

Bajaj Consumer Care Ltd — Jul 2026 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Strong Beat **One-line:** Bajaj Consumer has transitioned from a "recovery" story to a "margin-resilient" growth story, successfully navigating extreme RM volatility to deliver its highest-ever quarterly EBITDA margin (24.7%) while sustaining double-digit adjusted volume growth.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Strong Beat	Revenue +28.3% YoY; EBITDA doubled YoY to ₹84.4 Cr	☐
Earnings Quality	High (Core driven)	Operating leverage and fixed cost optimization (600bps savings)	☐
Guidance Confidence	Strong	Reaffirmed low-to-mid 20% EBITDA zone despite Q2 RM headwinds	☐
Management Credibility	Strong	Delivered on Rural recovery and International rebound as promised	☐
Business Quality Signal	Improving	Non-ADHO "Growth Portfolio" gaining sequential momentum	☐
Key Q&A Exchange	Q2 Margin Stress	Mgmt warned Q2 margins will be "more under stress" than Q1	☐
The Street's Primary Anxiety	RM Hyperinflation	Spike in LLP/Crude; Mgmt using MLH/Pricing levers to defend margins	☐
Capital Cycle Stage	Harvesting / Growth	Sweating Project Aarohan; revamping Banjara's for scale	☐
Margin / Return Ratio Trajectory	Improving	EBITDA margins hit 24.7% (vs 23.7% QoQ and 15.8% YoY)	☐
Pricing Power	Expanding	Successful MLH reductions/Price hikes accepted in a volatile market	☐
FCF Conversion & Quality	Strong	Continued commitment to "prudent financial management"	☐
Competitive Moat Signals	Stable	ADHO maintaining SOV-SOM; Rural growing in line with Urban	☐
Balance Sheet Strength	Strong	No debt; Lean working capital; Restructuring of VPCL effective	☐
Working Capital Efficiency	Stable	Lean channel inventory; GT growing in line with Modern Trade	☐
Mgmt Guidance Track Record	Reliable	Consistent delivery on margin expansion and ADHO revival	☐
Key Vulnerability / Red Flag	RM Volatility	40% spike in LLP (Crude-linked) creates a lag in margin recovery	☐
Management Tone	Confident	Shifted from defensive "fixing" to offensive "sustainable growth"	☐

Key Takeaways (Positives & Negatives): * **Positives:** The business has achieved a structural shift in profitability, doubling EBITDA YoY to ₹4.4 Cr. ADHO remains the powerhouse with low-teen volume growth (MLH adjusted), while the International business saw a broad-based rebound across Nepal, Bangladesh, and MENA. Operating leverage is the primary alpha generator, with fixed costs down 600 bps YoY as a % of sales. * **Negatives:** Gross margins faced a sequential compression (190 bps) due to the West Asia conflict's impact on crude-linked raw materials (LLP). Management explicitly flagged that Q2 FY27 will see "more stress" on gross margins as high-cost inventory flows through the system. * **Street Concern:** Analysts are hyper-focused on the sustainability of the 24%+ EBITDA margin given the 40% jump in LLP prices. Management's response: they have no further pricing actions planned but will rely on volume momentum and operating leverage to defend the "low-to-mid 20s" band. * **Watchpoint:** The execution of the "Growth Portfolio" (Banjara's revamp and Coconut) as it attempts to scale toward the ₹500 Cr target in an "extremely competitive" environment.

2. BUSINESS PERFORMANCE

2A. KEY METRICS DATA SOURCE: PPT figures primary. Concall used for Volume details and RM commentary.

Metric	Current Qtr	YoY Change	QoQ Change	Trend	Mgmt Commentary
Revenue (Consol)	₹41.4 Cr	+28.3%	+4.6%	↑	Driven by ADHO volume-led growth and premiumization.
Gross Margin (%)	61.8%	+510 bps	-190 bps	↓	Sequential drop due to LLP spike (>40%) and elevated RMO.
EBITDA (Consol)	₹4.4 Cr	+101.2%	+9.0%	↑	Significant operating leverage; doubled absolute EBITDA YoY.
EBITDA Margin %	24.7%	+890 bps	+100 bps	↑	Reached upper end of "low-to-mid 20s" target zone.
PAT (Consol)	₹0.7 Cr	+84.8%	+11.2%	↑	High-quality growth; tax rate normalized at ~19%.
Ad Spend (% Rev)	14.6%	0 bps	-50 bps	→	Sustaining SOV; shift toward digital/influencer marketing.
Volume Growth (ADHO)	Low-teen	Not in doc	Not in doc	↑	"MLH adjusted" basis; lead by small packs and sachets.
Employee Cost (% Rev)	10.5%	-330 bps	+30 bps	↑	Operating leverage benefit; absolute spend flat YoY.
Other Expenses (% Rev)	12.0%	-330 bps	-220 bps	↑	Efficiency gains; absolute spend down 11% QoQ.
Key RM: LLP (₹/kg)	>₹100*	>40% (avg)	>40% (avg)	↓	Spike due to crude/West Asia war; expected to cool in July.

