

The five porter model in bajaj



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Bajaj Auto is a major India Automobile manufacturer. It is India's largest and the world's 4th largest two- and three-wheeler maker. It is based in Pune, Maharashtra, with plants in Kauri and Chaka (near Pune), Wale and Pat nagar in Uttaranchal. Bajaj Auto makes and exports motor scooters, motorcycles and the auto rickshaw. Over the last decade, the company has successfully changed its image from a scooter manufacturer to a two wheeler manufacturer. Its product range encompasses scooters and Motorcycles. Its real growth in numbers has come in the last four years after successful introduction of a few models in the motorcycle segment. The company is headed by Rajiv Bajaj who is worth more than US\$1.5 billion. Bajaj Auto came into existence on November 29, 1945 as M/s Bajaj Trading Corporation Private Limited. It started off by selling imported two- and three-wheelers in India. In 1959, it obtained license from the Government of India to manufacture two- and three-wheelers and it went public in 1960. In 1970, it rolled out its 100,000th vehicle. In 1977, it managed to produce and sell 100,000 vehicles in a single financial year. In 1985, it started producing at Wale in Aurangabad. In 1986, it managed to produce and sell 500,000 vehicles in a single financial year. In 1995, it rolled out its ten millionth vehicles and produced and sold 1 million vehicles in a year.

Founded in 1926, at the height of India's movement for independence from the British, the group has an illustrious history. The integrity, dedication, resourcefulness and determination to succeed which are characteristic of the group today, are often traced back to its birth during those days of relentless devotion to a common cause. Jagnalal Bajaj, founder of the group, was a close confidant and disciple of Mahatma Gandhi. In fact, Gandhi had adopted

him as his son. This close relationship and his deep involvement in the independence movement did not leave Jamnalal Bajaj with much time to spend on his newly launched business venture. His son, Kamalnayan Bajaj, then 27, took over the reins of business in 1942. He too was close to Gandhi and it was only after Independence in 1947, that he was able to give his full attention to the business. Kamalnayan Bajaj not only consolidated the group, but also diversified into various manufacturing activities. The present Chairman of the group, Rahall Bajaj, took charge of the business in 1965. Under his leadership, the turnover of the Bajaj Auto the flagship company has gone up from Rs. 72 million to Rs. 46. 16 billion (USD 936 million), its product portfolio has expanded from one to and the brand has found a global market. He is one of India's most distinguished business leaders and internationally respected for his business acumen and entrepreneurial spirit.

REVIEW OF LITURATURE

CORPORATE: BAJAJ AUTO TO USE PANTNAGAR, WALUJ PLANTS FOR EXPANSION

Anonymous. Mar 28, 2010.

- Bajaj Auto will use its Waluj and Pantnagar plants for its capacity expansion programmes in the coming years. The company now plans to up overall capacity to five million vehicles during 2011-12 and will divide this enhanced target almost equally between Waluj and Pantnagar.

Waluj is, incidentally, home to the three-wheeler range as well as bikes, while Pantnagar, the youngest plant, focuses on bikes. The Bajaj Auto board approved of this expansion programme on Wednesday.

BAJAJ FINSERV SETS A GAME PLAN IN PATH TO PROFIT

Falaknaaz Syed. Dec 10, 2009.

Bajaj Finserv, the holding company for a clutch of financial firms controlled by the Bajaj group, has chalked out a systematic plan for the subsidiaries, giving a new focus on profitability and setting out strategic footprint to make them grow in the coming years.

BEHIND THE SPIN

Anonymous.: Jun 2008.

Last month, Japan's third-biggest carmaker missed its profits target for the second year running. And Nissan, which is 44% owned by Renault, said the coming year would be difficult, with an expected 30% fall in profits, because of 'absolutely scary' increases in raw materials, a lackluster US market, and a strong yen. Nissan has promised to launch an 'ultra low-cost' car in partnership with Indian motorcycle maker Bajaj Auto, in 2011. Nissan must apply all its ingenuity to meet changing consumer demands

GHOSN ACCEPTS NISSAN'S LONGER ROAD TO GROWTH

Anonymous. May 14, 2008.

While his two previous strategic plans for the carmaker merited "full" or "better than full" scores for execution, Mr [Carlos Ghosn], speaking in Tokyo, acknowledged his Value-Up blueprint deserved "not a full score, but . . . still a very good score".

