



# INVESTOR PRESENTATION

Q1 - 2018



# FLOW

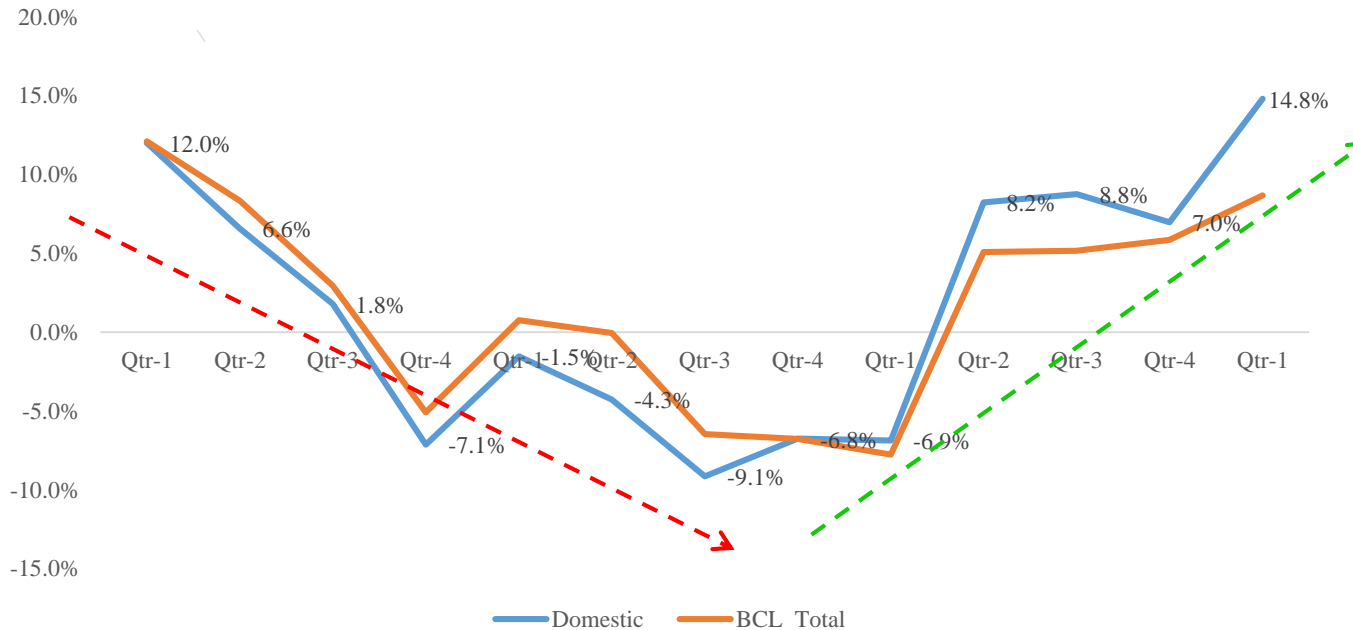


- **BCL TRANSFORMATION FOR GROWTH PILLARS & ACTION TAKEN**
- **MARKET CONTEXT & MARKETING INITIATIVES OF Q1**
- **Q1 RESULTS SUMMARY**
- **WAY FORWARD**
- **DETAILED PERFORMANCE**



# BCL - TRANSFORMING FOR GROWTH

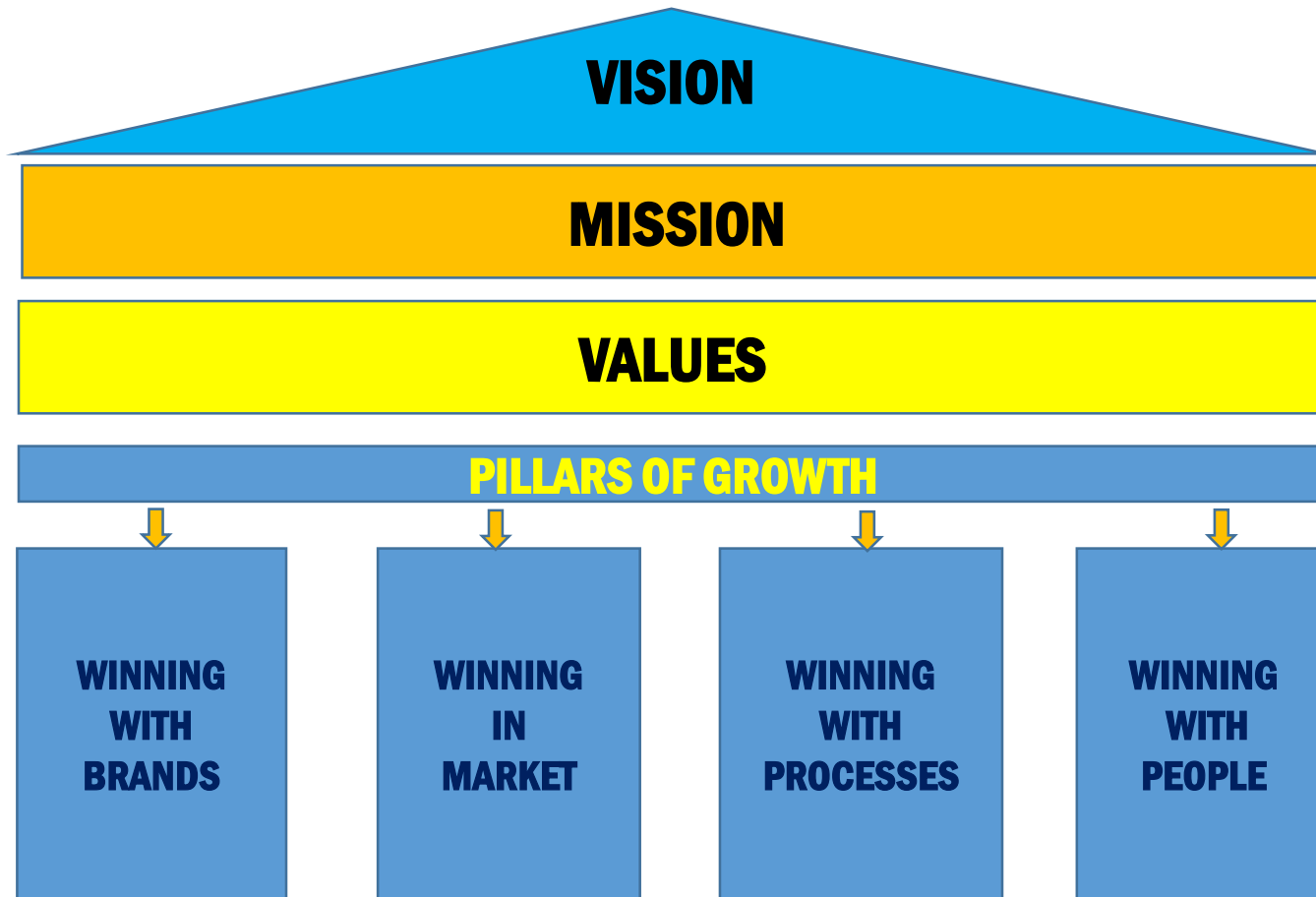
12 QoQ Vol Grth (2015-18)



- Green-shoots of turnaround visible overall over the last 4 qtrs
  - Driven entirely by domestic performance
  - IB reboot to help in the subsequent qtrs



# TRANSFORMING FOR GROWTH – BCL PATHFINDER





# BCL VISION

**Harness our heritage of 90 years and combine it with leading edge scientific knowledge to bring innovative high quality products for consumers across the world to help them get more out of life.**



# NAYA BAJAJ – MISSION 2020

- We aspire to make BCL a **complete FMCG** company by introducing a **culture of innovation** here to create newer pathbreaking products for consumers **across the globe**
- We will help our **consumers feel good, look good and get more out of life** with our premium mixes and make them **accessible** even in the farthest corner of the rural markets
- We will strongly **Engage with, Develop, Recognize** and **Retain** Talent within the organization across every department
- We will develop the **most efficient ways of doing business by using cutting edge IT tools** across all processes and make BCL a **future ready** organization that can add even more value for our consumers and customers



# GROWTH PILLARS INTO ACTION

## WINNING WITH BRANDS - INNOVATIONS , RENOVATIONS, COLLABORATIONS

### Haircare

- Enhance ADHO's ownership of the LHO category by strengthening current mix further
- Increase ADHO penetration in the THO category by questioning the current choices of other HO users
- Get into a portfolio play on hair oils and move away from putting all growth eggs in 1 basket syndrome

### Skincare

- Re-invigorate No Marks through a relaunch positioning it as a premium ayurvedic skincare brand
- Use the successful pilot template in UP to expand it faster into other markets and continue to grow strongly in the second year.

### Consumer and Technical Expertise Creation

- Building expertise on haircare and skincare through an on-site consumer testing lab created at our innovation center.
- Active collaboration with haircare and skincare experts from Universities of Bradford and Dublin to help us with our future innovations.



# GROWTH PILLARS INTO ACTION

## WINNING IN MARKET – QUALITY & QUANTITY

### Enhancing Quantity and Quality of Distribution :

- Reached our highest ever coverage in Nielsen
- Doubled our rural direct reach in the last 1 year.
- Overall doubling of direct distribution in the last 2 years
- Lowering of WS contribution from 60% to 43% over the last 2 years

Outlet no. in Lakhs	16-17	17-18	Q1-18	Plan 18-19
AC Nielsen Coverage	37.5	39.0	39.6	40
Direct Coverage	1.4	2.8	4.8	5.4
% of direct coverage	4%	8%	11.8%	14%

### Modern Trade :

- Overall growth at 2X of General Trade
- Ecom business continues to double each qtr (albeit on a small base)

### Global Markets:

- Full reboot on in our International business – ambition to make it 100cr by 2020.





