



## IPO Note

### GNG Electronics Limited

Recommendation: **APPLY!**

**Business - GNG Electronics Limited** is the India's largest refurbisher of laptops and desktops and among the largest refurbishers of ICT devices overall, both globally and in India with significant presence across India, USA, Europe, Africa and UAE.

#### Objects of the Issue -

Particulars	Amount
Repayment of certain borrowings availed by company and subsidiary (Electronics Bazaar FZC)	Rs. 320.00 Cr.
General Corporate Purposes	

**Promoters Name** - Sharad Khandelwal, Vidhi Sharad Khandelwal, Kay Kay Overseas Corporation and Amiable Electronics Private Limited

Promoter Share Holding Pattern	
Pre Issue 95.01%	Post Issue 78.71%

#### Rationale for recommendation -

**GNG Electronics Limited**, incorporated in Oct-2006, has a significant operating history in the electronics refurbishing industry. The company has expanded exports from 50.53% in FY23 to 75.53% in FY25 and grown its customer base from 1,833 to 4,154 over the same period. It operates five refurbishing facilities across India, UAE, and USA, with strong brand partnerships including HP and Lenovo. The company is geographically diversified, with FY25 revenue contributions of 24.47% from India, 50.62% from the Middle East and 17.89% from the USA. However, it faces moderate customer and supplier concentration risks, with the top 10 customers and suppliers contributing 46.59% and 57.04% respectively in FY25. Revenue grew by 72.56% in FY24 and 23.98% in FY25, supported by higher product sales and leasing income. Margins remained stable with EBITDA at 7.46%-8.94% and PAT at 4.60%-4.92%. RoCE and RoE ranged from 35%-46% and 29%-32%, indicating strong returns. Rising debt levels, with the D/E ratio increasing to 1.92 in FY25, along with a declining quick ratio, indicate inefficiencies in working capital management, further evidenced by the company's continued reliance on working capital loans. The company also has contingent liabilities of Rs. 92.26 Cr. and pending tax proceedings. The customer satisfaction is moderate in B2C segment which contribute around 5% of total sales. Overall, the financial outlook appears sustainable and management quality satisfactory. With a post-issue P/E of 39.14, which is slightly high, we recommend **APPLY** to the IPO, considering the company's global scale, integrated operations and strong industry positioning.

#### IPO Details

Opening Date	Jul 23, 2025
Closing Date	Jul 25, 2025
Allotment Date	Jul 28, 2025
Listing Date	Jul 30, 2025
Stock Exchange	BSE, NSE
Lot Size	63 Shares
Issue Price Per Share	₹225 - ₹237
Issue Size	460.43 Cr.
Fresh Issue	400.00 Cr.
Offer for Sale	60.43 Cr.
Application Amt	₹14,931 - ₹1,94,103 (63 - 819 shares)

#### KPIs (In Crores)

KPI's	FY 23	FY 24	FY 25
Revenue	659.54	1,138.14	1,411.11
EBITDA	50.04	84.90	126.14
Net Profit	32.43	52.31	69.03
RoCE	35.90%	45.18%	38.19%
ROE	29.06%	32.06%	30.48%
P/E	71.17	44.13	33.43

#### Valuation Parameters

Particulars	Pre-Issue	Post Issue*
EPS	7.09	6.05
BVPS	23.38	55.01
P/E	33.43	39.14
P/BV	10.14	4.31
Mkt Cap (In Cr)	2,302.07	2,702.07

\*Annualized

#### Lead Managers -

- Motilal Oswal Investment Advisors Limited
- IIFL Capital Services Limited
- JM Financial Limited

#### Registrar -

Bigshare Services Private Limited

## Industry Overview –

The Indian consumer electronics market has experienced rapid growth in recent years, driven by rising disposable incomes, urbanization and increasing digital connectivity. The Indian PC market, encompassing desktops and laptops, has witnessed significant evolution in recent years. The global used and refurbished electronics market comprises of electronics that are either resold ‘as-is’ or after being refurbished. The refurbishment of PCs involves both software and hardware repairs across multiple levels—such as replacing faulty components, software reinstallation and chip repairs combined with cosmetic refurbishment to ensure they look and function like new laptops. Countries worldwide are setting ambitious targets and implementing various initiatives to tackle the growing challenge of e-waste. These targets aim to improve recycling rates, enhance waste management infrastructure and promote the principles of a circular economy.

