

Rating: BUY | CMP: Rs1,469 | TP: Rs1,808

February 12, 2026

Q3FY26 Result Update

Change in Estimates | Target | Reco

Change in Estimates

	Current FY27E	Previous FY28E	Current FY27E	Previous FY28E
Rating	BUY	BUY		
Target Price	1,808	1,920		
Sales (Rs. m)	2,73,154	3,06,012	2,86,348	3,20,590
% Chng.	(4.6)	(4.5)		
EBITDA (Rs. m)	33,429	39,502	35,111	41,448
% Chng.	(4.8)	(4.7)		
EPS (Rs.)	34.9	40.2	36.8	42.3
% Chng.	(5.3)	(5.0)		

Key Financials - Consolidated

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. m)	2,43,666	2,45,966	2,73,154	3,06,012
EBITDA (Rs. m)	31,101	26,100	33,429	39,502
Margin (%)	12.8	10.6	12.2	12.9
PAT (Rs. m)	22,033	18,629	23,682	27,265
EPS (Rs.)	32.5	27.4	34.9	40.2
Gr. (%)	(75.7)	(15.5)	27.1	15.1
DPS (Rs.)	-	12.0	12.0	12.0
Yield (%)	-	0.8	0.8	0.8
RoE (%)	45.2	30.4	33.5	31.0
RoCE (%)	61.5	41.3	45.3	41.9
EV/Sales (x)	3.9	3.9	3.5	3.1
EV/EBITDA (x)	30.9	36.5	28.4	23.7
PE (x)	45.3	53.5	42.1	36.6
P/BV (x)	16.7	15.9	12.7	10.2

Key Data

	LGEL.BO LGEL IN
52-W High / Low	Rs.1,749 / Rs.1,300
Sensex / Nifty	83,675 / 25,807
Market Cap	Rs.997bn/ \$ 11,006m
Shares Outstanding	679m
3M Avg. Daily Value	Rs.1590.22m

Shareholding Pattern (%)

Promoter's	0.85
Foreign	0.03
Domestic Institution	0.04
Public & Others	0.08
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	5.7	-	-
Relative	6.0	-	-

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Consecutive 2nd quarter of underperformance

Quick Pointers:

- Home Appliances & Air Sol reported 9.8% YoY rev. decline, margin contracted by 310bps
- Home Ent. reported 1.7% YoY rev. growth, margin contracted by 390bps YoY

Home Appliances & Air Solutions reported 9.8% YoY decline in revenue, with refrigerators and washing machines witnessing high single-digit YoY decline, while AC revenue remained largely flat. Segment margins contracted by 310bps YoY, impacted by rising commodity costs, operating deleverage, higher recycling compliance costs, and upfront AMC-related expenses. Despite the revenue softness, the company continued to gain market share across major categories on YTD basis. Home Entertainment reported 1.7% YoY revenue growth, driven by the Information Display business, while the TV segment remained flat YoY despite the GST reduction not translating into meaningful demand pickup. Segment margins declined by 390bps YoY, primarily due to execution of relatively low-margin Information Display orders during the quarter, which management expects to normalize going forward.

The management indicated that company enters Q4FY26 with strong momentum, supported by a positive response to its new BEE-rated portfolio and a two-track compressor products strategy focused on expanding both premium and 'LG Essential' offerings ahead of the summer season. The company remains focused on scaling its high-margin AMC business and tapping B2B infrastructure opportunities, while US tariff rationalization and the upcoming third manufacturing plant (Sri City plant) will strengthen its 'Make India Global' export ambitions and long-term growth outlook.

We downward revise our FY27/FY28 earnings estimates by 5.3%/5.0% factoring in correction in margins due to recycling costs linked to compliance, upfront AMC costs & elevated fixed costs arising with operation of new plant. We estimate FY26-28E revenue/EBITDA/PAT CAGR of 11.5%/23.0%/21.0%. Maintain 'BUY' rating with revised TP of Rs1,808 (earlier Rs1,920) based on 45x FY28 EPS.

