



**bajaj**  
Corp Ltd.

Ninth Annual Report  
2014 - 2015

Bajaj Almond Drops Hair Oil

STRONG HAIR.  
BEAUTIFUL YOU.



300% EXTRA  
VITAMIN-E\*

Kangana Ranaut  
Film Actress

\*300% extra Vitamin-E than ordinary coconut oil.

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## Board of Directors

**Kushagra Nayan Bajaj**

Promoter & Non-Executive Chairman

**Sumit Malhotra**

Managing Director

**Gaurav Dalmia**

Independent & Non-Executive Director

**Dilip Cherian**

Independent & Non-Executive Director

**Aditya Vikram Ramesh Somani**

Independent & Non-Executive Director

**Mrs. Vasavadatta Bajaj**

Non-Independent, Non-Executive Director

**Sujoy Sircar**

Company Secretary

**Statutory Auditors****R. S. Dani & Co.**

Chartered Accountants

**Bankers**

Corporation Bank

HDFC Bank Limited

Kotak Mahindra Bank Limited

State Bank of India

**Registered Office**

Old Station Road

Sevashram Chouraha

Udaipur 313 001

Rajasthan

**Registrar & Transfer Agent**

Karvy Computershare Private Limited

Karvy Selenium Tower B, Plot 31-32,

Gachibowli Financial District,

Nanakramguda, Hyderabad – 500 032



*Dear Shareholders,*

It gives me immense pleasure to inform you that your company posted another stellar performance for the year 2014-15 and continues to grow at one of the fastest growth rates in the FMCG sector both in terms of top line and bottom line. The high light of your company's performance clearly demonstrates its commitment to maintain its growth momentum:

- Sales increased to ₹ 81949 Lacs in the FY 2014-15 registering a growth of 22.20 % over the previous year.
- Profit after tax increased to ₹ 17331 lacs registering a growth of 15.20% (after factoring brand amortisation of NOMARKS).

Your company has continued the practice of rewarding its shareholders with handsome dividends. This year an interim dividend of ₹ 11.50 per share was declared and paid (against ₹ 6.50 per share in the previous year

## The Industry

During the year 2014-15 the Indian economy showed slightly better GDP growth of 7.3% . Though this is better than the 6.9% growth recorded during the previous year the expectations were much higher. The major disappointment was in the growth registered in the Farm and allied sectors. As against a 3.7% growth in the year FY14, the year FY15 showed a growth of just 0.7%.

Given this scenario the FMCG sector also showed sluggish growths. Nearly all the sectors showed a slowing down of volume growths during the financial year. Keeping in line with the overall growth of GDP the FMCG industry also showed a 7.9% growth in turnover.

## The Hair Oil Industry

The year 2014-15 was comparatively a difficult year for the hair oil industry on the whole. The Hair Oil industry

## Chairman's Letter to shareholders

showed a decline in volumes of 6%. However, propelled by the increase in Copra Oil prices the value growth of the total branded hair oil industry was a more respectable 6.7%. The Hair oil industry witnessed a clear downtrading and all low cost brands showed better growth in volumes. All the segments in the hair oil industry (except Amla category) witnessed decline in volume. Light hair oil category also declined by 2% by volume.

## Bajaj Almond Drops

Despite the overall bleak scenario in the hair oil industry, our lead brand Bajaj Almond Drops Hair Oil continues to show impressive growths both in volumes and market share.

Bajaj Almond Drops showed a volume growth of 11.4% during the financial year. As a result of this the market share for the brand rose by 1% during the year. This was led by the increased in distribution of 140,000 outlets across India.

Besides this, Almond Drops hair Oil has become the second largest hair oil brand in the country with 10.5% market share in over all hair oil industry in India.

## Bajaj NOMARKS

The NOMARKS brand acquired in the previous year has established itself in the market. Bajaj NOMARKS cream is currently No. 1 cream in the Anti-Marks segment. Bajaj NOMARKS Face Wash is currently the 2nd largest Anti-Marks Face wash.

## Distribution

We continue to focus on improving the distribution of our brands. The brand is being sold through more than 7500 stockists and is now available in more than 2.78 million retail outlets across the country.

