

REF: SWIGGY/SE/2026-27/18

May 14, 2026

To  
The Deputy Manager  
Department of Corporate Services  
BSE Limited  
PJ Towers, Dalal Street  
Mumbai -400001  
**Scrip Code: 544285**

To  
The Manager  
National Stock Exchange of India Limited  
Exchange Plaza, Plot No. C/1, G Block  
Bandra-Kurla Complex, Bandra (E),  
Mumbai 400051  
**Symbol: SWIGGY**

Dear Sir/ Madam,

**Sub: Transcript of the Earnings Conference Call for Analysts and Investors held on Friday, May 08, 2026.**

**Ref: Disclosure pursuant to Regulation 30 read with Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

Pursuant to the provisions of Regulation 30 read with Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby submit the transcript of the Earnings Conference Call for Analysts and Investors held on Friday, May 08, 2026.

The said transcript is enclosed herewith and has also been hosted on the website of the company. The link for accessing the transcript is provided below:

<https://www.swiggy.com/corporate/investor-relations/financial-results/>

This disclosure is being submitted in compliance with the aforementioned regulations and is for your information and records.

Thanking you,

Yours faithfully,

For **Swiggy Limited**

**Cauveri Sriram**  
**Company Secretary & Compliance Officer**

**SWIGGY LIMITED**

CIN: L74110KA2013PLC096530 | [www.swiggy.com](http://www.swiggy.com) | [support@swiggy.in](mailto:support@swiggy.in) | T: 080-68422422

Registered & Corporate Office: Sumadhura Capitol Towers, 3rd- 6th Floor – Tower 1, Sy. No. 14 & 158, Pattanduru Agrahara, K R Puram Hobli, Bengaluru East Taluk, Bengaluru, Karnataka – 560066



## **Swiggy Limited**

### **Q4 FY26 Earnings Conference Call**

**May 8, 2026**

**MANAGEMENT:**

**SRIHARSHA MAJETY – MANAGING DIRECTOR AND GROUP CHIEF EXECUTIVE OFFICER – SWIGGY LIMITED**

**RAHUL BOTHRA – CHIEF FINANCIAL OFFICER – SWIGGY LIMITED**

**ROHIT KAPOOR – CHIEF EXECUTIVE OFFICER, FOOD MARKETPLACE – SWIGGY LIMITED**

**AMITESH JHA – CHIEF EXECUTIVE OFFICER, INSTAMART – SWIGGY LIMITED**

**SUMANT SHARMA – GENERAL MANAGER, INVESTOR RELATIONS – SWIGGY LIMITED**

**Moderator:** Ladies and gentlemen, good evening and welcome to the Swiggy Limited Q4 and FY26 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Sumant Sharma from the Investor Relations team. Thank you, and over to you, sir.

**Sumant Sharma:** Thank you, operator. Hello, everyone, and welcome to the Q4 and FY26 Earnings Conference Call of Swiggy Limited. Our financial results and shareholders' letter have been published on the exchanges and the information pack has been placed in the Investor Relations section of our website, [www.swiggy.com](http://www.swiggy.com).

We would like to inform you that the management may make certain comments on this call that one could deem forward-looking statements. Specifically, the financial guidance and pro forma information that we will provide on this call are management estimates based on certain assumptions and have not been subjected to any audit, review or examination procedures. Swiggy does not guarantee these statements and is not obliged to update them at any time.

Joining us on the call today are

Sriharsha Majety – MD and Group CEO, Rahul Bothra – our CFO, Rohit Kapoor – CEO of Food Marketplace, and Amitesh Jha – CEO of Instamart.

With this brief preamble, let us start the Q&A. Moderator, you can please go ahead.

**Moderator:** Thank you very much. We will now begin with the question and answer session. The first question is from the line of Sachin Salgaonkar from Bank of America.

**Sachin Salgaonkar:** The first question is about some of the comments you guys mentioned in the shareholders' letter about doubling down on differentiation. Can you help us understand 3-4 areas of differentiation for you guys versus competition?

