November 02, 2026

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

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

Subject: Q2 and H1 FY27 Earnings Conference Call-Transcript

Dear Sir/Madam,

Greetings from Unicommerce eSolutions Limited.

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith the transcript of the Q2 and H1 FY27 Results Conference Call held on Monday, 26th October, 2026 at 09.00 a.m. (IST) for the quarter and half year ended on 30th September, 2026.

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

Please take the aforesaid document on record and oblige.

Thanking you,
For Unicommerce eSolutions Limited

Kapil Makhija

Digitally signed by Kapil Makhija
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Date: 2026.11.02 16:38:47 +05'30'

Kapil Makhija
Managing Director and CEO
DIN: 07916109

Encl.: as above

“Unicommerce eSolutions Limited

Q2 and H1 FY27 Earnings Conference Call”

October 26, 2026

“E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 26th October 2026 will prevail.”

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

Moderator: Ladies and gentlemen, good day, and welcome to Unicommerce eSolutions Limited Q2 and H1 FY27 Earnings Conference Call. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions, and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

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

I now hand the conference over to Mr. Kapil Makhija, Managing Director and CEO of Unicommerce eSolutions Limited. Thank you, and over to you, Mr. Makhija.

Kapil Makhija: Thank you. Good morning, everyone, and thank you for joining us for the Quarter 2 FY27 earnings call. I am joined today by Anurag Mittal, our Chief Financial Officer, along with our Investor Relations Advisors, Strategic Growth Advisors.

Let me begin with a brief update on our performance. We continue to build on the growth momentum of the past few quarters. Both Uniware and Shipway delivered double-digit year-on-year growth in Quarter 2 FY27, supported by continued progress on our growth initiatives.

At the consolidated level, our revenue grew 15% year-on-year to INR59.1 crores during Quarter 2 FY27. There are three developments from this quarter that I would particularly like to highlight.

First, Shipway has crossed INR100 crores in annualized revenue run rate. The business grew 15.7% year-on-year. Second, our newer offerings within Uniware are beginning to scale and contribute to revenue growth even at an early stage, contributing nearly 2.5% of Uniware revenues. And third, we demonstrated nearly 65% growth to end the quarter at INR104.4 crores of cash balance.

I'll now spend some time explaining how we intend to drive organic growth in our business. We have been working on three key levers and are continuing to deepen our efforts across each of them.

The first is acquiring new clients across all our platforms. We continue to strengthen our sales and marketing capabilities and improve go-to-market efficiency to reach more clients. The second is expanding our relationships with existing clients by increasing adoption of additional products. This includes upselling newer UniReco and UniCapture modules, and cross-selling Shipway's offerings to our existing client base.

And the third is increasing client value and usage through AI-led product innovations. Our objective is to make our products more comprehensive, help clients operate more efficiently, and expand the range of business problems we can solve for them.

These three drivers complement each other. A larger client base creates more opportunities for product adoption, while broader offerings help us deepen client relationships and increase revenue.

Let me now take you through how these initiatives are progressing across Uniware and Shipway. Starting with Uniware, we continue to see an improvement in Uniware's growth trajectory, supported by new client acquisitions and higher revenue from our existing client base. During Quarter 2 FY27, we added 121 enterprise clients, compared with 103 clients in the same quarter last year, representing a growth of 17.5%. These additions included both traditional enterprises and digital-first brands across multiple categories, including United Colors of Benetton or UCB, Amul Macho, Furlenco, Pushp Masale, JK Maini by Raymond, and Nish Hair, to name a few.

Beyond India, our international business continues to grow. International markets now contribute approximately 6% of Uniware revenues, compared with around 3% at the time of our listing a couple of years ago. Its revenue contribution has doubled over two years, and the business remains profitable while growing faster than our domestic business.

Coming to our existing client base, we are focused on increasing the adoption of newer products and modules through upsells. Historically, much of Uniware's growth came from acquiring new clients and increasing transaction volumes as those clients scaled. With newer modules and products, we have an additional opportunity to grow revenue from the same clients.

UniReco and UniCapture have crossed an annualized revenue run rate of over INR3 crores, representing around 2.5% of Uniware revenues. During quarter 2 FY27, more than 150 clients were using these products. Currently, 7% to 8% of Uniware enterprise clients use UniReco, while 5% to 6% use UniCapture. We see significant headroom to grow this contribution through higher adoption and new offerings.

As I mentioned in our previous call, enterprise software products typically require sustained development, client feedback, and refinement before they reach maturity. As our newer products mature and adoption increases, we see the potential for their contribution to increase to more than 10% of Uniware revenue over the next two to three years.

