Axis Annual Analysis 2026

LG Electronics India Ltd

AXIS DIRECT

Poised for Strong Margin Recovery as Costs Stabilise

Summary

Established in 1997, LG Electronics India Limited (a subsidiary of South Korea's LG Electronics Inc.) is India's leading consumer durables and home appliances enterprise. Operating across two primary divisions—Home Appliances & Air Solution (H&A) and Home Entertainment (HE)—the company manufactures and distributes market-leading appliances including refrigerators, washing machines, room/commercial air conditioners, microwave ovens, televisions (OLED/QNED), and display signage. LGEIL debuted on the Indian stock exchanges (NSE/BSE) on October 14, 2025, following a landmark Rs 11,605 Cr Initial Public Offering (IPO).

Key Highlights

- **Financial Performance (FY26 Performance Roundup):** LGEIL delivered a steady top-line performance despite an extremely challenging operating environment characterised by currency volatility and input cost inflation. Standalone revenue from operations grew by 1.0% YoY to Rs 24,605 Cr. EBITDA stood at Rs 2,408 Cr, translating to an EBITDA margin of 9.8% (contracting by 23% YoY due to elevated raw material costs). Profit After Tax stood at Rs 1,685 Cr, delivering a Net Profit margin of 6.8%. The balance sheet remains debt-free with a cash and bank balance exceeding Rs 4,476 Cr, a conservative Debt-to-Equity ratio of 0.06x, and a strong Return on Capital Employed (ROCE) of 28.9%
- **Divisional Performance:**
  Home Appliances & Air Solution (H&A) Division: Accounting for ~73.8% of group revenues, the H&A division generated revenue of Rs 18,161 Cr. LGEIL consolidated its dominance in core appliance categories, maintaining a #1 offline market share in Refrigerators (28.8%), Washing Machines (31.5%), Inverter ACs (18.7%), Room ACs (16.2%), and Microwave Ovens (45.0%). Growth was propelled by premium launches (French-Door refrigerators, AI-enabled washing machines), compliance with 2026 BEE energy labelling norms, and a quarterly milestone surpassing 10 Lc RAC units sold for the first time.
  Home Entertainment (HE) Division: Contributing ~26.2% of total revenues, the HE segment generated revenue of Rs 6,444 Cr. Top-line growth was supported by festive season demand, large-screen TV adoption, and market leadership in OLED televisions (holding a 60%+ market share). B2B Information Display solutions (interactive digital boards, commercial signage) recovered strongly in H2FY26 on the back of institutional infrastructure orders.
- **Efficiency & Capital Allocation:** Operating cash flow (CFO) expanded by 4% YoY to Rs 1,721 Cr, driven by tight working capital discipline. Cash flow from investing (CFI) saw an outflow of Rs 856 Cr as LGEIL aggressively deployed capital toward expanding domestic manufacturing footprint and component localisation. Free Cash Flow generation stood at Rs 549 Cr, reflecting active reinvestment of operating cash flows into scaling capacity. The cash conversion cycle expanded slightly by 8 days to 29 days, driven by planned inventory buildup in Q3/Q4FY26 to ensure product availability ahead of the peak summer season and 2026 BEE rating transitions.

Growth Drivers: (a) Accelerating Consumer Premiumisation & Product Trade-Up; (b) Deepening Regional Penetration in Tier-2/3 and Rural Markets via the "Essential Series"; (c) Capacity Scaling and Component Localisation via the new Sri City Plant; (d) Expanding "Make-India-Global" Export Destinations across 50+ Countries; (e) Scaling B2B Commercial Display & HVAC Systems; and (f) High-Margin Recurring Aftermarket AMC & Service Revenues.

Outlook & Valuation

Looking ahead, LGEIL is well-positioned for structural growth and margin recovery, supported by its "Make-in-India, Make-for-India, and Make-India-Global" strategic roadmap. Near-term margin compression is expected to ease as raw material costs stabilise, promotional spend rationalises, and component localisation increases from 55.2% toward 70% over the next 3–4 years. **Accordingly, we maintain BUY on LG Electronics, valuing the stock at 47x FY28E EPS, with an unchanged target price of Rs 1,965/share, implying an upside of 19% from the CMP.**

Key Financials (Consolidated)

(Rs Cr)	FY25	FY26	FY27E	FY28E
Net Sales	24,367	24,605	27,868	31,006
EBITDA	3,110	2,408	3,483	4,031
EBITDA Margin	13	10	13	13
Net Profit	2,203	1,685	2,600	2,841
EPS (Rs.)	32	25	38	42

Source: Company, Axis Securities Research

(CMP as of 10th September, 2026)

CMP (Rs)	1,646
Upside /Downside (%)	19%
High/Low (Rs)	1,756/1,300
Market cap (Cr)	1,12,571
Avg. daily vol. (1m) Shrs.	11,44,080
No. of shares (Cr)	67.87

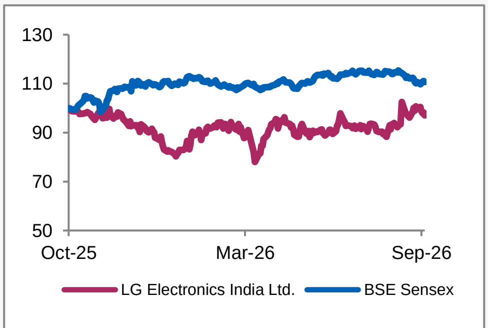
Shareholding (%)

	Dec-25	Mar-26	Jun-26
Promoter	85.0	85.0	85.0
FIIs	3.0	2.7	3.1
MFs / UTI	5.4	6.0	5.2
Government	0.0	0.0	0.0
Other	6.6	6.3	6.6

Financial & Valuations

Y/E Mar (Rs. Cr)	FY26	FY27E	FY28E
Net Sales	24,605	27,868	31,006
EBITDA	2,408	3,483	4,031
Net Profit	1,685	2,600	2,841
EPS, Rs	25	38	42
PER, x	70	45	41
EV/EBITDA, x	49	34	29
ROE, %	22	29	27
Debt/Equity (%)	0.8	0.7	0.7

Relative Performance



Source: AceEquity, Axis Securities Research

Results Gallery

Q1FY27

Q4FY26

Eesha Shah
Research Analyst
Email: eesha.shah@axissecurities.in

Vishal Jagwani
Research Associate
Email: vishal.jagwani@axissecurities.in

Company Overview

LG Electronics India Limited (founded in 1997) is a subsidiary of South Korea's LG Electronics Inc. and India's premier home appliances and consumer electronics enterprise. The company operates across two principal business divisions: Home Appliances and Air Solution (H&A)—comprising refrigerators, washing machines, room/commercial air conditioners, microwave ovens, water purifiers, and dishwashers—and Home Entertainment (HE)—encompassing panel televisions (OLED, QNED, UHD), audio systems, monitors, and commercial displays.

