

PRESS RELEASE
BAJAJ AUTO RESULTS: 1st QUARTER; FINANCIAL YEAR 2007-08

A meeting of the Board of Directors of Bajaj Auto Limited was held today to consider and approve the results for the first quarter of 2007-08.

1. SALES:

SALES (Nos.)			
	Q1 2007-08	Q1 2006-07	Change %
Motorcycles	494,042	568,187	-13%
2-Wheelers	500,255	576,219	-13%
3-Wheelers	71,336	70,875	1%
Total	571,591	647,094	-12%
Exports (out of the above)	149,804	98,263	52%

Motorcycles:

➤ **Industry**

- (a) Industry slowdown witnessed from January 2007 continued. Motorcycle industry sales declined by 11% in Q1/ 2007-08.
- (b) Rising interest rates, constraints on credit and tightening of financing norms by Banks impacted sale of motorcycles.
- (c) De-growth was more pronounced in the 100cc motorcycle segment.
- (d) On the other hand, the 125cc+ motorcycle segment recorded a healthy growth of 16%.

➤ **Bajaj Auto**

- (a) The industry-wide slowdown was reflected in Bajaj Auto's sales decline of 13%.
- (b) During the quarter, the company has initiated major structural changes in its distribution and logistics channel. The change has resulted in reduction of inventory at dealerships by around 45,000 motorcycles.

- (c) In line with the company's strategy of shifting the customer from underperforming and overpriced 100cc motorcycles to 125cc+ motorcycles offering far greater value in both design and performance, it has launched the following products:
- Pulsar 200 DTS – i, – launched in February 2007.
 - Discover 135 DTS – i, – launched in April 2007.
 - Pulsar 220 DTS - Fi – launched in June 2007.
- (d) With the launch of an all new non-100cc 4-stroke motorcycle in September 2007, the company intends to further shift such customers. The pre-production of the new motorcycle was completed in June 2007.

3-Wheelers:

- (a) The company continues its dominance of passenger segment with a market share of 77%.
- (b) Exports now constitute 50% of total 3-wheeler sales.
- (c) To further reinforce its dominance, the company introduced a highly fuel efficient 2 stroke Digital Direct Injection (DDI) 3 wheeler in the passenger segment and GC High Deck Tray 3 wheeler "GC Max" in the cargo segment.

Exports:

- (a) Export growth maintained its robust momentum and continued to exceed expectation.
- (b) The export volumes are as tabulated below:

EXPORTS (Nos.)			
	Q 1 2007-08	Q 1 2006-07	Growth %
Motorcycles	114,551	70,771	62%
Total 2W	114,555	71,177	61%
Total 3W	35,249	27,086	30%
Grand Total	149,804	98,263	52%
Sales in Value Rs. million	5,141	3,624	42%

2. FINANCIAL RESULTS:

(a) The summary of financials by revenue stream is given below:

Rs. In million	Q 1 2007-08	Q 1 2006-07	Full Year 2006-07
Automobiles	21,091	22,027	95,204
Treasury & others	1,027	945	5,556
Total Turnover	22,118	22,972	100,760
Gross Profit:			
- Automobiles	2,773	3,630	14,252
- Treasury & others	1,007	927	5,421
	3,780	4,557	19,673
Profit before tax:			
- Automobiles	2,357	3,106	12,154
- Treasury & others	933	854	5,126
	3,290	3,960	17,280
Profit after tax	2,265	2,660	12,379
Earnings per share (Rs.) for the period	22.4	26.3	122.3
Earnings per share (Rs.) annualised	89.6	105.2	122.3

(b) Operating EBITDA margin for the quarter – 13.2%.

(c) Margins were under pressure due to

- Competitive pricing environment in 100cc motorcycle segment
- Rising input costs
- Overall decline in volumes

(d) With the launch of the new motorcycle in September 2007 and a richer product mix, the company anticipates improvement in its market share and profitability in the second half of 2007-08 as compared to the first quarter.

(e) The company has increased prices of Platina and Discover 135 DTS – i by Rs. 500 w.e.f. 1st July 2007.

3. **NON-OPERATING INCOME (TREASURY):**

- (a) The non-operating income (Treasury) for the current quarter was Rs. 949 million v/s Rs. 895 million in Q1/2006-07.
- (b) The cost and market value of the investment portfolio is given in the table below:

Rs. in million	As of 30th June 2007	As of 31st March 2007
Cost	65,892	64,691
Market Value	90,777	86,482

4. **DEMERGER:**

The Scheme of Arrangement of Bajaj Auto Ltd (BAL), Bajaj Holdings & Investment Ltd (BHIL) and Bajaj Finserv Ltd (BFL), which was approved by the board at its meeting held on 17 May 2007 is currently under implementation.

Some of the recent developments are as under:

- (a) In response to the application made to the Stock exchanges, the company has received the No Objection letters dated 15 June 2007 from both Bombay Stock Exchange Ltd and National Stock Exchange of India Ltd.
- (b) The company has made an application to the Bombay High Court for Summons for Directions on 26 June 2007.
- (c) As per the directions issued by the High Court on 6 July 2007 in response to the application made to the Court, the court-convened meetings of the equity shareholders and unsecured creditors of BAL are scheduled to take place on Saturday, 18 August 2007 at Pune.

5. ASSOCIATES, SUBSIDIARIES & JOINT VENTURES:

Bajaj Allianz General Insurance Company Limited

- (a) The Company recorded a gross premium of Rs. 5.7 billion during Q1/2007-08 as against Rs. 4.5 billion in Q1/2006-07 — growth of 27%. Net earned premium during the quarter was Rs. 2.8 billion as against Rs. 1.9 billion in Q1/2006-07 — increase of 50%.
- (b) Profit before tax for the quarter was Rs. 354 million as compared to Rs. 305 million in Q1/2006-07. Profit after tax for the quarter was Rs. 219 million as compared to Rs. 186 million in Q1/2006-07 — increase of 18%.
- (c) The company currently operates out of 158 branches across the country.

Bajaj Allianz Life Insurance Company Limited

- (a) The gross written premium for Q1/2007-08 was Rs. 10.6 billion as against Rs. 7.3 billion in Q1/2006-07 — growth of 45%.
- (b) The company posted a healthy profit of Rs. 306 million in Q1/2007-08 as compared to a loss of Rs. 191 million in Q1/2006-07. The policyholders' surplus is Rs. 709 million (Corresponding quarter Rs. 154 million) and the shareholders' loss stands at Rs. 403 million (Corresponding quarter Rs. 345 million).
- (c) The company has the largest distribution network in the private sector.

Bajaj Auto Finance Limited

- (a) During the quarter, the total disbursements increased by 30% to Rs. 7.4 billion as against Rs. 5.7 billion in Q1/2006-07.
- (b) The stock of hire purchase receivables as of 30th June 2007 was Rs. 29 billion against Rs. 22 billion as of 30th June 2006.
- (c) Profit after tax for the quarter was Rs. 41 million as against Rs. 34 million in Q1/2006-07.

Sanjiv Bajaj
Executive Director
Pune, 12th July 2007