

October 28, 2020

The Manager Listing Department, BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400 001	The Manager Listing Department, National Stock Exchange of India Limited, Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra-East, Mumbai- 400 051
Ref:- Scrip Code: 532953	Ref:- Symbol: VGUARD

Dear Sir / Madam,

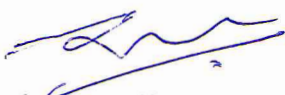
Sub: Submission of Investor presentation pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015

Pursuant to Regulation 30 read with Para A of Part A of Schedule III of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, we hereby submit the Earnings Presentation on Unaudited Financial Results of the Company for the quarter and half year ended September 30, 2020.

Kindly take the above information on your records.

Thanking You,

For V-Guard Industries Limited



Jayasree K
Company Secretary



Encl: as stated

V-Guard Industries

Q2 FY21 Earnings Presentation



Disclaimer

Certain statements in this communication may be 'forward looking statements' within the meaning of applicable laws and regulations. These forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. Important developments that could affect the Company's operations include changes in the industry structure, significant changes in political and economic environment in India and overseas, tax laws, import duties, litigation and labour relations.

V-Guard Industries Limited (V-Guard) will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.



Table of Contents

<i>MD's Message</i>	04
<i>Key Highlights</i>	05
<i>Financial Highlights</i>	6-9
<i>Segment-wise/Geographical Breakup of Revenues</i>	10-12
<i>Annexure</i>	13

Managing Director's Message



Commenting on the performance for Q2 FY21, Mr. Mithun Chittilappilly, Managing Director – V-Guard Industries Limited said, "V-Guard's financial performance in the second quarter saw a sharp rebound from the virus-caused weakness in Q1 and our revenues were in line on a year-on-year basis. Apart from intermittent lockdowns, most of our consumption markets were back to near normal levels, except for Kerala which was impacted by the recent surge in Covid infections. Non-South grew by 4%, driven by good performance in North and West markets, whereas East was impacted by lockdowns in Bihar and West Bengal. On the supply side, we had to contend with significant supply disruption from our Sikkim Water Heater plant which went into lockdown for a few weeks, causing loss in revenues. Also, some key vendors suffered production stoppages due to Covid-related reasons.

Within our product segments, Fans, Pumps and Digital UPS registered growth. There was weakness in demand off take for voltage stabilizers while water heaters declined due to the abovementioned supply disruption. During the quarter, we launched a range of new products – water purifiers, breakfast appliances, kitchen hobs and chimneys – through online channels. The initial response is very encouraging and we will extend these to offline channels at an appropriate time.

Gross margin for the quarter was lower, largely due to product mix and underutilization of the Sikkim plant. Due to the prevailing situation of uncertainty, we slowed down on A&P spending and kept tight control on costs. I also want to highlight that in Q2 last year, we had a one-off writeback of ESOP provision to the extent of Rs 10.2 crore (the corresponding figure for Q2 this year is Rs 2.6 crore).

On the balance sheet side, our cash flows remain strong and prudent working capital management has resulted in over Rs. 300 crore of cash generation in the first half of the year.

With supply-related issues largely resolved and with the onset of the festive season, we now expect to get back on to the growth path during the coming quarter and look forward to regaining faster momentum in the business based on our brand position and strong customer proposition."

Key Highlights – Q2 FY21



Revenue marginally lower by 0.4% YoY in Q2 FY21

- Q2 FY21 revenue declined by 0.4% YoY to Rs. 616.7 crore
- Non-South markets grew 4.4% while South markets declined 3.2% as Kerala witnessed a surge in Covid cases
- Non-South markets contributed 38.8% of total revenue in Q2 FY21 compared to 37.0% in Q2 FY20

