

May 18, 2026

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
Scrip Code: 532953	Symbol: VGUARD

Dear Sir/Madam,

Sub: Transcript of earnings call pertaining to the Financial Results for the quarter and year ended March 31, 2026.

This is with reference to the intimation dated April 27, 2026, filed with the stock exchanges in terms of regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, regarding the earnings call to discuss the financial results for the quarter and year ended March 31, 2026, scheduled on May 12, 2026. The audio recording was filed with the stock exchange. We are enclosing the transcript of the Earnings call. The same is also being uploaded on the website of the Company at https://www.vguard.in/uploads/investor_relations/V-Guard-Industries-Q4-FY26-Transcript.pdf .

We request you to kindly take the above information on record.

Thanking You,

Yours Sincerely,

For V-Guard Industries Limited



Vikas Kumar Tak
Company Secretary & Compliance Officer
Membership No. FCS 6618

Encl: As above



“V-Guard Industries Limited
Q4 and FY26 Earnings Conference Call”
May 12, 2026



**MANAGEMENT: MR. MITHUN K. CHITILAPPILLY – MANAGING
DIRECTOR – V-GUARD INDUSTRIES LIMITED**

**MR. RAMACHANDRAN V – DIRECTOR AND
CHIEF OPERATING OFFICER – V-GUARD
INDUSTRIES LIMITED**

**MR. SUDARSHAN KASTURI – SENIOR VP &
CHIEF FINANCIAL OFFICER – V-GUARD
INDUSTRIES LIMITED**

**MODERATOR: MR. VINEET PRASAD-INVESTEC CAPITAL
SERVICES PRIVATE LIMITED**



Moderator: Ladies and gentlemen, good day, and welcome to the V-Guard Industries Limited's Q4 and FY26 Earnings Conference Call, hosted by Investec Capital Services Private Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Vineet Prasad from Investec Capital. Thank you, and over to you, sir.

Vineet Prasad: Thank you, Yusuf. Good evening, everyone. A warm welcome on behalf of Investec India to Q4 FY26 earnings call of V-Guard Industries Limited. We have with us the senior management team of V-Guard represented by Mr. Mithun K. Chittilappilly, Managing Director; Mr. Ramachandran V., Director and Chief Operating Officer; Mr. Sudarshan Kasturi, Senior Vice President and Chief Financial Officer.

Now I'll hand over the call to the senior management for their initial remarks, post which we'll open the floor for Q&A. Thank you. Over to you, sir.

Mithun K. Chittilappilly: Thank you, Vineet, and the Investec team for hosting today's call. A very warm welcome to everyone joining us today to discuss the company's operating and financial performance for the fourth quarter of FY26. I trust that all of you had the opportunity to review the investor presentation shared earlier.

We delivered a robust performance in Q4 marked by strong growth in both revenue and profitability. Consolidated revenue for Q4 FY26 stood at INR1,755 crores, a Y-o-Y increase of 14.1%. For the full year, we achieved a top line growth of 7% with almost all growth coming from the second half.

The Electronics segment comprising of Stabilizers, UPS systems, Inverters and Batteries, delivered a strong growth of 22.3% Y-o-Y. All categories delivered growth during the quarter.

The Electrical segment; which is our largest revenue contributor and includes Wires, Pumps, Switchgears and Modular Switches, registered a Y-o-Y growth of 15.9%.

In the Consumer Durables segment covering Fans, Water Heaters, Kitchen Appliances and Air Coolers; we reported a 4.1% Y-o-Y revenue growth. Fans and Air Coolers witnessed a decline while Water Heaters and Kitchen categories grew strongly.

Sunflame reported a Y-o-Y top line growth of 8.6% in Q4. The slowdown in the CSD business continues, but the non-CSD business grew by about 16%. The GTM integration has been completed and the business is experiencing strong traction.



In Q4 FY26, the revenue from South markets grew by 16.2% while non-South market grew at 11.8% Y-o-Y. For the full year, non-South market contribution is at 48%.

The gross margin remains healthy. We have maintained gross margins at 35.3% this quarter, which is at similar levels of Q4 of last year. This is on the back of significant improvements achieved in the last 3 to 4 years.

EBITDA, excluding other income, for Q4 stood at INR171 crores reflecting a Y-o-Y growth of 19.3%. For the full year, we reported EBITDA of INR527 crores, an increase of 2.6%. EBITDA margin for the full year was 8.8% compared to 9.2% previously.

Consolidated PAT for the quarter was INR112 crores, up 23% Y-o-Y compared to PAT of INR91 crores in the previous year. For the full year, consolidated PAT was INR308 crores, lower by 1.7% Y-o-Y. In Q3, we recognized an exceptional one-off charge of INR22 crores towards gratuity and leave encashment arising out of the new Labor Code. Without this impact, the underlying PAT growth for the full year would have been 3.6%.

