November 6, 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 Unaudited Financial Results for the quarter and half year ended September 30, 2026.

This is with reference to the intimation dated October 13, 2026, filed with the stock exchanges in terms of regulation 30 of the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015, regarding the earnings call to discuss the Unaudited financial results for the quarter and half year ended September 30, 2026, scheduled on October 30, 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-Q2-FY27-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
Digitally signed by Vikas Kumar Tak
Date: 2026.11.06 13:10:14 +05'30'

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

Encl: As above

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“V-Guard Industries Limited

Q2 FY27 Earnings Conference Call”

October 30, 2026

MANAGEMENT: MR. MITHUN K. CHITTILAPPILLY – CHAIRMAN AND MANAGING DIRECTOR – V-GUARD INDUSTRIES LIMITED

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

MR. SUDARSHAN KASTURI –SENIOR VICE PRESIDENT & CHIEF FINANCIAL OFFICER – V-GUARD INDUSTRIES LIMITED

MODERATOR: Ms. ARSHIA KHOSLA – ASHIKA INSTITUTIONAL EQUITIES

Moderator: Ladies and gentlemen, good day, and welcome to the V-Guard Industries Limited Q2 FY27 Earnings Conference Call hosted by Ashika Institutional Equities. 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 Ms. Arshia Khosla with Ashika Institutional Equities. Thank you, and over to you, ma'am.

Arshia Khosla: Thanks, Sagar. On behalf of Ashika Institutional Equities, we welcome you all to Q2 FY27 results conference call of V-Guard Industries Limited. We have with us today the senior management represented by Mr. Mithun K. Chittilappilly, Chairman and Managing Director; Mr. Ramachandran V; Director and COO; and Mr. Sudarshan Kasturi, Senior Vice President and CFO.

Now I hand over the call to management for initial comments on the quarterly performance, and then we will open the floor for Q&A session. Thanks, and over to you, Mithun, sir.

Mithun K. Chittilappilly: Thank you, Arshia and the team, at Ashika for hosting today's call. A warm welcome to everyone joining us to discuss our Company's operating and financial performance for the second quarter of FY27. I trust that all of you have had the opportunity to review the investor presentation shared earlier.

We are pleased to report another quarter of strong and consistent performance, with all business segments achieving strong growth, supported by volume expansion across most product categories. This performance reflects the underlying resilience of our business and brand, focused execution and supportive market conditions.

In Q2 FY27, Consolidated Net Revenue from operations stood at INR1,853 crore, higher by 38.2% YoY. For the half year, Consolidated Net Revenue from operations stood at INR3,664 crore, higher by 30.5% YoY.

The Electronics segment—comprising Stabilizers, UPS Systems, Inverters & Batteries and Solar panels—reported particularly strong revenue growth of 60% YoY in Q2, with all major product categories contributing positively. Solar Power Products led the growth with Digital inverter and Battery also contributing strongly.

The Electricals segment, which remains our largest revenue contributor and includes Wires, Pumps, Switches and Switchgears, reported revenue growth of 41.2% YoY in Q2. While the growth in Wires was mainly price driven, there has been healthy volume growth in Pumps, Switches and Switchgears.

In the Consumer Durables segment—covering Ceiling Fans, Water Heaters, Kitchen Appliances and Air Coolers—we reported a revenue growth of 20% YoY. The momentum in demand for

induction cookers continued into this quarter and was accompanied by healthy demand across the broader Kitchen Appliances portfolio. Fans and Water Heaters also registered strong growth.

Sunflame reported revenue growth of 20.5% YoY in Q2, building upon the positive momentum witnessed in the first quarter. With the functional integration of Sunflame now completed, our initiatives to strengthen the product portfolio and expand market presence are beginning to translate into improved business performance. Pricing actions in CSD entail longer lead times, which has impacted Sunflame's margin.

Gross margin stood at 34.3% in Q2, compared to 37.6% in the corresponding quarter last year and 36.9% in Q1 FY27. The moderation was primarily attributable to higher input costs, along with some impact coming from changes in product mix. We continue to closely monitor input cost movements and remain focused on ensuring supply continuity while taking appropriate measures to protect our margins.

EBITDA (excluding other income) for Q2 stood at INR168 crore, reflecting a YoY growth of 53.7%. EBITDA margin was 9.1% in Q2 this year compared to 8.1% in Q2 last year.

Consolidated Profit After Tax (PAT) for the quarter was INR112 crore, up 71% YoY compared to PAT of Rs. 65 crore in the previous year.

We continue to monitor the geo-political situation and will take appropriate actions necessary to protect supplies and margins. We are hopeful to deliver a healthy growth in the upcoming quarters as well.

With that, I conclude my opening comments. I would like to thank Arshia and the team at Ashika 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. We will now begin with the question-and-answer session. Our first question coming from the line of Rahul Agarwal with Ikigai Asset. Please go ahead.

Rahul Agarwal: Hi, Mithun and team. Congratulations for the good result. Mithun, just wanted to understand on this segment, on Electronics' growth, right? Some comments qualitatively on the Solar, Non-Solar revenue for the quarter. How has that been? And incrementally, how should we appreciate and think about Solar's overall growth for fiscal '27 and the balance – Stabilizer, Inverter, UPS growth for the full year? Some qualitative comments will really help.

