

Management Discussion and Analysis

Economic Overview

Global Economy

The global economic environment remained uncertain in 2019, owing to geopolitical tensions, currency fluctuations and economic unrest. The global GDP growth declined to 2.9% in 2019¹. A slump in global trade further contributed to the slowdown in production and sales of consumer durables.

Advanced economies declined further to register a GDP growth of 1.7% in 2019, as compared to 2.2% in 2018. The Euro Area too witnessed softening GDP growth and settled at 1.2% in 2019, mainly due to a slowdown in Germany's manufacturing units, and uncertainty persisting over Brexit situation.¹

Emerging Market and Developing Economies (EMDEs) witnessed a challenging year, resulting in a decline of GDP to 3.7% in 2019 as compared to 4.5% in 2018. The decline was mainly on account of trade tensions between China and the USA, leading to slowdown in manufacturing activity and rising tariffs, which lowered exports across the EMDEs.¹

Growth prospects for the year 2020 remain grim due to significant disruptions caused by the COVID-19 pandemic. The GDP growth rate of the global economy is expected to contract to 4.9% due to lockdowns imposed in many countries, in an effort to curb the spread of the virus. The disruptions in manufacturing activities have also resulted in challenges in supply chain, thereby cascading to subdued demand for goods and services. However, countries across the world have introduced fiscal and monetary measures to revive economic growth. Going forward, the global economy is expected to bounce back in 2021 to register a GDP growth of 5.4%, when the pandemic recedes and normalcy returns.¹

Global economic growth (in %)

	2019	2020P	2021P
World	2.9	-4.9	5.4
Advanced Economies	1.7	-8.0	4.8
US	2.3	-8.0	4.5
Euro Area	1.3	-10.2	6.0
Japan	0.7	-5.8	2.4
United Kingdom	1.4	-10.2	6.3
Other Advanced Economies*	1.7	-4.8	4.2
Emerging markets and Developing Economies	3.7	-3.0	5.9
China	6.1	1.0	8.2
India [#]	4.2	-4.5	6.0

*Excludes the G7 (Canada, France, Germany, Italy, Japan, United Kingdom, United States) and Euro Area countries

[#] Data and forecasts are presented on a fiscal year basis

P = Projections

[Source: International Monetary Fund (IMF)-World Economic Outlook June 2020]

Indian Economy

The Indian economy witnessed a subdued GDP growth, estimated to be 4.2% for FY 2019-20.¹ The slowdown in the economy was due to subdued demand, decline in Index of Industrial Production (IIP) output and weakened investment in private sector. Though the PMI activity stood above 50% for FY 2019-20, the economy failed to register a growth rate in line with expectations due to continued headwinds - both at domestic and global scenarios.

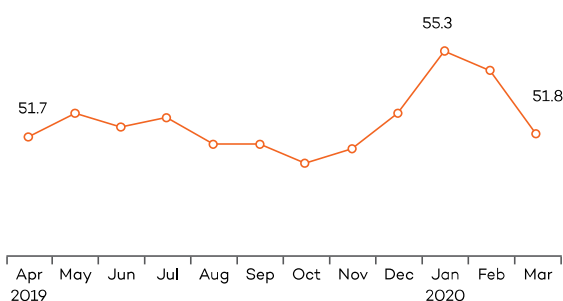
Amidst the challenges, agriculture sector performed well due to above-normal rainfall in FY 2019-20. The Indian Meteorological Department (IMD) has predicted normal monsoon for FY 2020-21. Based on this forecast, the government has set an ambitious target of 298.3 million tonnes of crop production in the current fiscal, against 291.2 million tonnes of crop production in the previous fiscal year.

¹ IMF World Economic Outlook June 2020

The GDP growth of the Indian economy is projected to contract to 4.5% in the coming fiscal year due to major challenges posed by the COVID-19 outbreak. Corrective measures taken by the government is expected to offer a sustained long-term recovery of the economy with challenges in the hindsight. Favourable fiscal and monetary reforms, ease in credit policies and concentrated stimulus packages for distress sectors, is expected to revive the economic growth to ~6% in the coming fiscal.¹

Manufacturing Activity

(As depicted by PMI)



Source: IHS Markit

Company Overview

Bajaj Electricals Limited (Bajaj Electricals) is a globally renowned and trusted brand spread across Consumer Product segments (Appliances, Fans, Lighting), and EPC (Illumination, Power Transmission and Power Distribution). In addition to being among the leading companies in India, the Company has a market presence in more than 40 countries across South East Asia, SAARC nations, the Middle East and Africa. Bajaj Electricals also markets and services Morphy Richards products in India and SAARC countries, offering customers a premium range of home and kitchen appliances that meet international quality standards. Further, post the acquisition of Nirlep Appliances, a leading non-stick cookware manufacturer, in 2018, today Bajaj Electricals has strategically diversified its product offerings.

Bajaj Electricals in numbers*

₹4,977.09 crore

Revenue from operations

3,007

Employees

26

Branch offices across the globe

500

Distributors for CP Trade RREP

2.20 lakhs

Retail outlets

544

Consumer care centres

* As on 31st March, 2020

Core Competencies

- 'Bajaj Electricals' enjoys a strong brand reputation in Indian and overseas markets, with a strong portfolio of quality offerings spread across various segments including Consumer Products (Appliances, Fans, Lighting) and EPC (Illumination, Power Transmission and Power Distribution).
- Strong supply chain and distribution network ensuring steady supply of goods to 220,000 retail outlets spread across the country, ensuring easy availability of products.
- Affordable and cost-effective products to cater to a wider customer base.
- Experienced management team providing the required expertise and guidance to achieve excellence.
- Scale and financial strength, backed by a strong promoter group, to support sustained business growth.

Consumer Facing Businesses

Kitchen Appliances Industry Overview

Indian Kitchen Appliances market is growing steadily over the past few years and it is expected to grow further owing to increased consumption, rise in per capita income and a growing population. An increased demand

for branded products from rural areas (nearly 65%² of the Indian population still resides in rural areas) is also noticed owing to growing awareness about quality and durability. It serves as a key growth driver for the Indian kitchen appliances market. Alongside, growing online retail channels are offering strong impetus to the market, encouraging them to venture into an emerging distribution channel to maximise sales and meet consumer demand efficiently.

Domestic Appliances Industry Overview

The Domestic Appliance segment is one of the fastest growing segments in the Indian market which comprises various small and large appliances including irons, water heaters, room coolers and room heaters. As the working population in India continues to grow, the concept of nuclear families have become common. Owing to shortage of time, appliances that save time and energy have become a necessity for completing day-to-day chores. It is especially true for bachelors, staying away from families for work or study. Further, increasing affordability, focus on energy-efficient products, growing digital penetration and the aspirations of a young population continues to play a vital role in the growth of the industry.

The industry is expected to see significant growth in the coming years as the consumer market continues to expand due to rising disposable incomes, coupled with enhanced purchasing power. The burgeoning middle class in urban areas and the aspirational demands of rural India will be a major impetus for the industry in the near future. The rural areas continue to witness infrastructural developments, enjoy access to electricity and internet connections. Thereby, E-commerce is expected to be a popular medium for accessing products that add convenience to life.

Fan Industry Overview

One of the most widely used electrical appliances in the market, fans are an indispensable part of any Indian household. It belongs to the high market penetration product category and has a high purchase priority among consumer durable segment. As a product category, fans generally do not have any major regional disparities in demand and it is one of the largest selling items in the consumer electronics segment. But, much of its sales in the organised sector is concentrated in metros, tier I and tier II markets.

Consumer Lighting Industry Overview

The Consumer Lighting Industry witnessed a demand surge in recent years due to growing population and rapid urbanisation. With increasing electricity consumption, consumers continue to demand innovative, environment friendly and cost-effective lighting, which not only reduces electricity consumption but, also enables them to decorate homes with aesthetic and appealing lights. As a result, LED lighting is gaining traction in the Indian lighting market. The Government of India is also promoting the use of efficient lighting, spreading awareness about its role in reducing energy consumption and its contribution to reduce carbon footprints. Preference for LED lighting also continues to grow on account of increasing awareness and adoption of LED bulbs over conventional lights such as incandescent bulbs, CFL and halogen lights.



² The World Bank

Growth Drivers for Consumer Facing Business

- **Nuclear families:** The rising number of nuclear families in India, reduction in average household size and the tendency to live in rented or shared facilities has resulted in increased demand for mixer grinders, microwave ovens, coolers, water heater, irons and other consumer appliances.
- **Growth of online retail platforms:** In order to increase its reach and sales volume, companies (global as well as local) continue to sell products on E-commerce platforms such as Amazon and Flipkart, driving up sales volumes in urban as well as rural areas.
- **Convenience and Ease:** The demand for appliances that make life easy and convenient have grown manifold, increasing the dependence on various consumer product categories.
- **Modernisation:** In today's world of technology, kitchens have become smaller and appliances have become smarter. Consumers, therefore, continues to prefer products with advanced features, offering flexibility and ease of operation.
- **Electrification:** The Pradhan Mantri Sahaj Bijli Har Ghar Yojana (Saubhagya) scheme was introduced in 2017 with an aim to provide electricity connections to rural as well as urban areas. The scheme provides free electricity connections to economically disadvantaged Below Poverty Line (BPL) families. Others, with slightly better financial standing were offered new connections for a minimum amount of ₹500. As more homes received electricity, the demand for small appliances also increased.



Segment Overview

The consumer products segment offers a diverse range of products including 4 broad categories –

- Kitchen Appliances (KAP)
- Domestic Appliances (DAP)
- Fans and
- Lighting

These 4 broad categories have more than 25 sub-categories among them, including multiple product ranges. The segment contributed 62% of the total revenue, amounting to ₹3,084.62 crore in FY 2019-20. The Company continued to outperform the industry average, registering a growth of 13% in FY 2019-20, against an estimated industry growth of 6-7%. However, the COVID-19 outbreak led to a slowdown in the month of March, softening the overall growth of the segment.



The Company continued to focus on launching differentiated products with innovative features, facilitating its market growth. Growth in this segment was further supported by Distribution and Product strategies that improved market reach backed by an enhanced portfolio of products. The Company continued to strengthen its retailer base, increasing it from 201,000 in FY 2018-19 to 220,000 by the end of FY 2019-20.

Bajaj Electricals also introduced 230 new Stock Keeping Units (SKUs) with an objective to introduce products with distinct features as well as to address gaps in the product portfolio. Unique features in Anti-bacterial Fans, Anti-bacterial Air Coolers, CRI Plus LED, IoT Cooler, Travel Irons and Water Heaters and other innovative products enhance demand for various products and make them a preferred choice for a growing consumer base.

19-20

Average number of products launched every month

~19,000

Retailers added during FY 2019-20

230

SKUs added in FY 2019-20

- Differentiating factors that help to penetrate markets.
- Consistent growth over the past two years with a CAGR of 16% (as on March 2020) in the consumer segment.
- Earned the trust of channel partners with equal and fair business policies for retailers.
- RBP loyalty programme has become a powerful tool to not just engage retailers but also to keep their enthusiasm high.
- Increased direct reach to 220,000 retailers, covering 679 districts with 500 distributors across the country.

Product offering and share in revenue mix

Four broad category	Sub-category	Percentage share in total revenue mix in FY 2019-20
Kitchen Appliances	Mixers, Food Processors, Juicer Mixer Grinders (JMG), Induction Cookers, Rice Cookers, Oven Toaster Grill (OTG), Microwave Ovens, Non-electric Kitchen Appliances (NEKA), Pressure Cookers and Gas Stoves	28%
Domestic Appliances	Water Heaters, Irons, Air Coolers & Room Heaters	25%
Fans	Ceiling Fans, Table Wall Pedestal (TPW), Air Circulators, Exhaust Fans	27%
Lighting	LED Lamps, Battens, Panels, Electrical Accessories	14%

Go-to-market Strategy

In order to drive the Range Reach Expansion Programme (RREP) further, the Company adopted strategies like Extract & Expand, Commercialisation and updated the Retailer Bonding Programme (RBP). This has enabled the Company to increase its reach, improve range billing, frequency and consistency of billing along with placement of new launches, thereby covering all major aspects related to distribution and business improvement.

The RREP programme focuses on ensuring sustained availability of products and after-sales services across the country and has achieved phenomenal results over the past three years. The outcomes achieved so far include:

Expand & Extract: Through the Expand and Extract strategy, Bajaj Electricals aims to expand its current range of products in various outlets by increasing the number of products available in each outlet. This will increase its current wallet share and counter share, offering more product options for consumers.

Commercialisation: To ensure successful launch and placement of every new product, the Company has implemented the Commercialisation process. Every new launch will go through a detailed and systematic placement drive to help create maximum visibility in the market. It also aims to create awareness about new product features.

Morphy Richards – Premium Home and Kitchen Appliance Brand

Morphy Richards is a leading home & kitchen appliances brand based in England, UK. Bajaj Electricals is marketing and servicing Morphy Richards products in India since 2002 and recently started servicing in SAARC countries. With a dominant presence in India, the brand has over 22 product categories.

During the year under review, Morphy Richards has further consolidated its market position by widening its range of Steam Irons, Coffee Makers, Induction Cookers, Hair Dryers and Travel Kettles. The introduction of new products across multiple categories has led to a steady growth of the brand. For instance, there has been a growth of ~35% in Room Heaters & Coffee Markers, 25% in Water Heaters, 80% in Personal Grooming and 13% in Induction Cookers.