# GROWTH PILLARS INTO ACTIONABLE POINTS

## WINNING WITH PEOPLE – TRAIN , SHARE , EMPOWER

- **Developing High Quality Second Line Across each level :**
  - Online assessment centres to identify a high talent pool and create IDPs to develop them for the next level
  - Formal 1-1 coaching and mentoring of all the mid-level employees to guide them to the next level
- **Enabling marketing team with cutting edge digital Skills**
  - Tie up with leading global digital agency Circus Street to train all our marketers
- **Total Transparency :**
  - Regular Townhalls with accessibility of management committee for all the employees. A lot of new ideas/initiatives and feedback come from these townhalls.
- **Empowerment :**
  - Regional branch structure created with RCOMs to empower teams and enhance speed of decision making at each level.



# GROWTH PILLARS INTO ACTIONABLE POINTS

## WINNING WITH PROCESS

- **Full Automation In Sales**
  - 100% SFA rollout in the country (including rural)
  - Rollout of BI tool happening in Q2 now
  - Piloting new ARS tool for a seamless end to end integration of offtakes to production planning
- **Automation In HR Processes**
  - Full automation of PMS to complete in Q2
  - Travel Expense automation started with Happay
- **SC –Leveraging Pockets Of Efficiency In an Inflationary Environment**
  - Distribution re-organization in progress as per supply chain network strategy :
    - Shifting of Zirakpur Mother warehouse to Ambala with state of the art facilities
  - Reduction in overall number of depots to fewer, bigger more technologically advanced ....
  - New Advanced Sales Forecasting Tool rolled out to ensure lesser deviation from forecast
- **Best Practices Learnings From External Agencies**
  - Functional Audits conducted across support functions to get an As-Is Vs Best-In class gap analysis
    - All Business Processes Audit - SAP / Operations – PWC / HR – Aon Hewitt





# MARKET CONTEXT & INITIATIVES -Q1



# Q1 – MARKET CONTEXT



## • Trade

- Rural showing strong signs of recovery and growing faster than urban
- Urban Retail looking positive and mostly out of any GST related woes
- WS softness exists in pockets but recovering at an overall level
- CSD channel continues its unpredictable journey over the last 6 qtrs and prospects look bleak for the future.

## • Offtakes

- LHO market growing faster than the THO market on volumes but slower on value because of the price hikes in coconut oil.

## • Costs

- Crude continued rising trend with 50% increase over 2017 lows impacting 50% of spend LLP, Freight and plastic
- Initiatives like forward coverage, freight optimization post GST and spec optimization helping us to minimize COGS impact



# Q1 HIGHLIGHTS

## Strong Volume Growth Across Categories

### HAIROILS

- Volume MS% improved to 7.4% in MAT Jun 18 vs 7.2% in MAT Jun 17 , backed by sequential Qtr on Qtr share increase ( 7%, 7.2% ,7.6% , 7.7%)
- Share within the LHO segment continued to surge forward with MAT Jun 18 at 61.3% vs 60.7% for MAT Jun 17 , propelled by an all time high share of 62.9% for Q1 .
- Bajaj Ayurvedic Brahmi Amla continues to show good potential – 20% Offtake growth in Q1 over Q4 LY.

### NO MARKS

- MAT Jun 18 MS% improved to 8% from 7.5% in MAT Jun 17 despite a decline in Q1 share ( 7.5% vs 8.8% in Q4 ) as trade pipeline was cleaned up for Brand Restage in Jun 18.



# Q1 KEY INITIATIVE – NO MARKS RELAUNCH



# Q1 KEY INITIATIVE – NO MARKS RELAUNCH



Current

New



- Strong Ayurvedic Yet Modern Identity .
- Harmonized Brand Iconography across Variants.
- Ingredient Story on Pack to build Efficacy Cues.



# Q1 KEY INITIATIVE – NO MARKS RELAUNCH

bajaj<sup>®</sup>  
**NOMARKS<sup>®</sup>**  
AYURVEDA

#ChehrePeSirfShaan



TO  
WORK<sup>®</sup>  
CERTIFIED  
JAN 2017 - DEC 2017  
INDIA



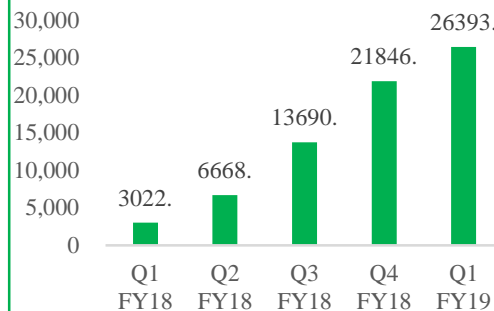
# Q1 - Bajaj Brahmi Amla Ayurvedic Hair Oil



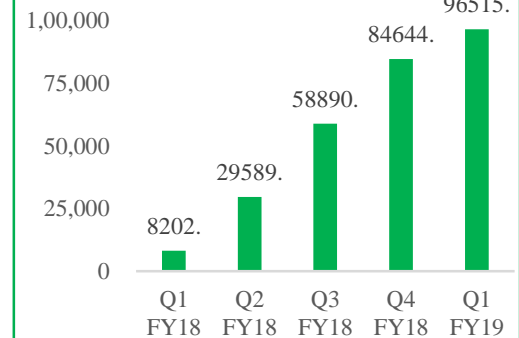
## Bajaj Brahmi Amla Ayurvedic Hair Oil :

- Benefits of Ayurvedic Brahmi and Amla extracts to reduce hairfall
- New Premium packaging
- Launch supported with TV featuring Brand Ambassador- Drashti Dhami
- Both offtakes and Distribution are showing a positive trend for the Quarter .

Value Offtake (000 Rs)



Dealers ('000)



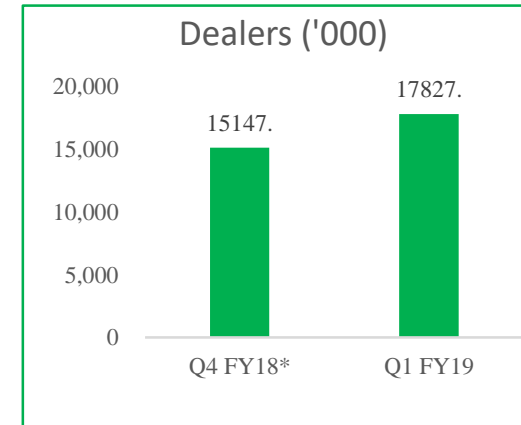
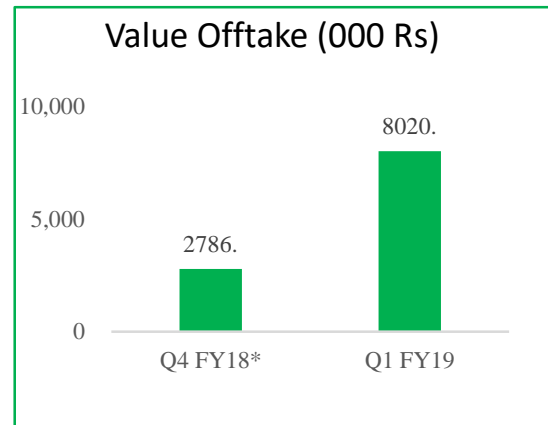
Source: AC Nielsen Jun'18

# Q1 - Bajaj Coco Jasmine Hair Oil



Bajaj Coco Jasmine Hair oil :

- Launched with TV support on Regional Network.
- Good Feedback on Product, need to build further awareness
- To be supported with other Local Media Channels in to build Brand Awareness and Trials from Q2 onwards.



Source : A C Nielsen RMS

\*Q4 FY 18 Data is for Feb and Mar 18 only



# Q1 – Almond Drops



- **Bajaj Almond Drops Load Mat Lo continued on air**
  - Load Mat Lo : To aggressively drive users of heavy Hair Oils to Almond Drops.
  - Full 360 support and use of innovative mediums like the IPL to drive higher salience for the brand



# Q1 – GROWTH FROM BOTH CATEGORIES

- **4 Consecutive Qtr of volume growths upwards of 5% for the company**
  - Growths led by the domestic business with MT growing at 2.5 times higher than GT.
- **Both Core Brands Leading the growth**
  - Almond Drops has grown at 14 % value and No Marks has grown at 41% value for the Qtr.
- **Rural leading the ADHO volume surge in the market**
  - ADHO Offtake growths in rural are 1.3 times higher than urban (both vol and val)
  - ADHO value and vol growths in rural are higher than the overall THO market

# Q1 RESULTS – CONSISTENT VOLUME DRIVEN GROWTHS

- **Overall Company Value growth of 9.45%**
  - Led by a strong domestic Value Growth of 13.5% and volume growth of 13.9%
  - Domestic growths led by a 13.4% value growth in GT and 31.8% in MT
  - Both CSD and Export are underperforming and bring down Company growth to 9.45%
- **Comparable tax base value growth of 13.2%**
  - Taking base tax rate to be similar to current
  - Value growth in Domestic business at 17.5% (on comparable Tax basis)
- **EBITDA - 32.8%**
  - EBITDA for the quarter has grown by 13.9% in absolute value terms on account of growth in sales coupled with operational efficiency.
- **PAT - 25.01%**
  - PAT for the quarter has declined by 2.2% on account of reduction in other income.



