

Operator: Ladies and gentlemen, good day and welcome to the Meesho Q4 FY26 earnings call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions. Should you need assistance during the conference call, please signal an operator by pressing star and zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Nilisha Bazora from Citi. Thank you and over to you, ma'am.

Nilisha Bazora – Citi: Thank you. On behalf of Citi Group, I would like to welcome all the participants to the Q4 FY26 conference call of Meesho Limited. I would like to inform you that the call is being recorded and the audio call and the transcript will be available on the company's website. Joining us today to discuss earnings for the fourth quarter and FY 2026 are Vidit Aatrey, Chairman, Managing Director and Chief Executive Officer; Sanjeev Kumar, Full-time Director and Chief Technology Officer; Dhires Bansal, Chief Financial Officer; and Kartik Chandrashekhar, Head Corporate Development and Investor Relations. We encourage investors and analysts to review the shareholder letter available on Meesho's Investor Relations website. During this call, management will focus on addressing questions beyond the topics already covered in the letter. Before we begin, please note that certain statements made on this call may be forward-looking in nature and should be considered in conjunction with the risk factors disclosed in the company's filings. With that, we can open the floor for questions.

Operator: Thank you very much. We will now begin the question and answer session. Anyone who wishes to ask a question may press star and one on the touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. First question is from the line of Sachin Salgaonkar from BOFA. Please go ahead.

Sachin Salgaonkar – BOFA: Hi, thanks for the opportunity. Congratulations on the great set of results this time team. I have a few questions. First question on Valmo. Now that the one-off issues are behind and the network looks optimized, how is management thinking about the mix between insourcing and outsourcing? I think you guys are currently roughly at 50-50%. Where do we see this number moving in the medium term?

Management: Hi, this is Vidit. So, I think we have mentioned before, we do not take a specific goal of how much Valmo's share should be. We will continue to give volumes to the player who is the most cost effective for every lane. We see third-party logistics partners also compete on this across the board. So we generally don't take a goal. Our goal is more customer-backward of continuing to make all our products more and more affordable to them. We believe like as Valmo has done in the past, it will continue to innovate and improve the cost structure and as that happens, the share will keep increasing. We do not take a specific goal in terms of what Valmo {? OC ?} share should be in the short to medium term.

Sachin Salgaonkar – BOFA: Got it. Vidit, when we look at some of the global operators, be it Mercado Libre or Shopee, all of them have taken a conscious call of focus on insourcing because they could benefit on the back of batching. Is there some kind of a thought process in similar lines

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for you guys?

Management: So, which is already happening in Valmo. I think that's a big reason we started because in many places we get much better cost efficiencies working with Valmo as compared to any other player and that is across the board. I think consolidation or batching, what you mean, even that happens that we've been scaling, but many other cost efficiencies come into our supply chain as we have scaled it. So I think we take the same point of view, actually, to wherever we are able to get the best ROI, we end up using that particular partner and we'll continue to work with third-party logistics partners on this.

Sachin Salgaonkar – BOFA: Got it, clear. Second question, as you head into next fiscal, how should we think about your investments in new user acquisition, which was pretty high in FY26, but now that your voice AI shopping agent is running well and other AI-led investments to acquire customers, should we expect this acquisition investment to meaningfully come down?

Management: So actually, we do not again take a specific goal on what should be the advertising spend. Historically, we've always taken the stance that as long as our investments meet a certain return threshold, we continue to invest. Like we continue to do innovations so that our return on investment on marketing continues to improve. We saw that with Vani, we were able to convert more rural customers on our platform and because of that our CAC went down and we plan to invest a lot more in acquiring rural customers over the next 12 months. I think that's the approach we take. Overall, I don't think that approach will change at all. We will continue to decide what should be the return on investment threshold for marketing at all points in time and as long as we're meeting it, we will continue to invest.

If you look at overall, we also mentioned in the letter, India is quite low in terms of number of people who are transacting online as a percentage of smartphone users. Even in other emerging markets, that number is north of 80%. I'm not even comparing with the Western markets. India is closer to 30%. That's why even at a large base we are able to grow our annual transacting user base at 33% YoY. We believe there's a large growth there and as long as we keep innovating on our product and our return on investment continues to be attractive, we may keep acquiring these new users aggressively.

