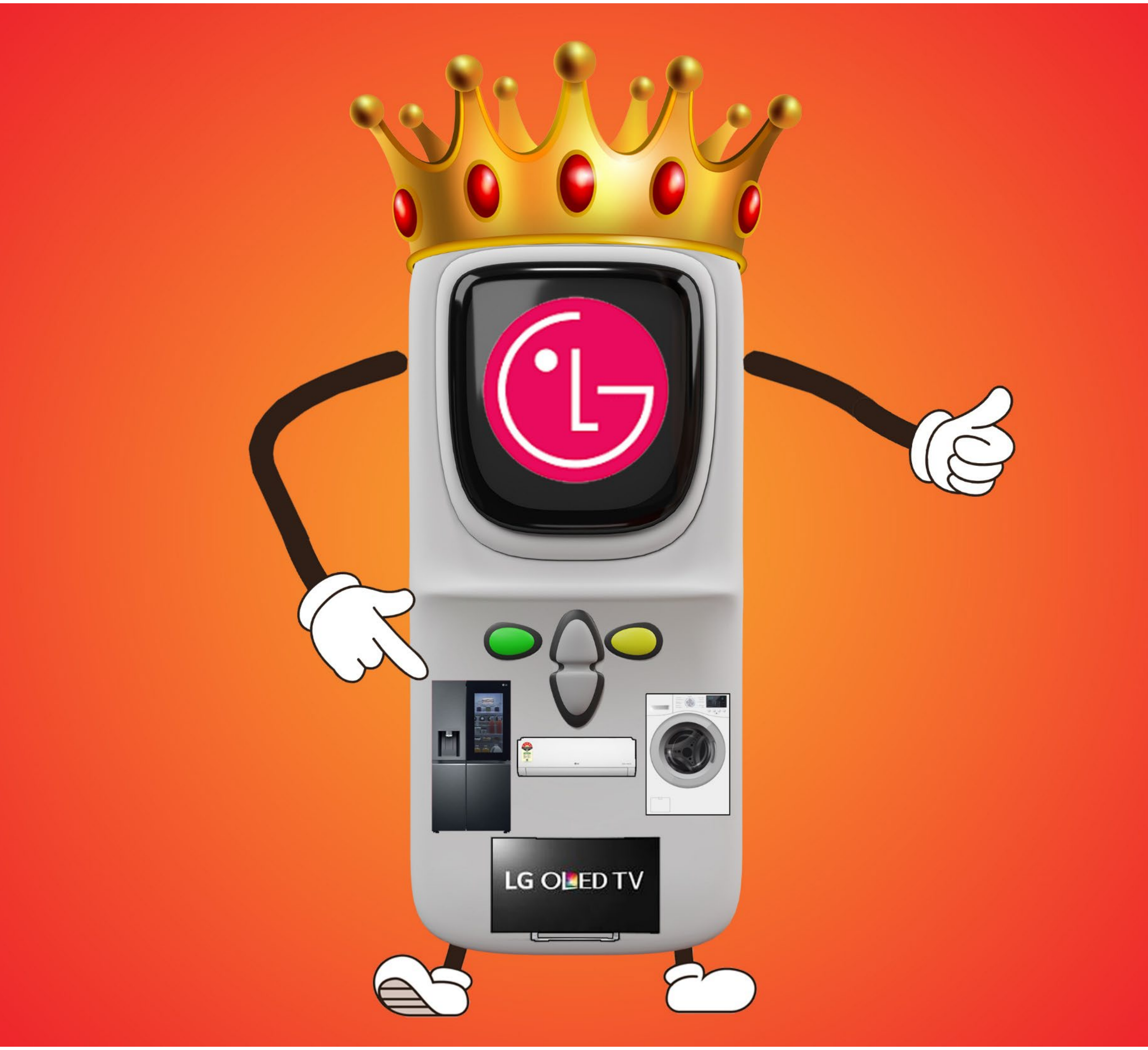
October 2025

Initiating Coverage | Sector: Consumer Durable

LG Electronics India



Beyond gadgets – building lifestyles!

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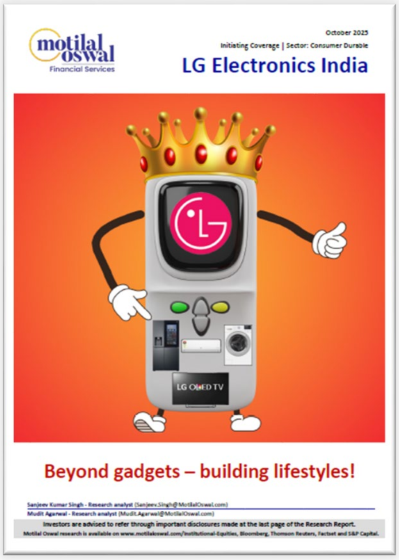


Beyond gadgets – building lifestyles!

- **High industry growth potential:** India's home appliances and consumer electronics market (excluding mobile phones) is estimated to post a CAGR of ~14% over CY24-29. LG Electronics India (LGEIL), with its leadership across key product categories, is well-positioned to capitalize on this growth opportunity. The company plans to balance between premium and mass product as part of LG's global strategy and aims for premiumization of mass products which would help to improve affordability.
- **Focus on export; higher B2B and AMC revenue:** The company plans to increase its export share to ~10% by FY28E from 6% in FY25. It also aims to generate 14-15% of its revenue from the B2B segment over the next few years (vs. ~10% in FY25), noting that B2B margins are higher than those in the B2C segment. Additionally, the company targets over 25% YoY increase in AMC revenue for the next few years.
- **Premiumization and localization drive profitability:** LGEIL's strategic focus on premiumization has resulted in innovative launches across OLED TVs, inverter ACs, and advanced smart appliances.It holds strong market share in premium segments, such as OLED TVs (~63%), front-load washing machines (~37%), and side-by-side refrigerators (~43%). The share of raw materials sourced domestically stood at ~54% in FY25, with plans to increase this to ~63% over the next four years.
- **Strong fundamentals; initiate coverage with a BUY rating:** We initiate coverage on LGEIL with a BUY rating and a TP of INR1,800, premised on 40x FY28E EPS. LGEIL should trade at higher multiple, given the strong return ratios, higher OCF conversion and a strategic focus on localization.

LG Electronics India

BSE Sensex	S&P CNX
82,327	25,227

Financial Snapshot (INR b)

Y/E MARCH	FY26E	FY27E	FY28E
Sales	257.6	285.6	317.6
EBITDA	31.2	36.1	41.5
Adj. PAT	22.6	26.4	30.6
EBITA Margin (%)	12.1	12.6	13.1
Adj. EPS (INR)	33.2	39.0	45.1
EPS Gr. (%)	2.4	17.2	15.8
BV/Sh. (INR)	109.6	134.9	164.2
Ratios			
Net D:E	(0.7)	(0.6)	(0.6)
RoE (%)	33.7	31.9	30.2
RoCE (%)	35.1	33.0	31.1
Payout (%)	35.0	35.0	35.0
Valuations			
P/E (x)	34.3	29.3	25.3
P/BV (x)	10.4	8.5	6.9
EV/EBITDA (x)	23.3	20.0	17.1
Div Yield (%)	1.0	1.2	1.4
FCF Yield (%)	2.1	1.4	1.9

LGEIL's focus is on 1) higher B2B revenue contribution: its target is to raise this to 14-15% over the next few years from ~10% in FY25; 2) higher export revenue contribution: ~10 in FY28E vs. ~6% in FY25; 3) raising domestic sourcing of raw materials: target to increase this to ~63% over the next four years from ~54% in FY25; 4) higher AMC revenue: over 25% YoY growth for the next few years. Higher share of premium products, better EBITDA-to-OCF conversion, higher RoE, strong distribution network, and parentage of LG Electronics (Korea) are the moats of LGEIL.

CMP: INR1,140 TP: INR1,800 (+58%) Buy

Beyond gadgets – building lifestyles!

Focus on premiumization, localization, and higher export/B2B revenue

- **High industry growth potential; holds leadership position: India's home appliances and consumer electronics market (excluding mobile phones) is estimated to post a CAGR of ~14% over CY24-29. LG Electronics India (LGEIL), with its leadership across key product categories, is well-positioned to capitalize on this growth opportunity. The company plans to balance between premium and mass products as part of LG's global strategy and aims for premiumization of mass products, which should help to improve affordability and, in turn, increase its customer base.**
- **Focus on export; higher B2B and AMC segment revenue: The company plans to raise its export share to ~10% by FY28E from 6% in FY25. It also aims to generate 14-15% of its revenue from the B2B segment over the next few years (vs. ~10% in FY25), noting that B2B margins are higher than those in the B2C segment. Further, LGEIL targets an over 25% YoY growth in AMC revenue for the next few years.**
- **Premiumization and localization drive profitability: LGEIL's strategic focus on premiumization has resulted in innovative launches across OLED TVs, inverter ACs, and advanced smart appliances. The company holds strong market positions in premium segments, such as OLED TVs (~63%), front-load washing machines (~37%), and side-by-side refrigerators (~43%). The share of raw materials sourced domestically stood at ~54% in FY25, with plans to increase this to ~63% over the next four years. This will also lead to an improvement in gross margin.**
- **Extensive distribution network; focus on brand building and localization: Distribution remains a key competitive strength for LGEIL, with 35,640 B2C touchpoints, 777 exclusive brand shops, and 463 B2B trade partners in 1QFY26. The company also operates one of India's largest after-sales networks, comprising 1,006 service centers. It allocates ~4.5% of its revenue to advertising and promotion (A&P) expenses, which we expect to continue until FY28.**
- **Strong fundamentals; initiate coverage with a BUY rating: We expect LGEIL to trade at higher multiples, given: 1) strong return ratios (RoE/RoIC of ~30%/66% in FY28E); 2) higher OCF conversion, averaging ~74% during FY26-28E; 3) a strategic focus on localization, which is expected to further expand gross margin; 4) targeted growth in high-margin B2B and AMC business; and 5) a leadership position across key product categories. We initiate coverage on LGEIL with a BUY rating and a TP of INR1,800, premised on 40x FY28E EPS.**
- **Key downside risks: 1) any increase in royalty by the parent company, LG Electronics Korea, 2) volatile raw material prices, and 3) intensifying competition.**

Strong industry tailwinds, leadership position, and export potential

- India's home appliances and consumer electronics market is projected to post a CAGR of ~11% over CY24-29, reaching ~INR11t by CY29. Excluding mobile phones (LGEIL exited this segment in FY23), the market is estimated to clock a 14% CAGR during CY24-29. As a market leader in major categories, LGEIL is well-placed to benefit from this strong industry growth momentum.
- LGEIL holds strong offline market shares in key consumer durables categories, such as TVs, washing machines, refrigerators, ACs, ovens, and water purifiers. The company holds a market share (in terms of value in the offline channel during 1HCY25) of ~28% in panel televisions, ~34% in washing machines, ~30% in refrigerators, ~21% in inverter AC (~18% in RAC), ~51% in microwave ovens, and ~41% in water purifiers.

Exports contributed ~6% to the revenues in FY25 and target is to increase it to ~10% by FY28E. LGEIL also targets over 25% YoY increase in AMC revenues for next few years.

- LGEIL also operates in the B2B segment, which contributed ~10% to its revenue in FY25. The company aims to increase the B2B revenue share to 14-15% over the next few years. We believe that the B2B segment has higher margins than the B2C segment.
- Exports accounted for ~6% of revenue in FY25, largely from Asia and Africa. The company plans to increase its export revenue share to ~10% by FY28E.
- AMC and services revenue posted a CAGR of 17% over FY23-25. The company targets an over 25% YoY increase in AMC revenue for the next few years.

Leveraging premiumization for sustained leadership

Premium products' contribute ~25% to LGEIL's revenues v/s ~15% for the industry. It holds leadership position across premium segments with ~63% share in OLED TVs, ~37% share of front-load washing machines, ~43% share of side-by-side refrigerators and ~27% share of premium RAC in 1HCY27.

- India's young, urban, and affluent consumers are increasingly seeking advanced, connected, and stylish appliances. The premium segment in the appliances and electronics market is projected to rise to 25-28% by CY29 from ~19% in 1HCY25.
- LGEIL aims to capture this shift by introducing innovative, design-led products, such as OLED TVs, inverter ACs, and AI-enabled appliances, strengthening its appeal among aspirational consumers and reinforcing brand leadership.
- Premium products account for ~25% of LGEIL's revenue, well above the ~15% industry average. This drives higher margins and supports sustained leadership through continuous innovation and value-led offerings.
- LGEIL's market share in the premium category of RAC was ~27% in 1HCY25. The company also holds strong positions in premium segments of other categories, such as OLED TVs (~63%), front-load washing machines (~37%), and side-by-side refrigerators (~43%).

Investment in brand building and focus on localization

- LGEIL invests in a diversified mix of traditional and digital channels, including television, print, in-store activations, regional campaigns, and online platforms, to strengthen the LG brand and engage consumers across India.
- A&P expenses clocked a CAGR of 5% over FY19-25, averaging ~4.5% of revenue. We expect A&P spending to remain steady at ~4.5% of revenue over FY26-28.
- LGEIL is following a phased localization strategy—steadily increasing the share of locally sourced components. The share of raw materials sourced domestically increased to ~54% in FY25/1QFY26 (each) from 49% in FY24. The company plans to increase domestic sourcing to ~63% over the next four years. Increased localization will also help improve the gross margin.

A&P spening is expected to be at ~4.5% of revenue over FY26-28. Share of raw materials sourced domestically increased to ~54% in FY25 v/s 49% in FY24 and the target is to increase it to ~63% over the next four years.

Expect 10% EBITDA CAGR and 12% PAT CAGR over FY25-28

- We expect LGEIL to report ~9% revenue CAGR over FY25-28 (~11% CAGR over FY26-28, as FY26 revenue was impacted by a weak summer season and GST transition issues).
- We estimate an EBITDA/PAT CAGR of 10%/12% for LGEIL over FY25-28, with the EBITDA margin reaching 12.6%/13.1% in FY27/FY28 vs. 12.1% in FY26 (and 12.8% in FY25). However, we expect an EBITDA and profit CAGR of ~15% and 17%, respectively, over FY26-28.

LGEIL has planned INR50b over FY26-29E for Sri City, Andhra Pradesh plant. This will result in lower FCF over FY26-28E. Its intent to premiumize the mass category may also help to improve asset turnover of this plant. RoE will moderate due to a large capex and lower dividend payouts (assumed at 35% v/s average of ~69% over FY16-25).

Valuation and view: Strong fundamentals; initiate coverage with a BUY

- LGEIL has consistently generated operating cash flows (cumulative OCF of INR154b over the past 10 years; ~69% of the same was used for dividend payout) and has a high EBITDA-to-OCF conversion ratio (average of ~70% over FY19-25; expected to reach ~74% over FY26-28). The company's planned capex of INR50b for the new plant in Sri City (spread over FY26-29E) is expected to result in lower FCF (cumulative FCF of ~INR41b) over FY26-28.
- Significant investments in the new plant at Sri City are expected to initially reduce the asset turnover ratio. Along with lower dividend payouts (assumed at 35% vs. the average payout of ~69% over FY16-25), this will likely moderate return ratios. RoE is estimated to be ~30% in FY28E vs. 45% in FY25 and an average of ~36% over FY16-25.
- We also believe that the company could target the mass category segment (~19% of the industry in 1HCY25) through premiumization of mass products as part of its global strategy. This strategy may also help improve the asset turnover of the Sri City plant, which in turn could enhance return ratios.
- **We initiate coverage on LGEIL with a BUY rating and a TP of INR1,800, premised on 40x FY28E EPS.** We expect LGEIL to trade at higher multiples, given the strong return ratios, higher OCF conversion, a strategic focus on localization, targeted growth in high-margin B2B and AMC revenues, and a leadership position across key product categories.

Exhibit 1: Peer Comparison

	Revenue CAGR (%)	EBITDA CAGR (%)	Avg. OPM (%)	Profit CAGR (%)	Avg. RoE (%)	P/E (x)			
	(FY25-28E)					FY25	FY26E	FY27E	FY28E
LGEIL	**9.2**	**10.1**	**12.6**	**11.6**	**31.9**	**35.1**	**34.3**	**29.3**	**25.3**
HAVL	11.7	17.9	10.9	18	18.5	62.8	58.0	46.5	38.6
VOLT	8.1	11.7	7.4	14.3	12.7	54.2	59.9	44.0	36.3
BLSTR*	15.5	18.2	7.6	19.3	20.6	67.5	61.1	47.5	39.1

Source: MOFSL, LGEIL RHP, Companies, Bloomberg *BLSTR is not under coverage

STORY IN CHARTS

LG Electronics India: Strong brand; leadership across categories

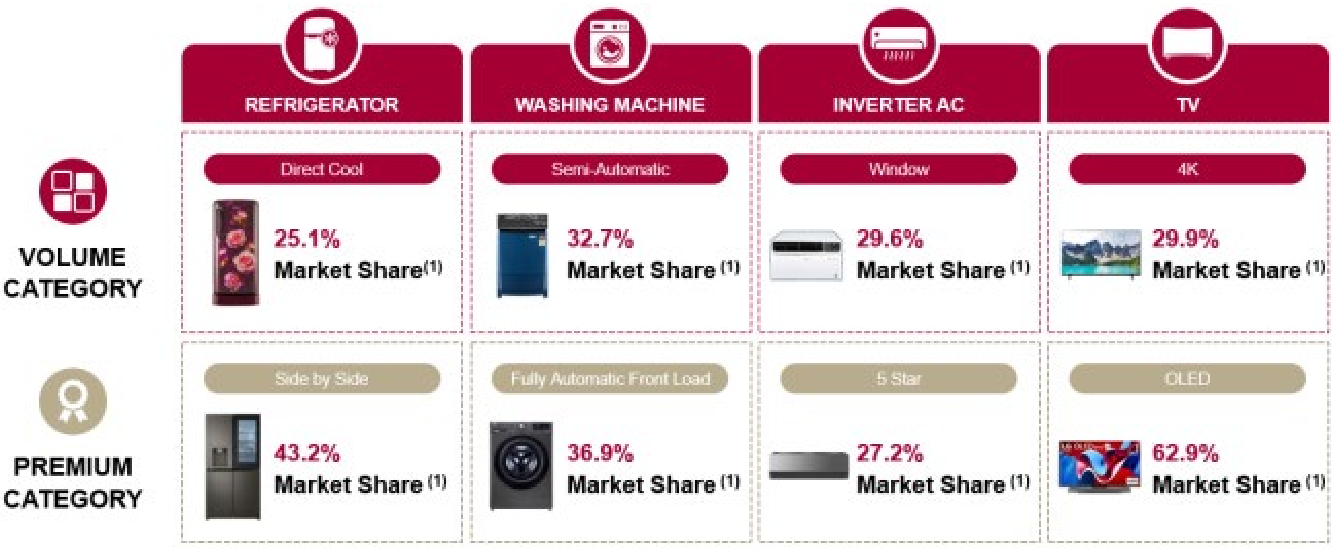
A
Strong industry tailwinds, leadership position, and export potential

