

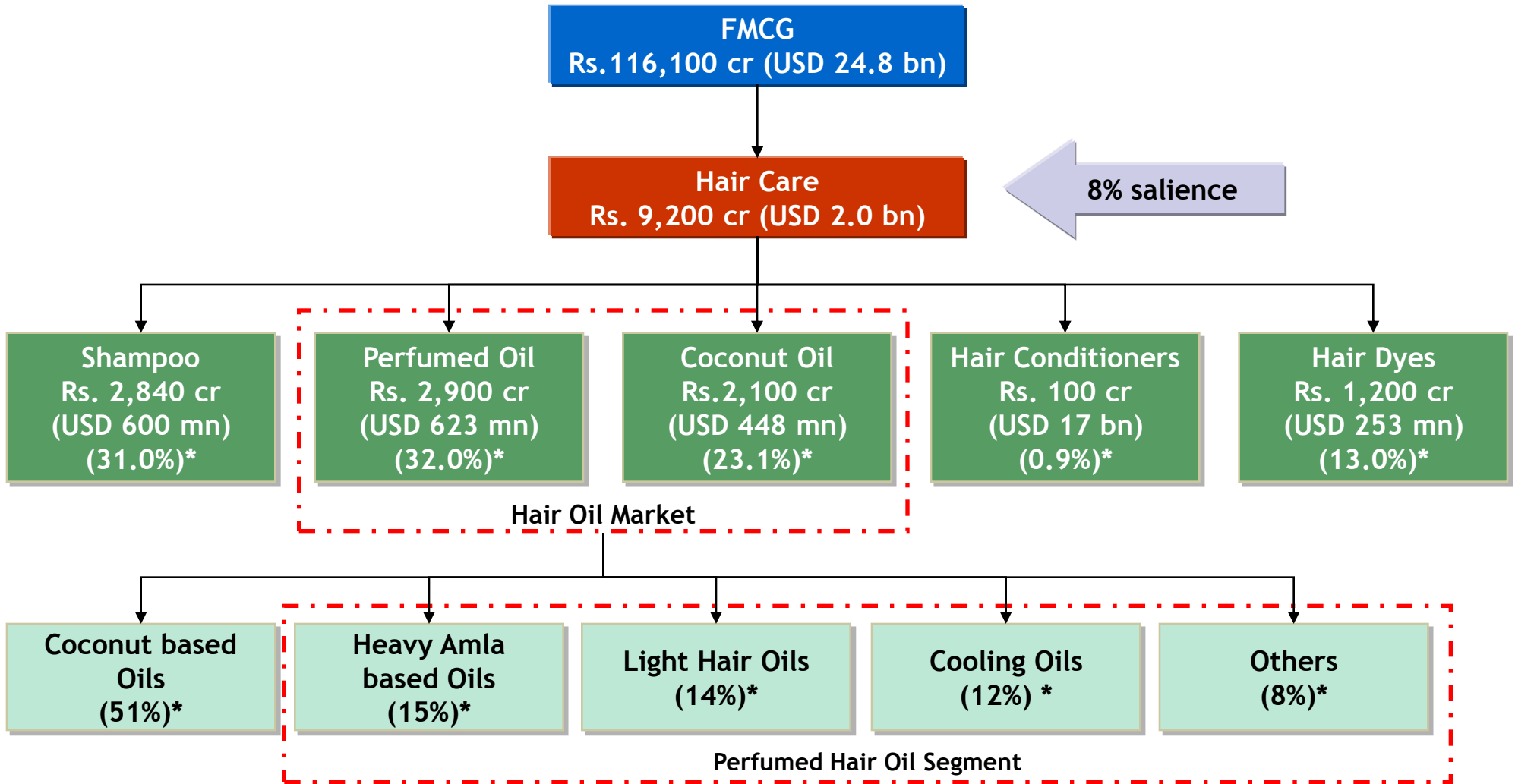


# *Investor Presentation*

*May 2011*

# Industry Overview

# Industry Size and Structure



Source: The AC Nielsen Retail Audit Report.

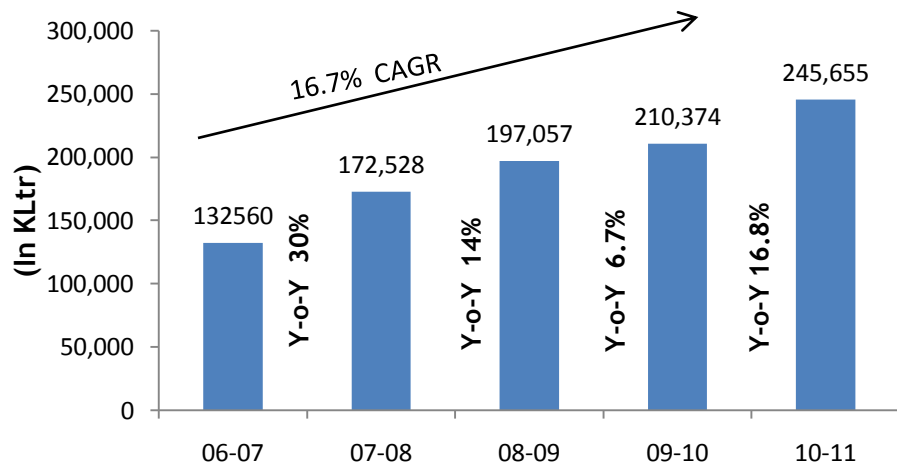
Only branded products data for FY 09-10

\* Value based share of Hair Care Market

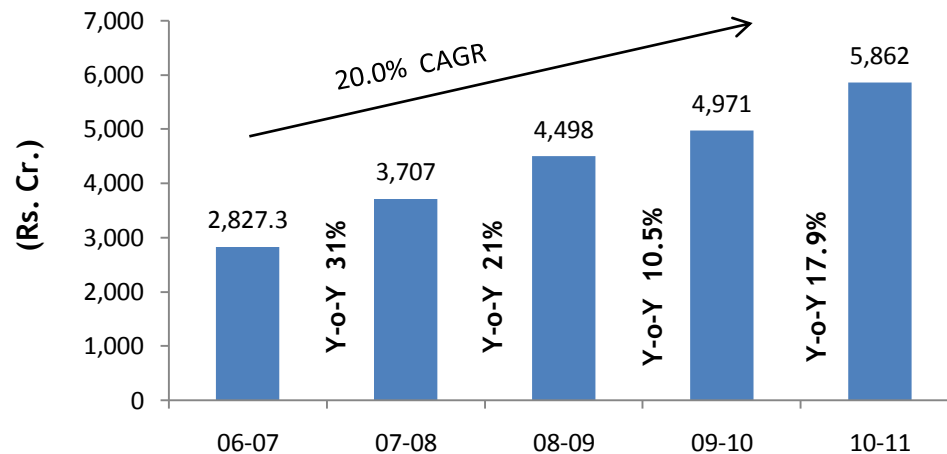
Hair Oil is > 55% of the overall hair care industry in India

