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LG ELECTRONICS INDIA LIMITED

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IPO Report

07th Oct '25

Snapshot

Company have been the number one player in major home appliances and consumer electronics (excluding mobile phones) in India for the six months ended June 30, 2025, CY2024, CY2023 and CY2022 as per the market share (in terms of value) in the offline channel. Company is also market leaders in India across multiple product categories including washing machines, refrigerators, panel televisions, inverter air conditioners, and microwaves, based on the market share (in terms of value) in the offline channel (which represents approximately 78% and 77% of the major home appliances and consumer electronics market (excluding mobile phones) in India in terms of value in the same period) for the twelve-month period ending December 31, 2024 and the six months ended June 30, 2025, respectively

VALUATION

Company is bringing the issue at price band of Rs 1080-1140 per share at p/e multiple of approx. 38x on post issue basis.

Company has leading market share in the home appliances and consumer electronics industry in India with #1 market share across key product categories. Company has operational efficiency through strong manufacturing capabilities and localized supply chain & parentage of LG Electronics, which is the leading single-brand global home appliances player in terms of market share by revenue in CY 2024 and strong LG brand Hence we recommend "Subscribe" to this ipo.

Price Band (Rs./Share)	**1080-1140**
Opening date of the issue	**07th Oct '2025**
Closing Date of the issue	**09th Oct '2025**
No of shares pre issue	678,772,392 Eq Shares
Issue Size	Rs 10994-11605 Cr
No of shares	101,815,859 Eq Shares
Offer For Sale	101,815,859 Eq Shares
Face Value (Rs/ share)	Rs 10/share
Bid Lot	13
Employee Discount	Rs 108/Share
BIDDING DETAILS	
QIBs (Including Anchor)	50% of the offer (Approx 50,802,565 Eq Shares)
Non-Institutional	15% of the offer (Approx 15,240,770 Eq Shares)
Retail	35% of the offer (Approx 35,561,796 Eq Shares)
Employee	210,728 Eq Shares
Lead managers	Axis Capital, Citigroup Global Markets India, Morgan Stanley India, J.P. Morgan India, BofA Securities India,
Registrar to the issue	KFin Technologies

WHAT WE LIKE

Leading market share in the home appliances and consumer electronics industry in India with #1 market share across key product categories.

Company have been the number one player in this industry for the six months ended June 30, 2025, CY2024, CY2023 and CY2022 as per the market share (in terms of value) in the offline channel in India. Company also market leaders in India across multiple product categories including washing machines, refrigerators, panel televisions, inverter air conditioners, and microwaves, based on the market share (in terms of value) in the offline channel (which represents approximately 78% and 77% of the major home appliances and consumer electronics market (excluding mobile phones) in India in terms of value in the same period) for the twelve-month period ending December 31, 2024 and the six months ended June 30, 2025, respectively,

Shaping consumer experience with pan-India distribution and after-sales service network

Company operate the largest distribution network among leading home appliances and consumer electronics players in India as of June 30, 2025. Company have an expansive sales network through 35,640 B2C touch points (comprising LG BrandShops that are strategically located in main shopping areas of the cities and towns, modern trade stores such as Reliance Retail, Croma (Infiniti Retail) and Vijay Sales, online touch points, traditional stores, distributors and sub-dealers), for the three months ended June 30, 2025

Capital efficient business with high growth and profitability.

Company place an emphasis on capital efficiency which is reflected in Return on Capital Employed of 45.31% in Fiscal 2024, the highest amongst leading home appliances and consumer electronics players with an average of approximately 17%.Company also had a net working capital cycle of 15.95 days in Fiscal 2024, as compared to the average of approximately 26 days among leading home appliances and consumer electronics players. Company's free cash flow conversion ratio, that is defined as free cash flow divided by EBITDA, was 59.49% in Fiscal 2024 compared to an average of approximately 55.6% among leading home appliances and consumer electronics players

COMPANY BACKGROUND

As of the 12-months ending December 31, 2024, and the six months period ending June 30, 2025, approximately eight out of ten air conditioners sold in India are based on inverter technology. Company was incorporated in 1997 as a wholly owned subsidiary of LG Electronics, which is the leading single-brand global home appliances player in terms of market share by revenue in CY2024. Company derive several benefits from its strong parentage including the "LG" brand which was listed on Interbrand's Top 100 Best Global Brands in 2024. Company's strong parentage, access to innovative technologies and commitment to quality, positions it as a trusted brand in India. Company offered one of the widest product portfolios amongst leading home appliances and consumer electronics players (excluding mobile phones) in India as of June 30, 2025. Company sell products to B2C and B2B consumers in India and outside India. Company also offer installation services, and repairs and maintenance services for all its products.

