

April 8, 2026

V-Guard Industries Limited: Long-term rating upgraded to [ICRA]AA+ (Stable), outlook revised to Stable from Positive; short-term rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based Limits – Term Loan	45.00	-	-
Long-term/ Short term – Fund-based/Non-fund-based Limits – Working Capital Facilities	820.00	820.00	[ICRA]AA+ (Stable)/[ICRA]A1+; long-term rating upgraded from [ICRA]AA (Positive); outlook revised to Stable from Positive/ short-term rating reaffirmed
Total	865.00	820.00	

*Instrument details are provided in Annexure I

Rationale

While assigning the ratings, ICRA has considered the consolidated financial statements of V-Guard Industries Limited (VGIL), along with its wholly-owned subsidiaries, namely V-Guard Consumer Products Limited (VCPL), Guts Electro-Mech Limited (GEML) and Sunflame Enterprises Private Limited (SEPL), and one associate company, Gegadyne Energy Labs Private Limited (GEL), owing to the substantial operational, managerial and financial linkages among them.

The rating upgrade considers a steady increase in the scale of operations, backed by a gradual increase in VGIL's domestic market share in the consumer durables and electricals segment, with introduction of new products in its portfolio, over the years. The rating upgrade also factors in the broader geographical spread of sales, as reflected in the increase in the share of revenues from non-South markets to 47% in 9M FY2026 from 39% in FY2019, along with greater integration through higher in-house production.

In the domestic market, the company continues to remain the market leader in stabilisers and has an established presence in other products such as inverters and batteries, water heaters, solar power systems, fans, pumps and house wiring cables. The acquisition of Sunflame Enterprises Private Limited (SEPL) in FY2023, having operational synergies with VGIL in terms of product category, geography, trade channel, manufacturing facility and strong brand recall of Sunflame, have strengthened the product offerings in the kitchen appliances segment, however, the growth in this segment remained tepid, leaving room for further growth. The ratings derive comfort from the strong financial risk profile of the company, characterised by a highly conservative capital structure and strong debt protection metrics, which are expected to gradually improve, going forward.

Nonetheless, VGIL's products witness intense price-based competition from other incumbents, and its profit margins and cash flows remain vulnerable to raw material price fluctuations. However, the company's effective pricing mechanism ensures stability in its overall profit margins and mitigates the risks to a large extent. As the company is in the B2C space, constant focus on advertising/branding, discounts/schemes and competitive trade margins are important for maintenance of sales and brand recall. Reduction in any of these could impact sales. ICRA notes that the overall performance of the company was impacted during FY2026 in view of seasonal vagaries. Revenue from stabiliser, fan and air cooler witnessed a de-growth in FY2026 due to weak demand on the back of delayed summer in 2025. However, sales of stabilisers, air coolers, and fans are expected to rise, going forward, in view of India Meteorological Department's (IMD) forecast for a warmer-than-normal summer during Q1 of FY2027. Nevertheless, prolongation of the West-Asia conflict could result in inflationary pressure on key inputs such as copper, which remains a near-term monitorable, given its potential impact on demand and profitability.

The Stable outlook on the long-term rating reflects ICRA's opinion that VGIL will continue to benefit from its healthy market share and strong brand recall in select product categories and maintain its business position while sustaining its profitability level in the long run.

Key rating drivers and their description

Credit strengths

Strong brand equity and recall, supporting a leading position in the domestic stabiliser market – V-Guard is a well-established consumer electrical and electronics brand in India, with over four decades of operating track record and strong brand recall, which supports premium pricing in select product categories such as ceiling fans and voltage stabilisers. The company is the market leader in stabilisers with an estimated 40-45% share in the organised segment, and has a strong presence in inverters and batteries, water heaters, solar water heaters, fans, pumps, and house-wiring cables. Further, VGIL's market presence in kitchen appliances has improved following the acquisition of SEPL in FY2023. However, growth in this segment remained subdued due to muted domestic demand, which is expected to recover gradually over the medium term, aided by the established Sunflame brand and the company's focused marketing initiatives.

Diversified product portfolio with presence across electricals, electronics and consumer durable segments – VGIL commenced operations with its first product, stabilisers, in 1977 and has gradually expanded its product range over the years to around 14 items. The company offers a diverse product mix across multiple segments, including electronics, electricals and consumer durables. The company has added solar power system in its product offerings in the recent past. The company derived around 27% of its revenues from electronics, 40% from electricals and 33% from consumer durables (including Sunflame) in 9M FY2026, mitigating revenue concentration risk to a large extent. The turnover of the company, at a consolidated level, witnessed a steady growth over the past few years. The operating income of VGIL has grown to around Rs. 5,578 crore in FY2025 from around Rs. 4,857 crore in FY2024, driven by enhanced brand awareness, expansion in geographical reach and new product launches. VGIL, on a consolidated basis, reported a YoY revenue growth of only 4% in 9M FY2026, reaching Rs. 4,211 crore, majorly supported by a strong growth in the electrical segment. While the electronics segment witnessed a marginal gain, consumer durables and Sunflame registered a slight decline. ICRA expects the consolidated top line of the company to register a modest growth of 4-5% in FY2026, on a YoY basis.