Moving to Shipway, the business grew more than 15% year-on-year. With this growth, Shipway has crossed INR100 crores in annualized revenue run rate. Last three quarters, we were focused on building a strong foundation and investments to ensure sustainable growth, which is expected to be visible in the coming quarters.

When we acquired Shipway, we saw an opportunity to build a much larger logistics technology business by combining its product capabilities with our client relationships, technology, and go-to-market strength. During FY26, we focused on improving business fundamentals and building a sustainable operating model. Having established that foundation, we stepped up our investment in FY27 to support faster growth and greater scale.

Looking ahead, we see two complementary opportunities to grow Shipway. The first is cross-selling Shipway's services into our existing Uniware client base. Today, there is approximately 10% client overlap between Uniware and Shipway. However, almost 20% to 25% of Shipway

shipment volumes are already generated by clients who use Uniware. This provides significant headroom to increase cross-selling within the Uniware ecosystem.

The second is independent growth in the broader market. Shipway addresses a much larger client universe than Uniware alone. Based on our internal estimates, we currently have less than 5% market share, leaving substantial room for growth.

Our strategy is to pursue both opportunities in parallel, leverage our established Uniware relationships to accelerate cross-selling, while continuing to acquire new clients independently. Together, these provide us with two complementary avenues to scale Shipway over the coming years.

Beyond client acquisition, upselling, and cross-selling, AI-led product innovation is a third important driver of our growth. Our approach is to expand our product capabilities in two directions. The first is increasing the breadth of our offerings. We are developing new products and adding features within our existing products to address a wider range of client use cases. This allows us to solve more problems for our clients and offer more services, strengthening client stickiness.

The second is increasing the depth of our existing products. As our clients grow, their operations become more complex. They manage more sales channels, higher transaction volumes, larger warehouse networks, and more complex business processes. We are enhancing our products to support these increasingly complex, large-scale operations.

AI is an important enabler of both these efforts, helping us develop capabilities that were previously difficult to deliver, while also speeding up product development. Our earnings presentation for quarter 2 FY27 covers several of these enhancements, but I will highlight one important launch.

Within Uniware, we have launched DNA, our second-generation AI companion. Traditionally, our system executed workflows and served as a system of records. DNA takes this further by identifying signals and potential anomalies early, helping client teams shift their focus from daily operations to faster decision-making.

It also enables automated corrective actions, either independently or with human intervention, based on client preferences. As we refine DNA through client feedback, we see the potential to transform how operations are managed and optimized, moving our software from a system of record towards a system of action.

Let me now conclude with our outlook for the remainder of FY27. We remain confident of delivering more than 15% year-on-year revenue growth in Uniware from Quarter 4 FY27 onwards. For Shipway, we continue to expect year-on-year revenue growth to accelerate to more than 20% from Quarter 4 FY27 onwards.

On profitability, we expect the pace of incremental investments to moderate in the second half of the year. For Shipway specifically, we expect the business to achieve adjusted EBITDA profitability starting Quarter 3 FY27, followed by PAT profitability starting Quarter 4 FY27.

Due to this, at a consolidated level, we expect profitability and margins to improve during the second half of FY27, supported by continued revenue growth and increasing operating leverage.

To summarize, we enter the second half of the financial year with multiple avenues for organic growth and a clearer path towards improving profitability. Our focus remains on disciplined execution and building a larger, more profitable Unicommerce.

With that, I'll now hand it over to Anurag to take you through the details of our financial performance for the quarter and first half of the financial year. Thank you.

Anurag Mittal: Thank you, Kapil. Good morning, everyone. I will now take you through our financial performance for Quarter 2 FY27. Our revenue stood at INR59.1 crores, representing growth of 15% year-on-year, compared with INR51.4 crores in Quarter 2 FY26. This was supported by continued double-digit growth across Uniware and Shipway.

Adjusted EBITDA stood at INR10 crores, compared with INR11.4 crores in the corresponding quarter last year. Our adjusted EBITDA margin was 17%, compared with 22.2% in Quarter 2 FY26. As we had indicated at the beginning of the year, profitability during the first half reflects the planned investments in product development, talent, sales, and marketing.

Profit after tax for the quarter stood at INR6.4 crores, compared with INR5.8 crores in Quarter 2 FY26. For the first half of FY27, our consolidated revenue stood at INR110.4 crores, compared with INR96.3 crores in H1 FY26, representing year-on-year growth of 14.7%.

Adjusted EBITDA for H1 FY27 stood at INR18.1 crores, with adjusted EBITDA margin of 16.4%. Profit after tax for the first half stood at INR11.1 crores. Uniware remained a strong contributor to revenue, while Shipway continued to scale and increased its share of the overall business.

