

LG Electronics India

Premium powerhouse at scale



Premium home appliances brand,
with industry leading margin

Strong parentage a moat;
key in outpacing competition

In-house manufacturing
capabilities an added advantage

LG Electronics India

Premium powerhouse at scale

We initiate on LGEIL at 'BUY' with a PT of INR 1,630, valuing the stock at 45x Dec'27E EPS based on an EPS CAGR of 16% and average RoE of 27% over FY26–28E. We laud LGEIL's: (1) market leadership across categories (>25% share ex-ACs) and leading margin (FY25 - 12.8%); (2) support from parentco, providing a competitive keel; (3) breadth of manufacturing capabilities (~95% of products); and (4) robust fundamentals (average RoE/RoCE of 33%/29% over FY18–25 and sustained OCF/FCF generation).

Among India's leading home appliances brand, LGEIL has retained pole position in the offline channel across categories, including refrigerators, ACs, washing machines and televisions. This dominance, we believe, is driven by its robust brand recall, edge in technology and innovation, strong parentage and widespread distribution.

LGEIL's dominance in the premium category, in-house manufacturing capabilities and presence in higher-margin categories (B2B products, service contracts and exports) have helped it sustain a margin profile superior to peers. Furthermore, to expand its reach, LGEIL has launched the 'LG Essential' series, specifically to cater to the mass-premium needs of a vast majority of Indian households. Scale-up in the abovementioned alongside macro tailwinds shall aid LGEIL keep up revenue/PAT growth.

LGEIL benefits from its parentco's massive scale, focus on technology and R&D (annual R&D spend of ~USD 2bn), not to mention manufacturing excellence. This is critical to LGEIL's dominance across categories, particularly due to aggressive competition and ever-evolving consumer preferences. LGEIL manufactures ~95% of its products in-house (Noida and Pune facilities), giving it control over supply chain and granting scale benefits. It has also announced a third manufacturing unit with an investment of INR ~50bn in Sri City (Andhra Pradesh), expected to be operational by FY27E.

Premium home appliances brand, with industry-leading margin: LG Electronics India Limited (LGEIL) is among India's leading home appliances brands. It has retained pole position in the offline channel, ahead of its closest peer, across categories (market share >25% ex-ACs), including refrigerators, ACs, washing machines and televisions. LGEIL enjoys the highest margin vs. peers (~13% in FY25, Samsung/Havells at 10%, Voltas/Blue Star/Whirlpool ~7%), which we believe stems from: (1) a higher share of premium products and market leadership therein; (2) ~95% of products manufactured in-house; and (3) contribution from inherently higher margin categories including B2B products (~10% of revenue), service & AMC (~3%) and exports (~6%).

Strong parentage a moat; key to outpacing competition: LGEIL works closely with its Korean parentco (LG Electronics Inc.) for: (1) product innovation, and design (LGEIL's R&D spend at ~0.4% of revenue; parentco spends ~USD 2bn annually, ~3–4% of revenue), which, should help LGEIL maintain an edge over peers; (2) manufacturing technologies, related technical knowhow; and (3) lastly, allocation of global exports. These are key to LGEIL's dominance across categories, particularly given aggressive competition, and ever-evolving consumer preferences in the Indian market.

In-house manufacturing capabilities an added advantage: LGEIL manufactures ~95% of its products in-house (Noida, Pune facilities), giving it control over supply chain and granting scale benefits. LGEIL has announced a third manufacturing unit with an investment of INR 50bn in Sri City (Andhra Pradesh), expected to be operational by FY27E, focusing initially on ACs/AC compressors, then washing machines and refrigerators. This unit should ~2x capacities in key segments, and 3x AC compressor capacities.

Reward leadership and strong fundamentals; initiate with 'BUY': We initiate on LGEIL with a BUY and PT of INR 1,630, valued at 45x Dec'27E EPS, supported by an EPS CAGR of 16% and avg. RoE of 27% (FY26–28E). Over FY18–25, LGEIL has delivered an avg RoE/RoCE of 33%/29%, and has consistently generated OCF and FCF. Despite a lower EPS CAGR than peers, we do not accord a P/E discount to LGEIL given: (1) market leadership across categories and leading margin; (2) support from parentco, aiding competitive advantage; (3) manufacturing capabilities; and (4) strong fundamentals.

Recommendation and Price Target	
Current Reco.	BUY
Current Price Target (12M)	1,630
Upside/(Downside)	18.9%

Key Data – LGEIL IN	
Current Market Price *	INR1,371
Market cap (bn) *	INR930.6/US\$10.2
Free Float	15%
Shares in issue (mn)	113.1
Diluted share (mn)	678.8
3-mon avg daily val (mn)	INR2,197.9/US\$24.2
52-week range	1,749/1,364
Sensex/Nifty	83,246/25,586
INR/US\$	90.9

Price Performance			
%	1M	6M	12M
Absolute	-13.1	0.0	0.0
Relative*	-11.3	0.0	0.0

*To the BSE Sensex

Financial Summary						(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E	
Net Sales	2,13,520	2,43,666	2,46,691	2,76,464	3,07,101	
Sales Growth (%)	7.5	14.1	1.2	12.1	11.1	
EBITDA	22,249	31,101	26,504	34,235	39,048	
EBITDA Margin (%)	10.4	12.8	10.7	12.4	12.7	
Adjusted Net Profit	15,111	22,033	18,653	23,016	25,167	
Diluted EPS (INR)	22.3	32.5	27.5	33.9	37.1	
Diluted EPS Growth (%)	12.1	45.8	-15.3	23.4	9.3	
ROIC (%)	87.8	107.4	57.3	49.7	43.1	
Adjusted ROCE (%)	12.7	11.5	12.4	12.9	12.0	
ROE (%)	37.2	45.2	27.8	27.6	24.7	
P/E (x)	62.4	42.8	50.5	41.0	37.5	
P/B (x)	25.0	15.8	12.7	10.2	8.4	
EV/EBITDA (x)	6.1	3.8	4.5	3.3	2.6	
Dividend Yield (%)	13.3	0.4	0.4	0.5	0.6	

Source: Company data, JM Financial. Note: Valuations as of 19/Jan/2026

JM Financial Research is also available on: Bloomberg - JMFR <GO>, FactSet, LSEG and S&P Capital IQ.

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

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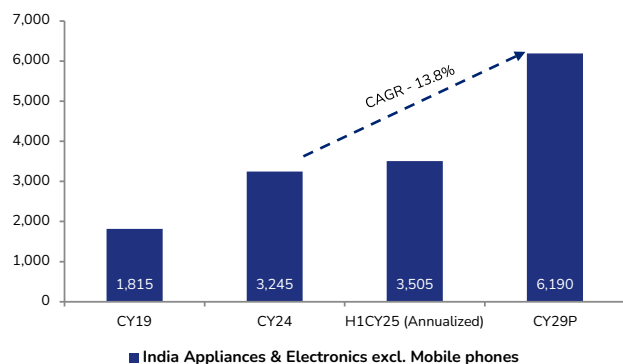
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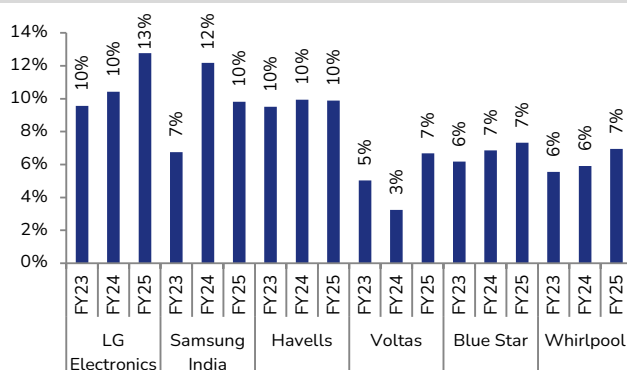
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India's leading home appliances and consumer electronics player	
Track record of innovation, focus on premiumisation and market leadership	
Now foraying into mass-premium products	
Industry-leading margin, supported by exports, B2B, and service revenue	
Efforts to localise supply chain could further aid margin	
Manufacturing footprint and upcoming new plant in Sri City	
Robust, geographically widespread supply chain	
Reliance on domestic and global suppliers	
Benefits big-time from Korean parent	
Royalty agreement with LG Electronics (parent)	
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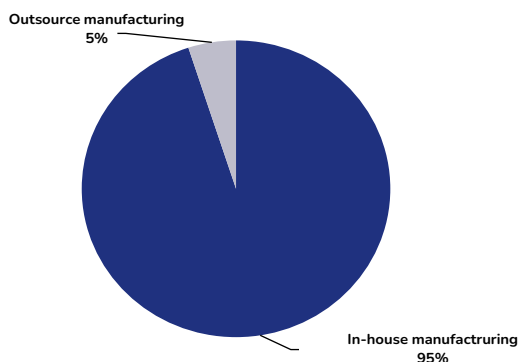
Story in Charts

Exhibit 1. India's home appliances (ex-mobiles) to post a 14% CAGR...


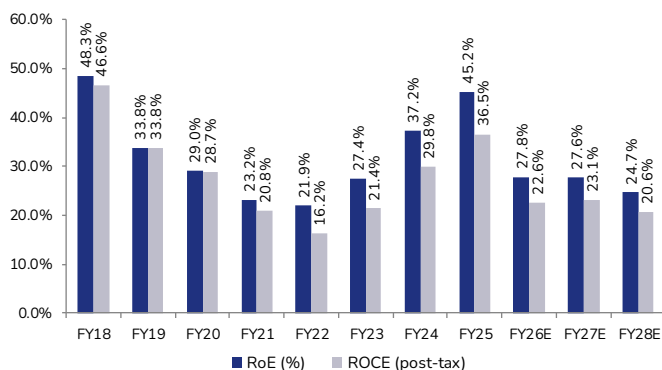
Source: Industry, Company, JM Financial

Exhibit 3. LGEIL generates highest margin among peers...


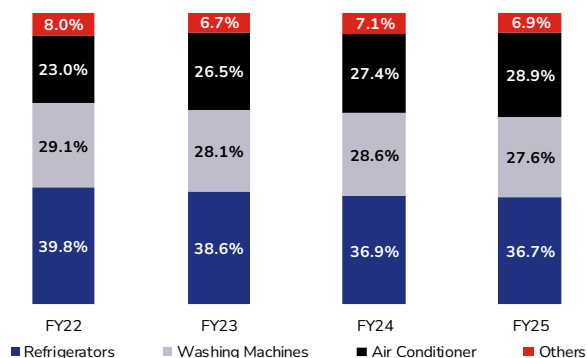
Source: Company, Industry, JM Financial

Exhibit 5. LGEIL benefits from integrated manufacturing capabilities...


Source: Company, JM Financial

Exhibit 7. LGEIL has a robust RoCE profile, which should sustain...


Source: Company, JM Financial

Exhibit 2. ...LGEIL's wide portfolio positions it well to ride this trend


Source: Company, JM Financial

Exhibit 4. ...and has been gaining share across key categories

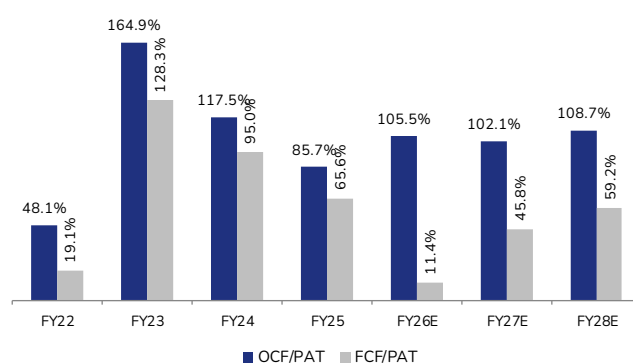
Product Category	LGEIL share (Sep'24)	LGEIL share (Sep'25)	Premium Category	Closest Competitor
Refrigerator	28.9%	29.9%	43.0%	25.0%
Washing Machine	33.4%	33.4%	37.0%	16.5%
Television	26.1%	27.5%	63.0%	23.0%
Room ACs	16.8%	17.3%	27.5%	NA

Source: Company, JM Financial

Exhibit 6. ...and is augmenting capacities via investments of INR 50bn

Tentative commencement	Product
Oct'26	Room Air-Conditioners (capacities ~2x from existing levels)
Jan'27	AC compressors (increasing capacities of from ~1mn to ~3mn)
Jan'28	Washing Machines (capacities ~2x from existing levels)
Jan'29	Refrigerators (capacities ~2x from existing levels)

Source: Company, JM Financial

Exhibit 8. ...on the back of healthy OCF and FCF generation


Source: Company, JM Financial

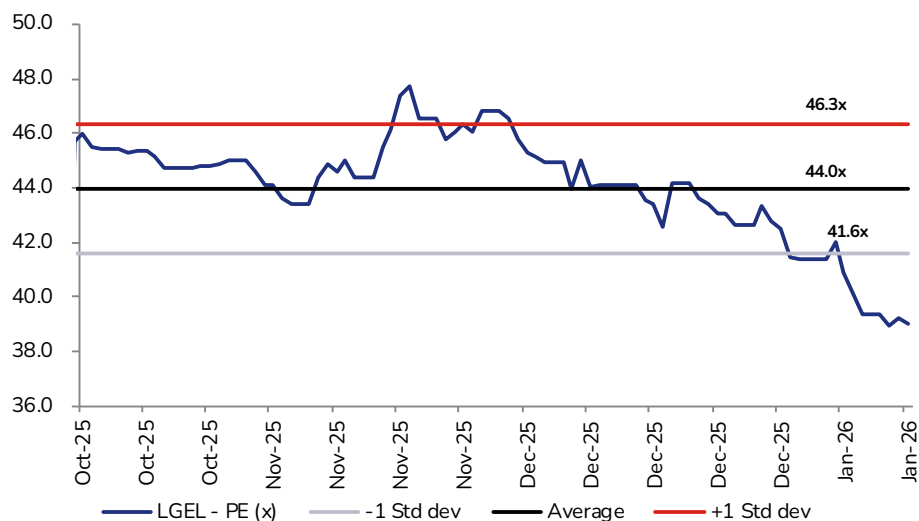
Investment Thesis

- **India's leading premium home appliances brand, with industry-leading margins:** LGEIL is one of India's leading home appliances/consumer electronics companies. Across categories, it has retained pole position in the offline channel, in most cases significantly ahead of its closest peer. LGEIL has an even higher share within the premium range of its key products, including refrigerators, air-conditioners, washing machines and televisions. LGEIL's EBITDA margins have been the highest among peers. In FY25, its EBITDA margin stood at 13%, followed by Samsung and Havells at 10% each. We believe this stems predominantly from: (1) a higher share of premium products in the overall catalogue and market leadership therein; (2) in-house manufacturing of up to ~95% of its products; and (3) contribution from B2B products (~10% of total revenue), service & AMC revenue (~3% of total revenue), and exports (~6% of total revenue; now considering exports' ramp-up to USA/European subsidiaries), all three of which are inherently higher-margin businesses.
- **Support from parentco key in outpacing competition, catering to evolving consumer preferences:** LGEIL works closely with its Korean parentco (LG Electronics, established in 1958) for various aspects of its business, including: (1) product innovations and design (LGEIL spends ~0.4% of revenue on R&D; clearly, benefits significantly from parent entity), which, we believe helps LGEIL maintain an edge over peers; (2) manufacturing technologies, related technical knowhow; and (3) lastly, allocation of global exports. These are key to LGEIL's dominance across categories, particularly given aggressive competition and ever-evolving consumer preferences.
- **Augmenting capacities and increasing localisation; ~95% in-house production an edge:** LGEIL has announced a third manufacturing unit with an investment of INR 50bn in Sri City (Andhra Pradesh). The unit is expected to be operational by FY27E, initially focusing on ACs and AC compressors, then expand to washing machines and later into refrigerators. This unit targets to lift capacities ~2x in key segments, barring compressors, wherein the capacities shall be raised 3x (1mn to 3mn). Besides, LGEIL manufactures ~95% of its products in-house (Noida and Pune facilities), giving it full control over supply chain and granting scale benefits. Incrementally, LGEIL has been aggressive in localising supply chain (~45% to ~56% over last two years, and targets ~65% by FY29E/30E). This can further aid margin and optimise inventory levels.
- **Track record of maintaining a superior RoE/RoCE profile and sustained cash generation:** LGEIL has delivered an average RoE of 33% over FY18–25, and we estimate an average RoE of 31% over FY25–28E. Similarly, LGEIL has delivered an average RoCE (post-tax) of 29% over FY18–25, and we estimate average RoCE of 26% over FY25–28E. LGEIL's superior margins and RoCE profile have ensured consistent OCF and FCF generation. Over FY18–25, LGEIL's average PAT and EBITDA translation to OCF averaged 114% and 79%, respectively, which, we believe could sustain over FY25–28E averaging 101% and 69%, respectively. Furthermore, LGEIL has consistently generated FCF. Over FY18–25, LGEIL's average PAT and EBITDA translation to FCF averaged 92% and 63%, respectively. Despite having embarked on an INR 50bn capex spree, we expect LGEIL to continue reporting positive FCF, albeit lower than historical levels. Over FY25–28E, we expect an average PAT and EBITDA translation to FCF at 46% and 31%, respectively, lower than earlier given a capex plan of INR 50bn.
- **Key risks:** (1) Presence in an ultra-competitive industry.; (2) Dependence on parentco for several aspects, particularly for its R&D and technological superiority, allocation of exports from India, and provision for the parent entity to raise royalty (up to 5%) without prior shareholder approval (3) Dependence on certain suppliers (33/23% of supplies from top10/5 suppliers in FY25) for key raw material, including pre-coated and galvanised steel to prevent rusting, resins used for plastic parts and packaging material, and internally grooved tubes used in ACs for heat/air exchangers.

Valuation

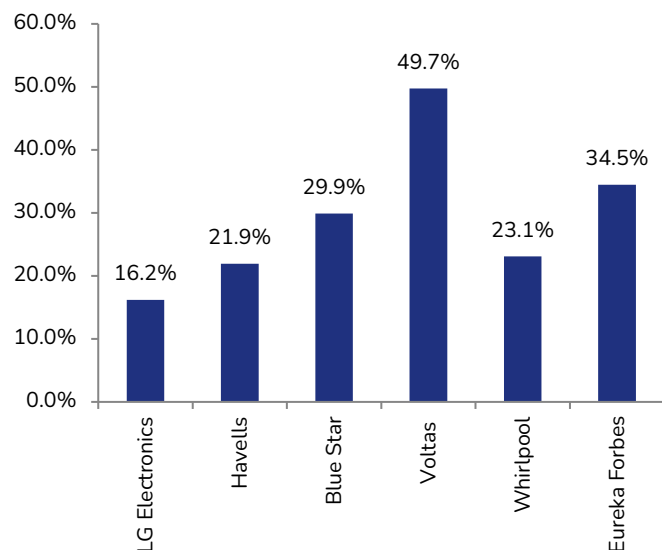
We value LGEIL at 45x Dec'27E EPS based on an EPS CAGR of 16% and an average RoE of 27% over FY26–28E. While LGEIL's expected EPS CAGR may appear lag key listed peers over the same time frame, we do not accord a discount to LGEIL given: (1) market leadership across categories with focus on premiumisation; (2) support from parentco, which should help LGEIL maintain an edge over peers; (3) industry-leading margins (~300bps higher than closest peer Samsung in FY25); (4) in-house manufacturing capabilities catering to ~95% of LGEIL's requirements and focus on increasing localisation; and (5) robust RoE/RoCE profile and sustained OCF/FCF generation (average RoE/RoCE of 33%/29%; PAT to OCF/FCF conversion at 114%/92% over FY18–25).

Exhibit 9. LGEIL – 1-year forward P/E band chart (since listing)



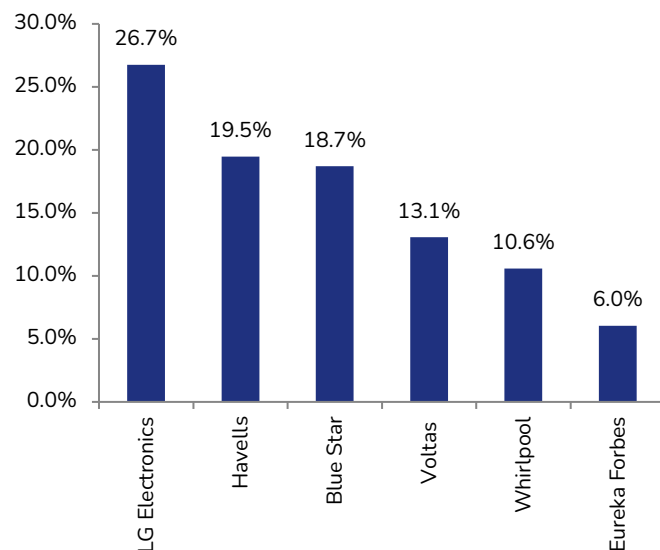
Source: Company, Bloomberg, JM Financial

Exhibit 10. Comparing FY26–28E EPS CAGR across peers



Source: Company, JM Financial

Exhibit 11. Comparing FY26–28E average RoE across peers



Source: Company, JM Financial

Financial Snapshot

Exhibit 12. LGEIL – key financials

Particulars (INR mn)	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Profit & Loss											
Revenue	1,58,855	1,56,590	1,57,096	1,50,866	1,68,342	1,98,646	2,13,520	2,43,666	2,46,691	2,76,464	3,07,101
YoY	-1.5%	-1.4%	0.3%	-4.0%	11.6%	18.0%	7.5%	14.1%	1.2%	12.1%	11.1%
Gross Profit	54,509	51,982	55,974	53,187	50,336	58,365	64,218	77,866	76,721	88,468	98,272
Margin %	34.3%	33.2%	35.6%	35.3%	29.9%	29.4%	30.1%	32.0%	31.1%	32.0%	32.0%
EBITDA	22,524	22,723	24,689	22,176	17,086	18,993	22,249	31,101	26,504	34,235	39,048
Margin %	10.9%	0.9%	8.7%	-10.2%	-23.0%	11.2%	17.1%	39.8%	-14.8%	29.2%	14.1%
PAT	14,542	15,345	18,544	15,290	12,055	13,480	15,111	22,033	18,653	23,016	25,167
YoY	14.5%	5.5%	20.8%	-17.5%	-21.2%	11.8%	12.1%	45.8%	-15.3%	23.4%	9.3%
Balance Sheet											
Net worth	30,089	45,434	63,920	65,865	55,007	43,562	37,722	59,702	74,282	92,207	1,11,944
Total borrowings	-	-	-	-	-	-	-	-	-	-	-
Net Debt (Cash)	(14,901)	(29,442)	(48,106)	(55,108)	(31,733)	(24,441)	(18,527)	(33,136)	(32,762)	(38,326)	(47,903)
Cash Conversion Cycle	NA	NA	NA	NA	26	20	21	30	34	37	41
Receivable Days	NA	NA	NA	NA	30	28	31	35	36	38	39
Inventory Days	NA	NA	NA	NA	52	49	41	45	47	48	50
Payable Days	NA	NA	NA	NA	56	56	51	50	49	48	47
Return Ratios											
RoE	48.3%	33.8%	29.0%	23.2%	21.9%	27.4%	37.2%	45.2%	27.8%	27.6%	24.7%
RoCE	46.6%	33.8%	28.7%	20.8%	16.2%	21.4%	29.8%	36.5%	22.6%	23.1%	20.6%
RoCE (pre-tax)	70.8%	51.4%	39.1%	28.9%	21.9%	28.9%	40.2%	49.1%	30.2%	30.8%	27.5%
Sales/Average gross block	11.7	10.8	9.3	7.3	7.6	8.4	7.8	8.3	8.1	6.1	4.6
Cash Flows											
Operating Cash Flow	18,644	17,025	20,799	22,496	5,794	22,232	17,761	18,879	19,675	23,498	27,359
as a % of PAT	128.2%	110.9%	112.2%	147.1%	48.1%	164.9%	117.5%	85.7%	105.5%	102.1%	108.7%
as a % of EBITDA	82.8%	74.9%	84.2%	101.4%	33.9%	117.1%	79.8%	60.7%	74.2%	68.6%	70.1%
Free Cash Flow	16,499	15,389	16,730	18,424	2,305	17,289	14,358	14,461	2,129	10,540	14,889
as a % of PAT	113.5%	100.3%	90.2%	120.5%	19.1%	128.3%	95.0%	65.6%	11.4%	45.8%	59.2%
as a % of EBITDA	73.2%	67.7%	67.8%	83.1%	13.5%	91.0%	64.5%	46.5%	8.0%	30.8%	38.1%

Source: Company, JM Financial

Exhibit 13. Peer comparison – How LGEIL stacks up against Havells, Voltas and Blue Star on key parameters

Particulars (INR mn)	LG Electronics India		Havells		Blue Star		Voltas	
	FY18-25	FY25-28E	FY18-25	FY25-28E	FY18-25	FY25-28E	FY18-25	FY25-28E
Revenue CAGR	6.3%	8.0%	15.1%	11.0%	14.5%	18.1%	13.4%	8.9%
EBITDA CAGR	4.7%	7.9%	10.8%	15.3%	18.6%	17.6%	7.6%	14.2%
Average EBITDA Margin	12.8%	12.2%	11.6%	10.4%	6.2%	7.2%	6.6%	6.5%
PAT CAGR	6.1%	4.6%	11.1%	15.8%	22.4%	19.5%	5.4%	15.8%
Average RoE	33.3%	31.4%	19.4%	19.3%	19.1%	18.8%	10.2%	13.2%
Average RoCE	41.3%	34.4%	21.1%	21.2%	22.2%	26.9%	8.9%	10.6%
Average RoCE (post-tax)	29.2%	25.7%	15.5%	15.9%	16.7%	20.2%	6.9%	8.2%
Average Cash Conversion Cycle	46	36	35	33	18	30	29	29
Receivable Days	26	37	18	21	68	67	83	53
Inventory Days	47	47	75	63	69	70	65	69
Payable Days	27	49	58	51	120	107	119	92
Average sales/gross block	8.7	6.8	3.4	3.4	4.0	3.7	14.1	10.8
OCF as a % of PAT	114.3%	101.0%	117.7%	121.2%	139.9%	68.8%	72.4%	65.1%
OCF as a % of EBITDA	79.4%	68.8%	80.6%	84.2%	73.5%	47.3%	59.1%	56.4%
FCF as a % of PAT	91.6%	46.0%	48.0%	66.8%	78.8%	24.7%	37.8%	31.3%
FCF as a % of EBITDA	63.4%	31.3%	33.0%	46.5%	37.7%	17.5%	19.2%	31.3%

Source: Company, JM Financial

Exhibit 14. JM Financial – India consumer durables peer valuation

Company Name	JM Rating	CMP	EPS CAGR FY26-28E	Average RoE FY26-28E	P/E Ratio			P/B Ratio		
					FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
LG Electronics	BUY	1,372	16.2%	26.7%	49.9	40.4	37.0	12.5	10.1	8.3
Havells	BUY	1,450	21.9%	19.5%	58.5	45.9	39.3	9.8	8.7	7.6
Blue Star	ADD	1,771	29.9%	18.7%	60.9	44.8	36.1	10.2	8.6	7.3
Voltas	ADD	1,400	49.7%	13.1%	79.7	43.0	35.6	6.7	6.0	5.3
Crompton Consumer	BUY	244	23.3%	15.7%	33.2	25.2	21.8	4.3	3.9	3.5
Whirlpool	NR	792	23.1%	10.6%	26.2	20.2	17.3	2.4	2.2	2.0
Eureka Forbes	BUY	548	34.5%	6.0%	50.7	37.0	28.0	2.3	2.2	2.0
Polycab	BUY	7,423	14.7%	23.4%	42.0	36.5	31.9	9.4	7.8	6.5
KEI Industries	BUY	4,328	21.9%	14.7%	47.8	39.4	32.2	6.2	5.4	4.6
RR Kabel	BUY	1,446	24.8%	19.3%	38.5	30.9	24.7	6.5	5.5	4.6

Source: Company, Bloomberg, JM Financial. Note: Whirlpool not covered - BBG estimates

Company Background

India's leading offline player with a range of offerings

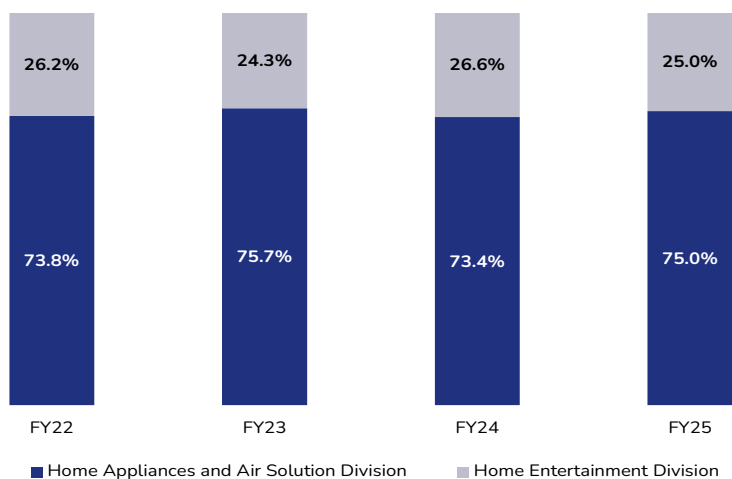
- LG Electronics India (LGEIL) is one of India's leading home appliances and consumer electronics companies commanding leadership (by value, ex-mobile phones) in the offline channel. To wit, LGEIL has retained the pole position for three consecutive years (CY22–24) and six months ended Jun'25. By product categories too, LGEIL recognises itself as a market leader in the offline channel (by value) across multiple products, including washing machines, refrigerators, panel televisions, inverter air conditioners and microwaves. This is commendable considering the offline channel (by value) represents ~78% of the major home appliances and 77% of the consumer electronics market (ex-mobile phones) in India.
- Incorporated in 1997 as a wholly owned subsidiary of its global parent LG Electronics, LGEIL benefits significantly from its association with a leading global home appliances brand, and offers one of the broadest product portfolios among major home appliances and consumer electronics players in India.
- Its portfolio spans both B2C and B2B segments in the domestic and international markets. In addition to product sales, the company provides end-to-end installation, repair and maintenance services, strengthening its ecosystem presence and customer engagement.
- LGEIL's product segments span: i) Home Appliances & Air Solutions—includes refrigerators, washing machines, ACs, water/air purifiers, kitchen appliances and compressors & motors; and ii) Home Entertainment—primarily includes televisions, IT hardware (laptops and monitors) and sound systems (speakers, sound bars, etc).

Exhibit 15. LG India's two key verticals: Home Appliances & Air Solutions and Home Entertainment

Home Appliances & Air Solutions	Home Entertainment
B2C Products Offered	
Refrigerators	Televisions (up to 86 inches)
Washing Machines	Sound bars
Air Conditioners	Portable Bluetooth Speakers
Water & Air Purifiers	Laptops
Dishwashers	Monitors (incl. gaming monitors)
Microwave Ovens	-
Compressors & motors	-
B2B Products Offered	
System Air Conditioners	Monitors & Projectors
	Information Displays
Services Offered	
Repair & Maintenance	Repair & Maintenance
Annual Maintenance Contracts	Annual Maintenance Contracts
Extended Warranty	Extended Warranty
Installation	Installation

Source: Company, JM Financial

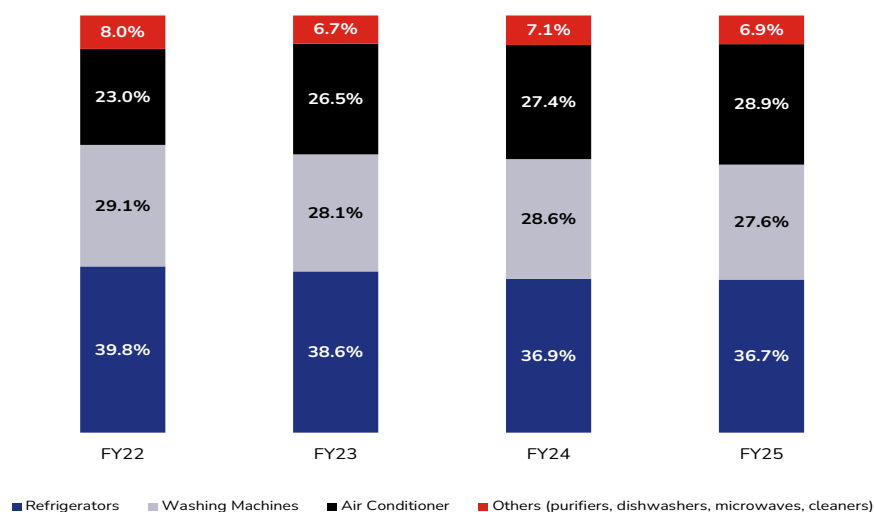
Exhibit 16. LGEIL - revenue split by key vertical (FY22–25)



Source: Company, JM Financial

LGEIL's revenue is split into two key segments: i) Home Appliances & Air Solutions; and ii) Home Entertainment; the first makes up the major chunk of revenue and constituted ~75% of revenue over FY23–25

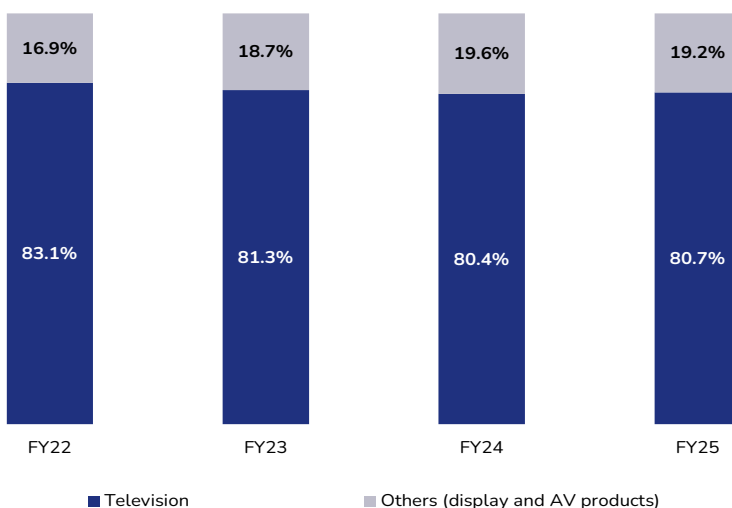
Exhibit 17. LGEIL - Home Appliances & Air Solutions revenue split by product



Source: Company, JM Financial

Within the home appliances & air solutions vertical, refrigerators command a dominant share, followed by air conditioners, washing machines, and lastly other products including water purifiers, dishwashers and microwaves, vacuum cleaners, etc.

