PRESS RELEASE
BAJAJ AUTO RESULTS: 3rd 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 third quarter of 2006-07 and the nine months ended 31st December 2006.

1. HIGHLIGHTS OF Q 3

✔ Motorcycle Sales 28%↑ - more than double the industry growth of 13%.
✔ Market share 34% - Increase of 3% over 2005-06.
✔ 3-Wheeler Sales 49%↑.
✔ Exports (Nos.) 80%↑.
✔ Turnover Rs. 27 billion – 30% ↑.
✔ Operating EBITDA margin – 14.2 %.
✔ Gross Profit Rs. 5.2 billion – 13% ↑.
✔ Profit after tax Rs. 3.4 billion - 23%↑

2. SALES:

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</thead>
<tbody>
<tr>
<td>Motorcycles</td>
<td>652,406</td>
<td>511,106</td>
<td>28%</td>
<td>1,843,654</td>
<td>1,379,206</td>
<td>34%</td>
</tr>
<tr>
<td>2-Wheelers</td>
<td>652,579</td>
<td>543,252</td>
<td>20%</td>
<td>1,856,239</td>
<td>1,482,532</td>
<td>25%</td>
</tr>
<tr>
<td>3-Wheelers</td>
<td>85,640</td>
<td>57,572</td>
<td>49%</td>
<td>237,198</td>
<td>179,368</td>
<td>32%</td>
</tr>
<tr>
<td>Total</td>
<td>738,219</td>
<td>600,824</td>
<td>23%</td>
<td>2,093,437</td>
<td>1,661,900</td>
<td>26%</td>
</tr>
<tr>
<td>Exports (out of above)</td>
<td>115,619</td>
<td>64,359</td>
<td>80%</td>
<td>325,728</td>
<td>176,765</td>
<td>84%</td>
</tr>
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</table>

During the quarter, Bajaj Auto recorded its

- “HIGHEST EVER” sale of motorcycles.
- “HIGHEST EVER” sale of three wheelers
- “HIGHEST EVER” exports
- “HIGHEST EVER” net profit
**Motorcycles**

(a) Bajaj Auto’s market share has further improved and stands at 34% as of 31\textsuperscript{st} December 2006.

(b) Motorcycle sales continue to outgrow the industry. In Q3/2006-07, Bajaj registered growth of 28% v/s industry growth of 13%. During the quarter, Bajaj Auto has garnered 65% of the incremental industry growth.

(c) The **Bajaj Platina** has recorded sale of over 500,000 units within 8 months of its launch in April 2006. Bajaj Auto’s leadership in the “price” segment of the motorcycle market continues with a share of 45%.

(d) The **Bajaj Discovers** crossed cumulative sales of “ONE MILLION” in November 2006. The share in the “value” segment has steadily increased from 16% in 2005-06 to 21% as of 31\textsuperscript{st} December 2006.

(e) The new upgrades of **Bajaj Pulsar DTS-i twins** were introduced in December 2006. Both the products have been well received and have raised the bar in the “premium” segment. Bajaj Auto will shortly launch the all-new Pulsar 220 DTS-Fi, which will further consolidate Bajaj Auto’s dominance in the segment.

(f) The company continues its focus on higher end motorcycles. Spearheading the initiative, three new motorcycles will be launched in next few months.

(g) Motorcycle capacity is being expanded to 300,000 per month from April 2007 in anticipation of the growing demand.

(h) The Company’s efforts in new product development have been recognized. Bajaj Auto has received:

- “Bajaj Auto – Bikemaker of the year – Overdrive Awards 2007”
- “Bajaj Auto – Bike Manufacturer of the year – NDTV Profit - Bike India Awards, 2007 ”
- “Bajaj Pulsar DTS-Fi – Bike of the year – CNBC-TV18 Autocar Auto Awards”
- “Bajaj Platina – 100cc Bike of the year – NDTV Profit - Bike India Awards, 2007 ”

**3-Wheelers**

(a) In the Passenger segment, Bajaj Auto has recorded a growth of 53% during Q3/2006-07.

