

Recommendation	Subscribe
Price Band	Rs. 225-237
Bidding Date	23 rd –25 th July
Book Running Lead Manager	IIFL Capital, Motilal oswal, JM Financial
Registrar	Bigshare Services Private Limited
Sector	Electronics

Minimum Retail Application- Detail At Cut off Price

Number of Shares	63
Minimum Application Money	Rs. 14931
Payment Mode	ASBA

Consolidated Financials (Rs Cr)	FY24	FY25
Total Income	1,138	1,411
Adj EBITDA	79	117
Adj PAT	52	69

Valuations (FY25)	Upper Band
Market Cap (Rs Cr)	2,702
Adj EPS	6
PE	39
EV/ ADJ EBITDA	26
Enterprise Value (Rs Cr)	3083

Post Issue Shareholding Pattern	
Promoters	78.7%
Public	21.3%

Offer structure for different categories	
QIB (Including Mutual Fund)	50%
Non-Institutional	15%
Retail	35%
Post Issue Equity (Rs. in Cr)	22.8
Issue Size (Rs in Cr)	460
Face Value (Rs)	2

Kavita Vempalli
Sr Research Analyst (022 62738034)

Devendra Pawar
Research Associate (022 62738149)

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 devices globally. With a strong presence across India, the USA, Europe, Africa, and the UAE, the Co operates across the full refurbishment value chain from sourcing and refurbishment to sales, after sale services, and warranty support. GNG 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 a broad portfolio of 5,840 SKUs, in-house repair capabilities and ~ 557 procurement partners.

Objects and Details of the Issue: GEL issue is a combination of fresh issue of 1.69 cr shares aggregating to Rs 400 cr and offer for sale of 0.26 cr shares aggregating to Rs 60.44 cr totalling to Rs.460.43cr. The proceeds will be utilised to payback debt and for general corporate expenses.

Investment Rationale:

1. Largest Player in the refurbisher of laptops and desktops market in India and overall ICT devices globally.
2. Well positioned to harness global shift to sustainability and growing focus on ESG.
3. Track record of profitability and consistent financial performance.

Valuation and Recommendation:-

Global refurbished personal market is growing at a CAGR of 18.9% 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/ EBITDA has grown at a CAGR of 46%/59.5% during FY23-25. At higher price band of Rs 237, the issue is priced at a P/E of 39 x FY25 EPS which looks fairly priced considering higher growth expected, repayment of loan from IPO proceeds and ROE of 30%. Hence, we recommend ‘Subscribe’ to the issue.

Financials	FY23	FY24	FY25
Net Revenues	660	1,138	1,411
Growth (%)	-	72.6%	24.0%
EBITDA	47	79	117
EBITDA Margin (%)	7.1%	7.0%	8.3%
PBT	35	57	78
Adjusted PAT	32	52	69
EPS	2.84	4.59	6.05
ROCE	20.2%	16.6%	17.5%
EV/EBITDA	65.9	38.9	26.4
P/E	83.3	51.7	39.1

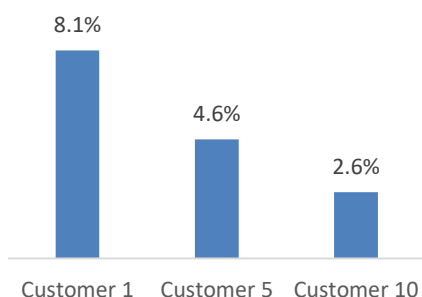
Source: Company data, NBRR

Company Background

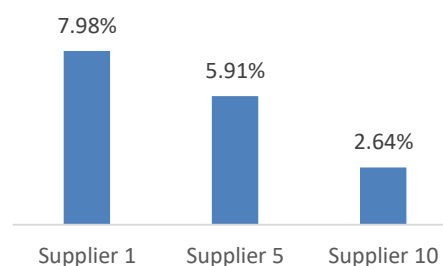
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GEL have five refurbishing facilities which are strategically located in India (Navi Mumbai), UAE (Sharjah) and USA (Texas). Co’s modern facilities are equipped with quality machinery, assembly lines and full power backup for their Indian facilities for 100% capacity that enable it to meet the quality requirements of the customers in a timely manner.

