Bajaj Consumer Care Ltd — FY 2026 Annual Report Analysis

Annual Report Analysis (Consolidated)

Watch The business delivered a sharp operational turnaround with record revenue and margin expansion, but the diversion of cash to promoter-owned real estate and deteriorating receivable quality warrant caution despite the strong balance sheet.

Key findings

Key findings

- Personal Care revenue grew **20.73%** to □1,165 Cr, driven by the flagship Almond Drops Hair Oil and the integration of the Banjara's skincare acquisition.
- EBITDA margin expanded to **18.97%** from 13.26% as material costs fell to 39.5% of revenue, offsetting an 8.1% increase in salary expenses.
- Related party transactions included a □**27.27 Cr** cash payment for residential flats from promoter entities, representing 14.3% of annual profit.
- Trade receivables aged between one and two years surged **332%** to □9.99 Cr, indicating deteriorating revenue quality and potential distributor stress.
- Asset impairment risk persists for a □**26.30 Cr** commercial building project in Worli that has remained stalled in capital work-in-progress for over three years.
- Distribution reach expanded to **45.91 lakh** outlets while digital channels scaled to contribute 9% of flagship hair oil sales.
- Management targets doubling the non-core portfolio to □**500 Cr** by 2029 through price-led growth in coconut oil and scaling the Banjara's brand.
- Free cash flow of □**164 Cr** supported a □186.6 Cr share buyback, which reduced the share capital by 4.69%.
- KMP remuneration remains contained at **4.81%** of EBITDA following a management transition and the sharp increase in operating profit.
- Indefinite-life brand assets of □**102.54 Cr** are not amortized, supporting reported profit but posing a risk if brand equity in new segments falters.

What to watch

What to watch

Monitorable	Current status	Threshold for action
Receivables aged >6 months	□19 Cr	Exceeding □25 Cr
Related-party capex	□27.27 Cr	Any new non-core asset purchase
Worli CWIP status	Stalled (□26.30 Cr)	Formal impairment charge
ADHO Market Share	63%	Below 60%
EBITDA Margin	18.97%	Below 15.0%

1. Business

1.1 What it sells, to whom

- Sells hair oils (flagship Bajaj Almond Drops, 100% Pure Coconut Oil), skincare (Nomarks, Banjara's), soaps, and lotions.
- Products are sold to retail consumers through a distribution network of 45.91 lakh outlets across India and in 30+ international markets including Nepal, Bangladesh, and the GCC.
- The company earns revenue through volume-led sales and premiumization (price x volume) across General Trade, Modern Trade, and E-commerce channels.

1.2 Segment performance

Segment	FY25 (□ Cr)	FY26 (□ Cr)	YoY	Share change (pp)	Margin	What drove it
Personal Care	965.0	1,165.0	20.73%	0.0	18.97%	ADHO growth in the twenties and Banjara's integration
Total	**965.0**	**1,165.0**	**20.73%**	—	**18.97%**	**Consolidated turnaround and improved product mix**

Forward visibility: Not disclosed.

Personal care

- Capacity: Operates owned plants at Paonta Sahib and Guwahati supplemented by third-party contract manufacturers; capacity does not currently bind.
- Visibility: Not disclosed; revenue is driven by retail offtake and secondary sales rather than long-term contracts.
- Cost driver: Landed costs of Light Liquid Paraffin (LLP) and Copra move segment margins.
- Change: Completed the 100% acquisition of Vishal Personal Care and expanded Project Aarohan distribution into five additional states.

1.3 Operating measures

Measure	FY24	FY25	FY26	Unit
Gross margin	Not disclosed	—	60.1%	%
Distribution reach (outlets) (Total)	43 lakh +	43 lakh + outlets	45.91 Lakhs	Outlets
Rural vs urban growth (General Trade)	—	Not disclosed	Urban sub-channels outperforming rural	Not disclosed
Consolidated revenue from operations growth	—	—	21.4%	%
EBITDA growth (Consolidated)	—	—	70.9%	%
Profit after tax growth (Consolidated)	—	—	51.8%	%
Almond Drops Hair Oil (ADHO) Growth	—	—	In the twenties	%

Not disclosed: volume growth; advertising and promotion as % of revenue. * Distribution reach expanded to 45.91 lakh outlets while digital channels scaled to contribute 9% of flagship Almond Drops sales. * Flagship Almond Drops Hair Oil (ADHO) outperformed consolidated revenue growth, delivering growth in the twenties compared to 21.4% for the total operations.

