



SMC Ranking
★ ★ ☆ ☆ ☆ (1.5/5)

Issue Highlights

Industry	E-commerce
Offer for sale (Shares)	25,608,512
Net Offer to the Public	25,608,512
Issue Size (Rs. Cr.)	261.21-276.57
Price Band (Rs.)	102-108
Offer Date	6-Aug-24
Close Date	8-Aug-24
Face Value	1
Lot Size	138

Issue Composition

	In shares
Total Issue for Sale	25,608,512
QIB	19,206,384
NIB	3,841,277
Retail	2,560,851

About the company

Incorporated in February 2012, Unicommerce eSolutions Limited is a SaaS platform that manages e-commerce operations for brands, sellers, and logistics providers. The company offers a range of software products to help businesses efficiently manage their e-commerce operations after purchase. These products include a warehouse and inventory management system, a multi-channel order management system, an omnichannel retail management system, a seller management panel for marketplaces, post-order services for logistics tracking and courier allocation, and a payment reconciliation system. The company has a wide range of technology and partner integrations. As of March 31, 2024, this includes 101 logistics partner integrations and 11 integrations with ERPs, POS systems, and other systems. These integrations are in place to ensure the smooth operation of an integrated supply chain for clients. As of March 31, 2024, the company processed 791.63 million order items through its Order Management System (OMS) and had integrations with 131 marketplaces and web store software for automated order information flow. The company's clients span various sectors, including fashion, electronics, home and kitchen, FMCG, beauty, sports, fitness, nutrition, health, pharma, and third-party logistics. Some of the company's prestigious clients include Lenskart, SupperBottoms, Zivami, Chumbak, Paragon, PharmEasy, XpressBees, Shiprocket, Mamaearth, Sugar Cosmetics, Cello, and so on. Since fiscal year 2023, the company has expanded its international client base and had 43 enterprise clients in 7 countries, primarily in Southeast Asia and the Middle East as of March 31, 2024.



Shareholding Pattern (%)

Particulars	Pre-issue	Post-issue
Promoters & promoters group	48.63%	39.42%
QIB	31.57%	34.54%
NIB	9.82%	13.57%
Retail	9.98%	12.48%
Total	100.00%	100.00%

*calculated on the upper price band

Objects of the Issue

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.

Book Running Lead Manager

- IIFL Securities Limited
- CLSA India Private Limited

Name of the registrar

- Link InTime India Private Limited

Strength

Largest e-commerce enablement SaaS products platform, acting as the nerve centre for business operations of its clients: The 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 (Source: Redseer Report), that enables end-to-end management of e-commerce operations for brands, sellers and logistics service provider firms. It is also the only profitable company among the top five players in the industry in India during Fiscal 2023 (Source: Redseer Report). For the quarter ended March 31, 2024, it has an annual run-rate of processing 79.16 Crore order items for 795 enterprise clients and 2,707 SMB clients.

Comprehensive and modular suite of products with a wide range of plug-and-play integrations makes it an integral part of its client's tech stack: Its products and plug-and-play integrations help businesses of all sizes, selling both online and offline, to complete its entire day-to-day fulfilment operations efficiently through technology and automation. Its 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. It has an extensive suite of technology and partner integrations, which till March 31, 2024, comprised 131 Marketplaces and WebStore integrations, 101 Logistics Partner integrations and 11 ERPs, POS and other system integrations. With these integrations, it acts as the nerve centre that manages the post purchase e-commerce operations of its clients and become an integral part of its e-commerce technology stack, assuming responsibility for driving automation and enabling efficient operations. Its Marketplaces and WebStore integration pull orders from across sales channels and once they are processed, it keeps the latest inventory information updated across sales channels. Its integration with Logistics Partners automates order pick-up and other Logistics Partners-related processes by exchanging key order information directly with the Logistics Partners, thereby minimising the time required to dispatch orders and track delivery progress. The ERP integrations connect financial systems of the clients with Uniware to enable smooth financial reporting, automated transfer of transactional information for preparation of accounts and a multitude of compliance activities including taxation

Particular	For FY 2024	For FY 2023	For FY 2022
NRR from enterprise Clients	107.57%	136.30%	119.95%

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: It has 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. Its clients include D2C brands, brand aggregator firms, traditionally offline brands, e-commerce retailers, marketplaces, third-party logistics and fulfilment players and SMBs. Its 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. It delivered an NRR of more than 100% consistently in the past financial periods indicating growth of its revenue from its existing enterprise clients as their transactions and business grow on its platform. Its NRR from enterprise clients was as mentioned below, representing consistent increment in revenue from contract with customers from existing enterprise clients:

