

MEESHO LIMITED

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

CIN: L74900KA2015PLC082263

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May 12, 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 May 06, 2026

Ref.: Disclosure under Regulation 30 read with Part A of Schedule III 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 Wednesday, May 06, 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
Company Secretary and Compliance Officer
Membership No.: A41649
Encl.: As above**



“Meesho Limited
Q4 FY ‘26 Earnings Conference Call”
May 06, 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. NILISHA BARBORA – CITI**



Moderator: Ladies and gentlemen, good day and welcome to the Meesho Q4 FY '26 Earnings 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. 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 Ms. Nilisha Barbora from Citi. Thank you, and over to you, ma'am.

Nilisha Barbora: Thank you. On behalf of Citi Group, I would like to welcome all the participants to the Q4 FY '26 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 fourth quarter and FY 2026 are Vidit Aatrey, Chairman, Managing Director and Chief Executive Officer, Sanjeev Kumar, Whole-Time Director and Chief Technology Officer, Dhiresb Bansal, Chief Financial Officer, and Karthik Chandrashekar, Head Corporate Development and Investor Relations. We encourage investors and analysts to review the shareholder letter available on Meesho's Investor Relations website.

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. First question is from the line of Sachin Salgaonkar from BofA. Please go ahead.

Sachin Salgaonkar: Hi. Thanks for the opportunity. Congrats on a great set of results, Vidit and team. I have a few questions. First question on Valmo. Now that the one-off issues are behind and the network looks optimized, how is management thinking about the mix between in-sourcing and outsourcing? I think you guys are currently roughly at 50, 55%. Where do you see this number moving in the medium term?

Vidit Aatrey: Yes, this is Vidit. So, I think as we have mentioned before, we do not take a specific goal of how much Valmo share should be. We will continue to give volumes to the player who is the most cost-efficient for every lane. We see third-party logistics partners also compete on this across the board. So, we generally don't take a goal.

Our goal is more customer backward, of continuing to make all our products more and more affordable to them. We believe, as Valmo has done in the past, it will continue to kind of innovate and improve the cost structure. And as that happens, the share will keep increasing. We do not take a specific goal in terms of what Valmo's OC share should be in the short to mid-term.

Sachin Salgaonkar: Got it. Vidit, when we look at some of the global operators, be it Mercado Libre or Shopee, all of them have taken a conscious call of focus on in-sourcing because they could benefit on the back of batching. Is there some kind of a thought process on similar lines for you guys?



Vidit Aatrey:

Which is already happening in Valmo. I think one of the big reasons we started because in many places we get much better cost efficiencies working with Valmo as compared to any other player. And that is across the board. I think consolidation slash batching, what you mean, even that happens, that we've been scaling. But many other cost efficiencies come into our supply chain as we have scaled it.

So, I think we take the same POV actually. So, wherever we are able to get the best ROI, we end up basically using that particular partner. And we'll continue to work with third-party logistics partners for this.

Sachin Salgaonkar:

Got it, very clear. Second question, as we head into next fiscal, how should we think about your investments in new user acquisition? This is pretty high in FY '26, but now that your voice AI shopping agent is running well and there are other AI-led investments to acquire customers, should we expect this acquisition investment to meaningfully come down?

Vidit Aatrey:

So actually, we do not again take a specific goal on what should be the advertising spend. Historically, we have always taken... as long as our investments meet a certain return threshold, we continue to invest. So, we continue to basically do innovations so that our return on investment on marketing continues to improve. So, we saw that with Vaani, we were able to convert more rural customers on our platform, and because of that our CAC went down.

And we plan to basically invest a lot more in acquiring rural customers over the next one year. So, I think that's basically the approach we take. Overall, I don't think that approach will change at all. We will continue to decide what should be the return on investment threshold for marketing at all points in time. And as long as we are meeting it, we will continue to invest.

If you look at overall, we've also mentioned in the letter, India has quite low in terms of number of people who are transacting online as a percentage of smartphone users. Even in other emerging markets, that number is north of 80%. I'm not even comparing with developed markets. India is closer to 30%. And that's why even at a large base we are able to grow our annual transacting user base at 33% Y-o-Y. So, we believe there is a large growth there. So, as we keep innovating on our product and our return on investment continues to be attractive, we will keep acquiring these new users aggressively.

Sachin Salgaonkar:

Pretty clear on that. Third question, given the fact that we saw a sharp margin improvement and ad as a percentage of NMV continues to improve, would management look to give some kind of a guidance when the company could be EBITDA break-even? Because directionally, one looks like it is not far off from you guys being EBITDA break-even. And separately, the same comments on free cash flow.

Last year looked one-off in terms of your investments which had gone into logistics network, but now with most of these issues behind, is it fair to assume Meesho will be free cash flow positive this fiscal?