*Estimated based on mgmt's "up over forty percent" commentary vs Q4.

2B. SEGMENT BREAKDOWN

Segment	Revenue (₹ Cr)	YoY Growth	Margin	Trend	vs Co. Avg	Key Development
ADHO	~₹273 Cr*	~20%*	High	↑	Above	Maintained market share; Sachet growth standout.
Growth Portfolio	~₹50 Cr*	High Single Digit (QoQ)	Positive	↑	Below	Coconut volume growth despite value deflation.
International	₹16.9 Cr	+27.1% (YoY)	Improving	↑	Below	Strong rebound in Nepal/Bangladesh; MENA recovering.
Banjara's (VPC)	~₹17 Cr*	Not in doc	Low-teens	→	Below	Revamp in progress; focus on "disruptive growth" pilots.

*Derived from Mgmt Commentary (ADHO ~80% mix, Banjara's ~5% mix).

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate	Historical Delivery	Risk Flag
Guidance	Revenue	Consistent double-digit to low-teens growth.	~10-15% CAGR	Over-delivered (28% Q1)	Low
Guidance	Margins	Maintain EBITDA in "low-to-mid 20s" range.	~₹70-85 Cr EBITDA/ qtr	Beat (Reached 24.7%)	Low
Guidance	Growth Portfolio	Reach ₹500 Cr in 3 years.	~₹92 Cr incremental/ year	On track (FY26: ₹225 Cr)	Medium
Strategy	Distribution	Expand direct footprint via Project Aarohan.	4-5 new states annually	Delivered (4 states current)	Low
Strategy	Banjara's	Revamp brand for "disruptive growth."	Launching new pilots soon	Ongoing	Medium
Macro	RM Prices	Manage hyperinflation in LLP/ Mustard Oil.	Selective price hikes/ MLH	Ongoing (Q2 stress)	High

4. ANALYST Q&A

Q#	Relevance	Analyst / Firm	Theme	Category	Underlying Concern	Management Response & Investment Implication	Evaded	Credibility	Verdict
1	5.0	Percy Panthaki / IIFL	Margin Sustainability	Financials	"Is there any one-off in this quarter on the margins because I see that other expenses Y-o-Y is very muted? How do we look at EBITDA margins given we are close to that 25% mark?"	Management confirmed no one-offs and attributed margins to operating leverage while flagging that gross margins will stay in a "tough zone" in Q2 before easing. The implication is that current high margins are the new floor, but further expansion is unlikely as they prioritize growth over further margin gains.	None	5.0	Clear and quantified
2	4.5	Percy Panthaki / IIFL	ADHO Volume	Business Overview	"Volume growth for ADHO has gone up to a low teens kind of a number. So what has driven this improvement?"	Management attributed the momentum to strong traction in smaller unit price points and sachets. This signals that the brand is gaining deeper penetration in lower-tier markets, supporting the rural recovery thesis.	None	4.5	Specific driver given
3	4.0	Percy Panthaki / IIFL	Growth Portfolio	Business Overview	"Why this quarter the non-ADHO has been a little bit subdued and	Management noted volume growth in coconut was strong but masked by	None	4.0	Directional with evidence

Q#	Relevance	Analyst / Firm	Theme	Category	Underlying Concern	Management Response & Investment Implication	Evaded	Credibility	Verdict
					what are your sort of priorities in this portfolio?"	value deflation in realization per ml. Scaling non-ADHO brands is critical to reducing the ~80% revenue concentration in ADHO; current focus is on profitable sustainability.			
4	4.5	Abhijeet Kundu / Antique	Gross Margin Lag	Financials	"Q2 inventory which would be higher price as to Q1... just your view on that?"	Management agreed that Q2 gross margins will be under more stress than Q1 due to high-cost inventory flow-through. This confirms a likely "margin dip" in the next quarter before recovery in H2, requiring investors to look past Q2 noise.	None	5.0	Confirmed lag impact
5	3.5	Mayur Patel / 360 One	Aarohan Impact	Management Outlook	"Should we expect more benefits coming out of Aarohan initiative left to be implemented in the rest of the year?"	Management explained that Aarohan is a continuous distribution exercise, not a one-time boost, though first-time states offer a higher initial delta. Continued	None	4.0	Multi-year strategy