# Hair Oil Market in India

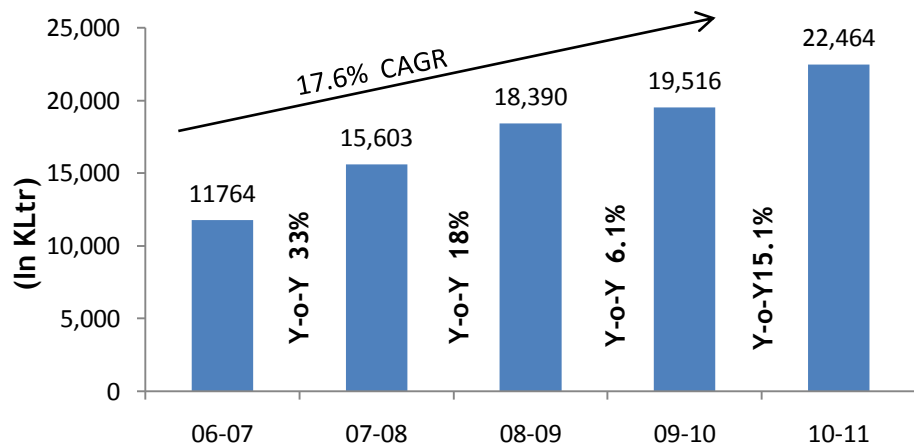
## Overall Hair Oil Market - Volume



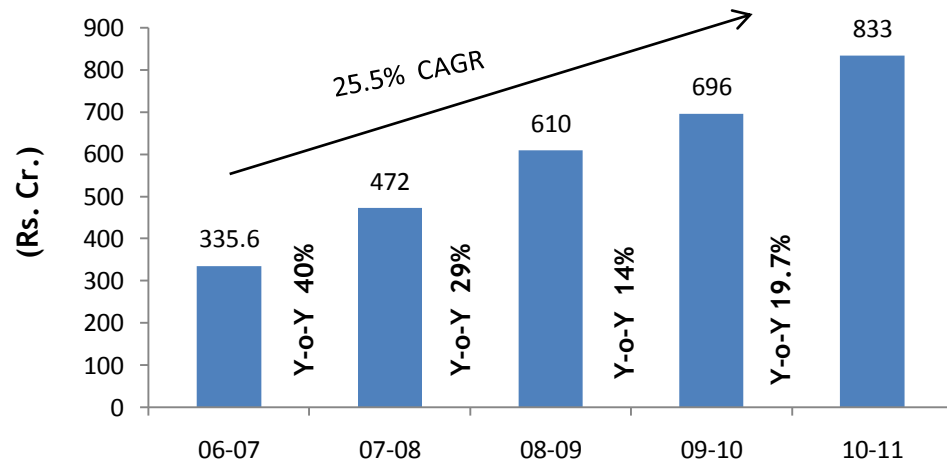
## Overall Oil Market - Value



## Light Hair Oil - Volume



## Light Hair Oil - Value

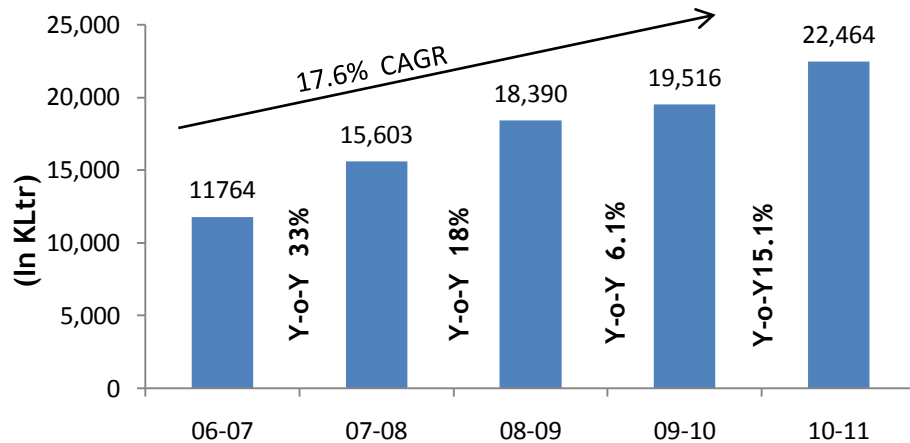


Source: The AC Nielsen Retail Audit Report.

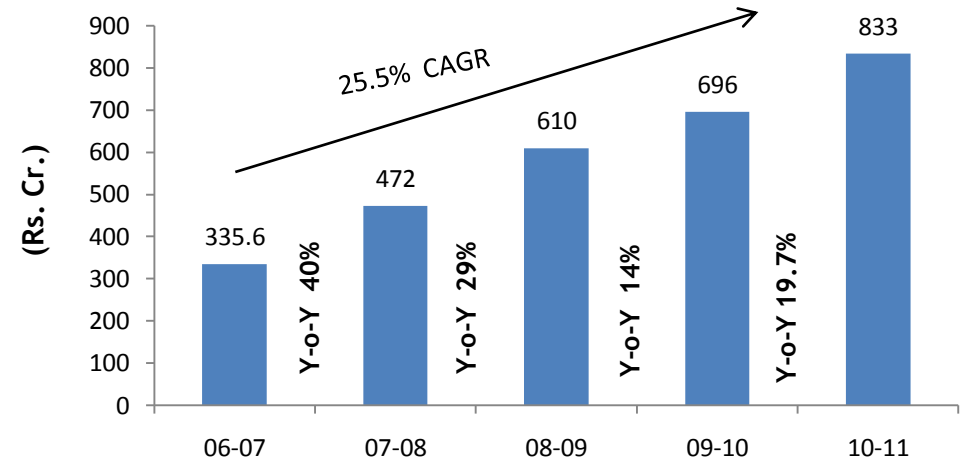
**Light hair oils is one of the fastest growing segments in the hair oil market in India**

