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May 17, 2024

**Online intimation/submission**

**The Secretary**

**BSE Limited**

Phiroze Jeejeebhoy Towers

Dalal Street

Mumbai-400 001

Security Code: 505200

**The Secretary**

**National Stock Exchange of India Ltd**

Exchange Plaza, 5<sup>th</sup> Floor, Plot No.C/1,

G Block, Bandra Kurla Complex, Bandra (E)

Mumbai-400 051

Symbol: EICHERMOT

**Subject: Regulation 30 of the SEBI (LODR) Regulations, 2015 – Transcript of conference call**

Dear Sir/Madam,

Further to our letter dated May 3, 2024 intimating the schedule of the conference call held on Saturday, May 11, 2024, please find attached transcript of the aforesaid conference call, held *inter alia* to discuss financial results for the fourth quarter and financial year ended March 31, 2024, pursuant to Regulation 30 of the SEBI (LODR) Regulations, 2015. The same is also available on the website of the Company [www.eichermotors.com](http://www.eichermotors.com).

The conference call started after approval of the financial results for the fourth quarter & financial year ended March 31, 2024 by the Board.

You are requested to take the same on your records

Thanking you,

For **Eicher Motors Limited**

**Atul Sharma**

**Company Secretary**

Encl: As above



“Eicher Motors Limited  
Q4 & FY24 Earnings Conference Call”

May 11, 2024



**MANAGEMENT: MR. SIDDHARTHA LAL – MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER – EICHER MOTORS LIMITED**  
**MR. B GOVINDARAJAN – CHIEF EXECUTIVE OFFICER - ROYAL ENFIELD LIMITED**  
**MS. VIDHYA SRINIVASAN – CHIEF FINANCIAL OFFICER – EICHER MOTORS LIMITED**  
**MR. VINOD AGRAWAL – MD & CEO, VE COMMERCIAL VEHICLES LTD**

**Basudeb Banerjee:**

Hi, all. Welcome to Eicher Motors Limited Post-Q4 FY '24 Results Conference Call. We have with us the senior management of Eicher Motors, represented by Mr. Siddhartha Lal, MD and CEO, Eicher Motors Limited; Mr. Vinod Aggarwal, MD and CEO of VECV; Mr. B. Govindarajan, CEO of Royal Enfield; Mrs. Vidhya Srinivasan, CFO, Eicher Motors Limited. Thanks again to the management for giving us the opportunity to host the call.

Without wasting any time, over to the senior management for their initial comments.

**Siddhartha Lal:**

Thank you, Basudeb, and ICICI for hosting this for us. And hello, everyone, and welcome to the earnings call for Eicher Motors Limited for the quarter and year ended March 31, 2024. So we've had an absolutely stellar year at Eicher Motors with consistent and solid growth through the year, and we've grown from strength-to-strength each quarter, and marking new milestones in business and financial performance.

I'm going to begin with our update on Royal Enfield. Again, an absolutely fantastic year where we've maintained our lead and our dominance in the premium motorcycle segment and have closed the year with 9.12 lakh motorcycles. So that's the best performance we've ever had in a year. Had some absolute category defining launches this year. We introduced the Himalayan on our new engine platform, on the Sherpa 450. And we've seen absolutely tremendous response from consumers in India and around the world, and from critics and media and in sales as well.

So on the product development and manufacturing and quality front, we've continued to push the boundaries and are now absolutely amongst the best in the world, which is evident from the fact that we've got the world's best cruiser and possibly the world's best adventure motorcycle also, based on all the inputs and all the awards we've got, which is the Super Meteor 650 and the new Himalayan 450.

And of course, the Himalayan also won the Indian Motorcycle of the Year in 2024, which is the most important award because it involves the largest group and a very large group of motorcycle journalists who come up with this. It's a single award. And this is our fourth Indian Motorcycle of the Year in the last six years. So we've dominated that single award that's given to the best Motorcycle of the Year.

We've also made great strides in our EV journey in the last year and we have a very solid not only single product, but a range thought process. We have really built our development capabilities, our technology, our technical teams and now even our commercial teams are really being built up. And we're working on a very solid differentiated portfolio and lineup for EV, which will come in the right time, in due time.

Coming to VECV, our joint venture with Volvo for commercial vehicles, we've had our highest ever sales for the Eicher truck and bus division for Volvo trucks for VE powertrains, where we sell engines to Volvo Group around the world. And in our Components business and our Power Solutions business, these all verticals of VE commercial vehicles.

And on the EV front, at VECV, we've delivered over 230 electric buses so far, and 75 Eicher Pro 2055 EV trucks. So we are making strong progress on the EV front and deliveries and tracking how the vehicles are going, which is very good. We also showcased a new electric small commercial vehicle at the Bharat Mobility Show earlier this year. So we are entering into the small commercial vehicle segment, which is the 2 to 3.5 tons. And the first vehicle in that VECV for Eicher will be an electric vehicle. So yes, the whole category is extremely new for VECV, and so is the EV first type of programme. But this is a category where Eicher brand has a lot of salience, a lot of brand equity because of our

strength in light and medium duty as well. So we're very hopeful that we'll make a big impact in this very large market of small commercial vehicles.

