BUY

LG Electronics India

Gearing up for the summer; supply chain risk key monitorable

Emkay — Your success is our success

Consumer Durables | Company Update | **March 17, 2026** | **CMP (Rs): 1,564 | TP (Rs): 1,900**

We met the management of LG Electronics and visited its plant in Pune. KTAs: 1) LGE does not foresee any production disruption from the current LPG supply, on limited dependance in refrigerators and RACs being covered until Mar-26 and transition to PNG/diesel underway; vendors, however, are facing supply challenges. 2) RAC channel inventory has normalized following a weak prior season and de-stocking in Q3. 3) RAC demand is sensitive to temperature trends; the management highlighted that 10–15 days of peak summer can absorb up to 3M of channel inventory. 4) FY26 growth to be muted, but LGE is exiting the year with strong momentum via inventory build-up (expects double-digit margin in FY26). 5) It is structurally gaining share via premiumization (premium mix at 29% vs industry's 15-16%). 6) LGE took 7-9% price hike in RACs in Jan-26 and 2% in appliances post Diwali. 7) Expansion into the mass segment (via Essential range) to not be margin-dilutive due to cost engineering, calibrated outsourcing, and premium mix leadership. 8) LGE plans to scale exports (6% of revenue now) by 2x in FY27, including via certain shipments to the US and expanding in developing markets. We retain BUY and TP of Rs1,900, led by sustained domestic market-share gains, expectations of a better summer with normalized channel inventory, and gradual export traction in FY27, with the Sri City plant ramping up over FY27-29.

Key takeaways from interactions with the management and plant visit

1) LGE does not foresee any production disruption from the ongoing LPG supply issues, as its dependence is limited (only RACs to face issues; however, LGE is covered till end-Mar-26). It has already initiated a transition to PNG and diesel alternatives, which are both operationally viable and, in fact, cheaper (by Rs10/kg) in case of PNG. While LGE has mitigated LPG issues, vendors are still facing supply challenges, especially in RAC components. 2) Its RAC business has entered the current summer season with normalized channel inventory after a weak prior season and destocking during Q3FY26. 3) RAC demand is sensitive to temperature trends; 10–15 days of peak summer can absorb up to 3M of channel inventory. South India is showing good signs (except Kerala and Karnataka, but pick up is expected here too). 4) FY26 growth is muted, with a slight decline in the first 9M (revenue down 2.2% YoY). However, LGE is exiting FY26 with stronger momentum, aided by summer-led inventory build-up and channel restocking. It maintained expectations of double-digit margin in FY26. 5) It is structurally gaining share via premiumization, with its premium product mix at ~29% vs 15–16% for the industry via leadership in OLED TVs and side-by-side refrigerators. 6) It already took price hikes in RACs (7-9% in Jan-26) and appliances (2% post Diwali); no other player took a price hike here. The management highlighted that further price hikes would be taken if cost pressures persist. 7) Expansion into the mass segment via the Essential range and fixed-speed ACs will not dilute margins, as this move is calibrated via cost engineering, outsourcing, and maintaining premium mix leadership. 8) Localization is rising across most categories (+65% in non-TV products; limited to 40% in TVs due to dependence on imported display panels as domestic capability is evolving). 9) Exports contribute only ~6% to revenue but represent a credible medium-term growth lever (2x scale up targeted in FY27) via side-by-side refrigerator exports to the US and expanding footprint in developing markets. 10) B2B business was weak in FY25 on lower government/office-related spending; it sees recovery signs, but visibility remains limited.

LG Electronics India: Financial Snapshot (Consolidated)

Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	213,520	243,666	248,262	282,136	321,444
EBITDA	22,249	31,101	23,679	32,704	39,821
Adj. PAT	15,111	22,033	16,671	22,554	27,110
Adj. EPS (Rs)	22.3	32.5	24.6	33.2	39.9
EBITDA margin (%)	10.4	12.8	9.5	11.6	12.4
EBITDA growth (%)	17.1	39.8	(23.9)	38.1	21.8
Adj. EPS growth (%)	12.1	45.8	(24.3)	35.3	20.2
RoE (%)	37.2	45.2	25.1	29.8	33.1
RoIC (%)	97.4	119.3	56.6	56.2	54.7
P/E (x)	70.3	48.2	63.7	47.1	39.2
EV/EBITDA (x)	47.5	33.5	43.9	31.9	26.3
P/B (x)	28.1	17.8	14.5	13.5	12.4
FCFF yield (%)	1.5	1.3	0.6	1.1	1.9

Source: Company, Emkay Research

Target Price – 12M	Dec-26
Change in TP (%)	-
Current Reco.	BUY
Previous Reco.	BUY
Upside/(Downside) (%)	21.5

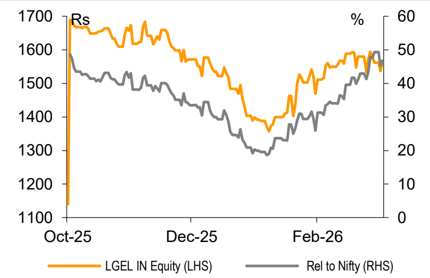
Stock Data	**LGEL IN**
52-week High (Rs)	1,749
52-week Low (Rs)	1,300
Shares outstanding (mn)	678.8
Market-cap (Rs bn)	1,062
Market-cap (USD mn)	11,493
Net-debt, FY26E (Rs mn)	(39,475.8)
ADTV-3M (mn shares)	0.0
ADTV-3M (Rs mn)	1,318.8
ADTV-3M (USD mn)	14.3
Free float (%)	15.0
Nifty-50	23,581.2
INR/USD	92.4

Shareholding,Dec-25	
Promoters (%)	85.0
FPIs/MFs (%)	3.0/7.2

Price Performance

(%)	1M	3M	12M
Absolute	0.8	0.9	0.0
Rel. to Nifty	10.0	10.4	0.0

1-Year share price trend (Rs)



Chirag Jain
chirag.jain@emkayglobal.com
+91-22-66242428

Marazbaan Dastur
marazbaan.dastur@emkayglobal.com
+91-22-66121281

Nandan Pradhan
nandan.pradhan@emkayglobal.com
+91-22-66121238

Mohit Ranga
mohit.ranga@emkayglobal.com
+91-22-66242478

Detailed KTAs from the plant visit

Plant overview and manufacturing footprint

- The Ranjangaon facility is one of LGE's key integrated manufacturing hubs, spread across ~52 acres and structured into three primary manufacturing blocks (A, B, and C). Each block is dedicated to specific product categories.
  - Block A: Refrigerators; Block B: TVs and display products; Block C: room air conditioners (RACs), commercial air conditioners (CACs), and front-load washing machines.
- The plant operates with ~9 manufacturing lines across 5 major product categories.
- The workforce comprises 1,100 LG employees (45% of on-payroll employees at LG), aided by a large number of contractual workers (55%), whose deployment is flexed based on seasonal demand (particularly relevant for ACs).
- Automation levels are at ~40%, with higher automation observed in repetitive and precision-driven processes such as pressing, assembly, and testing, while labor is still used in flexible assembly and handling operations.