# Light Hair Oil Market in India

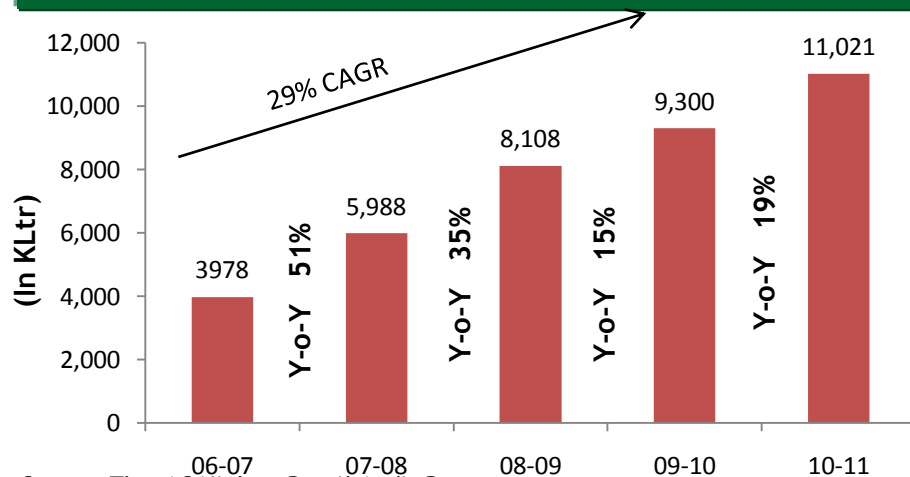
## Light Hair Oil - Volume



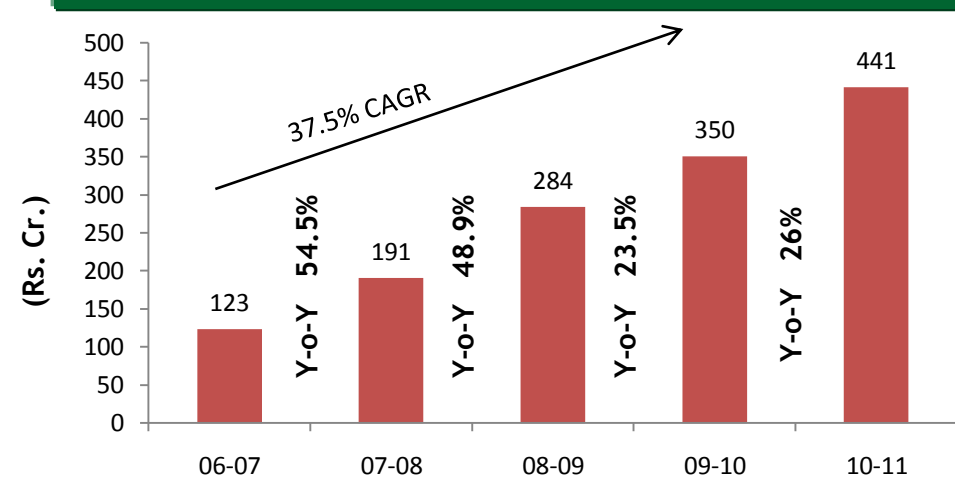
## Light Hair Oil - Value



## Almond Hair Oil Market - Volume



## Almond Hair Oil Market - Value

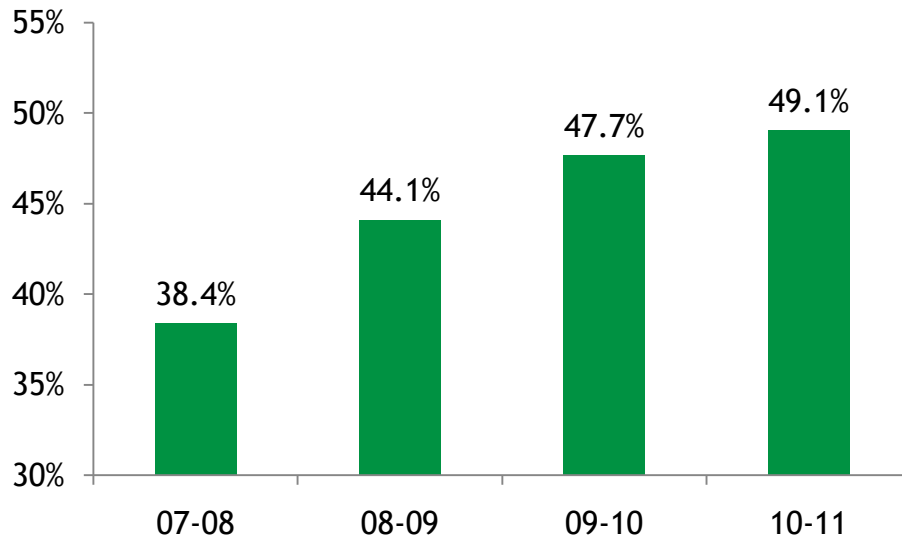


Source: The AC Nielsen Retail Audit Report.

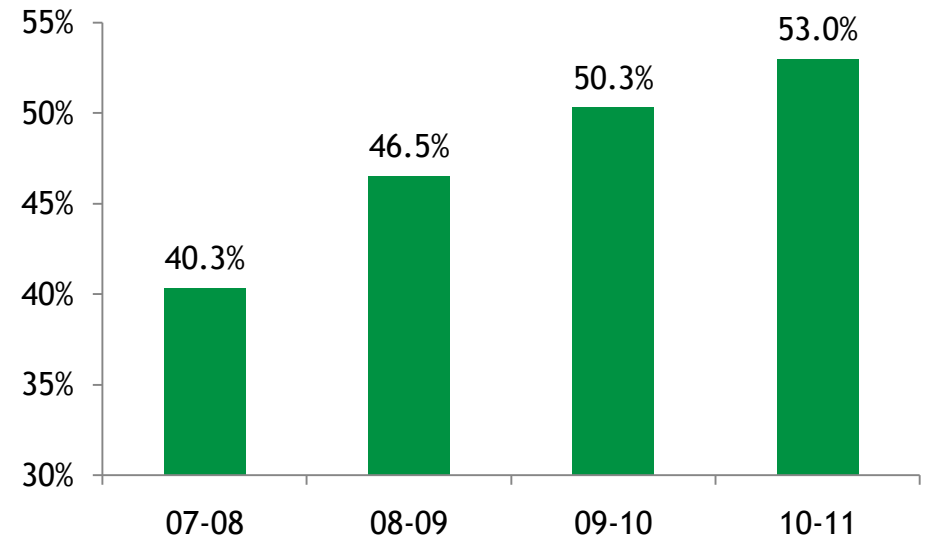
**Almond Drops is the brand which is driving light hair oils and in turn the overall market**

# Market Shares Trends (All India - Urban Plus Rural)

## Volume MS



## Value MS



**\*Market Share in the Light Hair Oil Category**

*Source: The AC Nielsen Retail Audit Report.*

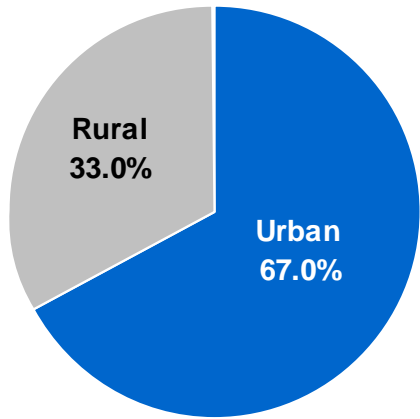
# Statewise Market Share

Apr10-Mar11	LHO Volume	Proportion		ADHO Market Share (Vol)		
	Saliency	Urban	Rural	Total	Urban	Rural
<b>All India (U+R)</b>		67.4%	32.6%	49.1%	47.0%	53.2%
<b>Punjab</b>	6.0%	69.6%	30.4%	41.7%	40.1%	45.5%
<b>Haryana</b>	5.2%	83.2%	16.8%	46.7%	43.4%	62.8%
<b>Delhi</b>	7.3%	100.0%		42.4%		
<b>Rajasthan</b>	9.5%	66.2%	33.8%	49.0%	47.2%	52.7%
<b>Uttar Pradesh (U+R)</b>	20.3%	60.1%	39.9%	52.9%	49.5%	58.0%
<b>Uttaranchal</b>	1.1%	55.3%	44.7%	59.6%	59.3%	59.9%
<b>Assam</b>	6.5%	40.4%	59.6%	44.3%	39.2%	47.8%
<b>Bihar</b>	5.2%	58.0%	42.0%	63.2%	59.0%	69.0%
<b>Jharkhand</b>	1.2%	68.7%	31.3%	43.3%	43.8%	42.2%
<b>Orissa</b>	1.2%	78.7%	21.3%	35.9%	36.9%	32.3%
<b>West Bengal</b>	8.1%	64.3%	35.7%	28.4%	29.4%	26.6%
<b>Gujarat</b>	5.8%	75.4%	24.6%	55.4%	54.3%	58.9%
<b>Madhya Pradesh</b>	10.0%	51.1%	48.9%	63.4%	64.8%	61.8%
<b>Chattisgarh</b>	1.5%	69.7%	30.3%	54.9%	51.6%	62.3%
<b>Maharashtra</b>	7.4%	84.1%	15.9%	50.8%	49.8%	55.9%
<b>Karnataka</b>	1.1%	92.4%	7.6%	58.8%	58.9%	57.1%
<b>Andhra Pradesh</b>	1.7%	71.7%	28.3%	36.2%	42.4%	20.3%
<b>Tamil Nadu</b>	0.6%	96.0%	4.0%	21.1%	22.0%	
<b>Kerala</b>	0.2%	83.8%	16.2%	8.9%	10.6%	

Source: The AC Nielsen Retail Audit Report.

