

02-02-2023

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

Sub :- Submission of Investor Presentation pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015.

Dear Sir & Madam,

Pursuant to Regulation 30 read with Para A of Part A of Schedule III of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, we hereby submit the earnings presentation on unaudited Financial Results of the Company for the quarter ended December 31, 2022.

Please take the above information on record.

Thanking you.

For V-Guard Industries Limited

Mithun K Chittilappilly
Managing Director
DIN: 00027610



V-Guard Industries

Q3 FY23 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.



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Managing Director's Message



Commenting on the performance for Q3 FY23, Mr. Mithun Chittilappilly, Managing Director – V-Guard Industries Limited said, “We have reported revenues of Rs. 981 crore in Q3FY23, higher by 1.4% on a year-on-year basis. Revenue growth has been impacted by the high base in the corresponding quarter of last year. Over the last 3 years, the CAGR in revenues is at 15.8%.

Within our segments, Consumer Durables led the growth trajectory for the quarter. This segment has now gained scale in topline and will begin to contribute more meaningfully to profitability going forward.

During the quarter, the South market de-grew by 5.2% y-o-y while the Non-South markets grew by 10.5% YoY. With continued strong growth from Non-South markets, they contributed 45.6% of total revenue in Q3 FY23, higher than 41.8% in Q3 FY22. We are making sustained progress in growing the business in the non-south markets and they are now making a sizeable contribution to the overall business performance.

Margins are still lower than pre-Covid levels especially in Durables, as we were holding more than normal inventories at a higher cost. There is also some impact from the changing mix of revenues as well as from A&P spends having returned to normal levels after two years of lower spending during Covid. With inventory levels having come down, we should see margins reverting to pre-Covid levels over the next two quarters.

We concluded the Sunflame acquisition in January. We have placed the initial set of people required to run the operations. In the next couple of months we expect to have the full management team in place and commence the integration process.”

Key Highlights – Q3 FY23



Revenue increased by 1.4% YoY in Q3 FY23

- Q3 FY23 revenue increased by 1.4% YoY to Rs. 980.8 crore
- South markets witnessed a YoY decline of 5.2% whereas Non-South markets witnessed YoY growth of 10.5%
- Non-South markets contributed to 45.6% of total revenues in Q3 FY23 as compared to 41.8% in Q3 FY22

EBITDA performance and PAT

- Gross margin contracted by 160 bps YoY, at 29.6% in Q3 FY23 due to effect of high-cost inventories in Consumer Durables segment and shift in revenue mix
- Ad/promotional spends, at 2.7% of revenues in Q3 FY23 as compared to 1.7% in Q3 FY22 have reverted to normative levels
- EBITDA at Rs. 65.9 crore in Q3 FY23 declined 24.2% YoY, as compared to Rs. 87.0 crore in Q3 FY22
- EBITDA margins contracted by 230 bps YoY, at 6.7% as compared to 9.0% in Q3 FY22
- Q3 FY23 PAT of Rs. 39.3 crore, decreased 27.1% YoY due to shift in revenue mix and higher other expenses

Robust cash flow generation and balance sheet

- CFO generation for 9M FY23 at Rs. 433.5 crore, improved significantly as compared to negative Rs. 83.5 crore for 9M FY22 on account of reduction in inventory to normative levels as guided earlier
- ROE and ROCE at 15.0% and 17.0%, respectively over the last 12 months
- Net cash of Rs. 339.6 crore on balance sheet as on 31st December 2022, as against Rs. 35.7 crore as on 31st December 2021

Acquisition of Sunflame Enterprises



- In line with V-Guard's strategy to become a significant player in the domestic Kitchen Appliances segment, the company acquired 100% shareholding of Sunflame Enterprises Private Limited (SEPL) on January 12, 2023 for an aggregate consideration of Rs. 680.33 Crores.
- Sunflame brand has a pan India presence with a strong brand recall. SEPL's wide portfolio, product development capabilities and the recently established state of-the-art integrated manufacturing facility provide the perfect opportunity for V-Guard to scale up its Kitchen Appliances business while also unlocking synergy benefits. SEPL offers a wide product portfolio including cooktops, chimneys, pressure cooker, mixer grinder and small kitchen appliances that caters to every consumer segment.
- This acquisition is a very good strategic fit and offers multiple levers for unlocking significant synergies in areas like geography, product portfolio and channels.

