

# V-Guard Industries

Q3 FY24 Earnings Presentation



# Disclaimer

Certain statements in this communication may be 'forward looking statements' within the meaning of applicable laws and regulations. These forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. Important developments that could affect the Company's operations include changes in the industry structure, significant changes in political and economic environment in India and overseas, tax laws, import duties, litigation and labour relations.

**V-Guard Industries Limited** (V-Guard) will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.



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# Managing Director's Message



**Commenting on the performance for Q3 FY24, Mr. Mithun Chittilappilly, Managing Director – V-Guard Industries Limited said,** “We have delivered a resilient performance this quarter in a challenging backdrop as Consumer demand for categories like Consumer Durables remained generally soft, with some signs of revival towards the end of the quarter. We reported consolidated Net revenues of Rs. 1,165 crore in Q3, higher by 18.6% on a year-on-year basis. Excluding the revenues from Sunflame, like-for-like revenue growth is 10.9% YoY.

The Electronics segment delivered good traction with revenues rising 16.7% year-on-year followed by Consumer Durables where revenues were higher by 10.9% year-on-year. The Electronics segment reported growth of 8.3% on a year-on-year basis.

In Q3, we saw balanced growth on a geographic basis as the South market grew by 10.6% YoY while the Non-South markets grew by 11.2% YoY. We have also been able to drive growth of around 2% in Sunflame during the quarter, arresting the decline in recent quarters. This gives us the confidence that the actions we have undertaken are yielding results and we are hopeful of accelerating the business in the coming year.

Gross margins are improving and we have substantially closed the gap as we progressed through the year. However, the slower than anticipated demand has meant only a modest improvement at EBITDA level.

Stable trends in working capital have enabled cash generation to remain strong during the quarter. We plan to commence repayment of term loan relating to the Sunflame acquisition from April 2024.

Work on the upcoming manufacturing units are progressing well. The Battery and Kitchen units will commence production during the coming quarter .

With the upcoming summer season and indications of demand revival, we are hopeful of a stronger topline growth in Q4.”

# Key Highlights – Q3 FY24

## Revenue increased by 18.6% YoY in Q3 FY24

- Q3 FY24 revenue increased by 18.6% YoY to Rs. 1,165.39 crore
  - South markets witnessed a YoY growth of 10.6% whereas Non-South markets grew by 11.2% in Q3 FY24
  - Non-South markets contributed to 45.6% of total revenues in Q3 FY24 as compared to 45.5% in Q3 FY23
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## EBITDA performance and PAT

- Gross margin expanded by 420 bps YoY, at 33.9% in Q3 FY24 with continued moderation in input costs
  - Ad/promotional spends, at 2.7% of revenues in Q3 FY24 as compared to 2.7% in Q3 FY23
  - EBITDA at Rs. 101.62 crore in Q3 FY24 grew 51.9% YoY, as compared to Rs. 66.89 crore in Q3 FY23
  - EBITDA margins expanded by 190 bps YoY, at 8.7% as compared to 6.8% in Q3 FY23
  - Q3 FY24 PAT increased 48.3% YoY to Rs. 58.24 crore
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## Robust cash flow generation and balance sheet

- CFO generation for 9M FY24 at Rs. 410.04 crore as compared to Rs. 433.47 crore for 9M FY23
- ROE and ROCE at 13.5% and 15.1%, respectively over the last 12 months
- Net debt as on 31<sup>st</sup> December 2023 is Rs. 145.12 crore, as against net cash of Rs. 340.05 crore as on 31<sup>st</sup> December 2022. The Company plans to start repaying long-term debt pertaining to the Sunflame acquisition from April 2024.

