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Niraj Bajaj
Chairman & MD
Mukand

Shekhar Bajaj
Chairman & MD
Bajaj Electricals

Madhur Bajaj
Vice-Chairman
Bajaj Auto

Rajiv Bajaj
MD, Bajaj Auto

Sanjiv Bajaj
MD, Bajaj
Finserv

Rahul Bajaj
Chairman
Bajaj Group

The Naya Bajaj

How it became India's
FOURTH MOST VALUABLE
group and what it is
doing to stay on top

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ILLUSTRATION BY RAJ VERMA





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COVER STORY

THE NAYA BAJAJ

How Bajaj became the fourth most valuable group in the country and what it is doing to stay on top

COVER STORY
BAJAJ

THE NAYA BAJAJ

**HOW IT BECAME INDIA'S
FOURTH MOST VALUABLE
GROUP AND WHAT IT IS
DOING TO STAY ON TOP**

BY NEVIN JOHN
PHOTOGRAPHS BY RACHIT GOSWAMI

A

S HE RELAXES at home on the premises of Bajaj Auto's plant in Akurdi, near Pune, Rahul Bajaj, 80, has every reason to smile. The year 2018 has been good for the Bajaj group. Bajaj Finance, run by younger son Sanjiv Bajaj, has been on a tear over the past few years, and the stock has been included in the BSE Sensex from December 24 as a proxy for the financial services sector.



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Vice-Chairman
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Finserv

Meanwhile, elder son Rajiv Bajaj is planning to introduce new superbikes in association with the British motorcycle maker Triumph, launch electric vehicles, and capture the commercial car market with the quadricycle Qute. Mukand Ltd, the group's steel arm, has started work on the ₹600-crore steel rolling plant of Mukand Sumi Special Steel in Karnataka – a joint venture between Mukand Ltd (run by cousin Niraj Bajaj) and Sumitomo Corporation of Japan.

Above all, the Bajaj group ended the year 2018 as the fourth biggest in the country by market capitalisation (the market cap of the group was ₹3.77 lakh crore on December 31, 2018, as against ₹30,321 crore on March 31, 2007), behind just HDFC, Tata group and Reliance Industries, and pipping such worthies as the AV Birla group, the Wadias, the Godrejs, the Mahindras, the Adanis...They are now the third-largest family group after Tatas and Ambanis.

In a first ever exclusive interaction with the Press, the entire Bajaj family met with *Business Today* in Mumbai and Pune, to talk about what the next steps would be for the many businesses that the family members head.

The Bajaj group has seen sharp growth in the past few years powered by the dream run of its financial services companies, which have been punching way over their weight. Though the group is still relatively small in terms of revenues – group revenues were ₹65,000 crore as of March 2018 (including over ₹17,000 crore gross written premium of two insurance companies) – it is immensely profitable. In FY18, it boasted profits of around ₹10,000 crore. While most people still associate the group with Bajaj Auto, over the past decade, revenue and profit growth has been driven by the financial services companies headed by Sanjiv.

Till 2007, the finance business hardly existed. Because Bajaj Auto was so cash rich, it had an auto financing division for Bajaj two-wheelers. Rahul Bajaj demerged it from the auto business to create Bajaj Finserv, besides creating a holding company, Bajaj Holdings & Investments (BHIL), with the cash pool that both auto and finance businesses could access. He acknowledges that the move to delink the lending business from Bajaj Auto was the game changer. "It was the toughest and



"We are now so well aligned that we don't need to debate (over) anything"

NANOO PAMNANI

Vice Chairman, Bajaj FinServ

yet the most successful decision of my life," he says.

