BOBCAPS
TRUST | INNOVATION | EXCELLENCE

BUY
TP: Rs 430 | ⮝ 36%

V-GUARD INDUSTRIES | Consumer Durables | 31 July 2026

Growth accelerates, margins expand on cost discipline

- **Revenue rose 24% YoY, while lower ad spends and stable gross margins supported a 210bps EBITDA margin expansion**
- **Electricals (+28% YoY) and Electronics (+23% YoY) led growth, while Consumer Durables benefited from a supportive summer**
- **We assign 40x Jun'28E EPS to arrive at a Jun'27 TP of Rs 430. Considering the meaningful upside, maintain BUY**

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Broad-based growth drives strong earnings beat: VGRD reported revenue growth of 24% YoY to Rs 18.1bn in Q1FY27, ahead of our estimate by 4%, driven by broad-based double-digit growth across all business segments. EBITDA grew 55% YoY to Rs 1.9bn, beating our estimate by 12%, with EBITDA margin expanding 210bps YoY to 10.5% owing to lower advertising spends, stable gross margins and operating leverage. Consequently, adjusted PAT surged 76% YoY to Rs 1.3bn.

Electricals maintain momentum despite pricing-led growth: Electricals revenue increased 28% YoY to Rs 6.7bn, supported by higher wire prices amid elevated copper costs and healthy growth across switchgears, modular switches and pumps. EBIT grew 49% YoY to Rs 706mn, while margin expanded 151bps YoY to 10.5%, reflecting disciplined pricing actions and cost control despite input-cost inflation.

Electronics and Consumer Durables benefit from favourable summer: Electronics revenue rose 23% YoY to Rs 6.6bn, with healthy demand across stabilisers, UPS and solar products. EBIT margin remained resilient at 19.8%, expanding 29bps YoY. Consumer Durables revenue grew 19% YoY to Rs 4.2bn as a supportive summer aided fans, water heaters and kitchen appliances. The segment returned to profitability with EBIT of Rs 149mn against a loss in the base quarter, while margin improved to 3.6%.

Sunflame growth improves as integration benefits emerge: Sunflame revenue increased 18% YoY to Rs 657 mn, reflecting improving business momentum following completion of operational integration. While EBIT grew a modest 8% YoY and margin softened 39bps YoY to 4.0%, management has shifted its focus from integration to sales acceleration

Raise estimates, maintain BUY: We raise our FY27E/FY28E earnings estimates by 3%/2%, factoring in the stronger than expected Q1 performance, healthy margin trajectory and sustained growth across core segments. We assign a 40x multiple on Jun-28 EPS to arrive at our Jun'27 TP of Rs 430**.** Considering the meaningful upside, we maintain BUY.

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	VGRD IN/Rs 317
Market cap	US$ 1.4bn
Free float	44%
3M ADV	US$ 2.8mn
52wk high/low	Rs 392/Rs 289
Promoter/FPI/DII	56%/13%/19%

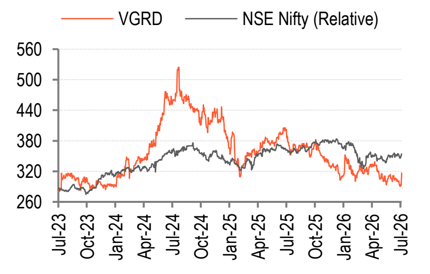
Source: NSE | Price as of 30 Jul 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	59,658	69,609	77,999
EBITDA (Rs mn)	5,268	6,435	7,392
Adj. net profit (Rs mn)	3,304	3,856	4,465
Adj. EPS (Rs)	7.6	8.9	10.3
Adj. ROAE (%)	12.8	15.3	15.6
Adj. P/E (x)	41.4	35.5	30.6
EV/EBITDA (x)	26.0	21.3	18.5
Adj. EPS growth (%)	5.3	16.7	15.8

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

Fig 1 – Q1FY27 Financial Snapshot

Particulars (Rs mn)	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)	Q1FY27E	Var (%)
Revenue	18,107	14,661	24	17,553	3	17,462	4
EBITDA	1,910	1,236	55	1,707	12	1,709	12
EBITDA Margin (%)	10.5	8.4	210bps	9.7	80bps	9.8	80bps
Depreciation	277	263		281		295	(6)
Interest	31	43		30		40	(22)
Other Income	117	53		76		65	79
PBT	1,719	983	75	1,472	17	1,389	24
Tax	416	244		351		350	19
Adjusted PAT	1,303	739	76	1,121	16	1,039	25
Exceptional item	-	-		-		-	
Reported PAT	1,303	739	76	1,121	16	1,039	25
Adj. PAT Margin (%)	7.2	5.0	220bps	6.4	80bps	6.0	120bps
EPS (Rs)	3.0	1.7	76	2.6	16	2.4	25.3