**Sriharsha Majety:** Harsha here. Talking about a few examples on how differentiation can look like in the category. Even in the shareholders' letter, we talked about one such example, which is Noice that is our clean label brand. Noice operates in categories such as bread, eggs, etc.. I can just take the 3-4 examples with what we've done with Noice only.

In the case of eggs, you will find high protein eggs that are coming with much better quality feed for the animals that just makes a better egg, that is an updated version. If you think about bread, a lot more freshly baked bread with much lesser preservatives that just significantly enhances the clean quotient of the product and the taste of the product as well.

So these are maybe some examples in the food category. But even outside that, I think there are some explorations that we've done in the cookware category with Triply, where we worked

on expanding the category very differentially through some interventions we made, both in assortment and price, to grow the category.

You will, actually, in the next couple of months, see a host of such examples pop up across the Instamart app. But the broad theme is Indians are largely always looking for upgrades. That is the theme of the economy. And we believe that there is an opportunity in being the platform that can democratize their aspiration and offer more and more access to consumers across a host of categories.

Noice is one route to maybe give access to great quality bread or eggs to our consumers, working with the brand to open up something in the Triply category and an attempt to upgrade in the home cooking category by co-creating a better version. So that is the broad theme for us.

**Sachin Salgaonkar:**

Got it, Harsha. So just from what I understand, the area of differentiation is product categories or SKUs which have been put on the platform versus anything on speed and others. And out there is it possible to throw some numbers, how much of a total GOV or NOV right now are these SKUs? And where do we expect that proportion to be as a percentage of NOV in terms of differentiated offerings?

**Sriharsha Majety:**

Unfortunately, at this point, we will be unable to share a lot of details. As we mentioned, it's still early, but we will come back over the next couple of quarters as we have more to show on this. Also one specific detail that I want to add, it wasn't clear is, this is not a strategy that is exclusionary. Even as we mentioned in our shareholders' report, we will continue to serve all core related needs of our -- today's users, but actually amplify the upgrades part as opposed to saying we'll only do the upgrades.

**Sachin Salgaonkar:**

Got it. And directionally, I understand you can't give exact numbers, but when we directionally think about it, is it going to be 10%-20% of NOV or is it going to be much, much higher?

**Rahul Bothra:**

So Sachin, Rahul here. I think it would be extremely hard for us considering that we are trying to create a differentiation here. I think ultimately, the consumer proposition is very strong, at least early signs that we have seen in some of the labels that we have launched as well as working with some brand partners, we are seeing pretty good uptake.

I think over time, what really helps propositions like this is consumer retention and frequency increase over time. And that's where the largest benefit of these propositions will come through. So as Harsha mentioned, in a couple of quarters, we will give you some more color in terms of how this is progressing for us. But early signs are very, very encouraging.

**Moderator:**

The next question is from the line of Vijit Jain from Citi.

**Vijit Jain:**

A couple of questions from my side. So first, with this private label and with Noice that you spoke about, is that contribution margin positive for you in quick commerce, private label as a whole or specific brands within that? That's the first question. And I'll just follow up with one more?

**Sriharsha Majety:** On the first question. For us, as we've talked about, Noice is for us an attempt to actually build on the differentiated assortment and a tool for us to improve stickiness and repeats and engagement on the platform. It's not a margin maximizing equation. Having said that it is margin positive.

**Rahul Bothra:** As you see, it's not in the value play, right, Vijit. So what we are not trying to do is think of this as another commoditized play where you make an additional couple of percentage points margins. This is a differentiated offering. This could be of even higher value and therefore, more contribution margin. And across categories as we build this out, we will definitely want to accrete our overall margin structure versus doing just a commoditized play.

**Vijit Jain:** Understood. My next question is, can you elaborate a little bit more on this commentary where you say that you've repurposed customer incentives away from direct wallet subsidies. If you can elaborate on that? And then also, I see that marketing spends below the contribution line have started to trickle down this quarter.

Now I know 1Q is seasonally strong. Typically, you see higher Monthly Transacting Users (MTU) additions in 1Q. So how should one think about both how you're tracking so far in 1Q on MTU additions in quick commerce and the marketing spends below contribution? And then if you can explain that commentary on repurposed customer incentives?