Exhibit 18. LGEIL - Home Entertainment revenue split by key product



Source: Company, JM Financial

In the home entertainment vertical, televisions command a dominant share, followed by other products including monitors, laptops, sound bars and bluetooth speakers

Management Team

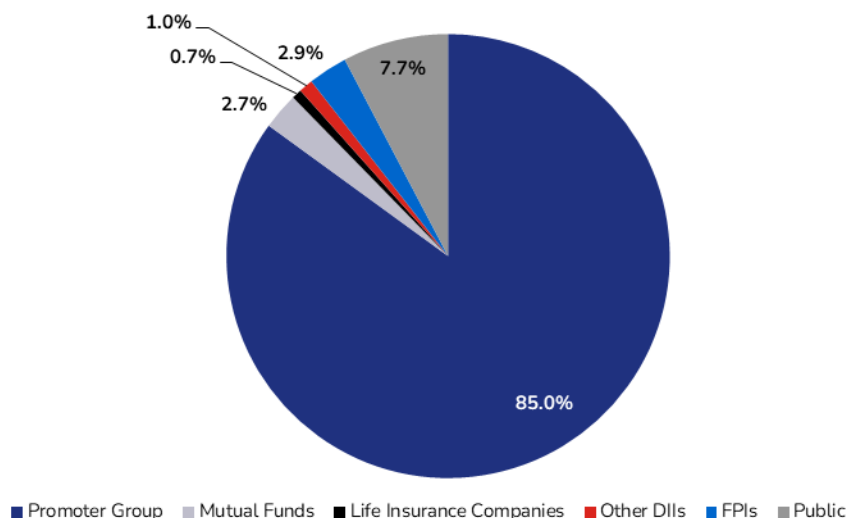
Exhibit 19. Board of directors and key managerial personnel of LGEIL

Board of Directors	Designation	Brief Profile
Daehyun Song	Chairman and Non-executive Director	Mr Song has been associated with the company since Nov' 24. He is a Bachelor of Science from Pusan National University, Korea. Mr Song has been associated with the LG group since 1983.
Hong Ju Jeon	Managing Director	Mr Jeon has been associated with the company since Dec' 22. He is an MBA from the Thunderbird School of Global Management, US. Mr Jeon has been associated with the LG group since 1994.
Dongmyung Seo	Chief Financial Officer and Whole-time Director	Mr Seo has been associated with the company since Dec' 21. He is an MBA from Seoul School of Integrated Sciences & Technologies, South Korea. Mr Seo has been associated with the LG group since 1994.
Promila Bhardwaj	Independent Director	Ms Bhardwaj has been associated with the company since Nov' 24. She joined the Indian Revenue Services in 1979 and retired as the Directorate General of Income Tax (systems).
Ramesh Ramachandran Nair	Independent Director	Mr Nair has been associated with the company since Nov' 24. He was previously associated with Avaada Electro, Mundra Solar, Bharat Aluminium and Jindal Stainless.
Santosh Kumar Mohanty	Independent Director	Mr Mohanty has been associated with the company since Nov' 24. He was previously associated with SEBI, the Forward Markets Commission (GoI), and the Income Tax department (GoI).
KMP	Designation	Brief Profile
Ashish Agrawal	Chief Operating Officer	Mr Agarwal has been associated with the company since '99. He is a Bachelor of Commerce (Honours) from University of Delhi and a Chartered Accountant. Mr Agarwal previously worked with SR Batliboi & Co.
Atul Khanna	Chief Accounting Officer	Mr Khanna joined Escorts Communications in '97, which subsequently merged with LG Electronics India in 2002. He is a Bachelor of Commerce from Kurukshetra University, and a Chartered Accountant.
Changhwan Kim	Customer Care and Service Officer	Mr Kim has been associated with the company since Dec' 23. He is a Bachelor of Engineering from Dong-A University, Busan. Mr Kim has been associated with the LG group since 2000.
Sanjay Chitkara	Co-Chief Sales and Marketing Officer	Mr Chitkara has been associated with the company since '99. He is a Bachelor of Technology from Kurukshetra University and a PGDM from IMT, Ghaziabad. Mr Chitkara has previously worked with Videocon.
Yongchan Jung	Chief Production Officer	Mr Jung has been associated with the company since Dec' 23. He is a Bachelor of Science (Aerospace Engineering). Mr Jung has been associated with the LG group since 2002.
Yoojae Kim	Business Director (B2B)	Mr Kim has been associated with the company since Jan' 22. He is a Bachelor of Arts from Hanyang University, Korea. Mr Kim has been associated with the LG group since 1995.
Jwa Nam Kim	Chief Human Resource Officer	Mr Kim has been associated with the company since Nov'20. He is a Bachelor of Public Administration from Sungkyunkwan University, Seoul (Korea) and an Executive Master of Business Administration from Aalto University, Espoo (Finland).

Source: Company, JM Financial

Shareholding Pattern

Exhibit 20. LGEIL – Shareholding pattern (Oct'25)



Source: BSE, Company, JM Financial

Business Overview

India's leading home appliances and consumer electronics player

- LGEIL is one of India's leading home appliances and consumer electronics company enjoying the leadership position (in terms of value, ex-mobile phones) in the offline channel. It has retained pole position for 3 consecutive years from CY22-CY24 and 6M ended Jun'25. Deeper into product categories, LGEIL also recognises itself as a market leader in the offline channel (by value) across multiple products including washing machines, refrigerators, panel televisions, inverter air conditioners, and microwaves. The offline channel (by value) represents ~78% and 77% of India's major home appliances and consumer electronics market (ex-mobiles).
- LGEIL's product segments are split into: i) Home Appliances & Air Solutions, which includes refrigerators, washing machines, ACs, water/air purifiers, kitchen appliances and compressors & motors; and ii) Home Entertainment, which primarily includes televisions, IT hardware (laptops and monitors) and sound systems (speakers, sound bars, etc). Its portfolio spans both B2C and B2B segments in domestic and international markets, including exports from India to ~50 countries. In addition to product sales, the company provides end-to-end installation, repair and maintenance services, strengthening its ecosystem presence and customer engagement.

Exhibit 21. LGEIL's two key verticals: Home Appliances & Air Solutions and Home Entertainment

Home Appliances & Air Solutions	Home Entertainment
B2C Products Offered	
Refrigerators	Televisions (up to 86 inches)
Washing Machines	Sound bars
Air Conditioners	Portable Bluetooth Speakers
Water & Air Purifiers	Laptops
Dishwashers, Microwave Ovens	Monitors (incl. gaming monitors)
Compressors & motors	-
B2B Products Offered	
System Air Conditioners	Monitors & Projectors
-	Information Displays
Services Offered	
Repair & Maintenance	Repair & Maintenance
Annual Maintenance Contracts	Annual Maintenance Contracts
Extended Warranty	Extended Warranty
Installation	Installation

Source: Company, JM Financial

Exhibit 22. Wide range of products across categories and price points



Source: Company

Track record of innovation, focus on premiumisation and market leadership

- LGEIL boasts leadership (in the offline market, by value) in its key product categories, including washing machines, refrigerators, televisions and room air-conditioners (RACs). These four products together make up ~90% of its revenue. Incrementally, LG also has a dominant presence in the premium segment, in several cases, much ahead of its next peer by a considerable margin.
- **Refrigerators (28% of FY25 revenue):** LGEIL's refrigerator market share in India stood at ~30% at end-Sep'25. In the premium category, i.e., the side-by-side refrigerator, its market share was even higher at ~43%, implying a YoY gain. Its closest peer in this category is Samsung with a market share of ~25% in the overall refrigerators market and ~20% in the premium category. Haier stands third with a share similar to that of Samsung.
- **Room Air Conditioners (RACs) (22% of FY25 revenue):** LGEIL is only present in the inverter AC category, which is 75–77% of the Indian AC market, and does not operate (exited in 2017) in the fixed-speed AC segment, which is 23–25% of the Indian AC market. The fixed speed category is further split into window ACs and non-inverter ACs. Hence, for LGEIL the total TAM is restricted to ~85% of the Indian AC market. LGEIL, as of today is the #1 player in the industry, by value. Voltas, however, ranks higher by volume. LGEIL's market share is 17–18% in the total Indian AC market and 22–25% in the inverter AC segment.
- **Washing Machines (21% of FY25 revenue):** LGEIL enjoys a dominant share of ~33%, followed by Samsung at 16–17%. LGEIL's segmental dominance stems from global technology leadership. Globally, too, LG is the market leader in washing machines followed by Samsung. A key reason for this is its dual motor technology (patented), which is almost noise proof.
- **Televisions (20% of FY25 revenue):** Televisions is a fairly well-penetrated market in India. Within the overall television market, LGEIL has ~28% share, the highest it has ever achieved, and 4–5% higher than its second peer Samsung. Furthermore, in the premium category, which includes OLED TVs, LG commands a massive 64% market share.

LG Electronics India boasts of leadership position amongst its key product categories, including washing machines, refrigerators, televisions and room air-conditioners (RACs). These 4 products together make up ~90% of its revenue.

Exhibit 23. LGEIL – Market share Sep'25 versus Sep'24, share in premium categories, and share of nearest competitor

Product Category	Overall (Sep'24)	Overall (Sep'25)	Premium Category	Competitor 1	Comments
Refrigerator	28.9%	29.9%	43.0%	25.0%	Premium category includes side-by-side refrigerators; Others include DC (direct cool) refrigerators
Washing Machine	33.4%	33.4%	37.0%	16.5%	Premium category includes front-load machines; Other include top-load and semi-automatic
Television	26.1%	27.5%	63.0%	23.0%	Premium category includes OLED TVs, wherein LGEIL is a leader
Room ACs	16.8%	17.3%	27.5%	NA	Premium category includes 5-star inverter ACs.

Source: Company, Industry, JM Financial

Note: Market share in premium categories and that of competitor indicative

Exhibit 24. LGEIL – Track record of several “Industry Firsts”

Category	Year	Launch
TV	2014	First to launch webOS platform in India
	2015	Launched India's First 4k OLED TV
	2020	Launched World's first 8k OLED TV
	2022	Launched India's First Rotatable OLED TV
Refrigerator	2013	First to launch PowerCut Evercool Technology in India
	2014	First to launch smart diagnosis technology in India
	2016	Among the first to launch Hygiene Fresh technology in India
	2016	Among the first to launch single door refrigerators with smart inverter compressors in India
Washing Machine	1998	First to introduce direct drive technology in India
	2017	First to industry smart inverter technology in India
	2019	Among the first to launch 5-star rated washing machines in India
	2023	First to introduce wash tower range in India
Room Air Conditioner	2014	Among the first to introduce inverter technology in India
	2017	Among the first to shift to 100% inverter technology in India
	2019	Among the first to launch smart connectivity ACs in India
	2024	Among the first to launch energy manager feature in India
Microwave Oven	1999	Launched amongst India's first microwaves
	2013	Launched India's first charcoal lighting heater microwaves
	2019	Launched India's first 401 Auto Cook Menu for microwaves
	2023	Launched India's first scan to cook Wi-Fi-enabled microwave

Source: Company, JM Financial

LGEIL has been at the forefront of product launches across categories, including premium products such as OLED TVs, inverter ACs, smart connected ACs and microwaves

Now foraying into mass-premium products

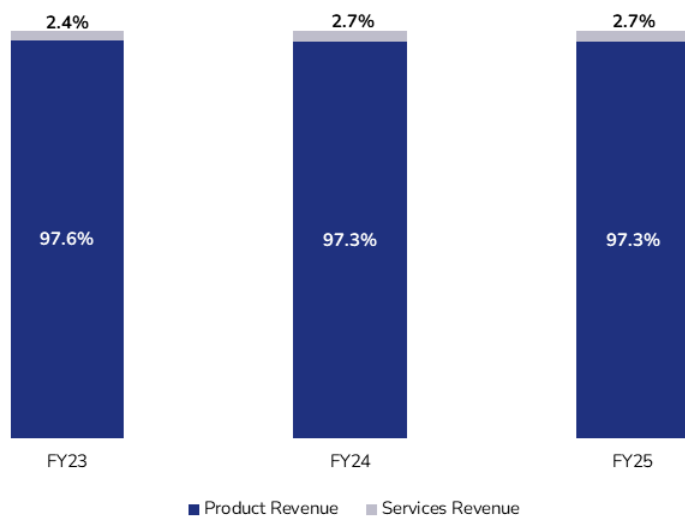
- In Nov'25, LGEIL unveiled the LG Essential Series—a new line of home appliances created specifically to meet the mass-premium needs of a majority of Indian households.
- This Essential Series is expected to reflect LGEIL's push towards its aspiration of 'Making innovation more accessible to millions of households while meeting their growing aspirations.' LGEIL claims these products – offering superior performance durability and thoughtful design – are designed to meet the dreams and everyday challenges of Indian consumers at accessible prices.
- These products have been developed after engaging with >1,200 families across India representing diverse demographics and lifestyles Hence, these products are designed to cater to the needs of a typical Indian household. For instance: i) refrigerators with large vegetable storage capacities; ii) double-door refrigerators at the price of a single-door refrigerator; and iii) washing machines designed to work at low pressure etc among others.
- The LG Essential Series comprises four key appliances designed for Indian households:
 - i) **Double door refrigerator (priced at INR 24,990):** A double door refrigerator with frost-free technology and larger vegetable storage (20% larger than previous versions) to cater to the needs of Indian households, thereby eliminating the need for manual defrosting. Herein, to bring down costs, LGEIL has excluded non-value added items such as locks and fancier handles. Furthermore, the larger vegetable storage has led to one shelf being reduced, again contributing to cost optimisation. **What is different:** This model is a 225-litre product. Typically, a 225-litre fridge is a single-door refrigerator. LGEIL, in its general product catalogue, sells a 224-litre single door refrigerator at INR 24,079. However, under the essential series, it is offering a double door refrigerator at the same price.

- ii) **Fully automatic top load washing machine (starting at INR 18,990):** LGEIL's fully automatic top load washing machine is built to withstand local conditions such as dust, humidity and low water pressure. The ProShield Motor with BMC (Bulk Moulding Compound) Cover provides enhanced protection against dust, insects and moisture while the IPX4-certified water-resistant control panel offers reliable operation in humid conditions. These machines are designed to work on low pressure given water pressure is a key issue in India. Furthermore, since these are top-load machines, LGEIL has enabled manual water filling. The company claims that no other brand offers these features.
- iii) **Room ACs (launch in 2026):** This includes a 2-star 1-ton inverter room AC (to be launched in 2026), which is expected to reduce energy consumption with an Energy Manager & Diet Mode. This product also boasts 100% copper tubes with 'Ocean Black Protection' for Indian conditions, providing durability in typical Indian regions affected by sand, salt, industrial smoke and pollutants. This product comes equipped with features such as Energy Manager+ with the "You decide your bill" function, which helps consumers manage energy consumption—addressing a key concern as many hesitate to purchase ACs due to high electricity costs rather than product price.
- iv) **Convertible oven:** A convertible oven with Indian auto cook menus, air fry and convection modes for healthier, versatile cooking.

Potential risk to existing premium categories?

- Contrary to LGEIL's inherent strength, which lies in the premium category, the LG Essential Series predominantly includes mass-premium products, built to cater to the needs/aspirations of Indian households.
- We understand these products would be specific to tier-2/3 cities, and would be sold exclusively through the traditional channel, i.e., the offline channel, which includes LGEIL's distributor network, LG Exclusive Shops, and other regional stores.
- To put this in perspective, these products will be neither available in metro cities (the likes of Mumbai, Delhi, Bangalore, Chennai) nor in multi-brand outlets (the likes of Croma, Vijay Sales, Reliance Digital) in non-metro cities and online channels.

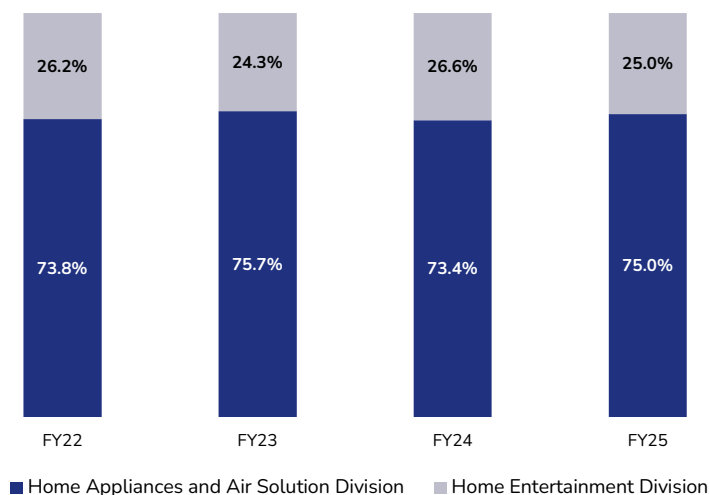
Exhibit 25. LGEIL – Revenue split by product and services



As much as 97–98% of LGEIL's revenue comes from product sales; the remainder from services offered, which include repair & maintenance, annual maintenance contracts, extended warranties and installation services

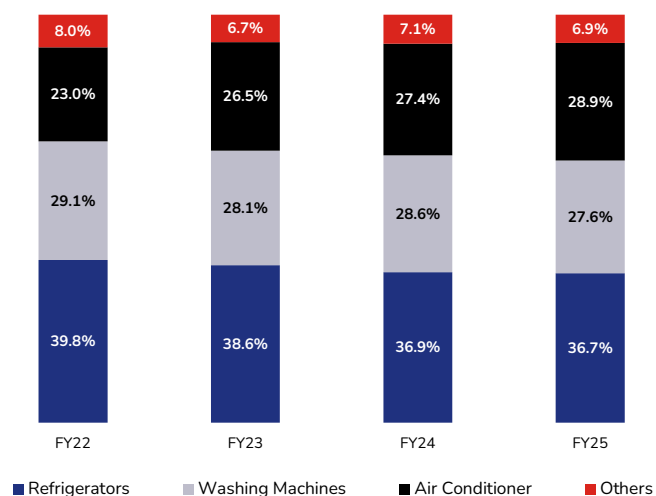
Source: Company, JM Financial

Exhibit 26. LGEIL revenue split by key vertical (FY22–25)



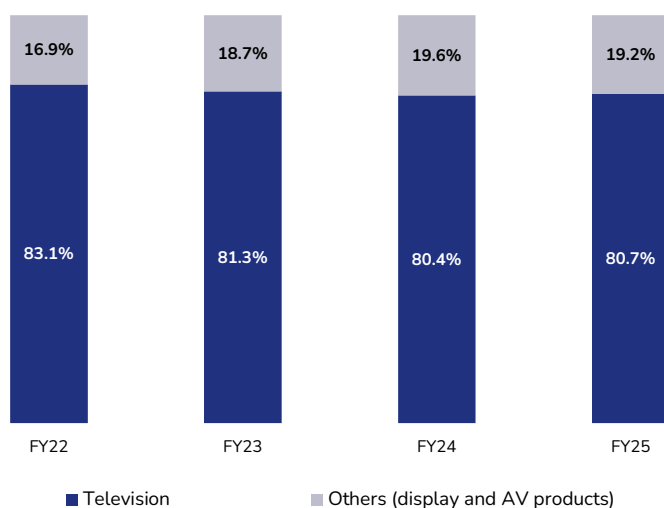
Source: Company, JM Financial

Exhibit 27. Home Appliances & Air Solutions revenue split by key product



Source: Company, JM Financial

Exhibit 28. Home Entertainment revenue split by key product



Source: Company, JM Financial

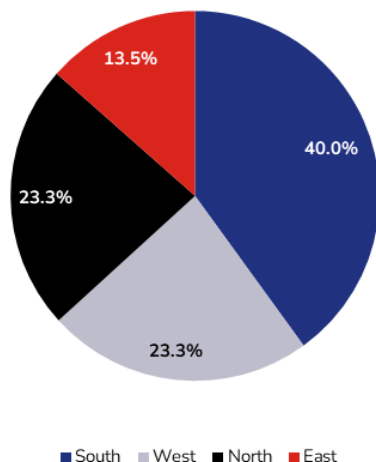
In the Home Appliances & Air Solutions vertical, refrigerators command a dominant share, followed by ACs, WMs and other products including water purifiers, dishwashers, microwaves, vacuum cleaners, etc

LGEIL's revenue is split into two key segments: i) Home Appliances & Air Solutions; and ii) Home Entertainment

The Home Appliances & Air Solutions business makes up the bulk of revenue, constituting ~75% of FY23–25 top line

In the Home Entertainment vertical, televisions command a dominant share, followed by other products including monitors, laptops, sound bars and bluetooth speakers

Exhibit 29. LGEIL domestic revenue split by geography



South is LGEIL's core market with a 40% share by revenue, followed by North and West with a share of ~23% each

Incidentally, Southern India (catered through Pune plant) also makes up a higher share of premium products in the overall mix

Source: Company, JM Financial

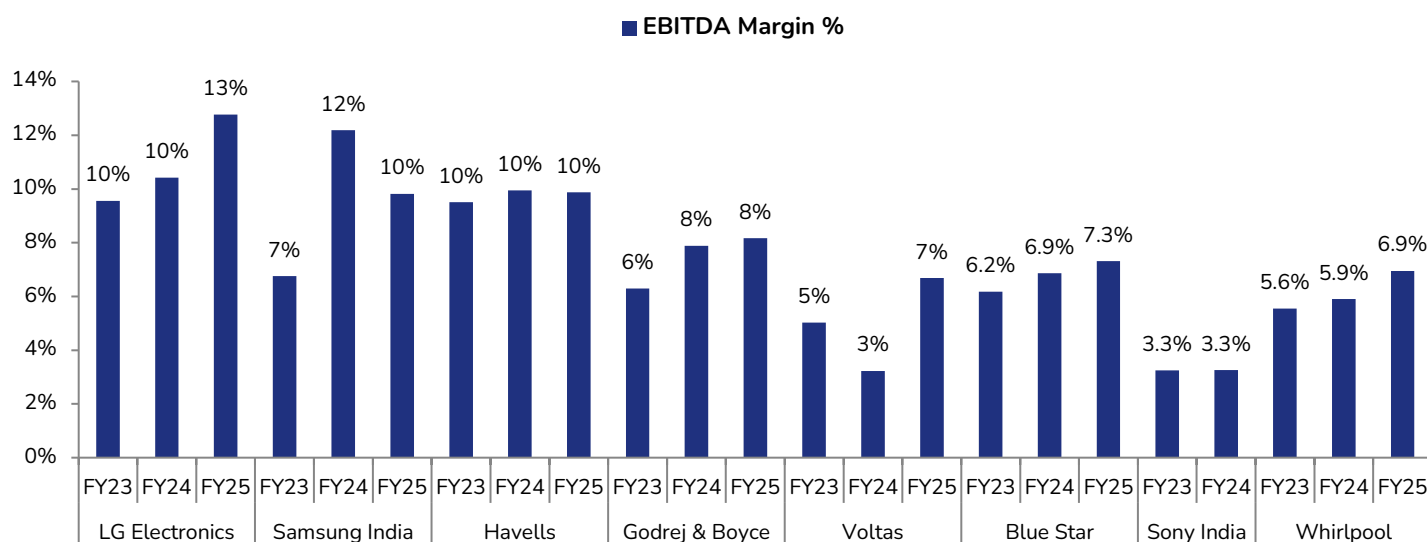
Industry-leading margin, supported by exports, B2B, and service revenue

As the exhibit below shows, LGEIL's EBITDA margins have been the highest or among top two across peers over FY23, FY24 and FY25. In FY25, LGEIL's EBITDA margin stood at 13%, followed by Samsung and Havells at 10%, with Voltas, Blue Star and Whirlpool, hovering around 7%. In FY24, We believe LGEIL's 'superlative' margins stem predominantly from the following factors:

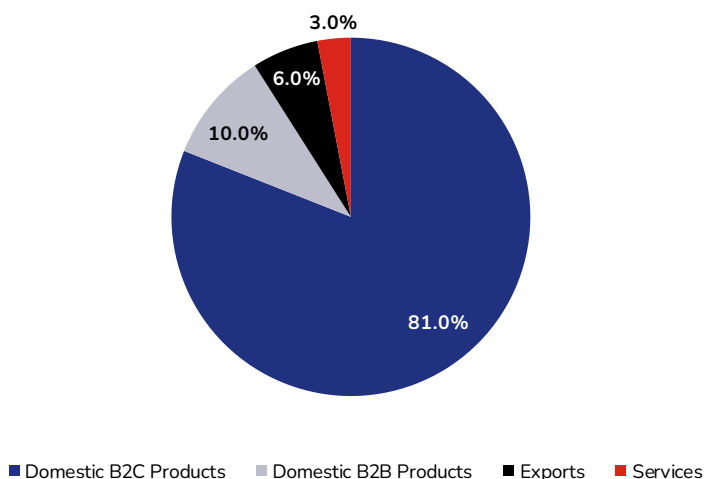
- Higher share of premium products in the overall catalogue and market leadership thereof.
- ~95% of products manufacturing in-house, giving it full control over supply chain along with benefits of large-scale, not to mention increasing local sourcing—up from ~45% to ~56% over two years with a target to reach ~65%.
- Contribution from B2B products (~10% of total revenue), service and AMC revenue (~3% of total revenue), and exports (~7% of total revenue)—all of which are inherently higher-margin businesses.

We note that within the core B2C products business, margins on washing machines as a category are the highest, followed by televisions and refrigerators, and lastly ACs, which arguably is the most competitive category with 60+ players, although it is also among the fastest-growing category among Indian consumer electronics.

Exhibit 30. Three-year EBITDA margin comparison of major electronics companies in India



Source: Company, JM Financial

Exhibit 31. LGEIL – revenue split by key offerings

Source: Company, JM Financial

Exhibit 32. LGEIL – How high-margin verticals stack up against core B2C products

Business Segment	Share in total Revenue	Margins vs. B2C products
B2B Business	~10%	+3-4%
Product Exports	~7%	+1-2%
Service Business	~3%	+10-12%

Source: Company, JM Financial

■ Contribution from B2B products: a fast-growing vertical

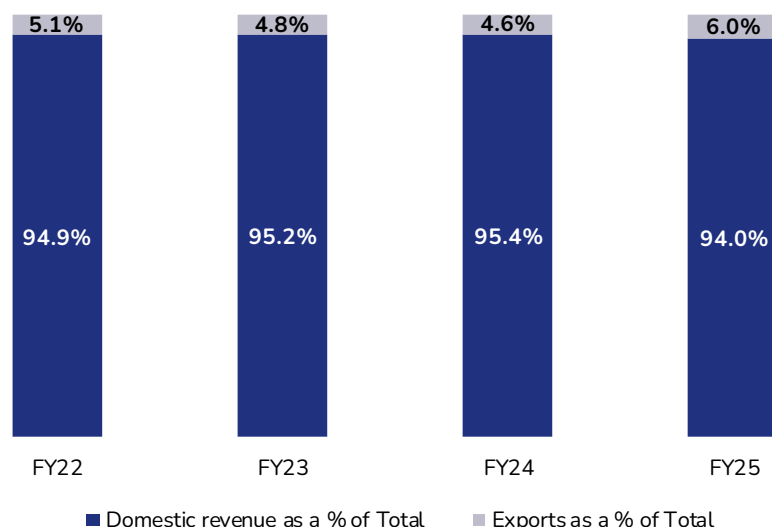
- i) LGEIL derives ~10% of its revenue from B2B products; evenly split between information displays' business, and commercial ACs. This includes higher-end display units and ACs used in offices, malls, hotels, government institutions, etc.
- ii) Interestingly, this business has outperformed the B2C products business and logged a ~20% CAGR over the last three years. However, budget constraints due to uncertainties over tariffs from corporates, and from government institutions have impacted growth in this business in FY26, and are likely to restrict it to 10–15%.
- iii) That said, notably, margin in the B2B products business is 3–4% higher than the B2C products business.

With a ~20% CAGR over the last three years, the B2B business has outperformed the B2C products business; the B2B segment also enjoys 3–4% higher margin than B2C products

■ Products export business: ramping up capabilities

- i) LGEIL exports to 50+ countries, including Bangladesh, Sri Lanka, nations in South East Asia, and the Middle East. The products export business contributes ~6% to total revenue, and has clocked a ~30% CAGR over the last several years. Again, weak geopolitics is likely to drive down export revenue growth to ~15% in FY26E. Exports, too garner 1–2% higher margin than the B2C business.
- ii) Given the mix of target countries, exports so far have been restricted to lower-end products. However, LGEIL started manufacturing side-by-side refrigerators (considered premium category) at its Pune plant in 2023 and is now looking to export those as well. LGEIL has also gotten orders to supply side-by-side refrigerators to the US from the Pune plant, which it will start executing soon.

Exhibit 33. LGEIL – Revenue split by geography

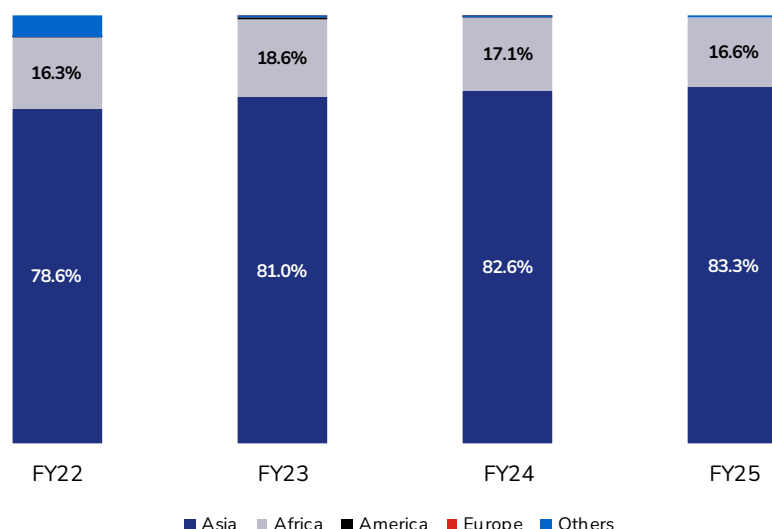


The share of exports as a proportion of LGEIL's total revenue has been on an uptrend; after a weak FY26E owing to geopolitical uncertainties, exports should pick up heading into FY27E

Exports is also a higher-margin business, 1–2% over the core domestic B2C products business

Source: Company, JM Financial

Exhibit 34. LGEIL – Key export geographies



Asia (~83%) and Africa (~16%) make up ~99% of LGEIL's exports; while it has some exposure to the US, Europe and other geographies, their contribution is negligible

LGEIL, we understand, has seen some traction in orders allocated to it for the US market, and that should pick up over coming years

Source: Company, JM Financial

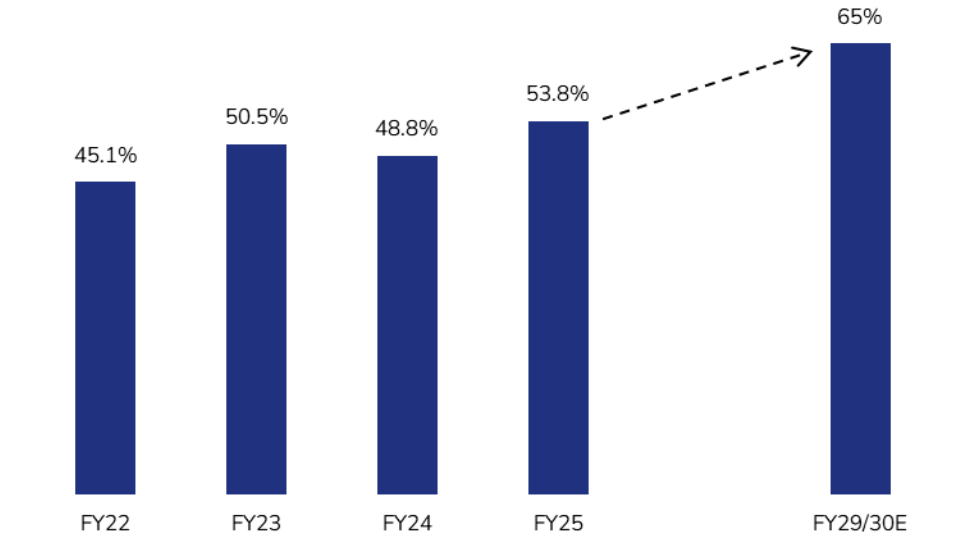
■ Services business: change in strategy to drive growth

- i) LGEIL's services vertical includes servicing/AMC fees and installation charges. Of this, the former remains a focus area for LGEIL. In this vertical, LGEIL targets to ramp up the service/AMC fees revenue from INR 3.2bn in FY25 (~USD 35mn), to INR 5.2bn (~USD 60mn) in FY26E, and INR 8.8bn (~USD 100mn) in FY27E.
- ii) This vertical is also key to margin improvement. The AMC business within this vertical generates 10–12% higher than the core B2C products business.
- iii) This massive growth that LGEIL is targeting is likely to be the result of a change in strategy that LGEIL has adopted, now viewing services as a profit center and not solely a cost center. For instance, AMC contracts were marketed and sold when service personnel would visit customer homes to undertake repair work vs. now, wherein the focus has shifted to marketing AMC contracts at the time of initial sale itself.

