

BUY**TP: Rs 410 | ▲ 23%****V-GUARD INDUSTRIES**

| Consumer Durables

| 30 January 2026

In-line performance; margin resilience on cost control

- Revenue/EBITDA was 2%/3% above estimates. Q2 revenue grew 11% YoY, while EBITDA grew 18% YoY
- Electricals and CD grew 26%/5% YoY respectively, while Electronics remained flat amid the weakness in stabiliser
- Rolling forward to Dec'27 EPS, we retain 40x to arrive at a TP of Rs 410. Upgrade to **BUY**, given the meaningful upside

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Performance improves; cost control supports margin expansion: Q3FY26
 revenue grew 11% YoY to Rs 14.0bn (~2% vs estimates), driven by strong growth in Electricals, supported by higher copper prices and volume expansion. While Consumer Durables posted mid-single-digit growth, Electronics was flat YoY, and Sunflame declined, reflecting category-specific softness. Gross margin contracted 70bps YoY on adverse mix; however, lower ad spends and controlled operating expenses supported 18% YoY growth in EBITDA. Reported PAT declined 5% YoY, owing to a one-time exceptional charge related to the adoption of new labour codes.

Electricals drives growth; Electronics remains mixed amid stabiliser weakness: Consumer Durables revenue grew ~5% YoY, led by healthy traction in water heaters. Fans and cooling products remained subdued, reflecting continued weakness in the summer-led categories. Electricals delivered strong ~26% YoY growth, driven by volume expansion and higher copper prices, with broad-based strength across wires, pumps, switchgears, and modular switches. Electronics segment reported flat YoY revenues, as the demand for stabilisers continued to be weak, partially offset by a continued traction in inverters, solar inverters, rooftop solar, and battery products. Management expects a recovery in stabilisers and air coolers in the upcoming summer, supported by a low base and early indications of warmer temperatures in southern markets.

Sunflame under pressure; integration largely complete: Sunflame revenues declined ~10% YoY, driven by continued CSD channel softness and a slower product refresh cycle. Management indicated that operational integration is largely complete, with sales, service, and supply-chain integration progressing. Further, management expects gradual recovery as new products are rolled out over the coming quarters, supported by improved execution and stable gross margins.

Tweak estimates; upgrade to BUY: We have tweaked our estimates to reflect the latest demand and margin outlook and roll forward our valuation to Dec'26. We ascribe unchanged 40x to Dec'27 EPS to arrive at a revised TP of Rs 410. Given a meaningful upside, we upgrade the stock to **BUY**.

Key changes

	Target	Rating
	▲	▲

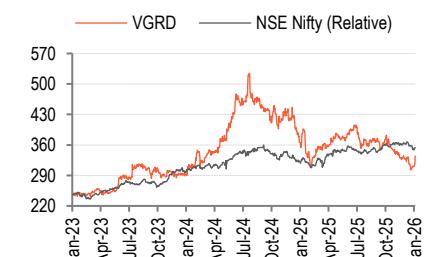
Ticker/Price	VGRD IN/Rs 335
Market cap	US\$ 1.6bn
Free float	44%
3M ADV	US\$ 1.5mn
52wk high/low	Rs 410/Rs 298
Promoter/FPI/DII	56%/13%/19%

Source: NSE | Price as of 29 Jan 2026

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	55,778	59,529	67,679
EBITDA (Rs mn)	5,132	5,433	6,637
Adj. net profit (Rs mn)	3,137	3,217	3,982
Adj. EPS (Rs)	7.3	7.4	9.2
Adj. ROAE (%)	16.0	14.5	16.0
Adj. P/E (x)	46.1	44.9	36.3
EV/EBITDA (x)	28.2	26.6	21.8
Adj. EPS growth (%)	21.8	2.5	23.8

