# GNG ELECTRONICS LTD.

July 22, 2025

**SMC Ranking**

★★☆☆☆ (2/5)

## Issue Highlights

| | |
|---|---|
| **Industry** | **IT Hardware/ refurbished** |
| Offer for sale (Shares) | 2,550,000 |
| Fresh Issue (Shares) | 16,877,637 |
| **Net Offer to the Public** | **19,427,637** |
| Issue Size (Rs. Cr.) | 437.12-460.43 |
| Price Band (Rs.) | 225-237 |
| Offer Date | 23-Jul-25 |
| Close Date | 25-Jul-25 |
| Face Value | 2 |
| Lot Size | 63 |

## Issue Composition

| | In shares |
|---|---|
| Total Issue for Sale | 19,427,637 |
| QIB | 9,713,819 |
| NIB | 2,914,146 |
| Retail | 6,799,673 |

## Shareholding Pattern (%)

| Particulars | Pre-issue | Post -issue |
|---|---|---|
| Promoters & promoters group | 95.01% | 78.71% |
| QIB | 0.00% | 8.52% |
| NIB | 4.99% | 6.81% |
| Retail | 0.00% | 5.96% |
| **Total** | **100.00%** | **100.00%** |

*calculated on the upper price band

## Objects of the Issue

Prepayment and/or repayment, in full or in part, of all or a portion of certain outstanding borrowings availed by the Company and the Material Subsidiary namely,

Electronics Bazaar FZC

General Corporate Purposes

**Book Running Lead Manager**

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

**Name of the registrar**

- Bigshare Services Private limited

## About the company

Incorporated in 2006, GNG Electronics Limited is India's largest laptop and desktop refurbisher and a leading global player in the refurbished ICT market, with operations across 38 countries including the USA, Europe, Africa, and the UAE. Operating under the "Electronics Bazaar" brand, the company offers end-to-end refurbishment services—sourcing, repairs, sales, support, and warranties—delivering high-quality, affordable devices. GNG is India's largest Microsoft Authorized Refurbisher and a certified partner of Lenovo and HP. As of FY25, it serves 4,154 customers and partners with 557 global suppliers. The company also provides ITAD, e-waste management, and value-added services like installation, buybacks, and doorstep support. All facilities are certified under ISO, R2v3, and India's EPR, reflecting strong focus on quality, sustainability, and data security.

## Strength

**India's Largest Laptop Refurbisher with Leading Global Presence in ICT Devices:** GNG Electronics is India's largest and a globally prominent refurbisher of laptops and desktops, with operations across 38 countries. With five strategically located facilities, the company delivers high-quality refurbished ICT devices at up to one-third the cost of new ones, backed by warranties and strong performance. It serves individuals, SMBs, and enterprises through extensive online presence, a vast SKU range, and reliable after-sales service. GNG focuses on digital inclusivity across sectors like education and healthcare. Committed to sustainability, it reduces e-waste by extending device lifecycles, driven by a decade-long track record and customer-first approach.

**Robust Global Supply Chain with Diversified Sourcing and Broad Customer Base:** GNG's competitive edge lies in its extensive supply chain spanning 38 countries and 4,154+ touchpoints. It is a certified refurbisher for HP, Lenovo, and Microsoft and partners with IT leasing firms, NBFCs, and retailers like Vijay Sales. Sourcing from corporates, OEMs, and institutions enables consistent, high-quality procurement. The company's rigorous quality checks, strong brand collaborations, and participation in trade-in and buyback programs enhance trust and loyalty. Operating in mature e-commerce markets like North America and Europe, GNG benefits from strong customer ratings and efficient digital and offline strategies, ensuring repeat business and global leadership in refurbished ICT.

**Advanced Refurbishing Capabilities and State-of-the-Art Infrastructure with Strong Quality Focus:** GNG operates five state-of-the-art refurbishing facilities across India, UAE, and the USA, covering over 58,000 sq. ft. These centers are equipped with advanced technology and robust security systems, enabling efficient handling of a broad range of ICT devices. Its multi-step refurbishing process includes L1-L3 repairs, cosmetic work, laser reprinting, and LCD repair. Over 590,000 devices were refurbished in FY25, with stringent quality checks and global standard certifications from HP, Lenovo, ISO, and others. GNG also ensures secure data wiping using NIST and DoD-compliant methods. This infrastructure supports scale, quality, and sustainable operations across global markets.

