



Bajaj Auto Limited,
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BAJAJ AUTO LIMITED

TRANSCRIPT OF 13th AGM OF 22 JULY 2020 THROUGH VIDEO CONFERENCING / OTHER AUDIO VISUAL MEANS

Chairman Speech:

We start the meeting of the 13th AGM of Bajaj Auto which really is a over 50 year old company. Before I commence the meeting, I wish to get a confirmation from your secretary that the quorum for the meeting required for the meeting is present. Because of the VC needs for the meeting with continuing restrictions of course, because of the movement of persons at several places in the country. The Ministry of Corporate Affairs has vide a circular dated 5 May 2020, read with the circular dated 8 April 2020 and also 13 April 2020 allowed companies to conduct their Annual General meetings through the video conferencing route or any other any other audio visual means during this calendar year 2020. Accordingly, this is the reason we are holding this meeting through the video conferencing route. While all efforts have been made by the company to make the VC meetings smooth, participants connecting through mobile devices, tablets, laptops, etc, at times may experience audio / visual loss due to the fluctuation in their respective networks. I can only hope that they are using a stable WiFi or local area network as this can mitigate some of the technical glitches. Also as required under the new regulations 44(6) of SEBI Listing Regulations, 2015 the Company has provided the facility of oneway live webcast of the proceedings of the AGM. Members who are entitled to participate in the AGM can view the proceedings of the AGM by logging on to the E Voting, website of KFin Technologies Private Limited. I will refer to it as KFin.

With great sadness, I want to start the meeting. I refer to the sad demise of Nanoo Pamnani on Twenty Second of February this year. He was not only a mentor & a guide, but also everything, which one could be as a top management person. He was 75 years old and was almost a consultant or advisor to Bajaj Auto. He was not only the chairman of our audit committee of the board, but also of Bajaj finance and our insurance companies and was available to the top management and the senior management. I know personally from many of those people, that he was a great support and a great sounding board, a great mentor & guide for everything under the sun and we will all like to continue with whatever systems etc, he had installed over the last seven, eight years, of his association with us. He was actually a legend, having lived all his life watching life in Citibank, at different places in the world. And after he retired, I requested him if he could on a part time basis, help our companies in Pune. I wish to state he did very, very admirably.



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I would also like to welcome Abhinav in this AGM. He was also present in the board meeting and the Audit Committee. We are excited that Nanoo Pamnani has been replaced by Shri. Abhinav Bindra who is especially welcome because its his first AGM naturally, because he's just been appointed to the board. I welcome him to this AGM. He is globally known and definitely known all over the country in India as the only individual Olympic gold medalist. And I would also like to mention that this brings diversity as he's an outstanding professional sportsman. And that's what everybody here will know. But he brings in diversity to the company's board, which we would like & which I personally would like as the Chairman and also the board members would like and also requirement of the Ministry of Corporate Affairs that the composition of the board apart from being competent or having domain expertise, etc, etc, should provide for diversity. We have in this 16 member Board, two ladies and the requirement is only of one lady, But we have two ladies both outstanding and they're always there, Lila Poonawalla and Gita Piramal. And we have people from different fields in business, chartered accountants, lawyers, & different kinds of fields. I would also mention that Abhinav is not only a sportsman who has retired but he's also to some extent in business. He runs a gym, specialized gym for sportsmen, in about five different cities. And I'm mentioning this not because of the gym, but he is a businessman to that extent and while I may not know all the details, he's also involved in one of the committees of the International Olympic organization. So he is not only a shooter, but I think he will contribute quite effectively, to the deliberations of the board of directors of this company.

Now, I would like to mention that directors including independent directors and a few other key persons are present at this meeting but by video conference .I would like to call out each director to introduce himself to the shareholders. And I would start with myself, I'm Rahul Bajaj, the chairman of the company attending this AGM from the Pune from Registered Office of Bajaj Auto.

Rajiv Bajaj:

I am Rajiv Bajaj, the Managing Director, attending the AGM at Bajaj Auto, Akurdi.

Sanjiv Bajaj:

I am Sanjiv Bajaj, a Non-executive Director of the company, again attending the AGM from the Registered Office, Akurdi.

Pradeep Srivastava:

I am Pradeep Srivastava, Executive Director, Bajaj Auto, attending the AGM from the Registered Office, Akurdi.



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Rakesh Sharma:

I am Rakesh Sharma, Executive Director, attending the AGM from the Registered Office of Bajaj Auto in Pune.

D J Balaji Rao: I am an Independent Director, attending from Bengaluru.

Dr. Gita Piramal:

I am Dr. Gita Piramal, an independent director of the company, attending the AGM from my residence in Mumbai.

Dr. Naushad Forbes:

I am Naushad Forbes, an independent director of the company attending the AGM from my residence in Pune.

Dr. Omkar Goswami:

Yeah, this is Omkar Goswami, an independent director of Bajaj Auto and attending the AGM from my residence in New Delhi.

Anami Roy:

I am Anami Roy, an independent director of the company, also the chairman of the audit committee. I'm attending this AGM from my residence in Pune.

Ms. Lila Poonawalla:

I'm Mrs. Lila Poonawalla, an independent director of the Company, participating in this AGM from my office in Pune.

Pradip Shah:

I am Pradip Shah, an independent director of the Company, attending the AGM of Bajaj Auto from my home in Mumbai. Thank you.

Abhinav Bindra:

I'm Abhinav Bindra, an independent director, attending the AGM from my Chandigarh residence.

Madhur Bajaj:

I am Madhur Bajaj, Non-independent director of the Company. And I am attending this AGM from my home in Pune. Thank you.



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Mr. Shekhar Bajaj:

I am Shekar Bajaj non independent director. And I am attending this AGM from my home in Bombay. Thank you.