Kapil has already described our positive traction on new acquisition and progress across our upsell and cross-sell initiatives that will help us scale further going forward. Our AI-led product innovation to increase the breadth and depth of our platform will enable both additional opportunities for revenue and to increase our client stickiness with a differentiated product offering. A combination of these three levers, with focused execution, will enable us to grow sustainably.

Coming to profitability, the investments made during H1 FY27 have resulted in higher operating expenses during the period. We funded these investments through a portion of our operating cash flows. With incremental investments expected to moderate from Quarter 3, continued revenue growth should support improving adjusted EBITDA and operating leverage during H2 FY27.

Our balance sheet remains strong, supported by continued cash generation. Cash and bank balances stood at INR104.4 crores as of the end of Quarter 2 FY27, compared with INR93.4 crores (wrongly said, kindly read it as INR63.4 crores) as of Quarter 2 FY26. Repeating again, compared with INR63.4 crores as of Quarter 2 FY26.

Cash flow from operations grew 20.6% year-on-year to INR11.6 crores during the quarter, reflecting continued strength in our cash generation. Our focus for the remainder of the year will

be on sustaining revenue momentum, improving operating leverage, and building a larger and a more profitable business.

With that, we would now like to open the floor for questions. Thank you.

Moderator: Thank you. We will now begin the question-and-answer session. The first question comes from the line of Praneeth with SJ Investments. Please go ahead.

Praneeth: Hi, sir. Thank you for the opportunity. Sir, first of all, I wanted to understand, great work, but I wanted to understand in terms of the average realization per order. We have not been performing very well. I think it's coming down over the last few quarters.

Could you explain why that is? Because we're growing our enterprise clients, but the revenue is not growing as fast. Could you explain why that is, that we're not able to grow the average realization per order?

Kapil Makhija: Sure. See, compared to last year, we have now been able to get the business back on track to get to double-digit growth. We've seen 5 quarters of consistent improvement in our growth over the last 5 quarters. This is on the back of stronger client acquisitions. We continue to, compared to when we listed, we were onboarding 85 to 90 clients a quarter, to now we are onboarding anywhere between 120 to 150 clients a quarter.

So we've seen a healthy improvement in the number of clients being acquired. On top of that, the investments we made in FY24 and 2025 in building the new products, which is UniReco and UniCapture, we are now seeing a healthy adoption of those solutions. Also, now 150 plus of our clients are actually using these products. And these products, within less than a year of their launch, are now contributing to 2.5% of Uniware's revenue.

Having said that, in terms of our rate per transaction, see, when we listed, our transaction mix was very homogeneous where we were only catering to B2C transactions. But as quick commerce started to gain scale, we expanded our offerings to B2B and quick commerce as well. Today, B2B and quick commerce offerings of ours are being used by 45% to 50% of our client base, which meant that our transaction mix became heterogeneous.

So hence, rate per transaction is not a metric that we anyway were proactively tracking within our business. The three ways to model our business are, growth of our existing clients, for which we report a metric called NRR, acquisition of new clients, which we report every quarter; and the profits that we're delivering in the business.

These are the three metrics that we use to track our business, and we are honestly not really tracking this rate per transaction, and anyway, it's not a like-to-like comparison anymore ever since the contribution of B2B/quick commerce has increased in our transaction mix.

Praneeth: Could you give a number in terms of what contribution this B2B transactions and quick commerce is doing right now?

Kapil Makhija: So about 45% to 50% of our client base is using B2B and quick commerce. So in terms of transaction volumes, it is a reasonable contributor, but given that in B2B and quick commerce items move in bulk, the realization per item is far lower compared to a B2C transaction.

Our realization on B2C continues to be stable, but since the transaction mix has changed over the last two years, hence you may see a drop in the rate per transaction, but that's effectively not a drop because as we've added B2B and quick commerce capabilities, we have effectively opened a new revenue line. Hence, as I said, it's not a like-to-like comparison if you just look at rate per item that's processed from our platform.

Praneeth: Got it, sir. Understood. Coming to employee spend, I think in the last quarter has been step up since the last year in terms of investing in a new product. So was this investment overdue or was this investment proactive? Because there has been commentary that Unicommerce tech stack has not been up to the mark for a while. So I just wanted to understand that sense.

Kapil Makhija: Sorry, could you repeat the line about what's not been up to the mark?

Praneeth: The Unicommerce tech stack.

Kapil Makhija: Okay. We continue to be a gold standard in the market, which is represented by the market share that we currently have in the market. We are more than double the size of the next player and are a preferred platform when it comes to managing the e-commerce operations. So not sure where the comment about the tech stack not being up to the mark came from.

To your first part of the question, these investments were proactive because as AI changed the landscape of the ecosystem, we wanted to be proactive because we stand for a superior experience that we offer to our brands and their end customers. Brands trust us to ensure that their e-commerce operations run smoothly.

