

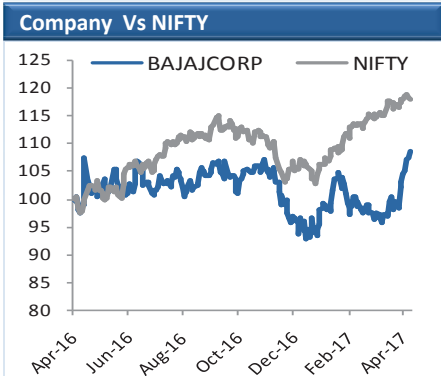
BAJAJ CORP LTD.

Company Update	
CMP	411
Target Price	490
Previous Target Price	490
Upside	19%
Change from Previous	NA

Market Data	
BSE Code	533229
NSE Symbol	BAJAJCORP
52wk Range H/L	438/340
Mkt Capital (Rs Cr)	6,065
Av. Volume(,000)	105
Nifty	9,181

Stock Performance			
	1M	3M	12M
Absolute	13.0	10.0	9.3
Rel.to Nifty	10.1	-1.5	-12.4

Share Holding Pattern-%			
	3QFY17	2QFY17	1QFY17
Promoters	66.9	66.9	66.9
Public	33.1	33.1	33.1
Others	-	-	-
Total	100.0	100.0	100.0



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GST, a game changer:

GST may be the game changer for the well established FMCG players. BAJAJCORP deals in Hair oil and In Hair oil segment approx. 50% of market is dominated by unorganized players. Going forward we expect BAJAJCORP to gain market share led by lower price differential with unorganized players. This shift of market share will happen gradually which will lead to growth for BAJAJCORP for coming 5-7 years.

Strong brand presence and RoE:

The Company's flagship brand Bajaj Almond Drop hair oil has strong presence in the light hair oil market with approx. 60% of market share. In last eight years, it has continuously gained market share which shows strength of the brand. On the other hand, BAJAJCORP has one of the best RoE among our horizon companies after HINDUNILVR and COLPAL. We expect improvement in company's RoE from 41% (FY16) to 44%, 43% and 44% in FY17E, FY18E and FY19E respectively.

Healthy Dividend Yield Gives holding comfort:

The Company is giving dividend regularly and, at the present price, its dividend yield is approx. 2.8% which is positive for long term investment. It gives cash flows to the investor at regular period and a reason to hold company for long term.

Robust plan for Exports:

BAJAJCORP's International business grew by 72% YoY in Q3FY17 and contributed more than 5% in this quarter. Company has robust plans for exports and Planning for entering in larger market Russia, Indonesia and Egypt going ahead.

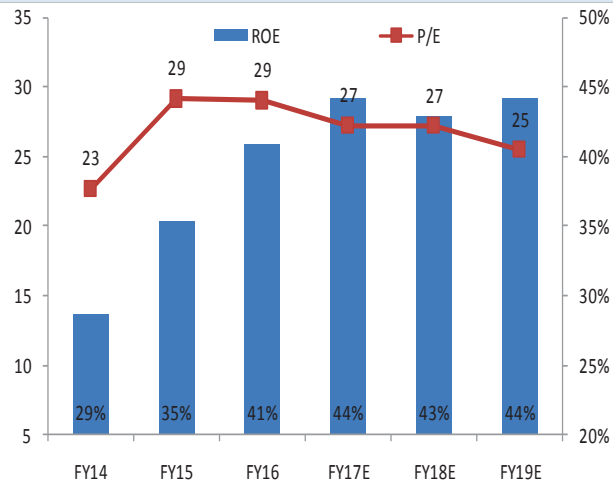
Outlook

BAJAJCORP's ROE is improving for Last three year and we expect it to improve further. We expect improvement in company's ROE from 41% (FY16) to 44%, 43% and 44% in FY17E, FY18E and FY19E respectively with 93% dividend payout. BAJAJCORP is presently trading at 26 times of FY19E expected EPS of Rs 16. Considering High ROE, strong balance sheet, reasonable dividend yield with ample growth drivers going forward we maintain 'BUY' with our previous target of Rs 490.

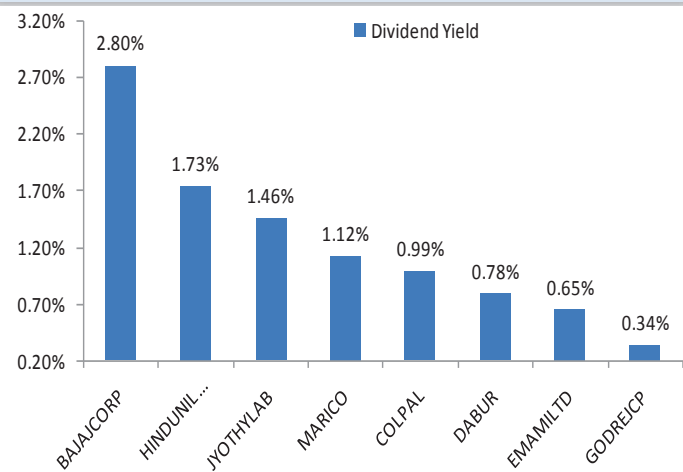
	Rs,Cr				
Financials	FY15	FY16	FY17E	FY18E	FY19E
Sales	826	876	792	780	844
EBITDA	239	274	265	242	259
Net Profit	173	196	220	220	235
EPS	12	13	15	15	16
ROE	35%	41%	44%	43%	44%

