

	IPO Details				Company Background			
Opening Date	Sept 25, 2023			<ul style="list-style-type: none">Newjaisa Technologies Limited was originally incorporated in the year 2020 and has its registered office in Maharashtra.The Company is a technology-driven direct-to-consumer refurbished IT electronics company providing quality refurbished electronics at significant discounts as compared to new products.The company is currently focused on operating in the Indian market and caters to the Pan India customer.As of 31st August 2023, the Company has 99 Employees and 248 Interns on its payroll.				
Closing Date	Sept 27, 2023							
Stock Exchange	NSE SME							
Lot Size	3,00 Shares							
Issue Price	₹ 44 to ₹ 47 per share							
Issue Size	Aggregating up to 39.93 Cr.							
Fresh Issue	Aggregating up to 39.93 Cr.							
Offer for Sale	-							
Application Amount	₹ 1,41,000							
	IPO Objective				Market Capitalization (In Cr.)			
Expansion of refurbishment facility and purchase of plant, machinery, and equipment.				Pre-Issue		Post-Issue		
Investment in technology development, Branding and marketing, and funding working capital requirements.				₹ 111		₹ 151		
Repayment of bank facilities and General Corporate Purpose.					Financial Summary (In Lacs)			
				For the Period Ended	Mar-21	Mar-22	Mar-23	
				Total Assets	337.99	559.15	2,208.69	
				Net Assets	74.36	254.55	930.12	
				Total Borrowings	163.31	184.90	748.53	
				Total Revenue	960.71	2,792.50	4,453.23	
				Profit After Tax	73.36	179.88	675.56	
	Pre-Issue Shareholding				Tentative Timeline			
Category	No. of Shares	% of Total Shares		Opening Date	Sept 25, 2023			
Promoter & Promoter Group	2,23,19,938	94.23%		Closing Date	Sept 27, 2023			
Public	13,67,534	5.77%		Basis of Allotment	Oct 04, 2023			
	Promoter of the Company			Initiation of Refunds	Oct 05, 2023			
1	Vishesh Handa			Credit of Shares to Demat	Oct 06, 2023			
2	Mukunda Raghavendra			Listing Date	Oct 09, 2023			
	Competitive Strengths							
1	Proprietary and scalable refurbishment process.							
2	Partnership with industry leaders.							
3	Highly qualified team with robust experience.							

Company Background and Analysis

The Company was originally incorporated in the year 2020. The company is a technology-driven direct-to-consumer refurbished IT electronics company providing quality refurbished electronics at significant discounts as compared to new products. The company's goal is to provide best-in-class, refurbished electronics at affordable prices.

The company's business model encompasses an end-to-end reverse supply chain for IT assets. It involves procuring used IT assets (laptops, desktops, and peripherals), refurbishing them to as close to new computer conditions, and selling them directly to end-use customers – businesses or retail. Currently, the Company is engaged in direct sales of IT Products i.e., Laptops/ Chromebooks, Desktops/Chrome boxes/ Monitors and Accessories (Keyboard, Mouse, Wi-Fi, Speakers) which is its key revenue model.

The company is currently focused on operating in the Indian market and caters to the Pan India customer base via e-commerce and online platforms and caters its products across industries. The four key customer segments include students, home users, SMEs and working professionals.

The company's products include – Laptops/Chromebooks, Desktops/Chrome boxes/Monitors. And Accessories (Keyboard, Mouse, Wi-Fi, Speakers). The company's business model includes – Sourcing Inventory from Recyclers and Corporate Clients. Refurbishment Process and is then made ready for sales to end users. The last step is sales and marketing of the product. The company sells the products through online e-commerce channels, its own website, and direct enquiries from corporate clients and educational institutions.