LGEIL serves consumer (B2C) and institutional (B2B) markets across India, alongside exports to over 50 countries. Operating an extensive asset footprint anchored by two integrated, world-class manufacturing units in Greater Noida and Ranjangaon (Pune) with an aggregate capacity of 14.5 Mn units per annum, LGEIL serves consumers through a nationwide network of 36,847 B2C touchpoints, 788 exclusive LG BrandShops, 25 warehouses, and 1,059 customer service centres.

LG Electronics India Limited (founded in 1997) is a subsidiary of South Korea's LG Electronics Inc. and India's premier home appliances and consumer electronics enterprise

FY26: Financial & Operating Performance Round-up

Consolidated Financial Highlights

- **Revenue from Operations:** Despite a complex global operating environment, unseasonal weather impacting summer cooling demand, and input cost pressures, LGEIL delivered a steady performance, with revenue from operations growing by nearly 1% YoY to Rs 24,605 Cr.
- **EBITDA**: Consolidated EBITDA for the year stood at Rs 2,408 Cr, translating to an EBITDA margin of 9.8%. Margins experienced short-term pressure due to foreign exchange volatility, raw material commodity inflation (steel, plastics, semiconductors), and deliberate go-to-market festive investments.
- **Profit After Tax (PAT):** The company reported a PAT of Rs 1,685 Cr, delivering a Net Profit margin of 6.8%. Cash inflows from operating activities remained strong at Rs 1,721 Cr.
- **Balance Sheet Strength:** LGEIL's balance sheet remains robust and debt-free. The company holds a total Net Worth of Rs 6,987 Cr and maintains a cash and bank balance exceeding Rs 4,476 Cr. The company operates with minimal debt, maintaining a conservative Debt-to-Equity ratio of 0.06x, a Return on Capital Employed (ROCE) of 28.9%, and a Return on Net Worth (RoNW) of 22.1%.

The FY26 performance of LG Electronics India Limited underscores its 29-year legacy of industry leadership, highlighting steady top-line growth, successful public listing, market share gains across core categories, and an aggressive expansion of its manufacturing, distribution, and export footprint.

Capex and Expansion

- **Home Appliances and Air Solution (H&A):** LGEIL is undertaking a major capital expenditure program to scale domestic production capacity, deepen component localisation, and establish India as a global manufacturing hub. The flagship capex project is the development of the company's third manufacturing facility in Sri City, Tirupati (Andhra Pradesh), spanning an area of 9,99,472 sq. meters with a planned investment of Rs 5,000 Cr funded through internal accruals. Targeted to operationalise in Q3FY27, Phase 1 will focus on room air conditioners and AC compressor manufacturing, followed by washing machines and refrigerators in Phase 2. Additionally, in-house production was expanded at the Pune facility during FY26 to manufacture large-capacity 674-litre double-door and 790-litre side-by-side refrigerators—making LGEIL the only brand producing these sizes locally in India.
- **Home Entertainment (HE):** Capital investments across Home Entertainment and corporate infrastructure are directed toward digital transformation, advanced assembly line automation, and sustainable manufacturing. LGEIL invested nearly Rs 2 Cr (Rs 19.9 Mn) during FY26 in energy conservation equipment, shop-floor automation, robotic parts-feeding systems, and real-time AI quality monitoring tools. In line with its green growth roadmap (Better Life Plan 2030), the company signed 25-year solar PPAs to install 20.8 MWp of combined solar capacity across Pune and Greater Noida, supplementing existing 3.5 MWp rooftop solar installations to drive long-term operational cost reduction and lower carbon intensity.

Divisional Operating Performance:

- **Home Appliances and Air Solution (H&A) Division:** The core H&A segment reported revenue of Rs 18,161 Cr, contributing 73.8% to total revenue. LGEIL consolidated its market leadership across major sub-categories, holding a #1 market share in Refrigerators (28.8%), Washing Machines (31.5%), Inverter Air Conditioners (18.7%), Room Air Conditioners (16.2%), and Microwave Ovens (45.0%). Performance was supported by premium multi-door French-Door refrigerator launches, AI-driven washing machines, 2026 BEE star-rated energy-efficient room ACs, and a quarterly milestone surpassing 1 Mn RAC units sold for the first time.
- **Home Entertainment (HE) Division:** The Home Entertainment division generated revenue of Rs 6,444 Cr, accounting for 26.2% of total revenue. Growth was propelled by strong adoption of large-screen TVs and premium display demand during festive sales and sporting events. LGEIL retained its market leadership in the premium television segment, maintaining an offline market share leadership and a dominant 60%+ market share in OLED televisions throughout the year. B2B Information Display solutions (interactive digital boards, commercial signage) recovered strongly in H2FY26 on the back of institutional and government infrastructure orders.

International Business & Global Strategy

- As part of its "Make-India-Global" push, LGEIL expanded its export reach to over 50 countries across the Middle East, Asia, Africa, and South America, generating export revenues of Rs 1,269 Cr. Exports were driven by Made-in-India large double-door refrigerators, washing machines, and the new Essential Series.