Niraj Bajaj:

I am Niraj Bajaj, a non-executive director of the company attending the AGM from my Mumbai residence. Thank you.

Chairman:

Okay, I think that completes the roll call. Incidentally, this sheet which has been given to me mentions the three promoter directors at the end, which is very appropriate, I think the promoter director should really be at the end. I would also like to inform the shareholders that the statutory auditors, namely Shri Arvind Sethi and Shri Paul Alvares and Shri Vikas Kutty SRBC & CO. LLP and also secretarial auditor Shri Shyamprasad Limaye are present at the meeting by video-conference. I would also like to announce that this is required even without video conference. Directors report, standalone and consolidated financial statements and auditor's report thereon, the secretarial auditor's report, audit report, register directors and KMP & their shareholdings under Section 170 of the Companies Act 2013. Register contracts under Section 189 of the Companies Act 2013, and lastly, certificate from the statutory auditors of the company, certifying that the Bajaj Auto's employee stock option scheme is in accordance with the SEBI (Share based Employee Benefits) Regulations of 2014, and the members' resolutions are available for inspection through electronic mode as prescribed under the Ministry of Corporate affairs circulars. Incidentally, because of this VC business, the proxy system has been done away with for this meeting by the government by the Ministry of Corporate affairs. However, resolutions under Section 113 of the Companies Act 2013 are allowed for giving authorization to attend and to vote at this meeting. Resolutions under Section 113 of the Companies Act 2013 for authorization to attend and to vote in respect of 136 million odd share that is 13.6 crore shares have been received and that represents 47.31% percent of the Company's aggregate Paid-up share capital.

I also move as is usually done that the notice of the meeting and the directors' report with consent of the members present be taken as read. Also, under the Companies act, as most of the shareholders who attend these meetings are aware, & as per the secretarial standards, the auditor's reports on the standalone and consolidated financial statements and the secretarial audit report are to be read only when there are qualifications or adverse observations or comments in the report.



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Since there are no such qualifications, there never have been, at least to the best of my knowledge, no such qualifications, observations or comments, the auditor's reports and the secretarial audit report, as in the past few years will not be read out at the meeting. I would just like to mention, your questions will come up later and people will answer those, I think by our two executive directors and the CFO. And maybe, MD Rajiv Bajaj will answer the questions and they will cover a lot of things.

But I've been asked to mention overall about the year gone by, and also the quarter gone by. But I'll go more by the quarter gone by. The quarter one of financial year of 2021 has been obviously, an extremely challenging quarter due to the unprecedented COVID-19 pandemic lockdown and other containment, precautionary measures, which however resulted in not only people not being able to come to work to the plants that we have three plants in Chakan and Aurangabad in Waluj. Both are in Maharashtra, and also in Pantnagar in Uttarakhand also in Akurdi, which has our headquarters and head office, we have a fairly large R&D Department. And the COVID pandemic has resulted in disrupted supply lines and a sharp decline in the overall demand.

The impact of the pandemic was experienced not only in India, but also in countries across the globe and this company, as you may know, at least in the auto industry, especially in the two wheeler & Three Wheeler industry exports in a big way. Probably I'm not very sure of the figures, you export almost 40-45% of our total production by different figures, by numbers and also by value. And I think not only are we by far the largest exporter of two and three wheelers in the country, but also very large as compared to number two. You know, while we have restarted operations, after the initial lockdowns of the long lockdown gone, but sporadic localized lockdown are disrupting the supply chain all over the country and we have supplies from all over the place in Chennai .or Madurai, Kolhapur etc. & in various other places and that if the vendor is not able to function, obviously we can't get the components and that prevents the vehicles to be assembled. Similarly, dealers may not be in a place where they are able to function properly, where the customers will come to them and that prevents getting orders from the dealers or getting payment from them as much as possible. Now, I'll give you a few highlights of the company for FY 2020-21; total volumes 443,103 units, turnover is Rs. 3,417 crores, Revenue from operations is Rs. 3,079 crores, operating EBITDA is Rs. 441 crores, operating profit Rs. 376 crores i.e. profit before tax, because its other income comes in their profit before tax & is Rs. 682 crores, profit after tax is Rs. 528 crores. This is just a quarterly profit, and I won't go into other figures.



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In spite of the pandemic not only in India but in various countries of the world, for quarter one, Bajaj Auto recorded sales of over 251,000 units, exports or international business in value terms were US dollars 217 million, which is equivalent at the current rate of exchange Rs. 1,651 crore, motorcycles sold for 213,000 units and commercial vehicles over 37,000 units, but both domestically and internationally I think the commercial vehicles demand specially domestically are low as they have to borrow against paying the price of the vehicle & they have to pay monthly installments and if they don't, when the customer is not there, then then how can they do all this? I would also like to mention two different kinds of things. One is the direct cost-related measures for Bajaj Auto we have provided to our partners and connected people. We have helped the end customers, dealers, vendors and employees by giving extension of free service and warranty period, free distribution of COVID safety kits under the CSR program for all existing drivers of three wheelers, commercial vehicles and across brands. Pre battery check-up camp to increase footfalls in service centers and the branded thing called Bajaj Secure where you enter a dealership or Bajaj or place where Bajaj Secure is mentioned. The person concerned can feel confident that it is safeguarded against the Coronavirus.

The second initiative, which is to communicate to the people at large that our outlets are open for business and which meet the required safety and social distancing norms. We continue to pay on the due dates to all our business partners as per past practice of payments and including to vendors and we help them to get facilities with bankers and to avail credit facilities. Finally, the salaries were paid to all employees of Bajaj auto for the entire period from March to June 2020.

