



PL Capital
PRABHUDAS LILLADHER

LG Electronics India (LGEL IN)

Rating: BUY | CMP: Rs1,140 | TP: Rs1,780



Positioned for sustainable growth

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Company Initiation

Rating: BUY | CMP: Rs1,140 | TP: Rs1,780

Positioned for sustainable growth

Key Financials - Consolidated

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. m)	2,43,666	258,099	288,837	323,377
EBITDA (Rs. m)	31,101	30,187	35,973	42,432
Margin (%)	12.8	11.7	12.5	13.1
PAT (Rs. m)	22,033	21,338	25,127	28,771
EPS (Rs.)	32.5	31.4	37.0	42.4
Gr. (%)	45.8	-3.2	17.8	14.5
DPS (Rs.)	-	12.0	12.0	12.0
Yield (%)	-	1.1	1.1	1.1
RoE (%)	45.2	34.0	33.9	30.9
RoCE (%)	61.5	46.0	45.7	41.7
EV/Sales (x)	3.0	2.8	2.5	2.2
EV/EBITDA (x)	23.7	24.1	20.1	16.7
PE (x)	35.1	36.3	30.8	26.9
P/BV (x)	13.0	11.8	9.4	7.5

Shareholding Pattern (%)

Promoter's	85.00
Foreign	-
Domestic Institution	-
Public & Others	15.00
Promoter Pledge (Rs bn)	-

We initiate coverage on LG Electronics India Ltd (LGEL IN) with 'BUY' rating and TP of Rs1,780 valuing at 42x FY28E earnings. LGEL is a key player in the consumer electronics and home appliances market, offering a diverse product portfolio with a strong focus on innovation and quality. Extensive distribution network and premium brand positioning ensure its market leadership across categories. We believe LGEL is well-positioned to capitalize on the growth opportunities in home appliances and consumer electronics given its 1) market leadership across products, 2) strong manufacturing capabilities, 3) diverse product portfolio, and 4) strong brand loyalty. Further, LGEL has leading market share in the premium category of Washing Machine (36.9%), Refrigerator (43.2%), RAC (27.2%) and TV (62.9%). It has a track record of launching multiple industry firsts – an outcome of its consistent focus and industry leading R&D spends. We estimate revenue/EBITDA/PAT CAGR of 9.9%/10.9%/9.3% over FY25-28E led by 1) healthy revenue growth across segments, 2) capacity expansion plans, 3) expansion of AMC & B2B businesses, and 4) focus on local RM sourcing. Initiate 'BUY'.

- Unlocking opportunities in Home Appliances segment:** TAM for Indian appliances & electronics, excl. mobile phones, is expected to clock 13.8% CAGR to reach Rs6,190bn by CY29E from Rs3,245bn in CY24. LG's growth prospects remain strong, driven by rising consumer demand for premium products. Home Appliances and Air Sol segment (75.0% revenue share) grew by 13.7% CAGR over FY22-25, while RAC grew at 22.6% CAGR, led by strong demand for energy-efficient, AI-enabled ACs, and increasing penetration.
- Leveraging global R&D for localized innovation:** LGEL's strong manufacturing base in Noida & Pune, with a planned Rs50bn capex in a new facility in Sri City, Andhra Pradesh, enhances capacity and cost efficiency. In-house production of key components & automation-driven productivity gains strengthen control over quality & costs. With domestic sourcing rising to 54.1% in Q1FY26, long-standing supplier relationships, localization efforts to supply reliability and pricing competitiveness, consistent R&D (~0.4% of revenue) and access to LG Group's global innovations, the company continues to launch several industry-first products, reinforcing its leadership in India's premium consumer durables market.
- Diversifying business to create new growth opportunities:** LGEL is leveraging LG Group's technology to diversify beyond its core segments, targeting high-value industries and new sectors like hospitality. Rising B2B demand driven by growth in healthcare and infrastructure is prompting expansion into HVAC, commercial displays and LED panels. With strong leadership in premium categories of Washing Machine, Refrigerator, RAC and TV, premium category TAM expected to grow at 21.6% CAGR (CY24-29). LGEL is well-placed to sustain growth through premiumization and diversification. Also, the company's AMC business is expected to grow at 30% CAGR to reach USD80-100mn over the next 3-4 years. Additionally, export opportunities are expected to expand to serve demand beyond India, expected to rise to 9-10% of revenue from 6% in FY25.

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Company Overview

LGEL – Powering Indian homes with smart solutions

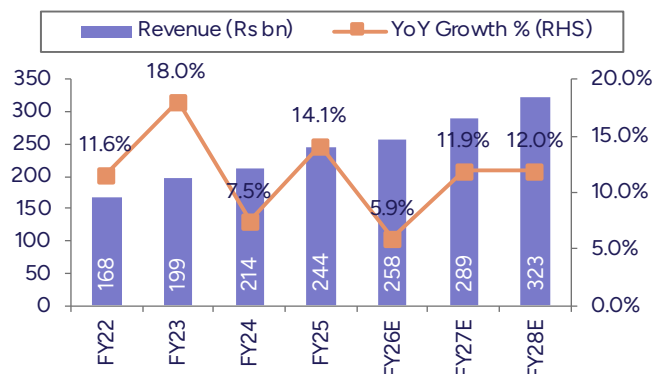
LG Electronics India (LGEL) is a leading consumer durables company, known for its wide range of innovative products across categories such as home appliances, home entertainment, air solutions, and kitchen solutions. The company has built a strong reputation in the Indian market through consistent product quality, localized innovation, and a deep understanding of consumer needs. With strategically located manufacturing units and a widespread distribution network across the country, LGEL continues to strengthen its market position by offering technology-driven solutions that enhance everyday living. Operating under the brand philosophy “Life’s Good,” LGEL focuses on delivering value through smart, reliable and user-friendly products tailored for Indian households.

LGEL market share: RAC 18.0%, Washing Machine 33.5%, Refrigerator 29.9% and Panel TV 27.5%

- LGEL commands a strong market share across key household electronics categories, with 18.0% in RAC, 33.5% in Washing Machine, 29.9% in Refrigerator, and 27.5% in Panel TV (H1CY25).
- Refrigerators segment leads with 27.5% share in total revenue in FY25, followed by RAC at 21.6%, Washing Machines at 20.7%, and TV at 20.2%, reflecting a well-balanced and resilient product portfolio.
- LGEL’s manufacturing facilities in Noida (7.6mn units capacity, 80.5% utilization) and Pune (6.91mn units capacity, 72.7% utilization), support efficient localized production and timely market delivery.
- LGEL has planned a capex of Rs50bn to build its third factory in Sri City, Andhra Pradesh, to manufacture RAC, refrigerators, Washing Machine and TV.
- It has an extensive pan-India network of ~31,259 dealers/distributors, 1,221 multi-brand outlets, and 800 LG brand shops, enabling wide market reach and strong customer accessibility across urban and rural regions.
- The company employs a multifaceted marketing strategy combining traditional, digital and on-ground initiatives to strengthen the “LG” brand in India, targeting consumers through brand, product and field marketing.
- LGEL is aligning with India’s shift toward a digital lifestyle and premiumization by developing smart, energy-efficient, and user-friendly appliances through continuous investment into R&D and agile innovation.

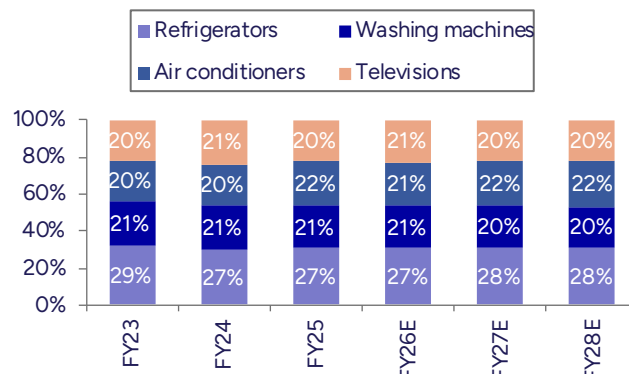
We believe LGEL is well-positioned to sustain its leadership in the consumer durables market, supported by a) a strong and balanced product portfolio, b) efficient manufacturing units and a widespread distribution network, c) trusted brand image driven by innovation, and d) high-quality products tailored to Indian consumers. Over FY21-25, revenue/EDITDA/PAT CAGR stood at 12.5%/10.1%/11.4%, with home appliances & air solutions/ home entertainment revenue logging 13.9%/9.6% CAGR.

Exhibit 1: Revenue CAGR of 9.9% est over FY25-28E



Source: Company, PL

Exhibit 2: Refrigerator highest contributor to topline at >27%



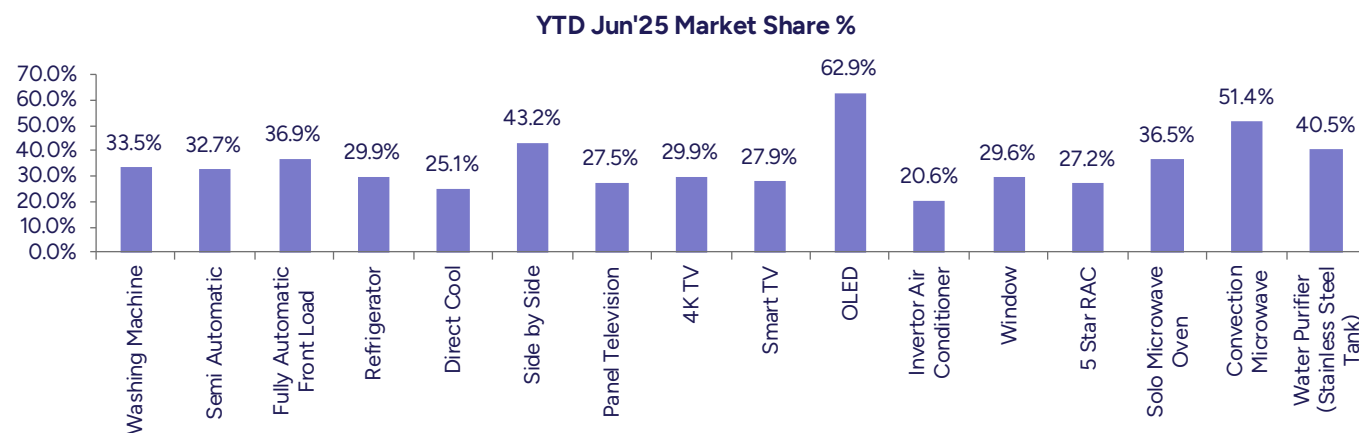
Source: Company, PL

Exhibit 3: LGEL offers wide range of products across core categories

Segment	Product portfolio	Revenue (Rs mn, FY25)	Revenue contribution
Refrigerators	Premium - French Door, Side by Side Mid - Frost-Free Volume - Direct Cool	67.0	27.5%
Washing machines	Premium - Wash Tower, Washer Dryer, Front-Load Mid - Top-Load Volume - Semi-Automatic	50.4	20.7%
RACs	Premium - 5 Star Mid - 4 Star, 3 Star (>2 ton) Volume - Window AC, 3 Star (up to 2 ton)	52.7	21.6%
TVs	Premium - OLED, Mini LED Mid - QNED, NanoCell Volume - UHD, FHD, HD	49.2	20.2%
Others	Premium - Wi-Fi Charcoal Convection Microwave Oven, RO+MB+UV+Glass/UF Mid - Convection Microwave Oven, RO+MB+UV Volume - Solo Microwave Oven, RO+MB	24.3	10.0%

Source: Company, PL

Exhibit 4: LGEL's market leader in Refrigerator, Washing Machine, Panel TV, Invertor RAC and other segments