Source: Company, BOBCAPS Research

Fig 2 – Segmental performance

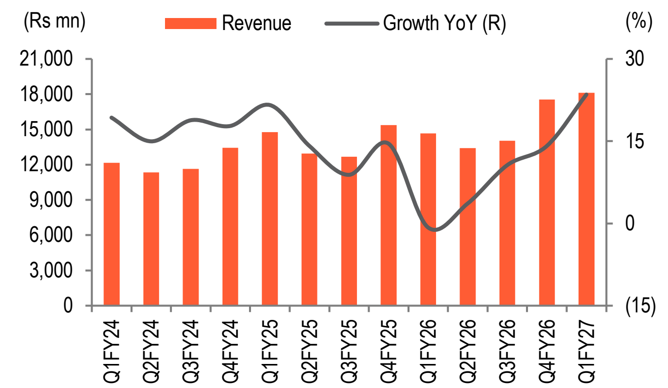
Particulars (Rs mn)	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)
Segment revenue					
Consumer Durables	4,167	3,496	19	4,261	(2.2)
Electricals	6,701	5,247	28	7,718	(13)
Electronics	6,585	5,363	23	4,983	32
Sunflame	657	555	18	601	9
EBIT					
Consumer Durables	149	(72)	(308)	70	114
EBIT Margin (%)	3.6	(2.1)	NA	1.6	195bps
Electricals	706	474	49	951	(26)
EBIT Margin (%)	10.5	9.0	151bps	12.3	(178bps)
Electronics	1,307	1,049	25	866	51
EBIT Margin (%)	19.8	19.6	29bps	17.4	247bps
Sunflame	26	24	8	40	(35)
EBIT Margin (%)	4.0	4.4	(39bps)	6.7	(272bps)

Source: Company, BOBCAPS Research

Earnings Call Highlights

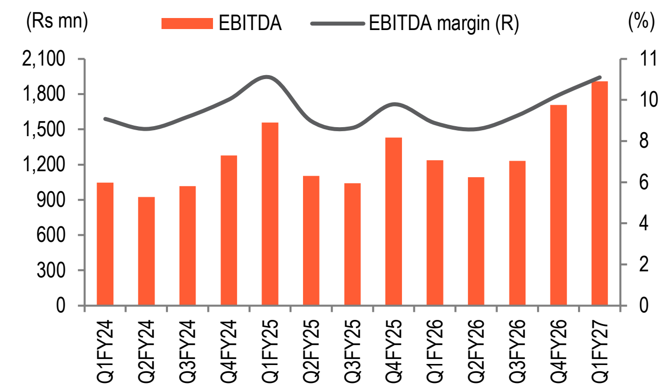
- **Healthy growth outlook maintained:** Management reiterated its medium-term aspiration of 15% revenue growth, while indicating FY27 growth could exceed this due to elevated commodity-led pricing. The company continues to target 9-10% EBITDA margins over the medium term despite the volatile cost environment.
- **Pricing actions largely complete; margins remain protected:** The company has implemented 80-85% of the required pricing actions, with only a few smaller product categories awaiting price revisions. Management indicated that gross margins should remain stable as commodity costs have largely been passed on, while ongoing manufacturing efficiencies and sourcing initiatives are expected to offset residual inflationary pressures.
- **Volume growth resilient despite unprecedented price inflation:** Blended growth comprised roughly 14% pricing and 9% volume, with management highlighting that the current commodity-driven price hikes are unprecedented. Despite customer downgrading and postponement of purchases in select categories such as wires, the company continues to target 10-12% normalised volume growth alongside 2-3% annual pricing over the long term.
- **Sunflame enters growth phase**: Management stated that Sunflame's integration is largely complete and the focus has shifted to accelerating growth through new product launches, wider general trade and organised retail distribution, and completion of pricing transmission in kitchen appliances over the coming quarter. While margin recovery may lag revenue growth initially, management aims to restore Sunflame's pre-acquisition financial profile over the next 3-5 years.
- **Solar and lighting remain key growth platforms:** The rooftop solar business continues to grow significantly faster than the rest of the portfolio on a small base, supported by favourable government policies and expanding state-level implementation. Management believes the addressable opportunity remains sizeable and continues to invest in solar and the newly launched lighting business as future growth drivers.
- **Investment phase to continue; lower capex guidance:** The company expects its organisational and capability-building investments to continue for another 2-3 years, driven by renewables, lighting and innovation initiatives. However, annual capex guidance has been reduced to Rs 1.5-1.7bn (vs. earlier Rs 2.5bn), reflecting completion of major manufacturing investments.
- **Kitchen appliances show encouraging recovery:** Management noted that kitchen appliances have witnessed improving demand over the past five to six months, supported by the V-Guard–Sunflame integration. While significant price inflation remains a watchpoint, the company believes the category is showing signs of renewed momentum.