**Market Size** - Global used & refurbished electronics market grew at a CAGR of 4.9% during CY18-24 reaching a value of US\$ 212.1B in CY24 and is projected to increase at a CAGR of 10.7% to reach US\$ 352.4B in CY29. The Indian consumer electronics market was valued at US\$ 71.7B in FY25 and is expected to rise at a CAGR of 12.4% from FY25-30 to reach US\$ 128.6B. The India ICT market, valued at US\$ 48.5B in FY25, is set to expand at a robust compound annual growth rate (CAGR) of 11.4%, reaching US\$ 83.3B by FY30. The Indian PC market reached US\$ 9.2B in FY25, further expected to grow with a CAGR of 11.9% from FY25 to FY30. The used & refurbished market in India has seen significant growth, expanding from US\$ 11.3B in FY19 to US\$ 19.8B in FY25, and is projected to reach US\$ 40.7B by FY30, at a CAGR of 15.6% over FY25-30. The used and refurbished premium smartphones market in India has experienced rapid growth, increasing from US\$ 0.5B in FY19 to US\$ 4.5B in FY25, and is projected to reach US\$ 11.7B by FY30, with a CAGR of ~21% over FY25-30. I



**Outlook** - India’s electronics refurbishing sector is poised for rapid expansion, driven by rising environmental awareness, cost-conscious consumers and government backing through initiatives like ERSO aimed at formalizing digital repair ecosystems. We can expect a compounded annual growth rate of around 10%–13% into the next decade as improved automation, certification standards and circular-economy policies further professionalize the industry.

(source : RHP)

## Business Overview -

**GNG Electronics Limited** is the India’s largest refurbisher of laptops and desktops and among the largest refurbishers of ICT devices overall, both globally and in India with significant presence across India, USA, Europe, Africa and UAE. They follow a repair-over-replacement approach, which provides cost advantages and helps achieve true sustainability by reducing carbon footprint. They operate under the brand “Electronics Bazaar”, with presence across the full refurbishment value chain i.e., from sourcing to refurbishment to sales, to after – sale services and providing warranty. The company was originally incorporated as ‘GNG Electronics Private Limited’ on Oct-19, 2006. The company has subsidiary named Electronics Bazaar FZC. The company offer other value – added services such as ITAD and e – waste management services, warranties, doorstep service, on-site installation, flexible pay options, easy upgrades, assured buyback programmes and buyback programmes for refurbished ICT Devices.

**Raw Materials** – The company’s major materials apart from ICT Devices are spare parts and accessories such as hard disk drive, solid state drive, random access memory, keyboard, battery, adapters and cables.

## ICT Devices Revenue Bifurcation -

Particulars	FY2023		FY2024		FY2025	
	Amt	%	Amt	%	Amt	%
Sale of laptops	527.46	79.97%	772.42	67.87%	1,066.71	75.59%
Others	132.08	20.03%	365.72	32.13%	344.40	24.41%
<b>Total</b>	<b>659.54</b>	<b>100%</b>	<b>1,138.14</b>	<b>100%</b>	<b>1,411.11</b>	<b>100%</b>

- The company’s exports as percentage of total revenue has been increased from 50.53% in FY23 to 75.53% in FY25.
- The company’s number of customers has been increased from 1,833 in FY23 to 4,154 in FY25 and suppliers from 265 to 557 over the same period.
- The company’s 5 refurbishing facilities are located in India (Navi Mumbai), UAE (Sharjah) and USA (Texas).
- The company’s top 10 suppliers contribute 62.93%, 69.60% and 57.04% of total purchases in FY23, FY24 and FY25 respectively.
- The company’s top 10 customers contribute 44.14%, 55.77% and 46.59% of total revenue in FY23, FY24 and FY25 respectively.
- The company is well-diversified geographically, with FY25 revenue contributions of 24.47% from India, 50.62% from the Middle East, 17.89% from the USA and 7.02% from other countries.

## Business Strategies -

- The company aims to expand their footprint and increase their market presence in India and other countries to capitalize on the industry tailwinds.
- The company aims to expand global procurement and brand partnerships while aligning with ESG goals to drive sustainable growth and market leadership in refurbished electronics.

