12th May, 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: Q4FY25 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 the transcript of Q4FY25 Results Conference Call held on Tuesday, 06th May, 2025 at 09.00 A.M. (IST) for the quarter and financial year ended on 31st March, 2025.

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

You are requested to kindly take the abovementioned on record.

Thanking you,
**For Unicommerce eSolutions Limited**

Anil Kumar

Digitally signed by Anil Kumar
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serialNumber=5d6e52d6459cd6685d5083065c28340c3ba8b393d64e2829a6cad709a51ac2f9,
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**Anil Kumar**
**Company Secretary**
**Membership No. F8023**

**Encl.: as above**

# "Unicommerce eSolutions Limited

# Q4 and FY '25 Earnings Conference Call"

# May 06, 2025

***"E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 6th May 2025 will prevail."***

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

**Moderator:** Ladies and gentlemen, good day, and welcome to Unicommerce eSolutions Limited Q4 and FY '25 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:** Thanks so much. Hello, and good morning, everyone. Thank you for joining us. We are pleased to welcome everyone to the quarter 4 and FY '25 earnings call of Unicommerce eSolutions Limited. Joining me today is Anurag Mittal, our CFO, along with our Investor Relations Advisors, Strategic Growth Advisors.

Before we dive into the business update, I'd like to take a moment to share a personal milestone. Yesterday marks 10 years since I joined Unicommerce. It has been an incredible journey, and I'm truly grateful for the opportunity to witness and contribute to the company's and e-commerce ecosystem's growth over the past decade.

With that, I'd like to start today's call by highlighting two significant strategic milestones we achieved in FY '25. Firstly, the 100% acquisition of Shipway Technology Private Limited has been approved by our Board and shareholders. As you may recall, we had initially acquired approximately 48% stake in Shipway Technology Private Limited, a complementary SaaS company focused on ecommerce enablement, much like Unicommerce on December 17, 2024.

This acquisition aligns perfectly with our strategic vision to become a one-stop shop for e-commerce enablement. Secondly, I am pleased to share that following a small adjusted EBITDA loss of INR1.1 million incurred during the brief consolidation period in Q3 FY '25, Shipway Technology Private Limited reached adjusted EBITDA breakeven in quarter 4 FY '25.

This achievement has been possible in a short span of time by realizing meaningful synergies through joint sales efforts, enhanced cross-selling initiatives and significant operational efficiencies across both direct and indirect costs. Specifically, we optimized direct costs by negotiating better rates with partners using Group level relationships and optimized indirect costs by consolidating certain corporate functions.

With this strategic acquisition, our product suite now covers the complete e-commerce life cycle comprising of, first, Convertway, an AI-enabled marketing automation platform aimed at enhancing conversion and sales performance on our clients' website. Second, Uniware, our flagship platform for post-purchase supply chain management trusted by thousands of e-commerce businesses to streamline inventory orders and warehouse operations.

Third, Shipway, our logistics platform offering, one, courier aggregation for clients managing logistics across multiple courier providers via a single platform and two, shipping automation for clients using their own commercial terms with logistics players but requiring advanced technology to run daily logistics operations.

Together, these platforms create a comprehensive solution covering the full e-commerce life cycle from driving demand to managing operations to handling delivery and returns. We continue to see positive momentum across multiple product lines with the growth in client facilities for Uniware, increase in shipments being processed by Shipway, et cetera.

Turning briefly to our financial results. We have delivered a strong financial performance in quarter 4 and full FY '25. Our consolidated revenue grew by 70.6% year-on-year in quarter 4 FY '25 to INR452.7 million. Adjusted EBITDA increased by 98.1% to INR88.8 million and PAT increased by 16.4% to INR33.5 million.

For the full fiscal year FY '25, consolidated revenue grew by 30.1% year-on-year to INR1,347.9 million. Adjusted EBITDA expanded by 56.3% to INR283.9 million and PAT increased by 34.3% to INR176.2 million.

Moving now to industry dynamics, FY '25 presented a challenging macroeconomic environment with muted growth across the e-commerce sector. This macro pressure impacted our Net Revenue Retention or NRR for Uniware, which stood at 103%, slightly down from 108% in the previous year. This moderation in NRR closely mirrors broader industry trends. However, we remain highly confident about the fundamental strength and long-term growth potential of India's e-commerce landscape.

Despite these headwinds, we are proactively executing on multiple initiatives that are within our control to drive both growth and profitability. First is new client acquisition. We added more than 125 enterprise clients to Uniware in quarter 4 FY '25 alone, our highest ever quarterly addition. These clients include prominent brands such as Tata 1MG, Duroflex, Reid & Taylor and Ethos, along with innovative brands featured on Shark Tank India such as FAE Beauty and KIWI Kisan.

Second is continued cross-selling initiatives. Our initial integration and cross-selling Shipway and Convertway has shown encouraging progress in a short period of time. Notable cross-platform client expansions include prominent names such as Baggit and Zouk. Currently, our client overlap across Uniware and the Shipway / Convertway platform is around 10%. Although modest, this overlap indicates significant headroom for growth through continued strategic cross-selling.