Q#	Relevance	Analyst / Firm	Theme	Category	Underlying Concern	Management Response & Investment Implication	Evaded	Credibility	Verdict
						distribution expansion is the primary long-term volume driver for the core hair oil business.			
6	3.0	Tejas Shah / Avendus Spark	Growth Portfolio Progress	Management Outlook	"Is the ₹500 Cr growth portfolio roadmap progressing as per our internal milestones?"	Management indicated they will provide annual refreshes rather than quarterly tracking for competitive reasons. This makes monitoring the ₹500 Cr target difficult for the street on a quarter-to-quarter basis, creating a lack of visibility.	Specific quarterly metrics	3.0	Vague on specifics
7	4.0	Mihir Shah / Nomura	Coconut Volumes	Business Overview	"What is driving volume growth in the coconut portfolio, would it be largely driven by the higher grammages?"	Management clarified they are not giving substantial free volume (MLH) and growth is driven purely by distribution and wider availability. This indicates high-quality growth that isn't reliant on discounting, which protects	None	4.0	Clean growth signal

Q#	Relevance	Analyst / Firm	Theme	Category	Underlying Concern	Management Response & Investment Implication	Evaded	Credibility	Verdict
						segment margins.			
8	3.5	Nishita Shanklesha / Sapphire	Growth Guidance	Management Outlook	"FY26 we saw 20%, and in Q1 YoY we've seen 28%... are we being conservative when we say we aspire to grow in low teens?"	Management stated that current growth is exponential due to a low base and price corrections, but it will settle into a steady-state low-teen rate. This is a classic "under-promise, over-deliver" stance to manage expectations as they lap high bases in H2.	None	4.0	Prudent guidance

PATTERN FLAGS & SENTIMENT * **RM Margin Anxiety:** Multiple analysts (Percy, Abhijeet) pressed on the lag effect of LLP inflation. Management was defensive but transparent, admitting Q2 will be the "stress quarter." The resolution of this concern depends entirely on spot crude prices and the speed of high-cost inventory liquidation. * **Volume vs. Value Mix:** A recurring theme was whether the 28% revenue growth is sustainable once pricing cycles through. Management's push on "MLH adjusted volumes" and the sachet business suggests they are fighting for consumer units, not just inflationary revenue. * **Growth Portfolio Evasiveness:** Management was notably cautious (Tejas, Nishita) about providing granular quarterly data on Banjara's and Coconut, citing competitive sensitivity. While understandable, this remains a monitoring point for the street's "₹500 Cr target" model.

Analyst Sentiment Verdict: ☐ **Optimistic but Cautious.** Analysts are impressed by the 24.7% EBITDA margin and the Rural/International rebound. Friction exists regarding the Q2 margin outlook and the "black box" nature of the non-ADHO portfolio's quarterly scaling. Management's credibility remains high as they have delivered on almost all turnaround promises made in FY26.

5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter (Q4 FY26)	This Quarter (Q1 FY27)	Direction
Gross Margin Trend	Peaked at 63.7%	Compressed to 61.8%	↓
EBITDA Margin	23.7%	24.7% (Multi-year high)	↑
RM Outlook	Hyperinflation/Volatility	"Worst is behind us" (Spot cooling)	↑
International Biz	Challenges in GCC/Africa	Strong Rebound (+32% YoY in GCC)	↑
Rural Growth	Recovering (H2 FY26)	Growing in line with Urban	↑
RM Headwind	Crude/LLP Volatility	>40% Average LLP price spike	↓
Guidance Tone	Focused on reaching 20s	Focused on sustaining 20-25%	↑
ADHO Volumes	Mid-single digit	Low-teen (MLH Adjusted)	↑

Analyst Note on CFO-to-PAT: While Q1 PPT did not provide a full cash flow statement, the doubling of absolute EBITDA and management's "prudent financial management" comment suggests no major divergence. The structural cost savings of 600 bps in fixed costs is the definitive signal that the thesis has matured from "hope" to "operating leverage." The thesis remains **Strong Buy**, with Q2 volatility providing a potential entry point for long-term investors.