# GOING FORWARD..



## • In the Short Term

- Further improvement in WS Channel pick-up
- Expecting the demand to strengthen further in rural

## • Our Plan

- Driving the No Marks relaunch harder across more markets
- Keep driving the premiumization agenda even stronger on Almond Drops
- Keep driving offtakes harder by building further awareness on Coco Jasmine and Brahmi Amla Ayurvedic hair oils
- Manage the price hikes taken to balance the input costs properly in the market to avoid volume drops
- Continue on the rebuilding roadmap of IB
- Keep driving momentum in MT channel, Ecom and on enhancing direct distribution in rural
- Drive the value engineering initiatives even harder to limit the COGS impact



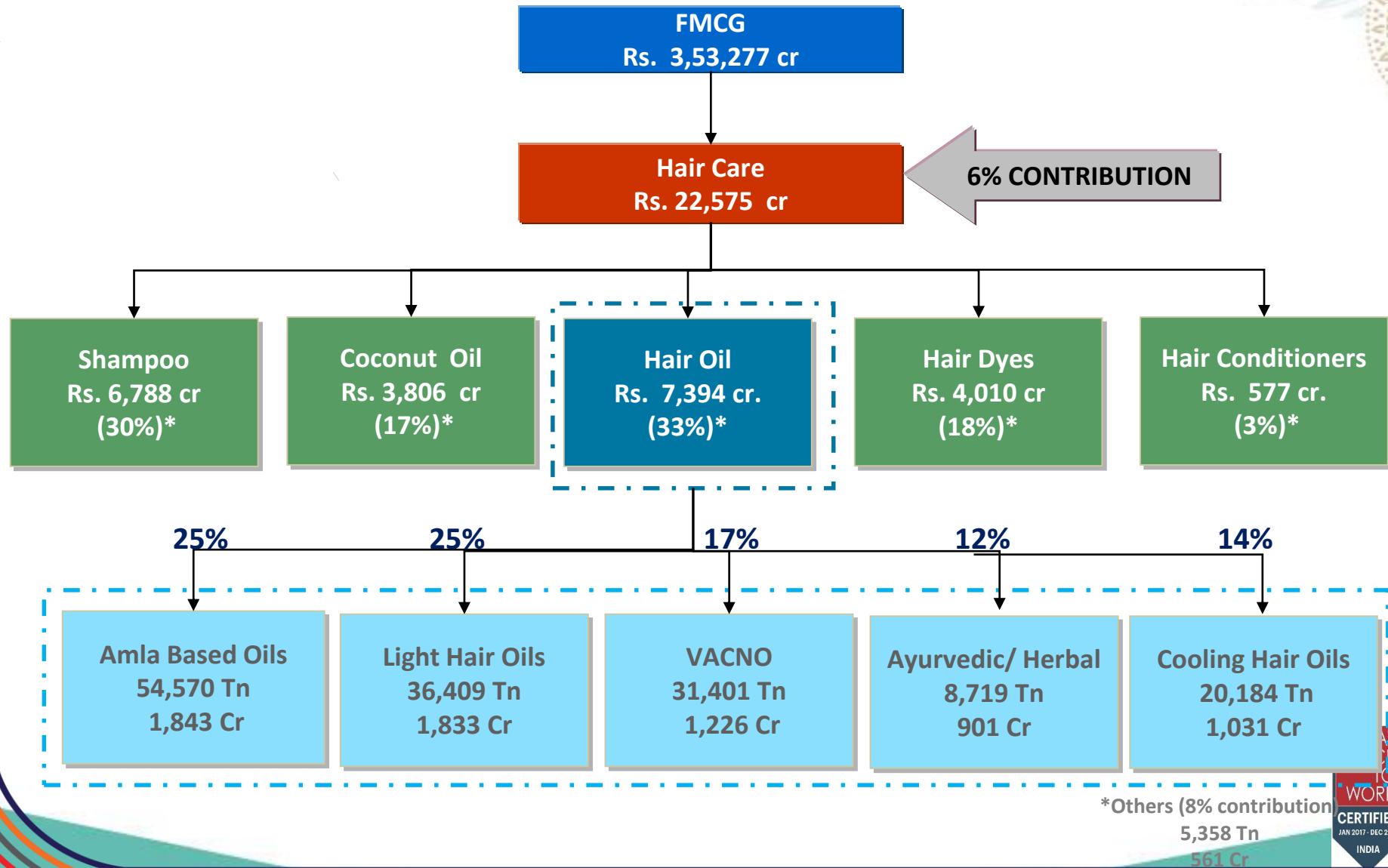


# INDUSTRY OVERVIEW





# INDUSTRY SIZE AND STRUCTURE

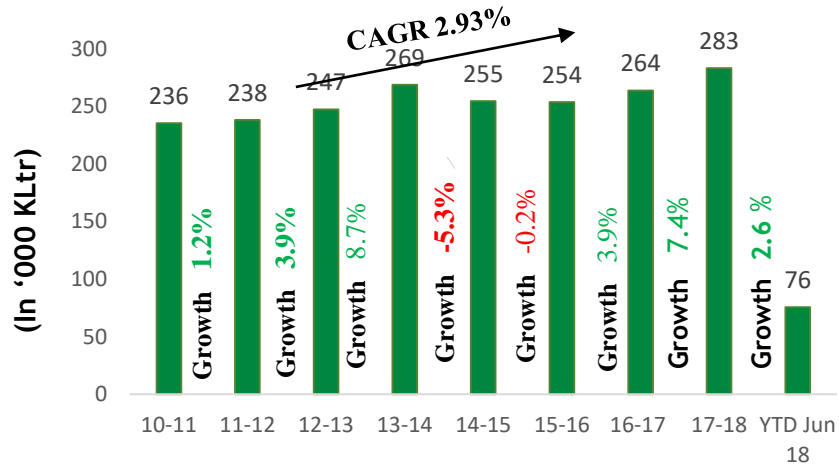


\* Indicates Value Contribution to Hair Care

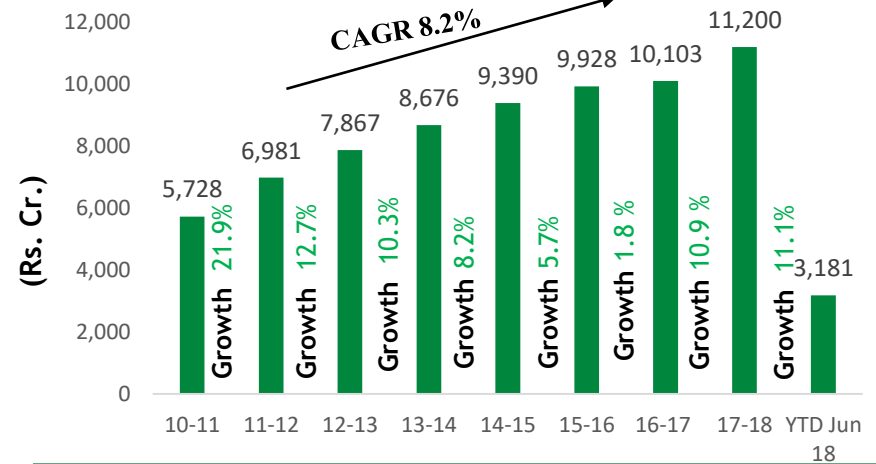


# Hair Oil Market in India

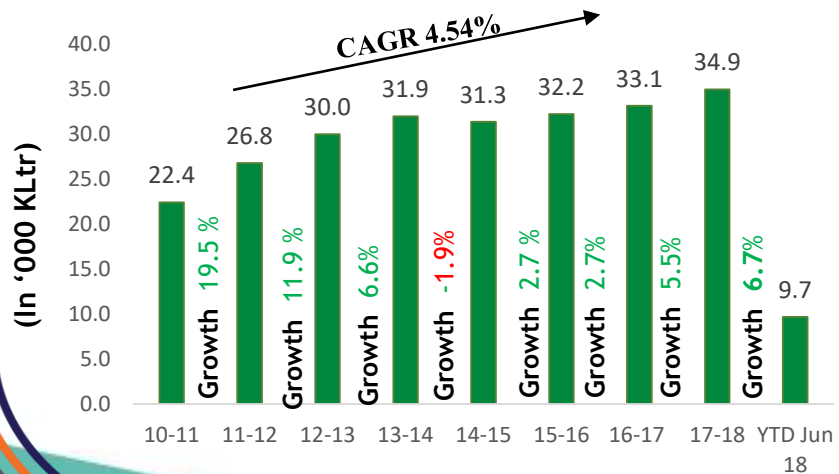
## Overall Hair Oil Market - Volume



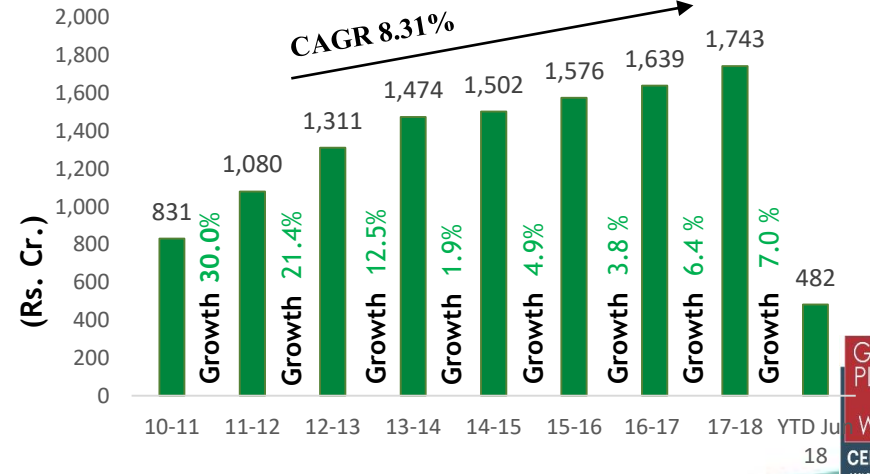
## Overall Oil Market - Value



## Light Hair Oil - Volume



## Light Hair Oil - Value

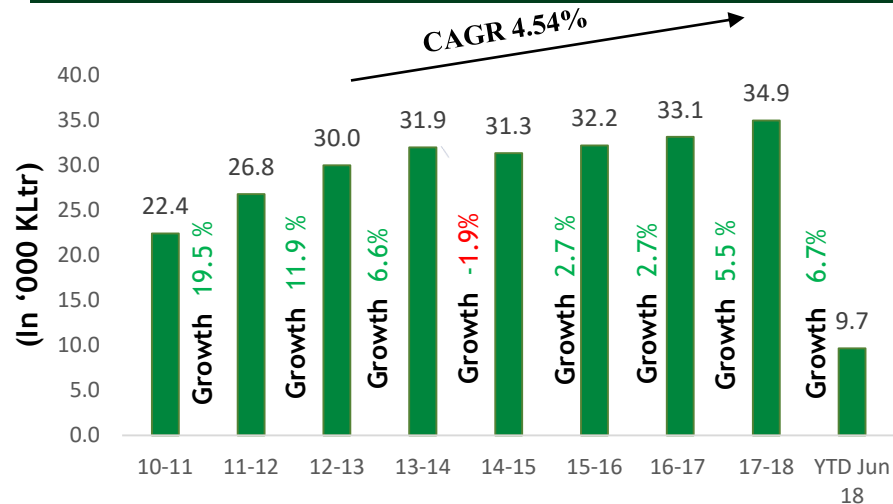


Source: AC Nielsen Retail Audit Report, Jun 2018

