Unicomm. eSolutions

Operator: Ladies and gentlemen, good day and welcome to Unicommerce eSolutions Ltd. Q2 and H1 FY27 earnings conference call. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions, and expectations of the company as of the date of this call. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict. As a reminder, all participant lines will be in listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal the operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Kapil Makhija, Managing Director and CEO of Unicommerce eSolutions Ltd. Thank you, and over to you, Mr. Makhija.

Kapil Makhija – Managing Director & CEO: Thank you. Good morning, everyone, and thank you for joining us for the Q2 FY27 earnings call. I am joined today by Anurag Mittal, our Chief Financial Officer, along with our investor relations advisor, Strategic Growth Advisors.

Let me begin with a brief update on our performance. We continued to build on the growth momentum of the past few quarters. Both Uniware and Shipway delivered double-digit year-on-year growth in Q2 FY27, supported by continued progress on our growth initiatives. At a consolidated level, our revenue grew 15% year-on-year to 59.1 crores during Q2 FY27.

There are three developments from this quarter that I would particularly like to highlight. First, Shipway has crossed 100 crores in annualized revenue run rate. The business grew 15.7% year-on-year. Second, our newer offerings within Uniware are beginning to scale and contribute to revenue growth even at an early stage, contributing nearly 2.5% of Uniware revenues. Third, we demonstrated nearly 65% growth to end the quarter with a cash balance of 134.4 crores.

I will now spend some time explaining how we intend to drive organic growth in our business. We have been working on three key levers and are continuing to deepen our efforts across each of them. The first is acquiring new clients across all our platforms. We continue to strengthen our sales and marketing capabilities and improve go-to-market efficiency to reach more clients. The second is expanding our relationships with existing clients by increasing adoption of additional products. This includes upselling the newer UniReco and UniCapture modules and cross-selling Shipway's offerings to our existing client base. The third is increasing client value and usage through AI-led product innovation. Our objective is to make our products more comprehensive, help clients operate more efficiently, and expand the range of business problems we can solve for them.

These three drivers complement each other. A larger client base creates more opportunities for product adoption, while broader offerings help us deepen client relationships and increase revenues.

Let me now take you through how these initiatives are progressing across Uniware and Shipway. Starting with Uniware, we continue to see an improvement in Uniware's growth trajectory, supported by new client acquisitions and higher revenue from our existing client base. During Q2 FY27, we added 121 enterprise clients compared with 103 clients in the same quarter last year, representing growth of 17.5%. These additions included both traditional enterprises and digital-first

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brands across multiple categories, including United Colors of Benetton, or UCB, Amul Macho, Furlenco, Pushp Masale, {? JK Maini by Raymond ?}, and Nish Hair, to name a few.

Beyond India, our international business continues to grow. International markets now contribute approximately 6% of Uniware revenues, compared with around 3% at the time of our listing a couple of years ago. Its revenue contribution has doubled over 2 years, and the business remains profitable while growing faster than our domestic business.

Coming to our existing client base, we are focused on increasing the adoption of newer products and modules through upselling. Historically, much of Uniware's growth came from acquiring new clients and increasing transaction volumes as those clients scaled. With newer modules and products, we have an additional opportunity to grow revenue from the same clients. UniReco and UniCapture have crossed an annualized revenue run rate of over 3 crores, representing around 2.5% of Uniware revenue. During Q2 FY27, more than 150 clients were using these products. Currently, 7%–8% of Uniware enterprise clients use UniReco, while 5%–6% use UniCapture. We see significant headroom to grow this contribution through higher adoption and new offerings.

As I mentioned in our previous call, enterprise software products typically require sustained development, client feedback, and refinement before they reach maturity. As our newer products mature and adoption increases, we see the potential for their contribution to increase to more than 10% of Uniware revenue over the next 2–3 years.

Moving to Shipway, the business grew more than 15% year-on-year. With this growth, Shipway has crossed 100 crores in annualized revenue run rate. Over the last 3 quarters, we were focused on building a strong foundation and making investments to ensure sustainable growth, which is expected to be visible in the coming quarters. When we acquired Shipway, we saw an opportunity to build a much larger logistics technology business by combining its product capabilities with our client relationships, technology, and go-to-market strength. During FY26, we focused on improving business fundamentals and building a sustainable operating model. Having established that foundation, we stepped up our investments in FY27 to support faster growth and greater scale.