Working capital management continues to be efficient leading to strong cash flow generation. We have a net cash of INR231 crores as on March 2026 as compared to INR64 crores in the previous financial year.

Considering the financial performance and healthy cash position, the Board of Directors has recommended a final dividend of 150% equating to INR1.5 per equity share.

The West Asia war has created challenges in terms of commodity inflation and supply uncertainty. So far we have navigated these challenges well, which reflects the inherent resilience of the business. We continue to monitor these risks and we have mechanisms in place to take appropriate and timely actions.

Overall, FY26 was a challenging year with the first half experiencing weak summer and tepid demand. The business performed much better in the second half. With the momentum of Q4 and indications of a supportive summer, we are hopeful for a strong start to FY27.

With that, I conclude my opening comments and I would like to thank Vineet and the team at Investec for hosting this call. And would like to request the moderator to open the floor for Q&A. Thank you.

Moderator:

Thank you very much, sir. We will now begin the question-and-answer session. First question is from the line of Aniruddha Joshi from ICICI Securities. Please go ahead.

Aniruddha Joshi:

Thanks for the opportunity and Congrats for a great set of numbers. Sir, in terms of the price hikes if you can indicate because all commodity prices have increased materially. So what will be the price hikes across segments or at the aggregate portfolio level? Have we passed on the entire impact of increasing cost to the consumers or do we need another round of price hikes, and what will be the quantum? That is question number one.



Question number two, whether the Kitchen Appliances segment has now really come out of, in a way, the bear phase and now we should see pretty healthy growth in the segment considering the strong numbers posted by Sunflame also? How should we think about for FY27 for Kitchen Appliances as a category itself?

And three, how is the Fan market shaping up post March? Because we had understood that Kerala as a market had seen some amount of softness, Kerala and Karnataka. How are we looking at the Fan and Cooler market post March?

Mithun K. Chittilappilly: Yes. I'll take up the second part, which is on Kitchen Appliances. Yes, we do believe that there seems to be some improvement in demand for Kitchen. So we are seeing traction both for V-Guard as well as Sunflame and I think the GT business of Sunflame is growing well. But we have also taken some actions in terms of business integration, which is also helping.

We have more boots on the ground as far as selling Sunflame is concerned and now Sunflame has access to all the networks and capabilities of the sales system of V-Guard. So that's definitely helping there. But yes, we do also believe that Kitchen business is slowly coming out of the woods after the lull, which happened post COVID. The third part, okay, now we'll go for the first part. So, Sudarshan, on price hikes, what is the quantum?

Sudarshan Kasturi: Yes, there have been some significant increases in input cost. Across representative categories, typically, we are seeing in a range of somewhere between 8% to 13% kind of cost increase. This has happened over a period of time and what that translates into is eventually when the high cost inventory comes in, a 13% price hike would be required. At the moment prices are getting passed on. We have probably landed about 75% of what price increases are required so far and that's something we would like to watch in future.

Mithun K. Chittilappilly: Yes. We have landed most of the pricing action and I think most companies have announced and taken pricing action and the balance 25% should happen as and when the high cost inventory starts hitting in the month of May and June is what we feel.

The third is on the Fans. So the Fan business, has degrown in Q4. I don't think it's been Kerala. I think for us the Eastern market especially the summer products have not grown in Q4. So part of that is also pulling down Fans. Maybe in the South markets including Kerala, Fans would have been a flattish kind of number for Q4. However, in April, the summer sales have been reasonably good in South India, but we'll wait and see what happens for the full quarter.

Aniruddha Joshi: Okay. Very helpful. Just one last question. V-Guard has high revenue salience from state of Kerala and post the war in West Asia, we believe some of the remittances, etcetera, there might see some disturbances to that. So is there a possibility of some impact on the overall economy at Kerala level? So how do we see that impacting, let's say, FY27? Because probably so far, there was no impact considering it's just two months only. So do you see any impact and what will be the strategy to mitigate the impact, if any?



Mithun K. Chittilappilly: Okay. So far we have not seen any special impact in Kerala. In fact the summer in Kerala has been pretty supportive so the Kerala numbers are pretty good. Kerala today is not that large like it used to be so it's about 15%, 16%-odd. So it may not impact the overall company that much as it used to do earlier. So far we are not seeing an impact.

Even when we talk to real estate companies, they are actually still seeing traction happening because we also will see some improvement in demand because people are evaluating to relocate, only the earning members staying back in those countries and sending their families back home. So all these things are going on. But having said that, Q1 is not about that. Q1 is primarily going to be summer and Kerala as a state has done well as far as summer is concerned.

Aniruddha Joshi: Ok sure sir. Many thanks and very helpful.

Moderator: Next question is from the line of Vineet Prasad from Investec. Please go ahead.