Dhiresb Bansal:

Yes, this is Dhiresb here, Sachin. So, in terms of, I think, guidance, short term, we don't have any specific guidances to share at this point on EBITDA. I think LTM FCF, which you rightly kind of pointed out, has been the guiding sort of line item. There will -- we'll have impact over



a 12-month period, so if anything, which we had which stems in Q2 and Q3 of FY '26 will continue to last for some time and hence there will be consequential impact of that being carried over for the next few quarters as well.

But from a trajectory standpoint, both with the improvement in margin that we're seeing, as well as growth that we're seeing, our FCF overall on a quarterly basis should keep on kind of improving.

Sachin Salgaonkar:

Got it. And my last question is based on one of your comments from shareholder letter where you guys mentioned about macro environment, when it is uncertain, consumers focus more towards value. I guess this is equally true for mid to high-end users also. So, is there a bit more focus from you guys to focus on brands and the Meesho Mall, more to target more affluent users apart from the value commerce users?

Vidit Aatrey:

Yes, so I think we are scaling Meesho Mall for affordable brands. Or I would say value brands or value packs of all the brands that you know. And we made a lot of progress over the last one year. A lot of national brands that are popular in India have scaled their selection on Meesho and they find that they're able to reach a customer for the first time that they could not reach earlier and sell selection online for the first time that they could not sell earlier. So everyone is seeing a lot of potential there. So, it's going to be a big focus for us.

Meesho Mall is not just focused on the premium customer. I think it's going to be focused on anyone who cares about value. So, it's going to be mass India. We still believe there's a large opportunity serving brands for a billion people eventually. It's not just for the big cities. I think there are a lot of people who want to get access to national known brands, regional brands, new upcoming D2C challenger brands.

And all of them have generally struggled to reach these consumers in mass India because the typical distribution networks, Kiranas, GT, that were hard to access for a majority of brands in India, we are basically offering that proposition and a lot of people are excited. So, we are going to continue to focus on Mall for mass India, not just on premium customers. And so far we are seeing very, very good signs there.

Sachin Salgaonkar:

Super clear. Thanks a lot, and all the best.

Moderator:

Thank you. Ladies and gentlemen, in order to ensure that the management is able to address questions from all participants, we request you to please limit your questions to three per participant. The next question is from the line of Gaurav Malhotra from Axis. Please go ahead.

Gaurav Malhotra:

Hi, thanks for the opportunity, and congrats on a good set of numbers. Just a few questions. One is, in the shareholder letter you mentioned about the COD being almost, having reduced to a good extent. So just wanted to get some sense on the BNPL initiatives and how much is that helping the reduction in CoD?

Dhiresb Bansal:

Yes. I think, Gaurav, BNPL is still fairly early in its life cycle. So I think right now the key initiatives that we have had within our prepaid kind of product, which is payment before delivery, I think the cost of prepaid orders kind of coming down and we passing consequentially



some of them back to our consumers with better prepaid discounts, etcetera. have been the driving force so far in terms of cash on delivery share coming down or prepaid share increasing. Going forward, as we kind of continue to invest behind BNPL and we're seeing good sort of early signs there, that will become a driver, but at this point in time it is more direct prepaid share kind of increasing.

Gaurav Malhotra: Okay. And in terms of the ad spends, you mentioned that, in the letter that there's a decline in CAC. So is it because, as you mentioned in the previous comments that is it because there are more rural customers coming on board which is helping reduce CAC or there is something more to it?

Vidit Aatrey: So I think the CAC reduction is happening due to the investments that we have done historically in terms of technology, in terms of improving the overall value proposition from a price perspective as well, versus kind of rural users. In fact, I think as you go deeper into India, on a like for like basis, CACs only go up because you have to convince a certain user more in order to transact.

But with the improvements and products that we have made through AI and otherwise, that barrier threshold has come down. So Vaani for instance, our voice agent, or other investments that we have done in terms of algorithms as well, have reduced that friction between a user installing the app and placing their first order. And that's the reason why CAC continues to be in a fairly limited zone.

Gaurav Malhotra: Okay. In terms of logistics costs, obviously there is a long-term, of them declining, but if you can give some sense on any near-term initiatives where you're seeing something, something which can be measured which is actually leading to some significant or meaningful reduction from wherever we are today?

Dhiresb Bansal: I think there's no quantitative sense that we'd be able to provide, but broadly speaking I think if I have to kind of share some of the key drivers there. One I think which we briefly touched upon, the movement from cash on delivery to prepaid transactions has been improving the cost structure that we have. Again, given both the cost of serving a cash on delivery order itself is higher with cash handling charges, but also the delivery rates for prepaid orders are better and that kind of leads to better total cost optimization for prepaid orders.

Second, as our volumes increase in the ecosystem, that density increase across the board, be it last mile, middle mile, all the legs, also leads to cost improvement. And again this happens both for us in Valmo as well as with our 3PL partners where we are able to see cost improvements.

In addition, I think we are kind of doing multiple innovations within Valmo which we continue to kind of roll out and those over a period of time will give us cost goodness. At this point, we'll not be able to quantify, but in the coming quarters maybe we will.