Looking ahead, we see two complementary opportunities to grow Shipway. The first is cross-selling Shipway's services into our existing Uniware client base. Today, there is approximately 10% client overlap between Uniware and Shipway. However, almost 20%–25% of Shipway's shipment volumes are already generated by clients who use Uniware. This provides significant headroom to increase cross-selling within the Uniware ecosystem. The second is independent growth in the broader market. Shipway addresses a much larger client universe than Uniware alone. Based on our internal estimates, we currently have less than 5% market share, leaving substantial room for growth. Our strategy is to pursue both opportunities in parallel: leverage our established Uniware relationships to accelerate cross-selling while continuing to acquire new clients independently. Together, these provide us with two complementary avenues to scale Shipway over the coming years.

Beyond client acquisition, upselling, and cross-selling, AI-led product innovation is the third important driver of our growth. Our approach is to expand our product capabilities in two directions. The first is increasing the breadth of our offerings. We are developing new products and adding features within our existing products to address a wider range of client use cases. This allows us to solve more problems for our clients and offer more services, strengthening client

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stickiness. The second is increasing the depth of our existing products. As our clients grow, their operations become more complex: they manage more sales channels, higher transaction volumes, larger warehouse networks, and more complex business processes. We are enhancing our products to support these increasingly complex, large-scale operations.

AI is an important enabler of both of these efforts, helping us develop capabilities that were previously difficult to deliver while also speeding up product development. Our earnings presentation for Q2 FY27 covers several of these enhancements, but I will highlight one important launch. Within Uniware, we have launched DNA, our second-generation AI companion. Traditionally, our system executed workflows and served as a system of record. DNA takes this further by identifying signals and potential anomalies early, helping client teams shift their focus from daily operations to faster decision-making. It also enables automated corrective actions, either independently or with human intervention, based on client preferences. As we refine DNA through client feedback, we see the potential to transform how [trails off]

Kapil Makhija – Managing Director & CEO: Operations are managed and optimized, moving our software from a system of record towards a system of action.

Let me now conclude with our outlook for the remainder of FY27. We remain confident of delivering more than 15% year-on-year revenue growth in Uniware from Q4 FY27 onwards. For Shipway, we continue to expect year-on-year revenue growth to accelerate to more than 20% from Q4 FY27 onwards.

On profitability, we expect the pace of incremental investments to moderate in the second half of the year. For Shipway specifically, we expect the business to achieve adjusted EBITDA profitability starting in Q3 FY27, followed by PAT profitability starting in Q4 FY27. Due to this, at the consolidated level, we expect profitability and margins to improve during the second half of FY27, supported by continued revenue growth and increasing operating leverage.

To summarize, we enter the second half of the financial year with multiple avenues for organic growth and a clearer path towards improving profitability. Our focus remains on disciplined execution and building a larger, more profitable Unicommerce.

With that, I will now hand it over to Anurag to take you through the details of our financial performance for the quarter and first half of the financial year. Thank you.

Anurag Mittal – Chief Financial Officer: Thank you, Kapil. Good morning, everyone.

I will now take you through our financial performance for Q2 FY27.

Our revenue stood at 59.1 crores, representing growth of 15% year-on-year compared with 51.4 crores in Q2 FY26. This was supported by continued double-digit growth across Uniware and Shipway.

Adjusted EBITDA stood at 10 crores compared with 11.4 crores in the corresponding quarter last year. Our adjusted EBITDA margin was 17% compared with 22.2% in Q2 FY26.

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As we had indicated at the beginning of the year, profitability during the first half reflects the planned investments in product development, talent, sales, and marketing.

Profit after tax for the quarter stood at 6.4 crores compared with 5.8 crores in Q2 FY26.

For the first half of FY27, our consolidated revenue stood at 110.4 crores compared with 96.3 crores in H1 FY26, representing year-on-year growth of 14.7%.

Adjusted EBITDA for H1 FY27 stood at 18.1 crores, with an adjusted EBITDA margin of 16.4%.

Profit after tax for the first half stood at 11.1 crores.

Uniware remains a strong contributor to revenue, while Shipway continued to scale and increased its share of the overall business.

Kapil has already described our positive traction on new acquisitions and progress across our upsell and cross-sell initiatives, which will help us scale further going forward.

Our AI-led product innovations to increase the width and depth of our platforms will enable additional opportunities for revenue and increase our client stickiness through a differentiated product offering.

A combination of these three levers, with focused execution, will enable us to grow sustainably.

Coming to profitability, the investments made during H1 FY27 have resulted in higher operating expenses during the period. We funded these investments through a portion of our operating cash flows.

With incremental investments expected to moderate from Q3, continued revenue growth should support improving adjusted EBITDA and operating leverage during H2 FY27.

Our balance sheet remains strong, supported by continued cash generation. Cash and bank balances stood at 104.4 crores as of the end of Q2 FY27 compared with 63.4 crores as of Q2 FY26.

