BUY

IPO Price: **INR 1,140** Target Price: **INR 1,700** ▲ 49%

ICICI Securities

ICICI Securities Limited is the author and distributor of this report

14 October 2025

India | Equity Research | Initiating Coverage

LG Electronics India

White Goods

Sustained market leadership across major categories; initiate coverage with BUY

We initiate coverage on LG Electronics India (LG) with a BUY rating as: (1) It has developed strong competitive advantages such as LG brand with premium positioning, established distribution network, and multiple manufacturing units in India with strong backward integration capabilities. (2) Its share-of-voice is higher than that of peers, indicating potential for market share gains. LG is also investing in strengthening its distribution network and we model this to act as a key competitive advantage and growth driver. (3) It has generated strong return ratios and FCF over FY14-25. Core RoE (ex-cash and tax adjusted other income) is >90%. (4) It is market leader in most white goods it operates in and is beneficiary of premiumisation trend. (5) Revenue contribution of LG India to parent's revenue rose from 3.5% in CY21 to 4.3% in CY24, highlighting the growing importance of the Indian business to the parent.

We also believe recent reduction in GST rates, income tax and interest rates augurs well for growth of most categories in FY27-28E and model LG to be a beneficiary.

We model LG India to report revenue/PAT CAGR of 9.3%/7.9% over FY25–28E. We initiate coverage on the stock with a **BUY** rating and a DCF-based target price of INR 1,700 (implying 45x FY27E and 42x FY28E earnings). Key risks: Steep competition, delay/ failure in launch of new products, and rapid technological changes.

EVA creation strong, RoE (ex-cash) generation > 90%

LG has continued to generate strong return ratios with healthy earnings growth (22.3% PAT CAGR over FY22-25). Its EVA creation has also remained strong over FY14-25. Its FCF generation has remained strong despite highly competitive intensity over FY21-25. LG India's RoE (ex-cash) improved from 64.1% in FY22 to 99.1% in FY25. It is higher than that of most of the peers. We believe superior working capital management (net working capital days of ~13 days at end of FY25) has allowed LG to generate strong return ratios.

Strong in-house manufacturing capabilities and distribution

LG commands one of the largest in-house manufacturing capacities in white goods in India and its in-house manufactured goods as a percentage of net sales increased from 84.2% in FY22 to 86.1% in FY25. It also manufactures key components like compressors and motors. Currently, the company has 97 sales offices, ~35,640 retail touchpoints and 770+ own brand stores (as at 30 Jun'25), which are higher than most of the peers.

Financial Summary

Y/E March (INR mn)	FY25A	FY26E	FY27E	FY28E
Net Revenue	2,43,666	2,57,219	2,86,776	3,18,251
EBITDA	31,101	32,274	36,843	41,205
EBITDA Margin (%)	12.8	12.5	12.8	12.9
Net Profit	22,033	22,815	25,535	27,676
EPS (INR)	32.5	33.6	37.6	40.8
EPS % Chg YoY	45.8	3.5	11.9	8.4
P/E (x)	35.1	33.9	30.3	28.0
EV/EBITDA (x)	23.8	22.9	20.2	18.2
RoCE (%)	37.1	31.7	36.5	41.8
RoE (%)	45.2	38.5	44.1	49.7

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Market Data

Market Cap (INR)	774bn
Market Cap (USD)	8,722mn
Bloomberg Code	LGEL IN
Reuters Code	-
52-week Range (INR)	-
Free Float (%)	15
ADTV-3M (mn) (USD)	-

Price Performance (%)	3m	6m	12m
Absolute	-	-	-
Relative to Sensex	-	-	-

ESG Score	2023	2024	Change
ESG score	NA	NA	NA
Environment	NA	NA	NA
Social	NA	NA	NA
Governance	NA	NA	NA

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Focus on profitable growth

We note the company has exited some of the highly competitive businesses such as mobile phones and discontinued sale of ceiling fans in Indian market. While it reported revenue CAGR of 7.0% over FY14-25 (in-line with real GDP growth), we note it has focused on margin expansion, maintaining net cash balance sheet and generating strong return ratios.

Rising localisation efforts

The company has made significant efforts in increasing the domestic sourcing of raw materials. Souring of raw materials from domestic suppliers increased from 45.1% in FY22 to 53.8% in FY25. The company's localisation strategy ensures faster access to raw materials, enabling it to quickly respond to demand. This also lowers the inventory requirement and supports more competitive pricing by the company.

Macro tailwinds to boost LG India

LG India is set to benefit from the new BEE norms and GST cuts. Stricter BEE standards favour its technologically advanced and energy efficient products. Lower GST rates simultaneously enhance the affordability and demand across B2B and B2C segments. Reduction in interest costs, income tax rates and electricity subsidies by some states also augur well. Together, these macro tailwinds will likely support market penetration, volume growth and reinforce the company's competitive positioning in the industry.

Rising importance of Indian business to parent

LG India's share in parent company's revenue grew from 3.5% in CY21 to 4.3% in CY24, reflecting India's rising significance in LG's global operations. We believe there is potential to steadily increase the products in India from parent's basket.

Initiate coverage with BUY rating

We model LG India to report revenue/PAT CAGR of 9.3%/7.9% over FY25–28E. We initiate coverage on the stock with a BUY rating and a DCF-based target price of INR 1,700 (implied target P/E of 45x FY27E and 42x FY28E earnings).

Key risks

Rapid technological changes; steep increase in the competition; delay/ failure in launch of new products; steep inflation in commodity prices.

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Investment Summary

Strong competitive advantages

LG has developed multiple competitive advantages such as established brand, distribution network and strong presence in alternate channels. It also offers installation as well as annual maintenance/ servicing to the trade/consumers. LG has strong ability to manufacture products in India with plants at Pune and Noida and it is also in process to establish new unit at Sri city. It also has strong backward integration of key components like compressors.

Exhibit 1: Strong competitive advantages

Particulars	As of Jun'25
Brand	LG
Distribution network	
Offline stores which exclusively sell LG products	777
Large format stores (MT)	1,385
Traditional outlets (MBO)	1,134
Regional specialty stores	1,615
Distributors	377
Sub-dealers	30,349
B2B trade partners	463
LG Website & E-com marketplace	3
Manufacturing units	
Two operational units	Pune, Noida
New unit under construction	Sri city
Backward integration of compressors	~100% post commencement of Sri city unit
Servicing capabilities	
Distribution centres	25
Service touchpoints	~1,000

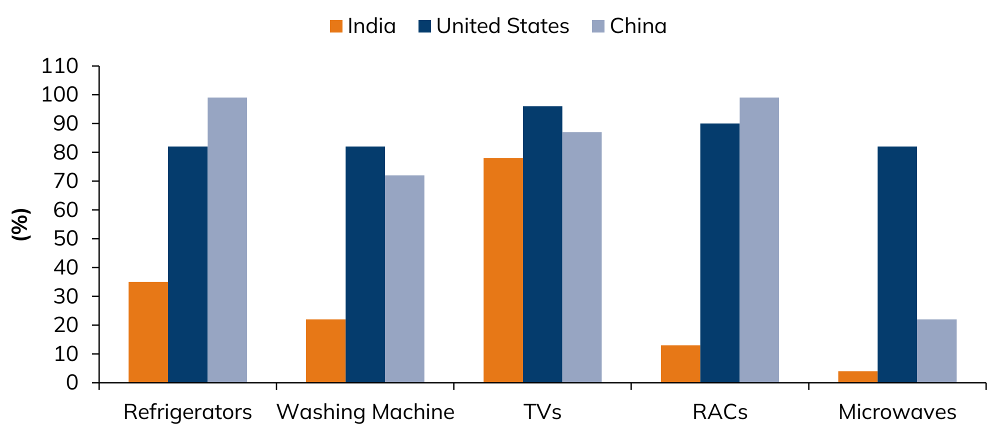
Source: Company data, I-Sec research

Low penetration of home appliances in India

The penetration of white goods in India remains well below the global benchmarks, which highlights the vast untapped market in India. This under-penetration provides a long runaway for growth. LG is well positioned to capture both the mass and premium seeking consumers.

We believe that lower penetration, strong macro tailwinds and rising premiumisation provide the Indian consumer durable market a structural long-term growth story. LG India, with its strong brand recall, local manufacturing footprint and diversified portfolio, is well placed to benefit from the growth.

Exhibit 2: Potential for increasing penetration in India in key appliances



Source: Company data, I-Sec research

Multiple growth strategies of LG

We model LG to benefit from multiple growth drivers such as steady expansion of distribution and rising penetration levels. Premiumisation will also act as a crucial growth driver. It has added multiple products in small appliances and we model steady growth in these products ahead. We also believe the company could benefit from B2B businesses as well as services.

Exhibit 3: Growth strategies of LG

Particulars	Comments
Distribution expansion	Steady expansion by 3-5% in number of outlets
Higher reach	Potential to reach deeper in semi-urban / rural markets.
Increase in penetration	Focus on driving volume growth
Premiumisation	It can potentially drive the value growth upwards by 200-300bps per annum.
Launches of new products	Steady expansion of portfolio
B2B business	Potential to expand B2B business such as HVAC
Servicing business	Potential for driving growth of installation and servicing business

Source: Company data, I-Sec research

Valuation

We have valued the company as per DCF methodology. We model the company to generate revenue and PAT CAGRs of 9.3% and 7.9%, respectively, over FY25-28E. We also model the company to maintain strong return ratios over FY25-28E. At our DCF-based target price of INR 1,700, implied target P/E wors out to 45x of FY27E and 42x on FY28E earnings.

Exhibit 4: DCF Valuation

Particulars	INR mn
Cost of Equity (%)	11.0%
Terminal growth rate (%)	5.0%
Discounted interim cash flows (INR mn)	3,85,154
Discounted terminal value (INR mn)	7,68,759
Total equity value (INR mn)	11,53,913
Value per share (INR)	**1,700**

Source: Company data, I-Sec research

Strong competitive advantages and EVA creation

LG has created multiple competitive advantages such as strong brand, distribution network and manufacturing capabilities in India. It has been able to deliver technologically advanced products across price points with strong servicing abilities. It has been able to steadily gain market shares and has also delivered strong EVA creation through the years.

Exhibit 5: Strong EVA creation

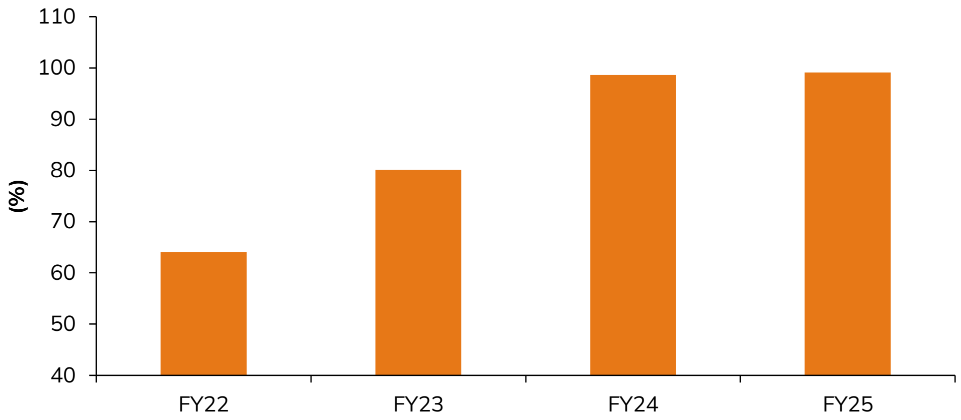
Particulars	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
RoE (%) [A]	37.1	59.2	54.1	40.6	33.9	25.7	19.9	27.4	37.2	45.2
Cost of Equity (%) [B]	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0
Networth (INR mn) [C]	18,487	22,917	29,044	44,336	62,721	64,433	53,729	42,198	36,003	57,662
EVA generated (INR mn) [(A-B)xC]	483,358	1,103,893	1,250,915	1,314,155	1,437,437	945,933	480,784	690,000	942,536	1,973,875
FCF (INR mn)	17,545	2,177	2,218	15,441	16,831	18,657	4,983	15,740	16,183	15,949

Source: Company data, I-Sec research

Strong return ratios adjusting for excess cash and other income (post tax)

LG India's RoE (ex-cash) trajectory has shown a clear YoY improvement, rising from 64.1% in FY22 to 99.1% in FY25. This steady increase highlights the company's ability to generate higher core returns despite a growing equity base. The improvement is driven by operating leverage from scale-up in premium categories such as OLED TV, Double-door Refrigerators and Invertor RACs.

Exhibit 6: Rising core RoE (ex-cash and other income post tax)



Source: Company data, I-Sec research

RoE (ex-cash) superior than peers

Compared to peers, LG India's RoE (ex-cash) is significantly higher across the years. The gap in return ratios indicates that LG India's business model generates healthy and sustainable returns. LG India benefits from its brand strength, premium product positioning and capital-light balance sheet. This makes its return profile structurally superior and justifies a valuation premium.