Gaurav Malhotra: Thank you. Just last one small quick question. You gave some sense on the salience of NMV across the various cohorts. In the top cohort, if you can give us some sense on the frequency as well versus the 10 which is there at an aggregate level for the business?



- Dhiresb Bansal:** Sorry, could you clarify the question? What do you mean by the top cohorts?
- Gaurav Malhotra:** So in the sense you've given us some numbers in terms of how much is the NMV salience across users who have been in the system for FY24 and before and FY25 and also lets say the top cohorts say, FY24 and before, what kind of order frequency would they be having, say versus system average?
- Dhiresb Bansal:** So, I don't have the specific number of frequency off the top of my head, but in general, I think as users kind of mature on the platform, their frequency in almost a three-year time period starts going up to 15 times or more. So I would suspect I think for the FY24 and before cohorts it will be a similar number.
- Gaurav Malhotra:** Thank you so much.
- Moderator:** Thank you. The next question is from the line of Gaurav Rateria from Morgan Stanley. Please go ahead.
- Gaurav Rateria:** Hi. Thanks for taking my question. Congratulations on a good set of numbers. I have a couple of questions. Let me just read out all of them in order to just be more efficient. My first question is on monetization. When I look at the revenue number on the marketplace and look at it on a per order basis, it doesn't seem to have moved on a quarter on quarter basis, whereas the NMV has grown.
- So why monetization has come down whereas our ads contribution should have increased during the quarter? The second is on your comment on 145 basis point one-time impact. Should one assume that this is not going to be there next year and hence it will be a straight flow-through to the EBITDA numbers from next year profitability perspective?
- The third is the logistics issues that you talked about which kind of impacted your performance. What have you done or what are the initiatives that you're thinking in order to make sure that the business does not see any such issues in future and become more resilient? Thank you.
- Dhiresb Bansal:** Thanks, Gaurav, for the questions. So I'll pick up in the order itself. The first question was, has monetization come down or has there been any change in the trajectory of ad revenues? So I think broadly, we've seen an uptake in terms of overall ad revenue as percentage of NMV within this quarter versus the previous quarter.
- There has been a change in terms of how reported revenues are kind of being accounted for. Earlier we used to provide the revenue gross of discounts for the first orders, and then have the cost in the sales and marketing expenses, which is kind of now being netted off against revenue.
- And the second one is around the prepaid mix or share which is also kind of been increasing. And typically prepaid orders will have lower revenue but also lower cost. So from a contribution margin perspective, they will be net neutral. But from a revenue line item perspective, it might impact some of the QoQ trends. So that's I think the primary reason. Apart from that, I think if I kind of specifically look at ad revenues itself, that has been on an upward journey.



Your second question I think was around the 145 bps mentioned in the letter around one-time logistics headwinds. So just to kind of recap, most of this headwind was during the Q2 and Q3 period of FY26 from where we have kind of recovered. So that one-time logistics disruption is kind of behind us. And hence, going forward, the baseline from contribution margin perspective is the 4% Q4 exit rate that we have.

And I think the third one was around logistics issues. So like we had mentioned, the impact that we had during Q2 and Q3 of FY26 was transient in nature, primarily caused by some amount of capacity disruption that happened once when there was 3PL consolidation that happened somewhere around May last year. And in order to ensure that our customer experience doesn't suffer and consumers are continuing to get their orders, we ended up doing some short-term kind of capacity building at slightly higher rates.

Now, most of that capacity has been unwound and more optimum cost structures have been put in place, both in Valmo as well as other 3PL partners. So that's the reason why this is kind of structural in nature and should be a one-time kind of issue.

Gaurav Rateria: Thank you. All the best.

Moderator: Thank you. The next question is from the line of Prateek Maheshwari from HSBC Securities. Please go ahead.

Prateek Maheshwari: Thank you so much for the opportunity. I've got three questions. So first one is on frequency. So as you said, probably the cohort which are from FY24 or before are around, have frequencies of around 15 times, right? That would mean that probably the new users are coming at frequencies of 5 or below, probably the mid, mid-50% of the users are at frequency of 5 to 8 times, right? So we just want to understand that as the platform is growing right, you guys are probably reaching users more rural or hinterlands, right?

The general assumption is that the frequency probably of these users would be lower versus the users that you would have initially taken up in the platform. Would that be right and in that context how much do you think the frequency can go up to probably when we look at a little more midterm 3 to 5 years perspective? So that's our first question.

Dhiresb Bansal: Sure. So actually counterintuitively and again because of all the changes that we have been doing in terms of pricing, assortment, the technology innovations our team has been doing, first-year frequency has been on an increasing trend for the last three years now. So new users which get acquired on the platform start from a higher baseline now versus what they were at, say, three years ago.

Almost a doubling of frequency has happened from a baseline perspective in the last three years. And that is a trend which is more than offsetting any potential, let's say socioeconomic impact that we might see when it comes to us going into deeper parts of India. Just to kind of zoom out, again, we are still a very small proportion of consumption of consumers in India.