Particular	For FY 2024	For FY 2023	For FY 2022
Number of clients who upgraded to enterprise plan	35	57	43

It has also seen a steady pace of client acquisitions in India through various sales and business activities that include its flagship events “SARAL”, “The Marketplace Conclave”, and small events “e-Kumbh” and “DECODE”. It also has good traction in international markets in South-East Asia and the Middle East, owing largely to its product being comprehensive, flexible and quickly adaptable to international geographies, as well as to its association with clients in various industry verticals. It serves a large and growing base of marquee clients in India including Lenskart, Fabindia, Zivame, TCNS, Mamaearth, Emami, Sugar, BoAt, Portronics, Pharmeasy, GNC, Cello, Urban Company, Mensa, Shiprocket, Xpressbees and others. Its clients have also showcased their interest in increasing the volume of business they undertake with the company over time. It has upsold its products to some of the clients, upgrading them from the standard plan or professional plan of its revenue model to the enterprise plan of the revenue model or a combination of enterprise plan and other plans. The following are the details of its clients who upgraded to the enterprise plan during the respective years:

(₹ in million, unless otherwise specified)

Particulars	Fiscal 2024	Fiscal 2023	Fiscal 2022
Server hosting expense (A)	54.06	54.03	32.58
Revenue from contract with customers (B)	1,035.81	900.58	590.32

(₹ in million, unless otherwise specified)

Particulars	Fiscal 2024	Fiscal 2023	Fiscal 2022
Server hosting expense as a percentage of revenue from contract with customers (A/B) (in %)	5.22%	6.00%	5.52%

Proprietary technology platform built for scalability and high adaptability to accommodate various uses across different industries: Its products and its plug-and-play integrations operate on a proprietary technology platform that is built to service client needs across different scale of operations in terms of the number of SKUs, facilities, size, locations, hours of operations, complexity

of client's supply chains, and the variation of processes across the type of business and industries. Its 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. Its clients can use one or more services at a time based on their needs, including the use of certain select sub-modules. Given the critical role that its platform plays in the daily operations of its clients' businesses, it needs to ensure high up-time of its platform, universal and easy access of its products and rapid scalability in addition to the modular product suite, its maintenance and upgradation as an underlying promise to the clients. It provides a cloud-native SaaS platform³⁴, hosted on a cloud infrastructure that is accessible globally, through web browsers, mobile applications, a variety of other supported devices and a large set of APIs. Its products and plug-and-play integrations are based on modern, proven technologies and infrastructure utilized by its product development, engineering and data sciences team. Its technology systems are maintained and enhanced by 63 of its employees in its technology and product development teams, as of March 31, 2024, and its server hosting expense in the respective year is as below:

(₹ in million, unless otherwise specified)

Particulars	Fiscal 2024	Fiscal 2023	Fiscal 2022
Server hosting expense (A)	54.06	54.03	32.58
Revenue from contract with customers (B)	1,035.81	900.58	590.32

Consistent track-record of fast, profitable growth with strong cash flows over the past three financial years: Growth of its 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 its enterprise clients. Its pricing and billing model allows it to earn revenue on incremental transactions processed by its clients, allowing it to grow revenues as volumes on its platform increase. Its 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. Its 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, its ARR had grown by 55.51% in Fiscal 2023 compared to Fiscal 2022. Its growth has been profitable and has been supported by high Gross Margin %. While it has a consistent client base, ARR and revenue growth, it continues to maintain steady financial prudence and have maintained profitability while also making necessary investments in product enhancements, customer success, and long-term growth initiatives.

Strategy

Continue to expand its India business: It aims to continue growing its operations in India by adding new enterprise clients and SMB clients, as well as increasing revenue from its existing clients with whom it has established recurring relationships. It invests significant resources in understanding the issues, needs and trends of its clients and markets through research and development efforts. This helps the company to target specific areas to improve its products and services for them. Similarly, it continues to seek feedback on which new sales channel or partner integrations its clients are interested in and keep adding them to its portfolio. It plans to expand its client base in India, especially in the enterprise sector, through sales and marketing efforts, an emphasis on client satisfaction and retention, expanding integration coverage, and adding new channels and marketplaces to increase the use of its products. Its goal is to attract prospective clients at the start of their e-commerce journeys and become a crucial part of their technology stack, as well as to increase the subscription of its existing clients by cross-selling and upselling to them. In addition, it intends to tap into the opportunity offered by the omni-channel space, which refers to an integrated and unified retail experience for customers across all online and offline channels, by tapping into clients in the online space that have offline operations and vice versa.