B
Leveraging premiumization for sustained leadership

C
Investment in brand building and focus on localization

D
Expect 10% EBITDA CAGR and 12% PAT CAGR over FY25-28

LGEIL commands a strong market share in the premium category



Source: MOFSL, LGEIL RHP

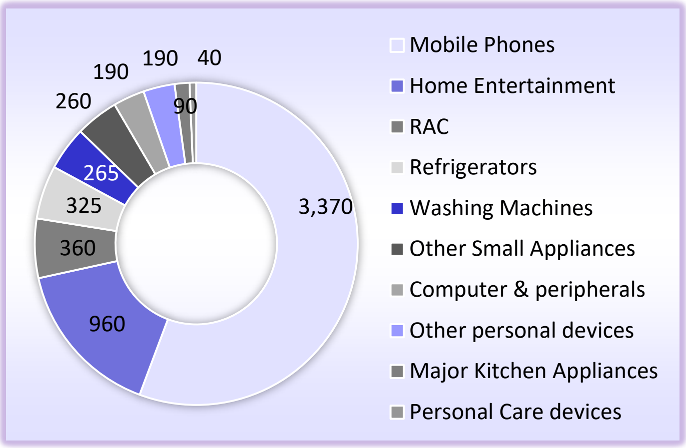
Market share for key categories (1HCY25)

Category	LGEIL	Competitor 1	Competitor 2	Competitor 3
Refrigerators	29.9%	23.5%	15.6%	11.5%
Washing Machines	33.5%	17.3%	11.4%	9.9%
Inverter air conditioners	20.6%	15.4%	8.5%	8.1%
Panel Televisions	27.5%	23.2%	17.0%	6.2%

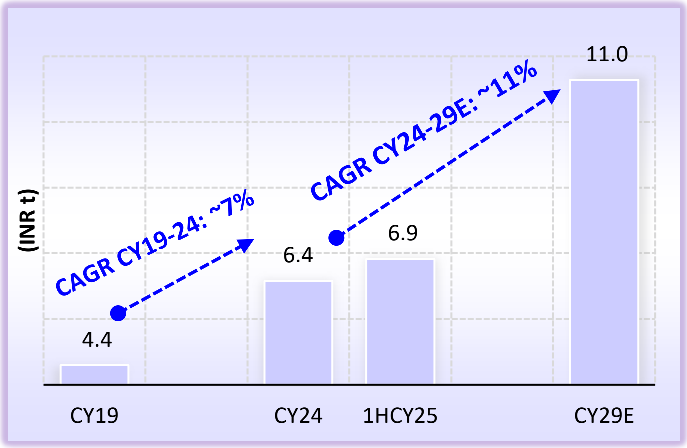
Source: MOFSL, LGEIL RHP

STORY IN CHARTS

Market size of key segments in the Indian consumer durables industry in 1HCY25* (INR b)

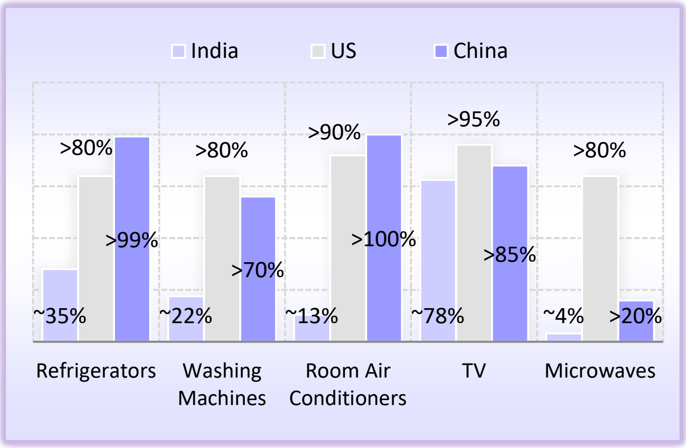


Consumer durables market to record a CAGR of ~11% over CY24-29E



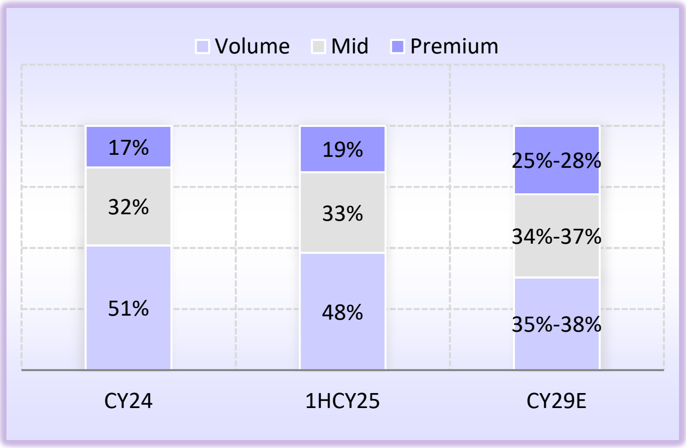
Source: MOFSL, Company

Penetration of key product segments: India vs. US & China



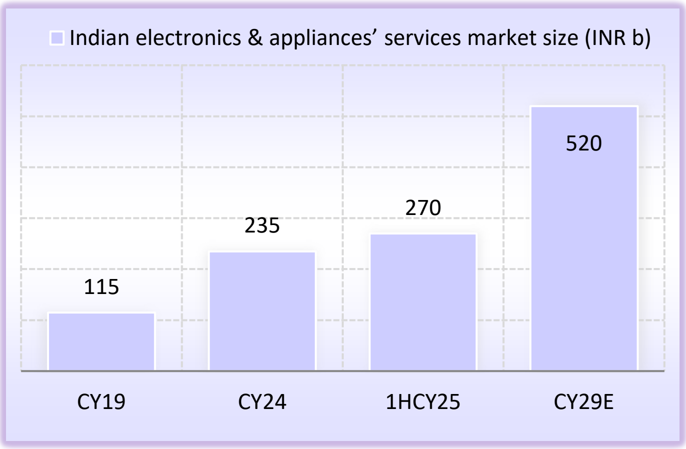
Source: MOFSL, Company

Premium products' share expected to increase



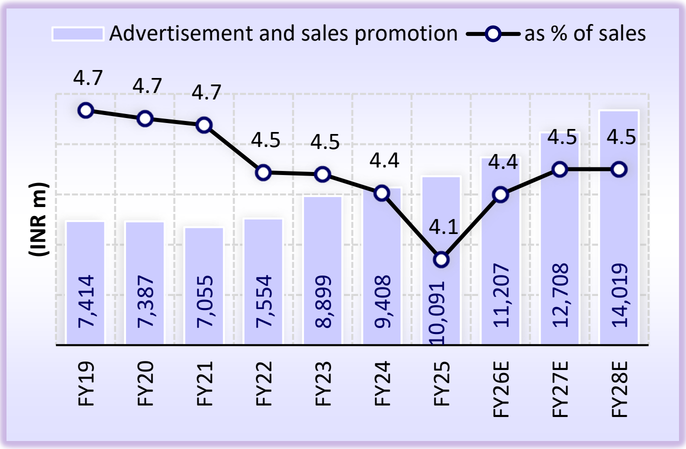
Source: MOFSL, Company

Services market estimated to record ~17% CAGR till CY29E



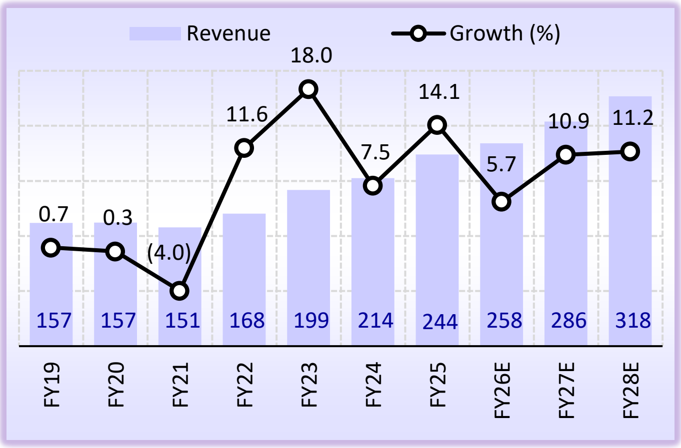
Source: MOFSL, Company

A&P spends at ~4.5% of revenues over FY26-28E



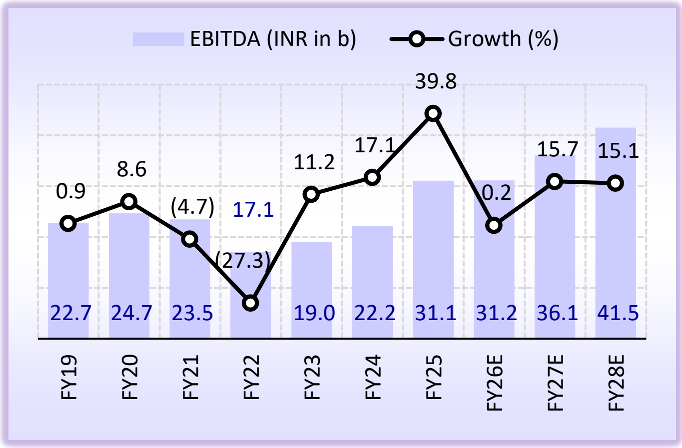
Source: MOFSL, Company

Revenue to clock a CAGR of ~9% over FY25-28E



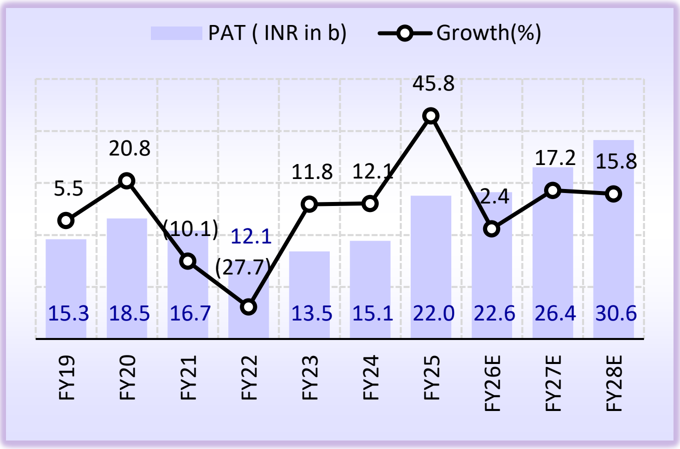
Source: MOFSL, Company

EBITDA to record a CAGR of ~10% over FY25-28E



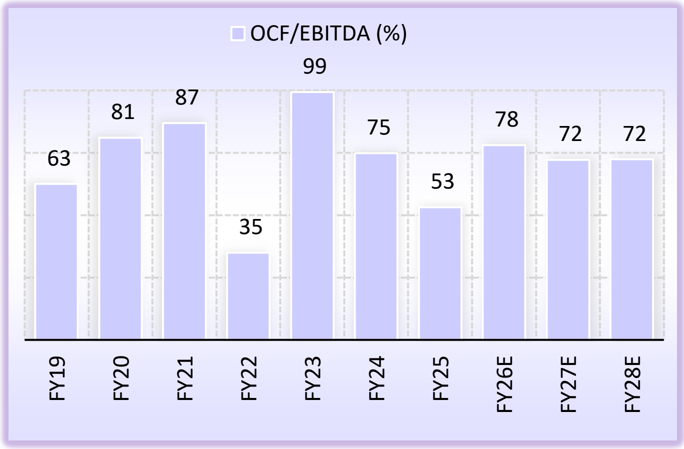
Source: MOFSL, Company

PAT to register a CAGR of ~12% over FY25-28E



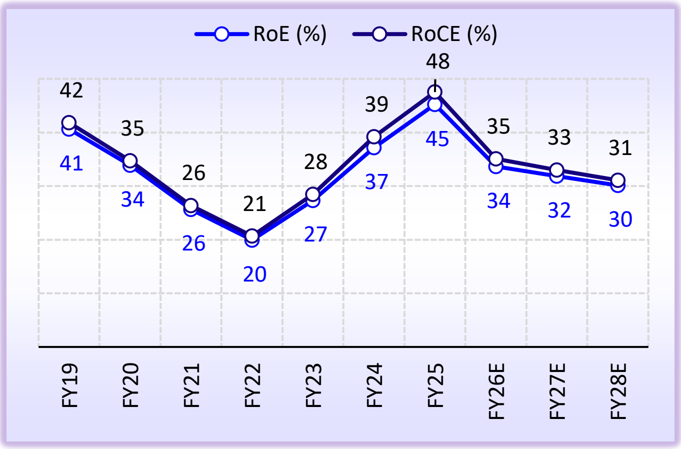
Source: MOFSL, Company

High EBITDA-to-OCF conversion likely to continue



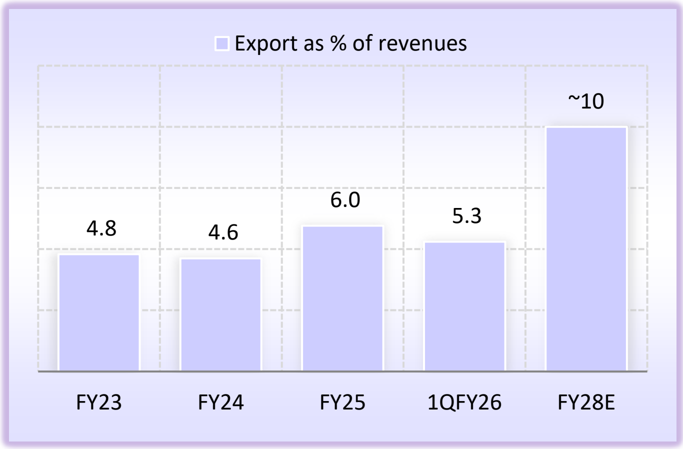
Source: MOFSL, Company

RoE/RoCE to moderate over FY25E-28E



Source: MOFSL, Company

Export share to increase over FY25-28E



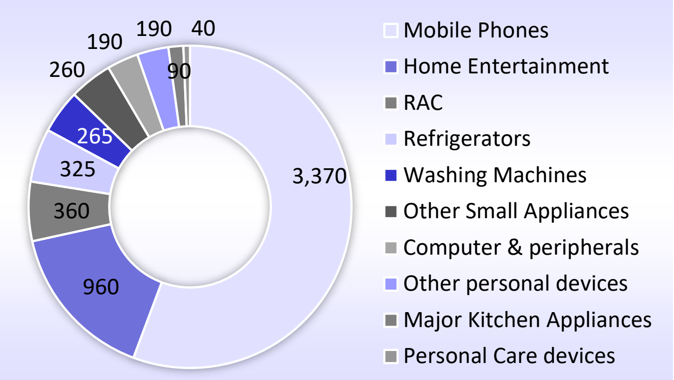
Source: MOFSL, Company

Strong growth prospects for the Indian consumer durables industry

- **The home appliances and electronics market in India is projected to post a CAGR of ~11% over CY24-29, reaching ~INR10,965b by CY29. Excluding mobile phones (LGEIL exited this segment in FY23), the industry is expected to post a CAGR of ~14% during the same period.**
- **The industry growth is anticipated to be driven by rising disposable incomes, rapid urbanization, increased appliance penetration, and government initiatives supporting local manufacturing. Additionally, the growing preference for premium, energy-efficient products, coupled with the expansion of organized retail and e-commerce, will further improve accessibility and affordability.**
- **There has been a recent shift toward premium products across categories where LGEIL is a market leader. This trend is expected to continue, with the share of premium products rising across product categories. Additionally, the under-penetration of categories like refrigerators, washing machines, room air conditioners (RACs), and microwaves will likely support the industry's long-term growth prospects.**

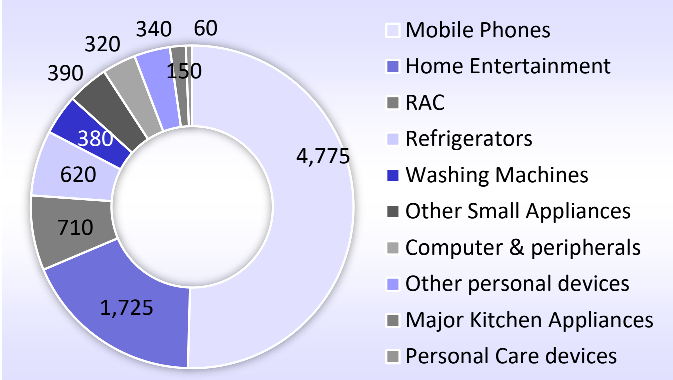
The Indian consumer durables market posted a CAGR of ~7% over CY19-24, reaching ~INR6.4t (stood at ~INR6.9t in 1HCY25 on an annualized basis). The market is estimated to reach ~INR11.0t by CY29. Excluding mobile phones (a segment LGEIL exited in FY23), the market was valued at ~INR3.2t in CY24 (~12% CAGR over CY19-24) and is estimated to reach ~INR6.2t by CY29.

Exhibit 1: Market size of key segments in the Indian consumer durables industry in 1HCY25* (INR b)



Source: MOFSL, LGEIL RHP; Note: *annualized

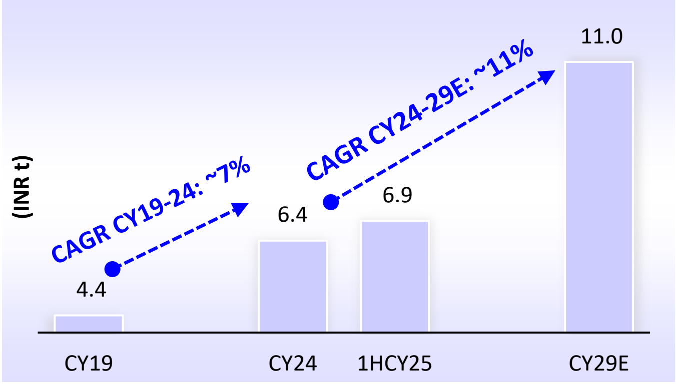
Exhibit 2: Market size of key segments in the Indian consumer durables industry by CY29E (INR b)



Source: MOFSL, LGEIL RHP

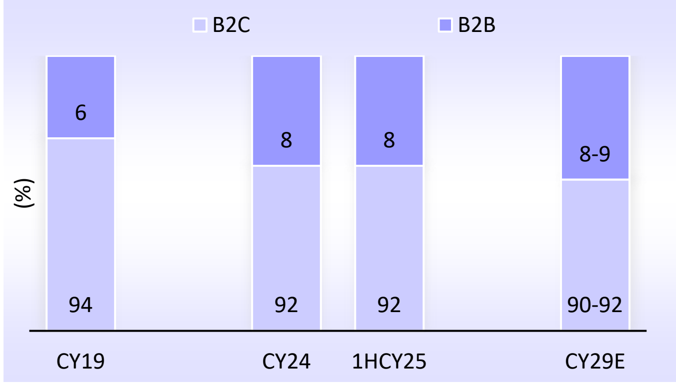
The Indian consumer durables industry is estimated to post ~11% CAGR over CY24-29, driven by rising disposable incomes, rapid urbanization, increased appliance penetration, government initiatives supporting local manufacturing, and a shift toward premium, energy-efficient products. Excluding mobile phones, the industry's CAGR is estimated at ~14% over CY24-29. The rapid expansion of organized retail and e-commerce will further improve accessibility and affordability. The market comprises both B2C and B2B segments. The B2C market is evolving, with consumers increasingly favoring premium, tech-driven appliances and electronics, distributed through retail, e-commerce, and brand outlets. Meanwhile, the B2B segment is also growing rapidly, supported by strong institutional demand across the hospitality, healthcare, retail, and commercial sectors.

