

October 27, 2022

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, 2022.

Kindly take the above information on your records.

Thanking You,

For V-Guard Industries Limited

JAYASREE
KAMALA
Jayasree K
Company Secretary

Digitally signed by
JAYASREE KAMALA
Date: 2022.10.27
18:19:51 +05'30'



Encl: as stated

V-Guard Industries

Q2 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 Q2 FY23, Mr. Mithun Chittilappilly, Managing Director – V-Guard Industries Limited said, “We reported revenues of Rs. 980 crore in Q2 FY23, delivering revenue growth of 8.6% on a year-on-year basis (3-year CAGR of 16.6%). This is a fairly strong performance considering that there was a high base in the corresponding quarter last year. We have also witnessed some softness in demand in the latter part of the quarter.

On a segmental basis, the Consumer Durables segment reported strong growth followed by the Electronics segment which has sustained its improved trajectory of performance. The Electricals segment was nearly flat, reflecting the effect of price reduction in Wires.

During the quarter, South and Non-South markets grew by 2.6% and 17.8% YoY respectively. With continued strong growth from Non-South markets, they contributed 42.7% of total revenue in Q2 FY23, higher than 39.4% in Q2 FY22. With consistently increasing contribution from Non-South markets, we are gaining scale across all regions of the country.

Margins for the quarter were impacted by sale of higher cost Wires inventory at relatively lower realizations due to a fall in copper prices. Even in the other categories, input costs remain significantly higher than long term averages, despite some reduction seen in the last few months. Hence Profit After Tax was Rs. 43 crore in Q2 FY23 compared to Rs. 59 crore in Q2 FY22, a decline of 27% YoY.

We had indicated our plan to bring down inventories back to their normative levels. However, due to some softness in demand towards the end of the quarter, the reduction in inventory days was not as sharp as anticipated. While it may take a little longer than planned, we will revert to normal inventory levels in the coming months.”

Key Highlights – Q2 FY23



Revenue increased by 8.6% YoY in Q2 FY23

- Q2 FY23 revenue increased by 8.6% YoY to Rs. 980.7 crore
 - South and Non-South markets witnessed YoY growth of 2.6% and 17.8%, respectively
 - Non-South markets contributed to 42.7% of total revenues in Q2 FY23 as compared to 39.4% in Q2 FY22
-

EBITDA performance and PAT

- Gross margin contracted by 230 bps YoY, at 28.6% in Q2 FY23 due to price reduction in wires' business
 - Ad/promotional spends, at 2.2% of revenues in Q2 FY23 as compared to 1.5% in Q2 FY22 now starting to normalize after dipping
 - EBITDA at Rs. 70.7 crore in Q2 FY23 declined 24.4% YoY, as compared to Rs. 93.6 crore in Q2 FY22
 - EBITDA margins contracted by 315 bps YoY, at 7.2% as compared to 10.4% in Q2 FY22
 - Q2 FY23 PAT of Rs. 43.1 crore, decreased 27.0% YoY due to lower gross margin
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Strong cash flow generation and balance sheet

- CFO generation at the end of H1 FY23 at Rs. 234.0 crore, improved significantly as compared to Rs. 26.2 crore at the end of H1 FY22
- ROE and ROCE at 16.6% and 20.3%, respectively over the last 12 months
- Net cash of Rs. 151.2 crore on balance sheet as on 30th September 2022, as against Rs. 184.9 crore as on 30th September 2021