We also permitted them where possible to work from home. In general, I would say apart from these specific matters relating to COVID-19 that we committed early March when the lockdown was imposed; Around March 25 I think we committed on March 27 or March 28 by a declaration made under my signature, 100 crores of rupees towards not just general philanthropy or otherwise which we do anyway, but for COVID-related matters; We committed that around March 27, 28 for the rest of this year. And board has committed to spend against this hundred crore rupees, Rs. 70 crores in various areas including upgradation of health care in Maharashtra, Rajasthan and Uttarakhand, rural healthcare upgradation, alternative livelihood specially for rural communities. More than 40 lakh meals and dry rations have been distributed, 10 district and rural hospitals are being upgraded. And Pune's largest COVID care center with 2800 beds, with our support has just opened. Four and a half crores worth of PPE's personal protective equipment's have been distributed. And COVID awareness and support campaigns are running in over 500 villages. And we have also been distributing homeopathic medicines as an immunity booster, Hopefully preventing and being a prophylactic to this deadly virus. As a society on the COVID-19, we had to take care of lives and livelihood. Lives are of course very important. But livelihood in these difficult times, which results in closure of companies,



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especially smaller companies, loss of jobs is also important. That can mean ultimately loss of lives. We of course all wear masks, practice good personal hygiene and social distancing, to keep the virus from spreading. The authorities need to enforce this in a humane way. To enforce this, we find sometimes people on the streets or on some shops who don't have masks on and who don't maintain social distancing. And I think these need to be curtailed. Authorities also need to ensure adequate testing, tracing and care is equally important that business must be open, as I mentioned earlier from a livelihood point of view and micro containment strategies. Hopefully, governments would be realizing, it should replace total lockdowns with local lockdowns. This is of course a long fight, and personal safety and economic growth must continue hand in hand.

For the statement regarding e-voting and AGM resolutions:

- a) the company in accordance with Companies Act and SEBI Listing Regulations, 2015 has provided facility to shareholders as on 15th July 2020 the cut-off date to exercise their votes on the lines of business given in the Notice through remote electronic voting system.
 - b) E-voting platform provided by KFin will be used by the company for this purpose.
 - c) the remote e-voting period remained open from 19th of July 2020 (9.00 am) to 21st of July 2020 (5.00 pm).
 - d) Facilities are also provided to vote through electronic means at this meeting to those shareholders who have not voted so far. Because if they vote again, then that won't be counted. But if they have not voted so far, through remote e-voting, such a holders may do the e-voting during the meeting as per procedure already set out in detail in the notice of the AGM which you may have received.
 - e) Shri Shyamprasad Limaye, practicing company secretary has been appointed by the board of directors of this company as a scrutinizer for scrutinizing the e-voting process.
 - f) Each of the items in the notice of AGM will be taken up of course for discussion. I'll refer to just in brief the major items without going into details.
 - G) After the end of the discussions, e-voting will be kept open for another 10 minutes, during which e-voting can be done by those who may not have voted as I said earlier, either by remotely voting or E voting at the meeting.
 - h) Yes, all efforts have been made by the company to enable members to participate and vote on items being considered at this meeting.
- Lastly, I) members who need technical assistance during the 13th AGM can contact KFin as you are aware on their, email or helpline.

AGM notice circulated to the members by email contains the resolutions to be taken up at the meeting. And I would like to mention just the heading of the resolutions. There are as you are aware seven items. I think two of them are special resolutions, five are ordinary resolutions.



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Item number one is to consider and adopt the standalone and consolidated financial statements of the company for the financial year 31st March 2020, together with the directors' & auditor's reports thereon.

Item two of AGM notice is to confirm the interim dividend of 120 rupees per equity share of the face value of rupees 10 each as a final dividend for the financial year up to 31 March 2020; share being face value of rupees 10, interim dividend of Rs. 120 represents by way of percentage term 1200 percent of the face value of the shares.

Item three of the AGM notice is re-appointment of Madhur Bajaj, who retires by rotation;

Item four is re-appointment of Shekhar Bajaj who retires by rotation;

And item five is a special resolution for the re-appointment of Rajivnayan Bajaj as Managing Director and Chief Executive Officer of the company for a period of five years with effect from first April this year i.e. first April 2020. Also a special resolution.

Item number six is the re-appointment of Dr. Gita Piramal as an independent director of the company for a second term of five consecutive years effective first April 2020. I mentioned that it is a special resolution because of the law. Why should it be a special resolution? maybe a fifth, sixth, seventh or several term is different, but why for the second term, I find that the government, I don't want to criticize them, but I don't think they trust promoters or managements.

Item number seven the last one of the AGM notice is appointment of Shri Abhinav Bindra about whom I mentioned earlier, as an independent director of the company for a term of five consecutive years with effect from 20 May 2020. Now I invite queries, comments, and questions on all items which the shareholders deem of interest.

But only shareholders who have already registered themselves as speakers will be allowed to speak. And in the interest of time, there will be a time limit of two minutes for each speaker. Please be brief and precise and avoid repeat questions. Queries received on the specified dates two days i.e. July 19 and 20 will be taken up subject to availability of time and replies will be provided as the case may be by the CFO or the one of the two executive directors and later on maybe by the MD Rajiv Bajaj.



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Questions & Answers:

Speaker 1:

Kapil Mehandevata:

Very good morning to all of you. First of all, I would like to congratulate all of you with respect to the launch of the new EV Chetak. And my question pertains to that how the company is going to be a pioneer in electronic vehicles and planning for the launch of further models is a tough competition as TVS has also launched its model simultaneously with the launch of Chetak.

