Department of Corporate Services
BSE Limited
Phiroze Jeejeebhoy Towers, Dalal Street,
Mumbai- 400 001

Listing Department,
National Stock Exchange of India Limited
C-1, G-Block, Bandra - Kurla Complex
Bandra (E), Mumbai - 400 051

Scrip Code: 543320, Scrip Symbol: ETERNAL
ISIN: INE758T01015

Sub.: Transcript of the earnings conference call conducted on April 28, 2026

Dear Sir/ Ma'am,

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed transcript of the earnings conference call conducted on April 28, 2026.

The same is also hosted on the website of the Company at https://b.zmtcdn.com/investor-relations/Q4FY26-earnings-call-transcript.pdf

For Eternal Limited
(Formerly known as Zomato Limited)

SANDHYA SETHIA
Digitally signed by SANDHYA SETHIA
Date: 2026.05.06 13:50:58 +05'30'

Sandhya Sethia
Company Secretary & Compliance Officer
Date: May 6, 2026
Encl.: As above

eternal

Eternal Limited

(formerly known as Zomato Limited)

Q4FY26 Earnings Conference Call Transcript

April 28, 2026

Management representatives:

1. **Albinder Singh Dhindsa – Chief Executive Officer, Eternal Limited**
2. **Akshant Goyal – Chief Financial Officer, Eternal Limited**
3. **Kunal Swarup – Head, Corporate Development, Eternal Limited**

Moderator: Ladies and gentlemen, a very good evening, and welcome to Eternal Limited's Q4FY26 earnings conference call. From Eternal's management team, we have with us today Albinder Singh Dhindsa, Akshant Goyal and Kunal Swarup.

Before we begin, a few quick announcements for the attendees. Anything said on this call, which reflects outlook for the future, or which could be construed as a forward-looking statement, may involve risks and uncertainties. Such statements or comments are not guarantees of future performance, and actual results may differ from those statements.

Additionally, please note that this earnings call is scheduled for a duration of 45 minutes, and we will be starting directly with the Q&A section of the call. If you wish to ask a question, please use the raise hand feature available on your Zoom dashboard. We will announce your name on the call and unmute your line, post which you can proceed with your question. We will wait for a minute while the question queue assembles.

The first question is from the line of Gaurav Malhotra from Axis. Please go ahead.

Gaurav Malhotra: Hi, thank you for the opportunity. I had three questions. First question is on the overall EBITDA guidance or indication of $1 billion by FY29. Now we do know that food delivery is sort of at a steady clip and it's also growing at 19-20%. We do know about District EBITDA guidance of FY30. If I just sort of strip it back, and we know the NOV growth CAGR of 60% for quick commerce, then the implied margin for quick commerce comes to around, say, roughly 3-3.5%, give or take. Is that the number which we are expecting from a margin perspective in the next three to four years?

Akshant Goyal: Hi, Gaurav. Broadly the math is fine. We're not giving any specific guidance, and therefore the numbers could move a little bit depending on how things pan out. But, the way you did the math is broadly in line with how we're thinking about it.

Gaurav Malhotra: Okay, thank you. Just two more quick questions. We see that your fixed cost in quick commerce has been sort of flattish this quarter and yet the MTU numbers have been quite strong. Just wanted to get a sense as to how to reconcile these two numbers.

The second question is on the dark stores. I remember you had mentioned that maybe you'll pick up the additions in this quarter, but sort of flattish again. Just wanted to get a sense on the dark store guidance of 3,000 by March. These are the only two questions.

Akshant Goyal: Gaurav, MTU additions remain strong because we continue to spend on marketing for new customer acquisition. So those spends haven't come down in the last quarter and hence the overall fixed cost remains in line with the previous quarter and the MTU addition also remains strong. We feel a lot of our competitors in the market have pulled back on this so we're seeing extremely low cost of customer acquisition and we, therefore, continue to see value in keeping marketing spends high at this point.

On store addition, we're on track on our guidance for March of 3,000 stores. We remain firmly on track. We're not going to give any guidance beyond that. At least at this point, we don't think it makes sense. We've given overall guidance of 60% CAGR and that would obviously mean some reasonable store expansion, but we're not planning to give out any specific number guidance on that.