"The Bajaj group rightly sensed that financial services was going to boom and stayed focused on it, cashing in on the big data," says Raamdeo Agrawal, co-founder of Motilal Oswal Financial Services. Today, the two listed financial services businesses – lending arm Bajaj Finance and its holding company Bajaj Finserv – are together around three times the market size (₹2.55 lakh crore on December 31, 2018) of the far better known Bajaj Auto, the third-largest motorcycle maker in the world. While conquering new heights on one side, the Bajaj group is only now trying to get equally aggressive in its other two businesses – electricals and steel. (Shekhar Bajaj, who is also Rahul Bajaj's cousin, runs Bajaj Electricals.)

LENDER'S PRIDE

When Sanjiv Bajaj was picked to head the new company in 2008, he was given one crucial aide from within the extended family – Nanoo Pamnani, the brother-in-law of Rahul Bajaj's wife who had just then retired from Citibank. Pamnani had been one of Citibank's youngest CEOs at 37, and his achievements included turning around the bank's private banking business of the Asia Pacific region, as well as setting up its global service centre in India, which was later sold to TCS. He had been looking forward to relaxing and touring the world but Rahul Bajaj made him change his mind and take over as Vice-Chairman of Bajaj Finserv, with himself as Chairman and Sanjiv as Managing Director.

In 2001, soon after insurance was opened to the private sector, the Bajaj group had set up both a life and a non-life insurance company in partnership with the German insurer Allianz Group – Bajaj Allianz Life Insurance and Bajaj Allianz General Insurance. After the demerger in 2008, both were brought under Bajaj Finserv, and a non-banking finance company (NBFC), Bajaj Finance Ltd (BFL), floated under it (Bajaj Finserv has 55 per cent stake in BFL and 74 per cent each in two insurance companies). Sanjiv and Pamnani interviewed over 30 candidates before choosing Rajeev Jain as Managing Director of BFL – and it is this trio of Bajaj, Pamnani and Jain that has since charted the company's amazing rise. "We're now so well aligned that we don't

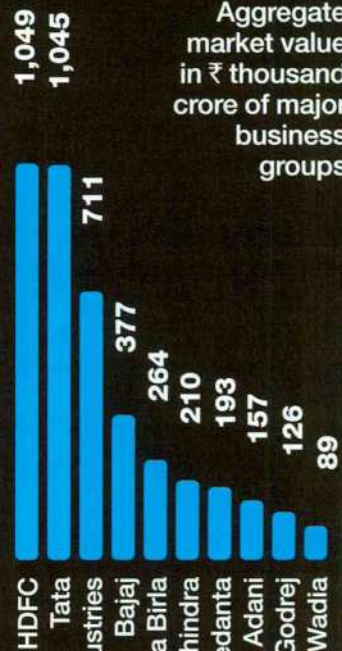
A NEW HEIGHT

Most of Bajaj group companies have grown their business at a fast pace in the past few years



HOW THEY STACK UP

Aggregate market value in ₹ thousand crore of major business groups



Data is as on December 31, 2018
Source: Ace Equity

MAR-16
MAR-17
MAR-18

- Bajaj Holdings & Investment
- Bajaj Auto
- Bajaj Finserv
- Bajaj Finance
- Bajaj Electricals
- Mukand

Standalone numbers
Data is as on March 31, 2018
For the insurance companies, gross written premium is taken as gross sales
Source: Ace Equity and annual reports

need to debate anything," says Pamnani.

In its short life, BFL has spread itself across 1,613 locations (as on September 2018), building assets under management (AUM) of ₹1,00,217 crore, which is 38 per cent more compared to the same time previous year. The AUM grew at a compounded annual growth rate (CAGR) of 42 per cent to ₹84,033 crore till March 2018. In 2017/18, BFL's consolidated operating income rose 34 per cent over the previous year to ₹13,466 crore and net profit 46 per cent to ₹2,674 crore as it disbursed 15.32 million new loans. Of these, the biggest chunk was for consumer durables and digital products. These two account for over 45 per cent of BFL's business. SMEs account for another 30 per cent; commercial lending and rural business account for the remaining portion of the pie.

