



Smart Sync Services @SmartSyncServ

8 Jul · 16 tweets · [SmartSyncServ/status/1280818815069089799](#)



As promised,

Here is the thread on AR 19-20 of Bajaj Auto

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Bajaj Auto

The World's Favourite India

HAMARA KAL

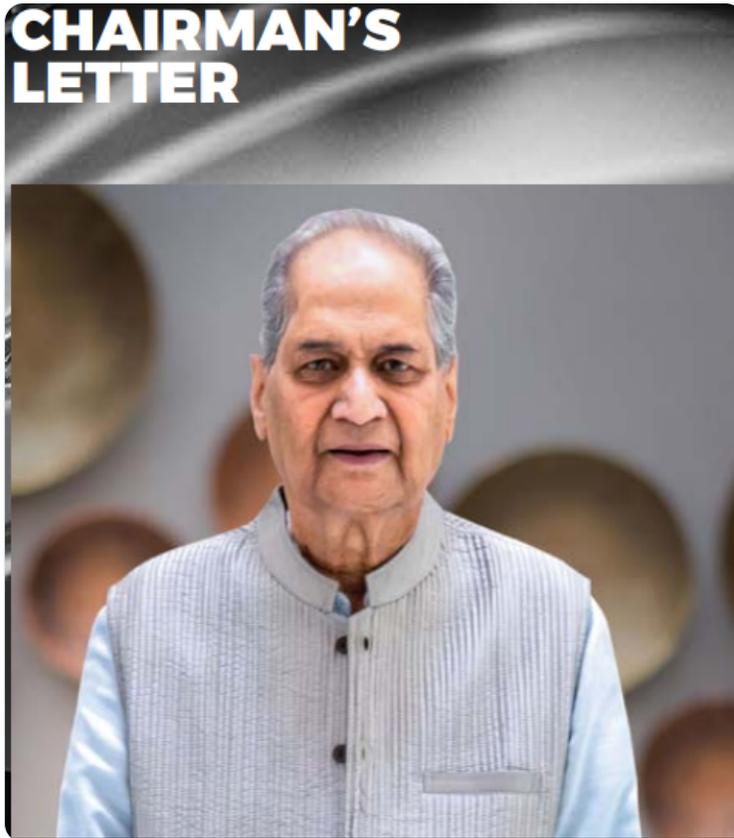
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Chairman's Letter

- In FY20, compared to industry, the company did very well.
- COVID-19 induced lockdown wiped out 40 days, 8 in FY20, 32 in FY21.
- Demand in Q1&Q2 will be muted.
- Going forward, banking on higher exports & operational efficiencies.



Notes from MDA

“This great Nation will endure as it has endured, will revive and will prosper. So, let me assert my firm belief that the only thing we have to fear is fear itself... which paralyzes efforts to convert retreat into advance.”

~Franklin Roosevelt, March 1993

“This is the time to speak the truth, the whole truth, frankly and boldly... This great Nation will endure as it has endured, will revive and will prosper. So, let me assert my firm belief that the only thing we have to fear is fear itself... which paralyzes efforts to convert retreat into advance.”

Franklin Delano Roosevelt
 32nd President of the United States of America
 Inaugural Address, 4 March 1933

President Roosevelt was speaking when the Great Depression had wreaked havoc on the world economy. Between 1929 and 1932, real GDP of the USA crashed by 25%. Private investment plummeted by 84%. Exports fell by 46%. And unemployment ballooned by 607%.

It is important to put things in perspective.

Compared to the Great Depression which ravaged the USA, the United Kingdom, France, Germany, Latin America, Japan, India and most colonial possessions of the time for at least four long years — when global GDP fell by 15% between 1929 and 1932 — the worst-case economic impact of the COVID-19 pandemic pales to insignificance. Though terrible in the number of worldwide infections and deaths, the global economy is projected to contract by 3% in 2020 [International Monetary Fund, *World Economic Outlook*, April 2020].

It also needs stating that much of the world should come out of the slump by the last quarter of CY2020, and that the global economy is projected to return to growth by CY2021.

We at Bajaj Auto are confident about our products, our customers and every one of our employees. A large and profitable company like ours has the financial strength to deal with the economic impact of this pandemic. We have people who have earned us the distinction of becoming **The World's Favourite Indian** with industry-leading metrics.