We also made huge progress in our sustainability journey. Our most ambitious social mission project, which is the Himalayan Hub, went live at Theog in Himachal. So we have fellowships, we have hubs for circularity, for experimentation for let's say, responsible travel. These are the kind of areas that we're looking at to develop over the years for sustainable travel and sustainability in the Himalayas. We also had another very important project called Himalayan Knot, which is about strengthening indigenous heritage textiles in the Himalayas, and along with the Himalayan artisans and communities being closer to urban designers and urban markets and brighter community. So that's gone on well. We also concluded the second edition of the great Himalayan exploration, in partners with UNESCO, which is the concept there is to document and conserve the intangible cultural heritage. In this case, we are doing it in the eight states of the Eastern Himalayas, where we've documented this year, over 45 different intangible cultural heritage elements for posterity, for future, for reference, for support. So it's a very exciting project.

Well, now coming to the financials. We've had another record-breaking performance. So we have a lot of best evers coming up in revenue and EBITDA and PAT. So the consolidated financials for Eicher Motors Limited for fourth quarter and for the full-year. We've had a highest ever revenue for eight quarters in a row now, and resulting in highest ever annual revenue in EML.

So for Q4, revenue for EML stood at ₹4,256 crores, up 12% from last year. For the full-year, EML revenue stood at ₹16,536 crores, up 14.5%. And if you take the ₹16,536 crores for EML consolidated, and then you add VECV, which is not part of the first figure, and VECV is ₹21,459 crores. So the combined revenue on both RE and VECV, so if you look at the group level, is nearly \$4 billion combined revenue last year.

Our EBIT profits have grown year-on-year and sequentially, and we registered the highest ever PAT and EBITDA for the quarter as well. The EBITDA is ₹829 crores, up 21% for the quarter. And for the year, it's ₹4,327 crores, up 26%. So solid growth in EBITDA, both for the quarter and for the year. The EBITDA margin is at 26.5% for the quarter, that's 2 percentage points higher than last year and 26.2% for the full-year, which is against 23.8%. So it's substantially higher than the previous year now. Our PAT is at ₹1,070 crores, up 18%. And for the full-year, we got ahead of the 4,000 mark at Rs 4,001 up 37.3%. So solid numbers overall, as far as we're concerned, from EML.

And now I hand over to Govind, the CEO of Royal Enfield to you give you a little bit more insight and detail on the Royal Enfield business performance.

**B. Govindarajan:**

Thank you, Siddhartha. Hello, everyone. Good afternoon. Thanks for joining in a Saturday. All of us at Royal Enfield are super proud of the several milestones we have achieved in the year 23-24. Not only have we seen exceptional performance for Q4, we have also sustained strong growth momentum throughout the year in all quarters, despite a lot of actions, which you would have seen in the middleweight segment.

During this quarter, we sold 2,27,925 motorcycles, which is up by 6.2% on Y-o-Y basis. For the financial year, as Siddhartha mentioned, we sold about 912,000 motorcycles, which is compared to last year, which was only about 8,34,700 motorcycles. This is our highest ever volumes in the country, India. With this, we have surpassed our pre-COVID level and have maintained the robust growth momentum, with about 30% market share in more than 125cc category. And our motorcycle market share is almost about 7.2% on an overall basis.

In the international markets, we recorded a sale of 77,209 units. Despite weak macro backdrop, which you all know, our retail sales in the international markets remain on a steady growth track across the regions in this year FY '24. As a result, we have maintained our market share in the middleweight segment across the market outside India, too. During this year, we forayed into some new countries like Turkey, which has a strong market relation for motorcycling.

On manufacturing, just to add, we have produced 9.2 lakh motorcycle this year, which is, once again, highest ever production with high quality fit and finish motorcycles for the globe. Our plants are continuing to create new benchmark in efficiency, automation and manufacturing excellence. Our Oragadam plant at Chennai was awarded the future-ready factory by Frost & Sullivan. And we also received the Excellence in Operations and Smart Factory of the Year in 2023.

We achieved our highest ever revenue from the non-motorcycle business, given we are expanding service reach, robust growth in accessories and widening range of apparels and adding more SKUs in the accessories business.

Throughout the year, we steadily elevated pure motorcycling experiences for our customers, with the introduction of programmes such as Assured Buyback, REOWN, and tours and rentals, which are already gaining traction now. Consumer response to these programmes has been very, very encouraging to us, and we will continue to enhance these initiatives. This year, we also introduced two connected motorcycle systems, with advanced telematics and navigation capabilities on our motorcycles. The tripper dash on our all new Himalayan Sherpa Platform motorcycle, and the WINGMAN, the rider centre connecting motorcycles in Super Meteor to start with.

Motoverse this year hosting the spirit of motorcycling in every sense of the world. Over three action packed days of music, motorcycling, art, culture, the 13th edition witnessed the participation of more than 15,000 attendees from across the globe. And during that time, we also unveiled the Shotgun 650 and announced the surprise of Himalayan, which all have fit in the market very well.

Under the sustainability initiative on the social mission, which Siddhartha mentioned about what we are doing at Himalayas at and green operation business level, I would like to share with you. We have achieved zero liquid discharge in all our operations and all our plants and our warehouses are all net water positive, with an index of almost 3.23 in Oragadam and 2.02 in Vallam. We have been constantly working on improving the renewable energy usage. And during this year, further, we enhanced that, and we have 35% of total consumption onto the renewable energy.