Product-wise revenue break-up for the fiscal year ended 2021, 2022, and 2023 are given below-

(Amount in Lakhs)

Particulars	Fiscal 2021		Fiscal 2022		Fiscal 2023	
	Amount	%	Amount	%	Amount	%
Laptops / Chromebooks	296.74	30.89	838.60	30.04	2,309.75	51.87
Desktops / Chromeboxes / Monitors	653.74	68.05	1,873.14	67.09	1,996.25	44.83
Accessories (Keyboard, Mouse, WiFi, Speakers)	10.19	1.06	80.16	2.87	146.98	3.30
Total	960.67	100.00	2,791.90	100.00	4,452.98	100.00

Online/Offline-wise revenue break-up for the fiscal years ended 2021, 2022, and 2023 are given below-
(Amount in Lakhs)

Particulars	Fiscal 2021		Fiscal 2022		Fiscal 2023	
	Amount	%	Amount	%	Amount	%
Online Sales	684.19	71.22	2,003.37	71.76	2,833.41	63.63
Offline Sales	-	0.00	-	0.00	381.72	8.57
Corporate Sales	276.48	28.78	788.53	28.24	1,237.85	27.80
Total	960.67	100.00	2,791.90	100.00	4,452.98	100.00

To conclude, the company was originally incorporated in the year 2020. The company is a technology-driven direct-to-consumer refurbished IT electronics company. The company's major revenue generation is from Laptops and Chromebooks. The company conducts its operations mainly from online sales. The company is raising total gross proceeds of Rs. 39.93 Cr.

Business Strategies

1. Sales Diversification -

- i) Build a D2C offline channel to increase the sales footprint.
- ii) Tapping into Colleges and schools and offering laptops and desktops under attractive schemes/payment terms
- iii) Increasing sales to SME clients via rental model and Hardware as a Service (HaaS)
- iv) Expansion into International markets, build sales presence across Africa and South Asia - Position India as CoE for refurbishing.

2. Brand Building

- i) Revamping of the current website with the latest UI/ UX to increase customer experience and drive sales.
- ii) Partnerships & tie-ups with Edtech platforms, and SME associations to drive visibility within these customer segments.
- iii) Investment in Brand promotion & PR initiatives which will include programs driven via influencer ecosystem and brand ambassador engagement.

3. Product Expansion

The company plans to leverage the existing refurbishment platform to newer product categories aligned with the current expertise.

4. Value Driven Sourcing.

The company plans to increase direct sourcing through Strategic partnerships with corporates and increase the value proposition for the purchasing partners/resellers.

5. Engineered Operations.

The company plans to achieve productivity improvements through technology development and process improvement and also plans to Increase the proportion of repaired parts in the overall refurbishment process as opposed to the replacement of parts.

6. Deeper Tech Integration.

- i) The company plans to build a corporate liquidation marketplace: An automated platform for the entire ecosystem offering features such as asset testing, price discovery, e-auction etc.
- ii) Automated QC - Further automation development for quality check process that can handle multi-product, multi-platform QC requirements.
- iii) Deeper ERP integration - Providing unified ERP solution spanning across the supply chain from corporates to end customer life cycle management.
- iv) Analytics integration in decision making - Deeper embedded analytics across the supply chain would provide value to the corporate suppliers to realize better value for their assets and reduce operational waste.

Competitive Scenario and Peer Mapping

Competition

The company faces competition from both established and un-organized companies. The barrier to entry in such a sector is very low. The bargaining power with the suppliers is high and the bargaining power with the customers is relatively low in the sector in which the company operates.

Peer Analysis

The comparison of the key performance indicators of the listed peers as of Mar-23 is given below –

Particulars	Newjaisa Technologies Limited	Cerebra Technologies Limited
	31st Mar 2023	31st Mar 2023
Net Profit Margin	15.17%	2.94%
EBITDA Margin	19.69%	11.40%
Return on Capital Employed	93.34%	3.61%
Return on Equity	72.63%	0.97%
EPS (INR)	10.34	0.21

The comparison of the key performance indicators of the listed peers as of Mar-22 is given below –

