# LG Electronics India Limited

## Redefining everyday living through intelligent electronics





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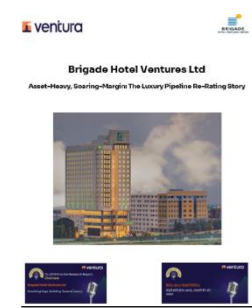

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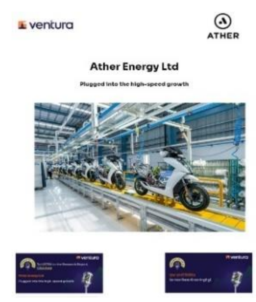

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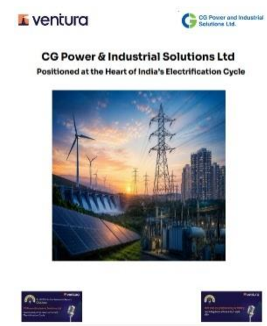

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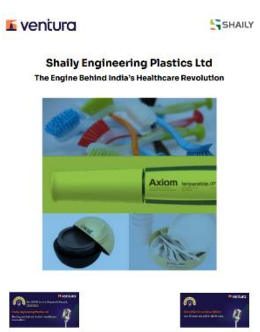

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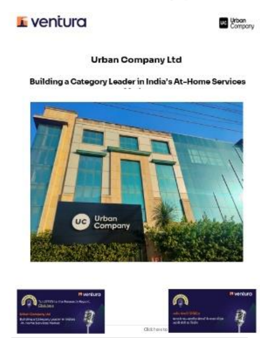

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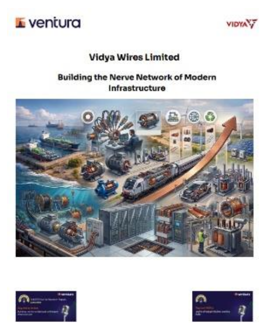

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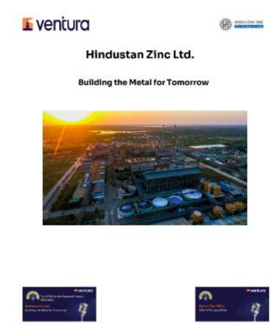

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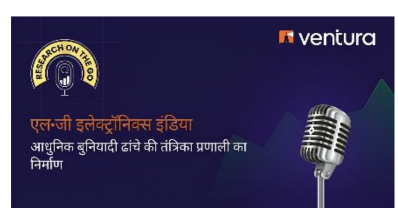


**BUY@CMP INR 1,688** | **Target: INR 2,141 in 24 months** | **Upside Potential: 26.8%**

## LG Electronics: Redefining Everyday Living Through Intelligent Electronics

**Business Model – LG Electronics India is a leading consumer electronics and home appliances player, with strong leadership across home appliances, air solutions and entertainment categories. Its growth is driven by premiumization, broad-based demand recovery, localization and exports. Q4FY26 revenue rose 8% YoY to INR 8,054 cr, its highest-ever quarterly revenue. FY26 revenue stood at INR 24,605 cr, with PAT of INR 1,685 cr, supported by RAC, washing machines, refrigerators and large-screen TVs.**

**LG's growth is driven by its two-track strategy across premium and mass-premium segments, with strong traction in large-panel TVs, French-door refrigerators and LG Essential appliances. Its Sri City plant, INR 5,000 cr planned investment, localization rate, export expansion, B2B business and AMC-led recurring revenue streams provide strong long-term growth visibility. Planned expansion also helps LG to expand compressor capacity from 1 mn to 3 mn units and nearly double RAC capacity. Exports, LG Essential Series, B2B, AMC-led recurring revenue and localization improvement from 55% toward 65% are expected to uplift the margins.**

**Key segmental revenues driving LG are: RAC leads growth at 16.1% CAGR, followed by HE at 13.5%, washing machines at 13.4%, refrigerators at 11.1%, and other sales at 9.0%**

| Segment | FY27E Growth | FY28E Growth | FY29E Growth | FY26-FY29E CAGR |
|---|---|---|---|---|
| Fridge Sales | 12% | 11% | 10% | 11% |
| WM Sales | 14% | 13% | 13% | 13% |
| RAC Sales | 14% | 16% | 18% | 16% |
| Other Sales | 8% | 9% | 10% | 9% |
| Home Ent. | 13% | 14% | 14% | 14% |

**Exports, currently contributing ~6% of revenue, are expected to increase to ~9-10%, supported by global presence. B2B also has opportunity to scale up from ~4% to ~7-8% over mid-term. Financially, the company is expected to deliver strong execution, with revenue, EBITDA, and PAT CAGR of 13.3%, 22.8%, and 21.5% over FY26–FY29E rising to INR 35,758 cr, INR 4,457 cr, and INR 3,018 cr, respectively, while EBITDA margins are expected to expand 268 bps from 9.8% to 12.5% and PAT margins are expected to rise 159 bps from 6.8% to 8.4%, positioning it well for sustained growth.**

**Valuation call: We recommend BUY at the current market price of INR 1,688, with a price target of INR 2,141 (48.2× FY29 earnings), representing an upside of 26.8% over the next 24 months.**

**Risks: Volatility in input costs despite price hikes, execution risks in Sri City ramp-up, working capital intensity, and dependence on consumer demand growth.**

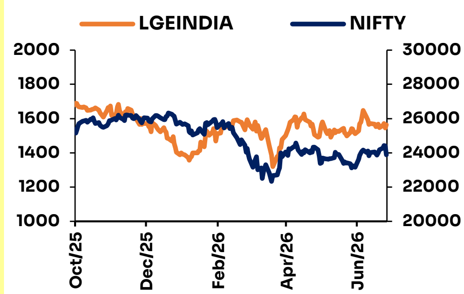
**Pecking Order of consumer durable companies: 1 – LG Electronics, 2 – Amber Enterprises, 3 – Havells India, 4 – Dixon Technologies**

| Industry | Consumer Durable |
|---|---|

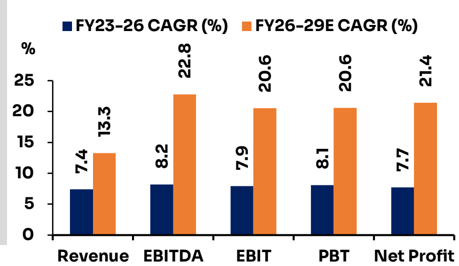
| Scrip Details | |
|---|---|
| Face Value (INR) | 10.0 |
| Market Cap (INR Cr) | 114,563 |
| Price (INR) | 1,688 |
| No of Sh O/S (Cr) | 67.9 |
| 1M Avg Vol (000's) | 1,043 |
| 52W H/L (INR) | 1,756 / 1,300 |
| Dividend Yield (%) | 0.00 |

| Shareholding (%) | Jun 2026 |
|---|---|
| Promoter | 85.00 |
| FII | 3.13 |
| DII | 7.84 |
| Public | 4.03 |
| **TOTAL** | **100.0** |

### Price Chart




### Financial Growth – Past vs Projection




**Key consolidated financial data (INR Cr, unless specified)**

| | Net Revenue | EBITDA | Net Profit | EBITDA (%) | Net Profit (%) | Adj. EPS (INR) | BVPS (INR) | ROE (%) | RoIC (%) | P/E (X) | EV/EBITDA (X) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| FY25 | 24,366.6 | 3,110.1 | 2,203.3 | 12.8% | 9.0% | 32.5 | 88.0 | 36.9 | 122.5 | 52.0 | 35.6 |
| FY26E | 24,604.9 | 2,408.3 | 1,685.1 | 9.8% | 6.8% | 24.8 | 112.9 | 22.0 | 63.1 | 68.0 | 45.7 |
| FY27E | 27,797.7 | 3,096.0 | 2,171.4 | 11.1% | 7.8% | 32.0 | 144.9 | 22.1 | 47.9 | 52.8 | 35.6 |
| FY28E | 31,483.3 | 3,696.4 | 2,506.3 | 11.7% | 8.0% | 36.9 | 181.8 | 20.3 | 44.3 | 45.7 | 29.5 |
| FY29E | 35,757.9 | 4,456.8 | 3,018.1 | 12.5% | 8.4% | 44.5 | 226.3 | 19.6 | 45.4 | 38.0 | 24.0 |

*Source: Ventura Research & Company Reports*

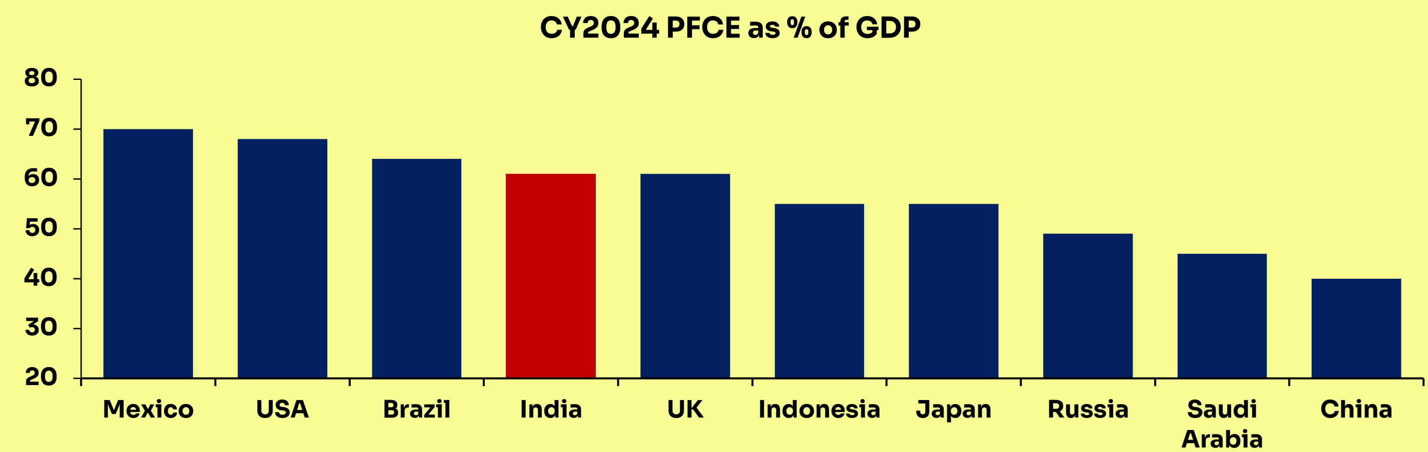
## Why invest in LG Electronics?

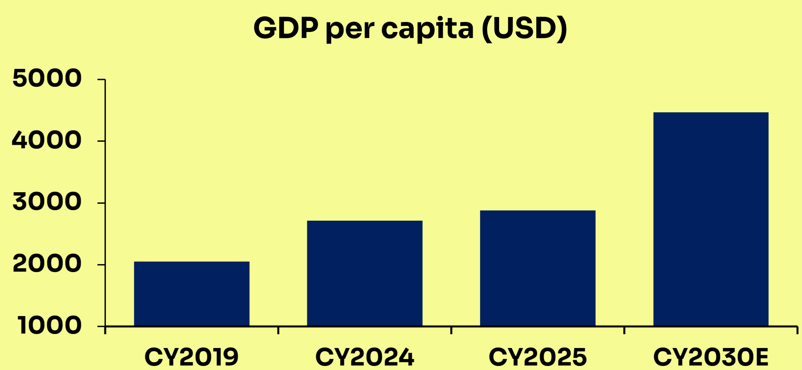
**LG combines market leadership across core appliance categories with attractive valuation on three-year forward earnings, offering a compelling blend of scale, growth and rerating potential. Over FY26–FY29E, revenue, EBITDA and PAT are expected to grow at ~13.3%, ~22.8% and ~21.5% CAGR, respectively, alongside strong margin expansion due to:**

1. **India Consumer Durable Tailwind** — Low penetration and premiumization support growth across RAC, refrigerators, washing machines and TVs.
2. **Market Leadership Across Categories** — LG leads with ~30% refrigerator, ~34% washing machine, ~28% TV and ~21% Inverter RAC share.
3. **Strong FY29 Growth Roadmap** — Management targets mid-teen revenue growth and early double-digit EBITDA margins.
4. **Capacity Expansion Underway** — INR 5,000 cr Sri City plant expands compressors from 1 mn to 3 mn units.
5. **Export-Led Growth Opportunity** — Exports revenues are expected to rise as the company ramps up its production to match with the global business.
6. **Data Center Cooling Opportunity** — LG is targeting data center cooling as a future B2B growth lever with established relationships with hyperscalers.

### Rising Income Pyramid Supports Long-Term Consumption Expansion

**India's PFCE stood at 61% of GDP in CY2024, still below consumption-heavy economies such as Mexico, the United States and Brazil, indicating further room for expansion. As India's GDP per capita is expected to rise from around USD 2,878 in CY2025 to nearly USD 4,469 by CY2030, household consumption should see a steady uplift. Easier access to consumer credit, rising urban incomes and improving affordability are widening the addressable consumer base. These factors are expected to drive spending across both essential and discretionary categories, supporting India's evolution into a more consumption-led economy.**



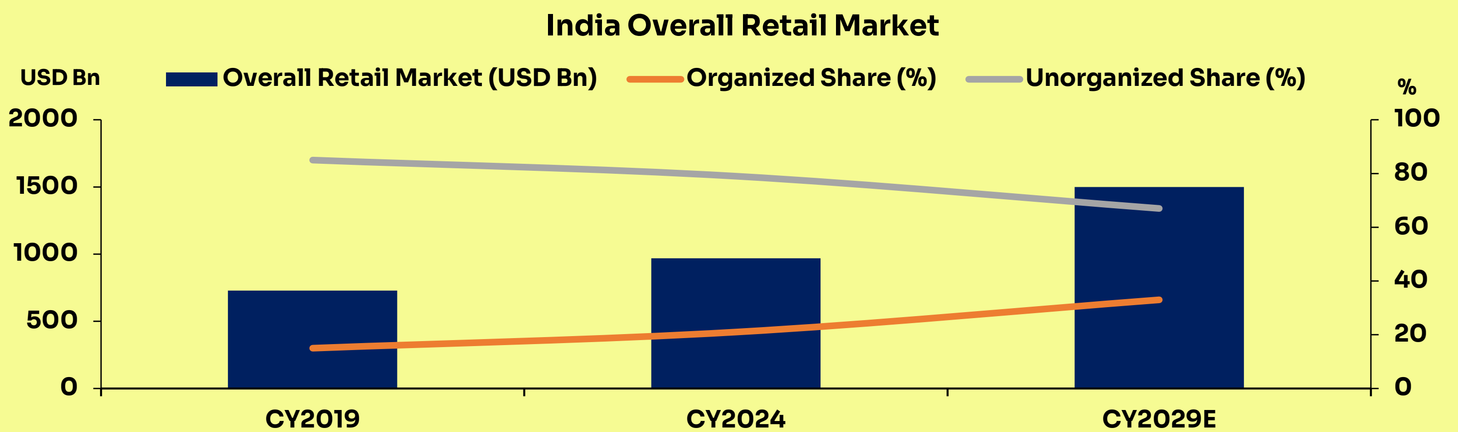




**India's GDP per capita has increased from around USD 2,050 in CY2019 to USD 2,711 in CY2024, reflecting steady income growth. It is projected to rise further to USD 2,878 in CY2025 and nearly USD 4,469 by CY2030. This sharp improvement is expected to support higher discretionary expenditure, premiumization and broader consumption growth across categories.**

*Source: Ventura Research*

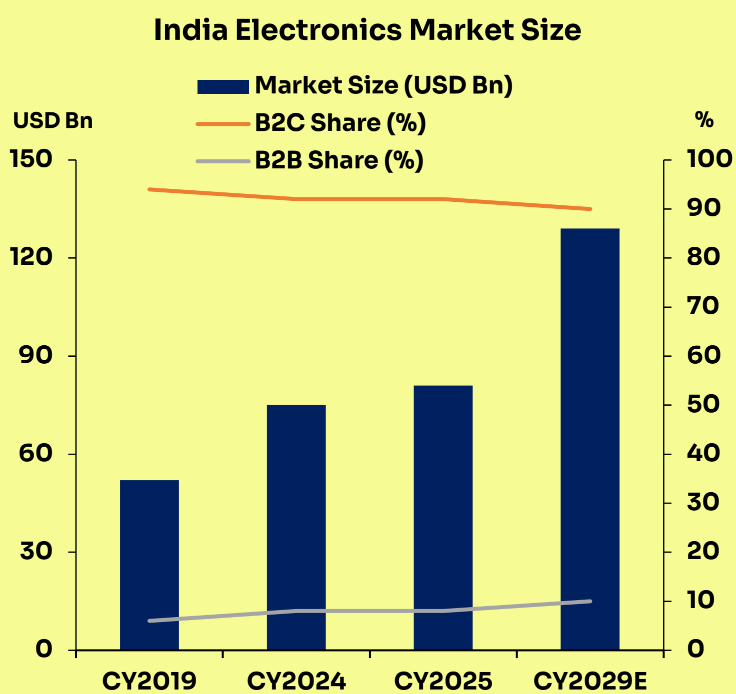
## Rising Consumption, Organized Retail and Electronics Demand to Drive Market Growth

**India's overall retail market expanded from around INR 62 tn in CY2019 to INR 83 tn in CY2024 and is projected to reach INR 123–135 tn by CY2029. The key growth driver is the shift toward organized retail, whose share is expected to rise from 21% in CY2024 to 33% by CY2029. This transition, supported by rising incomes, urbanization, digital adoption and brand preference, should accelerate formal retail growth ahead of the broader market.**




**India's appliances and electronics market have expanded steadily, growing from around INR 4,445 bn in CY2019 to INR 6,370 bn in CY2024, reflecting a CAGR of nearly 7%. The market further annualized to around INR 6,875 bn in H1CY2025, indicating continued demand resilience across key consumer durable categories. Going forward, the market is projected to reach nearly INR 10,965 bn by CY2029, implying an accelerated CAGR of around 11% over CY2024–CY2029.**

**The industry remains largely B2C-driven, with household demand are expected to remain dominant at 90–92% by CY2029. Growth is being supported by rising incomes, increasing appliance penetration, urbanization, replacement demand, consumer financing, energy-efficient products and premiumization across RAC, refrigerators, washing machines and televisions. Meanwhile, the B2B segment is expected to grow at a faster pace, driven by commercial cooling, information displays, offices, hospitality, education and infrastructure-led demand.**




*Source: Ventura Research*

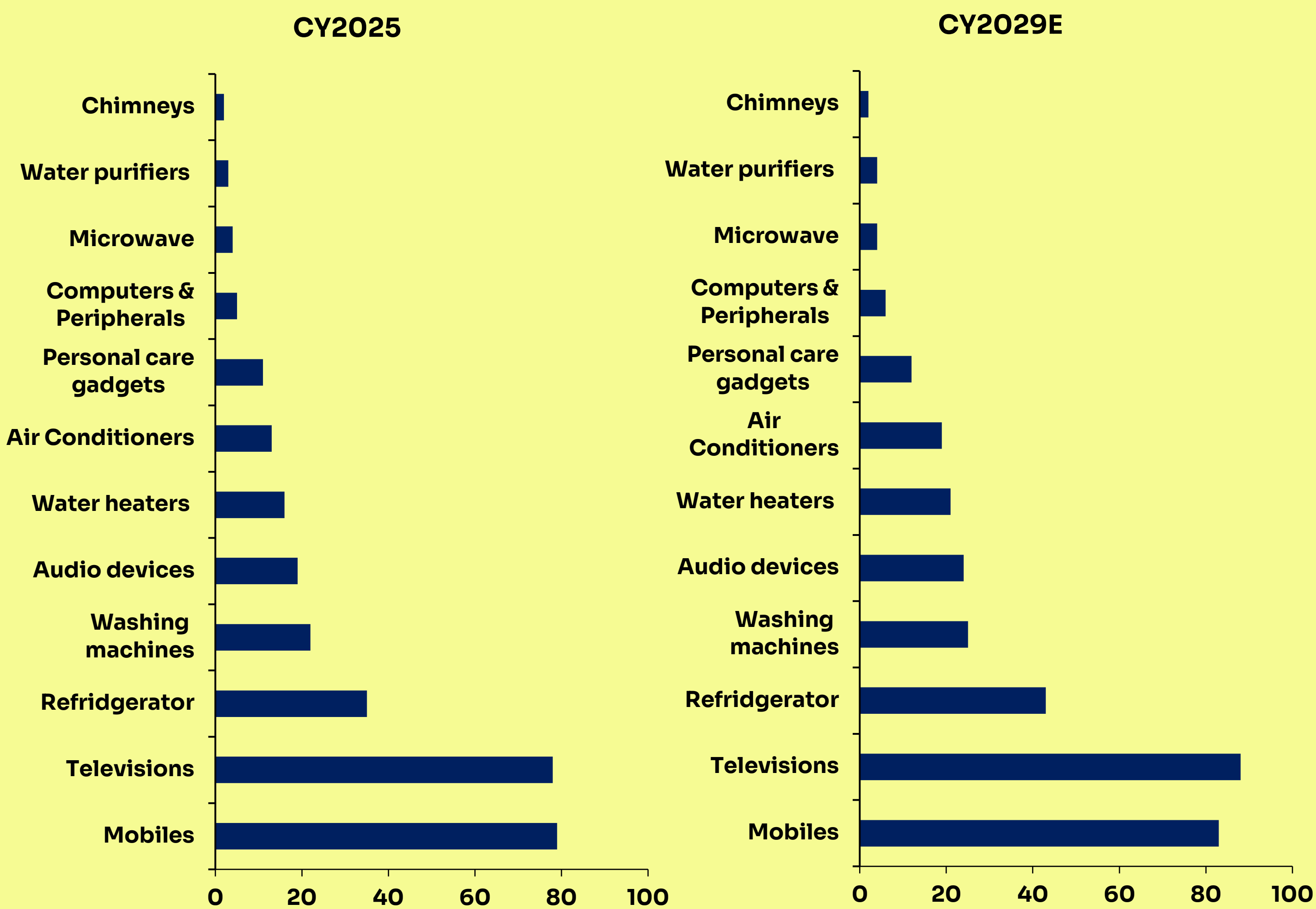
## Low Appliance Penetration Creates Multi-Year Growth Runway for LG India

**India's appliance and electronics market continues to show strong long-term penetration headroom, especially beyond mobiles and televisions. While mobiles and televisions already have high penetration at 79% and 78% in CY2025, they are still expected to rise to 83% and 88% by CY2029P, respectively.**

**The key growth opportunity lies in underpenetrated discretionary and household appliance categories. Refrigerators are expected to improve from 35% to 43%, while washing machines are projected to rise from 22% to 25%. Room air conditioners show meaningful expansion potential, with penetration expected to increase from 13% to 19%, supported by rising income levels, urbanization, and increasing need for cooling solutions.**

**Smaller appliance and kitchen categories remain significantly underpenetrated, with products such as microwaves, water purifiers, chimneys, hobs, vacuum cleaners, air purifiers and dishwashers still in low single-digit penetration. This indicates a long runway for category expansion as affordability improves and consumer adoption broadens across urban and semi-urban markets.**

**India Electronics Appliances Penetration (%) by Category**

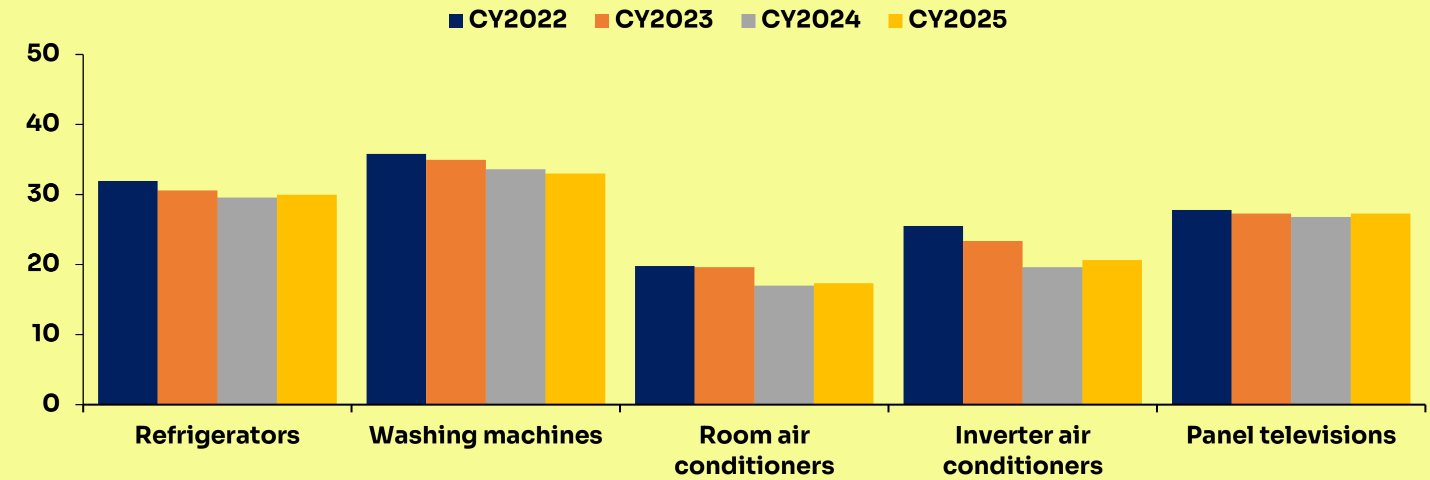



**LG India stands to benefit from low appliance penetration in India, especially in refrigerators, washing machines, RACs and kitchen appliances. With a strong brand, wide distribution and premium product portfolio, LG is well placed to capture rising demand as incomes, urbanization and consumer financing improve.**