Company's Technological Leadership
Company's 28 years of experience in India has enabled it to develop insights into consumers' preferences in India and understand the demands of Indian consumers. Company address this demand by leveraging the global leadership of LG Electronics recognized as a pioneer of innovative technology to introduce new and innovative products for its consumers in India, and where necessary, tailor products to cater to Indian consumer preferences and local requirements. As a result, company was the first to introduce several global technologies among leading home appliances and consumer electronics players in India.

Pan-India Distribution and Service Network
Company operate the largest distribution network among leading home appliances and consumer electronics players in India as of June 30, 2025. Company's distribution network spans across urban and rural India through 35,640 B2C touch points for the three months ended June 30, 2025. Company serviced consumers through a dedicated team 463 B2B trade partners as of June 30, 2025, and also had a team of 286 employees engaging in customer service as of June 30, 2025.

Company had 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. Company have two advanced manufacturing units located in Noida (the "**Noida Manufacturing Unit**") and Pune (the "**Pune Manufacturing Unit**"). In Fiscal 2025 and in the three months ended June 30, 2025, company had an installed capacity of 14,510,000 products at its Noida and Pune Manufacturing Units collectively. In addition to manufacturing products, company also manufacture several key components, such as compressors and motors, at its Noida Manufacturing Unit and Pune Manufacturing Unit, giving it greater control over the product development process, product quality, costs and supply and delivery time.

Company have an extensive supplier network comprising 287 suppliers that have a relationship with it for an average of 13.13 years as of June 30, 2025. Company is committed to the "Make in India" philosophy, whereby company manufacture its products domestically and to the extent available source a significant amount of company's raw materials from domestic suppliers. Company intend to increase the percentage of raw materials sourced from domestic suppliers, which was 50.48% in Fiscal 2023, 48.82% in Fiscal 2024, 53.79 % in Fiscal 2025, and was 54.12% in the three months ended June 30, 2025. These localization efforts enable company to procure raw materials on short notice to meet consumer demands and lower company's inventory and related costs, allowing company to competitively price its products. To facilitate storage and movement of products to and from company's manufacturing units, company have a pan-India supply chain network of 25 product warehouses, comprising two central distribution centers ("**CDCs**") and 23 regional distribution centers ("**RDCs**") as of June 30, 2025. Company's CDC and RDC network help with inventory management and enables company to deliver products from the closest CDC or RDC, thereby shortening delivery times to company's trade partners and its consumers. In Fiscal 2025, deliveries to company's trade partners' warehouses were generally made within six to seven days.

INVESTMENT RATIONALE

Introducing innovative technologies tailored to the needs of the Indian consumers	Company's 28 years of experience in India has enabled it to develop insights into consumers' preferences in India and understand the demands of Indian consumers. Company address this demand by leveraging the global leadership of LG Electronics recognized is a pioneer of innovative technology to introduce new and innovative products for company's consumers in India, and where necessary, customize some of these products to cater to Indian consumer preferences and local requirements. As a result, company have introduced many industry-first technologies in the home appliances and consumer electronics industry in India.
Shaping consumer experience with pan-India distribution and after-sales service network	Company operate the largest distribution network among leading home appliances and consumer electronics players in India as of June 30, 2025. Company have an expansive sales network through 35,640 B2C touch points (comprising LG BrandShops that are strategically located in main shopping areas of the cities and towns, modern trade stores such as Reliance Retail, Croma (Infiniti Retail) and Vijay Sales, online touch points, traditional stores, distributors and sub-dealers), for the three months ended June 30, 2025. Company also engage with consumers online through company's website and e-commerce marketplaces, and company's modern trade partners engage with consumers through their own e-commerce platforms.
Operational efficiency through strong manufacturing capabilities and localized supply chain	Company had 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. Company have two manufacturing units located in Noida and Pune which in aggregate accounted for 85.51%, 84.18%, 86.05%, 85.73% and 85.28% of company's overall sales in the three months ended June 30, 2025 and 2024, and Fiscals 2025, 2024 and 2023, respectively. The remaining sales volume constitute products that are manufactured by third-parties based on specifications and blueprinters provided by company, and sold as is without modifications or imported from other members of the LG Group. Company manufacture key components of its products at its Noida Manufacturing Unit and Pune Manufacturing Unit, which gives company greater control over the product development process, product quality, costs and supply and delivery time.
Parentage of LG Electronics, which is the leading single-brand global home appliances player in terms of market share by revenue in CY 2024 and strong LG brand.	LG Electronics is the leading single-brand global home appliances player in terms of market share by revenue in CY2024, that is committed to providing quality products and consumer experiences. In India, company have leveraged the "LG" brand image and associated consumer loyalty to maintain its market leadership. The "LG" brand is a symbol of reliability for Indian consumers, as evidenced in company being recognized as "Most Trusted Brand – Electronics segment" for 2025 by Brand Empower Private. Ltd., "India's No.1 Inverter Air Conditioner Brand" by Market Excel in Fiscal 2025, "India's No.1 Refrigerator Brand" and "India's Most Trusted Home Appliances Brand" by Intage India in February 2025, and the "Most Trusted Brand in Refrigerator, Microwave & Dishwasher for 2025 by Trust Research Advisor.

