Bajaj Corp. Ltd.	
No. of shares (m)	147.5
Mkt cap (Rs crs/$m)	6680/982.1
Current price (Rs/$)	453/6.7
Price target (Rs/$)	505/7.4
52 W H/L (Rs.)	525/341
Book Value (Rs/$)	30/0.4
Beta	0.3
Daily volume NSE (avg. monthly)	63870
P/BV (FY19e/20e)	14.3/13.2
P/E (FY19e/20e)	28.8/26.9
EPS growth (FY18/19e/20e)	-9.3/9.9/7.0
ROE (FY18/19e/20e)	46.9/50.5/51.0
OPM(FY18/19e/20e)	30.6/30.1/30.6
D/E ratio (FY18/19e/20e)	0.0/0.1/0.1
BSE Code	533229
NSE Code	BAJAJCORP
Bloomberg	BJCOR IN
Reuters	BACO.BO

Shareholding pattern	%
Promoters	66.9
MFs / Banks / FIs	4.6
Foreign Portfolio Investors	25.1
Govt. holding	-
Public & others	3.4
Total	**100.0**

As on March 31, 2018

Recommendation

Accumulate

Phone: + 91 (33) 4488 0011

E- mail: research@cdequi.com

Quarterly Highlights

- Spurred by sturdy offtake, Bajaj Corp's domestic revenue grew by 11.6% (after adjusting for GST impact) in Q4FY18. Modern trade witnessed sales growth of 23.9%, while sales via general trade vertical grew by 11.1% during the quarter. The international business division demonstrated strikingly poor performance - degrowth of 32.9%. The CSD (Canteen Stores Department) channel exhibited slight recovery after quarters of lower sales and posted revenue growth of 5.6% y-o-y.
- Almonds Drops Hair Oil (ADHO), flagship product of the company, witnessed decent sequential volume growth of 6.9% y-o-y in Q4FY18, raising the market share (volume) to 7.6% from 7.2% in the previous quarter in the total hair oil category. Market share (in terms of value) of ADHO rose to its highest level to 62.2% in light hair oil segment owing to an elevation of 120 bps over Q3FY18. Substantial investment in modern trade was undertaken by the company to stimulate the offtake of ADHO.
- The sales volume of 'others' category more than doubled on account of the launch of Coco Jasmine Hair Oil in Maharashtra during the quarter, which enabled the company to cater to the value added coconut oil segment. Bajaj Ayurvedic Brahmi Amla, launched in Q3FY18, doubled in offtake in Q4FY18 (q-o-q) registering a volume growth of 39% (y-o-y).
- The trending crude oil price posed significant risk to the margins of the company. In Q4FY18, the average price of Bajaj's key raw material, LLP (a derivative of crude) witnessed a price hike to Rs 65.45/kg from Rs 61.22/kg in previous quarter and Rs 48.22/kg in Q4 of previous year. The average price of refined oil also spiked up by ~5% y-o-y to Rs 85.51/kg. Hedging of commodity cost and stocking up of LLP at lower cost aided OPM at 32.4%. Yet, the uptrend compelled the company to undertake a price hike, in the month of April, for ADHO for SKU's of more than 100ml and reduce the quantity for smaller SKU's.
- The stock currently trades at 28.8x FY19e EPS of Rs 15.73 and 26.9x FY20e EPS of Rs 16.83. Business disruption in the wake of GST and poor monsoon is expected to correct itself in the following quarters. Bajaj Corps attempts to diversify its pool of products and establish itself as a full FMCG company. Increasing dependence on modern trade (more profitable than general trade) and initiatives to increase direct distribution would doubtlessly help the company to launch new products. Yet, rising raw material cost remain a cause of concern. Additionally, increasing focus on new product launches may affect the sales of its flagship product, ADHO. On balance, we assign 'accumulate' recommendation on the stock with target price of Rs 505 (previous target Rs 463) based on 30x FY20e earnings (three year average TTM P/E is 27.5) over a period of 9-12 months.