To further augment its market share in the country, the Company leverages RREP to strengthen its supply chain. It also supports its alternate sales channels including E-commerce to ensure product availability on online platforms as well as across leading national/ regional retail chains. With a well-established Pan-India Service

network in over 450 cities, Morphy Richards provides after-sales services to customers across the country.

Morphy Richards – Key Figures for FY 2019-20

22%

YoY sales growth through Govt. Channel

~245%

YoY growth in Institutional sales

18%

YoY growth in retail network presence

Nirlep Appliances – Non-Stick Cookware Brand

Nirlep Appliances is a pioneer in the Non-Stick cookware segment. As a leading non-stick cookware brand, it offers an exclusive range of products that ensure quality and durability, endorsed by millions of customers over five decades. The acquisition by Bajaj Electricals in 2018 has not only complemented its product offerings but also enabled the Company to get exclusive access of Nirlep Appliances' manufacturing facility, employees, distribution network and intellectual property rights.

During the year under review, it connected with its audience through multiple marketing initiatives like TV Campaigns in 8 languages, regular print ads in leading dailies, retailer meets and installation of Wall Mount units to enhance the brand visibility and presence. The product packaging was given a new look through standardised packaging design template with colour variation differentiating the different range of products and by defining a unique colour for each range based on its features.

31

New SKUs launched in FY 2019-20

12,000

Retail counters as on 31st March 2020

Trade Sales

The Company's trade sales channel consists of a primary network comprising of distributors and a secondary network of retailers that ensure availability of Bajaj Electricals' products in the market. Trade sales contributed around 70% to the total share of revenue from consumer products. During the year under review, the Company registered a healthy growth of 10% in sales value across the consumer product segment, in comparison to the previous year. The Company has constantly emphasised on improving its distribution network and increasing the number of retail outlets to boost sales volume and increase market presence across all categories.

To increase engagement with distributors, the Company works on a replenishment model which not only ensures continuous supply but also offers better working capital for distributors. Further, the Company undertakes a detailed market mapping across the country and other geographies to optimise its presence across the country. To ensure greater focus on each outlet, the Company has also reduced per capita outlet coverage for every sales person. This has not only improved interaction with each retailer, but has also helped to increase business in each outlet. To support range billing, a nationwide drive was undertaken to increase consistency among retailers.

Some of the key highlights during the year were:

- The Fan segment saw growth in sales value at double the speed of the industry, for sub economy ceiling fan. The revamped distribution model has enabled the Company to achieve significant value on a sustained yearly basis.
- The Company revamped its portfolio in the premium segment and introduced value-added products in the economy range. Both strategies were aimed at increasing the volume of sales and it worked well for the Company.
- In the Water Heater segment, the Company consolidated its market position. Despite the aggressive pricing route taken by competitors, Bajaj Electricals' position remained unchallenged.
- Despite price erosion of the LED product range, the B2C business saw a significant value growth of ~9% in lighting segment while industry and all other key competitors registered a de-growth in value.

No. of distributors



Retail base (in lakhs)



Alternate Sales Channel

The Alternate sales channel comprises of three broad categories i.e. I&M (Institution and Malls), E-Commerce and Government Channel. I&M comprises of 2 sub-channels - Modern Format Retail and Corporate Institution and the Government channel consists of 3 sub-channels - Canteen Stores Department (CSD), Central Police Canteens (CPC) & Government Institution Business. The Company has covered almost all routes to reach out to the end consumers both from B2C & B2B perspectives.

In FY 2019-20, this segment accounted for 31% of the total consumer product revenue, registering a growth of 17% over the previous year. The E-commerce business was the main growth driver with an increase of 47% YoY, which was way ahead of the industry growth. The I&M channel also registered growth of 23% and the Government channel accounted for 10% growth over the previous year. However, the outbreak of COVID-19, leading to a lockdown in the country impacted the numbers in the month of March.

The modern format retail or modern trade is a key pillar of Bajaj Electricals' consumer product business. It offers an ideal shopping experience, allowing consumers to conveniently explore a wide range of products under one roof. This experience is hardly available in any other channel and eventually helps to build consumer confidence in the brand.

The Company's products are also gaining traction over the E-commerce platform. Bajaj Electricals has been working closely with online giants such as Amazon, Flipkart, Paytm, Snapdeal and TataCliq. The Company is growing ahead of the industry growth in almost all key categories including Water Heaters, Air Coolers, Irons and Ovens (Oven Toaster Grill - OTG). During the year under review, it also acquired the numero uno position in Air Coolers on E-commerce

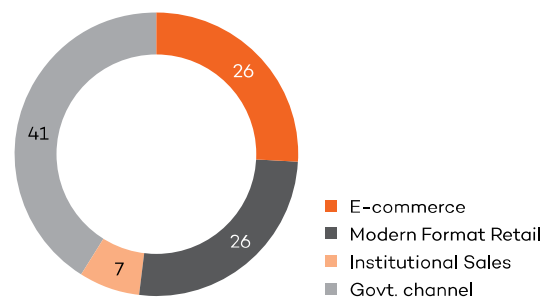
platforms by displacing industry leaders. The success of this category can be attributed to the use of right technology and the availability of products at fair price.

On the other hand, Government Institution channel is a complex channel with a different customer mix and varied needs such as GEM Portal (Govt. e-market place), MES (Army supplies), Govt. Contractors and Public utilities. GEM Portal is one of the most important parts of the business because the government diverts a majority of its purchases through this channel and Bajaj Electricals has been developing its resources around it to address the same, holistically.

Top 2

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

Sales break-up of Alternate Sales Channel for FY 2019-20



After-Sales Services

At Bajaj Electricals, quality service and customer satisfaction has been a priority. The Company provides after-sales service for all its consumer and illumination products. It offers an array of services including installation of Water Heaters, demonstration of Microwaves, OTGs, Food Processors, Coffee Makers and repairing services for all consumer durables. Bajaj Electricals has set up a service network covering 17,856 pin codes across the country. It has 544 service centres, 42 resident service engineers and more than 2,500 service engineers in its network.

Further, the Company has almost completely digitised its operations with more than 90% of the calls are resolved without using paper. Customers can now lodge

concerns by calling up the call centre or registering online at Bajaj Electricals and Morphy Richards websites, through mobile apps, RBP app or online Chatbot. For call resolution confirmation, the Company takes digital signatures on mobile screens and takes feedbacks after completing services.

Customer satisfaction is measured online on a real-time basis by a mobile app. The feedback received from customers is used to improve services. The Company also conducts training programmes to improve and enhance customer experience.

Average call resolution of more than

92%

within 2 days

99%

Delighted and satisfied consumers

Outlook

Going forward, the Company aims to grow disproportionately by leveraging its investments in R&D, product development, distribution channel and information technology.

Further, the Company plans to launch more than 100+ SKUs with differentiated features clubbed with innovative channels and commercialisation strategies to achieve the above objectives. With the available resources and planned strategies, Bajaj Electricals is sure to deliver on its set targets in FY 2020-21.

Engineering, Procurement and Construction (EPC)

Power Sector Overview

The Indian power sector has been a key socio-economic growth driver since the country's independence. With a population of over 1.3 billion and as one of the world's fastest-growing economies, India will play a vital role for the future of global energy markets.

The Government of India has made impressive progress in recent years to increase access to electricity. With power being one of the most critical infrastructure components for economic growth, India's electricity demand has increased significantly over the past decade, with peak



demand growing by over 66% from 110 GW in FY 2008-09 to 183 GW in FY 2019-20.

India's power sector is one of the most diversified in the world. Power is generated from conventional sources such as coal, lignite, natural gas, oil, hydro and nuclear power to viable non-conventional sources such as wind, solar, agricultural and domestic waste. Electricity demand in the country has also increased rapidly and is expected to rise further in the years to come. The country has set an ambitious target of 175 GW of renewable power production by 2022 - including 100 GW of Solar power, 60 GW of Wind power, 10 GW of Biomass power, and 5 GW of Small Hydro power.³

Going forward, demand is expected to grow, leading to increased volume creation and improved financial strength of distribution companies. The demand is also likely to be driven by a shift from fuel to electricity, in the transport and agricultural sectors.

Table 1: The Plant Load Factor (PLF) in the country (Coal & Lignite based) from FY 2017-18 to FY 2019-20 is as under

Year	Peak			Change
	Peak Demand	Peak Met	Surplus/Deficit	
	MW	MW	MW	
2017-18	1,64,066	1,60,752	-3,314	-2.0%

³ <https://niti.gov.in/writereaddata/files/175-GW-Renewable-Energy.pdf>

2018-19	1,77,022	1,75,528	-1,494	-0.8%
2019-20	1,83,804	1,82,533	-1,271	-0.7%

[Source: Central Electricity Authority (CEA) *Upto February 2020]

Table 3: Total Installed Capacity (As on 29.02.2020)

Sector	MW	% of Total
Central Sector	93,097	25.2%
State Sector	103,292	28.0%
Private Sector	173,039	46.8%
Total	3,67,281	

[Source: CEA]

Power Transmission and Distribution

The Indian power sector is going through rapid transformation with an aggressive push to increase energy generation. The country plans to increase capacity to 131.31⁴ GW between 2019 and 2022. Upgradation of Transmission and Distribution (T&D) infrastructure is also required to keep up with an increased power generation capacity.

The T&D market is expected to significantly change with the implementation of government initiatives like Saubhagya. The market will now comprise of corridors for renewal integration, automation, reconductoring



and smart or prepaid metering. Factors like increasing urbanisation, smart cities, integrated utility services and power requirements for expanding infrastructure will act as growth drivers for the industry.

Another catalyst for growth is technology awareness and acceptance in this sector, which is creating a demand for advanced and sustainable technologies, in greenfield and replacement equipment & solutions. Digital technology in switchgear and relays, optimises safety and reliability of distribution networks, modular, prefabricated structures

like power distribution. Additionally, this technology renders greater efficiency and reduces carbon footprint from infrastructure management and enables outage optimisation, which is likely to contribute to the growth of the sector.

Major Trends in the T&D Sector

- **Low voltage, power theft and energy loss** – The distribution system suffers from an acute problem of low voltage, power theft and high energy losses. The issues of energy loss and voltage drop in distribution feeders are dependent on each other and varies with the pattern of loading on feeders. In the existing system, large capacity transformers from one point serve connections to each load via long Low Tension (LT) lines. The length of LT lines are one of the major reasons for low voltage issues faced by a majority of consumers. Unauthorised connections and power theft along the length of transmission lines also result in low voltage problems.
- **Innovative technologies contributing to sectoral growth** – The distribution network remains at the core of the power supply ecosystem. Many companies are developing and innovating best-in-class global technologies to partner the building of a safer, sustainable and more reliable power distribution network in the country. Equipment to reduce carbon footprints and address space requirements are some of the major examples of innovative technology. The country has some of the world's most populous cities, each having close to 30,000 people per square kilometer and with such a high population density, free space is clearly limited. Prefabricated, modular power distribution centers (PDCs), can be used to safeguard power distribution and reduce carbon footprint. Prefabricated modular nature of PDC is an engineering innovation that optimises space, reduces construction time and resources, and enhances public safety.
- **Green energy corridors (GEC)** – Transmission schemes of around ₹432 billion⁵ for renewable energy zones with a potential capacity of 66.5 GW by 2022 has been approved by the central government. These schemes will be implemented in two phases. Under Phase I, transmission projects for 28 GW of renewable capacity will be developed at an investment of ₹168 billion. The remaining 38.5 GW will be developed under Phase II, at an investment of ₹264 billion.

⁴ <https://www.electricalindia.in/power-td-outlook/>

⁵ Transmission Trends by Power Line

- **Leveraging blockchain technology to increase efficiency** - The use of smart applications increases the flow of information in various directions, making the electric grid vulnerable to hackers. Blockchain technology addresses this issue by managing transactions through a decentralised tamper-proof ledger and offers an efficient, secure and cost-effective solution. Blockchains can make smart meters infrastructure more robust by providing accurate data to the supplier, without the need for a direct link to specific users. With the rapid growth of electric vehicles (EVs) in the country, blockchain can help in peer-to-peer (P2P) sharing and interconnectivity, thereby balancing the demand from multiple sources and making the grid smarter and modular.
- **Deployment of AMI infrastructure** - As per the CEA, the Government plans to replace all traditional meters with smart meters by 2022. The Energy Efficiency Services Limited's (EESL) Smart Meter National Programme (SMNP) is replacing 25 crore conventional meters with smart meters across India. These meters are expected to ease integration in the power sector, reduce capital loss and enhance efficiency in billing and collection. The rollout has been proposed under the build-own-operate-transfer (BOOT) model where EESL takes up all the capital and operational expenditure with zero investment from states and utilities. It then recovers the cost of these smart meters through savings monetisation, enhanced billing accuracy, avoided meter costs and other losses caused due to inefficiencies. As of August 2019, around 5 lac⁶ meters have already been installed by EESL in the states of Uttar Pradesh, Delhi, Haryana, Bihar and Andhra Pradesh.
- **Technology interventions in Distribution Companies (DISCOMs)** - The smart combination of IT and operational technology (OT) in DISCOMs will allow optimisation on the supply as well as demand side to achieve the goal of ensuring 24x7 uninterrupted power supply to consumers. Some of the key technology interventions include, but not limited to, benefits such as:
 - o Advanced metering infrastructure and meter data management (MDM) system
 - o IT-based metering, billing and collection system, customer relation management (CRM) and enterprise resource planning (ERP) system
 - o Advanced business analytics and forecasting to ensure optimal resource planning in power procurement
- **Tariff policy amendments** - The government has proposed to enact an amendment to the Tariff Policy, 2016, to ensure round the clock electricity to all the citizens of the country. Here are some of the key provisions under the proposed new tariff policy -
 - o The DISCOMs/licensees need to ensure before respective commissions that they have signed long-term and medium-term PPAs to meet the power requirements
 - o Enable CEA to set rules of service and penalty for inability to meet designated standards
 - o AT&C losses to be capped at 15% for computation of tariff
 - o Simplification and rationalisation of retail tariff by maintaining a lower number of consumer categories and sub-categories, and making them harmonious across all states

Given the shift in the generation mix, there is an increasing focus on sustainability and advancement in technological interventions driving operational efficiency in the power sector. Significant coordination between policymakers, investors and consumers will be necessary to drive successful transformation of the sector. The amendments, coupled with supportive resolutions, are expected to pave way for the progress of the power distribution and transmission sector in India.

