BUY
TP: Rs 2,050 | ⮝16%

LG ELECTRONICS INDIA | Consumer Durables | 09 November 2026

Growth holds; gross margin still under pressure

- **Q2FY27 revenue grew 20% YoY to Rs 73.8bn (6% above our estimate) and EBITDA grew 28% to Rs 7.0bn**
- **H&A grew 21% YoY and HE 17%; lower overheads offset a 52bps gross margin fall, lifting EBITDA margin 63bps to 9.5%**
- **We assign 50x P/E to Sep'28E EPS to arrive at a Sep'27 TP of Rs 2,050; maintain BUY**

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Cost control, not gross margin, lifts EBITDA: Revenue rose 20% YoY to Rs 73.8bn, 6% above our estimate, with H&A up 21% and HE up 17%. Gross margin fell 52bps to 28.9% amid higher commodity and FX costs. Other expenses grew 14% and employee cost 10%, both slower than revenue. EBITDA therefore grew 28% to Rs 7.0bn, with margin up 63bps to 9.5%. PAT grew 26% to Rs 4.9bn, behind EBITDA, because D&A rose 31% and other income only 7%.

Scale offsets input costs in Home Appliances: Home Appliances revenue rose 21% YoY to Rs 47.7bn. Washing machines, refrigerators and RAC grew in double digits and dishwashers grew faster, across both mass (LG Essential series) and premium. EBIT rose 28% to Rs 4.2bn and margin rose 51bps to 8.7%. LGEL attributed this to operating leverage and premium mix, which offset higher copper, aluminium and polypropylene costs.

Festive TV build carries Home Entertainment: Home Entertainment revenue rose 17% YoY to Rs 26.1bn as LGEL stocked channels ahead of the festive season. TV value growth outpaced volume as buyers moved to larger screens. EBIT rose 20% to Rs 3.4bn and margin rose 30bps to 12.9%. The operating leverage and better Information Display (B2B) profitability offset higher panel, memory chip and FX costs and festive go-to-market spend.

Capex and inventory turn operating cash negative: CFO was an outflow of Rs 1.6bn (Q2FY26: an inflow of Rs 0.9bn) because working capital absorbed Rs 6.7bn ahead of the festive season. Inventory rose to Rs 34.0bn from Rs 29.6bn in Mar'26. Capex was Rs 5.4bn and CWIP rose to Rs 17.9bn as Sri City was built. LGEL reaffirmed FY27 guidance of "mid-teen revenue growth" and an "early double-digit EBITDA margin".

Raise estimates, maintain BUY: We raise FY27E–FY29E revenue and EBITDA by 3% and PAT by 3-4%, with EBITDA margin unchanged. We model FY26–FY29E revenue/EBITDA/PAT CAGR of 14%/24%/21%. We value LGEL at 50x Sep'28E EPS for a Sep'27 TP of Rs 2,050. With 16% upside, we maintain BUY.

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	LGEL IN/Rs 1,772
Market cap	US$ 12.7bn
Free float	20%
3M ADV	US$ 13.0mn
52wk high/low	Rs 1,836/Rs 1,304
Promoter/FPI/DII	80%/6%/28%

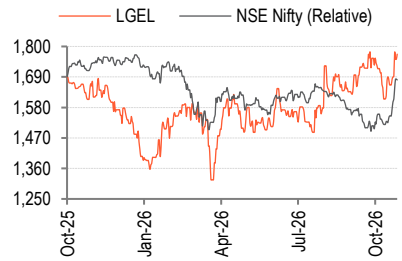
Source: NSE | Price as of 8 Nov 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	2,46,049	2,89,938	3,23,900
EBITDA (Rs mn)	24,083	33,637	38,702
Adj. net profit (Rs mn)	16,851	23,378	25,670
Adj. EPS (Rs)	24.8	34.4	37.8
Consensus EPS (Rs)	24.8	33.5	40.0
Adj. ROAE (%)	24.7	27.9	26.1
Adj. P/E (x)	71.4	51.5	46.9
EV/EBITDA (x)	49.9	35.8	31.1
Adj. EPS growth (%)	(23.5)	38.7	9.8

