delighted to say that the combined revenue, actually, if you look at it like that which we don't in our financials, but if you combine EML, which is RE and then VECV together, we have over ₹33,000 crores revenue now and which equates to over \$4 billion in revenue. So, now it's really sort of starting to crank up and become a sizable company. And it's not just that. We really set ourselves up for a very strong base now for the coming years and for the next phase of growth that we have. We see some points of inflection. We see that Royal Enfield has crossed 100,000 units internationally. And we're seeing that the interest, the demand, the virtuous cycle of dealers making good money or dealers wanting to have Royal Enfield outside of India, and then big demand for our bikes that is coming in, we're seeing the point of inflection there.

We're seeing a significant point of inflection in VECV with heavy-duty trucks, where for years and years, we haven't been selling. But it's really starting to move in its own momentum now, and it's starting to grow and heavy-duty trucks, we all understand, in revenue terms is the lion's share of the truck of the commercial vehicle market. And we've reached a threshold level, I would say of a couple of thousand units per month, nearly 1,500, 2,000, even 3,000 in some months, we've crossed in heavy-duties. So, it's been really strong, and we see that inflection coming up.

And with all of this, we're delighted about our past performance, about how things are going, about how smoothly the companies are operating and in the new normal situation where there is a bit more choppiness than there was pre-pandemic. But we are able to manage all that, because of our extremely focused approach in both Royal Enfield and VECV. We have a tremendously sharp focus and tremendously sharp leadership, and that's what I believe will be the biggest strength in the coming year. So, thank you very much for joining us. And now we can have some questions.

**Basudeb Banerjee:**

Sure, sir. So we can start the Q&A session. First question is from Jinesh Gandhi. Jinesh, you can ask your question.

**Jinesh Gandhi:**

Hi. Congrats on a great set of numbers. A couple of questions from my side. One is, can you talk about the driver of realizations and gross margins in this quarter for Royal Enfield, the standalone business?

**Vidhya Srinivasan:**

Yeah. So as far as sales is concerned, I think there has been a combination. We've had ASP growth in the quarter, which is really driven by a higher share of international volumes, which has happened. We've also had a bit of pricing impact, because we've taken price increases on account of Hunter and Bullet in the past. So I think those two factors are really responsible for the increase as far as revenues are concerned.

From a margin standpoint, I think there are multiple series of factors which are coming into the picture. We had raw material savings of approximately 0.9% QoQ. And because of various initiatives that are taking place internally and also some of the commodity tailwinds, which are coming through, and that's reflecting in our raw material savings. Apart from that, the pricing is also leading to the



gross margin improvement. And a little bit of international mix improving is also obviously contributing to gross margins as a combination of all those factors.

**Jinesh Gandhi:** Got it. And commodity cost tailwinds are largely behind, or do you see further savings coming in 1Q, 2Q?

**Vidhya Srinivasan:** One thing I think we should say is that we're kind of watching. I think on steel, for example, there's been a bit of price increase, but we have, for example, done a price correction of about 1.5% on May 1st. So we're kind of monitoring how the impact is playing out.

**B Govindarajan:** Just to add, Jinesh, it's not the point of discussion on an everyday basis, how the commodity is actually hitting. The commodity inflation cycle, our understanding is it's not the one which is facing us. There will be blips which we have to manage because of the business.

**Jinesh Gandhi:** Got it. And last question on expansion or the ramp-up of new models, both Hunter and Super Meteor. So how are we planning to ramp it up, both in terms of production as well as the launches in the export markets where we have not yet launched, for example, Hunter is yet to be launched in LATAM and other markets, and Super Meteor beyond Europe. So, how do we see that?

**B Govindarajan:** See the Super Meteor is a first thoroughbred cruiser from Royal Enfield, and we have already dispatched about 4,000+ Super Meteor across the globe. What's happening is more and more demand is coming up and the team is also now working on how to improve the productions. And we are in the process. You will see the production ramping up with the next weeks to months to come. So there will be a constant ramp-up increase, which will take place.

