RESULT REVIEW

BOBCAPS
TRUST | INNOVATION | EXCELLENCE

BUY
TP: Rs 410 | ⮝ 28%

V-GUARD INDUSTRIES | Consumer Durables | 13 May 2026

Broadly in-line quarter; lower spends cushion margins

- **Q4FY26 was broadly in-line, with revenue 1% ahead and EBITDA 2% below estimates; revenue/EBITDA grew 14%/19% YoY**
- **Electricals/Electronics grew 16%/22% YoY. CD grew 4%, as fans and air coolers declined; Sunflame growth came at 9% YoY**
- **We assign 40x to arrive at a Mar-27 TP of Rs 410. Considering the meaningful upside, maintain BUY**

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In-line growth with spend moderation: V-Guard Industries reported revenue growth of 14.1% YoY to Rs 17.6bn in Q4FY26 1% above estimate. This was led by Electricals, while CD grew 4.1% and Electronics grew 22.3%. Gross margin contracted 20bps YoY to 35.3% amid input-cost inflation, but EBITDA grew 19.3% YoY to Rs 1.7bn, with ad/promotional spends down 80bps and employee-cost ratio less 70bps. Q4FY26 EBITDA margin expanded 40bps YoY to 9.7%. FY26 revenue grew 7.0% to Rs 59.6 bn and EBITDA grew 2.6%, with net cash rising to Rs 2.3bn.

Growth masks margin compression: CD revenue grew 4.1% YoY to Rs 4.3bn, but EBIT declined 50% YoY to Rs 70mn, as the margin contracted 177bps to 1.6% with fans and air coolers declining despite the growth in water heaters and kitchen appliances. Electronics revenue grew 22.3% YoY to Rs 5.0bn, but EBIT growth lagged at 11.4% and margin contracted 170bps to 17.4% indicating that the volume-led growth did not fully translate into operating leverage.

Electricals continued driving growth: Electricals revenue grew 15.9% YoY to Rs 7.7bn in Q4FY26, on the back of wires, pumps, switchgears and modular switches. EBIT grew 23.6% YoY to Rs 951mn, with the margin expanding 77bps YoY to 12.3% indicating a better price-cost alignment and mix. Demand and price pass-through were more relevant drivers than the channel inventory, as management highlighted healthy collections and no broad inventory issue.

Sunflame recovery remains gradual: Sunflame revenue grew 8.6% YoY to Rs 0.6bn in Q4FY26, but declined 1.6% in FY26, with CSD softness and product refresh gaps weighing on the scale. The integration across sales, service, quality and sourcing has progressed, while margin expanded 560bps to 6.7%. Benefits from NPD launches are likely to phase in over 3-4 quarters.

Cut estimates; Maintain BUY: We lower FY27E/FY28E EBITDA by 7%/3% and PAT by 5%/3%, with revenue estimates unchanged, on cost inflation and margin assumptions. We roll forward to Mar'27 TP of Rs 410 at 40x Mar'28E EPS of Rs 10.3 and maintain BUY on 28% upside.

Key changes

Target	Rating
▼	◄ ►

Ticker/Price	VGRD IN/Rs 321
Market cap	US$ 1.5bn
Free float	44%
3M ADV	US$ 0.8mn
52wk high/low	Rs 410/Rs 290
Promoter/FPI/DII	56%/13%/19%

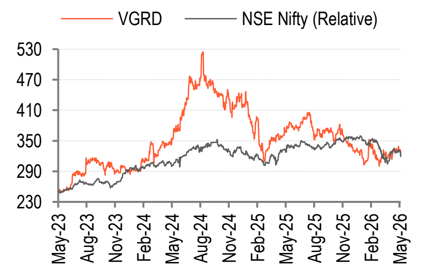
Source: NSE | Price as of 12 May 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	59,658	67,839	76,362
EBITDA (Rs mn)	5,268	6,160	7,274
Adj. net profit (Rs mn)	3,304	3,796	4,433
Adj. EPS (Rs)	7.6	8.8	10.3
Adj. ROAE (%)	12.8	15.1	15.5
Adj. P/E (x)	42.0	36.6	31.3
EV/EBITDA (x)	26.4	22.5	19.1
Adj. EPS growth (%)	5.3	14.9	16.8

