

May 27, 2026

LG CNS India Private Limited: [ICRA]A+ (Stable); assigned

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action
Issuer rating	-	[ICRA]A+ (Stable); assigned
Total	-	

*Instrument details are provided in Annexure II

Rationale

The rating assigned factors in the strategic importance of LG CNS India Private Limited (LG CNS) to the LG Group, as it serves as the Group's Indian technology service arm providing application development and infrastructure management services predominantly to LG Group entities in the country. The rating derives strength from its strong parentage, with LG CNS being a 99.99% subsidiary of LG CNS Co. Limited (LG CNS Co.), South Korea, which is an established IT services provider to LG Group companies and external customers globally. ICRA expects LG CNS Co. to continue to extend operational, managerial and need-based financial support to LG CNS.

LG CNS has demonstrated a healthy growth trajectory, with its revenues registering a compounded annual growth rate (CAGR) of 24.5% over FY2021–FY2026, supported by sustained demand from LG Group companies in India. However, the company's operating profitability has remained moderate, with operating margins in the range of 4-7% during the abovesaid period, since a part of the revenues from the Group companies in India are passed on from the parent entity without any margin accretion and as LG CNS significantly depends on outsourcing for many of its services. The company's financial profile remains comfortable, characterised by the absence of term debt and limited dependence on working capital borrowings supported by a sizeable trade credit from the parent entity, leading to a low gearing, strong coverage indicators and healthy ROCE.

The ratings are, however, constrained by LG CNS's low tangible net worth (around Rs. 12 crore as on March 31, 2025) due to losses incurred in the past and its moderate scale of operations relative to larger domestic IT services peers as it mainly services a few LG Group companies in India and since its external customer base is limited. Approximately 91% of its revenues came from the domestic market in FY2025. The company's revenue profile is further marked by significant customer concentration, with around 84% of its revenues generated by its top five customers in FY2026, primarily comprising LG Group entities. While the company has initiated measures to diversify its customer base, the extent of diversification remains a key monitorable.

Additionally, the IT services sector continues to face challenges such as talent acquisition and retention, along with rapid technological change, making the demand environment uncertain. The increasing adoption of artificial intelligence (AI) and generative AI is expected to alter traditional operating models, including service delivery, pricing structures, and workforce dynamics, thereby posing demand and execution risks. At the same time, however, these developments are likely to create new business opportunities for IT services providers. The overall impact of these evolving trends on LG CNS' business and financial profile remains a key monitorable from a credit perspective.

The Stable outlook on the rating reflects ICRA's opinion that the company will continue to enjoy revenue visibility given its strategic position as an intra-group IT service provider of the LG Group in India. Moreover, continuation of strong managerial, operational and financial linkages between the company and its parent entity is likely to support the credit profile.

Key rating drivers and their description

Credit strengths

Strong parentage and strategic importance to the Group as the IT service provider to the LG Group companies in India – The company is strategically important to the LG Group, as it serves as the Group’s Indian technology service arm providing application development and infrastructure management services predominantly to LG Group entities in the country. The rating derives strength from its strong parentage, with LG CNS being a 99.99% subsidiary of LG CNS Co., South Korea, which is an established IT services provider to Group companies as well as global customers. LG CNS receives significant managerial and operational support from its parent. Further, the parent has guaranteed LG CNS’ working capital facility while also providing extended trade credit, supporting the latter’s liquidity. ICRA expects LG CNS Co. to continue to extend operational, managerial and need-based financial support to LG CNS.

Status as captive IT service provider for LG Group companies, particularly for India, mitigates demand risks – The company’s revenue visibility remains strong, supported by pre-defined annual budgets of LG Group entities, along with recurring revenue streams from system maintenance and ongoing infrastructure upgrade requirements. The company derived around 80% of its revenues from Group companies in FY2026. Stability of such a large share of revenues from Group entities provides significant comfort, as it largely mitigates demand-related risks.

Healthy financial flexibility and limited reliance on external borrowings due to extended credit available from the parent entity – The company’s financial profile remains comfortable, characterised by the absence of term debt and limited dependence on working capital borrowings, supported by a sizeable trade credit from the parent entity, leading to a low gearing, strong coverage indicators and healthy ROCE. In addition, the company’s strong parentage provides it with healthy financial flexibility.

Credit challenges

Moderate scale of operations – The scale of operations of the company remains moderate relative to larger domestic IT services peers as it mainly renders services to a few LG Group companies in India, and its external customer base is limited. However, the company is taking initiatives to diversify its customer as well service portfolios.