Exhibit 3: Indian consumer durables market size and growth



Source: MOFSL, LGEIL RHP

Exhibit 4: Mix of B2C and B2B in the Indian consumer durables industry

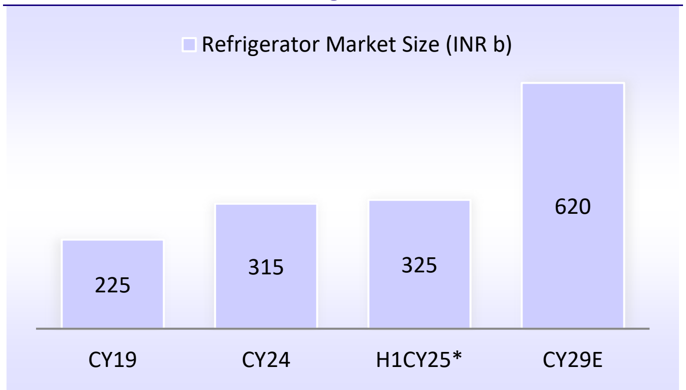


Source: MOFSL, Industry, Company

Key segments of the Indian consumer durables market

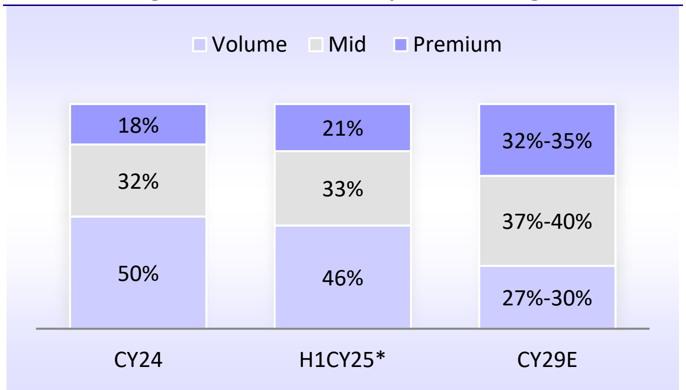
- **The refrigerator market** was valued at INR315b in CY24 and is projected to post a CAGR of ~15% over CY24-29, reaching INR620b by CY29E. Established channels accounted for ~65% of total sales in 1HCY25**.** Large-format retail stores contributed ~40% to overall sales, while the online segment accounted for **~**19% in 1HCY25**.** The share of premium products is estimated to rise to 32-35% by CY29 vs 21% in 1HCY25, while the volume (mass) category's share is estimated to decline to 27-30% in CY29 vs 46% in 1HCY25.

Exhibit 5: Market size of refrigerators



Note:*annualized basis; Source: Company, MOFSL

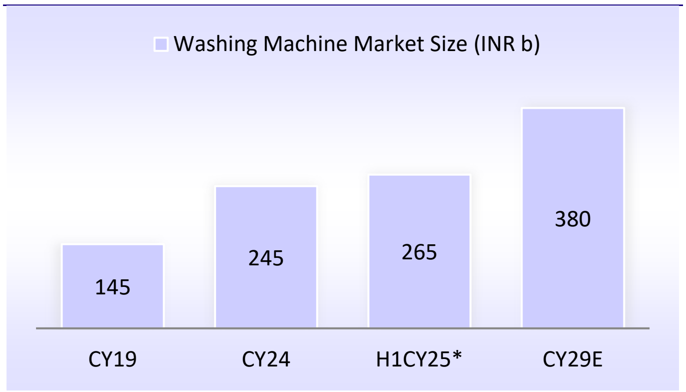
Exhibit 6: Segmentation between product categories



Note:*annualized basis; Source: Company, MOFSL

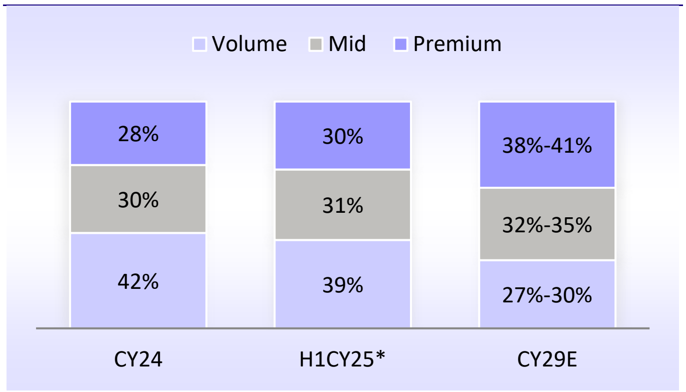
- **The washing machine market** was valued at INR245b in CY24 and is projected to post a CAGR of ~9% over CY24-29, reaching INR380b by CY29E. Organized players account for ~65% of the market in this category. In 1HCY25, large-format retail accounted for ~37% of total sales, while the online channel contributed ~23%. The share of premium products is estimated to rise to 38-41% by CY29 vs 30% in 1HCY25, while the volume (mass) category's share is estimated to decline to 27-30% by CY29E vs 39% in 1HCY25.

Exhibit 7: Market size of washing machines



Note:*annualized basis; Source: Company, MOFSL

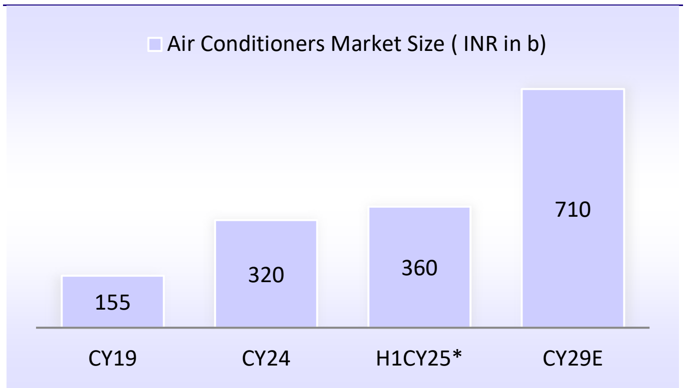
Exhibit 8: Segmentation of product categories



Note:*annualized basis; Source: Company, MOFSL

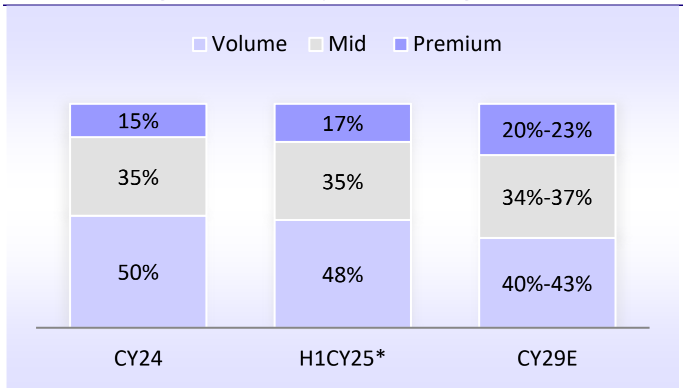
- **The room air conditioner (RAC) market** was valued at INR320b in CY24 and is projected to post ~17% CAGR over CY24-29, reaching INR710b by CY29E. Inverter ACs account for ~75% of the market, while fixed-frequency models make up the remaining ~25%. The share of window ACs in India has steadily declined since CY19, currently standing at ~10% as of 1HCY25, with the downward trend expected to continue. The market remains seasonal, with peak sales occurring during the summer months. In 1HCY25, the organized segment represented ~64% of total sales, with large-format retail and online channels contributing ~38% and ~20%, respectively. The share of premium products is estimated to rise to 20-23% in CY29 vs 17% in 1HCY25, while the volume (mass) category's share is estimated to decline to 40-43% in CY29 vs 48% in 1HCY25.

Exhibit 9: Market size of air conditioners



Note:*annualized basis; Source: Company, MOFSL

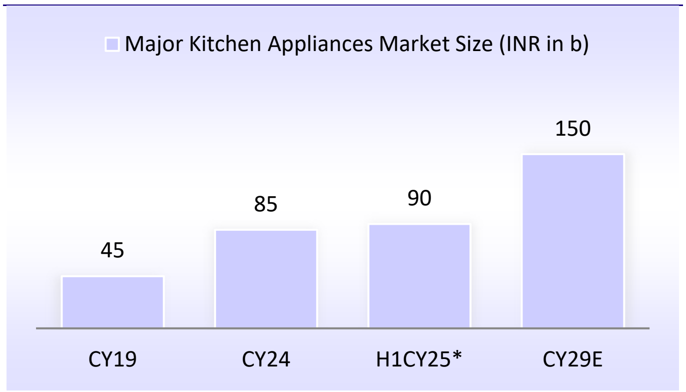
Exhibit 10: Segmentation of product categories



Note:*annualized basis; Source: Company, MOFSL

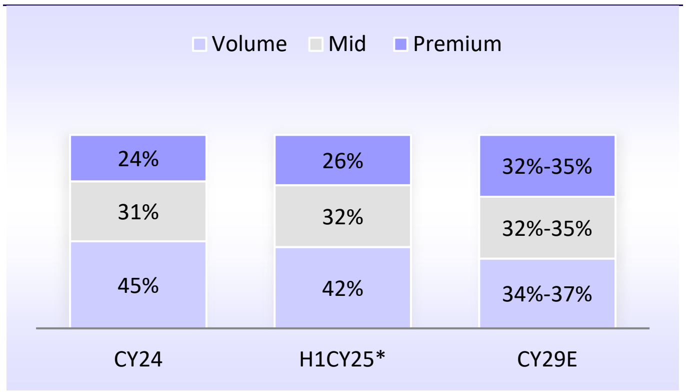
- **The major kitchen appliances market**, comprising dishwashers (~8%), microwaves (~20%), water purifiers (~26%), chimneys and hobs (~15%), and built-in kitchens (~31%), was valued at INR85b in CY24 and is projected to clock a CAGR of ~13% over CY24-29, reaching INR150b by CY29E. The organized segment accounted for ~81% of the market, with e-commerce and large-format retail contributing ~26% and ~48% of sales, respectively. In the microwave category, both large-format retail and online channels contributed ~30% (each) to total sales. The share of premium products is estimated to rise to 32-25% in CY29 vs 26% in 1HCY25, while the volume (mass) category's share is estimated to decline to 34-37% in CY29 vs 42% in 1HCY25.

Exhibit 11: Market size of major kitchen appliances



Note:*annualized basis; Source: Company, MOFSL

Exhibit 12: Segmentation of product categories

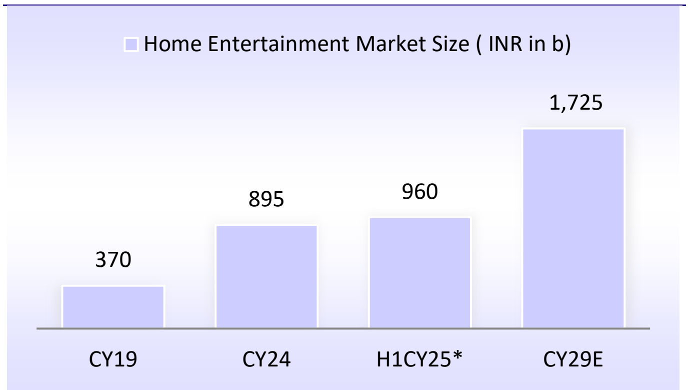


Note:*annualized basis; Source: Company, MOFSL

Premiumization trend is being witnessed in the TV segment and Large-screen TVs (>55 inches) now account for ~27% of total sales, alongside premium technologies such as OLED, QLED, and QLED+ models which contribute ~22% of total market.

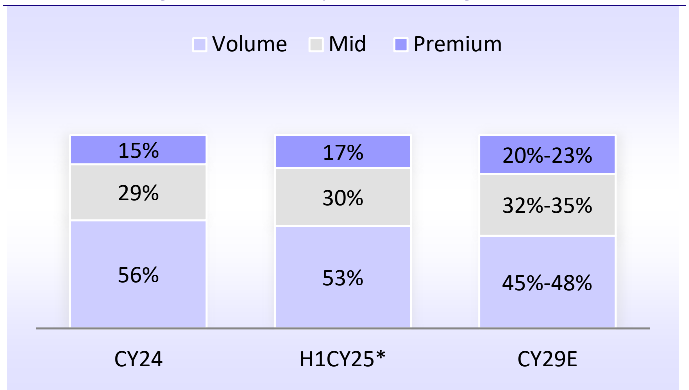
- **The home entertainment market,** comprising televisions and audio devices, was valued at INR895b in CY24, and is expected to post a CAGR of ~14% over CY24-29E, reaching INR1.7t by CY29E. Within this, televisions (TV) contribute ~45% of the market, while audio devices (personal and home audio systems) account for the remaining ~55%. The TV segment was valued at INR415b in CY24 and is estimated to post ~13% CAGR over CY24-29, reaching INR760b by CY29E. The segment saw a clear shift toward larger and more premium models. Large-screen TVs (>55 inches) now account for ~27% of total sales, alongside premium technologies such as OLED, QLED, and QLED+ models which contribute ~22% of total market. Other UHD and Smart TV models represent ~59% of the market, with LED and Full HD variants making up the remaining part%. In terms of distribution, large-format retail stores accounted for ~38% of sales, while online channels contributed ~28%. The share of premium products is estimated to rise to 20-23% in CY29E vs 17% in 1HCY25, while the volume (mass) category's share is estimated to decline to 45-48% in CY29 vs 53% in 1HCY25.

Exhibit 13: Market size of home entertainment



Note:*annualized basis; Source: Company, MOFSL

Exhibit 14: Segmentation of product categories

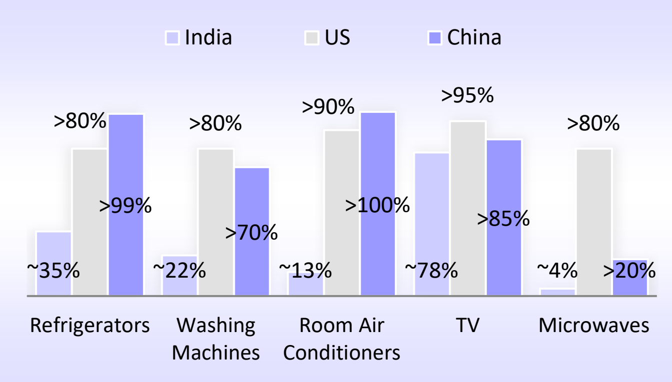


Note:*annualized basis; Source: Company, MOFSL

Underpenetrated consumer durables market to help industry growth

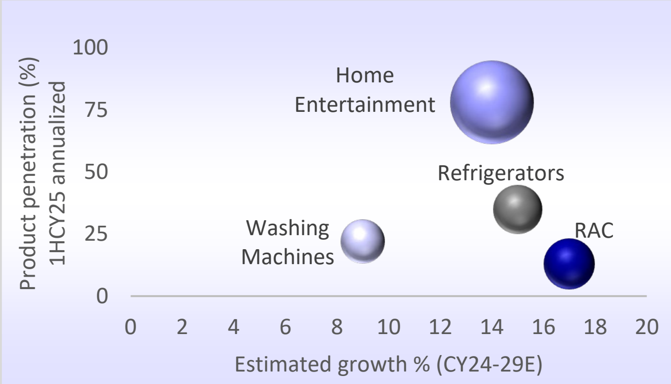
India's consumer durables market remains significantly underpenetrated compared to other countries. Although household penetration levels are still low, India is steadily progressing toward global standards, supported by robust economic growth, rising affordability, and the expansion of retail and distribution networks. Despite notable gains in recent years, India continues to lag behind global averages, indicating substantial headroom for future growth. As product penetration deepens, the total addressable market is expected to widen—mirroring trends seen in other emerging economies like China. Increased digital accessibility and innovative ownership models, including flexible financing options, are further accelerating household adoption of appliances and electronics, underpinning sustained momentum in the B2C segment.

Exhibit 15: Penetration of key product segments: India vs. global benchmark (1HCY25)



Source: MOFSL, LGEIL RHP

Exhibit 16: Market size, penetration, and estimated growth for key segments



Source: MOFSL, LGEIL RHP

B2B Market, Commercial AC, IT and Displays

Market size of commercial AC is estimated to record ~17% CAGR over CY24-29E. Cmmercial IT and commercial display segment is estimated to record 13-14% CAGR over CY24-29E.Company's network of 463 B2B trade partners would help growth in this segment.

- The company's B2B business caters to institutional demand across sectors such as hospitality, healthcare, education, retail, and commercial real estate. Its B2B product portfolio includes HVAC (heating, ventilation & air conditioning) solutions, information displays, and commercial IT products (monitors, projectors, etc.).
- The Commercial AC category represents the flagship segment within the B2B vertical. The portfolio includes Multi V cassette systems, ductable ACs, inverter-based chillers, and other advanced solutions catering to offices, hotels, hospitals, educational institutions, malls, and airports. Manufacturing and exports for commercial ACs are centered at the Pune facility. As of 1HCY25, the commercial air conditioning market in India was valued at INR75b (annualized) and is projected to grow at a CAGR of ~17%, reaching INR145b over CY24-29E.
- The Commercial IT and Display segments include large-format and specialized commercial display products such as LED signage, electronic blackboards, interactive boards, and professional monitors. These solutions serve retail chains, airports, educational campuses, corporate offices, and other high-value infrastructure projects requiring reliable, high-resolution, and often interactive digital signage. The display portfolio incorporates innovative technologies like transparent OLED signage and gaming monitors to maintain a competitive edge.
- As of 1HCY25, the commercial IT segment is valued at INR380b and is expected to clock a CAGR of ~13%, reaching INR660b over CY24-29E. As of 1HCY25, the commercial display and signage segment is valued at INR30b and is expected to grow at a CAGR of ~14%, reaching INR55b over CY24-29E.
- As of Jun '25, the company has 463 B2B trade partners, with whom it enters stock-and-sale or distribution agreements. These contracts grant non-exclusive rights to market, sell, distribute, and install LGEIL's products.