*Source: Ventura Research*

## Market Share Leadership and Category Expansion to Drive LGEIL's Next Growth Phase

**LG India categorical market share (%)**

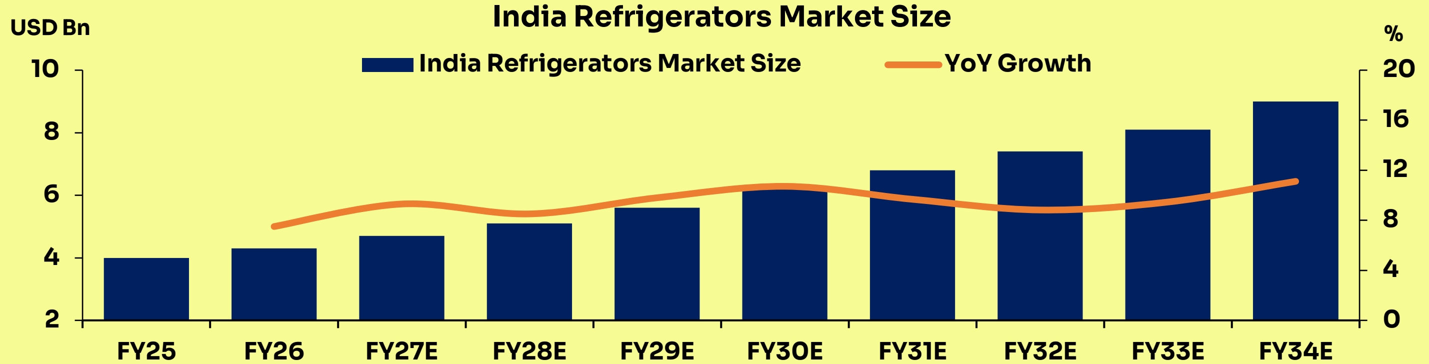



**LG India is well placed to strengthen its market position across key appliance categories, supported by rising penetration, premiumization and replacement demand in India. Its strong share in washing machines, refrigerators and panel televisions provides a solid base, while recovery in room air conditioners and inverter ACs offers incremental growth potential. With its broad portfolio, LG Essential range, premium product launches and deep distribution network, the company is positioned to capture demand across both mass-premium and premium segments over the medium term.**

### Company Growth Levers: Translating Industry Tailwinds into Execution-Led Expansion

**Refrigerators, washing machines, room air conditioners, televisions and small appliances provide multiple avenues for growth, supported by rising penetration, premiumization, replacement demand and expansion into first-time buyer segments.**

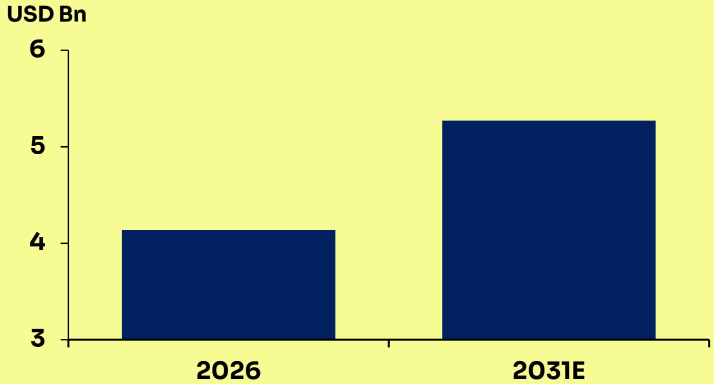
**India Refrigerators Market Size**




**India's refrigerator market is expected to grow steadily from USD 4.0 billion in 2025 to USD 9.0 billion by 2034, indicating a strong long-term growth opportunity. The expansion is likely to be driven by rising household incomes, increasing urbanization, replacement demand, premiumization and low penetration in semi-urban and rural markets. Demand is also expected to be supported by replacement cycles, premiumization towards larger-capacity and energy-efficient models and increasing consumer preference for branded appliances.**

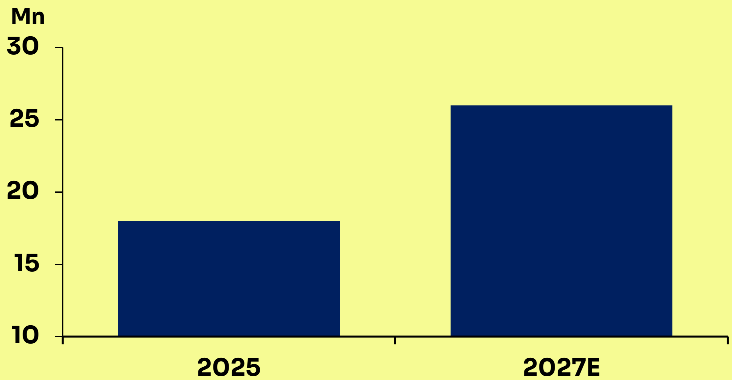
*Source: Ventura Research*

India Washing Machine TAM



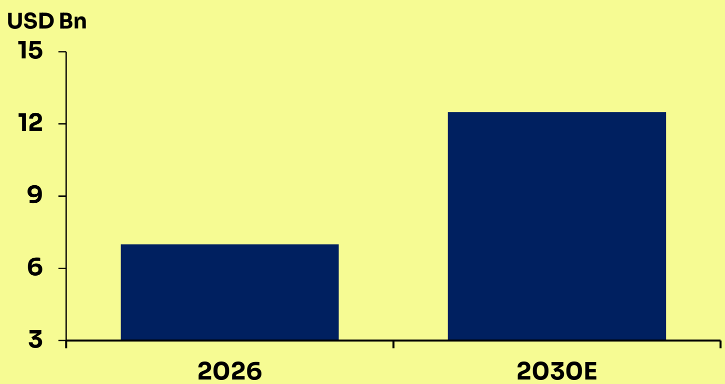

**India's washing machine market is expected to expand from around USD 4.1 billion in 2026 to USD 5.3 billion by 2031, indicating steady category growth.** The expansion is likely to be driven by rising urbanization, higher disposable incomes, increasing adoption in semi-urban markets and replacement demand. With washing machine penetration still relatively low compared to mature categories, organized players like LGEIL are well positioned to benefit from premiumization and first-time buyer demand.

Household RAC units capacity



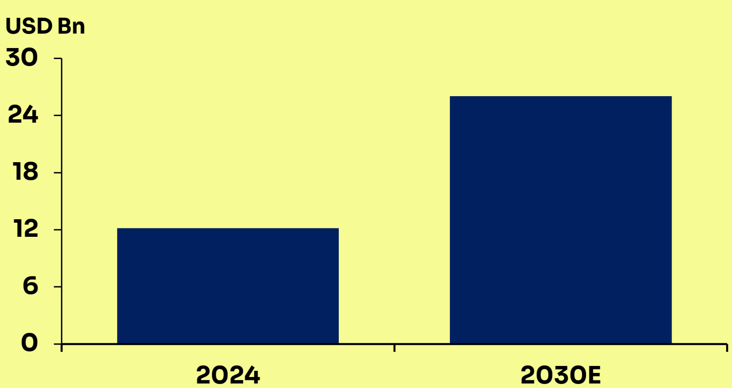

**Domestic household RAC capacity is expected to increase from around 18 million units in 2025 to nearly 26 million units by 2027E, reflecting a 40–45% capacity expansion. This increase is being driven by strong demand momentum in the RAC industry, rising temperatures, higher urban adoption and growing RAC ownership per household.** The planned capacity addition also indicates that industry players are preparing for sustained volume growth and deeper penetration over the medium term.

India Inverter AC TAM




**India's inverter AC market is expected to expand strongly from around USD 7.0 billion in 2026 to USD 12.5 billion by 2030E**, reflecting robust demand momentum. Growth is likely to be driven by rising temperatures, low residential AC penetration, higher disposable incomes and increasing preference for energy-efficient cooling solutions. With inverter technology becoming the industry standard TAM is expected to grow significantly.

India Television Market Size

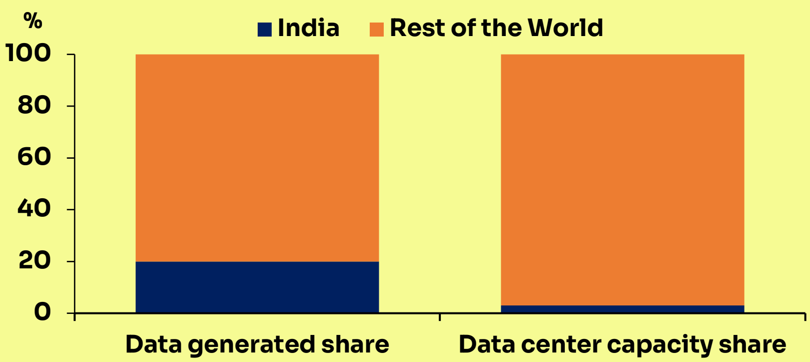



**India's television market is expected to grow from around USD 12 billion in 2024 to nearly USD 26 billion by 2030E, implying a healthy TAM CAGR of 13.5%.** Growth is expected to be driven by rising smart TV adoption, premiumization towards larger screen sizes, higher 4K/OLED/QLED penetration and replacement demand. **LG is well positioned to capture this opportunity, supported by its strong presence in premium TVs and 63% market share in the OLED TV segment.**

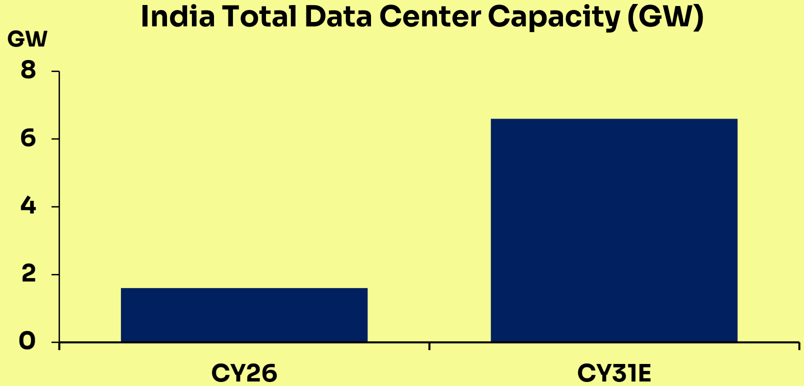
*Source: Ventura Research*

## India's Data Center Expansion Opens Large Cooling Opportunity

**India Data Share (%) : Generation vs Capacity**




**India Total Data Center Capacity (GW)**




**India's data center market remains significantly underpenetrated despite the country's large share in global data generation. India contributes nearly 20% of global data generated, but accounts for only around 3% of global data center capacity, creating a clear demand-supply gap. This gap is expected to drive strong investments in domestic infrastructure, supported by cloud adoption, AI workloads, 5G rollout, digital payments, enterprise digitization and data localization requirements.**

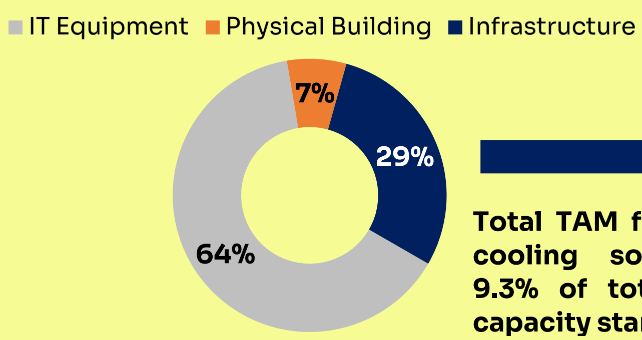
**As a result, India's total data center capacity is projected to rise sharply from around 1.5 GW in CY26 to nearly 6.6 GW by CY31E, implying more than ~4.4x capacity expansion. This creates a multi-year growth opportunity for data center operators, power infrastructure companies, cooling solution providers and electrical equipment suppliers.**

**Data Center Unit Economics (per Watt)**

| Cost Layer | % of Total Project Cost | Implied $/Watt | What It Covers |
|---|---|---|---|
| IT Equipment | 64% | $17.5 | Servers, GPUs, networking, storage, rack infra |
| Physical Building | 7% | $1.9 | Core structure, foundations, exterior envelope |
| Infrastructure | 29% | $10.0 | Electrical systems, cooling, back-up power, fire safety |
| **Total** | **100%** | **$29.4** | |

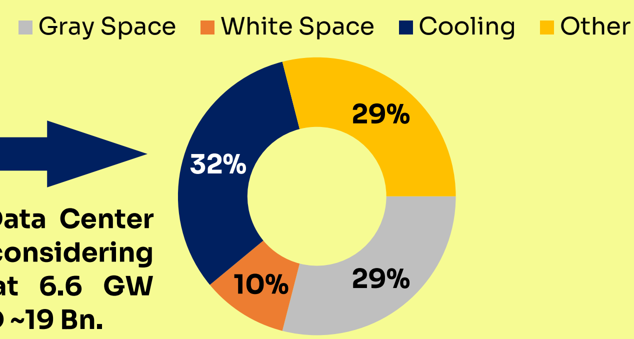
**LG could benefit from India's data center expansion as cooling accounts for 32% of infrastructure cost. Rising hyperscale and AI-led capacity should drive demand for chillers, HVAC and precision cooling, where LG's compressor technology and energy-efficient systems provide a strong growth opportunity.**

**Data Center Unit Economics**



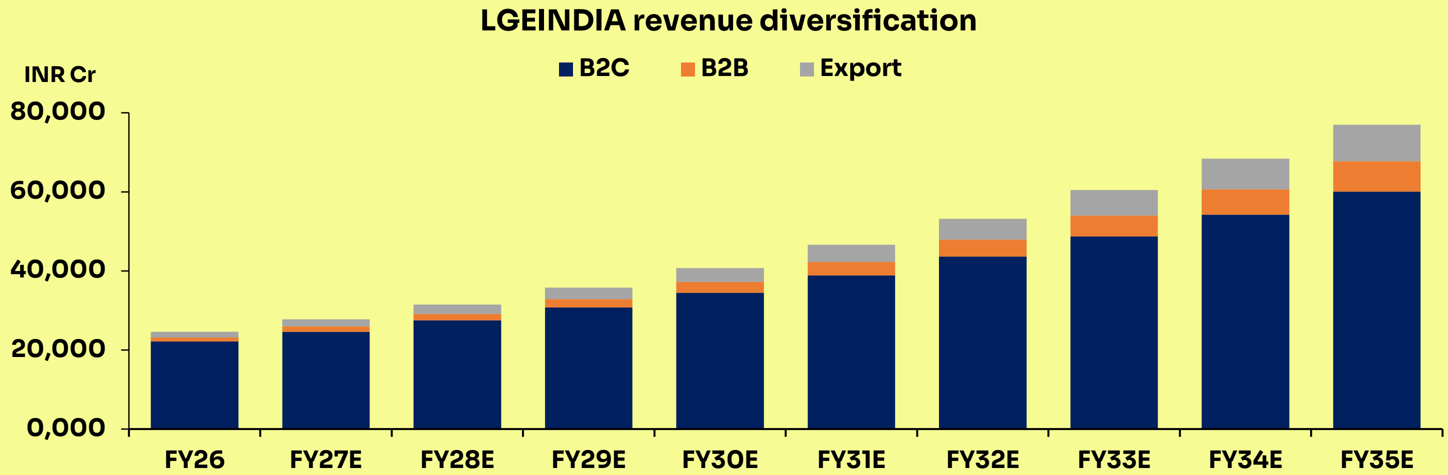

**Total TAM for India Data Center cooling solutions considering 9.3% of total cost at 6.6 GW capacity stands at USD ~19 Bn.**

**% of Infrastructure Cost**

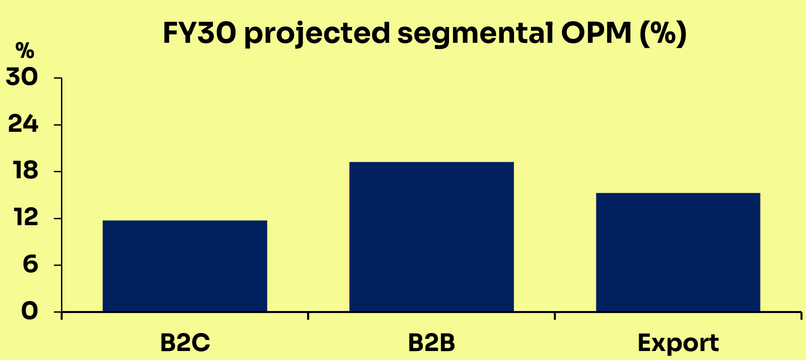


## Comprehensive Product Suite Enabling Demand Stability

**LGE India's revenue mix is expected to diversify meaningfully from a largely consumer-focused B2C model toward a broader B2C, B2B and export-led structure. While B2C remains the largest business, supported by premiumization, replacement demand, deeper appliance penetration and strong brand recall, the contribution from B2B and exports is expected to rise steadily over FY26–FY35.**

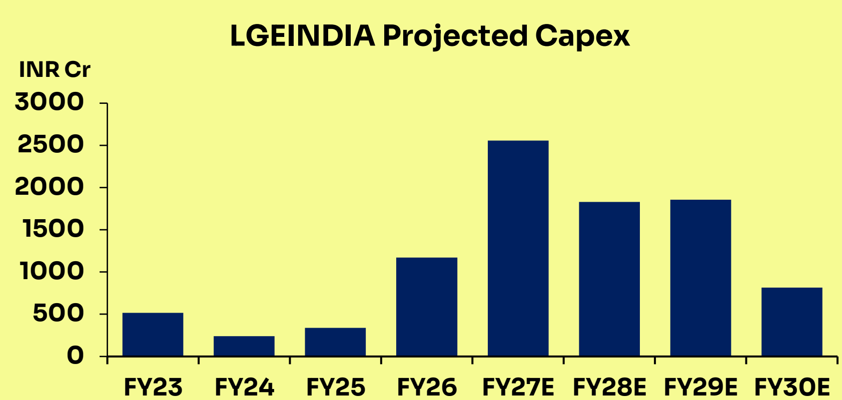



**Total revenue is projected to increase from INR 24,605 cr in FY26 to INR 76,993 cr in FY35. Within this, B2C revenue is expected to rise from around INR 22,144 cr to INR 60,055 cr, supported by premiumization, replacement demand, deeper appliance penetration and strong brand recall. B2B and exports are expected to become larger growth drivers over the same period. B2B revenue is projected to increase from around INR 984 cr in FY26 to INR 7,699 cr in FY35, while export revenue is expected to rise from around INR 1,476 cr to INR 9,239 cr.**




**This mix shift should improve margin quality, as exports are expected to command 3.5–4.0% higher margins than B2C, while B2B could command 7–8% higher margins as the company scales data center cooling and enterprise cooling solutions.**

**LG India's Sri City capex is a key Make in India / Make India Global catalyst, with planned investment of INR 5,000 cr over 5 years, including INR 657 cr already invested as of March 2026. The plant will initially focus on AC compressors and room ACs, helping reduce freight costs for South India, lower import dependence, support BEE compliance, and improve margins. Over time, it can also become an export hub for premium products.**

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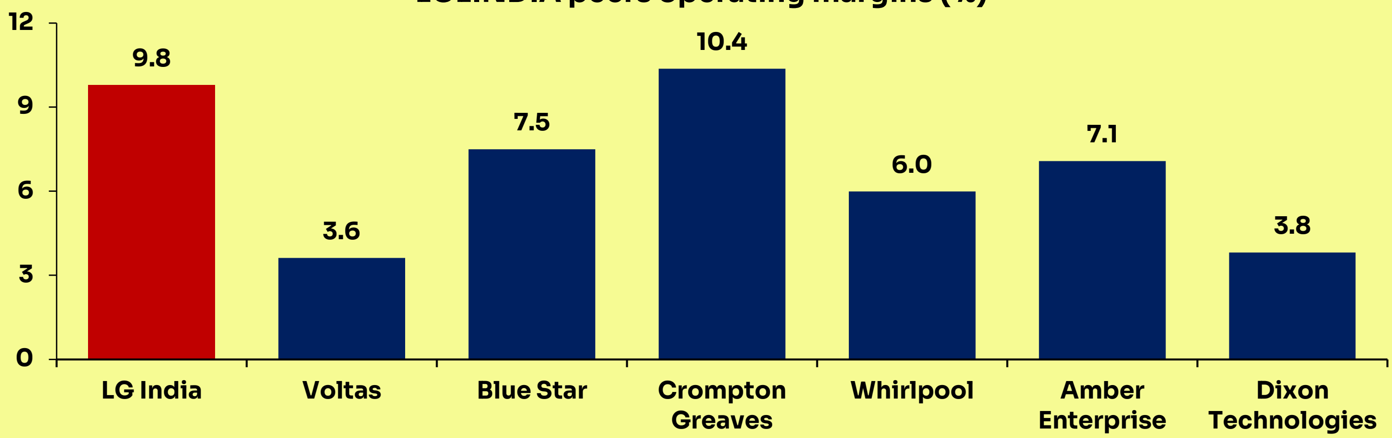
## Comprehensive Product Suite Enabling Demand Stability

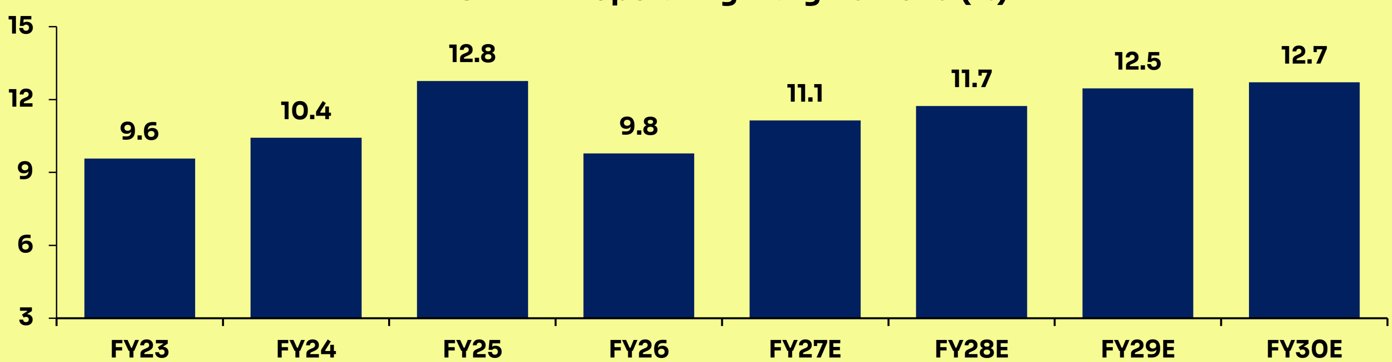
**LG India stands out with a strong OPM of ~9.8%, significantly ahead of most consumer durable and electronics peers such as Voltas, Whirlpool, Amber Enterprise and Dixon Technologies. This reflects LG's stronger brand equity, premium product mix, scale benefits, localized manufacturing and better control over key components such as compressors. While Crompton Greaves has a slightly higher OPM of ~10.3%, LG India's margin profile is notable given its much larger and more diversified appliance business. Compared with contract manufacturers like Amber and Dixon, LG's brand-led B2C model allows better pricing power and margin resilience. Going forward, margin expansion can be supported by premiumization, export growth, B2B cooling solutions and the Sri City capex-led localization benefits.**

**LGEINDIA peers operating margins (%)**

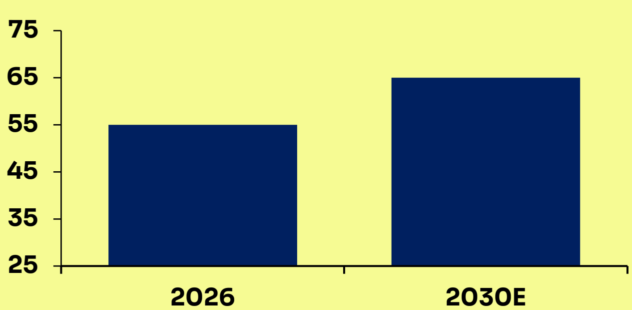



**LGE India's operating margin rose from 9.6% in FY23 to 12.8% in FY25, before moderating to 9.8% in FY26 due to supply-chain issues, tariff pressures, inflation and a weak summer. Margins are expected to recover from FY27E, supported by premiumization, localization, Sri City capex, export scale-up and higher-margin B2B cooling solutions.**

**LGEINDIA operating margins trend (%)**




**Localization Rate (%)**




**LGE India's localization rate is expected to improve from around 55% in FY26 to nearly 65% by FY30E, reflecting deeper domestic sourcing and higher in-house manufacturing. This should reduce import dependence, lower FX and logistics risks, improve supply-chain control and support margin expansion. The Sri City capex, especially compressor localization, will be a key driver of this shift.**

## Valuation of LG Electronics India

We value LGEINDIA using DCF with a 10.2% WACC, yielding a FY29 price target of INR 2,141, implying a 26.8% upside from the CMP.