Vineet Prasad: Hi Sir. I have a couple of questions. One is from FY27 perspective, how do you see demand shaping up considering one, the summer season; number two, possible inflationary pressures and its impact on consumer sentiment? That's my first question.

And second is from the next couple of years' perspective, how do we see margins trending given bulk of the investments in the new capacity is already done, ramp-up as we speak is on its way? So if demand momentum is conducive, do you think we are heading towards double-digit EBITDA margin over the next year or two?

Mithun K. Chittilappilly: Yes. I think if you look at FY27, we just completed one month and South India has done well. In the South, the temperatures were warm in most parts and in South India, the summer has started. Non-South, it was raining in many parts of the geography, but non-South also has a longer window at least till June 30 so we are expecting the demand to pick up. The expectation and the prediction from the IMD as well as Skymet and other agencies are for a pretty warm summer. So that is hopeful. In South India, it has already started and the numbers are pretty decent.

As far as the medium term is concerned, yes. So if you can see after even having such an adverse year, we had a very bad Q1 in the first quarter in FY26. We have come back strongly and our H2 EBITDA is in the region of around 9.5%. So we are already close to double-digit numbers. Yes, there are some concerns because the cost inflation is very high; across categories, across raw materials, prices have gone up. Even metals, the metal prices are also going up. So because we have to also understand that West Asia also produces a lot of aluminium. They have a lot of aluminium smelters, which are out of action now because of the blockade.

We'll wait and see. But I think the inflationary trend is pretty severe and weak. It is as bad or a little worse than the Ukraine war inflationary trend what we experienced. But the good news is this time we are ahead of the curve in terms of pricing and if you see, our margins are fairly protected in Q4 and we hope to do that. But in the medium term, I think yes. So once this is over



and raw material prices come back to normal, we are pretty confident of hitting double-digit EBITDA.

Vineet Prasad: Just a follow-up to the question and your earlier response. What I understand is this time around, industry has been lot more proactive and margins to that extent could remain resilient. Has this been a case across players wherein most players have taken price increase or it is us and couple of maybe the larger ones who have been proactive or it's the industry?

Mithun K. Chittilappilly: No, I think we have seen a pretty much broad-based reaction by the industry to increase prices. But in seasonal categories like summer categories, this action is getting delayed. For example in South India, a lot of this pricing is getting passed on whereas non-South where summer is yet to start or is starting slowly, some of it is getting slightly pushed. But I think the intent is pretty strong. We are seeing this across industry because the quantum of price increase is high. This is not only about price increase, but in some cases there is genuine shortage of raw materials.

We are all scrambling to secure raw material supply. You could see some of the smaller players not even being able to produce products. So, we are in a state of supply shock and that's also another reason why there has been a very strong, almost cohesive action by all players to increase prices and the quantum is very large. There's no way that most; in almost all the categories the cost hike is, I mean the quantum is so large that you can't absorb the shock.

Vineet Prasad: Understood, thank you so much sir.

Moderator: Thank You. Next question is from the line of Rachna Kukreja from Scil Ventures. Please go ahead.

Rachna Kukreja: Thank you for the opportunity. My questions are on Sunflame. My first question would be, have we incurred most of the transition and integration-related cost for Sunflame? And going forward, what could be the expected benefit from these initiatives taken?

Mithun K. Chittilappilly: Okay. Ram, you want to take this on Sunflame integration?

Ramachandran V.: The Sunflame integration is progressing well. In functions like service and quality, we have fairly progressed with integration and we are seeing results also. There are improvements in cost and there is improvement in performance and customer satisfaction. In sales, the integration happened over November, December and it's still underway. We are seeing early results in terms of being able to place Sunflame into stronger counters where we enjoy traditionally good relationship. So I think that's encouraging.

On the supply side in terms of planning, sourcing; this integration has happened over last quarter. In general, of course, there will be some benefits in indirect costs, warranty charges and even cost of quality. So those are areas where we expect to see some benefit. The most significant benefit will come from the sales integration and this is something that we should expect over the next three quarters into the subsequent year, because I think the initial benefit will come as we spread Sunflame into our network.



But I think deeper benefits will come from second half of this year as progressively as our NPDP pipeline starts to hit the market over the subsequent 3 or 4 quarters. So I think progressively, we should see better outcomes because the actions are underway. And we are already seeing these benefits in functional domains like service and quality, as I already spoke to you about or even warehousing and logistics.

Rachna Kukreja: Sir, just wanted to know about the initiatives taken for the GT and the e-com channel for Sunflame?

Ramachandran V.: GT is fundamentally in terms of sales integration and branch integration, sales force integration and branch integration and integration of sellout management capabilities. That's as far as GT is concerned. E-com integration is fundamentally; so we are having the same team and the same systems driving Sunflame. It's taking a longer time because I think we are also working on the offerings on the platform and we had some challenges with listing some categories, volume in those categories.