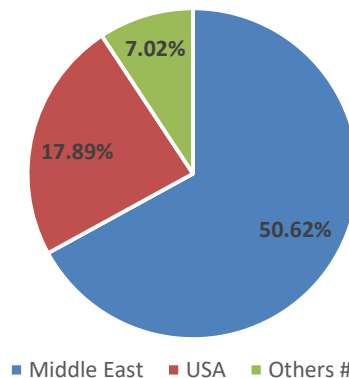
Top Customers Contribution to Revenues



Top Suppliers of the Company



Geographical Contribution



Industry Overview

The global used and refurbished electronics market comprises of electronics that are either resold or after being refurbished. This market spans a range of electronics, from smartphones, laptops, and desktops to home and kitchen appliances, televisions, office equipment, cameras, and video game consoles. The Electronics refurbishment industry is uniquely placed to grow even in downcycles of economic growth as it serves the replacement demand of new devices with affordable solutions.



The market grew from US\$ 159.2B in CY18 to US\$ 212.1B in CY24, at a CAGR of 4.9%. By CY29, it is projected to reach US\$ 352.4B, growing at a 10.7% CAGR. Within this, 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. The demand for refurbished electronics is driven by various factors, including accelerated internet connectivity, access to AI and digital access, shift towards environmentally sustainable products, shift towards digital economy including education and healthcare, affordability and cost effectiveness.

Investment Rationale

Largest Player in the refurbisher of laptops and desktops market in India and overall ICT (Information, Comm and Tech) devices globally

GEL is India's largest refurbisher of laptops and desktops and is among the largest refurbishers of ICT Devices overall, both globally and in India with significant presence across India, USA, Europe, Africa and UAE. The electronics refurbishment industry is uniquely placed to grow even in downcycles of economic growth as it serves the replacement demand of new devices with affordable solutions.

The used and refurbished laptop markets in key geographies such as India, USA and Europe are undergoing a significant shift towards organized players. However, even the organized market remains fragmented with no player occupying more than 5% of the market and large number of small-scale outlets with limited reach and refurbishment capacity. 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. This makes Co's refurbished laptops a strong and compelling proposition for a wide range of users seeking reliable 176 performance at a significantly lower cost. In addition, Co has a strong online visibility, which is demonstrated by consistent presence amongst top five search results on various search engines.

The major refurbishing companies globally are Electronics Bazaar, CertiDeal, Close the loop, Gazelle, MusicMagpie.

						
Products sold	Smartphones	✓	✓	✗	✓	✓
	Laptops	✓	✓	✓	✗	✓
	Desktops	✓	✗	✓	✗	✓
	Spare parts	✓	✗	✗	✗	✗

Note(s): *Not available

✓ Products offered ✗ Products not offered

GEL's facility in India is also a certified refurbishment facility for both Lenovo and HP which are top two global brands in terms of market share of 26% and 22% respectively and largest authorised refurbisher for Microsoft in India in terms of refurbishing capability.

While ecommerce space for refurbished products is evolving in India, it has matured in European and North American markets. GEL has established a foothold in the ecommerce industry in NA and European markets and are high-rated on multiple ecommerce platforms.

GEL has established long term relationships with its procurement partners by offering value proposition. Historically the total procurement partners increased from 265 in FY23 to 557 in FY25. Co also offers assured buy back programmes through brands enabling them to sell new devices and augmenting its procurement strategy. GEL intends to expand this programme globally including in key economies such as USA, Europe and UAE.

Well positioned to harness global shift to sustainability and growing focus on ESG.

GEL has established a strong foothold in the ICT Devices industry, driven by experienced management team. Global majors are placing greater focus on Environmental, Social, and Governance (“ESG”) standards as sustainability becomes a global priority. One pressing issue is the growing volume of electronic waste (e-waste), with only a small portion currently being recycled.

