bajaj corp limited

October 24, 2011

DCS-CRD **Bombay Stock Exchange Ltd.** **First Floor, New Trade Wing** **Rotunda Building, Phiroze Jeejeebhoy Towers** **Dalal Street, Fort** **Mumbai 400 023** Fax No. 2272 3719/2039 **Stock Code: 533229**	**National Stock Exchange of India Ltd.** **Exchange Plaza, 5th Floor** **Plot No.C/1, 'G'Block** **Bandra - Kurla Complex** **Bandra East** **Mumbai 400 051** Fax No. 2659 8237/ 8238 **Stock Code: BAJAJCORP**

Dear Sir,

Sub: Investor Presentation

Please find enclosed a copy of Investor Presentation dated October 2011.

The same may please be taken on record and suitably disseminated to all concerned.

Thanking you,

Yours faithfully,
For Bajaj Corp Limited

Sujoy Sircar
Company Secretary

Encl.: As above

Regd. Office : 221, Solitaire Corporate Park, 167, Guru Hargovind Marg, Chakala, Andheri (E), Mumbai 400 093
Phone : 022-66919478, 66919477, Fax : 022-66919476
Head Office : Old Station Road, UDAIPUR - 313 001 (Raj.) Fax: 0294-2522623 Email: consumer@bajajcorp.com

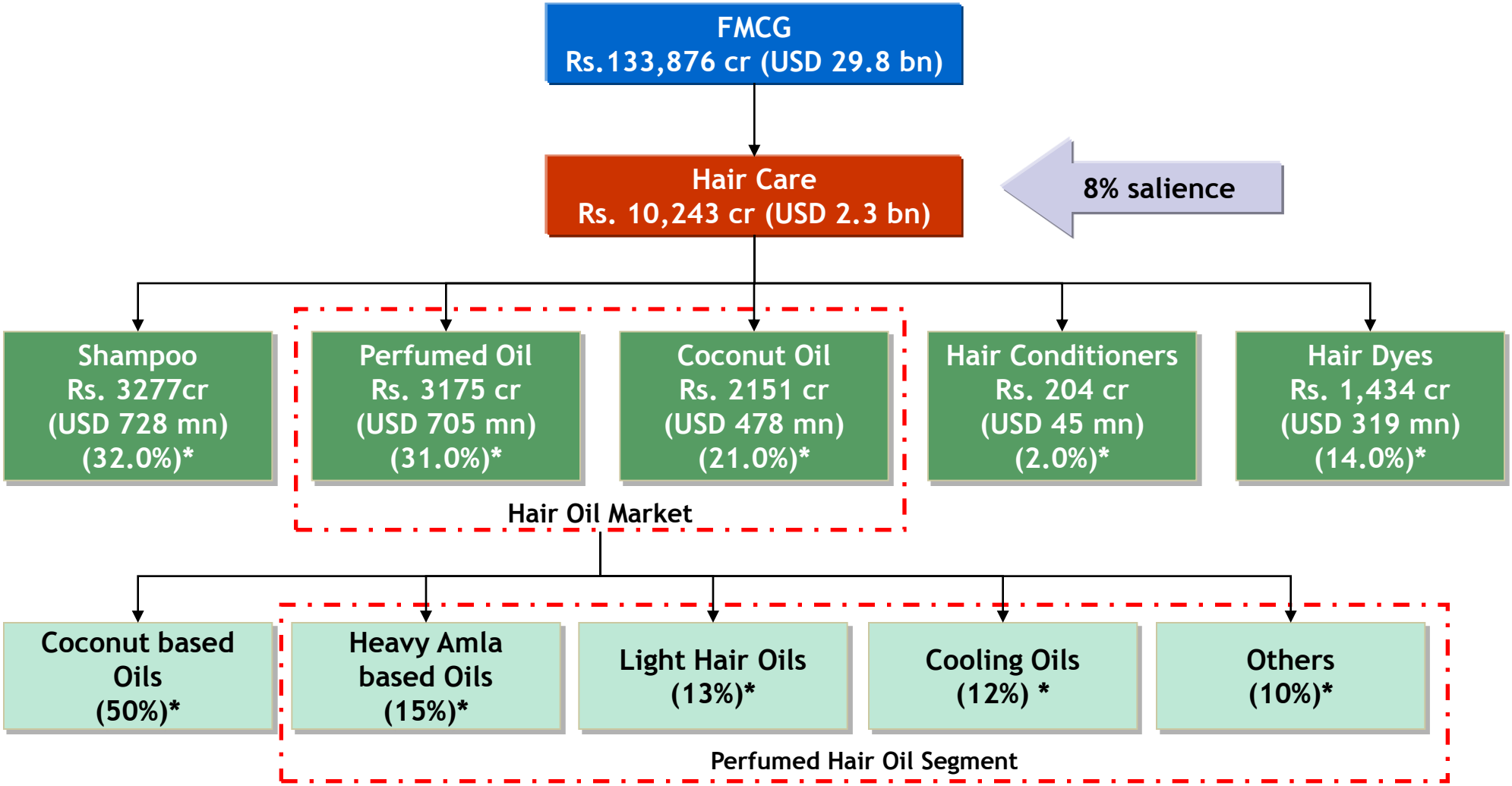
bajaj Corp Ltd.

Investor Presentation

October 2011

Industry Overview

Industry Size and Structure



Source: The AC Nielsen Retail Audit Report.

