

February 4, 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 nine months ended December 31, 2025.

This is with reference to the intimation dated January 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 financial results for the quarter and nine months ended December 31, 2025, scheduled on January 29, 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 the below link:

https://www.vguard.in/uploads/investor_relations/V-Guard-Industries-Q3-FY26-Transcript.pdf

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

Thanking You,

Yours Sincerely,

For V-Guard Industries Limited



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

Encl: As above



“V-Guard Industries Limited
Q3 FY '26 Earnings Conference Call”
January 29, 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 VP & CHIEF FINANCIAL OFFICER – V-GUARD INDUSTRIES LIMITED

MODERATOR: MR. ANIRUDDHA JOSHI – ICICI SECURITIES LIMITED



Moderator: Ladies and gentlemen, good day, and welcome to V-Guard's Q3 FY '26 Earnings Conference Call, hosted by ICICI Securities. 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 star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Aniruddha Joshi from ICICI Securities. Please go ahead, sir.

Aniruddha Joshi: Yes. Thanks, Nysa. On behalf of ICICI Securities, we welcome you all to Q3 FY '26 and 9 months FY '26 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 Chief Operating Officer; and Mr. Sudarshan Kasturi, Senior Vice President and Chief Financial Officer.

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

Mithun K Chittilappilly: Thank you. Good afternoon, everyone and welcome to the earnings call. I would also like to thank Aniruddha Joshi and the team at ICICI Securities for hosting today's call.

We will be discussing the operating and financial performance for the third quarter and nine months of FY 25-26. I trust that all of you have had the opportunity to review the investor presentation shared earlier.

The business delivered double-digit topline growth in the third quarter, primarily driven by the Electricals segment. Consolidated net revenue from operations for Q3 FY26 stood at INR 1,404 crore, reflecting a YoY growth of 10.6%.

The Electricals segment – our largest revenue contributor, comprising of Wires, Pumps, Switchgears, and Modular Switches – reported robust YoY revenue growth of 26% which was led by volume expansion and also supported by higher copper prices.

The Electronics segment, which includes Stabilizers, UPS systems, and Inverters, reported largely flat revenues of INR 286 crore in Q3 FY26. While some summer-led categories continued to witness muted demand, this decline was offset by growth in other categories.

In the Consumer Durables segment – comprising of Fans, Water Heaters, Kitchen Appliances, and Air Coolers – revenues grew by 4.6% YoY. Water heaters performed well during the quarter, even as demand for fans and cooling products remained subdued.

Sunflame reported a YoY revenue decline of 9.9% in Q3 FY26, reflecting continued softness in the kitchen appliances category. Demand in the CSD channel continued to be weak. The



operational integration of Sunflame has been completed, and the sales integration is currently underway, which is expected to support growth and acceleration for the brand, going forward.

Gross margin for the quarter stood at 35.7%, compared to 36.7% in Q3 FY25, reflecting a contraction of 100 basis points, largely arising from the mix impact. Margins have remained resilient during the quarter. We foresee some input cost increases coming up and the Company plans to undertake calibrated pricing actions across the product portfolio in the coming quarter.

EBITDA (excluding other income) for Q3 FY26 stood at INR 123 crore, representing a YoY increase of 18.3%. EBITDA margin improved to 8.8% from 8.2% in Q3 FY25, an expansion of 60 basis points.

Pursuant to the notification issued by the Ministry of Labour and Employment regarding the New Labour Codes, the Company reassessed its employee benefit obligations. Accordingly, an incremental charge of INR 22.11 crore, towards gratuity and leave encashment provision, has been recognised as an exceptional item during the quarter.

As a result of this one-time impact, the consolidated PAT (Profit After Tax) for Q3 FY26 stood at INR 57 crore, compared to INR 60 crore in Q3 FY25, representing a YoY decline of 5.2%. On an underlying basis consolidated PAT improved by 22% YoY.

Our working capital position remains healthy, which led to strong cash flows during the quarter.

In terms of capex, the fan manufacturing facility and the second battery facility, both in Hyderabad, are the two key projects in the pipeline. These will further increase the share of in-house manufacturing.

We look forward to the upcoming summer season with the expectation to deliver strong results.

With that, I conclude my opening comments. I would like to thank Aniruddha Joshi and the team at ICICI Securities 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 the question-and-answer session. The first question is from the line of Aditya Bhartia from Investec. Please go ahead.

