




# V-Guard Industries Ltd.

**BUY**

Sector: Electrical Equipment

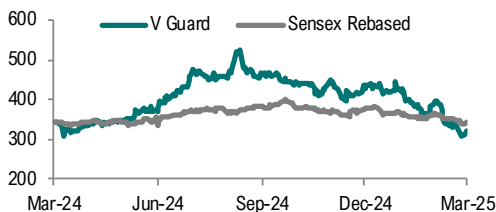
07<sup>th</sup> March 2025

<b>Key Changes</b>	<b>Target</b>		<b>Rating</b>		<b>Earnings</b>		<b>Target</b>	<b>Rs.393</b>
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame	<b>CMP</b>		<b>Rs.327</b>
Small Cap	VGRD:IN	74,340	VGUARD	532953	12 Months	<b>Return</b>		<b>+20%</b>

Data as of: 06-03-2025

Company Data			
Market Cap (Rs. cr.)	14,221		
52 Week High — Low (Rs.)	577– 300		
Enterprise Value (Rs. cr)	14,361		
Outstanding Shares (Rs cr)	43.5		
Free Float (%)	42.0		
Dividend Yield (%)	0.43		
6m average volume (cr)	0.07		
Beta	0.69		
Face value (Rs)	1.0		
Shareholding (%)	Q1FY25	Q2FY25	Q3FY25
Promoters	54.4	54.4	54.4
FII's	13.9	13.9	13.7
MFs/Institutions	20.2	20.0	20.3
Public	11.5	11.9	11.7
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil
Price Performance	3 Month	6 Month	1 Year
Absolute Return	-26.1%	-31.4%	-5.9%
Absolute Sensex	-9.8%	-10.0%	0.1%
Relative Return	-16.3%	-21.4%	-6.0%

\*over or under performance to benchmark index



Y.E March (cr)	FY25E	FY26E	FY27E
Sales	5,500	6,303	7,214
Growth (%)	13.3	14.6	14.4
EBITDA	506	643	757
EBITDA Margin (%)	9.2	10.2	10.5
PAT Adjusted	304	411	502
Growth (%)	18.2	35.0	22.2
Adjusted EPS	7.0	9.5	11.6
Growth (%)	18.2	35.0	22.2
P/E	46.1	34.6	28.3
P/B	6.9	5.9	5.0
EV/EBITDA	28.4	22.1	18.4
ROE (%)	15.7	18.3	19.0
D/E	0.1	0.0	0.0

Author: Anil R - Sr. Research Analyst

## Stable performance...margin to improve

**V-Guard Industries Ltd. (VGIL) 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 Q3FY25, VGIL reported a stable 9% YoY revenue growth led by the electronics segment. However, wires & consumer durables were impacted by higher inventory in channels, volatility in copper prices, and muted consumer demand.
- Despite a 230bps YoY improvement in gross margins, EBITDA margin declined by 50bps YoY to 8.2% due to higher employee & other expenses.
- Given lower operating performance and higher depreciation expenses, reported net profit grew by a modest 3.4% YoY.
- We anticipate recovery starting from Q4, led by strong summer demand leading to better scale and improved margin performance.
- We anticipate FY26 to see better growth led by a pick-up in government spending, healthy demand from the construction sector, and summer products that will drive growth in the near term.

## Outlook & Valuation

We anticipate a revival in the electrical segment as RM prices stabilize and the inventory situation improves. Strong summer sales and revival construction demand will drive growth. VGIL's long-term outlook is improving, given its increasing share of manufacturing, penetration in non-South markets, strong cash flow, and healthy balance sheet. **We value VGIL at a P/E of 34x on FY27E and upgrade to BUY from Accumulate, given a healthy earnings outlook of 28% CAGR over FY25E-27E with a target price of Rs.393.**

## Quarterly Financials Consol.

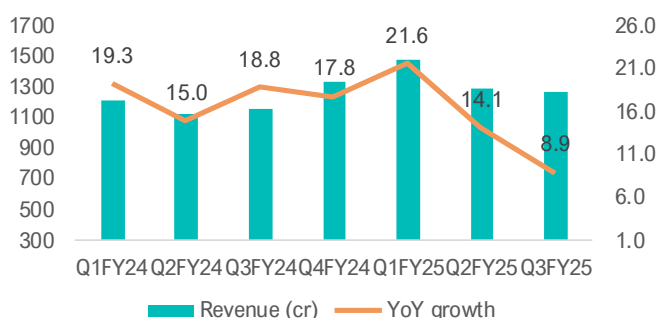
Rs.cr	Q3FY25	Q3FY24	YoY (%)	Q2FY25	QoQ (%)	9MFY25	9MFY24	YoY (%)
Sales	1,269	1,165	8.9	1294	(2.0)	4,040	3,514	15.0
EBITDA	104	102	2.5	110	(5.6)	370	299	23.9
margin %	8.2	8.7	-51bps	8.5	-31bps	9.2	8.5	66bps
EBIT	79	82	(4.1)	88	(10.3)	301	240	25.5
PBT	79	76	3.3	85	(6.9)	296	240	23.4
Rep. PAT	60	58	3.4	63	(5.0)	223	181	22.7
Ad. PAT	60	58	3.4	63	(5.0)	223	181	22.7
EPS (Rs)	1.4	1.4	3.4	1.5	(5.0)	5.2	4.2	22.7