Sachin Salgaonkar – BOFA: Pretty clear on that. Third question, given the fact that we saw a sharp margin improvement and ad as a percentage of GMV continues to improve, would management look to give some kind of a guidance when the company could be EBITDA breakeven? Because directionally it looks like it is not far off from you guys being EBITDA breakeven. And separately, any comments on free cash flow? Last year looked one-off in terms of your investments which had gone into logistics network, but now with most of these issues behind, is it fair to assume Meesho will be free cash flow positive this fiscal?

Management: Hi. This is Dhires here, Sachin. So in terms of guidance in the short term, we don't have any specific guidance to share at this point on EBITDA. I think as you've rightly pointed out, operating leverage which you've seen has been the guiding item there. We will have an impact over a 12-month period, so anything which we had recently in Q2 and Q3 of FY26 will continue to last for some time and hence, there will be a consequential impact of that being carried over for the next few quarters as well. But from a trajectory standpoint, both with the improvement in margin that

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we've seen as well as growth that we're seeing, our FCF overall on a quarterly basis should keep on improving.

Sachin Salgaonkar – BOFA: Got it. And my last question is based on one of your comments from the shareholder letter where you guys mentioned about a macro environment where consumers focus more towards value when it is uncertain. I guess this is equally true for mid to high-end users also. So is there a bit more focus from you guys to focus on brands on the Meesho Mall to target more affluent users apart from the value commerce users?

Management: Yes, so I think we are scaling Meesho Mall for affordable brands, or I would say value brands or value packs of all the brands that you know. We have seen a lot of progress over the last 1 year. A lot of mass brands that are popular in India have scaled their selection on Meesho and they find that they're able to reach a customer for the first time that they could not reach earlier and sell selection online for the first time that they could not sell earlier. Everyone is seeing a lot of potential there. So it is going to be a big focus for us. Meesho Mall is not just focused on the premium customer. It is going to be focused on anyone who cares about value.

So it is going to be mass India. We still believe the large opportunity is serving brands for a billion people eventually. It's not just for the big cities. I think there are a lot of people who want to get access to national known brands, regional brands, new upcoming D2C challenger brands and all of them have generally struggled to reach these consumers in mass India because the typical distribution networks work via local retail stores and cities, which was hard to access for the majority of brands in India. We are basically offering that proposition and a lot of people are excited. So we're going to continue to focus on Mall for mass India, not just on premium customers and so far we have seen very good signs there.

Sachin Salgaonkar – BOFA: Super clear. Thanks a lot and all the best.

Operator: Thank you. Ladies and gentlemen, in order to ensure that the management is able to address questions from all participants, we request you to please limit your questions to three per participant. The next question is from the line of Gaurav Malhotra from Axis. Please go ahead.

Gaurav Malhotra – Axis: Hi, thanks for the opportunity and congrats on a good set of numbers. Just a few questions. One is in the shareholder letter you mentioned about the COD being reduced to a good extent. Just wanted to get some sense on the BNPL initiatives and how much is that helping the reduction in COD?

Management: I think BNPL is still fairly early in its life cycle. Right now the key initiatives that we've had within our prepaid products, which is payment before delivery, the cost of prepaid orders coming down and us passing consequently some of them back to our consumers with better prepaid discounts has been the driving force so far in terms of cash on delivery share coming down or prepaid share increasing. Going forward as we continue to invest behind BNPL and we're seeing good early signs there, that will become a driver but at this point in time it is more direct prepaid share increasing.

Gaurav Malhotra – Axis: Okay. And in terms of the ad spend, you mentioned in the letter that there's a decline in it, and in absolute terms there's a decline in CAC. Is it because, like you mentioned in

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the previous comments, there are more rural customers coming on board which is helping reduce CAC or is there something more to it?

Management: The CAC reduction is happening due to the investments that we've done historically in terms of technology, in terms of improving the value proposition from a price perspective as well. In fact, as you go deeper into India, on a like-for-like basis, CACs only go up because you have to convince a certain user more in order to transact. But with the improvements in products that we've made through AI and otherwise, that barrier threshold has come down. Vani, for instance, our voice agent, or other investments we've done in terms of algorithms as well have reduced that friction between a user installing the app and placing their first order and that's the reason why CAC continues to be in a fairly limited zone.

Gaurav Malhotra – Axis: Okay. In terms of logistics cost, obviously there's a long-term trend of it declining, but if you can give us some sense on any near-term initiatives where you've seen something which can be measured which is actually leading to some significant or meaningful reduction from wherever we are today?

