



**IPO Report**

05<sup>th</sup> Aug '24

**Snapshot**

Company is an e-commerce enablement Software-as-a-Service (“SaaS”) platform in the transaction processing or nerve centre layer. Company enable end-to-end management of e-commerce operations for brands, sellers and logistics service provider firms. Company enable its enterprise clients and small and medium business (“SMB”) clients to efficiently manage their entire journey of post-purchase e-commerce operations through a comprehensive suite of SaaS products that include (i) the warehouse and inventory management system (“WMS”); (ii) the multi-channel order management system (“OMS”); (iii) the omni-channel retail management system (“Omni-RMS”); (iv) seller management panel for marketplaces, housed in company’s platform, Uniware; (v) recently introduced post-order services related to logistics tracking and courier allocation (“UniShip”); and (vi) payment reconciliation (“UniReco”). Additionally, company offer several sub-modules that its customers may use as a part of their routine operations.

**VALUATION**

Company is bringing the issue at price band of Rs 102-108 per share at p/e multiple of 85x on post issue FY24 PAT basis. Company being largest e-commerce enablement SaaS products platform in the transaction processing or nerve centre layer, comprehensive and modular suite of products with a wide range of plug-and-play integrations makes it an integral part of 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 product. Hence , we recommend “Subscribe” on issue

|                                  |                                  |
|----------------------------------|----------------------------------|
| <b>Price Band (Rs./Share)</b>    | <b>102-108</b>                   |
| <b>Opening date of the issue</b> | <b>06<sup>th</sup> Aug '2024</b> |
| <b>Closing Date of the issue</b> | <b>08<sup>th</sup> Aug '2024</b> |
| <b>No of shares pre issue</b>    | 102,434,048 Eq Shares            |
| <b>Issue Size</b>                | Rs 261-276 Cr                    |
| <b>Offer for Sale</b>            | 25,608,512 Equity Shares         |
| <b>Face Value (Rs/ share)</b>    | Rs 1/share                       |
| <b>Bid Lot</b>                   | 138                              |
| <b>Employee Reservation</b>      | Shares aggregating upto Rs 2 Cr  |

**BIDDING DETAILS**

|                                |   |
|--------------------------------|---|
| <b>QIBs (Including Anchor)</b> | 75% of the offer (Approx 1,92,06,385 Eq Shares) |
| <b>Non-Institutional</b>       | 15% of the offer (Approx 38,41,276 Eq Shares)   |
| <b>Retail</b>                  | 10% of the offer ( Approx 25,60,851 Eq Shares)  |
| <b>Lead managers</b>           | IIFL Securities, CLSA India Pvt. Ltd            |
| <b>Registrar to the issue</b>  | Link Intime India Pvt Ltd                       |

**WHAT WE LIKE**

***Consistent track-record of fast, profitable growth with strong cash flows over the past three financial years***

Growth of company’s revenue from contract with customers and Annual Recurring Revenue (ARR) has been possible due to its revenue model being based on a transaction fee along with monthly minimum commitment for company’s enterprise clients. Company’s pricing and billing model allows it to earn revenue on incremental transactions processed by company’s clients, allowing it to grow revenues as volumes on company’s platform increase. Company’s revenue from contract with customers increased by 15.02% in Fiscal 2024, compared to Fiscal 2023, and by 52.56% in Fiscal 2023 compared to Fiscal 2022. Company’s ARR decreased marginally by 0.80% in Fiscal 2024, compared to Fiscal 2023, due to similar revenues in the last quarters of Fiscal 2024 and Fiscal 2023. Further, company’s ARR had grown by 55.51% in Fiscal 2023 compared to Fiscal 2022.

***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 have been able to create a large and consistently growing base of valuable clients across the retail and e-commerce landscape in India as well as in international geographies. Company’s clients include D2C brands, brand aggregator firms, traditionally offline brands, e-commerce retailers, marketplaces, third-party logistics and fulfilment players and SMBs. Company’s 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. Company delivered an NRR of more than 100% consistently in the past financial periods indicating growth of its revenue from its existing enterprise clients.