Cash flow from operations grew 20.6% year-on-year to 11.6 crores during the quarter, reflecting continued strength in our cash generation.

Our focus for the remainder of the year will be on sustaining revenue momentum, improving operating leverage, and building a larger and more profitable business.

With that, we would now like to open the floor for questions. Thank you.

Operator: Thank you. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and 1 on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and 2. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

The first question comes from the line of Praneeth with {? SG Investments ?}. Please go ahead.

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Praneeth – {? SG Investments ?}: Hi, sir. Thank you for the opportunity. First of all, great work. I wanted to understand why, if the average realization per order, we have not been {? funny well ?}, I think it is coming down over the last few quarters. Could you explain why that is? We are growing the enterprise client base, but the revenue is not growing as fast. Could you explain why that is? Is it that we are not able to grow the average realization per order?

Kapil Makhija – Managing Director & CEO: Sure. Compared to last year, we have now been able to get the business back on track to double-digit growth. We have seen 5 quarters of consistent improvement in our growth over the last 5 quarters. This is on the back of stronger client acquisitions. Compared to when we listed, when we were onboarding 85-90 clients a quarter, we are now onboarding anywhere between 120 and 150 clients a quarter. We have therefore seen a healthy improvement in the number of clients being acquired.

On top of that, the investments we made in FY24 and FY25 in building the new products, UniReco and UniCapture, are now seeing healthy adoption. More than 150 of our clients are actually using these products, and these products, within less than a year of their launch, are now contributing 2%-2.5% of Uniware's revenue.

Having said that, in terms of our rate per transaction, when we listed, our transaction mix was very homogeneous, where we were only catering to B2C transactions. But as quick commerce started to gain scale, we expanded our offering to B2B and quick commerce as well. Today, our B2B and quick commerce offerings are being used by 45%-50% of our client base, which meant that our transaction mix became heterogeneous. Hence, rate per transaction is not a metric that we were proactively tracking within our business.

The three ways to model our business are the growth of our existing clients, for which we report a metric called NRR; the acquisition of new clients, which we report every quarter; and the profits that we are delivering in the business. These are the three metrics that we use to track our business. We are honestly not tracking the rate per transaction, and in any case, it is no longer a like-for-like comparison because the contribution of B2B and quick commerce has increased in our transaction mix.

Praneeth – {? SG Investments ?}: Could you give a number in terms of the contribution from B2B transactions and quick commerce right now?

Kapil Makhija – Managing Director & CEO: About 45%-50% of our client base is using B2B and quick commerce. In terms of transaction volumes, it is a reasonable contributor, but given that items move in bulk in B2B and quick commerce, the realization per item is far lower compared with our B2C transactions. Our realization on B2C continues to be stable, but since the transaction mix has changed over the last 2 years, you may see a drop in the rate per transaction. That is typically not a drop because, as we have added B2B and quick commerce capabilities, we have effectively opened a new revenue line. Hence, as I said, it is not a like-for-like comparison if you simply look at the rate per item processed on our platform.

Praneeth – {? SG Investments ?}: Got it, sir. Understood. Coming to employee spend, I think there has been a step-up since last year in terms of investing in our new product. Was this investment overdue, or was it proactive? There has been commentary that the Unicommerce tech stack has

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not been up to the mark for a while. I wanted to understand that aspect.

Kapil Makhija – Managing Director & CEO: Sorry, could you repeat the line about what has not been up to the mark?

Praneeth – {? SG Investments ?}: The Unicommerce tech stack.

Kapil Makhija – Managing Director & CEO: We continue to be the gold standard in the market, which is represented by the market share that we currently have. We are more than double the size of the next player and are a preferred platform when it comes to managing e-commerce operations. I am not sure where the comment about the tech stack not being up to the mark came from.

Coming to the first part of your question regarding whether these investments were proactive, as AI changed the landscape of the ecosystem, we wanted to be proactive because we stand for a superior experience that we offer to our brands and their end customers. Brands trust us to ensure that their e-commerce operations run smoothly. We are mission-critical software. A minute of downtime in software like ours significantly impacts the operations of any brand, and that is why we continue to enjoy a premium in the market. We are 50% more expensive than any other player in the market.

Hence, our DNA has always been to invest in R&D to make sure that our product is always ahead of the curve. With AI becoming central to the ecosystem, we saw this as an opportunity to grow the platform by leaps and bounds. That is how you see our opportunities in terms of investing in AI. We not only acquired AI-native talent, but also built an AI-native platform and launched DNA, our AI-powered platform, this quarter.