Next is enhanced product offerings. We continue to innovate across our platforms and adding enhancements to increase their revenue potential and introduce the following new use cases. We are enhancing Uniware to support new use cases such as improved B2B workflows tailored for bulk processing, a simplified order management system for clients with limited warehousing needs and adding more quick-commerce capabilities. We are integrated with all leading quick-commerce players and have already processed more than 20 million items for quick-commerce in FY '25.

For Shipway, we recently introduced capabilities for managing shipments under 500 grams, addressing the specific needs of sellers of lightweight products. For Convertway, we have expanded our communication channels by adding Rich Communication Services or RCS alongside WhatsApp and SMS. Lastly, UniReco, our payment reconciliation platform continues to receive positive feedback, and we are on track for its commercial launch by the end of quarter 1 FY '26.

In addition, we continue to add AI-led enhancements across our platforms to improve client experience. The full integration of Shipway and Convertway into our financial results has also contributed to our strong performance. Simultaneously, we are proactively managing our cost structure by investing in automation, AI-driven operational efficiency and productivity initiatives, including training. We are also leveraging AI to drive product enhancements more efficiently, helping us keep our overall fixed costs under control.

Looking ahead, our growth will be driven by multiple tailwinds. Firstly, India's significantly underpenetrated e-commerce market, which offers immense growth potential. Secondly, a total addressable market exceeding USD1.15 billion, including substantial growth opportunities in courier aggregation via Shipway.

Thirdly, continued new client acquisitions across all platforms, along with cross-selling of our comprehensive product suite to existing and new clients and new use cases and revenue streams introduced through enhancement of our platforms as well as continuing growth of our international business.

To summarize, our ongoing investments, coupled with our end-to-end capabilities across Convertway, Uniware and Shipway, a large combined client base of over 7,000 businesses and consistent progress on cross-selling strategically positions us to reinforce our leadership in the e-commerce enablement space and capture new growth opportunities.

In less than one year since our listing on the stock market, we have materially increased our scale as a company from prelisting scale of approximately INR100 crores annualized revenue run rate to approximately INR180 crores annualized run rate by the end of FY '25. As we head into FY '26, we remain focused on disciplined execution, scaling revenues, enhancing efficiencies, and driving sustainable and profitable 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. We are pleased to report strong performance for quarter 4 and FY '25.

Let me take you through the highlights of our consolidated financials. Our revenue for quarter 4 FY '25 grew by 70.6% year-on-year, reaching INR452.7 million compared to INR265.3 million in quarter 4 FY '24. Our Adjusted EBITDA increased to INR88.8 million in quarter 4 FY25 a 98.1% year-on-year growth compared to INR44.8 million in quarter 4 FY'24. Adjusted EBITDA margins improved by 271 basis points year-on-year rising to 19.6% in quarter 4 FY'25 from 16.9% in quarter 4 FY'24 due to benefits of operating leverage.

Our PAT increased by 16.4% year-on-year, reaching INR33.5 million in quarter 4 FY'25 compared to INR28.8 million in quarter 4 FY '24. While PAT grew at a steady pace, it reflects the impact of amortization of intangible assets worth INR37.9 million for quarter 4 FY '25 as part of Shipway Technology acquisition. This is a non-cash expense and has no impact on the strong operating performance of the company. Our EPS increased by 15.4% year-on-year, rising to INR0.30 in quarter 4 FY '25 from INR0.26 in quarter 4 FY '24.

On a full year FY '25 revenue increased by 30.1% year-on-year to INR1,347.9 million in FY '25 compared to INR1,035.8 million in FY '24. Our adjusted EBITDA grew by 56.3% year-on-year reaching INR283.9 million in FY '25 compared to INR181.6 million in FY '24. Adjusted EBITDA margin improved by 353 basis points year-on-year standing at 21.1% in FY '25 compared to 17.5% in FY '24. Our PAT increased by 34.3% year-on-year reaching INR176.2 million in FY '25 compared to INR131.2 million in FY '24. Our EPS increased by 33.9% year-on-year to INR1.60 in FY '25 compared to INR1.19 in quarter 4 FY '24.

Our cash and bank balance as of 31st March 2025 stood at INR353 million compared to INR690.1 million as of March 31 2024, the year-on-year decrease primarily reflects the cash outflow of approximately INR684 million for the strategic acquisition of Shipway Technology Private Limited. Our net cash flow from operations significantly improved to INR279.6 million in FY '25 from INR61.7 million in FY '24.

As Kapil highlighted, the synergies and cross-sell opportunities realized post-acquisition enabled Shipway to achieve adjusted EBITDA breakeven in quarter 4 FY '25. The integration has progressed well in the short span of time -- with meaningful synergies already realized, and we look forward to future progress. We have consistently delivered good performance year-on-year and remain confident about sustaining this momentum.

With continued support (strong) operating leverage in our Uniware business and incremental growth contribution from Shipway, Unicommerce is well positioned to drive profitable and a sustainable growth going ahead. With this, I would now like to open the floor for Q&A.

**Moderator:** Thank you very much sir. We will now begin the question and answer session. We have our first question from the line of Sumeet Jain from CLSA. Please go ahead.

