

# GNG Electronics



## Compounding through sourcing and scale

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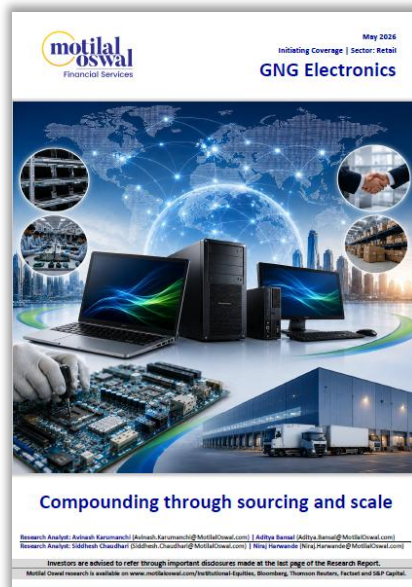
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## Compounding through sourcing and scale

- ❖ GNG Electronics is a global refurbishment platform focused on enterprise IT hardware, operating a B2B-led model across ~46 countries.
- ❖ Its differentiation is anchored in supply access and processing depth, with ~600 sourcing partners across corporates, and ITAD ecosystems, combined with in-house refurbishment capabilities (including L3 repairs), enabling higher recovery and cost efficiency.
- ❖ A B2B-led distribution model (~95% of revenue) provides demand visibility, better realizations, and low customer churn, supporting stable scaling without retail intensity.
- ❖ We expect revenue/EBITDA CAGR of ~26%/~31% over FY26-28, driven by volume growth and improving realizations, translating into ~36% PAT CAGR aided by operating leverage and deleveraging.
- ❖ We initiate with a BUY rating and a TP of INR635, based on ~30x FY28E EPS (~22x EV/EBITDA), implying ~44% upside.

BSE SENSEX  
76,034

 S&P CNX  
23,639

**Stock Info**

Bloomberg	EBGNG IN
Equity Shares (m)	114
M.Cap.(INRb)/(USD\$)	50.6 / 0.5
52-Week Range (INR)	485 / 239
1, 6, 12 Rel. Per (%)	11/46/-
12M Avg Val (INR M)	245
Free float (%)	21.3

**Financials Snapshot (INR b)**

Y/E MARCH	FY26	FY27E	FY28E
Sales	18.9	24.1	30.0
EBITDA	2.0	2.6	3.3
Adj. PAT	1.3	1.9	2.4
EBITDA Margin (%)	10.4	10.8	11.2
Adj. EPS (INR)	11.6	16.2	21.0
EPS Gr. (%)	91.2	40.2	29.3
<b>Ratios</b>	66.6	82.9	103.9

**Net D:E**

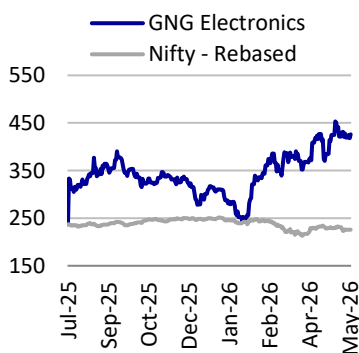
RoE (%)	0.4	0.4	0.3
RoCE (%)	26.8	21.7	22.5
Payout (%)	18.2	17.1	18.1

**Valuations**

P/E (x)	-	-	-
EV/EBITDA (x)	35.9	25.6	19.8
EV/Sales (X)	25.6	19.5	15.3

**Shareholding pattern (%)**

As On	Mar-26	Dec-25
Promoter	78.7	78.7
DII	5.2	4.7
FII	2.8	2.4
Others	13.3	14.2

**Stock performance (one-year)**

**CMP: INR444**
**TP: INR635 (+43%)**
**Buy**

## Compounding through sourcing and scale

- GNG Electronics is a scaled, B2B-focused global refurbishment platform for enterprise IT hardware, operating across ~46 countries with an integrated model spanning sourcing, in-house refurbishment, and institutional distribution.
- Its end-to-end operating model enables better control over supply, quality, and channel execution, supporting scalable growth in a fragmented and supply-constrained market.
- Industry tailwinds remain favorable, led by widening price arbitrage compared to new devices, increasing enterprise acceptance of refurbished hardware, and a gradual shift toward organized players.
- We expect GNG Electronics to deliver Revenue/EBITDA/PAT CAGR of ~26%/~31%/~36% over FY26-28E, driven by volume growth and network expansion. EBITDA margins are expected to improve ~90bp to ~11.3%, supported by favorable mix and operating leverage, while lower borrowing costs support stronger PAT growth.
- We initiate coverage with a BUY rating and a TP of INR635, premised on ~30x FY28E EPS (~22x EV/EBITDA), implying ~44% upside from current levels.

## Structural growth with a shift toward organized players

- The global used and refurbished PC market was ~USD34b in CY23 and is expected to reach ~USD57b by CY28 (~11% CAGR), with the refurbished segment outpacing at ~22% CAGR, supported by improving product quality and wider acceptance.
- Growth is supported by: i) **Meaningful price advantage** (~65–75% discount to new devices), sustaining demand across value-conscious and institutional buyers, ii) **Improving product reliability**, aided by standardized refurbishment and warranty-backed offerings, iii) **Rising enterprise-led supply**, driven by faster replacement cycles, and iv) **Regulatory support** (right-to-repair, EPR), aiding ecosystem formalization.
- Regionally, India is expected to be the fastest-growing market (~33% CAGR in refurbished PCs over FY24–29) on a low base, while developed markets continue to witness steady adoption, driven by affordability and regulatory tailwinds.
- The market remains highly fragmented (no player having more than ~5% global share), but is gradually consolidating, with India's organized share expected to increase from ~11% in FY24 to ~32% by FY29.
- **This ongoing shift toward formalization and improved supply quality structurally favors scaled, integrated players like GNG Electronics, enabling them to leverage sourcing depth and in-house capabilities to capture a disproportionate share.**

### Scaled global platform with integrated sourcing and distribution strengths

- GNG Electronics has built a diversified sourcing network of ~600 partners (~35% CAGR over FY23–9MFY26), spanning corporates, ITAD providers, leasing firms, and branded enterprise channels, ensuring consistent access to enterprise-grade devices in a supply-constrained market.
- On the demand side, the company serves ~4,900 customer touchpoints (~43% CAGR) across ~46 countries through a predominantly B2B model (~95% of revenue), enabling scalable reach with better realizations and lower demand volatility.
- Simultaneous control over sourcing and distribution improves inventory rotation and reduces dependence on any single channel, supporting steady volume growth (~43% CAGR over FY23–FY26) and enhancing visibility across procurement and sales cycles.
- As scale increases, the integrated model benefits from network effects, strengthening supply access, pricing consistency, and execution reliability, enabling more predictable growth without incremental retail or customer acquisition intensity.

### In-house refurbishment capability driving superior yield and cost efficiency

- GNG Electronics’ in-house refurbishment capability extends to L3 repairs, advanced cosmetic restoration, and component-level work, enabling recovery across a wider damage spectrum and increasing usable output per procurement batch.
- This deeper technical capability supports structurally better unit economics, driven by higher recovery rates and improved realizations.
- The refurbishment process is standardized and system-led, enabling consistent output quality across facilities and supporting scale, as reflected by volumes growth of ~3x over FY23–26 without any deterioration in reliability metrics.
- Operating performance remains strong, with warranty incidence stable at ~2–3% and costs contained at 4-10bp of total cost, indicating that higher recovery is achieved without compromising product quality.

### AI-led hardware refresh and ESG alignment supporting ecosystem tailwinds

- The AI-led enterprise upgrade cycle is increasing the supply of relatively recent, higher-spec devices in secondary markets, improving input quality and supporting better recovery rates and realizations for refurbisher.
- Refurbished devices continue to offer significant price advantages (~65-75% discount to new equivalents), sustaining demand across price-sensitive and institutional buyers and reinforcing their positioning as cost-efficient substitutes.
- Regulatory frameworks such as extended producer responsibility (EPR) and right-to-repair are formalizing the ecosystem, shifting supply toward organized and compliant players while improving access to end-of-life devices through regulated channels.
- **Within this framework, GNG Electronics, as a certified refurbisher with EPR authorization, is positioned to benefit from compliance-led sourcing relationships. This supports a more stable supply access and stronger ecosystem integration as regulatory enforcement increases over time.**

### View and valuation

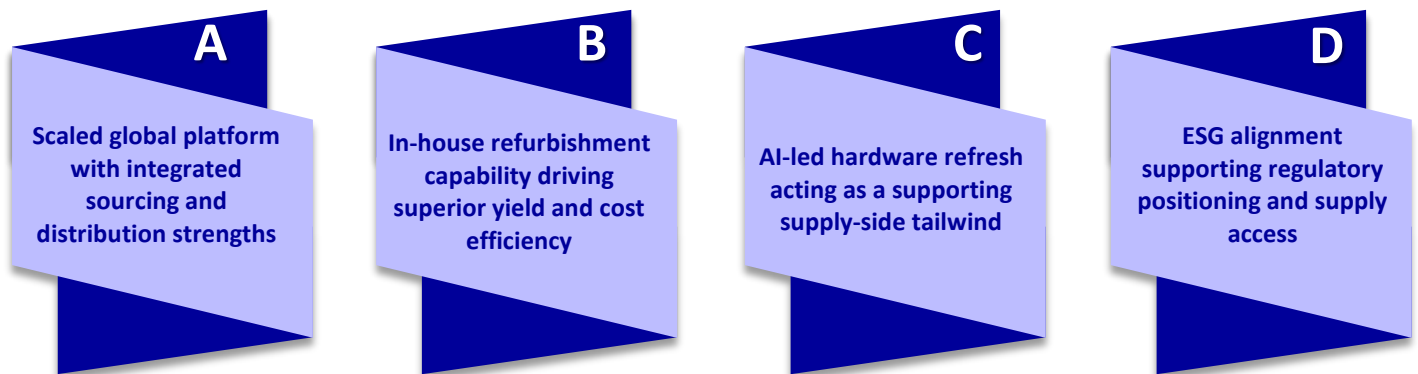
- GNG’s competitive positioning strengthens with scale because sourcing access, refurbishment capability, and institutional distribution reinforce each other over time.
- Larger procurement volumes improve supplier relationships and access to higher-quality devices, which support better recovery rates and realizations.
- Stronger distribution enables faster inventory rotation and procurement visibility, allowing the company to handle larger sourcing programs more efficiently.
- This creates a reinforcing operating loop where scale improves supply access, recovery economics, and distribution efficiency simultaneously, making replication increasingly difficult for fragmented refurbisher.
- We expect GNG Electronics to deliver Revenue/EBITDA/PAT CAGR of ~26%/~31%/~36% over FY26-28E, driven by volume growth and network expansion. EBITDA margins are expected to improve ~90bp to ~11.3%, supported by favorable mix and operating leverage, while lower borrowing costs support stronger PAT growth.
- Nevertheless, business remains structurally working-capital intensive (~45% of revenue), constraining near-term cash conversion, with cumulative CFO of ~INR1.4b over FY26-28E with an FCFF of INR1b.
- ***We initiate coverage with a BUY rating and a TP of INR635, based on ~30x FY28E EPS (~22x EV/EBITDA), implying ~44% upside, supported by strong earnings and improving capital efficiency.***

### Key risks and concerns

- Revenue concentration remains elevated, with ~66.7% of FY25 revenue routed through the UAE subsidiary, creating meaningful exposure to a single geography despite operational advantages.
- Working capital intensity has increased, with net working capital days rising to 178 (vs 136 in FY25), reflecting higher inventory and receivables and driving reliance on external funding.
- Related-party exposure remains material, with transactions across AEPL (~6.6%), KKOC (~5.4%), and EB Inc. (~8% sales/~7.5% purchases), alongside advances that indicate continued dependence on the promoter ecosystem.
- Supply remains inherently lumpy and non-standardized due to dependence on corporates and ITAD channels, impacting volume visibility and input quality consistency.
- Product concentration persists, with laptops contributing ~75–80% of revenue, limiting diversification and increasing sensitivity to demand and pricing shifts within a single category.

