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March 13, 2025
SEBI/HO/CFD/RAC-DIL1/P/OW/2025/8276

Axis Capital Limited
1st Floor, Axis House,
Pandurang Budhkar Marg, Worli,
Mumbai – 400 013
Maharashtra, India

Kind Attention: Mr. Gaurav Goyal/ Mr. Ankit Bhatia

Sir,

विषय /Sub: LG Electronics India Limited का प्रस्तावित आईपीओ /Proposed IPO of LG Electronics India Limited

उपरोक्त से संबंधित प्रारूप प्रस्ताव दस्तावेज (ड्राफ्ट ऑफर डॉक्यूमेंट), भारतीय प्रतिभूति और विनियम बोर्ड (सेबी) द्वारा मांगे गए स्पष्टीकरणों और उसके संबंध में दिए गए उत्तरों के संदर्भ में, यह सूचित किया जाता है कि इनकी जाँच करने पर यह पाया गया है कि इनमें कमियाँ हैं / भारतीय प्रतिभूति और विनियम बोर्ड [पूँजी का निर्गमन (इश्यू) और प्रकटीकरण अपेक्षाएँ] विनियम, 2018 [सेबी (इश्यू ऑफ कैपिटल एंड डिस्क्लोज़र रिकायरमेंट्स) रेग्यूलेशन्स, 2018] के प्रावधानों और दिए गए अनुदेशों का पालन नहीं किया गया है, और आपके लिए यह जरूरी है कि आप स्टॉक एक्सचेंज और / या कंपनी रजिस्ट्रार के पास प्रस्ताव दस्तावेज दाखिल करने से पहले उन कमियों को दूर करें और संबंधित प्रावधानों तथा दिए गए अनुदेशों का पालन करें। उपरोक्त के संबंध में की गई टिप्पणियों का और जिन शर्तों आदि का पालन किया जाना है, उनका जिक्र संलग्नक 'I' और संलग्नक 'II' में किया गया है। कृपया यह भी नोट करें कि संलग्नक में जो कमियाँ बताई गई हैं / कुछ और प्रकटीकरण (डिस्क्लोज़र) करने की बात कही गई है, यह सब आपको केवल उदाहरण के तौर पर ही बताया गया है। यह सुनिश्चित करने की जिम्मेदारी आपकी है कि सभी और सही प्रकटीकरण किए जाएं।

With reference to the draft offer document in respect of captioned issue, clarifications sought by SEBI and the replies submitted therein, it is stated that on scrutiny of the same, deficiencies / instances of non-compliance of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (hereinafter referred to as SEBI (ICDR) Regulations, 2018) and instructions have been observed, which are required to be rectified / complied with by you before filing the offer document with the Stock Exchange and/ or ROC. Observations on the captioned issue and other conditions to be complied with are indicated in Annexure 'I' and 'II'. It may be noted that the deficiencies / requirement of additional disclosures listed in the Annexure are merely illustrative and not exhaustive. It is your responsibility to ensure full and true disclosures.

1. बुक रनिंग लीड मैनेजर होने के नाते, आप यह सुनिश्चित करेंगे कि स्टॉक एक्सचेंज / कंपनी रजिस्ट्रार के पास प्रस्ताव दस्तावेज दाखिल करने से पहले संलग्नक में दी हुई टिप्पणियों / शर्तों आदि के अनुसार प्रस्ताव दस्तावेज में बदलाव कर लिए जाएं। कंपनी रजिस्ट्रार / स्टॉक एक्सचेंज के पास अंतिम प्रस्ताव दस्तावेज दाखिल करने से पहले आपको हमें एक पत्र भेजकर इस बात की पुष्टि करनी होगी कि अपेक्षानुसार बदलाव कर लिए गए हैं और साथ ही यह भी बताना होगा कि प्रत्येक टिप्पणी / शर्त आदि के अनुसार बदलाव कैसे किए गए हैं। **इसके अलावा और कोई भी बदलाव सेबी से लिखित सहमति लिए बिना नहीं किए जाएंगे।**

As Book Running Lead Manager (LM), you shall ensure that all changes are effected based on the observations/ conditions contained in the Annexure before you file the offer document with the stock Exchange/ ROC. A letter confirming these changes and explaining, in seriatim, the manner in which each observation / condition has been dealt with along with your comments should be submitted to us, before filing the final offer document with ROC / Stock Exchange. **NO FURTHER CHANGES SHOULD BE EFFECTED WITHOUT SPECIFIC WRITTEN CONSENT OF SEBI.**

