LG ELECTRONICS INDIA LTD.

October 06, 2025

SMC Ranking

★★☆☆☆ (2/5)

Issue Highlights

Industry	Electronics
Offer for sale (Shares)	101,815,859
Net Offer to the Public	**101,815,859**
Issue Size (Rs. Cr.)	10996-11607
Price Band (Rs.)	1080-1140
Employee Discount	108
Offer Date	7-Oct-25
Close Date	9-Oct-25
Face Value	10
Lot Size	13

Issue Composition

	In shares
Total Issue for Sale	101,815,859
QIB	50,907,930
NIB	15,272,379
Retail	35,635,551

Shareholding Pattern (%)

Particulars	Pre-issue	Post -issue
Promoters & promoters group	100.00%	85.00%
QIB	0.00%	7.50%
NIB	0.00%	2.25%
Retail	0.00%	5.25%
Total	**100.00%**	**100.00%**

*calculated on the upper price band

Objects of the Issue

As this is an OFS, the company will not receive any proceeds from the IPO. The objectives are:

1. To enable the selling shareholder (LG Electronics Inc.) to divest part of its holding.
2. To achieve the benefits of listing, including enhanced visibility and brand value.

Book Running Lead Manager

- Axis Capital Limited
- Citigroup Global Markets India Private Limited
- Morgan Stanley India Company Private Limited
- J.P. Morgan India Private Limited
- BofA Securities India Limited

Name of the registrar

- KFin Technologies Limited

About the company

Incorporated in 1997, LG Electronics India Limited is a leading manufacturer and distributor of home appliances and consumer electronics (excluding mobile phones). The company caters to both B2C and B2B customers in India and overseas, offering a comprehensive range of products along with installation, repair, and maintenance services. Its operations are organized into three key segments — Home Appliances, Air Solutions, and Home Entertainment. As of March 31, 2025, LG operates two advanced manufacturing units in Noida and Pune, supported by a pan-India supply chain network comprising 25 product warehouses, including two central distribution centers (CDCs) and 23 regional distribution centers (RDCs). The company has 51 branch offices and a vast network of 30,847 sub-dealers. LG also provides extensive after-sales support through 1,006 service centers, staffed by 13,368 engineers and backed by four call centers as of June 30, 2025. The company employs a dedicated workforce of 3,796 professionals and upholds its brand philosophy — "Life's Good When We Do Good."

Strength

Market Leadership in Home Appliances and Consumer Electronics: LG Electronics India Limited holds the leading market position in India's home appliances and consumer electronics industry, with the #1 market share (by value) in the offline channel for the six months ended June 30, 2025, and for CY2024, CY2023, and CY2022, according to the Redseer Report. This leadership spans key categories such as washing machines, refrigerators, panel televisions, inverter air conditioners, and microwaves. Given that the offline channel represents about 77–78% of the market, this dominance is significant. The company's broad product portfolio—ranging from OLED, QNED, NanoCell, UHD, and LED televisions—caters to both mass and premium consumers. Its consumer-centric innovation strategy, refined over 28 years of operations, balances affordability, durability, aesthetics, and advanced features to meet evolving Indian consumer preferences.

Innovation Tailored to Indian Consumer Needs: Drawing on 28 years of experience in India and the global technological leadership of LG Electronics, the company has consistently introduced innovations tailored to local requirements. It was the first to launch OLED televisions in 2015 and among the earliest to introduce 4K and Smart TVs in 2011, achieving a dominant offline market share of 59.8%–62.9% in OLED TVs. Other milestones include the full transition to inverter air conditioners in 2017 and the early introduction of microwaves in 1999. The company's deep consumer insights drive localized innovations such as washer-dryers for humid climates, microwaves with Indian dish presets, and rat-mat protection in washing machines. Expanding beyond consumer electronics, it has also established a strong B2B presence in information display and commercial air conditioning, pioneering technologies like transparent OLED displays and OLED gaming monitors in India.