Aditya Bhartia: Hi, Good afternoon Mithun, my first question is on the performance of South versus non-South, where in this particular quarter, we have seen fairly strong growth in South while non-South appears to be a bit muted. Is there any particular reason behind that? And is there any change in competitive intensity in either of these regions?

Mithun K Chittilappilly: No, I don't think there is any change in competitive intensity. I think it's just that last year, in Q3, the non-South region, especially East had a very strong performance for summer categories. So last financial year, we had a very, very strong performance from certain parts of non-South especially, the East, for summer categories. And this year, I think they have degrown. So that's

primarily pulling down the non-South performance. But otherwise, we are not seeing any major change in the intensity of competition. So it's a base effect issue.

Aditya Bhartia: Understood. And secondly, in this particular quarter, we have seen employee expenses going down. So is there some reversal of provision or something that we should be aware of? There's a fairly sharp reduction both on a year-on-year as well as quarter-on-quarter basis.

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

Sudarshan Kasturi: Yes. So there's been a reversal of some variable pay provisions, so which is why it goes down. It's something we review in Q3 every year depending on how the 9-month results look, we then take a call whether payout is likely or not.

Aditya Bhartia: Understood, Thank you so much.

Moderator: Thank You. The next question is from the line of Rahul Agarwal from IKIGAI Asset Managers. Please go ahead.

Rahul Agarwal: Hi, good evening everyone. Just one question on the downside risk in terms of this entire inflation on commodities, except plastic, I think a lot of metals are seeing very substantial hikes. Is the market ready enough to take or absorb these price hikes, which we're planning to do? And I'm sure everybody else is also planning the same thing. And would you agree that temporarily these gross margins might come under pressure? Any thoughts around this?

Mithun K Chittilappilly: We see some risk in the Fans' category where this impact is very severe, coupled with new energy rating norms kicking in on 1st of Jan. So, there has to be significant price hikes in the Fans' category. We have already taken some increases and I think another 2- or 3-odd percent of increase is required before March. In the other categories, the impact is not so high because the usage of copper and aluminium is not so much. Steel and some of the crude derivatives like plastics have actually softened a little bit, which are making the impact a little lesser.

In Wires, as we have mentioned before, there is dynamic pricing. So, all the price increases and decreases are passed on to the market with a short lag. So really, I think the Consumer Durables' segment is where we feel there could be some challenge. Other categories, we don't; at this point, we don't feel it so much. Yes, there is a price increase that is required but the quantum is not that high, but for the Fans' category, it is.

Rahul Agarwal: And for Stabilizers, how does it work from a raw material perspective?

Mithun K Chittilappilly: On Stabilizers, I think, Ram, do you want to take this?

Ramachandran V: Yes, for Stabilizers it will be about maybe 1.5% to 2%. So generally, in most; I think even in Fans, the problem is for the copper models. For BLDC, or aluminium-based models, the increases are lower. And if you have high performance-based fans where the copper content is high, there is an issue. As the extent of price increase required is larger.

Rahul Agarwal: Thank you for that. Got it. So basically, what you're saying is in case this inflation continues, the Company will take price hikes and that should take care of margins. Is that right to understand?

Ramachandran V: Yes. We have started to initiate price increases. I think we have passed on some price increase in Fans. We have passed on; we have taken some price increase in Pumps in Jan and in some categories we are doing in Feb and some we will be doing towards the end of March. And we will be landing all of these things. Typically, in some of the categories, it's about 2% - 3% and Fans is one that is fairly significant, if it is a copper-based model.

Rahul Agarwal: Got it. And on the Company's salience to a copper-based kind of Fan mix, what would that be, overall?

Ramachandran V: We should maybe about 20%- 25%.

Mithun K Chittilappilly: Yes. About 25% - 30% would be copper i.e., copper-based. Others are all either aluminium or BLDC and aluminium models.

Rahul Agarwal: Got it. And secondly, on Wires, what was the volume and value growth separately within Electricals? And how has been Jan so far? Is the momentum sustaining on volume growth?

