Royal Enfield to export to Southeast Asia & LatAm

Company likely to sell mid-sized products for these markets

SIDDHARTH PHILIP &
GANESH NAGARAJAN

Mumbai

The Indian maker of Royal Enfield, the World War II-era British motorcycle owned by stars including Brad Pitt, plans to export the vehicles to Southeast Asia and Latin America as it builds on record sales at home.

Eicher Motors is predicting more demand in emerging markets for mid-sized bikes with an engine capacity of 250 to 650 cubic centimeters as people become more affluent, managing director Siddhartha Lal said in an interview. Eicher, which acquired control of Enfield India in 1993 and revived the almost-bankrupt unit, is seeking to increase the share of revenue from two-wheelers from 16 per cent of the $1.2 billion it reported in the year to December 31, 2012, he said.

“Mid-sized bikes are ideal for these markets as they are reasonably fuel-efficient, maneuverable and not too much more expensive,” Lal said in his office located in Eicher’s glass and steel headquarters in Gurgaon near New Delhi. “There are markets that aren’t conducive to big bikes and the mid-sized market is underserved.”

The company is planning to expand the motorcycle business after reporting the best quarter at its Enfield unit, where sales rose 45 per cent in the three months ended March 31. Eicher, which earns the remaining 84 per cent of its revenue from trucks it makes in partnership with Volvo, said a key gauge of its profitability beat all local rivals in 2012 amid the slowest pace of economic growth in a decade.

Tonight Show host Jay Leno and musician Billy Joel are also among the owners of Royal Enfield, according to their official websites. The British military used the bikes, including the ‘Flying Flea’ designed for parachute drops with airborne troops during the Second World War.

Royal Enfield, which makes the 150,000 rupee ($2,733) 500cc Classic and the 350cc Thunderbird, saw sales jump 52 per cent last year fuelled by demand from a rising middle class in India’s biggest cities.

Exports, catering to custom orders from buyers seeking to “own a piece of history” in countries such as the US, UK and Australia, accounted for 2.9 per cent of the motorcycle maker’s 124,270 unit sales in FY13, according to data from the Society of Indian Automobile Manufacturers.