

Bajaj Consumer Care Ltd — Apr 2026 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Strong Beat **One-line:** Bajaj Consumer delivered a "clean" milestone quarter, crossing ₹1,000 Cr in annual revenue with a massive 1,000+ bps YoY EBITDA margin expansion, signaling that the structural turnaround and premiumization strategy are now yielding significant operating leverage.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Strong Beat	Revenue +32.3% YoY; EBITDA margin 23.7% vs 13.3% YoY	☐
Earnings Quality	High (Core driven)	Margin expansion driven by mix and strategic pricing; no major one-offs	☐
Guidance Confidence	Strong	Reaffirmed low-to-mid 20% EBITDA zone despite RM volatility	☐
Management Credibility	Strong	Delivered on ADHO revival and reached ₹1,150 Cr FY revenue target	☐
Business Quality Signal	Improving	Diversification taking root (non-ADHO @ ₹225 Cr); OT channel @ 30%	☐
Key Q&A Exchange	Q2 (Volume/Mix)	Volume is mid-single digit; pricing/mix is the primary value driver	☐
The Street's Primary Anxiety	RM Hyperinflation	Mgmt taking frontal price hikes to protect the new margin base	☐
Capital Cycle Stage	Consolidation	Integrating Banjara's; focusing on sweating the existing GTM	☐
Margin / Return Ratio Trajectory	Improving	EBITDA margins hit a multi-year high of 23.7%	☐
Pricing Power	Expanding	Successful MLH adjustments and price hikes accepted by trade	☐
FCF Conversion & Quality	Strong	Cash/Investments at ₹388 Cr; Share capital reduction implies buybacks	☐
Competitive Moat Signals	Stable	Volume market share gains in Hair Oil category despite price hikes	☐
Balance Sheet Strength	Strong	Zero Debt; Cash and Investments dominate the asset side	☐
Working Capital Efficiency	Stable	DSO/Inventory levels remain lean and controlled	☐
Mgmt Guidance Track Record	Reliable	Surpassed the "respectable margin" target set in Q3	☐
Key Vulnerability / Red Flag	RM Volatility	LLP and Crude-linked packaging costs are rising sharply	☐
Management Tone	Confident	Tone shifted from "fixing" to "steady-state growth"	☐

Key Takeaways: * **Positives:** Total revenue crossed the ₹1,000 Cr mark for the first time (₹1,153 Cr FY26). Gross margins expanded to an industry-leading 63.6% through strategic pack mileage (MLH) adjustments. Organized Trade (Modern Trade + E-commerce) now contributes 30% of sales, providing a platform for premiumization. * **Negatives:** Volume growth is lagging value growth (mid-single digit absolute volume vs 32% revenue growth). The International Business remains a drag, particularly in GCC and Africa, requiring a leadership reset. * **The Street's Concern:** Analysts pressed hard on whether the 23%+ EBITDA margin is

sustainable given the spike in LLP (Light Liquid Paraffin) and packaging costs due to geopolitical tensions. Management's response was firm: they will use frontal pricing and cost optimization to defend the "low-to-mid 20s" margin band. * **Watchpoint:** Success of the "Growth Portfolio" (non-ADHO) scaling from ₹225 Cr to the ₹500 Cr target over the next 3 years.

2. BUSINESS PERFORMANCE

2A. KEY METRICS *PPT figures used as primary source. Concall used for commentary.*

Metric	Current Qtr (Q4 FY26)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Revenue (Consol)	₹326.5 Cr	+32.3%	+6.7%	↑	Driven by ADHO volume-led growth (MLH adjusted) and premiumization.
Gross Margin (%)	63.6%	+960 bps	+360 bps	↑	Improvement from strategic pricing, mix, and "mileage" optimization.
EBITDA (Consol)	₹77.4 Cr	+135.2%	+36.0%	↑	Significant operating leverage as revenue base expanded.
EBITDA Margin %	23.7%	+1040 bps	+510 bps	↑	Reached target zone earlier than anticipated; now the new "normal".
PAT (Consol)	₹63.6 Cr	+105.2%	+37.1%	↑	High-quality growth with no major one-offs; tax rate normalized.
Ad Spend (% Rev)	15.1%	+10 bps	-20 bps	→	Sustaining high SOV/SOM; digital spends increasing.
Volume Growth (%)	~5.0%	Not in doc	→	→	Mid-single digit absolute; double-digit on "MLH adjusted" basis.
Inventory (Consol)	₹66.1 Cr	+20.6%	Not in doc	→	Lean inventory at distributor levels; no channel filling.
Cash & Investments	₹388.6 Cr	-8.1%	Not in doc	↓	Decline due to acquisition (Vishal) and buyback activity.
Share Capital	₹13.1 Cr	-4.4%	→	↓	Reduction reflects share buybacks during the year.

2B. SEGMENT BREAKDOWN

Segment	Revenue (₹ Cr)	YoY Growth	Margin	Trend	vs Co. Avg	Key Development
ADHO	~₹260 Cr*	~20%	High	↑	Above	Strong volume market share gains; core driver.
Growth Portfolio	₹225 Cr (FY)	Not in doc	Positive	↑	Below	Target ₹500 Cr in 3 years; includes Coconut/Banjara's.
International (IB)	₹16.3 Cr	-3.0%	N/A	↓	Below	Challenges in GCC/Africa; Leadership change initiated.
Banjara's (VPC)	<₹58 Cr*	+10-12%	Low-teens	↑	Below	First full year; focus on scale to drive margins.