Union Budget 2020-21

The Government of India announced that for FY 2020-21, ₹220 billion⁷ (~\$3.08 billion) has been allocated for the power and renewable sectors.



⁶ Energy Efficiency Services Limited

⁷ Union Budget 2020-21

Table 4: Outlay for major programmes (Interim Union Budget FY 2020-21)

Major Central Sector Programmes	2017-18 Actuals		2018-19 Actuals		2019-20 BE		2019-20 RE		2020-21 BE	
	₹	~\$	₹	~\$	₹	~\$	₹	~\$	₹	~\$
	Million	Million	Million	Million	Million	Million	Million	Million	Million	Million
Solar Power	18,900	264.1	19,040	266.0	24,800	346.5	17,890	250.0	21,500	300.4
Wind Power	7,500	104.8	9,500	132.7	9,200	128.5	10,260	143.4	12,990	181.5
Kisan Urja Suraksha evam Utthaan Mahabhiyan (KUSUM)	-	-	-	-	-	-	-	-	7,000	97.8
Green Energy Corridor	5,000	69.9	5,000 (BE)*	69.9	5,000	69.9	-	-	-	-
Deen Dayal Upadhyaya Gram Jyoti Yojna (DDUGJY)	50,500	705.6	38,000	530.9	40,660	568.1	40,660	568.1	45,000	628.2
Integrated Power Development Scheme	39,000	544.9	33,970	544.5	52,800	737.7	56,630	791.3	53,000	740.5
Strengthening of Power Systems	11,600	162.1	28,020	391.5	14,780	206.5	18,600	259.9	18,430	257.5
Power System Development Fund	10,000	139.7	5,440	76.0	10,350	144.6	5,740	80.2	5,740	80.2
Scheme for Faster Adoption and Manufacturing of (Hybrid and) Electric Vehicle in India -(FAME- India)	1,650	23.1	1,450	20.3	5,000	69.9	5,000	69.9	6,930	96.8

Note: BE- Budget estimates; RE- Revised Estimates: \$1 = ₹71.57

[Source: Indiabudget.gov.in]

Lighting & Energy Efficiency Sector overview

Light-emitting diodes (LEDs) are revolutionising the lighting market. With their high-energy efficiency, versatility and cost competitiveness, LEDs have spread quickly in the Indian household and commercial markets. LEDs have been proved to be safe and much more efficient than the products they are replacing. LED lighting technology is evolving at a rapid rate and therefore, keeping pace with this technology is of utmost importance.



India is the second most populous country in the world and yet, is only the third⁸ largest electricity consumer (2018) – a situation that has led to an ever-widening demand-supply gap. Consequently, the market for energy-efficient products such as LED lighting is growing, riding on the initiatives that encourage the use of LED lights, the focus on smart city projects, an efficient public distribution system and the ever-increasing need for a smart, connected lifestyle. The key factors that are expected to boost the market include declining LED prices coupled with favourable government initiatives that provide LED lights at a subsidised cost and promote LED street lighting projects through a special energy services company (ESCO) model created by EESL. Apart from rising consumer awareness about the cost-effectiveness of LEDs, its energy-efficiency and eco-friendly nature will continue to drive volume sales from the industrial, residential and commercial sectors.

Government Initiatives to Promote Energy Conservation and Energy Efficiency

- **Standards and Labelling by the Bureau of Energy Efficiency (BEE)** – The Bureau of Energy Efficiency (BEE) initiated the Standards & Labeling programme for equipment and appliances to provide consumers important information about energy saving and also to help them make informed choices. The energy efficiency labelling programmes under BEE are intended to reduce the energy consumption of appliances without diminishing its service quality.
 - **‘Star Rating’ mobile app** – This app is linked to the Standards and Labeling database. It offers a

⁸ Global Energy Statistical Yearbook 2020 by Enerdata

platform to compare personalised energy saving devices across the same class and get real-time feedback from consumers. This enables consumers to make an informed purchase decision. Apart from being a one-stop solution for customers, it's also a valuable tool for policymakers to access the accumulated data and analyse the market feedback at any given point in time.

- Energy Conservation Building Codes (ECBC) by the Ministry of Power** – The Energy Conservation Building Code (ECBC) was launched in 2007 by Ministry of Power for new commercial buildings. It sets minimum energy standards for new commercial buildings. In order to promote the market for energy efficient buildings, Bureau of Energy Efficiency developed a voluntary Star Rating Programme for buildings which are based on the actual performance of a building. The updated version of ECBC was introduced in 2017 and it sets certain parameters for builders, designers and architects to integrate renewable energy sources in the design, with the inclusion of passive design strategies. The code aims to optimise energy savings, keeping in mind the comfort level of building occupants and it aims to achieve cost-effective energy neutrality in commercial buildings.
- Human Resource Development (HRD)** – Awareness about energy efficiency can improve its scope in processes and equipment. A sound policy for creation, retention and upgradation of Human Resource skills is very crucial for penetration of energy efficient technologies and practices in various sectors. The component under HRD comprises of theory cum practice-oriented training programme, providing Energy Audit Instrument Support to the citizens.
- Promotion of Energy Efficient LED Bulbs** – UJALA scheme – The initiative is part of the Government of India's efforts to spread the message of energy efficiency in the country. UJALA scheme aims to promote efficient use of energy at the residential level, enhance awareness of consumers about the efficacy of using energy efficient appliances and aggregating demand to reduce the high initial costs. It will thereby facilitate higher uptake of LED lights by residential users. It may be noted that the scheme was initially labelled DELP (Domestic Efficient Lighting Programme) and was relaunched as UJALA.

Segment Overview

Power Distribution

The power distribution segment is engaged in delivering EPC services for Rural Electrification works, Feeder separation works, System strengthening under Restructured Accelerated Power Development and Reforms Programme (R-APDRP) & Integrated Power Development Scheme (IPDS) and commissioning of HV Substations from 33 kV to 66 kV level in major parts of the country. The segment accounted for 12.72% share in the total revenue mix, amounting to ₹633.3 crore in FY 2019-20. During the year under review, the Company has decided to scale down volume and increase margin accretive projects with larger value addition to portfolio. As a result, the focus is on underground cabling in smart cities with emphasis on monopole projects.



Major on-going projects in FY 2019-20

- Rural Electrification works of Haveri, Uttara Kannada & Belgavi District in HESCOM, Karnataka under Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY).
- Execution of works under Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY) in MYSURU & Hassan district.

- Electrification works in Tumkur District of Karnataka, under the Integrated Power development Scheme (IPDS).
- Electrification work in the district of Shivamogga, Karnataka.
- Electrification work in the districts of Birbhum, Bankura, Malda, Jalpaiguri and Darjeeling in West Bengal.
- Rural Electricity Infrastructure Development with the Construction of new 33KV/11KV Substation along with associated 33KV Incoming and 11KV outgoing lines, along with new 33kv lines for existing 33/11 kV Substations in Malda District Of West Bengal.
- Rural/Urban Electrification and other related work in 16 districts of Uttar Pradesh under the government's Pradhan Mantri Sahaj Bijli Har Ghar Yojana (Saubhagya).
- Rural Electrification and other related work on turnkey basis, in 7 districts, against Tender Specification No. EAV-185/17-18 under SAUBHAGYA YOJNA of Govt. of India.
- Design, supply and installation or extension of low voltage single phase lines and service cables in Nandi and Kakamega counties awarded by Kenya Power Lighting Company.
- Rural electrification of 150 Localities in TOGO (Lot 1) Mediterranean region.

Outlook

The Company is aggressively exploring opportunities to augment its growth in various segments. Railway & Substation projects have a huge electrification outlay and the Company aims to capitalise on this opportunity to improve its scope and reach in this field. Further, as major towns and cities undergo rapid upgradation of electricity transmission channels, through installation of underground cables and use of monopoles, it provides immense opportunity for Bajaj Electricals in this segment. The Company also aims to explore opportunities in the export market leveraging its domain expertise and owing to less competition, predictable cash flows and better margins.

₹ 1,730 crore

Order book value as on 31st March 2020

Power Transmission

The segment contributes around 13.55% of the total revenue of the Company, amounting to ₹674.23 crore in FY 2019-20. The power transmission segment of Bajaj Electricals involves setting up transmission lines ranging from 132kV to 765kV, across the length and breadth of the country, with an aim to capitalise on growing opportunities. The substation and monopole divisions under this segment are aimed at further augmenting the final goal of providing end-to-end customised solutions for electricity utilities across the world.

The Company has also undertaken EPC contracts in lattice tower & monopole-based EHV transmission lines, Air Insulated (AIS) & Gas Insulated (GIS) substation and underground cabling. It's in-house manufacturing facilities for lattice towers, monopoles & sub-station structures at Ranjangaon, Pune, gives it a distinct advantage to maintain high quality standards and ensure timely completion of projects.

Key Highlights for FY 2019-20

- With the commissioning of the 400kV Monopole in Noida, under UPPTCL, Bajaj Electricals has become a pioneer in long distance 400kV monopole line construction, with in-house 'concept to commissioning' capabilities, both in the domestic as well as international front.
- The Company accomplished a rare achievement to successfully test 4 types of monopoles for three different clients in India's premier mechanical load testing institute, CPRI Bangalore, within a span of 10 days, from 25th February to 4th March 2020.
- The Company has ongoing projects in Uttar Pradesh, Rajasthan, Madhya Pradesh, Gujarat, Telangana, West Bengal, Karnataka, Bihar, Punjab and Tamil Nadu.
- Initiated its first international EPC project through Zambia Electricity Supply Corporation Limited, eyeing opportunities in the sub Saharan and SAARC regions.
- The Company is building a dedicated team of engineers, designers and marketing officers for the same. Likewise, the manufacturing unit has undertaken modernisation / upgradation procedures for critical manufacturing processes.

Outlook

Moving forward, the Company plans to leverage its experience in power transmission to actively bid for

tenders, floated by Ministry of Railways, to electrify railway tracks. In addition, the use of underground cabling in Tier I and II cities, to implement the smart city mission, offers immense opportunities for the Company. Power Transmission business unit is aiming to build considerable order book from phase II of Transmission scheme announced by GoI under GEC project. It also aims to strategically increase the quantum of monopole business and develop its credentials in the high voltage segment of substations along with its ongoing conventional business.

Illumination

Through the illumination business, the Company provides smart lighting solutions, meeting requirements of indoor, outdoor and solar powered lighting. The segment accounted for 11.74% of the total revenue mix during the year under review. Further, the segment registered a de-growth of 743% YoY in revenue from operations, which stood at ₹584.23 crore for FY 2019-20. Its rich legacy of 80 years, clubbed with its efficient R&D capabilities, Production, Supplies, Execution (SITC) and service capabilities under a single roof enables it to stay ahead of the industry curve.

The Company's expertise in connected and smart solutions is the need of the hour. It ranks number 2 in smart city segment. Moreover, the Company enjoys first mover advantage in Smart city projects and its first project - Smart Cities with Jaipur (JDA) along with Cisco was in 2016. For indoor solutions, it is the only lighting company, perhaps in world, to have IBMS in its portfolio, offering total building solutions for energy efficiency, enhancing occupant comfort and increasing efficiency in workspace management.

Key Highlights for FY 2019-20

- Creation of special task force to work on the smart cities proposal allowed Bajaj Electricals to win several projects including the Nasik Smart City, NKDA - Kolkata, Indore Smart City, Thoothukudi in Tamil Nadu and Warangal in AP. It also received order for Smart Luminaires and decorative poles in Faridabad, Haryana.
- Executed the prestigious Bogibeel rail-cum road bridge in Assam. Bogibeel bridge is India's longest and Asia's 2nd longest rail-cum-road bridge spanning over 4.94 km, over the mighty Brahmaputra river in Assam. Enhancing its visual appeal, Bajaj Electricals completed the architectural illumination of the bridge. The project has been appreciated globally and

was recognised with ISA - International Solid State Lighting Alliance, SSL Top 100 Award in 2019.

- Highly efficient LED luminaires have been added in all product segments to attain a correct market mix.

