



L-1/2173/MGP

July 23, 2019

To,
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai 400 001
Code No. 500031

National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex
Bandra (East), Mumbai 400 051
Symbol: BAJAJELEC
Option A NCDs: INE193E08038
Option B NCDs: INE193E08020
Option C NCDs: INE193E08012

Dear Sirs,

Sub.: Intimation of downgrade in credit rating under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“SEBI Listing Regulations”) by Bajaj Electricals Limited (“Company”)

Pursuant to Regulation 30 of the SEBI Listing Regulations, enclosed herewith four letters bearing reference Nos. 2019-20/MUM/0870 to 0873, all dated July 23, 2019, received by the Company from ICRA Limited (“Rating Agency”) informing the Company of downgrades in the Company’s credit rating, along with the rationale for such downgrades. The Rating Agency has *inter alia* considered the increasing leveraging level and the subsequent weakening of debt coverage metrics of the Company as the primary reasons for its downgrade of the credit rating of the Company. Outlined below are brief particulars of the downgrading by the Rating Agency:

SERIAL NUMBER	PARTICULARS OF DOWNGRADE	PARTICULARS OF DEBT
1.	From [ICRA]A+ to [ICRA]A	Line of Credit (long-term)
2.	From [ICRA]A1+ to [ICRA]A1	Line of Credit (short-term)
3.	From [ICRA]A1+ to [ICRA]A1	Commercial Paper
4.	From [ICRA]A+ to [ICRA]A	Non-convertible debenture
5.	From [ICRA]A+ to [ICRA]A	Non-convertible debenture

Kindly put this on the notice board for the information of the investors and general public.

Thanking you.

Yours faithfully,
For Bajaj Electricals Limited

Mangesh Patil
EVP-Legal and Company Secretary

Encl.: As above.

Regd. Office: 45/47, Veer Nariman Road, Mumbai 400 001. **Tel.:** 022-61497000
Email ID: legal@bajajelectricals.com **Website:** www.bajajelectricals.com
Corporate Identity Number (CIN): L31500MH1938PLC009887



ICRA

Confidential

ICRA Limited

Ref: 2019-20/MUM/0870

Date: July 23, 2019

Mr. Anant Purandare
Chief Financial Officer
Bajaj Electricals Limited
001 Ground Floor, Rustomjee Aspiree,
Bhanu Shankar Yagnik Marg,
Off. Eastern Express Highway,
Sion (East), Mumbai – 400 022.

Dear Sir,

Re: Surveillance review of Credit Rating for Rs. 4752.40 crore Line of Credit of Bajaj Electricals Limited

Please refer to our email July 15, 2019 communicating the [ICRA]A (Negative)/A1 rating assigned to the captioned bank lines of your company and also your subsequent email dated July 17, 2019 requesting a review of the same.

Please note that the Rating Committee of ICRA, after due consideration has retained the long-term and short term ratings at [ICRA]A (pronounced ICRA A) and [ICRA]A1 (pronounced ICRA A one) respectively for the captioned bank lines of your company. The Outlook on the long-term rating is Negative.

The aforesaid ratings will be due for surveillance anytime before July 14, 2019.

This rating is specific to the terms and conditions of the LOC as was indicated to us by you and any change in the terms or size of the same would require the rating to be reviewed by us. If there is any change in the terms and conditions or size of the LOC rated, as above, the same must be brought to our notice before the utilisation of the same. If there is any such change after the rating is assigned by us and confirmed for use by you, it would be subject to our review and may result in change in the rating assigned. Notwithstanding the foregoing, any change in the over-all limit of the LOC from that specified in the first paragraph of this letter would constitute an enhancement that would not be covered by or under the said Rating Agreement.

ICRA reserves the right to review and/or, revise the above rating at any time on the basis of new information or unavailability of information or such other circumstances, which ICRA believes, may have an impact on the rating assigned to you.

You are requested to furnish a monthly 'No Default Statement (NDS)' (as per enclosed format) on the first working day of every month, confirming timely payment of all obligations on the above rated debt program [interest and principal obligations for fund based as well as obligations under LOC/BG for non-fund based facility]. This is in accordance with requirements prescribed in circular dated June 30, 2017

Electric Mansion, 3rd Floor
Appasaheb Marathe Marg
Prabhadevi, Mumbai-400025

Tel. : +91.22.61693300
CIN : L74999DL1991PLC042749

Website : www.icra.in
Email : info@icraindia.com
Helpdesk : +91.124.3341580

Registered Office : 1105, Kailash Building, 11th Floor, 26 Kasturba Gandhi Marg, New Delhi - 110001. Tel. : +91.11.23357940-45

RATING • RESEARCH • INFORMATION

87012



ICRA

Monitoring and Review of Ratings by Credit Rating Agencies (CRAs)' issued by the Securities and Exchange Board of India.

You are also requested to forthwith inform us about any default or delay in repayment of interest or principal amount of the Programme rated, as above, or any other debt instruments / borrowings. Further you are requested to forthwith inform us of any other developments which may have a direct or indirect impact on the debt servicing capability of the company including any proposal for re-schedulement or postponement of the repayment programmes of the dues/ debts of the company with any lender(s) / investor(s).