Drive expansion in current international markets and expand global footprint over time: Given the market opportunities for e-commerce businesses in countries outside India and the scope and potential for SaaS providers in the transaction processing or nerve centre layer of e-commerce enablement SaaS market to expand beyond India, it aims to strengthen its business operations in South-East Asia and Middle East, particularly in Singapore, Philippines, Indonesia, UAE, and Saudi Arabia, and further expand its global clientele. It has selected these countries as focused markets due to the large, fast-growing nature of e-commerce 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 (Source: Redseer Report). Since Fiscal 2023, it has increased its focus on expanding its international operations and aim to grow in these markets primarily through light-touch product implementation approach, which includes primarily managing the international business from India, with limited on-ground presence, and utilisation of support of partners located in the respective international regions.

Enhancement of its existing SaaS products and building advanced features for more use

cases: It intends to continue to devote substantial resources towards enhancement of its existing products. As of March 31, 2024, it had 312 employees in its technology and product development teams focused on developing product enhancements and including new features. It seeks to increase the relevance of its products to its existing clients by keeping up with client-needs. Its platform is agile enough to create new features to address client issues. Its employ the business methodology of product-led growth, wherein ease of implementation, user-friendliness and constant enhancements of its products is critical, making them the prime drivers for acquisition and expansion of client base and retention of its existing clients. This creates a company-wide alignment across teams to focus on improving the product itself for the sustainable and scalable business growth of the company. Due to the nature of its solutions, Unicommerce acts as an operating system for businesses to complete day-to-day post-purchase operations efficiently through tech and automation.

Investment in development of its recently launched SaaS products and develop additional, complementary products to expand its portfolio of offerings :

The company has recently developed new products and continue to look for additional opportunities that are complementary to its business or that enable it to develop adjacent, new products allowing it to expand its role in the client's e-commerce stack. These products will help it increase revenues from existing clients in the long run, enable it to attract more clients due to an extensive portfolio that delivers significant value addition and retain existing clients by delivering more value. Some of the new products it is currently working on for solving problems faced by clients related to fulfilment operations are UniShip And UniReco. The company will continue to experiment new products with early adopters, pursuant to which it can assess increasing the deployment of this product as well as explore additional new product opportunities in the future. The time required for the development of a product in B2B industry is significant, and hence, the revenue expansion on the basis of new products may require some time investment from it. Its focus on developing the above products for its clients will enable it to tap into various growth segments thereby opening for its newer markets that it can address and newer clients that it can serve. It also intends to develop specialized products for clients to increase their usage of its platform to address their various e-commerce operational requirements and problems. It believes this will allow it to add new client segments and utilize its existing data with incremental coverage of data points to provide such additional products without incurring significant additional costs or effort.

Risk factor

- The company provides a comprehensive suite of products. If the fails to develop new products and innovate its products, its business, operating results, financial performance, cash flows and prospects may be materially and adversely affected.
- Its business and growth are correlated with the growth of the ecommerce industry in India. Any change in the nature of the ecommerce industry in India will adversely affect its growth and business operations.
- The company faces competition from and could lose market share to its competitors, which could adversely affect its business, results of operations, financial condition and cash flows.
- Its success depends, in part, on its ability to expand use of its products by clients globally and accordingly, its business is susceptible to risks associated with international operations.

Peer comparison

The Company does not have any listed industry peers in India or abroad.

Valuation

Considering the P/E valuation, on the upper end of the price band of Rs.108, the stock is priced at pre issue P/E of 84.59x on FY24 EPS of Rs. 1.28. Post issue, the stock is priced at a P/E of 84.59x on its EPS of Rs. 1.28. Looking at the P/B ratio at Rs. 108 pre issue, book value of Rs. 6.73 of P/BVx 16.05x. Post issue, book value of Rs. 6.73 of P/BVx 16.05x.

Considering the P/E valuation, on the lower end of the price band of Rs. 102, the stock is priced at pre issue P/E of 79.89x on FY24 EPS of Rs. 1.28. Post issue, the stock is priced at a P/E of 79.89x on its EPS of Rs. 1.28. Looking at the P/B ratio at Rs. 102 pre issue, book value of Rs. 6.73 of P/BVx 15.16x. Post issue, book value of Rs. 6.73 of P/BVx 15.16x.