## COMPANY BACKGROUND

The growth of the eCommerce enablement SaaS industry is intrinsically linked with eCommerce sales. As India's e-commerce industry grows, e-commerce businesses and retailers face significant challenges to scale their operations efficiently. Some of the major challenges faced by e-commerce businesses and retailers include management of inventory across multiple locations, minimising fulfilment costs, order processing from multiple online and offline channels, management of returns, generation of correct invoices, and taxation and other regulatory compliances. Particularly, brands and retailers are reaching out to the customers through multiple offline channels and online channels (including various marketplaces) to compete in the market. As the number of these marketplaces and omni-channel practices continues to increase, the demand for e-commerce enablement SaaS products is directly affected. As businesses scale to process higher numbers of orders for their e-commerce operations, the scale of such challenges also increases exponentially, including keeping inventory updated across all sale channels (marketplace and webstores software), processing orders through the correct warehouse, management of distributed inventory across multiple warehouses and adhering to service-level agreements ("SLAs") and procedures for respective sales channels. Given the range of issues, regularly changing business needs and market practices, and the need for sanctity of data across the various stages, customers prefer comprehensive end-to-end transaction processing layer SaaS products. Positioning itself within this backdrop, company is India's largest e-commerce enablement SaaS platform in the transaction processing or nerve centre layer, in terms of revenue for the financial years ended March 31, 2023, March 31, 2022 and March 31, 2021. Company is also the only profitable company among the top five players in this industry in India during Fiscal 2023. Company's products are designed and regularly updated to meet these challenges and the business needs of various types and sizes of retail enterprises, both online and offline. Company provide a modular suite of products with features developed over years for a variety of uses across industries, including inter alia, inventory management and visibility, management of orders across channels, timely order fulfilment and minimised cancellations, procurement and vendor management and returns management. Company's products are sector and size-agnostic and are designed to meet the business needs of various types and sizes of retail and e-commerce enterprises, both online and offline. Company's products are configurable as per client needs, and its clients can use one or more products at a time depending on their needs and configure them to suit their specific workflows. Company also have several additional sub-modules, which form part of company's SaaS products, that clients can utilize for their business operations including procurement management, invoice management and logistics management. Clients prefer to use a SaaS solution which can continue to develop the technology as per changing market needs and add emerging integrations relevant to their business while they can focus on their business.

Company's products also enable plug-and-play integrations that seamlessly connect other critical components of a client's supply chain stack, such as their own apps/websites, marketplaces, logistics service providers, point of sales systems and financial/ERP systems for automated data exchange and for exchanging critical operating instructions with sales systems and financial/ERP systems of company's clients to enable end-to-end automation. Company have an extensive suite of technology and partner integrations, which, till March 31, 2024, comprises 131 Marketplaces and WebStore integrations, 101 Logistics Partner integrations and 11 ERPs, POS and other systems integrations.

Company 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. Company's clients, inter alia, include D2C brands, brand aggregator firms, traditionally offline brands, e-commerce retailers, marketplaces, third-party logistics and fulfilment players and SMBs. Company's 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.

Company classify its clients into two broad categories, namely, enterprise clients and SMB clients, based on their revenue generated from the usage of its products, i.e. number of order items processed outwards. Company do not segregate its revenues from contract with customers on the basis of individual products/ services that company offer to its clients, as many of company's clients use a combination of its products in a bundled form. Company's clients use its bundled products on the basis of their different business requirements and use cases. For example, a retailer or an online brand may subscribe to either company's WMS or its OMS, depending on their business requirements, while a retailer or a brand having both, online and offline presence, may additionally subscribe to its Omni-RMS product. Similarly, a third-party logistics service provider may subscribe to either its WMS or company's OMS, depending on the needs of the clients that it is serving, while a marketplace player may use company's Seller Management Panel for Marketplaces to efficiently manage their operations. Accordingly, company charge its clients on a bundled pricing basis, rather than charging them for individual products that they may use. Company's billing mechanism to its clients depends on company's varying subscription plans on offer for its clients, rather than the individual products that its clients may use. Company offer three different subscription plans for its products, i.e., standard plan, professional plan and enterprise plan with usage-linked pricing.

