

# V-Guard Industries Ltd.

## Accumulate

Sector: Electrical Equipment

18<sup>th</sup> November 2025

| Key Changes | Target         | Rating | Earnings | Target        | Rs.414        |
|-------------|----------------|--------|----------|---------------|---------------|
| Stock Type  | Bloomberg Code | Sensex | NSE Code | BSE Code      | Time Frame    |
| Small Cap   | VGRD:IN        | 84,951 | VGUARD   | 532953        | 12 Months     |
|             |                |        |          | <b>CMP</b>    | <b>Rs.351</b> |
|             |                |        |          | <b>Return</b> | <b>+18%</b>   |

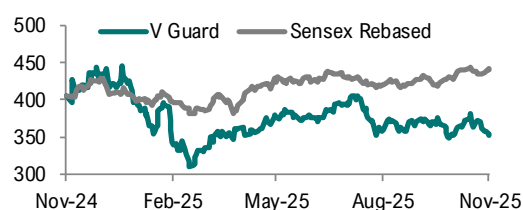
Data as of: 17-11-2025

| Company Data               |          |
|----------------------------|----------|
| Market Cap (Rs. cr.)       | 15,294   |
| 52 Week High — Low (Rs.)   | 450– 300 |
| Enterprise Value (Rs. cr)  | 15,306   |
| Outstanding Shares (Rs cr) | 43.6     |
| Free Float (%)             | 42.0     |
| Dividend Yield (%)         | 0.43     |
| 6m average volume (cr)     | 0.07     |
| Beta                       | 0.69     |
| Face value (Rs)            | 1.0      |

| Shareholding (%) | Q4FY25 | Q1FY26 | Q2FY26 |
|------------------|--------|--------|--------|
| Promoters        | 54.3   | 54.3   | 53.3   |
| FII's            | 13.4   | 12.6   | 12.5   |
| MFs/Institutions | 20.6   | 21.6   | 22.9   |
| Public           | 11.6   | 11.6   | 11.4   |
| Total            | 100.0  | 100.0  | 100.0  |
| Promoter Pledge  | Nil    | Nil    | Nil    |

| Price Performance | 3 Month | 6 Month | 1 Year |
|-------------------|---------|---------|--------|
| Absolute Return   | -2.3%   | -8.5%   | -13.2% |
| Absolute Sensex   | 4.9%    | 4.5%    | 9.0%   |
| Relative Return   | -7.3%   | -13.0%  | -22.2% |

\*over or under performance to benchmark index



| Y.E March (Rs. cr) | FY25A | FY26E | FY27E |
|--------------------|-------|-------|-------|
| Sales              | 5,578 | 5,905 | 6,968 |
| Growth (%)         | 14.8  | 5.9   | 18.0  |
| EBITDA             | 513   | 531   | 693   |
| EBITDA Margin (%)  | 9.2   | 9.0   | 10.0  |
| PAT Adjusted       | 314   | 328   | 451   |
| Growth (%)         | 21.8  | 4.6   | 37.5  |
| Adjusted EPS       | 7.2   | 7.5   | 10.4  |
| Growth (%)         | 21.4  | 4.6   | 37.5  |
| P/E                | 48.7  | 46.6  | 33.9  |
| P/B                | 7.3   | 6.5   | 5.5   |
| EV/EBITDA          | 29.8  | 28.5  | 21.6  |
| ROE (%)            | 16.0  | 14.7  | 17.6  |
| D/E                | 0.0   | 0.0   | 0.0   |

Author: Anil R - Sr. Research Analyst

## Modest growth, inventory overhang; structural story intact

**V-Guard Industries Ltd (VGRD) is one of the leading players in the electrical consumer durables space. Major product segments include Stabilizers, Cables & Wires, UPS, Pumps and Electrical Appliances.**