Source: Company, Bloomberg, BOBCAPS Research

Stock performance

Source: NSE



Fig 1 – Quarterly & 9MFY26 financial snapshot

Particulars (Rs mn)	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	9MFY26	9MFY25	YoY (%)	Q3FY26E	Var (%)
Revenue	14,035	12,687	11	13,409	5	42,105	40,397	4	13,718	2
EBITDA	1,232	1,041	18	1,093	13	3,560	3,702	(4)	1,195	3
EBITDA Margin (%)	8.8	8.2	60bps	8.1	60bps	8.5	9.2	(70bps)	8.7	10bps
Depreciation	265	250		270		798	689		263	1
Interest	30	58		21		94	220		40	(26)
Other Income	57	54		49		159	164		65	(12)
PBT	994	787	26	851	17	2,828	2,957	(4)	907	10
Tax	203	185		198		645	731		225	(10)
Adjusted PAT	792	602	31	653	21	2,183	2,226	(2)	682	16
Exceptional item	221	-		-		221.0	0.0		-	
Reported PAT	571	602	(5)	653	(13)	1,962	2,226	(12)	682	(16)
Adj. PAT Margin (%)	5.6	4.7	90bps	4.9	80bps	4.7	5.5	(80bps)	5.0	70bps
EPS (Rs)	1.8	1.4	30	1.5	21	5.0	5.1	(3)	1.6	16.1

Source: Company, BOBCAPS Research

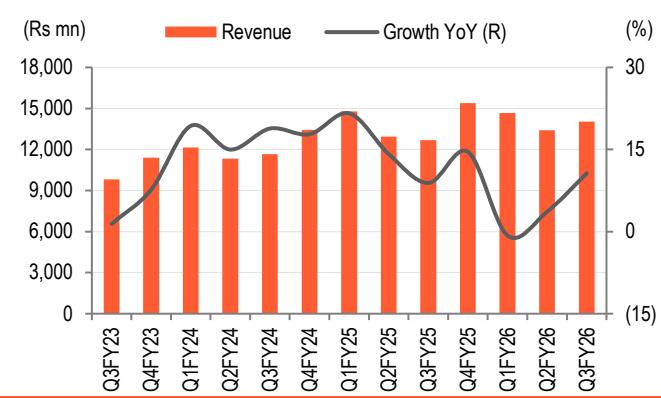
Fig 2 – Segmental performance

Particulars (Rs mn)	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	9MFY26	9MFY25	YoY (%)
Segment revenue								
Consumer Durables	4,441	4,248	5	3,961	12	11,898	12,347	(4)
Electricals	6,020	4,786	26	5,626	7	16,893	15,039	12
Electronics	2,860	2,860	0	3,191	(10)	11,413	11,021	4
Sunflame	715	794	(10)	631	13	1,901	1,991	(4)
EBIT								
Consumer Durables	194	177	10	69	180	191	555	(66)
EBIT Margin (%)	4.4	4.2	21bps	1.7	262bps	1.6	4.5	(289bps)
Electricals	721	429	68	650	11	1845	1412	31
EBIT Margin (%)	12.0	9.0	301bps	11.6	43bps	10.9	9.4	153bps
Electronics	478	562	(15)	549	(13)	2075	2192	(5)
EBIT Margin (%)	16.7	19.6	(293bps)	17.2	(48bps)	18.2	19.9	(170bps)
Sunflame	26	22	17	41	(38)	91	58	58
EBIT Margin (%)	3.6	2.8	82bps	6.5	(295bps)	4.8	2.9	189bps