FY26 Story in Charts

Exhibit 1: Sales Growth…

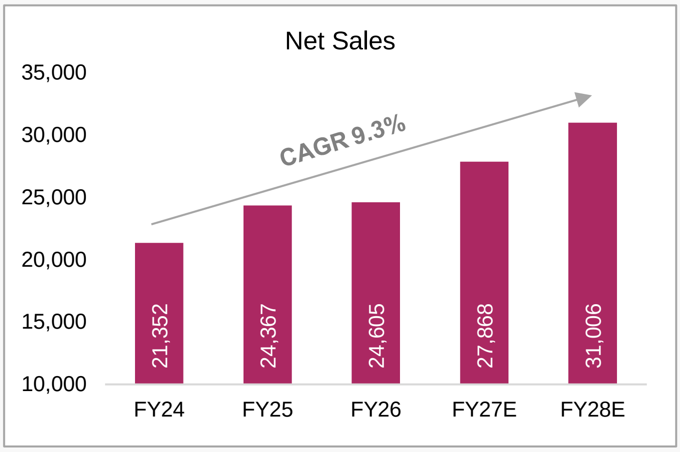
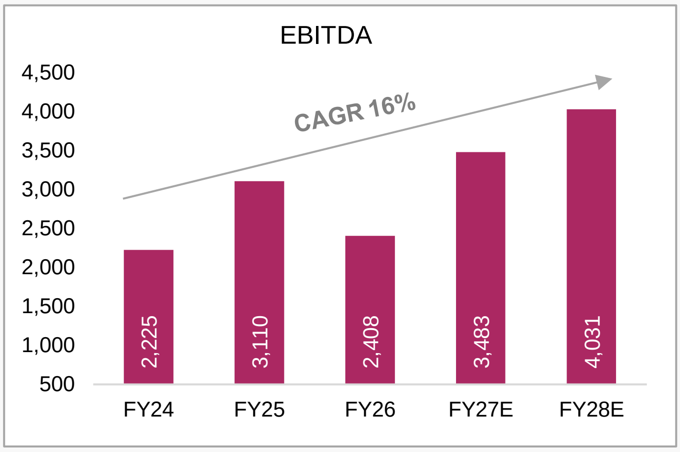


Exhibit 2:…Driving EBITDA Growth



Source: Company, Axis Securities Research

Exhibit 3: Gross and EBITDA Margin…

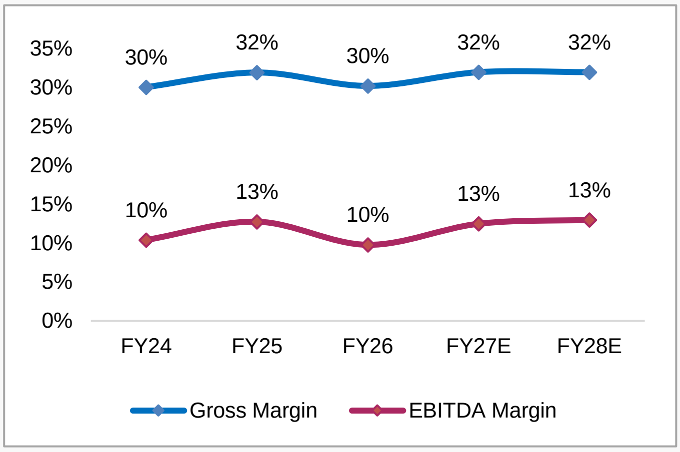
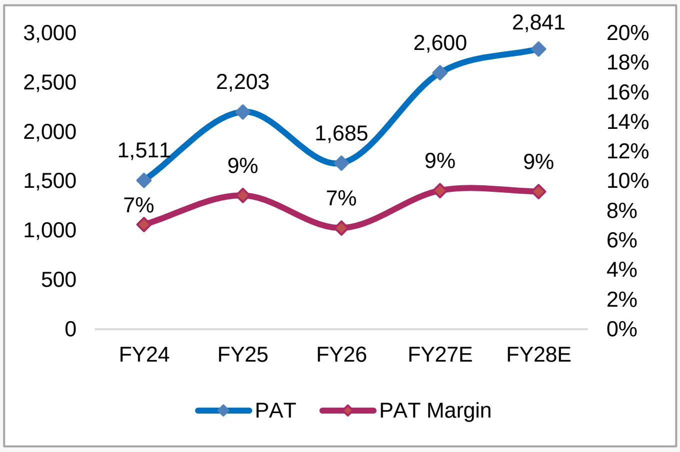


Exhibit 4:…Leading to PAT Growth



Source: Company, Axis Securities Research

Exhibit 5: Segmental Revenue…

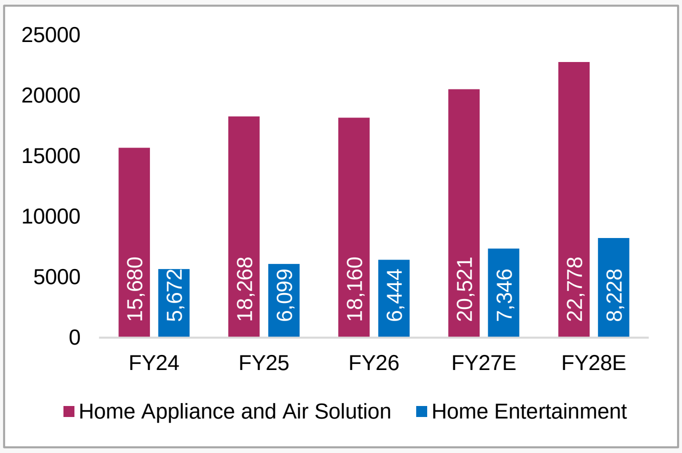
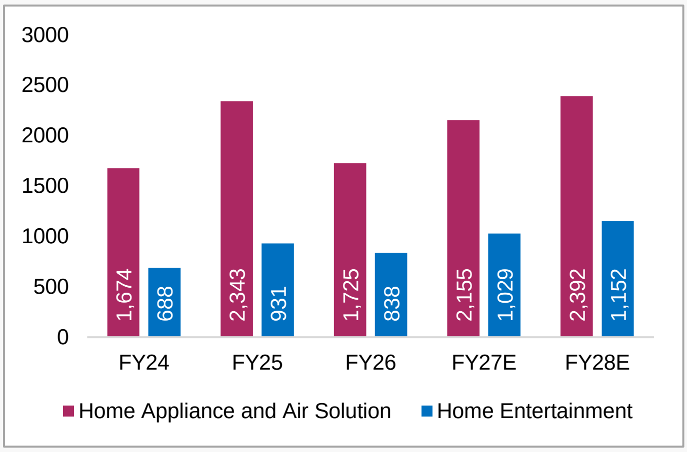


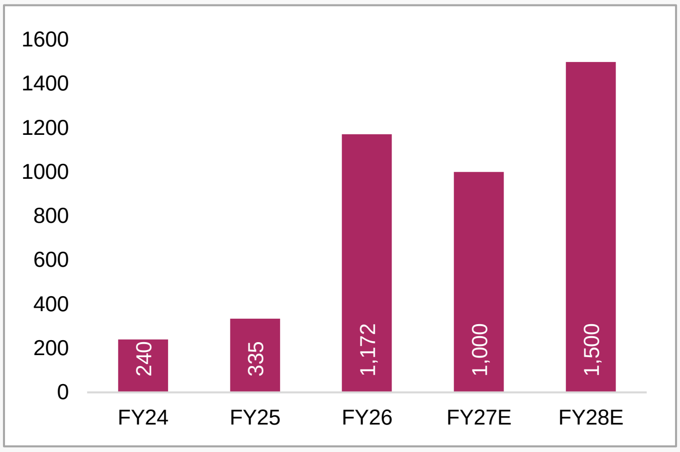
Exhibit 6:...Amidst Rising Segmental EBITDA



Source: Company, Axis Securities Research

Exhibit 7: Working Capital Change..

