

LEADING ACROSS SEGMENTS WITH SUCCESSFUL BRAND LEGACY

LG Electronics Ltd. (LG), incorporated in 1997 as a wholly owned subsidiary of LG Electronics, offers one of the widest product portfolios amongst leading home appliances and consumer electronics players (excluding mobile phones). It is market leader in India across multiple product categories including washing machines, refrigerators, panel televisions, inverter air conditioners, and microwaves in the offline channel. It also provides installation and repairs/maintenance services through 1,006 service centres and its distribution channel spans across 35,640 B2C touch points. It also exports its products to 47 countries across Asia, Africa and Europe.

Market leader across multiple product categories

India's appliances & electronics market stands at ₹ ~6,875 billion having grown at a CAGR of ~7% from CY19 to CY24. The market is projected to reach ₹ ~10,965 billion by CY29 growing at an accelerated 5-year CAGR of ~11%. LG has been the market leader in this industry with leading market share of across washing machines, refrigerators, panel televisions, inverter air conditioners, and convection microwave. Its market leadership also extends across volume and premium segments across washing machines, panel televisions, and microwaves in India as per the market share. It has a broader range of product offerings than most other leading home appliances and consumer electronics players in several product categories.

Expanding In-House Manufacturing, Reinforcing India Focus

It has one of the largest in-house production capacity (excluding mobile phones) amongst leading home appliances and consumer electronics players in India as of June 30, 2025. It has two manufacturing units located in Noida and Pune operating 19 production lines collectively which in aggregate accounts for 85.51% of its overall sales in the Q1FY26. The remaining sales volume constitute products that are manufactured by third-parties based on specifications and blueprint provided by the company, and sold as is without modifications or imported from other members of the LG Group. The company currently operates at a utilization rate of ~83% as of FY25. This in turn resulted in increased productivity per hour per unit by 29% in the case of air conditioners and 13% in the case of washing machines from FY22 to FY25. Going forward, it intends to construct a third manufacturing unit in Andhra Pradesh to expand manufacturing capacity with an expected investment of ₹50.01 billion. The first phase of this facility is expected to become operational by FY27, initially focusing on the production of air conditioners and air conditioner compressors, followed by the manufacturing of washing machines and refrigerators in the forthcoming years.

Heritage of innovation leading to first mover's advantage

LG has introduced many industry-first technologies in the home appliances and consumer electronics industry in India. It was the first leading home appliances and consumer electronics player to introduce OLED televisions in India in 2015 and had a market share of 59.8% in the offline channel for the six-month period ending June 30, 2025, as it was the first movers in OLED televisions in India and was amongst the first players to launch 4K televisions and Smart televisions in 2011. It had a market share of approximately 29.4% and 27.2% in these segments respectively. In 2017, it announced its transition to 100% inverter technology for air conditioners. It was also the first amongst leading home appliances and consumer electronics players in India to introduce microwaves in 1999. The company maintains a leading market share across these segments and was a pioneer for industry transformation. The company also intends to launch new products in India in coming years.

Risks- 1) Increase in prices of raw materials could adversely affect operations & profitability. 2) Significant dependence on revenue from Home Appliances and Air Solution division 3) Market share across select product categories has decreased 4) Any changes in terms of royalty payments & dependence on parent entity for technical know-how may impact business.

Rating	Subscribe	
Issue Details		
Issue Opens	7-October-25	
Issue Closes	9-October-25	
Face Value (₹)	10	
Price Band (₹)	1080-1140	
Bid Lot	13	
Issue Size at higher price band (₹ Cr)	11,607	
Market cap. @ upper price band (₹ cr)	77,380	
Listing	NSE/BSE	
BRLMs	Axis Capital, Citigroup Global Markets, Morgan Stanley, J.P. Morgan, BofA Securities.	
Registrar	KFin Technologies Ltd.	
Shareholding Pattern (%)		
	Pre-Issue	Post Issue
Promoter	100	85.0
Others	0.0	15.0
Issue Structure (In cr. no. of shares)		
Issue size	10.2	
Break-up of net issue to public (%):		
QIB's portion	50%	
Non-Institutional portion	15%	
Retail Portion	35%	

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Opinion- The IPO is entirely an OFS (₹11,607 cr) issue. **At the upper price-band, the issue is valued at 35.1x P/E.** The company is a market leader with leading market share across product categories. Leveraging its technological innovations, decades of operations which enable better understanding of consumer behaviour & navigating change of preferences along with brand loyalty & value are all the factors that will command valuations. Compared to peers, we see the issue fairly valued, we recommend **“SUBSCRIBE”** to the issue.

Financials-

Particulars	FY23	FY24	FY25
Operating Revenue	19,868	21,352	24,367
EBITDA	1,895	2,225	3,110
EBITDA Margins	9.5%	10.4%	12.8%
Net Profit/ (Loss)	1,345	1,511	2,203
Net Worth	4,356	3,772	5,970
Cash & Bank	2,763	2,223	3,742
RoCE	34%	45%	43%
ROE	31%	40%	37%

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