Figures (Rs crs)	FY16	FY17	FY18	FY19e	FY20e
Income from operations	799.72	796.90	828.49	897.06	981.47
Other Income	28.70	39.39	24.43	34.54	35.84
EBIDTA (other income included)	302.39	302.98	278.35	304.46	336.66
PAT after EO	233.42	232.64	211.08	232.06	248.30
EPS (Rs.)	15.83	15.77	14.31	15.73	16.83
EPS growth (%)	11.3	-0.3	-9.3	9.9	7.0

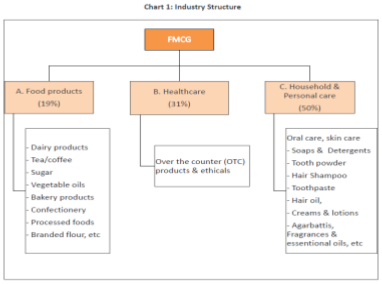
Outlook & Recommendation

FMCG Industry Outlook

The Indian FMCG sector has been growing at a robust pace galvanized by a large middle class population, rise in per capita consumption, changing consumer lifestyle, growing income and proliferation of e-commerce market. Moreover, with young population, consumerism and brand consciousness on the rise, India is emerging as one of the large economies in the world in terms of purchasing power and consumer spending. India's FMCG sector is an important contributor to its GDP growth. It is the fourth largest sector in the Indian economy and employs approximately 5% of the total factory employment. Rising globalization, product innovation, infrastructure development and advancement of supply chain efficiencies are some of the supply side factors driving the growth of the FMCG industry.

Over the years, both rural and urban segments have contributed to the growth in FMCG sector. Several government initiatives like implementation of GST, FDI (up to 100% allowed under single brand retail and up to 51% under multi brand retail), Food Security Bill, are all expected to have a positive impact on this sector with the system embracing greater transparency and compliance. IBEF reckons the household and personal care segments account for nearly 50% of the overall FMCG market. IBEF reckons that the market size of personal care has grown to $12.58 bn in 2017 from less than $3 bn in 2000. The total consumption expenditure in India, one of the main drivers of FMCG growth, is forecast to increase at a CAGR of 22.6% during 2016-2021.

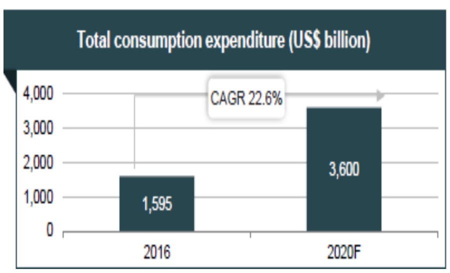
Chart 1: Industry Structure



Source: Care Ratings

The rural income in India is forecast to reach $1.8 trillion by FY21 from $572 bn in 2017. This will lead to an estimated growth of 4.4% CAGR to raise the rural per capita disposable income to $631 by 2020. The rising income levels will doubtlessly augment the share of non food expenditure in rural India.

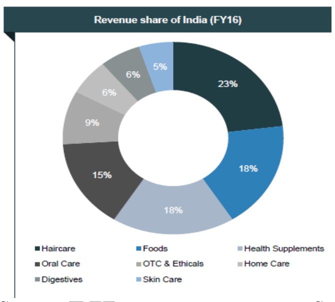
Accounting for a revenue share of about 60%, rural segment is the largest contributor to the overall revenue generated by the FMCG sector in India. With FMCG products accounting for 50% of the total rural spending, a low penetration level in the rural market provides lucrative opportunity for further growth. Improved distribution channels of various manufacturing and FMCG companies, has increased demand for high quality goods and services in rural India.



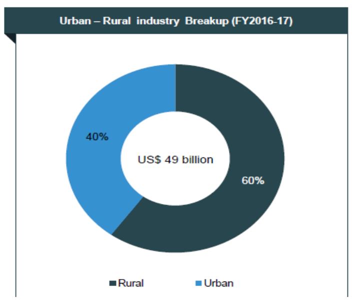
Source: IBEF

India's retail market is estimated to reach $1.1 trillion by 2020 from $672 bn in 2016, according to IBEF, supplementary to growth in modern trade by 20 – 25% per annum, which is likely to boost revenues of FMCG companies. Tier II and III cities are witnessing faster growth in modern trade. Ayurveda products are increasingly becoming popular among people - resulting in growth of FMCG major, Patanjali Ayurveda, which reported revenue of $1.57 bn in FY17.