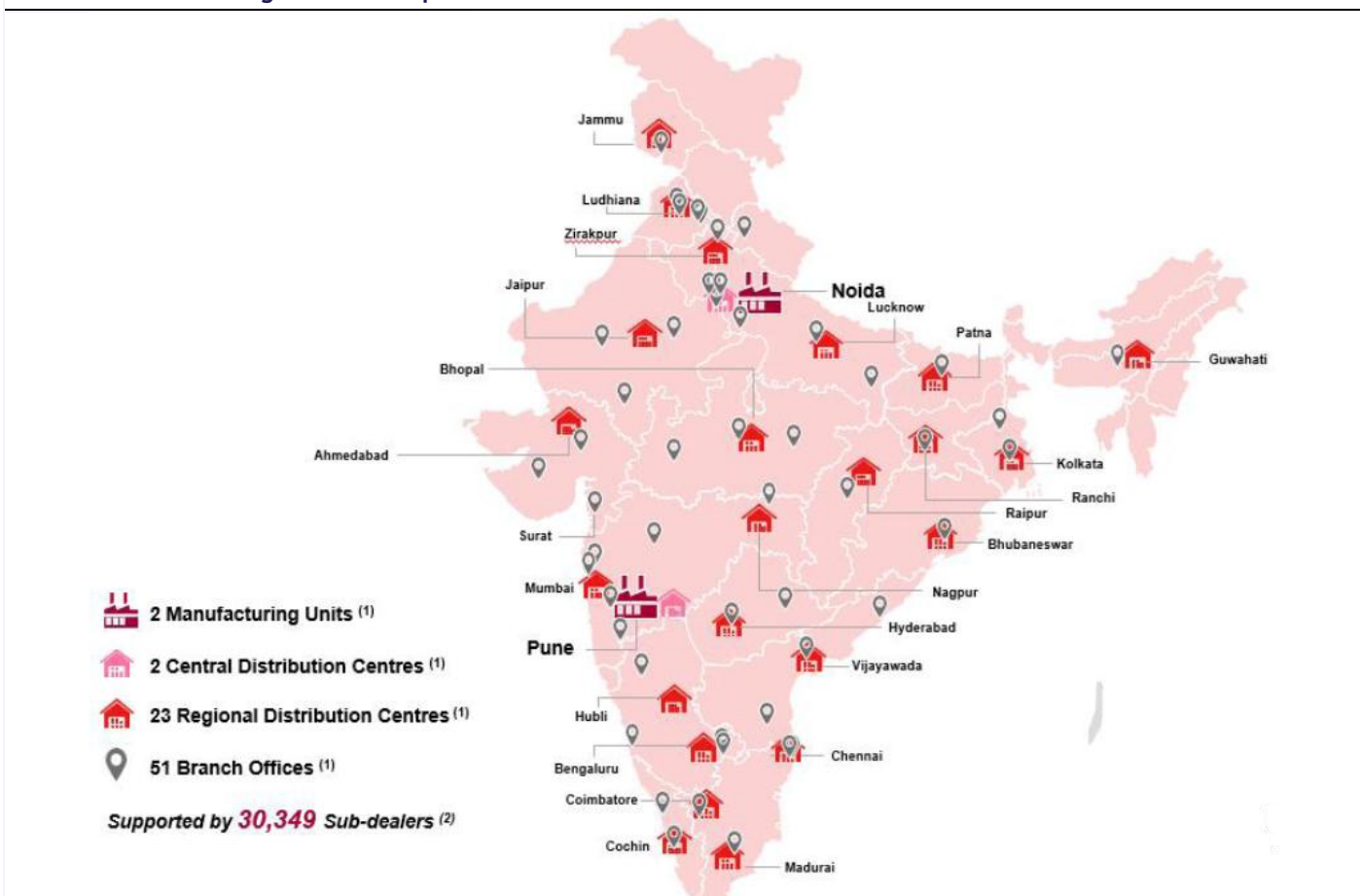
Source: LGEL RHP, PL

Exhibit 5: LGEL has a track record of launching several industry-first products



Source: LGEL RHP, PL

Exhibit 6: Manufacturing facilities and pan-India distribution



Source: LGEL RHP, PL

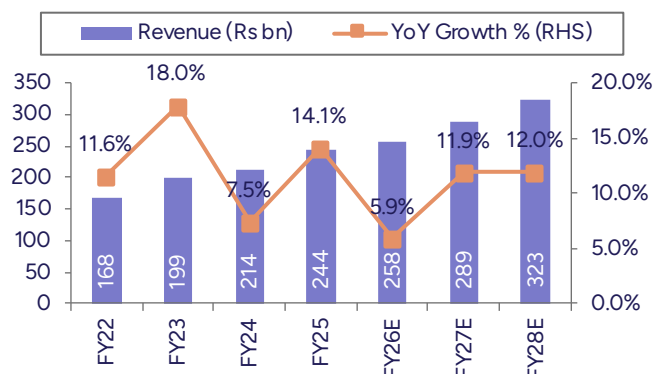
Exhibit 7: Major events in the history of LGEL

Year	Events and milestones
CY97	Set up manufacturing facility at Industrial Plot No. 51, Surajpur, Kasna Road, Udyog Vihar, Greater Noida 201 306, Uttar Pradesh, India
CY98	1. Commenced production of color TVs, washing machines and RACs 2. First to introduce direct drive technology for washing machines
CY99	1. Commenced production of microwave ovens 2. First to launch microwave ovens in India
CY01	Commenced production of refrigerators and color monitors
CY04	Set up manufacturing facility at Plot No. A-6, Anangeon Industrial Area, Karegaon and Dhok Sangavi Taluka, Shirur, Pune, Maharashtra, India
CY13	1. Launched India's first charcoal lighting heater microwave oven 2. Launched power cut ever cool technology for refrigerators
CY14	1. Enabled smart diagnosis technology for refrigerators 2. Launched LG webOS platform
CY15	Launched India's first 4k OLED TV
CY16	Commenced production of water purifiers
CY17	Introduced smart inverter technology in washing machines
CY19	1. Commenced production of ceiling fans and air purifiers 2. Launched 401 auto cook menu for microwave ovens 3. Amongst the first to launch smart connectivity RACs integrated with LG ThinQ app
CY20	Launched world's first 8k OLED TV
CY22	1. Commenced production of window AC 2. Launched India's first rollable OLED TV
CY23	1. Commenced production of AC compressors 2. First to introduce wash tower range of washing machines in India 3. Launched India's first scan-to-cook Wi-Fi enabled microwave ovens
CY24	Amongst the first to launch energy manager feature in ACs

Source: LGEL RHP, PL

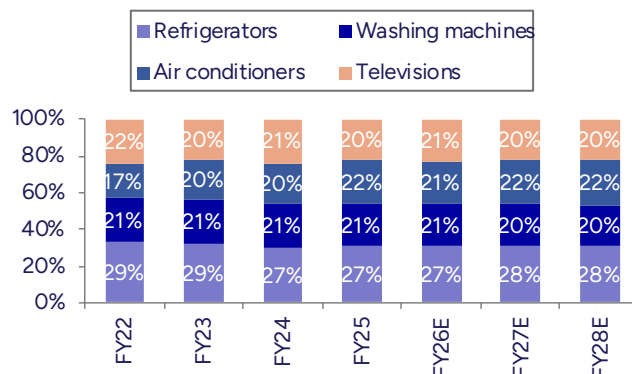
Story in Charts

Exhibit 8: Revenue to clock 9.9% CAGR over FY25-28E



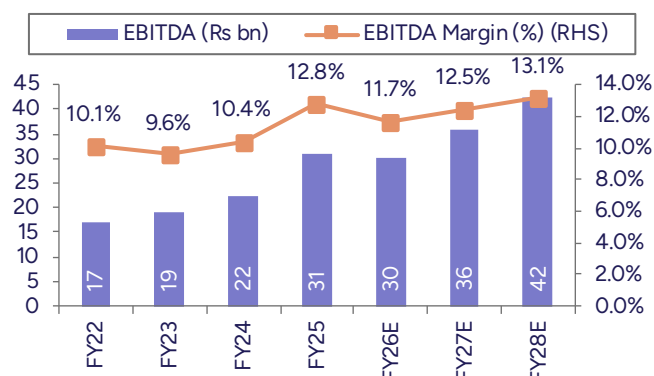
Source: Company, PL

Exhibit 9: RACs est to clock 10.5% CAGR in FY25-28E



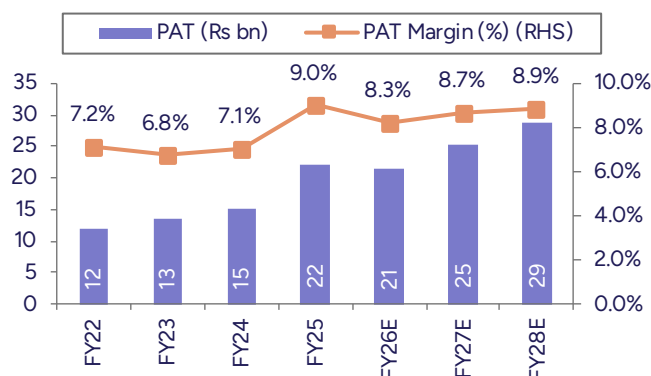
Source: Company, PL

Exhibit 10: EBITDA margin to expand by 30bps over FY25-28E



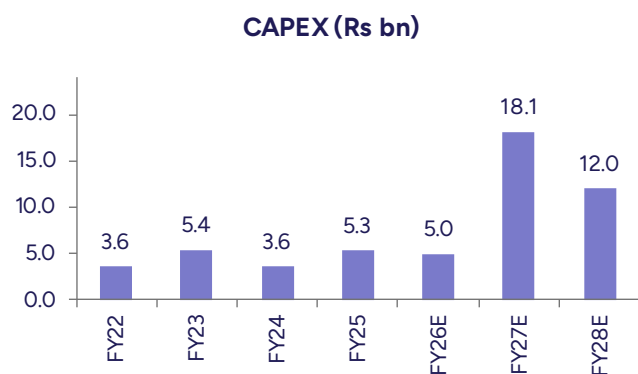
Source: Company, PL

Exhibit 11: PAT to clock 9.3% CAGR over FY25-28E



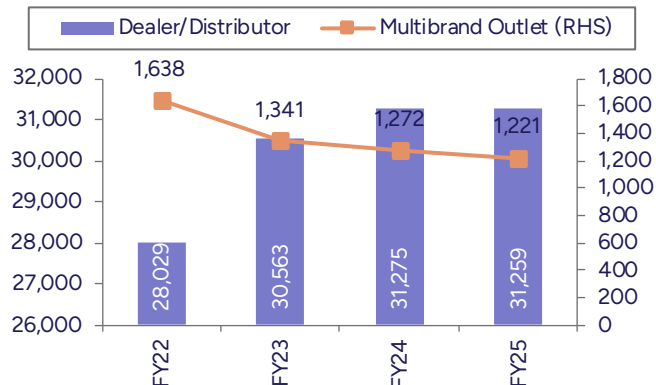
Source: Company, PL

Exhibit 12: LGEL investing in third manufacturing plant



Source: Company, PL

Exhibit 13: LGEL expanding its dealer/distributor base



Source: Company, PL

India's appliances and electronics TAM to reach Rs11trn by CY29E, at 11% CAGR over CY24-29P

LGEL's TAM to reach Rs6,190bn by CY29E, at 14% CAGR over FY24-29E

Investment Arguments

Unlocking opportunities in home appliances segment

India's appliances and electronics market grew at ~7% CAGR over CY19-24 and is expected to accelerate to ~11% CAGR over CY24-29, to reach Rs 11trn by CY29P. Growth will be supported by rising disposable incomes, urbanization, and penetration of appliances and electronics across both urban and rural areas, and macroeconomic tailwinds.

The growing middle-income segment, projected to rise from ~51% of households in CY24 to ~58% by CY29, is driving higher discretionary spending and demand for quality products. Also, rising female labor force participation, from 30.0% in FY20 to 41.7% in FY24, is further boosting household incomes and retail growth.

Through targeted marketing, expanded portfolio across price points, and wider distribution, LGEL aims to increase the penetration of its products per household and drive consumers toward premium upgrades.

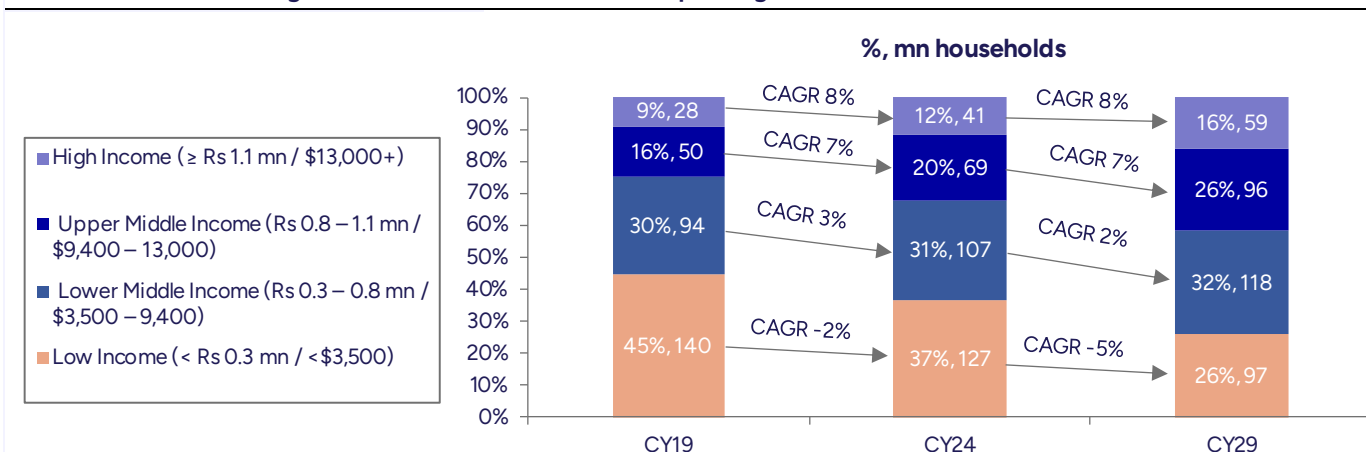
LGEL operates a well-diversified business model with revenue distributed across multiple verticals. TAM for LGEL stood at Rs1,815bn in CY19, reached Rs3,505bn by H1CY25 and is expected to reach Rs6,190bn by CY29E at ~14% CAGR over CY24-29E. TAM, excluding mobile phones, spans B2C and B2B segments and is driven by rising penetration, premiumization, and energy-efficient appliances. Currently, under-penetration of key segments such as RAC and Washing Machine presents significant headroom for market expansion, as consumer awareness, disposable incomes, and electrification in emerging markets improve.

- B2C segment, at Rs6,330bn in H1CY25 annualized, is expected to reach Rs9,990bn by CY29P, while B2B segment, at Rs545bn, is projected to grow to Rs975bn, led by healthcare, hospitality, real estate and government-led demand. LGEL is well-positioned to capitalize on this structural growth opportunity and deepen its market presence across these categories.
- TAM for LGEL's home appliances is expected to report ~13% CAGR over CY24-29E, and segment revenue is likely to log 9.6% CAGR over FY25-28E. The segment formed ~21% of India's B2C appliances and electronics market in H1CY25 (annualized), and is expected to reach Rs2,255bn by CY29P. With the organized sector accounting for ~65% of sales as of H1CY25 (annualized), the shift toward online and large-format retail channels is becoming more pronounced.
- Refrigerator/Washing Machine/RAC revenue is expected to register CAGR of 10.3%/8.0%/10.5% over FY25-28E, driven by increasing penetration along with urbanization and lifestyle changes, faster replacement cycle, premiumization, technology advancement and access to credit.
- LGEL is focusing on capacity expansion with the upcoming manufacturing plant at Sri City, Andhra Pradesh. This strategic expansion is likely to enhance production capacity and improve supply chain efficiency, supporting long-term growth.

- TAM of LGEL's home entertainment segment is expected to report ~14% CAGR over CY24-29E, and segment revenue is expected to achieve 9.6% CAGR over FY25-28E.
- Premium segment of domestic appliances and electronics (B2C) is expected to contribute to 25-28% of B2C TAM by FY29E, reflecting growing consumer preference for high-end, feature-rich products.
- Moreover, the company's diverse product portfolio and presence across all major distribution channels are playing a key role in driving market share gains.