Management: There's no quantitative sense that we would be able to provide, but broadly speaking if I have to share some of the key drivers there, one which we briefly touched upon is the movement from cash on delivery to prepaid transactions, which has been improving the cost structure that we have. This is given both the cost of serving a cash on delivery order as well as high cash handling charges, but also the delivery rates for prepaid orders are better and that leads to better total cost optimization for prepaid orders. Second, as our volumes increase in the ecosystem, that density increase across the board, be it last mile, middle mile, all the legs, leads to much better cost structure. As we have mentioned in the letter, our scale on a daily basis now is almost similar to what it used to be during the sale day in the previous year and because of that, the entire distribution network has reached a certain density across the board which allows us to optimize costs even further.

Our scale also leads to cost improvement and again this happens both for us in Valmo as well as with our 3PL partners where we are able to see cost improvements. In addition, I think we are doing multiple innovations within Valmo which we continue to roll out and those over a period of time will give us cost cushions. At this point we will not be able to quantify it but in the coming quarters maybe we will do that.

Gaurav Malhotra – Axis: Thanks. Just last one small quick question, if you could give us some sense on the salience of NMV across the various cohorts and in the top cohort if you can give us some sense on the frequency as well versus the 10 days there as an aggregate level for the business.

Management: Sorry, could you clarify the question? What do you mean by top cohort?

Gaurav Malhotra – Axis: Basically you have given us some numbers in terms of how much is the NMV salience across users who have been in the system for FY24 and before and FY25. For the top cohort, say FY24 and before, what kind of frequency or order frequency would they be having versus the system average?

Management: I don't have the specific number of frequency off the top of my head but in general as users mature on the platform their frequency in a 3-year time period starts going up to 15 times or more, so I would suspect for the FY24 and before cohort it will be a similar number.

Gaurav Malhotra – Axis: Thank you so much.

Operator: Thank you. The next question is from the line of Gaurav Rateria from Morgan Stanley. Please go ahead.

Gaurav Rateria – Morgan Stanley: Hi, thanks for taking my question. Congratulations on a good performance on EBITDA. I have a couple of questions, let me just read out all of them in order to be more efficient. My first question is on monetization. When I look at the revenue number on the marketplace and look at it on a per order basis it doesn't seem to have moved on a quarter-on-quarter basis whereas the NMV has grown, so why has monetization come down whereas our ads contribution should have increased during the quarter? The second is on your comment on 145 basis point one-time impact. Should one assume that this is not going to be there next year and hence it will be a straight flow-through to EBITDA numbers from next year's profitability perspective? The third is the logistics issues that you talked about which impacted your performance. What have you done or what are the initiatives that you're thinking of in order to make sure that the business does not see any such issues in the future and becomes more resilient? Thank you.

Management: Thanks, Gaurav, for the question. I will pick them in order. The first question was why has monetization come down or has there been any change in the trajectory of ad revenue. I think broadly we've seen an uptick in terms of overall ad revenue as a percentage of NMV within this quarter versus the previous quarter. There has been a change in terms of how reported revenues are being accounted for. Earlier we used to provide the revenue gross of discounts for the first orders and then have the costs sit in the marketing expenses, which is now being netted off against revenue. The second one is around the prepaid mix or share which has also been increasing and typically prepaid orders will have lower revenue but also lower cost, so from a contribution margin perspective they would be net neutral but from a revenue line item perspective it might impact some of the quarter-on-quarter trends. That is the primary reason. Apart from that, I think if I specifically look at ad revenues itself, that has been on an upward trend.

The second question was around the 145 bps mentioned in the letter around one-time logistics headwinds. Just to recap, most of this headwind was during the Q2 and Q3 period of FY26 from which we have recovered. So that one-time logistics disruption is behind us and hence going forward the baseline from a contribution margin perspective is the 4%+ equivalent that we have.

The third one was around logistics issues. As we had mentioned, the impact that we had during Q2 and Q3 of FY26 was transient in nature, primarily caused by some amount of capacity disruption that happened when there was 3PL consolidation that happened around May 2025. In order to ensure that our customer experience doesn't suffer and consumers continue to get their orders, we ended up doing some short-term capacity building at slightly higher rates. Now most of that capacity has been unwound and more optimum cost structures have been put in place both in Valmo as well as other 3PL partners, so that is why this is structural in nature and should be a one-time issue.

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Gaurav Rateria – Morgan Stanley: Thank you. All the best.

Operator: Thank you. The next question is from the line of Pratik Maheshwari from HSBC Securities. Please go ahead.

