

# CHAIRMAN'S LETTER

## Dear Shareholder,

Let me start by clearly saying that I am delighted with your Company's results for FY2019 and proud of the excellent work carried out by your Managing Director and his team.

FY2019 has not been a particularly brilliant year from an economic point of view. The second advance estimate of the Central Statistical Organisation (CSO) has pegged real GDP growth at 7.0%, and real growth of gross value added (GVA) at 6.8%. Both these estimates are lower than what occurred a year earlier.

Moreover, growth has slowed down on a quarterly basis. After posting an impressive 7.8% growth in April-June 2018, GVA growth reduced to 6.8% for July-September 2018, and then even further to 6.3% for October-December 2018. And the CSO's muted advance estimate of 6.8% GVA growth for the full year suggests that the fourth quarter may also post modest growth.

Despite such a milieu, your Company has performed admirably. Allow me to outline the key results.

- Total turnover increased by 18.5% to ₹ 31,899 crore. This is your Company's highest ever top-line.
- Total operating income (net sales plus other operating income) grew by 20.1% to ₹ 30,540 crore — also Bajaj Auto's highest.
- Operating EBITDA increased by 4.7% to ₹ 5,387 crore.
- Profit before tax (PBT) after exceptional items grew by 15.9% to ₹ 6,703 crore, which was also the best for Bajaj Auto.
- Profit after tax (PAT) increased by 14.9% to ₹ 4,675 crore — this, too, being the highest ever.
- Surplus cash and cash equivalents as on 31 March 2019 was up by 5.3% to ₹ 16,368 crore.

There are several positive aspects of your Company's performance. Let me share three.

First, and this pleases me no end, with a combination of well styled, appealing products and astute pricing, Bajaj Auto has begun to grow its domestic market share in motorcycles. In the course of a single year, FY2019, your Company succeeded in increasing its domestic sale of motorcycles by almost 29% — and, in the process, grew its market share by 3 percentage points to 18.7%. In fact, for March 2019, the market share exceeded 20.0%. I hope that we are seeing the beginning of a trend that will continue to increase your Company's share of motorcycles in the domestic market and, in doing so, take Bajaj Auto to a place that behoves its presence.

Second, I am delighted that in FY2019 your Company exported over 2 million motorcycles, three-wheelers plus its new quadricycle, the QUTE, to no less than 79 countries. This is a landmark achievement, and represents a growth of 25% over the previous year — one that truly lends itself to the theme of this year's annual report, 'The World's Favourite Indian'.

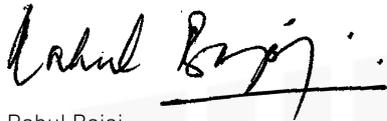
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Third, I continue to remain impressed with your Company's performance in the three-wheelers space. In FY2019, Bajaj Auto's overall three-wheeler sales grew by more than 22% to reach an all-time high. Much of this growth was driven by an impressive 43% growth in exports. Your Company accounted for almost 57% of total three-wheeler sales in India, and two-thirds of total sales to export markets.

At my age, I am a bit superstitious about praise. Even so, on your behalf, let me congratulate your Managing Director and his team. While telling them, "This is great. Now take it to yet another level."

Finally, my thanks to our customers, dealers, vendors and employees who, as always, have done their utmost for Bajaj Auto. And to you for your steadfast support.

With best regards,



Rahul Bajaj  
Chairman

17 May 2019