Mr Ghosn also vowed to double sales of Nissan's Infiniti premium brand to 300,000 units by 2012. The carmaker will also

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CATALYST: BANKING ON KIM

Anonymous. Jun 5, 2008.

Reminisces a former employee of Videocon, Nabankur Gupta, Head of Nobby Brand Architects & Strategic Marketing Consultants, ““ Videocon was seen to be an innovator with every new product which came into the market. It was the first one to bring in the automatic washing machines and the frost-free refrigerators in the country. But such innovations have died away over the years.” But now with the former LG chief at the helm, Videocon might just return to its glory days. But there is still a lot of catching up to do. In a major category, such as flat colour TVs for instance, LG holds forth with a 27.5 per cent volume share while Videocon has a mere 9 per cent share in the category, according to market estimates. Even in the air-conditioner segment the gap looms large with LG enjoying a 25 per cent share and Videocon having an 11 per cent share. In frost-free refrigerators, LG leads with a 25 per cent share while Videocon is struggling with a 6 per cent share in the category. However, in washing machines LG currently with a 22 per cent share has Videocon closely trailing with a 21 per cent share.

According to a former LG employee, Ajay Bajaj, who is currently Product Business Head for ACs and Washing Machines, Videocon Group, “ As long as resources are channelled in the right direction, it is possible for Videocon to overtake anybody. Being one of the oldest companies it had added some flab but as soon as some amount of operational excellence comes in, it would be raring to go.” Analysts say that in spite of Videocon’s shares shrinking, its brands continue to have some equity in certain segments with the durable business. While the flagship brand of Videocon has its strengths in washing

machines, air-conditioners and colour TVs, Electrolux is known for its frost-free refrigerators and microwaves while Kelvinator's expertise is in direct cool refrigerators. Sansui is best known for its colour TVs while Kenstar has equity for its small appliances and air coolers. " We can have different trade channels for each of our brands and thereby have an extensive retail presence today," adds Bajaj, who believes in replicating the LG strategy for Videocon as well. " In LG too we had different models for the different trade channels and even in Videocon we intend attacking all the trade channels with our different brands," says Bajaj.

ENTRY BARRIERS:

Entry barriers are high.

The market runs on high economies of scale and on high economies of scope.

The need for technical expertise is high.

Owning a strong distribution network is important and is very costly.

All these make the barrier high enough to be a deterrent for new entrants.

SWOT ANALYSIS:

Let's analyze the position of Bajaj in the current market set-up, evaluating its strengths, weaknesses, threats and opportunities available.

STRENGTHS:

Highly experienced management.

Product design and development capabilities.

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Extensive R & D focus.

Widespread distribution network.

High performance products across all categories.

High export to domestic sales ratio.

Great financial support network (For financing the automobile)

High economies of scale.

High economies of scope.

WEAKNESSES:

Hasn't employed the excess cash for long.

Still has no established brand to match Hero Honda's Splendor in commuter segment.

Not a global player in spite of huge volumes.

Not a globally recognizable brand (unlike the JV partner Kawasaki)

THREATS:

The competition catches-up any new innovation in no time.

Threat of cheap imported motorcycles from China.

Margins getting squeezed from both the directions (Price as well as Cost)

TATA Ace is a serious competition for the three-wheeler cargo segment.

OPPORTUNITIES:

Double-digit growth in two-wheeler market.

Untapped market above 180 cc in motorcycles.

More maturity and movement towards higher-end motorcycles.

The growing gearless trendy scooters and scooterette market.

Growing world demand for entry-level motorcycles especially in emerging markets.

PORTER'S FIVE FORCES ANALYSIS:

Supplier Bargaining Power: Suppliers of auto components are fragmented and are extremely critical for this industry since most of the component work is outsourced. Proper supply chain management is a costly yet critical need.

Buyer's Bargaining Power: Buyers in automobile market have more choice to choose from and the increasing competition is driving the bargaining power of customers uphill. With more models to choose from in almost all categories, the market forces have empowered the buyers to a large extent.

Industry Rivalry: The industry rivalry is extremely high with any product being matched in a few months by competitor. This instinct of the industry is primarily driven by the technical capabilities acquired over years of gestation under the technical collaboration with international players.

Substitutes: There is no perfect substitute to this industry. Also, if there is any substitute to a two-wheeler, Bajaj has presence in it. Cars, which again are a mode of transport, do never directly compete or come in consideration

while selecting a two-wheeler, cycles do never even compete with the low entry level moped for even this choice comes at a comparatively higher economic potential.

