

**PRESS RELEASE**  
**BAJAJ AUTO RESULTS: FINANCIAL YEAR 2005-06**

A meeting of the Board of Directors of Bajaj Auto Limited was held today to consider and approve the results for the financial year 2005-06.

**1. HIGHLIGHTS OF THE YEAR**

- ✓ Motorcycles sales – 1.91 million – 32%↑ - well above industry growth of 19%.
- ✓ 2 & 3-Wheeler sales – 2.28 million – 25%↑.
- ✓ Turnover Rs. 81.06 billion: 28% ↑.
- ✓ Operating EBITDA Rs. 13.69 billion – 47%↑.
- ✓ Operating EBITDA margin 17.9% – 220 basis point↑.
- ✓ Profit before tax Rs. 15.81 billion – 45%↑.
- ✓ Net profit Rs. 11.23 billion – 47%↑.

**2. FINANCIALS**

The summary of audited results of Bajaj Auto (not consolidated) is as under:

Rs. in million	FY 2005-06	FY 2004-05
<b>Turnover (net of excise)</b>	<b>81,064</b>	<b>63,228</b>
Gross Profit after interest but before VRS, depreciation and taxation	17,943	13,208
Compensation paid under VRS	226	490
Depreciation	1,910	1,854
<b>Profit before taxation</b>	<b>15,807</b>	<b>10,864</b>
Provision for taxation (including deferred tax)	4,791	3,196
Profit after Tax	11,016	7,668
Tax credits of earlier years, prior period expenses, net	217	-18
<b>Net profit for the year</b>	<b>11,233</b>	<b>7,650</b>
Earnings per share (Rs.)	111	75.6

### **3. DIVIDEND**

The Board of Directors recommended a dividend of Rs. 40 per share. (400%). The total amount of dividend and tax thereon amounted to Rs. 4,615 million. Dividend paid in the previous year was Rs 25 per share (250%).

### **4. TURNOVER, MARGINS & PROFITS AFTER TAX**

- (a) Turnover for the year - Rs. 81.06 billion v/s Rs 63.23 billion –**increase of 28%**.
- (b) Sales (net of excise duty) - Rs. 74.69 billion v/s Rs 57.24 billion in 2004-05 – **increase of 30%**.
- (c) Operating EBITDA - Rs 13.69 billion from Rs 9.3 billion in 2004-05 – **increase of 47%**. Operating EBITDA margins improved by 220 basis points to **17.9%**.
- (d) Improvement in margins for the year is due to increase in sales of motorcycles, favourable mix change – higher number of motorcycles in the value and premium segment, higher exports and tighter control over material and fixed costs.
- (e) Profit before tax Rs 15.81 billion – **increase of 45%**.
- (f) Net Profit after tax Rs 11.23 billion – **increase of 47%**.
- (g) Pre-tax return on operating capital rose to **174%**.

### **5. SALES**

<b>SALES (Nos.)</b>			
	<b>2005-06</b>	<b>2004-05</b>	<b>Change</b>
Motorcycles	1,912,306	1,449,710	32%
<b>2-Wheelers</b>	<b>2,029,176</b>	<b>1,602,646</b>	<b>27%</b>
3-Wheelers	252,054	222,053	14%
<b>Total</b>	<b>2,281,230</b>	<b>1,824,699</b>	<b>25%</b>
<b>Exports (out of the above)</b>	<b>250,204</b>	<b>196,710</b>	<b>27%</b>

#### **Motorcycles**

- (a) Motorcycle sales continue to **outgrow** the industry – **32% growth v/s industry growth of 19%**.
- (b) Market share in Motorcycles improved from **28%** in 2004-05 to **31%** in 2005-06.

- (c) During the year a cruiser bike Bajaj Avenger DTS-i and Bajaj Discover 110cc were launched. Bajaj CT 100 was upgraded with ExhaustTEC and SNS-suspension while the Pulsar 180 was upgraded in terms of looks.
- (d) '**SEGMENT LEADER**' in the performance segment. Bajaj Pulsar twins crossed cumulative landmark sale of '**ONE MILLION**'.
- (e) '**SEGMENT LEADER**' in the new 125cc category of the value segment. The Bajaj Discover DTS-i sold over 330,000 vehicles during the year. In the value segment the new Bajaj Discover 110cc that was launched in December 2005 sold over 113,000 vehicles. To combat the intense competition in the value segment and to set new style benchmarks, a new bike the '**BAJAJ PLATINA**' was launched in April 2006.
- (f) '**SEGMENT LEADER**' in the price segment. Bajaj CT 100 sold over '**ONE MILLION**' vehicles in the current year.

