August 5, 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 ended June 30, 2026.

This is with reference to the intimation dated July 16, 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 financial results for the quarter ended June 30, 2026, scheduled on July 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-Q1-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: 2026.08.05 18:16:33 +05'30'

V-GUARD INDUSTRIES LTD. VENNALA KOCHI-682028 DOOR NO. 42/962, VENNALA HIGH SCHOOL ROAD

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

Encl: As above

"V-Guard Industries Limited
Q1 FY27 Earnings Conference Call"
July 30, 2026

MANAGEMENT:	**MR. MITHUN K. CHITTILAPPILLY – 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 :	**MR. ANIRUDDHA JOSHI-ICICI SECURITIES**

Moderator: Ladies and gentlemen, good day, and welcome to the V-Guard Q1 FY27 Conference Call. 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 touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Aniruddha Joshi. Over to you, sir.

Aniruddha Joshi: Yes. Thanks, Ananya. On behalf of ICICI Securities, we welcome you all to Q1 FY27 results conference call of V-Guard Industries Limited. We have with us today the senior management represented by Mr. Mithun K. Chittilappilly, Managing Director; Mr. Ramachandran V, Director and COO; and Mr. Sudarshan Kasturi, Senior Vice President and CFO.

Now, I hand over the call to the management for initial comments on the quarterly performance and then we will open the floor for question-and-answer session. Thanks and over to you, Mithun Sir.

Mithun K. Chittilappilly: Thank you, Aniruddha, and the team at ICICI Securities for hosting today's call. A warm welcome to everyone joining us to discuss our company's operating and financial performance for the first quarter of FY27. I trust all of you had the opportunity to review the investor presentation shared earlier.

We started FY27 on a strong performance in the first quarter with all business segments reporting double-digit growth. Consolidated revenue for Q1 FY27 stood at INR1,810 crores, representing a Y-o-Y growth of 23.5%. The quarter benefited from a more favorable summer season compared to the last year's Q1.

Despite supply chain disruptions and commodity cost pressures arising from the West Asia conflict, we delivered robust growth while maintaining a healthy gross margin through proactive pricing actions, disciplined cost management and the inherent resilience of our business model and brand.

The Electronics segment comprising of stabilizers, UPS systems and solar power systems reported a strong growth of 22.8% Y-o-Y with all major product categories contributing positively to the quarter. The Electricals segment registered a revenue growth of 27.7% Y-o-Y, while growth was aided by higher copper prices, while switchgear modern switches and pumps delivered robust volume growth.

In the Consumer Durables segment, covering fans, water heaters, kitchen appliances and air coolers, we reported a revenue growth of 19.2% Y-o-Y, while there was a significant spike in induction cooks in the quarter, the broader kitchen appliances portfolio also delivered a healthy growth. The other categories also did well, resulting in a well-balanced performance in the segment.

Sunflame reported revenue growth of 18.3% Y-o-Y in Q1. Over the past two years, we have focused on product quality, customer service and people capabilities. Functional integration is complete and we now have embarked on a sales acceleration program. We are beginning to see the benefits in its improved business momentum.

From a geographic perspective, the revenues from the South market grew by 36.7% Y-o-Y, while the non-South market grew by 12%. The difference in growth largely reflects the variations in the summer season across the various regions in the country.

The gross margin remained healthy at 36.9%, in line with the corresponding quarter of the previous year despite higher input costs during the period. The stability in margins reflects our ability to respond swiftly through calibrated pricing actions while continuing to benefit from structural improvements from our manufacturing footprint and product mix achieved over the past few years.

EBITDA excluding other income for Q1 stood at INR191 crores, reflecting a Y-o-Y growth of 54.5%. EBITDA margin was at 10.5% compared with 8.4% in Q1 of previous year. Consolidated PAT for the quarter was INR130 crores, up 76% Y-o-Y compared to INR74 crores in Q1 FY26. Cash flow was strong with a net cash position at INR670 crores compared to INR155 crores a year ago.

While working capital improvements were particularly favorable this quarter, we remain focused on disciplined working capital management on a sustainable basis. We will continue to monitor the geopolitical situation and will take appropriate action necessary to protect supplies and margins. We are hopeful that the growth momentum will sustain in the upcoming quarters as well.

With that, I conclude my opening remarks. I would like to thank Aniruddha and the team at ICICI Securities for hosting this call. I 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. First question is from the line of Sameer Gupta from IIFL Capital. Please go ahead.