Efforts to localise supply chain could further aid margin

LGEIL’s attempts to localise over the years have yielded fruit, with its proportion rising from ~45% in FY22 to ~54% in FY25. The company targets to raise it to ~65% by FY29E/30E (approximately ~3% each year). This could have some positive benefits for the overall margin profile, lowering operational costs and also reducing the impact of forex fluctuation somewhat. Incrementally, if successful, these localisation efforts could positively impact working capital requirements too, given sourcing locally could ideally have lower lead times vis-a-vis imports.

Exhibit 35. LGEIL – Mix of locally sourced raw material



Source: Company, JM Financial

Manufacturing footprint and upcoming new plant in Sri City

- **Existing capacities:** LGEIL has two manufacturing units located in Noida and Pune. The Pune facility caters predominantly to southern and western India while the Noida facility caters to demand in northern and eastern regions of the country. That said, the Pune facility manufactures a higher share of premium products given demand for these products is higher in southern India. Currently, the Noida facility caters to 100% of LGEIL's compressor manufacturing while the Pune facility caters to the entire manufacturing of televisions and side-by-side refrigerators. Other products are spread across both the facilities.
- **Capacity utilisation:** In FY25 and as of Jun'25, LGEIL had installed capacity of 14.5mn products at its Noida and Pune units collectively. LGEIL's manufacturing units in Pune and Noida, at end-FY25, operated at a cumulative capacity utilisation of 76.8% (on a double shift basis at Noida manufacturing unit). In addition to manufacturing products, LGEIL manufactures several key components such as compressors and motors, at both its units, giving it greater control over the product development process, product quality, costs, and supply & delivery time.
- **Technological initiatives:** LGEIL's manufacturing units are flexible and employ automation technologies. For instance, its manufacturing units are equipped with assembly lines, wherein different products can be manufactured on a single line, which enables it to quickly meet consumer demands and switch manufacturing as per the need of the channel. The company has also developed several in-house smart monitoring systems to lower incident rates.
- **New unit in Sri City:** Furthermore, LGEIL has announced the construction of a third manufacturing unit in Sri City in Andhra Pradesh to expand its manufacturing capacity, and has announced an investment of INR 50bn towards this new unit, with a target to ~2x capacities in all segments (to be manufactured here), barring compressors, wherein the capacities will 3x (from 1mn currently to 3mn). The company signed a MoU in Jan'25 for allotment of land under a 99-year lease and executed agreements pertaining to factory design and construction. The new manufacturing unit is expected to become operational by FY27E and would initially focus on producing ACs and AC compressors, and then expand into washing machines, and later into refrigerators.

Exhibit 36. Tentative timelines on commencement of new facility by phase

Product	Tentative Commencement
Oct'26	Room air-conditioners
Jan'27	AC compressors
Jan'28	Washing machines
Jan'29	Refrigerators

Source: Company, JM Financial

Predominantly in-house manufacturing; some outsourcing to contract manufacturers

- While LGEIL focuses on in-house manufacturing for a majority of its products, it outsources a small portion to contract manufacturers, including Amber Enterprises and PG Electroplast. Our conversations with management indicate that this portion is <5% of total revenue.
- By rule of thumb, we understand that most brands outsource older products with no major IP involved, to contract manufacturers. These are also inherently the lower-end of the entire catalogue. This ensures that: i) no new-age IP is shared with contractors/manufacturers; ii) brands enjoy scale benefits by manufacturing through contract manufacturers; and iii) in-house retention of manufacturing of higher-priced/latest products wherein margins are higher. Similarly, in LGEIL's case as well, it outsources the lower-end/previous generation products. This means products wherein latest technology is involved, LGEIL prefers to manufacture itself.

Compressor manufacturing and backward integration

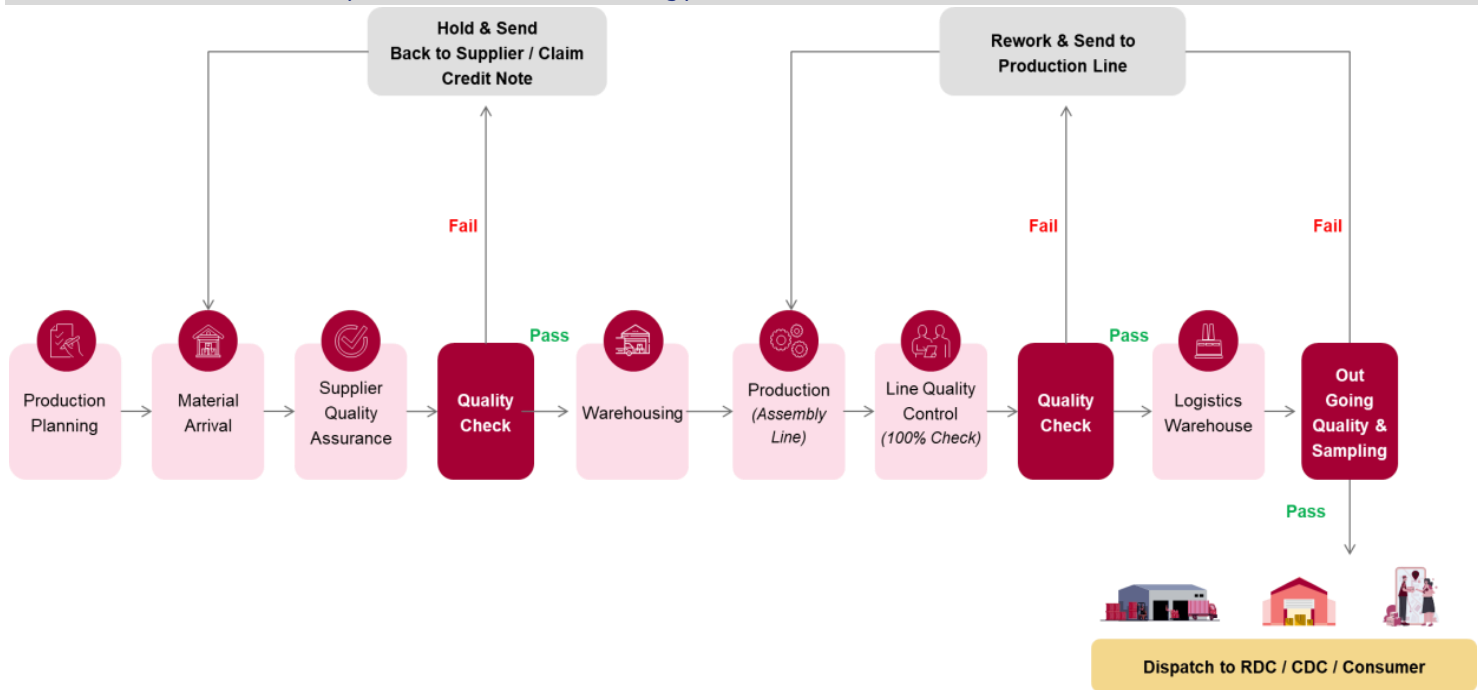
- We note that LGEIL sells ~1.8mn RACs in India. Currently, the company has compressor manufacturing capacity of ~1mn units; the balance is sourced from GMCC.
- Through the Sri City facility, LGEIL plans to augment its compressor manufacturing capacity by ~2mn units, taking its total capacity to nearly 3mn units. While the first preference for using these compressors will be captive, the company remains open to exports and sales to other brands/manufacturers within India as well.

Exhibit 37. LGEIL – Capacity utilisation (total units and %)

Manufacturing Unit	FY22			FY23			FY24			FY25		
	Installed capacity	Production volume	Capacity utilization (%)	Installed capacity	Production volume	Capacity utilization (%)	Installed capacity	Production volume	Capacity utilization (%)	Installed capacity	Production volume	Capacity utilization (%)
Noida	6,815,000	4,543,517	66.7%	7,400,000	5,343,696	72.2%	7,400,000	5,466,598	73.9%	7,600,000	6,120,208	80.5%
Pune	6,608,367	3,571,369	54.0%	6,250,000	4,242,212	67.9%	6,590,000	4,474,809	67.9%	6,910,000	5,022,841	72.7%
Total	13,423,367	8,114,886	60.5%	13,650,000	9,585,908	70.2%	13,990,000	9,941,407	71.1%	14,510,000	11,143,049	76.8%

Source: Company, Industry, JM Financial.

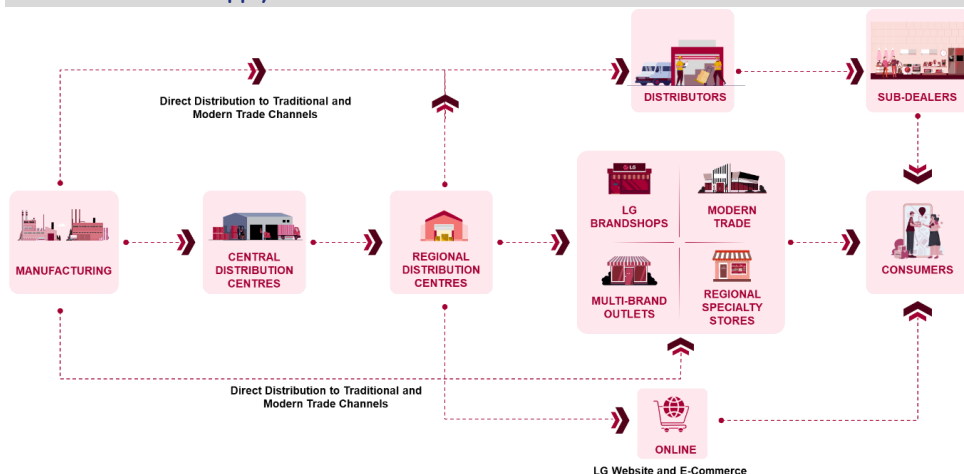
Exhibit 38. LGEIL – A schematic representation of its manufacturing process



Source: Company, Industry, JM Financial.

Robust, geographically widespread supply chain

Exhibit 39. LGEIL – Supply chain



Source: Company, JM Financial

■ Distribution Centres

- i) LGEIL operates a nationwide network of distribution centres (25 in India, including two central and 23 regional) that store finished goods and supply them across multiple distribution channels. The company's extensive distribution infrastructure enables efficient product delivery across India.
- ii) This consists of two Central Distribution Centers (CDCs), located near its facilities in Noida and Pune. Finished products are transported from these CDCs to Regional Distribution Centers (RDCs) across the country, which function as warehousing hubs.
- iii) The RDCs subsequently distribute products to various consumer touch points. Under dealer agreements, goods sold to dealers are non-returnable without prior written approval from the respective branch head, except in cases involving technical issues. In select instances, CDCs also directly supply products to consumer touch points.

Exhibit 40. LGEIL distribution centers

Particulars	FY22	FY23	FY24	FY25	1QFY26
Central distribution centers	2	2	2	2	2
Regional distribution centers	23	23	23	23	23
North	5	5	5	5	5
South	8	8	8	8	8
East	5	5	5	5	5
West	5	5	5	5	5
Total	25	25	25	25	25
Leased area (million square ft.)	2.55	3.03	3.23	3.26	3.33

Source: Company, JM Financial

■ Distributors

- i) LGEIL operates the largest distribution network among major home appliances and consumer electronics companies in India, with a presence across both urban and rural markets through 35,640 B2C touch points.
- ii) The company services its network through a dedicated network of 463 B2B trade partners, supported by a customer service workforce of 286 employees. LG primarily engages with distributors, who resell products to a network of sub-dealers; these sub-dealers subsequently sell LGEIL's products directly to end consumers.

■ Brand shops and B2C touch points

- i) LGEIL operates an expansive sale and distribution network comprising ~35,640 B2C touch points across India. These include LGEIL Brand Shops (777 at end-Jun'25), which are strategically located in key shopping districts of cities and towns, modern trade outlets such as large-format electronics retailers, online touch points, traditional retail stores, and an extensive network of distributors and sub-dealers.
- ii) In addition, LG engages with consumers directly through its own website and major e-commerce marketplaces while its modern trade partners reach consumers via proprietary digital platforms.








Exhibit 41. LGEIL brand shops and B2C touch points across years

Particulars	FY22	FY23	FY24	FY25	1QFY26
Number of LG BrandShops	809	814	780	800	777
Number of B2C touch points	32,199	34,874	35,833	36.23	35,640

Source: Company, JM Financial

- **Sales promoters:** Sales promoters deployed across LG Brand Shops, multi-brand outlets, modern trade stores, and regional specialty retailers are trained by the company, supporting consistent consumer engagement and enhanced cross-selling opportunities.
- **A comparison with peers:** LGEIL's Brand Shop network is approximately 1.4x the exclusive brand outlet (EBO) network of the next-largest peer while its distributor base is about 1.2x that of the nearest leading competitor.
- **Servicing B2B customers:** LG has established long-standing relationships with its trade partners and operates a nationwide network of 97 sales offices, strategically located across semi-urban and rural markets to coordinate sales activities and effectively support partner requirements. The company services its B2B customers through a dedicated team of employees and B2B trade partners with cross-industry expertise, enabling it to address diverse institutional demand efficiently.
- **After-sales service:** In addition, LGEIL operates one of the largest after-sales service networks among leading home appliances and consumer electronics players in India. It's after-sales infrastructure comprised 1,006 authorised service centers, enabling same-day installations and prompt repair and maintenance services, thereby spurring high-quality consumer experiences and long-term brand loyalty.

Exhibit 42. LGEIL – Key distribution channels

	LG Brand Shops	Modern Trade Outlets	Multi-Brand Outlets	Regional Specialty Stores	Distributors & Sub-dealers	B2B	Online
Overview							
	Offline stores which sell LG products exclusively	Organized stores including supermarkets, hypermarkets & large-format stores	Traditional outlet stores that offer products from various brands	Traditional offline stores that focus on a narrow product line	Wholesale distributors who purchase products in bulk and resell in smaller quantities	Dedicated distributors and dealers	LG Website and 2 e-commerce marketplaces
Number of B2C Touch Points / B2B Trade Partners (1)	777	1,385	1,134	1,615	377 Distributors 30,349 Sub-dealers⁽²⁾	463 B2B Trade Partners	3

Source: Company, JM Financial

- **LG Brand Shops:** LG Brand Shops retail exclusively LG products, but are operated by third-party franchisees under a franchise model. LG provides the store furniture and fixtures to ensure uniformity and adherence to brand guidelines across all LG outlets. The company also participates in various consumer-facing and cooperative promotional initiatives with these outlets to support product marketing. In addition, franchise partners are authorised to use the "LG" trademark and logos in connection with the promotion and sale of LG products.

- **Modern trade:** LG partners with modern trade retailers to service B2C demand through large-format outlets that provide dedicated retail floor space, including supermarkets, hypermarkets and other large-format electronics stores, as well as through the retailers' proprietary websites. These modern trade outlets are primarily located in Tier I and Tier II cities across India, with an increasing presence in smaller towns and cities. LG also collaborates with modern trade partners on promotional initiatives, which are typically aligned with peak sales periods, festivals and holiday seasons. Key modern trade partners include Reliance Retail, Croma (Infiniti Retail) and Vijay Sales.
- **Online business:** LG's online distribution channel comprises: i) a direct-to-consumer (D2C) platform operated through its own website; and ii) e-commerce sales conducted in partnership with third-party online marketplaces, primarily the likes of Amazon and Flipkart. The company collaborates closely with its online partners on promotional campaigns, which are typically aligned with peak sales seasons, festivals and holiday periods.
- **Traditional channels:** The traditional distribution channel comprises retail outlets located across cities and towns in India that primarily cater to mass-market consumers. This channel has a higher penetration in smaller towns and rural markets

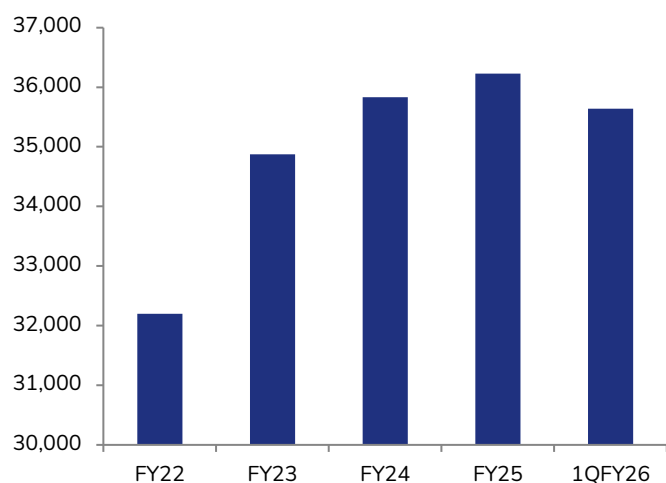
Exhibit 43. LGEIL consumer touch points by distribution channel

Particulars	FY22	FY23	FY24	FY25	1QFY26
LG BrandShops	809	814	780	800	777
Modern trade	851	1,034	1,224	1,369	1,385
Online business					
LG website	1	1	1	1	1
E-commerce	2	2	2	2	2
Traditional channels					
Distributors and sub-dealer	28,029	30,563	31,275	31,259	30,726
Distributors	396	429	417	412	377
Sub-dealers	27,633	30,134	30,858	30,847	30,349
Multi-brand outlets	1,638	1,341	1,272	1,221	1,134
Regional specialty stores	869	1,119	1,279	1,578	1,615
Total	32,199	34,874	35,833	36,230	35,640

Source: Company, JM Financial

Exhibit 44. LGEIL – Total B2C footprint

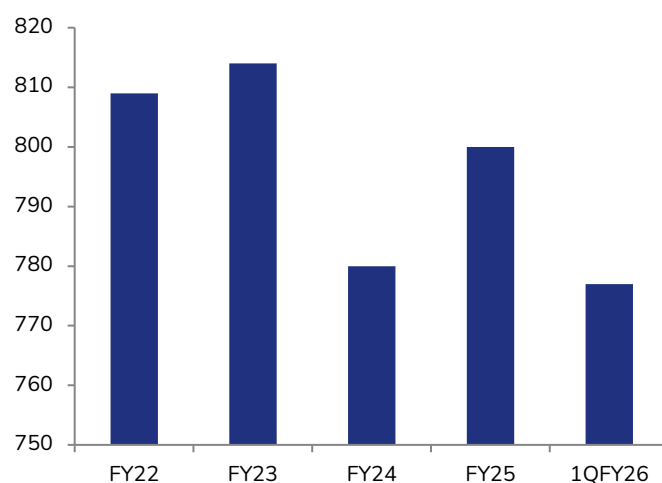
■ Number of B2C touch points



Source: Company, JM Financial

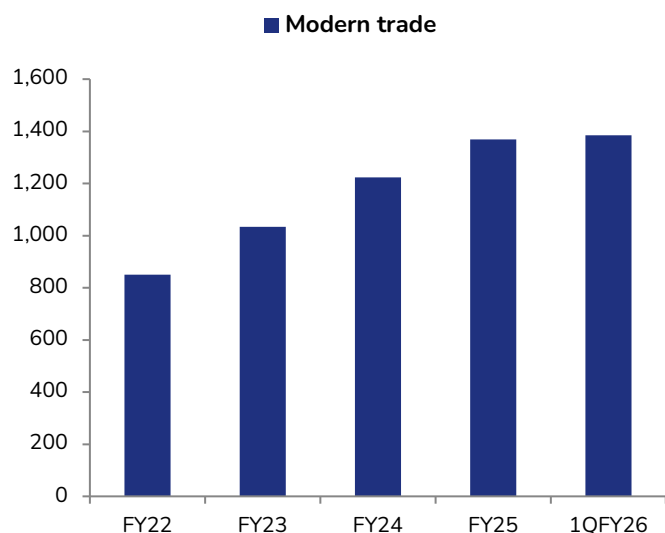
Exhibit 45. LGEIL – LG Brand Shop network

■ Number of LG BrandShops



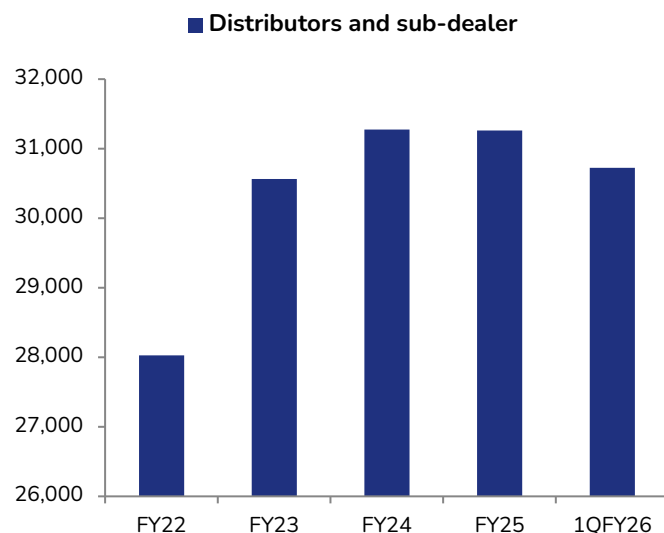
Source: Company, JM Financial

Exhibit 46. LGEIL – Modern trade footprint



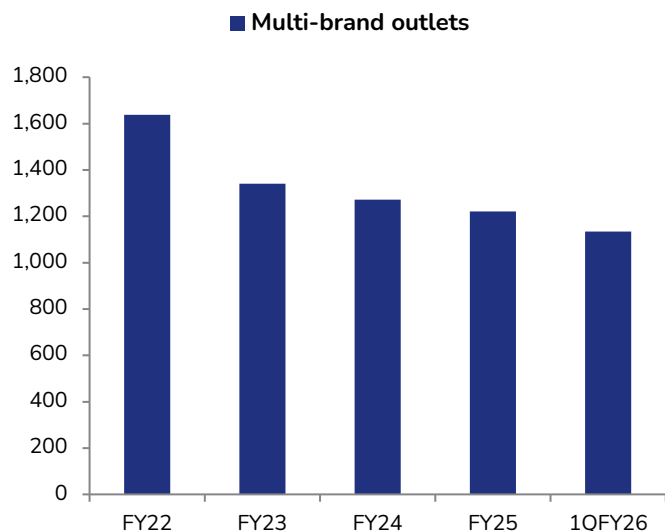
Source: Company, JM Financial

Exhibit 47. LGEIL – Cumulative distributors & dealers



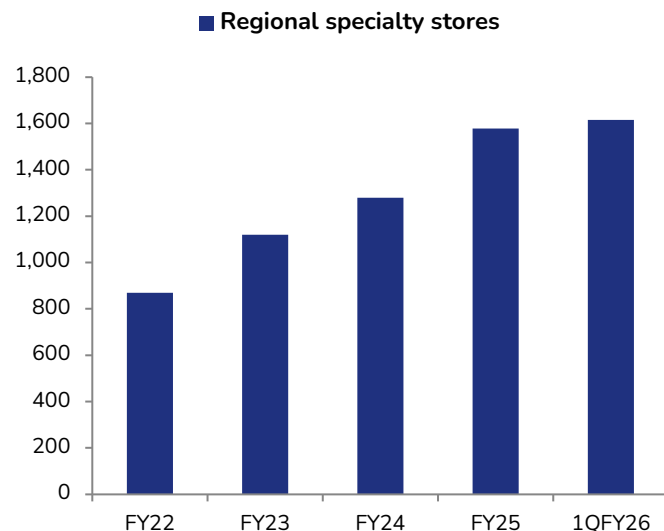
Source: Company, JM Financial

Exhibit 48. LGEIL – Presence across multi-brand outlets



Source: Company, JM Financial

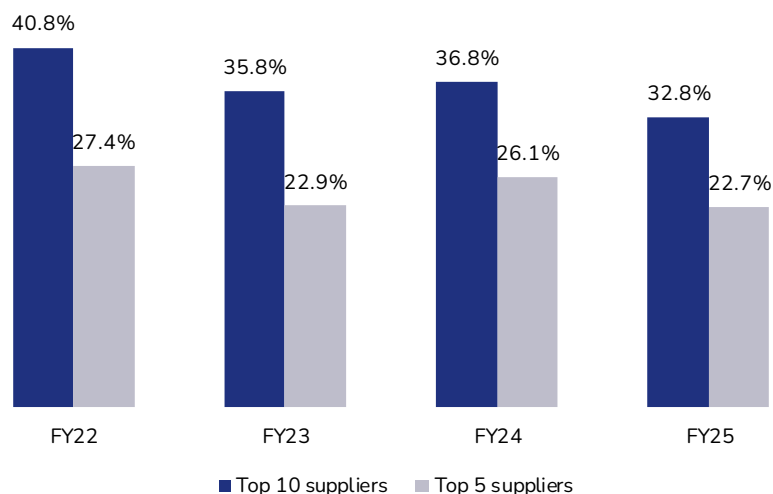
Exhibit 49. LGEIL – Presence across regional specialty stores



Source: Company, JM Financial

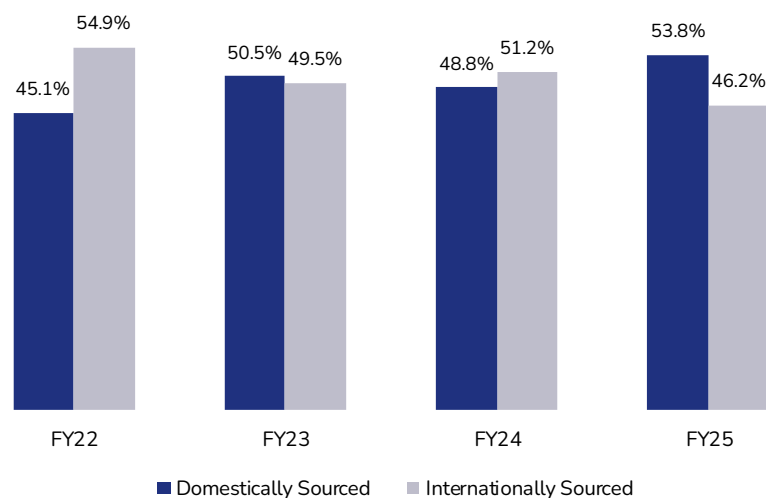
Reliance on domestic and global suppliers

- LGEIL depends on a combination of Indian and global suppliers, including its parentco, for raw material needs, including steel, resin, copper, aluminium and other chemicals, and components such as semiconductors, electromechanical parts, open cells and packaging materials, among others.
- While it generally sources most of raw materials, including components from multiple suppliers, it depends on a limited number of suppliers for some of key raw materials. For instance: i) LGEIL depends on three steel manufacturers in India for pre-coated and galvanized steel (used across products to prevent rusting). ii) It sources majority of its acrylonitrile butadiene styrene resin (used for making plastic parts for products) and expanded polystyrene resin (primarily used for packaging materials) from two suppliers.; iii) Majority of internally grooved tubes (primarily used in ACs for heat/air exchangers) from a single supplier. In terms of key components, LGEIL sources motors from suppliers in China.

Exhibit 50. LGEIL – Supplier concentration

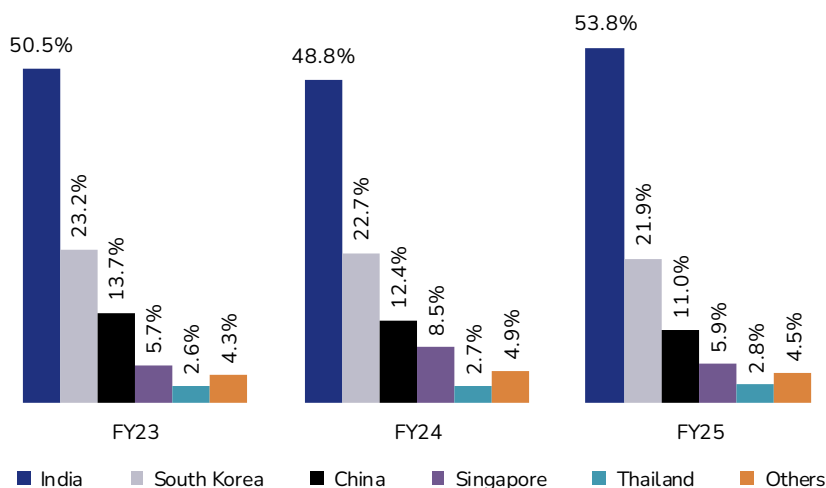
Source: Company, JM Financial

LGEIL's supplier concentration is at manageable levels in our opinion; in FY25, it acquired ~33% of raw material from top ten and ~23% from top five suppliers.

Exhibit 51. LGEIL – Supplier concentration split by geography

Source: Company, JM Financial

LGEIL's supplier mix by geography has seen an increasing share of domestically sourced raw material, which has gone up from 45% in FY22 to 54% in FY25 with a target of inching up to 65% by FY29E/30E.

Exhibit 52. LGEIL – Supplier concentration split by geography

Source: Company, JM Financial

Besides India, key geographies from which LGEIL sources its raw materials are South Korea, China, Singapore and Thailand

Benefits big-time from Korean parent

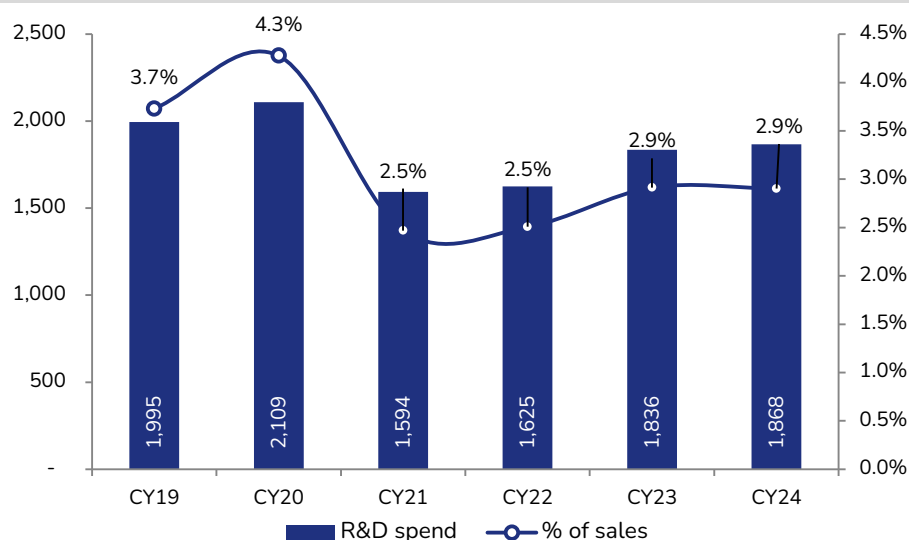
- **Home appliances brand with global reach:** LGEIL's Korean parent, LG Electronics Inc. is a leading single-brand global home appliances player with a global network of over >75,0 employees in 141 locations with headquarters and regional offices across North America, Latin America, Europe, Asia, the Middle East and Africa.
- **Manufacturing presence across continents:** In addition to five AI research labs, it operates 33 production facilities across 14 countries, comprising 19 facilities in Asia (including five facilities in Korea and two in India), seven facilities in North America, three facilities in the Middle East and Africa, three facilities in Europe and Commonwealth of Independent States, and one in South and Central America. The business activities of LG Electronics are organized into five business segments: (1) Home Appliance & Air Solution Segment; (2) Home Entertainment Segment; (3) Vehicle Component Solutions Segment; (4) LG Innotek Segment; (5) Business Solutions Segment
- **Focus on R&D and integration of AI:** LG Electronics Inc. has steadily elevated R&D from a product-support function to a core strategic growth driver over the past few years. Across CY19-24, LG globally has spent ~USD 2bn annually on R&D, averaging 3-4% of consolidated revenue. Between 2018 and 2020, R&D for the Company was largely hardware and feature led, focused on incremental improvements in appliances and TVs. From 2022 onwards, management articulated a sharper AI-centric vision, with multi-year investments in appliance software platforms (ThinQ), proprietary system semiconductors, and energy-efficient technologies. CY2024 reflected a scale-up phase where prior investments began to monetize, particularly in the Home Appliances segment. Management emphasized that AI is now embedded at the architectural level through on-device AI chips (DQ-C), appliance operating systems, and over-the-air upgrades enabling product differentiation, regulatory-driven energy efficiency, and recurring service revenues.

Exhibit 53. LG Electronics Inc. historical financials

(USD mn)	CY19	CY20	CY21	CY22	CY23	CY24
Revenue	53,484	49,294	64,579	64,788	62,992	64,339
YoY (% growth)	-4%	-8%	31%	0%	-3%	2%
Gross Profit	13,164	13,168	16,512	15,707	15,163	15,679
Gross Margin %	24.6%	26.7%	25.6%	24.2%	24.1%	24.4%
EBITDA	4,243	5,560	6,026	5,073	5,262	5,100
EBITDA Margin %	7.9%	11.3%	9.3%	7.8%	8.4%	7.9%
Net Income	344	2,070	2,232	737	668	661
PAT Margin %	0.6%	4.2%	3.5%	1.1%	1.1%	1.0%

Source: Company, JM Financial

Exhibit 54. LG Electronics Inc. historical R&D spends



Source: Company, JM Financial Note: R&D spend came down from CY21 due to LG's exit from mobile segment

Relevance to parent: Potential new products, and LGEIL's superior margin

LGEIL's product portfolio encompasses its parentco's capabilities very well in its B2C products business. This not only comprises most products that LGEL sells globally, but also mirrors technological advancements that LGEL is globally known for. That said, several gaps exist in the B2B portfolio, including the likes of vehicle component solutions, LG Innotek products and other business solutions.

