

V-Guard Industries

Q3 FY21 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.



Table of Contents

MD's Message	04
Key Highlights	05
Financial Highlights	6-9
Segment-wise/Geographical Breakup of Revenues	10-12

Managing Director's Message



Commenting on the performance for Q3 FY21, Mr. Mithun Chittilappilly, Managing Director – V-Guard Industries Limited said, "V-Guard's Q3 financial performance rebounded sharply, driven by a strong return of consumer demand after the disruptions witnessed in H1. The quarter saw very positive market sentiment during the festive season, reflected in significant growth reported across all markets and product categories. Some latent demand from earlier months, re-stocking of distribution channels and resumption of construction activities also enabled growth. Along with the spending momentum, we also resumed factory operations across locations, allowing the supply chain to function with normalized efficiency.

Higher topline growth was accompanied by substantial improvement in EBITDA margins. At the gross margin level, there was some impact from the recent increase in commodity prices and we will continue to take pricing actions as appropriate over the next few months. Despite that, expanding business volumes have resulted in better operating leverage and at Rs. 77 crore we have recorded the highest quarterly profit in our corporate history.

As we move into the fourth quarter, we see the positive momentum sustaining on the back a rapidly recovering macro environment. Underlying this expectation is the emergence of some structural trends that provide the platform for sustained growth in medium to long term. This includes resumption of stronger nominal GDP growth which has a high correlation to consumption trends, market share gains for organized players, greater urbanization/home ownership trends and efficient manufacturing/supply chain structures across the industry. At V-Guard, we have made strategic investments in brand visibility, product development, distribution networks, production infrastructure and human resources that position us favourably to participate in the unfolding growth opportunity to drive sustained value for our stakeholders.

Key Highlights – Q3 FY21



Revenue increased by 32% YoY in Q3 FY21

- Q3 FY21 revenue increased by 32% YoY to Rs. 827.4 crore
- South and Non-South markets witnessed YoY growth of 25.3% and 43%, respectively
- Non-South markets contributed to 41.2% of total revenue in Q3 FY21 as compared to 38.1% in Q3 FY20
- South markets contributed to 58.8% of total revenue in Q3 FY21 as compared to 61.9% in Q3 FY20

EBITDA and PAT improve

- Gross margins were marginally lower by 55 bps YoY mainly due to a sharp increase in commodity costs in the recent months
- EBITDA margins (excl. other income) at 13.7% as compared to 9.5% in Q3 FY20
- Ad/promotional spends (exclusive of schemes) lower at 0.9% of revenues in Q3 FY21 as compared to 2.4% in Q3 FY20
- Q3 FY21 PAT of Rs. 77 crore, increased 79.6%; PAT margin at 9.3% as against 6.8% in Q3 FY20

Strong cash flow generation; robust balance sheet

- Strong CFO generation in 9M FY21 of Rs. 369.4 crore as compared to Rs. 259 crore in 9M FY20
- ROE and core ROCE at 14.4% and 31.8%, respectively (TTM basis) at the end of Q3 FY21
- Net cash of Rs. 482.3 crore on balance sheet as on 31st December, 2020, as against Rs. 323.3 crore in December, 2020

Note: Core ROCE is calculated on the basis of capital employed excluding cash

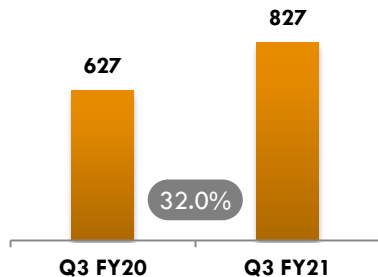
P&L Snapshot



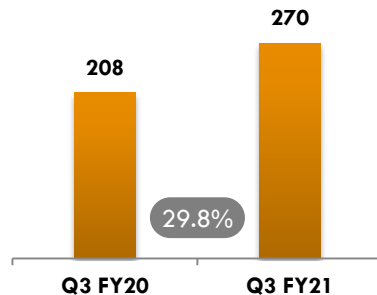
P&L Statement Particulars	Q3 FY21 (Rs. Cr)	Q3 FY20 (Rs. Cr)	Change %	Q2 FY21 (Rs. Cr)	9M FY21 (Rs. Cr)	9M FY20 (Rs. Cr)	Change %
Net Revenue	827.41	626.64	32.0%	616.66	1,849.91	1,945.34	-4.9%
COGS	557.28	418.58	33.1%	421.96	1,266.49	1,300.44	-2.6%
Gross Margin	32.6%	33.2%	-0.6%	31.6%	31.5%	33.2%	-1.6%
EBITDA (excluding other income)	113.57	59.42	91.1%	73.93	196.56	208.11	-5.5%
as a % to Net Revenue (NR)	13.7%	9.5%	4.2%	12.0%	10.6%	10.7%	-0.1%
Other Income (including finance income)	5.42	5.44	-0.5%	6.63	16.74	18.80	-11.0%
EBITDA after other income	118.99	64.86	83.4%	80.55	213.30	226.91	-6.0%
as a % to NR	14.4%	10.4%	4.0%	13.1%	11.5%	11.7%	-0.1%
PBT	108.44	56.55	91.8%	71.15	184.38	203.04	-9.2%
as a % to NR	13.1%	9.0%	4.1%	11.5%	10.0%	10.4%	-0.5%
PAT	77.02	42.88	79.6%	50.01	130.65	152.65	-14.4%
as a % to NR	9.3%	6.8%	2.5%	8.1%	7.1%	7.8%	-0.8%

