LG Electronics India Ltd. Subscribe

BP WEALTH

IPO Note **06th October 2025**

Company Overview

LG Electronics India Ltd. (LGEIL) is a leading player in the home appliances and consumer electronics industry in India, with #1 market share across key product categories including washing machines, refrigerators, panel televisions, inverter air conditioners, and microwaves, based on market share (in terms of value) in the offline channel. The company was the first leading home appliances and consumer electronics player to introduce OLED televisions in India in 2015, and was amongst the first players to launch 4K televisions and smart televisions in 2011. The company has an expansive sales network through 35,640 B2C touch points comprising LG Brand Shops that are strategically located in main shopping areas of the cities and towns, modern trade stores such as Reliance Retail, Croma (Infiniti Retail), and Vijay Sales, online touch points, traditional stores, distributors, and sub-dealers. As of June 30, 2025, the company had one of the largest in-house production capacities (excluding mobile phones) amongst leading home appliances and consumer electronics players in India. They have two manufacturing units located in Noida and Pune, which collectively accounted for 85.5%, 84.2%, 86.1%, 85.7% and 85.3% of its overall sales in three months ended June 30, 2025, and 2024, and Fiscal years 2025, 2024, and 2023, respectively. They have an extensive supplier network comprising 287 suppliers who have been with them for an average of 13.1 years as of June 30, 2025.

Objects of the issue

The company will not receive any proceeds from the Offer.

Investment Rationale

Market leader in India's home appliances and consumer electronics sector across key product categories

The company stands as a market leader in India's home appliances and consumer electronics industry, holding the number one position across key product categories such as washing machines, refrigerators, panel televisions, inverter air conditioners, and microwaves in the offline retail channel. It has maintained this leadership consistently for the six months ended June 30, 2025, as well as for calendar years 2024, 2023, and 2022, as per market share data (in terms of value) reported by Redseer. The company offers one of the most comprehensive and technologically advanced product portfolios in the Indian consumer durables market. Its television lineup, for instance, spans across multiple high-end technologies including Organic Light-emitting Diode (OLED), Quantum Nano-Emitting Diode (QNED), NanoCell (technology that uses nanoparticles to display rich images), Ultra High Definition (UHD), and Light Emitting Diode (LED) models, giving it a clear edge over competitors who typically offer fewer product types. Similarly, in the home appliance category, the company's diversified offerings cater to varied consumer preferences and usage patterns across income segments and geographies. With over 28 years of operations in India, the company has built a strong reputation for product quality, reliability, and service excellence. Its extensive service network and commitment to after-sales support have further reinforced consumer trust and loyalty. The company's deep understanding of consumer needs has allowed it to maintain a balanced and inclusive product strategy offering cutting-edge, feature-rich appliances for premium customers, while simultaneously introducing durable, affordable models designed for mass-market consumers who prioritise value and functionality. Overall, the company's sustained market leadership, wide and technologically superior product range, robust brand equity, and strong distribution and service network collectively strengthen its competitive position.

Driving operational excellence through robust manufacturing and localised supply chain

The company has strong operational efficiency through its robust manufacturing capabilities and a well-integrated, localised supply chain. As of June 30, 2025, it possessed one of the largest in-house production capacities (excluding mobile phones) among India's leading home appliances and consumer electronics players. By manufacturing key components internally, the company maintains greater control over product development, quality, costs, and delivery timelines. Its manufacturing units are designed for flexibility and employ advanced automation technologies, enabling efficient production of a diverse product range at scale while allowing for quick adjustments in production levels based on projected demand. In FY25, capacity utilisation at its Noida manufacturing unit reached

Issue Details	
Offer Period	07th Oct. 2025 - 09th Oct. 2025
Price Band	Rs. 1,080 to Rs. 1,140
Bid Lot	13
Listing	BSE & NSE
Issue Size (no. of shares in mn)	101.8
Issue Size (Rs. in bn)	116
Face Value	10

Issue Structure	
QIB	50%
NIB	15%
Retail	35%
BRLM	Morgan Stanley India Co.Pvt.Ltd., JP Morgan India Pvt.Ltd., Axis Capital Ltd., BOFA Securities India Ltd., Citigroup Global Markets India Pvt.Ltd.
Registrar	Kfin Technologies Ltd.