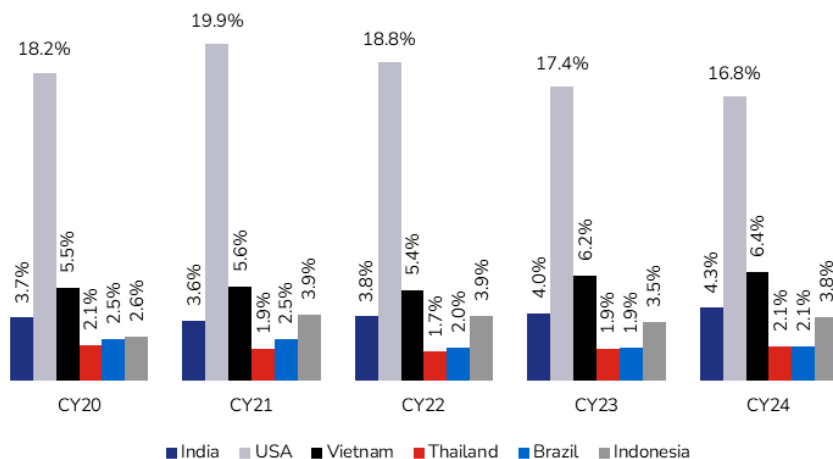
A classic case in point is LG Innotek, through which electronic components are manufactured and sold, which LG manufactures and sells globally, but is not part of LGEIL's portfolio. LG Innotek specialises in high-tech parts for mobile, automotive (especially autonomous driving), displays, semiconductor and IoT sectors, known for innovations such as advanced camera modules, substrates, and smart car components, and aims to be a global leader in materials and components. Its key products include: i) high-performance camera modules (main, zoom, ultra-wide, 3D sensing) for smartphones; ii) core components for next-gen vehicles, including sensing, communication, lighting and autonomous driving systems; iii) High-value substrates for AI and communication, and chip packages; and iv) Displays & IoT products, including OLED masks, Wi-Fi modules, smart home solutions and various other sensors.

This brings us to another point—the possibility of new and relatively more complex product launches across the B2C and, more importantly, the B2B catalogue.

Exhibit 55. Product portfolio comparison between LG Electronics and LG India

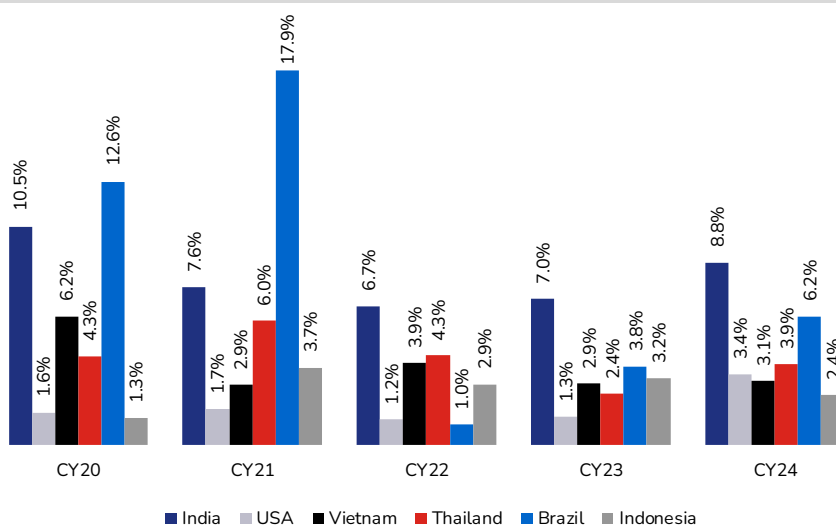
Category	LG Electronics Product Portfolio	LG India
Home Appliances & Air Solutions	Refrigerator	Yes
	Washing Machine	Yes
	Cloth Dryers	Yes
	Style Steam Closets	No
	Microwave Ovens	Yes
	Air Conditioner	Yes
	Air Purifiers	Yes
	Vacuum Cleaner	No
Home Entertainment	Media Display	Yes
	Television	Yes
	Sound bars	Yes
	Wireless Speakers	Yes
Vehicle Component Solutions	In-vehicle infotainment system	No
	Lighting & Headlight system	No
	Driving parts and system for EV	No
LG Innotek	Camera Modules	No
	Semiconductor and Display components	No
	Communication modules	No
	Motor Modules	No
	Display Power modules	No
	Lighting modules	No
Business Solutions (B2B business)	Monitors	Yes
	Computers	Yes
	Information Display	Yes
	Service robots	No
	EV chargers	No

Source: Company, JM Financial

Exhibit 56. Historical contribution of key subsidiaries to global revenue

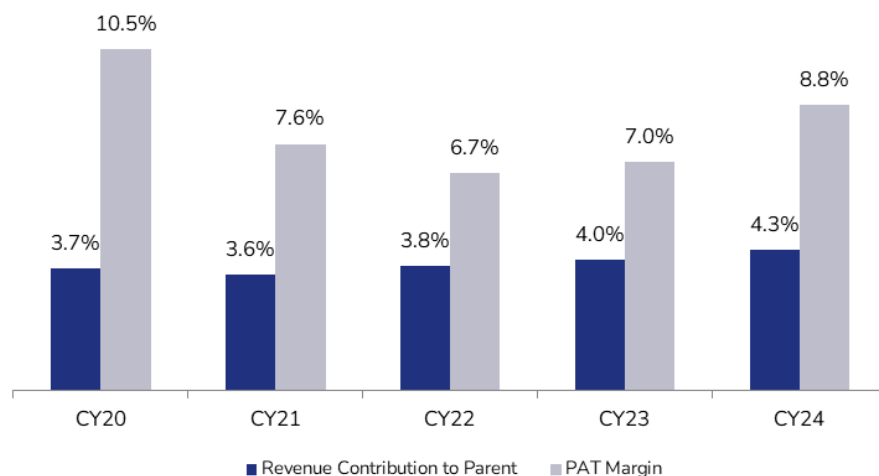
As far as contribution of key subsidiaries to LG's Global revenues is concerned, India's share has inched up from 3.7% in CY20 to 4.3% in CY24; the largest contributor remains the USA, at 16.8%—although down from 18.2% in CY20

Source: Company, Industry, JM Financial

Exhibit 57. Historical PAT margins across key subsidiaries

Comparing PAT margins of LG group's key subsidiaries, we note LGEIL currently generates the highest PAT margin —8.8% in CY24, 260bps higher than Brazil, which is second, and ~540bps higher than USA, which has a much higher contribution to LG's total revenue

Source: Company, Industry, JM Financial

Exhibit 58. LGEIL's contribution increasing to overall LG revenue with superior PAT margin

Source: Company, JM Financial

Exhibit 59. Summarising key subsidiaries' contribution to global revenue and PAT margin

Subsidiary	CY20	CY21	CY22	CY23	CY24
India					
Revenue Contribution to Parent	3.7%	3.6%	3.8%	4.0%	4.3%
PAT Margin	10.5%	7.6%	6.7%	7.0%	8.8%
USA					
Revenue Contribution to Parent	18.2%	19.9%	18.8%	17.4%	16.8%
PAT Margin	1.6%	1.7%	1.2%	1.3%	3.4%
Vietnam					
Revenue Contribution to Parent	5.5%	5.6%	5.4%	6.2%	6.4%
PAT Margin	6.2%	2.9%	3.9%	2.9%	3.1%
Thailand					
Revenue Contribution to Parent	2.1%	1.9%	1.7%	1.9%	2.1%
PAT Margin	4.3%	6.0%	4.3%	2.4%	3.9%
Brazil					
Revenue Contribution to Parent	2.5%	2.5%	2.0%	1.9%	2.1%
PAT Margin	12.6%	17.9%	1.0%	3.8%	6.2%
Indonesia					
Revenue Contribution to Parent	2.6%	3.9%	3.9%	3.5%	3.8%
PAT Margin	1.3%	3.7%	2.9%	3.2%	2.4%

Source: Company, JM Financial

Royalty agreement with LG Electronics (parent)

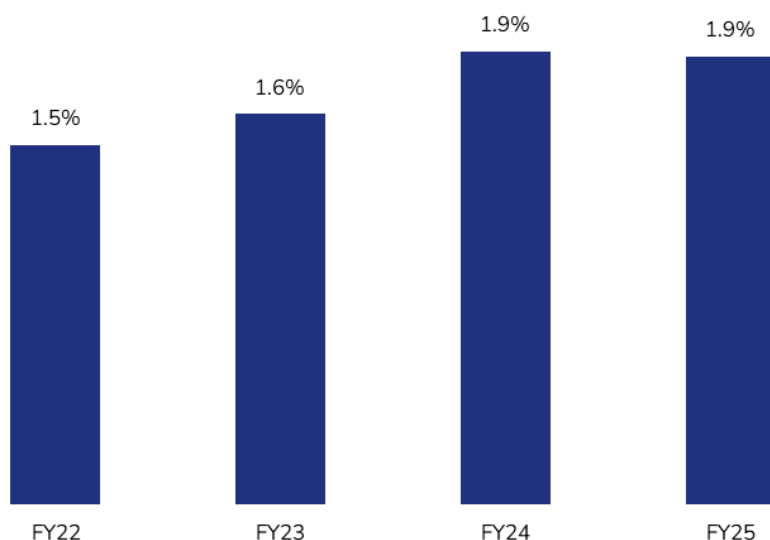
- LGEIL is supported by LG Electronics in various aspects of its business, including product innovation, product design, technologies for manufacturing, brand and related technical knowhow and exports, among others. LGEIL has entered into a license agreement dated July 27, 2017 with LG Electronics for the use of: i) licensed brand; ii) technology claimed in the licensed patents; and iii) licensed technical know-how and other intellectual property rights (IPR) for its products.
- Under the terms of the License Agreement, which has been in effect from January 1, 2023, LGEIL is required to pay a royalty of 2.30% of net sales for authorised products (other than LCD televisions and monitors) and 2.40% of net sales for LCD televisions and monitors.
- Here, net sales refers to sales net of: i) taxes, including excise/GST; ii) trade discounts and all trade schemes; iii) landed cost of imported material sourced from parentco; and iv) sale of imported completely built units (CBUs).
- If LG Electronics terminates the License Agreement and/or Framework Agreement, it would prevent LGEIL from being able to manufacture and sell products under the LG brand name, which in turn could materially impact LGEIL's India business.
- **It is important to note that**, as per the agreement between LGEIL and LG Electronics, the applicable royalty rate for domestically manufactured products can be raised to $\leq 5\%$ without prior approval of shareholders. As quoted in the RHP, "We (here, LGEIL) cannot assure you that LG Electronics will not increase the rate of royalty in the future which may adversely affect our business, financial condition and results of operations. Further, any increase in the royalty fee by our Promoter, in the future, not exceeding 5% of the annual consolidated turnover of domestically manufactured products by our Company or manufactured through other original equipment manufacturers, does not require the prior approval of the Shareholders under the SEBI Listing Regulations. While exercising its rights as our shareholder, LG Electronics may consider the interest of all of its subsidiaries and affiliates, which may not align with the interests of our other shareholders."

Exhibit 60. LGEIL – Royalty amount over years (INR mn)

Particulars	FY22		FY23		FY24		FY25	
	INR mn	% of revenue from Operation	INR mn	% of revenue from Operation	INR mn	% of revenue from Operation	INR mn	% of revenue from Operation
Royalty	2,547.6	1.5%	3,232.4	1.6%	4,032.3	1.9%	4,546.1	1.9%

Source: Company, Industry, JM Financial.

Exhibit 61. Royalty as % of consolidated revenue



Source: Company, JM Financial

Exhibit 62. Royalty rate of net sales by product (w.e.f. Jan'23)

Products	Applicable till 31st Dec' 22	Applicable from 1st Jan' 23
Microwave Ovens	1.9%	2.3%
Air Conditioners	1.9%	2.3%
Commercial Air conditioners	1.9%	2.3%
Refrigerators	1.9%	2.3%
Washing Machine	1.9%	2.3%
Liquid Crystal Displays	2.0%	2.4%
Compressors	NA	2.3%
Water Purifier	NA	2.3%
Monitors	NA	2.4%
Other Products	NA	2.3%

Source: Company, JM Financial

Note: Net sales = Net sales of authorized products – Taxes excluding Excise Duty/GST – total trade schemes – landed cost of imported components sources from licensor – sale of imported completely built unit

Related-party transactions (RPTs)

Exhibit 63. LGEIL – RPTs with holding companies and subsidiaries (FY23–25)

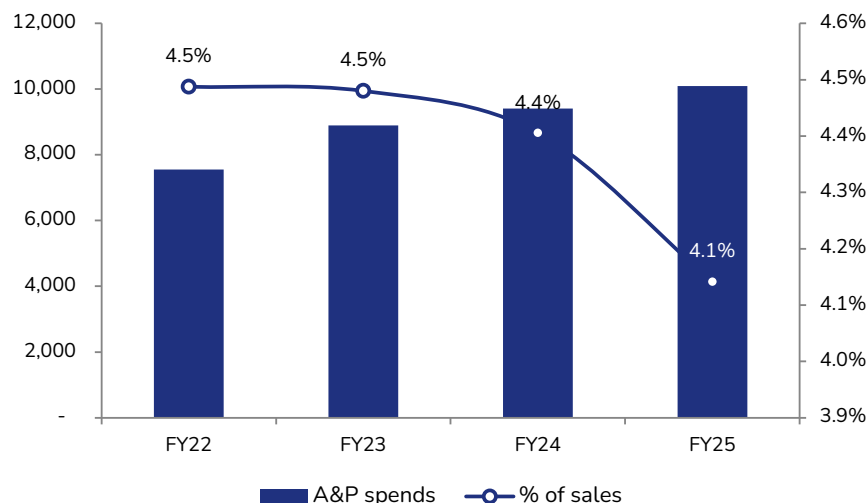
Particulars	Amounts (INR mn)			As a % of revenue		
	FY23	FY24	FY25	FY23	FY24	FY25
LG Electronics India Revenue (INR mn)	1,98,646	2,13,520	2,43,666	1,98,646	2,13,520	2,43,666
Sales of manufactured goods and stock in trade						
Holding company	363	1,566	6,731	0.2%	0.7%	2.8%
PT. LG Electronics Indonesia	841	1,518	2,209	0.4%	0.7%	0.9%
LG Electronics Africa Logistics FZE	2,131	1,487	717	1.1%	0.7%	0.3%
LG Electronics Gulf FZE	2,544	1,219	-	1.3%	0.6%	0.0%
LG Electronics Morocco S.A.R.L.	460	649	302	0.2%	0.3%	0.1%
LG Electronics (Levant) Jordan	290	314	3	0.1%	0.1%	0.0%
LG Electronics Singapore Pte Ltd	15	12	4	0.0%	0.0%	0.0%
Purchase of manufactured goods and stock in trade						
Holding company	20,554	22,663	25,965	10.3%	10.6%	10.7%
LG Display Co. Ltd.	4,210	2,687	3,237	2.1%	1.3%	1.3%
Nanjing LG Panda Appliances Co., Ltd.	3,297	2,204	2,442	1.7%	1.0%	1.0%
LG Electronics Tianjin Appliances Co. Ltd.	4,181	2,107	2,312	2.1%	1.0%	0.9%
Taizhou LG Electronics Refrigeration Co. Ltd.	3,321	370	-	1.7%	0.2%	0.0%
LG Electronics Thailand Co., Ltd.	848	-	-	0.4%	0.0%	0.0%
Royalty						
Holding company	3,232	4,032	4,546	1.6%	1.9%	1.9%
Trade receivables						
Holding company	275	276	1,626	0.1%	0.1%	0.7%
LG Electronics Africa Logistics FZE	611	389	-	0.3%	0.2%	0.0%
LG Electronics Gulf FZE	1,185	379	-	0.6%	0.2%	0.0%
LG Electronics Morocco S.A.R.L.	249	288	27	0.1%	0.1%	0.0%
PT. LG Electronics Indonesia	145	230	148	0.1%	0.1%	0.1%
LG Electronics (Levant) Jordan	54	83	-	0.0%	0.0%	0.0%
Trade payables						
Holding company	4,034	3,445	3,952	2.0%	1.6%	1.6%
LG Display Co. Ltd	576	262	258	0.3%	0.1%	0.1%
Nanjing LG Panda Appliances Co., Ltd.	638	377	304	0.3%	0.2%	0.1%
LG Electronics Thailand Co. Ltd	753	260	374	0.4%	0.1%	0.2%
Taizhou LG Electronics Refrigeration Co. Ltd.	195	142	211	0.1%	0.1%	0.1%
LG Electronics Tianjin Appliances Co. Ltd.	489	137	454	0.2%	0.1%	0.2%

Source: Company, JM Financial

Notes: (1) Sales/ purchases of manufactured goods and stock-in-trade clubbed; (2) >0.5% of FY25 revenue highlighted in bold

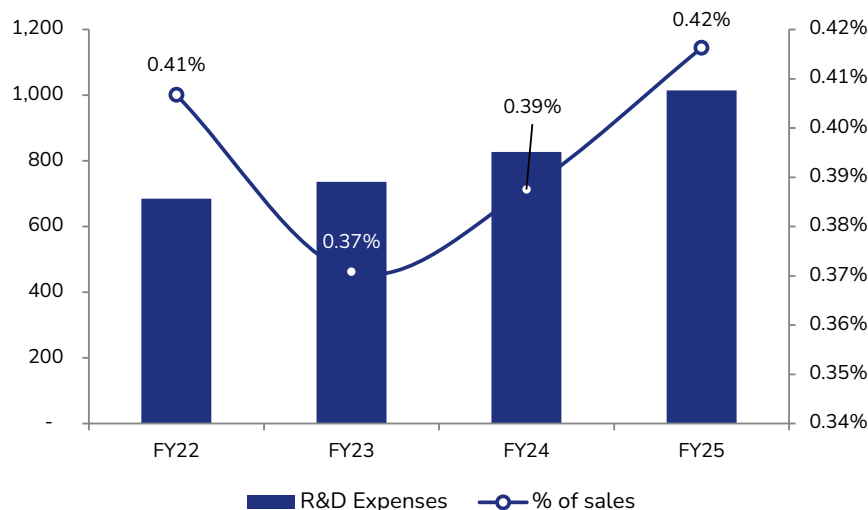
Decoding key expenses incurred by LGEIL

Exhibit 64. A&P spends – Historical trend and as % of revenue



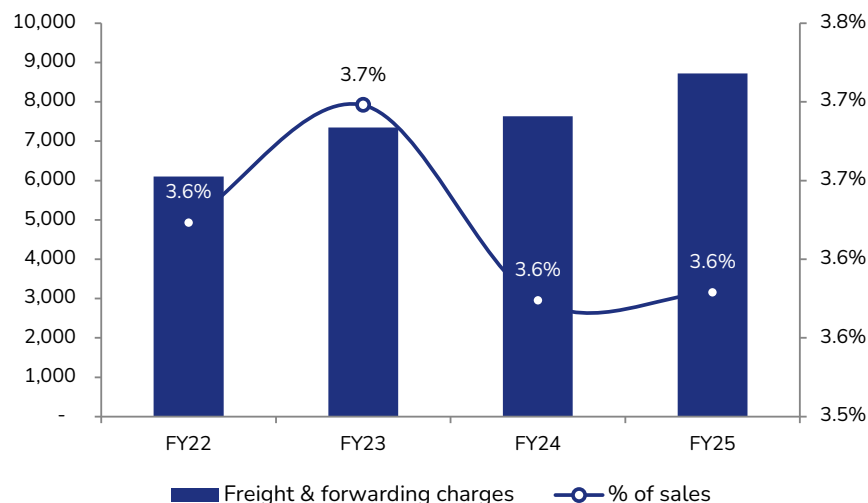
Source: Company, JM Financial

Exhibit 65. R&D spends – Historical trend and as % of revenue



Source: Company, JM Financial

Exhibit 66. Freight & forwarding charges – Historical trend and as % of revenue



Source: Company, JM Financial

LGEIL has spent 4–5% on advertisement and sales promotion expenses across FY22–25.

LGEIL invests in targeted campaigns to strengthen its brand in India; its strategy includes a diversified blend of media, in-store experiences and on-ground activations that appeal to local consumers

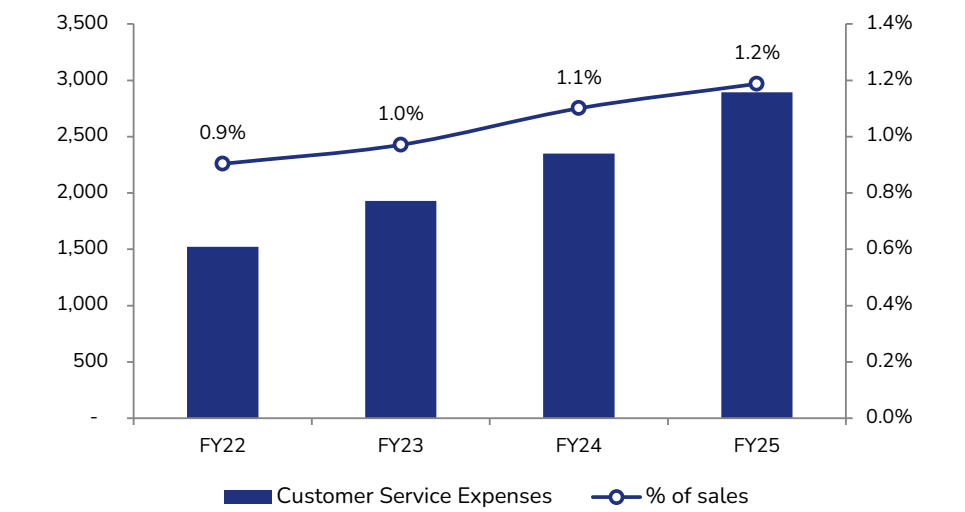
The company seeks to roll out campaigns coinciding with important Indian festivals

Spends on R&D have hovered around 0.4% for LGEIL, across FY22–25 and considering LGEIL's portfolio includes several products in the premium category, R&D spends are crucial

For now though given its R&D spend levels, LGEIL remains heavily dependent on its parent for technology

Freight & forwarding is a key expense for LGEIL, hovering ~4% across FY22–25

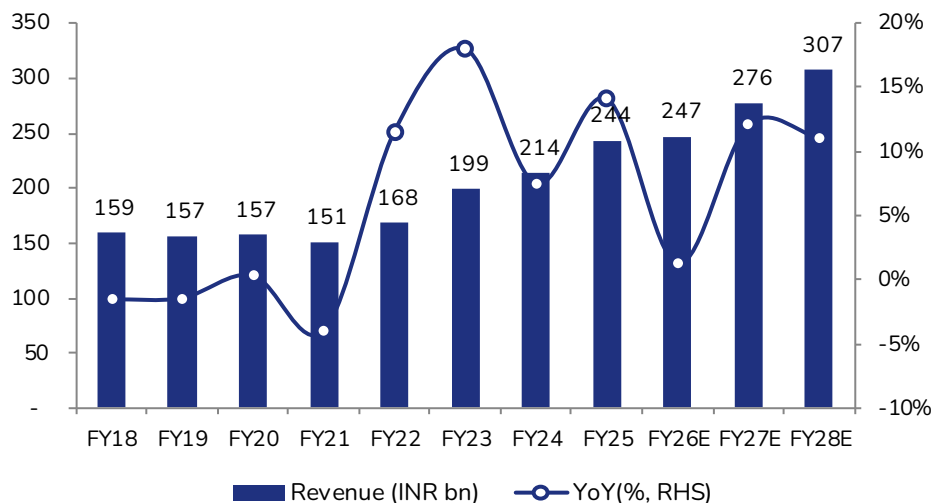
Exhibit 67. Customer service expenses – Historical trend and as % of revenue



Source: Company, JM Financial

Financial Analysis

Exhibit 68. LGEIL - Revenue trajectory

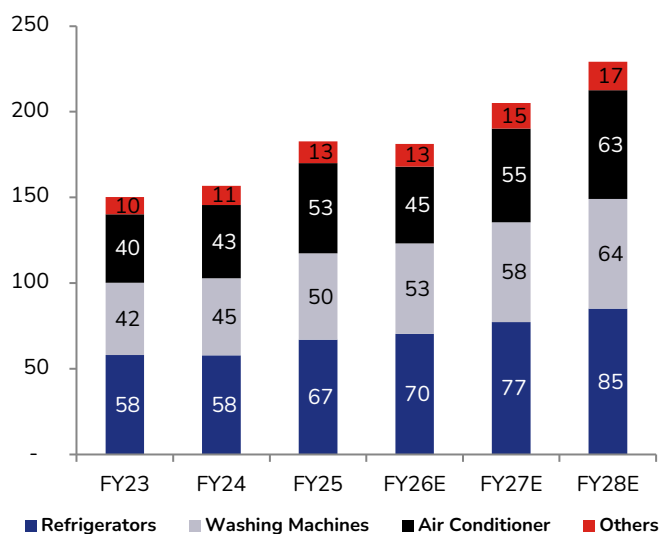


LGEIL clocked a revenue CAGR of 6% over FY18–25E; over FY25–28E, we reckon it would compound at 8% driven by increasing premiumisation trends, upcoming capacities and growth in the faster-growing verticals—B2B, exports and services

Source: Company, JM Financial

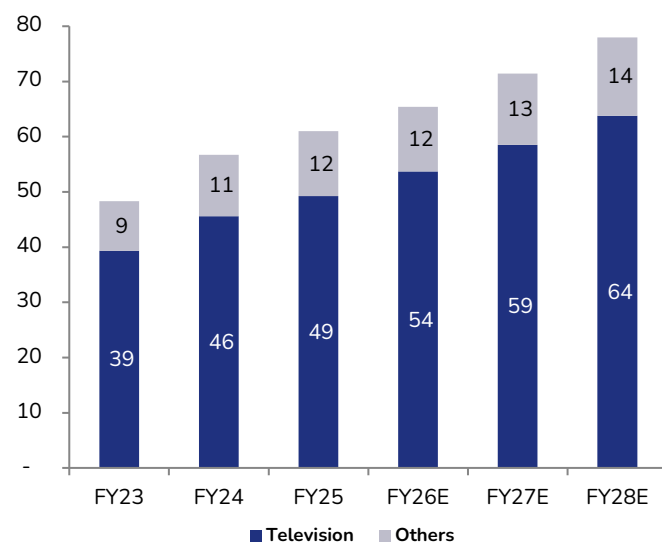
LGEIL's product segments are classified into: i) Home Appliances & Air Solutions—refrigerators, washing machines, ACs, water/air purifiers, kitchen appliances, and compressors & motors; and ii) Home Entertainment—televisions, IT hardware (laptops and monitors) and sound systems (speakers, sound bars, etc).

Exhibit 69. Home Appliances & Air Solutions revenue split (INR bn)



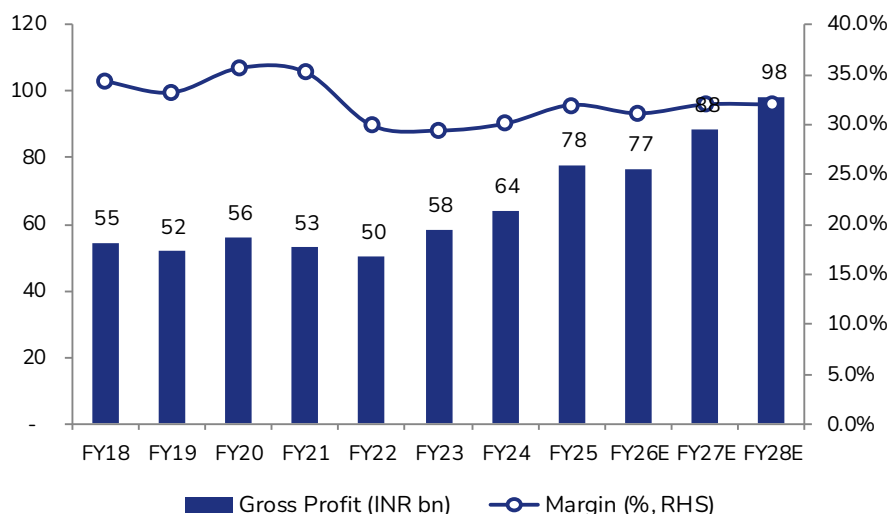
Source: Company, JM Financial

Exhibit 70. Home Entertainment revenue split (in INR bn)



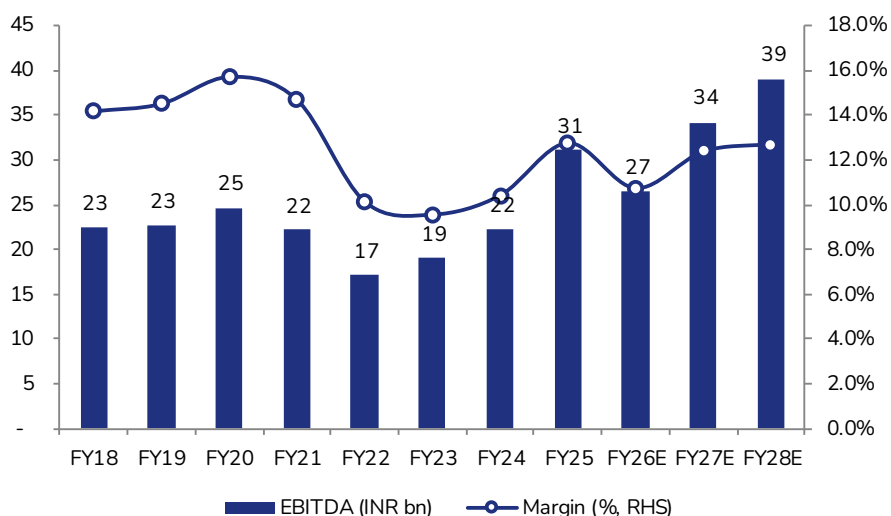
Source: Company, JM Financial

Exhibit 71. LGEIL - Gross profit and gross margin (INR bn)



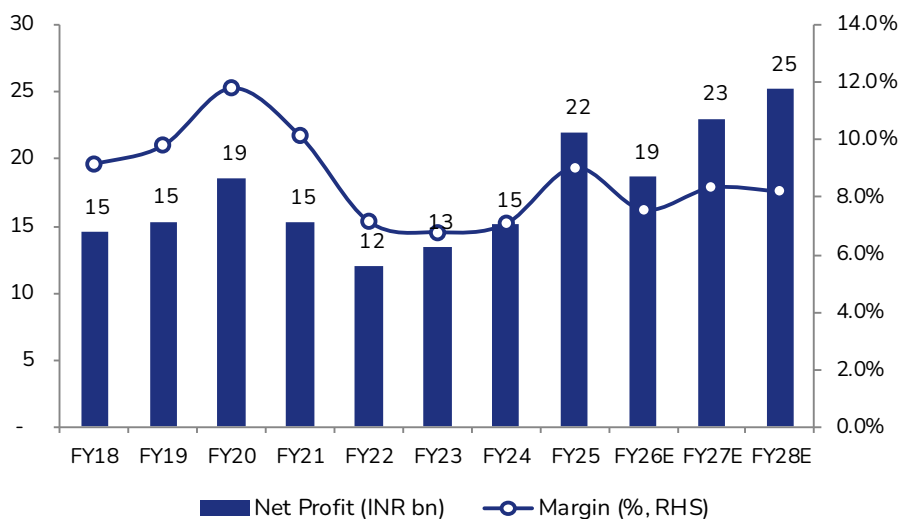
Source: Company, JM Financial

Exhibit 72. LGEIL - EBITDA (INR bn)



Source: Company, JM Financial

Exhibit 73. LGEIL - Net profit (INR bn)



Source: Company, JM Financial

We expect LGEIL's gross margin to rebound to FY25 levels from FY27E, and believe that would sustain thereof, assuming absence of any unprecedented cost pressures, which LGEIL may not be able to pass through given intense competition

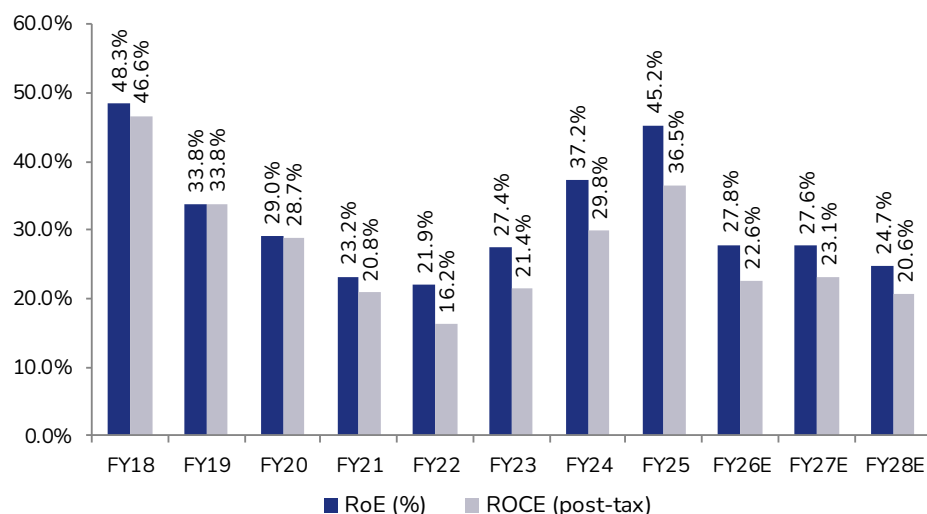
FY26E numbers could come under pressure though due to elevated input costs and delayed price hikes

We expect LGEIL's EBITDA margin to remain flat over FY25, albeit improve over the dip anticipated in FY26E; we believe increased competition and reasonable growth could keep operating leverage benefits limited, and hence, organic margin could inherently trend lower

That said, benefits emanating from increasing localisation and faster growth in higher-margin businesses could drive the improvement

We reckon LGEIL would post an EPS CAGR of ~5% over FY25–28E (16% over FY26–28E following the expected dip in FY26E); this, beyond the operating performance, is likely to be supported by consistently growing other income

Exhibit 74. LGEIL - RoE and RoCE profiles

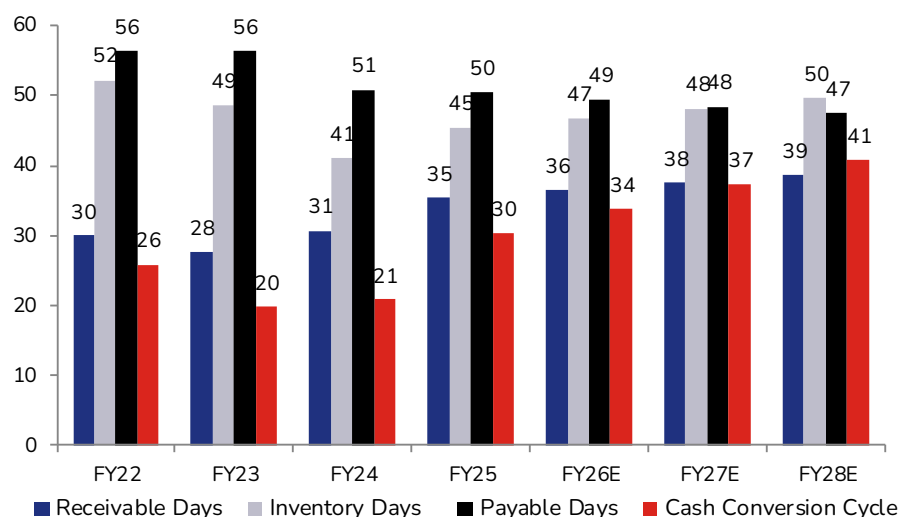


Source: Company, JM Financial

LGEIL has delivered average RoE of 33% over FY18–25, and we estimate RoE would average 31% over FY25–28E.

