LG Electronics India Ltd

CMP: 1655 **Target: 1988** **Upside: 20%**

29th October, 2025

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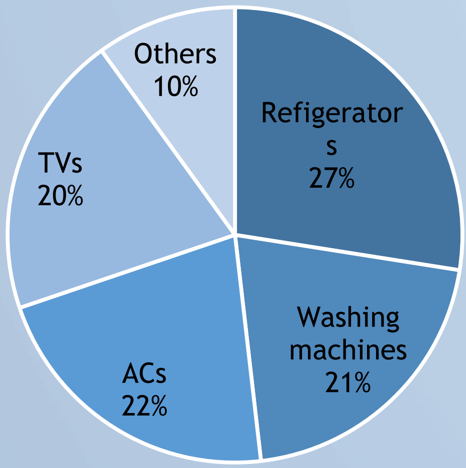
LG Electronics India Ltd (LGEIL), one of the leading players in major home appliances and consumer electronics (excluding mobile phones) in India, mainly a leader in the offline channel (accounts for ~77% of the market). It holds a leading position in India across product categories such as washing machines, refrigerators, panel TVs, inverter air conditioners, and microwaves. It has key two segments, such as - i) Home Appliances and Air solutions, and ii) Home Entertainment.

- **Ranked #1 player across major product categories in the offline channel** such as washing machines, refrigerators, panel televisions, inverter air conditioners, and microwaves — with leadership in both premium and volume segments. LGEIL focuses on delivering innovations across product categories and price points, serving both volume-market consumers—prioritizing affordability and durability—and premium consumers—seeking aesthetics and advanced features. LGEIL's balanced strategy ensures technologically advanced offerings in the premium segment while catering to mass-market needs through tailored product variants.

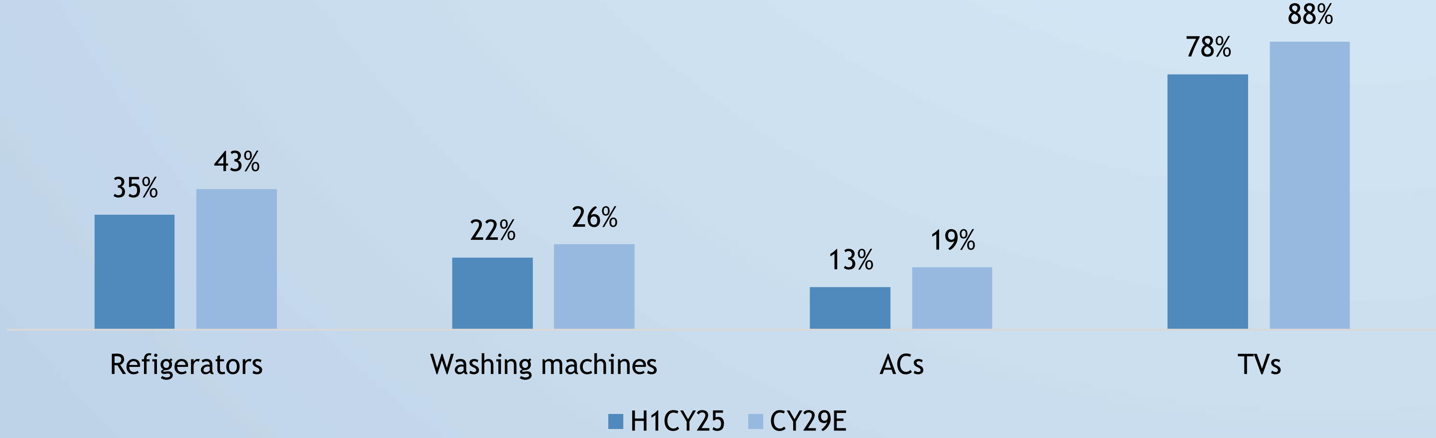
Market share by product category (in terms of value) in the offline channel (based on data as on Jun'25):

Panel Televisions	Washing Machine	Refrigerator	Inverter AC	Convection Microwave Oven
27.5%	33.5%	29.9%	20.6%	51.4%