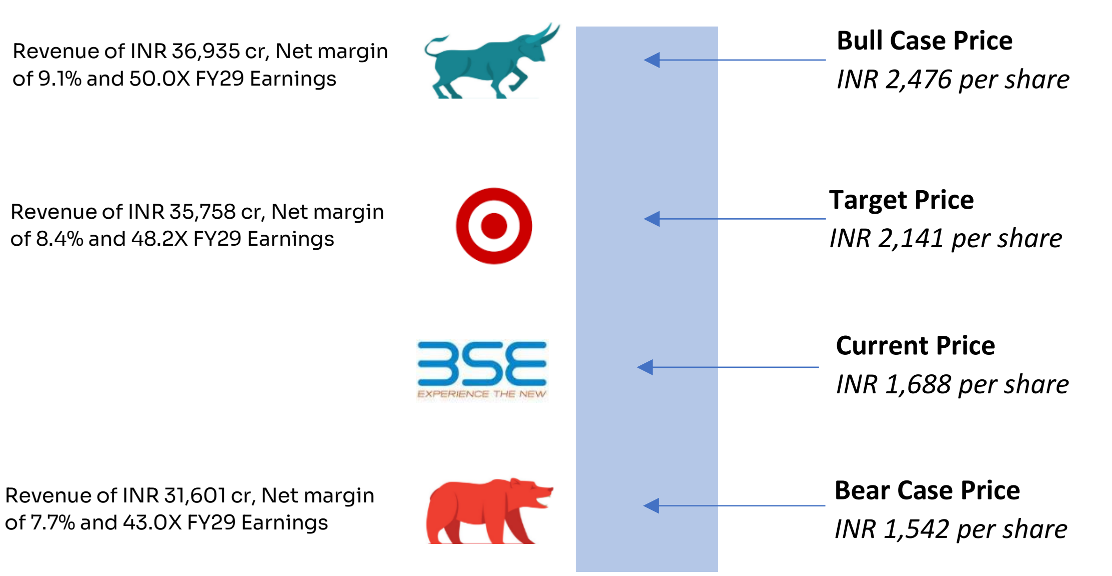
| Fig in INR Cr (Unless Specified) | FY25 | FY26 | FY27E | FY28E | FY29E | FY30E | FY31E | FY32E | FY33E | FY34E | FY35E |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Revenue | 24,367 | 24,605 | 27,798 | 31,483 | 35,758 | 40,752 | 46,644 | 53,205 | 60,450 | 68,384 | 76,993 |
| EBITDA | 3,110 | 2,408 | 3,096 | 3,696 | 4,457 | 5,180 | 6,053 | 7,142 | 8,363 | 9,719 | 10,912 |
| *EBITDA Margin (%)* | *12.8%* | *9.8%* | *11.1%* | *11.7%* | *12.5%* | *12.7%* | *13.0%* | *13.4%* | *13.8%* | *14.2%* | *14.2%* |
| Net Profit | 2,203 | 1,685 | 2,171 | 2,506 | 3,018 | 3,514 | 4,198 | 5,051 | 6,013 | 7,088 | 8,057 |
| *Margin (%)* | *9.0%* | *6.8%* | *7.8%* | *8.0%* | *8.4%* | *8.6%* | *9.0%* | *9.5%* | *9.9%* | *10.4%* | *10.5%* |
| Cash flow from operations | 1,654 | 1,721 | 2,529 | 3,144 | 3,811 | 4,460 | 5,187 | 6,110 | 7,156 | 8,332 | 9,418 |
| *CFO to PAT (%)* | *75%* | *102%* | *116%* | *125%* | *126%* | *127%* | *124%* | *121%* | *119%* | *118%* | *117%* |
| FCFF | 1,319 | 549 | (27) | 1,315 | 1,953 | 3,645 | 4,254 | 5,046 | 5,947 | 6,964 | 7,878 |
| *FCFF to Sales (%)* | *5%* | *2%* | *0%* | *4%* | *5%* | *9%* | *9%* | *9%* | *10%* | *10%* | *10%* |
| Discounted FCFF | | | | | 1,953 | 3,307 | 3,503 | 3,770 | 4,033 | 4,285 | 4,399 |
| Terminal Value | | | | | 201,415 | | | | | | |
| Total Value of Discounted FCFF | | | | | 25,250 | | | | | | |
| FY29 Present Value of Terminal Value | | | | | 112,461 | | | | | | |
| FY29 Value of Operations | | | | | 137,711 | | | | | | |
| FY29 Net Debt | | | | | (7,595) | | | | | | |
| FY29 Value of Equity | | | | | 145,306 | | | | | | |
| FY29 Value of Equity per Share | | | | | 2,141 | | | | | | |
| CMP | | | | | 1,688 | | | | | | |
| *Upside Potencial (%)* | | | | | *26.8%* | | | | | | |

## Our Bull and Bear Case Scenarios

We have prepared likely Bull and Bear case scenarios for the FY29 price, based on revenue growth, Net margins and P/E multiples.

- **Bull Case:** We have assumed revenue of INR 36,935 cr (14.5% 3-year CAGR) and a Net margin of 9.1% at a P/E of 50.0X, which will result in a Bull Case price target of INR 2,476 per share (an upside of 46.7 % from CMP).
- **Bear Case:** We have assumed revenue of INR 31,601 cr (8.7% 3-year CAGR) and a Net margin of 7.7% at a P/E of 43.0X, which will result in a Bear Case price target of INR 1,542 per share (an downside of 8.6% from CMP).

**Bull & Bear Case Scenario**




*Source: BSE & Ventura Research*

## Consensus vs Ventura Estimates

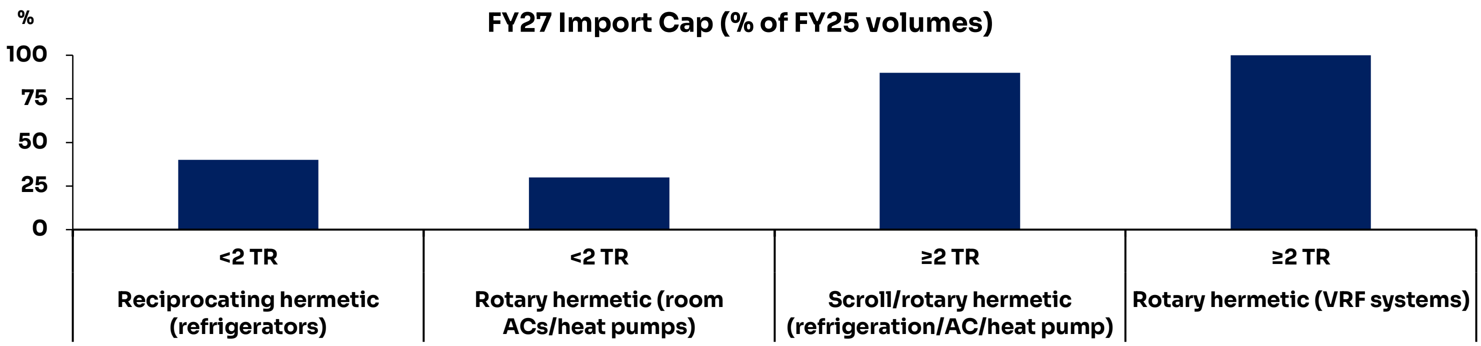
| Consensus vs Ventura Estimates | FY26 | FY27E | FY28E | FY29E | FY26-29E CAGR (%) |
|---|---|---|---|---|---|
| **Revenue (INR cr)** | | | | | |
| Consensus | 24,604.9 | 28,030.8 | 39,033.0 | 31,404.6 | *8.5* |
| *YoY Growth (%)* | *1.0* | *13.9* | *39.3* | *-19.5* | |
| Ventura Estimates | 24,604.9 | 27,797.7 | 31,483.3 | 35,757.9 | *13.3* |
| *YoY Growth (%)* | *1.0* | *13.0* | *13.3* | *13.6* | |
| **EBITDA (INR cr) & EBITDA margin (%)** | | | | | |
| Consensus | 2,408.3 | 3,153.6 | 3,793.9 | 4,458.5 | *22.8* |
| *Consensus Margin (%)* | *9.8* | *11.3* | *9.7* | *14.2* | |
| Ventura Estimates | 2,408.3 | 3,096.0 | 3,696.4 | 4,456.8 | *22.8* |
| *Ventura Margin (%)* | *9.8* | *11.1* | *11.7* | *12.5* | |
| **Net Profit (INR cr) & Net margin (%)** | | | | | |
| Consensus | 1,685.1 | 2,214.8 | 2,635.6 | 3,109.7 | *22.7* |
| *Consensus Margin (%)* | *6.8* | *7.9* | *6.8* | *9.9* | |
| Ventura Estimates | 1,685.1 | 2,171.4 | 2,506.3 | 3,018.1 | *21.4* |
| *Ventura Margin (%)* | *6.8* | *7.8* | *8.0* | *8.4* | |
| **EPS (INR)** | | | | | |
| Consensus | 24.8 | 32.6 | 38.8 | 45.8 | *22.7* |
| Ventura Estimates | 24.8 | 32.0 | 36.9 | 44.5 | *21.5* |
| **Valuation** | | | | | |
| P/E Ratio (X) | | | | | |
| Consensus | 68.0 | 51.7 | 43.5 | 36.8 | |
| Ventura Estimates | 68.0 | 52.8 | 45.7 | 38.0 | |

*Source: Ventura Research and Bloomberg estimates*

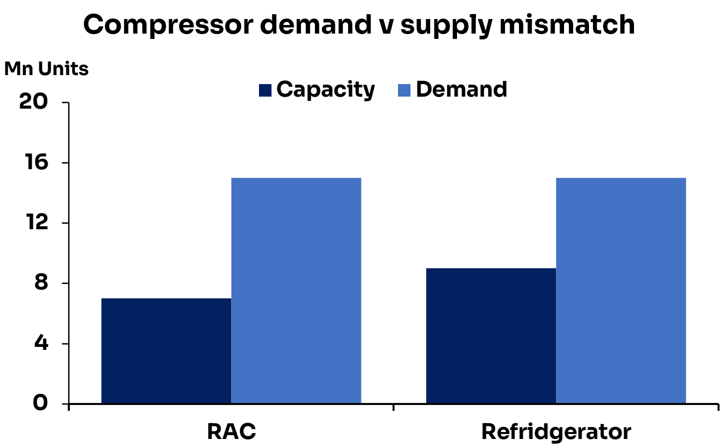
## Why LG Deserves to Trade at a Premium to Peers

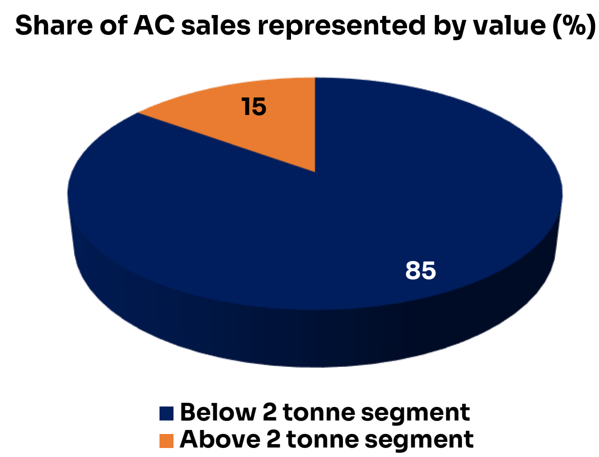
LG has been listed recently, and consensus estimates around LG rate it at a target that is in the range of 35-40X FY29 Earnings. We believe the stock should be trading at a substantial premium compared to the peers due to the following reasons:

Under DPIIT's Air Conditioner and its Related Parts, Hermetic Compressor and Temperature Sensing Controls (Quality Control) Amendment Order, 2026, conditional import exemptions for hermetic compressors run only till 31st March 2027.




### New Compressor Regulations Could Trigger a Near-Term Demand-Supply Mismatch

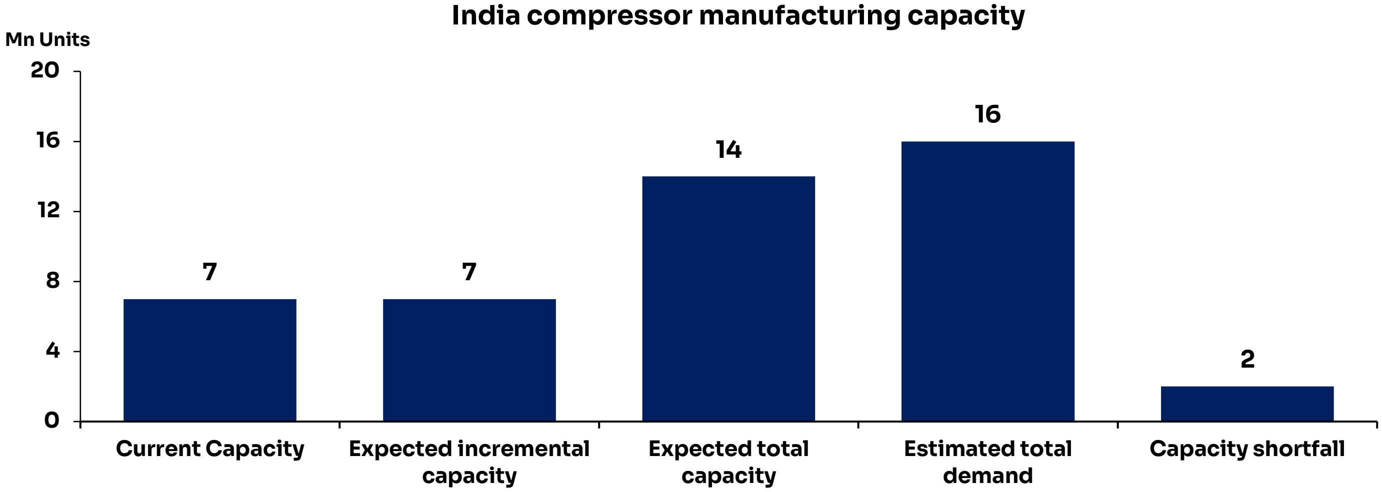



**LG's established manufacturing capabilities, distribution network and captive appliance demand should support healthy utilization at the expanded facilities.** Higher utilization, improved fixed-cost absorption and operating leverage could strengthen margins, enhance profitability and enable LG India to gain market share.

Peers lacking domestic compressor manufacturing capacity could face supply constraints as localization norms take effect. **With capacity additions still at an early stage, these players may remain reliant on costly or limited external sourcing. They may either raise appliance prices and risk losing market share or absorb higher input costs, leading to margin compression. LG India's timely capacity expansion should therefore provide stronger supply security.**

The impending sunset clause on compressor imports is expected to tighten domestic supply materially. **Despite planned capacity additions across the industry, the market could still face an estimated compressor shortfall of nearly 2 million units, creating a favorable demand-supply environment for established domestic manufacturers.**




**LG India is well positioned to capture this unmet demand, supported by its existing compressor capacity of 1 million units at Noida and the planned addition of 2 million units at Sri City.** This would increase its total domestic compressor capacity to approximately 3 million units, strengthening its ability to meet both captive requirements and incremental industry demand.

## Superior Execution and Integration Warrant a Valuation Premium

LG India currently trades broadly in line with peers on FY29E earnings. However, we believe this valuation parity may not adequately reflect its superior business positioning. LG's clear execution focus, market leadership, structurally stronger margins and backward integration into compressor manufacturing provide greater earnings visibility and competitive resilience. These advantages support a change in the valuation status quo.

| | LGEINDIA | Voltas | Blue Star |
|---|---|---|---|
| Current valuation (x FY29E) | 38.0 | 33.1 | 36.1 |
| Consensus target valuation (x 29E) | 38.1 | 32.2 | 37.1 |
| Ventura target valuation (x 29E) | 48.2 | | |

## Historical Comparison of Financial and Operating Metrics

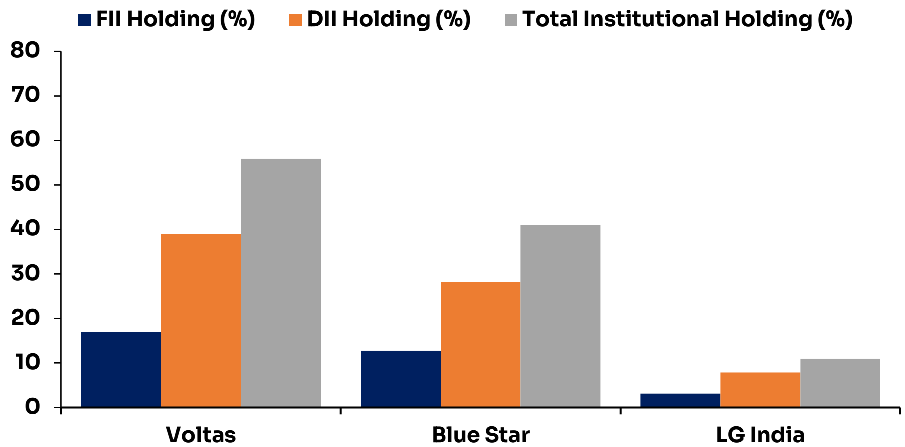
| Company Name | Market Cap (INR Cr) | Revenue FY26 (INR Cr) | EBITDA FY26 (INR Cr) | PAT FY26 (INR Cr) | Revenue CAGR (FY23-26) | PAT CAGR (FY23-26) | EBITDA (%) | Net Profit (%) | ROE (%) | Debt / Equity (X) | EV / EBITDA (X) | EV / Revenue (X) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| LG Electronics India Ltd | 114,563 | 24,605 | 2,408 | 1,685 | 7.4% | 7.7% | 9.8 | 6.8 | 22.0 | 0.0 | 45.7 | 4.5 |
| Amber Enterprises India Ltd | 26,123 | 12,186 | 862 | 178 | 20.7% | 4.2% | 7.1 | 1.5 | 5.3 | 0.6 | 32.9 | 2.3 |
| Blue Star Ltd | 31,080 | 12,402 | 930 | 528 | 15.8% | 9.6% | 7.5 | 4.3 | 16.3 | 0.2 | 35.7 | 2.7 |
| Crompton Greaves | 15,773 | 7,193 | 746 | (243) | 7.4% | - | 10.4 | (3.4) | (7.2) | 0.1 | 23.7 | 2.5 |
| Voltas Ltd | 41,028 | 14,245 | 516 | 376 | 14.5% | 40.7% | 3.6 | 2.6 | 5.8 | 0.2 | 83.1 | 3.0 |
| Whirlpool of India Ltd | 9,723 | 8,034 | 481 | 294 | 6.4% | 10.3% | 6.0 | 3.7 | 7.2 | 0.0 | 16.2 | 1.0 |

Based on the exhaustive operational and financial peer comparison, LG India emerges as the strongest consumer durables company within the peer set. Its leadership across scale, profitability, margins, capital efficiency, execution and manufacturing capabilities reflect a structurally superior operating model and stronger financial profile relative to competitors.

| Parameter | LG India | Voltas | Blue Star | Whirlpool of India |
|---|---|---|---|---|
| Compressor manufacturing capability | Yes - inhouse at Noida plant (RACs, refrigerators) | No - does not manufacture compressors at scale | No - does not manufacture compressors at scale | No - does not manufacture compressors at scale |
| Compressor expansion plans | Capacity expanding 1mn to 3mn units | Capacity expanding to 1mn units | NA | NA |
| Export catering opportunity | India export contribution 6%. Opportunity to increase export revenue share to 9-10%. | EPC/MEP exposure to Middle East and Singapore contribute 10-12% of revenues | Export revenues contribute 9-11% of revenues. | Export revenues contribute 4-5% of revenues. |
| Current market share position | Leadership across categories: refrigerators 30%, WM 34%, panel TVs 28%, Room AC 21% | Room AC leader by value 19% | Room AC 14% share | No.2 in refrigerators |
| Market share gain expected | Yes - capacity-led supply security plus brand leadership and backward integration | Uncertain - competitive intensity from Haier plus compressor import constraints | Uncertain - similar import exposure risk; DC cooling is separate growth lever | Uncertain - losing share to Haier |
| Current EBITDA margin (FY26 %) | 9.8 | 3.6 | 7.5 | 6 |
| Operating Margin trajectory | EBITDA margin 9.8% to 12.5% (FY29E), +270 bps | EBITDA margin 3.6% to 7.4% (FY29E), +380 bps | EBITDA margin 7.5% to 7.9% (FY29E), +40 bps | EBITDA margin 6.0% to 7.9% (FY29E), +190 bps |
| Net Margin trajectory | Net margin 6.8% to 8.5% (FY29E), +170 bps | Net margin 2.7% to 6.1% (FY29E), +340 bps | Net margin 4.3% to 5.2% (FY29E), +90 bps | Net margin 3.7% to 5.4% (FY29E), +170 bps |
| Revenue FY26 (INR Cr) | 24605.00 | 14245.0 | 12402.0 | 8034.0 |
| Revenue growth CAGR (FY26-29E) | 13.30% | 16.6% | 15.7% | 10.6% |
| EBITDA FY26 (INR Cr) | 2408 | 516 | 930 | 481 |
| EBITDA growth CAGR (FY26-29E) | 22.8% | 47.5% ( distorted by FY26 base) | 17.70% | 21.30% |
| PAT FY26 (INR Cr) | 1685.00 | 376.0 | 528.0 | 294.0 |
| PAT growth CAGR (FY26-29E) | 21.5% | 53.8% (distorted by FY26 base) | 23.70% | 25.90% |
| Data center cooling opportunity | Established hyperscaler relationships; DC cooling TAM ~USD 19 bn | Actively pursuing - centrifugal chillers, new tech partner alliance, MEP/EPC bids, 9-12 month turnaround | Actively pursuing - in-house CDU/chiller development, leverages MEP/EPC leadership | NA |
| RoIC FY29E expected (%) | 45.2 | 20.6 | 30.5 | 41.4 |
| RoE FY29E | 19.7 | 16.0 | 18.8 | 10.8 |

### Institutional Participation Offers Significant Scope to Expand

**Under-Owned by Institutions (as on Jun 2026)**




As highlighted in the shareholding comparison, LG currently has relatively lower FII and DII ownership, whereas most listed consumer durable peers are already widely held by institutional investors. Following the initial post-listing adjustment, the stock appears to have established a valuation base, while the underlying earnings and market-share catalysts are yet to fully play out. Strong execution could attract incremental institutional participation and narrow the ownership gap with established peers.

### Data-Centre Cooling Offers an Unfactored Earnings Upside

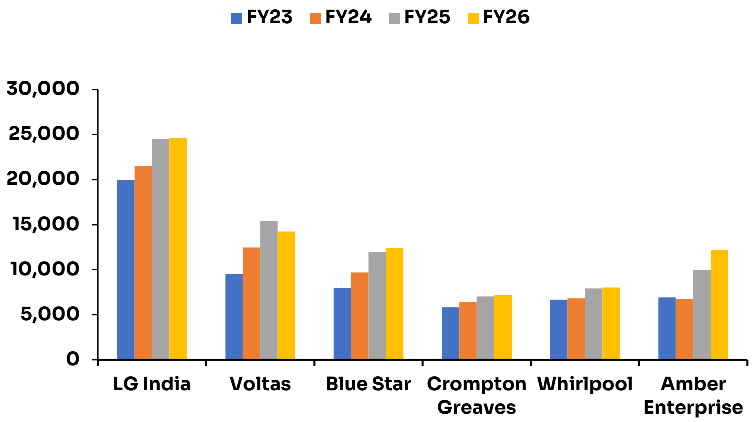
Our estimates currently exclude any contribution from data-centre cooling, creating potential upside. Rising data-centre capacity and increasing power density require specialised, energy-efficient cooling systems with high reliability. LG's expertise in air-conditioning, compressors and thermal management provides a strong platform to address this expanding, mission-critical institutional cooling opportunity.

Successful execution could diversify LG's revenue mix beyond consumer appliances and improve earnings visibility through large projects, maintenance and replacement demand. Any meaningful order wins, partnerships or dedicated capacity additions could raise revenue and profitability estimates, while positioning LG as a broader cooling-solutions provider and creating an additional catalyst for the stock.