Similarly, LGEIL has delivered an average RoCE (post-tax) of 29% over FY18–25, and we estimate average RoCE of 26% over FY25–28E.

Exhibit 75. LGEIL – Cash conversion cycle

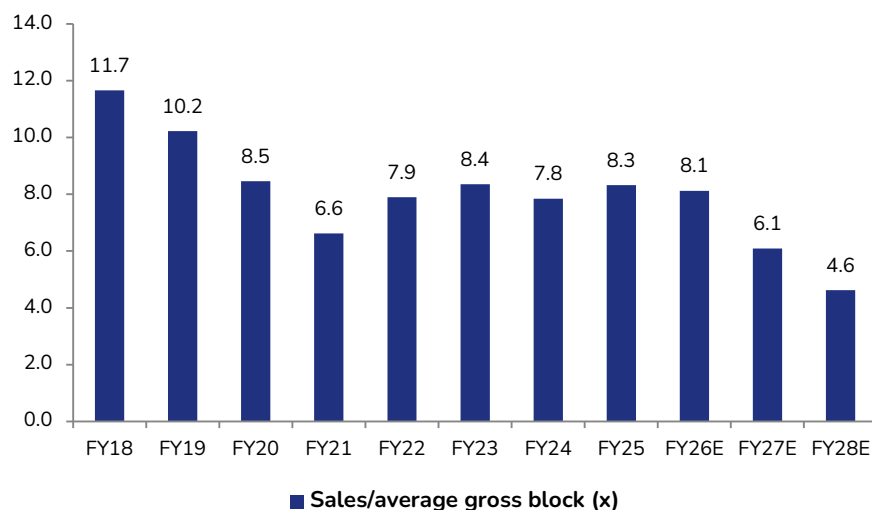


Source: Company, JM Financial

LGEIL's average cash conversion cycle hovered around 46 days for the period FY18–25; this includes FY18–21, wherein average was higher at 69 days

Over FY25–28E, we reckon it would hover around 36 days., higher than 30 days (at end-Mar'25) as we factor in some deterioration on a conservative basis owing to increasing competition

Exhibit 76. LGEIL – Sales/average gross block (x)

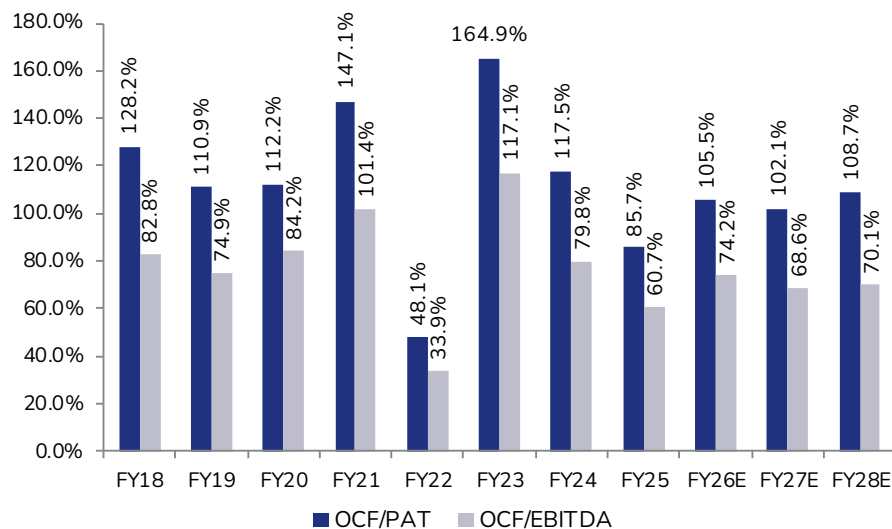


Source: Company, JM Financial

Robust cash conversion track record

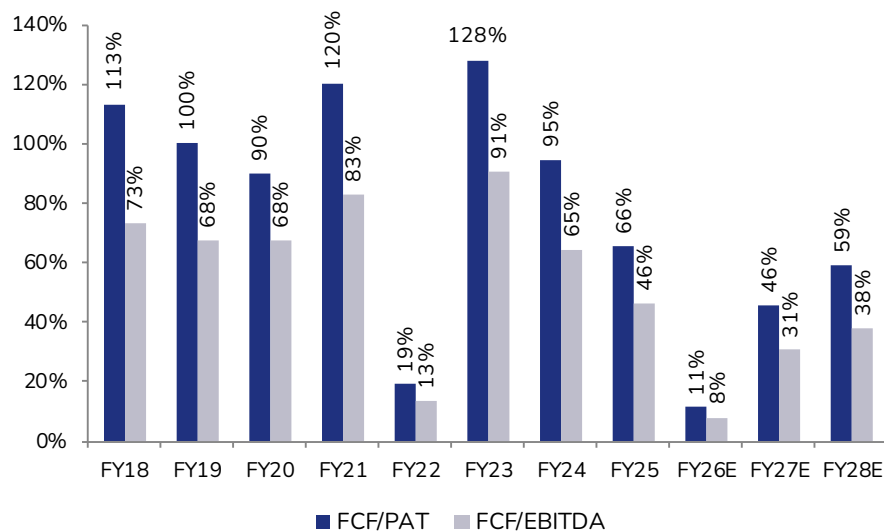
- Superior margins and RoCE profiles underpin LGEIL's consistent OCF and FCF generation. Over FY18–25, its PAT and EBITDA translation to OCF averaged 114% and 79%, respectively; we reckon that would sustain over FY25–28E, averaging 101% and 69%, respectively.
- Furthermore, the company has demonstrated a reasonably consistent FCF generation, Over FY18–25, LGEIL's PAT and EBITDA translation to FCF averaged 92% and 63%, respectively, which we expect to sustain over FY25–28E, averaging 46% and 31%, respectively. FCF generation estimates are trending down owing to the INR 50bn capex that LGEIL has embarked on to augment its manufacturing capacities at its new Sri City facility.

Exhibit 77. LGEIL - OCF/PAT and OCF/EBITDA



Source: Company, JM Financial

Exhibit 78. LGEIL - FCF/PAT and FCF/EBITDA

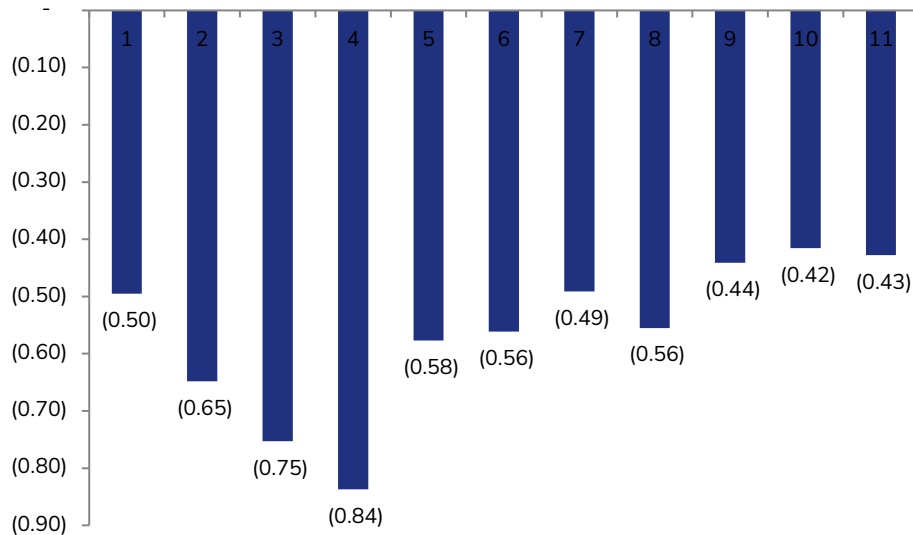


Source: Company, JM Financial

Cash heavy balance sheet

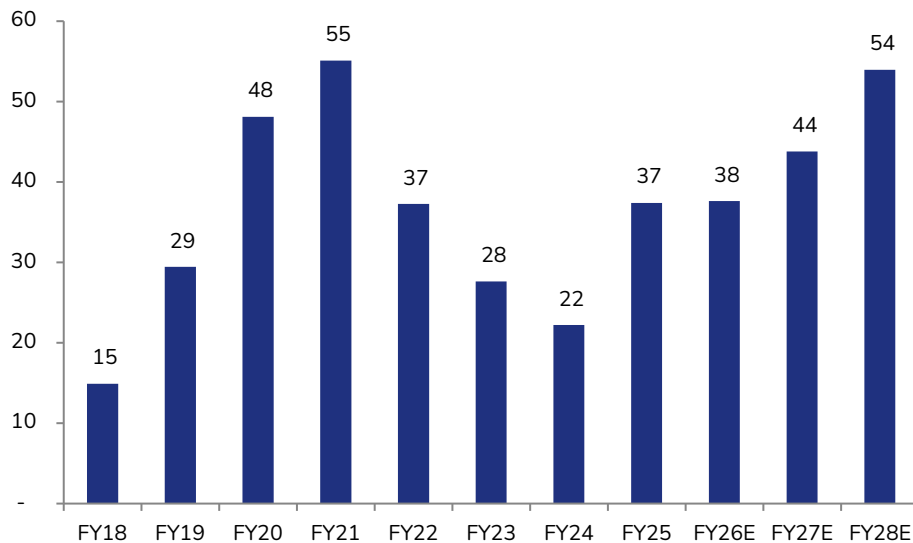
- LGEIL's superior margins and RoCE profile underpin its consistent OCF and FCF. Accordingly, LGEIL is likely to continue to have a net cash balance sheet. The company has no debt—neither short term nor long term, with the only portion being classified as debt being lease liabilities (only an accounting adjustment mandated by IND AS 116).
- As of FY25, LGEIL held ~INR 37bn in cash on books, and is expected to generate INR 70bn OCF and INR 17bn FCF through FY26–28E, after factoring in its Sri City capex of ~INR 50bn and some weakness in working capital (given high competition and our conservative approach).

Exhibit 79. LGEIL – Net debt (cash)/equity levels



Source: Company, JM Financial

Exhibit 80. LGEIL – Cash and bank balances (INR bn)



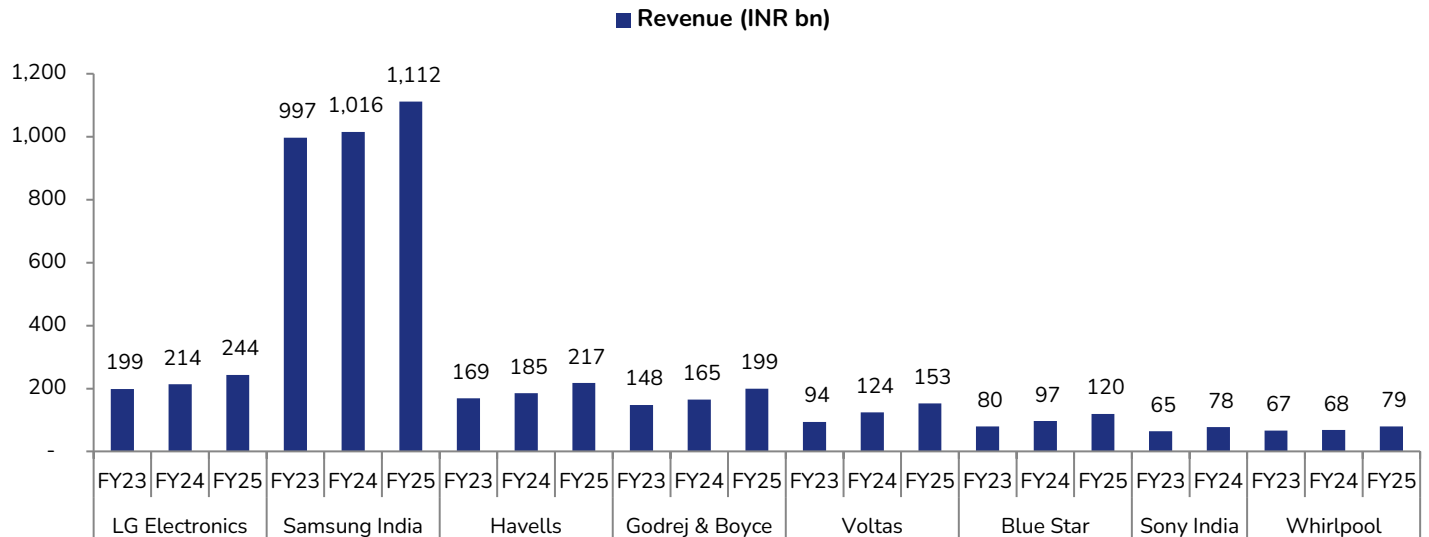
Source: Company, JM Financial

Comparisons with key Indian peers

Revenue comparisons amongst key peers

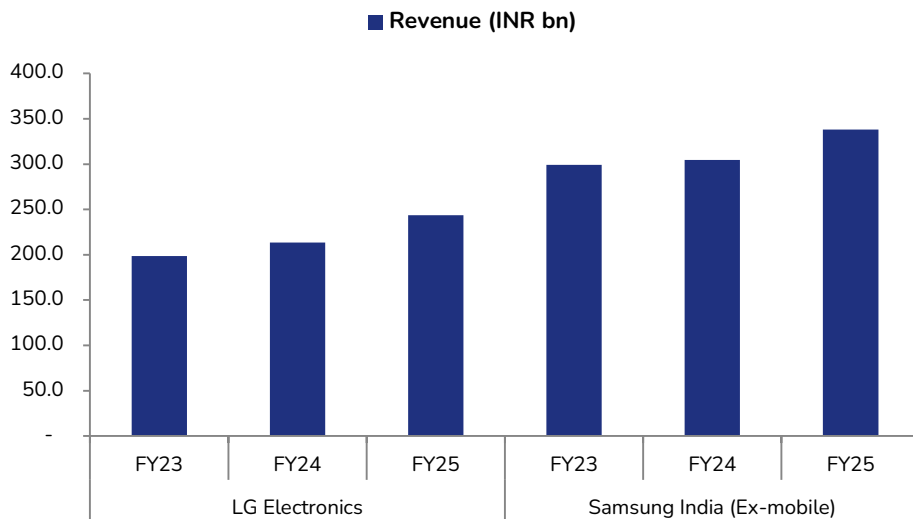
- Here, we compare LGEIL with key Indian home appliances/consumer electronics companies such as Samsung India, Havells, Sony India, Voltas, Blue Star and Havells.
- In this set, Samsung India is the largest, followed by LGEIL. However, ~70% of Samsung India's revenue is derived from mobile phones, a product category where LGEIL is not present.

Exhibit 81. 3-year revenue comparison of major consumer electronics companies in India



Source: Company, JM Financial

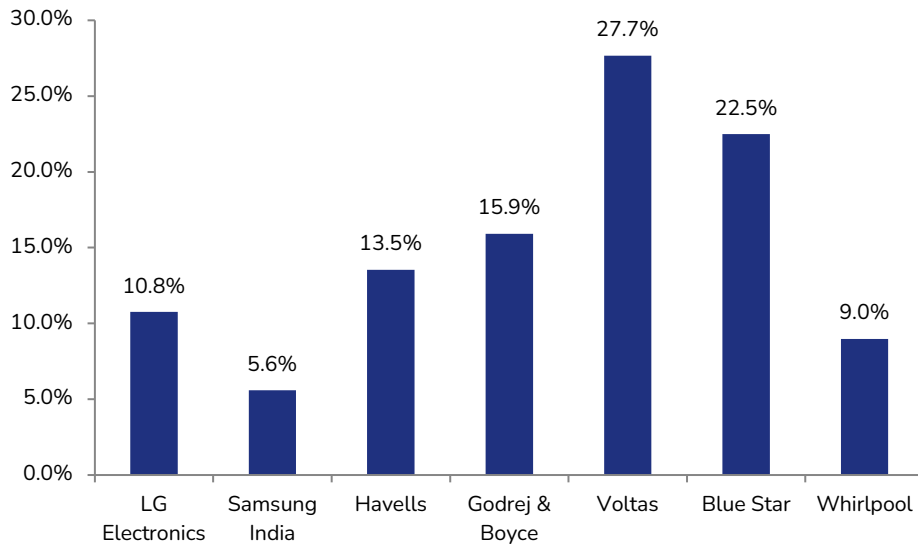
Exhibit 82. 3-year revenue comparison of LG electronics and Samsung India (ex-mobiles)



Source: Company, JM Financial

Note: 70% of the Samsung India revenue comes from mobile segment

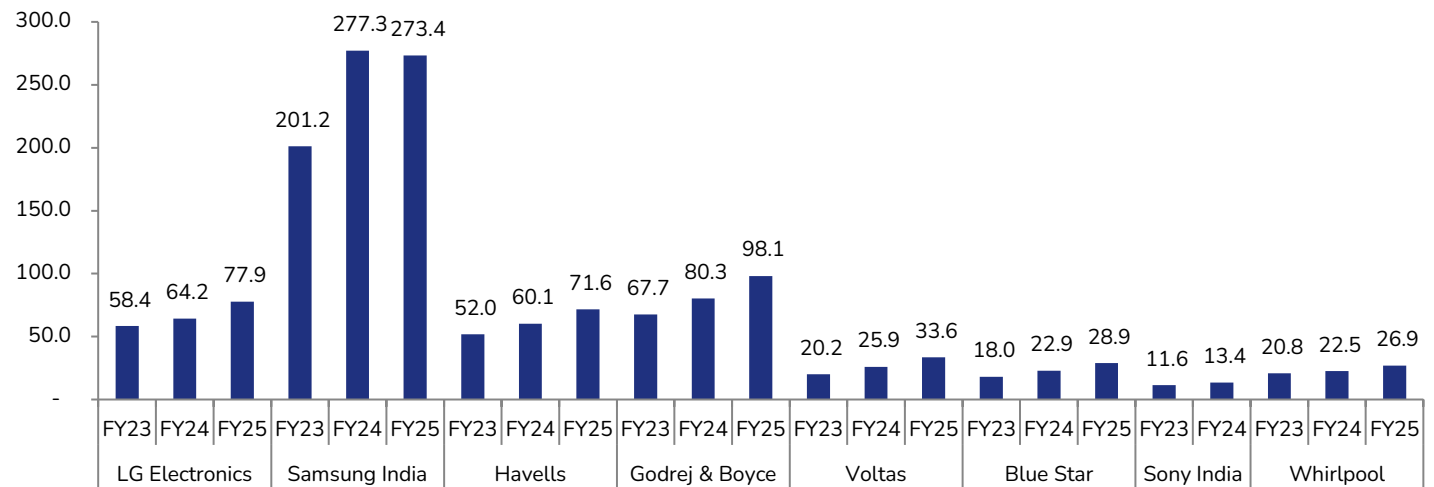
Basis our back-of-the-envelope calculations, adjusting for mobiles, Samsung remains the largest consumer electronics company in India, but the gap between Samsung and LGEIL is relatively narrow.

Exhibit 83. Comparing FY23-25 revenue CAGR amongst key peers

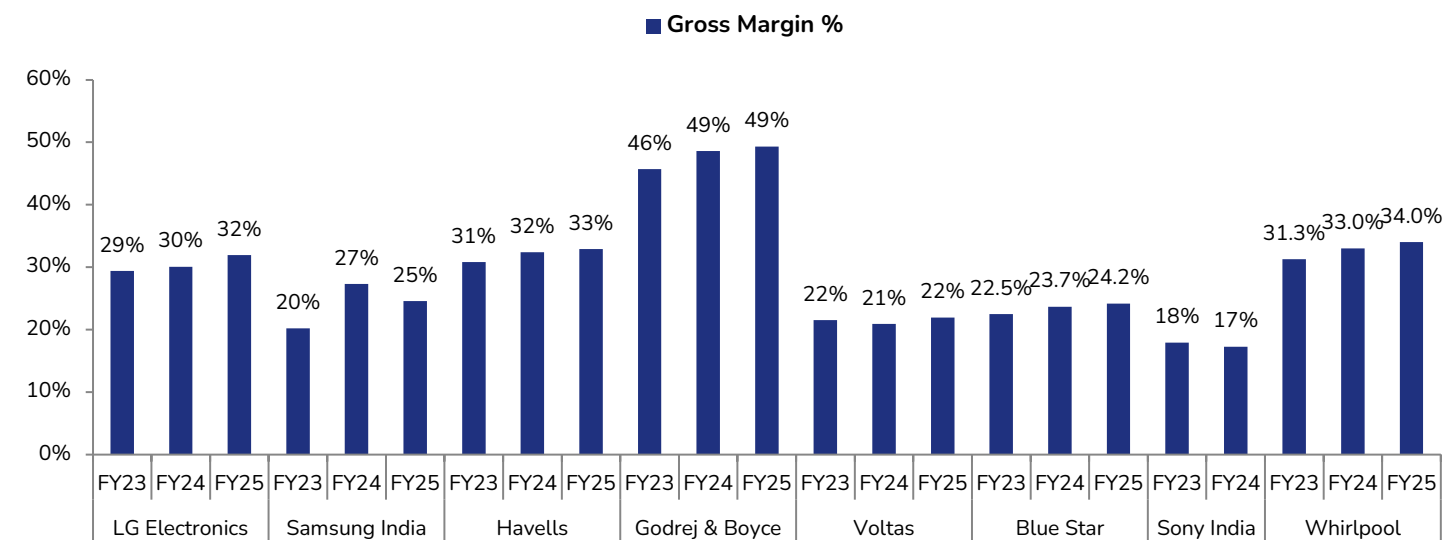
Source: Company, JM Financial

Gross margin and EBITDA margin comparisons among key peers

- Major consumer electronics companies with diverse product portfolios like LGEIL, Havells and Whirlpool have gross margins of 32-34%, while players such as Samsung (mobile), Voltas (AC), Blue Star (AC), and Sony India (TV) with a concentrated product portfolio have slightly lower gross margins (17-25%).
- ACs and mobile phones are highly competitive and price-sensitive markets, which, we believe, drives the relatively lower gross margin profile of players in these segments.

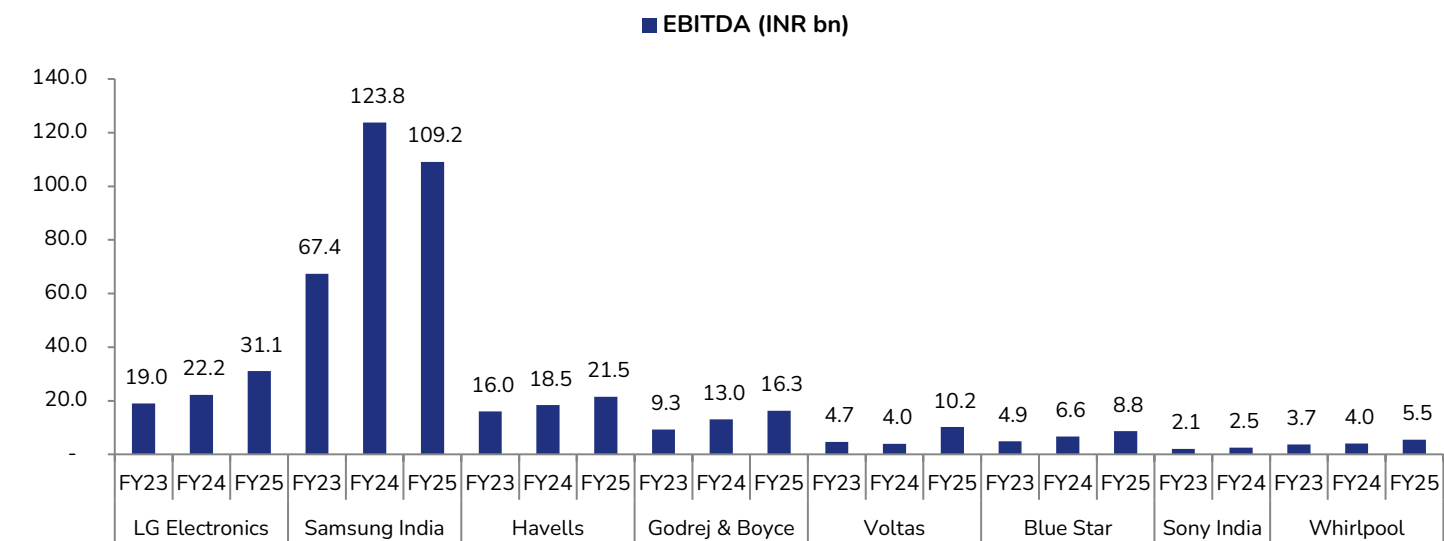
Exhibit 84. 3-year gross profit comparison of major electronics companies in India**■ Gross Profit (INR bn)**

Source: Company, JM Financial

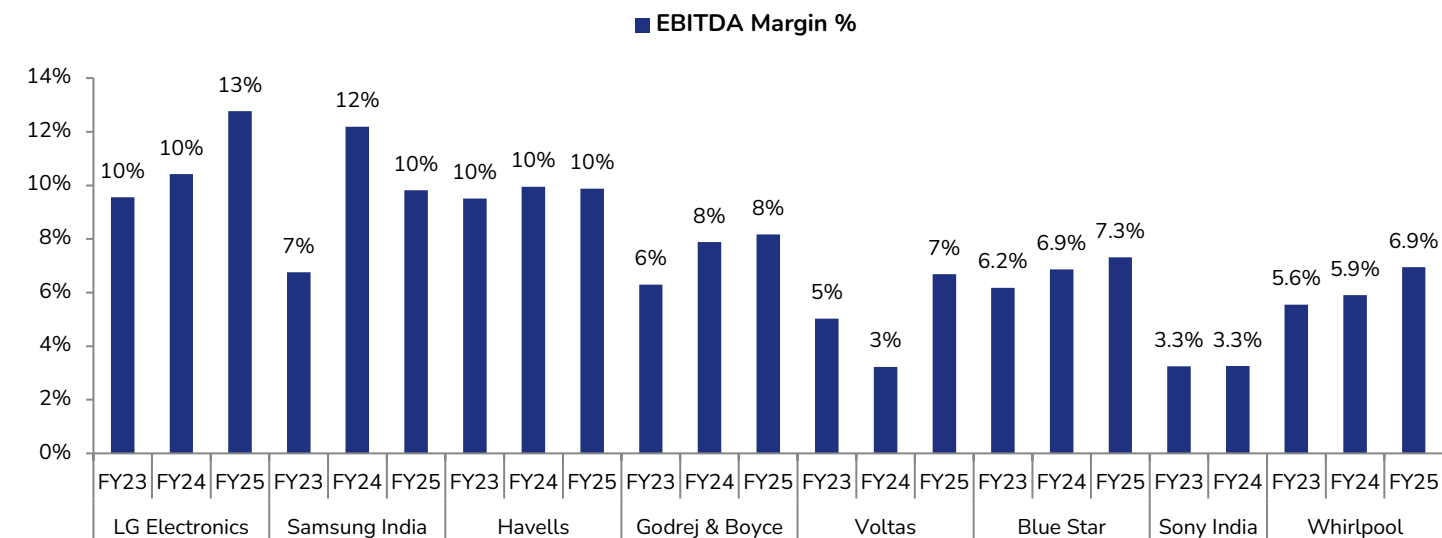
Exhibit 85. 3-year gross margin comparison of major electronics companies in India

Source: Company, JM Financial

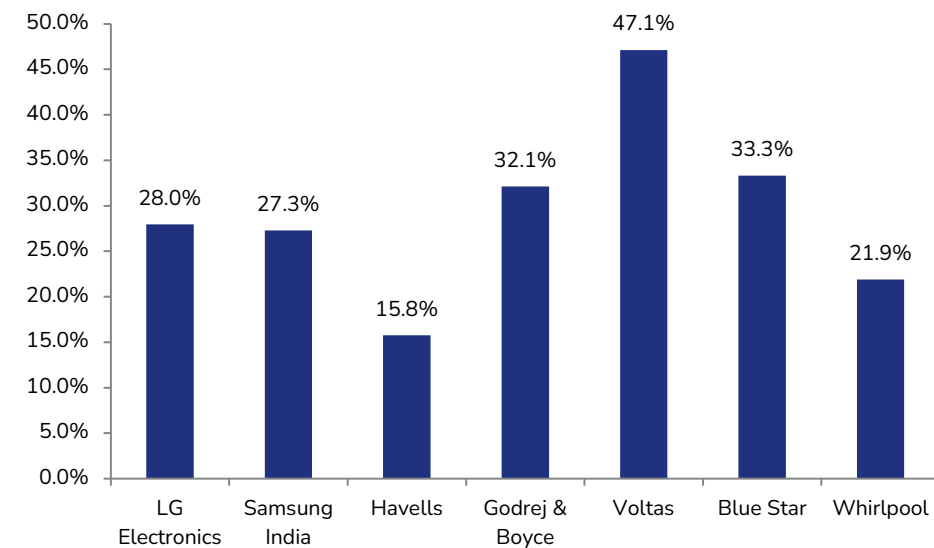
- LGEIL has the highest EBITDA margin in the set at ~13% in FY25, followed by Samsung India at ~10%, and Blue Star at ~8%. Interestingly, barring Havells, EBITDA margin of all others expanded over FY23.
- Over FY23-25, all companies within the peer set posted a strong EBITDA CAGR, supported by margin expansion.

Exhibit 86. 3-year EBITDA comparison of major electronics companies in India

Source: Company, JM Financial

Exhibit 87. Three-year EBITDA margin comparison of major electronics companies in India

Source: Company, JM Financial

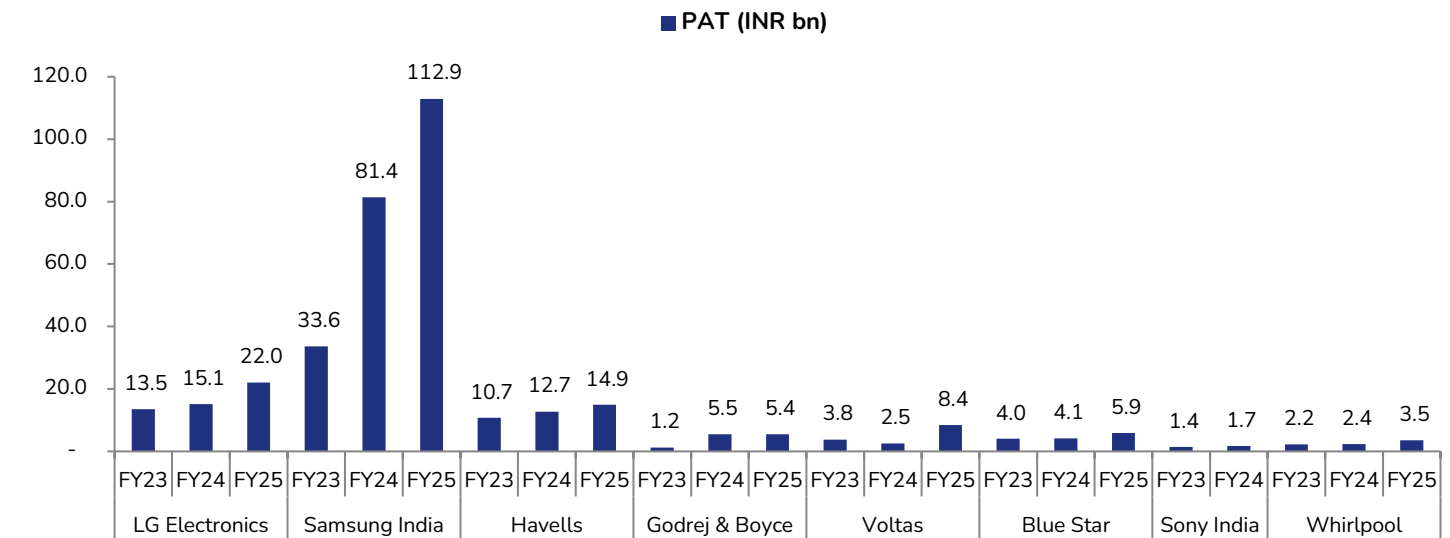
Exhibit 88. FY23–25 EBITDA CAGR — A comparative snapshot

Source: Company, JM Financial

PAT and PAT margin comparison among key peers

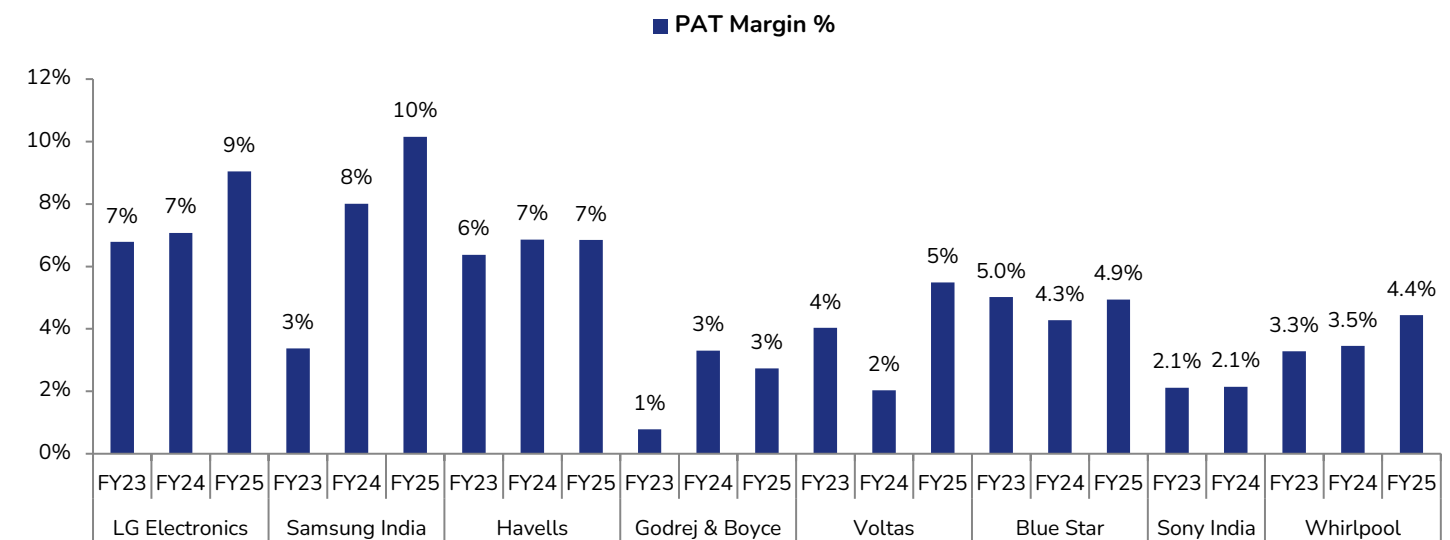
Among key peers, Godrej and Samsung recorded the highest PAT CAGR over FY23-25. For Samsung, this was driven by exceptional growth in FY24, while for Godrej it was led by a favourable base. LGEIL's PAT CAGR of 28% over FY23-25 has been the result of strong operating performance and expansion in EBITDA margin from 9.6% to 12.8%.