Block A: Refrigerators – Manufacturing and process insights

Product portfolio and positioning

- LGE manufactures a wide range of refrigerators, including direct cool (single door), frost-free (double door), and side-by-side premium refrigerators.
- Capacity ranges from ~51 litres to 650 litres, covering entry-level to premium segments.
- Volume mix in India for LGE: ~50% frost-free segment; ~35% direct cool; balance share driven by premium side-by-side units.

Manufacturing process and integration

- The refrigerator manufacturing process at Ranjangaon is highly integrated and largely executed from scratch, with key stages including: i) cabinet formation and assembly; ii) inner and outer casing integration; iii) foaming process (critical step); iv) cooling system integration; and v) final testing and quality checks.
- The foaming process is particularly critical: A polyurethane chemical is injected between the inner and outer cabinet walls. This chemical expands and solidifies, forming insulation that is essential for maintaining internal cooling efficiency.
- Production efficiency is high, with ~1 refrigerator produced every 9 seconds. Robotic arms and automated pressing machines are used to ensure precision and speed.

Component sourcing and localization

- LGE follows a hybrid sourcing model:
  - Compressor: Manufactured at LGE's Noida plant
  - PCBs (Printed Circuit Boards): Manufactured in-house
  - Moulding tools and dies: Owned by LGE, but executed via vendors
  - Copper tubing and some critical components: Imported
  - Refrigerators use R600a (Isobutane) refrigerant (considered more environment friendly.

Quality control and testing

- Quality control is embedded across the line, with 'Line Quality Control' at each stage. Final testing includes cooling performance, gas charging accuracy, and structural integrity.
- LG claims minimal to negligible factory defects, highlighting process discipline.

Other insights

- The facility does not operate night shifts for refrigerator production.
- Warehouse capacity is ~8,000–10,000 units, with ~2 days of finished goods inventory maintained currently.
- A single production line can manufacture both frost-free and side-by-side refrigerators, which is relatively uncommon in India.

Block B: TVs and display products – Manufacturing insights

Capacity and product range

- The TV manufacturing unit has a total annual capacity of ~3.2mn units pa. Product range includes LED TVs, QLED TVs, and OLED TVs, with sizes from 19 inches to 86 inches.

Manufacturing setup and lines

- The unit operates 4 main assembly lines. Capacity distribution: i) 2 lines for 32-55-inch, with ~1mn units pa capacity each; ii) 1 line for >55-inch TVs at 0.8mn units pa capacity; iii) premium (QLED, OLED; 86-inch) lines at ~0.4mn units pa capacity.

Key components and supply chain

- The most critical component is the Open Cell (display panel), which consists of TFT (Thin Film Transistor), LCD layers, and color filters. These are mainly imported, primarily from China and Indonesia, via strategic partners.
- Other components: i) Motherboard (PCB) – controls audio, video, and power functions; ii) Backlight Unit (BLU): Assembled in-house.
- The absence of local open-cell manufacturing is due to the high capex intensity and a limited domestic ecosystem for display panels.

Manufacturing process

- Key steps include: i) Module assembly in dust-free environments; ii) integration of PCB and backlight unit; iii) high-voltage testing and compliance checks; iv) white balancing process to ensure uniform picture quality across units (critical for brand consistency).

Demand trends and seasonality

- TV demand is highly seasonal, with peaks during festive season (Diwali). Night shifts are introduced only during peak demand periods.

Block C: RAC, CAC, and washing machines

I) RACs

- Capacity and production: RAC capacity stands at ~1.1mn units pa. Production speed is ~400 units/hour (~1 AC every 9 seconds).
- Localization and Components: Localization level is ~62%, with key components being:
  - Compressor: Partly in-house (LGE ecosystem) + external sourcing if needed
  - PCB and wiring harness: In-house
  - Heat exchanger and cross-flow fan: Vendor-supported
- **Quality and testing**
  - Stringent testing protocols like helium leak testing for refrigerant leakage and input, line and output quality checks
  - Reported ~99.8% good quality rate, indicating strong process control.
- **Operational dynamics**
  - RAC production is highly seasonal, and LGE is currently running night shifts to meet summer demand. Risk would be mitigated via shift from LPG to PNG if supply disruptions persist.

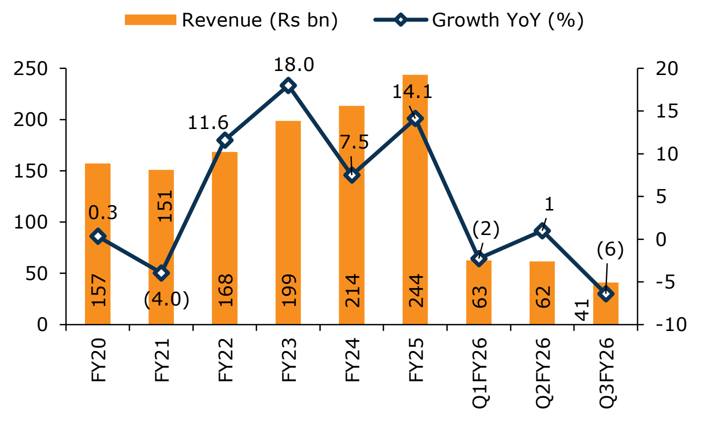
II) Washing machines (front load)

- Capacity and Production: Capacity of ~1mn units pa; monthly output of ~90k units on a single shift
- Market trends: Clear shift in consumer preference. Pre-Covid, 6–8kg machines were dominant, but now 8 kg+ machines are gaining traction.
- Market position: LGE holds ~36% market share in the front-load segment, while the next largest competitor (Bosch) holds ~26%.
- Manufacturing structure: Core components ie motor (rotor type) and PCB are manufactured in-house; plastic moulding is outsourced; automation is moderate, which allows flexibility.

