Meesho

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Operator: Ladies and gentlemen, good day and welcome to the Meesho Limited Q1 FY27 earnings conference 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 after the presentation concludes. Should you need assistance during the conference call, please signal an 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. Gaurav Malhotra from Axis. Thank you and over to you, sir.

Gaurav Malhotra – Axis: Thanks. On behalf of Axis Capital, I would like to welcome all the participants to the Q1 FY27 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 website. Joining us today to discuss earnings for the Q1 FY27 are Vidit Aatrey, Chairman, Managing Director and Chief Executive Officer; Sanjeev Kumar, Whole-time Director and Chief Technology Officer; Dhiresh Bansal, Chief Financial Officer; and Kartik Chandrashekhar, Head of Corporate Development and Investor Relations.

We encourage investors and analysts to review the shareholder letter available on Meesho's Investor Relations website. I would request participants to limit themselves to three questions for the wider participation. 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 with the question and answer session. Anyone who wishes to ask a question may press star then 1 on their touchtone phone. If you wish to remove yourself from the question queue, you may press star then 2. Participants are requested to use handsets while asking your question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. Your first question comes from the line of Sachin Salgaonkar with Bank of America. Please go ahead.

Sachin Salgaonkar – Bank of America: Hi, management. Congratulations on a good set of numbers. I have three questions. First, I would like to understand how to think about the change in logistics costs going ahead. At one level, we are seeing a fuel price increase, cost inflation rising, and on the other hand, you guys are taking initiatives like investing in sorters, locker delivery, and even your shareholder's letter mentioned an improvement in RTO. Do you have any sense of how to think about the decline in these costs going ahead? Let me wait here and then I will ask the next two questions.

Management: Hi, this is Vidit. Thank you, Sachin, for the question. I think you should anticipate that we will continue to reduce our logistics cost at a very good pace, something that we talked about even during the IPO. Changes in fuel prices, as well as minimum wages, are going to be small blips in that entire picture and that is reflected even in this quarter's numbers. We continued to make progress on efficiency even though there was a big change in fuel prices in this quarter as well as the minimum wage, and we were able to continue to offer a great proposition to our customers.

So going forward, you can anticipate the same thing. I do not think it changes anything in our path. The other thing is that all channels are impacted by fuel hikes as well as wage hikes. So as we continue to become more efficient, we believe online as a channel and Meesho as a channel should only gain share from all the other channels for a customer.

Sachin Salgaonkar – Bank of America: Got it, Vidit. Very clear. Second question is on Meesho Mall. Any sense on how much it is currently contributing to NMV and how should we think about its contribution going ahead? And I presume a good amount of ad contribution does come from Meesho Mall, so I would love to get a sense of how much of your ad revenue is coming from brands on Meesho Mall versus the smaller merchants on your core platform.

Management: At this point, we do not disclose the share of both Meesho Mall as well as the ad share that comes from there. You are right that the ad revenue that comes from brands on Meesho Mall as a percentage of NMV is higher than the overall platform because brands tend to spend higher as compared to a typical seller overall in the economy. But we do not right now disclose that share. I think at the right time, we will share that with you.

Overall, if you see, Meesho Mall continues to grow at a much faster pace compared to the overall platform. It is a substantial part of our business; it is not insignificant and we anticipate that this should be a large part of our growth story over the next 3 to 5 years, or maybe even longer. It should keep contributing to our long-term ad revenue growth as well because we make more ad revenue when brands sell on our platform. So it is all in the right direction. For specific numbers, we do not disclose them at this point in time; we will share them at the right time.

Sachin Salgaonkar – Bank of America: Got it. And my last question is, I would love to get a rationale in terms of acquiring Kirana Club and how to think about its contribution to P&L. Also, I saw in your new initiatives there is a low-cost logistics network. I just wanted to understand how different is this from Valmo and what is it used for?

Management: On Kirana Club, first of all, contribution to P&L will happen over the long-term. The business is really small. I would say it has early product-market fit, so we have to do a lot before it starts to contribute to the P&L of the company. But in terms of rationale, which we share publicly, we believe that very similar to Meesho, Kirana Club has been able to create a disruptive value proposition for kiranas across the country.

