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Issue Offer

Offer for sale of 25,608,512 equity share aggregating up to INR 2765.7 mn.

Issue Summary

Price Band (INR)	102-108
Face Value (INR)	1
Implied Market Cap (INR mn.)	11,062.9
Market Lot	138
Issue Opens on	Aug 6, 2024
Issue Close on	Aug 8, 2024
No. of share pre-issue	10,24,34,048
No. of share post issue	10,24,34,048
Listing	NSE, BSE

Issue Break-up (%)

QIB Portion	75%
Retail Portion	10%
NII Portion	15%

Registrar

Link Intime India Private Ltd.

Book Running Lead Managers

Link Intime India Pvt Ltd., IIFL Securities, CLSA India Pvt Ltd.

Shareholding Pattern

	Pre-Issue	Post-Issue
Promoters	48.63%	23.63%
Public & Others	51.37%	76.37%

Objects of the issue

- To acquire new eCommerce software companies
- To provide exit to existing selling shareholder.
- New opportunity and expansion in Middle East & SEA.

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Unicommerce eSolutions Ltd offers a comprehensive SaaS platform that streamlines e-commerce operations for brands, sellers, and logistics providers. Their solutions cover warehouse, inventory, and order management, along with tools for logistics tracking and payment reconciliation. With an annual transaction run rate of 791.63 million, the company supports 8,604 warehouses and 2,764 stores, demonstrating substantial operational scale. Their client base includes 795 enterprise clients, 2,707 SMB clients, and 43 international clients, highlighting broad market reach.

Financially, the company reports an impressive annual recurring revenue of INR 1,060.05 million and a gross margin of 78.52%. The Net Revenue Retention (NRR) for enterprise clients stands at 107.57%, indicating strong client loyalty and growth potential. By facilitating efficient post-purchase processes, the platform ensures precise and timely order fulfillment, making the company a vital part of its clients' supply chains. This capability significantly boosts clients' operational efficiency and strengthens their competitive position in the e-commerce market.

Investment Rationale

Driving Efficiency and Market Penetration: Unicommerce is a leading e-commerce platform offering end-to-end management solutions for brands, sellers, and logistics providers. With a Total Addressable Market (TAM) of \$1.2 billion, the company is expanding into the Middle East and Southeast Asia, targeting a TAM of \$510 million (RedSeer reports). In India, the TAM for their core products in the transaction processing layer is valued at \$270 million.

Unicommerce provides plug-and-play integrations that enable businesses to manage daily fulfillment operations efficiently through technology and automation. As of March 31, 2024, the company offers 131 marketplace and web store integrations, 101 logistics partner integrations, and 11 ERP, POS, and other system integrations. These capabilities position Unicommerce as a central hub for managing post-purchase e-commerce operations, emphasizing its role as a key player in the e-commerce ecosystem.

Consistent Growth and Strong Financial Performance: The company serves diverse clients, including D2C brands, brand aggregators, traditional offline brands, e-commerce retailers, marketplaces, third-party logistics providers, and SMBs, across sectors such as fashion, electronics, home and kitchen, FMCG, beauty and personal care, and logistics. The company has demonstrated consistent growth with Net Revenue Retention (NRR) rates of 107.57% in FY24, 136.30% in FY23, and 119.95% in FY22. Enterprise clients contribute 90% of revenue, with 35 new enterprise upgrades in FY24 and 57 in FY23. The technology team, consisting of 63 employees, focuses on enhancing scalability, efficiency, data security, and concurrency. The revenue model, based on transaction fees and monthly minimum commitments for enterprise clients, drives revenue and Annual Recurring Revenue (ARR). The company boasts the highest PAT margin among competitors, at 12.63% in FY24 and 7.19% in FY23. With strong growth, efficient technology, and a profitable revenue model, the company is well-positioned for continued success.

Market Potential and Strategic Initiatives: The Indian SaaS market, valued at US\$12 billion in FY2023, is expected to grow at 33% annually, reaching US\$38 billion by FY2027. The eCommerce enablement SaaS industry is promising, with eCommerce in India projected to grow at 23% annually, potentially reaching US\$140 billion by 2027. Unicommerce also plans to expand its services to Indian eCommerce businesses, focusing on acquiring new enterprise clients and SMB clients while increasing revenue from existing enterprise clients. They aim to build long-term customer relationships by attracting clients early in their eCommerce journeys and boosting subscriptions through cross-selling and upselling.

The company also plans to utilize omni-channel and partner integrations to maintain customer engagement. The growing urban population and the rise of tier 2 and tier 3 cities are expected to boost the eCommerce sector. Government initiatives like the Open Network for Digital Commerce (ONDC) support MSMEs and startups in this dynamic market.

Valuation and View : Unicommerce Esolutions Ltd. has nearly a decade of expertise in SaaS solutions and platforms that integrate operational efficiency and services, establishing a strong presence in the Indian market. With a robust market position and a scalable business model based on transaction value, Unicommerce presents an advantageous choice in the SaaS sector. However, the lower entry barrier and the potential challenges in advancing technology may pose risks to its future growth. We are recommending "Subscribe" for this issue.

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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