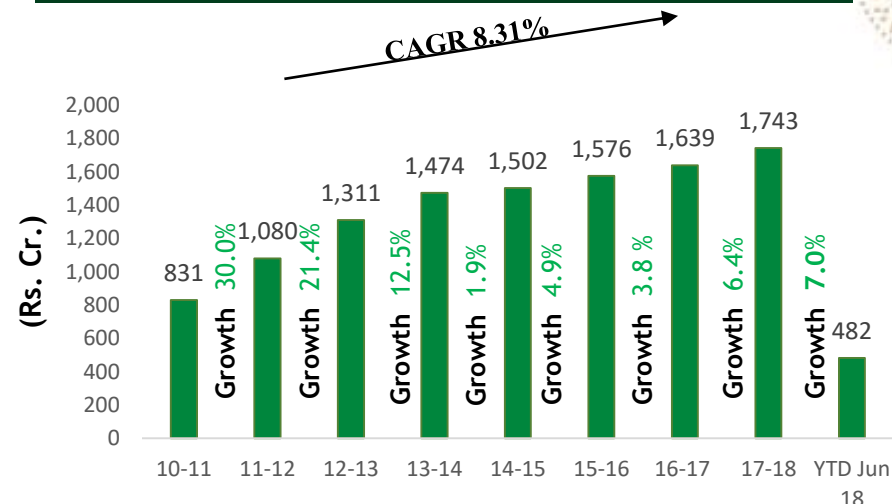
- Hair Oils category shows Vol & Val growth at a YTD Jun 18 level. Volume Growth Led By Amla and LHO segment
- CNO Segment declined in Volume ( -2%) but Price increase led to Value Growth. For LHO , Volume and Value Gr% similar.

# Light Hair Oil Market in India

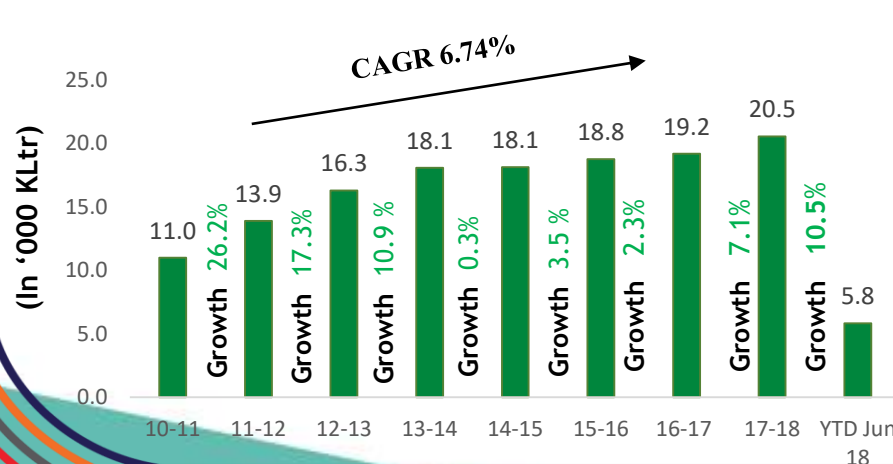
## Light Hair Oil - Volume



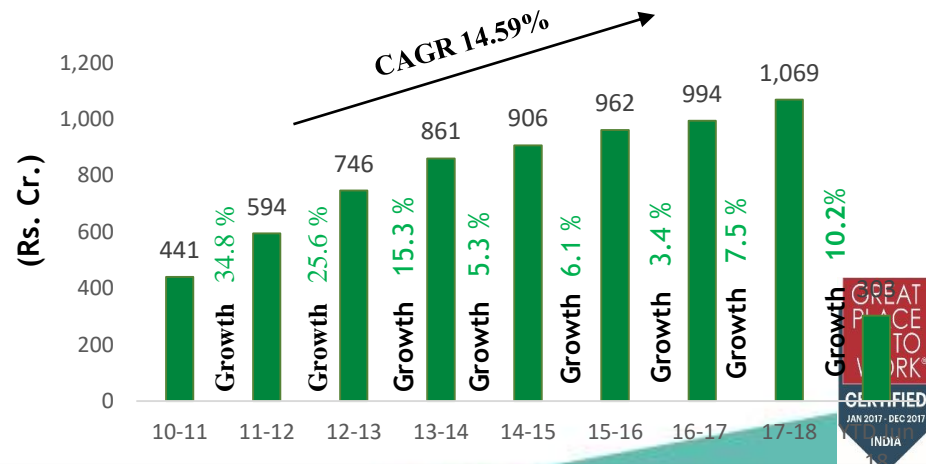
## Light Hair Oil - Value



## Almond Drops Hair Oil Market - Volume



## Almond Drops Hair Oil Market - Value



Within LHO Bajaj Almond Drops shows growth in both volume & value in Q1 18 faster than other LHO brands

Source: AC Nielsen Retail Audit Report, Jun 2018; LHO nos. adjusted from 15-16 for like to like comparison



# MS Trends Qtrly - THO AI(U+R)



	MS Val					MS Vol				
	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18
<b>ADHO</b>	9.6	9.3	9.4	9.8	9.5	7.2	7	7.2	7.6	7.7
<b>All Bajaj Brands*</b>	10	9.7	9.9	10.3	10	7.7	7.6	7.8	8.3	8.4

- Positive trend for ADHO in THO category on volume share .
- Value share impacted due to Price increases taken by Competition.

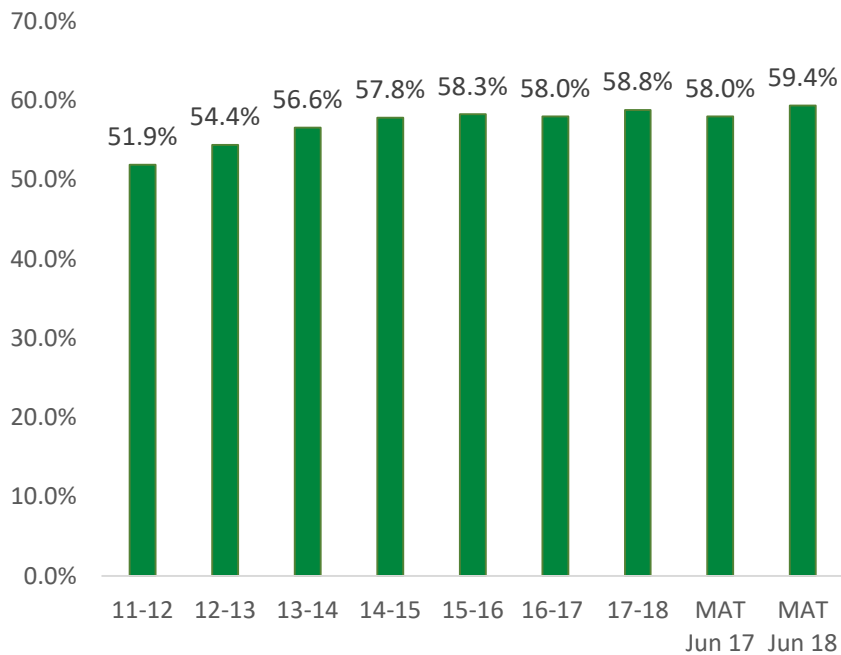
Source: Nielsen Retail Audit Report, Jun 2018



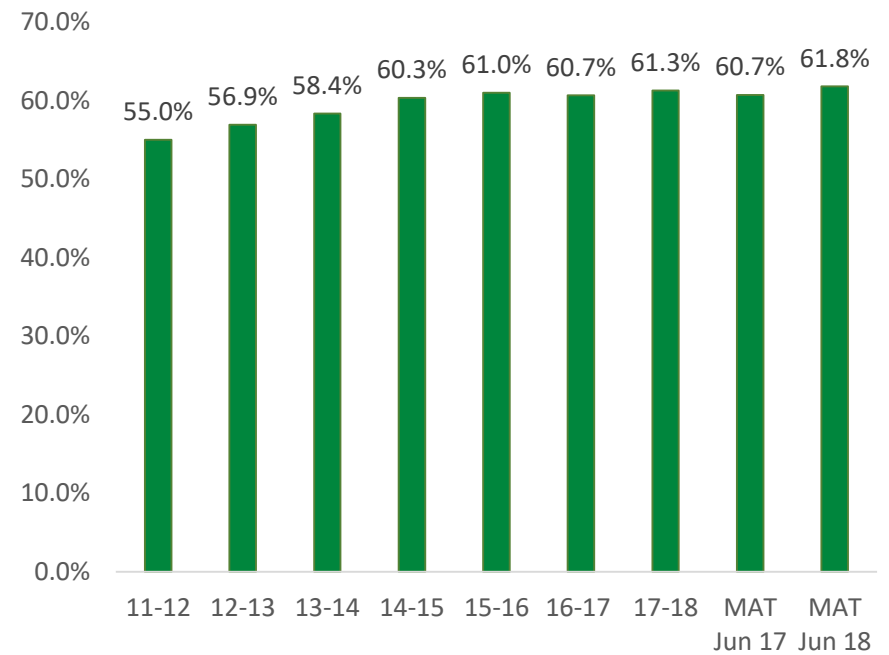
# Market Shares Trends in Light Hair Oil Category (All India - Urban Plus Rural)



