eternal.com
info@eternal.com

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 May 1, 2025

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 May 1, 2025.

The same is also hosted on the website of the Company at https://b.zmtcdn.com/investor-relations/Q4FY25-earnings-call-transcript.pdf

For Eternal Limited
(Formerly known as Zomato Limited)

SANDHYA SETHIA
Digitally signed by SANDHYA SETHIA
Date: 2025.05.08 12:27:57 +05'30'

Sandhya Sethia
Company Secretary & Compliance Officer
Place: Gurugram
Date: May 8, 2025
Encl.: As above

Eternal Limited

(formerly known as Zomato Limited)

Q4FY25 Earnings Conference Call Transcript

May 1, 2025

Management representatives:

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

Moderator: Ladies and gentlemen, a very good evening, and welcome to Eternal Limited's Q4FY25 earnings conference call. From Eternal's management team, we have with us today Akshant Goyal, Chief Financial Officer; Albinder Singh Dhindsa, Founder and CEO, Blinkit; and Kunal Swarup, Head of Corporate Development.

Before we begin, a few quick announcements for the attendees. Anything said on this call, which reflects the 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.

Moderator: The first question is from the line of Manish Adukia from Goldman Sachs. Please go ahead.

Manish Adukia: Thank you for the shareholders' letter. As always, it is quite helpful. My first question is on the competition in quick commerce, which you said you expect to intensify in the future, particularly from next-day delivery platforms. Now the question here is that is that an expectation or are you already seeing that play out? And where is this higher competition showing up? I understand higher marketing costs, but your take rate and your contribution margins are both quite stable quarter-on-quarter. So does that mean that there has been almost no impact so far or any meaningful impact so far of competition on either user fee or store rental cost or, let's say, store-level employee costs, etc. I would love to get your thoughts on that. That's my first question, please.

Albinder Singh Dhindsa: Hi Manish, Albinder here. The impact of competition is visible in the lack of significant margin expansion that we would have otherwise expected. That is both because there are now more players in the market, and there is obviously more competition across categories to market to the same set of customers which is leading to some margin pressure, both in terms of being able to charge higher delivery fees in some geographies and also in being able to sell more of the higher-margin categories on the platform. So, the answer to your question is that the pressure that you are seeing is all in the lack of margin expansion.

Manish Adukia: Thank you for that response. In the shareholder's letter, you specifically talked about next-day delivery platform where you expect competition to intensify. But on current quick commerce platforms, how have the trends been in the last two / three months? Has competition continued to increase? Has it been stable? Has it reduced? Would love to see the dynamics between quick commerce versus next-day delivery and how is that moving in terms of competition?

Albinder Singh Dhindsa: The competition has been in different shapes and forms coming from both players, who are already in the quick commerce space and the new players that are trying to enter the quick commerce space. It's just different shapes and forms that it comes in, whether it is in terms of aggression in discounting or aggression from other players in marketing activity or aggression from other players in being able to offer free delivery or store expansion in certain geographies.

Manish Adukia: Understood. And just the last question on this one. I mean, in terms of just the stores, our rollouts have remained elevated to about 300 stores in the quarter. Have there been any meaningful challenges from a store rollout perspective? Again, from a competitive landscape, whether it's in terms of, I don't know, like finding stores in the right locations or just the inflation and rental costs there? Has that been meaningful or that has been more manageable?

Albinder Singh Dhindsa: There has been significant competition for the same real estate in most of the cities that we are in.

Akshant Goyal: Manish, on competition, just to add to what Albinder said, in the last quarter, competition hasn't reduced in any way. It was definitely way more competitive in terms of price action that we saw in the market in the quarter prior to that (Q3FY25). So, anything you pick up, whether it is pressure on real estate costs, marketing cost, incentives, etc. all of that continues to peak at least so far going into the last quarter. So yes, we are continuing to see elevated competition in the market so far.

