

Resilient quarter

30 January 2026

V-Guard Industries (VGRD IN) saw good sales growth in Q3, driven by the electricals segment, showcasing healthy volume growth despite commodity price inflation. Management expects electronics & consumer durables demand to rebound in FY27 supported by low base in AC stabilizers & coolers, normalization of inventory & ramp-up in manufacturing facility. It remains highly optimistic about the demand outlook for the upcoming summer season. However, we lower our TP to INR 400 from INR 430 on 35x December FY27E P/E on account of a likely drop in margin, due to higher commodity prices and weak demand. We reiterate **Accumulate**, as VGRD remains a key beneficiary of the Union Budget-backed consumption theme, and it is the second-most diversified electricals company.

Products across summer led- categories hit by muted demand: Revenue saw 10% YoY growth to INR 14.0bn, primarily driven by the electricals segment, supported by higher copper prices and favorable volume growth. However, Summer-led product categories continue to witness muted demand. Segment-wise, electronics remains flat YoY to INR 2.8bn, electricals spiked 26% YoY to INR 6.0bn while consumer durables was up 5% YoY to INR 4.4bn, due to muted demand for the cooling products category amid a seasonally weak quarter. *Sunflame* declined 10% YoY to INR 715mn. VGRD expects to initiate further price hikes, as input cost has been on a rising trajectory. The company expects six categories of products -- stabilizers, fans, inventors & batteries, solar rooftop, wires & kitchen appliances (V-Guard + Sunflame combined) with potential to exceed INR 10bn revenue in the medium to long term.

Margin rises led by operating leverage: Q3 EBITDA margin rose 60bp YoY to 8.8%, due to a spike in sales, resulting in higher operating leverage despite gross margin decline of 20bp. Segment-wise, in Q3FY26, electronics margin fell 290bp YoY to 16.7% while electricals margin surged 300bp YoY to 12.0%. Consumer durables margin was up 20bp YoY to 4.4%, while *Sunflame* margin expanded 80bp YoY to 3.6%. Management expects to reach double-digit margin in the medium term subject to growth normalization and easing off of commodity prices.

Capex plans in place to drive in-house manufacturing: VGRD is well on track to expand its manufacturing capacity for fans to be utilized for its new R&D center & battery plant for molds & dies during FY26-27; these remain the two key projects in the pipeline, which would further enhance the share of in-house manufacturing.

Reiterate Accumulate with a lower TP of INR 400: We retain our FY26 EPS estimate but curtail our FY27E and FY28E by 3% each on account of weak margin trajectory dragged by commodity price inflation. We lower our TP to INR 400 from INR 430 on 35x (from 38x) December FY27E P/E on potential drop in margin, as we roll forward by a quarter. However, we reiterate **Accumulate** as it is a key beneficiary of the consumption theme, given its leadership in South India and expanding presence in non-South regions. It is the second-most diversified consumer electricals firm. We expect an earnings CAGR of 18% during FY25-28E with an average ROE of 18% during FY26-28E.

Key financials

YE March (INR mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue (INR mn)	48,567	55,778	60,526	68,290	75,732
YoY (%)	9.5	14.8	8.5	12.8	10.9
EBITDA (INR mn)	4,267	5,132	5,472	6,727	7,872
EBITDA margin (%)	8.8	9.2	9.0	9.9	10.4
Adj PAT (INR mn)	2,576	3,137	3,339	4,330	5,169
YoY (%)	27.7	21.8	6.4	29.7	19.4
Fully DEPS (INR)	5.9	7.2	7.7	9.9	11.9
RoE (%)	14.9	17.1	17.1	18.6	18.8
RoCE (%)	15.8	19.8	18.8	20.2	22.0
P/E (x)	56.4	46.5	43.7	33.7	28.2
EV/EBITDA (x)	34.3	28.5	26.8	21.8	18.6