MANAGERIAL STYLE:

Off late Bajaj Auto Limited, India's premier automotive company has emphasized a lot on organizational restructuring for the Auto business. With this restructuring, the existing business roles and responsibilities at the company has been strengthened and enhanced to ensure greater operational empowerment and effective management.

The five pillars of this new structure (Strategic units) are R&D, Engineering, Two Wheeler Business Unit, and Commercial Vehicles Business Unit & International Business Unit. These pillars will be supported by functions of Finance, MIS, HR, Business Development and Commercial.

Praveen Srivastava, who was VP-Engineering prior to restructuring, will, now, is President- Engineering. As per the reorganized structure the company will have three CEO's. S. Sridhar, currently, VP, Mktg. & Sales Two-Wheelers, will now head the Two Wheeler Business Unit as CEO with manufacturing operations at Wale and Kauri also reporting to him. RC Maheshwari has joined Bajaj Auto as CEO Commercial Vehicles. The company is in the process of identifying a CEO for its International Business. The three CEO's will be responsible for Top line, Business Growth & profitability of their respective businesses. Abraham Joseph will continue to lead Research & Development.

HR PRACTICES:

The Company affirms that its competitiveness is interlinked with the well being of all sections of the Indian society.

The Company believes that equal opportunity in employment for all sections of the society is a component of its growth and competitiveness. It further believes that inclusive growth is a component of growth and development of the country.

The Company affirms the recognition that diversity to reflect socially disadvantaged sections of the society in the workplace has a positive impact on business.

The Company will neither practice nor support conscious discrimination in any form.

The Company does not bias employment away from applicants belonging to disadvantaged sections of society if such applicants possess competitive skills and job credentials.

The Company's selection of business partners is not based on any considerations other than normal business parameters. In case of equal business offers, the Company will select a business partner belonging to a socially disadvantaged section of society.

This Code of Conduct for Affirmative Action will be put up on the company web-site to encourage applications from socially disadvantaged sections of society.

The Company makes all efforts for up skilling and continual training of all its employees in order to enhance their capabilities and competitive skills. No discrimination of any type will be shown in this process.

The Company may have a partnership programmed with educational institution/s to support and aid students from socially disadvantaged

SECTIONS OF SOCIETY.

The Company will maintain records of Affirmative Action.

- The Company has nominated Mr. K Srinivas, Vice President (HR), to oversee and promote the Affirmative Action policies and programmers. He will be accountable to the Chairman.
- The Company will make available its learning and experiences as a good corporate citizen in Affirmative Action to other companies desiring to incorporate such policies in their own business.

BUSINESS STRATEGIES:

MARKETING STRATEGIES:

The focus of BAL off late has been on providing the best of the class models at competitive prices. Most of the Bajaj models come loaded with the latest features within the price band acceptable by the market. BAL has been the pioneer in stretching competition into providing latest features in the price segment by updating the low price bikes with the latest features like disk-brakes, anti-skid technology and dual suspension, etc.

BAL adopted different marketing strategies for different models, few of them are discussed below: -

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KAWASAKI 4S – First attempt by bajaj to make a mark in the motorcycle segment. The target customer was the father in the family but the target audience of the commercial was the son in the family. The time at which Kawasaki 4S was launched Hero Honda was the market leader in fuel-efficient bikes and Yamaha in the performance bikes.

Boxer – It took the reins from where the Kawasaki 4S left. Target was the rural population and the price sensitive customer. Boxer marketed as a value for money bike with great mileage. Larger wheelbase, high ground clearance and high mileage were the selling factors and it was in direct competition to Hero Honda Dawn and Suzuki MX100.

CALIBER – The focus for the Caliber 115 was youth. And though Bajaj made the bike look bigger and feel more powerful than its predecessor (characteristics that will attract the average, 25-plus, executive segment bike buyer), its approach towards advertising is even more radically different this time around. Bajaj gave the mandate for the ad campaign to Lowe, picking them from the clique of three agencies that do promos for the company (the other two being Leo Burnett and O&M). Going by the initial market response, the campaign was clearly a hit in the 5-10 years age bracket. So, the teaser campaign and the emphasis on the Caliber 115 being a ‘Hoodibabaa’ bike placed it as a trendy motorcycle for the college-goers and the 25 plus executives both at the same time.

