

## GNG Electronics Limited

April 08, 2026

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long-term bank facilities	272.50 (Enhanced from 227.50)	CARE BBB; Stable	Upgraded from CARE BBB-; Positive
Short-term bank facilities	43.00 (Reduced from 88.00)	CARE A3+	Upgraded from CARE A3

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has changed its analytical approach to assess the consolidated financial statements of GNG Electronics Limited (GEL) and its subsidiary and step-down subsidiaries from the earlier approach of assessment of the combined financial statements of GEL and its promoter group entity, Kay Kay Overseas Corporation (KKOC). The change in analytical approach is due to the listing of GEL's equity shares on the stock exchange pursuant to its initial public offering (IPO) in July 2025, in line with CareEdge Ratings' criteria on consolidation.

Ratings upgrade considers the strengthening of GEL's business and financial risk profiles in FY25 and 9MFY26 as reflected by sustained growth in revenue and profitability supported by the company's established market presence as one of the largest refurbishers of Information and Communication Technology (ICT) devices, its expanding distribution network and increasing market acceptance of refurbished devices and substantial improvement in GEL's net worth base and capital structure following the raising of fresh equity capital through initial public offering in July 2025. GEL's revenue grew by ~25% YoY to ~₹1,414 crore in FY25 (PY: ₹1,140.80 crore) on the back of deeper penetration in existing markets and geographical expansion in new markets with ~130 bps YoY expansion in its profit before interest, lease rentals, depreciation, and taxation (PBILDT) to 8.48% driven by the better absorption of fixed costs and economies of scale. The trend continued in 9MFY26 with 30% YoY growth in revenue to ~₹1,239 crore with PBILDT margin of 10.71%. The company's net worth increased to ~₹669 crore as on September 30, 2025 supported by healthy accruals and fresh equity infusion of ₹400 crore (gross proceeds) in July 2025 supporting substantial improvement in its capital structure with overall gearing (including non-recourse loans) projected at ~0.50x as on March 31, 2026 (PY: 2.0x). Going forward, CareEdge Ratings expects GEL's revenue to grow by 18-20% p.a. over the medium term with PBILDT margin sustaining above 10% translating into adequate cash accruals to meet its incremental working capital requirements. CareEdge Ratings notes that while GEL has significant exposure to the Middle East by way of sizeable refurbishment capacity and healthy sales contribution from the region, the evolving geopolitical scenario is not expected to have a material impact on its operations as its facilities are fully functional and the same will continue to be monitored.

Ratings continue to positively factor in GEL's experienced promoters and strong business profile demonstrated by its partnerships with industry leaders. However, ratings remain constrained by the company's working capital intensive operations due to sizeable inventory stocking requirements, exposure to volatility in foreign exchange rates and the risk of technological obsolescence.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Substantial increase in the scale of operations with improvement in PBILDT margin above 12% translating into healthy cash flow from operations.
- Improvement in working capital cycle below 120 days on a sustained basis.

#### Negative factors

- Decline in revenue below ₹1,000 crore and/or PBILDT margin below 8% impacting cash accruals on a sustained basis.
- Significant deterioration in the working capital cycle beyond 180 days resulting in stressed liquidity.
- Deterioration in overall gearing above 0.8x and PBILDT interest cover below 3x.

### Analytical approach: Consolidated

While arriving at ratings, CareEdge Ratings has assessed the consolidated financial statements of GEL and its subsidiary and step-down subsidiaries, as detailed in Annexure-6, owing to significant operational, managerial, and financial linkages among them. The approach has been revised from assessment of the combined financial statements of GEL and its promoter group entity, Kay

<sup>1</sup>Complete definition of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Ratings Limited's publications.

Kay Overseas Limited, due to the listing of GEL's equity shares on the stock exchanges pursuant to an IPO, in line with CareEdge Ratings' criteria on consolidation.

**Outlook: Stable**

The stable outlook reflects CareEdge Ratings' expectations that the company will maintain adequate financial risk profile over the medium term supported by its established market presence, wide distribution network and favourable industry growth prospects.