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

Fig 1 – Quarterly & FY26 financial highlights

Particulars (Rs mn)	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)	FY26	FY25	YoY (%)	Q4FY26E	Var (%)
Revenue	17,553	15,381	14	14,035	25	59,658	55,778	7	17,424	1
EBITDA	1,707	1,431	19	1,232	39	5,268	5,132	3	1,743	(2)
EBITDA Margin (%)	9.7	9.3	40bps	8.8	90bps	8.8	9.2	(40bps)	10.0	(30bps)
Depreciation	281	268		265		1,079	957		251	12
Interest	30	26		30		124	245		66	(55)
Other Income	76	45		57		235	209		102	(25)
PBT	1,472	1,182	25	994	48	4,300	4,140	4	1,377	7
Tax	351	271		203		996	1,002		402	(13)
Adjusted PAT	1,121	911	23	792	42	3,304	3,137	5	1,034	8
Exceptional item	-	-		221		(221)	-		-	
Reported PAT	1,121	911	23	571	96	3,083	3,137	(2)	1,034	8
Adj. PAT Margin (%)	6.4	5.9	50bps	5.6	70bps	5.5	5.6	(10bps)	5.9	50bps
EPS (Rs)	2.6	2.1	22	1.8	42	7.6	7.3	5	2.2	15

Source: Company, BOBCAPS Research

Fig 2 – Segmental performance

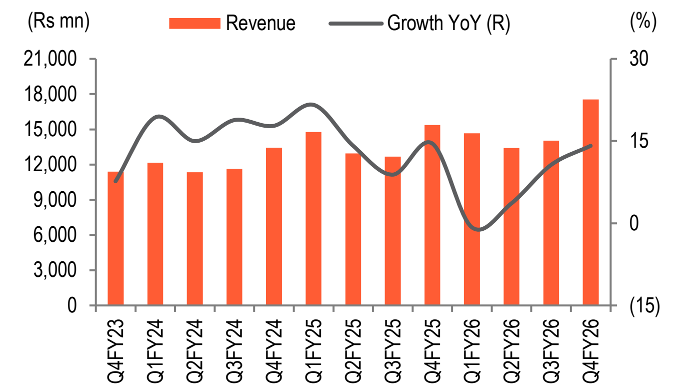
Particulars (Rs mn)	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)	FY26	FY25	YoY (%)
Segment revenue								
Consumer Durables	4,261	4,092	4	4,441	(4.1)	16,159	16,439	(2)
Electricals	7,718	6,661	16	6,020	28	24,611	21,699	13
Electronics	4,983	4,075	22	2,860	74	16,396	15,096	9
Sunflame	601	553	9	715	(16)	2,502	2,544	(2)
EBIT								
Consumer Durables	70	139	(50)	194	(64)	694	485	43
EBIT Margin (%)	1.6	3.4	(177bps)	4.4	(273bps)	4.3	2.9	135bps
Electricals	951	769	24	721	32	2,182	2,126	3
EBIT Margin (%)	12.3	11.5	77bps	12.0	34bps	8.9	9.8	(93bps)
Electronics	866	778	11	478	81	2,969	1,923	54
EBIT Margin (%)	17.4	19.1	(170bps)	16.7	67bps	18.1	12.7	537bps
Sunflame	40	6	561	26	57	64	265	(76)
EBIT Margin (%)	6.7	1.1	560bps	3.6	311bps	2.6	10.4	(784bps)

