

06 May 2025

India | Equity Research | Results Update

Bajaj Consumer Care

Consumer Staples & Discretionary

Marginal sequential recovery visible; sustenance remains key

Bajaj Consumer (BaCo) reported a stable quarter with 4.2% YoY revenue growth (~2% volume growth), aided by marginal sequential recovery in core Almond Drops Hair Oil (ADHO), strong momentum in the non-ADHO portfolio (especially in Coconut oil) and sustained double-digit growth in international business. Management alluded there are early signs of improvement in demand, which should sustain going ahead. Operating margin improved QoQ (+170bps to 14.1%) led by gross margin recovery and controlled spends, though still below the guided range. Project Aarohan Phase 2 rollout across key Hindi-speaking markets and post-merger integration of Vishal Personal Care (Banjara's) remain key execution levers in FY26. While management remains confident of margin normalisation and broader recovery, sustained volume traction in the core portfolio will be critical. Maintain **BUY**.

ADHO sees sequential recovery; non-ADHO and IB scale well

Revenue grew 4.2% YoY to INR 2.4bn with ~2% volume growth. Core ADHO posted 3% YoY and 11% QoQ volume growth, driven by tactical interventions and better offtake in large (+32% YoY for 700ml) and small (+27% QoQ) packs. The INR 10 pack grew 16% YoY. Non-ADHO portfolio (~20% salience) grew 46% YoY in Q4, led by scale-up in coconut oil (+19% in FY25) and Almond Drops extensions (serum, soap, lotion, shampoo). GT channel improved sequentially with wholesale up 15% and stronger servicing in Aarohan states. Modern trade grew 22% YoY (with 30%+ growth in DMart, 43% in Vishal Mega Mart) and e-comm grew 33% YoY, led by 60% growth in quick commerce (now contributes ~11% to e-comm sales). International business grew 30% YoY with robust momentum in Nepal, Bangladesh and ROW (Canada, US, NZ, Tibet). Retail loyalty program contributed 12.5% of sales, growing 17% YoY in Q4FY25.

Margin recovery underway but remains below guidance

Gross margin improved 290bps QoQ to 54.2% (-50bps YoY), aided by three pricing rounds – two in Q4 and one in April'25 – to partially offset copra inflation. Management acknowledged being marginally late in price hikes but expects benefits to flow through in Q1FY26. EBITDA margin improved sequentially to 14.1% (vs 13% in Q3FY25), though still below the guided 16–18%. EBITDA declined 10% YoY to INR 338mn while PAT was down 16% YoY to INR 315mn. A&P spends were steady at ~15% of sales, while other overheads increased 17% YoY due to distribution initiatives and continued investments in visibility, digital and NPDs. Management remains optimistic on further margin improvement as volume recovers and mix improves, though scale and operating leverage will remain critical drivers for sustainable profitability.

Financial Summary

Y/E March (INR mn)	FY24A	FY25A	FY26E	FY27E
Net Revenue	9,677	9,428	10,188	11,072
EBITDA	1,582	1,324	1,556	1,773
EBITDA %	16.3	14.0	15.3	16.0
Net Profit	1,588	1,301	1,528	1,750
EPS (Rs)	11.1	9.1	10.7	12.3
EPS % Chg YoY	13.4	(18.0)	17.4	14.6
P/E (x)	15.1	18.4	15.7	13.7
EV/EBITDA (x)	11.2	14.7	12.1	10.2
RoCE (%)	14.6	12.2	14.5	15.3
RoE (%)	18.8	15.7	18.6	19.6

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Market Data

Market Cap (INR)	23bn
Market Cap (USD)	274mn
Bloomberg Code	BAJAJCON IN
Reuters Code	BACO BO
52-week Range (INR)	289 /151
Free Float (%)	59.0
ADTV-3M (mn) (USD)	0.8

Price Performance (%)	3m	6m	12m
Absolute	(10.1)	(25.2)	(33.8)
Relative to Sensex	(13.3)	(26.8)	(43.2)

ESG Score	2023	2024	Change
ESG score	NA	66.8	NA
Environment	NA	53.2	NA
Social	NA	67.0	NA
Governance	NA	77.3	NA