- In Q2FY26, revenue recorded a modest 3.6% YoY increase, constrained by an extended monsoon and subdued demand across summer-dependent categories such as AC stabilizers and fans.
- Gross margin rose to 37.6% (+170 bps YoY), supported by a favourable product mix and lower copper prices. However, EBITDA margin slipped to 8.1% (-40 bps YoY) due to reduced operating leverage.
- Sunflame business delivered 3.4% YoY growth, with integration progressing and synergy benefits anticipated over time.
- Management anticipates robust water heater sales in Q3, driven by the recent successful product launch. Inventory levels in summer categories are expected to normalize by Q4, while the winter portfolio and Sunflame synergies should support H2 performance. However, achieving the full-year growth target of 15% appears unlikely.
- We reduce our FY26E EPS by 16% and FY27E by 3.2% due to lower-than-expected revenue growth and margin reset (FY26 EBITDA margin revised to 9% vs 9.6% earlier), factoring in weak H1.

## Outlook & Valuation

The company is poised for better performance in Q3, led by stronger traction in water heaters and premium appliances, though competitive pressures and elevated inventory levels remain short-term challenges. Over the medium term, growth is expected to be supported by margin expansion from battery backward integration, synergies with Sunflame, expansion into new categories such as lighting and solar pumps, and deeper distribution beyond the South. **We value the stock at 40x FY27E EPS—aligned with its 10-year avg.—and maintain our Accumulate rating with a target price of Rs.414.**

## Quarterly Financials Consol.

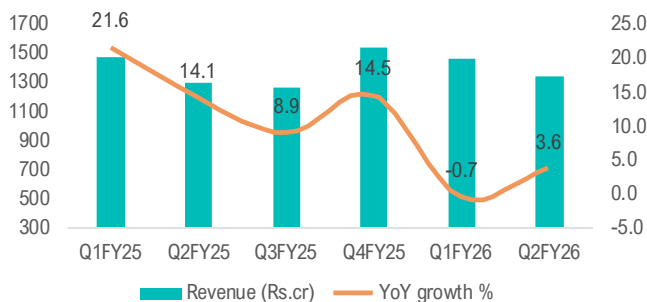
| Rs.cr    | Q2FY26 | Q2FY25 | YoY (%) | Q1FY26 | QoQ (%) | H1FY26 | H1FY25 | YoY (%) |
|----------|--------|--------|---------|--------|---------|--------|--------|---------|
| Sales    | 1,341  | 1,294  | 3.6     | 1466   | (8.5)   | 2,807  | 2,771  | 1.3     |
| EBITDA   | 109    | 110    | (0.9)   | 124    | (11.6)  | 233    | 266    | (12.5)  |
| margin % | 8.1    | 8.5    | -37bps  | 8.4    | -28bps  | 8.3    | 9.6    | -130bps |
| EBIT     | 82     | 88     | (6.6)   | 97     | (15.4)  | 180    | 222    | (19.2)  |
| PBT      | 85     | 85     | 0.5     | 98     | (13.4)  | 183    | 217    | (15.5)  |
| Rep. PAT | 65     | 63     | 3.0     | 74     | (11.6)  | 139    | 162    | (14.3)  |
| Ad. PAT  | 65     | 63     | 3.0     | 74     | (11.6)  | 139    | 162    | (14.3)  |
| EPS (Rs) | 1.5    | 1.5    | 3.0     | 1.7    | (11.6)  | 3.2    | 3.7    | (14.3)  |



