



**“LG Electronics India Limited  
Q3 FY '26 Earnings Conference Call”  
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**MODERATOR:** **MR. BHAVANI KUMAWAT – AXIS CAPITAL LIMITED**

**Moderator:** Ladies and gentlemen, good day and welcome to the LG Electronics India Q3 FY '26 Earnings Conference 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 star then zero on your touch-tone phone. Please note that, this conference is being recorded.

I would now like to hand the conference over to Mr. Bhavani Kumawat from Axis Capital. Thank you, and over to you, sir.

**Bhavani Kumawat:** Yes, thank you so much. On behalf of Axis Capital, I would like to welcome all the participants to the Q3 FY '26 Earnings Conference Call of LG Electronics India Limited. I would like to inform you that, the call is being recorded and the audio call and transcript will be available on the company website.

First of all, I would like to thank LG Electronics for giving us the opportunity to host the call and would now like to hand over the call to Mr. Aditya Bhasin, Head Investor Relations. Thanks, and over to you, sir.

**Aditya Bhasin:** Thank you, Bhavani. A very good evening to everyone. I would like to welcome you to the Q3 FY '26 Earnings Call of LG Electronics India Limited. Hope you have gone through our earnings 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 the conjugation with the uncertainties and the risks that the company faces.

We have our senior management here today with us, being represented by Mr. Dongmyung Seo, Chief Financial Officer; Mr. Sanjay Chitkara, Co-Chief Sales and Marketing Officer; Mr. Atul Khanna, Chief Accounting Officer; Mr. Gaganjeet Singh, Chief Manufacturing Officer; Mr. Gurbinderjeet Singh, Head Financial Planning; and Mr. Soonjoo Seo, Investor Relations Officer.

Without further delay, I would like to invite our CFO, Mr. Dongmyung Seo, to share his opening remarks and take us through the long-term vision for LG Electronics India. Thank you and over to you, sir.

**Dongmyung Seo:** Namaste. Good evening, everyone, and thank you for joining us today. It is an honour to present our second earnings report as a listed company today. We are pleased to share LG Electronics India's financial results for the third quarter of FY 2026.

First of all, let me provide an overview of this year's business environment. The business landscape has been impacted by several external pressures, including US tariffs, sharp currency fluctuations, purchases deferments following the GST announcement, geopolitical uncertainties, and softening consumer demand driven by rising prices. Despite these challenges, we continued

to expand our market share and strengthened our leadership in premium product categories such as OLED TVs, side-by-side refrigerators, and five-star air conditioners.

The fourth quarter also began on a positive note, with strong demand across categories, particularly in home appliances, supported by our successful transition to the new BEE ratings. Backed by robust execution and solid fundamentals, we expect to exceed our performance from last year's fourth quarter.

Now, let me highlight several achievements that further show our leadership, innovation, and long-term commitment to the Indian market. Firstly, we secured an incentive of INR705 crores from the Government of Maharashtra, strengthening our manufacturing base and reaffirming our long-term investment in India.

Secondly, we were among the first brands to launch India's first 2026 BEE compliant air conditioners, showcasing LG's leadership in energy-efficient technology. Thirdly, we received the National Energy Conservation Award from the President of India for Home Appliance of the Year for our washing machine, another testament to LG's commitment to innovation and leadership.

Finally, subject to external factors including market situation, we aim to double our export value by exporting premium products manufactured in India to the US and Europe, supported by the India-US tariff negotiations and the India-EU FTA negotiations.

With this foundation, I will now hand over to our IRO, Soonjoo Seo, who will share the progress we are making towards our future vision. Thank you.

**Soonjoo Seo:**

Thank you, Mr. CFO. Let me now provide an update on the progress of our future vision. As part of our Make for India strategy, LG Electronics India is strengthening its product roadmap by combining global technology leadership with deep insight into the Indian customers. The best example of this is our new Essential Series, a product range designed for aspiring consumers and first-time buyers, and has been launched in under-penetrated regional markets, where it has received an excellent response.

We remain committed to growing alongside Indian customers by offering high-quality products at reasonable prices, backed by LG's trusted technology. Aligned with our Make in India strategy, we are accelerating manufacturing expansion through the construction of our third manufacturing plant in Sri City, Andhra Pradesh. Construction is progressing smoothly and we plan to begin production of combined heating and cooling air conditioners in the fourth quarter of this year, followed by compressor production in the next phase.

