



“Unicommerce eSolutions Limited
Q1 FY '26 Earnings Conference Call”
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Moderator:

Ladies and gentlemen, good day, and welcome to Unicommerce eSolutions Limited Q1 FY '26 Earnings Conference Call. This conference call may contain forward-looking statements about the company which are based on beliefs, opinions, and expectations of the company as on the date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

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 this conference call, please signal an operator by pressing star then zero on your touch-tone 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 Limited. Thank you, and over to you, Mr. Makhija.

Kapil Makhija:

Thank you. Hello, and good morning, everyone. Thank you for joining us. Before we begin, I am pleased to share an important milestone. Today marks the first anniversary of Unicommerce as a publicly listed company. This past year has been a learning journey for our team with disciplined execution driving consistent growth in revenues and profit as we embrace the opportunities and the responsibilities of being a listed entity.

We are pleased to welcome everyone to the quarter 1 FY '26 earnings call of Unicommerce eSolutions Limited. Joining me today is Anurag Mittal, our CFO, along with Strategic Growth Advisors, our Investor Relations Advisors.

Q1 FY '26 marks a strong start to the financial year, reflecting strong execution across revenue growth, profitability, and key strategic initiatives. The quarter demonstrated our ability to scale sustainably while continuing to enhance our product offerings across all our platforms. For the benefit of new participants on the call, let me briefly outline our comprehensive product offerings across 3 platforms that make us a one-stop-shop for all e-commerce enablement needs.

First, Convertway. It is an AI-enabled marketing automation platform designed to improve conversion rates and sales performance on client websites. Second, Uniware. It is our flagship post-purchase supply chain management platform widely trusted by e-commerce businesses to manage inventory, orders, warehouse and omni-channel operations.

And third Shipway, it is our logistics technology platform offering 2 core solutions, courier aggregations of clients seeking to manage delivery through multiple logistics providers via a unified interface along with shipping automation for clients using their own courier relationships but requiring advanced tools to optimize daily logistics execution. Together, these platforms create a comprehensive solution covering the full e-commerce lifecycle from driving demand, to managing operations, to handling delivery and returns.

Talking about our financial performance. Our consolidated revenue reached INR449.3 million in quarter 1 FY '26, a 63.6% year-over-year increase. Adjusted EBITDA, which reflects our

operating profitability, grew 112% year-over-year to INR94.7 million, driven by consistent cost discipline and strong operating leverage. Adjusted EBITDA margins improved from 16.3% in Q1 FY '25 to 21.1% in Q1 FY '26. These results reflect the resilience of our business model, supported by disciplined cost management and improved operational efficiency.

Let me now highlight some of the strategic milestones we achieved during the quarter. First, our international business spanning 6 countries outside of India turned operationally profitable in quarter 1 FY '26, marking a key milestone in our global expansion journey. This was driven by a cost-effective delivery model, leveraging our established onboarding and support teams in India, which has enabled us to maintain a lean cost structure along with a consistent addition of overseas clients contributing to steady revenue growth.

Over the past year, we have worked closely with a large retail conglomerate in the Middle East to support several of their retail businesses. And in quarter 1 FY '26, we secured a sizeable contract in Southeast Asia, further strengthening our presence in the region. Second, we also commercially launched our payment reconciliation module, UniReco, which enables sellers to streamline their receivables from e-commerce platforms and identify potential financial leakages.

Third, Uniware, our flagship platform achieved an annual transaction run rate of over 1 billion order items during the quarter, at par with the festive season quarter of FY '25, indicating consistent growth in volumes managed through our platform. Fourth, Shipway became PAT positive during the quarter.

Now coming to industry performance. While sector-wide growth remains subdued in quarter 1 FY '26. We remain focused on executing multiple initiatives within our controls to drive consistent growth in revenue and profitability, independent of broader market conditions.

First, we introduced several product enhancements on Uniware, including Blink Mode for faster processing of high-volume workflows, multilingual support for invoices and labels and feature upgrades for B2B and quick commerce order management. In quarter 1 FY '26, we reached an annualized run rate of 48 million items for quick commerce channels compared to 20 million items in FY '25.

Second, as highlighted earlier, we commercially launched our payment reconciliation modules, UniReco, whose initial feedback by early adopting clients has been positive. And third, we continue to focus on adding new clients with 88 new clients acquired in Q1 FY '26 as we continue to see strong sales momentum. Select additions this quarter include traditional as well as digital first brands such as Ajanta Shoes, Himalaya Wellness, Rupa, Lacoste, Richlook, SuperYou, Beyond Snack and Eat Better Company.

