

August 04, 2026

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, 5th Floor, Plot No.C/1,
G Block, Bandra Kurla Complex, Bandra (E)
Mumbai-400 051
Symbol: EICHERMOT

Ref: Disclosure under Regulation 30 of SEBI (LODR) Regulations, 2015 - Transcript of conference call

Dear Sir/Madam,

Further to our letter dated July 23, 2026 intimating the schedule of the conference call held on Wednesday, July 29, 2026, please find attached transcript of the aforesaid conference call, held *inter-alia* to discuss financial results for the first quarter ended June 30, 2026, pursuant to Regulation 30 of the SEBI (LODR) Regulations, 2015. The same is also available on the website of the Company www.eichermotors.com.

The conference call started after the conclusion of the Board meeting of the Company.

You are requested to take the same on your records.

Thanking you,
For **Eicher Motors Limited**

Atul
Sharma

Digitally signed
by Atul Sharma
Date: 2026.08.04
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Atul Sharma
Company Secretary

Encl.: As above



“Eicher Motors Limited
Q1 FY27 Earnings Conference Call”
July 29, 2026



PhillipCapital
Your Partner In Finance

**MANAGEMENT: MR. B. GOVINDARAJAN – MANAGING
DIRECTOR – EICHER MOTORS LIMITED AND
CHIEF EXECUTIVE
OFFICER – ROYAL ENFIELD
MR. B. SRINIVAS – MANAGING DIRECTOR AND
CHIEF EXECUTIVE OFFICER – VE COMMERCIAL
VEHICLES
LIMITED (VECV)
MS. VIDHYA SRINIVASAN – CHIEF FINANCIAL
OFFICER – EICHER MOTORS LIMITED**

MODERATOR: MR. AMIT HIRANANDANI – PHILLIP CAPITAL(INDIA)

Moderator:

Ladies and gentlemen, good day, and welcome to the Q1 FY27 Earnings Conference Call of Eicher Motors Limited hosted by PhillipCapital (India). As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star and then zero on your touchtone phone.

I now hand the conference over to Mr. Amit Hiranandani from PhillipCapital (India). Thank you, and over to you, Mr. Hiranandani.

Amit Hiranandani:

Thanks, Sagar. Good evening, everyone. On behalf of PhillipCapital (India), I welcome you all to Eicher Motors Q1 FY27 Earnings Conference Call. I take this opportunity to welcome the management team from Eicher Motors Limited. Today, we have with us Mr. B. Govindarajan, Managing Director, EML and CEO of Royal Enfield; Mr. B. Srinivas, MD and CEO of VECV; and Ms. Vidhya Srinivasan, Chief Financial Officer.

Now I hand it over to the management for their opening remarks. Thank you, and over to you, sir.

B. Govindarajan:

Thank you. Hello, everyone. Good evening. Thank you for joining Eicher Motors Limited earnings call for the first quarter of FY27. After a record-setting performance in FY26, about which you all would have read in the recently released annual report, we have kicked off the new financial year on an equally promising note. There has been an exceptional quarter across both the businesses. Royal Enfield registered its highest ever quarterly sales, while VECV also registered its highest ever Q1 sales. With both the businesses consolidating their market dominance, we are geared for a growth-led FY27.

Now I'll begin with a broad summary of the overall financials. EML consolidated financials for the first quarter FY 26-27, our revenue, EML clocked its best ever Q1 revenue of INR 6,632 crores, marking a growth of 32% over INR 5,042 crores from Q1 of last year. Our EBITDA, highest ever EBITDA of INR 1,591 crores versus INR 1,203 crores in Q1 last year, PAT at INR 1,463 crores, up 21% from INR 1,205 crores in Q1 last year which includes INR 168 crores of EML share of profits from VECV in the corresponding quarter. At Royal Enfield, and I'll just touch upon our key updates on Royal Enfield. We had a very fantastic quarter, continuing to consolidate our leadership in the middleweight motorcycle segment.

The first quarter of the new financial year was marked with the key milestones, including the launch of our first electric motorcycle, the Flying Flea C6, the launch of the iconic Bullet on our 650cc platform and our expansion plans for the manufacturing readiness.

We also continue to strengthen our global brand and community ecosystem with 125 years editions of our marquee rides and events.

During the quarter, we registered our highest ever quarter sales at 332,940 motorcycles as against 261,326 in Q1 of FY26. Out of this, in India, we sold 301,174 motorcycles. In the global market, our volumes stood at 31,766 motorcycles. Despite the dynamic macroeconomic and geopolitical environment, we continue to see encouraging traction across all key markets.

On the product front, we kick started the year with the launch of Flying Flea C6, as I mentioned, the first electric motorcycle under our city+ electric mobility brand, Flying Flea. Alongside the launch, we also opened the brand's first store in Jayanagar in Bengaluru. Customer deliveries of the electric motorcycles of Flying Flea C6 has commenced this quarter, which is a historic milestone for us.

We have received a very positive customer response and to meet the growing interest, now we have decided to expand our footprint in Bengaluru, first five touch points, followed by another 5. As we have said in the past, we are looking at a city-by-city expansion strategy by Flying Flea. We also strengthened our internal combustion engine portfolio with the launch of our Bullet 650, the motorcycle pays tribute to the British lineage and Indian soul that brings the essence of the iconic Bullet DNA in our 650cc platform.

