

LG India files for IPO, may raise ₹15K cr

South Korean parent to sell 15% stake

SHARLEEN D'SOUZA
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The Indian subsidiary of South Korean major LG Electronics on Friday filed its draft red herring prospectus (DRHP) with the Securities and Exchange Board of India to raise ₹15,000 crore through an initial public offering (IPO). This comes within two months of the Indian unit of South Korean automobile major Hyundai going for a ₹27,870 crore IPO — the largest in India.



BETTING BIG

LG India's IPO size could be among India's top five

	Month	Issue size (₹ cr)
Hyundai Motor India	Oct '24	27,870
LIC	May '22	20,557
One 97 Communications	Nov '21	18,300
Coal India	Oct '10	15,199
LG Electronics India	NA	15,000*

*Industry sources

Source: PRIME Database

The LG Electronics India IPO is an offer for sale and is likely to offload up to 101.8 million equity shares, amounting to a 15 per cent stake.

This will make it India's fifth-largest issue, ranking after Coal India's

₹15,200 crore in 2010. Hyundai Motor India's (HMI's) listing in October, though biggest in India, received a lukewarm response, garnering just 2.4 times the subscription. HMI's shares still trade 4 per cent below their issue

price. Just like LG India, HMI's IPO was entirely an offer for sale, with the Seoul-based parent divesting 17.5 per cent in its Indian arm.

This DRHP comes at a time when South Korea is in turmoil after its President Yoon Suk Seol declared emergency marital law, which was reversed hours later. Morgan Stanley India, JP Morgan India, Axis Capital, BofA Securities India, and Citigroup Global Markets India are the book-running lead managers for the IPO. LG India competes with global as well as Indian firms like Voltas, Havells, Godrej, Blue Star, Haier, Whirlpool, Philips, Samsung, and Sony.

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LG Electronics latest to test India's IPO market

In India, LG Electronics is the largest home appliances and consumer electronics player after Samsung India Electronics.

Its revenue from operations in FY24 stood at ₹21,352 crore while Samsung India Electronics' revenue in the previous financial year stood at ₹99,541.6 crore, according to the company's DRHP.

Havells India and Godrej & Boyce Mfg Co stand at number three and four, respectively, in dominating the Indian consumer electronics and home appliances space.

"We are the market leader in India in major home appliances and consumer electronics (excluding mobile phones) in terms of volume for the three-month period ending June 30, 2024,

according to the Redseer Report," the company said in its DRHP.

It added, "Additionally, we have been the number one player in this industry for 13 consecutive years (CY2011 to CY2023) as per the value market share in the offline channel in India, as noted in the Redseer Report."

The company also said in its DRHP that India's appliances and electronics market had grown at around 7 per cent in the last five years and this growth was expected to accelerate to around 12 per cent in the next five years, driven by rising disposable incomes, growing urbanisation, and an increasing penetration of appliances and electronics in both urban and rural areas.