Mithun K. Chittilappilly: So I think it's not only the Solar Power Systems, but also the Inverter and Battery business. Both of them have grown well. Qualitatively, Solar is a new category. So they are growing at a much faster pace. It's a category we are seeding. Right now, we are mainly selling this product in Southern markets, and we are entering Northern market and some of the Eastern markets soon.

So we are very bullish on this category. There is a lot of government subsidies and government push to move a lot of the residential energy consumption to solar. And it looks like it is, that the whole ecosystem is evolving quite well. Apart from that, the Inverter and Battery business also

did well because we had power cuts in this current year because of huge increases in power requirement and power outages in various parts of the country.

Rahul Agarwal: Got it. So like if you have to split out Solar and Non-Solar, is there a base revenue for Solar?

Mithun K. Chittilappilly: We won't be giving any numbers for Solar. We will not be giving any, product-wise.

Rahul Agarwal: Understand. I understand. And just secondly, just a follow-up from a ROCE perspective on the Solar business again, from a margin and working capital perspective, does it change anything for V-Guard? Or is it similar in line with the company averages?

Mithun K. Chittilappilly: No, I think our Solar business is not a B2B business. So we are selling our products; our solar products are mainly from 3 kilowatt, so 75% of our sales is 3 kilowatt to 10 kilowatt and it is going to residential households. We are primarily selling it to system integrators who go and set up these things in the rooftops of houses.

We are not supplying to Government or independent power producers or large consumers. So there is no working capital difference. So yes, in that sense, there is not much difference in terms of working capital and stuff. It is pretty much similar to the rest of the company.

Rahul Agarwal: Got it. And just on Electricals, you said Cable Wires was largely pricing-led. Any numbers on the volume growth side for Cables, no for Wires?

Mithun K. Chittilappilly: I think Cables volumes are flat. I think it's probably flat. Almost all of it has come from pricing growth, which is close to...

Sudarshan Kasturi: 40%.

Mithun K. Chittilappilly: Close to 40%.

Rahul Agarwal: Right. And similarly for ECD, any comments on volume growth?

Mithun K. Chittilappilly: See, I think excluding Cables and Wires, I think the volume growth is about and the pricing growth is; one moment, I'll just come back.

Sudarshan Kasturi: Excluding Wires, overall, all other categories put together, 10% is price growth, 25% is volume growth.

Rahul Agarwal: Fair enough. Thank you so much and all the best.

Moderator: Thank You. The next question comes from the line of Sameer Gupta with IIFL Capital. Please go ahead.

Sameer Gupta: Hi. Good afternoon, sir and thanks for taking my question. Just wanted to understand; I understand you don't want to divulge any information on the revenue aspect. But when you look at the Solar part within the Electronics portfolio, we're seeing a lot of players having entered and primarily supplying to the Solar Rooftops tailwind via system integrators. Now some of them

are branding it with the end product and some of them are just supplying components to the overall assembly of the solar rooftop.

But my broader question here is like what is the right to win of V-Guard and these other players who have entered versus, let's say, a more power-oriented company like a Tata Power or an Adani or a Waaree, which are the larger players here? And is this tailwind today more driven by that there is a very high demand, and supply is yet to catch up, or it is here to stay?

Mithun K. Chittilappilly: Okay. Ram, do you want to take this?

Ramachandran V.: Yes. I think a couple of things. See, one is, as far as the Electronics segment is concerned, we have broad-based growth across all categories, which is strong. That's the first part of it.

Coming to the rooftop business, we are still in a very nascent stage of the journey in this business. This business is closely associated with our Inverter Battery business. And therefore, is the reason why we have looked at this opportunity.

The capabilities we have built for that business are relevant for this business, and that's what gives us the right to win. And compared to a lot of people who are just buying and trading, we have deeper understanding and expertise both in Electronics and in power storage, which is why we have entered this place. And our play will be shaped by this outlook in terms of how we will move forward, how we will come and how we will position.

Now what we are doing in this space is still emerging and developing and will play out over some time. But it's going to be fundamentally rooted and built around and our right to win and our right to compete will be built around the capabilities, the infrastructure and the investments that we have already made in our Electronics vertical and also in the GTM side.

Sameer Gupta: So does the consumer know that it's a V-Guard inverter or a V-Guard battery or a V-Guard solar panel in the rooftop that is...

Mithun K. Chittilappilly: Of course.

Sameer Gupta: Okay. Okay.

Mithun K. Chittilappilly: Yes, yes. Of course, of course.

This is not just buying from somewhere and taking it into a truck and supplying. So this is a complete solution, where there is a panel which is branded as V-Guard. There are inverters which are branded as V-Guard. There are distribution boards and boxes, which are also branded.

We only don't make the brackets and all that because it's customized and the SI does the job. And we also, we have this model of selling through system integrators for Solar Water Heaters for the last 22 years. So we have been in this business for a long time, much before it became fashion.

Sameer Gupta: Got it. And are we doing any manufacturing here? Or at this point, we are just outsourcing it?

Ramachandran V.: Not yet. But that's why I said we are still nascent in this business. And we are working on various dimensions in this space, So that will pan out and play out as we move forward.

Sameer Gupta: Last question here. What are the kind of margins we are making here? Is it similar to the overall category or materially lower at this point?

Ramachandran V.: I think it's too premature for us to discuss about margins at this stage in the journey.

