

Bajaj Consumer Care (BAJAJCON) - ADD

Result Update

Current Market Price (CMP)

Rs.243

Target Price

Rs.300

Our fair value of Rs 300 offers upside of 23.5% from the current market price.

Rationale:

- Hair oil category growth has nearly normalized.
- New CEO's single-minded focus & initiatives on reviving growth yielding results.
- We expect earnings to grow by 6.7% in FY22E & grow by 7.8% in FY23E.
- Stock is currently trading at valuation of 13.8x P/E FY23E EPS.
- We value BAJAJCON on Discounted Cash Flow (DCF) based fair value of Rs 300.

Q3FY21 Earnings update:

Positives:

- Net operating revenues were up 18% yoy to Rs243 crs (KIE Rs229crs) in Q3FY21.
- ADHO (Almond Hair oil) reported 14% yoy growth in Q3FY21 led by large packs.
- Both urban and rural markets saw pick-up in market share in Q3FY21.
- BAJAJCON continues to invest towards rural distribution expansion.
- E-Commerce channel continues to gain salience growing ~3X yoy in Q3FY21.

Negatives:

- Management highlighted short-term input cost inflation.

[Click here](#)

To read the detailed report dated 5th February 2021. Note: CMP and Valuation may differ due to difference in dates.



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