## Macro Economic Outlook

The Indian economy in 2014-15 was characterized by declining inflation, higher growth, stable currency, huge foreign inflows and improving investors' confidence in India. The Indian economy has certainly overcome the state of slow-pace-growth that it was in towards the end of last fiscal 2013-14. The new government that came to power also was aware of the fact and had huge expectations from the stakeholders all over.

The Government had to live up to their promises of reforms and development. In vibrant democracies like India, the idea of promises been kept should be reflected soon for the governments coming to power. Therefore, considering all these, the Government of India has been rigorously and tactfully bringing multi-dimensional reforms. The Indian economy showed considerable resilience to the euro-zone crisis. Further, it is expected to be world's fastest growing economy outpacing China soon. With this, it can be said that the 'politics of reforms' is definitely grounding base for accelerated overall development in India, and the incumbent government can be seen to exert importance on the same. Furthermore, the Prime Minister's mantra- "Make in India "is expected to be a vital component in India's quest for achieving wholesome economic development.

We have witnessed sharp decline in the crude prices at the international level. As a result the prices of light liquid paraffin which is a major raw material for our product also declined drastically during the second half of the financial year. Prices of other inputs also remained benign during the year.

## Employee Initiatives

Your Company has been constantly implementing better systems and processes to enhance customer value and build leadership and functional skills at all levels in the organisation. We had also participated in the AON Hewitt Best Employer Survey and the Great Place to Work Survey this year and the results showcased that we had

mostly surpassed the Best Employers Score in the area of Leadership, Performance, Culture and Employer Branding.

## Responsibility Towards Society

The Bajaj Group has been at the forefront of various initiatives and programmes aimed at betterment of the lives of the poor and downtrodden. Our founding father- Shri Jamnalal Bajaj who played an active role during our freedom struggle and was closely associated with Mahatma Gandhi, believed that corporates must contribute to the betterment of society through humane and welfare initiatives. The company contributed to the corpus of The Kamalnayan Janmnalal Bajaj Foundation ("KJBF") which is spearheading the ideals of Shri Jamnalalji in Wardha district of Maharashtra in the domain of rural development, irrigation, water conservation, tree plantation and other welfare activities.

## Our Commitment

We adhere to the highest levels of Corporate Governance and CSR activities within the group. We believe ourselves as not owners but trustees of the company on behalf of all stakeholders and therefore, we shall continue to nurture the business accordingly. We will not do anything nor let anything happen which will tarnish the rich and glorious heritage and name that the Bajaj Group is synonymous with. The Bajaj Group is among the few corporate houses in India which is known for trust, integrity, honesty and hard work- the 4 pillars on which any institution needs to be based. I assure you that over the time, these will get highlighted even more and we will continue to shine as we have always done. With that I would like to thank our esteemed shareholders for reposing trust and faith in management of Bajaj Corp.

With warm regards,

**Kushagra Nayan Bajaj**

# Board's Report

Your Directors have pleasure in presenting their Ninth Annual Report and the audited statement of accounts for the financial year ended March 31, 2015.

## Financial Results

The summarised financial results of the Company for the financial year ended March 31, 2015 are presented below:

(₹ in lacs)

	Financial Year ended March 31, 2015	Financial Year ended March 31, 2014
Sales and other income	85,284.30	71,185.16
Profit before interest, depreciation and taxation	27,062.36	22,678.01
Finance cost	9.96	588.44
Depreciation	423.79	367.47
Profit before exceptional items & tax	26,628.61	21,722.10
Exceptional items (Brand Amortisation)	4,698.00	2,859.65
Profit before tax	21,930.61	18,862.45
Provision for taxation – Income Tax	4,599.35	3,943.74
– Deferred Tax	0.00	(125.65)
Profit after tax	17,331.26	15,044.36
Balance brought forward from previous year	14,696.64	12,373.62
Disposable surplus after adjustments	32,027.90	27,417.98
Appropriations-		
- Depreciation adjustment	4.06	0.00
- Interim dividend	16,962.50	9,587.50
- Corporate dividend tax	3,391.50	1,629.40
- Transfer to General Reserve	0.00	1,504.44
- Balance carried to balance sheet	11,669.84	14,696.64

The Company achieved a turnover of ₹85,284.30 lacs as compared to ₹ 71,185.16 lacs in the previous year thereby registering a growth of approximately 19.80% over previous year. Profit before tax and exceptional items were ₹26,628.61 lacs as against ₹21,722.10 lacs of the previous year. The Profit after tax stood at ₹17,331.26 lacs as compared to the profit of ₹15,044.36 lacs in the previous year. The operations and financial results of the Company are elaborated in the annexed Management Discussion and Analysis Report.