Revenue growth trend



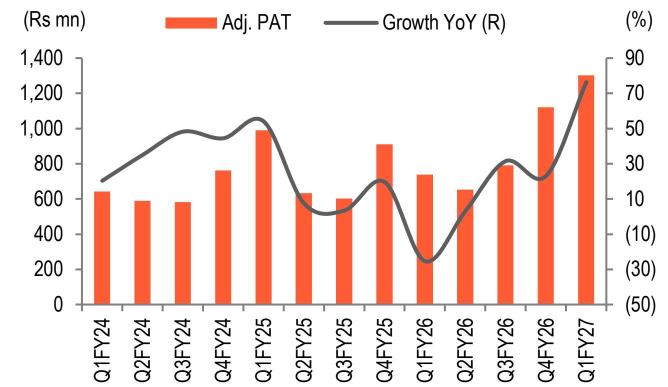
Source: Company, BOBCAPS Research

Fig 3 – EBITDA growth trend



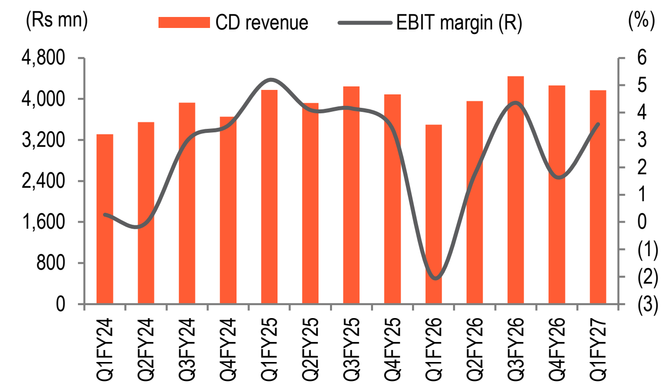
Source: Company, BOBCAPS Research

Fig 4 – PAT growth trend



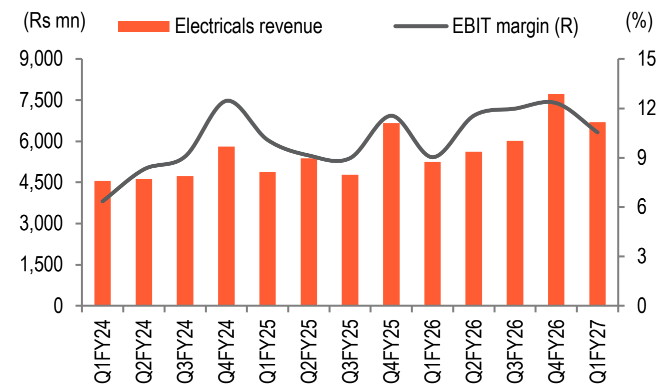
Source: Company, BOBCAPS Research

Fig 5 – Consumer Durables performance



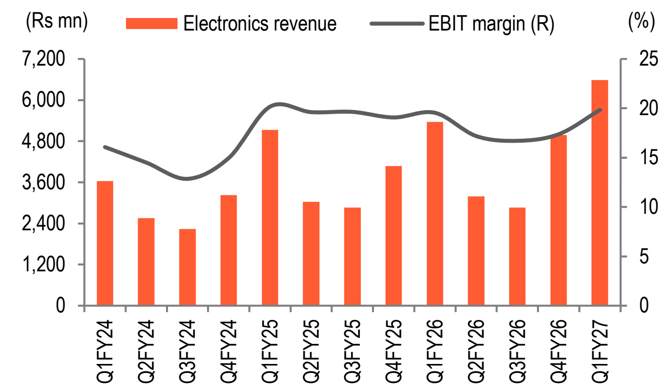
Source: Company, BOBCAPS Research

Fig 6 – Electricals business performance



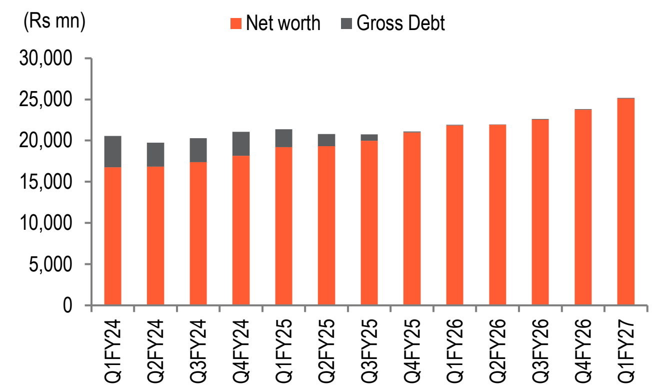
Source: Company, BOBCAPS Research

Fig 7 – Electronics business performance



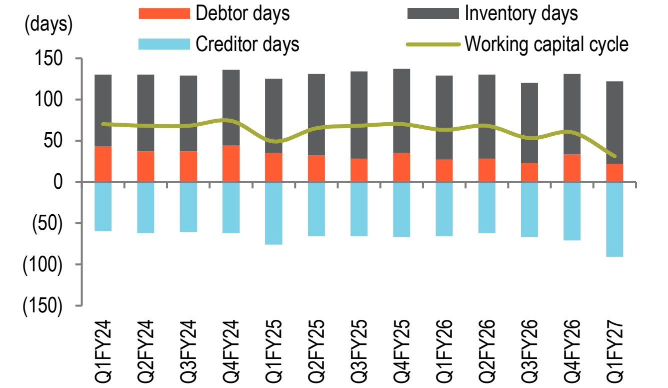
Source: Company, BOBCAPS Research

Fig 8 – Capital levels