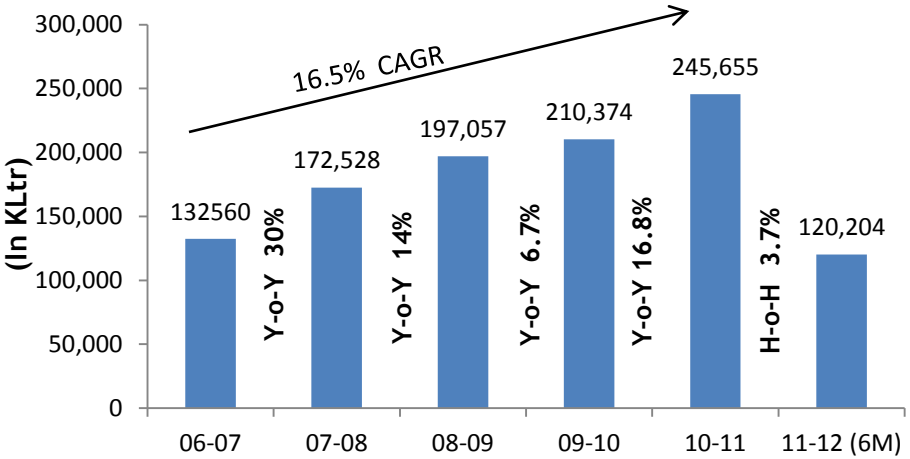
Only branded products data for CY 2010

* Value based share of Hair Care Market

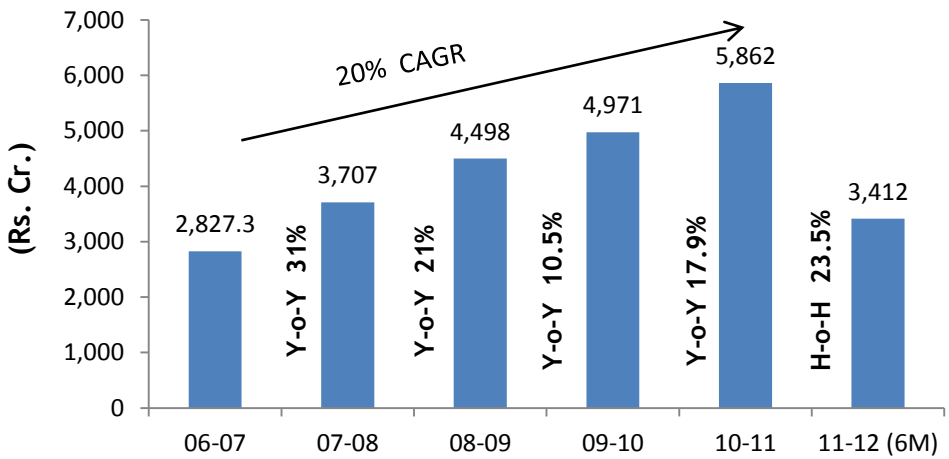
Hair Oil is > 55% of the overall hair care industry in India

Hair Oil Market in India

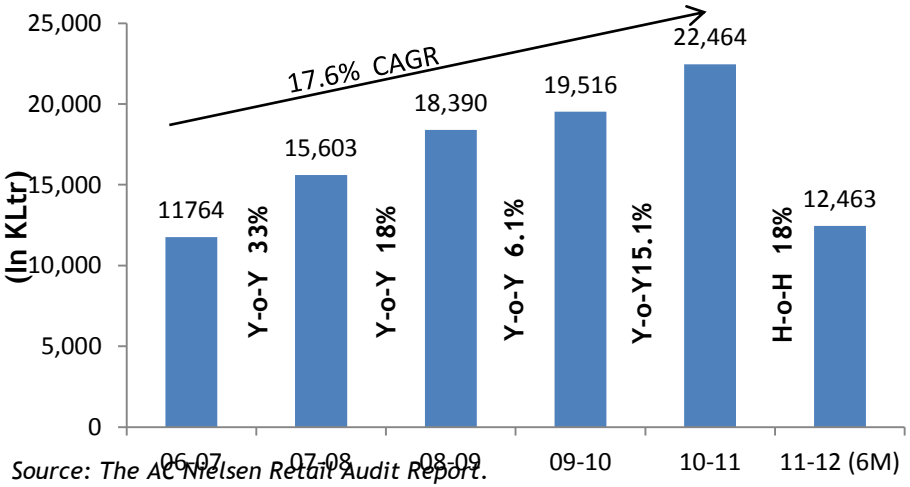
Overall Hair Oil Market - Volume



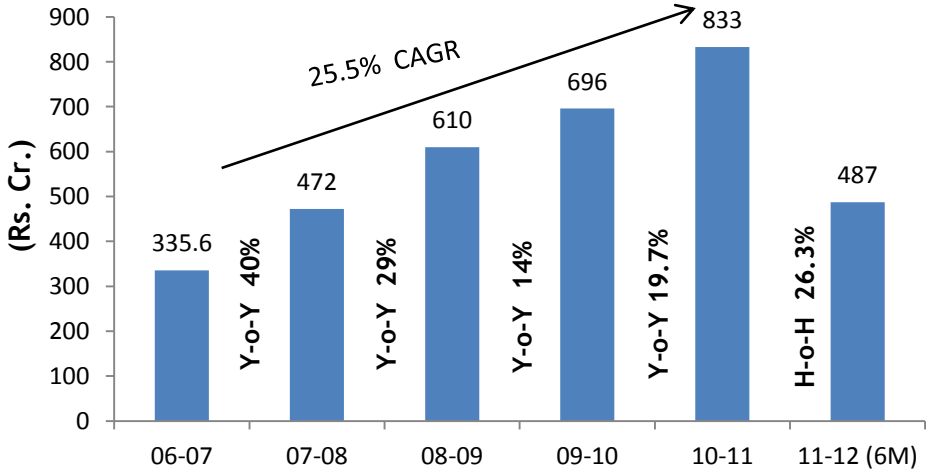
Overall Oil Market - Value



Light Hair Oil - Volume



Light Hair Oil - Value

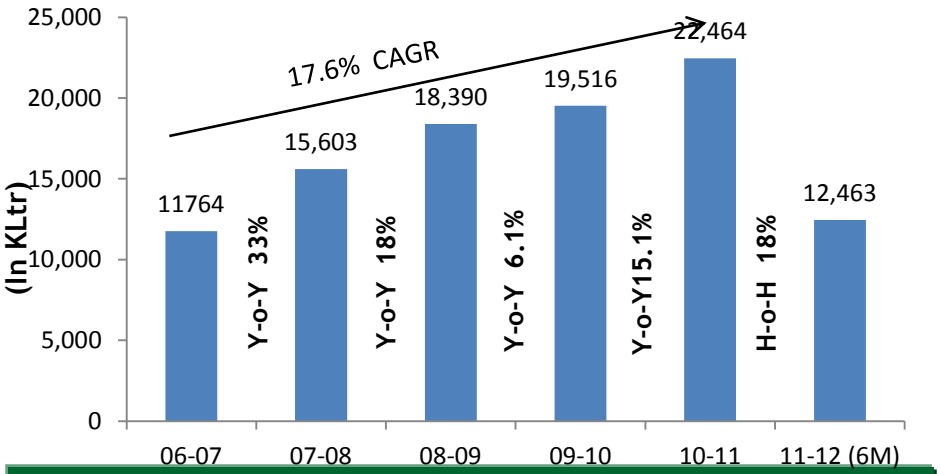


Source: The AC Nielsen Retail Audit Report.

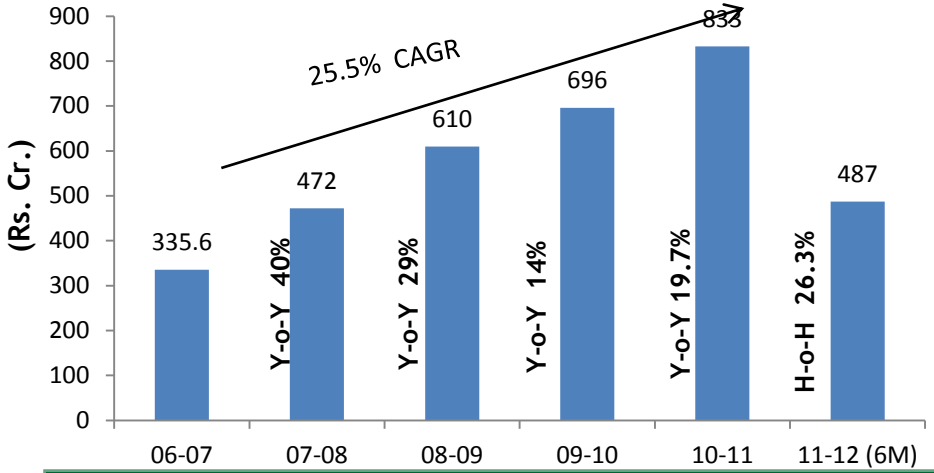
Light hair oils is one of the fastest growing segments in the hair oil market in India

