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IPO Note:

LG ELECTRONICS INDIA LIMITED- SUBSCRIBE

LG Electronics India Ltd. (LGEIL) has been the **number one player** in major home appliances and consumer electronics (excluding mobile phones) in India for the six months ending June 30, 2025, CY2024, CY2023, and CY2022 based on the market share (in terms of value) in the offline channel. According to the market share (in terms of value), which accounts for roughly 78% and 77% of the major home appliances and consumer electronics market in India in terms of value during the same period, it is also **the market leader in India** across a number of product categories, including washing machines, refrigerators, panel televisions, inverter air conditioners, and microwaves.

The company was founded in 1997 as a fully owned subsidiary of LG Electronics, which is the top single-brand worldwide home appliance player in terms of market share by revenue in CY2024. Strong parentage benefits the organization in a number of ways, including the "LG" brand, which was included in Interbrand's 2024 Top 100 Best Global Brands. **LGEIL is a reputable brand in India** because of its solid parentage, access to cutting-edge technologies, and dedication to quality. The firm had one of the broadest product portfolios among the top players in consumer electronics and home appliances (apart from mobile phones) in India. Both B2C and B2B customers in India and abroad purchase its goods.

LGEIL's 28 years of expertise in India has allowed us to get insights into Indian consumer tastes and understand their needs. The company addresses this demand by leveraging LG Electronics' global leadership, which has been recognized as a pioneer of innovative technology by the Redseer Report, to introduce new and innovative products for Indian consumers, as well as tailoring products to meet Indian consumer preferences and local requirements.

As a result, the company is **the first to introduce several global technologies** among leading home appliances and consumer electronics players in India. Almost eight out of every ten air conditioners sold in India use inverter technology. Furthermore, in 2013, it was the first major participant in India's home appliances and consumer electronics industry to switch from plastic to stainless steel tanks in water purifiers.

LGEIL had the largest distribution network among India's main home appliance and consumer electronics players. For the three months ending June 30, 2025, its distribution network covered both urban and rural India, with 35,640 B2C touch points. It served consumers via a dedicated staff of 463 B2B trade partners. As of June 30, 2025, it has the largest distribution network among leading home appliances and consumer electronics players in India, with 35,640 B2C contact points across both urban and rural India.

Investment Recommendation and Rationale: -

LG Electronics India Ltd. (LGEIL), a wholly owned subsidiary of LG Electronics, is India's leading home appliances and consumer electronics company, with dominant positions in washing machines, refrigerators, televisions, and air conditioners. LG has over 28 years of experience in India, supported by strong parentage and global innovation, and offers one of the most diverse product portfolios tailored to local requirements. The organization has the broadest distribution network, with 35,600+ B2C touchpoints and 463 B2B partners, ensuring deep market access in both urban and rural locations. Its strong brand equity, technological leadership, and broad reach make it the most trusted name in India's consumer electronics market. At the upper price band of ₹1140, the issue is valued at a P/E multiple of ~35.12x on its FY25 EPS of ₹32.46 post IPO. We give a 'SUBSCRIBE' rating to the issue for the following reasons: -

1. LGEIL is a leading player in home appliances and consumer electronics in India.
2. The company benefits from technological innovation, strong R&D support, and high consumer trust, giving it a clear competitive edge.
3. LGEIL has one of the most diverse product portfolios in the Indian market and a history of introducing first-to-market technologies, demonstrating strong innovation capabilities and adaptability to Indian consumer needs.
4. LGEIL's 28-year experience in the Indian market has provided it with valuable customer insight, allowing it to tailor global technologies to Indian conditions, thereby building brand loyalty and driving repeat business.

Issue Opens	07th October 2025
Issue Closes	09th October 2025
Type of Issue	Offer for sale of 10,18,15,859 shares of ₹10 (aggregating up to ₹11,607.01 Crores)
Issue size	₹11,607.01 Crores
Price Band	₹1080 to ₹1140 per share
Bid lot/ Bid Size	13 shares/ Rs. 14,820
Issue structure	QIB-50%, HNI- 15%, Retail- 35%
Post issue equity shares	67,87,72,392 shares
Promoters and Promoter Group Public	Pre Issue – 100.00% Post Issue –85.00% Pre issue –0.00% Post Issue- 15.00%
Post issue implied market cap	₹77,380.05 Crores
BRLMs	Axis Capital Limited, Citigroup Global Markets India Private Limited, Morgan Stanley India Company Private Limited, J.P. Morgan India Private Limited, BofA Securities India Limited
Registrar to the issue	KFin Technologies Limited.