Exhibit 7: RoE (ex-cash) comparison across peers

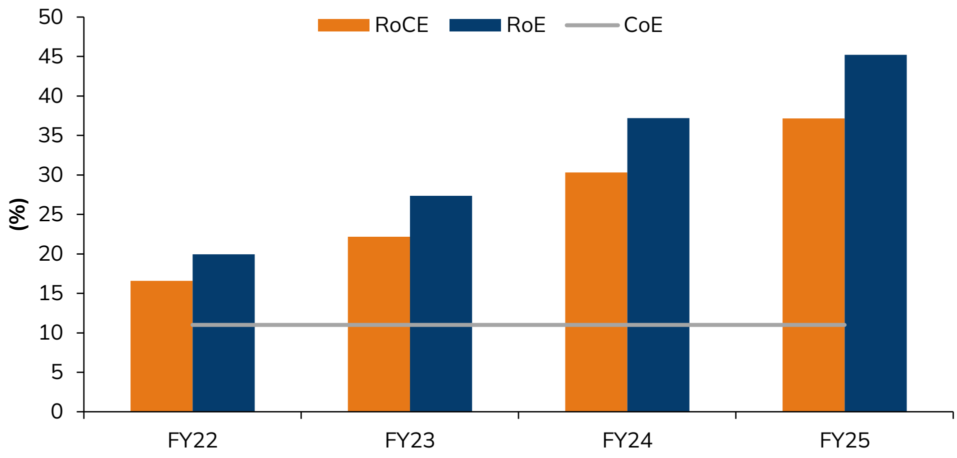
RoE (ex-cash)	FY22	FY23	FY24	FY25
LG India	64.1%	80.1%	98.6%	99.1%
Voltas	23.1%	13.3%	5.7%	21.5%
Havells	31.9%	19.0%	22.8%	24.2%
Whirlpool	11.1%	6.7%	7.9%	15.6%
Bluestar	26.0%	26.7%	19.5%	23.5%

Source: Company data, I-Sec research

Return ratios materially higher than cost of equity

LG return ratios are higher its CoE. The expansion in return ratios reflects cost efficiencies from operating leverage and superior product mix.

Exhibit 8: Return ratios higher than CoE



Source: Company data, I-Sec research

Established brand in India with premium positioning

LG is operating in India since past 28 years and has established strong brand across the segments. It has rolled out the brand steadily across the segments such as refrigerators, washing machines, air conditioners and televisions. It also has healthy presence in small domestic appliances. It has established leadership in most segments it operates.

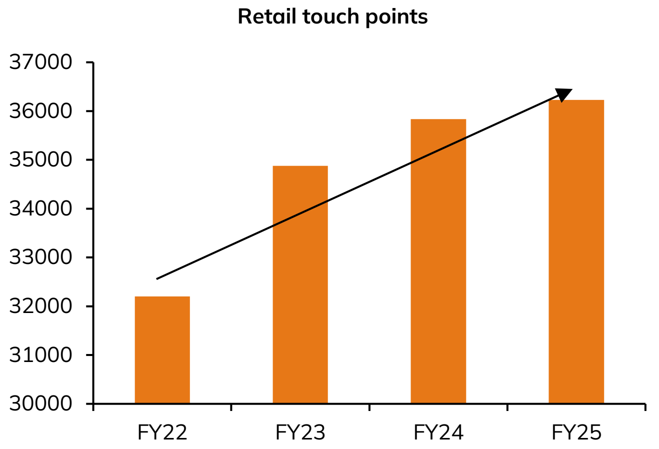
Exhibit 9: Established brand - LG

Source: Company data, I-Sec research

Established distribution network

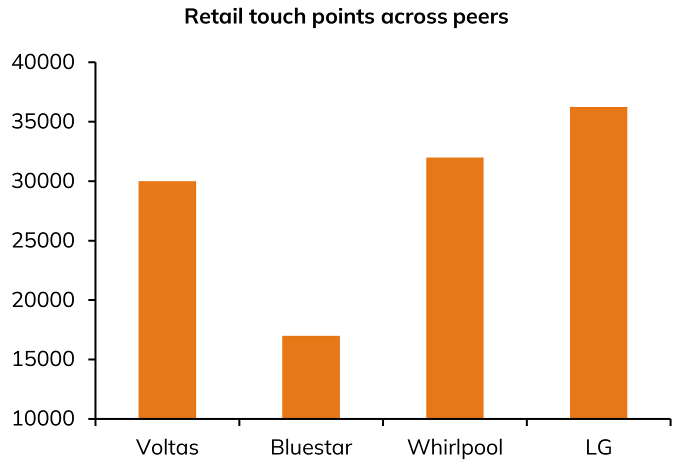
LG's retail touchpoints are higher than most peers and is retail touchpoints are also increasing YoY. LG invests in MBOs as well as EBOs to strengthen its visibility. It has consistently expanded its partnership with regional distributors and modern retail chains, which ensures wider accessibility and faster penetration. Currently, it has 97 sales offices, ~35,640 retail touchpoints and 770+ own brand stores (as at Jun'25) which is higher than most of the peers.

Exhibit 10: Growing trend in retail touchpoints



Source: Company data, I-Sec research

Exhibit 11: Retail touchpoints across peers

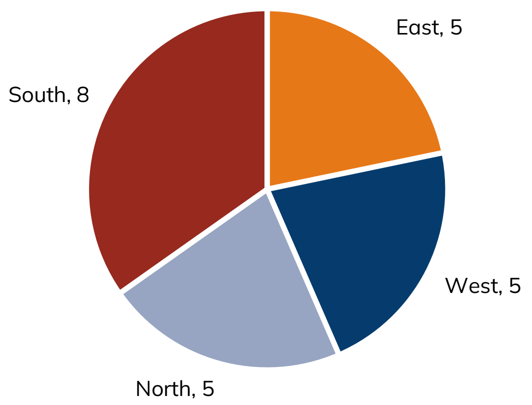


Source: Company data, I-Sec research

Strong servicing abilities

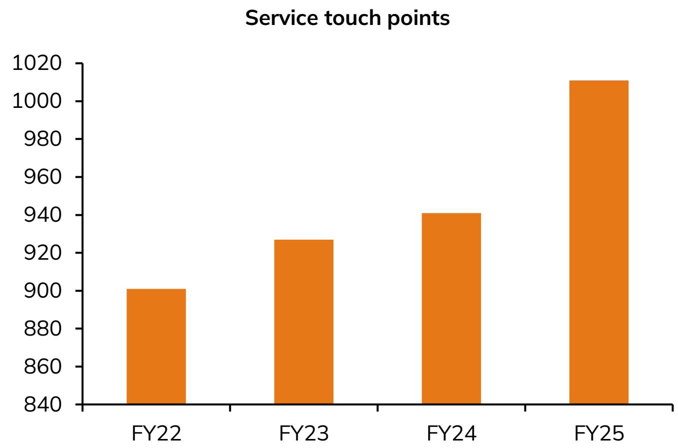
LG has strong servicing abilities and it provides engineering services, including installation, repairs, and maintenance. The company also has extensive distribution centres across India. Its widespread network allows it to deliver the products efficiently. Moreover, it has strong presence across regions with slightly higher focus in South India.

Exhibit 12: Balanced distribution centres across regions



Source: Company data, I-Sec research

Exhibit 13: Increase in service touchpoints over the years



Source: Company data, I-Sec research

Distribution footprint of LG

LG has developed strong distribution across channels. While it has strong presence in general trade, it has also rolled out exclusive stores and is also present in modern trade and multi-brand outlets. It has also rolled out products through its own website as well as e-commerce marketplaces.

Exhibit 14: Distribution footprint of LG

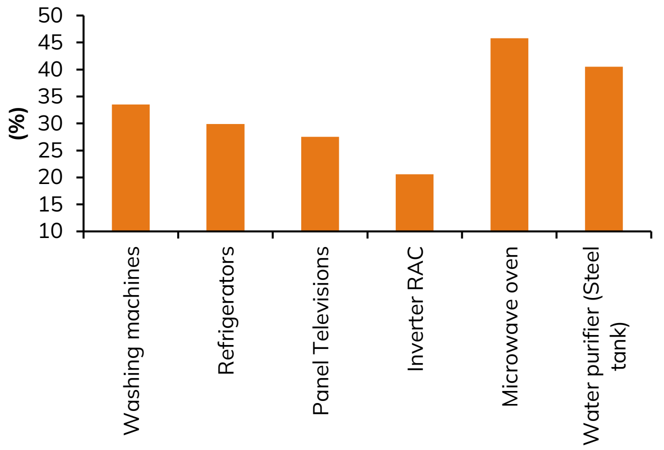
Particulars	Details
Offline stores which exclusively sell LG products	777
Large format stores (MT)	1,385
Traditional outlets (MBO)	1,134
Regional specialty stores	1,615
Distributors	377
Sub-dealers	30,349
B2B trade partners	463
LG Website & E-com marketplace	3

Source: Company data, I-Sec research

Leading market shares in most categories

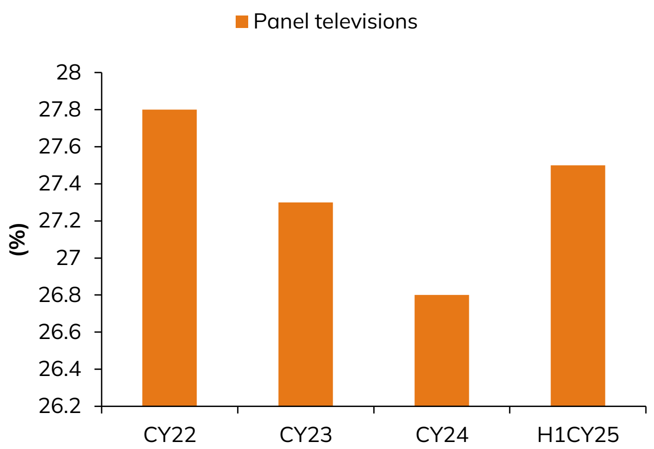
The company has been the largest player in majority of the white goods for 13 consecutive years (CY11-23) as per value market share (Source: Red Seer). LG is also the market leader in India across multiple product categories, including washing machines, refrigerators, panel televisions, inverter air conditioners and microwaves. It has been increasing its market share with stable profitability despite steep competitive pressures.

Exhibit 15: Healthy market shares across categories



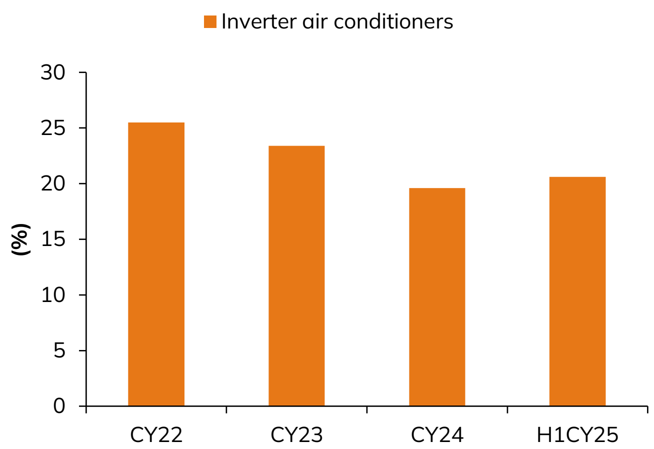
Source: Company data, I-Sec research, Industry

Exhibit 16: Market share in panel televisions (value)



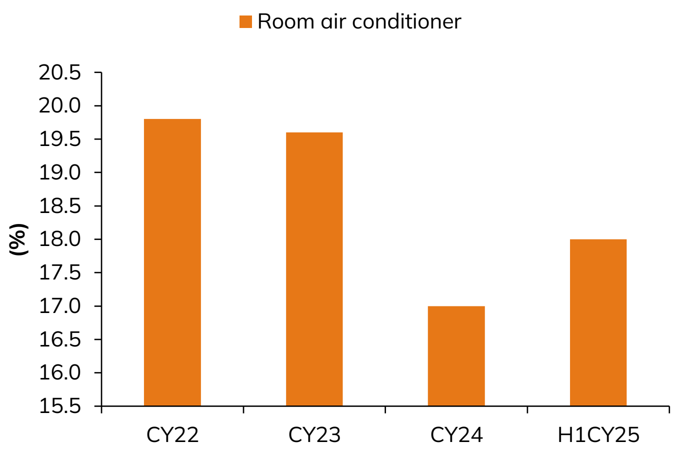
Source: Company data, I-Sec research

Exhibit 17: Market share in invertor air conditioner (value)



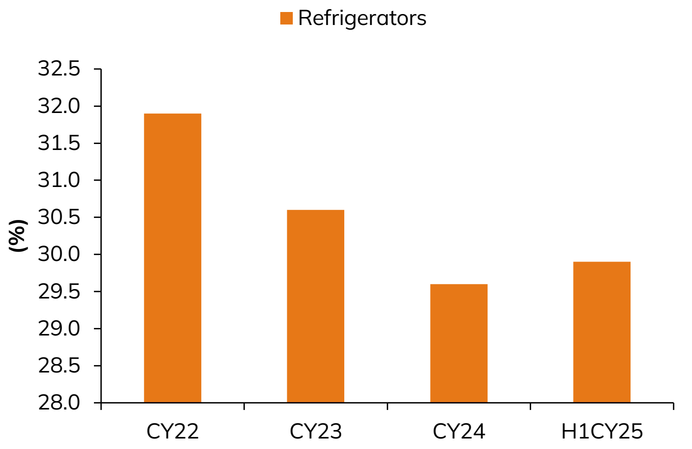
Source: Company data, I-Sec research

Exhibit 18: Market share in room air conditioner (value)