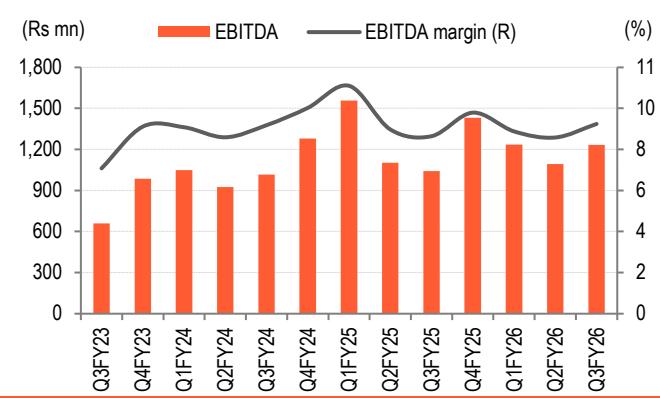
Source: Company, BOBCAPS Research

Earnings Call Highlights

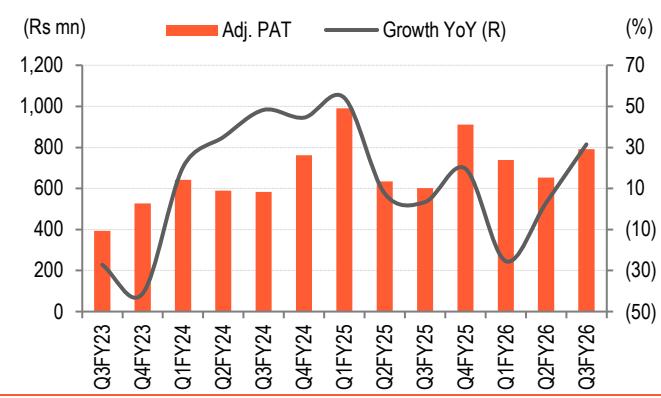
- Regional performance skewed towards the South, while non-south markets were muted due to a high base in summer categories last year, particularly in the East. Competitive intensity remains unchanged, with no indication of market share loss.
- Employee costs fell YoY and QoQ, driven by a reversal of variable pay provisions, following the customary Q3 review based on a 9-month performance visibility.
- Management indicated stabiliser pricing impact is limited (~1.5-2%), with inflation largely manageable. High-performance copper models see higher impact, while aluminium/BLDC designs are less affected.
- Wires witnessed strong value growth, with ~20% YoY price growth and ~10% volume growth in December, aided by retailer up-stocking amid rising copper prices.
- Price hikes have been initiated across select categories, with further calibrated increases planned during Jan-Mar (typically 2-3%), to mitigate input cost inflation. Wires continue to follow a dynamic pricing model, passing through copper price movements with a lag.
- Fan segment is witnessing sharp cost inflation, especially in copper-based induction models, necessitating higher price hikes ahead of the new energy norms effective Jan'26. BLDC and aluminium-based models face relatively lower inflation, supporting mix shift.
- Capex focus unchanged, with investments underway in fan manufacturing and battery facilities, aimed at increasing in-house manufacturing and improving cost competitiveness.
- Management noted that kitchen appliance products refresh cycles take ~18 months and delay the impacted performance. With integration largely complete and new launches underway, execution challenges are largely behind the company.
- Solar and rooftop inverter demand remains resilient, with management indicating no slowdown in the category and a positive medium-term outlook, given the strong industry growth.
- EBITDA margin outlook remains constructive, with management reiterating the potential for double-digit margins, if growth normalises and commodity inflation stabilises; supported by scale benefits and operating discipline.