## Registered Office

The registered office of the Company stands shifted from the State of Maharashtra to the State of Rajasthan with effect from March 10, 2015 upon receipt of certificate of registration of Regional Director Order for change of state certifying the aforesaid change of situation of registered office. Consequently, the Corporate Identity Number (CIN) has been changed to L01110RJ2006PLC047173.

The details of the present address of the registered office are given below:

Bajaj Corp Limited  
Old Station Road  
Sevashram Chouraha  
Udaipur 313 001  
Rajasthan

## Dividend

The Board of Directors of the Company had declared an Interim Dividend of 1150% (i.e. ₹11.50 per share on equity shares of the face value of ₹ 1/- each) for the financial year ended March 31, 2015. Total outgo on the Interim Dividend was ₹ 20,354.00 lacs (including Dividend Tax of ₹ 3,391.50 lacs as against ₹11,216.90 lacs (including Dividend Tax of ₹1,629.40 lacs) in the previous year. The above outgo constitutes a payout ratio of 117.4 % of annual profits as against 74.6% in the previous year. The Board therefore has not proposed any Final Dividend and accordingly, the Interim Dividend paid during the year shall be treated as Final Dividend for the financial year ended March 31, 2015.

## Share Capital

The paid up equity share capital as on March 31, 2015 was ₹1475.00 lacs. During the year under review, the Company has not issued shares with differential voting rights nor granted stock options nor sweat equity. As on March 31, 2015, none of the Non-Executive Directors of the Company holds equity shares in the Company. The following Executive Directors are holding equity shares of the Company as per details given below:

Sr. No.	Name of the Director	No. of shares held
1	Mr. Sumit Malhotra	600
2	Mr. Jimmy Rustom Anklesaria (resigned w.e.f. October 1, 2014)	20

## Finance

Cash and cash equivalent as at March 31, 2015 was ₹133.62 crore. The Company continues to focus on judicious management of its working capital. Receivables, inventories and other working capital parameters were kept under strict check through continuous monitoring.

## Deposits

The Company has not accepted deposits covered under Chapter V of the Companies Act, 2013 and accordingly, the disclosure requirements stipulated under the said Chapter are not applicable.

## Particulars of Loans, Guarantees and Investments

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the table below:

(₹ in lacs)

Name of recipient	Amount given	Amount repaid	Key terms and conditions (Tenure, Rate of Interest, Security)	Purpose for which the loan or guarantee or security is proposed to be utilised by the recipient (to be provided only for loan or guarantee or security)
Bajaj Corp International FZE	24.79	0.00	Investment in Equity. Bajaj Corp Ltd subscribed 1 share with value of DHS 150000 of Bajaj Corp International FZE and made it a wholly owned subsidiary.	To comply with the provisions prevailing in the Free Zone Establishment in Sharjah
Bajaj Corp International FZE	24.44	0.00	Loan given @11% p.a, unsecured repayable on demand	For increasing business activities in foreign territory.
Uptown Properties & Leasing Pvt. Ltd.	35.00	0.00	Amount given as an Inter Corporate Deposit at 0% interest, unsecured repayable on demand	Amount will be utilized in construction of an office building.

## Management Discussion and Analysis

The Management Discussion and Analysis Report presented in a separate section forms part the Board's Report.

## Corporate Social Responsibility (CSR) Initiatives

Pursuant to the provisions of Section 135 of the Companies Act, 2013, the Companies (Corporate Social Responsibility) Rules, 2014 and the various notifications/ circulars issued by the Ministry of Corporate Affairs, the Company has contributed an amount of approximately ₹ 3.67 crore towards the corpus of Kamalnayan Jamn Lal Bajaj Foundation (KJBF) (the implementing agency engaged in activities specified in Schedule VII of the Companies Act, 2013). Additional disclosures as required under the aforesaid provisions are given in Annexure-1.