Before Kirana Club, a very limited number of kiranas only in the big cities could be served by online platforms, whereas Kirana Club created a very low-cost way of serving kiranas across the country even in very small towns, remote areas, and even in rural India. This is very much aligned to the overall mission of Meesho. We believe that this can really create the same value as we have done for consumers; Kirana Club can do that for all kinds of retailers, not just for kiranas.

Also, there is a very strong capability overlap in terms of what is required to achieve its vision in the long run. Low-cost logistics will be a large part of this and at some point in time, Valmo can play a big role there. There is also a strong overlap in other capabilities because we are a commerce business, and everything we have built in technology would also be very useful. So we believe there is a strong capability overlap that should help in that process. We are quite bullish, but I would remind you that it is still very early. A lot of work needs to be done before it becomes significant for the platform and that is why it will stay in the new initiatives bucket that we continue to disclose. We will be patient with it because we believe the overall opportunity in the long run is very large.

Regarding the low-cost local logistics network, the reason it is different from Valmo is because Valmo is currently a national logistics network. However, you realize over time that certain categories, especially perishable categories or fast-moving consumer goods, require a fundamentally different logistics network to be viable on Meesho. They tend to be more local, have to be transported much sooner, and the requirements for safety and security to ensure product integrity are higher.

For the new initiatives we have around grocery, we are building that supply chain. Again, that is also very early; I would not say that we have been able to make it work at scale while we are still in the experimentation stage. But we believe it is quite important for the long run. If we make that supply chain work, we should be able to extend our value proposition to many more price points and categories in the long run.

Sachin Salgaonkar – Bank of America: Super clear. So from what I understand, the combination of Kirana Club and the low-cost logistics network eventually will allow you to expand your TAM more towards the grocery market, right?

Management: Yes, I think grocery is one part, though Kirana Club is not just focused on grocery even if it looks like that today. We want to make it work for all kinds of B2B use cases in the long run. But you are right, that is one very important outcome; if some of these bits start to work, we should be able to play a lot more in grocery categories.

Sachin Salgaonkar – Bank of America: Thank you. That is it from me and all the best.

Operator: Thank you. The next question comes from the line of Vivek N with {? [unclear] ?}. Please go ahead.

Vivek N: Hi, good evening, team. My first question is on the logistics cost again. You have elaborated in your release already about the challenges and the fact that you have passed on the impact. I understand that the geopolitical scenario is still quite fluid and volatile, but sequentially you have managed your logistics cost very well. Given the backdrop and what has happened to oil prices in the recent past, do you think Q1 already captures all the pressures? From here on, for the rest of the year, all other things being equal, should we see an improvement with logistics costs going down, or is there an upside risk still to the numbers you have reported in the last few quarters?

Management: Hey Vivek, thanks for that question. Dhiresh here. Yes, during the course of Q1, we did see fuel price hikes coming through on both the Valmo network and some of the other 3PLs, and equivalently there were also certain minimum wage changes that happened across the ecosystem. I think all of those have been absorbed in the quarter. From a timing perspective, some of these happened around May, which is when the fuel price hike was announced.

At the same time, we have also been taking measures to improve the efficiency of our operations. As a result, in the data book we shared, you can see that our cost per delivered order actually came down even during this quarter by about 1 rupee versus the previous quarter. So we have largely offset this. In the coming quarters, we expect to continue to gain efficiencies. All of the logistics operations are now running on a fully centralized basis, quite beyond the Q2 and Q3 disruption we had in the previous year, and we are continuing to become more efficient, which will start showing up in the upcoming quarters.

Vivek N: Okay, got it. Thanks for that. The second question is somewhat related to the first. There is inflation in the freight cost which impacts every industry, and we have seen companies taking up prices. The AOV on a sequential basis is flat, and I know your aspiration is to make the products more accessible, but sequentially I would have imagined that AOV purely because of inflation would have gone up. What is the reason it stays flat? Is it still because you are prioritizing accessibility, or is my understanding incorrect that underlying inflation should have crept into your AOV?

Management: During the course of a year, as we keep passing on efficiencies, the baseline AOV decline should be about 5% year-over-year. I think if I look at the last quarter, AOV declined by about 2% year-over-year. It had both reasons built-in. During the initial part of the quarter, as some of the raw materials moved up, especially in relation to polyester pricing, we did see some product pricing going up. When the fuel hike happened and we passed on some of those impacts into pricing, we saw the AOV increasing because of that.