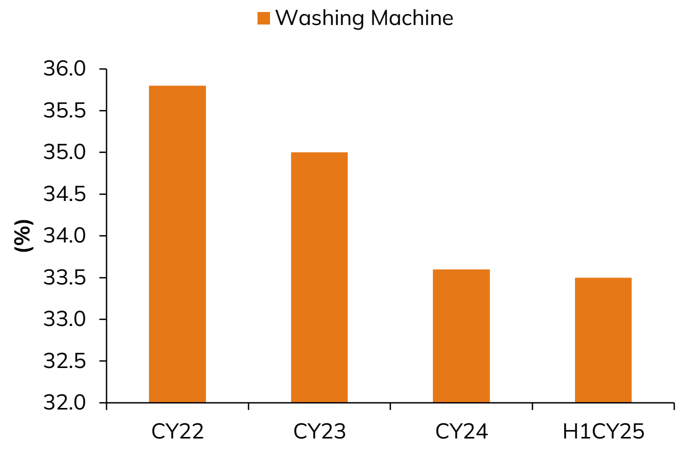
Source: Company data, I-Sec research

Exhibit 19: Market share in refrigerators (value)



Source: Company data, I-Sec research

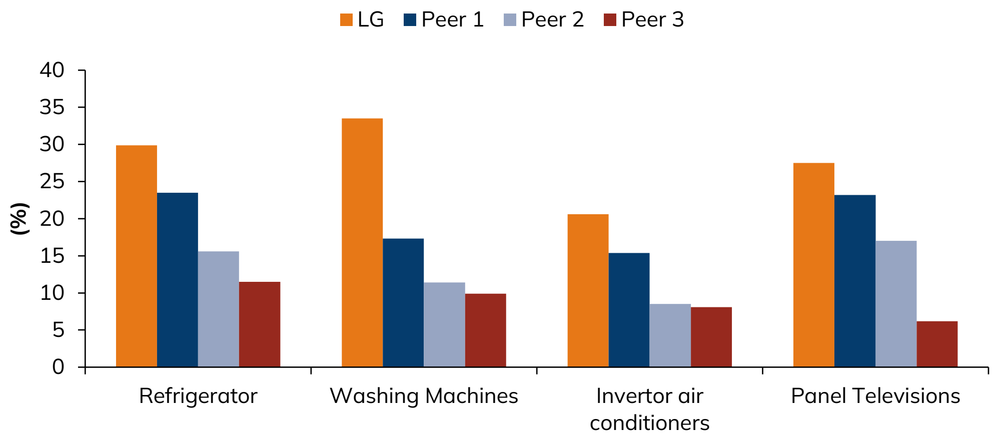
Exhibit 20: Market share in washing machines (value)



Source: Company data, I-Sec research

LG has the leading market share in terms of value in refrigerator, washing machine, Inverter air conditioners and Panel Televisions compared to its peers as of Jun'25.

Exhibit 21: Leading market share compared to peers (value)

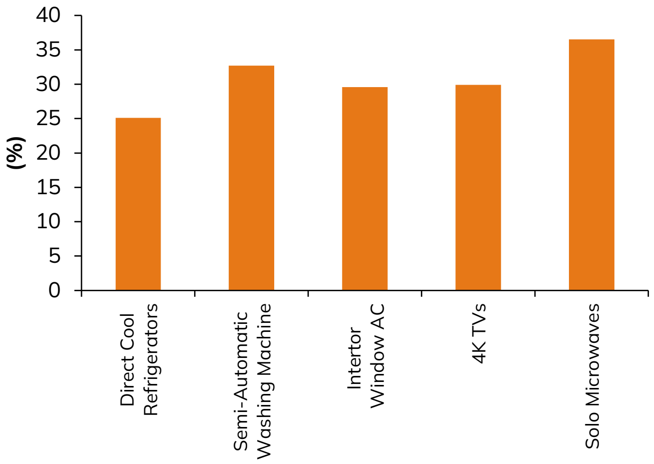


Source: Company data, I-Sec research

Market share in mass and premium categories

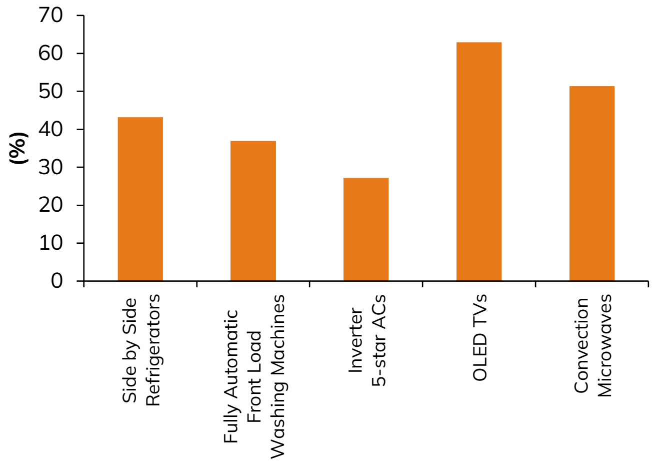
The company has established a strong position across both volume as well as premium categories. Its wide product portfolio and access to parent's technology cater to diverse customers preferences. This enables the company to capture the volume in mass segment while maintaining margins in premium category. In CY24, the premium products accounted for ~17% of India's home appliances market (Source: Red Seer), which is expected to steadily grow ahead in our view. LG's ability to capture market shares in premium categories underscores its strong competitive edge and brand strength.

Exhibit 22: Market shares in volume segment



Source: Company data, I-Sec research

Exhibit 23: Market shares in premium segment

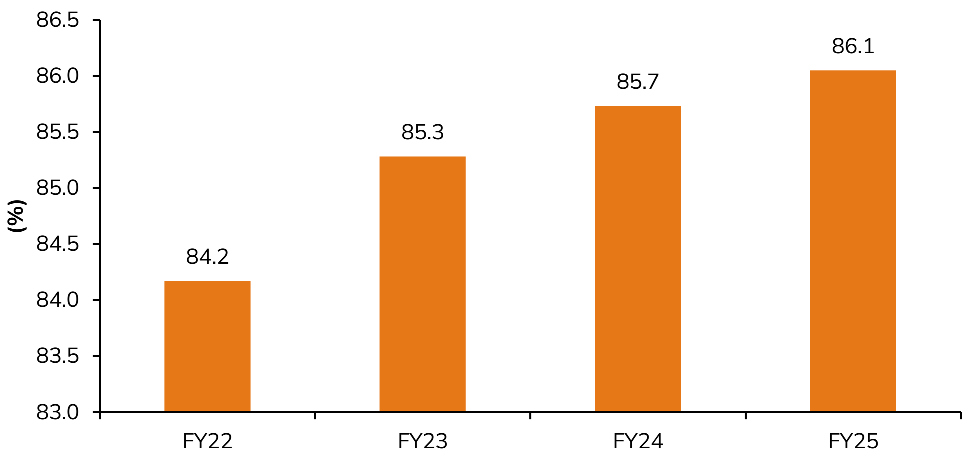


Source: Company data, I-Sec research

Strong in-house manufacturing capabilities

The company has strong in-house production capacities among prominent home appliances and consumer electronics manufacturers in India. It operates two manufacturing facilities located in Noida and Pune, producing ~86% of its products. Additional manufacturing plant at Sri city, Andhra Pradesh, could enable the company to strengthen its in-house production facility, greater control over supply chain and cater to rising consumer demand.

Exhibit 24: In-house manufactured goods as % of net sales



Source: Company data, I-Sec research

Backward integration of compressors

The company has overall capacity of ~1mn units of compressors at its Pune and Noida units. It is also in the process to set up additional capacity of compressors at Sri city. We note the company will be self-sufficient in backward integration of its compressors post stabilization of Sri city unit. With the mandatory sourcing of compressors for air conditioners by July'26, we believe self-sufficiency in compressors will be a key competitive advantage.

Exhibit 25: Capabilities to manufacture the compressors in-house

Particulars	Details
Refrigerators	100% backward integration of compressors at Pune and Noida
Air conditioners	1mn at current production units
Sri city unit	Plans to reach 100% backward integration of compressors of air conditioners

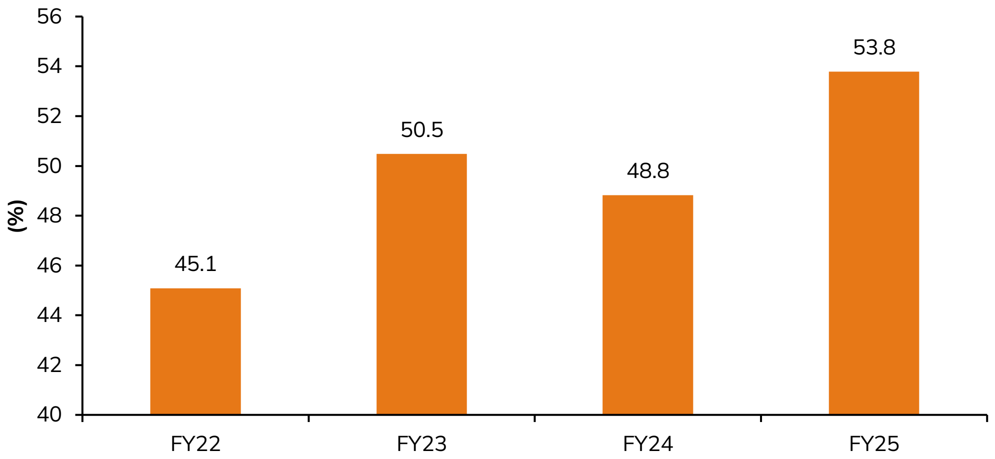
Source: Company data, I-Sec research

Domestic sourcing and localisation advantage

LG has steadily increased its domestic sourcing of raw materials from 45.1% in FY22 to 53.8% in FY25. This shift reflects the company's localisation strategy which provides multiple benefits. The company aims to increase the domestic sourcing to ~65% in next 4-5 years. We believe that this will enable the company to expand its margins steadily during the same period.

The company has established substantial supply chain competitive advantages via supplier retention. ~65% of third-party raw material suppliers have been associated with the company for more than 13 years. This enables the company to secure inputs on a shorter lead time, enabling faster response to the consumer demand. It also helps the company to reduce logistics costs, inventory costs and forex risk. We believe that these efficiencies strengthen the company's ability to offer competitively priced products in the Indian market.

Exhibit 26: Increase in domestic sourcing of raw materials

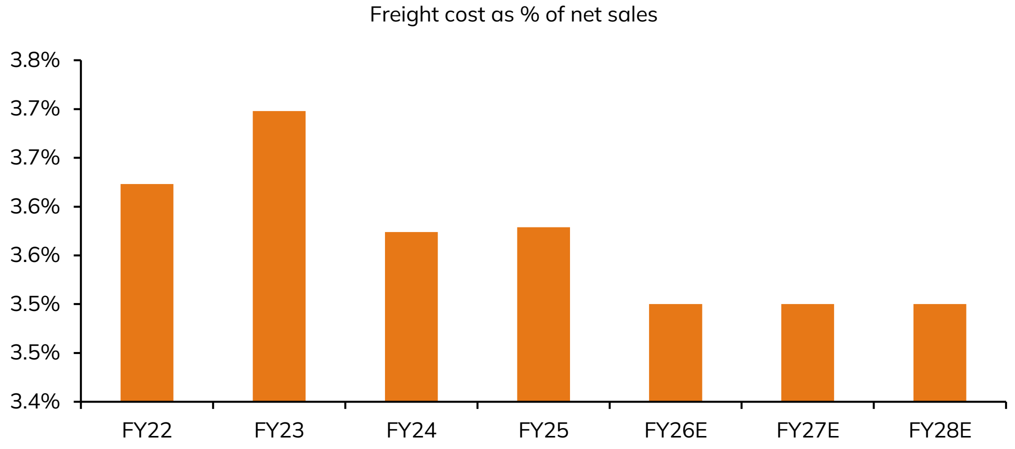


Source: Company data, I-Sec research

Potential for freight cost to reduce post commencement of Sri city plant

As of now, the company is supplying most of the products from Noida and Pune plants. South India as well as East India markets are also catered to from these plants. With commencement of Sri city plant, it will be able to cater to fast-growing large market of South India from Sri city plant. We believe there is potential to reduce freight cost as percentage of net sales once the production stabilises at Sri city plant.

Exhibit 27: Potential for freight cost to reduce post commencement of Sri city plant

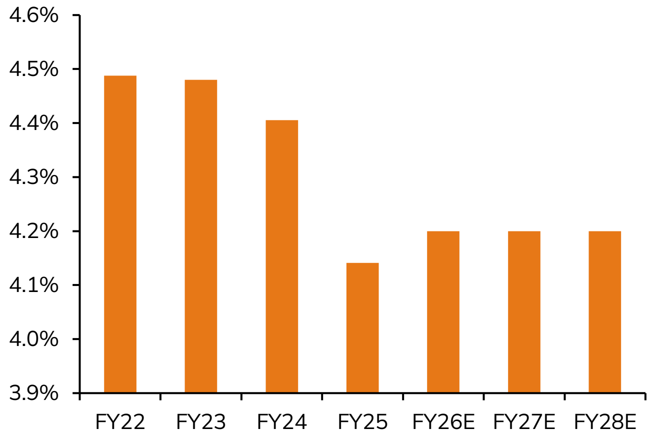


Source: Company data, I-Sec research

Higher brand-building spends as % of net sales

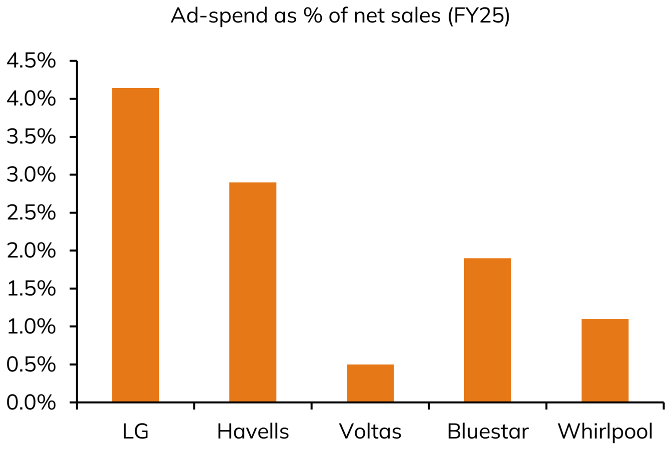
LG invests ~4.1% of net sales on ad-spend. We note its spending is higher than most peers, indicating higher share-of-voice for the company in our view. With higher share-of-voice, the company could potentially continue to gain as well as retain market shares.

