



# MSEARCH

## INITIAL PUBLIC OFFER (IPO)

06-08-2024

UNICOMMERCE ESOLUTIONS LTD

06-08-2024 TO 08-08-2024

Industry: IT - SaaS Platform

Price Band: ₹102 - 108

Recommendation: Subscribe for Long Term

Post Implied Market Cap: – ₹1,045 - ₹1,106 Cr

### Key Data

Issue Size (₹ Cr)	261 - 276
Fresh (₹)	0
OFS (₹)	276
No. of shares offered	25,608,512
Face Value (₹ /share)	1
Bid Lot	138

### Indicative Timetable

Activity	On or about
Finalisation of Basis of Allotment	09-08-2024
Refunds/Unblocking ASBA Fund	12-08-2024
Credit of equity shares to DP A/c	12-08-2024
Trading commences	13-08-2024

### Shareholding (No. of shares)

Pre-Issue	102,434,048
Post Issue (Lower price band)	102,434,048
Post Issue (Higher price band)	102,434,048

### Shareholding Pattern

<b>Promoter:</b>	
Pre Issue	37.88%
Post Issue	28.67%
<b>Promoter Group:</b>	
Pre Issue	10.75%
Post Issue	10.75%
<b>Public - Investor Selling S/h</b>	
Pre Issue	31.57%
Post Issue	15.79%
<b>Public - Others:</b>	
Pre Issue	19.79%
Post Issue	44.79%

### Issue Breakup

QIB	75%
NIB	15%
Retail	10%

### Other Details

**BRLMs:** IIFL Securities, CLSA India Pvt. Ltd

**Registrar:** Link Intime India Pvt. Ltd.

**Listing:** BSE & NSE

### Research Analyst

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### About the Company

Unicommerce eSolutions Ltd (Unicommerce) is a SaaS platform that provides comprehensive e-commerce enablement solutions. It is India's largest e-commerce enablement SaaS platform in the transaction processing or nerve centre layer, by revenue for FY2021-2023. The company offers end-to-end management solutions for e-commerce operations across various sectors, including D2C brands, retailers, marketplaces and more. Their platform, Uniware, serves as the nerve centre for client's e-commerce fulfilment, ensuring efficient and timely order processing and integration into clients supply chain systems.

### Investment Rationales

- Largest e-commerce enablement SaaS products platform, acting as the nerve centre for business operations of clients:** Unicommerce is India's largest e-commerce enablement SaaS platform in the transaction processing or nerve centre layer by revenue for FY2021-2023, provides end-to-end management of e-commerce operations for brands, sellers, and logistics service providers. The company's solutions enhance efficiency, particularly in inventory and returns management, leading to strong client retention and profitability. Notably, Unicommerce was the only profitable company among the top five players in this industry in India during FY2023.
- Comprehensive and modular suite of products with a wide range of plug-and-play integrations makes the company an integral part of client's tech stack:** Unicommerce offers a comprehensive suite of products and plug-and-play integrations that assist businesses of all sizes in efficiently managing their day-to-day fulfillment operations, both online and offline. The company's solutions address key challenges in e-commerce, such as inventory management across multiple locations, cost-effective fulfillment, order processing from various channels, returns management, accurate invoicing and compliance with taxation and regulations. Their integrated technology stack acts as a nerve centre for managing all e-commerce data, providing flexibility and configurability to meet diverse client needs. As of March 31, 2024, Unicommerce's extensive integration suite includes 131 Marketplace and WebStore integrations, 101 Logistics Partner integrations, and 11 ERP, POS, and system integrations. The company continues to innovate, recently launching two new products, UniShip and UniReco, currently in early development.
- Large, growing and diversified base of marquee Indian and global clients with long-term relationships and the capability to upsell or cross-sell new and additional products:** Company serves a diverse client base across India and international markets, including D2C brands, brand aggregators, offline brands, e-commerce retailers, marketplaces, third-party logistics providers and SMBs. Their clients span various sectors like fashion, electronics, home and kitchen, FMCG, beauty, sports, nutrition and pharma. The company consistently delivers a net revenue retention (NRR) of over 100%, reflecting revenue growth from existing clients as their transactions increase on the platform. Unicommerce's versatile technology and comprehensive products have led to significant international market traction, especially in South-East Asia and the Middle East. They engage clients through events like "SARAL" and "The Marketplace Conclave" and frequently upsell and cross-sell products to meet evolving client needs, including offering new products like UniShip and UniReco.
- Proprietary technology platform built for scalability and high adaptability to accommodate various uses across different industries:** Unicommerce's proprietary technology platform is designed to meet the diverse needs of clients across various industries, supporting everything from small-scale operations to large enterprises. The platform is a cloud-native SaaS solution that is accessible globally through web browsers, mobile apps, and APIs. It utilizes a multi-tenant architecture, allowing efficient scaling without the need for additional hardware, thereby optimizing operational costs. Developed with open-source technologies, the platform minimizes external technological dependencies and maintains cost-effective infrastructure. Key features include scalability to handle increasing client usage, efficiency in cloud resource utilization, robust data security measures with industry-standard certifications and the ability to manage high volumes of concurrent transactions, particularly useful during peak sales periods.

### Risk

- Market for SaaS solutions is highly competitive and experiences quick changes in technology.
- Seasonality involved in the business.

### MView

We believe Unicommerce eSolutions Ltd IPO brings investors a unique opportunity to invest in India's largest e-commerce enablement SaaS platform in the transaction processing layer. The company's comprehensive and modular suite of products, coupled with a vast range of plug-and-play integrations, makes it an essential component of its clients' tech stacks.

We think Unicommerce's robust client base spans various sectors and geographies, including marquee Indian and international clients, demonstrating strong client retention and revenue growth. We also believe the company's consistent net revenue retention rate above 100% highlights the company's ability to grow revenue from existing clients while effectively upselling and cross-selling new products. Furthermore, company's proprietary technology platform is built for scalability and adaptability, ensuring it can efficiently manage the growing demands of its clients.

By looking at the financials, the company has shown good growth in revenue from operations from 52.56% in FY 2023 to 15.02% in FY 2024, while the net profit saw a substantial increase from 7.8% in FY 2023 to 101.9% in FY 2024. On valuation parse at the upper band of ₹ 108/-, the issue is asking for a market cap of ₹ 1106 cr. Based on FY 2024 earnings and fully diluted post-IPO paid-up capital, the company is asking for PE of 84.5x, which appears fully priced by looking at its near term growth triggers. But being the largest ecommerce enabled SaaS provider and only profitable in this space with no listed peers, we believe the company may command a premium valuation multiple. Investors should also look at IPO offers which come with 100% OFS i.e ₹ 276 cr issue which is an area of concern for new investors. But with its unique technology capabilities and continuous innovation, we believe the company is well positioned to capitalize on the expanding e-commerce enablement sector. Hence, we recommend investors to "SUBSCRIBE" the Unicommerce esolutions Ltd IPO with long term perspective only.



## CONSOLIDATED FINANCIAL TABLES

### BASIC FINANCIAL DETAILS

Particulars ₹ (in Cr)	As at March' 31		
	2024	2023	2022
Equity Share Capital	5.89	0.02	0.02
Net Worth	68.91	51.89	41.37
Revenue from Contract with Customers	103.58	90.06	59.03
Revenue Growth (%)	15.02%	52.56%	-
Adjusted EBITDA as stated	18.16	10.83	7.16
Adjusted EBITDA Margin (%) as stated	17.53%	12.02%	12.13%
Net Profit for the Year	13.08	6.48	6.01
Net Profit Margin (%)	12.63%	7.19%	10.18%
EPS - Basic & Diluted (₹)	1.30	0.64	0.60
RoNW (%)	18.98%	12.48%	14.53%
NAV (₹)	6.83	5.14	4.10
ROE (%)	17.36%	13.89%	16.11%
RoCE (%)	25.93%	11.46%	11.09%

Source: Company RHP



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### **Msearch's Recommendation (Absolute Performance)**

**Buy: > 20% within the next 12 Months**

**Accumulate: 5% to 20% within the next 12 Months**

**Sell : < -20% within the next 12 Months**

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