

October 28, 2021

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, 2021.

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 FY22 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 Q2 FY22, Mr. Mithun Chittilappilly, Managing Director – V-Guard Industries Limited said,** “During the second quarter, we have executed well to pick up further on the growth momentum seen in Q1 to post the highest ever quarterly turnover. Our top-line grew 46%, of which price growth contributed 20%. Our performance was driven by improving consumer demand across markets as the economy continued to open following the second-wave lockdowns in the months of April and May. We see the key theme of growing customer preference for quality, innovation and service driven products remaining intact as India reverts to normalized growth rates.

Q2 growth was broad-based with positive contribution coming from each product and geographical segment. However, the sharp increase in input costs has had some impact on gross margins. While we have taken pricing actions to offset a major part of the cost inflation, some more actions will follow in the ensuing months. Operating costs have also risen on a year-on-year basis. Here, it is important to note that in the corresponding quarter last year, there was a write back of ESOP-related costs and variable pay. Also, with the company operating in regular mode across most of the country, the cost base has increased in line with volumes. We also increased A&P spending that had previously remained subdued during the lockdown period.

During H1, there has been an increase in working capital as we maintained higher inventory levels to mitigate supply chain risks. Further, receivables are now back to normal levels with Q2 closing at 41 days’ revenues. We have now capitalized our subsidiary, V-Guard Consumer Products that will focus on expanding our in-house manufacturing set-up, thereby reducing reliance on imports and create higher efficiencies.

Going forward, we look forward to maintaining the momentum to drive revenue growth and margin expansion. We remain confident that the strength of our brand, distribution and products would allow constant traction and drive stakeholder value expansion.”

# Key Highlights – Q2 FY22



## Revenue increased by 46.4% YoY in Q2 FY22

- Q2 FY22 revenue increased by 46.4% YoY to Rs. 902.9 crore as markets recovered from the covid impact in Q1
- South and Non-South markets witnessed YoY growth of 44.9% and 48.8%, respectively
- Non-South markets contributed to 39.4% of total revenue in Q2 FY22, up from 38.8% in Q2 FY21

## EBITDA and PAT improve

- Gross margins contracted by 64 bps YoY, at 30.9% in Q2 FY22 based on raw material cost inflation
- Ad/promotional spends (exclusive of schemes) increased, at 1.5% of revenues in Q2 FY22 as compared to 0.5% in Q2 FY21
- Q2 FY22 PAT of Rs. 59.1 crore, increased 18.1% YoY; PAT margin at 6.5% as against 8.1% in Q2 FY21
- EBITDA increased to Rs. 93.6 crore in Q2 FY22 from Rs. 73.9 crore, up by 26.5%
- EBITDA margins at 10.4% as compared to 12.0% in Q2 FY21

## Cash flow generation and balance sheet

- CFO generation in H1 FY22 was at Rs. 26.2 crore on account of higher working capital, as debtor levels reverted to normal and higher inventory was maintained to address recent supply chain issues
- ROE and Core ROCE at 18.3% and 37.1% respectively for the trailing 12 months ended 30<sup>th</sup> September 2021
- Net cash of Rs. 184.9 crore on balance sheet as on 30<sup>th</sup> September 2021, as against Rs. 452.7 crore as on 30<sup>th</sup> September 2020