Our hugely popular roadster, the Hunter 350 got an expanded lineup, the new base premium variant and exciting colourways, introduced at our HunterHood in Lucknow, our street culture festival, the Hunter continues to bring in a wave of new and young riders into the community. I'm glad to share that both our 450 cc and 650 cc motorcycles are back at the pre-GST level, and we continue to invest in them to drive growth and expand this segment from now on.

Another highly gratifying development was to see the Himalayan 450 becoming the best-selling adventure motorcycle in its class in various regions across the world, India and Brazil, especially. On the manufacturing front, as we gear up for the next phase of growth and to power it, we announced the plan for a strategic expansion of our manufacturing capacity through a new greenfield facility in Tada, Andhra Pradesh. This expansion is aimed at strengthening our manufacturing capacity beyond our existing facilities in Tamil Nadu and to meet the future demand.

Today, the Board has approved an investment of INR1,225 crores for the Phase 1 of the greenfield expansion at Tada, which at full utilization can produce an additional 4.5 lakh motorcycles per year. The above capacity addition is expected to be completed during financial year 29-30. It will be happening in modules. Globally, we continue to broaden

our portfolio and global acclaim.

We marked 125 years of Royal Enfield with the unveiling of World Origin Site plaque at Redditch, the birthplace of our brand with five generations of our motorcycles lining Enfield Road for the unveiling. And to our global brand, Royal Enfield was ranked as the world's third strongest automobile brand by Brand Finance, reflecting our growing strength across international markets. We expanded our portfolio in Nepal and Malaysia with the launch of the 2026 Goan Classic 350.

In Australia and New Zealand, we introduced the Guerrilla 450 APEX variant. Our motorcycles such as Goan Classic 350, Guerrilla 450 and Super Meteor earned top industry awards at major automotive shows in Thailand and in Malaysia. Celebrating 125 years of Royal Enfield, we flagged off the biggest ever edition of the Himalayan Odyssey, bringing together riders from across eight countries.

We also opened up registrations for the 2026 Continental GT Cup, introducing the GT-R750 for the professional category and expanding the championship to 8 cities in India. Throughout the quarter, we continue to bring our community together through immersive experiences and rides, including the inaugural edition of Himalayan Basecamp: Ladakh Edition, Himalayan Spirit in Kochi, Gymkhana in Chennai and our GRRR Nights in Bengaluru. These are all about the Royal Enfield updates, which I have given.

Now I will hand it over to B. Srinivas, MD & CEO of VECV, to take us through the business highlights for VECV. Over to you, Srinivas.

B. Srinivas:

Thank you, BGR, and good evening, all. For the quarter, VECV sales stood at 24,815 units, a growth of 14.8% and I'm very happy to inform that we continue to lead in light and medium duty trucks. In Q1, VECV recorded several best ever quarter milestones across segments. We delivered a record 24,815 units this quarter, growing almost 14.8% over last year. Importantly, this performance was broad-based and reflected the increasing strength of our business across all verticals.

We delivered 5,275 units of Eicher heavy-duty trucks during Q1, registering 15.2% growth with market share at 8.8%. In light and medium-duty trucks, we strengthened our leadership position, delivering 9,993 units. Our entry into the small commercial vehicle segment has begun well with 1,041 Pro X trucks delivered, including 172 electric vehicles. This product range opens an important new avenue for future growth in the large and growing SCV segment.

Eicher buses also delivered 6,126 units. Volvo trucks and buses delivered a record sale of 598 units during this period. Our exports grew very strongly by 14.7% to 1,450 units despite a challenging external environment. Our spares sales grew 15.3% to INR 9,313

million.

Now coming to VECV's financial performance, first quarter FY 2026-'27. Our revenue for Q1 FY27 at INR6,610 crores against INR 5,671 crores of last year. EBITDA for Q1 FY27 INR 541 crores against INR 511 crores of last year. The EBITDA margin for Q1 8.4% against 9.2% of last year. PAT for Q1 INR 300 crores against INR 288 crores of last year.

A highlight of the quarter was launch of Volvo FMX Edge, engineered to transform mining productivity by combining optimized payload capability with superior safety, uptime and life cycle value. In keeping with our focus on uptime, we have also added 30 new touchpoints in the quarter, further enhancing our ability to service customers across the country, including Northeast.

An important aspect of the last quarter, we signed an MoU for the fleet modernization scheme, PARIVARTAN, announced by the Ministry of Road Transport and Highways for the NCR. The scheme targets over 2 lakh vehicles, while implementation is being finalized. VECV is well positioned to address the opportunity with our comprehensive portfolio spanning CNG, LNG, electric and BS-VI diesel solutions. Thank you.

B. Govindarajan:

Thank you, Srinivas. I'm glad to report that we have started the new financial year with record performances from Royal Enfield and VECV, which has put Eicher Motors in a very strong growth trajectory. As we navigate global headwinds, our fundamentals remain very strong, and We are well on track to maintain our growth momentum, especially as we build inventory for the upcoming festive period.

That's all from us on this earnings call. Now -- thank you very much for all of you for joining. Now we can move on to Q&A.

Moderator:

Thank you very much. We will now begin with the question-and-answer session. Your first question comes from the line of Gunjan Prithyani with Bank of America. Please go ahead

Gunjan Prithyani:

Two questions. Firstly, can you give an update on where we are on the brownfield or module expansion that we spoke about in the last couple of calls? Just trying to get a handle at what is the production now given that we did face some labor-related issues over the last couple of months. And also, where does the channel stock lie now, especially given we get into the festive period over the next quarter?