The company is careful and gives loans only to customers it feels will never default. "We're in the business of risk," says Jain. "Lending is not an issue, but until the customer has paid the last instalment, the company is not making money. My margin lies in the last instalment." This shows up in its net non-performing asset (NPA) ratio, which at 0.53 per cent in the September quarter compares favourably with the best run banks. (HDFC Bank had a net NPA ratio of 0.40 per cent while Kotak Mahindra Bank had a net NPA ratio of 0.86 per cent for the quarter.) The capital adequacy ratio, as of September 30, was 22.13 per cent as against regulatory norm of 15 per cent. Borrowings stood at ₹73,822 crore — 34 per cent from banks and 35 per cent through non-convertible debentures (NCDs). BFL has been able to bring down the relatively expensive borrowing from banks, which used to be nearly 80 per cent in its early years. The cost of borrowing fell 0.75 per cent in the last financial year.

Deven Choksey, Managing Director, KR Choksey Investment Managers, says the Bajaj's financial services business is better placed to take on the established banks. "The overall liquidity crunch in the market has affected the business of NBFCs but BFL has managed to bounce back since it has a better asset-liability ratio." The entire NBFC sector has seen a sharp erosion in value after the default by IL&FS Financial Services, and BFL and Bajaj Finserv have suffered too. Their market cap fell around ₹30,000 crore end-August but started recovering from November.

Jain believes BFL has entrepreneurial nimbleness



90 YEARS... AND COUNTING

1926

Bajaj Group was founded by **Jamnalal Bajaj** as a trading company in Mumbai



1972

Chetak scooter launched

2001

Dispute between brothers **Rahul** and **Shishir Bajaj** became public and the latter sought a business separation

2001

Forayed into insurance business in partnership with **German** insurer Allianz



2008

Family split. Sugar business Bajaj Hindusthan and **Bajaj Consumer Care** went to **Shishir Bajaj's** group

2012

Showcased Bajaj's quadricycle **Qute** at **Delhi Auto Expo**

1931

The **Hindusthan Sugar Mills** set up (later named **Bajaj Hindusthan Sugar**)

1938

Radio Lamp Works, the former name of **Bajaj Electricals**, began operation

1945

Bajaj Auto came into existence as **Bachraj Trading Corporation**



2001

Bajaj Auto launched its premium bike **Pulsar**

2003

Pulsar with **Digital Twin Spark Ignition (DTS-i)** launched. Bajaj Auto holds the Indian patent for **DTS-i** technology

2005

Discontinued **Chetak**

2008

Bajaj Auto demerged into **Bajaj Holdings & Investments**, **Bajaj Auto** and **Bajaj Finserv**, and **NBFC Bajaj Finance** was launched

2015

Bajaj Finance gets nod for housing finance firm



“Until the customer has paid the last instalment the company is not making money. My margin lies in the last instalment”

RAJEEV JAIN
MD, Bajaj Finance

“We have begun research on how to cut down EV (electric vehicle) costs. We need our own battery management system...”

PRADEEP SHRIVASTAVA
ED, Bajaj Auto



and institutional strength. “We’re constantly innovating and disrupting, identifying the gaps in our product portfolio and filling them,” he says. Sanjiv adds one more reason. “We looked at long-term business opportunities and stayed away from short-term profitable distractions.” For instance, BFL shut down its two-year-old infrastructure lending business in 2012 sensing a downturn.

Over the years, with extensive use of technology, BFL has striven to make borrowing easier and less costly. It claims to process loans in 30 seconds. “When we entered the business, the processing time was four days,” says Jain. To make things easier, BFL distributed existing member identification (EMI) cards to 15 million customers. The company’s Wallet app provides instant loans of ₹5,000-15,000 to those with EMI cards. The company has also launched a credit card in partnership with RBL Bank; over half a million have been distributed in two years.

To increase its customer base – the costliest part of any financial services company’s operations – BFL uses cross-selling and creates ‘propensity models’ based on analytics. Of the 15 million new loans BFL gave in the last financial year, 9.2 million were to repeat customers.