EBITDA and PAT decline

- Gross margins lower by 220 bps YoY mainly due to under-utilisation of Sikkim factory on account of lockdown and product mix
- EBITDA margins (excl. other income) at 12.0% as compared to 12.5% in Q2 FY20
- Underlying EBITDA (adjusting for one-offs relating to ESOP writeback) is higher than Q2FY20
- Ad/promotional spends (exclusive of schemes) lower at 0.5% of revenues in Q2 FY21 as compared to 1.7% in Q2 FY20
- Q2 FY21 PAT of Rs. 50 crore, down 12.7%; PAT margin at 8.1% as against 9.3% in Q2 FY20
- ETR is higher due to lower profit contribution from Sikkim plant in H1; ETR expected to normalize on full year basis

Strong cash flow generation; robust balance sheet

- Strong CFO generation in H1 FY21 of Rs. 326.2 crore as compared to Rs. 151 crore in H1 FY20
- ROE and core ROCE at 12.3% and 23.3% respectively (TTM basis) at the end of Q2 FY21
- Net cash of Rs. 452.7 crore on balance sheet as on 30th September, 2020, as against Rs. 288.9 crore in September, 2019

Note: Core ROCE is calculated on the basis of capital employed excluding cash

P&L Snapshot

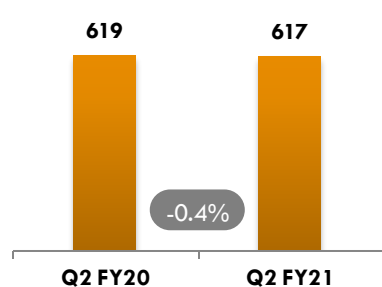


P&L Statement Particulars	Q2 FY21 (Rs. Cr)	Q2 FY20 (Rs. Cr)	Change %	Q1 FY21 (Rs. Cr)	H1 FY21 (Rs. Cr)	H1 FY20 (Rs. Cr)	Change %
Net Revenue	616.66	619.31	-0.4%	405.83	1,022.49	1,318.70	-22.5%
COGS	421.96	410.16	2.9%	287.26	709.22	881.86	-19.6%
Gross Margin	31.6%	33.8%	-2.2%	29.2%	30.6%	33.1%	-2.5%
EBITDA (excluding other income)	73.93	77.57	-4.7%	9.06	82.99	148.69	-44.2%
as a % to Net Revenue (NR)	12.0%	12.5%	-0.5%	2.2%	8.1%	11.3%	-3.2%
Other Income (including finance income)	6.63	6.91	-4.0%	4.69	11.32	13.35	-15.3%
EBITDA after other income	80.55	84.48	-4.6%	13.75	94.31	162.04	-41.8%
as a % to NR	13.1%	13.6%	-0.6%	3.4%	9.2%	12.3%	-3.1%
PBT	71.15	76.72	-7.3%	4.79	75.94	146.49	-48.2%
as a % to NR	11.5%	12.4%	-0.8%	1.2%	7.4%	11.1%	-3.7%
PAT	50.01	57.32	-12.7%	3.62	53.63	109.77	-51.1%
as a % to NR	8.1%	9.3%	-1.1%	0.9%	5.2%	8.3%	-3.1%

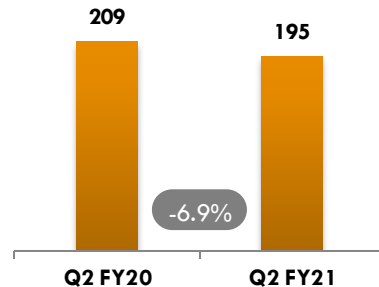
Note: Adopted Ind-AS 116 (Leases) from April 1, 2019. The impact on Profit Before Tax is not material.

