

Enfield to put global push in top gear from new facility

Firm to cut waiting period, eyes bigger chunk of mid-sized market

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ROYAL Enfield Motors, among the oldest motorcycle brand, on Tuesday launched a modern bike plant at Oragadam, Chennai's manufacturing corridor and said it is the starting point for iconic bullet maker's strategic transition from an Indian brand to global brand in mid-sized motorcycle market (250cc to 650cc).

The company, part of Eicher Motors, said with the commissioning of the new plant, the waiting period (seven-eight months depending on the model) for the bikes will start coming down from the end of 2013, while there will be significant rise in quality of materials used in the motorcycles.

The new bike manufacturing facility, the second plant that has been established after stretching its 60-year old first plant at Tiruvottiyur near Chennai, will have an initial capacity of 150,000 units a year, but the company has already started work to ramp up the capacity to 250,000 units by next year. The Oragadam plant, set up at a cost of Rs 150 crore, is expected to reach total annual capacity of five lakh units.

"The new unit's productivity levels and quality are of global standards. Suppliers have been upgraded to newer levels and parts are now superior. To reinvigorate our efforts to become a leader in mid-sized motorcycle market globally, this is our first step," Siddhartha Lal, MD & CEO, Eicher Motors said after roll out of the first bike from the new plant.



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■ The Oragadam plant, near Chennai is set up at a cost of Rs 150 crore, is expected to reach total annual capacity of five lakh units

■ Royal Enfield aims to produce 175,000 units in CY2013 from both the plants as against 113,432 units produced in CY2012

With the launch of the second plant, Royal Enfield has set an ambitious target for the current calendar year and aims to produce 175,000 units in CY2013 from both the plants as against 113,432 units produced in CY2012. "The demand for our bikes is rising again, even at faster levels. In March we achieved highest-ever monthly production of over 12,000 units. We are adding five-six dealer outlets a month and the increased capacity will help us respond to demand growth," Lal said.

The new plant, which will employ about 500 people by the end of 2013, has started producing Classic Desert Storm and Thun-

derbird ranges and from end of this year, all models will be rolled out. The old plant would become a supplier of engines and components to the new one. The Oragadam plant will also serve the export markets as Royal Enfield has been exporting its Classic 500cc range models to about 40 countries.

Replying to increasing competition in the 250cc-500cc segment, he said there would be many players in the segment and increased competition may also expand the market size. "It's a game of creating differentiation. Royal Enfield has been able to do that and will continue to bank on that strategy to stay in the

top position," he said.

The sales in 250cc plus and below 800cc category stood at 120,964 units in 2012-13, compared with 78,663 units in 2011-12. Royal Enfield is almost a monopoly in this category as there is only one more player - Bajaj Auto. Recently, BMW and TVS inked a pact to make bikes mainly in this category from 2015.

Among other models, Royal Enfield will be launching 525cc Continental-GT during this year, while distribution network will be beefed up to 300 outlets from 260 plus now, by the end of this year.

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