**Sumeet Jain:** Thanks for the opportunity and good execution around Shipway cost management. So just to. First, Kapil, I wanted to ask around your organic growth in the standalone business. If I look at -- it has just grown at around 3.5%, 4% Y-o-Y. And even if I look at -- I think the shipment volumes were still fine, but I think the pricing has not been improving. So can you just throw some light as to what you are seeing on the ground?

**Kapil Makhija:** I think we had clarified last time as well that our revenue growth typically lags transaction growth because a lot of transactions get consumed in the minimum guarantee that is given to our new clients, and they take some time to fulfill the quota of free transactions that's given. And we also highlighted that the overall macroeconomic environment is not very encouraging where the overall ecommerce growth has been fairly muted.

As a result of that, while we cannot really control how the market is shaping up, I think our focus is picking up -- executing well on the initiatives that are well within our control. So we continue to acquire a lot of clients. We have had our best client acquisition quarter till date with 125 enterprise clients in our standalone Uniware business. We continue to add new product enhancements across B2B and quick commerce, which are increasingly becoming an important pain point for a lot of our customers. And we continue to leverage our existing base for doing cross-sell and upsell for Shipway.

**Sumeet Jain:** Got it. That's helpful, Kapil. And just to remind, I think the -- I think you have mentioned earlier that your pricing in terms of revenue per item will be around INR1.2 to INR1.3. So that still remains the case? Or can we see some downward pressure in the future?

**Kapil Makhija:** So see, one of the things because I mentioned that the e-commerce ecosystem continues to be muted. One of the things that we have done in this quarter is to focus on onboarding high potential enterprise clients, and we've offered them lower MG because -- so that we can, where needed to accelerate adoption. And that is why there is some benefit that we earlier saw where the effective rate of a new customer in the initial 6 to 9 months used to be far higher because they did not utilize the full quota of transactions allocated to them under the MG.

And the idea was to get these emerging brands so that we can catch them in the early phase of the scale up journey so that we can benefit as an organization when we grow exponentially. So our quarter 4 FY '25 rate is about INR1.12 but for the full FY continues to be INR1.2. So it's a similar ballpark range that we mentioned.

**Sumeet Jain:** And that will stay the course in future as well, right? That's what I just wanted to check.

**Kapil Makhija:** Yes. In fact, we had also mentioned about introduction of this price escalation clause in our new contracts of FY '25, which will start taking some effect in the current financial year. However, we are yet to ascertain the impact of this because we would be implementing it for the first time this year. So we foresee it to be in the similar ballpark going forward as well.

**Sumeet Jain:** So that's very encouraging to hear. And I think you mentioned you saw an increase of 125 enterprise clients in Uniware. So that's on a sequential basis or on a Y-o-Y basis you are mentioning?

**Kapil Makhija:** 125 clients were acquired only in quarter 4 of FY ' 25.

**Sumeet Jain:** Okay. Because when I look at your fact sheet, there is mentioned that you had 934 enterprise clients in 3Q and 953 in 4Q. So am I missing something here?

**Kapil Makhija:** So if you look at our -- so these are new additions into the base. These are new client acquisitions. But at the same time, because due to the overall market headwinds, we continue to see the long-tail customers either shutting down or going out of e-commerce. So the net increase, we don't see much. But in spite of that, we continue to deliver an NRR of 100% plus, which is net of churn and our existing customers' growth continues to be one of the pillars for our growth.

**Sumeet Jain:** Got it. That's helpful, Kapil. And then moving over to your top 10 client revenues. Again, we have seen a Y-o-Y decline there. Obviously, the contribution is coming down maybe because of the broader growth in the business as well as Shipway acquisition. But can you just also highlight how are you mining your top customers in terms of gaining more wallet share within -- and the cross-sell opportunity you mentioned right through Shipway, are you actually able to do that with your top 10 clients?

**Kapil Makhija:** So Sumeet, just to clarify, this top 10 contribution is for the standalone business. It does not include the Shipway revenue in this. Our focus, as we've been mentioning in our earlier calls as well, our focus has been consistently over the last few years to diversify our revenue and reduce our dependence on the top 10 clients. And you can see that we are roughly at about -- approximately 950 enterprise clients. That has taken us nearly 7 years to get to this space. But now we are adding close to 350 to 400 clients every year, which means what took us 7 years to achieve, we're now able to do it in 2, 2.5 years.

So the new clients that are getting added, their revenue contribution is helping us diversify the contribution of the top 10 customers. At the same time, on your question of mining the existing customers, as we talked about the strong motion of cross-sell that we have been able to put in place. If you recall, in the last earnings call, we had mentioned that our overlap was less than 5% when we started. But now in a very short span of time, we've been able to increase the overlap to 10% plus.

So we continue to mine our existing customers with new products. And as UniReco also gets commercially launched by the end of this quarter, we hope to get more and more customers adopt that product as well along with Shipway and Convertway.

**Sumeet Jain:** Got it. That's very helpful. And one last question. Any sort of guidance you are comfortable to share with in FY '26 in terms of are you seeing any improvement in your -- in the overall e-commerce market? And within that, are you able to gain market share? So any comment would be helpful given that we don't get too much of industry data points out there?

**Kapil Makhija:** I think, Sumeet, the FY '26 has just started. So I think it will be too early for us to comment whether there is a turnaround or the growth will improve. Like I mentioned in the beginning part of the call that we are very positive about the long-term prospects of ecommerce growth. So we still stand by that.