**Jinesh Gandhi:** And product launches in the global market, primarily Hunter in LATAM and Super Meteor beyond Europe?

**B Govindarajan:** Yes. So we started launching market-by-market, almost most of the market we have introduced. I mean, when we are talking about the last two days, even in Australia and all, our team is actually launching the Super Meteor. We have done Hunter launch in the USA. So depending upon the availability, depending upon the homologation in hand, we keep launching it.

**Siddhartha Lal:** Sorry, Govind let me cut you off. But just to reconfirm that all of our products are global products. They will all have a place in every market by and large. I mean there may be a small exception here and there, but certainly, for example, in the case of Hunter, in the case of Super Meteor, they will go to pretty much every single market we have. Now there is a cadence as Govind said, because of homologation, because of market situation, because of seasonality in markets, all of that, we prioritize markets over others. But other than that, you're going to see all our products in every market. And over time, you're going to see that happen quicker. I can see the background you are coming from. Okay, look, it's been many months, why isn't it globally? Yes, we understand. And in our future products, we are trying to reduce the gap from global launch to availability across the globe, right? So we are trying to do that further.

**Jinesh Gandhi:** Got it. Thanks and all the best.

**Basudeb Banerjee:** Thanks, Jinesh. Next, we have a question from Chandramouli.

**Chandramouli:** Yeah. Thanks for taking my questions and good evening. So the press release mentions that the Super Meteor 650 will be launched soon in the APAC and Americas markets. So just trying to understand, sort of based on your international market models, is America a larger opportunity for Super Meteor than Europe? Or is it maybe not the right understanding? And also based on sort of initial customer feedback, is the Super Meteor likely to be more of an export market-focused product than domestic for us? And are there any supply chain factors to keep in mind as you ramp up production on this model?

**B Govindarajan:** I will go from behind, talking about is it only for export? No, it is a global product. It is also equally being bought by the consumers in India and the booking is going up. Obviously, you don't ask me what's a booking number, I'm not going to tell you. But booking is very good even in India. International market, the traction has been very good. As Siddharth was mentioning, we are opening



market-by-market with the ramp-up coming up and the homologations, which are coming up into this. So it's in the execution mode. You will see these things, which will happen in the next weeks to months to come. So everywhere, it will be available.

**Chandramouli:** Got it. That's helpful. My second question is on the export markets. So it appears that we are close to a 10% market share on average in the global middleweight market in the previous fiscal. So we've made a lot of progress in setting up sort of more exclusive Royal Enfield stores in the recent years. So could you share some color on what are the incremental market development activities that we are considering in the export markets? Are there any details on the current split of sort of volumes between the exclusive stores and the multi-brand outlets? And maybe what percentage of the exclusive stores are company-owned versus third-party? And sort of lastly, if you could share just export market revenue for the full-year and then non-motorcycles revenue for the full-year? Thank you.

**B Govindarajan:** Too many questions, maybe I lost track. Maybe I'll just go. In terms of number of outlets, there are almost 1,150 premium retail outlets outside India, which have exclusive stores and also a multi-brand outlet out of which 207 are exclusive stores outside India, I'm just talking about and almost about 950 are multi-brand outlets.

**Siddhartha Lal:** And just to add there, none of them are company-owned. These are all third-party stores.

**B Govindarajan:** So what's our focus in the international market, we almost got the market share in all the markets where we are in the middleweight between 8-10% range. That's where we are. The addressable market is very good. It's quite huge. In fact as Siddhartha, was just explaining, it's as good as about what's there in India now for the middleweight about 1 million motorcycles outside India. So there is a huge headroom for Royal Enfield to grow. What Royal Enfield have to focus on is getting the right products, and that's what we have done with our Classic 350 on the J platform, then the Hunter 350, which we brought in and the Super Meteor and very recently, we have done the refresh on our Twins platform of motorcycles on Continental GT and Interceptor. All these products are getting accepted very well. We are also working extensively on community connect because what we understand is delivering a pure motorcycling experience, and that's what we focus on even outside India, in creating a culture of motorcycling which is what we believe is Royal Enfield. So with all the spare parts issues sorted out, with the retail outlet numbers which are going up and in the products, we have a huge headway for us to grow in the international market.

