

V-Guard Industries

Q4 FY21 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 Q4 FY21, Mr. Mithun Chittilappilly, Managing Director – V-Guard Industries Limited said, “I am pleased to report a very encouraging financial performance by V-Guard in what has been the most challenging period in recent memory for both human and commercial activity. Impact of the pandemic resulted in nationwide and localized lockdowns during a large part of the year, creating widespread uncertainty – with significant bearing on consumer demand as well as product supply chains. In this backdrop, we have achieved broad-based growth across product categories and geographical regions. We have continued to expand distribution presence, while launching several new products and driving greater focus on online engagement with customers. As a result, we saw sharp bounce-back in volumes as the economy opened up in the second half of the year. However, raw material cost inflation has remained a challenge and, while we have been able to mitigate this to a large extent, some near term pressures are likely to continue. We have also focused on tight cost control that has driven operating leverage to the business. The net result was that revenues grew 8.7% in FY21, EBITDA margin expanded by 120 basis points to 11.4% and profit before tax was higher by 16%. Tax rate for the year was higher due to production stoppages at the Sikkim facility where we enjoy tax advantages. Our net cash position increased by Rs. 133 crore, working capital saw further improvement and core ROCE rose significantly to touch 40%.

Q4 performance saw a sharp uptick, continuing on the growth momentum witnessed in Q3. As we enter the new financial year, the country has been hit by a more severe second wave of the pandemic. Extensive lockdowns have been imposed which are likely to cause significant impact on consumer demand during Q1. However, we remain confident that our business, built on the edifice of a strong brand, high-quality products, widespread distribution and deep customer relationships, has the resilience to come back strongly when the situation normalizes from Q2.”

Key Highlights – Q4 FY21



Revenue increased by 58.2% YoY in Q4 FY21

- Q4 FY21 revenue increased by 58.2% YoY to Rs. 849.10 crore
 - South and Non-South markets witnessed YoY growth of 49.6% and 70.9%, respectively
 - Non-South markets contributed to 43.7% of total revenue in Q4 FY21 as compared to 40.5% in Q4 FY20
 - South markets contributed to 56.3% of total revenue in Q4 FY21 as compared to 59.5% in Q4 FY20
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EBITDA and PAT improve

- Gross margins were lower by 190 bps YoY mainly due to raw material cost inflation in recent months
 - EBITDA margins (excl. other income) at 12.9% as compared to 8.4% in Q4 FY20
 - Ad/promotional spends (exclusive of schemes) marginally lower at 1.7% of revenues in Q4 FY21 as compared to 1.9% in Q4 FY20
 - Q4 FY21 PAT of Rs. 68.3 crore, increased 110.2%; PAT margin at 8.0% as against 6.1% in Q4 FY20
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Strong cash flow generation; robust balance sheet

- Strong CFO generation in FY21 of Rs. 221.8 crore as compared to Rs. 139.4 crore in FY20
- Core ROCE at 40.0%, up from 33.2% over the last 12 months
- Net cash of Rs. 271.1 crore on balance sheet as on 31st March 2021, as against Rs. 137.5 crore as on 31st March 2020