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Earnings Revisions (%)	FY26E	FY27E
Revenue	-	-
EBITDA	(4.7)	(3.0)
EPS	(5.5)	(3.5)

Previous Reports

17-02-2025: [Q3FY25 results review](#)

13-11-2024: [Q2FY25 results review](#)

Project Aarohan Phase 2 execution in full swing

Following pilot success in UP and MP (24k new outlets added, 9.5% uplift in secondary sales), BaCo has initiated Project Aarohan rollout in Rajasthan, Delhi, Haryana and Chhattisgarh with the implementation expected to conclude by May'25. Improved servicing and coverage in satellite towns are expected to drive GT recovery. In Q4, ~96% channel partners were billed and 80% satellite towns serviced across Aarohan states. Sustained on-ground execution and capability building in newer markets will be crucial to drive growth in FY26.

Integration of Vishal Personal Care (Banjara's) initiated

BaCo completed acquisition of 49% stake in Vishal Personal Care Pvt. Ltd. (Banjara's) in Mar'25 and is expected to acquire balance 51% in Q1FY26. VPCL (~INR 500mn topline; 4 yr CAGR: 14%) has presence across ~70k outlets in southern India (across 5 states) and offers access to naturals-oriented personal care portfolio (~48:52 mix of hair and skin care). Integration planning began in April with a leading consultant engaged for post-merger execution. Execution remains key to unlocking southern India growth and realising cost and channel synergies by Q2-Q3FY26.

Valuation and risks

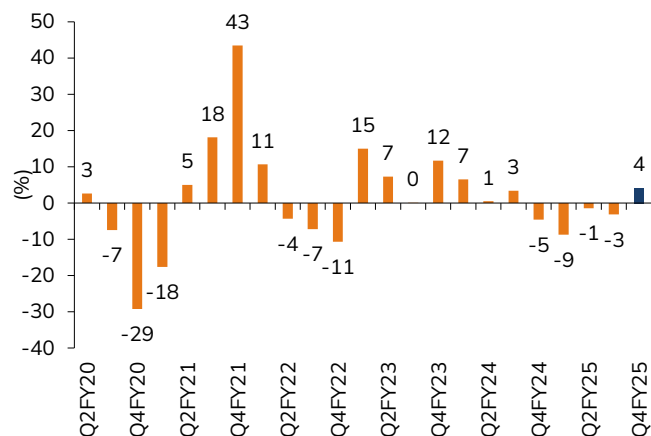
We cut our earnings estimates by ~6/4% for FY26E/27E, modelling revenue / EBITDA / PAT CAGR of 8% / 16% / 16% over FY25-27E, respectively. Maintain BUY with DCF-based revised target price of INR 210 (vs INR 220 earlier). At our target price, the stock will trade at 17x P/E Mar'27E. Downside risks: Over reliance on a single brand – ADHO and higher-than-expect commodity inflation and failure of new product launches.

Exhibit 1: Q4FY25 result review (standalone)

INR mn	Q4FY25	Q4FY24	YoY (%)	Q3FY25	QoQ (%)	FY25	FY24	YoY (%)
Net Revenue	2,435	2,359	3	2,293	6	9,428	9,677	(3)
COGS	(1,098)	(1,043)	5	(1,087)	1	(4,318)	(4,350)	(1)
Gross profit	1,337	1,316	2	1,206	11	5,109	5,327	(4)
Staff cost	(278)	(240)	16	(257)	8	(1,065)	(963)	11
A&SP	(366)	(402)	(9)	(330)	11	(1,378)	(1,600)	(14)
Other opex	(364)	(311)	17	(335)	9	(1,342)	(1,182)	14
Total opex	(1,009)	(953)	6	(922)	9	(3,785)	(3,745)	1
EBITDA	328	363	(10)	284	16	1,324	1,582	(16)
Other income	81	117	(31)	76	6	355	446	(20)
Finance cost	1	2	(51)	1	(10)	5	10	(47)
D&A	26	25	5	25	5	97	95	3
PBT	381	452	(16)	334	14	1,577	1,924	(18)
Tax	(67)	(79)	(16)	(58)	14	(276)	(336)	(18)
Recurring PAT	315	373	(16)	275	14	1,301	1,588	(18)
Extraordinary items	-	-	-	-	-	-	-	-
Net profit (reported)	315	373	(16)	275	14	1,301	1,588	(18)
EPS	2.2	2.6	(16)	1.9	14	9.1	11.1	(18)
% of operating revenues								
COGS	45.1	44.2	87 bps	47.4	-231 bps	45.8	45.0	85 bps
Gross margin	54.9	55.8	-88 bps	52.6	230 bps	54.2	55.0	-86 bps
Staff cost	11.4	10.2	125 bps	11.2	19 bps	11.3	10.0	134 bps
A&SP cost	15.0	17.0	-200 bps	14.4	65 bps	14.6	16.5	-192 bps
Other opex	15.0	13.2	177 bps	14.6	36 bps	14.2	12.2	202 bps
EBITDA margin	13.5	15.4	-191 bps	12.4	109 bps	14.0	16.3	-231 bps
Income tax rate (% of PBT)	17.5	17.5	-1 bps	17.5	-1 bps	17.5	17.5	-1 bps