**Amitesh Jha:** Amitesh here. As we had said in our last earnings call as well, there are multiple ways in which we will be reaching our contribution number. One is the repurpose of the incentives that we give to the end consumer on the wallet. We rationalize it, we don't reduce it.

And in the way that it happens is that it allows for better retention for the end consumer as well. And that's the process that we have taken. It also means that a lot of time, what will happen is a high frequency customer will retain better and that is the process that we have initially taken. The second question was on the marketing spends.

**Vijit Jain:** Marketing spends below contribution and the MTU additions, how are you tracking in 1Q?

**Amitesh Jha:** Yes. See, there are two ways. The marketing spends, what we are doing is commensurate to the growth that we are looking for. The way we looked at our MTU is that there is a lot of consumer base that we have that we need to focus more on retention and repeat on the platform and which is what we have been trying to do over the last couple of quarters and which we will continue to do over the next couple of quarters as well.

That said, there is a definite marketing spend that we will keep on going on the new consumer base. That new consumer base will keep on increasing. At the same time, our MTU will still face slight headwinds on the base that are low AOV and low frequency.

**Vijit Jain:** So 1Q, does that mean MTU additions might slow? Is that what you said? If you can clarify?

**Amitesh Jha:** No, we can't necessarily give an idea on what will be the forward-looking assumption on this number. But as a strategy, it has not changed in the way that we are looking.

**Vijit Jain:** Understood. And one last question from my side. You have a medium-term guidance here now of INR1 trillion in quick commerce. And I think you've said something to the effect that you'll get to around INR500 billion, double the current pace without adding too many stores. So in general, is the INR500 billion to INR1 trillion journey, how will that come about? Is there geographic expansion on the cards beyond FY27? Is that how one should read those comments in conjunction?

**Rahul Bothra:** Hi Vijit, Rahul here. So I think what we are really drawing out the medium-term guidance here is in terms of the size of the business that we have built and where we see this going. So even if you take conservative CAGR estimates of say, 35%-50% in this business, we can potentially get to INR1 lakh crores in between 3.5 to 5 years, right, depending on how the overall market growth really plays out.

So for us, this is really establishing the size of the prize that we are going after and also establishing the overall contribution margin pool and the EBITDA margin pool that we can clearly see from the business that we have built, along with the reiteration of our guidance of achieving breakeven in the current quarter, and we would have moved it massively by close to 5.5 percentage points over the last year itself.

And perhaps we are the only one in the industry who have moved in, in such a short time. So for us, these are the choices which are ahead of us. Of course, growth is important. And we don't see the necessity to add stores necessarily over at least the next few quarters considering the current utilization that we have. But outside of this, geographical expansion as well as store expansion will absolutely be critical for us to get to those run rates.

**Sriharsha Majety:** Harsha here. Just build on this answer a little bit more. We've also given this ambition for what we want in the medium term to also help explain any decisions that we will be making because this is the framework that we've used in the past. It was important for us to get to this contribution margin zero milestone in a quick enough time frame for us to be able to feel the chances of the ambition becoming stronger. And every decision that we take financially and investment-wise, it is all going to be judged by, does it get us closer to this ambition or further from it.

**Moderator:** The next question is from the line of Jignanshu Gor from Bernstein.

**Jignanshu Gor:** My question is on Food Delivery. So we've had phenomenal growth in Food Delivery. So one just clarification, all our new experiments on Food Delivery, whether it is Toing, 99, etc., they are all included in the financials for Food Delivery and both growth as well as margins. Is that fair?

**Rohit Kapoor:** Rohit here. Everything that you read about, which is Bolt, 99 store, EatRight, those are all included in our core Food Delivery platform financials. Toing is a completely different business. And it is at a very different stage of testing and evolution. That is not in the Food Delivery that comes under the innovations bucket as you see.

**Jignanshu Gor:** Okay. Fair. All right. Going ahead, how do we think of interplay between Toing and Food Delivery, right? We've discussed why we needed different apps. I think that's fair. But even on

Food Delivery, we have 99 store and other parts, which are creating a different brand identity or addressing a different customer profile, right? So how do we think of that? And are we seeing a shift of consumers from Swiggy to Toing?