If you look at frequencies of comparable sort of value-focused e-commerce companies in China, those would be closer to almost 100 times. So I think there is a lot of space to play. We continue



to make our price proposition better, our relevance algorithms better, and hence users are able to discover lot better things in their first sort of year itself versus what they were doing earlier. And again with propositions around Mall, content commerce, etcetera, also getting introduced and leading to more transactions, that also leads to higher frequency in the first year itself.

Prateek Maheshwari:

Thank you. The second question that I had was on some of the comments that probably the end-to-end logistics partners that they make right. So basically there's been some consolidation industry over the past one year. And now the focus from them seems to be more on margins rather than probably chasing volume and probably offering better rates right?

So in that context and since also probably if they do not offer you more capacity or better rates probably Valmo will keep scaling up right. So in that context do you see the firm making probably investments into mid-mile as well probably sorting centres, because what will happen is when you look at the smaller participants in your Valmo network right, probably they will not have the capacity to make large investments to improve the mid-mile cost right. So in that context if Valmo keeps scaling up, do you think yourself to be making those investments in sorting and trucking? That's my second question.

Vidit Aatrey:

Yes, Vidit here. I think just splitting both. First, we believe that all our third-party logistics partners make money when they serve our volumes. So I don't think there's any incentive for anyone to not work with us. And historically that's always been the case. We work very closely with all our partners and it's always been a win-win relationship. Now second, within Valmo, will we bring a lot more automation within sort centres?

I think the answer is yes, that's a big focus area for us. We're already for example experimenting with it in several places and our goal is in the next few years to basically bring state-of-the-art automation within all our sort centres. So I think that we will do and that will lead to a lot of efficiency for us in the coming years. So that's going to happen irrespective.

Prateek Maheshwari:

Right. And Vidit, last question is on the ad spends. So as you said right, Vaani helped you guys reduce the CAC right. And so should we assume and you said probably this year would have the trend of adding larger additions from the rural lands, right. So from that perspective should we see the 4Q AMP number as the re-baseline where we should think about the AMP spend for this year, or probably is there any other reason to think probably that could increase?

Dhiresb Bansal:

So, I think as we had mentioned earlier, the way we kind of approach sales and marketing spend is not look at it as a budget in terms of percentage of NMV. We look at what is the return that this spend is generating and as long as that spend is generating above our sort of hurdle rate returns.

Then we kind of continue to invest in terms of growing our market because we are still at a very nascent stage of the market. So, the investment philosophy is on that basis. Now, where we are today is as our base of NMV will keep growing the users spend may not kind of scale at that same amount, but that is a longer-term trend.

I would say, versus specific quarterly kind of trends where it might scale up or down depending on the opportunities that we're seeing.



- Prateek Maheshwari:** Okay, Thanks so much.
- Moderator:** Thank you. The next question is from the line of Aditya Suresh from Macquarie. Please go ahead.
- Aditya Suresh:** Yes, thank you. Good evening. Two questions. The first is on contribution. So you've seen that sequential 170 basis points improvement in contribution margin. A lot of that is that logistics down about 110 basis points. This is coming as you scale back, your in-sourcing push, right?
- So, I guess the general question is that so if free cash flow is your North Star, then why not say for example further push down in-sourcing right to say from 50% down towards 30% with the kind of the objective of kind of further expanding CM, free cash flows, etcetera? So that's the first question.
- The second question is on cash flow from operations particularly in absolute basis. The scale of that negative number has expanded quarter on quarter for the past three quarters now? And even if I kind of zoom into this specific quarter you see that cash from operations further go negative even as you've seen that margin improvement whether it be at a CM level or that adjusted EBITDA margin level. So, if you can just square that for me, please? Thank you.
- Dhiresh Bansal:** Sure. So, I think on the first question which is in relation to should we kind of change the in-sourcing mix further? I think again we are optimizing for overall cost. So, at this point in time the cost structure kind of solves for this number.
- And again, there are improvements that we keep doing or innovations that we keep doing in Valmo, as also other 3PL partners keep kind of competing to sort of get give better pricing as their volumes go up etcetera. So, I don't think there is a specific number that we aim for.
- At this point in time at 50% we were the most or at around that mark, we were the most optimized in terms of cost structure. And our belief is as things keep kind of changing, we'll keep kind of adjusting basis, the cost reality that we're seeing.
- I think on your second question cash flow from operations, so again the trends that you're looking at may include certain one-offs that have been kind of there from past periods or within past periods.
- But if I kind of look at the overall EBITDA trend as well as the credit period or negative working capital cycle that we have had we have been on an improvement trajectory overall on a CFO basis as well. Maybe separately we can share a reconciliation on what changes are.
- Aditya Suresh:** Okay, that'll be fantastic. Thank you.
- Moderator:** Thank you. The next question is from the line of Ayush Garg from CLSA India Private Limited. Please go ahead.
- Ayush Garg:** Hi, good evening. This is Ayush here. So, just one question for me.
- Moderator:** I'm sorry to interrupt you, Mr. Garg, we are unable to hear you clearly, sir



Ayush Garg:

Hi. This is Ayush here from CLSA. So just a quick one. Following on from the previous questions, we also saw a reduction in the cash balance in the quarter. So, the cash balance has come down by about INR300 crores. So, two questions on this?