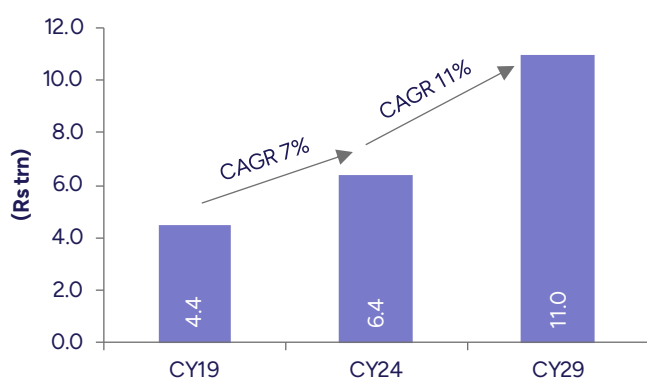
Thus, LGEL is well-positioned to capture incremental market share, drive premiumization-led growth, and strengthen its leadership across key home appliances and entertainment categories.

Exhibit 14: Middle- and high-income households drive retail spending



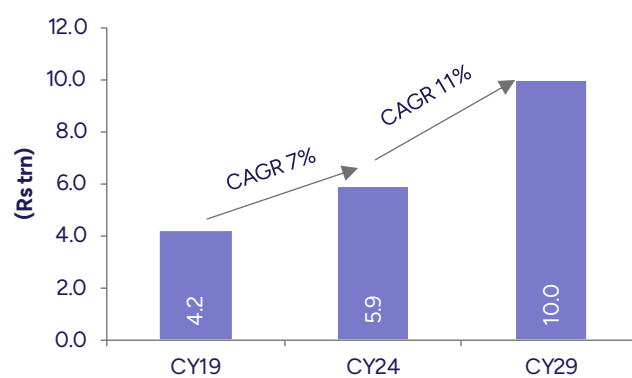
Source: LGEL RHP, PL

Exhibit 15: Ind appl & elec (B2B+B2C) TAM to log 11.5% CAGR



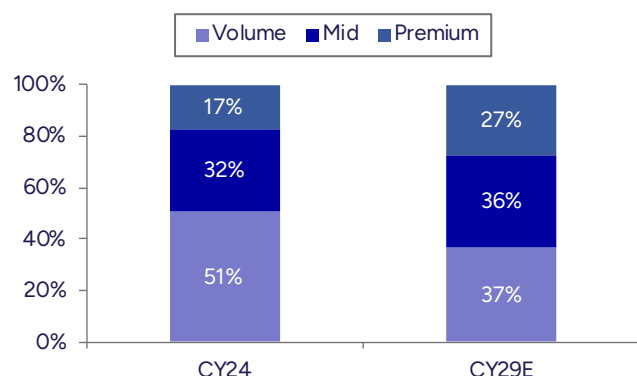
Source: LGEL RHP, PL

Exhibit 16: Ind appl & elec (B2C) TAM to log 11.3% CAGR



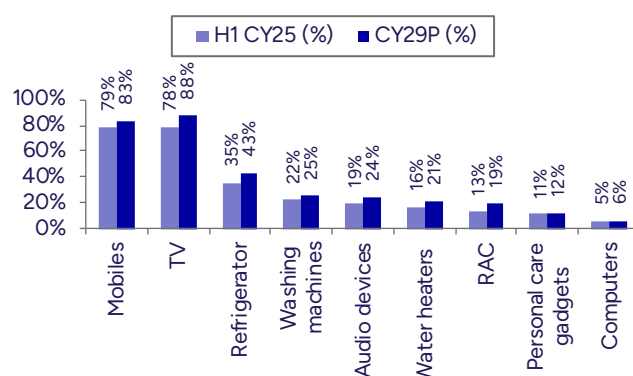
Source: LGEL RHP, PL

Exhibit 17: Increasing premiumization in Ind appl & elec market



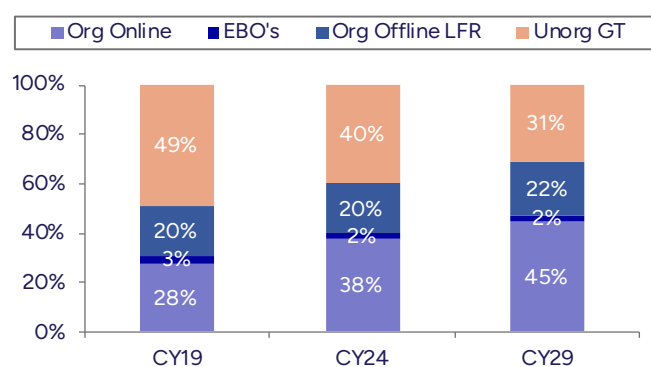
Source: LGEL RHP, PL

Exhibit 18: Indian appl & elec – Low penetration offers scope



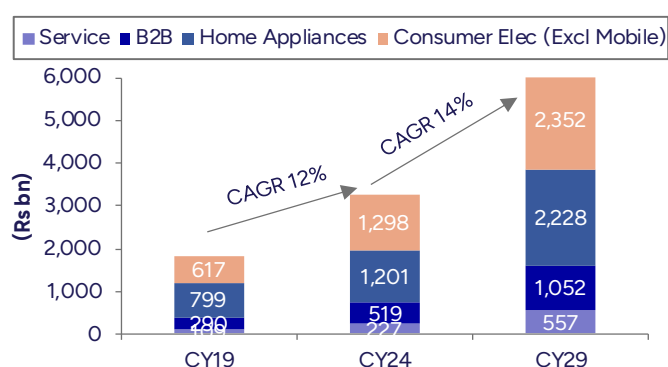
Source: LGEL RHP, PL

Exhibit 19: Indian appliances & electronics – Moving out of GT



Source: LGEL RHP, PL

Exhibit 20: LGEL TAM CAGR est at ~14% over CY24-29



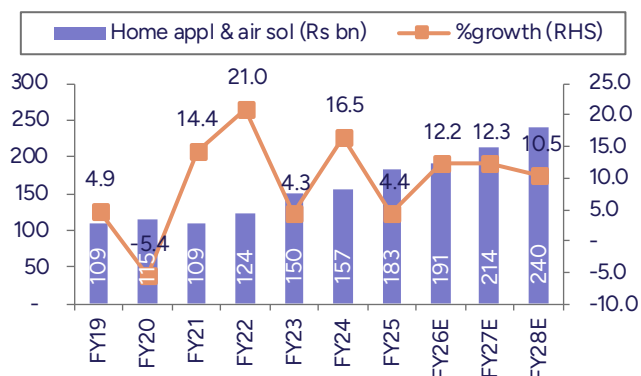
Source: LGEL RHP, PL

Exhibit 21: Huge opportunity in domestic market across product portfolio

Market size (Rs bn)	CY19	CY24	H1CY25 (annualized)	CY29E	CAGR (CY19-24)	CAGR (CY24-29P)
India Appliances & Electronics (A+B+C+D)	4,445	6,370	6,875	10,965	7%	11%
India Appliances & Electronics excl. Mobile phones (A+B+C+D-M)	1,815	3,245	3,505	6,190	12%	14%
India Appliances & Electronics (B2C) (A+B+C)	4,160	5,860	6,330	9,990	7%	11%
Major Home Appliances & Consumer Electronics (excl. mobiles)	820	1,315	1,410	2,500	10%	14%
Home Appliances (A)	790	1,215	1,305	2,255	9%	13%
Refrigerators	225	315	325	620	7%	15%
Washing Machines	145	245	265	380	11%	9%
RACs	155	320	360	710	16%	17%
Major Kitchen Appliances	45	85	90	150	14%	13%
Other Small Appliances	230	250	260	390	2%	9%
Consumer Electronics (B)	3,250	4,410	4,750	7,220	6%	10%
Home Entertainment	370	895	960	1,725	19%	14%
Computers & Peripherals	150	180	190	320	3%	12%
Mobile Phones (M)	2,635	3,125	3,370	4,775	3%	9%
Personal Care Devices	25	40	40	60	9%	9%
Other Personal Devices	75	170	190	340	19%	15%
Services (C)	115	235	270	520	15%	17%
Laundromat	45	60	70	95	7%	9%
Appliance Rentals & Subscriptions	40	120	145	320	26%	22%
AMCs	35	55	60	105	10%	14%
B2B Devices & Systems (D)	290	515	550	970	12%	14%
Commercial Air Conditioning Systems	30	65	75	145	16%	17%
Commercial IT	205	355	380	660	12%	13%
Commercial Displays & Signages	10	30	30	55	19%	14%
Other B2B Devices and Systems	40	60	65	110	9%	13%

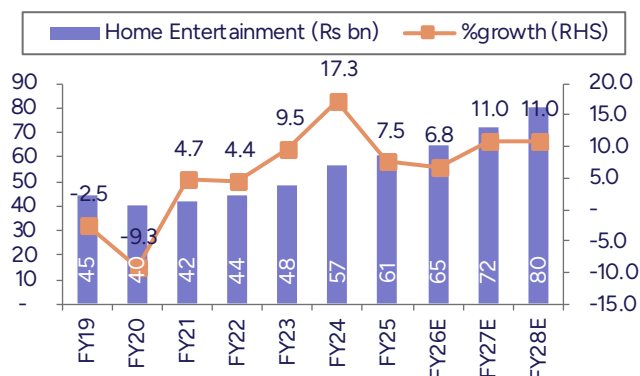
Source: LGEL RHP, PL

Exhibit 22: LGEL home appliances FY25-28E CAGR est at 9.6%



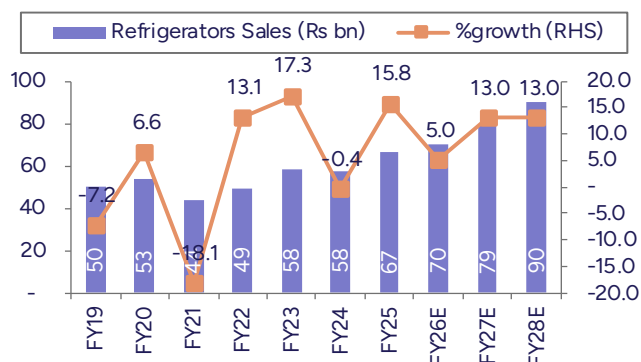
Source: Company, PL

Exhibit 23: Home Entertainment FY25-28E CAGR est at 9.6%



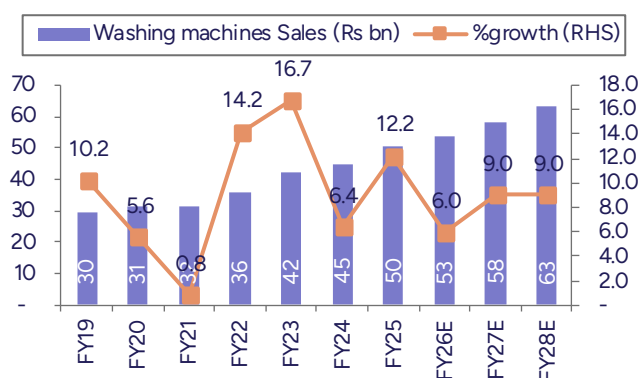
Source: Company, PL

Exhibit 24: Refrigerator sales FY25-28E CAGR est at 10.3%



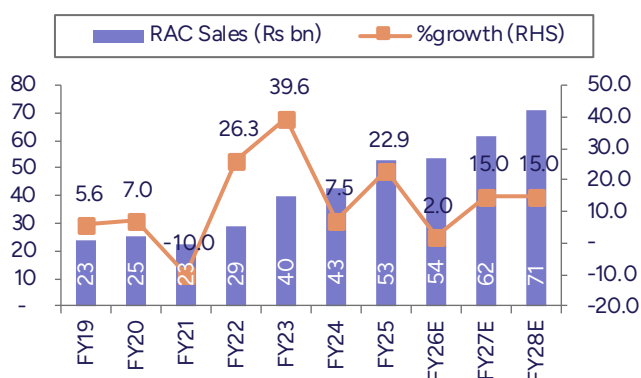
Source: Company, PL

Exhibit 25: WM sales FY25-28E CAGR est at 8.0%



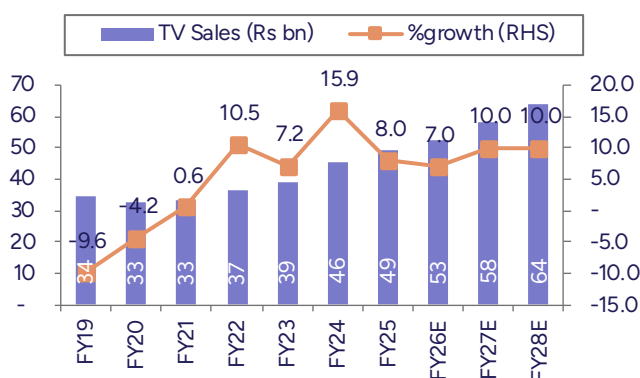
Source: Company, PL

Exhibit 26: RAC sales CAGR est at 10.5% over FY25-28E



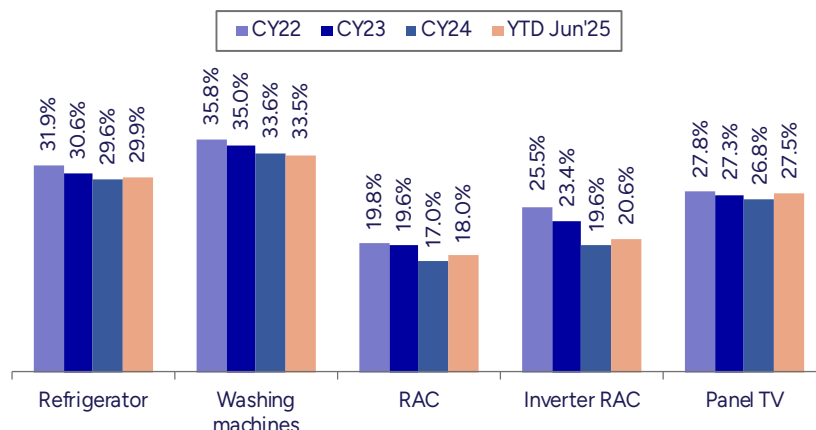
Source: Company, PL

Exhibit 27: TV sales CAGR est at 9.0% over FY25-28E



Source: Company, PL

Exhibit 28: LGEL maintains leading market share across major products



Source: Company, PL; Note: Market share offline channel as per GfK

Exhibit 29: LGEL maintains a clear leadership position

Market share CY24	LGEL	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 TVs	26.8%	23.8%	19.3%	5.7%