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

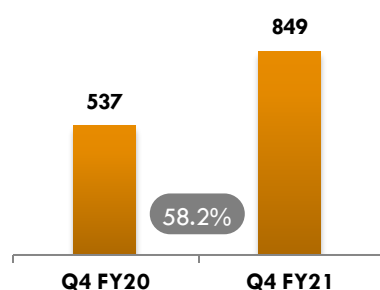
P&L Snapshot



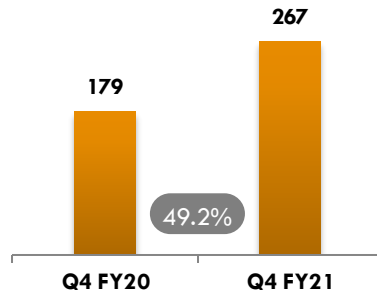
P&L Statement Particulars	Q4 FY21 (Rs. Cr)	Q4 FY20 (Rs. Cr)	Change %	Q3 FY21 (Rs. Cr)	FY21 (Rs. Cr)	FY20 (Rs. Cr)	Change %
Net Revenue	849.10	536.63	58.2%	827.41	2,699.00	2,481.96	8.7%
COGS	582.24	357.75	62.7%	557.28	1,848.73	1,658.20	11.5%
Gross Margin	31.4%	33.3%	-1.9%	32.6%	31.5%	33.2%	-1.7%
EBITDA (excluding other income)	109.93	45.16	143.4%	113.57	306.49	253.27	21.0%
as a % to Net Revenue (NR)	12.9%	8.4%	4.5%	13.7%	11.4%	10.2%	1.2%
Other Income (including finance income)	4.36	5.19	-16.0%	5.42	21.10	23.99	-12.1%
EBITDA after other income	114.29	50.35	127.0%	118.99	327.59	277.26	18.2%
as a % to NR	13.5%	9.4%	4.1%	14.4%	12.1%	11.2%	1.0%
PBT	100.29	42.40	136.5%	108.44	284.67	245.44	16.0%
as a % to NR	11.8%	7.9%	3.9%	13.1%	10.5%	9.9%	0.7%
PAT	68.34	32.51	110.2%	77.02	198.98	185.16	7.5%
as a % to NR	8.0%	6.1%	2.0%	9.3%	7.4%	7.5%	-0.1%

Financial Highlights (Q4 FY21 vs. Q4 FY20)

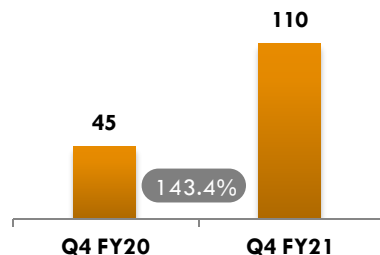
Total Income (Rs. crore)



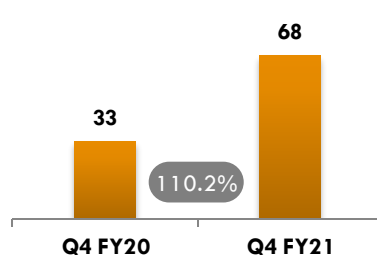
Gross Profit



EBITDA (Rs. crore)



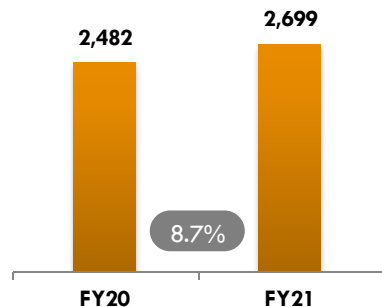
PAT (Rs. crore)



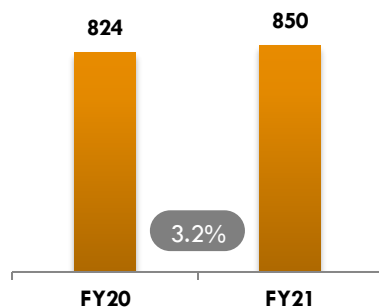
Key ratios (%)	Q4 FY21	Q4 FY20
Gross Margin	31.4%	33.3%
EBITDA Margin (excl. other income)	12.9%	8.4%
Net Margin	8.0%	6.1%
Ad & Promotion Exp. (excl. schemes)/ Total Revenues	1.7%	1.9%
Employee Cost/ Total Operating Income	6.7%	8.0%
Other Expenditure/ Total Operating Income	11.8%	16.9%
Tax rate	31.9%	23.3%
Diluted EPS (Rs.)	1.58	0.75

Financial Highlights (FY21 vs. FY20)

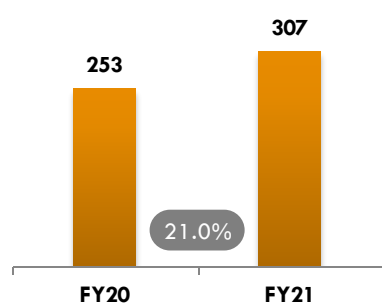
Total Income (Rs. crore)



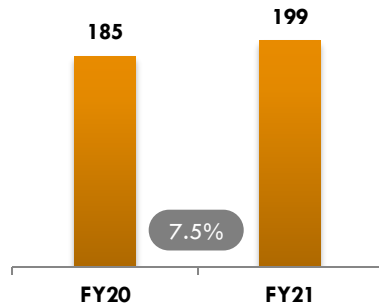
Gross Profit



EBITDA (Rs. crore)



PAT (Rs. crore)



Key ratios (%)	FY21	FY20
Gross Margin	31.5%	33.2%
EBITDA Margin (excl other income)	11.4%	10.2%
Net Margin	7.4%	7.5%
Ad & Promotion Exp. (excl. schemes)/ Total Revenues	1.0%	2.3%
Employee Cost/ Total Operating Income	8.3%	8.3%
Other Expenditure/ Total Operating Income	11.8%	14.7%
Tax rate	30.1%	24.6%
Diluted EPS (Rs.)	4.61	4.28

