

IPO Details	
Opening Date	Nov 22, 2023
Closing Date	Nov 24, 2023
Stock Exchange	NSE SME
Lot Size	1,000 Shares
Issue Price	₹ 136 to ₹ 140 per share
Issue Size	Aggregating up to 21.00 Cr.
Fresh Issue	Aggregating up to 21.00 Cr.
Offer for Sale	-
Application Amount	₹ 1,40,000

IPO Objective	
Working Capital Requirement.	
Brand Positioning Marketing and Advertisement.	
General Corporate Expenses.	

Pre-Issue Shareholding		
Category	No. of Shares	% of Total Shares
Promoter & Promoter Group	36,78,780	88.45%
Public	4,80,220	11.55%

Promoter of the Company	
1	Aman Preet
2	Kulbir Chopra
3	Avneet Chopra

Competitive Strengths	
1	B2B Partner/Vendor Channel.
2	Experienced Promoters and Professional Management Team.
3	Diverse Product Portfolio and Quality Services.

Company Background	
○	Rocking Deals Circular Economy Limited was originally incorporated in the year 2002 and has its registered office in Gadaipur Southwest Delhi.
○	The Company primarily a B2B re-commerce player.
○	The company is primarily engaged in bulk trading of excess inventory, open-boxed inventory, re-commerce products and refurbished products.
○	These products range in several categories such as small home appliances, apparel, kitchenware and household, speaker & and mobile accessories, large appliances, footwear etc.
○	As of 14 th November 2023, the Company had 18 employees on its payroll.

Market Capitalization (In Cr.)	
Pre-Issue	Post-Issue
₹ 58	₹ 79

Financial Summary (In Lacs)				
For the Period Ended	Mar-21	Mar-22	Mar-23	Jun-23
Total Assets	1,863.09	1,397.27	1,226.60	1,437.45
Net Assets	539.48	538.97	693.31	818.46
Total Borrowings	411.85	406.10	393.20	372.81
Total Revenue	1,069.62	1,533.08	1,517.53	958.15
Profit After Tax	-1.48	14.37	154.34	125.15

Tentative Timeline	
Opening Date	Nov 22, 2023
Closing Date	Nov 24, 2023
Basis of Allotment	Nov 28, 2023
Initiation of Refunds	Nov 29, 2023
Credit of Shares to Demat	Nov 29, 2023
Listing Date	Nov 30, 2023

Company Background and Analysis

The Company was originally incorporated on July 29, 2002. The company is primarily a B2B re-commerce player. The company is primarily engaged in bulk trading of excess inventory, open-boxed inventory, re-commerce products and refurbished products. These products range in several categories such as small home appliances, apparel, kitchenware and household, speaker & mobile accessories, large appliances, footwear etc. These products are generally of various well-known brands such as Samsung, Thomson, MI, LG, symphony, ZARA, Nike, Reebok, Campus, Sony, JBL, Boat, Gizmore, One Plus, etc.

Rockingdeals CE wit being more of a B2B platform, takes the products in bulk from various dealers of Inalsa, Khaitan etc and supplies these products in bulk to clients such as Jindal Mega Mart, Brand Wala, VLE Bazaar Private Limited, HIC International, PSUAVI, KRAT India and Zazz Technology. As of date, the company has over 18 categories of Stock Keeping Units (SKU).

The company is not restricted to only offline modes, they believe in offline as well as online distribution models for the sale of products. They have their offline distributors spread across various states who in turn sell products through various retailers. Under B2C online sales, it sells products through the e-commerce platform of Shopclues.

The company offers/deals in products as follows –

1. Excess Inventory
2. Unboxed/Open Boxed Products
3. So-called Used Products
4. Refurbished Products
5. Export Surplus
6. Demo Unit
7. E-Waste

The company's top 4 product segments and Brands they deal under are as follows –

1. Large and Small Home Appliances – Electrical Home Appliances of known brands such as Samsung, Panasonic, LG, Usha, Havells, Phillips, Syska, Thomson, Mi, Oneplus, Real Mi, Vu, Luminous and other various brands.
2. Apparel and Footwear – Apparel and footwear of brands such as Zara, Reebok, Nike, Redtape, beta, Puma, Lotto, Sparx and etc.
3. Speaker/Mobile Accessories/ Watches – From brands such as Boat, JBL, Bose, Sony, Nokia, VIVO Mi, One Plus, Lenovo etc.
4. Personal Appliances – Watches, Jewellery, eyewear spectacle frames, sunglasses, trimmers, shavers, hair straighteners, irons, backpacks, etc.