Health and wellness is significantly influencing and shaping consumer preferences resulting in increasing number of customers shifting to natural and ayurvedic products. IBEF, therefore, projects the contribution of herbal products to the overall personal care market products in India to grow to 10% in FY20 from 6-7% in FY17. The beauty, cosmetics and grooming market in India is forecast to attain a market value of $20 bn by 2025 from $6.5 bn in 2017.



Source: IBEF



Source: IBEF

IBEF estimates that about 40% of all the FMCG purchases will be done online by 2020 and therefore, offer a $5-6 bn business opportunity to FMCG sectors in India. The FMCG sector is also expected to reap benefits of GST implementation that will lead to re evaluation of the procurement and distribution channels. The elimination of cascading effects of tax is expected to lower the input costs and improve profitability. Additionally, removal of excise duty on products would improve cash flows.

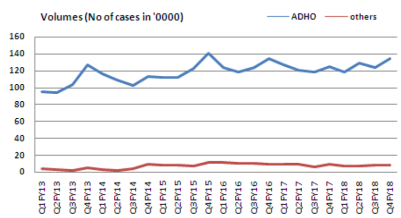
With FMCG products having demand throughout the year, investment in this sector attracts investors. Low penetration of branded products provides additional scope for growth in volumes. Growing awareness, easier access and availability of products through internet and different channels of sales, and changing lifestyles are the key growth drivers for the consumer market. The number of online users in India is projected to surpass 850 mn by 2025 - a statistics portal, Statista, claims that the number of digital buyers in India stood at 130.4 mn in 2016. Government's focus on agriculture, MSMEs, education, healthcare, infrastructure and employment under the Union Budget 2018-19 is expected to have a positive impact on the FMCG business. These initiatives are expected to increase the disposable income of the people, especially in the rural area, which will be augment growth in the sector.

Financials and Valuations

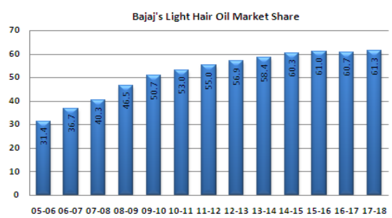
The hair oil category contributes close to 33% to the overall hair care segment with a market value of Rs 22575 crs. With a large proportion of its revenues owing to its hair oil segment, Bajaj Corp seeks to diversify its product portfolio and transform into a 'complete FMCG company' through its focus and increased investment on innovation. Additionally, the company is confident to launch a new product every quarter under its 'Naya Bajaj – Mission 2020'. The company also seeks inorganic growth opportunities in the FMCG and hair oil market as part of their growth strategy by acquiring niche brands that can derive synergistic benefits from Bajaj Corp's strong distribution network.

Powered by the growth in light hair oil (LHO) market in FY18, ADHO attained its highest ever market share in the LHO category to 58.8% in volume and 61.3% in value, gaining 80 bps and 60 bps respectively. Thanks to the pickup in rural demand in Q4, the LHO market grew by 5.5% in volume and 6.4% in value in India during the year. Yet, ADHO's market share modestly dropped to 9.5% from 9.8% in value, while maintaining its volume market share at 7.3% in the total hair oil category in FY18.

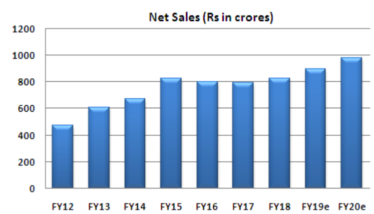
Bajaj Corp, after adjusting GST impact, registered a growth of 5.8% in its revenues in FY18, accentuated by its domestic business that grew by 7.3% y-o-y thanks to the impressive growth in modern trade. Revenues from modern trade grew by 18.3%, while that from general trade grew by 7.7% - marred by the depressed rural offtake in first three quarters of the year. The poor performance of CSD (degrew by 14.1%) and international business (IB) (degrowth by 26.3%) remains a cause of concern, even though their revenue contribution remains meagre.