Exhibit 17: B2B trade partners of LG Electronics

Particulars	FY23	FY24	FY25	1QFY26
Total B2B Trade Partners	519	516	576	463

Source: MOFSL, LGEIL RHP

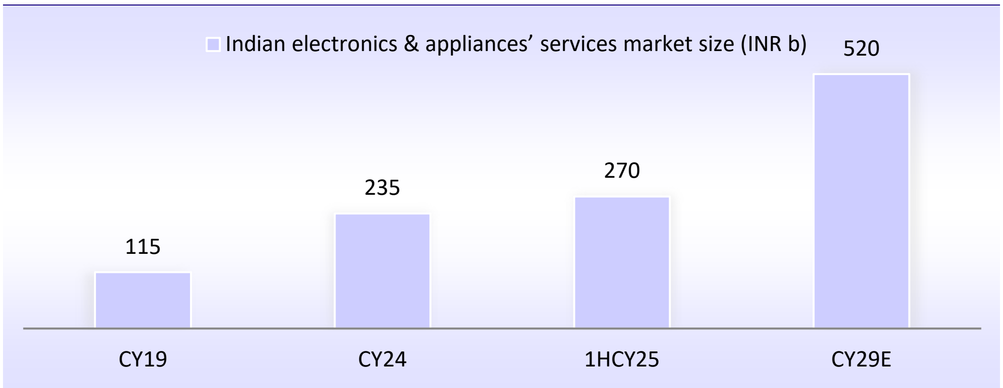
Service segment which also covers AMCs is estimated to record ~17% CAGR over CY24-29E. Within this, AMC market size is estimated to grow at a CAGR of ~14% in the same period.

- B2B segment contributes to ~10% of LGEIL's total revenue as of now and the target is to increase it to 14-15% in the next few years. We believe that the margins of this segment is higher than the B2C segment.

AMC business and services market

- The Services segment broadly covers aftersales support, including annual maintenance contracts (AMCs), installation and commissioning, out-of-warranty repairs, and allied services like spare parts supply, appliance subscription programs, and pay-to-use offerings.
- The services segment of India's appliances and electronics market, which includes AMCs, appliance subscriptions, rentals, and pay-per-use laundromats, is projected to reach INR520b by CY29E at a CAGR of ~17% over CY24-29E. Within this, the AMC market is valued at approximately INR60b as of 1HCY25 (annualized) and is projected to grow at a CAGR of ~14% to reach INR105b over CY24-29E.

Exhibit 18: Indian electronics & appliances' services market size



Source: MOFSL, Company

As of Jun'25, the company's service network consists of 1,006 LG Centers and Exclusive Service Centres spread across 633 cities. It also has 13,368 certified engineers. It provides 24/7 customer support through four call centers.

- The company's service network is operated through LG Centers (LGCs)—directly managed by the company—and Exclusive Service Centers (ESCs)—run by third parties to serve LG consumers exclusively. To support these centers, a network of warehouses across India is maintained to ensure the timely supply of spare parts and materials for service operations. As of Jun'25, the company's network of 1,006 LGCs and ESCs is spread across 633 cities in the country. It also has 13,368 certified engineers.
- An in-house call center is operated in Noida, supported by three outsourced centers in Mumbai, Hyderabad, and Kolkata, all providing 24/7 consumer support. These centers are staffed to handle customer inquiries, with automation initiatives implemented—such as chatbots for interactions and automated call registration systems—to enhance service efficiency.

Exhibit 19: Customer service reach of LGEIL

Particulars	FY23	FY24	FY25	1QFY26
LG centers	55	56	58	58
Exclusive service centers	872	885	953	948
Total service touch points	**927**	**941**	**1,011**	**1,006**
Spare warehouses	10	10	10	10

Source: MOFSL, LGEIL RHP

- The AMC business is a strategically important and rapidly growing segment within the company's service portfolio, catering to both B2B and B2C customers. The company offers AMC services encompassing post-warranty maintenance, periodic servicing, repairs, and spare parts replacement.
- AMC and Services revenues have increased at a CAGR of 17% over FY23-25, and we believe the management aims to increase the revenue of this segment by focusing on AMC services through its brand shops and franchisee stores.
- The company plans to increase its AMC revenue by over 25% YoY for the next few years.

Exhibit 20: Income from services over the years (INR in m)

Categories	FY23			FY24			FY25		
	Service income	Installation and commissioning	Total – Rendering Service of income	Service income	Installation and Commissioning	Total – Rendering Service of income	Service income	Installation and commissioning	Total – Rendering Service of income
Home Appliance and Air Solution	**1,868**	**2,046**	**3,914**	**2,290**	**2,515**	**4,806**	**2,655**	**2,910**	**5,565**
Refrigerators	511	159	669	669	213	882	720	378	1,098
Washing machines	703	225	928	877	240	1,117	1,120	324	1,445
Air conditioners	485	874	1,359	543	1,091	1,633	631	1,042	1,673
Others	168	789	957	202	971	1,173	183	1,166	1,349
Home Entertainment	**579**	**353**	**932**	**575**	**389**	**964**	**563**	**531**	**1,094**
Televisions	559	336	895	567	355	923	538	496	1,034
Others	20	17	37	7	33	41	25	35	60
Total	**2,446**	**2,400**	**4,846**	**2,865**	**2,904**	**5,769**	**3,218**	**3,441**	**6,659**

Source: MOFSL, LGEIL RHP

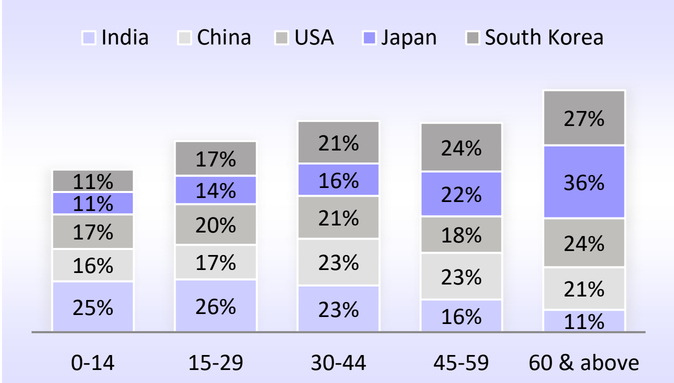
Growth drivers of the Indian consumer durables industry

- **The rising share of middle-income households** is supported by rising economic growth, rapid urbanization, increased formalization of employment, and a structural shift from agriculture to services. By CY28, this segment is projected to account for ~57% of total households, rising from ~51% in CY23. This expansion underscores a structural increase in disposable incomes and discretionary spending, highlighting a growing consumer base for discretionary and premium products across sectors.
- **Rapid urbanization**, especially in Tier 1 and Tier 2+ cities, is expanding the market's reach and reshaping consumer expectations. The rise of nuclear households, a growing middle class, and increasing demand for premium, technology-driven appliances are fueling adoption. Additionally, flexible service

models that reduce upfront costs are further accelerating penetration across newly urbanized regions.

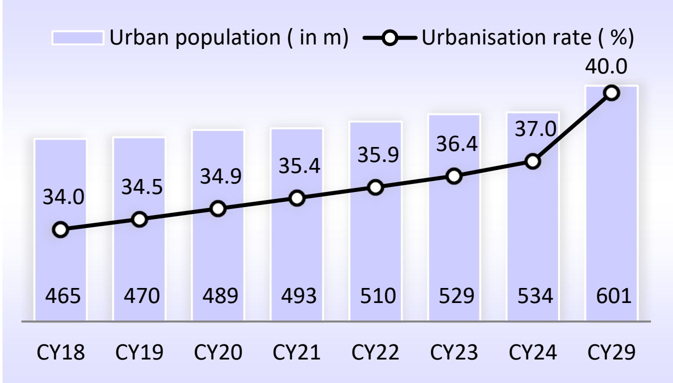
- **Young and aspirational consumers are driving demand** as India, with a population of ~1.4b as of CY23, has become the world's most populous nation. The country's favorable demographics, led by one of the largest youthful populations globally, are expanding the labor force and supporting sustained economic growth. A rising share of working-age individuals is resulting in higher disposable incomes and strengthening consumption across categories. This aspirational consumer base is particularly driving demand for technology products, home appliances, and a wide range of consumer goods, reinforcing India's position as one of the most attractive consumption-led markets globally.

Exhibit 21: India's population segmentation by age group



Source: Company, MOFSL

Exhibit 22: Urbanization rate estimated to increase further



Source: Company, MOFSL, Silver Consumer DRHP

- **Digital adoption and technological advancements**, driven by the Digital India initiative, are accelerating digital penetration and reshaping business models and consumer behavior. The widespread availability of connectivity and payment solutions like UPI has fueled e-commerce adoption across metros, Tier 1, and Tier 2+ cities, while also expanding product accessibility to rural markets. This has meaningfully broadened the consumption base and supported stronger penetration of organized retail channels.
- At the same time, rapid advancements in **AI, automation, and data analytics** are driving productivity gains and improving operational efficiency across industries. These structural shifts are not only transforming enterprise competitiveness but also reinforcing private consumption growth, positioning India as a significant participant in the global digital economy.

LGEIL: Multi-category leader with a strong focus on premiumization

LGEIL saw recovery in its market share across product categories in 1HCY25 after seeing a decline over CY21-24. We expect LGEIL to target the mass category segment (~19% of the industry in 1HCY25) through premiumization of mass products as part of its global strategy.

- **LGEIL maintains strong offline market shares across key consumer durables categories such as TVs, washing machines, refrigerators, ACs, ovens, and water purifiers. Its strength spans both premium and mass segments, reflecting deep consumer insight.**
- **LGEIL's strategic focus on product optimization and profit maximization, along with a deliberate decision to avoid aggressive pricing in the basic entry-level segments of TVs, refrigerators, and washing machines, led to a decline in its market share during CY21-24. In ACs, the market share decline was attributed to increased competition and a more selective product offering (like not offering non-inverter ACs). However, market share has shown signs of recovery across product categories in 1HCY25. We also believe LGEIL could target the mass category segment (~19% of the industry in 1HCY25) through premiumization of mass products as part of its global strategy.**
- **With over 28 years of presence in India, the company has leveraged deep consumer insights to pioneer industry-first technologies, like OLED, 4K, Smart TVs, PowerCut EverCool technology in refrigerators, single-door refrigerators with smart inverter compressors, etc., while balancing premium innovation with mass-market offerings.**
- **The company's premium segment strategy focuses on capturing India's growing urban, young, and affluent consumers by offering value-added, stylish, and connected products. Rising discretionary spending (~7-8% CAGR over CY19-24) is driving higher volumes and prices, and the company aims to leverage this trend to make LG a household brand.**

Leader across major consumer durables categories

LGEIL holds a market share (in terms of value in the offline channel during 1HCY25) of ~28% in panel televisions, ~34% in washing machines, ~30% in refrigerators, ~21% in inverter AC, ~51% market share in microwave ovens, and ~41% in water purifiers.

LGEIL is a market leader in major home appliances and consumer electronics categories. The company holds a market share (in terms of value in the offline channel during 1HCY25) of ~28% in panel televisions, ~34% in washing machines, ~30% in refrigerators, ~21% in inverter AC, ~51% market share in microwave ovens, and ~41% in water purifiers. LGEIL's strength spans both premium and mass segments, particularly in washing machines, panel televisions, and microwaves, reaffirming its deep consumer understanding and ability to deliver innovative, high-quality products aligned with evolving Indian consumer preferences.

While LGEIL's market share declined across key product categories during CY21-24, this was primarily due to its strategic focus on product portfolio optimization and profit maximization, along with a deliberate decision to avoid being aggressive in the basic entry-level price segments of TVs, refrigerators, and washing machines. For room and inverter ACs, the decline was mainly driven by increased competition in the inverter segment and the company's absence in certain categories, such as on/off models. We also believe LGEIL could target the mass category segment (~19% of the industry in 1HCY25) through premiumization of mass products as part of its global strategy. This move could also help to increase the asset turnover of its upcoming Sri City, Andhra Pradesh plant, which in turn would help to improve the return ratios.

Exhibit 23: LGEIL's market share by product category

Category	Product	CY22	CY23	CY24	1HCY25
Home Appliances and Air Solution Division	Refrigerators	31.9%	30.6%	29.6%	29.9%
	Washing Machines	35.8%	35.0%	33.6%	33.5%
	Room Air Conditioners	19.8%	19.6%	17.0%	18.0%
	Inverter Air Conditioners	25.5%	23.4%	19.6%	20.6%
Home Entertainment Division	Panel Televisions	27.8%	27.3%	26.8%	27.5%

Source: MOFSL, LGEIL RHP

Broad product range and innovation position LGEIL ahead of peers

LGEIL offers a broader range of products compared to most peers. For instance, its TV range includes models across OLED/QNED/NanoCell/UHD/LED, while many competitors offer a more limited selection. Backed by a strong brand reputation, quality service, and nearly three decades of operations in India, LGEIL's diverse portfolio positions it well to serve both new buyers and those making replacement purchases. The company continues to deliver consumer-focused innovations across all product categories and price segments, catering to a wide spectrum of buyers—from value-conscious consumers seeking affordability, durability, and quality to premium customers who prioritize aesthetics, advanced features, and a luxury experience.

Exhibit 24: LGEIL's B2C product range across categories

Source: MOFSL, LGEIL RHP

Exhibit 25: Market shares of key categories (CY24)

Category	LGEIL	Competitor 1	Competitor 2	Competitor 3
Refrigerators	29.6%	27.4%	14.8%	11.4%
Washing Machines	33.6%	18.9%	11.0%	10.0%
Inverter air conditioners	19.6%	16.9%	9.3%	8.0%
Panel Televisions	26.8%	23.8%	19.3%	5.7%

Source: MOFSL, LGEIL RHP

Exhibit 26: Market shares of key categories (1HCY25)

Category	LGEIL	Competitor 1	Competitor 2	Competitor 3
Refrigerators	29.9%	23.5%	15.6%	11.5%
Washing Machines	33.5%	17.3%	11.4%	9.9%
Inverter air conditioners	20.6%	15.4%	8.5%	8.1%
Panel Televisions	27.5%	23.2%	17.0%	6.2%

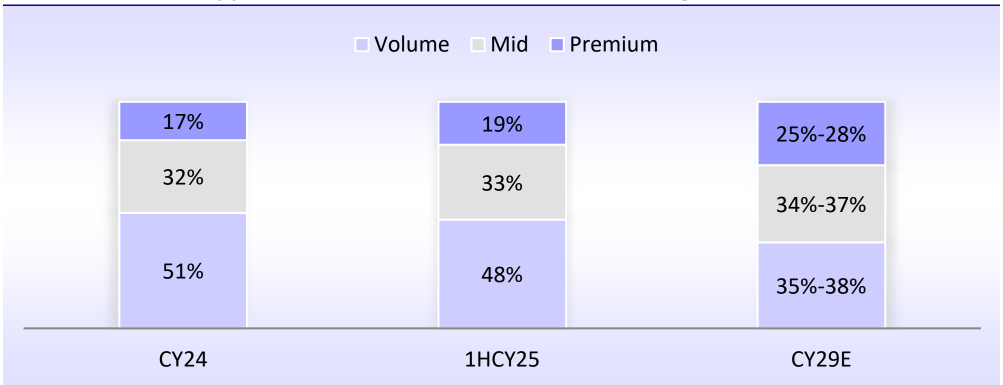
Source: MOFSL, LGEIL RHP

The share of premium products in India's overall appliances and electronics segment is estimated to rise to 25-28% in CY29 vs 19% in 1HCY25, while the volume (mass) category's share is estimated to decline to 25-28% in CY29 vs 48% in 1HCY25.

Premiumization at scale; elevating consumer experience

The company's strategy in the premium segment is focused on sustaining competitive advantage. With a growing urban, young, and affluent population, there is a rising demand for value-added features, digital connectivity, and stylish designs, alongside traditional considerations of price and quality. Consumer discretionary spending in India posted a CAGR of ~7-8% over CY19-24 (according to LGEIL RHP), driving both higher average selling prices and increased volumes for major consumer appliances as consumers increasingly opt for premium, aspirational products. Reflecting this shift, the share of premium products in India's overall appliances and electronics segment is estimated to rise to 25-28% in CY29 vs 19% in 1HCY25, while the volume (mass) category's share is estimated to decline to 25-28% in CY29 vs 48% in 1HCY25.

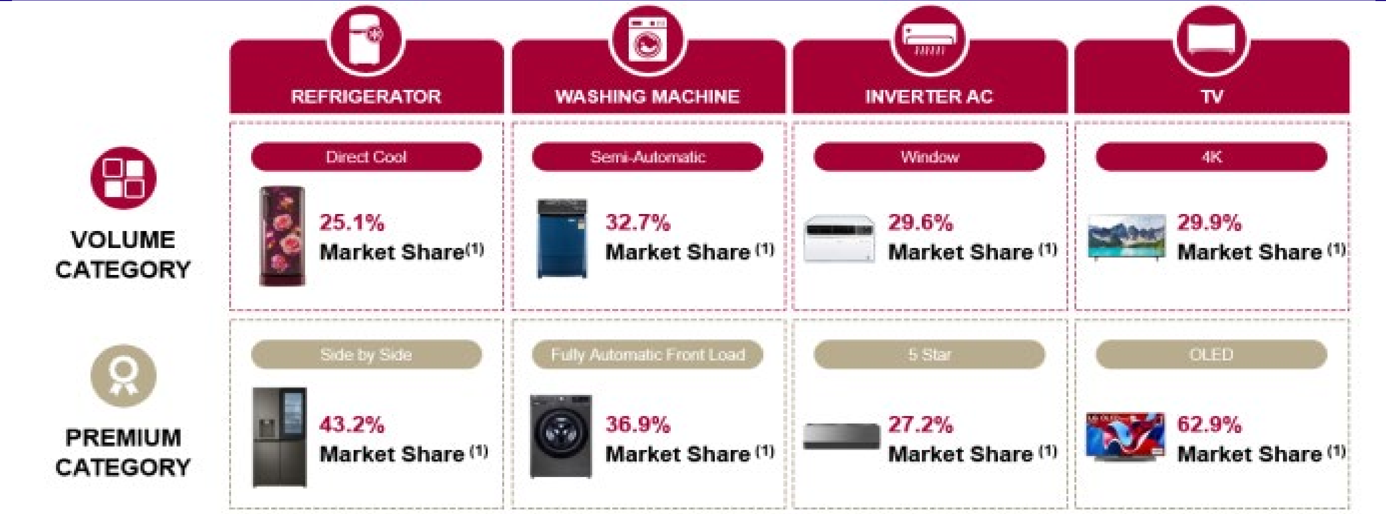
Exhibit 27: Indian appliances and electronics market – Tier segmentation



Source: MOFSL, Company

LGEIL aims to leverage the premiumization trend by introducing products that align with evolving consumer preferences to make LG a part of every Indian household. Its premium portfolio currently contributes ~25% of revenue, well above the ~15% industry average. In residential air conditioners, where ~75% of the market now prefers inverter models, LGEIL holds ~21% share overall and ~27% in the premium RAC segment in 1HCY25. The company also maintains strong positions in premium segments such as OLED TVs (~63%), front-load washing machines (~37%), and side-by-side refrigerators (~43%).