Exhibit 28: Ad-spend as % of net sales of LG…



Source: Company data, I-Sec research

Exhibit 29: …Ad-spend as % of net sales across peers



Source: Company data, I-Sec research

Joint marketing with retail chains

LG has also done joint brand building partnering with some of the large retail chains in India. We note the joint marketing allows the company to gain market shares in those retail chains. We believe as LG is able to offer a large portfolio across price points, the retail chains also stand to benefit with joint brand-building initiatives.

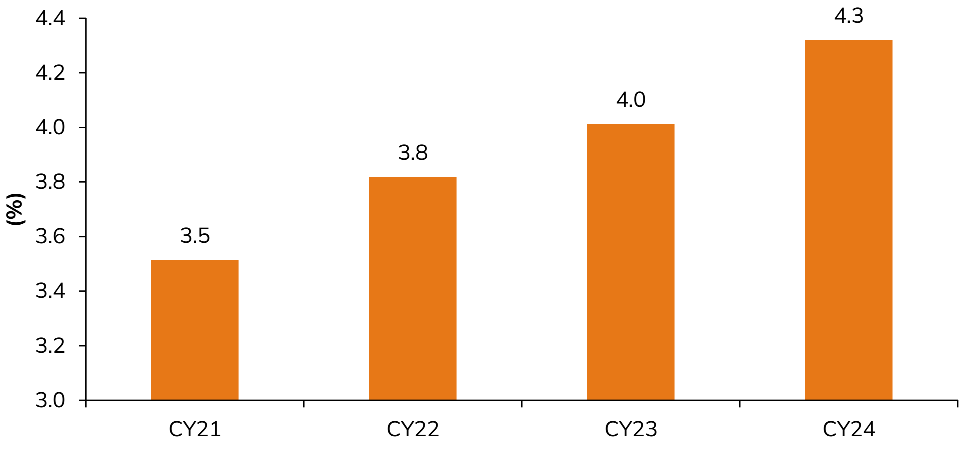
Exhibit 30: Joint marketing with some retail chains (E.g. Aditya vision)

Source: Company data, I-Sec research

Rising importance to parent

LG India’s contribution to the parent’s consolidated revenue has risen from 3.5% in CY21 to 4.3% in CY24, highlighting the growing importance of the Indian business within LG’s global portfolio. This steady increase reflects India’s strong demand momentum in consumer durables, premiumisation trends, and LG’s expanding local manufacturing footprint. The under-penetration of various categories in Indian market may strengthen LG’s positioning to leverage India as a key profit and innovation hub in the years ahead.

Exhibit 31: LG India's contribution to parent's revenue



Note: Revenue includes sales related to continued operations only. Source: Company data (LGE Global), I-Sec research

Steady growth potential

Multiple growth drivers

We model LG to benefit from multiple growth drivers such as steady expansion of distribution and rising penetration levels. Premiumisation will also play as a crucial growth driver. It has added multiple products in small appliances and we model steady growth in these products ahead. We also believe the company could benefit from B2B businesses as well as services.

Exhibit 32: Multiple growth drivers

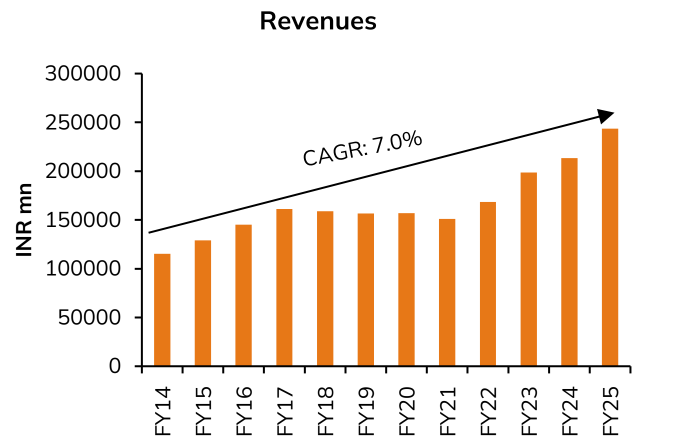
Particulars	Details
Distribution expansion	Steady expansion by 3-5% in outlets, in our view
Higher reach	Potential to reach deeper in rural markets.
Increase in penetration	Focus on driving volume growth
Premiumization	It can potentially drive the value growth upwards by 200-300bps per annum.
Launches of new products	Steady expansion of portfolio
B2B business	Potential to expand B2B business
Servicing business	Potential for driving growth of installation and servicing business

Source: Company data, I-Sec research

Steady revenue and PAT growth

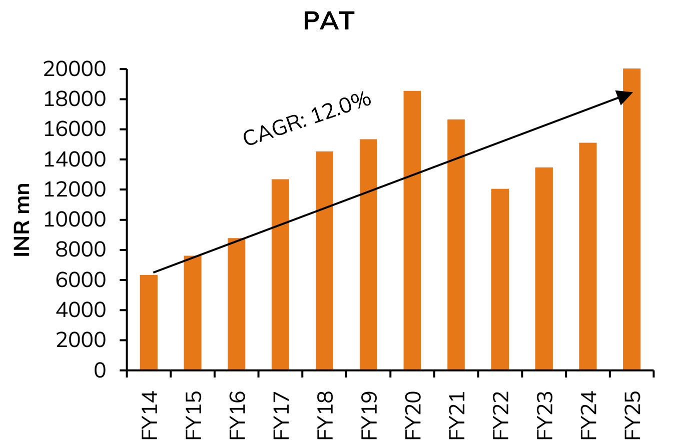
Revenues have grown at a CAGR of 7% over FY14-25. PAT has grown at CAGR of 12% over FY14-FY25. We believe revenue and PAT have grown at a slightly faster rate than industry across categories. The Indian appliances & electronics (excluding mobile phones) industry is expected to grow at a CAGR of ~13% from CY24-29E (Source: Red Seer). This is underpinned by increasing disposable income, rising urbanisation and a shift towards premiumisation. We believe that LG is poised to benefit from industry tailwinds in the long term.

Exhibit 33: Steady growth in revenue over long term…



Source: Company data, I-Sec research

Exhibit 34: …as well as PAT

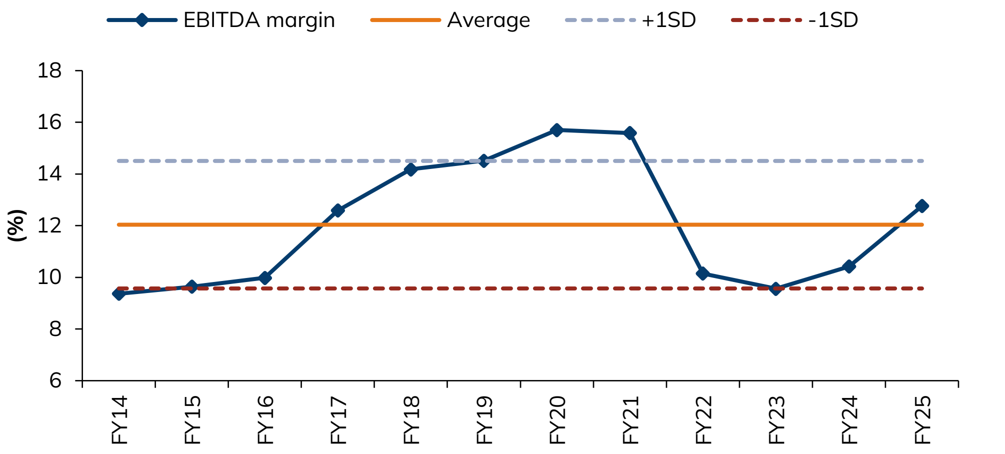


Source: Company data, I-Sec research

Holding margins in spite of steep competitive pressures

EBITDA margin for LG grew from 9.4% in FY14 to 15.6% in FY21. However, it declined from FY21 to FY23 due to highly competitive pressures and covid impact. It rose to 12.8% in FY25; however, currently it is still below its 12-year average level of 12.0% (Q1FY26: 11.4%). Increased competitiveness impacted overall industry margins. We believe as the domestic sourcing and product mix improves further, the margin for the company will potentially further expand and remain above the industry average. Operating leverage may also drive margins upwards.

Exhibit 35: EBITDA margin remains healthy



Source: Company data, I-Sec research

Exhibit 36: Competition and journey of EBITDA margin

Period	Comments
FY14-16	Stable period with high single digit margins
FY17-21	Lower competition from Videocon and reduction in competitive pressures
FY22-25	Aggressive pricing and emergence of Voltbek, Bosch and Havells-Lloyd
FY26-28E	Havells-Lloyd, Voltbek, Whirlpool and Haier may focus on profitability, Industry margins may inch up

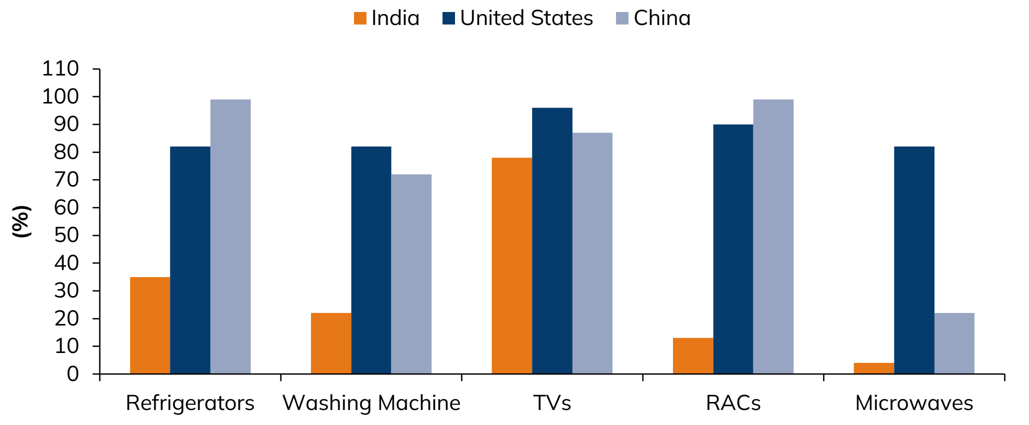
Source: Company data, I-Sec research

Low penetration of key appliances across global benchmarks

The penetration of white goods in India remains well below the global benchmarks, which highlights the vast untapped market in India. This under-penetration provides a long runaway for growth. LG is well positioned to capture both the mass and premium seeking consumers.

We believe that lower penetration, strong macro tailwinds and rising premiumisation provide the Indian consumer durable market a structural long-term growth story. LG India, with its strong brand recall, local manufacturing footprint and diversified portfolio, is well placed to capture disproportionate share of this growth.

Exhibit 37: Scope to increase penetration in India in key white goods and durables

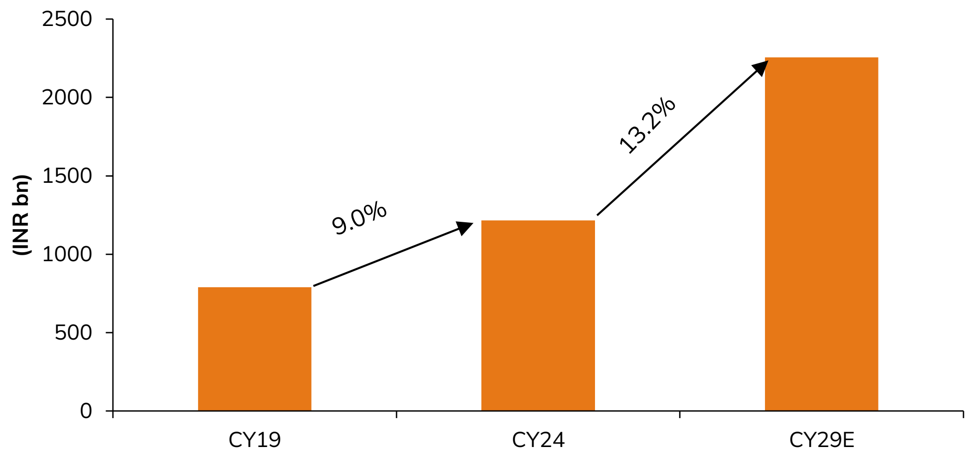


Source: Company data, I-Sec research

Steady growth in India's home appliances market

India's home appliances market is growing at CAGR of ~9% per annum over CY19 to CY24. All the major segments such as white goods, major kitchen appliances and small appliances have reported healthy growth rates. With rising affordability and availability, India's home appliances market is expected to grow at CAGR of ~13% over CY24-29E as per Red Seer.