Speaker 2:

Gautam Tiwari:

Honorable Chairman Sir, dignified board of directors and all very very good afternoon to all my directors and Bajaj team and my fellow shareholders. Sir I'm very happy that we are here along with full bajaj family. Mr. Rajiv Bajaj MD, Mr. Madhur Bajaj, Shekhar Bajaj, Niraj Bajaj, Sanjiv Bajaj. All very happy Sir, we have been associated with you right from day one. And we are very happy to see the progress and the dividend and the appreciation that you have given to all holders throughout the period of your tenure in the history of Bajaj. Sir for which we are very much grateful. All the shareholders are very much thankful to you sir for guiding management, you have been doing an excellent job Secondly, coming to our secretarial team and finance team secretarial team operation and their Investors Services are good even during this pandemic period of COVID-19 (spoke in local language) Dear Chairman, sir, I have got two queries which I think you will enlighten us. Sir is the company planning any layoffs of employees? Secondly, sir, whether there are any new digital initiatives which are taken by our company in light of the pandemic situation. sir What is the cost of holding this virtual AGM and how much we have saved because of this virtual AGM compared to our physical AGM total amount of contribution is how much to our PM Cares fund and sir Is it a part of CSR spending? Please enlighten it.

Sir, what are the future plans of our company considering the pandemic situation globally. Sir, in such a difficult economic environment, how the company is managing to raise the borrowings for its day to day operations and has the company maintained any cost of borrowing about it sir as far as the business matter is concerned, has the Company's seen any decline. I must have seen some decline as you said in your speech, which is very much elaborate and eye opening.



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So, to what extent and how much lockdown or how much decline the company has seen during the period of lockdown and how is the pandemic affected our company specially our business in Maharashtra, New Delhi and Tamil Nadu which are the most affected Coronavirus states and moreover, our demand supply ratio sir and our manufacturing units ratio in our India domestically and even globally to what detected this pandemic situation Sir, it is stalled We are very happy about the company's operation. --(spoke in local language) our company achieved a victory and we are very happy sir We are very happy that the company is doing very well and we support all the resolutions we already supported and in future also will keep on supporting and we wish the company very bright and shining and the happy days ahead to all my fellow shareholders and to all those associated companies and we wish you all the best and we thank you once again for patient listening and wish you a very very satisfying future days. I thank you very much sir.

Speaker 3:

Hitoshi Shyampathy:

Good afternoon to the board of directors of Bajaj Auto and management. I had just a few queries. Sir, we have launched Bajaj Chetak E-scooter. Can you also venture into the scooter segment introducing Chetak normal like how Activa and Hero Honda have done and can we also venture into the scooter segment? Why are we not venturing much into the scooter segment and we are mostly focused on the bike segment? This is my main concern. The second concern is with going through e-motors or e- vehicles. How will our normal business impact Bajaj Auto? Do we see a transition? if so, what is the cost of such a transition? We have a debt on our books. Does the management propose to stop a dividend payment one year and reduce the debt and become a debt-free company? These are my questions. Thank you so much sir.

Speaker 4:

Anup Kulkarni:

Honourable Chairman, esteemed director member of the senior management and my fellow shareholders. I am Anup Kulkarni. I represent PineBridge India Equity Fund. We own about six lakh eighty seven thousand shares in Bajaj Auto. First of all, I would like to acknowledge that our new electric scooter Chetak is really beautiful and my deepest appreciation to team Bajaj to launch this product with high quality as promised during the previous AGM.



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I would also like to show some statistics about electric mobility around the world when the world is surprised by the rise in Tesla market capitalisation and its access to Capital. It is important to know that Tesla has invested only 25 billion dollars in business till date, whereas other electric startups have also invested close to 20 billion dollars; so overall 45 billion dollars of capital has been changing your electric vehicles. And sooner or later, these will try to flood the market with their vehicles in huge proportion. So we should also accelerate our efforts towards the launching of more variants of electric two-wheeler as well as three-wheeler. We will be disrupting our existing business for sure, but I guess it is better to disrupt and profit from it, rather than allow someone else to disrupt it. Secondly, our export of two-wheelers is now almost equal to our two wheelers sold in India, so it would be desirable if the annual report was more about our market position in various markets that highlight our achievement. It could also be great, if you can include more disclosures about KTM to show the great work that we have done and give shareholders a better picture of this business. Thank you and best wishes for the future.

Answers:

Chairman:

Before I ask Soumen to answer questions and then maybe Rakesh and then Rajiv. I am a bit surprised by a couple of shareholders who have been very nice to us and congratulated us very properly & have also mentioned about debt and about servicing of debt and whether we would stop dividend or something. I don't know whether they are referring to some other large company. I would like to inform all shareholders that for over 30 years Bajaj Auto has been a debt-free company. There is no question of Debt service charges. If at all, the surplus we have lent it or invested in fixed instruments or Deposited in fixed return instruments. The point I want to make is there is no question that today, not yesterday or for the last thirty years or even longer, company has been debt-free. I thought all shareholders knew it. I think cost of conducting the e-AGM, is about rupees 5 lakhs which is insignificant for anyone, especially for a company of this size. But we have also saved on various costs, printing of annual reports, postage etc. This also may be quite substantial, so I think the net cost of having this meeting is I would not know exactly, but would be negligible. But I would mention this apart from the cost which is really insignificant. I am missing today the regular real AGM, with hundreds of shareholders. Some employees, are in this room and maybe even outside this room. I wish to see the shareholders face to face. Some of them I recognise. Some are fresh faces, that gives us great feeling of happiness and satisfaction, which unfortunately just does not come from this virtual meeting. That is all. I would request our team to give their comments.