Light Hair Oil Market in India

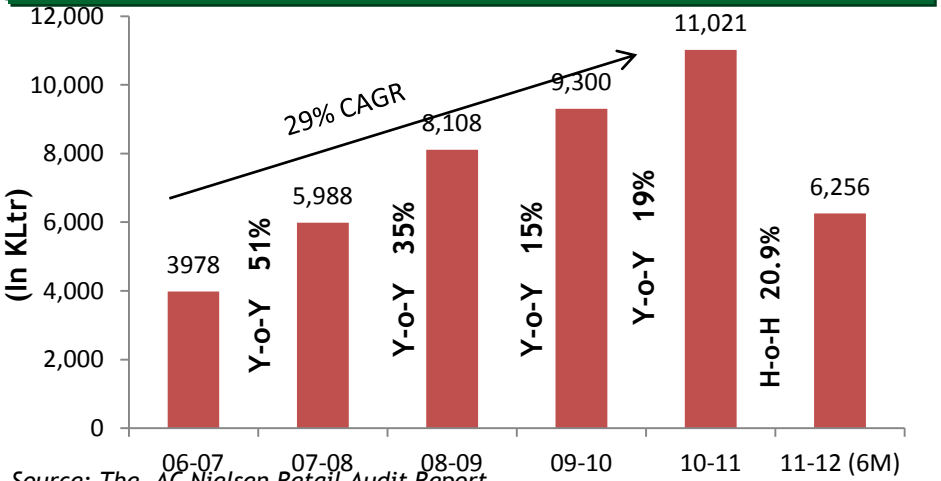
Light Hair Oil - Volume



Light Hair Oil - Value

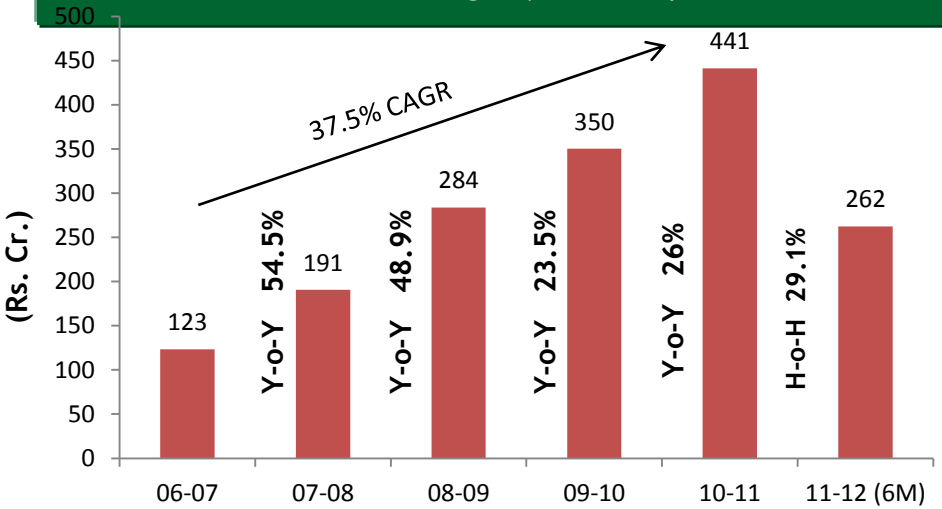


Almond Hair Oil Market - Volume



Source: The AC Nielsen Retail Audit Report.

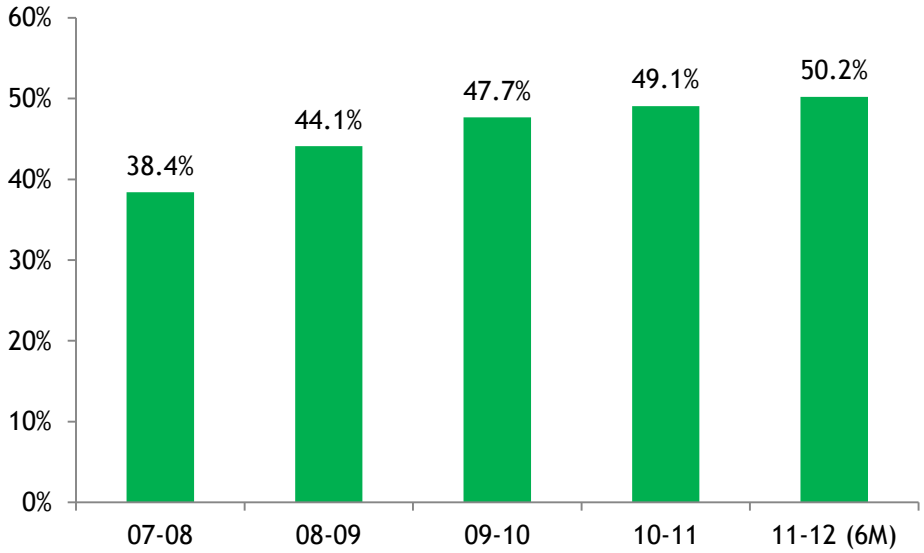
Almond Hair Oil Market - Value



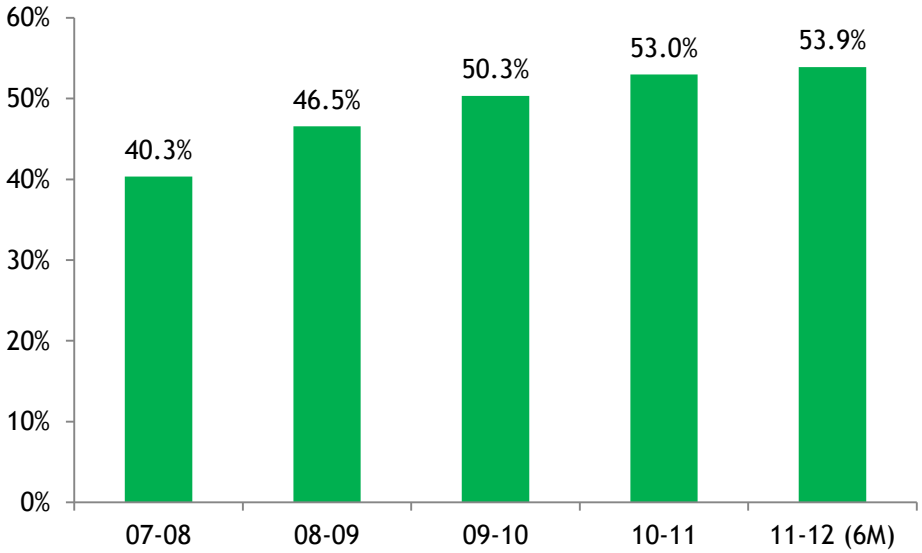
Almond Drops is the brand which is driving light hair oils and in turn the overall market

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.

