Bajaj Consumer Care Ltd — FY 2025 Annual Report Analysis

Annual Report Analysis (Consolidated)

Watch Core profitability and cash conversion have hit five-year lows, and a significant buildup in receivables suggests a shift in credit terms to defend stagnant sales.

Key findings

Key findings

- The company maintains a dominant **63%** market share in the Light Hair Oil segment, though consolidated revenue declined 1.9% due to sluggish urban demand and high raw material costs.
- EBITDA margin of **13.3%** is below its five-year range of 14.7-26.4%, driven by negative operating leverage as employee costs rose to 11.6% of revenue.
- Operational cash generation fell by □**51 Cr** year-on-year, reaching a five-year low conversion rate of 0.51x EBITDA.
- Working capital drag reached a five-year peak, primarily due to a □**27.99 Cr** increase in trade receivables despite the decline in total sales.
- Stalled capital of □**28.18 Cr** remains tied up in a Worli commercial building project with no progress for three years, posing a potential impairment risk.
- The company transitioned capital allocation toward inorganic growth, deploying □**59.52 Cr** to acquire a 49% stake in Vishal Personal Care to enter the natural skincare segment.
- International business grew **20%** across 30 countries, while digital channels now contribute 9% of flagship Bajaj Almond Drops sales.
- Promoter royalty payments to Bajaj Resources Pvt Ltd are fixed at **1%** of revenue, totaling □9.65 Cr this year, providing a consistent cash drain regardless of operating margin compression.
- Management executed a □**166.49 Cr** share buyback in July 2024, extinguishing 4.02% of capital to enhance shareholder value amidst high treasury liquidity.
- Total distribution reach remains static at **43 lakh+** outlets, though a modernization pilot delivered an 8-10% penetration gain in underserved regions.

What to watch

What to watch

Monitorable	Current status	Threshold for change
EBITDA Margin	13.3%	Recovery above 15.0%
Trade Receivables	□72 Cr	Reduction below □50 Cr
Worli CWIP	□26.2 Cr	Impairment charge or construction restart
CFO / EBITDA Ratio	0.51x	Sustained return above 0.80x
Project Aarohan Rollout	UP/MP Pilot	National expansion reaching 50 lakh+ outlets

1. Business

1.1 What it sells, to whom

- Sells hair oils (Bajaj Almond Drops, Coconut, Amla), skincare (body lotions, soaps, facial kits), and ethnic products (Henna, Gulab Jal) primarily in India.
- Distributes to General Trade retailers, Modern Trade (Reliance), and E-commerce platforms (Amazon, Flipkart, Myntra, Apollo), with international presence in 30+ countries including Bangladesh, UAE, and Malaysia.
- Earns revenue through volume-led sales and premium pricing of its flagship Light Hair Oil (LHO) products.

1.2 Segment performance

Segment	FY24 (□ Cr)	FY25 (□ Cr)	YoY	Share change (pp)	Margin	What drove it
Personal Care	983.69	965.0	-1.9%	0.0	13.26%	Sluggish urban demand and high raw material costs
Total	**983.69**	**965.0**	**-1.9%**	—	**13.26%**	**Consolidated performance impacted by urban demand headwinds**

Forward visibility: Not disclosed.

Personal care

- Capacity: Own plants at Paonta Sahib and Guwahati supplemented by contract manufacturers; capacity does not currently bind;
- Visibility: Not disclosed; revenue is driven by retail offtake rather than long-term contracts or order books;
- Cost driver: Light Liquid Paraffin (LLP) and Copra landed costs move segment margins;
- Change: Acquisition of the Banjara's brand and pilot completion of the Aarohan route-to-market transformation.

1.3 Operating measures

Measure	FY24	FY25	Unit
Distribution reach (outlets) (Total)	43 lakh +	43 lakh +	Outlets
E-commerce channel growth	—	29%	%
International business growth	—	20%	%
Project Aarohan pilot impact (UP and MP)	—	8-10%	%
E-Com Contribution (ADHO) (Bajaj Almond Drops Hair Oil)	—	9%	%

Not disclosed: volume growth; gross margin; advertising and promotion as % of revenue. - Distribution reach remains stable at 43 lakh+ outlets, though the Project Aarohan pilot improved penetration by 8-10% in underserved regions. - Digital channels are scaling rapidly, with E-commerce growing 29% YoY to contribute 9% of flagship Bajaj Almond Drops sales.