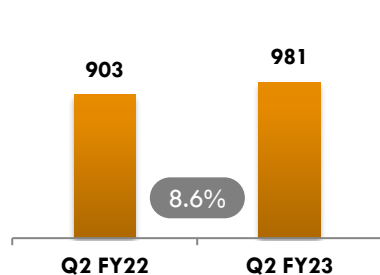
P&L Snapshot



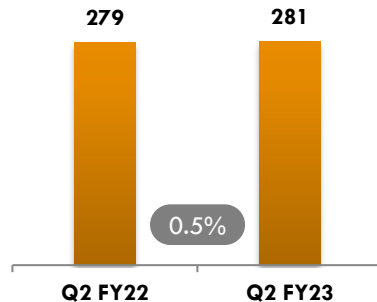
P&L Statement Particulars	Q2 FY23 (Rs. Cr)	Q2 FY22 (Rs. Cr)	Change %	Q1 FY23 (Rs. Cr)	H1 FY23 (Rs. Cr)	H1 FY22 (Rs. Cr)	Change %
Net Revenue	980.66	902.96	8.6%	1,009.64	1,990.30	1,463.69	36.0%
COGS	699.94	623.65	12.2%	709.27	1,409.21	999.22	41.0%
Gross Margin	28.6%	30.9%	-2.3%	29.8%	29.2%	31.7%	-2.5%
EBITDA (excluding other income)	70.69	93.55	-24.4%	81.89	152.58	136.92	11.4%
as a % to Net Revenue (NR)	7.2%	10.4%	-3.2%	8.1%	7.7%	9.4%	-1.7%
Other Income (including finance income)	3.47	2.73	27.2%	5.06	8.53	6.70	27.3%
EBITDA including other income	74.16	96.28	-23.0%	86.95	161.11	143.61	12.2%
as a % to NR	7.6%	10.7%	-3.1%	8.6%	8.1%	9.8%	-1.7%
PBT	58.35	82.44	-29.2%	72.33	130.67	117.35	11.3%
as a % to NR	5.9%	9.1%	-3.2%	7.2%	6.6%	8.0%	-1.5%
PAT	43.14	59.06	-27.0%	54.02	97.17	83.69	16.1%
as a % to NR	4.4%	6.5%	-2.1%	5.4%	4.9%	5.7%	-0.8%

Financial Highlights (Q2 FY23 vs. Q2 FY22)

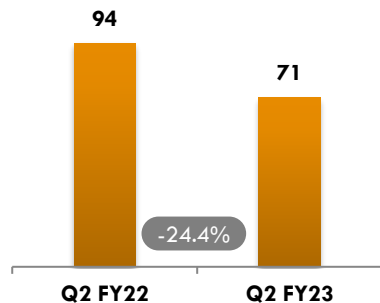
Total Income (Rs. crore)



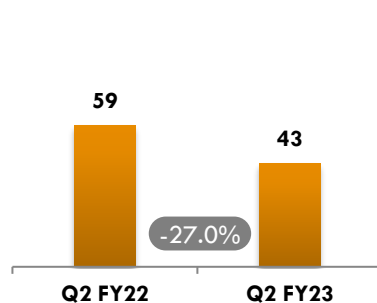
Gross Profit



EBITDA (Rs. crore)



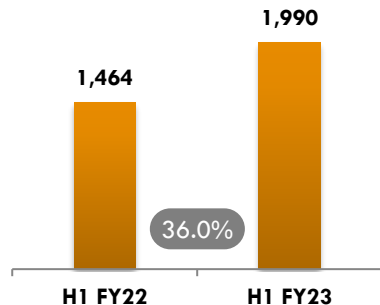
PAT (Rs. crore)



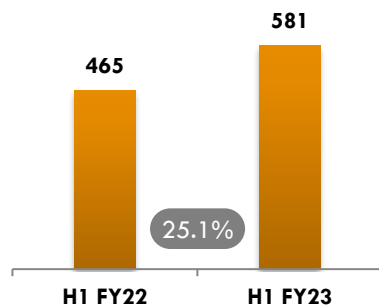
Key ratios (%)	Q2 FY23	Q2 FY22
Gross Margin	28.6%	30.9%
EBITDA Margin (excl. other income)	7.2%	10.4%
Net Margin	4.4%	6.5%
Ad & Promotion Exp./ Total Revenues	2.2%	1.5%
Employee Cost/ Total Operating Income	6.6%	7.8%
Other Expenditure/ Total Operating Income	14.8%	12.7%
Tax rate	26.1%	28.4%
Diluted EPS (Rs.)	0.99	1.36

Financial Highlights (H1 FY23 vs H1 FY22)

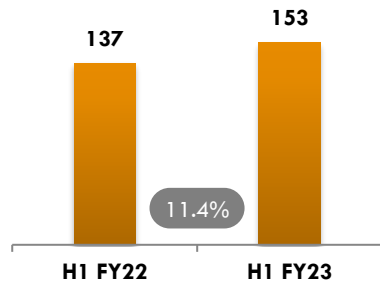
Total Income (Rs. crore)



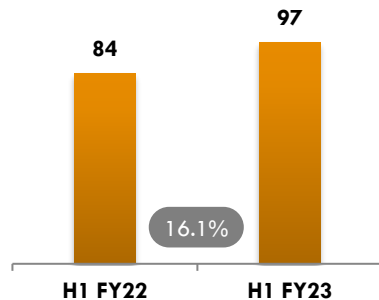
Gross Profit



EBITDA (Rs. crore)