Particulars	Newjaisa Technologies Limited	Cerebra Technologies Limited
	31st Mar 2022	31st Mar 2022
Net Profit Margin	6.44%	11.88%
EBITDA Margin	10.79%	18.36%
Return on Capital Employed	115.94%	16.31%
Return on Equity	70.67%	10.63%
EPS (INR)	1.98	2.26

The comparison of the key performance indicators of the listed peers as of Mar-21 is given below –

Particulars	Newjaisa Technologies Limited	Cerebra Technologies Limited
	31st Mar 2021	31st Mar 2021
Net Profit Margin	7.64%	1.76%
EBITDA Margin	11.44%	12.34%
Return on Capital Employed	145.56%	2.73%
Return on Equity	98.66%	0.42%
EPS (INR)	0.16	0.14

Based on the above analysis, The company has performed better than the peer company for FY 2023. The company's profitability margins are high when compared with the peer company for FY 2023. The RoCE and ROE are high when compared to the peer company, the EPS is high when compared with Cerebra Technologies Limited for FY 2023.

Industry Overview

Exhibit 1: Global and India Refurbished Market Share Analysis, by Product – 2023 & 2033F

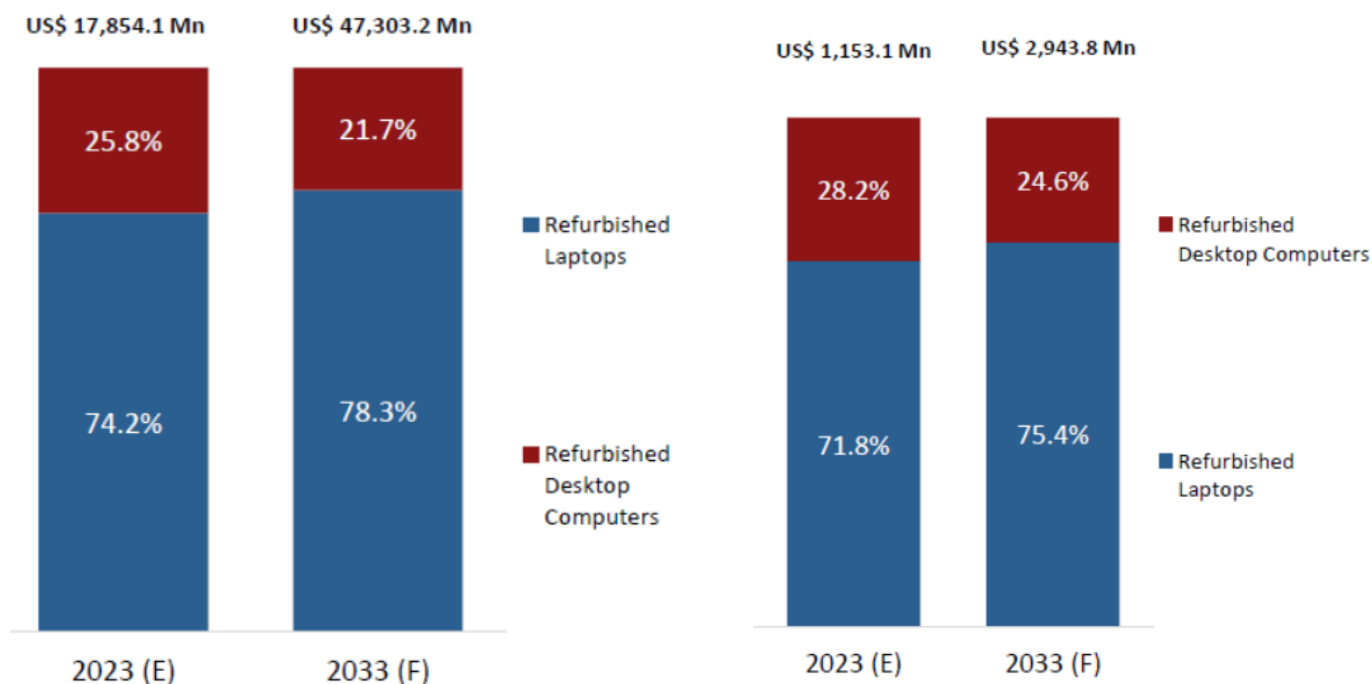
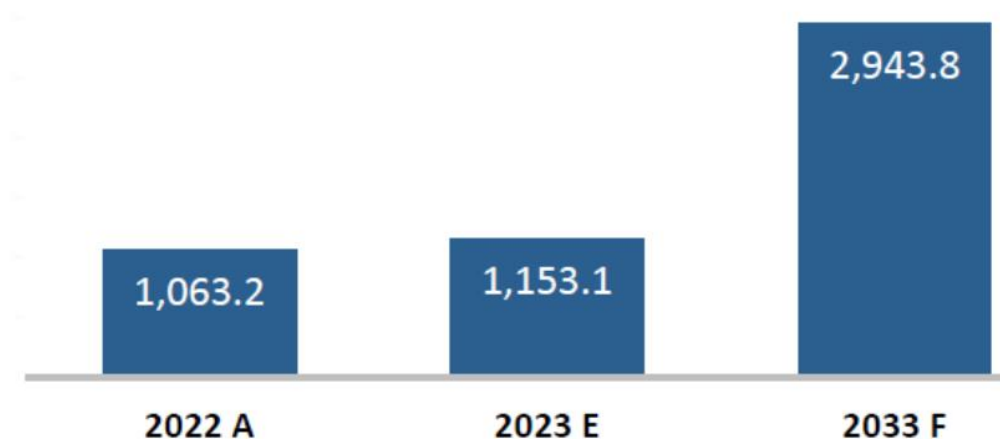