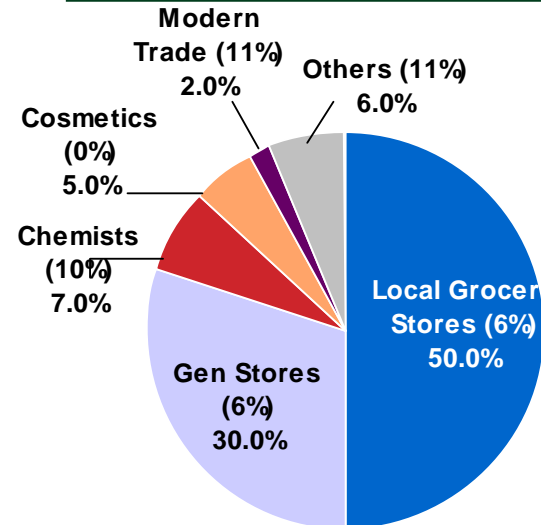
# Light Hair Oil Market - Key Characteristics

## Rural -Urban break up of LHO market



Urban dominated segment due to its relatively higher cost

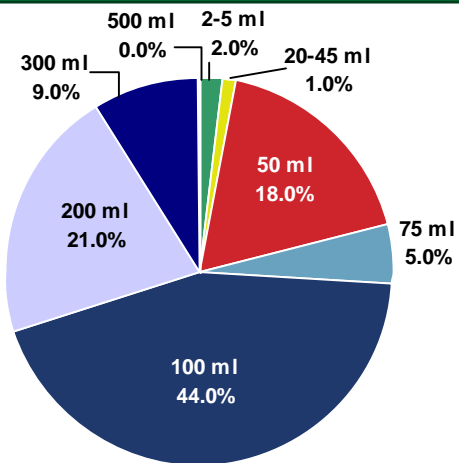
## Share of Distribution Channels in LHO market - FY10



Traditional channels dominate distribution, but alternate channels like modern retail, 'paan shops' etc demonstrating higher growth rates

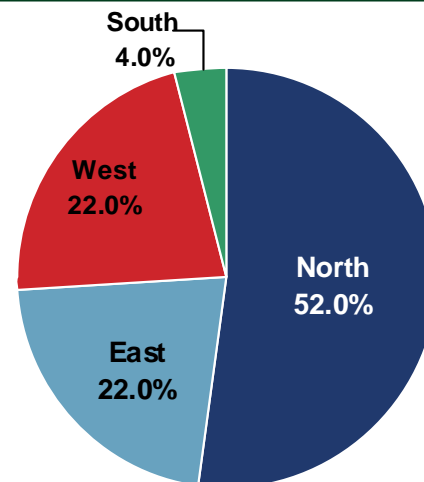
(%) - Growth rates; % - Market share

## SKU wise break up of LHO market



Given the dominance of the urban market, larger units account for bulk of the sales. However, smaller units to increase rural penetration

## Region wise break up of LHO market



Sales tend to be concentrated in the Northern regions of the country which is also the fastest growing zone



# Company Overview

# Bajaj Corp Ltd. (BCL) - An Overview

- Part of Bajaj Group which has business interests in varied industries including sugar, consumer goods, power generation & infrastructure development
- Subsidiary of Bajaj Consumer Care Ltd. (BCCL)
  - BCL is the exclusive licensee of brands owned by BCCL
  - Brands licensed to BCL for 99 years from 2008
- 3<sup>rd</sup> largest player in the overall hair oils segment
- Key brand - Bajaj Almond Drops Hair Oil
  - Market leader with over 50% market share\* of LHO market
  - Premium positioning commands one of the highest per unit prices in the industry
- New Product Launch: Bajaj Kailash Parbat Cooling Oil
- Other brands - Brahmi Amla, Amla Shikakai and Jasmine (all hair oil brands) and Red / Black tooth powder



**Bajaj Almond Drops Hair Oil** - A premium perfumed hair oil containing almond oil and Vitamin E

**Competitors** - Keo Karpin (Dey's Medical), Hair & Care (Marico), Clinic All Clear (HUL)

**Bajaj Kailash Parbat Cooling Oil** - An ayurvedic formulation containing Sandal & Almond extracts

**Competitors:** Himani Navratna

**Bajaj Brahmi Amla Hair Oil** - Traditional heavy hair oil. Brand has been in existence since 1953

**Competitors** - Dabur Amla, Dabur Sarson Amla

**Bajaj Amla Shikakai** - Variant in the heavy hair oil segment catering to price conscious consumers

**Competitors** - Shanti Badam Hair Oil (Marico)

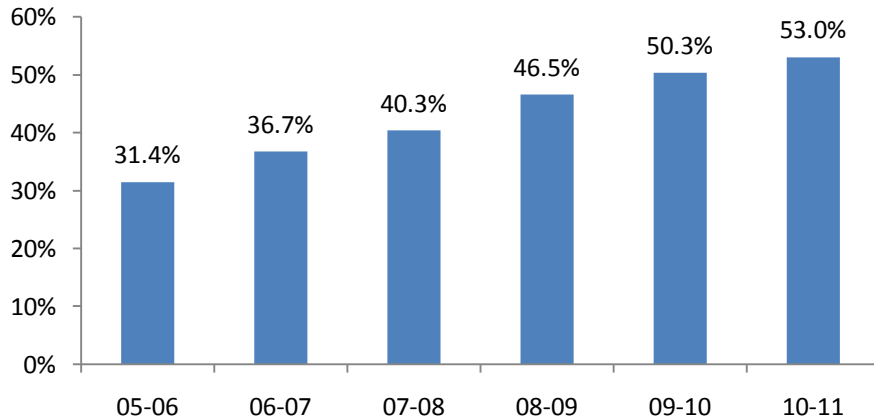
**Bajaj Jasmine Hair Oil** - A Jasmine flower perfumed hair oil. In demand due to cultural significance.

**Bajaj Kala Dant Manjan** - An oral care product for the rural market.

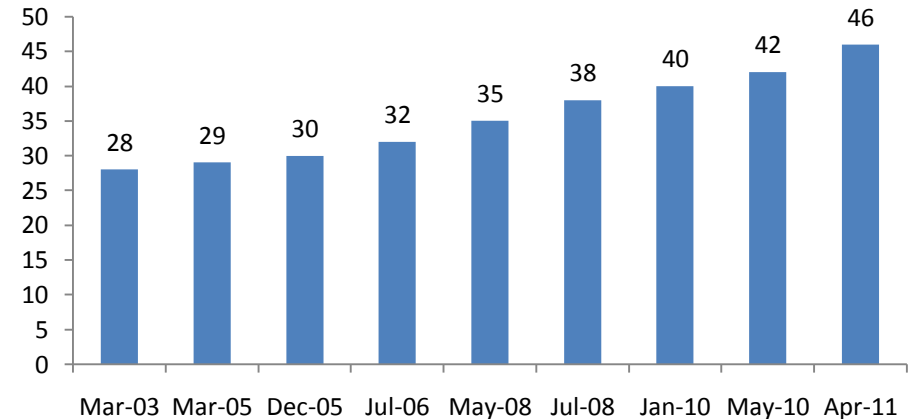
\*Source: The 2009 AC Nielsen Retail Audit Report.

