

Bajaj Electricals | BUY

Margin-led operational beat; new initiatives in focus

Bajaj Electricals (BJE) reported consolidated revenue of INR 12.6bn for 4QFY25, reflecting a 7% YoY increase (vs. JMFe: 4%). Revenue growth was primarily driven by the Consumer Products segment, led by double-digit growth in domestic appliances. The Lighting Solutions segment posted a flat performance, with single-digit growth in Consumer Lighting offset by a decline in Professional Lighting due to delays in project execution. EBITDA came in at INR 930mn (vs. JMFe: INR 610mn), marking an increase of 87% YoY and 6% QoQ, with EBITDA margin of 7.3% (vs. JMFe: 5%), expanding by 310bps YoY and 60bps QoQ. Margin improvement was largely attributable to a 260bps YoY rise in gross margin and 110bps YoY reduction in other expenses, despite a 50bps YoY increase in staff costs. PAT increased 29% YoY to INR 377mn (vs. JMFe: INR 173mn) due to a normalised tax rate of 24.5% (vs. a tax refund in the base quarter). Reported PAT was INR 591mn, which includes an exceptional gain of INR 214mn. We cut our FY26/FY27 EPS estimates by 3-4% on lower-than-expected revenue degrowth, coupled with increase in depreciation and interest expense. We maintain BUY with target price of INR 780 (earlier INR 815) valued at 38x FY27 EPS.

- **4Q performance:** Revenue increased 7.7% YoY to INR 12.6bn (vs. JMFe: 4%) supported by growth in Consumer Product segment. EBITDA stood at INR 930mn, up 87% YoY. Gross margin expanded to 31.9% from 29.3% (vs. JMFe GM: 31.5%), and EBITDA margin improved to 7.3% from 4.0% YoY (vs. JMFe EBITDAM: 5.0%); Depreciation was higher due to capitalisation of employee costs and new moulds. The company saw exceptional gain of INR 210mn (owing to sale of land of INR 300mn and offset by INR 90mn due to VRS for Nashik factory). BJE's PAT rose by 29% YoY to INR 377mn.
- **Consumer Products:** Revenue for consumer products for the quarter increased by 8% YoY to ~INR 9.9bn (2% up vs. JMFe). Growth was driven by strong traction in domestic appliances, especially coolers, which posted high double-digit growth. Kitchen appliances, notably mixers, continued to face industry-wide demand softness. Morphy Richards continue to register high double-digit growth, CP EBIT margin expanded to 3.9% (vs. 1.8% YoY), largely due to a 360bps improvement in gross margin. For the next few years, the company's focus will be to increase top line and market share while continuing to spend heavily on the brand and other initiatives.
- **Lighting:** Revenue for Lightning solution in 4Q was INR 2.7bn, flat YoY (5% up vs. JMFe) due to contraction in professional lighting (delays in order execution of urban rural bodies resulted in the contraction) which also had an impact on operating leverage. Professional lighting order book remains healthy at INR 2.4bn,
- **Overall guidance:** FY26 capex could be ~INR 1bn, though the company is evaluating a new manufacturing facility, for which a budget of INR 3bn has been approved. If that materialises, total capex could rise to INR 4bn. Ad spend is likely to remain elevated at 4% of sales, compared to 3% last year, Overall, long-term margin improvement is expected from (1) 2/3% gain via operating leverage and (2) 2-3% from cost optimisation initiatives, including logistics efficiencies, VAVE, and GTM enhancements.



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Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	780
Upside/(Downside)	27.8%
Previous Price Target	815
Change	-4.3%

Key Data – BJE IN

Current Market Price	INR610
Market cap (bn)	INR70.4/US\$0.8
Free Float	37%
Shares in issue (mn)	102.0
Diluted share (mn)	115.4
3-mon avg daily val (mn)	INR72.9/US\$0.9
52-week range	1,120/488
Sensex/Nifty	82,430/24,925
INR/US\$	85.4

Price Performance

%	1M	6M	12M
Absolute	19.7	-26.9	-34.2
Relative*	9.1	-31.1	-41.9

* To the BSE Sensex

Financial Summary

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	46,413	48,284	53,852	60,643	67,872
Sales Growth (%)	-5.1	4.0	11.5	12.6	11.9
EBITDA	2,597	3,075	3,682	4,370	5,437
EBITDA Margin (%)	5.6	6.4	6.8	7.2	8.0
Adjusted Net Profit	1,359	1,121	1,753	2,368	3,171
Diluted EPS (INR)	11.8	9.7	15.2	20.5	27.5
Diluted EPS Growth (%)	-37.0	-17.6	56.4	35.1	33.9
ROIC (%)	10.0	11.6	12.9	15.6	19.4
ROE (%)	8.1	7.1	9.8	12.1	14.6
P/E (x)	51.7	62.8	40.1	29.7	22.2
P/B (x)	4.9	4.1	3.8	3.4	3.1
EV/EBITDA (x)	22.9	19.8	16.5	13.7	10.8
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0