**Rohit Kapoor:**

Food Delivery is a 10-year-old phenomenon, right. We know the business. We know the category. It caters to X percent of India's population, which is roughly like 10% of India's total population on an ever targeted basis. And the contours of that are more predictable. And we have continued to guide two things there. One is a medium-term growth of 18% to 20% and an EBITDA margin of steady state 5%.

Now the question is that there is a large part of India, which has never tasted Food Delivery or does it very infrequently. The question is what is the right model for us. Toing is a separate app, a separate business at this point in time, catering to opening up that segment. Now, early days, pre-PMF clearly, we are seeing some green shoots of optimism there, but it's too early to say that this is a definitive model and any such model will also evolve as we go along.

And I know Food Delivery is seen as a unidimensional characteristic. But if you think of other industries, even e-commerce and quick commerce exists, there's some overlap of customers, but they're two separate businesses in their own rights. So we don't know how it shapes up, honestly. But we may be in a better position to give that answer in a couple of quarters down the line.

**Jignanshu Gor:**

That's helpful. And last one small question on quick commerce. I think we added 0.5 million MTUs despite not adding stores. So what would your sort of view be on what drove this per store MTU addition?

**Amitesh Jha:**

We don't look at MTU as a per store number. MTU is an overall number that signifies how many new customers we are getting and how many customers of those are retaining with us. So it will be wrong to look at it as an MTU per store number. You should look at it as an absolute and a percentage on the overall basis.

**Rahul Bothra:**

If I may just double click on this, and I think this is an important topic, what is your aspiration of store growth, etc. If you look at the current coverage that we have across the 130 cities that we are operating and in terms of the last mile that we operate and the speed that we operate, we find ourselves well distributed in these geographies. And we are catering to greater than 90% of the demand.

So store addition from here is for more densification or a choice that we make when we have to do any geographical expansion. So for now, we want to get the operating leverage from additional utilization that will come through with the growth that we have experienced.

**Moderator:**

The next question is from the line of Aditya Soman from CLSA India.

**Aditya Soman:**

So just two questions. Firstly, again, on Toing. From some of the third-party data, we are seeing that the Monthly Active Users (MAU) are almost as much as one-third of the main Swiggy app. One, would that data be accurate in terms of the adoption of Toing? And second,

if that's the case, then would a significant chunk of the losses in platform innovation be from Toing at this point?

**Rahul Bothra:**

Rahul here. I think we don't measure really around MAU. I think for us, the monthly transacting user is really the north star that we see. And honestly, a number of downloads or a number of app opens is just a data point.

And as Rohit mentioned, it's very early days in Toing's journey to be able to establish any clear metrics there. In terms of the platform innovation, this was the quarter that we also shut down SNACC operations. A large part of the cost that you see in that P&L is related to the SNACC operations getting closed.

**Aditya Soman:**

No, very clear. And then a second question on the quick commerce side. So right now, we are seeing a slowdown in sort of overall growth, and I see that you've made the choice between sort of growth and profitability. But in terms of going forward in a year, let's say, we achieve the sort of contribution breakeven, then how do you see the path to accelerating growth? Would that mean that you would have to be more aggressive on pricing again or do you think the pricing right now in the market is just at an irrational level?

**Amitesh Jha:**

See, one thing that we have reiterated again and again is that we are not going to take the route of buying growth. It is something that we had committed to a couple of quarters back, and we'll continue to do that. The reason why we go to contribution margin breakeven is that obviously, it makes the P&L healthy, increases our staying power and allows us to invest in the places where it is much more structural.

So at any point of time, the focus that we have is on to create more of such differentiation and bring opportunities associated with it. The growth that we will see, the one thing that will happen after we reach contribution margin breakeven is that any kind of headwind that we had created because we had to reach this positive contribution growth will go away, and that will unlock some more aspects of growth, which we continue to foresee happening from the next quarter onwards.