Exhibit 38: Steady growth in India's Home appliances market

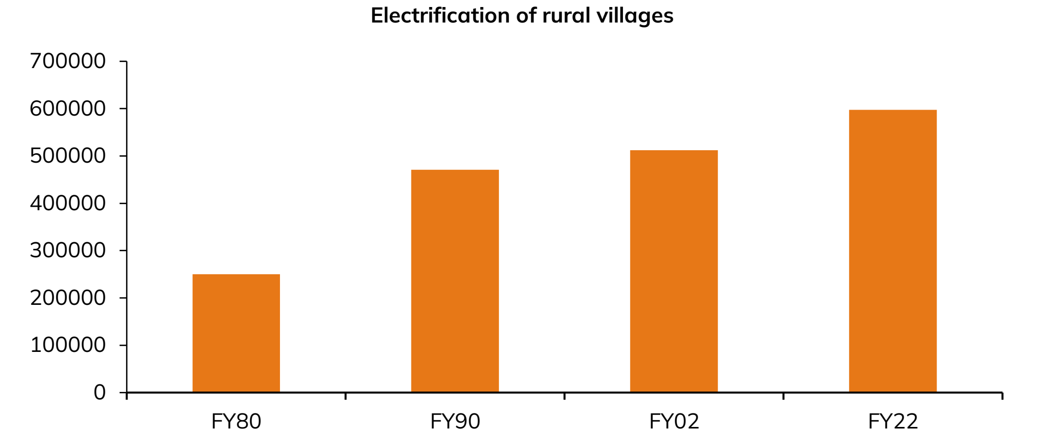


Source: Company data, I-Sec research

Achievement of 100% rural electrification in India

While access to electricity was an issue to achieve the potential of white goods and durables in India, we note the rural electrification has reached to 100% in 2022 and it augurs well for the company. We believe there is potential for steady increase in penetration of white goods and durables in rural markets now. Many states have also offered subsidies related to electricity bills and there is steady increase in schemes like 'Rooftop Solar'. We believe the initiatives in driving penetration of electricity at cheaper rates augurs well to reduce the operating costs of white goods.

Exhibit 39: 100% rural electrification achieved in 2022



Source: Company data, I-Sec research

Reduction in GST rates on white goods and other macro tailwinds

We model LG to benefit from multiple growth drivers such as reduction in GST, cut in repo rates by 100bps, additional liquidity measures as well as reduction in personal income taxes. The GST rates were cut from 28% to 18% on air conditioners, television > 32inch and dish washers.

Exhibit 40: Macro tailwinds to drive growth

Particulars	Details
Reduction in income taxes	Benefit up to INR 100,000 depending on income levels
Reduction in interest rates	Reduction in Repo rates by 100bps
Lowering of GST rates	Increase in affordability of products
- Air conditioners	Reduction from 28% to 18%
- Television > 32inch	Reduction from 28% to 18%
- Dish washers	Reduction from 28% to 18%

Source: Company data, I-Sec research

Tapping into the growing AMC market

LG India is capitalising on the fast-growing AMC market, which is projected to reach INR 105 bn by CY29E, growing at a ~14% CAGR from CY24–CY29E. (Source: Red seer) We believe that LG's established service infrastructure and strong brand equity position allows it to capture a meaningful share of the opportunity.

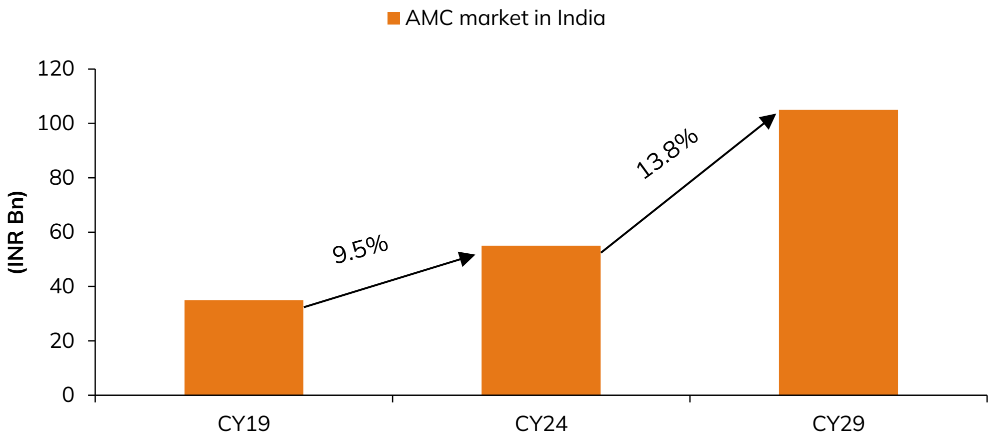
To leverage this trend, the company is expanding its AMC offerings across both B2C and B2B segments as follows.

- **Careship subscription program:** This allows customers to opt for AMC services at the time of product purchase. This integrated model enhances customer convenience as well as deepens the company's engagement across the product lifecycle. By rolling out this initiative, we believe that LG aims to offer differentiated service quality, strengthen brand stickiness, and improve customer satisfaction levels.

- **Subscription-based appliance rentals**: It is planning to expand its reach to younger, urban consumers who prefer hassle-free access over ownership. We note that this move aligns with evolving consumer behavior.

We reckon that LG's focus on AMC and subscription-led services represents a focus towards a service-oriented, recurring income model, which should support margin stability and stronger brand loyalty.

Exhibit 41: Rising AMC market



Source: Company data, I-Sec research

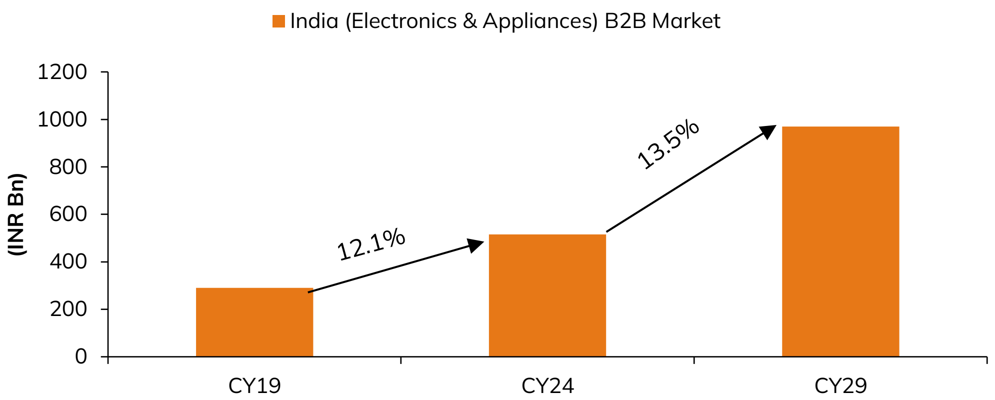
Expanding B2B footprint across high-value sectors

The company is expanding its product offerings to capture the rising demand in Indian electronics B2B market. The Indian B2B market is expected to grow at a CAGR of ~14% (from CY24-29E), reaching INR 970 bn by CY29E. (Source: Red Seer). We believe that the growth will likely be driven by rising adoption of energy-efficient solutions across sectors and increased infrastructure spends by the government.

The company is expanding into high-growth categories such as HVAC systems, commercial washing machines, LED displays, and electronic blackboards by leveraging the technological expertise of the LG Group. We believe that product innovation continues to be a core strength for the company in B2B segment, supported by a strong and expanding partner ecosystem. The number of B2B trade partners increased from 453 in FY22 to 576 in FY25, with nearly half of them associated with LG for over a decade.

By combining global innovation with local execution, the company is well placed to strengthen its market share in B2B segment, enhance profitability, and build a scalable platform for sustained growth over the coming years.

Exhibit 42: Indian Electronics and Appliances B2B segment



Source: Company data, I-Sec research

Making India a global hub for manufacturing

Parent is positioning India as a key global manufacturing hub through INR 50 bn manufacturing facility at Sri City, Andhra Pradesh. The plant will be funded via internal surplus of LG India. The new plant is expected to double the manufacturing capacity within the next five years, reflecting LG's commitment to deepening its presence and self-reliance in India. We expect that the Sri City facility will play a pivotal role in enhancing supply chain efficiency, by enabling faster market access and improving product availability.

The plant will initially commence production with RAC in FY27, followed by washing machines, refrigerators, and compressor lines through FY29. Upon completion, it will have an annual capacity (in units) of 1.5 mn RAC, 800,000 refrigerators, 850,000 washing machines, and 2 mn compressors. By manufacturing critical components such as compressors and heat exchangers locally, LG India aims to reduce import dependency and improve cost efficiency. We note that this will boost its localisation sourcing across key product categories.

This will be LG's third manufacturing facility in India and a cornerstone for its export expansion strategy. Currently, the company exports to 47 countries, but the new capacity will likely open opportunities to serve additional markets in Europe, the Middle East, Africa, Asia-Pacific, and US. We believe that as the facility scales up, LG India could emerge as a critical export base for the group.

Peer Group Comparison

Higher promotion and advertising spend as % of net sales than peers

The company continues to invest in targeted marketing campaigns to strengthen the 'LG' brand in India. To sustain its premium 'Life's Good' brand positioning and penetrate tier-2/3 markets, LG invests in lifestyle-driven advertisement. The company is focusing on deploying sales promoters at the store level to create awareness about its differentiated products. We note that it has more than 10,000 sales promoters across India. It has higher share-of-voice than peers, in our view.

Exhibit 43: Ad spend as a percentage of sales

	LG		Voltas		Bluestar		Whirlpool		Havells	
	FY24	FY25	FY24	FY25	FY24	FY25	FY24	FY25	FY24	FY25
Ad-spend to sales (%)	4.4	4.1	0.6	0.5	0.8	1.9	0.8	1.1	2.8	2.9

Source: Company data, I-Sec research

Freight cost in line with the product mix

LG's freight costs are between Voltas/Bluestar and Whirlpool. Voltas and Bluestar mainly sell RACs, while LG's portfolio is much broader, covering products like TVs, refrigerators and washing machines that need more complex logistics and reach into smaller towns across India. This pushes its freight cost higher. However, LG also benefits from local manufacturing, and a product mix, which keeps its freight expenses lower than those of some peers.

Exhibit 44: Freight expense higher than most peers

	LG		Voltas		Bluestar		Whirlpool	
	FY24	FY25	FY24	FY25	FY24	FY25	FY24	FY25
Freight expenses to sales (%)	3.6	3.6	1.3	1.4	1.3	1.3	6.3	6.2

Source: Company data, I-Sec research

Lean employee cost backed by scale of operations

LG's employee costs are lower, as a percentage of sales, compared to peers. Global functions like R&D and product designing are handled by its parent in Korea. On the other hand, peers run more of these functions in-house, which makes their employee costs appear higher relative to sales.

Exhibit 45: Lower employee cost as a percentage of sales than peers

	LG		Voltas		Bluestar		Whirlpool		Havells	
	FY24	FY25	FY24	FY25	FY24	FY25	FY24	FY25	FY24	FY25
Employee cost to sales (%)	4.2	4.0	6.2	5.8	7.7	7.7	10.6	10.8	8.3	8.6

Source: Company data, I-Sec research

Minimal working capital requirements of the company

LG India demonstrates one of the lowest working capital days among peers. This efficiency is driven by lean inventory levels and strategic supplier payable terms. Overall, LG's working capital profile provides a structural competitive advantage in profitability and market leadership.

Exhibit 46: Lowest working capital cycle vs. peers

	LG		Voltas		Bluestar		Whirlpool		Havells	
	FY24	FY25	FY24	FY25	FY24	FY25	FY24	FY25	FY24	FY25
Inventory Days	42	48	71	71	58	72	67	66	70	73
Receivable Days	32	38	84	66	81	66	18	25	24	23
Payable days	71	75	168	138	150	156	92	102	82	80
Working capital days	**4**	**13**	**32**	**54**	**25**	**22**	**1**	**-5**	**11**	**12**

Source: Company data, I-Sec research

Healthy revenue per touchpoint

LG India's revenue per touchpoint rose from INR 6.0 mn in FY24 to ~INR 6.7 mn in FY25. This reflects improved productivity and stronger throughput from its existing retail network of 36,230 outlets (as of FY25). It is highest among peers, indicating LG India's superior brand pull, better product mix and channel efficiency. The upward trend in revenue per touchpoint suggests that the company is not only expanding its reach but also extracting higher sales per outlet, a positive sign for margin sustainability and return on channel investments.