Mithun K Chittilappilly: In Wires right now, there is a significant increase in copper prices. So the trade is also incentivized to upstock. January also, we have seen continued increases in copper prices, and we are also in the process of revising prices. So Jan also, there has been decent offtake. Volume growth is muted, but value growth will be there because it's almost, I think, now 30. If you look at Jan over Jan, it's almost 30% increase in prices. So volume growth could be muted, but value growth is definitely there because the ability for retailers to invest does not increase so much as with the increase in prices. And we are also seeing some softening of demand from Projects' customers who are, at this price, not too confident to buy in large quantities.

Rahul Agarwal: Got it.

Sudarshan Kasturi: For December quarter on your question, the price growth was about 20%, volume growth was 10%.

Mithun K Chittilappilly: So, 10% and 20% for December.

Rahul Agarwal: Got it. Thanks Sudarshan, thanks Mithun and thanks Ram. All the best.

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

Aniruddha Joshi: Sir, regarding the Fans, now we will see material price hikes in the copper-based fans or aluminium fans also. And the gap between induction fans versus the BLDC fans may come down. So do you see the BLDC Fans as a category or the attractiveness of BLDC Fans as a category itself may go up materially, and that might be impacting, largely, the induction Fans' players and some of the new age players or e-commerce players who were largely focusing on



BLDC, that tend to be at a slight advantage? Or in such a scenario, what will be strategy of V-Guard as far as the BLDC Fans are concerned?

And then one important question. Do you see a threat to induction as a technology itself the way it happened in case of CRT televisions or bulbs, like that?

Mithun K Chittilappilly: So definitely, the delta, that means the difference between BLDC and Non-BLDC is shrinking because BLDC Fans require less; the motor design is very different and it requires less content. And most of the motors are made out of aluminium. So in that sense, BLDC Fans' price inflation will be relatively low, and the induction copper motors will be the highest. So definitely, like today, for V-Guard, maybe the BLDC sales may be 25-odd-percent of total sales.

We will see that steadily increasing, but I don't think 100% will move to BLDC because BLDC still has some challenges or some acceptances' issues. For example, up country markets, where there is violent voltage fluctuation and all that, not all the BLDC fans are working properly there. We have certain models which are able to work in low-voltage and high-voltage conditions. But not all the companies have such models.

So, among the trade and among the customers, there is a general pushback for BLDC in certain markets. So we'll probably see induction motor fans still selling, but the percentage of induction motor fans is steadily coming down, maybe we can see 5% to 10% reduction in the size of the induction motor fans towards BLDC, in favour of BLDC every year, and that's what we expect.

V-Guard is well equipped. We caught this trend at least 3-4 years back, and we have very good offerings in the BLDC segment, and we continue to have products in the pipeline to launch. We have the right models to attract customers to the segment.

So definitely, yes BLDC segment will grow. But I don't see it becoming 100% soon. Maybe, after a few years, we'll see because as of now, we still have certain markets where customers are not fully accepting BLDC.

Aniruddha Joshi: Okay. Sure, sir. Just last two questions before I get into the queue. You indicated there is high channel inventory of Wires. So if you can indicate the quantum compared to the normal inventory level, what is currently, the excess inventory? That is point number one.

And point number two, how do we read butterfly numbers because now profitability has improved. But again, revenue dip continues to be there. And again, profitability may get under stress with the increase in commodity prices. So how should we see or model the numbers of Sunflame over next, let's say, 3 to 4 quarters? Yes, that's it from my side.

Mithun K Chittilappilly: In Wires, yes, there has been some upstocking by retailers, but it's not that a lot of them are holding that inventory. Many of them have; when you're looking at inventory levels of distributors, they have sold out. But definitely, they are holding more inventory in a price deflationary environment. Ram, you want to take this question about Sunflame's margins?



Ramachandran V:

Yes. We are right now in the process of Sunflame's sales integration, which started actually about 2 months back. When I'm talking about sales integration, we are talking about integrating the sales force and the go-to-market system between Sunflame and V-Guard. So this quarter is the quarter when the transition; I mean it started somewhere around November of this financial year.

When you look at a full year basis, we will have a decent growth, both in GT and also in, I would say, organized retail. It is taking time for us. I mean we have lost some ground in CSD, CPC on challenges that we have already discussed earlier. And that's the segment which is under pressure. E-commerce is also taking a bit of time because we need to refresh the product portfolio. So that work is underway.