**Detailed description of key rating drivers:****Key strengths****Established refurbishment business and wide distribution network with broader global presence**

GEL operates refurbishment facilities with established quality control processes. The facilities are audited and certified by partners, where its products are sold as "Electronics Bazaar (EB) certified", which aids in product acceptability. It has the advantage of having certifications like R2v3 (essential for procurement of e-waste from multinational companies [MNCs] and corporates) enabling procurement of e-waste from MNCs and corporates. Refurbished laptops of the company are branded as refurbished by Electronics Bazaar (EB) and command premium in market which accounts for almost 100% of its sales, with original Branding of original equipment manufacturers (OEMs) and others, remaining intact. GEL benefits from geographical diversification as it caters India, the US, Middle East and European markets through its subsidiary and step-down subsidiaries. It operates certified refurbishment facilities in Navi Mumbai, Sharjah and the US with a wide distribution network comprising over 4,700 touchpoints across 44 countries. Its diversified network and refurbishment facilities aid in catering to a geographically diversified clientele and are expected to benefit the company to improve its market share over the coming years.

**Sustained growth in revenue and profitability supported by favourable industry growth prospects**

The company's revenue grew at a healthy compounded annual growth rate of ~42% over the last four years to ₹1,414 crore in FY25 backed by sustained growth in sales volumes aided by geographical expansion of operations, increasing distribution network and partnerships with industry players and increasing the acceptability of its products. In 9MFY26, GEL's revenue has grown by 30% y-o-y and stood at ₹1239 crore. GEL's PBILDT margin has shown steady improvement in the same period to 8.48% in FY25 and 10.71% in 9M FY26 supported by favourable product mix, improved realisations and economies of scale. The increasing share of higher-value refurbished devices, and a supportive pricing environment amid rising prices of new electronic products, has aided margin expansion. CareEdge Ratings expects the operating margins to continue to sustain above 10% in medium term aided by economies of scale.

**Comfortable capital structure and adequate debt coverage metrics**

The capital structure has improved significantly on the back of equity infusion of ₹400 crore through IPO resulting into an expected overall gearing (including non-recourse loan) of 0.5x as on March 31, 2026 (PY: 2.0x) driven by sizeable increase in net worth base to over ₹700 crore. Its total outside liabilities to tangible net worth (TOL/TNW) is expected to remain below unity over the medium term despite sizeable working capital requirements to support the steep revenue growth of company. The debt coverage indicators stood comfortable with PBILDT interest cover expected to remain above 4x and total debt/PBILDT below 2.5x over the medium term.

**Experienced promoters and established track record of operations**

The company is promoted by Sharad Khandelwal (CEO), who has over three decades of rich experience in the Indian IT distribution industry. The senior management team consists of professionals with industry experience at global brands, such as Samsung, HP, Dell, and ITC, among others. The experienced promoters and management are expected to aid the entity in growing its market share in the refurbishment industry over the medium term.

**Key weaknesses****Working capital intensive nature of business**

GEL's business remains working capital intensive owing to requirements of sizeable stocking of both old and refurbished laptops, which leads to high inventory holding. The company primarily sources used laptops in bulk from corporates and other distributors with quick payment requirements, which is then refurbished and stocked as finished goods before being sold through its distribution partnerships. While the payment terms with suppliers and customers are short, the sizeable inventory holding requirements translated into increase in average operating cycle to 122 days in FY25 (PY: 93 days). The working capital cycle is expected to remain elongated at above 150 days over the medium term to support high business growth. Working capital intensity is also reflected in negative cash flow from operations since FY20 and GEL's improved yet moderate average utilisation of fund-based working capital (cash credit) lines in the last 12 months ended February 2026. GEL's ability to maintain liquidity cushion and acceptable level of inventory and receivables remain key monitorable.

### **Risk of technological obsolescence and competition from industry players**

Technological obsolescence is an inherent risk in technology-related business and also applies to the GEL, which and the sizeable inventory holding requirements, could result in inventory markdowns for slow moving products. The Company monitors inventory ageing and takes proactive action to mitigate such risks to an extent. The company continues to remain exposed to the risk associated with inventory holding and stock liquidation, which could have an adverse impact on its profitability. Moreover, GEL remains exposed to intense competition from other incumbents in the IT distribution and refurbishment industry, which remains largely unorganised. However, the risk is mitigated to an extent by partnerships with large IT hardware entities for refurbishment.

### **Liquidity: Adequate**

GEL's liquidity remains adequate with projected gross cash accruals of ₹140-160 crore p.a. over the next 1-2 years against debt repayment obligation of ₹7-8 crore p.a. in the same period and no major planned capex. However, the cash flow from operations is likely to remain under pressure due to sizeable incremental working capital requirements. The average utilisation of the working capital facilities stood at ~68% (cash credit) and 65% (bill discounting) for last 12 months ending February 28, 2026, which indicated adequate liquidity buffer. The current ratio of the company stood at 1.63x as on March 31, 2025.