Turning to Shipway, it continued to see a strong adoption from new and existing customers. In line with our profitability focus, we also reviewed and restructured select low-margin accounts which resulted in a marginal decline in revenue but contributed to Shipway becoming PAT-positive during the quarter. However, the constant growth in the business has ensured that as of July, Shipway has already reached the highest-ever annualized run rate of INR80 crores to INR85 crores compared to approximately INR70 crores revenue in quarter 1 FY '26.

Product enhancements during the quarter included launch of an AI-powered chatbot, Loca, to help brands get instant resolutions for post-purchase issues like shipment tracking, delivery delays without human intervention, along with improving user experience and expanding system integration.

Convertway progressed steadily with feature additions aimed at enhancing WhatsApp message deliverability and enabling multi-agent functionality in the customer support module. In addition, we continue to embed AI across key operational functions, including code development, ticket resolution and client support, helping drive productivity and improve service outcomes.

In summary, disciplined execution in quarter 1 FY '26 has enabled us to maintain operational performance while continuing to invest in long-term platform strength. Looking ahead, we see multiple structural tailwinds supporting our growth trajectory. First, India's underpenetrated e-commerce market, which presents significant headroom for long-term expansion.

Second, a large and growing total addressable market of over US\$1.15 billion with notable opportunities in areas like courier aggregation through Shipway. Third, consistent new client acquisitions across all platforms, complemented by effective cross-selling to existing clients, introduction of new use cases and platform enhancements that unlock additional revenue streams. And fourth, continued growth in our international business, which is further diversifying our revenue base and expanding our overseas footprint.

As we progress through FY '26, our priorities remain firmly centered on disciplined execution, deepening our client engagement and continuously enhancing our platform capabilities, backed by a strong foundation comprising our integrated offerings across Convertway, Uniware and Shipway and a large and growing client base of over 7,000 businesses, we are well placed to strengthen our leadership in the e-commerce enablement ecosystem and unlock the next phase of sustainable growth.

Now I'd like to invite Anurag Mittal, our CFO, to share our financial performance. Over to you, Anurag.

Anurag Mittal:

Thank you, Kapil. Good morning, everyone. Quarter 1 FY '26 marked a strong start to the fiscal year, reflecting both top line momentum and continued improvement in operating profitability. Our consolidated revenue stood at INR449.3 million, representing a 63.6% year-over-year increase. Revenue growth during the quarter was supported not only by the continued scale of Uniware, but also addition of Shipway's business.

Adjusted EBITDA grew by 112% year-over-year to INR94.7 million, with margins expanding from 16.3% in quarter 1 FY '25 to 21.1% in quarter 1 FY '26, an increase of 482 basis points. The improvement in profitability reflects our continued focus on cost discipline, operating leverage from Uniware and operating profitability of Shipway.

Profit after tax rose to INR38.9 million, reflecting a growth of 10.8% Y-o-Y. The variance between PAT and adjusted EBITDA growth is attributable to a non-cash amortization expense of INR33.2 million related to intangible assets recognized from the acquisition of Shipway

Technology Private Limited. Excluding this non-cash expense, PAT for the quarter would have been INR63.7 million, representing a year-over-year increase of 81.5%.

EPS increased by 10.4% Y-o-Y to INR0.34 in quarter 1 FY '26 compared to INR0.31 in quarter 1 FY '25. ROE increased by 140 basis points Y-o-Y to 20.7% in quarter 1 FY '26 compared to 19.3% in quarter 1 FY '25. ROCE increased by 550 basis points Y-o-Y to 23.9% in quarter 1 FY '26 compared to 18.4% in quarter 1 FY '25.

Shipway Technology delivered consistent revenue performance during the quarter. As Kapil mentioned earlier, a planned review of low-margin accounts was undertaken to enhance profitability, resulting in a marginal and a temporary impact of revenue.

Encouragingly, Shipway's ARR as of July has already exceeded around INR80-85 crores in July, up from approximately INR70 crores in quarter 1 FY '26, demonstrating a rebound and strong underlying momentum. The synergies and cross-sell opportunities across our platform have materialized well in a short time, and we remain optimistic about continued progress.

To summarize, our performance this quarter underscores the strength of our operating model and our ability to grow efficiently. As we continue to strengthen relationships with existing clients, acquire new accounts and invest in platform enhancement to unlock incremental revenue opportunities, our focus remains on financial discipline and delivering sustainable profitable growth.

Further, we are pleased to announce the successful implementation of Oracle as our financial ERP platform during the quarter. This strategic move significantly strengthens our internal systems, processes and controls, laying a robust foundation for enhanced financial management.

Starting Q2 of FY '26, all financial reporting will be transitioned to ERP platform, allowing for greater efficiency, consistency and compliance across our reporting framework. We believe this advancement marks a key milestone in our commitment to operational excellence and financial transparency.

With that, I would now like to open the floor for Q&A. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Mridul Goenka from CLSA.