We have been working on the product refresh road map of Sunflame. Starting now, over the next 1 year; and already some newer models have landed also and some more or landing, in the next 12 months. So I would say that in Sunflame, more or less the challenges are behind us, and we look forward very optimistically.

We have completed the customer service integration and our service levels have significantly gone up. That was a huge pain point because the cycle times were long, and we also had issues with spares and all of those things. So those are all behind us now. The new customer service system is now 3 - 4 months old.

Supply side integration is also underway in parallel. And this quarter and next quarter, I think the integration will get completed there. I think we should be able to perform much better going forward.

Landing pricing has not been a challenge as far as Sunflame is concerned, I think we have been able to hold our gross margins. We have been able to transmit pricing. So that has not been a challenge at all at any point in time. Mainly the stress has been because we have not been able to; the product refresh cycle is long because it takes about 18 months to refresh the portfolio, So those actions were late to start for various reasons and the impact of that will be felt as we go through the coming year.

Aniruddha Joshi:

Sure, sir. This is very helpful. Many thanks.

Moderator:

Thank You. The next question is from the line of Naushad Chaudhary from Aditya Birla Mutual Fund. Please go ahead.

Naushad Chaudhary:

Sir, hope I am audible. first thing, I wanted to understand on the Gegadyne battery start-up, how is that doing? And how can that help our base business in the future? And is there any scope for emergence of any new category with the help of that start up?

Mithun K Chittilappilly:

Ram, do you want to take it?

Ramachandran V:

Yes. Gegadyne is a technology company, and the technology evolution has shaped well. They have now, with the limited ability at this stage, been able to start making supplies for a couple

of local players, in small quantities, as a proof of concept and so on. And as also, they will be supplying to us in some time. Maybe over the next 3 months or 4 months, I think they will start supplies to us also, in small quantities.

They are now moving from technology development phase to commercialization phase, at this point in time. They are evaluating and exploring how to set up a supply chain that can be scaled up to address business and market opportunities. So that's where we are. We continue to support them in technology development and in helping them to find the pathway for building supply capabilities.

Naushad Chaudhary: Assuming it goes well, how will this benefit or strengthen your base business in the future?

Ramachandran V: No, it will give us a vehicle to participate in the opportunity that will come by way of energy storage. So we'll see how that market develops and it will be possible for us to participate in that opportunity. The scope of that opportunity will depend around how the market looks for the new energy offerings.

Naushad Chaudhary: Okay. And second, on the competition side, especially in the Southern market, we have been hearing that the intensity in that market is increasing, just wanted to qualitatively set in terms of market share, especially in your core categories. Are we holding up in the Southern market? Are we gaining or are we finding it difficult to hold on to the market share in the Southern market?

Ramachandran V: Mithun, do you want me to take that?

Mithun K Chittilappilly: Yes.

Ramachandran V: No. competitive intensity has been expanding from somewhere around 2016 or 2017. So it's been a continuing process. So to that extent, I think there's nothing different. I wouldn't say that there is a particularly a strong increase in competitive intensity.

What happens is, in Southern markets, the trade structure is better organized. Organized retail is well developed in the South and e-commerce is also well developed in the South. And because of these two factors, market entry is easy, relatively. We are able to reach a larger portion of the market through these two vehicles.

That being said, the consumers in the Southern markets are quite discerning. It's not that easy to build a healthy franchise – you could make an entry by way of maybe aggressive pricing or something like that, but it would be very difficult to sustainably run business because these channels also have very high cost of doing business and all are also competitive.

At this point in time, I wouldn't say in any of the categories we are losing ground. In fact, in some of the core markets we have had strong growth also, where we may have some problems from time to time in one or the other market, which may be related to, let's say, talent attrition or something like that. Those kind of sporadic things will be there, but nothing fundamentally. I wouldn't say that there is fundamentally any loss of ground from an overall perspective.

And generally, there are some years; because lot of our categories are also connected to, let's say, weather and those kind of challenges. In a country like ours, this is not uniform across every part of the country. But generally, we have found that if okay, one year we do not do well, next year we do very strongly. When you look at a 3-year growth or 5-year growth, we are fine. So, I would not say that there is a systemic issue at this stage.

Naushad Chaudhary: Sir, one more question, sir, on the margin side – just wanted the rebate on commission, as we have expanded the gross margin, though, this year's cycle was not in our favour. But assuming if growth comes back in double digit, should we expect the Company's EBITDA margin to grow double digit in within two years?