So versus the baseline, the AOV has reduced by a lesser amount than our general guidance. As we start gaining more efficiencies and passing some of those on to customers, I think we will resume our trajectory where AOV becomes more favorable for us.

Vivek N: Got it. And last one, Dhiresh, can you explain the two notes that you have in the results release? One is on the change in Articles of Association and the second is about the Valmo bit mentioned under the GTA bit under applicable GST law. Can you talk about both those things?

Management: I will start with the GTA bit first and then the Articles of Association. On GTA, we have shared some notes around this in the shareholder letter as well as the earnings. Valmo is an aggregator of various small businesses for middle-mile, last-mile, and first-mile operations. During the quarter, we reorganized some of our business, which we had noted in the previous quarter, to ensure that the organization and corporate structure resembles that.

Valmo Transportation Private Limited, or VTPPL, is the entity under which the middle-mile and last-mile operations are now housed. This entity has a Goods Transport Agency license, which is a classification under GST law. A large part of that business has moved under this entity, which implies that on a consolidated basis, nothing changes significantly. But on a standalone basis, various entities will have movements between Meesho Limited, Meesho Technologies Private Limited, and VTPPL.

On the Articles of Association, there are standard amendments for nominee investors, their director positions, as well as founder positions, which are typical post-IPO adjustments one seeks at the Annual General Meeting. As the AGM is upcoming, we would seek those appointments for director positions for founders and certain investor nominees.

Vivek N: So basically, you are just legitimizing whatever was there until the IPO. This is the first AGM where you are seeking approval.

Management: That is right.

Vivek N: Perfect. Thank you. Wishing you and your team all the best.

Management: Thanks a lot.

Operator: Thank you. The next question comes from the line of Vidyut Jain. Please go ahead.

Vidyut Jain: Hi, thank you for the opportunity and congratulations on a good set of numbers. My first question: what would be the current share of Valmo in volumes in Q1? And based on what you said earlier, Dhiresh, will the VTPPL financials, when you disclose them on an annual basis, give us a decent sense going forward of how much business is moving through Valmo? Is that understanding correct?

Management: I think Valmo's share is not materially different from what it was in the previous quarter, so no drastic change there. On the question around VTPPL financials, VTPPL will still only house the middle-mile and last-mile operations, which are those available under the aggregator model as Goods and Transport Agency. First-mile operations, as well as dedicated fleet operations in relation to Valmo, will continue to remain a part of Meesho Limited. So it may not be a direct comparison when you look at those financials. However, as we go along, we will consider what more to disclose for a better perspective.

Vidyut Jain: Got it. Thanks. My second question is about the new initiatives. The operating losses within them in the quarter are now at about 39 crores in Q1. I know you talked about some of these new initiatives you have launched, but in general, you have had an annual limit in terms of burn on what you call Horizon 2 initiatives. Is there any change in that for FY27?

Management: Fundamentally, there is no change to the philosophy. We operate with a budget hard cap in terms of what the new initiative burn could be. From a quarter-on-quarter perspective, obviously, there are variances that happen from time to time. But the philosophy we operate with is that these are ongoing experiments. We cap the overall budget of the experiments so that we are frugal, and once some of these graduate to becoming a Horizon 1 initiative or move to the marketplace, then our ROI metrics follow. But until then, they will continue to remain on an annual budget cap basis.

Vidyut Jain: Got it. Thank you. My last question: regarding the previous answer on Meesho Mall, I wanted to clarify: do brands that sell on Meesho Mall advertise on the main home feed as well, or is the main home feed limited to your small sellers only?

Management: Meesho Mall brands can advertise very similarly to any other sellers. The added advantage they have is an authentic Meesho Mall tag, which naturally improves conversion for them. But from an ad product perspective, it is no different from what other sellers have. These are all common marketing ads where the products appear in the feed of a customer and some of those are promoted products tagged as ads.

Vidyut Jain: Okay, correct. On AI, you have talked about how you have used it to accelerate or improve seller onboarding processes and automate catalogs. Other companies have started to talk about how they are using AI to accelerate seller onboarding, shortening timelines dramatically in some cases. Do you think that has been one of the major advantages you have had, and how would you think about your seller proposition post-AI?