Mridul Goenka: So actually, three, four questions I had. So firstly, I think on the pricing in the stand-alone Uniware, I think that continues to remain subdued. Now it is below INR1.10 and down 50% Y-o-Y. So can you just briefly comment as to the competitive environment...?

Moderator: Sorry to interrupt. Mr. Mridul, may we request you use the headset to ask the question.

Mridul Goenka: Actually, first question is on pricing. Can you comment like what are the reasons for pricing to be soft in this quarter?

Kapil Makhija: So, as we mentioned in the last quarter earnings call as well that in FY '25, we had made a deliberate investment to accelerate adoption by offering lower minimum guarantees to select clients. And if you recall that in the initial period, the effective rate from these new clients usually

tend to be higher as we were charging a higher MG, but now to accelerate adoption with these new-age brands, we had taken a strategic call to lower these MGs to make it more affordable for these new age brands.

The second is that in this earnings call, we have also mentioned that we have seen a rapid rise of quick commerce volumes getting managed. So both the share of B2B and quick commerce volumes in our transaction mix has also increased. And these transactions, given their bulk nature, generally realized lower transaction rates. But this is too early for us to say as the relative mix of the B2B and quick commerce transactions will stabilize in due course of time.

So we will be able to comment on a steady-state rate in subsequent quarters. But as of now, I would say that it's been in the similar ballpark of 1.1 as we had mentioned, 1.1 to 1.2 due to some of these initiatives that we had taken in FY '25 and the slight increase -- a larger increase in quick commerce and B2B volumes are immediate focus areas, has resulted in a slight decline as you have observed.

Mridul Goenka: Got it. That's helpful. So prodding further on that line, can you briefly comment, out of your overall business, how much is the contribution from quick commerce? And what is the differential between pricing for quick commerce clients versus your regular clients?

Kapil Makhija: Like I said, it's very early days for us. So we are seeing good adoption of quick commerce and B2B amongst our client base. I think it's hard -- it's early days for us to comment the steady state contribution or the share of quick commerce overall volumes. And the rate for quick commerce vis-à-vis B2C is business sensitive. I think it will be difficult for me to share that.

Mridul Goenka: Okay. Not an issue. So maybe I think the next question...

Kapil Makhija: Sorry, we are losing you again.

Mridul Goenka: Yes. So actually, I wanted to know your top 10 client revenue proportion that has been completely shrinking, I mean, for the last several quarters. But it was decent to see some growth on a Y-o-Y basis. So can you just comment like are you incrementally gaining more wallet share within your top 10 clients? Or is it there is a huge churn in the top 10 clients? Just wanted to get a sense as to how your top customers are growing along with you?

Kapil Makhija: Sure. Sumit, I'm assuming this is for the stand-alone business. As you would recall, we had mentioned that as far as Uniware is concerned, we have 100% wallet share because the brand uses a single OMS for their operations. So there is no question of wallet share as far as our stand-alone Uniware business is concerned.

The overall relative share of top 10 clients has been consistently declining, which is a result of our focused effort in diversifying our client base. We have seen a steady growth in the number of clients using our platform.

And we have seen both traditional brands as well as digital first brands using our platform steadily growing as the e-commerce market grows. So the relative share decline of top 10 clients is a result of our focused effort in accelerating our client base and diversifying it further.

- Mridul Goenka:** Got it. But I think on an absolute basis also your top 10 clients' revenues have come down by almost 28%, 30% on a Y-o-Y basis. So what is the reason for the absolute revenue shrinkage?
- Kapil Makhija:** I think it's a function of others also growing. Like I stated, our client base has increased. So the relative share has come down because our broader base continues to increase and we continue to see a strong acceleration of new clients getting added to our customer base.
- Mridul Goenka:** All right. I get that point, but my point is your top 10 clients must be growing, right, given that e-commerce is still growing in double digits as an industry. So in terms of your transaction volumes then they should also see a double-digit growth. I'm not sure about the pricing. So that's where I wanted to prod further, like how your top 10 client proportion is growing on an absolute basis.
- Kapil Makhija:** So top 10 clients, given that we manage 100% of their dropship volume, top 10 clients have grown in line with the market growth. I can confirm on this call that there have been no logo churn among the top 10 customers.
- Mridul Goenka:** Okay. Got it. And finally, on Shipway, I think you mentioned that there was some planned pruning of non-profitable accounts. And on a Y-o-Y basis, I guess your growth was close to 20%, if I'm not wrong.
- Kapil Makhija:** Y-o-Y basis, we do not have the Shipway numbers because we have started consolidating this from 17 December when the first tranche was completed. On a quarter-on-quarter basis, there has been a slight decline because of the reasons that we had mentioned that we have restructured some of the select low-margin accounts to ensure that Shipway becomes PAT positive. But we have -- the business continues to grow month-on-month and has shown consistent growth because of which our July revenue (wrongly said, kindly read it as ARR) is INR80-85 crores, which is our highest ever for Shipway compared to INR70 crores revenue in quarter 1 FY '26.
- Mridul Goenka:** Got it. So what is the organic potential for Shipway business going forward?
- Kapil Makhija:** See, Shipway operates in a large TAM of nearly INR4,000 crores, Sumit. So I think there's significant headroom for growth. I think the journey has just started and Shipway can continue to tap into this large customer base of social media sellers, brands selling on their own website. So while there is a large pool of Unicommerce customers, there is a large market even outside of Uniware's customer base where Shipway can continue to target.
- I think the journey has just started, and we feel that this can continue to grow aggressively. In fact, as we have consistently maintained that all our new products are our engines for growth, including Shipway, Convertway and UniReco. Amongst that, Shipway is expected to be the largest driver of growth for us from these new products.
- Anurag Mittal:** And Sumit, in addition to what Kapil mentioned, I also mentioned in my speech that our growth momentum continued in July as well, which clearly demonstrates what we are seeing. In fact, with the Shipway's ARR increasing to highest ever ARR of INR80 crores, INR85 crores compared to INR70 crores in quarter 1 FY '26 itself. So there is definitely a significant potential for Shipway in the logistics market, and we are quite positive about the future potential of Shipway.

