

11 February 2026

India | Equity Research | Results Update

LG Electronics India

White Goods

Margins remain tepid; continues to gain market share

LG Electronics India (LG)'s Q3FY26 print was weaker-than-expected as its performance was marred by post-festive seasonality and weaker trade/ consumer offtake. LG consciously avoided price discounting to protect brand positioning, which impacted margins, in our view. A further blow to margins came from higher commodity inflation and currency depreciation. However, we remain positive on the company, as we note: (1) The company continues to maintain its market leadership in key categories – supported by its brand strength, premium positioning and extensive distribution network. (2) LG has gained offline TV market share and bolstered its leadership position. (3) Sri City plant is on track and is slated to be operational by Q3FY27. We believe, this should enhance LG's supply chain efficiency by enabling faster market access and improving product availability. (4) The company continues to focus on scaling its AMC business and strengthening its B2B business.

(5) Its dual strategy of supporting margins through premiumisation while driving volumes via its Essential series supports growth visibility. 6) With US tariff easing out, we believe margins in information display will likely improve in the medium term. We reckon, weak Q3FY26 was transitory impact rather than structural. With strong brand equity, sustained leadership, distribution strength and backward integration, LG is well-positioned to deliver consistent growth and margin resilience over the medium term. Retain **BUY** with a DCF-based revised TP of INR 1,746 (earlier INR 1,875; implied target P/E at 46x FY28E EPS).

Q3FY26 results overview

LG reported revenue/EBITDA/Adj. PAT decline 6.4%/42.4%/61.6% YoY. Gross margin contracted 46bps YoY due to high commodity prices and currency depreciation. EBITDA margin contracted 298bps YoY due to operating deleverage. PAT margins contracted 313bps YoY. High depreciation (+23.3% YoY) and high interest cost (+9.2% YoY) also weighed on PAT margins.

Sustained market leadership in home appliances

The segment reported revenue/EBIT decline of 9.8%/49.2% YoY. Revenue was impacted due to post-festive seasonality. EBIT declined due to commodity inflation and FX impact. However, the company gained market share while maintaining pricing discipline. LG's brand-pull, strong distribution network and product depth help it sustain market leadership, in our view. It focuses on a dual strategy by expanding its premium portfolio to support margins and targets entry-level buyers via the LG Essential series. We believe that this segment would rebound gradually supported by normal summer season.

Financial Summary

Y/E March (INR mn)	FY25A	FY26E	FY27E	FY28E
Net Revenue	243,666	244,550	277,530	309,342
EBITDA	31,101	26,528	33,852	38,815
EBITDA Margin (%)	12.8	10.8	12.2	12.5
Net Profit	22,033	18,265	23,049	25,498
EPS (INR)	32.5	26.9	34.0	37.6
EPS % Chg YoY	45.8	(17.1)	26.2	10.6
P/E (x)	46.8	56.4	44.7	40.4
EV/EBITDA (x)	29.7	35.0	27.6	24.3
RoCE (%)	37.1	25.9	36.3	44.8
RoE (%)	45.2	32.1	44.2	53.6

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Market Data

Market Cap (INR)	1,031bn
Market Cap (USD)	11,370mn
Bloomberg Code	LGEIL IN
Reuters Code	LGEL.BO
52-week Range (INR)	1,749 /1,300
Free Float (%)	11.0
ADTV-3M (mn) (USD)	18.4

Price Performance (%)	3m	6m	12m
Absolute	(8.8)	0.0	0.0
Relative to Sensex	(9.2)	0.0	0.0

ESG Score	2024	2025	Change
ESG score	NA	NA	NA
Environment	NA	NA	NA
Social	NA	NA	NA
Governance	NA	NA	NA

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Earnings Revisions (%)	FY27E	FY28E
Revenue	(4.9)	(4.8)
EBITDA	(9.7)	(7.8)
EPS	(11.4)	(10.1)

Previous Reports

18-12-2025: [Company Update](#)

16-11-2025: [Q2FY26 results review](#)

OLED leadership strengthens category positioning

The segment reported revenue growth of mere 1.7% YoY. This is largely driven by GST rate cuts and premiumisation. However, EBIT declined by 27.7% YoY. This is due to weak profitability in information displays. The company strengthened its market leadership by gaining market share in offline TV. Its OLED market share now stands at 62.4%. With US tariffs easing out, we believe a gradual recovery in information displays would support margins in medium term.

