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LGEIL/CGC/2025/11

Date: November 21, 2025

National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G
Bandra Kurla Complex,
Bandra (E), Mumbai – 400 051

NSE Symbol: LGEINDIA

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street,
Mumbai – 400 001

Scrip Code: 544576

Sub: Transcript of Earnings Call

Dear Madam/Sir,

In continuation of our letters dated November 7, 2025 & November 14, 2025 and pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Transcript of Earnings Call held on November 14, 2025 on the un-audited Financial Results for the quarter and half year ended September 30, 2025 has been made available on the Company's website at below URL:

https://www.lg.com/in/investorrelations/quarterly-reports/

We are enclosing the Transcript of the Earnings Conference Call.

You are requested to take the same on record.

Thanking You,

Yours truly,
For **LG Electronics India Limited**

Anuj Goyal

Digitally signed by Anuj Goyal
DN: c=IN, st=Delhi, 2.5.4.20=cd884a46ddb4083faaa8aa529316f5b5fa75043782a7029c66b232e76d747c0c, postalCode=110092, street=J EXT 110 LAXMI NAGAR GALI NO2 NEAR JAGAT RAM PARK Laxmi Nagar east Delhi, pseudonym=20250625144403137, title=5591, serialNumber=523087c1d87cd3a4becfec89071a399096cf9d22867419e0779cce796472add4, o=Personal, cn=Anuj Goyal
Date: 2025.11.21 16:59:29 +05'30'

Anuj Goyal
Company Secretary and Compliance Officer
Membership No. A23761

“LG Electronics India Limited Q2 FY '26 Earnings Conference Call”

November 14, 2025

MANAGEMENT:	**MR. DONGMYUNG SEO – WHOLE TIME DIRECTOR & CHIEF FINANCIAL OFFICER (CFO)**
	MR. SANJAY CHITKARA – CHIEF SALES OFFICER
	MR. ATUL KHANNA – CHIEF ACCOUNTING OFFICER
	MR. GAGANJEET SINGH – CHIEF MANUFACTURING OFFICER
	MR. GURPINDERJEET SINGH – FINANCIAL HEAD
	MR. SOONJOO SEO – INVESTOR RELATIONS OFFICER
	MR. ADITYA BHASIN – HEAD INVESTOR RELATIONS
MODERATOR:	**MR. SOUGATA BASU - CITI GROUP**

Moderator: Ladies and gentlemen, good day, and welcome to the LG Electronics India Q2 FY '26 earnings call.

As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Basu. Thank you, and over to you, sir.

Sougata Basu: Thanks, Michelle. And on behalf of Citibank, I would like to welcome all the participants to the Q2 FY '26 conference call of LG Electronics India Limited.

I have with us Mr. Soonjoo Seo – Investor Relations Officer of LGEIL. Without further taking time, I would like to hand over the call to Mr. Soonjoo Seo. Over to you, sir.

Soonjoo Seo: Warm good evening to everyone. I would like to welcome you to the Q2 FY '26 Earnings Call of LG Electronics India Limited.

Hope you have gone through our presentation uploaded on our website and stock exchange. I also want to remind you of the safe harbor. We may be making some forward-looking statements that have to be understood in conjunction with the uncertainties and the risks that the company faces.

We have our senior management here with us today, being represented by Mr. Dongmyung Seo – Chief Financial Officer, Mr. Sanjay Chitkara – Chief Sales Officer, Mr. Atul Khanna – Chief Accounting Officer, Mr. Gaganjeet Singh – Chief Manufacturing Officer, Mr. Gurpinderjeet Singh – Financial Head, Mr. Aditya Bhasin – Head-Investor Relations.

Without any further delay, I will hand over the floor to Mr. Dongmyung Seo for his initial remarks. Thank you.

Dongmyung Seo: Namaste. Welcome all of you to the first earnings call of LGEIL. It is an honor to speak with you today as we celebrate a major milestone in LG Electronics India's journey, our successful initial public offering last month. We are

humbled by the great response from the market, receiving bids worth INR 4.4 lakh crore, and achieving 54x subscription, the highest in India's IPO market since 2008.

This was not just a financial event. It was a moment of pride for all of us. And the strong participation from local shareholders reflects the deep trust placed in us, which reinforces our identity as an India-rooted company and a true national corporation.

In our ‘Future Vision’ event, we shared LG India's long-term strategic direction: "Make for India, “Make in India”, Make India Global." This vision is driven by a feasible action plan to deliver results across product innovation, manufacturing scale up, and global competitiveness.