## Business Risk Management

The Company, like any other enterprise, is exposed to business risk which can be internal risks as well as external risks. One of the key risks faced by the Company in today's scenario is the wide and frequent fluctuations in the prices of its raw material. Any further increase in prices of raw materials could create a strain on the operating margins of the Company. Inflationary tendencies in the economy and deterioration of macroeconomic indicators can impact the spending power of the consumer because of which down trading from branded products to non-branded can occur which can affect the operating performance of the Company.

The Company operates in the highly competitive FMCG market with competitors who may have better ability to spend more aggressively on advertising and marketing and more flexibility to respond to changing business and economic conditions. An increase in the amount of competition that we face could have a material adverse effect on our market share and sales.

Any unexpected changes in regulatory framework pertaining to fiscal benefits and other related issues can affect our operations and profitability.

However the Company is well aware of the above risks and as part of business strategy has put in mechanism to ensure that they are mitigated with timely action. The Company has a robust Business Risk Management (BRM) framework to identify, evaluate business risks and opportunities. This framework seeks to create transparency, minimize adverse impact on the business objectives and enhance the Company's competitive advantage. The details of the Risk Management Policy are available on the Company's website [www.bajajcorp.com](http://www.bajajcorp.com).

In the opinion of the Board of Directors, none of the aforementioned risks affect and/or threaten the existence of the Company.

## Policies

### Material subsidiary

During the year ended March 31, 2015, the Company does not have any material listed/unlisted subsidiary companies as defined in Clause 49 of the Listing Agreement. The details of the policy on determining material unlisted subsidiary of the Company is available on the Company's website [www.bajajcorp.com](http://www.bajajcorp.com).

### Vigil Mechanism

The Board of Directors of Bajaj Corp Limited are committed to maintain the highest standard of honesty, openness and accountability and recognize that employees have important role to play in achieving the goal. As a public company, the integrity of the financial matters of the Company and the accuracy of financial information is paramount. The stakeholders of the Company and the financial markets rely on this information to make decisions.

For these reasons, the Company must maintain workplace where it can retain and treat all complaints concerning questionable accounting practices, internal accounting controls or auditing matters or concerning the reporting of fraudulent financial information to our shareholders, the Government or the financial markets. The employees should be able to raise these free of any discrimination, retaliation or harassment. Pursuant to the policy, employees are encouraged to report questionable accounting practices to Mr. Gaurav Dalmia, Chairman Audit Committee through email or by correspondence through post. Further details are available on the company's website [www.bajajcorp.com](http://www.bajajcorp.com).

### Related Party Transaction

Policy on dealing with Related Party Transactions as approved by the Board is uploaded on the Company's website [www.bajajcorp.com](http://www.bajajcorp.com).

## Corporate Social Responsibility

Contents of Corporate Social Responsibility Policy in the Board's report are given in the Report on CSR activities in Annexure 1 and on the Company's website [www.bajajcorp.com](http://www.bajajcorp.com).

## Subsidiary Companies

During the year under review, no company is ceased to be a subsidiary/associate/joint venture of the Company.

As on March 31, 2015, the Company had the following wholly owned subsidiaries, which are presently unlisted, namely:

- Uptown Properties and Leasing Private Limited
- Bajaj Bangladesh Limited
- Bajaj Corp International (FZE)

Pursuant to the provisions of Section 129 of the Companies Act, 2013 and the Companies (Accounts) Rules, 2014, the Company has attached along with the financial statements, a separate statement containing the salient features of the financial statements of its subsidiary companies in the manner prescribed under the Companies Act, 2013.

## Subsidiaries' Operations

### Uptown Properties and Leasing Private Limited

During the financial year ended March 31, 2015, the net losses of Uptown were ₹105.43lacs as against net losses of ₹ 106.74 lacs. There was no business activities during the financial year ended March 31, 2015.