Maintain BUY

We model LG to report revenue and PAT CAGRs of 12.5% and 18.2%, respectively, over FY26–28E. Maintain **BUY** with a DCF-based revised TP of INR 1,746 (earlier INR 1,875; implied target P/E at 46x FY28E EPS).

Exhibit 1: Q3FY26 financial performance

Y/e March (INR mn)	Q3FY26	Q3FY25	YoY gr.	Q2FY26	QoQ gr.
Revenue	41,144	43,955	(6.4)	61,740	(33.4)
Expenditure					
Raw materials	27,739	29,432	(5.8)	43,561	(36.3)
% of revenue	67.4	67.0		70.6	
Employee cost	2,606	2,371	9.9	2,480	5.1
% of revenue	6.3	5.4		4.0	
Other expenditure	8,838	8,749	1.0	10,224	(13.6)
% of revenue	21.5	19.9		16.6	
Total expenditure	39,183	40,552	(3.4)	56,265	(30.4)
EBITDA	1,961	3,404	(42.4)	5,476	(64.2)
EBITDA margin	4.8	7.7		8.9	
Other income	757	786	(3.8)	798	(5.2)
PBDIT	2,717	4,190	(35.1)	6,273	(56.7)
Depreciation	1,107	898	23.3	935	18.4
PBIT	1,610	3,292	(51.1)	5,338	(69.8)
Interest	93	85	9.2	90	3.6
PBT	1,517	3,206	(52.7)	5,249	(71.1)
Prov. for tax	620	872	(28.9)	1,354	(54.2)
% of PBT	40.9	27.2		25.8	
PAT	897	2,335	(61.6)	3,894	(77.0)
MI/Share of profit from associates	-	-		-	
Adjusted PAT	897	2,335	(61.6)	3,894	(77.0)
Extra ordinary items	(66)	20	(429.3)	(10)	564.2
Reported PAT	831	2,354	(64.7)	3,884	(78.6)

Source: Company data, I-Sec research

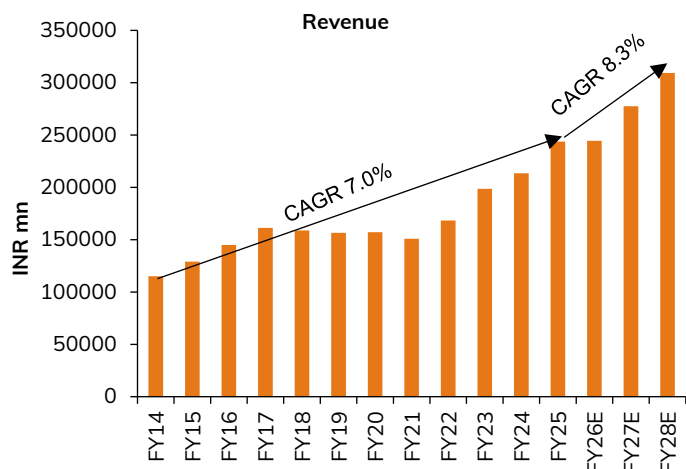
Exhibit 2: Segment wise performance

Particulars	Q3FY26	Q3FY25	YoY gr.	Q2FY26	QoQ gr.
Revenues (INR mn)					
Home Appliance and air solution division	27,881	30,909	-9.8%	39,479	-29.4%
Home entertainment division	13,263	13,046	1.7%	22,262	-40.4%
Total	41,144	43,955	-6.4%	61,740	-33.4%
EBIT (INR mn)					
Home Appliance and air solution division	1,108	2,179	-49.2%	3,245	-65.9%
Home entertainment division	1,273	1,760	-27.7%	2,810	-54.7%
Total	2,381	3,939	-39.6%	6,055	-60.7%
EBIT margin (%)					
Home Appliance and air solution division	4.0	7.1		8.2	
Home entertainment division	9.6	13.5		12.6	
Total	5.8	9.0		9.8	