So, GT I think we are seeing traction already. I think we had some decent growth for full year and I think Q4 was better and we expect Q1 to be also reinforcing the direction of growth.

Rachna Kukreja: Okay. My second question would be given that the innovation cycle in the Kitchen Appliance industry is very fast paced and we too have refreshed our portfolio and the benefit of this portfolio would be visible after a year. So will we be able to sustain or improve our profit margins and how is this new portfolio different both in terms of industry-led innovations and our previous portfolio? And how would this redefine our position in the industry?

Ramachandran V.: I think 2, 3 things. See, we are refreshing products as we speak. It's just that the significant part of our refresh will land towards later half of this year. That being said, already portfolio enhancements are happening. Now there are multiple layers here. One layer is where some of our offerings are dated and they are being upgraded. Some of it is about addressing white spaces. Some of it is about getting the lineup to reflect emerging technology trends like BLDC. So these are the kind of things.

So fundamentally the addressability of the market and the freshness of the offering. And wherever particularly, like we have Fans in CSD or what I would say, we had gaps built-in and we had gaps in BLDC-based offerings in hobs – these are getting addressed. As I said, right now, this year you will start to see benefit as we strengthen the reach with the help of our branch and our sales force.

And also as we strengthen the sellout capability for Sunflame. So that's our focus. The larger benefit of product rollout will be more visible in second half of this year and also going into next year.

Rachna Kukreja: Ok understood. Thank You.



Moderator: Thank You. Next question is from the line of Aniruddha Joshi from ICICI Securities. Please go ahead.

Aniruddha Joshi: Just two questions. Now with integration of Sunflame largely done and debt repayment also over so the cash accumulation should start on the balance sheet. Just some of the capex may take some cash, but still there might be cash accumulation. So what will be the strategy with the cash? Is the management or the company looking at another inorganic growth opportunity or how should we think about that? That is question number one.

And question number two, we see BLDC, as a technology, is making rapid inroads even in Kitchen Appliances like mixers also. So how does the management see Sunflame prepared for that kind of product innovation? And overall, how do we see the BLDC fans' market share shaping up for V-Guard? That's it from my side.

Mithun K. Chittilappilly: Yes. as far as the cash is concerned, we are done with debt repayments and yes, barring capex, we should be having a reasonably good free cash flow. We have not taken any call of making any acquisitions or anything like that. If we get an opportunity at a good value, we will look at it and it will be a case-to-case basis. So nothing to report on that.

The other part is on BLDC. I think already if you look at ceiling fans, V-Guard's BLDC is contributing roughly 40%-odd of the ceiling fans sales, which is pretty good. Our growth in BLDC has been very, very good. Our complaint rates, reliability and offerings are very, very competitive and we are continuing to launch as we go forward.

As far as the BLDC in Kitchen Appliances is concerned, there are two areas. One is on mixer grinder and second is on chimney. Chimney, I think we have already launched BLDC chimneys. But in mixer grinder, I think this is a device that is used for half an hour, 40 minutes daily. So it's not a device that is running constantly like a fan or an AC or something like that. So there I think we have not yet launched. I think it's more difficult to explain to customers the rationale of payback when something is running only for half an hour or 45 minutes every day. But in the other two cases like chimney as well as; chimney the running time is longer, it will be a few hours every day so there seems to be some traction. But I still don't think it will be as much as the Fan because in the case of ceiling fans, it's running for almost 8, 9 hours a day I mean assuming that you're putting fan through the night in your bedroom and thus the payback hypothesis is very strong there.

Aniruddha Joshi: Sure sir. Thank you

Moderator: Thank you. Next question is from the line of Deepak Lalwani from Unifi Capital. Please proceed.

Deepak Lalwani: Hello sir thanks for the opportunity. Congrats on good set of numbers. I have a few questions on the revenue side. I'll ask all of them together. So firstly on the Electronics division, we've seen good growth this quarter. So if you can break up this into volume and value split and if you can help us how the secondary growth that is the channel growth in April has been? That's one.



The second question, the Durable segment I understand has been hit this year because of bad summers. So what is our strategy to revive growth again in this segment? So if you can share your product and channel level strategy?

And third, sir, Wires, we understand that the competitive intensity has increased and one more big player is entering this segment end of this year. So how should V-Guard be able to tackle this and be able to grow?

And at an overall level, Mithun, if you can share what kind of growth rates one should envisage for your company going forward because you've had a bad year and looks like summers have been good and with recovery. So overall, what kind of growth should you aspire?

Mithun K. Chittilappilly: Yes. I'll start with the second part. So if you look at the Consumer Durable segment, both air coolers and fans have performed badly especially TPW fans. That's primarily related a lot of the impact of Q1 where we had extremely poor summer and TPW is a very, very seasonal business. So if it does not get sold in the summer window, then the inventory typically sits with the trade and continues so on and so forth. Having said that, as we speak currently, we are having shortage of TPW fans because, like I said, the South in this summer has been very decent and sellout has been good. So that's as far as Consumer Durables is concerned.