As a part of “Make for India,” we are combining global technology with deep local insights to create product tailored for Indian lifestyles. Our newly launched LG Essentials series, under the slogan "Har Ghar Appliances, Har Ghar Happiness," designed for aspirational and first-time buyers, is already gaining strong early transactions in underpenetrated regional markets. It reflects our commitment to growing together with Indian consumers by delivering quality products powered by LG technology, combining affordability and value for money for families across the country.

On the "Make in India" front, we are expanding our manufacturing footprint. We already did groundbreaking on our third factory in Sri City, Andhra Pradesh. This new facility will significantly boost our production capacity, improve logistics, and strengthen our supply chain in South India, laying the foundation for long-term growth and operational excellence. Construction is progressing smoothly in line with the planned schedule. Beginning with the construction of a production building for RAC and compressors, we will expand the construction to a production building for refrigerator and warehouse next year.

Through "Make in India Global," we are supporting LG's Global South strategy by leveraging India's productivity in hardware and growing software capabilities. We are closely monitoring global trade developments, and our

premium product portfolio is set to drive export expansion as the tariff situation improves.

Together, these represent our commitment to innovation, localization, and global ambition. Further, we are actively pursuing new business initiatives to expand domestic revenue. These efforts are aimed at deepening LG footprint in India.

Our core fundamentals remain strong. Although several external environmental factors have affected our short-term performance, we are continuously strengthening our fundamental business competitiveness by expanding market share across all major product categories.

In addition, for positive growth, we are witnessing our business portfolio advance as a proportion of high-profit business increase, such as non-hardware-based recurring business like AMC and B2B operations that hold high growth potential. In particular, as global IT companies expand their data centers worldwide, India's strong IT capabilities make it a key destination where LGEIL is tapping into the data center cooling market.

As we move forward, we are not just expanding product lines; we are expanding possibilities for millions of Indian households. From deepening regional reach to scaling global exports, every step we take is rooted in India's aspirations and aligned with global opportunity. Thank you for your continuous trust.

Now, I would request Mr. Atul Khanna, our Chief Accounting Officer, to take you through the financials. Thank you.

Atul Khanna: Thank you, Mr. Seo. And good evening, everyone. It is a pleasure to welcome you to our first earnings call post-IPO, and I would like to thank each one of you for taking the time to join us today.

Let me now share an overview of LG India's financial performance for the second quarter of Fiscal Year 2026. The first half of the year witnessed muted momentum across the consumer durable sector, shaped by a combination of external headwinds. Demand was notably impacted by an unexpected cooler

summer, early monsoon, currency volatility, U.S. tariffs, and geopolitical tensions, particularly the Indo-Pak situation, leading to a cautious consumer sentiment. These external factors impacted overall demand, especially in compressor-based categories such as air conditioners and refrigerators.

Gentlemen, just to share with you, based on a recent report from CRISIL published in Economic Times on November 2nd, it says the Indian home appliances industry is expected to see slower growth this fiscal year.

However, a key development during the quarter was the GST rate cut announcement on August 15. This timely policy intervention helped revive consumer confidence and supported the demand outlook. The implementation of the revised rates on September 22 gave a strong and positive push to sales in key categories, helping the industry regain momentum heading into the festive and wedding season.

Despite the temporary headwinds, in Quarter 2 of Fiscal Year 26, LG India Limited delivered a resilient performance and reported a revenue from operations of INR 61.74 billion, marking a year-on-year growth of 1.0% over INR 61.14 billion in the same quarter last year. Revenue remained stable year-on-year, reflecting underlying brand strength and consumer confidence, even as some purchases were temporarily deferred ahead of the GST rate cut announcement on August 15 and its effective implementation on September 22.

During the quarter, we recorded a quarterly EBITDA of INR 5.48 billion, with an EBITDA margin of 8.9% compared to INR 7.57 billion and a margin of 12.4% in Quarter 2 of previous year. The margin impact reflects the combined effect of rising commodity prices and incremental investments in festive go-to-market initiatives to support our distributors and retailers during these challenging market conditions.

Net profit for the quarter stood at INR 3.89 billion, with a margin of 6.2%. Let me now touch on working capital. As of 30th September 2025, our working capital cycle stood at INR 2.2 billion, as compared to INR 2.0 billion as of 31st March 2025 last year. The increase was primarily due to incremental inventory in compressor-led products and temporary credit support to extend additional payment days to our trade partners, offering them greater flexibility and support during these challenging market conditions.