Exhibit 8:...Amid Planned Healthy CAPEX



Source: Company, Axis Securities Research

Exhibit 9: ROE Recovery…

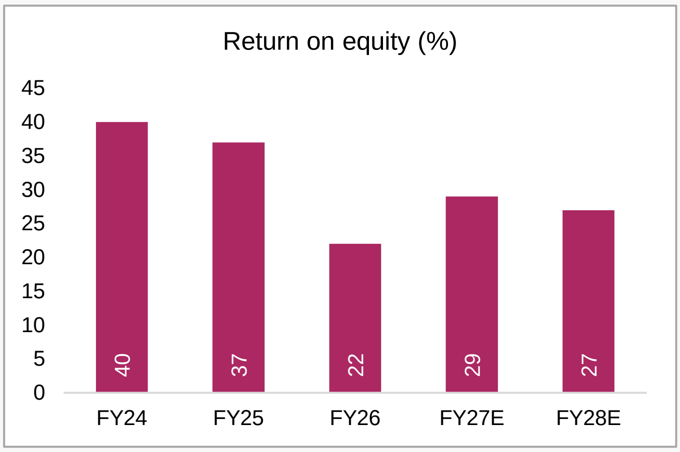
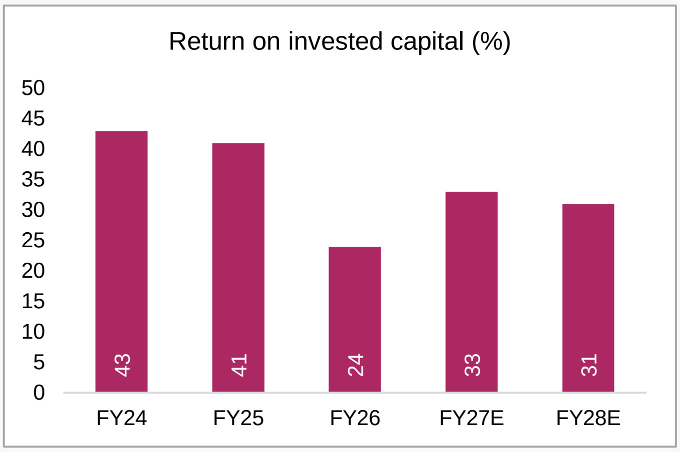


Exhibit 10:...With Recovering ROIC



Source: Company, Axis Securities Research

Key Developments During FY26

FY26 was marked by strategic expansions, product innovations, operational upgrades, and major corporate milestones designed to reinforce market dominance:

- **Successful Capital Markets Debut:** On 14th October, 2025, LGEIL successfully listed on the NSE and BSE following a landmark Rs 11,605 Cr Initial Public Offering (IPO) through an Offer for Sale (OFS), which achieved an unprecedented 54x oversubscription.
- **Rollout of the 'Essential Series':** In Oct'25, LGEIL launched the "Essential Series"—a value-driven, affordable-premium range spanning single/double-door refrigerators, top-load washing machines, and room ACs. Engineered specifically for underpenetrated Tier-2, Tier-3, and rural markets ("Har Ghar Appliances, Har Ghar Happiness").
- **Commercial B2B Landmark Deployments:** LGEIL's B2B commercial air conditioning division achieved a major prestige milestone by deploying advanced Variable Refrigerant Flow (VRF) Multi-V HVAC systems at Seva Teerth (the Prime Minister's Office building) in New Delhi, produced at its Pune facility.
- **Clean Energy & Sustainability Upgrades:** In Mar'26, LGEIL executed 25-year solar Power Purchase Agreements (PPAs) for 9.8 MWp at Pune and 11 MWp at Greater Noida to source 3.2 Cr units of clean energy annually. This is supplemented by an existing 3.5 MWp rooftop solar system at Greater Noida. Additionally, LGEIL became among the first brands to transition its entire room AC line-up to 2026 BEE energy labelling norms.

Key Growth Drivers

- **Accelerating Premiumisation & Lifestyle Trade-Up:** Indian consumers are rapidly upgrading from entry-level appliances to feature-rich, smart, and aesthetic solutions. Demand is surging for high-capacity side-by-side/French-door refrigerators, fully automatic washer-dryers, premium OLED/QNED large-screen televisions, and AI-driven dual inverter ACs. LGEIL's balanced "Mass to Class" two-track strategy captures both premium margin expansion and mass-volume growth.
- **Expanding Regional Penetration (Tier 2/3 & Rural Markets):** Rising middle-class incomes, expanding rural electrification, and growing e-commerce penetration are creating structural demand in semi-urban and rural regions. LGEIL is tapping this runway through its specialised "Essential Series" line, supported by 96 regional sales offices and easy consumer financing (EMI) schemes.
- **Surging B2B & Commercial Opportunities:** Rapid urbanisation, smart classroom development, real estate expansion, and government infrastructure projects are driving institutional demand. LGEIL is scaling its B2B portfolio across commercial HVAC systems (Multi-V VRF), CreateBoard interactive digital displays, and commercial signage.
- **The "Make-India-Global" Export Expansion:** India is being positioned as a central manufacturing and export hub within the LG Global network. With exports targeting 22 new countries across Asia, the Middle East, and Africa by the end of CY26, export growth provides a natural financial hedge against rupee depreciation while improving overall factory capacity utilisation.
- **High-Margin Aftermarket & Non-Hardware Services:** LGEIL is building a recurring, high-margin revenue model via non-hardware offerings, including annual maintenance contracts (AMCs), extended warranties, and post-warranty repair services managed through its proprietary LG Best Care program and LG ThinQ SmartCare ecosystem.

