

Management discussion and analysis

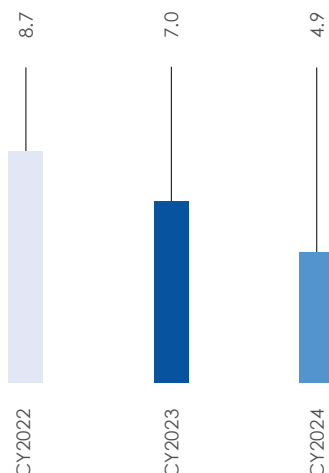
Global economic overview

In 2022, global economies grappled with several headwinds in the wake of broadening inflationary pressures and geopolitical conflict in Europe. The continuous hike in interest rates by Central Banks to combat inflation and the protracted geopolitical crises in Europe did weigh on economic growth for several advanced and developed economies.

However, the emerging and developing economies of the world have weathered the macro-economic hurdles relatively better and are likely to play a greater role in accelerating global economic growth. Monetary policy tightening measures are projected to result in a significant drop in global inflation from 8.7% in CY2022 to 7.0% in CY2023, followed by a sharper drop to 4.9% in CY2024.¹

Global inflation projection (in %)

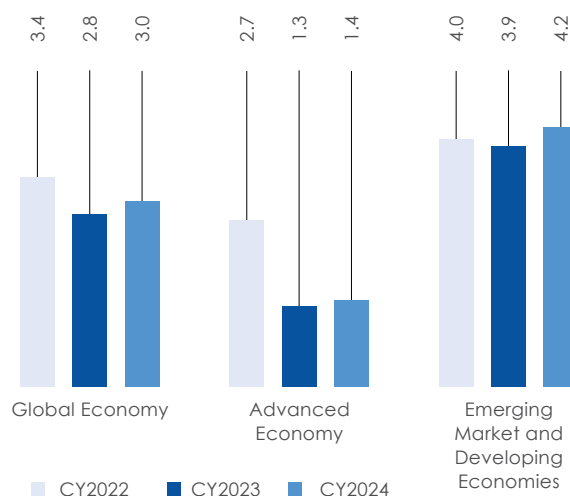
Source: World Economic Outlook, IMF (April 2023)



The global economic output is expected to grow gradually, driven by stabilising inflationary scenario, reviving consumer sentiment and investor confidence. The employment scenario in the US and other advanced economies have recovered from the pandemic levels, and growing disposable income is also likely to support growth in the coming years.

GDP growth projection (in %)

Source: World Economic Outlook, IMF (April 2023)



Indian economic overview

India's economy remained the fastest growing major economy in the world while demonstrating strong resilience to the global headwinds during FY2023. According to the Ministry of Statistics and Programme Implementation (MOSPI) it is estimated to have grown by 7.2% for the year FY23. During this financial year 2023, India has also marked itself as one of the largest economies in the world in terms of US dollars.²

A further deep-dive into a sectorial analysis reveals that economic growth was driven by robust construction activity aided by increased infrastructure investment both by the Central government and state governments. While post-COVID private investment recovery is still at a nascent stage, there are early signals, which indicate that India is poised for a stronger investment upcycle in both manufacturing and services sectors.

Although India's GDP figures are robust, the actual consumption demand scenario has been lagging. This can be attributed to the fact that employment and actual household savings are yet below pre-COVID levels, compounded by a high-interest

¹<https://www.imf.org/en/Publications/WEO/Issues/2023/04/11/world-economic-outlook-april-2023>

²https://www.mospi.gov.in/sites/default/files/press_release/PressNoteQ4_FY2022-23_31may23.pdf

environment leading to higher EMI payouts. Thus, the actual disposable income for a large section of the population remains lower than in earlier years. These figures are a better and more direct barometer of the economic well-being of the population than GDP and as these pick up, consumer demand is likely to see an uptick. We are beginning to see signs of that as there are broad indications that the inflation trajectory has peaked. India's headline retail inflation rate crashed below the Reserve Bank of India's (RBI) 6% upper-band in March 2023, which in turn should lead to interest rates stabilising and thus consumer demand should return.

The outlook for the Indian economy remains encouraging bolstered by an underlying and overall macroeconomic stability across the globe, while remaining resilient to geopolitical and geo-economic concerns.

Industry overview

Consumer products

Appliances

The growth of appliances is driven by innovation, changing consumer preferences, and emerging market trends. The rise in modern apartment developments has increased the demand for higher-end appliances.

Modern homes with their more modernised/modular kitchens as well as more aspirational living spaces act as triggers for more appliances and with greater convenience, features and technology. Additionally, greater aspirations among consumers have enhanced their desire for a better user experience and design aesthetics of appliances that reflect their modern lifestyle and persona. This combination of factors has fuelled the growth of appliances, catering to the needs of a growing consumer base.

Another crucial trend in the appliance industry is the growing interest in sustainability and health. Today's consumers seek appliances that not only cater to basic functional needs but also contribute to their well-being holistically. Consequently, appliance manufacturers are continuously innovating to introduce features that support healthier cooking methods, energy efficiency, and smart technologies. Additionally, the concept of a smart home is becoming popular, leading to a demand for appliances that seamlessly integrate with home automation systems. The increased emphasis on health, wellness, and convenience will continue to drive demand for appliances across various household activities, thereby aiding the industry's growth.

In India, the appliances market, boosted by the above factors, is projected to reach a value of USD 33.50 billion by 2028.³



³<https://www.statista.com/outlook/cmo/household-appliances/small-appliances/india>

Fans

While fans are already a highly penetrated category, there are several factors that will aid the continued growth of this category. Firstly, rapid urbanisation and the construction of new residential buildings are driving the ceiling fan market in India. The Government of India has implemented several initiatives to expand housing projects, further supporting this growth. Rural electrification is also boosting the market demand for ceiling fans. The growth of the retail and hospitality sectors also adds to the growing demand. Secondly, fans are evolving from purely functional utility products to becoming lifestyle and home-décor accessories leading to high demand for visually attractive designs and smart technologies. This is contributing to an increased demand for premium and smart fans.

The Government has imposed regulations mandating the adoption of BEE star labelling to encourage the move towards more energy-efficient fans that align with the nation's energy and climate goals. While the switch to star-rated, energy-efficient fans increase product cost for consumers, the savings on energy consumption provides a compelling proposition and payback. All of these factors are expected to act as a trigger not just for volume growth of the fan's category, but also for higher value growth. At the same time, as technology and quality standards continue to evolve, the industry is further expected to witness a greater consolidation among leading players.

Opportunities and threats

Opportunities

Changing consumer preferences

With more and more customers investing in their homes and seeking innovative and time-saving solutions, the consumer products segment is undergoing a major transformation. The fast-paced lifestyles of consumers today are driving the demand for consumer durables that are convenient and make daily chores easier. Household penetration levels for most product categories are well below countries with comparable economic standing, thereby providing a long runway for growth.

Energy-efficiency

The preference for energy-efficient appliances with a lower carbon footprint, which also helps lower

electricity bills, has significantly increased. In the years ahead, growing awareness of climate change concerns will increase the demand for energy-efficient appliances.

Expansion into rural markets

The widespread availability of electricity, the Internet and online shopping platforms in rural regions also drives the demand for appliances and fans in these regions. This presents a significant opportunity for businesses to expand their reach into untapped, remote markets.

Threats

Supply chain disruptions

Global economic uncertainty and political tensions have caused supply chain disruptions, leading to higher manufacturing costs and reduced profitability for the consumer appliances industry in India.

Rapid technological advancements

Businesses that fail to adapt to the rapid evolution of technology risk losing market share to more technologically advanced competitors.

Environmental concerns

Companies that are unable to meet the recently introduced BEE norms and consumer preferences for eco-friendly appliances may experience reduced sales, potential backlash and loss of consumer trust.

Increased competitive intensity

The increased competitive intensity has led to price wars, reduced margins and the need for aggressive marketing strategies, thereby posing a challenge for the players.

