

Retail Research	IPO Note
Sector: E-Commerce	Price Band (Rs): 225 – 237
19th July 2025	Recommendation: SUBSCRIBE

GNG Electronics Ltd

Company Overview:

GNG Electronics Ltd (GNG) is India's largest refurbisher of laptops and desktops and ranks among the largest refurbishers of ICT devices globally. The company operates under the brand 'Electronics Bazaar' and has established its presence across the entire refurbishment value chain. GNG has significant presence across India, USA, Europe, Africa and UAE and is India's largest Microsoft authorized refurbisher in terms of refurbishing capabilities.

Key Highlights:

1. Strong presence in domestic and international operations: GNG is India's largest refurbisher of laptops and among the leading global players in refurbished ICT devices, with operations across 38 countries and facilities in India, USA and UAE. The company benefits from rising demand for affordable tech solutions, especially during economic downturns and is well-positioned in a fragmented market shifting toward organized players. Its refurbished laptops, priced at one-third of new devices and backed by warranties, offer strong value to customers.

2. Depth in Procurement and Sales underpins leadership: GNG, through its integrated capabilities in procurement, refurbishment and sales manages to "buy better, refurbish better and sell better". The company's refurbished ICT devices are distributed across 38 countries through 4,154 touchpoints, supported by a strong Value-Added Reseller (VAR) network. GNG holds certified refurbishment partnerships with HP, Lenovo, Microsoft and also serves as ITAD partners of leasing companies, IT consulting companies and banks.

3. Robust SKU Portfolio and Value-Driven Services Across Channels: The company offers a wide range of value-added services including ITAD, e-waste management, warranties, doorstep service and flexible payment options. It supports efficient buyback programs for refurbished ICT devices in partnership with major retail and OEM brands like Vijay Sales, HP and Lenovo. GNG also offers other categories of ICT Devices such as open-box and brand-new ICT Devices, providing customers with a range of options that cater to different needs and budgets. As of Mar'25, the company's portfolio included 5,840 SKUs, reflecting its broad and adaptable offering.

Valuation: GNG, at the upper price band of Rs 237, is valued at a P/E multiple of 39.1x based on FY25 earnings on post-issue capital. The company is India's largest refurbisher of laptops and desktops and ranks among the largest refurbishers of ICT devices globally. The company has registered strong Revenue/EBITDA/PAT CAGR of 46%/58%/46% (FY23-FY25) to Rs 1,411 cr/ Rs 117 cr/ Rs 69 cr respectively. The industry forecast indicates a healthy growth for the Global Refurbished PC Market/Indian Refurbished PC Market and is projected to expand at a CAGR of 18.9%/31.3% during the CY24-CY29E/FY25-FY30E period respectively. Additionally, the company is expected to repay debt of Rs 320 crore in FY26, which shall aid in saving on interest costs and boost profitability. Further, the company does not have any listed like-for-like industry peers in India. We recommend investors to SUBSCRIBE the IPO at cut-off price.

Issue Details	
Date of Opening	23 rd July 2025
Date of Closing	25 th July 2025
Price Band (Rs)	225 – 237
Offer for sale (no. of shares)	25,50,000
Fresh Issue (Rs cr)	400.0
Issue Size (Rs cr)	460.4 @ upper price band
No. of shares	1,94,27,637 @upper price band
Face Value (Rs)	2.0
Post Issue Market Cap (Rs cr)	2,586 – 2,702
BRLMs	Motilal Oswal Investment Advisors Ltd, IIFL Capital Services Ltd, JM Financial Ltd.
Registrar	Bigshare Services Pvt Ltd.
Bid Lot	63 shares and in multiple thereof
QIB shares	50%
Retail shares	35%
NII shares	15%

Objects of Issue	
Particulars	Estimated utilization from net proceeds (Rs cr)
Prepayment and/or repayment, in full or in part, of all or a portion of certain outstanding borrowings availed by the Company and its Material Subsidiary namely, Electronics Bazaar FZC	320.0
General corporate purpose*	-
Total proceeds from fresh issue	400.0

*The amount utilised for general corporate purposes shall not exceed 25% of the Gross Proceeds.