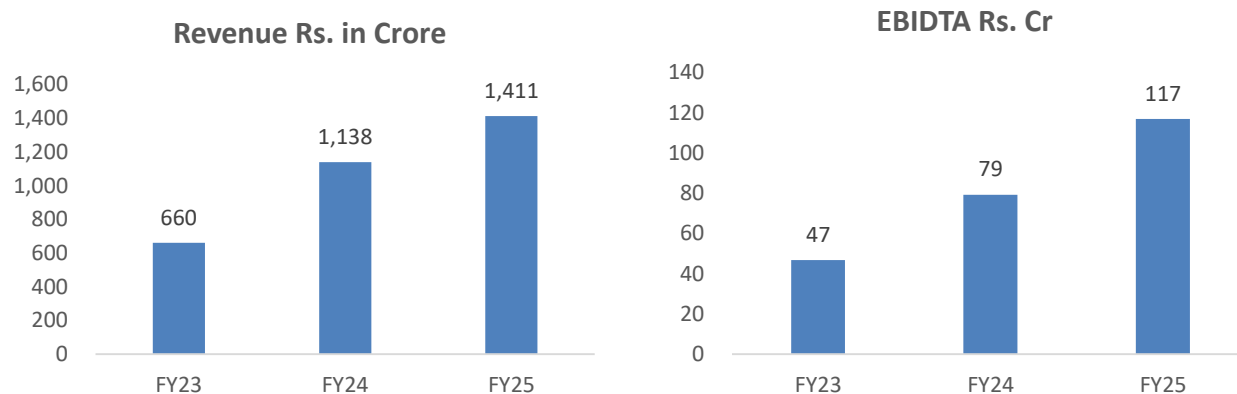
France has introduced legislation to reduce the environmental footprint of digital technology. This mandates that 20% of IT devices bought by organizations need to be refurbished, with a target of 40% by 2040. The legislation is even more stringent in the public sector, targeting an increase of up to 50% by 2025. Similarly, The **Irish** Government, under its “Buying Greener” Green Public Procurement Strategy and Action Plan, aims that by 2025, at least 80% of newly procured ICT end-user products will be either refurbished or will meet other environmental standards.

Refurbishing electronics offers a pricing coupled with extension of useful life solution, helping to reduce e-waste by extending the life of devices. GEL’s refurbished ICT Devices are not only priced lower but also provide consumers with an option that is both environmentally responsible and economically advantageous. By refurbishing and reintroducing electronics into the market, the demand for raw materials is reduced, and electronic waste is diverted from landfills.

For example, the resources needed to create one new laptop amount to 1,200kg of mined and consumed earth materials and 250-330 kgs of CO₂e is emitted during the manufacture of a new laptop. By opting for refurbished laptop, not only is resource consumption reduced, but ewaste from disposed laptops which is typically disposed off in landfills is also avoided.

Track record of profitability and consistent financial performance.

GEL 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’s financial growth is further evidenced by continuous improvements in its balance sheet over the last three years. This reflects Co’s ability to sustain profitability while expanding operations.



Valuation and Recommendation

Global refurbished personal market is growing at a CAGR of 18.9% 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/ EBITDA has grown at a CAGR of 46%/59.5% during FY23-25. At higher price band of Rs 237, the issue is priced at a P/E of 39 x FY25 EPS which looks fairly priced considering higher growth expected, repayment of loan from IPO proceeds and ROE of 30%. Hence, we recommend 'Subscribe' to the issue.

Peer Competition

GEL has global scale with presence in USA, Europe, UAE and all other key economies which gives it a global supply chain and relationship advantages. Also, it has fully integrated operations from procurement to refurbishment to sales and after sales service serves as entry barriers for competition.

FY 25	Newjaisa Tech	GEL
Revenue	66	1,411
CAGR (FY23-25)	21%	46%
EBITDA Margin	1.1%	8.3%
Asset Turns (x)	0.7	2.1
CCC Days	226	113
ROCE	-0.4%	17.5%
ROE	-1.4%	30.4%
Debt/Equity	0.2	1.9
EV/EBITDA	175.4	26.4
P/E	NM	39.1
Price/Sales	0.50	0.17

Concerns

1. Co derives ~ 75% of revenues from sale of refurbishment of Laptops. It possess product concentration risk.
2. Any inflation in raw material prices like that of RAM and hard disks, etc poses risk.
3. GEL requires a significant amount of working capital as there is considerable time lag between purchase of inventory and realization from sale of our ICT Devices.