Pratik Maheshwari – HSBC Securities: Thank you so much for the opportunity. I have got three questions. First one is on frequency. As you said, probably the cohort which are from FY24 or before have frequency of around 15 times. That would mean that probably the new users are coming at frequency of 5 or below, and probably the mid-50% of the users are at frequency of 5 to 8 times. I want to understand that as the platform is reaching users in more rural areas or hinterlands, the general assumption is that the frequency of these users would be lower versus the usage that you would have initially seen on the platform. Would that be right and in that context how much do you think the frequency can go up to from a 3 to 5 years perspective?

Management: Actually, counter-intuitively and again because of all the changes that we have been doing in terms of pricing, assortment, and the technology innovations that the team has been doing, first-year frequency has been on an increasing trend for the last 3 years now. New users who get acquired on the platform start from a higher baseline now versus what they were starting at 3 years ago. Almost a doubling of frequency has happened from a baseline perspective in the last 3 years. That is a trend which is more than offsetting any potential socio-economic impact that we might see when it comes to us going into deeper parts of India.

Just to zoom out again, we are still a very small proportion of consumption of consumers in India. If you look at frequencies of comparable value-focused e-commerce companies in China, Pinduoduo would be closer to almost 100 times. I think there is a lot of space to play. We continue to make our price proposition better and our relevance algorithms better and hence users are able to discover better things in their first year itself versus what they were doing earlier. Again, with propositions around Mall, content commerce, etc., also getting introduced and leading to more transactions, that also leads to high frequency in the first year itself.

Pratik Maheshwari – HSBC Securities: Okay. Thank you. The second question that I had was on the end-to-end logistics partners that you work with. There has been some consolidation over the past 1 year and now the focus from them seems to be more on margins rather than taking volume and offering better rates. In that context, and since Valmo will keep scaling up if they do not offer you more capacity or better rates, do you see the firm making investments into middle mile as well, probably sorting centers? Because when you look at the smaller partners on your Valmo network, probably they will not have the capacity to make large investments to improve their middle mile costs. In that context, if Valmo keeps scaling up, do you see yourselves making those investments in sorting and trucking capex?

Management: Vidit here. Splitting both, first we believe that all our third-party logistics partners make money when they serve our volumes, so I don't think there is any incentive for anyone to not work with us. Historically that has always been the case. We work very closely with all our partners and it has always been a win-win relationship. Now second, within Valmo, will we bring a lot more automation within sort centers? The answer is yes, that's a big focus area for us. We're already experimenting with it in several places. Our goal is in the next few years to basically bring state-of-the-art automation within all our sort centers. We will do that and that will lead to a lot of

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efficiency for us in the coming years. That is going to happen irrespective.

Pratik Maheshwari – HSBC Securities: Right. And Vedit, last question is on the ad spend. As you said, Valmo helped you guys reduce the CAC. Should we assume, since you said probably this year would have the trend of larger addition from rural areas, that we should see the Q4 FY26 number as your rebase line where we should think about the ad spend for this year? Or is there any other reason to think probably that could increase?

Management: As mentioned earlier, the way we approach marketing spend is not to look at it as a budget in terms of percentage of NMV. We look at what is the return that this spend is generating and as long as that spend is generating above our hurdle rate returns, then we continue to invest in terms of growing our market because we're still at a very nascent stage of the market. The investment philosophy is on that basis. Now where we are today, as our base of NMV keeps growing, the user spend may not scale at that same amount, but that is a longer-term trend versus specific quarterly trends where it might scale up or down depending on the opportunities that we see.

Pratik Maheshwari – HSBC Securities: Okay, thanks so much.

Operator: Thank you. The next question is from the line of Aditya Suresh from Macquarie. Please go ahead.

Aditya Suresh – Macquarie: Yeah, thank you. Good evening. Two questions. The first is on contribution. You have seen a sequential 130 basis point improvement in contribution margin. A lot of that is on logistics, down about 110 basis points. And this has come as you scale back your insourcing push. The broader question is, if free cash flow is your North Star, then why not further push down insourcing, say from 50% down towards 30%, which could expand CM and free cash flow visibility? The second question is on cash flow from operations, particularly on an absolute basis; the scale of the negative number has expanded quarter-on-quarter for the past three quarters now. Just zooming into this specific quarter, you have seen that cash flow from operations further go negative even as you have seen that margin improvement at the CM level or the adjusted EBITDA margin level. If you could just square that, please. Thank you.