# P&L Snapshot (including Sunflame)



P&L Statement	Q3 FY24	Q3 FY23	Change	Q2 FY24	9M FY24	9M FY23	Change
Particulars	(Rs. Cr)	(Rs. Cr)	%	(Rs. Cr)	(Rs. Cr)	(Rs. Cr)	%
Net Revenue	1,165.39	982.28	18.6%	1,133.75	3,513.90	2,987.97	17.6%
COGS	770.59	690.70	11.6%	750.92	2,341.42	2,101.27	11.4%
Gross Margin	33.9%	29.7%	4.2%	33.8%	33.4%	29.7%	3.7%
EBITDA (excluding other income)	101.62	66.89	51.9%	92.49	298.86	222.90	34.1%
as a % to Net Revenue (NR)	8.7%	6.8%	1.9%	8.2%	8.5%	7.5%	1.0%
Other Income (including finance income)	3.19	5.02	-36.5%	14.16	29.14	12.16	139.6%
EBITDA including other income	104.81	71.91	45.8%	106.65	328.00	235.06	39.5%
as a % to NR	9.0%	7.3%	1.7%	9.4%	9.3%	7.9%	1.4%
PBT	76.25	52.84	44.3%	77.53	239.69	183.67	30.5%
as a % to NR	6.5%	5.4%	1.1%	6.8%	6.8%	6.1%	0.7%
PAT	58.24	39.28	48.3%	58.95	181.41	136.32	33.1%
as a % to NR	5.0%	4.0%	1.0%	5.2%	5.2%	4.6%	0.6%

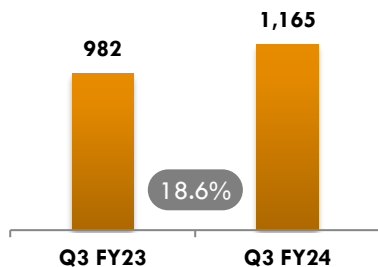
# P&L Snapshot (excluding Sunflame)



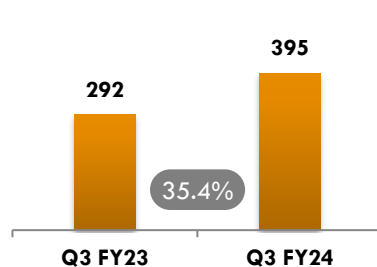
P&L Statement	Q3 FY24	Q3 FY23	Change	Q2 FY24	9M FY24	9M FY23	Change
Particulars	(Rs. Cr)	(Rs. Cr)	%	(Rs. Cr)	(Rs. Cr)	(Rs. Cr)	%
Net Revenue	1,089.12	982.28	10.9%	1,072.03	3,312.76	2,987.97	10.9%
COGS	722.31	690.70	4.6%	710.88	2,212.17	2,101.27	5.3%
Gross Margin	33.7%	29.7%	4.0%	33.7%	33.2%	29.7%	3.5%
EBITDA (excluding other income)	93.46	66.89	39.7%	87.23	277.93	222.90	24.7%
as a % to Net Revenue (NR)	8.6%	6.8%	1.8%	8.1%	8.4%	7.5%	0.9%
Other Income (including finance income)	2.35	5.02	-53.2%	13.53	27.20	12.16	123.7%
EBITDA including other income	95.81	71.91	33.2%	100.76	305.13	235.06	29.8%
as a % to NR	8.8%	7.3%	1.5%	9.4%	9.2%	7.9%	1.3%
PBT	68.10	52.84	28.9%	73.89	222.13	183.67	20.9%
as a % to NR	6.3%	5.4%	0.9%	6.9%	6.7%	6.1%	0.6%
PAT	51.88	39.28	32.1%	56.31	168.10	136.32	23.3%
as a % to NR	4.8%	4.0%	0.8%	5.3%	5.1%	4.6%	0.5%