We thank you for your kind cooperation extended during the course of the rating exercise. Please let us know if you need any clarification.

We look forward to further strengthening our existing relationship and assure you of our best services.

With kind regards,

Yours sincerely,

For ICRA Limited

ANJAN DEB GHOSH

Executive Vice President

aghosh@icraindia.com

SOURABH KANNOJE

Senior Analyst

sourabh.kannoje@icraindia.com



ICRA

'No Default Statement on the Company Letter Head'

To
<CRA Name and Address>

Dear Sir/ Madam,

1. We hereby Confirm that as on date there are no Over dues or default on our debt obligations
2. We also confirm that in the month ended <Month and Year name>, there has been no instance of delay in servicing of our debt obligations.
3. We also confirm that there has not been any instance of devolvement of Letter of Credit in the month ended <Month and Year name>.
4. We also confirm that in the month ended <Month and Year name>, there has been no instance of delay in servicing of debt obligations guaranteed by us.
5. We also confirm that there has been no overdraw of the drawing power sanctioned by the bank for a period of more than 30 consecutive days in case of bank facilities which do not have scheduled maturity/repayment dates.
6. Details of delay/ default/ rescheduling of interest or principal as on date/ in the month ended<Month and Year name> , in any of the above case (if any):

Name of the Instrument	ISIN	Amount to be paid	Due Date of Payment	Actual Date of Payment	Remarks

Thanking You,

Yours faithfully,

<Authorized Signatory of Issuer>

**ICRA****Annexure Details of Bajaj Electricals Bank Limits Rated on Long-term Scale**

Term Loans	Amount (Rs. crore)	Rating
Kotak Mahindra Bank	20.00	[ICRA]A (Negative)
Total	20.00	
Fund Based Bank Limits Consortium	Amount (Rs. crore)	Rating
State Bank of India	204.60	[ICRA]A (Negative)
Bank of India	48.00	[ICRA]A (Negative)
Union Bank of India	49.60	[ICRA]A (Negative)
Yes Bank	37.50	[ICRA]A (Negative)
IDBI Bank	10.00	[ICRA]A (Negative)
HDFC Bank	30.00	[ICRA]A (Negative)
Total	379.70	

Details of Bajaj Electricals Bank Limits Rated on Short-term Scale

Fund Based Bank Limits	Amount (Rs. crore)	Rating
HSBC	165.00	[ICRA]A1
BNP Paribas	150.00	[ICRA]A1
Total	315.00	

Details of Bajaj Electricals Bank Limits Rated on the Long-term and Short-term Scale

Non-Fund Based Bank Limits Consortium	Amount (Rs. crore)	Rating
State Bank of India	752.58	[ICRA]A (Negative) / [ICRA]A1
Bank of India	350.50	[ICRA]A (Negative) / [ICRA]A1
Union Bank of India	573.30	[ICRA]A (Negative) / [ICRA]A1
YES Bank Ltd.	233.92	[ICRA]A (Negative) / [ICRA]A1
IDBI Bank Ltd.	290.00	[ICRA]A (Negative) / [ICRA]A1
ICICI Bank Ltd.	300.00	[ICRA]A (Negative) / [ICRA]A1
HDFC Bank Ltd.	50.00	[ICRA]A (Negative) / [ICRA]A1
Indusind Bank Ltd	150.00	[ICRA]A (Negative) / [ICRA]A1
Total	2700.30	
Fund Based & Non-Fund Based Bank Limits- Other than Consortium Banks	Amount (Rs. crore)	Rating
Qatar National Bank S.A.Q	45.00	[ICRA]A (Negative) / [ICRA]A1
Axis Bank Ltd	200.00	[ICRA]A (Negative) / [ICRA]A1
IDFC Bank Ltd	130.00	[ICRA]A (Negative) / [ICRA]A1
DBS Bank Ltd	50.00	[ICRA]A (Negative) / [ICRA]A1
Bank of Bahrain and Kuwait B.S.C	50.00	[ICRA]A (Negative) / [ICRA]A1
Standard Chartered	132.50	[ICRA]A (Negative) / [ICRA]A1
DCB Bank Ltd	60.00	[ICRA]A (Negative) / [ICRA]A1
RBL Bank	295.00	[ICRA]A (Negative) / [ICRA]A1
Kotak Mahindra Bank	165.00	[ICRA]A (Negative) / [ICRA]A1
Firststrand Bank	43.00	[ICRA]A (Negative) / [ICRA]A1
Deutsche Bank A G	135.00	[ICRA]A (Negative) / [ICRA]A1
Proposed limits- Untied Portion	22.00	[ICRA]A (Negative) / [ICRA]A1
Total	1327.50	



ICRA

Confidential

ICRA Limited

Ref: 2019-20/MUM/0871

Date: July 23, 2019

Mr. Anant Purandare
Chief Financial Officer
Bajaj Electricals Limited
001 Ground Floor, Rustomjee Aspiree,
Bhanu Shankar Yagnik Marg,
Off. Eastern Express Highway,
Sion (East), Mumbai – 400 022.

