

81st Annual Report 2019-20

Bajaj Electricals Limited

NEP WE FIL





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CORPORATE INFORMATION

Board of Directors

Shekhar Bajaj
Chairman & Managing Director

Anuj Poddar
Executive Director

Harsh Vardhan Goenka

Dr. Indu Shahani

Madhur Bajaj

Munish Khetrpal

Pooja Bajaj

Dr. Rajendra Prasad Singh

Rajiv Bajaj
(w.e.f. 22nd May, 2019)

Siddharth Mehta

Shailesh Haribhakti
(w.e.f. 7th August, 2019)

Company Secretary

Ajay Nagle
(w.e.f. 6th January, 2020)

Auditors

S R B C & Co. LLP,
Chartered Accountants

Secretarial Auditor

Anant B. Khamankar & Co.,
Practicing Company Secretaries

Cost Auditor

R. Nanabhoy & Co.
Cost Accountants

Bankers

State Bank of India | Bank of India |
Union Bank of India | Yes Bank Ltd. |
IDBI Bank Ltd. | HDFC Bank Ltd. |
ICICI Bank Ltd. | IndusInd Bank Ltd.

Debenture Trustee

Axis Trustee Services Ltd.

Registered Office

45/47, Veer Nariman Road,
Mumbai - 400 001
CIN: L31500MH1938PLC009887

Corporate Office

- i. 001, 502, 701 & 801,
Rustomjee Aspiree,
Off Eastern Express Highway,
Bhanu Shankar Yagnik Marg,
Sion (E), Mumbai - 400 022
- ii. 51, Mulla House, M. G. Road,
Fort, Mumbai 400 001

Factories

Chakan Unit | Ranjangaon Unit |
Wind Farm Unit | Shikohabad Unit |
Parwanoo Unit

Branches

Ahmedabad | Bengaluru |
Bhubaneshwar | Chandigarh |
Chennai | Kochi | Delhi | Guwahati |
Hyderabad | Indore | Jaipur |
Kolkata | Lucknow | Mumbai |
Nagpur | Patna | Pune | Raipur

Depots

Dehradun | Goa | Kundli | Parwanoo |
Ranchi | Vijayawada | Zirakhpur

Central Warehouses

Banur | Daman | Mumbai | Vapi

Regional Distribution Centres

Bengaluru | Delhi | Kolkata

Overseas Representative / Liaison Offices

China | Dubai | Zambia | Kenya |
Togo

Annual General Meeting

On Friday, the 28th day of August, 2020 at 02.30 p.m. IST through Video Conferencing ("VC")/Other Audio Visual Means ("OAVM")



Bajaj Electricals takes immense pride in celebrating an eight-decade-long journey of togetherness. Of providing products and solutions that make your everyday living better and simpler. Of illuminating India and Indian homes. Of earning your trust and your confidence. Eight decades of being a part of every Indian home and every life. This is our most precious asset and a legacy that we are proud of.



As India moves forward, our needs too continue to evolve. And we all continue to change and adapt. And yet, with this transition, comes the responsibility to retain and nurture our anchors and our unique values. And that which is most familiar and dear to us. Bajaj Electricals has been and will continue to be an integral part of this journey with you, even as India enters a new chapter of life. We will build the future with you. Because our relationship with you is timeless.

**NEW
Dreams.**

**NEW
Beginnings.**

**NEW
Challenges.**

We continue to move on the path towards a new tomorrow with our ideology of "Building the Future, Preserving Legacy". We have our eyes firmly on the future and will continue to drive innovations and leverage technology to craft new products and solutions that will deliver greater convenience, comfort and well-being to you. And yet, we will continue to cherish our values from yesterday – care and concern for you and for the wider community, built on a platform of trust.

We welcome you to this new life, which is a beautiful blend of new-age technology and our old-age values. A new life of fresh confidence and happiness. A new life that leads us on to a better tomorrow. Welcome to our new brand vision –

"Open New Life".

ABOUT BAJAJ GROUP



A globally renowned and diversified conglomerate, Bajaj Group today has firmly cemented its position as one of the largest business groups in India. Founded by late Shri Jamnalal Bajaj, the group has grown manifold over the last nine decades of its existence, establishing its presence across industries including Automobile (two and three wheelers), Consumer Products, EPC, Iron & Steel, Insurance, Financial Services and Travel.