Financial Highlights (Q2 FY21 vs. Q2 FY20)

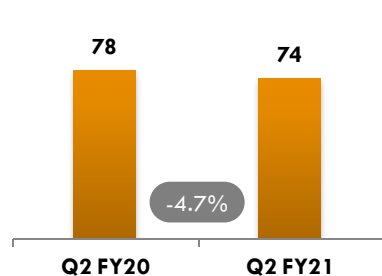
Total Income (Rs. crore)



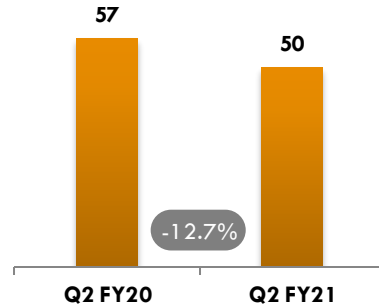
Gross Profit



EBITDA (Rs. crore)



PAT (Rs. crore)

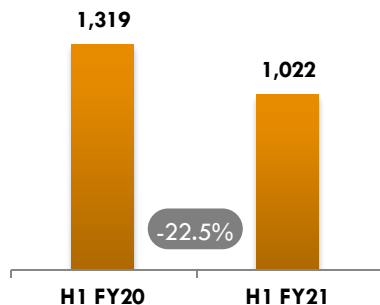


Key ratios (%)	Q2 FY21	Q2 FY20
Gross Margin	31.6%	33.8%
EBITDA Margin (excl. other income)	12.0%	12.5%
Net Margin	8.1%	9.3%
Ad & Promotion Exp. (excl. schemes)/ Total Revenues	0.5%	1.7%
Employee Cost/ Total Operating Income	8.1%	7.3%
Other Expenditure/ Total Operating Income	11.4%	14.0%
Tax rate	29.7%	25.3%
Diluted EPS (Rs.)	1.16	1.32

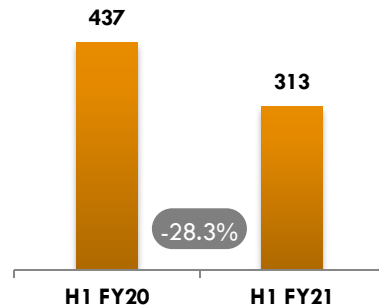
Financial Highlights (H1 FY21 vs H1 FY20)



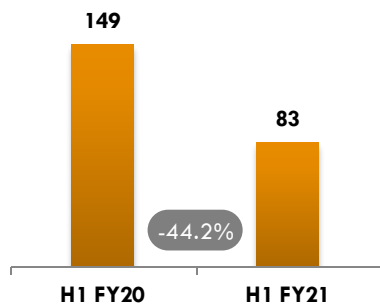
Total Income (Rs. crore)



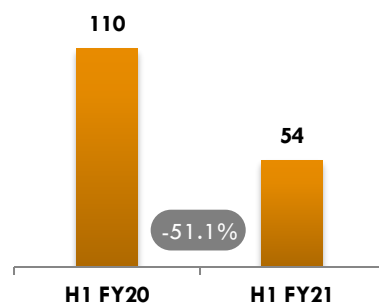
Gross Profit



EBITDA (Rs. crore)



PAT (Rs. crore)



Key ratios (%)	H1 FY21	H1 FY20
Gross Margin	30.6%	33.1%
EBITDA Margin (excl other income)	8.1%	11.3%
Net Margin	5.2%	8.3%
Ad & Promotion Exp. (excl. schemes)/ Total Revenues	0.6%	2.3%
Employee Cost/ Total Operating Income	10.8%	7.9%
Other Expenditure/ Total Operating Income	12.5%	13.9%
Tax rate	29.4%	25.1%
Diluted EPS (Rs.)	1.24	2.53

Financial Highlights – Balance Sheet Perspective



Balance Sheet Snapshot (Rs. Cr)	30 September 2020	30 June 2020	30 September 2019
Net Worth	1050.2	999.1	963.05
Gross Debt	10.0	10.0	10.0
Current Investments	0.0	0.0	160.4
Cash & Cash Equivalents (inc. bank balance)	462.7	359.3	298.9
Net Cash Position (Rs. crore)	452.7	349.3	288.9
Fixed Assets	334.6	329.7	283.9

Balance Sheet Snapshot (Rs. Cr)	30 September 2020	30 June 2020	30 September 2019
Debtor (days)	31	39	52
Inventory (days)	96	77	72
Creditor (days)	74	54	67
Working Capital Turnover (days)	53	61	58
RoE* (%)	12.3%	13.6%	21.0%
Core RoCE* (%)	23.3%	24.1%	40.3%

Note: *Calculations are on a **trailing twelve month basis**; Core ROCE is calculated on the basis of capital employed excluding cash.