Our two other plants continue to operate with a strong supply chain, efficient logistics, and industry-leading operational excellence. As our manufacturing ecosystem strengthens, we are accelerating localization to further reduce costs, shorten time to market, and deliver great value to our Indian customers.

In line with our Global South strategy, we are leveraging India's robust manufacturing capabilities to expand exports of premium products. As the CFO mentioned earlier, the Indian government's proactive measures, particularly the rationalization of the India-US tariffs to 18% and the conclusion of the India-EU Free Trade Agreement, have significantly improved the export outlook.

We see this as an important step toward realizing our vision of Make India Global. While subject to changing, depending on external factors including market situation, we are optimistic about doubling our export of premium India-manufactured products next fiscal year, primarily driven by export to the US and Europe. These exports will not only support sales growth, but also enhance domestic premium production and improve margins, strengthening LG India's position as a future global export hub.

These factors highlight the resilience of LG India's business model and the enduring strength of our brand. LG India is focused on building a strong foundation for the future. Beyond our core B2C products, we are actively exploring new growth opportunities, including non-hardware regular maintenance services like the AMC business, as well as B2B opportunities in information displays and commercial air conditioners.

To support these initiatives, we have redesigned our organization to accelerate execution and strengthen our growth capabilities. We established an export organization to scale exports, improve cost competitiveness, and strengthen LG India's global footprint, particularly in North America.

We also established a dedicated AMC organization to expand our AMC business, increasing profitability and deepening customer relationships. In addition, we have created the role of Chief Strategy Officer, to build a high-performance business portfolio, prepare for future opportunities and align company-wide growth initiatives.

Through these strategic actions, we are laying a more solid foundation for long-term growth. At the core of this journey is our commitment to shareholder value creation, sustainable growth and profitability, which will remain central to LG India's future journey.

I will now hand over to Mr. Atul Khanna, our Chief Accounting Officer, to walk you through financial performance. Thank you.

**Atul Khanna:**

Thank you, Mr. Seo, and good evening everyone. Let me now share an overview of LG India's financial performance for the third quarter of fiscal year 2026. The quarter began on a positive note with the consumer durable industry, witnessing encouraging demand momentum. The GST rate rationalization announced earlier in September continued to provide a strong tailwind, particularly in the Television category.

We saw healthy traction during the festival season, especially in the Premium segment where large screen and OLED models gained strong consumer preference. The combination of improved sentiments, wedding season demand and attractive financing options, helped drive

growth across premium appliances. This translated into resilient market share gains and reaffirmed both the strength of our brand and power of our robust distribution network.

As we moved post the festive period, demand trend became subdued, especially in the compressor-based categories such as air conditioners and refrigerators. Cooler than expected weather conditions in the first half of the year, coupled with cautious consumer sentiment, weighed on volumes in these segments. Despite these challenges, we were able to increase our market share on a YTD basis, even after taking price hikes in select categories to offset input cost increase and FX pressure.

In Q3FY 2026, LG India reported a revenue from operations of INR 41.14 billion, compared to INR 43.96 billion in the same quarter last year. EBITDA stood at INR 1.96 billion with a margin of 4.8% versus INR 3.4 billion and 7.7% in quarter 3 FY 2025. EBITDA margin declined due to combined effect of subdued sales impacting operating leverage, increased input cost, currency-related headwinds and impact of the new Labour Code.

Let me now touch on working capital. As of 31st December 2025, our working capital stood at INR 11.3 billion, as compared to INR 8.1 billion as on 31st December 2024. The increase was primarily due to incremental inventory in compressor-led products as we are planning for upcoming summer season with new BEE norms and temporary support with extended additional payment days to our trade partners, offering them greater flexibility and support. Our cash and bank balance as of 31st December 2025 remains healthy, at INR 45.0 billion.

As disclosed earlier, in line with our long-term growth strategy, we continue to reinvest in our business. A key milestone is the upcoming expansion of our manufacturing capability with INR5,000 crores, investment in our Sri City plant in Andhra Pradesh. This facility is poised to become a strategic asset for both domestic operations and export markets, enhancing production capacity, improving logistics efficiency and supporting our localization roadmap.

The project is progressing in line with our internal targets and we expect to commence the first line of room air conditioner business operations in the last quarter of current calendar year that means, calendar year 2026. Importantly, the capex will be funded entirely through internal accruals, deployed in a phased manner over the next 4 to 5 years.