Extensive Distribution and After-Sales Service Network: The company operates India's largest distribution and after-sales service network among home appliance and consumer electronics players, as of June 30, 2025 (Redseer Report). Its expansive sales reach includes 35,640 B2C touchpoints through LG BrandShops, modern trade outlets, traditional retailers, and online channels, supported by 97 regional sales offices, including in semi-urban and rural areas. Nearly half of its trade partners have worked with the brand

for over a decade. On the service side, the network includes 1,006 authorized centers and 13,368 engineers, supported by four consumer call centers offering same-day installations and repairs. The company also exports to 47 countries across Asia, Africa, and Europe, extending its operational footprint beyond India.

Operational Efficiency and Localized Manufacturing Strength: LG Electronics India benefits from one of the largest in-house manufacturing capacities in the industry, with automated and flexible production units in Noida and Pune accounting for over 85% of total sales volume in Q1 FY2025. These facilities use advanced automation, including smart monitoring and 77 automated guided vehicles, enabling efficient multi-line production and boosting productivity in air conditioners and washing machines by 29% and 13%, respectively, since FY2022. The company's localization strategy has increased domestic raw material sourcing to 54.12% (Q1 FY2025), supported by a strong supplier base of 287 partners with an average relationship of over 13 years. The nationwide supply chain is anchored by two Central Distribution Centers and 23 Regional Distribution Centers, ensuring cost efficiency and timely market reach.

Strong Parentage and Trusted Global Brand: As part of LG Electronics, the leading single-brand global home appliances company by revenue in CY2024, LG Electronics India leverages its parent's global expertise, technology, and brand equity. The LG brand, synonymous with trust and reliability, has earned multiple "Most Trusted Brand" awards in 2025 and enjoys a following of over six million on social media. The company benefits from access to LG's global innovation pipeline, manufacturing best practices, and sustainability-driven processes, enabling it to rapidly introduce cutting-edge products in India. This synergy of brand strength, operational excellence, and technological leadership reinforces its dominant position in the Indian market.

Capital-Efficient Growth and Superior Profitability: The company operates a highly capital-efficient and profitable business model, consistently outperforming industry peers. It achieved a Return on Capital Employed of 45.31% in FY2024, compared to the peer average of about 17%, and maintained a working capital cycle of just 15.95 days versus the industry average of 26 days. With an EBITDA margin of 10.42% and a Net Profit Margin of 7.01% in FY2024—both among the best in the sector—the company demonstrates strong operational efficiency. Its free cash flow conversion ratio of 59.49% further underscores disciplined financial management and robust cash generation, positioning it for sustainable growth and shareholder value creation.

Strategy

Building a Strong Foundation for Long-Term Growth in India: Aligned with the strong growth outlook for India's home appliances and consumer electronics industry—projected to expand from approximately Rs.6,87,500 crore (annualized for the six months ended June 30, 2025) to about Rs.10,96,500 crore by CY2029—the company is focused on capacity expansion and operational excellence. A key initiative is the planned establishment of a third manufacturing facility in Andhra Pradesh, with an estimated investment of Rs.5,001 crore. Expected to be operational by FY2027, the facility will initially produce air conditioners and compressors, followed by washing machines and refrigerators in later phases. Simultaneously, the company plans to enhance automation and efficiency at existing plants. On the distribution front, expansion of the B2C network through additional LG BrandShops, wider town-level penetration, and a stronger direct-to-consumer online presence will drive growth and margin improvement. The company also intends to optimize its supply chain by increasing local sourcing and partnering with emerging e-commerce and quick commerce platforms to strengthen its omnichannel reach.

Becoming the Brand of Choice for Every Indian Household: The company's long-term vision is to ensure that every Indian household owns an LG product by delivering reliable, region-specific, and innovative solutions across both volume and premium segments. Its dual strategy focuses on expanding accessibility and affordability for the mass market while simultaneously strengthening its

position in the premium category. For the volume segment, the company continues to cater to regional preferences and lower price points, including legacy products like window air conditioners. In the premium space, it aims to capture growing demand from affluent consumers through advanced technologies such as AI-enabled LG ThinQ smart home solutions, Wi-Fi connectivity, and modern aesthetics. Additionally, the company plans to introduce new product categories, including built-in kitchens, building on its success with water purifiers introduced in 2013. These initiatives are designed to increase product ownership per household and drive consumer upgrades toward premium offerings.