1.4 What the company is building

Initiative	Type	Size	Timing / status	What it changes
Vishal Personal Care	Acquisition	Not quantified	Completed May 2025	100% ownership of natural skincare brand Banjara's
Share Buyback	Capital restructuring	□186.6 Cr	Completed Sept 2025	Extinguished 4.69% of pre-buyback paid-up capital
Project Vridhi	Expansion	1 lakh+ outlets	Ongoing	Unified South India go-to-market strategy
VPCL Demerger	Capital restructuring	Not quantified	Approved July 2025	Transfer of manufacturing/distribution to the parent company
Chitrakoot Mela	Partnership	30 lakh pilgrims	Completed Oct 2025	High-visibility experiential branding and trial-led engagement

1.5 Cost base

Cost line	□Cr	Share of total cost	YoY	What drives it
Materials consumed	432.06	50.05%	0.05%	Prices of Copra and Light Liquid Paraffin
Promotional Expenses	168.27	19.49%	22.1%	Ad-spend re-weighting toward digital and TV
Other Expenses	147.88	17.13%	13.44%	Logistics, energy, and secondary freight costs
Salaries and Wages	115.09	13.33%	8.1%	Frontline sales capability building and increments

Sensitivity not disclosed.

1.6 Competitive position

- Maintains a dominant 63% market share in the Light Hair Oil (LHO) segment through the Bajaj Almond Drops brand.
- Source of advantage is a deep distribution network reaching 45.91 lakh outlets and a long-standing brand legacy in hair nourishment.
- Competitive threats include rising intensity from new-age D2C brands in personal care and price-led competition in the coconut oil segment.

1.7 What must stay true

- Dominance in LHO: Bajaj Almond Drops market share must remain above 60% (currently 63%) to fund expansion into new categories (carried from last year).
- Royalty ceiling: The royalty payment to Bajaj Resources Pvt Ltd must not exceed 1% of revenue (currently □11.65 Cr) to prevent cash leakage (carried from last year).
- Distribution integrity: Total distribution reach must remain stable; erosion below 40 lakh outlets would break the volume-led growth thesis (carried from last year).
- Raw material stability: Copra and LLP prices must remain within historic ranges; a 15% landed cost spike breaks the margin recovery thesis (new).

2. Management's view

2.1 Outlook on the business

Area	What management says	Number or date given	Horizon
Revenue	"Crossed the 1,000 crore milestone" following a "decisive turnaround"	1,153.4 Cr	FY26
EBITDA Margin	"Margins expanding" due to disciplined revenue management	19.5%	FY26
Gross Margin	"Expanded by nearly 660 basis points" through cost optimisation	60.1%	FY26
Growth Target	"Aspires to sustain low double-digit revenue growth"	—	Medium-term
ADHO Segment	"Sustained its strong growth trajectory" outperforming the company	In the twenties	FY26
Non-core Portfolio	"Aim to double the scale" to reach a new milestone	500 Cr	3 years
Distribution	"Expanding direct reach meaningfully" over a defined horizon	45.91 Lakhs	4 years
Coconut Oil	"Strategy has shifted decisively" toward profitable, equity-led participation	225 Cr	FY26
Capital Position	"Retaining a net-debt-free balance sheet"	—	FY26
Input Costs	"Watchful" of volatility in liquid paraffin and edible oils	—	Short-term

2.2 Plans and expansion

- Scale the non-core growth portfolio to a 500 Cr annual revenue target by 2029 through narrowing price gaps in the coconut oil category and growing the Banjara’s brand.
- Execute Project Vridhi to create a unified South India go-to-market strategy, leveraging a combined reach of 1 Lakh outlets and 700 channel partners following the 100% acquisition of Vishal Personal Care.
- Modernize distribution via Project Aarohan Phase 3, converting passive wholesale outlets into directly serviced retail points across five additional states, funded via internal accruals.
- Complete a 186.6 Cr share buyback to enhance long-term shareholder value while utilizing treasury operations to maintain high credit quality for remaining liquidity.
- Integrate the manufacturing and distribution undertakings of Vishal Personal Care into the parent company under a Scheme of Demerger to improve operational efficiency and portfolio alignment.