With 59 companies catering to diverse consumer needs, we remain committed to add value with our innovation & vision. Acting as a catalyst for social empowerment, the group continuously engages in notable contributions to uplift and endow millions across the country, thereby creating a significantly meaningful position for itself.



Industries



Home
Appliance



Fans



Lighting



EPC –
illumination



EPC – Power
Transmission and
Distribution



Automobile
(2 & 3 wheelers)



Insurance



NBFC / Financial
Services



Iron and Steel



Travel

ABOUT BAJAJ ELECTRICALS

One of the most trusted and preferred names in Consumer Products and EPC segment, Bajaj Electricals Limited (Bajaj Electricals) is renowned for its exceptional range of innovative products and solutions, catering to a wide customer base – meeting varied requirements efficiently.

As an integral part of Bajaj Group, at Bajaj Electricals we leverage our expertise, knowledge, research & manufacturing capabilities to meet the evolving needs of our consumers and customers. Our widespread distribution network, along with our innovative and best-in-class product portfolio delivers superior performance, consistently.

We have been making steady progress to align our activities with our vision of **'Enhancing quality of life and bringing happiness with sustainability'** by being responsive and agile to a changing business environment. At Bajaj Electricals, we are constantly adopting and implementing new-age technologies to serve our customers better by focussing on advanced, feature-rich products. Our products continue to be easily accessible and affordable, reaching out to a maximum number of consumers.

Our **values** underpin our business philosophy, with a commitment to conduct business responsibly and fulfil the objective of sustainable growth through:



Integrity



Teamwork



Empowerment



Customer
Delight



Innovation



Trust

Our Business Segments

Consumer Product

With an aim to be a modern and contemporary consumer durable brand, Bajaj Electricals offers a range of unique and innovative products within its Kitchen Appliances, Domestic Appliances,

Fans and Lighting categories. We also cater to the premium home appliance and cookware segment through our acquired brands, Morphy Richards and Nirlep Appliances.

Key statistics for FY 2019-20

25+

Product sub-categories

2.20 lakhs

Retailers

230

New products launched

544

Consumer care centres across the country

#2

Ranked brand in terms of market share and digital visibility in SHA (Small Home Appliances) category on E-Commerce space

Read more on Page 128 of the Report

EPC

Our EPC portfolio encompasses the power transmission, distribution and illumination verticals. With years of experience and proven expertise in project execution, we have established a firm footing as a market leader in the EPC segment.

Illumination: We have decades of experience, expertise and proven track record of providing top-notch functionality, energy efficient and aesthetically appealing solutions to our customers

190

New products launched in FY 2019-20

26

Illumination projects executed in FY 2019-20

Power Distribution: We specialise in building and strengthening power distribution infrastructure to ensure uninterrupted electricity supply across the country, especially in the rural areas.

12,906

Number of villages electrified in FY 2019-20

250,506

Number of BPL connections in FY 2019-20

Power Transmission: We are one of the leading companies in power transmission sector undertaking turnkey solutions for transmission line towers. Through our manufacturing facility in Pune, we manufacture transmission line towers, monopoles and other fabricated structures.

36,000 MT

Manufacturing capacity of the plant

17

Power transmission projects executed in FY 2019-20

Read more on Page 136 of the Report

BUSINESS MODEL

Key Inputs



Financial Resources

An appropriate mix of debt and equity fund that empowers us to grow and expand our business



Our People

Our diverse, skilled and competent workforce plays a key role to achieve our set goals and objectives.



Research and Development

Our ability to develop innovative and effective solutions for our customers is driven by our R&D activities.



Strengthening Capabilities

Our manufacturing facilities, robust supply chain and OEM partners are integral in our promise to produce high quality and efficient products.