**Chandramouli:** Got it. That's helpful. And just lastly, if you could share the export market revenues and the non-motorcycle revenues for the full-year please.

**B Govindarajan:** Yes. We'll come back to you on the second point when we're digging out the numbers.

**Chandramouli:** Sure. Thank you very much and all the best.

**Basudeb Banerjee:** Thanks. Next question we have from Kapil Singh. Kapil, please unmute.

**Kapil Singh:** Yes. Hi. Thanks, sir. Congratulations on a good set of numbers. Firstly, if you could just talk about what you're seeing on the demand outlook across these segments, there was some discussion that we had last time that on Hunter, we are also looking to expand presence across Tier 2, Tier 3 towns. So how is the reach right now? And overall, what are you seeing in the industry?

**B Govindarajan:** Okay. Hunter, we will talk about it. Hunter when we launched, we started looking at the main markets A, A+, B and all. Now the next focus area, which we have been talking about in Hunter, is in Tier 2, Tier 3 cities also. But for Royal Enfield last year, in all the areas, rural, urban everywhere, the growth has been very good. Now with the ramp-up, which has been a very good situation for Hunter and the booking is also going up. So the supply situation has become better, it has eased out, so now the focus is more on even the rural markets. That's on the Hunter. What's the next question, which you're asking, Kapil?

**Kapil Singh:** On the overall market, what are you seeing, right? So in domestic and exports both?





- B Govindarajan:** Look, exports, there are macro issues, which all of you know, there are inflation pressures, energy cost is high and all those things. But the mobility solution, which is required especially for the two-wheelers hasn't come down. There are no signs which are showing at this stage, it's on a high pressure point, but it has to be watched because nobody gets that particular situation on a macro level. As far as the domestic market is concerned, I think it is coming back to the overall market. The market may not come up to the pre-pandemic level completely, but it is coming up. The good sign for Royal Enfield, which we are looking at is the premium segment, the premiumization is better. The premium segment is growing, and we have grown better than that. And as that segment is growing and with the outstanding products which we have launched, especially Hunter, which is now getting, reaching into all the rural areas and Super Meteor, the Classic 350 and the new products which we have lined up for the coming year, when the market opens up, we will have a very good traction and a good growth for Royal Enfield.
- Kapil Singh:** Great. And sir, the second question was on electric vehicles. We have started some initial Capex there. So could you talk about how you see the salience of electric vehicles in your segment over the next few years? Is it viable as you see things right now or will it take some time? And how much Capex is going towards electric vehicles? Can we talk about what kind of capacities we are creating there and when we will start launches?
- B Govindarajan:** So electric, the transition will take place. It's only a question of how many years it will take. Initial adoption is not a motorcycle, it's scooters over a period of time the adoption will take place even in the motorcycle segment because the cost, the total cost of ownership, if I have to put the battery cost and all the other costs which are there for motorcycle of our nature, especially for the leisure motorcycles, it will be a bit tough because ICE will be cheaper in that way. But over a period of time, commodities like batteries and all those things when the cost comes down, the TCO will come down, which will become a compulsory reason for the consumer to buy, but it may take a few years. That's our understanding at this stage. What is important is even ICE in the premium segment that is growing, and we see at least for a few years that the growth will be continuing. So we have to invest both in ICE and in EV, and that's the Capital outlay that we have talked about. As it is mentioned about ₹1,000 crores, which is involved is for ICE new products and also EV. At this stage where we are in EV, our focus is more on product development rather than just the capacity enhancement, capacity enhancement will come at a point of time, and we have done the strategy at what point of time we have to build the capacity. But we have the factory space, which is available at our Vallam facility, we will build up the line which is required for EV manufacturing also in that place.
- Kapil Singh:** Any time lines you can share on the launch, when is it expected?
- B Govindarajan:** The timing is, I think it's up and public. A lot of people have been saying that 2025-2026 and what we are working on. We have to get a product which is very disruptive when it comes at a point of time. So our focus has been, what sort of a product, what sort of an experience. What's the take for Royal Enfield when we come out with the electric motorcycles, our product strategy work and what are all the products and the number of products at what point of time you have to come up, that all has been lined up. So our focus as of now is all about getting the product right and working with the ecosystem and the suppliers to see that all the capacities are plot and get the motorcycle on. So you will see at an appropriate time when we come up, maybe at an appropriate time, we will come back to you and then say we are ready now that's the time we are going to launch.
- Kapil Singh:** Okay. Thank you so much. Have a good day.
- Vidhya Srinivasan:** So I'll just confirm the values that you guys were asking for. So international revenue is about ₹2,080 crores, and the non-motorcycle revenue for the year is about ₹2,041 crores.
- Basudeb Banerjee:** Thanks. Next question we have from Amyr Pirani.
- Amyr Pirani:** Hi, thanks for the opportunity. I just had a follow-up on the exports. So we know that the seasonality of exports is slightly different from domestic. But especially in the last few months, we've seen a lot of volatility, now when I look at near-term numbers, March was very strong, but I guess that was because the Hunter exports ramped up and then April. So when I look at April, is it seasonality? Or is there some slowdown? Can you give me some sense as to what you're actually seeing, at least for