Today, we are again open for business. Not fully, but in good measure. Soon enough, the effects of the lockdown will be things of the past. And then, unified in our resolve and commitment, Bajaj Auto will roar back at full throttle!

We don't fear fear. We know how to convert a challenge into opportunities. And we will.

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Notes from MDA

- Motorcycle Domestic Industry Growth Nos: FY18: 13.7%, FY19: 7.8%, FY20: -17.5%
- That was worst ever percentage fall since FY11
- 3W Domestic Industry Growth Nos: FY19: 10%, FY20: -9.2%

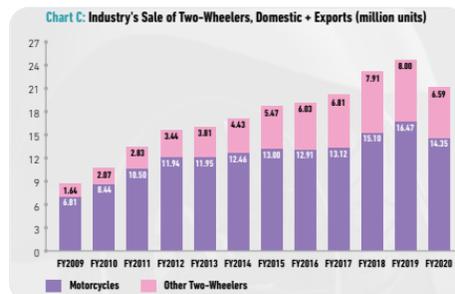
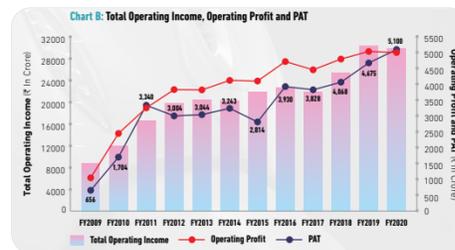
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Notes from MDA

Bajaj's performance on this backdrop:

- Turnover: 31652 Cr (ATH), down 0.5% YoY
- EBITDA: 5253 Cr, down 1% YoY
- EBITDA Margin 17.6% Vs 17.5% YoY
- PBT 6580 Cr
- PAT 5100 Cr (ATH)
- Cash: 14322 Cr

Bajaj Auto did well compared to the industry



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Notes from MDA

Regulations increased cost of ownership of Motorcycles leading to a decline in volumes:

- Compulsory 3rd party insurance
- More rigorous braking norms from April 2019
- Implementation of more stringent emission norms under BS-VI from April 2020

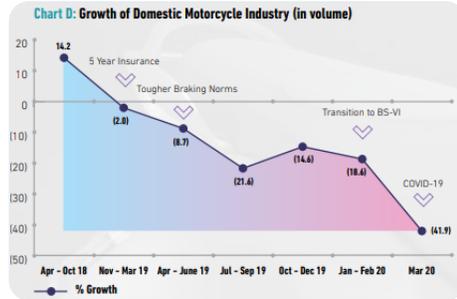


Table 2: Sale of Motorcycles, Domestic and Exports

Year ended 31 March	Motorcycles Domestic				Motorcycles Exports					
	Industry sales (nos.)	Industry growth	BAL's sales (nos.)	BAL's market share	Industry sales (nos.)	Industry growth	BAL's sales (nos.)	BAL's market share		
2016	10,700,466	(0.4%)	1,898,957	7.2%	1,77%	2,208,922	(1.9%)	1,459,295	(4.1%)	66.1%
2017	11,094,543	3.7%	2,201,391	5.4%	18.0%	2,025,529	(8.3%)	1,218,541	(16.5%)	60.2%
2018	12,812,241	15.7%	1,974,577	(1.3%)	15.7%	2,483,297	22.6%	1,394,757	14.5%	56.2%
2019	13,599,478	7.2%	2,541,320	28.7%	18.7%	2,865,861	15.4%	1,895,553	21.4%	59.2%
2020	11,214,440	(17.5%)	2,078,136	(18.2%)	18.5%	3,134,519	9.4%	1,869,220	10.2%	59.6%

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Notes from MDA

M segment witnessed a sharp downturn in FY20. Bajaj also faced the heat. But, it managed to mitigate with introduction of new models.

Bajaj was the leader in the sports segment 44.7%, market share in FY20.

We begin with the so-called 'mileage' or 'M' segment, where Bajaj Auto is represented by the CT, the Platina and the Pulsar125.