We were looking at constantly on reduction of carbon emissions. This year, we had to get target of achieving 20% reduction compared to last year, and it has been completely on track. On the product end of vehicle study, we wanted to do that to understand the recyclability, recoverability and reusability. And we started off with our Twins Platform and now we are doing for the rest of the products also. Happy to share with you that the reusability and the parts of our motorcycle are more than 98%. And the recoverable is also equally the same. And we are working on complete usability and recoverability parts we used in the motorcycle. With the successful launches last year, we are well on our way to ride ahead on our strategic goals, with several more products, which are lined up. We have given up to continue this growth journey in India and across the globe.

In conclusion, we had a very great year and have an even better one planned in the coming year. And now I'll hand it over to Vinod Aggarwal to take you through the VECV presentation. Over to you.

**Vinod Aggarwal:**

Thank you, Govind, and a very good afternoon to all of you. As Siddhartha mentioned, financial year '24 has been a record year for us on all fronts. Let me begin with the financial performance for the quarter as well as for the year. We had, overall quarter four sales were 25,732 units. And of course, for the full-year, we had 85,560 units as against last full-year of 79,623 units. So with a growth of 7.5% for the full-year. If you look at the industry, industry had grown by 4%. So therefore, since we have done better than the industry, we have improved in market shares in most of our segments.

As far as the revenues are concerned, our revenues rose to ₹6,275 crores in quarter four. And of course, for the full-year, our revenues stand at now at ₹21,868 crores over last year full-year revenue of ₹18,952 crores with a full-year growth of 15.4%. As far as EBITDA margin is concerned, we had an EBITDA margin of ₹486 crores for the quarter. And for the full-year, we had EBITDA margins of ₹1,715 crores as against last year full-year EBITDA margins of ₹1,387 crores with the growth of 23.6%. And EBITDA margin for the quarter was 7.85% and 8% for full-year as against 7.5% for financial year '23. Profit after tax, while ₹242 crores for quarter four and ₹823 crores for financial year '24, which is a growth of 42% from ₹579 crores in the previous year, financial year '23.

And we achieved highest-ever Q4 sales for Eicher heavy-duty trucks at 6,476 for Eicher brand and 500 plus for the Volvo brand. And for the full-year, we have heavy-duty trucks sales of 23,660 as against last year of 20,675 units. So with a growth of 14.4% as against the industry growth of 4% in heavy-duty trucks. So with this 23,660 units, our market share in heavy-duty trucks has gone up to 9.2% for the full-year. And of course, if you look at the quarter four market share, quarter four market share for heavy-duty trucks was close to 10%, which indicates that we are well on our journey to become a bigger and bigger player in the heavy-duty truck market.

As far as the light and medium-duty trucks are concerned, we sold 11,033 units in the quarter achieving again our highest-ever market share of 35.8% in the light and medium-duty trucks for quarter four. For full-year, we sold 38,712 light and medium-duty trucks as against last full-year of 37,318 units with a growth of 3.7%. As against this, the market has dropped by 5.9%. So based on that, our market share in light and medium-duty trucks also, it improved to 34.7%. And of course, in almost four months in the full-year, we were the market leaders in light and medium-duty trucks, which is again, a very good development.

As far as the bus segment is concerned, we sold 6,090 units in quarter four. And of course, these were our highest-ever sales in the buses. And for the full-year, we have sold 17,620 units of buses as against 15,077 in the previous year, with a growth of 16% plus. And of course, we continue to do very well as far as the parts business is concerned, with the overall sale of ₹574 crores in quarter four, with a growth of more than 24%. And of course, apart from that, our V powertrain, which is our euro 6 engine where we export these engines to Volvo Group. That unit is also doing very well. We delivered 15,717 units in quarter four, which again are the highest ever.

And of course, we achieved quite a few awards last year. And of course, we also were ranked number one in dealer satisfaction survey consistently for three years in a row. And we also won customer satisfaction awards for heavy-duty trucks as number one. And in light and medium-duty trucks also as number one in the customer satisfaction survey, which was conducted by GfK, which is again a very, very credible achievement. And we were also given a CV maker of the year recognition at 2023 Apollo Tyres CV Award. And we were

also we also won six other product-related awards, again, acknowledging our efficient range of trucks and buses.

And of course, as we all know, over five years ago, VECV became the first CV manufacturer to offer connected telematics as a standard. Over these years, we have built on this connected ecosystem to deliver artificial intelligence and machine learning-based remote and predictive diagnostics to customers thereby delivering uptime to them.

On the sustainability front, as you are aware, that we are one of the strong players in the CNG fuel-based trucks. We have also entered LNG fuel-based trucks in both Volvo brand as well as Eicher brand. We are working on H2ICE technology. We are working on hydrogen fuel cells. So therefore, we are working on all these future alternate fuel technologies. And all our existing digital vehicles, they comply with all the strict current BS-VI, OBD2 standards. And then, of course, we are committed to increase the use of renewable energy and energy efficiency at our plants and operations. We have also implemented water saving measures and are aiming to reduce water usage per vehicle by 5%. I now hand over back to Siddhartha for any last remarks.

**Siddhartha Lal:**

Yeah. Thank you very much, Govind, and thank you very much, Vinod. It's been an absolutely fantastic year for EML, for VECV. And as we step into this year, which we're already in, we are really confident that we'll continue to grow. And we have a lot of interesting things planned ahead.

