

## Press Release: Q2 / FY10

### A Quarter of Records !!!

A meeting of the Board of Directors of Bajaj Auto Limited was held today to consider and approve the results for Q2 / FY10

#### The quarter witnessed a number of records :

- ✓ "Highest" ever turnover – Rs. 2909 crores
- ✓ "Highest" ever exports – 224,334 vehicles
- ✓ "Highest" ever operating profit – Rs. 603 crores
- ✓ "Highest" ever Net profit – Rs. 403 crores
- ✓ EBITDA margin – at record 22%

#### Highlights for the quarter :

- ✓ While turnover ↑ 14% to **Rs. 2909 crores**; Net profit more than **doubles to Rs. 403 crores**
- ✓ Profit from operations ↑ 94% to **Rs. 603 crores**
- ✓ Operating EBITDA Margin – **22%** v/s 13.6% (Q2 / FY09)  
– sequentially improves from 19.5% (Q1 / FY10)
- ✓ Profit earned for the quarter exceeds the profit earned during first half of 2008-09
- ✓ Profit earned for half year exceeds the profit earned during the full year of 2008-09

#### Sales in numbers

	Q2			H1			FY09
	FY10	FY09	Change	FY10	FY09	Change	
Motorcycles	599,641	561,477	7%	1,082,390	1,120,110	-3%	1,907,853
<b>2 wheelers</b>	<b>601,481</b>	<b>565,098</b>	<b>6%</b>	<b>1,085,923</b>	<b>1,127,075</b>	<b>-4%</b>	<b>1,919,625</b>
3 wheelers	85,246	74,944	14%	148,466	133,062	12%	274,529
<b>Total</b>	<b>686,727</b>	<b>640,042</b>	<b>7%</b>	<b>1,234,389</b>	<b>1,260,137</b>	<b>-2%</b>	<b>2,194,154</b>
Export (of the above)	224,334	206,930	8%	402,629	405,647	-1%	772,519

- New product launches have been extremely successful
  - Upgrades of the Pulsar 150 & 180 along with the fastest Indian – Pulsar 220 – has enabled the company to clock over 56,000 numbers in Sept 09
  - The newly launched Discover DTS-Si has truly turned out to be the “volume bike” for the company; sales crossed 100,000 numbers within the first 50 days of launch and cumulative sales to date is in excess of 160,000 numbers.
- Kawasaki Ninja 250R, launched on 7<sup>th</sup> October 2009 – will further add to the excitement.
- The strategy of the company to focus on the more profitable category of “ bigger and sportier ” motorcycles has paid dividend and the results are reflected in the operating margins.
- As regards commercial vehicles, company's marketing initiatives focused on in-city segment yields desired results – domestic sales ↑ 30%.
- The strong momentum in the commercial vehicle sales is expected to be maintained with the launch of the category creating RE 600 Goods Carrier
- The quarter witnessed the highest ever quarterly exports for the company. Exports, for Sept 09 alone stood at 81,000 units. The company is poised to exceed its target of 800,000 vehicles for the year. Tabled below are the export numbers.

	Q2			H1			FY09
	FY10	FY09	Change	FY10	FY09	Change	
Motorcycles	185,934	169,074	10%	338,489	339,379	-	631,383
<b>2 wheelers</b>	<b>186,402</b>	<b>169,646</b>	<b>10%</b>	<b>339,113</b>	<b>340,523</b>	-	<b>633,463</b>
3 wheelers	37,932	37,284	2%	63,516	65,124	-2%	139,056
<b>Total</b>	<b>224,334</b>	<b>206,930</b>	<b>8%</b>	<b>402,629</b>	<b>405,647</b>	<b>-1%</b>	<b>772,519</b>
Sales ( Rs. in crores )	799	714	12%	1,436	1,353	6%	2,640

## Operating Results

### Margins

- Operating EBITDA Margin stood at a record **22%** during **Q2 / FY10** - highest in the industry. Improvement in sequential EBITDA margin from 19.5% in Q1 to 22% in Q2 largely on account of
- Richer product mix – more Pulsars, Discovers and three wheelers
  - Higher volumes – resulting in leveraging of fixed cost

### Cash and cash equivalents

- Opening cash and cash equivalents as on 1<sup>st</sup> April 09 was Rs. 933 crores. Higher operating margins together with efficient working capital management have resulted in surplus cash and cash equivalents of **Rs. 1,652 crores** as on 30<sup>th</sup> September 09.

