MEESHO LIMITED
(Formerly known as "Meesho Private Limited" and "Fashnear Technologies Private Limited")

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meesho

July 28, 2026

To,
Listing Department
National Stock Exchange of India Limited
Exchange Plaza, Bandra-Kurla Complex,
Bandra (East), Mumbai - 400 051
Symbol: MEESHO

To,
Department of Corporate Services
BSE Limited
Phiroze Jeejeebhoy Towers, Dalal Street,
Mumbai - 400 001
Scrip Code: 544632

Dear Sir / Madam,

Subject: Transcript of the Earnings Conference Call for Analysts and Investors held on July 23, 2026

Ref.: Disclosure under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ("SEBI Listing Regulations")

Pursuant to Regulation 30 read with Part A of Schedule III of the SEBI Listing Regulations, we hereby submit the transcript of the Earnings Conference Call for Analysts and Investors held on Thursday, July 23, 2026.

The transcript has also been uploaded on the website of the Company and can be accessed at:

https://investor.meesho.com/financials?tab=quarterly-results

You are requested to take the above information on record.

Thanking you,

For Meesho Limited
(Formerly known as Meesho Private Limited and Fashnear Technologies Private Limited)

RAHUL BHARDWAJ
Digitally signed by RAHUL BHARDWAJ
Date: 2026.07.28 20:19:35 +05'30'

Rahul Bhardwaj
Company Secretary and Compliance Officer
Membership No.: A41649
Encl: As above

"Meesho Limited
Q1 FY27 Earnings Conference Call"
July 23, 2026

MANAGEMENT:	**MR. VIDIT AATREY – CHAIRMAN, MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – MEESHO LIMITED** **MR. SANJEEV KUMAR – WHOLE-TIME DIRECTOR AND CHIEF TECHNOLOGY OFFICER – MEESHO LIMITED** **MR. DHIRESH BANSAL – CHIEF FINANCIAL OFFICER – MEESHO LIMITED** **MR. KARTHIK CHANDRASHEKAR – HEAD CORPORATE DEVELOPMENT AND INVESTOR RELATIONS – MEESHO LIMITED**
MODERATOR:	**MS. GAURAV MALHOTRA – AXIS CAPITAL**

Moderator: Ladies and gentlemen, good day and welcome to the Meesho Q1 FY27 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Gaurav Malhotra from Axis. Thank you and over to you, sir.

Gaurav Malhotra: Thanks. On behalf of Axis Capital, I would like to welcome all the participants to the Quarter 1 FY27 Conference Call of Meesho Limited. I would like to inform you that the call is being recorded and the audio call and the transcript will be available on the company's website.

Joining us today to discuss earnings for the Quarter 1 FY27 are Vidit Aatrey, Chairman, Managing Director and Chief Executive Officer; Sanjeev Kumar, Whole-time Director and Chief Technology Officer; Dhiresh Bansal, Chief Financial Officer; and Karthik Chandrashekar, Head of Corporate Development and Investor Relations.

We encourage investors and analysts to review the shareholder letter available on Meesho's Investor Relations website. Would request participants to limit themselves to three questions for the wider participation. During this call, management will focus on addressing questions beyond the topics already covered in the letter. Before we begin, please note that certain statements made on this call may be forward-looking in nature and should be considered in conjunction with the risk factors disclosed in the company's filings.

With that, we can open the floor for questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. Your first question comes from the line of Sachin Salgaonkar with Bank of America. Please go ahead.

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

Vidit Aatrey: Hi, this is Vidit. Thank you, Sachin, for the question. I think you should anticipate that we will continue to reduce our logistics cost at a very good pace, something that we have talked about even during the IPO. Changes in fuel prices as well as minimum wages, I think are going to be small blips in that entire picture, and that's reflected even in this quarter number.

We've continued to make progress on efficiency even though there was a big change in fuel prices in this quarter as well as minimum wage, and we were able to basically continue to offer a great proposition to our customer. So going forward, you can anticipate the same thing. I don't think it changes anything in our path. The other thing also is that, again, all channels are impacted by fuel hike as well as wage hikes. So, as we continue to basically become more efficient, we believe online as a channel, Meesho as a channel, should only gain share from all the other channels for our customer.