Sameer Gupta: Hi sir, good afternoon. Congrats on a good set of numbers and thanks for taking my question. Two questions from my side. First question, could you just elaborate on the kind of inflation in the RM basket and the consequent price hikes taken? If you could also break them down into how much is already there in the reported quarter and how much would be at an exit level? Also, if you could spell out the quantum of price hikes and volume growth from an increment perspective? That would be my first question, sir.

Mithun K. Chittilappilly: Yes. So, I think if you look at the pricing action, I think almost I would say maybe 80%, 85% of the pricing actions are complete. A lot of the raw materials have kind of stabilized, i.e., they have stopped going up or they have started to normalize. Some of the commodities are remaining at the elevated levels. So that's where we are at right now. If you divide this 22%, 23% between price and volume, price growth is about 14% and volume growth will be about 9%. This is for a blended weighted average.

Sameer Gupta: And the quantum of pricing would be similar across the segments or Electricals will be higher?

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

Ramachandran V.: I think it will vary, right? It will vary depending on the category. And it is higher in some and lower in some, as far as the pricing growth is concerned.

Mithun K. Chittilappilly: It's quite a wide range. I will say it's almost from 5% to 30%.

Ramachandran V.: About 17%, 18% Mithun, - 5% to 18%.

Sameer Gupta: Got it. No worries, sir. Second question is, sir, on the gross margin. Now, you've taken price hikes, there is RM inflation, but the gross margin is still flattish on a Y-o-Y basis. Would it imply that one, we have passed on large part of the commodity cost inflation in 1Q itself? Or we might have still consumed some lower cost inventory and some bit of margin pressure is yet to be seen in the P&L?

Mithun K. Chittilappilly: I think largely it is passed through. Like I said, almost 75%, 80% we have passed through. Of course, we do have raw materials and all that. But a lot of the inflation has happened during the month of March. So we are now; if you look at June, we would have consumed everything. So it's largely through.

And like I said, it's fluctuating – some raw material prices have eased, some have continued to stay elevated and some are going up as well. So it's still a mixed bag. But as we stand today, we are in a pretty comfortable position. It doesn't look like a lot more increases are warranted. In some product segments, we are still required to take some more actions and that will probably happen in the current quarter.

Sameer Gupta: Got it. And when you say that 75% to 80% is pass-through, so the balance or it would have still resulted in a GM contraction, but it has not resulted is because of your own efficiencies and manufacturing?

Mithun K. Chittilappilly: I think it's a moving thing. So, we will have raw materials procured at various rates, it's a moving target and let me put it this way, in all the larger categories, we are largely fine. In some of the smaller categories, we still have some pricing actions to take but that may not impact the overall gross margin. As we stand today, we are hoping to hold this gross margin.

Sameer Gupta: Got it. That's all from me. Thanks and all the best. I will come back in the queue for any follow-ups.

Moderator: Thank you. The next question is from the line of Rahul Agarwal from Ikigai Asset Manager Please go ahead.

Rahul Agarwal: Hi, good afternoon. Thank you so much for the opportunity and congratulations for a good quarter. Sir, three questions. Firstly, on the South India growth, you commented that largely because of summer variations across the country, if you could elaborate more on that, a bit of state level discussion might help.

Second question was on ECD. You mentioned on your opening commentary that ECD across segments is doing okay. If you just comment on fans versus what other categories actually contributed here. I understand kitchen has obviously had abnormal demand this quarter, but if you just elaborate on that a bit.

And third is on the balance sheet. The creditor number looks very high to me. If you could please explain that? Those were my three questions. Thank you.

Mithun K. Chittilappilly: Okay. So we don't give a state-wise numbers, but we can say that the summer in South India was fairly good in almost all the states. If you go to the other parts, Western India also experienced a decent summer. Both North and East, it was disturbed. North was highly disturbed. So, if you ask me like South is the best, followed by West, then East and then last place, the North which was the most impacted. In the North, our summer products did not take off because it was raining and there were multiple interruptions for the summer. So that is as far as the various differences between the zones. That is one part.

The second is on the ECD. In ECD, I think fan has also grown. It has not grown exponentially high, but it has done reasonably well. So in fans, we experienced good demand for pedestal TPW fans in South India. And unfortunately, we were caught off guard by the demand because the summer was very strong. And getting into April, we were not having adequate inventory. So we did lose out on some sales. Ceiling fans did okay, okay because there was a star rating change in January. So a lot of sales happened in November, December before the star rating. So the channel also was having a lot of inventory. But overall, fan has done reasonably well.

Kitchen has done well. It's not only induction, the others have also done well. Where we have not done that well is air coolers, primarily because of two reasons. Like we said, we did increase prices, but we found that certain players in the market had not increased prices or delayed prices and all that. So there was some market share loss in air coolers. But I think most of the issue was contributed by the fact that for us, North India or the Northern zone is the main contributor for air coolers and Northern zone did not really take off for air coolers. The last part, Sudarshan, you want to take it?