Management: In terms of seller operations, we have been using AI even before the recent wave. Seller onboarding on Meesho has been one of the fastest relative to any other horizontal or vertical e-commerce player, and we have been making that process simpler and more efficient. With Generative AI coming in, we have introduced things like automated taxonomy. There are certain substance checks that happen for every catalog and product uploaded to test for genuineness and to stop counterfeits.

We are now able to use vision models to identify these. A lot of the attributes of a product automatically get populated, versus a seller needing to do that, which used to be time-consuming and resulted in many drop-offs in the past. So, absolutely, we continue to see improvement on the seller flywheel because of AI. But AI is all-pervasive in all parts of our business, including the consumer side and the software development life cycle, where it is improving productivity. It is all happening at the same time.

Vidyut Jain: Got it. Thank you so much. Those were my questions.

Operator: Thank you. The next question comes from the line of Gaurav Malhotra with Axis. Please go ahead.

Gaurav Malhotra - Axis: Hi, thanks. Just a couple of questions. First, how many sellers today would be contributing to ads in percentage terms, and what would be the ROAS for them?

Management: Gaurav, I think a fairly large proportion of our sellers who contribute to GMV today advertise on the platform. Close to about two-thirds of our GMV-contributing sellers use ads. I think there is scope for increasing this even further. All the steps we have taken over the last 2 to 3 quarters, where we simplified the product for sellers and made it more aligned with their objectives for return on ad spend, have helped increase this number quarter-on-quarter. Not just new sellers are becoming active on ads, but they are now using ads for more of their catalogs, which increases the pool of products we can choose from to show ads. This also improves the ad experience for consumers. This is the area we are most focused on for the upcoming quarters to get the ad adoption right across the largest GMV-contributing seller base. From a ROAS perspective, it is similar to where we were in the last quarter.

Gaurav Malhotra - Axis: And just a couple more questions. What would be your take on an average seller's top line? By that I mean, how much would an average seller be selling on Meesho out of their overall sales?

Management: It is hard to say because a lot of that data is not available directly to us. Some of these sellers have significant offline businesses as well which may or may not be under the same GST ID. That being said, whenever we have done surveys or internal checks, we see that for a majority of our GMV-contributing seller base, we are one of their primary sources of income.

Gaurav Malhotra – Axis: So it would be a majority?

Management: For more than 50% of our sellers, we would be a primary source of income.

Gaurav Malhotra – Axis: Just a last question. You mentioned in the shareholder letter about the average frequency increasing across older cohorts. Can you give us some sense of what that frequency level is for older cohorts versus new cohorts?

Management: If you look at the annual frequency overall, which grew by 29%, it continues to go up by about 9% year-on-year. A lot of it comes from older cohorts continuing to grow in frequency, but also newer cohorts coming in at a higher frequency than a year before. We do not share specifics on the frequency increase for older versus newer cohorts, but both are moving in a positive direction.

Gaurav Malhotra – Axis: Understood. Thank you.

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

Gaurav Rateria – Morgan Stanley: Hi, thank you for taking my question. My first question is on your comment about logistics costs and the headwinds from fuel prices and minimum wages. You have been able to pass it to the ecosystem, but doing a rough calculation, it looks like the spread has also increased. Basically, what you have passed to the ecosystem is probably higher than the cost increases or escalation we have seen. Is this increase sustainable based on efficiencies you have achieved, or is there a time lag before the full impact of the cost hits your P&L?

Management: Gaurav, the cost increases and pricing increases happened simultaneously. There is no timing effect of passing it to the revenue pool before the costs come in. We always want to reduce the cost of doing business for our sellers, so we generally only take these steps when there is an actual effect of price movement. We can separately discuss the pricing delta you might be seeing, but it all happened together in the last quarter.

Gaurav Rateria – Morgan Stanley: My second question is on the external environment and competition. I understand there have been certain tweaks in the business model that other large horizontal e-commerce platforms have made, especially for goods priced under 1,000 rupees. Have you seen any of these changes overlapping with or impacting your business, or have you seen aggression from the competition? Or has it not overlapped with you yet given the AOV, selection base, and seller base you operate with?

Management: Intensity of competition in our sector has always been there; I do not think it ever went down. Even before the changes you referred to, changes have continued to happen. People have launched sub-platforms to compete with us over the last many years. I would not say the competitive intensity has changed in either direction. We continue to move forward on our own mission and vision.