Mithun K Chittilappilly: I think so. I think if our growth does come back, we should be expecting double-digit EBITDA margins, yes.

Naushad Chaudhary: By FY '27-end?

Mithun K Chittilappilly: It will depend on a couple of things. One is the raw material inflationary environment. I'm hoping that by that time, the sudden spike and all that is going to get normalized. Then in that case, we should be able to come back to the double-digit mark.

Naushad Chaudhary: Sure. And last one, we have done amazingly well in terms of our Stabilizers, UPS, Water Heaters, but in the newer categories, we have been slightly struggling. So in terms of strategy, our playbook, is there any differentiation we are trying to bring on the table which might be slow in terms of ramping up this category, but once you reach the size as you have reached in the base business, would be very difficult for the competition to challenge?

So just trying to understand, are we just trying to play like any other leading player in these new categories to get the growth and a little bit of TAM from here and there? Or is there any differentiation we are trying to bring to these categories, which can help you to be a better player in next couple of years, in the newer categories?

Mithun K Chittilappilly: As far as Kitchen is concerned, once the integration with Sunflame is complete, we expect a very strong both product portfolio as well as the sales team and a sales system to enable us to grow faster than the market. And we are putting all the building blocks in place for that.

Some of the other categories that we are working on, there we are also doing some work on Modular Switches, where we are, again, working on some product refreshment and all that. Some of the other categories have already done well, for example, both in the case of Inverters – Solar Rooftop and Fans, we have had a very decent growth in the last 6 to 7 years.

Our current focus is to improve sales of Kitchen and Modular Switches. These two segments have not done as well as we hoped. So definitely, we are doing some work, and we hope to see some results.

Ramachandran V: Yes. Mithun, I'll just add two more points. See, fundamentally, our gross margins are decent in all of these categories. So we are comparable with market leaders. So I think the acceptability

of the brand and the acceptability of the offering and the willingness of consumers to pay the price, all that is fine.

The other part then is that why is it not reflecting in EBITDA? Because these businesses have to scale up and they will take their time to scale up, and as each of these businesses scale up, they will become profitable. So then it's more of a scale issue, even though we mostly are referring to Consumer Durable categories and even though we have scaled lately, but still pre-COVID, post-COVID it has gone up. But at the same time, there are challenges. These categories are also strongly influenced by weather.

So you have a good year, a bad year. That is one issue that is there in these categories also. And since it's a seasonal category, the significant window is like a 4-month, 5-month window as opposed to some of the other categories where we have a 12-month window. So these are some of the challenges. So fundamentally, I think it's not an issue of the margin or pricing or positioning. It's a matter of scale up. And once the business acquires certain scale, I think the health will fall in place.

Naushad Chaudhary: Just a follow-up on that – I was just trying to understand whether your new categories offer similar kind of scope or opportunity to bring differentiation to the market, which may help you to dominate the market share as you have done in your past few products? Or would it remain a very competitive market and you have to operate at a par with what peers are operating? So on that aspect, I was trying to understand, is there any space for an edge that you see to dominate the newer categories as well?

Ramachandran V: No. So we have an active product pipeline. Of course, we continuously try to strengthen our product pipeline and improve our refresh rates. So that's a continuous exercise. You would have seen that we launched *Luxecube* (Electric and Smart Water Heaters) right now.

We also launched a popular, not popular, I would say, mid-premium platform in BLDC Fans. Both of them were launched this season, and they have done exceedingly well. They have exceeded our plans for the year. This is a continuous exercise.

And as you can see, this year, summer was not great. So summer categories, including Fans were impacted. So although the underlying movements are good in some of the categories, the overall maybe dampened.

Also, what is happening is that we are, as the time is progressing, looking at the future opportunities, we are also investing in those businesses. We are putting people on the ground. We are making investments in retail. So, all of those things are happening. If we were to hold the business static, then whatever improvements we make, we can show in the bottom line. But we continue to invest in those businesses. And when we invest in the businesses, that impact of that has to be absorbed on a smaller business.

That's the thing, that's why I said fundamentally not a problem of margin. It's a problem of scale. So when we hit the right scale, like in Inverter Battery – now we made good money because we

hit that scale. In Fans too, we will hit the scale maybe in a couple of years and when we do that, we will make money in Fans, just as others do. Like that is how it will go.