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

Vidit Aatrey: So, at this point, we do not disclose the share of both Meesho Mall as well as the ad share that comes from there. You are right that the ad revenue that comes from brands on Meesho Mall as a percentage of NMV is higher than the overall platform because brands tend to basically spend higher as compared to a typical seller overall in the economy. But like, we do not like right now disclose that share.

I think at the right time, we will come and basically share that with you. Overall, if you see, Meesho Mall continues to grow at much faster pace as compared to the overall platform. It's substantial part of our business, so it's not insignificant, and we anticipate that this should be a large part of our growth story over the next three, five, maybe even longer years.

And it should keep contributing to our long-term ad revenue goal as well because we make more ad revenue when brands sell on our platform. So, it's all in the right direction. Now specific numbers at this point in time we do not disclose. Whenever we come, I think we will share at the right time.

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

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

Before Kirana Club, a very limited number of Kiranas only in the big cities could be served by online platforms, whereas Kirana Club created a very low-cost way of serving Kiranas across the country, even in very, very small towns, remote areas, even in rural areas, which basically very much aligned to the overall mission of Meesho.

So, we believe that this can really create the same value as we have done for the consumers. Kirana Club can do that for all kinds of retailers, not just for Kiranas. Also, there's a very strong capability overlap in terms of what is required to achieve its vision in the long run.

Logistics, low-cost logistics will be a large part of this and at some point in time Valmo can play a big role there. Even some of the other capabilities because again we are a commerce business, everything that we've built in technology would also be very, very useful. So, we believe there's a strong capability overlap as well that should help in that business.

So that's why we are quite bullish, but I would again remind that it's still very early, right. So early product-market fit, a lot of work needs to be done before it becomes significant for the platform, and that's why it will stay in the new initiatives bucket that we continue to disclose. And I think we'll be patient with it because we believe the overall opportunity in the long run is very large.

Now on the low-cost local logistics network, I think it's the reason it is different from Valmo is because Valmo is today a national logistics network. But we've realized over time there's certain categories, especially perishable categories or fast-moving consumer goods, they require a fundamentally different logistics network to be viable on Meesho.

They tend to be more local, have to be transported much sooner, requirements of safety, security, ensuring the product integrity stays higher because some of these products are perishable. I think requires a different supply chain. So, for the new initiatives that we have around grocery, we've been building that supply chain. Again, that's also very early.

I would not say that we've been able to make it work at scale. We are still in the experimentation stage, but we believe it's again quite important for the long run. If we make that supply chain work, we should be able to extend our value proposition to many more price points and categories in the long run.

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

Vidit Aatrey: Yes, I think grocery, yes, and I would say like Kirana Club is not just focused on grocery, though it looks like that today. We want to basically make it work for all kinds of B2B use cases in the long run. But you're right, like one very important outcome if some of these bets start to work is we should be able to play a lot more in grocery category.

Sachin Salgaonkar: Thank you. That's it from me and all the best.

Moderator: Thank you. The next question comes from the line of Vivek M with Jefferies. Please go ahead.

Vivek M: Hi, good evening team. My first question is on the logistics cost again. So, you have elaborated in your release already about the challenges and the fact that you have passed on the impact. But and I understand that geopolitical scenario still is quite fluid and volatile. But sequentially you have managed your logistics cost very well.

Given the backdrop and whatever has happened to oil prices in the recent past, do you think first quarter already captures, all the pressures and from here on the rest of the year, other things being equal, should see an improvement or logistics cost going down or there is an upside risk still to this number what you have reported in the last two quarters?

Dhiresh Bansal: Hi Vivek, thanks for that question. Dhiresh here. So yes, I think like you rightly mentioned during the course of Q1, we did see fuel price hike coming through on both Valmo network as well as some of the other 3PLs. And equivalently there were also certain minimum wage changes that kind of happened across the ecosystem.

I think all of those have been absorbed, of course, in the quarter. Some from a timing perspective, some of these happened around May, which is when the fuel price hike actually kind of got announced.

