

GNG Electronics Ltd.

CMP: 353

Target: 482

Upside: 36.5%



Company Background

Incorporated in 2006, **GNG Electronics Ltd (GEL)** operates under the brand “Electronics Bazaar” and is India’s largest refurbisher of laptops and desktops and ranks among the largest refurbishes of ICT (Information and Communication Technology) devices globally. With a strong presence across India, USA, Europe, Africa, and UAE, Co operates across the full refurbishment value chain from sourcing and refurbishment to sales, after sale services, and warranty support. It addresses the growing demand for affordable, reliable, and premium ICT devices that match new products in both functionality and aesthetics, while offering customers the added assurance of proven warranty coverage. In addition to its core refurbishment business, Co also offers customized solutions, IT asset disposition, e-waste management, and buyback programs for refurbished devices.

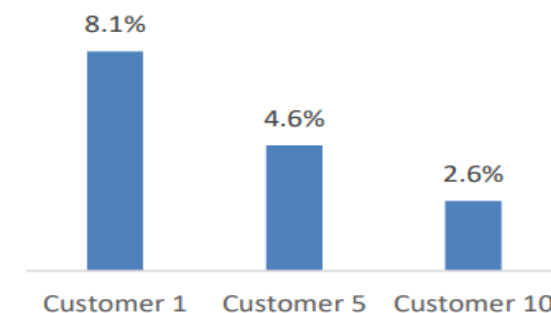
GEL has total five refurbishing facilities which are strategically located in India (1 in Navi Mumbai), UAE (3 in Sharjah) and USA (1 in Texas). Co’s facility in India is also a certified refurbishment facility for both Lenovo and HP and largest authorised refurbisher for Microsoft in India in terms of refurbishing capability.

Industry - The global refurbished electronics segment grew from US\$ 60.3B in CY18 to US\$ 110.6B in CY24, at a CAGR of 10.7% and is expected to grow at 17.4% CAGR over CY24-29 reaching US\$ 246.7B in CY29.

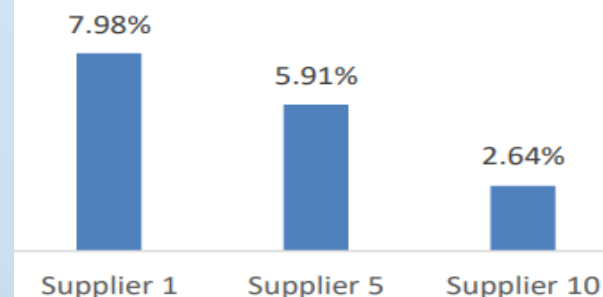
Investment Rationale

Largest Player in the refurbisher of laptops and desktops market in India and overall ICT devices globally - GEL’s refurbished laptops are typically available at one-third of the price of new devices and are as good as new devices both functionally and aesthetically with one to three years warranty, which further enhances buyer confidence. Co operates mainly in the B2B segments wherein it has a broad portfolio of 5,840 SKUs, in-house repair capabilities and ~ 557 procurement partners and a wide distribution channel.

Top Customers Contribution to Revenues



Top Suppliers of the Company



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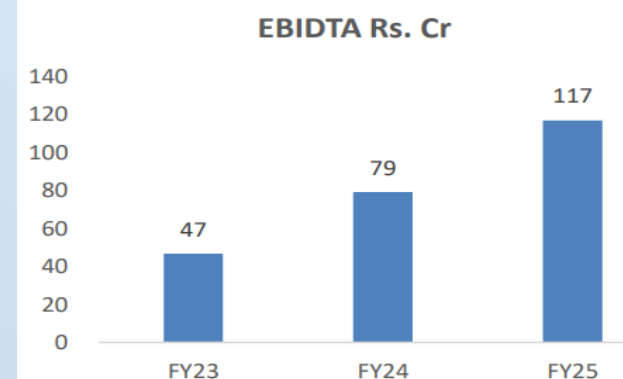
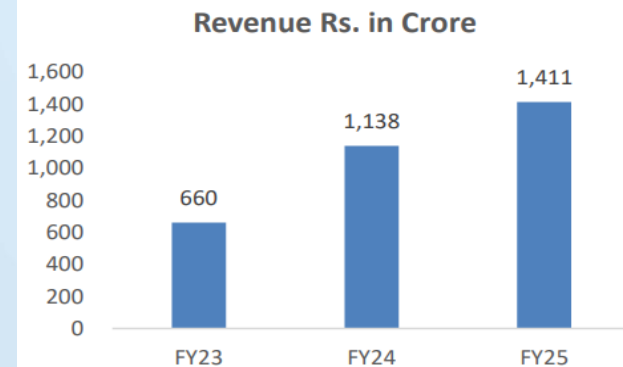


Well positioned to harness global shift to sustainability and growing focus on ESG - Global majors are placing greater focus on Environmental, Social, and Governance (“ESG”) standards as sustainability becomes a priority. One pressing issue is the growing volume of electronic waste (e-waste), with only a small portion currently being recycled. France has introduced legislation to reduce the environmental footprint of digital technology. This mandates that 20% of IT devices bought by organizations need to be refurbished, with a target of 40% by 2040. Similar initiatives have been taken by other countries as well opening immense opportunities for GEL. By refurbishing and reintroducing electronics into the market, the demand for raw materials is reduced, and electronic waste is diverted from landfills.

Track record of profitability and consistent financial performance - GEL’s financial performance has been stable and consistent over the years. Revenues/EBIDTA has grown at a CAGR of 46%/59.5% during FY23-25 and prospects of its industry is positive. Co has paid Rs 220 crore debt in ~Rs 100 cr in UAE in near future significantly reducing the net debt to ~ Rs 30-40 crs by FY26. Co expects India and has plans to repay Revenue growth of 25% in FY26 with margin uptick by 75-80bps.

Valuation and Recommendation

Global refurbished market is growing at a CAGR of 17.4% backed by sustainability and affordability. GNG has emerged as India’s largest ICT refurbisher with a fast growing global footprint spanning 38 countries. With strong partnerships of ~ 557 procurement partners and a broad portfolio of 5840 SKUs, GNG appears structurally positioned to capture long term value creation from both ESG-led and affordability driven global IT demand. Revenues/ EBIDTA has grown at a CAGR of 46%/59.5% during FY23-25. At CMP, stock is priced at a P/E of 23.5 x FY27E EPS which looks attractive considering higher growth expected and benefits of repayment of loan from IPO proceeds. Hence, we recommend ‘Buy’ with a target price of Rs.482 which will give returns of 36.5%.



Year	Revenues	Growth %	EBIDTA	Margin %	Adj PAT	Margin%	EPS Rs	P/E	EV/EBIDTA	ROCE
FY24	1138.1		79.3	7.0%	52.3	4.6%	4.57	77.2	50.86	16.9%
FY25	1411.1	24.0%	116.9	8.3%	69.0	4.9%	6.04	58.5	34.46	17.7%
FY26E	1763.9	25.0%	158.7	9.0%	129.3	7.3%	11.35	31.1	25.35	19.1%
FY27E	2204.8	25.0%	209.5	9.5%	171.6	7.8%	15.05	23.5	19.21	21.5%

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