I think as a company, our growth will be driven by our ability to sustain market plus plus performance through driving 100% plus NRR through existing clients, our continued momentum in new client acquisition and the expanding scale of new products, including Shipway, Convertway and UniReco. As these platforms grow organically and benefit from the cross-sell synergies, we expect to maintain a positive growth trajectory for the company through FY '26.

**Sumeet Jain:** Got it. That’s very helpful and all the best to the team.

**Moderator:** Thank you. We have our next question from the line of Arvind Arora from A Square Capital. Please go ahead.

**Arvind Arora:** Congratulations Kapil and Anurag, and your whole team for a good set of numbers. So my question is mainly on the acquisition part. So could you please give me revenue breakup of Shipway and Convertway products and the billing model? And is there any change in the billing model after the acquisition?

**Kapil Makhija:** So we are not publishing the product level revenues for business sensitivity reasons. But as we had mentioned at the time of acquisition that courier aggregation is the largest part of the business. It contributes about 85% of the overall business. Our revenue from courier aggregation continues to be in similar ballpark.

**Arvind Arora:** Okay. And is there any change in the billing model for -- since we are saying it's a strategic acquisition and we see this as a one-stop solution. Okay. So when we are having negotiations with the clients, are we offering a bundle of service like altogether or how it is?

**Kapil Makhija:** See, there is no fundamental change in the billing model. All our products are built on the transaction. So in Uniware, it's the items shipped from the warehouse, in Shipway it's the shipments that are going out and then in Convertway, it's the notification. But yes, as we now bundle these products together, there are some benefits that we pass on to our customers.

So it helps them, one, ensure that they are able to get an end-to-end offering under a single umbrella. Two, it helps them ensure that the overall total cost of ownership for the brand also goes down as they can get everything under a single umbrella.

**Arvind Arora:** Is it like a free of cost that we are passing on Convertway or we are charging something?

**Kapil Makhija:** Sorry, could you please repeat that question?

**Arvind Arora:** Is it like we are charging something for Convertway product or it's like a complementary service?

**Kapil Makhija:** No, no, none of our products are complementary. We charge for all our products, but we ensure that if a bundle is opted and today, when a sales team is approaching a new brand, they take the full bouquet of solutions to them and the customers can pick and choose whether they want the end-to-end solution or a point solution that flexibility is available to the brand.

**Arvind Arora:** Understood. And my second question is that I have something in the news that we are also planning to acquire more companies like -- to enhance our footprint in one-stop solution. So could you -- is it true or can you please throw some light on these parts like? Are we planning for any acquisition, something like that?

**Kapil Makhija:** Yes, our vision is to become a one-stop shop for e-commerce enablement. Our acquisition of Shipway was also in line with that vision. We, as a company, continue to look at the white spaces that are existing today in the e-commerce enablement space, and we continue to identify solutions that we can offer to the market. Depending on the white space and the opportunity, there is a detailed internal assessment that's done to decide whether we need to build it internally or we look at a solution that's available in the market.

So I think at this point, I can only share that there is an active discussion that continues to happen in various potential white spaces that we keep exploring, and we continue to explore solutions that are available. But right now, it's at a very preliminary stage for me to be able to share any details, but we will continue to fulfill our vision of becoming a one-stop shop of e-commerce enablement.

**Arvind Arora:** Understood. Sir, the next question is on the IPO expense. What I can read we are still not billing to the investor. Any specific reason for that?

**Kapil Makhija:** We could not understand the question. Could you please repeat it?

**Arvind Arora:** So there was an IPO expense that due to OFS last year, we were charged to the client like investor who has sold their share.

**Anurag Mittal:** So the IPO expenses which we have incurred for the purpose of the IPO process were solely borne by the selling shareholders. The total spends we have done for the IPO purpose is around INR30 crores. And the provision what we have created is for those activities and those invoices, which has not been received. But whenever these are received, these will be cross charged to the selling shareholders and recovered from them.

**Arvind Arora:** Okay. Understood. So is it like it's been more than 6 months but still we have not received the invoices from vendor. Is it true?

**Anurag Mittal:** Yes, certain invoices have not been received from the vendor. That is the reason the provision of this thing in the financials. That is in the tune of near about INR35 million.

**Arvind Arora:** Thank you sir. That’s all from my side.

**Moderator:** Thank you. We have our next question from the line of Jalaj from Svan Investments. Please go ahead.

**Jalaj:** I just wanted to understand a few things. On a stand-alone basis, the Y-o-Y numbers look flattish or at 3% high. So -- and the consolidated numbers show the growth rate of almost 70%. So the gap between is completely from Shipway, first of all, is that so? And what has exactly -- so you partially alluded to it that there is some sort of slowdown exactly in the Unicommerce or in the ecommerce business. But what exactly is happening? Could you throw a little more light on that part?

**Kapil Makhija:** Yes. So if you recall, the Uniware standalone business, the growth is driven by multiple factors. One is the market growth because our revenue is linked to the number of transactions. The second is new clients that we acquire and third is the new product revenue that we come in. If you look at our revenue growth, last year, we had achieved 15% revenue growth and this year, approximately 10% revenue growth. The decline of 5% is largely because of the market growth, which is reflected in our NRR, Net Revenue Retention. Our NRR for FY '24 was 108% and NRR for FY '25 is 103%. So that explains the 5% gap.

