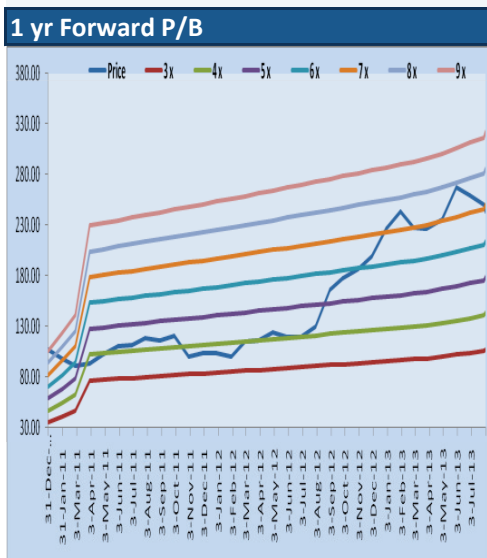


Company update	BUY
CMP	252
Target Price	310
Previous Target Price	-
Upside	23%
Change from Previous	-

Market Data	
BSE Code	533229
NSE Symbol	BAJAJCORP
52wk Range H/L	284/159
Mkt Capital (Rs Crores)	3722
Average Daily Volume	37072
Nifty	5472

Stock Performance			
	1M	1yr	YTD
Absolute	2.35	41.49	33.24
Rel. to Nifty	11.63	40.4	29.09

Share Holding Pattern-%			
	Current	4QFY13	3QFY13
Promoters	84.75	84.75	84.75
FII	10	9.91	9.48
DII	0.14	0.26	0.47
Others	5.11	5.08	5.3



First acquisition by Bajaj Corp; Nomarks brand from Ozone Ayurvedics,

As per the company's strategy on synergy outlook, Bajaj Corp acquired Ozone Ayurvedics' Nomarks brands to strengthen its position in the personal care segment for an undisclosed amount. Bajaj Corp's new entry to the skin care would provide an opportunity to play in the additional Rs 8,500 cr personal care space. It will leverage on its distribution strength to grow the brand.

With revenues of around Rs 40 crore its product basket includes face wash, lotion, facial cream, facial soap and facial scrub, Nomarks has more than 12% market share in the Rs 342 cr anti marks category. Which is growing at 27%p.a.

Bajaj has acquired the entire intangible assets of Nomarks including trademarks. Nomarks' product range includes face wash, facial cream, facial scrub and lotion. Nomarks will continue to be manufactured by Ozone for 1yr.

The strong earnings visibility and robust cash generation ability of the company make Bajaj Corp one of the better picks in the FMCG .The management expects to increase Almond Drops Hair Oil volume mkt- share to 65% v/s 55% by FY16E.

During the 1QFY14, they reported 23.3% sales growth led by 22% of volume growth on its flagship brand Bajaj Almond Drops Hair Oil on YoY basis. Prices hiked in April contributed 8.5% to total growth. PAT grew by 25.5% (yoy).

Margin Picked up because of softness in RM Cost: During the quarter, due to decrease in cost of LLP (light liquid paraffin) and ad spend, its EBITDA margin marginally improved to 28.4%. PAT margin was up by 50bps (YoY) to 27.7%. The softening of the key input prices along with price hike on almost all the brands has resulted into 275bps expansion in the gross margin. OPM has expanded by 320bps to 28.4%. The Company's long term contracts and efficient negotiation skill on raw material purchase could prove a favourable fro margin pickup.

Pricing: The Company has taken 10% price hike on ADHO in the past 6 months and at the same time its competing brands Keo Karpin, Hair & Care and Dabur Almond have also taken similar price hike. Prices hiked in April contributed 8.5% to total growth.

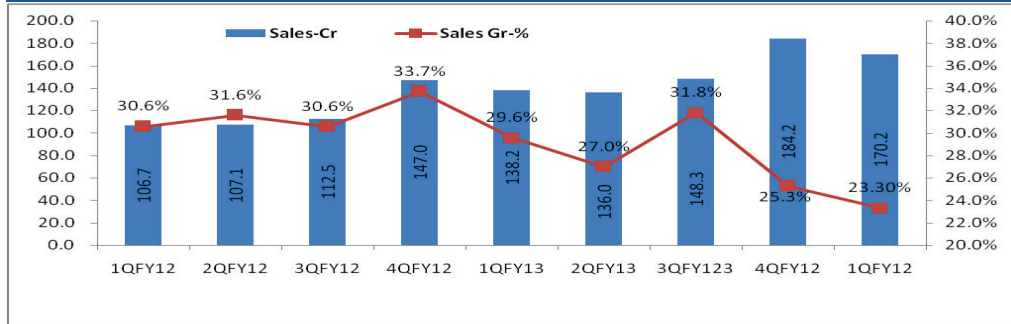
View and Valuation: Company is well placed in the fast growing light hair oil segment, led by steady volume growth, better pricing strategy and sustained market leadership position. It's new entry to the emerging skin care Nomarks brand would provide an opportunity for its distribution strengths. At a CMP of Rs 252, we assign target P/BV of 7x FY14E arriving at a target price of Rs310. Hence, We maintain "Buy" view on the stock.