Our cash and bank balance as of 30th September 2025 remains healthy at INR 42.8 billion.

In line with our long-term strategy, we continue to reinvest into our business. A key example is our upcoming manufacturing facility at Sri City, Andhra Pradesh, which is poised to become a strategic asset for both domestic operations and export market. This facility will enhance production capacity, improve logistics efficiency, and support our localization roadmap. We have a planned investment of approximately INR 5,000 crore, which will be funded through our internal accruals deployed in a phased manner over the next four to five years.

Our business fundamentals remain strong, and our long-term strategy is firmly on track. With India's fast-growing GDP and industry reports pointing to an imminent inflection point in consumer durable demand, we are well-positioned to capitalize on this momentum.

With that, I would like to hand over to Mr. Aditya Bhasin, Head IR, who will walk you through the segmental performance and share insights into our outlook for the coming quarters. Over to you, Mr. Bhasin. Thank you.

Aditya Bhasin: Thank you, Atulji. Namaste and good evening, everyone. Let me now take you through our segmental business performance for the second quarter of Fiscal Year 2026, starting with our home appliance and air solution segment.

The segment continued to reinforce its leadership in Q2 FY 26, gaining market share across key product categories. Despite the temporary impact of GST timing, our strong brand equity and resilient channel performance helped deliver value growth in offline market share in YTD September 2025.

Let me now share the glimpse of product-wise market share.

In washing machine category, our market share stood at 33.4%, maintaining our absolute leadership in the category. In refrigerator, we stood at 29.9%, an increase of 1% compared to YTD September '24, reflecting continued strength in our core appliance portfolio.

In RAC category, our share was 17.4%, an increase of 0.5% compared to YTD September 2024. In the premium category, our side-by-side refrigerator market share increased to 43.2%, an increase of 4.5%, highlighting our leadership in the premium cooling segment.

In terms of financials, the segment reported revenue from operations of INR 39.48 billion compared to INR 39.53 billion in Q2 FY '25, representing a stable performance in a muted and challenging demand environment.

During the quarter, the segment reported an EBIT margin of 8.2%. The margins were tested by elevated commodity prices and higher recycling costs linked to compliance. Further, incremental festive go-to-market investments also added pressure as we prioritized consumer engagement and retail push.

Now, looking ahead to the next quarters, the industry anticipates sustained demand driven by the recent GST rate cut, festive, and wedding season tailwinds, unlocking momentum across categories with premium appliances leading the recovery. With our two-factor strategy, we are widening the price spectrum through LG Essential and a new premium range targeting niche demand and unlocking growth in under-penetrated markets.

We are further strengthening our premium portfolio with new front door refrigerators and AI-enabled front-load washing machines. Having said that, we remain cautiously optimistic across all categories, with steady demand expected in both premium and value segments.

Moving on to our home entertainment segment, while the TV industry continues to grow steadily, the premium segment is expanding faster than the entry-level models, where LG is outperforming the market.

During the quarter, the segment reported an EBIT margin of 12.6% and recorded revenue from operations of INR 22.6 billion, higher by 3% Y-o-Y from its INR 21.61 billion in Q2 FY '25. The growth was driven by demand in the TV segment on the back of the festive season.

However, information display business has been impacted due to U.S. tariffs and current geopolitical issues leading to low-infra spending. During this period, we improved our TV market share to 27.5% in YTD September '25, a gain of 1.4%. This growth was driven by continued focus on cost optimization and a higher share of premium products in our portfolio.

Notably, our OLED market share increased to 4.2% to 62.6% in YTD September '25, reinforcing our leadership in the premium TV segment. Though the TV industry faced external headwinds in the first half of FY '26, the outlook for Q3 and the second half remains positive. The Indian market is growing steadily and was supported by the festive demand and GST rate cuts. Consumer sentiment has improved, with larger screen sizes emerging as a key upgrade driver.

LG continues to lead in this space, with its premium large-screen portfolio gaining strong traction across offline channels. We are well-positioned to capitalize on this moment in FY '26 and beyond as we deepen market leadership through innovation and agility. In B2B space, we are focused on further strengthening information display business by leveraging India's growth infrastructure, which offers significant potential.

Now, to summarize, the first half of FY '26 was marked by temporary external challenges and muted demand across the consumer durable sector. Despite this, LG India further improved market share and maintained its leadership in all product categories during H1, reflecting strong fundamentals, brand equity, and focused long-term strategy. Being an industry leader, our endeavor is to perform better than the industry.

