November 17, 2025

National Stock Exchange of India Ltd.
Exchange Plaza, C – 1, Block G
Bandra-Kurla Complex, Bandra (E),
Mumbai-400 051
Symbol: UNIECOM

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai 400 001
Scrip Code: 544227

Subject: Q2 and H1 FY26 Earnings Conference Call-Transcript

Dear Sir/Madam,

Greetings from Unicommerce eSolutions Limited.

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith the transcript of the Q2 and H1 FY26 Results Conference Call held on Wednesday, 12th November, 2025 at 09.00 A.M. (IST) for the quarter and half year ended on 30th September, 2025.

The same is available on the website of the Company at https://unicommerce.com/

Please take the aforesaid document on record and oblige.

Thanking you,
For Unicommerce eSolutions Limited

Anil Kumar

Digitally signed by Anil Kumar
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Date: 2025.11.17 17:33:20 +05'30'

Anil Kumar
Company Secretary
Membership No. F8023

Encl.: as above

"Unicommerce eSolutions Limited
Q2 & H1 FY26 Earnings Conference Call"
November 12, 2025

"E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 12th November 2025 will prevail."

MANAGEMENT: **MR. KAPIL MAKHIJA – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER**
MR. ANURAG MITTAL – CHIEF FINANCIAL OFFICER
STRATEGIC GROWTH ADVISORS – INVESTOR RELATIONS ADVISORS

Moderator: Ladies and gentlemen, good day, and welcome to Unicommerce eSolutions Limited Q2 and H1 FY26 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 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. 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. We are pleased to welcome you to the quarter 2 and H1 FY26 Earnings call of Unicommerce eSolutions Limited. Joining me today is Anurag Mittal, our CFO along with Strategic Growth Advisors, our Investor Relations Advisors. Quarter 2 FY26 maintained the strong momentum established in quarter 1 FY26 with disciplined execution across revenue growth, profitability and our key strategic initiatives.

We are pleased to report another strong quarterly and half yearly performance. Our consolidated revenue grew 75.3% year-on-year to INR51.4 crores in quarter 2 FY '26, taking our annualized revenue run rate to over INR200 crores for the first time, up from approximately INR110 crores at the time of our listing in August 2024.

Our adjusted EBITDA increased 85.1% year-on-year to INR11.4 crores in quarter 2 FY '26, driven by cost discipline and operating leverage. This is also the first time our annualized adjusted EBITDA run rate has increased to over INR45 crores and is expected to sustain this level given the strong operating leverage in the business.

These results reflect the continued resilience of our business, supported by strong growth for Shipway and increasing profitability from our Uniware platform. Shipway remained PAT profitable and continue to demonstrate strong growth. Its revenue run rate increased from nearly INR70 crores in quarter 1 FY '26 to around INR90 crores in quarter 2 FY '26, rising 26% in a single quarter and nearly 50% higher from the INR55 crores to INR60 crores revenue run rate since the acquisition announcement last year.

Uniware continued to perform at scale, achieving an annual transaction run rate of over 1.1 billion order items. The platform saw 100-plus enterprise client additions across both traditional brands and digital-first brands across different industries. Our total enterprise client base hit an important milestone by crossing 1,000 clients during the quarter.

Quick commerce throughput on Uniware also demonstrated a remarkable growth, crossing an annualized run rate of over 72 million order items, up from 48 million order items in quarter 1 FY '26. We also launched UniCapture, a video management system capability as an extension to Uniware that records shipment footage as proof for dispute resolution processes to reduce return-related losses and to improve transparency for our clients. This further enhances Unicommerce's position as a one-stop shop for e-commerce enablement, driving greater stickiness amongst our existing customers.

Coming to the market performance for the quarter. We continued to see similar consumer activity as previous quarters. This was a result of 2 factors.

First, the Shradh period came entirely in the month of September this year, along with the anticipation of favorable GST policy changes and possible price reductions in certain categories, which led certain consumers to defer purchases. That said, we saw encouraging signs towards the end of the quarter in terms of transaction growth.

The festive season performed better than last year with revised consumer sentiment, the rollout of GST 2.0 and strong offers from major e-commerce marketplaces. Demand momentum picked up late in the last 10 days of quarter 2 and continued into quarter 3. We expect this improvement to show up more clearly in quarter 3 results.

As I mentioned earlier, we are already operating at an annualized revenue run rate of over INR200 crores, which reinforces our strong trajectory for the year ahead. Meanwhile, we remain focused on initiatives within our control to drive revenue growth and profitability. During the quarter, we continued to strengthen our platforms through innovation across key areas aligned with our vision of being a one-stop shop for e-commerce enablement.