Market share YTD Jun'25	LGEL	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 TVs	27.5%	23.2%	17.0%	6.2%

Source: Company, PL; Note: Market share offline channel as per GfK

Exhibit 30: Premium segment to grow 21.6% CAGR over FY24-29E

(Rs bn)		CY24	CY29E	CAGR CY24-29
Refrigerators	Overall market size	315	620	14.5%
	Volume-market size	158	186	3.4%
	Mid-market size	101	248	19.7%
	Premium-market size	57	186	26.8%
	LGEL Market Share – Premium (YTD Jun'25)	43.2%		
Washing Machines	Overall market size	245	380	9.2%
	Volume-market size	103	114	2.1%
	Mid-market size	74	133	12.6%
	Premium market size	69	133	14.2%
	LGEL Market Share - Premium (YTD Jun'25)	36.9%		
RACs	Overall market size	320	710	17.3%
	Volume-market size	160	305	13.8%
	Mid-market size	112	263	18.6%
	Premium-market size	48	142	24.2%
	LGEL Market Share - Premium (YTD Jun'25)	27.2%		
All products combined	Overall market size	880	1710	14.2%
	Volume-market size	420	605	7.6%
	Mid-market size	286	644	17.6%
	Premium-market size	173	461	21.6%

Source: Company, PL

GST 2.0 & income tax rebate to drive domestic demand

GST rate cut for RACs, dishwashers and TVs (>32") is set to spur festive demand. For LGEL, this will support recovery in ACs after a weak summer, help reduce channel inventory, and enhance affordability. With strong brand equity and a broad premium portfolio, LGEL is well-placed to capture incremental demand and emerge as a key beneficiary of this policy-driven boost.

The Union Budget 2025-26 has raised the nil tax slab to Rs1.2mn and rationalized personal income tax rates, boosting disposable incomes. This sharp cut in tax burden is set to revive urban consumption, providing a strong demand catalyst for discretionary categories like consumer durables, directly benefiting LGEL.

GST cuts and tax relief to boost LGEL's festive demand

Exhibit 31: GST 2.0 rate revision to boost product growth

Category / Item	Old GST rate (2025)	GST 2.0 rate
Air Conditioners, Air Coolers, Dishwashers	28%	18%
Computers, Printers and Mobiles	18%	18%
TVs (>32")	28%	18%

Source: Ministry of Finance, CBIC

Exhibit 32: Revised income tax rates under the new regime

New income tax slab	New rates	Old income tax slab	Old rates
Rs0–4 lakh	0%	Rs0–3 lakh	0%
Rs4–8 lakh	5%	Rs3–7 lakh	5%
Rs8–12 lakh	10%	Rs7–10 lakh	10%
Rs12–16 lakh	15%	Rs10–12 lakh	15%
Rs16–20 lakh	20%	Rs12–15 lakh	20%
Rs20–24 lakh	25%	Above Rs15 lakh	30%
Above Rs24 lakh	30%		

Source: Budget document

Extensive and well-integrated distribution network

LGEL operates the largest distribution network among consumer electronics players in India, ensuring seamless customer experience through extensive sales and after-sales service infrastructure. With 36,230 B2C touchpoints, including LG brand shops, modern trade stores, traditional retailers, and e-commerce platforms, LGEL caters to a diverse customer base across premium and volume segments. Strong relationships with trade partners, a wide network of 113 sales offices, and a dedicated B2B team enable LGEL to effectively address market demands. Beyond India, LGEL exports its products to 47 countries across Asia, Africa and Europe, further strengthening its global presence.

- LGEL attributes its strong market position and sustained growth to its deep-rooted distribution reach and strong relationships with trade partners – 49.46% of its trade partners have been distributing its products for more than 10 years.
- LGEL ensures consistency across channels through standardized brand hygiene guidelines and requires partners to maintain adequate inventory based on forecasted demand. This structure not only supports efficient product distribution and brand management but also strengthens LGEL's ability to respond to regional market dynamics and consumer preferences.
- The company has deployed 9,463 sales promoters across LGEL brand shops, multi-brand outlets, modern trade, and regional specialty stores to ensure seamless customer experience and drive cross-selling.

LGEL has one of India's largest after-sales networks with 1,006 service centers, 13,368 engineers, and 4 customer call centers

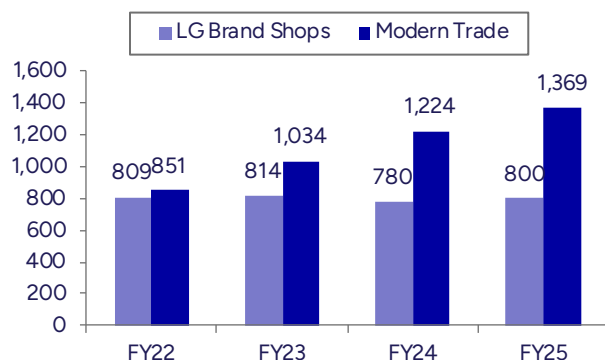
- LG brand shops are 1.4 times the exclusive brand outlet network, and its distributor base is 1.2 times that of the next largest home appliances and consumer electronics player.
- LGEL operates one of the largest after-sales service networks among consumer electronics players in India, comprising 1,006 authorized service centers supported by 13,368 engineers and 4 customer call centers, enabling timely installations, maintenance, and repair services.
- LGEL has lower warranty provisioning versus competitors, because of superior product quality and reliability, efficient after-sales service network and higher focus on premium portfolio across product categories.

Exhibit 33: LGEL's strong presence across channels

	LG Brand Shop	Modern Trade Outlets	Multi Brand Outlets	Regional Specialty Stores	Distributors & Sub-dealers	B2B	Online
Overview	Offline stores which sells LG Products exclusively	Organized store including supermarket, hypermarkets & large-format stores	Traditional outlets 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 ECom marketplace
Number of B2C Touch Points / B2B Trade Partners	777	1,385	1,134	1,615	377 Distributors 30,349 Sub-dealers	463 B2B Trade Partners	3

Source: Company, PL

Exhibit 34: Increasing focus on new age retail channels



Source: Company, PL

Exhibit 35: Equal focus on traditional channels

Traditional Channels	FY22	FY23	FY24	FY25
Distributors	396	429	417	412
Sub-dealers	27,633	30,134	30,858	30,847
Multi-brand Outlets	1,638	1,341	1,272	1,221
Regional Specialty Stores (RSS)	869	1,119	1,279	1,578

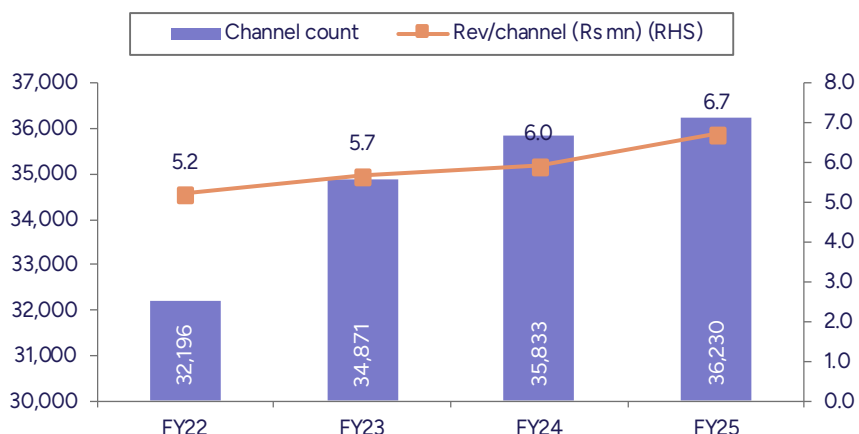
Source: Company, PL

Exhibit 36: Wider dealer/distributor reach compared with peers

Player	Distribution channel	
LGEL	B2C touch points	35,640
	LG brand shops	800
Voltas	Touch points	30,000
	Exclusive brand outlets	400
Blue Star	Outlets	9,500
	Channel partners	4,000
Havells	Dealers	19,400

Source: Company, PL

Exhibit 37: Focus on increasing revenue per channel



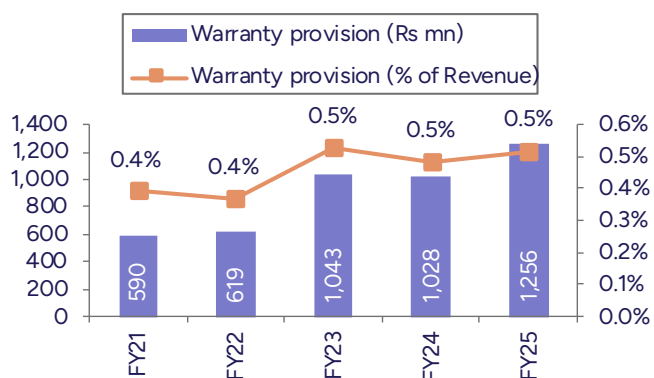
Source: Company, PL

Exhibit 38: LGEL's robust support network across India

Particulars	FY22	FY23	FY24	FY25
LG centers	48	55	56	58
Exclusive service centers	853	872	885	953
Total service touch points	901	927	941	1,011
Spare warehouses	10	10	10	10

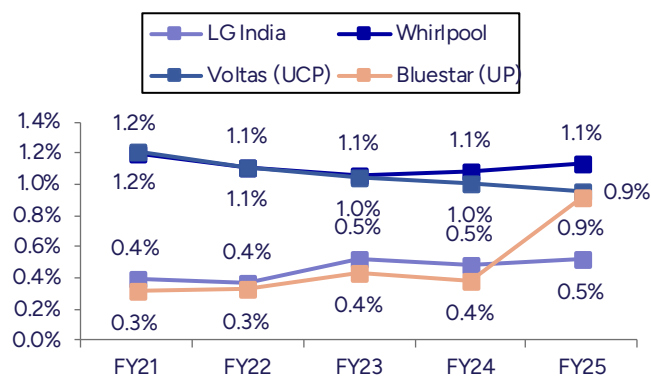
Source: Company, PL

Exhibit 39: Warranty provision at 0.5% of revenue



Source: Company, PL

Exhibit 40: LGEL has lowest warranty provision amongst peers



Source: Company, PL

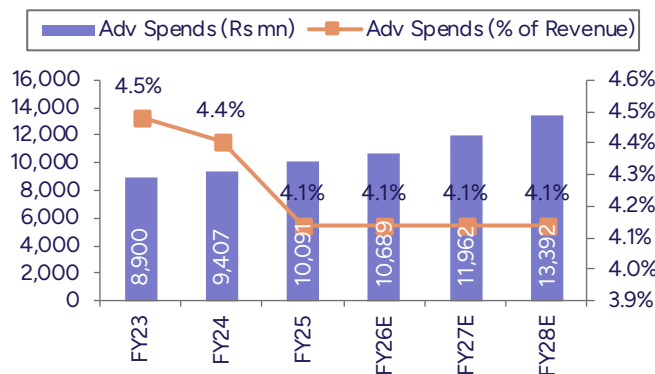
Focus on brand management & advertising

LGEL continues to make significant investments in targeted marketing campaigns to strengthen its brand presence in India. It has adopted a multi-channel strategy, combining TV, print, digital media, in-store experiences, and localized activations tailored to the Indian market. LGEL aligns marketing campaigns with key Indian festivals to maximize impact and has been increasingly investing in digital marketing to reach a wider audience.

- LGEL strategically times many of its campaigns around important Indian festivals such as Diwali, Holi and Onam, leveraging these high-footfall periods to enhance visibility, boost product awareness, and drive sales momentum.

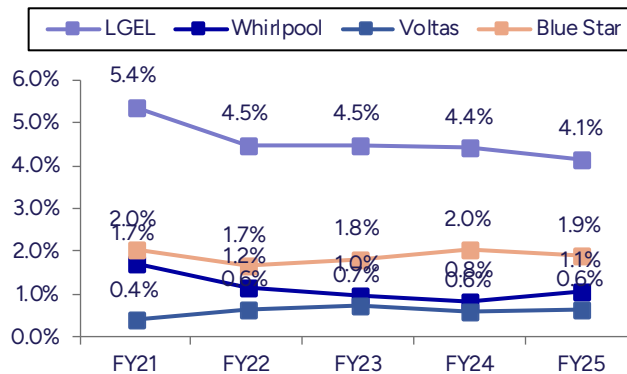
- Some of its popular marketing taglines are Life's Good, Innovation for a Better Life, Ab Sirf LG Do, Khushiyon Ki Guarantee, and Smart Living with LG.
- LGEL continues to invest heavily in advertising, spending ~4.5% of sales — the highest among listed peers.