Increasing penetration into non-South markets resulting in gradual geographical diversification – VGIL has been a predominantly South India-based player since its inception. Although the company continues to derive the major portion of its revenues from five southern states, its presence in the non-South markets has widened over the years, aided by focused initiatives. The company derived about 47% of its revenues from the non-South market in 9M FY2026 against 42% in FY2022. Moreover, the acquisition of SEPL, which has an established presence in the non-South market, further led to geographical diversification.

Healthy financial risk profile characterised by a highly conservative capital structure and strong debt protection metrics – The capital structure of the company has remained conservative over the past years owing to a healthy net worth and low reliance on external debt. Total outside liabilities relative to the tangible net worth stood at 0.6 times as on March 31, 2025, which is likely to remain low, going forward, in the absence of any planned debt-funded capital expenditure programme. The coverage indicators stood at a healthy level because of low gearing and healthy profits as well as cash accruals from its business. ICRA expects the debt-coverage indicators to gradually improve, going forward.

Credit challenges

Profit margins vulnerable to fluctuation in raw material prices and demand for its products – VGIL's margins are susceptible to commodity/crude price fluctuations, leading to a volatility in profit margins and cash flows. In the past, the company's operating profit margin (OPM) reflected the effects of sharp increase in the commodity prices and inventory losses. Broadly, the operating margin of VGIL, on a consolidated level, remained in the range of 8-10% over the past few years. The overall performance of the company was tempered during the current fiscal in view of seasonal vagaries. Revenue from stabiliser, fan

and air cooler declined in H1 FY2026, on a YoY basis, due to a weak demand on the back of delayed summer in 2025. The margin from consumer durables declined, primarily due to underperformance of fan and air cooler, in FY2026. However, SEPL's OPM improved in FY2026 compared to FY2025, even though revenues declined sharply. Nevertheless, the margins of electricals and electronics segments continued to remain largely stable. ICRA notes that the inventory position has rationalised, resulting in an improvement in the working capital intensity, as reflected by net working capital relative to operating income (NWC/OI) of 13% (20% in FY2023) in FY2025. ICRA expects the consolidated OPM of the company to remain in the range of 8-9% over the medium term. The estimated cash accruals from the business would continue to remain healthy, going forward, as witnessed in the past.

Exposed to intense competition – VGIL faces intense price competition across most product categories due to the presence of several organised and unorganised players. As noted by ICRA, the electronics, electrical, and consumer durables segments, in which VGIL operates, remain highly fragmented, with the unorganised segment accounting for 30-40% of the market, which continues to exert pressure on pricing and margins.

Environmental and Social Risks

Environmental considerations – VGIL's environmental risk exposure remains moderate, given its presence in electrical and electronic consumer durables manufacturing. Key environmental considerations include compliance with environmental regulations relating to waste management (including e-waste), energy consumption, and emissions across its manufacturing units and outsourced vendor base. The company is also exposed to risks arising from tightening environmental norms, rising costs associated with sustainable packaging and materials, and climate-related disruptions in its supply chain. However, these risks are partly mitigated by limited direct pollution intensity, diversified sourcing, and gradual adoption of energy-efficient processes and products.

Social considerations – VGIL is exposed to social risks primarily relating to compliance with stringent health and safety standards across its manufacturing facilities and project sites, as well as the need to continuously align its product offerings and service quality with evolving consumer preferences and usage patterns. Addressing these risks necessitates ongoing investments in employee health and safety training, regular safety audits, and the implementation of robust safety protocols across operations.

Liquidity position: Strong

The company generated positive cash flow from operations, on a consolidated basis, in FY2025, which is likely to have continued in FY2026 as well as in FY2027. The free cash flows of VGIL are also expected to remain positive in the next two years. There was hardly any utilisation of fund-based working capital limits in the last one year. However, the average non-fund based working capital utilisation has remained at a moderate level of around 40% during the last 15 months ended in January 2026, providing adequate headroom for incremental working capital requirement. Also, the company had unencumbered cash/bank balance and liquid investments of around Rs. 64 crore as on March 31, 2025. The company, on a consolidated level, has been in the process of setting up a plant for manufacturing fans and increasing its battery (for inverter) production capacity in Hyderabad. The total capital outlay is estimated at around Rs. 150 crore, spread over FY2026 and FY2027, funded by internal accruals only. The company has long-term debt repayment obligations of around Rs. 25 crore, towards lease liabilities, over the next two years. In view of adequate cash flow from operations, unutilised working capital limits, surplus cash/bank balance, and low-to-moderate capital expenditure of Rs. 140-150 crore, ICRA expects VGIL's liquidity position, on a consolidated basis, to remain Strong, going forward.