Gaurav Malhotra: Just a follow-up. Essentially, if 3,000 stores happen, that means the general growth for FY27 will not be 100% as you had indicated earlier. It will be, say, in the 70-80%, right? Is the understanding correct?

Akshant Goyal: Yes, it will not be 100%, but we are not guiding to a specific number. We need that flexibility in the medium term and short term to respond to how the market dynamics are. We know that the street is looking for some guidance, so what we have done here is actually given a more longer term three-year guidance. In the short term, we will respond to the market situation and if there are options for acceleration, we'll do that. We're not closing the door on any options for us over the next 12 months.

Gaurav Malhotra: Thank you so much.

Moderator: Thank you. Next question is from the line of Manish Adukia from Goldman Sachs. Please go ahead.

Manish Adukia: Thank you. Hi, good afternoon. Thank you for taking my questions. My first question is actually a follow-up from Gaurav's previous question.

Akshant, like Gaurav asked, the 100% guidance now does not hold true for FY27, given what you saw in the market in terms of competition, etc. Now, when you give your medium term guidance of 60% CAGR, what margin of safety or room for error are you building in that guidance? If competition were to remain as is or were to get slightly worse from here, what are the range of outcomes for the 60% CAGR?

The reason I'm asking is because from a near term perspective, it could maybe help us understand the building blocks as to where you could see the next three-year growth end up to get to 60%. That may help us just build a little bit more conviction. That's my first question.

Akshant Goyal: Hi, Manish. We've addressed that in question three of the letter. We've tried to give you the building blocks of what the 60% CAGR guidance is based upon. It's a function of assortment expansion, geographical expansion as well as more demand densification in the cities where we are present today and we might also get into newer cities. Any sort of intensifying competitive activity isn't going to last beyond the three-year period that you mentioned. We are fairly comfortable and confident that over a period of three years, we should be able to deliver this CAGR of growth.

Manish Adukia: Sure, thank you Akshant for that. Where I was coming from was also the building blocks in terms of, and I know you don't want to give like a three-year store guidance, but if you were to think about user growth versus frequency versus average order value, if you can maybe give us a pecking order of what drives the most amount of growth versus followed by the second, followed by the third, that would also be helpful.

Akshant Goyal: We can't project with that accuracy at this point, unfortunately. We are also learning as we're building this market. These things might change so we don't want to put out numbers here, which we then have to defend on the next call.

Manish Adukia: Right. Let me just ask last question on that topic. From a user number perspective, given that there is a fair bit of competition and there are like a few well-capitalized players in the market and given as the market already is today, you don't see a concern in terms of MTU or user penetration reaching closer to saturation levels in the foreseeable future?

Akshant Goyal: No, we don't.

Manish Adukia: Very clear. Thank you. Second question is on the June quarter where you're seeing a meaningful expectation of acceleration in quarter-on-quarter growth. Outside of the reversal of average order value and the fewer days that you had in the March quarter, are there any other drivers that we need to be aware of, whether it's greater store add or anything else or it's just these two factors of AOV and fewer days?

Akshant Goyal: The only other factor will be seasonality. It's a different season so we see different consumption patterns and summer driving growth in certain categories. Overall, that will also lead to a slightly higher growth, other than the two drivers you mentioned.

Manish Adukia: Very clear. Thank you. Those are the questions that I had for now. I'll jump back in the queue.

Akshant Goyal: Thank you.

Moderator: Thank you. Next question is from the line of Aditya Soman from CLSA. Please go ahead.

Aditya Soman: Hi, good evening. Two questions, firstly, when we look at the contribution per order in the quarter, we've seen a slight dip. Is this largely a function of AOV which obviously falls seasonally or anything more to read in the sort of drop in contribution per order?

And then the second question is on the food delivery side. We've seen Swiggy sort of rollout Toing quite aggressively, which is obviously a different model with a different price structure. Any plans for Eternal to do the same or do you think of Bistro as being that option for affordability on the food delivery side? And for Bistro, any sort of updates on how that business is doing?