Note: Pricing as on 29 January 2026; Source: Company, Elara Securities Estimate

Rating: **Accumulate**Target Price: **INR 400**Upside: **19%**CMP: **INR 335**

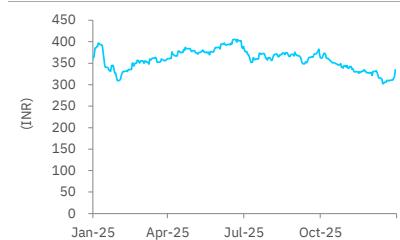
As on 29 January 2026

Key data

Bloomberg	VGRD IN
Reuters Code	VGUA. NS
Shares outstanding (mn)	436
Market cap (INR bn/USD mn)	146/1,587
EV (INR bn/USD mn)	146/1,593
ADTV 3M (INR mn/USD mn)	161/2
52 week high/low	413/298
Free float (%)	46

Note: as on 29 January 2026; Source: Bloomberg

Price chart



Source: Bloomberg

Shareholding (%)	Q4 FY25	Q1 FY26	Q2 FY26	Q3 FY26
Promoter	54.3	54.3	53.3	53.3
% Pledge	0.0	0.0	0.0	0.0
FII	13.2	12.6	12.5	12.1
DII	20.7	21.6	22.9	23.3
Others	11.8	11.6	11.4	11.3

Source: BSE

Price performance (%)	3M	6M	12M
Nifty	(2.4)	2.4	9.7
V-Guard Industries	(12.6)	(13.1)	(6.4)
NSE Mid-cap	(2.8)	1.1	10.1
NSE Small-cap	(10.3)	(9.8)	0.1

Source: Bloomberg

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Financials (YE March)

Income Statement (INR mn)	FY24	FY25	FY26E	FY27E	FY28E
Total Revenue	48,567	55,778	60,526	68,290	75,732
Gross Profit	16,326	20,221	22,101	24,935	27,643
EBITDA	4,267	5,132	5,472	6,727	7,872
EBIT	3,458	4,176	4,389	5,566	6,632
Interest expense	395	245	98	0	0
Other income	340	209	211	238	266
Exceptional/ Extra-ordinary items	-	-	-	-	-
PBT	3,403	4,140	4,503	5,804	6,898
Tax	827	1,002	1,164	1,474	1,729
Minority interest/Associates income	-	-	-	-	-
Reported PAT	2,576	3,137	3,339	4,330	5,169
Adjusted PAT	2,576	3,137	3,339	4,330	5,169
Balance Sheet (INR mn)	FY24	FY25	FY26E	FY27E	FY28E
Shareholders' Equity	18,142	20,978	25,524	29,519	30,777
Minority Interest	-	-	-	-	-
Trade Payables	5,500	6,570	6,929	8,036	8,322
Provisions & Other Current Liabilities	2,983	3,550	3,466	3,833	4,011
Total Borrowings	2,910	108	-	-	-
Other long term liabilities	2,078	2,174	590	593	559
Total liabilities & equity	31,613	33,380	36,510	41,980	43,669
Net Fixed Assets	13,342	13,739	5,657	5,435	4,538
Goodwill	-	-	-	-	-
Intangible assets	-	-	-	-	-
Business Investments / other NC assets	1,897	2,117	10,379	10,474	10,184
Cash, Bank Balances & treasury investments	875	746	2,725	5,598	7,214
Inventories	8,118	9,973	9,389	10,821	11,492
Sundry Debtors	5,958	5,423	6,455	7,500	7,926
Other Current Assets	1,423	1,383	1,905	2,152	2,314
Total Assets	31,613	33,380	36,510	41,980	43,669
Cash Flow Statement (INR mn)	FY24	FY25	FY26E	FY27E	FY28E
Cashflow from Operations	3,504	4,233	2,588	3,909	4,576
Capital expenditure	(835)	(1,161)	(950)	(650)	(650)
Acquisitions / divestitures	(456)	200	(650)	(500)	(500)
Other Business cashflow	217	-	-	-	-
Free Cash Flow	2,431	3,273	988	2,759	3,426
Cashflow from Financing	(3,279)	(3,402)	991	114	(1,809)
Net Change in Cash / treasury investments	(848)	(129)	1,979	2,873	1,616
Key assumptions & Ratios	FY24	FY25	FY26E	FY27E	FY28E
Dividend per share (INR)	1.4	1.3	1.4	1.4	1.4
Book value per share (INR)	41.8	48.1	58.6	67.7	70.6
RoCE (Pre-tax) (%)	15.8	19.8	18.8	20.2	22.0
ROIC (Pre-tax) (%)	16.8	20.6	20.3	23.8	27.9
ROE (%)	14.9	17.1	17.1	18.6	18.8
Asset Turnover (x)	3.7	4.1	6.2	12.3	15.2
Net Debt to Equity (x)	0.1	0.0	(0.1)	(0.2)	(0.2)
Net Debt to EBITDA (x)	0.5	(0.1)	(0.5)	(0.8)	(0.9)
Interest cover (x) (EBITDA/ int exp)	10.8	20.9	56.0	22,499.8	26,328.0
Total Working capital days (WC/rev)	64.5	57.8	53.8	55.0	53.5
Valuation	FY24	FY25	FY26E	FY27E	FY28E
P/E (x)	56.4	46.5	43.7	33.7	28.2
P/Sales (x)	3.0	2.6	2.4	2.1	1.9
EV/ EBITDA (x)	34.3	28.5	26.8	21.8	18.6
EV/ OCF (x)	41.8	34.6	56.6	37.5	32.0
FCF Yield	0.0	0.0	0.0	0.0	0.0
Price to BV (x)	8.0	6.9	5.7	4.9	4.7
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0