Manish Adukia: And right now, Akshant, you would have very limited visibility on June quarter from a margin profile perspective like mentioned in the shareholder’s letter, whether it gets better or worse that at this point in time, we don't have visibility on.

Akshant Goyal: No, we have a fair bit of visibility and don’t see any meaningful changes directionally. That's why we are saying that competitive intensity remains high, and therefore, the pressure on margin, that Albinder alluded to, stays. At least so far, we haven't seen any change.

Manish Adukia: Thank you. Just my second question on food delivery, if I may. Of course, like your guidance remains 20%+. In the quarter, we have 16% year-over-year growth and you explained quite well as to what's driven that slowdown. But again, like why 20%? I mean, again, when you say 20% guidance, what is driving confidence that 20% is the right number?

And when you talk about those three things, affordability, assortment and low delivery timeline, I mean, at least as a consumer or an outsider, it feels like they are all moving in the opposite direction of where they should, right? I mean, you obviously said in the shareholder's letter that the Zomato quick experiment didn't work as well as you would have liked. From an affordability standpoint, the prices between aggregators and what restaurants have on their menu probably have continued to widen. So, I am just trying to think in the near term is 20% like a realistic number at all to assume? Or is that like a much longer path to get to that 20% number?

Akshant Goyal: See, for the near term, we cannot commit to anything, and we don't know how that shapes out. And you're exactly right, Manish, we are a marketplace business. So, unlike the quick commerce business, we don't control the end-to-end experience for customers here. And in some ways, on these three metrics, assortment, delivery times and affordability, you're absolutely right that as a business, we've not been able to actually make a meaningful dent on these three vectors despite us trying multiple things in the last one or two years.

But the eventual answer in driving more growth than what we will see without any effort is in actually breaking through one or more of these vectors. So, we will continue to attempt to try different things to make progress on these three fronts. And if we are able to do that, we can see that acceleration in growth down the line. And 20%, therefore, is more a long-term 4-5 year CAGR guidance. I'm just clarifying that even in the past, we have stated that it's not an immediate every year growth guidance. Having said that, each of the last two / three years, the growth has been north of 20%. So, despite the slowdown, even in FY25, NOV / GOV, whatever you look at it, has grown 20%+. Whether we will get there in FY26, we don't know. But again, we are confident that there is potential in the market to grow at that pace over a more longer-term period.

Manish Adukia: Thank you. I'll jump back in the queue.

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

Aditya Soman: Hi - so, two questions. So firstly, in terms of these new stores that you've added, can you give us a sense of how many have come in new cities and then just an extension of that, how many cities you are present in today? And second question is on Zomato Everyday. This was one attempt to address the affordability and sort of frequency it fuels, but it seems like you are shutting the business down. Can you give us a sense of what really didn't work out with that business? And is there another similar business or something along those lines that we are tracking? Maybe does Zomato Bistro fill in that gap?

Akshant Goyal: Aditya, we're not sharing the data on cities, etc., at this point. But yes, broadly, we are going into smaller cities every quarter. And incrementally, a larger portion of our new store expansion is happening in the non-top eight markets. Having said that, even in the top cities we are growing, but more and more share of new store openings is now going towards the smaller markets, where we are seeing equally good customer adoption of quick commerce.

On Zomato Everyday, I won't say that it didn't work. For the markets we were in, the business was doing well, and we did see that it can make money in those markets. But given the overall size of that business, in our mind, we didn't feel that it would move the needle for the food delivery business on an overall basis. Given that it's a more operational-intensive business, it's a different business model, etc., we just didn't see the value in continuing to run that when we don't really see an opportunity to grow beyond a certain scale. So that's why we've decided to shut it down for now.

And Bistro, is a separate business. It's very early days. We don't have a point of view on whether that fills the gap for Zomato Quick or Everyday. But maybe in the next few months / quarters, we'll have better answers to that, and we'll share that with you over time.