2.3 Risks and challenges management names

- Regulatory: Non-compliance with emerging rules affecting business continuity; mitigated by engagement with consultants and the planned rollout of a statutory compliance automation tool in FY27.
- Macro-Economic: Inflation impacting consumer purchasing power and top-line growth; mitigated by monthly profitability reviews and calibrated pricing interventions to protect the price-value proposition.
- Competition: Intense rivalry from new-age brands in digital marketplaces; mitigated by transitioning marketing weights toward digital media and establishing AI-driven innovation pipelines for premiumisation.
- Supply Chain: Volatility in agricultural and crude-linked inputs like liquid paraffin; mitigated by proactive procurement positions, value engineering, and sourcing from alternate geographies.
- Counterfeiting: Infringing and copycat products causing revenue loss; mitigated by a brand protection program involving 70+ raids and legal enforcement against brands on major e-commerce platforms.

- Cybersecurity: Unauthorized access to IT systems disrupting manufacturing; mitigated by 24/7 managed threat detection, web application firewalls, and periodic security patches updated every two hours.

2.4 Tone

Optimistic -- Management reports a decisive turnaround with record revenue and significant margin expansion while achieving its first 1,000 Cr milestone. "FY 2025-26 stands out as an important milestone in that journey: a year in which your Company delivered a decisive turnaround." "We enter the year from a position of restored fundamentals and renewed clarity of direction." The tone improved from Cautiously optimistic last year to Optimistic.

3. Financial picture

3.0 What looks out of line

What it could mean	What would confirm or disprove it	Likelihood
Capital diversion to related parties	Disclosure of the business necessity for residential real estate in an FMCG firm.	Likely
Deteriorating revenue quality	Recovery of specific overdue distributor balances or future write-offs.	Likely
Asset impairment risk	A formal impairment charge or a restart of construction activity.	Likely
Profit cushioning via accounting	Re-assessment of brand life or annual impairment test results.	Possible

The □62.09 Cr acquisition of Vishal Personal Care drove the 94% spike in fixed assets and 95% jump in intangibles.

3.1 Is it making money, and is the profit real?

Profitability recovered sharply through volume growth and input cost cooling, though bottom-line growth was aided by accounting choices.

- Revenue rose 20.7% to □1,165 Cr, driven by flagship Almond Drops Hair Oil growing in the twenties and the Banjara's brand integration.
- EBITDA margin expanded to 19% from 13.3%, primarily due to material costs falling to 39.5% of revenue from 45.8% the prior year.
- Reported PAT of □190 Cr was supported by the non-amortization of □102.54 Cr in brands, which avoids a significant annual depreciation charge.

Where the profit came from (FY26): pre-tax profit of □231 Cr = core operating profit □221 Cr, plus recurring other income □23 Cr, plus one-off items □4 Cr, less interest □2 Cr, less depreciation □15 Cr.

Five-year record

Metric	5-yr mean	FY25	FY26	Low ‹ band › high	Vs trend	Why it moved	Durable?
Revenue growth %	3.22	-1.93	20.73	-1.93 `[--o--] #` 9.2	**Better than trend** (best in window)	ADHO growth in the twenties and Banjara's integration	Structural
EBITDA margin %	15.86	13.26	18.97	13.26 `[---- o-----#]` 19.77	**Better than trend**	Material cost cooling (39.5% of revenue) and volume recovery	Structural
PAT margin %	15.62	12.95	16.31	12.95 `[---- o#-----]` 19.32	**In line with trend**	—	—
ROCE %	22.25	19	30	19 `[---o---] #` 26	**Better than trend** (best in window)	Sharp profit turnaround on a stable capital base	Structural
Other income % of PBT	22.04	23.53	11.69	18.93 `# [--o-]` 23.81	**Better than trend**	Reduced reliance on treasury gains as core earnings rose	Structural

What the checks found

Is the growth real? Watch · Is the P&L being manufactured? Watch

Check	FY25 (□ Cr)	FY26 (□ Cr)	Status	What it means
Depreciation policy / useful-life change	108	211	Watch · high impact	Classification of 102.54 Cr of brands as having 'indefinite life' avoids annual amortization, boosting PAT.
Receivables ageing / ECL provisioning	2.31	9.99	Watch · low impact	Identifies 9.99 Cr of 1-2 year old undisputed debt with only 1.64 Cr total ECL provision
Exceptional items and their effect on PBT	1.6	4.17	Watch · low impact	Adds 4.17 Cr to PBT
Valuation-method or accounting-policy change	—	Not disclosed	Watch · low impact	New Labour Code adjustment for past service cost charged to P&L in FY26.
Customer concentration	—	Not disclosed	Unresolved	—

Clean (7): Non-operating / other income as % of PBT; Receivables growth vs sales growth; Unbilled revenue, contract assets, deferred revenue; Revenue from related parties as % of revenue; Advances from customers trend; Deferred tax movement and cash-vs-book tax; Provision reversals credited to income.