## Volume MS



## Value MS

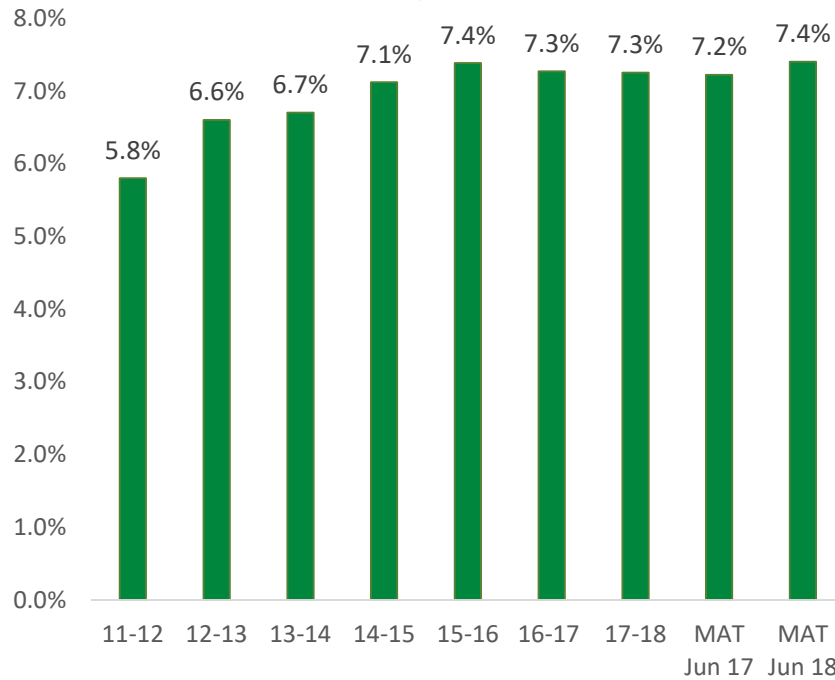


■ ADHO gets its highest Ever Shares for both value and volume in LHO Category

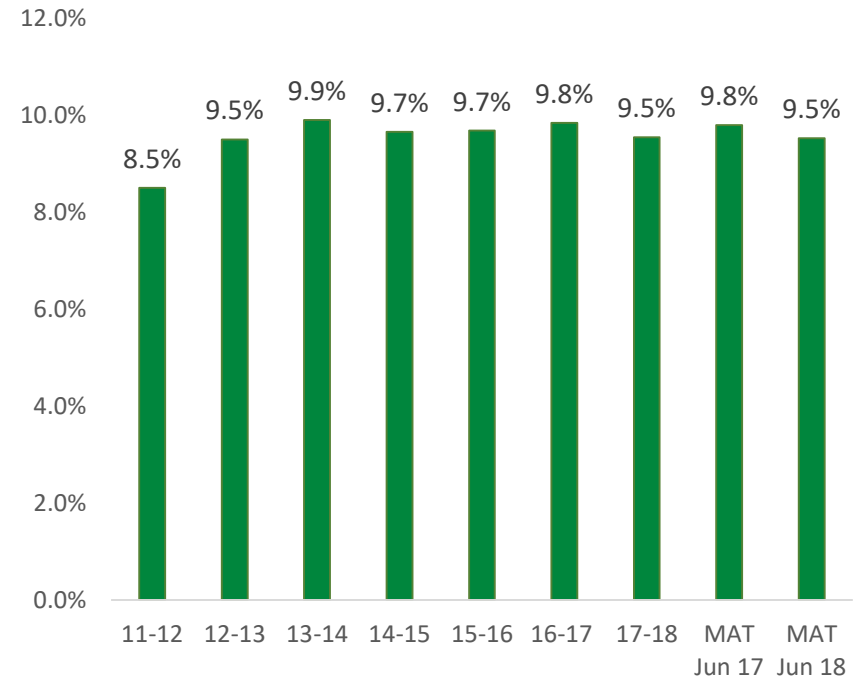
# Market Shares Trends in Total Hair Oil Category (U+R)



## Volume MS



## Value MS



**Bajaj Almond Drops has increased Vol MS in the THO category & has a slight drop in Val MS**

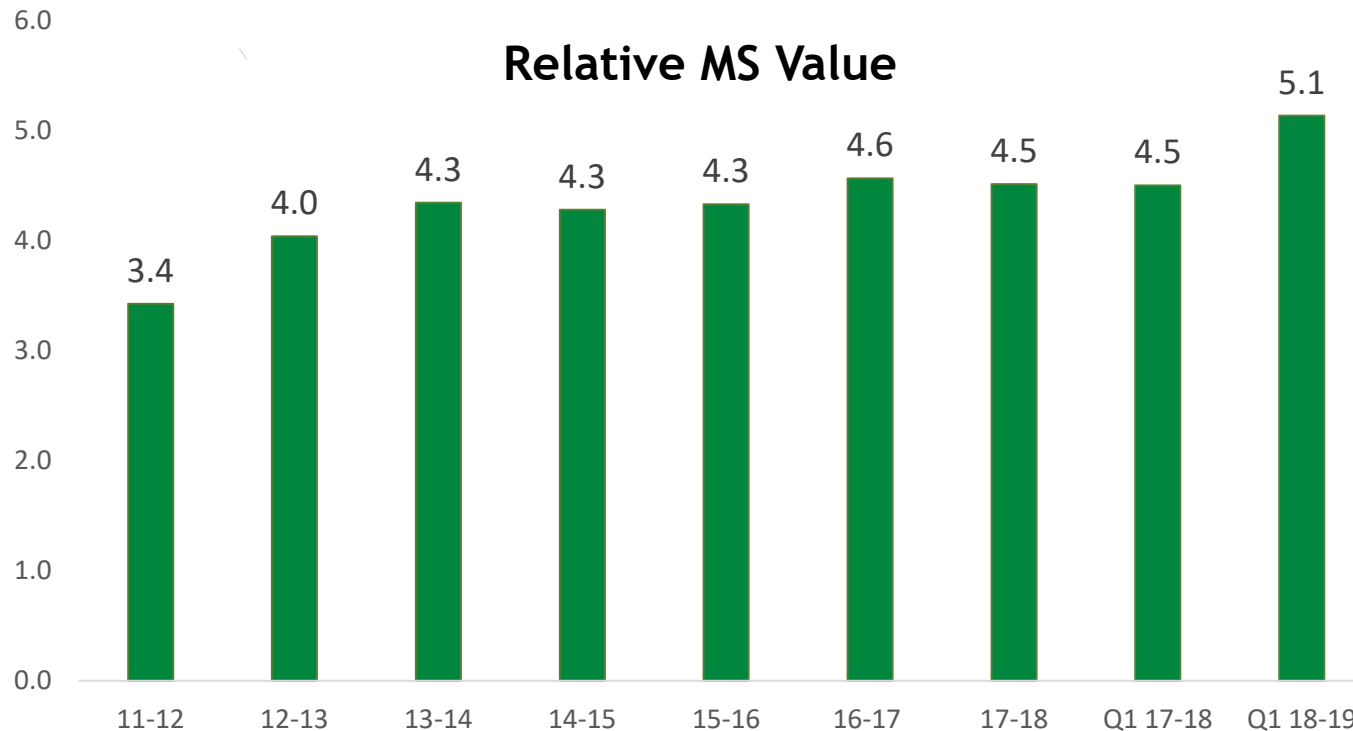
Source: AC Nielsen Retail Audit Report, Jun 2018



# ADHO – Relative Market Share – Value Trend



Relative Market share is the ratio of Bajaj Almond Drops market share to the next largest competitor in LHO segment



- Relative market share in LHO is now at all time high .
- ADHO has further strengthened it's dominant position in the segment.

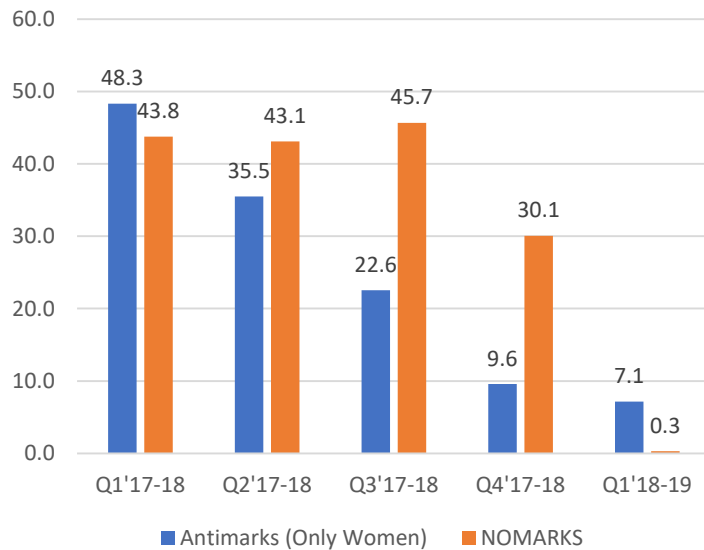


Source: AC Nielsen Retail Audit Report, Jun 2018; LHO nos. adjusted from 15-16 for like to like comparison

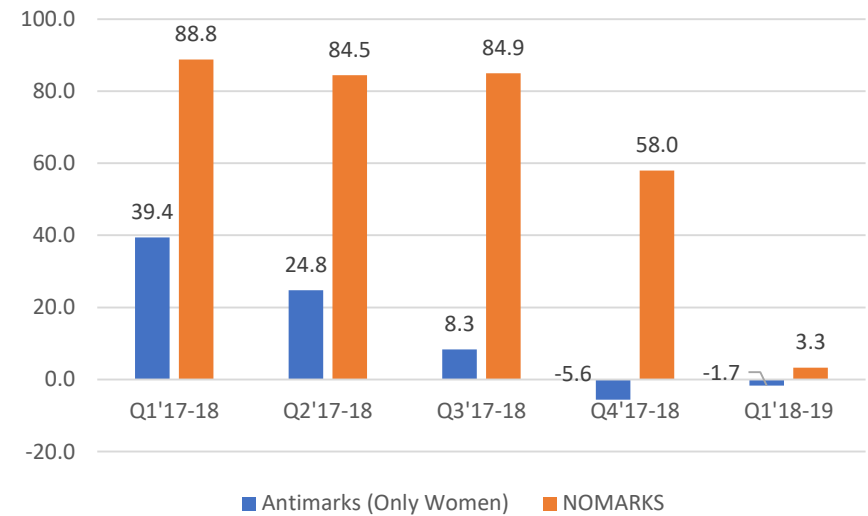
# Anti Marks Cat Growth Slow Down in Q1



Q-o-Q Gr Val (All India)