Fig 3 – Revenue growth trend

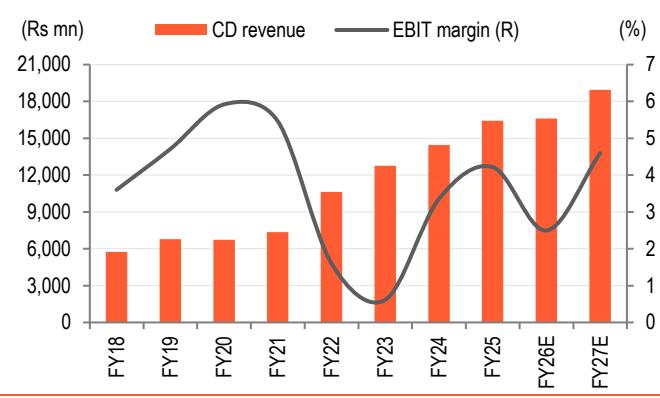
Source: Company, BOBCAPS Research

Fig 4 – EBITDA growth trend

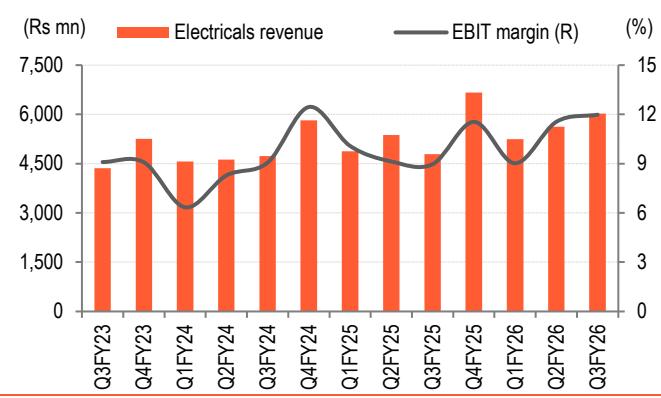
Source: Company, BOBCAPS Research

Fig 5 – PAT growth trend

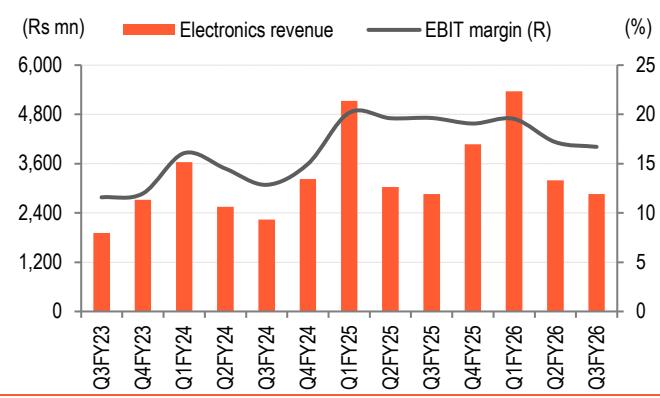
Source: Company, BOBCAPS Research

Fig 6 – Consumer Durables performance

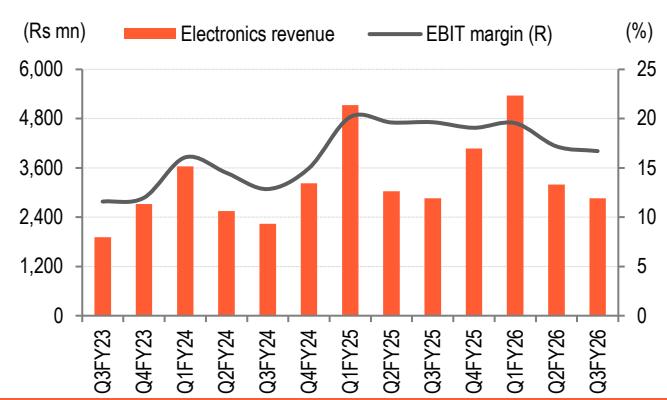
Source: Company, BOBCAPS Research

Fig 7 – Electricals business performance

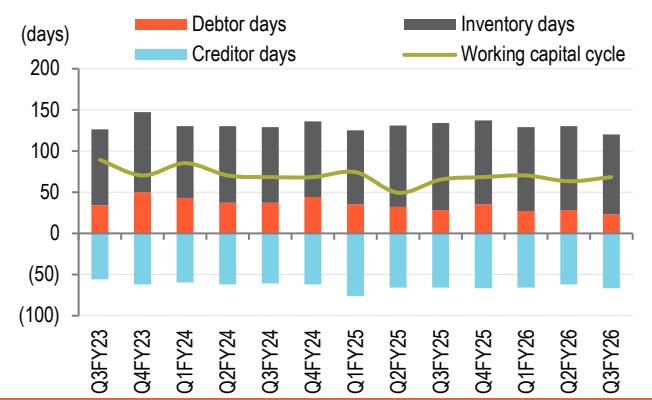