Sudarshan Kasturi: On the creditors part, yes. So we usually import a portion of our copper purchases where we pay in advance. This quarter, we only bought from domestic suppliers who give us credit. So it's a sort of one-off.

Mithun K. Chittilappilly: So, I think our purchase mix was like maybe 80%, 20%, where 80% was domestic and 20% were imports or even 70%, 30%. But now it is like 95%, 5%. There's hardly any imports because there are some suppliers from West Asia who could not supply because of the war. And even the other Asian countries also, we did not as shipping rates are too high and volatile and all that. So, we are finding it difficult to get ships and all that stuff. So the domestic suppliers give us credit, whereas all the others are paid on LC and stuff like that. So that's one of the main reasons the payables have gone up.

Rahul Agarwal: So these payables are going to be like similarly for the full year or we'll see this again going back to 70 days kind of?

Sudarshan Kasturi: It's sort of unusually good this quarter. We'll come back to normative levels or maybe see a slight improvement.

Rahul Agarwal: Got you. Thank you so much Mithun and team, All the best.

Moderator: Thank you. The next question is from the line of Aditya Bhartia from Investec India. Please go ahead.

Aditya Bhartia: Hi, good afternoon, Mithun.

Mithun K. Chittilappilly: Yes. Good afternoon.

Aditya Bhartia: I think as of now, we are mainly focusing on solar inverter. I wanted to understand how big could the solar rooftop or pumps be for us? And what is the strategy behind the larger solar piece? What kind of growth are we anticipating over the next three, four years? And how large could this portfolio be today?

Mithun K. Chittilappilly: So we are not going to give out any specific numbers on any categories, but I will ask Ram to answer this in as qualitative way as possible.

Ramachandran V.: Yes. So basically, we are just about 18 months into this category and mainly, we are focusing on the domestic part of the market, which is mostly B2C. And we are focusing on rooftop and next-generation battery. I think that's still to come though and we will be launching that in the next two, three months. So this is the space that we are going to play. Yes, I think this space is going to grow fast in the coming period. And hopefully, we also look to gain advantage out of that.

Aditya Bhartia: Sure. And as of now, it's all B2C and nothing is tender today, is my understanding correct?

Mithun K. Chittilappilly: So, we have a small part which is going into the solar pump business, but that is maybe like a couple of crores in Q1. So it is a very; the solar pump business, we've just started supplying to Maharashtra State Government. And that's a B2G business, but that's very small and that's also new. We just started it like three months back or something like that.

But yes, bulk of the sales will continue to be B2C, where we are supplying solar rooftop solutions for residential customers mainly and for small offices; small SMEs also we will be supplying to. We don't supply to very large institutions in that sense.

Aditya Bhartia: Understood, sir. And sir, my second question is on Southern India outpacing non-South and this, I think, the fourth consecutive quarter where this has happened. Would you attribute that largely to weather? Or is there something else that's playing a part as well given that we already have a fairly high market share in South and still we are kind of growing fairly fast over there?

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

Ramachandran V.: Yes. I think currently, our view is that this is due to weather. So two things have happened this quarter. One is given the uncertainty prevailing and the significant increase in input costs, we've been aggressive in pricing transmission. And probably also in non-South markets, we have landed pricing corrections ahead of some of our competitors. Obviously, we have much stronger brand equity in South. So it was easier to transmit, sustain and make sure that we also deliver on the business interest. That's one part of it.

Second part of it is, certainly as far as East is concerned and North is concerned, we have seen a significant impact because of season. It started last year. The year before last, for example, if you look at, we had extraordinary growth in some of these markets. And therefore, last year, when the summer was not good, it reflected in the performance in these two regions. So that's, I think, how I would put it.

Some of these regions, particularly East and is also impacted because of monsoon. Last year, the monsoon was also quite aggressive there. So, all these factors have impacted our business in the East. Although East has recovered significantly subsequently, but it has still, as Mithun said, in terms of order of performance, it was still number three and the North has been quite strong. Mainly, we have been impacted. And if you look at; I mean, we don't share our category-wise numbers, but if you were to look at the category-wise numbers, you will find that the impact is straight on categories which are seasonal.

Aditya Bhartia: Understood, sir. Helpful. Thank you so much.

Moderator: Thank you. The next question is from the line of Sonali Salgaokar from Jefferies. Please go ahead.

