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## Board of Directors

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**Rahul Bajaj**  
Chairman

**Madhur Bajaj**  
Vice Chairman

**Rajiv Bajaj**  
Managing Director

**Sanjiv Bajaj**

**Kantikumar R Podar**

**Shekhar Bajaj**

**D J Balaji Rao**

**D S Mehta**

**J N Godrej**

**S H Khan**

**Ms Suman Kirloskar**

**Naresh Chandra**

**Nanoo Pamnani**

**Manish Kejriwal**

**P Murari**

**Niraj Bajaj**

## Management

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**Rahul Bajaj**  
Chairman

**Madhur Bajaj**  
Vice Chairman

**Rajiv Bajaj**  
Managing Director

**Pradeep Shrivastava**  
Chief Operating Officer

**Abraham Joseph**  
Chief Technology Officer

**R C Maheshwari**  
President  
(Commercial Vehicle Business)

**Rakesh Sharma**  
President (International Business)

**Eric Vas**  
President (Retail Finance)

**Kevin D'sa**  
President (Finance)

**K Srinivas**  
President (Motorcycle Business)

**S Ravikumar**  
President  
(Business Development and Assurance)

**Amrut Rath**  
Senior Vice President  
(Human Resources)

**C P Tripathi**  
Advisor (CSR)

## Company Secretary

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**J Sridhar**

## Auditors

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**Dalal & Shah**  
Chartered Accountants

## Cost Auditor

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**A P Raman**  
Cost Accountant

## Bankers

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Central Bank of India  
State Bank of India  
Citibank N A  
Standard Chartered Bank  
Bank of America  
ICICI Bank  
HDFC Bank

**Registered under the  
Companies Act, 1956**

## Registered Office

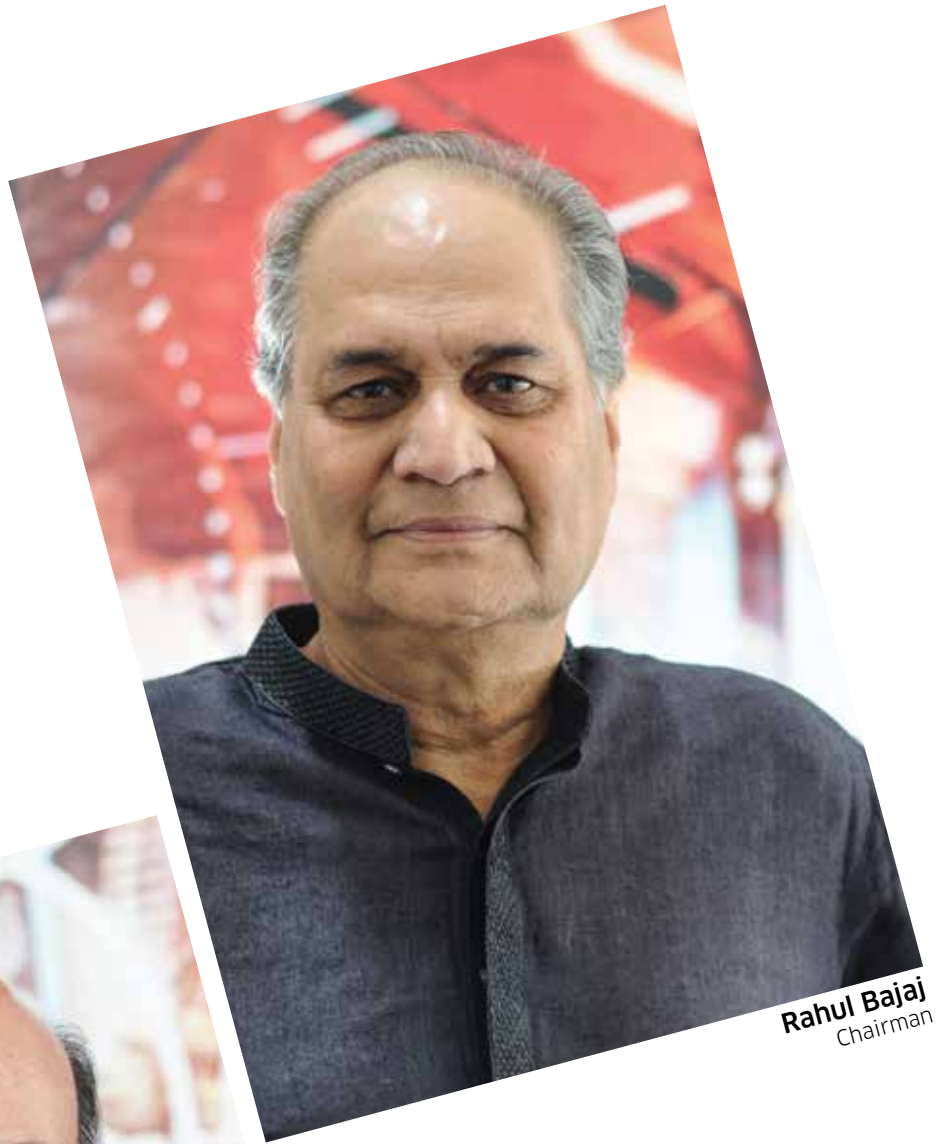
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Mumbai-Pune Road  
Akurdi, Pune 411 035