Exhibit 2: India Refurbished Computer and Laptop Market (US\$ million)



(Source: ibef.com)

Refurbishment Industry -

As consumers and businesses seek more affordable alternatives to new devices, the refurbished IT devices market has expanded to meet the demand. There has been a growing acceptance and trust in refurbished devices among consumers. As vendors improve refurbishment processes, enhance quality assurance, and offer warranty coverage, buyers are becoming more confident in the reliability and performance of refurbished computers and laptops.

Global Market Outlook –

The refurbished laptops segment is expected to dominate the global refurbished computers and laptops market and will contribute the largest share of 74.2% in 2023. The segment will create \$ an opportunity of US\$ 23,782.7 Mn during the forecast period. The refurbished laptops segment would be the most attractive segment during the forecast period. The refurbished desktop computers segment is expected to grow at a CAGR of 8.4% during the forecast period.

The online/eCommerce segment is expected to dominate the global refurbished computers and laptops market and will contribute the largest share of 65.4% in 2023. The segment will create \$ an opportunity of US\$ 21,495.6 Mn during the forecast period. The online/eCommerce segment would be the most attractive segment during the forecast period. The offline/brick-and-mortar stores segment is expected to grow at a steady CAGR of 8.6% during the forecast period.

Indian Market Outlook –

The India refurbished computers and laptops market is expected to reach US\$1,153.1 Mn in 2023 and is projected to reach US\$ 2,943.8 Mn by the end of 2033. The market is estimated to grow at a CAGR of 9.8% during the forecast period. Among the products, the refurbished laptops segment is expected to dominate the Indian market with a 71.8% share in terms of revenue in 2023. By sales channel, the online/eCommerce segment is projected to exhibit relatively high growth in the market with a CAGR of 10.6% over the forecast period.

The refurbished laptops segment is expected to dominate the India refurbished computers and laptops market and will contribute the largest share of 71.8% in 2023. The Windows OS segment is expected to grow at the highest CAGR of 10.4% during the forecast period. The online/eCommerce segment is expected to dominate the refurbished computers and laptops market and will contribute the largest share of 62.9% in 2023.