Financial Summary (in ₹ million, unless otherwise indicated)








Particulars	Three months ended June 30,	Fiscal		
	2025	2025	2024	2023
GAAP Financial Measures				
Revenue from Operations	62,629.38	243,666.38	213,520.00	198,682.39
Revenue Growth (YoY)	(2.28)	14.12	7.47	-
Revenue from Home Appliances and Air Solutions	49,082.30	182,678.57	156,797.49	150,306.78
Revenue from Home Appliances and Air Solutions as % of Revenue from Operations	78.37	74.97	73.43	75.65
Revenue from Home Entertainment	13,547.08	60,987.81	56,722.51	48,339.15
Revenue from Home Entertainment as % of Revenue from Operations	21.63	25.03	26.57	24.33
Profit for the period/year	5,132.55	22,033.48	15,110.68	13,449.30
Non-GAAP Financial Measures				
EBITDA	7,162.73	31,101.24	22,248.73	18,951.15
EBITDA Margin	11.44	12.76	10.42	9.54
Profit Margin	8.10	8.95	7.01	6.69
ROCE	9.10	42.91	45.31	34.38
RONW	7.96	37.13	40.45	31.13

Source: RHP

Business across two segments:



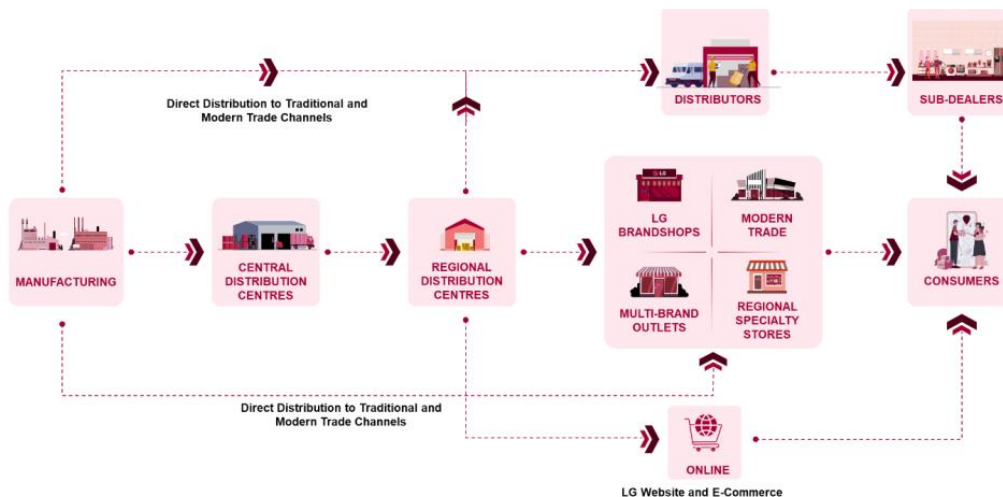
Distribution Footprint with Balanced Mix of Physical and Digital Channels

	LG BrandShops	Modern Trade Outlets	Multi-Brand Outlets	Regional Specialty Stores	Distributors & Sub-dealers	B2B	Online
Overview							
	Offline stores which sell LG products exclusively	Organized stores including supermarkets, hypermarkets & large-format stores	Traditional outlet stores that offer products from various brands	Traditional offline stores that focus on a narrow product line	Wholesale distributors who purchase products in bulk and resell in smaller quantities	Dedicated distributors and dealers	LG Website and 2 e-commerce marketplaces
Number of B2C Touch Points / B2B Trade Partners ⁽¹⁾	777	1,385	1,134	1,615	377 Distributors 30,349 Sub-dealers ⁽²⁾	463 B2B Trade Partners	3

*During the three months ended June 30, 2025

Source: Red Herring Prospectus (RHP)

Manufacturing and Supply Value Chain:



Source: Red Herring Prospectus (RHP)

Market leadership for the indicated periods:

Leadership in India				Fully Integrated Value Chain			Profitable Growth at Scale			
Only Player with Market Leadership Across Categories ¹				Manufacturing and Robust Supply Chain ⁴			Market Leader in India in Major Home Appliances and Consumer Electronics ¹			
33.5% Market Share ² #1 in Washing Machines	29.9% Market Share ² #1 in Refrigerators	27.5% Market Share ² #1 in Panel Televisions	20.6% Market Share ² #1 in Inverter Air Conditioners	19 Production Lines Across Noida and Pune Manufacturing Units	23 RDCs Located Pan-India for Efficient Distribution	287 Suppliers Diversified Supplier Network	₹243.67 Billion Revenue ⁵ FY2025	14.12% Revenue Growth FY2025 YoY Growth		
Comprehensive Portfolio		Localized Innovation		Comprehensive Market Coverage ⁴			High Profitability ¹			
Broader Range of Product Offerings Than Most Leading Players ¹		Track Record of Introducing Several Industry-Firsts in India ¹		777 LG BrandShops	1,134 Multi-Brand Outlets	1,615 Regional Specialty Stores	30,349 ⁹ Sub-Dealers	12.76% EBITDA Margin ⁶ FY2025	8.95% PAT Margin ⁶ FY2025	
Strong Brand Equity				Quality Customer Support at Each Touch Point ⁴			Capital Efficient	Strong Cash Flow Generation		
Most Trusted Brand (Jan – Dec'25) ³ <i>Awarded Across Refrigerator, Microwave and Dishwasher</i>				1,006 Service Centers	9,463 LG Sales Promoters	13,368 Certified Engineers	42.91% ROCE ⁷ FY2025	₹16.54 Billion Net Operating Cash Flow ⁸ FY2025		