Those categories that we make money, we have the scale in relation to the category size. So we'll have to hit those numbers. Of course, we can force the pace by putting more money. But in our experience, we found it a lot more easier to balance and take time to build the category so that the fundamentals are strong.

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

Moderator: Thank You. The next question is from the line of Ankur Sharma from HDFC Life. Please go ahead.

Ankur Sharma: Hi, sir. Good afternoon and thanks for your time as always. First question was on the overall demand over the next 2 to 3 quarters. And the context being you have given that we are in a fairly inflationary RM environment and as you mentioned, both for Fans and for Wires that's a contiguous process that you are taking significant price hike. Would you believe that volume growth also may start coming down something we saw post-COVID as well when we had this highly inflationary environment and where companies were resorting to price hikes and for quite some time, in fact, volume growth started to kind of suffer. So would that be the same kind of environment in the next few quarters as well?

Mithun K Chittilappilly: So definitely, in the case of Wires, there has been a significant increase in prices to the tune of close to 30-odd percent. So definitely, there this argument that volumes for the product demand could take a hit, is true. But for the other 75% of categories, the price inflation is not that high. So we don't expect any much impact on the volume growth going forward.

And the second thing is the next big trigger is the onset of summer. So by February, we have a decent start to summer in South India and if we have a continued warm temperature across, during the summer, we should be largely okay. The expectation as it stands today from IMD, the Meteorology Department is that we will have a fairly warm summer this year. So that's what we are expecting.

In Wires, yes, because there has been significant price inflation, volume growth could be a challenge. But then this is a product that is required and it is not a V-Guard-only problem – all copper wire manufacturers too have to increase prices. So finally, people who are constructing something and building, wiring something, will have to purchase it. But yes, there is a fear because the quantum of increase is very high.

Ankur Sharma: And just to kind of follow on that one. So even on Fans with the 8%- 10% price hike assuming a normal summer, do you think that can be easily passed on and volume growth should continue.

Mithun K Chittilappilly: So in Fans, the major price hike is happening for copper models and models where we are using only copper and high-performance models. So we see a shift for demand from those models to BLDC, where the price increases are much lower. So in Fans, at least, we will see more movement to BLDC from the traditional induction copper-based models. For Fans, like I said,



for all the SKUs, it is not going up at the same rate. It is only in certain SKUs where this kind of inflation is there.

Ankur Sharma: Fair. And just on Stabilizers, could you talk about the inventory there within the system given I believe more than half of the inventory, sorry, Stabilizer sales is for AC. So how is the inventory there? And any initial feelers that you're getting for the Southern markets in terms of how the coming summer could be, as typically by the end of Jan, we start hearing initial trends. So anything you can highlight would be helpful.

Mithun K Chittilappilly: Stabilizers' inventory is largely normalized, you would have seen that our working capital management in Q3 has been fairly good. So a lot of the inventory that we had produced last summer, a lot of them have started to get liquidated. The preliminary report from the ground is that in Kerala, at least, we have started to see warm temperatures. We are hitting like 32 - 33 degrees in the daytime, which is pretty warm for January.

So the expectation is this will continue, and this is fairly good news as we speak. But then again, we have to wait and see till we complete the quarter. But yes, we have started to experience warmer weather down South.

Ankur Sharma: Great. all the best, very helpful.

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

Keyur Pandya: Thank you for the opportunity. Actually, the question is again on the demand side. So specifically on two segments – Electronics and Consumer Durables. Probably because of the low base of last year in both the categories, for some of the products like Stabilizers, Coolers and Fans, is it logical to believe that the growth should be easily in the double digits at least for the next financial year and is in the backdrop of a low base, plus newer categories like Solar Inverters, etcetera? So that is first question on the growth side for both of the segments.

Mithun K Chittilappilly: Yes. So in the Electronics' segment within that, the Air Conditioner Stabilizers category has sharply degrown this year, the same as for Air Coolers. For both these products we are expecting a very strong rebound in the current year. The base is already low.

As far as Solar Rooftops is concerned, they continue to do well. I mean we have not had a big slowdown in the sales of that category because that is not fully dependent on summer. So that will continue its regular trajectory. It is a category that's growing fast. The entire category in the country is also growing fast. So, we are very bullish about the Solar Rooftops business. So this is what I can say about the demand side.