Lighting solutions

Consumer lighting

The rapid expansion of infrastructure in Tier I and Tier II cities has been crucial in driving the growth of this sector. Owing to India's ever-growing population and high electricity consumption, the nation has been witnessing wide electricity supply-demand gap. Lighting solutions alone constitute a considerable share of the total electricity consumption. However, electricity generation cannot be increased beyond a

certain point considering the fast depletion of natural resources. Therefore, it is crucial that applications consuming less electricity are developed. A significant step towards this has been the advent of energy-efficient LED (light-emitting diode) lighting technology in recent years. LED lighting has gained traction due to its greater durability, cost-effectiveness, low energy usage, decreased heat output and versatile designs. This has resulted in a transition in the consumer lighting sector towards LED lighting products, which are replacing old incandescent and fluorescent bulbs.

Other trends influencing this industry include higher disposable incomes and India's growing aspirational population, which have boosted the demand for quality interior design, architecture and home décor trends. All these factors have cumulatively benefited the consumer lighting industry, as lighting plays a significant role in improving ambience and raising the aesthetic quotient of living spaces. Consumers today prefer lighting products that are beautiful, eco-friendly and energy-efficient.

Going forward, the consumer lighting industry in India is expected to reach USD 11.9 billion by 2028.⁴

Professional lighting

The Government of India has taken significant steps in recent years to improve the infrastructure of cities and states across the country. This includes the launch of the Street Lighting National Project (SLNP) to replace traditional streetlights with smart, energy-efficient LED lights. Municipalities have assumed the responsibility of providing free LED light replacement and maintenance to reduce energy consumption. This has enabled the saving of 8,891.17 MUs per year and a reduction of 6.13 million tCo2 emissions.⁵

The Government has also set an ambitious target of installing 1.6 crore LED lights by FY 2024.⁶ Further, overall infrastructural growth in terms of airports, ports, highways, metro trains, stadiums, industrial hubs, and so on, is a strong enabler for growth of professional lighting solutions. With increased initiatives aimed at smart infrastructure development, there will be a surge in demand for the finest lighting solutions across all commercial sectors in India.

Opportunities and threats

Opportunities

Energy-efficient lighting

In light of global climate change concerns, there is a greater emphasis on energy conservation, which has raised the demand for energy-efficient lighting solutions. LED lighting is gaining popularity due to its low energy consumption and carbon footprint when compared to traditional lighting solutions, making it a key growth driver for the lighting industry.

Technological advancements

Smart lighting, IoT-enabled lighting solutions, motion sensor lighting and connected lighting systems have enabled growth in the lighting business, enabling users to remotely control their lighting, automate schedules and customise settings, resulting in convenience, energy savings and enhanced functionality. These technological advancements present opportunities for manufacturers to develop and market innovative and high-tech lighting products.

Rapid urbanisation and infrastructure development

The demand for lighting products has increased due to urbanisation and infrastructure development in Tier II and Tier III cities, along with the electrification of rural areas.



Evolving consumer trends

Consumers are increasingly seeking lighting solutions that align with their interior design preferences, personal style and smart-home integration. Ceiling lighting is especially favoured by consumers due to its visual appeal. As a result, there is a growing demand for decorative, customised and high-quality lighting products.

Government regulations and incentives

To promote the use of energy-efficient lighting solutions, the Government has implemented regulations to phase out inefficient lighting technologies such as incandescent bulbs. It is also providing rebates and subsidies for installing eco-friendly lights.

Increasing health awareness

Customers today are more concerned about their well-being, which is why they are increasingly choosing lighting that can uplift their mood and provide better eye care. To this end, the lighting industry is developing lighting products with rich colour rendering, colour temperature choices and circadian lights that mimic the effects of natural light.



Threats

Intense competition

With the rapid expansion of the lighting industry, several new entrants have forayed into the market. Thus, the industry has now become highly competitive, with many companies offering a diverse range of products. To stay ahead of the curve, companies that can provide high-quality lighting solutions at reasonable prices will have a competitive edge in the industry.

Economic factors

Macro headwinds such as soaring inflation, currency fluctuations and supply chain disruptions can all lead to muted demand. Economic downturns may limit consumer spending and rising raw material costs may have an adverse impact on businesses' revenue generation and profitability.

Environmental concerns

Improper disposal of lighting items and electronic waste can constitute a severe environmental hazard. To mitigate this risk, adequate techniques must be implemented for the appropriate disposal and recycling of electronic waste. Non-compliance with environmental regulations, can result in financial penalties or cause reputational damage.

Engineering, procurement and construction projects

Power sector overview

India is the third-largest producer and consumer of electricity across the world, with an installed power capacity of 417.66 GW. Till FY23, 50.54% of the total power capacity installed is owned by the private sector, whereas the central and state sectors hold the remaining 49.46%.

The Government has initiated multiple projects and programmes to develop and improve indigenous renewable energy resource potential to create a more sustainable environment while also reducing energy costs.

With the Indian government setting ambitious goals of achieving a renewable energy capacity of 500 GW by 2030, renewable energy generation in the country's power sector is likely to grow in 2023.⁷ This is projected to stimulate increased investment in renewable energy projects such as solar power, wind power,

⁴<https://www.imarcgroup.com/indian-led-lighting-market>

⁵<https://slnp.eesindia.org/>

⁶<https://static.pib.gov.in/WriteReadData/specificdocs/documents/2022/may/doc202253060301.pdf>

⁷<https://pib.gov.in/FeaturesDeatils.aspx?Notelid=151141&ModuleId%20=%2020>

hydropower and biofuels, with a greater emphasis on capacity expansion, efficiency improvement and cost reduction.⁸

Power transmission and distribution

Power transmission and distribution is a massive and complicated network that involves the generation, transmission and distribution of power throughout the country. In recent years, India has made great strides in developing its power transmission and distribution infrastructure to meet growing demand and accomplish its power generation objectives.

With the evolution of power generation methods focusing increasingly on adopting renewable energy, the transmission infrastructure is also undergoing a significant upgradation to efficiently transfer electricity across different regions of the country.

India's power transmission network has witnessed steady growth by supporting the transition to renewable energy. The Government is investing in improving grid infrastructure at the inter-state and intra-state transmission levels to evacuate power generated in locations with higher solar and wind energy potential to load centres. India is also set to play a major role in cross-border power trading, providing electricity to neighbouring countries, which will ensure additional investments in sub-continental transmission connectivity.⁹

Power distribution, being one of the major objectives of the Government, is reform-based and results-oriented. The Government has also announced the Revamped Distribution Sector Scheme (RDSS), which aims to improve the electricity distribution segment's operational performance and financial stability. This is the biggest distribution scheme, with an outlay of ₹ 3 trillion for 5 years, from 2022 to 2026.

This scheme is targeted at achieving 100% prepaid smart metering at all levels and eliminating the ACS-ARR gap by FY 2024-25 while reducing pan-India Aggregate Technical and Commercial (AT&C) losses to 12-15%. This will boost revenue collection, reduce distribution losses and provide reliable and uninterrupted electricity supply to consumers, while lowering supply costs, improving the viability of the power distribution segment and crowding in more private investment in the next few years.¹⁰

⁸<https://timesofindia.indiatimes.com/business/india-business/govt-approves-rs-19500-crore-pli-scheme-for-manufacturing-solar-pv-modules/articleshow/94351346.cms>

⁹<https://indiainfrastructure.com/product/inner-nested-tab-9-59/>

¹⁰<https://pib.gov.in/PressReleaselframePag>

Opportunities and threats

Opportunities

Increasing energy demand

In the years ahead, India's electricity sector is set to undergo a major transformation due to higher energy demand, a changing energy mix and evolving market dynamics. In line with this, India aims to ensure reliable, ubiquitous electricity access while transitioning to cleaner energy sources and reducing dependence on fossil fuels. This shift presents a lucrative opportunity for investments, considering strong demand, a favourable policy environment and the Government's focus on infrastructure development.