Q3FY26: Revenue decline 6.4% and Adj. PAT decline 56.3%: Revenues decline by 6.4% YoY to Rs41.1bn. Gross margins contracted by 50bps YoY to 32.6%. EBITDA declined by 38.7% YoY to Rs2.1bn. EBITDA margin contracted by 270bps YoY to 5.1%. Home Appliance and Air Sol revenue declined by 9.8% YoY to Rs27.9bn and EBIT margin came in at 4.0% (contracted by 310bps YoY). Home Ent revenue grew by 1.7% YoY to Rs13.3bn. EBIT margin contracted by 390bps YoY to 9.6%. PBT declined by 48.8% YoY to Rs1.6bn. Adj. PAT declined by 56.3% YoY to Rs 1.0bn, excluding cost (Rs 125mn) related to changes in labour codes, due to increase in tax expense related to the one-time APA settlement for prior periods.

9MFY26: Revenue decline 2.2% and Adj. PAT decline 30.6%: Revenues decline by 2.2% YoY to Rs165.5bn. Gross margins contracted by 160bps YoY to 31.0%. EBITDA declined by 28.4% YoY to Rs13.8bn. EBITDA margin contracted by 330bps YoY to 8.9%. Home Appliance and Air Sol revenues declined by 3.8% YoY to Rs116.4bn and EBIT margin came in at 8.6% (-340bps YoY). Home Ent revenues increased by 2.0% YoY to Rs49.1bn. EBIT margin contracted by 230bps YoY to 12.6%. PBT declined by 29.3% YoY to Rs13.8bn. Adj. PAT declined by 30.6% YoY to Rs 10.0bn (excluding cost related to changes in labour codes).

ConCall Takeaways: **1)** Revenue decline in Q3FY26 was due to post-festive softness in compressor-led categories, though management indicated that Q4FY26 has started strongly and expects early double-digit revenue growth in Q4FY26 and double-digit revenue growth in FY27. **2)** EBITDA margin contracted by 270bps YoY in Q3FY26, primarily impacted by operating deleverage (seasonally weakest quarter), higher raw material costs, FX volatility, recycling compliance costs and wage code impact. Management expects mid-teens EBITDA margin better than Q4FY25 in Q4FY26 and guides for sustaining early-teen EBITDA margins in FY27, broadly in line with FY25 levels. **3)** The increase in e-waste recycling target from 60% to 70% in FY26–27 (and 80% from FY28) has resulted in a structural incremental cost burden for the company. The incremental recycling compliance cost is estimated at ~0.15% of revenue annually, though it appeared higher (~0.3%) in Q3FY26 due to lower revenue base, and this cost will remain recurring in nature. **4)** The company received eligibility approval for Rs 7.06bn incentive from the Maharashtra government, valid over 15 years (May'25–April'40) with an annual disbursement cap of Rs 470mn. LG expects to recognize ~Rs 430mn of incentives in FY26, which will be accounted as income linked to respective expense categories, thereby supporting profitability and cash flows. **5)** The signing of a 9-year Advance Pricing Agreement (FY14–FY23) eliminates Rs 4.88bn of contingent liabilities related to transfer pricing and royalty, improving earnings visibility despite a one-time tax outflow in Q3FY26. **6)** Company has implemented price hike of ~2-3% in Refs & WM in Nov'25. **7)** Exports contributed ~6% to total revenue in 9MFY26, expected to double in FY27. **8)** RM localization stood at 54.6% in Q3FY26 (vs 45.1% in FY22), which should help mitigate input cost volatility and reduce import dependence over the medium term. **9)** YTD market share as on Dec'25: TV 27.3%, Ref 30.0%, RAC 17.3%, WM 33.0%, OLED TV 62.4% and Side by Side Refs 43.3%. **10)** Management remains confident of margin recovery and growth acceleration supported by premiumization, localization initiatives, B2B expansion, AMC business scaling and export ramp-up from FY27 onward.