Exhibit 47: Revenue per retail touchpoint

INR mn	LG		Voltas		Bluestar		Whirlpool	
	FY24	FY25	FY24	FY25	FY24	FY25	FY24	FY25
Revenue Per touchpoint	6.0	6.7	4.2	5.1	5.3	6.5	2.1	2.5

Source: Company data, I-Sec research *Revenues/touchpoints

Peer Group Comparison of financials

Exhibit 48: Peer Group Comparison

Particulars	FY23	FY24	FY25	CAGR (%)
Revenue (INR mn)				
LG India	198,646	213,520	243,666	10.8
Voltas	94,988	124,812	154,128	27.4
Bluestar	79,773	96,854	119,677	22.5
Whirlpool	66,677	68,298	79,194	9.0
EBITDA (INR mn)				
LG India	18,993	22,249	31,101	28.0
Voltas	5,724	4,746	11,162	39.6
Bluestar	4,928	6,649	8,759	33.3
Whirlpool	3,703	4,030	5,503	21.9
Adjusted PAT (INR mn)				
LG India	13,480	15,111	22,033	27.8
Voltas	5,007	3,867	9,603	38.5
Bluestar	2,695	4,138	5,801	46.7
Whirlpool	2,240	2,432	3,558	26.0
Gross Margin (%)				
LG India	29.4	30.1	32.0	
Voltas	22.3	21.4	22.4	
Bluestar	22.5	23.7	24.2	
Whirlpool	31.3	33.0	34.0	
EBITDA Margin (%)				
LG India	9.6	10.4	12.8	
Voltas	6.0	3.8	7.2	
Bluestar	6.2	6.9	7.3	
Whirlpool	5.6	5.9	6.9	
PAT Margin (%)				
LG India	6.8	7.1	9.0	
Voltas	5.3	3.1	6.2	
Bluestar	3.4	4.3	4.8	
Whirlpool	3.4	3.6	4.5	
RoE (%)				
LG India	27.4	37.2	45.2	
Voltas	6.8	4.5	13.6	
Bluestar	22.9	21.0	20.5	
Whirlpool	6.1	6.3	9.0	
ROCE (%)				
LG India	22.2	30.3	37.1	
Voltas	6.5	4.1	10.8	
Bluestar	15.9	17.1	17.5	
Whirlpool	3.5	3.5	5.6	
Net working capital (Days)				
LG India	4	4	13	
Voltas	54	32	54	
Bluestar	23	25	22	
Whirlpool	16	1	-5	
FCF/PAT (%)				
LG India	116.8	107.1	72.4	
Voltas	3.5	173.6	-35.9	
Bluestar	-8.6	-51.8	55.3	
Whirlpool	69.5	271.4	172.0	

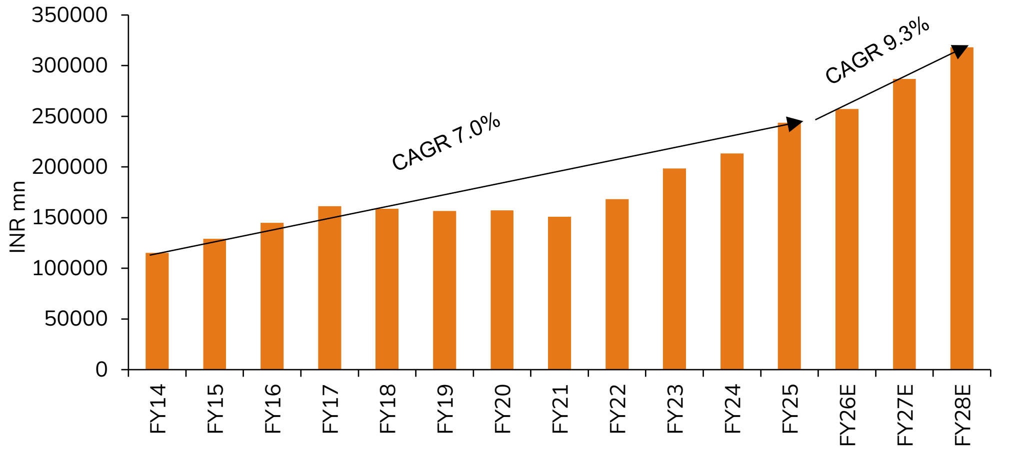
Source: Company data, I-Sec research

Financial Overview

Revenue and growth rates

We model LG to report a revenue CAGR of 9.3% over FY25–28E. We model key growth drivers to be: (1) premiumisation of products, (2) increase in market penetration, (3) shorter replacement cycle, (4) rapid urbanisation and (5) shift towards energy efficient products.

Exhibit 49: Revenue and growth rates

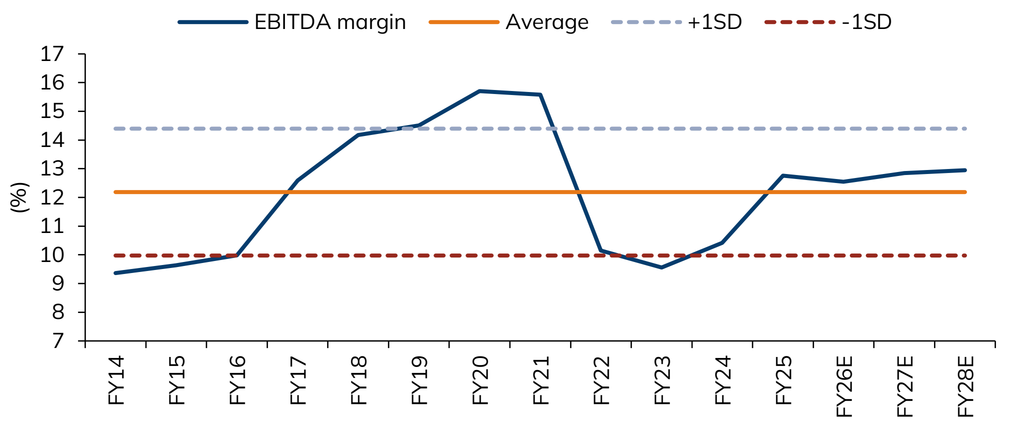


Source: Company data, I-Sec research

EBITDA margin likely to remain above average levels

The company is focusing on expanding its AMC and B2B segment. We believe that the company could get the benefit from better operating leverage and better product mix. Commencement of Sri city plant may also result in driving margins upwards. We model EBITDA margin to inch upwards over FY25-28E.

Exhibit 50: EBITDA margin likely to remain strong

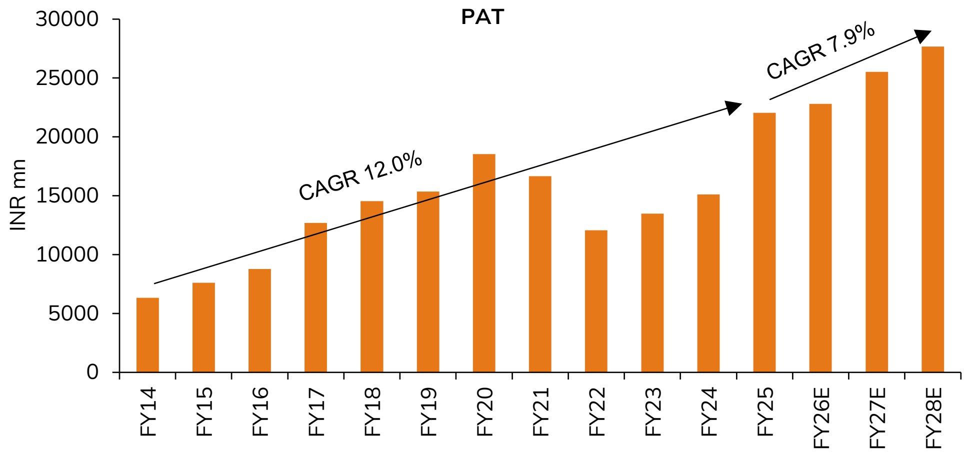


Source: Company data, I-Sec research

Strong PAT growth

We model PAT growth to remain strong led by healthy revenue growth as well as stable EBITDA margins. We believe that the PAT growth will be higher than revenue and EBITDA growth led by higher other income but it will be impacted by higher depreciation. We model effective tax rate of 25.2% over FY25-28E.

Exhibit 51: PAT growth

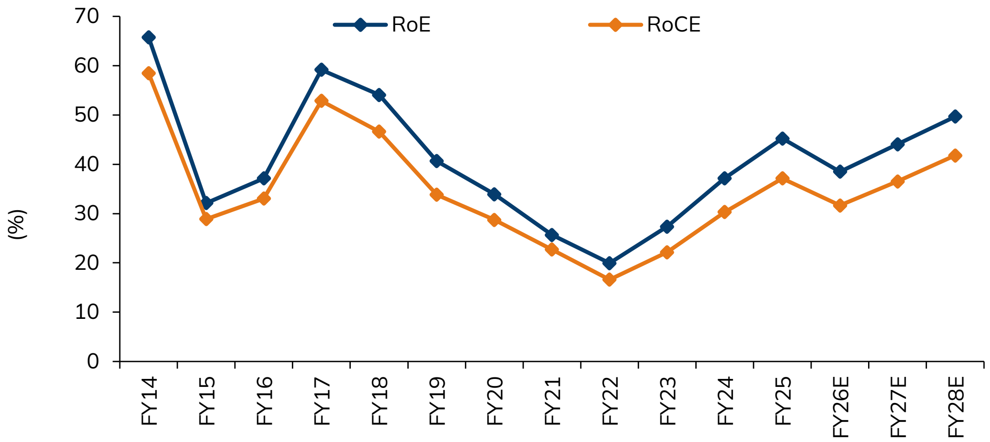


Source: Company data, I-Sec research

ROCE and RoE

The company has demonstrated robust return ratios over the years. The ratios are also materially above the cost of capital. We model them to remain strong ahead, too, led by PAT margin expansion.

Exhibit 52: Strong return ratios

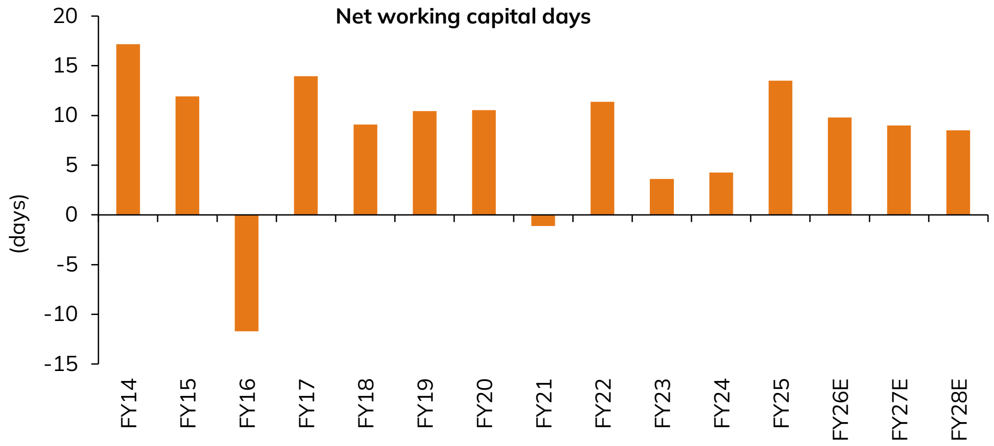


Source: Company data, I-Sec research

Net working capital days

Net working capital days were ~13 days in FY25. We model net working capital days to slightly trend downward over FY25-28E, reflecting improved operational efficiency and strong cash conversion.

Exhibit 53: Net working capital days

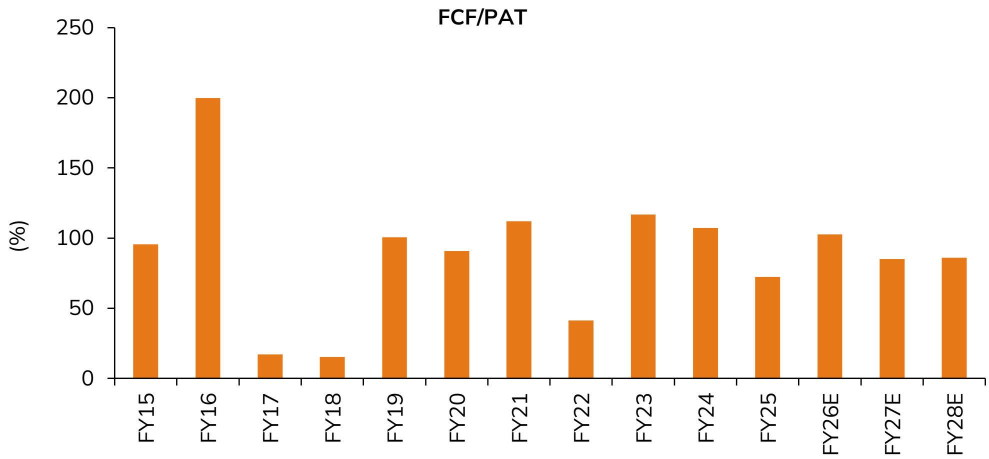


Source: Company data, I-Sec research

Strong FCF generation

We model FCF generation likely to remain strong ahead. This underscores its strong earnings quality and disciplined working capital management. This also reflects its efficient capex allocation. We model FCF/PAT to be more than 75% over FY25-28E led by strong revenue and PAT growth.

Exhibit 54: FCF/PAT likely to remain healthy



Source: Company data, I-Sec research

Valuation and Key Risks

DCF Valuation

We have valued the company as per DCF methodology. We model the company to generate revenue and PAT CAGRs of 9.3% and 7.9%, respectively, over FY25-28E. We also model the company to maintain strong return ratios over FY25-28E. At our DCF-based target price of INR 1,700, implied target P/E works out to 45x on FY27E and 42x of FY28E earnings.

Exhibit 55: DCF Valuation

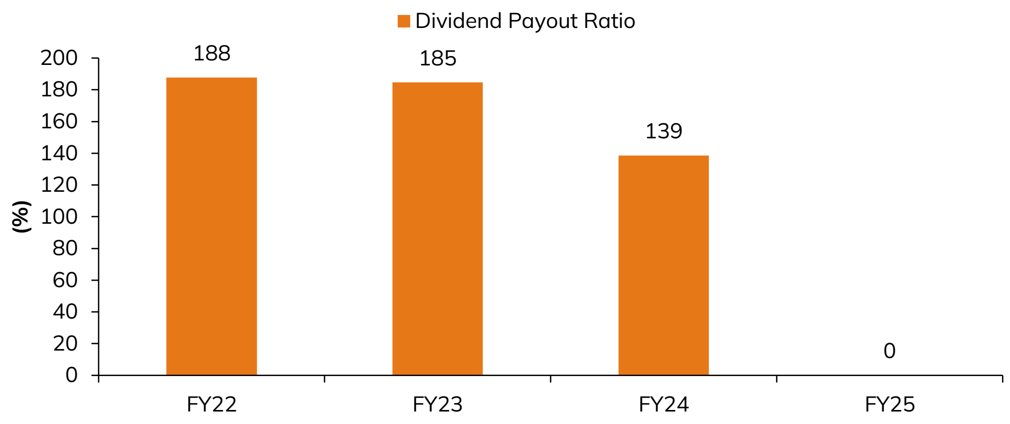
Particulars	INR mn
Cost of Equity (%)	11.0%
Terminal growth rate (%)	5.0%
Discounted interim cash flows (INR mn)	3,85,154
Discounted terminal value (INR mn)	7,68,759
Total equity value (INR mn)	11,53,913
Value per share (INR)	**1,700**

Source: Company data, I-Sec research

Dividend payout over the years

LG Korea has amassed more than INR 82 bn in the last four years (FY21-24) as dividends. During the same period, net profit was ~INR 5.5 bn. While such a high payout signals strong cash-generation ability, the gradual moderation suggests a move towards a more sustainable policy. We note that the company has not paid any dividend in FY25 likely to focus on ongoing capex at Sri city.