So I think this year we should have a good growth in Consumer Durables because of the low base effect. The third part is on wire. Wires, we are cognizant of the fact that large player is entering plus some of our peer companies from Lighting are also entering wires. So wire's competitive intensity is expected to be more than what is there. But it's a very peculiar category. It's a category with low gross margin and you need a scale of at least INR1,000-odd crores to make money in this business and there is also fluctuation of raw material prices upwards and downwards. And when it goes downwards, you have to also write off your inventory.

So I think for the new players, it will take some time to figure out the mechanics on how to crack this industry. It's not an easy industry to break into. We have also had entrants before who have entered and left. But yes, we are cognizant of this and we have also taken some measures to strengthen the sale system. On the volume and value growth of Electronics, Sudarshan, do you have a number, roughly, for Q4?

Sudarshan Kasturi: Roughly speaking, about 3% is price growth and the balance is volume.

Mithun K. Chittilappilly: So in Q4, about 3% would be the price growth; because you have to understand the pricing and the actions would have started towards the later part of the quarter.

Ramachandran V.: It's mostly volume growth. It's mostly volume growth. I think price growth is about 2% to 3%.

Deepak Lalwani: That was very clear. Mithun, if you could share your view on the overall growth rate of the company for the next year?



Mithun K. Chittilappilly: As a company, we strive to grow between 10% to 12% in volume and there is a 1% to 2% price growth culminating into 15% growth, which is what we aim to do. But in the current year, the price growth could be higher because, like I said, we are seeing significant cost inflation. So we will wait and see what happens. But so far we are confident of holding our volume growth.

So like I said, if we have a reasonably good summer, the summer category should perform well. We have to also be cognizant that Q1 of FY '26, we had a degrowth in some of the summer categories. So we should have a healthy volume growth this year because the base is on a lower side.

Deepak Lalwani: Sure. My next question was on margins. So if you can help me understand, see, we have been talking about double-digit EBITDA margins and we have done well on the gross margin side. So for the next year if you can break this double-digit EBITDA margin, how should we look at it segment-wise? How should it play out in the Consumer Durables, which has seen a very sharp deterioration in margins? How should we look at the recovery in Electronics? And by double digit, are we targeting somewhere around 11%, 12% or 10% is our broad guidance?

Mithun K. Chittilappilly: So ideally, this year we would have loved to claim that we will hit 10% EBITDA margins, that's double digit. But we are going through a fairly significant cost inflationary period so things are quite volatile. And there is no; it doesn't look like the conflict in West Asia is going to end any time soon, right? So we're probably going to have a prolonged period of high cost going forward. But if it was a normal kind of inflation, we could have been much more confident to say that.

So in this case, we probably would like to finish a couple of quarters and then come back and comment on the margins. But so far, like I said, we have been proactive to sense this and start pricing actions early and lot of our peers or companies have also announced pricing actions as they've come to realize the quantum and size of the price increases are high.

Now I think for a company like us, I think we also need to have a good summer to help us. So in South India, pretty much we have had a decent start to summer. And in non-South, if we also have good traction for summer, I think we should be confidently hitting that number. But I wouldn't say 11%, 12%, I would say at least 10% is what we would like to expect there. But like I said, inflation is still something that is going to be a challenge.

Deepak Lalwani: So what we see this year is that apart from the summer challenge like you've controlled your expenses quite well like the employee cost is flat and the other expenses has not gone up much. So should we see the same trend playing out even in FY '27, which could provide you some buffer in terms of cost management, etcetera?

Mithun K. Chittilappilly: So yes, some part of the employee cost is variable pay. So definitely as a company if we don't achieve the top line and bottom line numbers, the variable payout also comes down. So that's there. We also are not expecting any huge increases in manpower this year. So like I said, we are watchful. We have taken actions to control some cost. And we will, like I said, if we get a good Q1 and good summer, then we would be more confident to spend in the following quarters. So that's the way we look at it.



Deepak Lalwani: Understood, sir. Sir, last question. Since you said April was good, any qualitative feedback that you could give us in terms of how the secondaries have been in terms of the growth rate and in terms of the channel demand?

Mithun K. Chittilappilly: You are also following the same news articles and predictions by the meteorological department as we are. But I can say that South India usually the summer starts early March, April and that has been on track largely. Non-South, it's been a mixed bag. There are rains in some parts of non-South. If you look at non-South, East is a big market for V-Guard so East also has to fire for the company to do well.

So I think we still have time. I think we still have another more than 1.5 months left for the quarter so it will be too early to comment on this. But just keep in mind, the base is already on the lower side because last year we had a decline in some of the categories.