PULSAR – Pulsar was launched in direct competition to the Hero Honda’s ‘CBZ’ model in 150 cc plus segment. The campaign bearded innovative punch line of “ Definitely Male” positioning Pulsar to be a masculine-looking model

with an appeal to the performance sensitive customers. The Pulsar went one step ahead of Hero Honda's 'CBZ' and launched a twin variant of Pulsar with the 180 cc model. The model was a great success and has already crossed 1 million marks in sales.

DISCOVER – The same DTSI technology of Pulsar extended to 125 cc Discover was a great success. With this, Bajaj could realize its success riding on the back of technological innovation rather than the joint venture way followed by competitors to gain market share.

BAL now is taking a leaf out of the FMCG business model to take the company to greater heights. Bajaj has kicked off a project to completely restructure the company's retail network and create multiple sales channels.

Over the next few months, the company will set-up separate sales channels for every segment of its business and consumers. Bajaj Auto's entire product portfolio, from the entry-level to the premium, is being sold by the same dealers. The restructuring will involve separate dealer networks catering to the urban and rural markets as well as its three-wheeler and premium bikes segments. Bajaj Auto also plans to set-up an independent network of dealers for the rural areas. The needs of financing, selling, distribution and even after-sales service are completely different in the rural areas and do not make sense for city dealers to control this. The company also plans to set-up exclusive dealerships

For its three-wheeler products instead of having them sold through an estimated 300 of its existing dealers.

OTHER STRATEGIC ISSUES:

CASH IS STRENGTH: Bajaj Auto has been sitting on a cash pile for over five years now. Over the next couple of years, competition in the two-wheeler market is set to intensify. TVS Motors and Hero Honda are on a product expansion binge. To fight this battle and retain its hard-earned market share in the motorcycle segment, Bajaj Auto will need its cash muscle. A look at its own story over the past five years provides valuable insight.

DELISTING WORRY: What is worrying is that there is an idea to delist the investment company (also an indirect indication that it would be listed initially). This would be closing the valve of equitable ownership distribution.

There is a hint of a buyback of shares of the investment company as this is the only way it can be delisted. The company would not be short of cash to put through such a buyback.

Factors such as low valuation, low trading interest and the need to provide shareholders may be cited as plausible reasons for the buyback.

STAKE FOR KAWASAKI: Bajaj Auto's attempt to vest the surplus cash in a separate company may be a prelude to offering a stake to Kawasaki of Japan in the equity of the automobile company. The latter has been playing an increasingly active role in Bajaj's recent models, and its brand name is also more visible in Bajaj bikes than in the past.

BETTER VALUE PROPOSITION: Shareholder interests may be better served if the cash is retained to pursue growth in a tough market. This would also obviate the need to fork-out fancy sums as stamp duty to the government

for the de-merger. A combination of a large one-time dividend and a regular buyback program through the tender route may offer better value. A strategic stake for Kawasaki would only positively influence the stock's valuation.

STRATEGIES FOR THE OVERSEAS MARKETS:

Bajaj Auto looks at external markets primarily with three strategies:

(1) A market where all BAL need to do is distribute through CKD or CBU routes.

(2) Markets where BAL need to create new products

(3) Markets where BAL need to enter with existing products and probably with a good distributor or a production facility or a joint venture.

Earlier, most of the products that Bajaj exported were scooters and some motorcycles. However, in its target markets, like in India, the shift was towards motorcycles. With the expansion in Bajaj's own range to almost five-six platforms of motorcycles, it had a better offering to export, also the reason for its stronger showing. For the last fiscal, 60 per cent of its exports were two-wheelers and the rest three-wheelers. Of the two-wheeler exports, close to 90 per cent were motorcycles.

Bajaj has identified certain key markets, which hold potential. Its first overseas office established at the Jebel Ali free trade zone has been the focal point for exports to middle Africa and the Saharan nations. Egypt and Iran also continue to be strong markets for Bajaj.

The other market, which would be a focus area, is South America, where the company feels it is fairly well represented in most countries, except in Brazil, the largest market. The company recently participated in a large auto exhibition in Brazil and found good consumer acceptance to products like Pulsar and Wind 125. The other focus area is the ASEAN nations, which constitute the third biggest consumer of two-wheelers. The biggest among them is Indonesia, where Bajaj distributors are looking to introduce eco-friendly four-stroke auto rickshaws. But two-wheeler market requires great deal of effort from BAL. Everybody is there with Honda leading the show. There's Suzuki, Kawasaki and some Korean and Chinese models. BAL should look at the right product mix for two-wheelers. Bajaj's Pulsar model has taken off well there. It also wants to develop a new step-through model for the Indonesian market, but for now it will create a base there with its motorcycle models.