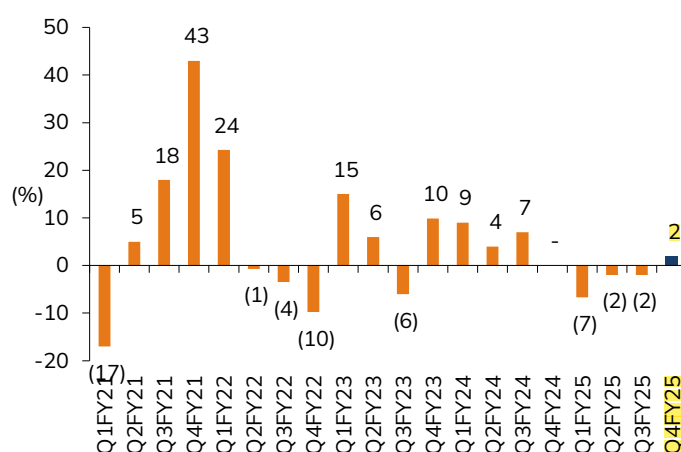
Source: I-Sec research, Company data

Exhibit 2: Revenue growth



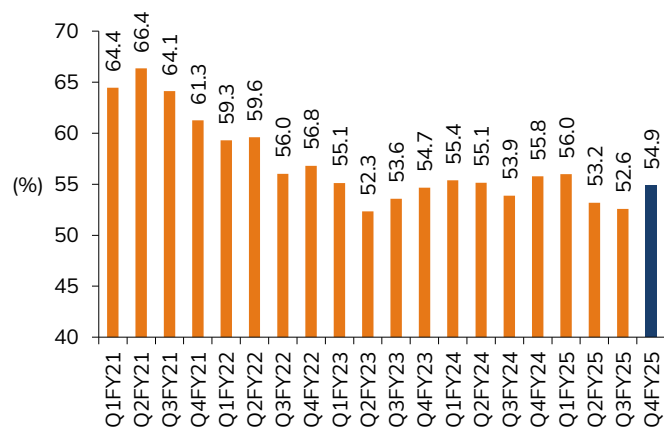
Source: Company data, I-Sec research

Exhibit 3: Volume growth



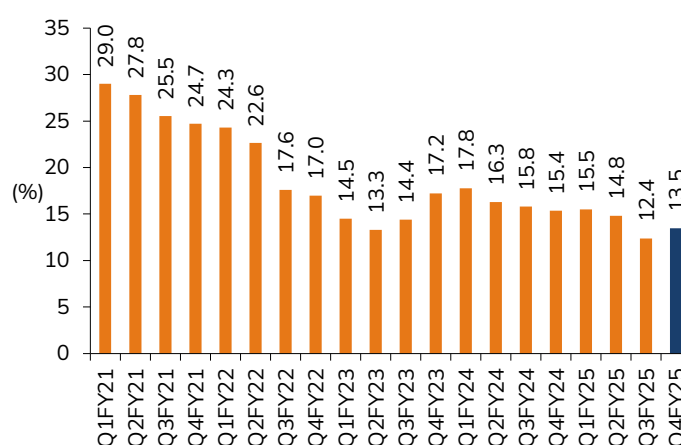
Source: Company data, I-Sec research

Exhibit 4: Gross margin



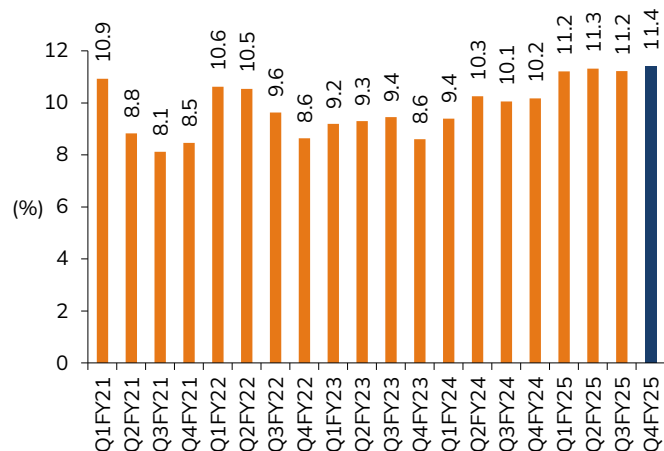
Source: Company data, I-Sec research

Exhibit 5: EBITDA margin



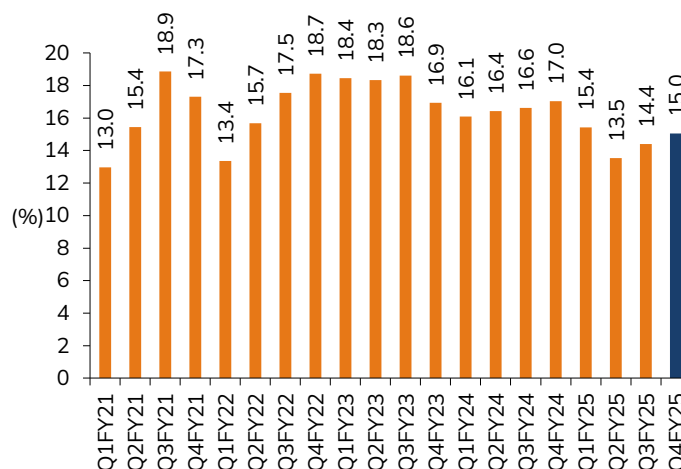
Source: Company data, I-Sec research

Exhibit 6: Staff costs (% of sales)



Source: Company data, I-Sec research

Exhibit 7: Ad spends (% of sales)



Source: Company data, I-Sec research

Exhibit 8: Shareholding pattern

%	Sep'24	Dec'24	Mar'25
Promoters	41.0	41.0	41.0
Institutional investors	31.6	30.7	29.1
MFs and others	17.9	17.7	18.1
Insurance	2.3	2.0	0.3
FII's	11.4	11.0	10.7
Others	27.4	28.3	29.9

Source: Bloomberg, I-Sec research

Exhibit 9: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 10: Profit & Loss

(Rs mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Net Sales	9,677	9,428	10,188	11,072
Operating Expenses	8,095	8,103	8,632	9,300
EBITDA	1,582	1,324	1,556	1,773
EBITDA Margin (%)	16.3	14.0	15.3	16.0
Depreciation & Amortization	95	97	108	115
EBIT	1,487	1,227	1,448	1,657
Interest expenditure	10	5	5	6
Other Non-operating Income	446	355	409	469
Recurring PBT	1,924	1,577	1,851	2,121
Profit / (Loss) from Associates	-	-	-	-
Less: Taxes	336	276	323	371
PAT	1,588	1,301	1,528	1,750
Less: Minority Interest	-	-	-	-
Extraordinaries (Net)	-	-	-	-
Net Income (Reported)	1,588	1,301	1,528	1,750
Net Income (Adjusted)	1,588	1,301	1,528	1,750