Deepak Lalwani: And sir, how is the channel inventory in all these categories?

Mithun K. Chittilappilly: Like I said, it's a mixed bag. So if you look at TPW fan, neither we have inventory nor our partners have inventory and we are having stockouts. So it's a mixed bag. It's not the same for everything. So certain categories, we are having supply challenges. So like I said, in South India I don't think there will be any inventory issue with any trade partner. But non-South the summer is yet to start so the summer sales have yet to fully start.

Deepak Lalwani: ok. Thank you. All the best.

Moderator: Thank you. Next question is from the line of Natasha Jain from PhillipCapital.

Natasha Jain: Thank you for the opportunity sir. Two questions. So one, broadly across categories be it your Stabilizers, Wires or Fans. When I've gone on the ground, what I've understood is there was a lot of inventory that got pushed in 4Q because of cheaper raw material cost and therefore, cheaper product prices. But 1Q has been broadly disappointing in terms of the start for summer. You also pointed East and North was also a little bit of slip here and there.

And South also what I've heard is the channel was stocked with inventory for more than what's usually required. So on this backdrop while secondaries have moved faster across cooling products, can you throw some light how is the selling or the primaries happening against the secondaries? And the second question is if you could also point out in case you do channel financing, for which product categories?

Mithun K. Chittilappilly: Okay. So if you look at Fans, the star rating change happened primarily for ceiling fans. So the sales for ceiling fans is very high in December because all the brands had to sell all the ceiling fans before 31st December 2025. Because of that, there was a lot of fan inventory as we entered, okay? But this doesn't hold true for TPW because TPW BEE star rating norms are yet to start. It's expected to start the next year. Okay?



So when I said that TPW inventory is not there, this is the reason. Ceiling fans, we don't have any inventory issue. There is substantial inventory with us and with the trade. Also, TPW fans, most of it is made out of plastic and there is a challenge in procuring that particular type of plastic in India as we understand. This is the reason. There is a raw material shortage for that particular type of plastic that is most widely used to make TPW fans and many of our vendors are not having requisite inventory. So that's one reason.

Channel financing, I think on the whole, it's about 10% of the retailers. If you look at the debtor book, 10%.

Sudarshan Kasturi: Retail finance, we don't.

Mithun K. Chittilappilly: Retail finance, we don't. We do channel financing. You're talking about channel finance, right?

Natasha Jain: Yes, channel financing.

Sudarshan Kasturi: Yes, yes. So, channel finance is for our primary customer. So approximately 35% of our business goes through channel financing arrangement. It's not category linked, it is customer linked.

Mithun K. Chittilappilly: So it is not a category linked, it is a customer. So, for example if we have a distributor for a bunch of products like water heaters, fans and air coolers and all; the entire customer is under channel finance. It's not a category thing. It's more of a distributor level arrangement. And if you look at the entire portfolio of debtors, 35% of the portfolio is under channel finance.

Natasha Jain: Understood. Sir, could you throw some colour in terms of are the Grade B, Grade C dealer, distributors facing any problem in terms of working capital management and therefore, slower salience to the brand? Is that something that you're observing?

Mithun K. Chittilappilly: No, I don't think so. In fact, our collections have been pretty strong in the March quarter. We are not facing any. So, we have a pretty strong commercial team which independent of the sales team, actually tracks and manages the credit limit of each of our customers and decides which customers should be increased credit limit, which customers should get reduced, which customer should be offered channel financing and which customers should not be. So, we don't have this problem. And we also have a tool wherein which we also are able to see the inventory of our partners wherein which we know whether they are sitting with inventory or they have diverted money from the business and so on and so forth.

So as far as V-Guard is concerned, we don't have this issue of; so whatever sales we typically do, these are usually real sales and it's not just; we don't encourage and we don't allow dumping. So, we have mechanisms to stop that practice. There is a tendency by sales guys to dump stuff. So, we have an independent way to try make sure that doesn't happen.

Natasha Jain: Sir, one last question. This is more longer term in nature than near term so for the longest time across cooling products, we've been hearing that there will be consolidation be it cooling on the AC side or coolers or fans, a lot of competition that's come in. And right now, the situation is



such that cost has increased multiple times and the price hikes are not enough to offset that cost. So, do you think now is the right time when you could see consolidation happening or industry is going to remain fragmented and therefore, competition probably will be the same in terms of intensity?

Mithun K. Chittilappilly: See, what is happening is the core growth in the country is not that high. So, what is happening is every company in every category is thinking like okay, maybe if I get into this category, growth will happen. So that is why you see everyone in the Lighting business trying to enter into Wires. There are companies which are in the Water Purification business that have entered into Fans. So, I think everyone is entering everything, okay? So, it's not that brand and this process has not stopped. It is an ongoing process. It's something that has been going on since 2016, '17. So, it's an almost 8 year, 9-year phenomenon.