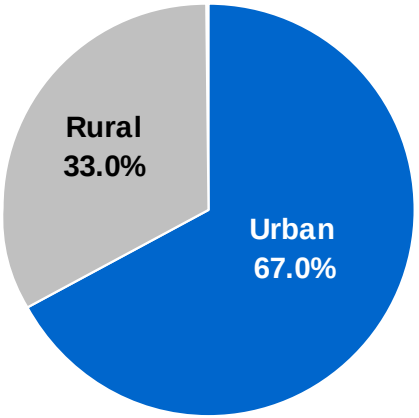
Statewise Market Share

Oct10-Sep11	LHO Volume	Proportion %		ADHO Market Share % (Vol)		
	Saliency	Urban	Rural	Total	Urban	Rural
All India (U+R)	100.00	66.1	33.9	50.2	48.5	53.6
Punjab	6.0	66.0	34.0	46.3	41.2	58.2
Haryana	5.3	80.4	19.6	47.2	44.8	57.8
Delhi	7.3	100.0	0.0	47.6	47.6	NA
Rajasthan	9.1	66.8	33.2	49.9	48.9	51.6
Uttar Pradesh (U+R)	20.1	63.4	36.6	53.2	50.9	56.9
Uttaranchal	1.1	46.2	53.8	59.0	56.8	61.8
Assam	5.6	38.5	61.5	47.6	40.4	52.4
Bihar	4.8	53.4	46.6	65.4	61.8	70.5
Jharkhand	1.3	71.3	28.7	41.3	41.5	40.9
Orissa	1.3	46.4	53.6	44.1	44.2	44.0
West Bengal	8.0	58.6	41.4	28.4	29.4	26.7
Gujarat	6.3	79.6	20.4	53.6	53.0	55.1
Madhya Pradesh	10.2	49.2	50.8	58.8	61.3	56.2
Chattisgarh	2.3	50.5	49.5	50.6	47.2	54.9
Maharashtra	7.9	82.7	17.3	51.3	50.8	53.9
Karnataka	1.1	88.6	11.4	57.1	57.9	48.7
Andhra Pradesh	1.7	73.6	26.4	35.3	40.6	22.3
Tamil Nadu	0.6	91.9	8.1	24.1	25.4	1.2
Kerala	0.2	83.5	16.5	10.1	11.5	1.1

Source: The AC Nielsen Retail Audit Report.

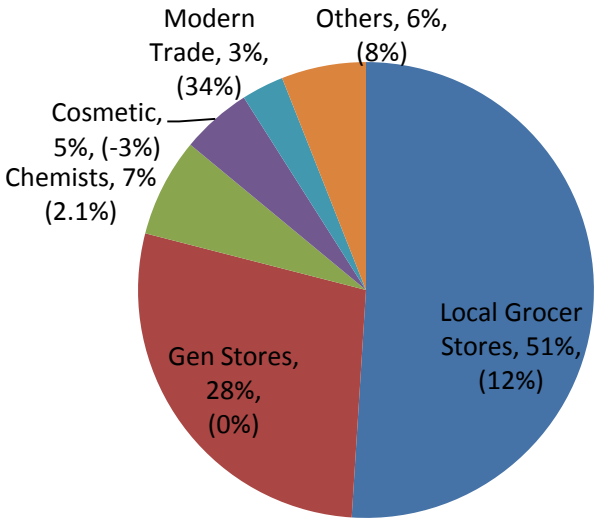
Light Hair Oil Market - Key Characteristics

Rural -Urban break up of LHO market



Urban dominated segment due to its relatively higher pricing

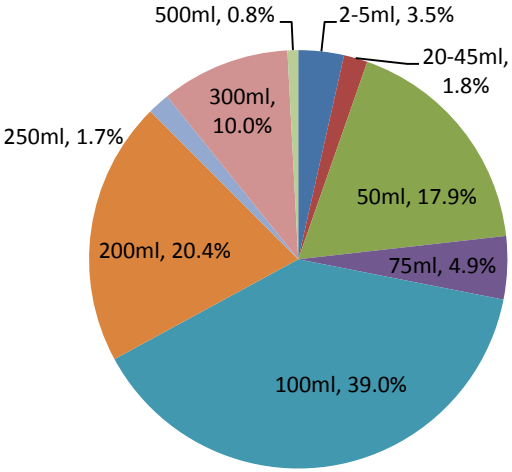
Share of Distribution Channels in LHO market - FY11



(%) - Growth rates; % - Market share

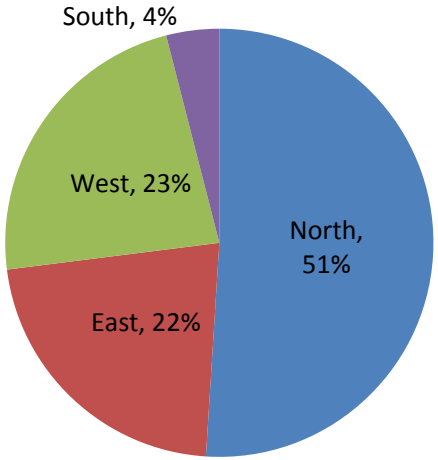
Traditional channels dominate distribution, but alternate channels like modern retail demonstrating higher growth rate

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

Source: AC Nielsen

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
- 3rd largest player in the overall hair oils segment
- Key brand – Bajaj Almond Drops Hair Oil
  - Market leader with over 54% 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

Source: The 2011 AC Nielsen Retail Audit Report.

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

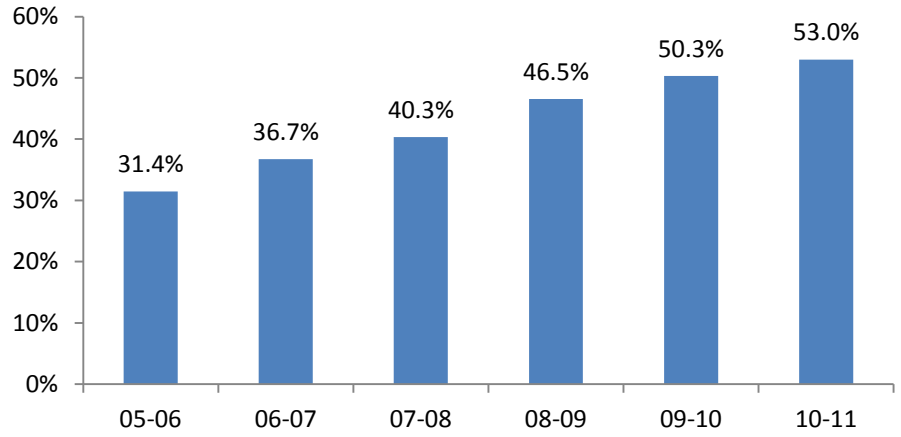
Competitors - Shanti Badam Hair Oil (Marico)

