

V-Guard Industries Ltd.

BUY

Sector: Electrical Equipment

18th March 2026

Key Changes	Target		Rating		Earnings		Target	Rs.392
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame	CMP		Rs.323
Small Cap	VGRD:IN	76,071	VGUARD	532953	12 Months	Return		+21%

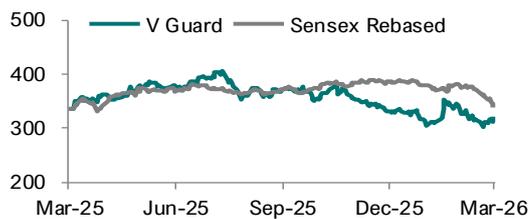
Data as of: 17-03-2026, 18.00 hrs

Company Data	
Market Cap (Rs. cr.)	14,069
52 Week High — Low (Rs.)	413–294
Enterprise Value (Rs. cr)	14,082
Outstanding Shares (Rs cr)	43.6
Free Float (%)	46.0
Dividend Yield (%)	0.46
6m average volume (cr)	0.07
Beta	0.69
Face value (Rs)	1.0

Shareholding (%)	Q1FY26	Q2FY26	Q3FY26
Promoters	54.3	53.3	53.3
FII's	12.6	12.5	12.1
MFs/Institutions	21.6	22.9	23.3
Public	11.6	11.4	11.3
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil

Price Performance	3 Month	6 Month	1 Year
Absolute Return	-2.9%	-14.3%	-4.2%
Absolute Sensex	-12.5%	-9.8%	1.0%
Relative Return	9.6%	-4.5%	-5.2%

*over or under performance to benchmark index



Y.E March (Rs.cr)	FY26E	FY27E	FY28E
Sales	5,874	6,585	7,516
Growth (%)	5.3	12.1	14.1
EBITDA	511	626	752
EBITDA Margin (%)	8.7	9.5	10.0
PAT Adjusted	316	399	488
Growth (%)	(6.3)	35.7	22.5
Adjusted EPS	7.3	9.2	11.2
Growth (%)	(6.3)	35.7	22.5
P/E	44.5	35.3	28.8
P/B	6.0	5.2	4.5
EV/EBITDA	27.2	22.0	18.1
ROE (%)	13.2	15.8	16.7
D/E	0.0	0.0	0.0

Author: Anil R - Sr. Research Analyst

One-off Headwinds Offset by Pricing; FY27 Rebound Expected

V-Guard Industries Ltd (VGRD) is a prominent player in the electrical and consumer appliance market, with key product segments spanning stabilizers, cables & wires, UPS systems, pumps, and a broad range of appliances.

- In Q3FY26, revenue increased 11% YoY, primarily driven by strong 26% YoY growth in the electricals segment, supported by higher volumes and a rise in copper prices, while other segments remained largely flat.
- Gross margin moderated to 35.9% (down 22 bps YoY), impacted by an adverse product mix and delays in passing on higher input costs. EBITDA margin declined to 8.8% (down 60 bps YoY), reflecting operating deleverage. Adj. PAT, excluding one-off provisions related to the new labour code, grew 31.5% YoY.
- Sunflame's business declined 10% YoY amid higher competition, channel weakness, and portfolio refresh delays, while benefits from ongoing sales integration are expected to materialize progressively from FY27.
- Early signs of a warmer season and the IMD's forecast of an intense summer reinforce management's confidence in a strong Q4 performance. Price hikes, along with seasonal volume recovery, are expected to drive earnings acceleration in FY27, particularly in the Electronics and Consumer Durables segments.
- We revise our FY26E & FY27E EPS estimates downward by 3.3% and 12.0%, respectively, reflecting lower-than-expected revenue growth and a reset in margins based on 9MFY26 performance. EBITDA margin estimates have been revised to 9.0% for FY26E (vs. 9.6% earlier) and 9.5% for FY27E (vs. 9.9% earlier).

Outlook & Valuation

The weak FY26 summer headwinds are reversing, with IMD expecting a hotter summer that should support a strong FY27 recovery. Sunflame is moving past integration-related pressure and is set to enter a growth phase. With earnings projected to grow 24% over FY26E–28E, we roll forward to FY28E EPS and value VGRD at 35x P/E—a 10% discount to its long-term average to reflect near-term margin and integration volatility, while acknowledging its strong brand, improving electricals momentum, and long-term tailwinds from infrastructure spending and Tier -2/3 market expansion. **We upgrade VGRD to a Buy rating with a revised target price of Rs.392.**

Quarterly Financials Consol.