### Bajaj Bangladesh Limited

Bajaj Bangladesh Limited (BBL) has carrying on their manufacturing activity through M/s Ethical Toiletries Limited (third party manufacturer) in Bangladesh. During the financial year ended March 31, 2015, the Company achieved a turnover of ₹ 125.92 lacs and net loss was ₹ 40.97 lacs.

### Bajaj Corp International (FZE)

Bajaj Corp International (FZE) was incorporated in December 23, 2013 to expand and to carry on the business of trading in skin and hair care products. The Company has commenced its operation during the year 2014-15 and during the financial year ended March 31, 2015, the Company achieved a turnover of ₹ 615.76 lacs and net profit was ₹ 93.02 lacs.

## Board of Directors

### Appointments

Pursuant to the provisions of Sections 149 and 161 of the Companies Act, 2013, the Board of Directors had appointed Mrs. Vasavadatta Bajaj (Non-Independent, Non-Executive Director) as an Additional Director of the Company, with effect from September 26, 2014. In accordance with the

provisions of the aforesaid section, Mrs. Vasavadatta Bajaj holds office up-to the date of the 9th Annual General Meeting of the Company. Appropriate resolutions seeking the consent of the Members of the Company for appointment of Mrs. Vasavadatta Bajaj as Director liable to retire by rotation forms part of the Notice convening the 9th Annual General Meeting. Mrs. Vasavadatta Bajaj is spouse of Mr. Kushagra Bajaj, Chairman of the Company.

### Independent Directors

At the 8th Annual General Meeting of the Company held on August 1, 2014, the Members of the Company had appointed Mr. Gaurav Dalmia, Mr. Dilip Cherian, Mr. Aditya Vikram Somani and Mr. Haigreave Khaitan as Independent Directors of the Company, for a period of 5 years with effect from August 1, 2014. All Independent Directors have given declaration that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

### Cessation

Mr. Haigreave Khaitan, Independent Director resigned from the Board of Directors of the Company with effect from September 30, 2014. Mr. Jimmy Rustom Anklesaria, Director- Business Development resigned from the Board of Directors of the Company with effect from October 1, 2014.

The Board of Directors wish to place on record their appreciation for the services rendered by Mr. Haigreave Khaitan and Mr. Jimmy Rustom Anklesaria during their Directorship on the Board.

### Retirement by Rotation

Pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Sumit Malhotra (DIN 02183825), Managing Director retires by rotation and being eligible offers himself for reappointment.

## Meetings of the Board

During the year, the Board of Directors met 6 times, details of which are provided in Table 3 of the Corporate Governance report.

### Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit and Nomination & Remuneration Committees. The details of the policy on evaluation of Board's performance is available on the Company's website [www.bajajcorp.com](http://www.bajajcorp.com).

### Familiarisation programme for Independent Directors

Pursuant to the provisions of Clause 49 of the Listing Agreement, the Company has formulated a programme for familiarising the Independent Directors with the company, their roles, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the company etc through various initiatives. The details of the aforementioned programme is available on the company's website [www.bajajcorp.com](http://www.bajajcorp.com).

### Board Committees

#### A. Corporate Social Responsibility Committee

The CSR Committee comprises

1. Mr. Gaurav Dalmia, Chairman of the Committee & Independent Director
2. Mr. Dilip Cherian, Independent Director
3. Mr. Sumit Malhotra, Managing Director

#### B. Audit Committee

The Audit Committee comprises Independent Directors

1. Mr. Gaurav Dalmia, Chairman of the Committee
2. Mr. Dilip Cherian
3. Mr. Aditya Vikram Somani

All the recommendations made by the Audit Committee were accepted by the Board.

#### D. Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises Independent Directors

1. Mr. Gaurav Dalmia, Chairman of the Committee
2. Mr. Dilip Cherian
3. Mr. Aditya Vikram Somani

## Key Managerial Personnel

Mr. V. C. Nagori, Chief Financial Officer and Mr. Sujoy Sircar, Company Secretary and Compliance Officer of the Company were appointed as Key Managerial Personnel in accordance with the Section 203 of the Companies Act, 2013.

## Directors' Responsibility Statement

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013:

- a. that in the preparation of the annual financial statements for the year ended March 31, 2015,