Exhibit 89. Three-year PAT comparison of major electronics companies in India

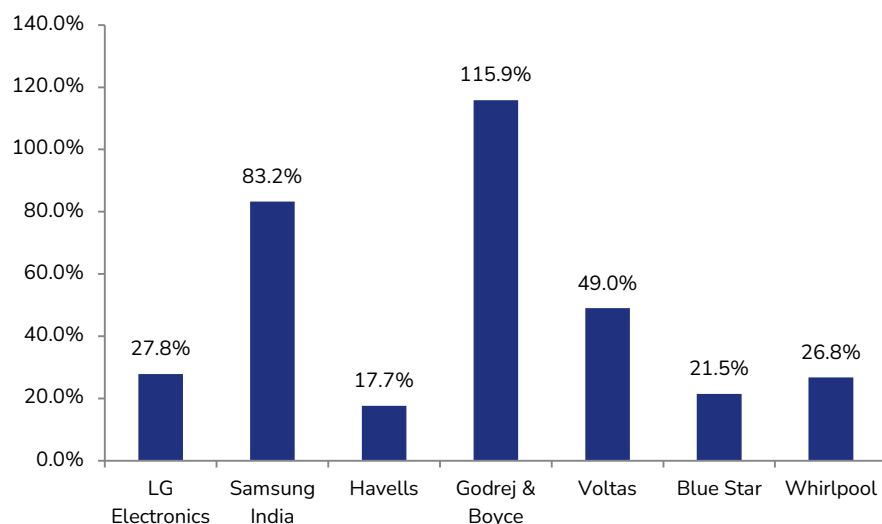


Source: Company, JM Financial

Exhibit 90. Three-year PAT margin comparison of major electronics companies in India



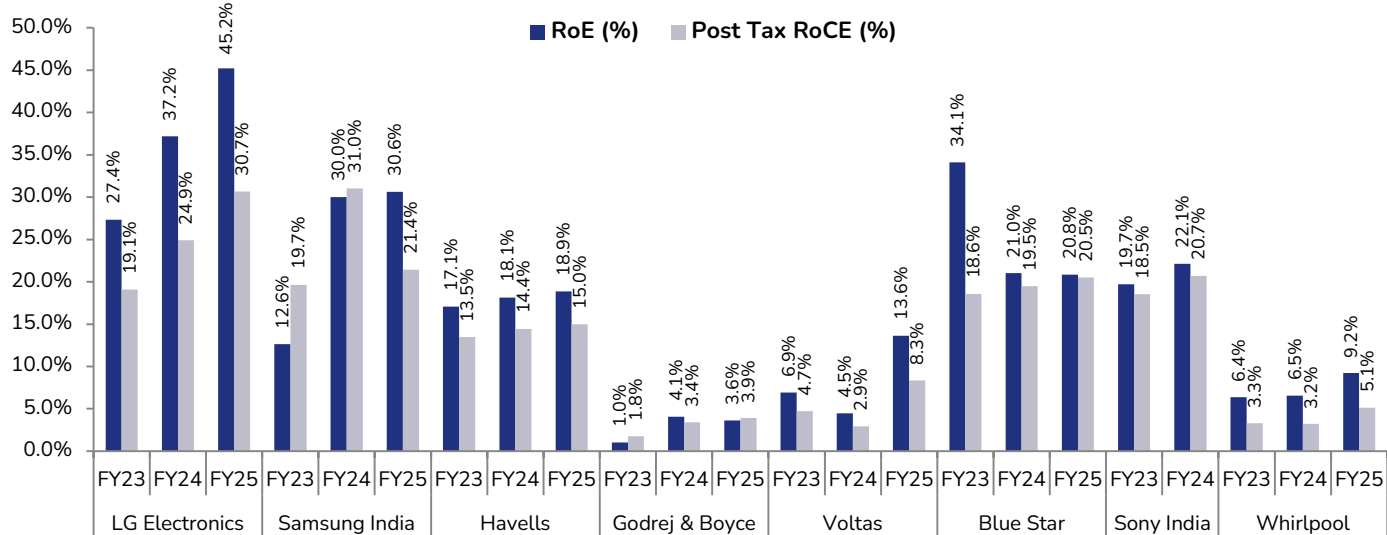
Source: Company, JM Financial

Exhibit 91. FY23–25 PAT CAGR – A comparative snapshot

Source: Company, JM Financial

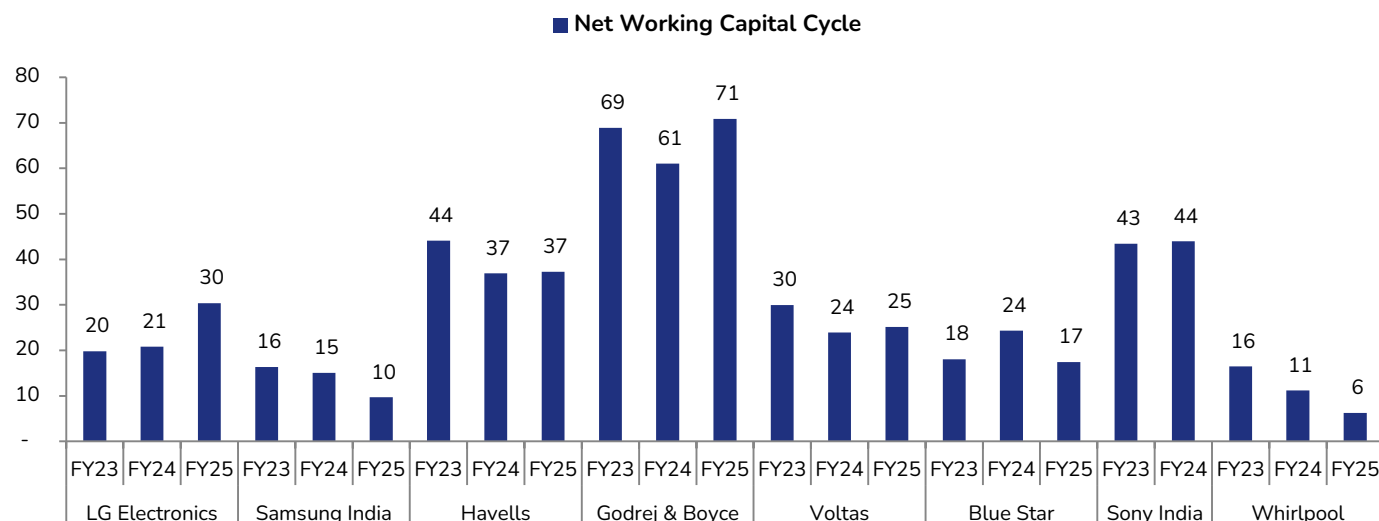
Return ratios and working capital

- LGEI's return ratios are superior vis-à-vis peers, which we think is commendable, given its focus on manufacturing ~95% of its sales in-house, driven by superior margins and efficient working capital management. That said, as LGEIL has embarked on a large capex of ~INR 50bn, some intermittent damage to RoCEs will be inevitable.
- For brands such as Godrej, which are not yet considered among the industry leaders, return ratios continue to trend lower due to a weak margin profile and an elevated working capital cycle. Although Voltas is an industry leader, its weakness stems from weaker and volatile margins, as ~75% of its revenue is derived from the ultra-competitive RAC segment; incrementally, in its non-products business also, its margin profile continues to weaken, especially compared with peer Blue Star.

Exhibit 92. Returns ratios comparison of major electronics companies in India

Source: Company, JM Financial

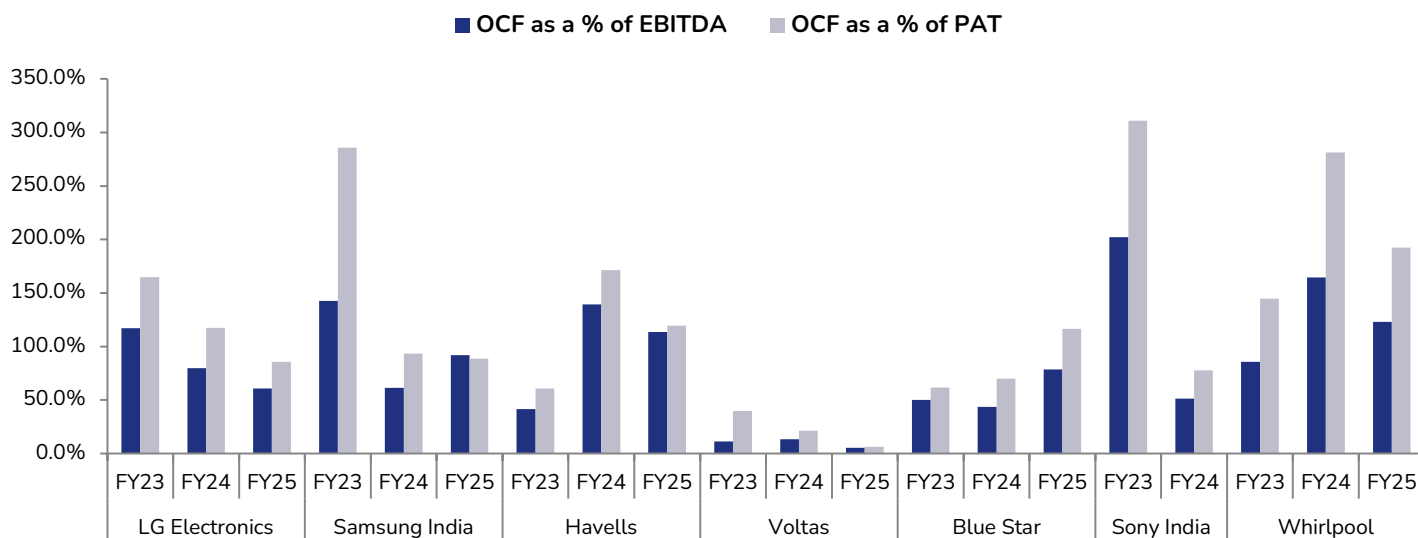
- Indian consumer electronics companies enjoy a lower working capital cycle of 10 to 30 days, with Samsung's working capital cycle the lowest among peers. Sony is an exception with relatively higher inventory levels, especially given it does not find itself classified under the tail brand category.
- Godrej's higher working capital deployment is fairly understandable, given it is currently in 'market share gain' phase and may need to offer attractive schemes to its channel partners.

Exhibit 93. Working capital cycle comparison of major electronics companies in India

Source: Company, JM Financial

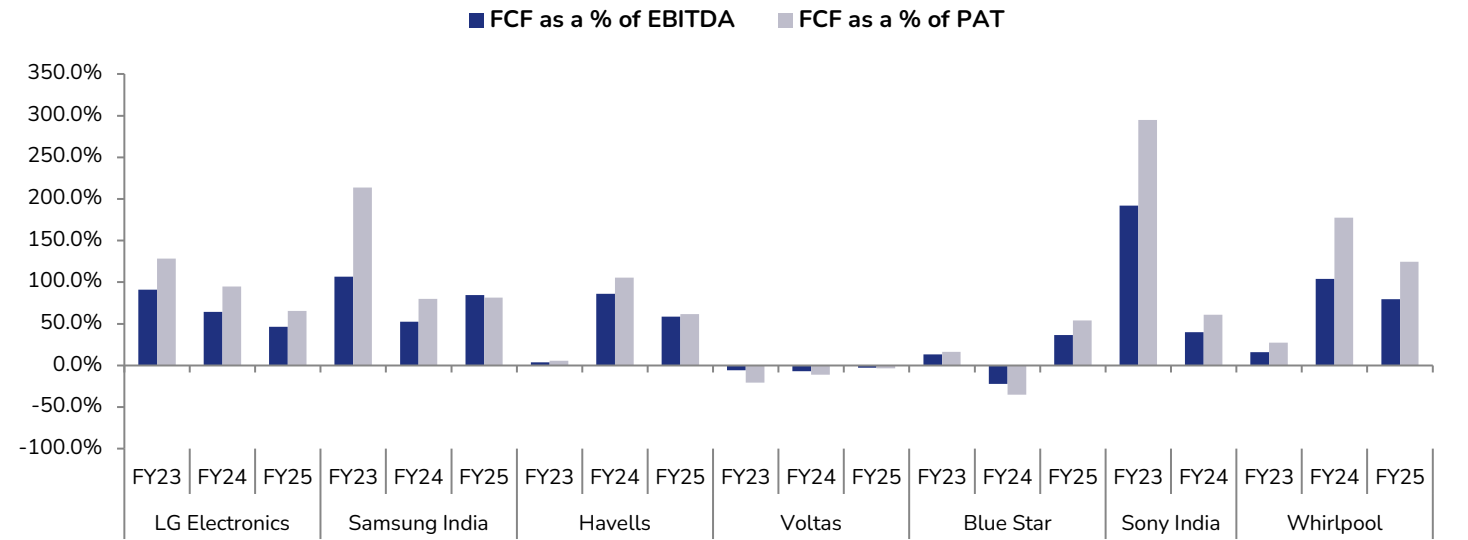
Healthy track record of cash generation across the board

- All leading brands across the peer set have generated OCF consistently. Translation of PAT into FCF though continued has been volatile due to periodic investments in augmenting manufacturing capacities.
- LGEIL is a classic case in point. Its superior margins and RoCE profile have ensured consistent OCF and FCF generation. Over FY18–25, LGEIL's average PAT and EBITDA translation to OCF averaged 114% and 79%, respectively, which we expect to sustain; for FY25–28E, reckon it would average 101% and 69%, respectively. Furthermore, the company has demonstrated a reasonably consistent FCF generation. Over FY18–25, LGEIL's average PAT and EBITDA translation to FCF averaged 92% and 63%, respectively, which we expect to sustain over FY25–28E averaging 46% and 31%, respectively. FCF estimates are showing a downtrend owing to the INR 50bn capex that LGEIL embarked upon to augment its manufacturing capacities in its new Sri City facility.

Exhibit 94. Three-year cash conversion ratio comparison of major electronics companies in India

Source: Company, JM Financial

Exhibit 95. Three-year liquidity comparison of major electronics companies in India



Source: Company, JM Financial

Key Risks

Presence in competitive categories

- LGEIL operates in extremely competitive categories in the Indian consumer electronics market. Furthermore, India is a fairly price-conscious market. In this backdrop, LGEIL will have to continuously focus on innovation to maintain an edge over peers and also to price products at a premium. Efficacy of promotional activities will be key too.

Risk to margin

- We believe, two aspects can be potential risks to LGEIL gross margin, and resultantly, EBITDA margin – i) LGEIL's inability to pass on the impact of rising input costs amidst a highly competitive environment, and ii) LGEIL's foray into the 'LG Essential' series, which is essentially mass/mass-premium products, which could limit its ability to price products at a premium, and hence impact margin.

Risks relating to dependence on parent company

We note several risks emanating from LGEIL's dependence on its parent. While these may be technical in nature, and the probabilities of these playing out might be miniscule, we believe investors should be aware of the same, hence elaborate below.

Heavy dependence on parentco

- LGEIL is dependent on its parent for various aspects of its business, including product innovations and design, manufacturing technologies, brand and related technical knowhow and exports, among others, and has entered into an agreement with it for use of the licensed brand and the technology claimed in licensed patents, not to mention licensed technical know-how and other IP rights for authorised products.
- In FY25, total purchases including manufactured goods and stock-in-trade from the parent entity and other subsidiaries of the parent entity equalled ~14% of annual consolidated revenue.
- The agreement is effective perpetually unless terminated by either party upon prior written notice of not less than six months. If the parentco chooses to terminate the agreement, it would prevent LGEIL from using the licensed brand/ technical know-how and other IP rights.
- This, or any other adverse change in its relationship with parentco and the companies within the group, could in turn materially and adversely impact LGEIL's business.
- As part of the abovementioned agreement, LGEIL is required to pay a royalty of 2.30% of net sales for authorised products (other than LCD televisions and monitors) and 2.40% of net sales for LCD televisions and monitors. Net sales refers to sales net of: i) taxes including excise/GST; ii) trade discounts and all-trade schemes; iii) landed cost of imported materials sourced from parentco; and iv) sale of imported CBU's.

Exhibit 96. LGEIL – Purchase of manufactured goods and stock in trade (FY23–25)

Particulars	Amounts (INR mn)			As a % of revenue		
	FY23	FY24	FY25	FY23	FY24	FY25
LG Electronics India Revenue (INR mn)	1,98,646	2,13,520	2,43,666	1,98,646	2,13,520	2,43,666
Purchase of manufactured goods and stock in trade						
Holding company	20,554	22,663	25,965	10.3%	10.6%	10.7%
LG Display Co. Ltd.	4,210	2,687	3,237	2.1%	1.3%	1.3%
Nanjing LG Panda Appliances Co., Ltd.	3,297	2,204	2,442	1.7%	1.0%	1.0%
LG Electronics Tianjin Appliances Co. Ltd.	4,181	2,107	2,312	2.1%	1.0%	0.9%
Taizhou LG Electronics Refrigeration Co. Ltd.	3,321	370	-	1.7%	0.2%	0.0%
LG Electronics Thailand Co., Ltd.	848	-	-	0.4%	0.0%	0.0%
TOTAL	36,411	30,031	33,956	18.3%	14.1%	13.9%

Source: Company, JM Financial

Exhibit 97. Royalty as % of consolidated revenue

Source: Company, JM Financial

Provision for parent entity to raise royalty without prior shareholder approval

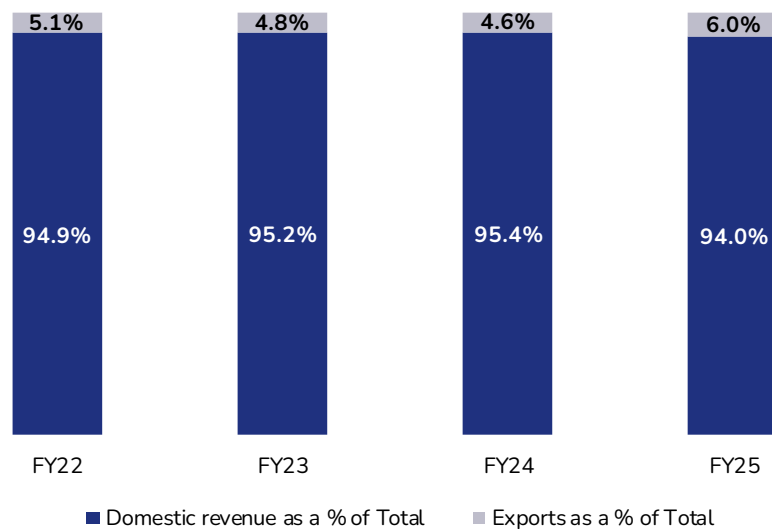
- LGEIL's parent can increase the rate of royalty in the future, which may adversely affect its margin, financial condition and results of operations.
- Furthermore, the agreement with its parent entity suggests any increase in the royalty fee by its parentco, in the future, up to 5% of the annual consolidated turnover of domestically manufactured products does not require the prior approval of shareholders under the SEBI Listing Regulations.
- While exercising its rights as an LGEIL shareholder, the parent entity may consider the interest of all of its subsidiaries and affiliates, which may not necessarily align with interests of LGEIL and its other shareholders.

Parent entity may engage in the same line of business as LGEIL

- While LGEIL's parent entity is currently not engaged in businesses that compete with LGEIL in India, the promoter may in future engage in businesses that compete with LGEIL given it does not have any exclusivity arrangement with its parent entity.
- This may give rise to conflicts of interest, which may adversely affect LGEIL's business operations in India.

Entirely dependent on allocation from parentco for exports

- Furthermore, LGEIL is entirely dependent on its parent entity for its exports business. It typically services export orders received directly from its parent company and its affiliates or from distributors in the export country in coordination with their respective LG regional headquarters.
- LGEIL will be unable to expand its exports business consistently without the support of its parent entity. Any failure or delay by the parentco or LGEIL in accessing the export markets at the optimal time could have a material adverse effect on LGEIL's business, results of operations, financial condition and prospects.
- LGEIL exports to 50+ countries, including countries such as Bangladesh, Sri Lanka, nations in South East Asia and the Middle East. The products' export business contributes ~6% to total revenue, and has compounded ~30% annually over the last several years. Exports make 1–2% higher margin than the B2C business.

Exhibit 98. LGEIL – Revenue split by geography

Source: Company, JM Financial

No exclusive arrangement for contracts from other subsidiaries of parentco

- Hi-M Solutek India Private Limited, an indirectly wholly owned subsidiary of LG Electronics, specialises in LG commercial AC service and maintenance, including the provision of system air conditioner construction materials, equipment integrated service and maintenance, building energy diagnosis and operation services, and special facility engineering services.
- Currently, Hi-M Solutek India Private Limited only provides services for LGEIL's products. However, LGEIL does not have an exclusive contractual arrangement with Hi-M Solutek India and there is no assurance that the latter will not expand its business in the future that may compete with that of LGEIL or provide services to LGEIL's competitors.

Exhibit 99. Transactions with Hi-M Solutek Private Limited

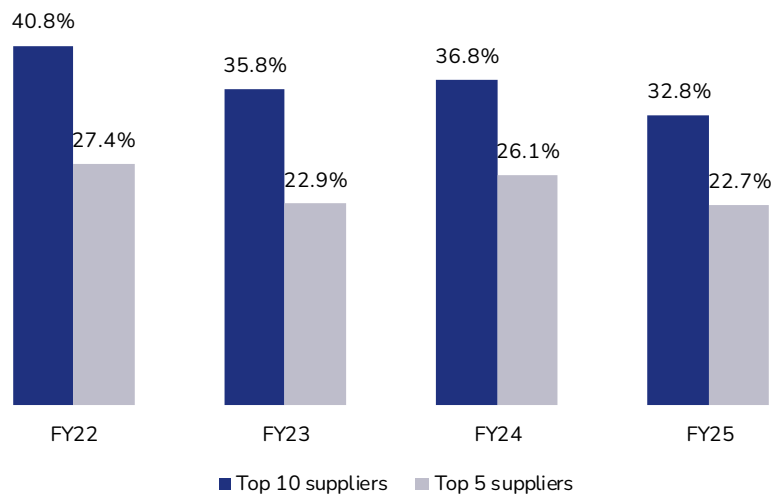
Hi-M Solutek India Private Limited	FY25 (INR mn)	FY25 (% of consolidated revenue)
Advance received from customers	2	0.0%
Service Charges	493	0.2%
Service Charges Recovered	2	0.0%
Reimbursement of expenses recovered	9	0.0%

Source: Company, JM Financial

Supplier concentration

- LGEIL depends on a combination of Indian and global suppliers, including its parentco, for its raw material needs including steel, resin, copper, aluminium and other chemicals, and components such as semiconductors, electromechanical parts, open cells and packaging materials.
- While it generally sources most of its raw materials, including components from multiple suppliers, it depends on a limited number of suppliers for some of key raw materials, for instance:
 - i) LGEIL depends on three steel manufacturers in India for pre-coated and galvanised steel (used across products to prevent rusting);
 - ii) It sources majority of its acrylonitrile butadiene styrene resin (used for making plastic parts for its products) and expanded polystyrene resin (primarily used for packaging materials) from two major suppliers; and
 - iii) LGEIL sources a majority of internally grooved tubes (primarily used in ACs for heat/air exchangers) from a single supplier.

Exhibit 100. LGEIL – Supplier concentration



LGEIL's supplier concentration is manageable in our opinion; in FY25, it acquired ~33% of its raw material from its top 10 and ~23% of its raw material from its top 5 suppliers.

Source: Company, JM Financial

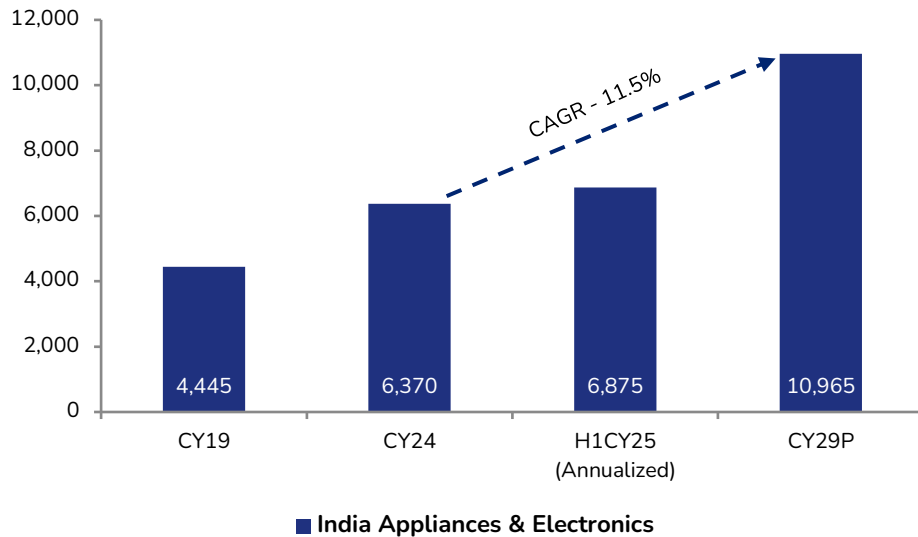
Industry Overview

Indian home appliances and consumer electronics industry

India's home appliances and electronics market logged a CAGR of ~7.5%, expanding from INR 4.4trln in CY19 to INR 5.4trln in CY24. Growth herein was impacted owing to covid-related disruptions and an overall macro slowdown. Interestingly, excluding mobile phones (~49% of total), the industry registered a 10% CAGR over this period.

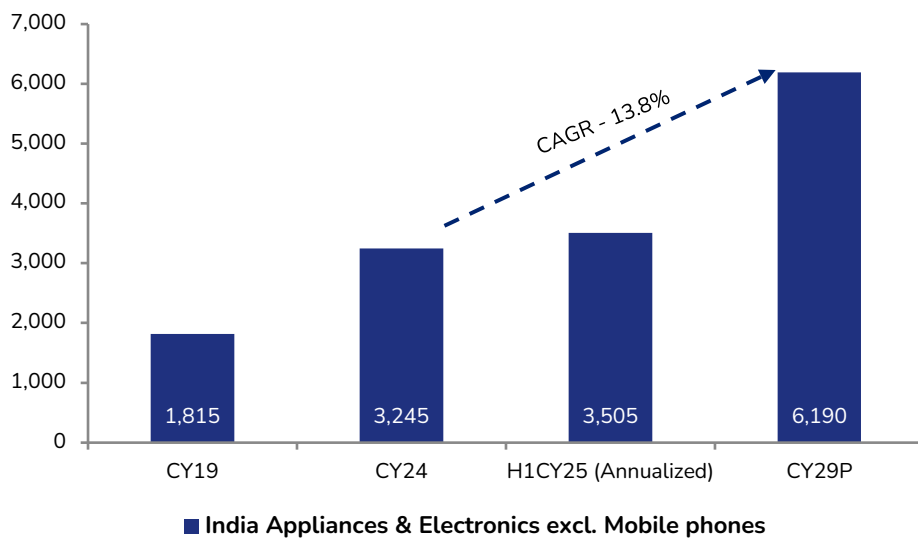
For the industry as a whole, growth is expected to accelerate to a ~11% CAGR over CY24 to CY29E to INR 11trn. Again, growth for the industry ex-mobile phones is expected to be 13.7%. This outlook is supported by rising disposable incomes, rapid urbanisation and increasing penetration of appliances and electronics across both urban and rural markets.

Exhibit 101. Indian appliances and electronics market (INR bn)



Source: Company, JM Financial

Exhibit 102. Indian appliances and electronics market (ex-mobile phones, INR bn)



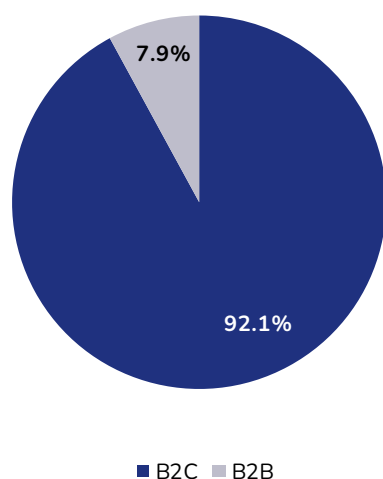
Source: Company, JM Financial

B2C and B2B segmentation of Indian appliances and electronics market

The India appliances and electronics market comprises both B2C and B2B segments. This segmentation reflects distinct consumer behaviours, purchasing dynamics and product applications, each contributing to the market's overall growth trajectory.

- **B2C:** This segment represented ~92% of the overall market in H1CY25, and ideally thrives on robust household consumption driven by premiumisation, penetration and replacement, particularly in urban and semi-urban regions. This segment encompasses a diverse range of home appliances and consumer electronics products, including refrigerators, washing machines, televisions, mobile phones, and various smaller household gadgets. Key buying factors are heavily influenced by design, functionality, and after-sales service, where warranties and customer support play pivotal roles in the purchasing decisions.
- **B2B:** This segment constituted ~8% of the market in H1CY25, and ideally caters to commercial and institutional users, providing products such as commercial air conditioners, computers & peripherals, and specialised displays for offices, hospitals, commercial & retail spaces, and government facilities. In this domain, buyers prioritise factors such as product reliability, energy efficiency and long-term cost savings

Exhibit 103. Indian appliances and electronics market mix: B2C and B2B



Source: Company, JM Financial

A drilldown into B2C segment

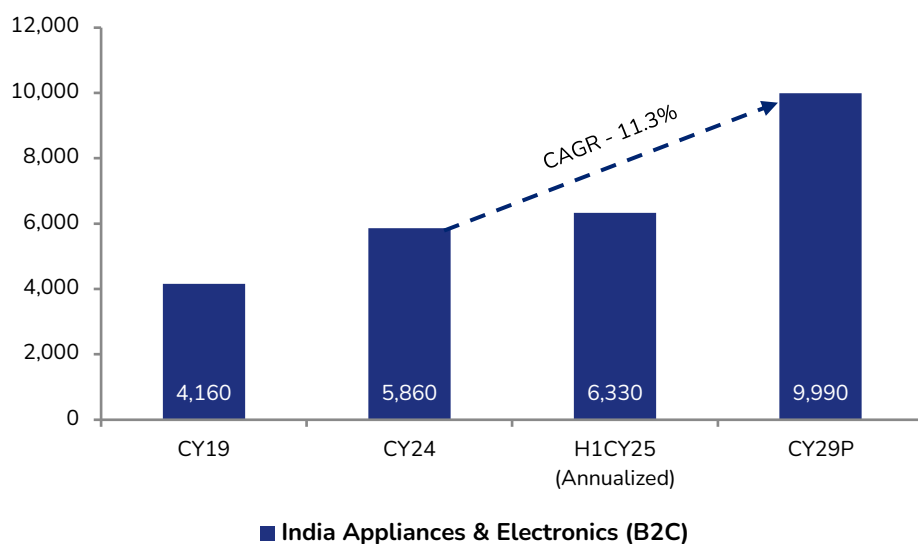
- At end-H1CY25, on an annualised basis, the B2C segment was valued at INR ~6.3trln. This segment is projected to achieve a market size of INR 10trln by CY29P, registering a five-year CAGR of ~11%. Excluding mobile phones, the B2C segment is valued at ~3trln as of H1CY25 (annualised), and as of CY24 it was ~INR 2.7trln, having compounded at ~12% from CY19 to CY24. It is projected to increase to INR ~5trln by CY29P at a five-year CAGR of ~14%.
- The B2C segment is evolving rapidly and shaped by a multitude of interrelated factors:

- Rising incomes driving up demand for premium products:** India's growing middle class coupled with rising disposable incomes is driving strong demand for premium appliances and electronics. Consumers are increasingly seek products with advanced features, energy efficiency and larger capacities, reflecting a preference for higher-quality and longer-lasting goods.