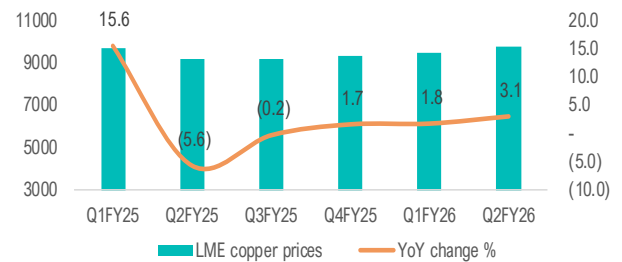
## Key Highlights

- In inverter business, battery backward integration has started, with Phase-1 is already covering 40–50% of inverter battery requirements. The company plans to scale this to 70–80% over the next two years, which should improve margins through cost efficiencies.
- Capex of Rs.120–130cr planned for FY26 and FY27 for R&D centre, fan factory, and battery plant.
- GST cuts on batteries (28%-18%) and solar products (12%-5%) passed on to consumers.
- Distribution Expansion: Non-South contribution ~50%; target 60% in 4 years by adding ~5,000 counters annually.
- New Initiatives: Solar rooftop, lighting, and potential entry into solar pumps (B2B opportunities being explored).
- Inventory of summer products expected to normalize by mid-Q4; Q3 should see improvement from winter portfolio.

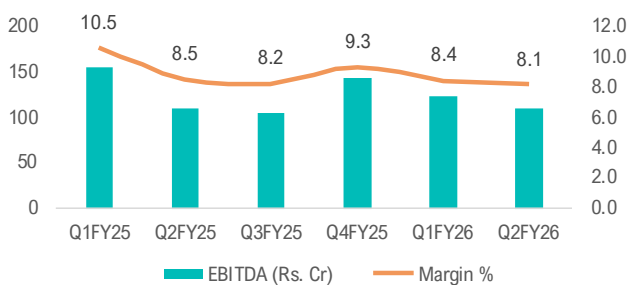
## Revenue



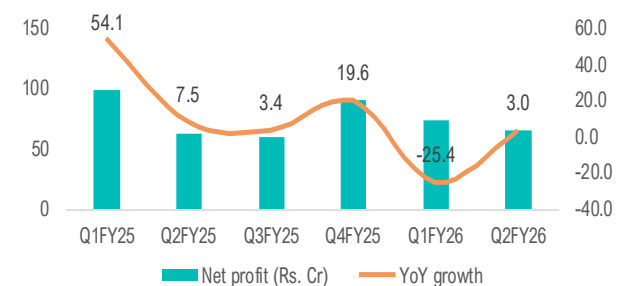
## Copper prices (\$)



## EBITDA



## PAT



## Change in Estimates

| Year / Rs cr | Old estimates |       | New estimates |       | Change (%) |        |
|--------------|---------------|-------|---------------|-------|------------|--------|
|              | FY26E         | FY27E | FY26E         | FY27E | FY26E      | FY27E  |
| Revenue      | 6,327         | 7,244 | 5,905         | 6,968 | (6.7)      | (3.8)  |
| EBITDA       | 607           | 710   | 531           | 693   | (12.5)     | (2.4)  |
| Margins (%)  | 9.6           | 9.8   | 9.0           | 10.0  | (60bps)    | +20bps |
| Adj. PAT     | 390           | 468   | 328           | 451   | (16.0)     | (3.6)  |
| EPS          | 9.0           | 10.7  | 7.5           | 10.4  | (16.3)     | (3.2)  |