1.4 What the company is building

Initiative	Type	Size	Timing / status	What it changes
Vishal Personal Care	Acquisition	₹50+ Cr revenue	49% acquired Feb 2025	Entry into natural/Ayurvedic personal care segment
Share Buyback	Capital restructuring	₹166.49 Cr	Completed July 2024	Extinguished 4.02% of pre-buyback paid-up capital
Project Aarohan	Expansion	24,000+ outlets	Ongoing (FY25 pilot)	Distribution network transformation in underserved towns
ABP News / Dainik Jagran	Partnership	Lakhs of pilgrims	FY25 Mela activations	Direct trial and trial-led consumer engagement

1.5 Cost base

Cost line	₹Cr	Share of total cost	YoY	What drives it
Cost of Materials	441.97	54.80%	-0.70%	Copra and Light Liquid Paraffin prices
Promotional Expenses	142.82	17.72%	-13.90%	Digital marketing and celebrity ambassador fees
Salaries and Wages	110.01	13.65%	10.50%	Headcount and STAR technique hiring costs
Other Expenses	101.32	12.57%	14.60%	Freight, fuel, and legal expenses
Royalty Expense	9.65	1.26%	-1.90%	Fixed 1% of revenue to promoter entity

Sensitivity not disclosed.

1.6 Competitive position

- Maintains a dominant 63% market share in the Light Hair Oil (LHO) segment, supported by a vast distribution network of 43 lakh+ outlets.
- The primary source of advantage is the "Bajaj Almond Drops" brand equity and a strong route-to-market network reaching 7,700+ partners.
- Competitive threats include counterfeit "copycat" brands (30+ identified) and intense volume competition in the mass 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 9.65 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 (new).
- 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
Demand	"Rural volumes bounced back with vigour" while urban demand remains "somewhat sluggish" due to food inflation.	—	Short-term
Revenue	Consolidated revenue declined 1.9% following "specific strategic shifts" and a complex market landscape.	950 Cr	FY25
Margins	Targeting "expanding EBITDA margins" through cost controls and productivity improvements at Guwahati and Paonta plants.	14.7%	FY26
Growth targets	Management is "committed to delivering consistent double-digit growth" across the portfolio.	—	FY26
Distribution	Project Aarohan delivered a "delta gain" in pilot states; now expanding to the rest of the country.	8-10%	FY26
Segment: ADHO	Focus on "revitalisation" via new packaging and thematic campaigns; maintained dominant market share.	63%	FY25
Segment: Coconut	Bajaj 100% Pure Coconut Oil achieved "double-digit value growth" and has become a success story.	—	FY25
Segment: E-commerce	Momentum maintained with "Quick Commerce being a key driver" of digital sales.	29%	FY25
International	Recorded "robust growth" with consistent performance across 30+ countries.	20%	FY25
Pricing	Implementing "graded price adjustments" for flagship products to maintain margins against cost headwinds.	—	FY25

2.2 Plans and expansion

- Expand Project Aarohan from the UP and MP pilot regions to a national, phased rollout over the next year to modernize the route-to-market.
- Integrate the acquisition of Vishal Personal Care Limited (Banjara's brand) to bridge the geographic gap in South India and enter the Ayurvedic personal care segment.
- Scale the "Almond Drops" equity into adjacent hair and skin categories while leveraging ethnic credentials in henna and rose water segments.
- Execute a □166.49 Cr share buyback, which extinguished 57.41 lakh equity shares at □290 per share in July 2024 to enhance shareholder value.
- Invest in "smart manufacturing" and automation at Guwahati and Paonta Sahib units to drive productivity and offset variable cost increases.

2.3 Risks and challenges management names

- Input Costs: Fluctuating commodity prices, specifically a spike in copra and edible oil duties, threaten margins; mitigated by developing alternate vendors for critical materials like Almond Oil and Vitamin-E.
- Competition: Intense rivalry in the FMCG sector from players with higher marketing flexibility; mitigated by a robust Business Risk Management framework and timely strategic actions.