Key Competitive Strengths

- **Unrivalled Market Leadership:** LGEIL holds the #1 offline market share across nearly all major home appliance and consumer electronics categories in India, including Washing Machines (31.5%), Refrigerators (28.8%), Microwave Ovens (45.0%), Inverter ACs (18.7%), and OLED Televisions (60%+ share).
- **Integrated Scale & Component Localisation:** LGEIL operates two state-of-the-art, automated manufacturing complexes in Greater Noida and Ranjangaon (Pune) with 20 production lines and 145 Lc units of annual capacity. In-house manufacturing of critical components (compressors and motors) yields superior cost efficiency, quality control, and supply chain reliability, driving domestic localisation to 55.2%.
- **Pan-India Distribution & Service Infrastructure:** The company commands one of India's largest omnichannel networks, comprising 36,847 B2C touchpoints, 788 exclusive franchise Brand-Shops, 25 central/regional warehouses, 96 sales offices, and 1,059 customer service centres staffed by 14,912 field engineers.
- **Global Tech Synergies & Deep R&D:** Backed by parent company LG Electronics Inc. (South Korea), LGEIL leverages global technological innovations (OLED evo display processors, AI Direct Drive motors, AI Convertible cooling) while tailoring features specifically to Indian conditions (e.g., rat-protection mats, anti-corrosion Gold Fin+ coatings, local auto-cook menus).
- **Debt-Free, High-Return Balance Sheet:** LGEIL maintains an exceptional financial profile characterised by zero net debt, a strong cash reserve exceeding Rs 4,476 Cr, and an industry-leading ROCE of 28.9%, providing significant capital flexibility.

Risks & Mitigation Framework

Commodity Price Inflation & Foreign Exchange Volatility

- **Potential Impact:** Fluctuations in global raw material prices (copper, steel, plastics, semiconductors) and USD/INR exchange rate depreciation can elevate input costs, compress operating margins, and create pricing pressures.
- **Mitigation Strategy:** LGEIL systematically increases component localisation (targeting a 1%–2% annual increase beyond 55.2%), expands export revenues as a natural FX hedge, executes disciplined price pass-throughs, and implements value-engineering initiatives.

Intense Market Competition & Technology Cycles

- **Potential Impact:** Aggressive pricing, rapid product launches by global and domestic peers, and fast-moving technology cycles risk market share erosion or inventory obsolescence.
- **Mitigation Strategy:** The company maintains a two-track product approach (Premium AI/OLED vs. Essential Series), leverages parent-level global R&D, continually refreshes product line-ups, and invests heavily in experiential brand retail and digital marketing.

Regulatory, Energy Norms & E-Waste Compliance

- **Potential Impact:** Frequent revisions in energy-efficiency star ratings, BIS quality standards, and Extended Producer Responsibility (EPR) e-waste compliance increase operational and redesign costs.
- **Mitigation Strategy:** LGEIL proactively aligns product engineering ahead of regulatory deadlines (such as early adoption of 2026 BEE norms), partners with certified e-waste recyclers, and designs 100% inverter-based, energy-efficient appliances.

Seasonal Demand Fluctuation & Weather Risk

- **Potential Impact:** Unseasonal weather conditions (e.g., cooler summers or unseasonal rains) adversely affect the sales volume of seasonal cooling products like room air conditioners.
- **Mitigation Strategy:** Portfolio diversification across year-round appliance categories (refrigerators, washing machines, microwaves, B2B displays) cushions seasonal dips, while expanding into international export markets balances domestic weather dependencies.

Supply Chain & Geopolitical Disruptions

- **Potential Impact:** Geopolitical tensions, shipping route bottlenecks, or component shortages could delay production schedules and inflate logistics costs.
- **Mitigation Strategy:** Dual-sourcing strategies, localised component supply chains, strategic buffer inventory management prior to peak seasons, and an extensive domestic distribution warehouse network ensure operational continuity.

Profitability Analysis (Rs Cr)

Particulars	FY25	FY26	Change	Comments/Analysis
Net Sales	24,367	24,605	1%	• Revenue growth remained steady at 1%, driven by the premium appliance segment, French-door refrigerators, and large-screen TV adoption, though top-line growth was moderated by a cooler-than-expected summer affecting seasonal RAC sales.
COGS	16,580	17,167	4%	• Cost of Goods Sold increased by 4%, primarily driven by global commodity inflation in key raw materials (steel, plastics, and semiconductors) as well as foreign exchange rate volatility impacting imported high-tech components.
Gross Profits	7,787	7,438	-4%	• Gross profit contracted by 4% as input cost inflation and foreign currency headwinds outpaced top-line revenue growth.
Operating Expenses	4,676	5,030	8%	• Operating expenses rose by 8% due to strategic incremental spending on "Go-to-Market" initiatives, festive campaign marketing, and channel investments to strengthen retail distribution reach.
EBITDA	3,110	2,408	-23%	• EBITDA declined by 23% due to the combined pressures of raw material commodity inflation, USD/INR depreciation, higher compliance costs, and upfront festive marketing investments.
Interest	31	41	32%	• Finance costs increased by 32% (or 40.99% as per key financial ratio disclosures), mainly driven by increased interest liabilities associated with lease arrangements entered into during the year.
PAT	2,203	1,685	-24%	• Profit After Tax contracted by 24%, reflecting lower operating profit margins and higher finance and depreciation expenses.

Source: Company; Axis Securities Research

Growth/Profitability Indicators (Rs Cr)

Particulars	FY25	FY26	Change	Comments/Analysis
Gross Margin	32%	30%	-5%	• Gross margin compressed by 2 percentage points (a ~5% decline relative to FY25), driven by higher raw material costs (steel, plastics, semiconductors) and foreign exchange depreciation on imported high-tech components
Revenue	24,367	24,605	1%	• Revenue grew modestly by 1%, supported by premium appliance demand (French-Door refrigerators and large-screen OLED TVs), though top-line growth was constrained by a cooler summer impacting seasonal room AC sales.
EBITDA Margin	13%	10%	-23%	• EBITDA margin contracted significantly from 13% to 10% (~23% relative decline), reflecting elevated input costs, adverse foreign exchange movements, and higher strategic go-to-market and festive brand investments.
PAT	2,203	1,685	-24%	• Profit After Tax declined by 24%, directly impacted by lower gross and operating margins alongside increased finance costs stemming from additional lease liabilities.