At the same time, we have also been taking measures to kind of improve the efficiency of our operations and as a result, in the data book that we've shared, you would be able to see that our cost per delivered order actually came down even during this quarter by about a rupee versus kind of the previous quarter.

So we've largely kind of offset this. Again, in the coming quarters, we expect to continue to gain efficiencies. All of the logistics operations are kind of now running on a fully stabilized basis, quite beyond the Q2, Q3 disruption that we had in the previous year, and we are kind of continuing to now become more and more efficient, which will start showing up in the upcoming quarters.

Vivek M: Okay, got it. Thanks for that. The second question is and in some ways related to the first question. There is, inflation in the freight cost which pretty much impacts every industry and we have seen companies taking up prices. The AOV on a sequential basis is flat and I know your aspiration and you want to make products more accessible.

But sequentially I would have imagined that AOV just sheerly because of inflation would have gone up. What is the reason it stays flat? Is it still because you are making let's say availability or let's say more accessibility is that the reason why it is? Because underlying inflation should still, should have crept into your AOV or is my understanding incorrect?

Dhiresh Bansal: During the course of a year as we kind of keep passing on efficiencies, the baseline AOV decline should be about 5% year-on-year. I think if I look at the last quarter, AOV declined by about 2% year-on-year. So, it had both reasons kind of built in. I think initial part of the quarter, obviously as some of the raw materials, especially in relation to polyester pricing etcetera had moved up.

We did see some of the product pricing going up and then as the fuel hike happened and we passed on some of those impact into pricing as well, we did see AOV kind of increasing because of that. So versus the baseline, I think the AOV has reduced by a lesser amount than our general kind of guidance. And again, as we kind of start gaining more efficiencies and passing some of those on to customers, I think we will resume on the trajectory of AOVs kind of becoming lower than they were.

Vivek M: Got it. And last one Dhiresh, can you just explain the two notes that you have in the result release? One on this change in Articles of Association and the second is, apologies, I don't fully understand this Valmo bit what you have mentioned, the GTA bit under applicable GST law. Can you just talk about both these things?

Dhiresh Bansal: Sure. I will start with the GTA bit first and then I'll go to the Articles of Association. So on GTA, I think we've also shared some notes around this in the shareholder letter as well as the earnings. In a sense, if you look at Valmo, it is an aggregator of various small businesses, mid-mile, last-mile, first-mile kind of operations.

And during the quarter, we had reorganized some of our business, which we had also kind of noted in the previous quarter, around ensuring that the organization structure as well as the corporate structure kind of resembles that. So Valmo Transportation Private Limited or VTPL is the entity under which the middle-mile and last-mile operations are now housed under.

And this entity has a Goods and Transport Agency license, which is a classification under GST law. So Valmo, a large part of that business has kind of moved under this entity, which will kind of imply that on a consolidated basis, nothing kind of changes significantly, but on a standalone basis, various entities will have kind of movements between let's say Meesho Limited, Meesho Technologies Private Limited as well as VTPL.

On the Articles of Association, there are standard amendments for nominee investors, their sort of Director position as well as Founder positions, which are typical of post-IPO sort of that one seeks at the Annual General Meeting. Our AGM is kind of upcoming, we would seek those sort of appointments for Director positions for Founders and certain investor nominees.

Vivek M: So basically you're just regularizing, whatever was there until IPO and this is the first AGM which is what you are seeking approval for?

Dhiresh Bansal: That's right.

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

Dhiresh Bansal: Thanks, Vivek.

Moderator: Thank you. The next question comes from the line of Vijit Jain with Citi. Please go ahead.

Vijit Jain: Yes, hi. Thank you for the opportunity. Congratulations on a good set of numbers. My first question, so what would be the current share of Valmo in volumes in 1Q? And based on what you said earlier, Dhiresh, VTPL's financials when you disclose them on annual basis or whatever will give us a pretty good decent sense going forward of how much business is moving through Valmo. Is that understanding correct based on what you just said?