Aditya Soman: Understand. And just in terms of the first in terms of city additions, would it be fair to say that, let's say, the time taken for these new stores to hit breakeven remains unchanged more or less in line with the average? Or is there any difference in timing in these cities?

Akshant Goyal: So far, we're not seeing any deterioration in the time stores are taking to ramp up to breakeven. It remains pretty consistent with the past.

Aditya Soman: Fair enough. Thanks.

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

Swapnil Potdukhe: Hi everyone. Thanks for the opportunity. My first question is on quick commerce. So, one of your competitors seems to have mentioned that their GOV numbers include subscription fees and ad income. But your definition does not seem to include that. While I can understand why subscription fee may not be included in your numbers, but wanted to understand how do you report ad income? And what percentage of your take rate on GOV or maybe NOV, whichever way you want, will be coming from ad income and customer fees?

Akshant Goyal: Thanks, Swapnil. So yes, we don't include any of these ancillary income streams in our GOV definition or NOV definition. It's without that. And it's not just NOV, even GOV definition was without that, just to clarify. So that's how we report.

And therefore, the ad income directly goes to our revenue. It's not part of the GOV definition. It's north of 4% of GOV today for us.

Swapnil Potdukhe: Okay, that's great. On customer fees, the delivery fees and handling fees and other fees like that?

Akshant Goyal: Yes.

Kunal Swarup: About 3%.

Akshant Goyal: Yes Swapnil, that's part of GOV clearly. It's mentioned in the definition.

Swapnil Potdukhe: Got it. Got it. And the second question is on your recent changes in your reporting, GOV to NOV. So, I do understand that at Blinkit level, the difference is around 22% odd. But just wanted to get a sense on category-wise, how big of a difference could there be between F&V, packaged grocery or some other general merchandise, the difference between GOV to NOV in those categories?

Akshant Goyal: So, it can vary a lot, Swapnil. In some of the more unbranded categories, like the ones you mentioned, the difference can be much, much higher than 20%. And that is why we felt the need to introduce this metric because increasingly our business is going to move more towards such categories. And hence, incremental GOV will start giving an incorrect picture on the overall size of the business.

Swapnil Potdukhe: Okay. Any numbers you would like to call out on this side?

Akshant Goyal: It's a big range. There could be categories where it is also 70% - 80%.

Albinder Singh Dhindsa: Swapnil, for fruits & vegetables, these kinds of categories, because there is no MRP, we've always reported it on the selling price or whatever the customer paid. But when you talk about some of the other categories which is a long tail in general merchandise, as their penetration is growing, we felt it was right to give the clarification because in some of those categories, the difference between what it sells at and what is the stated MRP could be as high as 50-60%.

Swapnil Potdukhe: Got it. Got it. And the next question is on your recent plans to get the shareholder approval to lock in the foreign ownership. Just wanted to get a sense as what would be the inventory days in this model? I presume basis the numbers we have given that it would be 15-16 days of inventory, if you were to do it completely on your own balance sheet.

But how do you see these inventory-related investments going forward, especially if you start doing low ordering frequency categories like electronics, white goods. I mean, is there a chance that these 15-16 days can go closer to 20-25 days kind of inventory?

Albinder Singh Dhindsa: Swapnil, there is a chance that it happens. That, however, is usually offset by the fact that the categories that we want to do are not well solved in the marketplace model. What I mean by that is that even when we are not holding the higher inventory, today when we work with sellers, we basically end up accepting a lot lower commissions on these categories because they are holding the inventory. And so, we are in a way paying for the risk of that through our commissions today. And it still doesn't get solved well. The categories which we are keen to do ourselves, hopefully, are the ones where, even if you build the inventory, there is still a very healthy return on capital even after holding that inventory at a higher number of days. So yes, there's definitely a chance that the number of inventory days on books will go up as a result.

Swapnil Potdukhe: Okay. But just to get a sense as to how much improvement can you see on the commission side, if you were to completely to move inventory model?