Management: Sure. On the first question in relation to whether we should change the insourcing mix further, we are optimizing for overall cost. At this point in time, the cost structure solves for this number. There are improvements that we keep doing and innovations that we keep doing in Valmo, just as other 3PL partners keep competing to get better pricing as their volumes go up. So I don't think there is a specific number that we aim for. At this point in time, around the 50% mark, we were the most optimized in terms of cost structure. Our belief is as things keep changing, we will keep adjusting based on the cost reality that we see.

On your second question, cash flow from operations, the trends that you are looking at may include certain one-offs that have been there from past periods. But if I look at the overall EBITDA trend as well as the negative working capital cycle that we have, we have an improvement trajectory overall on a year-on-year basis as well. Maybe separately we can share a reconciliation on what the changes are.

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Aditya – CLSA India Private Limited: Yeah, that would be fantastic. Thank you.

Operator: Thank you. The next question is from the line of Ayush Garg from CLSA India Private Limited. Please go ahead.

Aditya – CLSA India Private Limited: Hi, good evening. This is Aditya. Just one question for me actually, following on from the—

Operator: I'm sorry to interrupt you, Mr. Garg, we are unable to hear you clearly.

Aditya – CLSA India Private Limited: Hello?

Operator: Yes, please go ahead.

Aditya – CLSA India Private Limited: Hi, this is Aditya from CLSA. Just a quick one following on from the previous question. We also saw a reduction in the cash balance in the quarter. The cash balance has come down by about 300 crores. Two questions on this: why has the cash balance reduced so much when the margins improved? And second, I think there is some reclassification of the cash itself where income tax assets were moved from the cash balance. If you can just throw some more light on this.

Management: Sure. I think the cash balance movement typically happens because of end-of-quarter NMV numbers. In a quarter where there is more NMV coming in the last 15 to 20 days of the quarter versus a subsequent quarter, then we see this kind of volatility that typically happens in terms of cash flow for the quarter. Hence, we have always maintained that in our business looking at LTM FCF, or last 12 months FCF, is a better way to judge the trajectory versus looking at quarterly cash flows. For instance, if in a quarter we have a sale event during the last 15 days, our NMV will increase and the cash balance would go up significantly versus if that event is in an earlier part of the month. Some of this volatility gets smoothed out when we look at LTM FCF trends.

In terms of taxes, some of the taxes that have been paid out in terms of cash payout, we expect to be refunded back based on the trajectory of our overall profit and PBT and hence that has been adjusted off from our net cash balance perspective.

Aditya – CLSA India Private Limited: Alright. That's clear. Thank you so much. That's it from me.

Operator: Thank you. The next question is from the line of Garima Mishra from Kotak Securities. Please go ahead.

Garima Mishra – Kotak Securities: Hi, thank you so much for the opportunity. I have one question on your revenue line. If I compute a revenue per order, this number has declined from roughly 57 rupees in FY24 to 47 rupees in FY26. A lot of the decline is explainable by the decline in your logistics costs plus some of the accounting changes that you highlighted earlier. Going forward, as you try and focus more on getting more income from advertising, should this number stabilize from here on, or at least should the decline not be as much as what we have seen in the past? Is that the right way to think about it?

Management: From our business standpoint, the right number to consider from a trajectory standpoint is contribution margin. As I was explaining earlier regarding prepaid versus cash on delivery orders, if you start getting a higher mix of prepaid orders, which is fundamentally good for the platform, you would see that the revenue per order would decline. But the contribution margin would remain the same because the lower cost of serving a prepaid order is what we pass back to our consumers in the form of lower pricing.

Hence, looking at revenue per order as that trendline may not be quite instructive versus looking at contribution margin. Because ad revenues largely do not have significant costs associated with them, as our ad revenue keeps improving, the contribution margin would also mimic similar trends. The only difference we had in FY26 was some of the margins that we make on our fulfillment came down, which we are now restoring back.

Garima Mishra – Kotak Securities: Got it. Understood. My point was that I completely take your point that against the logistics revenue there's also a logistics cost and if both go down, the revenue line optically will look weaker, which is fine. But if revenue monetization from ads goes up, that is straight away an addition to the revenue line. Just from an optics perspective, that should make good any large revenue decline that happens on account of logistics. That is my understanding.

Management: You are right that given ad revenue is a very high gross margin business versus logistics being a lower gross margin business, they are quite different when it comes to simple revenue addition. It may not be true that the— in fact, what might be true is that the logistics revenue might come down sharper versus ad revenue increasing, but on a contribution margin line, you would continuously see improvement.