Diversifying the Business Model to Create New Consumer Value: To unlock new growth opportunities, the company plans to expand and diversify its B2B business, targeting the rapidly growing market expected to rise from an annualized Rs.55,000 crore (for the six months ended June 30, 2025) to around Rs.97,000 crore by CY2029, at a CAGR of approximately 14% (Redseer Report). Leveraging the LG Group's global technology expertise, the company aims to deepen its presence in high-value B2B sectors such as hospitality, commercial air conditioning (HVAC), information displays, and specialized equipment. Concurrently, it will enhance After-Sales Maintenance Contract (AMC) offerings for both B2B and B2C customers, particularly in HVAC servicing, as the AMC market is projected to nearly double to Rs.10,500 crore by CY2029. The company also plans to expand its "Careship" subscription-based AMC service, offering flexible coverage for repairs at the point of sale. In addition, it is evaluating new recurring-revenue models such as long-term appliance rental subscriptions, which were test-launched in 2024, to further strengthen consumer engagement and business diversification.

Risk Factor

- A rise in raw material prices may negatively impact the company's business and operating results.
- The top five suppliers accounted for 22.08% and the top ten suppliers for 32.25% of total raw material purchases, including components, during the three months ended June 30, 2025.
- The company faces outstanding tax claims of Rs.4,717.05 crore, equivalent to about 73.16% of its net worth of Rs.6,447.85 crore as of June 30, 2025. There is no assurance that these claims will be resolved in its favour or that no additional liabilities will arise, which could materially affect its business, financial condition, or results of operations.

Peer Comparison

Co_Name	Total Income	PAT	EPS	P/E	P/BV	BV	FV	Price	Mcap
Havells India	21778.06	1472.26	22.52	66.11	11.21	132.77	1	1488.85	93342.22
Voltas	15320.45	841.37	19.57	69.52	6.91	196.84	1	1360.60	45020.18
Blue Star	11967.65	591.24	25.98	73.10	12.74	149.07	2	1899.10	39048.30
Whirlpool India	7919.37	359.00	28.04	42.07	3.79	311.32	10	1179.55	14965.17
LG Electronics India Ltd.	24220.78	2036.95	30.01	37.99	9.66	117.98	10	1140.00	77380.05

***Peer companies financials are TTM based**
*****LG Electronics India Ltd. Financial are based on TTM**

Valuation

Considering the P/E valuation on the upper price band of Rs.1140, TTM EPS and P/E are Rs.37.99 and 30.01 multiple respectively and at a lower price band of Rs. 1080, P/E multiple is 35.99. Looking at the P/B ratio on the upper price band of Rs.1140, book value and P/B are Rs. 117.98 and 9.66 multiple respectively and at a lower price band of Rs. 1080 P/B multiple is 9.15. No change in pre and post issue EPS and Book Value as the company is not making fresh issue of capital.

Industry Outlook

India's appliances and electronics market grew at around 7% annually between CY2019 and CY2024 and is expected to accelerate to about 11% from CY2024 to CY2029, driven by rising incomes, urbanization, and deeper product penetration in rural and urban areas. The market, estimated at Rs.3,50,500 crore (US$41.2 billion) as of June 2025 (annualized), is projected to reach Rs.6,19,000 crore (US$72.8 billion) by CY2029. It comprises B2C and B2B segments, with B2C driven by retail, e-commerce, and brand outlets, and B2B by institutional demand from hospitality, healthcare, and commercial sectors. Competition is intense among domestic, Chinese, and global players, each leveraging distinct strengths—local players focus on affordability and regional preferences, while Chinese and global brands emphasize scale, technology, and premium experiences. The industry's growth is further supported by government initiatives promoting local manufacturing, exports, and sustainable practices, even as it faces challenges like rising competition, import dependence, and supply chain shifts.

Outlook

The company is expected to maintain steady growth supported by its diversified product portfolio, strong manufacturing capabilities, and extensive distribution network. Strategic investments in innovation, technology, and operational efficiency will enhance competitiveness and profitability. Expanding its presence across domestic and international markets should further strengthen its position in the consumer durables segment. However, rising raw material costs, supplier concentration, and significant tax claims remain key risks that could impact near-term performance. Despite these challenges, the company's robust financial base, brand strength, and focus on quality and customer satisfaction position it well for long-term sustainable growth.

