IPO REVIEW

LG Electronics India IPO

By **Dilip Davda** · SEBI Registered Research Analyst · Reg. No. INH000003127 Reviewed on 2 October 2025

- The company is one of the leading players in home appliances and consumer electronics (excluding mobile phones), in India.
- The company expanded its sphere in India in the last 28 years of its existence.
- The company marked growth in its top and bottom lines for the last three fiscals.
- It is having up the sleeve capacity expansion which will be operative by mid of next fiscal.
- Based on its recent financial data, the issue prima facie appears aggressively priced.
- It’s a part of largest global brand and is aiming to be the global hub for its products from India.
- Investors can lap it up to park funds for medium to long term.

About the Company

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 ended June 30, 2025, CY2024, CY2023 and CY2022 as per the market share (in terms of value) in the offline channel, as noted in the Redseer Report. It is also market leaders in India across multiple product categories including washing machines, refrigerators, panel televisions, inverter air conditioners, and microwaves, based on the market share (in terms of value) in the offline channel (which represents approximately 78% and 77% of the major home appliances and consumer electronics market (excluding mobile phones) in India in terms of value in the same period) for the twelve-month period ending December 31, 2024 and the six months ended June 30, 2025, respectively, according to the Redseer Report.

As of the 12-months ending December 31, 2024, and the six months period ending June 30, 2025, approximately eight out of ten air conditioners sold in India are based on inverter technology, according to Redseer Report. The Company was incorporated in 1997 as a wholly owned subsidiary of LG Electronics, which is the leading single-brand global home appliances player in terms of market share by revenue in CY2024, according to the Redseer Report. The company derive several benefits from strong parentage including the “LG” brand which was listed on Interbrand’s Top 100 Best Global Brands in 2024. LGEIL’s strong parentage, access to innovative technologies and commitment to quality, positions it as a trusted brand in India. The company offered one of the widest product portfolios amongst leading home appliances and consumer electronics players (excluding mobile phones) in India as of June 30, 2025, according to the Redseer Report. It sells products to B2C and B2B consumers in India and outside India. The company also offers installation services, and repairs and maintenance services for all products.

LGEIL’s 28 years of experience in India has enabled it to develop insights into consumers’ preferences in India and understand the demands of Indian consumers. The company addresses this demand by leveraging the global leadership of LG Electronics recognized as a pioneer of innovative technology according to the Redseer Report, to introduce new and innovative products for consumers in India, and where necessary, tailor products to cater to 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, according to the Redseer Report. As of the 12-months ending December 31, 2024, and the six months period ending June 30, 2025, approximately eight out of ten air conditioners sold in India are based on inverter technology, according to the Redseer Report. Further, in 2013, it was the first player amongst leading home appliances and consumer electronics players in India to transition from using plastic tanks in water purifiers to stainless steel tanks, according to the Redseer Report.

LGEIL operates the largest distribution network among leading home appliances and consumer electronics players in India as of June 30, 2025, according to the Redseer Report. Its distribution network spans across urban and rural India through 35,640 B2C touch points for the three months ended June 30, 2025. It serviced consumers through a dedicated team 463 B2B trade partners as of June 30, 2025, and also had a team of 286 employees engaging in customer service as of June 30, 2025. It operates the largest distribution network among leading home appliances and consumer electronics players in India as of June 30, 2025, according to the Redseer Report. Its distribution network spans across urban and rural India through 35,640 B2C touch points for the three months ended June 30, 2025. As of the said date, it had 3796 employees on its payroll, and other 13368 contract engineers and 9463 contract sales promoters.

Issue Details / Capital History

The company is coming out with its maiden book building route secondary IPO of 101815859 equity shares worth Rs. 11607.01 cr. at the upper cap. The company has announced a price band of Rs. 1080 – Rs. 1140 per equity shares of Rs. 10 each. The issue opens for subscription on October 07, 2025, and will close on October 09, 2025. The minimum application to be made is for 13 shares and in multiples thereon, thereafter. Post allotment, shares will be listed on BSE and NSE. The issue constitutes 15% of the post-IPO paid-up equity capital. This being a secondary offer, no funds are coming to company, and the issue is being made to unlock listing gains and providing exit to some of its stakeholders.