Akshant Goyal: On contribution, Aditya, multiple things change sequentially quarter-on-quarter. You mentioned AOV, that is one but we're not saying that it was a key driver. There are other things also which keep changing.

Last mile delivery is also seasonal in some ways. The supply of delivery partner changes during different months in the year and some of the other things like supply chain costs, etc., there could be efficiencies that we are banking in. Net-net, the movement what you see in contribution overall doesn't change the trajectory of our business. More longer term, I don't think there's anything to call out here.

Aditya Soman: Understood. So, in other words, as AOV goes up and then some of the seasonality changes, your contribution direction should be upwards at least for now, right?

Akshant Goyal: As we move to 5-6% margin that we are saying we will get to at some point, contribution margin will go up and on a year-on-year basis, we'll see that trend consistently.

Aditya Soman: If you were to help with that, you said that in NCR, you're doing 5-6% margin which would imply that contribution there is 8-9%. Would that be the right assumption or even higher?

Akshant Goyal: We are not sharing that data point. I don't think it matters also, but broadly, it'll be somewhere in that range.

Aditya Soman: I understand. And then maybe on Bistro and Toing?

Akshant Goyal: At this point, we don't have any plans to do what Swiggy is doing with Toing. We're not clear on what problem it solves for consumers or for restaurants. Till the time we don't get the clarity, we'll just stay put on our focus areas, which is Zomato.

Bistro is still a small experiment for us. We're seeing early signs of a business model evolving there. But still very small and early so I wouldn't want to showcase Bistro as a big bet at this point. But yes, we're watching the space and we are seeing what competition is doing. If at any point we see a thesis there that makes sense, that unlocks a new market, we will follow suit.

Aditya Soman: Very clear. Thanks, Akshant.

Akshant Goyal: Thank you.

Moderator: Thank you. Next question is from the line of Ankur Rudra from JP Morgan. Please go ahead.

Ankur Rudra: Hey, thank you, and thank you for the targets on growth and profitability this time. Firstly, in terms of the 60% growth guidance, and thank you for the color in terms of the building blocks, but in the more near term, are you seeing any early signs of competitive activity easing, which gives you any kind of visibility of this starting to play out from the next couple of quarters?

Albinder Singh Dhindsa: Hey, Ankur. Albinder here. Competitive activity hasn't meaningfully changed from the last time we were on this call. Our stance about it is also the same that we will keep an eye out for it but do the right things for the business.

To that extent, we've mostly delivered on what we thought we would be able to accomplish in face of whatever competition is going on. Whatever guidance we're giving, we're not changing our outlook on that either.

Ankur Rudra: Super helpful. You've given a three-year guidance this time. If I look at the last two to three years, there's been a significant amount of linearity between store additions and growth. Is there anything to suggest that will change over the next three years?

Albinder Singh Dhindsa: It's not a straightforward comparison. In some parts of the network, we're still in a store build-out phase. In some other parts, we just have to create supply in different ways to serve customers when we are expanding assortment.

Our job is to make sure that the supply is there, whether it's in smaller stores or bigger stores. That number becomes very complicated if you start doing math that way, so it's hard to quantify it in that simplistic way.

Ankur Rudra: Appreciate the color. Finally, in terms of profitability for Blinkit, approximately 3% is what you've said, it seems broadly fine. What are the biggest unlocks for you either in terms of cost or monetization to get there on a three-year basis?

Albinder Singh Dhindsa: So far, we are not really assuming any further unlocks, which would really do it. If we just keep doing our job and execute the way we are doing, we should be able to get there.

Ankur Rudra: Okay, appreciate it. Thank you.

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

Abhisek Banerjee: Hi. Congrats on a great set of numbers. First, on the growth in quick commerce, you seem to be still growing ahead of the market. Do you think that when you say about 60%

NOV growth going ahead, are you actually happy to grow in line with the market in the future? And why is that?

I have another question which is slightly backward looking. Now that you have achieved profitability rather steadily, what do you think is the most non-negotiable KPI that you have to crack in order to get to profitability in QC? Is it orders per day per store or is it your NAOV number?