Bajaj has also made a beginning by selling bikes in the Philippines branded in the name of its technical partner, Kawasaki. The two signed a Moue in February. Kawasaki, a large multi-product conglomerate, only makes high-end bikes and does not have sub-200cc models. Kawasaki is marketing the new model, Wind 125, developed by both companies, in the Philippines. The Bajaj-developed models, Caliber and Bike, which is a fuel-efficient bike, are also being Distributed by Kawasaki. This is a good beginning strategically for

Kawasaki to evince interest in Bajaj products for markets which can still buy less than 150 cc.

COST EFFECTIVE AND ENVIRONMENTAL STRATEGIES:

CONSERVATION OF ENERGY:

Furnaces, reduction of hot water temperature for pre-treatment, use of bio-As a part of continuing efforts to conserve various resources, following steps were taken to conserve energy

Electrical energy saving was achieved by installation of localized portable air compressors at various shops during low production periods, energy efficient screw compressors by replacing CPT compressors, real timer electrical circuits installed to switch off electrical equipments during lunch / tea breaks and during non utilization of production equipments, fan less cooling towers for AC plants, high efficiency reflector fittings with electronic ballasts tube lights, use of LED & CFT street lights, replacement of 350 W air circulators by 180 W air circulators, 150 W MH lamps instead of 250 W HPSV lamps at shop floors, Variable Frequency Drives (VFD) for ASUs in paint shops, washing machine blowers, compressors etc and rationalization of pumping hours of main pump as well as booster pump of pump house. Water saving was achieved by replacement of old under-ground water pipes with aboveground pipes to avoid water wastage through leakage, drip irrigation system for gardening, installation of localized fresh water storage systems, usage of treated water for bin washing and paint shop process, rain water harvesting and use of bio-chemical additives to reduce frequency of water change in

various paint processes; and LPG saving was achieved by installation of waste heat recovery system for

hot water generation used in pre-treatment process of paint shop, use of reflective coating inside furnaces for better heat retention, three-wheeler electro-deposition (ED) painting process changed from Acrylic ED to Cathodic ED, optimisation of loading pattern in CGC and seal quench gas for cooking in canteens, start-up losses in ovens and hot water generation plants and changed design of paint jigs to reduce jig stripping frequency.

IMPACT OF MEASURES TAKEN:

As a result of the initiatives taken for conservation of energy and natural resources, the company has effected an overall reduction in consumption as under:-

COMMUNITY LEADERSHIP PROGRAMMES:

During the year, the employees volunteered for blood donation camp at Deenanath Mangeshkar Hospital, Pune and Dr Sunshield Tiwari Hospital, Pantagar Fire fighting teams of the company along with vehicles responded to 20 Fire assistance calls from Government Fire Department / other industrial units outside the factory premises in the larger interests of saving invaluable life and property.

COMMUNITY CARE:

In line with the commitment to enrich the life of all with whom bajaj deals, it shows sensitivity to the employees, who opted for voluntary retirement at the Kauri Plant. Soon after the Kauri employees expressed their interest in accepting the Voluntary Retirement Scheme, the company organized a

series of interactive meetings with leading financial institutions. The officers explained the need to prudently and safely invest the monies received, considering the various options available today. The company devised attractive schemes for interested employees so that they could receive regular monthly payments, in addition to lump sum compensation announced. They were also provided with options of taking loans at competitive rates of interest.

By these actions, it is the company's Endeavour that the employees, who have accepted voluntary retirement scheme, are independently self-sustaining and can take good care of their families. Employees were also guided for alternative possibilities, whether as employee or entrepreneur.

HEALTH:

Government of India- Ministry of Health and Family Welfare – National Aids Control Organisation (NACO) and CII has initiated Public Private Partnership (PPP) in order to provide better healthcare to AIDs patients. Your company has signed a tripartite Moue with NACO and Yeshwantrao Chauvin Municipal Hospital (YCMH) in Pinprick to set up an Anti Retroviral Treatment Centre (ART Centre) at YCMH in Pinprick, Pane with the cooperation of Pinprick Chinch wad Municipal Corporation for HIV patients. Many dignitaries from Global Fund, WHO and such other organizations have visited the ART centre, which is the largest unit run by an industry under Public Private Partnership programmed. Apart from two doctors and six supporting medical staff, the ART centre has added audio-visual facilities for group counseling, as a result of which the ART centre registration has reached 1, 900 numbers and the unit is recognized today as one of the best ART centers in the country. Rural

and community development activities and empowerment of women. The company continued with its rural development activities in Pune and Aurangabad districts of Maharashtra through its trust, Jankidevi Bajaj Gram Visas Sancta (JBGVS). JBGVS aims at an integrated development of 43 Selected villages, to be carried out by the villagers under their own leadership and through united efforts forged by local organizations with JBGVS acting as a catalyst