As I mentioned earlier, we launched UniCapture, a video management system as an extension to Uniware that records shipment footage to improve transparency, and reduce return-related losses during claims. For Shipway, the ShipSense AI module optimizes courier allocation by automatically selecting the best fit courier using AI, reducing shipping costs and improving delivery success.

On Convertway, we improved our COD to prepaid journey to help reduce RTO returns and improve margins for our clients. Alongside these, we introduced several other enhancements across the platforms such as flexible B2B return management and improved inventory reservation for Uniware, adding estimated delivery date widget for client website and upgrading NDR processes with select courier partners for Shipway and automated Instagram responses for Convertway. We continue to build products and features that help our clients scale efficiently and improve their customer experience.

Going ahead, we will continue to benefit from several structural tailwinds to support our growth trajectory.

First, India's e-commerce market remains significantly underpenetrated, offering long-term growth potential.

Second, a large total addressable market of over USD 1.15 billion across our platforms with particularly strong opportunities in courier aggregation through Shipway.

Third, consistent new client additions across segments, supported by implementation of new use cases through new product launches as well as product enhancements.

And fourth, steady growth in our international business, which is further diversifying our revenue base and expanding our overseas footprint.

In summary, our priorities for the second half of the year remain disciplined execution, expanding our client base and continuously enhancing our platform capability. We have scaled materially from a pre-listing annualized revenue run rate of approximately INR110 crores to over INR200 crores as of quarter 2 FY '26. With our comprehensive product suite across Convertway, Uniware and Shipway and a client base of 7,500-plus businesses, we are well positioned to grow sustainably and profitably.

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. We are pleased to report continued growth momentum through Q2 and the first half of FY '26, reflecting strong top line momentum and continued improvement in operating profitability. For Q2 FY '26, our consolidated revenue stood at INR51.4 crores, a 75.3% year-over-year increase. The growth was supported by the consistent scale of Uniware and the sustained momentum of Shipway.

Adjusted EBITDA, which reflects our operational profitability grew by 85.1% year-over-year to INR11.4 crores. Adjusted EBITDA margin stood stable at 22.2% in quarter 2 FY '26 compared to 21% in quarter 2 FY '25. The improvement in absolute profitability was driven by effective cost control, AI-enabled operational efficiencies and Shipway's continued PAT positive performance, which together enhanced overall operating leverage.

Profit after tax rose 29.2% year-over-year to INR5.8 crores in quarter 2 FY '26, compared to INR4.5 crores in quarter 2 FY '25. Excluding the noncash amortization expense related to Shipway acquisition, our PAT would have approximately INR6.6 crores, reflecting a year-over-year growth of 46.5%.

Earnings per share also increased 25.7% year-over-year to INR0.50 in quarter 2 FY '26 from INR0.40 in quarter 2 FY '25.

On a half year basis, the company delivered strong financial performance. Our consolidated revenue for H1 FY '26 grew 69.6% year-over-year to INR96.3 crores compared to INR56.8 crores in H1 FY '25.

Our adjusted EBITDA increased 96.4% year-over-year to INR20.9 crores with margins expanding to 21.7% in H1 FY '26 from 18.7% in H1 FY '25, an improvement of 296 basis points, reflecting strong operating leverage for the company. Profit after tax rose 21.1% year-over-year to INR9.7 crores in H1 FY '26 compared to INR8 crores in H1 FY '25.

Excluding the noncash amortization expense related to Shipway acquisition, our PAT would have been approximately INR12.9 crores, reflecting a year-over-year growth of 61.9%. Earnings per share also increased 19.5% year-over-year to INR0.85 in H1 FY '26 from INR0.71 in H1 FY '25.

As of September 30th, 2025, our cash and bank balances stood at INR63.4 crores compared to INR35.3 crores as of March 31, 2025. Net cash flow from operations improved to INR29.7 crores in H1 FY '26, up from INR16.1 crores in corresponding period last year, reflecting strong operating performance.

As Kapil mentioned earlier, Shipway continued its strong momentum and remained PAT positive. The business delivered around 26% sequential growth with its revenue run rate increasing from approximately INR70 crores in quarter 1 FY '26 to over INR90 crores in quarter 2 FY '26, about 50% higher from INR55 crores to INR60 crores within a year of the acquisition announcement. We remain confident about continued progress in the future.