Shareholding Pattern		
Pre-Issue	No. of Shares	%
Promoter & Promoter Group	9,22,86,705	95.0
Public & Others	48,47,175	5.0
Total	9,71,33,880	100.0

Post Issue @ Lower Price Band	No. of Shares	%
Promoter & Promoter Group	8,97,36,705	78.1
Public & Others	2,51,74,953	21.9
Total	11,49,11,658	100.0

Post Issue @ Upper Price Band	No. of Shares	%
Promoter & Promoter Group	8,97,36,705	78.7
Public & Others	2,42,74,812	21.3
Total	11,40,11,517	100.0

Source: RHP, SSL Research

Key Financials & KPIs

Particulars (Rs cr)	FY23	FY24	FY25
Number of customers (#)	1,833	3,252	4,154
Count of procurement partners (#)	265	356	557
Devices refurbished (#)	2,48,135	3,69,320	5,90,787
Revenue from operations	659.5	1,138.1	1,411.1
EBITDA	46.8	79.2	116.9
PAT	32.4	52.3	69.0
EBITDA Margin (%)	7.1	7.0	8.3
PAT Margin (%)	4.9	4.6	4.9
RoE (%)	29.1	32.1	30.5
RoCE (%)	21.0	16.9	17.7
P/E (x)*	71.0	44.0	33.3

**Note: Pre-issue P/E based on upper price band*

Source: RHP, SSL Research

Risk Factors

- **Fluctuations in prices of parts and materials:** The company sources key components like hard drives and RAM from both domestic and international suppliers. Any regulatory restrictions or export limitations could adversely impact its operations, financial performance and profitability.
- **Dependency on single product:** As of FY25, the company derived ~75.6% of its revenue from the sale of laptops and hence, any decline in demand for the product may have an adverse impact on the company's business, revenue and profitability.
- **Export risk:** As of FY25, the company derived ~75.5% of its revenue from exports. Thus, failure to manage business in overseas markets or the inability to grow business in new geographic markets may affect the company's growth and may have a material adverse effect on its business operations.
- **Supplier risk:** The company relies on a limited number of suppliers for key inventory, making it vulnerable to supply disruptions and quality issues. The absence of long-term contracts and fluctuating component prices pose risks to cost stability and profitability.

Growth Strategies

- Expanding footprint and market presence in India and other countries to capitalize on the industry tailwinds.
- Enhancing procurement in India and other countries while parallelly strengthening brand relationships.
- Expanding opportunities with OEMs with a focus on ESG standards.

Product-wise Revenue Mix

Segment	FY23		FY24		FY25	
	Rs cr	% of Revenue	Rs cr	% of Revenue	Rs cr	% of Revenue
Sale of laptops	527.5	80.0%	772.4	67.9%	1,066.7	75.6%
Others*	132.1	20.0%	365.7	32.1%	344.4	24.4%
Total revenue	659.5	100.0%	1,138.1	100.0%	1,411.1	100.0%

*Includes desktops, tablets, servers, premium smart phones, mobile workstations, accessories and service income

Source: RHP, SSL Research

Pricing of Refurbished products vs New products - India

Sr. No	Model	Price offered by GNG (Rs)	Price of new product (Rs)	Savings (Rs)	% Saving
1	Dell Latitude 7490 - Core i5 8th / 8GB / 512 GB SSD /14"	23,250	85,000	61,750	72.6%
2	HP Elitebook 840 G5 - Core i5 8th / 8GB / 512 GB SSD /14"	26,900	1,03,000	76,100	73.9%
3	Lenovo Thinkpad T 480 - Core i5 8th / 8GB / 512 GB SSD /14"	22,500	92,000	69,500	75.5%

Source: RHP, SSL Research

List of Partner & In-House Brands

Geography	FY23		FY24		FY25	
	Rs cr	% of Revenue	Rs cr	% of Revenue	Rs cr	% of Revenue
India	326.3	49.5%	478.4	42.0%	345.3	24.5%
Middle East	233.6	35.4%	539.3	47.4%	714.4	50.6%
USA	96.5	14.6%	119.1	10.5%	252.4	17.9%
Others*	3.1	0.5%	1.3	0.1%	99.0	7.0%
Total revenue	659.5	100.0%	1,138.1	100.0%	1,411.1	100.0%

*Others include Asia, Asia-Pacific and Europe.

