

Certificate on Basis for Offer Price

Date: July 30, 2024

To:

**The Board of Directors
Unicommerce eSolutions Limited**

Mezzanine Floor, A-83,
Okhla Industrial Area,
Okhla Phase- II,
New Delhi-110020

IIFL Securities Limited

24th Floor, One Lodha Place,
Senapati Bapat Marg, Lower Parel (West)
Mumbai 400 013
Maharashtra, India

CLSA India Private Limited

8/F, Dalamal House
Nariman Point
Mumbai 400 021

(IIFL Securities Limited and CLSA India Private Limited collectively referred to as the “**Book Running Lead Managers**” or the “**BRLMs**”)

Dear Sir(s),

Re: Proposed initial public offering of equity shares bearing face value of ₹ 1 each (the “Equity Shares”) of Unicommerce eSolutions Limited (the “Company”) comprising an offer for sale of the Equity Shares by certain existing shareholders of the Company (“Offer”).

In relation to the Company, and its affiliates, we, **B.B. & Associates (FRN: 023670N)**, Chartered Accountants, are an independent firm of chartered accountants, appointed by the Company in terms of our engagement letter dated **October 3, 2023** in relation to the Offer. We have received a request from the Company to provide certain calculation and verify the information pertaining to the basis for Issue price of the equity shares, in the Offer.

We have examined: (a) the restated financial statements of the Company as of the end of and for the Financial years 2024, 2023, and 2022 (“**Review Period**”), prepared in accordance with the Companies Act, 2013, as amended and the rules framed thereunder, the Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India, the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India (“**ICAI**”) and Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the “**Restated Financial Statements**”); (b) relevant records, ledger entries and registers of the Company; (c) documents pertaining to the financial indebtedness of the Company, including, *inter alia*, sanction letters issued by the banks/ financial institutions, loan agreements, deeds of hypothecation, memoranda of deposit, other letters and correspondence between the lenders and the Company; (d) documents pertaining to balance confirmations received from relevant lenders, for the purpose of issuing this certificate, (e) minutes of the meetings of the Board of Directors of the Company (the “**Board**”), minutes of annual general meetings and extra-ordinary general meetings of the Company, minutes of the meetings of various committees of the Board, return of charge filed by the Company with Registrar of Companies (“**RoC**”), relevant forms and documents filed with the relevant RoC and the Reserve Bank of India, relevant share transfer forms and other

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documents and accounts presented to us, bank statements, relevant statutory registers and the books of accounts as prepared and provided by the management of the Company, and (f) accounting records and MIS of the Company

We confirm that the information in this certificate including information contained in Annexure A is true, fair, correct, accurate and there is no untrue statement or omission which would render the contents of this certificate misleading in its form or context.

We hereby confirm that while providing this certificate we have complied with the Code of Ethics and the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements, issued by the Institute of Chartered Accountants of India.

We have conducted our examination in accordance with the 'Guidance Note on Audit Reports and Certificates for Special Purposes (Revised 2016)' issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

This certificate is issued for the purpose of the Offer, and can be used, in full or part, for inclusion in the updated draft red herring prospectus, red herring prospectus, prospectus and any other material used in connection with the Offer (together, the "**Offer Documents**") which may be filed by the Company with Securities and Exchange Board of India ("**SEBI**"), BSE Limited and National Stock Exchange of India Limited (collectively, the "**Stock Exchanges**"), Registrar of Companies, National Capital Territory of Delhi and Haryana ("**Registrar of Companies**") and / or any other regulatory or statutory authority.

We hereby consent to our name and the aforementioned details being included in the Offer Documents and/or consent to the submission of this certificate as may be necessary, to any regulatory / statutory authority, stock exchanges, any other authority as may be required and/or for the records to be maintained by the BRLMs in connection with the Offer and in accordance with applicable law.

This certificate may be relied on by the BRLMs, their affiliates and legal counsel in relation to the Offer and to assist the BRLMs in conducting and documenting their investigation of the affairs of the Company in connection with the Offer. We hereby consent to this certificate being disclosed by the BRLMs, if required (i) by reason of any law, regulation, order or request of a court or by any governmental or competent regulatory authority, or (ii) in seeking to establish a defence in connection with, or to avoid, any actual, potential or threatened legal, arbitral or regulatory proceeding or investigation.