2. यह स्पष्ट किया जाता है कि भारतीय प्रतिभूति और विनियम बोर्ड (सेबी) के पास प्रस्ताव दस्तावेज (ऑफर डॉक्यूमेंट) दाखिल करने का अर्थ किसी भी तरह से यह न लगाया जाए कि सेबी द्वारा इसे मंजूरी प्रदान कर दी गई है। सेबी न तो इस बात की कोई जिम्मेदारी लेता है कि जिस स्कीम या परियोजना (प्रोजेक्ट) के लिए निर्गम (इश्यू) लाए जाने का प्रस्ताव है उसकी वित्तीय स्थिति अच्छी है और न ही इस बात की जिम्मेदारी लेता है कि प्रस्ताव दस्तावेज में दी गई जानकारी या व्यक्त की गई राय सही है। अग्रणी प्रबंधकों (लीड मैनेजर्स) ने यह प्रमाणित किया है कि प्रस्ताव दस्तावेज में जो प्रकटीकरण (डिस्क्लोज़र) किए गए हैं वे मोटे तौर पर पर्याप्त हैं और जो प्रकटीकरणों (डिस्क्लोज़र) तथा निवेशक संरक्षण के संबंध में उस समय लागू सेबी के विनियमों के प्रावधानों के अनुसार किए गए हैं। अग्रणी प्रबंधक यह भी सुनिश्चित करेंगे कि ऐसा भारतीय प्रतिभूति और विनियम बोर्ड [पैजी का निर्गमन (इश्यू) और प्रकटीकरण अपेक्षाएँ विनियम, 2018 [सेबी (इश्यू ऑफ कैपिटल एंड डिस्क्लोज़र रिक्वायरमेंट्स) रेग्यूलेशन्स, 2018] के अनुसार भी किया जाए। ऐसा करना इसलिए जरूरी है, ताकि निवेशक प्रस्तावित निर्गम (इश्यू) में निवेश करने के संबंध में सोच-समझकर निर्णय ले सकें।

It is to be distinctly understood that submission of offer document to SEBI should not in any way be deemed or construed that the same has been cleared or approved by SEBI. SEBI does not take any responsibility either for the financial soundness of any scheme or the project for which the issue is proposed to be made or for the correctness of the statements made or opinions expressed in the offer document. The LMs have certified that the disclosures made in the offer document are generally adequate and are in conformity with SEBI regulations for disclosures and investor protection in force for the time being. The LMs are advised to ensure the same with respect to SEBI (ICDR) Regulations, 2018. This requirement is to facilitate investors to take an informed decision for making investment in the proposed issue.

3. यह भी पूरी तरह से स्पष्ट किया जाता है कि यद्यपि इस बात की जिम्मेदारी मुख्य रूप से निर्गमकर्ता (इश्युअर) कंपनी की होती है कि प्रस्ताव दस्तावेज में समस्त जरूरी जानकारी प्रकट की जाए और जो सही और पर्याप्त हो, फिर भी अग्रणी प्रबंधकों (लीड मैनेजर्स) से अपेक्षित है कि वे यह सुनिश्चित करने के लिए पूरी तत्परता (ड्यू डिलिजेंस) बरतें कि कंपनी अपनी जिम्मेदारियाँ सही ढंग से निभाए,

और इसी उद्देश्य से अग्रणी प्रबंधकों ने भारतीय प्रतिभूति और विनियम बोर्ड (मर्चेन्ट बैंकर्स) विनियम, 1992 [सेबी (मर्चेन्ट बैंकर्स) रेग्यूलेशन्स, 1992] के अनुसार सेबी के पास पूरी तत्परता बरते जाने के संबंध में तारीख December 6, 2024 का प्रमाणपत्र (ड्यू डिलिजेंस सर्टिफिकेट) प्रस्तुत किया है।

It should also be clearly understood that while the Issuer Company is primarily responsible for the correctness, adequacy and disclosure of all relevant information in the offer document, the LMs are expected to exercise Due Diligence to ensure that the Company discharges its responsibility adequately in this behalf and towards this purpose, the LMs have furnished to SEBI a Due Diligence Certificate dated December 6, 2024, in accordance with SEBI (Merchant Bankers) Regulations, 1992.

4. हालाँकि, कंपनी प्रस्ताव दस्तावेज दाखिल कर देने से ही कंपनी अधिनियम, 2013 की धारा 34 के तहत दी गई किसी भी बाध्यता से मुक्त नहीं हो जाती या वह कानूनी प्रावधानों के अनुसार ली जाने वाली मंजूरी या ऐसी कोई अन्य मंजूरी लेने से मुक्त नहीं हो जाती, जो प्रस्तावित निर्गम के संबंध में लेनी जरूरी हो। हालाँकि, सेबी प्रस्ताव दस्तावेज में कोई अनियमितता या कमी पाए जाने पर कभी भी अग्रणी प्रबंधकों के खिलाफ कार्रवाई कर सकता है।

The filing of offer document does not, however, absolve the company from any liabilities under Section 34 of the Companies Act, 2013 or from the requirement of obtaining such statutory or other clearances as may be required for the purpose of the proposed issue. SEBI further reserves the right to take up, at any point of time, with the LMs any irregularities or lapses in offer document.

5. किसी भी प्रचार सामग्री या विज्ञापन में ऐसा कुछ भी उल्लेख नहीं किया जाएगा, जो प्रारूप प्रस्ताव दस्तावेज (ड्राफ्ट ऑफर डाक्यूमेंट) में दी गई जानकारी से भिन्न हो। **इस संबंध में आपका ध्यान विशेष रूप से कंपनी अधिनियम, 2013 की धारा 36 के प्रावधानों की ओर आकर्षित किया जाता है।**

Any publicity materials / advertisements should not contain matters extraneous to the information contained in the draft offer document. **Attention is specifically drawn to the provisions of Section 36 of the Companies Act, 2013.**

