

C.E. Info systems limited

C.E. Info systems limited is data and technology products and platforms company, offering proprietary digital maps as a service ("MaaS"), software as a service ("SaaS") and platform as a service ("PaaS"). Having pioneered digital mapping in India in 1995, It has earned market leadership position in this industry and built a strong moat by capitalizing on early mover advantage, developing proprietary and integrated technologies, full stack product offerings, continuous innovation and robust sustainable business model.

Positives: (a) Pioneers of digital mapping in India having an early mover advantage. (b) Leading the B2B and B2B2C market for digital maps and location intelligence in India. (c) Proprietary technology and network effect resulting in competitive edge. (d) Independent, global geospatial products and platforms company with strong data governance.

Investment concerns: (a) Downturn trend or disruptions in the industries where company's customers operate. (b) Disruption in automotive sector, key market for the company. (c) Inability to maintain or update map database or errors in our map database. (d) Inability to protect intellectual property ("IP") or any third-party claims in relation to infringement of intellectual property rights.

Outlook & Valuation: MapmyIndia being a pioneer, has certain advantages as its digital maps and other solutions are localized for the challenging Indian Geography and are extensive in terms of coverage. There is scope of further up selling or cross selling while the maps and platform are constantly updated with validated feedbacks which can create network effect. Despite the impact of Covid on key customer market (Automobile & Mobility Tech) in FY21, the company was able to post revenue growth of ~3% and the margin profile is strong which would be supported with growing scale going ahead. At the upper end of the price band, the company is commanding price to sales multiple of ~36x on FY21 revenue and 28x based on TTM Revenues. Considering the company's leadership position in India, client base and benefits of network effect, healthy margins and return profile as well strong cash conversion, we recommend **SUBSCRIBE** on the issue from a long-term perspective.

Exhibit 1: Key Finance

Y/E March (₹ cr)	FY2019	FY2020	FY2021	Q2FY21	Q2FY22
Net Sales	135.3	148.6	152.5	55.2	100.0
% chg	-	9.9	2.6	-	81.3
Net Profit	33.6	23.2	59.4	17.9	46.8
% chg	-	-30.9	156.2	-	161.8
EBITDA (%)	18.9	19.7	33.7	20.1	45.2
EPS (Rs)	6.3	4.4	11.2	3.4	8.8
P/E (x)	163.9	237.1	92.5	-	-
P/BV (x)	19.3	18.5	15.4	-	-
ROE (%)	11.8	7.8	16.6	-	-
ROCE (%)	12.5	8.5	17.1	-	-
EV/EBITDA	211.0	183.3	102.7	-	-
EV/Sales	39.8	36.2	34.6	-	-

Source: Company, Angel Research

SUBSCRIBE

Issue Open: Dec 09, 2021

Issue Close: Dec 13, 2021

Issue Details

Face Value: ₹2

Present Eq. Paid up Capital: ₹10.6cr

Offer for Sale: ₹1040 cr

Fresh issue: --

Post Eq. Paid up Capital: ₹10.6cr

Issue size (amount): ₹1040 cr

Price Band: ₹1000-1033

Lot Size: 14 shares and in multiple thereafter

Post-issue mkt. cap: * ₹5,324 cr - ** ₹5,500 cr

Promoters holding Pre-Issue: 61.7%

Promoters holding Post-Issue: 53.7%

*Calculated on lower price band

** Calculated on upper price band

Book Building

QIBs	50% of issue
Non-Institutional	15% of issue
Retail	35% of issue

Post Issue Shareholding Pattern

Promoters	53.7%
Others	46.3%

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Company background

C E Info Systems Limited (“MapmyIndia”) was incorporated on February 17, 1995. MapmyIndia provides products, platforms, application-programming interfaces (“APIs”) and solutions across a range of digital map data, software and IoT. The company primarily service enterprise customers across 3 major categories, i.e. (i) corporate, (ii) automotive, and (iii) government and their customers in turn serve the larger community of end users.