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

Fig 1 – Quarterly & H1FY27 financial snapshot

Particulars (Rs mn)	Q2FY27	Q2FY26	YoY (%)	Q1FY27	QoQ (%)	H1FY27	H1FY26	YoY (%)	Q2FY27E	Var (%)
Revenue	73,800	61,740	20	72,334	2	1,46,134	1,24,370	17	69,913	6
EBITDA	7,009	5,476	28	9,043	(22)	16,051	12,669	27	6,724	4
EBITDA Margin (%)	9.5	8.9	60bps	12.5	(300bps)	11.0	10.2	80bps	9.6	(12bps)
Depreciation	1,227	935	31	1,118		2,345	1,837	28	1,150	6.7
Interest	90	90	0	91		182	175	4	90	0.4
Other Income	856	798		947		1,803	1,512		900	(4.9)
PBT	6,547	5,249	25	8,781	(25)	15,327	12,168	26	6,384	3
Tax	1,653	1,354		2,252		3,905	3,141		1,609	3
Adj PAT	4,893	3,894	26	6,529	(25)	11,422	9,027	27	4,775	2
Exceptional item	-	-		-		-	-		-	
Reported PAT	4,893	3,894	26	6,529	(25)	11,422	9,027	27	4,775	2
Adj. PAT Margin (%)	6.6	6.3	30bps	9.0	(27)	7.8	7.3	60bps	6.8	(20bps)
EPS (Rs)	7.2	5.7	26	9.6	(25)	16.8	13.3	27	7.0	2

Source: Company, BOBCAPS Research

Fig 2 – Segmental performance

Rs mn	Q2FY27	Q2FY26	YoY (%)	Q1FY27	QoQ (%)	H1FY27	H1FY26	YoY (%)
Segment revenue								
Home Appliances	47,717	39,479	20.9	55,767	(14)	1,03,484	88,561	17
Home Entertainment	26,084	22,262	17	16,567	57	42,650	35,809	19
EBIT								
Home Appliances	4,164	3,243	28	6420	(35)	10,584	8,882	19
EBIT Margin (%)	*8.7*	*8.2*	*51bps*	*11.5*	*(300bps)*	*10.2*	*10.0*	*20bps*
Home Entertainment	3,370	2,810	20	3155	7	6,524	4,934	32
EBIT Margin (%)	*12.9*	*12.6*	*30bps*	*19.0*	*(600bps)*	*15*	*14*	*152bps*

Source: BOBCAPS Research, Company

Earnings Call Highlights

Demand carried into Q3; H2 expected above H1

- Management said demand continued into the current quarter and expects the next two quarters to be better than H1FY27. It reported no major slowdown after this year's price increases.
- It described channel inventory entering Q3 as "lean". This is a statement about dealer stock, not LGEL's own balance-sheet inventory. In TVs, management said the mass 32-inch segment also picked up in the festive season, alongside larger screens.

Two selective price rounds; mass price points protected

- LGEL has taken two rounds of price increases this year, applied selectively rather than across the range. Management cited higher steel and resin costs in addition to metals and FX. It said it first offsets costs through efficiency, localisation and supplier negotiation.
- In H&A, management said it handled cost increases category by category and moved ahead of the industry. It let the premium range carry more of the burden to protect the mass segment.

H&A demand led by laundry and refrigerator upgrades

- Washing machines posted their highest growth in eight quarters. Fully automatic models now exceed 60% of LGEL's washing machine sales, as buyers upgrade from semi-automatic machines.
- In refrigerators, side-by-side and French Door models grew more than 50% and single-door models grew in double digits. Management expects French Door and side-by-side refrigerators, 8kg-plus washing machines and dishwashers to keep growing in Q3FY27.