the very near-term because I think we have passed the stocking cycle for the riding season for the overseas markets, if I'm not wrong. So some color there would be helpful.

**B Govindarajan:**

Our focus is always, as we mentioned, we don't look at the short-term every week, every month, how things are, right? But what we normally look at is for the long-term, what is that we have to do for those markets. Our international market ambition is very high because the addressable market is very good and our product is getting accepted very well. The brand is being recognized very well, everyone starts looking at the Royal Enfield products as really gorgeous looking and it's exactly what they want: simple, it has a relevant technology, which is there in the market. With all of these things, we see there's a huge potential for Royal Enfield to grow. April, one odd month, you know there are issues in some countries. There are poor transitions which are there. There are strikes going on in some countries. One thing which I have to bring to all of you is, in fact, in the U.K. we are taking over the distribution from this month onwards, so there are some stocks which have to be adjusted and all those things. So these are all the operational metrics, which is what is being there. Riding season is starting now, and retails are becoming better. We have a clear vision of how to become the leader in the international markets for which all the activities that are required, that's where the focus is.

**Amyr Pirani:**

Thank you. That's helpful. And just one question on financing. What would be the broad retail penetration for you in India right now? And how do you see that going?

**Vidhya Srinivasan:**

Yes. About 55% is our penetration. I think it's been pretty consistent. And I think we do obviously see that over a period of time, it will keep ramping up, but it has been steady for us.

**Amyr Pirani:**

Great. Thank you. I'll come back in the queue. Thanks a lot.

**Basudeb Banerjee:**

Thanks. Next, we have question from Pramod Kumar.

**Pramod Kumar:**

Hi, thanks, Govind, Sid, Vinod, the great set of numbers. So I think I'll first ask the CV question because there's a lot discussed on RE already. On VECV, Vinod, sir, I think a great performance, and I would like to use this opportunity to ask you on the outlook for the CV industry, M&HCV industry particularly for FY2024 because there are a lot of concerns about whether the growth is slowing down, whether we are in the last lap of the CV up-cycle. So if you can share your thoughts, given your decades of experience in space, how do you look at the M&HCV volume growth for this year, sir?

**Vinod Aggarwal:**

I think there is still a lot of room for growth because if you look at the industry position, it is still lower than the earlier peak of 2018-19. We are in the recovery cycle. First of all, if you look at the overall economy, the Indian economy is now \$3.5 trillion. And we are fairly confident that this economy is going to grow year-after-year. And if you go by the government's estimates, they are saying 5 trillion economy in three to five years. And it doesn't happen in three to five years maybe it will happen in six or seven years. Therefore, growth is imminent. The economy is going to grow. And if the infrastructure investments where these are going, like this year, the allocation is ₹10 lakh crores, in the fiscal budget and next few years it is going to be, I think, \$1.5 trillion, so therefore, the CV industry is going to be benefited with all this traction in the economy as well as the infrastructure investment. The second major reason for growth is the replacement market is going to be very strong because the old trucks are not able to meet the productivity or efficiency requirements of the customers. So therefore, all the old trucks, which are more than five to six years old, which are there with the fleet operators or with the transporters, they would be required to replace, because it would have more improvement in infrastructure and also the expectations of customers. You have to meet the speed requirements. You have to meet the timeliness requirements. You have to meet the productivity and the cost requirements, these can only be met by the new trucks. Therefore, the pent-up replacement demand due to the COVID and real replacement which is going to happen in a very strong manner, that is going to be there. So that is the second major reason for growth happening.