6. अग्रणी प्रबंधक यह सुनिश्चित करें कि भारतीय प्रतिभूति और विनियम बोर्ड [पूँजी का निर्गमन (इश्यू) और प्रकटीकरण अपेक्षाएँ] विनियम, 2018 के विनियम 25(1) और अनुसूची- III के अनुसार उपरोक्त निर्गम (इश्यू) के संबंध में फाइलिंग फीस की गणना किस प्रकार की गई है उसका एक विस्तृत विवरण, यथास्थिति, कंपनी रजिस्ट्रार के यहाँ प्रॉस्पेक्टस दाखिल किए जाने के सात दिनों के भीतर / स्टॉक एक्सचेंज के पास प्रस्ताव-पत्र (लेटर ऑफ ऑफर) दाखिल किए जाने के सात दिनों के भीतर, सेबी के पास प्रस्तुत कर दिया जाए और साथ ही अब तक अदा की गई फाइलिंग फीस का ब्यौरा भी दिया जाए।

The LMs are advised to ensure that a detailed calculation of filing fees in relation to the captioned issue in terms of regulation 25(1) and Schedule III of the SEBI (ICDR) Regulations, 2018 is submitted to SEBI within seven days of filing the Prospectus with ROC/ within seven days of filing the Letter of Offer with the stock exchange, as the case may be, along with details of filing fees paid till date.

7. आपने जो फीस अदा की है, यदि वह वास्तव में अदा की जाने वाली फीस से कम हो, तो ऐसे में अग्रणी प्रबंधक यह सुनिश्चित करेंगे और इस बात की पुष्टि करेंगे कि सेबी को शेषफीस अदा किए जाने के संबंध में इन विनियमों की अनुसूची-III के प्रावधानों का पालन किया गया है।

If filing fees paid by you is less than the actual fees required to be paid, the LMs are advised to ensure and confirm compliance with the provisions of Schedule III of the said Regulations in regard to payment of the balance fees to SEBI.

8. आपने जो फीस अदा की है, यदि वह वास्तव में अदा की जाने वाली फीस से अधिक हो, तो ऐसे में आप सेबी को सूचित करेंगे कि कितनी फीस लौटाई जानी है, साथ ही आप यह भी बताएंगे कि आपने लौटाई जाने वाली फीस की रकम की गणना कैसे की है और सेबी को किसके नाम पर चेक जारी करना होगा।

If filing fees paid by you are more than the actual fees required to be paid, you are advised to inform SEBI about the amount to be refunded, along with detailed calculation of amount refundable and name of the person in whose favour the cheque may be issued by SEBI.

9. प्रस्तावित निर्गम (इश्यू) इस अभिमत पत्र के जारी होने की तारीख से 12 महीनों के भीतर पैसा लगाने (अभिदान करने / सब्सक्रिप्शन) के लिए खोला जा सकता है।

The proposed issue can open for subscription within a period of 12 months from the date of issuance of this observation letter.

10. आपसे अनुरोध है कि इस पत्र की प्राप्ति के दिवस के भीतर अपना उत्तर 15 प्रस्तुत करें।
You are requested to submit your response within 15 days of the receipt of this letter.

स्थान /Place: मुंबई /Mumbai

Poonam
13/3/25

Poonam
सहायक प्रबंधक
Assistant Manager

Annexure I

OBSERVATIONS

1. Please refer to our letter/email dated January 24, 2025, and your reply vide letters dated January 2, 2025, January 31, 2025 and February 10, 2025 and all other correspondences exchanged.
2. In the above regard, LM is advised to ensure that the changes made pursuant to our initial clarifications and all correspondences exchanged are duly incorporated in the updated DRHP/ RHP/ Prospectus.
3. Wherever the LM has undertaken to modify the risk factors in its replies, the same shall be duly modified and incorporated in the updated DRHP/ RHP/ Prospectus.
4. Wherever the LM has mentioned “Noted for compliance” or “Complied with and noted for compliance” in its replies, LM shall ensure that the same are duly complied with.
5. With regard to disclosing details of lead manager(s) on front outside page of draft offer document and the offer document, LMs are advised that all lead manager(s) are uniformly to be identified as Book Running Lead Manager(s) (BRLMs) without making any differentiation between lead manager(s). Lead Manager(s) / BRLMs, term is as per SEBI (ICDR) Regulations, 2018. Details regarding BRLMs acting as Global Coordinators / Joint Global Coordinators may be provided at section on inter-se allocation of responsibilities in the draft offer document and the offer document.
6. LM is advised to ensure that the following details are provided in the UDRHP/RHP - Price at which specified security (including preference shares) was acquired in the last 3 years, by each of the promoters, promoter group, selling shareholders, shareholders entitled with right to nominate directors or any other rights. Following details may be disclosed for such transactions in tabular format – name of acquirer, date of acquisition, number of shares acquired and acquisition price per share.
7. LM shall ensure compliance with enhanced disclosures in the Price band advertisement as per advisory issued to AIBI vide email dated Nov 15, 2021.
8. Summary of the Offer Document- Simple conversational language to be used. No abbreviations shall be used.
9. Definitions and Abbreviations- for Technical, Company / Industry related Terms or Abbreviations, along with the expanded form, suitable meaning / explanation to be provided in simple language.