## STORY IN CHARTS

GNG Electronics is one of the largest global refurbishers



### Key Assumptions

	FY23	FY24	FY25	FY26	FY27	FY28
<b>% YoY Growth</b>						
Volume	26.8	48.8	60.0	23.3	23.5	21.5
ASP	-0.1	15.9	-22.5	8.7	3.3	2.5
Revenue	26.7	72.6	24.0	34.0	27.5	24.5
<b>% Margins</b>						
Gross	15.3	12.3	17.9	20.1	20.7	21.1
EBITDA (INR b)	0.5	0.8	1.2	2.0	2.6	3.4
% Margin	7.1	7.0	8.3	10.4	10.9	11.3
PAT (INR b)	0.3	0.5	0.7	1.3	1.8	2.4
% Margin	4.9	4.6	4.9	7.0	7.5	8.1
<b>BS &amp; CF</b>						
CWC (INR b)	2.2	3.5	5.3	9.2	10.8	13.0
Days	119	111	136	178	163	158
Net debt (INR b)	0.9	2.5	3.7	2.9	3.0	3.2
CFO (before WC)	0.5	0.8	1.1	2.1	2.4	3.1
WC changes	-0.7	-1.9	-1.9	-4.2	-1.8	-2.5
CFO	-0.2	-1.1	-0.8	-2.2	0.6	0.6

### Strong end-to-end integration drives steady volume growth

	FY23	FY24	FY25	FY26	CAGR (FY23-FY26)
Devices Refurbished (in m)	0.25	0.39	0.52	0.73	43.2
Customer touch points	1,833	3,223	4,154	4,895	42.9
Units per Customer	135	121	125	149	
	FY23	FY24	FY25	9MFY26	CAGR (FY23-9MFY26)
Procurement Partners	265	445	557	601	34.7
Customers per Partner	6.92	7.24	7.46	7.90	4.9

Source: Company, MOFSL

### Product comparison – Outside India

Sr. No.	Model	Price of new Product (in USD)	Price offered by us (in D)	Saving (in US \$)	Price gap (in %)
1	HP EliteBook 840 G7 Intel i7 10610U 16GB RAM, 512GB SSD Win 11 Pro	1,069	353	716	67
2	Dell 5420 14 Core i7-1185G7 16GB RAM 512GB SSD W10 Pro (Renewed)	999	302	697	70
3	Lenovo 14" Thinkpad T14 Gen 1 i7-10610U 16GB 512 GB SSD W11P (Renewed)	1,200	360	840	70
4	Apple MacBook Air 2020 13.3-inch i5, 8GB RAM, 512GB	1,300	404	896	69

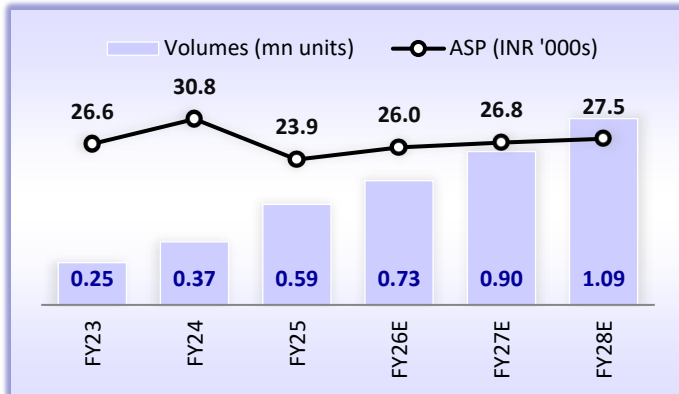
Source: Company, MOFSL

**Product comparison - In India**

Sr no	Model	Price offered by the Company (in INR)	Price of new product (in INR)	Saving (in INR)	Price gap (in %)
1	Dell Latitude 7490 - Core i5 8th / 8 GB/512 GB SSD/14"	23,250	85,000	61,750	73%
2	HP Elitebook 840 G5 - Core i5 8TH/ 8GB/512 GB SSD/14"	26,900	1,03,000	76,100	74%
3	Lenovo Thinkpad T 480 - Core i5 8th/ 8 GB/ 512 GB SSD/14"	22,500	92,000	69,500	76%
4	Dell 7310 (2 in 1)- Core i7 10th/16GB/512GB /14"	35,000	1,65,800	1,30,800	79%
5	HP Probook 440 G5 - Core i5 8th/ 8GB/512GB SSD/14"	20,000	59,000	39,000	66%

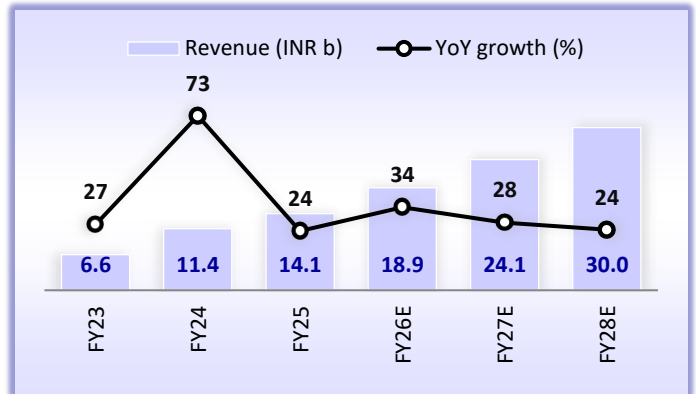
Source: Company, MOFSL

**Volumes to grow at 22% CAGR while ASP grows by a modest 3%**



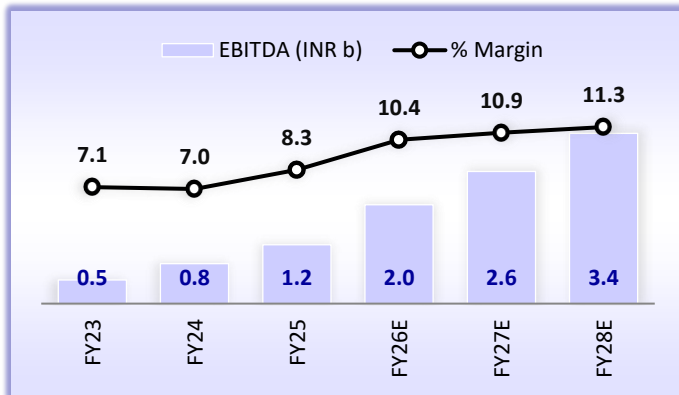
Source: Company, MOFSL

**Build in 26% revenue growth led by volumes**



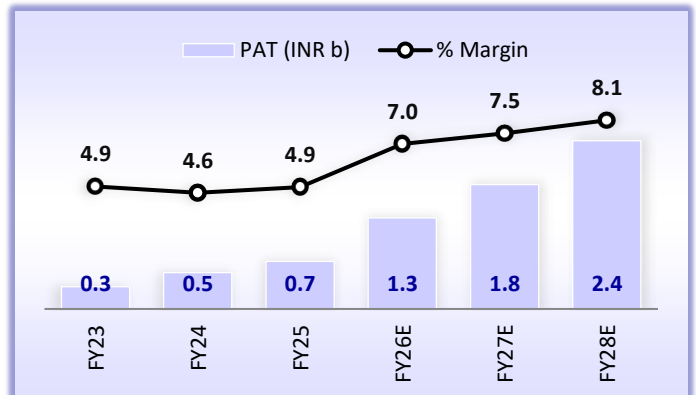
Source: Company, MOFSL

**Margins to expand by 90bp to 11% by FY28**



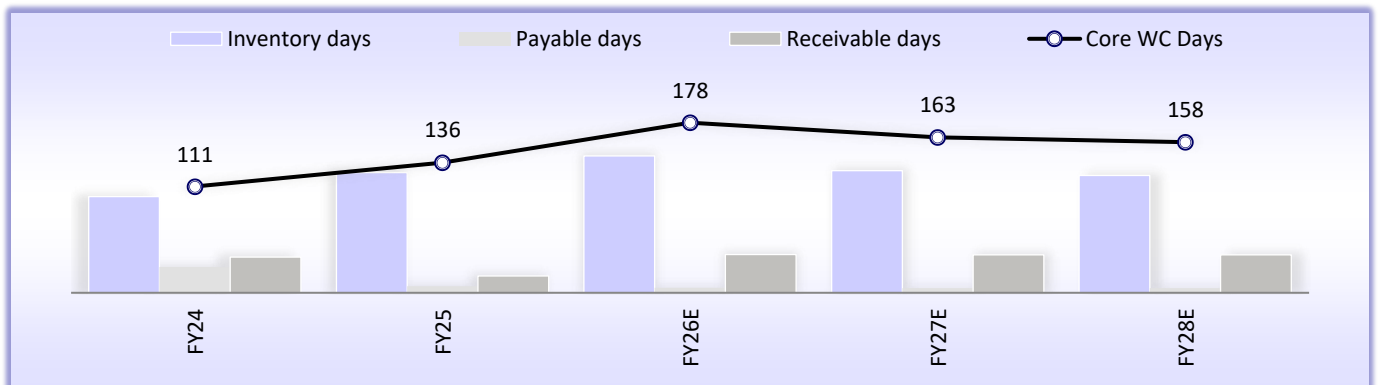
Source: Company, MOFSL

**PAT to grow at 36% CAGR over FY26-28**



Source: Company, MOFSL

**Inventory-heavy model keeps working capital elevated**



Source: Company, MOFSL

## Initiate coverage with BUY rating and TP of INR635

- GNG’s competitive positioning strengthens with scale because sourcing access, refurbishment capability, and institutional distribution reinforce each other over time.
- Larger procurement volumes improve supplier relationships and access to higher-quality devices, which support better recovery rates and realizations. Stronger distribution enables faster inventory rotation and procurement visibility, allowing the company to handle larger sourcing programs more efficiently.
- This creates a reinforcing operating loop where scale improves supply access, recovery economics, and distribution efficiency simultaneously, making replication increasingly difficult for fragmented refurbisher.
- On the back of this model, **we build in revenue/EBITDA CAGR of ~26%/~31% over FY26–28E**, driven primarily by volume-led growth, supported by expansion in sourcing partnerships and distribution reach.
- **EBITDA margins are expected to expand ~90bp to ~11.3% by FY28**, driven by gross margin expansion from AI-led pricing tailwinds, better sourcing mix, and a higher international mix, partly offset by elevated freight costs.
- PAT is expected to grow slightly ahead at **~36% CAGR**, aided by lower borrowing cost.
- Despite the structurally working-capital-intensive nature of the business, we expect return ratios to remain stable, with RoCE at ~20-21% by FY28E as earnings scale up.
- We believe current valuations (at 38x TTM P/E and 27x EV/EBITDA) do not fully reflect the company’s earnings growth trajectory, improving capital efficiency, and scalability of its integrated model.
- **We initiate coverage on GNG Electronics with a BUY rating and a TP of INR 635**, based on a DCF-implied target multiple of ~30x FY28E EPS (~22x EV/EBITDA), implying ~44% upside.

**Exhibit 1: We ascribe a TP of INR635, based on ~30x Mar’28 reported EPS**

INR m	PAT	Multiple (x)	Value
Equity value	2,438	30	72,412
<b>TP (INR/share)</b>			<b>635</b>
CMP (INR/share)			440
Potential upside (%)			44.3

Source: Company, MOFSL

**Exhibit 2: Our TP implies ~22x Mar’28 EBITDA**

INR m	EBITDA	Multiple (x)	Value
Enterprise value	3,381	22	75,413
Net debt			3,002
<b>Equity value</b>			<b>72,412</b>
<b>TP (INR/share)</b>			<b>635</b>
CMP (INR/share)			440
Potential upside (%)			44.3

Source: Company, MOFSL

GNG Electronics’ earnings remain highly sensitive to gross margins, reflecting strong operating leverage, with a large part of GM expansion flowing through to PAT. Margin expansion is expected to be driven by better realizations and favorable sourcing mix, particularly with higher contribution from premium and international devices. However, cash flows remain the key monitorable given the business’ high working capital intensity (~45% of revenue). Every 10-day increase in WC cycle results in ~INR0.8b incremental working capital requirement, while every 100bp change in gross margin impacts FY28E CFO by ~INR0.3b.

**Exhibit 3: Sensitivity of GNG’s FY28E PAT to % Gross margin and WC days**

FY28 PAT (INR m)		% Gross Margin				
		19.1	20.1	21.1	22.1	23.1
WC as a % of Sales	140	1,870	2,171	2,473	2,774	3,075
	150	1,852	2,154	2,455	2,757	3,058
	160	1,835	2,136	<b>2,438</b>	2,739	3,041
	170	1,818	2,119	2,421	2,722	3,023
	180	1,800	2,102	2,403	2,705	3,006

Source: Company, MOFSL

**Exhibit 4: Sensitivity of GNG’s FY28E CFO to % Gross margin and WC days**

FY28 CFO (INR m)		% Gross Margin				
		19.1	20.1	21.1	22.1	23.1
WC as a % of Sales	140	1,633	1,935	2,236	2,538	2,839
	150	808	1,109	1,411	1,712	2,013
	160	-18	283	<b>585</b>	886	1,188
	170	-844	-542	-241	60	362
	180	-1,669	-1,368	-1,067	-765	-464

Source: Company, MOFSL

## Investment arguments

### Scaled global platform with integrated sourcing and distribution strengths

GNG Electronics' core advantage lies in its control over both sourcing and distribution, creating a structurally more stable and scalable refurbishment model.

- **On the supply side**, the company has built a diversified procurement network spanning corporates, ITAD providers, leasing firms, NBFCs, and OEM-linked programs. Partnerships with global OEMs, provide access to enterprise buyback and trade-in channels, enabling access to higher-quality devices. In a market where supply availability is the primary constraint, this positions GNG Electronics as a preferred counterparty with consistent access to inventory.

Exhibit 5: GNG Electronics' global presence (as of Mar'25)



Source: MOFSL, Company

- **On the demand side**, GNG Electronics operates a B2B-led distribution network across ~46 countries, serving system integrators, VARs, and enterprise distributors. This enables scalable reach without retail overheads, while supporting better realizations and lower demand volatility relative to consumer-led models.

The integration of sourcing and distribution is the key differentiator. By controlling both ends of the value chain, GNG Electronics reduces dependence on any single supplier or customer, and enhances visibility across procurement and sales cycles. This network-led model converts scale into stability, a structural advantage that has historically been difficult for fragmented or single-sided players to replicate.