Garima Mishra – Kotak Securities: Sure. Understood. And maybe a last question from me on advertisement. Could you highlight what kind of response you're seeing from your merchant partners? What is the kind of ROAS and the ad load from the platform that you are seeing, and are there any other efforts to improve ad monetization that are underway? Thank you.

Management: Trends here continue to be encouraging. A lot more of our sellers continue to be activated on our new ad product which is ROAS-backed. Our return on ad spend continues to be one of the industry's best— in fact, multiples of what other e-commerce players have in India or elsewhere globally. From a seller adoption point of view, the number of catalogs or products which are now live on ads has improved significantly on a YoY basis, by more than 40%. Even on a QoQ basis it continues to see improvement. That is the key input that eventually goes into more competition in terms of ads and hence higher ad revenues for us. That trend continues to be on a positive uptick, albeit we are measured about how quickly we want to ramp some of these ads.

Operator: Thank you. The next question is from the line of Abhishek Banerjee from ICICI Securities. Please go ahead.

Abhishek Banerjee – ICICI Securities: Hey guys, thanks for the opportunity. Just a couple of quick questions from me. First, you mentioned that you want to do more automation in the supply chain. Does that mean you will actually spend on capex or how do you plan to do that?

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Management: We haven't pinned down a specific model. We continue to see encouraging results from some of our partners who would want to invest and set up some of these facilities on our behalf. But based on payback period math and other things, we can take a call if any investments are required from our side. Some of this will unfold as we go along.

Abhishek Banerjee – ICICI Securities: Okay. Understood. And second, on the ROAS part. The ROAS numbers that you get are significantly higher than what any of your competitors do. That should actually make it easier for you to push through pricing a little more. Is there a tradeoff which we are operating at, or what is the proportion of ad-related listings that you want to get to before you want to push pricing? If you could give us some color on that, that would be really helpful.

Management: The big focus area for us at this point in time, and the reason we've been operating at very high ROAS, is because we've been focused on activating more and more sellers on our ad product. A big focus area for some time will be making that happen. As soon as a lot of people become advertisers for the first time on our platform, and if they get very good ROAS, the chances that they will spend more on the platform and put more budget end up being much higher. That is the stage we are in. At some point in time we will start to take pricing up to grow our revenue. We just want to be sure that we are doing it at the right time so that our steady-state ad revenue is much higher than what we have today.

Abhishek Banerjee – ICICI Securities: Understood. Just one continuation on that. I'm sure you have the ability to single out one seller who has been using advertising for some time now and you can make those kind of quartiles and start charging a bit more. Have you tried any of those experiments to see how the propensity to advertise changes with pricing?

Management: We can't charge differently to different sellers for our product; it's a bidding product so people decide. But a good way to see it is whether people are putting a larger budget. If I get good ROAS, am I putting a much larger budget? We've seen that the budget over the last year for us has grown more than double. More people have put budget and they want to spend a lot more on the platform. That is a signal to see whether people really like the product and want to invest toward it. At the right time, we will start to play with pricing and start to grow this further.

Abhishek Banerjee – ICICI Securities: Got it. Thank you. Very helpful.

Operator: Thank you. The next question is from the line of Tejas Shah from Avendus Spark Institutional Equities. Please go ahead.

Tejas Shah – Avendus Spark Institutional Equities: Hi. Thanks for the opportunity. On the runway to add users that you highlighted, if we were to look at this base of 260 million users through a household lens, what would that translate to approximately?

Management: Given that in India people put addresses fairly differently even within the same household, it's hard to guess a specific number of how many households are being served. The zoomed-out view here is that e-commerce shopping, especially the kind and the categories that we serve, is done more on an individual basis versus a household basis. This is less about grocery shopping and more of browse-based shopping where the feed algorithms are personalized for each user and hence the likely overlap between users using a single device to place orders is relatively

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less. We also see this when we look at other markets—like China or Southeast Asia—where the number of e-commerce transactors largely mimics the number of WhatsApp or WeChat users. E-commerce shopping of our kind is more individual in nature and hence household is not the right way to think about our opportunity.

Tejas Shah – Avendus Spark Institutional Equities: Second and last, with macro circumstances evolving, it seems that we will see some high inflation after a long time. From past experience, how does your user base behave in terms of AOV or frequency, because they seem much more inflation sensitive than the broader market?