Industry Outlook

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 (Source: Redseer Report). This growth is driven by the increasing market potential for core products in this layer, opportunity to broaden the product portfolio, and international expansion prospects in SEA and Middle East. Specifically, in India, the TAM for core products in transaction processing layer was approximately US\$ 260 million in 2023.

Outlook

Unicommerce positions itself as India's leading eCommerce enablement SaaS platform, providing a comprehensive suite of services and solutions. The company's proprietary technology platform offers seamless integrations across diverse businesses. With a substantial client base comprising both domestic and international marquee brands, Unicommerce has demonstrated strong customer retention and upselling capabilities. Despite facing stiff competition from larger rivals, the company has achieved high net revenue retention rates. Currently, approximately 3.67% of Unicommerce's FY24 revenue originates from international markets. While this indicates growth potential beyond India, it also highlights the company's dependence on the domestic market. For investors seeking long-term opportunities, Unicommerce's strong market position, customer traction, and growth prospects make it an attractive proposition.

An Indicative timetable in respect of the Issue is set out below:

EVENT	INDICATIVE DATE (On or about)
BID/ISSUE OPENS ON	06-August-24
BID/ISSUE CLOSES ON	08-August-24
Finalisation of Basis of Allotment with the Designated Stock Exchange	09-August-24
Initiation of refunds (if any, for Anchor Investors)/unblocking of funds from ASBA Account	12-August-24
Credit of Equity Shares to Demat Accounts of Allottees	12-August-24
Commencement of trading of the Equity Shares on the Stock Exchanges	13-August-24

Annexure

Consolidated Financials

Profit & Loss

Rs. in Cr.

Particulars	Period ended 31-Mar-24 (12 Months)	Period ended 31-Mar-23 (12 Months)	Period ended 31-Mar-22 (12 Months)
Revenue from operations	103.58	90.06	59.03
Total expenditure	89.16	83.53	53.99
Operating Profit	14.42	6.53	5.04
OPM%	13.92	7.25	8.54
Other Income	5.85	2.91	2.33
Total Net Income	20.27	9.44	7.37
Interest	0.39	0.00	0.00
PBDT	19.88	9.44	7.37
Depreciation	2.40	0.58	0.45
Loss before tax	17.48	8.86	6.92
Tax	4.40	2.38	0.91
Profit & Loss	13.08	6.48	6.01

Balance sheet is on next page

Balance Sheet

Rs. in Cr.

Particulars	As on 31-Mar-24	As on 31-Mar-23	As on 31-Mar-22
Non-current assets			
Property, plant and equipment	0.48	0.918	0.997
Right-of-use assets	7.446	0	0
Financial Assets	0	0	0
Other Financial Assets	0.636	0	28.642
Prepayments	0	0.025	0.007
Non current tax assets (net)	5.896	3.837	2.528
Deferred tax assets (net)	2.511	2.128	1.431
Total non-current assets	16.97	6.91	33.61
Current asset			
Inventories			
Financial Assets			
Investments	6.012	6.017	0
Trade Receivables	13.294	11.85	8.92
Cash and Cash Equivalents	1.273	26.755	1.836
Bank Balances other than Cash & Cash Equivalents	0.05	0.05	12.726
Other Financial Assets	69.723	29.073	0.509
Prepayments	0.676	0.802	0.754
Other current assets	1.116	0.285	0.684
Total current assets	92.14	74.83	25.43
Total Assets	109.11	81.74	59.03
Non-current liabilities			
Lease liabilities	4.878	0	0
Provisions	4.724	4.651	3.029
Total Non- Financial liabilities	9.60	4.65	3.03
Current liabilities			
Financial Liabilities			
Lease Liability	2.658	0	0
Trade and other payables	0	0	0
Total outstanding dues of micro and small enterprises	0.35	0.118	0.349
Total outstanding dues of creditors other than micro and small enterprises"	12.365	9.014	6.971
Provisions	0.997	0.912	0.646
Other current liabilities	14.227	15.153	6.669
Total Financial liabilities	30.60	25.20	14.64
Total	40.20	29.85	17.66
Net worth represented by:			
Equity Share Capital	5.889	0.023	0.023
Instruments entirely equity in nature	0.166	0.166	0.166
Other equity	62.859	51.703	41.181
Net Worth	68.91	51.89	41.37

RANKING METHODOLOGY

WEAK	★
NEUTRAL	★★
FAIR	★★★
GOOD	★★★★★
EXCELLENT	★★★★★

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