- Counterfeiting: Infringing and copycat products lead to revenue loss and brand damage; mitigated by a brand protection program that included 50+ raids and legal action against 30+ copycat brands.
- Cybersecurity: Potential breaches to IT systems could cause operational disruption or data leakage; mitigated by 24/7 managed threat detection, response (MDR), and a Web Application Firewall.
- Regulatory: Changes in fiscal benefits or regulatory frameworks could affect profitability; mitigated by continuous monitoring through the internal Risk Management Committee.

2.4 Tone

Optimistic -- Management emphasizes a "decisive transformation," the successful pilot of its distribution overhaul, and a significant entry into natural skincare. "We enter the new year with renewed confidence—committed to delivering consistent double-digit growth." "Bajaj Consumer Care is all set to transform in FY26." 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
Channel stuffing or credit relaxation to arrest falling sales	A sharp reversal in receivables during Q1 FY26 without a corresponding spike in sales returns.	Possible
Stalled capital and potential impairment risk	Disclosure of construction resumption or an impairment charge in the subsequent audit cycle.	Likely
Structural margin erosion in core business	Sustained margin recovery following the completion of the Aarohan route-to-market pilot.	Possible

A ₹166.49 Cr share buyback and the ₹59.52 Cr Vishal Personal Care acquisition were funded by liquidating ₹249 Cr of bond investments.

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

Operating profitability is declining despite volume-led strategies, leaving the bottom line increasingly dependent on non-operating investment income.

- EBITDA margin fell to 13.26% from 15.75% last year, driven by negative operating leverage as employee costs rose to 11.59% of revenue.
- Material costs remain the dominant expense at 45.8% of revenue, while other income of ₹36 Cr now contributes 23.53% of profit before tax.
- The 19% ROCE remains comfortably above the 6.5% risk-free rate, though returns have nearly halved from 38% in FY21 as margins contracted.

Where the profit came from (FY25): pre-tax profit of ₹153 Cr = core operating profit ₹128 Cr, plus recurring other income ₹34 Cr, plus one-off items ₹2 Cr, less interest ₹1 Cr, less depreciation ₹10 Cr.

Five-year record

Metric	5-yr mean	FY24	FY25	Low ‹ band › high	Vs trend	Why it moved	Durable?
Revenue growth %	2.34	2.39	-1.93	-4.56 `[-#---o-----]` 9.2	**Worse than trend**	Sluggish urban demand and strategic shifts	Too early
EBITDA margin %	19.14	15.75	13.26	14.67 `#[---o------]` 26.36	**Worse than trend** (worst in window)	Negative operating leverage and employee cost rise	Too early
PAT margin %	18.43	15.75	12.95	14.46 `# [---o-----]` 24.19	**Worse than trend** (worst in window)	Drop in core operating profitability	—
ROCE %	27	23	19	21 `#[---o------]` 38	**Worse than trend** (worst in window)	Compression in operating margins	—
Other income % of PBT	19.4	23.81	23.53	12.96 `[------o----}` 23.81	**Worse than trend**	Operating profit fell faster than treasury income	—

What the checks found

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

Check	FY24	FY25	Status	What it means
Non-operating / other income as % of PBT	23.81%	23.53%	Watch · high impact	Other income (□36 Cr), mainly from investments, remains a critical floor for PBT as operating margins contract
Receivables growth vs sales growth	□43.99 Cr	□71.83 Cr	Watch · low impact	Indicates a □27.84 Cr build-up of uncollected revenue despite a □19.29 Cr revenue decline
Receivables ageing / ECL provisioning	□5.97 Cr	□8.27 Cr	Watch · low impact	Receivables older than 6 months rose to □8.27 Cr, representing 11.1% of total book
Customer concentration	—	Not disclosed	Unresolved	—

Clean (8): Unbilled revenue, contract assets, deferred revenue; Revenue from related parties as % of revenue; Advances from customers trend; Exceptional items and their effect on PBT; Deferred tax movement and cash-vs-book tax; Provision reversals credited to income; Depreciation policy / useful-life change; Valuation-method or accounting-policy change.

3.2 Is profit turning into cash?

Cash conversion has weakened significantly as modern trade and e-commerce expansion stretches the working capital cycle.