Rs.cr	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	9MFY26	9MFY25	YoY (%)
Sales	1,404	1,269	10.6	1341	4.7	4,211	4,040	4.2
EBITDA	123	104	18.3	109	12.7	356	370	(3.8)
margin %	8.8	8.2	57bps	8.1	63bps	8.5	9.2	-71bps
EBIT	97	79	22.2	82	17.5	276	301	(8.3)
PBT	77	79	(1.8)	85	(9.1)	261	296	(11.9)
Rep. PAT	57	60	(5.2)	65	(12.6)	196	223	(11.9)
Ad. PAT	79	60	31.5	65	21.3	218	223	(1.9)
EPS (Rs)	1.8	1.4	31.5	1.5	21.3	5.0	5.1	(1.9)



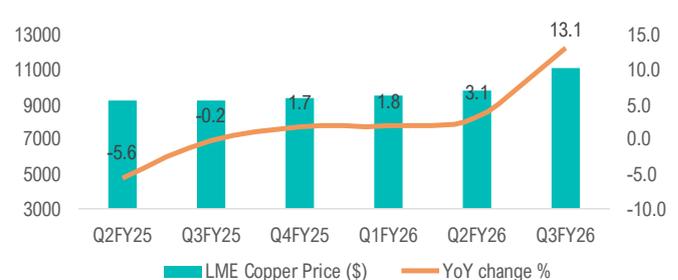
Key Highlights

- Unprecedented rise in copper prices; due to this, calibrated price hikes are underway across fans, pumps, and other categories through March 2026.
- BLDC transition accelerating, price gap between induction and BLDC fans narrowing rapidly; VGRD is well-positioned with ~25% BLDC, expect a 5-10% annual increase.
- Stabilizer franchise resilient with 40-45% market share, 10% volume CAGR over last 5 years; upcountry electrification in North and East India driving incremental growth.
- Management expects six categories—Stabilizers, Fans, Inverters & Batteries, Solar Rooftops, and Kitchen Appliances (+Sunflame)—to scale from the current Rs.500-600cr level to over Rs.1,000cr each over the long term.
- Solar Pumps entry confirmed—First Maharashtra government tender (~Rs. 4-5cr) secured; B2G channel scale-up targeted over the next 12-18 months.
- Gegadyne nearing commercialization—Transitioning from R&D to early supply; small quantity deliveries to V-Guard expected in 3-4 months, opening future energy storage optionality.

Revenue



Copper prices (\$)



EBITDA



PAT



Change in Estimates

Year / Rs cr	Old estimates		New estimates			Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY28E	FY26E	FY27E
Revenue	5,905	6,968	5,874	6,585	7,516	(0.5)	(5.5)
EBITDA	531	693	511	626	752	(3.8)	(9.7)
Margins (%)	9.0	10.0	8.7	9.5	10.0	(30bps)	(40bps)
Adj. PAT	328	451	316	399	488	(3.7)	(12.0)
EPS	7.5	10.4	7.3	9.2	11.2	(3.7)	(12.0)



Consolidated Financials

Profit & Loss

Y.E March (Rs cr)	FY24A	FY25A	FY26E	FY27E	FY28E
Sales	4,857	5,578	5,874	6,585	7,516
% change	17.7	14.8	5.3	12.1	14.1
EBITDA	427	513	511	626	752
% change	33.3	20.3	(0.4)	22.4	20.1
Depreciation	81	96	107	117	127
EBIT	346	418	404	509	625
Interest	40	25	13	5	4
Other Income	34	21	20	21	22
Share of profit	-	-	-	-	-
PBT	340	414	389	525	643
% change	33.1	21.6	(6.0)	34.8	22.5
Tax	82.7	100.2	95.4	125.9	154.2
Tax Rate (%)	25	24	25	24	24
Reported PAT	258	314	294	399	488
Adj.*	-	-	(22)	-	-
Adj. PAT	258	314	316	399	488
% change	36.3	21.8	(6.3)	35.7	22.5
No. of shares (cr)	43.4	43.6	43.6	43.6	43.6
Adj EPS (Rs)	5.9	7.2	7.3	9.2	11.2
% change	35.6	21.4	0.7	26.2	22.5
DPS (Rs)	1.3	1.3	1.3	1.3	1.3