- In FY2019, while domestic billings of this segment for the industry as a whole grew by 6.1%, Bajaj Auto's billings increased by 28.7%. Consequently, our market share in the M segment increased by 2.4 percentage points to 14.5%.
- Plagued by a lack of demand, accentuated by a series of regulatory costs that were imposed upon the market that we touched upon earlier, billings in this segment plummeted in FY2020. For the industry, from an average of 8.66 lakh units per month in FY2019, billings dropped by 16.1% in FY2020.
- Bajaj Auto, too, was affected by a drop in sales — its billings reduced by 17.0%, and our market share in the M segment fell marginally by 20 basis points to 14.3%.
- That we, more or less, held on to our market share was driven by excellent sales performance of two new models — the Platina H and the Pulsar125. These models upgraded the product profile of this segment to create excitement in the 'mileage' market and attract a new set of customers.

That brings us to what we call the 'sports' or 'S' segment, where we have our Pulsars ranging from 150cc to 220cc and the Avenger.

- In FY2019, industry's sales in the 'sports' segment grew by 18% over the previous year and accounted for 16% of the industry's total domestic sales. Bajaj Auto's sales increased by over 33% to an average of almost 80,300 units per month, and enjoyed a segment share of over 44%.
- The overall lack of demand for motorcycles in FY2020 also showed up in the sports segment. Average monthly sales for the industry as a whole dropped from 182,264 units in FY2019 to 139,436 units in FY2020 — a fall of 23.5% in the course of a year.
- Even in the milieu of declining sales, Bajaj Auto did well and actually increased its market share in the segment from 44.1% in FY2019 to 44.7% in FY2020.

in the higher 'super-sports' segment, we offer the entire range of KTM's, the Pulsar R5200 and the Dominar.

- In FY2019, total sales in this segment accounted for an average 83,930 bikes per month, with it growing by 4.6% over the previous year. Bajaj Auto's models accounted for 7.4% of the segment.
- As it occurred across the industry and over each market segment, FY2020 saw an 18.5% decline in sales to an average of 68,400 bikes per month.
- Here, Bajaj Auto bucked the trend. In a year when segment sales for the industry declined by 18.5%, we sold an average of over 6,930 super-sports bikes per month — or a growth of 10.9% over the previous year. Consequently, our market share in this segment increased by 2.7 percentage points, from 7.4% in FY2019 to 10.1% in FY2020.

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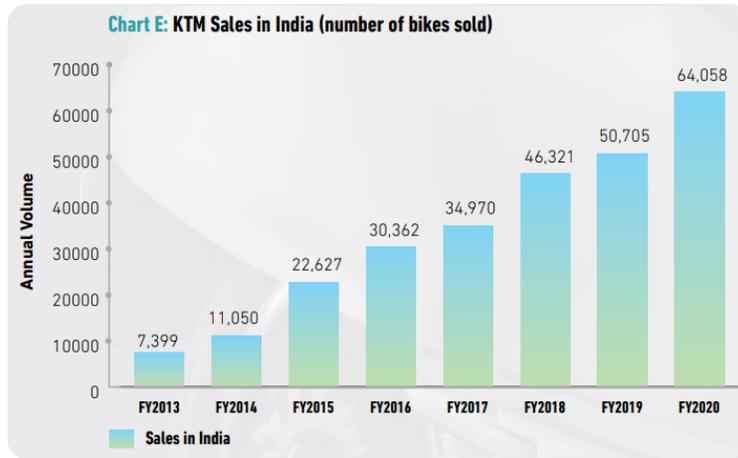
Notes from MDA

KTM

•Sold over 60K units, growing 26% in FY20 — the only major brand to record high double-digit growth

•Strengthened its presence in the 125cc premium sports.

•Revamped its existing models with the launch of the 2020 range.



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Notes from MDA

Scooters: The Legendary Chetak Rides Again

- Re-introduce the Chetak as a best-in-class electric scooter with an iconic design
- LED headlight with daytime running lamps, electronic switches & rear LED blinkers.
- Embedded with mobility solutions

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Notes from MDA

3Ws & Qute

- Total 3W sales down 14.9%
- Exports declined due to severe permit restrictions in Egypt.
- Qute launched in 4 states: Kerala, Gujarat, Odisha & Rajasthan. Total Sales in FY20

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- Partnership with Uber in Bangalore sold 270 units of Qute.