Sonali Salgaokar: Thank you for the opportunity. Sir, my first question is regarding the capex. Do we retain the capex guidance of about INR2 billion to INR2.5 billion per annum? Or are we looking into new categories or adding on to capex in new categories?

Sudarshan Kasturi: Capex, INR2.5 billion unlikely. It won't be that high. INR150 crores, INR170 crores is okay.

Mithun K. Chittilappilly: Maybe for the next two years, it will be an average of INR150 crores each; INR150 crores to INR170 crores each.

Sonali Salgaokar: Understood. Sir, my second question is regarding Cables and Wires division, particularly in wires, two questions here. Firstly, this quarter's growth, could you help us understand how much was volume led, particularly in wires? And how much was value led? And secondly, one of the key competitors, a new entrant is thinking of launching their wires around the festive season. So any thoughts on that? Any channel feedback on that?

Mithun K. Chittilappilly: So as far as wires is concerned, there has been a significant price increase. So volume growth is very minimal. It's hardly any, I would say. This is because the quantum is so large that we believe that some customers have decided to postpone, because we're talking about a huge increase in the price. So we believe there has been some deferment or postponement and all that, because the quantum of price increases is very high. But value growth is there, obviously, because of price growth. And we have also held margins reasonably well in that segment. So that way, it's fine. As far as the new entrant is concerned, Ram, do you want to take this?

Ramachandran V.: Yes. I think, yes, there have been a number of entrants. I mean there are a number of companies which have got into wires or which have become more aggressive in this category over a period of time. I think the competitive intensity is going to remain high in this category. But we remain focused on making sure that our interests are protected and we have necessary contingency plans in place to protect our business interests.

I think the retail wire business is not going to be easy. It's going to take time to build equity and brand awareness. And there is not enough room in this category for physical distribution. So working the last mile and building business is going to be harder here. And the role of influencer is also going to be significant.

So, we have necessary interventions in place to protect our business interest. But I think what basically will happen is with more players coming in, some impact will be there on the unorganized sector and maybe a portion of the; maybe companies may grow slightly lower than market growth, right, maybe by 1% or 2% or something like that. I don't see a very significant impact beyond that, at least not in the first one or two years.

Sonali Salgaokar: Understood. Sir and lastly on guidance, I generally understand you give a medium-term guidance. But given the very strong performance in Q1, would you want to hazard a guess on the FY27 guidance either in terms of sales growth or the margins?

Mithun K. Chittilappilly: See, we have always said we will grow by 15%. But obviously, this year, we have some price growth as well. So it can be higher. So we will take a call because things are still volatile. We don't know on the commodity prices as some are going up, some are coming back to normal and all that. But definitely, it will be more than 15%, but I don't want to give out any specific numbers. But this year, maybe we may do a bit more than 15%. But definitely, our longer term target of 15% is something that we hope to grow.

Sonali Salgaokar: While retaining our 9% EBITDA margin, right?

Mithun K. Chittilappilly: Yes. 9% to 10% EBITDA margin, we should be maintaining, yes.

Sonali Salgaokar: Got it, sir. Thank you and all the best to the team.

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

Achal Lohade: Good afternoon team. Thank you for the opportunity**.** Congratulations for a good set of numbers. Mithun, the question I had in mind first was in terms of; if I look back last 15, 17 years, we have expanded geographies, categories. Now from here on, how do we see that journey? Will this be more geographical and more deeper penetration and wallet share gain? Or we could look at any category which could add substantial growth to our overall number?

Mithun K. Chittilappilly: It will be a mix of both. So at any given point of time, we are incubating two or three categories. So if you ask me, a lot of our categories we were incubating like fans, inverter battery, kitchen to some degree, they've all started to become mature and we have built a very strong back end that is R&D, manufacturing and new product development team. We also have a fairly decent marketing and sales team.

So those kinds of categories are now slowly moving to autopilot kind of mode where our bandwidth is not required so much. So then when we have bandwidth, then we will like to, again, incubate categories. So we have talked about solar, which is something that we are incubating now. Lighting is something that we'll be launching in this financial year.

So, I think with lighting, we have completed almost all the large categories. Now, I don't know whether; so we'll keep looking at adjacencies. Solar is something if you asked me 10 years back, solar rooftop was there, but it was not expected to be such a large category. So sometimes these kinds of opportunities do come up. So it's very difficult to say. But broadly speaking, yes, it will be a mix of both.

I think geographically; ideally, if you look at the kind of penetration, the depth we have of distribution in South, that's something we would like to replicate in the other markets. And some markets is happening and some other markets is slow to start but it's getting there. So it will be a mix of both.