Albinder Singh Dhindsa: We haven't gotten to it yet. Once we get the approval, then we'll start evaluating it, whether we want to go down that path at all.

Swapnil Potdukhe: Okay. And just the last one on the food delivery side. So, there have been some thoughts about Rapido trying to disrupt the food delivery business model, where you right now work on the commission-based model, but they plan to introduce subscriptions. Have you by any chance evaluated implementing this idea yourself? Are there any pros or cons? Or is it too early to think about it? I mean, just a sense as to what your thoughts are, if this idea picks up?

Akshant Goyal: So, we'll wait and watch Swapnil. We are not clear on how that model can make sense in the long run for all our stakeholders and us. But we have only heard as much as you have. So, once it's out there in the market, we'll, of course, take a look and see if we need to change anything. But as of now, we don't have a point of view on that.

Swapnil Potdukhe: Got it Akshant. Thanks a lot guys and all the best.

Akshant Goyal: Thank you.

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

Sachin Salgaonkar: A few questions. Firstly, how do you guys look at your market share as your statement in the shareholder's letter saying that we'll aggressively look to grow our market share in quick commerce. Are you able to maintain? Are you able to gain your market share basis your understanding in the last 1-2 quarters?

Albinder Singh Dhindsa: Hi Sachin, so our understanding is that even with the new competition, we have more or less maintained our market share over the last few quarters. The competitive intensity has been fairly high, but at the very least, we've maintained it.

Sachin Salgaonkar: Got it. Second question, Blinkit clearly has a slight different approach in quick commerce as compared to the traditional quick commerce competitors. And I'm saying that because you guys don't have private labels. You don't have the super saver or the max saver equivalent of your competitors. Any particular reason why you guys are not doing it? Is it economics? Is it something else?

Albinder Singh Dhindsa: Sachin, we don't think that from a customer perspective these use cases add a lot of value. And so, we don't do them.

Sachin Salgaonkar: Got it. Third question, as you're expanding into tier 2 / tier 3 cities, how do you look at the appetite and the ability of consumers to pay out here? And I'm saying that, because in food, we faced this problem where we had to shut down the business in a few cities and come back. Do you see a good appetite in demand for quick commerce services right now?

Albinder Singh Dhindsa: Yes. That is why we are expanding aggressively.

Sachin Salgaonkar: Got it. And the last question, a bit of clarification on numbers. I do see in EBITDA, there is an 'Others' where losses suddenly became INR 16 crore versus close to INR 1 crore-odd number in last quarter. Anything specific which is going out here in experiments perspective, which has led to such huge loss in this quarter?

Akshant Goyal: Yes, Sachin. So, all of our new initiatives, whether it is Bistro, Nugget, other B2B businesses, and one of the other small experiments that we are doing, all of that cost or losses are reflecting in the 'Others' segment.

Sachin Salgaonkar: Got it. Akshant, I thought Bistro might sit in food, but you guys are looking to keep it separate right now.

Akshant Goyal: Yes, it is not part of food. It's a totally different business. So even if it scales, we want to report it separately.

Sachin Salgaonkar: Got it. So logically, this is the way the losses could remain high for some point as and how you experiment, right?

Akshant Goyal: That's right.

Sachin Salgaonkar: Got it. And lastly, other income has increased from INR 252 crore to INR 368 crore. Is it treasury? Is it something else which has led to this increase?

Akshant Goyal: No, it's because of treasury. We raised money through the QIP in November last quarter. So, the full quarter impact of that is now leading to the higher income.

Sachin Salgaonkar: Got it. Thanks, and all the best for the future.

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

Aditya Suresh: Thank you for the opportunity. So Albinder, for you maybe on Blinkit. This quarter, I thought it was really interesting that contribution margin was maintained. The loss expansion is more to the adjusted levels. You kind of, moved the incentive spends, etc. right? Just reflecting your comments on competition for the next few quarters or maybe if I just expand it as well, in the face of competition, could we expect contribution margin to drop? Or should we expect contribution margin to be flat?