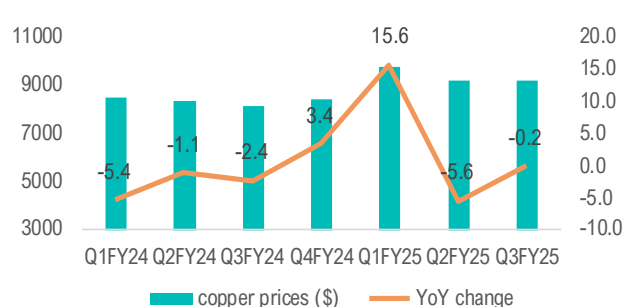
## Key Highlights

- The demand for wires was impacted by commodity price fluctuations, leading to muted performance in this segment.
- The consumer durables segment's overall growth was affected by subdued demand and increased competition in the kitchen business. Additionally, water heaters were impacted by the late onset of winter.
- Despite an improvement in gross margin, higher advertising and promotion expenditures for Sunflame impacted EBITDA margins.
- Non-south regions saw a revenue growth of ~16% YoY during the quarter, contributing 48.4% of total revenues in Q3 FY25, up from 45.6% in Q3 FY24. The South market grew by 3.8% YoY.
- Sunflame's debt is scheduled to be repaid in FY25.
- A planned investment of Rs.1,100 cr will be allocated over the next three years to increase capacity for table pedestal & wall fans and ceiling fans.
- With the addition of TPW and ceiling fan capacity, the in-house manufacturing to outsourcing ratio will be 75:25, which is expected to benefit margin expansion.

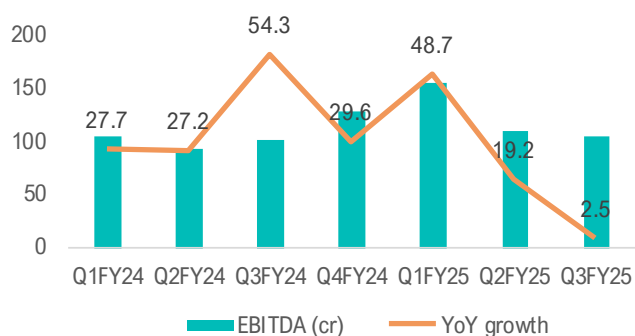
## Revenue



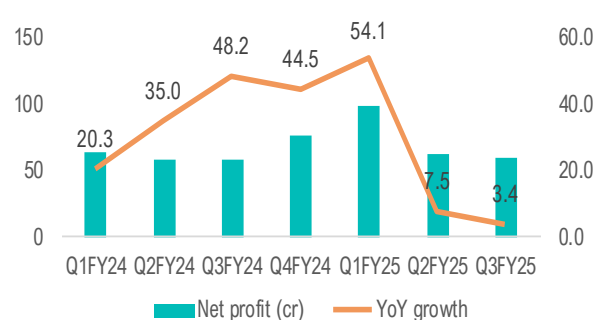
## Copper prices (\$)



## EBITDA



## PAT



## Change in Estimates

Year / Rs cr	Old estimates			New estimates			Change (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	5,595	6,383	7,293	5,500	6,303	7,214	(1.7)	(1.3)	(1.1)
EBITDA	548	645	751	506	643	757	(7.7)	(0.3)	0.9
Margins (%)	9.8	10.1	10.3	9.2	10.2	10.5	(60bps)	(10bps)	20bps
Adj. PAT	344	424	510	304	411	502	(11.5)	(3.1)	(1.5)
EPS	7.9	9.7	11.7	7.0	9.5	11.6	(11.5)	(3.1)	(1.5)