- Operating cash flow of □65 Cr represents only 0.51x EBITDA, the lowest conversion rate in five years, due to a □35 Cr working capital drag.
- Debtor days spiked to 27 days from a four-year average of 11.25, reflecting longer credit cycles in scaling digital and modern trade channels.
- Profit remains authentic as cumulative five-year tax paid of □171 Cr closely matches the □175 Cr tax charge in the P&L.

Five-year record

Metric	5-yr mean	FY24	FY25	Low ‹ band › high	Vs trend	Why it moved	Durable?
CFO / EBITDA	0.8	0.75	0.51	0.72 `# [-o----] ` 0.98	**Worse than trend**	Working capital drag of □35 Cr	Too early
Debtor days	11.25	16	27	8 `[-o--] #` 16	**Worse than trend** (worst in window)	Channel shift to Digital and Modern Trade	Structural
Cash conversion cycle (days)	11.5	30	31	-20 `[------o----}` 30	**Worse than trend** (worst in window)	Working capital stretch in digital channels	—
Cash from operations	145.75	116	65	101 `# [--o-----] ` 237	**Worse than trend**	□27.84 Cr build-up in uncollected receivables	—

What the checks found

Does profit become cash? Flag

Check	FY24	FY25	Status	What it means
CFO vs clean EBITDA (cash conversion)	0.75x	0.51x	Flag · high impact	Operational cash generation fell by □51 Cr YoY, reaching the lowest conversion rate in 5 years
Working capital movement	-□6.00 Cr	-□35.00 Cr	Flag · high impact	Working capital drag reached a 5-year peak, primarily due to the □27.99 Cr increase in receivables
Pre-tax operating conversion (CFO + tax paid) / EBITDA	0.97x	0.73x	Watch · high impact	Excluding the tax drag, conversion still deteriorated due to a □35 Cr working capital outflow

Clean (2): Inventory absorption of operating cash; Cash tax paid vs book tax.

3.3 Where is the cash going?

The company is transitioning from a dividend-paying entity to one focused on capital restructuring and inorganic growth in natural segments.

- Five years of CFO totaling □648 Cr easily funded minimal cumulative capex of □31 Cr, representing just 4.8% of operating cash.
- Capital allocation shifted this year from dividends to a □166.49 Cr buyback and the □59.52 Cr acquisition of a 49% stake in Vishal Personal Care.
- Growth is entirely self-funded as the 59.3% sustainable growth rate far exceeds the actual three-year revenue CAGR, resulting in surplus liquidity.

Where 5 years of cash went: the business generated □648 Cr of operating cash; it went to interest □2 Cr, capex □31 Cr, dividends □409 Cr; net borrowing repaid □20 Cr, no equity raised.

What the checks found

Is value leaving to insiders? Watch

Check	FY24 (□ Cr)	FY25 (□ Cr)	Status	What it means
Related-party transaction quantum and trend	77.16	95.42	Watch · medium impact	Total RPT value rose by □18.26 Cr, largely due to the new □59.52 Cr associate acquisition offset by lower dividends
New related-party counterparties this year	—	59.52	Watch · medium impact	Acquired a 49% stake in Vishal Personal Care Limited, making it an associate
KMP / director remuneration vs EBITDA	7.61	8.72	Watch · medium impact	KMP remuneration rose 14.6% despite a 17.4% drop in EBITDA

Clean (5): 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; CSR spend and shortfall.

3.4 How strong is the balance sheet?

The balance sheet remains exceptionally liquid with zero bank debt and a substantial buffer of treasury investments.

- Net debt stands at -□107.8 Cr, with □340.70 Cr in current investments providing a current ratio of 4.48x.
- Financial obligations are limited to lease liabilities of □4.17 Cr, which are comfortably serviced by an interest cover of 118x.
- Contingent liabilities of □9.32 Cr for indirect tax disputes are immaterial, representing just 1.25% of the □748 Cr net worth.