So, one, why has the cash balance reduced so much when the margins improved? And second, I think there's some reclassification of the cash itself where I think income tax assets were moved from the cash balance. So again, if you can just throw some more light on this?

Dhiresb Bansal:

Sure. I think the cash balance movement typically happens because of end of quarter NMV numbers. So, let's say in a quarter where there is more, I would say sale or NMV which is coming in the last sort of 15 to 20 days of the quarter, versus let's say a subsequent quarter, then we see this kind of volatility that typically happens in terms of cash flow for the quarter.

And hence we have kind of always maintained that in our business looking at LTM FCF or last 12 months FCF is a better way to kind of judge the trajectory versus looking at quarterly cash flows.

So, for instance, if in a quarter we have a sale event during the last 15 days, our NMV will increase and the cash balance would kind of go up significantly versus if that event is kind of in an earlier part of the month. So, some of this volatility gets smoothed out when we look at LTM FCF trends.

I think in terms of taxes, so some of the taxes that have been kind of paid out in terms of cash payouts, those we expect to be returned back to the company based on the trajectory of our sort of overall profit and PPT. And hence, that's been kind of adjusted off from our net cash balance perspective.

Ayush Garg:

Alright, yes. That's clear. Thank you so much. That's it from me.

Moderator:

Thank you. The next question is from the line of Garima Mishra from Kotak Securities. Please go ahead.

Garima Mishra:

Hi. Thank you so much for the opportunity. I had one question on your revenue line itself, right. If I just compute a revenue per order, this number has declined from let's say INR57 odd in FY24 to INR47 odd in FY26. Now a lot of the decline is I think explainable by the decline in your logistics cost, plus some of the accounting changes that you highlighted earlier?

My question is going forward as you try and focus more on getting more income from advertising, should this number sort of stabilize from here on or at least the decline should not be as much as what we have seen in the past? Is that the right way to think about it?

Vidit Aatrey:

Sure, Garima. So, I think from our business standpoint, the right number to consider from a trajectory standpoint is contribution margin because as I was explaining earlier, for instance things like prepaid versus cash on delivery orders.

Now if you start getting a higher mix of prepaid orders which is fundamentally good for the platform, you would see that the revenue per order would kind of decline, but the contribution



margin would sort of remain the same because again the lower cost of serving a prepaid order is what we kind of pass back to our consumers in the form of lower pricing.

So hence looking at revenue per order as that trend line may not be quite instructive, versus looking at contribution margin. And there, because ad revenues largely kind of do not have significant costs associated with them, as our ad revenue will keep improving, the revenue or the contribution margin would also kind of mimic similar trends across. I think the only difference we had in FY26 was some of the margin that we make on our fulfillment came down, which we are now sort of restoring back.

Garima Mishra: Got it, understood. Now my only point was that I completely take your point that versus the logistics revenue there's also a logistics cost, and if both go down the revenue line optically will look weaker which is fine.

But if revenue monetization from ads goes up, that's straight away an addition to the revenue line, right? So just from optic's perspective, that should kind of make good any large revenue decline that happens on account of logistics. I think that is what my understanding is. Is that the right way to think about it?

Vidit Aatrey: I think given ad revenues is a very high gross margin business versus logistics is a lower gross margin business, they are quite different when it comes to just simple sort of revenue addition. So, it may not be true that let's say the in fact what might be true is that the logistics revenue might come down sharper versus kind of ad revenues increasing, but on a contribution margin line you would continue to see improvement.

Garima Mishra: Sure, understood. And maybe last question from me. Again, on advertisements, could you just highlight what is the kind of response you're seeing from your merchant partners? What is the kind of ROAS and the ad loads on the platform that you are seeing? And any other efforts to improve ad monetization that are underway? Thank you. That's it from me.

Vidit Aatrey: Sure. I think we spoke about it last call as well and our trends here continue to be encouraging. A lot more of our sellers continue to get activated on our new ad product which kind of is ROAS backwards. Our return on ad spend continues to be one of the industry best.

In fact, multiples of what other e-commerce players kind of offer in India or anywhere else in the globe. From a seller adoption point of view, the number of catalogs or products which are now live on kind of ads has improved significantly on a Y-o-Y basis, more than kind of 40%, but even on a Q-o-Q basis continues to see improvement.

And that is the key input that eventually goes into a lot more kind of competition in terms of ads and hence higher ad revenues for us. So that trend continues to be on a positive uptick, albeit I think again we are measured about how quickly we want to ramp some of this up.

Moderator: Thank you. The next question is from the line of Abhisek Banerjee from ICICI Securities. Please go ahead.



Abhisek Banerjee: Hey, hi sir. Thanks for the opportunity. Just a couple of quick questions from me. First, do we... so I think you mentioned that you want to do more automation in the mid-mile. Just wanted to understand that does that mean you will actually spend on capex or how do you kind of plan to do that?

