

PRESS RELEASE

BAJAJ AUTO RESULTS: 2nd QUARTER; FINANCIAL YEAR 2008-09

A meeting of the Board of Directors of Bajaj Auto Limited was held today to consider and approve the results for the second quarter of 2008-09.

1. HIGHLIGHTS OF Q2:

- ✓ Turnover - Rs. 2571 crores ↑ 8%
- ✓ Exports in value ↑ 44%
- ✓ Operating EBITDA margin improves QoQ from 11.5% to 13.5% (Q2/2007-08 – 16.2%).
- ✓ Profit before exceptional items & tax–Rs. 327 crores V/s Rs. 358 crores(Q2/2007-08).
- ✓ Profit after tax - Rs. 185 crores v/s Rs. 238 crores

2. SALES:

	Q2			H1		
	2008-09	2007-08	Change %	2008-09	2007-08	Change %
Motorcycles	561,477	531,516	6%	1,120,110	1,025,558	9%
2-Wheelers	565,098	539,212	5%	1,127,075	1,039,467	8%
3-Wheelers	74,944	74,881	--	133,062	146,217	-9%
Total	640,042	614,093	4%	1,260,137	1,185,684	6%
Exports (out of the above)	206,930	158,218	31%	405,647	308,022	32%

Motorcycles

- Company witnessed a **growth** of 9% v/s industry growth of 15% during H1 / 2008-09.
- In the profitable 125cc+ category, company witnessed a **growth** of 13%.
- Company maintained its market **leadership** in 125cc+ category - MS **~50%**.
- New Bajaj Platina 125 **DTS-Si** introduced in September 2008, and will be followed with 2 **new launches** in the 125cc+ category during the year.

Commercial Vehicles

- Commercial vehicle sales continue to be subdued.
- Market share in passenger segment - 69%.
- Exports constitute ~ **50%** of total commercial vehicles sold.

Exports

- Company continues to be “ **Number ONE** “ exporter of 2 & 3 wheelers.
- **Motorcycles** registered a growth of 33%.
- Export in value grew by 44%.
- The export volumes are as tabulated below:

	Q2			H1		
	2008-09	2007-08	Change %	2008-09	2007-08	Change %
Motorcycles	169,074	126,972	33%	339,379	241,523	41%
2-Wheelers	169,646	126,974	34%	340,523	241,529	41%
3-Wheelers	37,284	31,244	19%	65,124	66,493	-2%
Total	206,930	158,218	31%	405,647	308,022	32%
Sales in value (Rs. In Crores)	744	518	44%	1391	1032	35%

3. SUMMARY FINANCIAL RESULTS

Rs. in crores	Q2 2008-09	Q2 2007-08	H1 2008-09	H1 2007-08	FY 2007-08
Turnover (net of excise)	2571	2388	4910	4530	9169
Gross Profit after interest but before VRS, depreciation and taxation	360	407	655	723	1411
Depreciation	33	49	67	91	174
Profit before exceptional item	327	358	588	632	1237
Exceptional item : Compensation under VRS	61	-	61	-	102
Profit before taxation	266	358	527	632	1135
Provision for taxation	81	120	167	211	379
Net profit for the year	185	238	360	421	756
Earnings per share (Rs.)not annualised	12.8	17.8	24.9	31.4	54.2

(a) The quarter witnessed severe input cost pressures.

(b) The company remained focussed on profitability.

Leveraging its strong brand in the profitable 125cc+ motorcycles segment, maximisation of production from its Pantnagar plant, focus on cost reduction and curtailment of sales promotion expenses resulted in the company achieving sequential improvement in EBITDA margin from 11.5% in Q1/2008-09 to **13.5%** in Q2/2008-09.

(c) The company had announced a Voluntary Retirement Scheme (VRS) on 19 July 2008 for the workmen of its Akurdi plant. In response to the VRS, 2331 workmen opted for the same.

Upto previous year, expenditure incurred on voluntary early separation was entirely expensed to Profit and Loss Account in the year of retirement. The company has this year decided to recognise such expenditure aggregating to Rs. 36659 lakhs (including lumpsum compensation) over an appropriate period in compliance with the provisions of the Accounting Standard - 15 "Employee Benefits". For the quarter, the company has recognised a charge of Rs. 6110 lakhs in line with the option of the special transitional provision introduced in the standard allowing such expenditure to be deferred for recognition over the payback period but not extending beyond 1st April 2010. The management may review other recognition options available under the standard at a later date during the year to recognise a higher charge.

Kevin D'sa
Vice President (Finance)
 23rd October 2008