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Rakesh Sharma:

I would take the questions which we have also received earlier and I think some shareholders could not connect but we have got questions from Dipankar Purkayasta. He has asked why the company has lost market share for the last three years in three-wheeler passenger vehicles both in the domestic and export market? What I want to say is that, in the domestic market first, over the last three years, we have actually increased the market share, at a segmental level. There are three major segments in three-wheeler which is the small passenger, the large passenger and the cargo. In all three, we have increased market share. In fact in financial year 19-20, we achieved leadership position in the diesel segment which is really the large passenger segment, for the first time. However if the size of a large segment like a small passenger changes, then the blended market share in overall level becomes lower since we command a very high market share of almost 90% in the small passenger segment. So the differences which you see in the three-wheeler overall market share are nothing but arithmetic. Over the last three years, we have actually made very fine progress. In the overseas markets, we generally are enjoying over 70% market share. In fact mostly we started at 100% as around the world, we have pioneered the development of three-wheelers. In the last three years, we have developed over 23 new markets. Therefore in the initial phase we obviously command a 100% share, but subsequent to pioneering the development it attracts some competitors and there is some erosion due to the entry of competition. However, out of the significant markets, there is only one market where we have 50% share which is Nigeria and we have plans which include rendering a route to the market as well as the introduction of new products to get the market share back to our rightful share. This is among the top three agenda items for our international business.

Mr Purkayasta has also asked a couple of other questions around the electric scooter. He has asked as to what has been the sales of electric scooter in FY 20 and FY21& So far, have they been exported? So as you know, we launched Chetak the electric scooter in January 2020 and we started to commence deliveries around March. Unfortunately, this was precisely the time when the supply chains got disrupted because of the sourcing of some components contract from China, in fact from Wuhan. We received an overwhelming response. We have launched Chetak in only two cities, Bangalore and Pune and we received an overwhelming response from both the cities. So much so that on 23rd of March, we had to cease the bookings and since then, we have not reopened the booking because we do not have the supply chain capacity right now to service these bookings immediately and we do not want to disappoint customers. So our first objective is to ensure that we complete the servicing of the bookings which we already have. We have not yet exported the electric scooter Chetak, but of course this is a matter which is under evaluation.



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Just continuing on the electric, Mr Kapil Mendidatta has asked as to what is the future prospect of the company with respect to electric vehicles in India. Now, we believe that there is a strong case for electric vehicles because obviously, they are very convenient and of course environmentally friendly. But at this stage, the commercial proposition is very very weak. The high battery cost limits the development of the category, However, it is quite probable that cost will reduce through technical innovation and the category in due course of time will be widely prevalent. For the timing of this occurring is highly uncertain, hence our approach is to undertake a limited development of the electric portfolio both in two-wheelers and subsequently in three-wheelers, so that we build our capabilities and go up the learning curve and are prepared for the future. It was towards this purpose that the Chetak was launched and will be developed. So that completes the questions on the electric side which have been asked by Mr Purkayasta, Mr Mehdidatta and also Mr Anup Kulkarni.

Mr. Purkayastha has also asked about why the sales of Qute are not picking up in India and have any exports taking place in financial year 2020 and 2021. Our assessment is that the development of Qute will indeed progress slowly particularly in these early stages because of two reasons. First is, of course, the regulatory approvals levels; there are multiple levels and types of approvals required even after the policy approvals are secured at the centre. With its product approvals, this includes things like permission for taxi purpose, defining the driving licence conditions, fare fixation etc. And these delay access to markets. We have applied for all approvals actually only in four States though we can apply at 50 States but we only got four States that got all the approvals secured and our first objective is to make sure that these approvals are secured. The second thing which challenges the development of Qute is that it is eventually a new product category with different stakeholders and it takes time to adopt and the different stakeholders include drivers, owners, fleet owners, financials and even passengers. Being essentially a commercial vehicle, its financial proposition has to establish, which includes the setting of things like you know resale value etc. These are bound to take time and we are addressing these challenges to focus marketing programs which also include working in alliances with dried operators like Uber; a pilot project with Uber in Bangalore is showing really good promise. In exports, we have exported in fact 4400 units in 29 countries in FY19 which has increased to 5200 units and in quarter one we have exported 400 units, quarter one of FY21.

Mr. Purkayastha has also asked about the position of our business in Indonesia. Our understanding of the Indonesian market is that the customer is highly sensitive to performance, aesthetics and the brand. The Japanese brands not just in auto but across all categories hold a very dominating position for many many years in Indonesia, In fact across Asean. Hence our strategy has been working along with the strategic partner KTM & to work together with them and first build a franchise for the KTM brands. Given our prior experience in Indonesia and



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other emerging markets of the kind, it's been agreed that in Indonesia, Bajaj will front the development of the KTM franchise in the first stage. This will allow us to establish a route to market, secure essential relationships with dealers, distributors and financiers etc and also improve our market and customer standing. We have already established a CKD operation, we have secured control of brand and IP etc. And we will commence building the business for KTM and Hasqvarna brands in full flow this year.

Mr Kulkarni made the point about 40 to 45% of our revenue coming from International Markets and is a very good point about providing some more information in the annual report on our international markets as well as KTM performance and these points are noted we will address them in the future.

Of the questions which were asked today, Mr. Gautam Tiwari has asked about digital initiatives & is a very pertinent question given that a lot of constraints have been imposed on the ways of working. And in some ways, new avenues of engaging with the customers have also been open because of COVID-19 and certainly, these are the days of digital. Of course, we have taken a lot of steps beginning with organising work from home, engagement with our dealers and vendors & a lot of virtual training. So much so, that we have recently launched the Bajaj brand in Thailand & the training for mechanics, dealers etc, was achieved internationally through virtual means or the dealers and vendors, inspections of service stations etc, we are deploying digital technologies. At the same time, we are also making it easier for the consumers to connect directly with Bajaj and also purchase through digital means. Even before COVID-19 appeared, the initiative of Chetak we had already commenced or offered to customers a very very easy way of engaging with us and doing all the transactions digitally. We are extending this to all aspects of our business. You are also aware that the dealers are a very important community who have direct contact with customers and we are working with our dealers to enable them and improve their capability to engage with customers and transact with them.