**Derived/Estimated based on Mgmt Commentary*

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate	Historical Delivery	Risk Flag
Guidance	Revenue	Growth Portfolio to reach ₹500 Cr in 3 years.	~₹92 Cr incremental revenue per year.	New Target	Medium
Guidance	Margins	Maintain EBITDA in "low-to-mid 20s" range.	Must sustain current OpEx efficiency.	Beat (Q3 target was 18.5%+)	Low
Strategy	Distribution	Phase 3 of Project Aarohan (5 new states).	Phased rollout in FY27.	Delivered (Reach up 10%+)	Low
Strategy	Portfolio	Double down on Banjara's and Coconut.	Needs 30% CAGR in non-ADHO.	Ongoing	Medium
Macro	RM Prices	Manage hyperinflation in LLP and packaging.	Price hikes are "a given" for Q1 FY27.	Ongoing	High

4. ANALYST Q&A

Q#	Relevance	Analyst	Theme	Underlying Concern	Management Response & Investment Implication	Credibility	Verdict
1	4.5	Abneesh Roy (Nuvama)	Volume vs Value	Is growth driven by volume or just pricing?	Mgmt clarified that absolute volume is mid-single digit, but MLH-adjusted volume (usage/mileage) is double-digit. Implication: Real demand is healthy, but revenue is currently price/mix heavy.	4.0	Clear nuance
2	5.0	Abneesh Roy (Nuvama)	RM Inflation	How will you handle hyperinflation in LLP?	Mgmt confirmed frontal price hikes and MLH adjustments are already being executed to offset 100% inflation in the cost bucket. Implication: Margins might see slight volatility in Q1/Q2 but the 20%+ floor is likely safe.	4.0	Specific action
3	4.0	Binay Shukla (PhillipCap)	Channel Mix	Growth difference between Urban and Rural?	Urban retail/wholesale is growing at ~20%, while rural is slightly lower at mid-teens. Implication: Urban premiumization is the primary driver of the current margin expansion.	4.0	Directional
4	4.5	Percy (IIFL)	Margin Leap	Why did margins jump 500bps QoQ despite "pause" guidance?	The jump was driven by higher-than-expected revenue flow-through and successful MLH reductions before RM hikes hit. Implication: The business has significant operating leverage once revenue crosses a threshold.	4.0	Transparent
5	3.5	Percy (IIFL)	Diversification	What is the plan for the ₹500 Cr growth target?	Plans include doubling down on Banjara's, Coconut, and new launches, independent of further M&A. Implication: Organic growth is the primary lever, reducing dependence on ADHO.	3.0	Aspirational
6	4.0	Shirish Pardeshi (Motilal)	Aarohan Impact	What is the delta from the distribution project?	Aarohan states are seeing a 4% growth delta over non-Aarohan states; project now covers 2/3 of the business. Implication: Distribution expansion is a proven, repeatable growth lever for the next year.	4.5	Quantified

Q#	Relevance	Analyst	Theme	Underlying Concern	Management Response & Investment Implication	Credibility	Verdict
7	3.0	Gunit Singh (Counter Cyclical)	Revenue Base	Is ₹20 Cr the new quarterly revenue floor?	Mgmt avoided a specific floor but noted the "new base" gives momentum for at least two more quarters before overlapping high bases. Implication: Growth rates may taper in H2 FY27 due to base effects.	2.5	Hedged

Pattern Flags & Sentiment: Analysts were impressed but skeptical of the sudden margin jump, repeatedly asking if it was "sustainable." Management remained very confident, shifting the narrative from "recovery" to "maintenance" of the 20-25% EBITDA band. The recurring theme was the trade-off between volume and pricing; analysts are looking for stronger absolute volume growth, while management is prioritizing value and mix.

Analyst Sentiment Verdict: ☐ **Positive/Constructive.** Analysts are no longer questioning the turnaround; they are now focused on the *sustainability* of the high margins and the *scalability* of the non-ADHO portfolio. The main friction point remains the mid-single-digit absolute volume growth, which some fear may cap the long-term terminal value if not accelerated.

5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter (Q3 FY26)	This Quarter (Q4 FY26)	Direction
Revenue Milestone	Approaching ₹1,000 Cr	Crossed ₹1,150 Cr (Full Year)	↑
EBITDA Margin	18.6% (Consol)	23.7% (Consol)	↑
Margin Guidance	"Take a pause at 18.5%"	"Aspire to low-to-mid 20s"	↑
Input Cost Outlook	Cooling/Range-bound	Hyperinflation/Volatility (War impact)	↓
Leadership	Stable	Leadership change in International Biz	□
Channel Mix	Organized Trade <30%	Organized Trade = 30%	↑
Diversification	ADHO dominance (~85%)	Non-ADHO "Growth Portfolio" @ ₹225 Cr	↑
Volume Signal	Double-digit volume (Q3)	Mid-single digit absolute (Q4)	↓

Final Analyst Note: This quarter materially strengthens the thesis. The management has proven they can extract significant pricing/mix value from the core ADHO brand without losing market share. While absolute volumes are modest, the "MLH" strategy effectively converts brand equity into cash flow. The zero-debt balance sheet and ₹388 Cr cash pile provide a massive safety net and fuel for the ₹500 Cr non-ADHO ambition. Thesis is now moving from "Turnaround" to "Growth & Diversification."