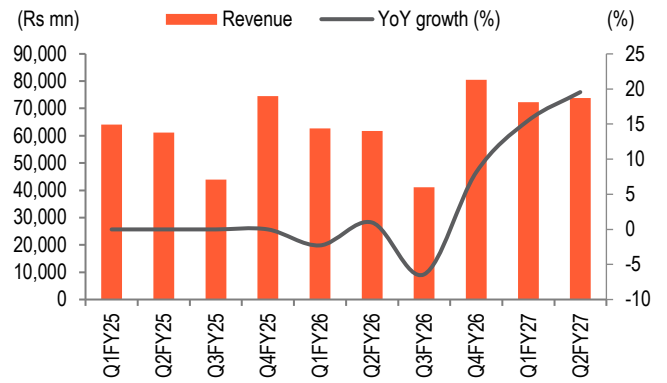
Sri City compressors in Q3FY27, ACs from Jan'27

- Management reiterated that compressor production starts in Q3FY27; the CEO described it as "by the end of this year". AC production follows in Q4FY27 (around Jan'27), with both lines operational by end-FY27.
- The plant adds 2mn units of compressor capacity and will double existing capacity. Management said in-house compressors will replace part of the volume now bought from outside LG, reducing supply-chain and FX exposure.

B2B share targeted at 15%-plus in three years

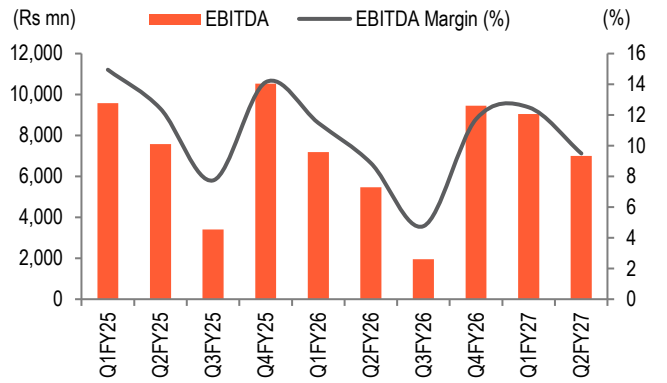
- B2B is about 10-12% of revenue. Management targets a 15%-plus share within three years. It said its ambition of 20%-plus long-run B2B growth "remains intact".
- Information Display is the best-performing B2B business, led by commercial TVs for offices, retail, hospitality and public spaces. System AC in large commercial projects follows. Government projects are a growing share. Data-centre cooling (chillers) is at an early stage, with no orders disclosed.