B. Govindarajan:

Yes. So just a second, I'll just note down. Yes. We'll talk about the, first is about the capacity -- we announced -- first is in the quarter 1, what else has happened is, we had LPG shortage issues, and we managed it by actually converting back to a PNG. We must have done a very good job. And we had manpower shortage issues, and we have recruited additional manpower.

We also extended our support to our contractors. And there are also issues on availability of key commodities, which we managed. In June, we started hitting the production rate of almost about 4,500 per day. And we, in fact, produced about 1.16 lakh motorcycles in the month of June.

Both Oragadam and Vallam since April, we have been running in three shifts. And the current capacity, which we are talking about, with the first module, which we have been talking about at Cheyyar, the build capacity has come to almost about 1.5 million motorcycles per year. So that's the base capacity, which we wanted to come to a first level.

Currently, how are we producing? We have already started delivering because the first module has kicked in, as I mentioned that July last week, it has kicked in, in time. And we have almost come to about 5,000 plus per day as a delivery in our plants.

On the Cheyyar, which is what is the brownfield, which we have announced almost INR 958 crores in February '26 to enhance our capacity. So the first module, which will come in, and that takes an annual production capacity. Then subsequently, the next phase, which will come in, which will take us to the 2 million capacity. So the entire brownfield capacity, which will all come by financial year '27, '28, that is what we said with the Cheyyar, our production capacity will go to 2 million.

Currently, where are we? We are almost about 1.5 million. That's an equivalent, which we have come. And we will eventually go to a 2 million capacity at the brownfield. Going forward, Andhra Pradesh, that's what today the Board has cleared about INR1,225 crores, and that will take us to the overall capacity of 2.45 million, but that will happen by 2029-30. So we are taking it in phases because the growth momentum is continuing.

And we do see going forward, we have to be prepared for the capacity, and that's why the investments are being done. So that gives a clarity about the capacity, 1.5 lakh -- 1.5 lakh million. From there, we are taking it to 2 million at Cheyyar with the brownfield and then to 2.45 million with the greenfield.

So now we are on the path to take our total capacity by 2.45 million by '29-'30. That's on the capacity. Second is about the inventory. Gunjan asked about the actual inventory, am I right, Gunjan, that's what you were checking with us.

Gunjan Prithyani: Yes. I mean just trying to get a sense on where are we on channel stock, especially the module that has just begun and we have the festive next quarter. So just trying to get some comfort on how ready we are in terms of fulfilling the festive demand.

B. Govindarajan: So two things, Gunjan, our current inventory, the stock, which you are talking about is about 10 to 12 days. We get that. It's lean because our quarter one was very good. Retail has

been very good. And to overcome this, our initial module, which we said it should kick in by July. That is what has kicked in, in time. And that's why I mentioned about we have reached about 5,000 plus per day delivery. What we are intending to do, currently, we have our distribution model is on to depot or depot to the secondary transit.

Looking at our inventory situation, what we have done is we have been contemplating and trying out various methods of direct billing to our dealers. It's not new, but for us, it is new because we have been doing it only about 1%, 1.5% on the overall volume to the direct billing.

In the last year, we have been trying and it has gone up to almost about 4.5. 4.7x, I can say, the direct billing. So what we are looking at is, can we cut the inefficiency, which will be there in the secondary transit and the depot management because of the inventory situation and increase the direct billing, there may be save at least another 4 to 5 days' time. So that's the work which is happening. But equally, we are building up the daily production rate, which is already in the higher run rate than we were expecting.

Gunjan Prithyani:

Got it. That's clear. And my second question, Vidhya, is just to you on the margins. I mean, many moving parts here. It does look like the gross - the commodity impact has been pretty steep despite some of the price hikes that we took. So if you can give us some colour on the moving parts on the gross margin price hike, what was the commodity hit taken?

And there's also pretty low other expenses line when I look at the last couple of quarters, the significant decline in this quarter. Is there something that is not reflecting here and it goes back to the normalized trend line next quarter? Some colour on other expenses being lower and the gross margin drivers.

Vidhya Srinivasan:

Okay. So I think as far as - first of all, on the gross margin piece, as you know, we are seeing substantial inflation input costs. So key commodities, aluminum, crude oil, steel, copper, precious metals, everything have gone up. In addition, we've also obviously had some disruption in supply chain and logistics. So far, we've mitigated the challenges. So that's continuing.

In the quarter, we've had a net impact of about 4% to 4.5% on account of increase input cost of commodity as well as some of the processes involved. We've also had some value engineering and benefits, which have come in about 0.4%, and we continue to look at advancing the value engineering programs as well as cost reduction programs. So that's panning out quite well.

We've also conducted an advanced purchase program as far as critical parts and raw materials are concerned. So that is also kind of kicking in, and we hope will kick in

further. The thing is we've also to partly mitigate the impact, we've increased the prices of majority of our 350cc motorcycles by 1.75% in April '26. So overall, that has had a benefit of about 1.2% against the overall commodity piece. So that's the main thing. And then another 0.2% is on account of essentially mix and things like that.

Yeah. As far as other expenses are concerned, so I think totally, other expenses are lower by about 7%. So roughly, it's a combination of multiple things. One is in last year in Q4, we've had marketing ad campaigns, which are around the Cricket World Cup in Q4, which is about INR20 crores, which didn't happen this quarter. We have also had a INR10 crores benefit on account of two launches which happened in Q4, which did not happen now. So that's total INR30 crores. The remaining INR22 crores, we've controlled expenditure as far as marketing activities are concerned, given the current situation. So that's essentially the benefit which is coming because of that.