We are a very mission-critical software. A minute of downtime in a software like ours impacts the operations of any brand significantly, and that's why we continue to enjoy a premium in the market. We are 50% more expensive than any other player in the market. And hence, our DNA has always been to invest in R&D to make sure that our product is always ahead of the curve.

With AI becoming a center stage, we saw this as an opportunity to grow the platform by leaps and bounds. That is how you see our opportunities in in terms of us investing in AI. So we've not only got AI-native talent, we've built AI-native platform. We've launched DNA, which is our AI-powered platform this quarter.

So we continue to invest in products where we are increasing both the depth and breadth of the products. We've now got multiple products under our umbrella. Hence, a lot of these investments were proactive, and we had announced about it at the end of quarter 3 that the next three quarters we are going to invest in the business to make sure that it's steady and it continues to be a market leader in terms of the tech stack it offers.

Just to give you a sense of the scale of what the platform today caters to: INR60 lakhs transactions were processed on a single day, this was peak this Diwali season, and there were no issues. And we've seen a 2x increase in quick commerce peak processing. So this will hopefully give you a sense of the scale that we can handle, and the investments that we're making are making the platform even more robust.

Praneeth: Understood, sir. Got it. So one more understanding I wanted to understand the strategy. Can international be a larger part of our focus and how do we see international scaling as a company?

Because international, probably the average order per transaction will be higher, and it's much larger sizes, right? So I just wanted to understand that sense.

Kapil Makhija: So for us, international is about being sort of the first mover in these markets. We have carefully chosen the markets of Middle East and Southeast Asia because the e-commerce evolution in these markets is slightly behind India. So the tech stack that we built for Indian e-commerce operations, which is a lot more complex, becomes readily usable in the Middle East and Southeast Asian markets.

We have seen a considerable growth in our international business, as I mentioned, that it's growing faster than the domestic business, and the relative contribution has doubled over the years. While you're right that the average order realization may be higher, but at the same time, the scale of these markets in terms of e-commerce transactions is far lower compared to India. So in terms of our ARPU -- ARPA, average revenue per account, continues to be broadly similar.

For us, international is more a diversification strategy and one of the growth levers for us. The idea is to keep going deeper in these geographies. Once we are able to hit a certain scale in Middle East and Southeast Asian markets, that is when we will look at going after other geographies.

If you ask me in terms of our focus, India continues to be a big focus of ours because of the different solutions that we are launching. India continues to be a dominant portion of revenue contributor for us. International today is 6%. In steady state, it may get to early double digits. We're not looking at, let's say, a 40%, 50% contribution coming from international markets. India will continue to be a larger contributor to our revenue.

Anurag Mittal: Additionally, when we listed, the contribution from the international business was in the range of 2% to 3%. As Kapil mentioned, now it has turned to 6%. At the same time, the international business was loss-making at the time of listing, but now, in a timeframe of two years itself, we turned this business as profitable. So the momentum on the international business is going completely well and is on track as per our expectation.

Moderator: Thank you. Mr. Praneeth, please rejoin the queue for more questions. Next question comes from the line of Rajas Shah with BTH Capital. Please go ahead.

Rajas Shah: Hi, team. Congrats on the strong set of growth. My first question is that if we look at the first half of FY27, Uniware's average revenue per client decreased by about 5% year-on-year, despite the increase adoption of new modules. Can you please explain what is driving this degrowth and what is your outlook for average revenue per client going forward?

Kapil Makhija: Sure. Rajas , as we mentioned in a few of the earnings calls as well, the new clients that we acquire take about six to nine months to ramp up. You have seen that we have significantly ramped up the number of clients that we acquire or onboard every quarter. So when they come on board, the relative share of long tail customers continues to increase. That's why you see a slight drop in the ARPA, but it's broadly stayed similar.

And if you look at our sequential ARPA, it continues to be in the similar ballpark. We don't foresee this to be a decline in trajectory. It continues to be in similar ballpark. Like for quarter 2

FY27, the quarterly average is about INR2.4 lakhs, while quarter 2 FY26 was about INR2.9 lakhs. So it continues to be in the ballpark range of about INR80K to INR1 lakhs. With our newer modules gaining more traction, this should stabilize even further.

But all of this is to ensure that we continue to see a consistent growth in the business. As I mentioned, we are forecasting a 15% plus growth in the Uniware business from quarter 4 FY27 onwards. We are confident of that on the back of stronger client acquisition and higher adoption of our newer launches, which is UniReco and UniCapture.

Rajas Shah: Got it. Thanks. My next question is that tax expense in the first half on a consol basis is much lower. Can you please explain the reason for this?

