Kushagra Narayan Bajaj, chairman, Bajaj Corp Ltd

**Outperformer Bajaj Corp shows FMCG companies the power of one**

A single-minded focus on its most successful product, Almond Drops, is the core theme of one of India's most profitable and fastest growing in its sector

**KRISHNA KANT**

Mumbai, 2 September

Do one thing and do it well. This is what Bajaj Corp, the fast-moving consumer goods (FMCG) company of the Kushagra Bajaj group, believes in.

In a sector where many of its peers are busy competing on their brand and product portfolio to maximise gains, Bajaj Corp has stuck to what it knows best—selling light hair oil.

A razor-eye focus on a narrow segment of the hair oil segment has enabled the company to become a market leader without unsettling its organisation, says Malhotra, who joined the business 16 years ago.

"Being a small company in a highly competitive industry, we had to prioritise our goals. In the last five years, we spend nearly 15 per cent its net sales in FY13 against six per cent in FY09. Bajaj Corp, on an average, spends 11-12 per cent of its revenues on advertisements. The corresponding ratio for Marico was 11.2 per cent last fiscal, up from 8.8 per cent in FY09.

Bajaj Corp has six products in its portfolio—five brands of hair oils along with a shampoo for rural India—but nearly 90 per cent of its revenue comes from Almond Drops, its most successful brand, Bajaj Almond Drops.

"The biggest investment in our innovation is in advertising and brand promotion. Given our resources, we couldn't afford to support too many brands," says Malhotra.

The results are showing. In the first quarter of this financial year, Almond Drops' value market share in the light hair oil category increased by 150 basis points to 26 per cent and analysts expect it to rise further to around 65 per cent in the next two years.

"The combined net sales of the country's top 14 FMCG companies during the period grew at a CAGR of 15.7 per cent, while their net profit expanded at the rate of 17.6 per cent per annum. At over 30 per cent of its net sales, Bajaj Corp has one of the highest operating margins in the industry," says Malhotra.

"The company has been able to grab market share from competitors and the company is on the way to get another 15 per cent to 20 per cent more in the next two years," says Mehta.

The gains are visible in Bajaj Corp's finances. Since FY09, Bajaj Corp's net sales have grown at a compounded annual rate (CAGR) of 25 per cent, while its net profit expanded at 28.2 per cent during the period.

"Operating profit grew even faster and quadrupled during the period to ₹213 crore in FY13 from ₹53 crore in FY09 (see chart). This was much faster than the industry," says Mehta.

The simplicity of its growth story is evident. Bajaj Corp finances. Since FY09, Bajaj Corp has hovered around a net debt to equity ratio of 0.75.

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