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

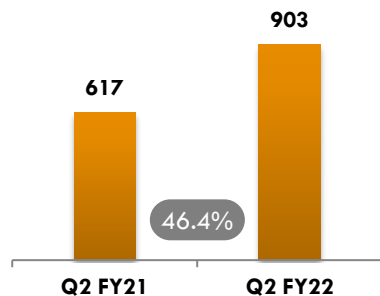
# P&L Snapshot



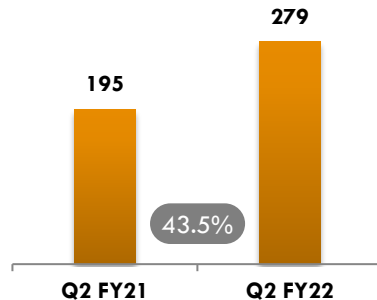
P&L Statement Particulars	Q2 FY22 (Rs. Cr)	Q2 FY21 (Rs. Cr)	Change %	Q1 FY22 (Rs. Cr)	H1 FY22 (Rs. Cr)	H1 FY21 (Rs. Cr)	Change %
Net Revenue	902.96	616.66	46.4%	560.72	1,463.69	1,022.49	43.1%
COGS	623.65	421.96	47.8%	375.57	999.22	709.22	40.9%
Gross Margin	30.9%	31.6%	-0.6%	33.0%	31.7%	30.6%	1.1%
EBITDA (excluding other income)	93.55	73.93	26.5%	43.36	136.92	82.99	65.0%
as a % to Net Revenue (NR)	10.4%	12.0%	-1.6%	7.7%	9.4%	8.1%	1.2%
Other Income (including finance income)	2.73	6.63	-58.8%	3.97	6.70	11.32	-40.8%
EBITDA including other income	96.28	80.55	19.5%	47.33	143.61	94.31	52.3%
as a % to NR	10.7%	13.1%	-2.4%	8.4%	9.8%	9.2%	0.6%
PBT	82.44	71.15	15.9%	34.91	117.35	75.94	54.5%
as a % to NR	9.1%	11.5%	-2.4%	6.2%	8.0%	7.4%	0.6%
PAT	59.06	50.01	18.1%	24.63	83.69	53.63	56.0%
as a % to NR	6.5%	8.1%	-1.6%	4.4%	5.7%	5.2%	0.5%

# Financial Highlights (Q2 FY22 vs. Q2 FY21)

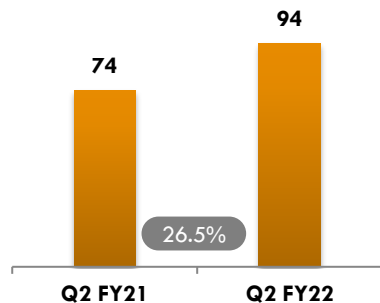
**Total Income (Rs. crore)**



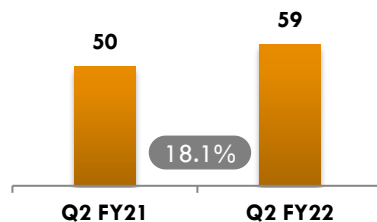
**Gross Profit**



**EBITDA (Rs. crore)**



**PAT (Rs. crore)**

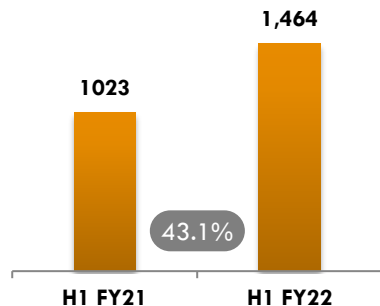


Key ratios (%)	Q2 FY22	Q2 FY21
Gross Margin	30.9%	31.6%
EBITDA Margin (excl. other income)	10.4%	12.0%
Net Margin	6.5%	8.1%
Ad & Promotion Exp. (excl. schemes)/ Total Revenues	1.5%	0.5%
Employee Cost/ Total Operating Income	7.8%	8.1%
Other Expenditure/ Total Operating Income	12.7%	11.4%
Tax rate	28.4%	29.7%
Diluted EPS (Rs.)	1.36	1.16