Source: Company, BOBCAPS Research

Fig 8 – Electronics business performance

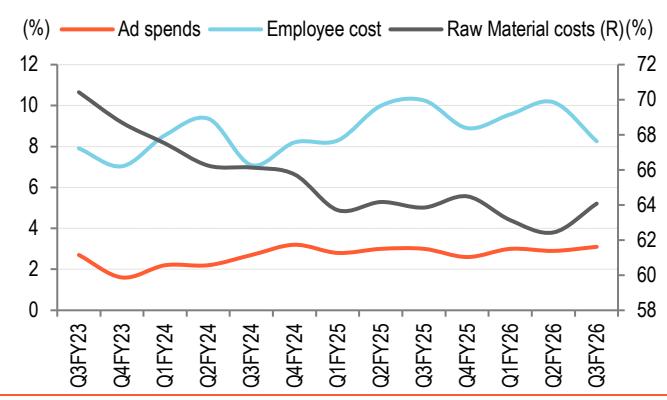
Source: Company, BOBCAPS Research

Fig 9 – Capital levels

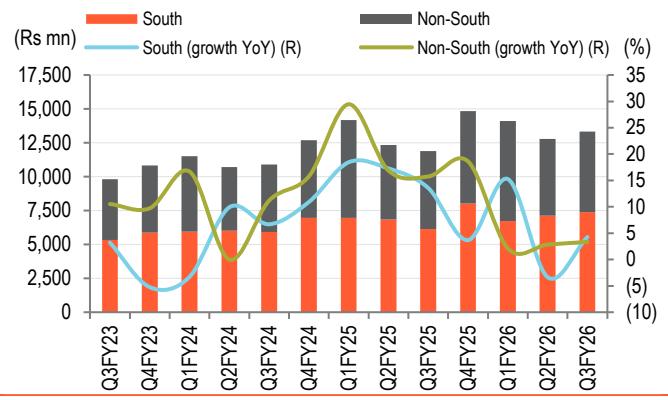
Source: Company, BOBCAPS Research

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 revise our estimates to reflect the latest demand and margin outlook and roll forward our valuation to Dec'26. We ascribe a 40x multiple to Dec'27 EPS to arrive at a revised TP of Rs 410 and upgrade the stock to BUY.