Royal Enfield's performance and success last year was particularly special as we achieved all of that in the light of huge, let's say, push of new wave of competition. And it's our dedication to the motorcycling and to premium motorcycling. It's our extreme focus and of course, we believe our products are a step ahead. And we've always, even though the product cycle is four to five years in terms of conceptualising to being on the road, we've always been a step ahead of competition, even when new competitions come in. We've already anticipated consumer demand more than competition and been ahead of the curve. But then it's well beyond that. I think for us, as a lot of you know that it's the entire holistic consumer experience. That's what we are obsessed about at Royal Enfield. That's what we think about daily, more than competition, more than investors, more than anything else we think of our consumers and we, ourselves, Govindarajan, myself, we're on the motorcycles, riding, understanding, future bikes, competition bikes, EV bikes and our whole team. We're absolutely obsessed and we're focused on that consumer experience and understanding them better on understanding their pains, understanding their joys, understanding what will motivate them because we do it ourselves. And that's the difference. It's a holistic really, really detailed thoughtful experience that we provide our consumers. And we continue to remain super focused on doing just that.

So that's just an update from all three of us. Thank you very much for listening. And now we're open for some questions.

**Basudeb Banerjee:**

Thanks, sir. For Q&A session, requesting participants to raise their hands and also requesting each to limit their questions to two per participant. So first question is from Gunjan Prithyani, requesting you to, unmute.

**Gunjan Prithyani:**

Yeah, hi. Thanks for taking my questions. My first question is on the Royal Enfield side. If you can share a little bit more in terms of, what are we seeing on the demand side? April was certainly quite a strong month, where there was an element of seasonality as well. But if you can share, how should we think about the demand growth or outflow for fiscal '25? And also, just clubbing Himalayan along with that, the ramp-up had to happen in quarter four. So

now do we have a sense of what's the steady run rate for Himalayan 450cc for the domestic market?

**B. Govindarajan:**

Hi, Gunjan, about the overall market, I'm sure you guys are following it more than us and getting the datas in different form. What we can say is the two-wheeler market is poised for a growth, and especially the middleweight. We anticipate the middleweight growth will be in double-digit. As we always say that we should be ahead of the curve, with all the new products which we launched last year and new products, which are going to come in this year, we feel that there is enough headroom for us to grow. In fact, the premiumisation as a theme is continuing in India. That's a good sign for all of us. The motorcycle industry, I think is slowly coming back to the pre-COVID level. We are seeing that month-on-month, which is slowly gaining momentum. It will actually help us with all our preparedness, which we have done over the period of time.

As far as the Himalayan is concerned, we launched and it has been a super hit for us and happy to share with you, it's beyond the expectation of the numbers, which we are talking about. You know Gunjan, that we don't give exact numbers. But having said that, we are currently clocking as good as 200-plus motorcycles a day. But we are also preparing ourselves on the higher numbers because we see there is a good potential for us across the globe. As of now, only in few international markets we've opened the model. And we are slowly opening to the rest of the market. So we see that motorcycle also will give us a better growth in coming years.

**Gunjan Prithyani:**

So 200-plus motorcycle a day, and we are not yet seeing that in terms of dispatches. Is that a supply ramp-up, which is more gradual here?

**B. Govindarajan:**

As of now there is also a season in international market. So we have to do that with the interactional markets also. So currently, what we are doing is depending upon the FIFO level, we are trying to match to the consumers of domestic market and also to the international markets. But we are working on increasing the supply situation, which you will see in time to come the improvements.

**Gunjan Prithyani:**

Okay. And just second question on the platform that sort of picture that you put in the presentation. There are fair bit of white space that's clearly evident across platforms, right? And I know you will not talk about which product, which launch. But in terms of next, if you were to think about next 12, 18 months or two years, what are the key white spaces in the respective platforms that you think are priority areas to address across platforms? There is only one bike on 450cc. There's only one on the D platform. So a little bit colour on how we should think about bridging of these white spaces over the next two years?

**B. Govindarajan:**

Quite a long answer to be given, Gunjan, but still I'll try to short slightly. We have currently three platforms. We have our super refined J-platform. Then we have our 450cc platform, which is the Sherpa Platform and the 650cc platform. We also had that 411 platform and in some of the products, we are continuing there. In all these platforms, as we always say, we are a focused company. We don't do too many things. But the platforms are grouped to bring out different motorcycle, which addresses the different set of and segment of consumers, which we can give a differentiated experience. That's why on the J-platform, you can see we have a Bullet, we have Classic, we have Hunter, we have Meteor. And all of them have their own space and the consumer sets and experiences are very different to the people. Similarly, on that 450cc platform, as of now, we have come out with the Himalayan. And we will come out very soon. You will see a fantastic motorcycle from the same platform. And on the 650cc platform, we have our Continental GT, Interceptor, Shotgun and the Super Meteor 650. All are very different motorcycle and which gives a differentiated experience.

So to that extent, all the platform changes and the improvements which we have done, we have to give some space for that also to grow. The 411cc platform when we launched, the market wasn't there. But over the period of time, we created a category like that for all these platforms and the products which we are bringing in, we have to give that space to actually grow because consumers also have to get accepted to that. We know that these are all outstanding products, which will grow in the market over a period of time.

We constantly look at as Siddhartha was mentioning, we ride motorcycles. We are motorcyclist first. When we ride, when we see there is a possibility for us to give you a different kind of a motorcycle in the same platform, we always keep thinking about it, but that's all thought through at the platform development stage itself. We don't do afterthought discussions of all these things. So around the platform, as we presented to you people, we have a lot of new products, which are already lined up, which will start coming one by one.