Dhiresh Bansal: Sure. I think Valmo share is no different materially from what it was in the previous quarter. So, I think no kind of substantive change there. On the question around VTPL financials, so VTPL will still only house the middle-mile and last-mile operations, which are those which are available under the sort of aggregator model as Goods and Transport Agency.

First-mile operations as well as sort center operations in relation to Valmo will continue to remain as part of Meesho Limited. So it may not be a very direct sort of comparison when you kind of look at those financials. However, again, as we kind of go along, we will kind of consider what more to kind of disclose for an understanding perspective.

Vijit Jain: Got it. Thanks. My second question was, so the new initiatives, the operating losses within them in the quarter are now at about INR39 crores in Q1. I know you've talked about some of these new initiatives that you've launched, but in general, you've had a certain limit in terms of burn per year on what you call Horizon 2 initiatives, right? Is there any change in that in FY27?

Dhiresh Bansal: So fundamentally no change to the philosophy. We operate with a budget hard cap in terms of what the new initiative burn could be. I think from a quarter-on-quarter perspective, obviously there are variances that happen from time-to-time. But the philosophy that we operate with is these are experiments that are ongoing.

We cap the budget overall of the experiments that we have so that we are kind of frugal around them. And once some of these graduate to either becoming a Horizon 1 initiative, move to the marketplace, then of course all of our IRR math kind of follows. But until then, they will continue to remain on an annual budget cap basis.

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

Dhiresh Bansal: So Meesho Mall brands can advertise very similar to any other seller can how they can. I think the added advantage they have is they have a Meesho Mall authentic sort of tag alongside them, which obviously kind of improves conversion for them. But from an ad product perspective, it's no different versus what the other sellers have. These are all performance marketing ads. So, let's say the products appear in the feed of a customer and some of those are promoted products and tagged as ads as well.

Vijit Jain: Okay, got it. On AI, you've talked about how you've used it to accelerate or improve seller on-boarding processes, automate catalogs and a few other things. Now in a few other conversations recently, other companies have started to talk about how they're using AI to accelerate seller on-boarding processes for themselves, shortening the time frames dramatically in some cases.

Do you think that has been one of the major advantages that you guys have had and how would you think about your seller proposition post-AI, I suppose? Maybe a general question, please take it as broadly as you would.

Dhiresh Bansal: Sure. I think in terms of seller operations, obviously we have been using AI even before kind of this AI wave actually, seller on-boarding on Meesho has been one of the fastest relative to any other horizontal or sort of vertical e-commerce player. And we've been making that process simpler as well as more efficient.

I think with AI sort of coming in, we've introduced things like automated taxonomy. There are certain trust and safety checks which happen for every catalog and product that is uploaded to test for its genuineness, to kind of stop any counterfeits from getting uploaded etcetera on the platform. And in a lot of those, we are now able to use vision models to be able to identify that.

A lot of the attributes of let's say what a product is automatically get populated versus a seller needing to kind of do that, which used to be a fairly time-consuming and also used to result in a lot of drop-offs as well in the past. So I think absolutely on the seller flywheel, we do continue to see improvements coming in because of AI.

But I think again, like it is AI is all-pervasive in all parts of our business, not just the seller part, the consumer part, on the SDLC, the Software Development Life Cycle, we've spoken about how it's kind of improving the productivity that our devs have. So I think it's all kind of happening at the same time.

Vijit Jain: Got it. Thank you so much. Those are my questions.

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

Gaurav Malhotra: Yes, hi. Thanks. Just a couple of questions. First of all, how many sellers today would be contributing to ads in any sense which you can give us? And what would be the ROAS for them?

Dhiresh Bansal: So, Gaurav, I think a fairly large proportion of our sellers who contribute to GMV today advertise on the platform. I think close to about two-thirds of our GMV contributing sellers do ads. I think there is scope for increasing this even further.

Again, all the steps that we have been taking over the last two to three quarters where we have simplified the product for the sellers to kind of use, made it more aligned with their objectives of return on ad spend, have helped kind of increase this number quarter-on-quarter and we continue to see that happening.