## Consolidated Financials

### Profit & Loss

Y.E March (Rs cr)	FY23A	FY24A	FY25E	FY26E	FY27E
<b>Sales</b>	<b>4,127</b>	<b>4,857</b>	<b>5,500</b>	<b>6,303</b>	<b>7,214</b>
% change	17.9	17.7	13.3	14.6	14.4
<b>EBITDA</b>	<b>320</b>	<b>427</b>	<b>506</b>	<b>643</b>	<b>757</b>
% change	(5.9)	33.3	18.6	27.0	17.8
Depreciation	64	81	95	108	119
<b>EBIT</b>	<b>256</b>	<b>346</b>	<b>411</b>	<b>535</b>	<b>638</b>
Interest	16	40	27	19	12
Other Income	16	34	22	32	44
Share of profit	-	-	-	-	-
<b>PBT</b>	<b>256</b>	<b>340</b>	<b>406</b>	<b>548</b>	<b>670</b>
% change	-13.0	33.1	19.3	35.0	22.2
Tax	66.7	82.7	101.5	137.0	167.4
Tax Rate (%)	16	25	15	15	15
<b>Reported PAT</b>	<b>189</b>	<b>258</b>	<b>304</b>	<b>411</b>	<b>502</b>
Adj.*	-	-	-	-	-
<b>Adj. PAT</b>	<b>189</b>	<b>258</b>	<b>304</b>	<b>411</b>	<b>502</b>
% change	-17.2	36.3	18.2	35.0	22.2
No. of shares (cr)	43.2	43.4	43.5	43.5	43.5
<b>Adj EPS (Rs)</b>	<b>4.4</b>	<b>5.9</b>	<b>7.0</b>	<b>9.5</b>	<b>11.6</b>
% change	-17.4	35.6	18.1	35.0	22.2
DPS (Rs)	1.3	1.3	1.3	1.3	1.3

### Cash Flow

Y.E March (Rs cr)	FY23A	FY24A	FY25E	FY26E	FY27E
Net inc. + Deprn.	253	338	399	519	622
Non-cash adj.	29	23	(35)	(68)	(99)
Changes in W.C	141	31	(86)	(119)	(156)
<b>C.F. Operation</b>	<b>424</b>	<b>393</b>	<b>278</b>	<b>332</b>	<b>367</b>
Capital exp.	(101)	(127)	(110)	(152)	(191)
Change in inv.	(670)	(25)	22	32	44
Other invest.CF	-	-	-	-	-
<b>C.F - Investment</b>	<b>(771)</b>	<b>(153)</b>	<b>(88)</b>	<b>(120)</b>	<b>(147)</b>
Issue of equity	2	6	-	-	-
Issue/repay debt	380	(182)	(167)	(99)	(102)
Dividends paid	(56)	(56)	(56)	(56)	(56)
Other finance.CF	-	-	-	-	-
<b>C.F - Finance</b>	<b>326</b>	<b>(232)</b>	<b>(223)</b>	<b>(155)</b>	<b>(159)</b>
Chg. in cash	(21)	8	(34)	57	62
<b>Closing cash</b>	<b>40</b>	<b>47</b>	<b>14</b>	<b>71</b>	<b>132</b>

### Balance Sheet

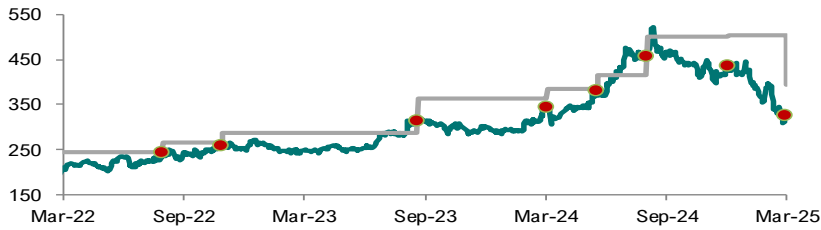
Y.E March (Rs cr)	FY23A	FY24A	FY25E	FY26E	FY27E
Cash	40	47	14	71	132
Accounts Receivable	569	596	603	691	791
Inventories	767	812	911	995	1,151
Other Cur. Assets	215	234	258	298	339
Investments	35	102	107	137	217
Gross Fixed Assets	779	914	1,024	1,134	1,254
Net Fixed Assets	567	645	660	662	662
CWIP	24	25	20	32	23
Intangible Assets	682	700	700	700	700
Def. Tax (Net)	(95)	(102)	(61)	(6)	61
Other Assets	0	0	0	0	0
<b>Total Assets</b>	<b>2,804</b>	<b>3,060</b>	<b>3,212</b>	<b>3,579</b>	<b>4,077</b>
Current Liabilities	607	742	775	851	974
Provisions	78	102	113	130	148
Debt Funds	512	401	261	181	91
Minor interest	0	0	0	0	0
Equity Capital	43	43	43	43	43
Reserves & Surplus	1,564	1,771	2,019	2,374	2,820
Shareholder's Fund	1,608	1,814	2,062	2,417	2,863
<b>Total Liabilities</b>	<b>2,804</b>	<b>3,060</b>	<b>3,212</b>	<b>3,579</b>	<b>4,077</b>
BVPS	37	42	47	56	66