Brand

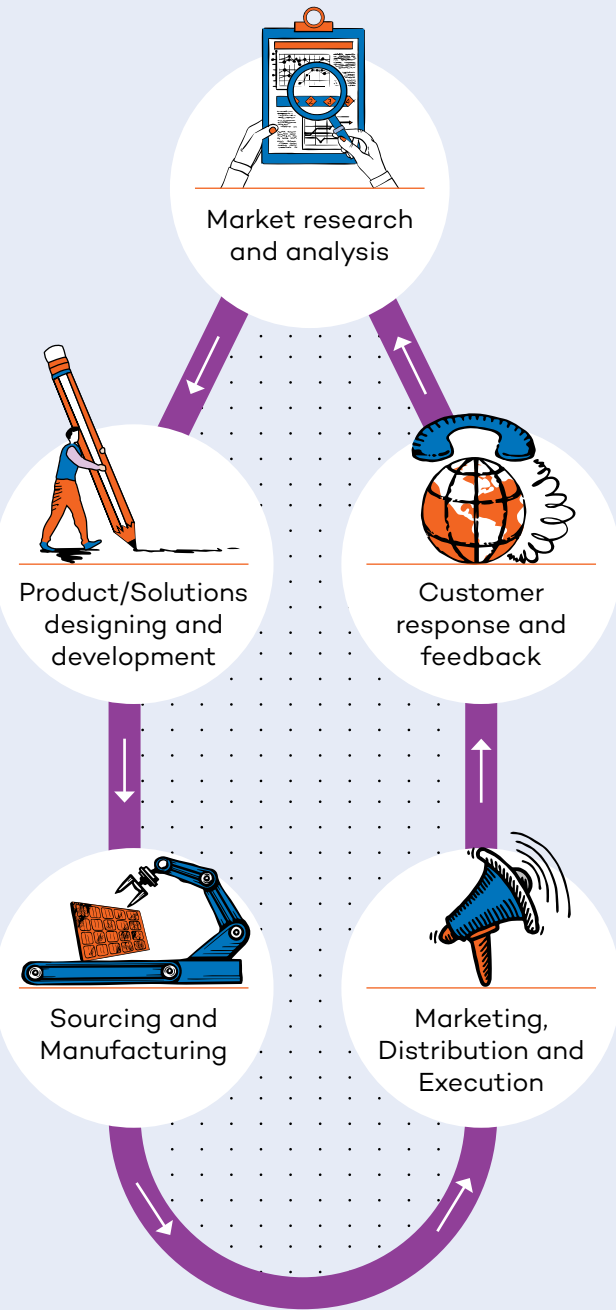
We aim to foster a renowned brand that stands for innovation and superior quality, designed to exceed the expectations of our consumers.



Enduring Relations

We value our strong and healthy relationship with our key stakeholders including customers, suppliers, trade partners, E-commerce platforms, execution partners, vendors, distributors, investors and society at large.

Our Process



Output

Our business segments

Consumer products



Kitchen Appliances

Mixers, Food Processors, JMG, Induction Cookers, Rice Cookers, OTG, Microwave Oven, NEKA, Pressure Cooker and Gas Stoves



Domestic Appliances

Water Heaters, Irons, Air Coolers & Room Heaters



Fan

Ceiling Fans, Table, Pedestal and Wall (TPW) fans, Air Circulators, Exhaust Fans



Lighting

LED Lamps, Battens, Panels and Electrical Accessories

EPC



Illumination

Smart Lighting Solutions, meeting requirements of Indoor, Outdoor and Solar Powered Lighting



Power Transmission

Transmission Lines, Monopoles and EHV Substation



Power Distribution

Rural Electrification Works, Feeder Separation Works, System Strengthening and Substation

Outcomes



- Sustained market capitalisation
- Sustained return on investment
- Robust balance sheet



- Well-trained and ethical working culture across our operations
- High retention rate
- Engaged and committed workforce



- Safe working environment for employees across locations
- Consistent launch of new products year after year



- Availability of superior quality products at affordable price
- Operational excellence with a focus on continuous improvement



- Established brand value
- Strong brand recall and trust among customers across the globe



- High customer satisfaction
- Quality supplier base and wider distribution network
- Long-term sustainable relationship with business partners

- Upliftment of communities in which we operate through various corporate social responsibility initiatives.

CHAIRMAN'S COMMUNIQUE

Shekhar Bajaj

Chairman & Managing Director



“During the year, your Company generated positive cashflow from operations at ₹ 627.41 crore, compared to a negative cashflow of ₹ 601.92 crore in the previous year. Further, our debt-equity ratio showed a remarkable improvement from 1.47 as on 31st March, 2019 to 0.69 as on 31st March, 2020.”

