Royal Enfield readies global foray

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Chennai: Cult bike maker Royal Enfield is aggressively readying itself for a global push to attain its target of becoming the top middle weight motorcycle manufacturer in the world dominating the 250-750 cc displacement bike market. The company, which has seen over 50% growth in exports in the last 18 months, is looking at its global foray as a “strategic initiative” putting a top management team in place, “furiously adding capacity” to increase production by 50% by end 2015 and developing a fresh line up of products that are all geared up for the global market.

Speaking to TOI, Siddhartha Lal, MD & CEO, Eicher Motors said, “We are getting ready for our big global play and that strategy will play out in the next 10 years. Our ambition is to drive the international strategy in a manner that will help us attain the same inflexion point internationally that we have attained in India,” he said.

The long-term target of this strategic initiative, he said, is to top every market the company enters globally. “We want to be No. 1 in every market we enter and we want to be the No. 1 mid-size motorcycle company in the world,” he said. “We are putting the foundation in place... building the distribution and after-market network and developing brand salience.”

Already, the target is to take annual production from 300,000 units now to 450,000 units by December 2015. “That way our monthly output would go up from 30,000 units to 50,000 units at our Oragadam plant,” he said.

The company has acquired a 50 acre piece of land between Sripurumbudur and Oragadam for any future capacity expansion and is building its R&D centre at New Mahabalipuram road.

Royal Enfield plans to do most of its manufacturing out of Chennai and only do limited assembly in those markets where local tariffs demand it. “There are a couple of Latin American markets and one South East Asian market where we may have to do a CKD assembly,” said Lal. “But our strategy is to enter with a CBU operation and as and when we see good demand traction start assembling locally,” he said.

The company, which entered Colombia last year, will focus on its existing export markets - US and Europe - as well as grow new markets in Latin America and South East Asia. A new team has been put in place - including Rod Copes, president North America, famous motorcycle designer Pierre Terblanche and Rudratej Rudy Singh as president - and frenetic model development work is on. “We’ve built a strong team in north America and India to make our global expansion a strategic initiative,” said Lal. “As for our future line-up, we are designing models for the international market so that our back-end work is ready when the global play happens,” he added.