Particulars	Total sales			Domestic sales			Exports		
	FY2020	FY2019	FY2018	FY2020	FY2019	FY2018	FY2020	FY2019	FY2018
Passenger sales									
Industry sales	1,020,865	1,133,908	894,234	525,015	572,392	517,423	495,850	561,516	376,811
Bajaj Auto sales	629,326	745,254	612,590	334,714	368,208	346,846	294,612	377,046	265,744
Bajaj Auto market share	61.6%	65.7%	68.5%	63.8%	64.3%	67.0%	59.4%	67.1%	70.5%
Goods carriers									
Industry sales	117,873	134,792	122,466	111,554	128,619	118,275	6,319	6,173	4,191
Bajaj Auto sales	32,191	32,349	23,262	30,103	30,618	22,791	2,088	1,731	471
Bajaj Auto market share	27.3%	24.0%	19.0%	27.0%	23.8%	19.3%	33.0%	28.0%	11.2%
Total three-wheelers									
Industry sales	1,138,738	1,268,700	1,016,700	636,569	701,011	635,698	502,169	567,689	381,002
Bajaj Auto sales	661,517	777,603	635,852	364,817	398,826	369,637	296,700	378,777	266,215
Bajaj Auto market share	58.1%	61.3%	62.5%	57.3%	56.9%	58.1%	59.1%	66.7%	69.9%

Notes from MDA

BS-VI Transition

•R&D upgraded 23 2W variants & 12 CV variants in a seamless manner to BS-VI in Q3 & Q4.

•Widest portfolio & the highest number of variants that have been upgraded to BS-VI compared to any other automobile companies in India

Notes from MDA

Total Productive Maintenance (TPM)

‘The TPM way’ has been extended externally to include Bajaj Auto’s

- Vendor
- Dealers
- Distributors
- Overseas Distributor Plants

With an aim to create a work culture of achieving across-the-board excellence.

Financials

•Balance Sheet

•Profit & Loss Account

Particulars	Note No.	2020	2019
ASSETS			
Non-current assets			
Property, plant and equipment	2	1,822.03	1,688.69
Capital work-in-progress	2	66.54	11.54
Investment property	3	53.90	55.50
Intangible assets	4	4.309	19.75
Intangible assets under development	4	33.65	34.48
Investments in subsidiaries	5A	1,233.26	1,222.72
Financial assets			
Investments	5B	14,182.94	16,360.16
Trade receivables	10	—	—
Loans	6	32.46	31.62
Other financial assets	7	3.13	0.02
Income tax assets (net)	—	714.81	584.41
Other non-current assets	8	250.53	326.83
		18,176.34	20,317.73
Current assets			
Inventories	9	1,563.50	961.51
Financial assets			
Investments	5B	2,779.75	1,576.48
Trade receivables	10	1,725.10	2,559.69
Cash and cash equivalents	11	273.33	905.38
Other bank balances	12	30.94	17.43
Loans	6	6.11	6.34
Other financial assets	7	77.56	112.94
Other current assets	8	626.67	922.89
		4,976.94	7,082.64
		24,773.36	27,380.39

Particulars	Note No.	2020	2019
EQUITY AND LIABILITIES			
Equity			
Equity share capital	13	289.37	289.37
Other equity	14	19,376.12	21,699.53
		19,925.49	21,779.90
Non-current liabilities			
Financial liabilities			
Sales tax deferral	15	128.59	126.32
Provisions	16	80.50	14.56
Deferred tax liabilities (net)	17	345.38	542.66
Government grant	—	41.30	43.95
Other non-current liabilities	18	0.83	1.12
		596.60	726.61
Current liabilities			
Financial liabilities			
Trade payables	—	—	—
Total outstanding dues of micro enterprises and small enterprises	—	13.33	2.65
Total outstanding dues of creditors other than micro enterprises and small enterprises	—	3,153.57	3,784.08
Other financial liabilities	19	548.27	370.97
Other current liabilities	20	328.88	556.97
Provisions	16	157.97	149.62
Government grant	—	2.65	2.65
Current tax liabilities (net)	—	15.36	15.36
		4,293.41	4,873.48
		24,773.30	27,380.39

Particulars	Note No.	2020	2019
Statement of Profit and Loss			
For the year ended 31 March			
Revenue from contracts with customers	—	29,111.54	29,567.26
Other operating revenue	—	80.11	795.32
Revenue from operations	21	29,191.65	30,357.57
Other income	22	1,739.56	1,438.85
Total income		31,692.21	31,796.42
Expenses			
Cost of raw materials and consumables consumed	—	19,126.67	20,776.77

