BUY (Maintain)

CMP: **INR 296** Target Price: **INR 400** ▲ 35%

ICICI Securities

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11 November 2025

India | Equity Research | Results update

Bajaj Consumer Care

Consumer Staples & Discretionary

Momentum unlocked; turnaround path visible

Despite GST-led disruption, Bajaj Consumer delivered one of its best-in-class performances in Q2FY26, driven by disciplined execution in ADHO (double-digit value growth) and strong traction in emerging categories/ brands (coconut hair oil and Banjara's portfolio). The combination of broad-based channel recovery and improving LUP traction (supported by GST) provides clear visibility on sustaining volume growth ahead. Margin delivery remains robust, supported by pricing actions, mix and operational discipline, with further benefits expected as GST-driven affordability gains materialise. With Aarohan strengthening GT coverage and VPCL integration progressing smoothly, the business enters H2 with healthy volume tailwinds, strong margin momentum and improving execution visibility. **BUY.**

ADHO sustains value growth; coconut oil steady; OT remains strong

Consol. revenue grew 13% YoY to INR 2.6bn, led by ~1% YoY volume growth and 6% price hike taken in Q1FY26. Core ADHO posted mid-single-digit value growth with flat volume, while non-price-point packs continued to grow strongly on improved RM and targeted channel interventions. Price-point packs remained resilient despite rural softness.

Bajaj 100% Pure Coconut Oil delivered low-single-digit growth, with share broadly stable. The digital-forward portfolio saw a clear revival, growing in high teens. OT (organised trade) sustained strong momentum (25%+ in MT and e-comm), while GT (general trade) grew in mid-single digits on urban recovery and wholesale improvement. Canteens were impacted by GST transition, while IB (international business) declined due to GCC/ROW softness, though Bangladesh remained strong.

Margin delivery strong; brand investments remain elevated

Gross margin expanded 695bps YoY to 61.1%, aided by pricing, mix and the carry-forward impact of the recent price hike. A&SP stood at 14.9% of sales, reflecting higher ADHO investments and digital activations. EBITDA grew 47% YoY to INR 478mn, with margin expanding 414bps YoY to 18.3%, supported by sharp gross margin expansion, offsetting higher staff and brand spends. PAT grew 33% YoY to INR 423mn.

Financial Summary

Y/E March (INR mn)	FY25A	FY26E	FY27E	FY28E
Net Revenue	9,428	10,653	11,917	12,899
EBITDA	1,324	1,828	2,169	2,407
EBITDA %	14.0	17.2	18.2	18.7
Net Profit	1,301	1,641	1,950	2,159
EPS (INR)	9.1	11.5	13.7	15.1
EPS % Chg YoY	(18.0)	26.1	18.9	10.7
P/E (x)	32.5	25.8	21.7	19.6
EV/EBITDA (x)	28.5	20.2	16.6	14.6
RoCE (%)	12.2	17.1	18.4	18.4
RoE (%)	15.7	19.8	21.3	21.3

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Market Data

Market Cap (INR)	39bn
Market Cap (USD)	437mn
Bloomberg Code	BAJAJCON IN
Reuters Code	BACO BO
52-week Range (INR)	310 /151
Free Float (%)	59.0
ADTV-3M (mn) (USD)	3.2

Price Performance (%)	3m	6m	12m
Absolute	29.7	82.7	30.7
Relative to Sensex	25.1	77.5	25.6

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	4.6	6.6
EBITDA	17.5	17.7
EPS	7.4	7.9

Previous Reports

19-09-2025: Company update
12-08-2025: Q1FY26 results review

Aarohan rollout on track; execution discipline visible

Aarohan continues to strengthen GT coverage and rural servicing, with phased rollout across key states. Early indicators show improvement in wholesale throughput and more stable rural trends. VPCL integration remains on track. Management remains focused on scaling ADHO, deepening distribution and leveraging GST-led affordability benefits to support offtake.