Financial Highlights (Q3 FY21 vs Q3 FY20)

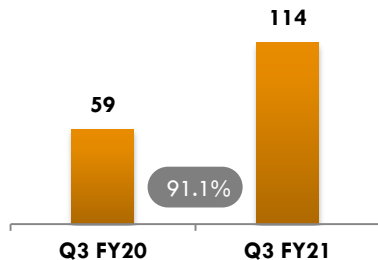
Total Income (Rs. crore)



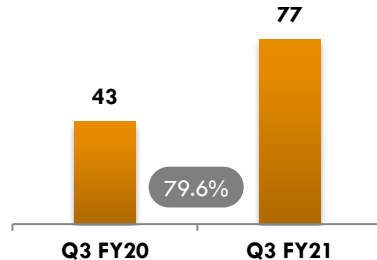
Gross Profit



EBITDA (Rs. crore)



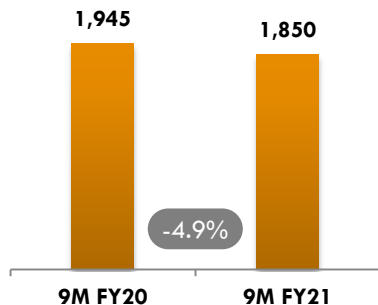
PAT (Rs. crore)



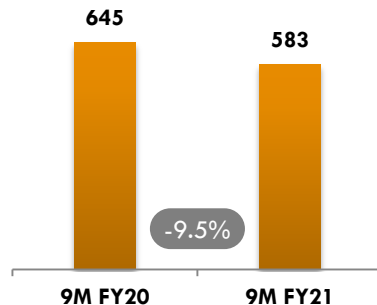
Key ratios (%)	Q3 FY21	Q3 FY20
Gross Margin	32.6%	33.2%
EBITDA Margin (excl. other income)	13.7%	9.5%
Net Margin	9.3%	6.8%
Ad & Promotion Exp. (excl. schemes)/ Total Revenues	0.9%	2.4%
Employee Cost/ Total Operating Income	7.6%	9.3%
Other Expenditure/ Total Operating Income	11.3%	14.4%
Tax rate	29.0%	24.2%
Diluted EPS (Rs.)	1.78	0.99

Financial Highlights (9M FY21 vs. 9M FY20)

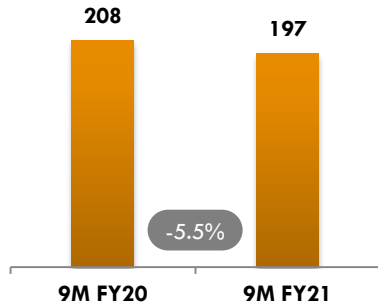
Total Income (Rs. crore)



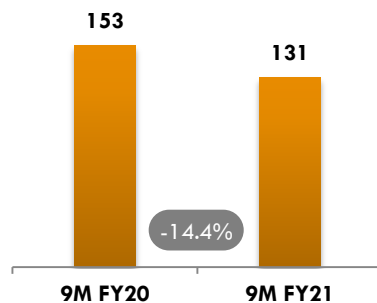
Gross Profit



EBITDA (Rs. crore)



PAT (Rs. crore)



Key ratios (%)	9M FY21	9M FY20
Gross Margin	31.5%	33.2%
EBITDA Margin (excl other income)	10.6%	10.7%
Net Margin	7.1%	7.8%
Ad & Promotion Exp. (excl. schemes)/ Total Revenues	0.8%	2.4%
Employee Cost/ Total Operating Income	9.1%	8.4%
Other Expenditure/ Total Operating Income	11.9%	14.0%
Tax rate	29.1%	24.8%
Diluted EPS (Rs.)	3.02	3.53

Financial Highlights – Balance Sheet Perspective



Balance Sheet Snapshot (Rs. Cr)	31 December 2020	30 September 2020	31 December 2019
Net Worth	1,133.0	1,050.2	1,008.7
Gross Debt	10.0	10.0	10.0
Current Investments	0.0	0.0	179.9
Cash & Cash Equivalents (inc. bank balance)	492.3	462.7	153.3
Net Cash Position (Rs. crore)	482.3	452.7	323.2
Fixed Assets	337.5	334.6	313.4

Balance Sheet Snapshot (Rs. Cr)	31 December 2020	30 September 2020	31 December 2019
Debtor (days)* ^	42	31	52
Inventory (days)* ^	101	96	67
Creditor (days)* ^	94	74	61
Working Capital Turnover (days)	48	53	58
RoE* (%)	14.4%	12.3%	21.0%
Core RoCE* (%)	31.8%	23.3%	34.7%

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

^ Include Q4 FY20 and Q1 FY21 – two abnormal quarters due to COVID-19; normalised numbers are: Debtor – 34, Inventory – 69 and Creditor – 65 days
Core ROCE is calculated on the basis of capital employed excluding cash.