Bifurcation of Revenue from Operations for the Financial Years ended 2021, 2022, and 2023, are as follows

(Amount in Lakhs)

Particulars	Mar-21		Mar-22		Mar-23	
	Amt	(%)	Amt	(%)	Amt	(%)
B2B	1,054.96	100.00	1,435.90	96.84	1,462.47	97.43
B2C	669,58	0.00	46.92	3.16	38.54	2.57
Total	1,054.96	100.00	1,482.82	100.00	1,501.01	100.00

To conclude, the company was incorporated in the year 2002. The company generates the majority of its revenue from providing services in the B2B sector. The company is raising total gross proceeds of Rs. 21 Cr.

Business Strategies

1. Maintaining Edge over competitors by introducing new categories of products -

The company is focusing on expanding the scope of its current product line and introducing new products in both the high-end and mid-segments. The company intends to procure all products directly from known manufacturers and Tier-1 dealers, which benefit them directly in procuring the product at competitive prices.

2. The Classification Centre -

The company has employed a team of 5 technicians who work on the pre-owned product remove minor defects and turn them into working condition. With required working and quality checks, the company believes that it will ensure that every product leaving its facility is in good condition and ready to serve the end consumer.

3. Customer Relationship Management Initiative -

The company has established an in-house call centre with a team of 6 individuals under the customer relationship management initiative which helps them to engage with their customers on a wider scale by providing personalized assistance, gathering valuable feedback, and addressing inquiries promptly.

4. Sustainable & Circular Economy -

The company focuses on unboxed and pre-owned products which promotes the circular economy by increasing the lifespan of products by reusing the used products, which otherwise become waste. They are making a positive impact on both the environment and the economy by promoting the reuse of products.

5. Leveraging the Market Skills and Relationships -

The company has taken an initiative for customer relationship management and further company has a plan to utilise the proceeds of IPO for brand position and marketing activities which help to expand its geographical reach.

6. Focus on quality -

Ensuring the quality of the company's offerings is a top priority for the company, as this fosters customer satisfaction and encourages repeat orders from clients. The company believes this will not only preserve the company's reputation but also strengthen its brand value, leading to increased business opportunities.

Competitive Scenario and Peer Mapping

Competition

The company faces significant competition in this Industry. The company faces competition from various kinds of players including, players operating in retail, wholesale, and e-commerce space. The company has a low barrier to entry, The bargaining power with the suppliers is low and the bargaining power with the customers is high in the sector in which the company operates.

Peer Analysis

The company believes they have no listed peers for the comparison as per RHP.