Albinder Singh Dhindsa: Abhishek, to answer your first question, we are in a fairly competitive market with a lot of different players. In that market, it is hard to figure out what the actual market growth rate is apart from the two public players who have to share their numbers. It's very hard to be able to say that this is where the market is growing at, is it a healthy growth rate, or is it an unhealthy growth rate. We are more concerned about whether our quality of growth is maintained as we grow and that's actually the only thing that we worry about.

Going forward also, quality growth, which meaningfully also takes the business towards profitability and sustainability, that is the only non-negotiable here. There are multiple ways to get there, but that's the only non-negotiable.

Abhisek Banerjee: Got it. Thanks.

Moderator: Thank you. Next question is from the line of Swapnil Potdukhe from JM Financial. Please go ahead.

Swapnil Potdukhe: Hi, thanks for the opportunity. My first question is with respect to your warehousing capacity. You talked about 17 million of warehousing capacity spread across dark stores and supply chain, other hubs, etc. Can you give a sense as to what the number was a quarter back or a year back?

The reason I'm asking is like it will help us understand like what kind of an up-play you can get from by just utilizing the capacity or even if these additions are closed down going ahead. Thanks.

Albinder Singh Dhindsa: Swapnil, we don't disclose that.

Akshant Goyal: If you won't find it in our letter, it's not a miss.

Swapnil Potdukhe: Got it. The other number I was tracking was your orders per day per store. That number has been broadly flat for a long period of time. Any sense as to when can we see some uplift in that number because presumably that is where you will get a decent bit of operating leverage?

Akshant Goyal: As Albinder mentioned, the contours of the business might keep on changing. We are not hung upon certain metrics going in a certain way for the business to work. There could be arguments that can be made for that number to not go up and still the business might deliver 5-6% margin. That's also possible.

We are not, therefore, constraining ourselves in a certain way of thinking about the business. I'm not saying that this metric will not go up, but I'm saying that the reason we're not providing a guidance for this metric and instead we're giving guidance for the overall growth of the business is because these variables and the building blocks of how we look at the business might evolve as we go along. It's a good number to track. That's why we disclose it. But we are not sure how this will trend and therefore we don't want to give guidance on it.

Swapnil Potdukhe: Got it. Another metric that I tracked is customer retention. The number of orders that every customer gives you seems to have come down for the last couple of quarters. It used to be around 3.6, now it is around 3.35.

Is that to do with some retention getting impacted because of high competitive intensity or is it a function of significant addition in new customers and their ordering frequency being lower?

Akshant Goyal: Yes, largely the latter, Swapnil. We haven't seen too much impact on customer retention despite us being sort of more expensive for customers in certain geographies. Most of this is on account of the acceleration in new customer addition that we have seen in the last couple of quarters.

Swapnil Potdukhe: Got it, and just on your food delivery commentary. Now, you did say that you have been offering a lower MOV of around INR 99 to make food more affordable but at the same time, you have been consistently increasing your platform fees, those kinds of things.

How does that tie up? If you were to make it affordable, you should not be increasing platform fees.

Akshant Goyal: What we mean is that the platform fees is applicable to all customers, but the offers or discounts can be targeted to a certain cohort of customers who are more price sensitive in certain locations and geographies where these subsidies actually deliver growth. That doesn't work for all customers or all geographies.

What we're trying to do essentially is increase the overall revenue per order by increasing the platform fee and then channel that revenue to select cohort of customers in select geographies where we're seeing growth.

Swapnil Potdukhe: Okay. And just last one quickly on District. There have been constant media reports that there are some events getting canceled because of inability of certain artists coming to India because of the war. Any sense as to will the business still continue to deliver strong numbers despite all these macro challenges from that business?

Akshant Goyal: I don't think this will impact the overall broad growth path of the business. Events is just a part of the business, and we have multiple categories now. A few concerts getting delayed or postponed or even canceled will not impact the outlook on the business.

Swapnil Potdukhe: Perfect. Thanks a lot for taking my question and all the best guys. Thank you.

Moderator: Thank you. Next question is from the line of Ashwin Mehta from Ambit. Please go ahead.

Ashwin Mehta: Hi. Can you hear me all right?

Akshant Goyal: Yeah, Ashwin. Go ahead.