10. Risk Factors – Every Risk Factor shall be provided with a cross-reference to the detailed description of the facts/reasons in the updated DRHP / RHP, wherever applicable.
11. Sequencing of the chapters in the offer document shall be strictly in terms of the Schedule VI of SEBI (ICDR) Regulations, 2018.
12. Clause 24 (3) of SEBI (ICDR) Regulations, 2018, requires LM to exercise due diligence and satisfy himself about all aspects of the issue including the veracity and adequacy of disclosures in the offer document. In view of the same, LM is advised to ensure that:
 - 12.1. The offer document shall not contain any information where no responsibility is taken by the BRLMs or the Issuer Company / Expert.
 - 12.2. The “*Industry Overview*” section represents a fair and true view of the comparable industry scenario and the same is neither exaggerated nor have any underlying assumptions been omitted for investors to make an informed decision.
 - 12.3. LM is further advised to include industry report in the list of material documents for inspection and also provide a link in the offer document for online access of industry report.
13. LM shall confirm whether there has been a change in auditor(s) before completion of the appointed term (in any of the past five fiscal years), and the reasons thereof.
14. The risk factors, to the extent possible, should disclose the specific as well as financial/economic impact on the company rather than being generic.
15. Risk Factor 1 - Disclose the dependency risk on the Promoter, LG Electronics Inc. for its business, product design, technology, and export orders; any disruption could impact operations and financial health of the issuer company. Any adverse change in their relationship may impact the business, reputation, financial condition, and results of operations of the issuer company.
16. Risk Factor 3 - Disclose the segregation of supply between domestic and foreign suppliers. Further, disclose the segregation of supply between LG group and independent parties. Clarify if these suppliers also supply to the wider LG group and have a track record with the group.
17. Risk Factor 4 - Disclose country-wise data and country specific risks.

18. Risk Factor 7- Disclose past instances of disruptions in company's manufacturing units in Noida and Pune along with financial and business impact of the same. Further, details of products manufactured at different plants and product-wise capacity for each plant to be disclosed.
19. Risk Factor 12 - Disclose the amount spent on brand building by the company in past 3 financial years.
20. Risk Factor 16 – Disclose details of licenses from LG group companies along with names of such Group companies.
21. Risk Factor 17 - Disclose lease expenses as a percentage of total expenses of the company in past 3 financial years.
22. Risk Factor 19 - Disclose data on amount paid to LX Pantos and concentration of business with the entity. Also, disclose conflict of interest, if any.
23. Risk Factor 20 - To be retained in Top 20 Risk Factors.
24. Risk Factor 21 - Disclose the extent of manufacturing outsourced from LG group entities and external entities in percentage terms; and for external entities indicate whether they comprise top 5 or top 10. The disclosures made at Page no. 165 may also be referred to.
25. Risk Factor 24 - Disclose the number of entities engaged as ESC service providers / outsource manpower agencies / warehouses. Further, disclose the dependency in terms of top 5 or top 10.
26. Risk Factor 28 - Disclose data on sourcing parts from third parties and LG Group entities.
27. Risk Factor 30 - Disclose the amounts as a percentage of total income of the company.
28. Risk Factor 32 - Disclose past instances of actions against the promoter in the past 3 financial years, if any. Also, disclose impact of such actions on the Indian operations of LG Group, if applicable.
29. Risk Factor 33 - Disclose the expense towards contractors as percentage of total expenses of the company in the past 3 financial years.
30. Risk Factor 34 - Disclose details of insurance cover for such manufacturing operations, if any.

31. Risk Factor 38 - Disclose exposure to currency fluctuations, particularly in USD-INR exchange rates, which could increase input costs for imported raw materials and components.
32. Risk Factor 41 - Disclose past instances of infringement and misappropriation of claims, if any.
33. Risk Factor 42 and 48 - Move the Risk Factor to top 15.
34. Risk Factor 49 - Disclose the risks that company does not own any land or buildings for its operations including both the manufacturing units and corporate and registered office.
35. Risk Factor 51- Confirm whether the operational metrics disclosed are KPIs. Also, provide cross reference to the page where these metrics are disclosed.
36. Risk Factor 65 - If the issuer has agreements with international commercial arbitration or domestic arbitration, then appropriately disclose how such awards may or may not get enforced in India.
37. Risk Factor 70 - Disclose that majority of minority rules may apply in certain instances which may also have consequences.
38. Risk Factor 71 - Disclose in detail, the risk that the IPO Offer consists of only an Offer for Sale of 101,815,859 Equity Shares by Promoter, LG Electronics Inc., which is based in Seoul, South Korea. Promoter shall be entitled to the entire proceeds from the Offer and Company will not receive any proceeds from the Offer. The same shall be disclosed as part of Top 10 Risk Factors.
39. Risk Factor 79 - Suitably revise the Risk Factor to appropriately explain the Takeover regulations.

Additional Risk Factors

LM is advised to add suitable Risk Factors under appropriate heading disclosing the risks involved, along with relevant data on the following points:

40. Currently, Hi-M Solutek India Private Limited, an indirectly wholly owned subsidiary of Promoter provides services for LG India only. However, Company does not have an exclusive contractual arrangement and there is no assurance that Hi-M Solutek India Private Limited will not expand its business in the future to compete with the issuer company or to provide services to the competitors.
41. Pricing pressures from local competitors, including aggressive pricing strategies from domestic brands and new entrants in the budget appliance segment. Competition in the consumer electronics and home appliance markets with reference to LG's exit from the mobile phone market. Emerging business models

and brands introduced by consumer electronics retail chains may place additional pressure on established players like LG. Risks arising from predatory pricing by competitors resulting in loss of market share.