The third is you were asking about the heavy-duty trucks. Heavy-duty trucks, the earlier peak, were 295,000. We are still at 247,000 last year. So heavy-duties, they are still lower than the earlier peak. Even though the light-and-medium-duty trucks, they have now reached the earlier peak. As far as the bus market is concerned, you will see a lot of growth coming in the demand from the State Transport Undertakings, because State Transport Undertakings have got a very old fleet. So there will be huge requirements coming this year itself of the bigger buses from the State Transport Undertakings. And



the school Segment is becoming very, very strong for the light and medium-duty buses, you can say up to 11 meter buses. So therefore, that demand for buses, we will see good growth in the current year. Only right now, the stress in the global markets or the exports out of the country, are down significantly. But they will also improve once the situation improves in the South Asian markets of Bangladesh and Nepal. Mostly the pain is there in Bangladesh, Nepal and Sri Lanka of course. However, the market is good in the Middle East and the African market is not that impacted. And of course, there will be good markets even in Southeast Asia, Indonesia or Malaysia. We are also now going to explore two Latin American countries. So therefore, I am very, very positive about the CV industry. You will see good growth at least for the next two to three years.

**Pramod Kumar:** So Vinod ji, is it fair that the industry could see double-digit volume growth on the M&HCV side this fiscal too, industry side?

**Vinod Aggarwal:** I'm expecting that. Yes.

**Pramod Kumar:** Okay. Thanks a lot for that sir. And the second question is on Royal Enfield, Govind. I think it was a great performance so far. But how should one look at a growth for the company or generally in terms of the industry-wide premium segment, as you look into the next two to three years Govind especially on the domestic side because for us, Hunter has definitely done very well in the domestic market and probably going to work very well in international too. But what I'm trying to understand is, when do you expect the portfolio ex- Hunter to make a stronger comeback, like the Classic, the Meteor, the Himalayan, when do you expect that portfolio to start firing for you? Because you talked about demand recovering on the domestic front, the premium category. So is it fair to assume that we could see growth on a consistent basis even for all the models ex of Hunter as well?

**B Govindarajan:** Pramod, that's a very big question which you have asked. The overall two-wheeler even now, at least in India, it hasn't come to that level of pre-pandemic. It is inching up there. It's slowly coming up. The sentiments are positive. It is slowly coming up. As Vinod was mentioning, the economic growth is pretty positive. Premiumisation in the two wheeler segment is better. The discretionary spend is also going up. So all the signals which are there, the market is going to grow. What we are now looking at and the market is growing, have we done our basics right and are we on top of it. Our brand positioning is strongest, the two-wheeler brand in India with unparalleled heritage. We have premiumization of the market. We are there, all the products which we have. We have fantastic new products which have been launched, especially Hunter, now we are going into the rural market also more. And we have about 2,100 premium distribution network. So India, I think with the product, with the network and the market development activities, which we are doing, with the economic things which are getting opened up, we feel there is a good potential for us to also to grow. Even now, our market share in motorcycles is only about 7%, 8%, right? So there's always a good potential for us to do this, because Royal Enfield looks at actually developing the market rather than looking at only taking a pie out of it. We always believe like that.

Internationally, the addressable market Pramod is almost one million units. There also, we have a market share of only about 8%-9% as of now. All the new products, which are global products of Royal Enfield, are all getting launched one by one. This year, you will see the traction in those areas also. We also have a huge potential in the non-motorcycle opportunity, right? We are in accessories, apparel, spares, well sorted out, and in the international market, as of now, we have to now get on to accessories business and all in a bigger way. We have the configurator, which we launched for our accessories. So even the older motorcycles, if somebody wants to change accessories, they can actually configure, see it on the configurator and then order. So what we are looking at is we are continuing to focus on what is right for the company when the market opens up, there's a possibility for Royal Enfield to really, really garner the market share. That's the confidence, which we have.

