

Bajaj Consumer Care Ltd — Nov 2025 Quarterly Analysis

1. VERDICT

Result: Strong Beat

One-line: Bajaj Consumer Care delivered a robust Q2 FY26 with double-digit consolidated revenue growth (+13.3% YoY) and significant margin expansion (EBITDA margin +400 bps YoY consolidated), driven by strategic pricing, portfolio mix improvement, and early benefits from Project Aarohan's distribution expansion. The quarter confirms the ongoing margin recovery and brand revival thesis, with management's cautious but confident outlook reinforcing the long-term growth and margin improvement trajectory. No fundamental change to the investment thesis, but the quarter strengthens conviction in operational execution and management credibility.

Dimension	Rating	Evidence
Beat/Miss vs Guidance / Prior Quarter	Strong Beat	Revenue +13.3% consolidated YoY; EBITDA margin +400 bps YoY; margin expansion ahead of expectations
Guidance Confidence	Neutral	Management cautious on timing of rural recovery and margin progression but confident overall
Management Credibility	Strong	Transparent on GST disruption, rural challenges, and international weakness; clear margin path
Tone vs Prior Quarter	More Confident	New MD's first full quarter; positive tone on brand revival and distribution initiatives
Business Quality Signal	Improving	Margin expansion, distribution gains, brand mix improvement, and integration progress
Most Tense Q&A Exchange	Q4 – GST disruption impact and margin-growth tradeoff	Analysts pressed on GST impact and margin sustainability
Topics Pressed But Absent from Opening	Detailed synergy targets for Vishal Personal Care integration	Management avoided quantifying payback period or synergy specifics

2. BUSINESS PERFORMANCE

2A. KEY METRICS

Metric	Q2 FY26	YoY Change	QoQ Change	Trend	Mgmt Commentary
Revenue (Standalone)	₹241.6 Cr	+7.2%	+4.7%	↑	Growth driven by pricing, mix, and distribution expansion; rural still weak but improving
Revenue (Consolidated)	₹261.4 Cr	+13.3%	+5.2%	↑	Consolidated growth aided by Vishal Personal Care acquisition and urban GT revival
Gross Margin % (Standalone)	59.3%	+680 bps	+230 bps	↑	Improvement from strategic pricing, portfolio mix shift, and productivity actions
Gross Margin % (Consolidated)	59.6%	+590 bps	+260 bps	↑	Similar drivers as standalone; integration benefits starting to reflect
Employee Cost % (Standalone)	15.4%	+70 bps	+40 bps	→	Increase due to expanded sales and distribution efforts
Employee Cost % (Consolidated)	14.9%	+10 bps	+10 bps	→	Controlled despite scale-up
Other Expenses % (Standalone)	13.4%	+10 bps	→	→	Incremental costs from integration and distribution expansion
EBITDA (Standalone)	₹49.6 Cr	+42.3%	+24.3%	↑	Margin expansion to 20.5% (+500 bps YoY) driven by pricing, mix, and cost control
EBITDA (Consolidated)	₹48.7 Cr	+44.9%	+20.7%	↑	Margin at 18.6% (+400 bps YoY); reflects integration and operational improvements
PAT (Standalone)	₹43.0 Cr	+29.7%	+22.7%	↑	Margin at 17.8%, benefiting from operating leverage
PAT (Consolidated)	₹42.3 Cr	+32.8%	+18.3%	↑	Margin at 16.2%

2B. SEGMENT BREAKDOWN

Segment	Revenue (₹Cr)	YoY Growth	Margin	Trend	vs Company Avg	Key Development
Almond Drops Hair Oil (ADHO)	Not disclosed	+Double-digit (value)	Not disclosed	↑	Core brand	Volume flat; value growth driven by pricing, mix improvement, and revenue management
Coconut Oil (CNO)	Not disclosed	+3%	Not disclosed	→	Secondary	Muted growth due to input cost inflation and price hikes; market share stable long term
Vishal Personal Care (VPC)	₹14.5 Cr	+11.5%	Mid-teens EBITDA	↑	New subsidiary	Integration underway; early positive signs from pilot state
International Business	Not disclosed	-26%	Not disclosed	↓	Weak segment	Decline due to distributor transition issues and external market headwinds; core markets stable