We will continue to scale up aggressively. Our value proposition continues to get better as our pricing and selection improve because we now have a large base of sellers. We continue to see good growth as well as cohort retention across the board. The competitive environment has stayed high and we expect it to stay high. We are going after a large opportunity and I would be surprised if there was not enough competition in the sector.

Gaurav Rateria – Morgan Stanley: That is very helpful. Last question I have is on the AI-related initiatives. I understand some of these will give massive productivity gains and help in reducing costs. But ultimately, these competitive advantages have to translate into better retention, faster onboarding of merchants, or lower cost of acquiring customers. How should we understand that these initiatives are creating differentiation and a stronger moat in the business?

Management: This is Sanjeev here. All these productivity gains in software development help us move fast. Compared to earlier, we are able to solve twice as many problems, which helps in making our flywheel even stronger. We just spoke about Vani a few months back. Products like these are now possible with Generative AI; we can create experiences that were never possible earlier, which further bridges the gap with offline shopping. This makes it easier for new users to experience e-commerce and helps make our existing moat stronger in many ways.

Gaurav Rateria – Morgan Stanley: Thank you, all the best.

Operator: Thank you. The next question comes from the line of Swapnil with JM Financial. Please go ahead.

Swapnil: Hi, thanks for the opportunity. My first question is with respect to your low-cost logistics network. Can you explain with an example what exactly you are doing here, what are the categories you are working on, and is there any overlap with your marketplace business? A related question is that you mentioned a cap on the investment towards these Horizon 2 initiatives. Can you quantify that cap on an absolute basis?

Management: A good way to understand this is through the grocery categories we do not serve today, such as fruits and vegetables, and apparel items with very small average order values, like sub-20 or sub-30 rupee products. We do not believe these can become viable on our core platform as it is hard to ship them nationally and make them available to consumers competitively.

So we are building these localized supply chains so that sellers across grocery, apparel, and fast-moving consumer goods with very low price points can sell to consumers in a particular catchment. As I mentioned earlier, it is still very early. It is pre-product-market fit. A lot of assumptions have to come through for us to say we made this work. A lot of the capabilities we are building in Valmo are also required to make it work. It may take a longer time, but we believe in the long-term opportunity and will continue to invest behind it. On the second part of the question, the annual budget cap for these initiatives is about 200 crores.

Swapnil: Got it. The second question is with respect to the news flow around a GST-related dispute raised by a proxy advisory. Can you explain the nature of this issue and what kind of exposure we have now and for procurement done in the past?

Management: The news flow you are referring to is in relation to the GTA model I mentioned. We are following precedents that other horizontal e-commerce players are also using. It is not a new model. In terms of the model change, we looked at both the letter and the spirit of the law, and we believe this is in the right direction. We have taken a reasonable number of legal and accounting opinions from leading firms.

Just to clarify, there has been no question asked by any regulatory or tax authority to us on this matter. The question asked by the proxy agency was directed to SEBI, but we have not received any communication from SEBI on this topic. We will see how this progresses, but we have good reason to believe there is no risk exposure for us.

Swapnil: Got it. One question on your insourcing strategy. You highlighted that your insourcing is the same as the last quarter; it would be helpful if you could quantify that. Going forward, how should one look at your Valmo share? Should we expect it to increase as you talked about logistics costs coming down?

Management: Before I answer, I will recap our philosophy. Our fundamental objective is that the lowest cost provider in a particular lane for a particular combination of source and destination should be given a significant proportion of the volume in that lane. If that entity is Valmo, then it goes to Valmo; if it is someone else, it goes to them.

We see efficiencies coming not just from Valmo but also from our other third-party logistics partners. Of course, there are more controllables for us directly with Valmo. At the same time, we see third-party partners making progress in getting efficiencies as their volumes grow and density increases, passing some of those back to us. We have volume-linked rate cards with them, so as our volumes go up, we get better pricing from them. The ultimate share of Valmo will be dependent on all these factors.

The direction of the cost per delivered order will continue to come down. That is the objective function we work with, and hence, there is no specific guidance for the Valmo share at any point in time. In terms of quantification, the last quarter was about 50%, similar to the previous quarter.

Swapnil: Got it. Thanks for taking my question. All the best.

Operator: Thank you. The next question comes from the line of Aditya Soman with CLSA. Please go ahead.