Vidit Aatrey: So, I think we haven't pinned down a specific model. We continue to kind of see pretty good encouraging results from some of our partners who would want to kind of invest and set up some of these facilities on our behalf.

But again, basis payback period math and other things, we can take a call if let's say any investments are required from our side itself. So again, some of this we'll discover as we kind of go along.

Abhisek Banerjee: Okay, understood. And second on the ROAS part. Now of course the ROAS numbers that you kind of get is significantly higher than what any of your competitors do. But the point is that should actually make it easier for you to kind of push through pricing a little more?

Now I'm just trying to understand, sir, is there a trade-off which we are kind of operating at, or what is the proportion of ad related listings that you want to get to before you want to push pricing? If you could just give us some color on that, that would be really helpful?

Vidit Aatrey: So, I think the big focus area for us at this point in time, the reason we've been operating at very high ROAS is because we've been focused on activating more and more sellers on our ad product. So, a big focus area for some time will be just making that happen.

Because as soon as a lot of people are becoming advertisers for the first time on our platform and if they become advertisers and they get very good ROAS, the chances that they will spend more on the platform and put more budgets end up being much higher. So, I think that's the stage we are in.

You're right, at some point in time we'll start to take pricing up to grow our revenue. We just want to be sure that we are doing it at the right time so that our steady state ad revenue is much higher than what we have today.

Abhisek Banerjee: Understood. Just one continuation on that. So, I'm sure you have the ability to kind of single out one seller who has been using advertising for some time now. And you can kind of make those kind of quartiles and start charging a little on that. So, have you tried any of those experiments to kind of see how the propensity to advertise kind of changes with pricing?

Vidit Aatrey: So, I think a better way to, we can't charge differentially to different sellers for our product. It's a bidding product so people decide. But what happens is, a good way to see is are people putting a large budget. So, if I get good ROAS, am I putting a much larger budget?

And we today see that the budget over the last one year for us has grown more than double actually. Much more than double over the last one year. So more people have put budgets, basically they want to spend a lot more on the platform. So I think that's basically a signal to see



whether people really like the product and want to invest over time. And as I said, at the right time we will start to play with pricing and start to grow this revenue.

Moderator: The next question is from the line of Tejash Shah from Avendus Spark Institutional Equities. Please go ahead.

Tejash Shah: Hi, thanks for the opportunity. See on the runway to add users that you highlighted, if we were to look at this base of 264 million users through a household lens, what would that translate to approximately?

Vidit Aatrey: So I think given again in India people kind of look at or input addresses fairly differently, even people within the same household it's hard to kind of guess a specific number of how many households are being served. I think again zoomed out view here is e-commerce shopping especially of the kind and categories that we serve is done more on an individual basis versus kind of household basis.

This is less of grocery shopping but more sort of browse based shopping where the feed algorithms that we have, they are personalized for each and every user and hence the likely overlap between users kind of using a single sort of device to place orders through Meesho is relatively low. We also see this when we kind of look at other markets, China, Southeast Asia.

The number of e-commerce transactors largely kind of mimics the number of say WhatsApp, WeChat users etcetera that are there in those markets. So shopping, e-commerce shopping of our kind is more individual in nature and hence household is not the right way to kind of think about this in our view.

Tejash Shah: Yes. Second and last is on the inflation impact or lack thereof. See the way the macro circumstances are evolving, it seems that we'll see some high inflation after a long time. So just from your past experience, how have your consumers or how the user base behaves in terms of AOV or frequency because they seem to be much more inflation sensitive than let's say the broader market.

Vidit Aatrey: I think typically if you kind of look at times like these, and again there is fair amount of history from the 70s till kind of now, where value-focused sort of companies actually tend to gain share during times when inflation goes higher because of course budgets are tighter for people across. So I think that potentially is a tailwind.

Now of course there might be a headwind in terms of what is the absolute amount that people are spending etcetera and some of these might kind of act in counter sort of fashion. So we'll see how this kind of progresses but high inflationary environments for value-focused players are generally kind of tailwinds versus not.

Tejash Shah: That's all from my side. Thanks.

Moderator: Thank you. The next question is from the line of Aliasgar Shakir from Motilal Oswal Mutual Fund. Please go ahead.



Aliasgar Shakir:

Yes, thanks for the opportunity. Just wanted to understand the margin in a little more detail. So what are your levers for the contribution margin? One of course is your ad revenue, but other than that I mean you mentioned that from all the disruption that happened in Q2 and Q3 you are now at the base. So are there any more levers or how should we see contribution margin improving from here?

Both the components, in terms of levers more than the trajectory. And second is below contribution margin, where do you think are the relatively lower hanging fruits that can play out in terms of operating leverage when your growth is strong? Yes, those are the two questions.

Vidit Aatrey:

Sure. So I think when you look at contribution margin, specifically we kind of look at this as a split between two components which is the ads related sort of margin as well as what we kind of have on the fulfilment side. So on the ads side as we kind of mentioned as well, we continue to see improvements and that revenue uptake there would largely kind of flow down into contribution margin because cost of serving ads is fairly low.