**Gunjan Prithyani:** Okay. Got it. I'll join back the queue. Thank you so much.

**Basudeb Banerjee:** Next, we have in the queue Jinesh Gandhi.

**Jinesh Gandhi:** Hi, congrats on good set of numbers. Quickly, two questions on the RE business. So on the export side, we have started to see some bit of pickup on the wholesale volume side. Are you seeing similar trends on the retail? Are things looking up now vis-à-vis what it was six months back?

**B. Govindarajan:** In the international market, Jinesh?

**Jinesh Gandhi:** Yes.

**B. Govindarajan:** No. In the last quarter also I was just telling, we don't track the wholesale. Wholesale is only a transaction number for us. We always look at retail. And as the retails were better and last year, as I mentioned, the retail focus is what is there, happy to share that the retail has been very good in all the markets across the globe, also in India too. And to that extent, you are seeing the wholesale also picking up slowly.

**Jinesh Gandhi:** Okay. So we should expect this run rate to improve upon given covering the retails?

**B. Govindarajan:** That's how the equation also works. But all of us have to be keeping only one thing in mind is the international market macro situation, it's a market-by-market situation. It's not all across. So every market, depending upon the consumer sentiment, we will actually be looking at. As I always say, for wholesale, we can go on and do more numbers, but we are not that sort of a company. We look at retail, we actually look at it as a full brand rather than a push. So it's for a long term. What is required for the international market for us to be the leader over the period of time? All the key things which have to be in place is what is the focus. The team is actually doing it. We have our own subsidiary, wherever it was required. And we have our own CKD plants. Our teams are on the ground of actually picking up the consumer sentiments. We are looking at integration of the DMS. We are looking at the CRM package integration with the central team. So all those activities are happening constantly at international markets, because we know for sure, there is a huge market potential for us and all our products are also fully accepted in the international market very well. So that's the positive feel, which we have about international market.

**Jinesh Gandhi:** Got it. And second question on the RE margins, Royal Enfield margins. So clearly, we have seen a healthy evolution of margins, holding of upwards of 27%. From where we are today,

what are the push and pulls, which we are seeing on margins over the next 12 to 18 months? What are the drivers you'd be looking from a margin perspective?

- Vidhya Srinivasan:** First of all, revenue growth itself is something that we are actually focused on. We're looking at absolute increase as far as EBITDA is concerned. We're not necessarily so focused on percentages, as you know. So growth, I think, the revenues are obviously flow through to us in terms of the bottom line. We also had an increase in share in the international market coming back. It will also obviously have a bit of a flow through as far as profitability is concerned. And I think we are also seeing great growth happening in the non-motorcycle side of the business, which is accretive to us. I think that is something that will also kind of flow-through. So I think commodity, we are kind of keeping an eye out for them at the moment. We've not seen too much pressure coming in, but that is something that obviously we're watching out for and see how that impacts us.
- Jinesh Gandhi:** Got it. And, Vidhya, just one clarification on VECV. We have seen some restatement of margins. And as a result, margins have declined in fourth quarter on Y-o-Y basis. But Q-o-Q basis, margins again have declined despite seasonally strong quarter. Any one-offs there?
- Vinod Aggarwal:** Yeah. Basically, last year in Q4, there were some fiscal incentives, which we had accrued based on the very old, which were pending in Madhya Pradesh. So due to that, there was one-off in last year Q4. So due to that, the margin looked lower than the last year Q4. Other than that, there is no other reason.
- Jinesh Gandhi:** But even on Q-o-Q basis, it has declined. So despite 25% growth in volumes.
- B. Govindarajan:** Q-o-Q basis is not a very big thing, but that's fine. That's not it. It's one-off incentives.
- Jinesh Gandhi:** Got it. Thanks. I'll fall back in queue.
- Basudeb Banerjee:** Kapil, you can try again. Okay. Seems some issue, so we can go ahead with Raghu.
- Raghunandhan NL:** Good afternoon. Hope, I'm audible. So a couple of questions. Firstly, on commercial vehicle side. So on electric, ELCV, ESCV, buses, if you can talk a little bit about the volume potential going ahead. How you see that entry into ESCV to become big for the company? And also that on the e-buses, given the announcements on payment security mechanism, would you become more aggressive in future?
- Vinod Aggarwal:** Definitely, the e-vehicles are evolving now. Buses will be the one, I think, which will have good growth this year because government has this programme PM-eBus Sewa bus programme, under which they are going to come out with more and more tenders. But of course, we will be very careful, not putting in the bids to pursue the volumes at any cost. So therefore, we will see that what makes sense for us. But of course, as far as the products are concerned, we are all ready with the 9-meter bus product, 12-meter bus product, and we are also going to introduce 13.5-meter intercity bus product. So products wise we are ready. But of course, we will be very careful and think the government business of state transport undertaking because that business model still is very, very difficult business model where the entire payment is on per kilometre basis for next 12 years. So therefore, we have to see that if we do that business, it is done at the right prices.
- As far as the trucks are concerned, we were the first one to introduce electric truck in 5.5 tonne category. And last year, we have sold 75 electric trucks. And this year, of course, the traction is good. And we are also going to come out with more models in electric trucks. And the small commercial vehicle, which we had unveiled in Bharat Mobility Expo in February. And that product also we have now given on pilot basis to 10 customers last

month, and that will be introduced on a commercial basis from January next year. So again, that's a very high potential. And this, of course, the electric model will be followed up by diesel and CNG in the next six months. So therefore, it's an electric technology is evolving. We are very much there in all the segments. But of course, we will be very, you can say, careful where we have to get in and where we don't have to get in.