Sameer Gupta: Sure, no worries. I'll come back in the queue for follow ups. Thanks and all the best.

Moderator: Thank You. The next question comes from the line of Keshav Lahoti with HDFC Securities. Please go ahead.

Keshav Lahoti: Hi. Thank you for the opportunity. Congratulations on strong set of numbers. I want to understand one thing. If I see your growth for this quarter, South growth was 51%, while North was 23%. There is a huge disparity of growth in both the regions. Why is that so? And how will be the trend going forward?

Mithun K. Chittilappilly: Yes. So, there are two reasons. One is that in the current financial year, South India experienced extremely strong and continuous and extended summer. So we exited Q1 with very low inventory in our channel. Whereas in Northern and Eastern markets, there was intermittent rainfall and actually the summer product sales were not that great. This is the primary reason.

The other reason is, like I said, the Solar Power Systems is a new category. So we are present in more markets in South than non-South. So a little bit of that is also there. Both these reasons are playing a part.

Keshav Lahoti: Understood. Got it. And can you give, I know you don't want to give more detail, but can you give some idea how big is the Solar Power business is right now for you?

Mithun K. Chittilappilly: I think we already answered this question.

Ramachandran V.: I think let me put it like this, it is yet not very large for us. So we are in very early stages of it. And yes, I mean, when you do work growth numbers, it does add something to our overall growth. But I think it would be good for us to talk about it maybe a year down the line, when our capabilities, capacities fall in place.

Keshav Lahoti: Understood. Got it. One last question from my side. As you highlighted you have taken 10% price hike, blended, excluding Wires. Can you give some sense is it 10% all across products or is it different product-wise? And whether you have any plan to take price hike from October? And lastly, how much of the cost inflation you have passed on?

Mithun K. Chittilappilly: Okay. So I'll just come back to the first part. As we stand today, we have a 2% to 3% gap in pricing that is yet to be passed through. And our gross margin impact is also somewhere around that range. But this is a continuously evolving scenario. But I think we are in the process of now taking the current round of price hikes across categories.

And we are very clear that we will take pricing because the quantum of price increases that's happened in the last 9, 10 months is too high for any player to; it will be foolish for any player to absorb. So definitely, we'll be taking, and we are focused on running a healthy business. The first part of the question was on, what was the...?

Sudarshan Kasturi: Range of price increases, yes, it varies a bit according to the category, but largely between 6% and 12% price increases, that's what we have seen across different categories.

Keshav Lahoti: Got it. Okay. Just one more question from my side. How has the Stabilizer and Inverter market grown in this quarter? What would be the industry growth and how V-Guard might have done in the category in this quarter?

Ramachandran V.: We have had strong growth in both the categories.

Mithun K. Chittilappilly: Yes. So the Inverter and Battery business has grown better than stabilizer business. Like I said, where we had some tailwind from power outages in many parts of the country with; there is a slight mismatch of supply and demand in overall power situation in the country. So that way, it has helped. But even Stabilizer business has grown. Again, Stabilizer business is primarily driven by air conditioner stabilizer sales. Because like I said, even in Q2, the weather was fairly warm in Southern part of the country.

Keshav Lahoti: Got it. This is helpful. Thank you so much.

Moderator: Thank You. The next question comes from the line of Naushad Chaudhary with Aditya Birla Sun Life Asset Management Company Limited. Please go ahead.

Naushad Chaudhary: Thank you and congrats on good set of numbers. First on the gross margin. The dip in this quarter, do we think this is temporary and should eventually come back to our aspired number of around 35-36%, or should it remain like this for next few quarters?

Ramachandran V.: So see, last quarter, I think our gap margin gap because of; was about 3% compared to our plan. Out of that, 1% was mix. And typically, the mix is relatively less favorable in quarter 2 versus quarter 1, historically also. The 2% was the lag in the pricing transmission. Even as we are taking action to cover those gaps, further increases in input costs have happened in September and October also.

So this quarter, we will be landing price increases in the market, to neutralize this impact. It is depending on the geopolitical environment, that there could be further movements in commodity, and if that happens – favorable or unfavorable. So therefore that will be a continuous action. I think it just so happens that because the magnitude of price increases and the frequency of increases are large. And so there is some lag in the transmission.

Naushad Chaudhary: Understood. Assuming there is not much pressure on the raw material side, and if it remains at current market price, should we expect improvement in the gross margin?

Mithun K. Chittilappilly : No, no, no. As we stand today, we have still a gap of 3% to 4%. So we need to take at a minimum 3% to 4% to cover the gap as on yesterday. And as we speak, some materials are still going up and down. So we'll wait and see what happens. So it's an evolving situation.

Naushad Chaudhary: And second, on the demand side, how is the channel inventory currently for you? And what is the expectation for the coming summer season and for the festive season?

Ramachandran V.: So channel inventory is normal. So as you can see from our numbers, the velocity underlying growth has been good across all our categories. And so I would say the channel inventory is normalized. We don't see pressure anywhere at this point in time. And I think, the upcoming summer, I think sell-in is yet to happen. Typically, it starts towards maybe last week of December or in the month.

Diwali is yet to come in. So I think October, November is going to be around. This month and next month is going to be Diwali, and that's what we are preparing for. And as of now, we are seeing good offtake, and we feel confident to be able to deliver or sustain growth momentum in the upcoming quarters.