Product Segment USPs

- **Indoor/commercial lighting:** As modern office spaces evolve, there is a growing trend towards smart space utilisation and usage of light to increase productivity and drive well-being of employees. In order to meet these requirements, the Company included Smart mood based, scene lighting and IoT building manager platform in its commercial range. This has ensured two way control as well as efficient usage of electricity. It has been further integrated with 3rd party BMS to enhance and upgrade building operations through its artistic planner range which breaks the age old monotony of square designs and offers architectural elegance with suspension lights, tube lights and battens.
- **Industrial lights:** The Company's smart ready portfolio is aligned with the needs of futuristic digital factories and warehouses. It comprises of features such as state-of-the-art energy consumption dashboard, day light harvesting, schedule based dimming and digital monitoring. It has a robust and efficient industrial LED portfolio catering to day-to-day industrial requirements like high & hard-to-reach ceilings, hazardous environments, small warehouses, hot or cold temperatures and long operating hours. The Company strives to solve these challenges with its portfolio of products, keeping customer's peace of mind at the core of its development.
- **Street lights:** The Company has always been a market leader in the street light space and is driving the next change in Smart Infra with its Citisol solution for smart cities. The Company delivered Smart solutions for Radio Frequency (RF), LoRa (Long Range) or Narrowband Internet of Things (NB-IoT). It is also capable of managing partner ecosystems, creating innovative and effective solutions for its customers.

Outlook

Going forward, the Company plans to further widen its portfolio with digitally enhanced illumination solutions for indoor and outdoor lighting. Along with expanding operations in new lighting applications, including façade/architectural lighting and evaluating its proposition in Light and Sound or Projection technologies, the Company intends to have its own Lighting as a service (LaaS) platform.

Exports

The export division of Bajaj Electricals deals with consumer products (including Fans, Appliances and Lighting products) and indoor and outdoor lighting solutions (luminaires like panel lights, down lights, battens, highbays, well glass, flood lights and street lights as well as Octagonal poles, distribution and street lighting poles, high mast, and stadium masts). With an aim to build a global brand presence, the Company has spread its footprint in more than 30 countries around the world, including key export markets of Sri Lanka, Bangladesh, UAE, Oman, Qatar, Ghana, Sudan, Nigeria, Kenya, Uganda, Ethiopia, Mozambique, Egypt and Mauritius. FY 2019-20 was a challenging year for the segment due to various reasons like:

- Mandatory requirement of certification for selling products like fans, appliances, LED lighting and luminaires in key markets such as Middle East, Europe and Africa. This led to delay in processing orders, which resulted in lower or delayed sales.
- Outbreak of coronavirus in the last quarter (Feb End – March 2020) impacted sales.

However, the company managed to expand its footprint in 3 new countries during the year under review, in both B2B and B2C segment. The segment accounted for 3.02% share of total revenue, amounting to ₹150.4 crore, in FY 2019-20.

Strategically, Bajaj Electricals is planning to consolidate, penetrate and dive deep into the top 10-12 countries of the Middle East and Africa. In the next 2 years, this will be followed by Latin America & Commonwealth of Independent States (CIS). In the B2B segment, the focus will be on West African countries that have an increasing demand for power distribution projects.

Key Highlights for FY 2019-20

- The Company was a part of a delegation of the Indian Lighting Industry, in association with Energy Efficiency Services Limited (EESL, India), to visit Riyadh in Saudi Arabia. The meet was aimed at understanding the possible investments and business opportunities in Saudi Arabia along with TARSHID (National Energy Services Company).
- The team was invited by the Ministry of Sports, Youth and Special Duty along with the Ministry of Energy (EDU state) Nigeria, to discuss the possible opportunities of Street Lighting, Stadium Lighting, and Highmasts in the country.
- Nirlep Appliances gained entry in major markets of Nigeria, Kenya, UAE, Singapore & Sri Lanka. The

Company intends to expand to more countries in the coming years.

- The Company's Consumer Products have made in-roads in Modern Format Retails like Cash-n-Carry, Hub Mart, Bazar & Supermarkets in Nigeria, Sierra Leone, Gambia, Sri Lanka, Singapore, Myanmar, Hypermarket in Liberia; Lulu & AJ Supermarket in Malaysia; Carrefour & Shoprite in East Africa; Al Madina in Dubai & Sharjah.

30 countries

of presence

70 +

Dealers / wholesalers including distributors, utilities, private contractors and Govt. agencies

Go-to-market Strategies

The Company is focusing on creating brand awareness campaigns in its core markets. It is utilising various strategies including TV and Press Campaigns in premium markets and participating in exhibitions to showcase various brands. Further, in developing countries it plans to adopt traditional display media such as in-shop, store and van branding to improve its reach. Promotional activities through trade marketing was also adopted by the company. Branding on pens, footballs, key chains, umbrellas, notepads and T-shirts helped to improve the Company's visibility. With an aim to create consumer delight, various schemes to support dealers/distributors were designed along with a country specific communication module.

With a constant focus on digital platforms, posts on social media such as Instagram, Facebook and WhatsApp are being used regularly to create brand awareness and visibility. E-mailers are also used to inform customers about latest product offerings.

Moving forward, the Company plans to focus on CRM and social media marketing in countries like Nigeria, Sri Lanka, Bangladesh, Kenya, UAE and create content-specific visibility, both on ground and online, to support its partners.

Manufacturing

The Company undertakes manufacturing of Consumer Products, Poles, Monopoles and EPC products through its two manufacturing units located in Pune, Maharashtra. Further, the Company also has 4 manufacturing units through its joint venture / subsidiaries located in Nasik & Aurangabad (Maharashtra), Shikohabad (Uttar Pradesh) and Parawanoo (Himachal Pradesh).

The year under review was a challenging one for the manufacturing operations owing to subdued demand from EPC business. However, Bajaj Electricals continued to focus on improving the operational efficiencies and reducing its manufacturing costs. Further, the focus was also on improving capacity utilisation by increasing on-loading, reducing costs and improving efficiency through Cross Functional Teams (CFTs) across plants and logistics operations.

CFTs across operations were formed to improve the operational and cost efficiency of the organisation. Cost reduction strategies were implemented in areas such as material sourcing, power & fuel cost, consumables cost, fixed cost, manpower cost through productivity improvement, transportation & warehousing cost and packing cost. On the other hand, improvement of operational efficiency was undertaken through initiatives such as line balancing, Theory of Constraints (TOC) exploitation and Kaizen method. All the managers and supervisors were a part of these CFTs along with some workers.

The Company follows TOC based operating system in its manufacturing plants. Accordingly, it maintains the required raw material buffers in plants which enables it to deliver products with minimum lead times. For the consumer product business, it also maintains stock of finished goods enabling the Company to supply goods immediately from stocks.

Going forward, the Company plans to implement new technologies such as Internet of Things (IoT) in its plants to improve the efficiency level as well as achieve economies of scale. It is also driving Low Cost Automation (LCA) projects across plants to achieve cost efficiencies.

58

CFTs working across operations

₹ 30 crore

Capex for the year FY 2019-20

400

Permanent employees in two plants of Bajaj Electricals

Plant Location	Key Product Group	Annual Plant capacity	Actual Production volume	Average Capacity Utilisation
RU	Monopoles (in metric tonnes)	2,400	1,242	52%
	HM (in metric tonnes)	4,200	4,055	97%
	Oct Poles (in metric tonnes)	5,040	5,038	100%
	TLT (in metric tonnes)	18,000	8,802	49%
	PD (in metric tonnes)	6,000	1,938	32%
		35,640	21,075	59%
Chakan	Fans (in lakhs)	15	10.3	69%
	LED (₹ in crore)	240	179	75%
Starlite	SWHs (in lakhs)	3.3	2.9	88%
	Mixers (in lakhs)	1.5	0.6	40%
	LED Bulbs (in lakhs)	144	52	36%
	AC (in lakhs)	0.5	0.3	60%
Hindlamps	LED Bulbs (in lakhs)	120	80	67%
	LED Battens (in lakhs)	12	7	58%
Nirlep	Non stick Cookware (in lakhs)	36	15	42%

Quality

It has been Bajaj Electricals' earnest endeavour to improve the quality of its products. The Company's quality improvement initiatives are result oriented, customer centric and focused on offering best-in-class quality products.

Fundamental principles of quality policy:

- Customer satisfaction.
- Timely introduction of innovative and energy efficient products.
- Quality products at affordable price.
- Timely response to customer feedbacks/concerns.
- Compliance to statutory and regulatory requirements.

Initiatives undertaken by the Company to improve quality of products included:

- Transformation from 'QC2QA', by changing its product oriented approach to a process oriented approach, moving from defects detection to prevention and employing reactive to pro-active strategies. Kaizens, Quality Suggestion scheme, 8D, Six-Sigma, Poka-yoke, Shinin Tools are some of the initiatives that ensure it.
- Initiated 'QA in Market' for capturing the voice of customers by visiting BCCD/dealer/distributor.
- Monitoring CRM data and analysing market complaints on monthly basis.
- Product and process improvement through standardisation of processes, raw material and periodic re-assessment of vendors & sub-vendors.
- Benchmarking study of products and processes in comparison to competitors.
- Performance improvement of vendors through audits and infrastructure upgradation.
- Development of in-house testing capabilities and advanced measuring system.

Regular analysis of field failures, root cause analysis and effectiveness monitoring of corrective action was adopted by the Company to significantly reduce failures over the past few years. Further, review of field failure analysis with cross function teams – Quality, Design, Consumer Care, Marketing and Supply Chain Management (SCM), was also undertaken. Colours, Materials, and Finishes (CMF) enhancement project was also initiated to improve aesthetic of products.

33

Selected products aesthetically revamped under CMF enhancement project in FY 2019-20

15%

YoY reduction of field failure for 3 consecutive years, in Consumer Products and Luminaires

ISO 9001:2015

Certification for Quality Management Systems

Renewable Energy - Wind Energy

India was ranked as the fourth⁹ most attractive renewable energy market in the world in 2019 and the total renewable capacity installations reached 86¹⁰ gigawatt (GW) as of 31st December, 2019. Of the total, wind energy became the biggest contributor with a 44% share in the total renewable energy mix, followed by solar with 39% share. In CY 2019, approximately 2.4 GW of new wind capacity was added, an increase of 10% over 2018. A total of 1.4 GW of new wind project installations with commissioning happened in Gujarat, followed by Tamil Nadu with 650 Megawatt (MW) and Maharashtra with 212 MW. The projects allocated in 2018 and scheduled to commission in 2019 were delayed owing to multiple headwinds, but primarily due to land availability issues and lack of grid transmission. These projects are now likely to be commissioned in CY 2020.

During the year under review, the Company generated 3070919.73 electrical units in its 2.8 MW wind farm at Vankusawade village, in Satara district of Maharashtra.

Supply Chain Management System

At Bajaj Electricals, supply chain management system is defined as a replenishment-based system for Made to Stock products and a Made to Order based system for products which are not sold regularly. The replenishment model enables the Company to manage its inventories better. Supply chain management is an integral part of Bajaj Electricals' operations as it directly impacts timely availability of products and eventually, impacts sales

⁹ <https://www.investindia.gov.in/sector/renewable-energy>

¹⁰ India Wind Energy Association

and working capital blocked in Inventory. Strategies adopted to increase the overall efficiency level of supply chain consist of:

- Automated capturing of real-time demand, in the form of secondary sales from distributors and converting it to demand for Bajaj Vendors on a daily basis.
- Monthly Sales and Operations meetings to fine tune rolling plans for the next 3-4 months.
- Frequent changes of desired stock levels in response to
 - increase / decrease of demand; and
 - seasonal changes in demand.
- Monthly meetings to plan actions for
 - slow moving inventory;
 - stock level changes; and
 - inter branch / warehouse movement.

These strategies have enabled the Company to ensure availability of products and order fulfillment with minimal inventory.

Strategies to minimise supply and demand gap

Following strategies are employed to minimise loss of sales due to nonavailability of goods:

- The supply chain consists of Vendors, Company Central Warehouses, Company Branch warehouses and Bajaj Electricals Distributors. Supply to Distributors is managed by a Replenishment based Supply chain. Right from Bajaj Electricals vendors to distributors, the entire system is automated and adequate stocks are held at each node to ensure higher availability even when the inventory levels are low. This helps to service Trade distributor demands as well and the method is followed for all Bajaj Electricals products, except highly seasonal Room Coolers and Room Heaters.
- Alternate channels like Modern Format Stores, Institutional Customers and CSD are serviced by either of the two methods
 - o For regularly moving SKUs, certain stock levels are maintained at the warehouses; and
 - o For other SKUs, manufacturing is triggered based on the orders received from various channels.
- Sales and Operations meetings are conducted on a monthly basis, wherein projections for the

next 3 months are discussed and jointly finalised. Thereafter, the Supply Chain team takes necessary actions to fulfil demand.

Research & Development (R&D)

The Company has a dedicated, world-class R&D centre involved in developing new products and features. The centre is involved in continuous development of existing products and enhances its look and feel with improvements in colour, material, fit & finish. The R&D centre also houses testing labs for each category to avoid dependence on external facilities. While most product developments are done in-house, Bajaj Electricals also collaborates with the country's best Design Houses to design some of its products.