Looking ahead, our focus remains on maintaining financial discipline with delivering sustainable profitable growth through engagement with our existing clients, adding new clients and investment in platform enhancements. Having crossed an annualized consolidated revenue run rate of over INR200 crores and adjusted EBITDA run rate exceeding INR45 crores, we have demonstrated both sustainable operating leverage and the growing scalability of our platform. Our strong execution, innovation and integrated platform approach position us well to capture the next phase of opportunities in the fast-evolving e-commerce landscape.

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 Ananya Nichani from Thinqwise Wealth Managers LLP.

Ananya Nichani: Yes. So my first question was on account of the realization per transaction. I've seen that it's weakened in this quarter as well to 1.076. It's fallen about 15%. So what's the reason for that?

Kapil Makhija: Sure. So as I mentioned in earlier calls as well, the rate per transaction is a function of multiple factors. Last year, we have taken the strategic decision of supporting some of these early-stage brands by lowering our minimum guarantee in onboarding new customers. In addition to this, we have also seen an increasing share of quick commerce volumes or B2B volumes as we have built -- extended our WMS to support quick commerce and bulk use cases.

In this, our realization per transaction is slightly lower compared to the standard B2C transactions. But to counter the impact of these two factors, what we have also done is introduced price escalation in our new contracts. The impact of that should start being visible in H2.

And once we see the acceptance of the clients because as they come up for renewal and the clients accept this price escalation clause, we will be extending this for our existing client base as well in the subsequent year. Another thing we are doing is to introduce new features, new modules to upsell our existing customer base.

So we have two balancing factors against the lower MG and the increasing share of B2B/quick commerce volumes to counter the impact of that, we have introduced these. Now our rate per transaction is a mix of how these factors play out. Right now, as a management team, we believe that our rate should stay ballpark in this range. And our rate has broadly stayed in this range of this 1.1. So it should continue to stay going forward as well.

Ananya Nichani: My second question is on account of client attrition. So in the previous quarter, you had 979 enterprise clients. And then this quarter, you have 1,023. So I'm assuming you added about 100-plus clients. So about 60 clients have left you. These are enterprise clients. So I'm just wondering that why are enterprise clients leaving the company? Like are they going to competitor platforms or are they going back to Excel or are they shutting down? Yes, that's my question?

Kapil Makhija: Sure. I just want to clarify that when we say an enterprise clients, these are clients using our enterprise plan. It doesn't necessarily mean that it's a large logo. It could be a small seller having good e-commerce volume and/or like they are in the journey of e-commerce, where they are growing and they want higher features.

So, for example, our SMB plan today only offers order management system, but if they need a warehouse management system and ERP integration, they need an enterprise plan, and it is irrespective of the scale depending on the use case. So it is effectively the enterprise plan is volume for the use case.

The churn that we see, e-commerce is a volatile industry, as we all know. So the churn of customers that we see are broadly in the long tail, where the three biggest reasons of churn for us are either the clients are shutting down or they're stopping to sell online or they move from drop ship model to the outright or fulfilled by model.

I would like to call the attention of everyone that there are 3 models of e-commerce in India, an outright model, where a platform is buying inventory from a brand, a fulfilled by model, where a brand is keeping stocks in a Flipkart or Amazon warehouse. And when the customer places the order, it is a Flipkart or Amazon staff that is shipping the goods to the end customer.

And a drop ship model, where a brand is controlling the end-to-end experience for a customer by shipping the goods that are lying in their own warehouse or in the warehouses of a third-party player. So if somebody moves -- a brand moves their model from drop ship to other models, our solution is not very relevant. It is most aligned to the drop ship model.

Ananya Nichani: So you're saying it's because of clients shutting down or...

Kapil Makhija: Yes, majority of them. Very rarely do we see a client moving to other platforms. Our biggest reasons of churn are the 3 that I described, clients shutting down, client deciding to stop selling online, clients moving from drop ship to any other model.

Ananya Nichani: So these are all D2C business...

Kapil Makhija: Yes. It could be traditional brands as well where they started their online journey, but they decided to change the model. So it could be anything, a mix of that. And this is in line with the historical trend. If you look at our net adds every quarter, it is similar to what we've seen in earlier quarters as well.

Ananya Nichani: Yes. Actually, this attrition, I've observed it for a long time. So it's not a cause of concern for you or anything. It's a normal.

Kapil Makhija: No, it's a nature of the industry.

Ananya Nichani: My last question is just...

Kapil Makhija: And -- sorry, just to add, while you see in terms of number of logos that churn, the impact on the revenue is not very significant because these are long-tail customers that are churning.