On your specific question of Quarter 4 being muted, that's largely a result of the overall market not growing very strongly. And as I mentioned before, that is honestly something that we cannot control. What's in our control is executing on continuing to acquire new clients, and we had the best quarter till date in terms of new acquisitions and we continue to focus on enhancing our products to solve meaningful pain points in the ecosystem.

**Jalaj:** I appreciate that perspective of what can be done by us. And secondly, was this -- if I were to calculate the number of items being processed and taking it along with the revenue, so ideally going forward, we should look this as purely from a standalone basis only and not on the consolidated numbers, basically the revenue per transaction, the number of INR1.12 you mentioned for this quarter, ideally that should be taken forward only on the standalone number.

**Kapil Makhija:** Yes, that's correct. So the standalone business is pegged on the number of transactions. And similarly, the other product lines are also pegged on their respective metrices, which we published as part of our investor earnings presentation.

**Jalaj:** Got it. So maybe I would have missed it. So could you talk a little about what would be the revenue model for Shipway then? How should we understand that?

**Kapil Makhija:** So the Shipway revenue is linked to the number of -- and the Shipway Technology Private Limited business has got two product lines. One is Shipway, which has a courier aggregation and shipping automation, and the second is Convertway, which is a AI-led marketing automation platform. Courier aggregation is the largest part of the business that contributes in the ballpark range of 85% of the overall revenues. The courier aggregation business operates in a large market of nearly INR4,000 crores TAM. And here, the revenue is linked to the number of shipments being processed on the platform.

The ballpark revenue realization is about INR70 to INR80 per shipment. So as we continue to publish the number of shipments on a quarterly basis, you can ascertain the revenue trajectory or the revenue per shipment trajectory basis that.

**Jalaj:** Understood. And I see there is a jump in the other expenses this quarter. What would be the reason for that? Both sequentially and year-on-year.

**Anurag Mittal:** Other expenses consolidated financials have increased because of the Shipway expenses being added in the overall expenses. That is the reason the expenses have increased. In fact, also if you see the numbers, the overall amount of INR160 million pertaining to the Shipway's other expenses has been consolidated in FY'25 post acquisition that was actually not there in the financials of FY '24. That is largely the reason for the increase in other expenses during the year.

**Jalaj:** Got it. So it's fair to assume that the other expenses would be in a similar range going forward?

**Anurag Mittal:** Yes, yes. One point I want to clarify here is that consolidation started happening from the 17$^{th}$ of December 2025 (wrongly said, kindly read it as December 2024). So next quarter, Quarter 1 FY '26 will not be comparable with quarter 1 FY '25, but other expenses will be in the same ballpark.

**Jalaj:** Got it. Thank you.

**Moderator:** Thank you. We have our next question from the line of Keshav from Niveshaay Investments. Please go ahead.

**Keshav:** As I can that the company EBITDA margins was strong compared to the other peers. So your other expenses appear relatively low. Could you provide some clarity on that.

**Kapil Makhija:** Sorry, the voice is coming very muffled. We're not able to hear you clearly.

**Keshav:** So I can see that the company maintains a strong EBITDA margins compared to the peers, and your other expenses are relatively low. Like could you please provide some clarity on this? Are this efficiency primarily driven by low marketing spends or other cost optimization?

**Kapil Makhija:** Yes. See the Uniware business, which is our flagship platform, has significant operating leverage where a large portion of our revenue growth flows to our bottom line. Besides driving a consistent revenue growth through new acquisitions and growth of our existing clients, we, as a management team have tried to keep costs in control because we -- if you look at Uniware, which is our flagship platform, a lot of investments have gone in FY '21 and FY '22 in building the platform. And now the platform is largely stable.

We don't foresee any incremental investments into the business besides the BAU investments because of the evolving e-commerce landscape. For example, as quick-commerce became an important contributor in certain categories, we have built enhancements to our quick-commerce offering. So, since we don't see a lot of investments going in into the core platform, that is why the business inherently provides a significant operating leverage.

At the same time, we have been able to leverage AI to drive our business efficiently in terms of improve -- getting productivity enhancements, training our team, and the customers. And we also leverage AI to do product enhancements to be able to do these product enhancements in a much faster pace and with a much leaner team than we used to do before. I think a combination of these, we are not underinvesting in sales and marketing. As you can see that we've had our best quarter till date in the last quarter, where we acquired 125 enterprise clients in Uniware.

And hence, a lot of these efficiencies are coming through, one, stabilization of the platform; two, a constant focus on being able to leverage AI to drive productivity in the team.

**Keshav:** Sir, another part is the Shipway business, directly comparable to Shiprocket. Is it slightly different?

**Kapil Makhija:** See, as I mentioned, that the courier aggregation forms a large portion of the revenue. There are multiple players in the space with which Shipway competes, and Shiprocket is one of those players.