Source Company data, I-Sec research

Exhibit 11: Balance sheet

(Rs mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Total Current Assets	7,788	6,435	7,265	8,190
of which cash & cash eqv.	6,226	4,477	5,150	5,893
Total Current Liabilities & Provisions	1,305	1,336	1,443	1,568
Net Current Assets	6,483	5,099	5,821	6,623
Investments	1,713	2,327	2,327	2,327
Net Fixed Assets	449	452	400	350
ROU Assets	-	-	-	-
Capital Work-in-Progress	14	14	14	14
Total Intangible Assets	7	6	6	6
Long Term Loans & Advances	124	86	86	86
Deferred Tax assets	-	-	-	-
Total Assets	8,791	7,982	8,654	9,405
Liabilities				
Borrowings	-	-	-	-
Deferred Tax Liability	-	-	-	-
Provisions	48	57	57	57
Other Liabilities	88	42	42	42
Minority Interest	-	-	-	-
Equity Share Capital	143	137	137	137
Reserves & Surplus	8,512	7,747	8,418	9,169
Total Net Worth	8,655	7,884	8,555	9,306
Total Liabilities	8,791	7,982	8,654	9,405

Source Company data, I-Sec research

Exhibit 12: Quarterly trend

(INR mn, year ending March)

	Jun 24	Sep 24	Dec 24	Mar 25
Net Sales	2,412	2,288	2,293	2,435
% growth (YOY)	(8.7)	(1.3)	(2.7)	3.2
EBITDA	374	339	284	328
Margin %	15.5	14.8	12.4	13.5
Other Income	110	89	76	81
Extraordinaries	-	-	-	-
Adjusted Net Profit	380	332	275	315

Source Company data, I-Sec research

Exhibit 13: Cashflow statement

(Rs mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Operating Cashflow	1,592	1,327	1,965	2,242
Working Capital Changes	(69)	(370)	(50)	(58)
Capital Commitments	(41)	(49)	(57)	(65)
Free Cashflow	1,143	630	1,535	1,748
Other investing cashflow	121	1,589	-	-
Cashflow from Investing Activities	80	1,539	(57)	(65)
Issue of Share Capital	-	-	-	-
Interest Cost	0	0	(5)	(6)
Inc (Dec) in Borrowings	-	-	-	-
Dividend paid	(1,141)	-	(857)	(1,000)
Others	(57)	(2,116)	-	-
Cash flow from Financing Activities	(1,198)	(2,116)	(862)	(1,005)
Chg. in Cash & Bank balance	67	103	673	743
Closing cash & balance	205	472	1,743	2,486

Source Company data, I-Sec research

Exhibit 14: Key ratios

(Year ending March)

	FY24A	FY25A	FY26E	FY27E
Per Share Data (INR)				
Reported EPS	11.1	9.1	10.7	12.3
Diluted EPS (Adjusted)	11.1	9.1	10.7	12.3
Cash EPS	11.8	9.8	11.5	13.1
Dividend per share (DPS)	3.0	5.0	6.0	7.0
Book Value per share (BV)	60.6	55.2	59.9	65.2
Dividend Payout (%)	27.0	54.9	56.1	57.1
Growth (%)				
Net Sales	1.4	(2.5)	8.0	8.6
EBITDA	11.9	(16.3)	17.5	13.9
EPS (INR)	13.4	(18.0)	17.4	14.6
Valuation Ratios (x)				
P/E	15.1	18.4	15.7	13.7
P/CEPS	14.3	17.1	14.7	12.9
P/BV	2.8	3.0	2.8	2.6
EV / EBITDA	11.2	14.7	12.1	10.2
P / Sales	2.5	2.6	2.4	2.2
Dividend Yield (%)	1.8	3.0	3.6	4.2
Operating Ratios				
Gross Profit Margins (%)	54.1	53.2	53.6	53.8
EBITDA Margins (%)	16.3	14.0	15.3	16.0
Effective Tax Rate (%)	17.5	17.5	17.5	17.5
Net Profit Margins (%)	16.4	13.8	15.0	15.8
Working Capital Days	9.8	23.8	25.0	25.1
Inventory Turnover Days	20.4	19.7	20.8	20.8
Fixed Asset Turnover (x)	12.0	11.1	11.3	11.5
Receivables Days	16.5	27.9	29.4	29.4
Payables Days	15.2	18.8	19.8	19.8
Net Debt / Equity (x)	(0.7)	(0.6)	(0.6)	(0.6)
Net Debt / EBITDA (x)	(3.9)	(3.4)	(3.3)	(3.3)
Profitability Ratios				
RoCE (%)	14.6	12.2	14.5	15.3
RoE (%)	18.8	15.7	18.6	19.6
RoIC (%)	51.7	34.7	35.1	40.1

Source Company data, I-Sec research

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