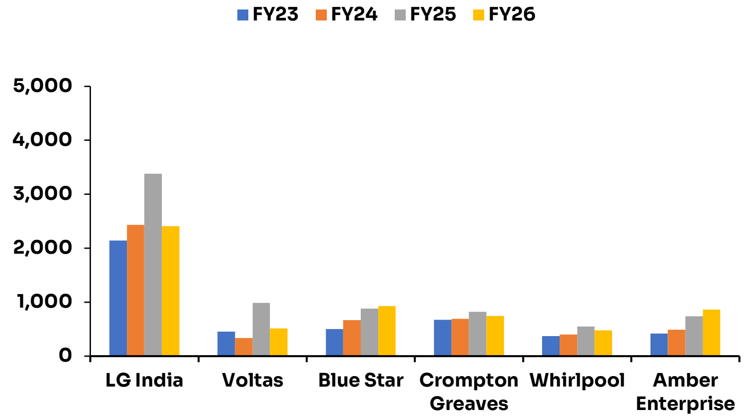
### All Signs Point Towards a Re-rating of LG India

We believe LG India is positioned for a potential re-rating, while relatively weaker peers could face valuation de-rating as the operational gap widens. LG's readiness across manufacturing capacity, execution, market leadership and backward integration provides a clear advantage at a time when competitors are still undertaking capex and localization initiatives. This preparedness should allow LG to capture incremental demand, sustain stronger utilization and protect margins, thereby expanding the performance differential versus peers over the coming years.

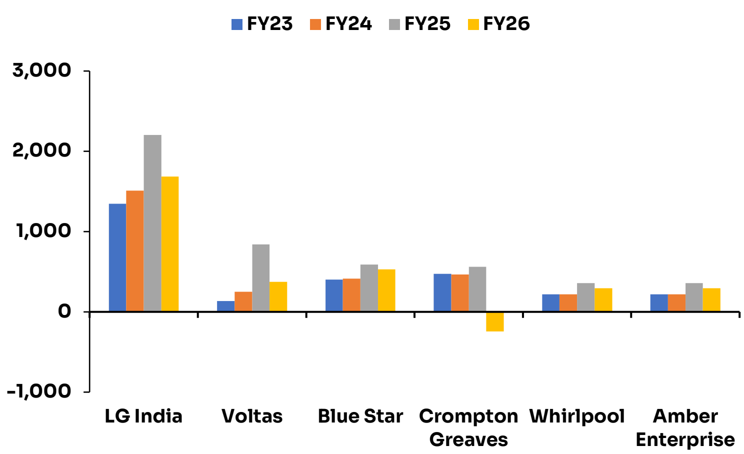
### Revenue Performance (INR Cr)



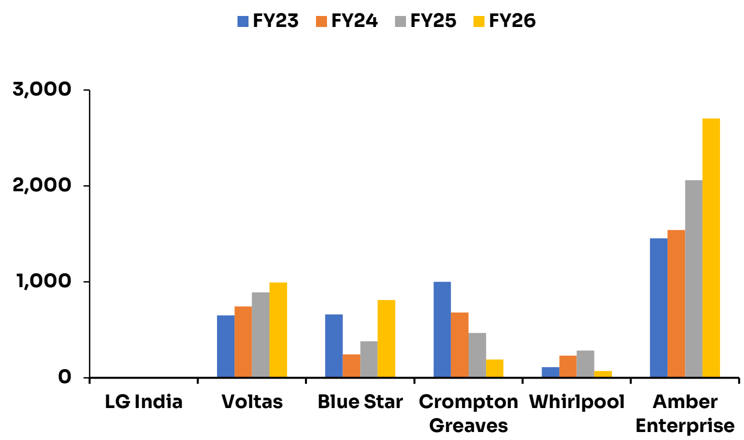

### EBITDA Performance (INR Cr)



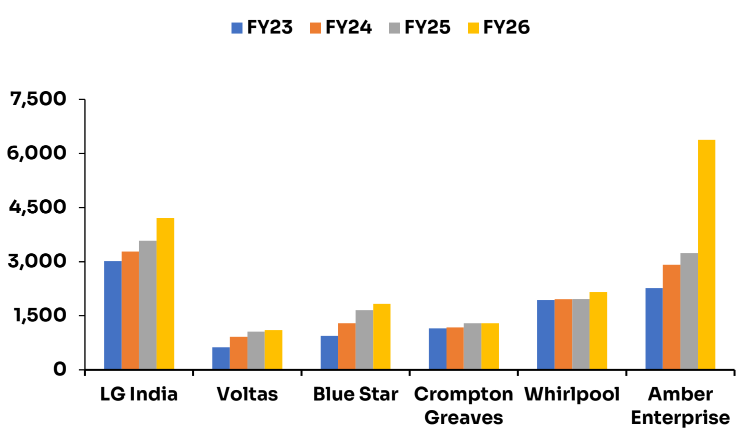

### PAT Performance (INR Cr)



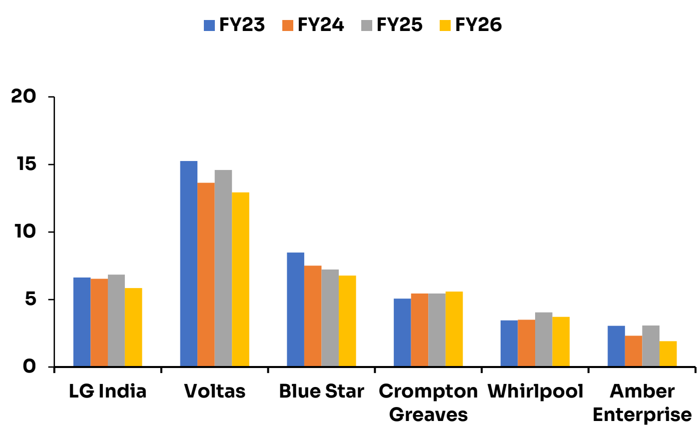

### Debt Profile (INR Cr)




### Fixed Asset Base (INR Cr)




### Fixed Asset Turnover (X)



## Pecking Order of Consumer Durable Companies

| Company Name | Core Competency & Product Range | Score | Market Share & Market Position | Score | FY26 Revenue (INR Cr) | Score | Revenue CAGR (FY23-26) | Score | EBITDA Margin (%) | Score | Fixed Asset Turnover (X) | Score | Debt to Equity (X) | Score | ROE (%) | Score | Total Score | Ranking (Lowest Best) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| LG Electronics India Ltd | Broad consumer durable and electronics portfolio across refrigerators, washing machines, air conditioners, and televisions | 1 | Panel TVs: 27.5%; Washing Machines: 33.5%; Refrigerators: 29.9%; Inverter ACs: 20.6% | 1 | 24605 | 1 | 7.40% | 4 | 9.80% | 2 | 5.97 | 3 | 0 | 1 | 22.0% | 1 | 14 | 1 |
| Blue Star Ltd | Strong cooling-products franchise across room ACs, commercial refrigeration, HVAC and electro-mechanical projects | 5 | Room AC market share: approximately 14.2-14.3% | 4 | 12402 | 3 | 15.80% | 2 | 7.50% | 3 | 12.92 | 1 | 0.2 | 5 | 16.2% | 2 | 25 | 2 |
| Voltas Ltd | Leading room AC franchise with presence in commercial refrigeration, engineering projects and home appliances | 4 | Room AC market share: 18%; market leader by volume | 2 | 14245 | 2 | 14.50% | 3 | 3.60% | 6 | 6.76 | 2 | 0.2 | 4 | 5.8% | 4 | 27 | 3 |
| Amber Enterprises India Ltd | Large diversified B2B ODM and EMS platform across RACs, components, electronics and mobility applications | 2 | RAC manufacturing footprint share: 26-27% | 6 | 12186 | 4 | 20.70% | 1 | 7.10% | 4 | 5.58 | 4 | 0.6 | 6 | 5.3% | 5 | 32 | 4 |
| Crompton Greaves | Strong franchise in fans, pumps and lighting with expansion into kitchen and small domestic appliances | 3 | Market leader in Fans; No. 1 in Residential Pumps; gaining share across pump categories | 5 | 7193 | 6 | 7.40% | 5 | 10.40% | 1 | 3.71 | 5 | 0.1 | 3 | -7.2% | 6 | 34 | 5 |
| Whirlpool of India Ltd | Established large-appliance franchise focused primarily on refrigerators and washing machines | 6 | No. 2 in Direct-Cool Refrigerators; No. 1 in 190-200L refrigerator segment; Fully Automatic Top-Load WM share 18% | 3 | 8034 | 5 | 6.40% | 6 | 6.00% | 5 | 1.91 | 6 | 0 | 2 | 7.2% | 3 | 36 | 6 |

| Company Name | Comments |
|---|---|
| LG Electronics | • **Strong FY26 Performance:** Strong FY26 Performance: Revenue stood at INR 24,605 Cr (~1% YoY), EBITDA at INR 2,408 Cr (9.8% margin), and PAT at INR 1,685 Cr (-23.5% YoY), reflecting margin pressure despite broadly stable revenue.<br>• **Market Position:** LG maintains leadership across refrigerators, washing machines, televisions, inverter air conditioners and microwaves, supported by strong brand recall, wide product offerings and an extensive nationwide distribution and service network.<br>• **Capital Discipline:** The company remains debt-free, providing significant financial flexibility for manufacturing expansion and product development. Strong historical cash generation supports investments in localization, technology and additional manufacturing capacity.<br>• **Outlook:** Premiumization, low appliance penetration, rising household incomes and deeper distribution remain key structural growth drivers. |
| Voltas | • **Strong FY26 Performance:** Revenue stood at INR 14,245 Cr (-7.6% YoY), EBITDA at INR 516 Cr (3.6% margin), and PAT at INR 376 Cr (-55.3% YoY), reflecting weaker demand during FY26.<br>• **Market Position:** Voltas remains a leading player in India's room air-conditioner market, supported by strong brand recall, nationwide distribution, an extensive dealer network and diversified exposure across cooling products and engineering projects.<br>• **Capital Discipline:** The company continues strengthening domestic manufacturing and localization capabilities while maintaining a disciplined approach toward capacity expansion, product development and cost optimization.<br>• **Outlook:** Normalization in summer demand, channel inventory correction and rising AC penetration could support recovery. However, competitive intensity, commodity prices and currency volatility remain important risks. |
| Blue Star | • **Strong FY26 Performance:** Revenue increased to INR 12,402 Cr (+3.6% YoY), EBITDA reached INR 930 Cr (7.5% margin), while PAT stood at INR 528 Cr (-10.8% YoY), supported by performance.<br>• **Market Position:** Blue Star has a strong presence across room air conditioners, commercial air-conditioning, electro-mechanical projects and refrigeration.<br>• **Capital Discipline:** The company continues investing in manufacturing capacity, localization, product development and distribution while maintaining a disciplined financial approach and focusing on sustainable growth across consumer and commercial businesses.<br>• **Outlook:** Data centers, manufacturing facilities and commercial cooling provide strong medium-term opportunities, while improving room AC penetration, and premiumization. |
| Crompton Greaves | • **Strong FY26 Performance**: Revenue increased to INR 7,193 Cr (+2.3% YoY), EBITDA stood at INR 746 Cr (10.4% margin), while reported PAT was negative at INR 243 Cr due to impairment-related impact.<br>• **Market Position:** Crompton maintains a strong presence across fans, pumps, lighting and appliances, supported by extensive retail distribution.<br>• **Capital Discipline:** The company maintained total debt of approximately INR 192 Cr in FY26, reflecting a conservative financial profile and providing flexibility for investments.<br>• **Outlook:** Premium fans, pumps, lighting and appliances remain important growth drivers. Improvement in Butterfly's operating performance, and new product launches will support growth. |
| Whirlpool of India | • **Strong FY26 Performance:** Revenue increased to INR 8,034 Cr (+1.4% YoY), EBITDA stood at INR 481 Cr (6.0% margin), while PAT declined 18.2% YoY to INR 294 Cr, reflecting modest growth and profitability pressure.<br>• **Market Position**: Whirlpool maintains an established position across refrigerators and washing machines, supported by strong brand recognition, and manufacturing capabilities.<br>• **Capital Discipline:** Total debt declined to approximately INR 71 Cr in FY26 from INR 284 Cr in FY25, materially strengthening the financial profile and providing flexibility for product development and manufacturing investments.<br>• **Outlook:** Low appliance penetration and replacement demand provide a structural opportunity, but stronger product launches, improved distribution execution and better channel competitiveness. |

ventura

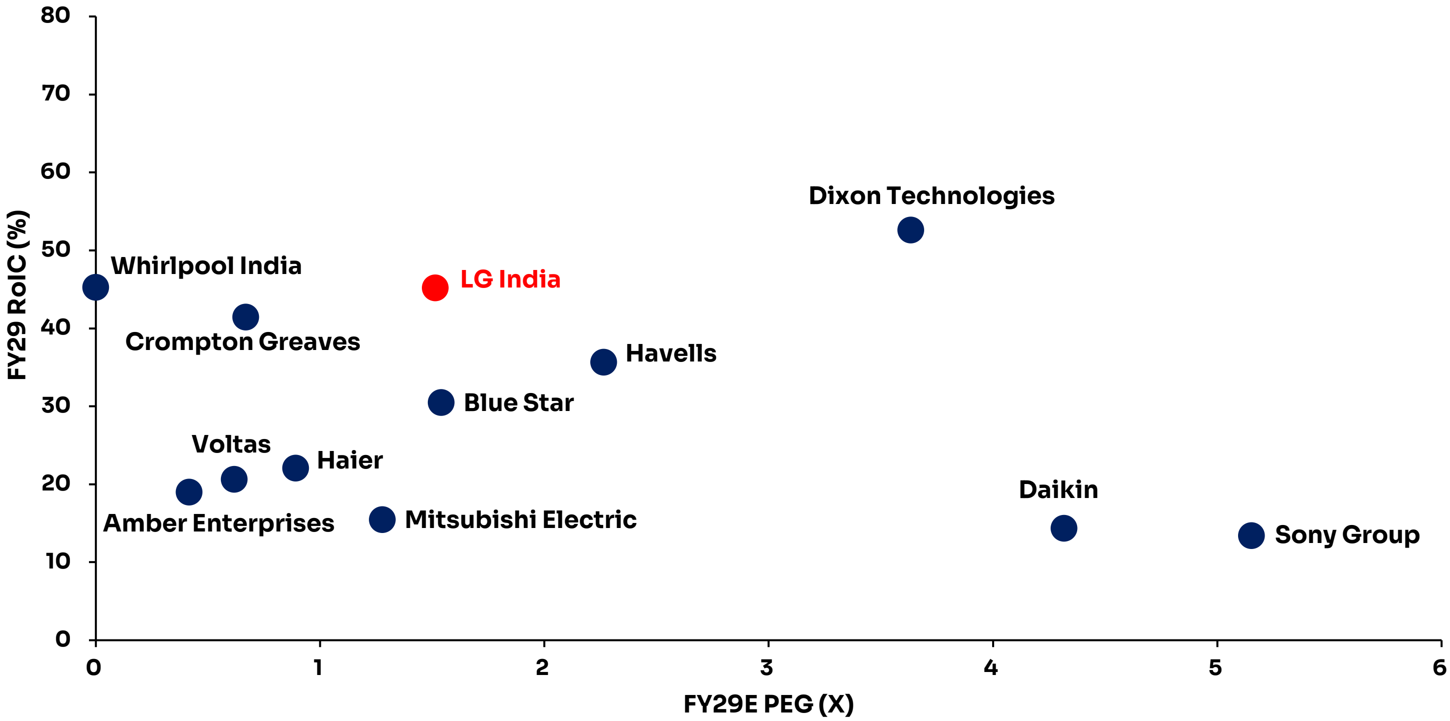
LG

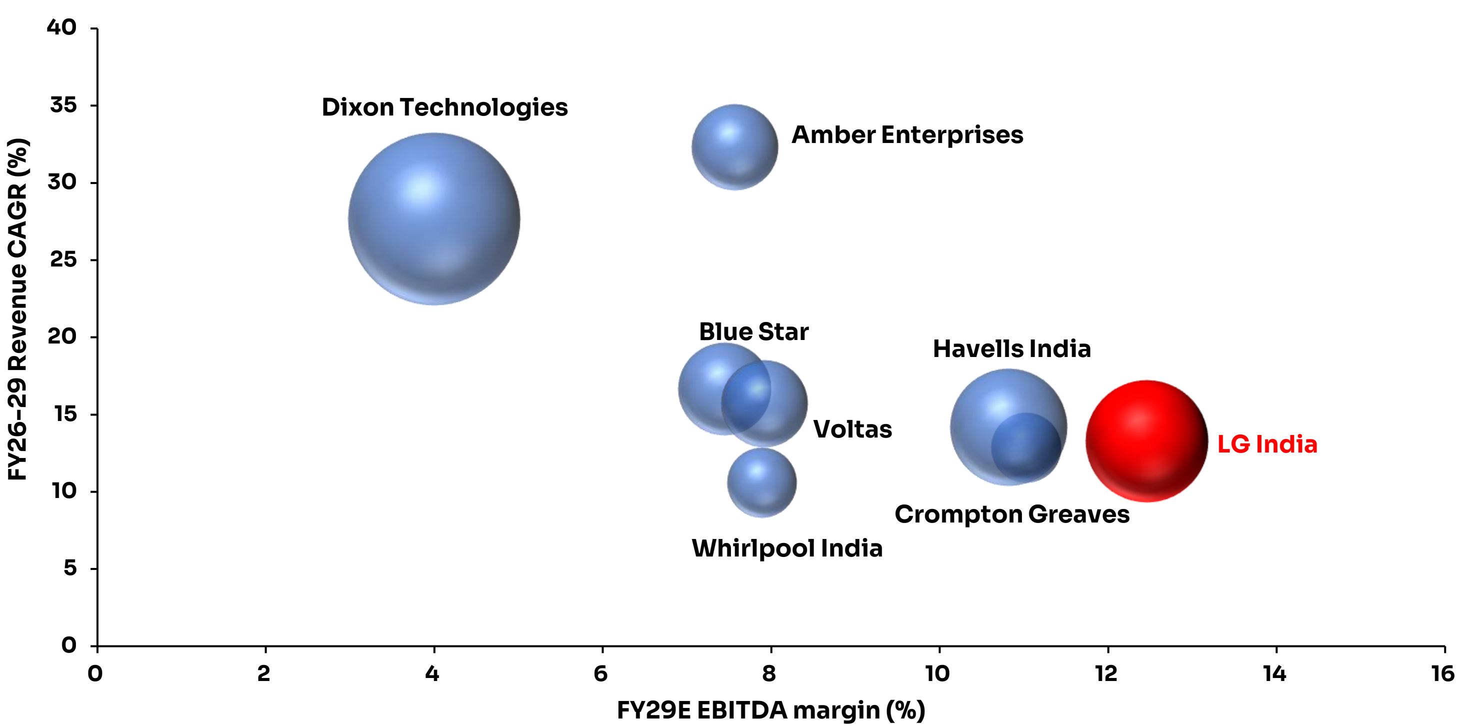
## Valuation and comparable metrics of Domestic and Global Companies

| Company Name | Mkt Cap | Price | PEG (X) | P/E (X) | | | EV/Sales (X) | | | EV/EBIDTA (X) | | | RoE (%) | | | RoIC (%) | | | Sales | | | EBITDA Margin (%) | | | Net Margin (%) | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | 2027 | 2028 | 2029 | 2027 | 2028 | 2029 | 2027 | 2028 | 2029 | 2027 | 2028 | 2029 | 2027 | 2028 | 2029 | 2027 | 2028 | 2029 | 2027 | 2028 | 2029 | 2027 | 2028 | 2029 |
| Domestic Peers (Fig in INR cr, unless specified) | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| LG Electronics India Limited | 114,562.8 | 1,687.8 | 1.7 | 52.8 | 45.7 | 38.0 | 4.0 | 3.5 | 3.0 | 35.6 | 29.5 | 24.0 | 22.1 | 20.3 | 19.6 | 47.9 | 44.3 | 45.4 | 27,797.7 | 31,483.3 | 35,757.9 | 11.1 | 11.7 | 12.5 | 7.8 | 8.0 | 8.4 |
| Voltas Limited | 44,963.9 | 1,358.9 | 0.6 | 56.1 | 40.2 | 33.1 | 2.6 | 2.3 | 2.0 | 40.8 | 30.5 | 26.4 | 11.5 | 14.3 | 16.0 | 14.7 | 18.6 | 20.6 | 17,054.1 | 19,740.3 | 22,403.2 | 6.4 | 7.4 | 7.4 | 4.7 | 5.7 | 6.1 |
| Blue Star Limited | 35,904.5 | 1,746.2 | 1.5 | 52.8 | 41.6 | 36.1 | 2.4 | 2.1 | 1.8 | 32.5 | 26.5 | 22.9 | 17.3 | 18.9 | 18.8 | 24.6 | 26.9 | 30.5 | 14,591.8 | 16,962.6 | 19,208.9 | 7.5 | 7.9 | 7.9 | 4.7 | 5.1 | 5.2 |
| Amber Enterprises India Limited | 27,461.2 | 7,786.5 | 0.4 | 68.1 | 40.6 | 30.1 | 1.9 | 1.3 | 1.0 | 25.0 | 18.0 | 13.6 | 8.3 | 12.3 | 13.8 | 11.9 | 15.3 | 19.0 | 15,171.9 | 21,891.3 | 28,208.9 | 7.6 | 7.4 | 7.6 | 2.7 | 3.1 | 3.2 |
| Crompton Greaves Consumer Electricals Ltd | 16,806.2 | 261.0 | - | 27.4 | 22.6 | 19.7 | 1.7 | 1.5 | 1.3 | 16.5 | 13.5 | 11.5 | 17.3 | 18.5 | 19.1 | 29.7 | 36.0 | 45.3 | 9,286.2 | 10,432.8 | 11,631.7 | 10.4 | 10.9 | 11.0 | 6.6 | 7.1 | 7.3 |
| Dixon Technologies (India) Limited | 81,716.5 | 13,365.0 | 3.6 | 74.0 | 50.0 | 41.2 | 1.2 | 0.9 | 0.8 | 34.7 | 23.7 | 19.4 | 19.1 | 21.9 | 21.4 | 35.8 | 52.4 | 52.6 | 67,633.8 | 87,173.6 | 101,649.8 | 3.5 | 3.8 | 4.0 | 1.6 | 1.9 | 2.0 |
| Havells India Limited | 74,510.4 | 1,187.3 | 2.3 | 41.6 | 35.1 | 30.3 | 2.8 | 2.4 | 2.1 | 27.3 | 22.9 | 19.3 | 17.0 | 17.9 | 18.7 | 28.8 | 32.0 | 35.7 | 25,968.5 | 29,556.2 | 33,521.2 | 10.1 | 10.5 | 10.8 | 6.9 | 7.2 | 7.3 |
| Whirlpool of India Limited | 9,930.9 | 782.8 | 0.7 | 24.6 | 19.9 | 17.1 | 0.8 | 0.7 | 0.6 | 11.8 | 9.2 | 7.3 | 9.0 | 10.2 | 10.8 | 23.0 | 26.4 | 41.4 | 9,036.8 | 10,009.1 | 10,857.4 | 6.7 | 7.5 | 7.9 | 4.5 | 5.0 | 5.4 |
| Global Peers (Fig in USD Mn) | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Daikin Industries, Ltd. | 45,072.2 | 153.8 | 4.3 | 24.7 | 25.2 | 22.3 | 1.4 | 1.4 | 1.3 | 10.0 | 10.5 | 9.4 | 8.9 | 8.8 | 9.4 | 12.8 | 12.7 | 14.4 | 33,316.4 | 32,395.7 | 33,907.3 | 13.8 | 13.7 | 14.2 | 5.5 | 5.5 | 6.0 |
| Samsung Electronics Co., Ltd. | 1,053,511.0 | 180.2 | 0.0 | 5.3 | 3.7 | 3.5 | 1.8 | 1.1 | 0.7 | 3.1 | 1.7 | 1.1 | 47.4 | 44.2 | 34.2 | 107.7 | 136.8 | 139.8 | 476,231.7 | 622,651.4 | 679,496.3 | 58.8 | 63.0 | 61.9 | 41.6 | 45.4 | 44.2 |
| Sony Group Corporation | 124,618.2 | 20.9 | 5.2 | (57.4) | 16.5 | 15.2 | 1.5 | 1.9 | 1.8 | 6.8 | 9.7 | 8.9 | (4.2) | 13.6 | 13.3 | 20.8 | 12.8 | 13.4 | 82,906.0 | 78,955.2 | 79,344.5 | 21.6 | 19.5 | 20.5 | (2.6) | 9.6 | 10.3 |
| Haier Smart Home Co., Ltd. | 26,760.7 | 2.6 | 0.9 | 9.2 | 8.4 | 7.7 | 0.5 | 0.5 | 0.4 | 5.1 | 4.6 | 4.0 | 13.9 | 14.2 | 14.5 | 19.5 | 20.5 | 22.1 | 45,947.2 | 48,199.8 | 50,657.9 | 10.0 | 10.3 | 10.5 | 6.3 | 6.6 | 6.9 |
| Mitsubishi Electric Corporation | 72,980.6 | 34.5 | 1.3 | 26.9 | 23.8 | 21.5 | 1.8 | 1.8 | 1.7 | 16.0 | 13.2 | 12.1 | 9.3 | 10.1 | 10.4 | 10.7 | 14.6 | 15.5 | 39,160.6 | 38,463.7 | 39,859.4 | 11.3 | 13.6 | 14.1 | 6.9 | 8.0 | 8.5 |
| Siemens Aktiengesellschaft | 244,369.1 | 312.5 | 3.2 | 25.3 | 21.8 | 19.3 | 2.9 | 2.7 | 2.5 | 16.0 | 13.9 | 12.3 | 12.6 | 13.7 | 14.1 | 13.3 | 15.0 | 16.3 | 94,695.8 | 100,948.6 | 107,430.7 | 18.0 | 19.3 | 20.1 | 10.2 | 11.1 | 11.8 |
| Midea Group Co., Ltd. | 90,903.7 | 11.4 | 1.1 | 13.2 | 12.1 | 11.2 | 1.2 | 1.1 | 1.0 | 10.0 | 8.9 | 8.0 | 18.9 | 19.1 | 19.4 | 24.1 | 26.0 | 28.1 | 71,504.7 | 76,362.8 | 82,073.4 | 12.3 | 12.5 | 12.6 | 9.6 | 9.8 | 9.9 |
| Panasonic Holdings Corporation | 63,279.1 | 25.8 | 1.4 | 50.3 | 22.6 | 18.1 | 1.3 | 1.4 | 1.3 | 16.8 | 10.7 | 8.9 | 3.7 | 7.8 | 8.9 | 3.5 | 9.0 | 10.9 | 53,470.2 | 48,135.8 | 50,938.2 | 7.6 | 13.2 | 14.4 | 2.4 | 5.8 | 6.9 |
| AB Electrolux | 2,110.6 | 2.6 | 0.1 | (336.6) | 8.1 | 5.8 | 0.3 | 0.3 | 0.3 | 5.0 | 3.8 | 3.2 | (0.3) | 12.4 | 15.3 | 9.3 | 12.7 | 15.5 | 13,460.8 | 13,952.9 | 14,413.3 | 6.3 | 7.8 | 8.4 | (0.0) | 1.9 | 2.5 |
| Hisense Home Appliances Group Co., Ltd. | 4,757.0 | 2.8 | 0.8 | 9.7 | 8.9 | 8.1 | 0.3 | 0.2 | 0.1 | 4.5 | 3.2 | 2.1 | 14.0 | 13.7 | 13.6 | 30.8 | 42.9 | 59.2 | 13,271.8 | 13,987.1 | 14,919.2 | 6.2 | 6.3 | 6.3 | 3.7 | 3.8 | 3.9 |
| Sharp Corporation | 2,591.4 | 4.0 | (11.8) | 8.2 | 11.0 | 11.3 | 0.3 | 0.4 | 0.4 | 7.2 | 8.9 | 7.0 | 17.7 | 12.4 | 10.9 | 9.9 | 7.5 | 9.9 | 12,574.5 | 10,839.7 | 10,360.6 | 4.5 | 4.5 | 5.2 | 2.5 | 2.2 | 2.2 |
| Carrier Global Corporation | 57,953.7 | 69.8 | 0.8 | 24.8 | 22.8 | 20.2 | 3.1 | 2.9 | 2.7 | 14.5 | 13.4 | 12.6 | 16.8 | 17.6 | 19.0 | 14.1 | 15.6 | 17.3 | 22,278.4 | 23,368.9 | 24,609.1 | 21.1 | 21.6 | 21.7 | 10.5 | 10.9 | 11.7 |
| Continental Aktiengesellschaft | 16,429.8 | 82.1 | | 11.6 | 9.8 | 8.8 | 1.0 | 1.0 | 0.9 | 6.1 | 5.4 | 4.9 | 26.6 | 27.1 | 25.9 | 22.0 | 24.7 | 26.2 | 20,907.2 | 21,167.1 | 21,672.0 | 16.9 | 18.3 | 18.8 | 6.8 | 7.9 | 8.6 |
| Xiaomi Corporation | 85,671.6 | 3.3 | 1.0 | 19.8 | 14.2 | 10.8 | 1.2 | 1.0 | 0.8 | 16.2 | 11.2 | 8.4 | 10.0 | 12.4 | 14.2 | 10.6 | 14.5 | 16.9 | 70,516.9 | 82,781.2 | 95,904.0 | 7.4 | 8.6 | 9.7 | 6.1 | 7.3 | 8.3 |
| SharkNinja, Inc. | 21,320.0 | 150.7 | 1.0 | 24.2 | 21.1 | 18.5 | 2.9 | 2.5 | 2.1 | 16.0 | 13.4 | 11.3 | 25.7 | 24.2 | 23.4 | 40.1 | 47.1 | 58.5 | 7,234.8 | 8,046.6 | 8,947.3 | 18.0 | 18.5 | 18.8 | 12.2 | 12.6 | 12.9 |

