PRIVATE CLIENT GROUP | kotak Securities

Dated: 3rd Nov 2025

BAJAJ ELECTRICALS LTD (BEL) - ADD

Q2FY26 Result Update

Current Market Price (CMP)	Fair Value (FV)
Rs. 514	**Rs. 587**

Rationale:

- Q2FY26: mixed results; revenue and net profit below estimate, EBITDA above estimate.
- Consumer product (CP) segment growth was impacted by sharp volume decline in the cooler and fans (TPW) category.
- Lighting solution (LS) segment reported yoy growth in revenue and EBIT margin.
- FY26E is expected to be a significantly weak year for the company as summer product demand has been severely impacted by weak demand and extended monsoons.
- Company continues to focus on its long-term strategy of enhancing the brand and building a strong product portfolio.
- Our fair value of Rs587 is based on a PE of 35x on FY28E earnings.

Positives:

- Consolidated EBITDA margin was 5.6% in Q2FY26 (4.6% in Q2FY25 and 3.1% in Q1FY26, our estimate was 5.2%).
- In the CP segment, gross margins improved during the quarter.
- BEL is a net cash company with cash & investments of Rs432 cr as of end H1FY26.

Negatives:

- Consolidated revenue was Rs1,107 cr (-1% yoy, below our estimate was Rs1,157 cr).
- In the CP segment, revenue de-grew by 4.1% yoy to Rs833 cr, (second consecutive quarter of revenue decline).
- Consolidated net profit was Rs9.9 cr, a decline of 23.6% yoy on a weak Q2FY25 base.

(EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortization; P/E: Price/Earnings; EBIT: Earnings Before Interest and Tax; TPW: Table, Pedestal, and Wall)

Holding Period: 12 months

RATING SCALE (PRIVATE CLIENT GROUP)

Definitions of ratings

BUY	–	We expect the stock to deliver more than 15% returns over the next 12 months
ADD	–	We expect the stock to deliver 5% - 15% returns over the next 12 months
REDUCE	–	We expect the stock to deliver -5% - +5% returns over the next 12 months
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NR	–	**Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
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NA	–	**Not Available or Not Applicable.** The information is not available for display or is not applicable
NM	–	**Not Meaningful.** The information is not meaningful and is therefore excluded.
NOTE	–	Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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