



BAJAJ AUTO Q2FY09

In a trying economic environment, Bajaj has improved its EBITDA margin for Q2FY09 to 13.5% (Q1:11.5%).

This owes itself primarily to the leveraging of its strong brands in the bigger (125cc +) motorcycle segment of the 2-wheeler industry and the smaller 3-wheeler segment of the light commercial vehicle industry.

This strategic focus has yielded higher prices, a richer product mix, and lower cost of sales.

But for the incidence of a Rs. 61 crore VRS charge towards the shutdown of its Akurdi Plant, profit after tax at Rs. 225 crores would have been up 29% QoQ and down a moderate 6% YoY.

Export turnover has grown significantly at 44% YoY (Q2 exports were 206,930 units), and Bajaj hopes to maintain this momentum to achieve exports of 1 million units in FY10.

To ensure this Bajaj will shortly be launching a new platform of motorcycles for the overseas markets.

Simultaneously Bajaj will launch 2 more motorcycles in the growing 125cc + domestic motorcycle segment within this FY to strengthen its near 50% leadership of this segment, as also to secure its EBITDA improvement going forward.

Similarly Bajaj intends to expand its domestic 3-wheeler sales by launching 2 new products shortly, one each in the smaller passenger and the goods carrying segments.

These initiatives coupled with ongoing cost rationalisation measures should provide for steady growth and stable profitability in the second half of this fiscal.

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