Much of BFL’s consumer financing business comes

from tie-ups with manufacturers, which leads to financing from Bajaj being provided routinely – often at no interest – to buyers. “Winning over business houses is a hard job; much tougher than dealing with retail customers,” says Jain. Its partners in consumer durables financing include LG, Samsung and Sony. “They give us a commission for the additional sales they get because of our financing, usually out of their marketing spend.

This enables us to offer zero per cent interest. But they have to be convinced we’re adding value.”

The insurance business has also increased in the past few years. “In general insurance, the margins are razor thin. But we have been able to grow the business faster compared to the industry. The general business is ₹1.5 lakh crore. The industry’s annual growth is 16-17 per cent, but we grow at 24-25 per cent,” says Tapan Singhel, MD and CEO, Bajaj Allianz General Insurance.

BFL has democratised entrepreneurship within the company. “Once we’re convinced of an employee’s new idea, we give him all the tools to build the business,” says Sanjiv. “We have 30 different CEOs running 30 different lines of business. The entrepreneurial freedom we have given employees helps us keep attrition low.”

As India’s economy grows, so will the loan mar-

₹921 cr

Profit after tax of Bajaj Allianz General Insurance; the life insurance arm clocked ₹716 crore PAT in FY18

ket. Jain maintains that the best for BFL is yet to come. "The opportunity will increase as the country's GDP per capita crosses \$2,000, which it is expected to do by 2020/21," says Sanjiv. "We are committed to growing our balance sheet by 25-27 per cent each year and net income by 20-22 per cent, in the medium term. We want to double our balance sheet and profit in the next three-and-a-half years." He believes that while BFL's range of products is largely complete, distribution coverage – despite 862 urban branches and 751 rural ones – can still be doubled. "We now serve a ₹14 lakh crore market but want it to become a ₹30 lakh crore market in the next decade."

Liquidity squeeze is a big issue, but BFL is at an advantageous position due to low asset-liability gap compared to its peer NBFCs. BFL's assets maturing in less than a year are 28 per cent, which is more than its debt repayments obligations, says a report by Jefferies Financial Group. BFL has been positioned reasonably well on all major parameters that are used to gauge NBFCs in this tough environment – diversified liability profile, better asset liability management, diversification of loan book, strong capitalisation and stable credit rating, says Oscar Martins, Managing Director (Financial Services), Protiviti Member Firm for India.

However, many analysts feel that the Bajaj Finance stock has become too expensive because of its relentless rise. The aggregate market value of all the financial services companies BHIL, BFL and Bajaj Finserv, at ₹2.87 lakh crore, is above that of SBI (₹2.6 lakh crore), ICICI Bank (₹2.3 lakh crore) and Kotak Mahindra Bank (₹2.4 lakh crore), as on December 2018. HDFC Bank (₹5.7 lakh crore) is the only one way ahead of them.

SINGLE TRACK CHAMP

Meanwhile, elder brother Rajiv Bajaj has his own plans to put Bajaj Auto on a high-growth, high-profit trajectory with super bikes, electric vehicles and the quadricycle. Bajaj Auto reported 31 per cent growth in motorcycle sales in December at 2,98,855 units. The overall sales including three-wheelers increased by 18 per cent to 3,46,199 units. The exports stood at 165,848 units in the month, an increase of 16 per cent.

Rajiv says his focused business strategy works in favour of the company. "Do what-



"About 85% of our export revenue comes from countries where we are the biggest in the market or the second biggest"

RAKESH SHARMA

Chief Commercial Officer, Bajaj Auto

ever you think best, but be the best at whatever you do." This motto, of Rajiv's grandfather Kamalnayan Bajaj, repeated to him by Rahul Bajaj when Rajiv joined Bajaj Auto (BAL) in the mid 1990s, resonates in his mind. At that time, BAL exports were almost nil; the likes of Yamaha, Suzuki, Honda, Kawasaki, BMW, Ducati, Harley Davidson and Triumph dominated the global two-wheeler market.