(b) The company continues to dominate the 3-wheeler passenger segment with a market share of 78%.
(c) In the Cargo segment, the company has achieved a market share of 28% during 9 Months/2006-07. To further consolidate its position in the segment, the company has recently launched an upgrade of the GC 1000.

(d) 3-wheeler passenger carriers have received overwhelming response in export market. Over 55% of Bajaj Auto’s 3-wheeler passenger carriers were exported during Q3/2006-07.

**Exports:**

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</thead>
<tbody>
<tr>
<td>Motorcycles</td>
<td>74,141</td>
<td>43,826</td>
<td>69%</td>
<td>223,113</td>
<td>112,779</td>
<td>98%</td>
</tr>
<tr>
<td>2 Wheelers</td>
<td>74,141</td>
<td>47,040</td>
<td>58%</td>
<td>224,216</td>
<td>121,006</td>
<td>85%</td>
</tr>
<tr>
<td>3-Wheelers</td>
<td>41,478</td>
<td>17,319</td>
<td>139%</td>
<td>101,512</td>
<td>55,759</td>
<td>82%</td>
</tr>
<tr>
<td>Total</td>
<td>115,619</td>
<td>64,359</td>
<td>80%</td>
<td>325,728</td>
<td>176,765</td>
<td>84%</td>
</tr>
<tr>
<td>Value Rs. millions</td>
<td>4,572</td>
<td>2,359</td>
<td>94%</td>
<td>12,457</td>
<td>6,431</td>
<td>94%</td>
</tr>
</tbody>
</table>

(a) Exports continue their strong growth - 80% in Q3/2006-07.

(b) Exports (Nos.) now constitute 17% of total sales – significant growth as compared to just 3% five years back.

(c) Bajaj Auto continues to be the country’s #1 Exporter of 2 & 3-wheelers.

(d) This quarter has witnessed the commencement of the new export initiatives of the company.

- PT. Bajaj Auto Indonesia, a majority owned subsidiary of Bajaj Auto, has commenced operations during the quarter. The Pulsar 180 DTS–i was launched successfully in November 2006 at the Jakarta Motor Show. The company is currently focusing on network development, sales and after sales services and brand building.

- Despatches to Iran have started.

- As Nigeria sales grow, the company continues to expand its sales & service network in the country.

- These new markets should generate significant volumes in next year.
3. **TURNOVER, MARGINS & PROFIT AFTER TAX:**

(a) Turnover for the quarter - Rs.27 billion v/s Rs. 21 billion - 30%↑.

(b) Gross Profit for the quarter - Rs. 5.2 billion v/s Rs. 4.6 billion –13% ↑.

(c) Net profit for the quarter - Rs. 3.4 billion v/s Rs. 2.8 billion – 23% ↑.

(d) EPS for the quarter was Rs. 34.1.

(e) On a sequential basis, Operating EBITDA margin stands at 14.2% in Q3/2006-07 v/s. 15.1% in Q2/2006-07. This is attributable to the sales promotion expenses incurred during the festive season. The sales promotion activities have enabled the company to garner market share and have ensured a healthy top-line growth of 30%.

(f) Input costs have continued to rise. The same have been partially offset by price increases effected on company’s products from 1st November 2006 and 1st January 2007.

(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 disbursals increased by 35% to Rs. 7.82 billion as against Rs. 5.80 billion in Q3/2005-06.

(b) The stock of hire purchase finance and receivables as of 31st December 2006 was Rs. 25.7 billion against Rs. 17.7 billion on 31st December 2005.

(c) The profit before tax for the quarter was Rs. 243 million against Rs. 153 million in Q3/2005-06.

(d) The profit after tax for the quarter was Rs. 169 million against Rs. 48 million in Q3/2005-06.
Bajaj Allianz General Insurance Company Limited

(a) The gross written premium for the quarter was Rs. 4.6 billion against Rs. 3.3 billion in Q3/2005-06 – an increase of 38%.

(b) The profit before tax for the quarter was Rs. 115 million against Rs. 50 million in Q3/2005-06.

