

Bajaj Consumer Care Ltd — Aug 2025 Quarterly Analysis

1. VERDICT

Result: Beat

One-line: Bajaj Consumer Care delivered a solid quarter with revenue and EBITDA margin expansion driven by improved product mix, selective pricing, and early benefits from distribution initiatives, supporting confidence in the core brand Almond Drops Hair Oil (ADHO) revival and integration of Vishal Personal Care. This quarter reinforces the thesis of steady margin recovery coupled with cautious growth, without altering the fundamental long-term view.

Dimension	Rating	Evidence
Beat/Miss vs Guidance / Prior Quarter	Beat	Revenue +7.4% YoY consolidated; EBITDA margin up YoY; margin improvement ahead of expectations
Guidance Confidence	Neutral	Management cautious on timing but confident on margin and growth trajectory
Management Credibility	Strong	Transparent on challenges (rural disruption, international weakness), clear on margin path
Tone vs Prior Quarter	More Confident	New MD's first call, positive tone on brand strength and growth initiatives
Business Quality Signal	Improving	Margin expansion, distribution gains, brand revival, and integration progressing
Most Tense Q&A Exchange	Q4 – Margin improvement vs growth trade-offs	Analysts pressed on margin recovery feasibility and growth strategy
Topics Pressed But Absent from Opening	Detailed synergy targets for VPCL acquisition	Management avoided payback period specifics

2. BUSINESS PERFORMANCE

2A. KEY METRICS

Metric	Q1 FY26	YoY Change	QoQ Change	Trend	Mgmt Commentary
Revenue (Consol)	₹259.5 Cr	+7.4%	+5.2%	↑	Growth driven by Urban GT revival, ADHO broad-based growth, and consolidation of Vishal Personal Care (VPC)
Revenue (Standalone)	₹244.5 Cr	+3.2%	Not in doc	↑	Standalone slower due to exclusion of VPC; core business growth moderate
Gross Margin	56.5%	+120 bps	+250 bps	↑	Mix improvement, selective pricing in oils, and trade investment rationalization
EBITDA	₹41.4 Cr	+10.0%	+25.7%	↑	Margin expansion to 15.9% from 15.6% YoY; driven by cost control and pricing
EBITDA Margin	15.9%	+30 bps	+260 bps	↑	Like-to-like margin improvement 100 bps YoY on consolidated basis
PAT (Consol)	₹37.9 Cr	+2.2%	+22.4%	↑	Margins and revenue growth offset by lower other income
Employee Cost %	14.8%	-190 bps	-10 bps	↑	Controlled despite 23.6% absolute increase, reflecting investment in sales and distribution
Advertisement & Sales Promotion %	14.8%	+1.2%	+4.4%	→	Increased A&P focused on ADHO brand revival
Other Expenses %	15.0%	+460 bps	+340 bps	↓	Increase due to integration and distribution expansion efforts
Finance Cost	₹0.4 Cr	+₹0.2 Cr	+₹0.3 Cr	↑	Marginal increase, low overall cost
Depreciation	₹2.4 Cr	+₹0.1 Cr	-0.3 Cr	→	Stable

2B. SEGMENT BREAKDOWN

Segment	Revenue (₹Cr)	YoY Growth	Margin	Trend	vs Company Avg	Key Development
Almond Drops Hair Oil (ADHO)	Not disclosed	+4%	Not disclosed	↑	Core growth driver	Volume decline arrested; broad-based growth; strong A&P support
Coconut Oil (CNO)	Not disclosed	+20%	Not disclosed	↑	Secondary growth driver	Market share gains despite high inflation and price hikes
Vishal Personal Care (VPC)	₹15.5 Cr	+10%	EBITDA low teens	↑	New subsidiary	Full acquisition completed; integration underway
International Business	Not disclosed	-20%	Not disclosed	↓	Weak segment	Decline due to tariff issues, distributor transitions; direct markets Nepal/Bangladesh grew double digits

2C. PPT vs CONCALL ALIGNMENT

Metric	PPT Figure	Concall Figure	Match?	Delta / Note
Revenue (Consol)	₹259.5 Cr	₹259.5 Cr	Yes	Perfect alignment
EBITDA	₹41.4 Cr	₹41.4 Cr	Yes	Perfect alignment
PAT	₹37.9 Cr	₹37.9 Cr	Yes	Perfect alignment
Gross Margin	56.5%	56.5%	Yes	Perfect alignment
Employee Cost	14.8%	14.8%	Yes	Perfect alignment