Gunjan Prithyani: So how much of it can reverse, if you can tell us that? And how much pending commodity hit is there for quarter two? That's the last question from my side.

Vidhya Srinivasan: I think the situation continues to be quite volatile. So I don't think I can give you a forward looking guidance as far as commodity is concerned.

B. Govindarajan: Good thing is, Gunjan, what is happening is there is a softening, which is taking place. So it's a mix of inventory at what point of time we bought, what's an inventory which we are holding, whether it is flowing through. So, we are taking stock of it. But the extent in the Q1 as a headwind, you see slightly it is softening.

Gunjan Prithyani: Thank you so much.

Moderator: The next question comes from the line of Kapil Singh with Nomura.

Kapil Singh: Congratulations. Just first question on demand. What kind of inquiry growth are you experiencing currently? And some color on Flying Flea, initial launch that you have done. What kind of customers are coming in there? If you could share the profile or demographics? Are they Royal Enfield customers? Any observations that you may have from that data? And also in the international market, if there is any update?

B. Govindarajan: Yes, Kapil. So, I'll address one by one. First is about the demand, which you asked. In India, so far, we are continuing strong growth momentum. Our volumes are tracking over about 32% growth over the last year in this quarter. Even our other funnel indicators such as overall booking, walk-ins, telephonic inquiry, etcetera, continue to maintain a very strong growth, which is slightly higher than our volume growth.

Within the products, if I have to talk about our 350cc model Classic, Bullet, Hunter and Meteor that continue to grow at almost about 34% compared to last year quarter one,

which is actually outperforming the industry. We launched the new variants and colors of Hunter 350, three colorways, Tarmac Black, Mumbai Yellow and Moonshot White.

The new variants have received exceptional response from the customers and continue to drive growth for Hunter 350, which is now almost about 50% share of first-time buyers in Hunter. And other 350cc models, as I mentioned, Classic, Bullet and Meteor also have continued to deliver very strong growth across all the markets.

One good thing which is happening is on the higher CC side, we have started seeing green shoots. The segment is also growing for us in India, led by Guerrilla 450 and Continental GT 650, as I mentioned.

The good news, which we are seeing is that these two has come back to almost pre-GST level. So, the first reset which we wanted is that it has to come to pre-GST level because of the syntax which got added into the product, which was slightly away from the accessibility. That has synched in. Now it has come to the pre-GST level.

From here on, we will actually start working on how do we build the market. And that's why we have launched the new APEX variant in time, Guerrilla 450 with the upgraded tires and more aggressive riding stance and refreshed design elements. That is also propelling growth. The new models have received very well. In fact, Guerrilla 450, if I have to tell you, we have come to almost about 2,500 per month.

And twins also we have come to almost about INR 4,000 to INR 4,200 per month. So that's the pre-GST numbers which you are talking about. We continue to invest behind building this category and our motorcycles and it will gain traction with the customers. That's the overall demand. So if I have to tell you, the inquiries continue to grow. The booking is growing.

As I mentioned, tele is growing, walk-in is growing. So there is a positive momentum on the growth, which has continued, which is a good sign. The second one, which you asked is about the Flying Flea. Flying Flea, we launched -- we took an approach of city by city because it's a new category, and it has to be built over the period of time. We are not in a tearing rush to make it available across.

So that's why we chose Bengaluru first. Only one store which we have picked up, which is at Jayanagar because it's our store. And in two months' time, we have delivered about 100-plus electric vehicles Flying Flea C6. If I had to tell you about the cumulative total kilometers, which is running, almost 29,000 kilometers within a short span of time, our customers have run it. It does mean the motorcycle is really well received and it is behaving the way we wanted.

The first set of consumers are very, very happy. And it's a groundbreaking chapter for us. It's a rebirth of the iconic Flying Flea as an EV brand from Royal Enfield, the first ever electric motorcycle from the House of Royal Enfield. It has to be nurtured well. That's why we are going slow. We are going to extend our retail outlets in Bengaluru first. We have identified five

locations, then subsequently five locations. So we have identified about 10 locations in which we have to increase in the next 2 months time window.

We are taking a phased city-by-city approach for this. Once Bengaluru is mature with the 10 markets, then we will open up the remaining markets one by one. We have identified about 6 markets. In those markets, we will go one by one. You are asking about the customer profile. It's initial adopters, it is too, too early for us to talk about any detailed profiles. But I can tell you the average age group of people who are actually looking at it is somewhere around 25 to 30. That's a window.

All of them are looking at the motorcycles, all of them are taking test rides. There's also equally a good interest shown by the Royal Enfield owners who are owning motorcycles of more than about 5, 6 years. But it is too early for us to conclude on any profiling at this stage. We are watching it. The job in hand is to make this category grow, and we will continue to spend our energy in growing this.

Kapil Singh:

Sir, update on the international market as well, please? What is the outlook?

B. Govindarajan:

So international market, we have been growing. If I have to tell you, our international business has increased by 2x over the last 2 years that you all have seen. In Q1, in fact, our revenue has crossed for the first time about INR 1,000 crores, highest ever in the international business.

And now it is accounting for almost about 15% of our overall revenue. Especially the markets have been trading through some rough patches over the past few quarters because of the macro uncertainties and as well as the industry-specific factors. And if I have to give you an overview of the key markets, Brazil is our biggest market outside India and is leading this growth as of now.

We have grown our retail volume by over about 3x over in the last 3 years. But this has come on the years of efforts in developing the brand, building the riding community and events as now we have established Royal Enfield as a number two position in the middle weight in Brazil. That's good news for us because it's a big market.