## Consolidated Financials

### Profit & Loss

| Y.E March (Rs cr)   | FY23A        | FY24A        | FY25A        | FY26E        | FY27E        |
|---------------------|--------------|--------------|--------------|--------------|--------------|
| <b>Sales</b>        | <b>4,127</b> | <b>4,857</b> | <b>5,578</b> | <b>5,905</b> | <b>6,968</b> |
| % change            | 17.9         | 17.7         | 14.8         | 5.9          | 18.0         |
| <b>EBITDA</b>       | <b>320</b>   | <b>427</b>   | <b>513</b>   | <b>531</b>   | <b>693</b>   |
| % change            | (5.9)        | 33.3         | 20.3         | 3.4          | 30.6         |
| Depreciation        | 64           | 81           | 96           | 109          | 122          |
| <b>EBIT</b>         | <b>256</b>   | <b>346</b>   | <b>418</b>   | <b>422</b>   | <b>572</b>   |
| Interest            | 16           | 40           | 25           | 9            | 4            |
| Other Income        | 16           | 34           | 21           | 22           | 26           |
| Share of profit     | -            | -            | -            | -            | -            |
| <b>PBT</b>          | <b>256</b>   | <b>340</b>   | <b>414</b>   | <b>435</b>   | <b>594</b>   |
| % change            | -13.0        | 33.1         | 21.6         | 5.0          | 36.6         |
| Tax                 | 66.7         | 82.7         | 100.2        | 106.5        | 142.5        |
| Tax Rate (%)        | 16           | 25           | 24           | 25           | 24           |
| <b>Reported PAT</b> | <b>189</b>   | <b>258</b>   | <b>314</b>   | <b>328</b>   | <b>451</b>   |
| Adj.*               | -            | -            | -            | -            | -            |
| <b>Adj. PAT</b>     | <b>189</b>   | <b>258</b>   | <b>314</b>   | <b>328</b>   | <b>451</b>   |
| % change            | -17.2        | 36.3         | 21.8         | 4.6          | 37.5         |
| No. of shares (cr)  | 43.2         | 43.4         | 43.6         | 43.6         | 43.6         |
| <b>Adj EPS (Rs)</b> | <b>4.4</b>   | <b>5.9</b>   | <b>7.2</b>   | <b>7.5</b>   | <b>10.4</b>  |
| % change            | -17.4        | 35.6         | 21.4         | 4.6          | 37.5         |
| DPS (Rs)            | 1.3          | 1.3          | 1.3          | 1.3          | 1.3          |

### Cash Flow

| Y.E March (Rs cr)       | FY23A        | FY24A        | FY25A        | FY26E        | FY27E        |
|-------------------------|--------------|--------------|--------------|--------------|--------------|
| Net inc. + Deprn.       | 253          | 338          | 409          | 437          | 573          |
| Non-cash adj.           | 29           | 23           | 35           | (13)         | (22)         |
| Changes in W.C          | 141          | 31           | 32           | (115)        | (228)        |
| <b>C.F. Operation</b>   | <b>424</b>   | <b>393</b>   | <b>477</b>   | <b>310</b>   | <b>323</b>   |
| Capital exp.            | (101)        | (127)        | (120)        | (143)        | (211)        |
| Change in inv.          | (670)        | (25)         | 23           | 22           | 26           |
| Other invest.CF         | -            | -            | -            | -            | -            |
| <b>C.F - Investment</b> | <b>(771)</b> | <b>(153)</b> | <b>(97)</b>  | <b>(121)</b> | <b>(185)</b> |
| Issue of equity         | 2            | 6            | 8            | -            | -            |
| Issue/repay debt        | 380          | (182)        | (325)        | (77)         | (34)         |
| Dividends paid          | (56)         | (56)         | (61)         | (56)         | (56)         |
| Other finance.CF        | -            | -            | -            | -            | -            |
| <b>C.F - Finance</b>    | <b>326</b>   | <b>(232)</b> | <b>(378)</b> | <b>(133)</b> | <b>(90)</b>  |
| Chg. in cash            | (21)         | 8            | 3            | 55           | 48           |
| <b>Closing cash</b>     | <b>40</b>    | <b>47</b>    | <b>50</b>    | <b>105</b>   | <b>153</b>   |

