

October 15, 2025

Company Update

■ Change in Estimates | ■ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	BUY		BUY	
Target Price	1,780		1,780	
Sales (Rs. m)	2,88,837	3,23,377	2,88,837	3,23,377
% Chng.	-	-	-	-
EBITDA (Rs. m)	35,973	42,432	35,973	42,432
% Chng.	-	-	-	-
EPS (Rs.)	37.0	42.4	37.0	42.4
% Chng.	-	-	-	-

Key Financials - Consolidated

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. m)	2,43,666	2,58,099	2,88,837	3,23,377
EBITDA (Rs. m)	31,101	30,187	35,973	42,432
Margin (%)	12.8	11.7	12.5	13.1
PAT (Rs. m)	22,033	21,338	25,127	28,771
EPS (Rs.)	32.5	31.4	37.0	42.4
Gr. (%)	(75.7)	(3.2)	17.8	14.5
DPS (Rs.)	-	12.0	12.0	12.0
Yield (%)	-	0.7	0.7	0.7
RoE (%)	45.2	34.0	33.9	30.9
RoCE (%)	61.5	46.0	45.7	41.7
EV/Sales (x)	4.5	4.3	3.8	3.3
EV/EBITDA (x)	35.6	36.4	30.5	25.5
PE (x)	52.0	53.7	45.6	39.8
P/BV (x)	19.2	17.4	13.9	11.1

Key Data

LGEL.BO | LGEL IN

52-W High / Low	Rs.1,749 / Rs.1,650
Sensex / Nifty	82,605 / 25,324
Market Cap	Rs.1,146bn/ \$ 13,011m
Shares Outstanding	679m
3M Avg. Daily Value	NA

Shareholding Pattern (%)

Promoter's	85.00
Foreign	2.86
Domestic Institution	4.42
Public & Others	7.72
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	-	-	-
Relative	-	-	-

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Growth through innovation & local R&D

We attended the post-listing event of LGEL and product launch of LG Essential Series, wherein the management outlined its vision, focus on premium mass products, and leveraging India's growing strategic role across manufacturing, R&D and exports. The company is positioning India not just as a manufacturing base but also as a global innovation and export hub, balancing affordability and innovation. Strong local R&D, rising localization, and export focus underline India's strategic importance in LG's next growth phase.

We estimate revenue/EBITDA/PAT CAGR of 9.9%/10.9%/9.3% for FY25-28E. Maintain 'BUY'.

Key takeaways:

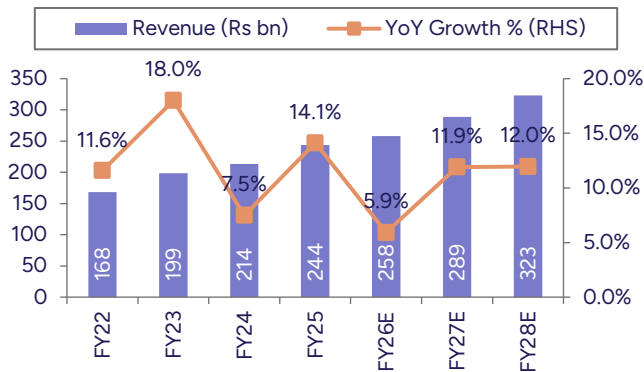
LGEL's vision: Make in India, Make for India and Make India Global

- The company targets 2–3% annual increase in raw material localization to strengthen integration with local suppliers and ecosystem partners.
- It is focused on developing and producing India-specific products tailored to local needs and price sensitive customers.
- It is focused on strengthening India's position within the global value chain through increased local sourcing and expansion of R&D capabilities, with plans to double the R&D workforce.
- It is transferring core technological competencies from Korea to India, to establish the latter as a key R&D and manufacturing hub, supported by skill enhancement and advanced production systems.
- The company plans to invest in AI, smart technologies, and automation over the next 5 years to boost product efficiency and enhance user experience.

Growth focus: B2B, services (AMC) & premium mass products

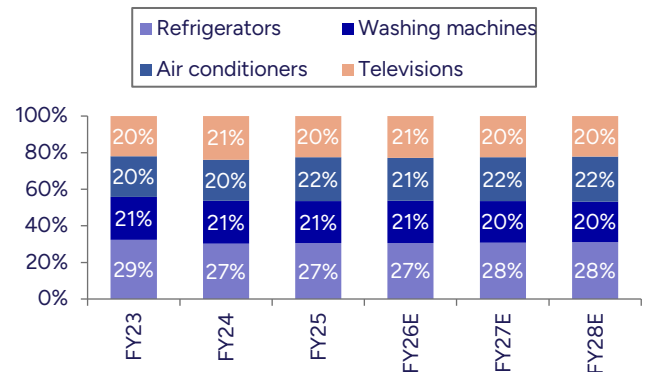
- LGEL is exploring new opportunities in data center cooling solutions, an emerging B2B growth segment.
- It is expanding after-sales services through an AMC model to improve customer satisfaction and build long-term customer loyalty.
- It is focusing on introducing new product lines that combine reasonable pricing with India-specific features, guided by 4 key priorities: innovation, quality, service, and affordability.
- The company is emphasizing premium mass products, designed to bridge the gap between premium and affordable segments, with availability expected from FY27.