Balance Sheet

Y.E March (Rs cr)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash	47	50	109	127	149
Accounts Receivable	596	542	563	649	741
Inventories	812	997	1,056	1,191	1,364
Other Cur. Assets	264	255	282	343	432
Investments	72	71	111	201	321
Gross Fixed Assets	914	1,007	1,107	1,207	1,307
Net Fixed Assets	645	670	664	647	620
CWIP	25	49	32	30	50
Intangible Assets	700	704	704	704	704
Def. Tax (Net)	(102)	(100)	(100)	(100)	(100)
Other Assets	0	0	0	0	0
Total Assets	3,060	3,239	3,420	3,793	4,282
Current Liabilities	742	887	871	916	984
Provisions	102	120	126	141	161
Debt Funds	401	134	66	36	6
Minor interest	0	0	0	0	0
Equity Capital	43	44	44	44	44
Reserves & Surplus	1,771	2,054	2,314	2,657	3,089
Shareholder's Fund	1,814	2,098	2,358	2,700	3,132
Total Liabilities	3,060	3,239	3,420	3,793	4,282
BVPS	42	48	54	62	72

Cash Flow

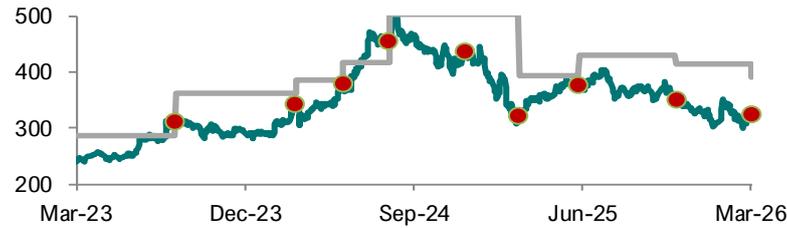
Y.E March (Rs cr)	FY24A	FY25A	FY26E	FY27E	FY28E
Net inc. + Depn.	338	409	423	516	615
Non-cash adj.	23	35	(7)	(16)	(18)
Changes in W.C	31	32	(116)	(223)	(267)
C.F. Operation	393	477	299	277	330
Capital exp.	(127)	(120)	(123)	(188)	(240)
Change in inv.	(25)	23	20	21	22
Other invest.CF	-	-	-	-	-
C.F - Investment	(153)	(97)	(103)	(167)	(218)
Issue of equity	6	8	-	-	-
Issue/repay debt	(182)	(325)	(81)	(35)	(34)
Dividends paid	(56)	(61)	(56)	(56)	(56)
Other finance.CF	-	-	-	-	-
C.F - Finance	(232)	(378)	(137)	(91)	(90)
Chg. in cash	8	3	59	19	22
Closing cash	47	50	109	127	149

Ratios

Y.E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profitab & Return					
EBITDA margin (%)	8.8	9.2	8.7	9.5	10.0
EBIT margin (%)	7.1	7.5	6.9	7.7	8.3
Net profit mgn.(%)	5.3	5.6	5.4	6.1	6.5
ROE (%)	15.1	16.0	13.2	15.8	16.7
ROCE (%)	13.7	15.2	13.2	15.7	16.8
W.C & Liquidity					
Receivables (days)	43.8	37.2	34.3	33.6	33.8
Inventory (days)	89.7	92.9	100.1	98.1	97.4
Payables (days)	76.6	83.6	85.8	78.0	72.4
Current ratio (x)	2.0	1.8	2.0	2.2	2.3
Quick ratio (x)	0.9	0.7	0.8	0.8	0.9
Turnover & Leverage					
Gross asset T.O (x)	7.0	6.6	6.1	6.2	6.5
Total asset T.O (x)	1.7	1.8	1.8	1.8	1.9
Int. covge. ratio (x)	8.7	17.0	31.3	100.7	152.2
Adj. debt/equity (x)	0.2	0.0	0.0	0.0	0.0
Valuation					
EV/Sales (x)	3.0	2.5	2.4	2.1	1.8
EV/EBITDA (x)	33.6	27.4	27.2	22.0	18.1
P/E (x)	54.4	44.8	44.5	35.3	28.8
P/BV (x)	7.7	6.7	6.0	5.2	4.5



Recommendation Summary (last 3 years)



Dates	Rating	Target
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
18.Mar.26	Buy	392

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.

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

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