*Source: ACE Equity, Company Reports & Ventura Research*


**At PEG ~1.7 and RoIC ~45% coupled with superior OPM, LGEINDIA sits at the sweet spot of growth, profitability, and valuation.**




*Source: Ventura Research, ACE Equity & Bloomberg*
*Bubble size indicates the size of the company's revenue*

## LGEINDIA's Financial Summary

| Fig in INR Cr (unless specified) | FY23 | FY24 | FY25 | FY26 | FY27E | FY28E | FY29E | FY30E | FY31E | FY32E | FY33E | FY34E | FY35E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Revenue from operations | 19,864.6 | 21,352.0 | 24,366.6 | 24,604.9 | 27,797.7 | 31,483.3 | 35,757.9 | 40,751.8 | 46,644.1 | 53,204.8 | 60,450.5 | 68,383.9 | 76,993.4 |
| *YoY Growth (%)* | *18.0* | *7.5* | *14.1* | *1.0* | *13.0* | *13.3* | *13.6* | *14.0* | *14.5* | *14.1* | *13.6* | *13.1* | *12.6* |
| Raw Material Cost | 14,028.1 | 14,930.2 | 16,580.1 | 17,166.9 | 19,180.4 | 21,723.5 | 24,673.0 | 28,084.8 | 32,106.7 | 36,578.3 | 41,509.3 | 46,899.9 | 52,740.5 |
| *RM Cost to Sales (%)* | *70.6* | *69.9* | *68.0* | *69.8* | *69.0* | *69.0* | *69.0* | *68.9* | *68.8* | *68.8* | *68.7* | *68.6* | *68.5* |
| Employee Cost | 799.2 | 886.8 | 962.8 | 997.0 | 1,136.6 | 1,242.3 | 1,340.8 | 1,455.0 | 1,569.1 | 1,682.2 | 1,803.3 | 1,932.8 | 2,071.3 |
| *Employee Cost to Sales (%)* | *4.0* | *4.2* | *4.0* | *4.1* | *4.1* | *3.9* | *3.7* | *3.6* | *3.4* | *3.2* | *3.0* | *2.8* | *2.7* |
| Other Expenses | 3,136.0 | 3,307.8 | 3,713.6 | 4,032.7 | 4,384.7 | 4,821.0 | 5,287.4 | 6,031.9 | 6,915.2 | 7,802.0 | 8,774.6 | 9,831.9 | 11,269.3 |
| *Other Expenses to Sales (%)* | *15.8* | *15.5* | *15.2* | *16.4* | *15.8* | *15.3* | *14.8* | *14.8* | *14.8* | *14.7* | *14.5* | *14.4* | *14.6* |
| EBITDA | 1,901.4 | 2,227.2 | 3,110.1 | 2,408.3 | 3,096.0 | 3,696.4 | 4,456.8 | 5,180.2 | 6,053.1 | 7,142.3 | 8,363.3 | 9,719.3 | 10,912.3 |
| *EBITDA Margin (%)* | *9.6* | *10.4* | *12.8* | *9.8* | *11.1* | *11.7* | *12.5* | *12.7* | *13.0* | *13.4* | *13.8* | *14.2* | *14.2* |
| PAT | 1,348.0 | 1,511.1 | 2,203.3 | 1,685.1 | 2,171.4 | 2,506.3 | 3,018.1 | 3,514.1 | 4,197.9 | 5,050.6 | 6,012.6 | 7,088.2 | 8,056.6 |
| *PAT Margin (%)* | *6.8* | *7.1* | *9.0* | *6.8* | *7.8* | *8.0* | *8.4* | *8.6* | *9.0* | *9.5* | *9.9* | *10.4* | *10.5* |
| Net Profit | 1,348.0 | 1,511.1 | 2,203.3 | 1,685.1 | 2,171.4 | 2,506.3 | 3,018.1 | 3,514.1 | 4,197.9 | 5,050.6 | 6,012.6 | 7,088.2 | 8,056.6 |
| *Net Margin (%)* | *6.8* | *7.1* | *9.0* | *6.8* | *7.8* | *8.0* | *8.4* | *8.6* | *9.0* | *9.5* | *9.9* | *10.4* | *10.5* |
| | | | | | | | | | | | | | |
| Adjusted EPS | 19.9 | 22.3 | 32.5 | 24.8 | 32.0 | 36.9 | 44.5 | 51.8 | 61.8 | 74.4 | 88.6 | 104.4 | 118.7 |
| *P/E (X)* | *85.0* | *75.8* | *52.0* | *68.0* | *52.8* | *45.7* | *38.0* | *32.6* | *27.3* | *22.7* | *19.1* | *16.2* | *14.2* |
| Adjusted BVPS | 64.2 | 55.6 | 88.0 | 112.9 | 144.9 | 181.8 | 226.3 | 278.1 | 339.9 | 414.3 | 502.9 | 607.3 | 726.0 |
| *P/BV (X)* | *26.3* | *30.4* | *19.2* | *14.9* | *11.6* | *9.3* | *7.5* | *6.1* | *5.0* | *4.1* | *3.4* | *2.8* | *2.3* |
| Enterprise Value | 111,800.2 | 112,340.2 | 110,821.3 | 110,086.5 | 110,153.8 | 108,879.9 | 106,967.9 | 103,363.9 | 99,150.1 | 94,144.9 | 88,238.4 | 81,315.0 | 73,477.6 |
| *EV/EBITDA (X)* | *58.8* | *50.4* | *35.6* | *45.7* | *35.6* | *29.5* | *24.0* | *20.0* | *16.4* | *13.2* | *10.6* | *8.4* | *6.7* |
| | | | | | | | | | | | | | |
| Net Worth | 4,356.2 | 3,772.2 | 5,970.2 | 7,665.6 | 9,836.9 | 12,343.2 | 15,361.4 | 18,875.4 | 23,073.4 | 28,123.9 | 34,136.5 | 41,224.7 | 49,281.3 |
| *Return on Equity (%)* | *30.9* | *40.1* | *36.9* | *22.0* | *22.1* | *20.3* | *19.6* | *18.6* | *18.2* | *18.0* | *17.6* | *17.2* | *16.3* |
| Capital Employed | 4,356.2 | 3,772.2 | 5,970.2 | 7,665.6 | 9,836.9 | 12,343.2 | 15,361.4 | 18,875.4 | 23,073.4 | 28,123.9 | 34,136.5 | 41,224.7 | 49,281.3 |
| *Return on Capital Employed (%)* | *27.2* | *36.6* | *34.0* | *19.2* | *19.8* | *17.9* | *17.2* | *16.1* | *15.7* | *15.5* | *15.2* | *14.8* | *14.0* |
| Invested Capital | 1,593.7 | 1,549.6 | 2,228.7 | 3,189.3 | 5,428.0 | 6,660.4 | 7,766.4 | 7,676.5 | 7,660.7 | 7,706.1 | 7,812.1 | 7,976.9 | 8,196.1 |
| *Return on Invested Capital (%)* | *100.5* | *120.2* | *122.5* | *63.1* | *47.9* | *44.3* | *45.4* | *52.9* | *63.2* | *75.7* | *88.8* | *102.3* | *112.3* |
| | | | | | | | | | | | | | |
| Cash Flow from Operations | 1,870.8 | 1,665.5 | 1,653.9 | 1,721.3 | 2,528.6 | 3,144.2 | 3,810.8 | 4,459.6 | 5,187.3 | 6,109.9 | 7,156.1 | 8,331.7 | 9,417.9 |
| Cash Flow from Investing | (274.0) | (20.5) | (27.5) | (856.5) | (2,555.3) | (1,829.7) | (1,858.2) | (815.0) | (932.9) | (1,064.1) | (1,209.0) | (1,367.7) | (1,539.9) |
| Cash Flow from Financing | (2,560.7) | (2,185.3) | (106.5) | (127.4) | (40.6) | (40.6) | (40.6) | (40.6) | (40.6) | (40.6) | (40.6) | (40.6) | (40.6) |
| Net Cash Flow | (963.9) | (540.2) | 1,519.9 | 737.3 | (67.3) | 1,273.9 | 1,912.0 | 3,604.0 | 4,213.8 | 5,005.2 | 5,906.5 | 6,923.4 | 7,837.4 |
| Free Cash Flow | 1,357.0 | 1,425.3 | 1,319.3 | 549.1 | (27.4) | 1,314.5 | 1,952.6 | 3,644.6 | 4,254.4 | 5,045.8 | 5,947.1 | 6,964.0 | 7,878.0 |
| *FCF to Revenue (%)* | *6.8* | *6.7* | *5.4* | *2.2* | *(0.1)* | *4.2* | *5.5* | *8.9* | *9.1* | *9.5* | *9.8* | *10.2* | *10.2* |
| *FCF to EBITDA (%)* | *71.4* | *64.0* | *42.4* | *22.8* | *(0.9)* | *35.6* | *43.8* | *70.4* | *70.3* | *70.6* | *71.1* | *71.7* | *72.2* |
| *FCF to Net Profit (%)* | *100.7* | *94.3* | *59.9* | *32.6* | *(1.3)* | *52.4* | *64.7* | *103.7* | *101.3* | *99.9* | *98.9* | *98.2* | *97.8* |
| *FCF to Net Worth (%)* | *31.2* | *37.8* | *22.1* | *7.2* | *(0.3)* | *10.6* | *12.7* | *19.3* | *18.4* | *17.9* | *17.4* | *16.9* | *16.0* |
| | | | | | | | | | | | | | |
| Total Debt | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net Debt | (2,763) | (2,223) | (3,741) | (4,476) | (4,409) | (5,683) | (7,595) | (11,199) | (15,413) | (20,418) | (26,324) | (33,248) | (41,085) |
| *Net Debt to Equity (X)* | *(0.6)* | *(0.6)* | *(0.6)* | *(0.6)* | *(0.4)* | *(0.5)* | *(0.5)* | *(0.6)* | *(0.7)* | *(0.7)* | *(0.8)* | *(0.8)* | *(0.8)* |
| *Net Debt to EBITDA (X)* | *(1.5)* | *(1.0)* | *(1.2)* | *(1.9)* | *(1.4)* | *(1.5)* | *(1.7)* | *(2.2)* | *(2.5)* | *(2.9)* | *(3.1)* | *(3.4)* | *(3.8)* |
| *Interest Coverage Ratio (X)* | *65.0* | *57.6* | *89.1* | *49.6* | *64.1* | *72.7* | *86.9* | *100.1* | *119.4* | *143.7* | *170.9* | *201.1* | *226.8* |
| | | | | | | | | | | | | | |
| **Fundamental scores** | | | | | | | | | | | | | |
| Altman Z Score | 1.8 | 2.0 | 2.0 | 2.7 | 2.6 | 2.4 | 2.4 | 2.3 | 2.2 | 2.1 | 2.1 | 2.0 | 1.9 |
| Piotroski F-score | 5.0 | 6.0 | 6.0 | 6.0 | 5.0 | 5.0 | 6.0 | 6.0 | 7.0 | 7.0 | 7.0 | 6.0 | 6.0 |
| Beneish M-score | (2.3) | (2.2) | (2.0) | (2.0) | (2.1) | (1.9) | (2.2) | (2.3) | (2.3) | (2.3) | (2.3) | (2.3) | (2.3) |

*Source: ACE Equity, Company Reports & Ventura Research*

## LGEINDIA SWOT Analysis in a nutshell

# LG Electronics India

### Growth Drivers

- INR 5,000 cr Sri City expansion: The upcoming Andhra Pradesh plant will materially expand manufacturing capacity, support faster domestic growth and strengthen LG India's export capabilities.
- Category leadership: LG has strong positions across refrigerators, washing machines, televisions and air conditioners, while premium categories refrigerators can improve product mix and margins.
- Distribution and localization-led growth: Expansion of distribution reach, India-specific affordable products and deeper localization should support penetration in Tier-2 & 3 markets while reducing imports.

### Key Challenges

- Commodity and currency volatility: Copper, aluminium, plastics and imported components expose margins to commodity inflation and rupee depreciation.
- LG competes with global and domestic brands across air conditioners, televisions and appliances, requiring sustained spending on innovation, advertising, distribution and pricing support.
- Large capex execution risk: The INR 5,000 cr Sri City investment creates execution, ramp-up and utilisation risks. Slower domestic demand or exports could delay returns on the new capacity.

### New Trends

- AI-enabled and connected appliances: LG is increasing its focus on AI-enabled, smart and design-led products as Indian consumers shift towards connected and premium appliances.
- Affordable premiumization: The company is widening its portfolio across affordable-premium and premium price points through products such as the Essentials range & French-door refrigerators.
- India as an export manufacturing hub: Higher localization, new product categories and the INR 5,000 cr Sri City capacity expansion are positioning India as a larger manufacturing and export base for LG.

### Investment Themes

- Category leadership with diversified revenue base: Strong positions across multiple consumer durable categories reduce dependence on a single product category.
- Delivering a superior ROE, ROCE, ROIC, suggesting meaningful re-rating potential over the medium term. Company is also relatively valued cheaper than its peers giving it a strong growth potential.
- Under Make in India, LG is expanding its manufacturing footprint through a third factory at Sri City, Andhra Pradesh, which is expected to improve production capacity.

## LGEINDIA Business Overview

**Home Appliances and Air Solutions**

Products Offered

***B2C:*** *Refrigerators, Washing Machines, Air Conditioners, Water Purifiers, Air Purifiers, Dishwashers, Microwave Ovens, Compressors & Motors*
***B2B:*** *System Air Conditioners*

Services Offered

- Repairs & Maintenance / AMCs
- Extended Warranty
- Installation

**Home Entertainment**

Products Offered

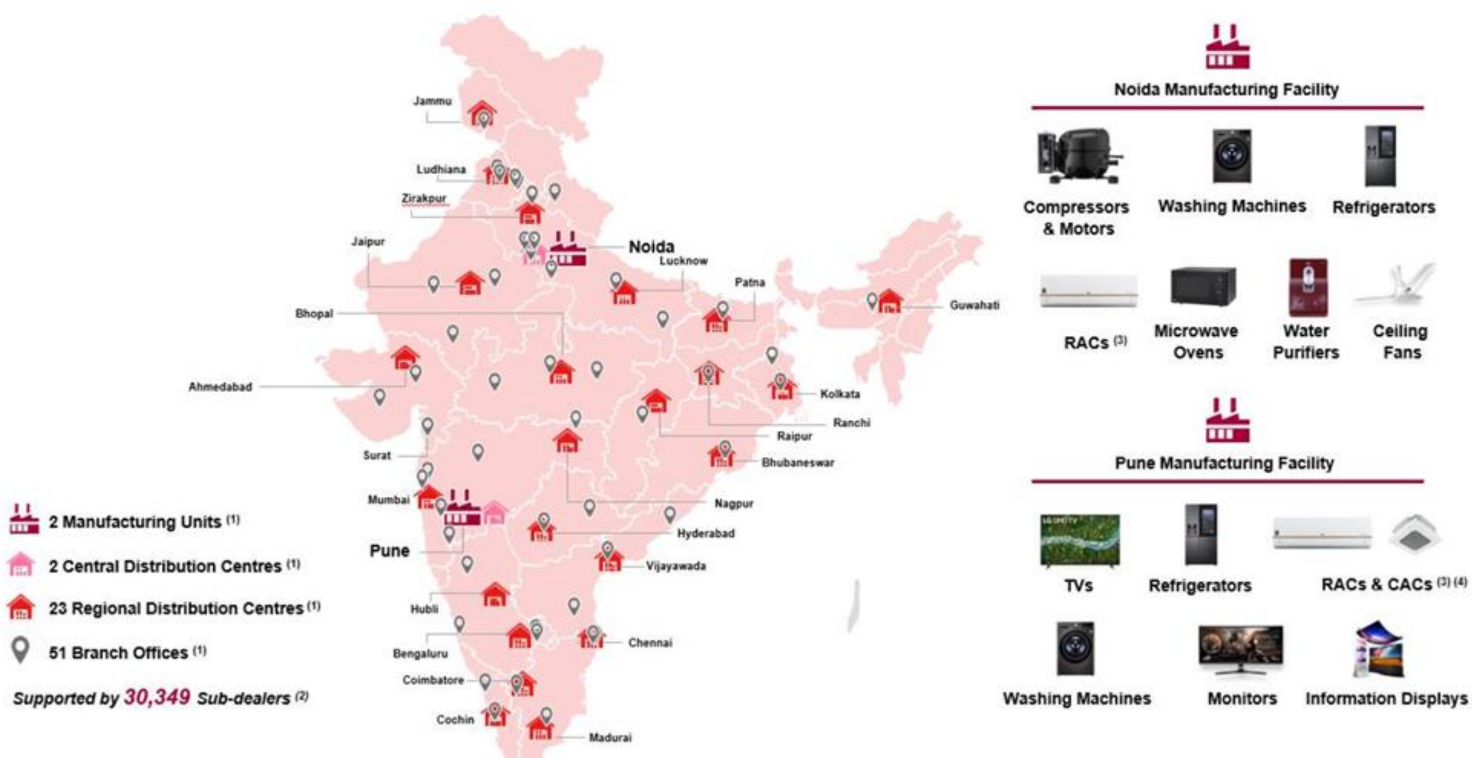
***B2C:*** *Televisions and Audio Devices*
***B2B:*** *Information Technologies (Monitor & Projector) & Information Displays*

Services Offered

- Repairs & Maintenance / AMCs
- Extended Warranty
- Installation


## LGEINDIA Manufacturing, Distribution, and Touch Points

### Manufacturing and Pan-India Distribution Presence



## Company Overview

- LG Electronics India Limited, incorporated in 1997, is one of India's leading consumer electronics and home appliance companies, supported by the global LG Electronics ecosystem across R&D, design, manufacturing, supply chain, quality control, marketing and distribution. The company has maintained leadership across major home appliance and consumer electronics categories in India's offline channel.

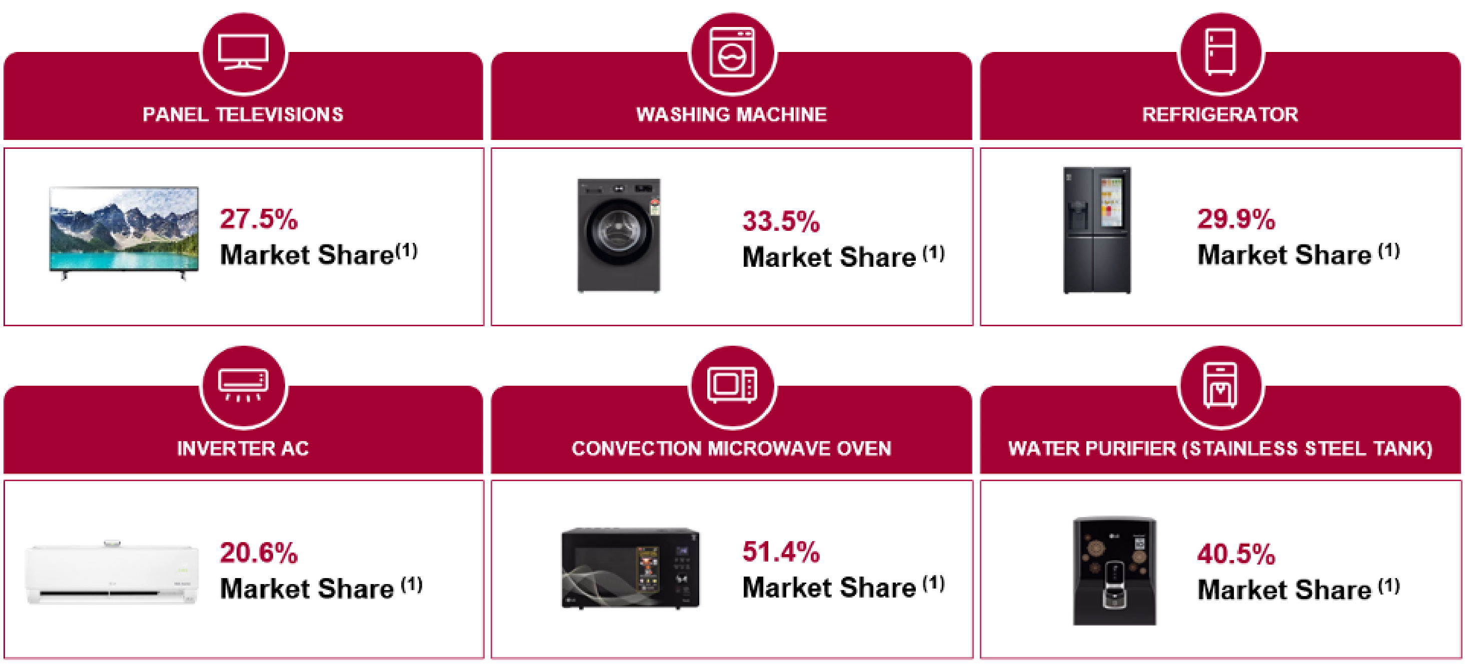
- The company operates across large consumer categories such as refrigerators, washing machines, room air conditioners, televisions, monitors, microwaves, dishwashers, water purifiers and commercial air-conditioning solutions.