Ashwin Mehta: Hi. Thanks for the opportunity. One question. If I look at your consolidated financials, your advertising promotion cost in absolute terms was flat sequentially. Any sense that you can give in terms of what proportion of this goes to Blinkit?

And the follow-up to that is philosophically, how are you thinking in terms of reacting to competition because news flow seems to suggest that one of your competition seems to be growing much faster sequentially at least. Are you okay to let go of some market share in near term and still focus on profitability or you will possibly react to some of them given the guidance of 60%+ growth?

Kunal Swarup: Hi, Ashwin. This is Kunal here. For your first question, consolidated ad promotions include multiple things across our multiple businesses. There is promotional spend in food delivery where, like Akshant said, we channelized some of our incremental revenue per order to a certain cohort of value-conscious customers that would sit there. There is obviously customer acquisition spends for our quick commerce business, and marketing spends for food delivery.

Each business also has its own nuances and dynamics. I don't think we can strip that apart and get into each of those. Broadly, the commentary that we've given for each business kind of reflects our strategy for each business there.

Albinder Singh Dhindsa: I'll answer the question on growth, Ashwin. To the best of our knowledge, we are growing as fast as we can in the market, adhering to the principle that the growth actually has to be meaningful and it has to be healthy for the business both in the short term and in the long term.

Of course, you can always make the argument that we can grow a lot faster by opting for unhealthy growth right now. We just don't think that that is the right thing to do and that the (unhealthy) growth will eventually turn into healthy growth just by magic. As far as we know, this is the fastest that we've been able to grow this quarter in a way which still adheres to our core principles.

Ashwin Mehta: Sure. Thanks, Albinder, and all the best.

Albinder Singh Dhindsa: Thanks.

Moderator: Thank you. Next question is from the line of Jignanshu Gor from Bernstein. Please go ahead.

Jignanshu Gor: Hi, thank you for the opportunity. I have two questions. One is, as a large part of our growth narrative from here on depends in some sense on either growing the non-grocery assortment and going outside of the metro cities.

Two questions related to these. One, is it possible to give some quantitative understanding of how some of the non-metro cities are doing in terms of size of business per store? I understand the profitability margin metric, which was in the letter, but in terms of size, either revenue or order per day, what kind of ratio can we expect in metro versus tier 1 or a tier 2 town? That's question one.

Let me ask the second one if there is any interdependence. The second is we see that inventory days seem to have gone up over the last few quarters after the transition as well, to 1P. What would be the driver for this and where would we feel comfortable, not from a working capital deployment, but just from a risk perspective, what would be comforting for us?

Albinder Singh Dhindsa: Jignanshu, we don't disclose the breakup intentionally of our business in larger cities versus emerging cities.

On the second part, before we give more color, I don't think inventory days is related to, in any way, the split that we have between tier 1 and tier 2 and tier 3 cities.

Kunal Swarup: Jignanshu, just on that inventory bit, when you said last few quarters, we're aware that in the last few quarters, from Q2 to Q3 especially, we saw the shift to 1P and the share of 1P also increased during that time. But Q3 to Q4, there hasn't been any meaningful increase apart from the increase expected because of the growth in the scale of the business.

Akshant Goyal: That doesn't change the inventory days anyway. Inventory days are fairly steady and we're not seeing that increase unlike what you suggested.

Jignanshu Gor: Okay, cool. Just then maybe a follow-up. If you look at the standalone business, my understanding is that specifically looking at ad spends, it includes basically food delivery plus District ad spends. Is that the right assumption?

Kunal Swarup: It's not entire District, but only a part of the going-out business. Largely the dining-out business.

Jignanshu Gor: Okay, so even for dining out, it's a small part.

Akshant Goyal: That's right, our businesses are split across multiple entities, so generally speaking, it's hard to reconcile our MIS with the way we report it in our audited financials, unless you have more data.

Jignanshu Gor: Got it. I was trying to reconcile your statement that you are seeing a low CAC on the quick commerce business and hence trying to reconcile that with the MTU addition.

Akshant Goyal: Yes, that's correct. For the same marketing dollars, we are seeing more new customer addition. That's what I meant when I said the CAC for us is reducing.

