

Hunter 350 didn't hurt sales of Classic: Enfield

Proportion of first-time buyers was up to 18.2% from 13% following launch

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Premium motorcycle maker Royal Enfield's Hunter 350, which was recently launched targeting urban consumers, has successfully brought in additional volumes without cannibalizing the existing Classic 350, the top executive at Royal Enfield said.

The company on Thursday reported 56.4% growth in consolidated revenue from a year ago to ₹3,519 crore in the September quarter, while consolidated net profit rose 76% to ₹657 crore.

Eicher's earnings before interest, taxes, depreciation and amortization, or Ebitda margin improved from 20.9% in the year ago to 23.3% in Q2, and declined 112 basis points sequentially. Ebitda was negatively impacted following the launch of the Hunter 350. Eicher has, so far, shipped 50,000 units since its August launch. The Retro variant is priced at ₹1.49 lakh, ex-showroom, while the Metro variant is available for ₹1.69 lakh ex-showroom. In comparison, the Classic 350 starts at ₹2.18 lakh for the dual channel ABS variant.

Hunter 350 helped increase the proportion of first-time buyers to 18.2% from 13% earlier, the company told analysts in a conference call. The company is working on improving profitability of the Hunter 350 through value engineering methods and international launch.

While some dealership channel checks indicate a significant level of cannibalization following the launch, there is no such visible trend, the company said.

Hunter 350 is aimed at bringing in a younger customer-base to the Royal Enfield brand and is adding incremental volumes to the portfolio, B. Govindarajan, chief executive, Royal Enfield, said in an interview after the post-earnings conference call on Thursday.

"We exactly understand what sort of a proposition the Hunter 350 has to give to consumers. This is a very agile and nimble product in comparison to the motorcycles which we already have and we intended it for a young audience when we launched it. That's exactly where the product landed... it is giving us additional volumes. It was important that the product doesn't cannibalize our existing models and I can confi-



Eicher said the waiting period for some of its models are declining, as the supply chain stabilizes.

dently say at this stage there is no cannibalization which is visibly taking place between this and the Classic 350. There could be slight cannibalization because of the pricing, but it isn't visible yet."

On the slight margin dip between the first and second quarters of this fiscal year, he said: "There is actually a model mix, which came in because in the last quarter the Bullet sold higher numbers, and the Hunter 350 was launched only about two months back. We launched the Hunter at a very accessible price point by design. We conceived the product in a way we knew

of its models are declining, as the supply chain stabilizes. "Supply chain is not a top-of-the-mind discussion for the industry anymore. There are signs of stability. We are seeing visibility in terms of chip supply for at least 2-3 months, up from 2-3 weeks earlier, and have constant dialogue going on with suppliers. At the same time, we are also working on the product side to reduce dependencies on only one kind of chips or suppliers," Govindarajan added.

The group's commercial vehicle business, Volvo Eicher Commercial Vehicles, (VEVC) witnessed a sharp improvement in volumes and revenues, as the CV industry emerged from the bottom of a slowdown cycle. "The CV industry is continuing to grow after three years of recession. The industry grew 32% this quarter on a yearly basis, and 69% for the six months of the fiscal

year. In October, we saw 15% growth from the year ago. VECV has improved its share in the heavy-duty truck segment significantly, and in buses, too, our market share now stands at one-fourth of the industry volume", Vinod Aggarwal, managing director and chief executive, VECV, said.

Aggarwal said while exports have taken a hit because of economic uncertainties in global markets, the strong domestic consumption story and multiple tailwinds are likely to propel the industry, particularly in the light and medium commercial vehicle categories, to new highs this fiscal year.

WIDENING BASE

THE firm reported 56.4% increase in consolidated revenue from a year ago in Q2

RE will improve profitability of Hunter 350 through value engineering, international launch

IT is aimed at bringing in a younger customer-base to the Royal Enfield brand

there will be some amount of margin dilution that could take place, but at an overall level, we will see it improving volumes."

The Royal Enfield brand is simultaneously working on configuring its products to global regulatory standards and setting up new completely knocked-down (CKD) assembly facilities to meet international growth ambitions. The Hunter 350 will see a series of launches across Asian markets, starting with Thailand this month. Royal Enfield has also launched a new 650 cc model on the Meteor platform.

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EXTRACT OF UNAUDITED STANDALONE & CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER ENDED SEPTEMBER 30, 2022

CONSOLIDATED
LOAN ASSETS
UNDER
MANAGEMENT
₹64,356 CRS**

CONSOLIDATED
PROFIT
AFTER TAX
₹1,727 CRS**

CONSOLIDATED
NET WORTH
₹19,732 CRS**

BRANCH
NETWORK OF
5,750**

200,000+
CUSTOMERS
SERVED
PER DAY*

PARTICULARS	STANDALONE		CONSOLIDATED	
	QUARTER ENDED SEPTEMBER 30, 2022	HALF YEAR ENDED SEPTEMBER 30, 2022	QUARTER ENDED SEPTEMBER 30, 2022	HALF YEAR ENDED SEPTEMBER 30, 2022
Total Revenue (₹)	2504	5013	2842	5646
Profit Before Tax (₹)	1161	2243	1207	2319
Profit After Tax (₹)	867	1669	902	1727
Net Worth (₹)	19230	19230	19732	19732
Earnings Per Share (₹10/- each) (Basic) (₹)	21.61	41.59	22.22	42.63
Book Value Per Share (₹)	478.96	478.96	491.54	491.54
Capital Adequacy Ratio (%)	31.96	31.96	-	-

Note: The above is an extract of the detailed format of Unaudited Quarterly Financial Results and is not a statutory advertisement required under SEBI guidelines. The detailed financials and investor presentation is available on the website of the Company at www.muthootfinance.com

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