Dear Sir,

Re: Surveillance review of ICRA rating for Rs. 500 crore Commercial Paper (CP) of Bajaj Electricals Limited.

Please refer to our rating communication letter dated July 15, 2019 communicating rating of [ICRA] A1 (pronounced as ICRA A one) assigned to the Rs 500 crore CP programme of your company and also your subsequent email dated July 17, 2019 requesting a review of the same.

Please note that the Rating Committee of ICRA, after due consideration has retained the rating at [ICRA] A1 (pronounced as ICRA A one) for the captioned Commercial Paper. Instruments with this rating are considered to have very strong degree of safety regarding timely payment of financial obligations.

In any of your publicity material or other document wherever you are using our above rating, it should be stated as [ICRA] A1.

Additionally, we wish to highlight the following with respect to the rating:

- (a) If the instrument rated, as above, is not issued by you within a period of 3 months from the date of this letter, the rating would need to be revalidated before issuance;
- (b) Subject to Clause (c) below, our rating is valid from the date of this letter till July 14, 2019 (“Validity Period”). The rating will generally be due for review at the end of the Validity Period. The maturity date of the Commercial Paper shall not be after the end of the Validity Period. The Commercial Paper will have a maximum maturity of twelve months.
- (c) ICRA reserves the right to review and/or, revise the above rating at any time on the basis of new information or unavailability of information or such circumstances, which ICRA believes, may have an impact on the aforesaid rating assigned to you.

The rating, as aforesaid, however, should not be treated as a recommendation to buy, sell or hold the Commercial Paper issued by you. **The above rating of “[ICRA] A1” is assigned to your Commercial Paper size of Rs 500 crore and the maximum amount raised through Commercial Paper at any point in time, including any amount already outstanding, should not exceed Rs 500 crore.** In case, you propose to enhance the size of the Commercial Paper, the same would be required to be rated afresh.

Electric Mansion, 3rd Floor
Appasaheb Marathe Marg
Prabhadevi, Mumbai-400025

Tel. : +91.22.61693300
CIN : L74999DL1991PLC042749

Website : www.icra.in
Email : info@icraindia.com
Helpdesk : +91.124.3341580

Registered Office : 1105, Kailash Building, 11th Floor, 26 Kasturba Gandhi Marg, New Delhi - 110001. Tel. : +91.11.23357940-45

RATING • RESEARCH • INFORMATION

27010



ICRA

ICRA does not assume any responsibility on its part, for any liability, that may arise consequent to your not complying with any eligibility criteria, applicable from time to time, for issuance of Commercial Paper.

You are requested to furnish a monthly '*No Default Statement (NDS)*' (in the format enclosed) on the first working day of every month, confirming the timeliness of payment of all obligations against the rated debt programme. This is in line with requirements as prescribed in circular dated June 30, 2017 on '*Monitoring and Review of Ratings by Credit Rating Agencies (CRAs)*' issued by the Securities and Exchange Board of India.

You are also requested to forthwith inform us about any default or delay in repayment of interest or principal amount of the instrument rated, as above, or any other debt instruments/ borrowing and keep us informed of any other developments which may have a direct or indirect impact on the debt servicing capability of the company including any proposal for re-schedulement or postponement of the repayment programmes of the dues/ debts of the company with any lender(s) / investor(s). Further, you are requested to inform us immediately as and when the borrowing limit for the instrument rated, as above, or as prescribed by the regulatory authority(ies) is exceeded.

We thank you for your kind cooperation extended during the course of the rating exercise. Should you require any clarification, please do not hesitate to get in touch with us.

We look forward to your communication and assure you of our best services.

With kind regards,

For ICRA Limited

ANJAN DEB GHOSH

Executive Vice President

aghosh@icraindia.com

SOURABH KANNOJE

Senior Analyst

sourabh.kannoje@icraindia.com



'No Default Statement on the Company Letter Head'

To
<CRA Name and Address>

Dear Sir/ Madam,

1. We hereby Confirm that as on date there are no Over dues or default on our debt obligations
2. We also confirm that in the month ended <Month and Year name>, there has been no instance of delay in servicing of our debt obligations.
3. We also confirm that there has not been any instance of devolvement of Letter of Credit in the month ended <Month and Year name>.
4. We also confirm that in the month ended <Month and Year name>, there has been no instance of delay in servicing of debt obligations guaranteed by us.
5. We also confirm that there has been no overdraw of the drawing power sanctioned by the bank for a period of more than 30 consecutive days in case of bank facilities which do not have scheduled maturity/repayment dates.
6. Details of delay/ default/ rescheduling of interest or principal as on date/ in the month ended<Month and Year name> , in any of the above case (if any):

Name of the Instrument	ISIN	Amount to be paid	Due Date of Payment	Actual Date of Payment	Remarks

Thanking You,

Yours faithfully,

<Authorized Signatory of Issuer>



ICRA

Confidential

ICRA Limited

Ref: 2019-20/MUM/0872

Date: July 23, 2019

Mr. Anant Purandare
Chief Financial Officer
Bajaj Electricals Limited
001 Ground Floor, Rustomjee Aspiree,
Bhanu Shankar Yagnik Marg,
Off. Eastern Express Highway,
Sion (East), Mumbai – 400 022.