Exhibit 41: LGEL A&P expenses maintained at 4.1% of revenue



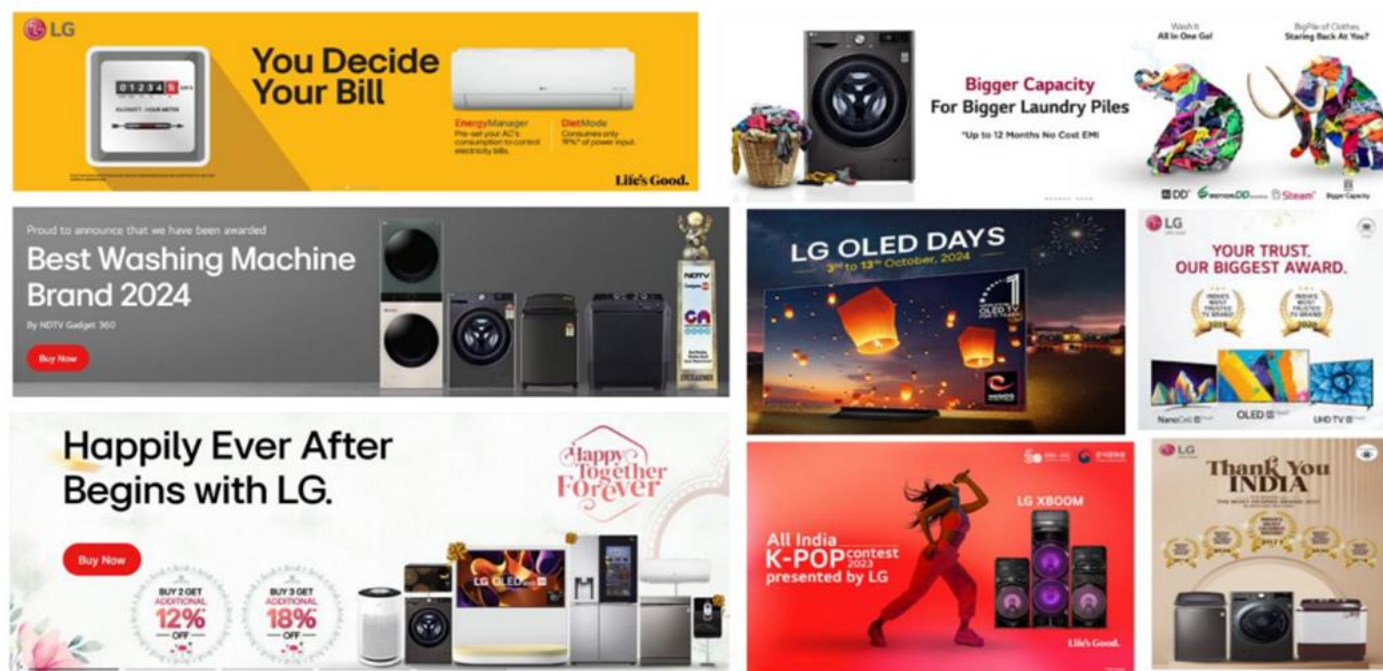
Source: Company, PL

Exhibit 42: Advt expenses higher than peers



Source: Company, PL

Exhibit 43: LGEL's innovative next-gen marketing



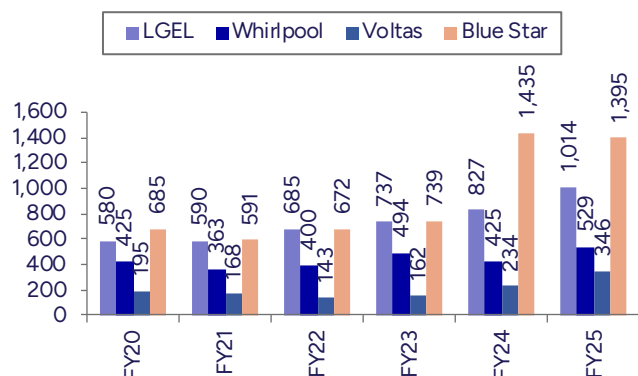
Source: Company, PL

Leveraging global R&D for localized innovation

LGEL has had a track record of launching multiple 'industry firsts' through the years – an outcome of its consistent focus and industry-leading spends on R&D. While the company spends ~0.4% of revenue on R&D, it also benefits from access to its global parent's innovations. Consistent launches backed by its focus on innovation have helped the company gain market share across categories.

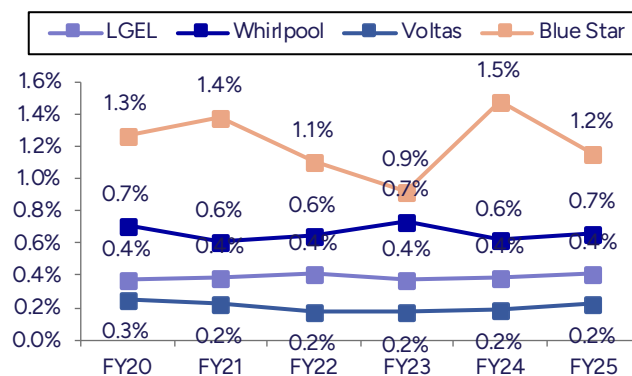
LGEL continues to introduce cutting-edge technologies that are ahead of peers and customized for Indian consumers, aiding sustained premium market share gains.

Exhibit 44: Annual R&D spending among peers



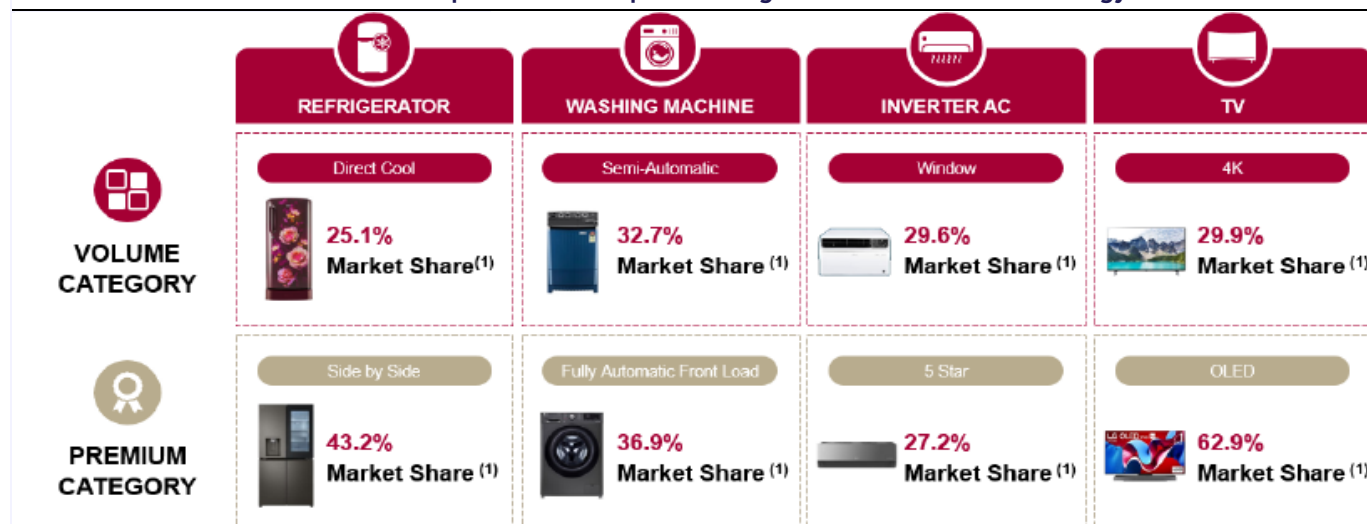
Source: Company, PL

Exhibit 45: LGEL leads innovation despite lower R&D



Source: Company, PL

Exhibit 46: Consistent market leadership in volume and premium segments with robust R&D strategy



Source: Company, PL

Emphasis on local sourcing and in-house manufacturing

The company maintains an extensive supplier network of 287 partners, with an average relationship of 13.13 years, and focuses on manufacturing domestically and sourcing raw materials locally. These localization efforts, with domestic sourcing increasing from 50.5% in FY23 to 54.1% in Q1FY26, help meet consumer demand quickly, reduce inventory costs, and support competitive pricing.

- LGEL has one of the largest in-house production capacities (excluding mobile phones) among consumer electronics players in India, with manufacturing units in Noida and Pune collectively producing 11.14mn products in FY25. These units, equipped with flexible automation technologies and in-house smart monitoring systems, manufacture both finished products and key components like compressors and motors, enhancing control over quality, costs, and supply timelines. Further, the company plans a third manufacturing unit in Andhra Pradesh, at an expected investment of Rs50bn over the next 3-4 years, with the first phase targeted to be operationalized by FY27, initially focusing on ACs and compressors.

LGEL domestic sourcing rises from 50.5% in FY23 to 54.1% in Q1FY26

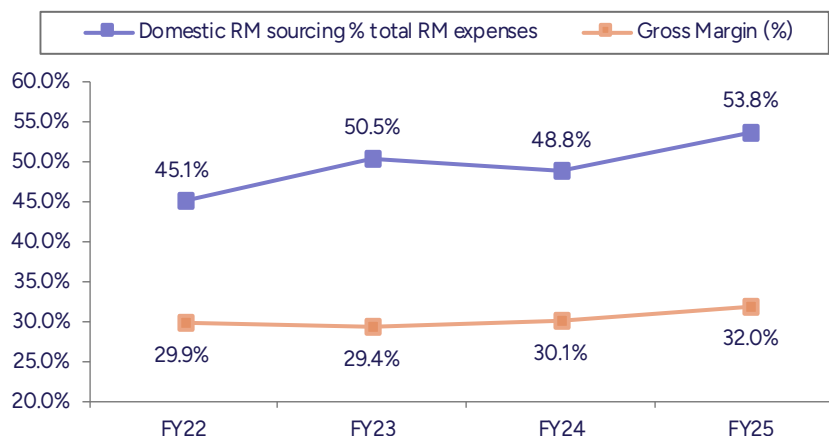
- The two manufacturing units together accounted for 84.17%/85.28%/85.73%/86.05% of its overall sales in FY22/FY23/FY24/FY25.
- Remaining sales volume consists of products manufactured by third parties based on specifications and blueprints provided by the company, sold as-is without modifications, or imported from other members of the LG Group.
- Key components of the company's products are manufactured at Noida and Pune facilities, providing greater control over product development, quality, costs, and supply and delivery timelines.
- These efforts have helped improve efficiency and increase production capacity. For example, through automation, the company has raised the capacity utilization rate of its AC, washing machine and microwave oven production lines to at least 82.72% in FY25 (AC and washing machines on a double-shift basis at the Noida facility, while the microwave oven production line operates on a single shift). This has resulted in 29% increase in productivity per hour for ACs and 13% increase for washing machines from FY22-25.
- The company aims to further increase domestic sourcing of raw materials, which rose from 50.48% in FY23 to 53.79% in FY25, with 54.12% in Q1FY26. It emphasizes supplier quality through detailed due diligence on production processes, supply stability, technology, and sustainability, providing specifications and design blueprints to maintain material standards. Strong supplier relationships have led to supply chain advantages, with 65.51% of third-party raw material suppliers associated for over 13 years.

Exhibit 47: RM sourcing from India supports gross margins

Particulars (Rs bn)	FY22	FY23	FY24	FY25		FY22	FY23	FY24	FY25
Purchases of RM sourced from India	54.6	75.3	74.5	98.6	% of Total RM	45.1%	50.5%	48.8%	53.8%
Purchases of RM sourced from outside India	66.6	73.9	78.1	84.7		54.9%	49.5%	51.2%	46.2%
- Purchases of RM sourced from Korea	30.1	34.6	34.7	40.2		24.8%	23.2%	22.7%	21.9%
- Purchases of RM from other countries	36.5	39.3	43.4	44.5		30.1%	26.3%	28.5%	24.3%
Purchases of RM (Total)	121.2	149.2	152.6	183.4		100%	100.0%	100.0%	100.0%

Source: Company, PL

Exhibit 48: GM increasing with domestic RM sourcing



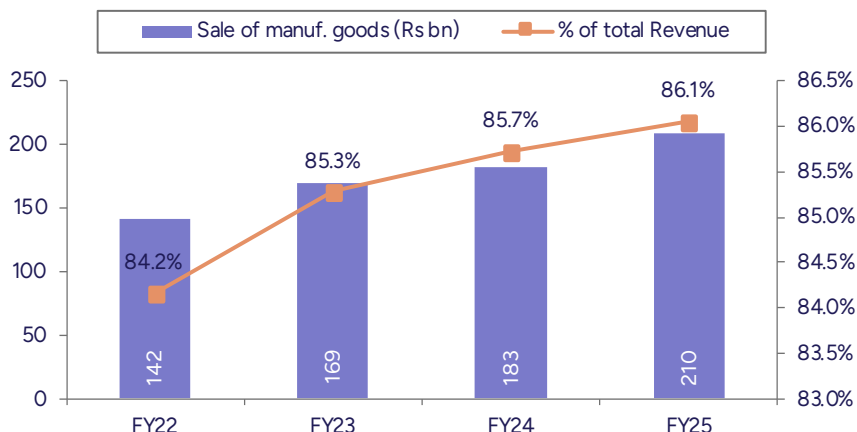
Source: Company, PL

Exhibit 49: Diversified sourcing - Top 10 suppliers account for ~32.8% of RM purchases

Particulars (Rs bn)	FY22	FY23	FY24	FY25
Purchases of raw materials	121.2	149.2	152.6	183.4
Top-five suppliers as a % of purchases of RM	27.4%	22.9%	26.1%	22.7%
Top-10 suppliers as a % of purchases of RM	40.8%	35.8%	36.8%	32.8%
Purchases of raw materials from related parties as a % of purchases of RM	21.0%	19.3%	17.1%	15.3%

Source: Company, PL

Exhibit 50: Manufacturing goods contribute to 86.1% of revenue



Source: Company, PL

Exhibit 51: Peer comparison – LGEL has industry-leading EBITDA margin

(Rs bn)	LG Electronics India (FY25)	Samsung India (FY24)	Havells India (FY25)	Godrej & Boyce (FY24)	Voltas (FY25)	Blue Star (FY25)	Sony India (FY24)	Whirlpool of India (FY25)	Haier Appliances (CY23)	Philips India (FY24)
Revenue	244	995	218	164	154	120	77	79	63	60
Gross profit	78	249	72	79	35	29	13	27	19	35
Gross margin (%)	32.0%	25.1%	32.9%	48.1%	22.4%	24.2%	16.7%	34.0%	30.3%	59.0%
EBITDA	31	93	21	13	11	9	2	6	4	4
EBITDA (%)	12.8%	9.3%	9.8%	8.2%	7.2%	7.3%	2.5%	6.9%	5.7%	7.5%
PAT	22	82	15	5	8	6	2	4	2	3
PAT (%)	9.0%	8.2%	6.8%	3.3%	5.5%	4.8%	2.2%	4.4%	2.5%	4.3%

Source: Company, PL

Diversifying business to create new growth opportunities

B2B business to see rapid growth through HVAC and commercial display segments: The company plans to strengthen its B2B business and diversify revenue streams. The B2B market, valued at Rs510bn in CY24 and Rs545bn (annualized) in H1CY25, is expected to grow at ~14% CAGR to Rs975bn by CY29. The company aims to leverage LG Group's technology to expand its portfolio, serve high-value industries, and enter sectors like hospitality.

