

IPO Analysis

Tuesday, 07 October 2025

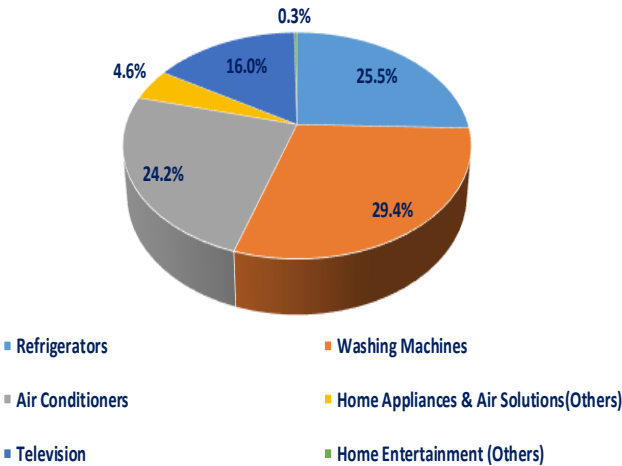


Sector	Consmer Durables
Price Band	₹1080-1140 Per Share
Issue Opening Date	7th Oct 2025
Issue Closing Date	9th Oct 2025
Bid Lot	13 Equity Shares and in multiples thereafter
Recommendation	Subscribe

Industry: Consumer Electronics Price Band: ₹1080- 1140 Per Share Rating: Subscribe

IPO Details	
Issuer	LG Electronics Inda Limited
Issue Openging Date	7th Oct 2025
Issue Closing Date	9th Oct 2025
Issue Price	₹1080.00-1140.00 Per Share
IPO Listing At	BSE, NSE
Retail Quota	Not less than 35% of the Net Offer
Issue Type:	Book Build Issue
Issue Size:	₹11607.01 Cr
Offer for Sale	₹11607.01 Cr
Fresh Issue:	-
Face Value	₹10 Per Equity Share
Promoter Holding Pre IPO	100.00%
Promoter Holding Post IPO	85.00%

Products Breakdown(As of Q1 FY25-26)



Company Overview

LG Electronics India Ltd. (LGEIL), a wholly owned subsidiary of LG Electronics since 1997, is India’s leading player in home appliances and consumer electronics (excluding mobile phones), maintaining the No. 1 position by market share (value) in offline channels for CY22–CY24 and 1HCY25, as per the Redseer Report. It holds leadership across key categories such as washing machines (33.5%), refrigerators (29.9%), panel TVs (27.5%), inverter ACs (20.6%), and microwaves (51.4%) in 1HCY25. The company operates across two major segments—Home Appliances & Air Solutions (~75% of FY25 revenue) and Home Entertainment (~25%). With nearly eight out of ten ACs sold in India now being inverter-based, LGEIL’s strong product innovation aligns with evolving consumer trends. Backed by the global strength of LG Electronics—ranked among Interbrand’s Top 100 Best Global Brands in 2024—LGEIL benefits from advanced technology, strong brand recall, and extensive R&D support. It caters to both B2C and B2B markets in India and abroad, offering a wide portfolio along with installation, repair, and maintenance services. With 28 years of experience in India, the company has deep insights into local consumer preferences, enabling it to adapt global innovations to Indian needs and sustain leadership in the domestic market.

Objective of the Issue

Not applicable, as the entire issue is an offer for sale, and all proceeds will go to the promoters.

Key Highlights and Investment Rationale

Strong market leadership: LGEIL is India’s No. 1 home appliances and consumer electronics brand (excluding mobiles) with consistent growth in both revenue and profitability over the last three fiscals.

Deep local expertise: With 28 years in India, the company leverages deep consumer insights to design products tailored to Indian preferences.

Innovation-driven portfolio: Backed by LG Electronics' global R&D, it has pioneered several industry-first technologies like inverter OLED & 4K TVs, inverter ACs, and advanced microwaves.

Extensive distribution network: LGEIL operates the largest pan-India distribution and after-sales service network, spanning 35,640 B2C touchpoints, 1,006 service centres, and 13,000+ engineers.

Robust manufacturing base: Its Pune and Noida facilities together have a flexible installed capacity of 1.45 crore units, supported by automation and a strong local supply chain.

Strong parentage advantage: As a subsidiary of LG Electronics Inc., it benefits from global brand strength, innovation capabilities, and strategic synergies within the LG ecosystem.

Expansion plans: The company is undertaking capacity expansion to support future growth, with new facilities expected to be operational by mid-next fiscal.