**Keshav:** Thank you. That answers my question.

**Moderator:** We have our next question from the line of Sonal Minhas from Prescient Capital Advisors. Please go ahead.

**Sonal Minhas:** This is Sonal. I wanted to understand, I see your top 10 customer percentage share falling. Maybe it is a function of you adding more customers at the bottom of the pyramid. But just wanted to understand in the last 1 year, has there been a churn in the top 10 customers? I just consider FY'25, that's one. And if yes, if you could share some subjective feedback on why they have left? And if at all, there's anything to read there.

**Kapil Makhija:** Sure. See, Uniware as a platform -- and I'm assuming the question is about the standalone business¦ Uniware as a platform is extremely sticky. Once a brand adopts the Uniware platform, it is essentially a marriage for life. It effectively becomes an ERP for their e-commerce operations, and you rarely see a brand replacing their ERP. So you can see our average lifetime continues to increase every year. And that is why very rarely have we seen a large customer churning from our platform. And the answer to your question about churn in FY '25 amongst top 10 customers, the answer is no.

We've had churn in the top 10 customers in the past, but the main reason for churn has largely been that customers are going out of business because e-commerce is a volatile industry. And that's actually bulk of the reason for churn, where the customer either goes out of business, as in shutting down, or they go out of e-commerce. That's mainly the reason, and we don't see much of that happening amongst our top customers.

**Sonal Minhas:** Got it, Kapil. A follow-up question there, Kapil. I just wanted to understand, I think you explained this well in the last discussions as well that there is not much of a build required in terms of the Uniware platform, and hence, there may be some operating leverage that you would see in terms of people costs there as well. But traditionally, have you seen such similar businesses, such SaaS models not investing in their platform or people or tech over a 1- or 2-year period, because there may be competition coming from the other side.

So just want to understand, is that a real sustainable thing or that's like a small tactical edge that you might see for 1 year and then you have to reinvest in tech, people, resources going further over the next 3, 4 years?

**Kapil Makhija:** Sure. As I mentioned before, that at no point of time, we are underinvesting in the business, neither in terms of sales and marketing nor in terms of product development. We continue to ship out a lot of upgrades to our product. I mentioned that in FY '21 and '22, it was a major overhaul of the platform to make sure that we are ready for the acceleration that we have seen during the pandemic. We continue to ship out upgrades to our platform.

For example, I talked about quick-commerce upgrade as quick-commerce is becoming a meaningful channel for many categories. We have seen brands becoming omnichannel and hence, we are seeing requirements of managing their B2B part of the business, which is, let's say, their shipments to general trade, modern trade or shipments to, let's say, their own store fulfillment. So we continue to upgrade our platform to be able to offer this.

Innovation is at the core of our business. If we do not innovate as a company, I think the market is fairly competitive and there will be new competition that's coming. And that's why today, we are leveraging AI to make sure that we are able to do things a lot more efficiently than we did in the past, and we are able to ship out many of these upgrades in a much shorter span of time. And hence, we don't foresee as much team size or as much team cost that we had probably incurred in the early part of our journey as the product platform has become stable now.

**Sonal Minhas:** Got it. Thanks

**Moderator:** Thank you. We have our next question from the line of Sahil Doshi from Thinqwise. Please go ahead.

**Sahil Doshi:** Congratulations to the team for the successful Shipway integration. Just a couple of my question relates to -- one, I just wanted to understand like you have amortized INR3.8 crore related to Shipway this quarter. So could you just talk about the entire goodwill which has come in? How should we think about it going forward? And what could be the recurring impairment/amortization related to this?

**Anurag Mittal:** Sahil, could you elaborate what you mean by what kind of business has come in due to the amortization?

**Sahil Doshi:** No. I meant the INR3.8 crore worth of amortization which you've taken related to the acquisition, incrementally, what should we think about it? Because I think there's a goodwill of INR118 crores on our book right now. So how should we think about this going forward?

**Anurag Mittal:** So Sahil, the increasing depreciation and amortization of Quarter 4 FY'25 is largely because of the amortization of intangible assets recognized as part of our Shipway technology acquisition. These are primarily non-cash accounting adjustment and we continue to do so over the period of next 3 years and that really -- and this actually in the line of applicable accounting standards.

As you know, when we do the accounting of these acquisitions which particularly the business acquisition, we have to split the overall value of revenue of acquisition into different asset acquired from the acquiring company so that is the reason we have capitalized the value of overall investment into different intangible as well as the goodwill in the books of accounts. And those assets which has been capitalized will be amortized over a period of 3 years on a consistent basis.

**Sahil Doshi:** So if I understand correctly, the INR118 crores goodwill will be amortized over 3 years. Is that the right way to read this?

**Anurag Mittal:** No, no, no. So the business will not get amortized. It's the value of investments particularly in fact, near about INR40 crores of the assets has been recognized as an intangible in the consolidated financials. This INR40 crores will get amortized over a period of 3 years in the financial.

**Sahil Doshi:** This explains. And just if I see the derived number of the Shipway business, the detailed expense for this quarter is around INR18 crores, excluding the employee cost. So is there a onetime cost related to acquisition built up here? Or we would say the steady state total expense? And how should we think about these cost line items for Shipway going forward?

**Anurag Mittal:** In fact, the overall expenses actually include the operational expenses of Shipway Technology in this Quarter 4 FY '25. And largely, our other expenses are in consistent with the previous quarter itself. And overall, in the future also, these numbers will be on the similar ranges going forward.