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

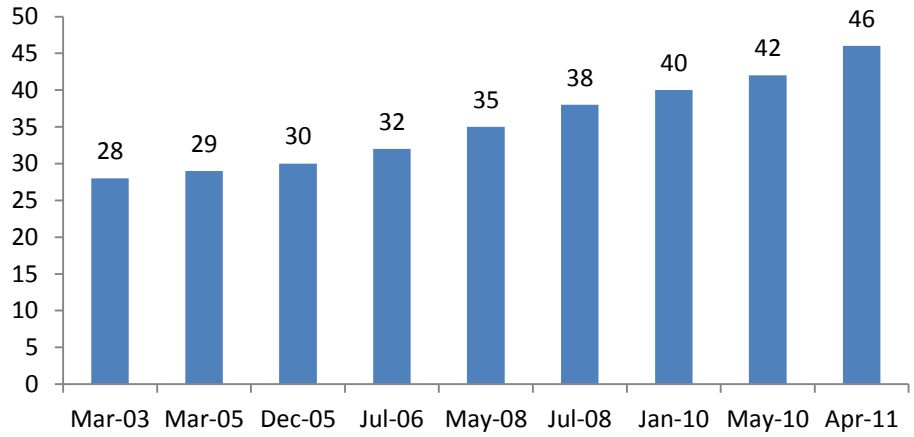
Bajaj Kala Dant Manjan – An oral care product for the rural market.

Bajaj Almond Drops - A Premium Brand

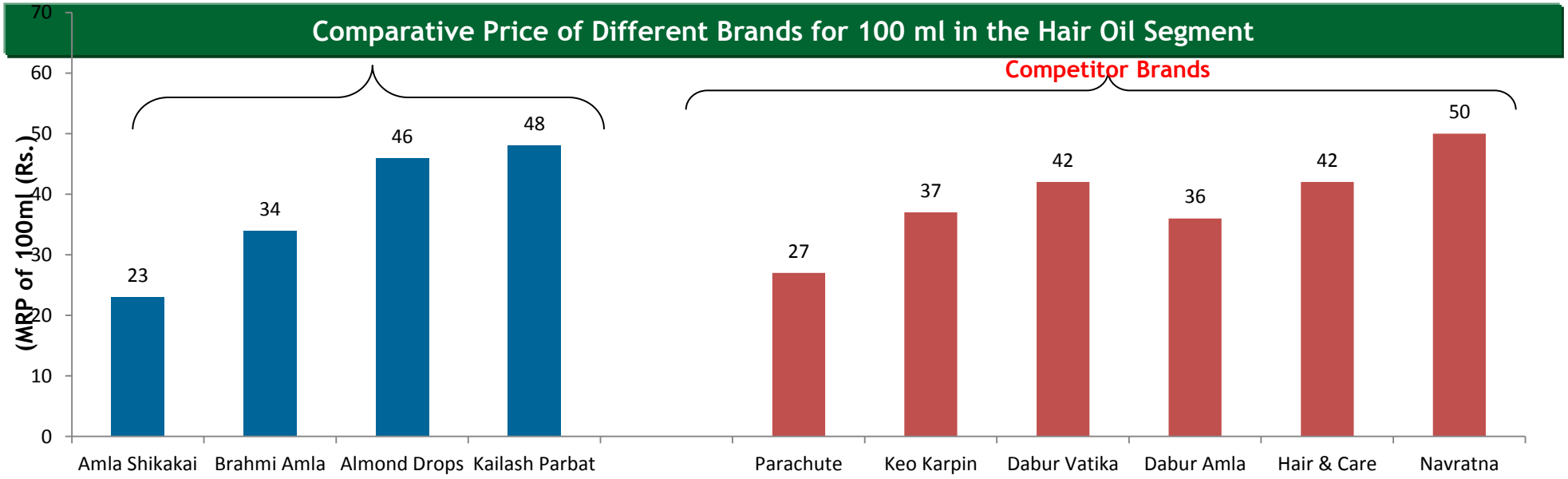
Strong Market Share Growth in Recent Years



. . . But not at the cost of pricing power



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



Source: The AC Nielsen Retail Au Report, Kotak Institutional Research

Almond Drops has created a unique positioning for itself through initiatives like product differentiation (Almond based), focused marketing, unique packaging (glass vs. plastic used by competition etc.)

Consumer Profile- Almond Drops

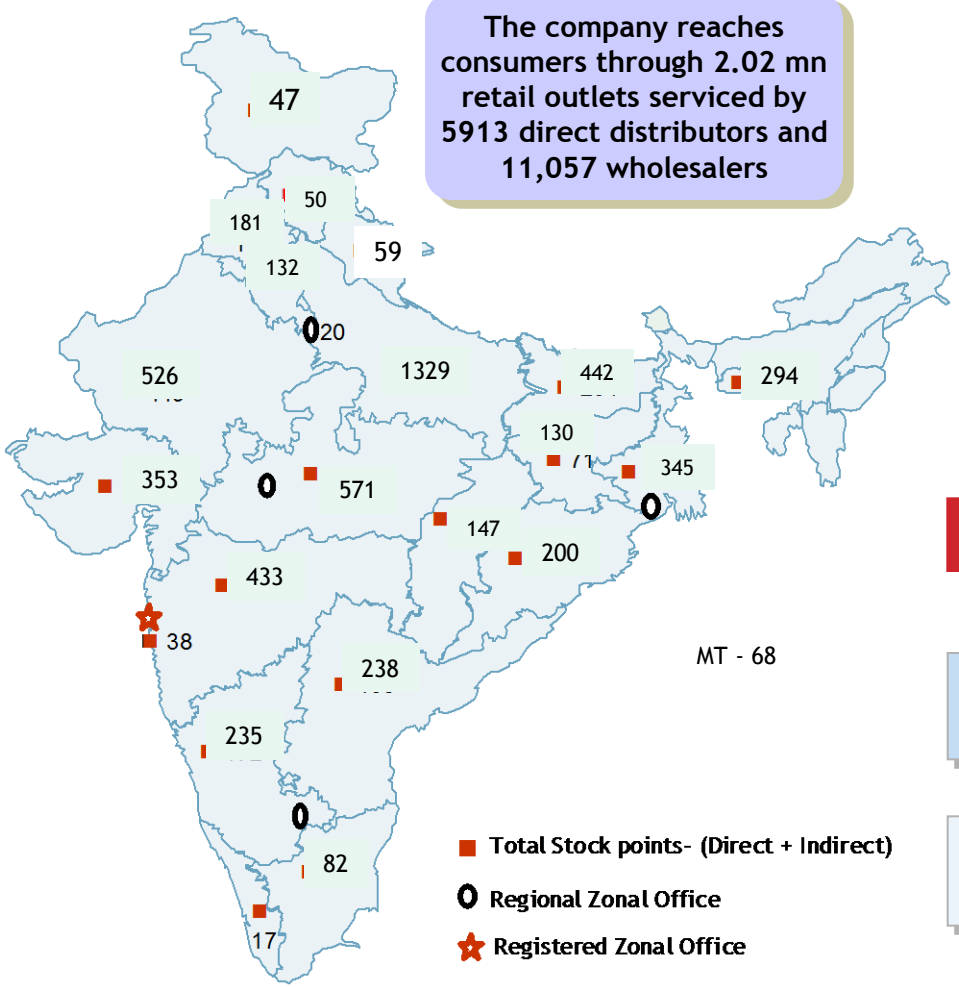
- For Almond Drops the consumer is:
  - Gender
    - Male- 54%
    - Female- 46%
  - Age Group
    - 15 to 39 yrs (59% of users)
  - Urban Vs Rural
    - 61% are Urban consumers
  - Socio Economic Class (SEC)- Urban
    - A1- 11%
    - A2- 16%
    - B1- 15%
    - B2- 12%