With that, we conclude our remarks. We now request the operator to open the lines for the Q&A session. We look forward to addressing your questions.

Moderator: Thank you very much, sir. Ladies and gentlemen, we will now begin with the question-and-answer session. The first question is from the line of Sanjeev Kumar Singh from Motilal Oswal Financial Services. Please go ahead.

Sanjeev Kumar Singh: We discussed a few factors like the impact of Forex, GTM investments, recycling, etc., which impacted margins in this quarter and the first half of FY '26. Would it be possible to give more color on the impact of each of these factors, and do we expect some of these costs to reverse in the second half?

Also, can you share that if there are product verticals like room air conditioners or cooling products, which are seeing higher pricing, higher pace of profitability, as we have seen in the number of other peers?

Aditya Bhasin: The first part of the question will be addressed by our CAO, Mr. Atul Khanna. The second part will be addressed by Mr. Sanjay Chitkara, who is our CSO.

Atul Khanna: So, gentlemen, during this quarter, if you see that margins came under the pressure because of some external factors, which was where we have absorbed the cost of go-to-market initiatives and consumer promotions to support our partners, to build a momentum in the market for our trade partners as well as the consumers, with a neutral revenue growth also, which limits us to absorb our fixed cost as well. Whereas the global headwinds of FX devaluation, rising commodity prices, which has impacted particularly the margins, and recycling costs also given a tough time this time, as our target for Fiscal Year '26 becomes 70% as per the government regulations, whereas last year, Fiscal Year '25, it was 60%.

So, looking ahead for the future, we are expecting these margins to improve through greater localization and local buying, sourcing from India, and working on our operational efficiencies, whereas stronger growth in the premium product segment, expansion of our annual maintenance, recurring income profitability, where it is higher, as well as the B2B business, which are where the margins are a little better. And we are coming up with the launch of some new product categories as well, which will add on to our volumes as well as give us economy of scale, and which give leverage to optimize overheads, fixed costs as well.

Sanjay Chitkara: So, I will handle the second part of the question about the refrigerator and air conditioners' margins, which you mentioned. See, we have never pursued short-term margin tactics. Our strategy has been always for the long-term, because in business, market share drives your revenue, and revenue drives your profitability. And with our leadership position, as Aditya Bhasin did in this presentation, mentioned about our market share improvement for refrigerator by 1% and air conditioner by 0.5%, we further expanded that advantage.

Regarding margin normalization, we have also taken a little bit price increase of 1.5% to 2% for our refrigerator and washing machine case. We have also rationalized our promotional intensity, and our ongoing localization is already happening. See, our best and biggest strength for air conditioning and refrigerator business is our in-house production of compressors, heat exchangers, PCBs, and other important sub-assemblies. We will continue such efforts and try to normalize our margin.

Sanjeev Kumar Singh: Continuing with this, we assumed some sort of margin improvement from the current level, which we have reported in 2Q, in 3Q. So, I am talking about the near term. We understand that long term, you are doing a lot of initiatives in terms of localization, plus there will be reversal of some of the expenses. But any outlook which you would be able to share in the near term, especially in the second, third quarter, or fourth quarter?

Aditya Bhasin: This answer will be addressed by our respected CFO, Mr. Dongmyung Seo.

Dongmyung Seo: Please understand that I will not be able to open specific figures in today's event. What LGEIL remains focused on is our long-term strategy. Revenue CAGR since 2022 stands at 13.1% with double-digit EBITDA. Although FY 2026 was challenging due to cool summer, regional tensions, foreign exchange, and tariff shifts, our impact remained minimal, unlike other competitors.

By focusing on premium segments in B2C, along with launching LG Essential that targets first-time buyers, we aim to penetrate the volume zone, eventually surpass industry standards and existing benchmarks.

With our competitiveness in HVAC and information display, we are creating growth momentum in the B2B market and focusing on additional revenue sources like AMC that can generate high margins.

LGE India will be exploring new destinations to export premium range of products for broader markets from the third factory that will be built in Sri City.

Localization rose to 55.8% in Q2 FY '26, thanks to in-house side-by-side and compressor production. Under the Make in India initiative, we are committed to drive our localization further. We are confident that this momentum will fuel the next phase of sustainable, profitable growth.

Sanjeev Kumar Singh: My second question is on LG Essential series, which you just spoke about. So, what is the rollout plan here, market response so far, and the price positioning of these products, if you can share?