Source: Company data, I-Sec research

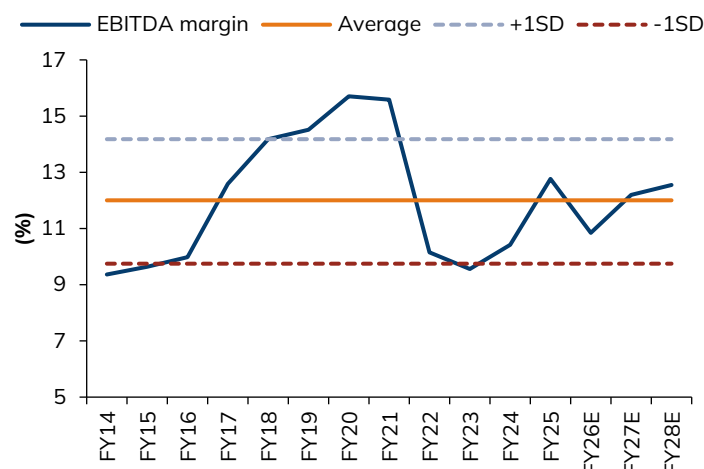
Key indicators – Annual

Exhibit 3: Revenue and revenue growth



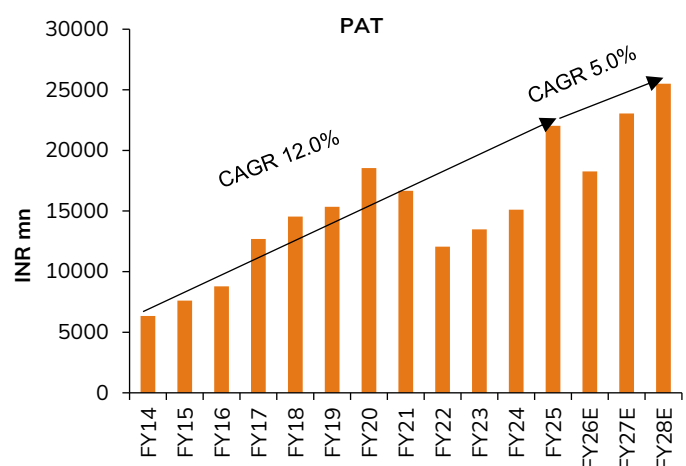
Source: Company data, I-Sec research

Exhibit 4: EBITDA margin



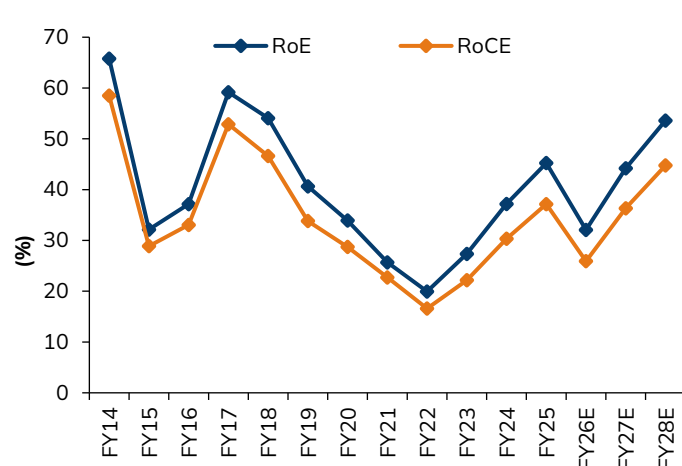
Source: Company data, I-Sec research

Exhibit 5: PAT and PAT growth



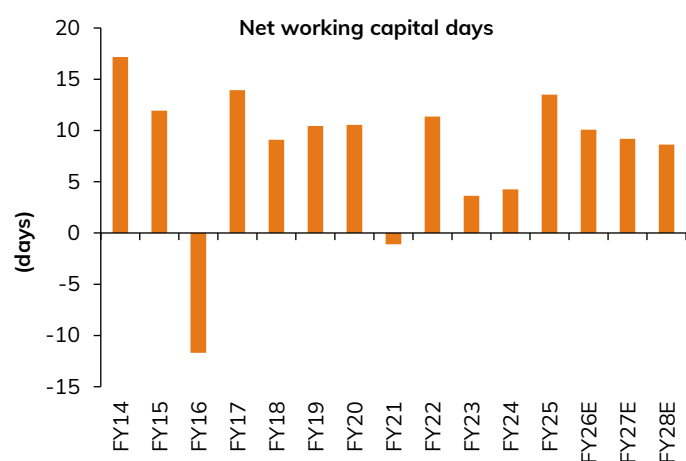
Source: Company data, I-Sec research

Exhibit 6: RoE and RoCE



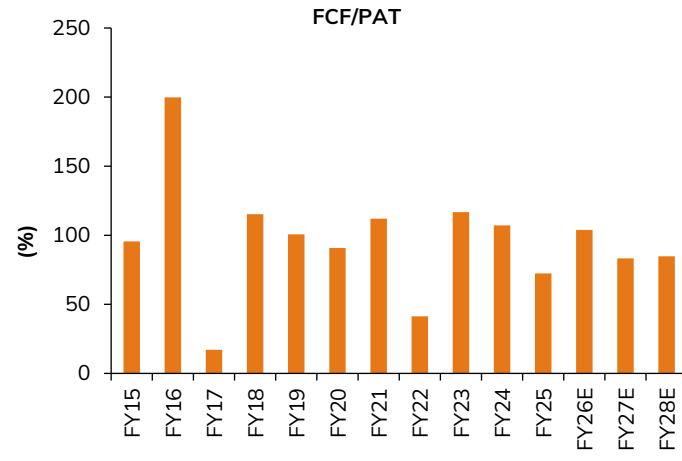
Source: Company data, I-Sec research

Exhibit 7: Net working capital days



Source: Company data, I-Sec research

Exhibit 8: FCF/PAT (%)



Source: Company data, I-Sec research

Valuation and key risks

DCF valuation

We model LG to report revenue and PAT CAGRs of 12.5% and 18.2%, respectively, over FY26–28E. Maintain **BUY** with a DCF-based revised TP of INR 1,746 (earlier INR 1,875; implied target P/E at 46x FY28E EPS).

Exhibit 9: DCF-based valuation

Particulars	
Cost of Equity (%)	11.0%
Terminal growth rate (%)	5.0%
Discounted interim cash flows (INR mn)	370,103
Discounted terminal value (INR mn)	815,034
Total equity value (INR mn)	1,185,137
Value per share (INR)	1,746

Source: Company data, I-Sec research

Risks

Sharp increase in input prices and competitive pressures

