

C.E. Info Systems (MapmyIndia)

Location Intelligence's Cambrian explosion

Location intelligence (LI) – analysis and visualisation of geo-spatial data - is becoming pervasive. Use cases in automotive have evolved from plain navigation to N-CASE. Non-automotive use cases have proliferated. LI has turned into a sector-agnostic horizontal SaaS play. With a mere c.11% attach rate in Auto and sub-20% penetration in enterprises, the headroom for LI's growth in India is substantial. Unsurprisingly, LI's revenue potential in India is pegged at USD 1bn+.

MapMyIndia (MMI) - India's leading Location Intelligence Provider (LIP) – has c.80% volume share in Auto OEMs and a growing presence in enterprise/government sectors. Our in-depth study on mapping technology suggests the moat in this business is as much tech as it is geographical coverage and data richness. The presence of local champions in other countries - Zenrin in Japan, Naver in Korea - supports the findings. Data protection laws help too. MMI's coverage (99% of India's geo) with unmatched detailing provides it greater right to win. The new geospatial policy is a shot in the arm. Besides, its micro innovations and customised offerings make MMI the best product-market-fit for India, in our view. The wins against global leaders Tom Tom and Here are cases in point.

We find MMI's target of achieving INR 10bn+ revenue target by FY27/28 achievable. We estimate 32/32% revenue/EPS CAGR over FY24-28E. MMI, we believe, is a play on EV, e-Commerce and digital transformation of enterprises - all at once. We, therefore, anchor our valuation of MMI to global horizontal SaaS players (Snowflake etc.). We initiate coverage on the stock with a BUY rating and a TP of INR 2,900, implying 27% upside. Higher competitive intensity (OLA Maps) and margin contraction due to higher share of hardware sales are key risks.

Location Intelligence's use cases - a cambrian explosion: LI's need in Auto has expanded from driver navigation to ADAS (intelligence speed assistance), safety (predictive powertrain) and EV eco-system (range calculation, locating charging station). With embedded navigation available even in mass market vehicles, India's attach rate – 11% now vs. 50-60% globally – could go up substantially. Enterprise use cases have proliferated. LI is used across front-end (geoCRM/ geoMarketing) and back-end operations (workforce/supply-chain optimisation). Governments use LI for effective policy implementation. Rise of IoT/connected devices will make LI more relevant, driving adoption.

MMI has many rights to win: MMI claims 80% volume share in Auto OEMs. It has replaced Tom Tom in MG and Here in Hyundai/Kia. Interestingly, BMW – a co-owner of Here – uses MMI navigation system in India. Our study suggests coverage and richness of map-data is as important as underlying tech stack. MMI – with 99% geo coverage in India, and minute details such as accurate addresses, street imagery (100 towns vs. 10 by Google Maps) – scores better. Global players, e.g., Uber, Amazon prefer MMI maps over Google Maps. It also reflects in MMI's Enterprise segment growth (49 % CAGR) despite being a new entrant (5 years back). As its clientele grows, network effect will kick in, further accelerating share gain. New geospatial policy is helping too.

INR 10bn+ revenue target by FY27/28 - not a moonshot: MMI has set itself a target of INR 10bn+ revenue by FY27/28. This is predicated on both a) higher penetration of LI services across Auto & Mobility/enterprise; b) market share gain for MMI in every segment. Our critical assessment of individual growth vectors of the target suggests the target, even on a conservative basis, is achievable. We have built in 32% rev CAGR over FY24-28E, below MMI's 35-40% CAGR target. We expect margins to stabilise ~40-41%, driving 32% EPS CAGR.

Initiate coverage with BUY;TP of INR 2,900: MMI's growth potential and horizontal nature of services offered make it more comparable to global SaaS players. We use global SaaS players' average PEG of 2x to arrive at our target multiple of 64x for MMI, translating into INR 2,900 TP. Reverse DCF implies a Revenue/FCF CAGR of 21%/20% over FY28/43E, achievable given MMI's relatively small scale (USD 46mn rev) and significant under-penetration of LI (industry potential: USD 1bn+).

Recommendation and Price Target		Financial Summary					(INR mn)	
Current Reco	BUY	Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Current Price Target (12M)	2,900	Net Sales	2,815	3,794	4,984	6,766	8,932	
Upside/(Downside)	27%	Sales Growth (%)	40.4	34.8	31.4	35.7	32.0	
Key Data – MAPMYIND IN		EBITDA	1,172	1,539	1,952	2,689	3,602	
Current Market Price	INR2,276	EBITDA Margin (%)	41.6	40.6	39.2	39.7	40.3	
Market cap (bn)	INR123.1/US\$1.5	Adjusted Net Profit	1,075	1,355	1,663	2,292	3,073	
Free Float	47%	Diluted EPS (INR)	19.6	24.7	30.3	41.7	55.9	
Shares in issue (mn)	53.7	Diluted EPS Growth (%)	23.2	26.0	22.8	37.8	34.1	
Diluted share (mn)	55.0	ROIC (%)	89.2	85.9	85.5	109.4	127.0	
3-mon avg daily val (mn)	INR640.9/US\$7.7	ROE (%)	21.8	22.6	22.7	25.3	26.7	
52-week range	2,748/1,164	P/E (x)	123.4	97.9	79.8	57.9	43.2	
Sensex/Nifty	78,674/23,869	P/B (x)	24.5	20.1	16.5	13.1	10.3	
INR/US\$	83.6	EV/EBITDA (x)	107.4	81.4	63.5	45.4	33.2	
		Dividend Yield (%)	0.1	0.1	0.2	0.2	0.2	

Source: Company data, JM Financial. Note: Valuations as of 26/Jun/2024

Price Performance			
%	1M	6M	12M
Absolute	15.4	14.0	83.4
Relative*	10.6	4.4	47.8

*To the BSE Sensex

JM Financial Research is also available on: Bloomberg - JMFR <GO>, Thomson Publisher & Reuters, S&P Capital IQ, FactSet & Visible Alpha
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Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

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