Exhibit 28: LGEIL commands a strong market share in the premium category



Source: MOFSL, LGEIL RHP

LGEIL has been the pioneer of many new technologies in consumer durables in India. it was the first major player to introduce OLED TV in India in 2015 and among the first to launch 4K and Smart TVs in 2011. In 2017, it transitioned entirely to 100% inverter technology for ACs.

First-mover advantage through innovative technologies

With over 28 years of experience in India, the company has gained deep insights into Indian consumers' preferences and evolving demands. It has launched numerous industry-first technologies in consumer durables. For instance, it was the first major player to introduce OLED TV in India in 2015 and among the first to launch 4K and Smart TVs in 2011. OLED TV sales grew from ~1% of the market in CY19 to ~5% by the end of FY24, and ~6% in 1HCY25. Its offline market share by value for OLED TVs was ~60%/63% in end-FY24 and 1HCY25, reflecting its first-mover advantage. In CY24/1HCY25 (annualized), over 80% of TVs sold in India had 4K resolution, and more than 90% were Smart TVs. Likewise, in 2017, it transitioned entirely to 100% inverter technology for ACs and was the first leading player to introduce microwaves in India in 1999. It was also among the pioneers in India to offer the energy manager feature in ACs, enabling consumers to monitor energy consumption through the LG ThinQ app.

Exhibit 29: LGEIL has a track record of introducing several 'industry-first' products

Source: MOFSL, LGEIL RHP

Extensive distribution network; steady A&P spending

- **LGEIL has one of the largest distribution networks among consumer durable players in India, spanning 35,640 B2C touchpoints across offline and online channels. Its mix of LG brand shops, modern trade, traditional outlets, and e-commerce platforms enables strong consumer engagement and a seamless shopping experience.**
- **The company is enhancing its D2C presence through its own website, e-commerce platforms, and modern trade partners to boost accessibility, margins, and brand visibility. Its extensive distribution network, supported by 286 service employees, 463 B2B partners, and long-standing trade relationships, drives consumer engagement and product awareness and helps to sustain market share.**
- **The company's A&P spending clocked a CAGR of ~5% over FY19-25, and it has spent an average of 4.5% of its revenue on A&P over the same period. We estimate A&P spending to be at the same level of 4.5% of revenue over FY26-28.**

Pan-India extensive distribution network

LGEIL operates the largest distribution network among leading consumer durables players in India as of Jun'25. Its extensive sales network covers 35,640 B2C touch points, including strategically located LG BrandShops in major shopping areas, modern trade stores such as Reliance Retail, Croma (Infiniti Retail), and Vijay Sales, as well as traditional stores, distributors, sub-dealers, and online platforms. The combination of offline and online channels enables LGEIL to engage consumers through both in-person experiences and digital interactions, offering personalized services and enhancing the overall shopping experience.

Exhibit 30: Consumer touch points by different distribution channels over the years

Particulars	FY23	FY24	FY25	As of Jun'25
LG BrandShops	814	780	800	777
Modern trade	1,034	1,224	1,369	1,385
Online business :-				
LG website	1	1	1	1
E-commerce	2	2	2	2
Traditional channels				
Distributors	429	417	412	377
Sub-dealers	30,134	30,858	30,847	30,349
Multi-brand outlets	1,341	1,272	1,221	1,134
Regional specialty stores	1,119	1,279	1,578	1,615
Total	**34,874**	**35,833**	**36,230**	**35,640**

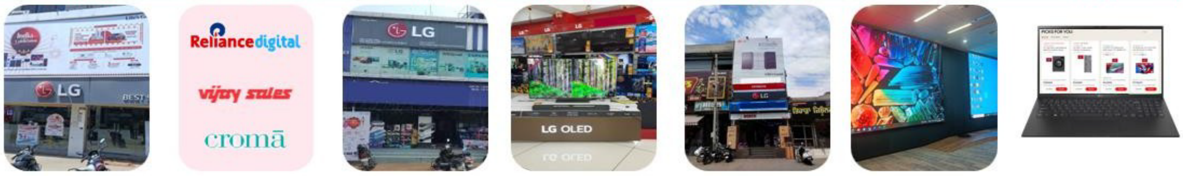
Source: MOFSL, Company

The company is also strengthening its direct-to-consumer (D2C) capabilities through its own website and e-commerce marketplaces, complemented by modern trade partners' online platforms. This approach provides consumers with multiple avenues to access and interact with LG products while enabling the company to capture higher margins and enhance brand visibility.

To drive product awareness, it conducts targeted promotional campaigns and deploys sales promoters across its distribution network to actively engage consumers and showcase the technical advantages of its offerings. Its dedicated service team, comprising 286 employees, along with 463 B2B trade partners, enables it to efficiently meet the needs of its B2B customers. This extensive pan-India presence allows it to reach a broad consumer base, supporting the maintenance of its market share. Its distribution strategy focuses on cultivating strong, long-term relationships with trade partners who purchase its products and deliver them to end consumers. Notably, ~49% of its trade partners have been distributing its products for over a decade.

Exhibit 31: Distribution footprint

Distribution Footprint with Balanced Mix of Physical and Digital Channels



	LG BrandShops	Modern Trade Outlets	Multi-Brand Outlets	Regional Specialty Stores	Distributors & Sub-dealers	B2B	Online
Overview	Offline stores which sell LG products exclusively	Organized stores including supermarkets, hypermarkets & large-format stores	Traditional outlet stores that offer products from various brands	Traditional offline stores that focus on a narrow product line	Wholesale distributors who purchase products in bulk and resell in smaller quantities	Dedicated distributors and dealers	LG Website and 2 e-commerce marketplaces
Number of B2C Touch Points / B2B Trade Partners (1)	777	1,385	1,134	1,615	377 Distributors 30,349 Sub-dealers(2)	463 B2B Trade Partners	3

Source: MOFSL, LGEIL RHP

Strengthening brand presence through extensive marketing

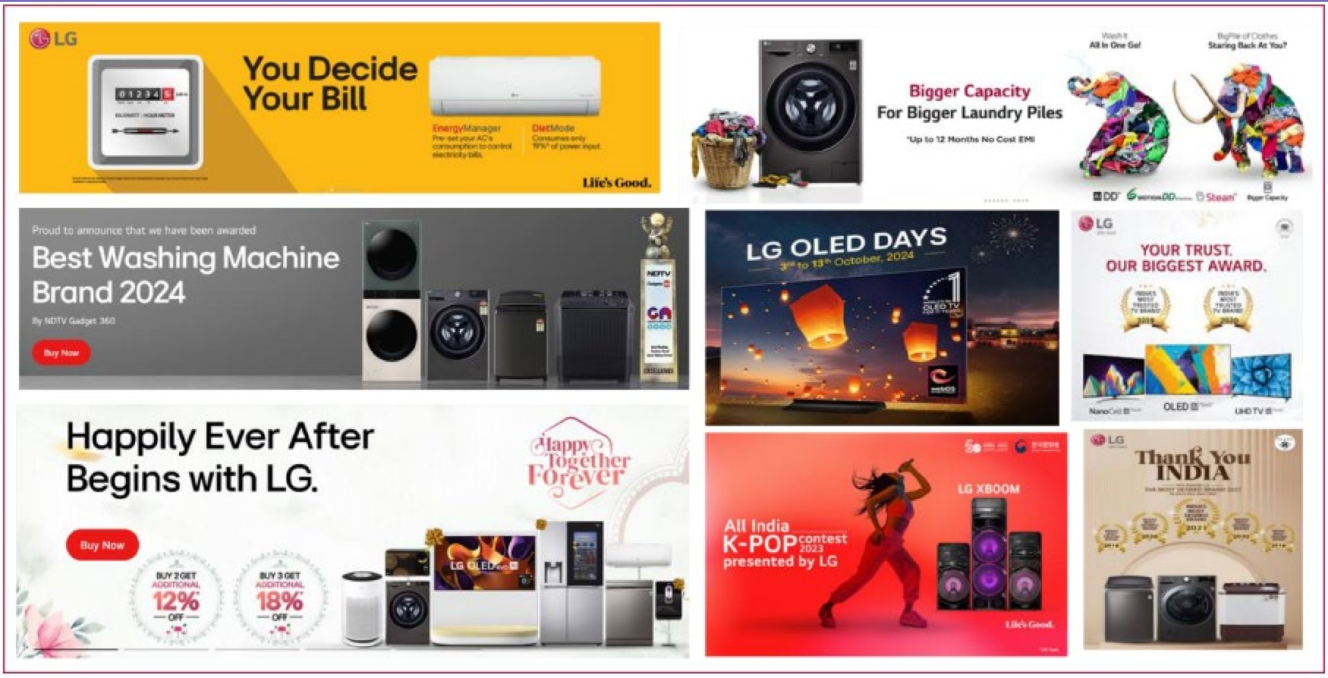
LGEIL continues to invest in targeted marketing campaigns to strengthen the 'LG' brand in India. The marketing strategy includes a diversified mix of traditional and digital media—such as television, print, digital platforms, in-store experiences, and regional activations—designed to appeal to local consumers. Campaigns are strategically timed around key Indian festivals. While offline marketing remains important, the company has significantly increased spending on digital campaigns to reach a wider audience.

The company's marketing initiatives focus on three key areas

1) **Brand & Corporate Marketing**: Responsible for brand positioning and integrated communications in line with LGEIL's overall strategy. This team ensures brand compliance across all initiatives and manages digital outreach through social media platforms.
2) **Product Marketing**: Communicates product features and new launches across distribution channels using in-store advertising, digital media, influencer collaborations, and sponsorships.
3) **Field Marketing**: Encompasses roadshows, signage, and branding at retail locations. LGEIL partners with local influencers and deploys trained sales promoters at partner stores to educate consumers on product features. It engaged 9,463 (as of Jun'25) sales promoters across its distribution network.

In addition to offline initiatives, LGEIL has ramped up digital marketing spend to reach a broader, tech-savvy audience. This includes influencer partnerships and event-based activations like cooking sessions with "Health Hygiene Experts" or in-store music shows by "X-Boom Ambassadors" to promote relevant product lines. This integrated approach enhances brand visibility, supports trade partners, and elevates the consumer experience across India.

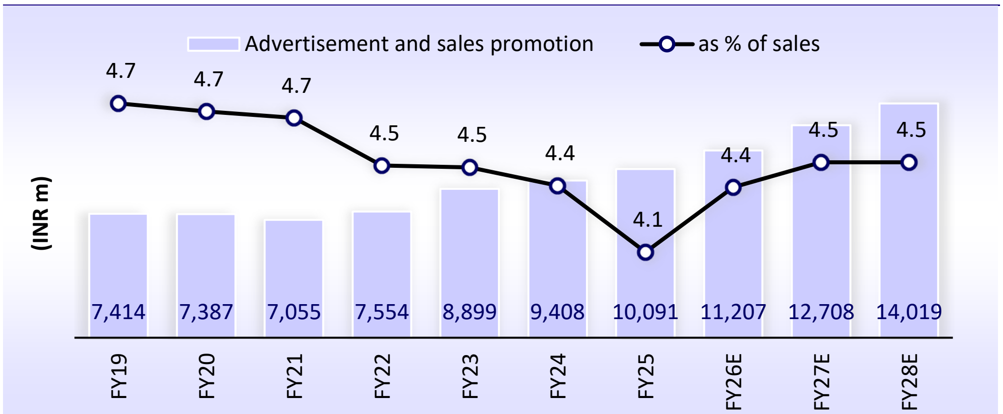
Exhibit 32: LGEIL's key marketing initiatives



Source: MOFSL, LGEIL RHP

LGEIL's advertising and promotion (A&P) spending registered a CAGR of 5% over FY19-25, and it spent an average of 4.5% of its revenue on A&P spending. Its A&P spend was muted during FY20-22 due to Covid-19 but increased ~18% YoY in FY23. We estimate A&P spending to be at a similar level of 4.5% of revenue over FY26-28.

Exhibit 33: A&P spends to be at ~4.5% of revenue during FY26-28E



Source: MOFSL, Company

LGEIL maintains a long-term relationship with most of its its sulliers. It is steadily increasing its domestic sourcing which stood at ~54% each in FY25/1QFY26. It has planned a capex of INR50b during FY26-29E to establish a new plant in Sri City, Andhra Pradesh.

Expanding localized sourcing & scale through expansion

- **LGEIL operates two manufacturing facilities in Noida and Pune, accounting for over 85% of its sales, with the rest sourced from third parties or LG Group entities. Extensive automation—such as AGVs, robotic systems, and smart monitoring—has enhanced efficiency, with capacity utilization reaching ~83% in FY25 across key product lines.**
- **It has a robust supplier base of 287 partners, with long-term relationships averaging 13 years, and is steadily increasing localization—domestic sourcing rose to ~54% in FY25/1QFY26. Its strong supplier due diligence, digitalized logistics (WMS/TMS), and nationwide distribution network enhance supply reliability, cost efficiency, and delivery timelines.**
- **It has planned a capex of INR50b during FY26-29E to establish a new plant in Sri City, Andhra Pradesh. Commissioning of this plant will happen in phases, starting with the manufacturing of RAC from 3QFY27.**

Driving efficiency through in-house manufacturing and automation

LGEIL is among the few branded players with compressor manufacturing capacity in India and plans to increase its production capacity to 3m units from ~1m units at present.

- LGEIL has one of the largest in-house production capacities (excluding mobile phones) among leading consumer durables players in India. The company operates two manufacturing facilities in Noida and Pune, which together contribute +85% of its total sales. The balance sales volume comprises products manufactured by third parties based on its specifications and designs, or imported from other LG Group entities.
- Components manufactured in-house include motors and compressors for refrigerators and air conditioners, heat exchangers, printed circuit board assemblies, and extruder sheets. It is among the few branded players with compressor manufacturing capacity in India and plans to increase its production capacity to 3m units from ~1m units at present.
- Manufacturing key components in-house enables it to maintain strong control over product development, quality, costs, and delivery timelines. It implemented several automation initiatives to enhance productivity and optimize capacity utilization, including smart monitoring systems for quality control, equipment health and safety, auto-guided vehicles (AGVs) for part feeding and logistics, robotic systems, and automated material-handling solutions such as tow carts and overhead conveyors.
- Its facilities deployed 77 AGVs, significantly increasing unmanned operations. Automation initiatives have led to improvements in operational efficiencies and capacity utilization. In FY25, the capacity utilization rate for its AC, washing machine, and microwave oven production lines reached ~83% (based on a double-shift basis at the Noida unit, except for the microwave oven line, which operates on a single shift).

Exhibit 34: Revenue from compressor sales over the years (INR in m)

Product category	FY23	FY24	FY25	1QFY26
Refrigerator Compressor	2,761	3,309	4,335	1,176
Air Conditioner compressor	—	—	49	13
Total	**2,761**	**3,309**	**4,383**	**1,189**

Source: MOFSL, LGEIL RHP

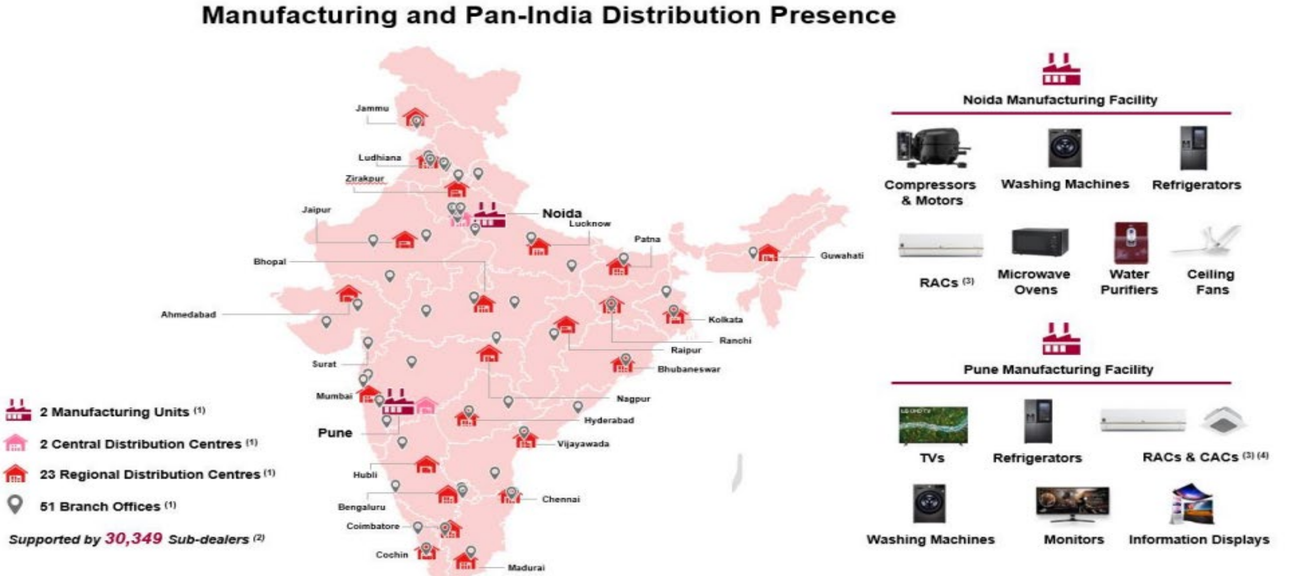
Increasing localization via domestic sourcing and Sri City expansion

LGEIL plans to increase domestic sourcing of raw materials to ~63% over the next few years v/s 54% in FY25.

The company currently operates through two manufacturing facilities in India, located in Noida and Pune established in 1997 and 2004, respectively .