Dear Shareholders,

It gives me immense pleasure to share with you, your Company's performance for the year 2019-20.

Fiscal 2019-20 was a year of slow growth for the Indian economy, a trend that has been carried over from the previous year and weak sentiments were noted globally even before the outbreak of the COVID-19 pandemic. However, challenging times and slowdowns offer perfect opportunities for us to reinvent ourselves and become more resilient. So, it has been a particularly important year for your Company as we mark the start of a

transformational journey to build a future-ready Bajaj Electricals. Over the past eight decades, we have constantly reinvented ourselves and we have now begun laying the foundation for our next decade of growth. Last year, we spoke about 'Building the Future, Preserving Legacy' – we will stay true to that ideology as we undergo this transformation.

In the preceding year, we had enjoyed strong growth in our revenues and profitability, but a large part of this was driven by the rapid growth of our EPC business and was accompanied by negative operating cashflows. This had led to a significant increase in debt, akin to many other companies in India. So we took a strategic call in early 2019 to focus on fiscal consolidation and work aggressively on building a stronger balance sheet. This also necessitated reviewing our business models. While we continued to drive growth in our Consumer Products business, for the EPC business we decided to focus on the execution of ongoing projects while adopting a more calibrated-risks approach towards fresh bidding. As a result, we have seen significant changes in our Profit and Loss Account and our Balance Sheet during the year under review.

“Our Consumer Products segment continued to deliver healthy double-digit growth, ahead of industry growth, implying an increase in overall market shares.”

In FY 2019-20, we saw a decline in total revenue from operations to ₹ 4,977.09 crore from ₹ 6,673.14 crore in the previous fiscal year. We recorded an EBITDA of ₹ 259.56 crore. Our PAT declined to ₹ (0.13) crore from ₹ 167.07 crore in FY 2018-19. This decline in revenues was on account of the strategic intent shared above and the decline in PAT was led by increased interest costs due to high debt build-up. However, the real measure of our performance lies in the sharp balance-sheet turnaround delivered during the year. During the year, your Company generated positive cashflow from operations at ₹ 627.41 crore, compared to a negative cashflow of ₹ 601.92 crore in the previous year. Total debt reduced from ₹ 1,582.21 crore as on 31st March, 2019 to ₹ 957.15 crore as on 31st March, 2020. We also raised our equity capital through a successful rights issue, thanks to your participation. Consequent to all these actions, our debt-equity ratio showed a remarkable improvement from 1.47 as on 31st March, 2019 to 0.69 as on 31st March, 2020. Given the sudden outbreak of COVID-19 towards the end of the year, all these fiscal measures and improvements proved to be extremely useful and hold us in very good stead to brace the post COVID-19 economic impact.

Our Consumer Products segment continued to deliver healthy double-digit growth, ahead of industry growth, implying an increase in overall market shares. This was achieved through a strong focus on our product portfolio with several new launches as well as a very robust go-to-market approach. We have continued to push growth across all distribution channels viz. general trade, modern format retail, e-commerce and institutional and government business. Our most valuable asset remains our brand, especially in the modern, pull-based, hyper-competitive marketplace. Recognising this, we have also embarked upon a fresh and a renewed push for various brand-building initiatives. This includes our new brand vision: "Open New Life".

For our EPC segment, our strategic priority remains the execution of current projects. We have continued to make healthy progress on that front, across various Power Distribution projects in India. Our Power Transmission business continued to grow at a steady pace and achieved multiple milestones. This includes the construction of the longest 400 kV Transmission Line on Monopoles and the successful testing of 5 types of in-house designed monopoles for four different clients, demonstrating our in-house 'concept to commissioning' capabilities. In order to maintain our advantage in this segment, we have built a dedicated team of engineers, designers and marketing officers along with investments in state-of-the-art manufacturing units, equipped with latest machinery and innovative procedures required for critical manufacturing processes.