Mr. Tiwari has asked about lay off of employees. We have not laid off any employees. Having said that I must say that to keep ourselves future-ready we have a regular performance appraisal and performance management it is a very strong area of operation and the outcome of this robust performance management system is not just rewarding the high performing members of the workforce, but also separating people who have not been able to keep pace with the requirements. This is of course done with a lot of care and we are very conscious that this is a very difficult time and we try to give as much as early warning support for people to come back on track and good head up and support for re-employment. I think that completes the questions sir.



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Chairman:

Thank you Rakesh. Before I give my concluding remarks, I would request, if you would like our Managing director & CEO to make some comments.

Managing Director:

Good afternoon. Let me start by saying I hope everyone is keeping safe and staying well. I want to start by acknowledging the absence of Mr. Nanoo pamnani. He was to me a charismatic uncle. He was to us a dynamic director, and, very importantly, a very thought provoking guru to all of us at the management of Bajaj Auto. When I think of him today, I believe that if I had asked him, where we should turn our attention, in this moment of crisis, I think he would have said, Look away from what is happening outside and look inside, at your own immunity and what you can do to boost the immunity of the organization. So in that I would like to share with you my thoughts today on what makes Bajaj Auto a resilient organization, particularly at the time of a crisis like this. And through those thoughts, share with you some of the business updates.

I would say our first immunity booster is simply our Focus. About 15 years back, we decided that we were going to be a global company. And that is why today 15 years later, almost half of what we make is sold overseas. I think we are a good example of make in India and I think we are an outstanding example of atmanirbhar India. We are present in over 70 countries in a meaningful manner. And I'm happy to share with you that Rakesh and his team have made inroads into important ASEAN markets in the last 12 months, including Malaysia, Thailand, Cambodia, now, Indonesia for the second time, etc. We are also close to starting operations in Brazil; perhaps over the next 12 months, we will be able to do that; the result of focus, friends, is less what it tells us to do. It is more what it tells us not to do that is important. One of the things we have learned not to do is not to make what somebody referred to as the normal scooter. We don't want to build a normal business. We want to build an extraordinary business. And I urge you to wait for just a few more weeks. And if you were to see the results of the first quarter of our listed competitors, who have ventured to make normal scooters, I think you will be quite relieved that we have not gone down that path.

Our second immunity booster i think is our Versatility. If you reflect on this later, you will find that there is absolutely no two wheeler or motorcycle Company in the world that demonstrates the versatility that we do. At the one end of the spectrum, we make a motorcycle called the boxer which is extremely popular in Africa that we sell for as little as \$400. And on the other hand, we have the capability within the same company to make the racing motorcycles of KTM



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that we export to the US to Europe to Japan and Australia as well. Incidentally I'm happy to share with you that due to the structural change in mobility as a direct impact of what has happened in the last few months, there is a great increase in the demand for KTM motorcycles in the markets that I just mentioned. In June, for example, KTM particularly for the small motorcycles that we export them witnessed a year on year growth in Australia of 100%, in the US of nearly 45% and across the continent of Europe of about 30%. So this is, in a way, a very positive development for us in these very, very difficult times.

Our third, immunity booster is our focus on Leadership. We know as a marketing organization, that business is only rewarding if your brand is number one or number two in its segment. And I'm happy to share with you that we continue to be number one or number two, in the segments in which we participate worldwide, in most of our major markets; of course, in the markets that we have recently entered, that will take some time to achieve.

Number four, what gives us strength is our Alliances. What started with KTM, in a small way in 2007, has now become a very, very strong Global Alliance. To this, we added the brand Husqvarna in the last couple of years, and the Huskies as we call them have been introduced all over the world now, including the Indian market in the last few months. And we are very happy with the way the market has responded to them. I'm sure you've also heard that in the last 12 months, we have sealed our alliance with triumph. Another outstanding company, you could say the alter ego of KTM. Because Triumph is the iconic classic motorcycle as much as KTM is the iconic racing motorcycle. Back home in India in Bangalore, We are very proud of our new alliance with the micro mobility specialist Yulu led by Amit Gupta and his team. And I think this is yet another very promising business vertical for us in the future.

Number 5 Technology:

Bajaj Auto continues to be a pioneer in motorcycle Technology. I don't think there is any technology in the world, in the world of motorcycles that is not in our possession. And indeed, very often we lead the way. And within Bajaj Auto, it is our R&D, which is now over 1200 strong. That leads the way. I am happy in that context to share with you that we are shortly about to open our first international Design Center in Bangkok. And very soon, we will follow up with one in Europe.

Number 6; I would say it is Integration with our distributors overseas, with our many dealers in this market, with our suppliers and with the suppliers of our suppliers. This very close integration with dealers and distributors who are exclusive to our business. And suppliers who while not being exclusive, are significantly if I may say so dependent on us, gives us the best of both worlds. On the one hand, they take care of many of let's say the more downstream issues



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allowing us at Bajaj to focus on our core competence. And yet at the same time, since they are so tightly knit to us, they are as committed to our business as we would be ourselves.

Point number 7 Modularity:

Modularity is something we keep in mind. For both our product and our process, we create platforms for our products, we create platforms for our processes across our plants, and also with our suppliers for our powertrains for our frames for our suspensions for our electronics. The direct benefit of this is in terms of both quality and cost. Creating platforms helps us to create a stable operation, which gives us reliable and high quality and keeps our costs low by giving us economies of scale.