I would also like to highlight an important development. LG India has successfully entered into a nine-year Advance Pricing Agreement with Central Board of Direct Taxes, covering a period of 9 years – from FY '14 to FY '23,. This agreement provides long-term certainty on transfer pricing matters and eliminates contingent liabilities of nearly INR 4.87 billion related to direct taxes and royalty payments.

While there is a modest one-time tax outgo, the settlement significantly de-risks our tax profile, enhances transparency, and improves earnings visibility. This milestone further strengthens our financial foundation and reinforces confidence in our ability to deliver sustainable growth and shareholder value.

With that, I would now 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.

**Aditya Bhasin:**

Thank you, Atul ji, and good evening, everyone. Let me now take you through our segmental business performance for the third quarter of fiscal year 2026, starting with our Home Appliance & Air Solution segment. In the third quarter, our Home Appliance & Air Solution segment maintained clear leadership.

Festive demand supported growth, though post-Diwali softness moderated momentum in the compressor-led products. However, our premium launches, including French door refrigerators and AI-enabled washing machine 2.0, reinforced our leadership.

Let me now share the glimpse of product-wise market share for YTD December 2025. In the washing machine category, our market share stood at 33%, maintaining our leadership in this category. In refrigerators, we stood at 30%, an increase of 0.5% compared to YTD December 2024, which is reflecting the continued strength in our core appliance portfolio.

In the AC category, our share was 17.3% with an increase of 0.4% compared to YTD December 2024. In the premium category, our side-by-side refrigerator market share increased to 43.3%, an increase of 2.9%, highlighting our leadership in premium cooling segment.

Talking about segment financial performance, revenue for the segment was INR 27.88 billion compared to INR 30.91 billion last year, with EBIT margin of 4%. The margins decreased due to low revenue which impacted operating leverage, increased raw material prices including copper and aluminium, and foreign exchange volatility further added pressure on margin.

Looking ahead at Q4 FY '26, the new BEE norms are boosting consumer interest in upgraded appliances, supporting demand recovery across categories. Overall, industry segment remains positive, with consumer preference for premium energy-efficient products and low penetration continues to provide opportunities in the volume zone. Margins continue to face pressure from elevated raw material cost and FX volatility, though industry-wide price adjustments are helping to partially mitigate these impacts.

During this quarter, we will be launching a new range of RACs and expand our BEE-rated refrigerator portfolio, including a 2 ton five-star air conditioner and a new range of French door models which will further strengthen our premium line up. In addition, we are entering the chest freezer category and introducing new essential products such as sub-1 ton, which is 0.9 ton inverter air conditioners, along with new range of 10 kg top-load washing machine and more variants of refrigerator.

These initiatives reinforce our leadership in the premium segment, while broadening our presence in the value segments, positioning us for sustainable growth across the portfolio. A favourable summer season is expected to further support the growth momentum and continue maintain market leadership.

Moving on to our Home Entertainment segment. The segment saw strong traction at the start of the quarter, driven by festive and wedding season demand as well as the GST rate cut, particularly in televisions. Offline TV market share improved with OLED share rising to 62.4%, an increase of 2.7 percentage points, reinforcing our leadership in premium televisions.

Demand softened post-festival, moderating overall momentum, but B2B growth in information displays continued to contribute positively. The segment revenue from operations stood at INR13.26 billion, up by 1.7% year-on-year from INR13.05 billion in Q3 FY25. Margins, however, were impacted by the post-festival demand slowdown and input cost pressures, though the premium TVs and B2B opportunities provided resilience.

Looking to Q4, the market continues to see traction in premium televisions supported by rising consumer preference for large screen formats. B2B growth in information display is being driven by increased government infrastructure spending in education and steady investments from the multinational company sector.

LG's premium portfolio resilience and operational efficiency are positioning the company to deliver sustained growth and profitability. The B2B business led by information displays is strengthening further by capitalizing on India's expanding infrastructure sectors, particularly in education and corporate investment.

Now to summarize, our Q3 results were below internal targets, but this is a temporary phase. Our long-term fundamentals remains unchanged. Despite demand challenges, we implemented price increase in key home appliance categories, protecting profitability while expanding year-to-date market share.

Q4, on the other side, has begun on a very strong note with broad-based sell-in growth across product lines led by category recovery in home appliance segment. Our fundamentals remains unchanged with strong brand equity, disciplined execution, and a clear focus on long-term shareholder value.