Exhibit 6: Strong end-to-end integration drives steady volume growth

	FY23	FY24	FY25	FY26	CAGR (FY23-FY26)
Devices Refurbished (in m)	0.25	0.39	0.52	0.73	43.2
Customer touch points	1,833	3,223	4,154	4,895	42.9
Units per Customer	135	121	125	149	
	FY23	FY24	FY25	9MFY26	CAGR (FY23-9MFY26)
Procurement Partners	265	445	557	601	34.7
Customers per Partner	6.92	7.24	7.46	7.90	4.9

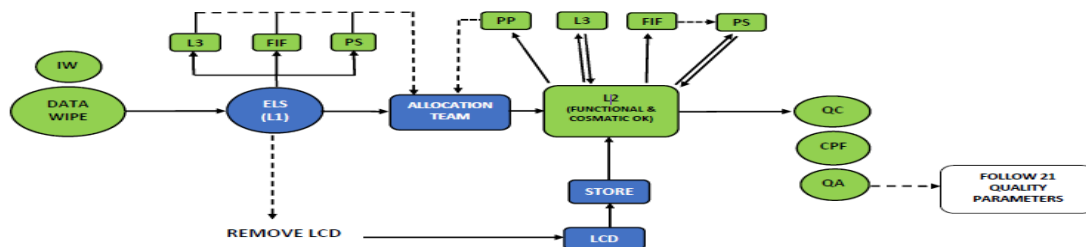
Source: Company, MOFSL

### In-house refurbishment capability driving superior yield and cost efficiency

GNG Electronics’ refurbishment capability is a key driver of its unit economics, enabling higher recovery rates and lower processing costs per device. Unlike standard industry practices focused on L1/L2 repairs (basic replacements and software resets), the company operates at L3 capability, including motherboard-level repairs, advanced cosmetic restoration, and specialized LCD work. This allows the company to recover devices across a wider spectrum, including units typically discarded or downgraded by peers, resulting in a higher usable yield per procurement batch.

The operating model is supported by a standardized refurbishment framework, with processes tracked through an in-house inventory management system to ensure consistency and traceability across facilities. The strategic value lies not in the process itself, but in its ability to deliver scalable quality while preserving cost efficiency.

**Exhibit 7: Process followed for the refurbishment of products**



21 QUALITY PARAMETERS	
COSMETICS	1 DENTS & SCREWS
	2 SKIN & LOGO
	3 PAINT
	4 SCRATCHES
	5 GAPS
	6 CRACK
FUNCTIONAL	7 CMOS BATTERY ERROR
	8 BIOS LOCKED & BIOS UPDATE
	9 OS DRIVERS
	10 TOUCHSCREEN
	11 SSD/HDD
	12 KEYBOARD
	13 USB PORT
	14 DISPLAY
	15 TOUCHPAD, KEY & TRACKBAL
	16 CAMERA
	17 MICROPHONE
	18 WIFI/LAN
	19 SPEAKER
	20 CHARGING
	21 SKU-2 (CONFIG)

**ABBREVIATIONS:**  
 IW - INWARD  
 ELS (L1) - ENTRY LEVEL SCREENING  
 L2 - REPAIR LEVEL 2  
 L3 - MOTHERBOARD CHIP LEVEL REPAIR  
 L4 - BGA BALLWORK (PROPOSED)  
 FIF - FABRICATION IN FACTORY  
 PS - PAINT & SKINNING  
 PP - PART PENDING  
 CPF - CLEANING & PACKAGING  
 QA - QUALITY ASSURANCE

Source: MOFSL, Company

Operating outcomes reflect this advantage. Despite volumes scaling ~3x over FY23–26, warranty incidence has remained stable at ~2–3%, with costs contained at 4–10bp of total cost. The ability to offer one-to-three-year warranties without margin dilution, alongside negligible inventory write-offs, suggests that improved recovery rates are not being achieved without compromising product quality.

Overall, in-house refurbishment enables GNG Electronics to convert technical capability into structurally superior unit economics, reinforcing both margin resilience and scalability.

**Exhibit 8: Warranty performance data**

(INR m)	FY23	FY24	FY25
Warranty cost and provisions	2.49	6.29	13.70
Total cost	6,274	10,865	13,420
Warranty cost as % of total cost	4bp	6bp	10bp
Devices refurbished (units)	248,135	369,320	590,787
Warranty claims / products returned	4,967	12,025	15,720
Warranty incidence rate	2.0%	3.3%	2.7%

Source: MOFSL, Company

### AI-led hardware refresh acts as a supporting supply-side tailwind

The ongoing shift toward AI-driven computing is likely to act as a supporting tailwind for the refurbishment ecosystem by accelerating enterprise hardware replacement cycles. As enterprises upgrade to higher-spec systems to support AI workloads, the secondary market is seeing an increasing flow of more recent, better-configured devices. This improves input quality for refurbishers, enabling higher recovery rates and better realizations, while reducing refurbishment complexity.

On the demand side, elevated prices of new devices continue to support the value proposition of refurbished alternatives, particularly in price-sensitive markets. Refurbished devices are typically available at a significant discount to new equivalents, sustaining demand across institutional and emerging market buyers. However, the impact of this cycle is incremental rather than structural. The extent of benefit depends on the pace and breadth of enterprise upgrade cycles, while any normalization in new device pricing could narrow the pricing gap.

Overall, the AI-led refresh cycle should be viewed as an incremental but supportive driver, enhancing supply quality and demand conditions. Players with strong sourcing networks and distribution capabilities are better positioned to capture value from these evolving dynamics.

#### Exhibit 9: Product comparison – Outside India

Sr. No.	Model	Price of new Product (in USD)	Price offered by us (in D)	Saving (in US \$)	Price gap (in %)
1	HP EliteBook 840 G7 Intel i7 10610U 16GB RAM, 512GB SSD Win 11 Pro	1,069	353	716	67
2	Dell 5420 14 Core i7-1185G7 16GB RAM 512GB SSD W10 Pro (Renewed)	999	302	697	70
3	Lenovo 14" Thinkpad T14 Gen 1 i7-10610U 16GB 512 GB SSD W11P (Renewed)	1,200	360	840	70
4	Apple MacBook Air 2020 13.3-inch i5, 8GB RAM, 512GB	1,300	404	896	69

Source: Company, MOFSL

#### Exhibit 10: Product comparison - In India

Sr no	Model	Price offered by the Company (in INR)	Price of new product (in INR)	Saving (in INR)	Price gap (in %)
1	Dell Latitude 7490 - Core i5 8th / 8 GB/512 GB SSD/14"	23,250	85,000	61,750	73%
2	HP Elitebook 840 G5 - Core i5 8TH/ 8GB/512 GB SSD/14"	26,900	1,03,000	76,100	74%
3	Lenovo Thinkpad T 480 - Core i5 8th/ 8 GB/ 512 GB SSD/14"	22,500	92,000	69,500	76%
4	Dell 7310 (2 in 1)- Core i7 10th/16GB/512GB /14"	35,000	1,65,800	1,30,800	79%
5	HP Probook 440 G5 - Core i5 8th/ 8GB/512GB SSD/14"	20,000	59,000	39,000	66%

Source: Company, MOFSL

### ESG alignment supporting regulatory positioning and supply access

GNG Electronics’ refurbishment-led model aligns with circular economy principles by extending device lifecycles and reducing electronic waste. The relevance of ESG in this context is increasingly visible through regulatory developments and evolving supply dynamics. Tighter enforcement of e-waste regulations, particularly under the **extended producer responsibility (EPR)** frameworks, is contributing to the formalization of the refurbishment ecosystem. As a certified refurbisher with EPR authorization, GNG Electronics is well-positioned as a compliant partner for large technology brands and enterprises seeking to meet regulatory requirements. This positioning supports stronger sourcing relationships, improving access to end-of-life devices through more formalized channels. Regulatory initiatives, such as right to repair, further support the ecosystem by improving access to spare parts and repair infrastructure, which can lower refurbishment costs and enable scale over time.

At the same time, while ESG considerations are gaining traction in institutional procurement, particularly in developed markets, purchase decisions in refurbished hardware continue to be largely influenced by cost efficiency. Within this context, ESG-linked developments are reinforcing supply quality and ecosystem credibility, while demand remains anchored in value.

#### Exhibit 11: Regulatory changes that are accelerating demand for refurbished products

Regulatory Change / Policy	Key Details & Mandates	Impact on Refurbishment Focus
Extended Producer Responsibility (EPR) & E-Waste (Management) Rules, 2022	❖ Requires producers to manage the end-to-end lifecycle of products. Sets phased e-waste collection targets of 60% (FY24–25), 70% (FY26–27), and 80% (FY27–28).	❖ Creates a structured formal channel for end-of-life electronics, ensuring steady supply for authorized refurbishers and recyclers, and improving compliance-driven sourcing.
Right to Repair Framework	❖ Mandates OEMs to provide product information, repair manuals, and spare parts to consumers and third-party repairers.	❖ Reduces dependency on OEM-controlled repair ecosystems, enabling growth of third-party refurbishment through improved access to repair infrastructure.
National Resource Efficiency Policy (NREP)	❖ Promotes transition to a circular economy through lifecycle-based resource management, from raw material extraction to end-of-life disposal.	❖ Supports industry-wide shift toward reuse and refurbishment, encouraging adoption of resource-efficient business models and circular solutions.
Global Green Public Procurement Mandates	❖ France mandates 20% refurbished IT procurement (rising to 40% by 2040 and 50% for the public sector by 2025). Ireland targetd 80% refurbished ICT procurement by 2025.	❖ Drives institutional demand for refurbished IT devices, creating a structural tailwind from public sector and enterprise procurement mandates globally.

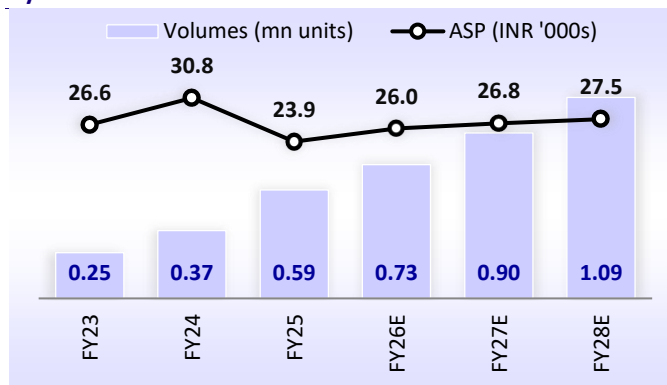
Source: Company, MOFSL

## Expect 26%/31% revenue/EBITDA CAGR over FY26-28

### Growth led primarily by volume, with incremental support from realizations

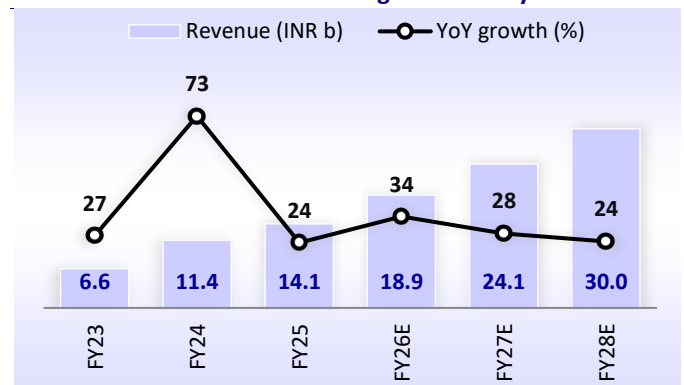
- GNG Electronics' growth trajectory is expected to remain predominantly volume-driven, supported by expansion in both sourcing access and distribution reach.
- Over FY23–26, ~42% revenue CAGR was largely driven by volume expansion (~43% CAGR), reflecting rapid scaling of procurement partnerships and customer touchpoints.
- While shifts in category mix, particularly the ramp-up in peripherals, weighed on blended realizations during this phase, core laptop continued to grow strongly (43% volume CAGR), with broadly stable pricing.
- Going forward, **we expect revenue to expand at ~26% CAGR over FY26–28, driven primarily by volume expansion.** Growth is supported by improving enterprise replacement cycles, deeper penetration of B2B channels, and continued expansion of the company's global sourcing network.
- Realizations, however, offer incremental upside. Refurbished devices currently trade at a 60-70% discount to new equivalents, providing headroom for gradual improvement as institutional adoption deepens and procurement becomes more standardized. That said, pricing is likely to remain a secondary driver of growth relative to volumes.

**Exhibit 12: Volumes to grow at 22% CAGR while ASP grows by a modest 4%**



Source: Company, MOFSL

**Exhibit 13: Build in 26% revenue growth led by volumes**



Source: Company, MOFSL

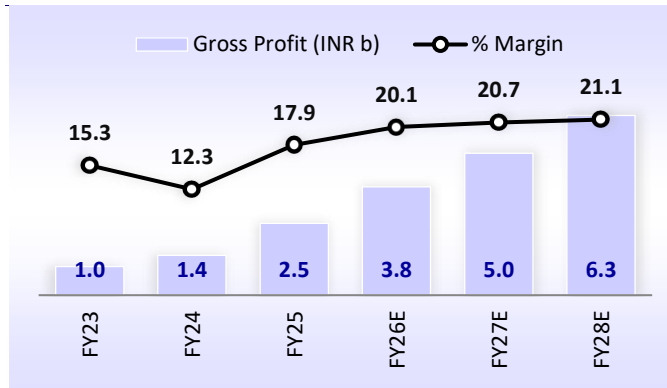
### Improving sourcing and pricing power drive margin expansion

GNG Electronics' margin profile reflects a combination of structural gross margin expansion and near-term cost normalization.

**Gross margins** have expanded from ~15.3% in FY23 to ~17.9% in FY25, and further to ~20.1% in FY26, driven primarily by improvements in sourcing mix and realizations. A higher share of procurement from enterprise ITAD channels has improved the availability of better-quality devices, reduced refurbishment intensity, and supported stronger resale pricing, leading to a steady improvement in gross profit per unit.