The majority of company's clients are located in India, revenue from contract with customers (India), is ₹997.77 million out of revenue from contract with customers of ₹1,035.81 million, which constitutes 96.33% of revenue from contract with customers during the Fiscal 2024. However, since Fiscal 2023, company have increased its focus on expanding its international client base and had 43 enterprise clients during the quarter ended March 31, 2024, in 7 countries primarily in South East Asia and Middle East



**INVESTMENT RATIONALE**

|   |   |
|---|---|
| <p><i>Largest e-commerce enablement SaaS products platform, acting as the nerve centre for business operations of company's clients</i></p>                         | <p>Company is India's largest e-commerce enablement Software-as-a-Service ("SaaS") platform in the transaction processing or nerve centre layer, in terms of revenue for the financial years ended March 31, 2023, March 31, 2022 and March 31, 2021, that enables end-to-end management of e-commerce operations for brands, sellers and logistics service provider firms. Company is also the only profitable company among the top five players in the industry in India during Fiscal 2023 . For the quarter ended March 31, 2024, company had an annual run-rate<sup>33</sup> of processing 791.63 million order items for 795 enterprise clients and 2,707 SMB clients. The market for e-commerce enablement SaaS in the transaction processing or nerve centre layer, presents a substantial and growing opportunity. The total addressable market ("TAM") for players in the eCommerce enablement SaaS industry in the transaction processing or nerve centre layer was estimated at approximately \$ 1.2 billion in 2023 and is projected to grow in the coming years .This projected growth is driven by the increasing market potential for core products, the opportunity to introduce and broaden company's portfolio with new products, and the prospects of international expansion in SEA and Middle East .Specifically, in India, the TAM for core products in the transaction processing layer was \$ 260 million in 2023 and is expected to increase by 2027 . Additionally, the potential for expanding the TAM through the diversification of the product portfolio into adjacent areas was \$ 420 million in 2023, with expectations to increase by 2027 (Source: Redseer Report). Furthermore, the potential for TAM growth through expansion into international markets, particularly in SEA and the Middle East, was \$ 510 million in 2023 and is estimated to increase by 2027 (Source: Redseer Report).</p> |
| <p><i>Comprehensive and modular suite of products with a wide range of plug-and-play integrations makes company an integral part of its client's tech stack</i></p> | <p>Company's products and plug-and-play integrations help businesses of all sizes, selling both online and offline, to complete their entire day-to-day fulfilment operations efficiently through technology and automation. Some of the major challenges faced by ecommerce businesses and retailers include management of inventory across multiple locations, minimising fulfilment costs, order processing from multiple online and offline channels, management of returns, generation of correct invoices, taxation and other regulatory compliances . Company's products and plug-and-play integrations offer an easy and effective solution to such challenges and benefit clients by providing, among other things, a central view of the inventory, real-time allocation and routing of orders across facilities and stores, reduction in fulfilment / dispatch errors and stock-outs, reduced operational glitches, enhanced delivery turnaround, lower return rates, minimised pilferage and wastage, and ease in taxation and regulatory compliances.</p>  |
| <p><i>Largest e-commerce enablement SaaS products platform, acting as the nerve centre for business operations of company's clients</i></p>                         | <p>Company is India's largest e-commerce enablement Software-as-a-Service ("SaaS") platform in the transaction processing or nerve centre layer, in terms of revenue for the financial years ended March 31, 2023, March 31, 2022 and March 31, 2021 , that enables end-to-end management of e-commerce operations for brands, sellers and logistics service provider firms. Company is also the only profitable company among the top five players in the industry in India during Fiscal 2023 . For the quarter ended March 31, 2024, company had an annual run-rate<sup>33</sup> of processing 791.63 million order items for 795 enterprise clients and 2,707 SMB clients. The market for e-commerce enablement SaaS in the transaction processing or nerve centre layer, presents a substantial and growing opportunity. The total addressable market ("TAM") for players in the eCommerce enablement SaaS industry in the transaction processing or nerve centre layer was estimated at approximately \$ 1.2 billion in 2023 and is projected to grow in the coming years.</p>  |



## OBJECTS OF OFFER

Company will not receive any proceeds from the Offer (the “Offer Proceeds”) 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.

## RISKS

Company provide a comprehensive suite of products. If company fail to develop new products and innovate company’s products, company’s business, operating results, financial performance, cash flows and prospects may be materially and adversely affected.

Source:RHP

## INDUSTRY OVERVIEW

### Expansion Opportunities:

#### 5.3.1. Expansion of Product Portfolio:

Due to deep integration in the technology stack of a company, solutions in the transaction processing layer have visibility to customer information, including customer journey, purchase history, and price sensitivity, as well as to company information, including vendor history, supply chain and inventory planning. Because of this, there is a potential for new complementary product offerings across eCommerce enablement SaaS. For instance, in the pre-purchase phase, services such as customer data analytics (demand forecasting), marketing solutions during browsing and checkout phase, live chat support and returns or fraud prediction amongst others can be offered. Similarly, in the post purchase phase, services such as end-to-end shipment and returns tracking, courier allocation service, payment reconciliation returns reconciliation, etc, amongst others, can be offered. These products can be up-sold and cross-sold to both existing clients and new clients.