Valuation and risks

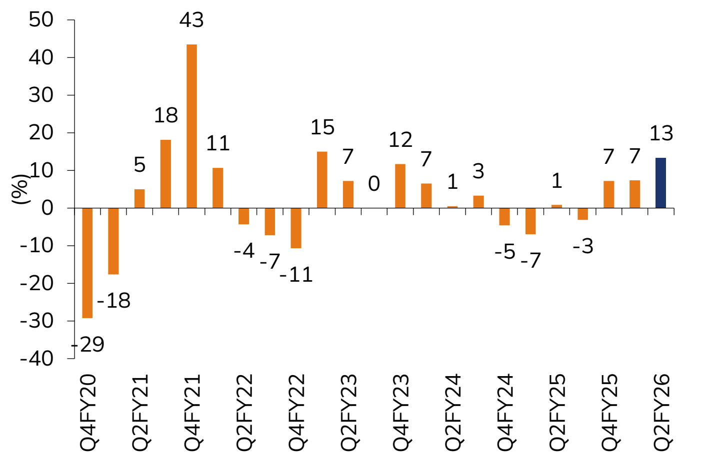
We increase our earnings by 7-8% for FY26/27E, modelling revenue / EBITDA / PAT CAGR of 11% / 22% / 18% over FY25-28E, respectively. Maintain **BUY** with a DCF-based target price of INR 400. At our target price, the stock could trade at 28x P/E Sep'27E. Downside risks: Over-reliance on a single brand – ADHO; higher-than-expected commodity inflation and failure of new product launches.

Exhibit 1: Q2FY26 result review (consolidated)

INR mn	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	H1FY26	H1FY25	YoY (%)
Net Revenue	**2,614**	**2,306**	***13.3***	**2,595**	***0.7***	**5,209**	**4,723**	***10.3***
COGS	(1,056)	(1,092)	*(3.3)*	(1,129)	*(6.5)*	(2,185)	(2,172)	*0.6*
Gross profit	**1,597**	**1,248**	***27.9***	**1,538**	***3.8***	**3,134**	**2,627**	***19.3***
Staff cost	(345)	(270)	*27.7*	(349)	*(1.0)*	(694)	(552)	*25.6*
A&SP	(389)	(320)	*21.6*	(385)	*1.0*	(774)	(700)	*10.5*
Other opex	(384)	(331)	*15.9*	(399)	*(3.8)*	(783)	(681)	*14.9*
Total opex	(1,118)	(922)	*21.3*	(1,133)	*(1.3)*	(2,251)	(1,934)	*16.4*
EBITDA	**478**	**326**	***46.5***	**405**	***18.1***	**883**	**693**	***27.5***
Other income	79	89	*(11.4)*	78	*0.5*	157	199	*(21.1)*
Finance cost	4	1	*198.6*	4	*15.0*	8	3	*160.3*
D&A	38	25	*51.7*	24	*57.0*	63	49	*29.1*
PBT	**514**	**388**	***32.4***	**455**	***13.0***	**969**	**840**	***15.4***
Tax	(91)	(70)	*30.7*	(79)	*16.4*	(170)	(150)	*13.2*
Recurring PAT	**423**	**318**	***32.8***	**379**	***11.5***	**802**	**690**	***16.3***
Extraordinary items	-	-	-	-	-	-	-	-
Net profit (reported)	**423**	**318**	***32.8***	**376**	***12.3***	**799**	**690**	***15.9***
EPS	**3.1**	**2.3**	***32.8***	**2.8**	***11.5***	**5.9**	**5.0**	***16.3***
% of operating revenues								
COGS	40.4	47.3	-694 bps	43.5	-312 bps	42.0	46.0	-404 bps
Gross margin	**61.1**	**54.1**	695 bps	**59.3**	181 bps	**60.2**	**55.6**	454 bps
Staff cost	13.2	11.7	148 bps	13.4	-23 bps	13.3	11.7	162 bps
A&SP cost	14.9	13.9	100 bps	14.8	3 bps	14.9	14.8	3 bps
Other opex	14.7	14.4	32 bps	15.4	-69 bps	15.0	14.4	60 bps
EBITDA margin	**18.3**	**14.2**	414 bps	**15.6**	269 bps	**17.0**	**14.7**	229 bps
Income tax rate (% of PBT)	17.8	18.0	-24 bps	17.3	51 bps	17.5	17.9	-34 bps