Exhibit 1: Q3FY26 Result Overview

Y/e March (Rs mn)	Q3FY26	Q3FY25	YoY gr. (%)	Q2FY26	QoQ gr. (%)	9MFY26	9MFY25	YoY gr. (%)
Net Sales	41,144	43,955	-6.4	61,740	(33.4)	1,65,514	1,69,182	-2.2
Expenditure								
Operating & Manufacturing Expenses	27,739	29,432	-5.8	43,561		1,14,132	1,13,977	0.1
% of Net Sales	67.4	67.0	0.5	70.6	(4.4)	69.0	67.4	1.6
Gross Profit	13,405	14,524	-7.7	18,179	(26.3)	51,382	55,206	-6.9
% of Net Sales	32.6	33.0	-0.5	29.4		31.0	32.6	-1.6
Personnel Cost	2,482	2,371	4.7	2,480		7,497	7,124	5.2
% of Net Sales	6.0	5.4	0.6	4.0	50.2	4.5	4.2	0.3
Other Expenses	8,838	8,749	1.0	10,224	(13.6)	29,161	27,527	5.9
% of Net Sales	21.5	19.9	1.6	16.6	29.7	17.6	16.3	1.3
Total Expenditure	39,059	40,552	-3.7	56,265	(30.6)	1,50,790	1,48,628	1.5
EBITDA	2,085	3,404	-38.7	5,476	(61.9)	14,724	20,554	-28.4
Margin (%)	5.1	7.7	-2.7	8.9		8.9	12.1	-3.3
Other income	757	786	-3.8	798	(5.2)	2,299	2,034	13.0
Depreciation	1,107	898	23.3	935	18.4	2,945	2,839	3.7
EBIT	1,735	3,292	-47.3	5,338	(67.5)	14,078	19,750	-28.7
Interest	93	85	9.2	90	3.6	268	220	21.8
PBT before exceptional item	1,641	3,206	-48.8	5,249	(68.7)	13,809	19,529	-29.3
Total Taxes	620	872	-28.9	1,354	(54.2)	3,761	5,041	-25.4
ETR (%)	37.8	27.2	10.6	25.8	46.4	27.2	25.8	1.4
Profit before JV/Associates/Minority Interest	1,021	2,335	-56.3	3,894	(73.8)	10,048	14,488	-30.6
Share of JV/Associates	0	0		0		0	0	
Non-controlling Interest	0	0		0		0	0	
Adj. PAT	1,021	2,335	-56.3	3,894	(73.8)	10,048	14,488	-30.6
Exceptional item	-125	0		0		0	0	
PAT	897	2,335	-61.6	3,894	(77.0)	10,048	14,488	-30.6

Source: Company, PL

Exhibit 2: Segmental breakup

Y/e March (Rs mn)	Q3FY26	Q3FY25	YoY gr. (%)	Q2FY26	QoQ gr. (%)	9MFY26	9MFY25	YoY gr. (%)
Revenues								
Home Appliances & Air Sol	27,881	30,909	-9.8	39,479	-29.4	1,16,442	1,21,051	-3.8
Home Entertainment	13,263	13,046	1.7	22,262	-40.4	49,072	48,131	2.0
Total	41,144	43,955	-6.4	61,740	-33.4	1,65,514	1,69,182	-2.2
EBIT								
Home Appliances & Air Sol	1,108	2,179	-49.2	3,245	-65.9	9,996	14,557	-31.3
<i>EBIT margin (%)</i>	<i>4.0</i>	<i>7.1</i>	<i>-3.1</i>	<i>8.2</i>		<i>8.6</i>	<i>12.0</i>	<i>-3.4</i>
Home Entertainment	1,273	1,760	-27.7	2,810	-54.7	6,208	7,218	-14.0
<i>EBIT margin (%)</i>	<i>9.6</i>	<i>13.5</i>	<i>-3.9</i>	<i>12.6</i>		<i>12.6</i>	<i>15.0</i>	<i>-2.3</i>
Total EBIT	2,381	3,939	-39.6	6,055	-60.7	16,203	21,775	-25.6
<i>EBIT margin (%)</i>	<i>5.8</i>	<i>9.0</i>	<i>-3.2</i>	<i>9.8</i>		<i>9.8</i>	<i>12.9</i>	<i>-3.1</i>

Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Net Revenues	2,43,666	2,45,966	2,73,154	3,06,012
YoY gr. (%)	14.1	0.9	11.1	12.0
Cost of Goods Sold	1,65,801	1,70,141	1,86,763	2,07,698
Gross Profit	77,866	75,825	86,392	98,314
Margin (%)	32.0	30.8	31.6	32.1
Employee Cost	9,628	10,085	10,793	12,091
Other Expenses	25,014	26,769	28,238	31,623
EBITDA	31,101	26,100	33,429	39,502
YoY gr. (%)	39.8	(16.1)	28.1	18.2
Margin (%)	12.8	10.6	12.2	12.9
Depreciation and Amortization	3,804	3,831	4,743	5,986
EBIT	27,298	22,269	28,686	33,517
Margin (%)	11.2	9.1	10.5	11.0
Net Interest	306	364	371	414
Other Income	2,640	3,067	3,332	3,332
Profit Before Tax	29,631	24,972	31,647	36,436
Margin (%)	12.2	10.2	11.6	11.9
Total Tax	7,598	6,343	7,966	9,171
Effective tax rate (%)	25.6	25.4	25.2	25.2
Profit after tax	22,033	18,629	23,682	27,265
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	22,033	18,629	23,682	27,265
YoY gr. (%)	45.8	(15.5)	27.1	15.1
Margin (%)	9.0	7.6	8.7	8.9
Extra Ord. Income / (Exp)	-	(125)	-	-
Reported PAT	22,033	18,505	23,682	27,265
YoY gr. (%)	45.8	(16.0)	28.0	15.1
Margin (%)	9.0	7.5	8.7	8.9
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	22,033	18,505	23,682	27,265
Equity Shares O/s (m)	679	679	679	679
EPS (Rs)	32.5	27.4	34.9	40.2