**Well positioned to harness global shift to sustainability and growing focus on ESG:** GNG's refurbishment model supports the global ESG movement by reducing e-waste and extending the life of electronic devices. Its products, priced up to 70% lower than new ones, align with sustainable consumption goals and help curb environmental issues like soil and groundwater pollution. Certified under ISO 14001 and registered with India's CPCB for EPR, the company drives responsible e-waste practices and the circular economy. GNG's

government-approved refurbisher status and ESG-driven initiatives strengthen its global positioning—especially in eco-conscious markets like Europe—and promote affordable access to ICT while supporting employment and environmental responsibility.

**Experienced and qualified team with significant industry experience:** Under founder Sharad Khandelwal's 29-year industry leadership, GNG has become a leader in the global refurbished electronics market. The management team consists of experts in finance, operations, marketing, legal, HR, and international business, enabling agile execution of strategic initiatives. The company fosters talent through inclusive HR practices, training, and employee incentives like ESOPs. As of March 2025, its 949 skilled refurbishing technicians uphold high quality and productivity standards across facilities. This experienced team, backed by visionary leadership, ensures operational excellence and supports GNG's long-term growth in the global ICT refurbishment space.

## Strategies

**Expanding Global Footprint to Capitalize on Industry Tailwinds:** The global refurbished electronics market is booming, growing from US$ 60.3B in 2018 to US$ 110.6B in 2024, with projections of US$ 246.7B by 2029 at a 17.4% CAGR. In India, the market reached US$ 19.8B in FY25 and is expected to hit US$ 40.7B by FY30. Refurbished PCs are driving much of this growth, especially in India at 30% CAGR. Despite growing organized share, the Indian market remains fragmented. With strong global operations, competitive pricing, and over 4,000 customers, GNG is well-positioned to scale in both emerging and developed markets, targeting students, professionals, and institutions.

**Strengthening Global Procurement and Deepening Brand Partnerships:** GNG Electronics has expanded its procurement partner base from 265 in FY23 to 557 in FY25, fostering long-term relationships focused on sustainability and data privacy. Partnerships with HP and Lenovo support effective buyback programs, boosting GNG's sourcing, revenue visibility, and brand credibility. These collaborations also enable global scaling of assured buyback offerings, especially across the USA, Europe, and UAE. Refurbishment certifications from major OEMs and regulators further affirm GNG's quality and compliance. This dual focus on strategic procurement and certified excellence enhances stakeholder trust and positions GNG for growth through deeper brand alliances and market expansion.

**Driving ESG Excellence and Deepening OEM Collaborations:** GNG integrates sustainability into every facet of its operations by reducing e-waste and extending ICT device lifecycles. The company follows ISO standards and holds CPCB approvals, aligning with global ESG frameworks like the UN SDGs. By reclaiming parts and promoting digital access for underserved communities, GNG supports both environmental and social goals. Regions like Europe, where governments favor refurbished products, present major opportunities. Legislative backing in countries like France and Ireland further validates this trend. GNG aims to deepen OEM collaborations for circular economy initiatives, solidifying its ESG credentials and competitive edge in the global refurbished electronics industry.

## Risk Factor

- As of Fiscal 2025, Fiscal 2024 and Fiscal 2023, GNG Electronics derived 75.59%, 67.87% and 79.97%, respectively, of the operational revenue from only sales of laptops and therefore its continued success is necessary for the business and prospects. Any decline in the demand for such product may have an adverse impact on the business, revenue and profitability.
- GNG Electronics have substantial indebtedness which requires significant cash flows to service and limits the ability to operate freely. The debt servicing coverage ratio for Fiscal 2025, Fiscal 2024 and Fiscal 2023 was 0.25 times, 0.25 times and 0.40 times, respectively.
- The revenue generated from outside India accounts for a significant portion of the revenue from operations. As of Fiscal 2025, Fiscal 2024 and Fiscal 2023, the company derived 75.53%, 57.97% and 50.53%, respectively, of the revenue from outside India.