Source: Company; Axis Securities Research

Financial Ratios

Particulars	FY25	FY26	Change	Comments/Analysis
ROE	37%	22%	-40%	• Return on Equity contracted to 22% (or 22.09% as per key financial disclosures), primarily driven by the decline in Net Profit (PAT down 24%) alongside a continuously expanding net worth base (closing equity reaching Rs 6,987 Cr).
ROCE	41%	24%	-42%	• Return on Capital Employed moderated to 24% reflecting short-term margin compression caused by elevated commodity prices and foreign exchange depreciation.
Fixed Asset Turnover	17.35	12.19	-30%	• Fixed Asset Turnover declined by 30%, resulting from moderate top-line sales growth (+1%) relative to the expansion of gross fixed assets and ongoing capacity investments across manufacturing facilities.
EV/EBITDA	37.63	48.47	29%	• The EV/EBITDA valuation multiple expanded to 48.47x, reflecting lower annual EBITDA generation (down 23%) alongside strong market valuation and post-IPO investor confidence.

Source: Company; Axis Securities Research

Key Balance Sheet Takeaways

Cash Conversion Cycle

Particulars	FY25	FY26	Change	Comments/Analysis
Inventory Days	60	64	7%	• Inventory days expanded by 4 days (a 7% increase), reflecting strategic inventory buildup in Q3/Q4 FY26 to ensure adequate product availability for the upcoming summer peak season and seamless transition to revised BEE energy labelling norms.
Trade Receivable Days (current)	31	38	24%	• Receivable days increased from 31 to 38 days, driven by extended credit terms extended to dealer networks and modern trade channels to support festive season distribution and drive market penetration in Tier-2/Tier-3 regions.
Trade Payable Days	70	73	5%	• Trade payable days increased slightly to 73 days, indicating effective supply chain financing and sustained credit terms negotiated with key raw material and component suppliers.
Cash Conversion Cycle	21	29	38%	• The overall working capital cycle lengthened by 8 days (from 21 to 29 days), primarily driven by higher inventory stocking ahead of the summer season and higher trade receivables, partially offset by extended supplier credit terms.

Source: Company; Axis Securities Research

Key Cash Flow Takeaways

Particulars (Rs Cr)	FY25	FY26	Change	Comments/Analysis
PBT	2,963	2,300	-22%	• Profit Before Tax declined by 22% (to Rs 2,299.5 Cr), primarily impacted by foreign exchange rate volatility, raw material commodity inflation, and elevated strategic go-to-market festive investments.
Depreciation	380	396	4%	• Depreciation and amortisation expenses grew modestly by 4% to Rs 396 Cr, reflecting routine asset additions and ongoing capacity maintenance across manufacturing units.
Finance Cost	31	41	32%	• Finance costs increased by 32% to Rs 40.6 Cr, driven predominantly by additional lease liabilities recognised during the year.
CFO	1,654	1,721	4%	• Cash Flow from Operations (CFO) remained resilient and expanded by 4% to Rs 1,721 Cr, supported by solid working capital management and disciplined operational cash generation.
CFI	-28	-856	3006%	• Cash Flow from Investing (CFI) outflows surged significantly to Rs 856 Cr, primarily driven by substantial capital expenditure deployment towards expanding domestic manufacturing capabilities (including the new Sri City plant) and component localisation.
CFF	-106	-127	20%	• Cash Flow from Financing (CFF) outflows increased by 20% to Rs 127.4 Cr, driven mainly by lease liability payments and debt servicing commitments.
Free Cash Flow Generation	1,319	549	-58%	• Free Cash Flow generation contracted by 58% to Rs 549 Cr, as operating cash flow was heavily reinvested into aggressive capital expenditures to scale up "Make-in-India" infrastructure.

Source: Company; Axis Securities Research

Financials (Consolidated)

Profit & Loss

(Rs Cr)

Y/E March	FY24	FY25	FY26	FY27E	FY28E
Total operating revenues	21,352	24,367	24,605	27,868	31,006
Growth (%)	7.5	14	1	13	11
EBITDA	2,225	3,110	2,408	3,483	4,031
EBITDA margin (%)	10	13	10	13	13
Growth (%)	*17*	*40*	*-23*	*45*	*16*
Depreciation & amortization	364	380	396	471	596
EBIT	1,861	2,730	2,012	3,183	3,544
EBIT margin (%)	9	11	8	11	11
Interest	29	31	41	41	45
Other income	205	264	328	371	341
Profit before tax	2,037	2,963	2,300	3,514	3,839
Total Tax	526	760	614	914	998
Profit After Tax	1,511	2,203	1,685	2,600	2,841
Net margin (%)	7.1	9.0	6.8	9.3	9.2
EPS (Rs)	22	32	25	38	42

Source: Company, Axis Securities Research

Balance Sheet

(Rs Cr)

Y/E March	FY24	FY25	FY26	FY27E	FY28E
Equity share capital	113	679	679	679	679
Other equity	3,659	5,291	6,987	8,287	9,828
Total Equity	3,772	5,970	7,666	8,966	10,507
Non-Current Liabilities					
Financial Liabilities	285	331	344	344	344
Other Non-current liabilities	255	318	456	456	456
Total Non-Current Liabilities	540	649	801	801	801
Current Liabilities					
Financial Liabilities	85	97	115	115	115
Other Current Liabilities	4,101	4,801	5,055	5,512	5,959
Total Current Liabilities	4,187	4,898	5,170	5,627	6,074
Total Equity & Liabilities	8,498	**11,517**	**13,636**	**15,393**	**17,382**
Non-Current Assets					
Net Fixed Assets	1,343	1,404	2,018	2,548	3,452
Financial Assets	497	572	860	860	860
Total Non-Current Assets	1,840	1,976	2,878	3,407	4,311
Current Assets					
Inventories	2,397	3,031	2,962	3,130	3,483
Financial Assets	4,114	6,266	7,550	8,609	9,341
Other Current Assets	147	243	247	247	247
Total Current Assets	6,658	9,541	10,758	11,986	13,070
Total Assets	8,498	**11,517**	**13,636**	**15,393**	**17,382**

Source: Company, Axis Securities Research

Cash Flow **(Rs Cr)**

Y/E March	FY24	FY25	FY26	FY27E	FY28E
PBT	2,037	2,963	2,300	3,514	3,839
Depreciation	364	380	396	471	596
Others	-153	-233	-178	0	0
Tax Paid	-570	-754	-621	-914	-998
Changes in Working Capital	-13	-703	-175	746	-172
Net Cash from Operations	1,665	1,654	1,721	3,817	3,265
Capex	-240	-335	-1,172	-1,000	-1,500
Change in Investment	199	248	268	0	0
Others	21	59	48	0	0
Net Cash from Investing	-20	-28	-856	-1,000	-1,500
Others	-65	-76	-91	0	0
Net Cash from Financing	0	0	0	0	0
Net Change in Cash	-2,120	-30	-36	0	0
Cash and cash equivalents at the beginning of the year (less bank overdrafts) (refer note 14)	-2,185	-106	-127	0	0
Cash at the End of Year	-540	1,520	737	2,817	1,765