Other takeaways from the Q&A session

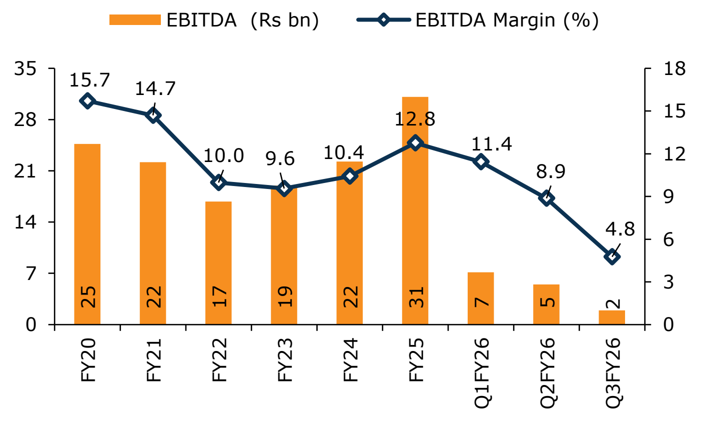
- **Current status of LPG availability; impact on operations and mitigation measures being taken**
  - LPG is primarily used in refrigerators (brazing process) and air conditioners (refrigerant-related processes), while TVs and washing machines are not dependent on LPG.
  - For refrigerators, LPG usage is minimal (~5–7 cylinders per month) and limited only to brazing; hence, there is no material impact.
  - For RACs, LPG availability is secured till the end of the current month, and the company is actively transitioning to alternatives.
  - LGE has already started shifting from LPG to PNG (piped natural gas), which is operationally feasible and is cheaper by ~Rs10/kg than LPG. Also, 30% of RAC capacity can be run on diesel as a backup.
  - The management clearly indicated that no production stoppages are expected due to LPG constraints. LGE is actively supporting vendors in securing LPG supplies, ensuring minimal disruption across the supply chains.
- **How is LGE managing its vendor ecosystem?**
  - Key processes like injection moulding and sheet metal fabrication are outsourced.
  - Vendors are located within a ~20–25km radius, enabling efficient logistics and just-in-time supply.
  - A similar vendor ecosystem exists around the Noida plant.
- **How is LGE managing cost pressures?**
  - Strategies include bulk procurement to reduce cost volatility, coordination with global sister companies for sourcing efficiency, and close vendor collaboration.
  - Supply disruptions (especially for resins like PPE and EPS) are expected to stabilize by early-Apr-26, subject to geopolitical conditions.
- **What is the channel mix?**
  - Traditional trade: ~75%; modern trade: ~20%; E-commerce: ~5%
  - Distributor margins are among the highest in LGE's portfolio, indicating strong channel incentives.
- **What is limiting localization in TVs?**
  - The key constraint is the display panel (open cell module), which is highly capital-intensive to set up.
  - While TCL has begun local assembly, the current value addition is only ~2% by the company in India and quality is not yet at the required LGE standards, restricting full localization.
  - The management emphasized that localization will only scale once quality benchmarks are met, even if cost benefits exist.

Exhibit 1: Revenue was down ~6% YoY during Q3FY26…



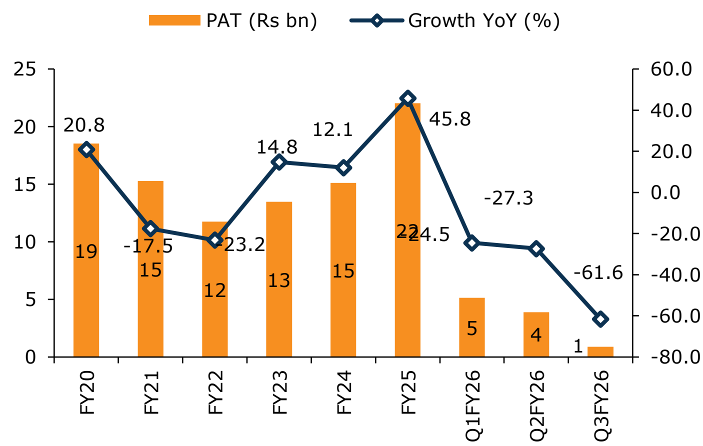
Source: Company, Emkay Research

Exhibit 2: …with EBITDA margin slumping by ~298bps YoY, owing to RM/FX-led pressures…