And not just new sellers are kind of becoming active on ads, but they are now using ads for more and more of their catalogs of products, which kind of increases then the pool of products that we can choose from to show our customers ads and that also improves the ad experience overall for the consumers as well.

So, I think this is the part that we're most focused on for the upcoming few quarters as well to get the ad adoption very close to kind of the largest sort of GMV contributing seller base. From a ROAS perspective, I think it's similar to I think where we were in the last quarter.

Gaurav Malhotra: Okay. And just a couple of more questions. In terms of what would be your salience to an average seller's top line? In the sense what would be or how much would an average seller be selling on Meesho out of his overall sales?

Dhiresh Bansal: I think it's hard to say because of course we're not kind of a lot of that data is not available directly to us in any form and some of these sellers have significant offline businesses as well, which sort of may or may not be kind of with the same GST ID etcetera. That being said, I think whenever we have done surveys internal kind of checks etcetera, what we see is for a majority of our GMV-contributing sort of seller base, we are one of their primary source of income.

Gaurav Malhotra: Would it be like a majority or?

Dhiresh Bansal: So more than for more than 50% of our sellers, let's say, we would be a primary source of income.

Gaurav Malhotra: And just last question, you mentioned in the shareholder letter about the average frequency sort of increasing across the older cohort. So if you can give us some sense of what would be some frequency level older cohort versus newer cohort kind of trend?

Dhiresh Bansal: Sure. So if you look at overall the annual frequency with a 29% ADU growth still continued to go up by about 9% year-on-year. Obviously, a lot of it comes from actually older cohorts continuing to kind of grow in frequency, but also newer cohorts kind of coming in at a higher frequency than say a year before. We don't share specifics on like what is older cohort frequency increasing by and what is newer cohort frequency coming in, but both are moving kind of in the positive direction.

Gaurav Malhotra: Understood. Thank you.

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

Gaurav Rateria: Hi, thank you for taking my question. My first question is on your comment on the logistics cost on the headwinds from fuel price and minimum wages you have been able to pass it to the ecosystem. But I was just doing a rough calculation, it looks like that the spreads also have increased.

So basically, what you have passed to the ecosystem is probably higher than what cost increases or escalation that we have seen. So this increase is that sustainable based on efficiencies that you have gotten through or is that a time lag of impact of the cost fully coming to your P&L?

Dhiresh Bansal: So Gaurav, Dhiresh here. The cost increases as well as pricing increases happened sort of simultaneously. So there was no timing effect of passing to the revenue sooner than kind of the cost coming in. Of course, the way we are kind of we always want to reduce the cost of doing business for our sellers and hence we generally kind of take these steps only when there is an actual effective price cut that has kind of set in. We can separately offline reconcile on the pricing delta that you might be kind of seeing, but I think it kind of happened together in the last quarter.

Gaurav Rateria: Got it. My second question, sorry, should I go ahead?

Dhiresh Bansal: Yes.

Gaurav Rateria: Yes, my second question is on, external environment around the competition. I understand that there have been certain tweaks in their business model that the other large horizontal e-commerce platforms have made, especially for the goods priced under INR1,000.

So have you seen any of these change kind of overlapping with you or kind of impacting the business or have you seen any sort of a aggression coming in the competition or it is something that has so far not been overlapping with you given that the kind of AOVs and the selection base that we are, we operate with and the seller base we operate with, they will take probably a long, long time to kind of create that overlap?

Vidit Aatrey: Yes, by the way, like competition and intensity of competition in our sector has always been there. So, I would say I don't think it ever went down even before like some of the changes that you were referring to, even before that, I think changes have continued to happen. People have launched sub-platforms to compete with us over the last many years.

And I would not say that the competitive intensity has changed in either direction. We continue to kind of move forward on our own mission and vision. We will continue to kind of scale up aggressively. Our value proposition continues to get better.

Our pricing is getting better. Our selection is getting better because we now have a large base of sellers. Our proposition across the board is getting better and we continue to see good growth as well as like cohort retention across the board and that's how we approach it.

But I would say like there is no change as such in the competitive environment. It has stayed high and we will always expect it to stay high. I think we are going after a large opportunity and I will be surprised if like there is not enough competition in this sector.