BAJAJCORP

ROE and P/E:



Dividend Yield:



Q3FY17 Result Concall Highlights

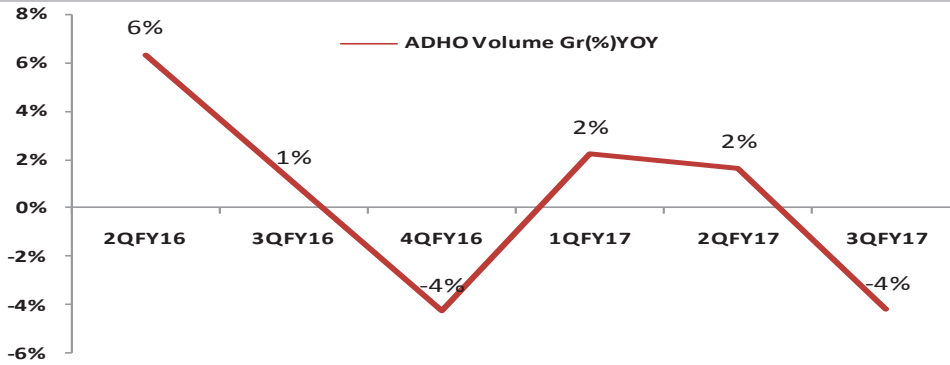
- The company has to increase direct reach but it will not cost much.
- Due to demonetization, whole sale trade is impacted and there is no sign of it coming back in near term.
- Management is looking for acquisition but Target Company is still not in the view.
- 27% rise in modern trade volume in this quarter. Modern trade contributed 5.2% of the total sales in Q3FY17.
- Contribution from rural remained 42.5% in this quarter and in pre demonetization it was 43.6%.
- New product launch will happen in 1QFY18.
- Announced temporary incentive to channel partners.
- Canteen trade reduced by 13.5% in this quarter.
- The company has reserve of LLP till March 2018. It can go beyond this if volume will remain like that.
- LLP prices remained Rs46/kg for this quarter and presently, it is trading at Rs 54/kg.
- Volume growth in light hair oil 2.1%
- International business grew by 72% YoY in this quarter and contributed more than 5% in this quarter.
- Plans for entering in larger market Russia, Indonesia and Egypt is under way.

About The Company

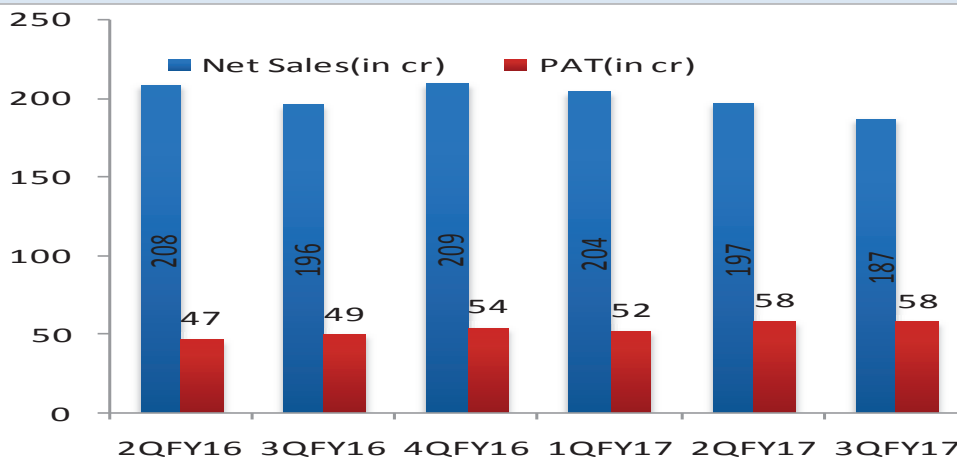
BAJAJ CORP is engaged in the business activity of trading and manufacturing of cosmetics, toiletries and other personal care products. It is a fast moving consumer goods (FMCG) company. The Company's products include Bajaj Kailash Parbat Thanda Tel, Bajaj Almond Drops Hair Oil, Bajaj Brahmi Amla Hair Oil, Bajaj Jasmine Hair Oil, Bajaj Nomark Oily Skin Face Wash, Bajaj Nomarks Herbal Scrub Soap, Bajaj Nomark Oily Skin Cream, Bajaj Nomarks Neem Soap, Bajaj Nomarks Oil Control Soap and others. The Company has approximately nine Factory, of which four units are situated in Himachal Pradesh, three units are situated in Uttarakhand for manufacturing of various variants of hair oils and Nomarks and other unit is situated in Guwahati and one unit Bangladesh. The company reaches consumers through 3.6mn retail outlets serviced by 7707 distributors and 11500 wholesalers.