Source: Bajaj Corp



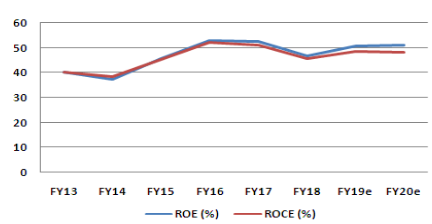
Source: Bajaj Corp



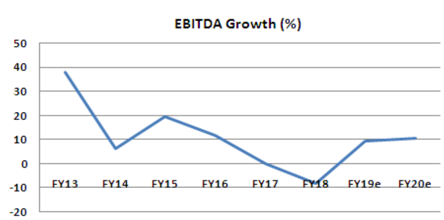
Sources: Bajaj Corp & CD Equisearch

International business (IB) of Bajaj Corp has its largest markets in MENA, Bangladesh and Nepal. Loss of sales in UAE and KSA due to strain on wholesale channels, led to substantial decline in exports in Q2FY18. The strains in offtake from MENA and Nepal continued for the last three quarters of FY18 on account of breakdown in infrastructure and distributor set up through channel partners in these regions. The company has, therefore, undertaken measures to restructure its IB segment by endeavoring local market presence and establishing its own distribution chains.

With the uptrend in prices of copra, the key raw material for coconut oil, over the last few years, the low cost amla has grown faster than the LHO segment. The drifting from coconut or unbranded hair oil to value added products speeded up over these years, however, rather than the premium category value added products like ADHO, this shift occurred towards low cost amla category. Yet, once rural demand picks up, this switch from unbranded to value added is expected to occur at a faster pace.



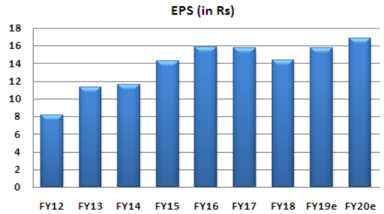
Sources: Bajaj Corp & CD Equisearch



Sources: Bajaj Corp & CD Equisearch

Bajaj Corp had set up an innovation centre in the beginning of FY18. The R&D centre restaged the Bajaj Brahmi Amla hair oil (BAHO) variant during the year, which differentiated itself through premium packaging, reformulation and extensive advertisement of specific claim of hair fall reduction. The growth momentum of BAHO continued after its launch, witnessing value offtake of more than seven times its previous variant in the last three quarters of FY18. The innovation centre also delivered Coco Jasmine hair oil that was launched only in Maharashtra in Q4FY18.

Bajaj Corp tapped the skin care market by acquiring Nomarks brand in 2013. The attempt of the company to focus on the face wash category of the brand by way of repackaging and repositioning did not work in its favour. In order to revive the sales from the brand, the company is now concentrating on its creams by integrating its marketing campaign and revamping its distribution network. Extensive trials are being undertaken for the brand with a focus on distribution through the chemist panel. With pan India coverage, this distribution plan has been undertaken in only two states in India with intent to expand in more states. Such initiatives have started bearing fruitful results with traction in sales.



Sources: Bajaj Corp & CD Equisearch

The company commissioned a state of art manufacturing facility in Guwahati in FY17 to cater to the trending demand of hair oils and expand further in North and North East India. The income tax and GST benefits also add to the rationale for expansion in Guwahati. A production unit in Baroda is under the pipeline that will constitute significant portion of FY19 capex. With sizable raw material availability in Gujarat, Baroda plant will induce cost savings. Additionally, the company has also undertaken depot optimization program under which, the company is reducing its depots in an attempt to optimize costs.