Kapil Makhija: Sorry, Rajas, your voice wasn't clear. Could you repeat the question, please?

Rajas Shah: Yes. The tax expense in the first half on a consol basis was much lower. What is the reason for this?

Anurag Mittal: So tax expenses are much lower, that's the right question. And the reason for the same is that we have considered certain tax benefits on account of certain benefits we are looking in terms of turning our Shipway business profitable from quarter 3, and that is the reason we have recognized deferred tax in the financial statement at a consolidated level. That's the key reason for the same.

Rajas Shah: Got it. Super helpful. Thank you.

Moderator: Thank you. Next question comes from the line of Pratik Banthia with Fermi325 Investment Advisors. Please go ahead.

Pratik Banthia: Yes. Hi. Thanks for the opportunity. Great to see the continued cash generation of the business. I had two questions. First was on the line of you acquiring a customer like JK Maini. So, I just wanted to understand, what is the kind of engagement that we are having with them, what problems were they facing that an industrial company came to Unicommerce, which is generally known for its D2C brands that we reached that we operate in? So what was the kind of problem that we are solving for them?

Kapil Makhija: Sorry, could you please repeat the name of the customer that you were referring to?

Pratik Banthia: JK Maini.

Kapil Makhija: Okay. See, while it will be hard for me to disclose the engagement for a particular customer, but a lot of these traditional businesses are also looking to get online for both on D2C and marketplaces. Typical engagement starts from us offering an order management system for them to manage their e-commerce business across multiple marketplaces.

As the scale slightly increases, the engagement deepens by looking at a warehouse management system, which is deeply integrated with their ERP, which could be the likes of SAP, Oracle, Microsoft, anyone, because we are deeply partnered with all of these ERPs. So that's the typical use case or the journey for any brand that onboards on Unicommerce.

And now with UniReco and UniCapture, as the scale increases, they end up taking these solutions as well so that they are able to manage this end-to-end. And as their D2C volume scale, they also look for logistics solution, that is when Shipway, or marketing solution, that is when Shipway and ConvertWay respectively, become relevant.

So now, a brand knows that they can start with an order management system to manage their e-commerce orders and inventory, but soon they can expand into warehouse, logistics, marketing, reconciliation, and video and image capturing. And that's why large brands like JK Maini and many others who've onboarded on us, we continue to demonstrate strong customer acquisition logos every quarter.

They have the comfort that they can start small with us, but they know that as they scale, their needs will evolve, and Unicommerce will be able to offer solutions for all their needs as far as e-commerce enablement is concerned.

Pratik Banthia: My second question is: the base Uniware subscription, if that is X, when we combine, let's say, Uniware and UniReco with them, does it what kind of number do we get, like 1.05x or what? And with the advent of DNA, the new product that you have, for a customer subscribing to all these modules, what could be the kind of realization increase that we see from, let's say, 1x to 1.15x, 1.2x from the customer? That would get a sense of that.

Kapil Makhija: Sure. So right now, UniReco, UniCapture, it's just been six to nine months of their launch, and hence, the pricing discovery continues to happen. As of now, combination of these can actually take the realization to anywhere between 1.5x to 1.7x if both these modules are adopted by the customer which is using Uniware.

But we anticipate the pricing and the realization to stabilize anywhere between, let's say, 1.2x to 1.3x. This these two modules, UniReco and UniCapture, are actually relevant for anybody which is selling on marketplaces. So it is applicable to majority of our customer base. And hence, we have guided that over the next two to three years, as these products mature, we are anticipating a 10% plus revenue contribution from these two modules.

We continue to get feedback on these modules. We launched with a certain set of features, both UniReco and UniCapture. We continue to incorporate that feedback and making these solutions more comprehensive, which is when we will be able to expand the attach rate of these solutions to a larger portion of our base.

Today, UniReco is being used by 7% to 8% of our client base, and UniCapture for 5% to 6% of the client base. As the relative attach rate continues to improve, the relative realization of these solutions will continue to scale. DNA is a beta launch as of now. It's been rolled out to about 10 to 15 customers. We are getting their feedback, and as of now, we are offering this for free. But as we as we make it more comprehensive in terms of use cases that different customers share their feedback with, we will figure out a monetization strategy for the same.

Pratik Banthia: Okay. that's it from my side. Thank you.

Moderator: Thank you. Next question comes from the line of Arvind Arora with GK Capital. Please go ahead.

Arvind Arora: Hello.

Kapil Makhija: Yes. Hi.

Arvind Arora: Hi. Congratulation, Kapil. Numbers are pretty much in line with your guidance. My first question is from three to five years perspective. What's our plan? If you can throw some light on that part, and when can we reach EBITDA margin of 20%?