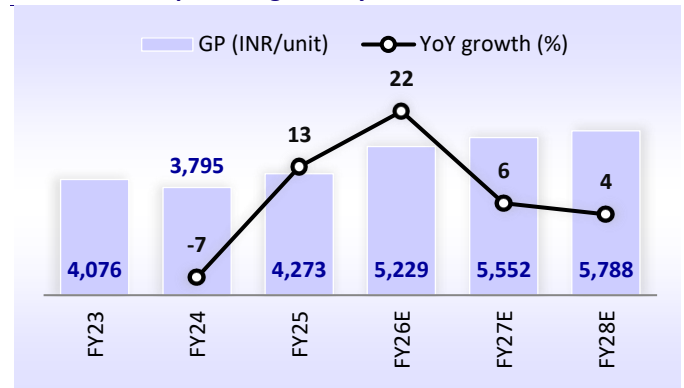
Going forward, we expect sourcing-led benefits to continue accruing gradually, while any further increase in RAM prices could provide additional upside to realizations and margins. **We have built 95bp of gross margin expansion to 21.1% by FY28E.**

**Exhibit 14: We build in 95bp of GMG expansion over FY26-28E**



Source: Company, MOFSL

**Exhibit 15: GP per unit grows by 5% CAGR**

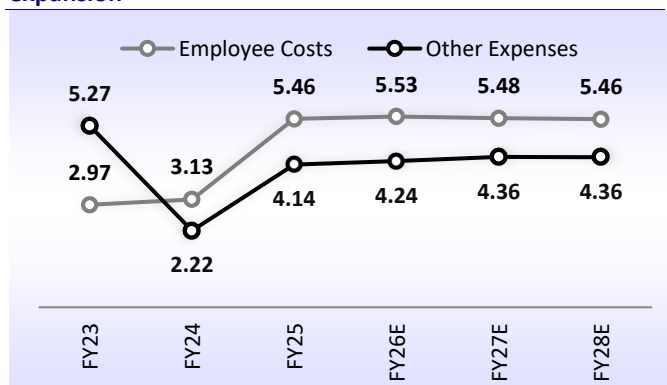


Source: Company, MOFSL

However, this expansion has been partially offset by elevated operating costs during the scale-up phase.

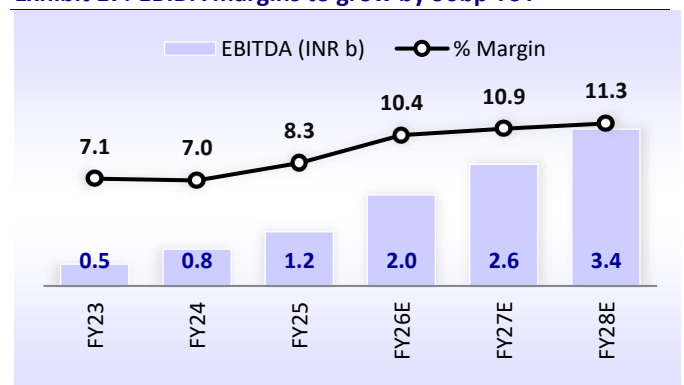
- **Employee costs** increased from ~3.1% of revenue in FY24 to ~5.5% in FY25, reflecting front-loaded hiring to build capacity across geographies. Similarly, **other expenses** rose from ~2.2% to ~4.2%, driven largely by higher freight costs as the business scaled internationally.
- These costs are primarily linked to growth investments rather than structural inefficiencies. As the operating base stabilizes, incremental revenue is expected to flow through at a lower marginal cost.
- However, given the aggressive scaling plans of GNG **we expect EBITDA margins to expand gradually to ~11.3% by FY28, implying ~31% EBITDA CAGR.** This is driven by modest operating leverage as revenue scales, alongside normalization in logistics and employee cost intensity.
- Overall, margin expansion is expected to be driven by structural improvements at the gross level, with operating leverage enabling flow-through at the EBITDA level over time.

**Exhibit 16: Opex to remain elevated due aggressive expansion**



Source: Company, MOFSL

**Exhibit 17: EBITDA margins to grow by 90bp YoY**



Source: Company, MOFSL

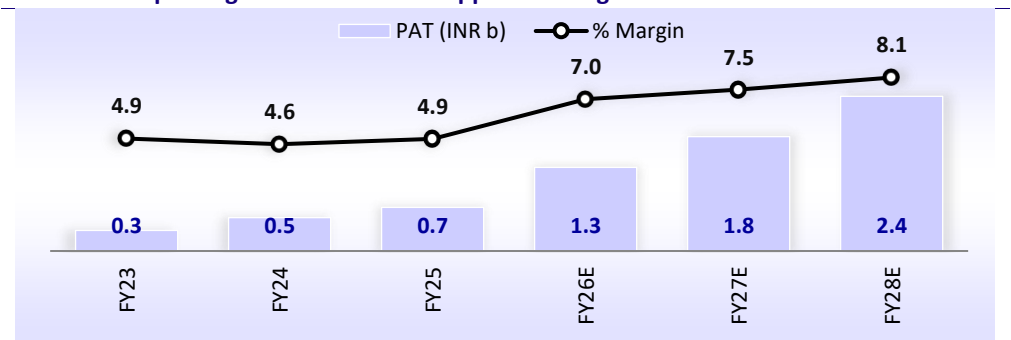
### Earnings leverage to supports faster PAT expansion

GNG Electronics' earnings growth is expected to be driven by a combination of operating leverage and slower interest cost growth, with PAT growth outpacing EBITDA over FY26-28.

- Following the IPO, the company has materially deleveraged its balance sheet, with net debt/EBITDA declining from ~3.2x in FY25 to ~1.5x in FY26.
- While elevated working capital intensity limits scope for sharp deleveraging, we also do not expect any sharp increase in leverage, with net debt likely at ~INR3b by FY28E (0.9x Net Debt/EBITDA).
- Alongside this, operating leverage and gross margin expansion continue to support underlying profitability.
- The company also benefits from a lower effective tax rate of ~15%, driven by a higher share of profits from its UAE operations.

**As a result, we expect PAT to expand at ~36% CAGR over FY26–28, with margins expanding by 120bp over FY26-28 to ~8.1%.**

**Exhibit 18: Improving balance sheet to support earnings acceleration**



Source: Company, MOFSL

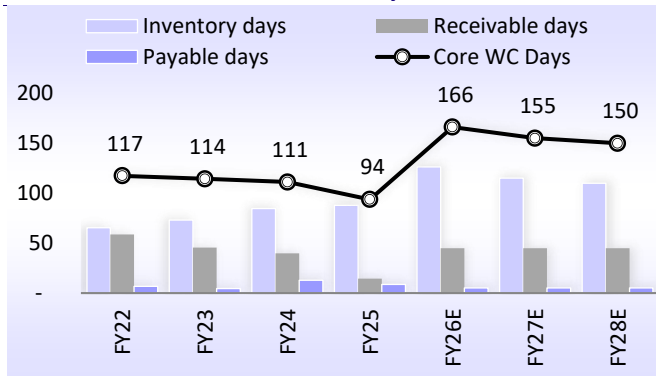
### Working capital: Structurally elevated, limits near-term cash conversion

GNG Electronics operates with a structurally working capital-intensive model, which is expected to remain a key constraint on near-term cash generation. Working capital is primarily driven by inventory intensity and limited supplier credit.

- **Inventory days** have increased from ~75 in FY23 to ~143 in FY26, reflecting scale-up and longer channel cycles, particularly in India. While some moderation (~20 days over FY26-28E) is expected with process improvements and a higher contribution from international markets, inventory requirements are likely to remain elevated, given the nature of bulk sourcing and refurbishment cycles.
- **Receivables** are influenced by the geographic mix, with relatively lower days in international markets and higher credit cycles in India. As domestic operations scale, receivables are expected to normalize at structurally higher levels.
- **Payables** remain low (~5–7 days) as procurement is largely upfront with limited OEM credit support. This creates a persistent mismatch in the working capital cycle, with limited ability to offset inventory and receivable build-up.

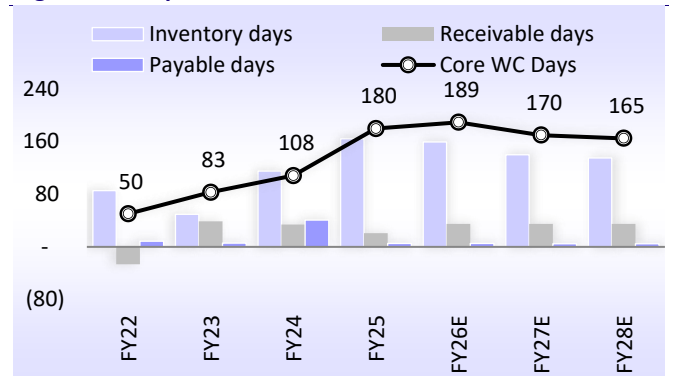
**As a result, working capital is expected to remain at ~160 days over the medium term, translating into ~40-45% of revenue being tied up in operations.**

**Exhibit 19: India WC remains as key constraint**



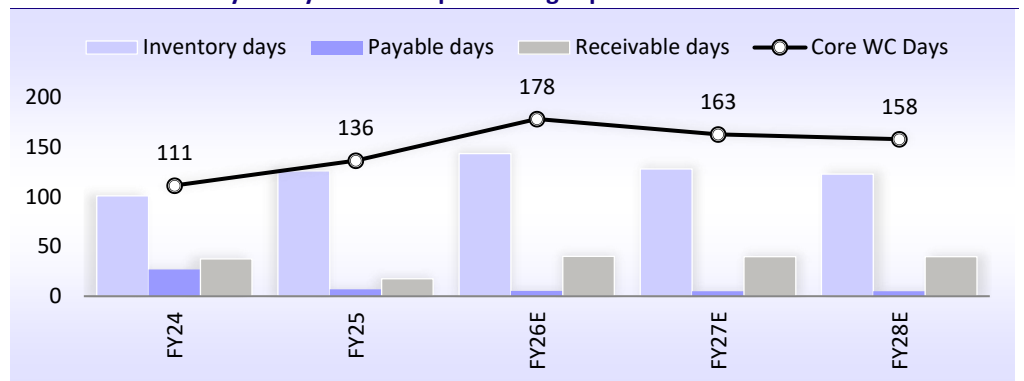
Source: Company, MOFSL

**Exhibit 20: Front loading inventory at Dubai facility driving higher WC requirement**



Source: Company, MOFSL

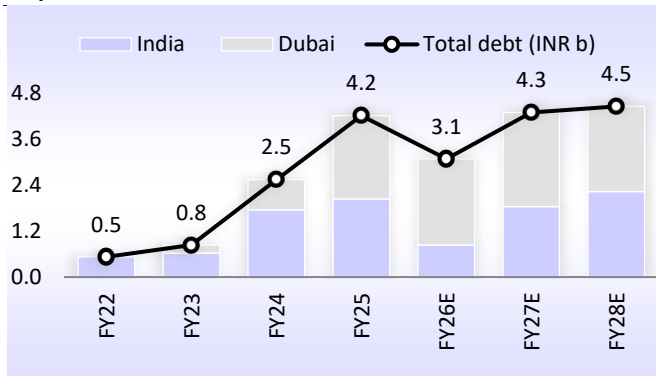
**Exhibit 21: Inventory-heavy model keeps working capital elevated**



Source: Company, MOFSL

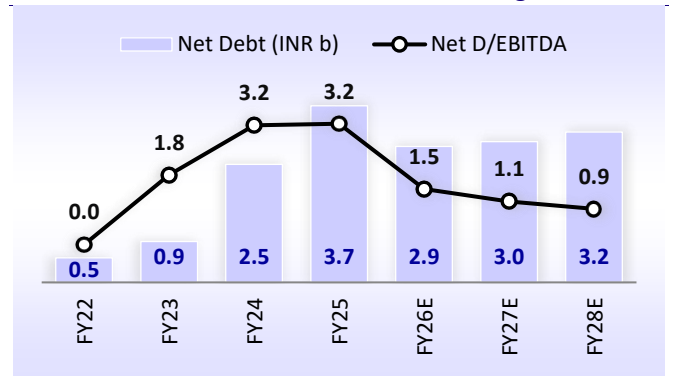
- This has a direct impact on cash flows. Despite strong EBITDA generation, incremental cash is largely absorbed by working capital requirements, resulting in modest cash generation of OCF (~INR1.2b) and FCF (~INR0.7b) over FY26-28E.
- Overall, while the business is profitable and growing, **cash conversion remains weak in the near term due to structurally high working capital intensity**, with improvement likely to be gradual rather than structural.
- Over time, as scale improves and working capital efficiency normalizes, incremental returns are expected to improve. RoCE is expected to remain stable at ~20-21% by FY28, supported by profitability growth and balance sheet deleveraging.