Albinder Singh Dhindsa: Aditya, it's very difficult to say, as I mentioned in the letter also. See, our business is affected very heavily by seasonality. So, the effect of competition with every change of season also shows a different aspect of the business. There is a lot of variability, which we are also not certain about and hence are unable to give guidance as to where it leads to.

Aditya Suresh: Got it. And just in terms of the prior state in the first half when you were at the breakeven position, would it be fair to say that we'll be back on the path towards breakeven only once competition settles? Or do you see any other levers here to kind of pull to get us back on the trajectory even as competition is expanding?

Akshant Goyal: Aditya, there are too many moving parts here. And honestly, we're not thinking about our goals and targets in that form and shape. Just getting to breakeven is not enough anyway. So long term, we have to solve for much higher profitability than just that.

And we are at -2% margin today in terms of Adjusted EBITDA as a percentage of NOV. So, we are not deep in red. If we have a strong point of view on that, we would, of course, love to share that with everyone. But as we have said in the letter on this front, we don't want to stick our neck out and give any guidance at this point, given the multiple moving parts.

Aditya Suresh: I appreciate that. Thanks, Akshant. And on food delivery, would transacting users be a primary kind of growth vector for the next couple of years? Or are you looking to drive more through frequency?

Akshant Goyal: No, even frequency increase is going to largely reflect in the monthly transacting customers going up because most of our consumers actually don't even transact every month today. So yes, from a tracking perspective, we expect to see the MTUs to continue to increase.

Aditya Suresh: Thank you so much.

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

Gaurav Rateria: Hi, congrats on good execution. A couple of questions. On your comment on competition intensifying in quick commerce; so far, our investments were focused on growing network of stores, increasing assortment while not necessarily focusing a lot on subsidies. And now you have talked about growing market share aggressively. So, any change in priorities from investment point of view?

Akshant Goyal: No, Gaurav. No change in priorities. Even in the last quarter or the last two or three quarters since the time competition really started increasing, our approach has been fairly consistent in terms of the key focus areas we mentioned in our letter. So far, we haven't really seen any loss in business because of not being able to subsidize at the levels at which we are seeing the competition doing so in the market. So that's great news for us. And hence, I think we don't need to course correct and just focus on what we are doing.

Gaurav Rateria: Got it. Any color that we can get on your SSG growth in the top 8 cities, if not quantification, some qualification or comments on how has it been trending over the last few quarters? Any signs of slowdown or is it still trending on the upward direction?

Albinder Singh Dhindsa: Gaurav, overall, it has been growing, and we haven't seen any slowdown. However, when we look at the numbers, it's a little bit different because we don't look at it at a store-wise level. We look at it at a particular area. So, a particular geography might actually have gotten multiple stores where it had a single store earlier. So, therefore, being able to provide actual numbers around it is much harder.

Gaurav Rateria: Got it. My third question is on your comment around the shortage of the last mile workers, which may have impacted the overall food delivery business. I'm just trying to understand like over longer term, how are you going to be solving for that and unless a material increase in supply happens, it will be a constrained factor for growth, both for food delivery and quick commerce or else is structurally the cost of last mile can go up compared to what it is today?

Akshant Goyal: Yes, Gaurav, we do expect the supply to increase over medium to long term. The gig work economy is now multiple million large. And it's not like we haven't seen this kind of temporary pressure on supply in the short term. It has happened to us a couple of times in the last 4-5 years; whenever we have seen the emergence of increased competition, either in food delivery or a new use case or a category emerging like quick commerce. Supply always catches up with some lag, and that's what we expect here as well over time. We will see the supply increase and therefore, this pressure should ease off.

Gaurav Rateria: Okay. Last question, why is there a decline in the going-out business? And are the investments going to remain elevated in this segment? At what point in time do you think you will have to taper off the investments and this business moves towards steady-state profitability?