Exhibit 56: Dividend payout ratio over the years



Source: Company data, I-Sec research

In contrast with peers, LG India remains a high-dividend-paying company. This underlines its strong cashflows. Any sharp reduction from current levels could affect yield expectations. However, this would free up the cash for any future investments.

Exhibit 57: Dividend payout ratio among the peers

Dividend Payout Ratio	FY22	FY23	FY24	FY25
LG India	188%	185%	139%	0%
Voltas	36%	37%	72%	24%
Whirlpool	26%	29%	27%	18%
Bluestar	57%	43%	35%	32%
Havells	39%	26%	44%	41%

Source: Company data, I-Sec research

Peer Group comparison

Exhibit 58: Peer group comparison

Company	Average RoCE (%)		Revenue CAGR (%)		PAT CAGR (%)		P/E(x)		EV/EBITDA(x)	
	FY23-25	FY16-25	FY22-25	FY15-25	FY22-25	FY15-25	FY26E	FY27E	FY26E	FY27E
LG	**29.9%**	**32.4%**	**13.1%**	**6.6%**	**22.3%**	**11.2%**	**33.9**	**30.3**	**23.0**	**20.2**
Voltas	7.1%	9.5%	24.8%	11.5%	15.9%	10.9%	69.7	47.8	41.9	32.6
Bluestar	16.8%	13.8%	25.6%	14.2%	51.5%	20.2%	62.3	50.4	40.4	33.4
Whirlpool	4.2%	10.5%	8.5%	9.2%	15.2%	5.4%	36.0	30.9	19.1	16.7
Havells	15.1%	16.7%	16.0%	15.3%	8.2%	12.5%	54.6	43.4	37.4	29.7

Source: Company data, I-Sec research

Key Risks

- **Dependence on parent entity**: LG Electronics India's reliance on LG Electronics, the promoter entity, for different aspects of the business such as brand and technical knowhow, product design and innovation. Any adverse change in that relationship could impact LG India's operations.

- **Import of raw materials:** Company imported ~46% of raw materials from outside India (from that 20.5% was from Korea) as of Jun'25. Any disruption in the supply of raw materials by suppliers could negatively affect the company's operations.

- **Significant Contingent Liabilities:** The company faces a tax dispute of INR 47,170 mn (~73% of its net worth) as of Jun'25. These are mainly related to royalty payments and transfer pricing to the promoters. Any negative outcome could hurt the financial position of the company.

- **Steep increase in competitive intensity may impact earnings estimates**: Rise in competition due to entry of new players and existing players into LG's operating segments may impact the earnings.

Technological changes resulting in high mortality

Mortality in white goods is significantly higher than other consumer categories. It becomes imperative for the companies to foray into new categories to maintain overall market share and growth. LG has introduced water purifiers, air purifiers, soundbars and leveraged its parental affiliation to reduce its concentrated dependence on any one particular category. Moreover, the company has forayed into AMC and B2B segments like HVAC to diversify its product portfolio. It allows the company to sustain its overall growth trajectory.

Exhibit 59: Sunset categories

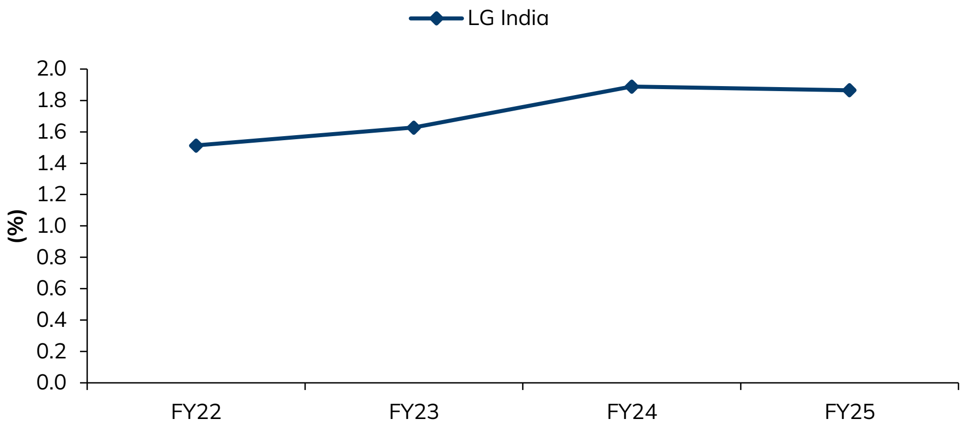
Products	Comments
Radio	Lost value with rising penetration of other mediums
Television	Steadily losing value to OTT platforms
Semi-automatic washing machines	Losing market share to automatic washing machines

Source: Company data, I-Sec research

Royalty shows an increasing trend

The royalty as a percentage net revenue has steadily increased from 1.5% in FY22 to 1.9% in FY25. LG India was required to pay a royalty of 1.9% of sales from authorised products excluding monitors and LCD televisions till Dec'22, which has increased to 2.4%. It also pays royalty of 2.4% on sales from monitors and LCD televisions. The higher outgo for LG reflects its deep dependence on the parent's brand equity, technology and product innovation, which are critical in sustaining its premium positioning in the Indian consumer durable market.

Exhibit 60: Royalty payment of LG India to parent across the years



Source: Company data, I-Sec research

Exhibit 61: Royalty payment comparison across MNC peers

(%)	FY22	FY23	FY25
LG India	1.5	1.5	1.9
Whirlpool of India	1.0	0.9	1.1

Source: Company data, I-Sec research

Company overview

LG Electronics India Pvt Ltd established in 1997 as a wholly owned subsidiary of LG Electronics, South Korea. Since then, it has become one of the largest consumer durables and electronics companies in India, operating across categories such as televisions, washing machines, refrigerators, air conditioners, microwave ovens and small appliances (Source: LG RHP).

Sustained leadership position

In past 13 years, LG India has built leadership across product categories. The company consistently holds the number one position in offline channel based on value market share in key appliances such as TVs, refrigerators, washing machines, and air conditioners. It achieved leadership position through its steady introduction of innovative products, extensive distribution network (~35,640 touch points, as of 30 Jun'25), and consistent investment in advertisement and sales promotion (~4.4% of revenue, during FY22-25).

Several industry-first innovations

LG Electronics has a history of introducing several industry-first innovations over the years. Although the company spends ~0.4% of its revenue on R&D activities (FY22-25), it also gains advantages from leveraging the innovations developed by its parent company.

Exhibit 62: Track record of introducing several 'industry firsts'

Source: Red seer, Company data, I-Sec research

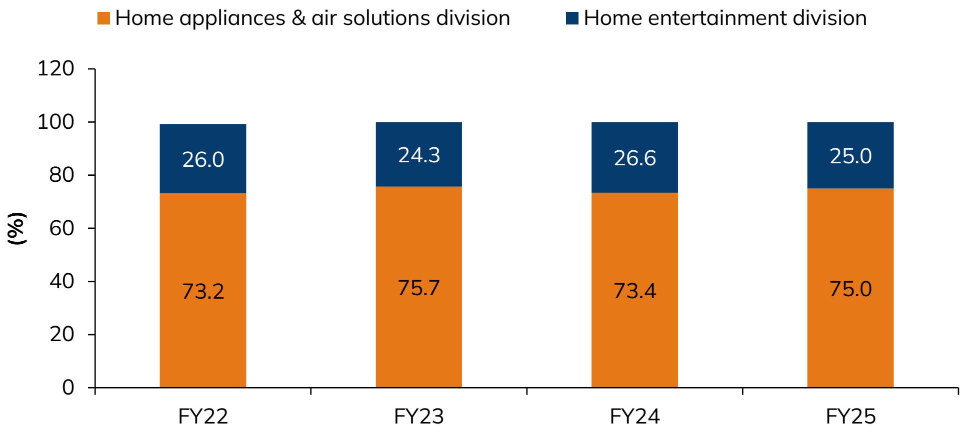
Segment overview

The company operates its business across two segments:

Home appliances and air solutions: The company derives ~75% of its revenue from this segment. This includes refrigerators, washing machines, RACs and other products like water purifiers, air purifiers, dishwashers, microwave ovens, vacuum cleaners and compressors. It provides one of the widest ranges of products among top home appliances and consumer electronics companies (excluding mobile phones) in India.

Home entertainment segment: This comprises TVs, media display and audio devices. This segment (of which 80% of the revenue comes from TVs) has demonstrated slower growth along with decreasing profit margins, as TV business is tracking a slowing trajectory due to faster adoption of OTT platforms.

Exhibit 63: Segment-wise revenue mix of the company

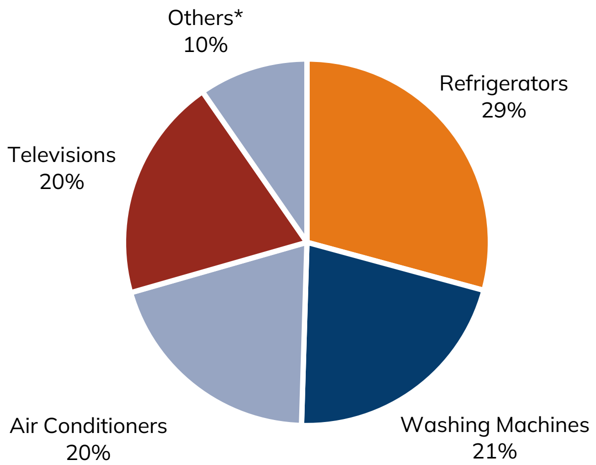


Source: Company data, I-Sec research

Product-wise revenue breakup

The company generates about ~28% of its revenue from refrigerators. Other products like washing machines, RACs and televisions each contribute ~20% of the revenue. The share of revenue from refrigerators has reduced from 29% in FY23 to 27% in FY25. This reflects the company's calibrated strategy to rationalize its product portfolio to not operate in entry level price segment and focus on premium category, thereby sustaining the margins. We note that the product wise revenue breakup is almost the same in FY23 and FY25 with air conditioners growing slightly faster.

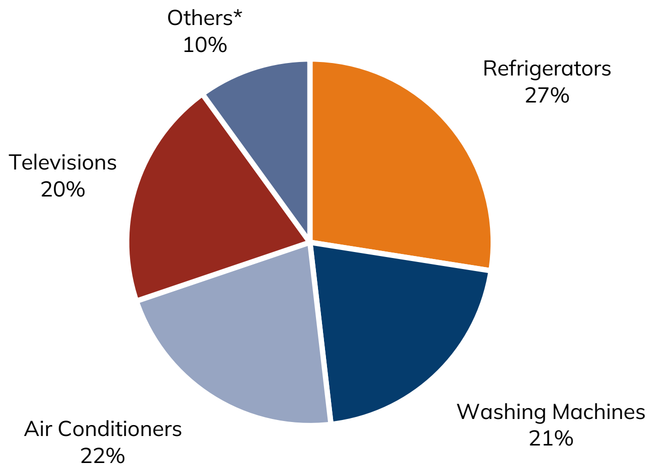
Exhibit 64: Product wise revenue breakup in FY23



Source: Company data, I-Sec research

* Include water purifiers, air purifiers, dishwashers, microwave ovens, vacuum cleaners, compressors, media display and audiovisual products

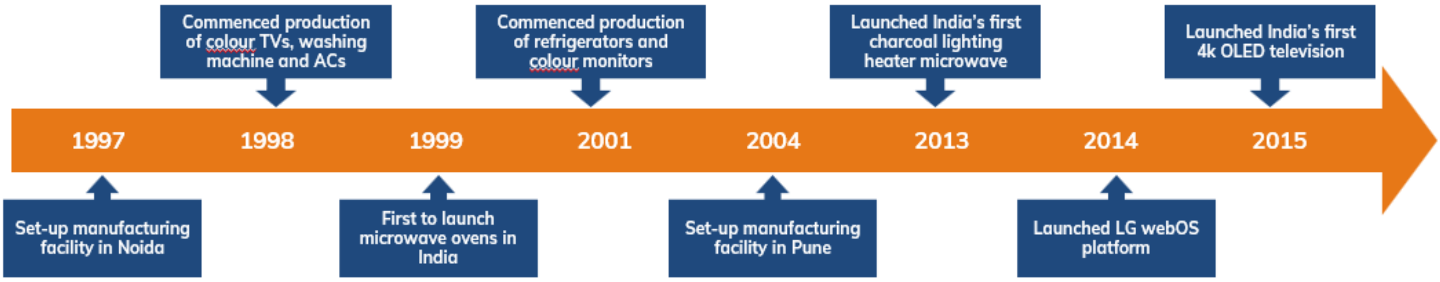
Exhibit 65: Product wise revenue breakup in FY25