**Exhibit 22: Borrowings to raise to fund higher WC requirements**



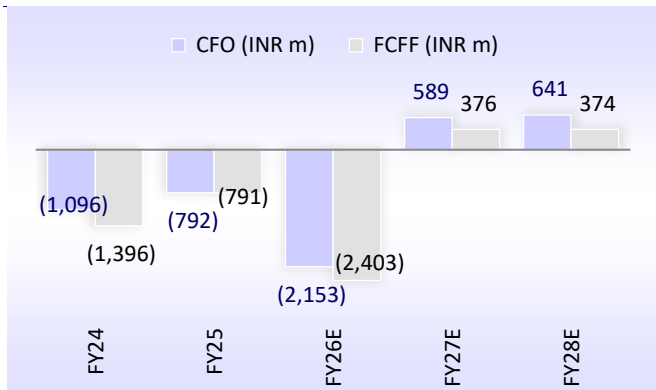
Source: Company, MOFSL

**Exhibit 23: Net debt to rise, but remain manageable**



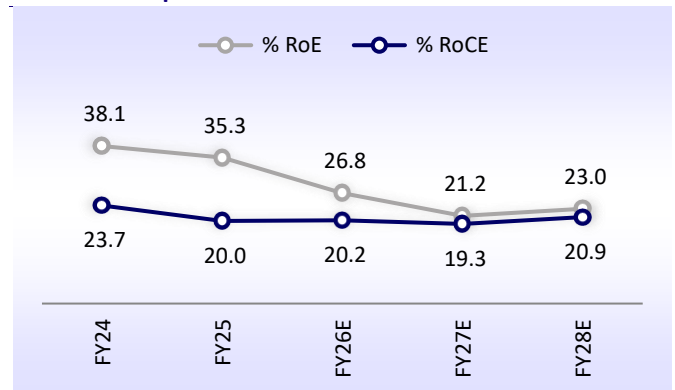
Source: Company, MOFSL

**Exhibit 24: Elevated WC to constrain cash flows through FY28**



Source: Company, MOFSL

**Exhibit 25: Expect return ratios to remain stable**



Source: Company, MOFSL

## Initiate coverage with a BUY rating and TP of INR635

- GNG Electronics operates an integrated refurbishment model spanning sourcing, in-house processing, and B2B distribution, enabling consistent supply access, standardized output quality, and stable demand visibility in a fragmented and supply-constrained market.
- On the back of this model, **we build in revenue/EBITDA CAGR of ~26%/~31% over FY26–28E**, driven primarily by volume-led growth, supported by expansion in sourcing partnerships and distribution reach.
- **EBITDA margins are expected to expand ~90bp to ~11.3% by FY28**, driven by gross margin expansion from AI-led pricing tailwinds, better sourcing mix, and a higher international mix, partly offset by elevated freight costs.
- PAT is expected to grow slightly ahead at **~36% CAGR**, aided by lower borrowing cost.
- Despite the structurally working-capital-intensive nature of the business, we expect return ratios to remain stable, with RoCE at ~20-21% by FY28E as earnings scale up.
- We believe current valuations (at 38x TTM P/E and 27x EV/EBITDA) do not fully reflect the company’s earnings growth trajectory, improving capital efficiency, and scalability of its integrated model.
- **We initiate coverage on GNG Electronics with a BUY rating and a TP of INR 635**, based on a DCF-implied target multiple of ~30x FY28E EPS (~22x EV/EBITDA), implying ~45% upside.

**Exhibit 26: We ascribe a TP of INR635, based on ~30x Mar’28 reported EPS**

INR m	PAT	Multiple (x)	Value
Equity value	2,438	29.7	72,412
TP (INR/share)			635
CMP (INR/share)			440
Potential upside (%)			44.3

Source: Company, MOFSL

**Exhibit 27: Our TP implies ~22x Mar’28 EBITDA**

INR m	EBITDA	Multiple (x)	Value
Enterprise value	3,381	22.3	75,413
Net debt			3,002
Equity value			72,412
TP (INR/share)			635
CMP (INR/share)			440
Potential upside (%)			44.3

Source: Company, MOFSL

GNG Electronics’ earnings remain highly sensitive to gross margins, reflecting strong operating leverage, with a large part of GM expansion flowing through to PAT. Margin expansion is expected to be driven by better realizations and favorable sourcing mix, particularly with higher contribution from premium and international devices. However, cash flows remain the key monitorable given the business’ high working capital intensity (~45% of revenue). Every 10-day increase in WC cycle results in ~INR0.8b incremental working capital requirement, while every 100bp change in gross margin impacts FY28E CFO by ~INR0.3b.

**Exhibit 28: Sensitivity of GNG’s FY28E PAT to % Gross margin and WC days**

FY28 PAT (INR m)		% Gross Margin				
		19.1	20.1	21.1	22.1	23.1
WC as a % of Sales	140	1,870	2,171	2,473	2,774	3,075
	150	1,852	2,154	2,455	2,757	3,058
	160	1,835	2,136	2,438	2,739	3,041
	170	1,818	2,119	2,421	2,722	3,023
	180	1,800	2,102	2,403	2,705	3,006

Source: Company, MOFSL

**Exhibit 29: Sensitivity of GNG’s FY28E CFO to % Gross margin and WC days**

FY28 CFO (INR m)		% Gross Margin				
		19.1	20.1	21.1	22.1	23.1
WC as a % of Sales	140	1,633	1,935	2,236	2,538	2,839
	150	808	1,109	1,411	1,712	2,013
	160	-18	283	585	886	1,188
	170	-844	-542	-241	60	362
	180	-1,669	-1,368	-1,067	-765	-464

Source: Company, MOFSL

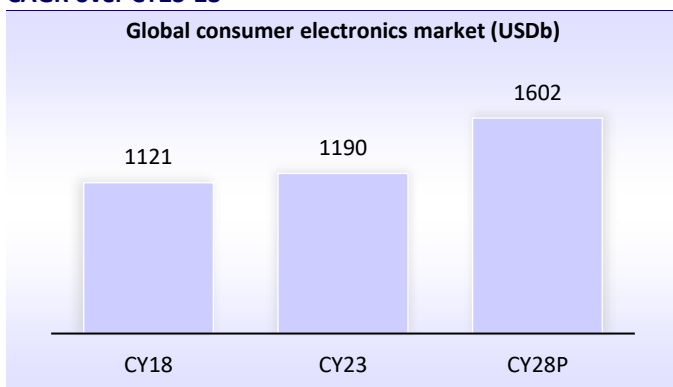
## Industry analysis

### Global consumer electronics industry to clock ~6% CAGR over CY23-28

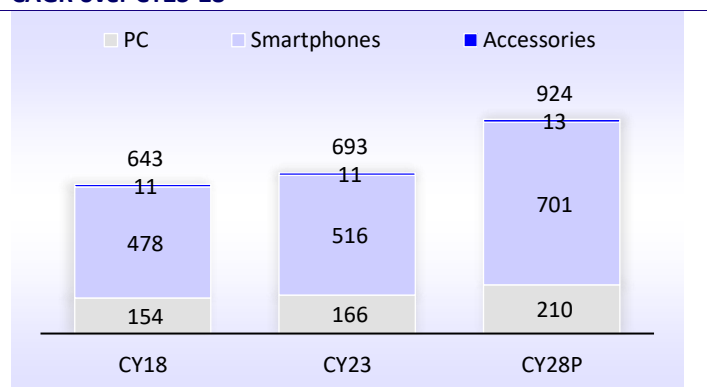
The global consumer electronics market grew from USD1,121b in CY18 to USD1,190b in CY23, posting a CAGR of 1.2% from CY18-23. The muted growth was primarily driven by chip shortage in the electronics market, global supply chain disruptions, economic uncertainty, and reduction in purchases post-pandemic due to the surge of electronic purchases during the pandemic. However, the global consumer electronics market is estimated to grow to USD1,602b by CY28, posting a CAGR of 6.1%. Upcoming growth will be fueled by advancements in AI, IoT, and machine learning, which require more efficient devices.

On the other hand, the global ICT hardware device market stood at USD693b in CY23 and is projected to reach USD924b by CY28, posting a CAGR of 5.9%. Smartphone was the largest segment globally, contributing 74.4% to the ICT hardware market in CY23, followed by PC, which contributed ~24% in CY23.

**Exhibit 30: Global consumer electronics market to post a 6.1% CAGR over CY23-28**      **Exhibit 31: Global ICT hardware device market to post a 5.9% CAGR over CY23-28**



Source: MOFSL, Company



Source: MOFSL, Company

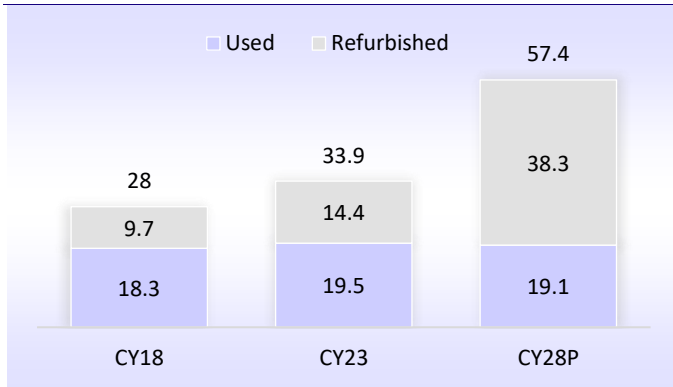
### Global refurbished PC market to post a 22% CAGR over CY23-28

The global used and refurbished PCs market stood at USD34b in CY23 and is expected to post an 11% CAGR over CY23-28, reaching USD57b by CY28. Used PCs are generally pre-owned devices sold in their existing condition, often without any upgrades or warranties, while refurbished PCs undergo testing, repairs, and quality assurance to ensure they meet specific performance standards. A common trend in both the Indian and global markets is the increasing preference for refurbished devices over 'as-is' used devices.

The global refurbished PCs market grew from USD9.7b in CY18 to USD14.4b in CY23, reflecting an 8% CAGR. Increasing consumer acceptance of refurbished PCs has been a key driver of growth as these devices provide a near-new experience at a lower price point. Advancements in refurbishment techniques and better product quality have further supported this trend. The global refurbished PC market is expected to post a 22% CAGR over CY23-28, reaching USD38.3b.

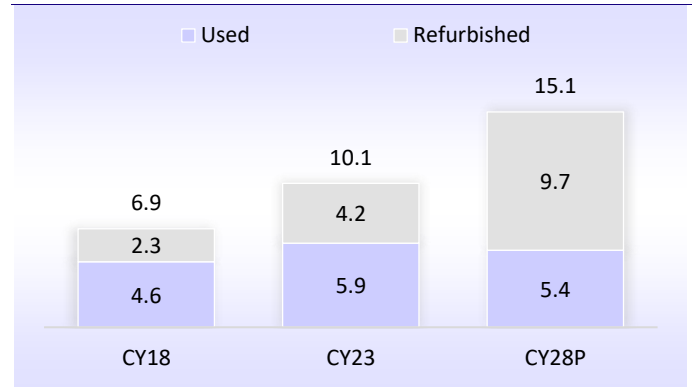
**US Market:** The used and refurbished PCs market in the US grew from USD6.9b in CY18 to USD10.1b in CY23, recording a robust 8% CAGR. It is expected to reach USD15.1b by CY28, recording an ~8% CAGR. The refurbished segment, with a CAGR of 18% over CY23-28, is expected to drive market growth, reaching USD9.7b by CY28 as consumers are increasingly seeking cost-effective and reliable alternatives to new devices. Enhanced refurbishment standards and affordability are key factors that will sustain the appeal of refurbished PCs.

**Exhibit 32: Global refurbished PC market expected to record 22% CAGR, reaching USD38.3b by CY28**



Source: MOFSL, Company

**Exhibit 33: US refurbished PC market expected to record 18% CAGR, reaching USD9.7b by CY28**

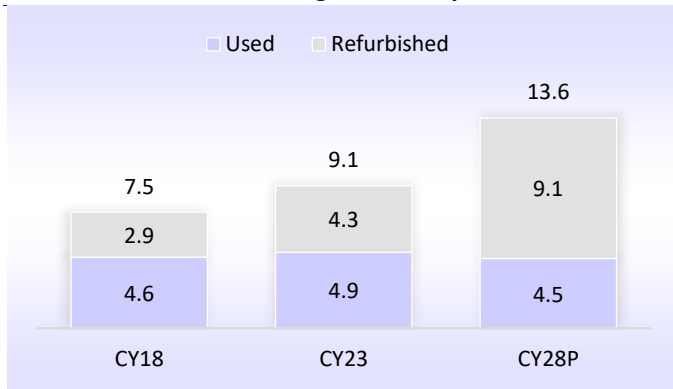


Source: MOFSL, Company

**Europe Market:** The used and refurbished PCs market in Europe stood at USD9.1b in CY23, recording a 4% CAGR over CY18-23, with refurbished PCs expanding faster at ~8% CAGR over CY18-23 to reach USD4.3b by CY23. The refurbished PC market in Europe is projected to record a 16% CAGR over CY23-28, reaching USD9.1 by CY28, driven by the European Union’s right to repair initiative and energy efficiency priorities.

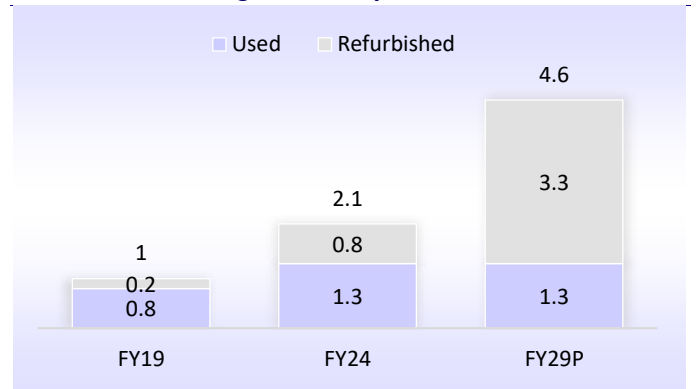
**Indian Market:** The Indian used and refurbishment market posted a 15% CAGR over FY19-24, reaching USD2.1b in FY24, with the refurbished PC market accounting for USD0.8b in FY24. As businesses and students increasingly seek cost-effective alternatives, the used and refurbished PC market is projected to reach ~USD4.6b by FY29, reflecting a CAGR of 18% from FY24 to FY29. A substantial part of the growth is expected to be driven by refurbished PCs, which are estimated to record ~33% CAGR over FY24-29 to reach USD3.3b.