- Mridul Goenka:** Got it. Sir, would it be fair to assume that the growth in Shipway would be higher than your stand-alone business given the potential what you mentioned?
- Kapil Makhija:** Yes. So see, Uniware is a stable platform. It's been matured, built over more than a decade. So the stand-alone business will continue its journey of market plus plus growth. Shipway, given the large TAM it operates in and it's a relatively newer entrant in this space, we feel that the growth potential of Shipway is far higher than the stand-alone growth.
- Moderator:** The next question is from the line of Arvind Arora from A Square Capital.
- Arvind Arora:** Congrats on good set of numbers. So Kapil, my first question on profitability level at Uniware product. So despite the revenue is flat, our PAT has grown. So could you please throw some light where we worked on to improve the operational efficiency and how it looks like? Will this sustain or like there would be a dip or something like that?
- Kapil Makhija:** As I mentioned earlier as well that Uniware's platform is fairly stable. We've built it over a decade now. So we have realigned our investments in the platform to align with the requirements of the platform because of which we see strong operating leverage in the business.
- We have realigned our investment essentially related to people costs because now with the help of AI, we are able to do things a lot faster than what we could do a year ago because of which we've been able to build a lot of people-related efficiencies, and you would see a material decline in our people costs on the stand-alone business.
- And the business inherently has an operating leverage, we have demonstrated it over the last few quarters already, but we've been able to take it even further by building internal efficiencies, thanks to AI for not only product development, but even other areas like client support, customer success, etcetera, because of which we are seeing a significant improvement in the cost base resulting in improvement of our PAT.
- Arvind Arora:** So, Kapil, then PAT margin -- sorry, yes.
- Anurag Mittal:** So in addition to what Kapil also mentioned, I also wanted to call out that our flagship Uniware platform is very mature now and stable product, requiring minimum incremental investment now. And as a result, we have further improved our profitability through disciplined cost management and our use of AI anyway, right? And this has enabled us to realign our manpower cost to the level of appropriate investment. And definitely Uniware continues to drive expanding profitability for us.
- Arvind Arora:** Understood. So is it like this PAT margin may improve further from here as well?
- Anurag Mittal:** Definitely.
- Arvind Arora:** Okay. And so if I look at Uniware, our volume growth year-on-year is 19%, correct? And if I look at customer addition side, so last year our customer was 855 and it increased to 979. So there is a net-net 14% growth in the customer addition. So this growth is coming from customer addition or how it is? Like how we should look at these operational metrics?

Kapil Makhija: Yes. So our growth is a function of multiple factors. One is the market growth. So our existing clients because we charge for transactions. So as our existing clients grow in line with the market growth, we stand to gain from that.

The second lever of growth for us is new client additions. The third lever is new products or like we just recently commercially launched UniReco. So we are able to upsell and cross-sell our existing customer base on these new products.

And fourth is the international expansion. We continue to add new logos in the international markets as well. So our growth is driven by a combination of these 4 factors. I hope that answers your question.

Arvind Arora: Yes, but then at the customer level, our rate or charges will not increase? Is it like that?

Kapil Makhija: Yes. So first of all, I wanted to clarify on the transaction growth. A lot of our transaction growth is driven by new customers getting added. And we charge a minimum guarantee from these enterprise customers in which we bundle certain number of transactions in this cost.