The stock currently trades at 28.8x FY19e EPS of Rs 15.73 and 26.9x FY20e EPS of Rs 16.83. Bajaj Corp is undertaking measures like sales force automation in order to improve its area coverage and control of distribution and thereby enhance its operational efficiency through uninterrupted backend integration of data. Rebuilding of its IB, expansion in Baroda, ramping up of capacities in Guwahati, expansion of its product basket and duplication of Nomarks strategy in other states will doubtlessly improve revenues. Reducing dependence on wholesale and increasing focus on direct distribution will assist better transfusion of the new products in the pipeline and help foster its business. Nevertheless, the rising crude oil prices and the consequent soaring of raw material cost would impact margins. Additionally, the cut throat competition in the FMCG space cannot be neglected. Weighing all odds, we assign 'accumulate' recommendation on the stock with target price of Rs 505 (previous target Rs 463) based on 30x FY20e earnings over a period of 9-12 months. For more information, refer to our August report.

Cross Sectional Analysis

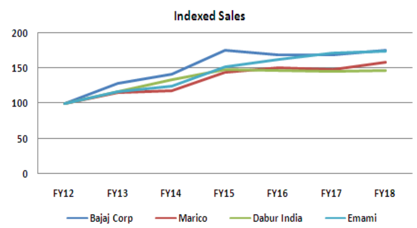
Company	Equity	CMP	MCAP*	Sales*	Profit*	OPM (%)	NPM (%)	Int Cov	ROE (%)	Mcap/ Sales*	P/BV	P/E
Bajaj Corp	15	453	6680	828	211	30.6	25.5	221.2	46.9	8.1	14.9	31.6
Marico	129	313	40385	6322	814	18.0	13.1	70.1	41.7	6.4	19.6	49.6
Dabur India	176	375	66004	7748	1366	20.9	17.7	33.2	33.3	8.5	16.6	48.3
Emami	23	1024	23251	2531	307	28.4	12.2	12.5	17.9	9.2	12.8	75.7

*figures in crores; calculations on ttm basis
All ratios adjusted for goodwill and revaluation reserve; sales estimated for Dabur & Emami as quarterly excise data unavailable.
Emami's PAT adjusted for amortization and impairment of intangible assets (brand, trade mark etc)

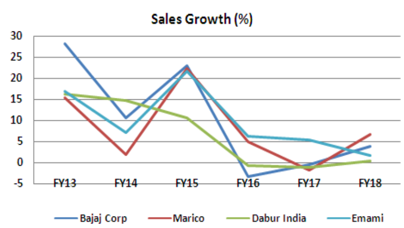
Marico's FMCG business registered a value growth of 7% in FY18. Rural growth surpassed urban growth for the last three quarters of FY18. In Q4FY18, Marico's rural sales grew by 12%, outpacing the urban sales growth by 5%. Canteen Stores Department (CSD) rebounded after four consecutive quarters of decline and grew by 32%. Modern trade and e-commerce continued to proliferate during the year galvanized by factors like comfortable shopping experience, access to diverse categories and variety of brands, growing relevance of digital market place and attractive prices.

Marico's revenue from international operations grew by 12.5% y-o-y in Q4FY18 but was muted for the year. In constant currency terms, the business grew by 9% during the year. Revenues from Bangladesh grew by 13% in FY18, in constant currency, accentuated by the non coconut oil portfolio that grew by 32%, increasing its contribution to the business in Bangladesh to 26% in FY18 from 10% in FY12. Headwinds in the male shampoo category in Vietnam depressed sales growth from south East Asia by 2% in FY18. Despite macroeconomic challenges, revenues from South Africa grew by 16% during the year, while that from Middle East and North Africa unveiled volume led recovery.

During the year, Marico's FMCG business in India registered a growth of 8.5% y-o-y. The volume growth in India in Q4FY18 was paltry at 1% owing to a one off decline in the coconut oil portfolio and headwinds in saffola edible oils. The 12% value growth in the last quarter was largely on account of significant increase in copra price (75%) during the year, which instigated the price hike in coconut oil portfolio. The parachute rigids (36% of FY18 India business turnover) posted volume degrowth of 5% in Q4FY18 - as a result of concentrated price hikes (~22%) - as compared to 15% growth in volumes in Q4FY17 (post demonetization). Therefore, volume growth of parachute rigids stood at only 2% during the year marred by pre GST destocking in Q1 and price hike in Q4. Marico is aggressively investing in the e-commerce business to double its share of contribution to ~2% of the India business by FY19.