Change in energy mix

India's energy mix is shifting towards renewable energy sources due to government targets and regulatory incentives. The proliferation of large-scale solar parks, wind farms and distributed solar power generation, such as rooftop solar systems, offers immense growth opportunities in the sector. Innovative energy storage solutions such as battery storage and pumped hydro storage are gaining traction, promising to bolster grid stability and enable efficient demand-supply management. The Ministry of Power's guidelines to procure and use battery energy storage systems (BESS) pave the way for the sector's future expansion.

Expansion of the EV market in India

The introduction of electric vehicles in India has increased power demand in the country. It is expected that 30% of the total vehicle fleet in the country will be electric by 2030.¹¹ For this, a proportionate number of charging stations and related infrastructure will have to be built to cater to the demand in the EV space. With the increasing demand for power in India, generation capacity will increase, further facilitating the sector's growth.

Rural electrification

The Indian government continues to prioritise rural electrification programmes to make electricity available in distant, rural regions. Rural electrification projects, such as off-grid and micro-grid solutions, can provide opportunities for power generation and distribution, bridging the energy access gap and expanding the customer base.

Threats

Economic factors

Volatile fuel prices may impact the Indian power sector. Additionally, changes in international relations, trade policies, the availability of funding and market access to power projects can affect the sector's sustained growth.

Challenges in fuel supply

The power sector in India mostly relies on fossil fuels. Nonetheless, there may be concerns pertaining to fuel supply, availability and transportation. These problems may adversely impact the operating efficiency of power plants, resulting in lower power generation capacity and potential power outages.

Regulatory concerns

With major economies across the globe striving to reduce their greenhouse gas emissions and transition towards cleaner energy sources, power companies are being required to adopt stricter environmental standards and shift away from fossil fuels. This transition is presenting numerous challenges; as compliance with these criteria may entail additional investments in pollution control systems and renewable energy, which might raise power generation costs and impact the overall financial feasibility of power projects.

Company overview

Bajaj Electricals Limited (BEL), a part of the admired Bajaj Group, proudly upholds a rich legacy that spans over eight decades. Since its inception in 1938, the Company has been unwavering in its commitment to elevate the quality of life. With a comprehensive product portfolio encompassing Consumer Products (Appliances, Fans, Cookware), Lighting Solutions (Consumer and Professional Lighting), and EPC (Power Transmission and Distribution), Bajaj Electricals continuously strives to meet the diverse needs of its discerning customers. Driven by a relentless pursuit of excellence, Bajaj Electricals remains dedicated to enhancing the overall living experience and setting new benchmarks in the industry.

The Company has established a strong market presence in the FMEG (fast-moving electronic goods) segment, comprising consumer products and lighting solutions by creating a wide network of 700+ distributors, almost 2L retail outlets and 600+ consumer care centres in India to serve its customers across the country.

The EPC segment continued to demonstrate strong performance with a robust order book and growth in topline, while delivering double-digit growth during the current fiscal. The turnaround in the EPC segment, now being profitable, demonstrates our resilience and commitment, backed by a growing portfolio of EHV transmission line projects, EHV substations, monopoles for transmission and distribution and electrification projects.

Business segment overview

Consumer products

The Consumer Products division of BEL has an extensive product range designed to meet the evolving needs of consumers. The Company's diverse product portfolio ranges from everyday kitchen appliances to various home appliances. In line with the emerging trends and advancements in technology, BEL has consistently revamped its product offerings. This commitment to innovation underscores the Company's mission to meet and exceed customer expectations in an ever-changing market landscape.

Overcoming significant inflationary headwinds and lacklustre consumption demand, the revenue generated from this segment aggregated to ₹ 3,764 Crores, marking a strong growth of 13.5% compared to the previous fiscal year. This exceptional industry-beating performance can be attributed to the enduring brand loyalty and unwavering commitment to product quality that have fortified our position in the market. Moreover, this also evidences that our strategic investments in brand development, product premiumisation, new launches and an improved product mix are paying off and driving market-share growth.

The Company offers its products under three distinct brands, each with their own unique offerings.



₹ 3,764 crores

Revenue from consumer products



165

SKUs launched in FY 2022-23

BAJAJ

During the year consistent inflationary pressure contributed to commodity price increases, impacting input costs. However, the trade-offs between price increases, sales volumes and margins were well-balanced to deliver growth in revenues as well as profits. The Company also effectively implemented diverse cost optimisation strategies.

The implementation of the new BEE Rating regulations for fans has made it mandatory for manufacturers to evolve the products to higher energy efficiency standards. While this has resulted in an increase in fan prices, it has also created opportunities for growth, as consumers made a shift to replace their old fans with energy-efficient models. Through the year, the Company expanded its fans portfolio under the 'BAJAJ' brand, including a full spectrum of energy-efficient fans, thereby achieving industry-beating growth and market-share expansion.

Similarly, new product launches with a prudent mix of premiumisation resulted in healthy growth for the appliances portfolio comprising kitchen and home appliances. The all-new smart appliances and

aggressive market penetrating strategy, through offline and online channels, helped the Company further strengthen its market share and meet growing consumer demands.

The Company continued to strengthen its leadership position in the market by launching many new products under Mixers, Water Heaters, Fans and Coolers on the durability platform with unique features. The Company has introduced:

- Mixer Grinders featuring DuraCut blades with lifetime blade warranty
- Geysers with ten years DuraAce tank warranty
- Fans with Super5Tuff technology with five years product warranty
- Fans with Thermatuff technology with three years warranty
- Air coolers with DuraMarine Pump with two years warranty.

New brand positioning

During the year, the Company unveiled its new brand positioning for the brand 'BAJAJ' under its 'BUILT FOR LIFE' campaign. The new brand positioning is a promise of durability and endurance, combined with superior aesthetics and functionality that connects well with the lives of our consumers. The 360-degree campaign covered broadcast, print, digital, and other platforms, ensuring a wide reach. Moreover, to further boost consumer engagement, the Company activated numerous stores with in-shop branding and product exhibitions, participating in around 50 events and exhibitions. Strategic campaigns were also introduced with the engagement of celebrity chefs and influencers, resulting in increased awareness of the new brand positioning.



During the year under review, the Company has extensively worked towards brand transformation, product transition and strengthening the distribution and service network. Going forward, the Company will continue the journey of new product launches, penetrate further in under-penetrated market segments backed by sustained brand investments.

Parameter	Sub-category
BAJAJ	Mixers, food processors, juicer mixer grinders, induction cookers, rice cookers, oven toaster grill (OTG), microwave ovens, non-electric kitchen appliances (NEKA), pressure cookers and gas stoves, water heaters, irons, air coolers, and room heaters
	Ceiling fans, table and wall fans, pedestal fans, air circulators, domestic exhaust fans
Nirlep	Non-stick cookware and hard adonised cookware
Morphy Richards	Coffee makers, OTG, microwave, juicer-mixer- grinder, toasters, water heaters

Nirlep

Nirlep's dedicated state-of-the-art manufacturing set-up and strong brand recall continue to drive growth for the brand. The Company is continuously improving its supply and distribution channels, resulting in an extensive distribution network across various geographies, thus providing a wider chance to penetrate underserved markets.

The brand has also focused on promoting its products through digital and print media. We leveraged strengthening our social media content to reach out to the younger generation, while the print media helped garner revenue in specifically targeted geographies. The Company strategically focused on consistent brand messaging across digital platforms and actively engaging with the community on social media. Going forward, the Company is aiming towards developing new products in the brand portfolio with unique benefits for its consumers that will offer them a combination of convenience and lifestyle. It will also emphasise expanding the distribution reach of Nirlep across various channels.

Morphy Richards

Premium home and kitchen appliances brand

Bajaj Electricals has set a long-term vision for product development and expansion through a collaboration arrangement with the UK-based Morphy Richards Ltd. The introduction of hybrid distribution model, which includes a direct dealership with the on-boarded distributors helped the brand expand its market reach. The Company has strategically partnered with several larger scale local retailers to aid visibility and increase engagement.