(Source: ibef.com)

Key Managerial Personnel

Vishesh Handa, aged 46, is one of the Promoters, Chairman, and Managing Director of the company. He holds a bachelor's degree in technology in Metallurgical Engineering & Material Science and a post-graduate diploma in management for executives. He has work experience of 23 years in the Information Technology sector. He specialises in Technology, Operations and Strategy Management matters and has been associated with the Company since June 16, 2020.

Mukunda Raghavendra, aged 51, is one of the Promoters, and Whole-Time Director of the company. He holds a diploma in Electronics & Communications. He has work experience of 29 years in post-sales activity, warranty service delivery, OEM services, repair & refurbishment services, customer walk-in services, people management, and business development from existing customers. He has been associated with the Company since June 16, 2020.

Ankita Handa, aged 38, is the Non-Executive Director of the company. She holds a bachelor's degree in Electronics and Telecommunications Engineering and an MBA from the Department of Management Sciences. She has work experience of 17 years in operations & quality management. She has been associated with the Company since January 13, 2023.

Gaurav Jindal, aged 44, is the Independent Director of the company. He holds a bachelor's degree in technology in production and industrial engineering, and a post-graduate diploma in management for executives. He has 21 years of work experience in the field of information technology systems. He has been associated with the Company since June 8, 2023.

Purav D Shah, aged 46, is the Independent Director of the Company. He holds a master's degree in information technology and a Bachelor of Science. He has 25 years of professional experience, spanning from analyst to leadership positions in Big 4 consulting firms, top-tier IT service providers, and start-ups. He has been associated with the Company since June 8, 2023.

To conclude, the company has 2 promoters, and they have good experience in the fields in which the company operates. The remaining directors have good knowledge and experience in the fields which help in the growth of the business. The remaining directors have recently been associated with the company.

Financial Snapshot

Profit and Loss Statement (In Lacs)			
Particulars	FY 21	FY 22	FY 23
Revenue from Operations	960.67	2,791.90	4,452.98
Other Income	0.04	0.60	0.25
Total Income	960.71	2,792.50	4,453.23
Expenses			
Purchase of traded goods	642.10	1,907.14	2,520.18
Employee benefits expense	76.25	223.13	468.08
Finance costs	11.31	54.31	54.32
Depreciation and Amortization expense	0.50	2.49	3.72
Other expenses	132.42	360.46	588.03
Total Expenses	862.58	2,547.53	3,634.33
Earnings Before Interest, Taxes, Depreciation & Amortization	109.90	301.17	876.69
EBITDA Margin	11%	11%	20%
Profit/(Loss) before tax	98.13	244.97	818.90
Tax Expense			
Current Tax	24.64	61.99	141.13
Prior Year Tax	-	2.95	1.92
Deferred tax (net)	0.13	0.15	0.29
Total Tax Expense	24.77	65.09	143.34
Profit/(Loss) for the year	73.36	179.88	675.56
Net Profit Margin	8%	6%	15%

Balance Sheet (In Lacs)			
Particulars	FY 21	FY 22	FY 23
EQUITY AND LIABILITIES			
Equity			
Share Capital	1.00	36.00	36.00
Reserves and Surplus	73.36	218.55	894.12
Total Equity	74.36	254.55	930.12
Liabilities			
Non-current liabilities			
Borrowings	0.67	3.08	4.83
Deferred Tax Liabilities	0.13	-0.02	0.27
Total Non-current liabilities	0.80	3.06	5.10
Current liabilities			
(i) Short Term Borrowings	162.64	181.82	743.70
(ii) Trade Payables			
i) Due to micro and small enterprises	-	-	-
ii) Due to other than micro and small enterprises	17.55	-	321.72
Other Current Liabilities	65.62	108.21	119.38
Short-Term Provisions	17.02	11.51	88.68
Total Current liabilities	262.83	301.54	1,273.48
Total Liabilities	263.63	304.60	1,278.58
Total Equity and Liabilities	337.99	559.15	2,208.70
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	21.03	25.10	36.08
Capital WIP - Intangible Assets	-	-	4.50
Other Non-Current Assets	5.50	9.00	10.66
Total Non-Current assets	26.53	34.10	51.24
Current Assets			
Inventories	70.09	346.48	1,282.75
Trade Receivables	80.52	147.56	572.17