Point number 8; I would say is Frugality. In the auto business, it is often thought that the most important component of cost is material cost. Because it can typically account for 70% of the cost of goods sold. But the reality is that the material cost is not very different between competitors and therefore does not offer any significant competitive advantage to one over the other. 30 years ago, MIT made it fashionable to talk about lean manufacturing. Bajaj Auto has moved forward from lean manufacturing, to lean engineering and lean marketing. As a result of lean engineering, I believe we have a fixed cost, which is globally competitive, perhaps one of the best. And we also have a very tight marketing budget, because we believe our brands and our products speak for themselves. As an example of this, let me share with you that in the month of June that just passed last month, despite operating at only 65% of capacity, because we are constrained by the occasional lockdowns at Aurangabad and Chakan. So, despite operating in only 65% capacity, our breakeven point is so low. Thanks to lean engineering and lean marketing that our June EBITDA stood at 19.8%., despite the fact that our very profitable Three Wheeler business is very deeply impacted for the moment. So June EBITDA of 19.8% should tell you, what frugality is all about at Bajaj Auto.

Number 9. Would be Productivity. The Prime Mover for productivity across all functions and operations at Bajaj Auto is TPM that we have been practicing for 24 years now. And of course, one of the outcomes of that is the productivity of all our employees from the top to the bottom. I believe we have one of the most competitive cost structures as far as employee cost is concerned in the industry. And this despite the fact that our CTC compares with the best not only in our industry, but across industries.

Number 10 Differentiation: as a marketing company, we believe strongly in the old adage that you must have a very strong USP but to us the USP now means not just a unique selling proposition, but a unique strategic proposition. And strategy that starts with technology finds its way all the way across to distribution. We believe so strongly in differentiation, which is why when we had a choice in 2011, between taking the easy route of supplying or distributing KTM



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motorcycles into Bajaj dealerships, or taking the longer route, the more difficult path of setting up a all new pro biking network for KTM, we chose the latter, because we knew that setting up a exclusive differentiated network would be a strength in the long term. Today, that has been validated. And if you were to compare us with our competition, that took the easier route, you would know what I mean? We are going down the same path with the Chetak; it would have been all too simple to supply the Chetak into 700 existing Bajaj dealerships. Unfortunately, this jewel would have been lost amongst all the motorcycles that are currently there. We have therefore taken the slower but deeper route once again of creating an exclusive distribution network for chetak, starting as we have at present with Pune and Bangalore.

Number 11; Differentiation follows Niche. We like to say if God is in the detail, profit is in the niche. We believe in this because we are the world's largest Three Wheeler makers. The three wheelers started as a niche over 50 years ago and for many people, it is still a niche. But what a profitable niche, it is. All the brands that we have been fortunate to bring to market in the last few years including Pulsar, Avenger, more recently, the Dominar and now the Qute that Rakesh alluded too. They all start as a niche and as the marketing principle goes, if you want to sell volumes, you have to market a niche. So we are always creating not just new technologies and products, but new segments and new niches to drive future volumes and future growth.

Point no 12; For me, this is perhaps one of the most important points, is Saleability. Our Marketing Guru Jack Trout taught us that especially when you're selling something that costs as much as a lakh of rupees if not more, you truly cannot sell, you can only supply a reason to buy and that is why we think of ourselves not as a automotive IE engineering company, but as an automotive IE FMCG company where the corporate brand is of greater concern to the shareholder to the employee to the supplier to the dealer, but to the customer, it is the b2c brand or the product brand such as Pulsar, Avenger, dominar, that is of primary importance, everything we do from design to communication is focused on this b2c brand. And that is what makes, I believe our products so remarkable from design through performance to communication.

Point number 13 Priceability:

At the end of the day, every strategy comes down to two options, one to provide the same product as your competitor at a significantly better price directly or indirectly Or to provide much more product in real and perceptual terms for the same price. The first option is simple, make the same stuff and discount it. But it's the second one that brings out the best in engineers and in marketers and that is the path we have always taken. And that is why sometimes when I'm asked why Bajaj is so obsessed with the 20% EBITDA, I say that we are



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not obsessed with any EBITDA, we are only obsessed with price-ability; we should be able to sell what we make at the same price as our leading competitor. And we should always challenge ourselves to provide more value in the product in the retail experience in the after-sales experience to justify that price.

Our 14 Immunity booster is Alignment:

Alignment of the brand IE Bajaj KTM chetak with the organization within the company. So, for each of these brands, in our business verticals under Rakesh, we have dedicated teams that live and die every day with these brands. This follows through in operations in the plants, in engineering, in purchasing, where we have again as much as possible very clear responsibility for the brands. And finally, as I mentioned before, in distribution, there we do not mix up motorcycles with three wheelers or KTM with Bajaj motorcycles.

Our 15 immunity booster is Agility:

An Agility depends on the team. I believe we have a very tightly knit 13 member, CMC, our corporate management committee, and a seven member management board. And I think we have very clear responsibilities, which makes us individually exclusive, but mutually exhaustive. If I were to describe them in one word, they would be this. My job is simply to provide direction. Joe's job as CTO is creation. Pradeep's job as ED of all operations is execution. Rakesh's job as ED of all marketing, sales, business operations, is realization. He has to make sure people pay for what we sell. Soumen's job as CFO is confirmation; unless he confirms, the board does not believe that we are doing a good job and Ravi Kyran as head of HR. is satisfaction; he has to make sure everybody directly and indirectly associated with Bajaj is happy to be here. And in that context, I want to compliment him and his team at HR who have helped all of us keep up are spirits, just figuratively, not literally. Over the last three months, I think we have been unique in being able to manage the impact on our operations between 24th March and 31st of May, with absolutely no wage cuts, with absolutely no layoffs not only for our own people, but even for those of the contractors associated with us. Of course, before I forget, that we are also a company that sometimes tends to annoy its competitors in the industry, sometimes people in government, that is why the chairman's job is protection; he has to protect all of us.