3.2 Is profit turning into cash?

Cash conversion improved significantly due to tax asset liquidations, but a spike in aged receivables signals growing collection risks.

- Operating cash flow reached □197 Cr as working capital contributed □12 Cr, largely from a □10.34 Cr reduction in GST input balances.
- Efficiency is challenged by a 332% jump in receivables aged 1-2 years, taking the total overdue beyond six months to 24.7% of the book.

- Provisioning for doubtful debts remains thin at ₹2 Cr, covering only 10.5% of the ₹19 Cr in overdue receivables.

Five-year record

Metric	5-yr mean	FY25	FY26	Low ‹ band › high	Vs trend	Why it moved	Durable?
CFO / EBITDA	0.68	0.51	0.89	0.51 `[----o--] #` 0.75	**Better than trend**	Release of GST input balances and higher operating profit	Too early
Debtor days	15.75	27	24	8 `[----o----#-]` 27	**Worse than trend**	Partial recovery from prior year high	—
Cash conversion cycle (days)	24.25	31	42	17 `[--o---] #` 31	**Worse than trend** (worst in window)	Payables days reduction and ageing of specific receivables	Structural
Cash from operations	102.75	65	197	65 `[--o--] #` 129	**Better than trend**	Strong operating turnaround and working capital release	Structural

What the checks found

Does profit become cash? Clean

Clean (5): CFO vs clean EBITDA (cash conversion); Pre-tax operating conversion (CFO + tax paid) / EBITDA; Working-capital movement; Cash tax paid vs book tax; Inventory absorption of operating cash.

3.3 Where is the cash going?

Cash was deployed for a strategic skincare acquisition and non-core real estate purchases from related parties rather than dividends.

- The company utilized ₹62.09 Cr for the 100% acquisition of Vishal Personal Care to scale its presence in the natural skincare segment.
- Significant capital was diverted to related parties through a ₹27.27 Cr payment for residential flats, representing 14.3% of annual profit.
- Capital allocation shifted from dividends (zero in FY26) to a ₹186.6 Cr share buyback, extinguishing 4.9% of the company's equity.

Where 5 years of cash went: the business generated ₹608 Cr of operating cash; it went to interest ₹1 Cr, capex ₹61 Cr, dividends ₹291 Cr; net borrowing repaid ₹5 Cr, no equity raised.

What the checks found

Is value leaving to insiders? Watch

Check	FY25 (□ Cr)	FY26 (□ Cr)	Status	What it means
Related-party transaction quantum and trend	1.07	38.31	Watch · medium impact	27.27 Cr non-core cash outflow for residential flats to RPs.
KMP / director remuneration vs EBITDA	8.16	10.64	Watch · medium impact	Remuneration rose 30% against an EBITDA jump of 72%.
New related-party counterparties this year	—	27.27	Watch · low impact	Acquisition of flats from Abhitech Developers and Bajaj Resources.
CSR spend and shortfall	3.83	3.45	Watch · low impact	100% of CSR (3.45 Cr) routed through a related party foundation.

Clean (4): Loans, advances or guarantees to group entities; Interest earned on loans/advances to related parties, against the company's own cost of debt; Interest paid on loans taken FROM promoters or directors, against the company's own cost of debt; Promoter pledge / encumbrance.

3.4 How strong is the balance sheet?

The balance sheet is robust and debt-free, though stalled projects and indefinite-life intangibles carry potential impairment risks.

- Net debt remains negative at -□23 Cr, with interest cover at 103x and □367 Cr in liquid investments eliminating refinancing concerns.
- Asset quality is pressured by □26.30 Cr of CWIP stalled for over three years, which may require future valuation adjustments.
- Contingent liabilities for indirect taxes total □9.94 Cr, while off-balance sheet lease commitments represent an additional □17.18 Cr in future obligations.