BAJAJCORP

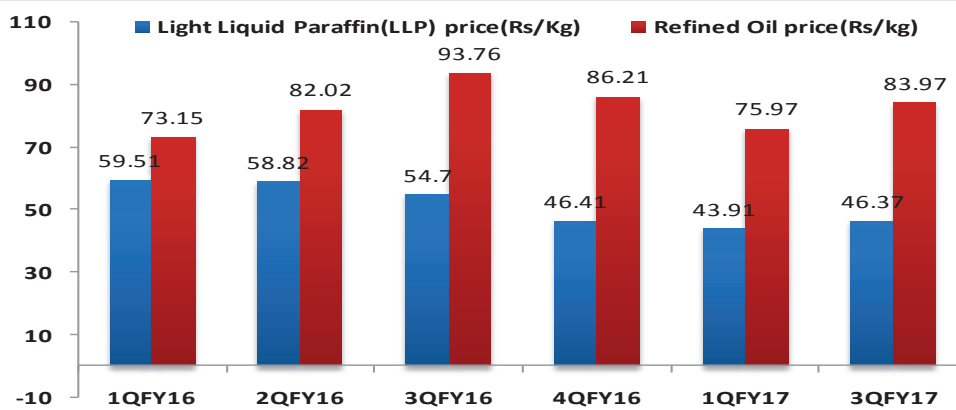
Almond Drops Hair Oil (ADHO) Volume Gr(%)YOY



Net Sales and PAT (in cr.)



Prices of Light Liquid Paraffin(LLP) and Refined Oil



Financials Snap Shot

	INCOME STATEMENT					RATIOS			
	FY16	FY17E	FY18E	FY19E		FY16	FY17E	FY18E	FY19E
Revenue	876	792	780	844	EPS	13.3	14.9	14.9	15.9
Other Income	29	41	33	34	Book Value	32.6	33.7	34.8	36.0
Total Revenue	905	833	813	878	DPS	13.8	13.8	13.8	14.7
COGS	298	274	280	306	Payout (incl. Div. Tax.)	104%	93%	93%	93%
GPM	66.0%	65.5%	64.1%	63.8%	Valuation(x)				
Other Expenses	257	193	187	203	P/E	29	27	27	25
EBITDA	274	265	242	259	Price / Book Value	11.8	12.0	11.6	11.3
EBITDA Margin (%)	31%	33%	31%	31%	Dividend Yield (%)	3.0%	2.8%	2.8%	3.0%
Depreciation	5	5	6	6	Profitability Ratios				
EBIT	269	259	236	253	RoE	41%	44%	43%	44%
Interest	0	1	1	1	RoCE	56%	52%	46%	48%
PBT	297	300	268	286	Turnover Ratios				
Tax	54	61	48	52	Asset Turnover (x)	1.5	1.4	1.3	1.4
Tax Rate (%)	18%	21%	18%	18%	Debtors (No. of Days)	11	12	11	11
Reported PAT	196	220	220	235	Inventory (No. of Days)	61	22	21	21
Dividend Paid	204	204	204	217	Creditors (No. of Days)	18	18	18	18
No. of Shares	15	15	15	15	Net Debt/Equity (x)	0	0	0	0

	BALANCE SHEET					CASH FLOW STATEMENT			
	FY16	FY17E	FY18E	FY19E		FY16	FY17E	FY18E	FY19E
Share Capital	15	15	15	15	OP/(Loss) before Tax	297	281	268	286
Reserves	466	482	499	516	Depreciation	5	5	6	6
Net Worth	481	497	513	531	Direct Taxes Paid	-53	-61	-48	-52
Long term Debt	0	0	0	0	Oper. Prof. bef. WC change	274	287	275	293
Short term Debt	10	15	15	15	CF from Op. Activity	193	222	232	241
Deferred Tax	1	1	1	1	Capital expenditure	-17	-18	-7	-7
Capital Employed	481	497	513	531	CF from Inv. Activity	6	-29	-27	-37
Net Fixed Assets	97	91	92	93	Divd Paid (incl Tax)	-204	-204	-204	-217
Capital WIP	1	1	1	1	CF from Fin. Activity	-194	-200	-205	-218
Debtors	25	26	23	25	Inc/(Dec) in Cash	5	-7	1	-14
Cash & Bank Balances	58	51	52	37	Add: Opening Balance	4	58	51	52
Trade payables	44	39	39	42	Closing Balance	9	51	52	37
Total Provisions	0	0	0	0					
Net Current Assets	340	367	383	399					
Total Assets	566	580	595	617					