And of course, so if you ask me, there is no one answer like that. But yes, like solar definitely is an opportunity. We were already doing inverter battery business for ages. So, when this came up, it was very easy for us to get into it in a way because we understood this product better than most companies in India. And we understand Electronics better than most companies in India. So when those opportunities come up, we'll definitely get into it.

Lighting was mostly a portfolio issue because we had a lot of distributors that were forced to take competitor brands or lighting company brands or local regional lighting company brands because we were not offering lighting. So it was creating a; it was more of a portfolio issue and again, we took it up when we had enough bandwidth on our hands. So we see, I mean, if something new comes up which is adjacent, we will look at it.

Achal Lohade: Just a comment on the battery energy storage front with the inverter battery thing, does that complete? Does that help? And what could be the opportunity or the market size according to you at this stage?

Mithun K. Chittilappilly: So there are two parts. One is the solar rooftop business. And the other one is within that a new part will also be BESS, which is a Battery Energy Storage System. This solar rooftop market is something where the government has put in a lot of incentives so that customers get a good payback, if someone is investing x, they are able to recoup their investment in three to four years' time. And that's why you see a lot of the customers buying this and moving at least part of their energy requirement from grid to their own rooftops.

That's something that is new as an industry, it is just starting. And the incentive system and all that, we have not started to; they've not spell it out yet, but definitely, battery storage is going to be the next big thing. This can be huge because we're talking about an average price of between INR1.5 lakh to INR2 lakh per house. So the value is very high for a rooftop system. So even if you do 100,000 customers, we are looking at close to, INR100 crores or something like that.

So what I'm saying is this is a very large opportunity. And even now, as we speak, only maybe eight states in India are properly implementing this, a few of the South states and some of the BJP ruled states. So we still have a large part of the country where the solar rooftop is yet to even start in a meaningful way.

So, I think the government is on this job. And the recent changes of government in both West Bengal and Tamil Nadu will definitely increase the scope of this because these two states were very small adopters. So we'll see. I mean, so it can be very large.

What I'm saying is this potential of this is quite large. And it's a win-win like the government is able to move a part of its power to distributed renewable energy, customer is paying lower price. Of course, the state electricity boards will lose some of the high-paying customers, which I think government will have to find a way to compensate them.

Achal Lohade: Got it. Just another question on Sunflame. In terms of the growth, it looks good 18%, but it's on a low base. So the challenges what we faced after the acquisition, are we done with that? Or how do you see growth playing out from here on?

Mithun K. Chittilappilly: I'll just say just one thing about Sunflame is, Sunflame has a big presence in gas stoves and not a very large presence in induction cooktops. So it's very unfortunate that Sunflame was not able to take advantage of this whole gas shortage, like what V-Guard was able to do because V-Guard is quite large in the induction cooktops space. Ram, do you want to take the rest?

Ramachandran V.: Yes. I think we are on course as we guided earlier. I think the integration is more or less behind us now. And as I had told you earlier also, Q2 onwards, we are expecting to have the NPD impact being rolled out. So we have focused interventions now. So over the next 6 to 12 months, we are working on improving our reach across general trade and organized retail.

So, we should start to see better growth. And I think we are already seeing that last quarter that we have done better compared to previous year. Some challenges are there fundamentally related to pricing transmission and all that, which is slower. But I think the upcoming quarter, we should be able to complete the pricing transmission for kitchen category, particularly Sunflame.

Achal Lohade: Got it. This is very helpful. If I may ask one last question. In terms of category presence, if you could just talk about categories where we are among top three players or the market leaders.

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

Ramachandran V.: Yes. See, beyond stabilizer, I think we have a decent presence in water heaters. We should be in the top 3 there. We should be in the top 4 in domestic wires. So these are categories that we are particularly strong in terms of market presence. In domestic pumps also, I think we have a decent presence. So these are categories where we have top 3 or top 4 positions.

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

Moderator: Thank you. The next question is from the line of Keyur Pandya from ICICI Prudential Life Insurance Limited. Please go ahead.

Keyur Pandya: Thank You. Sir, one question is on Electronics and Electricals segment. If you can just throw some light on how the solar has grown versus business of UPS or inventors have grown or stabilizers have grown. So stabilizer, UPS and solar if you can segregate growth and at the same time in the Electricals how have housing wires grown and the rest of the portfolio.

And the purpose is that, both are at different stages of the growth journey and thereby growth percentage will be very different too. Just wanted to understand say the wires and ex-wires in Electricals and inverters and ex-inverters in Electronics.