Dear Sir,

Re: Review of ICRA Credit Rating for the proposed Rs. 150.00 crore Non Convertible Debenture (NCD) Programme of Bajaj Electricals Limited (instrument details in Annexure)

Please refer to our letter dated July 15, 2019 communicating the **Provisional [ICRA] A (Negative)** rating assigned to the captioned Non Convertible Debenture (NCD) Programme of your company and also your subsequent email dated July 17, 2019 requesting a review of the same.

Please note that the Rating Committee of ICRA, after due consideration of the latest development in your company, has reaffirmed the rating at **Provisional [ICRA] A** (pronounced provisional ICRA A) to the captioned Non Convertible Debenture (NCD) Programme of your company. The Outlook on the rating is Negative. Instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations.

In any of your publicity material or other document wherever you are using our above rating, it should be stated as Provisional [ICRA]A(Negative).

Additionally we wish to highlight that this rating is specific to the terms and conditions of the proposed issue as was indicated to us by you and any change in the terms or size of the issue would require the rating to be reviewed by us. If there is any change in the terms and conditions or size of the instrument rated, as above, the same must be brought to our notice before the issue of the instrument. If there is any such change after the rating is assigned by us and confirmed to use by you, it would be subject to our review and may result in change in the rating assigned.

ICRA reserves the right review and/or, revise the above at any time on the basis of new information or unavailability of information or such other circumstances, which ICRA believes, may have an impact on the rating assigned to you.

The rating, as aforesaid, however, should not be treated as a recommendation to buy, sell or hold the bonds to be issued by you.

Electric Mansion, 3rd Floor
Appasaheb Marathe Marg
Prabhadevi, Mumbai-400025

Tel. : +91.22.61693300
CIN : L74999DL1991PLC042749

Website : www.icra.in
Email : info@icraindia.com
Helpdesk : +91.124.3341580

Registered Office : 1105, Kailash Building, 11th Floor, 26 Kasturba Gandhi Marg, New Delhi - 110001. Tel. : +91.11.23357940-45

R A T I N G • R E S E A R C H • I N F O R M A T I O N

87019



You are requested to furnish a monthly 'No Default Statement (NDS)' (in the format enclosed) on the first working day of every month, confirming the timeliness of payment of all obligations against the rated debt programme. This is in line with requirements as prescribed in circular dated June 30, 2017 on 'Monitoring and Review of Ratings by Credit Rating Agencies (CRAs)' issued by the Securities and Exchange Board of India.

You are also requested to forthwith inform us about any default or delay in repayment of interest or principal amount of the instrument rated, as above, or any other debt instruments/ borrowing and keep us informed of any other developments which may have a direct or indirect impact on the debt servicing capability of the company including any proposal for re-schedulement or postponement of the repayment programmes of the dues/ debts of the company with any lender(s) / investor(s). Further, you are requested to inform us immediately as and when the borrowing limit for the instrument rated, as above, or as prescribed by the regulatory authority(ies) is exceeded.

We thank you for your kind cooperation extended during the course of the rating exercise. Should you require any clarification, please do not hesitate to get in touch with us.

We look forward to your communication and assure you of our best services.

With kind regards,

Yours sincerely,

For ICRA Limited

A handwritten signature in blue ink, appearing to read 'Anjan Deb Ghosh'.

ANJAN DEB GHOSH

Executive Vice President

aghosh@icraindia.com

A handwritten signature in blue ink, appearing to read 'Sourabh Kannoje'.

SOURABH KANNOJE

Senior Analyst

sourabh.kannoje@icraindia.com

Encl:



ICRA

Annexure:

LIST OF ALL INSTRUMENT RATED (WITH AMOUNT OUTSTANDING)

Rated Instrument	Rated Amount (In Crores)	Amount Outstanding (In Crores)	Rating
NCD	150.00	0.00	Provisional [ICRA] A (Negative)
Total	150.00	0.00	

A handwritten signature in blue ink, located below the table on the left side of the page.

A handwritten signature in blue ink, located below the table on the right side of the page.



'No Default Statement on the Company Letter Head'

To

<CRA Name and Address>

Dear Sir/ Madam,

1. We hereby Confirm that as on date there are no Over dues or default on our debt obligations
2. We also confirm that in the month ended <Month and Year name>, there has been no instance of delay in servicing of our debt obligations.
3. We also confirm that there has not been any instance of devolvement of Letter of Credit in the month ended <Month and Year name>.
4. We also confirm that in the month ended <Month and Year name>, there has been no instance of delay in servicing of debt obligations guaranteed by us.
5. We also confirm that there has been no overdraw of the drawing power sanctioned by the bank for a period of more than 30 consecutive days in case of bank facilities which do not have scheduled maturity/repayment dates.
6. Details of delay/ default/ rescheduling of interest or principal as on date/ in the month ended<Month and Year name> , in any of the above case (if any):

Name of the Instrument	ISIN	Amount to be paid	Due Date of Payment	Actual Date of Payment	Remarks

Thanking You,

Yours faithfully,

<Authorized Signatory of Issuer>



ICRA

Confidential

ICRA Limited

Ref: 2019-20/MUM/0873

Date: July 23, 2019

Mr. Anant Purandare
Chief Financial Officer
Bajaj Electricals Limited
001 Ground Floor, Rustomjee Aspiree,
Bhanu Shankar Yagnik Marg,
Off. Eastern Express Highway,
Sion (East), Mumbai – 400 022.

