

August 07, 2025

RESULT REPORT Q1 FY26 | Sector: Consumer Durables

Bajaj Electricals Ltd

Improved mix to result in higher margins; upgrade to ADD

Result Synopsis – De-growth in summer products resulted in muted performance

Result Highlights

Lower demand for cooling products impacts revenue – Revenue de-grew at 7.8% (11% below estimates) on YoY basis is due to the early onset of monsoon impacting summer products. CP segment witnessed a de growth of 10.8% on a yoy basis Strong growth in kitchen and non-seasonal appliances was unable to offset de-growth in summer products. Lighting solution registered 3.1% growth on a YoY basis, mainly driven by B2C lighting.

Summer products impacts consumer products revenue- Drop in cooler sales by more than 40% along with double-digit drop in fans impacted consumer products. Double-digit growth in water heaters and kitchen appliances could not offset this impact. However advanced billing for the upcoming season for coolers has commenced well in July. EBIT loss in consumer product stood at Rs136mn on negative operating leverage.

Product mix change in lighting results in highest margins - BJE reported a mid-single digit growth in Consumer Lighting, while it continued strong performance in Professional Lighting. Within Consumer Lighting, GT saw single-digit volume growth and double-digit value growth, driven by a favorable product mix. Margins in lighting segment stood at 10.8% highest ever.

Margins guidance aspirational –The company is sticking to guidance of double-digit margins in the next 3 years. BJE is targeting 6% margin in the CP segment for FY26.

New Product contribution to increase- The company forays into a robust range of switchgears encompassing of Miniature Circuit Breakers (MCB) and Residual Current Circuit Breakers (RCCB), Isolators, Changeover Switches and Distribution boards (DBs) aiming to target residential and commercial especially in tier 2 and tier 3 markets.

We believe worst performance is behind them, now with kitchen products gaining traction and non-seasonal appliances witnessing double digit growth we can expect improved performance from BJE going forward. BJE is also venturing into new categories like Switchgear that will complement its lighting business. We estimate 11% revenue CAGR considering healthy order-book in professional lighting, share of premium product inching up and new products launches like switchgears. We estimate FY25-27 EBITDA and PAT CAGR of 23% and 30% respectively. We upgrade the stock to ADD as we foresee margin expansion and stock price has seen sharp correction in previous couple of months.

Exhibit 1: Actual vs estimates

Parameter	Q1FY26	QoQ (%)	YoY (%)	vs Est	vs Bloom
Revenue	10646	-15.9	-7.8	Miss	Miss
EBITDA	333	-64.2	-55.8	Miss	Miss
EBITDA Margin (%)	3.1%	-422 bps	-340 bps	Miss	Miss
PAT / EPS	16	-95.6	-94.2	Miss	Miss

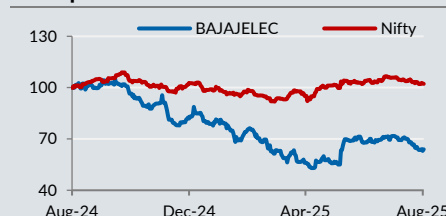
Source: Company, YES Sec

Reco	: ADD
CMP	: Rs 615
Target Price	: Rs 692
Potential Return	: +12.5%

Stock data (as on Aug 07, 2025)

Nifty	24,596
52 Week h/l (Rs)	1038 / 490
Market cap (Rs/USD mn)	68730 / 786
Outstanding Shares (mn)	115
6m Avg t/o (Rs mn):	66
Div yield (%):	0.4
Bloomberg code:	BJE IN
NSE code:	BAJAJELEC

Stock performance



	1M	3M	1Y
Absolute return	-10.8%	12.9%	-36.0%

Shareholding pattern (As of Jun'25 end)