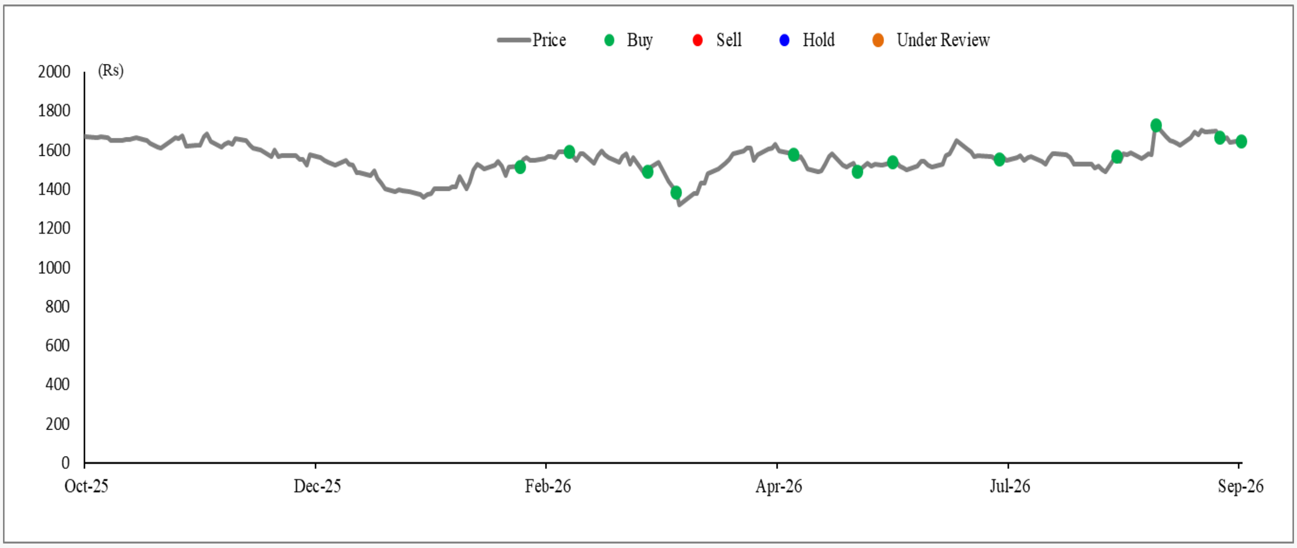
Source: Company, Axis Securities Research

Ratio Analysis **(%)**

Y/E March	FY24	FY25	FY26	FY27E	FY28E
PROFITABILITY RATIOS					
EBITDA Margin (%)	10%	13%	10%	13%	13%
Net margin (%)	7.08	9.04	6.85	9.33	9.16
Return on invested capital (%)	43	41	24	33	31
Return on equity (%)	40	37	22	29	27
EFFICIENCY RATIOS					
Fixed Asset Turnover	15.90	17.35	12.19	10.94	8.98
Debtor days	28	31	38	34	29
Inventory days	62	60	64	59	57
Payable days	74	70	73	72	73
PER SHARE DATA					
EPS (Rs)	22.26	32.46	24.83	38.31	41.86
Book value per share (Rs)	55.58	87.96	112.94	132.10	154.81
DPS (Rs)					
VALUATION RATIOS					
P/E	76.26	53.28	69.67	45.15	41.32
P/BV	30.55	19.66	15.31	13.09	11.17
EV/EBITDA	52.92	38.33	49.37	33.82	29.23
LIQUIDITY RATIOS					
Total Debt/Equity(x)	1.25	0.93	0.78	0.72	0.65
Total Asset/Equity(x)	2.25	1.93	1.78	1.72	1.65
Current Ratio(x)	1.59	1.95	2.08	2.13	2.15
Quick Ratio(x)	1.02	1.33	1.51	1.57	1.58
Interest Cover(x)	65.27	89.07	49.58	78.44	77.96

Source: Company, Axis Securities Research

LG Electronics India Ltd Price Chart and Recommendation History



Date	Reco	TP	Research
17-Feb-26	BUY	1,770	Initiating Coverage
02-Mar-26	BUY	1,815	Top Picks
01-Apr-26	BUY	1,815	Top Picks
04-May-26	BUY	1,815	Top Picks
25-May-26	BUY	1,815	Result Update
01-Jun-26	BUY	1,815	Top Picks
01-Jul-26	BUY	1,815	Top Picks
03-Aug-26	BUY	1,815	Top Picks
17-Aug-26	BUY	1,965	Result Update
01-Sep-26	BUY	1,965	Top Picks
10-Sep-26	BUY	1,965	AAA

Source: Axis Securities Research

Disclaimer

Axis Direct is the brand under Axis Securities Limited, which is a 100% subsidiary of Axis Bank Limited. Axis Bank Ltd. is a listed public company and one of India's largest private sector banks, and has its various subsidiaries engaged in businesses of Asset management, NBFC, Merchant Banking, Trusteeship, Venture Capital, Stock Broking, the details in respect of which are available on www.axisbank.com.

Axis Securities Limited is registered as a

- Stock Broker, Depository Participant, Portfolio Manager, Investment Adviser and Research Analyst with the Securities and Exchange Board of India
- Corporate Agent with Insurance Regulatory and Development Authority of India
- Point of Presence with Pension Fund Regulatory and Development Authority
- Distributor for Mutual Funds with AMFI

Registration Details:

SEBI Single Reg. No.- NSE, BSE, MSEI, MCX & NCDEX – INZ000161633 | SEBI Depository Participant Reg. No. IN-DP-403-2019 | Portfolio Manager Reg. No.- INP000000654 | Investment Advisor Reg No. INA000000615 | SEBI-Research Analyst Reg. No. INH000000297 | IRDA Corporate Agent (Composite) Reg. No. CA0073| PFRDA – POP Reg. No. POP387122023 | Mutual Fund Distributor ARN- 64610.

Compliance Officer Details: Name – Mr Rajiv Kejriwal, Tel No. – 022-68555574, Email id – compliance.officer@axisdirect.in.;

Registered Office Address – Axis Securities Ltd., Unit 002(A), Amiti Building, Piramal Corporate Park, Kamani Junction, LBS Marg, Kurla (West), Mumbai – 400070.