The odds were heavily stacked against BAL making an impact globally. "Our total manpower at the time was about 10,000, while a company like Honda had 10,000 people in its R&D division alone," says Rajiv. He decided – in keeping with his learnings from marketing gurus like Al Ries and Jack Trout – to narrow BAL's focus.

He decided that the company would not make all kinds of two-wheelers but stick to one segment: motorcycles. "Across the world, it

was the biggest in generating sales and profits and had the highest profile and the most sophisticated technology," Rajiv says. If that meant giving up on mopeds and scooters – despite the reputation the Chetak had acquired – Rajiv decided he would do so. The decision was highly controversial, with even Rahul Bajaj opposing it, but Rajiv was determined. (BAL, however, did not give up three-wheeler manufacturing – it still makes many of the 'autos' and three-wheeler goods carriers – 62 per cent market share – on Indian streets and also exports them to several African and Southeast Asian countries.)

BAL had earlier made motorcycles in 1986, in collaboration with Kawasaki, but the alliance ran into rough weather after the Japanese company raised quality issues. Restarting work on a new bike, the Pulsar, in 1998, Rajiv focused heavily on quality. He introduced the digital twin spark ignition technology, which has since become a Bajaj trademark. Pradeep Shrivastava, who started with Tata Motors, was put in charge of the factory in

Chakan, Maharashtra, which would manufacture Pulsars, the first lot being produced in 2001. Shrivastava reduced the number of suppliers – each component earlier had multiple suppliers – from 800 to 200, and introduced the tough 'Japanese work culture' with the guidance of a Japanese consultant. Productivity shot up – while at the peak 25,000 workers produced 1 million scooters annually, a workforce of 9,000 now makes four times that number of bikes.

₹3.77
lakh cr

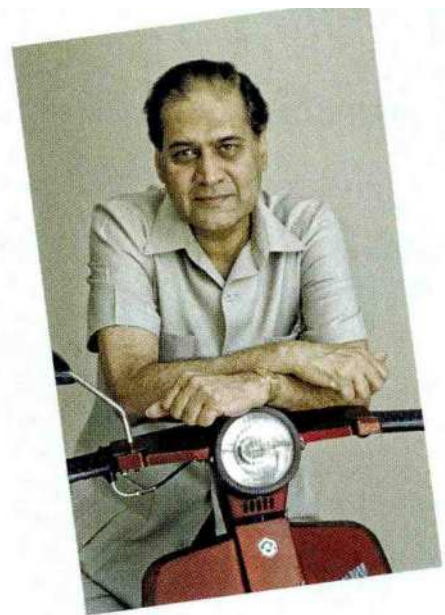
Market cap of the group as of December 2018

Today, Bajaj is the world's third-largest motorcycle manufacturer with sales of 3.4 million units in the last financial year after Honda (19.49 million including scooters) and Hero MotoCorp (7.5 million including scooters). Pulsar is exported to 30 countries and is the top selling sports bike in 19 countries. "BAL exports 40-45 per cent of its production to 73 countries," says Rajiv. In comparison, TVS Ltd exports about 15 per cent, Hero MotoCorp and Royal Enfield about three per cent each. In 2017/18, BAL exported 1.39 million motorcycles in all, a rise of 14.5 per cent over the previous year, while its export revenue was \$1.37 billion, up by 25.3 per cent. Exports have risen from \$200-300 million a decade ago to \$1.37 billion in 2017/18.

Around 25 per cent of BAL's overseas business is in Central and South America. "In Colombia, we are No. 1, with Yamaha and Honda as our main rivals," says Rajiv. "In Peru and Argentina, we are in the second spot." Another 40-45 per cent of exports are to Africa, and the remaining mainly to West Asia, Southeast Asia and the other South Asian countries, though it has entered some markets in Europe too. "About 85 per cent of our export revenue comes from countries where we are the biggest in the market or the second biggest," says Rakesh Sharma, who heads BAL's international business. The company has also entered into global tie-ups – starting with a 14.7 per cent stake in 2007, it has acquired 48 per cent equity in Austrian bike manufacturer KTM Power Sports AG and sells KTM sports bikes and superbikes in India. In August 2017, it also began a strategic non-equity partnership with Triumph Motorcycles to both manufacture some of its bikes and sell them in India.