**Raghunandhan NL:** Thank you for that answer. And congrats on the market share gains you've been seeing. If you can talk a little bit about the demand outlook also how you are seeing the demand and how you see the prospects?

**Vinod Aggarwal:** As far as the demand for commercial vehicle market is concerned, I think it has got a very good potential for growth. Fundamentally, because our economy is continuing to do well, and of course, we are expecting on the back of around 6% to 8% of last year, we are expecting that this year also the economy should grow by 7% plus. So that is the first fundamental vision of growth.

Secondly, the strong infrastructure programme from government of India. And thirdly the pent-up replacement demand, which continues to be very strong because the new trucks or new technology trucks, which has a lot of electronics and a lot of telematics and a lot of new features, which enhance the productivity and efficiency of the trucks, it makes a lot of business sense to replace the old fleet. So therefore, we will see more and more fleet looking for replacement. So therefore, the CV demand will also increase because of the replacement of the old trucks. So all three fundamental factors point towards that CV industry is going to have a good future. Even though there maybe hiccups this month or that month, but overall, on a CAGR basis, we are going to see a good growth.

**Raghunandhan NL:** Thank you so much. Just a quick question to BGR. If you can talk about Shotgun 650, what would be the current volume and potential? And is there a case for a 350cc Bobber?

**B. Govindarajan:** New products, we won't talk about it. When that comes near to the new product coming up, we will talk about that. Shotgun is, once again, a product which is inspired by customs and for customs. When we launched Super Meteor 650, at that time also we were thinking. It's a stunning motorcycle. It has launched in January. There's a huge response in the international market. It's a product which has just come. We have to nurture it. But what we are doing is we are also working along with all the custom builders and how that entire ecosystem can be integrated so that the product can be taken to the next level. So there's a lot of work which is happening.

We see that product has a huge potential. It's a very planted motorcycle. And it has very different look and feel. Consumers are enjoying it. In fact, I'm at U.K. Tech Centre, and yesterday when I met a consumer who bought this, he was in love of this motorcycle and he said, "When I saw it, I thought I should have it immediately." So to that extent, there is a good response. So as I mentioned, it's just come into the market, and we have to work on it a bit more, but we see there's a huge potential for that product also.

**Raghunandhan NL:** Thank you so much. I'll fall back in the queue. Best wishes.

**Basudeb Banerjee:** Thanks. Next, we have a question from Binay Singh.

**Binay Singh:** Hi, team. So thanks for the opportunity. One trend that we see in Royal Enfield in the last two quarters, is that a greater than 350cc portfolio is doing well, partly driven by product launches? But just to understand the customer profile, is that changing? Because I remember the earlier the company always talked about this replacement consumer coming back. People who had a Royal Enfield, buying a Royal Enfield. And then we used to also talk

about the average age profile coming down when the 350cc portfolio was rising. So with these new launches, are you able to sort of see any changes in your customer profile? Are people now replacing? That's the first question.

**B. Govindarajan:**

Yeah. I think the product is coming up in the 350cc and above. The numbers are also coming. Percentages are equally to be looked at what's happening in 350cc, right? But we have to grow all the platforms, all the CCs that's what the team is working on. But the new products like the Himalayan 450 on the Sherpa Platform, which we launched 650 motorcycles, Shotgun, Super Meteor, all those things are doing well. You will see more products even in that. So those are also be growing. In the 350cc, also the products, we are planning a lot of activities, which will be happening. Overall, the growth is happening in all the areas.

You touched upon the topic of the replacement cycle. In the last call, also I mentioned, it is yet to kick in. But we have to be prepared. So what we have done is to give a very frictionless experience for those consumers almost about 6 million motorcycles, which are there in the market as a vehicle park. For them at a particular point of time to give the new motorcycle, which they can exchange with, we came out of the REOWN as a platform for someone to upgrade. Having said, we don't want our customers to actually change the motorcycle just because we have a new motorcycle. We have to be actually be working with them that they enjoy the motorcycling experience. Somebody who bought a Classic at some point of time, if he wants to enjoy our Interceptor today, and then we should be there to actually help him out to enjoy the motorcycling. And that's the focus which we are doing now. The replacement cycle will kick in at some point of time, but you have to see a good traction. It will take some time, but I think it's a growth path for us in future.

**Binay Singh:**

Thanks for that. And secondly, could you share a little bit about like finance penetration? How is it now for you? And also the three programmes that you started last year, the REOWN, the leasing programme, what sort of percentage contribution is it coming from them? I assume it will be very small.

**B. Govindarajan:**

Our finance penetration, as of now is about 61%. It's steadily growing over the period of time. I mean because when the demography is coming down, it also is quite natural that the finance penetration will be there. So we came out with the digital finance marketplace DFM which we did. We integrated that to our website and on a journey of the consumers at the front end. We actually socialized that and say this is the finance option, which is available and very attractive finance schemes, which we are working on. Yes, It's a lever. And it has to be available. As I mentioned, frictionless experiences, it's everything. When the consumer wants it, it should be available. That's one of the focus which we are doing. You asked about the REOWN as a program. We just launched. We piloted in few cities. And in those areas, the numbers are coming in. We have to work with the entire ecosystem. We have to work with our dealership. We have to explain to them about the business model in which way it is better for them, beneficial for them and also to the consumers. So it is slowly taking traction, Binay. It won't be overnight, but it is the thing, which we feel for an upgrade cycle is very important for us.