We undertake to immediately communicate, in writing, any changes to the above information/confirmations, as and when: (i) made available to us; or (ii) we become aware of any such changes, to the BRLMs and the Company until the equity shares allotted in the Offer commence trading on the relevant stock exchanges. In the absence of any such communication from us, the Company, the BRLMs and the legal advisors appointed with respect to Offer can assume that there is no change to the information/confirmations forming part of this certificate and accordingly, such information should be considered to be true and correct.

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All capitalized terms used but not defined herein shall have the meaning assigned to them in the Offer Documents.

Yours Sincerely,

For B.B. & Associates

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ICAI Firm Registration No: 023670N

Balwan Bansal

Partner

Membership No: 511341

Peer Review Certificate No: 015429

UDIN: 24511341BKBHJG7993

Date: July 30, 2024

Place: New Delhi

Encl: Annexure A

CC:

Domestic Legal Counsel to the Book Running Lead Managers

J. Sagar Associates

B-303, 3rd Floor, Ansal Plaza, Hudco Place,
August Kranti Marg, New Delhi – 110049, India

Domestic Legal Counsel to the Company

Cyril Amarchand Mangaldas

Level 1 & 2, Max Towers

C-001/A Sector 16 B

Noida – 201 301, India

International Legal Counsel to the Book Running Lead Managers

Sidley Austin LLP

Level 31

Six Battery Road

Singapore – 049909

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Annexure A

1. Basic and Diluted Earnings Per Equity Share (“EPS”) (face value of each Equity Share is ₹1):

Fiscal Year	Basic EPS (in ₹)	Diluted EPS (in ₹)	Weight
March 31, 2024	1.30	1.16	3
March 31, 2023	0.64	0.58	2
March 31, 2022	0.60	0.55	1
Weighted Average	0.96	0.87	

Notes:

- The figures disclosed above for Basic EPS and Diluted EPS are derived from the Restated Financial Information.
- Basic EPS= Restated profit for the year attributable to equity shareholders of the Company divided by weighted average number of equity shares outstanding during the year.
- Diluted EPS= Restated profit for the year attributable to equity shareholders of the Company divided by weighted average number of equity shares outstanding during the year plus weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares (after considering effect of split and bonus approved by Board and the Shareholders vide their resolutions, each dated October 27, 2023).
- The Company has pursuant to the Board resolution and Shareholders’ resolution, each dated October 27, 2023, sub-divided equity shares having face value of ₹10 each into 10 Equity Shares having face value of ₹1 each. Further, the Company has pursuant to the Board resolution dated October 27, 2023 approved the issuance of 5,81,80,800 bonus Equity Shares (“Bonus Equity Shares”) at a ratio of 255 Equity Shares for one Equity Share held by the Shareholders.
- Weighted average number of equity shares is the number of equity shares outstanding at the beginning of the year adjusted by the number of Equity Shares issued during the year multiplied by the time weighing factor. The time weighing factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the year.
- The weighted average number of Equity Shares outstanding during the years 2022 and 2023 are adjusted for sub-division of equity shares of face value of ₹ 10 each to Equity Shares of face value of ₹1 each and bonus issue in the ratio of 255 Equity Shares for every 1 Equity Shares held, as approved by the Board and Shareholders vide their resolutions, each dated October 27, 2023.
- The weighted average Basic EPS and Diluted EPS is a product of Basic EPS and Diluted EPS and respective assigned weight, dividing the resultant by total aggregate weight.