2C. PPT vs CONCALL ALIGNMENT

Metric	PPT Figure	Concall Figure	Match?	Delta / Note
Revenue (Consol)	₹261.4 Cr	₹261.4 Cr	Yes	Perfect alignment
EBITDA (Consol)	₹48.7 Cr	₹48.7 Cr	Yes	Perfect alignment
PAT (Consol)	₹42.3 Cr	₹42.3 Cr	Yes	Perfect alignment
Gross Margin %	59.6%	59.6%	Yes	Perfect alignment
Employee Cost %	14.9%	14.9%	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 driven by ADHO revival, distribution expansion, and VPC integration	Reaffirmed	Medium	Q1, Q5, Q12
Guidance	Margins	Targeting medium- to long-term EBITDA margins in low 20%s range; near-term stability expected due to GST pass-through and input cost volatility	On Track	Medium	Q4, Q6, Q16
Guidance	Capex	No significant capex planned over next 2-3 years; focus on operational efficiency and integration	On Track	Low	Q13
Strategy	Capacity / Expansion	Project Aarohan progressing well in urban and wholesale channels; rural channel transition ongoing with expected recovery in next 2 quarters	On Track	Medium	Q7, Q8, Q9
Industry & Macro	Demand Outlook	Urban GT showing strong revival; rural GT weak due to internal changes but expected to normalize; GST 2.0 seen as structural positive	Neutral/ Positive	Medium	Q5, Q12
Industry & Macro	Input Costs / Inflation	LLP prices stable and down 7% YoY; RMO and copra prices remain elevated but expected to be range-bound; calibrated pricing ongoing	Neutral	Medium	Q11

4. ANALYST Q&A

Q#	Theme Cluster	Underlying Concern	Management's Key Points	Evaded / Not Addressed	Credibility	Verdict
Q1	Pricing & Volume	ADHO volume flat despite double-digit value growth	Growth driven mainly by pricing (~largest portion), mix improvement, and revenue management; volume stable but market share stable or slightly improving	No	Strong	Credible explanation; pricing well accepted
Q2	Rural Demand	Rural volume lagging urban by 600-700 bps	Rural GT weak due to internal GTM transition under Project Aarohan; urban and wholesale channels strong; rural expected to recover in next 2 quarters	No	Strong	Transparent on challenges
Q3	GST Impact	Impact of GST 2.0 transition on revenue and margins	Estimated 3% revenue loss in Q2 due to destocking; minor margin impact from extra promotions; full recovery expected gradually over coming quarters	No	Strong	Clear and quantified
Q4	Margin Expansion	Sustainability of margin gains and further upside	Low-hanging fruits largely captured; expect near-term margin stability due to GST pass-through; medium- to long-term margin expansion targeted	No	Strong	Balanced and realistic
Q5	Distribution & Project Aarohan	Progress and impact of distribution expansion	38,000+ outlets added; urban and wholesale channels improving; rural still work in progress; wholesale not being cut but stabilized	No	Strong	Detailed and credible
Q6	Integration & Synergies	Timeline and benefits from Vishal Personal Care acquisition	Integration underway with consulting partner; early positive signs in one state; full benefits expected over next few quarters	No	Neutral	Avoided detailed synergy quantification
Q7	Portfolio Strategy	Non-ADHO portfolio growth and margin profile	Non-ADHO expected to grow faster than ADHO long term; higher marketing investments needed; strategy under formulation; no quantification yet	No	Neutral	Early stage; cautious
Q8	Input Costs & Tax	Impact of inverted GST and input inflation	Studying impact; currently not material; optimization ongoing; no immediate corrective actions planned	No	Neutral	Reasonable caution
Q9	Innovation Pipeline	Near-term new product launches	Focus currently on reviving ADHO; innovation pipeline expected to pick up next year; some existing products like serum need better execution	No	Neutral	Conservative near-term outlook

5. INVESTOR NOTES — BUSINESS QUALITY ASSESSMENT

Dimension	This Quarter's Read	Trajectory Signal
Management Credibility	Strong	Improving
Margin / Return Ratio Trajectory	Significant expansion	Improving
Pricing Power	Demonstrated strong pricing ability with limited volume loss	Improving
Capital Allocation Quality	Prudent; buyback completed; acquisition integration underway	Stable
Competitive Moat Signals	Brand revival (ADHO), distribution expansion, and portfolio diversification progressing	Improving
FCF Conversion	Not explicitly disclosed; buyback funded from retained earnings	Stable
Red Flags (if any)	Temporary rural weakness; international business decline; GST disruption impact	Monitored

Overall Thesis Verdict:

- Conviction Increasing
- Margin expansion and distribution gains reinforce thesis of steady operational improvement and brand revival. Management's transparency and execution credibility have strengthened conviction.
- Section 1 and Section 5 are aligned, reflecting a consistent positive trajectory.
- Watchpoint: Monitor rural channel recovery and international business stabilization in next 1-2 quarters to confirm full turnaround and validate growth acceleration.

Summary

This quarter's strong revenue growth (+13.3% consolidated) and margin expansion (+400 bps EBITDA margin YoY) validate management's strategic initiatives: pricing, portfolio mix improvement, and Project Aarohan distribution expansion. ADHO brand revival is underway with value growth outpacing volume, supported by increased A&P and digital marketing. Rural channel remains a drag due to internal GTM changes but is expected to recover soon. The Vishal Personal Care acquisition integration is progressing well, contributing to consolidated growth. Temporary GST transition caused a ~3% revenue drag but is a structural positive for the medium term. Management remains cautious on near-term margin gains but targets sector-average margins in the medium term. No fundamental change to the long-term thesis; rather, this quarter strengthens confidence in execution and margin trajectory.