

News monitored for: Royal Enfield

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EXCLUSIVE

Royal Enfield to set up new factory

The plant will cater to its growing export business and electric vehicles, reports **Ketan Thakkar**.

Royal Enfield, the maker of the famed Bullet and now Hunter motorcycle models is planning to set up a new factory in Tamil Nadu to cater to its growing global ambition and transition to electric vehicles.

According to several people in the know, the company has already acquired 60 acres of land in Cheyyar, on the outskirts of Chennai, which is likely to be a key base for its electric vehicles in the future.

The company is likely to invest about Rs 1,000 to Rs 1,500 crore in the next 12-24 months to prepare itself for the expansion of product portfolio and further geographical expansion.

While the first electric bike is likely to come from a dedicated set up within the existing Vallam-Vadagal plant – its core ICE base to begin with, the company has already started work on the Cheyyar land to ensure that there is a smooth transition to electric vehicles as and when the portfolio of models are developed and are ready for roll out.

The existing plants in Orgadam and VallamVadagal can produce over a million units and help Royal Enfield meet the demand for the next few years. However with expected recovery in the domestic market, aggressive global expansion and diversification into EVs will call for a new plant – for which the preparations are being made.

The new land has been acquired to move some of the activities from its Thiruvottiyur plant – which is becoming a thriving residential area.

At present, the company may be spending about Rs 100 to Rs 150 crore in ground laying work, but the factory may only come up by 2025, sources said.

An email sent to Royal Enfield seeking responses on the development of the new factory did not elicit any response.

The company has already set up a dedicated EV team led by Umesh Krishnappa who is the Chief Technical Officer (CTO) steering the project.

Autocar Professional learns the company is working on two different electric vehicle architectures – one that is built in-house codenamed LIA – which is likely to hit



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the roads in FY24-FY25 and alternatively it will look to utilise Stark Motorcycle's architecture – a Spanish EV start up in which Royal Enfield's parent Eicher Motors picked up stake.

Autocar Professional had exclusively reported in January that Royal Enfield plans to invest about US\$100-150 million for EVs, where the development work on a dedicated L platform had begun which will churn out three different models, with a combined potential of over 1.2-1.8 lakh units per annum.

The L-platform is being designed keeping in mind the global audience, so apart from catering to emerging EV space in the domestic market, the company has ambitions to take it to some key global markets too.

The prototype of this architecture is expected to be ready in the next 12 months and the company wants to get its product validated before the end of 2023 to be ready for a market launch in 2024.

"The EV team is working like a start-up and hence the company brought on board Umesh Krishnappa as the Chief Technical Officer from Ola Electric to define the roadmap for the ambitious EV project.

As against the monthly product review meetings, the EV team meets almost on a weekly basis to crystallise the plan.

The product portfolio is a slight departure from the current DNA of Royal Enfield. The portfolio is being developed with a big emphasis on creating a model that is compact, light and high on performance," said one of the five people in the know of the company's plans.

The developments happen at a time, when the rivals Bajaj Auto, TVS Motor, Honda Motorcycle & Scooter India have defined an ambitious EV foray.

Royal Enfield however wants to execute its plans with a "steady surefootedness." Siddhartha Lal, MD of Eicher Motors has always maintained that the company does not envisage being the first mover and is alright to enter the market later with a differentiated offering.

On the global expansion front, Royal Enfield has already breached 1 lakh units for the fiscal year 23 and the company is eyeing yet another year of a strong 30-40 percent growth in volumes in the current financial year. With an expectation of sustenance of growth momentum in the domestic market and incremental volumes coming from overseas business, the company is inching towards a healthy capacity utilisation, which will call for incremental facility in the coming few years, added another person in the know. ■