Kapil Makhija: In terms of long term, I think we had mentioned that what we've done over the last five years, we've grown the business 5x, and more importantly, our EBITDA we had delivered EBITDA which was higher than our revenue five years ago. We want to replicate a similar story, and we want to grow the business 5x from here, ensuring that our EBITDAs are actually larger than what our revenue is today.

And hence, today our adjusted EBITDA margins, we'd mentioned since last quarter, broadly turns to be at 15%. The idea is that steady state it should go back to 20% plus levels. As the last few quarters, we stepped up our investments in people, product, and market reach. As these investments translate into results, we anticipate increasing operating leverage, demonstrating increasing operating leverage and increasing profitability in the coming quarters. So, you should gradually see our journey back to 20%, and at steady state, that is the EBITDA margins -- adjusted EBITDA margins that we plan to deliver.

Anurag Mittal: Additionally, as Kapil also explained, I also wanted to highlight that Uniware is reporting 36% of adjusted EBITDA margin in Quarter 2 FY27. Even at a consol level, despite of the investments we have made to the business, as we mentioned that we have frontloaded most of the investments towards AI-led product development, talent, sales and marketing, despite of that, our adjusted EBITDA margins are 17%.

So it's not too far from the 20% despite the investments. As we have also guided that Shipway will turn adjusted EBITDA positive break-even from Quarter 3 onwards because large part of the investments are already done. So we are still sticking to the guidance we have given of 20% plus over a period of time.

Arvind Arora: So, is it like from Quarter 4 onwards, our EBITDA margin will improve drastically?

Kapil Makhija: It will improve because as Shipway becomes PAT profitable from Quarter 4 onwards, we anticipate the adjusted EBITDA margins and PAT margins to improve. We had already guided a couple of quarters ago that second half of the year generally sees a higher operating leverage. So, we are on track to deliver that in the coming quarters.

Arvind Arora: Understood. And Anurag, if I look at the balance sheet, so it looks like certain investments are moving to current investments. So, is it like due to maturity, it's moving to current investment, or are we having some plan for M&A, like we are actively looking for M&A, something like that?

Anurag Mittal: That's a good question. M&A is a different discussion altogether. But while you are seeing only the current investments, I think you should see current and non-current both put together. The large part of the difference between the current and non-current are on account of the fixed deposits paid within period of 12 months. That's only a reclassification matter. Because of that,

you are looking current versus non-current slightly different, but I think you should see this number adding up both the numbers together. And on the M&A front, Kapil, if you can talk about.

Kapil Makhija: Yes. So, see, one of the best utilizations of the cash that we've been adding in the -- on our balance sheet is to do M&A. We continue to look at opportunities which are adjacent to what we offer today. For us, M&A will be a lot about adding new product capabilities that make sense for our existing customer base.

We've talked about the framework that we use to evaluate candidates for M&A, which is that it should make sense for our existing customers, it should be a good product, good team, it should either be profitable or should have a path to profitability, and it should be available at a reasonable valuation.

So we continue to be in touch with many startups and figure out what's the right fit and companies that fit all the four criteria, basis which when we feel that we are at an advanced stages of discussion, we'll be happy to share the details. But one of the best utilizations we feel for cash is to actually look at strategic M&A which can accelerate our journey even further.

Arvind Arora: Any tentative timeline or anything where you want to highlight? Because we are hearing this from last three quarters that company is planning, but nothing concrete is coming out. So?

Kapil Makhija: So, we are actually very patient when it comes to doing M&A. We want to do it right. We are -- there's no mandate internally that we have to do M&A every quarter or every year. We want to wait for the right opportunity, right valuation, right team, right product, and that is when we want to look at acquiring.

Because we spent the last 3 to 4 quarters actually integrating Shipway well, and now we feel that we have been able to lay a strong foundation with all the investments that we've done, with all the deep integration that we've done with Shipway.

Now, I think we would be open to actually looking at more M&As, but at the same time, we don't want to rush into it. This is a very important decision for the company and impacts the future journey for the company and our shareholders as well. So we want to continue to be thoughtful about such deals.

So while we continue to add cash to the balance sheet and continue to scout for opportunities, we will look at doing one only when we feel that all the four criteria that I laid down meet the bar for us.

Anurag Mittal: As Kapil mentioned that we wanted to follow a patient approach here. Till the time we do M&A, we keep adding good cash in the balance sheet. As you can see, our cash balance also grew 65% on a Y-o-Y basis, and now our cash balance has crossed INR104 crores mark itself. So let's wait and see how M&A will turn out.

Moderator: Thank you. Mr. Arora, please rejoin the queue for more questions. Next question comes from the line of Madhur Rathi with Counter Cyclical Investments. Please go ahead.