We continue to invest in products where we are increasing both the depth and breadth of the products. We now have multiple products under our umbrella, and hence, a lot of these investments were proactive. We had announced this at the end of Q3, stating that over the next 3 quarters we would invest in the business to make sure that it remains steady and continues to be a market leader in terms of the tech stack it offers.

To give you a sense of the scale that the platform caters to today, 60 lakh transactions were processed on a single day during the peak of this Diwali season, and there were no issues. We have also seen a 2x increase in peak quick commerce processing. This will hopefully give you a sense of the scale that we can handle, and of how the investments we are making are making the platform even more robust.

Praneeth – {? SG Investments ?}: Understood, sir. One more thing I wanted to understand is the strategy. Can international become a larger part of our focus, and how do we see international scaling as a company? International average order realization per transaction will probably be higher, and the market sizes are much larger. I wanted to understand that aspect.

Kapil Makhija – Managing Director & CEO: For us, international is about being a first mover in these markets. We have carefully chosen the markets of the Middle East and Southeast Asia because the e-commerce evolution in these markets is slightly behind India. The tech stack that we built for

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Indian e-commerce operations, which is much more complex, becomes readily usable in the Middle East and Southeast Asian markets.

We have seen considerable growth in our international business. As I mentioned, it is growing faster than the domestic business, and the relative contribution has doubled over the years. While you are right that the average order realization may be higher, the scale of these markets in terms of e-commerce transactions is far lower compared with India. Therefore, in terms of our ARPU, or ARPA, average revenue per account, it continues to be broadly similar.

For us, international is more of a diversification strategy and one of our growth levers. The idea is to keep going deeper in these geographies once we are able to reach a certain scale in the Middle East and Southeast Asian markets, that [cut off]

Kapil Makhija – Managing Director & CEO: We generally look at going after other geographies. If you ask me about our focus, India continues to be a major focus for us because of the different solutions that we are launching. India continues to be a dominant portion, or revenue contributor, for us. International currently contributes 6%. In a steady state, it may reach the early double digits. We are not looking at a 40%-50% contribution coming from international markets. India will continue to be a larger contributor to our revenue.

Anurag Mittal – Chief Financial Officer: Additionally, when we listed, the contribution from the international business was in the range of 2%-3%. As Kapil mentioned, it has now reached 6%. At the same time, the international business was loss-making at the time of listing, but within a period of 2 years, we turned this business profitable. The momentum in the international business is going very well and is on track as per our expectations.

Operator: Thank you. Mr. {? Puneet ?}, please rejoin the queue for more questions. A reminder to all participants that you may press star and 1 to ask a question. The next question comes from the line of Rajesh Shah with BDH Capital. Please go ahead.

Rajesh Shah – BDH Capital: Hi, team. Congratulations on the strong growth. My first question is that, if you look at the first half of FY27, Uniware's average revenue per client decreased by about 5% year-on-year despite increased adoption of new modules. Can you please explain what is driving this decline, and what is your outlook for average revenue per client going forward?

Kapil Makhija – Managing Director & CEO: Sure. Rajesh, as we mentioned in a few of the earlier calls as well, the new clients that we acquire take about 6-9 months to ramp up. You have seen that we have significantly increased the number of clients that we acquire, or onboard, every quarter. When they come onboard, the relative share of long-tail customers continues to increase. That is why you see a slight drop in ARPU, but it has broadly stayed similar.

If you look at our sequential ARPU, it continues to be in a similar ballpark. We do not foresee this as a declining trajectory. It continues to be in a similar ballpark. For Q2 FY27, the quarterly ARPU is about 2.4 lakhs, while Q2 FY26 was about 2.9 lakhs. It continues to be in the ballpark range of about 80,000 to 1 lakh rupees. With our newer modules gaining more traction, this should stabilize even further.

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All of this is to ensure that we continue to see consistent growth in the business. As I mentioned, we are forecasting 15% plus growth in the Uniware business from Q3 FY27 onwards. We are confident of that on the back of stronger client acquisitions and higher adoption of our newer launches, UniReco and UniCapture.

Rajesh Shah – BDH Capital: Got it. Thank you. My next question is that tax expense in the first half on a consolidated basis was much lower. Can you please explain the reason for this?

Kapil Makhija – Managing Director & CEO: Sorry, Rajesh, your voice was not clear. Could you repeat the question, please?

Rajesh Shah – BDH Capital: Tax expense in the first half on a consolidated basis was much lower. What is the reason for this?

Anurag Mittal – Chief Financial Officer: Tax expenses are much lower. That is the right question. The reason is that we have considered certain tax benefits on account of certain benefits we are expecting from turning our Shipway business profitable from Q3. That is the reason we have recognized deferred tax in the financial statements at a consolidated level. That is the key reason.