### **3-Wheelers**

- (a) 3-Wheeler sales for the year grew by 14%.
- (b) Growth in 3-Wheeler sales was driven on account of replacement demand in certain markets due to statutory mandate to convert to clean fuel vehicles and exports.
- (c) Continued dominance in 3-wheeler market passenger carrier segment (3 -seater) with a share of 80%. Good carrier market share: 26%.

### **Exports**

- (a) Exports in volumes and value are tabulated in the table given below:

	<b>2005-06</b>	<b>2004-05</b>	<b>Change</b>
Total 2-Wheelers	174,907	130,945	34%
Total 3-Wheelers	75,297	65,765	14%
<b>Grand Total</b>	<b>250,204</b>	<b>196,710</b>	<b>27%</b>
<b>Value Rs in million</b>	<b>8,990</b>	<b>6,949</b>	<b>29%</b>

- (b) Bajaj Auto continues to be the '**NUMBER ONE**' exporter of 2&3-wheelers.
- (c) Over 100,000, 2&3-wheelers sold in Sri Lanka. Market leader in Central America accounting for over 50% of motorcycles sold.
- (d) Joint Venture Company with majority equity holding to be set-up in Indonesia in Q2/ 2006-07.

- (e) Assembly operations by Distributor in Nigeria established. Significant volumes expected in the coming years considering the one million per annum motorcycle market in Nigeria.
- (f) Sales of Bajaj motorcycles in Iran expected to commence from July 2006.

## **6. NON-OPERATING INCOME**

- (a) The non-operating income (Treasury) for the year is Rs 4,168 million v/s 3,832 million in the previous year.
- (b) During the year the Company amortised the premium/discount on fixed income securities as against the previous practice of carrying them as purchase cost. This amortisation for the year aggregated to Rs 355 million.
- (c) The cost and market value of the investment portfolio is given in the table below:

<b>Rs. in millions</b>	<b>As of 31<sup>st</sup> March 2006</b>	<b>As of 31<sup>st</sup> March 2005</b>
Cost	58,703	45,882
Market Value	75,739	53,299

## **7. ASSOCIATES, SUBSIDIARIES & JOINT VENTURES**

### **General Insurance**

- (a) Bajaj Allianz General Insurance Company retained the number two slot amongst private general insurance companies.
- (b) The gross written premium during the year is Rs 12.84 billion – an increase of 50% over the previous year.
- (c) The profit after tax for the year is Rs 516 million v/s Rs 471 million in the previous year.

### **Life Insurance**

- (a) Bajaj Allianz Life Insurance Company has become the '**NUMBER ONE**' player amongst private life insurance companies in terms of gross written premium.
- (b) The gross written premium during the year is Rs 31.34 billion – an increase of 213% over the previous year.
- (c) The loss for the year is Rs 985 million v/s a loss of Rs. 368 million in the previous year.

**Retail Finance**

- (a) The total disbursements of Bajaj Auto Finance Limited during the year increased by 39% from Rs 14.06 billion to Rs 19.55 billion.
- (b) The stock of hire purchase receivables as of 31<sup>st</sup> March 2006 is Rs 19.81 billion v/s Rs 12.49 billion as of 31<sup>st</sup> March 2005.
- (c) The Company has made an additional tax provision of Rs 331 million in the accounts for the year. The profit after tax after adjusting this additional provision of Rs 331 million is Rs 211 million v/s Rs 560 million in the previous year.

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**Sanjiv Bajaj**  
**Executive Director**

19<sup>th</sup> May 2006

**Annexure to Press release dated 19<sup>th</sup> May 2006**

Rs in million	2005-06		2004-05		Change	
	Q 4	Full Year	Q 4	Full Year	Q-on-Q	Y-on-Y
Sales & oprtg income	21,659	76,679	16,346	59,147	33%	30%
Treasury & Windfarm	1,031	4,385	1,266	4,081	-19%	7%
<b>Turnover</b>	<b>22,690</b>	<b>81,064</b>	<b>17,612</b>	<b>63,228</b>	29%	28%
<b>Profit before tax</b>						
Automobile	3,765	11,845	2,019	7,248	86%	63%
Treasury & Windfarm	929	3,962	1,104	3,616	-16%	10%
	<b>4,694</b>	<b>15,807</b>	<b>3,123</b>	<b>10,864</b>	50%	45%
Profit after tax	3,218	11,016	2,396	7,668	34%	44%
Tax credits, prior period expenses, net	252	217	8	(18)		
<b>Net profit for the year</b>	<b>3,470</b>	<b>11,233</b>	<b>2,404</b>	<b>7,650</b>	44%	47%
<b>EPS ( in Rs)</b>	<b>34.3</b>	<b>111.0</b>	<b>23.8</b>	<b>75.6</b>		