CHAIRMAN'S
COMMUNIQUE

“ We completed the architectural illumination of the prestigious Bogibeel rail-cum-road bridge. It is India’s longest and Asia’s second longest rail-cum-road bridge spanning over 4.94 km over the mighty Brahmaputra River in Assam. ”

Our Illumination business continues to maintain its dominating position across various sub-segments such as street lighting, industrial lighting and commercial lighting. With evolving consumer preferences, we strongly emphasised on connected and smart solutions. Our robust end-to-end capabilities under one-roof, right from R&D, production and supply to execution and services, enabled us to stay ahead of our peers. During the year under review, we completed the architectural illumination of the prestigious Bogibeel rail-cum-road bridge. It is India’s longest and Asia’s second longest rail-cum-road bridge spanning over 4.94 km over the mighty Brahmaputra River in Assam. This project was highly appreciated globally and was recognised with the ISA – International Solid State Lighting Alliance, SSL Top 100 Award in 2019.

While our businesses continue to evolve and progress, the true foundation for our next decade of growth is being laid through a comprehensive Organisational Transformation. We have initiated multiple initiatives in this regard. We are strengthening our talent pool, including at the senior most levels, with the induction of key senior executives. We are revamping various processes and systems across the Company to drive

more collaborative, responsive, robust and secure operational performance. We have also recently implemented and launched SAP Success Factors, a key platform to support our people practices. We are in the process of revamping our Performance Management Systems to build a best-in-class, high performance framework. And above all, we are weaving together a strong organisational culture that binds our people and channelises their energy and talent to deliver exceptional growth for the Company. I believe all these transformative initiatives will equip us with greater agility and resilience, driving us to ensure excellence across our operations.

While we drive our business and organisation, we have always been proud of our values and contributions to society. Through our CSR activities, we strive to contribute towards a holistic development of society at large, with an emphasis on environment, education, healthcare, community development and promotion of art and culture. We also inspire our people to contribute towards the upliftment of society, through participation in various activities and initiatives and encourage them to offer monetary contributions, wherever necessary.