Rajesh Shah – BDH Capital: Got it. Very helpful. Thank you.

Operator: Thank you. A reminder to all participants that you may press star and 1 to ask a question. The next question comes from the line of Pratik {? Bhantia ?} with Fermi 325 Investment Advisors. Please go ahead.

Pratik {? Bhantia ?} – Fermi 325 Investment Advisors: Thank you for the opportunity. It is great to see the continued cash generation of the business. I had 2 questions. The first was regarding acquiring a customer like JK Maini. I wanted to understand the kind of engagement that we are having with them and what problems they were facing that led an industrial company to come to Unicommerce, which is generally known for the D2C brand categories that we operate in. What kind of problem are we solving for them?

Kapil Makhija – Managing Director & CEO: Sorry, could you please repeat the name of the customer that you were referring to?

Pratik {? Bhantia ?} – Fermi 325 Investment Advisors: JK Maini. JK Maini.

Kapil Makhija – Managing Director & CEO: While it would be hard for me to disclose the engagement for a particular customer, many of these traditional businesses are also looking to get online, both through D2C and marketplaces. A typical engagement starts with us offering an order management system for them to manage their e-commerce business across multiple marketplaces.

As the scale increases, the engagement deepens by adding a warehouse management system that is deeply integrated with the ERP, which could be SAP, Oracle, Microsoft, or any other ERP, because we are deeply partnered with all of these ERPs. That is the typical use case or journey for any brand that onboards on Unicommerce.

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Now, with UniReco and UniCapture, as the scale increases, they also take these solutions so that they can manage the process end-to-end. As their D2C volumes scale, they also look for a logistics solution, which is when Shipway becomes relevant, or a marketing solution, which is when ConvertWay becomes relevant.

A brand can therefore start with an order management system to manage its e-commerce orders and inventory, but soon it can expand into warehouse, logistics, marketing, reconciliation, and video and image capturing. That is why large brands like JK Maini and many others that have onboarded with us continue to demonstrate strong customer acquisition each quarter.

They have the comfort that they can start small with us, but they know that as they scale, their needs will evolve, and Unicommerce will be able to offer solutions for all their needs as far as e-commerce enablement is concerned.

Pratik {? Bhantia ?} - Fermi 325 Investment Advisors: My second question is regarding the base Uniware subscription. If that is X, when we combine Uniware and UniReco, what kind of number do we get? Is it 1.05X or something else? With the advent of DNA, the new product that you have, what kind of realization increase could we see for a customer subscribing to all these modules, from 1x to 1.15x or 1.2x? I would like to get a sense of that.

Kapil Makhija - Managing Director & CEO: Sure. UniReco and UniCapture have been launched only 6-9 months ago, and hence pricing discovery is still taking place. As of now, a combination of these can take the realization to anywhere between 1.5x and 1.7x if both modules are adopted by a customer using Uniware.

However, we anticipate the pricing and realization to stabilize anywhere between 1.2x and 1.3x. These two modules, UniReco and UniCapture, are relevant for anyone selling on marketplaces. They are therefore applicable to the majority of our customer base, and hence we have guided that over the next 2-3 years, as these products mature, we anticipate a 10% plus revenue contribution from these two modules.

We continue to receive feedback on these modules. We launched UniReco and UniCapture with a certain set of features. We continue to incorporate that feedback and make these solutions more comprehensive, which will allow us to expand the attach rate of these solutions to a larger portion of our base.

Today, UniReco is being used by 7%-8% of our client base, and UniCapture by 5%-6% of the client base. As the relative attach rate continues to improve, the relative realization of these solutions will continue to scale.

DNA is currently a beta launch. It has been rolled out to approximately 10-15 customers. We are receiving their feedback, and as of now, we are offering it for free. As we make it more comprehensive in terms of the use cases for which different customers provide feedback, we will determine a monetization strategy for it.

Pratik {? Bhantia ?} - Fermi 325 Investment Advisors: That is all from my side. Thank you.

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Operator: Thank you. A reminder to all participants that you may press star and 1 to ask a question. The next question comes from the line of Arvind Arora with GK Capital. Please go ahead.

Arvind Arora – GK Capital: Hello?

Kapil Makhija – Managing Director & CEO: Hi.

Arvind Arora – GK Capital: Congratulations, Kapil. The numbers are pretty much in line with your guidance. My first question is from a 3-5 year perspective. What is our plan? Could you throw some light on that, and when can we reach an EBITDA margin of 20%?