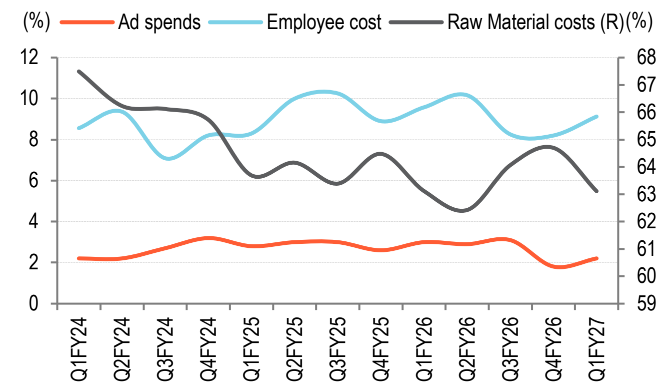
Source: Company, BOBCAPS Research

Fig 9 – Working capital cycle



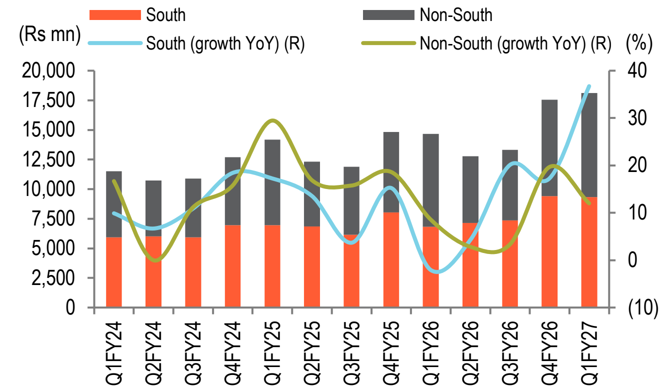
Source: Company, BOBCAPS Research

Fig 10 – Cost profile



Source: Company, BOBCAPS Research

Fig 11 – Geographical revenue breakdown for India



Source: Company, BOBCAPS Research

Valuation methodology

We raise our FY27E/FY28E revenue estimates by 3%/2%, EBITDA by 4%/2%, and PAT by 2%/1%, factoring in the Q1FY27 results, steady margin trajectory and sustained growth across core segments. We expect a 13%/17%/19% Revenue/EBITDA/PAT CAGR over FY26-29E, led by broad-based growth and operating leverage-driven margin expansion.