Strategically, we are expanding product leadership across premium and value segments through LG Essential, strengthening manufacturing capabilities through our upcoming Sri City facility, and driving innovation and localization to ensure our offerings are tailored to Indian households while remaining competitive.

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. Our first question comes from the line of Umang Mehta from Kotak Securities. Please go ahead.

**Umang Mehta:**

**Hi, thanks for the opportunity. My first question is on inflation. So, based on spot RM prices and the impact of new energy efficiency norms, what would be the price hikes required across categories, and how much is already passed through?**

**Aditya Bhasin:**

This question will be addressed by our CO-CSMO, Mr. Sanjay Chitkara.

**Sanjay Chitkara:**

So, we acknowledge that there was a price increase in input costs, particularly metals like copper and aluminium, But we are a global company and we have a massive large scale global procurement. And we have a very long-term raw material contract with our vendors and a excellent backward integration, so we can secure the best price for raw materials which helps manage and mitigate the volatility.

The new BEE norms are coming, and with this, we are improving the efficiency of our product by 11%. So with this, we are increasing the price. So there would be almost 7 to 8% price increase on three-star Acs and we are increasing prices by 9 to 10% on five-star ACs we are increasing for the new BEE star-rated products.

And as said, like we have seen a recent GST cut has been done, and that will largely offset this impact ensuring that effectively there is no burden on our customer, and they will get the Acs practically at last year price itself. As a market leader, we generally take to price hikes only when it is absolutely required and ensure that our price positioning remain competitive and to protect our margins.

how are other companies responding, we will not like to comment on that, but we are very confident that our procurement strength, our product mix, our leadership position allows us to manage costs inflation effectively and manage our growth too. Thank you very much.

**Umang Mehta:**

**Thank you. And the second question I had was on your exports. So what is the level of confidence on doubling exports next year? Apart from tariffs, are there any other risks to this guidance? Thank you.**

**Aditya Bhasin:**

So this question will be addressed by Mr. Atul Khanna who is our CAO.

**Atul Khanna:**

Thank you for the reasonable question. LG India currently exports around 6% to 7% of total revenue to 54 neighbouring countries such as Nepal, Bangladesh, Middle East and Southeast Asia. With our strong manufacturing capabilities and operational excellence, India has emerged as a global production hub for LG Group. Under the Global South initiative, expanding the business in fast-growing and emerging markets, India now stands at centre of our HQs export strategy.

LG India, 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 are very confident about our export business moving forward from fiscal year '27 and onwards given U.S. tariff rationalization the signing of the EU FTA, giving us additional opportunities to add on to our export business.

Subject to external factors, we are aiming to doubling our exports from the next financial year, fiscal year '27. We have developed our production capability to manufacture premium products

like side-by-side refrigerators, large capacity top freezers, which is 650 litres plus refrigerator, at our Pune manufacturing plant already. And these premium products have already passed the quality standard, usage pattern, and design specs of the U.S. market, which gives benefit to add up the new geographies like U.S. and other developed economies.

Overall, apart from this tariff structure risk, we remain confident of expanding our exports. These exports will not only drive revenue growth but also elevate premium production in India and improve margins, firmly positioning LG India as a future global export hub. Thank you.

**Umang Mehta:**

Got it. Thank you so much sir.

**Moderator:**

Thank you. The next question comes from the line of Sonali Salgaonkar from Jefferies Group. Please go ahead.

**Sonali Salgaonkar:**

**Thank you for the opportunity, and thanks team for the very good presentation at the outset. It's good to hear that the market share in key categories have been retained and also grown to a certain extent. Sir my first question is regarding the strategy of the company over the next 2 to 3 years. If you could let us know which are the key growth catalysts that you would require and where do you envisage them over the next 2 to 3 years?**

**Aditya Bhasin:**

So this question will be addressed by our CFO, Mr. Dongmyung Seo.

**Dongmyung Seo:**

[Foreign Language] LG India continues to show resilience and strength even in a challenging environment. Our fundamentals remain solid, and we have steadily expanded our market share. Going forward, growth will be driven by a stronger premium B2C portfolio, while we also broaden our presence in the mass segment through the new LG Essential series, particularly targeting Tier 2 and Tier 3 markets and first-time buyers. We are also entering new product categories such as chest freezers to reach a wider consumer base.

