

## CHAIRMAN'S MESSAGE



“

In this challenging business environment, our strong brand connect, the launch of new products, service delivery models and continuous expansion of our distribution network enabled us to deliver a strong performance ”



### Dear Fellow Shareholders,

It gives me great pleasure to share with you an update on the performance of your Company for FY 2017-18. It was a transformative year in the Indian calendar with the introduction of the Goods and Services Tax (GST), arguably the biggest tax reform since Independence and awaited since more than a decade. GST has created a single national market and will benefit both consumers as well as the industry including the Consumer Goods sector. We are particularly happy to share that your Company worked closely with its partners along its entire supply chain to transition its operations to the new tax regime efficiently.

The implementation of GST disrupted demand in our industry, attributable to the initial adjustments made by the traders towards the new tax regime. Our performance was also affected due to destocking by traders in the month of June and the second quarter. Though the sales in the subsequent quarters have picked up, it will take some time for the benefits of GST to get realised. Personally, I am enthused by the way GST is leading to the formalisation of the economy and I am of the view that it will be beneficial for the organised trade and industry and will bring better fiscal discipline.

In this challenging business environment, our strong brand connect, the launch of new products, service delivery models and continuous expansion of our distribution network enabled us to deliver a strong performance. Total revenue from operations for FY 2017-18 was ₹ 4,716.39 crores, with comparable revenue growth of 9.73%. This is especially commendable as revenue growth in the first half of the financial year, was down by 1%, with GST transition impacting sales in the second quarter. In the second half of the financial year we had a growth of 17.93%. Profit before exceptional items and tax for the year, grew impressively

by 51.05% from ₹ 168.04 crores to ₹ 253.83 crores.

With a large young, tech-savvy, aspirational population whose discretionary income is rising by the day, India's consumer story is one of the world's most compelling. The Company has set up a new R&D centre to provide innovative and high-tech products to meet these evolving expectations. The Company has also enhanced its digital capabilities to strengthen social media connect and leverage the potential of digital to understand the pulse of the consumers and take informed decisions. For us, consumer needs and requirements are and will always be at the epicentre of all our endeavours, and I take confidence from the continued support provided by all our stakeholders to address them as we move forward.

Our depth of capabilities and breadth of offerings has received a major fillip with our proposal to acquire 100% stake in Nirlep Appliances Pvt. Ltd. Nirlep is a well-known brand in the manufacture of non-stick cookware in India. The proposed acquisition will give the Company exclusive access to Nirlep brand with its goodwill, state-of-the-art manufacturing facility, people, distribution network and product portfolio which not only complements our existing offerings but is also a perfect synergic blend.

The macroeconomic scenario of the country remains positive. Consolidation of reforms, strong FDI inflows and supportive tailwinds from global growth and exports are expected to spur growth. Inflation is in check, though there is some risk on input price due to global movement in commodity price and monetary tightening in some major economies, resulting in currency and interest rate movement. The healthy growth projections for the year and the favourable outlook are likely to have a positive impact on consumer demand. Additionally, infrastructure development

in areas such as power transmission and rural electrification remains a top priority of the Government, and this is expected to provide us new vistas of opportunities in our EPC business. We are already part of Government initiatives on electrification of villages across India and participants in improvement of life of BPL families. In EPC space, we have a very healthy order book and can expect a very high growth because of better execution of projects.

The Company continues to uphold its commitment towards environmental protection and sustainability. Anti-tobacco campaigns and tree plantation drives were among the initiatives conducted to create a positive social impact. We have taken an ambitious plan to plant over 1,00,000 trees this year. The Company has also been actively supporting CSR activities to train rural and urban youth in skill development to enhance their employability and entrepreneurial abilities. These initiatives would not have been possible without the unstinted commitment of our people, partnering NGO's, the management and our Board of Directors. I take this opportunity to thank them all.

I would like to thank our entire team at Bajaj Electricals for their great work and dedication throughout the year. I would also like to express my gratitude to you and all the stakeholders for the trust and faith that you have reposed in us. As we move into another exciting year, we continue to seek your support. We remain steadfast to our consumer-focused philosophy to accelerate our momentum and deliver success for all our stakeholders while balancing our responsibility to society and the communities at large.

Yours sincerely,

**Shekhar Bajaj**

*Chairman & Managing Director*