Jignanshu Gor: Fair. Great, thank you.

Moderator: Thank you. Next question is from the line of Gaurav Rateria from Morgan Stanley. Please go ahead.

Gaurav Rateria: Hi, congratulations on good performance and profitability in quick commerce. I have two questions. My first question is about your comments around competition, which probably hasn't changed much in the last couple of months and still you expect 60%+ CAGR in the quick commerce business.

Is it that you're not changing your stance and you still expect this healthy growth to continue at 60%? At what point in time, you need to kind of re-look at the stance on your certain thresholds of MOV or other things? What is the North Star metric that you focus on, whether it is MTC addition, order growth, NOV growth, etc., or market share to be able to understand that at what point in time you need to change your stance to react to the competition?

Albinder Singh Dhindsa: We keep reacting according to what we feel is right and it all depends on micro markets. Our stance is more around the principles that we have for building a healthy business. There are places where our MOV is also lower. There are places where we also offer free delivery. These are not unidimensional calls for us, and we keep taking them.

Akshant Goyal: Largely, Gaurav, we look at customer retention and the customer frequency in our own business. As long as we don't see that being impacted in a meaningful way with what everyone else is doing, then the choice to stick to the principles that Albinder mentioned is still there. Over the last few months, we haven't seen our customers turn away from our platform too much and hence, at this point, we don't see the need to react more than what we've already done.

Gaurav Rateria: Got it. My second question is on your top eight cities. You did give a very good data point on geographic coverage of 80-90% coverage in the pin codes. Does it mean that now from here on, incrementally, growth will be less led by the customer addition in these top eight cities and more by the wallet share and the average spend per customers and hence the growth rates? When we look at the MTC addition, is it going to be largely driven by the non-top 8 cities? Thank you.

Akshant Goyal: Yeah, partly true, but even in these cities where we have high pin code coverage, it doesn't mean that we have like maxed out on potential customers in that neighborhood.

While assortment expansion will drive higher wallet share for existing customers, equally or maybe even larger portion of growth will continue to be from customer addition, given the low penetration that we have within the pin codes that we cover.

Gaurav Rateria: Thank you. All the best.

Akshant Goyal: Thank you.

Moderator: Thank you. Next question is from the line of Garima Mishra from Kotak. Please go ahead.

Garima Mishra: Thanks for the opportunity. First question on Blinkit. How should we think about the discounting which is prevalent in the quick commerce market today and how confident you are in maintaining your pricing discipline as well as a 60% growth CAGR in the business?

Albinder Singh Dhindsa: Garima, we are very confident of maintaining our pricing discipline. We're not sure what competition will do. It is very hard to estimate what is happening in the market. How much of the market is froth, how much of it is artificially inflated by discounts, it's very hard to actually tell, very hard to comment on that.

Garima Mishra: But you remain confident that you are already retaining that customer who you think is the more profitable customer and sort of sits well within what Blinkit stands for. Is that the right understanding?

Albinder Singh Dhindsa: Yes.

Garima Mishra: Got it. Second question was on District. You are already present in different verticals pertaining to the broad going-out category. What new categories are you looking to add within District and particularly within travel?

Akshant Goyal: Garima, we have no plans to add any more category to District than what we already have, and travel is not a focus area for us at this point.

Garima Mishra: Got it. Last question maybe. Hyperpure reported a small margin in the quarter. You have, however, not included this segment when you talk about your future profitability. How should we read this and should we assume that this business remains insignificant from an overall profitability perspective?

Akshant Goyal: Not really. I don't know why you are saying that we haven't included this business when we're talking of the overall billion-dollar profit. The statement that we have made includes all the businesses that we are in today, including Hyperpure. It might be the smallest, but it will still be meaningful and relevant.

Garima Mishra: Got it. Thank you so much.

Moderator: Thank you. Next question is from the line of Rishi Jhunjhunwala from IIFL. Please go ahead.

Rishi Jhunjhunwala: Yes, thank you. A couple of questions. Firstly, if we look at our order growth in food delivery as well as in QC, in food, order growth was 15% YoY but the active delivery partners on a monthly basis went up by 30%. In QC, the order growth was slightly above 90%, but the rider growth was 120%. While in QC, I can still understand that you're expanding rapidly and probably adding a lot more there, but in food, what explains this gap given that effectively if I calculate number of orders per rider per month, it has come down by 10% to 15% in both the businesses over the last one year?