# Bajaj Almond Drops - A Premium Brand

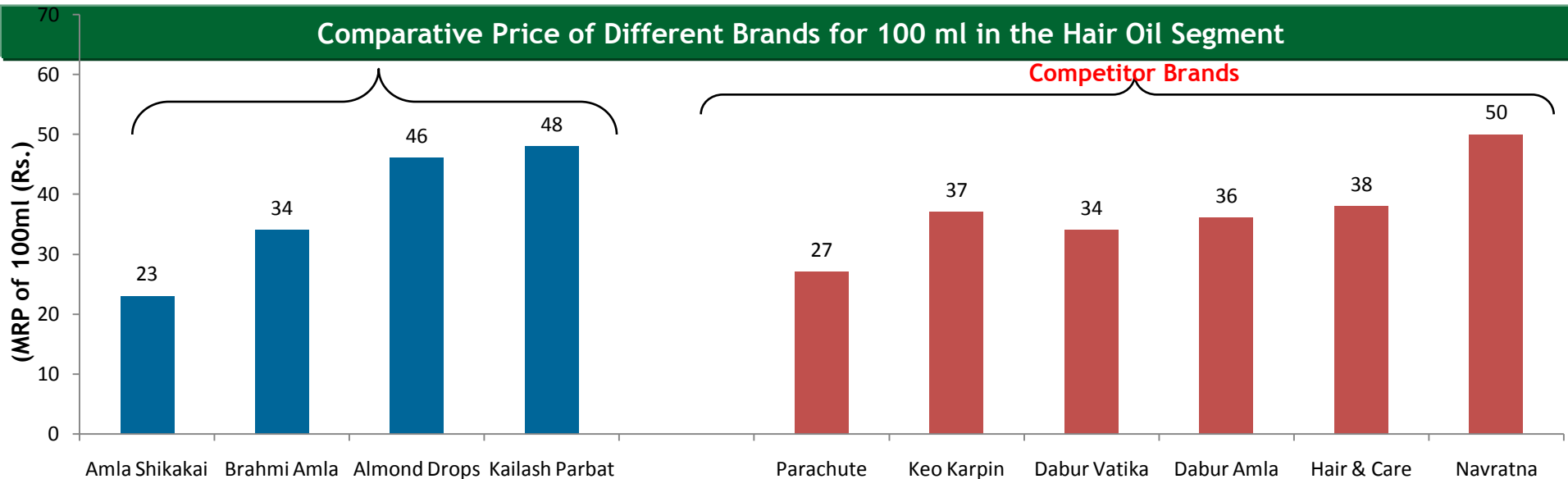
## Strong Market Share Growth in Recent Years



## ... But not at the cost of pricing power



## Comparative Price of Different Brands for 100 ml in the Hair Oil Segment

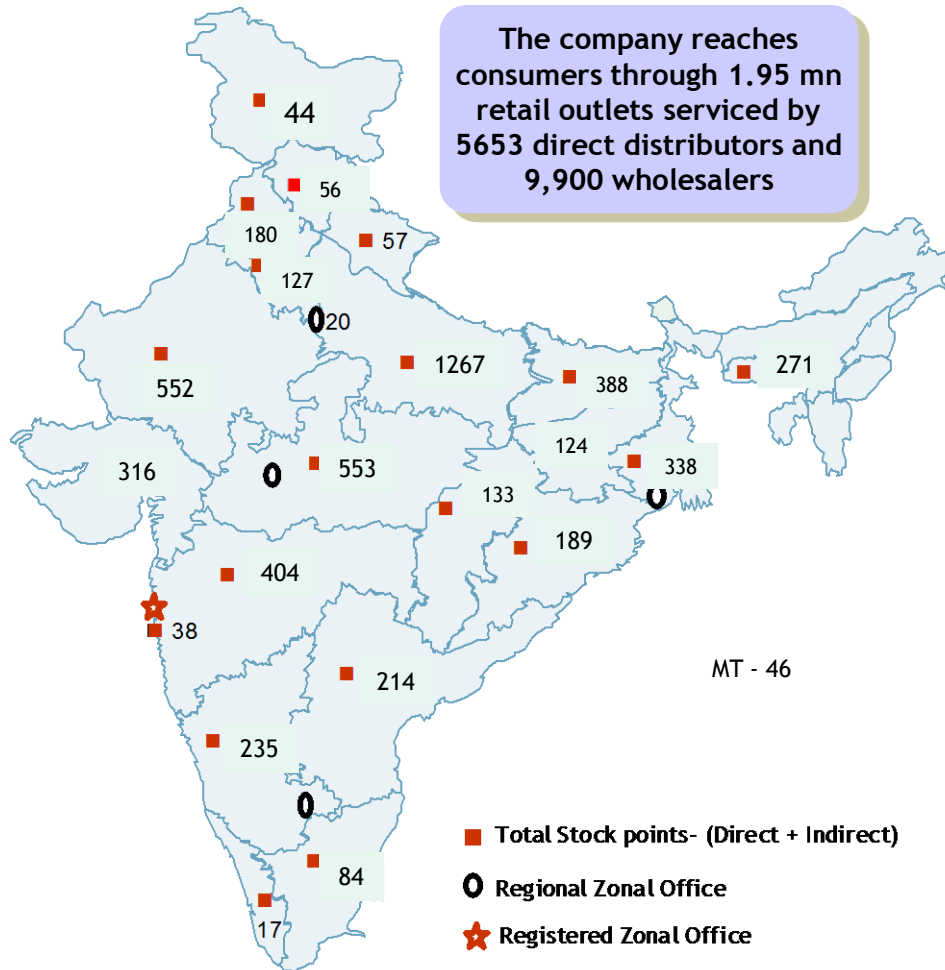


# Consumer Profile- Almond Drops

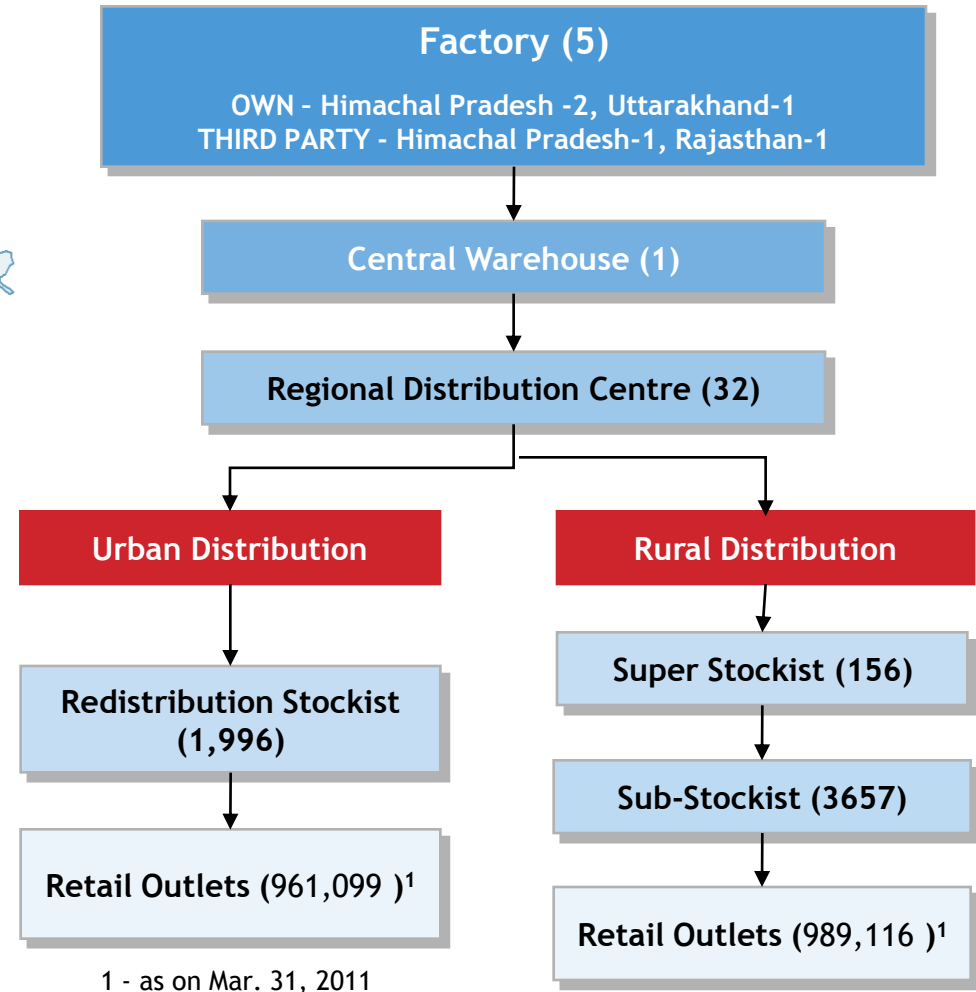
- For Almond Drops the consumer is:
  - Gender
    - Male- 54%
    - Female- 46%
  