The product is very well accepted. Every fourth motorcycle, which we are exporting by Royal Enfield is shipped to Brazil now. That's the focus which we are seeing. And we see

a strong growth in Brazil, and that's why we are setting up our own CKD facility.

In the rest of LatAm, there's a strong demand and momentum is continuing in LatAm, led by Colombia. We are number two in Argentina in the middle weight. And currently, Mexico is also growing, another one market. We are still in that market. U.S.A., which has been very slow. The market is showing some green shoots of growth in the Q1 with the new trade deal cutting tariffs on motorcycles.

So that is really helping slightly. We have to wait and see. Europe, while the industry is transitioning through, in the last call also, I said it's a market adjustment phase because in Europe, a lot of dealers, distributors, there is too much business pressure on them. There are a lot of things which are not so good in the business establishment. We have established our own

distributorship and our subsidiary, which is doing very well. We also opened as our Riders Club, which I talked about.

The total numbers have exceeded 42,000. So we are building the blocks for the future for the Europe. Once the market opens up, it will be good for us. The other one key market is APAC. And because of the uncertainties, once again, the market was not doing well. But in Q1, once again, if I have to tell you that it is slightly showing some green shoots.

We are seeing growth, which is taking place in retail and in wholesale. Last year, in SAARC, we saw a very robust growth of 60%, especially in Nepal and Bangladesh. It has a very good brand awareness.

Having said all these things, as I mentioned, our position continues to remain strong in these markets. Our products have been received very well. We are hopeful that the normalizing -- the energy situation in a few of the markets and the tariff situation normalizes, these all markets will come back very strongly. And Royal Enfield with the work which we have done over the last few years is going to help us to actually get the market share and the growth, which will be continuing. So we are cautiously bullish even in the international market.

Kapil Singh:

Great Sir. Best Wishes

Moderator:

The next question comes from the line of Chandramouli Muthiah with Goldman Sachs.

Chandramouli Muthiah: My first question is just about sort of this is a year for the automotive industry of two halves. First half, I think a lot of the GST benefits most of the OEMs in terms of demand and volume, and we're seeing that with your brand as well. But starting September, October for a period of 12 months, the base might be pretty high for the industry.

So, I just want to understand. I think of most of the 2-wheeler brands, Royal Enfield has seen the maximum amount of elasticity in domestic demand after GST-related price cuts. So I just want to understand how you're looking at the back half and possibly the sort of 12-month period where the base might be high starting October as you plan your product launches and market activation activities for that period?

B. Govindarajan:

So Chandramouli, yes, it is always 2 half storyline that we normally watch because of the festive and non-festive times. And in the last 5 years, we have been watching how we are doing that. And even in the first quarter, as I mentioned, we are tracking over about 30% growth in the retail with a higher growth in other funnel indicators such as overall booking, walk-ins, telephone inquiries, etcetera. For the remaining quarters, you can see it is tied up to the inventory situation even in the entire channel.

Currently, we are at a very low inventory. What does it mean? With the inquiry going up in the funnel and the booking going up in the funnel and the walk-in and the telephonic inquiries have continued to grow, it only shows that there is a huge demand and what's the focus which is there is how do we fulfill the demand. Premiumization in the 2-wheeler industry, that is continuing.

I can tell you in the last 3 years, what has happened, if not for more than 3 years. 3 years, actually, the so-called middle weight, which is the PST which we are talking about, in India, it grew from

70,000 units per month to 1.2 lakh with about 20-plus launches, which has taken place in this middleweight. During this time, what has happened for Royal Enfield, if I had to tell you, when the base for the middleweight was 70,000 per month, Royal Enfield was about 61,000 per month.

Now the base is almost about 1.2 lakh per month. The base is almost about 1.01 lakh per month. That's what is Royal Enfield. So we are growing. And we are also focusing on our product launches. You will see launches which are coming up. We have done on Hunter. We have done on 450cc Guerrilla with an APEX variant. We launched the 650cc Bullet. We launched the GT cup series. And you will see some more CTGs updates, which will take place in time to come. So we will continue our launches.

Second is our ramp-up on the brand awareness, which we did last year in the Q1, because of once again the situation of supply and demand, we scaled it slightly down. Now we will once again ramp up the brand awareness and the marketing activations. And our new business initiatives like our Re-own, Assured Buy Back, which are also gaining traction. So these are all the playbooks which we have been trying with the last 2, 3 years. It's all showing traction for us. It's all there with us as a lever.

Even if the base is higher, we can continue to grow even the higher base of the last year. That's the confidence, not from anything else. As I mentioned, the inquiries or bookings, the entire funnel is so healthy. And once you start ramping up, you will actually start supplying to the market that is going to continue because we will ramp up our marketing initiative also.

Chandramouli Muthiah: Got it. That's helpful. Second question is just, I think, over the past 10 years, specifically around the period of pay commission, again, Royal Enfield has benefited from that pickup in premiumization of 2-wheelers during those periods. And over the next 2 to 3 years, there might be another pay commission initiative by the government of India.

So I just want to understand the updated demographic profile. If you could share what percentage of demand for you will be from government employee-related demand? Also maybe the rural urban split updated rural split on your domestic volumes? And also if you could give us some color around the first-time buyers versus the upgraders as of the last quarter, that would be very helpful.

B. Govindarajan: So it will be Chandramouli, it will be a very detailed analysis, which I have to talk about. If I had to give you an APEX level, our Royal Enfield professional profile-wise is business owners, agricultural, students, government employees and other professionals, I mean, generally categorizing.