On the B2B front, momentum will come from HVAC and information display solutions, supported by high-margin non-hardware recurring revenue streams such as the AMC business. Exports from our third factory will further extend our market reach and following the rationalization of U.S. tariffs, we are actively evaluating new opportunities.

Localization has already increased from 45.1% in FY '22 to 54.6% in Q3 FY '26, and will continue to rise under the Make in India initiative. Collectively, these initiatives will position LGE India to achieve sustainable and profitable growth over the next three years. Thank you.

**Sonali Salgaonkar:**

**Thank you, sir. So, my second question is regarding the price hikes again. Now, you did mention -- Mr. Chitkara did mention the 7% to 10% price hike in three to five-star aircons since January, but what about the other product categories? Can you also help us with the quantum of the price hikes in the other key categories and also when did you take them? Thank you.**

- Aditya Bhasin:** This question will be addressed by our Co-CSMO, Mr. Sanjay Chitkara.
- Sanjay Chitkara:** So, I spoke about air conditioners, but specific to other products, we are increasing the prices for washing machine and refrigerator. It is to the tune of 2% to 3% and that price increase was taken in the month of November. And we are very vigilant about the situation so on the one hand, we want our product to be very competitive, but on the other hand, our margins are also our priority. So, whenever any call is to be taken on price, we are taking it.
- Sonali Salgaonkar:** Got it sir. Thank you very much and all the best to the team.
- Moderator:** Thank you. The next question comes from the line of Sanjeev from Motilal Oswal Financial Services. Please go ahead.
- Sanjeev:** **Thank you for the opportunity, sir. My first question is on margins. So, can you elaborate on specific cost items which has led to margin compression in this quarter? Because if we look at gross margin, that seems to be largely stable year-on-year. Also, what level of margin should we consider on a sustainable basis going forward?**
- Aditya Bhasin:** So, this question will be addressed by our CAO, Mr. Atul Khanna.
- Atul Khanna:** Yes, thank you for the very reasonable question. Pressure on margins was a temporary phase in this quarter and there is no issue as far as company fundamentals are concerned. Q3 is traditionally the smallest quarter in our sales cycle, amounting is around 16% to 17% of our total revenue, and the revenue softness during this period had a direct impact on operating leverage, relatively in our compressor-based products where fixed cost absorption structurally impacted margins.
- There is another one-time impact related to new wage code basis government regulation change. Thirdly, on the compliance cost, which is related to electronic waste, we added some burden on the margins along with RMC cost and FX fluctuation also impacted our margins.
- We have also initiated a strong drive for annual maintenance contract business, which is a new revenue stream, where we have gained strong growth, though the top-line impact will come only when after the expiry of the product standard warranty, which is normally one year, which is when we have to pass the AMC incentive to partners and promoters, we have done that accounting as their obligation of sales completed. So, this is just a temporary timing gap with respect to the AMC incentive cost.
- With respect to PAT, I need to highlight here that we signed an Advance Pricing Agreement with CBDT where one-time tax outgo impacted our PAT, but our contingent liability of INR488 crores comes to zero in relation to transfer pricing litigations and royalty payments to the parent company, and this is for a period of nine years, 2014 to 2023.
- Our margin sustainability is driven by our strategic initiatives going forward as we have built on our localization rate to 54.6% in this quarter to reduce import dependency and manage cost

inflation, channel mix and premiumization across all key product categories, expansion of our non-hardware revenue AMC services to create a recurring high-margin revenue stream, focus on our B2B business where recovery in government orders has already begun in Q3 and orders are expected to contribute in Q4 from multinational company orders, giving us opportunities in education and infrastructure expansion.

With respect to exports, the US tariff rationalization, will help accelerate our commitment to Make India Global as we optimize production to serve both domestic needs and expand exports. We are assessing with our headquarters for the feasible allocation for FY 2027 and we are estimating almost doubling our exports in financial year 2027.

Despite these headwinds, we remain fundamentally strong. Q4 is historically our largest quarter, and we are confident of deliver double-digit revenue growth and EBITDA margin better than last year's Q4 in mid-teen digits. That is for Q4. Our overall outlook for FY '26 is to deliver early single-digit revenue growth with EBITDA margin in double-digit.

As you asked for the future outlook for FY '27, our guidance is very clear. With all our good initiatives, our guidance is to deliver double-digit revenue growth and sustain early-teen digit margins in line with our FY '25 margin levels, supported by premium product launches, diversified portfolio, strong brand equity. We are confident to reinforcing LG India's leadership and delivering sustainable value creation. Thank you.