Note: Pricing as on 29 January 2026; Source: Company, Elara Securities Estimate

Revenue CAGR of 11% during FY25-28E

Exhibit 1: Quarterly results

YE March (INR mn)	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	Q3FY26E	Variance (%)
Revenues	14,035	12,687	10.6	13,409	4.7	13,596	3.2
EBITDA	1,232	1,041	18.3	1,093	12.7	1,147	7.4
EBITDA Margin (%)	9	8	56.9	8	62.9	8	4.0
Other Income	57	54	5.5	49	16.7	50	14.6
Interest	30	58	(48.7)	21	39.4	25	18.8
Depreciation	265	250	5.9	270	(1.6)	285	(6.9)
PBT	773	787	(1.8)	851	(9.1)	887	(12.8)
Tax	203	185	9.4	198	2.4	224	(9.4)
Tax rate (%)	26	24	268.2	23	294.2	25	4.0
Reported PAT	571	602	(5.2)	653	(12.6)	664	(14.0)
Adj. PAT	792	602	31.5	653	21.3	664	19.3
NPM (%)	6	5	18.9	5	15.8	5	15.5
EPS (INR)	2	1	31.5	2	21.3	2	19.3

Source: Company, Elara Securities Estimate

Q3FY26 earnings call key takeaways**Overall performance**

- ▶ The business delivered double-digit growth, primarily driven by the electricals segment, led by volume expansion and higher copper prices
- ▶ CSD continues to decline during the quarter, witnessing similar trends as Q2
- ▶ North India has contracted during the quarter on high base since North India had delivered good growth in the past year
- ▶ Reversal of variable pay provision has led to lower employee cost during the quarter
- ▶ Around 25-30% of the mix would be toward copper-based products out of the overall product portfolio
- ▶ Increased competition has been prevalent since CY16; South India consumers are discerning, and it could be difficult to sustain growth rates
- ▶ IMD expects warm Summer, which augurs well
- ▶ FY27 is likely to do well in terms of profitability and margin, led by Summer products categories
- ▶ Management aims to be among the Top 3 in the fans category, especially for table, pedestal, wall (TPW) fans