To enhance brand exposure, the Company implemented several strategic initiatives. These included the development of the impactful 'Happiness Engineered' campaign, along with modifications to the logo and packaging to better resonate with the target audience. The Company also focused on strengthening its digital media presence, increasing outdoor visibility, and improving its presence on website and e-commerce platforms. These efforts collectively contributed to the overall brand exposure and market reach. Morphy Richards also unveiled its new brand film during the Diwali season through social media platform.

The Company also launched new products almost every month during FY2023. The all-new Innovative on-the-go (OTG) that ensures food storage for a

longer period of time was launched along with new induction cooktops with fresh colour palettes for contemporary homes. The Company entered into garment steamer segment that garnered strong demand on e-commerce platform due to its premium finish, high power and ergonomic design. The brand is also expanding its presence in the water heater space with higher capacities to serve a discerning customer audience.

Based on deep consumer insights and need gap analysis, the Company has also taken steps towards implementing innovative technology to better its product features. Engineering innovation in the OTG market, such as Digital UI and Autocook menus under the flagship OTG 'Digichef,' has enabled consumers to quickly pre-set the correct time, temperature, and cooking modes for a wide range of foods.

Morphy Richards have also bagged a number of awards for its products such as 'Product of the Year' award and 'Good Design' award for its flagship product KUBE water heater. Digichef also bagged the 'Product of the Year' award for its 1st-in-segment fully digital interface and a variety of auto-cook menus.

Throughout the year, the Company dedicated significant efforts to brand transformation, product transition, and bolstering the distribution and service network. These strategic initiatives played a vital role in driving the brand's success. Looking ahead to FY 2024, the Company remains committed to the ongoing brand transformation journey and plans to introduce durable and contemporary products across diverse categories, further fuelling its growth trajectory.

Review of distribution channels

Trade sales channel

With a strong network of 660 distributors and a retailer base of approximately 2L, the trade sales channel remains our core competitive distribution channel to strengthen market share. The Company has worked towards network correction strategies across its channel partners to drive focus and widen the distribution reach resulting in portfolio expansion and improved return on investment. Through the RBP programme 2.0, secondary schemes were introduced to the retailers for increasing the engagement and driving sales. In addition, the Company has adopted a commercialisation process to track the placement as per the seeding plan for all the newly launched SKUs.

660

Distributors

~2 Lakhs

Retailer-base

~37%

Revenue contribution from Alternate Channels

The Company has observed that rural regions contribute a high share of the overall business. In response, efforts have been made to appoint super stockist distributors, facilitating distribution in remote and upcountry markets. In addition to the general trade business, the trade sales channel will also focus on ensuring proper distribution in rural areas.

The Company has achieved significant advancements in enhancing the efficiency and performance of its sales team by leveraging advanced technological tools, including Power BI, DSO app, and retailer app. Schemes and programmes have been thoughtfully designed, taking into account regional and zonal challenges to maximise market extraction. Although, due to sluggish market conditions there were various challenges in the secondary and tertiary sales movement, the Company maintained a steady momentum throughout the year by implementing innovative ad hoc solutions.

Same Store Sales Growth (SSSG) started off robustly in the initial quarter but decelerated from the second quarter onwards. Regardless of these obstacles, the Company was able to achieve positive growth by the end of the year.

The Company has strategically revitalised its digitalisation process, incorporating artificial intelligence to propel its business growth. Complemented by a strong distribution network spanning both urban and rural areas, a well-crafted product mix strategy will prioritise mid-range and premium-level items in the years ahead, ensuring sustained success for the Company in the long run.

Alternate channels

Due to the evolving consumer behaviour and Company's strategic alignment with its key consumers, its revenue from the consumer products segment recorded a significant contribution from alternate channels in FY23, accounting for ~37% of the total revenue. This represents a year-on-year increase of ~13%. Both institution and retail segments have driven the growth metrics through the steady implementation of the key strategic drivers.

The **e-commerce** channel's strong position in the SHA industry continues to generate growth. This has mostly been accomplished through the rebalancing of the business platform mix and the effective deployment of vendor flex. To assure expansion, the 'Different Model Different Channel' (DMDC) framework was also used.

Digital marketing was strategically carried out with an 'always on' approach to enhance visibility of brands. In the e-commerce channel, fans, air coolers and water heaters witnessed the highest growth during the year. All efforts have contributed to ~14% of the total consumer products revenue at ~18% year-on-year growth during FY2023.

The **modern trade channel** recorded a total sale of 10% of total consumer items revenue with a year-on-year rise of 16% due to the high contribution from National Format Retail (NFR) stores and Regional Format Retail (RFR) stores. The Company implemented a strong advertising strategy, that helped the brand to dominate its presence across all advertising mediums. For the fiscal year 2022-23, the emphasis continued on new listings and promotional activations, new category introductions, and exclusive releases.

The **institutional channel** registered robust sales, delivering growth of ~9% year-on-year. The Company has expanded its reach across the country by employing Institutional Trade Partners (ITPs) to maximise SOW from diverse business and government customers. In FY2023, the Company expanded its presence across industries, with microfinance institutions leading the way, followed by cement, CPWD, MES, and GEM. The expansion of the MRI sector has also aided the Company's expansion into rural areas through enhanced penetration and reach.

The **government channels** (CSD and CPC) have also witnessed significant growth momentum during the year. This was driven by the efforts made towards a one-to-one replacement of imported and phased-out products, the introduction of 'Made in India' SKUs, coverage optimisation of URCs and subsidiary canteens through ground-level activations, and leveraging tactical level partnerships at INCS and state police canteens.

Consumer care

Keeping consumers at the centre of the business, the Company is focusing towards conducting real time and quick resolution of complaints. The Company engaged 3,600 field service engineers to ensure proper customer support during the year.

3,600

Field service engineers engaged

The Company constantly expanded its service network and increased its service staff in order to speed up the service delivery process and handle concerns. The customers can now raise their concerns through online tools like chatbots, webforms and WhatsApp call registration. The WhatsApp chatbot is customer-friendly and its service is available round the clock.

>99%

Delighted, happy and satisfied customers

621

Total customer care centres

18,929

Pin codes covered



Outlook

For FY2024, the Company's plan is rooted in continuing its journey of brand transformation, enhancing its product offerings, strengthening distribution, and improving customer service. The focus remains on delivering durable and contemporary products that resonate with the evolving needs and preferences of the consumers. The e-commerce channel, will continue to be a focal point. With digital marketing maintaining an 'always on' approach, the Company plans to enhance visibility and strengthen its position in the market. The Company also aims to broaden its geographical reach through the contemporary trade channel, providing a premium experience to its customers.

The Company will focus on implementing innovative technology to enhance product features based on deep consumer insights and need gap analysis and will continue to leverage advanced technological tools to improve the efficiency and performance of its sales team. Revamped digitalisation processes and artificial intelligence will play a pivotal role in driving the business forward.

The Company is keeping its strong focus on consumer care and will soon be providing voice bot call registration and call status updates for smooth service to customers. Digitisation of client interactions for service will enhance the process to a larger extent, resulting in increased customer loyalty and brand value.

Lighting solutions

The lighting segment has shown robust growth across all product categories. In FY23, the LED luminaire business (non-EESL business) has grown by 33% whereas the industrial lighting business marked a growth of 43%, compared to the last year. Also, the area lighting business grew by 30%. The sports lighting's market share has now grown to 40%. The street lighting segment's topline crossed ₹ 120 crores due to the strong presence in ULBs and NHAI. The SITC business has also grown to ₹ 110 crores of revenue during FY23.

2nd position

In the professional lighting segment with a turnover of ₹ 675 crore

To bridge the product offering gap in accordance with market demand, 428 new SKUs have been introduced. Products on the performance matrix have been constantly upgraded, and value engineering has been undertaken for fast-moving items.

The Company identified sunrise segments for their professional lighting business that will drive future growth. With a focus on manufacturing products specifically for needs of downstream industries and a go-to-market strategy to connect with these customers the Company identified the following sunrise segments.