In revenue growth, BAL is no slouch. In 2017/18, revenues increased 10.72 per cent to ₹25,563 crore and net profit by 6.28 per cent to ₹4,068 crore. Analysts say that there are challenges to BAL because of rising competition in the entry-level segment. The management started price cuts to gain market share in the entry-level segment. This, coupled with rise in raw material prices, is expected to negatively affect the

DOWN MEMORY LANE



RAHUL BAJAJ, 80, the patriarch of the Bajaj Group, cherishes the iconic moments in his 53 years of illustrious professional life while talking to *Business Today*. "There were challenging moments," he says, pulling up the sleeves of his shiny off-white kurta. He is less involved in the day-to-day business now but watches every business move his sons Rajiv and Sanjiv make, and shares his critical opinion.

When Rahul Bajaj had joined Bajaj Auto in 1965, its sole plant was in Akurdi (about 19 km away from Pune city), which was totally isolated then. But he left behind his life in South Mumbai (then Bombay) and moved to Akurdi, building a house inside the plant area, where snakes were regular visitors to his home. "I told my Bombay friends who asked me about it that I did not want to be an absentee landlord," he says.

The octogenarian

industrialist is still a workaholic and stays late in the office at the headquarter of Bajaj Auto at Akurdi.

His elder son Rajiv Bajaj is based in the neighbouring building in the same premises, but younger son Sanjiv moved to a tower close to Pune airport about 10 years back. However, Sanjiv and his family stay at the house inside the old factory complex at Akurdi.

Rahul's wife, Rupa, who passed away in 2013, never complained about the change to a simpler life, Bajaj remembers. All his three children – two sons and daughter Sunaina Kejriwal – grew up in Akurdi. "The factory workers saw us every day and considered us one of them," he says. "Both my sons went to the same school and college in Pune, and later studied engineering at Warwick in the UK."

Rahul Bajaj has five grandchildren – four grandsons and a granddaughter.

Bajaj shares his passion for driving

the Chetak scooter, which he had created in the 70s. "But I don't have a scooter to ride nowadays," he says jokingly. Nowadays he flies out of the city in his chopper.

Bajaj has worn many hats outside of business as well. He was a Member of Parliament until 2012. Rahul's cousin Niraj Bajaj was the Indian table tennis team captain before joining the family business, and received the Arjuna Award.

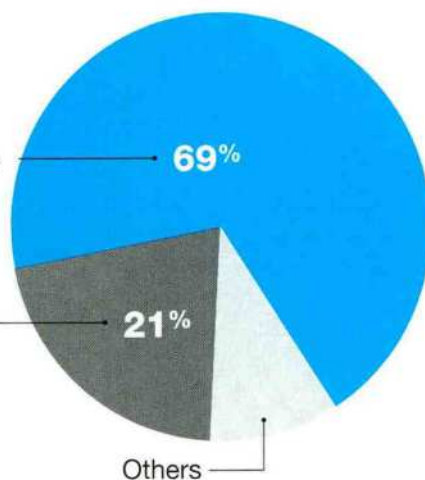
Rahul, who is known to be outspoken with his views, was honoured with Padma Bhushan in 2001. Elder son Rajiv is also open with his views on politics, while Sanjiv is more a business person.

LEADING THE PACK

Two financial services companies overtake auto in market cap

Bajaj Finance and Bajaj Finserv
₹2,55,791 cr

Bajaj Auto
₹78,664 cr



Data as of Dec 2018; as % of total market cap of six main Bajaj companies – Bajaj Holdings & Investment, Auto, Electricals, Finance, Finserv and Mukand
Source: Ace Equity

EBITDA margin, they say.