Naushad Chaudhary: Alright sir. Thank you. All the best.

Moderator: Thank You. The next question comes from the line of Veenit Pasad with Investec. Please go ahead.

Veenit Pasad: Hi. Good afternoon, sir. Just continuing the previous participant's question on demand. Now this quarter, we saw 20% plus sort of volume growth ex of wires. Now when you mentioned that you're fairly confident of demand momentum sustaining, would it be safe to assume we will still be in and around that volume growth number even for the second half of the year? Or would it be a case given such sharp price increases, there could be some hit on demand and volume growth should be much lower than what we've seen in Q2?

Ramachandran V.: There are different segments and different segments can behave differently. So broadly, you can classify this into three parts. There is the Wire business, and the offtake there will also be influenced by commodity movement because there can be up-stocking or down-stocking that can happen vis-a-vis how commodity, copper is behaving.

Then the other segment is Consumer Durable. Here, we are watchful. Presently, as Mithun was already saying, because of a good summer, we are seeing extended demand in the summer categories, which has benefited in this last quarter and looks like it will benefit us also this quarter. As far as the remainder part of the portfolio is concerned, I think that will continue to grow.

Mithun K. Chittilappilly: So I think as far as volume growth is concerned, last year, H1, we had a very low base. H2, we grew better. So in that sense, there will be some moderation in volume growth.

Sudarshan Kasturi: H2 growth will be lower, but we still expect good growth.

Mithun K. Chittilappilly: Yes. H2 growth will be lower than H1, but revenue-wise; sorry, volume-wise, maybe it will be like mid-teens or something like that.

Veenit Pasad: Understood.

Ramachandran V.: There will be price increases also, because price increases are happening, which is why we are saying we remain optimistic that we should be able to deliver or sustain our growth in the upcoming quarters.

Veenit Pasad: Fair. Sir, my second question is on Consumer Durable ECD segment margins. Now it's been two consecutive quarters where we have seen a reasonable improvement in terms of our Consumer Durable margins. For the first half, it's up 400 bps for this quarter itself, it's up 300 bps.

So should we assume that worst in terms of ECD margins is behind us and we should be building in from here on as far as margin is concerned and better utilization at our plants, all the capex investments which we have done, operating leverage benefits will flow in and continue to flow in from here on?

Mithun K. Chittilappilly: The reason last year, Consumer Durable margins had a hit was we had a new launch in Water Heater segment, so there was an additional A&P spend for Q2. So it looked low. But otherwise, that's a base effect issue. So I think, yes, current margins, we should be able to maintain is what I see.

Veenit Pasad: Fair enough. Fair enough. And sir, my last question is on Sunflame. Again, we are seeing some bit of demand revival along with benefits of integration playing out. Is it safe to assume that bulk of the work on the integration, Sunflame integration is done, and we should be seeing a fairly healthy growth coming in from Sunflame as we expect synergies with V-Guard brand?

Ramachandran V.: I think there is the work on product, that is underway. The basic challenge for Sunflame has been that the product pipeline and the product refresh was not in place and this has impacted us. But I think the NPD refresh is landing. And it has partly landed, and there is more to come over the next 6 to 12 months. And that should help the business to sustain a stronger growth momentum compared to the historical past.

Veenit Pasad: Fair enough. Sir, last one more question, if I may. We were to launch Lighting early this quarter. Has it happened? Which are the areas or which are the geographies where we have launched? What will be our GTM strategy there? Any comments on that would be helpful. Thank You.

Ramachandran V.: Yes. I think the Lighting launch in the market is not more than 3 to 4 months old. And so we have still been able to land only maybe 40%, 50% of the SKUs that we want to bring to market. The initial launch is focused on a few districts in a couple of states. So I would say that it will be somewhere around April or May, what we are targeting to make sure that our product portfolio is complete, and we are able to expand our offerings, even within South to a wider portfolio of markets.

So it's a gradual calibrated increase as we increase in reach and distribution as we make sure that our product portfolio expansion is in place. Sometimes we have to fine-tune offerings based on

local market requirements. And also making sure that our supply chain is stabilizing. So I would say at this stage, it is more in like a test market and market development stage.

Veenit Pasad: Fair. Understood. Thank you so much, sir. Thank you.

Moderator: Thank You. The next question comes from the line of Mr. Achal Lohade with Nuvama Institutional Equities. Please go ahead.

Achal Lohade: Good afternoon, sir. Thank you for the opportunity. My questions were, one, in terms of the demand, you did talk about the extended summer, particularly in South. But in general, how is the demand scenario particularly in Tier 3, 4, 5 towns? And given the drought kind of situation this year, how do you see that playing out? Is that a concern? Or given the products, given the offerings, etcetera, you are fairly clear that you're looking at a mid-teens kind of a volume growth?

Mithun K. Chittilappilly: See, typically, V-Guard tends to do well when there is very little rain. So that has been our experience. Because we have products like pumps and motors where the demand actually kicks in a lot when the water table goes down. Lack of rains and higher temperatures means more power cuts. So inverter and battery sales goes up, more sale of air conditioners stabilizers also. So generally, our demand drivers are like lack of rain or less rain and hotter climate. So to that extent, the tailwind is bigger than the headwinds.

Achal Lohade: Got it. Secondly, if you could give us some sense in terms of the A&P spend for the quarter. You mentioned that 2Q FY26 had a little higher spend on the Water Heater launch. So the spending was higher. So you could help us understand this?