Dear Sir,

Re: Review of ICRA Credit Rating for the Rs. 200.00 crore Non Convertible Debenture (NCD) Programme of Bajaj Electricals Limited (instrument details in Annexure)

Please refer to our letter dated July 15, 2019 communicating the [ICRA] A (Negative) rating assigned to the captioned Non Convertible Debenture (NCD) Programme of your company and also your subsequent email dated July 17, 2019 requesting a review of the same.

Please note that the Rating Committee of ICRA, after due consideration of the latest development in your company, has reaffirmed the rating at [ICRA] A (pronounced ICRA A) to the captioned Non Convertible Debenture (NCD) Programme of your company. The Outlook on the rating is Negative. Instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations.

In any of your publicity material or other document wherever you are using our above rating, it should be stated as [ICRA]A(Negative).

Additionally we wish to highlight that this rating is specific to the terms and conditions of the proposed issue as was indicated to us by you and any change in the terms or size of the issue would require the rating to be reviewed by us. If there is any change in the terms and conditions or size of the instrument rated, as above, the same must be brought to our notice before the issue of the instrument. If there is any such change after the rating is assigned by us and confirmed to use by you, it would be subject to our review and may result in change in the rating assigned.

ICRA reserves the right review and/or, revise the above at any time on the basis of new information or unavailability of information or such other circumstances, which ICRA believes, may have an impact on the rating assigned to you.

The rating, as aforesaid, however, should not be treated as a recommendation to buy, sell or hold the bonds to be issued by you.

Electric Mansion, 3rd Floor
Appasaheb Marathe Marg
Prabhadevi, Mumbai-400025

Tel. : +91.22.61693300
CIN : L74999DL1991PLC042749

Website : www.icra.in
Email : info@icraindia.com
Helpdesk : +91.124.3341580

Registered Office : 1105, Kailash Building, 11th Floor, 26 Kasturba Gandhi Marg, New Delhi - 110001. Tel. : +91.11.23357940-45

RATING • RESEARCH • INFORMATION

87011



You are requested to furnish a monthly 'No Default Statement (NDS)' (in the format enclosed) on the first working day of every month, confirming the timeliness of payment of all obligations against the rated debt programme. This is in line with requirements as prescribed in circular dated June 30, 2017 on 'Monitoring and Review of Ratings by Credit Rating Agencies (CRAs)' issued by the Securities and Exchange Board of India.

You are also requested to forthwith inform us about any default or delay in repayment of interest or principal amount of the instrument rated, as above, or any other debt instruments/ borrowing and keep us informed of any other developments which may have a direct or indirect impact on the debt servicing capability of the company including any proposal for re-schedulement or postponement of the repayment programmes of the dues/ debts of the company with any lender(s) / investor(s). Further, you are requested to inform us immediately as and when the borrowing limit for the instrument rated, as above, or as prescribed by the regulatory authority(ies) is exceeded.

We thank you for your kind cooperation extended during the course of the rating exercise. Should you require any clarification, please do not hesitate to get in touch with us.

We look forward to your communication and assure you of our best services.

With kind regards,

Yours sincerely,

For ICRA Limited

A handwritten signature in black ink, appearing to read 'Anjan Deb Ghosh'.

ANJAN DEB GHOSH

Executive Vice President

aghosh@icraindia.com

A handwritten signature in blue ink, appearing to read 'Sourabh Kannoje'.

SOURABH KANNOJE

Senior Analyst

sourabh.kannoje@icraindia.com



Encl:

Annexure:

LIST OF ALL INSTRUMENT RATED (WITH AMOUNT OUTSTANDING)

Rated Instrument	Rated Amount (In Crores)	Amount Outstanding (In Crores)	Rating
NCD	185	185	[ICRA]A(Negative)
Proposed amount	15	0	
Total	200	185	

A handwritten signature in blue ink, appearing to be 'S. S.', located in the lower middle section of the page.

A handwritten signature in blue ink, appearing to be 'S. S.', located in the lower right section of the page.