Kapil Makhija – Managing Director & CEO: In terms of the long term, we have mentioned that over the last 5 years, we have grown the business 5x. More importantly, we have delivered EBITDA that is higher than our revenue was 5 years ago. We want to replicate a similar story and grow the business 5x from here, ensuring that our EBITDA is actually larger than our revenue is today.

Our adjusted EBITDA margins have broadly turned to 15%, as we mentioned since last quarter. The idea is that, in a steady state, they should return to 20% plus levels. Over the last few quarters, we have stepped up our investments in people, products, and market reach. As these investments translate into results, we anticipate increasing operating leverage and increasing profitability in the coming quarters.

You should gradually see our journey back to 20%. At steady state, that is the adjusted EBITDA margin that we plan to deliver.

Anurag Mittal – Chief Financial Officer: Additionally, as Kapil also explained, I wanted to highlight that Uniware is reporting a 26% adjusted EBITDA margin in Q2 FY27. Even at a consolidated level, despite the investments we have made in the business, our adjusted EBITDA margins are 17%. As we mentioned, we front-loaded most of the investments towards AI and product development, talent, sales, and marketing. Despite that, our adjusted EBITDA margins are 17%, so we are not too far from 20%.

We also guided that Shipway will turn adjusted EBITDA positive, or reach break-even, from Q3 onwards because a large part of the investments has already been made. We are still sticking to the guidance of 20% plus over a period of time.

Arvind Arora – GK Capital: Understood. Is it that from Q4 onwards our EBITDA margin will improve drastically?

Kapil Makhija – Managing Director & CEO: It will improve because, as Shipway becomes PAT profitable from Q4 onwards, we anticipate the adjusted EBITDA margins and PAT margins to improve. We had already guided a couple of quarters ago that the second half of the year generally sees higher operating leverage, so we are on track to deliver that in the coming quarters.

Arvind Arora – GK Capital: Understood. Anurag, if I look at the balance sheet, it looks like certain investments are moving to current investments. Is this due to maturity, or is it moving to current investments because we have some plan for M&A? Are we actively looking for M&A?

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Anurag Mittal – Chief Financial Officer: That is a good question. M&A is a different discussion altogether, but while you are seeing only the current investments, you should look at current and non-current investments together. The large part of the difference between current and non-current investments is on account of fixed deposits paid within a period of 12 months. That is only a reclassification matter. Because of that, current and non-current investments may look slightly different, but you should look at the total by adding both numbers together.

On the M&A front, Kapil, if you can speak about it.

Kapil Makhija – Managing Director & CEO: One of the best uses of the cash that we have been adding to our balance sheet is M&A. We continue to look at opportunities that are adjacent to what we offer today. For us, M&A will be largely about adding new product capabilities that make sense for our existing customer base.

We have discussed the framework that we use to evaluate M&A candidates. The opportunity should make sense for our existing customers, it should be a good product with a good team, it should either be profitable or have a path to profitability, and it should be available at a reasonable valuation.

We continue to be in touch with many startups and determine what the right fit is. When we find a company that fits all 4 criteria and we feel that we are at an advanced stage of discussions, we will be happy to share the details. We believe that one of the best uses of cash is to look at strategic M&A that can accelerate our journey even further.

Arvind Arora – GK Capital: Is there any tentative timeline or anything you would like to highlight? We have been hearing this for the last 3 quarters, that the company is planning M&A, but nothing concrete has emerged.

Kapil Makhija – Managing Director & CEO: We are actually very patient when it comes to doing M&A. We want to do it right. There is no mandate internally that we have to do an M&A transaction every quarter or every year. We want to wait for the right opportunity, the right valuation, the right team, and the right product, and that is when we want to [trails off]

Kapil Makhija – Managing Director & CEO: We have spent the last 3-4 quarters integrating Shipway properly, and now we feel that we have been able to lay a strong foundation, with all the investments that we have made and the deep integration that we have completed with Shipway. We now feel that we are open to looking at more M&A.

At the same time, we do not want to rush into it. This is a very important decision for the company and impacts the future journey of the company and our shareholders as well. We want to continue to be thoughtful about such deals. While we continue to add cash to the balance sheet and scout for opportunities, we will look at doing an M&A transaction only when we feel that all 4 criteria that we have laid down meet our requirements.

Management: As Kapil mentioned, we wanted to follow a patient approach here. Until we do M&A, we will continue adding good cash to the balance sheet. As you can see, our cash balance also grew 65% on a year-on-year basis. Our cash balance has now crossed the {? 104 ?} crore mark itself. Let

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us wait and see how M&A develops.

Operator: Thank you. Mr. Arora, please rejoin the queue for more questions. A reminder to all participants that you may press star and 1 to ask a question. The next question comes from the line of Madhur Rathi with Counter Cyclical Investments. Please go ahead.