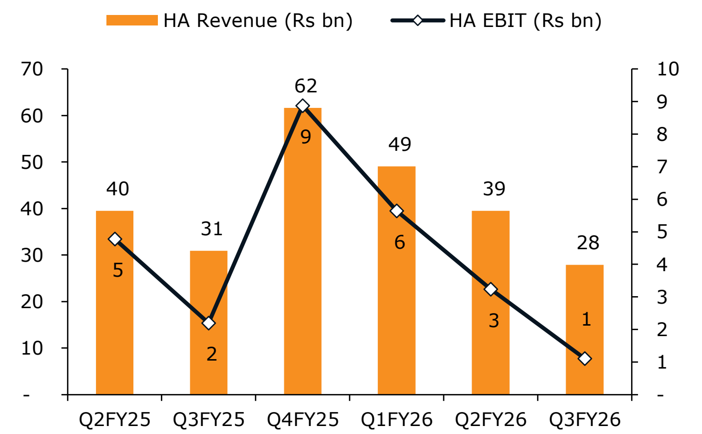
Source: Company, Emkay Research

Exhibit 3: …leading to PAT declining sharply by ~62% YoY



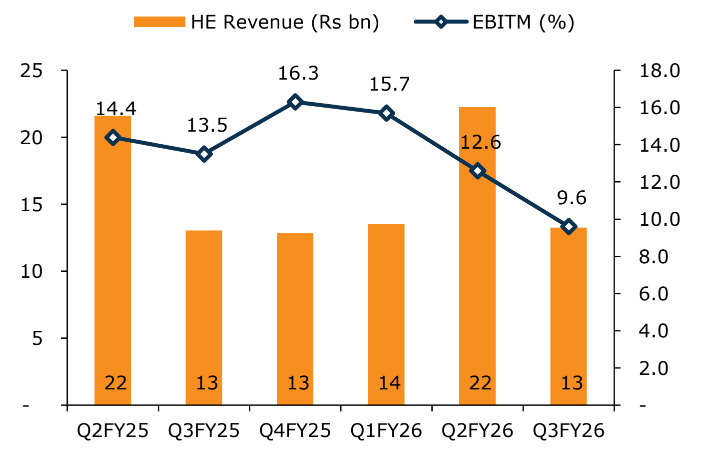
Source: Company, Emkay Research

Exhibit 4: Home Appliances (HA) revenue dropped by ~10% YoY, with EBIT margin declined by ~313bps YoY…



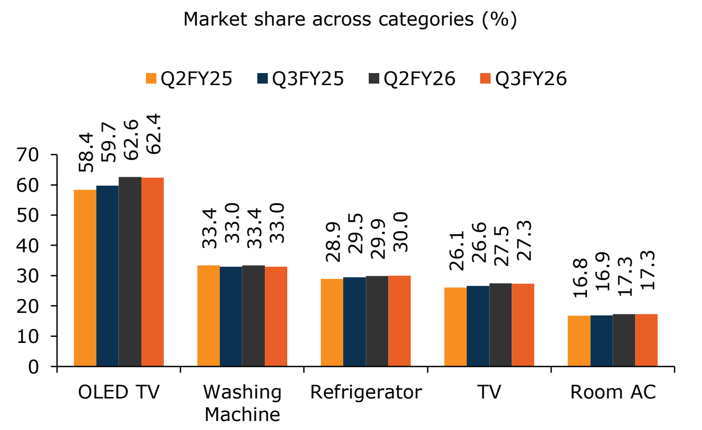
Source: Company, Emkay Research

Exhibit 5: …while Home Entertainment (HE) revenue saw a marginal uptick of ~2% YoY, but EBITM compressed by 391bps YoY



Source: Company, Emkay Research

Exhibit 6: LGEIL has inched up its market share in premium OLED TVs, while other segments have been broadly stable



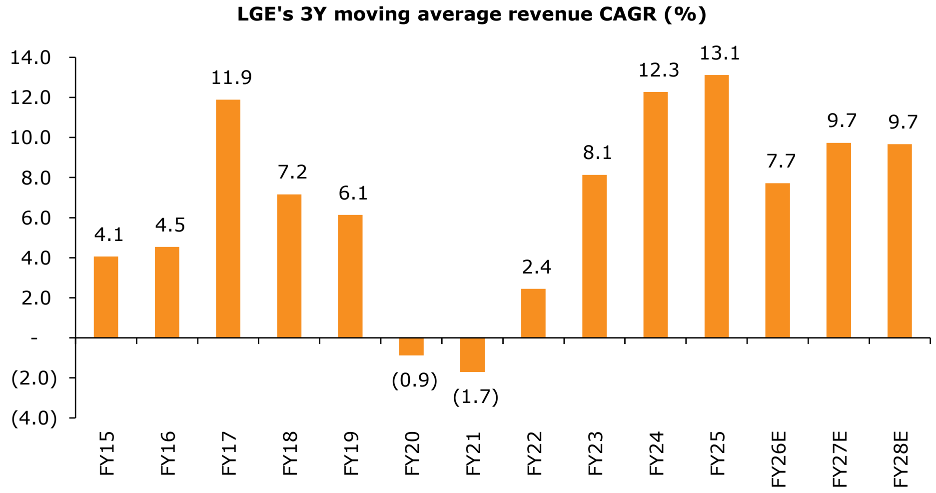
Source: Company, Emkay Research

Exhibit 7: HA segment revenue decreased ~10% YoY, while HE segment's revenue increased ~2% YoY; EBITM for HA/HE declined by 313bps/391bps, respectively

Segmental snapshot (Rs mn)	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	YoY (%)	QoQ (%)
Revenue									
Home Appliances and Air Solutions	50,615	39,537	30,909	61,630	49,086	39,481	27,881	*(9.8)*	*(29.4)*
Home Entertainment	13,479	21,607	13,046	12,860	13,547	22,262	13,263	*1.7*	*(40.4)*
Total	**64,093**	**61,144**	**43,955**	**74,490**	**62,633**	**61,743**	**41,144**	***(6.4)***	***(33.4)***
YoY (%)									
Home Appliances and Air Solutions	*na*	*na*	*na*	*na*	*(3.0)*	*(0.1)*	*(9.8)*		
Home Entertainment	*na*	*na*	*na*	*na*	*0.5*	*3.0*	*1.7*		
Total	*na*	*na*	*na*	*na*	*(2.3)*	*1.0*	*(6.4)*		
EBIT									
Home Appliances and Air Solutions	7,571	4,807	2,195	8,875	5,643	3,245	1,108	*(49.5)*	*(65.9)*
Home Entertainment	2,337	3,121	1,762	2,096	2,125	2,810	1,273	*(27.7)*	*(54.7)*
Total	**9,908**	**7,928**	**3,957**	**10,971**	**7,767**	**6,055**	**2,381**	***(39.8)***	***(60.7)***
EBIT margin (%)									
Home Appliances and Air Solutions	15.0	12.2	7.1	14.4	11.5	8.2	4.0		
Home Entertainment	17.3	14.4	13.5	16.3	15.7	12.6	9.6		
Total	**15.5**	**13.0**	**9.0**	**14.7**	**12.4**	**9.8**	**5.8**		

Source: Company, Emkay Research

Exhibit 8: LGE's FY26E 3Y moving average revenue CAGR is currently at ~7.7%, suggesting that it is at the bottom cycle with recovery anticipated in FY27/FY28E



Source: Company, Emkay Research

Exhibit 9: Revenue model – We build in ~14%/30%/28% revenue/EBITDA/PAT CAGR, respectively, over FY26-28E