Major increase in input prices and/or increase in competitive pressures may result in downside to our estimates.

Delays in launch of new plants/products

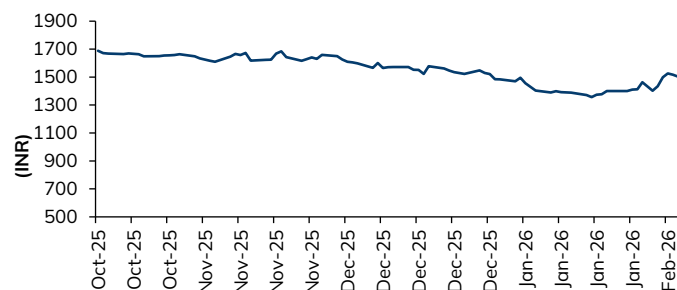
Any delays in launch of new products may result in lower earnings than estimated.

Exhibit 10: Shareholding pattern

%	Oct'25	Dec'25
Promoters	85.0	85.0
Institutional investors	7.4	10.1
MFs and others	2.7	5.4
FIs/Banks	1.0	0.3
Insurance	0.7	1.4
FIIIs	3.0	3.0
Others	7.5	4.9

Source: Bloomberg, I-Sec research

Exhibit 11: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 12: Profit & Loss

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Net Sales	243,666	244,550	277,530	309,342
Operating Expenses	212,565	218,023	243,679	270,527
EBITDA	31,101	26,528	33,852	38,815
EBITDA Margin (%)	12.8	10.8	12.2	12.5
Depreciation & Amortization	3,804	4,466	5,372	6,464
EBIT	27,298	22,062	28,480	32,350
Interest expenditure	306	422	389	389
Other Non-operating Income	2,640	2,877	2,724	2,127
Recurring PBT	29,631	24,517	30,815	34,089
Profit / (Loss) from Associates	-	-	-	-
Less: Taxes	7,598	6,252	7,765	8,590
PAT	22,033	18,265	23,049	25,498
Less: Minority Interest	-	-	-	-
Extraordinaries (Net)	(54)	-	-	-
Net Income (Reported)	21,979	18,265	23,049	25,498
Net Income (Adjusted)	22,033	18,265	23,049	25,498