Aditya Bhasin: So, this question will be addressed by our CSO, Mr. Sanjay Chitkara.

Sanjay Chitkara: So, our Essential series is built on an insight which we have taken from 1,200 households in India, and we interviewed them to understand their daily realities and what are their expectations from our product. And during our survey, we found more than the affordability of the product, their needs are totally different. They want more energy-efficient products. There is a challenge for low water pressure for the washing machine, and for refrigerator, they do not want to defrost the refrigerator.

So, we introduced a few SKUs during last month, during Diwali month. So, currently, we have introduced 8 kg top loader and 225 liters of refrigerator, and balance two models we will launch during this year. We will soon be launching a 0.9 ton RAC and a microwave with air fryer kit also, since it is a placement and we are getting a good response to our dealer network.

Sanjeev Kumar Singh: Anything on price positioning, sir? That is the last question from my side.

Sanjay Chitkara: So, these prices, we have very aggressively priced these products, and we have given a very compelling reason to entry-level customers to upgrade their first

purchase so that we exceed their expectation from this product, and we should be their first choice while their next premium upgrade.

Regarding price, these prices are in the lower than INR 20,000 prices. The washing machine is priced roughly around INR 16,000, between INR 16,000 to INR 18,000, and refrigerator also in the range of INR 20,000. These products are available in the market, and we are getting a very good response from customers.

Moderator: The next question is from the line of Aniruddha Joshi from ICICI Securities. Please go ahead.

Aniruddha Joshi: Two questions. What is LG Electronics India's current export status and future strategy? And what was exports as % of net sales in this H1 FY '26 also?

Aditya Bhasin: This question will be addressed by our respected CFO, sir. The second part will be from Mr. Atul Khanna.

Dongmyung Seo: Exports to 54 neighboring countries, including Nepal, Bangladesh, the Middle East, and Southeast Asia, contribute to 5% to 6% of LGEIL's revenue. With our strong manufacturing capabilities and operational excellence, LGEIL has emerged as a global production hub for LG.

Under the Global South initiative to expand business in the emerging market, LGEIL now stands at the center of LG HQ's export strategy. LGEIL plans to identify new export destinations from our third manufacturing facility to expand exports of premium products to wider markets.

Internal preparations are underway, including revisions to the production line tailored to the expanding export markets. We have commenced the construction of RAC and compressor production buildings, and we plan to expand the refrigerator and warehouse production facilities next year.

Additionally, the government's ongoing efforts to establish favorable tariff agreements with major countries, including the U.S., are expected to serve as a positive factor for future environmental improvement.

Atul Khanna: So, adding to your second question on first half of Fiscal Year '26, our exports contribution, it reached to almost 7%, whereas last year, full year, Fiscal Year '25, we were at almost 6%.

Aniruddha Joshi: Second question now. On the Capex side, for the new Sri City plant, can you please elaborate and share the timelines, what are the product lines over there, fiscal benefits that we would be getting at the plant, and what will be advantages in GTM, especially the plant is in South India?

Aditya Bhasin: So, this question will be addressed by our CAO, Mr. Atul Khanna.

Atul Khanna: Thank you for this meaningful question, gentlemen. So, we are driving our third factory plant at Sri City with a total investment outlay of INR 5,000 crore to be deployed in a phased manner over the next few years, four to five years. The new plant is being built to support rising demand, considering low penetration, which will increase going forward, rapid urbanization, and rising income level as well.

And south India business contribution is almost 38% to 40% in our total business and gives us leverage to optimize logistics cost, reduce supply chain lead time. As we build on our production capacity, it will help us to expand our export horizons under parent's Global South strategy and strengthen our supply chain.

The Sri City factory will start operations in a phased manner as we had got a government order for fiscal incentives to the tune of 100% capital subsidy to be realized in 20 years from the start of production in a phased manner. The plant will be built on almost 1 million square meter site under the 99-year lease agreement with a roadmap to scale in line with our market demand.

The first product line of operations will be room air conditioners, which will be operational by October 2026, followed by aircon compressor line in Quarter 4 of Fiscal Year '27. Thereafter, washing machine and refrigerator line will begin in a phased manner. We will be funding this CapEx from internal accruals in a span of four to five years, doubling our capacity as the plant gets fully operational by Fiscal Year '29.

Adding to your question, we continue to invest for our two existing plants as well for the automation and modification.

Moderator: We will take the next question from the line of Chirag Muchhala from Centrum Broking. Please go ahead.