**Aditya Soman:**

Understood. Just to follow up on that. Would that then again mean that the losses could go up or that would be like the base level of contribution that you'd operate with? In other words, is it a proof of concept that you can reach contribution margin breakeven or is this a sustainable level of contribution margin and then growth will come with improving contribution margin from there ?

**Amitesh Jha:**

One thing that we have committed and which we said is that contribution is also a reflection of our staying power in this particular business. So the investment if it is required to go on any area, that, in fact, enhances that staying power.

So the commitment is that if there are avenues of growth that require investment, we will keep on doing that. There is any avenue of growth that dilutes contribution margin without having any advantage on the business that we are building, we will not do it. So buying growth, we will essentially not do, which will basically mean that we don't see a contribution margin dilution happening going forward.

**Moderator:** Next question is from the line of Ankur Rudra from JPMorgan.

**Ankur Rudra:** Nice to see the acceleration on Food Delivery. I want to start there. Thanks for the comments on Toing. I wanted to understand in the medium term, are you not potentially cannibalizing the main opportunity for this will be the parent food app as so far, it doesn't seem like you're adding new menus and new restaurants, which is potentially reducing your fees, delivery fees or platform fees there?

**Sriharsha Majety:** As Rohit and Rahul have already mentioned, it's still too early to figure out what is going to happen, when will it happen, etc. I do think that it's also important because we are not the only player. There are folks who are also attempting what this business model can unlock as challenges outside the category.

I think just by being able to do it early, we also probably have an opportunity of understanding what goes on. But I think it's too early to comment on what happens in the medium term. Of course, the idea is that we progress and pull forward only if it feels like something that unlocks incremental growth.

**Rohit Kapoor:** I think just to add one thing to what Harsha said is if you look at Toing and what the proposition is, it is intended to open up a set of users who are best case, infrequent on the Food Delivery system as it exists today. So hopefully, if this plays out, we should also see a very new set of users adopt Food Delivery because of the proposition being different.

**Ankur Rudra:** So moving to the quick commerce side, I wanted to double-click on the medium-term targets a bit. You talked about 5x growth NOV and 5% kind of margin in the medium term, which probably implies 50%-70% or if you look at this on a 3-4 year basis, is that number one, fair to expect? And two, what needs to happen in the industry structure for this to be possible?

**Rahul Bothra:** So as you rightly said, we are talking of the medium term here. And if you think of the medium term between, say, 3-6 years and depending on how the category growth pans out, how the penetration pans out, how much of, say, new users and new frequencies does the category get to. And again, the number of players that are participating. I think a lot of this is, therefore, not something which we can project from the data available today.

However, the journey is very clear, right, that we have achieved a certain scale and a certain profitability in this business. And any growth from here on is going to be good growth,, because it's going to add to the contribution pool and to the profitability journey. So it's very hard to never put a time line to it. But as I said, anywhere between 35% -50% can get you to the same place in between 3.5 to 5 years.

**Ankur Rudra:** Got it. If I could add one quick follow-up to this. In the more near term, given competitive activity continues to go up, are you happy to give up market share persistently in the terms of profitability?

**Sriharsha Majety:** I don't think we've said anything about being comfortable giving up market share. I think we have to keep making choices between growth and profitability to get closer to the aspiration

that we've talked about. If fighting for short-term relevance and go after spending in places that will hurt us later, I think that will compromise our long-term relevance.

So honestly, it is a balanced act. But I don't think there is any commitment to go and lose market share. I think it's important to build a more durable business. But as we've mentioned, even more growth will come from executing on the clarity on positioning that we've been talking about.

There was a question even on market structure. Honestly, we do not know yet how many players will be on the other side of all of this spending and overall category growth. But if anything, we've learned from multiple categories like modern trade or telecom, etc., I think whoever got clarity earlier is the one that is still standing today.

So we just want to be clear about what our prize is and keep making sure that the strategy speaks to that medium-term price. Sometimes it may have to be these painful calls, but as mentioned early and as Amitesh has also talked about, hopefully, with the contribution behind us and some parts of the proposition coming together, we want to get back on the growth engine and start making investment calls accordingly.