- The company has built a strong and long-standing supplier network comprising 287 partners, with an average relationship tenure of over 13 years. To strengthen the Indian manufacturing ecosystem and ensure compliance with local standards, it is following a phased localization strategy, steadily increasing the share of locally sourced components.
- This approach helps LGEIL optimize cost structures by mitigating foreign exchange exposure, reducing transportation and inventory costs, import duties, and lead times. This allows it to deliver competitively priced products to Indian consumers. The share of raw materials sourced domestically stood at ~50%/49% in FY23/FY24, and increased to ~54% in FY25/1QFY26 (each). The company plans to increase domestic sourcing to ~63% over the next four years. Increased localization will also help improve the gross margin for the company.
- It places strong emphasis on supplier quality and conducts comprehensive due diligence before onboarding suppliers. Suppliers are provided with detailed specifications and design blueprints to ensure consistency in material quality. Its long-term supplier relationships have further strengthened its supply chain, with ~66% of its third-party raw material suppliers associated with the company for over 13 years. It operates a supply chain network, which includes two central distribution centers and 23 regional distribution centers located across India. Its warehouse management system and transport management system provide real-time updates on deliveries and optimized transport routes.
- Currently, LGEIL operates two manufacturing facilities in India, located in Noida and Pune, established in 1997 and 2004, respectively. Its Noida manufacturing facility spans 190,000 sqm and operates 10 production lines, producing refrigerators, washing machines, residential air conditioners, microwave ovens, compressors, water purifiers, and ceiling fans. The Pune plant, covering 214,000 sqm with nine production lines, manufactures refrigerators, washing machines, residential and commercial air conditioners, and televisions.

Exhibit 35: LGEIL manufacturing and pan-India distribution presence

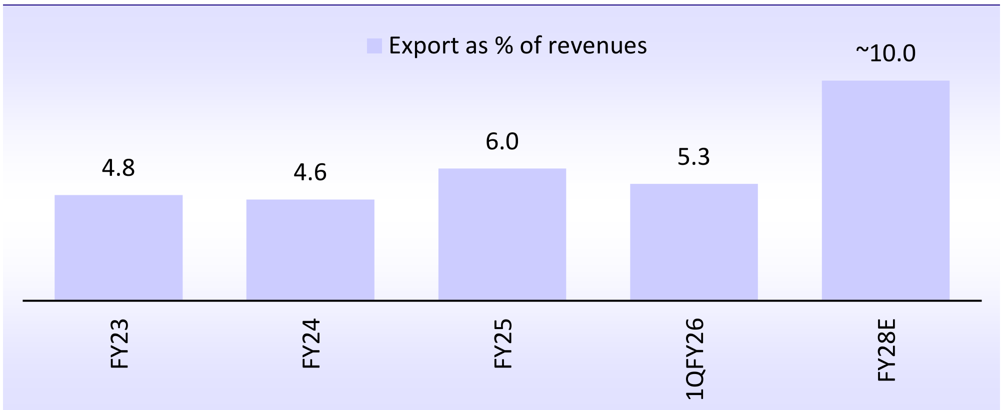


Source: MOFSL, LGEIL RHP

Exports contributed ~6% to LGEIL's revenues in FY25 with major markets being Asia and Africa. It targets to increase its export mix to ~10% by FY28E .

- The company has planned a capex of INR50b (to be spent over FY26-29E) for setting up a new manufacturing unit in Sri City, Andhra Pradesh. The commissioning of this plant will happen in phases starting from 3QFY27 with the RAC manufacturing plant, followed by compressors, refrigerators, and washing machines in the forthcoming years.
- LGEIL exports a range of products manufactured in India to international markets through LG Electronics (Korea) and its global affiliates. These affiliates place export orders that are fulfilled by LGEIL and supplied to overseas distributors or local authorized dealers, with after-sales support managed by its regional subsidiaries. Exports contributed ~6% to revenues in FY25, with major markets being Asia and Africa. It targets to increase its export mix to ~10% by FY28E.

Exhibit 36: Plans to increase export revenue over the next two years



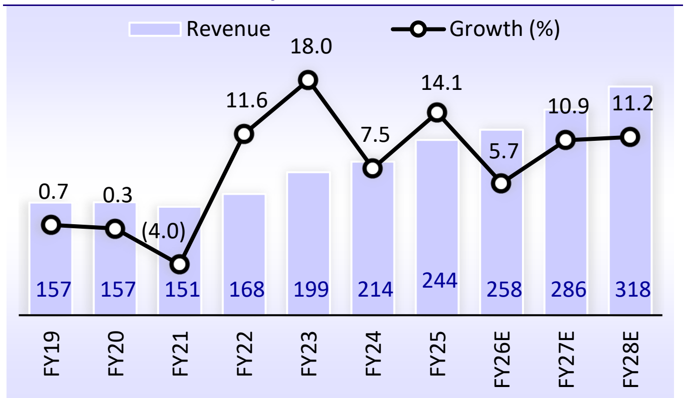
Source: MOFSL, Company

Financial outlook

Estimate ~9% revenue CAGR over FY25-28

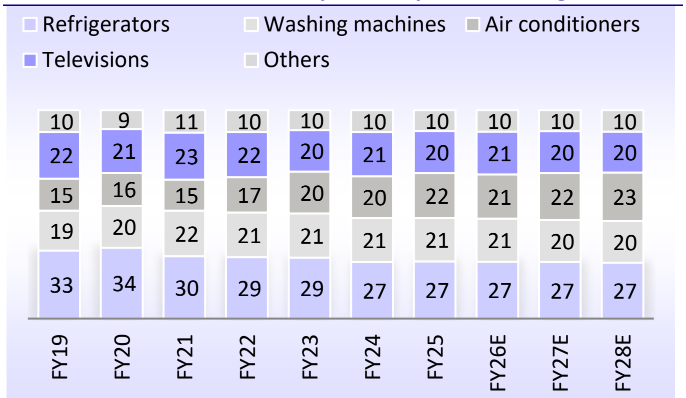
We expect LGEIL to report a revenue CAGR of ~9% over FY25-28 (~11% CAGR over FY26-28, as revenue during FY26 has been hit by a weak summer season and GST transition issues). The estimated revenue CAGR across segments is as follows: Refrigerators (~8%), Washing Machines (~8%), Air Conditioners (~12%), and Televisions (~8%). LGEIL's revenue mix has undergone a notable shift over the years. The contribution from the refrigerator segment has moderated from ~33% in FY19 to ~27% in FY25, while the television segment has also seen a decline in its revenue share from ~22% to ~20% during the same period. In contrast, the air conditioner segment has witnessed a strong uptick, with its share rising sharply from ~15% in FY19 to ~22% in FY25, reflecting the company's growing focus and leadership in the premium cooling solutions category.

Exhibit 37: Revenue to post a CAGR of ~9% over FY25-28E



Source: MOFSL, Company

Exhibit 38: Revenue break-up across product categories

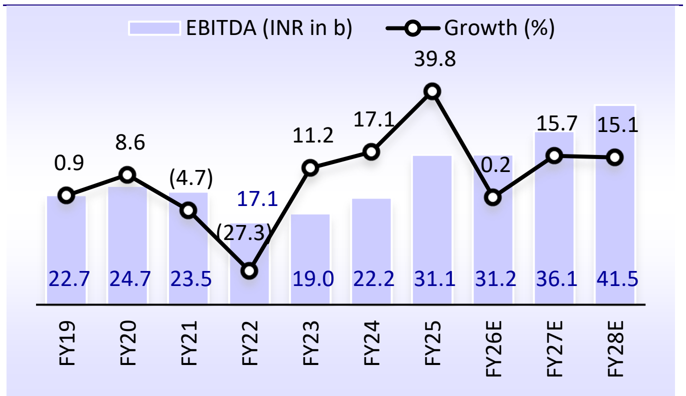


Source: MOFSL, Company

Estimate ~10% EBITDA CAGR over FY25-28

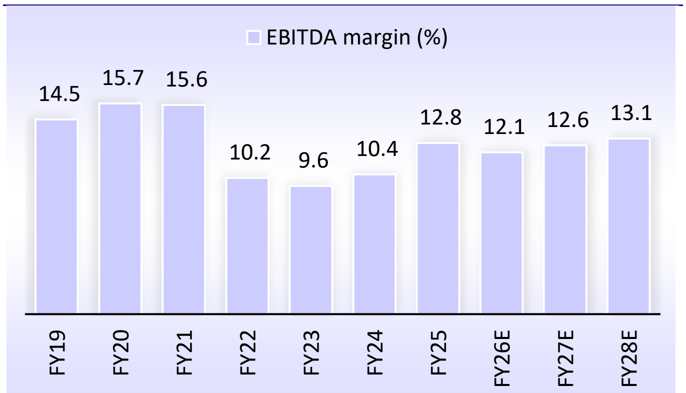
LGEIL's EBITDA posted a CAGR of ~5% over FY19-25, with OPM moderating to an average of ~10% over FY22-24 vs. an average of ~15% over FY19-21. Profitability was hit by rising input costs, heightened competitive intensity, and the Covid-related disruptions. Focus on premium products and localization led to margin improvement in FY25. We expect EBITDA to grow at a CAGR of ~10% over FY25–28E (CAGR of ~15% over FY26-28E). OPM is estimated to be 12.6%/13.1% in FY27/28 vs. 12.1% in FY26. We expect OPM to dip 70bp in FY26 due to 1) a weak summer season, which adversely impacted RAC sales, and 2) GST transition issues (reduction in GST rate on TVs above 32", RAC, and dishwashers).

Exhibit 39: EBITDA to clock a CAGR of ~9% over FY25-28E



Source: MOFSL, Company

Exhibit 40: Margin to improve going forward

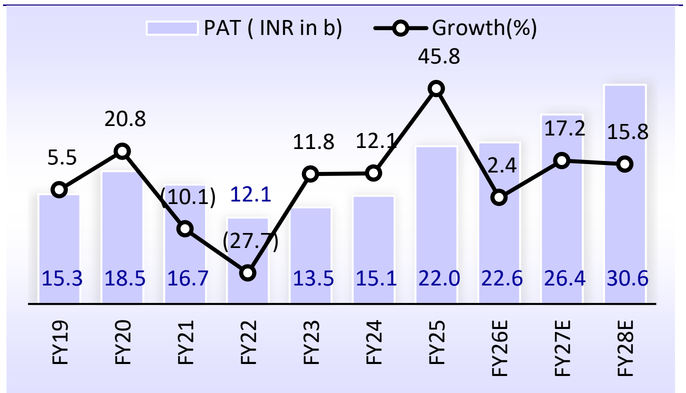


Source: MOFSL, Company

Estimate a PAT CAGR of 12% over FY25-28

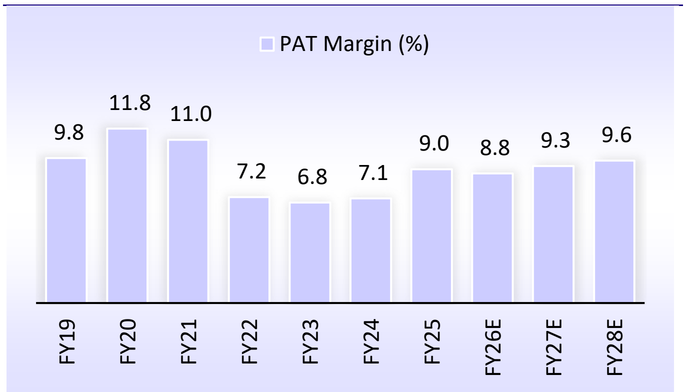
PAT clocked a CAGR of ~6% over FY19-25. We further estimate a PAT CAGR of ~12% over FY25-28 (~17% CAGR over FY26-28E), fueled by improvement in operating profits. Depreciation is expected to record a CAGR of ~9% over FY25-28E due to the phase-wise commissioning of a new plant in Sri City. We further estimate PAT margin to remain broadly stable at ~9-10% over FY25-28E.

Exhibit 41: Estimate a PAT CAGR of ~12% over FY25-28



Source: MOFSL, Company

Exhibit 42: PAT margin be at ~9-10% over FY25-28E

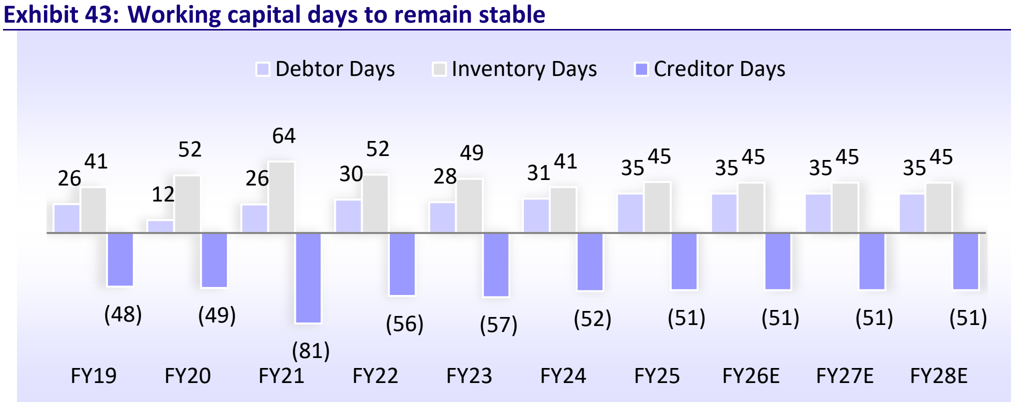


Source: MOFSL, Company

Working capital days

We expect working capital days to remain stable at 29 over FY25-28 vs. 30 days in FY25 (an average of 24 days over FY22-25).

Exhibit 43: Working capital days to remain stable

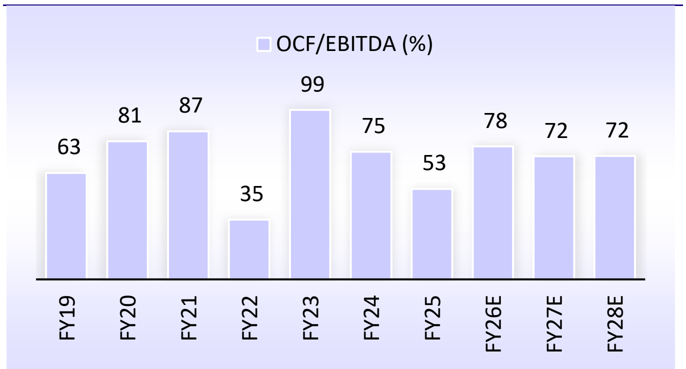


Source: MOFSL, Company

Healthy operating cash and free cash flow generation to continue

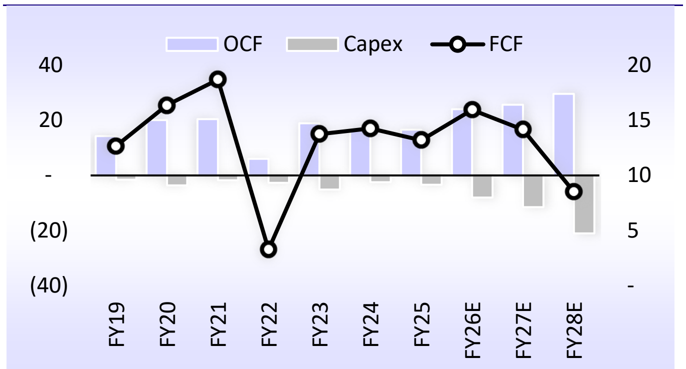
The company has consistently generated positive operating cash flows over the years. Over the last 10 years, it has generated a cumulative OCF of INR154b and incurred INR28b of capex, which led to a cumulative FCF of INR126b over FY16-25. FCF was largely used to pay dividends, and cumulative dividends stood at INR107b over FY16-25. We estimate cumulative OCF to be at INR81b over FY25-28E; however, its capex plans of INR50b in Sri City (INR32b to be spent over FY26-28E) will lead to moderation in FCF. Cumulative FCF over FY25-28E should be at INR41b.

Exhibit 44: High EBITDA to OCF conversion would continue



Source: MOFSL, Company

Exhibit 45: FCF to decline on higher capex

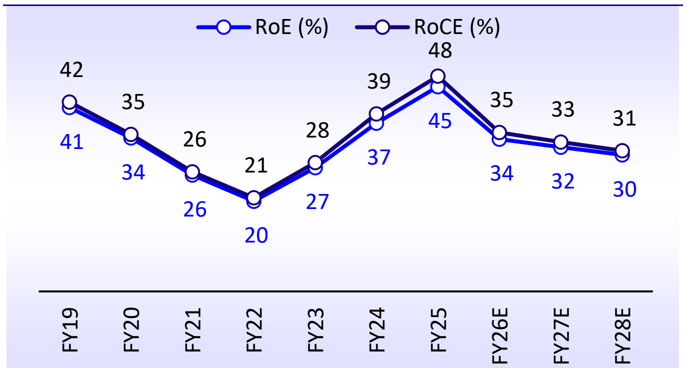


Source: MOFSL, Company

Return ratios to moderate due to capex for Sri City plant and lower payouts

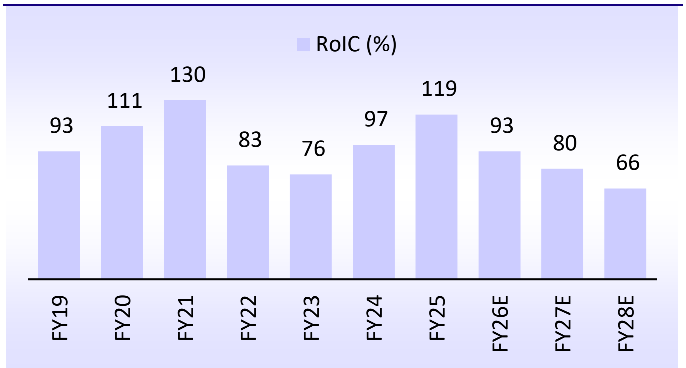
Huge investments in the new plant in Sri City will lead to a decline in asset turnover initially, which, along with lower dividend payouts (assumed payout of 35% vs. average payout of ~69% over FY16-25), would lead to a moderation in return ratios. The company's RoE is estimated at ~34%/32%/30% in FY26/FY27/FY28E vs. an average of ~36% over FY16-25. RoCE is estimated at ~35%/33%/31% in FY26/FY27/FY28E vs. an average of ~38% over FY16-25. RoIC is estimated to be ~93%/80%/66% in FY26/FY27/FY28 vs. an average of ~93% over FY16-25.