Five-year record

Metric	5-yr mean	FY24	FY25	Low ‹ band › high	Vs trend	Why it moved	Durable?
Net debt / EBITDA	-0.1	-0.23	-0.84	-0.23 `# [-o]` -0.02	**Better than trend**	Treasury liquidation for buyback/ acquisition	One-off
Interest coverage	170.75	145	118	132 `#[---o------]` 237	**Outside the plausible range for this metric (-50 to 100 x) — treat as a data artifact, not a result**	EBITDA contraction on zero bank debt	—

What the checks found

Can the balance sheet take a hit? Watch

Check	FY24 (□ Cr)	FY25 (□ Cr)	Status	What it means
CWIP ageing and stalled projects	27.8	28.18	Watch · medium impact	□26.17 Cr is tied up in a 'Commercial Building Worli' that has been in progress for over 3 years, suggesting a stalled project
Contingent liabilities vs net worth	9.36	28.23	Watch · low impact	Contingent liabilities rose due to □18.91 Cr in off-balance sheet lease commitments not previously disclosed

Clean (3): Dividend vs free cash flow; Borrowing terms, security, covenants; Encumbered assets / title deeds not in company name.

Contingent liabilities and commitments

Type	FY 2024-25	FY 2023-24	Nature
Indirect Tax Disputes	9.32 Cr	9.36 Cr	Claims not acknowledged
Lease Commitments	18.91 Cr	0 Cr	Future cash outflows
Capital Commitments	Not Disclosed	Not Disclosed	—

- Tax Litigation: The company faces 9.32 Cr in indirect tax claims. Management believes these will not succeed on ultimate resolution and has not acknowledged them as debt.
- Off-Balance Sheet Leases: The company has future cash outflows of 18.91 Cr for leases not recorded in the measurement of lease liabilities (low-value or short-term leases), a significant jump from zero in the prior year.

Financial statements

P&L statement (□Cr)

Line item	Mar 2025	Mar 2024
Sales	965	984
Sales Growth %	-1.96	2.42
Expenses	837	829
Material Cost %	45.77	44.96
Raw material cost	441	449
Change in inventory	1	-6
Manufacturing Cost %	2.87	2.77
Employee Cost %	11.59	10.28
Other Cost %	26.56	26.21
Operating Profit	128	155
OPM %	13	16
Other Income	36	45
Exceptional items	1.60	3.38
Other income normal	34.31	41.29
Interest	1	1
Depreciation	10	10
Profit before tax	153	189
Tax %	18	18
Net Profit	125	155
Exceptional items AT	1	3
Profit excl Excep	124	153
Profit for PE	124	153
Profit for EPS	125	155
Profit Growth %	-19	10
EPS (□)	9.14	10.88
Dividend Payout %	0	28

Balance sheet (□Cr)

Line item	Mar 2025	Mar 2024
Equity Capital	14	14
Reserves	734	816
Borrowings	4	9
Short term Borrowings	0	0
Lease Liabilities	4.17	8.75
Other Borrowings	0	0
Other Liabilities	149	144
Trade Payables	50	40
Advance from Customers	4	5
Other liability items	95	99
Total Liabilities	901	984
Fixed Assets	154	158
Land	67	67
Building	62	62
Plant Machinery	29	25
Equipments	7	8
Computers	0	0
Furniture n fittings	1	2
Vehicles	2	2
Intangible Assets	108	108
Other fixed assets	5	5
Gross Block	281	277
Accumulated Depreciation	127	119
CWIP	28	28
Investments	401	586
Other Assets	318	212
Inventories	55	56
Trade receivables	72	44
Receivables over 6m	8	6
Receivables under 6m	64	38
Prov for Doubtful	-1	0
Cash Equivalents	112	44
Loans n Advances	21	15
Other asset items	58	53
Total Assets	901	984

Cash flow statement (□Cr)

Line item	Mar 2025	Mar 2024
Cash from Operating Activity	65	116
Profit from operations	128	156
Receivables	-28	-15
Inventory	1	-5
Payables	3	19
Loans Advances	0	0
Other WC items	-11	-5
Working capital changes	-35	-6
Direct taxes	-28	-34
Cash from Investing Activity	155	12
Fixed assets purchased	-6	-5
Fixed assets sold	0	0
Investments purchased	-60	-6
Investments sold	249	0
Interest received	31	40
Other investing items	-60	-17
Cash from Financing Activity	-212	-120
Proceeds from shares	0	0
Proceeds from borrowings	0	0
Repayment of borrowings	0	0
Interest paid fin	0	0
Dividends paid	0	-114
Financial liabilities	-5	-5
Other financing items	-206	-1
Net Cash Flow	8	9
Free Cash Flow	59	112
CFO/OP	73	97