Gaurav Rateria: Got it, that's very helpful. The last question I have is on the AI-related initiatives. See, I understand some of these initiatives would be giving massive productivity gains and will also help in reducing the cost, creating better products. But all of this should translate into creating some long-term competitive advantages.

So ultimately these competitive advantages have to translate into maybe better retention, faster onboarding of merchants or let's say the lower cost of acquiring customers etcetera. So how should we understand that all the initiatives taken by you is creating that differentiation and creating a stronger moat in the business over going forward basis? Thank you.

Sanjeev Kumar: Hey, Sanjeev here. So, see, all these productivity gains in software development helps us sort of move fast, right? Like so now compared to let's say earlier we are able to solve 2x problems. So twice as many problems and which helps us say in sort of making our flywheel even more stronger, right? But that's not just that, like just we spoke about Vaani few months back.

So, products like these are now possible because I think with GenAI we can now sort of create experiences which were never possible earlier, which sort of bridges the gap further with offline shopping and which makes it easier for a lot of new users to sort of experience e-commerce in the easiest way possible and also helps us make our existing moat stronger in many ways.

Gaurav Rateria: Thank you, all the best.

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

Swapnil: Hi, thanks for the opportunity. My first question is with respect to your low-cost logistics network. Can you just explain with some kind of an example, what exactly are you doing here and what are the categories that you are working and is there any overlap with your marketplace business? And a related question to that is like you have mentioned a cap on the investment towards this H2 investments. Can you quantify the cap in absolute basis?

Vidit Aatrey: I will take the first part of the question. So I think a good way to understand is a lot of grocery category that we do not serve today. So I would say potentially fruits and vegetables at some point in time, staples, a lot of very small average order value products, like sub INR20, sub INR30 products that we do not believe can become viable on our core platform.

I think a lot of these products will be hard to ship nationally and basically make them available to the consumer at any point in time. So that's why we are building some of these, that this new supply chain so that locally how can we ensure that like sellers across all these categories, across grocery, across staples, across F&B and across other categories of a very low price points, are able to sell to consumers in a particular catchment.

So that's basically our focus. As I mentioned earlier, it is still very early. So I do not think like we say that we are going to get to our goal. We are still pre-product-market fit. A lot of assumptions have to come true for us to say that we have basically made this work for some of these products and categories.

A lot of capability that we are even building in Valmo in a core business are also required to make it work. So it may take a longer time, but like we are patient and we believe in the long-term opportunity. So I think we will continue to invest behind it, but it may take a while before we reach product-market fit here.

Dhiresh Bansal: Yes, on the second part of the question in terms of annual budget capping, roughly about INR200 crores is kind of the annual budget cap that we have around new initiatives in terms of EBITDA. Again, if something changes there, we will come and communicate proactive.

Swapnil: Got it. And the second question is with respect to a news flow which was there around some GST related dispute that was raised by proxy advisory. Can you explain the nature of this issue and what kind of exposure do we have not only now but to some of the fulfilment that we would have done in the past?

Dhiresh Bansal: Sure. I think the news flow that you are kind of referring to is in relation to the GTA model that we kind of just mentioned. Again, we are doing what there is kind of precedence of other horizontal e-commerce players also doing in the industry which not a new model. I think fundamentally from a model change perspective, I think we had obviously looked at both the letter of the law as well as the spirit of the law and we continue to kind of believe that this is in the right direction.

We had of course taken reasonable number of opinions, legal as well as accounting opinions from leading law firms as well as accounting firms. Just to clarify, there has been no question asked by any regulatory authority or tax authority to us on this matter. I think the question asked by let's say the proxy agency is also something that has been asked to SEBI.

However, we have not received any communication from SEBI on this topic. So we continue to kind of see how this kind of progresses, but we have good reason to believe that there is no risk exposure coming out of this.

Swapnil: Got it. And just one question on your insourcing strategy. You did highlight that your insourcing right now is same as the last quarter. It will be helpful if you could quantify that as well. And going forward, how should one look at your Valmo share? Should one expect it to increase because you talked about the logistics cost coming down meaningfully quarter-on-quarter? So just trying to triangulate that? Thanks.