42. Challenges of premiumization in the Indian market, including rising consumer expectations for high-end features, the affordability gap for mid-income consumers, and the risk of slower adoption for premium-priced appliances.
43. Failure to achieve projected market growth due to incorrect demand forecasts, misalignment of product offerings, and potential over-investment in categories with limited adoption in the Indian market.
44. Potential supply chain disruptions arising from reliance on imported components, geopolitical uncertainties, and potential shortages of critical raw materials.
45. Higher domestic manufacturing costs, impacting price competitiveness against imports from low-cost manufacturing hubs like China and Vietnam.
46. Company's majority sales from offline channel and increased competition from online-first brands and competitors.
47. Compliance with India's E-Waste (Management) Rules, 2022, and potential regulatory liabilities arising from inadequate e-waste recycling mechanisms.
48. Changes in government incentives, such as revisions to the PLI scheme, which could impact the company's cost structure and domestic manufacturing viability.
49. Impact of India's inverted duty structure, which makes certain imports cheaper than domestically manufactured white goods, potentially affecting profit margins.
50. Excessive inventory accumulation due to incorrect demand forecast, leading to markdown pressures and potential write-offs.
51. Company's dependence on outsourcing vis-a-vis manufacturing of the products in-house.
52. Competitor's comparison, market share comparisons with competitors and risks highlighted in *Industry Overview* section.
53. Product quality risks resulting in customers switching to competitors along with warranty expenses incurred.
54. Bonus issue of shares may not be repeated in the same manner as was done in the recent past.
55. The promoter is trading at certain P/E and the P/E for Issuer company may be higher.



56. LM is advised that Market Value at Issue Price to Total Turnover and P/E Ratio at issue price shall be added in Price Advertisement. LM is also advised to add a suitable risk factor in this regard, if applicable.

57. LM is advised to incorporate a risk factor in top 10 disclosing that average P/E of the listed peer set is [•] while our company's P/E will be at premium of [•] times at the higher price band and [•] times at the lower price band, if applicable.

Other sections:

58. Page no. 85 - Disclose the following:

58.1. Reason for jump in revenue from operations as on June 30, 2024, taking into consideration cost of material, stock in trade, change in inventories, while other expenses have not changed in tandem.

58.2. Distribution of sales to consumers, wholesales, stockists etc.

58.3. Whether the inventory is still with the wholesale, stock retailers etc. and whether the same can be returned etc.

59. Page no. 91 – Disclose name and email address of Legal counsel.

60. Page no. 92 - Disclose conflict of interest of the BRLM w.r.t. Bankers to the Company, if any.

61. Page no. 104 - Disclose a confirmation that all the shares held by promoters are in dematerialized form.

62. Page no. 107 - Delete the statement *“unless specifically required otherwise by the relevant government authority”*. Further, disclose that issue expenses shall be shared with the selling shareholders, irrespective to issue going through.

63. Page no. 111 - Disclose the parameter considered for selecting the peer companies and how are they comparable. Why other listed peers are not selected as listed peers to be disclosed.

64. Page no. 112 - If the P/E ratio of the issuer company is higher than the peers, suitable reasons for the same to be disclosed.

65. Page no. 163 - Delete *“LG was named as the Most Trusted Brand in India by Trust Research Advisory for four consecutive years (2020-2023).”* Further, Data to be disclosed on comparative basis for each product including numbers.

66. Page no. 163 - Disclose the data for revenue from services separately.

67. Page no. 175 - Disclose revenues from subscription services. Include further details of the business of the Corporate Promoter.

68. Page no. 176 - Disclose the following:

68.1. Data from services (installation and maintenance)

68.2. Whether entire products are manufactured / outsourced or imported.

68.3. Delete the mention of Awards. Only Industry accepted Awards to be disclosed.

68.4. Details of import for each product.

68.5. Material terms & conditions.

69. Page no. 177 - Disclose whether these features of Refrigerators / Air Conditioners / Washing Machines / TVs are specific to LG or also offered by the Competitors.

70. Page no. 179 - Disclose the sale of compressors for past 3 financial years and also disclose the customer concentration, if any.

71. Page no. 180 - Disclose details of how the customers can lodge complaints, redressal mechanism, escalation matrix and the board oversight.

72. Page no. 181 - Disclose details of the installed capacity for each product at each plant.

73. Page no. 187 - Disclose data on purchase for each product, and parts; any back to back arrangement for warranty for the products; whether pricing is on arm's length basis; and whether other suppliers can supply at a lower cost. Disclose suitable Risk Factor on the same with relevant data.

74. Page no. 188 - Disclose whether apart from royalty any other amount is paid. Whether parts or product are sold to any other group company at cost or profit is added. Also, disclose profits accrued from such transactions as a percentage of total profits. Further, disclose the following:

74.1. Data on the royalty paid in past 3 financial years.

74.2. Define and disclose net sales with example.

74.3. Material terms and conditions, if any. Otherwise, disclose a negative statement.

74.4. Reasons for increase in royalty.



- 74.5. Royalty terms and conditions will be subject to shareholder's approval post listing.
- 74.6. Whether terms agreed upon in the license agreement are uniform for all sister concerns of issuer / all subsidiaries of LG Electronics Inc.
- 74.7. Whether the patents are licensed to other entities including parent or sister concerns. Disclose the revenue arising from the same.
75. Page no. 190 - Disclose the following -
- 75.1. Detail of lessor.
- 75.2. Whether these entities are related.
- 75.3. Disclose and confirm that lease rentals are on arm's length basis.
76. Pages no. 191-198 - With respect to key regulations and policies, disclose securities laws applicable post listing.
77. Page no. 204 - Disclose the credit availed from Citigroup, the tenure of the loan and whether these are continuing facilities. Implication on Promoter and their shareholding, if any, to be disclosed. Quantify the maximum liability of LG Electronics Inc.
78. Page no. 226 - Disclose the following:
- 78.1. Shareholding of LG corp.
- 78.2. Confirmation that no person holds more than 10% in LG Corp.
79. Page no. 231 – Disclose specific information.
80. Page no. 301 - CARO report for three fiscal years on statutory dues not deposited on account of dispute also lists Provident Fund dues (page 303 & 307 & 311) pending in Bombay High Court, details of this case to be added in disclosure under *Outstanding Litigations and Material Developments* as employee/worker rights may also be impacted.
81. Page no. 318 - Disclose the data of sales promotions in *Our Business* section.
82. Page no. 320 - Disclose Risk Factor on low local sourcing of raw materials.
83. Page no. 321 - Disclose the following:
- 83.1. Data in *Our Business* section also.

83.2. Modify the statement *“our aim is to depend less on imports as domestic sourcing allows us to leverage the comparatively low manufacturing cost in India”* that may be contradictory to data disclosed.

84. Page no. 324 - Disclose the interim dividend paid as a percentage of net sales.

85. Page no. 340 - Disclose a Risk Factor on Foreign Currency sensitivity on trade receivables.

86. Page no. 357 - Disclose a specific Risk Factor on Criminal proceedings against the Promoter.

87. Page no. 358 - Disclose the ageing of outstanding dues to creditors in the ageing buckets of > 6 month > 1 year > 2 yrs.

88. Page no. 363-364 - In the list of group companies, add one column identifying country of incorporation distinctly.

89. Page no. 367 - Status of adjudication matters to be updated.

90. LM is advised to ensure that disclosure made with respect to Offer Price and Price Band are in compliance with Part VII of Chapter II of SEBI (ICDR) Regulations, 2018. LM is advised to refrain from making any disclosure in the offer document w.r.t. offer price which are not in line with SEBI (ICDR) Regulations, 2018 such as *“The Offer Price will be decided by our Company and the Selling Shareholders, in consultation with the BRLMs on the Pricing Date in accordance with the Book Building Process and the Red Herring Prospectus”*. LM is advised to make necessary changes in the offer document wherever applicable. LM is advised to ensure for all future issues as well.

91. Legal and Other Information-

- i. LM is advised to identify and include risk factor for material litigation, if any, which may adversely affect the company.
 - ii. LM shall update the details of the status of litigation with the latest/ updated position of litigations against promoter/ promoter group entities/ company and the companies promoted by the issuer.
 - iii. LM is advised to ensure the disclosures of all actions taken by the statutory and regulatory authority.
92. LM shall disclose the details of the pledged shares held by the promoters/promoter group in the Issuer Company / its subsidiaries.

93. LM is advised to adhere to the following conditions:

- 93.1.1.1.1. UDRHP is filed with SEBI not less than seven working days prior to submission of the draft advertisement for announcement of price band advertisement.
- 93.1.1.1.2. UDRHP shall contain necessary updated disclosures justifying the offer price under Section – “Basis for offer price”, “Risk Factors” etc., particularly emphasizing on appropriate Key Performance Indicators as applicable to the industry in which the issuer company operates in quantitative terms, (For illustration, P/E ratio in case DRHP is filed under Regulation 6 (1) of the ICDR Regulations (and /or) Market Cap / Total Revenue ratio in case DRHP is filed under Regulation 6(2) of the ICDR Regulations), with corresponding suitable explanations so as to justify the offer price.
94. LM is advised to ensure that the processing fees for applications made by Retail Individual Bidders using the UPI Mechanism may be released to the remitter banks (SCSBs) only after such banks provide a written confirmation on compliance with SEBI Circular No: SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 02, 2021 read with SEBI Circular No: SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021.
95. LM is advised to specifically mention in the RHP that all special rights available to the Shareholders, will cease to exist upon listing of Equity Shares on the Stock Exchanges pursuant to the Offer.
96. LM is advised to disclose the details of all profit sharing arrangements involving the Issuer, promoters, promoter group, directors and shareholders, if any.
97. Ensure that details of the Directors in the section titled “Management” clearly depicts if any director is a nominee. If so, please also disclose the details who have nominated them. Similarly, such details to be disclosed for the KMPs as well. Please also confirm that apart from that disclosed in the offer document, there are no other nominee directors, KMPs or other persons etc. appointed on behalf any of the shareholders or any other person.
98. LM is advised to verify and disclose if the name of any of the directors, promoter and promoter group persons is appearing in the list of directors of struck-off companies by ROC/ MCA. Also verify and disclose if the name of the promoter group companies and group companies is appearing in the list of struck-off companies by ROC/ MCA.
99. LM to disclose all the complaints received so far, if any and forwarded by SEBI for comments be under material documents available for inspection along with their respective replies.