- Demand for advanced HVAC solutions is fueled by expansion of healthcare, education, and government infrastructure; growing adoption of IoT & smart building systems; rising presence in commercial real estate and urban projects; and increasing focus on sustainability and energy efficiency.

B2B segment, led by HVAC, forms ~10% of revenue, expected to rise to ~15% in 3–4 years

AMC revenue rose to Rs3.1bn in FY25, projected to reach Rs7.9bn in FY28

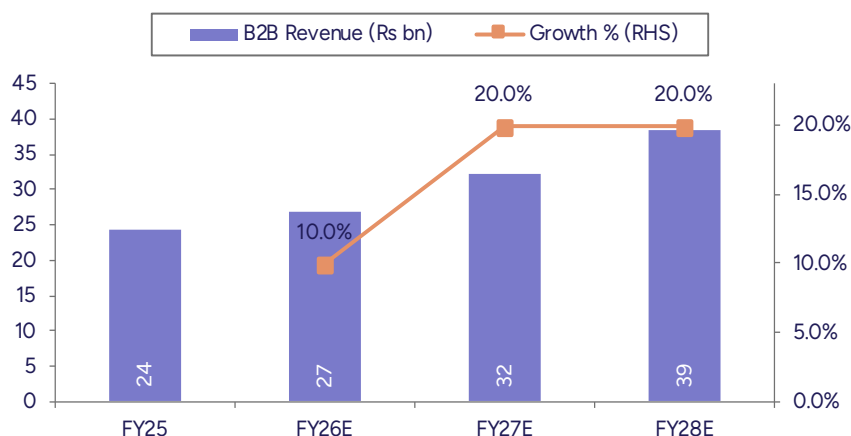
- To tap rising B2B demand, the company is expanding into HVAC, commercial displays, commercial washing machines, LED panels, and electronic blackboards, focusing on high-performance, energy-efficient, and seamlessly integrated solutions for diverse industries.
- The B2B segment, led by HVAC, contributes to ~10% of revenue, which is expected to rise to 15% in the next 3–4 years, with operating margins 150–200bps higher than B2C.

AMC business to grow exponentially: The company plans to strengthen its AMC offerings across B2C and B2B segments, with a focus on HVAC servicing for B2B clients. India's AMC market, valued at Rs55bn in CY24 and Rs60bn (annualized) in H1CY25, is expected to grow at ~14% CAGR to Rs105bn by CY29, driven by rising consumer focus on appliance longevity and performance.

- The company aims to offer quality one-stop services by expanding its network, upgrading service standards, deploying certified engineers, and improving spare parts availability. The company is focusing on its "Careship" program, offering flexible AMC subscriptions with repair coverage at purchase, aimed at enhancing customer satisfaction and driving sales through wider rollout.
- The company generated revenue of Rs3.1bn from its AMC business in FY25 and expects this to reach Rs4.6bn by FY26, Rs6.0bn by FY27 and Rs 7.9bn by FY28. The AMC business maintains EBITDA margin of ~25%.

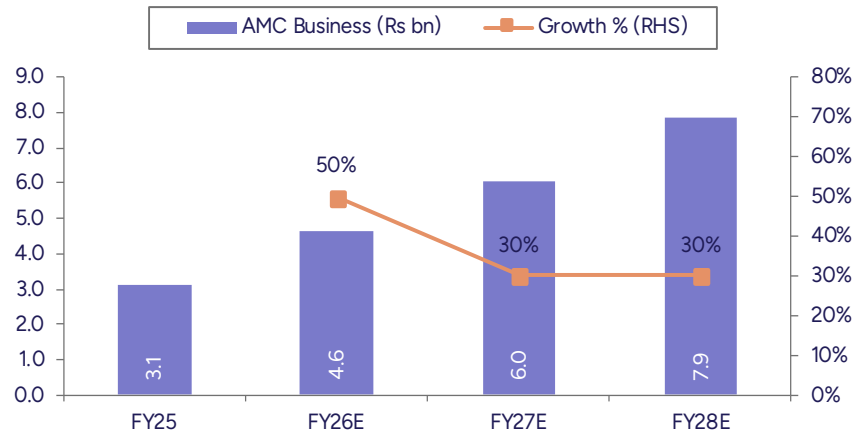
Export business to grow at faster pace: The company exports its products to 47 countries across Asia, Africa, and Europe, contributing to ~6% of total revenue in FY25. Export revenue recorded a robust 21.1% CAGR over FY22–25, driven by strong traction in Asian markets. With India emerging as a global manufacturing hub and improving cost competitiveness, the company is well-positioned to expand into new geographies. It continues to leverage export opportunities to serve demand beyond India, targeting 9–10% revenue contribution by FY26. The company exports RACs, refrigerators and washing machines, which generate 1–1.8% higher margins than domestic sales.

Exhibit 52: B2B sales CAGR est at 16.6% over FY25-28E



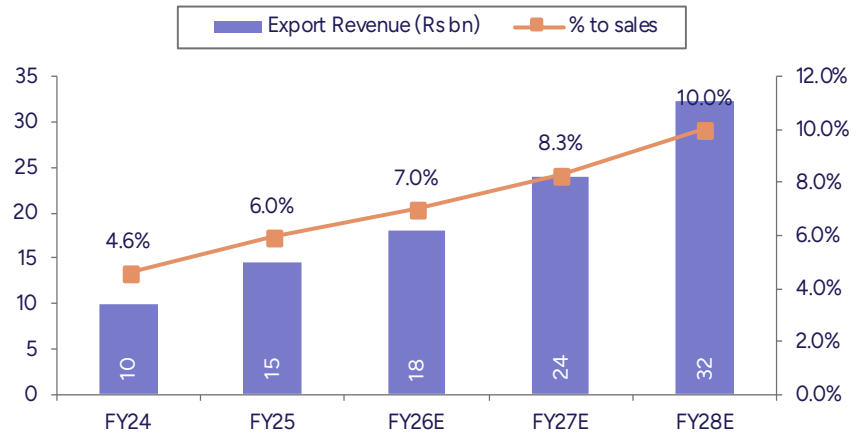
Source: Company, PL

Exhibit 53: AMC sales CAGR est at 36.4% over FY25-28E



Source: Company, PL

Exhibit 54: Export sales CAGR est at 30.6% over FY25-28E



Source: Company, PL

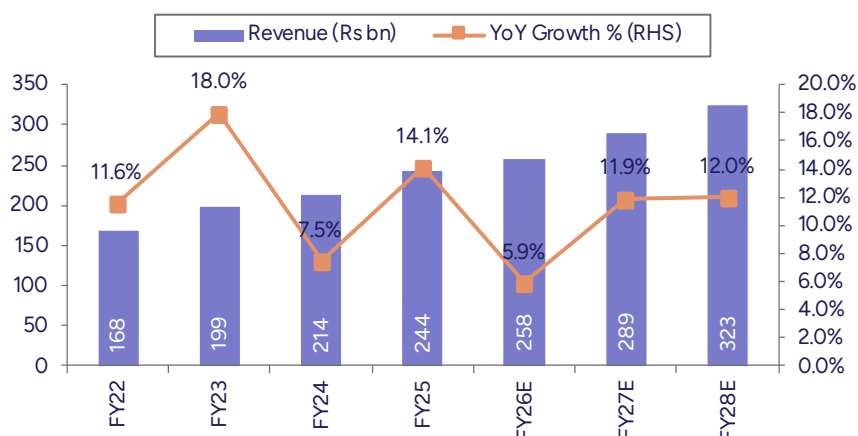
Financials & Valuations

Revenue to clock CAGR of 9.9% over FY25-28E

The company reported moderate revenue CAGR of 12.5% revenue CAGR over FY21–25, driven by ACs (+23.5% CAGR; 21.6% of total revenue), while Refrigerators grew 11.2% CAGR and remained the largest contributor at 27.5% in FY25.

We expect consolidated revenue to grow at 9.9% CAGR over FY25-28E, with Refrigerator/Washing Machine/RAC/TV clocking 10.3%/8.0%/10.5%/9.0% CAGR. Growth will be driven by ACs and large kitchen appliances, aided by low penetration levels and rising disposable incomes. Also, B2B, AMC and export businesses are expected to aid growth.

Exhibit 55: Revenue to grow 9.9% CAGR over FY25-28E

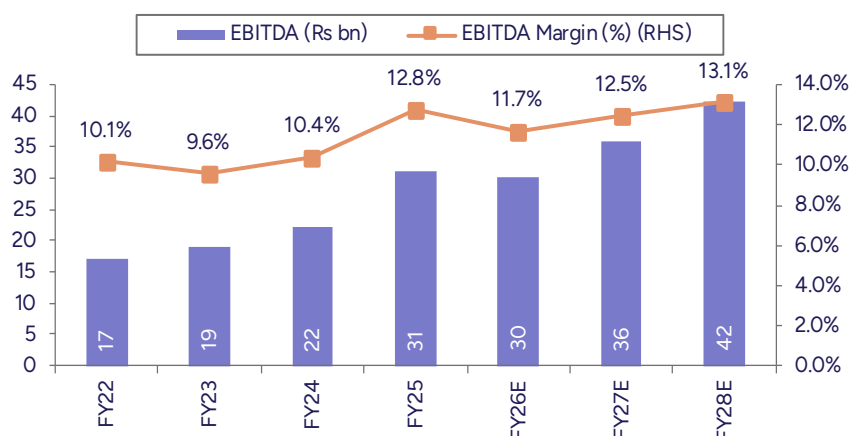


Source: Company, PL

EBITDA margin to expand by 30bps by FY28E

We expect LGEL's EBITDA margin to expand by ~30bps over FY25-28E on the back of 1) improved product mix, 2) in-house manufacturing, 3) supply chain optimization and 4) premiumization through AI-enabled, value-added product offerings.

Exhibit 56: EBITDA to clock 10.9% CAGR over FY25-28E



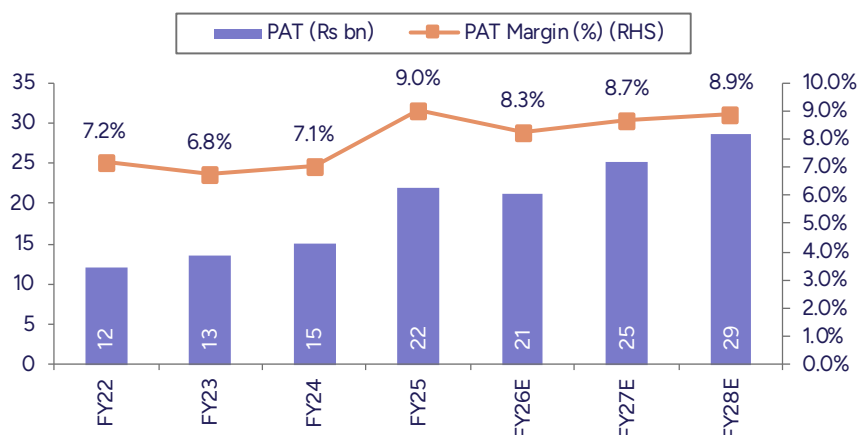
Source: Company, PL

EBITDA margin to expand ~30bps
 FY25–28E on improved mix, in-house
 manufacturing and premiumization

Adj PAT to grow at 9.4% CAGR over FY25-28E

We estimate LGEL's adj PAT to grow at 9.4% CAGR over FY25-28E driven by operating leverage from higher volumes, a richer product mix led by premium categories, and cost efficiencies.

Exhibit 57: PAT margin to reach 8.9% in FY28



Source: Company, PL

Capacity expansion and investments

■ Noida manufacturing unit

- LGEL commissioned an AC compressor production line in FY23.
- Unit capacity increased from FY22 to FY25 driven by efficiency-enhancing initiatives, including reduction in production losses, improvements in machine cycle signal charts, and alterations in product structures.

■ Pune manufacturing unit

- In FY23, the company added a new AC line, along with investments in a side-by-side refrigerator and mixed production line, upgradation of existing lines, and machine cycle signal chart improvements.
- However, installed capacity declined in FY23 due to higher demand for TVs sized 32" and above. And in FY24, it increased primarily due to additional automations.

■ Expansion plans

- The company has planned a capex of Rs50bn over the next 3–4 years to establish its third manufacturing facility in Sri City, Andhra Pradesh.
- This expansion aims to enhance production capacity and meet the anticipated rise in demand. The initial focus is on manufacturing RAC and AC compressors, with plans to add washing machines and refrigerators in the coming years.

Rs50bn capex planned over next 3–4 years for third manufacturing facility at Sri City

- The company is also expected to benefit from government incentives available for setting up new manufacturing units.