Mithun K. Chittilappilly: As a matter of policy, we don't give out category-wise numbers. But definitely, qualitatively, I'll answer. The solar rooftop business is growing much faster because it's also on a smaller base. If you look at the Electricals' basket, wire is the largest category in the Electricals' basket and wire growth has been higher because of a very high price growth. So, this is the way I can answer this question but we don't give out category-wise numbers or margins.

Keyur Pandya: Fair enough. Basically, even say, ex-wire portfolio is also growing in double-digits?

Ramachandran V.: Yes. So we have a high double-digit growth, ex-wires in the Electricals segment. We also have strong growth in inverter batteries also in other items.

Mithun K. Chittilappilly: So yes, like apart from wires and solar, the other businesses have also grown. But these two would have grown larger than the average.

Keyur Pandya: Understood. And just lastly on Sunflame, you mentioned integration is complete and our focus is on growth. Now with growth, how should we think of, say, profitability as well as us getting some operating leverage? I mean it has been challenged both on the growth and margin side. So if you can just share more on Sunflame, what are, say, one year or two year targets that we should keep in mind?

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

Ramachandran V.: Yes. So our initial focus will be to get the volume growth going and that's going to be our number one priority. I think the margin growth will also depend on pricing transmission. I think the price increases, as you all are aware, have been significant. And some of the channels like CSD and all, there is a longer lead time for pricing transmission.

Some of the categories also in kitchen, the transmission of pricing in general trade has been slower, particularly in non-South. So I think the margin recovery will be more gradual compared to the top line recovery. So that's how I would put it.

Yes, of course, we would like to restore what I would say is the financial health of Sunflame to what it was pre-acquisition. And that's our plan from a three-to-five-year standpoint. And we expect to scale V-Guard and Sunflame's kitchen business to be a significant business, probably in four-digits.

Keyur Pandya: Understood. Thanks a lot. All the best.

Ramachandran V.: Thank you.

Mithun K. Chittilappilly: Thank you.

Moderator: The next question is from the line of Deepak Lalwani from Unifi Capital. Please go ahead.

Deepak Lalwani: Hello, sir. Thank you for the opportunity. Sir, my first question is on the gross margin. You've done a good work by passing on prices. But our gross margin profile is still stronger than all the peers. So do you think there's a risk from competition or are we going to take any steps to chase market share in order to reduce our gross margins going forward? So that is one.

And sir, on the cost side, our employee cost and other expenses cost count has almost doubled in the last five years. And we've not gotten the benefit of the higher gross margins in the EBITDA profile yet. So, how should we look at the cost base for the company going forward? Have we built out the cost that is needed for manufacturing for sales over the last five years? And should we expect the benefit of in the next coming few years? If you can guide us on the cost profile and the margin profile of the company in the future.

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

Ramachandran V.: Yes. I think the margin profile is a function of category mix and greater insourcing. So as we move from an outsourced product into own manufacturing, I think the gross margin improves. So I think that's basically what has been driving our gross margin improvement and we are now at closer to 65%-odd manufactured products from; sorry, yes, I think slightly more than 65% as far as the own manufacturing is concerned.

So that's what has driven that. I don't see this at risk. In fact, we are aggressively continuing efforts to what I would say, improve our conversion cost efficiency on the manufacturing side. And also, we are focused on improving sourcing benefits. So I think these two should be able to offset any inflation and any pricing challenges that may come up over a period of time.

On the cost side, I think the significant increase in cost is certainly observed. It's also related to V-Guard shifting from sourcing to manufacturing. Some of it is; I think, one key lever in that. The other part also is that we have been building out the organization, both in terms of technology, systems, processes and enterprise capability to scale V-Guard into a large player in our domain. And towards that, significant investments have been made and continue to be made.

We are also getting into multiple categories and as we get into each of these categories over a period of time, we have to support these categories with the right organization and right capability. So we've been through an extended investment phase. Probably the investment phase will last another two, three years before it will plateau because we've just got into the renewables space and we also got into lighting. We are also strengthening our innovation capability. So there are some of the areas which we are still building out. But yes, I think we are now pretty much progressed in terms of our investments in capability, which should stand us in good state in the long-term.

Deepak Lalwani: Understood. That was good. And sir, second question was on the volume growth. We did about 9% in this quarter, which is good. But sir, this is coming on a low base. How should we think about the volume growth over a long-term perspective?

From a category perspective, if you can highlight the volume growth that you see for the category? Because see, most of our categories, what we reckon is that the penetration levels are reaching to a higher level. So from a category growth perspective, if you can highlight?

And also from a market share distribution, geography expansion perspective, how much can V-Guard get to? And the overall in the overall 15% that you're targeting, how much volume growth can come in that 15% that you're targeting, considering the category and V-Guard's efforts in volume growth?

