

V-Guard Industries Ltd.

Accumulate

Sector: Electrical Equipment

 18th 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	

Data as of: 17-11-2025

Modest growth, inventory overhang; structural story intact

Company Data			
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

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)

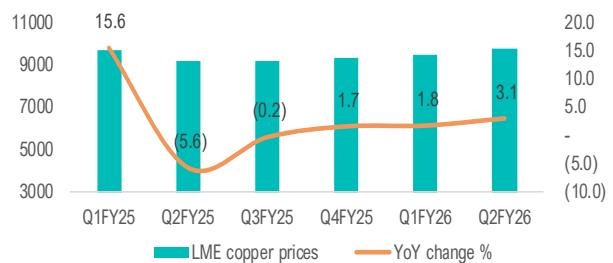
Key Highlights

- 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.

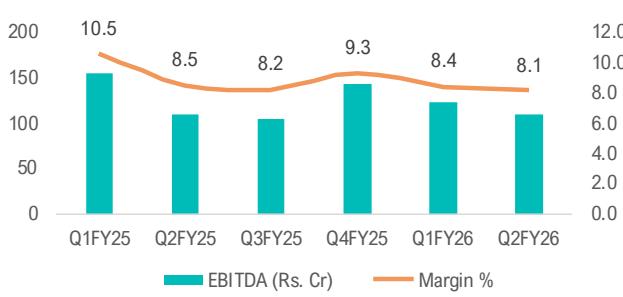
Revenue



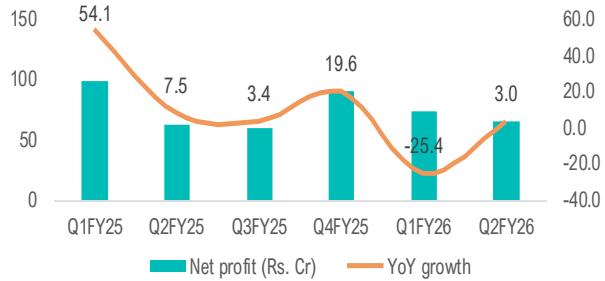
Copper prices (\$)



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
Sales	4,127	4,857	5,578	5,905	6,968
% change	17.9	17.7	14.8	5.9	18.0
EBITDA	320	427	513	531	693
% change	(5.9)	33.3	20.3	3.4	30.6
Depreciation	64	81	96	109	122
EBIT	256	346	418	422	572
Interest	16	40	25	9	4
Other Income	16	34	21	22	26
Share of profit	-	-	-	-	-
PBT	256	340	414	435	594
% 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
Reported PAT	189	258	314	328	451
Adj.*	-	-	-	-	-
Adj. PAT	189	258	314	328	451
% 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
Adj EPS (Rs)	4.4	5.9	7.2	7.5	10.4
% change	-17.4	35.6	21.4	4.6	37.5
DPS (Rs)	1.3	1.3	1.3	1.3	1.3

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
Total Assets	2,804	3,060	3,239	3,444	3,973
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
Total Liabilities	2,804	3,060	3,239	3,444	3,973
BVPS	37	42	48	54	63

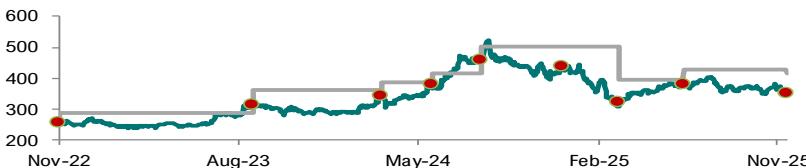
Cash Flow

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

Ratios

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
Profitab & Return					
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
W.C & Liquidity					
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
Turnover & Leverage					
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
Valuation					
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			

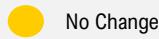
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Buy: Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** 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.

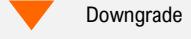
Symbols definition:



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.

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