  - Age Group
    - 15 to 39 yrs ( 59% of users)
  
  - Urban Vs Rural
    - 61% are Urban consumers
  
  - Socio Economic Class (SEC)- Urban
    - A1- 11%
    - A2- 16%
    - B1- 15%
    - B2- 12%

# Strong Distribution Network

## Distribution Network

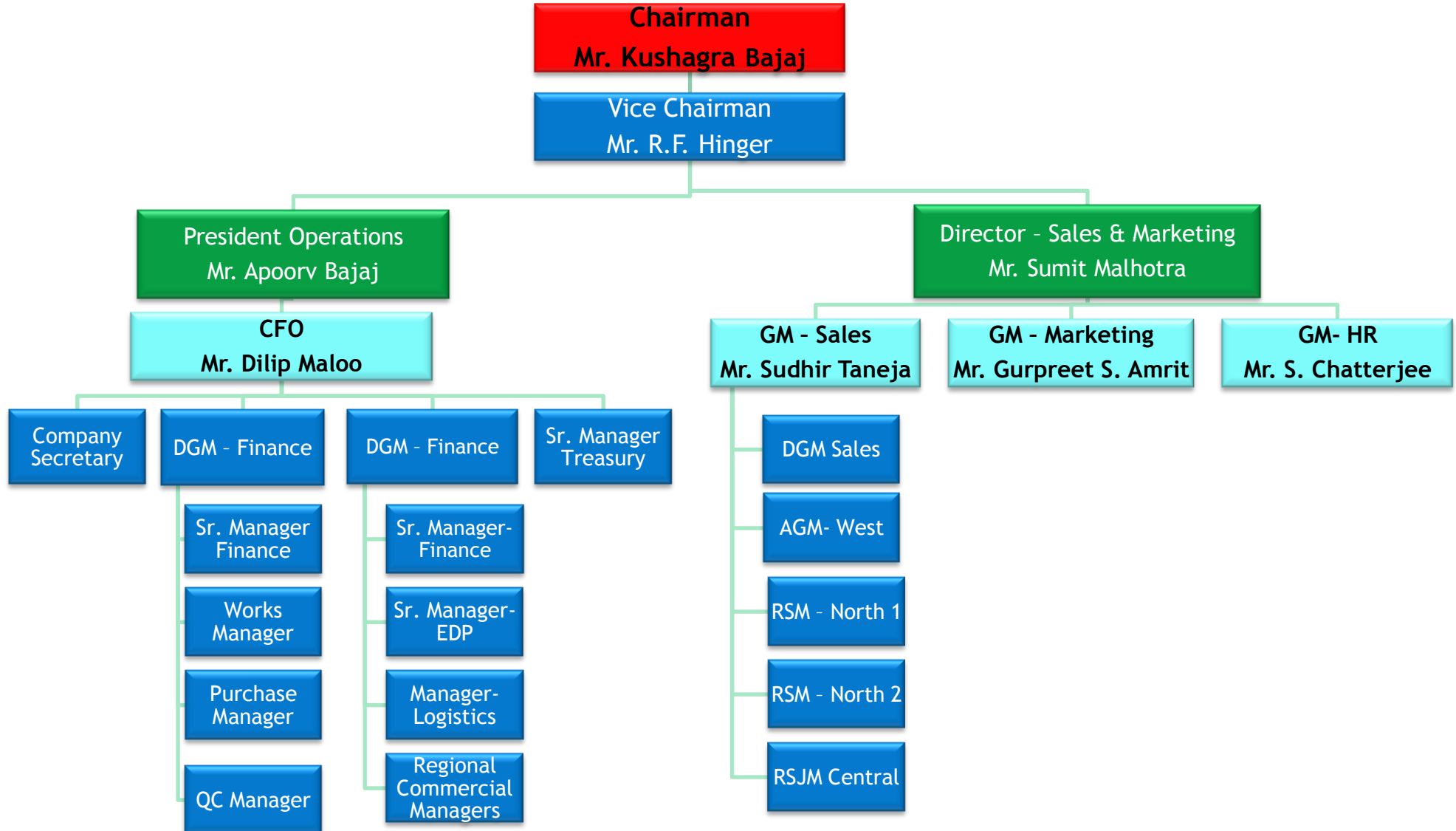


## Distribution Structure



Over the years, BCL has created a large distribution network which can be leveraged to introduce new products

# Organization Structure



# Financial Information

## Summary Income Statement

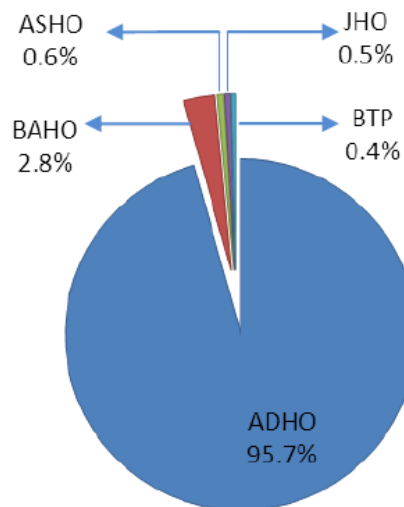
Particulars (In Rupees Crores)	2010-11	2009-10
Sales (Net)	358.67	294.58
EBITDA	108.93	97.74
EBITDA Margin	30.37%	33.18%
Net Profit after Tax*	84.10	83.91
Net Profit Margin	23.45%	28.49%

\* Net profit for 2011 is after exceptional items of Rs. 18.96 Crore (IPO expenses). Net profit for 2011 before exceptional item will be Rs 99.28 Crore

## Summary Balance Sheet

Particulars (In Rupees Crores)	2010-11	2009-10
Shareholders Equity	376.31	25.67
Total Debt	-	-
Net Fixed Assets	21.97	18.36
Investments (Bank FDs, Bank CDs & Fixed Maturity Plans of Mutual Funds)	396.06	11.24
Net Current Assets	-41.72	-3.93

## Sales Break Up in 2011 by Brand



## Key Highlights

- Strong demonstrated growth track record
- Among the highest EBITDA margins in the industry
- The company has allotted 45 Lacs equity shares (face value Rs. 5) by means of an IPO in August 2010 at a price of Rs. 660
- Consequently the paid up Equity share Capital and securities premium account have increased by Rs. 2.25 Crores and Rs. 294.75 Crores respectively
- Net Current Assets includes Provision for Dividend & Corporate Dividend Tax of Rs. 32.86 Crores.