## Works

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- Mumbai-Pune Road  
Akurdi, Pune 411 035
- Bajaj Nagar, Waluj  
Aurangabad 431 136
- Chakan Industrial Area  
Chakan, Pune 410 501
- Plot No.2, Sector 10,  
IIE Pantnagar  
Udhamsinghnagar,  
Uttarakhand 263 531



**Rahul Bajaj**  
Chairman



**Madhur Bajaj**  
Vice Chairman





**S Ravikumar**  
President (Business Development  
and Assurance)

**Rakesh Sharma**  
President (International Business)

**Abraham Joseph**  
Chief Technology Officer

**Amrut Rath**  
Senior Vice President  
(Human Resources)

**Pradeep Shrivastava**  
Chief Operating Officer

# Management Team



**K Srinivas**  
President (Motorcycle Business)



**Kevin D'sa**  
President (Finance)



**C P Tripathi**  
Advisor (CSR)



**Eric Vas**  
President (Retail Finance)

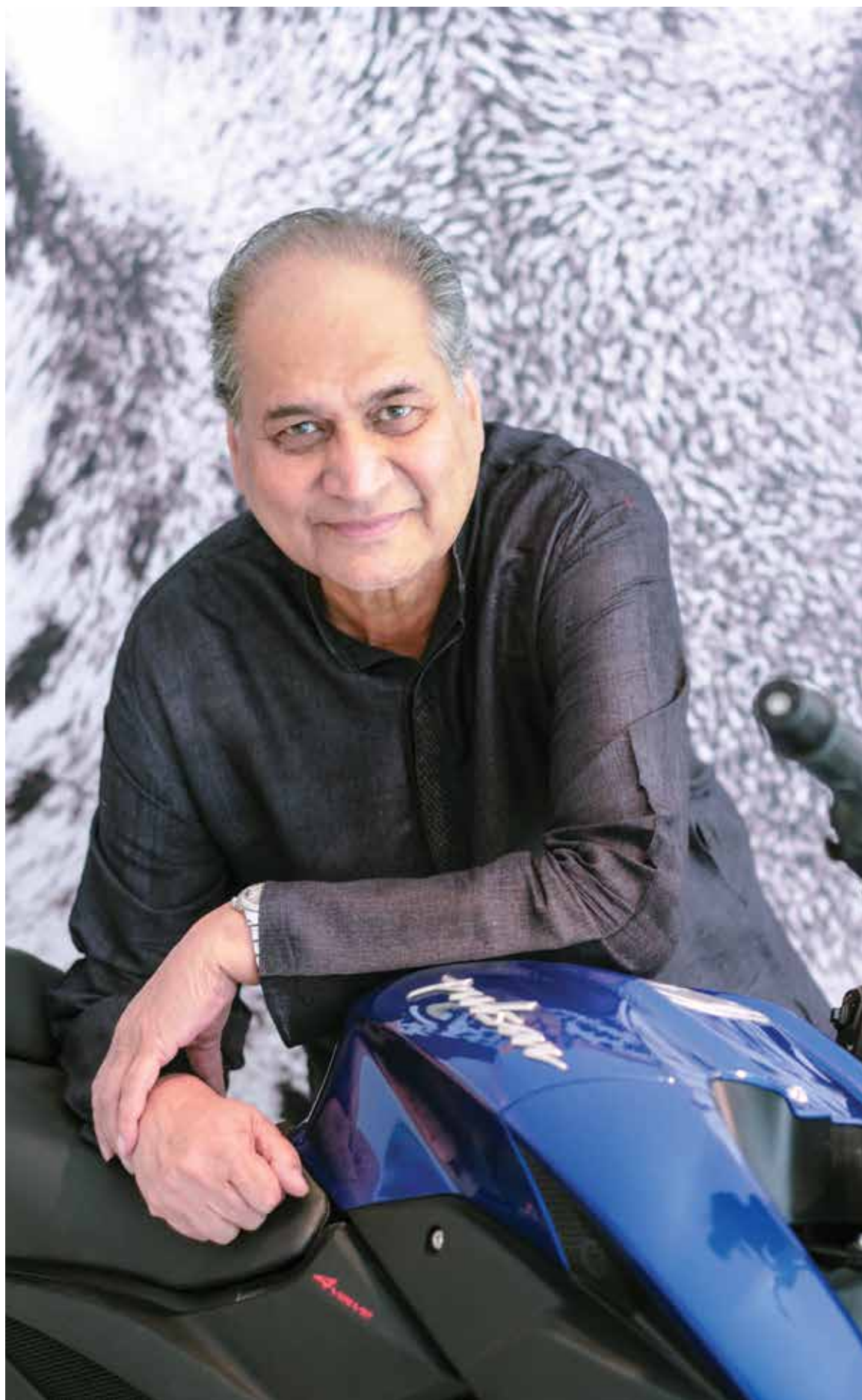


**Rajiv Bajaj**  
Managing Director



**R C Maheshwari**  
President  
(Commercial Vehicle Business)





# Chairman's Letter

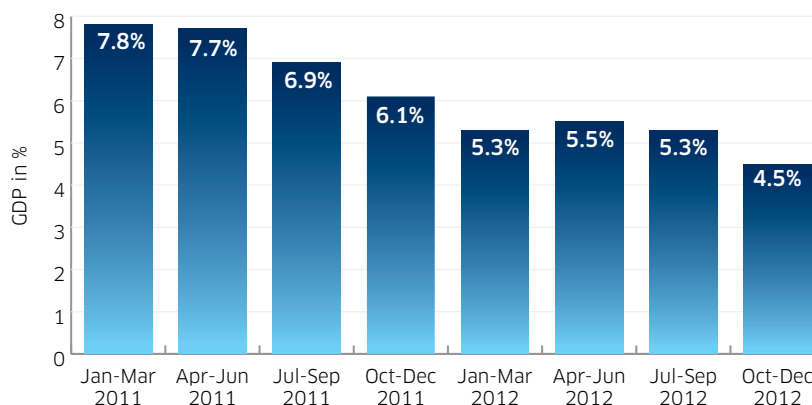
## Dear Shareholder,

In my last two years' letter to you, I began with congratulatory words for the management. This time, it may be useful to start with India's difficult macroeconomic and policy landscape.

A chairman's letter to shareholders does not normally carry a graph or chart. But when you look at the steady decline in India's real (i.e. inflation adjusted) GDP growth over the last eight quarters, you will agree that a pictorial depiction is in order. As the chart shows, India's growth has declined by 3.3 percentage points over the last eight quarters.

It is all too easy, almost convenient, to pin the blame on the post-Lehman global world for this sharp fall in growth. That is only partly true. For one, India's GDP is much more driven by domestic demand than international trade. For another, China, a country with far greater exports than India, has turned around and has grown by 7.9% in October-December 2012. Even Indonesia has grown faster than us in the last five quarters, posting 6.1% growth in October-December 2012.