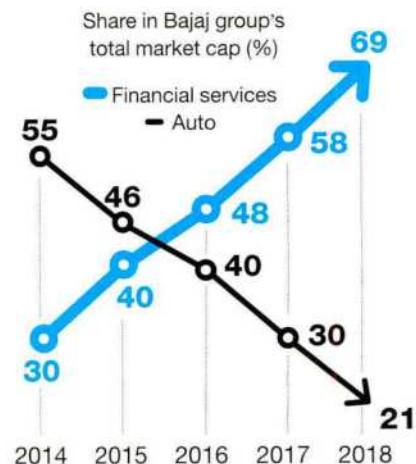
At a market valuation of ₹79,000 crore, BAL is ₹18,000 crore bigger than its rival Hero. Another high margin motorbike maker, Siddhartha Lal's Eicher Motors, which manufacturers Royal Enfield, is also behind BAL at ₹64,000 crore. (Eicher had once overtaken BAL a year back.)

Will BAL ever make scooters again? Rajiv is quite sure it won't. He is resolute about sticking to what he calls the 'triangle strategy' – one mass product (motorbikes) at the centre of the triangle and niche ones (intra-city vehicles like three-wheelers and Qute, urban electric vehicles and superbikes) at the three corners. "I don't want to get into two mass categories like motorbikes and scooters at the same time," he says. "Those who have done so in the past lost in at least one." Instead, he wants to cover smaller segments in the motorcycle category. "Dosa-making is one business, but some people get into making *neer dosa*, butter *dosa*, mysore masala *dosa* and more," he adds. "That's how volumes are increased." The first product of the Bajaj-Triumph alliance, for instance, will be an 'easy riding' or 'cruiser' bike, which BAL at present does not have. "We're developing new brands and creating more specialised segments," says Rajiv.

In the niche areas, BAL's three-wheeler factory at Aurangabad also makes the four-wheeler quadricycle Qute, which has finally obtained permission to launch in India after years of waiting. First unveiled at the Delhi Auto Expo in 2012, and exported to 20 countries since 2016, it was not seen on Indian roads earlier for lack of clearances and various public interest litigations raising safety concerns. Intended mainly as taxis, and available in CNG, LPG and petrol variants, Qute is likely to launch first in Kerala and North East at a price slightly higher than a Maruti Alto 800 in Delhi, at ₹2.6 lakh.

BEST FOOT FORWARD

In five years, the share of financial services has seen a sharp increase



However, three-wheelers too are not going to disappear any time soon, and BAL is looking to expand the Aurangabad capacity from 840,000 units a year to 1 million.

In superbikes, BAL intends to bring more models from the KTM and Triumph line-up to India, including KTM's Husqvarna. BAL is also working on its first electric motorbike under the urbanite category which it hopes to launch in 2019. (An electric version of Qute is also being readied.) "Electric vehicle (EV) components make up most of their cost, and are being supplied by giants like Bosch," says Shrivastava. "We have begun research on how to cut down EV costs. We need to make our own battery management system and we are looking at that too."

BEST OF THE REST

Auto and finance businesses have driven much of the growth in the Bajaj group but the other two listed companies – Bajaj Electricals and Mukand Ltd – have perhaps not capitalised on all opportunities, though they have both become far more aggressive of late.

Bajaj Electricals (BEL) suffered an unexpected setback in August 2018 with the death of its Managing Director Anant Bajaj, 41, who was the only son of Chairman Shekhar Bajaj, plunging succession into some uncertainty.