Fig 13 – VGRD 1YF PE band chart

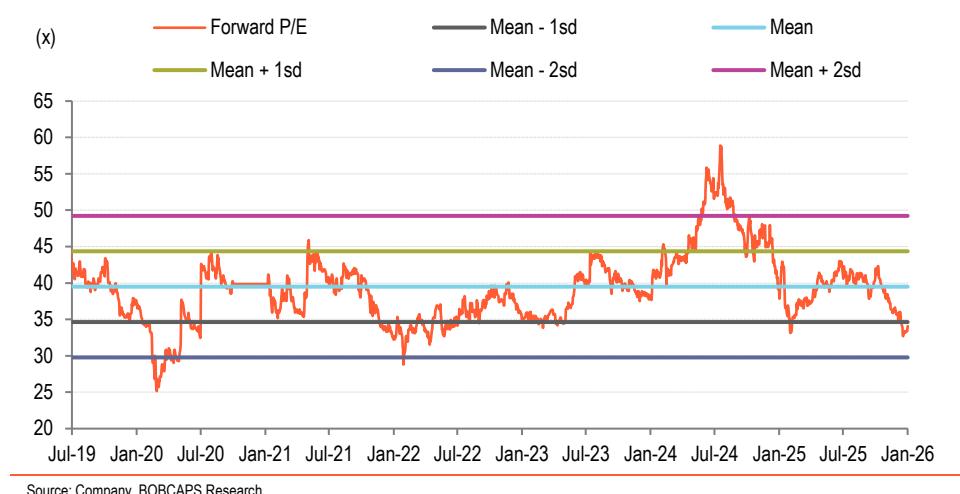


Fig 14 – Revised estimates

(Rs mn)	New			Old			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	59,529	67,679	76,181	58,737	67,035	75,778	1	1	1
EBITDA	5,433	6,637	7,573	5,305	6,678	7,638	2	(1)	(1)
EBITDA margin (%)	9.1	9.8	9.9	9.0	10.0	10.1	10bps	(16bps)	(14bps)
PAT	3,217	3,982	4,549	3,121	4,013	4,598	3	(1)	(1)

Source: BOBCAPS Research

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Total revenue	48,567	55,778	59,529	67,679	76,181
EBITDA	4,267	5,132	5,433	6,637	7,573
Depreciation	809	957	1,049	1,180	1,295
EBIT	3,458	4,176	4,385	5,457	6,277
Net interest inc./exp.)	(395)	(245)	(160)	(180)	(180)
Other inc./exp.)	340	209	261	313	376
Exceptional items	0	0	0	0	0
EBT	3,403	4,140	4,284	5,323	6,081
Income taxes	827	1,002	1,067	1,342	1,533
Extraordinary items	0	0	0	0	0
Min. int./inc. from assoc.	0	0	0	0	0
Reported net profit	2,576	3,137	3,217	3,982	4,549
Adjustments	0	0	0	0	0
Adjusted net profit	2,576	3,137	3,217	3,982	4,549

Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Accounts payables	5,500	6,570	8,970	10,198	11,479
Other current liabilities	2,983	3,552	3,791	4,310	4,851
Provisions	0	0	0	0	0
Debt funds	2,910	108	500	600	600
Other liabilities	2,078	2,174	2,174	2,174	2,174
Equity capital	434	436	436	436	436
Reserves & surplus	17,708	20,543	22,938	26,099	29,827
Shareholders' fund	18,142	20,978	23,374	26,535	30,263
Total liab. and equities	31,613	33,382	38,809	43,817	49,367
Cash and cash eq.	574	645	2,095	3,011	5,596
Accounts receivables	5,958	5,423	7,176	9,642	10,853
Inventories	8,118	9,973	12,232	13,721	15,445
Other current assets	1,724	1,484	1,584	1,801	2,027
Investments	0	0	0	0	0
Net fixed assets	5,131	5,297	5,648	5,568	5,373
CWIP	248	486	0	0	0
Intangible assets	8,334	8,447	8,447	8,447	8,447
Deferred tax assets, net	0	0	0	0	0
Other assets	1,525	1,627	1,627	1,627	1,627
Total assets	31,613	33,382	38,809	43,817	49,367

Cash Flows

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operations	3,927	4,770	2,793	2,737	4,506
Capital expenditures	(1,274)	(1,198)	(1,400)	(1,100)	(1,100)
Change in investments	(200)	270	0	0	0
Other investing cash flows	(52)	(41)	486	0	0
Cash flow from investing	(1,526)	(969)	(914)	(1,100)	(1,100)
Equities issued/Others	0	80	0	0	0
Debt raised/repaid	(1,296)	(2,802)	392	100	0
Interest expenses	0	0	0	0	0
Dividends paid	(1,026)	(1,053)	(821)	(821)	(821)
Other financing cash flows	0	0	0	0	0
Cash flow from financing	(2,322)	(3,775)	(429)	(721)	(821)
Chg in cash & cash eq.	79	25	1,450	916	2,585
Closing cash & cash eq.	574	645	2,095	3,011	5,596

Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
Reported EPS	6.0	7.3	7.4	9.2	10.5
Adjusted EPS	6.0	7.3	7.4	9.2	10.5
Dividend per share	1.4	1.5	1.9	1.9	1.9
Book value per share	42.0	48.5	54.1	61.4	70.0

Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
EV/Sales	3.0	2.6	2.4	2.1	1.9
EV/EBITDA	33.9	28.2	26.6	21.8	19.1
Adjusted P/E	56.1	46.1	44.9	36.3	31.8
P/BV	8.0	6.9	6.2	5.4	4.8

DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Tax burden (Net profit/PBT)	75.7	75.8	75.1	74.8	74.8
Interest burden (PBT/EBIT)	98.4	99.1	97.7	97.6	96.9
EBIT margin (EBIT/Revenue)	7.1	7.5	7.4	8.1	8.2
Asset turnover (Rev./Avg TA)	9.5	10.5	10.5	12.2	14.2
Leverage (Avg TA/Avg Equity)	0.3	0.3	0.3	0.2	0.2
Adjusted ROAE	15.1	16.0	14.5	16.0	16.0

Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
YoY growth (%)					
Revenue	17.7	14.8	6.7	13.7	12.6
EBITDA	33.4	20.3	5.9	22.1	14.1
Adjusted EPS	36.2	21.8	2.5	23.8	14.2
Profitability & Return ratios (%)					
EBITDA margin	8.8	9.2	9.1	9.8	9.9
EBIT margin	7.1	7.5	7.4	8.1	8.2
Adjusted profit margin	5.3	5.6	5.4	5.9	6.0
Adjusted ROAE	15.1	16.0	14.5	16.0	16.0
ROCE	13.9	15.8	14.8	16.1	16.2
Working capital days (days)					
Receivables	44	37	44	52	52
Inventory	59	59	75	74	74
Payables	39	39	55	55	55
Ratios (x)					
Gross asset turnover	6.0	6.4	6.0	6.0	6.2
Current ratio	1.6	1.7	1.7	1.9	2.0
Net interest coverage ratio	8.7	17.0	27.4	30.3	34.9
Adjusted debt/equity	0.2	0.0	0.0	0.0	0.0

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

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BUY – Expected return >+15%

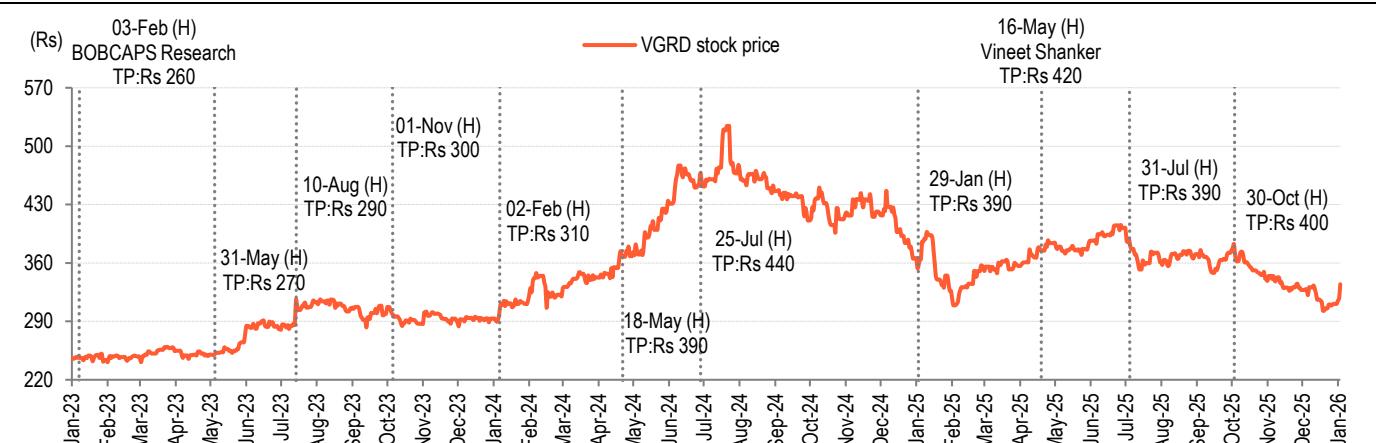
HOLD – Expected return from -6% to +15%

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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