Source - IRS

Strong Distribution Network

Distribution Network

The company reaches consumers through 2.02 mn retail outlets serviced by 5913 direct distributors and 11,057 wholesalers



Distribution Structure

Factory (5)

OWN - Himachal Pradesh -2, Uttarakhand-1
THIRD PARTY - Himachal Pradesh-1, Rajasthan-1

↓

Central Warehouse (1)

↓

Regional Distribution Centre (32)

↓

Urban Distribution

↓

Redistribution Stockist (1,756)

↓

Retail Outlets (967,804)[1]

Rural Distribution

↓

Super Stockist (145)

↓

Sub-Stockist (4023)

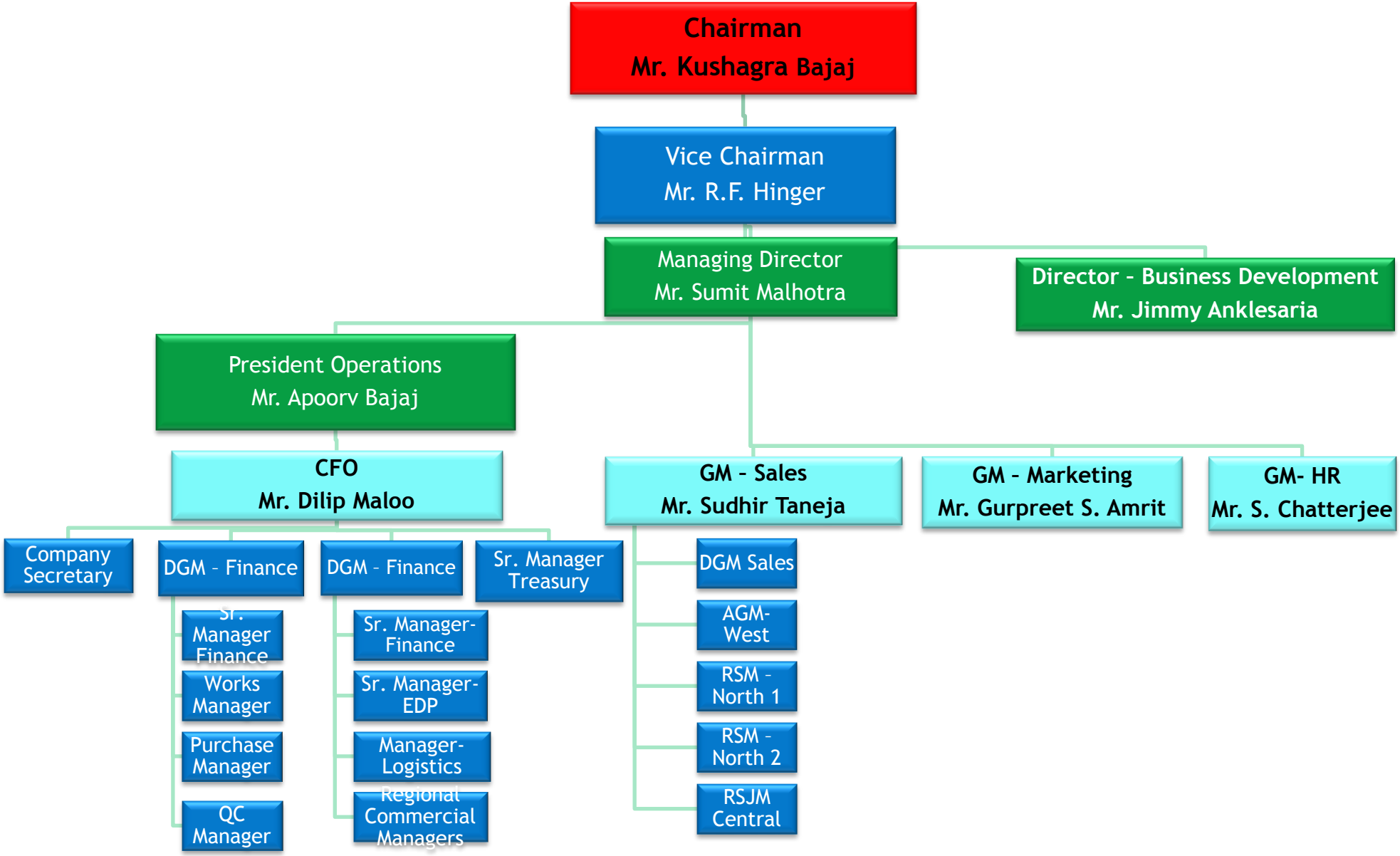
↓

Retail Outlets (1,062,008)[1]

1 - as on June 30, 2011

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

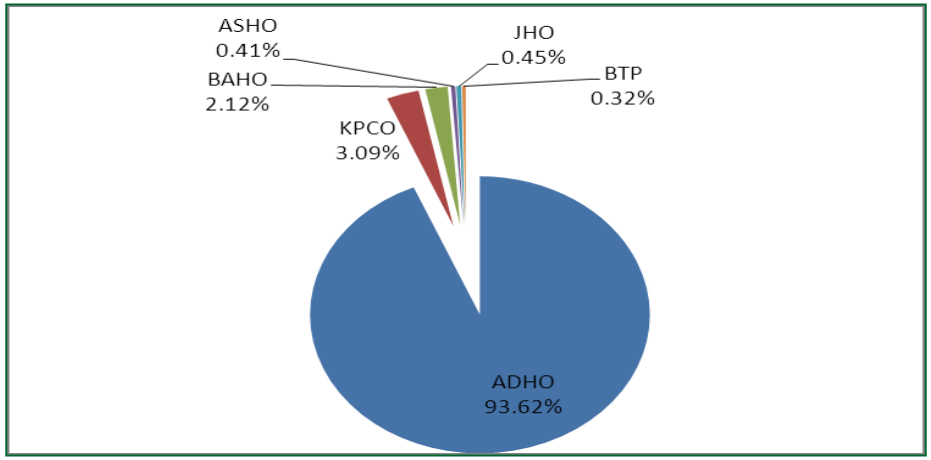
Particulars (In Rupees Crores)	Q2 2012	Q2 2011	HY1FY12	HY1FY11
Sales (Net)	106.77	81.24	213.35	162.95
EBITDA	27.42	23.18	54.03	51.87
EBITDA Margin	*25.68%*	*28.53%*	*25.32%*	*31.84%*
Net Profit after Tax*	28.75	15.11	57.16	37.81
Net Profit Margin	*26.92%*	*18.60%*	*26.79%*	*23.21%*

*** Net profit for Q2 Fy11 & HY 1 FY11 after exceptional items of Rs. 6.32 Crore (IPO expenses).**

Summary Balance Sheet

Particulars (In Rupees Crores)	HY 2012	HY 2011	2010-11	2009-10
Shareholders Equity	433.88	350.02	376.31	25.67
Total Debt	-	-	-	-
Net Fixed Assets	38.07	21.54	21.97	18.36
Investments (including Bank FDs and Bank CDs)	329.93	330.77	396.06	11.24
Net Current Assets	65.88	-2.29	-41.72	-3.93

Sales Break Up in HY1 2012 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
- Subsequently in May 2011 the shares of face value of Rs. 5/- each were split into 5 shares of Re. 1/- each. Hence the total number of shares rose to 1475 lacs from 295 lacs
- Net Current Assets includes ICD of Rs 49.50 crores provided to subsidiary and accrued interest on Bank FDs and CDs of Rs.13.34 crores.