# EBITDA & PAT Performance

(Rs. in crores)

Particulars	Q4FY11	Q4FY10	YoY%	2010-11	2009-10	YoY%
EBITDA	31.04	33.45	-7.20%	108.93	97.74	11.45%
Profit Before Tax & Extra Ordinary Items	40.08	33.41	19.96%	124.05	101.56	22.14%
Profit Before Tax (PBT)	33.75	33.41	1.02%	105.08	101.56	3.47%
Profit After Tax (PAT)	26.89	27.42	-1.93%	84.10	83.91	0.23%

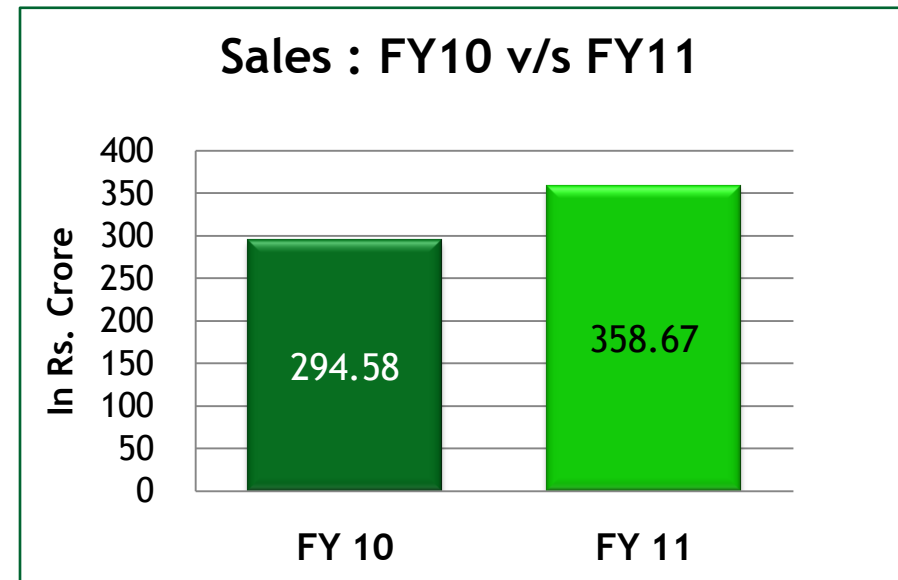
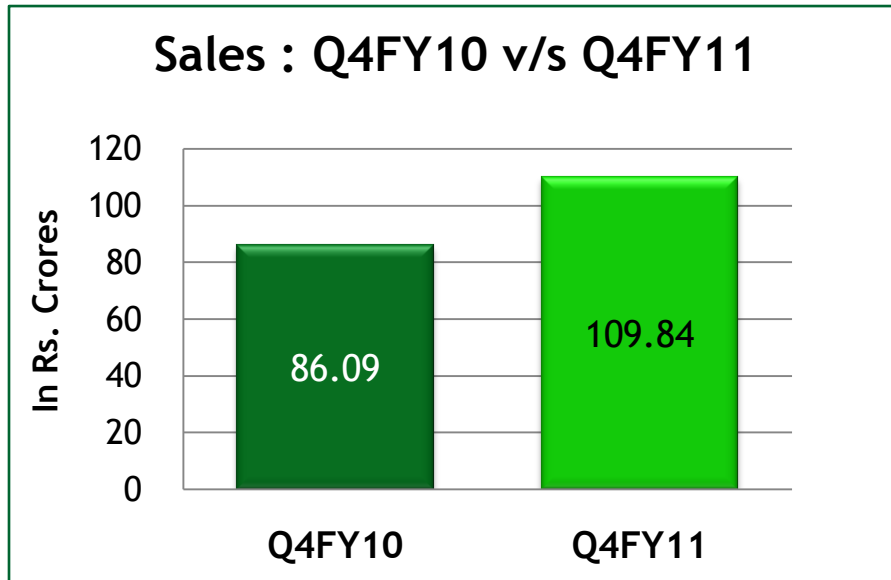
- Company incurred IPO expenses of Rs. 18.96 crore which are written off during the current year attributing equal amount in last 3 quarters. Hence in Q4FY11 Rs. 6.33 crore are charged to P&L A/c. As a result PAT for the quarter and the year has reduced to that extent.
- Board of Directors has proposed a dividend of 190% of share capital i.e. Rs 9.50/- per share.



# Profit & Loss Q4 & FY2011

In Rs. Crores	Q4FY11	Q4FY10	YoY%	2010-11	2009-10	YOY%
<b>Net Sales</b>	<b>109.84</b>	<b>86.09</b>	<b>27.59%</b>	<b>358.67</b>	<b>294.58</b>	<b>21.76%</b>
Other Operating Income	0.27	0.10		0.77	0.34	
Material Cost	51.30	34.57		156.58	116.79	
% of Sales	46.70%	40.16%		43.66%	39.65%	
Employees Cost	4.04	3.45		16.26	13.84	
% of Sales	3.68%	4.01%		4.53%	4.70%	
Advertisement & Sales Promotion Exp.	12.59	6.95		40.47	37.32	
% of Sales	11.46%	8.08%		11.28%	12.67%	
Other Expenses	11.14	7.77		37.20	29.23	
% of Sales	10.14%	9.02%		10.37%	9.92%	
<b>EBITDA</b>	<b>31.04</b>	<b>33.45</b>	<b>-7.20%</b>	<b>108.93</b>	<b>97.74</b>	<b>11.45%</b>
% of Sales	28.26%	38.86%		30.37%	33.18%	
Other Income	9.53	0.24		17.02	4.79	
% of Sales	8.68%	0.28%		4.74%	1.63%	
Finance Cost	0.02	0.04		0.11	0.13	
Depreciation	0.47	0.25		1.80	0.85	
<b>Profit Before Tax &amp; Exceptional Item</b>	<b>40.08</b>	<b>33.40</b>	<b>20.00%</b>	<b>124.04</b>	<b>101.55</b>	<b>22.15%</b>
Exceptional Items	6.33	0.00		18.96	0	
<b>Profit Before Tax(PBT)</b>	<b>33.75</b>	<b>33.40</b>	<b>1.05%</b>	<b>105.08</b>	<b>101.55</b>	<b>3.48%</b>
Tax Expenses	6.87	5.99		20.98	17.64	
<b>Profit After Tax(PAT)</b>	<b>26.88</b>	<b>27.41</b>	<b>-1.93%</b>	<b>84.10</b>	<b>83.91</b>	<b>0.23%</b>
% of Sales	24.48%	31.85%		23.45%	28.49%	
<b>Diluted EPS (Rs.)</b>	<b>9.11</b>	<b>10.97</b>		<b>30.20</b>	<b>33.57</b>	

# Sales Performance



- ✓ Sales for Q4 FY2010-11 increased by 27.60%
- ✓ Sales for the year ended Mar'11 has increased by 21.76% value wise and 14.09% volume wise over previous year.