Segment-wise Breakup – Q2 FY21 vs. Q2 FY20



Segment Revenue	Q2 FY21 (Rs. Cr)	Contribution (%)	Q2 FY20 (Rs. Cr)	Contribution (%)	YoY growth (%)
Electronics	171.0	27.7%	167.6	27.1%	2.0%
Electricals	282.3	45.8%	276.8	44.7%	2.0%
Consumer Durables	163.4	26.5%	175.0	28.3%	-6.6%
Grand Total	616.7	100.0%	619.3	100.0%	-0.4%

Segment Result	Q2 FY21 (Rs. Cr)	Margin (%)	Q2 FY20 (Rs. Cr)	Margin (%)	YoY growth (%)
Electronics	30.6	17.9%	28.4	16.9%	7.7%
Electricals	26.6	9.4%	28.1	10.2%	-5.3%
Consumer Durables	13.6	8.3%	18.5	10.6%	-26.5%
Grand Total	70.8	11.5%	75.0	12.1%	-5.6%

Electronics – Stabilizers, UPS, Solar Inverter; Electricals – Wires, Pumps, Switchgears, Modular Switches; Consumer Durables – Fans, Water Heaters, Kitchen Appliances, Air Coolers

Segment-wise Breakup – H1 FY21 vs H1 FY20



Segment Revenue	H1 FY21 (Rs. Cr)	Contribution (%)	H1 FY20 (Rs. Cr)	Contribution (%)	YoY growth (%)
Electronics	308.7	30.2%	450.4	34.2%	-31.5%
Electricals	465.0	45.5%	539.9	40.9%	-13.9%
Consumer Durables	248.9	24.3%	328.4	24.9%	-24.2%
Grand Total	1022.5	100.0%	1318.7	100.0%	-22.5%

Segment Result	H1 FY20 (Rs. Cr)	Margin (%)	H1FY20 (Rs. Cr)	Margin (%)	YoY growth (%)
Electronics	39.9	12.9%	78.0	17.3%	-48.9%
Electricals	32.2	6.9%	41.3	7.6%	-22.1%
Consumer Durables	4.9	2.0%	25.1	7.6%	-80.4%
Grand Total	77.0	7.5%	144.3	10.9%	-46.7%

Electronics – Stabilizers, UPS, Solar Inverter; Electricals – Wires, Pumps, Switchgears, Modular Switches; Consumer Durables – Fans, Water Heaters, Kitchen Appliances, Air Coolers

Geographical Breakup of Revenues

Region	Q2 FY21 (Rs. Cr)	Contribution (%)	Q2 FY20 (Rs. Cr)	Contribution (%)	YoY growth (%)
South	377.6	61.2%	390.3	63.0%	-3.2%
Non-South	239.0	38.8%	229.0	37.0%	4.4%
Total Revenue	616.7	100%	619.3	100%	-0.4%

Region	H1 FY21 (Rs. Cr)	Contribution (%)	H1 FY20 (Rs. Cr)	Contribution (%)	YoY growth (%)
South	614.1	60.1%	770.1	58.4%	-20.3%
Non-South	408.4	39.9%	548.6	41.6%	-25.6%
Total Revenue	1,022.5	100.0%	1,318.7	100.0%	-22.5%