Company earns revenue in form of subscription fees, royalties or annuities for licenses and usage rights to their proprietary digital MaaS, PaaS and SaaS offerings. Some of their key customers include PhonePe, Flipkart, Yulu, HDFC Bank, Airtel, Hyundai, MG Motor, Avis, Safexpress & Goods and Service Tax Network (“GSTN”).

Issue details

The IPO is made up of offer for sale of 10,063,945 equity shares aggregating up to ₹1,039.61 Cr from promoter & investor shareholders.

Pre and post IPO shareholding pattern

No of shares	(Pre-issue)	%	(Post-issue)	%
Promoter	32,856,235	61.7	28,607,446	53.7
Investors and other selling sh	9,557,113	18.0	3,748,305	7.0
Public (others)	10,829,619	20.3	20,887,216	39.2
Total	53,242,967	100.0	53,242,967	100.0

Source: Company, Angel Research & RHP.

Objectives of the Offer

- To carry out the offer for the sale of 10,063,945 equity shares.
- Achieve the benefits of listing the equity shares on the stock exchanges

Key Management Personnel

Rakesh Kumar Verma is the Chairman and Managing Director of the Company. He received bachelor’s degree in mechanical engineering (hons.) from the Birla Institute of Technology and Science, Pilani, and master’s degree of business administration from the Eastern Washington University, U.S.A. He has in the past served as a member of the Government of India’s Planning Commission’s National GIS Committee.

Rohan Verma is the Whole-time Director and the CEO of the Company. He has experience as an entrepreneur in the digital mapping, geospatial technologies and automotive mobility technologies. He is an independent director on the board of directors of Cholamandalam Investment and Finance Company (listed on BSE and NSE), the financial services arm of Murugappa Group.

Rakhi Prasad is a Non-executive Director of the Company. She holds a bachelor’s degree of science in computer science from the University of Michigan and a bachelor’s degree of arts in economics honours from the Lady Shri Ram College, University of Delhi.

Shambhu Singh is an Independent Director of the Company. He holds a master’s degree in economics from the Patna University. He is a retired IAS officer.

Exhibit 1: Profit & Loss Statement

Y/E March (₹ cr)	FY2019	FY2020	FY2021	Q2FY22
Total operating income	135.3	148.6	152.5	100.0
% chg	-	9.9	2.6	81.3
Total Expenditure	109.8	119.3	101.1	54.8
Cost of materials consumed	17.2	13.4	13.3	7.4
Purchase of stock in trade	1.1	1.1	2.2	0.9
Change in inventory	1.6	0.1	0.8	0.2
Employee benefits expense	50.8	64.3	54.0	32.6
Other expenses	39.1	40.4	30.7	13.6
EBITDA	25.5	29.4	51.4	45.3
% chg	-	15.1	75.1	307.7
(% of Net Sales)	18.9	19.7	33.7	45.2
Depreciation & Amortisation	9.2	9.8	9.9	3.9
EBIT	16.4	19.6	41.5	41.4
% chg	-	19.7	112.0	558.2
(% of Net Sales)	12.1	13.2	27.2	41.4
Finance costs	2.6	2.8	2.6	1.1
Other income	28.1	14.8	39.8	22.6
(% of Sales)	20.8	10.0	26.1	22.5
Recurring PBT	41.8	31.6	78.8	62.8
% chg	-	-24.4	149.3	164.9
Tax	8.2	8.4	19.3	16.1
PAT	33.6	23.2	59.4	46.8
% chg	-	-32.4	169.8	153.3
(% of Net Sales)	24.8	15.6	39.0	46.8
Basic & Fully Diluted EPS (Rs)	6.3	4.4	11.2	8.8