- A substantial portion of the revenues is dependent on the top 10 customers. During Fiscals 2025, 2024 and 2023 GNG Electronics derived 46.59%, 55.77% and 44.14%, respectively of the total revenue from operations from the top 10 customers.
- The company depends on a limited number of suppliers for the inventory. Any interruption in the availability of inventory may adversely impact the operations. Further, any failure by the suppliers to provide inventory to the company on time or at all, or as per the specifications and quality standards may have an adverse impact on the ability to meet the delivery schedules.
- Increase in the prices of parts and materials essential for the operations may negatively impact the business and financial performance. Furthermore, the ability to procure these parts and materials may be affected by price fluctuations in the future.

## Peer Comparison

| Co_Name | Total Income | PAT | EPS | P/E | P/BV | BV | FV | Price | Mcap |
|---|---|---|---|---|---|---|---|---|---|
| Newjaisa Tech | 65.66 | -1.13 | 1.92 | 17.71 | 1.43 | 23.86 | 5.00 | 34.00 | 120.20 |
| GNG ELECTRONICS LIMITED-RHP | 1411.11 | 69.03 | 7.11 | 39.14 | 4.31 | 55.01 | 10.00 | 237.00 | 2702.07 |

***Peer companies financials are TTM based**
****GNG Electronics Limited based on Actual FY25**

## Valuation

Considering the P/E valuation, on the upper end of the price band of Rs.237, the stock is priced at pre issue P/E of 33.35 x on FY25 EPS of Rs.7.11. Post issue, the stock is priced at a P/E of 39.14x on its EPS of Rs. 6.05. Looking at the P/B ratio at Rs. 237 pre issue, book value of Rs.23.38 of P/Bvx 10.14x. Post issue, book value of Rs.55.01 of P/Bvx 4.31x.

Considering the P/E valuation, on the lower end of the price band of Rs.225, the stock is priced at pre issue P/E of 31.66 x on FY25 EPS of Rs. 7.11. Post issue, the stock is priced at a P/E of 37.16x on its EPS of Rs. 6.05. Looking at the P/B ratio at Rs. 225 pre issue, book value of Rs. 23.38 of P/Bvx 9.62x. Post issue, book value of Rs.55.01 of P/Bvx 4.09x.

## Industry Outlook

The global refurbished personal computers (PC) market is witnessing robust growth, having expanded from USD 9.7 billion in 2018 to USD 17.1 billion in 2024 at a CAGR of 9.9%, and is projected to grow at 18.9% CAGR from 2024 to 2029, reaching USD 40.6 billion. The broader used and refurbished PC market is expected to hit USD 61 billion by 2029, with a CAGR of 10.4%, driven by rising demand for affordable yet reliable computing solutions.In India, the refurbished PC market has shown even stronger momentum, growing from USD 0.2 billion in FY19 to USD 1 billion in FY25 (28% CAGR), and is forecasted to touch USD 4 billion by FY30, at a CAGR of 30%. This growth is supported by a sharp shift in consumer preference towards refurbished over “as-is” used devices and increasing traction in the organized segment.The organized refurbished electronics market in India has grown significantly, from just 5.2% share in FY19 to 13.2% in FY25, and is expected to reach 39.7% by FY30, indicating a clear move toward quality, warranty-backed, and trusted solutions.

## Outlook

The company is India’s largest laptop and desktop refurbisher and a key global player in the refurbished ICT market. With operations in 38 countries, 4,000+ touchpoints, and partnerships with OEMs like HP, Lenovo, and Microsoft, it has a strong procurement and distribution network. Five advanced refurbishment facilities across India, UAE, and USA support scalable, quality-driven operations. While risks include client concentration and regulatory exposure, its proprietary processes, reinvestment strategy, and favorable market outlook position it for sustained growth.