Source: RHP, SSL Research

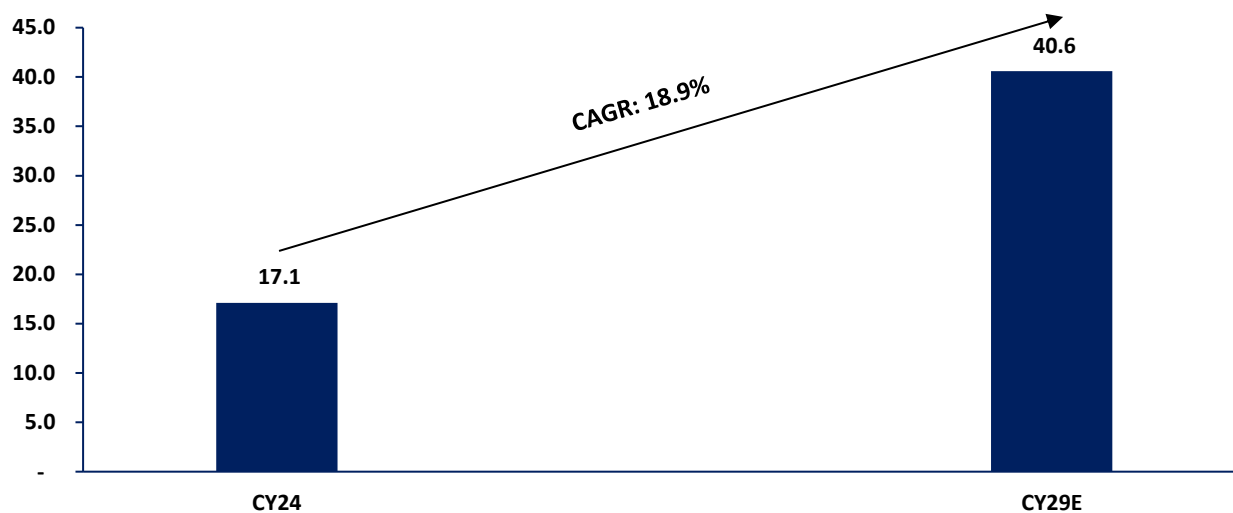
Procurement Network



Source: RHP, SSL Research

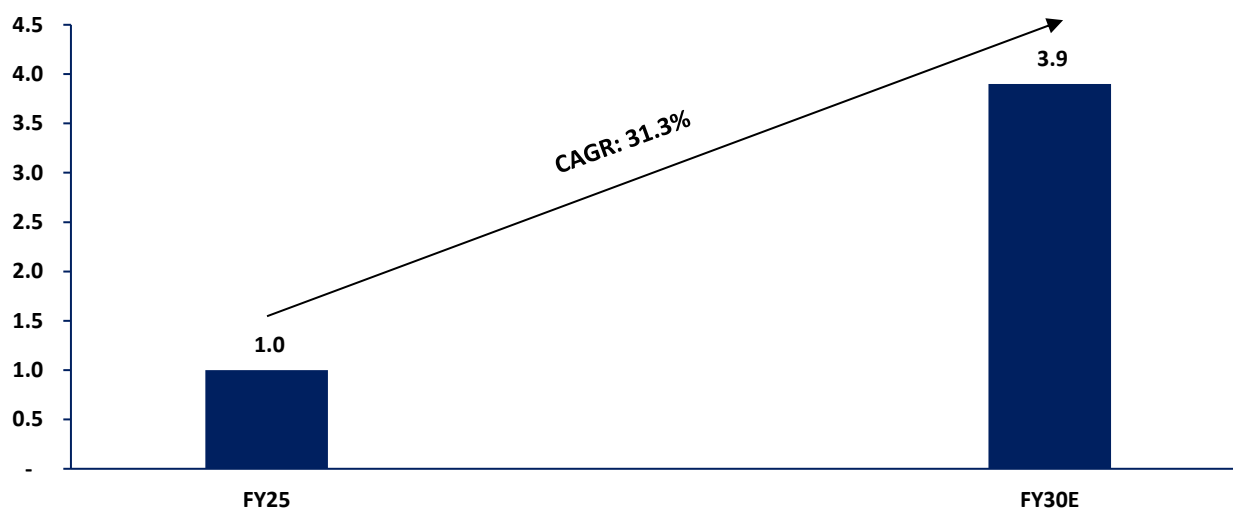
Industry Overview

Global Refurbished PC Market (USD bn)