Akshant Goyal: So, the decline on top line is seasonal. If you look at year-on-year growth, the GOV of going-out is still growing by more than 100%. And on profitability, we are at -2 to -2.5% of Adjusted EBITDA as a percentage of NOV. And at least in the near term, we expect this business to remain in that range while we invest in transition of customers from different platforms, Paytm, Zomato, etc. to the new District app. And we're also investing a little bit in supply creation in some parts of the going-out business. So, that investment phase will continue for the next year or so. And hence, we are not expecting this business to become profitable in that time frame. But at the same time, we don't expect that losses will go up from here as well.

Gaurav Rateria: Thank you so much.

Moderator: Thank you. Next question is from the line of Vijit Jain from Citigroup. Please go ahead.

Vijit Jain: Hi, thank you. So, my first question is on food delivery. Now that you've shut down the Quick thing and one of the three growth vectors you've called out here is delivery timelines, as you know, one of the mechanisms to grow the food delivery business and the other was affordability, where you obviously shut down Everyday. So, specifically to the delivery timeline thing, what is the path to lowering that going forward in the medium term now that you think the Quick model didn't work?

Akshant Goyal: Yes, Vijit, so Quick was an attempt to bring down the delivery time from the average, let's say, 30 minutes for the platform to 10 minutes. What we've realized is that it is extremely hard, and we don't see any incrementality in demand if we do that in the business given that customer experience is poor. But of course, there's a wide range between 10 and 30 minutes. So, our view is that we should try and bring that 30 minutes down to maybe 20-25 minutes over time by making our overall logistic fleet delivery system more efficient. And those are the gains we want to chase now rather than trying to build an extremely quick service, which you know, without an end-to-end control of the supply chain, we think is extremely hard to do.

Vijit Jain: Got it. So, if I understand it right, the kitchen infrastructure side improvements is really hard to do with restaurant partners and in a very quick timeframe. And whatever you could do on the delivery fleet optimization, where you place them, those kinds of improvements you would. Is that a fair understanding?

Akshant Goyal: Yes, that's right.

Vijit Jain: Great. Got it. My second question is on the Blinkit comment on competition. So, if I look at these numbers, it looks to me like your new store ramps in terms of quarter one GOV, quarter two GOV, that trajectory seems pretty similar. I mean, based on these numbers, it seems to me that it's probably pretty similar to what you've said before. And you've obviously had one of the best MTU growth quarters and contribution profit is the same QoQ in rupees per order, even though your AOV was lower. So, in general, the competition has only really affected you in terms of ability to charge those higher delivery fees?

Akshant Goyal: No, it's across the board. It's more than that. Every part of the business becomes more expensive once there is the level of competition that we are seeing today. Last mile delivery becomes expensive, marketing costs go up, real estate and so on. Contribution margin remaining flat doesn't mean that competition has eased, it's relative versus the expectation. In this business where stores get to breakeven in a matter of few months, in the absence of competition, we would have expected the business to be fairly profitable by now. And all of that is what is not reflecting in the P&L because of high competition.

Vijit Jain: Got it. And just one last question. The INR 1,000 crore of working capital comment that you made. I just wanted to be clear that this is essentially 15 days of working capital, right? And I mean just based on that math, because it would be.

Akshant Goyal: More or less, yes.

Vijit Jain: And I wanted to understand, you've talked about how business in quick commerce has pareto nature in general. So, as you grow into broader categories and go into these high-margin toys and all kinds of long-tail categories, how does that change how you think about the working capital? And this is including both the dark stores as well as your warehouses, right, in any case?

Albinder Singh Dhindsa: Vijit, most of those categories, which are high assortment remain on a marketplace even today. So, the sellers sell on the platform, so that doesn't have any working capital impact for us.

Vijit Jain: I see. So, the INR 1,000 crore comment is for the nonmarketplace business that you would do?

Albinder Singh Dhindsa: That was more an example of even if we were to take our entire business.