# Financial Highlights (Q3 FY24 vs. Q3 FY23)

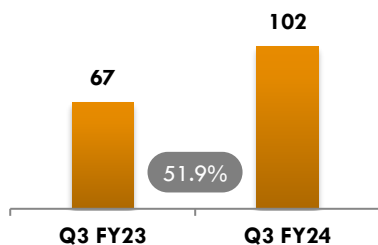
**Total Income (Rs. crore)**



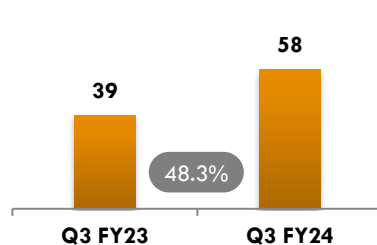
**Gross Profit (Rs. crore)**



**EBITDA (Rs. crore)**



**PAT (Rs. crore)**

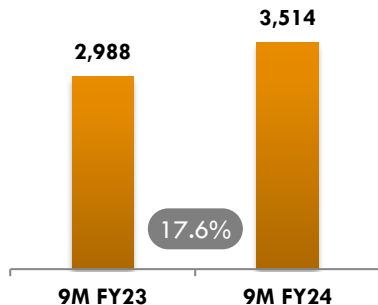


Key ratios (%)	Q3 FY24	Q3 FY23
Gross Margin	33.9%	29.7%
EBITDA Margin (excl. other income)	8.7%	6.8%
Net Margin	5.0%	4.0%
Ad & Promotion Exp./ Revenue	2.7%	2.7%
Employee Cost/ Revenue	7.1%	7.9%
Other Expenditure/ Revenue	18.1%	15.0%
Tax rate	23.6%	25.7%
Diluted EPS (Rs.)	1.33	0.90

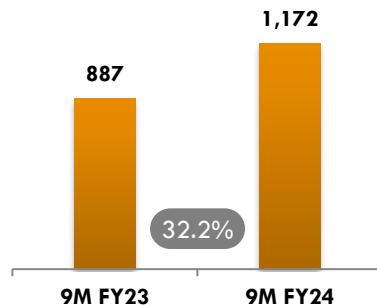


# Financial Highlights (9M FY24 vs. 9M FY23)

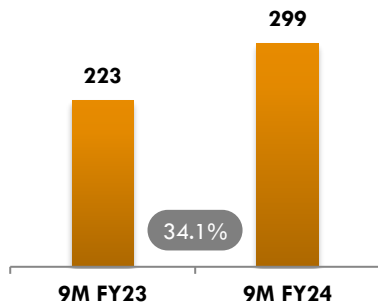
**Total Income (Rs. crore)**



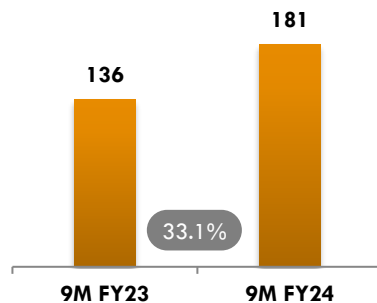
**Gross Profit (Rs. crore)**



**EBITDA (Rs. crore)**



**PAT (Rs. crore)**



Key ratios (%)	9M FY24	9M FY23
Gross Margin	33.4%	29.7%
EBITDA Margin (excl. other income)	8.5%	7.5%
Net Margin	5.2%	4.6%
Ad & Promotion Exp./ Revenue	2.4%	2.3%
Employee Cost/ Revenue	8.3%	7.5%
Other Expenditure/ Revenue	16.5%	14.8%
Tax rate	24.3%	25.8%
Diluted EPS (Rs.)	4.14	3.13

# Financial Highlights – Balance Sheet Perspective



Balance Sheet Snapshot (Rs. Cr)	31 December 2023	30 September 2023	31 December 2022
Net Worth	1,737.16	1,682.55	1,503.27
Gross Debt	290.03	293.17	116.71
Current Investments	40.16	35.13	325.53
Cash & Cash Equivalents (inc. bank balance)	104.76	99.08	131.22
Net Cash Position (Rs. crore)	-145.12	-158.96	340.05
Fixed Assets	1,069.51	1,057.41	522.37

Balance Sheet Snapshot (Rs. Cr)	31 December 2023	30 September 2023	31 December 2022
Debtor (days)*	37	37	34
Inventory (days)*	92	93	92
Creditor (days)*	61	62	56
Working Capital Turnover (days)	68	68	70
RoE* (%)	13.5%	12.8%	15.0%
RoCE* (%)	15.1%	13.8%	17.0%

Note: \*Calculations are on a **trailing twelve month basis**

Based on Consolidated Financials

# Segment-wise Breakup – Q3 FY24 vs. Q3 FY23



Segment Revenue	Q3 FY24 (Rs. Cr)	Contribution (%)	Q3 FY23 (Rs. Cr)	Contribution (%)	YoY growth (%)
Electronics	223.62	19.2%	191.69	19.5%	16.7%
Electricals	472.70	40.6%	436.43	44.4%	8.3%
Consumer Durables	392.80	33.7%	354.16	36.1%	10.9%
Sunflame	76.27	6.5%			
<b>Grand Total</b>	<b>1,165.39</b>	<b>100.0%</b>	<b>982.28</b>	<b>100.0%</b>	<b>18.6%</b>