Q-o-Q Gr Val (UP)



• No Marks Trade pipeline Dried up to support the relaunch..  
 • We expect the offtakes to take off post the relaunch

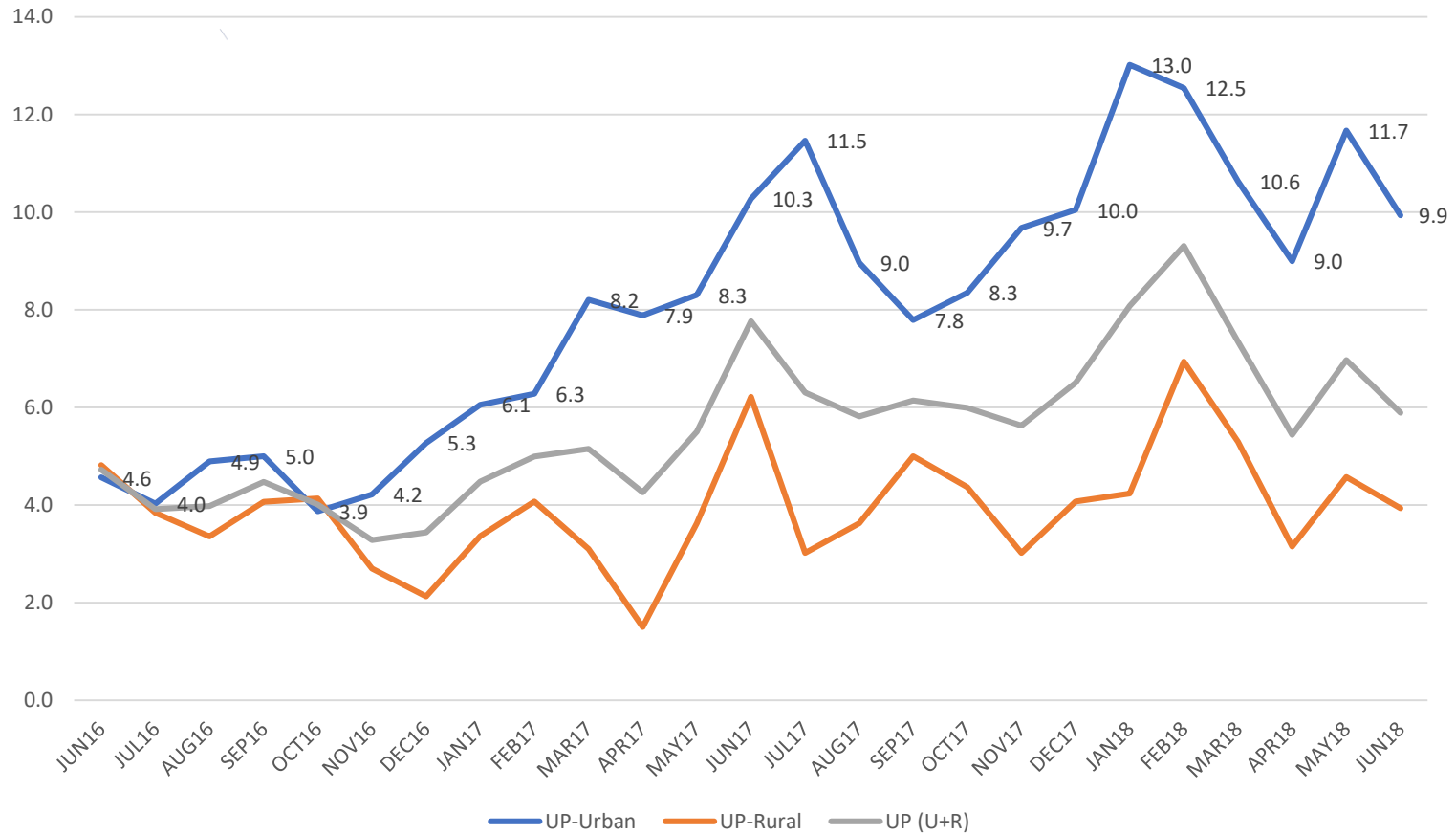
Nielsen Jun 18 (U+R)



# Slight decline for NM cream in UP



Nomarks MS Val Trend – UP (Antimarks Women Category)





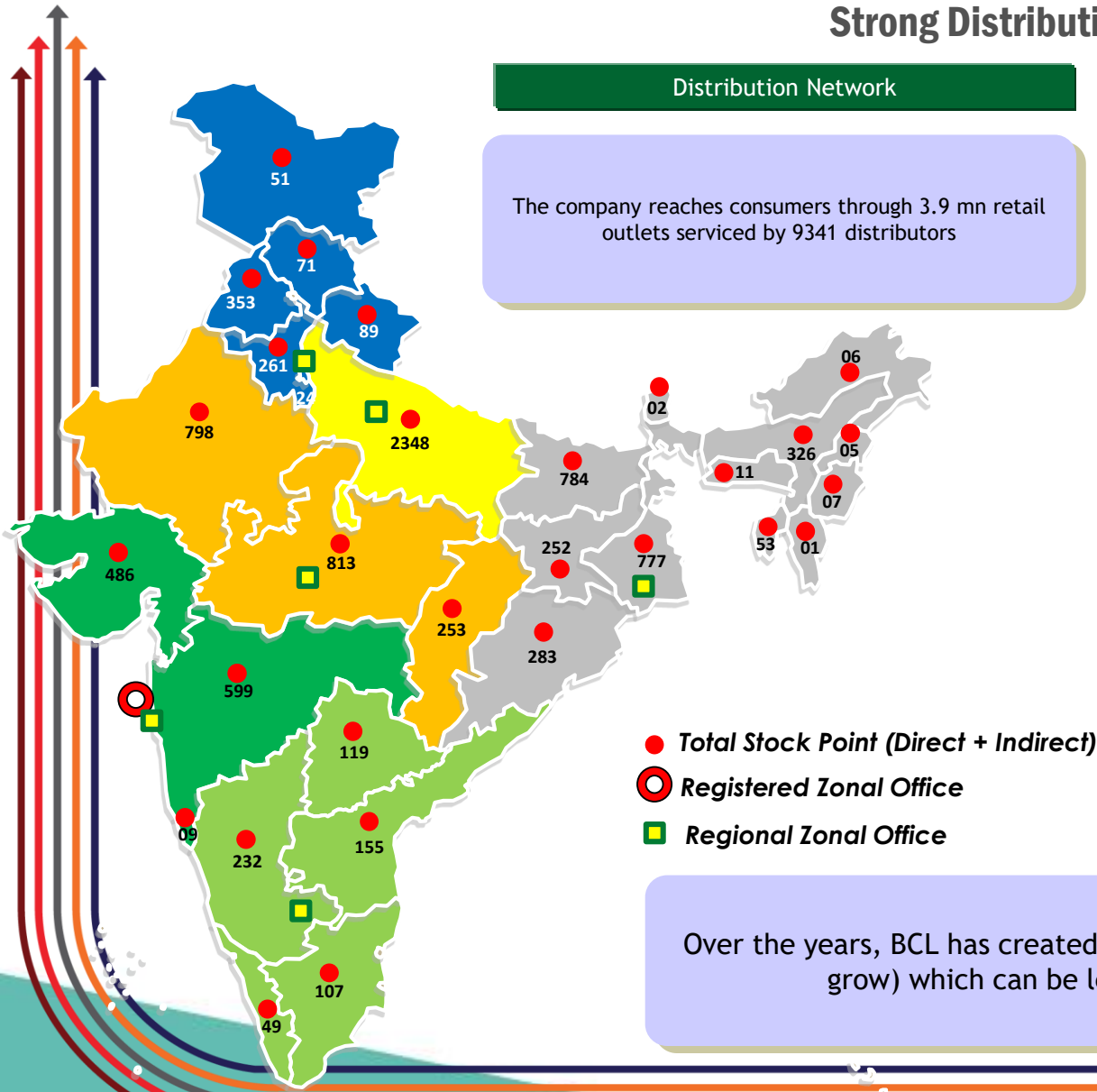


# Distribution



# Strong Distribution Network

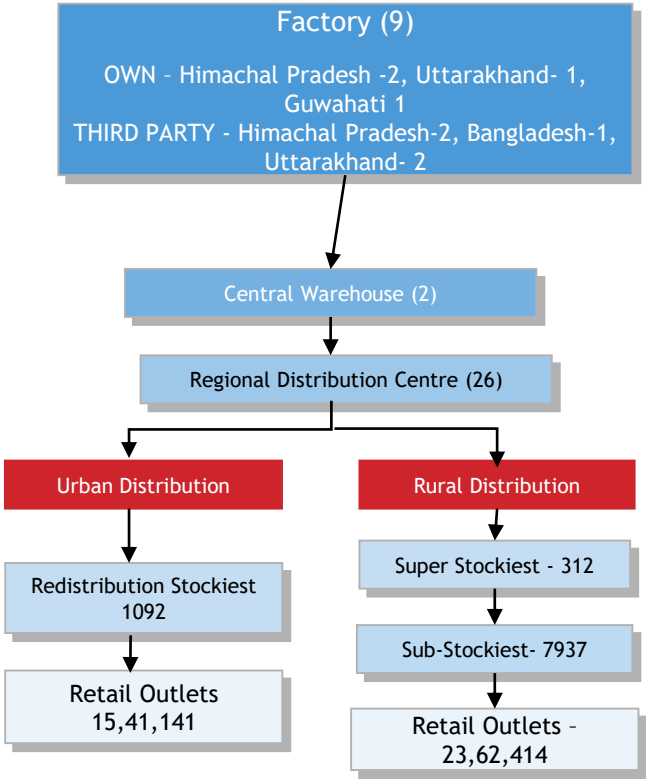
## Strong Distribution Network



### Distribution Network

The company reaches consumers through 3.9 mn retail outlets serviced by 9341 distributors