New projects four wheeler plant:

Chaka 4wheeler plant-The ' Late' range of 4 wheeler vehicles, both in Passenger and Cargo segments of the Industry are under re-design, to Sharpen the competitive positioning of the products. The Cargo version code named ' PV 1500' is likely to be launched in 2011. The Techno-economic feasibility for the Passenger 4 wheeler will be Evaluated by Bajaj Renault-Nissan for a final decision, leading to firming Up of the co-operation parameters among partners and a suitable JV Agreement. Company continues to focus on expanding its design & testing teams, Which has enabled it to make the new generation products? R & D has Enhanced its internal competencies by installation of advanced machines in Proto shop and introduction of special equipments in testing areas.

PROFITS DURING RECESSION:

2008-09 has been a tumultuous year for the global economy. The year began With a continuation of a world-wide inflationary spiral and ended with the Worst slowdown since the Great Depression of the 1930s. While India did not Face a contraction in GDP growth like the USA, the Euro zone, the UK and

Japan, it has witnessed a 250 basis point compression in growth rate – from 9% in 2007-08 to an expected 6.5% or thereabout in 2008-09. The second half of 2008-09 has seen severe financial distress across broad Sections of Indian industry-especially the manufacturing sectors. Companies Have got re-rated; have scrapped investment plans and capital expenditure; Cut down capacities; struggled with finances because of their earlier over- Leveraged positions; delay ed payments to vendors; and had to borrow funds . At prohibitive interest rates. It is in this context that one must look at the performance of Bajaj Auto Limited (Bajaj Auto', BAL or the Company'). Despite falling demand in . The motorcycle segment, the company has succeeded in maintaining an Operating EBITDA (earnings before interest, taxes, depreciation and Amortization) margin of 13.6% of net sales and other operating income The heartening news for this segment is that state governments have Increased the permits for plying energy efficient three-wheelers. Bajaj Auto has a market share in excess of 90% in the permit-driven markets. The Company also intends to introduce a RE Diesel upgrade in 2009-10, which Will have a high mileage; accommodate more passengers with a luggage hold Area, and will attempt to capture a larger share of the rural market.

INDUSTRIAL RELATIONS:

At Kauri, the management signed the wage settlement on 18 July 2008 with Vishwakalyan Kampar Sanghatana, the recognized union, in conciliation and accordingly, the benefits of the settlement have been given to all daily-Rated employees at Kauri. Subsequently, with a view to downsizing the workforce at Kauri, Voluntary Retirement Scheme was floated for the

permanent daily rated workmen. 2, 331 Workmen availed of the benefit under the scheme.

Relations with staff and workmen across the plants at Kauri, Wale, Chaka And Pant agar remained cordial.

SUBSIDIARIES:

PT. Bajaj Auto Indonesia (PT BAI), was incorporated as a subsidiary company In Indonesia with an issued, subscribed & paid-up capital of US\$ 12. 5 Million (Rs. 562 million) in 2006-07. Bajaj Auto holds 97. 5% shares in this Company, with balance being held by a local partner. The subsidiary company Has accumulated losses of Rs. 830. 7 million as on 31 March 2009. Through

The efforts, which are planned in the coming years, it is expected that PT BAI will turn around within a reasonable time. During the year under review, sales and service network reach have been Expanded substantially covering the major cities of Jaw, Sumatra, Bali And Sulawesi islands. Total showroom strength stands at around 63 numbers, Covering 46 cities of Indonesia. PT BAI assembles and markets Bajaj Pulsar and Bajaj XCD in Indonesia, Establishing Bajaj as a high quality tech-savvy brand. PT BAI plans to Expand its presence, product range and reach towards becoming a strong Player in this market currently dominated by Japanese 2-wheeler majors. Bajaj Auto International Holdings BV, Netherlands (BAIHBV) -was incorporated as a wholly owned subsidiary company in Netherlands with an Issued, subscribed and paid-up capital of Euros 200, 000 during 2007-08. Further capital of Euro 98. 2 million was invested in this company d