**Binay Singh:**

Thanks. Lastly, any price hikes we've taken recently? Anything on that in the Royal Enfield side and in the VECV side?

**B. Govindarajan:**

Royal Enfield side, we haven't taken the price hike very recently. VECV, Vinod?

**Vinod Aggarwal:**

In VECV, we are focusing more and more on the discount reduction. So even though we will not see the increase in the MRPs, but we are trying to plug the gap between the MRP

and the transaction prices. So therefore, we will see more and more rationalisation happening in the discounts.

- Binay Singh:** Okay, thanks a lot. Best wishes for future quarters.
- Basudeb Banerjee:** Thanks. Next, we have a question from Arvind Sharma.
- Arvind Sharma:** Yeah, hi. Good afternoon, everyone. Two questions from my side. First, on the realisations. Royal Enfield, they're quite strong this quarter. Any specific reasons for sustainability there on?
- Vidhya Srinivasan:** I think, no. It's just that the exports so that's possibly impacting ASPs and we have taken a price increase in May last year. So I think quarter-on-quarter the full benefit is coming through this quarter. So that's also there. So that's basically what is the prime reason for ASP.
- B. Govindarajan:** We haven't taken any price increase there, Arvind. It's only the mix and the higher cc motorcycles, which I think the previous question also just asked. So that's what is actually helping us on the ASP.
- Arvind Sharma:** Thank you. Thank you for the response. The second question would be on commodity prices. Where are you seeing the trends right now? And again, would they be passed on? Or would you tend to absorb them going forward? If you could please elaborate on that?
- B. Govindarajan:** Commodities, it is not a headwind as of now. Is it a tailwind? May not be. So to that extent, there is some amount of stability, which is there. But always we will track it and then see what is that we have to do in this, especially the high cost, the PGMs, which goes into the motorcycles. And we are constantly working on value engineering to offset that. So passing on, not passing on is time-to-time when we do a pricing committee discussion, at that point of time, we decide. But it is also commodity going up, commodity coming down, it doesn't mean that the cost plus is actually the price. That's not the equation now we can play in the market. So it has to be the price value proposition for the consumer. And what does it mean? And what is that we are offering to the consumer? So that comes as a prime question for us always. So it's only one side of the equation, but we constantly see that what's the price value equation and depending upon that we take a decision on that.
- Arvind Sharma:** But for now, you're not seeing any cost pressures as of now?
- B. Govindarajan:** It doesn't seem to be there at this junction.
- Arvind Sharma:** Got it. Thanks. That's all from my side. Thank you so much.
- Basudeb Banerjee:** Thanks. Next question is from Chandramouli.
- Chandramouli Muthiah:** Hi, good afternoon. And thank you for taking my questions. My first question is on the export markets. We have been making a concerted push into growing in the export markets for the past five to six years now. So just, at this juncture in our journey, I just wanted to understand versus the Indian middleweight market, what are some of the similar factors for Royal Enfield's growth in export markets? And what are some of the factors that are slightly different, which you're having sort of navigate around to potentially replicate the growth you had in the domestic middleweight market in some of the key export markets that we presently have sort of 8% to 10% market share?

**B. Govindarajan:**

So, Chandramouli, in any of the markets, India, as Siddhartha was mentioning earlier, the market for the middleweight is somewhere around 50,000, 55,000 in 2011. We grew the market to almost about 900,000-plus. And the addressable market outside India is also almost the same size, but that has been grown by somebody over the period of time. With the first product of our Twins, because earlier to that, our 350cc motorcycles were not an export worthy motorcycles because it can't stand the emission norms, which are required. For the J-platform, when we brought in the super refined engine, we really felt that, that motorcycle is also exportable. Then we started working on Twins. Now the all new Sherpa 450cc Platform water-cooled and the products which are coming in, they're all now global appeal products. So products are sorted. You will see more products, which we are working on.

And the international market, what's more important is, as we always say, if we have to go open up more stores and then do a wholesale, that's an easy thing because now there is an acceptance, but that's not what we are as a company. We always see that our brand has to be in full brand. People should enjoy owning our motorcycles. In a situation where the macro economics are not so good, that's not the time to go and actually look at expansion in an aggressive way. We are a long-term aggressive company. We don't do anything short term, which I always say. So what is required for the international market of actually having our own subsidiaries, our own team on the ground constantly looking at the market growth, brand building and the community building, creating rides wherein we can be part of their community and ride motorcycles. That's what is the work, which we are doing whenever the market opens. I mean, in fact, one more thing is the CKD plants, more than what the CKD plants where it is required to be near to the consumer, which also we are doing. When the market opens up, you will see Royal Enfield riding the wave in the international market. I see some good green shoots now. The retails are better for us last year. And that's why you are seeing the wholesale also slightly better. In time to come, I think the market opens up. We are there for a good success.