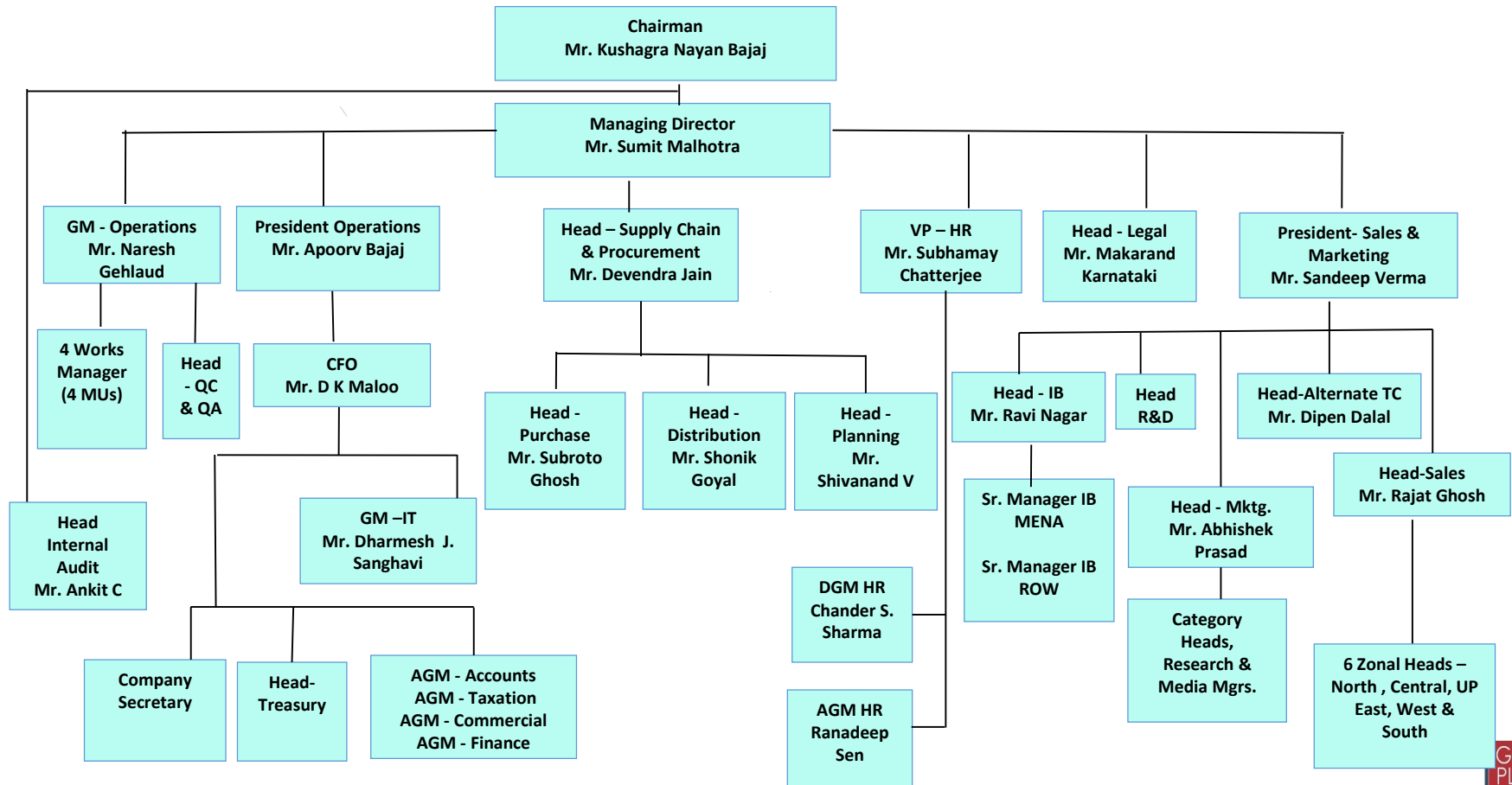
### Distribution Structure



Over the years, BCL has created a large distribution network (that continues to grow) which can be leveraged to introduce new products



# Organization Structure





# Financials



# Financial Information

## Summary Income Statement

(Rs. In Crore)

Particulars	Q1FY19	Q1FY18	FY18
Sales (Net)	214.97	196.40	811.85
EBITDA	70.48	61.89	263.67
EBITDA Margin	32.79%	31.51%	32.48%
Profit Before Tax(PBT)	68.54	69.90	274.98
Net Profit after Tax	53.77	54.98	216.27
Net Profit Margin	25.01%	27.99%	26.64%

## Summary Balance Sheet

(Rs. In Crore)

Particulars	As on 31.03.2018	As on 31.03.2018
Shareholders Equity	559.13	505.36
Net Fixed Assets	58.72	57.10
Investments (including Bank FDs, Debt MF and Government Securities & Bonds)	475.43	443.74
Net Current Assets	24.98	4.52

- ✓ Overall Company Value growth (unadjusted) 9.45% (Q-Q) GST value adjusted growth 13.19%
- ✓ Increase in EBITDA by 13.88% (Q-Q) now increased to Rs. 70.48 Cr (32.79%) from Rs.61.89 Cr (31.51%).
- ✓ Drop in PAT due to decrease in other income, largely on account of M-to-M losses.



# Profit & Loss Q1 FY2019

Particulars	Q1 FY19	Q1 FY18	YoY%	FY18
<b>Net Sales</b>	<b>214.97</b>	<b>196.40</b>	<b>9.45%</b>	<b>811.85</b>
Other Operating Income	6.44	1.03		19.36
Material Cost	73.94	68.80		273.07
% of Sales	34.40%	35.03%		33.64%
Employees Cost	22.08	16.88		75.47
% of Sales	10.27%	8.59%		9.30%
Advertisement & Sales Prom.	29.08	23.97		118.24
% of Sales	13.53%	12.20%		14.56%
Other Expenses	25.83	25.89		100.76
% of Sales	12.01%	13.18%		12.41%
<b>EBITDA</b>	<b>70.48</b>	<b>61.89</b>	<b>13.88%</b>	<b>263.67</b>
% of Sales	32.79%	31.51%		32.48%
Other Income	1.17	11.06		24.35
Finance Cost	0.26	0.26		1.16
Depreciation	1.50	1.54		6.85
Corporate Social Responsibility	1.36	1.26		5.03
<b>Profit Before Tax &amp; Exceptional Item</b>	<b>68.54</b>	<b>69.90</b>	<b>-1.94%</b>	<b>274.98</b>
Exceptional Item (Trademark & Intellectual Properties)	0.00	-		-
<b>Profit Before Tax(PBT)</b>	<b>68.54</b>	<b>69.90</b>	<b>-1.94%</b>	<b>274.98</b>
Tax Expenses	14.77	14.92		58.71
<b>Profit After Tax(PAT)</b>	<b>53.77</b>	<b>54.98</b>	<b>-2.20%</b>	<b>216.27</b>
% of Sales	25.01%	27.99%		26.64%
Other Comprehensive Income (net of tax)	-	-		0.35
<b>Total Comprehensive Income (net of tax)</b>	<b>53.77</b>	<b>54.98</b>		<b>216.62</b>
<b>Basic &amp; Diluted EPS (Rs.)</b>	<b>3.65</b>	<b>3.73</b>		<b>14.66</b>

# Sales Value Growth

Sales Vertical	Growth Q1 FY 18-19	Growth Q1 FY 17-18
General Trade	17.51%	-3.03%
Modern Trade	36.25%	11.65%
<b>Total Domestic ( Exc. CSD)</b>	<b>18.63%</b>	<b>-2.26%</b>
Canteen Stores Department	-21.84%	-39.21%
<b>Total Domestic</b>	<b>17.52%</b>	<b>-3.83%</b>
International Business	-94.12%	2.83%
<b>Total for the Company</b>	<b>13.19%</b>	<b>-3.60%</b>

- ✓ **Growth in Domestic Sales (Exc. CSD) 18.63%. Sharp decline in CSD & Export Sales thereby overall Sales growth reduced to 13.19%**



# Statement of Quarter wise Sales (Volume)

## STATEMENT OF QUARTERWISE SALES (VOLUME - In Cases )

PRODUCT	Q1 FY 19	% to Total	Q1 FY 18	% to Total	% Growth Q-Q
ADHO	1,318,489	95.92%	1,185,731	93.75%	11.20%
Nomarks	25,756	1.87%	24,817	1.96%	3.78%
BAHO	7,147	0.52%	9,408	0.74%	-24.03%
AHO	14,342	1.04%	32,058	2.53%	-55.26%
KPCO	3,487	0.25%	7,407	0.59%	-52.92%
Others	5,331	0.39%	5,347	0.42%	-0.30%
<b>Total</b>	<b>1,374,552</b>	<b>100.00%</b>	<b>1,264,768</b>	<b>100.00%</b>	<b>8.68%</b>

- ✓ Volume Growth in ADHO : 11.20 %
- ✓ Overall volume growth of 8.68% (Q-Q)