The company has reserved 210728 equity shares (worth Rs. 24.02 cr. at the upper cap) for its eligible employees and offering them a discount of Rs. 108 per share, and from the rest, it has allocated not more than 50% for QIBs, not less than 15% for HNIs, and not less than 35% for Retail investors.

The five Book Running Lead Managers (BRLMs) to this issue are Axis Capital Ltd., Citigroup Global Markes India Pvt. Ltd., Morgan Stanley India Co. Pvt. Ltd., J. P. Morgan India Pvt. Ltd., and BofA Securities India Ltd.., while KFin Technologies Ltd., is the registrar to the issue.

After having issued/converted initial equity shares at par, the company issued bonus shares in the ratio of 5 for 1 in February November 2024. The average cost of acquisition of shares by the promoters/selling stakeholders Rs. 1.66 per share.

Post-IPO, its current paid-up equity capital of Rs. 678.77 cr. will remain same as this is a pure Offer for Sale. Based on the upper cap of the IPO price band, the company is looking for a market cap of Rs. 77380.05 cr.

Financial Performance

On the financial performance front, for the last three fiscals, the company has posted a total income/net profit, of Rs. 20108.58 cr. / Rs. 1348.02 cr. (FY23), Rs. 21557.12 cr. / Rs. 1511.07 cr. (FY24), and Rs. 24630.63 cr. / Rs. 2203.35 cr. (FY25). For Q1 of FY26 ended on June 30, 2025, it earned a net profit of Rs. 513.26 cr. on a total income of Rs. 6337.36 cr., against Rs. 679.65 cr. and Rs. 6466.80 cr. for the corresponding previous period. According to the management, Q1 of FY26 marked a minor setback following cooler summer affecting their Fridge/AC market, but with their new models and other plans are in place to mitigate such impact in future.

For the last three fiscals, the company has posted an average EPS of Rs. 26.95 and an average RoNW of 37.24%. The issue is priced at a P/BV of 12.00 based on its NAV of Rs. 94.99 as of June 30, 2025, as well as its NAV on post-IPO basis.

If we attribute FY26 annualized earnings to its post-IPO fully diluted paid-up equity capital, then the asking price is at a P/E of 37.69. Based on FY25 earnings, the P/E stands at 35.12. Thus, the issue prima facie appears aggressively priced.

The company has shown PAT margins of 6.69% (FY23), 7.01% (FY24), 8.95% (FY25), 8.10 (Q1-FY26) and RoCE margins of 34.38%, 45.31%, 42.91%, 9.10%, respectively for the referred periods.

Dividend Policy

The company has paid dividend of 2200% for FY232 and 1850% for FY24. It has already adopted a dividend policy in December 2024, based on its financial performance and future prospects.

Comparison with Listed Peers

As per the offer document, the company has shown Havells, Voltas, Whirlpool, Blue Star, as their listed peers. They are currently trading at a P/E of 65.9, 69.2, 48.1, and 72.3 (As of October 01, 2025). However, they are truly not comparable on an apple-to-apple basis. This comparison appears to be an eyewash.

Merchant Banker's Track Record

The five BRLM associated with the offer has handled 66 pubic issues in the past three fiscals, out of which 12 closed below the offer price on listing date.

Conclusion / Investment Strategy

LGEIL is one of the leading players in home appliances and consumer electronics (excluding mobile phones), in India. The company expanded its sphere in India in the last 28 years of its existence. The company marked growth in its top and bottom lines for the last three fiscals. It is having up the sleeve capacity expansion which will be operative by mid of next fiscal. Based on its recent financial data, the issue prima facie appears aggressively priced. It’s a part of largest global brand and is aiming to be the global hub for its products from India. Investors can lap it up to park funds for medium to long term.

About Dilip Davda

Dilip Davda is a veteran financial journalist associated with the Indian stock market since 1978. He has been contributing to print and electronic media on capital markets, insurance, and finance since 1985. He is widely recognized for reviewing public issues and non-convertible debentures (NCDs) in the primary market, with a special emphasis on SME public issues.

SEBI Registered Research Analyst – Mumbai · Registration No.: INH000003127 (Perpetual)

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