Promoter	62.7%
FII+DII	23.4%
Others	13.8%

Δ in stance

(1-Yr)	New	Old
Rating	ADD	NEUTRAL
Target Price	692	640

Δ in earnings estimates

	FY26e	FY27e
EPS (New)	12.4	19.8
EPS (Old)	13.1	18.3
% change	-5.3%	8.2%

Financial Summary

(Rs mn)	FY25	FY26E	FY27E
Revenue	48,284	53,306	59,745
YoY Growth	4.0%	10.4%	12.1%
EBIDTA	3,075	3,570	4,646
YoY Growth	18.4	16.1	30.1
PAT	1,334	1,435	2,280
YoY Growth	-1.8%	7.6%	58.9%
ROE	7.1	8.1	11.9
EPS	7.9	12.4	19.8
P/E	78.2	49.4	31.1
BV	149.6	158.8	173.4
EV/EBITDA	22.7	19.4	14.8

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ANALYST VIEW & INVESTMENT THESIS

Consumer products (CP) business registered revenue de-growth of 10.8%. Revenue de-growth is largely on account of lower demand for summer products. Air-coolers and Fans has registered strong double digit de-growth impacting overall revenue. Non-seasonal products like water heater and other kitchen appliances have registered double digit growth. Negative operating leverage has resulted in EBIT loss in consumer products. Management believes that decline in Q1 is on back of weather related and is unlikely to continue in ensuing quarters. Lighting on the other hand has registered growth despite price erosion. Improved product mix and new product launches has resulted in double digit margin for lighting segment Management is targeting 6% margin for consumer products, which we believe will be tall as given higher A&P spends. We have built in 140bps EBITDA margin expansion to 7.8 % by FY27. We now assume 11% revenue CAGR FY25-27 vs earlier estimate of 9% revenue CAGR considering healthy order-book in professional lighting, company share of premium product inching up and launch of Switchgear. We estimate FY25-27 EBITDA and PAT CAGR of 23% and 31% respectively. We upgrade the stock to ADD as we foresee margin expansion and stock price has seen sharp correction in previous couple of months.

BJE has been on right path with more focus on preimmunizing its portfolio and launching more products at the premium end, however it is time consuming, and company will have to continue with high brand spends which will make margin expansion a tall task. BJE will have to navigate the challenges on the kitchen appliances side which is facing demand challenge and pressure from smaller regional players.

Exhibit 2: Quarterly snapshot (Consolidated)

Rs mn	Q1FY25	Q4FY25	Q1FY26	YoY (%)	QoQ (%)	FY25	FY24	YoY (%)
Net Sales	11,549	12,655	10,646	(7.8)	(15.9)	48,284	46,413	4.0
EBITDA	754	930	333	(55.8)	(64.2)	3,075	2,316	32.7
EBITDA Margin %	6.5	7.3	3.1			6.4	5.0	
Depreciation	320	412	372	16.3	(9.9)	1,441	1,096	31.5
EBIT	435	518	-38	(108.8)	(107.4)	1,634	1,220	33.9
EBIT Margin %	3.8	4.1	-0.4			3.4	2.6	
Interest	158	181	176	11.4	(2.7)	699	635	10.0
Other Income	106	162	303	185.7	87.5	548	1,145	(52.2)
PBT	383	499	22	(94.1)	(95.5)	1,483	1,731	(14.3)
Tax	102	122	6	(94.0)	(95.0)	363	372	(2.6)
ETR	26.6	24.5	27.1	2.0	10.8	24.4	21.5	
PAT	281	377	16	(94.2)	(95.6)	1,121	1,359	(17.5)
PAT Margin %	2.4	3.0	0.2			2.3	2.9	
EPS	2.4	3.3	0.1	(94.2)	(95.6)	10	12	(17.5)

Source: Company, YES Sec

Exhibit 3: Segmental Performance

Rs mn	Q1FY25	Q4FY25	Q1FY26	YoY (%)	QoQ (%)	FY25	FY24	YoY (%)
Consumer products	9,052	9,940	8,070	(10.8)	(18.8)	38,059	36,039	5.6
Lighting	2,498	2,715	2,576	3.1	(5.1)	10,225	10,374	(1.4)
Net Sales	11,549	12,655	10,646	(7.8)	(15.9)	48,284	46,413	4.0
PBIT								
Consumer products	230.8	389.8	-136.0	(158.9)	(134.9)	1,229	1,142	7.6

