kotak Securities

Dated: 9 Dec 2025

LG Electronics (LGEL) - REDUCE

Initiating Coverage

Current Market Price (CMP)	Fair Value (FV)
Rs.1566	**Rs.1600**

Rationale:

- LG Electronics India is the market leader in major home appliances and consumer electronics (excluding mobile phones) in India.
- Key strengths: Highly diversified product portfolio, strong parentage, best-in- class profitability, deep technological leadership, extensive distribution/service network.
- Growth drivers include expansion into new categories, launch of affordable/India-specific products, scaling B2B solutions, strengthening service /subscription models.
- Indian appliance market is poised for a double-digit revenue CAGR over CY25-40E.
- We estimate ~10%/10.6%/10% revenue/EBITDA/PAT CAGRs over FY25-28E.
- Initiate with a REDUCE and DCF-based FV of Rs1,600 (~37x FY28E PE).

Positives:

- LG Electronics is a formidable player in large appliances in India, with a >25% market share in washing machine/refrigerator/TV.
- Strong parentage enables LG Electronics India to stay ahead of the curve on the innovation front.
- LG's diversified portfolio should ensure lower volatility in operational performance.
- LG India's revenue share of premium products is higher than the industry average.

Negatives:

- Key downside risks for investors include market share loss, changes in related-party transaction terms (including royalty) and a reduction in government grants.

(B2B: Business to Business; CAGR: Compound Annual Growth Rate; EBITDA: Earnings Before Interest, Tax, Depreciation and Amortization; PAT: Profit After Tax; DCF: Discounted Cash Flow)

Holding Period: 12 months

RATING SCALE (PRIVATE CLIENT GROUP)

Definitions of ratings

BUY	–	We expect the stock to deliver more than 15% returns over the next 12 months
ADD	–	We expect the stock to deliver 5% - 15% returns over the next 12 months
REDUCE	–	We expect the stock to deliver -5% - +5% returns over the next 12 months
SELL	–	We expect the stock to deliver < -5% returns over the next 12 months
NR	–	**Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
SUBSCRIBE	–	We advise investor to subscribe to the IPO.
RS	–	**Rating Suspended.** Kotak Securities has suspended the investment rating and price target for this stock, either because there is not a sufficient fundamental basis for determining, or there are legal, regulatory or policy constraints around publishing, an investment rating or target. The previous investment rating and price target, if any, are no longer in effect for this stock and should not be relied upon.
NA	–	**Not Available or Not Applicable.** The information is not available for display or is not applicable
NM	–	**Not Meaningful.** The information is not meaningful and is therefore excluded.
NOTE	–	Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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