



“Eicher Motors Limited  
Q4 & FY26 Earnings Conference Call”  
May 22, 2026



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                          **MR. VINOD AGGARWAL – VICE CHAIRMAN – EICHER MOTORS LIMITED AND CHAIRMAN – VECV**  
                          **MR. B. GOVINDARAJAN – MANAGING DIRECTOR – EICHER MOTORS LIMITED AND CHIEF EXECUTIVE OFFICER – ROYAL ENFIELD**  
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**MODERATOR:**    **MR. AMIT HIRANANDANI – PHILLIPCAPITAL INDIA**

**Moderator:** Ladies and gentlemen, good day, and welcome to the Q4 and FY '26 Earnings Conference Call of Eicher Motors Limited, hosted by PhillipCapital India. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star and then zero on your touchtone phone. I now hand the conference over to Mr. Amit Hiranandani from PhillipCapital India. Thank you and over to you, Mr. Hiranandani.

**Amit Hiranandani:** Yes. Good evening, everyone. On behalf of PhillipCapital India, I welcome you all to Eicher Motors' Q4 and FY '26 Earnings Conference Call. I take this opportunity to welcome the management team from Eicher Motors Limited.

Today, we have with us Mr. Siddhartha Lal, Executive Chairman, Eicher Motors Limited; Mr. Vinod Aggarwal, Vice Chairman, EML and Chairman, VECV, Mr. B. Govindarajan, MD of EML and CEO Royal Enfield; Mr. B. Srinivas, MD and CEO, VECV; and Ms. Vidhya Srinivasan, CFO.

Now I hand it over to the management for the opening remarks. Thank you, and over to you, sir.

**Siddhartha Lal:** Yes. Hello, everyone. This is Siddhartha Lal here, and thank you very much for joining the Eicher Motors Limited earnings call for the quarter and financial year ended March 31, 2026.

We've had an absolutely stellar year this year at Eicher Motors with solid growth overall. Both at Royal Enfield and VECV, we've delivered record-setting performances, while Royal Enfield achieved over 1.2 million motorcycle sales, VECV, for the first time, delivered a record 100,000 units, 1 lakh unit sales for the year. This -- the combined revenue of EML and VECV actually crossed INR50,000 crores last year for the first time.

And on the back of this landmark year and a continued commitment to shareholder returns, the Board of Directors has recommended a final dividend of INR82 per share for the fiscal year. This year is also very special for Royal Enfield, as we celebrate 125 years of pure motorcycling, a philosophy that's held consistent across generations. And even though -- we're the oldest motorcycle manufacturer in continuous production, it feels like we're just getting started.

Making this year even more incredible was our entry into the electric space with the Flying Flea, which is a City Plus electric mobility brand. In the first week of April 2026, we launched the Flying Flea, C6 in Bangalore and the initial response has been very exciting.

Even as we go from strength to strength, marking new milestones in business and in financial performance, we remain focused on long-term growth. Recently, we announced Royal Enfield's capacity expansion at our plant in Cheyyar, Tamil Nadu. And from a longer-term perspective, we have also recently decided on plans for a greenfield facility in Andhra Pradesh.

Today, I would also like to welcome very warmly B. Srinivas to the call. B. Srinivas, who's in March 2026, he has assumed the role of Managing Director and CEO of VECV. He succeeds Vinod, Vinod Aggarwal, who was leading VECV for over 15 years, and Vinod has now taken over as the Chairman of VECV and of course, he's also the Vice Chairman of EML.

And as we step into this new year, we have also made a significant new announcement yesterday from an EML perspective. Expanding on our highly successful 18-year partnership with Volvo Group, we now intend to set up a new joint venture with Volvo to enter into the vehicle financing business in India.

And I'm going to hand over now to Mr. Vinod Aggarwal for more details on this new proposed joint venture in vehicle financing with Volvo. Thank you very much, and over to you, Vinod.

**Vinod Aggarwal:**

Thank you, Siddhartha. Good evening, everyone. Basically, our intent is to set up a 50-50 joint venture for financing, leasing and other financial services business. And our investment in this will be up to INR750 crores for the 50% stake in this Volvo Financial Services India. Volvo Financial Services India is in operation here in India for last more than 10 years, and they have assets under management of INR1,806 crores.

And they will issue fresh equity stake from the company. So this money will be put into the company into VFS India. And this JV combines Volvo's global financial services expertise and Eicher global knowledge and network.

This JV will serve Eicher, Volvo and Royal Enfield customers in India, and it presents an opportunity for EML to operate in an important segment of the value chain using financing as a lever for a supplier customer experience -- for a superior customer experience. The proposed JV will be the captive financing arm for VECV, EML and Volvo Group products in India.

The JV will combine VFS strength and understanding in the financial services with Eicher's extensive product portfolio, network and deep market understanding to capture new business in a more aligned and efficient manner. The proposed JV will also deepen integration to accelerate decision-making and help customers in easily accessing financing solutions.

Now I hand over back to Govind for briefing on Royal Enfield.

**B. Govindarajan:**

Thank you, Vinod. Good evening, everyone. Let me just talk to you about the Eicher Motors Limited financials and performance. It's been another strong year for Eicher Motors and a particularly special one for Royal Enfield as we celebrate the 125 years of pure motorcycling. Our results have been reflective of the strategic actions we took. We are by no means resting on these achievements. In fact, we are gearing up to the next phase of growth as you have seen through some of our recent announcements.