Segment Result	Q3 FY24 (Rs. Cr)	Margin (%)	Q3 FY23 (Rs. Cr)	Margin (%)	YoY growth (%)
Electronics	28.74	12.9%	22.17	11.6%	29.6%
Electricals	42.88	9.1%	39.67	9.1%	8.1%
Consumer Durables	11.68	3.0%	-4.47	-1.3%	-361.3%
Sunflame	8.21	10.8%			
<b>Grand Total</b>	<b>91.51</b>	<b>7.9%</b>	<b>57.37</b>	<b>5.8%</b>	<b>59.6%</b>

Electronics – Stabilizers, UPS, Inverters

Electricals – Wires, Pumps, Switchgears, Modular Switches

Consumer Durables – Fans, Water Heaters, Kitchen Appliances, Air Coolers

Sunflame – Products sold under trademark Sunflame and Superflame

*Based on Consolidated Financials*

# Segment-wise Breakup – 9M FY24 vs. 9M FY23



Segment Revenue	9M FY24 (Rs. Cr)	Contribution (%)	9M FY23 (Rs. Cr)	Contribution (%)	YoY growth (%)
Electronics	842.44	24.0%	722.77	24.2%	16.6%
Electricals	1,391.70	39.6%	1,274.41	42.6%	9.2%
Consumer Durables	1,078.62	30.7%	990.79	33.2%	8.9%
Sunflame	201.14	5.7%			
<b>Grand Total</b>	<b>3,513.90</b>	<b>100.0%</b>	<b>2,987.97</b>	<b>100.0%</b>	<b>17.6%</b>

Segment Result	9M FY24 (Rs. Cr)	Margin (%)	9M FY23 (Rs. Cr)	Margin (%)	YoY growth (%)
Electronics	124.20	14.7%	98.33	13.6%	26.3%
Electricals	110.19	7.9%	90.82	7.1%	21.3%
Consumer Durables	12.45	1.2%	9.03	0.9%	37.9%
Sunflame	17.75	8.8%			
<b>Grand Total</b>	<b>264.59</b>	<b>7.5%</b>	<b>198.18</b>	<b>6.6%</b>	<b>33.5%</b>

Electronics – Stabilizers, UPS, Inverters

Electricals – Wires, Pumps, Switchgears, Modular Switches

Consumer Durables – Fans, Water Heaters, Kitchen Appliances, Air Coolers

Sunflame – Products sold under trademark Sunflame and Superflame

*Based on Consolidated Financials*

# Geographical Breakup of Revenues

Region	Q3 FY24 (Rs. Cr)	Contribution (%)	Q3 FY23 (Rs. Cr)	Contribution (%)	YoY growth (%)
South	592.20	54.4%	535.37	54.5%	10.6%
Non-South	496.92	45.6%	446.91	45.5%	11.2%
<b>Total (excl. Sunflame)</b>	<b>1,089.12</b>	<b>100.0%</b>	<b>982.28</b>	<b>100.0%</b>	<b>10.9%</b>
Sunflame	76.27		-		
<b>Total Revenue</b>	<b>1,165.39</b>		<b>982.28</b>		<b>18.6%</b>


Region	9M FY24 (Rs. Cr)	Contribution (%)	9M FY23 (Rs. Cr)	Contribution (%)	YoY growth (%)
South	1,787.61	54.0%	1,641.28	54.9%	8.9%
Non-South	1,525.15	46.0%	1,346.69	45.1%	13.3%
<b>Total (excl. Sunflame)</b>	<b>3,312.76</b>	<b>100.0%</b>	<b>2,987.97</b>	<b>100.0%</b>	<b>10.9%</b>
Sunflame	201.14		-		
<b>Total Revenue</b>	<b>3,513.90</b>		<b>2,987.97</b>		<b>17.6%</b>