Mithun K. Chittilappilly: See, I think overall A&P spends may remain; overall A&P spends have not gone up or come down. But what I'm saying is last year, the A&P spend in Q2, I think it happened for Water Heaters. So the Consumer Durable margins have looked quite low, and we are seeing a huge improvement. This year, the A&P spend has gone to some other category, maybe in some other buckets. So I hope you understand.

Achal Lohade: Yes. So it's effectively the allocation depending on the...

Mithun K. Chittilappilly: Allocation, yes. So for example, yes, when we do an ad for water heaters, it will get booked in the Consumer Durable segment. If you do an ad for inverters, it will get booked in the Electronics segment. So the percentage of spends, nothing much has gone up. I think we are at almost the same level of 2.1% or 2.2%.

Sudarshan Kasturi: 2.3%.

Mithun K. Chittilappilly: Or 2.3% of revenue, which is broadly in line with what we have.

Ramachandran V.: Yes. I mean, also, depending on which category we spend, sometimes the timing of that will fall on in one category or the other category. I mean, one quarter or the other quarter also, So I mean these are the two factors involved here.

Achal Lohade: Got it. And just last question, in terms of the product introductions, is there anything more in pipeline or what we are currently talking about, are those the ones we will probably look at over the next 1, 2 years?

Mithun K. Chittilappilly: No, I think there is no completely new category or something. But like if you look at Kitchen, there are some extensions happening like in terms of Air Fryers and those kind of things. But they are part of the larger Kitchen portfolio. They may not be very large categories. But a significantly large category would be definitely Lighting, and we are hoping to start with a decent revenue numbers starting from Q1 of next year. And the other one, we have discussed in depth, which is Solar Power Systems.

Achal Lohade: Fair point. Thank you.

Moderator: Thank You. The next question comes from the line of Lakshminarayanan K G with Tunga Investments. Please go ahead.

Lakshminarayanan: Thank you. I just want to touch upon... Sir, my question is that on the Consumer Durables, what kind of NPD you actually target and where are we now, and what kind of innovations you have done? And second, on the Consumer Durables, I also see that you have launched a Water Purifier, etcetera. I just want to understand what has been the traction in that particular business?

And the third is that as an industry, how things are moving towards e-commerce, and what is your take on the industry sales via, I mean, Consumer Durables sales via e-commerce, and where do you stand? Are you under-indexed or over-indexed there?

Ramachandran V.: So let me start with NPD. Typically, we target to deliver about 21%, 22% of, let's say, non-wire revenue through NPD. When we say that, we take first 12 months sale as the NPD contribution for that year's sale. This number may vary between 18% to 23%, 24% from year-to-year, depending on the product road map. That's, I think, as far as NPD is concerned. Some years may be on the higher side of 24%, some years may be on the lower side of 18%, depends on which category and what products we are refreshing.

Second question on Water Purifiers. Yes, I think we have been in Water Purifiers for a couple of years now, trying to sell online. And we have perfected now our customer service network and product portfolio, and we plan to now focus on expanding the offering. So the initial focus has been on e-commerce because it is something that is easy to manage, and it gives us a good opportunity to understand the category and to build the capabilities.

The third question was regarding what's our outlook on e-commerce. I think e-commerce, yes, we are under-indexed compared to e-commerce contribution for the industry. We are under indexed. It's a conscious choice because going for it is conflicting the trade part. E-commerce demand environment has not been observed to be great. I think at an aggregate level, e-commerce has been probably flat to single-digit growth is what we understand for the portfolio of products that we are in.

Probably also, I think with the buildup in quick commerce, I'm sure the investments from the big platforms will also be getting refocused, and which may also probably be impacting their ability to aggressively grow that channel.

Lakshminarayanan: Got it. And if you can give a broad mix of your channel in terms of modern retail or B2B or general trade...

Ramachandran V.: No, I think general trade will be about 70% of our revenue and maybe modern trade, e-commerce and canteen stores maybe about 30% of our revenue.

Lakshminarayanan: Got it. And on the Sunflame product portfolio, what are the things that have actually; you talked about new product refresh, etcetera. Which subsegments actually drove growth for us and then which subsegment you actually launched new products?

Ramachandran V.: So I think right now, the big challenge for Sunflame – there are two challenges for Sunflame. I think one is the last 5, 6 or last 5 months, because of the issue in Middle East, the demand in the short-term has shifted from gas stoves to induction. The Induction portfolio is inside V-Guard, whereas Sunflame is strongly dependent on Gas Stoves.

So gas stove sales have been flat. So obviously, ex of gas stove, the categories are growing, and that's how strongly, and that's how we are seeing that 20-plus percent growth in Sunflame. So that gives you a sense of where the growth is coming from.

Lakshminarayanan: And which new products? You talked about product refresh in Sunflame, which products you have launched and what has been the...

Ramachandran V.: So just to give you an idea, the big challenge, Sunflame was a firm which was dependent on a few people, right, in terms of how the business was driven. I think the transaction concluded a year after COVID, and I think a couple of years of COVID, and they don't have bandwidth also. The year of the transaction also, I think these 3, 4 years and the 1 year post transaction, this period of 4 years.