We value the stock at 40x Jun-28 EPS to arrive at a Jun'27 TP of Rs 430. Given the meaningful upside from current levels, we maintain our BUY rating.

Fig 12 – VGRD 1YF PE band chart

Source: Company, BOBCAPS Research

Fig 13 – Revised estimates

(Rs mn)	New			Old			Change (%)		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Revenue	69,609	77,999	85,575	67,839	76,362	85,961	3	2	0
EBITDA	6,435	7,392	8,476	6,160	7,274	8,341	4	2	2
EBITDA Margin (%)	9.2	9.5	9.9	9.1	9.5	9.7	16bps	(5bps)	20bps
PAT	3,856	4,465	5,159	3,796	4,433	5,027	2	1	3

Source: BOBCAPS Research

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Total revenue	**55,778**	**59,658**	**69,609**	**77,999**	**85,575**
EBITDA	5,132	5,268	6,435	7,392	8,476
Depreciation	957	1,079	1,126	1,214	1,314
EBIT	4,176	4,189	5,308	6,178	7,162
Net interest inc./(exp.)	(245)	(124)	(128)	(131)	(141)
Other inc./(exp.)	209	235	282	339	406
Exceptional items	0	0	0	0	0
EBT	4,140	4,300	5,155	5,970	6,896
Income taxes	1,002	996	1,299	1,504	1,738
Extraordinary items	0	(221)	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
Reported net profit	**3,137**	**3,083**	**3,856**	**4,465**	**5,159**
Adjustments	0	(221)	0	0	0
Adjusted net profit	**3,137**	**3,304**	**3,856**	**4,465**	**5,159**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Accounts payables	6,570	7,385	10,489	11,753	12,895
Other current liabilities	3,552	3,164	3,691	4,136	4,538
Provisions	0	0	0	0	0
Debt funds	1,092	1,653	1,606	1,306	1,006
Other liabilities	1,191	1,206	1,206	1,206	1,206
Equity capital	436	437	437	437	437
Reserves & surplus	20,543	23,294	26,328	29,972	34,310
Shareholders' fund	20,978	23,731	26,765	30,409	34,747
Total liab. and equities	**33,382**	**37,137**	**43,757**	**48,810**	**54,391**
Cash and cash eq.	645	593	(1,804)	(23)	2,714
Accounts receivables	5,423	5,329	9,917	11,112	12,191
Inventories	9,973	10,239	14,113	15,813	17,349
Other current assets	1,484	3,484	4,065	4,556	4,998
Investments	0	0	0	0	0
Net fixed assets	5,297	6,621	6,595	6,481	6,267
CWIP	486	199	199	199	199
Intangible assets	8,447	6,912	6,912	6,912	6,912
Deferred tax assets, net	0	0	0	0	0
Other assets	1,627	3,760	3,760	3,760	3,760
Total assets	**33,382**	**37,137**	**43,757**	**48,810**	**54,391**

Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Cash flow from operations	**4,770**	**4,586**	**(429)**	**4,002**	**4,958**
Capital expenditures	(1,198)	(1,792)	(1,100)	(1,100)	(1,100)
Change in investments	270	(1,886)	0	0	0
Other investing cash flows	(41)	39	0	0	0
Cash flow from investing	**(969)**	**(3,639)**	**(1,100)**	**(1,100)**	**(1,100)**
Equities issued/Others	80	60	0	0	0
Debt raised/repaid	(2,802)	(258)	(47)	(300)	(300)
Interest expenses	0	0	0	0	0
Dividends paid	(1,053)	(778)	(821)	(821)	(821)
Other financing cash flows	0	0	0	0	0
Cash flow from financing	**(3,775)**	**(977)**	**(868)**	**(1,121)**	**(1,121)**
Chg in cash & cash eq.	**25**	**(31)**	**(2,397)**	**1,781**	**2,737**
Closing cash & cash eq.	**645**	**593**	**(1,804)**	**(23)**	**2,714**