Now let me start with the numbers for the fourth quarter. Eicher Motors Limited posted a record performance with a consolidated revenue at INR6,080 crores and EBITDA at about INR1,514 crores. Profit after tax stood at about INR1,520 crores. Not just the past quarter, as stated earlier, we maintained a solid growth momentum through the full financial year as well

with revenue growing to INR23,408 crores with an EBITDA of INR5,785 crores. PAT for the period stood at INR5,515 crores.

Coming to some of the key updates from Royal Enfield. This has been our strongest year yet and what makes it even more special is we achieved many important milestones in Royal Enfield's 125th year. We continue to consolidate our leadership in the mid-sized motorcycle segment as our motorcycles continue to perform well through the fourth quarter and across the financial year.

For the full financial year, we recorded our highest ever annual sales performance with 12.27 lakh motorcycles sold, making this our second consecutive year of crossing 1 million motorcycles. Domestic sales grew 23% to 1.1 million units, while international volumes also grew 20% to 120,634 units, reflecting the growing strength of our international business, too.

We're also witnessing the strongest festive season in our history as the second year with the sales growing in the last festive time at 26% over the last year. And happy to share that at 125 years today, 1 out of every 3 customers of Royal Enfield is below the age of 25.

Now on the product front, this year was marked by thoughtful upgrades across our portfolio shared by our community. We introduced the 2026 Guerrilla 450 Apex, a sharper and more focused version of an already existing motorcycle on the Guerrilla platform, which has received a tremendous response. The 2025 Hunter 350, Meteor 350, Goan Classic 350 and Himalayan Mana Black, which all got launched also saw meaningful upgrades and have brought overall volume gain for us.

Some of our key motorcycles also achieved important milestones during this year. The Meteor 350 crossed the 6 lakh sales mark since its launch in 2020 on a cumulative basis. The Himalayan 450 recorded its strongest registering a 53% growth to achieve over 38,000 retails across the global. To make our entire 350 range more accessible, we also announced partnership with Flipkart and Amazon in India. We are working on it further.

We ended the year by starting a new journey with the launch of Flying Flea C6, as was mentioned, alongside the opening of our first Flying Flea store in Bangalore in April 2026. The feedback on the FF C6 has been incredible, and we are taking a deliberate city-by-city approach.

And beyond India, we continue to deepen our global footprint in Latin America, Brazil led the way with about 71% growth during the year. Brazil is now our largest and the fastest-growing international market, second only to India, in our overall global footprint.

Closer to home, in SAARC, Nepal outperformed with the spectacular growth this year, driven by new launches such as Classic 350 and Hunter 350. Our allied businesses had a very strong year across board. Our apparel business continued to grow and saw a 21% growth compared to the previous year with the launch of new collections like Conscious Collections, Get In-Streets and Royal Enfield VALLON Moto Aviators. We also expanded our collectibles portfolio.

Genuine Motorcycle Accessories has seen an exponential growth with the global revenue growing by 32% over the previous year, while our spare parts business also recorded a robust 18% year-on-year growth. Beyond motorcycles, our community grew stronger than ever during this year.

Motoverse 2025 concluded in Goa with another unforgettable edition with 30% higher footfalls, brought together riders, creators, musicians, artists and explorers from around the world in a celebration for pure motorcycling. We introduced 2 new community-centric properties, HunterHood and The Nights across multiple cities that helped us connect with the younger and a more diverse set of riders.

The 14th edition of One Ride brought together more than about 40,000 riders across 66 countries, reflecting the strength of global Royal Enfield community. During this quarter, we also got J.D. Power ranked as highest in the overall 2-wheeler initial quality, a direct reflection of our focus on the customer satisfaction. And we have secured the number 1 position in Federation of Automobile Dealers Association, FADA, Dealer Satisfaction Survey, and we ranked number 3 in the world's strongest automobile brand in the Brand Finance Automotive Industry 2026 report.

And on the sustainability, our Oragadam facility was recognized as Sustainable Factory of the Year by Frost & Sullivan, an affirmation that our commitment to the responsible manufacturing. The second addition of Journey Across the Himalayas brought together over 11,000-plus visitors, a reflection of how our social mission is growing.

On manufacturing and back-end and future readiness, in February, we announced INR 958 crores brownfield expansion at our Cheyyar facility in Tamil Nadu to further strengthen our manufacturing capacity. This will take us our annual capacity to almost 2 million units and cases.

In addition, earlier this week, we have also announced our strategic expansion plan in Andhra Pradesh, which will help us to build future-ready capacity and support our long-term growth. So as you heard, we have exciting updates and action across board, and we are geared for a growth-led FY27.

With this, now I'll hand it over to B. Srinivas to walk us through the VECV performance. Over to you, Srinivas.

**B. Srinivas:**

Thank you, BGR, and good evening, everyone. The year FY26 was a landmark year for VEC. We delivered a record 1,03,404 units, growing almost 15% over last year. Importantly, this performance was broad-based and reflected the increasing strength of our business across all verticals.

In Eicher brand heavy-duty trucks, we delivered 25,155 units during the year, registering 14.1% growth and improving market share to 9.1%. In LMD trucks, we strengthened our

leadership with 46,195 units while reminding ourselves that market leadership must always be accompanied by profitable growth.