Madhur Rathi: Sir, thank you for the opportunity. Sir, firstly, I wanted to understand, have we reached our desired gross margin levels in Shipway, and the operating leverage would be sufficient enough to move to the positive EBITDA levels?

Kapil Makhija: Yes. So our gross margins continue to be comparable to the industry benchmark. We are comparable to what the market leader operates at. A lot of these investments that we're making in Shipway are below the gross margin level, so we are confident that we will be able to deliver adjusted EBITDA profitability in break-even quarter 3 and PAT profitable quarter 4 onwards.

See, at any point of time, we have the option of making profits in the Shipway business, as we had mentioned right since the beginning, that we want to continue to invest for growth. So when we turn the business profitable in quarter 3 and quarter 4, we want to continue to invest for the growth.

So we will -- whatever profits we generate, we'll reinvest back for growth because it's a big growth engine. Shipway operates in a INR4,000 crores market where we have a modest share of less than 5%. So we see a significant headroom for growth for us. And that's why the plan is to whatever profits we generate in the business, we will reinvest them back for growth largely in sales and marketing and product.

Anurag Mittal: Additionally, what Kapil mentioned, while as we have explained earlier also that our Uniware business gross margin trends around 80%, and Shipway gross margin trends around 20%, which is as per the industry benchmark. The most important point here is that large part of the investments what we have done so far are below the gross margin.

And as in the earlier discussions, we have highlighted that we are done largely with the investments, and now from quarter 3 onwards, as these investments will taper down, our profitability will increase, and we are very hopeful that we'll able to deliver break-even adjusted EBITDA in Shipway business from quarter 3 onwards and keep investing into the business. Same time, our Uniware adjusted EBITDA margin is already trending at 36%, what we delivered in quarter 2 of FY27.

Madhur Rathi: Got it. And sir, on our core product offering of Uniware and the additional modules that we are offering, sir, so the vision that we have of scaling our business like the past 5 years, are the current modules or the offerings like UniCapture and UniReco sufficient for us to improve our average revenue per account, or do we think that there is some white space that we would like to address?

Because this 5x multiplying our revenue again by 5x over the next 5 years will take some amount of incremental revenue that should come from our existing clients. So where should that come from, if you can help us understand?

Kapil Makhija: Yes, so there continue to be many white spaces, and that's why I've mentioned that M&A continues to be an important lever for our growth. So while UniReco, UniCapture, Shipway, Convertway will add and improve our ARPA significantly, but for our vision of becoming a one-stop-shop for e-commerce enablement, there are more white spaces, both in pre-purchase and post-purchase, that we continue to actively evaluate. And as I mentioned, we find the right opportunity, we will be acquiring some of those solutions.

So the short answer to your question is, yes, we will need more solutions to improve our ARPA further and to embark on that 5x journey that you're talking about. And for that, we will be looking at both organic builds as well as M&A. Our product development, R&D will continue to be an important focus for us because that's what we stand for in the ecosystem.

It not only improves our ARPA, but also improves the stickiness of the customers, so further strengthens our lifetime. So hence, we will continue to add new solutions to improve our ARPA even further and accelerate our journey to the 5x growth.

Madhur Rathi: Got it. Sir, just one final question from mine. Sir, is our TAM getting squeezed somewhere because of these third-party logistics players who might be performing functions like processing of orders, making sure of returns, where the brands might be taking the only OMS from us, and the rest product offerings, they might be just outsourcing out to these third-party logistics players? So is that a pain point for us right now, or that is not a meaning -- so if you can just address on that?

Kapil Makhija: No. So brands continue to work with multiple providers, or multiple fulfilment partners. What ends up happening is that typically what we've seen, a brand will choose one fulfilment partner for the North region, someone else for West, someone else for South, because different fulfilment partners have strength in particular regions. But they want a single, unified stack to manage their operations.

So they mandate the fulfilment partners that you have to use the OMS and WMS of Unicommerce so that they get full visibility at a single place on what's happening with their inventory, and they have the confidence that this is a best-in-class solution, so it will lead to better outcomes in terms of better utilization of inventory, faster dispatches, etc.

And hence, they it is in today's ecosystem, it's the brands who mandate to the fulfilment partners. So we don't see them as being competitors. They actually become a partner. Many times, they actually partner with some of these fulfilment partners, and when a brand is talking to a fulfilment partner, that is when they actually recommend saying that you can use Unicommerce as a solution.

So hence, we've now seen this is as a tight-knit ecosystem where the brain lies with the tech, which is OMS and WMS. The hands and legs are offered by the fulfilment partner.

Moderator: Thank you. Mr. Rathi, please rejoin the queue for more questions. Next question comes from the line of Vivek Kumar with Geometric Securities. Please go ahead.