**Sahil Doshi:** When you say similar, just wanted to understand where is the lever for operating leverage, meaning the idea was to understand that.

**Kapil Makhija:** Sure. See, Sahil, the large part of operating leverage will come from the Uniware business, which is largely stable. Shipway as a business and as a product line is on its growth trajectory. So while there are possibilities of us generating profits in the business, but our -- one of the strategic call that we have taken is that we'll continue to reinvest profits for growth in Shipway and convertway. So this business will largely operate at a breakeven.

A large part of our profit growth will come from Uniware because of the inherent operating leverage in the business.

**Sahil Doshi:** And just lastly, on the core business, Kapil, one of the previous questions, you did mention that the pricing element is not coming in because of the minimum guarantee. Could you quantify that because it seems since the time of listing, we've really never seen the pricing momentum actually come through. So how long are these duration of these minimum guarantee contracts?

And shouldn't this be a regular feature because every quarter you will add new clients and they will all be under minimum guarantee. So our -- the pricing will always remain under pressure. Is that the right way to read through?

**Kapil Makhija:** Sahil, I think, like I mentioned that what has taken us 7-plus years to build in terms of the enterprise client base, we are now able to do in 2, 2.5 years. And we continue to be aggressive in the new client acquisition because I think we've just scratched the surface as far as e-commerce enablement is concerned. There are so many businesses that are yet to get online, that are yet to get on the dropship model where they will feel the need of a software provider like ours. So we don't foresee the client acquisition slowing down at any point of time.

And as we continue to acquire more and more clients -- it is the inherent nature of the business where the new clients take about 6 to 9 months for them to fully utilize the minimum quota that's allotted to them as part of the MG. So as this motion continues, I think we will continue to see a similar trajectory on the pricing because our intent as a business is to drive consistent growth in revenues and profits, which will come from both growth of our existing clients, new clients that we continue to acquire besides adding new products, generating new revenue lines for us.

**Sahil Doshi:** And just the last one, just from the stand we're seeing this [Inaudible 53:20] and also on the e-commerce side, we are hearing players talk about going to an inventory-led model. Do we see the entire TAM is reducing the holdings for us? What are your thoughts on this?

**Kapil Makhija:** So Sahil, I could not hear the first part of the question. I'll address the TAM reducing or increasing. But could you please repeat the first part of the question?

**Sahil Doshi:** No, the first part was, we are seeing the e-commerce transactions, the pace of growth reduced. And second, we are seeing a shift to quick commerce where we are talking about grow in inventory-led model. So, my question was -- our operating TAM, is it that getting lesser or diminishing day by day basis? Or how do we think about this?

**Kapil Makhija:** Sure. Let me address the second part of the question. See, dropship model is a fairly recent phenomenon, which started to pick up during the pandemic. If you look at pre-pandemic, dropship model as a percentage of overall e-commerce business was in early double digits. And today, it's nearly half of the market. It's expected to grow even further, and that's the trend we are seeing. I'm not sure on basis what report are you saying that the inventory model is increasing.

In fact, if you look at quick-commerce, it started out as an inventory-led model as how e-commerce started a decade ago as an inventory-led model. And today, we see leading quick commerce platforms now launching multiple models as how the horizontal marketplaces have launched.

So we are, in fact, seeing the quick commerce business is also getting into the dropship model and operating with multiple models, which means that there is increased complexity for brands to be able to not only manage multiple channels, but also manage multiple variants of each channel. And hence, the need of our technology solution like us is increasing every quarter as the complexity in the ecosystem is increasing.

And on the first part of the question, sure, the e-commerce market growth was muted in this year. But as I mentioned, we are fundamentally aligned to the long-term prospects of the e-commerce growth. I think we fundamentally believe that e-commerce is fairly underpenetrated in the market.

And as more and more customers in the country continue to get comfortable with shopping online, we will see a higher penetration of the e-commerce going forward. So, the long-term prospects of e-commerce still continue to be intact. But yes, in the short term, we do see some headwinds currently.

**Sahil Doshi:** Thank you so much and best wishes.

**Moderator:** We have our next question from the line of Rajvi Poladia from Sohum Asset Managers. Please go ahead.

**Rajvi Poladia:** I basically was looking to the P&L of your company and there were a few adjustments that were made in the P&L such as capitalization of employee costs and there were some bonus reversals. So, assuming last time when you had capitalized the employee cost, I think that was in 2014 and very recently, you have done that for your product development thing. So, I'm just assuming if I reverse those, I do not see the PAT growth as much as it is shown. So, can you guide us as to how can we -- going forward, how can we account for those expenses into FY '26?

**Kapil Makhija:** So, Rajvi, to your question, the capitalization that we undertook was for the new products. A large portion of our revenues came from our existing products. So, the PAT growth that you see is a true reflection of the business. And as our products are gaining maturity, we plan to fully expense these new products going forward, which has been consistent with our accounting philosophy since the company started.

For example, UniReco, we had capitalized during the year as we were building the product. We are on track to launch it by the end of quarter 1 FY '26. And from this quarter itself, we will be fully expensing the UniReco product. And this is the same philosophy we follow all across.