Our entry into the new SUV segment has done well with 2,452 Pro X trucks delivered, including 726 EVs, opening up an important new avenue for growth. Eicher buses delivered 18,651 units. Our Volvo buses reached a record 712 units and Volvo trucks closed the year at 1,712 units. Exports grew strongly by 33.9% to 6,933 units despite a challenging external environment. Our spare parts sales grew 13.9% to INR3,045.5 crores. These numbers show that VECV's growth story is not limited to one segment or one business line.

Let me begin with the fourth quarter performance. VECV posted a record performance with consolidated revenue at INR 8,280.6 crores, EBITDA at INR 921.5 crores. Profit after tax stood at INR 595.8 crores. Beyond this quarter, we sustained a steady growth trajectory across the full year. Revenue growing to INR 27,076.6 crores with EBITDA of INR 2,562.6 crores. PAT for the year stood at INR 1,471 crores.

At VECV, we continue to develop our sustainability and inclusion journey throughout the year FY26. Beyond the numbers, the newly launched Eicher Pro X is assembled on all women line, the CV industry first in India. We strengthened renewable energy adoption through a 4.5 megawatt rooftop solar project, which is expected to reduce emissions by 25%.

We also cycled 52 million liters of water at Bhopal plant through an artificial lake that supports local birds and fish. Our carbon offset efforts continued with plantation of 66,000 trees, which is expected to offset about 660 tons of carbon emissions.

VECV continue to get good recognitions at 17th Apollo CV Awards, VECV was recognized as CV Maker of the Year and Transport Solution Provider of the Year. Our newest offer, Eicher Pro X was honored as Debutant of the Year. These recognitions reinforce our commitment to lead our vision to drive modernization in commercial transport. VECV is entering this new financial year from a position of strength. As we look ahead, the environment around us remains dynamic, global uncertainties, geopolitical developments and supply chain volatility will continue to test our ability.

But India's long-term growth drivers remain strong. Infrastructure creation, logistics modernization, growing e-commerce and the push towards cleaner and more efficient mobility continue to create meaningful opportunities for us.

**B. Govindarajan:**

Thank you, Srinivas. It has indeed been an excellent FY26 for Eicher Motors Limited, and we are happy to have started FY27 on a very strong note with a good momentum in April 2026 with a growth of 51%. The resilience of our growth over the past 8 quarters makes us confident that our strategies are steering us in the right direction and over the medium term, we expect the trajectory to be upwards.

In line with this projected growth, we are preparing to be future-ready with strategic manufacturing expansions and market relevant products planning, both at Royal Enfield and at

VECV level. Finally, as Sid mentioned earlier, we are getting into a new business vertical with a proven trusted partner and expect this sound investment to create value in the long term.

Thank you all for being with us on this call today. Now we can move to question and answers.

**Moderator:** Thank you very much. We will now begin with the question-and-answer session. Your first question comes from the line of Pramod Kumar with UBS. Please go ahead.

**Pramod Kumar:** Yes. Thanks a lot for the opportunity. Am I audible?

**Moderator:** Yes, sir. You are audible. Please go ahead.

**B. Govindarajan** Yes.

**Pramod Kumar:** Congratulations to the team for a great performance and congratulations to Vinod ji for leading the growth of VECV for almost a decade now as the leader. And congratulation, Mr. Srinivas as well for the new role and look forward to interacting with you soon, sir.

So moving on to the questions, Govind need your help on the -- on your take on the demand for the premium motorcycles in India. One of your peers actually called out premium motorcycle as probably the strongest segment right now in terms of growth, despite the geopolitics and the macro, what you are seeing.

So, if you could just share your broad thoughts as to given where demand is and given where inventory levels are in the industry, how do you expect the retail growth to pan out in FY 2027 for the premium motorcycle category?

And also then share your plans on the capacity expansion, what you're talking about. Because what we understand looking at Vahan and also talking to dealers is that you're literally running on with thin inventories, right? So, if you can just help us understand the growth outlook for the category and your plans for the capacity to begin with?

**B. Govindarajan:** Yes, Pramod. So three questions which you have asked. First is about the premium category growth. Financial year '26, we sold most about 1.11 million motorcycles in India. And there was a solid growth of about 23% over the last financial year.

In the month of April 2026, we sold about 1.04 lakh motorcycles, which is actually a 57% growth over the last year. And structurally, I'm seeing the demand is continuing. Inquiry levels are growing almost about 23% compared to the previous years and the months. So there is no structural correction which is taking place in the demand. That's continuing.

Inquiries are very good. Booking rates are very good. As you rightly mentioned, currently, Royal Enfield, the inventory levels are almost about 7, 8 days, primarily because in the month of May, you know there are issues on the manpower availability due to elections and LPG shortages.

And those are all the issues which were there. Those are temporary about a week to 10 days phenomenon. And that is now back on track and the deliveries are starting now. So you will see the growth continuing on the overall level.

As far as the capacity is concerned, we mentioned our capacity is about 1.4 million with about 500 module, which we explained to you people in the last call also, that's going to kick in from June and July. It does mean the overall capacity will go up to almost about 1.6 million plus.

And the INR958 crores capex, which we also got it cleared, that will kick in for the overall capacity of 2 million. This all will happen, as Siddhartha also mentioned and as I was explaining, at our Cheyyar facility where we have land. So that's a brownfield expansion. That's about 2 million capacity, which will be there by Q2 of FY28.