Source: Company, Angel Research

Exhibit 2: Consolidated Balance Sheet

Y/E March (₹ cr)	FY2019	FY2020	FY2021	Q2FY22
SOURCES OF FUNDS				
Equity Share Capital	132.8	132.8	132.8	8.0
Other equity (Retained Earning)	152.4	164.9	225.2	398.2
Non-Controlling interest	-	-	-	-
Shareholders' Funds	285.2	297.7	358.0	406.2
Total Loans	-	-	-	-
Other liabilities	24.2	21.8	18.5	16.9
Total Liabilities	309.4	319.5	376.5	423.1
APPLICATION OF FUNDS				
Property, plant and equipment	5.8	8.2	6.4	6.2
Investment properties	8.2	8.0	7.9	7.8
Right of use assets	22.8	19.6	15.7	13.7
Other intangible assets	7.5	4.7	2.8	2.5
Current Assets	157.6	171.3	269.2	243.5
Inventories	3.5	4.4	2.8	2.5
Investments	98.2	88.5	154.2	116.4
Trade receivables	23.9	31.1	28.3	25.8
Cash and cash equivalents	8.2	15.1	33.6	61.4
Other bank balances	13.1	17.1	33.6	14.7
Others	8.3	13.0	15.6	18.1
Other current assets	2.3	2.1	1.2	4.4
Current Liability	29.9	38.3	50.4	42.9
Net Current Assets	127.8	133.0	218.8	200.6
Other Non-Current Asset	137.4	146.1	124.8	192.3
Total Assets	309.4	319.5	376.5	423.1

Source: Company, Angel Research

Exhibit 3: Consolidated Cash flows

Y/E March (₹ cr)	FY2019	FY2020	FY2021	Q2FY22
Operating profit	43.4	40.0	58.0	46.6
Net changes in working capital	-0.4	-1.0	40.5	-16.8
Cash generated from operations	43.0	39.0	98.5	29.8
Direct taxes paid (net of refunds)	-16.2	-12.3	-15.2	-11.9
Net cash flow operating activities	26.8	26.7	83.3	17.9
Proceeds from sale of investments	287.1	184.3	278.1	204.0
Purchase of investments	-298.2	-186.1	-324.6	-216.4
Interest received on deposits	0.4	7.8	4.7	3.8
Dividend received	2.6	0.6	0.1	0.0
Purchase of property (including capital advances)	-3.3	-5.5	-2.4	-1.4
Sale of Property, plant and equipment	0.0	-	-	-
Others	-7.8	-2.6	-15.3	19.3
Cash Flow from Investing	-19.1	-1.6	-59.3	9.3
Receipt on issue of share	-	-	-	3.7
Repayment of borrowings	0.0	-0.1	-0.3	-0.6
Proceeds from borrowings	-	1.0	-	-
Dividend paid	-	-11.0	-	-
Payment of lease liabilities	-4.0	-6.3	-5.0	-2.9
Others	-0.2	-2.3	-0.1	0.0
Cash Flow from Financing	-4.2	-18.8	-5.4	0.2
Inc./ (Dec.) in Cash	3.4	6.4	18.6	27.5
Opening Cash balances	4.81	8.25	15.07	33.63
Exchange Effect	0.00	0.45	0.00	0.27
Closing Cash balances	8.3	15.1	33.6	61.4

Source: Company, Angel Research

Key Ratios

Y/E March	FY2019	FY2020	FY2021
Valuation Ratio (x)			
P/E (on FDEPS)	163.9	237.1	92.5
P/CEPS	128.8	166.8	79.3
P/BV	19.3	18.5	15.4
EV/Sales	39.8	36.2	34.6
EV/EBITDA	211.0	183.3	102.7
Per Share Data (Rs)			
EPS (Basic)	6.3	4.4	11.2
EPS (fully diluted)	6.3	4.4	11.2
Cash EPS	8.0	6.2	13.0
Book Value	53.6	55.9	67.2
Returns (%)			
ROE	11.8	7.8	16.6
ROCE	12.5	8.5	17.1
Turnover ratios (x)			
Receivables (days)	64	76	68
Inventory (days)	9	11	7
Payables (days)	12	15	11
Working capital cycle (days)	61	72	64

Source: Company, Angel Research

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