Albinder Singh Dhindsa: Rishi, the nuance over here is the changing nature of how much people work every day on these platforms. We are seeing more and more part-timers also delivering and that actually increases the active partners but reduces the number of orders they do per shift per day.

Rishi Jhunjhunwala: Understood. The second question is on food delivery. We are close to that 20% mark from a growth perspective. We are at 5.5% from a margin perspective. We had taken a mid-quarter hike in platform fee, probably next quarter, it flows down completely to the bottom line.

How do we think about incremental operating leverage that you would get in the business as well as some of these increase in monetization to flow through the food delivery P&L? Do you intend to utilize that incrementally in some sort to increase growth? If yes, how? Otherwise, do you believe there could potentially be upside risk to that NOV margin guidance that you have provided in the past?

Akshant Goyal: This has always been the case that we are more leaning towards growth. If we can find ways of effectively reinvesting any incremental margin that we get in our business, or any business, we would do that because the objective is to optimize for growth of absolute profit and not the profit margin percentage. That's always been the principle, and it will remain that way. What we are seeing now in the last two to three quarters, especially in the food delivery business, is a good ROI on these investments for growth. That's a function of us innovating on how we look at these investments, and how we implement. So it comes down to execution, and it's also a function of market readiness, consumer readiness and so on. At this point, therefore, we are seeing that if we reinvest in growth, we are getting outcomes and that growth quality is good. We'll continue doing that without worrying about what it does to the margin.

Net-net, this should ensure that our absolute profit continues to grow at the fastest pace possible, in the food delivery business. But in future, again applying the same principle, if that stops happening, we could see some of this incremental revenue flowing down to profitability and that's also fine. That's the sort of framework that we follow and outcome could be either percentage margin increasing or growth going up. Both will optimize for the absolute dollar EBITDA.

Rishi Jhunjhunwala: Understood. Thank you so much and all the best.

Akshant Goyal: Thank you.

Moderator: Thank you. Ladies and gentlemen, in the interest of time, we will now take the last one to two questions.

The next question is from the line of Vijit Jain from Citigroup. Please go ahead.

Vijit Jain: Hi, thank you for the opportunity. My first question is, within that guidance of 60%+ CAGR on quick commerce, the top 20 cities that you call out, would they still be about 40% within that? Any kind of broad assessment of what that embeds for top 20 cities that you could give would be helpful. That's my first question.

My second question is within QC in terms of the ad monetization. Is it mostly driven by the SKUs that you stock and that you're able to surface to the customers, or the ad loads at checkout and top of the funnel ads are also meaningful? That's the second thing I wanted to ask.

Third, if you could give more color on how you think about the whole supply chain automation. You talked about it in 3Q and I just wanted to get a sense if we are looking in the next two to three years at more of these automation capex for your business? Any sort of guidance you can give on how you're thinking about capex beyond the store additions that you would do. Those are my three questions. Thank you.

Albinder Singh Dhindsa: Vijit, the first one, we don't give that breakup, and we won't be able to give you that color. I didn't really understand this question.

Vijit Jain: Just wanted to understand the ads business, the ad monetization that you achieve. My guess would be the biggest chunk of that is the brands themselves advertising on you for stock that you actually hold on the platform but there will also be ads, that you show on checkout or ads which are more like the brand page that you have. I wanted to get a sense of what the composition of your ad revenue looks like between these two / three different kinds of categories?

Albinder Singh Dhindsa: Non-paid ads, basically ads by brands or platforms which don't sell on the Blinkit platform, that's insignificant for us.

Vijit Jain: Got it. Perfect. The last question was on capex and how much of the capex that you plan to do in the next three years is related to automation that you might do?

I'm just trying to get a sense of all the automation that you guys have shown in some videos as well, how much of that is scalable and is that something that you're planning to do across all of your warehouses and so on and so forth?