**5.3.2. Expansion to Select International Geographies:** There exists scope for the transaction processing layer SaaS providers to expand beyond India, into similar geographies such as SEA and the Middle East. Considering the large, fast-growing eCommerce markets in these regions, as well as several other growth factors including the developing organised retail sector, increasing popularity of D2C brands and limited availability of similar technology companies, the TAM of currently local product offerings can be further expanded. The incumbent players in India working with eCommerce enterprises and SMBs, have achieved significant product and industry expertise. Their existing product suite, domain knowledge can be deployed with tweaks (language, currency, tax structure, etc.) to achieve the desired localisation in similar geographies. However, the incumbents will need to invest in building sales network and relationships while contending with local competition.

#### *Relevant Market Opportunities for Players in eCommerce Enablement SaaS Space*

The Total Addressable Market (“TAM”) for players in the eCommerce enablement SaaS in the transaction processing or nerve centre layer was estimated at approximately US\$ 1.2 billion in 2023 and is projected to expand at a CAGR of over 34% to reach approximately US\$ 3.9 billion by 2027. This growth is driven by the increasing market potential for core products in this layer, the opportunity to introduce and broaden the product portfolio with new products, and the prospects of international expansion in SEA and the Middle East. Specifically, in India, the TAM for core products in the transaction processing layer was approximately US\$260 million in 2023 and is expected to reach approximately 840 million in 2027. Additionally, the potential for expanding the TAM through the diversification of the product portfolio into adjacent areas was US\$420 million in 2023, with expectations to increase to approximately US\$ 1.35 billion by 2027. Furthermore, the potential for TAM growth through expansion into international markets, particularly in SEA and the Middle East, was US\$510 million in 2023 and is estimated to increase to approximately US\$ 1.7 billion by 2027. The product offering of the transaction processing layer are typically used by traditional brands who sell across channels, D2C brands, SMB brands who sell across channels, logistics companies and other similar companies who undertake their operations themselves or through an outsourced partner.

In addition, there is a market opportunity to service the unorganised segment of the market, amounting to US\$ 135 million in 2023, which is expected to grow at a CAGR of approximately 15% to reach US\$ 278 million by 2027. However, the current market is characterized by fragmentation, dominated by small local players, and limited technological adoption. Championing this segment requires targeted attention, a tailored sales approach, and customized product offerings to meet the needs of these smaller players.



**Consolidated Financials**

**(Rs in Mn)**

| <b>Financials</b>       | <b>FY22</b> | <b>FY23</b> | <b>FY24</b> |
|-------------------------|-------------|-------------|-------------|
| Total Revenue (A)       | 590.32      | 900.58      | 1035.81     |
| Total Expenditure (B)   | 539.93      | 835.28      | 891.64      |
| EBIDTA                  | 50.39       | 65.30       | 144.17      |
| EBIDTA Margin           | 8.54        | 7.25        | 13.92       |
| Other Income            | 23.31       | 29.12       | 58.53       |
| Depreciation            | 4.53        | 5.83        | 24.02       |
| EBIT                    | 69.17       | 88.59       | 178.68      |
| Interest                | 0.00        | 0.00        | 3.89        |
| PBT                     | 69.17       | 88.59       | 174.79      |
| Share of profit in Asso | 0.00        | 0.00        | 0.00        |
| PBIT                    | 69.17       | 88.59       | 174.79      |
| Exceptional             | 0.00        | 0.00        | 0.00        |
| PBT                     | 69.17       | 88.59       | 174.79      |
| Tax                     | 9.07        | 23.83       | 44.01       |
| PAT                     | 60.10       | 64.76       | 130.78      |
| NPM                     | 10.18       | 7.19        | 12.63       |
| ROE%                    | 14.53       | 12.48       | 18.98       |
| EPS                     | 0.60        | 0.64        | 1.30        |
| Eq Cap                  | 0.23        | 0.23        | 58.89       |
| Net Worth               | 413.70      | 518.92      | 689.14      |

(Source: RHP)





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