



**RockingDeals Circular Economy Limited
H1FY25 Earnings Conference Call**

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CORPORATE PARTICIPANTS:

Mr. Aman Preet
Chief Executive Officer

Mr. Jitender Verma
Chief Financial Officer

Q&A PARTICIPANTS:

- | | |
|----------------------------|---------------------|
| 1. Agastya Dave | : CAO Capital |
| 2. Disha Agarwal | : VT Capital |
| 3. Prince Chaudhary | : Pinc Wealth |
| 4. Amit Agicha | : HG Hawa |
| 5. Yashovardhan | : Tiger Assets |
| 6. Ravi Arora | : Farewell Advisors |
| 7. Neeraj Khaitan | : VT Capital |
| 8. Deepak Poddar | : Sapphire Capital |

Moderator

Ladies and gentlemen, good day and welcome to Rockingdeals Circular Economy Limited H1 FY25 Earnings Conference Call hosted by Ventura Securities Limited. As a reminder, all participant will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal the moderator by pressing * then 0 on your touchtone phone. Please note that this conference is being recorded.

Before we begin, I would like to point out that this conference call may contain forward looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements do not guarantee the future performance of the company, and it may involve risks and uncertainties that are difficult to predict.

I would now like to hand the conference over to Kaushal from ConfideLeap Partners IR. Thank you, and over to you, Kaushal.

Kaushal Shinde

Thank you. Good day, ladies and gentlemen. On behalf of Ventura Security Limited and ConfideLeap Partners, I welcome you all to Rockingdeals Circular Economy Limited H1 FY25 Earnings Conference Call. The company is today represented by Mr. Aman Preet, Founder and Chief Executive Officer; and Mr. Jitender Verma, Chief Financial Officer. I would now like to handover the call to Mr. Aman for his opening remarks. Thank you and over to you, sir.

Aman Preet

Thank you so much for passing it on to me. Thank you. I'll start with the opening remarks for H1 FY25. Ladies and gentlemen, a warm welcome to each one of you gathered for the conference call of Rockingdeals Circular Economy Limited, where we aim to delve into our exceptional performance during H1 FY25.

Before we delve into the specifics of H1 FY25, allow me to provide a concise overview of our company. Since our establishment in 2002, we have emerged as a pioneering B2B e-commerce company that transcends traditional business models.

Moderator

I'm really sorry to interrupt you, Aman sir. Hello? I'm very sorry to interrupt, sir. Actually, your voice is a bit low. Can you please increase your volume and talk, sir?

Aman Preet

Alright. Can you hear me now?

Moderator

Yes, sir. So sorry to interrupt, sir. Please go ahead. Thank you.

Aman Preet

No worries. Am I a little louder?

Moderator

Yes, sir. You're good. Please go ahead, sir.

Aman Preet

Alright. So I'll begin this okay. Since our establishment in 2002, we have emerged as a pioneering B2B e-commerce company that transcends traditional business models, creating a sophisticated bridge between premium brands and value conscious customers and buyers. As we say, at the heart of our mission lies a profound commitment to the circular economy, a revolutionary approach that transcends traditional business models by embracing the RRRR principles, Reduce-Reuse-Recycle and Recover.

In the global market estimated at USD 2.1 trillion, we stand at the forefront of a sustainable economic revolution. Our comprehensive approach goes beyond their commerce. We are architects of a new economic paradigm by managing excess inventory, enabling pre owned products market, recycling e-waste and facilitating innovative barter exchanges, we are demonstrating that sustainability and profitability can coexist in harmony.

With 30 plus brand associations over 4,000 customers served and more than 5 million products sold across 18 different categories, we have built a robust operational foundation supported by our 4 warehouses spanning 55,000 square feet, and a dedicated team of over 110 professionals.

Strategic partnerships have been instrumental in our growth. Established partnerships with Bajaj Electricals for over 2 zones, and obtained rights for prestigious brands including Skechers, Hindware, [[inaudible 00:04:43]], Marshall, Dyson and Boat. Our search inventory management capabilities have made us preferred partner for companies like FabIndia. We have established a joint venture with UTC Digital Technologies holding a 58% stake in an entity focused on reverse logistics, trading and refurbishment.

Our business expansion strategy includes a robust pipeline of 20 plus potential brand tie-ups and partnerships, strategic agreements with Puma and FabIndia, planned international expansions starting with Dubai, and we have established extensive coverage across metropolitan areas with a strong presence in Tier 1, Tier 2 and Tier 3 cities, and a targeted focus on Northeastern market.

We have developed a groundbreaking 360-degree circular economy solution that sets us apart in the marketplace. Our evolution towards full stack e-commerce capabilities encompasses strategic inventory acquisition, rigorous quality control processes, multi-channel sales optimization and end-to-end refurbishing services. Perhaps most notably, we have achieved exceptional inventory control with less than 1% write-offs, a testament to our operational excellence. Also, barrier vertical is helping us leverage opportunities and achieve potential growth.

Operational excellence remains our cornerstone. As the 1st mover in Amazon refurbished category, we are developing comprehensive, self-led economy solutions, advancing e-commerce capabilities and implementing sophisticated inventory management strategies. The global circular economy landscape presents immense opportunities. Currently, only 8.6% of the global economy is circular, with approximately 100 billion tons of raw materials extracted annually and 50 million tons of e-waste generated, of which nearly 20% is recycled. By 2030, the potential economic benefits are estimated at USD 4.5 trillion.

Our market segments show promising growth. The e-commerce market is valued at USD 29.5 billion. The off price retail market is projected to reach about USD 606 billion by 2031. And the refurbished electronics market is expected to double within 5 years.

The financial performance in the first half of FY25 has been nothing short of exceptional. Our total income reached INR 21.40 crore, representing a robust INR 36.81 YoY growth. Our EBITDA surged by 128.40% to INR 5.23 crores with margins expanding by 980 basis points to 24.45%. Profit after tax witnessed a remarkable 122.14% growth reaching INR 3.2 crores with margins improving by 573 basis points to 14.93%. Our earnings per share have increased by 46% to INR 5.65 and underscoring our strong operational efficiency and sustained profitable growth.

Looking forward, we are optimistic about our growth trajectory. Our goal is not just to participate in A2 system, but to be its leading innovators and change makers. Our optimism is anchored in strong market fundamentals, a robust financial position, a clear strategic roadmap and expanding market opportunities.

Before the Q&A, I would want to thank our stakeholders for their vital growth in our growth. Your support drives our success. We remain committed to delivering value, pursuing opportunities and ensuring sustainable growth and market leadership. With that comprehensive overview, I would like to open the floor for questions. Thank you for your attention. Thank you.

Questions & Answers

Moderator

Thank you so much, sir. Ladies and gentlemen, we will now begin the question and answer session. If you have any questions please press * and 1 on your telephone keypad and please wait for your turn to ask the question. If you would like to withdraw your request you may do so by pressing * and 1 again. Our first question comes from Agastya Dave from CAO Capital. Please go ahead.

Agastya Dave

[Inaudible] which appeared very different in this was up, right? Your gross margins and your EBITDA margins have just exploded.

Aman Preet

We could not hear you initially. Could you please repeat the question from the beginning? We could not hear you initially, whatever you said.

Agastya Dave

Okay. So there is something slightly different in this first half. Your EBITDA margins and gross margins have just exploded. And so I was expecting slightly higher revenues and significantly lower margins. But you've surprised massively on the margin side. So can you go into a slightly more detailed analysis of what exactly happened? Is it like the 40% gross margins and 24% EBITDA? There is at least 1,000 basis point improvement in both of them. So in gross margins, you have improved by 1800 basis points. So exactly what has happened here? Is it a change in product mix? Is it something else? Can you provide some qualitative understanding on what exactly happened here?

Aman Preet

So we got great deals where we could make more profitability. And at the same time, Barter was one vertical we launched, which has given us great margins and great profitability. So that's the overall view around it, because we are more of a brand where we're looking for deals where we could offer it to our customers and then make more profits around that. So we got better deals, better reach, and we could get better margins overall.

Agastya Dave

So should we take this 24% EBITDA margin as the base now to work with and going forward you will oscillate in and around this level or improve upon this level? How should we look at the sustainability of this margin number?

Aman Preet

It may fluctuate. It can go up, it can go down, it could remain the same. It all depends on the brand tie ups and brand commitments that we get. Looking at the pipeline, we see a lot of great brands partnering with us. But I would not say that it's going to go up or go down or remain the same. We are looking at a great business in the coming time. So my answer is it could fluctuate.

Agastya Dave

But fluctuate around 24% or fluctuate around 14%?

Aman Preet

It could be anywhere between 14% to whatever is the highest. I mean, I will not give you a number on that. So we are looking at a great future. And there are too many like I said, there are too many brands in the pipeline. We've been talking about brand tie ups and new verticals that we're going to be launching. We've seen a lot of brands that want to tie up with us in and out of India. And we see great traction coming in and great profitability that we are looking at. But then I cannot give you any number on a call. That would be wrong. That would be another right statement, yes.

Agastya Dave

Perfectly, perfectly fine, sir. So next question is on the seasonality of the business. So obviously, Q3, Q4 would be heavier. So what the kind of seasonality we saw in the revenue breakup between H1 and H2 last year and the profitability last year? Again, should we take that as a given? Is that a constant function of the top of the quarter?

Aman Preet

Yes, it's a given, multiple. Yes, 35%, 65% is the ratio generally. So, first, H1 is always lower, and H2 is always higher because of the Diwali sales and Christmas sales and all of the, if you look at the Indian dynamics or Indian economy, it's always heavier on the side where Diwali is and the celebrations and the whole country is buying more. The more they buy, the more stock is available for us to sell it at great prices to our end customers and in our partners.

Agastya Dave

Understood. So how is your Northeast operations going along? As per your expectations better than your expectations, and have you...

Aman Preet

I am sorry I didn't understand the question?

Agastya Dave

Your Northeast expansion sum how is that going along? Is it as per your expectations?

Aman Preet

I would love to I mean, as my brand name, Rockingdeals, I would say it's going rocking. We're doing very well there. And it is better than the expectations that we had. And we are planning to open a lot of our partner franchise stores in Northeast. As we speak, in the last 2, 3 months, we've opened Mumbai and we've opened Himachal, which is not Northeast, but then we're opening many new stores and many new stores are in the pipeline in the Northeast. So Northeast for us is actually doing much better than North. And we are very excited and we're very, very happy with what's happening there. Customers have actually accepted us with open arms and we're getting great demand of our products in Northeast.

Agastya Dave

Very good. So one final question from my side. It's about the consumer sentiment and the outlook for your company. So what we have seen this quarter across all consumer brands and all consumer companies, there has been a very visible slowdown. And Diwali sales have also not been that great, but there are again indications that there are certain niche business models which are doing well, where the company or the brand is providing value. So you are one of them, right? So how do you see the consumer sentiment from where you are standing? And what is your outlook for the next half? Would you like to quantify, give some sort of quantitative guidance, even some qualitative commentary would be appreciated?

Aman Preet

Agatsya, the more product sells in India or globally, it's great for us, because the more it sells, the more inventory is going to be in the 7 day, 14 day, seconds category, number 1.

So it's great for us, get more sales. If lesser inventory sells, that means there'll be a lot of excess inventory available at great prices that we can buy and we can give it to our customers. So in our line of business, both the things are very, we are very happy both ways, if it sells too much or if it doesn't even sell.

So the people who are not able to move it, they'll be giving great deals to just liquidate their inventory. And that is the reason why we feel that it's a win-win for us on both the way. He is doing very well or it's not doing very well.

Agastya Dave

And any commentary on the outlook for the second half and next year?

Aman Preet

I'm sorry, I missed your question?

Agastya Dave

Any commentary on the outlook for the second half and next year?

Aman Preet

Second half is going to be better. Next year is going to be much better.

Moderator

Thank you, sir. Our next question comes from Disha Agarwal from VT Capital. Please go ahead.

Disha Agarwal

So my first question is can you please let me know the revenue split between the B2B and the B2C business? Hello?

Aman Preet

Hi, Disha. You'll have to be a little, your voice is not very clear, but then I understood the question. It's 80% B2B and 20% retail B2C. And the merger is going on, so it's going to be different split later on once the merger is done. But as of now, it's 80-20.

Disha Agarwal

So, in my head, what are we expecting from B2C business from 20% to what percentage we are targeting?

Aman Preet

It's going to grow exponentially, because we're opening more and more stores and more and more franchise stores across the country. So we're looking at the margins. Our target is to be at least it should be the other way around, 80% B2C and 20% B2B is what we wish to have with more and more stores across the country.

Disha Agarwal

Okay. Sir, any plans of inorganic growth or acquisition that our company is planning?

Aman Preet

No, no, I don't.

Disha Agarwal

Okay. Sir, in last call you had mentioned of 20 brands in your pipeline. So as of now, how much we could convert?

Aman Preet

We have converted FabIndia. We've got a tie up in a brand agreement with them, which has been updated at the Stock Exchange as well. So FabIndia inventory, which is going to be excess inventory that needs to be sold at a discount, will be available at Rockingdeals, will be with Rockingdeals. And we're their only partners, they're not trying to open their own factory outlet, so we're going to be the ones selling those inventories. That's one. That's one of the major ones in the country. And at the same time, we have a lot of the other small brands that we've tied up with. But overall, if you look at it, this is one of the biggest brand association that we've signed up since the last call.

Disha Agarwal

Okay. So, likely we are seeing our profitability improving, but our cash flow from operations seems negative. So when can we expect this to go positive?

Jitender Verma

Disha, since mostly we opened franchisee store and money doesn't go in CapEx and profits gets reinvested into the inventory itself, that is the reason you are seeing cash flows negative from operations. But for since we are growing at a faster rate of 100% each year, cash from operations will continue to be negative for at least a year or 2.

Disha Agarwal

So that is majorly because of the inventory, right?

Jitender Verma

That's right. Because, see, we retail stores, we open more and more franchisee stores. So whatever the internal accrual comes, they get remitted into the inventory. So still my increase in inventory level is not less than my internal accruals, still then getting cash flow positive from operations is bit tough.

Disha Agarwal

So any major reason for degrowth in our revenue? I mean, how are we planning to scale this up and at what rate?

Jitender Verma

There is no degrowth in our revenue Disha, it's just 50% YoY growth.

Disha Agarwal

It's majorly because of the seasonality that we have seen. So quarter-on-quarter comparison won't be good for our company, right?

Jitender Verma

Okay. Generally, how we see it, we see H1 and H2. H1 generally accounts for 35% and H2 accounts for 65%, and with H2, Diwali, Christmas and Q3 being heavy and Q4 also being heavy in liquidation industry, generally, H2 of last year versus H1 of the next year is not the right comparison.

Disha Agarwal

Okay. And so I wanted to know our entry barriers in the business. So is there any exclusivity when we come up with the agreement with any specific brand?

Like, we know that unorganized market is huge. So where do we stand apart from that so that any brand which wants, who wants to partner with us would choose Rockingdeals and not any other partner?

Aman Preet

Disha, if you look at it, there is no other brand, brand per se in India, which has been doing this for a fairly long time. In this line of business, the most crucial thing is the trust.

Like I always say, if you get any global, let's say, one of the world's best brands at great prices, and you see it on Instagram or whatever, even in a retail store, you will not be very sure that you want to buy it also, not because you do not trust the brand who's selling it or the shopkeeper who's selling it. Because it might be fake, or it might be a copy, or it might be something where there might be a problem in the product or something, that's why they've been selling at that price. So there is a taboo in India.

So what we've been building up for so many years is that no matter what we offer, the product is original, genuine, and it's been sourced from the brand. And all of the brands want a vertical where all of their inventory doesn't go in the trade because they all are majorly, most of the brands which we are talking about are very solid and very strong in their distribution model.

So no brand would want their discounted or their any product which is discounted to go to their retailer who's already selling their brand new inventory, which is the regular inventory in the market, and spoil the market or the distribution model.

So the workload that we're talking about is a win-win for all the brands. Why because the inventory is going to the end customer, is going to the end partner who's going to be liquidating or using it for

themselves. So it doesn't really disrupt any distribution or any market. So overall, it's a win-win for not just us, even for the brands, and then that's how we take this business forward.

So the entry barrier wise, I mean, overall, we don't see any entry barrier, but then we have a lot of people which are selling products at who are doing, who are not doing the right business in the right way, because they don't have brand types, so they're not selling it to the end customers, and they are doing a lot of the unorganized or fake or copy products that are really small in the market.

So we're very, very different from that, and there's nobody else doing this. There's no off price retail brand in the country per se. So we were doing this in the right way, and we see a lot of traction, the future seems to be very bright for us as that trust factor we've been building up over many, many years now.

Moderator

Our next question comes from Prince Chaudhary from Pinc Wealth. Please go ahead.

Prince Chaudhary

Firstly, I want to understand that Northeast is a new market or we already have stores over there?

Aman Preet

We already have stores there. We have 2 in Mizoram, we have 1 in Mumbai. Sorry. We have 3 in Mizoram, and we have many other partners who are buying from us and selling there. We've just opened 1 in Guwahati ourselves, which is like more of a warehouse cum retail store. So Guwahati has been the new store we just launched 3 months ago.

So overall our presence in East, where we are ourselves present is totally new, it just happened now. But there have been customers and vendors and partners who've been buying from us for a very long time in the Northeastern market.

Prince Chaudhary

So what are the plans going on here like the number of stores which you are going to open in the coming 2 years, 3 years down the line?

Aman Preet

I'm not able to understand the question. Can you repeat your question please?

Prince Chaudhary

Sorry. I want to understand like what are like your expansion plans in the Northeast market like number of stores which you are going to open in coming 2 years or 3 years down the line?

Aman Preet

We see at least 20 new stores being opened in the next 2 years. As we speak, we have a lot of partners who are willing to invest and open franchise stores by the name of Rockingdeals. So there's lot of traction now, lot of people are interested. So we see the way that the people are inquiring about our

business model, we see at least 20 more being opened in the next 2 years. That's still a sizeable number. I mean, you cannot phone me for a number. 20 is what we feel is going to be a comfortable number, we feel.

Prince Chaudhary

Okay. And are you planning for debt raise or from market to find booking of the stores?

Aman Preet

No, we are not. Because we are really going to be franchise stores. So we are not looking to raise anything against that.

Prince Chaudhary

Okay. And also if you can provide the breakup of unorganized versus organized market, like what is the percentage position?

Aman Preet

Totally India is, I would say, 99% unorganized, 1% organized. We are the only ones who are organized in this off price retail business.

Prince Chaudhary

Okay. So, say, if you're going to tell me that...

Aman Preet

The brands have factory outlets, which are owned by brands or their partners, there's only one brand being sold under 1, for 1 sold, and be a Puma factory outlet or Adidas factory outlet or something like that. But then overall, if you look at factory outlet, there's no off price retail brand, which is anyway selling 10 different brands under 1 roof as a factory outlet brand. There's nobody else doing that currently.

Prince Chaudhary

Okay. Sir, I want to understand like if I'm owning a brand, say example, xyz, which has a vocal type, so being a brand or to at least have a stability of a brand, I do not want my products to enter the local market with local low prices. So is there any exclusivity agreement with you like if I, even if I want to sell say, suppose 1,000 washing machines at lower prices than what my original brand is selling it. So is it like I will sell it only to you or I can sell it to anyone? Is there any specific agreement with you with the company?

Aman Preet

I actually did not get the question correctly. Could you raise it again? I mean, I did not get it exactly, I mean.

Prince Chaudhary

Sir, I want to understand. Suppose, I'm a brand, okay? And in case if I want to sell my Whirlpool, 100 Whirlpools at lower prices, it's just due to some because, the goods are not up to the month. So is there any exclusive agreement with you? Like, if I want to sell that 100 at lower prices, I will send it to only to you or I can give it to any other brands also, other companies also?

Aman Preet

If you're a brand, you could do whatever you want to do. I mean, it depends on you. You want to do an exclusive, with a partner who sells it to the end customers and doesn't spoil your brand name, it's your call. Or you would like to do something where you're open to any price from anyone, whoever gives a better price, you'll just go ahead and just liquidate that. So it's your call, I mean, there are brands which are happier doing exclusive agreements. There are brands happier doing agreements with one particular company, who make sure that the terms that they want are followed.

So it all depends on the brand what they want. But generally, there are a lot of brands which would say which would come to you and say, do not sell this online or do not distribute it in the retail market, or just sell it through the stores or just do not sell in India.

So there are a lot of different asks from different brands depending on their inventory and how it is. So when you're saying a brand with inferior quality of inventory, now inferior might be a problematic inventory also. So it all depends if it's problematic, then we'll have to refurbish it, make sure it's working and then sell it to the end customers.

So a lot of companies, the liquidation companies in India which are there, they do not have, they're majorly just trading or they're just retailing, but not all of them are able to refurbish it, make sure that it's in working condition, add warranties to it and sell it to the end customers. So there are a lot of value adds that we provide, but it's the expression of the brand, how they want to play it.

Most of the brands are getting intelligent and they would want to sell it to a very legit and a very solid brand, which is going to follow the terms that the brand wants, how they want that to be sold. So that all depends on the brand, how they want it.

Moderator

Our next question comes from Mr. Amit Agicha from HG Hawa, please go ahead.

Amit Agicha

Thank you for the opportunity and congratulations for good set of numbers. My question was with respect to the inventory, like how does the company mitigate risk associated with inventory management, especially for open box and refurbished categories?

Aman Preet

Alright. So we've been doing this business for a very, very long time. I mean, I would say that the only thing that we have learned Amit is mistakes that we've done before, not to repeat them again. So we're very strong in buying, pricing and selling and that's the actual formula where even billion dollar companies trying to enter India have failed. So the whole recipe of buying at the right price, grading at the right price, and selling it to the end customer at the right price, so that is an exciting deal for the customer as well is what the whole recipe is.

And this is what we've learned over the years. And good part is, it's just not me doing it, even the 1st employee that we had when we started this is still working for us. So most of our team is the most experienced team in the whole country, and the most experienced people who have been doing this since the whole business or this whole vertical started in India. So my answer would be that, that's how we'll mitigate the risk. And this is what we've learned, how not to make losses, and what to buy at what price, so that there's no loss for the company.

Amit Agicha

Yes, I also wanted to know the existing number of stores, because I heard that 20 new stores are being planned for the next 2 years. What are the present number of stores?

Aman Preet

20 stores were planned for Northeast. In Northeast, right now, as we speak, we have 4 stores. And about 2 different partners who are buying from us.

Amit Agicha

So what stores you're saying, right?

Aman Preet

We're talking about Northeast. When I spoke about 20 stores in, I spoke about Northeast. Northeast part of India. It's not overall India.

Amit Agicha

Okay. What are the number of stores in overall India?

Aman Preet

Overall, India, we have about 40 retail stores to whom we are partnering, who we are supplying our inventory to. So a lot of them are not, a lot of them are not just buying from us, we also buy from the local market. But overall, company owned stores that we own are about 10 stores in Delhi NCR and across the country.

Amit Agicha

Thank you. And can you give us some details about the Dubai operation?

Aman Preet

And the plan is to open about 100 stores in the next 2 years overall throughout the country.

Amit Agicha

Okay. That was very helpful.

Aman Preet

But not company owned franchise.

Amit Agicha

Okay. And can you share some more details about the Dubai operations planning?

Aman Preet

So there are a lot of websites in the Middle East, which have been inviting us. I do not take their names, but the biggest ones which are there, they're inviting us to come there and set up a, they would want to launch the refurbished category, so they want us to supply to them. At the same time, they would want us to, they're also looking for partners who could liquidate their excess and their customer returns as well.

So there's a lot of traction we've seen from the e-com companies in the Middle East, and that is the reason why we've had many meetings with them as well, both in India and in Dubai as well. We are setting up a company so that we can get into some agreements with them, so that we can start the whole excess inventory in certified refurbished category out there.

Amit Agicha

Last question is like can you shed some insights into your e-waste management strategies and their contribution to the revenue?

Aman Preet

So, yes, we have applied for the license. Once we have the license, we will start refurbishing it anyway, refurbishing a lot of the inventory. So now as per the new law, even refurbishing is also under the e-waste norms. So if we're able to refurbish something and make sure that it doesn't get wasted or it doesn't get the light finishes for electronic product, that's also under e-waste, so we applied to the license. It should be with us very, very soon. We're already refurbishing, so it's not that we're losing out on anything. We're already refurbishing, which is under the e-waste norms of the country.

Amit Agicha

Thank you for answering my question. The last first, if I may. Like are there any plans to diversify into additional verticals beyond electronics and fashion?

Aman Preet

Yes, Amit. We are doing furniture. We've already started furniture. We're doing it in a very good, we saw great sales over the valley. We are partnering with major brands, global brands for IT and Telecom as well. Also, so IT and Telecom is something we're going to start again, but partnering with the global brands that they would want us to sell their inventory. Furniture, I told you, which is also a massive category.

Plus, we're also planning again to start FMCG, which are products which are closer to expiry because we have such great traction of customers. We see that's going to fly very, very well. We stopped that in the middle, but then we are planning to set that whole vertical once again. So these are the three things that we are kind of looking forward to start in terms of the verticals that we have. But at the same time, whatever verticals that we are already doing, we have a lot of tie ups which are in the pipeline. Once they are there, we will update the stock exchange and you'll have all the information from there.

Amit Agicha

Thank you for answering the questions in great detail and all the best for your future. Thank you.

Moderator

Thank you, sir. Our next question comes from Yashovardhan from Tiger Assets. Please go ahead.

Yashovardhan

Sir, I'm fairly new to this company. So can you touch a little bit on the value chain and our material sourcing?

Aman Preet

I just heard value chain and sourcing. Could you repeat the whole question?

Yashovardhan

Material sourcing.

Aman Preet

No, could you repeat the whole question, please?

Yashovardhan

So I'm fairly new to this company. So can you help me check up a bit on the value chain and our material sourcing?

Aman Preet

Sure, sure. Can I get your name once, please?

Yashovardhan

Yashovardhan.

Aman Preet

Alright Yashovardhan, we are a circular economy company, which covers anything where we are able to add life to a product. So it might be excess inventory product, it might be something which is box damaged in transit, 7 day, 15 day returns, e-commerce, it could be a pre-owned product as well. So if any, the bridge between something which is not okay for someone going to somebody who is very, very willing to buy that is the bridge that we're trying to build.

So circular economy is more, you must be seeing a lot of the factory outlet brands and off price retail brands across the world, which is selling a lot of their inventories, which are branded inventory at great prices. So we are trying to do that, not trying, we're doing that business for a very, very long time in India.

Now, the value add that we are giving to our customers is that we're supplying them genuine branded products at the right price and a good price, best prices, which are coming directly from the brands majorly. And the value add that we're giving to brands is that we're not spoiling their distribution or their brand name, because we're giving heavy discounts on their products. As they're going to our end customers or partners who are using it, they're the end users, so it's not really spoiling their brand image or brand name.

And so the value add is where the whole supply chain is where a brand which might have excess inventory or something which is a little, I would say, seconds or unboxed, all of those inventories going to the end customers, is what the whole value chain is. And there is no brand in India, which would not have excess inventory or anything, which is a little damaged in transit or 14 day returns from the e-commerce platforms. At the same time, a lot of the brands also want to run their trade-in programs, upgrade programs. So all of that comes under circular economy and those are the things that we are doing.

Yashovardhan

Got it. So, very well explained. What is the client acquisition process and the approximate timeline to acquire a client?

Aman Preet

Acquire what?

Yashovardhan

Acquire a client?

Aman Preet

No, no, we don't acquire clients. We acquire inventory. So we partner with the brands like FabIndia or like Bajaj. We have partnerships with a lot of the brands like that. And we commit to them, their inventory is going to be sold to the end customers all the way they want us to sell it. A lot of the brands don't want us to sell it online. A lot of the brands do not want us to distribute the products to their

local market or the distributors. A lot of people want us to put stickers and say that there is no warranty in the products that they're selling.

So when every client has their own terms and following those terms and supplying to the end customers is something that we have been doing. And like we've seen and we've been seeing for a very long time, there is no brand which is not interesting in this kind of business. And we're seeing a lot of traction, a lot of brands who are coming up to us, and they would want, they are wanting to use our channel to liquidate their products and their inventory.

Yashovardhan

Alright. Got it. So what is the industry size and growth you're looking at?

Aman Preet

Globally, it's about USD 2.1 trillion business. Did you hear me?

Yashovardhan

Hello?

Aman Preet

Can you hear me?

Yashovardhan

Yes, sir.

Aman Preet

I said USD 2.1 trillion business globally.

Yashovardhan

Okay, okay. And any government initiatives for the same net interest base?

Aman Preet

I'm sorry, I didn't get your point. I'm sorry, Yashovardhan?

Yashovardhan

I'm meaning to ask if there are any government initiatives that you foresee for the same.

Aman Preet

Of course, of course. The whole world is talking about sustainability. If you look at the UN Sustainable Goals, there are 17 Sustainable Goals that UN has. Out of the 17, 11 are something that we are doing ourselves. So the whole world, if you look at any superpower or any President, Prime Minister, any

country globally, they all talk about sustainability, they all talk about climate change, they all talk about saving the planet.

So anything and everything that we're trying to do is around that only. Just one simple idea for you is that every pair of jeans that might get scrapped is about 7,000 liters of water is being used to make 1 pair of jeans. So if you talk about electronics and you talk about a lot of other things, this is the kind of, we're saving the planet in one way or the other. And the Government is really, really, not only in India, globally there's so many norms alone, so many rules and regulations are coming out.

So there's a new law where there's going to be a digital password for every item that is going to be imported into EU. So anything that's let's say, you're making a shirt, every item that is being used to make a shirt, there has to be a digital password, where the whole lifecycle of that product has to be mentioned and it has to be there.

So there are a lot of initiatives globally. India is a little far away, but then we see a lot of, the government is going to be playing a lot of vital role and we see a lot of changes happening in the government with India as well. But globally, we see a lot of traction, a lot of new laws that have been coming out.

Moderator

Thank you, sir. [Moderator Instructions] Our next question comes from Shivam Singh from Vibrant Ventures. Please go ahead. Shivam, sir, please go ahead with your question, sir. Seems like he has withdrawn his request, sir. Shall we move on to the next question?

Aman Preet

Sure.

Moderator

Our next question comes from Rahul Arora from Farewell Advisors. Please go ahead.

Rahul Arora

Yes. My question is I want to understand your revenue bifurcation? So what I'm getting to understand from your discussion that off price retail and refurbishes were from Asia. But I see your presentation, you have mentioned about the reverse logistics, barter. So, what are the contribution and how are this vertical looking at?

Aman Preet

So these verticals have been very, very, we're very bullish about it and we see a lot of traction there. A lot of the inventory that we're not able to move or a lot of the inventory that brands or people are not able to move, they're able to bring that in and exchange it with the inventory that we do not, that maybe the customers are kind of bored with that inventory and they do not want to buy it.

So budget has been very, very exciting for us. We see that growing exponentially. At the same time, we also started a vertical for events, where we were doing a lot of events where there were customers in great numbers coming in. So that vertical also did very, very well for us. So we're seeing a lot of new

verticals, which are doing a lot, which are very fruitful for us, apart from the regular basic models that we've been following over the years.

Rahul Arora

Okay. Can you talk about your UTC Digital Technology? How does it help out in terms of synergy and what kind of contribution can do to overall business?

Aman Preet

So UTC has brand partnerships with companies like Samsung, LG, they have partnerships with a lot of different major brands across the world - Whirlpool, they are with Godrej, they are with many, many major brands here. What they're doing is that any product that you want to trade in, they use their technology to derive the price of the product. Even if you go on the major websites of these big brands, you'll see it's been powered by DiGi2L, which is UTC.

So, the whole category or the whole business model of pre-owned, we wanted to use tech in it, we wanted to use some major, we wanted to enter that category in a very good way because we've seen a lot of players who've lost and bled badly in the pre-owned category in India. Even when we were doing business with Amazon initially where we were partners with them for the trade-ins of old phones, where if you say you want to trade in your own mobile phone and buy a new phone, that whole model was when it started, we were the major partners with Amazon at that time, and we saw that the quality of the product that was coming back was really, really bad, very inferior.

So, pre-owned as a category, we understood that it's something where we need to be very solid in terms of technology and it has to be with the brands directly. So that's the reason why we partnered with UTC. They have brand types and brand agreements with a lot of major global brands, like Samsung, LG and many more. So that's why we partnered with them.

Rahul Arora

Thank you. Last question from me. Since you're talking about lot of brand tie up, you're talking about new verticals, and overall the segment is quite exciting in terms of growth and in terms of sustainability. Especially last 3 years, your Asia's growth, top line, it's more than 50%, your profitability growth is more than 20%, can you expect similar growth actually next 2 to 3 years in terms of top line receipts, more than 50%?

Aman Preet

Yes. That's what the plan is and that's what we're working for. Okay. And we are, yes, we're looking for that. But on a call, I can't submit to any numbers or give you any - we see a lot of traction. We see a lot of brands getting excited. They're learning global rules and laws are making a lot of the companies understand that this is a requirement and this is a future for India. And we're looking at 100% CAGR for sure, but then, yes, not just that, we see a lot of trashing coming from the brands also and from the customers also. So, it's a 360 degree excitement, demand that we're looking at from both the supplier side and from the buyer side.

Rahul Arora

Great. I think that is yes, very excited to say that we are in. I think one question, a follow-up question from previous participant about your range of margin that we expect. The 14 you mentioned and plus

highest at 24-25%, that is huge. As an investor, can you share some ballpark realistic ways where we can work with in terms of margin? So yes, if you can please.

Aman Preet

Minimum 10%, if you're looking at the worst case scenario, minimum 10% would be there. But then there's no need to it. It will work much higher.

Rahul Arora

I think we can talk about not best case or worst case, a fair case scenario. I mean a bigger circulation, what kind of base we're talking about? I mean, I understand the best case would be 24-25% more than that, worst case 10%. But if it's around the fair case, business as usual, then what would be a range for that?

Aman Preet

The PAT level, we're confident that we could do about 10% on the PAT level.

Moderator

Thank you, sir. Our next question comes from Neeraj Khaitan from VT Capital. Please go ahead.

Neeraj Khaitan

Hi, sir. I wanted to understand, do you face problem regarding the debtors? As in do you face any bad debts in your debtors? Or the time in which they pay back to you when you supply them the goods?

Aman Preet

Our business is mostly cash and carry, Neeraj.

Neeraj Khaitan

Okay. So that problem is not there?

Aman Preet

We have no problem at all. We've never had any bad debts because we are very, very sure about what it...

Neeraj Khaitan

Okay. Sorry to interrupt. Please carry on.

Aman Preet

Yes. So we don't have any problem there because we don't give out much.

Neeraj Khaitan

And what is the time in which you get your payment?

Aman Preet

Maximum a month

Neeraj Khaitan

Okay. And I see that the inventory has filed up YoY, but since March it has piled up only by INR 6 crores. So that's the preparation for the H2 FY25?

Aman Preet

It's a regular cycle. We get a great deal, we buy. So let's say, our business is also to do with, let's say, right now it's winter. If I'm able to get a great deal on air conditioners, I'll buy it now and I'll store it now. And when summer comes in, we'll make 20%, 30% margin on that. So that's the whole gameplay, that's how we play.

So recently, we must have bought a lot of the apparels which were winter wear. But over the years, over the whole year, we collected all the winter wear and now right now it's totally flying, with the great margins that we have. So that's the whole gameplay. So our rotation of the inventory is a little slow, but then we work on higher margins. So that's the whole strategy is. Unless we're buying something in winter and we're selling in winter like we are right now.

Moderator

Thank you, sir. Our next question comes from Deepak Poddar from Sapphire Capital. Please go ahead.

Deepak Poddar

Yes. Hi. Am I audible, sir?

Aman Preet

Yes, Deepak, you are.

Deepak Poddar

Yes. So my first question revolves around, if I see your top suppliers or top clients, a company like NewJaisa appears among the top company. So I mean, a company appearing both in suppliers and on the client side, so what exactly we are doing here? I mean, are they providing....

Aman Preet

There was a barter deal with NewJaisa, we bought and we sold to them. We bought X products and we sold Y products to them. So it was a barter deal we did with NewJaisa.

Deepak Poddar

Okay. So is that a YoY phenomenon?

Aman Preet

That was last year.

Deepak Poddar

Yes, that was last year. So is that a YoY phenomenon or it's just one off type?

Aman Preet

No, no, that's one off. I don't think we've done any deal with NewJaisa this year. In the first 6 months also, yes.

Deepak Poddar

Okay, understood. And you were answering something on the revenue CAGR. I mean, we are looking at 50% to 100% growth for next 3 years CAGR. Is that what you meant?

Aman Preet

Yes, we are. We are.

Deepak Poddar

And this year, I mean, this year, the growth is on the lower side, right? Given 30-65%, your growth won't be more than 30-35%. You have to follow that 35-65% kind of a first half, second half?

Aman Preet

No, it'll be the same. It'll be the same because more and more partner stores are opening and more and more brand types are happening. So we're looking at the same. It's going to be at least 100% for sure.

Deepak Poddar

For this year as well?

Aman Preet

Yes.

Deepak Poddar

For this year as well? I mean, your second half has to be much better. I mean, the growth has to be much....

Aman Preet

Sure.

Moderator

Thank you, sir. We have a follow up question from Amit Agicha from HG Hawa. Please go ahead.

Amit Agicha

Sir in a FY24H2 presentation on slide 33, it shows that B2C contribution revenue was in the range of 3% or 2% or 1%. And in the current con-call I just heard, I think so B2C is 20%. Did I hear that correct?

Jitender Verma

Yes. Earlier, we were primarily a B2B company. Now since we are merging our group companies and all stores are also coming under same company, B2C portion is increasing and going forward also it will continue to increase.

Amit Agicha

Yes. Because in the present investor presentation, I think so that kind of a slide is missing. Anyways, thank you for the answer. Thank you all the best.

Jitender Verma

No problem. We'll make a note and we will see if any correction is required, we will correct it and re-upload it.

Aman Preet

We will also get it in our system.

Moderator

We have another follow-up question. It's from Yashovardhan from Tiger Assist. Please go ahead.

Yashovardhan

So just one follow-up. Can you give a bit of the guidance on the market share and the growth you are expecting there?

Jitender Verma

See, for our company, as we said, we are planning and trying to achieve 100% CAGR, but not too many formal reports and not too many organized players are available, hence we will not be able to comment around our market share.

Aman Preet

But if you talk about global business, there are a few companies I'll name for all of your information. There's a company called Poshmark, which is valued about USD 3 billion, they just launched their IPO. There's a company called Brands For Less, which is in Dubai, which has been valued USD 1.2 billion, and they just raised about USD 315 million from TK Maxx in the U.S. [[DipLock]] is about USD 1.6 billion, HC is about USD 494 billion. So these are the few companies in our line of business. And all of these companies are majorly into the same off price retail, trade in, refurbishment and selling those products to the end customers.

So what they're doing is majorly either apparels, but we're doing many other categories as well. And if you look at those brands, because these companies are in majorly First World Countries, people do understand the categories, refurbish your excess inventory. India, once people do get to know that, looking at the economy that we are in the hunger for deals that we have as being Indians, we see ourselves much, much bigger than all of these companies combined.

It all depends, it's a lot of hard work that we are putting in and we've been working for many, many years. So we see great future both on the supply and on the sales side because we are genetically made to get great deals. Indians want to save money on anything which is a branded product at the right price is what we're all looking at. So we see a win-win solution and we see great future for RockingDeals in this line of business.

Yashovardhan

Got it. So who will we considered as your peers in India?

Jitender Verma

No. There are no peers in India. No one is doing this business organizedly at this scale.

Moderator

Thank you sir. [Moderator Instructions] There are no further questions. Now I hand over the floor to Mr. Kaushal Shinde from ConfideLeap IR for closing comments.

Kaushal Shinde

Thank you everyone for joining the conference call of RockingDeal Circular Economy Limited. If you have any queries, you can write to us at info@confideleap.com. Once again, thank you everyone for joining the conference.

Moderator

Thank you so much, sir. Ladies and gentlemen, this concludes your conference call for today. Thank you for your participation. You may all disconnect your lines now. Thank you, and have a pleasant evening.

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- Note:**
1. This document has been edited to improve readability
 2. Blanks in this transcript represent inaudible or incomprehensible words.