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Broker's Call

RELIANCE SECURITIES

Bajaj Corp (Buy)

CMP: ₹458.90

Target: ₹577

Bajaj Corp is the market leader in the light hair oil segment with its brand enjoying volume and value market share of 58.5 per cent and 61 per cent, respectively.

The company is a dominant player in the segment with relative market share of 4.5x over its nearest competitor.

The company's performance in the past couple of years has been adversely impacted due to low consumer demand, poor rural growth, demonetisation and trade pipeline correction post GST roll-out.

We expect recovery in demand in coming quarters on the back of two consecutive good monsoons aiding rural growth, trade stabilisation post GST roll-out and strong pricing power.

Based on expected EPS of ₹21.2, the stock currently trades at attractive valuations.

We estimate the company to report revenue and earnings CAGR of 11.9 per cent and 12.5 per cent, respectively, and have a 'buy' recommendation on the stock.

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