During the year under review, it also developed the capability for full-fledged third-party inspection of illumination products. To further enhance its capabilities, the Company has set up a hardware & software Lab, LED Life Testing Lab, accelerated Switching, fan air delivery lab and also initiated the set up for a gas stove lab. The Company's robust R&D activities ensure timely delivery of new and improved products/solutions, allowing it to maintain a competitive edge in an ever-changing market, while aligning with latest business strategies and creating intellectual properties for the organisation.

The Company also has a dedicated Digital centre which is involved in learning new technologies from around the world. They conduct extensive social listening procedures to understand market realities and consumer needs, round the clock. It also involves a dedicated team working on the development of its IoT range of products, within its own ecosystem.

Innovative products launched in the market

Innovating new and improved products continuously enables the Company to meet customer's need, augment growth opportunities in various market segments and create Brand competitiveness through intellectual property portfolio. Some of the innovative and first-of-its-kind products launched by the Company include:

- Berryl Mixer Grinders – Bacteriostatic and easy to clean Mixer Grinders for Indian market.
- FX 1 Food Processor with Yam Pounding – Yam pounding function to cater African market.
- Family of streetlights designed with a strong visual and aesthetic appeal.
- Launch of IoT enabled water heater Smart.iNXT and LED lamp Awe.

ISO 9001:2015

Certified R&D centre

420+

New products introduced in FY 2019-20

79

Members in the R&D team as on 31st March 2020

3

Patents filed

10

Design registrations filed

36

National trademarks registered

3

International trademark registered

Product Marketing

The Company's product marketing strategy is focussed around three aspects - 'Maintain & Grow' in categories where it is a market leader, achieve 'Significant Growth' in categories where it aspires to be in the top three and 'Create Impact' in remaining high potential categories with innovation & product differentiation. Aligning with these focus areas, the Company has developed its product marketing strategies including Channel development, product development and Brand development. Bajaj Electricals holds No. 1 position in Mixing Appliances, Electric Water Heaters and Dry Irons. It is also among top 3 players in four more categories.

Apart from this, Service has also played a pivotal role in ensuring consumers delight. The Company has an extensive service coverage that helps to support stakeholders with various service needs such as

installations, demonstrations and grievance redressal within the given Turnaround Time (TAT), based on respective product categories.

The Company has also developed strategic tie-ups with global brands like Disney & Midea for its range of Ceiling fans and Table Wall Pedestal (TPW) fans, respectively. Tie-up with Disney has helped it create a popular range for kids with its renowned fictional characters. Further, the Company has also recently tied-up with National Health Academy to get accreditation for its newly launched range of Anti-bacterial Fans and Anti-bacterial Honeycomb Pad coolers. For consumer financing, Bajaj Electricals has tied-up with Bajaj Finserv and HDB Financial services to promote its Air Coolers with special offers.

The Company has always adopted a Product differentiation strategy, showcasing unique features to stay ahead of competitors. As a result, it has implemented a product differentiation strategy across all categories and have launched several new features over the last one year. While it continues to focus on innovation and feature rich products, it also ensures affordability of products, with an objective of benefitting maximum number of consumers.

Apart from consumers, the Company also focuses on building relationships with its channel partners, as they ensure uninterrupted supply of products. To strengthen relations, Bajaj Electricals launched an extensive loyalty programme called 'Retailer Bonding Programme' (RBP). This programme was launched 3 years ago and has evolved based on market feedbacks, improving benefits for retailers. The Company has enrolled all its listed Retailers in this programme and given points in real-time, against every purchase of consumer products. The retailers have an option to redeem these points against a huge variety of gift items listed in the programme. The points are extended to retailers based on a combination of products bought, range of products, frequency of purchase and consistency of purchase within a given period. The entire programme is system driven and retailers can access their performance dashboard on a specially designed mobile app as well as from the web portal.

This programme has helped develop a high level of engagement as well as excitement among retailers. In return, it has also led to a substantial growth of retailers and has contributed to the Company's business growth. Till date, it has already rewarded 34,657 retailers with attractive performance based incentives.

Table 5: Product marketing strategies linked with outcome achieved

Strategy	Approach	Outcome in FY 2019-20
Channel Development	<p>The Company has constantly and progressively worked on its RREP programme to strengthen its distribution network to ensure steady supply of goods with minimum inventory.</p> <p>The focus is on leveraging its numeric reach with higher rate of extraction, by extending the complete range of products to all markets. A special drive will be on commercialisation of new launches of more than 100 SKUs in the available network.</p>	<p>The RREP programme has resulted in an extensive numeric distribution with a direct coverage of 2 lakhs+ retail outlets across 600+ districts in the country.</p> <p>With the Company's 'same price for all' approach and systematic market working, it has developed a very positive, sustainable and reliable relationship with the channel partners.</p> <p>Bajaj Electricals is a strong believer in omnichannel presence and hence created a widespread presence in not just trade channels but also in Modern Retail formats and leading E-commerce platforms like Amazon & Flipkart. The consumer can choose from any of their preferred buying channels according to their convenience.</p>
Product Development	<p>The Company has identified three core premise for its product development –</p> <ul style="list-style-type: none"> • Consumer Research: Detailed U&A studies are conducted to identify the real needs of consumers to ensure all technology research & innovations can address the same in terms of product features. • Orbit Shift Programme: All the consumer pain-points, related ideas and innovations are vetted through a large team of experts to ensure accuracy in addressing the needs. • Benchmarking: A detailed and regular benchmarking of the products is conducted, vis-a-vis competition, to ensure relevance of its products. 	<p>The product development strategy has led to the launch of unique features which are clear market differentiators. Products such as Anti-bacterial Fans has created a unique positioning as well as recognition of the brand in this category. The new products launched during the year address varied consumer needs – catering to functional, emotional as well as health and wellness requirements. During the year under review, 230+ SKUs were launched under CP division.</p>
Brand Development	<p>Along with Product Development, the Company also focuses on product-led Communication. During the year under review, the Company made 8 new TVCs and launched 10 campaigns for Nirlep Appliances, Bajaj Water Heaters, Bajaj Mixers (South specific), Bajaj Fans and Bajaj Coolers. The Company has also increased its media spends over the years and has been able to conduct high impact campaigns across categories.</p>	<p>The Brand development strategy with product led brand campaigns have increased awareness and consideration for the Company's products. Forbes Magazine recognised the Company as a part of 'India's 100 Most Respected Consumer Brand'.</p>

Branding

Bajaj Electricals aims to position itself as a contemporary and aspirational consumer durable brand. With more than 80 years of experience, the company recognises the importance of blending its traditional beliefs with modern values. To remain relevant and connect with its diverse customer base, the Company constantly intends to revamp and evolve its image through innovative branding strategies – with a sharp focus on attracting the attention of its audiences across social divides and age groups.

In keeping with its objectives to sustain its modern, contemporary brand image, the Company launched IoT enabled Air coolers, Anti-Bacterial Coolers, Anti-Bacteria & Bye Bye Dust Fans, Sunshine CRI with LEDs, Travel Irons and Mixer Grinders in vibrant colours.

Further, the Company adopted an appropriate mix of online and offline marketing channels to broaden its reach. The Company's presence on social media, across YouTube, Facebook, Twitter, LinkedIn and Instagram, strengthens its digital media marketing strategy. From utilising its digital platforms as a support function to utilising it for business purposes, Bajaj Electricals' digital campaigns have undergone a paradigm shift. The Company has also revamped its E-commerce website (www.shop.bajajelectricals.com) to boost online sales.

While the Company continued to explore online channels for brand building, it also engaged in offline marketing strategies including TV & Newspaper advertisements, In-Shop Branding and Product Exhibitions to directly communicate with consumers and enhance brand visibility. During the year under review, Bajaj Electricals undertook 7 Major Brand Building campaigns for key categories including Air Coolers, Fans, Water Heaters, Mixer Grinders and Nirlep Appliances. For its illumination products, a unique initiative, 'nxt upgrade', was undertaken in 5 Indian cities to showcase innovative products and service offerings. Bajaj Electricals has also actively supported various events such as Pinkathon, India's biggest women's run and has partnered with Kidzania as a part of its brand building initiative.

Besides, the Company standardised its logo across product categories to further improve brand visibility. The trade packs of Nirlep Appliances were also modified to promote fresh and modern look and the Morphy Richards brand was repositioned with an aim to target customers from all segments.

Key Brand Campaigns in FY 2019-20

• Cooler Campaign –

- **Campaign Thought - HEAT KO KARO BEAT**
- **Objective:** To showcase its range of Air Coolers. Communication was around Surround Cooling, Hexa Cool Technology & IoT Air Cooler.



Scan the QR code or visit [click here](#) to view full video

• Nirlep Campaign –

- **Campaign Thought - ITNA STRONG; TIKEY VERY VERY LONG**
- **Objective:** To strengthen the Nirlep brand and communicate its durability feature.



Scan the QR code or visit [click here](#) to view full video

- **Mixer Grinder Campaign –**

- **Campaign Thought – INDIA'S NO. 1 MIXING APPLIANCE BRAND #CorrectHai**
- **Objective:** With an objective to further consolidate its position in the Mixer Grinder Segment, Bajaj Electricals ran the Mixer Grinder TV Campaign and it was telecast on key channels across India.



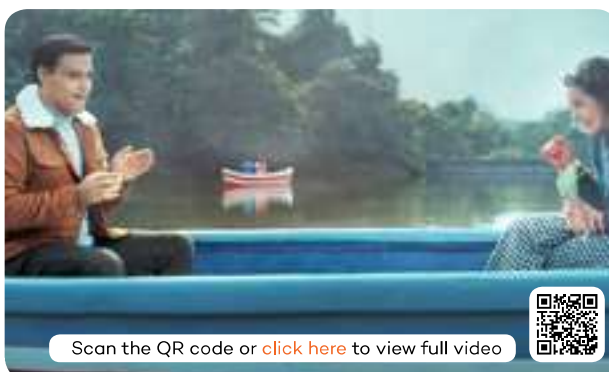
- **Mixer Grinder South Centric Campaign**

- **Campaign Thought – INDIA'S NO. 1 MIXING APPLIANCE BRAND**
- **Objective** – Three South centric campaigns for Mixer Grinders, in regional languages (Onam-Kerala, Pongal- Tamil Nadu & Ugadi- Andhra Pradesh/Telangana & Karnataka), clearly stating that Bajaj Mixers are India's No. 1 Mixing Appliance Brand to increase its market share in the South.



- **Water Heater Campaign – INDIA'S NO.1 WATER HEATER BRAND**

- **Campaign Thought – JAB BHI THANDA PAANI SATAYE; EK HI NAAM YAAD AAYE**
- **Objective:** To establish Bajaj Electricals as a market leader, it ran a water heater campaign that was appreciated by Brand Equity. The Communication was around India's No. 1 Water Heater Brand.



- **Anti Bacterial Fan & Cooler Campaign –**

- **Campaign Thought – HAWA KI DAWA and BETTER HYGIENE KE LIYE**
- **Objective:** To showcase Anti Bacterial Fans and Coolers.



Anti Bacterial Air Cooler Campaign



Information Technology (IT)

At Bajaj Electricals, technology plays a vital role in sustaining business growth year on year. As part of its technology transformation strategy and roadmap, the Company is leveraging state-of-the-art technologies to ensure business excellence and scalability. Technology such as Machine Learning (ML), Artificial Intelligence (AI), Predictive Data Modelling, Advanced Analytics, Business Intelligence (BI), Internet of Things (IoT), Blockchain, Robotic Process Automation (RPA) and Chatbots have already been implemented as part of its transformation initiatives. The Company has also enabled robust and comprehensive IT infrastructure that provides agility and competitive edge to its business.

Bajaj Electricals focuses on early adoption of new technologies to evaluate new business opportunities and scale up operations. This has enabled the Company to expand its footprints across the globe and augment business. Further, technology also helps to improve productivity, optimise business processes, enhance performance, increase employee efficiency and reduce cost.

In the initial implementation phase, the Company automated complex financial processes such as generation of financial statements, synchronisation of bank accounts, automation of banking transactions and tax reconciliation using various external portals. In the next phase, the Company is planning to automate invoice processing which can help to achieve improved efficiency, better accuracy, cost optimisation and reduced manual errors.

54

Employees in IT team as on 31st March 2020

12.5 years

Average experience of employees

**IDC Insights Award
2019 & Computer
Express Award**

Won for WMS Development and Implementation in
FY 2019-20

Technology adoption to serve customers better

Chatbots: The Company has introduced AI based Customer Service Chatbots to connect with customers directly. It enables the Company to ensure round-the-clock customer service. The customers can raise service requests for Product Repairs, Product Demo and Product

Installation without reaching out to the call centre. Further, the Chatbot also offers other services related to product catalogues, product registration and tracking of service request.

ML and Advanced Analytics: The Company is implementing ML and Advanced Analytics technologies to analyse consumer insights and plan its customer centric business strategies. Bajaj Electricals engages with its customers through multiple digital channels to get insights about products and services. The Company has identified and created multiple touch points for consumer engagement. Through these touch points, it captures consumer insights which is utilised for enhancing purchase and post purchase consumer experiences. ML based predictive modelling is also optimising the spare parts inventory and improving service time for customer service requests.