LG Electronics – Consolidated (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	**213,520**	**243,666**	**248,262**	**282,136**	**321,444**
Growth YoY (%)	*7.5*	*14.1*	*1.9*	*13.6*	*13.9*
Home Appliances and Air Solutions	**156,797**	**182,678**	**184,765**	**212,289**	**244,612**
Growth YoY (%)	*4.3*	*16.5*	*1.1*	*14.9*	*15.2*
-Refrigerators	**57,845**	**66,965**	**69,482**	**77,952**	**89,010**
Growth YoY (%)	*(0.4)*	*15.8*	*3.8*	*12.2*	*14.2*
-Washing machines	**44,919**	**50,417**	**53,131**	**59,956**	**68,235**
Growth YoY (%)	*6.4*	*12.2*	*5.4*	*12.8*	*13.8*
- Air conditioners	**42,902**	**52,708**	**49,186**	**60,118**	**71,678**
Growth YoY (%)	***7.5***	***22.9***	***(6.7)***	***22.2***	***19.2***
-Others	**11,132**	**12,589**	**12,966**	**14,263**	**15,689**
Growth YoY (%)	***9.8***	***13.1***	***3.0***	***10.0***	***10.0***
Home Entertainment	**56,723**	**60,988**	**63,497**	**69,847**	**76,832**
Growth YoY (%)	***17.3***	***7.5***	***4.1***	***10.0***	***10.0***
-Televisions	**45,583**	**49,248**	**51,464**	**56,611**	**62,272**
Growth YoY (%)	***15.9***	***8.0***	***4.5***	***10.0***	***10.0***
-Others	**11,139**	**11,740**	**12,033**	**13,236**	**14,560**
Growth YoY (%)	***23.5***	***5.4***	***2.5***	***10.0***	***10.0***
Gross profit	**64,218**	**77,865**	**76,961**	**90,284**	**104,469**
Gross margin (%)	**30.1**	**32.0**	**31.0**	**32.0**	**32.5**
EBITDA	**22,249**	**31,101**	**23,679**	**32,704**	**39,821**
EBITDA margin (%)	***10.4***	***12.8***	***9.5***	***11.6***	***12.4***
Depreciation	3,644	3,804	4,103	4,805	5,693
EBIT	**18,605**	**27,298**	**19,576**	**27,900**	**34,128**
EBIT margin (%)	***8.7***	***11.2***	***7.9***	***9.9***	***10.6***
Home Appliances and Air Solutions	**16,743**	**23,434**	**17,355**	**23,829**	**29,065**
EBIT margin (%)	*10.7*	*12.8*	*9.4*	*11.2*	*11.9*
Growth YoY (%)	*116.6*	*40.0*	*(25.9)*	*37.3*	*22.0*
Home Entertainment	**6,880**	**9,309**	**8,408**	**10,297**	**11,711**
EBIT margin (%)	*12.1*	*15.3*	*13.2*	*14.7*	*15.2*
Growth YoY (%)	*(96.5)*	*35.3*	*(9.7)*	*22.5*	*13.7*
Other income	2,051	2,640	3,079	2,694	2,623
Interest	285	306	368	441	507
PBT before exceptional item	20,371	29,631	22,287	30,153	36,244
Exceptional item					
PBT	**20,371**	**29,631**	**22,287**	**30,153**	**36,244**
Tax rate (%)	*25.8*	*25.6*	*25.2*	*25.2*	*25.2*
PAT before minority interest	15,111	22,033	16,671	22,554	27,110
Minority interest					
Share of profit/(loss) of joint ventures (net of tax)					
Adj PAT	**15,111**	**22,033**	**16,671**	**22,554**	**27,110**
PAT margin (%)	*7.1*	*9.0*	*6.7*	*8.0*	*8.4*
Growth YoY (%)	*12.1*	*45.8*	*(24.3)*	*35.3*	*20.2*
EPS (Rs)	**22**	**32**	**25**	**33**	**40**

Source: Company, Emkay Research

Exhibit 10: Our estimates are largely unchanged

Actuals vs estimates	FY26E				FY27E				FY28E			
Consolidated (Rs mn)	**Earlier**	**Revised**	**% change**	**% YoY**	**Earlier**	**Revised**	**% change**	**% YoY**	**Earlier**	**Revised**	**% change**	**% YoY**
Revenue	**248,262**	**248,262**	**-**	**2**	**282,136**	**282,136**	**-**	**14**	**321,444**	**321,444**	**-**	**14**
Home Appliances	184,765	184,765	-	1	212,289	212,289	-	15	244,612	244,612	-	15
Home Entertainment	63,497	63,497	-	4	69,847	69,847	-	10	76,832	76,832	-	10
EBITDA	**23,679**	**23,679**	**-**	**(24)**	**32,704**	**32,704**	**-**	**38**	**39,821**	**39,821**	**-**	**22**
EBITDA margin (%)	***9.5***	***9.5***			***11.6***	***11.6***			***12.4***	***12.4***		
EBIT	**22,655**	**22,655**	**-**	**(24)**	**30,594**	**30,594**	**-**	**35**	**36,751**	**36,751**	**-**	**20**
Home Appliances	17,355	17,355	-	(26)	23,829	23,829	-	37	29,065	29,065	-	22
Home Entertainment	8,408	8,408	-	(10)	10,297	10,297	-	22	11,711	11,711	-	14
EBIT margin (%)	***9.1***	***9.1***			***10.8***	***10.8***			***11.4***	***11.4***		
Home Appliances	*9.4*	*9.4*			*11.2*	*11.2*			*11.9*	*11.9*		
Home Entertainment	*13.2*	*13.2*			*14.7*	*14.7*			*15.2*	*15.2*		
PAT	**16,671**	**16,671**	**-**	**(24)**	**22,554**	**22,554**	**-**	**35**	**27,110**	**27,110**	**-**	**20**
PAT margin (%)	*6.7*	*6.7*			*8.0*	*8.0*			*8.4*	*8.4*		
EPS (Rs)	***25***	***25***	**-**	***(24)***	***33***	***33***	**-**	***35***	***40***	***40***	**-**	***20***