Low net worth due to losses incurred in the past – The company’s tangible net worth remained modest at around Rs. 12 crore as on March 31, 2025, primarily on account of accumulated losses until FY2021, arising from its earlier expansion initiatives that did not scale as envisaged. However, since FY2022, the company has realigned its business strategy with an increased focus on LG Group entities, resulting in improved operational performance and a gradual recovery in its tangible net worth, supported by a return to profitability.

Pass-through nature of a part of the intra-group revenues and reliance on outsourcing limit profit margins – The company’s operating profitability has remained moderate, with operating margins in the range of 4-7%. A portion of its revenues from LG Group entities in India is passed through by the parent, with limited scope for margin accretion. In addition, the company’s reliance on outsourced services for execution of a significant part of its operations also limits profit margins.

Inherent risks in the IT industry, including rapid technological changes – The IT services sector continues to face challenges such as talent acquisition and retention, and rapid technological change, making the demand environment uncertain. The increasing adoption of AI and generative AI is expected to alter traditional operating models, including service delivery, pricing structures, and workforce dynamics, thereby posing demand and execution risks.

Liquidity position: Adequate

The company’s liquidity position is adequate. It has moderate cash flow from operations (around Rs. 7 crore in FY2025, and estimated to remain in the range of Rs. 8-9 crore in FY2026 and FY2027). Further, free cash and bank balance of Rs. 4.7 crore as on March 31, 2026, and considerable unutilised overdraft limit (Rs. 13 crore as on March 31, 2026) support the liquidity

position. The company has no term debt and no major capital expenditure (capex) plans. It is expected to incur only a maintenance capex of Rs. 10-20 lakh in FY2027 and FY2028, which will be funded by internal accruals. In addition, the company's strong parentage provides it with healthy financial flexibility. The company's working capital limit is guaranteed by the parent; moreover, significant trade credit from the parent largely meets its working capital requirement.

Rating sensitivities

Positive factors – The rating could be upgraded if the company demonstrates a significant improvement in its scale of business due to pick-up in intra-group demand and/or expansion of external customer base and service portfolio, coupled with sustained improvement in profitability, while keeping external borrowings limited.

Negative factors – Pressure on LG CNS' rating could arise in case of a significant decline in its revenues and earnings due to disruption in demand or technological changes and/or large debt-funded capex or cash upstreaming, leading to a sustained weakening of its liquidity position and debt coverage indicators. The rating may also be downgraded with the weakening of the company's linkages with the parent group, or any sustained deterioration in the credit profile of the parent entity.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology IT - Software & Services
Parent/Group support	The ratings are based on the expectation of need-based funding support from the parent company – LG CNS Co. Limited.
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the standalone financials of LG CNS India Private Limited.

About the company

LG CNS India Private Limited, incorporated in July 2004, operates as the IT services arm of the LG Group in India, primarily providing technology solutions to LG Electronics India Limited and other LG Group entities. LG CNS is a 99.99% subsidiary of LG CNS Co. Ltd., South Korea, which provides IT services to the LG Group as well as other companies globally. The parent company plays a critical role in technology support, including provision of enterprise resource planning systems, specialised software solutions, and overall technical architecture for other LG Group entities. LG CNS largely adapts and customises these global systems for local business requirements. Headquartered in Noida (shifted from Bangalore in FY2016-FY2017), Uttar Pradesh, the company operates with around 30 employees who are mostly engineers. The company's operations broadly cover both IT infrastructure and application services, with an approximate revenue share of 30% and 70%, respectively.

Key financial indicators (audited)

LG CNS India Private Limited	FY2024	FY2025
Operating income	118.5	157.3
PAT	2.7	7.5
OPBDIT/OI	4.4%	6.7%
PAT/OI	2.3%	4.8%
Total outside liabilities/Tangible net worth (times)	7.6	3.4
Total debt/OPBDIT (times)	1.0	0.0
Interest coverage (times)	9.4	20.8

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current rating (FY2027)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs crore)	May 27, 2026	FY2026		FY2025		FY2024	
				Date	Rating	Date	Rating	Date	Rating
Issuer rating	Long Term	-	[ICRA]A+ (Stable)	-	-	-	-	-	-

Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10, 2026

ICRA-rated instruments fall under the regulatory purview of various Financial Sector Regulators (FSRs), as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs (\$))	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(*) Includes securitisation transactions involving assignee payout, acquirer's payout.

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other activities offered by ICRA fall under the regulatory purview of various FSRs, as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)

8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Disclosure: SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments, which fall under the regulatory purview of FSRs other than SEBI.

Complexity level of the rated instruments

Instrument	Complexity indicator
Issuer rating	Not applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure II: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Issuer rating	NA	NA	NA	-	[ICRA]A+ (Stable)

Source: Company

Annexure III: List of entities considered for consolidated analysis – Not applicable

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Branches



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