See, Kitchen business sees a high rate of product refresh. Every 2, 3 years, product portfolio is refreshed, So this gap in product refresh, which has happened due to COVID and probably due to the enterprise being busy with the transaction readiness and the transaction execution and securing control by us.

So that period was the period that was impacted. And then subsequently, we have set up our PRM. The refresh is touching practically the entire portfolio of Sunflame. It is not specific to one or the other category because the entire range had got dated.

Mithun K. Chittilappilly: So Sunflame is primarily, large categories for Sunflame are Gas Stoves, Chimneys and Built-ins. These are three large segments, yes.

Lakshminarayanan: Got it. Just one last question on the Ceiling Fans. We had new products in the BLDC and remote control fans, etcetera. Can you just help me understand in Ceiling Fans, what is the mix of

premium and BLDC, and which segment has actually outgrown general products in the first half?

Ramachandran V.: So I think BLDC is, of course, driving the growth in Fans, just as for the industry and similarly for us. And BLDC share is also decent, maybe upwards of maybe 35%, 40%. So that's in terms of that. And most of our product work is fundamentally happening on BLDC.

Lakshminarayanan: Got it. Thank you.

Moderator: Thank You. The next question comes from the line of Deepak Lalwani with Unifi Capital. Please go ahead.

Deepak Lalwani: Hi Sir. Thanks for the opportunity. For the Solar Rooftop business, can you just highlight our supply chain and the procurement that we do, where is it from currently across the bill of materials like cell modules, etcetera, and the inverter battery as well.

Also in the states that we are present in, I'm sure that there is competition from the likes of the big players like Tata Power and Fujiyama. So how do we really compete with them? That's the next question.

And sir, this business is predicated on the Government policy, which gets over this year. So how should we view the growth of Solar Rooftops in, say, '28, '29? Thanks.

Ramachandran V.: So let me start with the last part of it first. So as we understand, I think the Government has set targets in this area. And maybe the nature of the offerings will change. I mean, you might go to storage plus generation as opposed to generation today.

So maybe probably the portfolio will change where you would probably have a hybrid inverter and maybe a battery storage system also going along with the; which will actually become more favorable for people who are having capability and expertise in these domains. So this is how we see it.

So the second part is see, V-Guard as a brand has strong brand equity in the energy storage and the electrical space, so we have very strong recognition. I mean across our portfolio, we reach more households than any of the names that you talked about, from an offering standpoint.

It's just that, yes, we have come in later in the business, and we should be able to, and it will obviously take us some time. But I think the familiarity for the trade and the channel with V-Guard as a brand is very, very strong. And internally, we have the required capabilities to drive and grow these businesses.

Now coming to the supply chain, our supply chain is, as I said, our business is fairly nascent, and our supply chain is still forming, and it is also evolving. It may be good to talk about these things, maybe a few quarters down the line, when this takes shape and form, and we are able to comment, we are able to give a response which is more sustainable from a long-term standpoint.

Deepak Lalwani: Okay. Sure. Got it. And sir, you mentioned about mid-teen volume growth that you're witnessing probably that is because of the near-term summer. But structurally, it looks like V-Guard is

gaining market share, and that's been a long-term trend. So if you can explain the drivers that you have exercised over the last 3, 4 years or a few quarters in the near-term, that will be useful. And that is one.

And as you do so, sir, your EBITDA margins are still hovering in that 9% to 10% bracket. So which is a function of commodity product mix, A&P and opex. So as you grow much larger in size, how confident are you to get benefits of operating leverage and go to a 12%, 13% sort of EBITDA range for your company?

Ramachandran V.: Yes. So look, I think we, as a Company, are still in; so I think we need to understand, you should not be looking at us as a Company driving efficiency, we are continuously investing on building our capability and expanding our portfolio. So building capability means that we are working at what is required by us 3 to 4 years or 5 years from now. And we are working on those areas, That's building capability.

Investing, we are also diversifying across categories, So some of the money that we make has to go into these new areas, putting up teams, setting up internal capabilities, All of this is also going to dilute. So I think finally, when you are seeing an aggregate number, we are seeing an aggregate number, which is a balance of our investment for tomorrow and what we are doing to drive our today's categories.

So if you strip these two apart, then you will probably see the improvement in the operating leverage, But we are in this business not just for this year, So we are in the business for long-term. And we have got to where we have got to. If you go back 10 years back and where we are today, we have got here because we have made these investments to build that future.

And similarly, we will make balanced investments to build our future for the next 5 to 10 years, But all of these new categories, I mean, we are getting into SPS, we are getting into Lighting, Batteries, all of this is going to require future investments, So and presently, it will get charged into the P&L.

And the other part of it is that you need to recognize, as we already acknowledged, our pricing transmission is also lagging. So I think if the markets were stable, then probably we would see a more healthier margin than what you are seeing today. I think the way I would ask you to look at us is look at us and look at peers and what has happened to margins over a period of time. So we have held our margins, and we have sustained investment in future growth of the business.

Deepak Lalwani: Okay. Got it. Thanks. All the best.

Moderator: Thank You. The next follow-up question comes from the line of Naushad Chaudhary with Aditya Birla Sun Life Asset Management Company Limited. Please go ahead.

Naushad Chaudhary: Hi. I have two follow-ups. The first one, coming back on the margin, as we have taken a strategic decision from, to increase our in-sourcing have invested on the manufacturing and with the scale we were expecting to enter double-digit by FY28 at EBITDA level. So with all these investments and initiation of new categories, should we still expect double-digit kind of EBITDA margin from the Company FY28 onwards?