Source: Company, Emkay Research

Exhibit 11: We keep our TP unchanged at Rs1,900

Particulars	**FY25**	**FY26E**	**FY27E**	**FY28E**
EPS (Rs)	32	25	33	40
Target multiple (x)				50
Target price (Rs) – Dec-27E				**1,913**
Round off (Rs)				**1,900**
CMP (Rs)				**1,564**
TP change (%)				**-**
Upside/(downside) (%)				**21.5**

Source: Emkay Research

LG Electronics India: Consolidated Financials and Valuations

Profit & Loss

Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	**213,520**	**243,666**	**248,262**	**282,136**	**321,444**
Revenue growth (%)	7.5	14.1	1.9	13.6	13.9
EBITDA	**22,249**	**31,101**	**23,679**	**32,704**	**39,821**
EBITDA growth (%)	17.1	39.8	(23.9)	38.1	21.8
Depreciation & Amortization	3,644	3,804	4,103	4,805	5,693
EBIT	**18,605**	**27,298**	**19,576**	**27,900**	**34,128**
EBIT growth (%)	16.4	46.7	(28.3)	42.5	22.3
Other operating income	-	-	-	-	-
Other income	2,051	2,640	3,079	2,694	2,623
Financial expense	285	306	368	441	507
PBT	**20,371**	**29,631**	**22,287**	**30,153**	**36,244**
Extraordinary items	0	0	0	0	0
Taxes	5,260	7,598	5,616	7,598	9,133
Minority interest	0	0	0	0	0
Income from JV/Associates	0	0	0	0	0
Reported PAT	**15,111**	**22,033**	**16,671**	**22,554**	**27,110**
PAT growth (%)	12.1	45.8	(24.3)	35.3	20.2
Adjusted PAT	**15,111**	**22,033**	**16,671**	**22,554**	**27,110**
Diluted EPS (Rs)	**22.3**	**32.5**	**24.6**	**33.2**	**39.9**
Diluted EPS growth (%)	12.1	45.8	(24.3)	35.3	20.2
DPS (Rs)	**30.8**	**0**	**5.0**	**25.0**	**30.0**
Dividend payout (%)	**138.5**	**0**	**20.4**	**75.2**	**75.1**
EBITDA margin (%)	10.4	12.8	9.5	11.6	12.4
EBIT margin (%)	8.7	11.2	7.9	9.9	10.6
Effective tax rate (%)	25.8	25.6	25.2	25.2	25.2
NOPLAT (pre-IndAS)	**13,801**	**20,298**	**14,643**	**20,869**	**25,528**
Shares outstanding (mn)	679	679	679	679	679

Source: Company, Emkay Research

Balance Sheet

Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Share capital	1,131	6,788	6,788	6,788	6,788
Reserves & Surplus	36,591	52,914	66,191	71,776	78,523
Net worth	**37,722**	**59,702**	**72,979**	**78,563**	**85,310**
Minority interests	-	-	-	-	-
Non-current liab. & prov.	(1,720)	(2,040)	(2,040)	(2,040)	(2,040)
Total debt	**0**	**0**	**0**	**0**	**0**
Total liabilities & equity	**40,522**	**63,208**	**76,590**	**82,945**	**90,587**
Net tangible fixed assets	9,836	9,450	13,391	18,881	24,411
Net intangible assets	83	94	94	94	94
Net ROU assets	3,268	3,746	4,046	7,546	9,046
Capital WIP	244	753	2,409	3,613	2,891
Goodwill	-	-	-	-	-
Investments [JV/Associates]	0	0	0	0	0
Cash & equivalents	**22,226**	**37,415**	**39,476**	**33,679**	**32,789**
Current assets (ex-cash)	45,554	59,314	63,154	70,225	78,247
Current Liab. & Prov.	42,742	49,921	48,381	53,823	60,001
NWC (ex-cash)	**2,812**	**9,393**	**14,773**	**16,402**	**18,246**
Total assets	**40,522**	**63,208**	**76,590**	**82,945**	**90,587**
Net debt	(22,226)	(37,415)	(39,476)	(33,679)	(32,789)
Capital employed	40,522	63,208	76,589	82,945	90,586
Invested capital	**13,776**	**20,247**	**31,463**	**42,844**	**50,481**
BVPS (Rs)	55.6	88.0	107.5	115.7	125.7
Net Debt/Equity (x)	(0.6)	(0.6)	(0.5)	(0.4)	(0.4)
Net Debt/EBITDA (x)	(1.0)	(1.2)	(1.7)	(1.0)	(0.8)
Interest coverage (x)	72.5	97.7	61.6	69.3	72.4
RoCE (%)	**50.8**	**61.5**	**34.1**	**40.4**	**44.9**

Source: Company, Emkay Research

Cash flows

Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
PBT (ex-other income)	20,371	29,631	22,287	30,153	36,244
Others (non-cash items)	199	(2,636)	0	0	0
Taxes paid	(5,698)	(7,539)	(5,616)	(7,598)	(9,133)
Change in NWC	(125)	(7,025)	(5,320)	(1,186)	(1,330)
Operating cash flow	**18,660**	**16,539**	**15,823**	**26,614**	**31,981**
Capital expenditure	(2,411)	(3,393)	(10,000)	(15,000)	(12,000)
Acquisition of business	-	-	-	-	-
Interest & dividend income	1,989	2,477	0	0	0
Investing cash flow	**(211)**	**(275)**	**(10,000)**	**(15,000)**	**(12,000)**
Equity raised/(repaid)	0	0	0	0	0
Debt raised/(repaid)	(654)	(1,065)	0	0	0
Payment of lease liabilities	-	-	-	-	-
Interest paid	(269)	0	(368)	(441)	(507)
Dividend paid (incl tax)	(20,929)	0	(3,394)	(16,970)	(20,363)
Others	-	-	-	-	-
Financing cash flow	**(21,852)**	**(1,065)**	**(3,762)**	**(17,411)**	**(20,871)**
Net chg in Cash	(3,403)	15,199	2,061	(5,796)	(890)
OCF	18,660	16,539	15,823	26,614	31,981
Adj. OCF (w/o NWC chg.)	18,785	23,564	21,142	27,800	33,311
FCFF	16,249	13,146	5,823	11,614	19,981
FCFE	17,953	15,317	5,455	11,173	19,473
OCF/EBITDA (%)	83.9	53.2	66.8	81.4	80.3
FCFE/PAT (%)	118.8	69.5	32.7	49.5	71.8
FCFF/NOPLAT (%)	**117.7**	**64.8**	**39.8**	**55.7**	**78.3**