Annexure

Company Overview



Comprehensive portfolio catering to the mass consumption market

- **Electronics** – Stabilizers, UPS, Solar Inverter; **Electricals** – Wires, Pumps, Switchgears, Modular Switches; **Consumer Durables** – Fans, Water Heaters, Kitchen Appliances, Air Coolers
- Household consumption market will continue to grow at a significant pace going forward

Invested in a strong distribution network

- Spread over 31 branches nationwide
- Network of 40,000+ retailers

Strong Brand Equity

- Aggressive ad spends and sales promotions have created a strong equity and brand recall
- Strong established player in South India with leadership in the Voltage Stabilizer segment

Expanding towards a pan India presence

- Significant investments committed towards aggressive expansion in non-South markets
- Increased capacities for house-wiring cables and solar water heaters

Mix of in-house and outsourcing production model provides flexibility

- Follows an asset light model outsourcing ~55% of its products from a range of vendors
- Tie-ups with SSIs/self-help groups spread across southern India
- Blended manufacturing policy helps optimize capex and working capital requirements

Increasing market share across all product lines

- Leadership position in its flagship product, voltage stabilizers, with over 51% market share
- Successfully gained market share in all of its product categories
- Rapidly expanding market share in the non-South markets

Production Model



PVC Wires Factory



**Solar Water Heater
Factory**



Stabilizer Manufacturing Units

Product	No. of Units	Location
Own Manufacturing Facilities		
PVC Wiring Cables	2	Coimbatore, Kashipur
Pumps & Motors	1	Coimbatore
Fans	2	Himachal Pradesh, Uttarakhand
Water Heater	2	Himachal Pradesh, Sikkim
Solar Water Heaters	1	Perundurai
Stabilizers	2	Sikkim
Outsourced production facilities		
Stabilizers	57	Across India
Pumps	18	"
Fans	11	"
UPS	9	"

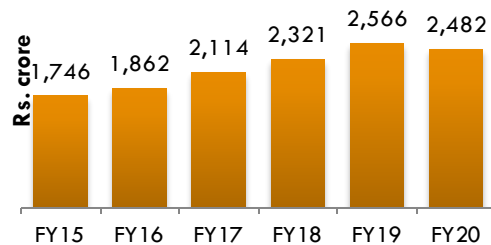
Outsourcing Objectives

- Asset light model outsourcing ~50% products
- Complete control over supply chain ecosystem
- R&D support to vendors' technical teams
- Quality assurance official posted at vendors' production units to ensure maintenance of quality
- Owns all its designs and moulds
- Helps procure raw material for the vendors, negotiating price with the supplier
- Tie-ups with SSIs/self-help groups across Southern India for flagship product, Stabilizers
- Blended manufacturing policy helps optimize capex and working capital requirements

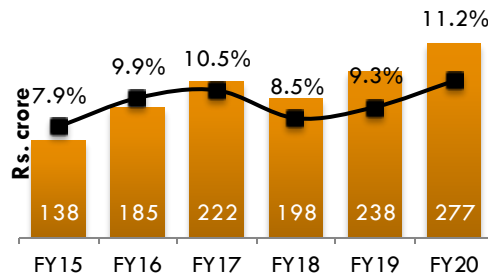
Financial Highlights (FY15-20)



