

**PRESS RELEASE**

**BAJAJ AUTO RESULTS: 1st 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 first quarter of 2008-09.

**1. HIGHLIGHTS**

- ✓ **Motorcycle sales** ↑ 13% v/s Industry growth – 11%
- ✓ **Motorcycle exports** ↑ 49%
- ✓ **Overall exports** ↑ 33%
- ✓ **Turnover** - Rs. 2340 crores ↑ 9%
- ✓ **Profit before tax** - Rs. 261 crores v/s Rs. 274 crores in Q1 / 2007-08
- ✓ **Profit after tax** - Rs. 175 crores v/s Rs. 183 crores in Q1 / 2007-08

**2. SALES:**

<b>SALES (Nos.)</b>			
	<b>Q1 2008-09</b>	<b>Q1 2007-08</b>	<b>Change %</b>
Motorcycles	558,633	494,042	13%
<b>2-Wheelers</b>	<b>561,977</b>	<b>500,255</b>	<b>12%</b>
3-Wheelers	58,118	71,336	-19%
<b>Total</b>	<b>620,095</b>	<b>571,591</b>	<b>8%</b>
Exports (out of the above)	198,717	149,804	33%

### Motorcycles

- Rising interest rate and lack of finance options continue to restrain industry growth.
- Company witnessed a **growth of 13%** v/s industry growth of 11% during Q1 / 2008-09.
- In 125cc+ category, company witnessed a **growth of 21%** v/s industry growth of 14%.
- Company maintained its market **leadership** in 125cc+ category - MS **~50%**.
- New Bajaj **Discover DTS-i** introduced in July 08, and will be followed with **4 new launches** in the 125cc+ category during the year.
- **Exports** now constitute **31%** of total motorcycle sales.

### Commercial Vehicles

- Lacklustre market conditions is reflected in company's volumes.
- Commercial vehicle sales are expected to grow in the second half of 2008-09 on the back of two new products, one each in the passenger and the goods segment.
- Market share in passenger segment - **67%**.
- 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 **49%**.
- **Overall growth** in exports - **33%**.
- The export volumes are as tabulated below:

<b>EXPORTS (Nos.)</b>			
	<b>Q 1 2008-09</b>	<b>Q 1 2007-08</b>	<b>Growth %</b>
Motorcycles	170,305	114,551	49%
Total 2W	170,877	114,555	49%
Total 3W	27,840	35,249	-21%
<b>Grand Total</b>	<b>198,717</b>	<b>149,804</b>	<b>33%</b>
<b>Sales in Value Rs. in crores</b>	<b>647</b>	<b>514</b>	<b>26%</b>

### 3. SUMMARY FINANCIAL RESULTS

Rs. in crores	Q1 2008-09	Q1 2007-08	FY 2007-08
<b>Turnover (net of excise)</b>	<b>2340</b>	<b>2142</b>	<b>9169</b>
<b>Gross Profit after interest but before VRS, depreciation and taxation</b>	<b>295</b>	<b>316</b>	<b>1411</b>
Exceptional item : Compensation under VRS	-	-	102
Depreciation	34	42	174
<b>Profit before taxation</b>	<b>261</b>	<b>274</b>	<b>1135</b>
Provision for taxation (including deferred tax)	86	91	379
<b>Net profit for the year</b>	<b>175</b>	<b>183</b>	<b>756</b>
Earnings per share ( Rs. ) not annualised	12.1	14.8	54.2

- (a) Operating EBITDA margin for the quarter - **11.5%** v/s 13.4% in Q1/2007-08.
- (b) Increase in material cost, especially steel, is reflected in the margins.
- (c) Input cost pressures partially off-set with price increase and cost control measures.
- (d) Going forward, while input cost pressures would persist, with the launch of new motorcycles in the profitable 125cc+ category and new three wheelers, company anticipates an improvement in margins.
- (e) In order to recognize the impact of fluctuation in foreign currency rates arising out of instruments acquired to hedge highly probable forecast transaction, in appropriate accounting periods, the company has from this year decided to apply the principles of recognition set out in the International Accounting Standards as suggested by the Institute of Chartered Accountants of India, which are also reflected in the Accounting Standard 30 - Financial Instruments-Recognition and Measurement. As a result, the impact of unrealised loss (net) consequent to foreign currency fluctuations, in respect of effective hedging instruments, represented by Forward Covers to hedge future exports, aggregating Rs. 97.95 crores, are carried as a Hedging Reserve to be ultimately set off when the underlying transaction arises, in the profit and loss account, as against the practice of recognizing the same in the profit and loss account, on valuation at the end of each period.

**4. SUBSIDIARIES & ASSOCIATES :****Bajaj Auto International Holdings BV.**

- (a) A wholly owned subsidiary, based in Netherlands. Total investment - Rs. 583 crores.
- (b) Holds 25% equity in KTM Power Sports AG - the second largest European motorcycle maker and a worldwide leading manufacturer of power sports vehicles.

**PT. Bajaj Auto Indonesia**

- (a) Company holds 97.5% shares in the subsidiary. Assembles and markets Pulsar 180, Pulsar 200 in Indonesia. Launched XCD 125 during Q1 / 2008-09.
- (b) An exclusive dealer network has been put in place which gives the company reach into the key markets of Jakarta, Java, Sumatra, Bali and Sulawesi.

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**Kevin D'sa**  
**Vice President (Finance)**  
10<sup>th</sup> July 2008