Anant, alongside his father, had been crucial in transforming BEL from a mere marketer of electrical products into a manufacturer, setting up a unit at Ranjan-gaon, Maharashtra, to make power distribution related equipment such as transmission towers, various kinds of poles and other fabricated structures. BEL also started an EPC (engineering, procurement and construction) arm which has provided the lighting for a number of

"In general insurance, margins are razor thin, but we've been able to grow the business faster than the industry"

TAPAN SINGHEL

CEO and MD, Bajaj Allianz General Insurance



iconic infrastructure projects such as Kolkata's Vidyasagar Setu and Mumbai's Bandra-Worli Sea Link. "Anant took a number of initiatives, including tough decisions, and they were yielding results," Shekhar Bajaj had said in an earlier interview to *Business Today*.

Before his untimely demise a few months ago, Anant Bajaj, who was the Managing Director of Bajaj Electricals, had spoken to this reporter about how the company had undergone changes. During the interaction, he said, "I implemented Oracle ERP (enterprise resource planning) system and Theory of Constraints (ToC) method. But the senior staffers showed reluctance to the new systems and procedures. In 2012, when I became joint MD, I asked the seniors to either implement or quit. It worked out... With its implementation, the top line got hit, but it eventually improved margins." Though it has not always been smooth going, BEL is growing rapidly, its turnover in 2017/18 reaching ₹4,700 crore and its market cap almost doubling in the past year to ₹5,156 crore.

It was in the last three years that BEL solidified its position in the market, but is yet to match up with companies like Havells India, which is valued at ₹43,000 crore in the stock market. BEL recently appointed former Viacom18 executive Anuj Poddar as its Executive Director to head operations.

Meanwhile, the Bajaj group, despite its financial clout, has not really become a big player in steel. It rather focused on the smaller niche market of specialised alloy and stainless steel. In a way, the conservatism helped Mukand Ltd because it avoided the trouble that aggressive investors like Ruias of Essar or Bhushans of

Bhushan Steel and Bhushan Power got into with their excessive leverage.

The steel company is growing at its own pace with a new joint venture with Sumitomo Corporation of Japan. Mukand Ltd, together with its group companies, makes more than 400 grades of special and alloy steel used for diverse purposes in the automobile and auto component industry. With a turnover of ₹3,106.25 crore in 2017/18, it has announced plans to expand existing capacity further, as well as start greenfield ventures.

FAMILY MATTERS – THE FUTURE

Rahul Bajaj's brother Shishir Bajaj and his son Kushagra separated from the group entirely in 2008, taking the sugar and power business, Bajaj Hindusthan Sugar, and the consumer care business, Bajaj Consumer Care, which they had been running, with them. Post the exit of Shishir and family, the Bajajs formalised their succession and ownership process. In June 2018, the 22 members of the family signed a Family Settlement Agreement (FSA) which delineates how the family wealth will be divided and who will manage which companies.

The family wealth includes shares in listed companies and real estate holdings, besides individual incomes from salaries and dividends. "We don't want any problems later on," says Niraj Bajaj, Chairman and Managing Director, Mukand Ltd, who played a leading role in formulating the FSA. "It's so easy for that to happen when the stakes are high."

As part of the succession planning, the older Bajajs passed on their wealth to the younger generation and rearranged ownership through sale and purchase of stocks among themselves in the various listed companies of the group, says Niraj Bajaj, who is also treasurer of Bajaj holding companies and the family wealth. It is estimated that around ₹7,000 crore worth of stocks were transferred in January. The family has more than 50 per cent stake in all its listed companies.

The FSA lays down that the entire family through respective company boards will choose the right candidate to run each company who could either be a family member or a professional. "We are responsible to every stakeholder and need to get the best person to do the job, be it from within the family or outside," says Rahul Bajaj. "Fortunately, we have got outstanding professionals within the family," says Madhur Bajaj, Vice Chairman of Bajaj Auto.

"The legacy of my grandfather Jamnalal is invaluable. Gandhi ji considered him as his adopted son. This value system helped our family grow," says Rahul Bajaj. The group controls 40 charitable trusts, including in sectors like education and healthcare, and its functions are managed by Niraj Bajaj. So far, Rahul Bajaj has been the head of the group, but in the future a council of family members will decide on crucial issues. **BT**