But we have the details of what the government employees and is it the central government, state government, all those cuts which are there. And any pay commission which is coming up or the income tax benefit which was coming in, we always look at it, okay, which market will get benefited and where is that, which product will actually work in that particular area, and we tweak our marketing activations around that. That's how we actually handle. Any free cash which comes in, in the hands of the customers, it helps, and we'll also tweak our positioning according to that.

Chandramouli Muthiah: Got it. Got it. Just if you could share the rural urban splits and the first-time versus upgraders splits as well?

B. Govindarajan: That I can tell you, offhand, because our -- in the Royal Enfield currently, the number of -- the percentage of people who are actually buying as existing Royal Enfield customers as an upgrade from a Royal Enfield to Royal Enfield is about 5%, 6%. And 70% plus are mainly the upgraders.

So, another 25% are the first-time buyers. And Hunter with the new launches and all those things, the first-time buyers are also going up. That's how it is actually helping us to get more volumes. That's the overall cuts in terms of the first-time buyers and repeat buyers.

Chandramouli Muthiah: Got it. Thanks

Moderator: Your next question comes from the line of Pramod Kumar with UBS Securities.

Pramod Kumar: Govind, my first question is on the inventory situation, which you alluded to. But given that festive is typically very big for us, we're already running three shift production. So how do you plan to kind of stock up before the season and even post the season because even for the last few years, we've been having completely dry inventory at the dealers after the festive.

So, is it -- is working throughout the month something part of the plan? And is the vendor ecosystem ready? And when you talk about 5,000 capacity per day, is it entirely supported by vendors? So not only the full capacity, but also that all your entire value chain or the supply chain is kind of in line for that?

B. Govindarajan: Yes. Pramod, the first is I have to say, as I mentioned, the inventory level is about 10, 12 days. In the last few days, as I mentioned, that was a plan. But with July last week, our first module of 500 should kick in. That has kicked in and the ramp-up was also faster. That is taking us to almost 5,000 to 5,100 numbers per day. And the next module is also going to kick in by October 1 week.

During this time, what we also have done is we have done our supplier conference. We had a detailed discussion with them about the inventory situation and what is that they have to do. And we are planning and so even our vendors are planning on 24/7 on a 3 shift basis.

So all those things are being worked out. Thereby, we can build some inventory. Also added up, as I mentioned, we'll gain about another 4, 5 days by the secondary transit cutting off and directly doing a direct billing. So the entire logistics team is also aligned to do the direct billing to our --some of the dealers, which is also going to help. It's a tight situation, but we are confident because the way we planned out for the ramp-up of the capacity kicking in has kicked in at the right time and the ramp-up is faster.

So that extends to the next module, which is to kick in, in October also, we are trying to prepone and then see how that will also support us into this. Here on top of it, let alone we as a company. In fact, we are taking our ecosystem supplies also along with that to do, as I mentioned, 24/7, 3- shift operations, continuing, incentivizing all those activities which are there to maximize the production.

Pramod Kumar: And when you talk about just clarification, when you talk about the inventory of 12 days, that's including depot inventory, transit inventory and dealer inventory?

- B. Govindarajan:** It's dealer inventory, which I mentioned.
- Pramod Kumar:** Okay. So it doesn't include the transit inventory and the depot inventory, but is there quite a lot...
- B. Govindarajan:** Maybe another 4, 5 days of inventory, which will be there. Normally, max in-transit inventory will be 7 days. Maybe another about 5 days' inventory will be there in-transit.
- Pramod Kumar:** Okay. And Govind, second question, after that, I have one just query on VECV, if you permit. On Royal Enfield, the ASP jump is reasonably good. I think your mix despite the higher CC bikes kind of going lower as a percentage after the GST hike has generally done well quarter after quarter. So what is driving this? If you can just help us understand that bit? And also on the non-vehicle revenue, where are we exactly?
- Because some of your peers have seen substantial increase in non-vehicle revenue. Some of them have non-vehicle revenue more than you, which is saying something as a percentage. So if you can just help us understand those 2 aspects. And then I have one question on VECV, sir, if you permit.
- B. Govindarajan:** Maybe Vidhya, ASP...
- Vidhya Srinivasan:** So as far as ASP is concerned, we have had a growth of 2.8% from Q4 last year. So of that, 1.2% is on account of the price increase that I talked about for some of the motorcycles. So that is something. We also took a price increase of about 0.85% on certain models in Jan. So I think all of that is kind of assisting in the price -- in the -- one part of it.
- The second part is about 1% because of the increase in share of international business, which is now about 15.3% of revenues in Q1, and it was about 13.7% of revenue in Q4. As BGR pointed out, the international business has had its highest ever revenue crossed INR 1,000 crores mark for the first time and volumes have also improved from Q4. And there is also some level of currency depreciation, about 0.4% has come in because of that.
- Beyond that, about 0.6% is on account of increase in revenues from allied businesses, which addresses your other question, which is also about 15% of revenues now. So that includes things like spare parts, service income, accessories, apparel, etcetera. We've seen almost a 20% growth in job cards service in Q1 compared to last year.
- We are averaging about 9 lakh service job cards per month, which is a huge growth driver. We're also seeing more than 30% growth in accessories and apparel. Almost all of our bookings through Make it yours which also leads customers to add accessories into the motorcycle. So, I think overall, we are seeing very healthy growth in the non-motorcycle business.