From a fulfillment perspective, now if you kind of think about the cost headers there, there are multiple cost headers. It includes things like both the forward cost of serving an order, how many of those orders kind of become failed deliveries and hence we incur higher costs on those. So as you kind of bring down failed delivery percentage which typically kind of we do through various initiatives right.

Some of those we have mentioned in the letter as well. So for instance during the last couple of quarters we have improved the amount of orders which used to get misrouted because the geographical accuracy of addresses was sort of lower or the kind of partners we were assigning was based on a more aggregated sort of fashion where we have made improvements and hence the rate of failed deliveries has come down which consequently reduces the cost of serving an order on a blended basis.

The cost of sort of cash on delivery transactions which is kind of as a proportion reducing and hence improving so on and so forth. So there are multiple drivers within this cost line item. We obviously aggregate it as logistics cost overall, but here the typical trend you would see is we will keep reducing on a long-term basis the cost to serve a customer and we will kind of operate, with a certain margin structure from fulfilment cost perspective.

And every other or all other kind of efficiencies that we have, we will keep passing back to our consumers in the form of lower pricing in order to make our value proposition even stronger on pricing and that should kind of hold us in good stead from a growth perspective as well.

Coming to cost line items below the contribution margin. I think we have mentioned a few of them in the letter as well but especially on kind of sort of technology and infrastructure cost or on kind of our sort of people cost etcetera, those cost line items will not grow in the same proportion as the NMV growth that we expect. So we do expect to see operating leverage from those line items over the short as well as longer term horizon.

Aliasgar Shakir:

Got it. This is very useful. Just two quick follow-ups. So below contribution margin, can one assume that the benefit will be linear in terms of operating leverage? And at the contribution



margin level, I mean you have seen very sharp improvement in this quarter. From here on should we believe that while ad revenue whatever progress you do should benefit, but beyond that it will be a very slow and gradual heavy lifting that will improve contribution margin?

Vidit Aatrey:

Yes. So I think first of all on below contribution line items. Again, I think each of them have different trajectories. The three large cost line items are the new user acquisition investment that we have, which as we mentioned, we decide on the basis of return thresholds versus any particular percentage of NMV numbers.

On people cost, I think generally we will kind of have a operating leverage come through over the course of next few years, again as the cost to serve kind of continues to reduce. Our NMV will increase and our people cost and NMV growth there would be lower than our NMV growth rate.

On technology infrastructure investments, apart from the operating leverage there are also contract cycles. So a large proportion of this cost is in relation to cloud providers. And there we have a certain contract life cycle of two to three years where we kind of renegotiate some of those contracts.

And as kind of our scale increases, we start getting larger discounts. So that also comes into the picture and hence the sort of trajectory may not be specifically linear, but would move in these sort of two to three year contract cycles.

Aliasgar Shakir:

Got it. And above contribution, if you can just clarify?

Vidit Aatrey:

Yes, above contribution margin. You're right I think some of the more significant transient impacts that we had had we've kind of done away with those. I think there is still in addition to ad revenues improving there is still some scope to increase our inaudible 50:05 margins which might happen over the next two quarters. So the delta in contribution margin would be obviously slower than what has happened between Q3 and Q4. Their improvement would come from ad revenues improving as well as some delta restoration on the fulfillment margin side as well.

Aliasgar Shakir:

Got it. This is very useful. Thank you so much for the detailed answer.

Moderator:

Thank you. The next question is from the line of Yashowardhan Agarwal from IIFL Capital Asset Management. Please go ahead.

Yashowardhan Agarwal:

Yes, I think congratulations on a good set of numbers. Just one clarification. The NMV that we report is on the basis of the orders that are shipped instead of the placed ones. Is that correct?

Moderator:

Sorry, could you repeat that question? I think your voice broke a bit.

Yashowardhan Agarwal:

Yes. Is it better now?

Moderator:

Yes.

Yashowardhan Agarwal:

Yes, the NMV number that we report is on the basis of orders shipped instead of orders placed. Is that correct?