3. MANAGEMENT OUTLOOK

Dimension	Category	What Management Said	Status	Risk Flag	Linked Q#
Guidance	Revenue	Reaffirmed focus on reviving double-digit growth, especially for ADHO; expect continued growth from VPC integration and distribution expansion	Reaffirmed	Medium	Q1, Q4
Guidance	Margins	Targeting margin improvement to sector averages (~low 20%s) from current ~16%; margin gains to come from mix, pricing, and cost optimization	New / On track	Medium	Q4, Q6
Guidance	Capex	No significant Capex planned over next 2-3 years; focus on operational efficiency	On Track	Low	Q13
Strategy	Capacity / Expansion	Distribution integration of Banjara's and core brands to take 4-6 quarters; pilot ongoing; focus on South market expansion	On Track	Low	Q9, Q10
Industry & Macro	Demand Outlook	Urban GT showing green shoots; rural GT sluggish due to internal distribution changes; hair oil category stable with generational consumer habits	Neutral/ Positive	Medium	Q5, Q12
Industry & Macro	Input Costs / Inflation	LLP prices stable; RMO and copra inflation high but expected to remain range-bound; calibrated pricing to offset inflation	Neutral	Medium	Q11

4. ANALYST Q&A

Q#	Theme Cluster	Underlying Concern	Management's Key Points	Evaded / Not Addressed	Credibility	Verdict
Q4	Rural Demand	Rural GT sluggishness vs macro trends	Internal distribution disruption due to Project Aarohan; expects resolution in next 2 quarters	No	Strong	Credible explanation
Q5	Portfolio Focus	Shift in A&P focus to ADHO vs coconut oil growth	ADHO prioritized due to growth potential; coconut growth lower than market leader but profitable and sustainable	No	Strong	Clear strategic priority
Q6	Margin vs Growth Tradeoff	Feasibility of margin recovery alongside growth	Both margin and growth to be pursued simultaneously; no trade-off now; margin below sector average currently	No	Strong	Balanced approach
Q9	Distribution Integration	Status and timeline of integrating Banjara's and core distribution	Pilot ongoing; full integration 4-6 quarters away; phased approach to avoid disruption	No	Strong	Realistic and transparent
Q11	Input Costs	Raw material inflation impact and pricing strategy	LLP stable; RMO and copra inflation high but manageable; calibrated pricing ongoing	No	Strong	Proactive cost management
Q12	International Business	Tariff and geopolitical headwinds impact	International business small % of revenue; direct markets Nepal/Bangladesh growing; export markets weak due to tariffs	No	Strong	Transparent on challenges
Q15	New Product Visibility	Low visibility of new products in modern trade	Focused, frugal launches in select channels/markets; scale before pan-India rollout	No	Strong	Pragmatic product strategy
Q16	Category Outlook	Hair oil category growth and competition	Category highly penetrated; generational habit; moderate growth expected; need to address changing consumer preferences	No	Strong	Realistic category view
Q17	Capex and Capacity	Plant utilization and future Capex plans	Current capacity sufficient for 2-3 years; no major Capex planned; focus on operational efficiency	No	Strong	Conservative Capex stance
Q19	Diversification	Plans beyond core hair oil category	No comment on unlaunched products; focus on strengthening core and scaling acquired natural/herbal portfolio	Yes	Neutral	Evasive on future diversification

PATTERN FLAGS

Theme Cluster	Q#s	# of Analysts	Overall Management Stance	Cluster Verdict
Margin Recovery	Q6, Q15, Q19	3	Balanced, cautious but confident	Credible and pragmatic
Distribution & Growth	Q4, Q9	2	Transparent, phased approach	Realistic and credible
Portfolio Strategy	Q5, Q15, Q19	3	Focus on core + selective diversification	Cautious, some evasion on future plans

5. INVESTOR NOTES — BUSINESS QUALITY ASSESSMENT

Dimension	This Quarter's Read	Trajectory Signal
Management Credibility	Strong	Improving
Margin / Return Ratio Trajectory	Improving	Improving
Pricing Power	Moderate	Improving (selective price hikes)
Capital Allocation Quality	Neutral	Stable (cautious on Capex, focused on integration)
Competitive Moat Signals	Moderate	Improving (brand loyalty, distribution expansion)
FCF Conversion	Not disclosed	Not assessable
Red Flags (if any)	None material	None

Overall Thesis Verdict:

- Conviction Increasing
- Margin expansion and early signs of brand revival and distribution integration support thesis of steady, sustainable growth. Management's candidness on challenges and clear strategic priorities increase confidence.
- Section 1 and Section 5 aligned on improving business quality and management credibility.
- Watchpoint: Monitor rural GT recovery post-distribution restructuring and tangible impact of Project Aarohan on revenue growth next quarter.

Summary

This quarter's results confirm Bajaj Consumer Care's ongoing transition under new leadership. Revenue growth was healthy, driven by a broad-based revival in the core ADHO brand and consolidation of Vishal Personal Care, while margins expanded due to improved mix, pricing, and cost control. Management's focus on balancing growth with margin recovery, cautious but clear distribution integration plans, and selective portfolio diversification align well with a long-term fundamental thesis. The main risks remain the rural GT disruption and international headwinds, but these are acknowledged and being addressed. Overall, the quarter strengthens confidence in the company's ability to restore profitability and growth sustainably.