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Non-Current Assets				
Gross Block	35,801	40,087	57,211	69,178
Tangibles	35,363	39,614	56,703	68,635
Intangibles	438	473	508	543
Acc: Dep / Amortization	22,510	24,672	28,519	33,630
Tangibles	22,167	24,279	28,072	33,125
Intangibles	343	393	447	505
Net fixed assets	13,291	15,415	28,692	35,547
Tangibles	13,197	15,336	28,632	35,510
Intangibles	94	79	60	38
Capital Work In Progress	753	753	753	753
Goodwill	-	-	-	-
Non-Current Investments	1,322	1,334	1,482	1,660
Net Deferred tax assets	2,040	2,040	2,040	2,040
Other Non-Current Assets	2,357	2,339	2,343	2,348
Current Assets				
Investments	-	-	-	-
Inventories	30,315	27,401	30,429	34,090
Trade receivables	23,612	20,987	23,307	26,111
Cash & Bank Balance	37,415	45,632	47,799	60,129
Other Current Assets	2,432	2,455	2,726	3,054
Total Assets	1,15,171	1,20,007	1,41,405	1,67,785
Equity				
Equity Share Capital	6,788	6,788	6,788	6,788
Other Equity	52,914	56,075	71,611	90,731
Total Networth	59,702	62,862	78,399	97,518
Non-Current Liabilities				
Long Term borrowings	-	-	-	-
Provisions	939	948	1,053	1,180
Other non current liabilities	2,241	2,262	2,512	2,814
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	33,671	35,427	38,888	43,247
Other current liabilities	15,313	15,172	16,849	18,876
Total Equity & Liabilities	1,15,171	1,20,007	1,41,405	1,67,785

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
PBT	29,631	24,972	31,647	36,436
Add. Depreciation	3,804	3,831	4,743	5,986
Add. Interest	305	364	371	414
Less Financial Other Income	2,640	3,067	3,332	3,332
Add. Other	(2,636)	(5,509)	(5,606)	(5,563)
Op. profit before WC changes	31,103	23,658	31,156	37,271
Net Changes-WC	(7,025)	7,391	(741)	(719)
Direct tax	(7,539)	(6,343)	(7,966)	(9,171)
Net cash from Op. activities	16,539	24,706	22,449	27,381
Capital expenditures	(3,346)	(5,955)	(18,020)	(12,841)
Interest / Dividend Income	2,477	3,067	3,332	3,332
Others	593	593	593	593
Net Cash from Invt. activities	(275)	(2,294)	(14,095)	(8,915)
Issue of share cap. / premium	-	-	-	-
Debt changes	(760)	(246)	446	539
Dividend paid	-	(8,145)	(8,145)	(8,145)
Interest paid	(305)	(364)	(371)	(414)
Others	-	-	-	-
Net cash from Fin. activities	(1,065)	(8,755)	(8,071)	(8,020)
Net change in cash	15,199	13,657	283	10,446
Free Cash Flow	13,193	18,751	4,428	14,540

Key Financial Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E	
Per Share(Rs)					
EPS		32.5	27.4	34.9	40.2
CEPS		38.1	33.1	41.9	49.0
BVPS		88.0	92.6	115.5	143.7
FCF		19.4	27.6	6.5	21.4
DPS		-	12.0	12.0	12.0
Return Ratio(%)					
RoCE		61.5	41.3	45.3	41.9
ROIC		179.7	106.2	94.0	90.1
RoE		45.2	30.4	33.5	31.0
Balance Sheet					
Net Debt : Equity (x)		(0.6)	(0.7)	(0.6)	(0.6)
Net Working Capital (Days)		30	19	20	20
Valuation(x)					
PER		45.3	53.5	42.1	36.6
P/B		16.7	15.9	12.7	10.2
P/CEPS		38.6	44.4	35.1	30.0
EV/EBITDA		30.9	36.5	28.4	23.7
EV/Sales		3.9	3.9	3.5	3.1
Dividend Yield (%)		-	0.8	0.8	0.8