As the new customers start using the platform, a lot of this transaction growth gets subsumed in the minimum guarantee that these new clients pay us because of which the transaction growth doesn't translate into the revenue growth always.

And secondly, I think Sumit before you had asked the question on the rate, our rate continues to be in a similar ballpark of 1.1. And so hence, our revenue growth is a result of the 4 factors that I mentioned, but the transaction growth in absolute cannot translate into revenue growth because a bulk of this transaction growth get consumed in the minimum guarantee that the new clients are paying us.

Arvind Arora: Okay. And Kapil, what is the overlap as of now or is there any headroom now?

Kapil Makhija: Sorry, what is?

Arvind Arora: What is overlap as of now? Since last quarter we discussed like we can also get the client from Shipway acquisition and there was overlap of 13%, if I'm correct. So what is status there? And are we -- whatever client that we are seeing as new acquisition, is it coming through Shipway acquisition or how it is?

Kapil Makhija: Sure. I think I just want to clarify that in the last quarter's earnings call, we had mentioned that the overlap had crossed 10%. Our overlap continues to be in the similar ballpark of 10%, which we reported in the last quarter.

In terms of Uniware client acquisition, the levers for client acquisition for Unilever is a mix of outbound sales engines where the team is reaching out to various prospects, qualifying the leads and giving it to the sales team.

Second is inbound. We have digital marketing channels as well as we participate in events, both third-party events as well as conduct our own events. We have conducted various e-commerce evangelizing initiatives such as e-Kumbh, which is focused on smaller cities. We have conducted it in the cities of Surat, Lucknow, Ludhiana, Jaipur, etcetera.

And the third is partnerships. We continue to foster partnerships with ecosystem players, service providers, which help us provide business opportunities. So these 3 are our GTM levers.

The cross-sell motion largely works for Shipway where we continue to showcase our new solutions, including Shipway, Convertway and UniReco to our existing customer base of nearly 7,000 clients.

Arvind Arora: Okay. So is there any update, like are we changing or anything we are doing so that our overlap can increase from here or this is the mix where we can go, like 10% overlap?

Kapil Makhija: No. So I think the overlap will continue to grow as we continue to showcase these new products to our existing customer base. More and more customers will start adopting these solutions. But also you have to keep in mind that both businesses are growing in terms of client base.

So the overlap percentage will be a function of the common client base divided by the overall client base. Since both numbers are growing, we can't really comment on how much this overlap percentage will increase, but the absolute quantum of common set of clients, which are using both Uniware and Shipway continues to increase.

Arvind Arora: So this 88 new clients that we have added during the quarter, is it like an organic growth for Uniware?

Kapil Makhija: Yes. This is organic growth through the 3 leading channels that I mentioned, this is outbound, inbound and partnerships. We have added 88 new clients in quarter 1 FY '26.

Arvind Arora: And last question, Kapil, on any update on acquisition part? And as you are seeing, we are focusing on one-stop solution from e-commerce, correct? So where we feel we are -- we also need to be there in the particular field?

Kapil Makhija: See, as you rightly mentioned, our vision is to become a one-stop shop for e-commerce enablement. And in line with that, we continue to explore opportunities and white spaces that can be relevant for the brands we are serving.

And there continue to be many white spaces that are present because e-commerce is a fast-evolving industry. So new white spaces keep getting created. And in particular in the prepurchase segment where we just got an entry through a solution called Convertway, we feel that it's fairly wide open.

So there are many white spaces that continue to be there, and we will continue to explore both organic and inorganic expansion through either our product launches or a strategic acquisition to be able to serve the e-commerce ecosystem being a one-stop shop for e-commerce enablement.

Arvind Arora: Any update on the acquisition part or any negotiation that is going at a final stage or something like that, Kapil?

Kapil Makhija: No. So I think we continue to explore, like I said, continue to explore various white spaces and continue to evaluate whether it makes sense to do it organically or inorganically. I think none of

those conversations are mature enough for us to be shared with the wider forum today. But whenever we have something concrete, we'll be happy to share it with the wider forum.

Moderator: The next question is from the line of Rajvi from Sohum Asset Managers.

Rajvi: So basically, I wanted to touch upon the organic growth part and the Shipway part. So first question on that would be, sir, I want to know whether Shipway has some kind of a seasonality on a quarterly basis. So you just -- I want to take into account how do I manage the revenues over a quarter-on-quarter basis, considering the annual revenue of roughly around INR85 crores? So just wanted some color on it?

Kapil Makhija: Sure. So see, as both Shipway and Uniware operate in the e-commerce ecosystem, e-commerce has got some inherent seasonality where the festive quarters generally tend to be better. But I just also want to highlight that Shipway is a relatively new entrant in a large market space.

