

Company Overview

C E Info Systems Ltd (MapmyIndia) is India’s leading provider of advanced digital maps, geospatial software and location based IoT technologies. In the international markets, they operate under “Mappls” brand. They are a B2B and B2B2C market leader for maps and geospatial products in India with a comprehensive suite of “SaaS” (software as a service), “PaaS” (platform as a service) and “MaaS” (maps as a service). In addition, they also offer professional grade maps and products directly to retail customers, through their “Move” app and GPS IoT enabled gadgets/devices. Their digital maps comprehensively cover India i.e. 6.3 mn kms of roads in India, representing 98.5% of India’s road network. Also, they have recently entered into various memorandums of understanding with key government organizations such as the Indian Space Research Organization (“ISRO”), NITI Aayog and National Institute of Urban Affairs, Ministry of Housing and Urban Affairs, Government of India to provide ‘Aatmanirbhar’, or indigenous geospatial solutions to Indian users, through continuous participation and active contribution to key initiatives in this space. They believe in the ‘Made in India’ but ‘Made for the World’ approach. On the revenue side, they charge their customers fees per period based on per vehicle, per asset, per transaction, per use case, per user, as applicable. These are in the form of subscription fees, royalties, annuities in return for providing licenses and usage rights to their proprietary digital MaaS, PaaS and SaaS offerings. Subscription fee, royalty and annuity payments together contributed over 90% of their revenue from operation for Fiscal 2021.

Objects of the issue

The IPO proceed will be used towards the following purposes;

- ⇒ Carry out the offer for sale of up to 10.06 Mn shares
- ⇒ Achieve benefits of listing the equity shares on the stock exchange

Investment Rationale

Strong market position built around proprietary technology and network effect resulting in high entry barriers

Their innovations in the space of digital maps, geospatial and digital transformation specifically localized for a challenging geography such as India, has helped them build a moat and create what they believe is a strong barrier to entry for companies looking to operate in India. The Geospatial guidelines provide that all digital maps and geospatial data of finer accuracy will be stored and used within domestic territories – cloud, servers, and other forms. This also gives MapmyIndia a competitive edge to partner with global brands for providing navigation related services within India. They have earned their leading market position today in the B2B and B2B2C market for digital maps and location intelligence technologies by capitalizing on their early mover advantage, creating a niche market, developing proprietary and integrated technologies, full stack product offerings, continuous innovation and robust sustainable business model. (Source: F&S Report)

Profitable business model coupled with marquee customers across sectors

MapmyIndia has followed a ‘customer first’ approach that has helped in developing strong and long-standing customer relationships. They typically enter into long-term contracts of 3 to 5 years duration which are mutually renewable. Many of their customers are leading market players and renowned brands such as Hyundai, MG Motor, Flipkart, GSTN, Safexpress, Airtel, HDFC Bank, Yulu etc. and the strong relationship with them helps MapmyIndia to up-sell and cross-sell. As of 30th Sept 2021, they have 500 plus customers on SaaS, PaaS and MaaS platforms. They excel not only when it comes to their customers but also in their financials where they have presented positive growth. Their net profits (after tax) in FY 19, 20 and 21 were INR 335.7 mn, INR 231.9 mn and INR 594.3 mn, respectively, growing at a CAGR of 33% during this period, with PAT margins of 21%, 14%, and 31% respectively and net profits were INR 178.6 mn and INR 467.6 mn for the six month periods ended Sept 30, 2020 and Sept 30, 2021, respectively. Their Contribution Margin expanded from 76% in FY19 to 82% in FY20 to 83% in FY21, and was maintained at 85% in the six month period ended Sept 30, 2020 and Sept 30, 2021.

Valuation and Outlook

C E Info Systems (MapmyIndia) pioneered digital mapping in India back in 1995. They have a strong founding team supported by a professional management team leading to higher innovation to meet the technology paradigm shifts. On the financial front, they have high operating leverage in their business due to a low variable cost base and have the advantage of being cash-rich. At the upper price band, the stock is valued at PE of 60x (based on FY22 annualized earnings) on post-issue equity, which is overpriced. The company’s highly differentiated digital asset is difficult to replicate and will be widely used in the growing addressable market in India. Therefore, we give this issue a “SUBSCRIBE” rating “only for listing gains”.