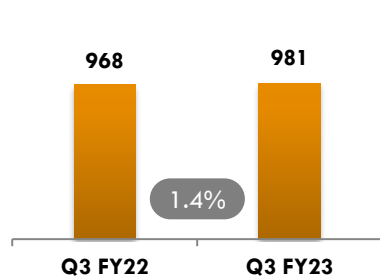
P&L Snapshot



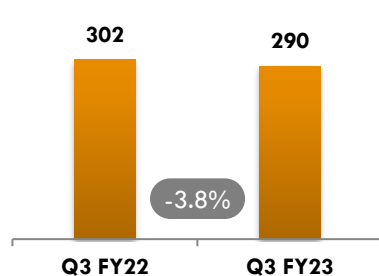
P&L Statement Particulars	Q3 FY23 (Rs. Cr)	Q3 FY22 (Rs. Cr)	Change %	Q2 FY23 (Rs. Cr)	9M FY23 (Rs. Cr)	9M FY22 (Rs. Cr)	Change %
Net Revenue	980.84	967.57	1.4%	986.55	2,985.90	2,441.02	22.3%
COGS	690.70	666.02	3.7%	697.73	2,101.28	1,663.95	26.3%
Gross Margin	29.6%	31.2%	-1.6%	29.3%	29.6%	31.8%	-2.2%
EBITDA (excluding other income)	65.88	86.96	-24.2%	73.13	221.26	228.24	-3.1%
as a % to Net Revenue (NR)	6.7%	9.0%	-2.3%	7.4%	7.4%	9.4%	-1.9%
Other Income (including finance income)	6.03	2.51	140.7%	2.87	13.81	8.08	70.8%
EBITDA including other income	71.91	89.47	-19.6%	76.01	235.06	236.33	-0.5%
as a % to NR	7.3%	9.2%	-1.9%	7.7%	7.9%	9.7%	-1.8%
PBT	52.84	74.18	-28.8%	59.16	183.67	193.98	-5.3%
as a % to NR	5.4%	7.7%	-2.3%	6.0%	6.2%	7.9%	-1.8%
PAT	39.29	53.92	-27.1%	43.66	136.32	138.86	-1.8%
as a % to NR	4.0%	5.6%	-1.6%	4.4%	4.6%	5.7%	-1.1%

Financial Highlights (Q3 FY23 vs. Q3 FY22)

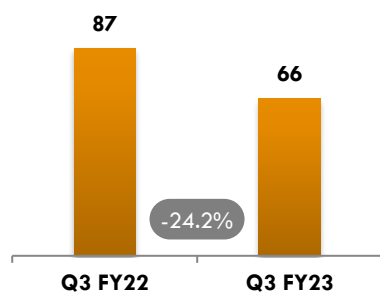
Total Income (Rs. crore)



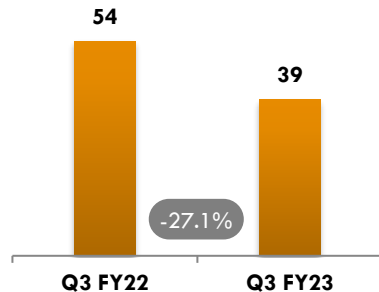
Gross Profit



EBITDA (Rs. crore)



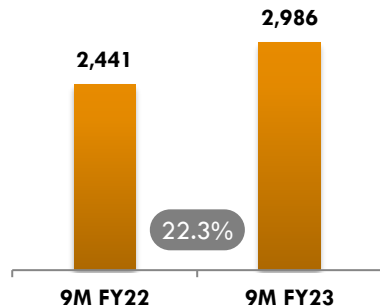
PAT (Rs. crore)



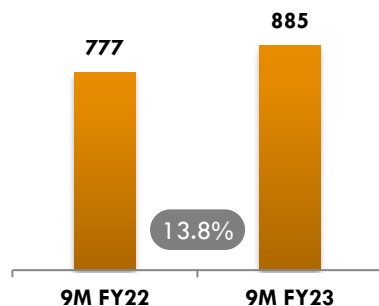
Key ratios (%)	Q3 FY23	Q3 FY22
Gross Margin	29.6%	31.2%
EBITDA Margin (excl. other income)	6.7%	9.0%
Net Margin	4.0%	5.6%
Ad & Promotion Exp./ Total Revenues	2.7%	1.7%
Employee Cost/ Total Operating Income	7.9%	7.8%
Other Expenditure/ Total Operating Income	15.0%	14.4%
Tax rate	25.7%	27.3%
Diluted EPS (Rs.)	0.90	1.22