Key Risks

- **Royalty payments:** The company paid around 1.9% of its revenue as royalty to parent LG Corporation during FY23–1QFY26; any hike in this fee could negatively affect profitability.
- **Supplier dependence:** About one-third of raw material purchases come from the top 10 suppliers; disruptions due to geopolitical issues or supply constraints could impact operations.
- **Raw material cost risk:** Raw material expenses accounted for 71–75% of revenue over FY23–1QFY26, exposing the company to margin pressures from volatile input prices.

Key Ratios			
Particulars	FY23	FY24	FY25
Profitability			
Return on Assets	15.0%	17.8%	19.1%
Return on Capital Employed	42.3%	54.8%	50.1%
Return on Equity	30.9%	40.1%	36.9%
Margin Analysis			
Gross Margin	29.4%	30.1%	32.0%
EBITDA Margin	9.6%	10.4%	12.8%
Net Profit Margin	6.8%	7.1%	9.0%
Short-Term Liquidity			
Current Ratio (x)	1.7	1.6	2.0
Quick Ratio (x)	1.1	1.0	1.4
Avg. Days Sales Outstanding	28	31	35
Avg. Days Inventory Outstanding	69	59	67
Avg. Days Payables	62	57	58
Fixed asset turnover (x)	14.9	16.3	18.5
Debt-service coverage (x)	81.6	72.5	97.7
Long-Term Solvency			
Total Debt / Equity (x)	-	-	-
Interest Coverage Ratio (x)	81.6	72.5	97.7
Valuation Ratios*			
EV/EBITDA (x)	39.3	33.8	23.7
P/E (x)	57.4	51.2	35.1
P/B (x)	17.8	20.5	13.0
EV/Sales (x)	3.8	3.5	3.0
Mkt Cap/Sales (x)	3.9	3.6	3.2
<p>*Valuation ratios are based on pre-issue capital at the upper price band</p> <p>Source: RHP</p>			

Industry Overview

- **Strong Growth Potential:** India's GDP is projected at 6.8% in FY26, with robust domestic demand, easing inflation, GST rationalization, and supportive policies driving sustained growth for the appliances and electronics sector.
- **Favourable Monetary & Fiscal Environment:** RBI rate cuts, CRR reductions, and income tax relief are expected to boost domestic consumption, supporting industry expansion.
- **Urbanization & Rising Middle Class:** Rapid urbanization (urban population ~40% by 2030) and the growth of "Middle India" will drive consumption, investments, and savings, benefiting consumer electronics companies.
- **Long-term Market Opportunity:** Rising incomes, strong consumer demand, and government support position the sector for sustained growth, with opportunities for innovation, local manufacturing, and self-reliance.
- **Government Initiatives:** Programs like the PLI scheme and 'Make in India' initiative encourage domestic production and technological advancement, strengthening the industry's foundation.
- **Resilient Industry Landscape:** Companies focusing on product innovation, brand trust, and local responsiveness are well-positioned to navigate supply chain challenges, regulatory pressures, and evolving consumer expectations, creating long-term value.

Valuation & Outlook

LG Electronics India Ltd is a leading player in India's home appliance and consumer electronics market, commanding strong leadership across key categories such as washing machines (33.5%), refrigerators (29.9%), panel TVs (27.5%), inverter ACs (20.6%), and microwaves (51.4%) in 1HCY25. With one of the largest in-house production capacities among peers, the company is well-positioned to capitalize on the Indian appliances and electronics market (excluding mobile phones), which is projected to grow at a CAGR of 13.8% between CY24–CY29 to reach ₹6,190 billion. The company's robust financial track record—Revenue/EBITDA/PAT CAGR of 10.67%/27.97%/27.98% during FY23–FY25—demonstrates strong operational and profitability performance. At the upper price band of ₹1,140, the IPO is valued at a P/E of 35.1x on a post-issue basis, with pre-issue ROE and ROCE of 36.9% and 50.1%, respectively. Compared with peers, LG Electronics India stands out with superior valuation metrics and a strong return profile. **Investors may consider subscribing at the cut-off price with a medium-to-long-term investment perspective.**

Revenue Mix								
Particulars	FY23		FY24		FY25		1QFY26	
	Rs cr	as a % of Total Revenue	Rs cr	as a % of Total Revenue	Rs cr	as a % of Total Revenue	Rs cr	as a % of Total Revenue
Home Appliance & Air Solutions	15030.7	75.7	15679.7	73.4	18267.9	75.0	4908.2	78.4
Refrigerators	5805.6	29.2	5784.5	27.1	6696.5	27.5	2166.7	34.6
Washing Machines	4221	21	4492	21	5042	21	1158	19
Air Conditioners	3991	20	4290	20	5271	22	1277	20
Others	1014	5	1113	5	1259	5	307	5
Home Entertainment	4833.9	24.3	5672.3	26.6	6098.8	25.0	1354.7	21.6
Television	3932.0	19.8	4558.3	21.3	4924.8	20.2	1046.6	16.7
Others	901.9	4.5	1113.9	5.2	1174.0	4.8	308.1	4.9
Total Revenue	19864.6	100.0	21352.0	100.0	24366.6	100.0	6262.9	100.0