**Basudeb Banerjee:** Thanks. Next, we have a question from Gunjan Prithyani.

**Gunjan Prithyani:** Hi. Thanks, Basu, and thanks team for taking my question. Most of my questions have been answered. I just had two follow-ups. One, I'm just trying to get some clarity on this production, which has been sort of lagging for the last two quarters. If I look at the dispatches they have been, let's say, to some extent, quite ahead of where the production level is. So is this a supply constraint that we're still facing? Is this some deliberate inventory adjustment that we are doing? And particularly, the



production is lower for Meteor 350. So I'm just trying to get colour on what's going on for the last six-seven months on the production side?

**B Govindarajan:**

Hi, Gunjan. I don't think we have any issues in the production to be honest now. Having said that, you raised it, we'll also go through it. But I must tell you Hunter, when we're looking at a point of time, what should be the capacity, which we have to build. We built a particular capacity to a fantastic situation to be in more than what we have invested and then what we thought the Hunter has started doing very well. So we immediately started looking at the ramp-up. So Hunter ramp-up is almost done. The second new product is Super Meteor that also has come back as a positive thing to us is that it's a good number. The booking is going up. International market is doing very well. But in the month of April, we had an OBD transition. So we have to be careful about the inventory. To that extent, we also did some adjustment in the overall inventory. Otherwise, production is not a constraint, model to model when the ramp-up is taking place, maybe it will take some weeks and months, but it's all in the road-only, Gunjan, we don't need to worry about that.

**Gunjan Prithyani:**

So I should read mostly this as a transition to OBD, that some level of inventory adjustment has played out in the last couple of months?

**B Govindarajan:**

In the domestic market, yes.

**Gunjan Prithyani:**

Yes, okay. And then second, a little bit on the non-motorcycle business. Now if I look at this it has gotten to 14%-15% of our revenues. Last year, of course, saw a big jump, but then motorcycle revenues last year were lower. But in a normalized year like FY23, we are at about 14%, which is quite a good number. So I mean, just trying to figure out, how should we now think about the growth in this business, does the share of revenues continue to inch up further? Or should we think this is growing in line with the bike business? And if you can just share more on what's really been driving this growth? I mean, spares is something that we all understand, but maybe on the other parts on the non-motorcycle?

**B Govindarajan:**

Yeah. Maybe I'll just give you some colour on this. Our motorcycling accessories, we are in a very good state now. We are adding more SKUs not just because we have to add SKUs and get business. While we do this, it's all about how we get the consumer to enjoy the comfort. So some SKUs are for comfort. Some SKUs are for style, some SKUs are for safety, some SKUs are for the experience, if he has to go for a touring or something like that. So what we are looking at is in every product, what are all the SKUs which we can add in the accessories business, which gives them the experience which the consumer wants. So there's a lot of work which is happening in building the SKU for the GMA portfolio, that itself will bring in more revenue into this. We also brought in the configurator, Gunjan and for the accessories because in our purchase cycle, when new motorcycles are being purchased they can go into the Make it yours platform on our website. So that's where they normally buy it. That's where the majority of the GMA purchase also takes place. But we also found that for older motorcycles that people want, so we brought in a configurator which we are extending. There is a traction which is coming up. In apparel, we are once again looking at our riding gear range improvement, collaborations with leading brands like Alpinestars, TCX and all. So it's all about what sort of an experience which we will give through this product, wherein the consumer will see, wow, I have a really nice product from Royal Enfield, which we should actually buy. So that's how – it's a business which has to give and revolve around motorcycling, and that's where the focus is also, Gunjan.

**Gunjan Prithyani:**

Okay. Got it. Sorry, just the last question, if I can pitch in here is on the Bullet. Bullet is still on the old platform, right? And now the OBD transition has happened. My guess is that it is compliant under the new norms. But if you can give us some colour as to when this moves to the new platform or anything, any timelines you can share?