EBITDA & PAT Performance

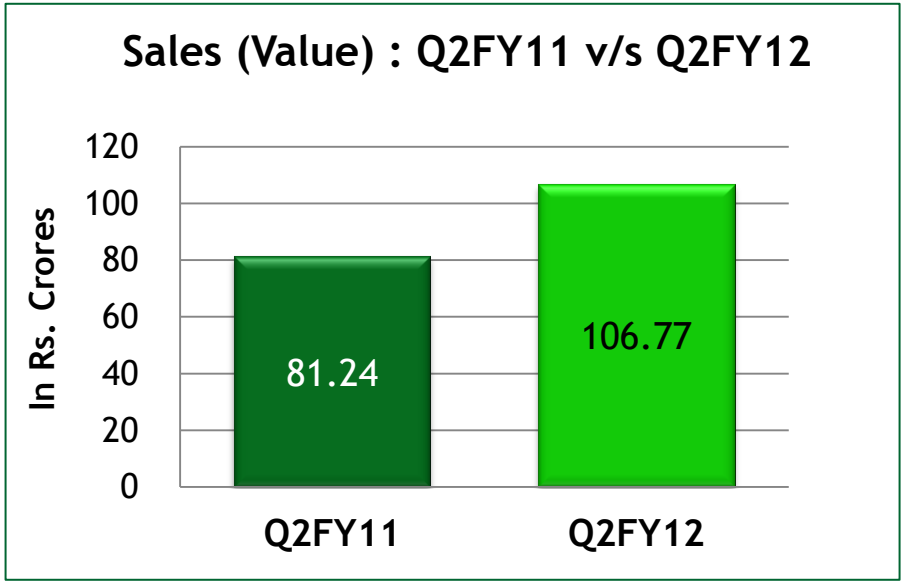
(Rs. in crores)

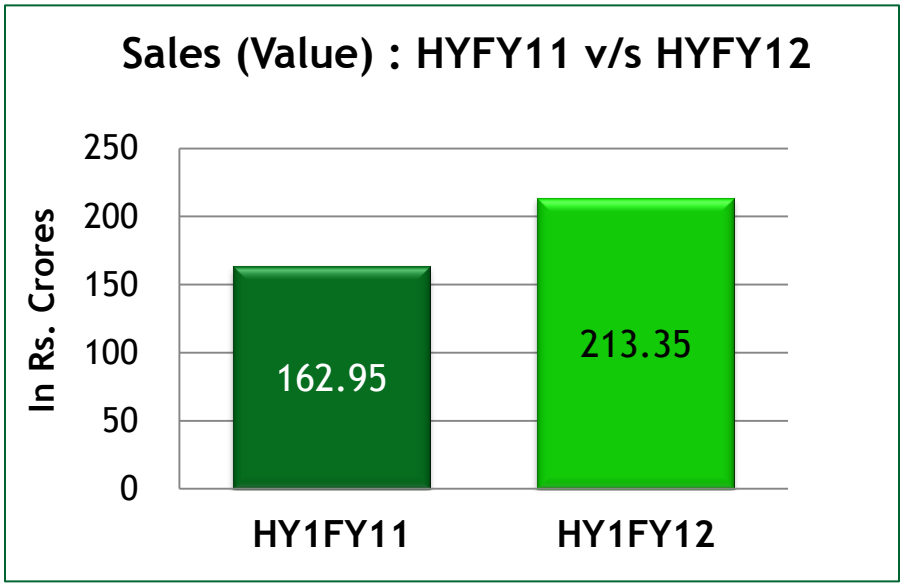
Particulars	Q2 FY12	Q2 FY11	YoY%	HY1FY12	HY1FY11	YoY%
EBITDA	27.42	23.18	18.31%	54.03	51.87	4.15%
Profit Before Tax & Exceptional Items	36.75	25.16	46.06%	72.40	53.52	35.26%
Exceptional Items (IPO Expenses)	-	6.32		-	6.32	
Profit Before Tax (PBT)	36.75	18.84	95.04%	72.40	47.20	53.37%
Profit After Tax (PAT)	28.75	15.11	90.28%	57.16	37.81	51.18%

Profit & Loss Q2 & HY1 FY2012

In Rs. Crores	Q2FY12	Q2FY11	YoY%	HY1 FY12	HY1 FY11	YoY%
Net Sales	**106.77**	**81.24**	**31.43%**	**213.35**	**162.95**	**30.93%**
Other Operating Income	0.33	0.13		0.43	0.22	
Material Cost	49.87	34.81		100.53	67.36	
% of Sales	46.70%	42.86%		47.12%	41.34%	
Employees Cost	5.70	4.03		11.10	8.22	
% of Sales	5.33%	4.96%		5.20%	5.04%	
Advertisement & Sales Promotion Exp.	13.34	10.37		25.94	18.52	
% of Sales	12.50%	12.76%		12.16%	11.37%	
Other Expenses	10.77	8.98		22.18	17.19	
% of Sales	10.09%	11.05%		10.40%	10.55%	
EBITDA	**27.42**	**23.18**	**18.31%**	**54.03**	**51.88**	**4.15%**
% of Sales	25.68%	28.53%		25.32%	31.83%	
Other Income	9.89	2.43		19.43	2.56	
% of Sales	9.26%	2.99%		9.11%	1.57%	
Finance Cost	0.02	0.02		0.04	0.04	
Depreciation	0.54	0.43		1.02	0.86	
Profit Before Tax & Exceptional Item	**36.75**	**25.16**	**46.06%**	**72.40**	**53.52**	**35.26%**
Exceptional Items	0.00	6.32		0.00	6.32	
Profit Before Tax(PBT)	**36.75**	**18.84**	**95.04%**	**72.40**	**47.21**	**53.37%**
Tax Expenses	8.00	3.73		15.23	9.39	
Profit After Tax(PAT)	**28.75**	**15.11**	**90.28%**	**57.17**	**37.81**	**51.18%**
% of Sales	26.92%	18.60%		26.79%	23.21%	
Diluted EPS (Rs.)	**1.95**	**1.10**		**3.88**	**2.89**	

Sales Performance





- ✓ Sales for Q2 FY2011-12 increased by 31.43% in value terms and 21.98% in volume terms.
- ✓ Sales for the half year 2012 has increased by 30.93% in value terms and 20.96% in volume terms.