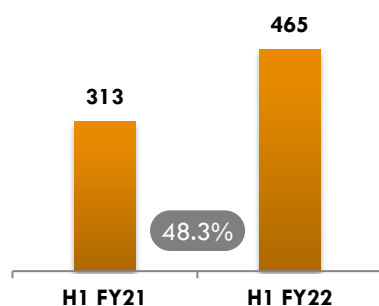


# Financial Highlights (H1 FY22 vs H1 FY21)

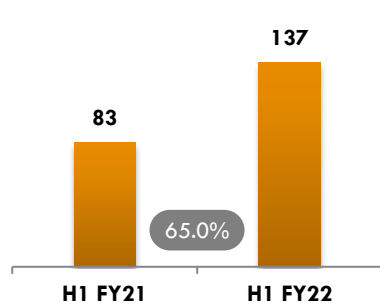
**Total Income (Rs. crore)**



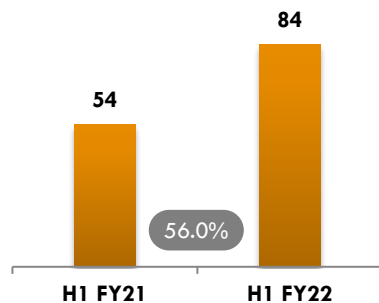
**Gross Profit**



**EBITDA (Rs. crore)**



**PAT (Rs. crore)**



Key ratios (%)	H1 FY22	H1 FY21
Gross Margin	31.7%	30.6%
EBITDA Margin (excl other income)	9.4%	8.1%
Net Margin	5.7%	5.2%
Ad & Promotion Exp. (excl. schemes)/ Total Revenues	1.9%	0.6%
Employee Cost/ Total Operating Income	8.8%	10.3%
Other Expenditure/ Total Operating Income	13.6%	12.3%
Tax rate	28.7%	29.4%
Diluted EPS (Rs.)	1.93	1.24

# Financial Highlights – Balance Sheet Perspective



Balance Sheet Snapshot (Rs. Cr)	30 September 2021	30 June 2021	30 September 2020
Net Worth	1249.0	1,236.1	1050.2
Gross Debt	10	10	10.0
Current Investments	5.02	0.0	0.0
Cash & Cash Equivalents (inc. bank balance)	189.9	164.0	462.7
Net Cash Position (Rs. crore)	184.9	154.0	452.7
Fixed Assets	391.3	379.1	334.6

Balance Sheet Snapshot (Rs. Cr)	30 September 2021	30 June 2021	30 September 2020
Debtor (days)*	41	35	31
Inventory (days)*	125	123	96
Creditor (days)*	81	52	74
Working Capital Turnover (days)	84	106	53
RoE* (%)	18.3%	17.8%	12.3%
Core RoCE* (%)	37.1%	28.4%	23.3%

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 FY22 vs. Q2 FY21



Segment Revenue	Q2 FY22 (Rs. Cr)	Contribution (%)	Q2 FY21 (Rs. Cr)	Contribution (%)	YoY growth (%)
Electronics	209.2	23.2%	171.0	27.7%	22.3%
Electricals	414.4	45.9%	282.3	45.8%	46.8%
Consumer Durables	279.4	30.9%	163.4	26.5%	71.0%
<b>Grand Total</b>	<b>903.0</b>	<b>100.0%</b>	<b>616.7</b>	<b>100.0%</b>	<b>46.4%</b>

Segment Result	Q2 FY22 (Rs. Cr)	Margin (%)	Q2 FY21 (Rs. Cr)	Margin (%)	YoY growth (%)
Electronics	40.1	19.1%	30.6	17.9%	31.1%
Electricals	40.4	9.8%	26.6	9.4%	51.9%
Consumer Durables	8.5	3.0%	13.6	8.3%	-37.8%
<b>Grand Total</b>	<b>89.0</b>	<b>9.9%</b>	<b>70.8</b>	<b>11.5%</b>	<b>25.7%</b>