ERP system: The Company uses core financial ERP system to support the business in its day to day operations. Recently, the Company upgraded the ERP to incorporate latest changes. It allowed the system to become more robust, secure and helped end users to increase their productivity. Also, efforts were made to enable e-Auction of Payable Invoices.

Cloud based system: During the year under review, major illumination projects were brought under the purview of Sales Cloud & CPQ (Configure, Price & Quote) solution. It enables automation of pre-sales activities, provides better response to customer enquiries and allows sales funnel visibility for business users. Sales cloud is a key technology used by the Company for its database containing Leads, Customers & Contacts. On the other hand, CPQ helps to generate complex offers as per customer requirement and initiates internal approval workflow for quote generation to reduce the sales cycle-time. The Company is planning to integrate Pre-Sales and Post-Sales functions in Sales Cloud and CPQ, which will enable seamless conversion of sales enquires to orders and facilitate order execution. It will also significantly reduce sales cycle time required for order execution on ERP and provide better services to customers. In the next phase, Sales Cloud for EPC – T&D segments will be implemented for better visibility of order pipeline.

Intranet based application: The Company uses numerous Intranet based applications in its daily operations. During the year under review, the Company implemented Warehouse Management System (WMS) at its Central and Branch Warehouses. WMS offers outstanding value addition for warehouse operations. It improves labour productivity, maximises space utilisation with system

directed activities and reduces paperwork. WMS ensures FMFO (First Manufactured First Out) based material handling and reduces bad inventory. Bajaj Electricals also implemented Freight Management System to enable speedy processing of Transporter bills and automate freight management. The Company also managed its vendors and dealers through its extranet platform and maintains the value chain to support its business.

Consumer Centric Digital Transformation

One of the main reasons for digital transformation is to improve and empower customer experience through unified omni channels such as Websites, E-Commerce platforms, Social Media, Whatsapp, E-Mails, SMS, Microsites, Customised forms and Chatbots. The Company offers consumer centric products to serve consumer needs. It listens to the voice of consumers on digital platforms to understand them better and serve accordingly.

The Company also leverages IoT technology to develop smart and connected products for consumers. It is planning to launch various IoT enabled consumer and business products such as coolers, water heaters and smart streetlights.

Financial Analysis

Particulars	(₹ in crore)		
	FY 2019-20	FY 2018-19	YoY Change (%)
Revenue	4,977.09	6,673.14	(25.4)
EBIDTA	259.56	413.78	(37.3)
EBIT	191.55	375.32	(49.0)
Finance Cost	169.16	115.88	46.0
PBT	22.39	259.44	(91.4)
PAT	(0.13)	167.07	(100.1)

Key Financial Ratios:

Particulars	FY 2019-20	FY 2018-19	YoY Change (%)	Reasons for change, where change is significant
EBIDTA Margin	5.22%	6.20%	(15.9)	Drop in EBIDTA margin is on account of degrowth in revenue mainly in EPC segment by 51.89% and absorption of running fixed costs in EPC Division.
EBIT (Operating) Margin	3.85%	5.62%	(31.6)	Same as above.
PBT Margin	0.45%	3.89%	(88.4)	Lower EBIT margin and increase in Financing Cost from ₹116 crore to ₹169 crore (increase in Capital employed mainly in EPC, funded by borrowed funds).
PAT Margin	0.00%	2.50%	(100.1)	Lower PBT and write off of deferred tax assets on account of decreased tax rate from 34.94% to 25.17% of ₹16.62 crore.
Debtors Turnover	1.74	2.57	(32.3)	Sharp drop in revenue mainly in EPC segment as compared to reduction in debtors. Revenue dropped by 25.7% whereas closing debtors reduced by 19.3%, from 3,143 crore to 2,537 crore.
Inventory Turnover	4.82	7.37	(34.6)	Sharp drop in cost of goods sold mainly in EPC segment as compared to reduction in inventory. Cost of goods sold dropped by 29.4% whereas closing inventory reduced by 15.9%, from 821 crore to 691 crore (approx 72.6% inventory pertains to Consumer products segment).
Interest Coverage Ratio	1.13	3.24	(65.0)	The ratio has worsened due to reduction in EBIDTA margin and increase in finance cost as explained above
Current Ratio	1.12	1.05	6.7	Cash from operations of ₹626 crore and proceed from Rights issue of ₹350 crore are mainly used for repayment of Short term borrowings.
Debt Equity Ratio	0.69	1.47	(52.7)	Increase in Total Equity mainly on account of Infusion of Capital through Rights Issue of ₹350 crore, and reduction in borrowings of ₹631 crore as mentioned above.
Return on Net Worth	(0.01)	15.50%	(100.1)	Drop in profitability as explained in the profitability ratios, and reversal of DTA resulted in Loss at PAT level and increase in the Total Equity.

Risk Mitigation

As the Company expands its operations in international as well as domestic market, the risks and its impact on business operations increases sequentially. The Company has a comprehensive Risk Management framework in place which enables it to protect the interest of the stakeholders and mitigate any impact on its operations. The key objective of the framework is to identify potential risks on time and take corrective actions to reduce any adverse impact on business operations.

Key Risk	Mitigation	Level of impact
Macroeconomic and political Political uncertainties and weak macroeconomic conditions have an indirect impact on consumer sentiments, confidence and demand. This might have an adverse impact on the Company's overall growth and product demand.	Bajaj Electricals is constantly investing in the development of capabilities to be agile and responsive to a changing business environment and have the right strategies to confidently mitigate any challenges. The Company takes proactive steps to assess and manage risks and opportunities in its business environment. Further, Bajaj Electricals' product portfolio caters to varied needs to fulfill diverse consumer requirements.	Low
Unforeseen situation An unforeseen situation like the recent outbreak of COVID-19 has led to lockdown in many countries including India, resulting in a slowdown of economic activities. It led to major disruptions in the supply chain and decreased demand for goods. This might have an adverse impact on the Company's operation and liquidity position, raising questions on business sustainability.	Bajaj Electricals has been proactively and responsibly dealing with the pandemic. Initiatives such as work from home and adherence to social distancing norms were followed at several locations. Further, the Company also undertook preemptive actions to boost production and ensure distribution at all warehouses before the lockdown. This enabled it to prevent supply chain disruptions in secondary and tertiary sales. It is anticipated that demand for branded goods are expected to rise as consumers would prefer to spend on products that are reliable and trustworthy. This is expected to benefit Bajaj Electricals. In the long run, the Company does not see any challenges as the demand for its products is unlikely to be impacted.	High
Business growth Bajaj Electricals faces stiff competition from domestic as well as international players. Given the current situation, reduced demand for Bajaj Electricals' consumer products along with its inability to secure EPC projects might pose challenges to business growth and sustainability.	For its consumer product segment, the Company has implemented strategies such as Range, reach, expansion programme (RREP). This has enabled it to increase its market presence, offer more value to customers and enhance visibility of its products. Further, the Company enjoys a strong brand reputation in the market which enables it to stay ahead of its competitors. For its EPC segment, the Company has been focusing on securing high margin accretive projects for Railways, Monopoles and Substations to boost its growth and profitability. It is also working towards improving its order book value by securing more projects.	Moderate

Key Risk	Mitigation	Level of impact
Working capital management Change in scope of work by clients in EPC projects and unresolved issues regarding Right of Way (ROW) might result in non-utilisation of material purchased for a particular project. Further, delay in execution of projects might delay the receivable from clients. This might have adverse impact on the working capital of the Company and it might not be able to meet its short term obligations.	The Company maintains proper communication with the clients to identify additional work at respective projects and also ensures proper utilisation of inventory procured at respective sites. Further, the requirement of clients in other sites are identified and unutilised inventory is shifted to sites where it is necessary. This enables the Company to ensure proper utilisation of inventory. Additionally, it also coordinates with clients for recovery of receivables by ensuring timely handover of sites and project closures.	Low
Liquidity Inability to meet short term as well as long term liability due to cash constraints might have an adverse impact on Company's operations and financial position.	The Company has a prudent liquidity management policy in place. It raises long term funds to ensure matching of liability with asset realisation. Further, equity capital was also raised through rights issues to repay maturing debt. The Company maintains the required cash and cash equivalent balance at all times to meet its long and short-term obligations.	Low
Human capital New entrants and existing domestic players may hire talent from the Company, resulting in loss of intellectual capital to competitors. Further, inability to find the right fit for a role might have an adverse impact on the Company's operations.	The Company's human resource management team constantly focuses on building a robust and diverse talent pipeline by hiring fresh management graduates to cater to various businesses and functions, enhancing individual and organisational capabilities for future readiness, driving greater employee engagement and strengthening employee relations. The Company has also undertaken initiatives like employee satisfaction survey, management training programmes, job rotations, quarterly/half yearly/Annual recognitions and multiple development programmes to retain and grow talents.	Low
Occupational health and Safety During the course of daily operations, the Company's employees are exposed to various health and safety hazards.	Safety of employees and workers is of utmost importance to the Company. Bajaj Electricals has identified Occupational Health & Safety as one of its key focus areas. Various programmes involving safety training, safety leadership and logistics safety programme has been conducted at the plants and project sites to ensure safety of employees. Further, a Safety Committee and Safety Portal has been established to oversee safety initiatives and ensure adherence across the organisation.	Low

Internal Control

Commensurate with the size, scale and complexity of its operation, the Company has well defined and adequate internal controls. Throughout the year, the internal controls operated effectively. To test the robustness of these controls and to cover all business units, offices, factories and key areas of business, the Company had appointed an external consultant as an Internal Auditor. External consultant (Internal Auditor) and the statutory auditor evaluate the design, adequacy and operating effectiveness of the Internal financial controls of the Company. The controls are designed in such a manner that they are broadly in accordance with the criteria established under the Companies Act, 2013 and Guidance Note issued by the Institute of Chartered Accountants of India.

The Company has documented Standard Operating Procedures (SOPs) and risk registers, encompassing process flow, key risks and key controls for all business units and functions. SOPs and risk registers in turn are evaluated and appropriate amendments are made by the business, depending on the changes in process of workflow and controls. The external consultant (Internal Auditor) on review of the internal financial controls did not identify any significant control weaknesses. All the non-significant control weaknesses identified have been discussed with the process owner. Remedial action has been taken or agreed upon, to 135 Corporate Overview Statutory Reports Management Discussion and Analysis Financial Statements eliminate the weaknesses in a time bound manner. Adequate manual controls have been deployed where control weaknesses have been identified due to system limitation in IT application.

The external consultant (Internal Auditor) conducts internal audits for the areas that agreed with the management and Audit Committee. The Audit Committee finalises the scope of internal audit. The audits executed by the external consultant (Internal Auditor) are monitored by the Internal Audit function. It is ensured that internal audit and IFC reviews are conducted objectively. Also, it is ensured that reviews evaluate the efficacy and adequacy of internal control system in the Company, its compliance with operating systems and procedures, accounting procedures and policies of the Company. The internal audit function reports to the Chairman & Managing Director of the Company and the Chairman of the Audit Committee of the Board so as to maintain its objectivity and independence.

The process owners undertake corrective action in their respective areas within agreed timelines for significant risks identified in the reports issued by Internal Auditors. This helps to improvise and strengthen the controls. On a quarterly basis, significant audit observations and corrective actions are presented to the Audit Committee of the Board.

Human Resource

The Company believes in empowering people to deliver their best in a work environment that is diverse, inclusive and friendly. As a result, the human resource (HR) department at Bajaj Electricals has evolved from a function performing an operational role to a more strategic one, supporting the businesses and the organisation as a whole to deliver its business objectives. It engages with business leaders to understand priorities and accordingly, carves a people strategy. This includes identifying right talent for the organisation, grooming and nurturing them through various people centric interventions, providing opportunities to learn and grow and pursue career paths unhindered.

The Company not only provides opportunities to its internal talent pool, but also seeks to infuse fresh talent from various Management/ Engineering Colleges or from the market, to continuously strengthen its workforce. As per the Company's norms, each candidate is evaluated by a multi-step process defined as per the Standard Operating Procedures (SOP) with a mandatory cross-functional panel evaluation.

3,007

Total number of employees as on 31st March 2020

7%

Gender diversity ratio as 31st March 2020

Training and Development Initiatives

All employees of Bajaj Electricals undergoes various training and development programmes. The initiatives are aimed at continuously upskilling its talent pool through various internal and external training programmes, as per the training needs captured through the Performance Management System.

New employees undergo a detailed orientation programme called Anugam, which aims at providing insights into each business unit and support functions. They also participate in induction programmes along with a Buddy Programme which allows new recruits to deliver to the best of their abilities within a short period of time. For the existing employees, the Company conducts functional and behavioural training programmes to increase their skills and knowledge. Further, the Company through its signature 'Pygmalion Programme', continues to identify employees with high potential and grooms them through focussed learning interventions to make them ready for future leadership roles, thus ensuring a steady talent pipeline within the organisation.

169

Functional training programmes conducted in
FY 2019-20

1,735

Employees participated in functional training in
FY 2019-20

130

Behavioural training programmes in
FY 2019-20

2,585

Unique employees undergone training in
FY 2019-20

Various HR Initiatives

Rewards and Recognition: The Company strives to build a performance driven culture. Its 'Achieverz Programme' aims to recognise and reward employees for their extraordinary contributions. Annual performance evaluations also ensure differentiation of talent based on achievements. High-performing employees are rewarded with higher market-based merit pay and deserving candidates are also promoted to positions of higher responsibilities.