**Siddhartha Lal:**

Maybe I'll just add a little bit to add some different texture to this. I think from what you're asking is that -- I mean, very simplistically, we divided in our export markets into two. One is the richer countries, such as U.S., Europe, Australia, Japan, New Zealand, Korea, where the markets are there, they're not growing, maybe even declining, but affordability is very strong. If people like something, they'll pick it up. I mean if it's \$5,000, \$6,000, \$7,000, that's not a problem. So Royal Enfield salience is strong. The offer is great. The bike is relatively affordable to these guys, and great, great, absolutely amazing value and our market recall is very strong, very strong in these markets. So that's one set of markets where there's not huge growth. There is growth potential for us, but within the spectrum of the market rather than growing the market as such, beyond the point, right. So that's the Western markets, but they're very important also from a profitability angle.

Then you have, for us, what is the high potential markets, some markets in LatAm, some markets in Southeast Asia, where we see that we can make, let's say, in inverted commas, "mini Indias," right? So and we're going with that approach. After having learned in some of these markets over the last many years. We are focusing in on some of them to really penetrate deeper to make it an India like idea for us, which is on to virtuous cycle. So we're in a virtuous cycle in India, where we have strong distribution, strong demand, strong residual value, strong service network, great brand recall and that promotes all of these things, again, that means the more demand comes in and it's a virtuous cycle. So that's what we're trying to do in some of the LatAm and Southeast Asian markets, where which we feel let's say, we term them ourselves as sort of new home markets, right? So where we want to be really present to our infrastructure, our market companies. We do our own distribution in some of these markets, and we will do our own distribution. We appoint the dealer ourselves. We may even have our own store once in a while, but really to get deep into a

few of these markets where we see long-term potential in the next 5, 10, 15 years of solid growth and becoming a big player in the motorcycle market in these countries, right? So that's the objective.

**Chandramouli Muthiah:** Got it. That's super helpful. My second question is on the upcoming sort of 450cc platform launches over the next few years. We've historically been a company that's been a very good upgrade option for users from other brands. And then over time, we've graduated into offering upgrade options for our own customers from 350 to 650, and now we have a more affordable upgrade option, which will start coming through in terms of more 450cc products. So I just wanted to understand what are some of the dynamics in 350 to 450cc upgrading strategy that we have for our customers? And any early learnings or insights from Himalayan 450 that we've launched a few months back?

**B. Govindarajan:** Himalayan 450 is a motorcycle, which is adventure, yet you can use it for your daily usage type of a motorcycle ride, it's indexed in that. So it's not for everyone, but anyone who likes a bit of an adventure also will enjoy that motorcycle. So that's where the positioning of the motorcycle that will continue. But on the 450cc platform, the new products, which we are planning soon, which will be launched soon, that all will actually help us in the upgrade and also getting the new customers.

**Chandramouli Muthiah:** Got it. That's helpful. Thank you very much and all the best.

**Basudeb Banerjee:** Thanks. Next question is from Mumuksh Mandlesha.

**Mumuksh Mandlesha:** Yeah, thank you so much for the opportunity. So firstly, one for Vinod. Industry CV demand has been muted in the recent times. So basically how is the profitability of the fleet operators? And how is it generally the discounting trend in the market?

**Vinod Aggarwal:** The industry in quarter four this year has been a little bit subdued. One of the strong reason is that last year, in Q4, there was some prebuying. So you can say there was some shift from this year's industry to that last year's quarter four because of OBD-II norms, which became applicable from 1<sup>st</sup> April, 2023. Because of that, this quarter looked a bit of weak as compared to the previous year quarter four. But fundamentally, there is no other reason why the industry should be lower. And the other, of course, the second fundamental reason could be the elections, which are currently going on. And a lot of government machinery is busy on the election side, therefore, no new projects or no new repayments are slow in getting the released. So that is the second reason.

As far as the transport profitability is concerned, I don't see any concern there. Transporters are doing well, and they have got good demand, and they have got good basically, the business. But right now, they are not buying because sometimes, they also have the experience that during the election time when they buy vehicles, sometimes those are also taken by the various politicians for the campaigns or for various other types of purposes. So they don't want to -- some of the first-time users, they become a little bit more cautious. So therefore, you will see a lot of action after the new government is in place.

**Mumuksh Mandlesha:** Understood. Very helpful. This is for Govind, on the exports market, we now have five assembly plants globally. I just want to understand what kind of capacity for these plants are there? And what would be the current volumes from these markets? Just want to understand more on how big are this middle motorcycle segment market in these five regions? And what kind of range volumes they are looking over the medium term?

**B. Govindarajan:** On the CKD plants, majority is local content and a vehicle assembly line. And all those areas, as of now, we have mandate for one shift. That's how it is. So there is a potential for

us to run two more shifts to add to that, capacity is available. When the market opens up, we can invest a bit more into this. So that's not a major problem for us basically. Because that's not a big manufacturing plants where the capital intensive types, only in assembly line extension, which is possible for us to do within about two months time window.

- Mumuksh Mandlesha:** And just on the market potential in these five markets?
- B. Govindarajan:** I don't have an exact number to be honest, maybe we can share it with you only in these markets, what's the numbers and where are we seeing it.
- Mumuksh Mandlesha:** Thank you so much for opportunity.
- Basudeb Banerjee:** Thanks. That was the last question. So for any follow-up questions or unanswered questions, please reach out to the Investor Relations team of Eicher Motors Limited. I'd like to hand over the call to the senior management for closing comments. Over to you, Siddhartha.
- Siddhartha Lal:** Well, thank you all very much for attending, and we're looking forward to talking to you next quarter. Thank you very much.
- B. Govindarajan:** Thank you very much.
- Basudeb Banerjee:** Thank you, all. We can conclude the call here. Thanks.