Mithun K. Chittilappilly: See, these were very unusual four, five months where we had significant inflation. Like, for example, the kind of pricing increase we have taken in the last four-five months is not something that we have taken even when the Ukraine war has happened because the cost inflation was that; the shock was that high.

In that environment, delivering a 9% volume growth is good considering that only one-fourth of the country received support of weather, whereas the bulk of the country was impacted in terms of rains and all that. So that's one thing. And we also have to see how our peer companies have performed as well. So you will understand in terms of market share and all that what has happened. So that's one thing.

Second thing is when we say 15% growth, we typically only talk of price growth which we only expect about 2% to 3%, this is every year. We don't expect 11% or 12% pricing growth because that's unheard of. The usual inflation if you remove wires, which is largely inflationary nature or deflationary nature because of copper prices. But even copper has been range bound for a long time. This has partly been driven by the AI mania and all that. Some of the commodities have been driven up because of that.

Otherwise, 2% to 3% price growth and about 12% volume growth is what we should do. Having said that, this year, it's only 9% because like I said, this is a very unusual time where we have huge price increases.

So it is very natural for some customers to downgrade. It is very natural for customers to postpone, especially in wires, I think some people building something, constructing something, it's just been a huge shock. And I think I would not be surprised if some people have postponed their choice to construct and all that, wait for things to settle down a little bit. So in a normal environment, yes, we should grow at 10% to 12% volume growth and 2% to 3% price growth.

Deepak Lalwani: Okay sir. Thank you and all the best.

Moderator: Thank you. The next question is from the line of Naushad Chaudhary from Aditya Birla Sun Life Insurance Limited. Please go ahead.

Naushad Chaudhary: Hi, thank you for the opportunity and congrats on a good set of numbers. From price hikes' point of view, when last industry would have taken this kind of a price hike across the basket, in the last 10,20 years of journey?

Mithun K. Chittilappilly: Sorry can you repeat it again.

Naushad Chaudhary: The price hike which this time industry has experienced when the last has been experienced.

Mithun K. Chittilappilly: Like it is, that's what I meant. I don't know, Ram, I don't think we have experienced this?

Ramachandran V.: There is no precedent for this, Mithun, for the scale of the industry.

Mithun K. Chittilappilly: Yes. That's what I said; you're talking about…

Ramachandran V.: We are talking about mid-teens, right? So at a portfolio level.

Mithun K. Chittilappilly: Which is like a 12% to 14% price increase over four months is unheard of, at least since 2006 since I've been here. And even for Ram. We've not seen this kind of a shock.

Ramachandran V.: We have not seen something like this.

Mithun K. Chittilappilly: It is like a shock.

Naushad Chaudhary: And given this kind of price hike, shouldn't the aspiration of double-digit EBITDA margin should be earlier than what initially we had envisaged?

Mithun K. Chittilappilly: We have delivered double-digit EBITDA margin this quarter. Let's wait and see what happens in the following quarters. But yes, we should be okay this year in terms of margins. This is what we see.

Naushad Chaudhary: Okay. And similarly, on the growth side, we have touched upon it, that it could be slightly higher than 15% of our aspiration. But given the price hike, and it seems, looking at the volume growth, consumers are accepting it; so shouldn't this year at least your growth should be much higher than a long-term range of 15% CAGR?

Mithun K. Chittilappilly: That's what I say; it's difficult to say what will be the CAGR growth. But for this year, I've already indicated the growth will be more than 15%.

Naushad Chaudhary: Okay. Last, on the Gegadyne start-up, if you could update at what stage it is and what exactly is happening?

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

Ramachandran V.: So yes, Gegadyne has now moved to commercializing and it is exploring opportunity to make batteries in India. They have started commercial supplies to some small customers. And I think they have moved from R&D to commercialization, over the last eight, nine months.

Naushad Chaudhary: And anything would come to our portfolio from that startup? Or would it completely be a separate entity and you would be an equity investor there?

Mithun K. Chittilappilly: No, that entity will have its own plans. And yes, I think we will also be sourcing batteries and from them and offering them to the market because the scope of what they make has applications across multiple industries. And our go-to-market is fundamentally focused on consumer homes.

So, I think that's where we will focus on but the entity has its own plans, which are wider and just beyond the domestic applications, right, including auto and many other sectors.

Naushad Chaudhary: All right, sir. All the best. Thank you so much.

Moderator: Thank you. The next question is from the line of Natasha Jain from PhillipCapital. Please go ahead.