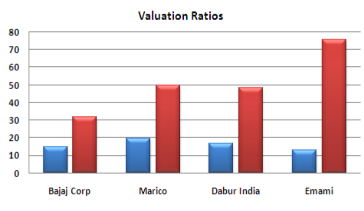


FY12=100
Sources: Companies

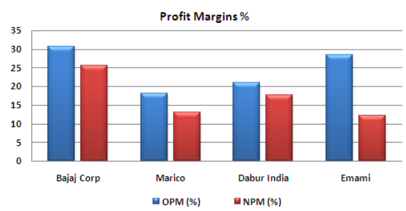


Sources: Companies

Dabur India reported comparable consolidated revenue growth of 11.1% in Q4FY18, while it's consolidated net profit surged by 18.9% to Rs 396.20 crs as a result of strong upswing in key business categories and geographies. Its international business reported a growth of 16.8% (in constant currency), thanks to the 51% sales growth in GCC markets – largely led by 82% growth in Saudi Arabia – during the previous quarter. Sales growth in Egypt and Nepal stood at 38% and 19% respectively. The domestic FMCG business registered a volume growth of 7.7% in Q4FY18 illustrating signs of revival in consumer sentiment. Dabur's comparable consolidated revenues grew by 6.9% in FY18. Government's focus on rural growth as well as expectations of favourable monsoon would further boost consumer demand.



Sources: Companies



Sources: Companies

Emami's product portfolio consists of over 300 diverse products that are available via more than 8.5 lakh retail outlets through ~3150 distributors across India. Thanks to the aggressive spending on new launches, Emami's EBITDA fell by 5.2% in FY18. Though consolidated net revenues during the year grew by 1.7%, PAT degrew by 9.8% y-o-y. Domestic revenues grew by 10% during Q4FY18 and by 4% in FY18, while the international business grew by 37% and 14% during Q4FY18 and FY18 respectively stroked by robust growth in SAARC, Middle East, North Africa and Pakistan. The CSD business degrew by 4% in FY18. Higher fiscal spending coupled with normal monsoon expectation and post GST stabilization will enable the company to grow further.

Financials

Quarterly Results- Standalone

Figures in crores

	Q4FY18	Q4FY17	% chg	FY18	FY17	% chg
Income From Operations	**221.60**	**204.54**	**8.3**	**831.21**	**792.54**	**4.9**
Other Income	0.86	2.32	-63.1	24.35	39.35	-38.1
Total Income	**222.46**	**206.86**	**7.5**	**855.56**	**831.89**	**2.8**
Total Expenditure	149.78	138.32	8.3	572.56	526.93	8.7
EBITDA	**72.68**	**68.53**	**6.0**	**283.00**	**304.95**	**-7.2**
Interest	0.38	0.27	42.3	1.16	0.93	24.4
Depreciation	1.83	1.40	31.1	6.85	23.15	-70.4
PBT	**70.47**	**66.87**	**5.4**	**274.98**	**280.87**	**-2.1**
Tax	15.05	14.21	6.0	58.71	59.92	-2.0
PAT	**55.41**	**52.67**	**5.2**	**216.27**	**220.96**	**-2.1**
Exceptional Item	-	-	-	0.00	-14.46	-100.0
Adjusted Net Profit	**55.41**	**52.67**	**5.2**	**216.27**	**235.42**	**-8.1**
EPS(Rs)	3.76	3.57	5.2	14.66	15.96	-8.1

Income Statement- Consolidated

Figure in crores

	FY16	FY17	FY18	FY19e	FY20e
Income From Operations	**799.72**	**796.90**	**828.49**	**897.06**	**981.47**
Other Income	28.70	39.39	24.43	34.54	35.84
Total Income	**828.42**	**836.29**	**852.92**	**931.60**	**1017.31**
Total Expenditure	526.03	533.31	574.57	627.13	680.65
EBITDA (other income included)	**302.39**	**302.98**	**278.35**	**304.46**	**336.66**
Interest	0.23	1.03	1.23	1.62	2.32
Depreciation	51.88	23.70	7.38	9.09	11.87
PBT	**250.29**	**278.25**	**269.75**	**293.75**	**322.47**
Tax	53.85	60.01	58.67	61.69	74.17
PAT	**196.44**	**218.24**	**211.08**	**232.06**	**248.30**
Exceptional Item	-36.98	-14.40	-	-	-
Net Profit	**233.42**	**232.64**	**211.08**	**232.06**	**248.30**
EPS(Rs)	15.83	15.77	14.31	15.73	16.83