Exhibit 1: Revenue to grow 9.9% CAGR over FY25-28E



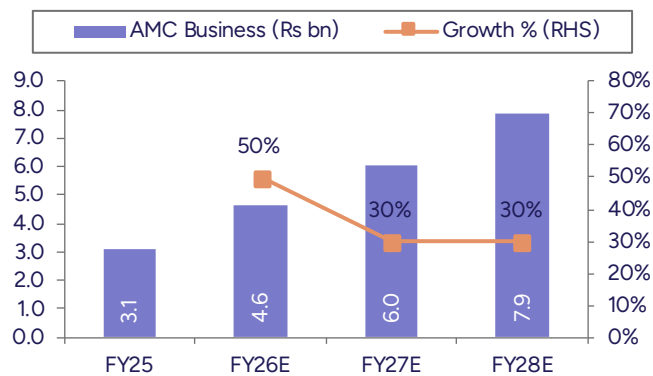
Source: Company, PL

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



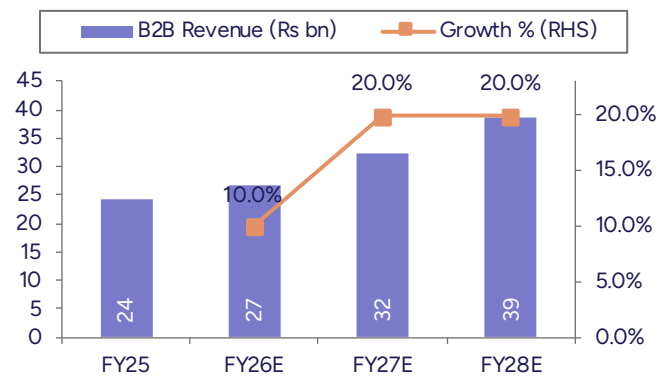
Source: Company, PL

Exhibit 3: AMC sales CAGR est at 36.4% over FY25-28E



Source: Company, PL

Exhibit 4: B2B sales CAGR est at 16.6% over FY25-28E



Source: Company, PL

Exhibit 5: Innovative display offerings by LG



Source: Company, PL

Exhibit 6: LGEL's next-gen transparent OLED display



Source: Company, PL

Exhibit 7: LG Essential Series to be available from Nov'25



Source: Company, PL

Exhibit 8: LG PuriCare – Transforming air purification



Source: PL, Company

Exhibit 9: Convertible oven – Healthy, versatile cooking



Source: PL, Company

Exhibit 10: Revolutionizing cooling – AI dual-inverter AC



Source: Company, PL

Exhibit 11: Innovative smart monitors



Source: Company, PL

Exhibit 12: Redefining home entertainment with world's largest OLED TV



Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Net Revenues	2,43,666	2,58,099	2,88,837	3,23,377
YoY gr. (%)	14.1	5.9	11.9	12.0
Cost of Goods Sold	1,65,801	1,77,450	1,97,138	2,19,096
Gross Profit	77,866	80,649	91,698	1,04,281
Margin (%)	32.0	31.2	31.7	32.2
Employee Cost	9,628	10,198	11,413	12,778
Other Expenses	25,014	27,424	29,462	32,984
EBITDA	31,101	30,187	35,973	42,432
YoY gr. (%)	39.8	(2.9)	19.2	18.0
Margin (%)	12.8	11.7	12.5	13.1
Depreciation and Amortization	3,804	4,006	5,208	6,757
EBIT	27,298	26,182	30,765	35,675
Margin (%)	11.2	10.1	10.7	11.0
Net Interest	306	309	329	368
Other Income	2,640	2,642	3,142	3,142
Profit Before Tax	29,631	28,515	33,578	38,449
Margin (%)	12.2	11.0	11.6	11.9
Total Tax	7,598	7,177	8,452	9,678
Effective tax rate (%)	25.6	25.2	25.2	25.2
Profit after tax	22,033	21,338	25,127	28,771
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	22,033	21,338	25,127	28,771
YoY gr. (%)	45.8	(3.2)	17.8	14.5
Margin (%)	9.0	8.3	8.7	8.9
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	22,033	21,338	25,127	28,771
YoY gr. (%)	45.8	(3.2)	17.8	14.5
Margin (%)	9.0	8.3	8.7	8.9
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	22,033	21,338	25,127	28,771
Equity Shares O/s (m)	679	679	679	679
EPS (Rs)	32.5	31.4	37.0	42.4