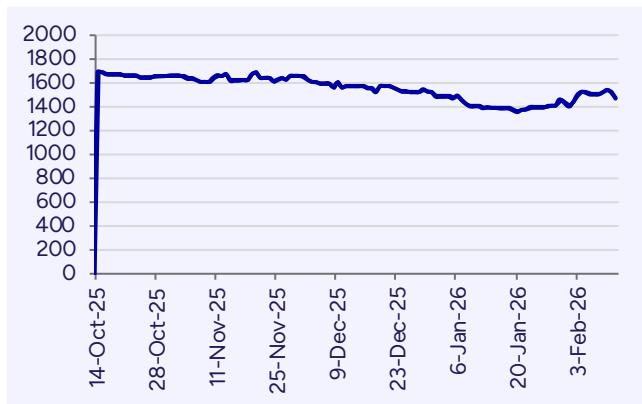
Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Net Revenue	74,484	62,629	61,740	41,144
YoY gr. (%)	-	(2.3)	1.0	(6.4)
Raw Material Expenses	51,824	42,831	43,561	27,739
Gross Profit	22,660	19,798	18,179	13,405
Margin (%)	30.4	31.6	29.4	32.6
EBITDA	10,547	7,163	5,476	2,085
YoY gr. (%)	-	(25.2)	(27.7)	(38.7)
Margin (%)	14.2	11.4	8.9	5.1
Depreciation / Depletion	965	902	935	1,107
EBIT	9,582	6,260	4,541	978
Margin (%)	12.9	10.0	7.4	2.4
Net Interest	86	85	90	93
Other Income	606	744	798	757
Profit before Tax	10,102	6,920	5,249	1,641
Margin (%)	13.6	11.0	8.5	4.0
Total Tax	2,556	1,787	1,354	620
Effective tax rate (%)	25.3	25.8	25.8	37.8
Profit after Tax	7,545	5,133	3,894	1,021
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	7,545	5,133	3,894	1,021
YoY gr. (%)	-	(24.5)	(27.3)	(56.3)
Margin (%)	10.1	8.2	6.3	2.5
Extra Ord. Income / (Exp)	-	-	-	(125)
Reported PAT	7,545	5,133	3,894	897
YoY gr. (%)	-	(24.5)	(27.3)	(61.6)
Margin (%)	10.1	8.2	6.3	2.2
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	7,545	5,133	3,894	897
Avg. Shares O/s (m)	-	679	679	679
EPS (Rs)	-	7.6	5.7	1.5

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Jan-26	BUY	1,920	1,456
2	14-Nov-25	BUY	1,920	1,618
3	15-Oct-25	BUY	1,780	1,688
4	14-Oct-25	BUY	1,780	1,140

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Amber Enterprises India	BUY	8,617	7,048
2	Astral Ltd.	BUY	1,794	1,504
3	Avalon Technologies	BUY	1,175	1,021
4	Bajaj Electricals	Accumulate	449	409
5	Cello World	BUY	732	533
6	Century Plyboard (I)	Accumulate	843	798
7	Cera Sanitaryware	BUY	6,800	5,054
8	Crompton Greaves Consumer Electricals	BUY	346	245
9	Cyient DLM	Accumulate	418	364
10	Finolex Industries	Accumulate	199	175
11	Greenpanel Industries	BUY	369	229
12	Havells India	Accumulate	1,634	1,447
13	Kajaria Ceramics	BUY	1,056	902
14	Kaynes Technology India	BUY	5,502	3,700
15	KEI Industries	BUY	5,573	3,853
16	LG Electronics India	BUY	1,920	1,456
17	Polycab India	BUY	9,744	7,122
18	Premier Energies	BUY	892	683
19	R R Kabel	BUY	1,844	1,356
20	Supreme Industries	BUY	4,566	3,349
21	Syrma SGS Technology	BUY	929	755
22	Vikram Solar	BUY	326	215
23	Voltas	Hold	1,442	1,349
24	Waaree Energies	BUY	3,600	2,599

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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