Peer Comparison – FY25					
Particulars (Rs cr)	LG Electronics India Ltd	Havells India Ltd	Voltas Ltd	Blue Star Ltd	Whirlpool of India Ltd
CMP (Rs)	1,140	1,485	1,352	1,879	1,178
Sales	24,367	21,788	15,413	11,968	7,919
EBITDA	3,110	2,131	1,116	876	550
Net Profit	2,203	1,472	841	591	359
Mkt Cap.	77,380	93,153	44,722	38,637	14,946
Enterprise Value	73,639	89,775	44,907	38,405	12,386
EBITDA Margin (%)	12.8	9.8	7.2	7.3	6.9
Net Profit Margin (%)	9.0	6.8	5.5	4.9	4.5
RoE (%)	36.9	17.7	12.9	19.3	9.1
RoCE (%)	50.1	24.4	18.7	25.2	13.4
P/E (x)	35.1	63.3	53.2	65.3	41.6
EV/EBITDA (x)	23.7	42.1	40.2	43.8	22.5
EV/Sales (x)	3.0	4.1	2.9	3.2	1.6

For LG Electronics India Limited, the Market Cap, P/E(x), EV/EBITDA (x), EV/Sales (x) are calculated on post-issue equity share capital based on the upper price band. RoE (%) and RoCE (%) are calculated on pre-issue capital CMP for peer companies is closing price as on 1st October, 2025
Source: RHP, Exchange Filings

INCOME STATEMENT				
Particulars (Rs cr)	FY23	FY24	FY25	1QFY26
Revenue from Operations	19,865.0	21,352.0	24,367.0	6,263.0
Cost Of Revenues (incl. Stock Adj.)	14,028.0	14,930.0	16,580.0	4,283.0
Gross Profit	5,837.0	6,422.0	7,787.0	1,980.0
Employee Cost	799.0	887.0	963.0	254.0
Other Operating Expenses	3,138.0	3,310.0	3,714.0	1,010.0
EBITDA	1,899.0	2,225.0	3,110.0	716.0
Other Income	244.0	205.0	264.0	74.0
Interest Exp.	23.0	29.0	31.0	9.0
Depreciation	300.0	364.0	380.0	90.0
PBT	1,820.0	2,037.0	2,963.0	692.0
Exceptional item	-	-	-	-
Tax	472.0	526.0	760.0	179.0
Reported PAT	1,345.0	1,511.0	2,203.0	513.0
Reported EPS	20.0	22.0	32.0	8.0
DPS	220.0	185.0	-	-
BALANCE SHEET				
Particulars (Rs cr)	FY23	FY24	FY25	1QFY26
Assets				
Net Block	1,333.0	1,311.0	1,320.0	1,328.0
Capital WIP	24.0	24.0	75.0	157.0
Intangible Assets	10.0	8.0	9.0	8.0
Other Non-current Assets	461.0	497.0	572.0	592.0
Current Assets				
Inventories	2,641.0	2,397.0	3,031.0	3,029.0
Trade receivables	1,500.0	1,797.0	2,361.0	1,498.0
Cash and Bank Balances	2,763.0	2,223.0	3,741.0	4,575.0
Short-term loans and advances	2.0	2.0	3.0	3.0
Other Current Assets	255.0	240.0	404.0	326.0
Total Current Assets	7,160.0	6,658.0	9,541.0	9,431.0
Current Liabilities & Provisions				
Trade payables	3,063.0	2,976.0	3,367.0	2,931.0
Other current liabilities	932.0	973.0	1,249.0	1,119.0
Short-term provisions	135.0	153.0	185.0	204.0
Total Current Liabilities	4,131.0	4,101.0	4,801.0	4,254.0
Net Current Assets	3,029.0	2,557.0	4,740.0	5,177.0
Assets Classified as held for sale	4.0	-	-	-
Total Assets	4,861.0	4,397.0	6,716.0	7,262.0
Liabilities				
Share Capital	113.0	113.0	679.0	679.0
Reserves and Surplus	4,243.0	3,659.0	5,291.0	5,806.0
Total Shareholders' Funds	4,356.0	3,772.0	5,970.0	6,484.0
Total Debt	-	-	-	-
Long Term Provisions	70.0	88.0	94.0	98.0
Lease Liabilities	318.0	370.0	428.0	434.0
Other Long-Term Liabilities	116.0	167.0	224.0	246.0
Total Liabilities	4,861.0	4,397.0	6,716.0	7,262.0

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