Beyond because we are bullish about the growth, as you also mentioned, the premium category segment is growing. And we have all our products which are doing outstandingly well, including the Guerrilla Apex, which we have launched now. So we have also signed up with Andhra Pradesh government for the greenfield project that's kicking in over about 2 million capacity. That's where our capacity planning is being done now.

**Pramod Kumar:** So Govind, I think to quantify the growth possibility for the premium segment, motorcycles, is it fair to assume given the commentary that there could be strong double-digit growth for the premium category for FY27?

**B. Govindarajan:** Premiumization in India is continuing as a spree So, and of all the motorcycles total, only the premium segment is growing. And that's why I said inquiries are continuing the trend of premium motorcycles will grow. If I have to give you some references, Pramod, the entire premium motorcycle in 2022, '23, the market size was only almost 70,000, now it has gone to almost about 1.1 lakh per month.

And in that time till now in the 1.1 lakh, we are almost about 90,000 plus. So the entire premium motorcycle segment grew and Royal Enfield outgrew that. So that momentum is continuing as of now. That's why I said structurally, we don't see any changes in the whole premiumization and the premium motorcycle growth.

**Pramod Kumar:** And the inventory of one week is including transit inventory, right?

**B. Govindarajan:** No, it is a dealer inventory and the depot inventory. Hence it is...

**Pramod Kumar:** Depot inventory. But depot inventory sits on your books, right, not with dealers?

**B. Govindarajan:** Yes.

**Pramod Kumar:** Okay. Okay. So dealer inventory will be even lower than 7 days effectively?

**B. Govindarajan:** That's right. That's right.

- Pramod Kumar:** Yes. So -- and can I squeeze in a question on margins? Is it possible or?
- B. Govindarajan:** Go ahead.
- Pramod Kumar:** Yes. So the next big debate is the margins or the cost when your margin execution this quarter has been pretty good. I think you managed commodity inflation very well. If you can just help us understand between you Vidhya as to how much of the commodity impact in 4Q, how much of that you could pass on to the consumers in 4Q and what the pricing taken up in 1Q, if any?
- And how should one look at commodity as a headwind to your margin profile? If you can just help us understand -- explain your pricing position and all the activities you're taking to kind of -- just help us understand that, please?
- B. Govindarajan:** Vidhya, maybe you can cover the Q4.
- Vidhya Srinivasan:** Yes. I'll talk about Q4. So I think as we said, we've been able to largely mitigate the margin impact as far as Q4 is concerned. Overall, because of the increase in commodity costs, we've had a total of about 90 basis points in the quarter. We were -- we took a price increase in January and the blended price increase was about 70 basis points.
- And remaining 20 basis points, we were able to address it through value driven cost reduction as well as model price variance mix. So that's how Q4 panned out. And then I'll hand it over to BGR to talk about the larger direction.
- B. Govindarajan:** So you all know the operating environment as of now, the entire auto industry is a bit complex because of the war situation. One is about the inflation increase, which is taking place. The second is also availability itself is becoming a bit of a problem. So we are all trying to do it on a wall footing basis type of how do we run the continuity in production.
- As far as the commodity is concerned, yes, there is a huge headwind. If I have to give you some number, it is almost about 3 to 3.5 percentage on the material cost level impact is expected. And what we have done anticipating this and started working on first is before the price increase, we intensified our value engineering. We intensified our cost reduction exercises, some of the austerity measures because it's a war situation, we also have to be prepared for it.
- And we also did a pricing increase of about 1.75% in the month of April. So we are at it. We know it is not that the entire commodity inflation has actually covered up. But how do we minimize, how do we mitigate this? We may have to navigate the entire situation carefully, but we are on top of it. And we are confident that we will mitigate it to a maximum extent.
- Pramod Kumar:** And Govind, just to clarify this 350 bps is incremental or this includes the 90 bps of what happened in 4Q?
- B. Govindarajan:** It is incremental in Q1.

- Pramod Kumar:** And you have taken a price increase of 1.75, so under recovery is 1.75 or thereabout?
- B. Govindarajan:** Under recovery is, yes, if we have to give a slight equation, 3% to 3.5% level, yes 50% is actually recovered. Remaining 50% is what I have mentioned. A, we have to do some austerity measures, which are required here and now. B, the value engineering in and kick in slightly ahead, we would have planned some projects which will be kicking in by July, August. That has to happen.
- So the front ending of cost reduction has to take place. And we also have done some prebuy, which is also helping us. So the residual inventories, which will also be used. So all the levers of the supply chains are being pulled because it's a tighter situation, which we have to navigate, and we are on top of it.
- Pramod Kumar:** And operating leverage benefits will be...
- Moderator:** Sorry to interrupt, Mr. Kumar. We request you to...
- Pramod Kumar:** Just a clarification on operating leverage. Just operating leverage benefits will be over and above that's right? What are mitigating factors from operating leverage?
- B. Govindarajan:** Yes.
- Pramod Kumar:** Yes. That puts you in a much better position Govind as a company. Thanks a lot. I will fall back in the queue.
- B. Govindarajan:** Thank you.
- Moderator:** Thank you. Your next question comes from the line of Kapil Singh with Nomura. Please go ahead.
- Kapil Singh:** Yes, good evening, sir. Congratulations on a strong performance. Just on the demand follow-up. Any outlook you would like to share for FY27, what range you are expecting growth for the industry or for Royal Enfield? Any thoughts there? And also similarly for the export market?
- B. Govindarajan:** So Kapil, we don't normally talk about the forward guidance in numbers. Currently, as I mentioned, in the month of April, we actually grew by almost 31%. And as I also mentioned that the demand is very strong. In fact, the demand growth, which I'm seeing is almost about 23% plus level. Booking is continuing.
- The interest on product from Royal Enfield is very good. All our launches have done outstandingly well. Very recently, we launched our Guerrilla APEX variant. That has really given us a good amount of an inquiry and booking. If I have to tell you on an overall level, there is no structurally any changes which is taking place.

