

'Royal Enfield would be a disruptive e-bike player'

B GOVINDARAJAN took charge as the chief executive officer (CEO) of Royal Enfield early this year. In an interview with Shine Jacob, Govindarajan talks about the company's ambition of becoming a global leader in the middle-weight segment by 2030. He also reveals the company's electric vehicle (EV) road map and how the demand scenario is turning positive for it. Edited excerpts:

In 2021-22, Royal Enfield registered a 9 per cent decline in sales compared to the previous year. How are you placed in 2022-23?

Last year, the dip was partially due to Covid coupled with the shortage in semiconductors. This year, those things are all behind us. Supply chain issues are not there and market as well as discretionary spend are picking up. For Royal Enfield, the growth has been very good. The new launches that we made, especially Hunter, are getting us additional volume.

In September, during the festival season, we did retail sales of more than 95,000 units and wholesale of almost 82,000 in the domestic market.

For us, it is a good growth that is happening and we are back to the pre-Covid levels. Last month, in the motorcycles market, we had 8.2 per cent share and in the middle weight (250 cc and above) category, we are almost at 92 per cent. In the PST segment (150 cc and above), we have a share of over 30 per cent. Positivism in the business is back.

What is the status of your EV plans? When can we expect them to be launched?

By 2025, we will come out with a motorcycle. We took almost two-three years to understand the EV stake of Royal Enfield. Now, we are seriously getting invested in the EV business.

We have put a lot of focus in building our own team. Our product line up for EVs is sorted, like at what point of time we should be there. We are also focusing on developing an entire EV supplier eco-system. We are signing up with vendors, looking at the technology and capacity. Now, we are in the execution phase for EVs. You will see products one after the other starting from 2025. When we launch, it will be a disruptive motorcycle.



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You recently launched Hunter and there was speculation about cannibalisation between Classic and Hunter. What is your take on this?

Hunter bookings have been very good and we produced 50,000 units during the first three months. We have also placed it at an affordable price point.

There is no cannibalisation now. The shift from Classic is not happening as of now.

Classic as a product has a different stance and a retro appeal.

Compared to Hunter, it is 15 kg more. People, who want different styling of motorcycles, prefer the Classic. Hunter is younger, stylish and lighter in weight. In fact, the Hunter is actually getting us a new set of consumers that we wanted.

Your overseas business increased from a mere 8,800 units in 2015-16 to 35,675 units in 2020-21 and 74,238 units in 2021-22. What is your overseas strategy like?

Royal Enfield is the oldest motorcycle with continuous production, and hence, a global brand. Our strategy in the international market is not to rush. We adopted a strategy of "one city, one showroom" in the international market. Wherever we have been entering, we were steadily growing. In the UK, we are the top-selling in the middle-weight segment (Meteor, Classic).

In all the other markets like Asia-Pacific and North America, we are reaching a share of around 8 per cent in middle weight. We have just unveiled the Super Meteor, which also gives a cruiser experience. We have all genres of motorcycles international consumers want.

We have almost 850-900 outlets in the international market in about 60 countries. We are also now coming out with more CKD (completely-knocked down) operations and already have CKD facilities in Argentina, Columbia, Thailand and Brazil. We are a long-term aggressive company. We don't do anything short-term. Outside India, our addressable market is a million units per year.

Semiconductor issues had affected the company last year and commodity prices were a cause for concern. How is it at this point of time? Is the crisis over?

When semiconductors were not available, we had gone for a lot more sources, resellers, alternatives, and inventorisation. Today, we are overdone in a way to protect ourselves. Availability is not a major problem at this point. If something happens in the future like war or Covid, we are in a better position to manage it.

Despite your aggressive moves, there was a 27 per cent decline in your international sales in November. Is it a cause for concern? Is it due to the ongoing war and financial situation?

We are in more than 60 countries. In the majority of them, November-December is the peak winter season and not the riding season. It is a seasonal effect, which will be there for a few months. Overall, we have to look at an annualised basis, we have to keep our inventory ready for the riding season.



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