Rs mn	Q1FY25	Q4FY25	Q1FY26	YoY (%)	QoQ (%)	FY25	FY24	YoY (%)
Lighting	261.2	212.2	271.9	4.1	28.1	675	796	(15.2)
Total PBIT	492	602	136	(72.4)	(77.4)	1,904	1,954	(2.5)
Finance Costs	157.8	180.7	175.8	11.4	(2.7)	699	635	10.0
Unallocable expense	-49	-78	-129	165.3	66.7	-277	-428	(35.1)
as % of sales	-0.4	-0.6	-1.2			(0.6)	(0.9)	
Share of profit/ (loss) of an associate and a joint venture	0	0	-67	#DIV/0!	#DIV/0!	0	0	
PBT	383	499	23	(94.1)	(95.5)	1,483	1,747	(15.1)
PBIT Margins (%)				(bps)	(bps)			(bps)
Consumer products	2.5	3.9	(1.7)	(424)	(561)	3.2	3.2	6
Lighting	10.5	7.8	10.6	10	274	6.6	7.7	(107)
Total PBIT	4.3	4.8	1.3	(298)	(348)	3.9	4.2	(27)

Source: Company, YES Sec

KEY CON-CALL HIGHLIGHTS

- **Management commentary-** Q1 FY26 was a subdued quarter impacted by spell of unseasonal rains disrupting anticipated consumer demand Seasonal categories were adversely affected whereas non-seasonal segments have performed well
- **Fans** – Fans category witnessed a double-digit volume decline in Q1, with the TPW fan segment seeing a steeper drop compared to ceiling fans. The impact was more pronounced in the East and South regions
- **Lighting** – BJE delivered highest EBIT margin of 10.6% since 2022, driven by premium product mix (battens, outdoor lighting). General trade saw double-digit growth; alternate and MFI channels remained weak. Despite single-digit overall value growth, price erosion continues and is expected to persist for 2 more quarters. B2B is gaining strong traction with an order book of ₹2100 mn.
- **Coolers** – Product saw a sharp YoY revenue decline of ~45% in Q1, driven by an unexpected shift in climate conditions and an unfavorable base effect, as last year's performance was boosted by strong demand and stock-out situations Inventory levels are manageable as advanced billing for the upcoming season commenced well in July BJE continues to maintain its number 2 position in the cooler market.
- **Capex** – The board has approved a capital expenditure budget of Rs 1400 mn, primarily allocated toward new product development (NPD). Additionally, the company is evaluating the setup of a new manufacturing facility, which remains under consideration.
- **Water Heaters-** The water heater segment delivered double-digit growth in Q1, aided by an early onset of the monsoon. Seasonal demand trends supported a strong pickup in sales during the quarter, driving positive momentum for the category.
- **Nirlep-** Due to lack of synergy and continued losses, the company is evaluating strategic options for the Nirlep business – including discontinuation, sale, or hive-off – while continuing with cookers under the Bajaj brand.
- **Brand building-** Investment have been higher at 4% as compared to 3% last year and the company will continue to spend heavily on the brand in ATL and BTL initiatives NPDs will contribute 40% of the revenues
- **Switchgear-** BJE is entering the switchgear segment, focusing primarily on the residential space It does not plan to enter the LV/HV categories. The business will be asset-light, with

products sourced externally, and no major capex planned. Focus is on market capture over profitability and contribution potential is estimated at 10–15% Brand strength is expected to drive early traction.