We are working on fulfilling the demand. And because we had some setbacks because of the elections, manpower availability, LPG availability, commodity availability, power issues. So those are all the areas which we are working on it on top of it, and we are now working on demand fulfilment. That's about the overall demand situation, Kapil.

**Kapil Singh:**

Sir, about the international market sir?

**B. Govindarajan:**

International market, Brazil is doing outstandingly well. In fact, last year, we grew by almost 71% compared to the previous year. And in Brazil, we have become the number 2 in the middleweight and our product, Guerrilla 450 has won the motorcycle of the year. Himalayan 450 won the style Bike of the year, Bear 650 launched in Libra in the month of March.

Overall, in the Latin America and Brazil, we have been doing outstandingly well. And that's -- in fact, we are now focusing Brazil as a next big market to India. Currently, what is happening in the macro, most of the markets, especially United States, you all know, and there are tariff issues, confusions, which are all getting settled, but that's only about 3% of the total market for us.

Europe continued to degrow. In a degrowing market, we are maintaining our market share. But I must tell you, in Europe, I call it as market adjustment year. There are degrowth, which is taking place, preregistered vehicle of OBD2B, which was there. So still because of the degrowth, those preregistered vehicles are not cleared off from the floor. As a result, fresh billing is taking time. So international market is -- we are cautiously optimistic as of that now.

**Kapil Singh:**

Okay. And sir, on the financing JV that we have done what should be the primary benefit we should expect from that? Will it -- do you think it has market share implications for VECV and Royal Enfield or will it be more about tapping the profit tool in that segment?

**Vinod Aggarwal:**

Fundamentally, financing is important part of the value chain. So therefore, apart from being the important sales tool in some of the markets where financing may not be available, this is a separate business altogether. This will be run absolutely independently and all the decisions will be taken based on their risk profile and based on the actual financing model.

So -- but at the same time, you asked that whether the market shares will go up. Yes, it will definitely help in getting better financing like it will also help in getting more innovative products because Volvo Financial Solutions they are a very large financing arm of Volvo Group, and they have a lot of innovative ideas, how do we create more customer satisfaction.

So, I think they will bring in all those products internationally. And the other good thing is that the VFS, they do only captive financing. So, they will do only the VECV or Volvo products or Royal Enfield at a later date. So therefore, I think it's a good business opportunity and at the same time also as a sales aid.

**Moderator:**

Your next question comes from the line of Raghunandhan NL with Nuvama Research.

**Raghunandhan NL:** Congratulations, sir, on stellar numbers. Firstly, in last EICMA show many products were showcased, can you talk a bit about the upcoming products? I think Bullet 650, Flying Flea S6. Some thoughts on where you're focusing on and if possible, some timelines?

**B. Govindarajan:** Well, new products have to be open when the new products is really coming on to the market, Raghu. But all these products will -- whatever we have talked about or what we have showed in EICMA, from the project timeline perspective, whatever we intend to bring it to the market, it is on track. There's no delay.

But I'm happy to share with you one thing, as you all have seen, our electric mobility products, which is Flying Flea during this quarter, we actually launched and it's a City, City Plus motorcycle, which won the Red Dot Award even before it was even launched, we have launched the product.

Now booking has just started. We had gone into Bangalore only in one store, slowly, we are building up because we know we are not in a rush, but because it's a product which everybody loves now. And we did a media ride and all the journalists really, really love the motorcycle. There is a very good review we got.

So, we are building that category. So that product has already come in the market. And you will see S6 which was shown in EICMA that will also come in. A bullet 650 is on the cards. It's just going to come because that I can share it with you because the dispatch is already started. Remaining products, you will see one by one, which will come into the market.

**Raghunandhan NL:** Noted sir. Wishing all the best. One clarification. You said capacity near-term June, July will increase to 1.6 million and all the production or supply constrained labor shortage, all that is behind. Is that understanding correct, sir?

**B. Govindarajan:** That's right, Raghu. So, our capacity declared was about 1.4 million, and we said with the 500 module, which we started off anticipating the growth, that's going to kick in from July because we had to be prepared for festive season.

So, with that, our capacity will go to almost about 1.6 million. And the investment which was also clear INR958 crores in April, that has started, and that will take us the overall capacity in phases to 2 million for future because the growth momentum is continuing. For future, we also have to secure land. That's why we signed up our Greenfield project at Andhra Pradesh.

**Raghunandhan NL:** That's very helpful, sir. Just a last question. welcoming Mr. Srinivas and best wishes. Sir, can you talk about MHCV industry growth, how are you seeing for FY27. And also, if you can indicate your thoughts on the commodity pressures for Q1?

**B. Srinivas:** Start from the latest one. I think the commodity pressure is exactly same as what Govind has mentioned. I think we are sailing the same boat. So, which is expected to be in the range of 3% to 3.5% and that's in the first quarter. So that continue to be in the similar lines for the year. As far as demand is concerned, I think there is no forecast expected at this moment. But however, right now, the traction in the market is quite good.