Source: Red Herring Prospectus (RHP)

Objects of the issue

Offer for Sale of 10,18,15,859 shares of ₹10 (aggregating up to ₹11,607.01 Crores)

Shareholding pattern

Name of the Selling Shareholders	Type	Number of Equity Shares Offered	Weighted Average Cost of Acquisition per Equity Share (in ₹) (on a fully diluted basis)*
LG Electronics Inc	PSS	Up to 101,815,859 equity shares of face value of ₹ 10 each	1.66

Source: Red Herring Prospectus (RHP)

Peer Comparison

Name of the Company	Revenue from operations FY 2025 (in ₹ million)	Face value per equity share (₹)	EPS Basic (₹ per share)	EPS Diluted (₹ per share)	RoNW (%)	NAV (₹ per share)	P/E Ratio (x)	Market Cap (in ₹ billion)
LG Electronics India	243,666.38	10	32.46	32.46	37.13	87.42	NA	NA
Listed Peers								
Havells	217,780.60	1	23.49	23.48	17.63	133.05	64.14	944.95
Voltas	154,127.90	1	25.43	25.43	12.76	197.66	52.68	443.29
Whirlpool	79,193.70	10	28.30	28.30	9.09	314.52	43.53	156.31
Blue Star	119,676.50	2	28.76	28.76	19.27	149.19	65.59	387.86

Source: Red Herring Prospectus (RHP)

Competitive Strengths

- LG Electronics India is the market leader in key consumer electronics and appliance categories such as TVs, refrigerators, washing machines, and air conditioners, supported by a strong brand reputation and consumer confidence earned over decades.
- As a subsidiary of LG Electronics (South Korea), the company benefits from global brand awareness, strong product quality standards, and reputation, all of which contribute to premium positioning and consumer trust.
- LG Electronics India has one of the most extensive distribution networks and after-sales service coverage footprints in India, ensuring strong market access and exceptional customer care throughout the country.
- Key production units in Noida and Pune are supplemented by a new factory in development. In-house component production (compressors, motors, etc.) and over 50% local raw material procurement assist reduce supply chain risk, import dependency, and prices. Capacity utilization is already high, leaving potential for scaling.
- In addition to product sales, LG India's income base is expanding through installation, repair, AMC (annual maintenance contracts), and after-sales, which adds stability. This also contributes to consumer retention and brand loyalty.

Source: Red Herring Prospectus (RHP)



Growth Strategies

1. Plans to expand overall manufacturing capacity and increase technology-driven production to fulfill domestic demand and export goals.
2. Continue to be the brand of choice for every Indian home in both volume and premium market sectors.
3. Expanding the product portfolio into premium segments such as side-by-side refrigerators and OLED TVs.
4. LG prioritizes local sourcing and component production to decrease costs, increase profits, and protect against supply chain volatility.
5. Introducing appliance rental / subscription models in India, similar to what LG is doing in other countries, to attract consumers who value flexibility.

Source: Red Herring Prospectus (RHP)

Key Risks

1. LG India relies substantially on LG Electronics (the promoter) for things like intellectual property, product development, branding, and exports. The corporation pays royalties to its parent. Any deterioration in this relationship or negative changes could jeopardize its operations or reputation.
2. The top 5-10 suppliers account for a considerable percentage of raw material purchases. Disruptions caused by geopolitical issues, shipping delays, currency fluctuations, or vendor problems could have a negative impact on business operations.
3. LG India operates under a framework agreement with its parent / other LG group companies for specific services / IP usage, etc. This agreement can be terminated by either party with short notice (30 days), posing a risk of disruption.
4. The consumer electronics/home appliances market is extremely competitive, with numerous domestic and international players. Rapid changes in consumer preferences, technology, and pricing might put the organization under competitive pressure.
5. The company is facing significant tax demands of around ₹4,717.05 crore (approximately 73.16% of its net worth as of June 30, 2025). Unfavorable outcomes in these disputes could have a significant impact on its financial state.

Source: Red Herring Prospectus (RHP)

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