Five-year record

Metric	5-yr mean	FY25	FY26	Low ‹ band › high	Vs trend	Why it moved	Durable?
Net debt / EBITDA	-0.3	-0.84	-0.1	-0.84 `[-------o---}` -0.07	**Worse than trend**	Cash utilization for buyback and Vishal Personal Care acquisition	One-off
Interest coverage	141	118	103	118 `#[---o----]` 169	**Outside the plausible range for this metric (-50 to 100 x) — treat as a data artifact, not a result**	Data artifact due to minimal debt levels	—

What the checks found

Can the balance sheet take a hit? Watch

Check	FY25 (□ Cr)	FY26 (□ Cr)	Status	What it means
CWIP ageing and stalled projects	27.53	26.3	Flag · low impact	Identifies 26.29 Cr 'Commercial Building Worli' CWIP stalled for >3 years.

Clean (4): Dividend vs free cash flow; Contingent liabilities vs net worth; Borrowing terms, security, covenants; Encumbered assets / title deeds not in company name.

Contingent liabilities and commitments

Category	FY 2026 (Cr)	FY 2025 (Cr)
Indirect Tax Claims	9.94 Cr	9.32 Cr
Capital Commitments	1.51 Cr	0.03 Cr
Lease Commitments (Non-capitalized)	17.18 Cr	18.91 Cr

- Total contingent liabilities for indirect taxes are 9.94 Cr. Management estimates no material adverse effect, but this represents a potential cash outflow of roughly 5% of FY26 PAT.
- Short-term/low-value lease commitments of 17.18 Cr are not on the balance sheet, representing "hidden" fixed operational outflows.

Financial statements

P&L statement (□Cr)

Line item	Mar 2026	Mar 2025
Sales	1,165	965
Sales Growth %	20.72	-1.96
Expenses	944	837
Material Cost %	39.47	45.77
Raw material cost	461	441
Change in inventory	-1	1
Manufacturing Cost %	2.74	2.87
Employee Cost %	12.08	11.59
Other Cost %	26.73	26.56
Operating Profit	221	128
OPM %	19	13
Other Income	27	36
Exceptional items	4.17	1.60
Other income normal	23.15	34.31
Interest	2	1
Depreciation	15	10
Profit before tax	231	153
Tax %	18	18
Net Profit	190	125
Exceptional items AT	5	2
Profit excl Excep	185	123
Profit for PE	185	123
Profit for EPS	190	125
Profit Growth %	50	-19
EPS (□)	14.56	9.14
Dividend Payout %	0	0

Balance sheet (□Cr)

Line item	Mar 2026	Mar 2025
Equity Capital	13	14
Reserves	742	734
Borrowings	16	4
Short term Borrowings	0	0
Lease Liabilities	15.80	4.17
Other Borrowings	0	0
Other Liabilities	174	149
Trade Payables	42	50
Advance from Customers	4	4
Other liability items	128	95
Total Liabilities	945	901
Fixed Assets	298	154
Land	69	67
Building	106	62
Plant Machinery	37	29
Equipments	8	7
Computers	0	0
Furniture n fittings	2	1
Vehicles	2	2
Intangible Assets	211	108
Other fixed assets	6	5
Gross Block	440	281
Accumulated Depreciation	142	127
CWIP	27	28
Investments	367	401
Other Assets	253	318
Inventories	66	55
Trade receivables	76	72
Receivables over 6m	19	8
Receivables under 6m	58	64
Prov for Doubtful	-2	-1
Cash Equivalents	39	112
Loans n Advances	17	21
Other asset items	55	58
Total Assets	945	901

Cash flow statement (□Cr)

Line item	Mar 2026	Mar 2025
Cash from Operating Activity	197	65
Profit from operations	223	128
Receivables	-4	-28
Inventory	-6	1
Payables	8	3
Loans Advances	0	0
Other WC items	14	-11
Working capital changes	12	-35
Direct taxes	-38	-28
Cash from Investing Activity	-15	155
Fixed assets purchased	-33	-6
Fixed assets sold	0	0
Investments purchased	-23	-60
Investments sold	0	249
Interest received	23	31
Acquisition of companies	-62	0
Other investing items	81	-60
Cash from Financing Activity	-196	-212
Proceeds from shares	0	0
Proceeds from borrowings	0	0
Repayment of borrowings	0	0
Interest paid fin	0	0
Dividends paid	0	0
Financial liabilities	-6	-5
Other financing items	-190	-206
Net Cash Flow	-14	8
Free Cash Flow	163	59
CFO/OP	106	73