Point number 16 Diversity:

Chairman talked about this. Today, I'm very proud to tell you that over the last 12 months we have acquired and welcomed to our fold some outstanding international designers from Europe, from Italy, from Japan, from South Korea, and very soon, you will see the impact of their work. The percentage of women of girls work particularly at our R&D at Chakan, at Pantnagar



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continues to grow our EBU, the export business unit team gets more diverse with every year. And as chairman already mentioned, diversity comes like never before to the Board of Bajaj Auto as well, with the inclusion of Abhinav Bindra; I have known Abhinav personally for the last few years since just before he went to Brazil. And he's a modest chap who likes to say that his only virtue in life is the ability to stay still in mind and body irrespective of the circumstances around him. But I think he does not realize that that is the essence of yoga, because Guruji BKS Iyengar always told me, yoga is to be stable in unstable situations. Abhinav is now mentor, guru, guide & proves to not just many upcoming sportsmen, but to various people in various walks of life. And all of us who are part of Bajaj Auto, we are going to, I'm sure, immensely benefit from his experiences over time.

Number 17 Fallibility:

Fallibility is the ability to go with failure. As someone said, if a victory is described in adequate detail, it can no longer be distinguished from defeat. Because all victory comes from learning from defeat, all success comes actually from failure. I remember having started our motorcycle business in the mid-80s. Up until 1997, for 12 years, we failed repeatedly. We were always number four as a motorcycle maker in this country. But we have learned from that move forward from that. And today we are the third largest motorcycle maker in the world. Having achieved that, in such a short period of time, I think gives us great confidence that we can do much better in the next 10-15 years.

Number 18 Anti-fragility:

While failure is welcome, we do not wish to repeat our mistakes. And more importantly, we have to ensure that a management error now and then does not become a corporate failure. And I think we can see that in our first quarter results. They'll be managed to deliver, I believe a decent performance despite a disparate quarter. I was very pleased to see yesterday that between Rakesh and Pradeep, they have planned a level of volume for the month of August that is actually back to normal times, as would be the case before the COVID pandemic. And it gives me confidence that by the time we are in September or latest in October, we are actually I am tempted to say likely to see our best ever performance if not better than that. So I feel rather confident, by the way we are moving forward at this time. And I think it is a result of having built great resilience as anti-fragile company.



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Finally number 19; it's about Immunity, as much as one has to build the immunity in the Constitution of a human being, one must build greater and greater immunity in the business model of an organization. And simply put, this is done with the approach of less being more, I think, participate in lesser segments, with lesser brands with lesser products with lesser resources, I think is the way to achieve more.

So friends in the days of COVID-19, I thought these would be the 19 immunity boosters that might be meaningful to share with all of you, I think Nanoo Uncle would approve of this thought process. And having started with the sad news of his not being here, I want to end on a positive note with some good news. You see, it is said that life is a circle, circle of life, you know, we are in the monsoon season and then we will be in autumn and winter and spring and summer and again we will be in the monsoon, so seasons move in a circle, the seed draws from the soil and becomes a plant a tree, then we have fruit and leaves and flowers and they return to the soil and the circle starts again. And then similarly, you know, we are born, we are infants, then we are children, then we are adults, then we grow old. And in our old age, it is said we become like children again. Also yesterday, you may have heard those of you who joined us yesterday, that from 31st of July, Chairman will step down as chairman of Bajaj Finance. You already relinquished the same position at Bajaj Finserv and Bajaj Holdings last year. So this is also a circle of life. I'm not saying from adult, he's becoming a child again. I'm just saying he started from Bajaj Auto. He went through Holdings, Finserv, Finance, he has come back now to the origin to Bajaj Auto. And he's I don't know what he's whispering in my ear, but something about the insurance companies but I'm sure that to have him exclusively for Bajaj Auto. All of you are as excited as you know, I obviously AM. So that is a very good news for us as we go into the future on that happy note. Once again, I hope you're all well. I hope you all stay well. And I thank you for your time. Thank you.

Chairman:

Thank you Rajiv. Before I make my comments about the conclusion of the meeting because of this VC meeting. I take one questioner Mr Piyush Hasija, I don't know whether he is still there, who couldn't get connected. But he has sent a questionnaire in writing. He mentioned that whether meeting was held of Independent directors. Yes, the meeting was held of independent as required. Separate meeting on May 20th 2020, without the attendance of non—executive directors or management members. And of course, this was as per the circular, issued by the Ministry of Corporate Affairs. And I would like to mention that in this Annual report of 19-20, this fact of independent directors meeting has been mentioned on page 52.



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Conclusion:

Chairman:

Now that we have completed all the discussions and taken up all the resolutions and also answered, I hope to the satisfaction of the members, the questions which were put up, As I mentioned earlier that those members who did not vote earlier to cast their votes if they want to and using the facility provided by KFin, and the E-voting process will be kept open for only about 10 minutes. Dr Sridhar, Company Secretary and Shri Shyamprasad Limaye scrutinizer please coordinate for an orderly conduct of the e-voting procedure and I would also like to mention that the results of the meeting of this meeting, along with the consolidated scrutinisers report would be declared and posted on the company's website and KFin's website not later than 24th of July this month and shall also be naturally forwarded to the stock exchanges. Recorded transcript will also be made available on the company's website as soon as possible and Company Secretary and the scrutinizer will take over the proceedings to complete the voting formalities and subject to that e voting formalities of about maximum 10 minutes, I hereby declare, the business of the AGM concluded. Thank you everybody concerned, everybody who's involved here and of course, all the shareholders. Thank you.