Ananya Nichani: Right. One more follow-up I had on this. Your revenue from your top clients has been decreasing. So are any of your top clients maybe churning out, anything like that?

Kapil Makhija: So this question came in the last earnings call as well. We described that there has been no logo churn. The performance of the top 10 cohort is reflective of the business performance of those brands. And like over the last many years, there has been a concerted focus on diversifying our customer base, and that's why the share of top 10 clients is consistently decreasing. It used to be 50% plus 5 years ago, but now it is about 15%. In terms of the absolute decline is a function of the performance of the brands on their own e-commerce journey.

Ananya Nichani: My final question was on account of the fundraise that you had done in September. So any light you can throw on that?

Anurag Mittal: Can you repeat the question?

Ananya Nichani: Sir, you had done a fund raise in early September from your promoter, I believe, from AceVector. So I just wanted to understand exactly what this is for?

Kapil Makhija: So we actually took the approval from the shareholders in terms of doing the preferential allotment, but that has not yet concluded because as and when there are any M&A-related opportunities and this is the requirement of the company, the investment will happen in due course.

Ananya Nichani: So the acquisition is not yet planned or this is just for a contingent?

Kapil Makhija: So we keep evaluating all these white spaces for these M&A opportunities. These have not been concluded yet. But as soon as these get concluded, we'll trigger this fundraise from the parent entity. The approvals, etc., are well and clear already.

Moderator: The next question is from the line of Ishpreet Kaur from Relax Capital.

Ishpreet Kaur: Appreciate the increase in the volumes in the transactions and the enterprise side, taking cues from the previous participant, like you mentioned, just reconfirming. So this 1.08 realization drop that we've seen to 1.08, is that likely to improve going forward quarter-on-quarter basis since you mentioned there would be price escalation clause with a few clients coming in?

Kapil Makhija: So Ishpreet, like I said, there are a total of 4 factors, two impacting it in the downward trajectory and two helping that move upward. So it will be an interplay of these factors. I think right now, we believe it should stay in a similar ballpark going forward as well.

Ishpreet Kaur: But a further decrease on a quarter-on-quarter basis should be like stabilized at this level now?

Kapil Makhija: It should stay in similar ballpark Ishpreet.

Ishpreet Kaur: And would the realization be any different versus the other players like Vinculum on a per item basis?

Kapil Makhija: So it's hard to comment on other players, but typically, we are a premium player compared to other players. We typically have higher realizations compared to other players.

Ishpreet Kaur: Versus a player like a Vinculum also, would it be like a premium?

Kapil Makhija: So again, I can't comment on specific competitors, but we are generally more premium compared to other competitors, all competitors included.

Ishpreet Kaur: And how much would be the overlap between the services like if somebody is taking Uniware versus the other 2, 3 services, the Convertway and other services that you offer? What would be the overlap currently?

Kapil Makhija: So we had mentioned this in our earlier calls as well. When we started when we had acquired the company, the overlap was about 5%. We increased it to about 10%. It continues to be upwards of that. Our vision is to be a one-stop shop for e-commerce enablement. So we continue to upsell our existing customers to these new solutions, Shipway, Convertway, UniReco. So we will continue to see a higher overlap going forward in these solutions.

Ishpreet Kaur: So when you say 10%, it includes -- excluding the Shipway also. Shipway is 10%, I remember you had mentioned last quarter. But the Convertway and the other services also are around 10%-odd?

Kapil Makhija: So Convertway is in the initial phases of its journey. We are growing that business. We are building -- we are investing in the product. As you can see, we continue to add new features, which are required in the ecosystem. As it matures further, we would be able to -- like the overlap will increase further. At this stage, we will not be able to disclose the exact overlap for Convertway specifically for business sensitivity reasons.

Ishpreet Kaur: So in terms of capacity of UniReco, if you could just throw some light on how it's shaping up?

Kapil Makhija: Sure. I couldn't hear it clearly, but I'm assuming you're talking about UniReco. UniReco, we continue to receive encouraging feedback from our early adopters. The product is still in early stages, but we are in the process of figuring out like showcasing it to more and more of our customers. So the initial feedback has been positive, but it's still early days.

It was launched towards the end of June, and it's been almost 5 months right now. So we are still showcasing it to the product, incorporating -- showcasing our product to our clients, incorporating their feedback and driving more adoption of this product across more and more clients.

Ishpreet Kaur: So would it be fair to understand that once the acceptability of Convertway and UniReco, I'm not talking about Shipway as of now, increases, we would be seeing a change in the realization per item also?