**Exhibit 34: European refurbished PC market expected to record a 16% CAGR, reaching USD9.1b by CY28**



Source: MOFSL, Company

**Exhibit 35: Indian refurbished PC market expected to record ~33% CAGR, reaching USD3.3b by FY29**



Source: MOFSL, Company

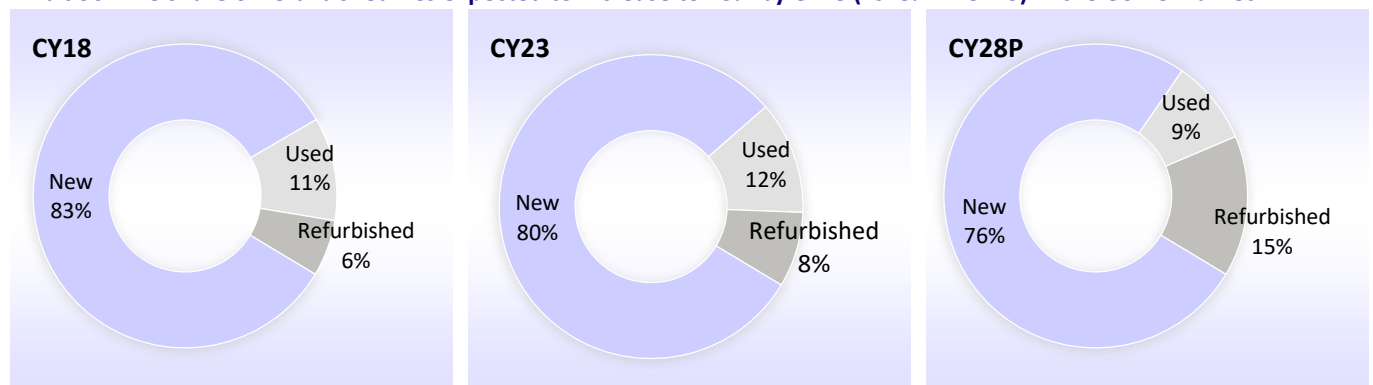
**Rising penetration of used and refurbished PCs across geographies**

**US Market:** The share of used and refurbished PCs in the US has gradually increased from 17% in CY18 to 20% in CY23, driven by the rising acceptance of refurbished devices on account of cost savings and increasing awareness of sustainability. The share of used and refurbished PCs is expected to reach 24% by CY28, with the share of refurbished PCs overtaking used PCs at 15%.

**Europe Market:** The penetration of used and refurbished PCs in Europe grew from 17% in CY18 to 19% in CY23, and is projected to increase further to 22% by CY28. Similar to the US, the share of refurbished PCs is expected to surpass used PCs in Europe at ~15% by CY28.

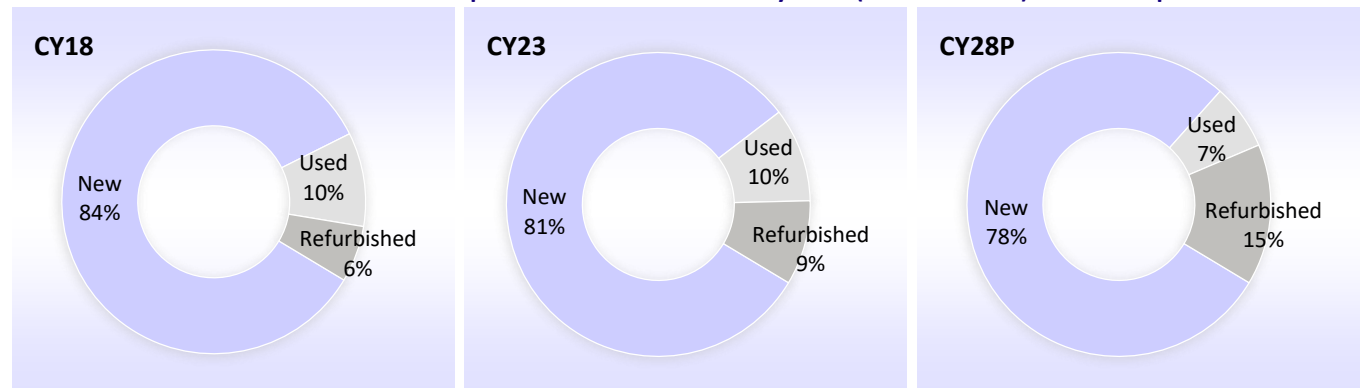
**Indian Market:** The used and refurbished laptop market is steadily gaining share in the overall laptop market in India, rising from 20% in FY19 to 24% by FY29, with the refurbished segment as the major growth driver, accounting for ~17% of the market share by FY29. This growth is largely driven by the emergence of organized players within the sector, which enhances consumer trust and credibility.

**Exhibit 36: The share of refurbished PCs expected to increase to 15% by CY28 (vs. 8% in CY23) in the US PC market**



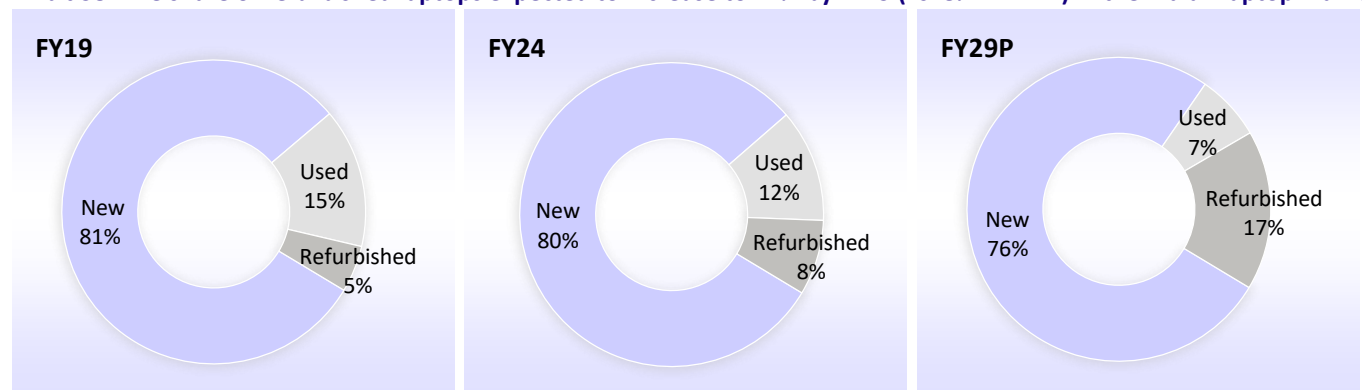
Source: MOFSL, Company

**Exhibit 37: The share of refurbished PCs expected to increase to 15% by CY28 (vs. 9% in CY23) in the European PC market**



Source: MOFSL, Company

**Exhibit 38: The share of refurbished laptops expected to increase to 17% by FY29 (vs. 8% in FY24) in the Indian laptop market**



Source: MOFSL, Company

**Secular trend of shift from unorganized to organized refurbishes**

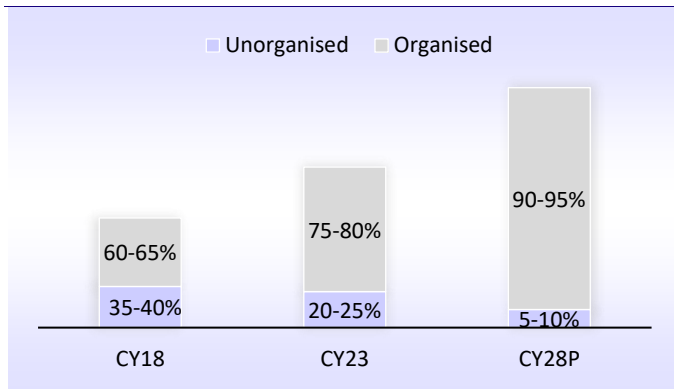
**US Market:** The used and refurbished PCs market in the US is dominated by organized players, accounting for ~75-80% share (rising from 60-65% share in CY18), led by major players such as Electronics Bazaar, Gazzele, and Newegg, alongside mom-and-pop stores. The market, while organized, is largely fragmented, with no player capturing >5% of the market. It is expected to reach USD15.1b by CY28, with the share of organized players projected to grow even further, capturing 90-95% of the market. This shift reflects the growing trust in organized platforms that offer higher quality, warranty, and customer assurance, as opposed to unorganized sellers.

**Europe Market:** The used and refurbished laptop market in Europe is also shifting towards organized players, with their share rising to 70-75% in CY23 (from 55-60% in CY18). Large organized players, such as Electronics Bazaar, Back Market, MusicMagpie, Vendi, and CertiDeal, alongside various mom-and-pop stores, are expected to occupy 85-90% of the market by CY28. Similar to the US, the organized market remains fragmented, with no player accounting for over 5% of the market.

**Indian Market:** Unlike Europe and US, the used and refurbished laptop market in India has traditionally been dominated by unorganized players that account for ~89% share in FY24 (vs. 95% in FY19). However, the share of organized players has increased to ~11% in FY24 (from ~5% in FY19) and is expected to increase further to

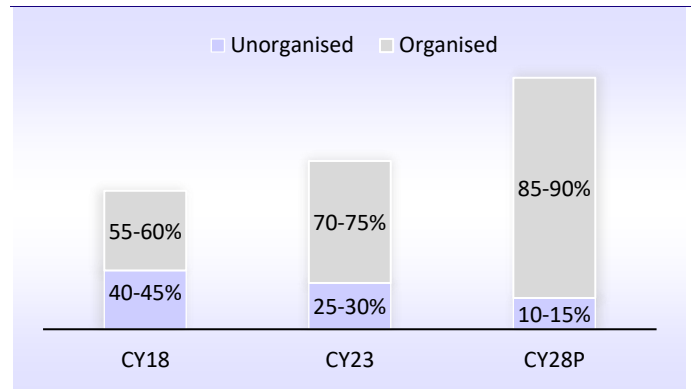
~32% by FY29. The growing shift towards the organized market is driven by consumer preference for reliable sources, warranties, and quality assurance offered by established players, while the unorganized market continues to cater to cost-sensitive consumers looking for lower-priced options. Large established players like Electronics Bazaar are well placed to capitalize on the significant shift towards the organized market.

**Exhibit 39: Share of organized players in the US used and refurbished PC market at ~75-80% in CY23**



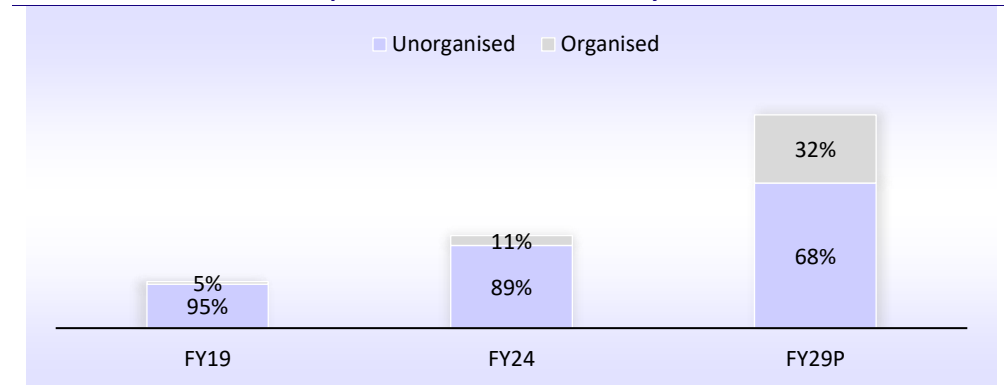
Source: MOFSL, Company

**Exhibit 40: Share of organized players in the European used and refurbished PC market at ~70-75% in CY23**



Source: MOFSL, Company

**Exhibit 41: Share of organized players in the Indian used and refurbished PCs market at modest ~11% in FY24, but expected to increase to ~32% by FY29**



Source: MOFSL, Company

**Refurbished PCs offer ~65-80% savings versus new PCs for the same model**

The economic value proposition of refurbishing presents a compelling opportunity for value creation and market expansion, particularly in a country like India. By extending product lifecycles, refurbishment significantly reduces consumer costs, enabling a broader segment of the population to access high-quality devices at lower price points. Refurbished devices provide up to 40% savings for budget-conscious consumers, with in-house warranties versus brand-specific ones for new devices.

The circular nature of refurbishment opens up various employment opportunities in collection, logistics, refurbishment, and resale, playing a key role in advancing India’s circular economy agenda.

**Exhibit 42: Product comparison - In India**

Sr no	Model	Price offered by the Company (in INR)	Price of new product (in INR)	Saving (in INR)	% saving
1	Dell Latitude 7490 - Core i5 8th / 8 GB/512 GB SSD/14"	23,250	85,000	61,750	73%
2	HP Elitebook 840 G5 - Core i5 8TH/ 8GB/512 GB SSD/14"	26,900	1,03,000	76,100	74%
3	Lenovo Thinkpad T 480 - Core i5 8th/ 8 GB/ 512 GB SSD/14"	22,500	92,000	69,500	76%
4	Dell 7310 (2 in 1)- Core i7 10th/16GB/512GB /14"	35,000	1,65,800	1,30,800	79%
5	HP Probook 440 G5 - Core i5 8th/ 8GB/512GB SSD/14"	20,000	59,000	39,000	66%

Source: DRHP, MOSL

**Exhibit 43: Product comparison – Outside India**

Sr. No.	Model	Price of new Product (in D)	Price offered by us (in D)	Saving (in US \$)	Price gap (in %)
1	HP EliteBook 840 G7 Intel i7 10610U 16GB RAM, 512GB SSD Win 11 Pro	1,069	353	716	67
2	Dell 5420 14 Core i7-1185G7 16GB RAM 512GB SSD W10 Pro (Renewed)	999	302	697	70
3	Lenovo 14" Thinkpad T14 Gen 1 i7-10610U 16GB 512 GB SSD W11P (Renewed)	1,200	360	840	70
4	Apple MacBook Air 2020 13.3-inch i5, 8GB RAM, 512GB	1,300	404	896	69

Source: DRHP, MOSL

## Company overview

- GNG Electronics is India’s largest refurbisher of laptops and desktops and among the largest globally by value. Operating under the ‘Electronics Bazaar’ brand, it functions in the circular IT hardware economy, extending the lifecycle of enterprise-grade devices through refurbishment and resale.
- The company’s competitive edge lies in its end-to-end refurbishment capabilities, covering functional repairs (including motherboard-level work) as well as cosmetic restoration.
- GNG operates an asset-light model with refurbishment facilities in India, UAE, and the US, enabling a globally distributed operating footprint. It has presence across ~46 countries and reaches customers through ~4,800 reseller and partner touchpoints, including IT resellers, system integrators, and leasing partners.
- In FY25, ~75% of revenue was generated internationally, with the UAE subsidiary contributing the majority share, highlighting geographic concentration but also strong offshore scaling. The company served over 4,000 customers and worked with more than 600 procurement partners, indicating a broad sourcing and distribution ecosystem.
- Revenue is primarily driven by laptops, which account for ~75% of sales, aligned with global enterprise IT refresh cycles. Overall, GNG is positioned as a scaled, certification-backed intermediary in global used IT hardware flows, supported by an asset-light structure and international distribution reach.