**Sanjeev:** **Thank you for the detailed answer, sir. Second question is on depreciation. There seems to be an increase on a sequential basis. So, what is the reason for that because I think most of the capex will be seen in FY '27?**

**Aditya Bhasin:** This question will also be addressed by Mr. Atul.

**Atul Khanna:** So, depreciation, we all know that is an impact towards the capitalization for building the manufacturing capabilities, increasing our localization on sub-assemblies, and bringing in new technology innovative products.

During the year '25, 9-month period, April to December, the total investment amount was INR420 crores with respect to when we compare it to last year, it is INR 220 crores. So, the investment was being done to bring on our manufacturing capabilities localization. For that reason, the depreciation impact increases during this quarter with respect to last quarter, number one.

Number two, we get central government incentives on regular basis, for the capex investment under M-SIPS, Modified Special Incentive Package Schemes, which is also being accounted for to neutralize the impact of depreciation as it is being given for the capex investment only, considering the life of an asset.

During this quarter, we did not realize such high incentive of M-SIPS due to various factors including government budgetary issues, though from Q4, we will start receiving this on regular

basis for our projects already in the pipeline for which we have already applied to the, Ministry of Electronics and IT, to get the incentive refunds. Thank you.

**Sanjeev Singh:** **And can you give the quantum of the incentive, which you receive every quarter? Thank you so much.**

**Atul Khanna:** So, amount particularly is based on the capex investment for each project of phase, as we do normally phase-wise investment like for refrigerator, air conditioners, washing machine, TV in our both the plants, existing plants.

So, we received the incentive in Q3 2025 a huge amount as the projects were little larger, where the larger projects we have already applied for the incentive refunds, which we will receive in Q4, as well as going forward in Q1 of FY 2027. Thank you.

**Sanjeev:** Okay. Thank you so much sir.

**Moderator:** The next question comes from the line of Praveen Sahay from Prabhudas Lilladher Capital. Please go ahead.

**Praveen Sahay:** **Thank you for the opportunity. My first question is related to the incentive as you had highlighted that approximately around INR 705 crores you are going to receive from the Maharashtra government. So, can you give some specific timeline for the disbursement of that amount, and also LG India is expected to receive any portion in this financial year FY 2026, and how these incentives will be treated in our financial statements?**

**Aditya Bhasin** This question has two parts. The first one will be addressed by our CFO, Mr. Dongmyung Seo, and the second one will be addressed by Mr. Atul Khanna.

**Dongmyung Seo:** [Foreign Language] Thank you for the question. On January 16, 2025, the Government of Maharashtra issued an eligibility certificate to LGE India under the Electronics Policy 2016 for a mega expansion projects.

This approval recognizes investments of INR 705.7 crores made between November 1, 2017 and October 30, 2024, qualifying us for incentives of the same amount in the form of SGST refunds, electricity duty and stamp duty exemptions, refunds of employees' EPF contributions, power tariff subsidies, and property tax exemptions.

The incentive entitlement is valid for 15 years starting from May 1, 2025 to April 30, 2040, with an annual disbursement cap of INR 47.04 crore. While the benefit will accrue over the 15-year period, we expect to begin realizing a portion of these incentives in the current year.

In our financial statements, these incentives will be recognized as income-linked to the underlying expense categories, thereby, strengthening our profitability profile and enhancing cash flows, while also underscoring the government's confidence in LGE India's long-term growth and contribution to the state's industrial ecosystem. Thank you.