Exhibit 4: Key Monitorable Triggers

What to Watch	Why it Matters	Timeline
Nirlep business	Potential discontinuation or sale	FY26
Margin Expansion	Company expects to reach double digit margins	FY28
Switchgear	Pace of market capture and channel response	FY27

Source: Company, YES Sec

Exhibit 5: Estimate Revisions (Rs mn)

Metric	Old Est (FY27E)	New Est	% Change	Reason
Revenue	59,988	59,745	-0.4%	De-growth in Fans and Air-coolers have resulted in marginal revenue cut
EBITDA	4,430	4,646	4.9%	Improved mix to result in higher margin
PAT	2,108	2,280	8.2%	

Source: Company, YES Sec

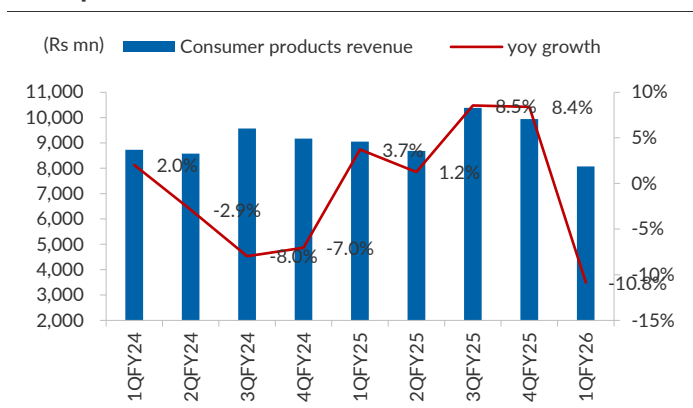
Exhibit 6: Valuation Snapshot

Valuation Metric	FY25E	FY26E	FY27E	5-year Avg (2 year forward)
P/E (x)	78.2	49.4	31.1	31.9
EV/EBITDA (x)	22.7	19.4	14.8	16.0
ROCE (%)	13.9	12.9	16.1	