Financial Highlights (9M FY23 vs. 9M FY22)

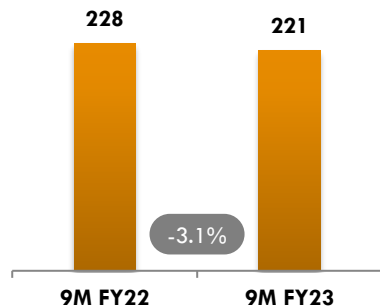
Total Income (Rs. crore)



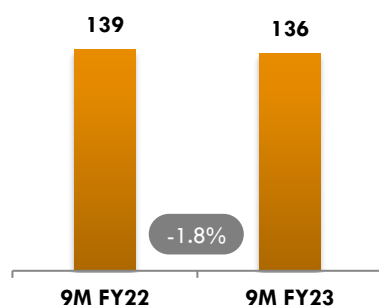
Gross Profit



EBITDA (Rs. crore)



PAT (Rs. crore)



Key ratios (%)	9M FY23	9M FY22
Gross Margin	29.6%	31.8%
EBITDA Margin (excl other income)	7.4%	9.4%
Net Margin	4.6%	5.7%
Ad & Promotion Exp./ Total Revenues	2.3%	1.8%
Employee Cost/ Total Operating Income	7.5%	8.4%
Other Expenditure/ Total Operating Income	14.8%	14.1%
Tax rate	25.8%	28.4%
Diluted EPS (Rs.)	3.13	3.18

Financial Highlights – Balance Sheet Perspective



Balance Sheet Snapshot (Rs. Cr)	31 December 2022	30 September 2022	31 December 2021
Net Worth	1,503.3	1,460.4	1,311.0
Gross Debt	116.7	10.0	10.0
Current Investments	325.5	100.6	0.0
Cash & Cash Equivalents (inc. bank balance)	130.8	69.5	45.7
Net Cash Position (Rs. crore)	339.6	160.1	35.7
Fixed Assets	416.2	401.2	354.4

Balance Sheet Snapshot (Rs. Cr)	31 December 2022	30 September 2022	31 December 2021
Debtor (days)*	34	34	38
Inventory (days)*	92	105	134
Creditor (days)*	56	50	71
Working Capital Turnover (days)	70	89	101
RoE* (%)	15.0%	16.4%	17.1%
RoCE* (%)	17.0%	20.4%	22.0%

Note: *Calculations are on a **trailing twelve month basis**

Based on Consolidated Financials

Segment-wise Breakup – Q3 FY23 vs. Q3 FY22



Segment Revenue	Q3 FY23 (Rs. Cr)	Contribution (%)	Q3 FY22 (Rs. Cr)	Contribution (%)	YoY growth (%)
Electronics	191.35	19.5%	199.91	20.7%	-4.3%
Electricals	435.82	44.4%	429.23	44.4%	1.5%
Consumer Durables	353.67	36.1%	338.43	35.0%	4.5%
Grand Total	980.84	100.0%	967.57	100.0%	1.4%

Segment Result	Q3 FY23 (Rs. Cr)	Margin (%)	Q3 FY22 (Rs. Cr)	Margin (%)	YoY growth (%)
Electronics	22.16	11.6%	33.76	16.9%	-34.4%
Electricals	39.67	9.1%	35.53	8.3%	11.7%
Consumer Durables	-4.47	-1.3%	9.58	2.8%	-146.7%
Grand Total	57.37	5.8%	78.87	8.2%	-27.3%

Electronics – Stabilizers, UPS, Inverters

Electricals – Wires, Pumps, Switchgears, Modular Switches

Consumer Durables – Fans, Water Heaters, Kitchen Appliances, Air Coolers

Segment-wise Breakup – 9M FY23 vs. 9M FY22



Segment Revenue	9M FY23 (Rs. Cr)	Contribution (%)	9M FY22 (Rs. Cr)	Contribution (%)	YoY growth (%)
Electronics	722.27	24.2%	568.24	23.3%	27.1%
Electricals	1,273.53	42.7%	1,104.94	45.3%	15.3%
Consumer Durables	990.10	33.2%	767.84	31.5%	28.9%
Grand Total	2,985.90	100.0%	2,441.02	100.0%	22.3%