- LG India's strategy is built around three pillars: Make for India, Make in India and Make India Global. Under Make for India, the company is launching products tailored to Indian lifestyles, including the LG Essential Series for aspirational and first-time buyers in underpenetrated regional markets.

- Under Make in India, LG is expanding its manufacturing footprint through a third factory at Sri City, Andhra Pradesh, which is expected to improve production capacity, logistics efficiency and supply-chain strength in South India. The plant will initially focus on RAC and compressors, followed by refrigerators and warehouse expansion.

- LG India is also strengthening localization, with the localization rate reaching 55.2% in FY26, up around 140 bps YoY. Management is targeting an annual improvement of 100-200 bps, which should improve cost competitiveness, reduce foreign exchange volatility and support margin stability.

- The company is scaling higher-quality revenue streams through exports, AMC and B2B opportunities. Export growth is expected to act as a natural hedge against rupee depreciation and improve profitability, while B2B opportunities such as data center cooling, commercial air-conditioning, and IT parks can support a more recurring and margin-accretive revenue mix.



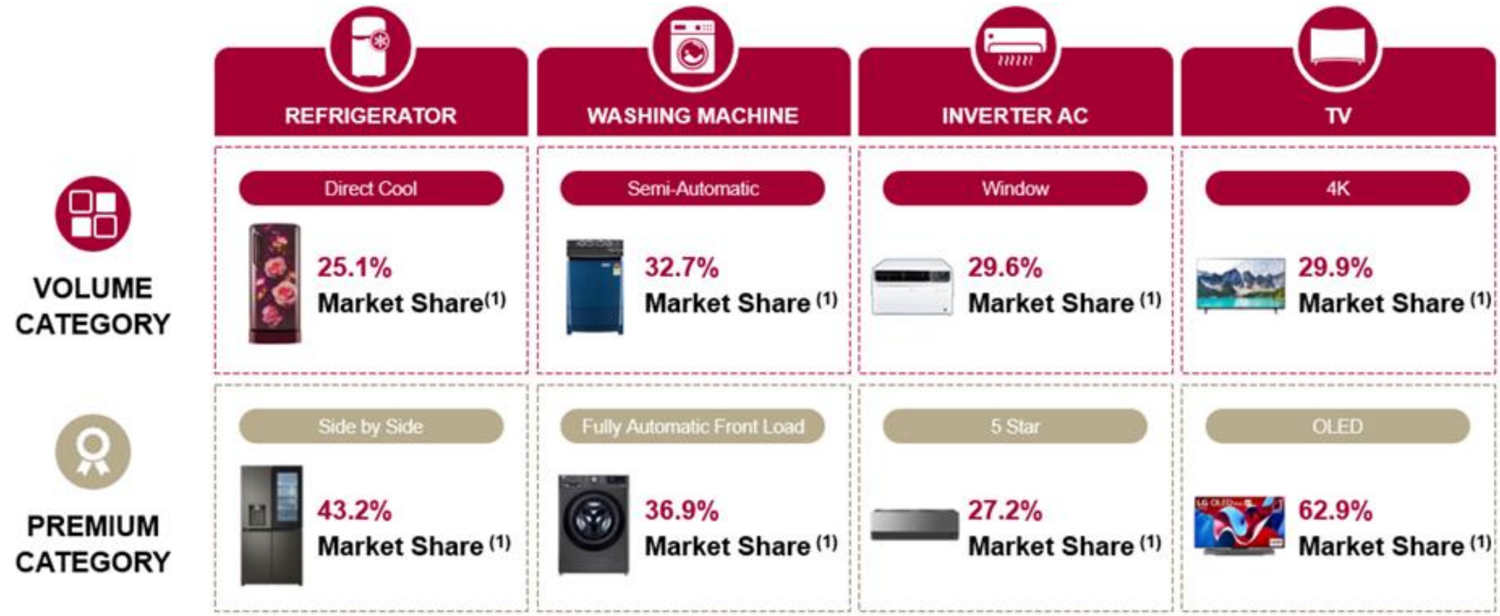
## Broad Portfolio Architecture Driving Volume and Premiumization

LG India has a well-segmented portfolio across volume, mid and premium categories, allowing it to capture both affordability-led penetration and premiumization. Products such as HD TVs, direct-cool refrigerators, semi-automatic washing machines and window ACs drive volumes, while OLED TVs, French-door refrigerators, washer-dryers, 5-star RACs, smart microwaves and advanced water purifiers support premium mix, stronger pricing power and margin expansion.


## Innovation-Led Portfolio: LG India's First-Mover Edge Across Categories

LG India has built a strong first-mover track record across TVs, refrigerators, washing machines, RACs and microwaves. These innovation-led launches strengthen premium positioning, brand recall and customer stickiness across key appliance categories.

## Innovation-Led Portfolio: LG India's First Mover Edge Across Categories




LG India holds a strong competitive position across key consumer durable categories, ranking ahead of peers in refrigerators, washing machines, inverter ACs and panel televisions. Its leadership is most visible in washing machines with a 34% share, followed by refrigerators at 30%, panel televisions at 28%, and inverter ACs at 21%. The wide gap versus competitors highlights LG's strong brand recall, distribution depth, premium product mix and execution strength across appliance categories.

| Product categories | LG India | Competitor 1 | Competitor 2 | Competitor 3 |
|---|---|---|---|---|
| Refrigerator | 30% | 24% | 16% | 12% |
| Washing Machine | 34% | 17% | 11% | 10% |
| Inverter AC | 21% | 15% | 9% | 8% |
| Panel Television | 28% | 23% | 17% | 6% |

*Source: Company RHP, Ventura Securities*

## Phases of LGEINDIA's Financial Performance

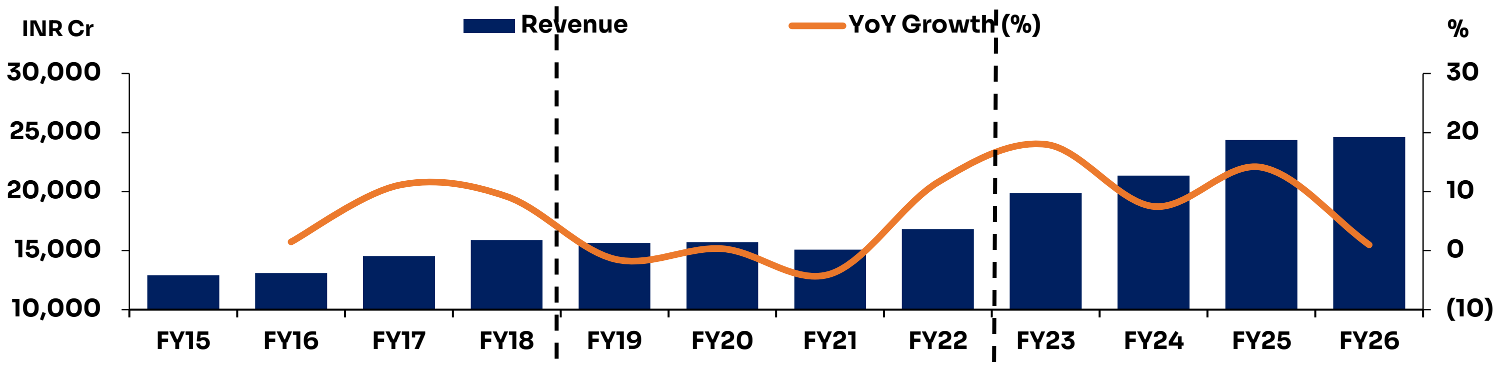
### 12 Years of LGEINDIA's Operational Performance

**LG Electronics India entered a steady expansion phase, with revenue rising from INR 12,909 Cr to INR 15,886 Cr. Growth accelerated through FY17–FY18, while EBITDA and PAT improved steadily. Margin expansion and healthy CFO conversion reflected strengthening operating efficiency and disciplined cash generation.**

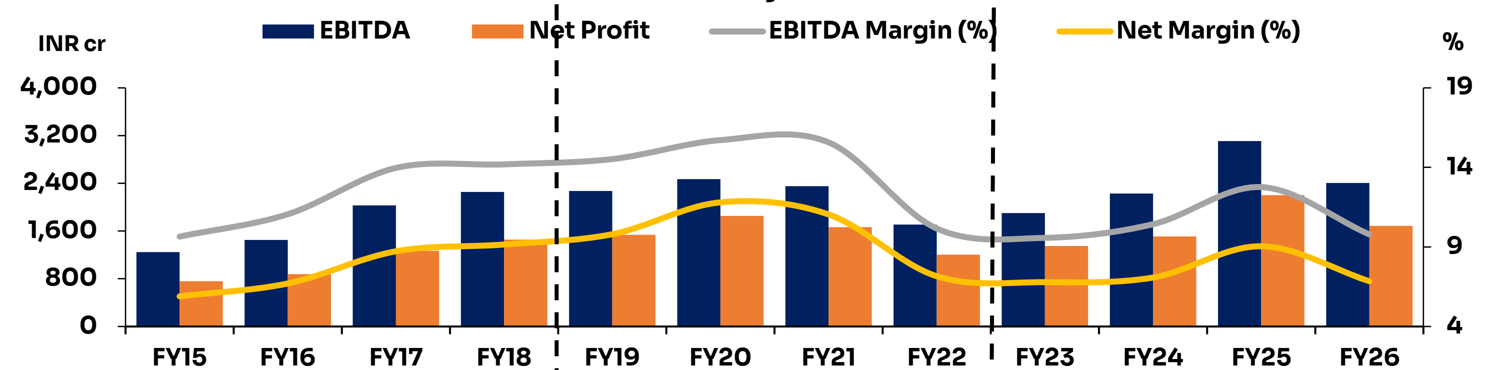
**Revenue growth moderated through FY19–FY21 before recovering in FY22. Profitability remained resilient, with EBITDA margins improving through FY20–FY21, although FY22 saw pressure on earnings and a sharp decline in operating cash flow conversion.**

**LG entered a stronger scale-up phase, with revenue increasing from INR 19,865 Cr in FY23 to INR 24,600 Cr in FY26. FY25 marked peak profitability, while FY26 saw margin and PAT moderation. Cash flow remained healthy, with CFO conversion recovering strongly and sustaining solid internal funding capacity.**

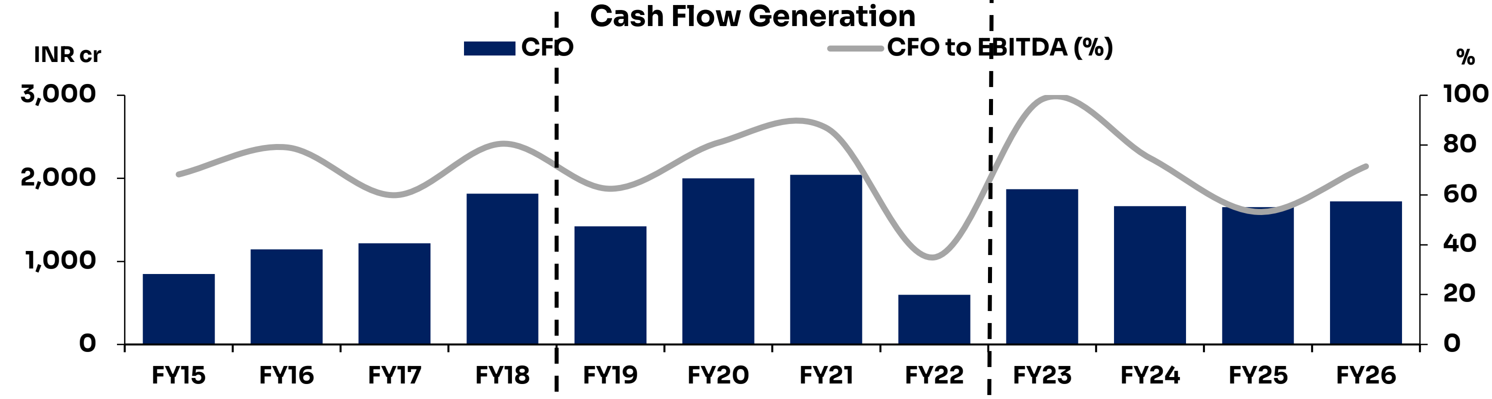
**Revenue Performance**




**Profitability Metrics**




**Cash Flow Generation**



## Five step Dupont analysis for LGEINDIA

We have used five-step Dupont analysis to analyze LGEINDIA's financial strength.

### Five step Dupont Analysis for FY26 – LGEINDIA vs Peers

| Companies | Interest Burden (X) | Tax Burden (X) | EBIT Margin (%) | Total Asset Turnover (X) | Total Asset to Networth (X) | ROE (%) | Dividend Payout (%) | Sustainable Growth (%) |
|---|---|---|---|---|---|---|---|---|
| LG Electronics India Ltd | 0.9 | 0.7 | 8.2 | 2 | 1.8 | 22.0 | 0 | 22.0 |
| Blue Star Ltd | 0.9 | 0.8 | 6.1 | 1.5 | 2.6 | 16.3 | 33.1 | 10.9 |
| Voltas Ltd | 0.9 | 0.7 | 3 | 1 | 2.1 | 5.8 | 35.2 | 3.8 |
| Amber Enterprises Ltd. | 0.5 | 0.5 | 4.4 | 1.1 | 3.3 | 5.3 | 0 | 5.3 |
| Crompton Greaves | 1.9 | 2.7 | 9 | 1.2 | 1.7 | (7) | 0 | - |
| Whirlpool of India Ltd. | 0.9 | 0.7 | 3.4 | 1.1 | 1.7 | 7.2 | 21.6 | 5.6 |

- **Strong Return Profile with Balanced Drivers: LG Electronics India delivers a healthy RoE of 22.0%, supported by solid asset turnover of 2.0x and moderate balance-sheet leverage of 1.8x, indicating a combination of operating efficiency and prudent capital structure.**

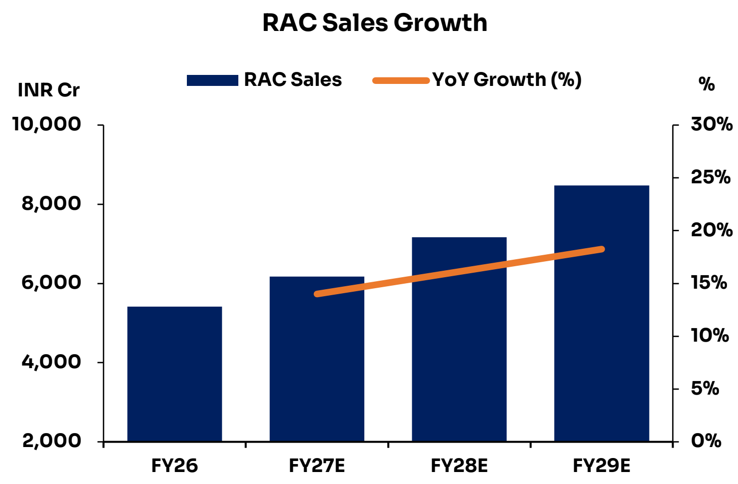
- **Superior Profitability vs Most Peers: EBIT margin of 8.2% is higher than Blue Star, Voltas, Amber Enterprises and Whirlpool, reflecting stronger brand positioning, product mix and pricing power, although Crompton reports a higher EBIT margin.**

- **Limited Financial Drag: Interest burden of 0.9x and tax burden of 0.7x indicate low finance-cost pressure and a stable effective tax profile, supporting earnings quality and reducing dependence on leverage-driven returns.**

- **Strong Asset Efficiency with High-Quality RoE: Total asset turnover of 2.0x is ahead of most peers, while LG's 22.0% RoE is the highest in the peer set shown, highlighting superior overall capital efficiency.**

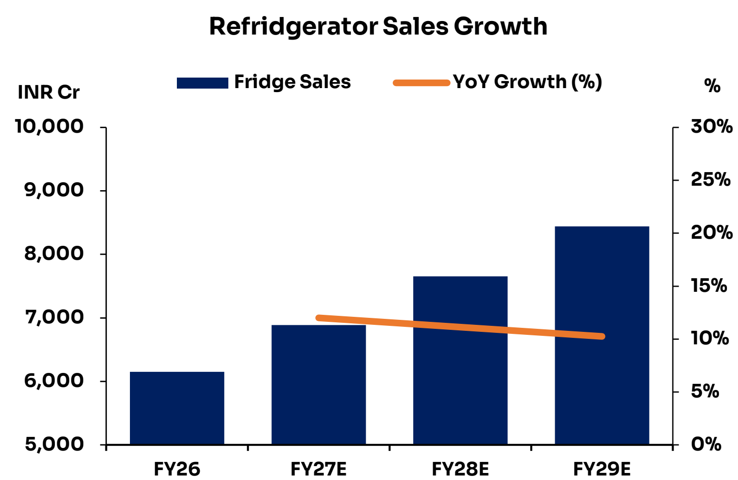
- **Full Earnings Retention Supports Growth: With zero dividend payout and sustainable growth of 22.0%, LG is retaining earnings to fund capacity expansion, localisation, premiumisation and distribution growth, supporting a strong internally funded growth profile.**

## LGEINDIA's Business Growth

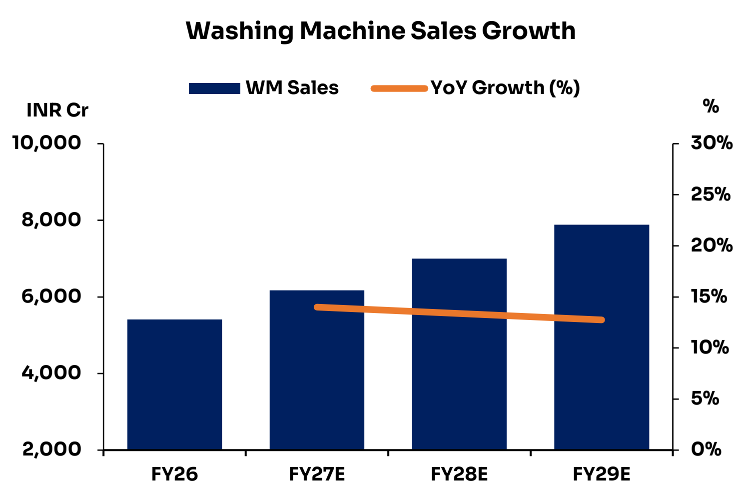



**LG Electronics India is well positioned to benefit from RAC sales growth, with industry sales projected to rise from around INR 5,413 cr in FY26 to INR 8,474 cr by FY29E.**

Growth is expected to accelerate from 14% in FY27E to 16% in FY28E and 18% in FY29E with 16% CAGR growth over next three years. LG's leadership in value share, inverter-focused portfolio, 0.9-ton Essential AC range, expanding compressor capacity and upcoming Sri City RAC manufacturing line should support volume growth, localization benefits and margin improvement.

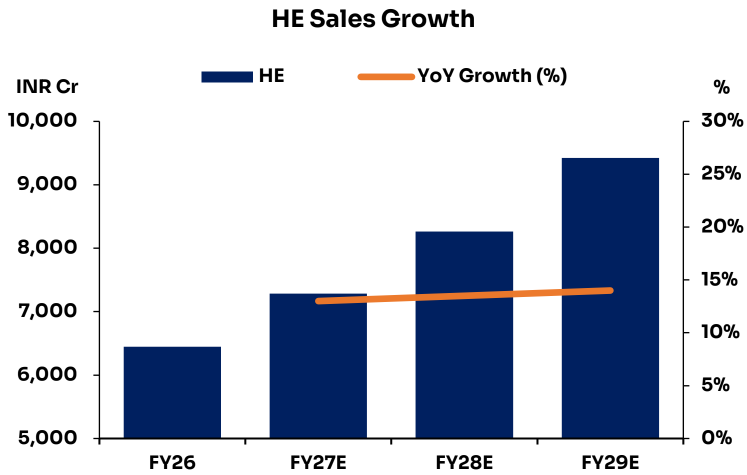



**LG Electronics India is well positioned to benefit from steady refridgerator sales growth, with sales projected to rise from INR 6,151 cr in FY26 to INR 8,441 cr by FY29E, implying an 11.3% CAGR over the three-year period.** Growth is expected at 12% in FY27E, 11% in FY28E and 10% in FY29E, supported by market leadership, premium side-by-side and French-door offerings, the Essential range, capacity expansion and continued premiumization-led demand.



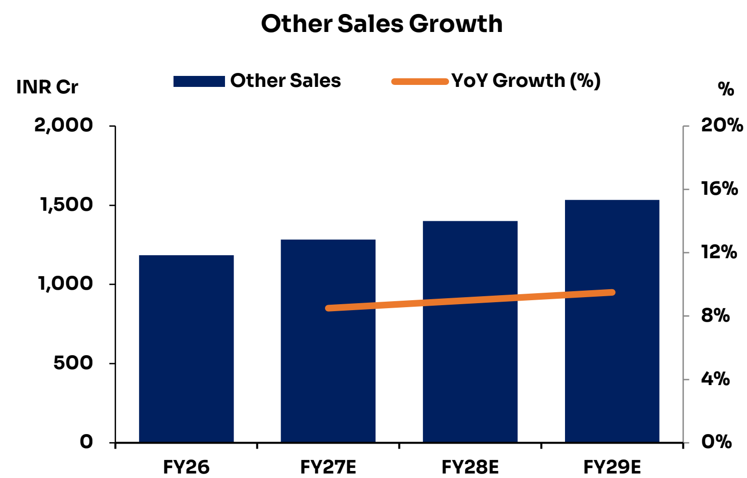

**LG Electronics India is well positioned to benefit from strong washing machine sales growth, with sales projected to rise from INR 5,413 cr in FY26 to INR 7,888 cr by FY29E, implying a 13.7% CAGR over the three-year period.**

Growth is expected at 14% in FY27E, 13% in FY28E and 13% in FY29E, supported by market leadership, LG Essential offerings, premiumization, wider Tier 2/3 penetration and planned capacity expansion.

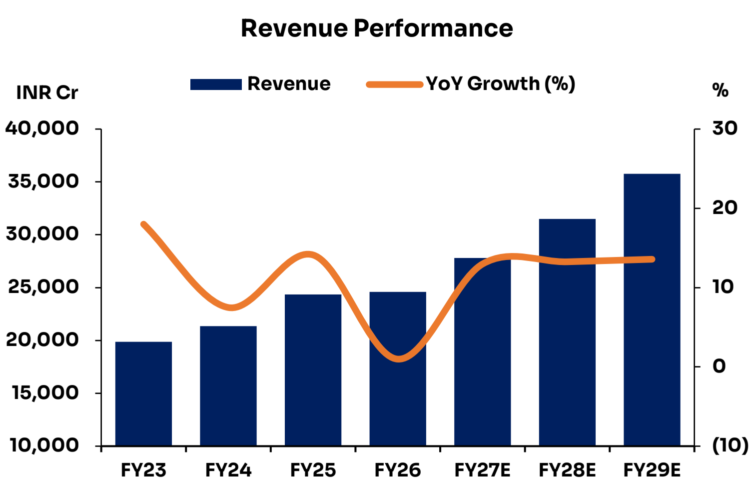



**LG Electronics India's Home Entertainment (HE) segment is projected to grow from INR 6,444 cr in FY26 to INR 9,423 cr by FY29E, implying a 13.7% CAGR over the three-year period.**

Growth is expected to remain in the 13–14% range annually, supported by premiumization, rising demand for large-screen televisions, increasing adoption of OLED and QNED technologies, replacement demand, and LG's strong leadership position in the premium television segment.