Aditya Soman – CLSA: Hi, thanks and good evening. Two questions from me. First, on maintaining the balance between contribution margin, which continues to increase, and growth. How do you think of it going forward? Particularly, sequential growth seems to be fairly slow. I understand there is an element of seasonality, but if you can give some context around that. Second, you have guided to potentially higher expenses in the next quarter and then that evening out between Q2 and Q3. In this, do you also consider the effect of the gig worker fee for the Karnataka law?

Management: Let me take the second question first. Regarding the Q2 and Q3 period, Q2 this year will be different from Q2 last year. Last year, our annual festive sale started in September because Diwali was earlier in the year. This year, with Diwali in November, our annual sale will start in October, which is a significant GMV-generating event. You will see variations in the year-over-year growth rate in Q2 versus our usual trajectory, but on a combined Q2 and Q3 basis, it will look similar to our typical trajectory. That is just a timing difference.

On the tradeoff between contribution margin and growth, there are two movements on contribution margin. During last year, some of our margin in relation to what we charge for logistics versus our cost had come down, which we are now restoring. Beyond a certain stage, we will keep it constant and pass on any efficiencies we gain in logistics costs to our sellers and customers. On the efficiency front, most gains will be passed along in the form of lower pricing, which is a big growth driver.

The other reason we gain on contribution margin is that as ad revenues improve, that has a downstream impact on the margin, which we intend to keep in the P&L. We take calls every week and month on the efficiency of our spends in terms of CAC, LTV, and retention investments. As long as our investments meet those guardrails, we will spend more to grow faster. The sequential question has to do with the calendar; in our business, there are different seasons for sale events. In the January to March quarter, we have our Eid and Holi sales, which are big events for us. We had higher seasonality versus the last quarter, so the right way to look at it is year-over-year.

Aditya Soman – CLSA: That is very clear on the seasonality. Regarding that gig worker fee, is that something you have to pay or is it still subsidized?

Management: For the Karnataka gig worker law, we are currently seeking clarifications in conjunction with many other players in the consumer internet space. Currently, the court has put a stay on any actions there. From a conservative standpoint, we continue to make provisions in our P&L for any of those costs. There should be no adverse impact if we are required to pay that, as those amounts are not material in nature.

Aditya Soman – CLSA: No, that's very clear. Thanks.

Operator: Your next question comes from the line of Aditya Suresh with Equirus. Please go ahead.

Aditya Suresh – Equirus: Thank you for the opportunity. First question is on growth in NMV. In sequential terms, while there is impressive growth on a yearly basis, over the past three quarters, there has been a fairly meaningful sequential moderation; this quarter is at 2%. Could you comment on those dynamics and how you plan to respond? Second question is on the merchant base. There is impressive growth in the number of merchants onboarded, but when I think about NMV per seller, that is down about 25% year-over-year. I am thinking through how that ties back with your ambit to monetize these merchants and drive more sponsored listings.

Management: On the first question regarding growth, if you look at last year, we increased our share of sales and marketing spends as a percentage of NMV. In between, you saw growth levels go up substantially, even over 50%. Those were the exception, not the norm. We are still much higher compared to our long-term projections and we expect to stay there. As Dhiresh mentioned, there is some seasonality compared to last year. Last year, some seasonality of Eid was in Q1, but it moved to Q4 of the last financial year. Apart from the higher share of sales and marketing spend last year, nothing else in the core business has changed. We expect to keep growing at healthy levels across all key levers like annual transacting users and frequency.

On the merchant base, our growth has happened because of improvements in our product. We made it much easier for merchants to come on board, list products, and get discovered. We have been getting more efficient in logistics for very small merchants, which is usually tough because picking up fewer products increases costs. Because more merchants are competing on the platform, their propensity to spend on monetization is higher in the long run. E-commerce platforms globally that monetize well on the ad side tend to have a very large base of sellers. The more sellers you have, the higher the willingness to pay to get to the front of the queue for visibility. Having a large number of merchants is very important for reaching the right levels of monetization, which is why we will keep investing in this.

Aditya Suresh – Equirus: Can I ask a follow-up clarification? On growth again, what is the kind of NMV growth you are guiding to or working towards for this year or on a 3-year basis?

Management: We have a long-term growth guidance of a 25% CAGR over the next 5 years. This is obviously higher in the initial years and may be lower in the latter years. That is the baseline we work with.

Aditya Suresh – Equirus: Okay, thank you.

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