**An Indicative timetable in respect of the Issue is set out below:**

| EVENT | INDICATIVE DATE (On or about) |
|---|---|
| BID/ISSUE OPENS ON | 23-July-25 |
| BID/ISSUE CLOSES ON | 25-July-25 |
| Finalisation of Basis of Allotment with the Designated Stock Exchange | 28-July-25 |
| Initiation of refunds (if any, for Anchor Investors)/unblocking of funds from ASBA Account | 29-July-25 |
| Credit of Equity Shares to Demat Accounts of Allottees | 29-July-25 |
| Commencement of trading of the Equity Shares on the Stock Exchanges | 30-July-25 |

# Annexure

**Consolidated Financials**

**Profit & Loss**

Rs. in Cr.

| Particulars | Period ended 31-Mar-25 (12 Months) | Period ended 31-Mar-24 (12 Months) | Period ended 31-Mar-23 (12 Months) |
|---|---|---|---|
| Revenue from operations | 1411.11 | 1138.14 | 659.54 |
| Total expenditure | 1294.22 | 1058.89 | 612.75 |
| **Operating Profit** | **116.89** | **79.25** | **46.80** |
| OPM% | 0.83 | 0.70 | 0.71 |
| Other Income | 9.26 | 5.65 | 3.24 |
| **Total Net Income** | **126.14** | **84.89** | **50.04** |
| Interest | 38.35 | 23.927 | 11.841 |
| **PBDT** | **87.79** | **60.97** | **38.20** |
| Depreciation | 9.45 | 3.65 | 2.78 |
| **Loss before tax** | **78.34** | **57.31** | **35.42** |
| Tax | 9.31 | 5.02 | 2.99 |
| **Profit & Loss** | **69.03** | **52.30** | **32.43** |

**Balance sheet is on next page**

## Balance Sheet

Rs. in Cr.

| Particulars | As on 31-Mar-25 | As on 31-Mar-24 | As on 31-Mar-23 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | 35.01 | 31.29 | 7.89 |
| Capital work in progress | - | - | 0.70 |
| Right-of-use assets | 6.30 | 9.48 | 8.79 |
| Other financial assets | 3.09 | 8.19 | 3.06 |
| Deferred tax assets | - | - | 0.21 |
| Other non-current assets | 0.13 | 0.15 | 0.20 |
| **Total non-current assets** | **44.53** | **49.11** | **20.84** |
| **Current asset** | | | |
| Inventory | 486.57 | 314.26 | 135.00 |
| Investments | - | 7.01 | - |
| Trade receivables | 67.62 | 116.91 | 91.14 |
| Cash and cash equivalents | 5.05 | 4.99 | 2.06 |
| Bank balances other than cash and cash equivalents | 55.73 | 62.91 | 25.37 |
| Current Tax Assets (Net) | 0.00 | 0.97 | 1.13 |
| Other current assets | 59.96 | 29.66 | 9.96 |
| **Total current assets** | **674.93** | **536.71** | **264.66** |
| **Total Assets** | **719.46** | **585.82** | **285.50** |
| **Non-current liabilities** | | | |
| Borrowings | 72.799 | 8.177 | 13.131 |
| Lease liabilities | 2.914 | 6.792 | 6.521 |
| Provisions | 0.867 | 0.408 | 0.162 |
| Deferred Tax Liabilities | 1.882 | 0.896 | |
| **Total Non-current liabilities** | **78.46** | **16.27** | **19.81** |
| **Current liabilities** | | | |
| Borrowings | 361.56 | 309.63 | 100.62 |
| Lease liabilities | 3.95 | 2.64 | 1.84 |
| Trade payables - Micro and small enterprises | 0.89 | 0.00 | 0.00 |
| Trade payables - Other than micro and small enterprises | 25.83 | 84.12 | 10.41 |
| Other financial liabilities | 12.56 | 4.52 | 38.27 |
| Provisions | 5.95 | 4.45 | 2.07 |
| Current Tax Liability (Net) | 2.34 | 0.00 | 0.00 |
| Other current liabilities | 0.79 | 0.61 | 0.65 |
| **Total Current liabilities** | **413.87** | **405.97** | **153.86** |
| **Total** | **492.33** | **422.24** | **173.68** |
| | | | |
| Net worth represented by: | | | |
| Equity share capital | 19.43 | 0.04 | 0.04 |
| Other equity | 207.03 | 163.10 | 111.56 |
| Non-controlling interests | 0.67 | 0.44 | 0.23 |
| **Net Worth** | **227.13** | **163.58** | **111.83** |

## RANKING METHODOLOGY

| | |
|---|---|
| **WEAK** | ★ |
| **NEUTRAL** | ★★ |
| **FAIR** | ★★★ |
| **GOOD** | ★★★★ |
| **EXCELLENT** | ★★★★★ |

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