Exhibit 58: Plant utilization increasing

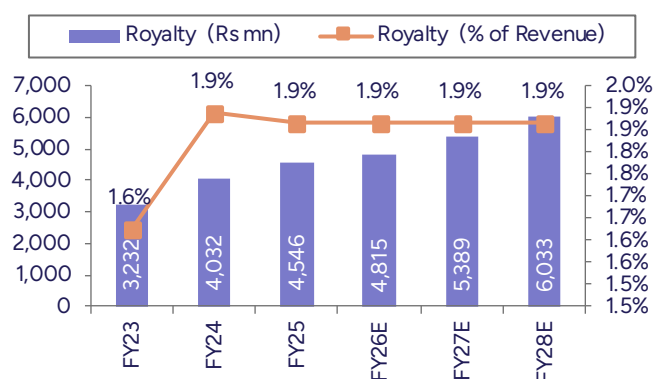
(mn units)	FY22	FY23	FY24	FY25
CAPEX (Rs mn)	3,593	5,424	3,616	5,321
Incremental capacity		0.23	0.34	0.52
Noida		0.59	0.00	0.20
Pune		-0.36	0.34	0.32
Capacity	13.4	13.7	14.0	14.5
Noida	6.8	7.4	7.4	7.6
Pune	6.6	6.3	6.6	6.9
Production	8.1	9.6	9.9	11.1
Noida	4.5	5.3	5.5	6.1
Pune	3.6	4.2	4.5	5.0
Utilization %	60.5%	70.2%	71.1%	76.8%
Noida	66.7%	72.2%	73.9%	80.5%
Pune	54.0%	67.9%	67.9%	72.7%

Source: Company, PL

High payouts limit reinvestment, but capex plans underway

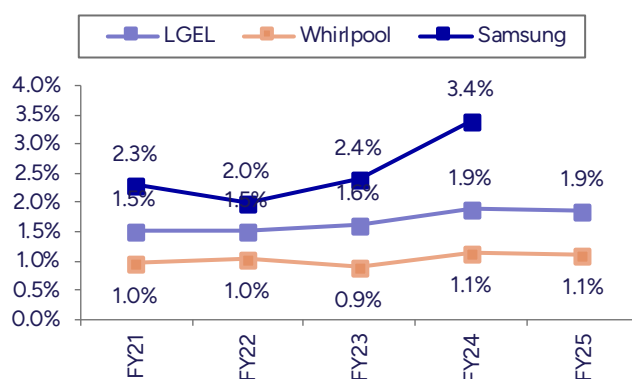
LGEL is required to pay a royalty of 2.30% of net sales for authorized products (excluding LCD TVs and monitors) and 2.40% of net sales for LCD TVs and monitors. Royalty expense rose by 18.6% CAGR to Rs4.55bn in FY25 from Rs3.2bn in FY23, driven by revenue growth. In addition, the company paid interim dividends to its shareholder, LG Electronics Inc, on a periodic basis. Furthermore, reinvestment prospects in the Indian business remain constrained, given the consistently high dividend payouts to the parent in the last 3 years. While the company has announced investment in a new manufacturing facility at Sri City, Andhra Pradesh, it indicates a strategic shift toward allocating future cash flows, primarily toward capex and reinvestment in domestic operations.

Exhibit 59: Royalty cost increasing alongside growth



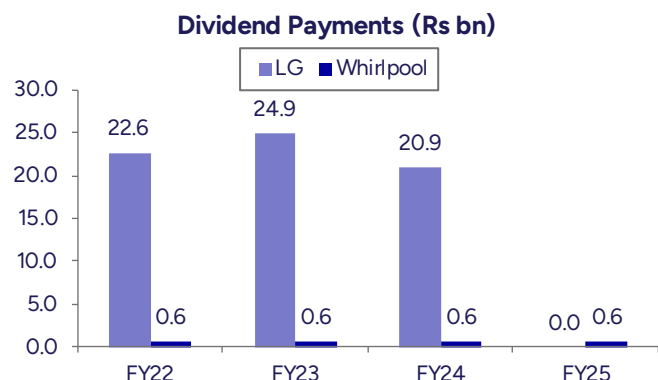
Source: Company, PL

Exhibit 60: Royalty burden across peers



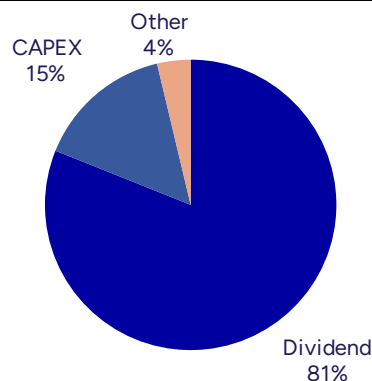
Source: Company, PL

Exhibit 61: Dividend payments: LGEL vs Whirlpool



Source: Company, PL

Exhibit 62: Cash utilization mix from FY21-25



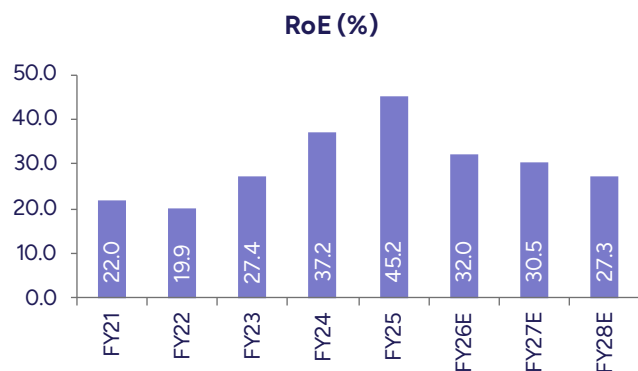
Source: Company, PL

Exhibit 63: Consolidated P&L statement

(Rs bn)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Revenue	199	214	244	258	289	323
Growth (%)	18.0%	7.5%	14.1%	5.9%	11.9%	12.0%
Home Appliances & Air Sol	150	157	183	191	214	240
Growth (%)	21.0%	4.3%	16.5%	4.4%	12.2%	12.3%
Refrigerator	58	58	67	70	79	90
Growth (%)	17.3%	-0.4%	15.8%	5.0%	13.0%	13.0%
Washing machines	42	45	50	53	58	63
Growth (%)	16.7%	6.4%	12.2%	6.0%	9.0%	9.0%
Air conditioners	40	43	53	54	62	71
Growth (%)	39.6%	7.5%	22.9%	2.0%	15.0%	15.0%
Others	10	11	13	13	15	16
Growth (%)	2.0%	9.8%	13.1%	5.0%	10.0%	10.0%
Home Entertainment	48	57	61	65	72	80
Growth (%)	9.5%	17.3%	7.5%	6.8%	11.0%	11.0%
TV	39	46	49	53	58	64
Growth (%)	7.2%	15.9%	8.0%	7.0%	10.0%	10.0%
Others	9	11	12	12	14	16
Growth (%)	20.5%	23.5%	5.4%	6.0%	15.0%	15.0%
Gross Profit	58	64	78	81	92	104
Gross margins (%)	29.4%	30.1%	32.0%	31.2%	31.7%	32.2%
Operational Cost	39	42	47	50	56	62
% of sales	9.3%	11.0%	10.3%	10.3%	10.2%	10.2%
EBITDA	19	22	31	30	36	42
Margins (%)	9.6%	10.4%	12.8%	11.7%	12.5%	13.1%
Other Income	2	2	3	3	3	3
Depreciation	3	4	4	4	5	7
Interest	0.2	0.3	0.3	0.3	0.3	0.4
PBT	18	20	30	29	34	38
Tax	5	5	8	7	8	10
PAT	13	15	22	21	25	29
EPS (Rs)	19.9	22.3	32.5	31.4	37.0	42.4

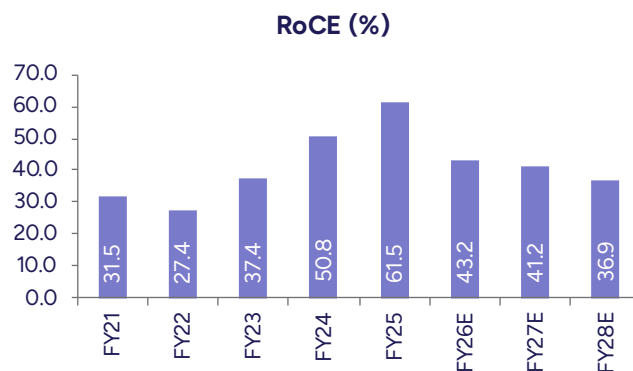
Source: Company, PL

Exhibit 64: RoE to improve to ~27.3% by FY28E



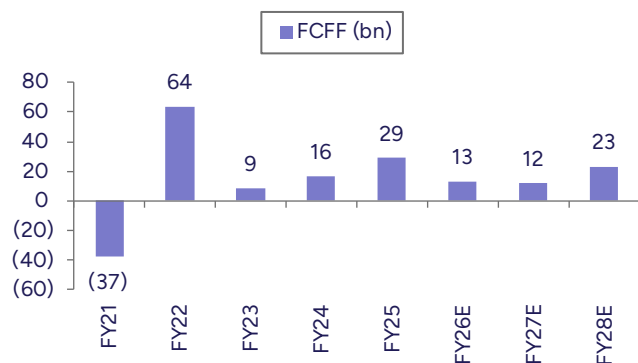
Source: Company, PL

Exhibit 65: RoCE to improve to ~36.9% by FY28E



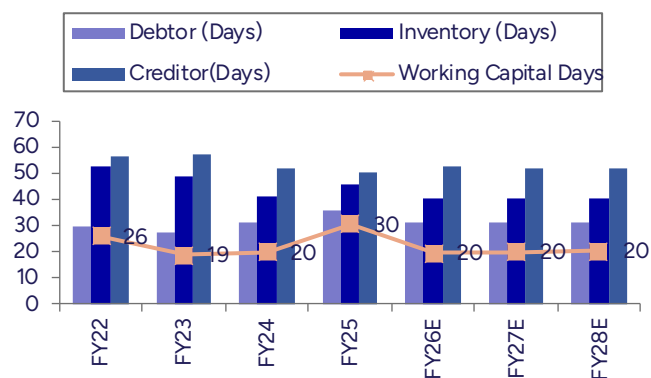
Source: Company, PL

Exhibit 66: Free cash flow to improve with scale



Source: Company, PL

Exhibit 67: Working capital days improving



Source: Company, PL

Outlook & Valuations

The Indian appliances and electronics sector is positioned for sustained growth, driven by strong consumer demand, rising incomes and urbanization, and supportive government initiatives like the PLI scheme and Make in India. Investments in technology, local manufacturing, and product innovation strengthen the industry's resilience, enabling companies to meet evolving consumer needs efficiently. Despite challenges such as supply chain dependencies and regulatory pressures, the sector offers significant long-term value creation opportunities, establishing India as a key market in the global appliances and electronics landscape.

We initiate coverage on LGEL with 'BUY' rating and TP of Rs1,780 valuing at 42x FY28 earnings. Peers in the consumer durables segment such as Havells/Voltas/Blue Star/Whirlpool trade at 44x/36x/40x/22x on FY28E earnings, considering 11.5%/9.7%/15.5%/11.1% earnings CAGR over FY25-28E.

Exhibit 68: Sensitivity analysis

FY25-28E PAT CAGR	FY28E PAT (Rs mn)	Implied multiple for expected Mcap @ Rs774bn (x)	35x	40x	45x	50x	55x	60x
5%	25,500	30x	893	1,020	1,148	1,275	1,403	1,530
10%	29,320	26x	1,026	1,173	1,319	1,466	1,613	1,759
15%	33,500	23x	1,173	1,340	1,508	1,675	1,843	2,010
20%	38,100	20x	1,334	1,524	1,715	1,905	2,096	2,286
25%	43,000	18x	1,505	1,720	1,935	2,150	2,365	2,580
30%	48,400	16x	1,694	1,936	2,178	2,420	2,662	2,904
35%	54,200	14x	1,897	2,168	2,439	2,710	2,981	3,252

Source: Company, PL

Exhibit 69: Valuation matrix

Name	CMP (Rs)	TP (Rs)	Mcap (Rs bn)	EPS (Rs)				PE (x)				RoE (%)				RoCE(%)			
				FY 25	FY 26E	FY 27E	FY 28E	FY 25	FY 26E	FY 27E	FY 28E	FY 25	FY 26E	FY 27E	FY 28E	FY 25	FY 26E	FY 27E	FY 28E
LGEL	1,140	1,780	774	32	31	37	42	35x	36x	31x	27x	45.2	32.0	30.5	27.3	61.5	43.2	41.2	36.9
Blue Star	1,949	-	389	28	31	40	49	67x	62x	48x	40x	20.4	18.9	21.0	22.1	27.2	-	-	-
Havells	1,505	1,653	944	23	25	30	34	64x	61x	51x	44x	18.6	17.4	18.6	18.8	25.8	23.8	25.3	25.7
IFB Industries	1,748	-	71	32	41	55	69	55x	43x	32x	25x	17.0	18.3	19.8	20.4	21.9	-	-	-
Voltas	1,375	1,440	455	25	23	33	39	54x	59x	41x	36x	13.6	11.3	14.7	15.1	19.8	15.8	19.2	19.4
Whirlpool	1,170	-	145	28	35	44	53	42x	33x	27x	22x	9.3	11.0	12.6	13.6	16.1	-	-	-