So there is a huge headroom for growth for Shipway to grow. So I think we will continue to see a consistent growth in Shipway, and we may not see the impact of seasonality as much in Shipway because it's a fast-growing business.

In a mature business like Uniware, you will see impact of seasonality, which is because we are serving a large customer base and we have virtually become an index to e-commerce, processing more than 1 billion transactions annually on our platform. And hence, you will see a more profound impact of seasonality on the more mature business, which is Uniware.

Rajvi: Okay. And sir, considering no seasonality, if I do my numbers and if I exclude the Shipway revenue from it, can we say that the organic revenue had degrowth during the quarter? On year-on-year basis I'm talking about.

Kapil Makhija: As I mentioned that the growth of the stand-alone Uniware business is in line with the market growth. It has not degrown quarter-on-quarter or year-on-year basis. It continues to post a moderate growth, but that's broadly in line with the market growth. As I mentioned, the seasonality will have a lot more profound impact on a mature business like Uniware.

But having said that, honestly, the market growth is something that we cannot control. What's in our control is where we are -- our focus is. We continue to add new clients. We have added 88 new clients across traditional and digital businesses. And we continue to launch new products and significantly upgrade the capabilities of our existing products so that we continue to serve the ecosystem.

Rajvi: Got it, sir. And sir, on the capitalization of employee expenses that was done even in this quarter, I just would like to know your views as in how much is this going to continue in quarters to come? Like the absolute number of employee cost is down. I understand that one of the adjustment in there was transfer of few of the employees to the parent company. And I think the second one was this. So just want to understand how the employee cost going forward will pan out considering the adjustments done.

Anurag Mittal: So Rajvi, we have done capitalization of near about INR1.5 crores in this quarter 1 FY '26. And the purpose of doing this capitalization is to bring that UniShip product to a terminal stage. We

don't anticipate to do capitalizations in the subsequent quarters. We in fact, no major capitalization is anticipated in quarter 2 onwards.

And our endeavor is to make sure that we should be able to roll out these technologies within quarter 2 itself. So our product and technology teams are working dynamically to make sure that we should roll out these technologies as quick as possible in quarter 2 itself.

Rajvi: So the employee expenses will normalize, right, in the next quarters to come?

Anurag Mittal: So in fact, employee expenses are already normalized subject to this INR1.5 crores of capitalization we have done. And in fact, to be honest, in fact the employee expenses are quite sustainable. Our employee benefit expenses has changed due to 2 factors largely.

The first, we have continued to improve our process efficiency, including substantial use of artificial intelligence in daily operations and technology development. This has actually allowed us to operate with a leaner and more agility.

Rajvi: Okay. And sir, on the amortization cost, so we are expecting it to remain as it is or it will come down?

Anurag Mittal: So amortization expense, in fact, while we spoke about this capitalization part in the Shipway, we believe that the group is in a process of integrating these internally developed solutions with the technology acquired through the business acquisition of Shipway Technology Private Limited.

And the integration is expected to enhance Shipway's existing product capabilities, facilitate deeper market penetration, extend the useful life of Shipway brand and strengthen customer relations.

So, upon successful completion of the integration which is scheduled and planned in quarter 2 itself, the company will evaluate the useful life of combined developed and acquired technologies and accordingly the amortization will further reduce subsequently in the quarter 2 and onwards.

Rajvi: Okay. And sir, there were revisions made in the valuations of Shipway as in the rest 57% which was acquired. So any reason or any color that you can give on that front?

Kapil Makhija: Could you please repeat your question, Rajvi? It wasn't very clear to us.

Rajvi: Yes. I was talking about the revisions in valuation of Shipway made. So the remaining 57% that was acquired, that was acquired at a higher valuation. So just wanted some color on why this revision had to happen.

Anurag Mittal: So, Rajvi, while we did the tranche 1 the valuation was around INR160 crores. And the tranche 2 completion -- in fact tranche 1 was our cash transaction, but tranche 2, we did an addition of INR179 crores (wrongly said, kindly read it as: we did at the valuation of INR 179 crores). So there is an upside of the valuation, reason being there was the increase in the business size. By that time we completed the tranche 2. Hence there was an upside in the valuation of our company.

Moderator: The next question is from the line of Sahil Doshi from Thinkwise.

Sahil Doshi: I think my first question pertains to the stand-alone business. We've done a fabulous job in terms of client additions. The transaction growth has been relatively strong compared to the industry. But the real point is actually the revenues have actually remained in the same range for the last 4 quarters, right, just INR1 crores or INR2 crores here and there.

But we aren't really seeing this translating into real profitable revenue growth in that sense, if I had to put it. So could you just really quantify because you'll constantly be on a treadmill to add new clients. There will be always new set of clients coming in and there will always be churn there. So what -- could you possibly tell us when do we really start seeing the revenue growth coming in the business?