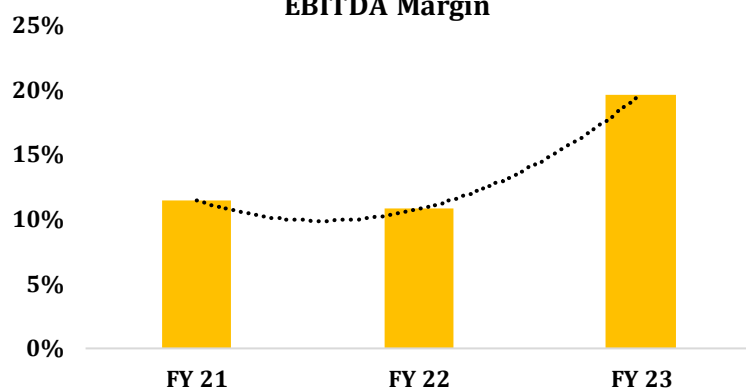
Balance Sheet (In Lacs)			
Cash and Cash Equivalents	138.25	7.91	140.71
Short-Term Loans and Advances	22.60	23.10	161.82
Total Current assets	311.46	525.05	2,157.45
Total Assets	337.99	559.15	2,208.69

Cash Flow Statement (In Lacs)			
Particulars	FY 21	FY 22	FY 23
Net Cash Flow from Operating Activities	-3.86	-143.31	-409.88
Net Cash Flow from Investing Activities	-21.53	-6.20	-19.20
Net Cash Flow from Financing Activities	163.64	19.18	561.89

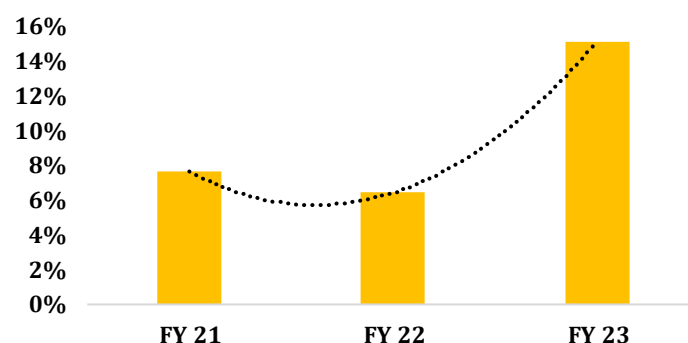
Ratio Sheet			
Particulars	FY 21	FY 22	FY 23
Per Share Data			
Diluted EPS	0.33	0.81	3.03
BV per share	0.23	0.79	2.89
Operating Ratios (%)			
EBITDA Margins	11%	11%	20%
PAT Margins	8%	6%	15%
Inventory days	26.63	45.30	105.14
Debtor days	30.59	19.29	46.90
Creditor days	9.98	-	46.60
Return Ratios (%)			
RoCE	146%	116%	93%
RoE	99%	71%	73%
Valuation Ratios (x)			
EV/EBITDA	0.90	1.43	1.75
Market Cap / Sales	15.75	5.42	3.40
P/E	142.42	58.02	15.51
Price to Book Value	203.42	59.42	16.26
Solvency Ratios			
Debt / Equity	2.20	0.73	0.80
Current Ratio	1.19	1.74	1.69
Quick Ratio	0.92	0.59	0.69
Asset Turnover	2.84	4.99	2.02
Interest Coverage Ratio	9.67	5.50	16.07