Key ratios

Line item	Mar 2026	Mar 2025
Debtor Days	24	27
Inventory Days	52	45
Days Payable	34	41
Cash Conversion Cycle	42	31
Working Capital Days	9	21
ROCE %	30	19

4. Management & governance

Governance check matrix

Check	Status	Detail
Audit opinion (type)	Clean	Unmodified
Fraud reported by the auditor	Clean	None reported
Audit trail (edit log)	Clean	SAP trail preserved; no tampering noted
Statutory dues unpaid	Clean	No qualifications in CARO
Promoter pledge (% of promoter holding)	Clean	0%
Independent directors (% of board)	Clean	50% (4 of 8)
Woman director	Clean	Ms. Lilian Jessie Paul
KMP pay against the statutory ceiling	Clean	Within Section 197 limits
Related-party transactions (% of revenue)	Watch	3.64% of FY26 revenue

A. Auditor report & key audit matters

The auditor issued an unmodified opinion. One Key Audit Matter (KAM) was identified: **Revenue Recognition (Rebates and Discounts)**. The auditor noted that the estimation of discounts and rebates is material, complex, and subject to significant management judgment, creating a risk of revenue overstatement. The auditor addressed this by testing IT controls, sampling sales agreements to verify contractual terms, and comparing current year discount trends against internal and external industry benchmarks.

Internal financial controls were found to be operating effectively. No defaults to lenders were reported; the company remains debt-free. Audit fees for FY26 totaled □0.21 Cr (Statutory and Tax Audit), while non-audit fees (other services and reimbursements) totaled □0.06 Cr.

B. Related party transactions

Significant cash outflows occurred for non-core assets, specifically the purchase of residential flats from promoter-controlled entities.

Counterparty	Relationship	Nature	FY26 flow (□ Cr)	FY25 flow (□ Cr)	Balance at FY26 year end (□Cr)	Assessment
Bajaj Resources Pvt Ltd	Significant Influence	Royalty & Flat Purchase	27.40	9.47	3.14	Non-core / Routine
Abhitech Developers Pvt Ltd	Common Control	Flat Purchase	10.91	0	0	Non-core
K.J. Bajaj Foundation	Promoter CSR	CSR Contribution	3.45	3.84	0	Routine
Others	Various	Professional/Misc	0.59	0.44	0.21	Routine
Total	—	—	**42.35**	**13.75**	**3.35**	—

The company spent □27.27 Cr in FY26 to purchase residential flats from Bajaj Resources and Abhitech Developers, a transaction representing over 14% of annual PAT. While the company acquired 100% of Vishal Personal Care for □62.09 Cr during the year, that entity moved from an associate to a subsidiary, consolidating its manufacturing capacity.

C. Shareholding

The promoter holding increased mechanically due to a share buyback of 64.34 lakh shares (4.69% of capital) at □290 per share, which promoters did not participate in.

Category	FY26 (%)	FY25 (%)	Change (pp)
Promoters	42.97	40.95	2.02
FIIs	16.59	10.60	5.99
DIIs	13.41	18.39	-4.98
Public	27.03	30.06	-3.03
Total	**100.00**	**100.00**	**0.00**

There is no promoter pledge. The increase in promoter percentage was the result of the extinguishment of shares following the tender-offer buyback rather than open-market purchases.

D. Board composition

The Board underwent a planned leadership transition. Mr. Jaideep Nandi retired as Managing Director on June 30, 2025, and was succeeded by Mr. Naveen Pandey effective July 1, 2025. Former MD Sumit Malhotra continues on the board as a Non-Executive Director and Advisor. There were no sudden resignations or family appointments to executive seats during the year; all four independent directors have served since early 2024 or earlier.

E. KMP compensation

Remuneration is measured against consolidated EBITDA of □221.0 Cr.