So we at V-Guard, we have pegged our growth and we have to grow despite all these macro headwinds and that's what we aim to do. We have done this by integrating our manufacturing. So, for example from a sourcing company, we are now a completely integrated manufacturing company, which allows us to build products which are sufficiently differentiated. So, we are not selling your "me-too" economy and subeconomy model kind of products. We want to build and sell premium and masstige products for which you need to own as much of the supply chain as possible.

And that's why we spent like close to INR300 crores, INR400 crores last 8 years to build so many plants and to get into the manufacturing. It is an incredibly tough thing to do, but we have done it because this is the only way we can fight this overcrowded market. I don't see consolidation happening.

But one thing is sure when such shocks happen so when you have an environment where you have to take 15%, 20% price increases and when you have an environment where lot of the raw materials are under shortage or you're not getting raw materials, that's when the better more organized companies, companies which have better supply chain capabilities will probably do better than some of the other players. So that's the broad thing. So far, I've not seen any move for consolidation because we are still seeing everyone trying to get into every other category.

Natasha Jain: Sir, a follow-up on that. When you say everyone trying to get into every category so again a broader longer-term question. We've seen a lot of brands entering across electrical space, right? Some of your peers who were predominantly a Fans player have now entered Wires and vice versa, predominantly Wire and Cable player try to enter Fans market in the last couple of years. Just want to understand your view what is the strategy that works here? I mean is it that if you have a fantastic cash flow, you can push anything?

Mithun K. Chittilappilly: No, it is not. So for example if you want to profitably build a business, you have to take 15, 20 years, build it SKU by SKU, you can start with sourcing, but unless you are really investing in the R&D, unless you're really investing in the manufacturing; I don't think many of these companies have any hope to make money out of it. I mean they can show revenue, but making



money is different. Barring the Top 4, 5 brands in each of these markets, most of them will not end up making money. That much I can guarantee.

So, at V-Guard for example, we have always remained a multiproduct company. It's not that we have got into multiple categories for the sake of getting into it. We have always been organized as a multiple product company and we have a very long-term view. We are okay to see the category for 10, 15, 20 years. And I don't know how many of the companies you spoke about are able to do it. Like I said like Wire is a completely different category and when they enter Wires, they'll understand that winning in Wires is very, very different.

The skills required is probably very different from what is required to win in Fans. And similar, a Wire company may not be able to be successful in Fans. So, everyone will not be able to do everything. And we have given up a lot of for example our cost structure; as a multiproduct company, our cost structures are fairly high because we have to carry people for all our categories and these are some of the trade-offs we do. So good news is like a company like us, we are more; the risk is very less because all the categories will not get into trouble at the same time.

So, we will see lesser impact on fluctuations in each category. But I can say that I've seen the cycle like for example 8 years back everyone wanted to get into Kitchen Appliances space and now we don't have them, like there is Eveready which is out of kitchen. A lot of the other brands that have got into Kitchen have got out. So now only the core companies are still remaining. So we'll have a similar kind of a cleanup after 4, 5 years.

Natasha Jain:

Understood, sir. And sir, just one last observation I'd leave with. I'm actually on the ground right now to get some channel feedback and I came across a lot of players who've been keeping solar inverters and I got fantastic feedback on the product and the support from brand was also very positive. So just wanted to drop that for you. Thank you so much and all the very best.

Moderator:

Thank you. Next question is from the line of Vineet Prasad from Investec. Please go ahead.

Vineet Prasad:

Thank you for the opportunity. Just a couple of things. We've realized solar business for you has been grown extremely fast. Can you give some idea about what the size of that business could be, number one? What I understand is it could be more than INR500 crores in terms of top line now. And how do we see it growing? Are there further legs to growth as in can it grow very high double digits for another few years?

Mithun K. Chittilappilly:

So, I think we don't like to give out numbers, but it has not reached the INR500 crores mark. We only ventured into this business fairly recently like about 36 months back, but it's growing very fast. If you ask me, this business has potential to become very, very large, but we have been very careful and choosy. So, for example we are primarily selling solar inverters for residential users and small institutions. So, we have not got into the very large institutional orders and such like that because there are associated risks along with it.



But we are very confident that pretty soon maybe in 3 to 4 years, this will become one of the larger categories for V-Guard as we have an inverter battery business today which is quite large, similar size or it can be even more than that. But as on today, we have tried to sell to customers where it is more of a B2C kind of a play and it is not an institutional sales. I mean we do institutions, but it's very small. It's mostly residential consumers where we have equity and where we have pricing power and where our sales and service network have a differentiating factor of institutional sales where it's most of a price base.