### Outlook

- Input cost likely to witness an upward trend in coming quarters. Given the success of new launches and impact of further launches planned, the company expects an increase in volumes – thereby leveraging fixed costs. This should partially off-set the impact of increase in the material cost.

Kevin D'sa

Vice President (Finance)

15<sup>th</sup> October 2009.



**Bajaj Auto Limited**

Mumbai - Pune Road, Akurdi, Pune 411 035

**UNAUDITED STAND-ALONE FINANCIAL RESULTS OF BAJAJ AUTO LIMITED FOR THE QUARTER ENDED SEPTEMBER 30, 2009**

(Rs. In Lakhs)

Particulars	QUARTER	QUARTER	HALF YEAR	HALF YEAR	YEAR
	ENDED 30.09.2009 (Unaudited)	ENDED 30.09.2008 (Unaudited)	ENDED 30.09.2009 (Unaudited)	ENDED 30.09.2008 (Unaudited)	ENDED 31.03.2009 (Audited)
<b>Sales in numbers</b>	<b>686,727</b>	<b>640,042</b>	<b>1,234,389</b>	<b>1,260,137</b>	<b>2,194,154</b>
Gross Sales	294491	261735	531997	501329	904966
Less: Excise duty	15169	19708	26776	36864	61272
Net Sales	279322	242027	505221	464465	843694
Other Operating Income	9429	9891	17377	17920	37342
<b>TOTAL INCOME</b>	<b>288751</b>	<b>251918</b>	<b>522598</b>	<b>482385</b>	<b>881036</b>
<b>EXPENDITURE :</b>					
a) (Increase) / decrease in stock in trade and work in progress	(3653)	(9984)	1115	(6519)	2449
b) Consumption of raw materials	184353	190728	326073	352638	606462
c) Purchase of traded goods	10540	9405	18754	18573	37436
d) Employees Cost	10738	7546	22029	18357	35436
e) Depreciation and write downs	3358	3308	6666	6661	12979
f) Other expenditure	23460	20286	45901	39029	80463
g) Expenses capitalised	(338)	(449)	(467)	(757)	(1442)
h) Total	228458	220840	420071	427982	773783
<b>Profit from Operations before Other Income, Interest &amp; Exceptional Items</b>	<b>60293</b>	<b>31078</b>	<b>102527</b>	<b>54403</b>	<b>107253</b>
Other Income ( net )	2173	2210	4487	5088	11167
<b>Profit before Interest &amp; Exceptional Items</b>	<b>62466</b>	<b>33288</b>	<b>107014</b>	<b>59491</b>	<b>118420</b>
Interest	-	587	597	679	2101
<b>Profit after Interest but before Exceptional Items</b>	<b>62466</b>	<b>32701</b>	<b>106417</b>	<b>58812</b>	<b>116319</b>
<b>Exceptional items</b>					
Expenditure incurred for Voluntary Retirement of employees (See note 1)	(4583)	(6110)	(9165)	(6110)	(18330)
Valuation gains/(losses) on derivative hedging instruments (See note 2)	-	-	2180	-	(2180)
<b>Profit / (Loss) from ordinary activities before tax</b>	<b>57883</b>	<b>26591</b>	<b>99432</b>	<b>52702</b>	<b>95809</b>
Tax expense	17600	8100	29800	16700	30161
<b>Net Profit / (Loss) from ordinary activities after tax</b>	<b>40283</b>	<b>18491</b>	<b>69632</b>	<b>36002</b>	<b>65648</b>
Prior period adjustments (net)	-	-	-	-	(198)
<b>Net Profit / (Loss) for the period</b>	<b>40283</b>	<b>18491</b>	<b>69632</b>	<b>36002</b>	<b>65450</b>
Paid up Equity Share Capital (Face value of Rs 10/-)	14468	14468	14468	14468	14468
Reserves excluding Revaluation Reserves					172501
<b>Basic and Diluted Earnings Per Share ( Rs.) (not annualised)</b>					
<b>before and after extraordinary items</b>	<b>27.8</b>	<b>12.8</b>	<b>48.1</b>	<b>24.9</b>	<b>45.2</b>
<b>Public shareholding</b>					
No. of shares	72,729,764	71,167,007	72,729,764	71,167,007	72,715,699
Percentage of Shareholding	50.27%	49.19%	50.27%	49.19%	50.26%
<b>Promoters &amp; Promoter Group Shareholding</b>					
<b>(a) Pledged/Encumbered</b>					
No. of shares	1,093,906	NA	1,093,906	NA	3,785,111
Percentage of shares (as a % of the total shareholding of promoters & promoter group)	1.52%	NA	1.52%	NA	5.27%
Percentage of shares (as a % of the total share capital of the company)	0.76%	NA	0.76%	NA	2.62%
<b>(b) Non-Encumbered</b>					
No. of shares	70,692,130	NA	70,692,130	NA	68,000,925
Percentage of shares (as a % of the total shareholding of promoters & promoter group)	98.48%	NA	98.48%	NA	94.73%
Percentage of shares (as a % of the total share capital of the company)	48.86%	NA	48.86%	NA	47.00%