Mithun K. Chittilappilly: So if you look at our H1 numbers, we are very close to 9.5% to 10% EBITDA, So we are on course even in this year.

Naushad Chaudhary: Sure. And on the R&D innovation on our new innovation center, can you share your thought process in terms of what all activities we do there and what kind of expectations you have from that infra? And how should it strengthen your business today versus 2, 3 years down the line if it achieves what you aspire to from that center?

Ramachandran V.: So see, the innovation center right now is primarily focused on strengthening and building our Electronic capability, which is a big part of what is happening in that innovation center, although some other categories have also moved. Not all categories have moved there. The innovation center is also helping us to strengthen product reliability because we are also doing work in terms of assessing and strengthening portfolio reliability across the company.

Mainly, the purpose of setting up the innovation center, is to expand the capabilities, and provide space for our R&D teams to engage with consumers and bring consumer insight into the product development process. As you will see, we are further expanding into a number of categories, and the role of Electronics, is significantly going to expand, with the newer categories that we just discussed, including Lighting.

So it is fundamentally taking into account the needs of these areas. And then this is what I was saying. We put up the R&D center probably about 3 years back or 4 years back, It is an investment for what is going to come now in the next 3, 4 years. So some of the earlier questions that were being asked, So as a business, we have to invest in today and we have to also invest in tomorrow. And our portfolio creation is still underway. So that's fundamentally the objective there.

I think we also have, what I would say, a group working out of Kochi, which is working on a long-range innovation, where they are working on products which will have a development cycle of 5 years. So this is also something which is being fulfilled, although maybe these 2 capabilities are spread across multiple campuses.

Naushad Chaudhary: And in terms of absolute percentage of revenue which we spend on R&D, how has that moved for you in last 1 or 2 years? And what is the rate currently? And how many people you have in all these activities?

Ramachandran V.: I may not be able to readily give you a number on this because it is spread across many pockets. We are not presently today tracking that as a number. I mean we are doing what needs to be done to move forward because...

Mithun K. Chittilappilly: So what is classified as R&D expenditure is there are certain specific things under DSIR and all that. But the actual number of engineers working is far higher. But we don't really have that data. But like what is classified as R&D is in according to the accounting standard and stuff like that. So there's only certain type of things that is classified. But actually, people who are working on R&D, product development innovation may be higher.

Ramachandran V.: Yes, a significant part of the organization is dedicated towards product capability, But we have not been tracking the number like that. We're just doing what is required to be done to deliver our product road map and to deliver product capability. So I don't have a number readily to share with you.

Naushad Chaudhary: Sure sir. Thank you.

Moderator: Thank You. The next question comes from the line of Nikhat Koor with Dolat Capital. Please go ahead.

Nikhat Koor: Hi. Thank you for the opportunity. Sir, my question is on the Electronics segment. So what has led to this sharp 380 bps decline in Electronics margin sequentially in quarter 2?

Ramachandran V.: That is the mix, right? So there are two things. There is pricing transmission because just as there are price increases on other categories, there is a price increase in electronic components also. In that, then there are some categories which are in season and there are some categories which are out of season, and when a category is out of season, it takes a bit more time to transmit the price increase.

There is a lag on the portfolio. There is also a lag in the Electronics category. And there may be some mix because compared to last year to this year, we have sold rooftops and the margin structure of a Rooftop versus the other products in the Electronic segmentation is slightly different. The combination of these two is the impact that you see.

Nikhat Koor: Okay. And what would be the sustainable margins in Electronics, around 18% to 18.5%?

Sudarshan Kasturi: About 16%, 17% is okay. 18% can be in a good year.

Mithun K. Chittilappilly: 18% in a good year, 16% to 17% in a normal year.

Nikhat Koor: Okay. Thank you.

Moderator: Thank You. The next follow-up question comes from the line of Mr. Achal Lohade with Nuvama Institutional Equities. Please go ahead.

Achal Lohade: Thank you for the follow up opportunity, sir. Two quick questions. First, on Wires, given we have the new entrant actually launched last month, how do you see in terms of the Wires growth; so margin for us in terms of the pockets where we could be at risk? Any color on that would be appreciated.

Mithun K. Chittilappilly: So I think the new launch is very recent. From what we can gather, not a very significant or substantial portion of materials have reached to a significant number of outlets. So this is still very early days. I think we'll have to give it maybe a couple of quarters before we can comment.

As of now, we can say that there is absolutely no impact because it's still like there is no; we are not seeing much activity on the retail. I mean there's no product in the market yet. Or it's there, but it's very far and few in between. So I think although there was some big bang launch, the

actual getting the product manufactured and getting into the trade part will take more time is what we have.

Achal Lohade: Got it. Secondly, any update on the Gegadyne in terms of any benefit out of the investment? How do you see that playing out, especially when there is a scale up in the Battery and the Energy?

Ramachandran V.: So Gegadyne is focusing on commercializing the technology into product, and they have now picked up, I think, maybe 3-odd customers. And they are building what I would say, the customer franchise, with those three customers. That's where Gegadyne is today.

Achal Lohade: And any purchases we have from Gegadyne?