- Atul Khanna:** With respect to your second question regarding how much would be booked in the current financial year FY '26, this entitlement is for 15 years with an overall cap of INR 47.04 crores. It is from May '25 to April 2040. So, we would be accounting for almost INR 43 crores rupees in this fiscal year '26 as it is a period from May '25 to 31st March 2026. We will account INR 43 crores in this financial year. Thank you.
- Praveen Sahay:** **All right. Thank you for this. Second question is related to the recycling cost related to the compliance. Last quarter also we had seen some cost has arisen out of that, this quarter as well. Is this cost is recurring in the nature, the way forward also, we'll continue to see. And how much is the quantum of that?**
- Aditya Bhasin:** This question will also be addressed by Mr. Atul Khanna.
- Atul Khanna:** So, thank you for the question. The recycling cost, if you recall that I have explained in the last meeting, that the targets are for every two years and this, was changed revised as per the the government norms. Till fiscal year '25, the target for recycling was 60%, and now for fiscal year '26 and fiscal year '27 is 70%. And going forward for fiscal year '28 onwards, the target would be 80%. So for fiscal year '26, the target is 70%. So, increase in the 10% target has a resulted in increasing our incremental electronic recycling cost burden. That is the reason.
- Praveen Sahay:** **Okay. Okay. Any quantum? Can you give?**
- Atul Khanna:** If we talk about quantum-wise, this would be almost, I will say, 0.15% of our total revenue, in principle, the incremental portion with respect to fiscal year '25. Though this quarter, quarter 3 was soft in demand revenue, so that is the reason that it has impacted by 0.3%.
- Praveen Sahay:** Thank you, sir. And all the best.
- Moderator:** Thank you. The next question comes from the line of Natasha from Phillip Capital. Please go ahead.
- Natasha:** **Thank you for the opportunity. So, my first question is on the TV product category. Now on the margin decline, it has been very sharp both Y-o-Y and sequentially. And assuming sequentially, there was a GST rate cut and the benefit must have flown in. So is the margin off because of the global headwinds like your chip prices, panel prices, and then you import a lot of your BOM cost, so currency depreciation there?**
- And if it is so, these problems continue to persist. So -- and then we have a softer quarter that is Q4 and Q1 in terms of TV. Because this is a high-margin segment for you, would that mean that at least in the first half of this calendar, your home entertainment business could continue to see more pressure in terms of margins?
- Aditya Bhasin:** So, this question will also be addressed by our Co-CSMO Mr. Sanjay Chitkara.
- Sanjay Chitkara:** So yes, thanks for this question. Yes, there was some pressure on input cost, as you rightly mentioned. But for LG India, this impact was mitigated by our strong brand power. Because of

our strong brand power, we were able to take some premium over other competition and a heavy premium heavy model mix.

And we are focusing more on larger screen to mitigate this pressure. In fact, industry data shows that 43-inch and above TVs now account for two-thirds of sales in India, which is clearly reflecting that customer shifts towards the premium product. And when it comes to the premium products, LG becomes their natural choice. So, the demand dynamics support stable and even better margin despite of cost inflation.

Let me tell you that LG India continues to strengthen its profitability through cost-efficient local manufacturing premium TVs. By focusing on local manufacturing and procurement, the company reduces the import duties, logistics expenses, and currency risk. Currently, the local panel sourcing contributes roughly 29% for us, while overall local TV module procurement has already exceeded 55%.

The key components for TV like UHD 43, 55 module are already sourced locally and we have a plan to expand this to the 32-inch Full HD TV also module for the next year. So, this strategy is not only enhancing our profitability, but also strengthens our product portfolio and improving our market shares and increasing the overall business towards the premium demand. So, we are very watchful and we will incorporate price increases whenever it is needed for our new PRM.

**Natasha:** **Got it. So, can you just once again tell me the consolidated import in terms of BOM cost per TV, percentage-wise?**

**Sanjay Chitkara:** So, see, we understand your interest on this information, but it's a bit competition-sensitive information. And we think that it is not a right place to disclose this.

**Natasha:** **Understood. No problem. So, my second question is on, more again, near-term in terms of RAC, so you've mentioned that the secondaries have picked up. While it definitely has, just wanted to understand will that trigger primary sales too, because I believe the channel is choke-blocked with inventory? So, would that lead to any strong primary growth in the near-term, say fourth quarter?**

**Aditya Bhasin:** So, this question will be address by Mr. Sanjay Chitkara sir, again.

**Sanjay Chitkara:** So, see, we have already seen this AC season is very cyclical, and we have seen a softer summer last year. And we are very hopeful that this year will be a very hot summer. And we have already seen the reflection of this, January sale has shown a better results as compared to the same period in the last financial year.

But we have to also see that our core demand drivers for, AC business is low penetration in India, premiumization and shift towards the energy-efficient ACs. We have recently introduced many missing segments in our AC business, like we were not present in five-star two-ton AC segment. We have now introduced this AC to the market.

We were also not there in sub-one ton capacity. Under our Essential series we have also provided that AC in the market. 12% of the industry's portion is covered by fixed-speed ACs, another segment where too LG India was not present, this year we have entered this segment as well with more energy-efficient three star Acs.