### Balance Sheet

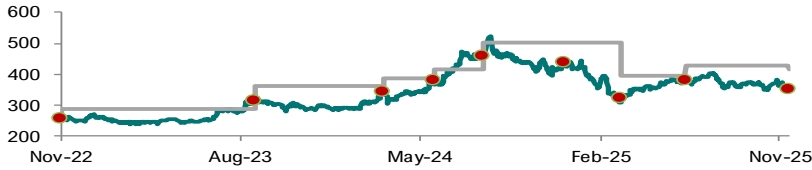
| Y.E March (Rs cr)        | FY23A        | FY24A        | FY25A        | FY26E        | FY27E        |
|--------------------------|--------------|--------------|--------------|--------------|--------------|
| Cash                     | 40           | 47           | 50           | 105          | 153          |
| Accounts Receivable      | 569          | 596          | 542          | 566          | 687          |
| Inventories              | 767          | 812          | 997          | 1,061        | 1,267        |
| Other Cur. Assets        | 215          | 264          | 255          | 283          | 349          |
| Investments              | 35           | 72           | 71           | 111          | 201          |
| Gross Fixed Assets       | 779          | 914          | 1,007        | 1,127        | 1,257        |
| Net Fixed Assets         | 567          | 645          | 670          | 681          | 689          |
| CWIP                     | 24           | 25           | 49           | 32           | 23           |
| Intangible Assets        | 682          | 700          | 704          | 704          | 704          |
| Def. Tax (Net)           | (95)         | (102)        | (100)        | (100)        | (100)        |
| Other Assets             | 0            | 0            | 0            | 0            | 0            |
| <b>Total Assets</b>      | <b>2,804</b> | <b>3,060</b> | <b>3,239</b> | <b>3,444</b> | <b>3,973</b> |
| Current Liabilities      | 607          | 742          | 887          | 876          | 1,011        |
| Provisions               | 78           | 102          | 120          | 133          | 162          |
| Debt Funds               | 512          | 401          | 134          | 66           | 36           |
| Minor interest           | 0            | 0            | 0            | 0            | 0            |
| Equity Capital           | 43           | 43           | 44           | 44           | 44           |
| Reserves & Surplus       | 1,564        | 1,771        | 2,054        | 2,326        | 2,721        |
| Shareholder's Fund       | 1,608        | 1,814        | 2,098        | 2,370        | 2,765        |
| <b>Total Liabilities</b> | <b>2,804</b> | <b>3,060</b> | <b>3,239</b> | <b>3,444</b> | <b>3,973</b> |
| BVPS                     | 37           | 42           | 48           | 54           | 63           |

### Ratios

| Y.E March                      | FY23A | FY24A | FY25A | FY26E | FY27E |
|--------------------------------|-------|-------|-------|-------|-------|
| <b>Profitab &amp; Return</b>   |       |       |       |       |       |
| EBITDA margin (%)              | 7.8   | 8.8   | 9.2   | 9.0   | 10.0  |
| EBIT margin (%)                | 6.2   | 7.1   | 7.5   | 7.1   | 8.2   |
| Net profit mgn.(%)             | 4.6   | 5.3   | 5.6   | 5.6   | 6.5   |
| ROE (%)                        | 12.5  | 15.1  | 16.0  | 14.7  | 17.6  |
| ROCE (%)                       | 11.4  | 13.7  | 15.2  | 14.4  | 17.4  |
| <b>W.C &amp; Liquidity</b>     |       |       |       |       |       |
| Receivables (days)             | 46.6  | 43.8  | 37.2  | 34.3  | 32.8  |
| Inventory (days)               | 102.9 | 89.7  | 92.9  | 99.9  | 95.6  |
| Payables (days)                | 74.2  | 76.6  | 83.6  | 85.6  | 77.5  |
| Current ratio (x)              | 2.3   | 2.0   | 1.8   | 2.0   | 2.1   |
| Quick ratio (x)                | 1.0   | 0.9   | 0.7   | 0.8   | 0.8   |
| <b>Turnover &amp; Leverage</b> |       |       |       |       |       |
| Gross asset T.O (x)            | 7.7   | 7.0   | 6.6   | 6.1   | 6.5   |
| Total asset T.O (x)            | 1.7   | 1.7   | 1.8   | 1.8   | 1.9   |
| Int. covge. ratio (x)          | 15.8  | 8.7   | 17.0  | 47.1  | 141.5 |
| Adj. debt/equity (x)           | 0.3   | 0.2   | 0.0   | 0.0   | 0.0   |
| <b>Valuation</b>               |       |       |       |       |       |
| EV/Sales (x)                   | 3.8   | 3.2   | 2.7   | 2.6   | 2.1   |
| EV/EBITDA (x)                  | 49.1  | 36.5  | 29.8  | 28.5  | 21.6  |
| P/E (x)                        | 80.2  | 59.2  | 48.7  | 46.6  | 33.9  |
| P/BV (x)                       | 9.4   | 8.4   | 7.3   | 6.5   | 5.5   |