- Vidit Aatrey:** So NMV is on the basis of orders delivered and not returned. So it's not shipped basically. GMV is basically basis number of placed orders. And NMV is basis number of delivered orders. And I think we've kind of shared detailed disclosures around this in the data book that we have as well.
- Yashwardhan Agarwal:** Got it. And out of return, that has that number has been 80% since the last few years. So has the trend been same in the FY2026 as well?
- Vidit Aatrey:** I think roughly the NMV to GMV ratio has been between 58% to 60% for the last three years. I think for FY2026 as well the number is about 58.8% to be specific.
- Yashwardhan Agarwal:** And talking about the numbers of the orders shipped after returns divided by orders placed, that number has been around 80%?
- Vidit Aatrey:** Orders shipped after returns. I don't think we disclose these numbers, so I won't be able to comment on it.
- Yashwardhan Agarwal:** Okay, okay. I will check it later on. Okay. My another question is on the sellers addition especially the ones those who are non-GST registered. Could you give some clarification on that? We have been seeing that sellers addition in last one year has been pretty strong. So how has the return rates have been? And is that increased meaningfully? And if yes, then as a platform what are we doing to now manage the quality control?
- Vidit Aatrey:** Yes, so I'll take this question. So actually the quality of sellers even in non-GST that we acquire are pretty good. And our systems have been built over the last 10 years that it takes into account. How is the quality of a new seller onboarded on the platform? If their quality is not that great, they do not get visibility for orders. And products that have very good quality continue to scale on the platform.
- And the numbers that we share are of people who are active on the platform, which means they are getting sales on the platform. So these are people who have crossed that threshold. So actually, returns etcetera would not be a problem. We have seen our returns to be quite stable every year actually to only improve returns. So non-GST sellers impacting that metric is not going to happen because we have quite robust systems built in to take care of it.
- Now the reason this number is growing fast and I think will continue to grow at a fast pace is because as we have said in the past if you look at total number of businesses in India that deal with products is tens of millions and that number used to be sub million for us because non-GST sellers were not allowed to sell online.
- Now that has changed so we believe there's going to be a big focus for us as a platform. But even a large base of sellers who really want to come online and grow their business and that will keep reflecting in the growth of these businesses on our platform.
- Yashwardhan Agarwal:** Got it. That is helpful. My next question is on what would be the average number of SKUs placed per order? And is going to try to be aggressive here by offering shipping free on second



unit from the same seller to the same customer at INR1 effectively less than INR60 for two SKUs. So what are our views on that and could that impact Meesho in any way?

Vidit Aatrey:

So the way our platform has been built it is to kind of ensure that users are kind of placing orders as frictionlessly as possible. And hence the number of SKUs per order are at pretty close to one or sort of slightly higher than one. From a consolidation perspective, again in our business because a lot of these orders are shipped from different sellers and their factories directly to consumers.

We have been identifying opportunities of consolidation wherever we can within the supply chain, but these are not warehouse origin kind of orders which is typically the case for some of the other players. And hence I think our focus is not so much on increasing sort of SKU per order as a metric.

Yashwardhan Agarwal: Got it. Thank you and best wishes.

Moderator: Thank you. The next question is from the line of Samarth Patel from Equirus Securities. Please go ahead.

Samarth Patel: Thanks for providing me the opportunity and congrats on great set of numbers. My first question is on the advertisement comments that you provided. What percentage of our sellers are currently actively spending on advertisement versus let's say total base of 960,000 sellers that we have?

And extension of that is given that the sellers are ROE sensitive, what is the minimum ROAS threshold that needs to be provided to these sellers across categories? So that's the first question.

Vidit Aatrey:

Sure. I think more than two thirds of our sellers when weighted by GMV are active on ads. Having said that I think again an important driver is not just kind of looking at number of sellers active on ads but also how many products are they advertising on. And that is the core metric that we kind of consider, which I've mentioned has grown by about 40% Y-o-Y. So again, we continue to see good progress there.

From a minimum ROAS threshold perspective, I think obviously it varies from category to category. So there's no specific number that we look to solve for. A lot of this is market dynamics driven, margin structure of those categories etcetera. And we don't kind of control these numbers and they're more sort of market set so I'd not be able to comment on a specific thresholds here.

Samarth Patel:

Understood, that's really helpful. Now my second question is Meesho Mall NMV is growing really well for us. So, now as you move beyond let's say unbranded goods and into from unbranded goods to FMCG and beauty, how does the contribution margin for Mall transactions compare versus our core marketplace business?

Vidit Aatrey:

So, I think at this point in time our focus is not on expanding the contribution margin. So the contribution margin would be lower than the core marketplace, primarily because right now in the investment phase our goal is to on-board a lot more brands, a lot more selection across the country, introduce it to more of our consumers.



So since it's in the investment stage our focus is not on maximizing contribution margin. I think that phase will come when the product has and the business has more matured. And I think that's going to be the phase for us for the next few years is going to be an investment phase.

We want to grow this really fast, make sure that every brand considers Meesho Mall a critical part of their distribution. And until then we are not going to focus so much on contribution.

Samarth Patel:

Understood. That's really helpful. My last question is you have provided good data around user cohorts. Now similar to that if you can just let's say talk about how the seller cohorts are evolving and is the seller concentration increasing or its decreasing. So any flavour around that would be really helpful?

Vidit Aatrey:

I think we had provided some of this disclosure as part of our DRHP. In terms of trajectory since then, the concentration on sellers continues to kind of reduce as we have more and more sellers who kind of become active as well as larger on the platform. So that number of sellers who kind of form the Pareto of the platform continues to be continues to kind of increase at a fairly rapid pace as well.

Moderator:

Thank you very much. Ladies and gentlemen, we will take that as the last question for today. And we thank everyone for the participation. On behalf of Citi, that concludes this conference. You may now disconnect your lines.