B. Govindarajan:

Just to add on the accessories business, Vidhya was mentioning, we started off our accessories business with a penetration of only about 35%, 40%. Currently, our accessories penetration has gone to almost about 87%. 87% of the consumers who are buying our motorcycles are buying the accessories from us.

So even in the accessories business, what we are doing is because the penetration is going up, we are adding more SKUs in the accessories business. In the apparel business, what we have done is we have gone in for the core collection, brand core collection.

And in fact, we did one roadshow, and it was overwhelmingly responsive from all our dealers and a few of the customers who have seen it. So that business is also growing. As we are adding motorcycles, our extended warranties and all those things that Vidhya was mentioning, we are looking at retention of customers for the service, which is also growing, which helps us in this business. So all the businesses continue to grow. So that's about the Royal Enfield. You wanted to have one from VECV. Can I go ahead with the question of VECV.

Pramod Kumar:

Actually yes, both of you, sir, in a way, I think the business has done well. I think now the SCV story is also interesting. And in the tough quarter, you had a profit growth, that's good. So I just want to understand, Govind, your thoughts as well. Any plans of hiving off VECV as a separate entity and listed because in the overall scheme of things, people kind of we kind of don't focus on VECV as much.

And it kind of -- probably there's a value kind of which is -- which can get unlocked there. Just a feedback as well and probably if you have any thoughts on that, otherwise, generally, just bouncing off ideas, whether any plans to do that?

B. Govindarajan:

At an Eicher Motors level, we have a lot of plans to mull over and fathom do it. Currently, the focus is on EV. So we have to do a lot many work on EV. That's what we are doing. So currently, it is not so, so on the VECV level that what hasn't crystallized. On the demand and how the growth in the Q1, probably Srinivas, you can add some color to that?

B. Srinivas:

Thank you, Govind. I think growth has been phenomenal despite several challenges from the global perspective. I think industry continues to grow. I think all the segments have grown phenomenally well, probably except heavy-duty buses. And we see a lot of opportunities coming in VECV, both in the truck side, bus side and also all our new projects are coming up well, including the new transmission project, which we are working with. So it's a good time to be in the business.

Moderator:

We take our next question coming from the line of Raghunandhan N. L. with Nuvama Research.

Raghunandhan N.L:

Congratulations, sir, on the strong start to the year. My first question to Vidhya ma'am.

Ma'am, the revenue gap between stand-alone and consolidated is over INR400 crores. If I look at the last 4 quarters, the average gap has been around INR 200 crores. Can you please explain how to see this?

Vidhya Srinivasan:

I think essentially, that is growth from subsidiaries, which is kicking in. So I think we have -- as I think BGR had talked about our international business, we've had very healthy numbers in Brazil. Some of the other subsidiaries are also kicking in. So that's basically the delta. And of

course, offset in -- with some of the revenues that we booked in India for exports and subsidiaries, but overall, subsidiaries have done quite well.

Raghunandhan N. L:

Noted, ma'am. And should this kind of performance sustain ahead?

B. Govindarajan:

Well, you see all the international markets, as I mentioned, will sustain because we have done what is right for the growth even in that market. The total market size is almost about 0.8 million to 1 million outside India. Our market share currently is about 8% to 9%. That's why we went in for our subsidiary, our own team, CKD plants and all those things.

We have now deeply invested in those markets, which have the potential. And now I'm seeing, as I mentioned, some of the markets which are opening up. We see our growth and because of our subsidiary formation, which is also helping us in profitability.

Raghunandhan N. L:

Noted, sir. Very helpful. Secondly, in terms of the cost saving effort, VAVE benefits has been there in current quarter and the previous quarters. I wanted to understand how are you targeting this particular cost item, whether more benefits are targeted ahead?

B. Govindarajan:

So, Value Analysis, Value Engineering, it is a continuous effort. So we normally start the year with a calendar of activities, not that 100 initiatives and 100 ideas will translate to all 100 will become penny ties. But some things may get passed at a faster period in our testing, something may be delayed. But that is another one lever which we have. And our platform, especially the J platform, now it has a scale, and it has been there in the market for 4 years now.

So, we are focusing more on the value engineering in that because that's where the scale is. 450 cc and 650cc, we have been looking at first to get the numbers. So our focus has been on adding more and more value into that and taking to the market, that's what we have done. But now that is also coming into the funnel of our value engineering. So you will see value engineering kicking in over the period of time in all the platforms.

Raghunandhan N. L:

Noted, sir. And just the last question. On the above 350 cc, the 450, 650 sales has improved to pre-GST cut levels. The model by sales performance is a mixed bag, 650cc, twins, Guerrilla has done very well, but Super Meteor, Himalayan, Shotgun in Q1 has seen

pressure on sales performance. Can you highlight future initiatives on marketing, product intervention efforts, how you see these models catching up on the sales in coming quarters?

B. Govindarajan:

So if I have to give you a short answer on the 450 cc and 650 cc, we are the company where we said that 450 cc, whatever the GST benefit, which has gone up, we will just pass on. Number two, what we said is we will focus on our product and the value what we are giving it to the consumers. We will not look at reducing the performance of those platforms to get into the lower GST benefit.

So we have not lowered our 450 cc to 350 cc level or something like that. We held on to our 450 cc and 650 cc. We had seen on the 450 cc, we brought the APEX variant that has helped us to get the good inquiry, and that's how Guerrilla has gone to about 2,400 to 2,500 an average per month.

