

Press Release

Results : Q2 / FY14

Best Quarter Ever !!!

Operating EBITDA margin* at 23.1%

Highest ever Profits after tax – ₹ 837 crore

A meeting of the Board of Directors of Bajaj Auto Limited was held today to consider and approve the results for Q2 / FY14.

The company recorded its **best** quarter ever with –

- ✓ Highest ever Exports – ₹ 2125 crore
- ✓ Highest ever Operating EBITDA* – ₹ 1204 crore
- ✓ Highest ever Profit before tax – ₹ 1212 crore
- ✓ Highest ever Profit after tax – ₹ 837 crore
- ✓ EBITDA margin* – 23.1% !!!

1. Performance highlights

₹ in crore	Q2 FY14	Q2 FY13	Change	H1 FY14	H1 FY13	Change	FY13
Sales (No's)	961,330	1,049,208	-8%	1,940,605	2,128,179	-9%	4,237,162
Turnover	5299	5139	3%	10386	10187	2%	20793
Export revenue	2125	1686	26%	4000	3396	18%	6713
Operating EBITDA*	1204	932	29%	2260	1860	22%	3858
Operating EBITDA %*	23.1	18.7		22.2	18.8		19.1
Profit before tax	1212	1041	16%	2250	2059	9%	4266
Profit after tax	837	741	13%	1575	1459	8%	3044

Consistently, over the last several years, Bajaj Auto has been declaring an operating profit of ~20%.

These operating margins are nearly **three** times the average operating margins of the auto industry and nearly **double** the operating margins of the nearest competitor.

* before mark-to-market (MTM) loss

This out-performance in margins can be attributed primarily to the following factors:

- Transforming itself into an “ *Indian Multi-national Company* ”.

International business contributes ~40% of total revenue.

Over the last five years, strategic initiatives taken to enter into difficult markets, like Africa, is yielding rich dividends. The benefits are now further enhanced with the depreciating ₹.

- Focus on high-margin products.

~75% of total revenue of Bajaj Auto is generated by business verticals which operate on EBITDA margins in excess of 20%.

- Bajaj Auto operates on an essentially variable cost structure. Fixed cost, including depreciation, interest and even employee cost, is under 8%.

This protects the company from any slowdown in demand as being witnessed in the domestic market over last few quarters.

2. Results

Results are given in Annexure I and the same are explained below:

₹ in crore	Q2 / FY14			Q2 / FY13			Change
	Auto	Treasury	Total	Auto	Treasury	Total	
Sales (No's)	961,330			1,049,208			-8%
Net Sales	5062	-	5062	4817	-	4817	
Other operating income	113	-	113	155	-	155	
Other income	33	91	124	17	89	167	
Mark-to-market gain	-	-	-	61	-		
Total Income	5208	91	5299	5050	89	5139	3%
Total Expenditure before MTM	4004	-	4004	4057	-	4057	
EBITDA before MTM	1204	91	1295	932	89	1021	27%
Operating EBITDA %	23.1%			18.7%			
Mark-to-Market loss	39	-	39	-	-	-	
EBITDA after MTM	1165	91	1256	993	89	1082	
Interest and Depreciation	44	-	44	41	-	41	
Profit before tax	1121	91	1212	952	89	1041	16%
Profit after tax			837			741	13%

3. Margins

Bajaj Auto declared an all-time **high** operating EBITDA margin of 23.1% in Q2 / FY14 as against 21.3% in Q1 / FY14 and 18.7% in Q2 / FY13.

During the quarter, average realization was ₹ 60.9 / USD as against ₹ 55.6 / USD in Q1 / FY14 and ₹ 50 / USD in Q2 / FY13.

Total income grew by 3% to ₹ 5299 crore while Profit before tax grew by **16%** to ₹ 1212 crore and Profit after tax grew by **13%** to ₹ 837 crore.

Profit after tax, excluding MTM gain / loss, is ₹ 865 crore for Q2 / FY14 as against ₹ 698 crore for Q2 / FY13 – a growth of **24%**.

4. Cash and cash equivalents

As on 30th June 2013, surplus cash and cash equivalents stood at ₹ 6391 crore.

After payment of dividend and tax thereon amounting to ₹ 1518 crore during this quarter, as on 30th September 2013, surplus cash and cash equivalents stood at ₹ **6516** crore.

Kevin D'sa
President (Finance)
16th October 2013.



Bajaj Auto Limited

Mumbai - Pune Road, Akurdi, Pune 411 035

Annexure I

(₹ In Crore)

	Particulars	Quarter ended		Half year ended		Year ended
		30.09.2013 (Unaudited)	30.09.2012 (Unaudited)	30.09.2013 (Unaudited)	30.09.2012 (Unaudited)	31.03.2013 (Audited)
	Sales in numbers	961,330	1,049,208	1,940,605	2,128,179	4,237,162
1	Income from operations					
a.	Gross sales	5,334.25	5,100.57	10,392.39	10,071.98	20,617.87
	Less: Excise duty	272.76	283.50	522.17	541.27	1,128.91
	Net sales	5,061.49	4,817.07	9,870.22	9,530.71	19,488.96
b.	Other operating income	113.40	155.33	215.76	307.35	508.29
	Total income from operations (net)	5,174.89	4,972.40	10,085.98	9,838.06	19,997.25
2	Expenses					
	(a) Cost of materials consumed	3,254.00	3,446.23	6,395.43	6,646.99	13,523.74
	(b) Purchases of stock-in-trade	232.29	212.64	435.36	404.37	858.83
	(c) Changes in inventories	(17.72)	(90.24)	44.44	25.31	24.00
	(d) Employee benefits expense	183.38	153.22	367.03	313.62	639.48
	(e) Depreciation	44.29	41.04	88.68	76.28	163.97
	(f) Other expenses	404.90	347.87	837.12	684.05	1,378.80
	(g) Expenses capitalised	(13.92)	(12.53)	(32.07)	(23.19)	(62.85)
	Total expenses	4,087.22	4,098.23	8,135.99	8,127.43	16,525.97
3	Profit from operations before other income, finance costs and exceptional items (1-2)	1,087.67	874.17	1,949.99	1,710.63	3,471.28
4	Other income	124.16	166.72	299.76	348.69	795.49
5	Profit from ordinary activities before finance costs and exceptional items (3+4)	1,211.83	1,040.89	2,249.75	2,059.32	4,266.77
6	Finance costs	0.04	0.22	0.13	0.26	0.54
7	Profit from ordinary activities before tax (5-6)	1,211.79	1,040.67	2,249.62	2,059.06	4,266.23
8	Tax expense	374.63	300.00	674.78	600.00	1,222.66
9	Net Profit from ordinary activities after tax (7-8)	837.16	740.67	1,574.84	1,459.06	3,043.57
10	Basic and Diluted Earnings per share (₹) (not annualised) before and after extraordinary items	28.9	25.6	54.4	50.4	105.2