## Recommendation Summary (last 3 years)






| Dates      | Rating     | Target |
|------------|------------|--------|
| 01.Nov.22  | Accumulate | 286    |
| 24.Aug.23  | Accumulate | 363    |
| 07.Mar.24  | Accumulate | 385    |
| 24.May.24  | Hold       | 417    |
| 06.Aug.24  | Hold       | 503    |
| 10.Dec.24  | Accumulate | 504    |
| 07.Mar.25  | Buy        | 393    |
| 11.June.25 | Accumulate | 430    |
| 18.Nov.25  | Accumulate | 414    |

## Investment Rating Criteria

| Ratings           | Large caps                 | Midcaps                   | Small Caps                |
|-------------------|----------------------------|---------------------------|---------------------------|
| Buy               | Upside is above 10%        | Upside is above 15%       | Upside is above 20%       |
| Accumulate        | -                          | Upside is between 10%-15% | Upside is between 10%-20% |
| Hold              | Upside is between 0% - 10% | Upside is between 0%-10%  | Upside is between 0%-10%  |
| Reduce/sell       | Downside is more than 0%   | Downside is more than 0%  | Downside is more than 0%  |
| Not rated/Neutral |                            |                           |                           |

### Definition:

**Buy:** Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

**Symbols definition:**  Upgrade  No Change  Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

The recommendations are based on 12 month horizon, unless otherwise specified. The investment ratings are on absolute positive/negative return basis. It is possible that due to volatile price fluctuation in the near to medium term, there could be a temporary mismatch to rating. For reasons of valuations/ return/lack of clarity/event we may revisit rating at appropriate time. Please note that the stock always carries the risk of being upgraded to BUY or downgraded to a HOLD, REDUCE or SELL.

Not rated/Neutral- The analyst has no investment opinion on the stock under review.

## DISCLAIMER & DISCLOSURES

Certification: I, ANIL R, author of this Report, hereby certify that all the views expressed in this research report reflect our personal views about any or all of the subject issuer or securities. This report has been prepared by the Research Team of Geojit Investments Limited, hereinafter referred to as GIL.

For general disclosures and disclaimer: Please [Click here](#).

### Regulatory Disclosures:

Group companies/ Fellow subsidiaries of Geojit Investments Ltd (GIL ) are Geojit Financial Services Limited (GFSL), Geojit Technologies Private Limited (Software Solutions provider), Geojit Credits Private Limited (NBFC), Geojit Fintech Private Ltd, Geojit IFSC Ltd (a company incorporated under IFSC Regulations), Qurum Business Group Geojit Securities LLC ( a subsidiary of holding company in Oman engaged in Financial Services ), Barjeel Geojit Financial Services LLC (a joint venture of holding company in UAE engaged in Financial Services), and BBK Geojit Consultancy and Information KSC (C) (a joint venture in Kuwait-engaged in Financial services). In the context of the SEBI Regulations on Research Analysts (2014), GIL affirms that we are a SEBI registered Research Entity and in the course of our business as a stock market intermediary, we issue research reports /research analysis etc. that are prepared by our Research Analysts. We also affirm and undertake that no disciplinary action has been taken against us or our Analysts in connection with our business activities.

In compliance with the above-mentioned SEBI Regulations, the following additional disclosures are also provided which may be considered by the reader before making an investment decision:

#### 1. Disclosures regarding Ownership:

GIL confirms that:

(i)It/its associates have no financial interest or any other material conflict in relation to the subject company (ies) covered herein, at the time of publication of the research report.

(ii)It/its associates have no actual beneficial ownership of 1% or more in relation to the subject company (ies) covered herein, at the end of the month immediately preceding the date of publication of the research report.