Source: Company data, JM Financial. Note: Valuations as of 05/Dec/2025

JM Financial Research is also available on:
Bloomberg - JMFR <GO>,
Thomson Publisher & Reuters,
S&P Capital IQ, FactSet and Visible Alpha

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

Key highlights from the earnings call:

Consumer Products:

- The Consumer Products segment delivered strong revenue growth of 8.4% YoY in 4Q, led by robust performance in appliances (especially coolers) and fans, despite a delayed summer.
- EBIT margin improved sharply to 3.9% from 1.8% YoY, driven by a 360bps expansion in gross margin, partially offset by higher depreciation and operational investments.
- The company is expanding premium offerings, improving its go-to-market (GTM) execution, and has created a dedicated business unit for fans to enhance category focus.
- Morphy Richards brand posted high double-digit growth, supported by premium positioning and marketing efforts.
- Alternate channels (modern trade, e-commerce) now contribute 45% of revenue, with e-commerce facing some slowdown but modern retail remaining strong.

Lighting Solutions:

- The Lighting business was flat in revenue terms for 4Q, with consumer lighting growing in general trade (~12%) while professional lighting shrank due to delays in municipal project execution.
- EBIT margin in lighting declined slightly to 7.8% from 8.5% YoY, impacted by lower operating leverage.
- The company continues to invest in brand and GTM revamp, with price erosion expected to bottom out in some product categories (notably ceiling lights) over the next 1-2 quarters.
- Professional lighting order book remains healthy at INR 2.5bn, and improved execution is expected from 2QFY26 onward.

Margin:

- The company reported a substantial increase in gross margin (~360 bps) in Consumer Products, aided by price hikes and cost-efficiency initiatives like Value Analysis & Value Engineering (VAVE).
- Consulting fees and transformation costs will continue as ongoing strategic initiatives like VAVE, manufacturing setup, and GTM restructuring progress

Growth:

- The company aims to outpace market growth and has set a target to become a double-digit EBIT business in 3 years, with a near-term EBIT margin goal of around 6% in FY26.
- Growth will be led by premiumisation, category penetration, and innovation across both core and emerging product lines (e.g., grooming, air coolers).
- New CEO Sanjay Sachdeva, who has worked at Unilever in various roles globally, reinforces focus on executing the existing strategy with tweaks, emphasizing digital, sustainability, and brand equity

Other:

- A new subsidiary is being set up in the UAE to tap into export opportunities and expand internationally.
- A one-off gain from land sale (INR 30crore) supported other income this quarter; no similar transaction expected soon.
- Issues in MFI distribution channels continue due to regulatory restrictions and have yet to normalise.

Exhibit 1. Consolidated Quarterly Performance

	Quarterly			Chg (%)		Q4FY25E		Reported		Chg (%)
INR mn	Q4FY24	Q3FY25	Q4FY25	YoY	QoQ	JM Est	Chg (%)	FY24	FY25	YoY
Net Operating Revenue	11,881	12,897	12,655	7%	-2%	12,296	3%	46,413	48,284	4%
Material Cost	8,399	8,791	8,615	3%	-2%	8,422	2%	32,608	32,952	1%
Gross Profit	3,482	4,106	4,040	16%	-2%	3,873	4%	13,804	15,332	11%
Employee Cost	828	995	950	15%	-5%	950	0%	3,649	3,800	4%
Other expenditure	2,156	2,237	2,160	0%	-3%	2,313	-7%	7,558	8,458	12%
EBITDA	497	874	930	87%	6%	610	52%	2,597	3,075	18%
Interest	176	187	181	3%	-3%	152	19%	635	699	10%
Depreciation	302	361	412	37%	14%	361	14%	1,096	1,441	31%
Other income	225	128	162	-28%	27%	134	21%	865	548	-37%
PBT	245	454	499	104%	10%	231	116%	1,731	1,483	-14%
Tax	-49	121	122	-351%	1%	58	111%	372	363	-3%
Recurring PAT	293	334	377	29%	13%	173	117%	1,359	1,121	-18%
Extraordinary items	0	0	214			0		0	214	
Minority Interest	0	0	0			0		0	0	
Share of Associate	0	0	0			0		0	0	
Reported PAT	293	334	591	101%	77%	173	241%	1,359	1,334	-2%
Ratios (% of net sales)										
Gross Margin (%)	29.3%	31.8%	31.9%	262 bps	9 bps	31.5%	43 bps	29.7%	31.8%	201 bps
EBITDA margin (%)	4.2%	6.8%	7.3%	316 bps	57 bps	5.0%	239 bps	5.6%	6.4%	77 bps
Employee Cost	7.0%	7.7%	7.5%	53 bps	-21 bps	7.7%	-22 bps	7.9%	7.9%	1 bps
Other expenditure	18.1%	17.3%	17.1%	-107 bps	-28 bps	18.8%	-174 bps	16.3%	17.5%	123 bps
Tax rate (% of PBT)	-19.9%	26.6%	24.5%	4434 bps	-209 bps	25.0%	-54 bps	21.5%	24.4%	295 bps