Industry Overview

Exhibit 1: Global Electronic Products Market

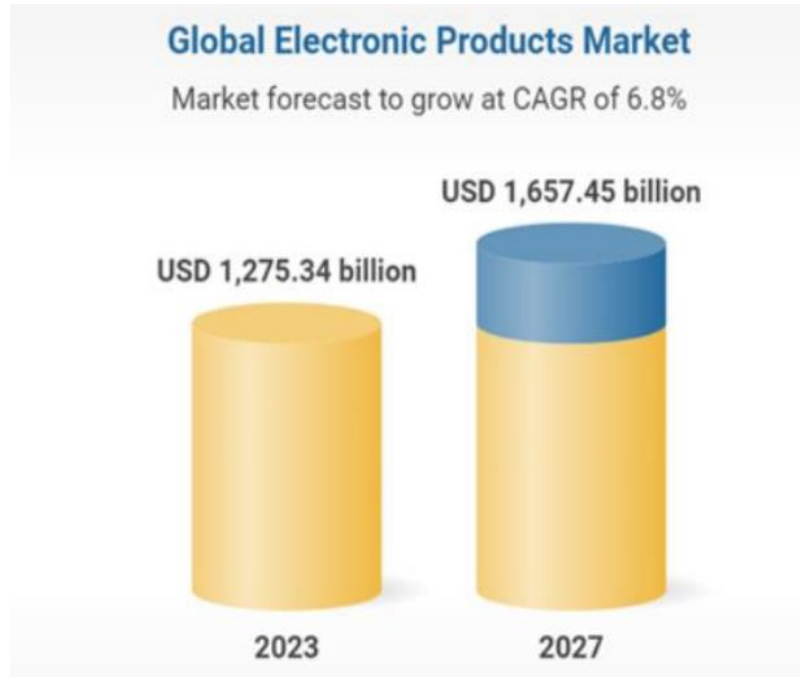
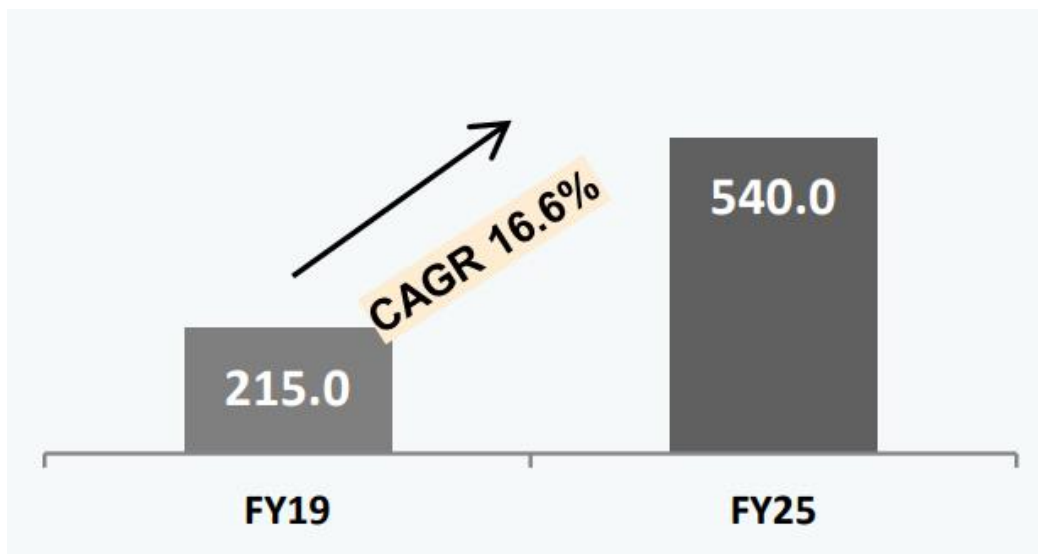


Exhibit 2: Electronics Industry in India (US\$ billion)



(Source: ibef.org)

Global Electronic and Re Commerce Industry Outlook -

The global electronic products market grew from \$1186.56 billion in 2022 to \$1275.34 billion in 2023 at a compound annual growth rate (CAGR) of 7.5%. The Russia-Ukraine war has led to economic sanctions on multiple countries, a surge in commodity prices, and supply chain disruptions, causing inflation across goods and services and affecting many markets across the globe. The electronic products market is expected to grow to \$1657.45 billion in 2027 at a CAGR of 6.8%.

Re-Commerce describes the sale of pre-owned, sometimes unused and sometimes refurbished or recycled products mostly via online marketplace platforms in a form of circular economy. As per the report of Statista in 2021, the Re-Commerce market in the United States was estimated at more than 160 billion U.S. dollars, a 15 percent increase from nearly 140 billion in 2020. That growth is expected to continue in the future, with a forecast to get close to 245 billion dollars by 2025.

TWO MAJOR PRODUCTS SEGMENT IN RE-COMMERCE INDUSTRY:

- Refurbished Electronics Products.
- Apparel Re-Commerce Market.

Indian Electronic and Re Commerce Industry -

The demand for a wide range of consumer durable goods is growing as a result of the ongoing increase in disposable income and technological innovation in India. This trend is set to continue even as other factors like rising rural incomes, increasing urbanisation, a growing middle class and changing lifestyles aid demand growth in the sector.

By 2025, India's Consumer Electronics and Appliances Industry is predicted to be the fifth largest in the world. The Indian Appliances and Consumer Electronics (ACE) market is predicted to nearly double in the next 3 years, reaching approximately US\$ 17.93 billion (Rs. 1.48 lakh crore) by 2025.

The White Goods market is estimated to cross \$21 Bn by 2025 expanding at a CAGR of 11%. Domestic manufacturing contributes nearly \$4.6 Bn on an average to this industry Re-commerce, or reverse supply chain, entails offering new products in exchange for old ones; reselling returned products; repairing defective products; or recycling or refurbishing used products. A report by Infogence Global Research estimated India's re-commerce at USD 29.54 billion in 2022 and projected it to grow at a CAGR of 6.15 percent by 2027.

Manufacturers and sellers of certain product types – automobiles, smartphones, electronic goods, and appliances in the lead – are embracing re-commerce for circularity and business growth. It is important to do so because e-waste, in particular, contains metals and components that are hazardous and can contaminate soil and water if not disposed of properly.

(Source: prospectus)

Key Managerial Personnel

Mr. Aman Preet aged 40 years, is one of the Promoters and Managing Director of the Company. He holds a Business Information Systems and Management degree from Middlesex University, UK. He founded Rockingdeals Circular Economy Limited in 2002. He has invested over two decades in the industry and established an integrated ecosystem spanning the B2B sourcing to the B2C retailing business. He has been associated with the company since May 10, 2005.

Mrs. Kulbir Chopra aged 70 years, is one of the Promoters and Non-Executive Director of the company. She is a High School Graduate. She is an accomplished and results-driven Operation Head with extensive experience in managing operations. She possesses exceptional skills in team management, process improvement, and strategic planning, which have enabled her to consistently deliver outstanding results for the company. She has been associated with the company since 29.07.2002.

Mrs. Avneet Kaur aged 40 years, is one of the Promoters and Non- Executive Director of the company. She has completed a Master of Arts in International Business Management with Merit from the University of Newcastle upon Tyne. She possesses exceptional skills in sourcing, negotiating, and managing relationships with vendors and suppliers, which have enabled her to deliver superior results for the company in the past few months. She has been serving as director in Rockingdeals Private Limited since 2009.

Mr. Tarun Goel aged 32 years, is the Additional Executive Director of the company. He is a BTech and MBA professional from IIT Roorkee. Tarun Goel is a sales and business enthusiast with 10 years of experience in e-commerce, category and brand management. Currently, he is running his own company named Scaling Dreams Pvt Ltd, where he and his team help brands and manufacturers expand to online/offline channels for sales, procurement and operations. He has been associated with the company since October 18, 2023.

Mr. Ravtej Singh Teer aged 30 years, is the Non-Executive Independent Director of the company. He Holds a degree in BBA Hons in Marketing from a premier St. Xavier's College Kolkata. Ravtej Singh Teer is an accomplished marketing professional with direct exposure to Sales, Operation and Market Research. He brings in this vast experience fetched by over a decade of raw end sales adventures with a sound skill set to contribute (other than Marketing, Sales, and Research) to exclusive P&L, Forecasting and Core decision-making. He has been associated with the company since May 30, 2023.

Mr. Prabhkamal Singh Sahni aged 26 years, is the Non-Executive Independent Director of the company. He holds a degree of Four-year Diploma Course in Mech Engg (Tool & Die) from Central Tool Room, Ludhiana and possesses in-depth operating knowledge and skills in web development and software technology. He has a strong background in Quality Inspection tasks, having direct exposure of 2.5+ years in the Tractor Engines manufacturing industry. He has been associated with the company since May 30, 2023.

To conclude, the company has 3 promoters, and they have good knowledge in their respective fields and have good experience in the industry in which the company operates. The remaining Directors of the company have good experience in their respective fields.

Financial Snapshot

Profit and Loss Statement				
	(In Lacs.)			
Particulars	FY 21	FY 22	FY 23	Jun-23
Revenue from Operations	1,055.63	1,482.82	1,501.01	958.15
Other Income	13.99	50.27	16.52	0.00
Total Income	1,069.62	1,533.08	1,517.53	958.15
Expenses				
Purchases of stock-in-trade	898.54	1,290.88	1,059.69	946.73
Changes in inventories	-163.07	-17.47	2.68	-234.82
Employee benefits expense	130.75	69.70	50.98	18.79
Finance costs	36.50	39.00	43.46	12.06
Depreciation and Amortization expense	37.57	23.45	24.95	5.86
Other expenses	127.15	109.20	130.93	40.26
Total Expenses	1,067.44	1,514.76	1,312.69	788.87
Earnings Before Interest, Taxes, Depreciation & Amortization	62.26	30.51	256.73	187.19
EBITDA Margin	6%	2%	17%	20%
Profit/(Loss) before exceptional items and tax	2.18	18.33	204.84	169.28
Less: Exceptional Items	-	-	-	-
Profit/(Loss) before tax	2.18	18.33	204.84	169.28
Tax Expense				
Current Tax	4.57	2.44	49.46	43.92
Deferred tax	-0.90	1.52	1.04	0.21
Total Tax Expense	3.67	3.96	50.50	44.12
Profit/(Loss) for the year	-1.48	14.37	154.34	125.15
Net Profit Margin	0%	0.94%	10.17%	13.06%

Balance Sheets				
	(In Lacs)			
Particulars	FY 21	FY 22	FY 23	Jun-23
EQUITY AND LIABILITIES				
1. Shareholders' funds				
(a) Share Capital	12.26	12.26	12.26	367.89
(b) Reserves and surplus	527.21	526.71	681.05	450.58
Total Equity	539.48	538.97	693.31	818.46
2. Non-current liabilities				
(a) Long Term Borrowings	68.85	68.24	36.82	32.31
(b) Long Term Provisions	10.92	9.08	4.95	4.95
(c) Deferred Tax Liabilities (Net)	-	-	-	-
Total Non-current liabilities	79.77	77.32	41.76	37.26
3. Current liabilities				
(a) Financial Liabilities				
(i) Short-term borrowings	342.99	337.86	356.39	340.50
(ii) Trade payables	-	-	-	-
Due to MSME	-	-	-	-
Due to Others	448.91	414.23	5.33	46.66
(b) Other Current Liabilities	446.15	26.10	80.07	100.63
(c) Short-term provisions	5.79	2.80	49.74	93.94
Total Current liabilities	1,243.84	780.98	491.52	581.73
Total Liabilities	1,323.61	858.30	533.29	618.98
Total Equity and Liabilities	1,863.09	1,397.27	1,226.60	1,437.45
ASSETS				
1. Non-current assets				
(a) Property, Plant and Equipment	432.15	407.04	391.54	385.69

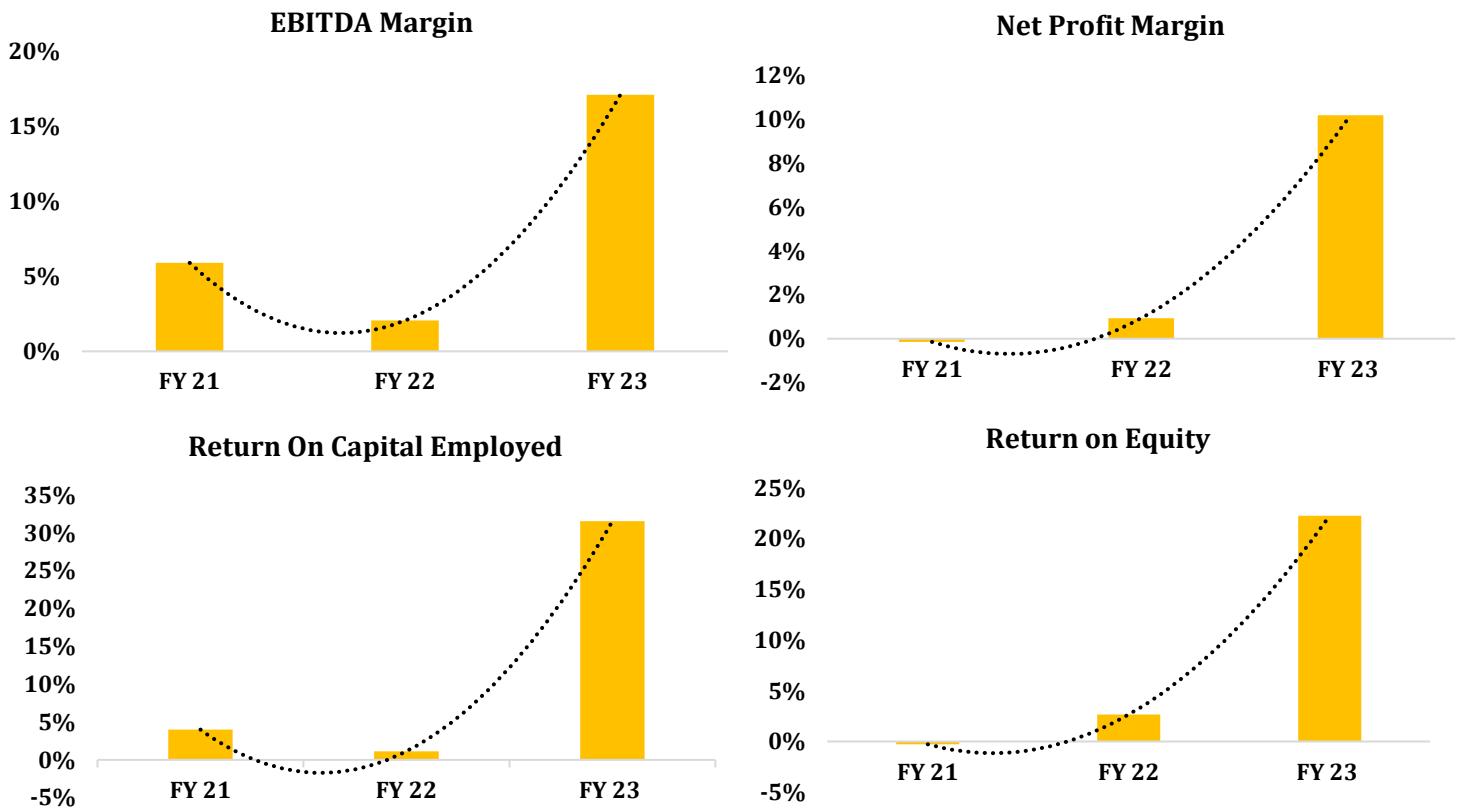
Balance Sheets				(In Lacs)
(i) Non-Current Investments	1.21	1.21	1.21	13.21
(c) Deferred tax assets (net)	22.74	21.22	20.18	19.97
(c) Long-term loans and advances	35.70	69.94	72.75	71.30
Total Non-Current assets	491.80	499.41	485.69	490.17
2. Current assets				
(a) Inventories	489.89	507.36	504.67	739.49
(b) Trade receivables	416.05	347.46	222.30	106.65
(c) Cash and cash equivalents	15.87	30.11	6.45	8.24
(d) Other Current Assets	449.48	12.93	7.49	92.89
Total Current assets	1,371.29	897.86	740.91	947.27
Total Assets	1,863.09	1,397.27	1,226.60	1,437.45

Cash Flow Statement				(In Lacs)
Particulars	FY 21	FY 22	FY 23	Jun-23
Net Cash Flow from Operating Activities	-149.71	56.21	41.89	46.24
Net Cash Flow from Investing Activities	37.51	2.78	-9.20	-12.00
Net Cash Flow from Financing Activities	-19.13	-44.74	-56.35	-32.45

Ratio Sheet				
Particulars	FY 21	FY 22	FY 23	Jun-23*
Per Share Data				
Diluted EPS	-0.04	0.39	4.2	9.14
BV per share	9.53	9.52	12.25	64.78
Operating Ratios				
EBITDA Margins	5.90%	2.06%	17.10%	19.54%
PAT Margins	-0.14%	0.94%	10.17%	13.06%
Inventory days	169.39	124.89	122.72	70.23
Debtor days	143.86	85.53	54.06	10.13
Creditor days	91.18	58.56	0.92	2.24
Return Ratios				
RoCE	3.99%	1.15%	31.53%	0.34%
RoE	-0.27%	2.67%	22.26%	0.24%
Valuation Ratios (x)				
EV/EBITDA	15.02	29.99	4.21	5.30
Market Cap / Sales	7.51	5.34	5.28	2.07
P/E	-3,500.00	358.97	33.33	15.32
Price to Book Value	14.69	14.70	11.43	2.16
Solvency Ratios				
Debt / Equity	0.76	0.75	0.57	0.46
Current Ratio	1.10	1.15	1.51	1.63
Quick Ratio	0.71	0.50	0.48	0.36
Asset Turnover	0.57	1.06	1.22	2.67
Interest Coverage Ratio	0.68	0.18	5.33	60.13

*Ratio sheet for June-23 is annualized.

Financial Charts



Key Risk Factors

1. The company gets a material portion of revenue from its top five customers. Any loss of business from one or more of the top 5 customers may adversely affect the company's revenues and profitability.
2. The business is subject to seasonality (as it sees higher demand for products from its customers during the festive seasons), which may contribute to fluctuations in its periodical results of operations and financial condition.
3. The company is involved in certain legal proceedings, potential litigations, departmental notices and tax proceedings. Any adverse decision in such proceedings may render them liable to liabilities/penalties (Amounting to ₹ 3,16.93 Lakhs) and may adversely affect their business and results of operations.
4. The company has a contingent liability worth ₹ 5,659.17 Lakhs which may adversely affect business operations.

Track Record of Lead Manager

The lead manager to the issue is Corporate Capital Ventures Private Limited. A table has been set below highlighting the details of the IPO of the recent companies handled by the Lead Manager in recent times –

Corporate Capital Ventures Private Limited -

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Oriana Power Limited	59.66	118.00	August 11, 2023	344.0
2.	Crayons Advertising Limited	41.80	65.00	June 02, 2023	150.0
3.	Droneacharya Aerial Innovations Limited	33.97	54.00	December 23, 2022	181.0
4.	Phantom Digital Effects Limited	29.10	95.00	October 21, 2022	387.0
5.	Swastik Pipe Limited	62.52	100.00	October 12, 2022	97.0
6.	Annapurna Swadisht Limited	30.25	70.00	September 27, 2022	333.0
7.	Uma Exports Limited	60.00	68.00	April 07, 2022	47.4
8.	Nupur Recyclers Limited	34.20	60.00	December 23, 2021	91.2
9.	Rajnandini Metal Limited	4.27	26.00	October 08, 2018	9.55
10.	Rudrabhishek Enterprises Limited	18.73	41.00	July 13, 2018	219.0

*CMP for the above-mentioned companies is taken as of 20th November 2023.

As per the offer document, Corporate Capital Ventures Private Limited has had 8 mandates in the last three fiscal years. For Corporate Capital Ventures Private Limited above-mentioned mandates 1 has opened at a discount and the remaining has opened at premiums on the listing day.

Recommendation

The company has been in the industry since 2002 and has good experience in the industry. The company has seen an increase in the top line and bottom line over the years. The company faces competition, The management outlook of the company is good.

The P/E on a post-IPO basis is 51.33 times which seems to be highly priced by looking at the performance of the company. The Sector P/E is 34.3 times.

The company has seen has increase in the financials but there is a huge surge in the margins which indicates that it may not be sustainable going forward. The company also had a negative bottom line for FY 23. The company also has certain litigations mentioned in the risk factor of this report. The financial outlook of the company is not satisfactory. The company's ratios are not satisfactory. Overall, we recommend **AVOID** applying to this IPO.

Disclaimer

We are not registered research analysts with SEBI and are not subject to the regulations governing research analysts. This research report is for educational purposes only and should not be construed as investment advice. The information contained in this report is based on publicly available information and is believed to be reliable, but no representation or warranty, express or implied, is made as to its accuracy or completeness. Also, some of the employees of our organization may have or may in the future hold investments in the company that is the subject of this research report. This may create a conflict of interest, and you should be aware of this when considering the information contained in this report. You should consult with your financial advisor before making any investment decisions.