## FINANCIAL SNAPSHOT

Key Performance Indicators (Amt in Crores)				Key Ratios			
Particulars	FY23	FY24	FY25	Particulars	FY23	FY24	FY25
<b>P&amp;L Statement</b>				<b>Per Share Data</b>			
Total Income	662.79	1,143.80	1,420.37	Diluted EPS	3.33	5.37	7.09
Total Expenses	627.37	1,086.47	1,342.02	BV per share	28,839.23	42,185.89	23.38
EBITDA	50.04	84.90	126.14	<b>Operating Ratios</b>			
EBIT	47.26	81.25	116.69	EBITDA Margins	7.59%	7.46%	8.94%
PBT	35.42	57.32	78.34	PAT Margins	4.92%	4.60%	4.89%
Tax Expenses	2.99	5.02	9.31	Inventory days	74.91	101.06	126.20
Net Profit	32.43	52.31	69.03	Debtor days	50.58	37.59	17.54
<b>Balance Sheet</b>				Creditor days	-	-	-
<b>Total Equity</b>	<b>111.83</b>	<b>163.58</b>	<b>227.13</b>	<b>Return Ratios</b>			
<b>Liabilities</b>				RoCE	35.90%	45.18%	38.19%
Non-Current Liabilities	19.81	16.27	78.46	RoE	29.06%	32.06%	30.48%
Current Liabilities	153.86	405.97	413.87	<b>Valuation Ratios (x)</b>			
<b>Total Liabilities</b>	<b>173.68</b>	<b>422.24</b>	<b>492.33</b>	EV/EBITDA	3.96	4.87	4.76
<b>Assets</b>				Market Cap/Sales	0.001	0.001	1.63
Non-Current Assets	20.84	49.11	44.53	P/E	71.17	44.13	33.43
Current Assets	264.66	536.71	674.93	Price to Book Value	0.01	0.01	10.14
<b>Total Assets</b>	<b>285.50</b>	<b>585.82</b>	<b>719.46</b>	<b>Solvency Ratios</b>			
<b>Cashflow Statement</b>				Debt/Equity	1.02	1.95	1.92
Operating Cashflow	24.96	97.46	24.53	Current Ratio	1.72	1.32	1.63
Investing Cashflow	-1.12	-28.08	2.62	Quick Ratio	0.84	0.55	0.46
Financing Cashflow	-17.57	-28.90	-34.26	Asset Turnover	2.31	1.94	1.96
				Interest Coverage Ratio	3.99	3.40	3.04

## Financial Analysis -

- **Revenue from Operations** – The company's top line increased by 72.56% in FY24 and 23.98% in FY25 was due to increase in sale of products and leasing income.
- **EBITDA and PAT Margins** – The company's EBITDA margin fluctuated between 7.46% - 8.94% from FY23 to FY25 and PAT margin fluctuated between 4.60% - 4.92% over the same period, indicating stability in margins.
- **RoCE and RoE** – The company's RoCE has ranged between 35% and 46%, while RoE has remained between 29% and 32% from FY23 to FY25, indicating consistent and strong returns for investors.
- **Operating cashflow** – The company's positive operating cash flows are significantly supported by working capital loans.
- **D/E ratio** - The company's debt-to-equity ratio increased from 1.02 in FY23 to 1.92 in FY25, leading to a decline in its interest coverage ratio due to a rise in finance costs as a percentage of revenue.
- The company's quick ratio has been consistently declining despite an increase in the current ratio, indicating inventory build-up, which is further supported by a rise in inventory days.

**Financial Outlook** – The company's overall financials appear sustainable in the long run; however, the continuous increase in working capital loans raises concerns regarding inefficiencies in its working capital management.

## Lead Manager -

The IPO is handled by 3 lead managers. The lead managers have managed 78 IPOs in last 3 years, among them 62 IPOs have opened in premium, 5 IPOs have opened at par and 11 IPOs have opened in discount to their issue price on their respective listing dates.

## Risk Factors -

- The company has 7 tax proceedings, amounting to Rs. 9.17 Cr. and company's promoters have 11 tax proceedings, amounting to Rs. 41.04 Cr.
- The company's positive operating cash flows are significantly supported by working capital borrowings, which may indicate a continued reliance on such loans to meet future operational liquidity needs.
- The company's related party transactions contributed 8.68%, 16.61% and 8.82% of total sales in FY23, FY24 and FY25 respectively.
- The company has contingent liabilities, amounting to Rs. 92.26 Cr.

## Key Management

- Sharad Khandelwal is the Managing Director of the company. He has 29 years of experience in the information and communication technology industry.
- Amit Midha is the Non-Executive Non-Independent Director of the company. He has over 29 years of experience.
- Rinku Vikas Arora is the Chairperson and an Independent Director of the company. She has over 28 years of experience in the field of marketing, finance and management consultancy.
- The company's Non-Executive and Independent Directors are qualified and have significant experience in their respective fields.
- The company's Chief Financial Officer (CFO) has 11 years of experience and Company Secretary and Compliance Officer has over 6 years of experience.
- The company's other key managerial personnel and senior management also have significant experience in their respective fields.

**Outlook** – The overall management of the company is considered **satisfactory**.

## Peer Analysis

Particulars	GNG Electronics Limited			Newjaisa Technologies Limited		
	FY 23	FY 24	FY 25	FY 23	FY 24	FY 25
NP Margin	4.92%	4.60%	4.89%	15.14%	10.21%	-1.70%
EBITDA Margin	7.59%	7.46%	8.94%	19.63%	14.45%	2.23%
RoCE	35.90%	45.18%	38.19%	92.95%	14.46%	-0.43%
ROE	29.06%	32.06%	30.48%	72.40%	11.43%	-1.45%
EPS (INR)	3.33	5.37	7.09	6.04	2.91	-0.32
P/E	71.17	44.13	33.43	-	31.77	-160.16

## Disclaimer

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