Source: Company, YES Sec

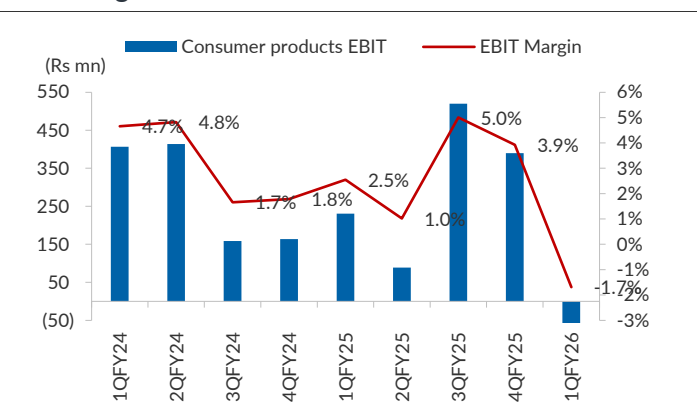
CHARTS

Exhibit 7: Unseasonal rains and high base effect disrupted consumer demand



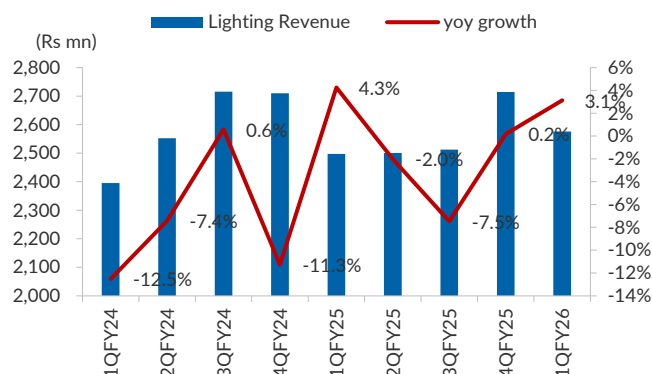
Source: Company, YES Sec

Exhibit 8: EBIT margin contracted due to operating leverage



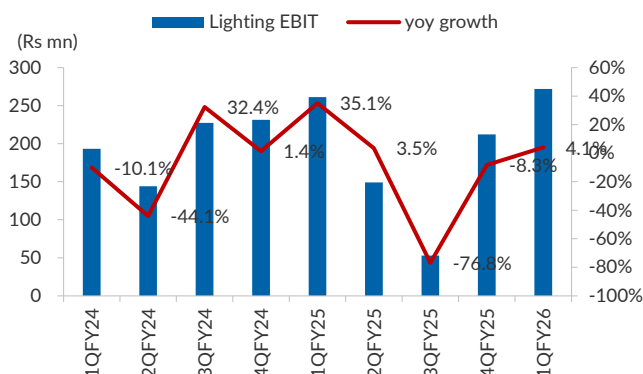
Source: Company, YES Sec

Exhibit 9: Double-digit value growth aided by growth in professional lighting



Source: Company, YES Sec

Exhibit 10: Highest quarterly EBIT margins due to premiumization



Source: Company, YES Sec

FINANCIALS

Exhibit 11: Balance Sheet

Y/e 31 Mar (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
Equity capital	230	230	231	231	231
Reserves	18,842	14,182	17,021	18,083	19,772
Net worth	19,072	14,412	17,251	18,314	20,003
Debt	2	0	0	0	0
Deferred tax liab (net)	54	0	0	0	0
Other non current liabilities	1,375	2,344	2,474	2,533	2,583
Total liabilities	20,503	16,756	19,726	20,847	22,586
Fixed Asset	6,820	8,435	8,064	8,073	7,966
Investments	2,094	2,040	3,895	3,895	3,895
Other Non-current Assets	8,217	2,285	1,814	1,953	2,132
Net Working Capital	(42)	3,188	4,754	5,375	6,179
Inventories	9,756	7,566	7,174	7,920	8,876
Sundry debtors	11,311	11,761	13,013	14,366	16,102
Loans and Advances	115	113	3,336	3,683	4,128
Sundry creditors	17,960	18,417	19,125	21,114	23,665
Other current liabilities	5,961	2,635	2,809	2,968	3,165
Cash & equivalents	3,415	809	1,198	1,551	2,413
Total Assets	20,503	16,756	19,726	20,847	22,586

Source: Company, YES Sec

Exhibit 12: Income statement

Y/e 31 Mar (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
Revenue	48,892	46,413	48,284	53,306	59,745
Operating profit	3,748	2,597	3,075	3,570	4,646
Depreciation	738	1,096	1,441	1,634	1,849
Interest expense	436	635	699	629	566
Other income	450	865	548	611	817
Profit before tax	3,024	1,731	1,483	1,918	3,047
Taxes	870	372	363	483	767
Minorities and other	-	-	-	-	-
Adj. profit	2,154	1,359	1,121	1,435	2,280
Exceptional items	-	-	214	-	-
Net profit	2,154	1,359	907	1,435	2,280

Source: Company, YES Sec

Exhibit 13: Cashflow Statement

Y/e 31 Mar (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
Profit before tax	3,460	2,366	2,182	2,547	3,613
Depreciation	738	1,096	1,441	1,634	1,849
Tax paid	(870)	(372)	(363)	(483)	(767)
Working capital Δ	5,772	(3,294)	(1,439)	(621)	(804)
Other operating items					
Operating cashflow	9,100	(205)	1,821	3,077	3,891
Capital expenditure	(892)	(2,711)	(1,070)	(1,643)	(1,743)
Free cash flow	8,209	(2,916)	751	1,434	2,148
Equity raised	61	(5,673)	2,278	(0)	(0)
Investments	(419)	118	(1,983)	-	-
Debt financing/disposal	(447)	(2)	-	-	-
Interest paid	(436)	(635)	(699)	(629)	(566)
Dividends paid	(460)	(346)	(346)	(372)	(591)
Net Δ in cash	2,031	(2,607)	389	353	863