On 650 cc, we have come to almost about 4,200 per month, especially the Continental GT because the GT Cup got announced. Now we launched Bullet 650, and we have 125 year special edition on the Classic 650 that is also coming. And we have a drop, which is going to come in our Shotgun. And on Super Meteor, we are working on something. So you will see some refreshes and all those things and some marketing activities around that. Yes, that's on the 650 cc motorcycles.

On the Himalayan, which we talked about, we launched the Mana Black, which got received very well. The Himalayan Odyssey this year had more inquiries than the earlier time. So we are hopeful that we haven't done enough marketing activities during this time because we thought the GST thing have to settle in first. Now that, that is done, we will start now working on experiential rides and experiential marketing around the Himalayan, which will also now start in the coming quarters.

Raghunandhan N. L:

Thank you very much, sir. All the best.

B. Govindarajan:

Thank you. I'll go for one last question.

Moderator:

Yes. We'll take one last question coming from the line of Amyn Pirani with JP Morgan.

Amyn Pirani:

One clarification on the financials. The depreciation has gone up a lot this quarter. So is it because of the depreciation that you have started accounting for, for the new module as well as the Flying Flea launch? And should we assume this as the new run rate?

Vidhya Srinivasan:

Yes, I think, obviously, now that we've launched, we've had some capitalization related to it. Yes, so that's, I think, where the depreciation is coming in. If you look at it, this increase is basically because the average gross block has gone up by approx, I would say, INR 346 crores. So yes, that's what it is. There are also some tools and dies kind of

depreciation, which is also kicking in.

B. Govindarajan:

Primarily, Vidhya is right, Vidhya is mentioning it is because of the Flying Flea has gone into the start of production and start of sale.

Amyr Pirani:

Okay. Okay. Okay. And just one question on exports. You've elaborated a lot on this call. I just had one specific question. Around 3- 4 years back, you had started focusing on LatAm as well as ASEAN, whereas your original markets were the developed markets of the U.S. and Europe.

And while LatAm has seen significant uptick and improvement, ASEAN has been a mixed bag. So specifically, with respect to ASEAN and the high opportunity markets of Thailand, Indonesia and the like, is there something which is happening? Should we expect something because you have a capacity in Thailand also? Just some color there, if you can.

B. Govindarajan:

Yes. Just I'll address directly on the ASEAN market. There is an ASEAN treaty, which also we have been studying. First of all, in the Thailand, we have a CKD plant. We thought from the Thailand CKD plant, we can actually send to Indonesia, which is another one high-consuming market because Indonesia has a quota.

Our understanding initially had been if you have plant in Thailand, the treaty will actually help within ASEAN to actually send without any quota restriction. But on ground, Indonesia has come back and then say no quota restriction is still there. So we can't sell more than about 10,000 vehicles in a year in such a big market in Indonesia. So now what we have done is we have identified because we are doing a distributor model there.

So we have identified an assembler. Once again, we had a long chat during this quarter one and trying to see whether we can become a CKD operating plant out of Indonesia. That's in the cards. But the local content requirement is very low. To that extent, the CKD plant can come at a faster pace.

So that decision will take during this quarter, and we can tap into the market of the Indonesia, which is a high 2-wheeler market. Thailand, for the past 2 years, Amyr, the market has not been very good, especially because of the tourism dip. The economy had not been very good.

In the last quarter, I'm just seeing once again, the retail momentum is continuing and the dealers are also very positive. And we are the number two position in the middleweight in Thailand. So, when the market opens up, we are very happy to grow along with that. In fact, in Thailand, we are now working on a brand collaboration level with Muay Thai and with the Thailand tourism development, thereby more consumers can get to know about

the product because we were waiting where the market was not very good.

So now the market is opening up. So we thought that we will ramp up our brand association activities. And that's what Muay Thai, which is an important social fabric in Thailand, we are collaborating with them and then taking the product into that lifestyle stage.

Amyr Pirani: Great. That's good to know because at least we think that Indonesia can actually become another Brazil for you if you can unlock it actually?

B. Govindarajan: Yes, you're right. I mean that's our thinking, too. That's why we are seriously considering a CKD plant. Having said, I have to put it on record here. It is a step-through market. And whether you have a CKD plant or no CKD plant, there is what is called as the luxury tax, which is about 160% plus. So that is not going up even with CBU or CKD. So that also had to be worked on. But if the CKD is there, the first hurdle is that I will not allow more than 10,000 in this country, that goes off.

So that's why we have identified that partner we will start working on. And the number of outlets which can go up in Sumantran area and all other areas, which we have understood where the growth is. And we are seriously looking at how do we grow in those areas also. So it's in the radar, if in case, I would tell you.

Amyr Pirani: Okay. And if I can have one more clarification. This luxury tax is above a certain cc in Indonesia?

B. Govindarajan: Yes, it's above 250 cc itself.

Amyr Pirani: Above 250 cc. So I think very soon, you'll get a question on the 250 cc. I think next ...Thank you.

Moderator: Ladies and gentlemen, we will take that as the last question for today. I now hand the conference over to the management for closing comments.

B. Govindarajan: Thank you very much to all of you for joining in this call. As I mentioned, Eicher Motors, both at Royal Enfield and at VECV level, the year started -- the quarter one has been very good. And in both the businesses, we are very optimistic of the remaining quarters in the growth. Once again, thank you very much for all your time.

Amit Hiranandani: Thank you all for joining. B. Srinivas, thank you all.

Vidhya Srinivasan: Thank you.

Moderator:

Thank you, members of the management. On behalf of PhillipCapital (India), that concludes this conference. Thank you, everyone, for joining us, and you may now disconnect your lines. Thank you.