Sectors Identified	
Sports Lighting	New Stadium projects coming up in Tier-2 cities. The Company has identified these opportunities and lighting systems are specifically developed to meet specific requirements.
Metro Lighting	New Metro projects in Tier-2 cities and expansion of existing in Metro lines underway across the country.
NHAI Highway Projects Lighting	The Company manufactured a special street light range designed to meet NHAI specifications
Warehousing Lighting	Highbay systems have been developed by the Company to cater this fast-developing sector

428 SKUs

Have been launched

The Company is aggressively focusing on developing the solar street light portfolio through indigenous supplier partners in order to increase its portfolio of renewable energy lights. During FY2023, there has been a number of launches under this segment including high wattage all-in-one street light range and solar light column range.

List of projects and new products

	Major projects undertaken	New products introduced
Indoor commercial lighting and IBMS	<ul style="list-style-type: none"> Convention Centre, Jabalpur World Trade Centre, Delhi Jind Hospital, Haryana Guru Gobind Hospital, Delhi Kaushal Bhawan, Delh 	<ul style="list-style-type: none"> Consio - Suspended Downlighter Gladden Advace Dovee - I Blithe Hospital Bed Light Human Centric Lighting
Industrial lighting	<ul style="list-style-type: none"> SAIL , Bokaro IOCL - Canopy Lighting JSW Steel, Bellary, Vijaynagar Ultratech Cement Jindal Power, Raigarh 	<ul style="list-style-type: none"> Optibay Highbay Range Verdant Pro Wellglass range Linear Canopy Luminaire Flameproof Wellglass Range Cleanroom Luminaires range



	Major projects undertaken	New products introduced
Outdoor lighting (street lighting, area lighting, HM and poles)	<ul style="list-style-type: none"> Jio - BP Signage Mast Giff City Ahmedabad NHAI Projects - Across Country IOCL Petrol Stations - Signage Mast 	<ul style="list-style-type: none"> Zela Jake Street light Glatt Flood Light Edge Next MT Series Amaze Plus Flood lights Customised Signage Masts
Metro lighting	<ul style="list-style-type: none"> Agra Metro Pune Metro Delhi NCRTC project Delhi - DMRC Metro project 	-
Stadium lighting	<ul style="list-style-type: none"> Rajkot Cricket Stadium Birsa Munda Hockey Stadium, Rourkela Biju Patnaik indoor stadium, Odisha Kalinga Stadium, Odisha Jaipur International Hockey stadium 	<ul style="list-style-type: none"> Amaze Premium Range
Architectural lighting	<ul style="list-style-type: none"> Indore City Beautification Project - G20 Junagarh Fort Aligarh University Vidhan Bhavan, Patna Pondicherry Light House Chittorgarh Fort 	<ul style="list-style-type: none"> Archner Post Buga Projector Light Merc Projector Light Phant Flood lights Limo Wall washer

The consumer lighting segment faced headwinds in the latter half of the year, with lower than usual demand causing value erosion as a result of aggressive pricing strategies adopted by competitors. In FY 2023, the Company introduced several new SKUs in the Consumer Lighting segment, focusing on strengthening its ceiling lights category and launching innovative products.

85 SKUs

Launched under consumer lighting

The Company introduced its innovative Eye Care range, an industry-first offering that promotes overall consumer well-being, and Inverter lighting solutions to address electricity disruptions and inconsistent supply issues in various parts of the country. The Company added products across categories of LED

Lamps, LED Battens, Ceiling Lights Range, D-Lite and also in Accessories during the past year. With an eye on the future and to address consumer needs in a more meaningful way, the Company is developing a portfolio focused on smart and connected lighting, anticipating exponential growth in this segment. The business for consumer lighting is expected to grow faster than the industry, driven by a robust product portfolio, strong field sales team, distribution network, and strategic marketing communications.

The Company's brand equity and consumer awareness remain robust, laying a strong groundwork for expansion. It's go-to-market (GTM) strategy continues to foster growth and enhance customer experience. The GTM strategy is meticulously planned to prevail in high potential markets with low market share as well as maintain dominance in markets with high market share. A new sales and marketing team has been established, specifically tasked with increasing the market share in the Consumer Lighting segment. The Company has diversified its sales channels by

incorporating direct dealers to augment weighted distribution and escalate ceiling light sales in critical market clusters. Moreover, exclusive lighting partners have been recruited in markets with high potential to bolster the Company's reach.

Acknowledging the crucial role of key stakeholders in brand promotion, the Company has identified electricians, shop staff, and principal retailers as significant brand advocates. Comprehensive programmes have been devised to elucidate the characteristics and advantages of Bajaj lighting products, thereby empowering these stakeholders with the knowledge to effectively endorse the brand and sway consumer preferences. The Company has also adopted a data-driven approach to boost its sales organization's efficiency.

Power BI and DMS Pragati

The Company has adopted an innovative, data-driven approach to enhance decision-making and efficiency. This has led to the successful implementation of Power BI, a business analytics tool that provides interactive visualisations and business intelligence capabilities. In addition, a pilot of the new DMS Pragati is underway. Both initiatives offer promising potential to further optimise business operations and strategy.



Outlook

The rapid growth of the Ceiling Lights category presented opportunities for the Company to capitalise on rising consumer involvement and establish itself as a preferred brand in a competitive market. Value erosion, driven by aggressive pricing and weak market demand, remained a significant challenge for the business. To counter this, the Company has been working towards optimising costs and improving product mix favourably. The Company discontinued certain product ranges like Tube Lights and CFLs from their conventional lighting portfolio, shifting focus towards LED lighting solutions.

In the coming fiscal year, the Company will concentrate on the professional lighting sector for sunrise sector and industrial projects such as sports illumination, national roads, metros, and airports. Industrial lighting, warehouse lighting and smart lighting solutions will also drive growth in the upcoming years. The Company is also working on strengthening the facade lighting, solar and landscape lighting portfolio to capitalise on emerging opportunities in city beautification projects along with expansion of channel partner network.



Power transmission and power distribution business

Power transmission

BEL aims to provide the finest power transmission system in India through improved transmission line towers, monopoles and EHV substations. The segment completed a turnaround from operating losses to profitability driven by a strong order book and robust execution. Among the total order book of over ₹ 1,000 crores as on March 31, 2023, the Company has bagged around ₹ 200 crores of monopole orders during FY23.

Possessing an in-house design and engineering expertise for lattice towers, monopoles, and substations, the Company is now empowered to conceptualise and deliver tailored solutions that seamlessly blend aesthetics and performance. The Company has successfully tested and supplied several 765 KV /400 kV lattice towers of various configurations, Twin Poles & Multi-circuit poles, thereby augmenting their industry capability even further.

The Company is currently exploring opportunities to extend their monopole supply services to regions beyond India, including Nepal, Australia, and Latin American territories. The unique design, engineering, and environmental consciousness methodology will pave the way for the Company to become a major player in the sector and expand its global presence.

Case study

The Company undertook a notable monopole project in Ludhiana, Punjab, a first-of-its-kind in India that incorporated Steel Caisson Technology. For this project, it devised a unique eco-friendly solution by implementing a Steel Caisson Foundation with a minimal footprint of just 1.15m in diameter. The design included a base embedded section with a flange joint, and a pole shaft fashioned with slip joints. This setup not only meets the stringent foundation footprint requirements but also allows for quick installation, effectively eliminating the need for extended power outages.

₹ 200+ crores

Monopole orders bagged

Major highlights of FY2023

- The business segment successfully obtained ISO 45001 (OHS) and 14001 (EMS) certifications.