Ramachandran V.: Not yet. We might have made some small purchases or we may be in the course of making some small purchases as we speak. I don't know the exact situation right now.

Mithun K. Chittilappilly: It may not be material as of now, but I think maybe a few months down the line, there could be some volumes coming in.

Achal Lohade: Got it.

Ramachandran V.: Meaning they are in the course of meeting or they would have just met our first pilot orders.

Achal Lohade: Got it. Thank you so much, sir.

Moderator: Thank You. The next follow-up question comes from the line of Lakshminarayanan with Tunga Investments. Please go ahead.

Lakshminarayanan: Thank You. I just want to understand how your distribution or channel expansion has been in the first half compared to the last half across segments?

Ramachandran V.: I think, see, typically, we target to add 3,000 to 5,000 customers every year. And I think we are on course with that process. There are two types of things we do. One is, of course, to add these new customers and the other is to add more categories with some of the existing customers. So these are the approaches.

Lakshminarayanan: Got it. I think another observation is that a couple of years back to now, there has been proliferation of too many brands and I see that people who used to stock predominantly V-Guard, they are also given shelf space for various other products.

And in this kind of scenario, I mean, how are you making your products stand out? Because the quality of products are always at a stake here, and it's always there and everyone claims that. So what is that you have done, or anything you have done if you like to highlight in the last 1 year?

Mithun K. Chittilappilly: See, there is always going to be; yes. So India is an extremely large market. And if you look at the universe of number of shops or trade channels we have to serve, it's close to 200,000, and we are at about 100,000 or a little more than 100,000. So we have a lot of room to grow. And it doesn't matter, some people will come, some people will go. How we look at is how have we

grown vis-a-vis our peers, and we are definitely growing faster. So that should give you some indication.

Lakshminarayanan: Okay. Thank you.

Moderator: Thank You. The next question comes from the line of Rabindra Nath Nayak with Nirmal Bang. Please go ahead.

Rabindra Nath Nayak: Thank you for the opportunity. Sir, the Electronics segment, we have grown this quarter by 60%. So whether both segments, as in Inverters and Stabilizers have grown similarly or it is that Stabilizers has grown faster than the Inverters?

Mithun K. Chittilappilly: I think the Solar Power and Inverter Battery business has grown quite well. The Stabilizers' growth is slightly lower in that mix.

Rabindra Nath Nayak: Okay. If I understand correctly, Inverter is actually pan-India, sorry, Stabilizers is pan-India and Inverters is confined to the South market as of now, right?

Mithun K. Chittilappilly: No. No. I think only Solar Power Systems, we are selling mostly in South. The other two Electronics' categories are pretty much pan-India.

Rabindra Nath Nayak: Okay, okay. And sir, you mentioned that the price around 2% to 3% price rise is expected. So if the demand is good and Electronics, you must have passed on majority of the price rise. And Electrical, as I said, already the volume has increased by flat and also the prices, we have taken a price hike so that 41% majorly come from price hike. So probably the Consumer Durable is actually lacking in some sort of price rise, right? Is it the right understanding?

Mithun K. Chittilappilly: To an extent, yes, there is; the quantum of price increase we have to take in Consumer Durables is slightly higher than in the other two segments, which is right. But even that has to be passed on. It is not that; because that category also took a lot of price increases in Q1. But Q2 being an off-season and all that. If you look at Fans, it's an off-season in Q2. So there has been some delay in increasing the prices. But I think the price increasing activity is again going to pick up in the current couple of months.

Ramachandran V.: So Q1, we landed the pricing very aggressively and probably ahead of the market. And I think Q2, maybe we have been a bit slower because in some ways, it did slightly impact our growth in some categories, right? So Q2, we were slower. So there is a lag in transmission, and we will be looking to address it in quarter 3.

Rabindra Nath Nayak: Okay. Okay. Sir, if in the second half, if you will take a price increase and because a lot of people have actually taken the price increase. So can we reach around double-digit margin in the second half?

Ramachandran V.: I think as Mithun already said, we are almost there even in the first half. I mean, H1, we should be between, I think, 9.6%, 9.7% to 10%. We are already there, yes.

Rabindra Nath Nayak: Okay. Okay. So then we can...

Ramachandran V.: Just one point, please don't only look at quarter-to-quarter margin. Typically, quarter 2 will have a lower margin than quarter 1 because quarter 2 mix is different from quarter 1. Stabilizer sales are lower, And some of the high-margin category sales are lower in quarter 2 compared to quarter 1. So for us, it is normal margin. It's normal for quarter 2 to be lower than quarter 1. Quarter 3 and quarter 4, progressively, it will get better, and that's the normal mix of margin for the Company.

Rabindra Nath Nayak: Okay. And lastly, sir, what is the capex plan for this year and the total capex for this year, full year?

Sudarshan Kasturi: This year, capex will be in the region of about INR150 crores.

Mithun K. Chittilappilly: INR150 crores.

Rabindra Nath Nayak: Okay. Thank you and all the best.

Moderator: Thank you. Ladies and gentlemen, we will take that as the last question for today. I now hand the conference over to the management for closing comments. Over to you.

Mithun K. Chittilappilly: Thank you, Ashika and team for hosting this call, and thank you all for your patient listening.

Moderator: Thank you. On behalf of Ashika Institutional Equities, that concludes this conference. Thank you, everyone for joining us, and you may now disconnect your lines. Thank you.

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.