# Annexure

# Market Overview of V-Guard's Product Portfolio



Electronics	Product	Total Market Size (Rs. Crs.)	Indicative Org. Market Size (%)	Industry Growth Rate (%)	VG Share in Org. Market (%)	Key Players
	<b>Stabilizers</b>	1,700-1,800	55-60%	7-8%	42-45%	Microtek, Livguard, Bluebird
	<b>DUPS &amp; Battery</b>	11,500 -12,000	65-70%	8-10%	4-6%	Luminous, Microtek, Exide

Electricals	Product	Total Market Size (Rs. Crs.)	Indicative Org. Market Size (%)	Industry Growth Rate (%)	VG Share in Org. Market (%)	Key Players
	<b>House Wiring Cables</b>	16,500 -17,000	62-65%	8-10%	6-8%	Polycab, Finolex, Havells
	<b>Switchgears*</b>	3,000-3,500	75-80%	8-10%	3-5%	Havells, Legrand, Schneider
	<b>Modular Switches</b>	6,000-6,500	70-75%	8-10%	**	Anchor, Legrand, Havells
	<b>Pumps*</b>	3,000-3,500	60-65%	5-8%	8-10%	Crompton, Kirloskar, CRI

\*Market estimates of VG active product segments only | \*\* Recent entry/ Growth plan under activation

# Market Overview of V-Guard's Product Portfolio

Appliances	Product	Total Market Size (Rs. Crs.)	Indicative Org. Market Size (%)	Industry Growth Rate (%)	VG Share in Org. Market (%)	Key Players
	<b>Water Heaters</b>	2,500-2,600	65-70%	10-12%	14-16%	Havells, Bajaj, Crompton, Racold
	<b>Electric Fans</b>	9,200-9,500	75-80%	8-10%	3-5%	Crompton, Usha, Havells, Orient Bajaj
	<b>Solar Water Heaters</b>	500-600	60-65%	6-8%	14-16%	Sudarshan Saur, Supreme Solar
	<b>Air Coolers</b>	4,500-5,000	30-35%	15-20%	**	Symphony, Bajaj, Voltas
	<b>Kitchen Appliances -</b> <ul style="list-style-type: none"> <li>Mixer Grinders</li> <li>Gas Stoves</li> <li>Water Purifiers</li> <li>Other Small Kitchen Appliances#</li> </ul>	12,000-14,000	65-75%	8-10%	**	<b>Mixer Grinders -</b> Bajaj, Preethi, Prestige <b>Gas Stoves -</b> Stovekraft, Sunflame, Butterfly <b>Water Purifiers -</b> Eureka Forbes, Kent RO, HUL Pureit <b>Others -</b> Faber, Bajaj, Havells

# Includes Induction Cooktop, Rice Cooker, Sandwich Makers, Toasters, Grills, Kettles, Chimneys, etc.

\*\* Recent entry/ Growth plan under activation



# About V-Guard Industries

V-Guard Industries Limited (BSE:532953, NSE: VGUARD) is a Kochi based company, founded in 1977 by Kochouseph Chittilapilly to manufacture and market Voltage stabilizers. The Company has since then established a strong brand name and aggressively diversified to become a multi-product Company catering to the Light Electricals sector manufacturing Voltage stabilizers, Digital UPS systems & Batteries, Pumps, House wiring cables, Switch gears, Modular switches, Electric water heaters, Fans, Solar water heaters, Air coolers and various Kitchen appliances.

V-Guard outsources ~ 40% of its product profile while the rest are manufactured in – house while keeping a strong control in designs and quality. It has manufacturing facilities at Coimbatore (Tamil Nadu), Kashipur, Pantnagar & Haridwar (Uttarakhand), Kala Amb (Himachal Pradesh), Hyderabad (Telangana), Faridabad (Haryana) and Sikkim.

V-Guard has been a dominant player in the South market, though the last ten years have also seen the Company expanding rapidly in the non-South geographies with their contribution increasing from 5% of total revenues in FY08 to around 45% of total revenues in FY23. Significant investments continue to be made to expand its outlet coverage in the non-South geographies and become a dominant pan-India player.

V-Guard has a diversified client base and an extensive marketing & distribution network. Its client base differs from product to product and includes direct marketing agents, distributors and retailers. The Company today has a strong network of 32 branches which cover ~60,000+ channel partners across the country.



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**THANK YOU**