Natasha Jain: Thank you. Good afternoon, gentleman. First question on kitchen appliances. So you mentioned in your opening commentary that apart from induction also, the portfolio has grown in double-digits. So could you throw some color as to how kitchen appliances as a segment is doing? This industry has been marked with very, very low growth for the past couple of quarters. So are you seeing green shoots across the category? And has the down trading stopped or meaningfully stopped?

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

Ramachandran V.: Yes. I think kitchen in general has performed well in this quarter. I think we had seen some uptick in kitchen last quarter also. I think it's now five-six months that kitchen is trending well. We have done well in kitchen and particularly the V-Guard portfolio because with the integration of V-Guard and Sunflame, there is also new energy in the V-Guard side of business.

So that's really what has happened. It does look like there is a dynamism coming back into the kitchen space again. But there is also going to be significant price inflation and we'll have to wait to see how that will impact going forward, right. But right now, it looks like it's pretty encouraging.

Natasha Jain: Understood. And sir, second question is on the Electronics portfolio. So your margin guidance for the long-term, I remember in the previous con calls have been mentioned around 18% to 18.5%. We've consistently beaten that on a couple of quarter basis. So any upward revision here or we still maintain that long-term guidance?

Mithun K. Chittilappilly: You're talking about the margins for Electronics portfolio?

Sudarshan Kasturi: Segment margins. We should just stick to that.

Natasha Jain: All right. Okay. Thank you so much, sir.

Moderator: Thank you. The next question is from the line of Sameer Gupta from IIFL Capital. Please go ahead.

Sameer Gupta: Hi, sir. Thanks for the follow-up. More on a strategic point of view. So I'm just looking at the wires portfolio and this is across the industry. So quantum of pricing is high this quarter and volume is negligible. That has been the case for almost all other players, those who have reported.

Just wanted to understand from a broad strategy point of view, why not use this opportunity to gain market share maybe by not passing the full quantum of pricing, maybe aim at retaining absolute profit per kilometer or something rather than percentage margin. And this, I'm seeing over years, not just this quarter. So any thoughts you can give on this?

Mithun K. Chittilappilly: So the wire business is a fairly commoditized business. It's not a business where you can differentiate your wire on a design, on material, finish or anything. I mean it's a very tightly controlled thing. You have to produce a product which is passing all the specifications and passing all the tests. So it's more utilitarian product and thereby the margin also in the business is very low. So the problem with this price war is that you will start it, but you won't be able to end it.

Sameer Gupta: Okay. Fair, sir. That's all. Thanks sir.

Mithun K. Chittilappilly: It will be a lose-lose for all.

Moderator: Thank you. The last question is from the line of Nikhat Koor from Dolat Capital. Please go ahead.

Nikhat Koor: Thank you for the opportunity and congrats on a good set of numbers. So in this quarter, our ad spend was 2.2% versus 3% in quarter one FY26. So for FY27, how much ad spends should we estimate?

Mithun K. Chittilappilly: We will be at 2.5%. I think what happened this time was that this war broke out in end of Feb and beginning of March. So as we were preparing to start the year, we were not sure what will happen. We had concerns. We even had concerns on whether we will be able to produce certain products because there were concerns on availability of gas in our factories, both for production as well as for cooking food for our factory employees who are working in shifts.

So there were all these kind of concerns. So our priority was not to; we were not sure what will happen. And we were looking at the kind of quantum of price hikes and we were not confident that the industry will take it, to be honest. But fortunately, for us, I think the industry and consumers have taken it because it's not that anyone could control it.

So we are in an okay place. But for the full year, we will be at about 2.5% of ad spends. Last year, we didn't have such uncertainties, so we actually spent. And one more thing is our revenue growth was also aided by price growth. So I mean, like I said, when you do our annual; I mean when we do our planning for a quarter, all these things were not known sitting in March. But one thing was known is there is going to be significant price inflation, and we thought there could be a demand problem. We were not sure.

And the second thing was we could even have a supply problem. So because of all this, we were not confident to spend, but we have started to spend from May 15 or so onwards, we have started to spend. So we will hit that 2.5% spend for the full year.

Ramachandran V.: Also we budget on; our budgets are done on 15% growth, right? So with.

Mithun K. Chittilappilly: Yes. So our advertisement budgets are fixed looking at the January prices, whereas the prices have significantly moved up from there. We do not revise it obviously because of all the uncertainties I talked about.

Nikhat Koor: Thank you.

Moderator: Thank you. That was the last question for today. I now hand the conference over to the management for closing remarks. Over to you.

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

Ramachandran V.: Thank you.

Moderator: On behalf of ICICI Securities, that concludes this conference. Thank you for joining us and you may now disconnect your lines.