Financials				Rs, Cr	
	1QFY14	4QFY13	(QoQ)-%	1QFY13	(YoY)-%
Revenue	170.23	183.7	-7.3%	138.2	23.2%
EBITDA	48.4	51.9	-6.7%	38.92	24.4%
PAT	47.2	49.2	-4.1%	37.6	25.5%
EBITDA Margin	28.4%	28.3%	10bps	28.2%	20bps
PAT Margin	27.7%	26.8%	90bps	27.2%	50bps

(Source: Company/Eastwind)

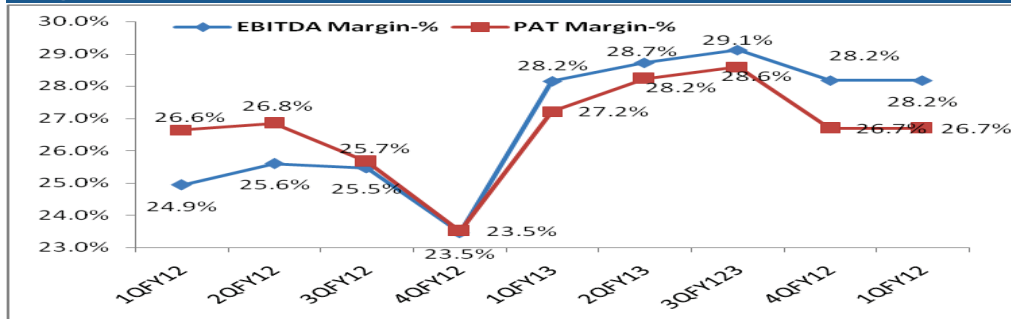
Bajaj Corp

Sales and Sales Growth(%)



(Source: Company/Eastwind)

Margin-%



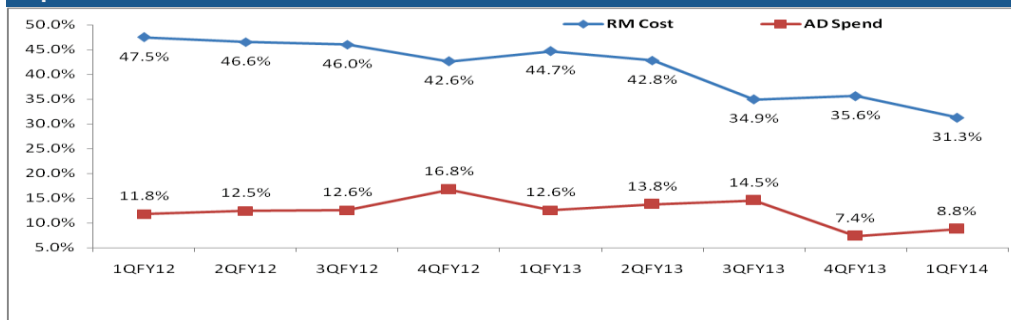
(Source: Company/Eastwind)

Sales Mix-Brands

Brands	1QFY12	2QFY12	3QFY12	4QFY12	1QFY13	2QFY13	3QFY13	4QFY14	1QFY14
Bajaj Almond Drops Hair Oil	91.6%	93.6%	94.5%	94.1%	93.8%	96.0%	97.0%	94.7%	95.0%
Bajaj Kailash Parbat Thanda Tel	5.1%	3.1%	2.1%	2.8%	3.9%	1.1%	0.1%	3.5%	2.5%
Bajaj Brahmi Amla Hair Oil	2.3%	2.1%	2.3%	2.0%	1.5%	2.1%	2.0%	1.2%	1.1%
Bajaj Amla Shikakai Hair Oil	0.4%	0.4%	0.4%	0.4%	0.2%	0.3%	0.2%	0.1%	0.1%
Bajaj Jasmine Hair Oil	0.4%	0.5%	0.5%	0.4%	0.3%	0.5%	0.4%	0.5%	0.3%

(Source: Company/Eastwind)

Expenses on Sales



(Source: Company/Eastwind)

The Company reported 23.3% sales growth led by 22% of volume growth on its high weightage flagship brand Bajaj Almond Drops Hair Oil(ADHO) YoY basis.

The softening of the key input prices along with price hike on almost all the brands has resulted into 275bps expansion in the gross margin. OPM has expanded by 320bps to 28.4%.

The management expects to increase Almond Drops Hair Oil volume mkt- share to 65% v/s 55% by FY16E.