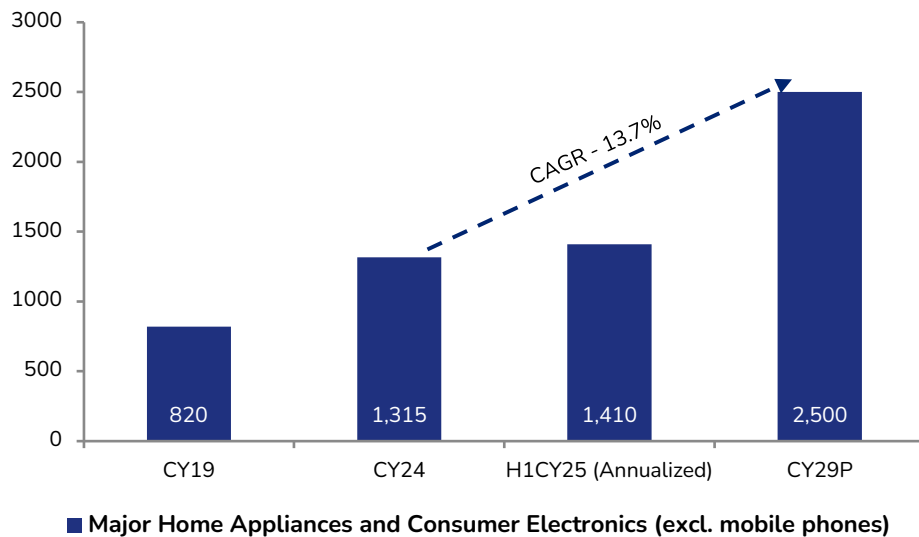
This demand is also supporting a market for value-added services such as appliance subscriptions and premium maintenance plans, providing convenience and support tailored to premium product users. That said, although consumers expect cutting-edge technology and superior design, the affordability gap for mid-income consumers remains a barrier. Additionally, the price-sensitive nature of the market poses the risk of slower adoption for premium-priced appliances, making it essential for brands to strike a balance between innovation and accessibility.

- ii) **Market expansion through urbanisation and nuclearisation of families:** Rapid urbanisation, particularly in tier 1 and tier 2+ cities has expanded the market's geographic footprint and brought modern consumer expectations to previously underserved areas. This is coupled with increasing nuclearisation of households in Metro and Tier 1 cities, spurring demand not only for essential consumer and home appliances, but also for service models that meet the lifestyle needs of newly urbanised regions. These offerings allow consumers to access modern appliances without upfront costs, further driving B2C market penetration. With a growing middle-class population, an increase in preference for premium products and rapid urbanisation and infrastructure development, there is an increase in demand for high-quality and technologically enabled consumer and electronics products in India.
- iii) **Increasing penetration:** The home appliances and consumer electronics market in India is highly underpenetrated compared to the other G20 nations. India's appliance penetration rates are low but steadily moving towards global benchmarks. That said, despite notable progress, India remains significantly underpenetrated, implying room for growth. As penetration increases, the target addressable market shall expand, mirroring patterns seen in other emerging economies such as China. Enhanced accessibility through digital channels and innovative ownership models, such as flexible financing options, are further enabling Indian households to adopt a wider range of appliances and electronics.
- iv) **Change in buying behaviour:** Growth of organised retail and e-commerce channels has significantly improved accessibility for appliances and electronics. These platforms offer a wide range of affordable options, enhanced by the convenience of online shopping, which encourages more frequent purchases. Consumers now have easier access to product comparisons, promotions, and streamlined delivery options, which has not only reshaped how they shop, but also fuelled greater demand in the B2C segment. With an expanding urban, young and affluent customer base, there is increasing awareness and preference for value-added features, digital connectivity, and aesthetics, in addition to price and quality considerations. The organized online, organized offline LFR, and unorganized/GT channels contributed to ~23%, ~38%, and ~33% of the major home appliances and consumer electronics (excluding mobiles) market, respectively, in H1CY25.
- v) **Improved infrastructure:** Enhanced electricity supply and infrastructure in rural areas are increasing demand for large home appliances such as refrigerators, washing machines and air conditioners. However, the market penetration of appliances and electronics in rural areas remains lower than urban areas. Reliable power access now allows brands to reach rural consumers, supported by localised services such as affordable maintenance plans and financing options.

Exhibit 104. India's B2C appliances and electronics market (INR bn)



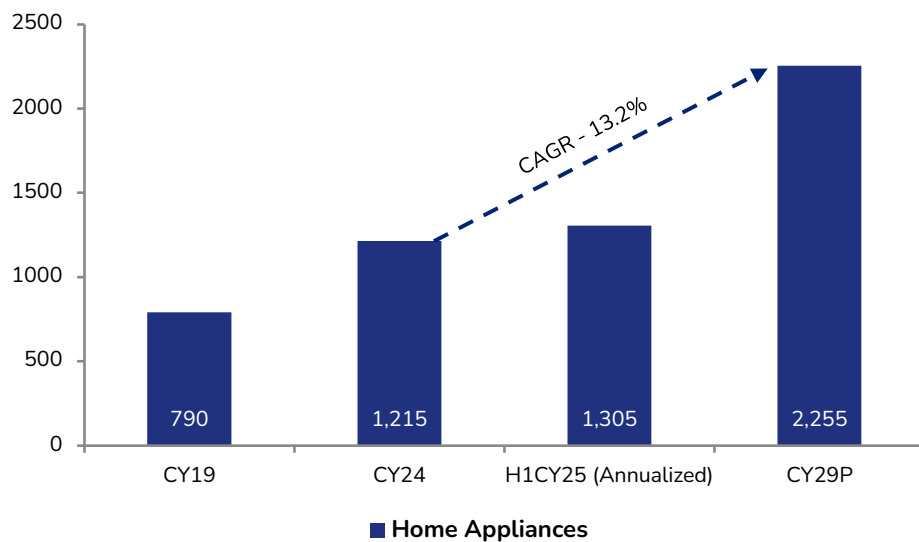
Source: Company, JM Financial

Exhibit 105. India's appliances and electronics B2C market (ex-mobile phones, INR bn)

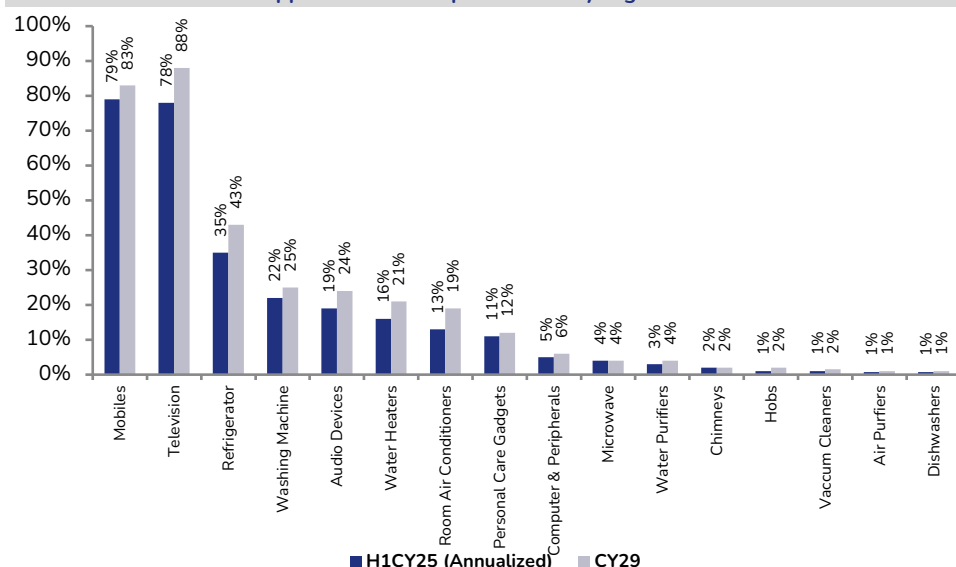
Source: Company, JM Financial

India's home appliances industry

The Indian home appliances market is projected to record steady growth supported by favourable macroeconomic conditions and a rising consumer preference for premium and energy-efficient products. The segment accounted for approximately 21% of the total B2C appliances and electronics market in H1CY25 and is expected to touch about INR 2,255bn by CY29P, registering a CAGR of about 13% between CY24 and CY29E.

Exhibit 106. India's home appliances market (INR bn)

Source: Company, JM Financial

Exhibit 107. India's home appliances market penetration by segment

Source: Industry, JM Financial

Key product categories, include refrigerators, washing machines, major kitchen appliances (such as dishwashers, microwaves, water purifiers, chimneys, hobs, and built-in kitchens), air conditioners, and small appliances (including water heaters, vacuum cleaners, air purifiers, and minor appliances such as ironing and heating devices) are witnessing strong demand momentum. With the organised sector contributing roughly 65% to total sales as of H1CY25, the shift towards online platforms and large-format retail channels continues to gain traction.

Growth drivers: India's home appliances market

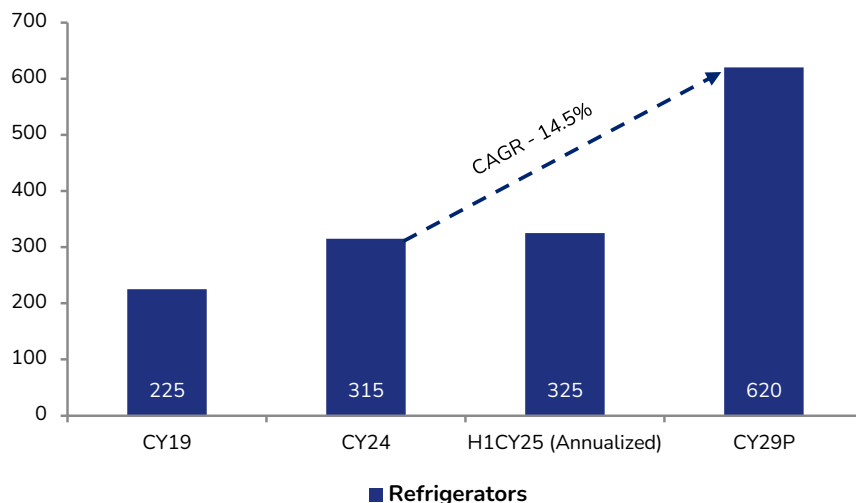
The home appliances market in India is propelled by several key growth drivers that significantly impact individual product categories while shaping overall consumer demand and market dynamics.

- **Increasing penetration:** The expanding accessibility and affordability of home appliances is accelerating penetration levels, particularly across urban and semi-urban markets. Additionally, changing climate conditions are fuelling heightened demand for cooling-oriented categories, notably air conditioners and refrigerators.
- **Replacement cycle:** The improvement in living standards coupled with rising consumer expectations and continuous product innovation is encouraging consumers to upgrade to newer, more functional, and energy-efficient models. This replacement-driven demand is particularly prominent in categories such as refrigerators and washing machines, whose older models tend to be less efficient and less reliable.
- **Premiumisation:** While increasing penetration drives demand for volume and mid-tier products as disposable incomes rise, consumers are also increasingly drawn to premium, feature-rich appliances that offer superior energy efficiency and advanced functionalities. This shift not only reflects a preference for high-quality products, but also drives replacement demand, as consumers upgrade to more sophisticated models that align with evolving lifestyle expectations.
- **Urbanisation and lifestyle changes:** Rapid urbanisation is transforming consumer lifestyles, driving demand for compact, space-efficient and multifunctional appliances that cater to smaller living spaces, particularly in metropolitan areas.
- **Technological advancements:** Technological advancements, including the rise of smart appliances and IoT integration, are enhancing consumer convenience through features such as remote connectivity, automation and predictive maintenance, thereby stimulating demand across categories. Consumers are increasingly prioritising connected and intelligent products that deliver greater functionality, ease of use, and personalised experiences.
- **Access to credit:** The wider availability of consumer financing and instalment-based purchase options are expanding affordability, allowing a larger segment of consumers to purchase high-value and premium home appliances. This increased financial accessibility is broadening the consumer base and driving demand growth across product categories.

Refrigerators

- The refrigerator segment in India is positioned for strong growth. With a market size of ~INR 315bn in CY24, the segment is expected to clock a CAGR of about 15% to ~INR 620bn by CY29E. As of H1CY25, the segment was valued at ~INR 325bn, although growth was somewhat tempered by unseasonably cool summer conditions across several states.
- The market continues to shift toward organised channels, which accounted for ~65% of total sales in H1CY25. Within this, large-format retail stores represented ~40% of the market while online platforms contributed ~19%, underscoring the growing importance of structured and digital distribution networks.

Exhibit 108. India's refrigerator market (INR bn)



Source: Company, JM Financial

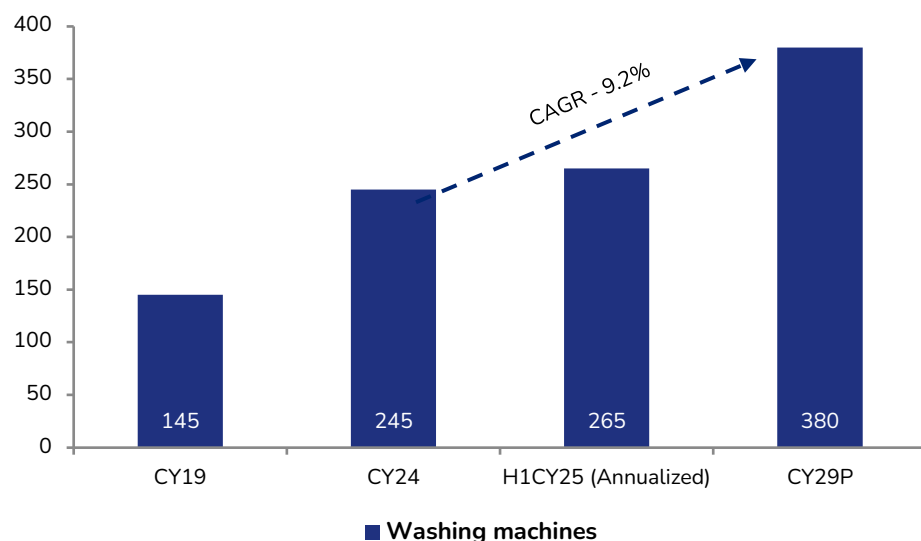
Growth drivers: India's refrigerator market

- **Rising penetration:** The refrigerator market is experiencing robust growth fuelled by increasing penetration across previously under-served and untapped consumer segments. Enhanced distribution reach and improved product affordability are further accelerating adoption, with penetration expected to rise from ~35% in H1CY25 to ~43% by CY29P, underscoring the segment's expanding accessibility and deepening market presence.
- **Channel evolution:** The expanding presence of organised large-format retail and online channels is reshaping the distribution landscape and driving refrigerator sales across price segments. The share of large-format retail stores, which contributed ~40% to sales in H1CY25, is projected to increase to 44–46% by CY29E. Similarly, the share of e-commerce channel, accounting for ~19% of sales in H1CY25, would rise to 24–26% by CY29E, substantially broadening market access and enhancing consumer reach across regions and income segments.
- **Premiumisation:** Refrigerator demand is increasing across volume, mid-tier and premium segments, each driven by distinct underlying factors. Penetration-led growth is propelling demand in the volume and mid segments, particularly for direct-cool and frost-free models, while premiumisation trends are accelerating adoption of side-by-side and French-door refrigerators. This momentum is further supported by rising disposable incomes, aspirational buying behaviour, and a stronger focus on space optimisation, with consumers placing greater emphasis on aesthetics, modern design and advanced functionality.

Washing machines

- At end-H1CY25, the washing machines market in India was an estimated ~INR 265bn, up from ~INR 245bn in CY24' over CY19–24; it compounded at nearly 11%. The market continues to grow steadily driven by the rising need for convenience and efficiency in household routines.
- Over the next five years, we reckon the Indian washing machine market shall expand at a CAGR of ~9%, to ~INR 380bn by CY29E. The organised sector contributes ~65% to total sales, with large-format retail stores accounting for ~37% and online channels representing ~23% of sales in H1CY25, underscoring the increasing role of organised retail and digital platforms in shaping market growth.

Exhibit 109. India's washing machine market (INR bn)



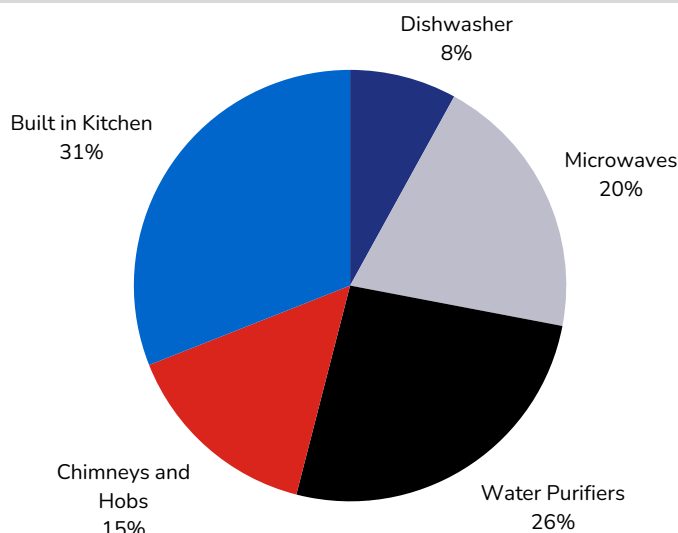
Source: Company, JM Financial

Growth drivers: India's washing machine market

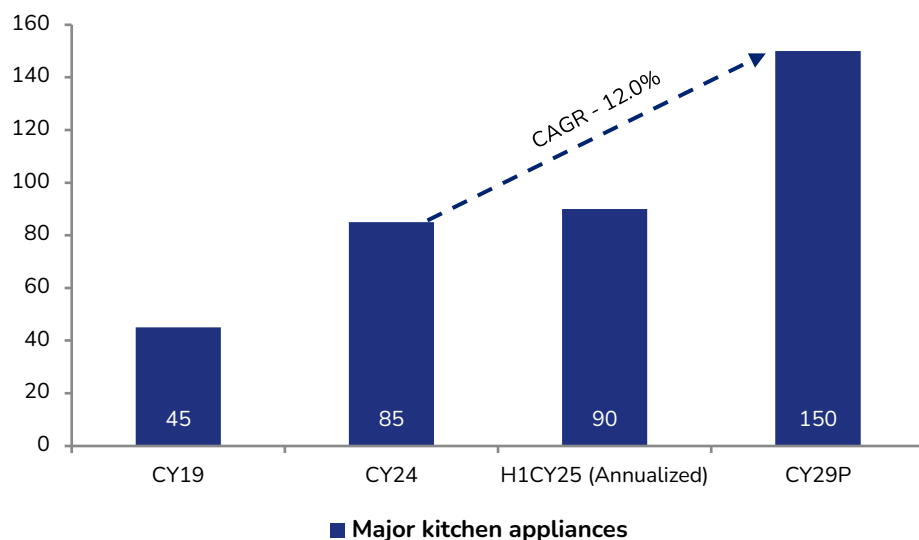
- **Rising penetration:** The washing machines market is expanding steadily, supported by rising penetration in underserved regions. Penetration levels are expected to increase from ~22% in H1CY25 to 25–26% by CY29P driven by improved distribution infrastructure, greater product affordability, and a growing demand for convenience among consumers in semi-urban and rural markets.
- **Channel evolution:** The evolving distribution landscape is transforming the washing machines market led by the rapid expansion of organised retail and e-commerce channels. Growth is being propelled by consumer preference for omnichannel experiences, offering greater product variety, convenience and competitive pricing. As of H1CY25, large-format retail stores accounted for ~37% of total sales while the online segment contributed ~23%, highlighting the increasing importance of integrated retail ecosystems in driving market growth.
- **Premiumisation:** While demand for semi-automatic washing machines continues to decline, there is a notable shift toward premium models, particularly larger-capacity units (above 8kg) in both front-load and top-load categories, as well as washer-dryer combinations. This transition underscores a growing consumer preference for advanced features, higher efficiency and enhanced convenience, with purchasers increasingly prioritising quality, performance, and technological sophistication in their buying decisions.

Major kitchen appliances

- The major kitchen appliances segment in India comprises dishwashers (~8%), microwaves (~20%), water purifiers (~26%), chimneys and hobs (~15%), and built-in kitchens (~31%). The Indian kitchen appliances industry was an estimate ~INR 90bn in H1CY25, and is projected to compound ~13% over CY24–29E, reaching ~INR 150bn by CY29E.
- Despite low penetration levels of <5% at end-H1CY25, the category is poised for strong expansion driven by rising disposable incomes, evolving lifestyles and increasing adoption of modern kitchen solutions.
- The market remains highly organised with ~81% of sales coming from structured channels. Within this, large-format retail stores contribute ~48% and e-commerce accounts for ~26% of total sales in H1CY25. For microwaves specifically, large-format retail and online platforms each represent ~30% of sales, highlighting the growing influence of omnichannel retail models in driving consumer access and category growth.

Exhibit 110. India's kitchen appliances industry – An indicative split

Source: Company, JM Financial

Exhibit 111. India's major kitchen appliances market — Size and growth (INR bn)

Source: Company, JM Financial

Growth drivers: Major kitchen appliances market

- **Convenience and efficiency:** Rising demand for time-saving household solutions is fuelling the adoption of kitchen appliances that enhance convenience and efficiency in cooking and cleaning. Consumers are increasingly gravitating toward microwaves, dishwashers and smart kitchen gadgets that automate or simplify everyday tasks, reflecting a broader shift toward effortless, technology-driven home management.
- **Urbanisation:** With rapid urbanisation and a growing population residing in space-constrained urban environments, particularly in metropolitan areas, there is an increasing demand for space-efficient and kitchen solutions. This trend is driving greater adoption of compact, integrated and versatile kitchen appliances among urban consumers seeking functionality within limited spaces.
- **Health awareness:** Rising awareness of health and hygiene is motivating consumers to invest in advanced kitchen appliances that promote healthier lifestyles. Products such as premium water purifiers and dishwashers with sanitising features are witnessing growing demand as consumers increasingly prioritise cleanliness, safety and wellness-oriented functionality.
- **Technological advancements:** Ongoing technological innovation is transforming kitchen appliances into smarter, more efficient solutions. Advancements such as IoT connectivity, energy-efficient designs, and automated cooking functionalities are appealing to consumers that

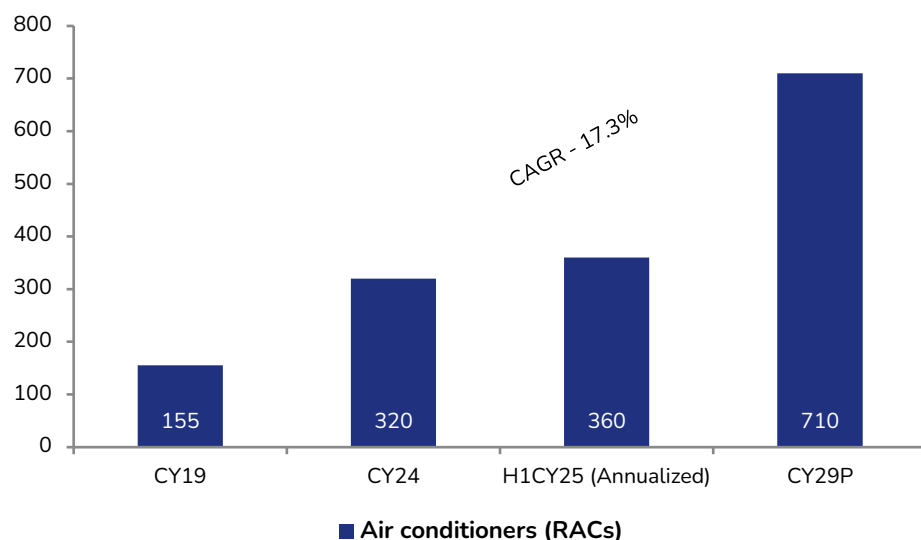
value convenience, personalisation and enhanced utility, further driving adoption across the modern kitchen segment.

- **Premiumisation:** A growing shift toward premium kitchen appliances is evident as consumers become increasingly willing and able to invest in higher-quality products. This trend is driven by a preference for appliances that combine advanced functionality, aesthetic design, innovative features, and superior performance, reflecting an evolution in consumer priorities toward premiumisation and lifestyle enhancement.

Air conditioners

- As of H1CY25, the Indian room air conditioner (RAC) market was valued at ~INR 360bn, up from INR 320bn in CY24, implying a ~16% CAGR over CY19–24. Growth was tempered this year by a milder summer and untimely pre-monsoon showers. The market is projected to expand at a ~17% CAGR over the next five years, reaching INR 710bn by CY29E.
- Inverter ACs command a share of ~75% while fixed-speed models make up ~25%. Window ACs (included within fixed-speed units) have declined to ~10% of the market and are expected to fall further as consumers shift toward energy-efficient split models.
- RAC penetration is likely to rise from ~13% in CY24 to ~19% by CY29E supported by rising incomes and improved retail access. The market remains seasonally driven with organised players accounting for ~64% in H1CY25. Large-format retail contributed ~38% to sales while online channels accounted for ~20%.

Exhibit 112. India's air conditioners market (INR bn)



Source: Company, JM Financial

Growth drivers: India's air conditioner market

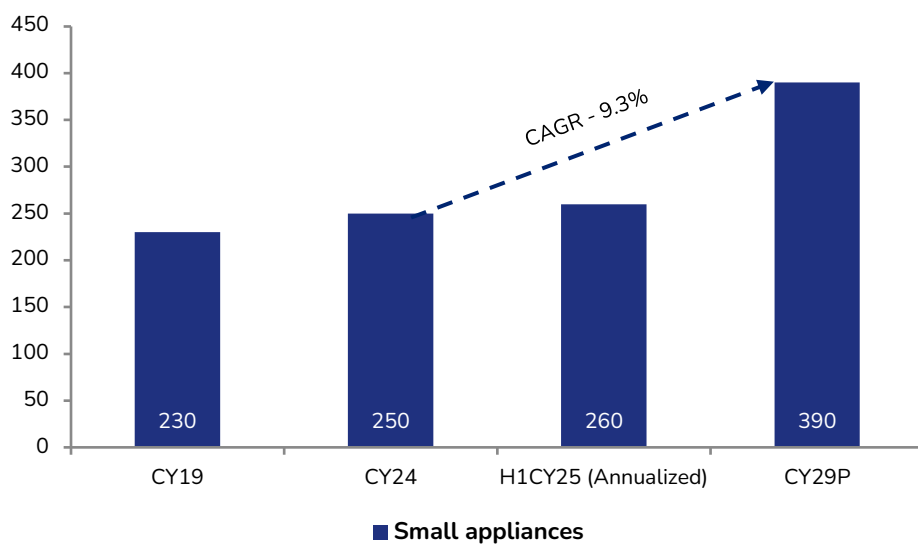
- **Sharp increase in penetration:** As of H1CY25, air conditioner penetration in India remains low at ~13% of households. However, rising temperatures, more frequent heatwaves, higher disposable incomes, rapid urbanisation and improved power infrastructure are driving strong growth in adoption. As climate conditions intensify and affordability improves, penetration is projected to rise to ~19% by CY29E. The increasing availability of value-segment models and easier financing options is further supporting this structural uptrend.
- **Premiumisation:** The market is witnessing a clear shift towards inverter air conditioners, which now account for ~75% of the RAC segment. This trend is driven by consumer preference for better cooling efficiency, quieter operation and energy savings. Inverter models are expected to further strengthen their share, supported by growing awareness of long-term cost benefits and a rising inclination toward premium, technology-driven appliances.
- **Energy efficiency:** Rising electricity costs and greater awareness of energy consumption are driving strong demand for 5-star rated, energy-efficient air conditioners, particularly advanced inverter models. Given air conditioners contribute ~4% to global GHG emissions and cooling needs account for ~20% of building energy consumption, sustainability has become a key

purchase consideration. Government measures such as subsidies on purchase of efficient appliances and the enforcement of minimum energy performance standards (MEPS) are further supporting this shift, positioning energy efficiency as a central factor for consumers seeking to lower both operating costs and environmental impact.

Small appliances

- At end-H1CY25, the small appliances segment comprising water heaters (~15%), vacuum cleaners (~1%), air purifiers (~3%), and other minor appliances such as irons and heating devices was an estimated ~INR 260bn, up from INR 250bn in CY24—a modest CAGR of ~2% over CY19–24.
- The segment is expected to accelerate expanding at a projected 5-year CAGR of ~9% to ~INR 390bn by CY29E. In H1CY25, organised players made up ~50% of the market, supported by strong contributions from online channels (~31%) and large-format retail (~19%), highlighting the growing shift towards formal and digital retail formats.

Exhibit 113. India's small appliances market – Size and growth (INR bn)

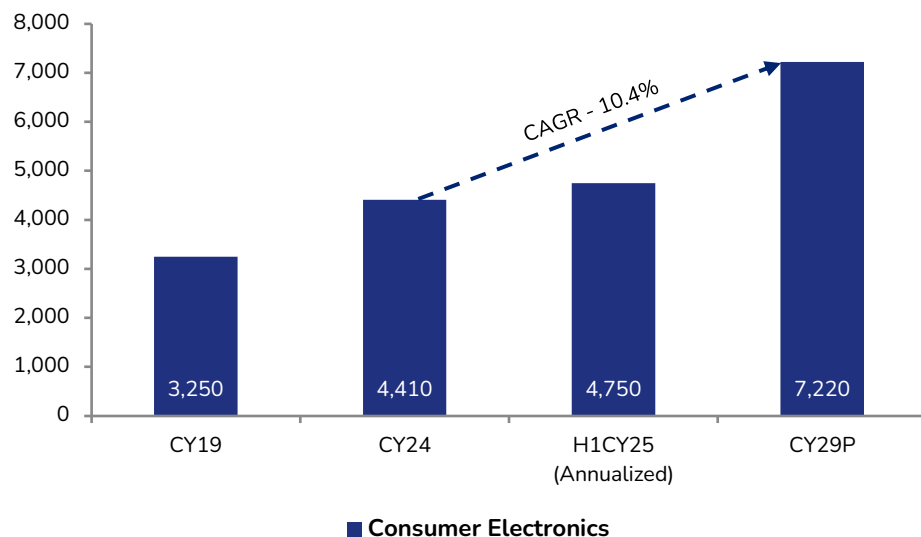


Source: Company, JM Financial

India's consumer electronics market

- The consumer electronics segment accounts for ~75% of India's overall appliances and electronics (B2C) market and is projected to reach ~INR 7,220bn by CY29P, implying a 5-year CAGR of ~10%.
- This category includes home entertainment products (TVs and audio), computers and peripherals (monitors), personal care devices (shavers, trimmers, and hair styling tools), other personal electronics (imaging devices, wearables, e-readers, and portable players), and most importantly, mobile phones.
- The segment continues to benefit from robust consumer demand, with organised players contributing ~61% to total sales in H1CY25. Growth continues to be driven by expanding e-commerce penetration and the rising influence of large-format retail, both of which are capturing an increasing share of the market

Exhibit 114. India's consumer electronics market (INR bn)



Source: Company, JM Financial

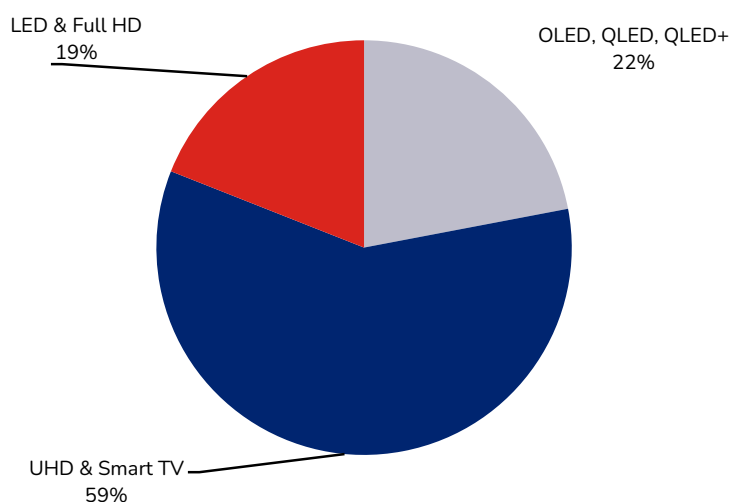
Growth drivers: India's consumer electronics market

- **Wider availability:** Rising affordability, greater consumer awareness and improved distribution networks are driving deeper penetration of consumer electronics across categories, with particularly strong uptake in rural and semi-urban markets.
- **Technological innovation:** Rapid technological innovation remains a key catalyst for growth in the consumer electronics segment. Rising consumer preference for newer, faster and feature-rich models is expected to spur repeat purchases, supporting sustained market expansion.
- **Uptake in premium offerings:** With rising disposable incomes, consumers are increasingly gravitating toward premium electronics that offer enhanced features, superior performance and refined design. This premiumisation trend is particularly pronounced in the home entertainment segment, wherein demand for high-end televisions and audio systems continues to strengthen.
- **Shift in lifestyle and preferences:** Urbanisation, along with a growing tech-savvy population, is driving demand for multifunctional and compact electronic devices. Lifestyles are shifting towards convenience and connectivity, with a surge in demand for wearable devices and smart home products.
- **Gaming demand:** Gaming has emerged as a key growth driver across multiple consumer electronics categories in India. The surge in eSports and competitive gaming, alongside a rapidly expanding gamer community, is fuelling strong demand for high-performance gaming PCs, peripherals and entertainment devices. Gaming monitors featuring high refresh rates, enhanced resolutions and adaptive sync technologies are witnessing robust traction as consumers seek performance-oriented products. The growing popularity of console gaming is also driving sales of large-screen TVs with low latency and 4K HDR capabilities, enhancing the at-home gaming experience.