**India's Real GDP Growth  
(over same quarter of previous year)**



Unfortunately, the hard truth is that despite growing at over 9% for three successive years under the first Congress-led United Progressive Alliance government, we failed to create the necessary infrastructure and investments to maintain healthy growth in difficult times. Instead of focusing on highways, power, rail, ports and IT networks that are critical for sustained growth, we steadily raised the nation's fiscal deficit to finance consumption-based subsidies and hand-outs; this in turn caused inflationary pressures; which led to the RBI imposing high interest rates and a tight monetary regime. Added to these were long bouts of inaction and uncertainty in governance, leading to a crisis in the power sector, lack of inter-ministerial clearances of key projects and an unfortunate reversal of a Supreme Court verdict through retrospective tax amendments.

The outcome: fall in investment and overall bearish expectations leading to steady reduction in GDP growth.

Those who produce and sell relatively high end consumer durables - such as motorcycles - can cope with falling growth over three to four quarters. Indeed, your Company successfully did so last year, and recorded its highest ever sales, exports and profits. To repeat such feats in

what has been the second successive year of quarterly de-growth would have been extremely difficult. Even so, the results have been noteworthy, and let me share these with you.

- Despite a difficult market, net sales and other operating income grew by 2.8% to an all-time high of ₹ 20,351 crore.
- Sales in volume terms reduced marginally by 2.6%. Bajaj Auto sold 4.24 million units versus 4.35 million units in the previous year. This consisted of 3.76 million motorcycles and more than 480,000 three-wheelers.
- Exports, too, were a bit lower than last year's – 1.55 million units in 2012-13 vis-à-vis 1.58 million in the earlier year. In revenue terms, however, exports grew by 4.1% to ₹ 6,713 crore.
- Your Company's operating EBITDA, at ₹ 3,990 crore in 2012-13, was almost the same as in the previous year. The operating EBITDA margin was 19.6% of net sales and other operating income. Although this is 60 basis points less than the previous year's EBITDA margin, I am proud of Bajaj Auto's management not only earning such a margin in a year as difficult as 2012-13, but also continuing to maintain its top-of-the-league position in profitability.
- Profit before tax (PBT) grew by 6% to ₹ 4,266 crore.
- Profit after tax (PAT) was at ₹ 3,044 crore – marginally higher than the previous year.

Let me touch upon exports which, in the past, have grown very strongly both in volume and revenue. This year saw a marginal volume shrinkage – 1.55 million units compared to 1.58 million in the previous period. In large measure this has to do with a key market: Sri Lanka, which substantially raised import tariffs on motorcycles and three-wheelers. Such disturbances occasionally happen in the course of international business. I am sure your Company will recover from this and grow exports more significantly in the coming years, even as the global economic environment remains one of weak growth and uncertainty.

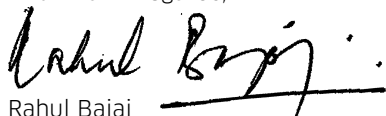
We also need to note that during 2012-13, overall, the Indian Auto Industry grew by 2% and its domestic sales by 2.6%, despite negative growth in passenger cars and heavy trucks. And the domestic two-wheeler sales grew by 2.9%. So, even as we are focused on and committed to profitable growth, we need to redouble our efforts for it.

How do I look at 2013-14? I am neither a soothsayer nor his modern day counterpart – an economist. I am a simple businessman. Despite being an optimist, I do not yet see signs of substantial recovery in the near future. The decline in the growth may have bottomed out; but incremental growth will be modest. I shall be pleasantly surprised if India can grow its real GDP by over 6% in 2013-14.

In such an environment, the domestic market for motorcycles will be very tough. Your Company will have to fight to gain market share – and yet do so in ways that do not erode its healthy EBITDA margin. It requires great ingenuity, superior tactics, huge capability and determination. The management and employees of Bajaj Auto, led by Rajiv Bajaj, the managing director, have more than enough capability to meet the challenge. I exhort them to do so, with the faith that they can achieve great feats in difficult times. All of us can race with tailwinds. The real champion races faster with headwinds. If a company can do so in our line of business, it is Bajaj Auto.