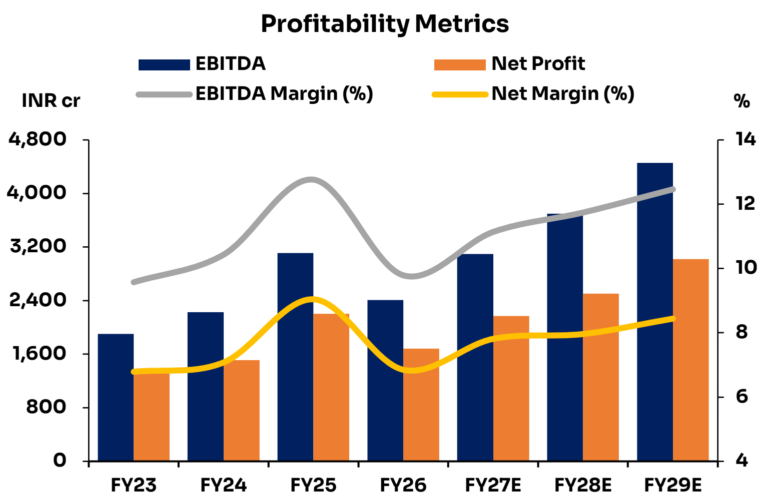

LG Electronics India's Other Sales segment, comprising air purifiers, personal care products and niche appliance categories, is projected to grow from INR 1,184 cr in FY26 to INR 1,533 cr by FY29E, implying a 9.0% CAGR over the three-year period. Growth is expected to accelerate from 8% in FY27E to 9% in FY28E and 10% in FY29E, supported by rising urban adoption, premiumization and increasing consumer awareness of emerging appliance categories.




**LG Electronics India's revenue is projected to increase from INR 24,605 cr in FY26 to INR 35,758 cr by FY29E, implying a 13.3% CAGR over the three-year period.**

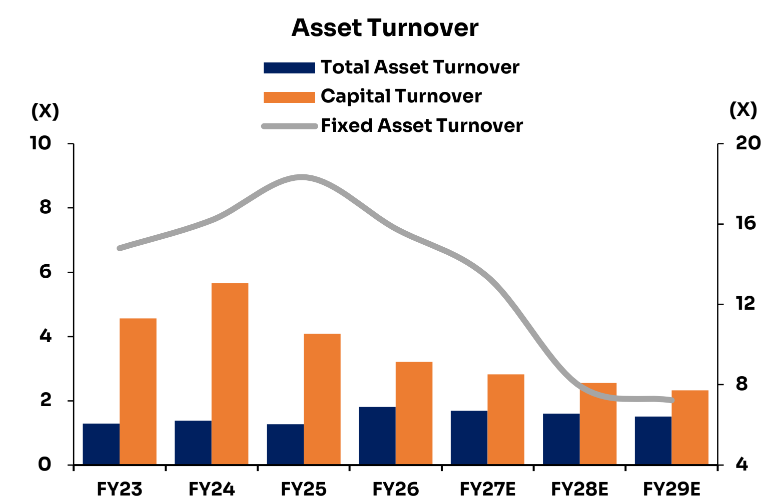
Revenue growth is expected to remain in the 11–14% range, supported by healthy demand across core product categories, premiumization, LG Essential offerings, market share gains and deeper penetration across Tier 2 and Tier 3 markets. The Sri City capacity expansion and increasing localization should further support volume growth and operating scalability.

## Strengthening Capital Efficiency, Robust Return Ratios, and Rapid Deleveraging

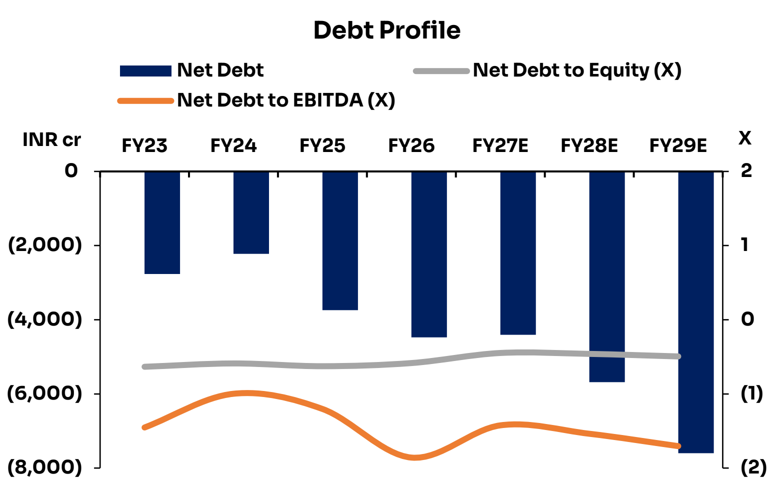



**LG Electronics India's EBITDA is projected to increase from INR 2,408 cr in FY26 to INR 4,457 cr by FY29E, while net profit is expected to rise from INR 1,685 cr to INR 3,018 cr over the same period.**

EBITDA margin is expected to improve from 9.8% in FY26 to 12.5% by FY29E, supported by faster growth in the higher-margin B2B business, emerging data-center cooling opportunities, rising export contribution, normalization of export profitability towards Korean subsidiary levels, higher localization, operating leverage and an improving product mix.




LG Electronics India's asset efficiency is expected to moderate over the forecast period as the company undertakes a significant capacity expansion cycle. **Total asset turnover is projected to remain broadly stable at 1.75–2.0x, while capital turnover declines from 3.2x in FY26 to 2.3x by FY29E. Fixed asset turnover is also expected to normalize from elevated historical levels to near 7–8x**, reflecting the impact of Sri City capex ahead of full utilization. As capacity ramps up, asset productivity should gradually stabilize.

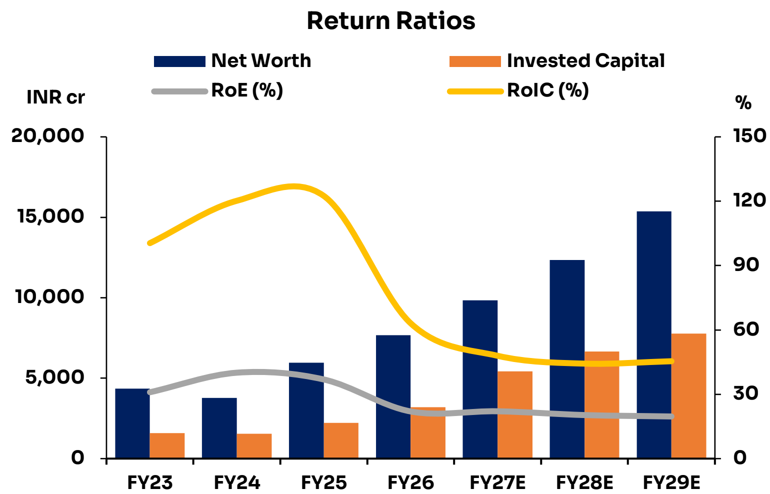



LG Electronics India operates with a zero-debt balance sheet and is expected to maintain a strong net cash position throughout the forecast period. Net debt is projected to improve from INR (4,476) cr in FY26 to INR (7,595) cr by FY29E, while net debt-to-EBITDA remains comfortably negative and improves to (1.7)x. Strong internal cash generation, disciplined capital allocation and limited dependence on external borrowing should provide ample flexibility to fund capacity expansion while preserving balance-sheet strength.

## Improving Asset Utilization and Efficient Working Capital Management

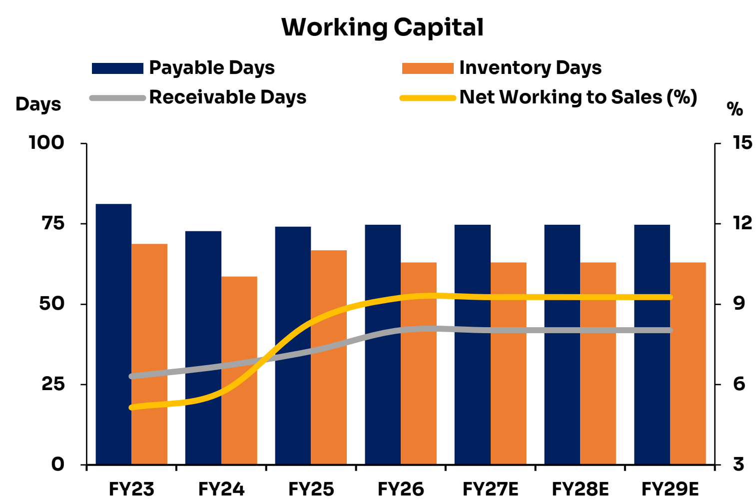
**Return ratios are expected to remain strong despite the ongoing capacity expansion cycle. Net worth is projected to rise from INR 7,666 cr in FY26 to INR 15,361 cr by FY29E, while invested capital increases from INR 3,189 cr to INR 7,766 cr.**

RoE is expected to normalize as the equity base expands, while RoIC remains healthy despite near-term moderation from fresh investments. Strong profitability, efficient capital deployment and improving earnings should continue to support attractive returns over the medium term.



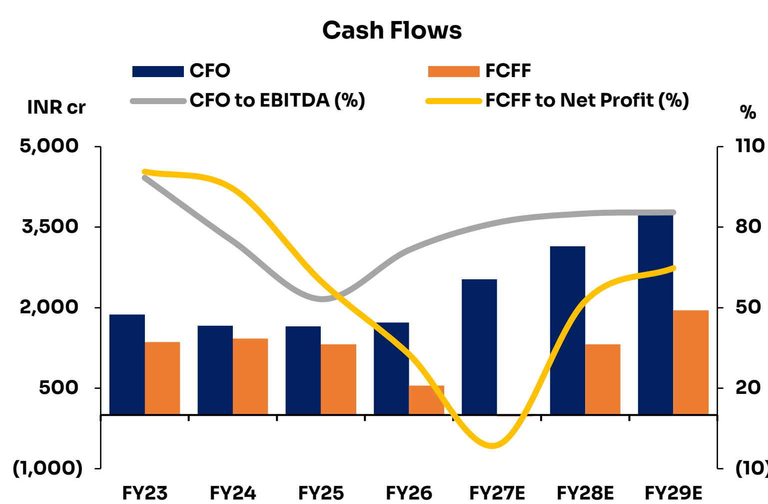

Working capital is expected to remain broadly stable over the forecast period, supported by disciplined inventory and receivables management. Payable days are projected to remain near 74–75 days, inventory days at 62–64 days, and receivable days at 41–42 days through FY29E.

**Net working capital to sales is expected to stabilize at 9%,** indicating controlled working capital intensity despite business expansion. This should support healthy cash conversion and limit incremental funding requirements as revenue scales.




Cash generation is expected to strengthen meaningfully over the forecast period, with CFO projected to increase from INR 1,721 cr in FY26 to INR 3,810.8 cr by FY29E. FCFF is expected to remain subdued in FY27E due to elevated capex before recovering to INR 1,952.6 cr by FY29E.

CFO-to-EBITDA is projected to improve towards 85%, while FCFF-to-net profit recovers above 50%, reflecting stronger earnings conversion, disciplined working capital and normalization of expansionary capex.



## Ventura Business Quality Score

| Key Criteria | Score | Risk | Comments |
|---|---|---|---|
| **Management & Leadership** | | | |
| Management Quality | 9 | Low | MD Hong Ju Jeon and CFO Dongmyung Seo bring extensive experience across LG Group operations. The management team benefits from the parent's global expertise in technology, manufacturing, product development and operational efficiency. |
| Promoters Holding Pledge | 9 | Low | Promoter LG Electronics Inc. holds approximately 85% post-IPO, with the IPO structured entirely as an Offer for Sale. Strong promoter ownership provides strategic alignment and long-term business support. |
| Board of Directors Profile | 8 | Low | The Board combines experienced LG Group executives with independent directors having expertise across industry, government, finance and corporate governance, and supporting balanced oversight. |
| **Industry Consideration** | | | |
| Industry Growth | 8 | Low | India's appliances and electronics market is expected to grow from approximately INR 6.4 tn in CY24 to INR 11.0 tn by CY29, supported by rising incomes, urbanization, low penetration and premiumization. |
| Regulatory Environment or Risk | 7 | Medium | The industry is subject to energy-efficiency norms, environmental regulations, localisation policies, import duties and consumer protection requirements. Changes in tariffs, standards or compliance requirements may impact costs and operations. |
| Entry Barriers / Competition | 8 | Medium | The industry requires strong brand equity, technology capabilities, large manufacturing scale, extensive distribution and nationwide after-sales infrastructure. Competition remains intense from Samsung, Haier, Whirlpool and other established players. |
| **Business Prospects** | | | |
| New Business / Client Potential | 7 | Medium | Premiumization, deeper rural penetration, B2B institutional demand and the proposed Andhra Pradesh manufacturing facility provide significant growth opportunities across appliances, air-conditioning and consumer electronics categories. |
| Business Diversification | 7 | Medium | Revenue is diversified across home appliances, air solutions and home entertainment. The broad portfolio includes refrigerators, washing machines, air conditioners, televisions, microwaves & other categories. |
| Market Share Potential | 10 | Low | LG holds leadership positions across major appliance and consumer electronics categories in India. Its strong brand, product portfolio and 35,640 B2C touchpoints provide significant market penetration. |
| Margin Expansion Potential | 8 | Medium | Premiumization, higher localization, favorable product mix and operating leverage can support gradual margin expansion. However, already strong profitability and competitive pricing pressures may limit the pace of improvement. |
| Earnings Growth | 8 | Medium | PAT increased from INR1,348 cr in FY23 to INR 1,685 cr in FY26, while revenue rose from INR 19,864 cr to INR 24,605 cr, reflecting healthy operating leverage and sustained earnings growth. |
| **Valuation and Risk** | | | |
| Balance Sheet Strength | 10 | Low | Cash and cash equivalents increased to INR 4,476 cr in FY26. Strong internal accruals provide financial flexibility for expansion. |
| Debt Profile | 10 | Low | The company maintains a conservative financial profile with limited conventional borrowings. Strong cash balances and robust internal cash generation significantly reduce financial risk. |
| FCF Generation | 9 | Low | Strong operating cash generation, low working-capital intensity and high capital efficiency support healthy free cash flow generation. FY24 FCF conversion stood at 71%, ahead of leading peer averages. |
| Dividend Policy | 7 | Medium | LG Electronics India has historically not distributed significant dividends, while generating huge cash flows, which in reinvested in the business. Future payouts will likely balance capital expenditure requirements. |
| **Total Score** | **125** | **Low** | **The overall risk profile of the company is good, and we consider it a low-risk company for investments.** |
| **Ventura Score (%)** | **83.3%** | | |

*Source: Company Reports & Ventura Securities*

## LG Electronics India FY26 Annual Report: Key Takeaways

1. **Revenue growth was muted, but the company retained market leadership**
   Revenue from operations increased just 1.0% YoY to INR 24,604.9 cr in FY26. Growth was affected by a cooler-than-expected summer, particularly impacting seasonal AC demand, along with a challenging competitive environment. However, premium appliances, Tier 2/3 expansion and strong brand positioning helped the company maintain its leadership.

2. **Margin recovery is a major focus for FY27**
   Management is targeting mid-teen revenue growth and an early double-digit EBITDA margin in FY27. The strategy for margin improvement includes premiumisation, higher localisation, export growth, B2B expansion and improved manufacturing efficiencies.

3. **H&A remains the core business, but Home Entertainment is growing faster**
   The Home Appliances & Air Solution division generated INR 18,160.5 cr, accounting for 73.8% of FY26 revenue, while Home Entertainment generated INR 6,444.4 cr, or 26.2% of revenue. H&A revenue declined marginally YoY, whereas Home Entertainment grew from INR 6,098.8 cr in FY25, supported by premium and large-screen TV demand.

4. **Premiumisation remains the biggest domestic growth driver**
   Premium categories such as French-door refrigerators, fully automatic washing machines, 5-star RACs and dishwashers performed strongly and supported higher ASPs. The company is simultaneously pursuing a two-track strategy: premium products at the upper end and the LG Essential Series for the mass-premium and underpenetrated markets.

5. **LG Essential Series expands the addressable market**
   Launched in October 2025, the Essential Series targets first-time buyers and consumers in Tier 2 and Tier 3 markets. This gives LG an opportunity to participate more aggressively in volume-led growth without diluting its premium brand positioning. The company also plans to use this range for exports.

6. **Sri City is the biggest long-term capacity expansion trigger**
   LG is investing around INR 5,000 cr in its third manufacturing facility at Sri City, Andhra Pradesh. Compressor production is targeted to begin in Q3 FY27, followed by room AC production in Q4 FY27. The facility is expected to become an important domestic manufacturing and export hub.

7. **Exports are emerging as an important growth lever**
   The company is expanding exports of India-manufactured products and plans to broaden its presence across Asia, the Middle East and Africa. Management expects export opportunities to move into the ~6% to ~10%+ range over the next couple of years, aided by Sri City and a wider export portfolio. Exports can also provide a natural hedge against rupee depreciation.

8. **Localisation is improving and should support margins**
   The localisation rate reached 55.2% in FY26, up around 1.4 percentage points YoY. Management is targeting a further annual improvement of more than 1–2 percentage points. Higher domestic sourcing should reduce import dependence, improve supply-chain resilience and lower forex sensitivity over time.

9. **B2B is becoming an increasingly important business vertical**
   B2B growth is being driven by government infrastructure projects, hospitality demand and commercial HVAC. LG is expanding its offerings across VRF systems, chillers, commercial displays and other institutional solutions. The company views B2B and non-hardware/service businesses as opportunities to diversify revenue and improve the mix towards higher-margin segments.

10. **Service & non-hardware revenues provide a potentially attractive margin lever**
    Annual maintenance contracts, repairs and after-sales services continued to grow and contributed positively to profitability. Given LG's extensive installed base and service network, this business could become increasingly important as the consumer durables market matures.

11. **The company has a significant distribution and service moat**
    LG operates through 36,847 customer touchpoints, including 788 exclusive BrandShops, supported by an extensive after-sales service network. This gives the company a strong competitive advantage in reaching consumers across urban, semi-urban and rural India.

12. **Financial position remains strong despite higher capex**
    The current ratio improved to 2.08x from 1.95x, while debt-equity remained low. Total assets increased to INR 13,636.3 cr and shareholders' funds rose to INR 7,665.6 cr. Capital expenditure more than doubled, reflecting increased investment in future capacity and localisation.

13. **Working-capital efficiency weakened somewhat**
    Inventory turnover declined from 8.98x to 8.21x, while debtor turnover declined from 11.72x to 9.49x. The annual report notes that inventory was increased to prepare for future seasonal demand and ensure supply continuity around the new energy-rating requirements.

14. **Key risks remain commodity prices, forex and demand volatility**
    FY26 demonstrated the sensitivity of the business to weather conditions, commodity inflation and currency movements. A cool summer affected AC demand, while imported components exposed margins to rupee depreciation. These remain important variables to monitor, especially as the company continues to balance growth investments with profitability.

## Related Party Transactions

| Particulars | FY26 (INR cr) | FY25 (INR cr) |
|---|---|---|
| **Sale of manufactured goods** | | |
| **Holding company** | 710.4 | 631.1 |
| **Fellow subsidiaries** | | |
| PT. LG Electronics Indonesia | 161.4 | 220.9 |
| LG Electronics Africa Logistics FZE | - | 67.9 |
| LG Electronics Morocco S.A.R.L. | 5.9 | 30.2 |
| LG Electronics (Levant) Jordan | 3.8 | 0.3 |
| Others | 29.7 | 29.2 |
| Sale of stock-in-trade | | |
| Holding company | 39.7 | 42.0 |
| Fellow subsidiaries | | |
| LG Electronics Africa Logistics FZE | - | 3.8 |
| LG Electronics Singapore Pte Ltd | - | 0.4 |
| Others | 3.6 | 0.5 |
| **Sale of raw materials** | | |
| **Holding company** | 0.0 | 0.0 |
| **Fellow subsidiaries** | | |
| PT. LG Electronics Indonesia | 0.8 | 12.6 |
| LG Electronics Singapore Pte Ltd | 0.8 | 2.3 |
| LG Electronics Korea (Formerly "LG Electronics Algeria SARL") | 22.7 | - |
| LG Electronics Vietnam Haiphong Co. Ltd. | 31.9 | - |
| LG Electronics (M) Sdn. Bhd | 2.3 | - |
| Arcelik-LG Klima Sanayi ve Ticaret A.S. | 3.1 | - |
| Others | 4.4 | 3.6 |
| **Sale of plant and equipment** | | |
| **Fellow subsidiaries** | | |
| LG Electronics do Brasil Ltda. | - | 3.5 |
| LG Electronics Thailand Co. Ltd. | - | 0.5 |
| **Reimbursement of expenses recovered** | | |
| **Holding company** | 9.3 | 14.4 |
| **Fellow subsidiaries** | | |
| LG Electronics Nanjing New Technology Co., Ltd | 0.1 | 0.2 |
| Hi-M Solutek Private Limited | 13.6 | - |
| Others | 0.1 | 1.0 |
| **Service warranty claims recovered** | | |
| **Holding company** | 354.8 | 27.7 |
| **Fellow subsidiaries** | | |
| Taizhou LG Electronics Refrigeration Co. Ltd. | 0.5 | 1.5 |
| Others | 0.1 | - |
| **Service Charges Recovered** | | |
| **Fellow subsidiaries** | | |
| Hi-M Solutek India Private Limited | 1.8 | 0.2 |
| LG CNS India Private Limited | - | 0.1 |

| Particulars | FY26 (INR cr) | FY25 (INR cr) |
|---|---|---|
| **Purchase of raw materials, stores and spares and service components** | | |
| **Holding company** | 1503.9 | 1604.6 |
| **Fellow subsidiaries** | | |
| LG Display Co. Ltd | 184.5 | 323.7 |
| Nanjing LG-Panda Appliances Co., Ltd. | 212.6 | 244.2 |
| LG Electronics Tianjin Appliances Co. Ltd. | 249.2 | 231.2 |
| Others | 416.8 | 451.0 |
| **Purchase of stock-in-trade** | | |
| **Holding company** | 1142.4 | 992.0 |
| **Fellow subsidiaries** | | |
| PT. LG Electronics Indonesia | 16.5 | 31.7 |
| **Service warranty charges** | | |
| **Fellow subsidiaries** | | |
| LG Electronics Middle East Company FZCO | 0.7 | 0.2 |
| LG Electronics (Levant) - Jordan | 0.3 | 0.4 |
| LG Electronics Saudi Arabia LLC | 0.4 | 0.9 |
| LG Electronics Africa Logistics FZE | 0.3 | - |
| Others | 0.1 | 0.1 |
| **Royalty** | | |
| **Holding company** | 459.7 | 454.6 |
| Service charges | | |
| **Fellow subsidiaries** | | |
| LG Electronics Singapore Pte Ltd | 2.4 | 2.1 |
| Hi-M Solutek Private Limited | 11.0 | 49.3 |
| Others | 0.1 | - |
| **Others expenses** | | |
| **Holding company** | 6.7 | 2.0 |
| LG CNS India Private Limited | 82.5 | 79.6 |
| LG CNS Co. Ltd. | 8.6 | 3.7 |
| Hi-M Solutek India Private Limited | 1.4 | 31.3 |
| **Others** | 0.1 | - |
| Managerial remuneration | | |
| Key Management Personnel | 10.3 | 17.1 |
| Non-executive non-independent director and independent directors | | |
| Directors' sitting fees | 0.7 | 0.2 |
| Commission | 1.3 | 1.6 |
| **Purchase of property, plant and equipment** | | |
| **Holding company** | 3.8 | 34.4 |
| LG CNS India Private Limited | 32.8 | 21.6 |
| Acerna Inc. | 5.2 | - |
| LG Electronics (Thailand) Co. Ltd. | - | 5.4 |
| Nanjing LG-Panda Appliances Co., Ltd. | - | 9.8 |
| PT. LG Electronics Indonesia | 12.6 | - |

| Particulars | FY26 (INR cr) | FY25 (INR cr) |
|---|---|---|
| **Trade receivables** | | |
| **Holding company** | 122.3 | 162.6 |
| LG Electronics Gulf FZE | 1.6 | - |
| LG Electronics Morocco S.A.R.L. | - | 2.7 |
| PT. LG Electronics Indonesia | 8.0 | 14.8 |
| Others | 8.5 | 6.9 |
| **Other financial assets** | | |
| **Holding company** | 9.8 | 5.6 |
| **Fellow subsidiaries** | | |
| LG Electronics Qingdao Co. Ltd. | 0.1 | 0.2 |
| LG Electronics do Brasil Ltda. | - | - |
| LG Electronics (Taizhou) Refrigeration Co. Ltd. | 0.5 | - |
| Others | 0.3 | 0.0 |
| **Trade payables** | | |
| **Holding company** | 493.8 | 395.7 |
| **Fellow subsidiaries** | | |
| LG Display Co. Ltd | 45.7 | 25.7 |
| Nanjing LG-Panda Appliances Co., Ltd. | 40.2 | 30.4 |
| LG Electronics Tianjin Appliances Co. Ltd. | 98.5 | 59.7 |
| Taizhou LG Electronics Refrigeration Co. Ltd. | 24.2 | 21.1 |
| LG Electronics (China) Co. Ltd. | 36.8 | 45.4 |
| Others | 46.5 | 59.4 |
| **Capital creditors** | | |
| **Holding company** | 5.9 | 10.5 |
| **Fellow subsidiaries** | | |
| LG CNS India Private Limited | 3.4 | 0.5 |
| Acerna Inc. | 9.4 | - |
| Advance received from customer | - | - |
| Fellow subsidiaries | | |
| Hi-M Solutek India Private Limited | - | 0.2 |
| Security deposit for residential accommodation paid on behalf of director | | |
| **Key Management Personnel** | | |
| Mr. Hong Ju Jeon | 0.3 | 0.1 |

*Source: Annual Report*

## Management Team

| Key Person | Designation | Details |
|---|---|---|
| Mr. Hong Ju Jeon | Managing Director | Master's in Business Administration (Global Management), Thunderbird School of Global Management, USA. Associated with LG Group since 1994 and LG Electronics India since 2022. Responsible for sales strategy, operational planning, overall business objectives and strengthening the dealer network. |
| Mr. Dongmyung Seo | Whole-Time Director and Chief Financial Officer | Master's in Business Administration, Seoul School of Integrated Sciences & Technologies, Korea. Associated with LG Group since 1994 and LG Electronics India since 2021. Responsible for financial management, accounting operations, financial reporting and overall finance functions. |
| Mr. Daehyun Song | Chairman and Non-Executive Director | Bachelor's in Science (Mechanical Design), Pusan National University, Korea. Associated with LG Group since 1983. Responsible for Board leadership, effective governance practices and communication among the Board, management, stakeholders and advisors. |
| Ms. Promila Bhardwaj | Independent Director | Master's in Arts and Philosophy from Panjab University and Master's Diploma in Public Administration from IIPA. Joined the Indian Revenue Service in 1979 and retired as Director General of Income Tax (Systems). |
| Mr. Ramesh Ramachandran Nair | Independent Director | Bachelor's in Technology (Electrical Engineering), Kurukshetra University and Post Graduate Diploma in Financial Management from IGNOU. Previously associated with Avaada Electro, Mundra Solar PV, Bharat Aluminium Company and Jindal Stainless. |
| Mr. Santosh Kumar Mohanty | Independent Director | Bachelor's in Political Science, Bachelor's in Law, PG Diploma in Securities Law and Master's in Political Science. Previously associated with SEBI, Forward Markets Commission and the Income Tax Department, Government of India. |

*Source: Company Reports*

### Auditor's qualifications and significant notes to accounts

The Statutory Auditors' Report on the financial statements for the financial year ended March 31, 2026, does not contain any qualification, reservation, adverse remark or disclaimer. The Company has, in all material respects, maintained adequate internal financial controls with reference to its financial statements, and such controls were operating effectively as of March 31, 2026. The assessment is based on the internal control over financial reporting criteria established by the Company, considering the essential components of internal control as stated in the Guidance Note issued by the ICAI.