Chirag Muchhala: Sir, the first question is on the medium to long-term outlook of three to five years. So, what is the rate of revenue growth and the margin expansion that we are planning or we believe we can deliver? And what are the key levers for that?

Aditya Bhasin: So, this question will be addressed by our CSO, Mr. Sanjay Chitkara.

Sanjay Chitkara: So, if we see, we have been growing with 13.1% CAGR growth, and our EBITDA is on double digits. Being a sales leader, we will definitely try to catch our previous figures. The major levers for this growth are our new Essential series, for which we are expanding the premium product coverage to our mass customers.

Also, we are scaling up our B2B business, which is HVAC and information display panels. Other than this, we are also creating a revenue stream around annual maintenance contract. So, it is not only helping us to create a service revenue, but also helping us to retain our loyal customers.

So, with the help of all these initiatives, we will try to surpass our previous benchmark. Right now, due to regulatory issue, I cannot give you the forward-looking numbers, but this is the color for our future growth. Thank you very much for this question.

Chirag Muchhala: And the second question is on our B2B business. How much does it contribute in our total sales now? And what are the strategies to grow it further?

Sanjay Chitkara: Our B2B business is contributing roughly 6% of our business, and it is majorly driven by IT and information display panel and HVAC. Currently, we have seen there is a pressure on this segment due to U.S. tariff changes that led to the budgetary allocation and key segments like IT and display solution. But our win rate is very strong. And we will continue to maintain a healthy pipeline.

This is just a timing shift, and there is no structural demand issue for B2B business. And we are expecting a momentum to return to the micro conditions will stabilize.

Our biggest strength is our B2C reach for our B2B business. Our biggest strength is also of having India localized products. Up to 86 inch of information display panels we produce within our factory.

About our HVAC also, we have inverter ACs. Very soon, the BEE Star rating guideline will come for HVAC business also, and there we will get the advantage of inverter transition. So, our B2B growth projections are very promising. Our profits are better than B2C, and we will continue this growth momentum.

Chirag Muchhala: Thank you for taking my question.

Moderator: The next question is from the line of Dhruv Jain from Ambit Capital. Please go ahead.

Dhruv Jain: Sir, my first question is an extension to the earlier participant and adding some of your earlier initial remarks as well. So, LG globally is a very large player in data centers, right? So, just wanted to understand how this bodes well for the Indian entity, given we have seen a lot of traction in India with respect to data centers. So, just some thoughts and numbers that you want to share would be very helpful. That is my first question.

Aditya Bhasin: I am Aditya. I will take up this question. So, currently, we do not have a concrete plan. We are just planning these projects in the data center. We have done a couple of data centers at a very small level, but if we talk about the total comfort of this data center, we are still in the projects, and we are exploring some new pipelines for that. And we will not be able to comment more in detail as of now, but we will definitely share as and when we get new projects, we will share it with you.

Dhruv Jain: My second question is on localization. So, you mentioned that localization currently is about 56%. So, just wanted to understand at over a three- to four-

year timeline, what is the target that you have in terms of localization, and what is the potential margin improvement that we can see because of this initiative?

Aditya Bhasin: So, I will address this question to Mr. Sanjay Chitkara.

Sanjay Chitkara: Thank you very much for this question. So, our current localization rate is around 55.8%, and in the last three fiscal years, we improved it 2% to 3% every year. And our target is to continue this 2% to 3% localization further in the next coming three to four years, and we want to take it to around 70%. Recently, we have done a lot of development for our localization. All glass items, resins, and raw materials we are trying to localize.

Our biggest strength is our in-house compressor production. We started our local RAC compressors in the Financial Year 2023, and this is the second year when we used our internal compressors. Also, previously, we were importing the premium products from Korea, like OLED TVs and side-by-side. Last year, we started manufacturing premium TVs, like OLED TVs and side-by-side also in our Pune factory.

So, we will continue our localization efforts, and this also helps us to mitigate the global ups and downs and Forex impacts.

Dhruv Jain: Sir, just a clarification on that? So, any margin uptick that we can expect as the localization initiative moves forward? What is the sort of margin improvement that we can see?

Aditya Bhasin: This question will be addressed to Mr. Atul Khanna ji.

Atul Khanna: So, as we announce our localization, we need to do some investments, number one. Number two, definitely there would be impact of every year, there would be an FX impact of around 3% to 4%, which we would be adding to our margins with a smaller pie as well as sometimes larger pie, as we did an aircon compressor localization, which was our biggest contributor to the air conditioners business.