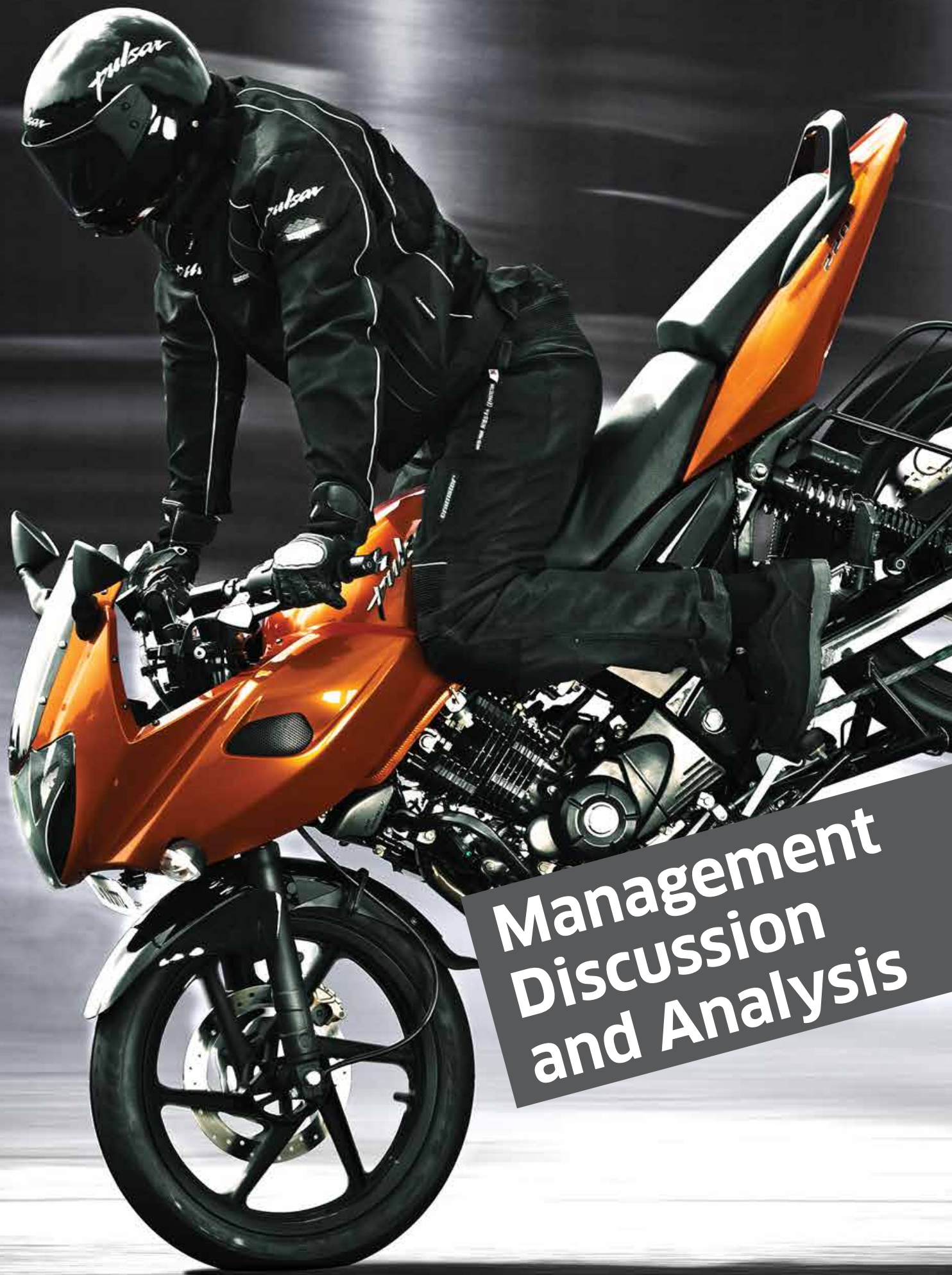
So, join me in wishing everyone in your Company 'God Speed'. May they, along with the dealers, vendors continue delighting our customers – and thus the shareholders through healthy returns.

With warm regards,



Rahul Bajaj  
Chairman





# Management Discussion and Analysis



Despite a very difficult year for the automotive industry, 2012-13 (FY2013) saw Bajaj Auto Ltd. post its highest ever turnover and profits\*\*. Operating EBITDA margin stood at 19.6%, highest in the auto industry.