- The Company secured orders totalling ₹ 830 crores in FY 2022-23, including two design-based EPC tenders for 765 kV and 400 kV worth 600 crores.
- The first in-house designed 765kV Suspension conventional lattice tower in TBCB 765 kV Mohanlal Ganj Transmission Line Project by PGCIL, and the 400 kV QA multi-circuit tower for 400 kV Navsari Project, passed successful type-testing, strengthening the Company's design capabilities for addressing global projects.
- The 400kV Suspension and Tension Monopoles underwent successful type-testing at CPRI, demonstrating their ability to withstand 120% loads.
- Completion of five Substation projects (Seoni, Wardha, Bina, Morena & Banas kantha) for PGCIL enabled the company to pursue new green field projects in the 400kV segment, leading to an increased market share in the Sub-station segment.
- The introduction of Steel Caisson Technology in the Monopole PSPCL project showcased technological advancements.
- The Company provided twin pole supply for the Samruddhi expressway project.
- Successful type-testing of a Double circuit monopole was achieved for a new client, WBSETCL, DTL.
- Warranty obligations were successfully closed in the KPLC LMC (Kenya) and LTDRP 132kV Monopole TL (Zambia) projects

List of projects

The major projects executed in FY 2022-23 include the following:

- Implementation of PSPCL 66kV DC line Ckt I and II from Ladhowal to GT Road S/Stn.
- Augmentation of 1X 500 MVA, 400/220kV ICT (3rd) at Morena SS (SS 73 PGCIL)
- RTS 132kV Bay Extension works & associated Transmission line at Katangi, Ishnagar, Sank, Simariyatal - MPPTCL TR33
- Extension of 765/400kV Banaskantha (PG) substation (SS 45 PGCIL)
- Construction of BGCL 220 kV D/C Naubatpur-Bhusaula TL
- Construction of BGCL 220 kV D/C Naubatpur Bihta TL

- Establishment of KPTCL 220/66 kV Substation at Hosadurga along with its transmission line & bay extension
- LILO of both circuits of 132kV D/C Ara-jagdishpur TL at Dumraon (BSPTCL)
- Installation of 132kV Sector-123, Noida (400kV) to Sector-63 on Monopoles Noida Transmission Line under ETD-II, Noida
- Construction of a 2x100MVA 220/110/11kV substation at Ramasamudra along with an associated 220kV line.

Power distribution

The Company revamped its electricity distribution business as the Government of India continues to put a strong emphasis on upgrading power distribution networks in order to provide quality electricity to consumers while also lowering AT&C costs for all utilities, both state-owned and private. The Company is thus expecting huge investment in this sector under various schemes. Additionally, the Company has reformed its organisation, strengthened its bid evaluation and project planning and execution competencies.

Most of the existing projects have been closed and the Company is soon going to complete the UP and Karnataka projects as well. The Company also realised its long-standing claims from the projects in the states of West Bengal and Bihar. The newly-bid projects and order book have been judiciously selected and planned to provide healthy growth with an eye on margins as well as capital usage.

₹ 600+ crores

Order book as on March 31, 2023



Outlook

The Company's strategic outlook focuses on continuing to build on its current strengths and diversification into new sectors, such as projects for data centres and battery energy storage systems (BESS), while also targeting higher voltage transmission projects and expanding its geographical presence in Africa and SAARC countries. It expects to drive a calibrated ramp-up in its overall EPC business post the intended demerger and is well-positioned to do so profitably while maintaining a robust balance sheet.

Research and development

The Company's research and development team is dedicated to delivering competitive advantage by developing innovative products that meet the evolving demands of consumers. It leverages the latest technology and relies on a talented workforce with extensive skills and experience. Through collaborative efforts with experts in various domains and the use of advanced technical platforms, the team consistently provides relevant solutions to stay at the forefront of the industry.

184

Team members in R&D

The Company has expanded its offering of new value-added products by focusing on research on the durability and reliability of critical components of relevance, with the aim of developing products that support the BAJAJ brand promise of 'BUILT FOR LIFE' while meeting cost and quality targets with a contemporary look and feel.

New innovations in FY2023

DuraCut Blade- In mixers, giving lifetime warranty of blades	DuraACE Tank- In water heaters, giving 10 years warranty of tank	DuraMarine Pump	3 Years warranty on ceiling fans	Windhill- Technology for product life cycle management	NBIoT - communication technology for outdoor lighting solution	Smart pole - technology adopted to complement pole business	BLE mesh - technology used in indoor lighting segment
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The Company has also invested in improvements to designs, prototypes, testing, and certifications for storage water heaters, ceiling fans, BEE standards, RoHS compliances, safety glass compliances, and different BIS QCOs. By inventing energy efficient induction motors and BLDC motors, the Company has changed all of its existing ceiling fans to new BEE star rated fans. The R&D team has also created products based on IoT and AI technology, such as CitiSol and human-centric lighting.

Awards for innovative efforts

- Product of the Year 2022
 - Morphy Richards DigiChef by NielsenIQ
 - Morphy Richards Kube Water Heater by NielsenIQ
- Good Design® Award 2022 Morphy Richards KUBE Water Heater
- Indiastar Packaging Award for innovative packaging of stadium light and Juvel Mixer Grinder
- WorldStar Packaging Award for stadium light packaging design
- Golden Peacock Innovative Product Award

18

Patents filed

Through benchmarking studies, in-depth analysis of technology and product landscapes, and consumer research, the Company has successfully developed new initiatives. With an expanded distribution network and a strong service infrastructure, the Company is well-positioned to introduce durable products with advanced features. These efforts are part of a comprehensive brand transformation strategy aimed at ensuring long-term sustainability and success in the coming years.

Out of the box innovation

CitiSol

CitiSol offers scalable solutions for governing bodies, industrial areas, and campuses, including public Wi-Fi, smart parking, and lighting. By leveraging data and business insights, CitiSol achieves up to 80% energy efficiency, 50% operational efficiency, and improved safety standards. This IoT ecosystem also reduces manpower costs, carbon footprint, and light pollution, fostering a sustainable environment. The Company's collaborative model uses open APIs to integrate with third-party services, delivering turnkey solutions to revolutionise urban living and promote a greener planet.

Human resources

BEL places a strong emphasis on the development and enhancement of its employees' skills across key functions. The Company firmly believes that a motivated and competent team, supported by a conducive work environment, is vital for long-term success. This commitment is reflected in its consecutive three-year recognition as a Great Place to Work®. The Company has established various policies and committees that provide employees with opportunities to voice their concerns related to employee welfare, including the Code of Conduct, Whistleblower, and POSH policies. Employees enjoy unrestricted freedom of association.

Promoting diversity and inclusivity is a continuous effort at all levels and verticals within the Company. In FY2023, the diversity and inclusion (D&I) Council focused on activities aimed at empowering women, sensitising managers and workers, conducting engagement sessions, and implementing new regulations. Women-centric policies, such as flexible working hours, four-day work-from-home option, and maternity assistance programme, have been implemented. The new domestic travel policy also includes improved travel and accommodation support to ensure the safety of female employees during official outings.

Recognising the talent pool as its most valuable asset, the Company prioritises recruitment based on job requirements and competency framework. Talent engagement programmes and workshops are conducted to enhance skills and provide an engaging work environment. The Company ensures fairness in assessment and recognition programmes, offering equal opportunities for progression to all employees. Fresh and young talent are encouraged throughout the organisation to contribute innovative and creative ideas that yield tangible results and foster a positive outlook for the Company.

To ensure continuous employee development, the Company has implemented a well-structured learning and development programme that focuses on functional and behavioral training. The introduction of 'SPRINT,' a management training programme, has provided valuable insights into team leadership, performance management, self-management, and other relevant topics. The Company has also organised additional programmes for talent development, including enhancing functional, leadership, and management capabilities, driving peak performance, embracing digital learning, fostering synergies, and promoting compliance and ESG awareness.

590

Employees joined the organisation

8%

Women employees (Corporate level)

52,096

Manhours of training during FY 2023

The Company provides ample opportunities for all of its employees to perform to their full potential. Employees that exhibit great performance and value-based behaviour are also rewarded and recognised at all levels.

To recognise their exceptional contributions, the Company has introduced the 'Achieverz' programme, a tri-annual Reward and Recognition initiative. This programme celebrates the outstanding achievements of employees through quarterly, semi-annual, and annual acknowledgments. Additionally, BEL has instituted the prestigious 'Sarvottam Club' as a special honour for top performers. Members of this exclusive group are rewarded with a Company-sponsored international trip, demonstrating the Company's commitment to appreciating and incentivising its exceptional workforce.