Kapil Makhija: So as we mentioned that the growth of Uniware stand-alone business is a result of the overall market growth. And like I mentioned, that's something we cannot control. So we continue to add new clients.

We feel that there is -- there continues to be a large market out there where in the earlier discussions in the earnings call, we had mentioned that in the -- even today, we feel that about 80% to 85% of the market of dropship market because it's fairly nascent, still uses Excel or manual operations to manage their e-commerce business.

As a result, as the complexity of the e-commerce ecosystem increases and the overall scale of the ecosystem increases, we believe that a lot more businesses will look for software where given that we are the largest player in the market, we continue to have a top-of-the-mind recall for opting for solution.

So I don't think that we will see any slowdown in terms of new client acquisitions, that will continue to grow strong. And as we had demonstrated in our FY '24 and FY '25 results, the new client acquisition continue to contribute consistently in the growth.

Our growth in the last couple of years has been a bit subdued largely because of the overall market growth, and it's hard for us to predict when this market growth is going to come back. Although we do see the initial signs of quarter 2 in terms of the sales season of Raksha Bandhan and Prime Day sales, we have seen a higher growth compared to the summer sale that we saw in Q1.

But it's hard for us to say whether that's representative for the full quarter. But at least the sales season, at least in quarter 2 has been a bit encouraging. But I think once the quarter completes, we'll be able to comment further on whether the market growth is coming back, which should translate into higher growth for Uniware stand-alone business as well.

Sahil Doshi: So, Kapil, I'll just rephrase this. I understand on the market outlook, see, we've been having consistently a 20% plus transaction growth. So when you say market growth, what is the level you would want for that to give you the ability to take pricing growth as well for us to see at least double-digit kind of revenue growth?

And secondly, if you can possibly just to help us understand this and get more comfort, could you quantify how much of this transaction growth is today not or below the minimum guarantee

so that we know that there's no revenue contribution and possibly in the future what the team is trying to build will actually translate into revenue growth?

Kapil Makhija:

Yes. So first of all, addressing the point about 19% transaction growth. As I mentioned, a lot of this transaction growth is a result of new client acquisition and bulk of this transaction growth gets subsumed in the minimum guarantee that the new clients are paying us.

The strong client acquisition that we've got in Q1 and hopefully will continue in subsequent quarters should help us in driving the growth in subsequent quarters. In addition, given that the market has been relatively subdued in the last 2 years, we have also built new products as well as significantly upgraded the capabilities that our existing products had, to ensure that they become our future levers of growth in the stand-alone business.

So we -- as I mentioned before as well, that we continue to focus on initiatives which are in our control in driving sales acquisition and building new products and enhancing our product capability so that we continue to serve the ecosystem and are able to deliver growth. And if the market is able to show a higher growth as we've seen some initial signs of that in quarter 2 sales, we should be able to see a higher growth in subsequent quarters.

Sahil Doshi:

When you say growth, you mean absolute revenue growth, right? I'm just trying to understand that.

Kapil Makhija:

Absolute revenue growth, I meant. And also like while the stand-alone business, we had anticipated that the growth is probably not going to be high given the market conditions. We've ensured that we continue to optimize the cost and focus on delivering high levels of profitability and high levels of operating leverage, even higher levels of operating leverage this year compared to previous few years.

We have leveraged AI to optimize our internal processes, are able to build a lot more than we did in the last couple of years to ensure that we are able to do it with a leaner team and continue to deliver high levels of profitability.

So the way we are structuring the business is that the new products will continue to channel growth for us, while the existing mature business, which is Uniware, will continue to drive or contribute large pools of profitability. Having said that, we continue to focus and drive initiatives which can drive growth in the stand-alone business as well.

Sahil Doshi:

Sure. Just I don't think these questions were answered. Could you possibly quantify how much of this INR25 crores transaction processed this quarter was nonremunerative or something of that sort, just to get clarity? A ballpark...

Kapil Makhija:

I think that will be business sensitive for us. We do publish our NRR at an annual level. So that becomes an indicator of the growth from the existing customers, which broadly has been in line with the market growth as we have published in FY '24 and FY '25. So I think as the numbers mature through the year, I think by the end of the year we should be able to publish NRR number.

Sahil Doshi:

Okay. Sure. And just lastly on Shipway, I just wanted to get a sense on the competitive dynamics. Are we seeing pricing environment getting better or adverse because of consolidation in the market, which we are seeing at least on the courier and the e-commerce delivery guys at least?

Kapil Makhija: I think as I mentioned that we are a relatively small player in a large market. So we are not seeing that play out for us yet. And I think there are enough and more logistics partners for which the need for aggregation will continue to be strong.