# Statement of Quarter wise Sales (Volume & Value)

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

	ADHO		BAHO		ASHO		Others		Total		% Increase over corresponding period of Previous Year
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	
Quarter 1	654,856	582,250	14,888	24,620	6,232	14,110	5,494	6,318	681,470	627,298	8.64%
Quarter 2	645,747	569,586	18,152	18,534	4,608	11,901	6,568	7,139	675,075	607,160	11.19%
Quarter 3	703,022	579,703	12,207	21,989	4,241	9,966	5,714	6,101	725,184	617,759	17.39%
Quarter 4	882,612	708,822	17,155	26,533	4,708	10,437	4,694	5,014	909,168	750,806	21.09%
Total	2,886,237	2,440,361	62,401	91,676	19,789	46,414	22,470	24,572	2,990,898	2,603,023	14.90%

## STATEMENT OF QUARTERWISE SALES (VALUE - In Rs. Crores)

	ADHO		BAHO		ASHO		Others		Total		% Increase over corresponding period of Previous Year
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	
Quarter 1	77.96	64.98	2.33	3.76	0.66	1.51	0.76	0.86	81.71	71.11	14.91%
Quarter 2	76.90	63.06	2.94	2.85	0.49	1.27	0.91	0.98	81.24	68.16	19.19%
Quarter 3	82.59	63.91	2.03	3.42	0.45	1.07	0.81	0.82	85.88	69.22	24.07%
Quarter 4	105.77	80.30	2.89	3.99	0.50	1.11	0.68	0.68	109.84	86.09	27.60%
Total	343.22	272.25	10.19	14.02	2.10	4.96	3.16	3.34	358.67	294.58	21.76%

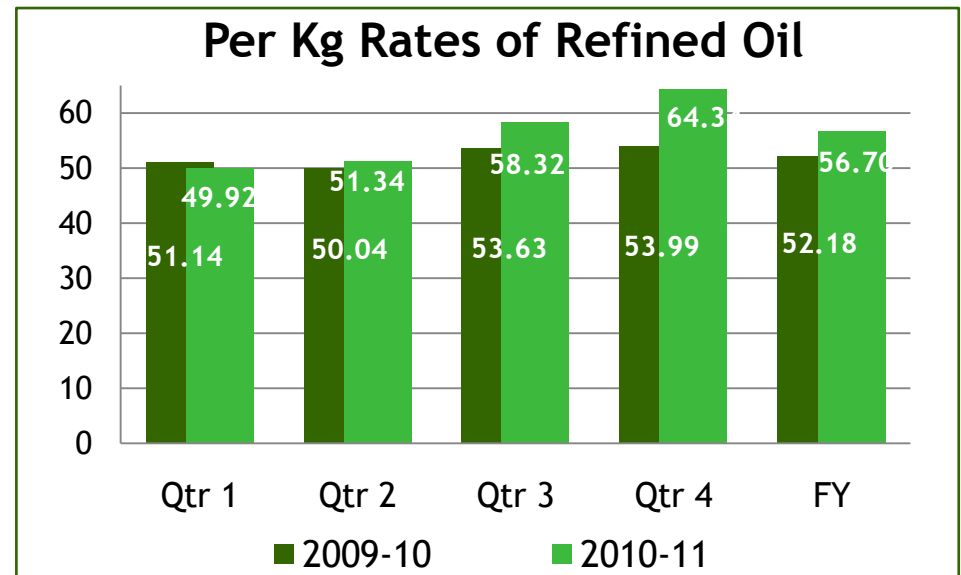
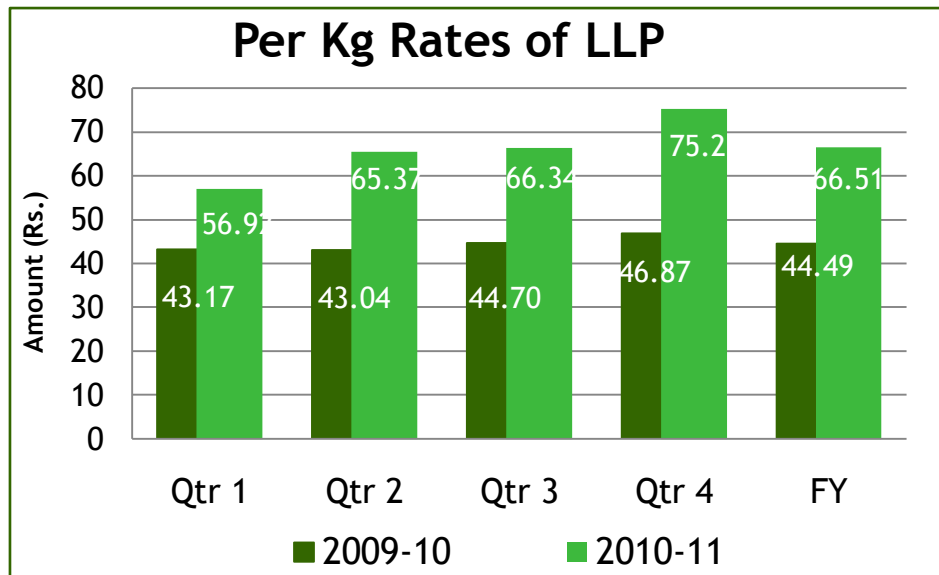
# Breakup of RM/PM Costs (for FY11)

Key Raw & Packing Material	% to Sales	% to Total Cost
LLP	15.83%	36.39%
Glass Bottles	11.15%	25.61%
Perfumes & other additives	3.83%	8.80%
Refined Veg. Oil	3.70%	8.51%
Corrugated Boxes	2.76%	6.34%
Caps	2.31%	5.30%
Others	3.94%	9.05%
TOTAL	43.52%	100.00%

**\* Consumption is 43.52% of Sales**

*\*For Bajaj Almond Drops*

# Change in Prices of Key Ingredients



- ✓ During the current year company faces major increase in the prices of its raw material's key ingredient namely LLP (Light Liquid Paraffin), Refined Oil .
- ✓ Price of LLP increased to Rs 66.41/Kg from Rs 44.49/Kg in previous year i.e. an increase of 50%. This has adversely affected the overall profitability of the company.
- ✓ Prices of Refined oil for the FY11 increased from Rs 52.18 per Kg to Rs 56.70 per Kg witnessing an increase of 9% over previous year.
- ✓ Prices of our other key ingredients (except glass bottles with 6% increase) have remained more or less on the same level.

# Growth Strategy

Strategy	Action Steps
<b>Market share gains from other hair oil segments</b>	<ul style="list-style-type: none"><li>■ Convert coconut hair oil users to light hair oil users through sampling, targeted advertising campaigns, product innovation and creating awareness about product differentiation including communicating the advantages of switching to lighter hair oils. Aim for a market share of 65% by the year 2015-16</li></ul>
<b>Focus on rural penetration</b>	<ul style="list-style-type: none"><li>■ Tap the increase in disposable income of rural India and convert rural consumer from unbranded to branded products by providing them with an appropriate value proposition</li><li>■ Among its key competitors, our Almond Drops is the only brand which is available in sachets - a marketing initiative to penetrate the rural market</li></ul>
<b>Leverage existing strengths to introduce new products</b>	<ul style="list-style-type: none"><li>■ BCL has over the years created a strong distribution network across 1.95 mn. retail outlets which can be optimally utilized by introducing new products</li><li>■ BCL intends to extend 'Almond Drops' platform developed by its Almond Drops Hair Oil brand to other personal care products to leverage on the strong connotation of Almonds with nutrition</li></ul>
<b>Pursue inorganic Opportunities</b>	<ul style="list-style-type: none"><li>■ Will seek inorganic growth opportunities in the FMCG and hair oil market as part of growth strategy</li><li>■ The inorganic growth opportunities will focus on targeting niche brands which can benefit from BCL's strong distribution network so that they can be made pan India brands</li></ul>

**Thank You**