We have a plan, and there are other plans, like we are doing some other air conditioner remotes as well as increasing our panel modules localization for

our other currently, we are doing ultra HD. We are moving it from full HD TV panel modules also through local sourcing. A lot of sub-assemblies we are manufacturing. And there are impact of duties. There is logistics cost, which we will add on to our margins as well as the FX inflation. So, that would be adding.

Currently, we cannot call it exactly the number, how much percentage it will add, but it depends upon various product categories with respect to different sub-assemblies as well as local components.

Dhruv Jain: Sir, my third question is a number that if you could give out. So, you mentioned initially that there have been some channel support schemes that have been given. So, if you could just call out what is the quantum of that? And in the third quarter, how much of a drop that has seen?

Aditya Bhasin: This question will also be addressed to Mr. Khanna.

Atul Khanna: So, gentlemen, the consumer promotion schemes, which we normally offer to the trade, are sometimes we need to see the market dynamics, and we cannot share with you exactly the number on that part, but we normally adjust those temporary supports, which we give to the trade partners as well to give the boost in the momentum in the market and win the trust of partners as well as keep the momentum high for consumers. But we normally adjust these promotion schemes depending upon business scenario and other business impacts.

Moderator: We will take the next question from the line of Latika Chopra from JP Morgan. Please go ahead.

Latika Chopra: My first question is around revenue growth. There was definitely a lot of noise in the Q2 numbers. If you could share what was the GST-led impact. Also, would like to know what is your confidence in driving the business returning to this double-digit growth pace in the second half of the year?

You have talked about initiatives on Essential range launched. There is also going to be rating changes for air conditioners starting January. And also, if

you could accompany this with some color on on-ground demand and inventory levels across your key product segments.

Aditya Bhasin: Both these questions will be addressed by Mr. Sanjay Chitkara.

Sanjay Chitkara: So, thank you for asking this question. See, as my colleagues mentioned about the challenging market conditions, our industry faced a cool summer, geopolitical tension, tariff escalation. And the biggest challenge which we faced for Q2 is the GST cut was announced on 15th of August, but implemented on 22nd of September, which led to the deferment of the purchases by our partners and customers, and that put a temporary pause to complete buying.

But let me tell you, we covered within 1.5 months the three-month sale, and we grew in Q2. Against INR 61.14 billion of last year, we registered INR 61.47 billion. And we also produced an EBITDA of 8.9%, which is industry-leading.

Apart from this, we also improved. Instead of focusing on short-term challenges, we improved our market share. Our market share improvement for refrigerator case was 1%, and TV case 1.4%, and air conditioner, our market share improvement was 0.5%.

Our brand strength is at its peak. During September month market share report, we created ever-time highest gap with number two brand. Our TV gap in September was 6.7% as compared to number two player. On YTD basis, it was 4.3%.

For side-by-side, we created almost a 13% gap with number two player, and for refrigerator, almost a 6% gap.

We were number two player for air conditioners for overall air conditioning category, but we were number one player for inverter AC. But this year, we are number one player for overall as well as the inverter ACs. It shows, and this performance clearly demonstrates the underlying strength of our brand, our diversified portfolio, and resilience of our business model.

Latika Chopra: Mr. Chitkara, I was just trying to gauge whether some of these GST challenges are now behind us and the confidence that we go back to those double-digit CAGRs that you have registered in the past. So, that was the intent to just check and in case it is possible for you to call out any of these one-off impacts in terms of quantifying.

The second piece that broadly I was just trying to understand was when we look at your margin trends, you have delivered in the first half EBITDA margins of 10.8%. Clearly, it is industry-leading and good in the context of challenging environment. But this compares, again, a 13% margin that you have delivered in FY '25.

Just trying to understand, given all the kind of investments that we are going to see over the coming quarters, coming months in terms of new category interventions, localization, export, B2B, how confident are you to or what is the feasible margin outlook range in your view over the medium term for the business? And that is all from my side.

Aditya Bhasin: So, this question will also be addressed to Mr. Sanjay.

Sanjay Chitkara: So, Latika, that toughest phase of transition of GST is now behind us. GST has been fully implemented. Partners' inventories are getting normalized, and new star rating norms will be effective from next year. So, this additional cost of energy-efficient products has been already absorbed by GST benefit. So, it will not be passed to our customer. Our Essential series is also expanding the access to the value segments while premium products are also growing.