Kapil Makhija: So UniReco goes in the Unicommerce standalone. So UniReco will help in the realization. And that, as I mentioned, our cross-sell initiatives will drive an improvement in realization. Convertway is part of the Shipway entity. So Convertway won't impact the Uniware revenue.

Ishpreet Kaur: Okay. Got it. Just lastly from my end, what would be the EBITDA margin level of Shipway and if you could throw some light as to how they can shape up in the next 2, 3 years?

Kapil Makhija: Were you asking about the EBITDA margins for Shipway?

Ishpreet Kaur: Yes.

Kapil Makhija: Okay. So on Shipway, we've taken a strategic call of reinvesting the profits back into the business. Shipway, as you mentioned, is operating in a large market opportunity. It's a relatively new entrant in that. So we need to invest in the business for sales, brand building as well as product enhancements. So the strategic call we have taken is to reinvest the profits, whatever we are generating from the business back into the business to drive growth. It is a growth engine and a big growth engine for us. So the decision is to continue to operate it at a breakeven level.

Anurag Mittal: In addition to what Kapil mentioned, in fact, Shipway started reporting PAT positive numbers since quarter 1 of FY '26. This quarter as well, we reported PAT positive numbers. And this is something we'll definitely keep sustainable and Shipway keep reporting PAT positive numbers, even keeping adjusted EBITDA even breakeven to keep reinvesting back into the business.

Ishpreet Kaur: And this would be the case, say, for the next 2, 3 years.

Moderator: Sorry to interrupt, Ishpreet, please rejoin the queue for more questions. The next question is from the line of Sumeet Jain from CLSA.

Sumeet Jain: Congrats on a decent show at Shipway. So again, my question, Kapil, is on the pricing side. I mean, we are seeing for the last several quarters, there has been a bit of a pressure, but now you are saying that you guys have taken some strategic measures to improve upon that. And of course, your volume growth is still in strong double digits, high teens. So can you assume that the standalone parent business will revive back to a double-digit growth from next quarter onwards?

Kapil Makhija: Sumeet, like I mentioned we've seen some revival in the demand and in the number of transactions in the last 10 days of the quarter and in October. But we've also seen that the volumes have gone back to the pre-festive levels as the festive season stops. So it's hard to -- there are still 45 days remaining in the quarter. So it's hard to predict how the quarter will go on.

But as I mentioned in my speech, we should see some of the growth in the festive season that we have seen translating into somewhat better results. I think it will be difficult for me to comment whether it's going to be single digit or double digit. But we are hopeful that we should -- as we are seeing like for the first 1 month, we have seen some revival in the consumer demand. And if that holds -- continues to hold, we should see some improvement in the standalone results as well.

And while we cannot really control how the market is going to pan out, what we are trying to do, are things that are in control. So we continue to launch new products, new modules to be able to upsell as well as continue to add new and new clients so that we continue to drive growth all across, but like I mentioned in the speech as well, for us, the new products will continue to be growth drivers, while our core platform, Uniware will continue to be a major contributor to our profitability given the inherent operating leverage in the business.

Sumeet Jain: Maybe prodding further, like can you also highlight like the quick commerce players, how much proportion of your business would they be? And what is the pricing differential for them versus your overall parent entity? Any color, I mean, maybe if not the exact numbers?

Kapil Makhija: Sure. So as we mentioned that the number of transactions that are happening through quick commerce is about 72 million on a base of about 1.1 billion run rate that we've got overall, so you can figure out the relative share. It's growing very fast. It has grown in a quarter only from INR48 million run rate to about INR72 million.

So the relative share is increasing. But yes, it's still a small contributor in the overall scheme of things. Realization, as mentioned in the last call as well that it will be difficult for us to share realization for specific channels because of business sensitivity reasons, but it is lower compared to our B2C transaction because here the items are moving in bulk.

Sumeet Jain: And then some bookkeeping questions for Anurag. So I can see your other expenses were slightly higher this quarter on a parent entity. So any particular reasons for that?

Anurag Mittal: So other expenses are higher, slightly higher reason being that other expenses also includes the expenses of Shipway and courier aggregation expenses and the freight expenses are also booked under other expenses. That is the reason the other expenses are slightly higher this quarter. And this is actually in the line of the increased revenue for Shipway as well.

Sumeet Jain: And the D&A was much lower on an overall consolidated level. So should we assume the D&A expense going forward will be at this current rate?