Fig 3 – Revenue up 20% YoY in Q2FY27



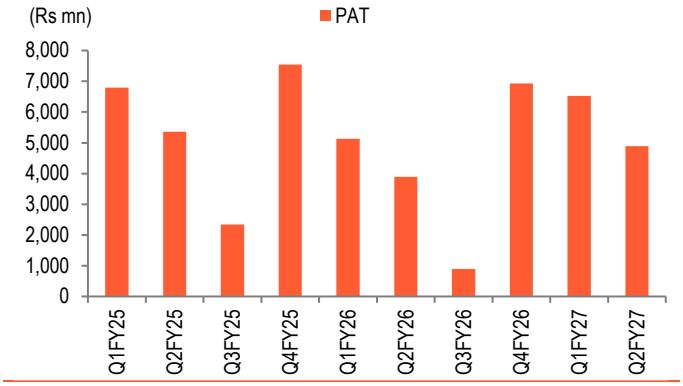
Source: Company, BOBCAPS Research

Fig 4 – EBITDA margin up 63bps YoY to 9.5%



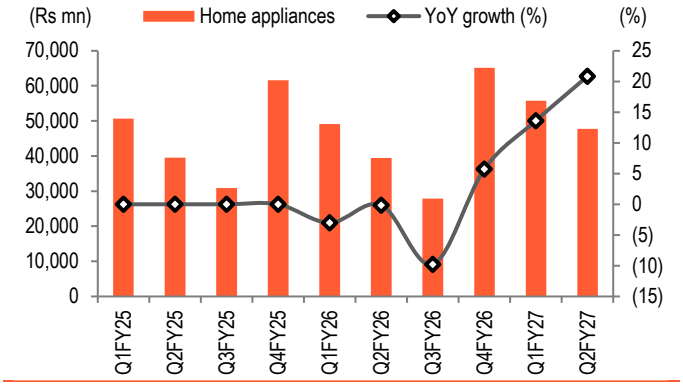
Source: Company, BOBCAPS Research

Fig 5 – Quarterly PAT trend



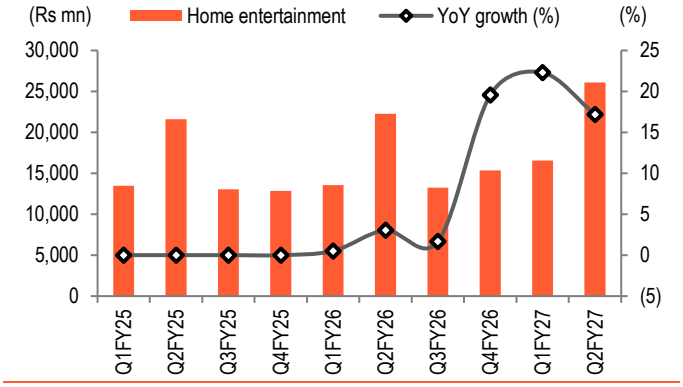
Source: Company, BOBCAPS Research

Fig 6 – H&A revenue up 21% YoY



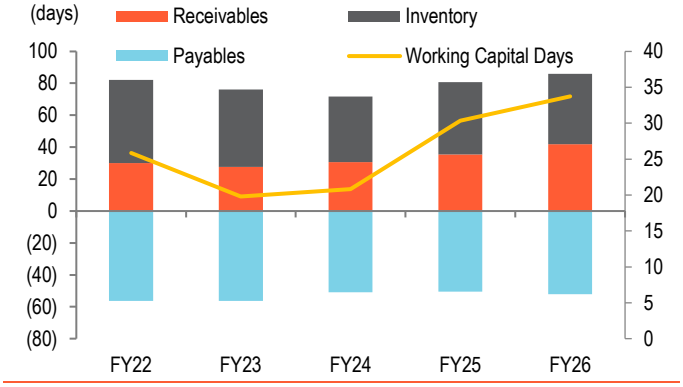
Source: Company, BOBCAPS Research

Fig 7 – HE revenue up 17% YoY on festive build



Source: Company, BOBCAPS Research

Fig 8 – Working capital cycle stretched to 34 days

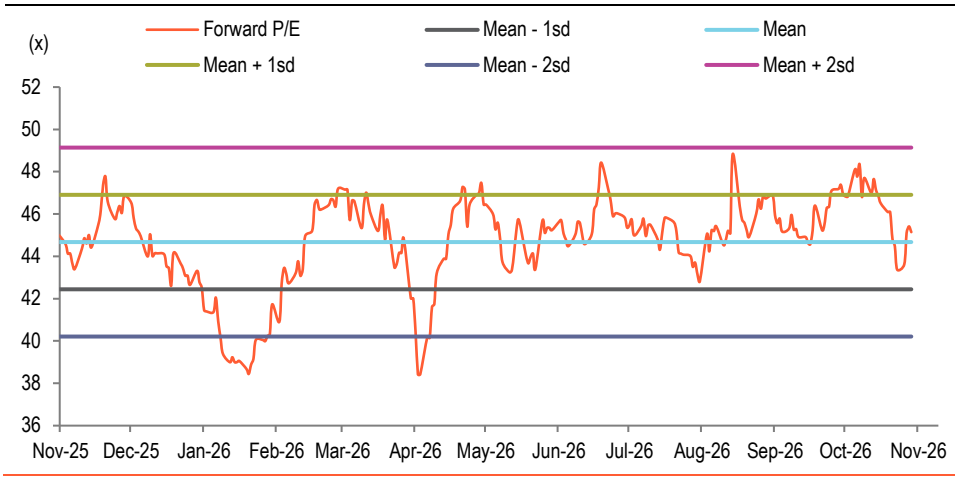


Source: Company, BOBCAPS Research

Valuation methodology

We raise FY27E–FY29E revenue and EBITDA by 3% and PAT by 3–4%, mainly on higher HE growth (FY27E: 17% vs 7% earlier), in line with the 19% H1 run-rate. EBITDA margin is unchanged in FY27E and up to 4bps lower in FY28E–FY29E. We model FY26–FY29E revenue/EBITDA/PAT CAGR of 14%/24%/21%. We value LGEL at 50x P/E on Sep'28E EPS of Rs 40.9 for a Sep'27 TP of Rs 2,050 (from Rs 1,980). With 16% upside, we maintain BUY.