Source: Company, BOBCAPS Research

Earnings Call Highlights

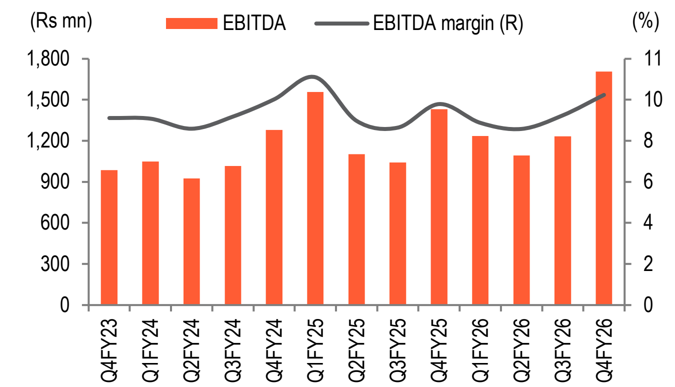
- Management indicated input-cost inflation of ~8-13% across representative categories, requiring ~13% price action as the high-cost inventory flows through. ~75% of the required price hikes have been implemented, with the balance expected during May-Jun.
- Pricing action has been broad-based across the industry. However, implementation in seasonal categories is slower in non-South markets where summer demand is yet to fully pick up.
- April trends were better in South India, while non-South remained mixed, due to rains in several regions. Management noted that the East remains an important market for Q1 delivery.
- Kerala remains ~15-16% of revenue. Management has not seen any specific impact of the demand from West Asia-related remittance concerns. The demand in Q1 demand was primarily linked to the intense summers.
- TPW fans are seeing stock-outs, due to polymer availability issues. Ceiling fans carry a higher channel inventory given the star-rating transition before 31 Dec 2025.
- Channel financing covers ~35% of business and is customer-linked rather than category-linked. Management highlighted healthy March collections and centralised credit monitoring.
- Kitchen demand is improving, with traction visible in both V-Guard and Sunflame. The GT channel's performance has improved, while e-commerce integration is taking longer due to platform listing and offering-related issues.
- BLDC contributes ~40% of ceiling fan sales; V-Guard has launched BLDC chimneys, but has not entered BLDC mixer grinders, given the weaker consumer payback vs fans and chimneys.
- Wire competitive intensity is expected to grow with new entrants. However, management believes that the category requires a scale of ~Rs 10bn and category-specific execution capabilities to generate a sustainable profitability.
- Management expects aiming for a 10-12% volume growth and 1-2% normalised price growth over time, though FY27 price growth could be higher due to the elevated commodity inflation.
- On margins, management indicated a 10% EBITDA margin remains the medium-term target, but near-term delivery depends on summer demand and the duration of commodity inflation.
- Supply-chain risk is mainly in polymers/crude derivatives and sulfuric acid. V-Guard has secured most of the Q1 requirements and does not foresee major supply issues till the end of June; though smaller players may face greater pressure.
- Solar inverter business has not yet reached Rs 5bn revenue. However, management expects it to become a large category over 3-4 years, with a focus on residential and small-institution customers vs large institutional orders.