Safety first

The Company has appointed safety officers and established safety committees, led by the Plant Head and comprising members from various teams, to proactively address safety concerns and maintain a secure working environment. To identify and mitigate risks associated with critical equipment, the Company has adopted the Hazard Identification Risk Assessment (HIRA) technique. In addition, the Company has developed an EHS portal for reporting near misses and deviations, enabling effective KPI tracking and fostering employee engagement through an EHS reward function. To further enhance safety practices, the Company has introduced the 'One EHS' application, enabling real-time incident tracking, recording of near-miss cases, reporting of unsafe acts and conditions, and timely notifications for prompt action by the authorities.

461

EHS training sessions conducted during FY 2023

Quality Assurance

The Company helped maintain product quality through various initiatives and projects such as in-house manufacturing of advanced technology or premium products, capacity and capability enhancement of supply partners, automation of processes, evaluation and audits of manufacturing units.

The Company is focusing on additional product quality improvement parameters through first month product failure or feedback analysis, CARE audit at warehouses, design improvements, Lakshya projects for process upgradation, warranty term extension, and statistical process control. These approaches have resulted in significant improvements in the quality of products provided to customers, as well as reducing production costs.

ISO 9001:2015

Certified for best quality control for Consumer Products, Lighting, T&D and R&D centre.

Frost & Sullivan's Project Assessment and Recognition Programme 2022 has recognised Bajaj Electricals Ltd as a 'Winner in Manufacturing Category' for its finest MQH practise, The Company also bagged the 'Winner under Quality Enterprise Leadership category in the Manufacturing Sector'.

The strong quality control system in the Company has boosted brand perception while also providing a better client experience. The Company has reduced the rejection rate by conducting root cause analysis of field failures on a regular basis and taking remedial action to bridge the gap and fulfil the defined criteria.

The quality management system is also focused on increasing customer satisfaction by introducing new and energy-efficient quality goods at reasonable prices on time.

Integrated supply chain management

The Company has effectively developed a robust and integrated supply chain team that adds consistency, efficiency, and resilience to the whole production and supply chain operations. To maintain a strong focus on operational efficiency, the manufacturing plants are targeting effective sourcing and material planning, initiatives that address the challenges related to new product development, and fostering cross-functional collaboration to improve Overall Equipment Effectiveness (OEE). These achievements and ongoing efforts underscore the Company's approach to enhance production capabilities and operational excellence across its manufacturing facilities.

The Company has been actively working towards integrating digital technologies into its manufacturing processes to improve operational efficiency and decision-making. In line with this goal, it has completed the SAP S/4 HANA implementation across all plants, bringing significant operational advantages such as improved tracking of costing modules, inventory visualisation, and reporting structures. Additionally, the Nirlep plant invested around ₹ 35 lakhs in implementing an IoT system, with plans to upgrade further, including the implementation of a business processing module, attendance system, and IoT integration with SAP.

Having already implemented the Total Productive Maintenance (TPM) methodology across all manufacturing plants, the Company now closely monitors KPIs to maintain operational excellence. Looking ahead, it plans to implement Manufacturing Execution System (MES) and digitise its Chakan factory in FY24.



The Company launched a major initiative called 'Mulya' for its suppliers. This programme aimed at acknowledging suppliers for their cost-saving efforts within the supply chain. The supply chain team conducted numerous activities under the Mulya initiative, such as Value Addition Value Engineering, negotiations, optimisation of bought-out components, packaging, BTST, volume consolidation, and more.

90+

Total suppliers

The Company, in collaboration with the supply chain team, is also emphasising the importance of local sourcing. Actions have been taken to establish a local supply partner base for this purpose. The 'Hello Local' programme already resulted in localisation of 35 SKUs, encompassing ₹ 130 crores of purchase value. Additionally, plans of localising another 20+ SKUs representing ₹ 60 crores of purchase value are to be executed in the coming years.

800+

SKUs covered

Information technology

As part of this digital transformation plan, the company intends to make significant investments in state-of-the-art digital technologies, such as Artificial Intelligence (AI), Machine Learning (ML), Robotic Process Automation (RPA), advanced analytics, and sophisticated security systems.

Digitalisation has been a pivotal force in the Company's operations, consistently enhancing productivity and catalysing growth. The integration of state-of-the-art technologies with manufacturing facilities has substantially improved efficiency and output. In FY2023, the Company implemented the SAP S/4 HANA platform across all operations and plants, leading to a myriad of benefits such as advanced cost module tracking, inventory visualisation, and an improved reporting structure.

With a robust digital foundation, the Company is now beginning its journey towards becoming a comprehensive digital enterprise. This is intended to empower the Company to develop future-proof, technology-driven solutions centred on customer needs. The strategic focus of the Company is to leverage its vast data resources, using advanced technologies to reinvent how they interact with consumers, partners, and operations.

The Company is making continuous improvements which extends to its workforce as well. It has invested

heavily in technical training for their personnel, aiming to assure superior production quality. This initiative has led to improved communication among teams, enhanced technical expertise, and encouraged innovative thinking.

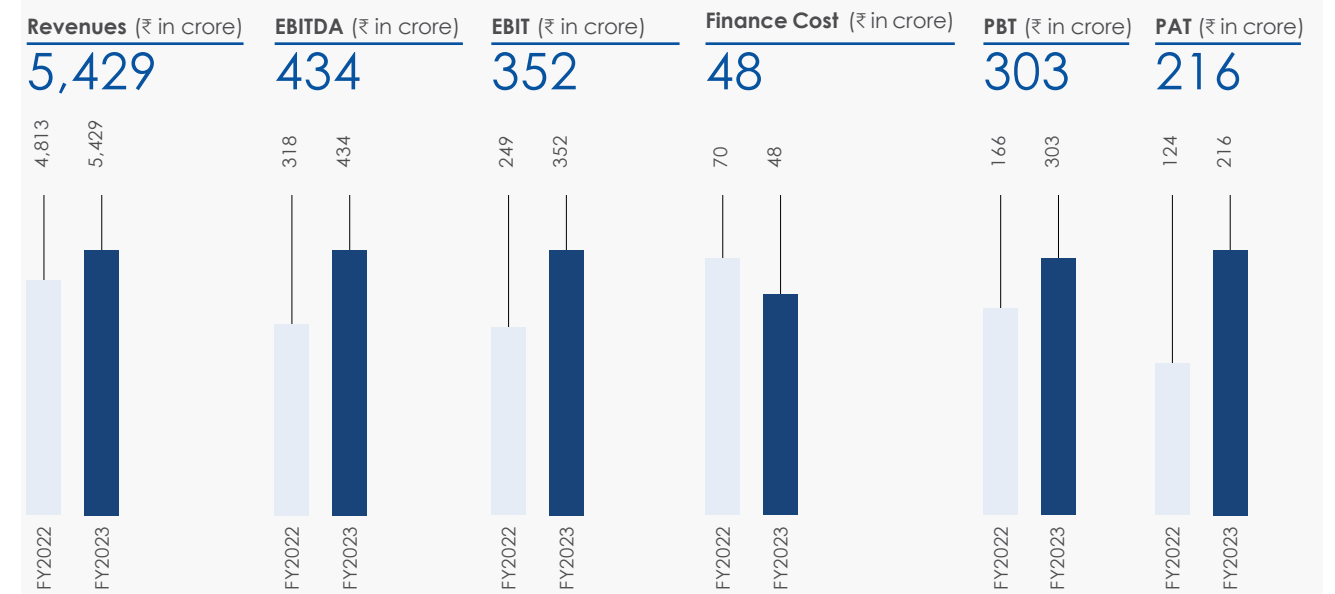
In an effort to further streamline operations, the Company invested in installing an IoT system in their Nirlep factory. This investment has yielded significant returns by reducing maintenance challenges, optimising asset utilisation, enhancing production efficiency, and conserving energy.