PAT (Rs. crore)



Key ratios (%)	H1 FY23	H1 FY22
Gross Margin	29.2%	31.7%
EBITDA Margin (excl other income)	7.7%	9.4%
Net Margin	4.9%	5.7%
Ad & Promotion Exp./ Total Revenues	2.1%	1.9%
Employee Cost/ Total Operating Income	7.2%	8.8%
Other Expenditure/ Total Operating Income	14.4%	13.6%
Tax rate	25.6%	28.7%
Diluted EPS (Rs.)	2.22	1.93

Financial Highlights – Balance Sheet Perspective



Balance Sheet Snapshot (Rs. Cr)	30 September 2022	30 June 2022	30 September 2021
Net Worth	1,450.6	1,460.7	1,249.0
Gross Debt	10.0	10.0	10
Current Investments	100.6	70.1	5.0
Cash & Cash Equivalents (inc. bank balance)	60.6	113.1	189.9
Net Cash Position (Rs. crore)	151.2	173.2	184.9
Fixed Assets	451.1	422.6	391.3

Balance Sheet Snapshot (Rs. Cr)	30 September 2022	30 June 2022	30 September 2021
Debtor (days)*	34	34	41
Inventory (days)*	103	108	125
Creditor (days)*	49	58	81
Working Capital Turnover (days)	88	84	84
RoE* (%)	16.6%	17.5%	18.3%
RoCE* (%)	20.3%	22.0%	25.3%

Note: *Calculations are on a trailing twelve month basis

Segment-wise Breakup – Q2 FY23 vs. Q2 FY22

Segment Revenue	Q2 FY23 (Rs. Cr)	Contribution (%)	Q2 FY22 (Rs. Cr)	Contribution (%)	YoY growth (%)
Electronics	227.4	23.2%	209.2	23.2%	8.7%
Electricals	416.1	42.4%	414.4	45.9%	0.4%
Consumer Durables	337.2	34.4%	279.4	30.9%	20.7%
Grand Total	980.7	100.0%	903.0	100.0%	8.6%

Segment Result	Q2 FY23 (Rs. Cr)	Margin (%)	Q2 FY22 (Rs. Cr)	Margin (%)	YoY growth (%)
Electronics	34.1	15.0%	40.1	19.1%	-15.0%
Electricals	21.2	5.1%	40.4	9.8%	-47.5%
Consumer Durables	9.7	2.9%	8.5	3.0%	14.5%
Grand Total	65.0	6.6%	89.0	9.9%	-27.0%

Electronics – Stabilizers, UPS, Inverters

Electricals – Wires, Pumps, Switchgears, Modular Switches

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

Segment-wise Breakup – H1 FY23 vs H1 FY22



Segment Revenue	H1 FY23 (Rs. Cr)	Contribution (%)	H1 FY22 (Rs. Cr)	Contribution (%)	YoY growth (%)
Electronics	530.7	26.7%	368.1	25.2%	44.2%
Electricals	823.3	41.4%	666.4	45.5%	23.5%
Consumer Durables	636.2	32.0%	429.1	29.3%	48.3%
Grand Total	1,990.3	100.0%	1,463.7	100.0%	36.0%

Segment Result	H1 FY23 (Rs. Cr)	Margin (%)	H1 FY22 (Rs. Cr)	Margin (%)	YoY growth (%)
Electronics	78.1	14.7%	60.8	16.5%	28.5%
Electricals	49.0	5.9%	64.1	9.6%	-23.6%
Consumer Durables	13.5	2.1%	2.6	0.6%	425.9%
Grand Total	140.5	7.1%	127.5	8.7%	10.3%

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 FY23 (Rs. Cr)	Contribution (%)	Q2 FY22 (Rs. Cr)	Contribution (%)	YoY growth (%)
South	561.6	57.3%	547.3	60.6%	2.6%
Non-South	419.1	42.7%	355.6	39.4%	17.8%
Total Revenue	980.7	100%	903.0	100%	8.6%



Region	H1 FY23 (Rs. Cr)	Contribution (%)	H1 FY22 (Rs. Cr)	Contribution (%)	YoY growth (%)
South	1,097.2	55.1%	865.8	59.1%	26.7%
Non-South	893.1	44.9%	597.9	40.9%	49.4%
Total Revenue	1,990.4	100%	1,463.7	100.0%	36.0%







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.



For further information, please contact:

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THANK YOU