

PRESS RELEASE
BAJAJ AUTO RESULTS: 2nd QUARTER; FINANCIAL YEAR 2006-07

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 2006-07 and the half year ended 30th September 2006.

1. HIGHLIGHTS OF Q 2

- ✓ **Motorcycle Sales 40%↑ - double the industry growth of 18%.**
- ✓ **Market share 34% - Increase of 3%.**
- ✓ **2 & 3-Wheeler Sales 27% ↑.**
- ✓ **Exports (Nos.) 81%↑.**
- ✓ **Turnover Rs. 26 billion – 29% ↑.**
- ✓ **Operating EBITDA Rs. 3.7 billion – 14%↑.**
- ✓ **Operating EBITDA margin –15.1 %.**
- ✓ **Gross Profit Rs. 5.1 billion – 12% ↑.**
- ✓ **Profit after tax Rs. 3.2 billion - 10%↑**

2. SALES:

In Nos.	Q 2 2006-07	Q 2 2005-06	Growth	H 1 2006-07	H 1 2005-06	Growth
Motorcycles	623,061	445,557	40%	1,191,248	868,100	37%
2-Wheelers	627,441	487,067	29%	1,203,660	939,280	28%
3-Wheelers	80,683	68,485	18%	151,558	121,796	24%
Total	708,124	555,552	27%	1,355,218	1,061,076	28%
Exports (out of above)	111,846	61,913	81%	210,109	112,406	87%

During the quarter, Bajaj Auto recorded its

- “HIGHEST EVER” sale of motorcycles.
- “HIGHEST EVER” sale of three wheelers
- “HIGHEST EVER” exports
- “HIGHEST EVER” sale of 2 & 3-wheelers in a month; September 2006 – 300,140 and motorcycles market share of 37.6%.

Motorcycles

The market preference for Bajaj Auto's products is reflected in increasing market share.

- (a) Bajaj Auto's market share stands at 34% for H1/2006-07 v/s 31% in 2005-06. In September 2006, market share was 38%.
- (b) Motorcycle sales continue to outgrow the industry. In Q2/2006-07 – Bajaj growth 40% v/s industry growth of 18%.
- (c) Bajaj Auto continues to be the leader in the "price" segment of the motorcycle market with a share of 43%. The Bajaj Platina sold over 100,000 units in September 2006.
- (d) Bajaj Auto dominates the "premium" segment with a market share of 63%. Upgrades of Pulsar to be launched in Q3/2006-07.
- (e) Bajaj Auto registered the highest growth in "value" segment; market share has increased from 16% in 2005-06 to 21% in H1/2006-07.

3-Wheelers

- (a) Bajaj Auto continues to dominate the 3-wheeler passenger segment with a market share of 77%.
- (b) In the Cargo segment, the company has achieved a growth of 50% during Q2/2006-07 against industry growth of 30%.
- (c) To further consolidate its position, the company has launched a CNG variant of GC 1000 and a new passenger vehicle – Mega. Additional upgrades of 3-wheelers are being launched in coming quarters.
- (d) 3-wheelers as an economic means of transportation have been well accepted in many countries. Over 40% of Bajaj Auto's 3-wheelers are exported.

Exports:

In Nos.	Q 2 2006-07	Q 2 2005-06	Growth	H 1 2006-07	H 1 2005-06	Growth
Motorcycles	78,201	38,235	105%	148,972	68,953	116%
2 Wheelers	78,898	40,454	95%	150,075	73,966	103%
3-Wheelers	32,948	21,459	54%	60,034	38,440	56%
Total	111,846	61,913	81%	210,109	112,406	87%
Value Rs. millions	4,261	2,263	88%	7,885	4,072	94%

- (a) Exports grew by 81% in Q2/2006-07.
- (b) Exports in H1/2006-07 was 210,109 v/s 250,204 units exported in the full year of 2005-06.
- (c) Exports (Nos.) now constitutes 16% of total sales – significant growth as compared to just 3% five years back.
- (d) Bajaj Auto continues to be the country's #1 Exporter of 2 & 3-wheelers.
- (e) The company's plans of entering new markets are going as per schedule. In Indonesia, a majority owned subsidiary – PT. Bajaj Auto Indonesia has been incorporated. Shipments have already commenced to a distributor in Nigeria, who has set up an assembly line for motorcycles.