Let me also tell you, it's a matter of great pride that during last financial year, LG was number two player in AC business, while this year we have gained absolute leadership in the AC business we are now the number one player in the AC business. We believe that this year the inventory has been already normalized, new BEE star rating ACs have come, we were the first one to introduce these ACs, overall channel motivation and confidence is very high and we will see a very good summer season this year.

**Natasha:** Understood sir. That's extremely helpful. Thank you and all the very best.

**Moderator:** Thank you. Our next question comes from the line of Pravin Yeolekar from Bajaj Life Insurance. Please go ahead.

**Sujit Jain:** **Yes. Thank you for the opportunity. This is Sujit Jain. So just to get this right, Expo, you saying, could double in FY '27, itself in absolute terms, which is where \$160 million could practically double in next year. Is that correct?**

**Aditya Bhasin:** This question will be addressed by our CAO, Mr. Atul Khanna ji.

**Atul Khanna:** Yes, I explained earlier in another question that yes, we have a plan to expand our exports and double our exports from \$160 million, which was in FY '25 and FY '26 but in FY '27, we would be doubling our export sales, assuming that external factors stay conducive.

The U.S. tariff rationalization has happened and the EU, FTA has been signed giving us an opportunity to add on to our export business. These exports will not only drive revenue growth but also elevate premium production in India and improve our margins.

And we also have the product transfer of side-by-side refrigerators, large capacity refrigerator, which is 650 liters plus capacity. We already have a production capability and capacity for this in our Pune plant. As we start our third manufacturing facility in Sri City, Andhra Pradesh, we are building a premium products line-up there as well and internal preparations are underway to increase our exports. Thank you.

**Moderator:** Thank you. The next question comes from the line of Aniruddha Joshi from ICICI Securities. Please go ahead.

**Aniruddha Joshi:** **Yes. Thanks, sir. Just two questions. Memory prices have gone up materially. So especially for the TV business and even the display business, how do you see the inflationary pressures? That is question one. And second question, if you can share more details on LG Essentials, what has been the initial market share gain, if you can call out any, and whether**

**the product distribution has been across India, means, GT, MT, ECOM largely done, or what can be the upside in FY '27 and '28? Yes, thanks.**

**Aditya Bhasin:**

Thank you, Aniruddha. This question will be addressed by CO-CSMO, Mr. Sanjay Chitkaraji.

**Sanjay Chitkara:**

So, in the interest of time, I would like to remind you that two questions have just been answered. So, I will move to your second part of your question, which is regarding the volume zone Essential series.

So let me first give you the context that India is a very large and diverse market with multiple customer segments. While LG was always a very strong premium brand, our intent is to extend that premium experience to a wider audience customer base. So, through value engineering and smart design, we are making products more affordable without compromising our core technology, energy efficiency and the reliability.

So, this LG Essential Series is not about chasing volume. Definitely it will chase the volume also, and it will help us to expand our market share. But it is also about bringing new customers into the overall LG ecosystem while maintaining our brand trust. So, we'll continue to focus on our premium product, our premiumization, energy efficient, innovation, service, AMC business, B2B solution business, and Essential Series will help us to participate in entry segments in a very disciplined way. So it is a very balanced strategy.

Talking about market share, which you just mentioned, so we have improved our market share this year. Our market share improvement during this calendar year for refrigerator it is 0.5%, room AC 0.4 % and TV category, it is 0.7%. Let me also tell you that our brand strength during this period has been very high. in the washing machine segment -- our gap with number two player has been the highest during this period.

For washing machine, we have created a gap of 15.8 % with the number two player, for refrigerators 5.9 % and for TVs 5%. Additionally, we are doing extremely well in the premium segment. Our OLED TV market share is 62.4 %, which has improved 2.6-point over last year. Similarly for side-by-side, our current share is 43.3% which is also reflecting an improvement of 2.9%. Thank you very much.

**Moderator:**

Thank you. Ladies and gentlemen, we would take that as the last question for today. I would now like to hand the conference over to Mr. Aditya Bhasin for the closing remarks.

**Aditya Bhasin:**

Thank you, ladies and gentlemen. That was the last question for today and with this we conclude today's conference call. However, if there are any further queries or clarifications, please feel free to reach out to me. And on behalf of LG Electronics India Limited, we thank you for joining us and you may now disconnect your lines. Thank you.