Home entertainment

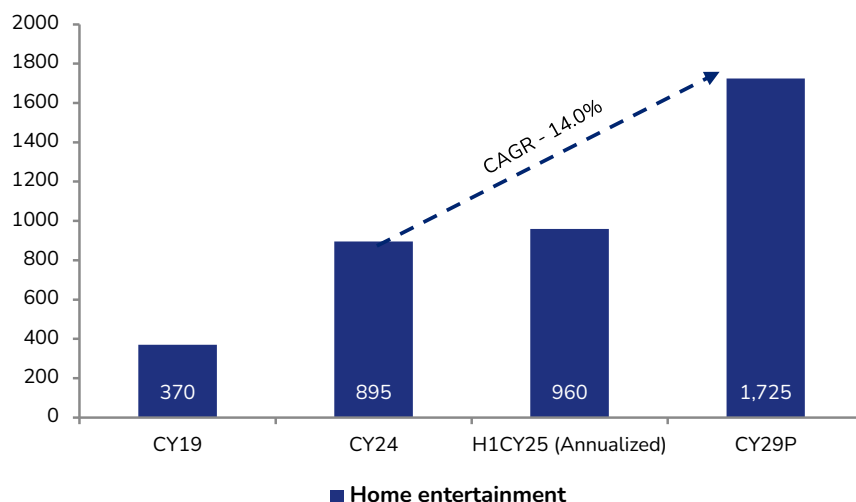
- At end-H1CY25, the home entertainment segment comprising televisions and audio devices is an estimated ~INR 960bn, up from ~INR 895bn in CY24, reflecting a CAGR of ~19% over CY19–24. The relatively soft growth in H1CY25 is largely attributable to a high base effect following marquee sporting events in CY24 and a moderation in ASPs. The segment is projected to expand at a five-year CAGR of ~14%, reaching INR 1,725bn by CY29E. Within this, televisions make up ~45% of market value while audio devices, including personal and home audio systems, account for the remaining 55%.
- At end-H1CY25, the television market was an estimated ~INR 435bn, up from INR 415bn in CY24, translating to a CAGR of ~8% over CY19–24. The segment is projected to expand at a five-year CAGR of ~13% to ~INR 760bn by CY29E.
- In H1CY25, larger screen sizes (>55 inch) gained traction, accounting for ~27% of sales while premium models such as OLED, QLED and QLED+ comprised ~22% of the market. Other UHD and Smart TV models represented ~59%, with LED and full HD models making up the balance 19%. Consumers increasingly view 4K resolution and smart connectivity as baseline features, with picture quality, feature depth and screen size emerging as key purchase drivers.
- By distribution, large-format retail accounted for ~38% of television sales in H1CY25 and online channels contributed ~28%, reflecting the continued strength of omni-channel retail.

Exhibit 115. India's television market by category



Source: Company, Industry, JM Financial

Exhibit 116. India's home entertainment market (INR bn)



Source: Company, JM Financial

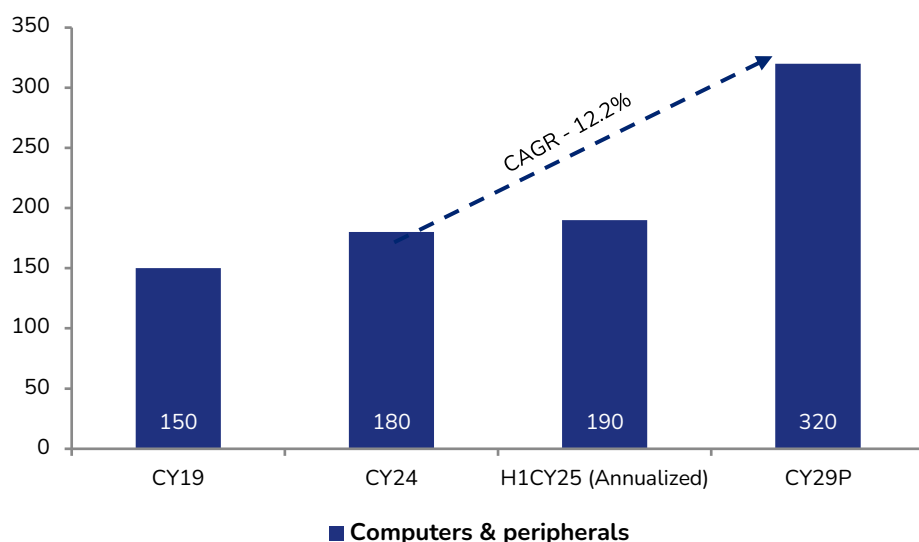
Growth drivers: India's home entertainment market

- **Increasing penetration:** The television and audio segments are experiencing deeper penetration in previously underserved rural markets supported by improved connectivity and greater access to affordable technology. As distribution networks expand, consumers in these regions are increasingly adopting televisions and audio devices with growth expected to be led by budget-friendly and mid-range models that cater to value-conscious buyers.
- **Replacement demand:** A strong upgrade trend is emerging as consumers shift from HD models to 4K and OLED/QLED televisions. Replacement demand is being fuelled by rapid advancements in display technology and introduction of enhanced features such as improved colour accuracy and contrast. These innovations are prompting consumers to invest in higher-quality products that deliver a more immersive and premium viewing experience.
- **Premiumisation:** Rising consumer preference for larger screen sizes (55 inches and above) and advanced display technologies such as OLED and QLED is driving strong momentum in the premium television segment. This category continues to benefit from ongoing technological innovation, offering superior picture quality, enhanced brightness and advanced smart features that appeal to discerning consumers.
- **E-commerce surge:** The accelerating shift towards online shopping is providing a strong boost to the home entertainment segment. E-commerce platforms are expected to account for 30–33% of total television sales and an impressive 70–73% of audio device sales by CY29P. This growth is driven by the convenience of digital purchasing, competitive pricing and the broad product assortment available online, which continue to reshape consumer buying behaviour in favour of online channels.
- **Content demand:** Rising availability of high-definition and on-demand streaming content is a major catalyst for the growing adoption of smart TVs and advanced audio systems. As consumers increasingly prioritise immersive entertainment experiences, demand is strengthening for compatible devices, featuring surround sound, enhanced connectivity and seamless integration with multiple streaming platforms.

Computer & Peripherals

- At end-H1CY25, the computers & peripherals market, including monitors, stands at INR ~190bn, and up from ~INR 180bn in CY24; over CY19–24, the market expanded at a CAGR of ~3%. This industry is projected to expand at a 5-year CAGR of ~12% to INR ~320bn by CY29E.
- Driven by remote work, online education and the gaming boom, this category has seen significant growth in recent years. Organised retail, including e-commerce, is a key channel and contributed ~93% to total sales of computers & peripherals in H1CY25.

Exhibit 117. India's computer & peripherals market – Size and growth (INR bn)

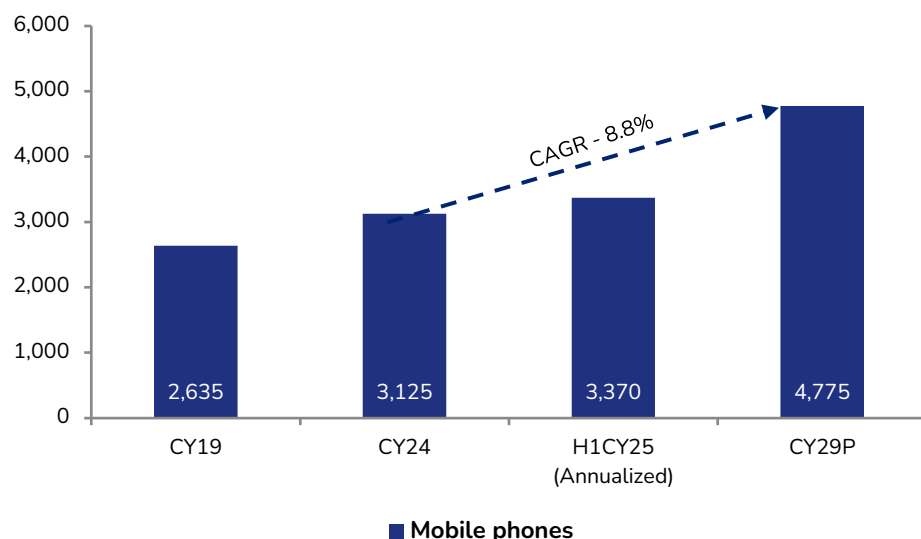


Source: Company, JM Financial

Mobile phones

- At end-H1CY25, the Indian mobile phones segment stood at INR ~3,370bn, after muted growth over CY24, when it was valued at ~INR 3,125bn. This segment has seen negligible growth, compounding at ~3% over CY19–24. Thus growth too was driven by the rollout of 5G services and budget 5G smartphones coming in, which triggered a wave of device upgrades and replacements across the country. That said, new used additions remain muted given high penetration levels.
- The Indian mobile phone segment is expected to expand at a five-year CAGR of ~9%, reaching INR ~4,775bn by CY29E. Penetration is already high at ~79% at end-H1CY25, and the market should hereon be driven by premiumisation with consumers upgrading to 5G-enabled smartphones and devices with better cameras and longer battery lives.
- In H1CY25, organised retail channels, both online and offline, contributed ~42% and ~12% to total sales, respectively.

Exhibit 118. Indian mobile phones market (INR bn)



Source: Company, JM Financial

Personal care devices

- As of H1CY25, the personal care gadgets' segment (including hair styling devices, facial care devices, epilators and hair removal devices) stood at ~INR 40bn, flat over the preceding year; over CY19–24, it registered a CAGR of ~9%.
- The Indian personal care devices market is projected to expand at a five-year CAGR of ~9% to INR ~60bn by CY29E. This growth is driven by increasing consumer focus on personal grooming and wellness.
- The organised market contributes ~85% to sales with e-commerce channels contributing a steady 65% of sales in H1CY25.

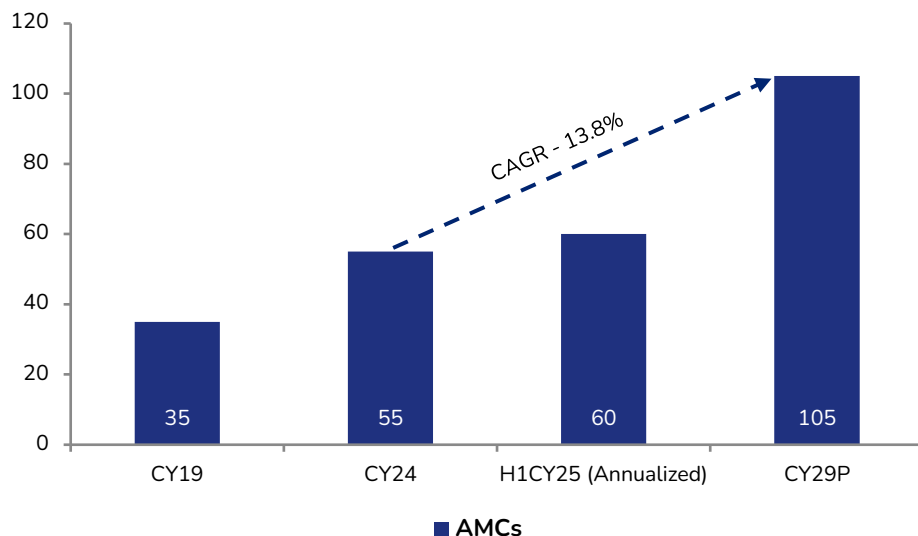
Other personal devices

- At end-H1CY25, the market for other personal devices—which includes imaging devices, wearables, e-readers and portable players—stood at INR ~190bn, and was INR ~170bn in CY24; over CY19–24; it compounded at ~19%.
- India's personal devices market is expected to clock a five-year CAGR of ~15%, reaching INR ~340 bn by CY29E.

Annual maintenance contracts (AMCs)

- At end-H1CY25, the AMCs segment, which includes service agreements for the maintenance and repair of home and electronic appliances in India, stands at INR ~60bn; it was INR ~55bn at end-CY24 and compounded at ~10% from CY19 to CY24.
- Projections indicate a five-year CAGR of ~14%, which is expected to elevate the market to INR ~105bn by CY29P. As consumers increasingly prioritise longevity and performance of their appliances, the demand for AMCs is on the rise. The market is becoming more organised with a growing number of service providers entering the field.

Exhibit 119. Annual maintenance contract – Size and growth (INR bn)



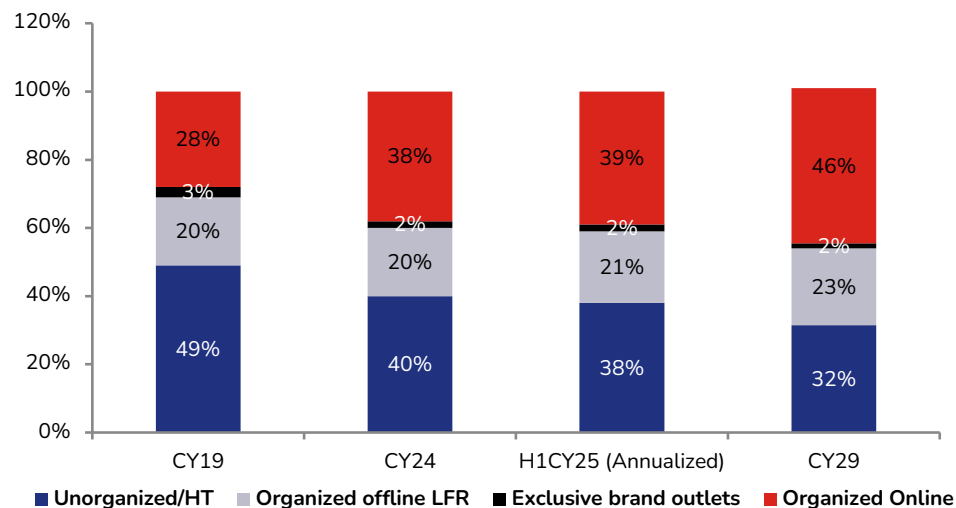
Source: Company, JM Financial

Growth drivers: India's appliances AMC segment

- **Rising market penetration:** As consumers become more aware of the benefits of AMCs, particularly in terms of preventive maintenance and risk coverage, the market is experiencing broader penetration. More households are recognising AMCs as an essential layer of protection that ensures continuous performance and avoids costly repairs, making it an attractive option for a wider consumer base.
- **Focus on appliance longevity and efficiency:** Consumers are opting for AMCs to maximise the lifespan of their appliances, which helps reduce the overall cost of ownership. AMCs enable regular upkeep, ensuring that appliances remain in optimal condition and perform efficiently over time. This approach is especially appealing for premium electronics such as large-screen TVs or high-end refrigerators and washing machines, wherein longevity and consistent performance are essential to maximise value and reliability.
- **Service quality enhancements:** Improved service standards, including faster response times, certified technicians and better parts availability are significantly boosting consumer confidence in AMCs. Enhanced service quality has become a strong driver as consumers seek reliable maintenance solutions that guarantee high satisfaction, prompting more households to commit to annual contracts.
- **Urbanisation and time constraints:** The growing urban population is increasingly adopting AMCs to address the challenges of busy, high-paced lifestyles. Urban consumers value the convenience and peace of mind that come with regular, hassle-free maintenance services. Demand for AMCs is particularly strong in metropolitan areas, wherein consumers prioritise service accessibility and time-saving solutions.

Offline and online channels

Exhibit 120. India's electronics market split by sales channel



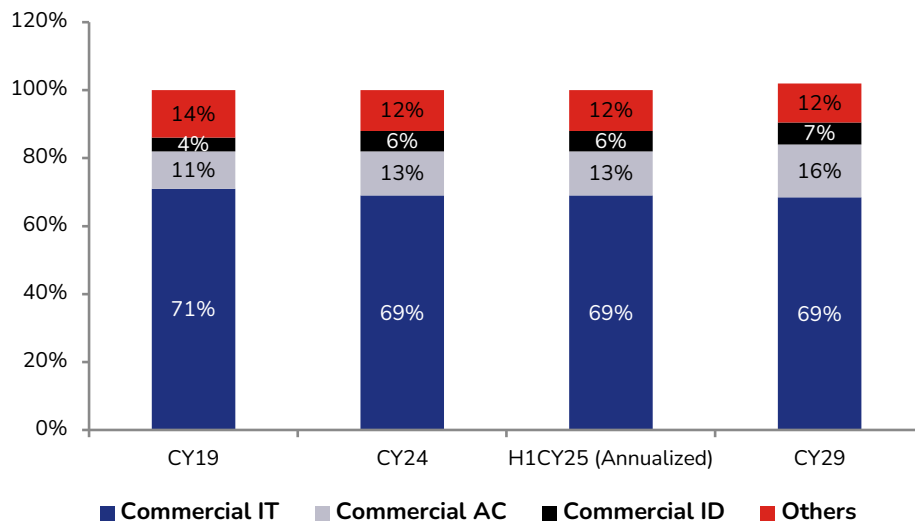
Source: Company, JM Financial

- **Unorganised trade channel:** Represented ~38% of the market at end-H1CY25. The unorganised or general trade (GT) channel includes independent retail stores, local dealers or "mom- and-pop" stores and regional specialty stores. GT stores thrive in semi-urban and rural regions due to accessibility and price sensitivity. While other channels gain prominence, these stores are expected to continue to hold a sizeable share of the market.
- **Organised offline channel:** Large-format retail stores include structured and centrally managed large retail chains that sell appliances & electronics in a standardised format. These multi-brand outlets are part of modern trade (MT) and account for ~21% of the market as of H1CY25, preferred for their variety and hands-on experiences. Factors such as product comparison, expert advice and superior customer service drive growth. LFRs are poised to gain further market share, particularly in urban centres.
- **Organised online channel:** The online channel constitutes a significant share of the market at ~39% as of H1CY25 and has a significant share in electronics categories such as mobile phones. Growth is expected to be robust driven by increased internet penetration and a rising demand for convenience. Competitive pricing and exclusive online promotions are transforming consumer purchasing habits, while festive & seasonal sales and targeted offers are significantly accelerating e-commerce expansion.
- **Exclusive brand stores:** Brand shops/exclusive brand outlets and company-owned stores represent ~2% of the market and are expected to maintain share.
- **Omnichannel strategies:** The integration of online and offline experiences is becoming essential for retailers. Companies utilising omnichannel strategies such as click-and-collect, seamless transitions between online and offline, and personalised customer journeys are experiencing increased consumer engagement and retention. This reflects a growing preference for flexible shopping experiences.

A little more on Indian B2B market

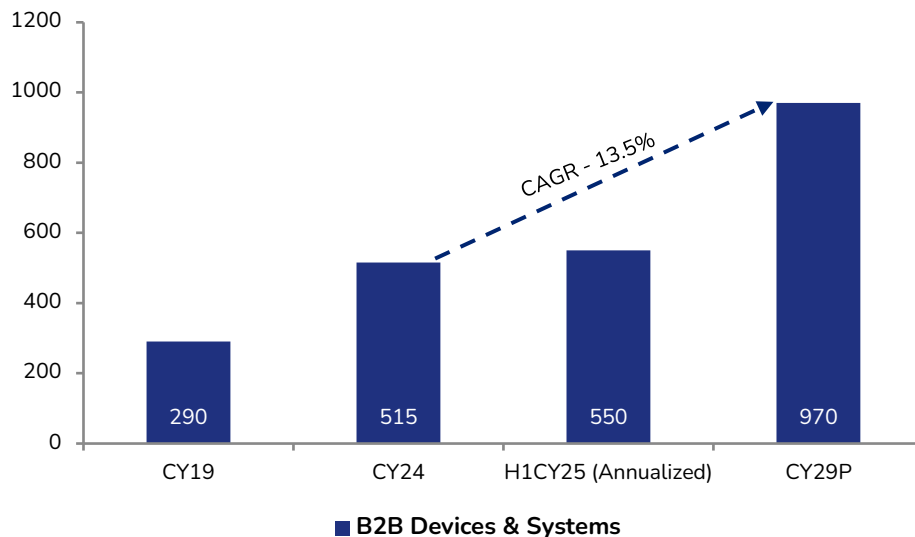
- The B2B segment of India's appliances and electronics market is the institutional devices & systems market, which includes commercial air conditioning (CAC) systems (~13%), commercial IT/B2B computers & peripherals (~69%) including monitors, commercial ID/commercial displays & signages (~6%), and other B2B appliances & electronics (~12%) as vital segments.
- At end-H1CY25, the B2B market stood at INR ~550bn and at end-CY24 INR ~515bn; it compounded at 12% from CY19 to CY24, and is projected to clock a five-year CAGR of ~14%, reaching INR ~970bn by CY29P. As enterprises across sectors increasingly prioritise operational efficiency and digital transformation, demand for these institutional solutions is likely to accelerate

Exhibit 121. India's electronics B2B market by category



Source: Company, JM Financial

Exhibit 122. India's appliance and electronics market – B2B (INR bn)



Source: Company, JM Financial

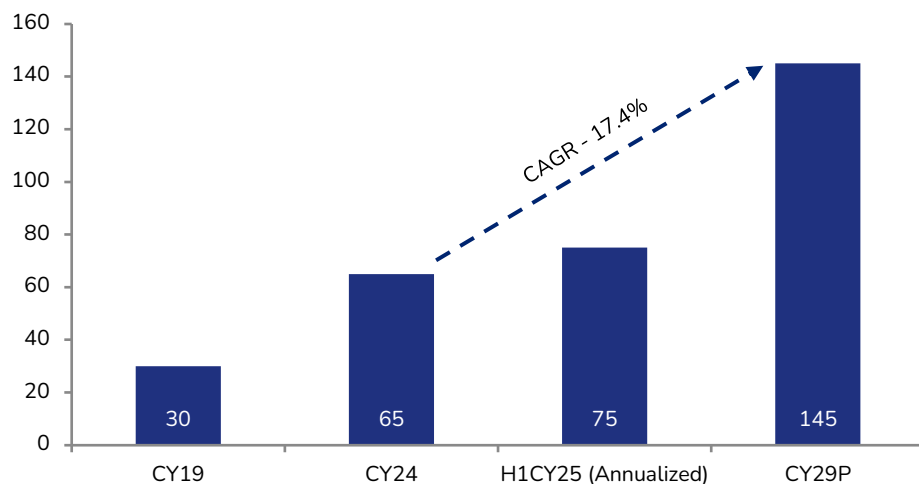
Several key drivers shaping growth of B2B market in India

- **Economic shift to a service and industrial economy:** As India transitions from a traditionally agrarian- based economy to one increasingly focused on industrial and service sectors, there is a growing need for infrastructure that supports business operations. With businesses expanding and modernising, there is a surge in demand for commercial solutions that enhance efficiency and functional outcomes.
- **Infrastructure development:** The ongoing expansion of healthcare, education and government facilities is bolstering demand for sophisticated institutional equipment. This includes smart HVAC systems, connected office devices and advanced AV solutions, particularly in high-demand use-cases such as conference rooms and in large institutions.
- **Demand from key sectors:** The healthcare sector is seeing increased demand for specialised diagnostic displays and monitoring systems while the hospitality and commercial sectors prioritise energy-efficient, high-quality equipment for operational efficiency. The government is also a significant buyer with ongoing investments in public infrastructure projects such as the Smart Cities Mission, as well as initiatives such as Digital India, which are driving the adoption of advanced institutional appliances and technologies to support digital transformation in government services and public administration.
- **Smart solutions:** The growth of IoT and smart building initiatives is fuelling demand for integrated and automated solutions. B2B consumers seek connected HVAC systems, intelligent lighting, and specialised IT displays that streamline operations, monitor energy use and support remote diagnostics, meeting the efficiency and scalability requirements of modern commercial environments.

Commercial Air Conditioning Systems

- As of H1CY25, the Indian commercial air conditioning segment was valued at ~INR 75bn, up from ~INR 65bn in CY24. Over CY19–24, it compounded at ~16% and is projected to clock a robust 5-year CAGR of ~17%, reaching INR ~145bn by CY29E driven by infrastructure developments in key areas such as healthcare, retail, hospitality, data centres, institutional infrastructure, and commercial real estate.
- Demand for advanced heating, ventilation and air conditioning (HVAC) solutions is driven by: i) expansion of healthcare, education and government facilities requiring sophisticated equipment; ii) growth of IoT and smart building initiatives fuelling integrated and automated solutions; iii) increased penetration into emerging commercial real estate and urban infrastructure; and iv) growing emphasis on sustainability and energy efficiency propelled by environmental regulations and government initiatives. The market is composed of chillers/HVAC (heating, ventilation and air conditioning) systems, VRF systems (including cassette ACs) and ducted systems, which accounted for ~35%, ~21%, and ~23% of the commercial CAC market, respectively, in H1CY25.

Exhibit 123. India's commercial air conditioning systems (INR bn)



■ Commercial Air Conditioning Systems

Source: Company, JM Financial

Growth drivers: CAC systems

- i. **Infrastructure expansion:** Increasing penetration of systems in emerging commercial real estate and urban infrastructure is fuelling demand for advanced HVAC and CAC installations.
- ii. **Replacement cycles:** Businesses are increasingly replacing outdated systems with more efficient installations, enhancing the overall market demand.
- iii. **Sustainability:** Growing emphasis on sustainability and energy efficiency is pushing companies to adopt advanced HVAC solutions that align with environmental standards.
- iv. **Technological advancements:** The introduction of smart HVAC systems, capable of real-time monitoring and control, is stimulating market interest and adoption.
- v. **Changing climate patterns:** Increasing frequency of heatwaves and shifting climate patterns are driving significant demand for commercial air conditioning systems. As temperatures rise, businesses in sectors such as retail, hospitality, healthcare, and commercial real estate are prioritising robust cooling solutions to ensure comfort and productivity. The need for more efficient and resilient systems is growing, with climate change contributing to a longer cooling season, necessitating greater energy efficiency and system reliability.

Commercial IT (B2B computers & peripherals)

- At end-H1CY25, the commercial IT segment in India stood at INR ~380bn, up from INR ~355bn at end-CY24. Over CY19–24, it compounded at ~12% and is projected to clock a five-year CAGR of ~13%, thereby touching INR ~660bn by CY29P. The surge in demand is propelled by businesses transitioning to digital infrastructures and increasing prevalence of remote work. Key sectors such as education, banking and IT services are significantly contributing to this growth. As companies adopt cloud computing, hybrid workspaces and digital transformation initiatives, leading players are focusing on tailored solutions catering to institutional needs.

Commercial displays and signages

- At end-H1CY25, the specialised display market for institutional applications—including institutional infrastructure such as airports, railways and museums, retail and healthcare facilities—stood at INR ~30bn, up from INR ~30bn at end-CY24. Over CY19–24, it compounded at ~19% and is projected to expand at a five-year CAGR of ~14% to INR ~55bn by CY29P. This B2B segment encompasses MNT signages, commercial TVs and hotel PTVs.

Financial Tables (Consolidated)

Income Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	2,13,520	2,43,666	2,46,691	2,76,464	3,07,101
Sales Growth	7.5%	14.1%	1.2%	12.1%	11.1%
Other Operating Income	0	0	0	0	0
Total Revenue	2,13,520	2,43,666	2,46,691	2,76,464	3,07,101
Cost of Goods Sold/Op. Exp	1,49,302	1,65,801	1,69,970	1,87,995	2,08,829
Personnel Cost	8,868	9,628	10,109	10,918	12,010
Other Expenses	33,101	37,136	40,107	43,316	47,214
EBITDA	22,249	31,101	26,504	34,235	39,048
EBITDA Margin	10.4%	12.8%	10.7%	12.4%	12.7%
EBITDA Growth	17.1%	39.8%	-14.8%	29.2%	14.1%
Depn. & Amort.	3,644	3,804	3,971	6,037	8,463
EBIT	18,605	27,298	22,533	28,197	30,585
Other Income	2,051	2,640	2,742	2,949	3,480
Finance Cost	285	306	372	418	464
PBT before Excep. & Forex	20,371	29,631	24,903	30,729	33,601
Excep. & Forex Inc/Loss(-)	0	0	0	0	0
PBT	20,371	29,631	24,903	30,729	33,601
Taxes	5,260	7,598	6,251	7,713	8,434
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	0	0	0	0	0
Reported Net Profit	15,111	22,033	18,653	23,016	25,167
Adjusted Net Profit	15,111	22,033	18,653	23,016	25,167
Net Margin	7.1%	9.0%	7.6%	8.3%	8.2%
Diluted Share Cap. (mn)	678.8	678.8	678.8	678.8	678.8
Diluted EPS (INR)	22.3	32.5	27.5	33.9	37.1
Diluted EPS Growth	12.1%	45.8%	-15.3%	23.4%	9.3%
Total Dividend + Tax	1,25,573	4,073	4,073	5,091	5,430
Dividend Per Share (INR)	185.0	6.0	6.0	7.5	8.0

Source: Company, JM Financial

Cash Flow Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	20,371	29,631	24,903	30,729	33,601
Depn. & Amort.	3,644	3,804	3,971	6,037	8,463
Net Interest Exp. / Inc. (-)	285	306	372	418	464
Inc (-) / Dec in WCap.	-638	-6,638	-2,948	-5,555	-6,271
Others	-5,546	-7,904	-6,623	-8,131	-8,898
Taxes Paid	-355	-320	0	0	0
Operating Cash Flow	17,761	18,879	19,675	23,498	27,359
Capex	-3,403	-4,417	-17,546	-12,958	-12,471
Free Cash Flow	14,358	14,461	2,129	10,540	14,889
Inc (-) / Dec in Investments	0	0	0	0	0
Others	678	203	1,570	115	118
Investing Cash Flow	-2,725	-4,215	-15,977	-12,843	-12,353
Inc / Dec (-) in Capital	0	5,656	0	0	0
Dividend + Tax thereon	-1,25,573	-4,073	-4,073	-5,091	-5,430
Inc / Dec (-) in Loans	515	579	593	588	605
Others	1,04,622	-1,638	0	0	0
Financing Cash Flow	-20,436	524	-3,480	-4,503	-4,825
Inc / Dec (-) in Cash	-5,400	15,189	219	6,152	10,181
Opening Cash Balance	27,619	22,220	37,408	37,627	43,779
Closing Cash Balance	22,220	37,408	37,627	43,779	53,961

Source: Company, JM Financial

Balance Sheet					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	37,722	59,702	74,282	92,207	1,11,944
Share Capital	1,131	6,788	6,788	6,788	6,788
Reserves & Surplus	36,591	52,914	67,494	85,419	1,05,156
Preference Share Capital	0	0	0	0	0
Minority Interest	0	0	0	0	0
Total Loans	0	0	0	0	0
Def. Tax Liab. / Assets (-)	-1,720	-2,040	-2,040	-2,040	-2,040
Total - Equity & Liab.	36,003	57,662	72,241	90,166	1,09,904
Net Fixed Assets	10,162	10,298	23,827	30,290	33,827
Gross Fixed Assets	28,182	30,386	30,386	60,386	72,386
Intangible Assets	0	0	0	0	0
Less: Depn. & Amort.	18,262	20,841	24,812	30,850	39,313
Capital WIP	242	753	18,253	753	753
Investments	0	0	0	0	0
Current Assets	73,103	1,02,833	1,03,719	1,19,167	1,39,341
Inventories	23,974	30,315	31,612	36,490	41,749
Sundry Debtors	17,970	23,612	24,622	28,421	32,518
Cash & Bank Balances	22,226	37,415	37,634	43,786	53,967
Loans & Advances	18	31	31	31	31
Other Current Assets	8,914	11,461	9,821	10,440	11,076
Current Liab. & Prov.	47,125	55,325	55,305	59,291	63,264
Current Liabilities	34,413	39,433	39,304	43,046	46,769
Provisions & Others	12,712	15,892	16,001	16,245	16,496
Net Current Assets	25,978	47,508	48,414	59,876	76,077
Total - Assets	36,140	57,807	72,241	90,166	1,09,904

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	7.1%	9.0%	7.6%	8.3%	8.2%
Asset Turnover (x)	4.7	4.5	3.3	3.1	2.8
Leverage Factor (x)	1.1	1.1	1.1	1.1	1.1
RoE	37.2%	45.2%	27.8%	27.6%	24.7%

Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	55.6	88.0	109.4	135.8	164.9
ROIC	87.8%	107.4%	57.3%	49.7%	43.1%
ROE	37.2%	45.2%	27.8%	27.6%	24.7%
Net Debt/Equity (x)	-0.6	-0.6	-0.5	-0.5	-0.5
P/E (x)	62.4	42.8	50.5	41.0	37.5
P/B (x)	25.0	15.8	12.7	10.2	8.4
EV/EBITDA (x)	6.1	3.8	4.5	3.3	2.6
EV/Sales (x)	0.6	0.5	0.5	0.4	0.3
Debtor days	31	35	36	38	39
Inventory days	41	45	47	48	50
Creditor days	57	58	55	55	54

Source: Company, JM Financial

APPENDIX I

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New Rating System: Definition of ratings	
Rating	Meaning
BUY	Expected return \geq 15% over the next twelve months.
ADD	Expected return \geq 5% and $<$ 15% over the next twelve months.
REDUCE	Expected return \geq -10% and $<$ 5% over the next twelve months.
SELL	Expected return $<$ -10% over the next twelve months.

Note: For REITs (Real Estate Investment Trust) and InvIT (Infrastructure Investment Trust) total expected returns include dividends or DPU (distribution per unit)

Previous Rating System: Definition of ratings	
Rating	Meaning
BUY	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
HOLD	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
SELL	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

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