Talking about margin, margins are a function of revenue and input cost. So, recently, we have taken a price increase, as I mentioned, 1.5% to 2% for washing machine and refrigerator case. We have also rationalized the promotional intensity which we introduced during the festival time, and our ongoing localization will also support us for our margin case.

Regarding company's growth, see, our fundamentals are very, very strong. Our market shares are increasing. Our demand pipelines are very healthy. Inventories are getting normalized, and brand strength is at its peak, as I

mentioned. So, very soon, we will try to catch our previous sale growth and margins. That is the maximum I can explain to you right now at this point.

Latika Chopra: This is super helpful.

Moderator: We will take the next question from the line of Praveen Sahay from PL Capital. Please go ahead.

Praveen Sahay: My first question is related to the market share gain in your key product categories. In some of the categories where you already hold some very high or a leadership position, where do you see further scope for a market share gain, or do you believe this somewhere it is saturated?

Aditya Bhasin: So, this question will be addressed to Mr. Sanjay Chitkara.

Sanjay Chitkara: So, I am a sales leader for LG Electronics, and it is my day-and-night endeavor to improve the market share of the company. So, there is no limit. If you see, our OLED market shares are touching 62%, and that is the market share we will benchmark for other products also.

If I talk about our microwave market share, it is 45.4%. See, just half of the market is with LG Electronics. Washing machine also, 33.4%. The gap with the number two player is around 16%. So, we will definitely like to catch the market share of these products.

One very important thing we need to understand, when the market share comes for the premium product, LG's market shares are very, very high, and it is in the range of 40%. And volume zone also, we are market leader, but relatively less.

India is moving towards premiumization, and LG is moving very fast towards premiumization. And when our premium product portion will improve, our overall market share will improve, our profit will improve. This is the whole summary of my submission.

Praveen Sahay: Thank you for that, sir. Next question is related to what you had mentioned about the refrigerator and washing machine. You had taken a 1.5% to 2% of

price hike. Is that a price hike in the Q2 and absorbed already in the market, or yet to?

Aditya Bhasin: This question will be addressed to Mr. Sanjay.

Sanjay Chitkara: So, this price increase we have done in the month of October, which is Q3. That price increase was not in Q2. And with the initial consensus with partner, which obviously takes time, a week or 10 days, now the selling has already started at the new prices, and these prices are getting settled. See, during Diwali time, we always do very aggressive promotion, but post-Diwali, we rationalize our promotional intensity. It is a yearly affair, and it is nothing new for us. We handled such situation in the past very successfully, and this time also, we handled this activity very successfully. Being a market leader, other brands also benchmark us. When we take such efforts, they also benchmark us.

Praveen Sahay: Thank you for that. The next question is some numbers if you can share product-level revenue, if you can share, and the CapEx for '26 and '27.

Aditya Bhasin: This question will be addressed to Mr. Atul Khanna.

Atul Khanna: So, gentlemen, as you have asked for the product-wise revenue, though we have given the segment-wise revenue already in the stock exchange as well as in the newsprint also, we cannot share exactly the product-wise revenue like refrigerator, washing machine because it is competitive sensitive information.

Coming to your second question regarding CapEx, we normally do CapEx investment in the range of 2% to 2.5% of our total revenue yearly, and we would be continuing for our existing two plants, as I said in my previous answer about the CapEx.

Secondly, the meaningful investment would be coming in for our third factory, which would be in totality INR 5,000 crore within a span of four to five years. The construction has already started, so we would be doing a phased manner investment. Almost, you can say, I will tell you around INR 1,000 to INR 1,200 crore per year.

In the first year, it would be Fiscal Year '26 would be a little larger, whereas the capitalization will happen in Fiscal Year '27 because our first line of operation will start from October '26, and the second line of aircon compressor will start in Fiscal Year '27 only by March 2027.

By that way, we are confident we are on the right track in doing our manufacturing of our construction of our plant in the Sri City.

Moderator: Thank you. Ladies and gentlemen, we will take that as the last question for today. I now hand over the call to Mr. Aditya Bhasin for closing remarks. Thank you, and over to you, sir.

Aditya Bhasin: Well, in the interest of time, we are closing our call, but you are always welcome to give me a call since you all have many questions, and I am waiting for that. With this, we end our call today, and on behalf of LG Electronics India Limited, we thank you for joining us, and you may now disconnect your calls. Thank you.

Moderator: Thank you, sir. Have a great day.

Disclaimer: There are certain minor grammatical errors appears in Audio inadvertently which have been corrected in the Audio transcript.