Dhiresh Bansal: Sure. Before I answer that question, just kind of recap of philosophically how we think about Valmo share versus any other kind of third-party logistics as well. I think our fundamental objective continues to remain that the lowest cost provider in a particular lane for a particular combination of source and destination should be given significant proportion of the volume in that particular lane.

And so if that person or if that entity is Valmo, then it goes to Valmo. If it is someone else, it goes to them. And so we keep seeing again efficiencies coming in not just from Valmo but also from other third-party logistics partners like we have spoken before. Of course, there are more controllables for us directly in the case of Valmo where we continue to sort of make progress.

But at the same time, we also see across different lanes, lane profiles etcetera, that third-party logistics partners also continue to make progress in terms of getting efficiencies as their volumes grow, density increases, passing some of those back to us. We have volume-linked sort of rate cards as well with them. So as our volumes go up, we also see better pricing coming in directly from them.

And so the ultimate share of Valmo would be dependent on all of these factors. That being said, again, the direction total of the cost per delivered order would continue to kind of come down. So that's the objective function with which we work and hence I think there is no specific guidance towards what Valmo share would be at any point in time. In terms of quantification, I think again last quarter was about 50%, similar to kind of the previous quarter before that.

Swapnil: Got it. Thanks a lot for taking my questions. All the best.

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

Aditya Soman: Hi. Thanks, and good evening. So, two questions from me. So firstly, on sort of maintaining this balance between contribution margin which continues to increase and growth, how do you think of it going forward? Just particularly in the sort of context if we look at the sequential growth, that seems to be fairly slow. Now I understand that there's an element of seasonality here, but if you can just give some context around that.

And second, you have sort of guided to potentially higher expenses in the next quarter and then that sort of evening out between 2Q and 3Q. But in this, do you also consider the effect of this welfare fee that you have to pay for this Karnataka Gig Workers Act, if at all?

Dhiresh Bansal: Sure. Let me take the second question first. So, in Q2 and Q3, the kind of spends mentioned. So Q2 this quarter, I think will be different from Q2 last year. In last year, our annual festive sale, which is Meesho Blockbuster Sale, started within Q2 which is September because Diwali was kind of earlier in the year.

This year Diwali being pushed forward into November, our annual sale will kind of start during the month of October. And that is a significant GMV generating event for us and hence you would see some variations in terms of growth rate Y-o-Y in Q2 versus kind of the trajectory that we are on. But on a Q2 and Q3 combined basis, we will look similar to the trajectory that we are on.

So I think that's just the timing difference of how we kind of will operate in this year and we felt it is better to give that heads-up sooner rather than later. On the first part of the question, trade-off between contribution margin versus growth. I think in general, there will be two kind of movements on contribution margin that we will continue to see.

Initially or during the course of last year, some of our margin in relation to what we charge for our logistics services versus our cost had sort of come down, which we are now in the process of restoring. And beyond a certain kind of stage, we would largely kind of keep it constant and pass on any efficiencies that we gain in terms of logistics cost back to our sellers and hence customers.

So on the efficiency front, I think most of the gains that we will have would continue to get passed along in the form of lower pricing for our customers and that is a big growth driver for us across the board. The other reason why we gain on contribution margin is also because as our ad revenues continue to improve, that also has a sort of downstream impact on the contribution margin and that we kind of intend to keep into the P&L.

So I think these will be the two things which will continue to drive up the contribution margin in our expectation. We continue to take calls every week, every month, every quarter in terms of how the efficiency of our spends in terms of CAC, LTV and IRRs take calls basis that to invest more and grow faster.

As long as our investments into let's say S&M spends meet those guardrails, then we continue to go after and spend more to grow faster. I think the sequential Q-o-Q comment that you had again, like you mentioned, has more to do with seasonality because in our business there are different seasons in which let's say sale events etcetera happen.

For instance, in Jan-Feb-March quarter, we have our Eid and Holi sale which are big events for us, very similar to the Diwali sale. We had higher seasonality versus the last quarter and hence the right way to look at it is year-on-year.

