Shubh Nivesh

LG Electronics India Ltd (LGELEC)

CMP: ₹1691 | Target ₹ 2040 (21%) | Target Period: 12 months | BUY

August 31, 2026

Premiumization, export and upcoming festive to fuel growth...

About the stock: Incorporated in 1997, LG Electronics India (LGELEC), is a wholly owned subsidiary of S. Korea based LG electronics Inc. which is a leading single brand global home appliance player. LGELEC has strong manufacturing capabilities operated through two facilities at Noida, Pune and upcoming one at Andhra Pradesh.

Investment Rationale:

- **Festive Season and Premiumization to drive growth:** LG delivered strong Q1FY27 performance with revenue growing 15.5% YoY, led by double-digit growth across all major categories. Premiumisation remains a key growth driver, with strong traction in large-screen TVs, OLED/QNED, French-door refrigerators, 8kg+ washing machines and dishwashers. With richer product mix, calibrated price hikes and operating leverage, management remains confident of sustaining mid-teen revenue growth and early double-digit EBITDA margins in FY27. Further, early sign of festive demand revival for the industry is encouraging, with Independence Day sales witnessing value growth of up to 25% YoY and volumes growing 5–7% YoY across consumer durable categories. Electronics retailers also reported 20%+ volume growth, indicating improving consumer sentiment ahead of the festive season, which should further support LG's TV, refrigerator, washing machine and other key categories.
- **Exports and capacity expansion to strengthen long-term growth and aid margin:** LG is increasingly positioning India as a manufacturing and export hub, with its reach now over 60 countries across Southeast Asia, Middle East, Africa and developed markets. Exports currently contribute ~6% of sales, which the management aims to increase to double digit in 1-2 years. Exports in Q1FY27 grew 30% YoY despite tough global scenario owing to West Asia conflict. At its latest AGM, management reiterated its focus on making exports a key growth engine and establishing India as a global manufacturing hub. Premium refrigerators and Essential Series are being scaled across global markets, with exports remaining margin accretive. Further, the ₹5,000 crore Sri City expansion remains on track, with compressor production expected from Q3FY27 and RAC production from Q4FY27, which should enhance capacity, localisation and export capabilities. Besides, the company is also targeting higher-margin B2B segments such as system ACs, commercial displays, IT products and enterprise solutions, which could support margin expansion. Localisation stood at 55.2% in FY26, with the company targeting ~65% over the next 3-4 years, which should reduce import dependence and currency-related volatility while supporting margins over the medium term.

Rating and Target Price: LGELEC's core advantage is its strong brand and parentage, which positions the company well to benefit from both domestic and export opportunities, while also allowing it to better manage ongoing commodity and currency volatility. The upcoming festive season provides an additional growth catalyst, with early signs of demand revival, strong Independence Day sales and improving consumer sentiment across consumer durable categories. Management remains confident of mid-teen revenue growth and early double-digit EBITDA margins in FY27, supported by premiumization, festive demand, exports, Sri City ramp-up, localization and scaling up of B2B & AMC businesses. We remain positive on the stock, valuing it at PE of 50x FY28E EPS with target price of ₹2,040/share and retain BUY rating.

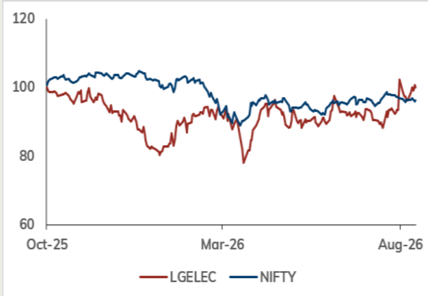
Particulars

Particuar	Amount
Market Cap (₹ Crore)	1,14,808
FY26 Debt (₹ Crore)	459
FY26 Cash (₹ Crore)	4,476
EV (Rs Crore)	1,10,791
52 Week H/L (₹)	1,756/1,300
Equity Capital (₹ Crore)	679.0
Face Value	10

Shareholding pattern

	Dec-25	Mar-26	Jun-26
Promoter	85.0	85.0	85.0
FII	3.0	2.7	3.1
DII	7.1	8.0	7.8
Public	4.8	4.2	4.0

Price Chart



Key risks

(i) Intensifying competition.

(ii) Increase in raw material prices.

(iii) Dependence on parent entity for R&D.

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Key Financial Summary

Key Financials (₹ crore)	FY24	FY25	FY26	3 Year CAGR	FY27E	FY28E	2 Year CAGR
Net Sales	21,352	24,367	24,605	7.4	28,129	31,813	13.7
EBITDA	2,225	3,110	2,408	8.2	3,060	3,986	28.7
EBITDA margin (%)	10.4	12.8	9.8		10.9	12.5	
Net Profit	1,511	2,203	1,685	7.8	2,161	2,769	28.2
Diluted/Adjusted EPS (₹)	22.3	32.5	24.8		31.8	40.8	
P/E(x)	76.0	52.1	68.1		53.1	41.5	
EV/EBITDA (x)	50.8	35.8	46.0		36.2	27.7	
RoCE (%)	48.9	46.0	27.9		32.7	38.0	
RoE (%)	40.1	36.9	22.0		26.0	30.3	

Source: Company, ICICI Direct Research

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Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

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