Financial Highlights – Balance Sheet Perspective



Balance Sheet Snapshot (Rs. Cr)	31 March 2021	31 December 2020	31 March 2020
Net Worth	1,207.8	1,133.0	993.8
Gross Debt	10.0	10.0	10.0
Current Investments	0.0	0.0	36.0
Cash & Cash Equivalents (inc. bank balance)	281.1	492.3	111.5
Net Cash Position (Rs. crore)	271.1	482.3	137.5
Fixed Assets	373.3	337.5	334.4

Balance Sheet Snapshot (Rs. Cr)	31 March 2021	31 December 2020	31 March 2020
Debtor (days)*	52	42	47
Inventory (days)*	124	101	105
Creditor (days)*	93	94	66
Working Capital Turnover (days)	83	48	86
RoE* (%)	16.5%	14.4%	18.6%
Core RoCE* (%)	40.0%	31.8%	33.2%

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

Core ROCE is calculated on the basis of capital employed excluding cash.

Segment-wise Breakup – Q4 FY21 vs. Q4 FY20



Segment Revenue	Q4 FY21 (Rs. Cr)	Contribution (%)	Q4 FY20 (Rs. Cr)	Contribution (%)	YoY growth (%)
Electronics	242.8	28.6%	150.3	28.0%	61.5%
Electricals	382.7	45.1%	242.2	45.1%	58.0%
Consumer Durables	223.7	26.3%	144.1	26.9%	55.2%
Grand Total	849.1	100.0%	536.6	100.0%	58.2%

Segment Result	Q4 FY21 (Rs. Cr)	Margin (%)	Q4 FY20 (Rs. Cr)	Margin (%)	YoY growth (%)
Electronics	53.1	21.9%	21.3	14.1%	149.7%
Electricals	43.0	11.2%	19.2	7.9%	124.0%
Consumer Durables	8.9	4.0%	3.5	2.5%	151.4%
Grand Total	105.0	12.4%	44.0	8.2%	138.6%

Electronics – Stabilizers, UPS, Solar Inverters

Electricals – Wires, Pumps, Switchgears, Modular Switches

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

Segment-wise Breakup – FY21 vs. FY20



Segment Revenue	FY21 (Rs. Cr)	Contribution (%)	FY20 (Rs. Cr)	Contribution (%)	YoY growth (%)
Electronics	758.9	28.1%	754.5	30.4%	0.6%
Electricals	1,203.5	44.6%	1,053.0	42.4%	14.3%
Consumer Durables	736.7	27.3%	674.5	27.2%	9.2%
Grand Total	2,699.0	100.0%	2,482.0	100.0%	8.7%

Segment Result	FY21 (Rs. Cr)	Margin (%)	FY20 (Rs. Cr)	Margin (%)	YoY growth (%)
Electronics	144.2	19.0%	123.7	16.4%	16.6%
Electricals	106.5	8.8%	81.3	7.7%	30.9%
Consumer Durables	40.3	5.5%	39.9	5.9%	0.8%
Grand Total	290.9	10.8%	244.9	9.9%	18.8%

Electronics – Stabilizers, UPS, Solar Inverters

Electricals – Wires, Pumps, Switchgears, Modular Switches

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

Geographical Breakup of Revenues

Region	Q4 FY21 (Rs. Cr)	Contribution (%)	Q4 FY20 (Rs. Cr)	Contribution (%)	YoY growth (%)
South	477.9	56.3%	319.4	59.5%	49.6%
Non-South	371.1	43.7%	217.2	40.5%	70.9%
Total Revenue	849.1	100%	536.6	100%	58.2%

Region	FY21 (Rs. Cr)	Contribution (%)	FY20 (Rs. Cr)	Contribution (%)	YoY growth (%)
South	1,578.3	58.5%	1,477.6	59.5%	6.8%
Non-South	1,120.7	41.5%	1,004.4	40.5%	11.6%
Total Revenue	2,699.0	100.0%	2,482.0	100.0%	8.7%

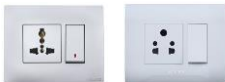


Annexure

Market Overview of V-Guard's Product Portfolio



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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



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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
 - Mixer Grinders - Gas Stoves - Water Purifiers - Other Small Kitchen Appliances#	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 Kothouseph 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.



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THANK YOU