Fig 9 – LGEL 1YF P/E band chart



Source: Company, BOBCAPS Research

Fig 10 – Revised estimates

(Rs mn)	New			Old			Change (%)		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Revenue	2,89,938	3,23,900	3,64,822	2,80,737	3,13,677	3,53,404	3	3	3
EBITDA	33,637	38,702	46,193	32,576	37,529	44,873	3	3	3
EBITDA Margin (%)	11.6	11.9	12.7	11.6	12.0	12.7	0bps	(2bps)	(4bps)
PAT	23,378	25,670	29,861	22,584	24,819	28,876	4	3	3

Source: BOBCAPS Research

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Total revenue	**2,43,666**	**2,46,049**	**2,89,938**	**3,23,900**	**3,64,822**
EBITDA	31,101	24,083	33,637	38,702	46,193
Depreciation	3,804	3,961	5,111	6,113	8,479
EBIT	27,298	20,122	28,526	32,589	37,714
Net interest inc./(exp.)	(306)	(406)	(406)	(406)	(406)
Other inc./(exp.)	2,640	3,279	3,133	2,134	2,612
Exceptional items	0	0	0	0	0
EBT	29,631	22,995	31,254	34,318	39,920
Income taxes	7,598	6,144	7,876	8,648	10,060
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
Reported net profit	**22,033**	**16,851**	**23,378**	**25,670**	**29,861**
Adjustments	0	0	0	0	0
Adjusted net profit	**22,033**	**16,851**	**23,378**	**25,670**	**29,861**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Accounts payables	33,671	35,135	41,306	46,145	51,975
Other current liabilities	15,313	16,564	12,710	14,198	15,992
Provisions	0	0	0	0	0
Debt funds	0	0	0	0	0
Other liabilities	6,485	8,009	8,009	8,009	8,009
Equity capital	6,788	6,788	6,788	6,788	6,788
Reserves & surplus	52,914	69,868	83,895	99,296	1,17,213
Shareholders' fund	59,702	76,656	90,682	1,06,084	1,24,000
Total liab. and equities	**1,15,171**	**1,36,363**	**1,52,707**	**1,74,436**	**1,99,976**
Cash and cash eq.	37,415	44,763	35,574	43,541	51,695
Accounts receivables	23,612	28,251	35,746	39,933	44,978
Inventories	30,315	29,616	39,718	39,933	44,978
Other current assets	4,037	4,931	7,149	7,987	8,996
Investments	0	0	0	0	0
Net fixed assets	13,197	15,488	20,377	28,264	33,785
CWIP	0	0	0	0	0
Intangible assets	94	122	122	122	122
Deferred tax assets, net	0	0	0	0	0
Other assets	5,719	8,596	8,596	8,596	8,596
Total assets	**1,14,388**	**1,31,767**	**1,47,282**	**1,68,375**	**1,93,149**

Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Cash flow from operations	**16,539**	**17,213**	**10,979**	**32,866**	**34,859**
Capital expenditures	(3,346)	(11,721)	(10,000)	(14,000)	(14,000)
Change in investments	593	477	(816)	(631)	(761)
Other investing cash flows	2,477	2,679	0	0	0
Cash flow from investing	**(275)**	**(8,565)**	**(10,816)**	**(14,631)**	**(14,761)**
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	0	0	0	0	0
Interest expenses	0	0	0	0	0
Dividends paid	(1,065)	(1,274)	(9,351)	(10,268)	(11,944)
Other financing cash flows	0	0	0	0	0
Cash flow from financing	**(1,065)**	**(1,274)**	**(9,351)**	**(10,268)**	**(11,944)**
Chg in cash & cash eq.	**15,199**	**7,374**	**(9,188)**	**7,967**	**8,154**
Closing cash & cash eq.	**37,415**	**44,763**	**35,574**	**43,541**	**51,695**

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26A	FY27E	FY28E	FY29E
Reported EPS	32.5	24.8	34.4	37.8	44.0
Adjusted EPS	32.5	24.8	34.4	37.8	44.0
Dividend per share	0.0	0.0	13.8	15.1	17.6
Book value per share	88.0	112.9	133.6	156.3	182.7