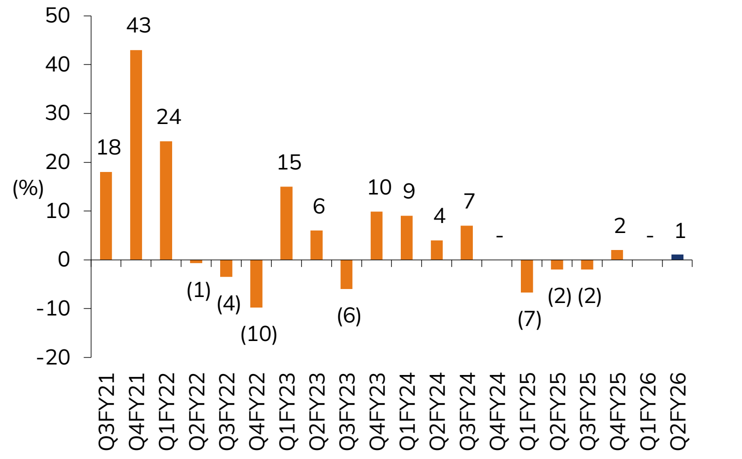
Source: I-Sec research, Company data

Exhibit 2: Revenue growth



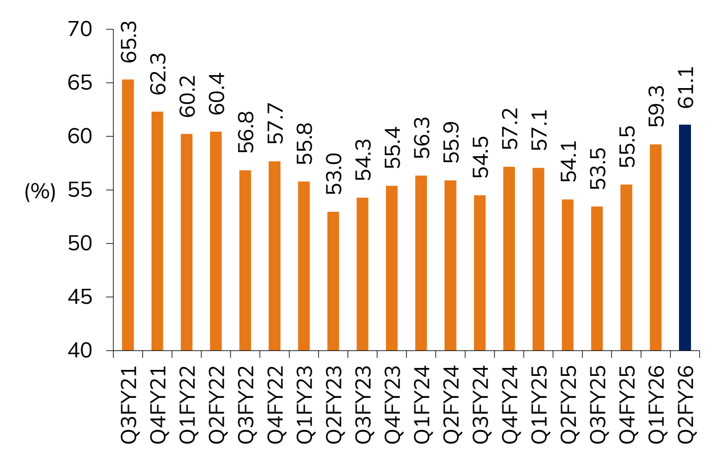
Source: Company data, I-Sec research

Exhibit 3: Volume growth



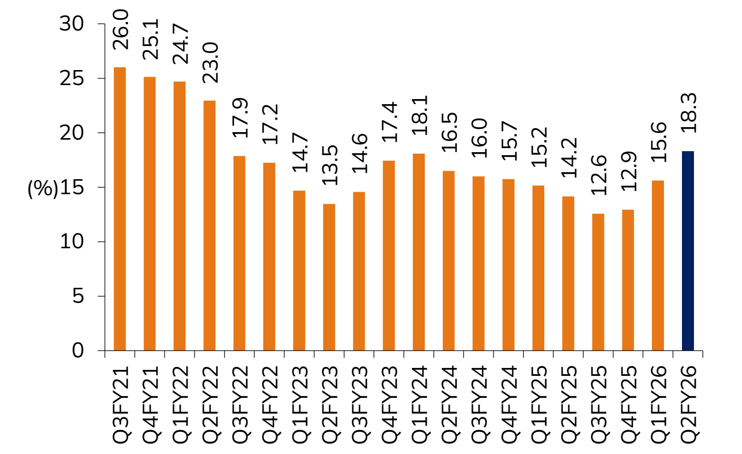
Source: Company data, I-Sec research

Exhibit 4: Gross margin



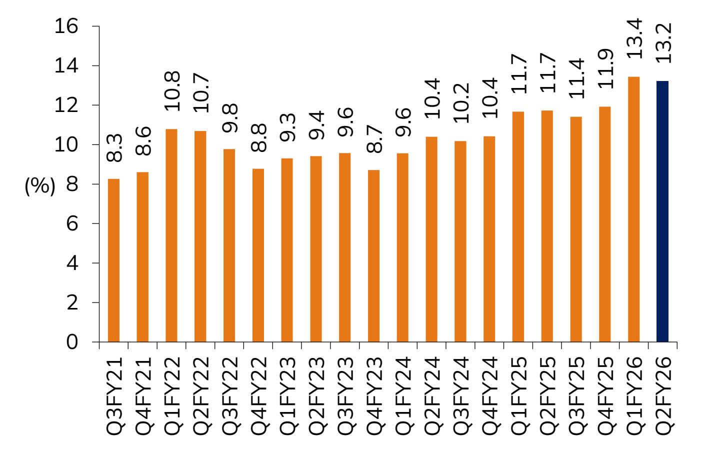
Source: Company data, I-Sec research

Exhibit 5: EBITDA margin



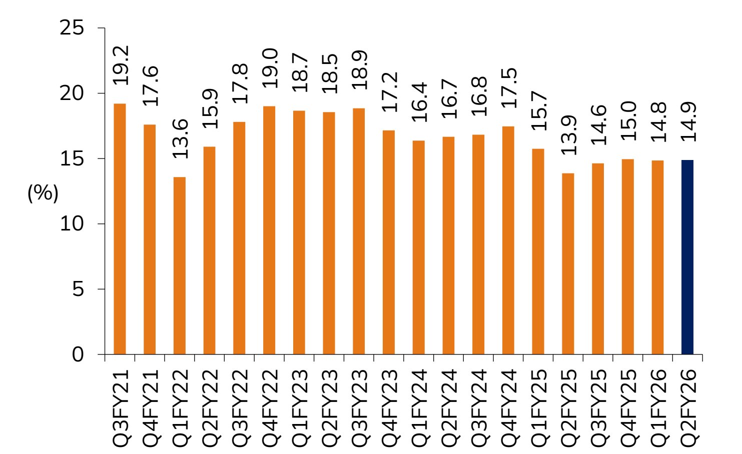
Source: Company data, I-Sec research

Exhibit 6: Staff costs (% of sales)



Source: Company data, I-Sec research

Exhibit 7: Ad spends (% of sales)



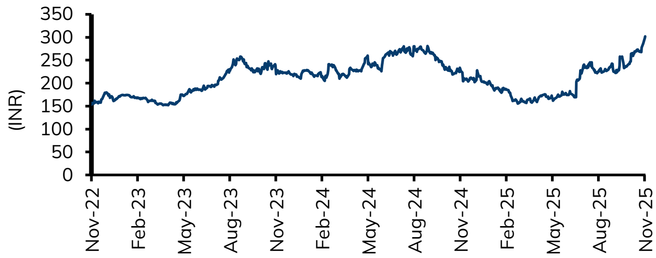
Source: Company data, I-Sec research

Exhibit 8: Shareholding pattern

%	Mar'25	Jun'25	Sep'25
Promoters	41.0	41.0	41.0
Institutional investors	29.1	27.8	25.3
MFs and others	18.1	16.3	14.6
Insurance	0.3	0.3	0.3
FIIs	10.7	11.2	10.4
Others	29.9	31.2	33.7

Source: Bloomberg, I-Sec research

Exhibit 9: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 10: Profit & Loss

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Net Sales	**9,428**	**10,653**	**11,917**	**12,899**
Operating Expenses	8,103	8,825	9,748	10,491
EBITDA	**1,324**	**1,828**	**2,169**	**2,407**
EBITDA Margin (%)	14.0	17.2	18.2	18.7
Depreciation & Amortization	97	117	125	134
EBIT	1,227	1,711	2,044	2,273