Key ratios

Line item	Mar 2025	Mar 2024
Debtor Days	27	16
Inventory Days	45	46
Days Payable	41	33
Cash Conversion Cycle	31	30
Working Capital Days	21	7
ROCE %	19	23

4. Management & governance

Governance check matrix

Check	Status	Detail
Audit opinion (type)	Clean	Unmodified
Fraud reported by the auditor	Clean	—
Audit trail (edit log) in the accounting software	Clean	SAP used; no tampering observed
Statutory dues unpaid	Clean	—
Promoter pledge (% of promoter holding)	Clean	0%
Independent directors (% of board)	Clean	50%
Woman director	Clean	One (Independent)
KMP pay against the statutory ceiling	Clean	Within limits
Related-party transactions (% of revenue)	Clean	2.18%

A. Auditor report & key audit matters

The auditor provided an unmodified opinion for the consolidated financial statements. One Key Audit Matter (KAM) was identified: * **Revenue Recognition:** The auditor focused on the estimation of rebates, incentives, and trade discounts, which are material and involve significant management judgment due to complex contractual terms across diverse markets. The auditor tested the design of IT controls, sampled sales transactions against shipping documents, and reviewed the year-end accrual process for incentive schemes to ensure compliance with Ind AS 115.

There were no Emphasis of Matter paragraphs or reported material weaknesses in internal financial controls. The company remains debt-free with no defaults to lenders. Statutory audit fees for FY25 were 0.22 Cr (compared to 0.21 Cr in FY24); no significant non-audit fees were paid to the statutory auditor.

B. Related party transactions

Money leaves the company primarily through royalty payments to the promoter group and CSR contributions to a family foundation. Royalty is paid at approximately 1% of revenue for the use of brands.

Counterparty	Relationship	Nature	FY25 flow (□Cr)	FY24 flow (□Cr)	Balance at FY25 year end (□Cr)	Assessment
Bajaj Resources Pvt Ltd	Promoter Entity	Royalty & Rent	10.41	10.61	4.28	Routine
Vishal Personal Care Ltd	Associate	Sale of Goods	10.21	10.03	Not disclosed	Arm's length
K.J. Bajaj Foundation	Promoter CSR	CSR Spend	3.84	4.39	0	Routine
Total	—	—	**24.46**	**25.03**	**4.28**	—

The table does not show the 59.52 Cr cash outflow for the acquisition of a 49% stake in Vishal Personal Care Ltd, which transitioned from a third party to an associate during the year. There were no write-offs or provisions recorded against promoter entities. The company does not lend to related parties; its surplus cash is held in quoted government securities and bonds.

C. Shareholding

The promoter holding increased as a percentage of the company due to a share buyback that extinguished 57.41 lakh shares, reducing the denominator.

Category	FY25 (%)	FY24 (%)	Change (pp)
Promoters	40.95	39.30	1.65
FIIs	10.60	14.11	-3.51
DIIs	18.39	17.29	1.10
Public	30.06	29.30	0.76
Total	**100.00**	**100.00**	**0.00**

There is no promoter pledge. The increase in promoter percentage was mechanical, resulting from the buyback rather than fresh market purchases.

D. Board composition

The board consists of eight directors with a 50% independence ratio. No directors are related to each other. Significant changes occurred at the executive level: Managing Director Jaideep Nandi’s tenure ends on June 30, 2025, with Naveen Pandey appointed to succeed him effective July 1, 2025. Additionally, the Head of Sales and Head of Marketing resigned during the year, replaced by new senior management appointments in June 2024.

E. KMP compensation

Remuneration is measured against consolidated EBITDA.

Name	Role	FY25 (□Cr)	FY24 (□Cr)	Change
Jaideep Nandi	Managing Director	6.01	5.56	8.09%
Sumit Malhotra	Director & Advisor	1.50	1.50	0%
Others (CFO/CS)	KMP	0.65	0.44	47.73%
Total	—	**8.16**	**7.50**	**8.80%**
Pay as % of EBITDA	—	**6.38%**	**4.84%**	—

Total KMP pay rose by 8.8% in a year where EBITDA fell by 17.42% (from 155 Cr to 128 Cr). The Managing Director's pay is the primary driver, though total compensation remains proportionate at 6.38% of operating profit.