Source: Company data, I-Sec research

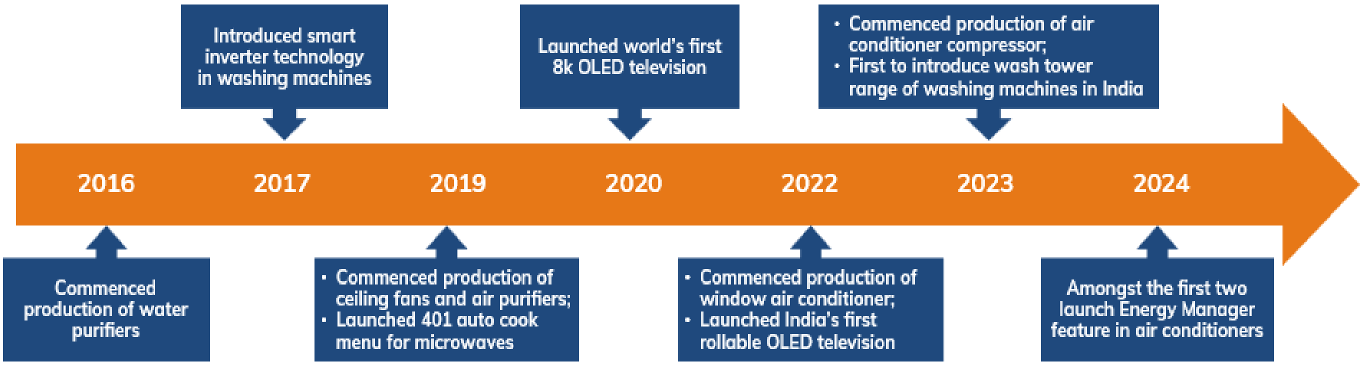
Brief Timeline of the company

Exhibit 66: Timeline of the Company



Source: Company data, I-Sec research

Exhibit 67: Timeline of the Company

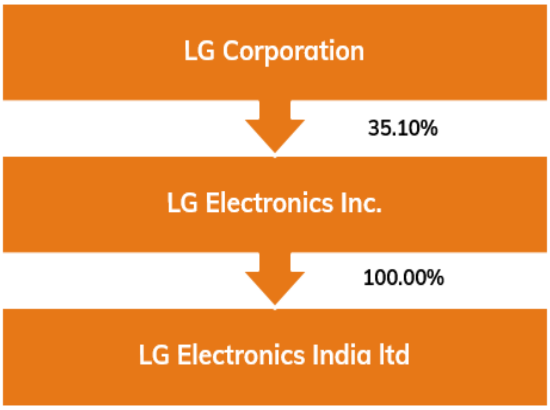


Source: Company data, I-Sec research

Corporate Structure of the Company

The company was established in 1997 in India. The promoter LG Electronics Inc, owns 100% of share capital of the company. Post IPO, the shareholding will be ~85%. The below chart shows the corporate structure of the company.

Exhibit 68: Corporate structure of the company (Pre-IPO)



Source: Company data, I-Sec research

Promoters and Management

The company's senior management team consists of individuals who are well-versed in the group's culture and possess significant industry experience. From the beginning, the company appears to have prioritised including senior leaders, who understand the Indian market; thus, resulting in a team that includes both Indian and Korean nationals.

Leveraging its affiliation with the parent, the company has aligned its corporate governance practices with LG Electronics' standards. It employs a board-centric management approach, actively working to ensure transparency and accountability in its governance processes.

Exhibit 69: Brief profile of directors

Name	Designation	Association with the group and past experience	Educational qualification
Daehyun Song	Chairman and Non-executive Director	Associated with LG group since 28 Nov 1983	Bachelor's degree in Science (Mechanical Design) from Pusan National University, Busan, Korea.
Hong Ju Jeon	Managing Director	Associated with LG group since 4 Oct 1994	MBA (Global Management) from Thunderbird School of Global Management, Glendale, Arizona, USA.
Dongmyung Seo	Whole-time Director and Chief Financial Officer	Associated with LG group since 19 Dec 1994	MBA from Seoul School of Integrated Sciences & Technologies, Seoul, Korea.
Promila Bhardwaj	Independent Director	Associated with the company since 19 Nov 2024. Past experience - Directorate General of Income Tax (Systems) from Directorate of Income Tax (Systems)	BA in Arts (English), MA in Arts (English) and MA in Philosophy (Social Sciences) from Panjab University, Chandigarh. Master's Diploma in Public Administration from the Indian Institute of Public Administration, New Delhi.
Ramesh Ramachandran Nair	Independent Director	Associated with the company since 19 Nov 2024. Past experience - Associated with Avaada Electro Private Limited, Mundra Solar PV Limited, Bharat Aluminium Company Limited and Jindal Stainless Limited.	B. Tech (Electrical Engineering) from Kurukshetra University, Haryana, India. Post Graduate Diploma in Financial Management from IGNOU, New Delhi.
Santosh Kumar Mohanty	Independent Director	Associated with the company since 19 Nov 2024. Past experience – Associated with SEBI, Forward Markets Commission (GOI) and Income Tax Department (GOI).	BA (Honours) in Political Science from Utkal University Bhubaneswar, Bachelor's degree in Law from Siddharth College of Law, University of Mumbai, Post Graduate Diploma in Securities Law from Government Law College, Mumbai and Master's degree in Political Science (International Studies) from JNU.

Source: Company data, I-Sec research

Exhibit 70: Shareholding pattern

%	Oct'25
Promoters	85.0
Institutional investors	-
MFs and others	-
FIs/Banks	-
Insurance	-
FIIs	-
Others	15.0

Source: Bloomberg, I-Sec research

Exhibit 71: Price chart

Not available

Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 72: Profit and Loss Statement

INR Mn	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net Sales	**168,342**	**198,646**	**213,520**	**243,666**	**257,219**	**286,776**	**318,251**
Operating Expenses	151,256	179,653	191,271	212,565	224,944	249,932	277,046
EBITDA	**17,086**	**18,993**	**22,249**	**31,101**	**32,274**	**36,843**	**41,205**
EBITDA margin (%)	**10.1**	**9.6**	**10.4**	**12.8**	**12.5**	**12.8**	**12.9**
Depreciation & Amortization	2,584	3,004	3,644	3,804	4,466	5,372	6,464
EBIT	14,503	15,989	18,605	27,298	27,809	31,472	34,741
Interest Expenditure	225	226	285	306	389	389	389
Other Non-Operating Income	2,038	2,440	2,051	2,640	3,082	3,055	2,648
Recurring PBT	16,316	18,203	20,371	29,631	30,501	34,137	37,000
Less: Taxes	4,260	4,723	5,260	7,598	7,686	8,603	9,324
PAT	12,056	13,480	15,111	22,033	22,815	25,535	27,676
Less: Minority Interest	-	-	-	-	-	-	-
Extraordinary (Net)	(288)	(37)	(22)	(54)	-	-	-
Net Income (Reported)	11,768	13,443	15,089	21,979	22,815	25,535	27,676
Net Income (Adjusted)	12,056	13,480	15,111	22,033	22,815	25,535	27,676

Source: Company data, I-Sec research

Exhibit 73: Balance Sheet

INR Mn	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Total Current Assets	77,791	71,600	66,584	95,408	95,134	95,915	95,790
of which cash & cash eqv.	37,269	27,626	22,226	37,415	37,051	31,625	24,890
Total Current Liabilities & Provisions	35,283	41,999	41,867	48,985	51,187	57,212	63,491
Net Current Assets	**42,508**	**29,602**	**24,717**	**46,424**	**43,948**	**38,703**	**32,299**
Investments	3,619	3,282	3,248	3,679	3,679	3,679	3,679
Net Fixed Assets	10,475	13,428	13,188	13,291	15,578	19,207	22,742
ROU Assets	-	-	-	-	-	-	-
Capital Work-in-Progress	1,030	246	245	753	-	-	-
Total Intangible Assets							
Other assets							
Deferred Tax assets							
Total Assets	**57,632**	**46,558**	**41,398**	**64,147**	**63,205**	**61,589**	**58,720**
Liabilities							
Borrowings	**3,902**	**4,360**	**5,395**	**6,485**	**6,485**	**6,485**	**6,485**
Deferred Tax Liability	**(1,278)**	**(1,365)**	**(1,720)**	**(2,040)**	**(2,040)**	**(2,040)**	**(2,040)**
provisions							
other Liabilities							
Equity Share Capital	1,131	1,131	1,131	6,788	6,788	6,788	6,788
Reserves & Surplus	53,876	42,431	36,591	52,914	51,972	50,356	47,487
Total Net Worth	**55,007**	**43,562**	**37,722**	**59,702**	**58,760**	**57,144**	**54,275**
Minority Interest	-	-	-	-	-	-	-
Total Liabilities	**57,632**	**46,558**	**41,398**	**64,147**	**63,205**	**61,589**	**58,720**

Source: Company data, I-Sec research

Exhibit 74: Cashflow Statement

INR Mn	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Operating Cashflow	**14,173**	**20,681**	**18,377**	**18,701**	**29,393**	**30,725**	**33,810**
Working Capital Changes	(6,791)	3,814	(133)	(7,025)	2,112	(182)	(330)
Capital Commitments	(2,399)	(4,942)	(2,421)	(3,393)	(6,000)	(9,000)	(10,000)
Free Cashflow	**4,648**	**15,510**	**15,956**	**15,308**	**23,393**	**21,725**	**23,810**
Other investing cashflow	**335**	**230**	**227**	**641**	**-**	**-**	**-**
Cashflow from Investing Activities	**(2,399)**	**(4,942)**	**(2,194)**	**(2,752)**	**(6,000)**	**(9,000)**	**(10,000)**
Issue of Share Capital	-	-	-	-	-	-	-
Inc (Dec) in Borrowings	(415)	(494)	(654)	(760)	-	-	-
Others		-	-	-	-	-	-
Dividend paid	(22,626)	(24,888)	(20,929)	-	(23,757)	(27,151)	(30,545)
Others	-	-	-	-	-	-	-
Cashflow from Financing Activities	**(23,040)**	**(25,382)**	**(21,583)**	**(760)**	**(23,757)**	**(27,151)**	**(30,545)**
Change in Deferred Tax Liability	-	-	-	-	-	-	-
Chg. in Cash & Bank balance	**(18,057)**	**(9,643)**	**(5,400)**	**15,189**	**(364)**	**(5,426)**	**(6,735)**
Closing Cash Balance	**37,269**	**27,726**	**22,226**	**37,415**	**37,051**	**31,625**	**24,890**

Source: Company data, I-Sec research

Exhibit 75: Ratio Analysis

	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Per Share Data (INR)							
Reported EPS	17.8	19.9	22.3	32.5	33.6	37.6	40.8
Adjusted EPS (Diluted)	17.8	19.9	22.3	32.5	33.6	37.6	40.8
Cash EPS	21.6	24.3	27.6	38.1	40.2	45.5	50.3
Dividend per share (DPS)	33.3	36.7	30.8	-	35.0	40.0	45.0
Book Value per share (BV)	81.0	64.2	55.6	88.0	86.6	84.2	80.0
Dividend Payout (%)	187.7	184.6	138.5	-	104.1	106.3	110.4
Growth (%)							
Net Sales	11.6	18.0	7.5	14.1	5.6	11.5	11.0
EBITDA	(27.3)	11.2	17.1	39.8	3.8	14.2	11.8
EPS (INR)	(27.7)	11.8	12.1	45.8	3.5	11.9	8.4
Valuation Ratios (x)							
P/E	64.2	57.4	51.2	35.1	33.9	30.3	28.0
P/CEPS	52.9	46.9	41.3	29.9	28.4	25.0	22.7
P/BV	14.4	18.3	21.5	13.4	13.6	14.0	14.8
EV / EBITDA	43.5	39.1	33.4	23.9	23.0	20.2	18.0
P / Sales	4.4	3.7	3.5	3.0	2.9	2.6	2.3
Dividend Yield (%)	2.9	3.2	2.7	-	3.1	3.5	3.9
Operating Ratios							
Gross Profit Margins (%)	29.9	29.4	30.1	32.0	31.7	31.9	31.9
EBITDA Margins (%)	10.1	9.6	10.4	12.8	12.5	12.8	12.9
Effective Tax Rate (%)	26.1	25.9	25.8	25.6	25.2	25.2	25.2
Net Profit Margins (%)	7.2	6.8	7.1	9.0	8.9	8.9	8.7
NWC / Total Assets (%)	73.8	63.6	59.7	72.4	69.5	62.8	55.0
Net Debt / Equity (x)	(0.7)	(0.6)	(0.5)	(0.6)	(0.6)	(0.5)	(0.4)
Net Debt / EBITDA (x)	(2.2)	(1.4)	(0.9)	(1.1)	(1.1)	(0.8)	(0.5)
Profitability Ratios							
RoCE (%)	16.6	22.2	30.3	37.1	31.7	36.5	41.8
RoE (%)	19.9	27.4	37.2	45.2	38.5	44.1	49.7
RoIC (%)	71.9	67.6	79.6	95.0	83.9	89.1	85.9
Fixed Asset Turnover (x)	13.7	7.3	6.8	7.2	6.6	6.1	5.7
Inventory Turnover Days	55	53	42	48	45	46	46
Receivables Days	32	30	32	38	34	35	35
Payables Days	78	81	71	75	72	74	74

Source: Company data, I-Sec research

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