Enfield Q2 profit up 62%, plans to double capacity

fe Bureau

Chennai, Nov 6: Iconic bike maker Royal Enfield has reported a 62% growth in its net profit for the quarter ended September to ₹228.50 crore as against ₹141 crore reported in the same quarter last fiscal.

The revenue during the quarter grew 58.5% to ₹1,301.20 crore as against ₹821.20 crore in the same quarter last year.

The company has announced plans to double its capacity from 450,000 units to 900,000 units per annum by 2018. The fresh capacity addition will be through a new plant, coming up in 50 acres of land at Vallam Vadagal in Chennai, as well as expanding its Oragadam plant, company sources told FE here.

Buoyed by an impressive 50% growth in its sales for the nine-month period (January-September) to 327,000 units as compared to 220,377 units in the same nine months period last year; the company said that it will end up producing 450,000 units in 2015, the sources added.

Siddhartha Lal, managing director & CEO, Eicher Motors Limited, said, “Royal Enfield continues to do well in Q3 2015 with our best ever quarter results. We have registered a phenomenal year-on-year growth of 55.7%, selling 127,611 units in Q3 2015 compared to 81,977 units in Q3 2014. We continue to extract maximum operating leverage from the business, thus improving the EBIT margin to 25.7% in Q3 2015 over 23.4% in Q3 2014.”

“Royal Enfield continues to have a strong demand for its products and has a very strong order book. We are on track to produce 450,000 motorcycles by the end of this year. We are continuing to expand our retail footprint in India and by the end of the year, we plan to have 500 dealerships across India in a single unified retail identity,” he added.

According to him, the board at Eicher Motors accorded in principle approval for additional capacity creation at Royal Enfield. The additional capacity will primarily come from the first phase of Royal Enfield’s third manufacturing facility at Vallam Vadagal in Tamil Nadu. This will take the combined capacity of Royal Enfield to 900,000 motorcycles by 2018.

In the last quarter, Royal Enfield had taken some significant steps as a part of its growth strategy.