ICRA

'No Default Statement on the Company Letter Head'

To

<CRA Name and Address>

Dear Sir/ Madam,

1. We hereby Confirm that as on date there are no Over dues or default on our debt obligations
2. We also confirm that in the month ended <Month and Year name>, there has been no instance of delay in servicing of our debt obligations.
3. We also confirm that there has not been any instance of devolvement of Letter of Credit in the month ended <Month and Year name>.
4. We also confirm that in the month ended <Month and Year name>, there has been no instance of delay in servicing of debt obligations guaranteed by us.
5. We also confirm that there has been no overdraw of the drawing power sanctioned by the bank for a period of more than 30 consecutive days in case of bank facilities which do not have scheduled maturity/repayment dates.
6. Details of delay/ default/ rescheduling of interest or principal as on date/ in the month ended<Month and Year name> , in any of the above case (if any):

Name of the Instrument	ISIN	Amount to be paid	Due Date of Payment	Actual Date of Payment	Remarks

Thanking You,

Yours faithfully,

<Authorized Signatory of Issuer>

Bajaj Electricals Limited

July 23, 2019

Bajaj Electricals Limited: Ratings revised to [ICRA]A(Negative)/[ICRA]A1; outlook remains Negative

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
LT - Term Loans	20.00	20.00	[ICRA]A (Negative); Revised from [ICRA]A+ (Negative)
LT – Fund-based Limits	379.70	379.70	[ICRA]A (Negative); Revised from [ICRA]A+ (Negative)
ST – Fund-based Limits	315.00	315.00	[ICRA]A1; Revised from [ICRA]A1+
LT/ST - Non-fund Based Limits	2700.30	2700.30	[ICRA]A (Negative)/ [ICRA]A1; Revised from [ICRA]A+ (Negative)/ [ICRA]A1+
LT/ST – Fund-based/Non-Fund Based Limits	1327.50	1327.50	[ICRA]A (Negative)/ [ICRA]A1; Revised from [ICRA]A+ (Negative)/ [ICRA]A1+
ST – Commercial Paper	500.00	500.00	[ICRA]A1; Revised from [ICRA]A1+
LT-NCD programme	200.00	200.00	[ICRA]A (Negative); Revised from [ICRA]A+ (Negative)
LT-NCD programme	150.00	150.00	Provisional [ICRA]A (Negative); Revised from Provisional [ICRA]A+ (Negative)
Total	5592.50	5592.50	

*Instrument details are provided in Annexure - 1

Rationale:

The revision in the ratings takes in to account the increased leveraging level and the subsequent weakening of debt coverage metrics of Bajaj Electricals Limited (BEL), mainly as result of working capital borrowings for the execution of large-sized EPC order for rural electrification in state of Uttar Pradesh (UP). Consequently, the gearing of the company has increased to 1.5 times as on March 31, 2019 from 0.8 times as on March 31, 2018. Further, tight execution timelines coupled with input cost pressures pertaining to UP-based order has moderated the EBIT (Earnings before interest and taxes) margin of the EPC segment to 4.97% in FY2019 from 7.82% in FY2018.

The ratings, however, favourably factor in the healthy performance of BEL's consumer durable business segment in FY2019, wherein revenues grew by ~23% YoY to Rs. 2740.06 crore. Further, the EBIT margin of the consumer durable business witnessed a healthy improvement of 169 bps in FY2019, supported by better inventory management under the new distribution model (Range and Reach Expansion Program, RREP). The ratings also factor in BEL's diversified business portfolio and its leading position in the consumer durable business, supported by strong brand and product development strengths and wide distribution network. The company's cost-effective sourcing from domestic small-scale industries and China helps it to counter competition from imports as well as unorganised players in the consumer durables space to some extent. The ratings also consider the company's satisfactory financial flexibility by virtue of being a part of the Bajaj Group as well as the adequate liquidity position, as evident from the presence of undrawn limits, and availability of advances from its key customer in the EPC business.

The ratings further take into account the exposure of the company's operations to volatility in the raw material prices as well as the high working capital intensity of the EPC business. As the company has extended corporate guarantee on the borrowings of Starlite Lighting Limited (SLL, an associate arm of BEL, and manufacturer of LED products, water heaters, coolers, mixers, Air-conditioners etc.), any sizeable increase in the financial support extended to SLL from the current level to bolster its weak financial position remains a rating sensitivity. Also, the NCD raised by the company has been utilised to fund the retention money (10% of the order size) requirement for the UP-based project; the timely receipt of the retention money remains highly critical from the credit perspective. While the company has plans to infuse additional equity capital to the tune of Rs. 600 crore, timely infusion of the same also remains important from the credit perspective.

Outlook: Negative

The negative outlook reflects ICRA's consideration that the debt coverage metrics will continue to remain moderate in the near term due to the increased working capital borrowings. The outlook will be revised to Stable if the company shows an improvement in the working capital position and debt coverage metrics, followed by proposed infusion of equity capital.

Key rating drivers

Credit strengths

Diversified business portfolio - BEL's business is well diversified. Its presence in both consumer product (lighting, fans and appliances) and EPC businesses reduces the exposure to demand indicators of any particular business. Moreover, the company enjoys a strong brand recall in the consumer product business and is supported by a large distribution network.

Healthy revenue growth— The company's revenue grew at a healthy rate of ~42% to Rs. 6673.1 crore in FY2019 from Rs. 4707.5 crore in FY2018. Revenues from EPC business and consumer durable business grew by 58% and 23%, respectively, in FY2019 on a YoY basis.

Strong performance of consumer durables business – The performance of BEL's consumer durable business segment in FY2019 was healthy, with YoY revenue growth of ~23% to Rs. 2740.06 crore led by better market penetration post implementation of the new distribution model (RREP). Further, the EBIT margin of the consumer durable business witnessed a healthy improvement of 169 bps in FY2019, supported by improved inventory management under RREP.