Financial Charts

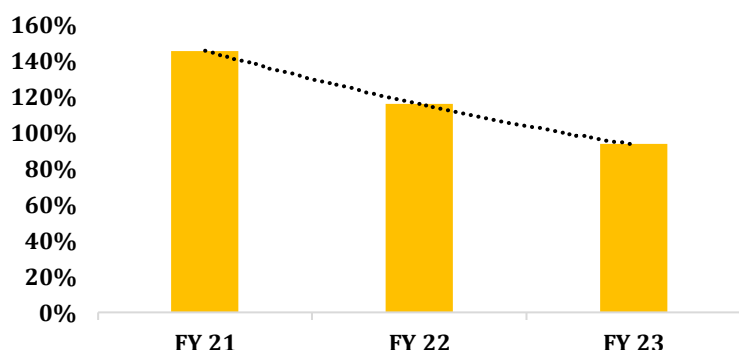
EBITDA Margin



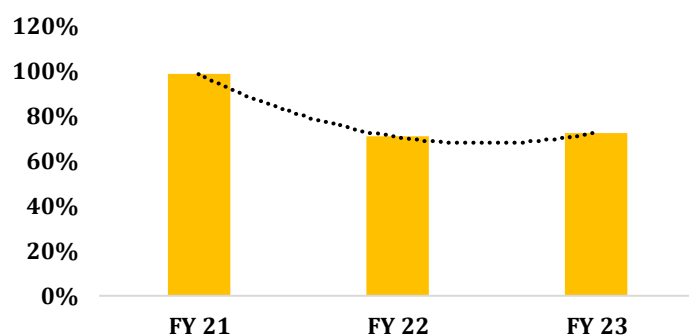
Net Profit Margin



Return On Capital Employed



Return on Equity



Key Risk Factors

1. The Company purchases of IT Supplies are concentrated from a few suppliers with the top 10 suppliers contributing 85.69%, 67.73 % and 95.20% of the total purchases of IT Supplies during the Fiscal 2023, 2022 and 2021 respectively.
2. The business is subject to seasonality (as they see higher demand for the products from the customers during the festive seasons), which may contribute to fluctuations in the periodical results of operations and financial conditions.
3. The products are subject to rigorous testing and quality checks before they are dispatched to customers. The sales returns rate was 14.91%, 18.06% and 11.99% during the Fiscal 2023, 2022 and 2021 respectively.
4. There are outstanding legal proceedings involving the Company, Promoters and Directors. Any adverse decision in such proceeding may have a material adverse effect on the business, results of operations and financial condition. 1 case against the company Income tax case amounting to Rs. 13.35 lakhs, and 1 income tax case against the promoter and directors amounting to Rs. 19.79 lakhs.
5. The company has negative cash flow in its operating activities in the previous three financial years.

Track Record of Lead Manager

The lead manager to the issue is Indorient Financial Services Limited. A table has been set below highlighting the details of the IPO of the last companies handled by the Lead Manager in recent times –

Indorient Financial Services Limited -

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	eMudhra Limited	412.79	256.00	June 01, 2022	484.00
2.	Secmark Consultancy Limited	15.04	135.00	October 01, 2020	90.00

*CMP for the above-mentioned companies is taken as of 22nd September 2023.

As per the offer document, Indorient Financial Services Limited has had 2 mandates in the last three fiscal years. For Indorient Financial Services from the above-mentioned mandates 1 opened at a discount and 1 has opened at premiums on the listing date.

Recommendation

The company has been in the industry since 2020 and is relatively new to the industry. The top line of the financials has seen a sudden surge in its revenue and ratio for FY 2023. The bottom line has also seen a sudden surge which might not be sustainable going forward.

The PE on an annualised and post-IPO basis is 15.72 times which seems to be fairly priced by looking at the performance of the company. The peer company's P/E is 34.52 times.

The company operates in a competitive segment. The management outlook of the company is satisfactory. The financial outlook of the company is decent, but the company has seen a sudden surge in profitability margins and has had negative operating cash flow for three consecutive years. The demand for such products has increased but the company's sudden surge ahead of the IPO raises concerns about sustainability. Knowledgeable investors can invest in this IPO. Thus, we recommend **Risk Averse Investors should wait, and Risk Seekers should apply.**

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