**B Govindarajan:**

Bullet you see as of now, it is available, and it is growing. And at some point of time, Gunjan, we will do the transition. The way we have done the transition on the Classic 350 seamlessly, which you yourself have asked if there is any order inventory which is left out? We are good in the transition. So we'll do the transition smoothly.

**Gunjan Prithyani:**

Okay. Got it. Thank you so much.



- Basudeb Banerjee:** Thanks. Next, we have a question from Raghunandhan.
- Raghunandhan:** Thank you for the opportunity and congratulations on a good set of numbers. To BGR sir, for Super Meteor in domestic market, out of the order bookings that have been received, how would be the customer mix, trying to understand what would be the share of existing RE 350cc owners who would be upgrading to the 650cc Meteor, trying to understand whether this is being seen as a credible upgrade by existing owners?
- B Govindarajan:** Super Meteor is a thoroughbred cruiser and as of now, we have disposed of almost about 4,000 plus units across the globe. We have Meteor 350, and we also have Super Meteor 650, right? Those who enjoy an easy cruising, which gets on to that long distance also and cruising also enjoys, it's about Meteor 350. The 650 Super Meteor is also for the people who enjoy long distance, right? But that's also an easy cruising, largest booking motorcycle. So it will take some time for people to understand. And especially, when the road development activity takes place in India. I tend to become very happy about it because that's where the Super Meteor will actually find a space. And more and more new roads, which come up and people enjoy long distance riding. Super Meteor is an exact product for that because it's so simple to handle. On the upgrade cycle, whether the 650cc people will directly move there, because the people who love that Continental GT is one set of consumers. They enjoy the style, they enjoy the customization, which can be done on that. Somebody would like the Interceptor 650, which is a roadster type. So that actually caters to the set of consumers who want an experience. Super Meteor is for a long-distance ride. So, this is a fun set of consumers. So it depends on what the consumer wants. But we have all the set of products which are available and it actually answers to the needs of those consumers. So it won't be a direct replacement from one-to-one type.
- Raghunandhan:** Thank you, sir. My second question on the network expansion in the domestic market, how do you see that target for the number of outlets, I mean, mass market two-wheeler players have a notably higher number of outlets compared to Royal Enfield. Even car companies like Maruti have many more outlets than us. So, on an annual basis, what kind of network addition do you expect?
- B Govindarajan:** As of now, Raghu, we have almost about 2,100 Premium retail outlets across India, which has a mix of studio stores and the dealership outlets. What is more important to look at is, the market is also growing, some areas where at a point of time, the auto cluster, which has been very good, probably would have been there. And we've also gone in for stores there. In some areas with the auto clusters coming up at that area, we were not present. So now, the focus of the team is actually to look at proliferate then consolidate. That's how we should actually look at any of these strategies. We should not blindly proliferate because we are very conscious of the dealer profitability and we give utmost importance for every outlet's profitability for the dealers. So to that extent, our focus as of now is optimal reach is what is required. If we have to increase numbers in the area where the auto clusters are coming up, we will go there. In the area where the auto clusters are not okay, we will define that area because we have different formats. And we will actually adopt that format. So if I have to tell you in one sentence now, it's all about optimizing the entire retail network.
- Raghunandhan:** Thank you, sir. That's very helpful. That's all from my side. Have a good day.
- Basudeb Banerjee:** Thanks all. Due to time constraints, this was the last question. I'd like to hand over to Sid for his closing comments. Over to you, Sid.
- Siddhartha Lal:** Thank you all so much for joining us so late in the evening in India at least, and we are absolutely delighted about, like I said, our performance last year. I think it was absolutely fabulous. We've had good start into this year, and we have lots of exciting things, both on the RE side, on the VECV side, new products, new initiatives, and of course, a lot of work being done on the EV journey as well, so lots of interesting things in EML and in VECV. So thank you very much once again for joining us, and look forward to seeing you next quarter. Bye-bye.
- Basudeb Banerjee:** Thanks. I can see many follow-up questions; a few questions are answered. So I would request all of you to reach out to the IR team for all your queries. Thanks. That's all from us.
- B Govindarajan:** Thank you very much.