Revenue Mix FY25 - INR 24,367 Cr



India penetration of key appliances



Source: RHP, NBRR; **Others include water purifiers, air purifiers, dishwashers, microwave ovens, vacuum cleaners and compressors, media display and audiovisual products, including monitors, interactive displays, and information systems, projectors, wireless speakers and earbuds.*

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- **Localized supply chain and automation-led manufacturing:** LGEIL manufactures over 85% of its sales in-house at Noida and Pune, maintaining control over quality and costs. Automated and flexible production lines boost efficiency and have raised productivity per unit by up to 29% since FY22. LGEIL sources from 287 suppliers and follows a phased localization strategy (53.8% in FY25 from 50.5% in FY23) – ensuring cost efficiency, reduced import dependency, and shorter lead times.
- **Strategic Investments and Growth Outlook:** India's consumer electronics and home appliance market is set for strong expansion and LGEIL is well-positioned to capture this growth opportunity. To support its long-term vision, it plans to establish a third manufacturing facility in Andhra Pradesh with an investment of ~INR 5,000 Cr, which is expected to commence operations by FY27 i.e. Diwali of next CY. The new plant will initially focus on air conditioners and compressors, followed by washing machines and refrigerators, thereby strengthening local manufacturing capabilities and reducing import reliance.
- **Extensive distribution and after-sales service network:** With the largest distribution network in India, it has an extensive reach spans 35,640 B2C touchpoints, including LG BrandShops, modern trade partners such as Reliance Retail, Croma, and Vijay Sales, as well as online platforms and traditional retail outlets. This omni-channel presence enables LG to effectively cater to both premium and mass-market consumers across channels. LG's localized sales approach i.e. adjusting product supply to regional demand and the presence of trained in-store promoters further strengthens consumer engagement and cross-selling potential. LG's strong market presence is driven by deep trade partnerships, an extensive sales and service network, and exports to 47 countries, supporting leadership, consumer satisfaction, and ongoing growth.
- **Market leader with first-mover technological launches in multiple product categories:** LGEIL has maintained its leadership across multiple categories by consistently introducing industry-first technologies – including India's first inverter air conditioners (2014), 100% inverter transition (2017), OLED TVs (2015), and stainless-steel water purifier tanks (2013). It continues to innovate through AI-enabled smart appliances and locally customized designs. This first-mover advantage in technology adoption and product diversification underpins LG's sustained dominance in India's appliance and electronics market.
- **Valuation:** LGEIL, a subsidiary of LG Electronics, Korea, holds a leading position in the Indian home appliances and consumer electronics market with strong fundamental performance. It has delivered healthy return ratios for FY25 i.e. ROE of 36.9% and ROCE of 46.8%, amongst best in the industry. Also, it maintains a strong cash position backed by an efficient operating cycle. With favorable macroeconomic trends, continued product innovation and GST reforms driven demand tailwind, the company is well-positioned for sustainable long-term growth. Currently, the stock is trading at 37.5x to FY28E EPS. **We recommend to BUY LGEIL, with a target of INR 1988/share based on a valuation of 45x to FY28E EPS.**

Year (INR Cr)	Revenues	Growth	EBIDTA	Margin	PAT	Margin	EPS	P/E	EV/EBITDA	ROE	ROCE
FY24	21,352	7.5%	2,225	10.4%	1,511	7.1%	133.57	12.4	49.0	40.1%	42.3%
FY25	24,367	14.1%	3,110	12.8%	2,203	9.0%	32.46	51.0	35.1	36.9%	40.6%
FY26	27,297	12.0%	3,412	12.5%	2,390	8.8%	35.20	47.0	32.0	37.6%	42.4%
FY27	30,611	12.0%	3,826	12.5%	2,681	8.8%	39.50	41.9	28.5	38.1%	43.7%
FY28	34,284	12.0%	4,286	12.5%	2,999	8.7%	44.18	37.5	25.4	37.3%	43.7%

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