Employee engagement initiatives: The Company strongly believes in an open culture where communication flows freely, not only from top to bottom, but also between employees and the organisation, where every individual gets an opportunity to express views, opinion and thoughts. The HR department has institutionalised different platforms like International Townhall and Catch-Up with Anuj, where the top management of the Company shares business outlook and plans for the future and also interacts directly with employees across the globe by answering their queries.

Employee Engagement Survey: The Company conducts an annual Employee Engagement Survey which gives employees an opportunity to voice their opinions on different parameters. The management also uses its internal communication portal, Hi-Lites, to share business updates and other important developments with its employees continuously.

Digitisation: The Company is planning to leverage new-age technology such as Artificial Intelligence (AI) and analytics to strengthen and increase the efficiency of its HR practices. As a result, it has decided to implement a best-in-class HR solution, SAP Success Factor, which will provide a platform to launch futuristic interventions for its employees.

Gender diversity: The Company acknowledges the importance of gender diversity and undertakes measures to promote the same. To sensitise its Leaders and Managers towards women colleagues, the HR department had conducted several awareness sessions across locations, during the year. The Company's Internal Complaints Committee constituted under the policy of Prevention, Prohibition and Redressal of Sexual Harassment of Women at workplace ensures strict adherence of the law and conducts quarterly reviews of the same.

Employee Health & Safety: Employee well-being has been another area of focus for the Company. To ensure that its people stay healthy and engaged, perform well and thrive in their professional and personal lives, the Company has carried out several awareness programmes for its employees across regions and at various times of the year.

Creating a Winning Culture: The five key behaviours which the Company believes will drive to make Bajaj Electricals of the future are embodied in its Winning Culture and are as follows:

Winning Culture	Definition
Agility	Being quick in response, adaptable to new challenges and opportunities and having ability to deal with ambiguity.
Simply the Best	Being best and chasing perfection in everything we do, delivering quality and demanding quality from others to create best-in-class products, processes and practices.
Think Straight Talk Straight	Communicating with clarity of thoughts, being fearless and truthful to self and others to facilitate decisions and actions that are well informed.
Teamwork & Communication	Working together across functions, fostering collaboration over working in silos; garnering synergy and oneness through seamless communication and sharing information.
Ethics & Integrity	Demonstrating highest standards of business conduct and adherence to rules and code of conduct of the company. Exhibiting high sense of purpose, relentless commitment and passion towards organisation's goal.

Corporate Security and Administration (CSA)

Given its position in the industry, it is vital for Bajaj Electricals to provide a secure and safe working environment for its employees. With an aim to herald a cultural change in terms of inculcating discipline, process implementation and to plug leakages in security cum administration by streamlining processes, Bajaj Electricals formed its Corporate Security and Administration (CSA) department in FY 2017-18. The Company's security and administration was also brought under one umbrella, thereby relieving operations to focus on their core business areas. The CSA department has been established as a strong security and administration grid across India i.e. in Head Office, Branches, Warehouses and at Project sites.

This has enabled the Company to maintain strong surveillance across its operations in terms of access control, asset protection, risk mitigation, disaster management, fire and electrical safety, surveillance grid, loss prevention, travel management, space management, employee engagement etc. The Company has also established a Global Surveillance Operational Centre, with a proper blend of physical security and digital system. This has enabled it to increase overall efficacy, facilitated Fraud Detection, Investigations, Crisis Management, and reduced risk while ensuring an incident free environment.

The security teams have been trained and re-skilled to understand a changing business environment. They are not only trained to address incidents and emergencies, but are also qualified to assess internal and external threats. This has enabled business units to prevent losses by implementing standard operating procedures.

To enhance its environment, health and safety (EHS) policy, in August 2018, the Company had created a separate EHS vertical, with the aim to deliver better results. The objective was to bring transparency, increase accountability and refine SOPs to protect the environment and ensure the health, safety and welfare of the employees, as well as agency workers, contractors and visitors coming to the sites, offices and factories.

Today, EHS is a core component of Company's overall business strategy. Going beyond meeting compliance requirements, EHS has contributed in protecting and enhancing company's reputation. It has also strengthened the Company's safety culture by initiating behavioural change in employees, through training, communication and use of technology. This has enabled Bajaj Electricals to reduce the risk of accident and to fulfil its social responsibility.

Cautionary Statement

Certain statements in the MDA section concerning future prospects may be forward-looking statements which involve a number of underlying identified / non identified risks and uncertainties that could cause actual results to differ materially. In addition to the foregoing changes in the macro-environment, global pandemic like COVID-19 may pose an unforeseen, unprecedented, unascertainable and constantly evolving risk(s), inter-alia, to the Company and the environment in which it operates. The results of these assumptions made, relying on available internal and external information, are the basis for determining certain facts and figures stated in the report. Since the factors underlying these assumptions are subject to change over time, the estimates on which they are based, are also subject to change accordingly. These forward-looking statements represent only the Company's current intentions, beliefs or expectations, and any forward-looking statement speaks only as of the date on which it was made. The Company assumes no obligation to revise or update any forward-looking statements, whether as a result of new information, future events, or otherwise.

Business Responsibility Report

As mandated by the Securities and Exchange Board of India (SEBI), India's top 1000 listed entities on BSE and NSE based on their market capitalisation, are required to submit a 'Business Responsibility Report' (BRR / BR Report) along with their Annual Report. This report is required to be in line with 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business' (NVGs), as released by the Ministry of Corporate Affairs in July 2011.

Bajaj Electricals Limited (the "Company") presents its fourth BRR in line with the NVGs and BRR requirement of SEBI. This BRR presents key initiatives undertaken by the Company, driven on the triple bottom line aspects.

Section A - General Information about the Company

Sr. Particulars No.	Company Information
1. Corporate Identity Number (CIN) of the Company	L31500MH1938PLC009887
2. Name of the Company	BAJAJ ELECTRICALS LIMITED
3. Registered address	45/47, Veer Nariman Road, Mumbai 400 001
4. Website	www.bajajelectricals.com
5. E-mail ID	legal@bajajelectricals.com
6. Financial Year reported	April 1, 2019 – March 31, 2020
7. Sector(s) that the Company is engaged in	Consumer Durables and Engineering, Procurement and Construction (EPC)
8. List three key products/ services that the Company manufactures/ provides (as in balance sheet)	Lighting, Consumer Durables and EPC
9. Total number of locations where business activity is undertaken by the Company	The Company operates through its: <ul style="list-style-type: none"> • Registered and Corporate office situated at Mumbai; • 18 branches (Ahmedabad, Bangalore, Bhubaneshwar, Chandigarh, Chennai, Cochin, Delhi, Guwahati, Hyderabad, Indore, Jaipur, Kolkata, Lucknow, Mumbai, Nagpur, Patna, Pune & Raipur); • 7 Depots (Dehradun, Goa, Kundli, Parwanoo, Ranchi, Vijayawada & Zirakhpur); • 4 Central Warehouses (Banur, Daman, Mumbai & Vapi); • 3 Regional Distribution Centres (Bengaluru, Delhi & Kolkata); and • 5 Overseas Representative / Liaison Offices / Projects (China, Dubai, Zambia, Kenya & Togo)
10. Markets served by the Company – Local/ State/ National/ International	India and 32 countries across the world.

Section B - Financial details of the Company

(₹ in crore)

Sr. Particulars No.	Amount
1. Paid-up Capital*	22.75
2. Total Turnover*	4,977.09
3. Total profit after taxes*	(0.13)

(₹ in crore)

Sr. No.	Particulars	Amount
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of average net profit of the Company for last 3 financial years	Refer Annexure C to the Directors' Report on CSR Activities.
5.	List of activities in which expenditure in 4 above has been incurred:- CSR expenditure has been incurred mainly in the activities related to (a) Ensuring Environmental Sustainability and promoting its education; (b) Promotion of Art and Culture; (c) Promotion of Health Care; (d) Promotion of Education; and (e) Disaster Relief.	
	Further details are available in Annexure C to the Directors' Report on CSR Activities in the Annual Report 2019-20.	

* As per standalone financial statements for the financial year 2019-20.

Section C – Other details

1.	Does the Company have any Subsidiary Company/Companies?	Yes
2.	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s).	No
3.	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%].	No

Section D: Business Responsibility (BR) Information

1. Details of Director/Directors responsible for BR

a. Details of the Director(s) responsible for implementation of the Business Responsibility Policy/Policies ('BR Policy/Policies')

Sr. No.	Particulars	Details
1.	DIN Number (if applicable)	00089358
2.	Name	Shekhar Bajaj
3.	Designation	Chairman & Managing Director

b. Details of the BR head

Shri Shekhar Bajaj, Chairman & Managing Director of the Company, oversees the BR implementation. The Company does not have a BR head as of now.

2. Principle-wise (as per NVGs) BR Policy/Policies (Reply in Yes/No)

The BR Policy/Policies of the Company addresses the following 9 principles as per the NVGs, released by the Ministry of Corporate Affairs, which have been duly approved by the Board of Directors and adopted by the Company:

NVGs Principle:

P1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

P2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

P3: Business should promote well-being of all employees.

P4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.

P5: Business should respect and promote Human Rights.

P6: Business should respect, protect, and make efforts to restore the environment.

P7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

P8: Businesses should support inclusive growth and equitable development.

P9: Businesses should engage with and provide value to their customers and consumers in a responsible manner.

The responses regarding the above 9 principles (P1 to P9) are given below:

Sr. Questions No.	P1	P2	P3	P4	P5	P6	P7	P8	P9
1. Do you have policy / policies for:	Yes								
2. Has the policy being formulated in consultation with relevant stakeholders?	All the policies have been formulated in consultation with the Management of the Company and are approved by the Board.								
3. Does the policy conform to any national/international standards? If yes, specify?	All the policies are compliant with respective principles of NVG guidelines.								
4. Has the policy being approved by the Board? If yes, has it been signed by the MD / Owner / CEO / appropriate Board Director?	All the policies have been approved by the Board and signed by the Managing Director								
5. Does the company have a specified committee of the Board / Director / Official to oversee the implementation of the policy?	The Board has appointed Shri Shekhar Bajaj, Chairman & Managing Director, to oversee policy implementation.								
6. Indicate the link for the policy to be viewed online?	Copies will be made available on receipt of written request from shareholders.								
7. Has the policy been formally communicated to all relevant internal and external stakeholders?	The policies have been formally communicated to internal stakeholders. The external stakeholders will be communicated in due course.								
8. Does the company have in-house structure to implement the policy / policies?	Yes.								
9. Does the company have a grievance redressal mechanism related to the policy/policies to address stakeholder's grievances to the policy / policies?	Yes.								
10. Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	No. It will be done in due course.								

3. Governance related to BR

Information with reference to BR framework:

- Frequency of review, by the BR committee to assess the BR performance: Annual.
- Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

The Company is publishing the BR Report for the fourth time and the same is available on the website of the Company: www.bajajelectricals.com. No sustainability report is published by the Company.

Section E: Business Responsibility (BR) Information

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/No. Does it extend to the Group/ Joint Ventures/ Suppliers/ Contractors/ Non-Governmental Organisations (NGOs)/Others?

The Company has defined Code of Business Conduct and Ethics ('Code') for Directors as well as all employees of the Company that covers issues, inter-alia, related to ethics, bribery and corruption. It also covers all dealings with suppliers, customers and other business partners and other stakeholders. The Code forms an integral part of the induction of new employees.

The Company also has a Whistle Blower Policy ('Policy') which enables its directors and employees to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code and provides safeguards against victimisation of director(s)/employee(s), who avail of the mechanism.

The Company also has policies for (a) Determining Materiality of Events and Information, to ensure disclosure of any event or information which, pursuant to SEBI regulations is material to determine whether an event or information is material or not and to ensure timely, accurate, uniform and transparent disclosure; and (b) Prevention of Insider Trading and protection of the unpublished price sensitive information.

The copies of all the above-mentioned policies are available on the website of the Company: www.bajajelectricals.com.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

There were no cases of violation of the Company's Code of Conduct in financial year 2019-20. No case was reported under the Company's Whistle Blower Policy during the year. The Company has ensured prompt public disclosure of unpublished price sensitive information in order to make such

information generally available and is in compliance with the SEBI Insider Trading Regulations. There was 1 shareholder complaint pending at the start of financial year 2019-20 which was also resolved subsequently. Further, 2 new complaints were received from the shareholders during the financial year ended on March 31, 2020, 1 of which was attended and resolved during the year and 1 complaint remained pending as on March 31, 2020. The pending complaint was also resolved subsequently, and as on the date of this Report, no complaint is remaining unresolved.

The Company has different mechanisms for receiving and dealing with complaints from various stakeholders like investors, customers, employees and suppliers, etc.

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

1. List upto 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities and for each such product, provide the details in respect of resource use (energy, water, raw material, etc.) per unit of product (optional).

a) Fans

For the first time in India, the Premium range of Bajaj ceiling fans bring anti-germ and bye-bye dust features, powered by Advanced Polymer Technology. These fans are also stylishly designed, with an emphasis on providing flair and elegance to your room, along with providing maximum functionality. Also, the Company's 5 star rated Fan named 'Kassels Star' runs on 50-54 watts, as compared to a regular ceiling fan (non-BEE star rated) which consumes 75 watts, whereby the user of the fan will be able to save the electricity consumption.

b) Bajaj LED lightings

Bajaj LED range lighting solution is widely known as one of the best in the market. The Company makes no compromise on the standards it delivers in its products and every product is manufactured with utmost care given to every component.