Consolidated Balance Sheet

Figure in crores

	FY16	FY17	FY18	FY19e	FY20e
Sources of Funds					
Share Capital	14.75	14.75	14.75	14.75	14.75
Reserves	466.31	479.44	477.71	496.97	532.46
Total Shareholders' Funds	**481.06**	**494.19**	**492.46**	**511.72**	**547.21**
Minority Interest	-	-	-	-	-
Long Term Debt	-	-	-	-	-
Total Liabilities	**481.06**	**494.19**	**492.46**	**511.72**	**547.21**
Application of Funds					
Gross Block	191.18	237.01	240.96	290.82	355.82
Less: Accumulated Depreciation	51.86	75.45	82.47	91.56	103.43
Net Block	**139.31**	**161.55**	**158.49**	**199.26**	**252.40**
Capital Work in Progress	0.85	0.03	14.87	25.00	0.00
Investments	275.06	338.54	307.39	292.94	303.09
Current Assets, Loans & Advances					
Inventory	50.19	42.48	46.64	48.97	53.87
Trade Receivables	25.35	27.43	32.44	35.68	39.25
Cash and Bank	60.28	12.43	13.36	17.64	19.62
Other Current Asset	4.27	4.99	31.95	31.26	33.79
Total CA & LA	**140.10**	**87.33**	**124.40**	**133.56**	**146.54**
Current Liabilities	84.42	94.34	114.09	140.57	156.46
Provision- Short Term	0.00	0.24	0.22	0.22	0.22
Total Current Liabilities	**84.42**	**94.58**	**114.31**	**140.80**	**156.68**
Net Current Assets	**55.68**	**-7.25**	**10.09**	**-7.24**	**-10.15**
Net Deferred Tax	-0.75	-0.77	-0.74	-0.74	-0.74
Net long term assets(Loans & advances)	10.90	2.08	2.37	2.49	2.61
Total Assets	**481.06**	**494.19**	**492.46**	**511.72**	**547.21**

Key Financial Ratios

	FY16	FY17	FY18	FY19e	FY20e
Growth Ratios (%)					
Revenue	-3.1	-0.4	4.0	8.3	9.4
EBITDA	11.7	0.2	-8.1	9.4	10.6
Net Profit	11.3	-0.3	-9.3	9.9	7.0
EPS	11.3	-0.3	-9.3	9.9	7.0
Margins (%)					
Operating Profit Margin	34.2	33.1	30.6	30.1	30.6
Gross profit Margin	37.8	37.9	33.4	33.8	34.1
Net Profit Margin	29.2	29.2	25.5	25.9	25.3
Return (%)					
ROCE	52.3	51.1	45.6	48.5	48.2
ROE	52.8	52.3	46.9	50.5	51.0
Valuations					
Market Cap/ Sales	7.1	7.3	8.4	7.4	6.8
EV/EBITDA	17.7	18.1	23.9	20.9	18.9
P/E	24.4	25.0	33.0	28.8	26.9
P/BV	13.0	12.9	15.5	14.3	13.2
Other Ratios					
Interest Coverage	1314.8	288.1	221.2	181.9	139.8
Debt Equity	0.0	0.0	0.0	0.1	0.1
Current Ratio	4.9	4.5	3.8	3.0	2.9
Turnover Ratios					
Fixed Asset Turnover	6.7	7.4	7.1	6.6	5.4
Total Asset Turnover	1.8	1.8	1.8	2.0	2.0
Debtors Turnover	41.4	30.2	27.7	26.3	26.2
Inventory Turnover	11.8	11.5	12.9	13.1	13.2
Creditor Turnover	11.1	12.7	11.5	10.0	9.8
WC Ratios					
Debtor Days	8.8	12.1	13.2	13.9	13.9
Inventory Days	31.0	31.7	28.3	27.8	27.6
Creditor Days	32.9	28.7	31.8	36.6	37.1
Cash Conversion Cycle	6.9	15.1	9.7	5.1	4.4