Interest expenditure	5	12	12	13
Other Non-operating Income	355	289	331	372
Recurring PBT	**1,577**	**1,988**	**2,363**	**2,633**
Profit / (Loss) from Associates	-	-	-	-
Less: Taxes	276	347	413	474
PAT	1,301	1,641	1,950	2,159
Less: Minority Interest	-	-	-	-
Extraordinaries (Net)	-	-	-	-
Net Income (Reported)	**1,301**	**1,641**	**1,950**	**2,159**
Net Income (Adjusted)	**1,301**	**1,641**	**1,950**	**2,159**

Source Company data, I-Sec research

Exhibit 11: Balance sheet

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Total Current Assets	6,435	7,453	8,642	9,856
of which cash & cash eqv.	4,477	5,240	6,167	7,178
Total Current Liabilities & Provisions	1,336	1,510	1,689	1,827
Net Current Assets	**5,099**	**5,943**	**6,953**	**8,029**
Investments	2,327	2,327	2,327	2,327
Net Fixed Assets	452	391	331	272
ROU Assets	-	-	-	-
Capital Work-in-Progress	14	14	14	14
Total Intangible Assets	6	6	6	6
Long Term Loans & Advances	86	86	86	86
Deferred Tax assets	-	-	-	-
Total Assets	**7,983**	**8,766**	**9,717**	**10,733**
Liabilities				
Borrowings	-	-	-	-
Deferred Tax Liability	-	-	-	-
Provisions	57	57	57	57
Other Liabilities	42	42	42	42
Minority Interest	-	-	-	-
Equity Share Capital	137	137	137	137
Reserves & Surplus	7,747	8,530	9,481	10,497
Total Net Worth	**7,884**	**8,668**	**9,618**	**10,634**
Total Liabilities	**7,983**	**8,766**	**9,717**	**10,733**