To make a general comparison, the Company's 7-watts LED bulb delivers as much as 600 lumens more output than a normal 60 watts GLS

lamp. All this while saving as much as 85% more electricity than conventional lighting systems. Due to high standards maintained by the Company, Bajaj LED bulbs are able to last for an impressive lifetime of upto 25000 hours. Further, none of Bajaj LED lights use any chemical compounds that are potentially detrimental to the environment. This is in contrast to the CFL or mercury lamps. The Company's range of LED lighting is also safe for domestic usage as it does not emit harmful radiation like ultraviolet light or infrared radiation, chronic exposure, which cause serious health complications.

Also, in view of regular electricity related issues like power cuts or load shedding, especially in the non-metropolitan regions, the range of Bajaj LED lightings is developed to deal with random voltage fluctuations or abrupt discontinuation of electricity. Many of electric LED bulbs have a built-in voltage surge protection mechanism, which safeguards it against surges up to 2 kV. Bajaj LED lights consume less energy that besides keeping the electricity bills light on customers' pockets also helps reduce carbon footprints.

c) High Mast & Transmission Line Towers

The Company has one of the best Transmission Line Towers (TLT) manufacturing facilities at Ranjangaon in Pune districts of Maharashtra, which manufactures a range of towers of 110/132/220/400/765 kV single/double circuit power transmission lines.

The manufacturing facility is ISO 14000 and ISO 9001 certified and is equipped with the most sophisticated, computer controlled state-of-art machineries. The galvanising bath of size 13 mtr length x 1.5 mtr width and 2.5 mtr depth is the biggest and most sophisticated plant in India with automatic CNC control machines and with totally enclosed radio remote controlled galvanising plant imported from Gimeco, Italy. The Company's world class TLT manufacturing facility has been approved and appreciated by Power Grid Corporation of India and all reputed Electricity Boards across the country.

The Company is committed to environment sustainability and therefore it works toward reduction and optimal utilisation of energy, water, raw material, logistics etc. by incorporating new techniques and innovative ideas.

2. Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your input was sourced sustainably?

The Company endeavours to focus on protection of environment, stakeholders' interest and cost effectiveness while procuring any raw material or goods. The main raw materials are procured from manufacturers / producers who are well reputed keeping in mind the need for quality and consistency. Adequate steps are taken for safety during transportation and optimisation of logistics, which, in turn, helps to mitigate the impact on climate.

3. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve the capacity and capability of local and small vendors?

The Company outsources the processing activity to small vendors, which help in creation of job opportunities in semi urban area. Also, for procurement of goods, priority is given to nearby small vendors. In order to improve the capacity of the local and small producers, the Company provides them technical assistance, which includes training for CTQ (Critical to Quality) parameters. Frequent visits are also arranged by the officials of the Company to the work stations of these local and small vendors for betterment of processes and quality of products.

4. Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

The Company is consciously trying to reduce its carbon footprints, minimise waste generation and manage water resources better. Effective waste management is accomplished through a host of well-laid-out and continuously monitored procedures.

The Company has been producing fresh casting by melting rejected aluminium die casting products. The Company has also been using recovery powder for powder coating its products.

The Company endeavours to manage the environmental impacts of organisational activities, products and services. The percentage of recycling of products and waste falls in the range of 5-10%. The Company has also developed gardens at its Chakan and Ranjangaon units to spread awareness on global warming.

Principle 3: Businesses should promote the wellbeing of all employees

1. Please indicate the total number of on roll employees: 3,007 (including 14 international employees)
2. Please indicate the total number of employees hired on temporary / casual basis: 772
3. Please indicate the number of permanent women employees: 176
4. Please indicate the number of permanent employees with disabilities: Nil
5. Do you have an employee association that is recognised by the management: Yes
6. What percentage of your permanent employees are members of this recognised employee association? 3.09%
7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

Sr. No.	Category	No. of complaints filed during the financial year	No. of complaints pending as on end of the financial year
1.	Child labour/ forced labour/ involuntary labour	Nil	Nil
2.	Sexual harassment	2	Nil
3.	Discriminatory employment	Nil	Nil

8. What percentage of your under mentioned employees were given safety & skill upgradation training in the last year?
 - (a) Permanent Employees: 83%
 - (b) Permanent Women Employees: 86%
 - (c) Casual/Temporary/Contractual Employees: 85%
 - (d) Employees with Disabilities: NA

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised

1. Has the company mapped its internal and external stakeholders? Yes/No: Yes

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalised stakeholders: Yes
3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalised stakeholders? If so, provide details thereof, in about 50 words or so.

The Company's approach for identifying and engaging with stakeholders includes shareholders, customers, employees, suppliers, communities, civil society and the government. The Company believes that an effective stakeholder engagement process is necessary for achieving its sustainability goal of inclusive growth.

As a CSR project, the Company is working with the rural, semi-urban schools which caters to students from underprivileged communities. The project emphasis is on to improve school infrastructure, education, training and soft skills of the students and teachers, provide vocational skills and livelihood, and promote health care by continued support to anti-tobacco programme and campaign.

The Company, being committed towards environmental sustainability, has also undertaken projects such as large scale tree plantation, restoration and conservation of water bodies, environmental education, waste management, solar powered electrification for off grid rural schools.

Principle 5: Businesses should respect and promote human rights

1. Does the policy of the company on human rights cover only the company or extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?

The BR Policy covers the aspects on human rights for the Company. The Company's BR policies covering various principles ranging from freedom of association to freedom from harassment, applied across operations is the testimony to its commitment. The Company's actions emanating from these policies speak louder than its intentions. Not only is the Company compliant with all the statutory laws and regulations, but it has grievance redressal mechanism in place for violations, if any.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

During the reporting year, there were no human rights violation or complaints, relating either to child, forced and involuntary labour or discriminatory employment, received against the Company. The details of sexual harassment complaints received during the financial year 2019-20 have been given in this Report at Para 7 under Principle 3.

Principle 6: Business should respect, protect, and make efforts to restore the environment

1. Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others?

The Company's policy on environment, health and safety encourages its employees to be more ecologically aware and to be more cautious in preempting potential threats by developing relevant measures to address them.

It is the Company's policy:

- To contribute to sustainable development through the establishment and implementation of environment, health and safety standards that meet the requirement of relevant laws, regulations and codes of practice;
- To take into account environment, occupational health and safety aspects in planning and decision-making;
- To provide appropriate training to employees as well as service providers' employees and implement best practices;
- To instil a sense of duty in every employee including those of service providers at the Company's premises, towards their personal safety, as well as that of their co-workers;
- To ensure adoption of resource efficient and cleaner production methods;
- To continue to increase the contribution from renewable energy sources towards meeting overall energy demand.

2. Does the Company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc.? Yes/No. If yes, please give hyperlink for webpage etc.

The Company is vigilant of the emerging challenges like climate change, global warming and investing in measures that convert these challenges into

opportunities. With the production of energy efficient products, conservation measures, reducing dependence on limited resources, the Company not only reducing the burden on the environment, but also on its operational costs.

The Company's green must do's are: Ensure statutory compliance, optimise natural resources, effect continuous improvement in environment management, manufacture energy efficient products, innovate greener technologies and processes and spread green awareness across internal and external stakeholders.

3. Does the Company identify and assess potential environmental risks? Yes/No

Yes. The Company has an environmental policy which guides the Company's efforts to manage its environmental impacts and continually improve its environmental performance. The Company's Ranjangaon plant is certified to ISO 14000 Environmental Management Systems (EMS) standard. As a part of EMS implementation, potential environmental risks are identified and appropriate mitigation strategies are planned.

4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if yes, whether any environmental compliance report is filed?

The Company has invested significantly in green energy, principal amongst which is its investment in wind energy. The Company's Wind Farm located at Village Vankusawade in Satara District of Maharashtra has generated 3070920 electrical units during the year under review as compared to 2221110 electrical units in the previous year.

5. Has the company undertaken any other initiatives on –clean technology, energy efficiency, renewable energy, etc. Yes/No. If yes, please give hyperlink for web page etc.

Refer point Nos. P6(2) & P6(4) above and point Nos. A & B of Annexure H to the Directors Report.

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

Yes.

7. Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year:

None.

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with.

Some of the key associations of which the Company is member are:

- i. Bihar Chamber of Commerce & Industries;
- ii. Chhattisgarh State Renewable Energy Development Agency;
- iii. Common Effluent Treatment Plant (Thane-Belapur) Association;
- iv. Confederation of Indian Industry;
- v. IMC Chamber of Commerce and Industry;
- vi. Deccan Chamber of Commerce Industries & Agriculture, Pune;
- vii. Electric Lamp & Component Manufacturers Association of India;
- viii. Ewaysindia Inc.;
- ix. National Safety Council, Mumbai;
- x. Northern Mathura Industries Association;
- xi. Exports Promotion Council of India;
- xii. Ranjangaon Industries Association; and
- xiii. The Associated Chamber of Commerce and Industry of India.

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? If yes, specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy Security, Water, Food Security, Sustainable Business Principles, Others)

The Company responsibly and actively engages in policy advocacy. The Company contributes its views in the setting of new industry standards and regulatory developments, in areas such as governance and administration, economic reforms, inclusive development policies, etc.

Principle 8: Businesses should support inclusive growth and equitable development

1. Does the Company have specified programmes/ initiatives/projects in pursuit of the policy related to Principle 8? If yes, details thereof.

The Company undertakes projects in the following areas:

- Ensuring environmental sustainability & promoting its education;
- Education, employment, enhancing vocational skills and livelihoods;
- Promoting preventing health care; and
- Promotion of art & culture.

These projects are in accordance with section 135 of the Companies Act, 2013 and Rules made thereunder.

2. Are the programmes/projects undertaken through inhouse team/own foundation/external NGO/ government structures/any other organisation?

The CSR programmes and projects are undertaken by the Company both, directly as well as in collaboration with NGOs, educational institutions, associations, civic bodies, etc. The Company has also formed Bajaj Electricals Foundation to mainly further the cause of Company's CSR initiative. Please refer the Company's 'Annual CSR Report 2019-20' for details on various community development programmes and partnerships.

3. Have you done any impact assessment of your initiative?

Yes. The Company assesses the impact of the various community interventions through its CSR department. Also, whenever required, periodic impact assessments are conducted through external agencies and the outcome thereof forms a critical input to the community development plan preparation and implementation.

4. What is your Company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken?

Please refer the Company's 'Annual CSR Report 2019-20' for details on various community development programmes undertaken during the reporting period.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

Most of the projects involve community participation and are designed by NGOs with due consultation with the communities. The Company initially works with NGO partner on pilot basis and then designs programmes on periodical basis. The project lifecycle tries to address all components including sustainability.

To ensure successful implementation of community development programmes in collaboration with community members, the Company adopts following approaches:

- Rapport building with community leaders and opinion makers;
- Project identification and design in association with community members and NGOs;
- Involvement of community members in project implementation;
- Maintaining continuous and close interaction with community members through field teams;
- Impact assessment and perception survey to measure impact of social initiatives; and
- Necessary approvals are taken from the community prior to the start of work.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner

- What percentage of customer complaints/consumer cases are pending as on the end of financial year?

The Company follows a robust way of tracking customer complaints and focus has been to make it easy for customer voices to be heard and accordingly, a well-established escalation matrix has been developed on the Company's website.

Some mechanisms through which the Company engages with customers are described in Table below:

Engagement mechanism	Details
Customer meets	To gauge customers' satisfaction level regarding products and services.
Customer satisfaction feedback	To analyse customer feedback and take suitable measures for upgrading products and services. A system of collecting feedback through feedback cards, e-mails, telephonic surveys, etc.
Customer Care Cell	24x7 toll-free number for receiving and redressing customer complaints.
'Bajaj Paddy' – Virtual assistant on the website of the Company	To stimulate conversations with consumers and to help them report a problem with an appliance, request a demo or schedule an appointment with a technician for installation and generate consumer complaint instantly in real time.

Engagement mechanism	Details
Product check-up and customer meets	To address customers' concerns and complaints.

The Company also keeps its eyes open to the social media and any customer complaints on any website is picked up immediately. All customer complaints are attended to with utmost seriousness and the entire organisation focusses on addressing and reducing complaints. Of the total customer complaints/requests, 0.36% were pending at the end of the year.

- Does the Company display product information on the product label, over and above what is mandated as per local laws?

The Company displays detailed information for all its products, which also complies with all applicable labelling codes and specifications. The products are sold with an owner's manual which includes safety checking mechanisms, how to use guidance, thus encouraging consumers to use the Company's products in a responsible manner. The customers have access to the Company's website which provides host of information on products and services. The customer is educated about the features of products & services, etc. Information is also disseminated to customers through display boards at point of sale or service as well.

- Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so:
None.
- Did your Company carry out any consumer survey/ consumer satisfaction trends?

The Company takes consistent feedback from customers and immediately addresses the issues, if any. In the reporting year, the Company employee representatives continued to seek suggestions in person, from customers. The Company's product responsibility policy also directs its employees to be receptive towards customer's needs and concerns.