Madhur Rathi – Counter Cyclical Investments: Thank you for the opportunity. First, I wanted to understand whether we have reached our desired gross margin levels in Shipway and whether the operating leverage would be sufficient to move to positive EBITDA levels.

Kapil Makhija – Managing Director & CEO: Our gross margins continue to be comparable to the industry benchmark. We are comparable to what the market leader operates at. Many of the investments that we are making in Shipway are below the gross margin level. We are therefore confident that we will be able to deliver adjusted EBITDA break-even in Q3 and EBITDA profitability from Q4 onwards.

At any point in time, we have the option of making profits in the Shipway business. As we mentioned from the beginning, we want to continue investing for growth. When we turn the business profitable in Q3 and Q4, we want to continue investing for growth. Whatever profits we generate, we will reinvest them into growth because it is a significant growth engine.

Shipway operates in a 4,000-crore market where we have a market share of less than 5%. We see significant headroom for growth. That is why the plan is to reinvest whatever profits we generate in the business, largely in sales and marketing and product development.

Management: Additionally, as Kapil mentioned, our Uniware business has a gross margin of around 80%, while Shipway's gross margin is around 40%, which is in line with the industry benchmark. The most important point here is that a large part of the investments we have made so far is below the gross margin.

As we highlighted in the earlier discussions, we have largely completed the investments. From Q3 onwards, as these investments taper down, our profitability will increase. We are very hopeful that we will be able to deliver adjusted EBITDA break-even in the Shipway business from Q3 onwards while continuing to invest in the business.

At the same time, our Uniware adjusted EBITDA margin is already trending at 36%, which we delivered in Q2 FY27.

Madhur Rathi – Counter Cyclical Investments: Got it. On our core product offering of Uniware and the additional modules that we are offering, the vision we have is to scale the business as we did over the past 5 years. Are the current modules and offerings, such as UniCapture and UniReco, sufficient for us to improve our average revenue per account, or do we think there is some white space that we would like to address?

Multiplying our revenue by 5x again over the next 5 years will require incremental revenue to come from our existing clients. Where should that come from, if you can help us understand?

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Kapil Makhija – Managing Director & CEO: There continue to be many white spaces, and that is why I mentioned that M&A continues to be an important lever for our growth. UniReco, UniCapture, Shipway, and ConvertWay will add to and improve our ARPU significantly. However, for our vision of becoming a one-stop shop for e-commerce enablement, there are more white spaces, both in pre-purchase and post-purchase, that we continue to actively evaluate.

As and when, as I mentioned, we find the right opportunity, we will acquire some of those solutions. The short answer to your question is yes, we will need more solutions to improve our ARPU further and embark on the 5x journey that you are talking about. For that, we will look at both organic development and M&A.

Our product development and R&D will continue to be an important focus for us because that is what we stand for in the ecosystem. It not only improves our ARPU but also improves customer stickiness, so it further strengthens our lifetime. Hence, we will continue to add new solutions to improve our ARPU even further and accelerate our journey towards 5x growth.

Madhur Rathi – Counter Cyclical Investments: Got it. I have one final question. Is our TAM getting squeezed because of third-party logistics players that might be performing functions such as order processing and managing returns, with brands taking only the OMS from us and outsourcing the remaining product offerings to these third-party logistics players? Is that a pain point for us right now, or is it not a major concern?

Kapil Makhija – Managing Director & CEO: Brands continue to work with multiple providers and multiple fulfillment partners. Typically, a brand will choose one fulfillment partner for the northern region, another for the western region, and another for the southern region because different fulfillment partners have strengths in particular regions.

However, brands want a single unified stack to manage their operations. They therefore mandate that fulfillment partners use Unicommerce's OMS and WMS so that they get full visibility in one place into what is happening with their inventory, and so that they have confidence that this is a best-in-class solution. This leads to better outcomes in terms of better inventory utilization, faster dispatches, and so on.

Hence, in today's ecosystem, it is the brands that mandate the solution to the fulfillment partners. We do not see fulfillment partners as competitors; they actually become partners. Many times, we partner with some of these fulfillment partners, and when a brand is speaking with a fulfillment partner, the fulfillment partner recommends Unicommerce as a solution.

We have therefore seen this as a closely integrated ecosystem where the brain lies with the technology, which is OMS and WMS, while the hands and legs are provided by the fulfillment partner.

Operator: Thank you. Mr. Rathi, please rejoin the queue for more questions. The next question comes from the line of Vivek Kumar with Geometric Securities. Please go ahead.

Vivek Kumar – Geometric Securities: Hello. Am I audible?