Source: PL, Company

Exhibit 70: LGEL revenue to grow at 9.9% CAGR over FY25-28E

Particulars (Rs mn)	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	CAGR % FY25-28
Revenue									
Blue Star	42,636	60,641	79,773	96,854	119,677	134,365	158,246	184,524	15.5
Havells India	104,573	139,385	169,107	185,900	217,781	231,595	264,926	301,593	11.5
IFB Industries Ltd	28,008	34,153	41,949	44,378	50,917	56,637	64,096	72,125	12.3
LG Electronics India	150,866	168,342	198,646	213,520	243,666	258,099	288,837	323,377	9.9
Voltas	75,558	79,345	94,988	124,812	154,129	155,539	182,084	203,329	9.7
Whirlpool of India	58,984	61,966	66,677	68,298	79,194	86,622	97,556	108,565	11.1
Haier India (CY)	44,889	54,290	63,055	66,917	89,000	-	-	-	-
Consumer Durables Revenue									
Blue Star - UP	18,683	26,122	36,269	45,922	56,211	60,080	72,560	84,609	14.6
Havells India - Lloyd	16,888	22,732	33,949	38,103	51,341	47,774	53,845	61,124	6.0
IFB Industries Ltd	22,442	26,867	33,147	34,719	40,603	45,656	52,128	58,658	13.0
LG Electronics India	150,866	168,342	198,646	213,520	243,666	258,099	288,837	323,377	9.9
Voltas - UCP	42,185	48,819	64,745	81,605	106,139	105,351	124,115	138,757	9.3
Whirlpool of India	58,984	61,966	66,677	68,298	79,194	86,622	97,556	108,565	11.1
EBITDA									
Blue Star	2,398	3,465	4,928	6,649	8,759	9,685	12,156	14,529	18.4
Havells India	15,717	17,604	15,925	18,426	21,309	22,757	27,261	30,681	12.9
IFB Industries Ltd	2,099	555	1,628	2,171	3,024	3,746	4,471	5,104	19.1
LG Electronics India	21,128	17,086	18,993	22,249	31,101	30,187	35,973	42,432	10.9
Voltas	6,414	6,816	5,724	4,746	11,163	9,692	13,838	15,453	11.4
Whirlpool of India	5,211	4,178	3,729	4,030	5,503	6,589	7,952	9,375	19.4
EBITDA margin (%)									
Blue Star	5.6%	5.7%	6.2%	6.9%	7.3%	7.2%	7.7%	7.9%	
Havells India	15.0%	12.6%	9.4%	9.9%	9.8%	9.8%	10.3%	10.2%	
IFB Industries Ltd	7.5%	1.6%	3.9%	4.9%	5.9%	6.6%	7.0%	7.1%	
LG Electronics India	14.0%	10.1%	9.6%	10.4%	12.8%	11.7%	12.5%	13.1%	
Voltas	8.5%	8.6%	6.0%	3.8%	7.2%	6.2%	7.6%	7.6%	
Whirlpool of India	8.8%	6.7%	5.6%	5.9%	6.9%	7.6%	8.2%	8.6%	
EBIT									
Blue Star	1,475	2,605	4,080	5,673	7,476	8,163	10,493	12,525	18.8
Havells India	13,229	14,995	12,963	15,041	17,305	18,405	22,188	25,119	13.2
IFB Industries Ltd	1,074	-599	412	926	1,705	2,385	3,064	3,986	32.7
LG Electronics India	18,689	14,503	15,989	18,605	27,298	26,182	30,765	35,675	9.3
Voltas	6,075	6,443	5,327	4,270	10,545	8,951	13,003	14,508	11.2
Whirlpool of India	3,754	2,682	1,849	1,927	3,372	4,333	5,631	7,310	29.4
EBIT margin (%)									
Blue Star	3.5%	4.3%	5.1%	5.9%	6.2%	6.1%	6.6%	6.8%	
Havells India	12.7%	10.8%	7.7%	8.1%	7.9%	7.9%	8.4%	8.3%	
IFB Industries Ltd	3.8%	-1.8%	1.0%	2.1%	3.3%	4.2%	4.8%	5.5%	
LG Electronics India	12.4%	8.6%	8.0%	8.7%	11.2%	10.1%	10.7%	11.0%	
Voltas	8.0%	8.1%	5.6%	3.4%	6.8%	5.8%	7.1%	7.1%	
Whirlpool of India	6.4%	4.3%	2.8%	2.8%	4.3%	5.0%	5.8%	6.7%	
RoCE (%)									
Blue Star	16.3%	20.9%	25.8%	26.2%	27.2%	-	-	-	
Havells India	30.3%	27.5%	22.6%	24.9%	25.8%	23.8%	25.3%	25.7%	
IFB Industries Ltd	9.6%	-7.2%	2.3%	7.3%	13.0%	-	-	-	
LG Electronics India	31.5%	27.4%	37.4%	50.8%	61.5%	43.2%	41.2%	36.9%	
Voltas	19.9%	16.4%	15.0%	11.8%	10.8%	19.8%	15.8%	19.2%	
Whirlpool of India	17.0%	10.4%	8.8%	9.5%	13.1%	-	-	-	

Source: Company, PL

Key Risks

Raw material costs - LGEL's raw material costs depend on global commodity prices, inflation, and supplier negotiations. Prices of key inputs like steel, copper and aluminum are influenced by economic conditions, geopolitical tensions, weather events, duties, and currency movements. Sharp price increases or supply chain disruptions, especially delays in critical imports like compressors, can raise costs and pressure margins.

Cyclical trend in demand - Sales volume for certain products fluctuates due to cyclical and seasonality. Demand for ACs, compressors, air purifiers, and refrigerators peaks in summer (Apr–Jul) and declines in winter (Sep–Dec). Washing machines and water purifiers see higher demand in Q2 during the monsoon. Overall, sales rise in H2 due to festivals and the marriage season.

BIS norms - Stringent BIS norms pose a critical risk for consumer durables companies, as non-compliance can lead to legal penalties, product seizures, and sales bans. Such actions can disrupt operations, cause revenue loss from recalls or halted sales, and erode brand reputation and consumer trust.

Inventory liquidation - Weaker Q1FY26, impacted by unseasonal weather, has led to elevated RAC inventory in the channel. Higher-than-normal stock levels may necessitate price discounts or liquidation, pressuring margins and delaying demand recovery.

Exposure to foreign currency fluctuations: The company is exposed to foreign exchange risk because a significant portion of its raw materials are imported and denominated in foreign currencies, mainly US dollars. Fluctuations in exchange rates can materially impact procurement costs and thus affect margins and profitability. While hedging strategies, like forward contracts, are used to reduce this risk, some exposures remain unhedged. Any sharp currency depreciation or volatility can negatively influence raw material costs and introduce unpredictability in financial results.

Annexure

Board of Directors & KMP

Exhibit 71: Board of Directors

Name	Designation
Mr Hong Ju Jeon	Managing Director
Mr Dongmyung Seo	Whole time Director and CFO
Mr Daehyun Song	Chairman and Non-executive Director
Mrs Promila Bhardwaj	Independent Director
Mr Ramesh Ramachandran Nair	Independent Director
Mr Santosh Kumar Mohanty	Independent Director

Source: Company, PL

Exhibit 72: Management team

Name	Designation
Mr Abhiral Bhansali	Business Head - Media Solution
Mr Ashish Agrawal	Chief Operating Officer
Mr Atul Khanna	Chief Accounting Officer
Mr Gagan Jeet Singh	Chief Manufacturing Officer
Mr Sanjay Chitkara	Chief Sales Officer
Mr Woo Hae Lee	Head Advisor - Strategy
Mr Jae Hyung Jun	Head Advisor - Marketing
Mr Gurbinderjeet Singh	Planning Head

Source: Company, PL

Exhibit 73: Auditors

Name	Designation
M/s Price Waterhouse Chartered Accountants LLP	Statutory Auditors

Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Net Revenues	2,43,666	2,58,099	2,88,837	3,23,377
YoY gr. (%)	14.1	5.9	11.9	12.0
Cost of Goods Sold	1,65,801	1,77,450	1,97,138	2,19,096
Gross Profit	77,866	80,649	91,698	1,04,281
Margin (%)	32.0	31.2	31.7	32.2
Employee Cost	9,628	10,198	11,413	12,778
Other Expenses	37,136	40,264	44,312	49,072
EBITDA	31,101	30,187	35,973	42,432
YoY gr. (%)	39.8	-2.9	19.2	18.0
Margin (%)	12.8	11.7	12.5	13.1
Depreciation and Amortization	3,804	4,006	5,208	6,757
EBIT	27,298	26,182	30,765	35,675
Margin (%)	11.2	10.1	10.7	11.0
Net Interest	2,256	2,333	2,813	2,774
Other Income	2,640	2,642	3,142	3,142
Profit Before Tax	29,631	28,515	33,578	38,449
Margin (%)	12.2	11.0	11.6	11.9
Total Tax	7,598	7,177	8,452	9,678
Effective tax rate (%)	25.6	25.2	25.2	25.2
Profit after tax	22,033	21,338	25,127	28,771
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	22,033	21,338	25,127	28,771
YoY gr. (%)	45.8	-3.2	17.8	14.5
Margin (%)	9.0	8.3	8.7	8.9
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	22,033	21,338	25,127	28,771
YoY gr. (%)	45.8	-3.2	17.8	14.5
Margin (%)	9.0	8.3	8.7	8.9
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	22,033	21,338	25,127	28,771
Equity Shares O/s (m)	679	679	679	679
EPS (Rs)	32.5	31.4	37.0	42.4

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Non-Current Assets				
Gross Block				
Tangibles	35,363	40,684	59,422	72,191
Intangibles	438	473	508	543
Acc: Dep / Amortization				
Tangibles	22,167	24,452	28,734	34,456
Intangibles	343	394	450	509
Net fixed assets				
Tangibles	13,197	16,232	30,688	37,735
Intangibles	94	78	58	34
Capital Work In Progress	753	753	753	753
Goodwill				
Non-Current Investments				
Net Deferred tax assets	2,040	2,040	2,040	2,040
Other Non-Current Assets	3,679	3,741	3,912	4,104
Current Assets				
Investments	-	-	-	-
Inventories	30,315	28,752	32,176	36,024
Trade receivables	23,612	22,022	24,645	27,592
Cash & Bank Balance	37,415	55,652	58,279	80,086
Other Current Assets	4,067	4,308	4,821	5,398
Total Assets	1,15,171	1,33,579	1,57,374	1,93,767
Equity				
Equity Share Capital	6,788	6,788	6,788	6,788
Other Equity	52,914	67,053	84,034	1,12,805
Total Networth	59,702	73,841	90,822	1,19,593
Non-Current Liabilities				
Long Term borrowings	-	-	-	-
Provisions	939	995	1,113	1,246
Other non current liabilities	2,241	2,373	2,656	2,974
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	33,671	36,948	41,048	45,620
Other current liabilities	15,313	15,920	17,816	19,947
Total Equity & Liabilities	1,15,171	1,33,579	1,57,374	1,93,767

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
PBT	29,631	28,515	33,578	38,449
Add. Depreciation	3,804	4,006	5,208	6,757
Add. Interest	305	309	329	368
Less Financial Other Income				
Add. Other	-2,636	-4,993	-5,389	-5,360
Op. profit before WC changes	31,103	27,836	33,727	40,213
Net Changes-WC	-7,025	7,037	-651	-767
Direct tax	-7,539	-7,177	-8,452	-9,678
Net cash from Op. activities	16,539	27,697	24,624	29,769
Capital expenditures	-3,346	-7,024	-19,645	-13,780
Interest / Dividend Income	2,477	2,642	3,142	3,142
Others	593	593	593	593
Net Cash from Invt. activities	-275	-3,789	-15,910	-10,045
Issue of share cap. / premium	-	-	-	-
Debt changes	-760	-47	504	566
Dividend paid	-	-8,145	-8,145	-8,145
Interest paid	-305	-309	-329	-368
Others	-	-	-	-
Net cash from Fin. activities	-1,065	-8,501	-7,970	-7,947
Net change in cash	15,199	15,407	744	11,777
Free Cash Flow	13,193	20,672	4,979	15,989

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Per Share(Rs)				
EPS	32.5	31.4	37.0	42.4
CEPS	38.1	37.3	44.7	52.3
BVPS	88.0	96.8	121.8	152.2
FCF	19.4	30.5	7.3	23.6
DPS	-	12.0	12.0	12.0
Return Ratio(%)				
RoCE	61.5	46.0	45.7	41.7
ROIC				
RoE	45.2	34.0	33.9	30.9
Balance Sheet				
Net Debt : Equity (x)	-0.6	-0.7	-0.6	-0.6
Net Working Capital (Days)	30.3	19.6	19.9	20.3
Valuation(x)				
PER	35.1	36.3	30.8	26.9
P/B	13.0	11.8	9.4	7.5
P/CEPS	29.9	30.5	25.5	21.8
EV/EBITDA	23.7	24.1	20.1	16.7
EV/Sales	3.0	2.8	2.5	2.2
Dividend Yield (%)	-	1.1	1.1	1.1

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q1FY25	Q1FY26
Net Revenue	64,088	62,629
YoY gr. (%)	-	-2.3
Raw Material Expenses	42,824	42,831
Gross Profit	21,264	19,798
Margin (%)	33.2	31.6
EBITDA	9,581	7,163
YoY gr. (%)	-	-25.2
Margin (%)	14.9	11.4
Depreciation / Depletion	967	902
EBIT	8,613	6,260
Margin (%)	13.4	10.0
Net Interest	69	85
Other Income	580	744
Profit before Tax	9,124	6,920
Margin (%)	14.2	11.0
Total Tax	2,328	1,787
Effective tax rate (%)	25.5	25.8
Profit after Tax	6,796	5,133
Minority interest	-	-
Share Profit from Associates	-	-
Adjusted PAT	6,796	5,133
YoY gr. (%)	-	-24.5
Margin (%)	10.6	8.2
Extra Ord. Income / (Exp)	-	-
Reported PAT	6,796	5,133
YoY gr. (%)	-	-24.5
Margin (%)	10.6	8.2
Other Comprehensive Income	-	-
Total Comprehensive Income	6,796	5,133
Avg. Shares O/s (m)	679	679
EPS (Rs)	10.0	7.6

Source: Company Data, PL Research

Notes

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Amber Enterprises India	BUY	9,889	8,418
2	Astral Ltd.	BUY	1,727	1,384
3	Avalon Technologies	Hold	1,083	1,253
4	Bajaj Electricals	BUY	664	549
5	Cello World	BUY	686	575
6	Century Plyboard (I)	Hold	818	808
7	Cera Sanitaryware	BUY	7,424	6,149
8	Crompton Greaves Consumer Electricals	BUY	391	293
9	Cyient DLM	Accumulate	485	448
10	Finolex Industries	Accumulate	240	206
11	Greenpanel Industries	BUY	410	299
12	Havells India	Accumulate	1,653	1,485
13	Kajaria Ceramics	Hold	1,281	1,208
14	Kaynes Technology India	Hold	7,427	7,593
15	KEI Industries	BUY	4,946	4,034
16	Polycab India	BUY	8,718	7,351
17	R R Kabel	BUY	1,615	1,268
18	Supreme Industries	Accumulate	4,758	4,200
19	Syrma SGS Technology	Accumulate	870	852
20	Voltas	Hold	1,440	1,354

PL's Recommendation Nomenclature

Buy	: >15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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