Source: Company, JM Financial

Exhibit 2. Consolidated Segmental Performance

	Quarterly			Chg (%)		Q4FY25E		Reported		Chg (%)
Net Revenues (INR Mn)	Q4FY24	Q3FY25	Q4FY25	YoY	QoQ	JM Est	Chg (%)	FY24	FY25	YoY
Lighting - Total	2,710	2,513	2,715	0%	8%	2,575	5%	10,374	10,225	-1%
Consumer Durables	9,171	10,385	9,940	8%	-4%	9,721	2%	36,042	38,059	6%
Total Segment Revenue	11,881	12,897	12,655	7%	-2%	12,296	2.9%	46,416	48,284	4%
Segmental EBIT (INR Mn)										
Lighting - Total	231	53	212	-8%	302%	50	324%	796	675	-15%
Consumer Durables	164	520	390	138%	-25%	450	-13%	1,142	1,229	8%
Total Segment EBIT	395	573	602	52%	5%	500	20%	1,938	1,904	-2%
Segmental EBIT Margin (%)										
Lighting - Total	8.5%	2.1%	7.8%	-72 bps	572 bps	1.9%	587 bps	7.7%	6.6%	-107 bps
Consumer Durables	1.8%	5.0%	3.9%	214 bps	-109 bps	4.6%	-71 bps	3.2%	3.2%	6 bps
Total Segment Margin	3.3%	4.4%	4.8%	143 bps	32 bps	4.1%	69 bps	4.2%	3.9%	-23 bps

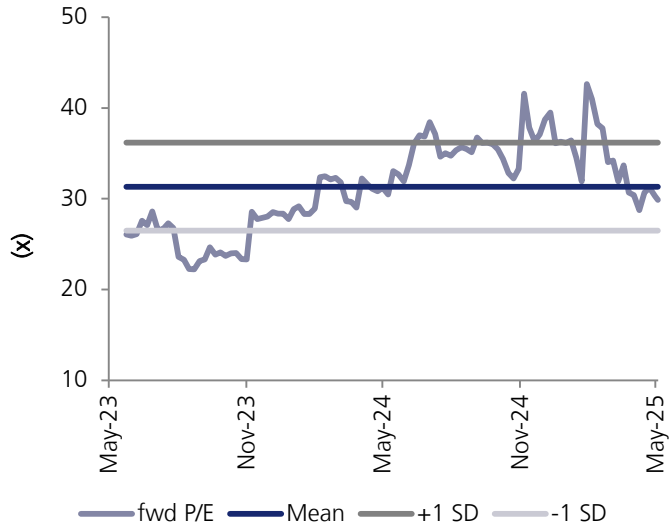
Source: Company, JM Financial

Exhibit 3. We cut our EPS estimate for FY26E by 3.7%

Particulars (INR Mn)	FY26E			FY27E		
	Revised	Old	Chg (%)	Revised	Old	Chg (%)
Net revenue	53,852	55,495	-3.0%	60,643	63,598	-4.6%
EBITDA	3,682	3,752	-1.9%	4,370	4,504	-3.0%
Margin (%)	6.8%	6.8%		7.2%	7.1%	
PAT	1,753	1,816	-3.5%	2,368	2,432	-2.6%
EPS (INR/share)	15.2	15.8	-3.7%	20.5	21.1	-2.8%