# Statement of Quarter wise Sales (Value)



## STATEMENT OF QUARTERWISE SALES (Value - In Cr )

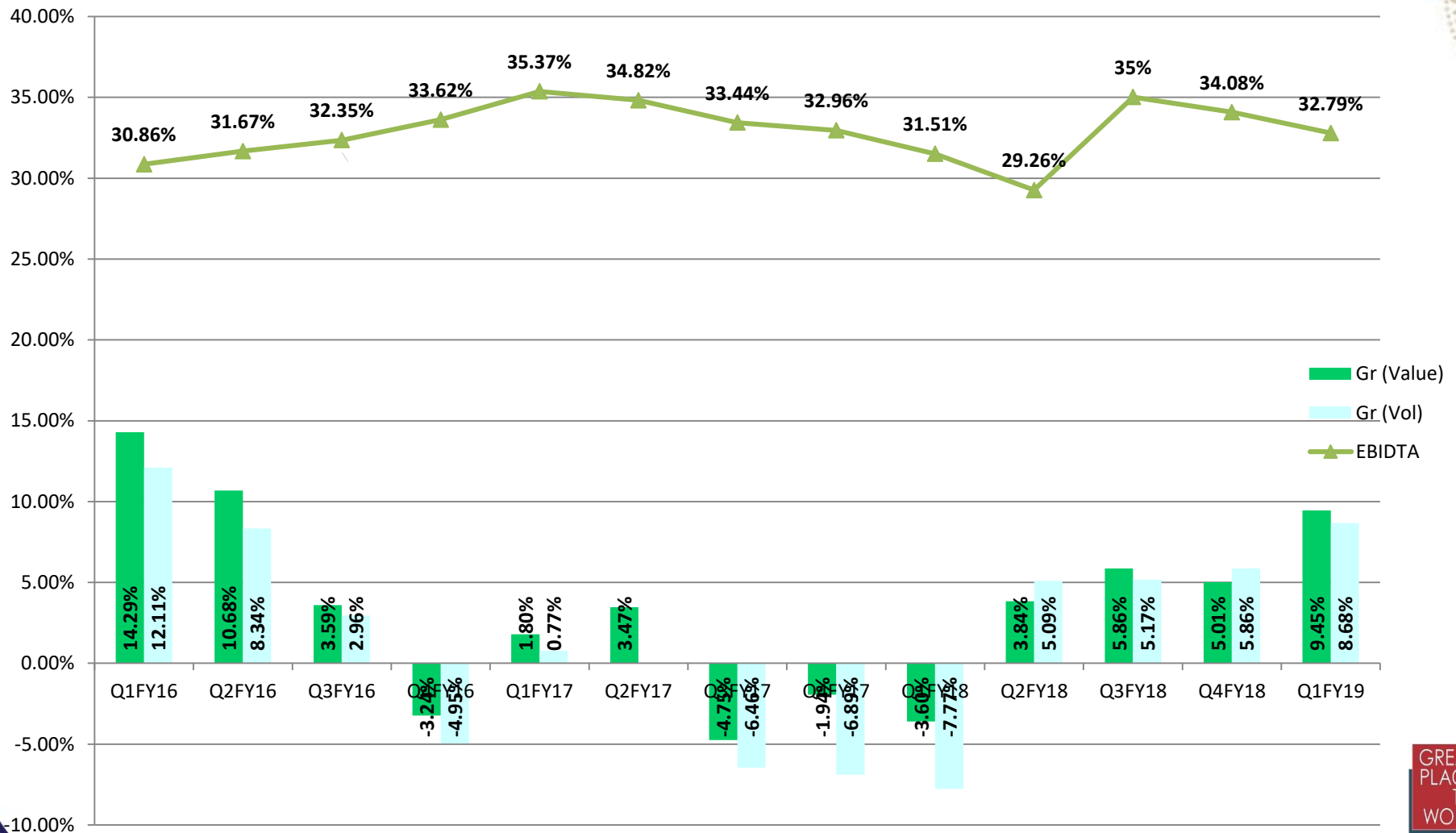
PRODUCT	Q1 FY 19	% to Total	Q1 FY 18*	% to Total	% Growth Q-Q
ADHO	202.35	94.13%	177.49	93.46%	14.00%
Nomarks	8.11	3.77%	5.74	3.02%	41.18%
BAHO	1.59	0.74%	1.91	1.01%	-17.01%
AHO	1.28	0.60%	2.86	1.51%	-55.12%
KPCO	0.59	0.27%	0.92	0.48%	-35.97%
Others	1.05	0.49%	0.99	0.52%	6.67%
<b>Total</b>	<b>214.97</b>	<b>100.00%</b>	<b>189.91</b>	<b>100.00%</b>	<b>13.19%</b>

- ✓ Value Growth of 14% in ADHO and 41.18 % in Nomarks.
- ✓ Overall value growth of 13.19 % Q-Q



\* Value for the period has been arrived after adjusting GST impact.

# Performance over the last 13 quarters



- ✓ Q1 2018-19 Value growth in Sales - 9.45% and Volume growth in Sales - 8.68%.
- ✓ Healthy EBIDTA Margin of 32.79% in Q1 2018-19

# Breakup of RM/PM Costs (for Q1FY 19)

Key Raw & Packing Material	% to Sales	% to Total Cost
LLP	10.59%	30.93%
Bottles (Glass & Pet)	9.02%	26.33%
Refined Veg. Oil	4.58%	13.36%
Perfumes & other additives	2.44%	7.12%
Corrugated Boxes	1.64%	4.77%
Caps	1.79%	5.23%
Others	4.20%	12.25%
<b>TOTAL</b>	<b>34.25%</b>	<b>100.00%</b>

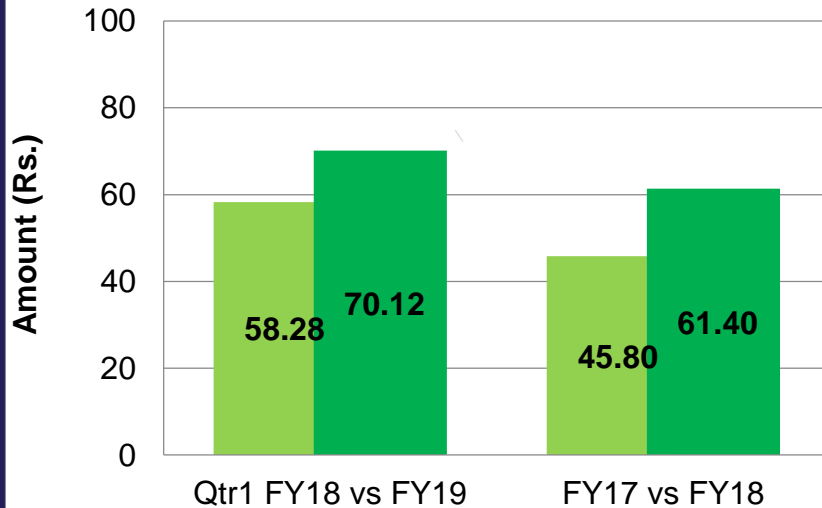
**\* Consumption is 34.25% of Sales**

*\*For Bajaj Almond Drops*

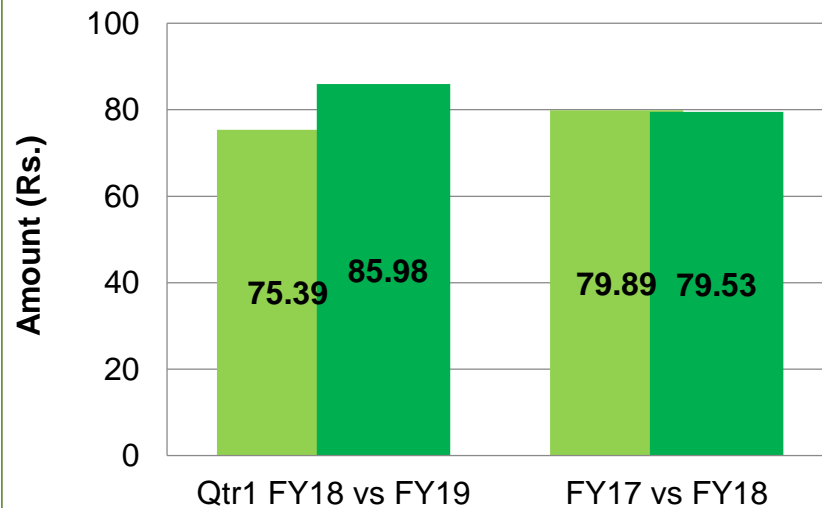


# Change in Prices of Key Ingredients

### Per Kg Rates of LLP



### Per Kg Rates of Oil



- ✓ The adjusted landed cost of LLP during the quarter is Rs. 60.46/Kg. (after adjusting ITC of Rs. 9.66/Kg).
- ✓ The adjusted landed cost of Refined Oil during the quarter is Rs. 81.88/Kg (after adjusting ITC of Rs. 4.10/Kg).



# Fund Position

- **Fund Position:**


- **The total Fund available with the company as on 30<sup>th</sup> June 2018 is Rs. 342.34 Crores**
- **This has been invested in Bank Fixed Deposits and top rated Corporate & PSU Bonds**
- **There is no investment in ANY Inter Corporate Deposit**

<i>Particulars</i>	<i>Amount (Rs. in Crores)</i>
<i>Bonds</i>	317.66
<i>Bank FDs</i>	17.98
<i>Mutual Fund</i>	6.70
<i>Total</i>	<b>342.34</b>

# M2M Effect on Other Income

- **As part of Accounting standards, we have recognized fair value of our investments in Corporate bonds as on 30<sup>th</sup> June 2018**
- **There has been an MTM loss of Rs. 5.47 crores at the quarter end against MTM gain of Rs. 2.79 crores in corresponding quarter in previous year**
- **The investments are in top AAA rated bonds however due to currency volatility at quarter end, interest rates spike resulted in MTM loss for this quarter**
- **If this MTM loss is not considered then Other Income would have been Rs. 6.64 crores and PAT would have been Rs. 58.06 crs (10% increase Q-Q)**

# Dividend Payout History



Year	No. of Shares (in Lacs)	Face Value	Dividend Payout (Rs in Lacs)	% to Capital	Dividend per share (Rs.)
2017-18	1,475	1	17,700.00	1200%	12.00
2016-17	1,475	1	16,962.50	1150%	11.50
2015-16	1,475	1	16,962.50	1150%	11.50
2014-15	1,475	1	16,962.50	1150%	11.50
2013-14	1,475	1	9,587.50	650%	6.50
2012-13	1,475	1	9,587.50	650%	6.50
2011-12	1,475	1	5,900.00	400%	4.00
2010-11	295	5	2,802.50	190%	9.50



# For More Information



- Please Visit [www.Bajajcorp.com](http://www.Bajajcorp.com)







**THANK YOU**