SEGMENT-WISE REVENUE, RESULTS AND CAPITAL EMPLOYED (STAND-ALONE)					
Particulars	QUARTER	QUARTER	HALF YEAR	HALF YEAR	YEAR
	ENDED	ENDED	ENDED	ENDED	ENDED
	30.09.2009	30.09.2008	30.09.2009	30.09.2008	31.03.2009
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
<b>Segment Revenue</b>					
Automotive	288751	251918	522598	482385	881036
Investments	2173	2210	4487	5088	11167
<b>Total</b>	<b>290924</b>	<b>254128</b>	<b>527085</b>	<b>487473</b>	<b>892203</b>
<b>Segment Profit/(Loss) before Tax and Interest</b>					
Automotive	55710	24968	95542	48293	86743
Investments	2173	2210	4487	5088	11167
<b>Total</b>	<b>57883</b>	<b>27178</b>	<b>100029</b>	<b>53381</b>	<b>97910</b>
Less: Interest	-	587	597	679	2101
<b>Total Profit Before Tax</b>	<b>57883</b>	<b>26591</b>	<b>99432</b>	<b>52702</b>	<b>95809</b>
<b>Capital Employed</b>					
Automotive	148492	140014	148492	140014	154378
Investments	234339	171039	234339	171039	182525
Unallocable	(6879)	(2842)	(6879)	(2842)	(35695)
<b>Total</b>	<b>375952</b>	<b>308211</b>	<b>375952</b>	<b>308211</b>	<b>301208</b>

**Notes:**

1. During previous year, company decided to recognise the expenditure incurred on voluntary retirement of employees of it's Akurdi plant, aggregating to Rs. 36660 lakhs over a period of two years in line with the option of the special transitional provision introduced in the Accounting Standard - 15 "Employee Benefits" allowing such expenditure to be deferred for recognition over the payback period but not extending beyond 1 April 2010. A charge of Rs.18330 lakhs has already been recognised during 2008-09. Accordingly, the company has recognised a charge Rs. 4583 lakhs and Rs. 9165 lakhs during quarter & half year ending 30 September 2009 respectively. The balance Rs. 9165 lakhs will be recognized as an expense in the remaining period of current year.
2. The company had entered into range forward contracts to hedge highly probable forecast transactions, where the export realizations of the company are protected below a minimum pre-determined foreign exchange rate whereas the realization advantages are available to the company there from up to a higher pre-determined foreign exchange rate. Though these instruments meet the management's Foreign exchange risk management objectives, they did not meet the test of effectiveness as per the principles of hedge accounting. As on 30 September 2009 (the valuation date), the unrealised gains on these instruments amount to Rs. 1039 lakhs, as against valuation losses previously recognised as on 31 March 2009 aggregating Rs. 2180 lakhs, which losses have since been reversed to the profit and loss account on subsequent appreciation in the fair value. However, due to the high volatility in the fair valuations, as a matter of prudence, the company has decided not to recognise the unrealised gains on the valuation date amounting to Rs. 1039 lakhs.
3. The company did not have any investor complaints pending as on 1 July 2009 and as on 30 September 2009. There were two investors' complaints received and disposed of during the quarter ended 30 September 2009.
4. Figures for previous year / period have been regrouped wherever necessary.
5. The above results have been reviewed by the Audit Committee, approved by the Board of Directors in the meeting held on 15 October 2009 and subjected to a limited review by the auditors.

**BY ORDER OF THE BOARD OF DIRECTORS  
FOR BAJAJ AUTO LIMITED**

Pune  
Date: 15 October 2009

**RAHUL BAJAJ  
Chairman**