Segment Result	9M FY23 (Rs. Cr)	Margin (%)	9M FY22 (Rs. Cr)	Margin (%)	YoY growth (%)
Electronics	98.33	13.6%	93.68	16.5%	5.0%
Electricals	90.82	7.1%	103.06	9.3%	-11.9%
Consumer Durables	9.03	0.9%	12.14	1.6%	-25.6%
Grand Total	198.18	6.6%	208.89	8.6%	-5.1%

Electronics – Stabilizers, UPS, Inverters

Electricals – Wires, Pumps, Switchgears, Modular Switches

Consumer Durables – Fans, Water Heaters, Kitchen Appliances, Air Coolers

Geographical Breakup of Revenues

Region	Q3 FY23 (Rs. Cr)	Contribution (%)	Q3 FY22 (Rs. Cr)	Contribution (%)	YoY growth (%)
South	533.93	54.4%	563.29	58.2%	-5.2%
Non-South	446.91	45.6%	404.28	41.8%	10.5%
Total Revenue	980.84	100%	967.57	100%	1.4%



Region	9M FY23 (Rs. Cr)	Contribution (%)	9M FY22 (Rs. Cr)	Contribution (%)	YoY growth (%)
South	1,639.21	54.9%	1,434.82	58.8%	14.2%
Non-South	1,346.69	45.1%	1,006.20	41.2%	33.8%
Total Revenue	2,985.90	100%	2,441.02	100%	22.3%







Annexure

Market Overview of V-Guard's Product Portfolio



Electronics	Product	Total Market Size (Rs. Crs.)	Indicative Org. Market Size (%)	Industry Growth Rate (%)	VG Share in Org. Market (%)	Key Players
	Stabilizers	1,700-1,800	55-60%	7-8%	42-45%	Microtek, Livguard, Bluebird
	DUPS & Battery	11,500 -12,000	65-70%	8-10%	4-6%	Luminous, Microtek, Exide

Electricals	Product	Total Market Size (Rs. Crs.)	Indicative Org. Market Size (%)	Industry Growth Rate (%)	VG Share in Org. Market (%)	Key Players
	House Wiring Cables	16,500 -17,000	62-65%	8-10%	6-8%	Polycab, Finolex, Havells
	Switchgears*	3,000-3,500	75-80%	8-10%	3-5%	Havells, Legrand, Schneider
	Modular Switches	6,000-6,500	70-75%	8-10%	**	Anchor, Legrand, Havells
	Pumps*	3,000-3,500	60-65%	5-8%	8-10%	Crompton, Kirloskar, CRI

*Market estimates of VG active product segments only | ** Recent entry/ Growth plan under activation

Market Overview of V-Guard's Product Portfolio

Appliances	Product	Total Market Size (Rs. Crs.)	Indicative Org. Market Size (%)	Industry Growth Rate (%)	VG Share in Org. Market (%)	Key Players
	Water Heaters	2,500-2,600	65-70%	10-12%	14-16%	Havells, Bajaj, Crompton, Racold
	Electric Fans	9,200-9,500	75-80%	8-10%	3-5%	Crompton, Usha, Havells, Orient Bajaj
	Solar Water Heaters	500-600	60-65%	6-8%	14-16%	Sudarshan Saur, Supreme Solar
	Air Coolers	4,500-5,000	30-35%	15-20%	**	Symphony, Bajaj, Voltas
	Kitchen Appliances - <ul style="list-style-type: none"> Mixer Grinders Gas Stoves Water Purifiers Other Small Kitchen Appliances# 	12,000-14,000	65-75%	8-10%	**	Mixer Grinders - Bajaj, Preethi, Prestige Gas Stoves - Stovekraft, Sunflame, Butterfly Water Purifiers - Eureka Forbes, Kent RO, HUL Pureit Others - Faber, Bajaj, Havells

Includes Induction Cooktop, Rice Cooker, Sandwich Makers, Toasters, Grills, Kettles, Chimneys, etc.

** Recent entry/ Growth plan under activation

About V-Guard Industries

V-Guard Industries Limited (BSE:532953, NSE: VGUARD) is a Kochi based company, founded 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, Digital UPS systems & Batteries, Pumps, House wiring cables, Switch gears, Modular switches, Electric water heaters, Fans, Solar water heaters, Air coolers and various Kitchen appliances.

V-Guard outsources ~ 50% 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 & Roorkee (Uttarakhand), Kala Amb (Himachal Pradesh) and Sikkim.

V-Guard has been a dominant player in the South market, though the last ten 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 42% of total revenues in FY22. Significant investments continue to be made to expand its outlet coverage 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 which cover ~40,000+ retailers across the country.



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THANK YOU