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26A	FY27E	FY28E	FY29E
Reported EPS	7.3	7.1	8.9	10.3	11.9
Adjusted EPS	7.3	7.6	8.9	10.3	11.9
Dividend per share	1.5	1.5	1.9	1.9	1.9
Book value per share	48.5	54.9	61.9	70.4	80.4

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26A	FY27E	FY28E	FY29E
EV/Sales	2.5	2.3	2.0	1.8	1.6
EV/EBITDA	26.7	26.0	21.3	18.5	16.1
Adjusted P/E	43.6	41.4	35.5	30.6	26.5
P/BV	6.5	5.8	5.1	4.5	3.9

DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26A	FY27E	FY28E	FY29E
Tax burden (Net profit/PBT)	75.8	66.6	74.8	74.8	74.8
Interest burden (PBT/EBIT)	99.1	102.7	97.1	96.6	96.3
EBIT margin (EBIT/Revenue)	7.5	7.0	7.6	7.9	8.4
Asset turnover (Rev./Avg TA)	10.5	9.0	10.6	12.0	13.7
Leverage (Avg TA/Avg Equity)	0.3	0.3	0.3	0.2	0.2
Adjusted ROAE	16.0	12.8	15.3	15.6	15.8

Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
YoY growth (%)					
Revenue	14.8	7.0	16.7	12.1	9.7
EBITDA	20.3	2.6	22.2	14.9	14.7
Adjusted EPS	21.8	5.3	16.7	15.8	15.5
Profitability & Return ratios (%)					
EBITDA margin	9.2	8.8	9.2	9.5	9.9
EBIT margin	7.5	7.0	7.6	7.9	8.4
Adjusted profit margin	5.6	5.5	5.5	5.7	6.0
Adjusted ROAE	16.0	12.8	15.3	15.6	15.8
ROCE	15.4	14.3	14.7	15.2	15.6
Working capital days (days)					
Receivables	37	33	52	52	52
Inventory	59	62	74	74	74
Payables	39	43	55	55	55
Ratios (x)					
Gross asset turnover	6.4	5.7	5.7	5.8	5.9
Current ratio	1.7	1.8	1.8	1.9	2.1
Net interest coverage ratio	17.0	33.8	41.3	47.3	50.9
Adjusted debt/equity	0.1	0.1	0.1	0.0	0.0

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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BUY – Expected return >+15%

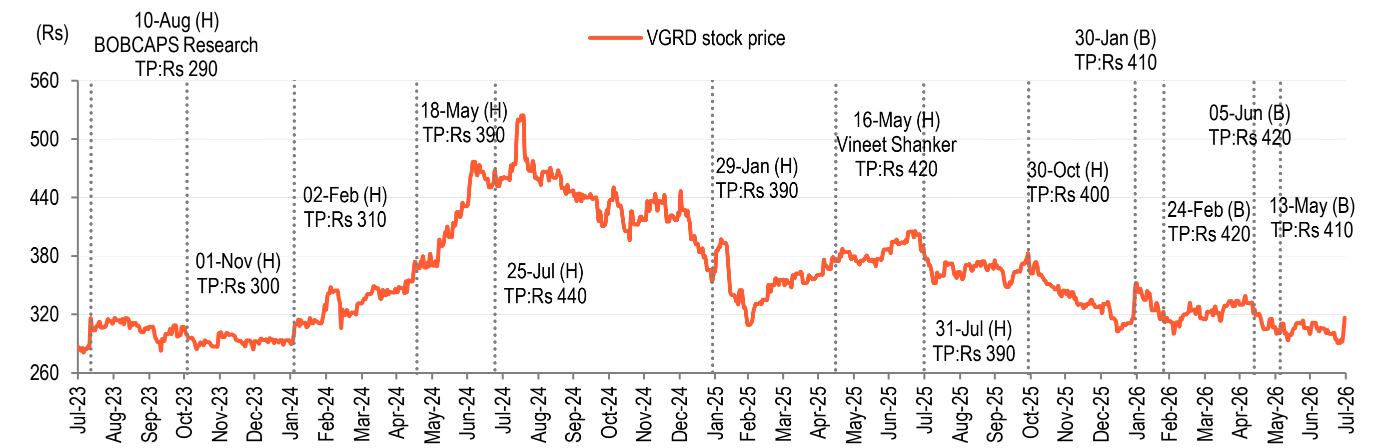
HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Ratings and Target Price (3-year history): V-GUARD INDUSTRIES (VGRD IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

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