

FIRST LIGHT

23 September 2026

RESEARCH

LG ELECTRONICS INDIA | TARGET: Rs 1,980 | +20% | BUY

Leadership that compounds

SUMMARY

LG ELECTRONICS INDIA

- LG's market leadership to outperform industry over next 3 years on strong brand recall, new product launches and improving reach
- Backward integration into compressors and improving localization to aid margin improvement; B2B and exports to offset seasonality
- Initiate LGEIL with BUY, ascribing 50x Sept-28EPS to arrive at TP of Rs 1,980

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BUY**TP: Rs 1,980 | ▲ 20%****LG ELECTRONICS INDIA**

Consumer Durables

22 September 2026

Leadership that compounds

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Three decades strong, positioned to outperform: LGEIL's nearly three-decade presence in India has delivered sustained category leadership in inverter ACs, automatic washing machines, refrigerators, and TVs. We expect this leadership to endure, supported by strong brand recall, a shift toward premium positioning, an expanding distribution network, a steady pipeline of launches across premium and value segments (Essential series), and an increasingly localized supply chain.

Backward integration and localization to aid margin expansion: Higher copper and aluminum costs and currency volatility have recently pressured appliance companies' margins. Backward integration and localization offer a structural offset. The existing manufacturing scale and the upcoming Sri City facility support deeper in-house component production (compressors) giving the company greater control over input costs. This also positions LG ahead of tightening of QCO norms.

Exports and B2B – diversifying beyond seasonal domestic demand: LGEIL's domestic appliance sales carry meaningful seasonality, with AC and refrigerator demand concentrated in the April–June period. We see exports and B2B as complementary growth engines that reduce this dependence and add incremental revenue. On exports, LGEIL's manufacturing base in Sricity, Noida, and Pune is set to be leveraged under the parent's "Global South" strategy. On B2B, the company is scaling its Information Display and HVAC businesses, including VRF and Cassette AC systems, alongside its high-margin AMC business. Together, exports and B2B should deliver a more balanced, less seasonally dependent revenue base.

Initiate LGEIL with a BUY rating: We estimate LG to deliver revenue/EBITDA/ PAT CAGR of 13%/23%/20% over FY26-29E driven by the underlying demand for consumer appliances (ex-mobile phone) in the country and within that we believe LG to outperform industry growth on the back of its new product launches, deepening consumer reach, strong brand recall. We ascribe 50x to Sept-28EPS to arrive at Sept-27TP of Rs 1,980.

Ticker/Price	LGEIL IN/Rs 1,656
Market cap	US\$ 11.8bn
Free float	20%
3M ADV	US\$ 10.5mn
52wk high/low	Rs 1,755/Rs 1,304
Promoter/FPI/DII	80%/6%/28%

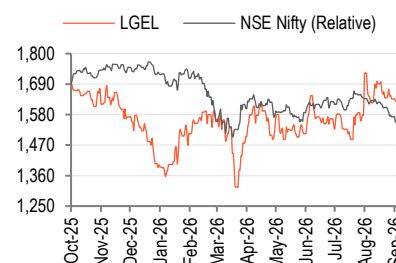
Source: NSE | Price as of 21 Sep 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	2,46,049	2,80,737	3,13,677
EBITDA (Rs mn)	24,083	32,576	37,529
Adj. net profit (Rs mn)	16,851	22,584	24,819
Adj. EPS (Rs)	24.8	33.3	36.6
Consensus EPS (Rs)	24.8	33.5	40.0
Adj. ROAE (%)	24.7	27.1	25.4
Adj. P/E (x)	66.7	49.8	45.3
EV/EBITDA (x)	46.7	34.5	30.0
Adj. EPS growth (%)	(23.5)	34.0	9.9

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



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Recommendation scale: Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

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