Particulars	Pre Issue %	Post Issue %
Promoter & Promoter Group	100%	85%
Public	0%	15%
Total	**100%**	**100%**

(Assuming issue subscribed at higher band)

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to about 82.7% on a double-shift basis, reflecting effective use of resources. The company's supply chain is supported by a network of 287 suppliers with an average association of approximately 13 years, highlighting strong supplier relationships and significant supplier stickiness, with 65.5% of third-party raw material suppliers serving the company for over a decade. The company has progressively increased sourcing from domestic suppliers, rising from 50.5% in FY23 to 53.8% in FY25, reflecting a strategic focus on local procurement. Its distribution network, comprising two central distribution centres (CDCs) and 23 regional distribution centres (RDCs) across India, is further strengthened by technology-enabled systems such as the Warehouse Management System (WMS) and Transport Management System (TMS), which provide real-time updates on deliveries and optimise transport routes. These capabilities collectively enhance operational efficiency, reduce lead times, and support the company's ability to meet growing consumer demand, positioning it strongly for sustainable growth.

Valuation

LG Electronics India Ltd. is a market leader in India's home appliances and consumer electronics industry, commanding #1 market share across key product categories, including washing machines, refrigerators, panel televisions, inverter air conditioners, and microwaves in the offline channel. The company's leadership is underpinned by a broad and technologically advanced product portfolio, a strong brand presence, and one of the largest distribution networks among its peers, with 35,640 B2C touch points spanning urban and rural India as of June 30, 2025. The company's pan-India presence across multiple distribution formats enhances its reach to consumers, enabling it to maintain sustained market dominance and a strong connection with end customers. To capitalise on market opportunities and further strengthen its competitive position, LGEIL is pursuing a multi-pronged growth strategy. The company plans to construct a third manufacturing facility in Andhra Pradesh to expand production capacity and address anticipated growth in consumer demand. Existing manufacturing capabilities are set to be enhanced through additional automation technologies, improving efficiency and flexibility. LGEIL also aims to optimise its supply chain by increasing locally sourced raw materials, thereby reducing costs and strengthening operational resilience. On the B2B front, the company plans to deepen its presence and introduce additional revenue streams, targeting a CAGR of ~14% from CY24 to CY29. The B2B expansion includes products such as HVAC systems, commercial information displays, commercial washing machines, LED displays, and electronic blackboards, catering to the growing institutional demand. On the financial front, the company has delivered healthy CAGR growth over FY23–25, with Revenue/EBITDA/PAT CAGR of 10.8%/28.0%/27.9%. The company has consistently demonstrated superior profitability and return ratios relative to industry peers, reflecting the effectiveness of its business model. With strong operational metrics, an expanding product portfolio, and strategic initiatives aimed at both B2C and B2B segments, LGEIL is well-positioned to sustain growth, strengthen profitability, and create long-term growth in India's dynamic home appliances and consumer electronics market. **At the upper price band of Rs 247, the company is valued at a P/E multiple of 35.1x FY25 earnings. We, thus, recommend a "SUBSCRIBE" rating for this issue.**

Key Risks:

⇒ The company is significantly dependent on LG Electronics, its promoter, for various aspects of its operations and pays royalties under the existing License Agreement. Any adverse changes in relationship with LG Electronics or other companies within the LG Group could materially impact the company's business operations, reputation, financial condition, and overall results.

⇒ The royalty payments made to the promoter under the License Agreement may attract regulatory scrutiny or action. As of the date of this Red Herring Prospectus, the company has a contingent liability of Rs. 3,153.00 million relating to these royalty payments. There is no assurance that similar observations will not be raised by tax authorities in future periods, and any such actions could adversely affect the company's financial condition and results of operations.

⇒ Rising prices of raw materials essential for the company's operations could increase production costs and negatively impact profitability, thereby adversely affecting the company's business performance and results of operations.

LG Electronics India Ltd.