3. TURNOVER, MARGINS & PROFIT AFTER TAX:

- (a) Turnover for the quarter - Rs.26 billion v/s Rs. 20 billion - 29%↑.
- (b) Gross Profit for the quarter - Rs. 5.1 billion v/s Rs. 4.5 billion –12% ↑.
- (c) Net profit for the quarter - Rs. 3.2 billion v/s Rs. 2.9 billion – 10% ↑.
- (d) EPS for the quarter was Rs. 31.4
- (e) Operating EBITDA margin for the quarter stood at 15.1% v/s 17.2% in Q2/2005-06.
- (f) Input costs, especially steel, aluminium and tyres, have impacted the EBITDA margin.
- (g) The summary of financials of Bajaj Auto (not consolidated) and details of non-operating income are annexed to this Press Release.

4. ASSOCIATES, SUBSIDIARIES & JOINT VENTURES

Bajaj Auto Finance Limited

- (a) During the quarter, total disbursements increased by 27% to Rs. 5,630 million as against Rs. 4,446 million in Q2/2005-06.
- (b) The stock of hire purchase finance and receivables as of 30th September 2006 was Rs. 23,168 million against Rs. 15,134 million on 30th September 2005.
- (c) The profit after tax for the quarter was Rs. 62 million against Rs. 123 million in Q2/2005-06.

Bajaj Allianz General Insurance Company Limited

- (a) The gross written premium for the quarter was Rs. 3,920 million against Rs. 3,054 million in Q2/2005-06 – an increase of 28%.
- (b) The profit before tax for the quarter was Rs. 134 million against Rs. 159 million in Q 2 / 2005-06. The profit after tax for the quarter was Rs. 84 million against Rs. 95 million in the corresponding quarter last year. The profit for H1/2006-07 was Rs. 270 million against Rs. 217 million in H1/2005-06 – an increase of 24%.
- (c) The company continues to retain its number 2 slot amongst private insurers in terms of gross premiums.
- (d) The Company has expanded its presence to 100 locations across the country with staff strength of 2,018 employees as of 30th September 2006.

Bajaj Allianz Life Insurance Company Limited

- (a) The gross written premium for the quarter was Rs. 8,784 million against Rs. 5,365 million in Q2/2005-06 – increase of 64%.
- (b) The total number of policies issued during the quarter was 289,616 v/s 132,268 in Q2/2005-06.
- (c) The loss for the half-year was Rs. 879 million v/s Rs. 459 million in H1/2005-06.
- (d) The Company has expanded its presence to 896 locations across the country with staff strength of 15,242 employees as of 30th September 2006.

Sanjiv Bajaj
Executive Director
Pune, 18th October 2006

ANNEXURE TO PRESS RELEASE DATED 18th October 2006

A) The summary of financials of Bajaj Auto (not consolidated) is as under:

Rs. in millions	Q 2 2006-07	Q 2 2005-06	H 1 2006-07	H 1 2005-06	Full Year 2005-06
Sales and Income from operations	24,360	18,669	46,386	35,011	76,679
Other Income & Windpower	1,424	1,362	2,370	2,290	4,385
Total Turnover	25,784	20,031	48,756	37,301	81,064
Gross Profit after Interest before Depreciation and Taxation	5,056	4,518	9,613	8,020	17,944
Profit before Taxation	4,439	4,028	8,399	7,068	15,807
Provision for Taxation	1,250	1,120	2,550	2,070	4,791
Profit after Tax	3,189	2,908	5,849	4,998	11,016
Earnings Per Share (Rs) for the period	31.4	28.6	57.7	49.2	111.0

B) NON-OPERATING INCOME:

- (a) Non-operating income (net of expenses) for Q2/2006-07 was Rs.1,310 million v/s Rs. 1,217 million in Q2/2005-06.
- (b) The cost and market value of the investment portfolio is given in the table below:

Rs. in millions	As of 30th Sept. 2006	As of 31st March 2006
Cost	60,188	58,703
Market Value	78,825	75,739