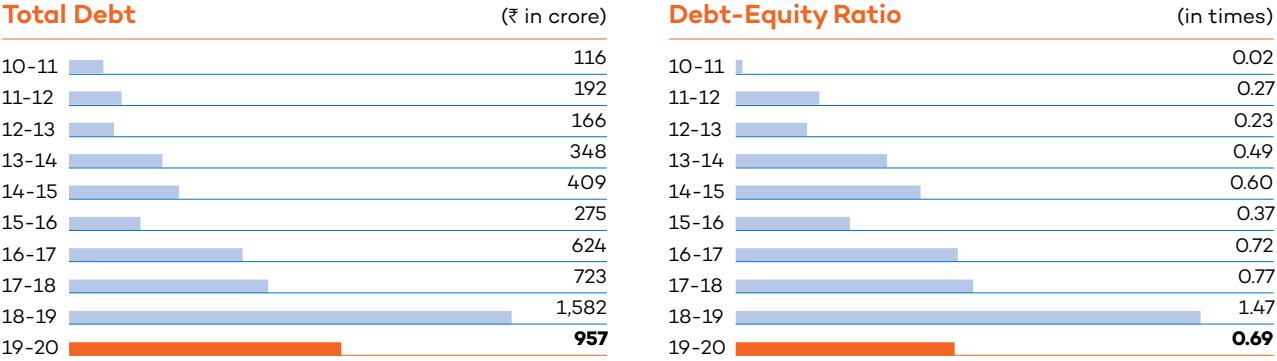
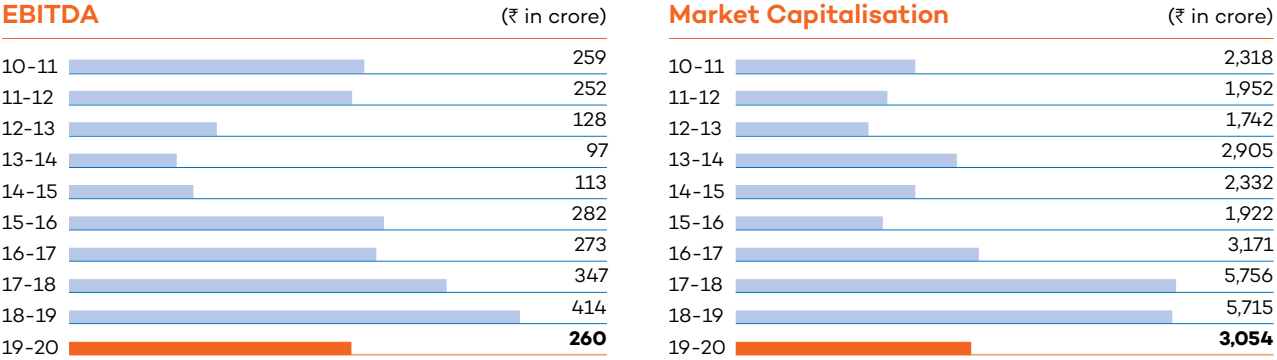
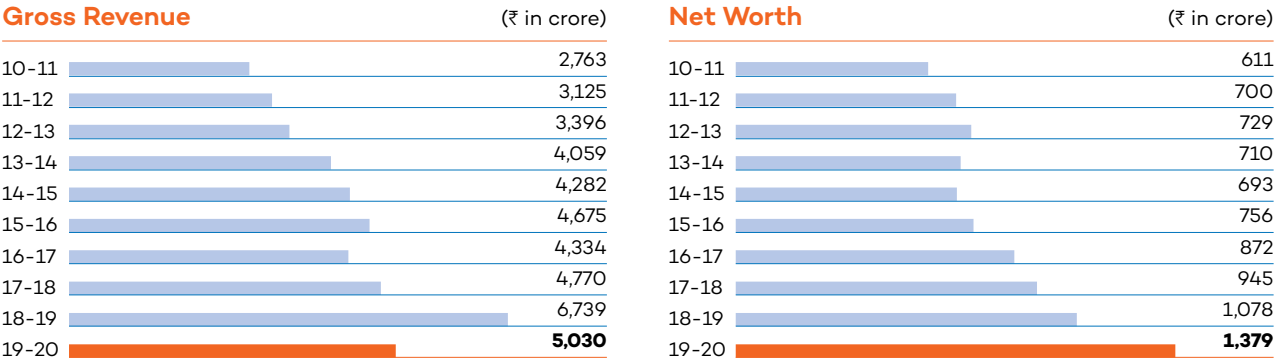
As the last fiscal came to a close, we have all faced major challenges posed by the COVID-19 outbreak and the subsequent nationwide lockdown. This has impacted the economy as well as business performances in the last quarter of the year and is expected to affect performances in FY 2020-21. However, we have braced ourselves for it and our teams have been efficiently responding to it. This is a testimony to the agility that we are developing as an organisation. So, while the environment remains challenging, I am confident that we, as an industry and as a company, will recover faster, relative to many others. And even as we address the short-term cautiously, we shall remain firmly focused on our longer term strategic objective of driving growth.

I would like to acknowledge and thank our entire management team, employees, and business associates for all their contributions and efforts and for being a part of this transformative journey. I specially take this opportunity to thank our Executive Director, Anuj Poddar for his contributions to Bajaj Electricals’ transformation journey. Finally, to my colleagues on the Board, your support and guidance is invaluable for the Company. Most importantly, I remain grateful to you, our shareholders, and as we embark on our journey to the future we all remain committed to continuously deliver value to you.

Yours sincerely,

Shekhar Bajaj
Chairman & Managing Director

FINANCIAL OVERVIEW –
SUSTAINING GROWTH YEAR-ON-YEAR



BOARD OF DIRECTORS



Shekhar Bajaj
CHAIRMAN & MANAGING DIRECTOR



Anuj Poddar
EXECUTIVE DIRECTOR



Madhur Bajaj
NON-EXECUTIVE DIRECTOR



Rajiv Bajaj
NON-EXECUTIVE DIRECTOR



Pooja Bajaj
NON-EXECUTIVE DIRECTOR



Harsh Vardhan Goenka
INDEPENDENT DIRECTOR



Dr. Indu Shahani
INDEPENDENT DIRECTOR



Munish Khetrpal
INDEPENDENT DIRECTOR



Dr. Rajendra Prasad Singh
INDEPENDENT DIRECTOR



Shailesh Haribhakti
INDEPENDENT DIRECTOR
(ADDITIONAL)



Siddharth Mehta
INDEPENDENT DIRECTOR