Financials

Consolidated Nos

P&L (Rs. Cr)	FY23	FY24	FY25
Net Revenue	660	1,138	1,411
% Growth	-	73%	24%
Cost of goods sold	558	998	1,159
% of Revenues	84.7%	87.7%	82.1%
Employee Cost	20	36	77
% of Revenues	3.0%	3.1%	5.5%
Other expenses	35	25	58
% of Revenues	5.3%	2.2%	4.1%
EBITDA	47	79	117
EBITDA Margin	7.1%	7.0%	8.3%
Depreciation	3	4	9
Other Income	3	6	9
Interest	12	24	38
Exceptional item	0	0	0
PBT	35.4	57.3	78.3
Tax	3	5	9
Tax rate	8%	9%	12%
Adj PAT	32.4	52.3	69.0
% Growth	-	61%	32%
EPS (Post Issue)	2.8	4.6	6.1

Ratios & Others	FY23	FY24	FY25
Debt / Equity	1.1	2.0	1.9
EBITDA Margin (%)	7%	7%	8%
PAT Margin (%)	5%	5%	5%
ROE (%)	29%	32%	30%
ROCE (%)	20%	17%	17%

Turnover Ratios	FY23	FY24	FY25
Debtors Days	50	37	17
Inventory Days	75	101	126
Creditor Days	6	27	7
Asset Turnover (x)	2.8	2.3	2.1

Valuation Ratios	FY23	FY24	FY25
Price/Earnings (x)	83	52	39
EV/EBITDA (x)	66	39	26
EV/Sales (x)	5	3	2
Price/BV (x)	24	17	12

Source: Company Data, NBRR

Balance Sheet (Rs. Cr)	FY23	FY24	FY25
Share Capital	0.04	0.04	19
Other Equity	112	163	207
Minority Interest	0.2	0.4	1
Networth	112	164	227
Total Loans	122	327	441
Other non-curr liab.	0	1	3
Trade payable	10	84	27
Other Current Liab	41	10	22
Total Equity & Liab.	286	586	719
Property, Plant and Equipme	8	31	35
CWIP	1	0	0
Goodwill/Other Intangible a	9	9	6
Non Currrent Financial asse	3	8	3
Other non Curr. assets	0	0	0
Inventories	135	314	487
cash and cash equivalents	2	5	5
Bank bal	25	63	56
Investments+loans	0	7	0
Trade receivables(debtor)	91	117	68
Other Current assets	11	31	60
Total Assets	286	586	719
	0	0	-0

Cash Flow (Rs. Cr)	FY23	FY24	FY25
Profit Before Tax	35	57	78
Provisions & Others	13	24	43
Op. profit before WC	49	81	121
Change in WC	-21	21	-88
Less: Tax	-3	-5	-8
CF from operations	25	97	25
Purchase of property, plant :	-2	-24	-10
Investment in mutual funds	0	-7	7
Interest, dividend and other	1	3	5
CF from Investing	-1	-28	3
Proceeds/Repayment from L	-4	-3	13
Payment of IPO Charges	0	0	-6
Payment of lease liabilities	-2.1	-2.0	-3
interest & div paid	-12	-24	-38
CF from Financing	-18	-29	-34
Net Change in cash	6.3	40	(7)
Cash & Bank at beginning	21	27	68
Cash & Bank at end	27	68	61

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Nirmal Bang Research (Division of Nirmal Bang Securities Pvt. Ltd.)

B-2, 301/302, Marathon Innova,
Opp. Peninsula Corporate Park
Off. Ganpatrao Kadam Marg
Lower Parel (W), Mumbai-400013
Board No. : 91 22 6723 8000/8001
Fax. : 022 6723 8010