Electronics

- ▶ Summer-led categories continue to see muted demand; the decline was offset by growth in other categories
- ▶ Price hikes undertaken in the stabilizer category would be ~1.0-1.5%
- ▶ Gigadyne – the supply small quantity locally -- may supply VGRD for the next few months
- ▶ Gigadyne is set to start commercial production in the near to medium term
- ▶ Gigadyne batteries with V-Guard inverters will benefit customers in terms of better performance than lead acid and lithium-ion batteries, with a longer replacement cycle and faster performance.
- ▶ Invertor batteries are performing well
- ▶ Stabilizer inventory is normalized, and major inventory has been liquidated
- ▶ Management expects strong rebound in electronic products

- ▶ The solar invertors category continues to grow stronger
- ▶ Market share in stabilizers for VGRD stands at 40-45%; Microtek is the closest competitor with a revenue of INR 1,500-1,800mn

ECD

- ▶ Water heaters performed well during Q3FY26 while cooling products remain muted
- ▶ Wires pricing is driven by dynamic pricing
- ▶ VGRD see some risk in the fans category as significant price hikes of 2-3% are needed until March 2026
- ▶ BLDC fans would see moderate price hikes while induction-based fans may see higher price hikes
- ▶ VGRD saw a pushback for BLDC fans from customers based on operational issues
- ▶ Management sees a shift in demand to BLDC fans from conventional induction-based fans as the copper content is lower in BLDC
- ▶ The company got one order worth INR 40mn from the Maharashtra government for solar pumps and continue to scale it further

Electricals

- ▶ Pumps have seen price hikes
- ▶ Wires trade is incentivized and January sees increase in copper prices
- ▶ Volume growth is muted while value growth in wires is prevalent
- ▶ Management expects demand softening from the projects side as customers are not purchasing wires in bulk
- ▶ Wires volume growth was 10% and value growth was 20% during December quarter
- ▶ Management is working on modular switches and hopes to see growth in the next few quarters
- ▶ VGRD saw a 30% price hike in wires where volume growth can take a hit

***Sunflame* and kitchen appliances**

- ▶ Management is working on product plans for *Sunflame*
- ▶ Major benefits from V-Guard and *Sunflame* merger will be in logistics cost savings, common warehousing for companies, better GTM strategy and quality improvement.
- ▶ The company has completed customer service integration since it was the major pain point, which is largely resolved
- ▶ VGRD has been able to hold on to price-protecting gross margin
- ▶ It is working on kitchen appliances and hope to see growth in the next few quarters as it has not done well
- ▶ There is increased competition in kitchen appliances -- It is a complex category in GTM. Most firms struggle beyond a point in scaling up the business
- ▶ Many companies in the kitchen appliances category enter and exit the market

Outlook and guidance

- ▶ Mainly capex would be for fans and a new battery manufacturing factory
- ▶ EBITDA margin is set to reach double digits once growth kicks in
- ▶ Net working capital stood at 53 days in Q3FY26 vs 68 in Q3FY25
- ▶ VRGD believes it has witnessed warmer temperatures in Kerala and other southern region
- ▶ Stabilizers, fans, inventors, kitchens appliances and solar rooftops can do business worth more than INR10bn

Exhibit 2: Change in estimates

(INR mn)	Earlier			Revised			% Change		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	59,964	68,203	75,459	60,526	68,290	75,732	0.9	0.1	0.4
EBITDA	5,489	6,935	8,127	5,472	6,727	7,872	(0.3)	(3.0)	(3.1)
EBITDA margin (%)	9.2	10.2	10.8	9.0	9.9	10.4	(0.1)	(0.3)	(0.4)
PAT	3,349	4,477	5,336	3,339	4,330	5,169	(0.3)	(3.3)	(3.1)
EPS (INR)	7.7	10.3	12.2	7.7	9.9	11.9	(0.3)	(3.3)	(3.1)
TP (INR)	430			400			(7.0)		