Because of the diversity of the Indian landscape and the complexity of the e-commerce ecosystem, particularly when a brand is trying to sell on their website or on social media. So we haven't seen any sort of decline in the demand for it and the market continues to be large enough, which shows that there is significant headroom for growth for Shipway.

Sahil Doshi: It's on the pricing environment?

Kapil Makhija: Yes. So I think given one of the key synergies that Shipway got after acquisition by Unicommerce was because of our strong commercial arrangements with the courier partner at a group level because which Shipway has been able to leverage the benefits of that and pass on the benefits and one of the key levers of Shipway becoming PAT positive and breakeven was a result of the direct cost benefits that Shipway was able to derive due to group level synergies. So far we've not seen any impact on our pricing because we've already got enough benefit thanks to the group level synergies.

Moderator: The next question is from the line of Shreyans Gathani from SG Securities.

Shreyans Gathani: I just wanted to follow up on one of the questions from the past participants. On the -- so if I look at the top 10 customers' revenue, right, so like last year's comes to around INR58 crores versus now it's INR42 crores (wrongly said, kindly read it as: so like last year's comes to around INR58 million versus now it's INR42 million).

So when you say that they're growing in line with the market and there's no loss or anything as such, like I'm trying to understand like if the minimum guarantee was offered to them or what am I missing here, like it's down by 28% or so. So like how do we look at it? If you can help me understand this revenue contribution from the top 10 customers?

Kapil Makhija: Yes. I think it will be difficult for us to comment on the specific business profile of the top 10 customers. But what I can tell you is that 100% of the top 10 business continues to be managed on us, and there has been no logo chum amongst the top 10 customers. So the performance of the top 10 customers in absolute is a reflection of their own business growth. And all of the entire business still continues to be managed on Unicommerce.

Shreyans Gathani: Okay. And second question is on the international business. So you mentioned the Middle East, there is a large contract. So is the contract like different in nature from like a domestic business or like it's a fixed revenue contract or how does that work? Like the model is the same or different there?

Kapil Makhija: I want to clarify the large contract from Southeast Asia, while we do continue to work in Middle East with the large retail conglomerate where we are onboarding various of the retail businesses onto our platform. This large contract in Southeast Asia is similar to how we do it in the domestic market as well, where it is linked to the expansion of the business as we do in the domestic market.

And the product deployment is also similar. So it's a common stack that we are -- like we have always maintained that we built our technology like a platform as the common platform gets deployed across various clients and it gets configured depending on the use cases of a particular client. In the same way for this large contract in Southeast Asia, we are configuring the platform to be able to suit their use case.

Shreyans Gathani: Got it. So at this point, what contribution would be coming from the international business?

Kapil Makhija: Yes. So the international business is roughly 4% to 5% of the overall revenues.

Shreyans Gathani: Okay. And what kind of growth do we expect from the international business in terms of -- like just trying to understand like pricing differential versus domestic and revenue growth coming in from there, if that's going to be in line with the client growth or like is it priced higher?

Kapil Makhija: See, we continue to see a steady traction in our focused geographies in Middle East and Southeast Asia, and we are scaling it in a calibrated and capital efficient manner. In terms of our, again, pricing in international markets versus domestic markets, that's business sensitive.

But I think international business is still -- in these markets, and we have carefully chosen these markets in Middle East and Southeast Asia because we feel that these markets are in terms of e-commerce evolution are a few years behind Indian e-commerce and hence the product and the platform that we have developed is readily usable in these markets.

So I think the dropship model in terms of the scale and complexity is yet to see the peak that Indian e-commerce has seen. And hence, the volumes being managed of these businesses in these markets are relatively lower compared to India, both the scale and the complexity.

But we -- again, the pricing continues to be slightly higher in these markets compared to India, but it's early days. It's still only 4% to 5% of our overall revenues. And as the e-commerce ecosystem in these markets evolve, I think the pricing as well as the use cases in these markets will stabilize and mature over in due course of time.

Shreyans Gathani: Got it. Sir, last question was on you -- in the last -- I think last quarter or the quarter before that, you mentioned that you're starting to have like certain price escalation clauses in the contract. So like when do those start kicking in? Like when did we start doing that, if you could give some color on that?

Kapil Makhija: Yes. So as you would recall, we had mentioned that the price escalation has been introduced on the new contracts since last year. The benefit of that will start accruing in the later part of this year as more and more contracts complete the year through FY '26.

We are also carefully observing the impact of the price escalation on the new contracts, and we hope to extend this to our existing contracts as well. And if we are able to do this for existing contracts in this year, the benefit of that should accrue in the following year.

Moderator: I now hand the conference over to Mr. Kapil Makhija for closing remarks.

Kapil Makhija: 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, and have a good day.

Moderator:

Thank you. On behalf of Unicommerce eSolutions Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.