Anurag Mittal: So on account of this D&A depreciation and amortization expense, Sumeet, I just wanted to recap what we explained in the previous quarters. relating to certain capitalizations we have done in the last year as well as this quarter 1. So the company initiated the development of products focused on enhancing capabilities of existing customers and capitalized near about 43.9 million, as at March 2025 in name of UniShip.

As highlighted in our previous earnings call, quarter 1 earnings call following the acquisition of Shipway, the group began integrating it in development products with Shipway acquired technology to strengthen offering for enterprise clients. And this integration is expected to deepen the customer relations and enable broader market penetration.

So during the quarter ended September 30, 2025, the group successfully completed the integration of its internally developed supply chain solution with technology acquired through Shipway business combination. And resulting this after successful integration and expert validation, the useful life of the asset has been increased from 3 years to 8 years, resulting our depreciation expense also reducing near about from INR33 million in previous quarter to INR10 million on account of Shipway acquisition. So this D&A expenses has reduced to that account.

Sumeet Jain: Right. And this will remain at these levels, I'm assuming going forward because there is no further major capitalization you are going to have?

Anurag Mittal: Yes, that's correct, Sumeet. This amount remains almost the same in the future quarters also because largely all the capital -- all the intangibles under development has been capitalized by now and no further capitalization as such is planned in the future periods.

Kapil Makhija: But it is -- like we mentioned, it's a consistent accounting policy. So if and when we develop new products, that will continue to be capitalized. But as of now, all the incremental enhancements continue to be expensed. We foresee at least first few quarters, we continue to do only incremental enhancement. So those will be fully expensed.

Sumeet Jain: And my last question is, as the promoter has decided to infuse more capital, and I'm assuming it's to acquire more companies in this space? And please correct me if I'm wrong. So any ROE or ROIC metrics you have, which you want to follow going forward to ensure that those 2 metrics remain intact despite this equity infusion or, let's say, more investments in various entities?

Kapil Makhija: Sorry, Sumeet, your question is, are the...

Sumeet Jain: It's one of the ROE and ROIC metrics like because with more capital infusion by the parent, ROE will take a hit. And because of these investments what you are doing in Shipway, maybe your ROIC may also have an impact. So just wanted to check any discipline you want to keep on those two metrics going forward or is it the broad revenue growth is what you are going after right now?

Kapil Makhija: So right now, we are -- as we have mentioned, e-commerce is a largely underpenetrated ecosystem. We see a strong growth potential. So right now, our intent is to continue to invest in the business, invest in the growth levers. So if we feel that there is large -- there is a white space or a product that's available, which is going to add meaningfully to our ecosystem of products and to the ecosystem of client base, I think our focus will be to drive growth and make sure that clients continue to see value being a one-stop shop, even if in the short term, our ROE takes a hit. But ultimately, it's about creating value in the long term for our shareholders and that our focus as a management team is to continue to do that, that we want to create value for our clients as well as our shareholders.

Moderator: The next question is from the line of Vraj Shah from Tatvic Digital Analytics Private. Limited.

Vraj Shah: Sir, my question is regarding the churn that we are experiencing in the enterprise clients. So I just wanted to understand like last quarter, we had 1,000-odd clients and out of those, the gross additions is 100. However, if we see back calculate, the net additions is only 21 for the enterprise clients.

So I want to understand like if the churn continues in a similar fashion going ahead as well, so don't you think it will create a kind of dent on the overall growth because, however, you are adding a good number of clients each quarter, but if the churn continues at the similar pace, then wouldn't it be difficult for you to kind of grab the incremental revenues from the existing client base, who have been the part of your system for over 1 year or 2 years?

Kapil Makhija: Sure, Vraj, So I answered this question earlier in the call as well. Like I mentioned that the churn is in line with what we've seen historically in the various quarters that we've reported to the market. E-commerce is a volatile industry, as you all know. There are clients that shut down. There are clients that take a call of moving from drop ship to other models.

Majority of our churn, client churn is in line with these reasons only. And as I also mentioned earlier in the call that by enterprise client, it's not necessarily like a large brand. It is a brand or seller, which is using our enterprise plan, where they choose the enterprise plan for the various use cases that they want to solve as their e-commerce volumes are growing. So there are many, many long-tail brands, who continue to churn. So the churn that we see in our business in terms of the logo churn is largely these long-tail brands and their impact on the revenue is not significant as we have seen in multiple quarters that we have reported.

Vraj Shah: And sir, one more question with regards to the growth in Shipway. So last 2 quarters, there was a muted growth on a quarter-on-quarter basis. But this quarter, you have done some good job on getting the growth back on Shipway. So I just wanted to understand how are we expecting this to continue going forward for next 1 or 2 years, specifically for the Shipway?