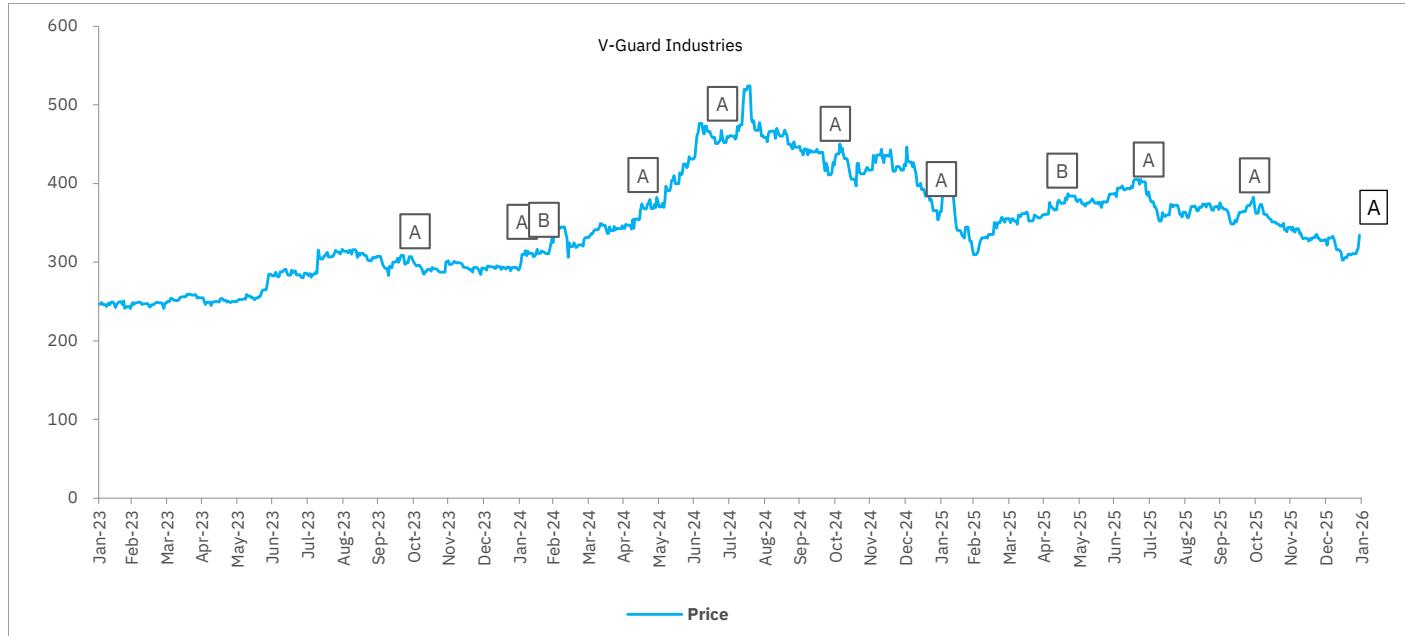
Source: Elara Securities Estimate

Exhibit 3: Valuation

(INR)	
EPS – FY26E	7.7
EPS – FY27E	9.9
Five-year average P/E (x)	41.6
Target multiple (x)	35
December 2027E EPS	11.4
Target price	400

Source: Elara Securities Estimate

Coverage History



Date	Rating	Target Price (INR)	Closing Price (INR)
01-Nov-2023	Accumulate	315	298
02-Feb-2024	Accumulate	330	310
21-Feb-2024	Buy	410	313
17-May-2024	Accumulate	425	370
25-Jul-2024	Accumulate	490	460
31-Oct-2024	Accumulate	475	435
31-Jan-2025	Accumulate	435	364
16-May-2025	Buy	470	375
30-Jul-2025	Accumulate	455	389
30-Oct-2025	Accumulate	430	369
29-Jan-2026	Accumulate	400	335

Guide to Research Rating

BUY (B) Absolute Return >+20%

ACCUMULATE (A) Absolute Return +5% to +20%

REDUCE (R) Absolute Return -5% to +5%

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