Rating sensitivities

Positive factors – ICRA may upgrade the long-term rating in case of a substantial increase in revenues and earnings, leading to a notable improvement in cash accruals while maintaining strong debt coverage metrics on a sustained basis.

Negative factors – Pressure on VGIL’s ratings may arise in case of a sharp deterioration in the earnings or a significant rise in debt level, with Total debt/OPBDITA of more than 1.0 times on a sustained basis. Any large debt-funded acquisition/capex, impacting the credit metrics and the liquidity position on a sustained basis, will also be a credit negative.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of V-Guard Industries Limited, including its wholly-owned subsidiaries and associate company, which are enlisted in Annexure – II.

About the company

Established in 1977, V-Guard Industries Limited (VGIL) is an established player in the electronics/electrical products industry, with a strong market position in India. The company has a diversified product profile divided into three segments, namely electronics – includes stabilizers (in which VGIL is the market leader), digital UPS, batteries and solar power system; electricals – includes pumps, cables and wires, switchgears and modular switches; and consumer durables – includes water heaters, fans, kitchen appliances, air coolers etc. From being a small-scale stabilizer manufacturing company four decades back, VGIL has diversified its presence over the years with revenues distributed across various product divisions. While nearly 35% of its products are outsourced, the rests are manufactured in-house at its manufacturing facilities in Coimbatore (Tamil Nadu), Kashipur, Pantnagar and Haridwar (Uttarakhand), Kala Amb (Himachal Pradesh), Hyderabad (Telangana), Faridabad (Haryana), Sikkim and Vapi (Gujarat).

VGIL has three wholly-owned subsidiaries, namely V-Guard Consumer Products Limited (VCPL), Guts Electro-Mech Limited (GEML) and Sunflame Enterprises Private Limited (SEPL), and one associate company, Gegadyne Energy Labs Private Limited (GEL).

Key financial indicators (audited)

VGIL	Standalone		Consolidated			
	FY2024	FY2025	FY2024	FY2025	9M FY2026*	9M FY2025*
Operating income	4,559.4	5,308.9	4,856.7	5,577.8	4,210.5	4,039.7
PAT	230.9	260.2	257.6	313.7	196.2	222.6
OPBDIT/OI	7.8%	8.0%	8.9%	9.3%	8.5%	9.2%
PAT/OI	5.1%	4.9%	5.3%	5.6%	4.7%	5.5%
Total outside liabilities/Tangible net worth (times)	0.6	0.5	0.7	0.6	-	-
Total debt/OPBDIT (times)	1.0	0.2	0.9	0.3	-	-
Interest coverage (times)	9.5	21.3	10.9	21.1	38.0	16.9

Source: Company, ICRA Research; All ratios as per ICRA’s calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDITA: Operating profit before depreciation, interest, taxes and amortisation; *Unaudited numbers

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current ratings (FY2027)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Apr 8, 2026	FY2026		FY2025		FY2024	
				Date	Rating	Date	Rating	Date	Rating
Term loan	Long term	-	-	-	-	Feb 24, 2025	[ICRA]AA (Positive)	Feb 05, 2024	[ICRA]AA (Stable)
Working capital facilities	Long term/ Short term	820.00	[ICRA]AA+ (Stable)/ [ICRA]A1+	-	-	Feb 24, 2025	[ICRA]AA (Positive)/ [ICRA]A1+	Feb 05, 2024	[ICRA]AA (Stable)/ [ICRA]A1+

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term/ Short-term – Fund-based/ Non-Fund-based – Working Capital Facilities	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Working capital facilities 1	-	-	-	85.00	[ICRA]AA+ (Stable)/ [ICRA]A1+
NA	Working capital facilities 2	-	-	-	145.00	[ICRA]AA+ (Stable)/ [ICRA]A1+
NA	Working capital facilities 3	-	-	-	300.00	[ICRA]AA+ (Stable)/ [ICRA]A1+
NA	Working capital facilities 4	-	-	-	50.00	[ICRA]AA+ (Stable)/ [ICRA]A1+
NA	Working capital facilities 5	-	-	-	200.00	[ICRA]AA+ (Stable)/ [ICRA]A1+
NA	Working capital facilities 6	-	-	-	20.00	[ICRA]AA+ (Stable)/ [ICRA]A1+
NA	Working capital facilities 7	-	-	-	20.00	[ICRA]AA+ (Stable)/ [ICRA]A1+

Source: V-Guard Industries Limited

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

Company name	VGIL's ownership	Consolidation approach
Guts Electro-Mech Limited	100%	Full consolidation
V-Guard Consumer Products Limited	100%	Full consolidation
Sunflame Enterprises Private Limited	100%	Full consolidation
Gegadyne Energy Labs Private Limited	30.35%	Equity method

Source: V-Guard Industries Limited

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