Further, the Analyst confirms that:

(i) He, his associates and his relatives shall take reasonable care to ensure that they do not have any financial interest in the subject company (ies) covered herein, and they have no other material conflict in the subject company, at the time of publication of the research report.

(ii) He, his associates and his relatives have no actual/beneficial ownership of 1% or more in the subject company covered, at the end of the month immediately preceding the date of publication of the research report.

#### 2. Disclosures regarding Compensation:

During the past 12 months, GIL or its Associates:

(a) Have not received any compensation from the subject company; (b) Have not managed or co-managed public offering of securities for the subject company (c) Have not received any compensation for investment banking or merchant banking or brokerage services from the subject company. (d) Have not received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company. e) Have not received any compensation or other benefits from the subject company or third party in connection with the research report (f) The subject company is / was not a client during twelve months preceding the date of distribution of the research report.

#### 3. Disclosure by GIL regarding the compensation paid to its Research Analyst:

GIL hereby confirms that no part of the compensation paid to the persons employed by it as Research Analysts is based on any specific brokerage services or transactions pertaining to trading in securities of companies contained in the Research Reports.

4. **Disclosure regarding the Research Analyst's connection with the subject company:** It is affirmed that I, ANIL R, Research Analyst (s) of GIL have not served as an officer, director or employee of the subject company.

5. **Disclosure regarding Market Making activity:** Neither GIL/its Analysts have engaged in market making activities for the subject company.

6. **Disclosure regarding conflict of interests:** GIL shall abide by the applicable regulations/ circulars/ directions specified by SEBI and Research Analyst Administration and Supervisory Body (RAASB) from time to time in relation to disclosure and mitigation of any actual or potential conflict of interest. GIL will endeavour to promptly inform the client of any conflict of interest that may affect the services being rendered to the client.

7. "Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors."

8. Clients are required to keep contact details, including email id and mobile number/s updated with the GIL at all times.

9. In the course of providing research services by GIL, GIL cannot execute/carry out any trade (purchase/sell transaction) on behalf of, the client. Thus, the clients are advised not to permit GIL to execute any trade on their behalf.

10. GIL will never ask for the client's login credentials and OTPs for the client's Trading Account Demat Account and Bank Account. The Clients are advised not to share such information with anyone including GIL.

**11. Standard Warning:** "Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

12. Disclosures regarding Artificial Intelligence tools.

Neither Geojit Investments Limited nor its Analysts have utilized any AI tools in the preparation of the research reports.

Please ensure that you have read the "Risk Disclosure Documents for Capital Market and Derivatives Segments" as prescribed by the Securities and Exchange Board of India before investing.

**Geojit Investments Ltd.** Registered Office: 7th Floor 34/659-P, Civil Line Road, Padivattom, Kochi-682024, Kerala, India. Phone: +91 484-2901000, Website : [www.geojit.com/GIL](http://www.geojit.com/GIL) . For investor queries: [customercare@geojit.com](mailto:customercare@geojit.com)

### GRIEVANCES

**Step 1:** The client should first contact the RA using the details on its website or following

contact details: Compliance officer: Ms. Indu K. Address: 7th Floor, 34/659-P, Civil Line Road, Padivattom, Ernakulam,; Phone: +91 484-2901367; Email: [compliance@geojit.com](mailto:compliance@geojit.com). For Grievances: [grievances@geojit.com](mailto:grievances@geojit.com). **Step 2:** If the resolution is unsatisfactory, the client can also lodge grievances through SEBI's SCORES platform at [www.scores.sebi.gov.in](http://www.scores.sebi.gov.in) **Step 3:** The client may also consider the Online Dispute Resolution (ODR) through the Smart ODR portal at <https://smartodr.in>

Corporate Identity Number: U66110KL2023PLC080586, Research Entity SEBI Reg .No: INH000019567; Depository Participant : IN-DP-781-2024.