Kapil Makhija: Sure. I just want to clarify, Raj, that the quarter 1, where you saw a muted growth or in fact, a slight decline, that was a strategic call that we have taken in taking out customers who are not meeting our threshold on margin profile. And that was a strategic call that we have taken to turn the business profitable.

And in quarter 1, we turned Shipway PAT profitable, and it continues to be PAT profitable. And now it is demonstrating growth because after we've cleaned our base, we are now adding customers on a regular basis. As I mentioned, Shipway operates in a large courier aggregation opportunity. It's a INR4,000 crores market, where Shipway is a relatively new entrant.

So we are very optimistic about growth coming from Shipway in the subsequent quarters and subsequent years. And there is no reason that Shipway cannot become a large player or a meaningful player in this ecosystem. That is one of the reasons that we had acquired because now Shipway is part of a larger entity, where we have an end-to-end value proposition to be able to offer to our clients because of which we are very optimistic about the growth potential of Shipway business.

Vraj Shah: And sir, for the parent company Uniware. So if you see the growth is not coming even despite we have added a few clients from Shipway as well. So after the acquisition, there would have been some increase in the client base. So you mentioned that you will cross-sell the products for the Shipway clients to the Uniware clients. So is that happening? Or do you see any traction there?

Kapil Makhija: Sure. So first of all, I want to call out that Uniware is processing more than 1 billion transactions that effectively becomes indexed to the e-commerce market. So it is the overall performance of standalone business of Uniware is a reflection of how the market is moving. Having said that, like I mentioned, things that are in our control, we continue to focus on that, which is acquiring new customers, adding new product enhancements.

But the upsell of the new products, which is UniReco and we've just launched a module UniCapture, all of that will start showing in the results subsequently. There is a gestation period as we see wider adoption of these new modules. UniReco's been just 4, 5 months since launch; UniCapture, we have just recently launched.

So the impact of that will be more visible in the subsequent quarters. So the growth of Uniware business will be a function of not only market growth, but the new products and new client additions. To the point that you mentioned about new client additions, even new clients take about 6 to 9 months to fully mature.

So the growth coming from new clients also takes some time for it to reflect in the overall financials. So it's a function of these 3 factors, which is the market growth, new client addition and new products. The last 2 factors, which are in our control, the impact of that should be visible in subsequent quarters.

Vraj Shah: So basically, so cross-selling for the Shipway product to the Uniware product, do you see any -- if you can share some kind of broad idea on if there is some client base from Shipway that is going to Uniware or you're benefiting...

Kapil Makhija: So for us, the cross-sell was more from Uniware to Shipway because Uniware operates on 1,000-plus enterprise clients and a large SME base as well. So the focus is on doing cross-sell of Shipway to this existing customer base. There is some cross-sell that happens from Shipway to Uniware, but it's not material. The large part of Uniware growth, as I mentioned, is driven by three factors, which is market growth, new client acquisition and new products with the UniReco and now UniCapture new modules that we have launched along with international expansion.

Moderator: The next question is from the line of Jatinder from Relax Capital.

Jatinder: I have two, three questions. So one is, you said you started to have a new escalation clause in the new agreement. If you could explain how this is different from what you used to be doing earlier? What I assume is that every time the contract used to come for negotiations, the client on the other side would try and negotiate for the pricing. So will this now have an in-built by default escalation clause, is it? If you can explain more on this?

Kapil Makhija: Sure. So the earlier contracts, see, all of our contracts have been annual and with an automatic renewal. As I mentioned in an earlier call, this is a backbone for the e-commerce business. So honestly, a brand did not really think about like coming up for negotiation because it is an inherent part of their e-commerce supply chain. The agreements were automatically renewed.

One of the changes we have done in our agreement is they continue to be annual, but we've added a price escalation clause now. So when the automatic renewal happens, it happens with the price escalation. But I've been mentioning that, that many of this we introduced last year for only our new customers.

Now they will be coming up for automatic renewal in quarter 3 and quarter 4. So we will see how the clients are reacting and whether this gets actually implemented or not. Post that, we will be able to anticipate the impact of this price escalation on our overall revenue as well. But it is right now happening only on the new customers that were onboarded last year.

Jatinder: Perfect. My second question is on this fundraise and the cash balance that we have. So like you said, there are options on the table, but is it more like a competitor? Or is it like a new business vertical that you plan to look at.