### Exhibit 44: Key event timeline

FY	Major events and milestones of GNG Electronics
2006	❖ Incorporated as GNG Electronics Private Limited in Mumbai
2016	❖ Started refurbishment operations at a 1,200 sq. ft. facility in Mumbai
2017	❖ Established Sharjah, UAE facility (4,305 sq. ft.); simultaneous India-UAE launch
2018	❖ Expanded India facility to 21,969 sq. ft. in Nerul, Navi Mumbai.
2020	❖ Acquired AEPL's business as a going concern via Business Transfer Agreement
2021	❖ Received ISO 9001, ISO 27001, ISO 14001, and ISO 45001 certifications
2022	❖ Expanded UAE facility; crossed INR 5,000m in turnover
2023	❖ Expanded India warehouse; added two more Sharjah facilities; certified as HP Certified Refurbishment Partner
2024	❖ Established Dallas, Texas, US facility (11,000 sq. ft.); certified as Lenovo Certified Refurbishment Partner; converted to public limited company

Source: MOFSL, Company

## Key risks and concerns

- **Dependence on UAE subsidiary**

Electronics Bazaar FZC (UAE) accounts for a significant share of revenue (~67% in FY25) and underpins the company's international operations (~75% of revenue), creating exposure to UAE-specific regulatory, tax, and transfer pricing frameworks.

- **Supplier concentration and input variability**

Procurement is dependent on corporates, ITAD programs, and leasing companies, where supply remains inherently lumpy and non-standardized, leading to variability in volumes and input quality.

- **Working capital intensity**

The business remains working-capital intensive, with funding requirements for inventory, multi-geography receivables, and ~30–35-day credit to partners. Core working capital days increased to 178 in FY26 (vs. 110 in FY24), indicating higher capital absorption and reliance on external financing, which could constrain growth in tighter liquidity conditions.

- **High product concentration in laptops**

Laptops contribute ~75–80% of revenue, limiting diversification. Any demand slowdown, pricing pressure, or structural shift in enterprise computing could disproportionately impact performance.

- **Input cost volatility**

Margins remain exposed to fluctuations in component costs (e.g., screens, batteries, memory) and currency movements, given the refurbishment-intensive nature of operations.

- **International exposure and execution risk**

With ~75% of revenue from international markets, the company faces risks related to cross-border operations, regulatory compliance, and logistics.

### Ownership structure and related-party ecosystem

GNG Electronics is a promoter-controlled entity led by the Khandelwal family through a layered ownership structure (direct stake and holdings via Kay Kay Overseas Corporation and Amiable Electronics Private Limited), with an integrated group ecosystem across sourcing, refurbishment, and distribution of used IT hardware. Inter-company transactions contribute ~5-8% of the consolidated activity.

**Exhibit 45: Pre-IPO ownership of GNG Electronics**

Ownership structure	
Sharad Khandelwal + Vidhi Sharad Khandelwal   <b>50% / 50% ownership</b>	
↳	Kay Kay Overseas Corporation (Partnership Firm)
↳	Amiable Electronics Pvt. Ltd. (Holding Company)   <b>72.28% held by Kay Kay + 13.86% each direct</b>
↳	<b>GNG Electronics (listed entity)   57.29% via Amiable + 18.50% each direct (Sharad &amp; Vidhi)</b>
↳	Electronics Bazaar FZC (UAE)   <b>99.60%</b>
↳	Sun Electronics Corporation (USA)   <b>100%</b>
↳	Kay Kay Overseas Corporation (USA)   <b>100%</b>
↳	Bright World Technologies Inc. (USA)   <b>100%</b>
↳	Electronics Bazaar B.V. (Netherlands)   <b>100%</b>
↳	Electronics Bazar INC (Canada)   <b>100%</b>

Source: Company, MOFSL

Within this structure, GNG Electronics operates as part of a broader promoter-driven ecosystem, where multiple affiliated entities perform overlapping functions across sourcing, refurbishment, and global distribution of used IT hardware. While this integrated model has supported scale and market penetration, it also results in parallel operating layers outside the listed entity, with inter-company transactions estimated at ~5–8% of consolidated activity, indicating material intra-group dependency.

- **Electronics Bazaar FZC (UAE) – Wholly-owned subsidiary**

The UAE entity is the primary international operating arm, contributing ~50% of consolidated revenue. It undertakes sourcing and distribution of refurbished devices in global markets, effectively operating across the same value chain as the listed entity, and anchors a significant portion of group profitability.
- **Electronics Bazaar Inc (US)/associate concern**

Part of the promoter network operates as a major North American trading and distribution channel in refurbished IT hardware. It remains highly interlinked with GNG, with FY25 sales contributing ~8% of revenue and purchases ~7% of costs, reflecting a bidirectional related-party flow and continued reliance on associate-led international distribution channels.
- **Amiable Electronics - Promoter/Holding company**

AEPL remains closely integrated with GNG Electronics’ operating model post the FY20 business transfer. It continues as a key procurement counterparty, contributing ~7% of revenue in FY25, alongside significant funding linkage through large outstanding advances (~7%), indicating ongoing working capital and execution dependence within the promoter ecosystem.
- **Kay Kay Overseas Corporation - Promoter/holding company**

KKOC is a promoter-owned partnership operating in the same ICT distribution categories as GNG Electronics under the same brand identity 'Electronics Bazaar'. Its role spans sourcing and distribution functions similar to those of the listed business. In FY25, GNG Electronics purchased goods worth ~5.4% of its revenue from KKOC.

**Exhibit 46: Financial performance of KKOC**

NR m)	KKOC				
	FY23	FY24	FY25	9MFY25	9MFY26
Revenue	14,917	19,997	19,600	15,265	16,699
YoY %		<b>34.1</b>	<b>-2.0</b>		<b>9.4</b>
EBITDA	366	611	1,154	797	868
EBITDAM %	2.5	3.1	5.9	5.2	5.2
PAT	151	226	304		
PATM %	1.0	1.1	1.5		

Source: MOFSL, Company

- Financial and operational linkages: The company has extended corporate guarantees (~INR700m+) and maintains inter-company balances with related entities, reflecting an interconnected structure beyond arm’s-length operating transactions.
- Overall, while the ecosystem has enabled scale and global reach, the presence of multiple entities undertaking similar activities, combined with recurring inter-company transactions, raises questions around margin allocation and where economic value is ultimately captured within the group structure, making this a key governance monitorable.

**Exhibit 47: Key event timeline**

INR mn	Relationship	Transaction	FY25		FY24		FY23	
			Amount	as a % of Revenue	Amount	as a % of Revenue	Amount	as a % of Revenue
KKOC	Associate concern	Purchase	757.5	5.4	454.5	4.0	541.2	8.2
Electronics Bazaar Inc	Associate concern	Sales	1,140.9	8.1	1,298.7	10.6	476.4	7.2
		Purchase	1,049.3	7.4	1,661.7	14.6	669.1	10.2
Amiable Electronics	Holding company	Purchase	929.6	6.6	-	-	-	-
		Advance	951.2	6.7	198.9	1.8	-	-
Sharad Khandelwal	Managing Director	Personal Guarantee	592.4	4.2	2,318.2	20.9	625.9	9.5
Vidhi Sharad Khandelwal	Non-Executive Director	Personal Guarantee	592.4	4.2	2,318.2	20.9	625.9	9.5

Source: MOFSL, Company

## Management background

Name	Designation	Profile
Mr. Sharad Khandelwal	Managing Director	❖ He holds a B.Com from Jiwaji University, Gwalior, and is a Chartered Accountant (ICAI All India Rank 6, 1994 batch), with 29 years of experience in the ICT industry. He has been a Partner at KKOC since 1995 and a Director of the company since inception in 2006. He is responsible for overall strategy, leadership, and management across India and international markets.
Ms. Rinku Vikas Arora	Chairperson and Independent Director	❖ She holds a B.Com from Narsee Monjee College and an MMS from Narsee Monjee Institute of Management Studies. She has over 28 years of experience in marketing, finance, and management consulting. Previously associated with Zee Education (Essel Group), she is currently the Co-founder and Director of Princeton Academy Mumbai II Private Limited. She has been on the Board since November 2024.
Mr. Sheetalkumar Dak	Independent Director	❖ He holds a B.Com from Government College, Chittorgarh, and is a member of both ICAI and ICSI. He is the founder and proprietor of M/s. S. Dak & Associates, Practicing Company Secretaries. With over 30 years of experience in company secretarial practice, legal, finance, and management consulting, he has been on the Board since November 2024.
Mr. Amit Midha	Non-Executive Non-Independent Director	❖ He holds a B.E. (Industrial and Production Engineering) from SGSITS, Indore, and an M.S. (Industrial Engineering) from University of Missouri, US. He has over 29 years of experience in the global technology industry, including as Regional President at Dell Technologies across the US and Asia Pacific. He is currently the CEO of Alat, a public investment fund company in Saudi Arabia. He is a Singapore citizen and an OCI.
Mr. Ajay Pancholi	Non-Executive Non-Independent Director	❖ He holds a B.Com from Chinai College of Commerce and is a member of both ICAI and ICSI. He has over 25 years of experience as an investment banker, and has previously been associated with ICICI Securities, DSP Merrill Lynch, GMR Infrastructure, Edelweiss Financial Services, and HDFC Bank. He is currently a Partner at Aelius Ace Solutions LLP.
Ms. Vidhi Sharad Khandelwal	Non-Executive Director	❖ She holds a B.A. from Maharani College, University of Rajasthan, and has 24 years of business experience. She has been a partner at KKOC since January 2000. She is the spouse of Managing Director Sharad Khandelwal and holds 18.5% of the pre-offer equity share capital.
Mr. Raakesh Jagdish Jhunjhunwala	Chief Financial Officer	❖ He holds a Post Graduate Diploma in Finance Management and an Advanced Diploma in Business Administration from Welingkar Institute, Mumbai. He has over 11 years of experience in Finance and Accounts. He joined the company in October 2024 and oversees banking, financial planning, risk management, and financial reporting.
Ms. Sarita Tufani Vishwakarma	Company Secretary and Compliance Officer	❖ She holds a B.Com from the University of Mumbai and is a member of ICSI (Membership No. A59547). She has over six years of experience in secretarial matters and corporate governance. She was previously associated with Magenta EV Solutions and Paras Defence and Space Technologies. She joined the company in October 2024.

## ESG initiatives



### Environmental initiatives:

- GNG Electronics is aligned with regulatory frameworks through relevant certifications and government authorizations, enabling compliant e-waste handling and supporting procurement partners via EPR-linked services, which also create a potential ancillary revenue stream.
- It leverages a repair-over-replacement refurbishment model that structurally reduces material waste and extends product lifecycle, aligning operations with circular economy principles.
- It is strengthening its environmental credibility through audits and authorized refurbisher status from global OEMs, reinforcing adherence to quality and sustainability standards.

### Social responsibility:

- GNG Electronics is investing in workforce capability through structured in-house training programs, building technical expertise across refurbishment processes at scale.
- The company maintains a stable and growing employee base with low attrition, supporting operational scalability and continuity.
- It promotes employee well-being and safety through regular training and defined workplace standards, alongside a formal CSR framework to guide social initiatives.

### Governance practices:

- GNG Electronics operates with a board structure aligned to regulatory requirements, including independent representation and gender diversity, supported by fully constituted committees.
- It maintains robust internal controls through audit oversight, risk management frameworks, and a formal whistle-blower mechanism to ensure transparency.
- It is demonstrating financial discipline with no history of inventory write-offs or bad debts, reflecting strong credit controls and governance practices.

## Bull and bear cases



### Bull case

- ☑ We assume a higher revenue CAGR of ~32% over FY26-28E (vs ~26% base), driven primarily by stronger ASP improvement alongside steady volume growth.
- ☑ Improved realizations lead to ~130bp gross margin expansion (vs ~95bp in base case), with operating leverage driving ~140bp EBITDA margin expansion (vs ~90bps base). Overall EBITDA/PAT CAGR stands at 41%/54% (vs 31%/36% reported in base case).
- ☑ Based on a higher target multiple of 35x FY28E P/E (vs 30x base), we derive a bull case TP of INR955, implying ~117% upside.



### Bear case

- ☑ We assume a lower revenue CAGR of ~21% over FY26-28E (vs ~26% base), reflecting weaker ASP and slower volume growth.
- ☑ Lower realizations and an unfavorable mix resulted in ~75bp gross margin contraction, with negative operating leverage driving EBITDA margin contraction to ~9.4% by FY28E (~190bp below base). Overall EBITDA/PAT CAGR stands at 15%/10% (vs 31%/36% reported in base case).
- ☑ Applying a lower target multiple of 20x FY28E P/E (vs 30x base), we derive a bear case TP of INR350, implying ~21% downside.