100. With respect to all the complaints received by LM/Company and complaints forwarded by SEBI, LM is advised to ensure that there is adequate redressal of the complaint and relevant disclosures, if required, are made in the Red Hearing Prospectus and other Offer related material along with the disclosures of the Financial Impact of the same, if any. Further, LM is advised to incorporate a prominent Risk Factor, if required, for such complaints received.
101. LM is advised to update the RHP in respect to all pending litigations including for any legal notices where the Company is in receipt of such notices post filing of DRHP.
102. LM is advised to ensure that the details of all the criminal matters initiated against the company, group companies, directors, subsidiaries which are at FIR stage and no/some cognizance has been taken by court is incorporated in the RHP along with appropriate risk factors in this regard.
103. LM is advised to include a reference to the circulars CFD/DIL2/CIR/P/2018/22 dated Feb 15, 2018 and CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 at all applicable sections in DRHP.
104. Under section "Monitoring of Utilization of funds", LM is also advised to make suitable disclosure on following points:
- The proceeds of the issue shall also be monitored by the Audit Committee till utilization of the proceeds.
 - For any investments in acquisitions or strategic partnership or any inorganic growth initiative, post IPO from the IPO proceeds, detailed disclosures of same shall be made in public domain at that time.
 - Issuer Company shall provide details / information / certifications obtained from statutory auditors on the utilization of the Net Proceeds to the Monitoring Agency.
 - Issuer Company shall for the purpose of quarterly report by Monitoring Agency, provide item by item description for all the expense heads under each object of the issue.
 - Issue Company shall in its quarterly Notes to Accounts of its Financial Statements include the employment of issue proceeds under various heads.
105. In reference to pre-IPO placement undertaken by the company, LM is advised to suitably disclose risk to investors applying in IPO at a price higher than the pre-IPO price in the price band advertisement.
106. LM is advised to ensure compliance with SEBI direction to AIBI vide email dated July 4, 2023 related to disclosures pertaining to Pre-IPO placement and transaction of shares by promoters and promoter group(s) in the Public Announcement and Price Band Advertisement.

107. LM is advised to ensure that utilisation of Pre-IPO proceeds shall be completely attributed/adjusted towards GCP portion; unless auditor certified disclosures are made with regards to its utilisation towards the disclosed specific objects of the issue.

108. LM is advised to disclose offer expense to be borne by the issuer vis-à-vis Gross Fresh proceeds only (excluding expenses for OFS). LM is advised to ensure that Net offer should be calculated as Proceeds from Fresh issuance deducted by offer expense to be borne by the issuer.

109. Special Rights Available to Specific Shareholders :-

109.1. LM is advised ensure that special rights as disclosed in the DRHP shall terminate before filing of UDRHP. Further, LM is advised to include a categorical statement that it has gone through AoA of the issuer company and confirm to SEBI that no special rights to the promoters/shareholders in the AoA, at the time of filing of UDRHP.

109.2. LM is advised to ensure that Part B of the AoA of the company shall be deleted prior to the filing of UDRHP, if any. Further, as part of corporate governance and continuing listing compliance, the issuer shall ensure that no reference is ever made about the special rights to any shareholder in any way or any communication.

110. LM is advised to ensure following disclosures in the Issue advertisement for announcement of Price Band and all further advertisements as a box item below the price band:

"Risks to Investors:

i. *The [to be disclosed] Merchant Bankers associated with the issue have handled [to be disclosed] public issues in the past three years out of which [to be disclosed] issues closed below the issue price on listing date."*

ii. *Any adverse data in the basis for issue price should be disclosed. For example:*

- "The Price/Earnings ratio based on diluted EPS for [latest full financial year] for the issuer at the upper end of the Price band is as high as [to be disclosed] as compared to the average industry peer group PE ratio of [to be disclosed]."*

[if average industry peer group PE ratio is not available, then P/E of Nifty Fifty may be disclosed]

- "Average cost of acquisition of equity shares for the selling shareholders in IPO is [to be disclosed] and offer price at upper end of the price band is [to be disclosed]."*

- “Weighted Average Return on Net Worth for [last three full financial years] is [to be disclosed] %.”

The data on above disclosures shall be updated and disclosed prominently (in the same font size as the price band) in advertisements of Price Band and all further advertisements, website of the company and the stock exchange. Further, any adverse ratio / data in basis for issue price should be disclosed.

111. LM shall submit the draft advertisement for announcement of Price Band with SEBI before its publication in the newspapers for our comments, if any.

112. In respect of advertisement for announcement of Price Band, LM shall ensure the following is included:

- Recommendation of the Committee of Independent Directors that the price band is justified vis-à-vis the last round of fund raising giving quantitative factors / KPIs.
- The portion pertaining to “Risks to Investors” shall constitute at least 33% of the price band advertisement space.
- LM shall ensure that all issuer companies filing offer document should provide - Price at which specified security was acquired in the last 3 years, by each of the promoters, promoter group, selling shareholders, shareholders entitled with right to nominate directors or any other rights. Following details may be disclosed for such transactions in tabular format – name of acquirer, date of acquisition, number of shares acquired and acquisition price per share.
- The risks to investors shall include weighted average cost of acquisition of all shares transacted in last 3 years and 1 year, from the date of RHP, in the following format:

Period	Weighted Average Cost of Acquisition (in Rs.)	Cap Price is 'X' times the Weighted Average Cost of Acquisition	Range of acquisition price: Lowest Price - Highest Price (in Rs.)
Last 1 year			
Last 3 years			

- The font size for price band and “Risk to investors” should be increased to match the font of BID/Offer Programme.
- Matters related to ASBA and UPI may be brought subsequent to Price Band, Risks to Investors, Bid/ Offer Programme and other offer details, and can be of smaller font.
- The portion pertaining to “BRLMs” shall not constitute more than 10% of the price band advertisement space.