Administrative office address: Axis Securities Limited, Aurum Q Parć, Q2 Building, Unit No. 1001, 10th Floor, Level – 6, Plot No. 4/1 TTC, Thane – Belapur Road, Ghansoli, Navi Mumbai, Pin Code – 400710.

In case of any grievances, please call us at 022-40508080 or write to us at helpdesk@axisdirect.in.

We hereby declare that our activities have neither been suspended nor have we defaulted with any stock exchange authority with whom we are registered in the last five years. However, SEBI, Exchanges, Clearing Corporations and Depositories, etc. have conducted the routine inspection and based on their observations have issued advice/warning/show cause notices/deficiency letters/ or levied penalty or imposed charges for certain deviations observed in inspections or in the normal course of business, as a Stock Broker/Depository Participant/Portfolio Manager. We have not been debarred from doing business by any Stock Exchange/SEBI or any other authorities; nor has our certificate of registration been cancelled by SEBI at any point in time.

Investments in the securities market are subject to market risks. Read all the related documents carefully before investing.

By referring to any particular sector, Axis Securities does not provide any promise or assurance of a favourable view for a particular industry or sector or business group in any manner.

Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. None of the research recommendations promise or guarantee any assured, minimum or risk-free return to the investors. Our research should not be considered as an advertisement or advice, professional or otherwise. This research report and its respective content by Axis Securities made available on this page or otherwise do not constitute an offer to sell or purchase or subscribe for any securities or solicitation of any investments or investment services for the residents of Canada and/or the USA or any jurisdiction where such an offer or solicitation would be illegal.

Subject company(ies) may have been clients during the twelve months preceding the date of distribution of the research report. Derivatives are a sophisticated investment device. The investor is requested to take into consideration all the risk factors before actually trading in derivative contracts.

Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied, is made regarding future performance. Information, opinions and estimates contained in this report reflect a judgment of its original date of publication by ASL and are subject to change without notice. The price, value of and income from any of the securities or financial instruments mentioned in this report can fall as well as rise. The value of securities and financial instruments is subject to exchange rate fluctuation that may have a positive or adverse effect on the price or income of such securities or financial instruments.

The information and opinions in this report have been prepared by Axis Securities and are subject to change without notice. The report and information contained herein are strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of Axis Securities. The report must not be used as a singular basis for any investment decision. The views herein are of a general nature and do not consider the risk appetite, investment objective or the particular circumstances of an individual investor. The investor is requested to take into consideration all the risk factors, including their financial condition, suitability to risk return profile and the like and take professional advice before investing.

While we would endeavour to update the information herein on a reasonable basis, Axis Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent Axis Securities from doing so. Non-rated securities indicate that the rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or Axis Securities policies, in circumstances where Axis Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained in good faith from public sources and sources believed to be reliable, but no independent verification has been made, nor is its accuracy or completeness guaranteed. This report and information herein are solely for informational purposes and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. Axis Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and/or tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and the needs of the specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. Axis Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see the Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice. Axis Securities or its associates might have managed or co-managed a public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months. Axis Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory services in a merger or specific transaction. Axis Securities or its associates might have received any compensation for products or services other than investment banking or merchant banking, or brokerage services from the companies mentioned in the report in the past twelve months. Axis Securities encourages independence in research report preparation and strives to minimise conflict in the preparation of research reports. Axis Securities or its associates, or its analysts, did not receive any compensation or other benefits from the companies mentioned in the report or a third party in connection with the preparation of the research report. Accordingly, neither Axis Securities nor Research Analysts and/or their relatives have any material conflict of interest at the time of publication of this report. Please note that Axis Securities has a proprietary trading desk. This desk maintains an arm's length distance from the Research team, and all its activities are segregated from Research activities. The proprietary desk operates independently, potentially leading to investment decisions that may deviate from research views.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

Research Analyst may have served as an officer, director or employee of the subject company(ies). Axis Securities or Research Analysts, or their relatives, do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report. Since associates of Axis Securities and Axis Securities as an entity are engaged in various financial service businesses, they might have financial interests or actual/beneficial ownership of one per cent or more or other material conflicts of interest in various companies, including the subject company/companies mentioned in this report. Axis Securities may have issued other reports that are inconsistent with and reach different conclusions from the information presented in this report. Certain transactions-including those involving futures, options and other derivatives as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. Reports based on technical analysis centre on studying charts of a stock's price movement and trading volume, as opposed to focusing on a company's fundamentals and as such, may not match with a report on a company's fundamentals.

We and our affiliates/associates, officers, directors, and employees, Research Analyst(including relatives) worldwide may: (a) from time to time, have long or short positions in, and buy or sell the securities thereof, of company (ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company/company (ies) discussed herein or act as advisor or lender/borrower to such company (ies) or have other potential/material conflict of interest with respect to any recommendation and related information and opinions at the time of publication of Research Report or at the time of public appearance. Axis Securities may have proprietary long/short positions in the above-mentioned scrip(s) and therefore may be considered as interested. This should not be construed as an invitation or solicitation to do business with Axis Securities. Axis Securities is also a Portfolio Manager. Portfolio Management Team (PMS) takes its investment decisions independently of the PCG research, and accordingly, PMS may have positions contrary to the PCG research recommendation.

This research report is issued in India by Axis Securities Limited in accordance with the Securities and Exchange Board of India (Research Analysts) Regulations, 2014. It is intended solely for persons residing in India. The report is not directed at or intended for distribution to, or use by, any person or entity resident in the United States of America, Canada, or in any jurisdiction where such distribution, publication, availability, or use would be contrary to applicable securities laws, including the U.S. Securities Exchange Act of 1934, regulations of the U.S. Securities and Exchange Commission (SEC), and regulations of the Canadian Securities Administrators (CSA).

RATING SCALE: Definitions of ratings

Ratings	**Expected absolute returns over 12 – 18 months**
BUY	More than 10%
HOLD	Between 10% and -10%
SELL	Less than -10%
NOT RATED	We have forward-looking estimates for the stock, but we refrain from assigning a valuation and recommendation.
UNDER REVIEW	We will revisit our recommendation, valuation and estimates on the stock following recent events.
NO STANCE	We do not have any forward-looking estimates, valuations or recommendations for the stock.

Note: Returns stated in the rating scale are our internal benchmark.