Akshant Goyal: That's illustrative of the entire business. So, the entire business includes all the categories. Now if the share of these categories where inventory moves slowly, increases, of course, the inventory days will increase. But then we will have to evaluate whether being in that category makes sense from a ROCE perspective or not. So, whether it's a marketplace or whether we own inventory, every category and expansion in category is a function of the return you see by being in that category. And we'll continue to evaluate the business in that same way.

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

Akshant Goyal: Thank you.

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

Ankur Rudra: Alright, thank you. Just the first question on quick commerce, maybe a follow-up to the last question. Hyperpure is currently doing some of the non-restaurant business for Blinkit. Could you maybe highlight what is the level of working capital that's currently being deployed there?

Akshant Goyal: We don't share that data, Ankur. It's different for different sellers, for different products. So yes, we don't disclose that data.

Ankur Rudra: Okay. In the quick commerce business, the MTC growth was quite nice, but you've referenced the competition a lot in the letter and in this call. Are you seeing any kind of loss of customer wallet share in existing areas where store density is going up because of competition?

Albinder Singh Dhindsa: Not yet, Ankur.

Ankur Rudra: Okay. In terms of the NOV to GOV ratio, I noticed there was a slight uptake this quarter. Is that just seasonality? Or is that moderating subsidies in the ecosystem?

Albinder Singh Dhindsa: That was seasonality because OND quarter is fairly festive heavy, which has a lot of unorganized items, which are sold in the market during that time.

Ankur Rudra: Okay. Understood. Maybe just a couple of questions on food. Can you highlight whether this rider availability problem will need a commission-based solution? Or is there something else that you can do?

Akshant Goyal: No, it's not a function of the commercial model with the delivery partners. As I mentioned in response to an earlier question, it's just a temporary supply/demand mismatch, because of the rapid expansion of e-commerce in the last three / four months.

And usually, summer is a season where we anyways see a slight supply crunch on the delivery partner side. So, this time, that got sort of compounded in some ways because of rapid quick commerce expansion across the board. And hence, last few weeks and months, we've seen that impact. But going forward, it should ease out without any drastic changes.

Ankur Rudra: Okay. Typically, 1Q is usually strong for food delivery historically. Can you highlight if you've seen any meaningful seasonal pickup in April so far? And if that will help the YoY growth rate?

Akshant Goyal: Yes, seasonally, this (Q1FY26) is a better quarter. And so far, nothing surprising. We're trending as per the expectations we have from this quarter.

Ankur Rudra: Okay. If I can squeeze one last question. I think I missed the answer to a prior question on private label. Why have you chosen not to do it?

Albinder Singh Dhindsa: We didn't answer it, but it's a strategic choice that we have. We work with a lot of brands, and we feel that they are better equipped to create and sell products that customers need. We would like to be in the business that we do best, which is operating as a platform.

Ankur Rudra: Appreciate it. Thank you.

Moderator: Thank you. Next question is from the line of Gaurav Malhotra from Axis. Please go ahead.

Gaurav Malhotra: Hi, thank you for this. Just a couple of questions. So, there are already three quick commerce players of reasonable size and scale and a couple of horizontals, like you mentioned also entering. So, from your perspective, given these are platform businesses with some sort of network effect, how many such players can potentially exist in the market like, say, in the medium term and not in the near term for sure, but at least in the medium term?

Akshant Goyal: We are worried about our own existence (laughs).

Albinder Singh Dhindsa: Gaurav, I don't think anybody has an answer to that.

Gaurav Malhotra: Got it. Got it. And in terms of given the kind of expansion which you are doing and obviously, which the other players are also doing in terms of store expansion within the cities, outside new cities; and this all expansion is coming at a time when there is generally these subsidies being offered. So, how much of a demand over-estimation you think is happening over here? There would be some bit, but any sense there? Is that a worry for you guys?