Source: Company, Emkay Research

Valuations and key Ratios

Y/E Mar	FY24	FY25	FY26E	FY27E	FY28E
P/E (x)	70.3	48.2	63.7	47.1	39.2
EV/CE(x)	28.0	17.4	14.2	13.3	12.3
P/B (x)	28.1	17.8	14.5	13.5	12.4
EV/Sales (x)	4.9	4.3	4.2	3.7	3.3
EV/EBITDA (x)	47.5	33.5	43.9	31.9	26.3
EV/EBIT(x)	56.8	38.1	53.1	37.5	30.6
EV/IC (x)	76.7	51.4	33.0	24.4	20.7
FCFF yield (%)	1.5	1.3	0.6	1.1	1.9
FCFE yield (%)	1.7	1.4	0.5	1.1	1.8
Dividend yield (%)	2.0	0	0.3	1.6	1.9
DuPont-RoE split					
Net profit margin (%)	7.1	9.0	6.7	8.0	8.4
Total asset turnover (x)	5.3	5.0	3.8	3.8	4.1
Assets/Equity (x)	1.0	1.0	1.0	1.0	1.0
RoE (%)	**37.2**	**45.2**	**25.1**	**29.8**	**33.1**
DuPont-RoIC					
NOPLAT margin (%)	6.5	8.3	5.9	7.4	7.9
IC turnover (x)	15.1	14.3	9.6	7.6	6.9
RoIC (%)	**97.4**	**119.3**	**56.6**	**56.2**	**54.7**
Operating metrics					
Core NWC days	4.8	14.1	21.7	21.2	20.7
Total NWC days	**4.8**	**14.1**	**21.7**	**21.2**	**20.7**
Fixed asset turnover	6.8	7.1	6.3	5.6	5.0
Opex-to-revenue (%)	19.7	19.2	21.5	20.4	20.1

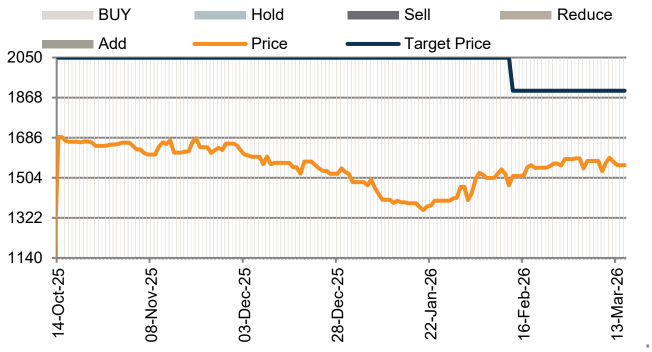
Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (Rs)	TP (Rs)	Rating	Analyst
02-Mar-26	1,592	1,900	Buy	Chirag Jain
13-Feb-26	1,511	1,900	Buy	Chirag Jain
15-Oct-25	1,688	2,050	Buy	Chirag Jain
14-Oct-25	1,690	2,050	Buy	Chirag Jain

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

GENERAL DISCLOSURE/DISCLAIMER BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL):

Emkay Global Financial Services Limited (CIN-L67120MH1995PLC084899) and its affiliates are a full-service, brokerage, investment banking, investment management and financing group. Emkay Global Financial Services Limited (EGFSL) along with its affiliates are participants in virtually all securities trading markets in India. EGFSL was established in 1995 and is one of India's leading brokerage and distribution house. EGFSL is a corporate trading member of BSE Limited (BSE), National Stock Exchange of India Limited (NSE), MCX Stock Exchange Limited (MCX-SX), Multi Commodity Exchange of India Ltd (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) (hereinafter referred to be as "Stock Exchange(s)"). EGFSL along with its [affiliates] offers the most comprehensive avenues for investments and is engaged in the businesses including stock broking (Institutional and retail), merchant banking, commodity broking, depository participant, portfolio management and services rendered in connection with distribution of primary market issues and financial products like mutual funds, fixed deposits. Details of associates are available on our website i.e. www.emkayglobal.com.

EGFSL is registered as Research Analyst with the Securities and Exchange Board of India ("SEBI") bearing registration Number INH000000354 as per SEBI (Research Analysts) Regulations, 2014. EGFSL hereby declares that it has not defaulted with any Stock Exchange nor its activities were suspended by any Stock Exchange with whom it is registered in last five years. However, SEBI and Stock Exchanges had conducted their routine inspection and based on their observations have issued advice letters or levied minor penalty on EGFSL for certain operational deviations in ordinary/routine course of business. EGFSL has not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has its certificate of registration been cancelled by SEBI at any point of time.

EGFSL offers research services to its existing clients as well as prospects. The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the clients simultaneously, not all clients may receive this report at the same time. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient.

EGFSL and/or its affiliates may seek investment banking or other business from the company or companies that are the subject of this material. EGFSL may have issued or may issue other reports (on technical or fundamental analysis basis) of the same subject company that are inconsistent with and reach different conclusion from the information, recommendations or information presented in this report or are contrary to those contained in this report. Users of this report may visit www.emkayglobal.com to view all Research Reports of EGFSL. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the research published by any other analyst or by associate entities of EGFSL; our proprietary trading, investment businesses or other associate entities may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest including but not limited to those stated herein. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein. All material presented in this report, unless specifically indicated otherwise, is under copyright to Emkay. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of EGFSL . All trademarks, service marks and logos used in this report are trademarks or registered trademarks of EGFSL or its affiliates. The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market. In so far as this report includes current or historic information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

This report has not been reviewed or authorized by any regulatory authority. There is no planned schedule or frequency for updating research report relating to any issuer/subject company.

Please contact the primary analyst for valuation methodologies and assumptions associated with the covered companies or price targets.

Disclaimer for U.S. persons only: Research report is a product of Emkay Global Financial Services Ltd., under Marco Polo Securities 15a6 chaperone service, which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of Financial Institutions Regulatory Authority (FINRA) or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor. In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors. Emkay Global Financial Services Ltd. has entered into a chaperoning agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo"). Transactions in securities discussed in this research report should be effected through Marco Polo or another U.S. registered broker dealer.