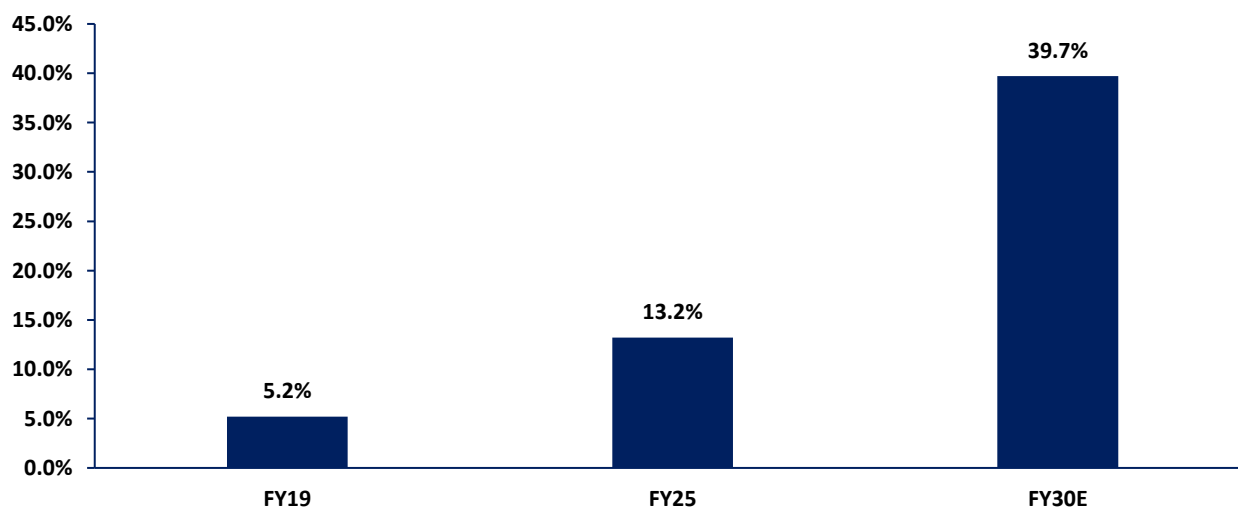
Source: RHP, SSL Research

Indian Refurbished PC Market (USD bn)



Source: RHP, SSL Research

Share of organized players in Indian refurbished PC market



Source: RHP, SSL Research

Financial Snapshot

INCOME STATEMENT			
(Rs cr)	FY23	FY24	FY25
Revenue from Operations	660	1,138	1,411
YoY growth (%)	-	72.6%	24.0%
Cost Of Revenues (incl Stock Adj)	558	998	1,159
Gross Profit	101	140	252
Gross margins (%)	15.3%	12.3%	17.9%
Employee Cost	20	36	77
Other Operating Expenses	35	25	58
EBITDA	47	79	117
EBITDA margins (%)	7.1%	7.0%	8.3%
Other Income	3	6	9
Interest Exp.	12	24	38
Depreciation	3	4	9
PBT	35	57	78
Tax	3	5	9
PAT	32	52	69
PAT margin (%)	4.9%	4.6%	4.9%
EPS (Rs)	3.3	5.4	7.1

BALANCE SHEET			
(Rs cr)	FY23	FY24	FY25
Assets			
Net Block	8	31	35
Capital WIP	1	-	-
Right of use assets	9	9	6
Other Non current Assets	3	8	3
Current Assets			
Current Investment	-	7	-
Inventories	135	314	487
Trade receivables	91	117	68
Cash and Bank Balances	27	68	61
Other Current Assets	11	31	60
Total Current Assets	265	537	675
Current Liabilities & Provisions			
Trade payables	10	84	27
Other current liabilities	39	5	16
Short-term provisions	2	4	6
Total Current Liabilities	51	94	48
Net Current Assets	213	443	627
Assets Classified as held for sale	-	-	-
Total Assets	234	492	671
Liabilities			
Share Capital	0	0	19
Reserves and Surplus	112	163	207
Total Shareholders Funds	112	163	226
Minority Interest	0	0	1
Total Debt	114	318	434
Long Term Provisions	0	0	1
Lease Liabilities	8	9	7
Net Deferred Tax Liability	-	1	2
Total Liabilities	234	492	671

Cash Flow Statement (Rs cr)	FY23	FY24	FY25
Cash flow from Operating Activities	25	97	25
Cash flow from Investing Activities	(1)	(28)	3
Cash flow from Financing Activities	(18)	(29)	(34)
Free Cash Flow	23	73	15

RATIOS			
Particulars	FY23	FY24	FY25
Profitability			
Return on Capital Employed	21.0%	16.9%	17.7%
Return on Equity	29.1%	32.1%	30.5%
Margin Analysis			
Gross Margin	15.3%	12.3%	17.9%
EBITDA Margin	7.1%	7.0%	8.3%
Net Profit Margin	4.9%	4.6%	4.9%
Short-Term Liquidity			
Current Ratio (x)	1.7	1.3	1.6
Quick Ratio (x)	0.9	0.6	0.5
Avg. Days Sales Outstanding	50	37	17
Avg. Days Inventory Outstanding	88	115	153
Avg. Days Payables	6	29	8
Fixed asset turnover (x)	83.6	36.4	40.3
Debt-service coverage (x)	0.4	0.2	0.2
Long-Term Solvency			
Total Debt / Equity (x)	1.0	1.9	1.9
Interest Coverage Ratio (x)	4.0	3.4	3.0
Valuation Ratios*			
EV/EBITDA (x)	51.0	32.2	22.9
P/E (x)	71.0	44.0	33.3
P/B (x)	20.6	14.1	10.2
EV/Sales (x)	3.6	2.2	1.9
P/Sales (x)	3.5	2.0	1.6

**Valuation ratios are based on pre-issue capital at the upper price band*

Source: RHP, SSL Research

Peer Comparison – FY25

GNG Electronics Ltd does not have any listed like-for-like industry peers in India.

SBICAP Securities Limited

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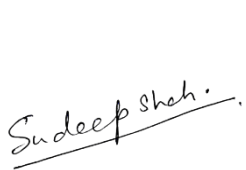
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