Income Statement (Rs. in millions)

Particulars	FY23	FY24	FY25	Q1 FY26
Revenue				
Revenue from operations	1,98,646	2,13,520	2,43,666	62,629
Total revenue	**1,98,646**	**2,13,520**	**2,43,666**	**62,629**
Expenses				
Cost of material consumed	1,23,608	1,29,160	1,47,406	39,314
Purchase of stock in trade	18,788	19,358	19,729	5,545
Changes in inventory	-2,115	784	-1,334	-2,027
Employee benefits expenses	7,992	8,868	9,628	2,536
Other expenses	31,380	33,101	37,136	10,099
Total operating expenses	1,79,653	1,91,271	2,12,565	55,467
EBITDA	**18,993**	**22,249**	**31,101**	**7,163**
Depreciation & amortization expenses	3,004	3,644	3,804	902
EBIT	**15,989**	**18,605**	**27,298**	**6,260**
Finance costs	226	285	306	85
Other Income	2,440	2,051	2,640	744
PBT	**18,203**	**20,371**	**29,631**	**6,920**
Tax expense				
Current tax	4,794	5,567	7,901	1,768
Current tax expense related to previous years	14	40	-1	0
Deferred tax	-85	-347	-302	19
Total tax	4,723	5,260	7,598	1,787
Net Profit	**13,480**	**15,111**	**22,033**	**5,133**
Diluted EPS	**19.86**	**22.26**	**32.46**	**7.56**

Source: RHP, BP Equities Research

Cash Flow Statement (Rs. in millions)

Particulars	FY23	FY24	FY25	Q1 FY26
Cash Flow from operating activities	18,708	16,655	16,539	9,419
Cash flow from/(used in) investing activities	-2,740	-205	275	-770
Net cash flows (used in) / from financing activities	-25,607	21,853	1,065	-302
Net increase/(decrease) in cash and cash equivalents	**-9,639**	**38,303**	**17,879**	**8,347**
Cash and cash equivalents at the beginning of the period	**37,269**	**27,626**	**22,226**	**37,415**
Cash and cash equivalents at the end of the period	**27,626**	**22,226**	**37,415**	**45,749**

Source: RHP, BP Equities Research

LG Electronics India Ltd.

Balance Sheet (Rs. in millions)

Particulars	FY23	FY24	FY25	Q1 FY26
ASSETS				
Non-Cureent Assets				
Property, plant and equipment	13,328	13,105	13,197	13,282
Capital work in progress	243	242	753	1,566
Intangible assets	99	83	94	83
Intangible asset under development	3	2	0	0
Financial Assets				
(i) Trade Receivables	0	0	0	0
(ii) Loans	48	55	56	61
(iii) Other financial assets	1,193	1,141	1,266	1,337
Deferred tax assets (Net)	1,365	1,720	2,040	2,018
Other Non-Current Assets (Net)	2,001	2,052	2,357	2,508
Total Non-Current Assets	**18,280**	**18,400**	**19,763**	**20,855**
Current Assets				
Invntories	26,410	23,974	30,315	30,293
Financial Assets				
(i) Trade Receivables	14,995	17,970	23,612	14,984
(ii) Cash and cash equivalents	27,626	22,226	37,415	45,749
(iii) Loans	21	18	31	28
(v) Other financial asset	613	930	1,605	1,330
Other current assets	1,936	1,466	2,432	1,926
Assets classifies as helf for sale	40	0	0	0
Total Current Assets	**71,641**	**66,584**	**95,408**	**94,310**
Total Assets	**89,921**	**84,984**	**1,15,171**	**1,15,164**
Equity and Liabilities				
Equity Share Capital	1,131	1,131	6,788	6,788
Other Equity	42,431	36,591	52,914	58,055
Total Equity	**43,562**	**37,722**	**59,702**	**64,843**
Non-Current Liabilities				
Financial libilities				
(i) Lease Liabilities	2,495	2,847	3,305	3,304
Provisions	705	875	939	975
Other non current liabilities	1,160	1,673	2,241	2,459
Total Non-Current Liabilities	**4,360**	**5,395**	**6,485**	**6,739**
Current Liabilities				
Financial Liabilities				
(i) Lease Liabilities	690	853	973	1,039
(ii) Trade Payables	30,633	29,755	33,671	29,309
(iii) Other financial liabilities	3,795	3,476	4,720	4,745
Provisions	1,354	1,532	1,852	2,042
Other current liabilities	5,092	5,906	7,132	5,249
Current tax liabilities (Net)	435	344	636	1,198
Total Current liabilities	**41,999**	**41,867**	**48,985**	**43,583**
Total Liabilities	**46,359**	**47,262**	**55,470**	**50,322**
Total Equity and Liabilities	**89,921**	**84,984**	**1,15,171**	**1,15,164**

Source: RHP, BP Equities Research

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Disclaimer Appendix

Analyst (s) holding in the Stock : Nil

Analyst (s) Certification:

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