### Ratios

Y.E March	FY23A	FY24A	FY25E	FY26E	FY27E
<b>Profitab &amp; Return</b>					
EBITDA margin (%)	7.8	8.8	9.2	10.2	10.5
EBIT margin (%)	6.2	7.1	7.5	8.5	8.8
Net profit mgn.(%)	4.6	5.3	5.5	6.5	7.0
ROE (%)	12.5	15.1	15.7	18.3	19.0
ROCE (%)	11.4	13.7	14.6	17.5	18.5
<b>W.C &amp; Liquidity</b>					
Receivables (days)	46.6	43.8	39.8	37.5	37.5
Inventory (days)	102.9	89.4	88.9	86.2	84.8
Payables (days)	74.2	76.4	78.3	73.6	72.1
Current ratio (x)	2.3	2.0	2.0	2.1	2.2
Quick ratio (x)	1.0	0.9	0.8	0.9	0.9
<b>Turnover &amp; Leverage</b>					
Gross asset T.O (x)	7.7	7.0	6.5	6.5	6.7
Total asset T.O (x)	1.7	1.7	1.8	1.9	1.9
Int. covge. ratio (x)	15.8	8.7	15.1	28.1	52.0
Adj. debt/equity (x)	0.3	0.2	0.1	0.0	0.0
<b>Valuation</b>					
EV/Sales (x)	3.6	3.0	2.6	2.3	1.9
EV/EBITDA (x)	45.8	33.9	28.4	22.1	18.4
P/E (x)	74.8	55.2	46.7	34.6	28.3
P/BV (x)	8.8	7.8	6.9	5.9	5.0



## Recommendation Summary (last 3 years)



Dates	Rating	Target
16.Feb.22	ACCUMULATE	243
03.Aug.22	ACCUMULATE	266
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

## Investment Rating Criteria

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

### 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 Financial Services Limited, hereinafter referred to as Geojit.

**For General disclosures and disclaimer:** Please Visit : <https://www.geojit.com/research-disclosures#fundamental-research>

Group companies of Geojit Financial Services Limited are Geojit Technologies Private Limited (Software Solutions provider), Geojit Credits Private Limited (NBFC), Geojit Investment Limited (financial Services Company), Geojit Techloan Private Ltd( P2P lending ) Geojit IFSC Ltd ( a company incorporated under IFSC Regulations, Qurum Business Group Geojit Securities LLC ( a joint venture in Oman engaged in Financial Services ), Barjeel Geojit Financial Services LLC (a joint venture in UAE engaged in Financial Services), Aloula Geojit Capital Company (a joint venture in Saudi Arabia (Under Liquidation)) and BBK Geojit Business 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), Geojit 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:

Geojit confirms that:

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

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 have no 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, Geojit 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 Geojit regarding the compensation paid to its Research Analyst:

Geojit 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 Geojit have not served as an officer, director or employee of the subject company

### 5. Disclosure regarding Market Making activity:

Neither Geojit/its Analysts have engaged in market making activities for the subject company.

6. "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."

### 7. Disclosure regarding Directorship:

Mr. C. J. George, MD of Geojit Financial Services Ltd is currently serving in the board of V-Guard Industries Ltd as a Non Executive Director.

This report has been prepared independently by the equity research team of Geojit; the views expressed are solely the responsibility of the respective Analyst/Research Department.

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

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 Financial Services Ltd. Registered Office: 34/659-P, Civil Line Road, Padivattom, Kochi-682024, Kerala, India. Phone: +91 484-2901000, Website: www.geojit.com. For investor queries: customercare@geojit.com. **Compliance officer:** Ms. Indu K. Address: Geojit Financial Services Limited, 34/659 P, Civil Lane Road, Padivattom, Kochi - 682024; Phone: +91 484-2901367; Email: [compliance@geojit.com](mailto:compliance@geojit.com). **Grievance Officer:** Mr Nitin K; Address: Geojit Financial Services Limited,34/659 P, Civil Lane Road, Padivattom, Kochi - 682024; Phone: +91 484-2901363; Email: [grievances@geojit.com](mailto:grievances@geojit.com). Corporate Identity Number: L67120KL1994PLC008403, SEBI Stock Broker Registration No INZ000104737, Research Entity SEBI Reg No: IN-H200000345, Investment Adviser SEBI Reg No: INA200002817, Portfolio Manager: INP000003203, Depository Participant: IN-DP-325-2017, ARN Regn.Nos:0098, IRDA Corporate Agent (Composite) No.: CA0226.

