

Result Snapshot

<u>Amt. in Rs. Crs.</u>	Q1FY21	Q4 FY20	Q-o-Q(%)	Q1 FY20	Y-o-Y(%)
Revenue	197.58	178.76	10.53%	240.74	-17.93%
Other Income	10.56	8.37		5.97	
Total Income	208.14	187.13	11.23%	246.71	-15.63%
EBITDA	57.04	22.48	153.74%	68.61	-16.86%
EBIDTA (%)	28.87%	12.58%		28.50%	
EBIT	55.53	21.00	164.44%	67.20	-17.37%
PBT	65.68	28.43	131.00%	72.79	-9.77%
PAT	54.24	23.29	132.86%	56.71	-4.36%
PAT%	27.45%	13.03%		23.56%	

Result / Con-call Highlights:

1) Result Update

Bajaj Consumer Care reported a topline of Rs. 208.14 cr up 11.23% Q-o-Q basis from Rs. 187.13 cr reported in Q4 FY20 mainly on account of higher sales from the sanitizers. The company reported an EBITDA of Rs. 57 cr with an EBITDA margin of 28.87% for the quarter ended June, 2020. Net Profit stood at Rs. 54.24 cr in Q1 FY21 against Rs. 23.29 cr reported in Q4 FY20 clocking in a growth of 132.86% on Q-o- Q basis.

2) Con Call Highlights

As Bajaj Consumer Care deals in only one segment namely hair oil, the company faced a lot of turmoil due to Covid-19. The hair oil segment showed value de-growth of 37.7% and volume de-growth of 32.7% on Y-o-Y basis in April & May 2020. A higher slowdown was witnessed in terms of value due to higher slowdown of premium hair oils both in urban and rural India. The company continued to maintain its market share in terms of value at 10.2% at the end of Q1 FY21.

The value de-growth in hair oil was tamed by the launch of hand sanitizers in April 2020. The sanitizers launched under the Bajaj Nomarks brand contributed to a higher single digit percentage in terms of revenue contribution in Q1 FY21. Even though sanitizer's margins are significantly lower than that of hair oil segment, the company would continue to sell them at least for the near term until the Covid-19 effect subsides. However, the long term prospects of this segment needs to be examined at every interval.

Break-up of urban to rural sales is around ~60:40 with rural showing much better recovery in the month of June. However, due to various parts of nation going under the lockdown in July the recovery pace has been hampered. The management was able to improve EBITDA margins to 30.42% compared to 14.85% reported in Q4 FY20. EBITDA margins were at pre covid levels mainly on account of no ad spend during the quarter.

Mr. Jaideep Nandi joined the company on 2nd January, 2020 and was appointed as Managing Director on 1st July, 2020 replacing Mr. Sumit Malhotra who continues to be on the Board of Directors. Mr. Nandi prior to

Result / Con-call Highlights: (Continued)

joining Bajaj Consumer Care was the CEO of Asian Paints PPG and has a track record of turning around businesses and putting them on a path of profitable growth. Since the company has not really grown its topline for the past 5 years, one of the tasks assigned to Mr. Nandi is to find new avenues of growth.

Due to the unprecedented situation, the current priority remains to help the company sail through the crisis without hampering the topline and EBITDA. However, in the coming 2 to 3 quarters we expect the management to share the future plans to drive the growth and take the company to the next level. Mergers & acquisition is on the cards but it is too early to process any such possibilities.

3) Outlook

Being an FMCG company, Bajaj Consumer Care trades at a fairly cheap valuation of 13.5x earnings on ttm basis. Having a single portfolio of hair oil segment and no revenue growth over the past 5 years has hampered the investor sentiments in the past. However, with the new Managing Director in place we believe the company will again ride the topline & profitability growth in the coming few years thereby driving the higher valuations. We opine investors to Buy on Dips as the coming few quarters would be stressful but the future would be bright.

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