Fig 3 – Revenue growth trend



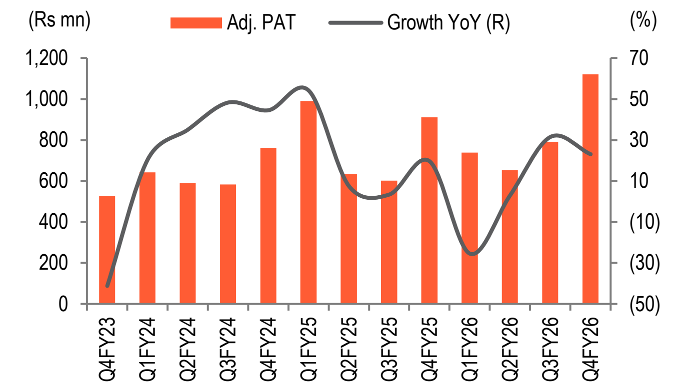
Source: Company, BOBCAPS Research

Fig 4 – EBITDA growth trend



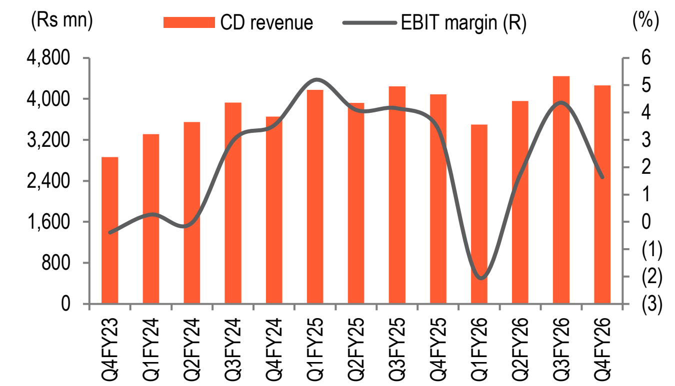
Source: Company, BOBCAPS Research

Fig 5 – PAT growth trend



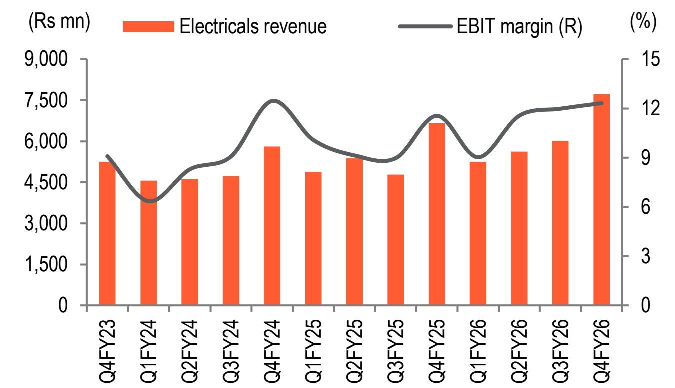
Source: Company, BOBCAPS Research

Fig 6 – Consumer Durables performance



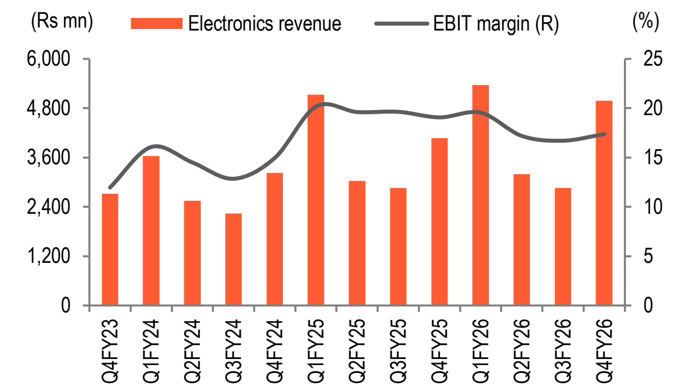
Source: Company, BOBCAPS Research

Fig 7 – Electricals business performance



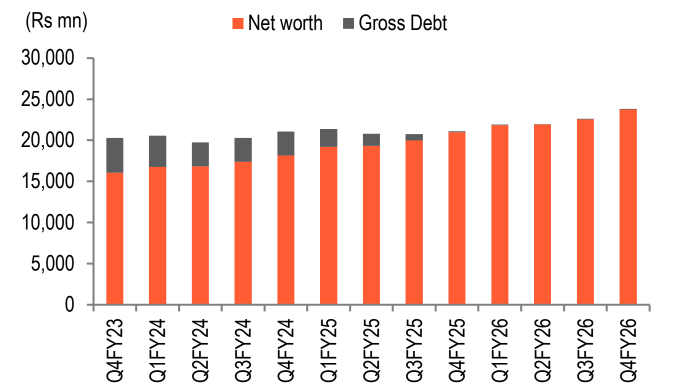
Source: Company, BOBCAPS Research

Fig 8 – Electronics business performance



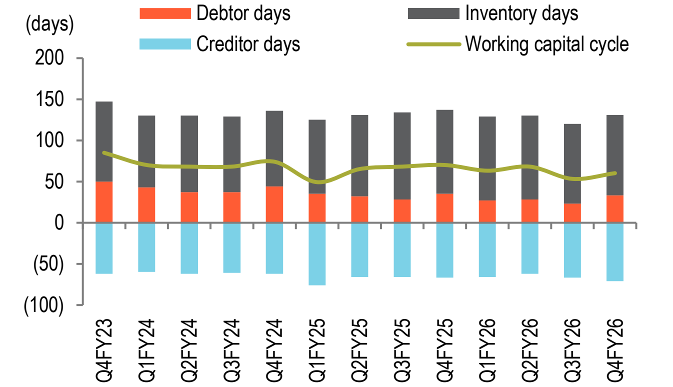
Source: Company, BOBCAPS Research

Fig 9 – Capital levels



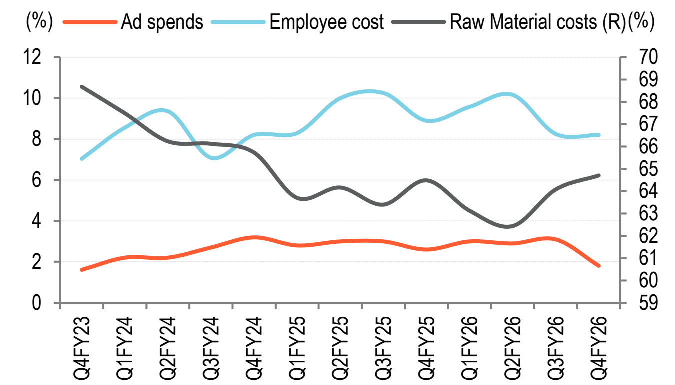
Source: Company, BOBCAPS Research

Fig 10 – Working capital cycle



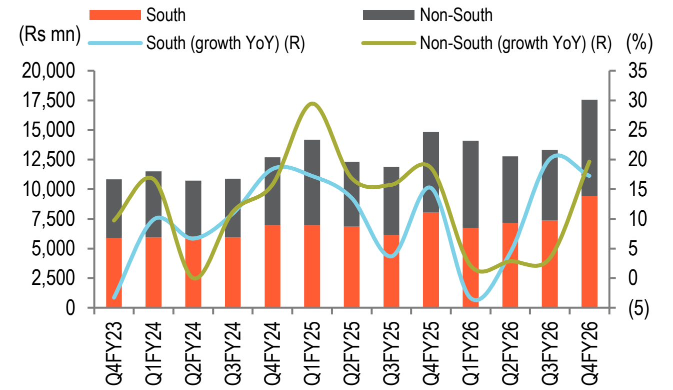
Source: Company, BOBCAPS Research

Fig 11 – Cost profile



Source: Company, BOBCAPS Research

Fig 12 – Geographical revenue breakdown for India



Source: Company, BOBCAPS Research

Valuation Methodology

We cut our estimates to reflect the latest demand and margin outlook and roll forward our valuation to Mar'27. We ascribe a 40x multiple to Mar'28 EPS to arrive at TP of Rs 410. Maintain BUY

Fig 13 – VGRD 1YF PE band chart

Source: Company, BOBCAPS Research

Fig 14 – Revised estimates

(Rs mn)	New			Old			Change (%)		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Revenue	67,839	76,362	85,961	67,679	76,181	NA	0	0	NA
EBITDA	6,160	7,274	8,341	6,637	7,537	NA	(7)	(3)	NA