Keyur Pandya: Understood. And second on the profitability for both of the segments, I mean, as you mentioned, the Fans and specific categories of Fans have high inflation. The rest of the portfolio has manageable inflation, plus in Electronics, I mean in a weak year like FY '26, whatever margins that you have mentioned, so is it fair to believe that whatever margin we see for, say, FY '26,

FY '27 should be either similar to that or better margins than that FY '26, just because of the operating leverage in both of the segments?

Mithun K Chittilappilly: So that is our expectation, but one caveat is there. I mean, today, we are in a fairly uncertain environment as far as commodity prices are concerned. We have not seen this kind of an increase in copper in a single year, going up by 40%. We have not experienced something like that at least, I have not experienced this in the last 17 years. So, we are talking about a very, very volatile commodity environment.

So if the commodity doesn't violently go up from these levels, whatever you are saying is possible. But that's one caveat we have to hold because we had that issue in 2023 when the Russia-Ukraine war broke out and commodity prices sky-rocketed. So in that kind of a situation. Today, it is mainly copper that is going up and aluminium, other commodities have not still gone up. So, we'll wait and see. So, but I think in my sense is we should do better in FY '27, better than FY '26 is what we feel because of the better summer categories' contribution and operating leverage.

Keyur Pandya: In terms of profitability, right?

Mithun K Chittilappilly: Yes.

Keyur Pandya: For profit margins?

Mithun K Chittilappilly: Yes.

Keyur Pandya: Thanks a lot. Thank you.

Moderator: Thank You. The next question is from the line of Ankit Soni from Mirae Asset Sharekhan. Please go ahead.

Ankit Soni: Hi, sir. Thanks for taking my question. Just one question on the Solar business side. Since we have a Solar Inverter, Rooftop Inverter business and the Panels business, you also mentioned that V-Guard is more looking into enter into Solar Pumps business. So any forward move over there?

Mithun K Chittilappilly: So we have started to participate in the tenders for Solar Pumps. And I think we have got our first order, and we are in the process of completing it. It is not a very large order, but we tend to, in the next 12 -18 months, scale it up meaningfully. So we have already started to supply to I think Maharashtra State Government for Solar Pumps, and we intend to scale up this business going forward. We have already started and we are already processing the order.

Ankit Soni: Can you please let me know the quantum of the order once, please?

Mithun K Chittilappilly: It's not very large in my view. It was some INR4 crores or INR5 crores.

Sudarshan Kasturi: INR4-5 crores.

Mithun K Chittilappilly: INR4-5 crores. It is a small order. It's not a very large order. Yes, from INR4 crores to INR5 crores.

Ankit Soni: Fine, sir. But you look on for visible green shoots for the Company to expand in that particular segment?

Mithun K Chittilappilly: Our acceptance has been very good. I think we have just put in baby steps today. But I think in the next 12 t- 18 months, we hope to build a solid business in this category.

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

Natasha Jain: Thank you for the opportunity. My first question is on Stabilizers. Could you tell us what is your market share in that category? And who are your exact peers here? Also, we observed that in calendar year '25, a lot of newer brands had come in. I mean I even saw Voltas for that matter coming up with Stabilizers. So how do you see competition in that segment? That's my first question.

Mithun K Chittilappilly: We estimate that we have a market share of about 40% - 45%. This category is fairly niche in that sense. The only serious competitor we have today is a company called Microtech, which is into Inverters and Batteries, based in Delhi. They are probably our closest peer and maybe doing about INR150 crores - INR180-odd crores. Almost all the Air Conditioner companies have Stabilizers.

At some point, they will launch and then they will stop, then they will launch again and then they will stop. So, I am pretty sure this is not Voltas' first time that they are launching. They have launched in the past also. Yes. So the thing is this is more of an ancillary income, so probably it is not; so all the Air Conditioner companies have Stabilizers, but usually, they tend to lose focus a few years down the line.

So that's what we've seen in the past. But as far as serious competitors are concerned, we have one brand, which is called Microtech. Then we have a lot of regional brands in each state, but I would say nationally, maybe one brand is there.