Issue Details	
Offer Period	9 th Dec - 13 th Dec, 2021
Price Band	INR.1000 to INR.1033
Bid Lot	14
Listing	BSE&NSE
Issue Size (no. of shares in mn)	10.06
Issue Size (INR. in bn)	10.4
Face Value	2

Issue Structure	
QIB	50 %
NIB	15 %
Retail	35 %
BRLM	Axis Capital Ltd, Kotak Mahindra Capital , JM Financial & DAM Capital
Registrar	Link Intime India Pvt Ltd.

Particulars	Pre Issue %	Post Issue %
Promoter	75.6%	59.9%
Public	24.4%	40.1%
Total	100%	100%

(Assuming issue subscribed at higher band)

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Income Statement (In mn)

Particulars	FY19	FY20	FY21	H1FY22
Revenue				
Revenue from Operations	1,353	1,487	1,525	1,000
Total Revenue	1,353	1,487	1,525	1,000
Expenses				
Cost of Materials Consumed	172	134	133	74
Purchase of Stock in Trade	11	11	22	9
Change in Inventory	16	1	8	2
Employee Benefit Expenses	508	643	540	326
Other Expenses	391	404	307	136
Total Operating Expenses	1,098	1,193	1,011	548
EBITDA	255	294	514	453
Depreciation and Amortization Expense	92	98	99	39
Other Income	281	148	398	226
EBIT	444	345	813	639
Finance Costs	26	28	25	11
Profit Before Tax	418	316	788	628
Current Tax	127	101	165	158
Deferred Tax Charge/ (charge)	(44)	(17)	28	2
Total Tax	82	84	193	161
PAT	336	232	595	468
Diluted EPS	6.2	4.3	11.0	8.6

Source: RHP, BP Equities Research

Cash Flow Statement (In mn)

Particulars	FY19	FY20	FY21	H1FY22
Cash Flow from operating activities	268	267	833	179
Cash flow from investing activities	(191)	(16)	(593)	93
Cash flow from financing activities	(42)	(188)	(54)	2
Net increase/(decrease) in cash and cash equivalents	34	64	186	275
Net foreign exchange difference	(0)	4	-	3
Cash and cash equivalents at the beginning of the period	48	82	151	336
Cash and cash equivalents at the end of the period	83	151	336	614

Source: RHP, BP Equities Research



Balance Sheet (In mn)

Particulars	FY19	FY20	FY21	H1FY22
Liabilities				
Share Capital	1,328	1,328	1,328	80
Other Equity	1,524	1,649	2,252	3,982
Net worth	2,852	2,977	3,580	4,062
Lease Liabilities	225	187	157	131
Other Financial Liabilities	-	6	3	-
Long-Term Provisions	17	25	25	38
Total Non Current Liabilities	242	218	185	169
Trade Payables	45	61	45	26
Lease Liabilities	26	28	31	38
Other Financial Liabilities	132	176	145	73
Other Current Liabilities	95	118	282	226
Short Term Provisions	1	1	1	66
Total Current Liabilities	299	383	504	429
Total Liabilities	3,393	3,578	4,269	4,660
Assets				
Property, Plant & Equipment	58	82	64	62
Investment Properties	82	80	79	78
Right of Use Asset	228	196	157	137
Other Intangible assets	75	47	28	25
Financial Assets				
(i) Investments	1,025	1,102	1,148	1,772
(ii) Loans	9	9	9	9
(iii) Others	252	218	1	92
Tax Assets (Net)	57	79	66	26
Deferred Tax Assets (Net)	30	52	25	25
Total Non Current Assets	1,816	1,866	1,577	2,226
Inventories	35	44	28	25
Investments	982.28	885	1,542	1,164
Trade Receivables	239	311	283	258
Cash and Cash Equivalents	82	151	336	614
Other Bank Balances	131	171	336	147
Other Financial Assets	83	130	156	181
Other Current Assets	23	21	12	44
Total Current Assets	1,576	1,713	2,692	2,435
Net Current Assets	1,278	1,330	2,188	2,006
Total Assets	3,393	3,578	4,269	4,660

Source: RHP, BP Equities Research

Key Risks

- ⇒ A part of their business is dependent on the performance of the automotive sector, including in their key market, India. Any adverse changes in the conditions affecting the can adversely impact their business, results of operations and financial condition.
- ⇒ Their inability to maintain or update their map database or errors in their map database could harm their reputation or adversely impact their ability to sell their products or services.
- ⇒ The liberalization of the digital mapping industry may increase their competition and their inability to compete effectively may result in loss of customers and their market share.

**Disclaimer Appendix****Analyst (s) holding in the Stock : Nil****Analyst (s) Certification:**

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