Source: Company, YES Sec

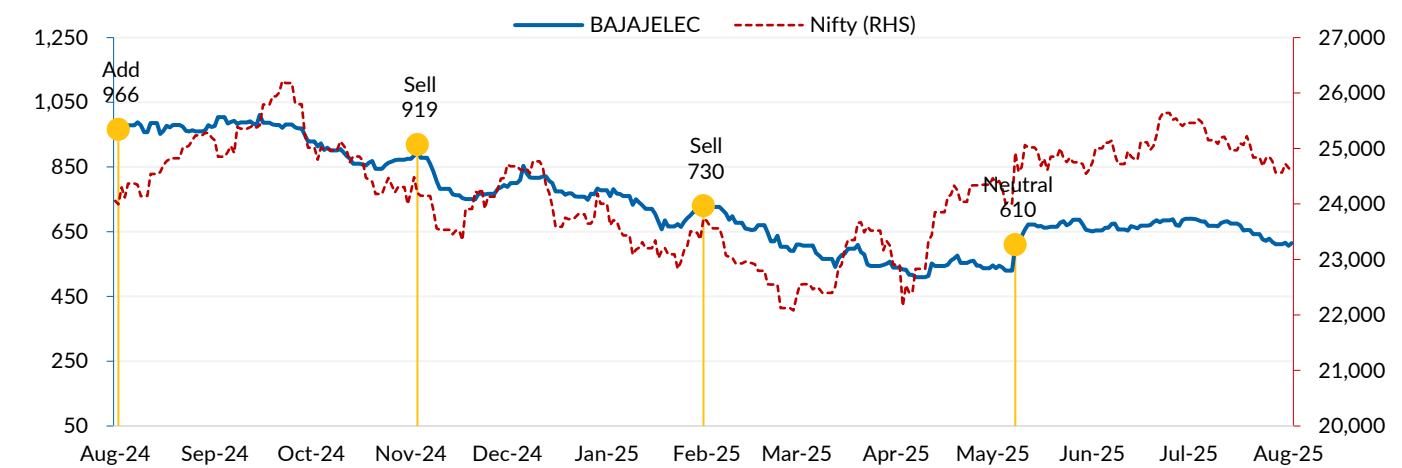
Exhibit 14: Du-point analysis

Y/e 31 Mar (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
Tax burden (x)	0.71	0.78	0.76	0.75	0.75
Interest burden (x)	0.87	0.73	0.68	0.75	0.84
EBIT margin (x)	0.07	0.05	0.05	0.05	0.06
Asset turnover (x)	1.15	1.12	1.20	1.22	1.25
Financial leverage (x)	2.35	2.49	2.54	2.47	2.49
RoE (%)	11.8	8.1	7.1	8.1	11.9

Exhibit 15: Ratio analysis

Y/e 31 Mar	FY23	FY24	FY25	FY26E	FY27E
Growth matrix (%)					
Revenue growth	1.6	(5.1)	4.0	10.4	12.1
Op profit growth	49.8	(30.7)	18.4	16.1	30.1
EBIT growth	38.8	(31.6)	(7.8)	16.7	41.9
Net profit growth	56.5	(36.9)	(17.5)	28.1	58.9
Profitability ratios (%)					
OPM	7.7	5.6	6.4	6.7	7.8
EBIT margin	7.1	5.1	4.5	4.8	6.0
Net profit margin	4.4	2.9	2.3	2.7	3.8
RoCE	18.8	14.1	13.8	14.3	18.9
RoNW	11.8	8.1	7.1	8.1	11.9
RoA	5.0	3.3	2.8	3.3	4.8
Per share ratios					
EPS	18.7	11.8	7.9	12.4	19.8
Dividend per share	4.0	3.0	3.0	3.2	5.1
Cash EPS	25.1	21.3	22.2	26.6	35.8
Book value per share	165.7	125.1	149.6	158.8	173.4
Valuation ratios					
P/E	32.9	52.1	78.2	49.4	31.1
P/CEPS	24.5	28.9	25.6	23.1	17.2
P/B	3.7	4.9	4.1	3.9	3.5
EV/EBIDTA	18.0	27.0	22.7	19.4	14.8
Payout (%)					
Dividend payout	21.4	25.4	30.9	25.9	25.9
Tax payout	28.8	21.5	24.4	25.2	25.2
Liquidity ratios					
Debtor days	84.4	92.5	98.4	98.4	98.4
Inventory days	72.8	59.5	54.2	54.2	54.2
Creditor days	134.1	144.8	144.6	144.6	144.6

Recommendation Tracker



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