RESTRICTIONS ON DISTRIBUTION

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. Except otherwise restricted by laws or regulations, this report is intended only for qualified, professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions. Specifically, this document does not constitute an offer to or solicitation to any U.S. person for the purchase or sale of any financial instrument or as an official confirmation of any transaction to any U.S. person. Unless otherwise stated, this message should not be construed as official confirmation of any transaction. No part of this document may be distributed in Canada or used by private customers in United Kingdom.

ANALYST CERTIFICATION BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL)

The research analyst(s) primarily responsible for the content of this research report, in part or in whole, certifies that the views about the companies and their securities expressed in this report accurately reflect his/her personal views. The analyst(s) also certifies that no part of his/her compensation was, is, or will be, directly or indirectly, related to specific recommendations or views expressed in the report. The research analyst (s) primarily responsible of the content of this research report, in part or in whole, certifies that he or his associated persons1 may have served as an officer, director or employee of the issuer or the new listing applicant (which includes in the case of a real estate investment trust, an officer of the management company of the real estate investment trust; and in the case of any other entity, an officer or its equivalent counterparty of the entity who is responsible for the management of the issuer or the new listing applicant). The research analyst(s) primarily responsible for the content of this research report or his associate may have Financial Interests2 in relation to an issuer or a new listing applicant that the analyst reviews. EGFSL has procedures in place to eliminate, avoid and manage any potential conflicts of interests that may arise in connection with the production of research reports. The research analyst(s) responsible for this report operates as part of a separate and independent team to the investment banking function of the EGFSL and procedures are in place to ensure that confidential information held by either the research or investment banking function is handled appropriately. There is no direct link of EGFSL compensation to any specific investment banking function of the EGFSL.

[1] An associated person is defined as (i) who reports directly or indirectly to such a research analyst in connection with the preparation of the reports; or (ii) another person accustomed or obliged to act in accordance with the directions or instructions of the analyst.

[2] Financial Interest is defined as interest that are commonly known financial interest, such as investment in the securities in respect of an issuer or a new listing applicant, or financial accommodation arrangement between the issuer or the new listing applicant and the firm or analysis. This term does not include commercial lending conducted at the arm's length, or investments in any collective investment scheme other than an issuer or new listing applicant notwithstanding the fact that the scheme has investments in securities in respect of an issuer or a new listing applicant.

COMPANY-SPECIFIC / REGULATORY DISCLOSURES BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL):

Disclosures by Emkay Global Financial Services Limited (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) covered in this report-:

1. EGFSL, its subsidiaries and/or other affiliates and Research Analyst or his/her associate/relative's may have Financial Interest/proprietary positions in the securities recommended in this report as of March 17, 2026
2. EGFSL, and/or Research Analyst does not market make in equity securities of the issuer(s) or company(ies) mentioned in this Report

Disclosure of previous investment recommendation produced:

3. EGFSL may have published other investment recommendations in respect of the same securities / instruments recommended in this research report during the preceding 12 months. Please contact the primary analyst listed in the first page of this report to view previous investment recommendations published by EGFSL in the preceding 12 months.
4. EGFSL, its subsidiaries and/or other affiliates and Research Analyst or his/her relative's may have material conflict of interest in the securities recommended in this report as of March 17, 2026
5. EGFSL, its affiliates and Research Analyst or his/her associate/relative's may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the March 17, 2026
6. EGFSL or its associates may have managed or co-managed public offering of securities for the subject company in the past twelve months.
7. EGFSL, its affiliates and Research Analyst or his/her associate may have received compensation in whatever form including compensation for investment banking or merchant banking or brokerage services or for products or services other than investment banking or merchant banking or brokerage services from securities recommended in this report (subject company) in the past 12 months.
8. EGFSL, its affiliates and/or and Research Analyst or his/her associate may have received any compensation or other benefits from the subject company or third party in connection with this research report.

Emkay Rating Distribution

Ratings	Expected Return within the next 12-18 months.
BUY	>15% upside
ADD	5-15% upside
REDUCE	5% upside to 15% downside
SELL	>15% downside

Emkay Global Financial Services Ltd.
CIN - L67120MH1995PLC084899
7th Floor, The Ruby, Senapati Bapat Marg, Dadar - West, Mumbai - 400028. India
Tel: +91 22 66121212 Fax: +91 22 66121299 Web: www.emkayglobal.com

OTHER DISCLAIMERS AND DISCLOSURES:

Other disclosures by Emkay Global Financial Services Limited (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) -:

EGFSL or its associates may have financial interest in the subject company.

Research Analyst or his/her associate/relative's may have financial interest in the subject company.

EGFSL or its associates and Research Analyst or his/her associate/ relative's may have material conflict of interest in the subject company. The research Analyst or research entity (EGFSL) have not been engaged in market making activity for the subject company.

EGFSL or its associates may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of public appearance or publication of Research Report.

Research Analyst or his/her associate/relatives may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of public appearance or publication of Research Report.

Research Analyst may have served as an officer, director or employee of the subject company.

EGFSL or its affiliates may have received any compensation including for investment banking or merchant banking or brokerage services from the subject company in the past 12 months. . Emkay may have issued or may issue other reports that are inconsistent with and reach different conclusion from the information, recommendations or information presented in this report or are contrary to those contained in this report. Emkay Investors may visit www.emkayglobal.com to view all Research Reports. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the research published by any other analyst or by associate entities of Emkay; our proprietary trading, investment businesses or other associate entities may make investment decisions that are inconsistent with the recommendations expressed herein. EGFSL or its associates may have received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months. EGFSL or its associates may have received any compensation or other benefits from the Subject Company or third party in connection with the research report. EGFSL or its associates may have received compensation from the subject company in the past twelve months. Subject Company may have been client of EGFSL or its affiliates during twelve months preceding the date of distribution of the research report and EGFSL or its affiliates may have co-managed public offering of securities for the subject company in the past twelve months.

Seshadri Kumar Sen

Digitally signed by Seshadri Kumar Sen
Date: 2026.03.17 22:16:59 +05'30'