Management: Typically, if you look at times like these—and there is a fair amount of history from the 1970s until now—value-focused companies actually tend to gain share when inflation goes high because budgets are tighter for people across the board. That potentially is a tailwind. Now, of course, there might be a headwind in terms of the absolute amount that people are spending, and some of these might act in a counter fashion. We will see how this progresses, but a high-inflationary environment for value-focused players is generally a tailwind.

Tejas Shah – Avendus Spark Institutional Equities: That is all from my side. Thanks.

Operator: Thank you. Next question from Aliasgar Shakir from Motilal Oswal Mutual Fund. Please go ahead.

Aliasgar Shakir – Motilal Oswal Mutual Fund: Thanks for the opportunity. Just wanted to understand the margin in more detail. What are your levers for the contribution margin? One of course is your ad revenue. But other than that, you mentioned that from all the disruption that happened in Q2 and Q3 you are now at the base. Are there more levers or how should we see contribution margin improving from here in terms of levers more than just the trajectory? And second, below contribution margin, where do you think are the relatively lower-hanging fruits that can play out in terms of operating leverage when your growth is strong?

Management: When you look at contribution margin, we look at this as split between two components: the ad-related margin and what we have on the fulfillment side. On the ad side, we continue to see improvements, and that revenue uptick would largely flow down into contribution margin because the cost of serving ads is fairly low. From a fulfillment perspective, there are multiple cost headers. It includes things like the forward cost of serving an order and how many of those orders become failed deliveries where we incur higher cost. As we bring down the failed delivery percentage, which we do through various initiatives, the cost decreases. For instance, during the last couple of quarters, we have improved the number of orders that had been missed out because the geographical accuracy of addresses was lower or the kind of partners we were assigning was done in an aggregated fashion. We have made improvements and hence the rate of failed deliveries has come down which reduces the cost of serving an order on a blended basis. Other factors include the declining proportion of higher-cost cash-on-delivery transactions.

We will keep reducing on a long-term basis the cost to serve a customer and we will operate with a certain margin structure from a fulfillment cost perspective. Every efficiency that we have we will keep passing to our consumers in the form of lower pricing in order to make our value proposition even stronger on pricing, which should hold us in good stead from a growth perspective. Coming to

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cost line items below the contribution margin, technology and infrastructure costs, as well as our people costs, will not grow in the same proportion as the NMV growth that we expect. We expect to see operating leverage from those line items over the short and longer term.

Aliasgar Shakir – Motilal Oswal Mutual Fund: Just two quick follow-ups. Below contribution margin can one assume that the benefit will be linear in terms of operating leverage? And at the contribution margin level, you've seen very sharp improvement in this quarter. From here on, should we believe beyond ad revenue that it will be very slow and gradual lifting that will improve contribution margin?

Management: On below-contribution line items, each of them has different trajectories. The three large cost line items below contribution margin are the new user acquisition investment, where we decide on the basis of return thresholds versus a percentage of NMV. On people cost, we will generally have operating leverage come through over the next few years as the cost growth there would be lower than the NMV growth rate. On technology and infrastructure investments, there are contract cycles in addition to operating leverage. A large proportion of this cost is in relation to cloud providers where we have a contract life cycle of 2 to 3 years. We renegotiate some of those contracts and as our scale increases, we start getting larger discounts, so that also comes into picture and the trajectory would move in steps related to a contract cycle.

Aliasgar Shakir – Motilal Oswal Mutual Fund: And above contribution if you can clarify?

Management: Above contribution margin, some of the more significant transient impacts we had have been addressed. In addition to ad revenues improving, there is still some scope to increase our fulfillment margins which might happen over the next few quarters. The delta in contribution margin would obviously be slower than what happened between Q2 and Q4, and there improvement would come both from ad revenues improving as well as some delta restoration on the fulfillment margin side.

Aliasgar Shakir – Motilal Oswal Mutual Fund: Got it, this is very useful. Thank you so much for the detailed answer.

Operator: Thank you. The next question is from the line of Yashovardhan Agarwal from IIFL Capital Asset Management. Please go ahead.

Yashovardhan Agarwal – IIFL Capital Asset Management: Hi. Congratulations on the good set of numbers. Just one clarification. The NMV that we report is on the basis of the orders that are shipped instead of the orders placed. Is that correct?

Management: Sorry, could you repeat that question? Your voice broke up.

Yashovardhan Agarwal – IIFL Capital Asset Management: Is it better now? The NMV number that we report is on the basis of orders shipped instead of orders placed. Is that correct?