Kapil Makhija – Managing Director & CEO: Yes, you are audible.

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Vivek Kumar – Geometric Securities: You mentioned that you are confident of improving your market share in Shipway. Could you throw more light on that market? How many players are there, why do we think we have the right to survive and grow profitably, what kind of GTM would be required, and what gives us the right to survive and grow apart from our current customers? Could you also throw more light on how much the end market is growing?

Kapil Makhija – Managing Director & CEO: The overall market for courier aggregation is about 4,000 crores. The way this market is structured is that there is one market leader with approximately 20%–25% market share. The remaining market is fragmented across more than 45 players, ranging from revenue of approximately 10–15 crores to 80–100 crores.

When we acquired Shipway, Shipway was also one of these 45 players. There is no clear, credible number two in the space. That is why we saw this as an opportunity. We strongly believe that any space deserves at least 2, if not more, credible players to be offered to the market. We saw this opportunity to become a credible number two and eventually, hopefully, number one as well, and that is when we acquired Shipway.

Our first right to win is that, with the Unicommerce and Shipway combination, we are the only player with a product suite as comprehensive as what a brand can get from a single player. Even the market leader today in courier aggregation does not have as comprehensive a product suite as we do.

Second, Unicommerce is the market leader in its space and has a very sticky solution in OMS and WMS. When a brand adopts this stack, it is effectively a lifetime relationship. With a sticky solution, upselling and cross-selling Shipway becomes much easier. A brand typically works with multiple courier aggregators, switching costs are not very high, and hence a brand is willing to try Shipway as well when it is using other aggregators.

That is our second right to win: we have a very sticky solution on which the brand is dependent, and hence brands prefer having everything under a single umbrella.

Third, if you look at the ecosystem today, most brands are not happy with the current service levels offered by existing solution providers. We are bringing a very fresh, tech-first, service-first approach to the ecosystem. As a result, we are seeing many players and brands shifting to us or trying us while using existing courier aggregator solutions.

These three factors — our comprehensive product solutions, our sticky product suite through which upselling becomes much easier, and our very tech-first, service-first approach, through which we are aiming to become the best product in the market — are becoming clear rights to win for us. As a result, we are steadily growing the business and have now crossed 100 crores in annualized revenue run rate.

Vivek Kumar – Geometric Securities: You are confident of achieving a growth rate greater than 20% because you said there are 45 or 25 players?

Kapil Makhija – Managing Director & CEO: 45 players.

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Vivek Kumar – Geometric Securities: You are therefore very confident of gaining market share. Would the end market be growing at 15%–20%, or much faster than that?

Kapil Makhija – Managing Director & CEO: The D2C market is relevant for brands selling through their websites. That market is growing faster than the overall e-commerce market, so it is growing in double digits.

For us to deliver a growth rate of 20% plus from Q4 FY27 onwards, we believe that we are a challenger in the market and that we have significant headroom for growth. We are therefore very confident of delivering that growth from Q4 FY27 onwards.

Vivek Kumar – Geometric Securities: One final question. In terms of reaching 5x growth in 5 years, should we definitely have M&A? Also, because of AI and lower development costs, how should we think about this? Are we going to develop more in-house and add adjacencies, or do we need M&A to take us to 5x in 5 years?

Kapil Makhija – Managing Director & CEO: M&A will be a contributor to the 5x journey, but at the same time, organic growth will play a much larger role. The growth of both Uniware and Shipway will cover a large portion of that 5x growth. A portion of the 5x growth will also come from M&A.

AI has ensured that the shipping speed is much faster. We are able to ship a lot more, and that is why we were able to launch UniReco and UniCapture, which were built organically. At the same time, we have been able to add Shipway and ConvertWay, which has ensured that our ARPU grows even further.

It will therefore continue to be a mix of organic and inorganic growth. We also hope that, with what is happening in the overall SaaS ecosystem, valuation multiples will correct, allowing us to obtain more deals at attractive valuations in the future. That is why we are also being patient in our M&A strategy and looking for the right solution available at the right price to add to our portfolio.

Operator: Thank you. Ladies and gentlemen, due to time constraints, we have reached the end of the question-and-answer session. I now hand the conference over to the management for closing comments.

Kapil Makhija – Managing Director & CEO: Thank you, everyone, for joining the call today. We hope we have been able to address your queries. Should you have any further queries or clarifications, please feel free to reach out to us or Strategic Growth Advisors, our investor relations advisors. Thank you once again, and have a good day. Wishing everyone a very Happy Diwali in advance.

Operator: Thank you. On behalf of Unicommerce eSolutions Ltd., that concludes this conference. Thank you for joining us. You may now disconnect your lines.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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