OBJECTS OF OFFER

The objects of the Offer are to (i) to carry out the Offer for Sale of up to 101,815,859 equity shares of face value of ₹ 10 each by the Selling Shareholder and (ii) achieve the benefits of listing the Equity Shares on the Stock Exchanges.

RISKS

Company is dependent on LG Electronics, its Promoter, in various aspects of company's business, and company pay royalty to them under the License Agreement (defined below). Any adverse change in its relationship with LG Electronics and the companies in the LG Group could have an adverse impact on company's business, reputation, financial condition and results of operations.

Source:RHP

INDUSTRY OVERVIEW

Positioned for Robust and Resilient Growth, Supported by Strong Market Fundamentals.

The Indian appliances and electronics sector is poised for sustained growth, backed by robust consumer demand, rising incomes, and supportive government policies. Despite challenges, the industry's resilience, coupled with investments in technology and local manufacturing, supports an outlook for long-term value creation.

In conclusion, India's appliances and electronics market is set on a solid growth path, supported by favorable macroeconomic conditions, rising disposable incomes, and a demographic shift toward urbanization and middleclass expansion. The industry's potential is reinforced by India's increasing consumer appetite for advancedappliances and electronics that deliver convenience, efficiency, and connectivity. The sector is further bolstered by supportive government policies that encourage domestic manufacturing, including the PLI scheme and 'Make in India' initiatives, which are building a foundation for self-reliance in the industry. While challenges such as supply chain dependencies, regulatory pressures, and evolving consumer expectations present obstacles, companies with strategic focus on product innovation, brand trust, and local responsiveness are well-positioned to navigate these complexities. With these favorable conditions, the Indian appliances and electronics market represents a dynamic and resilient landscape where companies can create long-term value by aligning with the evolving needs and aspirations of the Indian consumer. This robust growth trajectory underscores India's emergence as a key market in the global appliances and electronics arena, paving the way for sustained industry expansion.

Consolidated Financials

(Rs in Mn)

Financials	FY23	FY24	FY 2025	Q1FY26
Total Revenue (A)	198645.93	213520.00	243666.68	62629.38
Total Expenditure (B)	179652.78	191271.27	212565.14	55466.65
EBIDTA	18993.15	22248.73	31101.54	7162.73
EBIDTA Margin	9.56	10.42	12.76	11.44
Other Income	2439.91	2051.18	2639.90	744.26
Depreciation	3003.93	3643.69	3803.57	902.41
EBIT	18429.13	20656.22	29937.87	7004.58
Interest	225.84	285.05	306.46	85.03
PBT	18203.29	20371.17	29631.41	6919.55
Share of profit in Asso	0.00	0.00	0.00	0.00
PBIT	18203.29	20371.17	29631.41	6919.55
Exceptional	0.00	0.00	0.00	0.00
PBT	18203.29	20371.17	29631.41	6919.55
Tax	4723.09	5260.49	7597.66	1787.00
PAT	13480.20	15110.68	22033.75	5132.55
NPM	6.79	7.08	9.04	8.20
ROE%	31.13	40.45	37.13	7.96
EPS	19.81	22.26	32.46	7.56
Eq Cap	1,131.29	1,131.29	6,787.72	6,787.72
Net Worth	43,562.45	37,722.46	59,701.70	64,842.73

(Source: RHP)

Peer Comparison

Company Name	Face Value	EPS	P/E	ROE %	NAV
Company	***10.00***	***32.46***	--	***37.13***	***87.42***
Peers					
Havells	1.00	23.49	64.14	17.63	133.05
Voltas	1.00	25.43	52.68	12.76	197.66
Whirlpool	10.00	28.30	43.53	9.09	314.52
Blue Star	2.00	28.76	65.59	19.27	149.19

(Source: RHP)

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