Electronics – Stabilizers, UPS, Inverters

Electricals – Wires, Pumps, Switchgears, Modular Switches

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

# Segment-wise Breakup – H1 FY22 vs H1 FY21



Segment Revenue	H1 FY22 (Rs. Cr)	Contribution (%)	H1 FY21 (Rs. Cr)	Contribution (%)	YoY growth (%)
Electronics	368.1	25.2%	308.7	30.2%	19.3%
Electricals	666.4	45.5%	465.0	45.5%	43.3%
Consumer Durables	429.1	29.3%	248.9	24.3%	72.4%
<b>Grand Total</b>	<b>1,463.7</b>	<b>100.0%</b>	<b>1,022.5</b>	<b>100.0%</b>	<b>43.1%</b>

Segment Result	H1 FY22 (Rs. Cr)	Margin (%)	H1 FY21 (Rs. Cr)	Margin (%)	YoY growth (%)
Electronics	60.8	16.5%	39.9	12.9%	52.3%
Electricals	64.1	9.6%	32.2	6.9%	99.4%
Consumer Durables	2.6	0.6%	4.9	2.0%	-47.8%
<b>Grand Total</b>	<b>127.5</b>	<b>8.7%</b>	<b>77.0</b>	<b>7.5%</b>	<b>65.6%</b>

Electronics – Stabilizers, UPS, Inverters

Electricals – Wires, Pumps, Switchgears, Modular Switches

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

# Geographical Breakup of Revenues



Region	Q2 FY22 (Rs. Cr)	Contribution (%)	Q2 FY21 (Rs. Cr)	Contribution (%)	YoY growth (%)
South	547.3	60.6%	377.6	61.2%	44.9%
Non-South	355.6	39.4%	239.0	38.8%	48.8%
<b>Total Revenue</b>	<b>903.0</b>	<b>100%</b>	<b>616.7</b>	<b>100%</b>	<b>46.4%</b>





Region	H1 FY22 (Rs. Cr)	Contribution (%)	H1 FY21 (Rs. Cr)	Contribution (%)	YoY growth (%)
South	865.8	59.1%	614.1	60.1%	41.0%
Non-South	597.9	40.9%	408.4	39.9%	46.4%
<b>Total Revenue</b>	<b>1,463.7</b>	<b>100.0%</b>	<b>1,022.5</b>	<b>100.0%</b>	<b>43.1%</b>



# 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
	<b>Stabilizers</b>	1,700-1,800	55-60%	7-8%	42-45%	Microtek, Livguard, Bluebird
	<b>DUPS &amp; Battery</b>	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
	<b>House Wiring Cables</b>	16,500 -17,000	62-65%	8-10%	6-8%	Polycab, Finolex, Havells
	<b>Switchgears*</b>	3,000-3,500	75-80%	8-10%	3-5%	Havells, Legrand, Schneider
	<b>Modular Switches</b>	6,000-6,500	70-75%	8-10%	**	Anchor, Legrand, Havells
	<b>Pumps*</b>	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
	<b>Water Heaters</b>	2,500-2,600	65-70%	10-12%	14-16%	Havells, Bajaj, Crompton, Racold
	<b>Electric Fans</b>	9,200-9,500	75-80%	8-10%	3-5%	Crompton, Usha, Havells, Orient Bajaj
	<b>Solar Water Heaters</b>	500-600	60-65%	6-8%	14-16%	Sudarshan Saur, Supreme Solar
	<b>Air Coolers</b>	4,500-5,000	30-35%	15-20%	**	Symphony, Bajaj, Voltas
	<b>Kitchen Appliances -</b> <ul style="list-style-type: none"> <li>Mixer Grinders</li> <li>Gas Stoves</li> <li>Water Purifiers</li> <li>Other Small Kitchen Appliances#</li> </ul>	12,000-14,000	65-75%	8-10%	**	<b>Mixer Grinders -</b> Bajaj, Preethi, Prestige <b>Gas Stoves -</b> Stovekraft, Sunflame, Butterfly <b>Water Purifiers -</b> Eureka Forbes, Kent RO, HUL Pureit <b>Others -</b> 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 FY21. 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.



*For further information, please contact:*

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**THANK YOU**