Implementation of new distribution model (RREP) is in final stages – The company has covered more than 2 lakh retailers in 550 districts of the country under its new distribution model. Performance of the consumer durable business is expected to pick up further because of better inventory management supported by RREP.

Financial flexibility from being part of Bajaj Group

Credit challenges

Moderation of coverage metrics due to increase in leveraging level – Increase in short-term borrowings for the execution of rural electrification project in UP has moderated the company's projected coverage metrics. The company's gearing increased to 1.5 times as on March 31, 2019 from 0.8 times as on March 31, 2018. The total debt level as on March 31, 2019 stood at Rs. 1584.1 crore, which comprises 1366.8 crore of short-term debt and Rs. 217.3 crore of long-term debt. Also, the adjusted gearing level (factoring the corporate guarantee to SLL) stood at around ~1.7 times as on March 31, 2019.

High working capital intensity - The company's working capital intensity remains high, primarily because of high inventory, given the need to maintain inventories of imported goods and large number of stock keeping units (SKUs) in fans, appliances and lighting. Debtors continue to remain high, as reflected in debtors' days of 173 as on March 2019, mainly due to receivables related to the project business carried out by EPC segment. Working capital intensity has also increased because of the tight execution timelines of the rural electrification project in UP and the retention money requirement for the same. The same is reflected in NWC/OI of 31% in FY2019 as against 25% in FY2018. While increase in regular receivables has been funded through higher working capital borrowings, the retention money (10% of the order size) requirement for the project has been funded through NCD. Consequently, timely collection of receivables along with the release of retention money post project completion remains a key monitorable.

Exposure to volatility in raw material cost; low pricing flexibility - The profitability of the consumer products business remains linked to the movement in prices of raw materials, mainly copper and zinc. The margins in the consumer products segment moderated in previous years (FY2015 - FY2018) owing to high competitive pressures and muted revenue growth (on account of RREP implementation). However, the fall in international commodity prices during the same period has provided some support.

Extension of corporate guarantees to SLL – SLL manufactures LED products, water heaters, coolers, mixers, Air-conditioners etc. Apart from being SLL's key customer, BEL has high exposure to SL, in the form of corporate guarantees (for around ~Rs. 242 crore). Adjusted gearing level of BEL (factoring the corporate guarantee to SLL) stood at around 1.7 times as on March 31, 2019. Also, BEL has impaired investment in SLL (Preference Shares and Loans) worth Rs. 89.36 crore in FY2018 due to which the net profit margin came down to 1.8%, which otherwise would have been 3.7%. Any sizeable increase in the financial support extended to SLL from the current level would be a rating sensitivity.

Liquidity position

The liquidity position of the company remains adequate with free cash and liquid investments of ~Rs. 16.0 crore (as on March 2019 end) and undrawn line of credit of ~Rs. 209 crore (as on May 2019 end) as well as the availability of advances from its key customer in EPC business. Further, the company's drawing power stood at around Rs. 1881.7 crore as on May 2019 end against which total utilisation was 73%.

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology
Parent/Group Support	Not applicable
Consolidation/Standalone	The ratings are based on the standalone financial profile of the company

About the company:

BEL, a part of the Bajaj Group of Companies, was incorporated on July 14, 1938, under the name of Radio Lamp Works Limited. The name was changed to Bajaj Electricals Limited in 1960. BEL's shareholding is concentrated; the Bajaj family has about 63% equity stake in the company. The company has five business units—fans, lighting, luminaires, appliances and engineering and projects. From April 1, 2016, BEL divided its business segments into: a) Consumer Products which includes appliances, fans and consumer lighting products, and b) EPC which includes transmission line towers, telecommunication towers, high masts, poles, special projects including rural electrification projects and luminaires. Until 1998, BEL was mainly a marketing company and dealt with various consumer durable goods such as fans, lighting and

electrical appliances under the Bajaj umbrella brand. In the year 2001-02, the company commenced manufacturing high-masts and transmission towers as part of its projects division at Ranjangaon, Pune. The company also has a 19% stake in Hind Lamps Limited (reduced from 50% in FY2015), which manufactures tubes and lamps. In March 2007, the company acquired a 32% equity stake in Starlite Lighting Limited, which manufactures compact fluorescent lamps (CFL), light emitting diode (LED) products and other appliances such as heaters, air-conditioners etc. at Nashik. In June 2017, BEL increased its stake in SLL to 47%.