- Raghunandhan NL:** Noted. Thank you sir
- Moderator:** Next question comes from the line of Arvind Sharma from Citi.
- Arvind Sharma:** Good evening sir. First on the model pipeline, you have a broader segment, and you've shared about Bullet 650. Is it possible to share if there are plans right now or once the capacity expands to go below the 350-cc segment?
- B. Govindarajan:** So, Arvind, as a company, we always say less is more and our focus has been always 250 cc to 750 cc. That's the middleweight, that's where we will play. And currently, we have our J-Series, which is a 350 cc, we have Sherpa platform, which is a 450 cc and 650 cc. So, these are all the platforms which are established.
- And we have products on the 350 cc, which are Bullet, Classic, Hunter, Meteor, Goan Classic. And in the 450 cc, we have Himalayan, Guerrilla and Scram and now the Apex variant, which also got launched. And in 650cc, we have Continental GT, Interceptor, Super Meteor, Shotgun, Bear, Classic 650 and the Bullet 650, which is going to come.
- So, we have a product pipeline in a very good level. Every product of ours, which we have launched is with the purpose which we have always built and the consumers were really enjoying it. We always look at for adjacencies, what sort of an experience which we can give it to the customers. But our belief is the platform which we have already launched, 350, 450 and 650 cc itself has a very good potential to grow. Our focus will be more on that. But as we mentioned as an organization, our focus is on the middleweight between 250 cc to 750 cc.
- Arvind Sharma:** Thank you so much for this. Sir staying on the model with the Flying Flea, you said it's very, very early, but are there any aspirational monthly numbers or any sort of a figure that you believe you've pencilled in for the year?
- B. Govindarajan:** Look, I think it's a very different product. People are really liking it. Anyone who looked at the product and tested the product, they really said that Royal Enfield way of doing an electric, which is a Flying Flea endorsed by us and that's got accepted as a product. It's a new category. We have to develop not in an urgency of doing that.
- That's why we have chosen city-by-city approach. We have gone to only one store at this level. If I have to tell you in one store, how is it? Test ride inquiries are very good. We are very happy about that. And we'll actually go city-by-city slowly, and we will build this.
- Arvind Sharma:** Got it, sir. Just one clarification. I'm sorry, it's been asked twice already, but from 1.4 million to 1.6 million, you said something about a 500 module. Could you clarify, sir, what exactly it is?
- B. Govindarajan:** That's per day module of all the manufacturing facilities. Maybe you should have clarified, it's about a per day module, yes.
- Arvind Sharma:** Okay. Per day module, okay. So 1.4 million to 1.6 million is more of a Brownfield debottlenecking sort of a thing?

- B. Govindarajan:** That's right.
- Arvind Sharma:** All right. Thank you so much for clarifying. Thank you so much. That's all from my side.
- Moderator:** Thank you. Your next question comes from the line of Pramod Amthe with InCred. Please go ahead.
- Pramod Amthe:** Yes. Hi, thanks for taking my question. So this is with regard to the vehicle finance JV. I wanted to know in the past also you might have evaluated to enter this segment what prevented them and now do you see with your portfolio getting expanded into EVs and much wider, you feel the need for vehicle finance or you feel the environment is now better with digitization. What is the reason to enter now versus historically which was evaluated?
- Vinod Aggarwal:** I think earlier we had never seriously evaluated entering this business. So this is the first time. And, of course, this is in collaboration with Volvo Group, where we have already very, very successful partnership. So looking at their success in this financing business worldwide, I think that was one factor that if we are able to collaborate in this area, this could be another good opportunity for creating a very successful joint venture. So that is the objective. And then, of course, it's also a good way of business -- new business line. And at the same time, it will help us also to increase our sales or provide more products for our sales teams.
- Pramod Amthe:** Thanks, sir. And what's the medium-term capital infusion plan? Initially, you said you will invest X amount, but if you are to look at it's a capital hungry business 3 years to 5 years?
- Vinod Aggarwal:** I agree, but if you look at the current profile of funds there, we are now going to put up to INR750 crores into the balance sheet and they already have net worth of around INR500 crores and their current debt equity is only around 3. So with INR750 crores -- up to INR750 crores additional and existing net worth and in the finance companies, if you can go up to debt equity of 5 is to 1.
- I think we are adequately capitalized for the medium term. And then, of course, we are not in a hurry to grow the business very fast. We will adopt a very slow and steady step-by-step approach. We have to make sure that we have proper systems in place, proper risk management mechanisms in place.
- And, of course, there is no hurry that we have to bring it up to a very fast pace so that we have to keep on putting in more and more money. We have to I think bring it up to speed like current assets under management are only around INR 1,800 crores. And with up to INR 750 crores plus another INR 500 crores will be net worth. So if you say around INR 1,200 crores, INR 1,250 crores, and we can go up to 5x more or 6x more and then profits over next 3, 4 years.
- I think there will be opportunity to grow the assets under management with the current infusion of money, maybe up to INR 9,000 crores, INR 10,000 crores over a period of next 5 years. So I think if we are able to do that, that will be a good beginning. So therefore, we don't think that we will be required to put in any additional money at least for the next 5 years.

**Pramod Amthe:** Sure, sir. Thanks and all the best.

**Moderator:** Thank you. The next question comes from the line of Ritesh with BNP Paribas. Please go ahead.

**Kumar Rakesh:** Hi, thank you for taking my question. This is Kumar Rakesh from BNP Paribas. My first question was around clarification for the Greenfield plant, which we are starting to work on. Any timeline on that and what kind of capacity is going to come up because 1.6 million capacity, assuming that you grew at double digit for the next couple of years will start getting exhausted by fiscal '28 and a plant typically takes about 18 months to ramp up at least, so it should have already gotten started and some timeline on that would be helpful for us to get some comfort around FY '29 capacity situation?

**B. Govindarajan:** So, I think you stopped at 1.6 million capacity addition because that is only with the 500 module per day, which I was just clarifying. But the additional INR958 crores, which we are putting in as a capital or taking the capacity from 1.6 million to almost 2 million at our Cheyyar facility, which is a Brownfield expansion, that we are looking at Q2 FY28.

As you said, if the growth continues, then we need for future. So for future, as I think we evaluate it, where do we have the further expansion, which way it will be logistically better. And that's why we narrowed down on AP and we got about 261 acres of land, where we will actually be looking at further expansions. That's for the future, beyond 2 million capacity.

**Kumar Rakesh:** All right. And we haven't shared any timeline of that Greenfield capacity and what the first phase capacity would be?

**B. Govindarajan:** No, look, we're just in the -- we just signed last week on acquiring the land. The land has to come into our side. I mean, there is a business case which we have to make. But why is it like this, we know we are a growing organization. We have to be prepared for growth. That's why we have been strengthening the investments and going in the capacity expansions.

The longest lead time is always of having a land parcel in hand. And at some point of time, that may become a major bottleneck. That's what is the first thing which we have to secure. That's why today, in the Brownfield project at Cheyyar that we are doing because we had about 65 acres in our hands.

That's why we could able to come up to the GST period increases and certainly what decision which we can take and where do we invest. Similarly, now we have to have a land parcel. That's why we have signed up with Andhra Pradesh government to have a 261 acres for our future growth. Just into the sign of MoU, we will have the land. Typically, it will be somewhere around 24 to 30 months window, that's where we will come out with a new plant fully operational.

**Kumar Rakesh:** Thanks a lot. So that's quite reassuring on the capacity planning side. If you could similarly give some reassurance on the product planning side that you see there is any particular white space or sub-segment where a product can significantly increase volume and hence justify the

kind of capacity addition that we are looking at or do you think that the incremental increase on the existing platform or the existing products variants can keep on driving outperformance over the industry volume growth? So essentially, what I'm trying to understand is that do you see there is a large white space still left in which you can launch a model and expand your volume or this is going to be more incremental just tweaking the existing portfolio?

**B. Govindarajan:**

We have a really diverse yet very focused differentiated experience products and that is what is our 350 cc, 450 cc and 650 cc platforms. Just to give you an example how things have changed. Hunter 350 when we launched, we wanted that it should give us an incremental volume that should give us a growth.

And we launched it and there was -- it was actually adding volume to us. Once that has come to a particular level, we thought now urban is fine. Now we have to go into the rural area. So we opened it in the rural area that gave us volume.

But now next phase is, it still has a lot of potential to grow at a very accessible price point, including the GST impact, which has helped us for our Hunter. So we have created a platform called HunterHood, where we celebrate the street culture. And thereby, we are actually getting the young audience into this, to the platform. Similarly, for the Guerrilla, Guerrilla Knights which we are doing it, it is actually helping. And this is the 125th year celebration of Royal Enfield.

You will see a lot more activities which we will be doing on the brand building and the mother brand level. So with all our products and the products which are there in the pipeline, we strongly believe the growth momentum will continue because premiumization is continuing, premium motorcycle as a segment is continuing. And we have largest looking products with a diverse product lineup, which are there. And that's the confidence we have that it will continue.

But we'll always be looking at, as I mentioned, in the middleweight, is there a white space which comes up. In that area, what is it we have to do because we constantly ride with the community and we get what exactly the community wants. Is there a white space emerging out of that, that we will work on. But we do see our Flying Flea also will create quite a good volume for us. And but we are not taking that route of just opening more and more because we have to build it up slowly. That's what we are doing in the electric space.

**Kumar Rakesh:**

Thanks a lot for answering my questions.

**Moderator:**

Thank you. Your next question comes from the line of Yash Agarwal with Nirmal Bang Securities. Please go ahead.

**Yash Agarwal:**

Hi. Thank you for the opportunity. Could you provide an update on VECV's positioning in the electric bus segment and current market share, and how do you see the opportunity evolving over the next 3 to 5 years?

**B. Srinivas:**

VECV is actually preparing for the EV space, particularly in buses. We are there in 9 meter, we are there 12 meter, we are there in 13.5 meter buses. It covers a large spectrum of buses

which are required, both public and the private demand. And we go by the current order book, our current demand, but we have a reasonably good order book business right now. And we are strengthening our portfolio further.

I'm very confident and we have been competing for various orders which are emerging in this space that will further strengthen our position in electric vehicles.

**Yash Agarwal:** Thank you. And the next question is for Royal Enfield basically. How do you see demand mix evolving between urban and rural market in FY27? And additionally, it could a below normal monsoon impact rural sentiment and demand growth for this year?

**B. Govindarajan:** As I mentioned, our growth momentum is stronger. In fact, in the month of April, we grew by almost about 37%. That's what I mentioned. And if I have to tell you about top 10 cities, in top 10 cities, we have grown almost about 24% plus. And even in the rural market, the growth is continuing.