**Exhibit 48: Scenario analysis – Risk-reward skew appears favorable**

INR b	Bull			Base			Bear		
	FY26	FY27E	FY28E	FY26	FY27E	FY28E	FY26	FY27E	FY28E
<b>Scenario Analysis</b>									
<b>Revenue</b>	<b>18.9</b>	<b>25.5</b>	<b>33.2</b>	<b>18.9</b>	<b>24.1</b>	<b>30.0</b>	<b>18.9</b>	<b>23.2</b>	<b>27.8</b>
YoY growth	34.0	35.0	30.0	34.0	27.5	24.5	34.0	22.5	20.0
<b>GP</b>	<b>3.8</b>	<b>5.3</b>	<b>7.1</b>	<b>3.8</b>	<b>5.0</b>	<b>6.3</b>	<b>3.8</b>	<b>4.6</b>	<b>5.4</b>
Margins	20.1	20.9	21.4	20.1	20.7	21.1	20.1	19.6	19.4
<b>EBITDA</b>	<b>2.0</b>	<b>2.9</b>	<b>3.9</b>	<b>2.0</b>	<b>2.6</b>	<b>3.4</b>	<b>2.0</b>	<b>2.2</b>	<b>2.6</b>
Margins	10.4	11.3	11.8	10.4	10.9	11.3	10.4	9.6	9.4
<b>PAT</b>	<b>1.3</b>	<b>2.1</b>	<b>3.1</b>	<b>1.3</b>	<b>1.8</b>	<b>2.4</b>	<b>1.3</b>	<b>1.4</b>	<b>1.6</b>
Margins	7.0	8.4	9.4	7.0	7.5	8.1	7.0	6.0	5.7
<b>FY28E PE Ratio (x)</b>		<b>35</b>			<b>30</b>			<b>25</b>	
<b>Equity value</b>		<b>109</b>			<b>72</b>			<b>40</b>	
<b>TP (INR/sh)</b>		<b>955</b>			<b>635</b>			<b>350</b>	
CMP (INR/sh)		440			440			440	
<b>Return potential</b>		<b>117</b>			<b>44</b>			<b>-21</b>	

Source: MOFSL, Company

## SWOT analysis

- ☑ The company possesses a well-established global sourcing and sales network.
- ☑ Strong execution capabilities in refurbishment support consistent product quality and pricing power.
- ☑ An asset-light, integrated model enables strong operating leverage.

**S**  
STRENGTH



- ☑ Supply of used devices is inherently uneven and dependent on corporate refresh cycles, limiting forward visibility on volumes and mix.
- ☑ Management bandwidth appears concentrated around a few key individuals, indicating potential key-person dependency.

**W**  
WEAKNESS



- ☑ Rising costs of new devices are driving structural demand for refurbished alternatives.
- ☑ The low penetration of organized refurbishment market provides significant headroom for growth.
- ☑ The growing regulatory and sustainability focus globally is improving the acceptance of refurbished devices among enterprises and governments.

**O**  
OPPORTUNITY



- ☑ Any meaningful decline in new device prices could reduce the pricing gap and weaken the value proposition of refurbished products.
- ☑ Increasing interest from OEMs and organized players could intensify competition, particularly in sourcing high-quality devices.

**T**  
THREATS



## Financials and valuations

Income Statement							INRm
Y/E March	FY22	FY23	FY24	FY25	FY26	FY27	FY28
<b>Total Income from Operations</b>	<b>5,205</b>	<b>6,595</b>	<b>11,381</b>	<b>14,111</b>	<b>18,911</b>	<b>24,114</b>	<b>30,018</b>
Change (%)	NA	26.7	72.6	24.0	34.0	27.5	24.5
Raw Materials	4,588	5,584	9,980	11,586	15,101	19,119	23,691
<b>Gross Profit</b>	<b>617</b>	<b>1,011</b>	<b>1,402</b>	<b>2,525</b>	<b>3,809</b>	<b>4,995</b>	<b>6,327</b>
Margin (%)	11.8	15.3	12.3	17.9	20.1	20.7	21.1
Employees Cost	95	196	356	771	1,046	1,322	1,638
Other Expenses	189	347	253	585	802	1,052	1,308
<b>Total Expenditure</b>	<b>4,872</b>	<b>6,127</b>	<b>10,589</b>	<b>12,942</b>	<b>16,949</b>	<b>21,494</b>	<b>26,637</b>
% of Sales	93.6	92.9	93.0	91.7	89.6	89.1	88.7
<b>EBITDA</b>	<b>332</b>	<b>468</b>	<b>792</b>	<b>1,169</b>	<b>1,962</b>	<b>2,620</b>	<b>3,381</b>
Margin (%)	6.4	7.1	7.0	8.3	10.4	10.9	11.3
Depreciation	22	28	34	95	104	117	132
<b>EBIT</b>	<b>310</b>	<b>440</b>	<b>758</b>	<b>1,074</b>	<b>1,858</b>	<b>2,503</b>	<b>3,249</b>
Int. and Finance Charges	82	118	239	384	424	516	558
Other Income	14	32	57	93	43	48	52
<b>PBT bef. EO Exp.</b>	<b>242</b>	<b>354</b>	<b>575</b>	<b>783</b>	<b>1,477</b>	<b>2,035</b>	<b>2,744</b>
<b>PBT after EO Exp.</b>	<b>242</b>	<b>354</b>	<b>575</b>	<b>783</b>	<b>1,477</b>	<b>2,035</b>	<b>2,744</b>
Total Tax	25	30	50	93	157	231	306
Tax Rate (%)	10.2	8.4	8.7	11.9	10.6	11.3	11.1
<b>Reported PAT</b>	<b>218</b>	<b>324</b>	<b>525</b>	<b>690</b>	<b>1,320</b>	<b>1,804</b>	<b>2,438</b>
<b>Adjusted PAT</b>	<b>218</b>	<b>324</b>	<b>525</b>	<b>690</b>	<b>1,320</b>	<b>1,804</b>	<b>2,438</b>
Change (%)	NA	49.0	62.0	31.4	91.2	36.7	35.1
Margin (%)	4.2	4.9	4.6	4.9	7.0	7.5	8.1

Source: MOFSL, Company

Balance Sheet							INRm
Y/E March	FY22	FY23	FY24	FY25	FY26	FY27	FY28
Equity Share Capital	0	0	0	194	228	228	228
Reserves and Surplus	793	1,116	1,631	2,070	7,350	9,154	11,592
NCI	1	2	4	7	15	18	21
<b>Net Worth</b>	<b>795</b>	<b>1,118</b>	<b>1,636</b>	<b>2,271</b>	<b>7,593</b>	<b>9,400</b>	<b>11,842</b>
Total Loans	731	1,138	3,178	4,344	4,057	4,302	4,457
Other Long term	11	67	72	38	276	296	316
Net Deferred Tax Liabilities/ (Asset)	0	0	9	19	15	25	35
<b>Capital Employed</b>	<b>1,537</b>	<b>2,323</b>	<b>4,895</b>	<b>6,671</b>	<b>11,942</b>	<b>14,024</b>	<b>16,650</b>
Gross Block	119	212	459	527	954	1,215	1,535
Less: Accum. Deprn.	26	38	51	114	217	334	466
<b>Net Fixed Assets</b>	<b>93</b>	<b>174</b>	<b>408</b>	<b>413</b>	<b>737</b>	<b>881</b>	<b>1,069</b>
Other long term							
<b>Total Investments</b>	<b>11</b>	<b>35</b>	<b>83</b>	<b>32</b>	<b>179</b>	<b>179</b>	<b>179</b>
<b>Curr. Assets, Loans&amp;Adv.</b>	<b>1,844</b>	<b>2,647</b>	<b>5,367</b>	<b>6,749</b>	<b>11,624</b>	<b>13,694</b>	<b>16,298</b>
Inventory	1,127	1,350	3,143	4,866	7,431	8,451	10,105
Account Receivables	422	911	1,169	676	2,068	2,632	3,277
Cash and Bank Balance	211	274	679	608	1,182	1,319	1,324
Other Current Assets	83	111	376	600	942	1,292	1,592
<b>Curr. Liability &amp; Prov.</b>	<b>410</b>	<b>532</b>	<b>963</b>	<b>523</b>	<b>598</b>	<b>731</b>	<b>896</b>
Account Payables	114	104	841	267	270	330	411
Other Current Liabilities	289	408	78	199	269	331	406
Provisions	8	21	45	57	59	69	79
<b>Net Current Assets</b>	<b>1,433</b>	<b>2,114</b>	<b>4,404</b>	<b>6,226</b>	<b>11,026</b>	<b>12,963</b>	<b>15,402</b>
<b>Appl. of Funds</b>	<b>1,537</b>	<b>2,323</b>	<b>4,895</b>	<b>6,671</b>	<b>11,942</b>	<b>14,024</b>	<b>16,650</b>

Source: Company, MOFSL

## Financials and valuations

### Ratios

Y/E March	FY22	FY23	FY24	FY25	FY26	FY27	FY28
<b>Basic (INR)</b>							
<b>EPS</b>	<b>1.9</b>	<b>2.8</b>	<b>4.6</b>	<b>6.1</b>	<b>11.6</b>	<b>15.8</b>	<b>21.4</b>
Cash EPS	2.1	3.1	4.9	6.9	12.5	16.8	22.5
BV/Share	7.0	9.8	14.3	19.9	66.6	82.5	103.9
DPS	-	-	-	-	-	-	-
Payout (%)	-	-	-	-	-	-	-
<b>Valuation (x)</b>							
P/E	217.9	146.3	90.3	68.7	38.0	27.8	20.6
Cash P/E	197.8	134.7	84.8	60.4	35.2	26.1	19.5
P/BV	59.7	42.4	29.0	20.9	6.6	5.3	4.2
EV/Sales	NA	NA	NA	NA	2.8	2.2	1.8
EV/EBITDA	144.2	103.2	63.0	43.8	27.0	20.3	15.8
Dividend Yield (%)	NA	NA	NA	NA	NA	NA	NA
FCF per share	0.9	-1.9	-11.6	-7.9	-23.1	2.9	2.8
<b>Return Ratios (%)</b>							
RoE	27.4	33.9	38.1	35.3	26.8	21.2	23.0
RoCE	NA	21.3	19.6	16.6	20.6	19.8	21.4
RoIC	NA	24.2	22.5	18.6	20.2	19.3	20.9
<b>Working Capital Ratios</b>							
Fixed Asset Turnover (x)	56.1	38.0	27.9	34.2	25.7	27.4	28.1
Asset Turnover (x)	3.4	2.8	2.3	2.1	1.6	1.7	1.8
Inventory (Days)	79.1	74.7	100.8	125.9	143.4	127.9	122.9
Debtor (Days)	29.6	50.4	37.5	17.5	39.9	39.8	39.9
Creditor (Days)	8.0	5.8	27.0	6.9	5.2	5.0	5.0
Net WC days	100.7	119.4	111.3	136.4	178.1	162.8	157.7
<b>Leverage Ratio (x)</b>							
Current Ratio	4.5	5.0	5.6	12.9	19.4	18.7	18.2
Interest Cover Ratio	3.8	3.7	3.2	2.8	4.4	4.8	5.8
Net Debt/Equity	0.6	0.7	1.5	1.6	0.4	0.3	0.2

### Cash Flow Statement

Y/E March	FY22	FY23	FY24	FY25	FY26	FY27	FY28
OP/(Loss) before Tax	242	354	573	783	1,477	2,035	2,744
Depreciation	22	28	37	95	104	117	132
Interest & Finance Charges	73	106	212	331	379	469	505
Direct Taxes Paid	-25	-30	-50	-83	-157	-231	-306
(Inc)/Dec in WC	-193	-651	-1,860	-1,921	-4,208	-1,800	-2,434
Others	-3	-1	-8	3	252	-	-
<b>CF from Operations</b>	<b>120</b>	<b>-193</b>	<b>-1,088</b>	<b>-795</b>	<b>-2,405</b>	<b>589</b>	<b>641</b>
(Inc)/Dec in FA	-13	-23	-240	-100	-229	-261	-320
<b>Free Cash Flow</b>	<b>107</b>	<b>-216</b>	<b>-1,328</b>	<b>-895</b>	<b>-2,634</b>	<b>328</b>	<b>321</b>
(Pur)/Sale of Investments	-	-	-68	74	-	-	-
Others	9	12	-41	126	-227	48	52
<b>CF from Investments</b>	<b>-4</b>	<b>-11</b>	<b>-348</b>	<b>100</b>	<b>-455</b>	<b>-213</b>	<b>-268</b>
Issue of Shares	76	0	-	-	4,000	-	-
Inc/(Dec) in Debt	-90	407	2,041	1,165	-286	244	155
Interest Paid	-82	-118	-239	-384	-406	-516	-558
Dividend Paid	-	-	-	-62	-	-	-
Others	-	-	-	-	-	33	33
<b>CF from Fin. Activity</b>	<b>-96</b>	<b>288</b>	<b>1,801</b>	<b>720</b>	<b>3,307</b>	<b>-239</b>	<b>-369</b>
<b>Inc/Dec of Cash</b>	<b>20</b>	<b>85</b>	<b>365</b>	<b>25</b>	<b>447</b>	<b>137</b>	<b>5</b>
Opening Balance		211	274	679	735	1,182	1,319
<b>Closing Balance</b>	<b>20</b>	<b>296</b>	<b>639</b>	<b>704</b>	<b>1,182</b>	<b>1,319</b>	<b>1,324</b>

Source: MOFSL, Company

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