Vivek Kumar: Hello. Am I audible?

Kapil Makhija: Yes, you are audible.

Vivek Kumar: Sir, you mentioned that you are confident of improving your market share in Shipway. So if you can throw more light on that market, how many players, why do we think we have the right to survive and grow profitably, what are the kind of GTM moat would be required, and our right to survive apart from our current customers? And if you can throw more light on what gives us the right to survive and grow, and how much that end market is growing?

Kapil Makhija: Sure. The overall market for courier aggregation is about INR4,000 crores. The way this market is structured is that there is one market leader which has got about 20% to 25% market share. The remaining market is very fragmented across 45 plus players, which are ranging anywhere between the size of, let's say, INR10 crores to INR15 crores to INR80 crores to INR100 crores sort of a revenue.

When we acquired Shipway, Shipway was also one amongst these 45 players. So, there is no credible number two in the space, and that's why we saw this as an opportunity. We strongly believe that any space deserves at least two, if not more players, credible players to be offered to the market. So, we saw this opportunity of becoming a credible number two and eventually, hopefully, number one as well. And that's when we acquired Shipway.

The right to win for us is, one, with Unicommerce plus Shipway combination, we are actually the only player which has as comprehensive a product suite that a brand can get from a single player. Even the market leader today in courier aggregation does not have as comprehensive a product suite as we have.

Second, Unicommerce is the market leader in the respective space, has a very sticky solution called OMS and WMS, where when a brand adopts this stack, then it's sort of a marriage for lifetime.

With a sticky solution, for us, the upsell, cross-sell of Shipway, where typically a brand ends up working with multiple courier aggregators, the entry becomes a lot easier, where the switching costs are not very high, and hence, a brand is willing to try Shipway as well when they are using some other aggregators. So that becomes our second right to win, that we have a very sticky solution where the brand is dependent on our solutions, and hence, they actually prefer having everything under a single umbrella.

The third is that if you look at the ecosystem today, most brands are not happy with the current service levels that the existing solution providers are offering. We are bringing a very fresh, tech-first, service-first approach in the ecosystem, because of which we are actually seeing a lot of players, a lot of brands actually shifting or trying us out while they are using some existing courier aggregator solutions.

So because of these three, our comprehensive product solutions, our sticky product suite through which upselling becomes a lot easier, and our very tech-first, service-first approach, where we are aiming to become the best product out there in the market. These three are becoming a clear right to win for us, because of which we are steadily growing the business, and have now crossed INR100 crores in annualized revenue run rate.

Vivek Kumar: So you're confident of greater than 20% growth because of -- you said 45 or 25 players, sir?

Kapil Makhija: 45 players.

Vivek Kumar: So, you're very confident of gaining market, and the end market would be growing at 15%, 20% or much greater than that?

Kapil Makhija: See, the D2C market, this market is relevant for the brands selling on their website. That market is growing faster than the overall e-commerce market, so it's growing in double digits. For us to

be able to deliver 20% plus growth rate from Quarter 4 FY27 onwards, we feel that we are a challenger in the market and with a significant headroom for growth, so we are very confident of being able to deliver that growth from Quarter 4 FY27 onwards.

Vivek Kumar: Sir, then just last question. So in terms of we going to 5X in 5 years, we should definitely have an M&A, right? Or because of AI and our development costs going down, how do we think about it? Are we going to develop more in-house and add adjacencies, or we need that M&A to take us to 5X in 5 years?

Kapil Makhija: See, M&A will be a contributor for the 5X journey, but at the same time, organic growth will play a much larger role there. So both Uniware's and Shipway's growth will cover a large portion of that 5X growth, but a portion of that 5X growth will come from M&A as well.

While AI ensured that the shipping speed is a lot faster, we're able to ship a lot more, and that's why we're able to launch UniReco and UniCapture, which were organically built. But at the same time, we have been able to add Shipway and Convertway, which has ensured that our ARPA grows even further. So, it will continue to be a mix of organic and inorganic.

We also hope that with what's happening in the overall SaaS ecosystem, the valuation multiples will also correct. So, we will get a lot more deals at an attractive valuation in time to come, and that's why we are also being patient in our M&A strategy and looking at the right solution available at the right price to be able to add to our portfolio.

Moderator: Thank you. Ladies and gentlemen, due to time constraints, we have reached the end of question-and-answer session. I now hand the conference over to the management for closing comments.

Kapil Makhija: Okay. Thank you, everyone, for joining the call today. We hope we have been able to address your queries. Should you have any further queries or clarifications, please feel free to reach out to us or Strategic Growth Advisors, our investor relations advisors. Thank you once again, and have a good day. Wishing everyone a very Happy Diwali in advance.

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