Particulars		2020	2019
Purchase of traded goods		1,564.87	1,579.38
Changes in inventories of finished goods, work-in-progress and traded goods	23	(63.67)	(56.42)
Employee benefits expense	24	1,389.21	1,255.40
Finance costs	25	3.16	4.48
Depreciation and amortisation expense	26	244.13	225.69
Other expenses	27	2,454.90	2,142.11
Expenses, included in above items, capitalised		(297.77)	(30.10)
Total expenses		25,072.01	25,435.26
Profit before exceptional items and tax		4,580.20	4,341.14
Exceptional items	28	-	(342.00)
Profit before tax		4,580.20	4,703.14
Tax expense		-	-
Current tax		1,547.26	1,818.59
Deferred tax		(67.24)	209.29
Total tax expense	29	1,480.02	2,027.96
Profit for the year		3,099.98	2,675.18

Particulars	Note No.	For the year ended 31 March	
		2020	2019
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Actuarial gains/(losses) of defined benefit plans		(37.95)	(5.47)
Tax impact on above		4.70	1.97
Changes in fair value of FVOCI equity instruments		(550.03)	84.33
Tax impact on above		62.39	(9.82)
Items that will be reclassified to profit or loss			
Valuation gains/(losses) on derivative hedging instruments		(221.11)	5.54
Tax impact on above		62.09	(1.94)
Other comprehensive income for the year (net of tax)		(679.85)	76.55
Total comprehensive income for the year		4,420.13	4,749.73
Basic and diluted Earnings per share (in ₹)	30	176.3	161.6
Normalised value per share ₹ 10)			
Summary of significant accounting policies followed by the Company	1		

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Financials

•Statement of Changes in Equity

•Cash Flow Statement

Particulars	Note No.	2020	2019
At the beginning of the year		289.37	289.37
Changes in equity share capital		-	-
At the end of the year	13	289.37	289.37
B. Other equity			
			(₹ in Crores)
		Reserves and surplus	Other reserves
		General reserves	Cash flow hedging reserve
		Retained earnings	Costs of hedging reserve
			FVOCI reserve
			Share based payments reserve
			Treasury shares
			Total other equity
Balance as at 31 March 2018	14	4,433.40	1,327.85
Profit for the year		4,575.18	-
Other comprehensive income (net of tax)		(3.56)	(19.41)
Total comprehensive income for the year ended 31 March 2019		4,471.62	(19.41)
Dividend declared for the year ended 31 March 2019		-	-
Share based payments		-	-
Transfer from retained earnings to general reserves		488.00	488.00
Final dividend for the year ended 31 March 2018		(7.76)	(7.76)
Tax on final dividend as above		(337.49)	(337.49)
Balance as at 31 March 2019	14	4,921.40	14,451.58
Profit for the year		3,099.98	-
Recognition of share based payments to employees		-	-
Other comprehensive income (net of tax)		(5.18)	(54.40)
Total comprehensive income for the year ended 31 March 2020		3,094.80	(54.40)
Dividend declared for the year ended 31 March 2020		-	-
Share based payments		-	-
Transfer from retained earnings to general reserves		510.00	510.00
Treasury shares held by ESOP Trust		-	-
Final dividend for the year ended 31 March 2019		(7.76)	(7.76)
Tax on final dividend as above		(35.97)	(35.97)
Interim dividend for the year ended 31 March 2020		(4,472.40)	(4,472.40)
Final dividend declared as above		(21.76)	(21.76)
Balance as at 31 March 2020	14	6,431.46	16,796.64