Aditya Soman: No, thanks Dhiresh. Very clear on the seasonality. And the reason to ask was obviously we don't have 4Q '25 numbers on NMV, so I just wanted to be sure. And just quickly on that gig worker fee, is that something you have to pay or it's still sub judice in Karnataka?

Dhiresh Bansal: Sure. I think the Karnataka Gig Worker law is something that we are kind of currently seeking clarifications on and we have kind of also asked those in conjunction with many other players who are in the consumer internet space. So right now, the court has kind of put a stay on any actions there. From a conservative standpoint, we continue to make provisions and provide for any of those costs into our P&L. So, there shouldn't be any adverse impact if we are required to pay that. That being said, those amounts are not material in nature.

Aditya Soman: Clear. No, that's very clear. Thanks, Dhiresh.

Moderator: Thank you. The next question comes from the line of Aditya Suresh with Macquarie. Please go ahead.

Aditya Suresh: Yes, thank you for the opportunity. So, the first question is on growth and in NMV. Now in sequential terms, yes, there is impressive growth on a year-on-year basis, but over the past say three quarters, there's been a fairly meaningful sequential modulation, right? Like this quarter we are at 2%. So maybe could you just like comment on some of those dynamics which you are seeing and how you plan to kind of respond to that. That's the first question.

The second question is on the merchant base. Again, impressive kind of growth in the number of merchants which you all have onboarded. But when I kind of think about this the NMV per seller, that's down about say 25% thereabouts year-on-year. And thinking through how that kind of ties back with your kind of ability to monetize with these merchants and kind of drive more sponsored listings. So would love to get your thoughts on that too? Thank you.

Vidit Aatrey: So, I think on the first question, which is on the growth side, I think if you look at last year many things happened. One of them was like we increased our share of S&M spends as a percentage of NMV. So, I think in between you also saw like the growth levels go up substantially in certain quarters even 50% plus. Of course, they were the exception, not the norm.

I think we are still much higher as compared to the long-term projections of growth that we have mentioned and we expect to kind of stay there. Even the last few quarters, as Dhiresh mentioned, there was some bit of seasonality as compared to last year. Last year, some bit of seasonality of Eid was in Q1, which moved to Q4 of the last quarter and that's why some of these numbers look different.

But if at a higher level, apart from like last financial year having higher share of S&M spends making that number look higher. Apart from that, nothing else in the core business has changed. So we expect to kind of keep growing at very healthy levels and all the key levers, be it annual transact, user base growing, frequency growing, growth across categories, we expect to kind of keep seeing that even in the future.

Now in terms of the merchant base, I think on the merchant base as well, like we have mentioned, like a lot of that has happened because of our improvement in product and that will continue to happen. Our merchant base has been growing because we have made it much easier for merchants to come onboard, much easier to sell, much easier to list, much easier to get discovered by the right products.

We have been getting more and more efficient even in logistics for very small merchants, which generally is very tough because the cost ends up being higher when you are picking up fewer products. We have been getting better there. And because like more and more merchants are there and more competition in the platform goes up, people's propensity over the long term to even spend on monetization is higher.

And which is why you see the platforms globally in e-commerce that monetize on the higher end on the ad side tend to have a very large base of sellers. Because the more the sellers that you have, willingness to kind of come ahead of the queue to get discovery in business is much higher.

So we believe that like having larger number of merchants, larger share of merchants of all kinds of, all sizes is very, very important for having the right levels of monetization in the long run, which is why we will keep investing in this now as well as in the future.

Aditya Suresh: No, that's clear. Can I ask a follow-up as a clarification?

Vidit Aatrey: Sure.

Aditya Suresh: So just on the back to the growth again. So, what type of growth rates are you all kind of guiding to or working towards on NMV, whether be it for this year or on a 3-year basis?

Dhiresh Bansal: So, I think we have a long-term growth guidance that we have kind of mentioned of the next five years of 25% CAGR, which is kind of obviously higher in the initial years and maybe lower in kind of the later years. That's the baseline that we kind of work with.

Aditya Suresh: Right. Thank you.

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