Natasha Jain: Got it. And sir, one related question to this, on a little bit longer term. So nowadays, we see that ACs come with an inbuilt Stabilizers. And I have also heard a lot of influencers trying to educate people on this that you do not need to buy an extra stabilizer. So do you think is that a risk? And if so, by when will it start impacting us on a larger scale?

Mithun K Chittilappilly: So this is a debate that's been going on for 15 years. This is not a new thing. And to put it in perspective, last 7- 8 years, we have had a volume CAGR of 7%- 8%. So even last 5 years, we've had a volume CAGR of 10%. So we still very strongly track the Air Conditioner sales.

We are selling more in upcountry markets and that's where more of the growth is coming from. So the newly electrified villages, the hinterlands of North and East where electrification is new, where also power issues are more. So these are high-growth markets for us.

So I mean, like, your guess is as good as mine. So we have reduced dependence on this category significantly. So today, it's less than 15% of our sales. It used to be much higher, 10-20 years back. So we have diversified a lot away from this category.

But to your question, when it will go out of relevance, your guess is as good as mine. I mean we keep debating this, and it's been going on for more than 15 years since. All we can give you is the last 5-year, 10-year CAGR numbers.

Natasha Jain: Got it. Sir, just to clarify, you said less than 15% of the total sales, right, currently for Stabilizers?

Mithun K Chittilappilly: Yes.

Natasha Jain: May I know what it was, say, 3 years back?

Mithun K Chittilappilly: It would have probably been the same.

Yes, like maybe 15 years back, it was about INR50-odd crores.

Natasha Jain: Got it. And sir, one last question on Kitchen Appliances. Is there still a very severe competition coming from the unorganized or unlisted side players? Or has that eased out?

Mithun K Chittilappilly: You're talking about Kitchen Appliances?

Natasha Jain: Yes, Kitchen Appliances.

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

Ramachandran V: I think there is activity happening. I mean there are continuously people entering the category and exiting the category. So that action is happening. This is a complex category in terms of GTM because the revenue is coming through multiple pipes.

So I think there are people who have taken the route of trying to build and establish through brand shops. So these things are going on, but mostly people struggle beyond a point in scaling.

Natasha Jain: Understood. Thank you so much and all the best.

Moderator: Thank you. The next follow-up question is from Rahul Agarwal from IKIGAI Asset Manager. Please go ahead.

Rahul Agarwal: Thank You. Just one question, Mithun and Ram. Let's say, on a bit of a longer term, 5 years from now growing at 15%, the Company should somewhere target INR9,000 crores to INR10,000 crores sales. At that level, just in terms of the categories that we have, right, which are the categories which can be of INR1,000 crores kind of sales benchmark with double-digit margins?

And in terms of your market share in those categories, would you visualize that you will be in top-3? If you could just talk about what categories have that kind of potential. This is excluding Wires and where do you think you can actually play a market leadership, something like what



you have seen for Stabilizers, can you create something in the other categories? Just a longer-term thought?

Mithun K Chittilappilly: So there are a lot of categories that are more than INR500 crores, INR600 odd crores for us - there is the Stabilizers category, Fans, Inverters and Batteries and Solar Rooftops, on its own. So these are all, these 4 categories are very much, and Kitchen Appliances is almost INR500 crores, if you put V-Guard plus Sunflame. So, we have at least six categories that can do more than INR1,000 crores.

Many of them are in a fairly good EBITDA margin profile already, and many of them we are working on them. So there are at least six categories that can potentially be more than INR1,000 crores, to contribute to that total as you mentioned.

Rahul Agarwal: Would that mean in terms of market share, can we claim the top-3 position? Is that something of parity in the Company? How do you think about that?

Mithun K Chittilappilly: I think we do not chase volumes. We are more chasing profitability. So if you look at the Fans segment, we do not play in the mass segment, the economy segment. And that segment is a segment that's going to get hit the hardest when inflation like this happens. So I think our focus is on building a profitable business rather than claiming a certain market share position.

But in some segments, we will be in the top-3. Like for example, we would like to be the top-3 in the Decorative and BLDC Fans categories, for example. We would like to be top-3 in the Premium TPW Fans segment. So we may not be there in the overall scheme of things. But I think in some segments, we would like to be in the top-3.

Rahul Agarwal: Got it. Thank you so much and wish you best of luck for rest of the year.

Moderator: Thank You. As there are no further questions from the participants, I now hand the conference over to the management for closing comments.

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

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

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