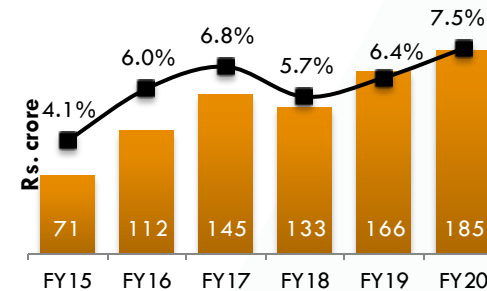
Revenue



EBITDA and EBITDA Margins

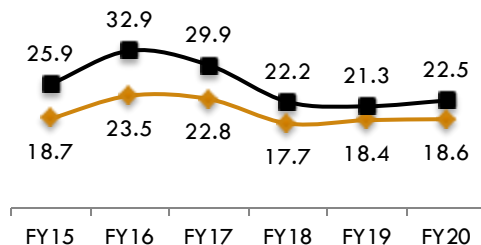


PAT and PAT Margins

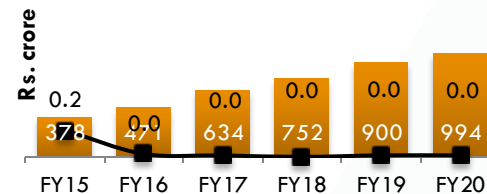


Note 1: Please note that consequent to the introduction of Goods and Service Tax (GST) with effect from July 01, 2017, Central Excise, Value Added Tax (VAT), etc. have been subsumed into GST. In accordance with Indian Accounting Standard - 18 on Revenue and Schedule III of the Companies Act, 2013, unlike Excise Duties, levies like GST, VAT, etc. are not part of Revenue. Hence, the revenue and growth calculations from FY18 onwards, are not strictly comparable with prior periods. **Note 2:** V-Guard underwent brand rejuvenation in Q4 FY18 where significant investments (Rs. 45 crore ATL spends) were made resulting in lower EBITDA & PAT for FY18.

ROE and ROCE



Net Worth and Gross D/E

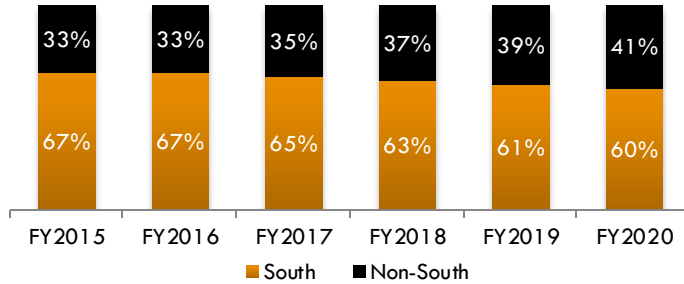


Note 3: V-Guard adopted Ind-AS framework starting FY18. Numbers for FY17 have been reinstated in compliance with Ind-AS to draw meaningful comparison. Prior period numbers are in IGAAP and not comparable.

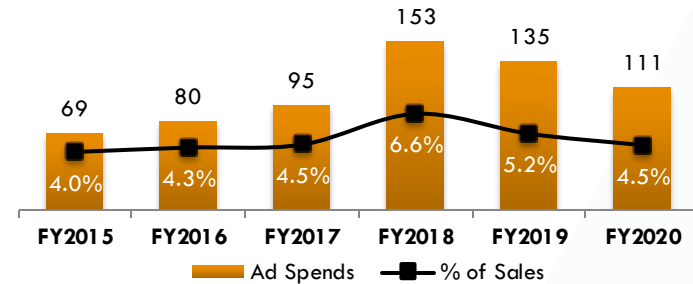
Operational Highlights (FY15-20)