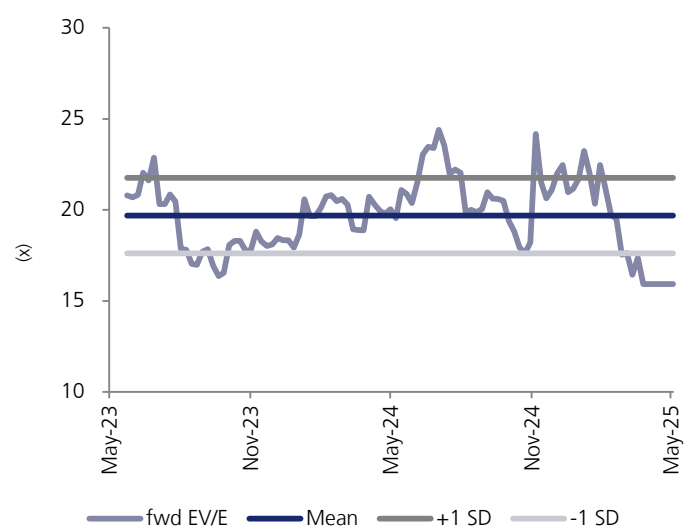
Source: Company, JM Financial

Exhibit 4. 1 yr forward P/E



Source: Company, JM Financial

Exhibit 5. 1 yr forward EV/EBITDA



Source: Company, JM Financial

Financial Tables (Consolidated)

Income Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	46,413	48,284	53,852	60,643	67,872
Sales Growth	-5.1%	4.0%	11.5%	12.6%	11.9%
Other Operating Income	0	0	0	0	0
Total Revenue	46,413	48,284	53,852	60,643	67,872
Cost of Goods Sold/Op. Exp	32,608	32,952	36,404	40,934	45,678
Personnel Cost	3,649	3,800	4,067	4,393	4,744
Other Expenses	7,558	8,458	9,699	10,946	12,013
EBITDA	2,597	3,075	3,682	4,370	5,437
EBITDA Margin	5.6%	6.4%	6.8%	7.2%	8.0%
EBITDA Growth	-30.7%	18.4%	19.7%	18.7%	24.4%
Depn. & Amort.	1,096	1,441	1,490	1,523	1,617
EBIT	1,501	1,634	2,192	2,847	3,819
Other Income	865	548	650	750	800
Finance Cost	635	699	520	460	420
PBT before Excep. & Forex	1,731	1,483	2,322	3,137	4,199
Excep. & Forex Inc./Loss(-)	0	214	0	0	0
PBT	1,731	1,697	2,322	3,137	4,199
Taxes	372	363	569	769	1,029
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	0	0	0	0	0
Reported Net Profit	1,359	1,334	1,753	2,368	3,171
Adjusted Net Profit	1,359	1,121	1,753	2,368	3,171
Net Margin	2.9%	2.3%	3.3%	3.9%	4.7%
Diluted Share Cap. (mn)	115.2	115.4	115.4	115.4	115.4
Diluted EPS (INR)	11.8	9.7	15.2	20.5	27.5
Diluted EPS Growth	-37.0%	-17.6%	56.4%	35.1%	33.9%
Total Dividend + Tax	0	0	0	0	0
Dividend Per Share (INR)	0.0	0.0	0.0	0.0	0.0

Source: Company, JM Financial

Cash Flow Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	1,731	1,697	2,322	3,137	4,199
Depn. & Amort.	1,096	1,441	1,490	1,523	1,617
Net Interest Exp. / Inc. (-)	635	699	520	460	420
Inc (-) / Dec in WCap.	705	48	-1,599	-1,171	-2,168
Others	-603	-391	-650	-750	-800
Taxes Paid	-25	-24	-569	-769	-1,029
Operating Cash Flow	3,538	3,468	1,513	2,431	2,240
Capex	-1,307	-290	-1,200	-1,000	-1,000
Free Cash Flow	2,231	3,178	313	1,431	1,240
Inc (-) / Dec in Investments	-1,303	-1,815	0	0	0
Others	508	155	650	750	800
Investing Cash Flow	-2,102	-1,950	-550	-250	-200
Inc / Dec (-) in Capital	51	60	1	0	0
Dividend + Tax thereon	-460	-346	-346	-577	-692
Inc / Dec (-) in Loans	-293	-485	8	0	0
Others	-624	-690	-520	-460	-420
Financing Cash Flow	-1,326	-1,461	-858	-1,037	-1,112
Inc / Dec (-) in Cash	109	58	106	1,144	928
Opening Cash Balance	1,031	1,140	1,198	1,304	2,448
Closing Cash Balance	1,140	1,198	1,304	2,448	3,376