F. Capital allocation & capex

Bajaj Consumer Care is a high-liquidity, debt-free business that generated 648 Cr in operating cash over the five-year window. The company’s core capital allocation for FY25 shifted from dividends to a 166.49 Cr share buyback and inorganic growth. It deployed 59.52 Cr to acquire a 49% stake in Vishal Personal Care Ltd, an associate company, marking a significant move into the South Indian market.

A persistent concern is the 26.17 Cr tied up in "Commercial Building Worli," which has been categorized as Capital Work-in-Progress for more than three years without completion. While the company funded its 6 Cr routine capex and the associate acquisition entirely from internal accruals, returns on capital (ROCE) have compressed from 23% to 19% as revenue declined 2% and margins tightened. The share count decreased by 4.02% due to the buyback, but the business is currently buying growth and shrinking its equity base rather than expanding its asset base with the same efficiency as prior years.

G. Revenue recognition policy

Revenue is recognized when control of the products is transferred to the customer, typically upon delivery. The policy leaves significant room for management judgment regarding the estimation of variable consideration, specifically rebates, incentives, and trade discounts, which are deducted from the gross invoice value to arrive at reported revenue. These estimates are based on historical data and the terms of prevailing market schemes.

4.1 Credibility: said versus delivered

What they said last year	What happened	Verdict
Strategic shift to a multi-category FMCG model to counter stagnation.	Non-ADHO portfolio grew, but consolidated revenue declined 1.93% to □965 Cr.	Partially Met
Focus on modernizing ADHO to maintain market leadership.	Maintained a dominant 63% market share in the LHO segment.	Delivered
Aggressive volume-led strategy in Coconut Oil to gain entry in South/West.	Bajaj 100% Pure Coconut achieved double-digit value growth.	Delivered
Channel transformation prioritizing Quick Commerce and Modern Trade.	E-commerce grew 29% YoY, now contributing 9% of ADHO sales.	Delivered
International growth strategy centered on local production.	Recorded 20% growth across 30+ countries.	Delivered
Rural distribution strategy via "Van Distribution" in low-share regions.	Pilot Project Aarohan impact of 8-10%, but total reach static at 43L+ outlets.	Partially Met

n further claims too vague to check: 2 (Scaling skincare/ethnic portfolio to increase basket size; deepening distribution in "Red Ocean" categories).

This year's claims against the numbers

- Management is "committed to delivering consistent double-digit growth" for FY26, yet FY25 revenue declined 1.9% and the flagship ADHO brand (63% market share) remains in a mature, low-growth category.
- The target for "expanding EBITDA margins" (14.7% for FY26) follows a five-year low of 13.26% in FY25, achieved even after cutting promotional expenses by 13.9% (□142.82 Cr).

- Despite claims of distribution "revitalisation" via Project Aarohan, total distribution reach has remained flat at 43 lakh+ outlets for two consecutive years.

Credibility: Medium Management has successfully executed its digital and international expansion targets and completed a significant capital restructuring (buyback), but core revenue stagnation and a persistent three-year trend of receivables outpacing sales growth remain unaddressed.

What has not changed

- The ₹26.17 Cr Capital Work-in-Progress for the Worli commercial building has remained stalled and non-productive for the fourth consecutive year.
- Royalty payments to promoter-controlled Bajaj Resources Pvt Ltd continue at exactly 1% of revenue (₹9.65 Cr) despite the contraction in operating margins.
- Non-operating investment income persists as a critical floor for earnings, contributing over 23% of PBT for the third straight year.
- Trade receivables have continued to outpace revenue growth for three years, reflecting a structural shift or loosening in credit terms to maintain channel volume.

5. Scorecard

Dimension	Rating	Vs last year	What decided it
Business quality	5	Up	Pre-tax return on net fixed assets stayed above 13% and ROCE above 15% in all five years.
Financial health	5	Up	Net debt is negative at **-₹107.8 Cr** and interest cover remains exceptionally high at **118x**.
Earnings quality	2	Same	Operational cash generation fell by ₹**51 Cr** to a five-year low, and receivables rose while revenue declined.
Management & governance	3	Same	Total KMP remuneration rose to **6.38%** of EBITDA, and ₹**26.17 Cr** remains stalled in a non-productive asset.
Capital allocation	5	—	Cumulative capex of ₹**31 Cr** is less than 5% of operating cash, and the share buyback was funded without debt.