On your question of employee expenses, you would see that this year, there are no reversals and the capitalized expense is also lower. So, these are now steady state employee cost numbers that you see because of the efficiencies that we have built into the system. One, we have realigned our investment basis the business needs. Plus, we are now leveraging AI to a great degree to ensure that we can drive productivity enhancements within the team.

**Anurag Mittal:** Rajvi, in addition to what Kapil also explained, I also want to reiterate that this manpower cost relates to the product development have been capitalized under intangible asset development near about INR6.3 crore for FY '25, which includes INR0.4 crores ie. INR40 lakhs in Quarter 4 -- this Quarter 4 FY '25.

As of now all our revenue comes from our existing product suite as Kapil also mentioned. Hence, for the purpose of adjusted EBITDA, only costs related to the current products are considered and the capitalized development expenses do not distort the operating profitability. Once the new products are launched commercially, related operating costs will begin reflecting in the profit and loss account, which may have a marginal impact on the margins, but not significant.

**Kapil Makhija:** Sure. And one more point, Rajvi, on the capitalization I want to add is that during FY '25, the company capitalized development for UniShip and UniReco. UniShip has since been transferred to Shipway given its strategic alignment with Shipway business, particularly to enhance its enterprise-grade offerings. Shipway will continue investing in UniShip to take it towards terminal development stage and hence, there may be some capitalization related to that but...

**Rajvi Poladia:** In FY '26.

**Anurag Mittal:** Yes, in FY '26.

**Rajvi Poladia:** Okay. So, I was just going through the absolute amount for the employee cost. So, for FY '24, it was INR612 million and FY '25, INR592 million, even if I exclude those onetime things that adjustments that you had made, it was INR607 million. So, on absolute basis also, you actually see the employee cost going down irrespective of the adjustments that you made?

**Kapil Makhija:** Yes, Rajvi, we see the employee cost going down. And we see that the number that you see in Quarter 4, we will continue to be in similar ballpark of that going forward as well.

**Moderator:** Thank you. We have our next question from the line of Darshil Jhaveri of Crown Capital. Please ahead.

**Darshil Jhaveri:** Congrats on a great set of numbers, sir. So, sir, I just wanted to -- I understand a lot of my questions have been answered. So just still wanted to ask a bit about how we see FY '26 spanning. So, when we say that we have like net annual recurring revenue of INR1,811 million, so is that a fair assumption that FY '26, our growth should be higher than that only because that's what we've done in Q4 in terms of revenue. Is that the right way to look at it, sir?

**Kapil Makhija:** Sorry, your voice is now coming a bit muffled. If I understood your question correctly, you're saying that we are at a revenue run rate of INR180 crores. So, we will be able to deliver revenue higher than that. Is that correct?

**Darshil Jhaveri:** Yes, sir.

**Kapil Makhija:** Yes, that's correct. So, we enter FY '26 at a revenue run rate of approximately INR180 crore. Our hope is to deliver a revenue higher than that in FY '26.

**Darshil Jhaveri:** Perfect, sir. And sir, just wanted to harp a bit about the cost. As we are saying -- our employee and other expenses should remain at the current level that we saw in in Q4, right? So that would be a new run rate, right?

**Anurag Mittal:** Yes Darshil, the run rate would be in the similar ballpark.

**Darshil Jhaveri:** Okay, fair enough. And the heightened depreciation, we were saying that there is like a INR40 crores amortization that we're going to do over 3 years, right? So that would mean like we have a significantly high depreciation going forward, right?

**Anurag Mittal:** But that will be amortized over a period of 3 years, 36 months.

**Darshil Jhaveri:** Yes. But then, so even if it's over 36 months, but then I think INR40 crores means that around yearly, it will be around INR13 crores, right, that we are going to amortize, right? Many other -- because then our depreciation last FY '24 was around INR2.4 crores, this year, it's around INR7.2 crores and now in addition of this, we'll have another INR13 crores, right?

**Anurag Mittal:** Yes, that's true. That is as per the accounting standard regulations only.

**Darshil Jhaveri:** No, fair enough. We can't control that. So, I just wanted to know that because that will -- even it being a non-cash item it will impact our PAT overall, right, sir. So also wanted to know like maybe next year onwards, so just like our key metrics for our growth, we should be focusing on our shipments and transactions, right? Because that would be giving us the perfect metric of how the business is doing rather than saying PAT, right?

**Kapil Makhija:** Exactly. Our revenue growth is driven by the number of transactions or number of shipments. So that's a good metric for you to track to see the performance of the business.

**Darshil Jhaveri:** Okay. And sir, just like last question from my end. So, we don't see any, as we said, our per transaction cost, I think, is around INR1.12 that you said for Q4. So that rate will be -- that can be constant for FY '26. We don't see any downward trend in that rate, right sir?

**Kapil Makhija:** Yes. So, over the years, we have seen this number to be in a similar ballpark range. So, I think our hope is that it will continue to be in a similar ballpark range going forward as well.

**Darshil Jhaveri:** Fair enough. That is it from my side.

**Moderator:** Ladies and gentlemen, due to time constraint, that would be the last question for today. And I now hand the conference over to the management for closing comments. Over to you, sir.

**Kapil Makhija:** Thank you, everyone, for joining the call today. We hope we've 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.