Akshant Goyal: Vijit, we keep testing for that. We don't want to pursue automation for the sake of it. The framework is that the capex should have ROCE that we can track and that is visible. That's the fundamental principle.

But directionally, yes, we are seeing automation increasing in all our warehouses. We will see that happening over the next few years as well. But how much of it is automated is a function of the framework on ROCE. It's all a function of the cost and the efficiency uplift we get because of automation.

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

Akshant Goyal: Thank you.

Moderator: Thank you. Last question is from the line of Sachin Salgaonkar from Bank of America. Please go ahead.

Sachin Salgaonkar: Thank you for the opportunity and congrats on great set of numbers. First question is on competition. Just wanted to understand, is competition also intense in tier 2 and tier 3 cities? Or is it that there are few operators and hence competition is reasonably lower out there?

Albinder Singh Dhindsa: The competitive intensity is fairly high pretty much wherever everybody is.

Akshant Goyal: Different set of players in different markets. Someone is aggressive somewhere at this point. For us, it's competitive everywhere.

Sachin Salgaonkar: Got it. In terms of dark store additions, when we think about it, is the mix still 80% urban and 20% tier 2, tier 3 or has that changed over a period of time?

Akshant Goyal: That's changing, Sachin. We're not giving specific guidance but increasingly, as we also mentioned in the letter, a large part of our growth will come from geographic diversification so we will see that mix change over time.

Sachin Salgaonkar: Okay. Another part you mentioned in your letter is obviously assortment expansion. Does that mean we are looking to upgrade some of the dark stores to bigger size dark stores now or add more dark stores in the vicinity?

Albinder Singh Dhindsa: That means we are going to expand our assortment by whichever way we can.

Akshant Goyal: For us, it's like square foot space. Size of the store is a function of lot of factors including availability, specific neighborhood and urban infrastructure in that neighborhood. It's a very hyperlocal call. There is no single answer for this that applies to every city and every locality.

Sachin Salgaonkar: Got it, pretty clear.

Next question is on AI on ads. We're seeing multiple platforms globally actually now seeing that the ceiling on ad revenue as a percentage of GMV has now started to move up because AI does allow them to do a lot more things and push ad per se from that point of view. You guys clearly are doing a lot on AI. Does that mean that at some point in future, also what we are expecting as a gap on ad as a percentage of GMV that might move up and hence this room for your steady state margins also to move up in both food delivery as well as quick commerce?

Akshant Goyal: Generally, we don't operate with a cap in a mind. We don't know what the cap is honestly. We'll respond to the realities of the situation around us in the business and if that means that we have an opportunity to have higher ad income in our business, so be it.

Same framework. If we have that, we have more margins, can we invest in growth? Can that growth drive more profit? That's the mental model, which is fairly fundamental and simple. We don't operate with a set of metrics with some ceilings or target or goals in mind. I don't have any other color to share on this.

Sachin Salgaonkar: Got it, and Akshant, when we talk about quick commerce margins at steady state being at 5-6%, is there an implied assumption in terms of how much ads is in there in terms of that 5-6%?

Akshant Goyal: No, as I said, we don't know, we're discovering that. Quick commerce is a much younger business than food delivery. It's already doing more in terms of ad as a percentage of NOV. We don't necessarily have a number in mind on where it lands and finally goes to.

Sachin Salgaonkar: Got it. Last question is, if there is any sensitivity on higher fuel prices to demand on food? Historically, have we seen anything when fuel prices have increased, has there been an impact in demand?

Akshant Goyal: It depends on the quantum. Generally, increase in fuel prices will lead to higher cost of delivery, the last mile cost goes up. Now what percentage of that we decide to pass on to consumers is something that we'll decide when the time comes. It all depends on that quantum. In the past, going by the last 12 to 18 months, experiences and examples like the GST hike happened, where we were fairly easily able to pass it on to consumers without too much impact on demand.

Unless it's a drastic increase, I don't expect fuel price increase to have a meaningful impact on margins in our business.

Sachin Salgaonkar: Got it. All the best. Thanks.

Akshant Goyal: Thank you.

Moderator: Thank you. Ladies and gentlemen, we will now conclude this conference call. Thank you for joining us, and you may now disconnect your lines.