Particulars	2020	2019
I. Operating activities		
Profit before tax	4,580.20	4,703.14
Adjustments to reconcile profit before tax to net cash flows:		
Add:		
ii Depreciation and amortisation	244.43	225.69
iii Loss on property, plant and equipment sold, demolished, discarded and scrapped	13.70	8.41
iiii Provision for doubtful debts and advances	22.01	1.19
v Share based payment to employees	19.21	-
vi Exchange loss/(gain) on cash and cash equivalents	(2.16)	26.96
vii Exchange loss/(gain) on trade receivables	(19.41)	2.96
viii Exchange loss/(gain) on import payables	(5.88)	80.03
ix Interest adjustment on Government grant	1.06	0.94
x Interest expense	3.10	3.52
	275.76	309.65
Less:		
i Investment income included in above:		
Interest income on fixed income securities	17.04	24.33
Interest income on fixed deposits	28.80	-
Interest income on fixed maturity plans	903.55	829.65
Profit on sale of other investments, net	19.53	1.92
Gain on valuation and realisation of mutual funds measured at fair value through profit or loss	442.70	381.19
Dividend income on investments in subsidiaries	208.99	94.36
Dividend income on other strategic investments	25.38	-
Amortisation of premium/discount on acquisition of fixed income securities	18.24	1,482.21
ii Provision for doubtful debts and advances written back (net)	0.54	1.22
iii Government grants	2.45	2.45
iv Exceptional item - NCD interest	-	342.00
v Surplus on sale of property, plant and equipment	5.28	55.05
	(1,672.80)	(1,760.88)
Change in assets and liabilities	5,143.14	5,252.23
ii (Increase)/decrease in inventories	(101.99)	(218.93)
iii (Increase)/decrease in trade receivables	828.53	(1,070.47)
iv (Increase)/decrease in loans and other assets	(429.28)	(160.67)
iv (Increase)/decrease in liabilities and provisions	(759.20)	444.55
Amortisation of premium/(discount) on acquisition of fixed income securities	376.52	(792.52)
Amortisation of premium/(discount) on acquisition of fixed income securities	376.52	(792.52)
Net cash flow from operating activities before income tax	5,537.42	4,453.87
Income tax refund/(paid) for earlier years (net)	-	(0.00)
Income tax paid	(1,877.60)	(1,954.34)
Net cash flow from/used in operating activities	3,661.76	2,499.53
Carried forward	3,661.76	2,499.53

Particulars	2020	2019
II. Investing activities		
ii Investment in subsidiary	(10.54)	-
iii Sale of investments	5,178.76	9,140.38
iii Purchase of investments	(5,517.96)	(6,600.95)
iv Sale/(purchase) of liquid mutual funds, etc., net	166.70	214.81
v Investment in treasury shares by ESOP Trust	(26.62)	-
vi (Increase)/decrease in other bank balances	(33.51)	(0.37)
vii Purchase of property, plant and equipment (including advances)	(282.81)	(163.53)
viii Sale proceeds of property, plant and equipment	16.75	76.76
ix Capital expenditure on development of technical know-how	(13,930)	(92,786)
x Investment income	1,497.27	(354.28)
Interest income on fixed income securities	17.04	24.33
Interest income on fixed deposits	28.80	-
Dividend income on investments in subsidiaries	208.99	94.36
Dividend income on other strategic investments	25.38	-
(Increase)/decrease in interest receivable	(23.84)	(8.49)
	287.27	118.20
Net cash flow from/used in investing activities	1,754.54	(244.88)
Carried forward	5,616.30	2,245.45

Particulars	2020	2019
III. Financing activities		
ii Interest expense	(2.10)	(3.52)
iii Deferral of sales tax deferral liability	-	2.79
iii Dividend, including interim dividend paid	(5,195.10)	(1,735.83)
iv Corporate dividend tax paid	(1,048.31)	(337.49)
Net cash flow from/used in financing activities	(6,244.51)	(2,074.05)
Net change in cash and cash equivalents	(638.21)	177.40
Cash and cash equivalents at the beginning of the year	905.38	768.76
Adjusted: Effects of exchange loss/(gain) on cash and cash equivalents	2.16	(24.76)
Cash and cash equivalents at the end of the year (See note 11)	277.33	905.38

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Now before going to the last tweet of the thread let us share a trivia with you.

Did you know?

Sanjiv Bajaj has a higher shareholding in Bajaj Auto compared to Rajiv Bajaj

Rajiv Bajaj				
At the beginning of the year 01/04/2019	767,500	0.27		
05/07/2019-Purchase	6,400	0.00		
07/01/2020-Gift Given	(311,000)	(0.11)		
08/01/2020-Gift Given	(120,000)	(0.04)		
At the end of the year 31/03/2020	342,900	0.12	342,900	0.12
Sanjiv Bajaj				
At the beginning of the year 01/04/2019	514,724	0.18		
07/01/2020-Gift Received Sanjivnayan Bajaj (Siddhant Family Trust)	57,258	0.02		
At the end of the year 31/03/2020	571,982	0.20	571,982	0.20

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You may want to have a look at the transcript of the last 6 quarters' concalls here:

smartsyncservices.com/bajaj-auto-ltd/

AR & concall notes are the best sources of information for any business.

So do L&R this thread so that maximum people can benefit.

End

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