Management: NMV is on the basis of orders delivered and not returned. GMV is based on the number of placed orders and NMV is based on the number of delivered orders. We have shared disclosures around this in the data book.

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Yashovardhan Agarwal – IIFL Capital Asset Management: And after returns that number has been 80% for the last 2 years, so has that trend changed in FY26 as well?

Management: Roughly the NMV to GMV ratio has been between 58% to 60% for the last 3 or 4 years. For FY26 as well, the number is specifically about 58.8%.

Yashovardhan Agarwal – IIFL Capital Asset Management: My other question is on the seller additions, especially the ones who are non-GST registered. Seller additions in the last 1 year have been strong. How have your retention rates been and have they increased meaningfully? As a platform, what are we doing to manage quality control?

Management: I will take this question. The quality of sellers even in the non-GST category that we acquire are pretty good. Our systems have been built over the last 10 years to take into account the quality of a new seller onboarded on the platform. If their quality is not great, they do not get visibility or orders, and products that have good quality continue to scale. The numbers that we share are of people who are active on the platform, which means they are getting sales. These are people who have crossed that threshold. Return metrics would not be a problem. We have seen our returns be quite stable and actually only improve, so non-GST sellers will not impact that because we have robust systems. The reason this number is growing fast is that the total number of businesses in India dealing with products is tens of millions, but that number used to be sub-million for us because non-GST sellers were not allowed to sell online. Now that has changed and we believe there is going to be a big focus for us as a platform to have a large base of sellers who want to come online and grow their business.

Yashovardhan Agarwal – IIFL Capital Asset Management: Got it. That is helpful. My next question is on what would be the average number of SKUs per order? As of now the company seems to be adding a shipping fee on a second unit from the same seller to the same customer, effectively adding 60 rupees to SKUs. What are your views on that and could that increase?

Management: The way our platform has been built is to ensure that users are placing orders as frictionlessly as possible and hence the number of SKUs per order is pretty close to 1 or slightly higher. From a consolidation perspective, because a lot of these orders are shipped from different sellers directly to consumers, we have been identifying consolidation opportunities wherever we can within the supply chain. These are not warehouse-origin orders, which is the case for other players. Hence, our focus is not so much on increasing SKUs per order as a metric.

Yashovardhan Agarwal – IIFL Capital Asset Management: Got it. Thank you and best of luck.

Operator: Thank you. The next question is from the line of Samarth Patel from Equirus Securities. Please go ahead.

Samarth Patel – Equirus Securities: Thanks for giving me the opportunity and congrats on a great set of numbers. My first question is on the advertisement comments. What percentage of our sellers are currently actively spending on advertisement versus the total base of 9.6 lakh sellers that we have? As an extension, given that sellers are ROI sensitive, what is the minimum ROAS threshold that needs to be provided across categories?

Management: More than two-thirds of our sellers when weighted by GMV are active on ads. An important driver is not just looking at the number of sellers but how many products they are advertising on, which has grown by about 40% YoY. We continue to see good progress there. From a minimum ROAS threshold perspective, it varies from category to category. There is no specific number that we solve for. A lot of this is driven by market dynamics and the margin structure of those categories. We do not control these numbers.

Samarth Patel – Equirus Securities: Now my second question is, the Meesho Mall NMV is growing really well. As you move beyond unbranded goods into FMCG and beauty, how does the contribution margin for Mall transactions compare versus our core marketplace business?

Management: At this point in time, our focus is not on expanding the contribution margin. The contribution margin would be lower than the core marketplace because we are in the investment phase. Our goal is to onboard more brands and more selection across the country and introduce it to our consumers. Since it is in the investment phase, we are not focused on maximizing contribution margin. That phase will come when the business has matured. The next few years will be an investment phase as we want to grow this fast and make sure every brand considers Meesho Mall a critical part of their distribution.

Samarth Patel – Equirus Securities: Understood. My last question is, you have provided good data around user cohorts. Similar to that, can you talk about how the seller cohorts are evolving and is the seller concentration increasing or decreasing?

Management: We have provided some of this disclosure as part of our DRHP. In terms of trajectory, the concentration on sellers continues to reduce as we have more sellers who become active and larger on the platform. The number of sellers who form the Pareto of the platform continues to increase at a fairly rapid pace.

Operator: Thank you very much. Ladies and gentlemen, we will take that as the last question for today. We thank everyone for their participation. On behalf of Citi, that concludes this conference. You may now disconnect your lines.