Name	Role	FY26 (□Cr)	FY25 (□Cr)	Change
Naveen Pandey	Managing Director (part year)	3.93	0	New
Jaideep Nandi	Managing Director (part year)	2.61	5.16	-49.4%
Sumit Malhotra	Director & Advisor	1.50	1.50	0.0%
Others (CFO/CS)	KMP Group	2.60	1.50	73.3%
Total	—	**10.64**	**8.16**	**30.39%**
% Of EBITDA	**(□221.0 Cr)**	**4.81%**	**6.38%**	—

Total KMP compensation represents 4.81% of EBITDA, which is proportionate for the sector. While total pay rose by 30.4%, it trailed the 72.6% growth in operating profit, indicating that management compensation is currently aligned with the company's improved earnings performance.

F. Capital allocation & capex

The company generates high free cash flow, with a five-year cumulative CFO of □608 Cr easily covering □61 Cr in capex and □291 Cr in dividends. The □33 Cr capex in FY26 was entirely self-funded from operations, and the company remains net debt-free with a cash/investment buffer of □23.0 Cr. During the year, the company utilized its cash to acquire 100% control of Vishal Personal Care for □62.09 Cr to integrate manufacturing. Return on Capital Employed (ROCE) improved significantly from 19% to 30% while the company expanded its asset base, a hallmark of efficient growth. The share count was reduced by 4.69% through a buyback, further concentrating returns for remaining holders.

G. Revenue recognition policy

Revenue is recognized when control of products transfers to the customer, typically upon delivery. The reported turnover is measured net of returns, rebates, and trade discounts. Because the FMCG sector involves high volumes of complex trade schemes, management must exercise judgment in estimating the year-end accruals for these incentives, which the auditor monitors as a risk for potential revenue misstatement.

4.1 Credibility: said versus delivered

What they said last year	What happened	Verdict
EBITDA Margin target of 14.7% for FY26.	EBITDA margin reached 18.97% due to material cost cooling.	Delivered
Committed to delivering consistent double-digit growth.	Revenue grew 20.73% in FY26.	Delivered
Expanding Project Aarohan (distribution) to the rest of the country.	Reach expanded from 43L to 45.91L outlets; expanded to 5 additional states.	Partially Met
Strategic shift in Coconut oil toward profitable, equity-led participation.	Decisive shift reported; segment achieved □225 Cr milestone.	Delivered
Scaling skincare/ethnic portfolio to increase basket size.	Completed 100% acquisition of Vishal Personal Care (Banjara's).	Delivered

2 further claims too vague to check: Scaling international growth centered on local production; smart manufacturing at Guwahati/Paonta units.

This year's claims against the numbers

- Management claims "margins expanding" due to "disciplined revenue management," which is validated by the 660 bps expansion in gross margins (60.1%) as material costs fell to 39.5% of revenue.
- The aspiration to "sustain low double-digit revenue growth" is supported by the 20.7% growth this year, though the quality is challenged by a 332% surge in receivables aged 1-2 years (□9.99 Cr).
- The goal to "double the scale" of the non-core portfolio to □500 Cr by 2029 is aggressive given the current stalled capital of □26.30 Cr in the Worli project.

Credibility: High Management successfully navigated the transition to a new MD while exceeding its own double-digit growth and margin targets. While the aged receivables spike and non-core real estate purchase (□27.27 Cr) are noted governance/efficiency drags, the operational turnaround is mathematically robust and outperforms guidance.

What has not changed

- The □26.30 Cr commercial building project in Worli remains stalled in Capital Work-in-Progress for the fifth consecutive year.
- The 1% revenue royalty payment to Bajaj Resources Pvt Ltd (□11.65 Cr this year) remains a persistent cash drain.
- The company maintains a high-liquidity, net-debt-free balance sheet despite significant cash outflows for buybacks and acquisitions.
- Dominance in the Light Hair Oil segment persists with a stable 63% market share for the flagship brand.

5. Scorecard

Dimension	Rating	Vs last year	What decided it
Business quality	5	Same	ROCE reached **30%** and has exceeded 15% for five consecutive years while return on net fixed assets remained above 13%.
Financial health	5	Same	The company maintains a net-cash position of □**23 Cr** and interest cover of 103x.
Earnings quality	2	Same	Capital diversion to related parties of □**27.27 Cr** exceeded 10% of profit, alongside deteriorating revenue quality from aged receivables.
Management & governance	3	Same	KMP pay is **4.81%** of EBITDA, but the non-routine purchase of residential flats from promoters and asset impairment risk prevent a higher score.
Capital allocation	5	Same	Five-year capex of □**61 Cr** was fully funded by □608 Cr in operating cash flow with no equity dilution.