So, we are very bullish on this category and we do believe given the recent challenges with fuel and all that, Government is under huge pressure to diversify away from fossil fuels in one way or the other. And this has already had good traction in India and I think it will continue. And one more thing is I think West Bengal and Tamil Nadu are two markets which were till now not encouraging this adoption of rooftop solar because it was a BJP Government initiative. And both these states, we hope definitely West Bengal will open up and Tamil Nadu also; the new Government policy will be able to definitely push for cleaner energy.

Vineet Prasad: Understood. And lastly, on the Lighting foray, where are we? If you can give some timelines, how are we progressing in terms of product, distribution, sales? Any colour on that?

Ramachandran V.: It's still work in progress for us. I think sometime towards early next quarter, we look forward to bringing it into market.

Vineet Prasad: Understood. Thank you so much.

Moderator: Thank you. Next follow-up question is from the line of Deepak Lalwani from Unifi Capital. Please go ahead.

Deepak Lalwani: Hello Sir. Thank you again. I just wanted to check how many months of inventory of each raw material do we maintain at the factory level aluminium, copper, plastic, etcetera? And this availability issue that you mentioned, so how are we sourcing our materials from different channels if you could explain? And if there is an issue, is it a big issue that will possibly lead to lower production? If you can just highlight that. These two are my questions.

Mithun K. Chittilappilly: So, I think as far as availability is concerned, it's primarily on the polymer or crude derivatives where there are availability issues. So, for example our batteries require sulfuric acid. Sulfuric acid is also used for production of pesticides. So that is a controlled substance now because the Government is rationing it, but we are still okay. We have tied up and locked up supplies for the next one month or more than that. The same is the case with certain type of raw material. Like I mentioned TPW fans, there seems to be some shortage.

But I think as soon as the war broke out, we had set up a war room and we identified these sensitive items very well in advance. And because we are a fairly cash-rich company, we have gone and secured supplies from wherever we could. So, we are pretty much okay. I think till end of June, I don't think we'll have any issue and I think largely we should be fine. There is



definitely; so for example if the demand is 110 units, the supply will be like 105 units. So, there will be some bit of shortage here and there.

But I think a company like us will be largely okay because we have a diversified supplier base and we have gone and secured supplies for most of our production. Sulfuric acid is still challenging because we cannot store a lot of that material. We don't have the capability to store it. It's an acid. So, our ability to store is very low. But wherever we can store, we have tried to store or we have stored it in our vendors' places.

So, we don't foresee any supply-related challenges at least for Q1. We are largely covered. But this is a potential issue for many; could be for smaller brands, regional brands who don't have the kind of clout we have, a company like V-Guard will have over supply.

Deepak Lalwani: Understood. Sir, last question, you mentioned that we've taken a bulk of our price hikes. So, has there been any resistance that you have seen in demand falling off for our categories or any loss of market share that you have seen, if you can highlight?

Mithun K. Chittilappilly: So, with any price hike for this much of a quantum, this is not a natural price hike, right? Usual price hikes our retailers are used to is for 2%, 3%. So, when it's 10% and 12%, definitely there is going to be some negotiation, pushback and all. But like I said, but as far as we see it, I think by the time this kind of the high-cost raw material starts hitting in, we are fairly confident they will get passed on because a lot of it has been accepted.

But wherever there are some challenges, for example if it's a summer category and it's in a geography where summer has not started yet or there are some rains and stuff like that, we have given case-to-case support for our distributors and retailers. But largely, it's looking okay because I don't think any company can absorb the quantum.

So, I think everyone has announced and there is definitely an intention to pass on these prices. And like I said, only in cases where the weather is not supporting, only those places we have given case to case. But largely it has been passed on.

Deepak Lalwani: Sure. Sir, if you can share what's your raw material mix for the whole company; copper, plastic and aluminium roughly?

Sudarshan Kasturi: Copper is the biggest versus second biggest is aluminium or steel?

Mithun K. Chittilappilly: It will be copper will be the largest followed by polymers.

Sudarshan Kasturi: Followed by polymer, then aluminium, then steel.

Mithun K. Chittilappilly: I don't have an exact number for that because it's not a single category, right? It's multi; each category has got a different mix. But everything has gone up, right? It's not that anything has not gone up, right?

Deepak Lalwani: Ok. Got it. Thanks.



V-Guard Industries Limited
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Moderator: Thank you. As there are no further questions, I now hand the conference over to the management for the closing comments.

Mithun K. Chittilappilly: Thank you all for taking time to join our earnings call. I would like to thank Vineet and the team at Investec for hosting this call. We look forward to interacting with all of you in the next quarter. Thank you.

Moderator: Thank you, sir. On behalf of Investec Capital, that concludes this conference. Thank you all for joining us and you may now disconnect your lines.

The transcript has been edited for clarity and it may contain transcription errors. Although an effort has been made to ensure high level of accuracy, the Company takes no responsibility of such errors.