(c) The profit after tax for the quarter was Rs. 86 million against Rs. 38 million in the corresponding quarter last year – an increase of 126%. The profit for 9 Months/2006-07 was Rs. 355 million against Rs. 254 million in 9 Months/2005-06.

(d) The company continues to retain its number 2 slot amongst private insurers in terms of gross premiums.

(e) The Company has expanded its presence to 111 locations across the country with staff strength of 2139 employees as of 31st December 2006. The company had 5580 active agents as of 31st December 2006.

Bajaj Allianz Life Insurance Company Limited

(a) The gross written premium for the quarter was Rs. 11 billion against Rs. 8 billion in Q3/2005-06 – increase of 36%.

(b) The total number of policies issued during the quarter was 435,504 v/s 177,026 in Q3/2005-06.

(c) The loss for the nine months was Rs. 1,221 million v/s Rs. 768 million in 9 Months/2005-06.

(d) The Company has 876 offices across the country with staff strength of 14,425 employees as of 31st December 2006.

(e) The Company continued to retain the # 2 slot in terms of new business premium among private life insurance companies – as per IRDA November 2006 New Business Premium Report.

Sanjiv Bajaj
Executive Director
Pune, 16th January 2007
ANNEXURE TO PRESS RELEASE DATED 16th January 2007

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

<table>
<thead>
<tr>
<th>Rs. in millions</th>
<th>Q 3 2006-07</th>
<th>Q 3 2005-06</th>
<th>9 Months 2006-07</th>
<th>9 Months 2005-06</th>
<th>Full Year 2005-06</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales and Income from operations</td>
<td>25,682</td>
<td>20,009</td>
<td>72,069</td>
<td>55,020</td>
<td>76,679</td>
</tr>
<tr>
<td>Other Income &amp; Windpower</td>
<td>1,610</td>
<td>1,064</td>
<td>3,979</td>
<td>3,354</td>
<td>4,385</td>
</tr>
<tr>
<td><strong>Total Turnover</strong></td>
<td><strong>27,292</strong></td>
<td><strong>21,073</strong></td>
<td><strong>76,048</strong></td>
<td><strong>58,374</strong></td>
<td><strong>81,064</strong></td>
</tr>
<tr>
<td>Gross Profit after Interest before Depreciation and Taxation</td>
<td>5,244</td>
<td>4,644</td>
<td>14,857</td>
<td>12,664</td>
<td>17,944</td>
</tr>
<tr>
<td><strong>Profit before Taxation</strong></td>
<td><strong>4,648</strong></td>
<td><strong>4,045</strong></td>
<td><strong>13,047</strong></td>
<td><strong>11,113</strong></td>
<td><strong>15,807</strong></td>
</tr>
<tr>
<td>Provision for Taxation</td>
<td>1,200</td>
<td>1,245</td>
<td>3,750</td>
<td>3,315</td>
<td>4,791</td>
</tr>
<tr>
<td><strong>Profit after Tax</strong></td>
<td><strong>3,448</strong></td>
<td><strong>2,800</strong></td>
<td><strong>9,297</strong></td>
<td><strong>7,798</strong></td>
<td><strong>11,016</strong></td>
</tr>
<tr>
<td>Earnings Per Share (Rs) for the period</td>
<td>34.1</td>
<td>27.5</td>
<td>91.8</td>
<td>76.7</td>
<td>111.0</td>
</tr>
</tbody>
</table>

B) NON-OPERATING INCOME:

(a) Non-operating income (net of expenses) for Q3/2006-07 was Rs. 1,575 million v/s Rs. 1,038 million in Q3/2005-06.

(b) The cost and market value of the investment portfolio is given in the table below:

<table>
<thead>
<tr>
<th>Rs. in millions</th>
<th>As of 31st Dec. 2006</th>
<th>As of 31st March 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost</td>
<td>60,229</td>
<td>58,703</td>
</tr>
<tr>
<td>Market Value</td>
<td>84,679</td>
<td>75,739</td>
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</tbody>
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