An Indicative timetable in respect of the Issue is set out below:

EVENT	INDICATIVE DATE (On or about)
BID/ISSUE OPENS ON	07-October-25
BID/ISSUE CLOSES ON	09-October-25
Finalisation of Basis of Allotment with the Designated Stock Exchange	10-October-25
Initiation of refunds (if any, for Anchor Investors)/unblocking of funds from ASBA Account	13-October-25
Credit of Equity Shares to Demat Accounts of Allottees	13-October-25
Commencement of trading of the Equity Shares on the Stock Exchanges	14-October-25

Annexure

Consolidated Financials

Profit & Loss

Rs. in Cr.

Particulars	Period ended 30-Jun-25 (3 Months)	Period ended 31-Mar-25 (12 Months)	Period ended 31-Mar-24 (12 Months)
Revenue from operations	6262.94	24366.64	21352.00
Total expenditure	5546.67	21256.51	19127.13
Operating Profit	**716.27**	**3110.12**	**2224.87**
OPM%	11.44	12.76	10.42
Other Income	74.43	263.99	205.12
Total Net Income	**790.70**	**3374.11**	**2429.99**
Interest	8.50	30.65	28.51
PBDT	**782.20**	**3343.47**	**2401.49**
Depreciation	90.24	380.36	364.37
Profit/ (loss) before tax	**691.96**	**2963.11**	**2037.12**
Tax	178.70	759.76	526.05
Profit & Loss	**513.26**	**2203.35**	**1511.07**

Balance sheet is on next page

Balance Sheet

Rs. in Cr.

Particulars	As on 30-Jun-25	As on 31-Mar-25	As on 31-Mar-24
Non-current assets			
Property, Plant and Equipment	1328.21	1319.67	1310.54
Capital Work In progress	156.63	75.31	24.21
Intangible assets	8.29	9.44	8.31
Intangible assets under development	0.00	0.00	0.25
Financial assets			
Trade receivables	0.00	0.00	0.00
Loans	6.07	5.60	5.49
Other financial assets	133.74	126.56	114.11
Deferred tax assets (net)	201.79	204.01	171.97
Other non-current assets	**250.75**	**235.72**	**205.15**
Total non-current assets	**2085.48**	**1976.31**	**1840.03**
Current asset			
Inventories	3029.30	3031.46	2397.42
Financial Assets	**0.00**	**0.00**	**0.00**
Trade receivables	1498.37	2361.17	1797.02
Cash and cash equivalents	4574.93	3741.47	2222.61
Loans	2.77	3.07	1.82
Other financial assets	133.00	160.50	92.98
Other current assets	192.61	243.17	146.55
Total current assets	**9430.96**	**9540.83**	**6658.39**
Total Assets	**11516.44**	**11517.15**	**8498.42**
Non-current liabilities			
Financial liabilities			
Financial liabilities			
Lease Liabilities	330.43	330.53	284.70
Provisions	97.54	93.92	87.52
Other non-current liabilities	245.92	224.06	167.32
Total Non- Current liabilities	**673.89**	**648.52**	**539.53**
Current liabilities			
Financial Liabilities			
Lease Liability	103.94	97.30	85.26
Trade payables- Total outstanding dues of micro and small enterprises	310.67	319.48	309.37
Trade payables-Total outstanding dues of creditors other than micro and small enterprises	2620.27	3047.64	2666.17
Other Financial Liabilities	474.52	472.00	347.63
Other current liabilities	524.94	713.24	590.60
Provisions	204.18	185.19	153.20
Current tax liabilities (net)	119.77	63.61	34.42
Total - Current Liabilities	**4358.28**	**4898.46**	**4186.66**
Total Liabilities	**5032.17**	**5546.98**	**4726.19**
Net worth represented by:			
Equity share capital	678.77	678.77	113.13
Other equity	5805.50	5291.40	3659.12
Total Equity	**6484.27**	**5970.17**	**3772.25**

RANKING METHODOLOGY

WEAK	★
NEUTRAL	★★
FAIR	★★★
GOOD	★★★★
EXCELLENT	★★★★★

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