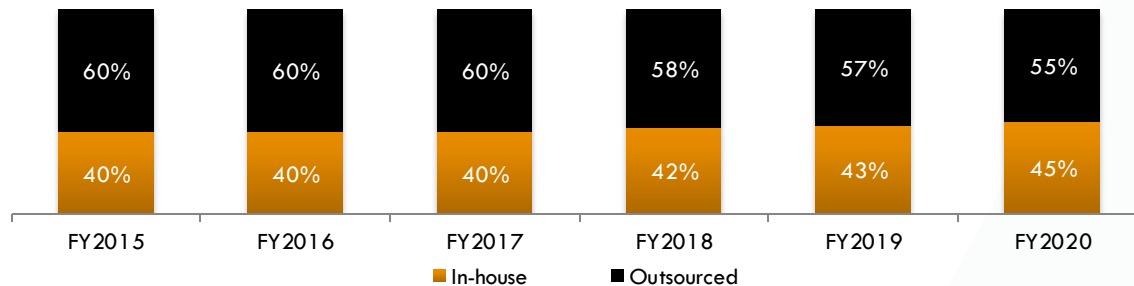
Expanding Geographic Presence



Ad & Promo Spends and as a % of Sales



In-house Manufacturing vs. Outsourcing



Key Product Segments



Products	STABILIZERS	PVC WIRES	COOKTOPS	MOTOR PUMPS
Key Players	Micro tech, Livguard, Bluebird, Capri, Logicstat, Premier, Everest	Polycab, Havells, Finloex, RR Cables, Anchor	Prestige, Bajaj Electrials, TTK Prestige, Preethi, Butterfly	Crompton Greaves, Kirloskar, CRI, Texmo
Production Model	62% Outsourced	100% In-House	100% Outsourced	90% Outsourced
Distribution Channel Strategy	Consumer Durable stores, Electrical and Hardware Stores	Electrical and Hardware Stores	Consumer Durables / Kitchen Appliances stores	Electrical and hardware Stores, Pump and Pipe fittings Stores

Key Product Segments



Products	WATER HEATERS	FANS	UPS	Digital UPS
Key Players	A.O. Smith, Racold, Bajaj, Venus, Crompton Greaves, Usha	Crompton, Usha, Bajaj Electricals, Havells, Orient	Numeric, APC, Emerson	Microtek, Luminous, Su-Kam, Exide
Production Model	55% Outsourced	90% Outsourced	100% Outsourced	100% Outsourced
Distribution Channel Strategy	Consumer Durable stores, Electrical and Hardware Stores	Consumer Durable stores, Electrical and Hardware Stores	Consumer Durable stores	Consumer Durable stores, Electrical and Hardware stores, Battery Retail stores

Key Product Segments



Products	SOLAR WATER HEATER	SWITCHGEAR	GAS STOVES	MIXER GRINDERS
Key Players	Racold, Emmvee Solar, Sudarshan, Supreme	Havells, Legrand, L&T, ABB	Butterfly (glass top), Sun Flame (steel)	Preethi, Bajaj Electricals, Butterfly, Panasonic
Production Model	100% In-House	100% Outsourced	100% Outsourced	100% Outsourced
Distribution Channel Strategy	Direct Marketing Channel	Electrical stores	Consumer Durables / Kitchen Appliances stores	Consumer Durables / Kitchen Appliances stores

About V-Guard Industries

V-Guard Industries Limited (BSE:532953, NSE: VGUARD) is a Kochi based company, incepted in 1977 by Kochouseph Chittilapilly to manufacture and market Voltage stabilizers. The Company has since then established a strong brand name and aggressively diversified to become a multi-product Company catering to the Light Electricals sector manufacturing Voltage stabilizers, Invertors & Digital UPS systems, Pumps, House wiring cables, Electric water heaters, Fans, Solar water heaters and has also recently forayed into Induction cooktops, switchgears, modular switches, air coolers and mixer grinders.

V-Guard outsources 60% of its product profile while the rest are manufactured in – house while keeping a strong control in designs and quality. It has manufacturing facilities at Coimbatore (Tamil Nadu), Kashipur (Uttaranchal) and Kala Amb (Himachal Pradesh).

V-Guard has been a dominant player in the South market, though the last five years have also seen the Company expanding rapidly in the non-South geographies with their contribution increasing from 5% of total revenues in FY08 to around 39% of total revenues in FY19. Significant investments continue to be made to expand its distributor base in the non-South geographies, and become a dominant pan-India player.

V-Guard has a diversified client base and an extensive marketing & distribution network. Its client base differs from product to product and includes direct marketing agents, distributors and retailers. The Company today has a strong network of 31 branches spread across ~40,000+ retailers across the country.



For further information, please contact:

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THANK YOU