EBITDA Margin (%)	9.1	9.5	9.7	9.8	9.9	NA	(72bps)	(37bps)	NA
PAT	3,796	4,433	5,027	3,982	4,549	NA	(5)	(3)	NA

Source: BOBCAPS Research

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Total revenue	**55,778**	**59,658**	**67,839**	**76,362**	**85,961**
EBITDA	5,132	5,268	6,160	7,274	8,341
Depreciation	957	1,079	1,285	1,401	1,516
EBIT	4,176	4,189	4,875	5,873	6,825
Net interest inc./(exp.)	(245)	(124)	(482)	(392)	(302)
Other inc./(exp.)	209	235	282	339	406
Exceptional items	0	0	0	0	0
EBT	4,140	4,300	5,075	5,927	6,720
Income taxes	1,002	996	1,279	1,494	1,694
Extraordinary items	0	(221)	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
Reported net profit	**3,137**	**3,083**	**3,796**	**4,433**	**5,027**
Adjustments	0	(221)	0	0	0
Adjusted net profit	**3,137**	**3,304**	**3,796**	**4,433**	**5,027**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Accounts payables	6,570	7,385	10,222	11,507	12,953
Other current liabilities	3,552	3,164	3,597	4,049	4,558
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	26,268	29,880	34,086
Shareholders' fund	20,978	23,731	26,705	30,317	34,523
Total liab. and equities	**33,382**	**37,137**	**43,336**	**48,384**	**54,246**
Cash and cash eq.	645	593	(1,351)	558	2,961
Accounts receivables	5,423	5,329	9,665	10,879	12,246
Inventories	9,973	10,239	13,754	15,482	17,428
Other current assets	1,484	3,484	3,962	4,460	5,021
Investments	0	0	0	0	0
Net fixed assets	5,297	6,621	6,436	6,135	5,719
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**	**43,336**	**48,384**	**54,246**

Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Cash flow from operations	**4,770**	**4,586**	**24**	**4,130**	**4,624**
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)**	**(1,944)**	**1,909**	**2,403**
Closing cash & cash eq.	**645**	**593**	**(1,351)**	**558**	**2,961**

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26A	FY27E	FY28E	FY29E
Reported EPS	7.3	7.1	8.8	10.3	11.6
Adjusted EPS	7.3	7.6	8.8	10.3	11.6
Dividend per share	1.5	1.5	1.9	1.9	1.9
Book value per share	48.5	54.9	61.8	70.2	79.9

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	27.1	26.4	22.5	19.1	16.6
Adjusted P/E	44.3	42.0	36.6	31.3	27.6
P/BV	6.6	5.9	5.2	4.6	4.0

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	104.1	100.9	98.5
EBIT margin (EBIT/Revenue)	7.5	7.0	7.2	7.7	7.9
Asset turnover (Rev./Avg TA)	10.5	9.0	10.5	12.4	15.0
Leverage (Avg TA/Avg Equity)	0.3	0.3	0.3	0.2	0.2
Adjusted ROAE	16.0	12.8	15.1	15.5	15.5

Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
YoY growth (%)					
Revenue	14.8	7.0	13.7	12.6	12.6
EBITDA	20.3	2.6	17.0	18.1	14.7
Adjusted EPS	21.8	5.3	14.9	16.8	13.4
Profitability & Return ratios (%)					
EBITDA margin	9.2	8.8	9.1	9.5	9.7
EBIT margin	7.5	7.0	7.2	7.7	7.9
Adjusted profit margin	5.6	5.5	5.6	5.8	5.8
Adjusted ROAE	16.0	12.8	15.1	15.5	15.5
ROCE	15.4	14.3	15.5	15.8	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	5.5	5.7	6.0
Current ratio	1.7	1.8	1.8	1.9	2.1
Net interest coverage ratio	17.0	33.8	10.1	15.0	22.6
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%

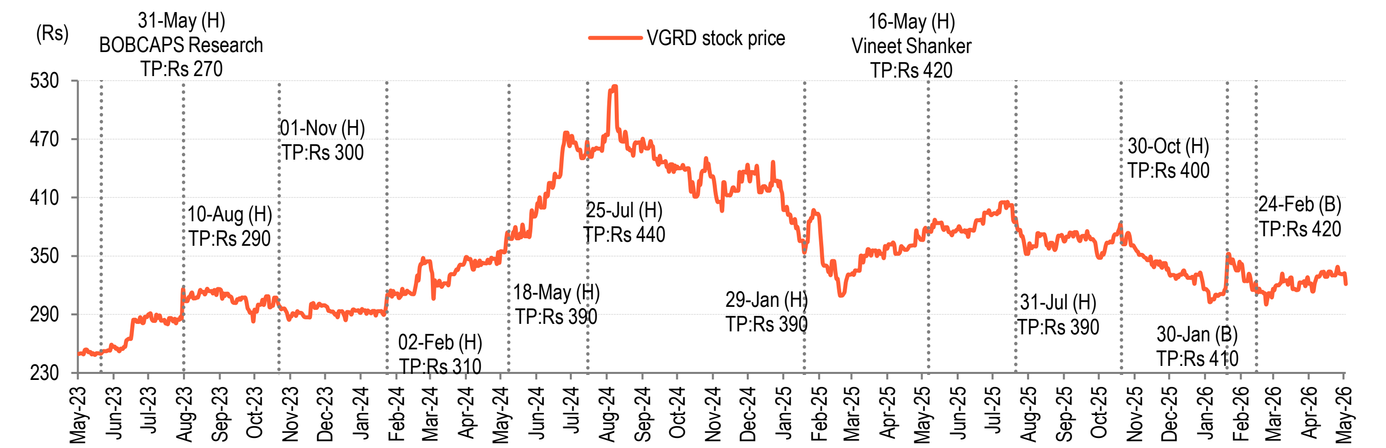
HOLD – Expected return from -6% to +15%

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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