Source Company data, I-Sec research

Exhibit 13: Balance sheet

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Total Current Assets	95,408	88,063	87,035	84,799
of which cash & cash eqv.	37,415	32,640	24,686	15,770
Total Current Liabilities & Provisions	48,985	48,666	55,367	61,714
Net Current Assets	46,424	39,397	31,668	23,085
Investments	3,679	3,679	3,679	3,679
Net Fixed Assets	13,291	15,578	19,207	22,742
ROU Assets	-	-	-	-
Capital Work-in-Progress	753	-	-	-
Total Intangible Assets	-	-	-	-
Other assets	-	-	-	-
Deferred Tax assets	-	-	-	-
Total Assets	64,147	58,655	54,553	49,507
Liabilities				
Borrowings	6,485	6,485	6,485	6,485
Deferred Tax Liability	(2,040)	(2,040)	(2,040)	(2,040)
provisions	-	-	-	-
other Liabilities	-	-	-	-
Equity Share Capital	6,788	6,788	6,788	6,788
Reserves & Surplus	52,914	47,422	43,320	38,274
Total Net Worth	59,702	54,210	50,108	45,062
Minority Interest	-	-	-	-
Total Liabilities	64,147	58,655	54,553	49,507

Source Company data, I-Sec research

Exhibit 14: Quarterly trend

(INR mn, year ending March)

	June 25	Sept 25	Dec 25
Net Sales	62,629	61,740	41,144
% growth (YOY)	(2.3)	1.0	(6.4)
EBITDA	7,163	5,476	1,961
Margin %	11.4	8.9	4.8
Other Income	744	798	757
Extraordinaries	8	(10)	(66)
Adjusted Net Profit	5,133	3,894	897

Source Company data, I-Sec research

Exhibit 15: Cashflow statement

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Operating Cashflow	18,701	24,982	28,197	31,628
Working Capital Changes	(7,025)	2,252	(224)	(334)
Capital Commitments	(3,393)	(6,000)	(9,000)	(10,000)
Free Cashflow	15,308	18,982	19,197	21,628
Other investing cashflow	641	-	-	-
Cashflow from Investing Activities	(2,752)	(6,000)	(9,000)	(10,000)
Issue of Share Capital	-	-	-	-
Interest Cost	-	-	-	-
Inc (Dec) in Borrowings	(760)	-	-	-
Dividend paid	-	(23,757)	(27,151)	(30,545)
Others	-	-	-	-
Cash flow from Financing Activities	(760)	(23,757)	(27,151)	(30,545)
Chg. in Cash & Bank balance	15,189	(4,775)	(7,954)	(8,916)
Closing cash & balance	37,415	32,640	24,686	15,770

Source Company data, I-Sec research

Exhibit 16: Key ratios

(Year ending March)

	FY25A	FY26E	FY27E	FY28E
Per Share Data (INR)				
Reported EPS	32.5	26.9	34.0	37.6
Adjusted EPS (Diluted)	32.5	26.9	34.0	37.6
Cash EPS	38.1	33.5	41.9	47.1
Dividend per share (DPS)	-	35.0	40.0	45.0
Book Value per share (BV)	88.0	79.9	73.8	66.4
Dividend Payout (%)	-	130.1	117.8	119.8
Growth (%)				
Net Sales	14.1	0.4	13.5	11.5
EBITDA	39.8	(14.7)	27.6	14.7
EPS (INR)	45.8	(17.1)	26.2	10.6
Valuation Ratios (x)				
P/E	46.8	56.4	44.7	40.4
P/CEPS	39.9	45.4	36.3	32.3
P/BV	17.3	19.0	20.6	22.9
EV / EBITDA	29.7	35.0	27.6	24.3
P / Sales	3.9	3.9	3.4	3.1
Dividend Yield (%)	-	2.3	2.6	3.0
Operating Ratios				
Gross Profit Margins (%)	32.0	31.5	31.3	31.5
EBITDA Margins (%)	12.8	10.8	12.2	12.5
Effective Tax Rate (%)	25.6	25.5	25.2	25.2
Net Profit Margins (%)	9.0	7.5	8.3	8.2
NWC / Total Assets (%)	72.4	67.2	58.0	46.6
Net Debt / Equity (x)	(0.6)	(0.6)	(0.4)	(0.3)
Net Debt / EBITDA (x)	(1.1)	(1.1)	(0.6)	(0.3)
Profitability Ratios				
RoCE (%)	37.1	25.9	36.3	44.8
RoE (%)	45.2	32.1	44.2	53.6
RoC (%)	95.0	66.4	81.0	80.2
Fixed Asset Turnover (x)	7.2	6.3	5.9	5.5
Inventory Turnover Days	48	44	47	46
Receivables Days	38	33	35	35
Payables Days	75	70	75	74

Source Company data, I-Sec research

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