Key financial indicators (audited)

	FY 2018	FY 2019
Operating Income (Rs. crore)	4707.5	6673.1
PAT (Rs. crore)	83.6	167.1
OPBDIT/ OI (%)	6.2%	5.4%
RoCE (%)	14.2%	17.4%
Total Debt/ TNW (times)	0.8	1.5
Total Debt/ OPBDIT (times)	2.5	4.4
Interest Coverage (times)	5.0	3.1

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for last three years:

S. No.	Instrument	Type	Current Rating (FY2020)		Chronology of Rating History for the past 3 years								
			Amount Rated (Rs. Crore)	Amount Outstanding (Rs. Crore)	Date & Rating		Date & Rating in FY2019			Date & Rating In FY2018		Date & Rating in FY2017	
					July 2019	February 2019	February 2019	December 2018	June 2018	July 2017	January 2017	August 2016	
1	Commercial Paper	Short term	500.00	500.00	[ICRA]A1	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+
2	Term Loans	Long term	20.00	20.00	[ICRA]A (Negative)	[ICRA]A+ (Negative)	[ICRA]A+ (Negative)	[ICRA]A+ (Negative)	[ICRA]A+ (stable)	[ICRA]A+ (stable)	[ICRA]A+ (stable)	[ICRA]A+ (stable)	[ICRA]A+ (stable)
3	Fund based limits	Long term	379.70	379.70	[ICRA]A (Negative)	[ICRA]A+ (Negative)	[ICRA]A+ (Negative)	[ICRA]A+ (Negative)	[ICRA]A+ (stable)	[ICRA]A+ (stable)	[ICRA]A+ (stable)	[ICRA]A+ (stable)	[ICRA]A+ (stable)
4	Fund based limits	Short term	315.00	315.00	[ICRA]A1	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+
5	Non-fund based limits	Long term / Short term	2700.30	2700.30	[ICRA]A (Negative) / [ICRA]A1	[ICRA]A+ (Negative) / [ICRA]A1+	[ICRA]A+ (Negative) / [ICRA]A1+	[ICRA]A+ (Negative) / [ICRA]A1+	[ICRA]A+ (stable) / [ICRA]A1+	[ICRA]A+ (stable) / [ICRA]A1+	[ICRA]A+ (stable) / [ICRA]A1+	[ICRA]A+ (stable) / [ICRA]A1+	[ICRA]A+ (stable) / [ICRA]A1+
6	Fund Based/Non-Fund Based Limits	Long term / Short term	1327.50	1327.50	[ICRA]A (Negative) / [ICRA]A1	[ICRA]A+ (Negative) / [ICRA]A1+	[ICRA]A+ (Negative) / [ICRA]A1+	[ICRA]A+ (Negative) / [ICRA]A1+	[ICRA]A+ (stable) / [ICRA]A1+	-	-	-	-
7	NCD Programme		200.00	185.00	[ICRA]A (Negative)	[ICRA]A+ (Negative)	Provisional [ICRA]A+ (Negative)						
8	NCD Programme		150.00	Yet to be placed	Provisional [ICRA]A (Negative)	Provisional [ICRA]A+ (Negative)	Provisional [ICRA]A+ (Negative)						

Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure-1: Instrument Details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	ST - Commercial Paper	-	7.95% - 9.30%	3 to 6 months	500.00	[ICRA]A1
NA	LT - Term Loans	December 2017	-	May 2021	20.00	[ICRA]A (Negative)
NA	LT - Fund based limits	-	-	-	379.70	[ICRA]A (Negative)
NA	ST - Fund based limits	-	-	-	315.00	[ICRA]A1
NA	LT/ST - Non fund based limits	-	-	-	2700.30	[ICRA]A (Negative) / [ICRA]A1
NA	LT/ST - Fund Based/Non-Fund Based Limits	-	-	-	1327.50	[ICRA]A (Negative) / [ICRA]A1
INE193E08012	NCD Programme	February 2019	11.0%	February 2022	75.00	[ICRA]A (Negative)
INE193E08020	NCD Programme	February 2019	11.0%	August 2021	75.00	[ICRA]A (Negative)
INE193E08038	NCD Programme	February 2019	11.0%	February 2022	35.00	[ICRA]A (Negative)
Proposed	NCD Programme	-	-	-	15.00	[ICRA]A (Negative)
Yet to be placed	NCD Programme	-	-	-	150.00	Provisional [ICRA]A (Negative)

Source: BEL

ANALYST CONTACTS

Sabyasachi Majumdar
+91 124 4545 304
sabyasachi@icraindia.com

Aditya Jhaver
+91 22 6169 3379
aditya.jhaver@icraindia.com

Girishkumar Kadam
+91 22 6114 3441
girishkumar@icraindia.com

Sourabh Kannoje
+91 22 6169 3349
sourabh.kannoje@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar
+91 226114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

Helpline for business queries:

+91-124-3341580 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited

Corporate Office

Building No. 8, 2nd Floor, Tower A; DLF Cyber City, Phase II; Gurgaon 122 002

Tel: +91 124 4545300

Email: info@icraindia.com

Website: www.icra.in

Registered Office

1105, Kailash Building, 11th Floor; 26 Kasturba Gandhi Marg; New Delhi 110001

Tel: +91 11 23357940-50

Branches

Mumbai + (91 22) 24331046/53/62/74/86/87

Chennai + (91 44) 2434 0043/9659/8080, 2433 0724/ 3293/3294,

Kolkata + (91 33) 2287 8839 /2287 6617/ 2283 1411/ 2280 0008,

Bangalore + (91 80) 2559 7401/4049

Ahmedabad+ (91 79) 2658 4924/5049/2008

Hyderabad + (91 40) 2373 5061/7251

Pune + (91 20) 2552 0194/95/96

© Copyright, 2019, ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents