



Issue Opens - August 6, 2024 to August 8, 2024

Price Band
₹102 to ₹108

Face Value
₹1

Lot Size
138 Shares

Issue Size
₹276.57 Cr

Issue Type
Book Built

research@ganeshstock.com

Important Events



Issue Size

25,608,512 shares / ₹276.57 Cr

Fresh Issue

N/A

Offer for Sale

25,608,512 shares of ₹1 / ₹276.57 Cr

Basis of Allotment

Friday, August 9, 2024

Initiation of Refunds

Monday, August 12, 2024

Credit of Shares to Demat

Monday, August 12, 2024

Unicommerce IPO Listing Day

Tuesday, August 13, 2024

Objects of The Offer

The Company proposes to utilize the Net Proceeds towards the funding of the following objects:

- The company will not receive any proceeds from the Offer, and all the Offer Proceeds will be received by the Selling Shareholders in proportion to the Offered Shares sold by the respective Selling Shareholders as part of the Offer.

Brief profiles of the Directors



Manoj Kumar Kohli is the Independent Director and Chairman of the Company. He holds degrees in commerce, law, and an MBA from the University of Delhi and has completed the Wharton Advanced Management Program. He has previously held roles such as country head at Softbank Group International and CEO of Bharti Enterprises Limited. Currently, he is the chairman and managing partner of MK Knowledge LLP. Kohli has received several awards, including the 'Telecom Man of the Year' and a 'Lifetime Achievement Award' by Voice Data.

Kapil Makhija is the Managing Director and CEO. He holds degrees in computer science from IIT Delhi and a post-graduate diploma in management from IIM Bangalore. He has worked with A.T. Kearney Limited, Oracle India, and Qwest Software Services. He is responsible for the company's growth planning and business execution, heading the technology and corporate functions.

Kunal Bahl is a Non-Executive Director. He is the co-founder and director of AceVector Limited (formerly Snapdeal Limited) and holds degrees in economics and applied sciences from the University of Pennsylvania. He has held leadership roles in CII and NASSCOM and has been recognized as the 'Entrepreneur of the Year 2014-15' by the Economic Times.

Rohit Kumar Bansal is a Non-Executive Director. He is the co-founder and director of AceVector Limited (formerly Snapdeal Limited) and holds degrees in computer science from IIT Delhi. He has previously worked with Capital One Services. Bansal has received awards including the 'Comeback Kid of the Year' and Ernst and Young's 'Entrepreneur of the Year - Startup'.

Bharat Venishetti is a Non-Executive Director in our Company. He holds a bachelor's degree of technology in civil engineering from the College of Engineering at the Jawaharlal Nehru Technological University, Hyderabad, and a master's degree of business administration from Indian Institute of Technology, Roorkee. He was previously employed with the Kotak Mahindra Bank Limited as a chief manager.

About The Company.



Unicommerce eSolutions Limited is a leading e-commerce enablement SaaS platform in India. They offer a comprehensive suite of products including warehouse management, order management, and omni-channel retail management solutions. Their platform helps businesses efficiently manage their e-commerce operations, increasing sales and reducing costs. With a focus on innovation and scalability, Unicommerce has become a critical partner for businesses of all sizes in the growing Indian e-commerce market.


Description of Their Business

They are an e-commerce enablement Software-as-a-Service (SaaS) platform that supports end-to-end e-commerce operations for brands, sellers, and logistics service providers. Their platform helps enterprise and SMB clients manage post-purchase operations through a suite of products, including:

1. Warehouse and inventory management system (WMS)
2. Multi-channel order management system (OMS)
3. Omni-channel retail management system (Omni-RMS)
4. Seller management panel (Uniware)
5. Logistics tracking and courier allocation services (UniShip)
6. Payment reconciliation (UniReco)

They also offer various sub-modules for routine operations. Their products act as the nerve center for clients' e-commerce fulfillment operations, ensuring orders are processed correctly and efficiently. This streamlines operations and makes their platform a critical part of their clients' supply chain.



Scale	 791.63 Mn Annual Transaction Run-rate ¹	 8,604 Warehouses in Operation ²	 2,764 Stores in Operation ²
Client Base³	 795 Enterprise Clients	 2,707 SMB Clients	 43 International Clients
Growth, Retention & Margin Profile	 INR 1,060.05 Mn Annual Recurring Revenue ⁴	 107.57% NRR for Ent. Clients ⁵	 78.52% Gross Margin

They have been able to create a large, growing base of marquee clients across the retail and e-commerce landscape in India as well as consistently onboard new clients in international geographies. their clients, inter alia, include D2C brands, brand aggregator firms, traditionally offline brands, e-commerce retailers, marketplaces, third-party logistics and fulfilment players and SMBs. their clients belong to various sectors including fashion (apparel, footwear, accessories), electronics, home and kitchen, FMCG, beauty and personal care, sports and fitness, nutrition, health and pharma as well as third-party logistics and warehousing.

Marquee Client Base

Fashion, Footwear & Accessories



Electronics



Brand Aggregators & House of Brands



Beauty, Personal Care & FMCG



Pharma, Nutrition & Medical



Logistics & International



Home, Kitchen & Services





Strengths

- Unicommerce eSolutions Ltd. has Largest e-commerce enablement SaaS products platform, acting as the nerve centre for business operations of their client.
- They has Comprehensive and modular suite of products with a wide range of plug-and-play integrations makes us an integral part of their client's tech stack.
- 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.
- Proprietary technology platform built for scalability and high adaptability to accommodate various uses across different industries.
- Consistent track-record of fast, profitable growth with strong cash flows over the past three financial years.
- They have strong governance practices, experienced management, and marquee investors

Threats

- Unicommerce eSolutions Ltd. may fail to develop new products and innovate existing ones.
- They might struggle to retain current clients or attract new ones.
- Performance problems or interruptions with their products could lead to client dissatisfaction.
- Their business growth is linked to the growth of the e-commerce industry in India, so any negative changes in this industry will impact their growth and operations.
- They risk losing market share to competitors.

Statement of Profit and Loss



(in ₹ million, unless otherwise stated)

Particulars	For Fiscal 2024	For Fiscal 2023	For Fiscal 2022
Income			
Revenue from contract with customers	1,035.81	900.58	590.32
Other income	58.53	29.12	23.31
Total income (I)	1,094.34	929.70	613.63
Expenses			
Employee benefits expense	649.57	620.20	423.77
Server hosting expense	54.06	54.03	32.58
Depreciation and amortisation expense	24.02	5.83	4.53
Finance costs	3.89	-	-
Other expenses	188.01	161.05	83.58
Total expense (II)	919.55	841.11	544.46
Restated profit before tax (III= I— II)	174.79	88.59	69.17
Current tax	47.84	30.80	23.38
Deferred Tax	(3.83)	(6.97)	(14.31)
Total Tax Expense (IV)	44.01	23.83	9.07
Restated profit for the year (V= III-IV)	130.78	64.76	60.10
Restated other comprehensive income/(loss)			
Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent years:			
Re-measurement gain/(loss) on defined benefit plans	2.67	(3.38)	(0.34)
Income tax effect	(0.67)	0.85	0.10
Restated other comprehensive income/(loss) for the year, net of tax	2.00	(2.53)	(0.24)
Restated total comprehensive income for the year, net of tax	132.78	62.23	59.86
Restated earnings per equity share (face value of ₹ 1 each)			
Basic earnings per equity share (Basic EPS)(₹) [†]	1.30	0.64	0.60
Diluted earnings per equity share (Diluted EPS)(₹) [†]	1.16	0.58	0.55



They have demonstrated a trajectory of consistent growth over the past years and have maintained profits while making necessary investments in their products, sales and strategy to drive future expansion of their business.

The following table provide a snapshot of their certain financial performance metrics for the years indicated therein:

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Total Income	1,094.34	929.70	613.63
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Finance Costs	3.89	-	-
Other Expenses	188.01	161.05	83.58
Total Expense	919.55	841.11	544.46
Gross Margin % ¹	78.52%	77.63%	78.02%
Restated Profit Before Tax	174.79	88.59	69.17
Restated Profit Before Tax Margin % ²	16.87%	9.84%	11.72%
Restated profit for the year	130.78	64.76	60.10
Restated profit for the year Margin % ³	12.63%	7.19%	10.18%
EBITDA ⁴	144.17	65.30	50.39
EBITDA Margin % ⁵	13.92%	7.25%	8.54%
Adjusted EBITDA ⁶	181.61	108.29	71.60
Adjusted EBITDA Margin % ⁷	17.53%	12.02%	12.13%
ARR ⁸	1,060.05	1,068.55	687.14
Revenue from contract with customers / employee ⁹	3.32	2.73	2.21

¹ Gross margin represents the margin generated by the business after deducting the direct costs incurred to serve the clients divided by revenue

Valuation and Outlook



The expected share price for Unicommerce eSolutions LTD IPO is set between ₹102 to ₹108 per share. The company's valuation shows a Price-to-Earnings (P/E) ratio of 83.07x based on a price above ₹108, and FY24 EPS is Rs 1.38

There are no listed companies in India or internationally with a business portfolio or scale comparable to like Unicommerce eSolutions, making an industry comparison difficult. The company claims to be the only profitable player in the global e-commerce enablement SaaS market. It has shown growth in both revenue and profit, though its significant profit increase for FY24 raises some concerns. The company's valuation appears high, with a P/E ratio of 83.07x based on FY24 earnings. Despite this, we believe the valuation is justified due to the strong growth potential of the e-commerce SaaS market.

We recommend “**Subscribing**” to the offer because of its:

- Integrated e-commerce enablement platform in the core transaction processing area.
- Unique position as a profitable player in this space.
- 100%+ net revenue retention, indicating growth from existing clients.
- High client retention and recurring revenue due to the sticky nature of their integration.

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