2. Price/Earning (“P/E”) ratio in relation to Price Band of ₹[●] to ₹[●] per Equity Share:

Particulars	P/E at the Floor Price (number of times)	P/E at the Cap Price (number of times)
Based on basic EPS for year ended March 31, 2024	[●]*	[●]*
Based on diluted EPS for year ended March 31, 2024	[●]*	[●]*

*to be computed after finalization of price band

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3. Return on Net worth (“RoNW”)

Fiscal Year	RoNW (%)	Weight
March 31, 2024	18.98%	3
March 31, 2023	12.48%	2
March 31, 2022	14.53%	1
Weighted Average	16.07%	

Notes:

1. Return on Net Worth (RoNW) %= Restated profit for year attributable to equity shareholders of the Company divided by net worth of the Company as at the end of the year.
2. Net Worth = Aggregate value of equity share capital and other equity created out of the profits, securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses but does not include reserves created out of revaluation of assets and write-back of depreciation.
3. Weighted average=Aggregate of year-wise weighted RoNW divided by the aggregate of weights (RoNW x Weight) for each year/Total of weights.
4. The figures for Restated profit for year attributable to equity shareholders of the Company and total equity to calculate Net worth and RoNW are derived from the Restated Financial Information.

4. Net Asset Value (“NAV”) per Share:

Particulars	Amount (₹)
As on March 31, 2024	6.83
As on March 31, 2023	5.14
As on March 31, 2022	4.10
After the completion of the Offer	
- At the Floor Price	[●]*
- At the Cap Price	[●]*
Offer Price	[●]*

*To be included in Prospectus

Notes

1. Offer Price per Equity Share will be determined on conclusion of the Book Building Process.
2. Net assets value per share = Net asset value per share is calculated by dividing total equity (net worth) by weighted average number of shares outstanding at the year adjusted for the split in the face value of the equity shares, issue of Bonus Equity Shares and CCPS.
3. Weighted average number of equity shares is the number of equity shares outstanding at the beginning of the year adjusted by the number of Equity Shares issued during the year multiplied by the time weighing factor. The time weighing factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the year.
4. The figures for total equity are derived from the Restated Financial Information.

5. Industry Peer Group P/E ratio

As informed to us by the management of the Company, there are no listed entities in India, the business portfolio of which is comparable with the business of the Company.

6. Comparison of accounting ratios with listed industry peers

As informed to us by the management of the Company, there are no listed companies in India or abroad whose business portfolio is comparable with that of the Company’s business and comparable to Company’s scale of operations. Hence, it is not possible to provide an industry comparison in relation to Company.

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7. Key Performance Indicators

The table below sets forth the details of KPIs that the Company considers have a bearing for arriving at the basis for Offer Price. The Audit Committee through its resolution dated July 30, 2024 approved the list of KPIs for disclosure in the Red Herring Prospectus. Further, the Audit Committee has confirmed that only the below KPIs have been disclosed to investors for raising funds at any point of time during the three years' period prior to the date of this certificate and which are required to be disclosed in the "Basis for Offer Price" section

A list of financial KPIs for March 31, 2024, March 31, 2023 and March 31, 2022 are set out below:

Particulars	For Fiscal 2024	For Fiscal 2023	For Fiscal 2022
Revenue from contract with customers ¹	1,035.81	900.58	590.32
Total Income	1,094.34	929.70	613.63
Total Expense	919.55	841.11	544.46
Gross Margin % ²	78.52%	77.63%	78.02%
Profit Before Tax	174.79	88.59	69.17
Profit for the year	130.78	64.76	60.10
Profit for the year Margin % ³	12.63%	7.19%	10.18%
EBITDA ⁴	144.17	65.30	50.39
EBITDA Margin % ⁵	13.92%	7.25%	8.54%
Adjusted EBITDA ⁶	181.61	108.29	71.60
Adjusted EBITDA Margin ⁷	17.53%	12.02%	12.13%
ARR ⁸	1,060.05	1,068.55	687.14
Revenue from contract with customers / employee ⁹	3.32	2.73	2.21
Number of items processed (in million)	772.32	565.69	410.25

Notes:

- (1) Revenue from contract with customers is total revenue generated by the Company from SaaS income, excluding other income sources.
- (2) Gross margin percentage represents the margin generated by the business after deducting the direct costs incurred to serve the clients, divided by revenue from contract with customers during the respective year. Direct costs include server hosting expense, software services and support cost attributable to business operation.
- (3) Profit Before Tax Margin % represents Profit Before Tax as a % of revenue from contract with customers for the respective year.
- (4) EBITDA refers to earning before interest, taxes, depreciation and amortisation which has been arrived at by adding total tax expense, finance cost, depreciation and amortisation expense and reducing other income to the profit for the year. The depreciation and amortisation expense for the year ended March 31, 2024 includes the depreciation of right of use of assets as per IND AS. Hence, the same is not comparable with the previous year.
- (5) EBITDA Margin % represents EBITDA as a % of revenue from contract with customers for the respective year.
- (6) Adjusted EBITDA represents adjusted earnings before interest, taxes, depreciation and amortisation which has been arrived at by adding share-based payment expenses (part of employee benefits expenses) to EBITDA. EBITDA refers to earnings before interest, taxes, depreciation and amortisation which has been arrived at by adding total tax expense, finance cost, depreciation and amortisation expense and reducing other income to the profit for the year.
- (7) Adjusted EBITDA Margin % represents Adjusted EBITDA as a % of revenue from contract with customers for the respective year.
- (8) Annual Recurring Revenue ("ARR") is defined as revenue from contract with customers in the most recent quarter of the respective periods multiplied by 4.
- (9) Revenue from contract with customers / employee represents revenue from contract with customers divided by number of employees at the end of the respective periods.

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A list of key operational KPIs for the time periods indicated therein is included below:

Particulars	For the year March 31, 2024	For the year ended March 31, 2023	For the year ended March 31, 2022
Count of order items processed (Million)	772.32	565.69	410.25

1. KPI definition:

For this ODM, we were requested to certify count of order items processed during Fiscal 2022, Fiscal 2023, Fiscal 2024.

2. Definition of term used in this KPI

a) **Order Items Processed:** It refers to the order items that are processed through the Uniware platform & accordingly the revenue is charged from the client based upon the order items processed for that client.

3. Data provided:

- Restated financial information for Fiscal 2022, Fiscal 2023, Fiscal 2024;
- Invoice-wise-sale-register reconciling with Restated financial information for the given periods;
- Copy of agreements and invoices made with the clients;
- Tenant-wise-month-wise-data containing the details like no. of order item processed, Enterprise & SMB tagging, month of order item processed, tenant name, etc. for fiscal 2022, Fiscal 2023, Fiscal 2024.
- Charge calculator of Enterprise clients, prepared on the basis of agreement containing the details like minimum transaction count, MMR, transaction rate, no. of warehouse/stores allowed under minimum commitment etc.;
- Billed-data of order item processed based on transaction-data rate given as per agreement for Fiscal 2022, Fiscal 2023, Fiscal 2024; and

4. Risks analysed and procedures performed to mitigate the risk:

- In order to ensure the completeness of the data we have reconciled the total of order item processed as per tenant-wise-month-wise-data with the day-level-data and verified that the total of order items processed as per both the data are same;
- To ensure the accuracy of the charge calculator, we have verified the details given as per charge calculator with the copies of agreements on a sample basis;
- To ensure the completeness of the tenant-wise-month-wise-data and the billed-data, we have asked for invoice-level-data for few months on a sample basis and verified the total order item processed given as per the invoice-level-data with the tenant-wise-month-wise-data for the sample asked months. Apart from that, we have calculated billed items with the help of transaction rate given as per charge calculator and verified the same from the billed-data provided by the client;
- To ensure the accuracy of the billed-data, we have calculated the revenue as per the billed-data with the help of agreement & verified the same from the Invoice-wise-sale-register;
- For SMB clients, we have verified the plan of SMB Clients from the uniware platform on a sample basis, and also calculated the revenue as per the plan of the SMB clients and verified the same from the Invoice-wise-sale-register; and
- We have traced the output of the metrics provided by the management with the output derived from the above-mentioned data and found them to be in agreement.

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Particulars	For the quarter ended March 31, 2024	For the quarter ended March 31, 2023	For the quarter ended March 31, 2022
Enterprise clients	795	672	470
SMB clients	2,707	3,009	2,404

1. ODM definition:

For this ODM, we were requested to certify count of Enterprise and SMB clients (excluding onetime clients) during the most recent quarter for the Fiscal 2023, 2023, 2024.

2. Definition of term used in this ODM:

- a) **Enterprise client:** It refers to the client with whom company has made a signed agreement and they use the company's Enterprise plan.
- b) **SMB client:** It refer to the client who are other than Enterprise client and they use company's Standard plan and Professional plan.
- c) **Onetime client:** It refers to the client who are billed only for marketplace integrations, setup services, and etc. and not billed for recurring revenue in the given period.