Exhibit 46: RoE/RoCE to moderate over FY25-FY28E…



Source: MOFSL, Company

Exhibit 47: …and so is RoIC



Source: MOFSL, Company

Exhibit 48: Du-Pont analysis

Particulars	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
PAT/PBT (%)	73.6	73.7	73.9	74.1	74.2	74.4	74.4	74.4	74.4
PBT/EBIT (%)	113.3	107.3	112.5	113.8	109.5	108.5	111.4	111.8	112.4
EBIT/Sales (%)	14.2	14.0	8.6	8.0	8.7	11.2	10.6	11.1	11.5
Asset turnover (%)	293.5	237.3	284.9	414.2	546.1	520.3	396.4	353.0	319.4
Assets/Equity (x)	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
ROE (%)	33.9	25.7	19.9	27.4	37.2	45.2	33.7	31.9	30.2

Source: MOFSL, Company

Segmental result and assumptions

Exhibit 49: Segmental Revenue of LG Electronics

Revenue Breakup	FY23	FY24	FY25	FY26E	FY27E	FY28E
Home Appliance and Air Solution division (INR in b)						
Refrigerators	58,056	57,845	66,965	70,313	77,344	85,078
Growth	17.3	-0.4	15.8	5.0	10.0	10.0
Washing machines	42,209	44,919	50,417	53,442	57,717	63,489
Growth	16.7	6.4	12.2	6.0	8.0	10.0
Air conditioners	39,906	42,902	52,708	54,289	64,062	74,311
Growth	39.6	7.5	22.9	3.0	18.0	16.0
Home Entertainment division						
Televisions	39,320	45,583	49,248	53,188	57,443	62,038
Growth	7.2	15.9	8.0	8.0	8.0	8.0
Others	19,156	22,271	24,328	26,409	29,050	32,717
Growth	9.9	16.3	9.2	8.6	19.4	12.6
Total revenue from operations	**1,98,646**	**2,13,520**	**2,43,666**	**2,57,641**	**2,85,616**	**3,17,634**
% breakup	**FY23**	**FY24**	**FY25**	**FY26E**	**FY27E**	**FY28E**
Refrigerators	29.2%	27.1%	27.5%	27.3%	27.1%	26.8%
Washing Machines	21.2%	21.0%	20.7%	20.7%	20.2%	20.0%
Air Conditioners	20.1%	20.1%	21.6%	21.1%	22.4%	23.4%
Televisions	19.8%	21.3%	20.2%	20.6%	20.1%	19.5%
Other	9.6%	10.4%	10.0%	10.3%	10.2%	10.3%
EBIT and EBIT Margins (%)	**FY23**	**FY24**	**FY25**	**FY26E**	**FY27E**	**FY28E**
Home Appliances & Air Solutions	12,998	16,743	23,434	23,027	26,794	30,771
EBIT Margin (%)	8.6	10.7	12.8	12.0	12.5	12.8
Home Entertainment	8,073	6,880	9,309	9,797	10,903	12,358
EBIT Margin (%)	16.7	12.1	15.3	14.9	15.4	16.0
Total	**21,071**	**23,623**	**32,743**	**32,824**	**37,697**	**43,129**
Less: Finance Cost	1,976	1,704	2,256	3,113	3,749	4,555
Less: Unallocated Expenses	4,844	4,956	5,369	5,594	5,889	6,517
% of Revenue	2.4	2.3	2.2	2.2	2.1	2.1
PBT	**18,203**	**20,371**	**29,631**	**30,342**	**35,557**	**41,167**

Valuation and view: Strong franchisee with leadership across segments; initiate coverage with a BUY rating

Over the years, LGEIL has established itself as a strong player in various consumer electrical categories, such as TVs, refrigerators, washing machines, RACs, and microwave ovens. The company has been a pioneer in introducing industry-first technologies such as OLED, 4K, and Smart TVs, while balancing premium innovation with mass-market offerings. It holds a leadership position across product categories of Inverter RAC, Washing machine, Refrigerators, Panels, and Microwave ovens, along with a significantly high share in the premium category.

LGEIL has planned a capex of INR50b during FY26-29E to establish a new plant in Sri City, Andhra Pradesh. The commissioning of this plant will happen in phases starting from 3QFY27 with RAC manufacturing plant.

LGEIL experienced a recovery in market share across product categories in 1HCY25, following a decline during CY21-24, driven by its focus on product optimization, profit maximization, and a deliberate decision to avoid aggressive pricing in basic entry-level segments. We also believe that the company could target the mass category segment (~19% of the industry in 1HCY25) through premiumization of mass products as part of its global strategy.

The company has one of the largest distribution networks among consumer durables players in India and allocates ~4.5% of its revenue to brand building. Its focus on domestic sourcing has contributed to margin expansion. Additionally, LGEIL has planned a capex of INR50b during FY26-29E to establish a new plant in Sri City, Andhra Pradesh. The commissioning of this plant will happen in phases starting from 3QFY27 with the RAC manufacturing plant, followed by compressors, refrigerators, and washing machines in the forthcoming years.

We estimate CAGR of ~10%/12% EBITDA/profit CAGR over FY25-28. However, for FY26-28, EBITDA and profit CAGRs are expected to accelerate to ~15% and 17%, respectively.

We expect earnings to be hit in FY26 due to a weak summer season, which has led to lower demand for cooling products, compounded by GST transition issues. We anticipate a recovery in operating profit margin in FY27/28E, driven by increased domestic sourcing of components, a focus on B2B and export markets, and growth in AMC revenue. We have factored in a CAGR of ~10%/12% in EBITDA/profit over FY25-28. However, EBITDA and profit CAGRs are expected to accelerate to ~15% and 17%, respectively, over FY26-28.

LGEIL has consistently generated positive operating cash flows over the years. We estimate a cumulative OCF of INR81b over FY25-28; however, its capex plans for the Sri City plant (INR32b to be spent over FY26-28E and INR18b in FY29E) are expected to moderate its FCF. Cumulative FCF over FY25-28 is estimated at INR41b.

Cumulative OCF over FY25-28E is estimated to be INR81b; however; capex towards Sri City plant will lead to lower FCF of INR41b in this period. RoE will moderate to ~30% in FY28E v/s. average of ~36% over FY16-25.

Significant investments in the new plant at Sri City over FY26-29E are expected to initially reduce asset turnover. Along with lower dividend payouts (assumed at 35% vs. an average of ~69% over FY16-25), this will likely moderate the return ratios. RoE is estimated at ~34%/32%/30% in FY26/27/28 vs. an average of ~36% over FY16-25.

We are optimistic about LGEIL given its leadership position and strong brand equity. The company is well-positioned to leverage expected improvements in consumer spending and the growing demand for premium products. We believe LGEIL deserves to trade at higher multiples due to its strong brand equity, better cash conversion, and higher return ratios than its peers. We value the stock at 40x FY28E EPS to arrive at our TP of INR1,800.

Exhibit 50: Peer comparison

Particulars	LGEIL	HAVL	VOLT	BLSTR*
FY21-25				
Revenue CAGR (%)	12.7	20.2	19.5	29.4
EBITDA CAGR (%)	7.2	8.0	14.9	38.2
Average OPM (%)	11.7	11.4	6.8	6.3
Profit CAGR (%)	7.2	9.3	12.5	55.2
Average PAT margin (%)	8.2	7.7	4.9	3.5
Average RoE (%)	31.1	18.2	8.7	16.7
Average RoCE (%)	32.5	17.2	9.9	15.2
Average OCF conversion (%)	55.5	44.4	43.7	21.5
Average working capital (days)	21	42	19	19
FY25-28E				
Revenue CAGR (%)	9.2	11.7	8.1	15.5
EBITDA CAGR (%)	10.1	17.9	11.7	18.2
Average OPM (%)	12.6	10.9	7.4	7.6
Profit CAGR (%)	11.6	18.0	14.3	19.3
Average PAT margin (%)	9.2	7.5	5.9	5.1
Average RoE (%)	31.9	18.5	12.7	20.6
P/E (x)				
FY25	35.1	62.8	54.2	67.5
FY26E	34.3	58.0	59.9	61.1
FY27E	29.3	46.5	44.0	47.5
FY28E	25.3	38.6	36.3	39.1
EV/EBITDA (x)				
FY25	23.7	41.7	41.0	44.5
FY26E	23.3	38.4	44.8	40.0
FY27E	20.0	30.4	34.9	31.9
FY28E	17.1	25.3	29.0	26.7

Source: MOFSL, LGEIL RHP, Companies, Bloomberg *BLSTR is not under coverage

Risks and concerns

- **Dependence on the promoter group:**
  The company remains significantly dependent on its promoter, LG Electronics (Korea), for brand licensing, technology, product development, and overall strategic support. It pays royalties under a licensing agreement. Any deterioration in this relationship or changes in terms could adversely affect operations, brand perception, and financial performance.

- **Raw material price volatility:**
  Fluctuations in the prices of key raw materials and components can adversely affect margins, given the limited ability to pass on cost increases in a competitive market.

- **Supplier concentration risk:**
  The top-five and top-ten suppliers accounted for ~22% and ~32% of total raw material purchases, respectively, during Q1FY26. Dependence on a limited supplier base, including international vendors, exposes the company to supply chain disruptions and geopolitical risks.

- **Competitive intensity from Chinese and global players:**
  The Indian appliances and consumer electronics market faces growing competition from Chinese and other global brands that leverage aggressive pricing, faster product cycles, and strong digital marketing. Higher domestic manufacturing costs further constrain pricing flexibility, affecting competitiveness against imports from low-cost regions such as China and Vietnam.

- **Premium market competition:**
  Global players targeting the premium segment with advanced technology and superior design are intensifying competition. Sustaining differentiation through innovation, service excellence, and brand strength will be critical for LGEIL’s long-term positioning.

Company overview

- LG Electronics India Limited (LGEIL) is a leading player in the Indian consumer electronics and appliance industry. Incorporated in 1997 as a wholly owned subsidiary of LG Electronics Inc., South Korea, LG India has established a dominant presence across key product categories, including refrigerators, washing machines, air conditioners, televisions, microwave ovens, and other household appliances.
- The company operates through two core business segments: Home Appliances & Air Solutions, and Home Entertainment. It offers a comprehensive portfolio that caters to diverse consumer preferences, spanning premium and mass-market products equipped with advanced energy-efficient technologies, smart connectivity, and AI-enabled features tailored for Indian customers.

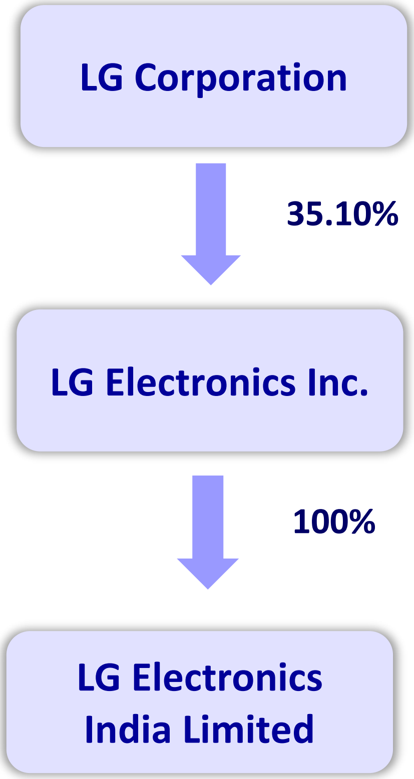
Exhibit 51: Product portfolio

- LGEIL's manufacturing facilities are located in Noida (Uttar Pradesh) and Pune (Maharashtra). These facilities cover a combined area of over 400,000 square meters and operate highly automated production lines for critical components like compressors, motors, and heat exchangers, in addition to finished goods. The company emphasizes the localization of inputs with a growing share of domestic sourcing, supporting the "Make in India" initiative.
- LGEIL has a presence in both B2B and B2C segments. The B2B segment is a high-growth vertical serving clients from industries including hospitality, healthcare, retail, and education with commercial HVAC solutions, IT and display products, and commercial laundry appliances.
- One of the strongest facets of LGEIL is its robust distribution and service network, featuring more than 35,000 retail touchpoints, including LG Brand Shops and modern trade outlets. Its after-sales service ecosystem operates over 1,000 authorized service centers staffed by more than 13,000 technicians, enabling efficient installation, repair, and maintenance services, including

annual maintenance contracts (AMCs) that supplement recurring revenue streams.

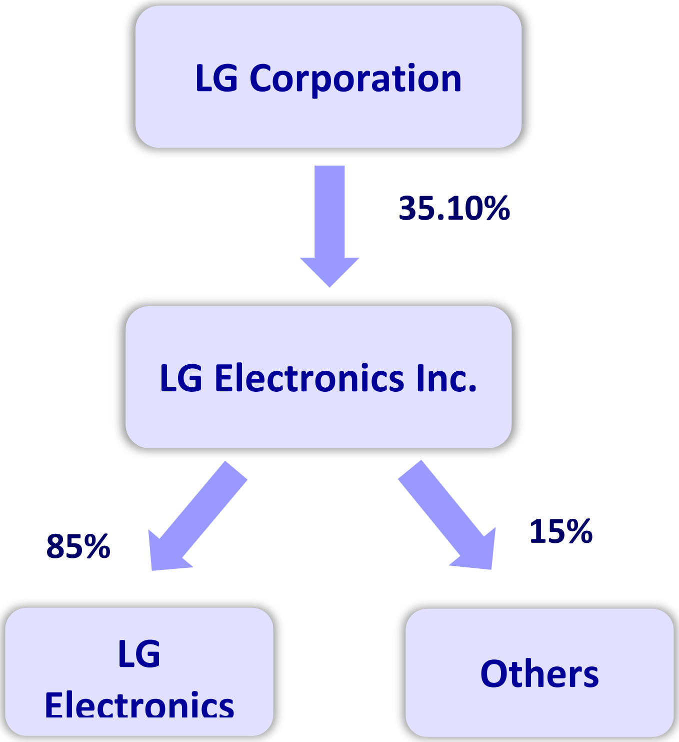
- LG India maintains a robust focus on innovation and sustainability. It is a pioneer in energy-efficient inverter technologies and integrates AI and IoT connectivity in many products, utilizing the LG ThinQ platform for smart home interaction and predictive maintenance. The commitment to environmental stewardship is reflected in product design and manufacturing processes aimed at reducing the carbon footprint.
- On the corporate and ownership front, LGEIL is a wholly owned subsidiary of LG Electronics Inc., which holds 100% of the company's equity pre-IPO. Post IPO, LG Electronics Inc. will retain roughly 85% ownership in LGEIL.

Exhibit 52: Pre-IPO shareholding pattern



Source: MOFSL, Company

Exhibit 53: Post-IPO shareholding pattern



Source: MOFSL, Company

Royalty and contingent liabilities

- LGEIL pays a royalty to its promoter, LG Electronics Inc., South Korea, which covers the use of technology, patents, brand, and technical know-how for authorized products. The royalty has been determined in accordance with the revised license agreement dated July 27, '17, which was effective from April 1, '16. The effective royalty rates are ~2.30% of net sales for authorized products excluding LCD TVs and monitors, and ~2.40% for LCD TVs and monitors. This agreement is perpetual unless terminated with six months' notice.
- The revised license agreement also provided for additional payment of royalty, which was contingent upon the approval of the application dated 28th Mar'18, for the Advance Pricing Agreement ('**APA**') filed with the income tax authorities in India and the Republic of Korea. The period of APA expired on 31st Mar'23, and thereafter an application for extension was filed on 31st Mar'23 over FY24-28. The possible obligation arising from additional royalty payments based on the revised license agreement was INR71.6b on 30th Jun'24. The company withdrew this APA extension application later in Nov'24, and the contingent liability has been reduced to INR3.2b as of 30th Jun'25.

Exhibit 54: Royalty payments over the years (INR m)

Particulars	FY23	% of revenue from operations	FY24	% of revenue from operations	FY25	% of revenue from operations	1QFY26	% of revenue from operations
Royalty	3,232	1.60%	4,032	1.90%	4,546	1.90%	1,175	1.90%

Source: MOFSL, Company

- LGEIL has disclosed contingent liabilities of ~INR27b as of Jun'25, which may require future outflows depending on the outcomes.

Exhibit 55: Contingent liabilities over the years (INR in m)

Particulars	FY23	FY24	FY25	1QFY26
Central Excise/Service Tax/Customs	2,243	2,251	2,067	2,069
Sales Tax /GST	1,160	3,125	3,353	3,331
Income Tax	22,198	22,500	23,485	23,394
Other	254	276	320	329
Less: Provision	2,214	2,223	2,227	2,230
Total	**23,641**	**25,929**	**26,999**	**26,893**

Source: MOFSL, Company

SWOT analysis

- One of the largest distribution and after-sales services networks in India.
- Trusted premium brand with innovation leadership.
- Export presence across 45+ countries
- India's leading home appliances and consumer electronics player with the highest market share across major products.

- Manufacturing is concentrated in a few plants (Noida, Pune).
- High dependence on Korean parent, no exclusivity safeguards.
- Rising regulatory and compliance costs.
- Seasonal volatility in the RAC portfolio.

- Deeper penetration into rural and tier-2/3 markets.
- Increased localization under "Make in India."
- Increase presence in mass volume segments
- Increase its share of export and B2B revenues.

- Price wars from domestic and Chinese competitors.
- Vulnerability to supply chain or plant disruptions.
- Any increase in royalty by its parent company.

Bull and bear cases

Bull case

- ☑ In this scenario, we assume higher growth across product segments, led by our expectation of LGEIL's expansion into the mass segment. We assume a revenue CAGR of ~11% over FY25-28.
- ☑ Higher utilization is expected to improve operating efficiency, leading to enhanced profitability. We estimate an EBITDA/profit CAGR of ~13% over FY25-28 in this scenario.
- ☑ In our bull case assumption, we value the company at 45x FY28E EV/EBITDA to arrive at a TP of INR2,085.

Bear case

- ☑ In this scenario, we assume a lower revenue CAGR of ~6% over FY25-28E, led by weak demand momentum and increased competitive intensity in key products.
- ☑ This may also lead to lower margins, with OPM expected to be 40bp below our current assumption. We estimate EBITDA/profit CAGRs of 6%/5% over FY25-28 in this scenario.
- ☑ In our bear case assumption, we value the company at 35x FY28E EV/EBITDA to arrive at a TP of INR1,310.

Scenario analysis – Bull case

	FY25	FY26E	FY27E	FY28E
Revenue (INR b)	243.7	262.3	294.8	330.9
Growth (%)	14.1	7.7	12.4	12.2
EBITDA (INR b)	31.1	31.9	38.5	44.8
YoY growth (%)	39.8	2.6	20.5	16.3
Adj. PAT (INR b)	22.0	23.2	27.4	31.4
YoY growth (%)	45.8	5.1	18.4	14.7
EPS (INR)	32.5	34.1	40.4	46.3
EV/EBITDA (x)				45
Target price (INR)- FY28E				2,085
Upside/ (downside) (%)				82.8

Source: Company, MOFSL

Scenario analysis – Bear case

	FY25	FY26E	FY27E	FY28E
Revenue (INR b)	243.7	251.1	272.5	294.1
Growth (%)	14.1	3.1	8.5	7.9
EBITDA (INR b)	31.1	29.6	33.6	37.2
YoY growth (%)	39.8	(4.8)	13.5	10.7
Adj. PAT (INR b)	22.0	21.3	23.5	25.4
YoY growth (%)	45.8	(3.5)	10.6	7.9
EPS (INR)	32.5	31.3	34.6	37.4
EV/EBITDA (x)				35
Target price (INR)- FY28E				1,310
Upside/ (downside) (%)				14.8

Source: Company, MOFSL

Key management personnel

Key top executives have been associated for a long-time with the company. The Chief Operating Officer, Chief Accounting Officer, Chief Sales Officer and Chief Manufacturing Officer have been with the company for over 20 years.