### **Assumptions/Covenants: Not applicable**

### **Environment, social, and governance (ESG) risks:**

**Environmental Risks:** The company's exposure to environmental risks remains low owing to its focus on recycling of electronics, particularly laptops and peripherals. Increasing focus on circularity and recycling of e-waste is likely to aid GEL's business prospects. However, the company is required to comply with environmental norms for disposal of e-waste generated during refurbishment process and any tightening of the regulations could lead to incremental capex requirements.

**Social Risks:** The company requires a large workforce of qualified and skilled professionals to operate its refurbishment facilities. Thereby, maintaining cordial employer-employee relationships remains critical for its operations.

**Governance Risks:** The company complies with corporate governance norms including representation of independent directors and women directors on its board.

### **Applicable criteria**

[Consolidation](#)

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

### **About the company and industry**

#### **Industry classification**

Macroeconomic indicator	Sector	Industry	Basic industry
Information technology	Information technology	IT - hardware	Computers hardware and equipments

GEL (erstwhile GNG Electronics Private Limited) is among India's largest refurbishers of laptops, computer peripherals, and ICT devices with significant presence across India, the UAE, the US, and Europe. The company was incorporated in 2006 by Sharad Khandelwal and his family. Its equity shares listed on the NSE and BSE on July 30, 2025.

Brief Financials (₹ crore) - Consolidated	March 31, 2024 (A)	March 31, 2025 (A)	9MFY26 (UA)
Total operating income	1,140.80	1,414.21	1,239.40
PBILDT*	81.91	119.99	132.80
Profit after tax (PAT)	52.31	69.03	89.90
Overall gearing (x)	2.03	2.00	NA
Interest coverage (x)	3.42	3.13	4.71

A: Audited UA: Unaudited; NA: Not available; Note: these are latest available financial results

\*PBILDT: Profit before interest, lease rentals, depreciation, and tax

Brief Financials (₹ crore) - Standalone	March 31, 2024 (A)	March 31, 2025 (A)	9MFY26 (UA)
Total operating income	590.70	716.34	618.17
PBILDT*	35.50	56.91	56.34
Profit after tax (PAT)	10.67	18.62	27.79
Overall gearing (x)	3.13	2.49	NA
Interest coverage (x)	1.74	2.07	3.23

A: Audited UA: Unaudited; NA: Not available; Note: these are latest available financial results

\*PBILDT: Profit before interest, lease rentals, depreciation, and tax

**Status of non-cooperation with previous CRA:** Not applicable

**Any other information:** Not applicable

**Rating history for last three years:** Annexure-2

**Detailed explanation of covenants of rated instrument / facility:** Annexure-3

**Complexity level of instruments rated:** Annexure-4

**Lender details:** Annexure-5

#### Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	-	272.50	CARE BBB; Stable
Fund-based - ST-Purchase Invoice Financing	-	-	-	-	43.00	CARE A3+

**Annexure-2: Rating history for last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Cash Credit	LT	272.50	CARE BBB; Stable	-	1)CARE BBB-; Positive (13-Mar-25)	1)CARE BBB-; Positive (08-Jan-24)	1)CARE BBB-; Stable (05-Dec-22)
2	Fund-based - ST-Purchase Invoice Financing	ST	43.00	CARE A3+	-	1)CARE A3 (13-Mar-25)	1)CARE A3 (08-Jan-24)	1)CARE A3 (05-Dec-22)

LT: Long term; ST: Short term

**Annexure-3: Detailed explanation of covenants of rated instruments/facilities:** Not applicable

**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - ST-Purchase Invoice Financing	Simple

**Annexure-5: Lender details**

To view lender-wise details of bank facilities please [click here](#)

**Annexure-6: List of entities consolidated**

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Electronics Bazaar FCZ	Full	Subsidiary
2	Bright World Technologies Inc.	Full	Step-down subsidiary
3	Kay Kay Overseas Corporation	Full	Step-down subsidiary
4	Sun Electronics Corporation	Full	Step-down subsidiary
5	Electronics Bazaar B. V.	Full	Step-down subsidiary
6	Electronics Bazar Inc.	Full	Step-down subsidiary

**Note on complexity levels of rated instruments:** CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

## Contact us

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