I don't think now urban or rural is there a shift which is taking place. Even with the income tax saving, which came up, urban market, which has not been growing for quite some time and urban market also started showing growth. So rural market growth is the story of India, that's continuing, and we are also growing in that.

**Yash Agarwal:** And also, what's the role the replacement demand has played over the year? And is current demand momentum more driven by the first-time buyers or replacement demand?

**B. Govindarajan:** First-time buyers are going up. In fact, as I mentioned, 30% of our consumers are below the age group of 25. So the first-time buyer percentage is also going up. Thanks to all the GST, the price reduction, which has also helped in getting a lot more people who are aspiring to own a Royal Enfield to take a decision of converting us our customers.

On the replacement cycle, as I mentioned, it is yet to kick in. But in the last year, if I have to tell you, we have gone to almost about 400 cities, about 710 dealerships. We have created a digital platform, the traction is slightly better. If I had to tell you in terms of growth, it's in double digit, but it is still the base is lower. So we need to wait for some more time. This actual replacement cycle to kick in.

**Yash Agarwal:** Okay sir. That was very helpful that's all from my side.

**Moderator:** Thank you. Your next question comes from the line of Sridhar Kalyani with Antique stock Result. Please go ahead.

**Sridhar Kalyani:** Thank you for the opportunity. So my query is on the MHCV, you did mention that 3%, 3.5% commodity inflation is seen in the commercial vehicle. If you could just help us understand what are the cost mitigating factors that we have taken in terms of pricing or cost control and value engineering in this space?

And also, if you could help us understand with the recent price hike in fuel and also there is expectations for further fuel hikes, fuel price hikes might take place in the industry, so how much the demand scenario pan out? Is there a possibility of incremental demand slowing in the second-hand market rather than the primary market? Just if you could share thoughts on the same. Thank you.

**B. Srinivas:**

First is the commodity price increase. We also announced appropriate price increases for that, which is to tune of 2% various vehicles. So that has been announced from 1st April. And we also work on a lot of initiatives of cost reduction, whether it is value engineering, whether it is optimizing the commodity use and also improving the transaction prices in the market. So all these areas, we are focusing and we'll work on that and that work is already on.

And second, as far as the diesel price increase is concerned, I think most of the transporters have price indexing with their customers. So we believe that will help them maybe with a tie up with bit of a time lag, definitely, they will get these increases addressed them.

**Sridhar Kalyani:**

Would you share on, because there might be a vicious cycle of inflation going ahead. So anything on the demand side flowing to the secondary market rather than the primary market. So there might be some impact on the primary market demand if you could just share thoughts based on past experience?

**B. Srinivas:**

So it may not be because most of the agreements with their customers are also with time-bound agreements. So the efficiency of the goods reaching on time is also equally important. So hence, the primary market is driven by the segments where there are, there is an expectation in terms of the turnaround times and the efficiency of the logistics. So the impact on this market will be relatively lower. So we don't expect any immediate change happening in the primary market.

**Vinod Aggarwal:**

I am Vinod Aggarwal if I may add in this how the CV market is likely to behave because of these increases. I think the fundamental thing will be the economy that how the Indian economy is going to behave. If the Indian economy continues to grow, if we suppose government is able to continue to make infrastructure investments and the economy grows, then there is no reason why the CV industry will not grow. Whatever diesel price increase or as Srinivas mentioned, I think the transporters will have to pass on. And if the goods have to be moved in the country, you see if there is a GDP growth and the goods and services have to move.

Then of course, there will be no choice with the consumer, but to pay the hikes. And then the CV industry also will grow. But of course, if the economy gets impacted because of all the sectors, then there may be some impact on the demand.

And the second thing is the sentiment. As of now, the consumer sentiments continue to be good. And April, if you look at the sales figures for April, I think in April the demand or the industry has done extremely well. And May, of course, we will still know if we still to go for May. But as of now, I think we should remain optimistic.

- Sridhar Kalyani:** Thank you for the feedback. Lastly, anything on labour and skilled labour shortages in the entire industry that we are getting to hear a lot. How do you see any, do you see any impact going ahead in both Royal Enfield and Eicher and in the commercial vehicle space because of labour shortages. And any like any kind of actions to mitigate such shortages if you can help us understand?
- B. Govindarajan:** Two things I think in both the businesses, we are also hearing more from that is because of the election there is migrated workmen movement from here and there. That has caused a disturbance and LPG availability was causing an issue. Things are settling down. As I mentioned, it was almost about 2, 3 weeks disturbance were in both the businesses. It's all settling in down along to us even at the supplier end.. In the last 2, 3 days, I'm seeing the production numbers are back and supply situation is also becoming slightly better. We have to wait and see for some more time how things are panning out.
- Sridhar Kalyani:** Thank you so much. Thank you for the patient answers. Thank you.
- Moderator:** Thank you. Ladies and gentlemen, we will take this as a last question for today. I now hand the conference over to the management for closing comments.
- B. Govindarajan:** Thank you very much. Wonderful speaking to all of you guys. Look forward to speak to you next quarter. Bye. Thank you.
- Vinod Aggarwal:** Thank you.
- Siddhartha Lal:** Thank you all. Bye bye.
- Moderator:** Thank you. On behalf of PhillipCapital India, that concludes this conference. Thank you, everyone, for joining us, and you may now disconnect your lines. Thank you.