Cumulative Financial Data

	FY15-16	FY17-18	FY19e-20e
Volumes (cases in lakhs)	107	107	115
Income from operations	1625	1625	1879
Operating profit	513	518	571
EBIT	563	569	620
PBT	563	566	616
PAT	443	444	480
Dividends	408	417	426
OPM (%)	31.6	31.8	30.4
NPM (%)	27.3	27.3	25.6
ROE (%)	48.5	50.0	50.4
ROCE (%)	48.0	48.9	48.2
Debt Equity*	0.0	0.0	0.0
Fixed asset turnover	5.6	7.7	5.8
Debtors turnover	48.2	28.1	26.2
Inventory turnover	12.4	11.4	13.0
Creditors turnover	13.2	10.7	9.9
Debtor days	7.6	13.0	13.9
Inventory days	29.4	31.9	28.1
Creditor days	27.6	34.1	37.0
Cash conversion	9.4	10.8	5.0
Dividend payout ratio (%)	110.5	97.1	88.6

FY15-16 implies two years ending fiscal 16; FY15 data not IND-AS compliant.
*as at terminal year

Depressed by the twin impact of demonetization and GST, the volume growth and revenues in FY17-18 remained muted (see table) owing to reduced offtake, adverse impact on various channels of distribution and short term confusion regarding various aspects of GST. At the wholesale level, most FMCG businesses witnessed contraction of their pipeline. Demand in early FY17 was already under significant strain as a result of suppressed consumption stoked by two consecutive years of drought. Modest recovery in the next two fiscal is expected with a volume growth estimated at 7.5%. Consistent uptrend in trade receivables since FY14 explains the sharp fall in debtor's turnover ratio over the years.

Bajaj Corp is poised to grow on the backdrop of its expansion plans to boost its capacity as well as the launch of various value added products in its pipeline. Yet, margins would be held hostage to surge in prices of key raw materials like LLP and refined oil. Revival of rural demand and restructuring of its international business would help foster its business further. The cash conversion cycle is expected to further improve.

Financial Summary – US dollar denominated

million $	FY16	FY17	FY18	FY19e	FY20e
Equity capital	2.2	2.3	2.3	2.2	2.2
Shareholders' funds	66.0	69.6	69.1	68.9	74.1
Total debt	1.5	2.3	2.1	4.4	5.1
Net fixed assets (inc CWIP)	14.6	18.3	20.0	26.6	30.8
Investments	41.5	52.2	47.3	43.1	44.6
Net current assets	8.4	-1.1	1.6	-1.1	-1.5
Total assets	66.0	69.6	69.1	68.9	74.1
Revenues	122.2	118.8	128.6	131.9	144.3
EBITDA	46.2	45.2	43.2	44.8	49.5
PBDT	46.2	45.0	43.0	44.5	49.2
PBT	45.4	44.2	41.9	43.2	47.4
Net Profit	35.7	34.7	32.8	34.1	36.5
EPS ($)	0.24	0.24	0.22	0.23	0.25
Book Value ($)	0.45	0.47	0.47	0.47	0.50

Income statement figures translated at average rates; balance sheet at year end rates; projections at current rates (Rs 68.02/$)
*All dollar denominated figures are adjusted for extraordinary items; book value adjusted for goodwill.

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buy: >20%	accumulate: >10% to ≤20%	hold: ≥-10% to ≤10%	reduce: ≥-20% to <-10%	sell: <-20%

Exchange Rates Used- Indicative

Rs/$	FY15	FY16	FY17	FY18
Average	61.15	65.46	67.09	64.45
Year end	62.59	66.33	64.84	65.04

All $ values mentioned in the write-up translated at the average rate of the respective quarter/ year as applicable. Projections converted at current exchange rate. Cumulative dollar figure is the sum of respective yearly dollar value.