### Contingent Liabilities

| Particulars | FY26 (INR cr) | FY25 (INR cr) | YoY Change (INR cr) |
|---|---|---|---|
| **Central Excise / Service Tax / Customs claims** | **309.1** | **195.5** | **113.6** |
| **Sales Tax / GST claims** | **349.0** | **329.9** | **19.1** |
| **Income Tax claims** | **2,110.0** | **2,150.0** | **(40.1)** |
| **Other claims** | **31.4** | **24.4** | **7.0** |
| **Total Contingent Liabilities** | **2,793.9** | **2,699.9** | **94.0** |

As of March 31, 2026, the Company had total contingent liabilities of INR 2,793.89 cr, compared with INR 2,699.86 cr as of March 31, 2025. The contingent liabilities primarily comprised claims and demand notices from various government authorities. The Company had indirect tax-related claims from the Central Excise, Service Tax and Customs Department amounting to INR 309.06 cr, net of provisions, compared with INR 195.51 cr in the previous year.

Claims from the Sales Tax and GST Department stood at INR 348.98 cr, marginally higher than INR 329.91 cr in FY25. Income Tax Department claims, net of provisions, amounted to INR 2,109.95 cr, compared with INR 2,150.01 cr in the previous year, remaining the largest component of the Company's contingent liabilities. In addition, the Company had other claims of INR 31.40 cr, net of provisions, versus INR 24.37 cr in FY25. Overall, contingent liabilities increased by INR 94.03 cr during the year, primarily due to higher indirect tax-related claims, partially offset by a reduction in income tax-related claims.

*Source: Annual Report*

## Key Risks and Concerns

- **Raw Material, Currency & Tariff Risk:** LG India remains exposed to volatility in key inputs such as steel, aluminium, copper, resins, compressors and electronic components. FY26 margins were impacted by rupee depreciation, elevated commodity prices, geopolitical risks and tariff-related pressures. While localization is improving, any sharp input-cost increase or adverse currency movement could compress margins if cost pass-through remains limited.

- **Seasonality & Demand Volatility Risk:** A meaningful part of LG India's growth is linked to summer-led categories such as room ACs and refrigerators. FY26 performance was impacted by a weak summer, early monsoon, GST-related purchase deferment and softer consumer sentiment. Any repeat of weak seasonal demand could impact revenue growth, inventory planning and operating leverage.

- **Sri City Capex Execution Risk:** The Sri City plant is central to LG India's localization, compressor manufacturing and export growth strategy. The company plans to invest around INR 5,000 cr, with compressor and RAC production expected to begin in FY27. Any delay, cost overrun or slower ramp-up could defer margin benefits and export scale-up.

- **Competitive Intensity & Premiumization Risk:** LG India operates in highly competitive and price-sensitive categories such as TVs, RACs, refrigerators and washing machines. If the company is unable to sustain premium positioning, launch relevant products or defend pricing against domestic, global and online-first brands, market share and margins could come under pressure.

- **Regulatory, BEE Transition & Working Capital Risk:** Frequent changes in energy-efficiency norms, especially BEE standards for ACs and appliances, can require product redesign, higher sourcing costs and channel support. In FY26, higher inventory in compressor-led products and temporary credit support to trade partners increased working capital intensity, which could pressure cash conversion if repeated.


## LGEINDIA's quarterly and annual performance

| Fig in INR Cr (unless specified) | FY24 | Q1FY25 | Q2FY25 | Q3FY25 | Q4FY25 | FY25 | Q1FY26 | Q2FY26 | Q3FY26 | Q4FY26 | FY26 | Q1FY27 | FY27E | FY28E | FY29E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Revenue from operations | 21,352.0 | 6,408.8 | 6,113.9 | 4,395.5 | 7,448.4 | 24,366.6 | 6,262.9 | 6,174.0 | 4,114.4 | 8,053.6 | 24,604.9 | 7,233.4 | 27,797.7 | 31,483.3 | 35,757.9 |
| *YoY Growth (%)* | *7.5* | | | | | *14.1* | *(2.3)* | *1.0* | *(6.4)* | *8.1* | *1.0* | *15.5* | *13.0* | *13.3* | *13.6* |
| Raw Material Cost | 14,930.2 | 4,282.4 | 4,172.1 | 2,943.2 | 5,182.4 | 16,580.1 | 4,283.1 | 4,356.1 | 2,773.9 | 5,753.7 | 17,166.9 | 4,537.1 | 19,180.4 | 21,723.5 | 24,673.0 |
| *RM Cost to Sales (%)* | *69.9* | *66.8* | *68.2* | *67.0* | *69.6* | *68.0* | *68.4* | *70.6* | *67.4* | *71.4* | *69.8* | *62.7* | *69.0* | *69.0* | *69.0* |
| Employee Cost | 886.8 | 240.9 | 234.5 | 237.1 | 250.4 | 962.8 | 253.6 | 248.0 | 260.6 | 234.8 | 997.0 | 278.7 | 1,136.6 | 1,242.3 | 1,340.8 |
| *Employee Cost to Sales (%)* | *4.2* | *3.8* | *3.8* | *5.4* | *3.4* | *4.0* | *4.0* | *4.0* | *6.3* | *2.9* | *4.1* | *3.9* | *4.1* | *3.9* | *3.7* |
| Other Expenses | 3,307.8 | 921.0 | 950.3 | 874.9 | 967.5 | 3,713.6 | 1,006.9 | 1,022.4 | 883.8 | 1,119.7 | 4,032.7 | 1,513.3 | 4,384.7 | 4,821.0 | 5,287.4 |
| *Other Expenses to Sales (%)* | *15.5* | *14.4* | *15.5* | *19.9* | *13.0* | *15.2* | *16.1* | *16.6* | *21.5* | *13.9* | *16.4* | *20.9* | *15.8* | *15.3* | *14.8* |
| EBITDA | 2,227.2 | 964.6 | 757.0 | 340.4 | 1,048.2 | 3,110.1 | 719.3 | 547.6 | 196.1 | 945.4 | 2,408.3 | 904.3 | 3,096.0 | 3,696.4 | 4,456.8 |
| *EBITDA Margin (%)* | *10.4* | *15.1* | *12.4* | *7.7* | *14.1* | *12.8* | *11.5* | *8.9* | *4.8* | *11.7* | *9.8* | *12.5* | *11.1* | *11.7* | *12.5* |
| PAT | 1,511.1 | 679.6 | 535.7 | 233.5 | 754.6 | 2,203.3 | 513.2 | 389.4 | 89.7 | 692.7 | 1,685.1 | 652.9 | 2,171.4 | 2,506.3 | 3,018.1 |
| *PAT Margin (%)* | *7.1* | *10.6* | *8.8* | *5.3* | *10.1* | *9.0* | *8.2* | *6.3* | *2.2* | *8.6* | *6.8* | *9.0* | *7.8* | *8.0* | *8.4* |
| Net Profit | 1,511.1 | 679.6 | 535.7 | 233.5 | 754.6 | 2,203.3 | 513.2 | 389.4 | 89.7 | 692.7 | 1,685.1 | 654.6 | 2,171.4 | 2,506.3 | 3,018.1 |
| *Net Margin (%)* | *7.1* | *10.6* | *8.8* | *5.3* | *10.1* | *9.0* | *8.2* | *6.3* | *2.2* | *8.6* | *6.8* | *9.0* | *7.8* | *8.0* | *8.4* |
| | | | | | | | | | | | | | | | |
| Adjusted EPS | 22.3 | | | | | 32.5 | | | | | 24.8 | | 32.0 | 36.9 | 44.5 |
| *P/E (X)* | *75.8* | | | | | *52.0* | | | | | *68.0* | | *52.8* | *45.7* | *38.0* |
| Adjusted BVPS | 55.6 | | | | | 88.0 | | | | | 112.9 | | 144.9 | 181.8 | 226.3 |
| *P/BV (X)* | *30.4* | | | | | *19.2* | | | | | *14.9* | | *11.6* | *9.3* | *7.5* |
| Enterprise Value | 112,340.2 | | | | | 110,821.3 | | | | | 110,086.5 | | 110,153.8 | 108,879.9 | 106,967.9 |
| *EV/EBITDA (X)* | *50.4* | | | | | *35.6* | | | | | *45.7* | | *35.6* | *29.5* | *24.0* |
| | | | | | | | | | | | | | | | |
| Net Worth | 3,772.2 | | | | | 5,970.2 | | | | | 7,665.6 | | 9,836.9 | 12,343.2 | 15,361.4 |
| *Return on Equity (%)* | *40.1* | | | | | *36.9* | | | | | *22.0* | | *22.1* | *20.3* | *19.6* |
| Capital Employed | 3,772.2 | | | | | 5,970.2 | | | | | 7,665.6 | | 9,836.9 | 12,343.2 | 15,361.4 |
| *Return on Capital Employed (%)* | *36.6* | | | | | *34.0* | | | | | *19.2* | | *19.8* | *17.9* | *17.2* |
| Invested Capital | 1,549.6 | | | | | 2,228.7 | | | | | 3,189.3 | | 5,428.0 | 6,660.4 | 7,766.4 |
| *Return on Invested Capital (%)* | *120.2* | | | | | *122.5* | | | | | *63.1* | | *47.9* | *44.3* | *45.4* |
| | | | | | | | | | | | | | | | |
| Cash Flow from Operations | 1,665.5 | | | | | 1,653.9 | | | | | 1,721.3 | | 2,528.6 | 3,144.2 | 3,810.8 |
| Cash Flow from Investing | (20.5) | | | | | (27.5) | | | | | (856.5) | | (2,555.3) | (1,829.7) | (1,858.2) |
| Cash Flow from Financing | (2,185.3) | | | | | (106.5) | | | | | (127.4) | | (40.6) | (40.6) | (40.6) |
| Net Cash Flow | (540.2) | | | | | 1,519.9 | | | | | 737.3 | | (67.3) | 1,273.9 | 1,912.0 |
| Free Cash Flow | 1,425.3 | | | | | 1,319.3 | | | | | 549.1 | | (27.4) | 1,314.5 | 1,952.6 |
| *FCF to Revenue (%)* | *6.7* | | | | | *5.4* | | | | | *2.2* | | *(0.1)* | *4.2* | *5.5* |
| *FCF to EBITDA (%)* | *64.0* | | | | | *42.4* | | | | | *22.8* | | *(0.9)* | *35.6* | *43.8* |
| *FCF to Net Profit (%)* | *94.3* | | | | | *59.9* | | | | | *32.6* | | *(1.3)* | *52.4* | *64.7* |
| *FCF to Net Worth (%)* | *37.8* | | | | | *22.1* | | | | | *7.2* | | *(0.3)* | *10.6* | *12.7* |
| | | | | | | | | | | | | | | | |
| Total Debt | 0 | | | | | 0 | | | | | 0 | | 0 | 0 | 0 |
| Net Debt | (2,223) | | | | | (3,741) | | | | | (4,476) | | (4,409) | (5,683) | (7,595) |
| *Net Debt to Equity (X)* | *(0.6)* | | | | | *(0.6)* | | | | | *(0.6)* | | *(0.4)* | *(0.5)* | *(0.5)* |
| *Net Debt to EBITDA (X)* | *(1.0)* | | | | | *(1.2)* | | | | | *(1.9)* | | *(1.4)* | *(1.5)* | *(1.7)* |
| *Interest Coverage Ratio (X)* | *57.6* | | | | | *89.1* | | | | | *49.6* | | *64.1* | *72.7* | *86.9* |
| | | | | | | | | | | | | | | | |
| Fundamental scores | | | | | | | | | | | | | | | |
| Altman Z Score | 2.0 | | | | | 2.0 | | | | | 2.7 | | 2.6 | 2.4 | 2.4 |
| Piotroski F-score | 6.0 | | | | | 6.0 | | | | | 6.0 | | 5.0 | 5.0 | 6.0 |
| Beneish M-score | (2.2) | | | | | (2.0) | | | | | (2.0) | | (2.1) | (1.9) | (2.2) |

*Source: Company Reports & Ventura Research*

## LGEINDIA's consolidated financial & projections

| Fig in INR Cr (unless specified) | FY25 | FY26 | FY27E | FY28E | FY29E |
|---|---|---|---|---|---|
| **Income Statement** | | | | | |
| Revenue | 24,366.6 | 24,604.9 | 27,797.7 | 31,483.3 | 35,757.9 |
| *YoY Growth (%)* | *14.1* | *1.0* | *13.0* | *13.3* | *13.6* |
| Raw Material Cost | 16,580.1 | 17,166.9 | 19,180.4 | 21,723.5 | 24,673.0 |
| *RM Cost to Sales (%)* | *68.0* | *69.8* | *69.0* | *69.0* | *69.0* |
| Employee Cost | 962.8 | 997.0 | 1,136.6 | 1,242.3 | 1,340.8 |
| *Employee Cost to Sales (%)* | *4.0* | *4.1* | *4.1* | *3.9* | *3.7* |
| Other Expenses | 3,713.6 | 4,032.7 | 4,384.7 | 4,821.0 | 5,287.4 |
| *Other Exp to Sales (%)* | *15.2* | *16.4* | *15.8* | *15.3* | *14.8* |
| EBITDA | 3,110.1 | 2,408.3 | 3,096.0 | 3,696.4 | 4,456.8 |
| *Margin (%)* | *12.8* | *9.8* | *11.1* | *11.7* | *12.5* |
| *YoY Growth (%)* | *39.6* | *(22.6)* | *28.6* | *19.4* | *20.6* |
| Depreciation & Amortization | 380.4 | 396.1 | 493.6 | 746.4 | 930.6 |
| EBIT | 2,729.8 | 2,012.2 | 2,602.5 | 2,950.0 | 3,526.2 |
| *Margin (%)* | *11.2* | *8.2* | *9.4* | *9.4* | *9.9* |
| *YoY Growth (%)* | *46.5* | *(26.3)* | *29.3* | *13.4* | *19.5* |
| Other Income | 264.0 | 327.9 | 307.0 | 307.1 | 354.8 |
| Finance Cost | 30.6 | 40.6 | 40.6 | 40.6 | 40.6 |
| Fin Charges Coverage (X) | 89.1 | 49.6 | 64.1 | 72.7 | 86.9 |
| Exceptional Item | 0.0 | 0.0 | 32.9 | 132.9 | 192.9 |
| PBT | 2,963.1 | 2,299.5 | 2,901.8 | 3,349.3 | 4,033.3 |
| *Margin (%)* | *12.2* | *9.3* | *10.4* | *10.6* | *11.3* |
| *YoY Growth (%)* | *45.5* | *(22.4)* | *26.2* | *15.4* | *20.4* |
| Tax Expense | 759.8 | 614.4 | 730.4 | 843.0 | 1,015.2 |
| *Tax Rate (%)* | *25.6* | *26.7* | *25.2* | *25.2* | *25.2* |
| PAT | 2,203.3 | 1,685.1 | 2,171.4 | 2,506.3 | 3,018.1 |
| *Margin (%)* | *9.0* | *6.8* | *7.8* | *8.0* | *8.4* |
| *YoY Growth (%)* | *45.8* | *(23.5)* | *28.9* | *15.4* | *20.4* |
| Min Int/Sh of Assoc | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net Profit | 2,203.3 | 1,685.1 | 2,171.4 | 2,506.3 | 3,018.1 |
| *Margin (%)* | *9.0* | *6.8* | *7.8* | *8.0* | *8.4* |
| *YoY Growth (%)* | *45.8* | *(23.5)* | *28.9* | *15.4* | *20.4* |
| | | | | | |
| **Balance Sheet** | | | | | |
| Share Capital | 678.8 | 678.8 | 678.8 | 678.8 | 678.8 |
| Total Reserves | 5,291.4 | 6,986.8 | 9,158.2 | 11,664.5 | 14,682.6 |
| Shareholders Fund | 5,970.2 | 7,665.6 | 9,836.9 | 12,343.2 | 15,361.4 |
| Long Term Borrowings | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Deferred Tax Assets / Liabilities | (204.0) | (205.9) | (205.9) | (205.9) | (205.9) |
| Other Long Term Liabilities | 554.6 | 915.6 | 979.7 | 1,109.6 | 1,260.3 |
| Net Current Liabilities | 6,263.7 | 5,169.8 | 5,697.9 | 6,342.4 | 7,078.8 |
| Long Term Provisions | 6,603.7 | 91.2 | 103.9 | 113.6 | 122.6 |
| Total Liabilities | 19,188.1 | 13,636.2 | 16,412.6 | 19,703.0 | 23,617.1 |
| Net Block | 1,329.1 | 1,560.3 | 2,080.0 | 3,963.3 | 4,947.8 |
| Capital Work in Progress | 75.3 | 457.4 | 2,000.0 | 1,200.0 | 1,143.0 |
| Intangible assets under development | 0.0 | 0.7 | 0.0 | 0.0 | 0.0 |
| Non Current Investments | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Long Term Loans & Advances | 6,791.5 | 569.5 | 598.0 | 627.9 | 659.3 |
| Other Non Current Assets | 86.2 | 290.1 | 304.6 | 319.8 | 335.8 |
| Net Current Assets | 10,906.0 | 10,758.3 | 11,429.9 | 13,592.0 | 16,531.2 |
| Total Assets | 19,188.1 | 13,636.2 | 16,412.6 | 19,703.0 | 23,617.1 |

| Fig in INR Cr (unless specified) | FY25 | FY26 | FY27E | FY28E | FY29E |
|---|---|---|---|---|---|
| **Per share data & Yields** | | | | | |
| Adjusted EPS (INR) | 32.5 | 24.8 | 32.0 | 36.9 | 44.5 |
| Adjusted Cash EPS (INR) | 38.1 | 30.7 | 39.3 | 47.9 | 58.2 |
| Adjusted BVPS (INR) | 88.0 | 112.9 | 144.9 | 181.8 | 226.3 |
| Adjusted CFO per share (INR) | 24.4 | 25.4 | 37.3 | 46.3 | 56.1 |
| CFO Yield (%) | 1.4 | 1.5 | 2.2 | 2.7 | 3.3 |
| Adjusted FCF per share (INR) | 19.4 | 8.1 | (0.4) | 19.4 | 28.8 |
| FCF Yield (%) | 1.2 | 0.5 | (0.0) | 1.1 | 1.7 |
| | | | | | |
| **Solvency Ratio (X)** | | | | | |
| Total Debt to Equity | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net Debt to Equity | (0.6) | (0.6) | (0.4) | (0.5) | (0.5) |
| Net Debt to EBITDA | (1.2) | (1.9) | (1.4) | (1.5) | (1.7) |
| | | | | | |
| **Return Ratios (%)** | | | | | |
| Return on Equity | 36.9 | 22.0 | 22.1 | 20.3 | 19.6 |
| Return on Capital Employed | 34.0 | 19.2 | 19.8 | 17.9 | 17.2 |
| Return on Invested Capital | 122.5 | 63.1 | 47.9 | 44.3 | 45.4 |
| | | | | | |
| **Working Capital Ratios** | | | | | |
| Payable Days (Nos) | 74 | 75 | 75 | 75 | 75 |
| Inventory Days (Nos) | 67 | 63 | 63 | 63 | 63 |
| Receivable Days (Nos) | 35 | 42 | 42 | 42 | 42 |
| Net Working Capital Days (Nos) | 28 | 30 | 30 | 30 | 30 |
| Net Working Capital to Sales (% | 8.3 | 9.2 | 9.3 | 9.3 | 9.3 |
| | | | | | |
| **Valuation (X)** | | | | | |
| P/E | 52.0 | 68.0 | 52.8 | 45.7 | 38.0 |
| P/BV | 19.2 | 14.9 | 11.6 | 9.3 | 7.5 |
| EV/EBITDA | 35.6 | 45.7 | 35.6 | 29.5 | 24.0 |
| EV/Sales | 4.5 | 4.5 | 4.0 | 3.5 | 3.0 |
| | | | | | |
| **Cash Flow Statement** | | | | | |
| PBT | 2,963.1 | 2,299.5 | 2,901.8 | 3,349.3 | 4,033.3 |
| Adjustments | 257.2 | 283.9 | 659.0 | 979.3 | 1,188.7 |
| Change in Working Capital | (806.6) | (247.7) | (301.9) | (341.4) | (396.0) |
| Less: Tax Paid | (759.8) | (614.4) | (730.4) | (843.0) | (1,015.2) |
| Cash Flow from Operations | 1,653.9 | 1,721.3 | 2,528.6 | 3,144.2 | 3,810.8 |
| Net Capital Expenditure | (334.6) | (1,172.1) | (2,556.0) | (1,829.7) | (1,858.2) |
| Change in Investments | 307.0 | 315.7 | 0.7 | 0.0 | 0.0 |
| Cash Flow from Investing | (27.5) | (856.5) | (2,555.3) | (1,829.7) | (1,858.2) |
| Change in Borrowings | (75.8) | (86.8) | 0.0 | 0.0 | 0.0 |
| Less: Finance Cost | (30.6) | (40.6) | (40.6) | (40.6) | (40.6) |
| Proceeds from Equity | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Buyback of Shares | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Dividend Paid | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Cash flow from Financing | (106.5) | (127.4) | (40.6) | (40.6) | (40.6) |
| Net Cash Flow | 1,519.9 | 737.3 | (67.3) | 1,273.9 | 1,912.0 |
| Forex Effect | (1.0) | (2.5) | 0.0 | 0.0 | 0.0 |
| Opening Balance of Cash | 2,222.6 | 3,741.5 | 4,476.3 | 4,409.0 | 5,682.9 |
| Closing Balance of Cash | 3,741.5 | 4,476.3 | 4,409.0 | 5,682.9 | 7,594.9 |

*Source: Company Reports & Ventura Research*

## Rating Methodology

### We rate stocks on the 2 years absolute return basis.

| Rating | Criteria | Definition |
|---|---|---|
| BUY | >= 20% | Target price is equal to or more than 20% of CMP |
| HOLD | >= 0% to < 20% | Target price is more than CMP but less than 20% of CMP |
| SELL | <= 0% (negative return) | Target price is less than CMP |
| NOT RATED | No recommendation | No target |




**Ventura Securities Limited - SEBI Registration No.: INH000001634**

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VINIT PRABHAKAR BOLINJKAR

Digitally signed by VINIT PRABHAKAR BOLINJKAR
Date: 2026.08.26
13:46:58 +05'30'