Source Company data, I-Sec research

Exhibit 12: Quarterly trend

(INR mn, year ending March)

	Dec 24	Mar 25	Jun-25	Sep-25
Net Sales	2,293	2,505	2,667	2,653
% growth (YOY)	(2.7)	6.2	8.4	13.4
EBITDA	284	319	405	478
Margin %	12.4	12.7	15.2	18.0
Other Income	76	81	78	79
Extraordinaries	-	-	-	-
Adjusted Net Profit	275	310	379	423

Source Company data, I-Sec research

Exhibit 13: Cashflow statement

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Operating Cashflow	**1,327**	**2,117**	**2,500**	**2,780**
Working Capital Changes	(370)	(81)	(83)	(64)
Capital Commitments	(49)	(57)	(65)	(75)
Free Cashflow	**630**	**1,632**	**1,939**	**2,167**
Other investing cashflow	**1,589**	**-**	**-**	**-**
Cashflow from Investing Activities	1,539	(57)	(65)	(75)
Issue of Share Capital	-	-	-	-
Interest Cost	0	(12)	(12)	(13)
Inc (Dec) in Borrowings	-	-	-	-
Dividend paid	-	(857)	(1,000)	(1,142)
Others	(2,116)	-	-	-
Cash flow from Financing Activities	(2,116)	(869)	(1,012)	(1,155)
Chg. in Cash & Bank balance	**103**	**763**	**927**	**1,011**
Closing cash & balance	472	1,833	2,760	3,771

Source Company data, I-Sec research

Exhibit 14: Key ratios

(Year ending March)

	FY25A	FY26E	FY27E	FY28E
Per Share Data (INR)				
Reported EPS	9.1	11.5	13.7	15.1
Diluted EPS (Adjusted)	9.1	11.5	13.7	15.1
Cash EPS	9.8	12.3	14.5	16.1
Dividend per share (DPS)	5.0	6.0	7.0	8.0
Book Value per share (BV)	55.2	60.7	67.4	74.5
Dividend Payout (%)	54.9	52.2	51.3	52.9
Growth (%)				
Net Sales	(2.5)	13.0	11.9	8.2
EBITDA	(16.3)	38.0	18.6	11.0
EPS (INR)	(18.0)	26.1	18.9	10.7
Valuation Ratios (x)				
P/E	32.5	25.8	21.7	19.6
P/CEPS	30.2	24.0	20.4	18.4
P/BV	5.4	4.9	4.4	4.0
EV / EBITDA	28.5	20.2	16.6	14.6
P / Sales	4.5	4.0	3.6	3.3
Dividend Yield (%)	1.7	2.0	2.4	2.7
Operating Ratios				
Gross Profit Margins (%)	53.2	58.1	58.3	58.5
EBITDA Margins (%)	14.0	17.2	18.2	18.7
Effective Tax Rate (%)	17.5	17.5	17.5	18.0
Net Profit Margins (%)	13.8	15.4	16.4	16.7
Working Capital Days	23.8	25.6	25.4	25.0
Inventory Turnover Days	19.7	21.2	21.1	20.8
Fixed Asset Turnover (x)	11.1	11.8	12.4	12.5
Receivables Days	27.9	30.0	29.9	29.4
Payables Days	18.8	20.2	20.1	19.8
Net Debt / Equity (x)	(0.6)	(0.6)	(0.6)	(0.7)
Net Debt / EBITDA (x)	(3.4)	(2.9)	(2.8)	(3.0)
Profitability Ratios				
RoCE (%)	12.2	17.1	18.4	18.4
RoE (%)	15.7	19.8	21.3	21.3
RoIC (%)	34.7	41.3	49.0	54.0

Source Company data, I-Sec research

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