3. Data provided:

- a) Restated financial information for Fiscal 2022, Fiscal 2023, Fiscal 2024;
- b) Invoice-wise-sale-register reconciling with restated financial information for the given periods;
- c) Invoice-level-year-end-adjustments including deferred and unbilled revenue for the given periods;
- d) Client master containing the details like customer name, client bifurcation into enterprise and SMB, date of acquisition, PAN, etc.;
- e) Agreements with clients; and
- f) Revenue invoices.

4. Risks analysed and procedures performed to mitigate the risk

- a) To ensure the completeness of the data we have reconciled the revenue as per Invoice-wise-sales register with the restated financial information;
- b) To ensure the accuracy of the data, we have verified the revenue, PAN, country given as per Invoice-wise-sales register with the invoice copy on a sample basis;
- c) To verify the accuracy of Invoice-level-year-end-adjustments, we have done subsequent checking on unbilled and deferred revenue from the copy of invoices generated to the clients on a sample basis;
- d) We have validated PAN mentioned as per client master from the income tax portal;
- e) We have checked country of clients with the copy of agreements made with the clients on sample basis; and
- f) We have traced the output of the metrics provided by the management with the output derived from the above-mentioned data and found them to be in agreement.

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Annexure: A

Gross Profit and Gross Profit Margin

(₹ in millions)

Particulars	Financial Year ended 2024	Financial Year ended 2023	Financial Year ended 2022
Revenue from contract with customers (A)	1,035.81	900.58	590.32
Less:	-	-	-
Server hosting expenses (B)	54.06	54.03	32.58
Support cost attributable to business operation (C)	153.04	143.67	94.90
Software services (D)	15.39	3.76	2.30
Total attributable expenses[(E=B+C+D)]	222.49	201.46	129.78
Gross Margin [F=(A-E)]	813.32	699.12	460.54
Gross Margin % (Gross margin as a percentage of Revenue from contract with customers) [F/A]	78.52%	77.63%	78.02%

* as per Restated Ind AS Summary Statements of the Company.

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Annexure: B

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EBITDA, EBITDA Margin, Adjusted EBITDA and Adjusted EBITDA Margin

(₹ in millions)

Particulars	Legends	Fiscal 2024	Fiscal 2023	Fiscal 2022
Restated Profit/(loss)*	A	130.78	64.76	60.10
Add:				
Finance Cost*	B	3.89	-	-
Total Tax Expenses*	C	44.01	23.83	9.07
Depreciation and amortization expenses*	D	24.02	5.83	4.53
Less:				
Other Income*	F	-58.53	-29.12	-23.31
EBITDA	G=A+B+C+D+E+F	144.17	65.30	50.39
Add:				
Change in fair valuation of preference shares*	H	-	-	-
Share Based payments*	I	37.44	42.99	21.21
Adjusted EBITDA	J=G+H+I	181.61	108.29	71.60
Revenue from operations	K	1,035.81	900.58	590.32
EBITDA Margin	L=G/K	13.92%	7.25%	8.54%
Adjusted EBITDA margin	M=J/K	17.53%	12.02%	12.13%

*as per Restated Ind AS Summary Statements of the Company.

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Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023	For the year ended March 31, 2022
Income			
Revenue from contract with customers	1,035.81	900.58	590.32
Other income	58.53	29.12	23.31
Total income (I)	1,094.34	929.70	613.63
Expenses			
Marketplace expense	-	-	-
Employee benefits expense	649.57	620.20	423.77
Server hosting expense	54.06	54.03	32.58
Depreciation and amortisation expense	24.02	5.83	4.53
Finance cost	3.89	-	-
Other expenses	188.01	161.05	83.58
Total expense (II)	919.55	841.11	544.45
Restated profit before tax (III= II - I)	174.79	88.59	69.17
Current tax	47.84	30.80	23.38
Deferred Tax	(3.83)	(6.97)	(14.31)
Total Tax Expense (IV)	44.01	23.83	9.07
Restated profit for the year (V= III+IV)	130.78	64.76	60.10

**as per Restated Ind AS Summary Statements of the Company.*

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