113. LM shall ensure that the details with respect to Fresh Issue and Offer for Sale be separately disclosed in the Price Band advertisement and details of selling shareholders be presented in a tabular format.

114. LM shall ensure that the range of acquisition price (lowest price-highest price), as disclosed in the RHP and Price Band advertisement, should not be 'Nil' and be computed exclusive of bonus and gift.

115. LM is advised to disclose major risk factors concisely in the "Risk to investors" section of the Price Band Advertisement.

116. LM shall ensure that the details of past issues handled by BRLMs, which closed below the offer price on the listing date, to be published in the below mentioned format:

BRLMs	Total Issues	Issues closed below IPO Price on listing date
BRLM 1/ BRLM 2/ BRLM 3		
Common issues of BRLMs		
Total		

Annexure II

General Observations

1. LM is advised to ensure that prior to filing of RHP with Registrar of Companies, the Issuer Company has received crucial clearances / licenses / permissions / approvals from the required competent authority which are necessary for commencement of the activity for which the issue proceeds are proposed to be utilized.
2. LM is advised to ensure that the 'Observation Letter' issued by SEBI is included among the material contracts and documents for inspection.
3. LM is advised to ensure that cover page to be strictly in compliance with the ICDR Schedule VI- all extra texts may be avoided to ensure that the focus remains on the statutory texts mentioned in the Schedule.
4. LM is advised to ensure that prior to proceeding with the issue, "No Objection Certificates" are obtained from all the lenders with whom the company has entered into an agreement and the terms of such agreement require an approval to be taken.
5. LM is advised to ensure that adequate disclosures are made to disclose any material development which may have a material effect on the Issuer Company between the date of registering final prospectus or the red herring prospectus or the letter of offer, with the Registrar of Companies or designated stock exchange, as the case may be, and the date of allotment of specified securities, while ensuring compliance with Regulation 42 and Schedule IX of SEBI (ICDR) Regulations, 2018.
6. LM is advised to ensure that exact cross-referencing of page numbers is provided in the offer document instead of general cross-referencing.
7. In terms of Regulation 7.(1)(c) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 and Regulation 31.(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Issuer Company and the Lead Manger are advised to ensure compliance with the requirement pertaining to shareholding of promoter(s) and promoter group to be held in dematerialised form.
8. LM is advised to ensure that SCORES authentication is taken by the issuer company prior to listing.
9. In pursuance of Regulation 25 Sub-Regulation 9(a) of SEBI (ICDR) Regulations, 2018, LM is advised to certify while submitting the in-seriatim reply that all amendments, suggestions and observations advised by SEBI have been complied



with and duly incorporated in the offer document, while also indicating the page number for the same.

10. ASBA:

116.1. LM is advised to ensure that sufficient number of Physical ASBA forms are printed and dispatched directly to all designated branches of SCSBs which are located in places of mandatory collection centers as specified in Schedule XII of SEBI (ICDR) Regulations, 2018, Syndicate Members and Registered Brokers of Stock Exchanges, the Registrars to an Issue and Share Transfer Agents (RTAs) and Depository Participants (DPs) registered with SEBI, at least two days before the opening of the issue. This shall be in addition to ASBA forms which shall be sent to controlling branch of SCSBs for sending to designated branches other than those located in mandatory collection center.

116.2. LM is advised to ensure that the ASBA mode of payment is highlighted in bold in all the advertisement / communication informing about the issue. Further, LM is also advised to ensure that the following is suitably incorporated in all advertisements / communications regarding the issue issued by the issuer:

- a. The following may appear just below the price information of the issue as shown below:

**"PRICE BAND: RS. xx TO RS. xx PER EQUITY SHARE OF FACE
VALUE OF RS. xx EACH**

**THE FLOOR PRICE IS xx TIMES OF THE FACE VALUE AND THE CAP
PRICE IS xx TIMES OF THE FACE VALUE**

**BID CAN BE MADE FOR A MINIMUM OF xx EQUITY SHARES AND IN
MULTIPLES OF xx EQUITY SHARES THEREAFTER.**

ASBA *

(APPLICATION SUPPORTED BY BLOCKED AMOUNT)

Simple, Safe, Smart way of Application !!!

Mandatory in public issue .No cheque will be accepted



now available in ASBA for retail individual investors.

**ASBA is a better way of applying to issues by simply blocking the fund in the bank account.*

For further details check section on ASBA below."

- b. The following paragraph on ASBA may be inserted in the advertisement/Communications:

"ASBA has to be availed by all the investors except anchor investors. UPI may be availed by Retail Individual Investors.

For details on the ASBA and UPI process, please refer to the details given in ASBA form and abridged prospectus and also please refer to the section "Issue Procedure - Issue Procedure of ASBA Bidders" beginning on page xxx of the Red Herring Prospectus. The process is also available on the website of AIBI and Exchanges in the General Information Document."

*ASBA bid-cum application forms can be downloaded from the websites of Bombay Stock Exchange and National Stock Exchange and can be obtained from the list of banks that is displayed on the website of SEBI at **www.sebi.gov.in**.**List of banks supporting UPI is also available on the website of SEBI at **www.sebi.gov.in****.*