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26A	FY27E	FY28E	FY29E
EV/Sales	4.9	4.9	4.1	3.7	3.3
EV/EBITDA	38.7	49.9	35.8	31.1	26.0
Adjusted P/E	54.6	71.4	51.5	46.9	40.3
P/BV	20.1	15.7	13.3	11.3	9.7

DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26A	FY27E	FY28E	FY29E
Tax burden (Net profit/PBT)	74.4	73.3	74.8	74.8	74.8
Interest burden (PBT/EBIT)	108.5	114.3	109.6	105.3	105.9
EBIT margin (EBIT/Revenue)	11.2	8.2	9.8	10.1	10.3
Asset turnover (Rev./Avg TA)	18.5	15.9	14.2	11.5	10.8
Leverage (Avg TA/Avg Equity)	0.3	0.2	0.2	0.3	0.3
Adjusted ROAE	45.2	24.7	27.9	26.1	26.0

Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
YoY growth (%)					
Revenue	14.1	1.0	17.8	11.7	12.6
EBITDA	39.8	(22.6)	39.7	15.1	19.4
Adjusted EPS	45.8	(23.5)	38.7	9.8	16.3
Profitability & Return ratios (%)					
EBITDA margin	12.8	9.8	11.6	11.9	12.7
EBIT margin	11.2	8.2	9.8	10.1	10.3
Adjusted profit margin	9.0	6.8	8.1	7.9	8.2
Adjusted ROAE	45.2	24.7	27.9	26.1	26.0
ROCE	45.7	25.2	28.3	26.4	26.2
Working capital days (days)					
Receivables	35	42	45	45	45
Inventory	45	44	50	45	45
Payables	50	52	52	52	52
Ratios (x)					
Gross asset turnover	7.2	6.5	6.3	5.6	5.1
Current ratio	1.9	2.1	2.2	2.2	2.2
Net interest coverage ratio	89.1	49.6	70.3	80.3	92.9
Adjusted debt/equity	0.0	0.0	0.0	0.0	0.0

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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

BUY – Expected return >+15%

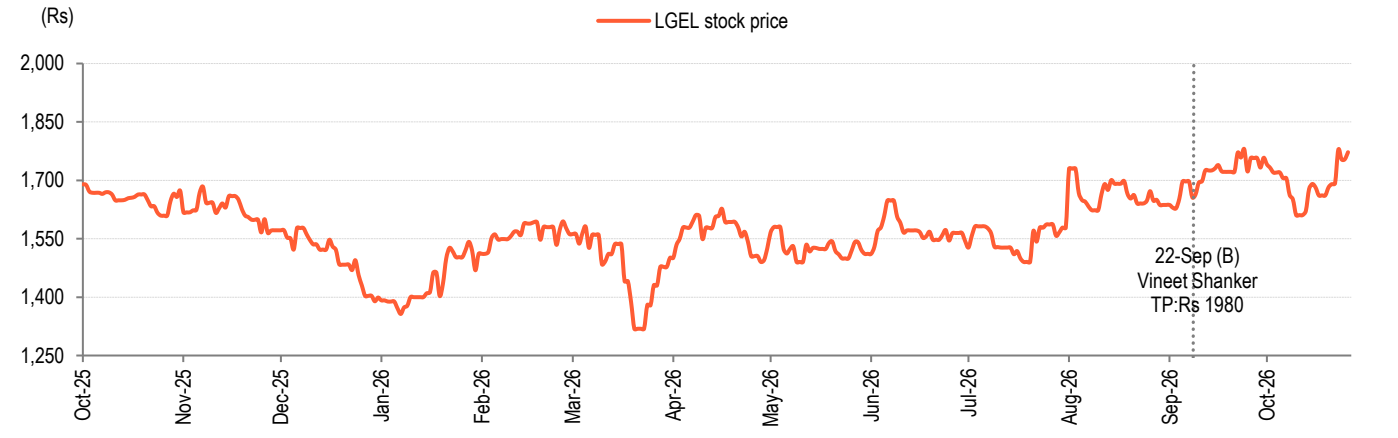
HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Ratings and Target Price (3-year history): LG ELECTRONICS INDIA (LGEL IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

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