Segment-wise Breakup – Q3 FY21 vs. Q3 FY20



Segment Revenue	Q3 FY21 (Rs. Cr)	Contribution (%)	Q3 FY20 (Rs. Cr)	Contribution (%)	YoY growth (%)
Electronics	207.4	25.1%	153.8	24.5%	34.9%
Electricals	355.9	43.0%	270.9	43.2%	31.4%
Consumer Durables	264.1	31.9%	202.0	32.2%	30.8%
Grand Total	827.4	100.0%	626.6	100.0%	32.0%

Segment Result	Q3 FY21 (Rs. Cr)	Margin (%)	Q3 FY20 (Rs. Cr)	Margin (%)	YoY growth (%)
Electronics	51.2	24.7%	24.4	15.9%	109.6%
Electricals	31.3	8.8%	20.8	7.7%	50.2%
Consumer Durables	26.4	10.0%	11.3	5.6%	133.5%
Grand Total	108.9	13.2%	56.6	9.0%	92.5%

Electronics – Stabilizers, UPS, Solar Inverter; Electricals – Wires, Pumps, Switchgears, Modular Switches; Consumer Durables – Fans, Water Heaters, Kitchen Appliances, Air Coolers

Segment-wise Breakup – 9M FY21 vs. 9M FY20



Segment Revenue	9M FY21 (Rs. Cr)	Contribution (%)	9M FY20 (Rs. Cr)	Contribution (%)	YoY growth (%)
Electronics	516.1	27.9%	604.2	31.1%	-14.6%
Electricals	820.8	44.4%	810.8	41.7%	1.2%
Consumer Durables	513.0	27.7%	530.3	27.3%	-3.3%
Grand Total	1,849.9	100.0%	1,945.3	100.0%	-4.9%

Segment Result	9M FY21 (Rs. Cr)	Margin (%)	9M FY20 (Rs. Cr)	Margin (%)	YoY growth (%)
Electronics	91.1	17.6%	102.4	17.0%	-11.1%
Electricals	63.5	7.7%	62.1	7.7%	2.2%
Consumer Durables	31.4	6.1%	36.4	6.9%	-13.9%
Grand Total	185.9	10.0%	200.9	10.3%	-7.5%

Electronics – Stabilizers, UPS, Solar Inverter; Electricals – Wires, Pumps, Switchgears, Modular Switches; Consumer Durables – Fans, Water Heaters, Kitchen Appliances, Air Coolers

Geographical Breakup of Revenues

Region	Q3 FY21 (Rs. Cr)	Contribution (%)	Q3 FY20 (Rs. Cr)	Contribution (%)	YoY growth (%)
South	486.3	58.8%	388.1	61.9%	25.3%
Non-South	341.1	41.2%	238.6	38.1%	43.0%
Total Revenue	827.4	100%	626.6	100%	32.0%

Region	9M FY21 (Rs. Cr)	Contribution (%)	9M FY20 (Rs. Cr)	Contribution (%)	YoY growth (%)
South	1,100.4	59.5%	1,158.1	59.5%	-5.0%
Non-South	749.5	40.5%	787.2	40.5%	-4.8%
Total Revenue	1,849.9	100.0%	1,945.3	100.0%	-4.9%

About V-Guard Industries

V-Guard Industries Limited (BSE:532953, NSE: VGUARD) is a Kochi based company, incepted 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, Invertors & Digital UPS systems, Pumps, House wiring cables, Electric water heaters, Fans, Solar water heaters and has also recently forayed into Induction cooktops, switchgears, modular switches, air coolers and mixer grinders.

V-Guard outsources 60% 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 (Uttaranchal) and Kala Amb (Himachal Pradesh).

V-Guard has been a dominant player in the South market, though the last five 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 39% of total revenues in FY19. Significant investments continue to be made to expand its distributor base 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 31 branches spread across ~40,000+ retailers across the country.



For further information, please contact:

Sudarshan Kasturi (Senior VP & CFO)

V-Guard Industries Limited

Tel: +91 484 300 5601

Email: sudarshan.kasturi@vguard.in

Shiv Muttoo / Shruti Joshi

CDR India

Tel: +91 983 355 7572 / +91 750 656 7349

Email: shiv@cdr-india.com / shruti@cdr-india.com



THANK YOU