Kapil Makhija: Yes. So we continue to explore white spaces. This is essentially our vision is to be a one-stop shop for e-commerce enablement. Our preference is to look at complementary product offerings, which can add meaningfully to our customers. Our exploring of white spaces is coming largely from the inputs that we get from clients that we need newer solutions for them to have everything under a single umbrella.

So we keep exploring white spaces. This is our understanding of the ecosystem and the inputs we receive from the clients. So typically, the spaces that we look at are complementary product offerings. Having said that, if at all there is a competitor, which we feel can add value and is available at the right position, we would be open to considering that. But our primary focus is to look at complementary solutions, which add to our vision of being the one-stop shop for e-commerce enablement.

Jatinder: And my last…

Moderator: Sorry to interrupt, Jatinder, please rejoin the queue for further questions. The next question is from the line of Pratik Banthia from Fermi325 Investment Advisors.

Pratik Banthia: Congrats on excellent set of numbers. A bunch of my questions have already been answered. A question that I have is what is the long-term vision for Unicommerce in the sense, will it be more focused on the e-commerce side of the business? Or is the plan to become a more -- to have a broader set of offerings covering, let's say, possibly a supply chain platform kind of a thing, similar to what Manhattan Associates has. So what's the long-term vision over there?

Kapil Makhija: Sure, Pratik. Our focus is on e-commerce today. We are an e-commerce enablement software. We want to continue to solve for all pain points that are e-commerce related. But as we are seeing the world is also going omnichannel. Many brands start their journey online, but they expand offline and many offline first brands are also expanding online.

As the world goes omnichannel, we are also expanding into those spaces. We have started to help our brands manage their general trade, modern trade business also with the B2B launch that we had done last quarter, where we had added B2B capabilities to our ecosystem. We already had an omnichannel solution.

So we would like to see ourselves as an omnichannel enablement software, and we're not only focused on supply chain. We are focused -- we have Convertway solution, which is focused on marketing automation. So we are starting across all the key components of the e-commerce value chain, and we want to serve the entire e-commerce/omnichannel ecosystem across both pre-purchase as well as post-purchase journeys.

Pratik Banthia: And just a question on the acquisitions that you guys are eyeing. So would it -- could you just mention it in what vertical or what segment are you looking at probably under Convertway or Uniware or Shipway? Any color on that?

Kapil Makhija: See, we continue to evaluate opportunities in various spaces. With Convertway, we've got an entry into pre-purchase, but pre-purchase continues to be a vast domain, which we continue to explore. And there are some white spaces in the post-purchase ecosystem as well, both in Uniware as well as Shipway. So we continue to evaluate opportunities across all. As and when we feel that some of those conversations are maturing, we will be sharing more details about the same with the group.

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

Shreyans Gathani: So I just had one question on the value proposition that Shipway offers versus the competitor. I know that you mentioned that it's -- that we offer like a holistic suite of products so that it's helpful for the customer. But from what I understand, it's a plug-and-play model, right? So for example, a Uniware customer can also just plug into your competitors' software. So just trying to get where we differentiate for the customer?

Kapil Makhija: Sure. So with Shipway, one of the biggest differentiation is the fact that it's part of an end-to-end value proposition, which makes it very convenient for a brand to have everything under a single umbrella. Most brands today struggle with the disputes that happen between multiple vendors.

If something goes wrong, vendor A ends up blaming vendor B and vendor B ends up blaming vendor A and which is the biggest hassle for a brand today. They want a single neck to catch as far as their e-commerce operations are concerned, and our vision is to become that single neck for them to ensure that everything happens seamlessly for them. So that's the biggest value proposition.

Along with that, even though Shipway is at a nascent stage, it is a relatively new entrant. But being a part of the larger umbrella, we've been able to ensure that they have very competitive offerings, very competitive rates in the market. Another differentiation is that service levels continue to be a differentiator for us because the learnings we have had from the Unicommerce -- running the Unicommerce business, we are replicating those learnings in running the Shipway business as well.

So the three differentiations today are being a part of a large entity and end-to-end product offering; two, having very competitive rates even at a relatively modest scale; and third, having superior service level. So these become our three differentiated value proposition.

Shreyans Gathani: Got it, perfect. Thank you so much. That's all from my end.

Moderator: Thank you. Ladies and gentlemen, due to time constraints, that was the last question for today. I now hand the conference over to the management for closing comments.

Kapil Makhija: Thank you, everyone for joining the call today. We hope we have been able to address your queries. Shuld 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, sir. On behalf of Unicommerce eSolutions Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.