

**MATERIALITY POLICY**

**INTRODUCTION**

Pursuant to the amendments introduced to the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (the “**SEBI ICDR Regulations**”) on March 3, 2025, this policy (the “**Policy**”) has been formulated to substitute the Materiality Policy adopted by the Board of Directors of LG Electronics India Limited (the “**Company**”) on December 4, 2024. The Policy has been formulated to define the respective materiality policies in respect of the Company, pursuant to the disclosure requirements prescribed under Schedule VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the “**SEBI ICDR Regulations**”), in respect of the following:

- A. Identification of group companies to be disclosed in the Offer Documents (defined below);
- B. Identification of ‘material’ outstanding litigation; and
- C. Identification of material outstanding dues to creditors.

**APPLICABILITY**

The board of directors of the Company (the “**Board**”) at their meeting held on April 7, 2025 discussed and approved this Policy. This Policy shall be effective from the date of its approval by the Board.

In this Policy, the term “**Offer Documents**” shall mean the red herring prospectus and the prospectus and any addendum or corrigendum thereto, to be filed by the Company in connection with the proposed initial public offering of its equity shares with the Registrar of Companies, Delhi and Haryana at New Delhi and thereafter with the Securities and Exchange Board of India (“**SEBI**”) and stock exchanges where the equity shares of the Company are proposed to be listed, as applicable.

All other capitalised terms not specifically defined in this Policy shall have the meanings ascribed to such terms in the Offer Documents.

The policy on materiality shall be without prejudice to any disclosure requirements, which may be prescribed under the Companies Act, 2013 and the rules thereunder with respect to disclosure of litigation, notices, disputes and other proceedings in the Offer Documents or by SEBI and/or such other applicable authority with respect to listed companies or disclosure requirements as may be prescribed by SEBI through its observations on the Offer Documents, or disclosures that may arise from any investor or other complaints, or any other applicable law. In this regard, it is clarified that the above policy on materiality is solely from the perspective of disclosure requirements prescribed under the SEBI ICDR Regulations with respect to the Offer Documents and should not be applied towards any other purpose.

**A. Identification of companies to be disclosed as group companies**

*Requirement:*

The SEBI ICDR Regulations define “group companies” as “*such companies (other than promoter(s) and subsidiary/ subsidiaries) with which there were related party transactions, during the period for which financial information is disclosed, as covered under the applicable accounting standards, and also other companies as considered material by the board of the issuer*”.

Therefore, for the purpose of disclosure in the Offer Documents, the following shall be considered group companies of the Company:

- (i) such companies (other than the promoter(s) or subsidiary(ies) of the Company) with which there were related party transactions, during the period for which financial information will be disclosed in the Offer Documents, as covered under the applicable accounting standards; and
- (ii) other companies considered material by the Board.

## *Policy*

For the purpose of (ii) above, companies (other than the promoter(s) and subsidiary(ies) of the Company) forming part of the promoter group in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations, with which the Company has had related party transactions during the last completed full financial year and stub period, as applicable, which, individually or in the aggregate, exceed 10% of the total revenue from operations of the Company for the last completed full financial year, as per the restated consolidated financial statements disclosed in the Offer Documents.

### **B. Identification of ‘material’ outstanding litigation (excluding criminal proceedings, actions by statutory/regulatory authorities, disciplinary actions against the promoter and taxation matters)**

#### *Requirement:*

As per the requirements of the SEBI ICDR Regulations, the Company shall disclose the following outstanding litigations:

- (i) All outstanding criminal proceedings involving the Company, its directors and its promoter, LG Electronics Inc. (“**Promoter**”) (collectively the “**Relevant Parties**”), and key managerial personnel and senior management who have been identified in terms of the SEBI ICDR Regulations, including such matters which are at the FIR stage and no/ some cognizance has been taken by any court;
- (ii) All outstanding actions, involving the Relevant Parties ,and key managerial personnel and senior management who have been identified in terms of the SEBI ICDR Regulations, (including show cause notices) by regulatory and statutory authorities;
- (iii) Disciplinary action including penalty imposed by the Securities and Exchange Board of India or stock exchanges against the Promoter in the last five fiscals including outstanding action;
- (iv) All outstanding claims related to direct and indirect tax matters, involving the Relevant Parties, (a) in a consolidated manner, giving the number of cases and total amount, and (b) in a descriptive manner of cases that exceed the Materiality Amount for the Company and its directors and Promoter Materiality for the Promoter (*defined below*); and
- (v) Details of any other pending civil litigation, involving the Relevant Parties, which are determined to be material as per a policy defined and adopted by the Board.

Further, as per the requirements of the SEBI ICDR Regulations, the Company shall also disclose such outstanding litigations involving the group companies, which has a material impact on the Company.

#### *Policy on materiality:*

For the purpose of point (v) above, all outstanding litigation proceedings, including any litigation involving the Relevant Parties (other than criminal proceedings, actions taken by statutory or regulatory authorities, and direct or indirect tax claims) shall be disclosed:

- a. as regards the Company and the Directors, the monetary amount of claim by or against the entity or person in any such pending proceeding is individually in excess of the lower of the following (A) 2.00% of the turnover of the Company as per the Restated Financial Statements for the last Fiscal; (B) 2.00% of the networth of our Company as per the Restated Financial Statements for the last Fiscal; or (C) 5.00% of the average of the absolute value of the profit/loss after tax of our Company as per the Restated Financial Statements for the last three Fiscals (“**Materiality Amount**”);
- b. as regards the Promoter, the following civil proceedings shall be considered material (“**Promoter Materiality**” and together with the Materiality Amount, the “**Materiality Threshold**”):
  - (i) such lawsuits exceeding 2.50% or more of the equity capital of large size corporations as required to be disclosed under Article 7, Paragraph 3(c) of the KOSPI Market Disclosure Regulations formulated on January 21, 2005, as amended; and

- (ii) such proceedings as disclosed by the Promoter pursuant to Article 11-2-1 of the Standards for Corporate Disclosure Form enacted by the Financial Supervisory Service (Korea);
- c. the decision in one case is likely to affect the decision in similar cases, even though the amount involved in an individual litigation may not exceed the Materiality Threshold; or
- d. the monetary liability is not quantifiable for any other outstanding litigation, or the amount does not exceed the Materiality Threshold in an individual litigation, the outcome of which may have a material bearing on the business, operations, performance, prospects, financial position or reputation of our Company.

It is clarified that for the purpose of this Policy, pre-litigation notices received by the Relevant Parties from third parties (excluding notices from statutory, regulatory or tax authorities) shall not be evaluated for materiality until such persons are impleaded as defendants or respondents in proceedings before any judicial/arbitral forum or is notified by any governmental, statutory, or regulatory authority of any such proceeding that may be commenced.

### **C. Identification of material outstanding dues to creditors**

#### *Requirement:*

As per the requirements of the SEBI ICDR Regulations, the Company shall make relevant disclosures for outstanding dues to creditors as follows:

- (i) based on the policy on materiality defined by the Board, details of the creditors which include the consolidated number of creditors and the aggregate amount involved, will be disclosed in the Offer Documents;
- (ii) consolidated information on outstanding dues to micro, small and medium enterprises and other creditors, separately giving details of number of cases and amount involved will be disclosed in the Offer Documents; and
- (iii) complete details about outstanding dues to material creditors along with the name and amount involved for each such material creditor shall be disclosed on the website of the Company with a web link thereto in the Offer Documents.

#### *Policy on materiality:*

For identification of material creditors for disclosure in the Offer Documents in terms of point (i) above, all creditors of the Company to whom the amount due from the Company exceeds 5.00% of the total trade payables of the Company for the latest financial period for which the restated consolidated financial statements is disclosed in the Offer Documents, shall be considered to be material.

### **GENERAL**

This Policy shall be subject to review/changes as may be deemed necessary and in accordance with regulatory amendments from time to time.

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