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Non-Current Assets				
Gross Block	35,801	41,157	59,930	72,734
Tangibles	35,363	40,684	59,422	72,191
Intangibles	438	473	508	543
Acc: Dep / Amortization	22,510	24,847	29,183	34,965
Tangibles	22,167	24,452	28,734	34,456
Intangibles	343	394	450	509
Net fixed assets	13,291	16,310	30,746	37,769
Tangibles	13,197	16,232	30,688	37,735
Intangibles	94	78	58	34
Capital Work In Progress	753	753	753	753
Goodwill	-	-	-	-
Non-Current Investments	1,322	1,400	1,567	1,754
Net Deferred tax assets	2,040	2,040	2,040	2,040
Other Non-Current Assets	2,357	2,341	2,345	2,350
Current Assets				
Investments	-	-	-	-
Inventories	30,315	28,752	32,176	36,024
Trade receivables	23,612	22,022	24,645	27,592
Cash & Bank Balance	37,415	47,506	50,134	63,795
Other Current Assets	2,432	2,576	2,882	3,227
Total Assets	1,15,171	1,25,433	1,49,228	1,77,476
Equity				
Equity Share Capital	6,788	6,788	6,788	6,788
Other Equity	52,914	58,908	75,889	96,515
Total Network	59,702	65,695	82,677	1,03,303
Non-Current Liabilities				
Long Term borrowings	-	-	-	-
Provisions	939	995	1,113	1,246
Other non current liabilities	2,241	2,373	2,656	2,974
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	33,671	36,948	41,048	45,620
Other current liabilities	15,313	15,920	17,816	19,947
Total Equity & Liabilities	1,15,171	1,25,433	1,49,228	1,77,476

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
PBT	29,631	28,515	33,578	38,449
Add. Depreciation	3,804	4,006	5,208	6,757
Add. Interest	305	309	329	368
Less Financial Other Income	2,640	2,642	3,142	3,142
Add. Other	(2,636)	(4,993)	(5,389)	(5,360)
Op. profit before WC changes	31,103	27,836	33,727	40,213
Net Changes-WC	(7,025)	7,037	(651)	(767)
Direct tax	(7,539)	(7,177)	(8,452)	(9,678)
Net cash from Op. activities	16,539	27,697	24,624	29,769
Capital expenditures	(3,346)	(7,024)	(19,645)	(13,780)
Interest / Dividend Income	2,477	2,642	3,142	3,142
Others	593	593	593	593
Net Cash from Invst. activities	(275)	(3,789)	(15,910)	(10,045)
Issue of share cap. / premium	-	-	-	-
Debt changes	(760)	(47)	504	566
Dividend paid	-	(8,145)	(8,145)	(8,145)
Interest paid	(305)	(309)	(329)	(368)
Others	-	-	-	-
Net cash from Fin. activities	(1,065)	(8,501)	(7,970)	(7,947)
Net change in cash	15,199	15,407	744	11,777
Free Cash Flow	13,193	20,672	4,979	15,989

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Per Share(Rs)				
EPS	32.5	31.4	37.0	42.4
CEPS	38.1	37.3	44.7	52.3
BVPS	88.0	96.8	121.8	152.2
FCF	19.4	30.5	7.3	23.6
DPS	-	12.0	12.0	12.0
Return Ratio(%)				
RoCE	61.5	46.0	45.7	41.7
ROIC	179.7	129.0	95.7	91.4
RoE	45.2	34.0	33.9	30.9
Balance Sheet				
Net Debt : Equity (x)	(0.6)	(0.7)	(0.6)	(0.6)
Net Working Capital (Days)	30	20	20	20
Valuation(x)				
PER	52.0	53.7	45.6	39.8
P/B	19.2	17.4	13.9	11.1
P/CEPS	44.3	45.2	37.8	32.3
EV/EBITDA	35.6	36.4	30.5	25.5
EV/Sales	4.5	4.3	3.8	3.3
Dividend Yield (%)	-	0.7	0.7	0.7

Source: Company Data, PL Research

Quarterly Financials (Rs m)

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

Source: Company Data, PL Research

Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	14-Oct-25	BUY	1,780	1,140

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Amber Enterprises India	BUY	9,889	8,418
2	Astral Ltd.	BUY	1,727	1,384
3	Avalon Technologies	Hold	1,083	1,253
4	Bajaj Electricals	BUY	664	549
5	Cello World	BUY	686	575
6	Century Plyboard (I)	Hold	818	808
7	Cera Sanitaryware	BUY	7,424	6,149
8	Crompton Greaves Consumer Electricals	BUY	391	293
9	Cyient DLM	Accumulate	485	448
10	Finolex Industries	Accumulate	240	206
11	Greenpanel Industries	BUY	410	299
12	Havells India	Accumulate	1,653	1,485
13	Kajaria Ceramics	Hold	1,281	1,208
14	Kaynes Technology India	Hold	7,427	7,593
15	KEI Industries	BUY	4,946	4,034
16	LG Electronics India	BUY	1,780	1,140
17	Polycab India	BUY	8,718	7,351
18	R R Kabel	BUY	1,615	1,268
19	Supreme Industries	Accumulate	4,758	4,200
20	Syrma SGS Technology	Accumulate	870	852
21	Voltas	Hold	1,440	1,354

PL's Recommendation Nomenclature (Absolute Performance)

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

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