Looking ahead, the Company is poised to leverage a range of advanced technologies, including Cloud, Artificial Intelligence (AI), Internet of Things (IoT), Advanced Analytics, Big Data with a data warehouse, Cyber-security, Robotics, Robotic Process Automation (RPA), and Virtual Reality. These technologies will help to achieve three main goals

- Crafting immersive experiences for customers
- Enhancing operational productivity
- Supporting better, data-informed decision-making.

Moreover, it plans to upgrade its SAP system to integrate business processing module implementation, an attendance system, and IoT capabilities. These strategic initiatives are expected to drive cost optimisation benefits and drive the Company's revenues and margins.

Financial analysis (on consolidated financials)



Particulars	FY2023	FY2022	YoY Change
EBIDTA Margin	7.99%	6.62%	20.67%
EBIT Margin	6.48%	5.18%	25.12%
PBT Margin	5.59%	3.45%	61.76%
PAT Margin	3.98%	2.58%	54.05%
Debtors Turnover	3.71	2.94	26.37%
Inventory Turnover	3.64	3.45	5.40%
Interest Coverage Ratio	7.27	3.57	103.43%
Current Ratio	1.30	1.21	7.76%
Debt Equity Ratio	0.00	0.03	-99.67%
Return on net worth	11.97%	7.58%	57.95%

Risk management

The Board of Directors has adopted and approved a Risk Management Policy for the Company to ensure the ongoing identification, evaluation, and mitigation of business risks, safeguarding the interests of its stakeholders. The Risk Management framework is designed to adapt to the evolving business environment and promptly address any emerging risks. The Risk Management Committee is updated on emerging risks and corrective actions every six months.

Long-Term Material topics to be focused on

Sustainable product development

This encompasses sustainable production practices, embracing the circular economy, prioritising energy efficiency, and incorporating sustainable technologies.

Technological innovations

This involves monitoring the evolution of global industry technologies, the emergence of energy-efficient innovations, and the development of cost-competitive solutions.

Competitive landscape

This includes tracking market entrants and exits, as well as evaluating the performance of new products in the market.

Resilient and sustainable supply chain

This focuses on optimising production and distribution cycles, ensuring the appropriate product quantities reach the right markets without any major incidents.

Product category market share

This examines gains and losses in market share at the product category level and conducts root cause

analysis to assess the success and failure of various strategies employed.

Impact of material topics

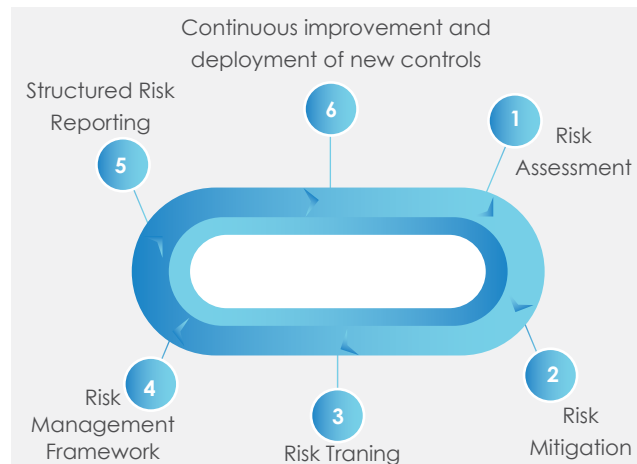
The identified material issues can potentially affect the Company's financial stability, brand perception among customers and consumers, and the reputation of products in terms of cost, quality, performance, style, and durability.

Mitigation plans

To address the above, the Company has established a cross-functional team of subject matter experts who provide guidance and take timely actions. Sufficient budget allocations and funding are in place to ensure that initiatives are implemented promptly and efficiently. The risk treatment plan consists of preventive, detective, and corrective measures that address various aspects of risk management, such as diversification, control, and transfer of risk.

Risk mitigation strategy

The Company has established a structured strategy to tackle the identified risks.



The Company has identified key business risks and devised mitigation plans, as described below:

- Business growth and profitability**

While the EPC order book forecast for project execution in FY 2023-24 is gradually improving, the Company is actively focusing on high-value projects in Railways, Monopoles, and Substations to drive growth and profitability.

Fluctuations in commodity prices and an inflationary trend in the cost of materials have affected demand and profit margins. The Company is closely monitoring these factors, implementing strategies to minimise their impact on operations, liquidity, and overall viability. The organisation is also exploring new business opportunities and enhancing its market presence to maintain a healthy growth trajectory.

- Working capital management**

The Company has encountered challenges in EPC projects due to changes in scope by clients and unresolved ROW issues, resulting in non-utilisation of materials and delayed execution. Additionally, cash constraints and receivable delays have been noted due to client-related issues.

To address these challenges, the Company coordinated with clients to identify additional work opportunities, ensuring the effective utilisation of inventory procured at project sites. Moreover, slow-moving inventory was assessed for potential use at other project sites. Efforts were made to expedite the recovery of receivables and achieve timely handover and closure of project sites.

Financial support is extended to subsidiary and associate companies for managing working capital requirements, addressing fluctuations in demand, supply chain constraints, and capacity utilisation.

- Talent acquisition and retention**

Attracting and retaining the best talent remains a constant challenge for the Company. To address this, the human resource strategy emphasises building a diverse talent pipeline, hiring fresh management graduates for various business and functional roles, enhancing individual and organisational capabilities, increasing employee engagement, and strengthening employee relations.

The Company implemented various employee initiatives, including employee satisfaction surveys, town halls, competitive compensation benchmarking, stock options, management training programmes, job rotations, and recognition programs to retain and develop talent.

- Occupational health and safety**

The Company prioritises the safety of its employees and workers, identifying Occupational Health & Safety as a key focus area to reinforce a safety culture across the organisation. Comprehensive training programs have been conducted at plants and project sites, including behavior-based safety training, safety leadership programs, logistics safety programs, and safety protocols for employees and workers.

A Safety Committee and a Safety Portal has been deployed to oversee and monitor safety initiatives and compliance across the organisation.



Internal control

The Company has well-defined and appropriate internal controls that are proportionate to the size, scale, and complexity of its operations. Internal controls were observed to be functioning properly throughout the year. The Company had recruited an external consultant as an Internal Auditor to test the robustness of these controls and to cover all business units, offices, factories, and critical areas of operation. The design, sufficiency, and operational effectiveness of the Company's Internal Financial Controls are evaluated by an external consultant (Internal Auditor) and the statutory auditor.

The controls are built in compliance with the requirements defined under the Companies Act, 2013 and the Guidance Note issued by the Institute of Chartered Accountants of India.

For all business divisions and functions, the Company has written Standard Operating Procedures (SOP) and risk registers that include process flow, important risks, and critical controls. SOPs and risk registers are then analysed, and appropriate changes are made by the business based on changes in workflow and controls. On assessment of the internal financial controls, the external expert (Internal Auditor) found no significant control flaws. All of the non-significant control flaws discovered have been discussed with the process owner. To eliminate the flaws in a timely manner, remediation steps have been implemented or agreed upon.

Where control deficiencies were recognised as a result of system constraints in IT applications, adequate manual controls were implemented.

Disclaimer

Statements in this management discussion and analysis that describe the Company's objectives, projections, estimates and expectations are considered 'forward-looking statements' under applicable laws and regulations. Actual results may differ significantly or materially from those stated or implied. Important developments that could have an impact on the Company's operations include, among other things, competition, employee costs, significant changes in India's political and economic environment, environmental standards, tax laws, litigation and labour relations.

These statements are not assurances of future performance and should not be relied on unduly. These forward-looking statements inherently involve known and unknown risks and uncertainties that may cause actual performance and financial results in future periods to deviate significantly from any projections of future performance or results expressed or implied by such forward-looking statements.

The reader is advised not to overly depend on forward-looking statements. Except as required by applicable securities laws, the Company will make no commitment to update forward-looking statements if circumstances or management's estimates or opinions change.