Statement of Quarter wise Sales (Volume & Value)

STATEMENT OF QUARTERWISE SALES (VOLUME - In Cases)

	ADHO		KPCO		BAHO		ASHO		Others		Total		% Increase over Pr. Year
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	
Qtr1	765,858	654,856	28,777	0	14,125	14,888	4,451	6,232	4,249	5,494	817,460	681,470	19.96%
Qtr2	793,821	645,747	7,562	0	12,272	18,152	3,751	4,608	6,053	6,568	823,459	675,075	21.98%
Total	**1,559,678**	**1,300,603**	**36,339**	**0**	**26,398**	**33,040**	**8,202**	**10,839**	**10,302**	**12,063**	**1,640,919**	**1,356,545**	20.96%

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

	ADHO		KPCO		BAHO		ASHO		Others		Total		% Increase over Pr. Year
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	
Qtr1	97.59	77.96	5.42		2.44	2.33	0.47	0.66	0.66	0.76	106.58	81.71	30.44%
Qtr2	102.15	76.90	1.17		2.08	2.94	0.40	0.49	0.97	0.91	106.77	81.24	31.43%
Total	**199.74**	**154.86**	**6.59**	**0.00**	**4.52**	**5.27**	**0.87**	**1.15**	**1.64**	**1.67**	**213.35**	**162.95**	30.93%

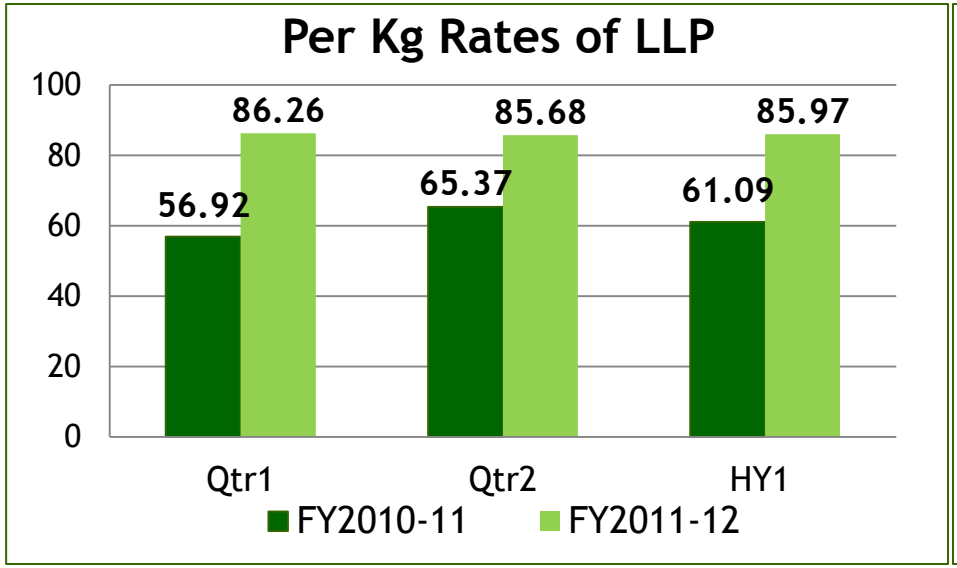
Breakup of RM/PM Costs *(for HY1 FY12)*

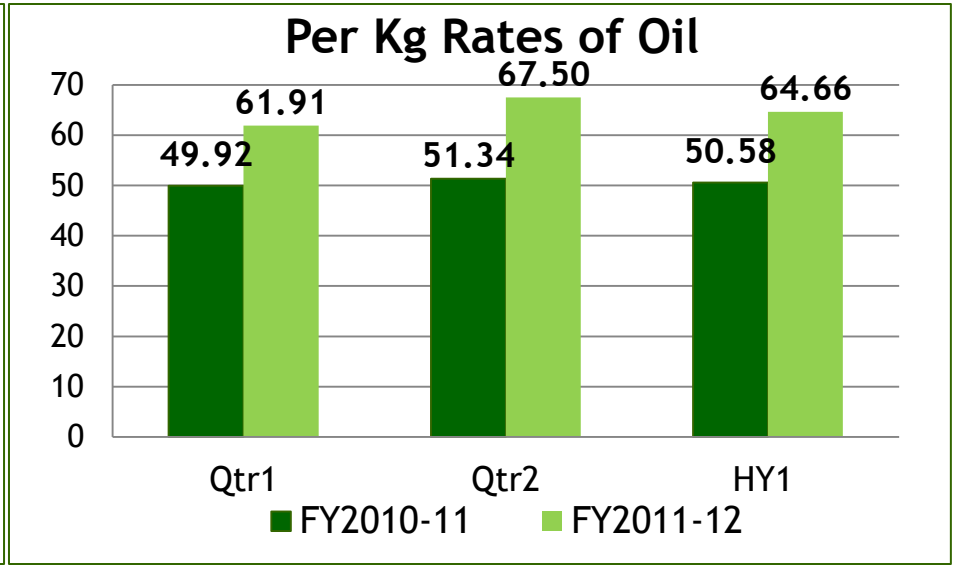
Key Raw & Packing Material	% to Sales	% to Total Cost
LLP	19.2%	41.4%
Glass Bottles	11.4%	24.6%
Refined Veg. Oil	3.8%	8.3%
Perfumes & other additives	3.6%	7.7%
Corrugated Boxes	2.3%	5.0%
Caps	2.2%	4.7%
Others	3.8%	8.3%
TOTAL	46.4%	100.0%

*** Consumption is 46.4% of Sales**

For Bajaj Almond Drops

Change in Prices of Key Ingredients





- ✓ **During the current quarter company faces major increase in the prices of its raw material's key ingredient namely LLP (Light Liquid Paraffin) and Refined Oil .**
- ✓ **Price of LLP increased to Rs 85.68/Kg from Rs 65.37/Kg in Corresponding quarter of previous year i.e. an increase of 31.07%. This has adversely affected the overall profitability of the company.**
- ✓ **Prices of Refined oil for the Q2FY12 increased from Rs 51.34 per Kg to Rs 67.50 per Kg witnessing an increase of 31.47% over Q2FY11.**
- ✓ **Prices of our other key ingredients (except glass bottles with 15% increase) have remained more or less on the same level.**

Growth Strategy

Strategy	Action Steps
Market share gains from other hair oil segments	■ 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
Focus on rural penetration	■ 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 ■ Among its key competitors, our Almond Drops is the only brand which is available in sachets – a marketing initiative to penetrate the rural market
Leverage existing strengths to introduce new products	■ BCL has over the years created a strong distribution network across 2.02 mn. retail outlets which can be optimally utilized by introducing new products ■ 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
Pursue inorganic Opportunities	■ Will seek inorganic growth opportunities in the FMCG and hair oil market as part of growth strategy ■ 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

Thank You