- **Mr. Hong Ju Jeon,** Managing Director of LGEIL, has been associated with the LG group since Oct ’94 and with LGEIL since Dec’22. He obtained a master’s degree in Business Administration (Global Management) from the Thunderbird School of Global Management, Glendale, Arizona, United States. He is responsible for sales strategies, operational planning, strengthening the dealer network, and initiatives to achieve overall business objectives.
- **Mr. Dongmyung Seo,** Whole-time Director and Chief Financial Officer of LGEIL, has been associated with the LG group since Dec ’94 and LGEIL since Dec ’21. He earned a master’s degree in Business Administration from the Seoul School of Integrated Sciences & Technologies, Seoul, Korea. He manages all financial activities and accounting operations of the company.
- **Mr. Daehyun Song,** the Chairman and Non-executive Director of LGEIL since Nov ’24, has been with the LG group since Nov ‘83. He obtained a bachelor’s degree in Science (Mechanical Design) from Pusan National University, Busan, Korea. He leads the Board and ensures effective governance practices and communication among the Board, stakeholders, and management.
- **Ashish Agrawal** serves as the Chief Operating Officer of the Company and has been associated with it since Jul ’99. He holds a bachelor’s degree in Commerce from the University of Delhi and is a qualified Chartered Accountant. Before joining the organization, he worked with S.R. Batliboi & Co. He oversees the go-to-market division, encompassing business strategy, market sensing, and brand shop management, as well as in-store and sell-out operations.
- **Atul Khanna** serves as the Chief Accounting Officer of the Company. He began his career with Escorts Communications Limited in Sep’97, which was later merged with LGEIL in Dec’02. He holds a bachelor’s degree in Commerce from Kurukshetra University and is a qualified Chartered Accountant. He is responsible for treasury and insurance management, customer and credit risk management, taxation, and financial reporting for the company.
- **Sanjay Chitkara** serves as the Chief Sales Officer of the Company and has been associated with it since Mar’99. He holds a bachelor’s degree in Technology (Electrical Engineering) from Kurukshetra University and a postgraduate diploma in Business Management from IMT, Ghaziabad. Before joining the organization, he was associated with Videocon International Limited. He oversees the Home Appliance Solutions business, driving sales strategy, channel performance, and market expansion initiatives.
- **Gagan Jeet Singh** serves as the Chief Manufacturing Officer of the Company and has been associated with it since Oct’97. He holds a bachelor’s degree in Electronics Engineering from the University of Pune, Maharashtra. He oversees manufacturing operations at the Noida facility and ensures operational efficiency, quality excellence, and process optimization across production functions.

ESG initiatives

LGEIL upholds its commitment to environmental sustainability, social responsibility, education and skill development, diversity, and strong corporate governance through a range of initiatives and programs.

Environmental initiatives

- Energy-saving technologies were developed to address the ~4% of global GHG emissions from air conditioners and ~20% energy demand for cooling in buildings.
- A complete transition to inverter technology was achieved in 2017, making the company the first and only player in India to do the same.
- A green space was developed near the Noida Manufacturing Unit.
- Rooftop solar panels were installed at the Noida unit to increase renewable energy usage.
- Shrubs, flowers, and trees were planted, and slogan boards promoting green practices were placed.
- Street plays were conducted to raise awareness of safe driving and traffic rules. Road reflectors were installed near manufacturing units to prevent accidents.

Social initiatives

- Free cataract surgeries were facilitated under the 'Karein Roshni' initiative with charitable eye care institutions.
- Cooked meals were provided to the government-aided school students under the Life's Good Nutrition program, addressing malnutrition and dropout rates.
- Two LG health centers were operated in India to provide free medical care to local villagers.
- The first "LG Hope Technical Skill Academy" was established in New Delhi with execution partners.
- Braille remotes were introduced for air conditioners to make products more accessible to visually impaired consumers.

Governance initiatives

- Corporate governance standards of LGEIL were adopted with a Board-centered management system.
- Half of the Board was composed of independent directors with expertise in administration, accounting and finance, and securities law.

Financials and valuations

Income Statement										(INR M)
Y/E March	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026E**	**2027E**	**2028E**
Net Sales	**1,56,590**	**1,57,096**	**1,50,866**	**1,68,342**	**1,98,646**	**2,13,520**	**2,43,666**	**2,57,641**	**2,85,616**	**3,17,634**
Change (%)	0.7	0.3	-4.0	11.6	18.0	7.5	14.1	5.7	10.9	11.2
Raw Materials	1,04,608	1,01,122	97,679	1,18,005	1,40,281	1,49,302	1,65,801	1,75,454	1,93,648	2,14,403
Gross margin (%)	33.2	35.6	35.3	29.9	29.4	30.1	32.0	31.9	32.2	32.5
Staff Cost	6,154	6,426	6,610	7,255	7,992	8,868	9,628	10,398	11,438	12,582
Other Expenses	23,105	24,877	23,068	25,995	31,380	33,101	37,136	40,619	44,458	49,124
EBITDA	**22,723**	**24,671**	**23,509**	**17,087**	**18,993**	**22,249**	**31,101**	**31,170**	**36,072**	**41,525**
% of Net Sales	14.5	15.7	15.6	10.2	9.6	10.4	12.8	12.1	12.6	13.1
Depreciation	2,251	2,419	2,439	2,584	3,004	3,644	3,804	3,941	4,264	4,913
Interest	3	43	156	225	226	285	306	337	361	379
Other Income	2,862	3,001	1,702	2,038	2,440	2,051	2,640	3,450	4,109	4,934
PBT	**23,331**	**25,210**	**22,616**	**16,316**	**18,203**	**20,371**	**29,631**	**30,342**	**35,557**	**41,167**
Tax	7,986	6,666	5,951	4,260	4,723	5,260	7,598	7,780	9,117	10,555
Rate (%)	34.2	26.4	26.3	26.1	25.9	25.8	25.6	25.6	25.6	25.6
Extra-ordinary Inc.(net)	0	0	0	0	0	0	0	0	0	0
Reported PAT	**15,345**	**18,544**	**16,665**	**12,056**	**13,480**	**15,111**	**22,033**	**22,562**	**26,440**	**30,611**
Change (%)	5.5	20.8	-10.1	-27.7	11.8	12.1	45.8	2.4	17.2	15.8
Adjusted PAT	**15,345**	**18,544**	**16,665**	**12,056**	**13,480**	**15,111**	**22,033**	**22,562**	**26,440**	**30,611**
Change (%)	5.5	20.8	-10.1	-27.7	11.8	12.1	45.8	2.4	17.2	15.8

Balance Sheet (Consolidated)										(INR M)
Y/E March	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026E**	**2027E**	**2028E**
Share Capital	1,131	1,131	1,131	1,131	1,131	1,131	6,788	6,788	6,788	6,788
Reserves	44,295	62,789	64,734	53,876	42,431	36,591	52,914	67,580	84,765	1,04,663
Net Worth	**45,426**	**63,920**	**65,865**	**55,007**	**43,562**	**37,722**	**59,702**	**74,367**	**91,553**	**1,11,450**
Loans	0	0	0	0	0	0	0	0	0	0
Deferred Tax Liability	-1,090	-1,199	-1,432	-1,278	-1,365	-1,720	-2,040	-2,040	-2,040	-2,040
Capital Employed	**44,336**	**62,721**	**64,433**	**53,729**	**42,197**	**36,002**	**57,662**	**72,327**	**89,513**	**1,09,410**
Gross Fixed Assets	15,320	18,564	22,781	24,840	30,146	32,839	35,801	38,554	45,054	70,554
Less: Depreciation	7,945	10,216	12,292	14,365	16,719	19,651	22,510	26,451	30,715	35,628
Net Fixed Assets	**7,375**	**8,348**	**10,489**	**10,475**	**13,427**	**13,188**	**13,291**	**12,103**	**14,339**	**34,926**
Capital WIP	169	846	338	1,030	246	244	753	6,000	15,000	5,000
Investments	0	0	0	0	0	0	0	0	0	0
Curr. Assets	**65,244**	**81,624**	**98,331**	**81,409**	**74,883**	**69,832**	**99,087**	**1,12,715**	**1,24,713**	**1,40,945**
Inventory	17,634	22,225	26,418	24,094	26,410	23,974	30,315	31,764	35,213	39,160
Debtors	11,105	5,007	10,595	13,811	14,995	17,970	23,612	24,966	27,677	30,779
Cash & Bank Balance	29,442	48,106	55,108	37,094	27,626	22,226	37,415	48,835	53,896	62,190
Other Current Assets	6,542	5,818	6,161	6,331	5,783	5,589	7,659	7,059	7,825	8,702
Current Liab. & Prov.	**28,452**	**28,097**	**44,725**	**39,185**	**46,359**	**47,262**	**55,470**	**58,491**	**64,539**	**71,461**
Creditors	20,547	21,106	33,397	25,984	31,192	30,351	34,049	36,002	39,911	44,385
Other Liabilities	5,844	4,971	9,154	11,433	13,108	14,504	18,629	19,698	21,837	24,284
Provisions	2,061	2,020	2,174	1,768	2,059	2,407	2,791	2,791	2,791	2,791
Net Current Assets	**36,792**	**53,527**	**53,606**	**42,224**	**28,524**	**22,570**	**43,617**	**54,224**	**60,174**	**69,484**
Application of Funds	**44,336**	**62,721**	**64,433**	**53,729**	**42,197**	**36,002**	**57,662**	**72,327**	**89,513**	**1,09,410**

Financials and valuations

Ratios

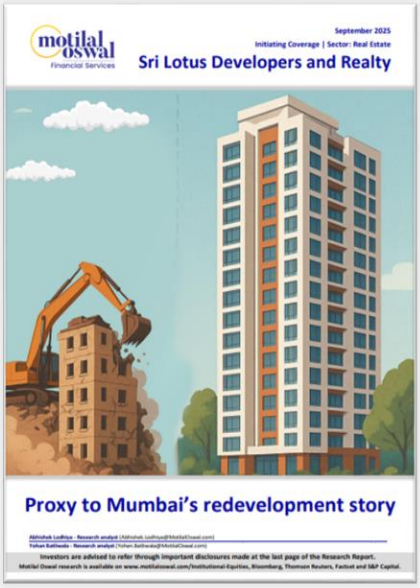
Y/E March	2019	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E
Basic (INR)										
Adjusted EPS	**22.6**	**27.3**	**24.6**	**17.8**	**19.9**	**22.3**	**32.5**	**33.2**	**39.0**	**45.1**
Growth (%)	5.5	20.8	-10.1	-27.7	11.8	12.1	45.8	2.4	17.2	15.8
Cash EPS	25.9	30.9	28.1	21.6	24.3	27.6	38.1	39.0	45.2	52.3
Adj. Book Value	66.9	94.2	97.0	81.0	64.2	55.6	88.0	109.6	134.9	164.2
DPS	0.0	0.0	11.8	20.0	22.0	18.5	0.0	11.6	13.6	15.8
Payout (incl. Div. Tax.)	0.0	0.0	80.0	187.7	184.6	138.5	0.0	35.0	35.0	35.0
Valuation (x)										
P/Sales	8.2	8.2	8.5	7.7	6.5	6.0	3.2	3.0	2.7	2.4
P/E	50.4	41.7	46.4	64.2	57.4	51.2	35.1	34.3	29.3	25.3
Cash P/E	44.0	36.9	40.5	52.9	46.9	41.3	29.9	29.2	25.2	21.8
EV/EBITDA	32.8	29.4	30.6	43.1	39.3	33.8	23.7	23.3	20.0	17.1
EV/Sales	4.8	4.6	4.8	4.4	3.8	3.5	3.0	2.8	2.5	2.2
Price/Book Value	17.0	12.1	11.7	14.1	17.8	20.5	13.0	10.4	8.5	6.9
Dividend Yield (%)	0.0	0.0	0.9	1.8	1.9	0.8	0.0	1.0	1.2	1.4
Profitability Ratios (%)										
RoE	40.6	33.9	25.7	19.9	27.4	37.2	45.2	33.7	31.9	30.2
RoCE	41.8	34.7	26.4	20.7	28.5	39.2	47.5	35.1	33.0	31.1
RoIC	92.7	110.9	129.7	82.6	75.9	97.4	119.3	92.6	80.0	65.7
Turnover Ratios										
Debtors (Days)	26	12	26	30	28	31	35	35	35	35
Inventory (Days)	41	52	64	52	49	41	45	45	45	45
Creditors. (Days)	48	49	81	56	57	52	51	51	51	51
Asset Turnover (x)	3.5	2.5	2.3	3.1	4.7	5.9	4.2	3.6	3.2	2.9
Leverage Ratio										
Net Debt/Equity (x)	-0.6	-0.8	-0.8	-0.7	-0.6	-0.6	-0.6	-0.7	-0.6	-0.6

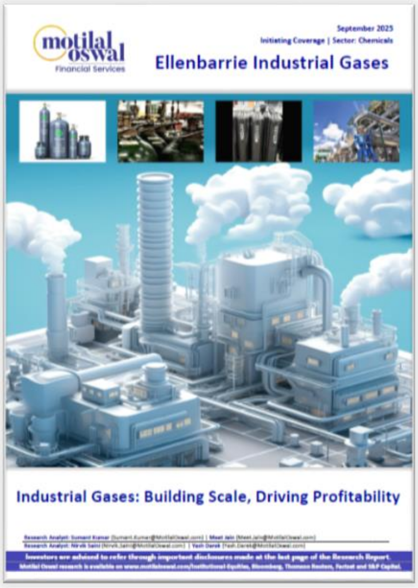
Cash Flow Statement **(INR M)**

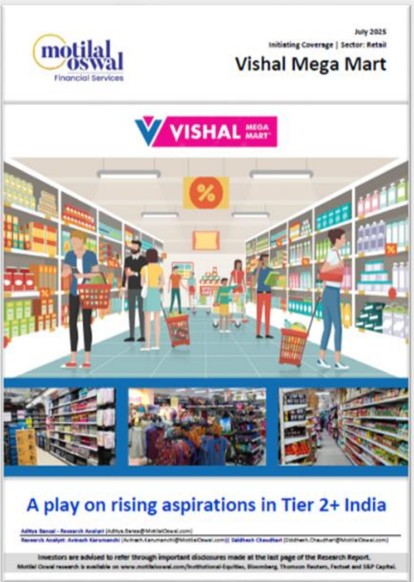
Y/E March	2019	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E
PBT before EO Items	**23,196**	**25,599**	**20,880**	**15,575**	**18,292**	**20,562**	**29,472**	**30,342**	**35,557**	**41,167**
Add : Depreciation	2,251	2,419	2,460	2,612	3,004	3,644	3,804	3,941	4,264	4,913
Interest	(2,113)	(2,622)	(1,467)	(1,399)	(1,977)	(1,720)	(2,172)	(3,113)	(3,749)	(4,555)
Less : Direct Taxes Paid	8,731	5,483	5,676	4,016	4,425	5,698	7,539	7,780	9,117	10,555
(Inc)/Dec in WC	393	(87)	(4,229)	6,793	(3,988)	125	7,025	(813)	888	1,017
CF from Operations	**14,210**	**20,000**	**20,426**	**5,979**	**18,882**	**16,663**	**16,539**	**24,204**	**26,067**	**29,953**
(Inc)/Dec in FA	(1,554)	(3,636)	(1,749)	(2,695)	(5,138)	(2,411)	(3,346)	(8,000)	(15,500)	(15,500)
Free Cash Flow	**12,656**	**16,364**	**18,677**	**3,284**	**13,744**	**14,252**	**13,193**	**16,204**	**10,567**	**14,453**
(Pur)/Sale of Investments	1,890	2,568	2,051	1,963	2,399	2,197	3,070	3,450	4,109	4,934
CF from Investments	**336**	**(1,068)**	**302**	**(732)**	**(2,739)**	**(214)**	**(275)**	**(4,550)**	**(11,391)**	**(10,566)**
(Inc)/Dec in Net Worth / Others	-	(234)	(243)	(414)	(494)	(654)	(770)	-	-	-
(Inc)/Dec in Debt	-	-	-	-	-	-	-	-	-	-
Less : Interest Paid	3	43	156	225	225	269	305	337	361	379
Dividend Paid	-	-	13,327	22,626	24,888	20,929	-	7,897	9,254	10,714
CF from Fin. Activity	**(3)**	**(277)**	**(13,726)**	**(23,265)**	**(25,607)**	**(21,852)**	**(1,075)**	**(8,234)**	**(9,615)**	**(11,093)**
Inc/Dec of Cash	**14,543**	**18,655**	**7,002**	**(18,018)**	**(9,464)**	**(5,403)**	**15,189**	**11,420**	**5,062**	**8,294**
Add: Beginning Balance (including bank bal.)	14,901	29,444	48,106	55,112	37,090	27,629	22,226	37,415	48,835	53,896
Closing Balance	**29,444**	**48,099**	**55,108**	**37,094**	**27,626**	**22,226**	**37,415**	**48,835**	**53,896**	**62,190**

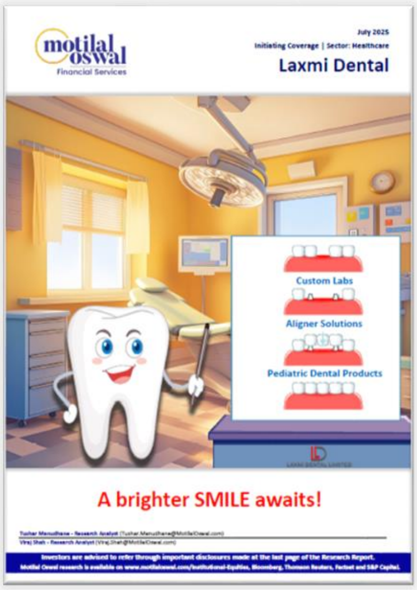
Investment in securities market are subject to market risks. Read all the related documents carefully before investing

RECENT INITIATING COVERAGE REPORTS









NOTES

Explanation of Investment Rating	
Investment Rating	**Expected return (over 12-month)**
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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