Source: Company, JM Financial

Balance Sheet (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	14,413	17,252	18,659	20,451	22,929
Share Capital	230	231	231	231	231
Reserves & Surplus	14,183	17,022	18,428	20,220	22,699
Preference Share Capital	0	0	0	0	0
Minority Interest	0	0	0	0	0
Total Loans	0	0	0	0	0
Def. Tax Liab. / Assets (-)	0	0	0	0	0
Total - Equity & Liab.	14,413	17,252	18,659	20,451	22,929
Net Fixed Assets	8,435	8,064	7,774	7,251	6,634
Gross Fixed Assets	12,408	14,004	15,204	16,204	17,204
Intangible Assets	0	0	0	0	0
Less: Depn. & Amort.	4,591	6,032	7,522	9,045	10,662
Capital WIP	618	92	92	92	92
Investments	1,708	3,895	3,895	3,895	3,895
Current Assets	28,189	30,232	33,008	36,783	40,649
Inventories	7,566	7,174	7,804	8,597	9,365
Sundry Debtors	11,761	13,013	14,361	15,498	16,968
Cash & Bank Balances	2,747	1,206	1,304	2,448	3,376
Loans & Advances	6,069	8,840	9,540	10,240	10,940
Other Current Assets	46	0	0	0	0
Current Liab. & Prov.	23,918	24,940	26,019	27,479	28,249
Current Liabilities	5,590	4,496	5,575	7,034	7,804
Provisions & Others	18,328	20,445	20,445	20,445	20,445
Net Current Assets	4,271	5,292	6,989	9,304	12,400
Total - Assets	14,413	17,251	18,659	20,451	22,929

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	2.9%	2.3%	3.3%	3.9%	4.7%
Asset Turnover (x)	2.8	3.0	3.0	3.1	3.1
Leverage Factor (x)	1.0	1.0	1.0	1.0	1.0
RoE	8.1%	7.1%	9.8%	12.1%	14.6%

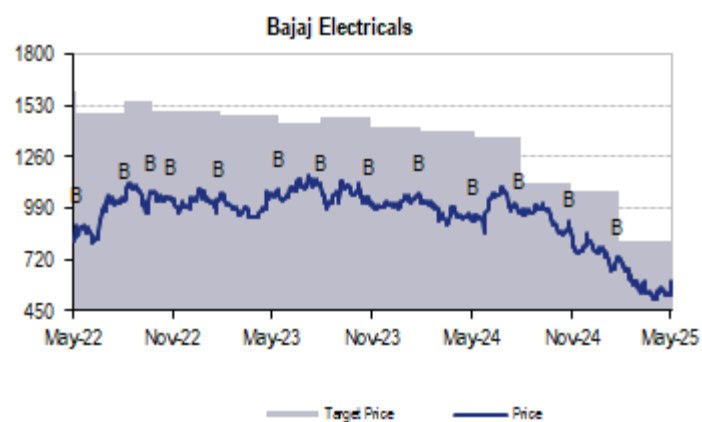
Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	125.1	149.6	161.8	177.3	198.8
ROIC	10.0%	11.6%	12.9%	15.6%	19.4%
ROE	8.1%	7.1%	9.8%	12.1%	14.6%
Net Debt/Equity (x)	-0.2	-0.1	-0.1	-0.1	-0.1
P/E (x)	51.7	62.8	40.1	29.7	22.2
P/B (x)	4.9	4.1	3.8	3.4	3.1
EV/EBITDA (x)	22.9	19.8	16.5	13.7	10.8
EV/Sales (x)	1.3	1.3	1.1	1.0	0.9
Debtor days	92	98	97	93	91
Inventory days	60	54	53	52	50
Creditor days	47	36	41	46	46

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
26-May-21	Buy	1,200	
11-Aug-21	Buy	1,300	8.3
14-Nov-21	Buy	1,320	1.5
16-Nov-21	Buy	1,380	4.5
15-Dec-21	Buy	1,650	19.6
8-Feb-22	Buy	1,600	-3.0
24-Feb-22	Buy	1,600	0.0
17-May-22	Buy	1,490	-6.9
13-Aug-22	Buy	1,550	4.0
3-Oct-22	Buy	1,500	-3.2
8-Nov-22	Buy	1,500	0.0
3-Feb-23	Buy	1,480	-1.3
23-May-23	Buy	1,440	-2.7
11-Aug-23	Buy	1,470	2.1
6-Nov-23	Buy	1,410	-4.1
5-Feb-24	Buy	1,390	-1.4
15-May-24	Buy	1,360	-2.2
6-Aug-24	Buy	1,120	-17.6
8-Nov-24	Buy	1,080	-3.6
4-Feb-25	Buy	815	-24.5

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

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Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
Sell	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

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