Albinder Singh Dhindsa: Gaurav, somebody had asked earlier also. We've taken a different view on how we want to grow our market. I don't think all quick commerce is the same. And the other players might be taking decisions or going into markets, which we don't have any idea about, like, what is the kind of economics they have or what is the kind of customer demand that they're able to serve. So, it's very hard for us to be able to comment whether those strategies are something which impact us or not.

Akshant Goyal: The customer segments, by the way, for different quick commerce players could also be different. So, it's not like we'll be able to address all the customer segments that exist today in the market.

Gaurav Malhotra: Understood. Thank you for this. These were my questions.

Moderator: Thank you. Ladies and gentlemen, in the interest of time we will now take last one to two questions. The next question is from the line of Abhisek Banerjee from ICICI. Please go ahead.

Abhisek Banerjee: Hi. So yes, first of all, congrats on a robust set of numbers under these circumstances. So, I have a few questions. You've spoken about competitive intensity impacting your costs. So, can you give us some idea of how much your last mile delivery costs have gone up YoY?

Akshant Goyal: Sorry, Abhisek, we can't share these details, these are like nuts and bolts of the business and competitively sensitive.

Abhisek Banerjee: Sure. You also spoke about your marketing spends going up. So, can you give some sense on what you spent on? Was it more performance marketing based or BTL/ATL?

Albinder Singh Dhindsa: Across the board, Abhisek.

Abhisek Banerjee: Okay. One of the things that I saw that your other income has gone up, but your taxation has actually come down. And you have given an explanation for that. You've talked about some unabsorbed depreciation, which was set off here. But that has given you a very significant INR 30 crore saving. Now, is that something that would be recurring in nature? Or if you could just explain that portion a little more?

Kunal Swarup: So Abhisek, that comment is not related to this quarter. That comment was related to the time when we started providing for this tax where we said that the unabsorbed depreciation is finished. So therefore, our treasury income will become taxable. The drop in tax that you see this quarter is specifically because the amount of tax that we provided for, in the previous quarters was a little higher, but the actual tax to be paid, came out a little lower, and therefore, there was that adjustment that was made in Q4. And therefore, you see a dip in the tax amount in Q4.

Abhisek Banerjee: Understood. Now with regards to this category, you mentioned that you don't want to do private labels. But you've also given some data regarding the non-restaurant B2B sales in Hyperpure. Now in a scenario where you're moving out sellers, does this business not become like a private label in the future?

Akshant Goyal: So Abhisek, first of all, that's a B2B business. When Albinder and we are talking about not doing private labels, that's more from a B2C perspective. And yes, if there's any change in business model in the future, like you mentioned, we'll have to see whether we want to still continue to build the B2B business outside of restaurants or not. So, we'll take that call in the next few weeks, depending on whether or not we get shareholder approval for the resolution.

Abhisek Banerjee: Understood. And just one last question. You may choose not to answer it, but my understanding was that a lot of these competitors, the new entrants especially that you were talking about, were actually trying to move some of their slotted delivery customers into the quick commerce segment because they were fearing you would take over that share otherwise. Has something intrinsically changed there, which is leading to this cautious return?

Akshant Goyal: Sorry, Abhisek, we couldn't fully get your question. Can you please repeat, if you don't mind?

Abhisek Banerjee: So, my understanding was that a lot of these new entrants for example, Flipkart, was just trying to move their existing grocery slotted delivery customers, to a quick commerce model, so that they don't lose out to you in the longer run. But has something changed there? I mean, why are you becoming a little more cautious on this?

Akshant Goyal: No, so for the next-day delivery business, there are two things here. One is their focus on building quick commerce, but what we wanted to highlight in the letter also is that even their next-day delivery business is shrinking in terms of the delivery timelines.

And on Amazon, Flipkart, now you can see a lot of products actually get delivered on the same day in four to six hours. So, that is also in some ways going to compete with the quick commerce business that we have at some point. These are two separate things. You are right. So, nothing has changed.

Abhisek Banerjee: Understood. Thanks. Those were all my questions.

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.