**Moderator:** The next question is from the line of Sachin Salgaonkar from Bank of America.

**Sachin Salgaonkar:** I had a couple of follow-up questions. Number one, Rahul, you did mention about focusing and targeting good growth. One of your peers is talking about more like a 60% NOV CAGR for 3 years. And Harsha did mention in the last question answer, it's also about maintaining market share and not giving market share. So is that fair to assume that kind of a growth we could also expect from Swiggy while the focus towards profitability sort of continues?

**Sriharsha Majety:** I think there is a thing about short-term market share and long-term market share. Even if you look at the category around today, there's a player who's probably at 4%-5% of contribution. We have our own guidance of getting closer to zero as we've talked about. There are a bunch of players in the -10%, -15%. So maybe only talking about market share in the next quarter probably takes away from what's going to play out over the next few years.

We don't have a stated desire to lose market share. We believe that our chances to improve long-term market share come from purposefully balancing this path between growth and profitability. Of course, crossing a big side of the fence of the contribution margin breakeven allows us to see growth as profitability. And we hope that coupled with the proposition, and with everything we've learned over the last 2-3 quarters, gives us a fighting edge again as we invest for profitable growth.

**Sachin Salgaonkar:** Got it. And lastly, There has been a good amount of expansion, which is done by some of your other peers also. When you think about expanding into, let's say, eventually Tier 2-3 cities, what are your thoughts on those lines?

**Amitesh Jha:** See, the reason that we'll expand to Tier 2-3 cities is one, as we said, that if there is a need for densification because we are getting that many orders, we will actually do that. The second will be that there are some things that we do even right now, even in the last two quarters as

well, we look at cities that are more likely to make an impact based on the kind of consumer base that we have. That level of expansion will happen, though it will be smaller based on the number that we have.

The third level of expansion that we see is expanding in existing cities where we would have left out some or the other areas. But the way to think about it is that in the current network that we have, there is a headroom for orders, which is good enough to sustain us for the next few quarters. Expansion will be more a need because we are already crossing those limits in only certain geographies and which is the way that we'll move forward.

**Moderator:** The next question is from the line of Gaurav Malhotra from Axis Capital.

**Gaurav Malhotra:** Just a couple of questions. In the shareholders' letter, and I think so this question was raised earlier as well, you have mentioned that as you sort of will achieve contribution margin breakeven, you will possibly look to accelerate growth. So does that mean that essentially the contribution margin breakeven becomes like the floor and anything extra you sort of gain from there will be then reinvested back into the business, at least in the medium term. Is that understanding correct?

**Amitesh Jha:** Even last time when we were speaking about where we will invest and where we will not. We have always maintained that in the area that we believe investment is right, we will keep on investing. And in the area where we believe that it is buying growth, we will essentially not be doing it. Medium term, we will keep it very, very calibrated. Things that are essentially working out, we will go behind it as well.

There is not a need for us to necessarily reinvest contribution margin gains going forward. But if we believe that there are areas where it will make sense to invest, we will keep on doing that. So it's hard for me to give guidance, but the floor assumption remains true. And that means that, yes, if there are areas where the growth is happening without specific investment needed, we will be on that path, and we'll also increase our contribution margin.

**Gaurav Malhotra:** Understood. Just one follow-up. So while we understand that it's pretty competitive and you don't want to chase or buy growth. But given that there are multiple players, some of them are larger, who are quite aggressive, there are some newer guys who are becoming more aggressive. In that regard, if you were to sort of seek some market share and hypothetically, if this competitive intensity sort of remains, say, for another 3, 6, 9 months, isn't there a risk that some of your users who are sort of maybe experimenting there to other platforms will basically then permanently shift and hence, to regain them will become more expensive later on?

**Sriharsha Majety:** Ultimately, as we've talked about, I think the biggest thing for us to solve is the proposition, and that is the only structural way to keep users engaged and sticky. Otherwise, we will have to gear up now. And again, there are as you mentioned, there are multiple players in the category. And it is not clear when anyone will make a choice saying I'm not going to play this anymore. So we want to start building already with clarity. Some of them may also just be forever value-focused players.

So to play that game that we don't have any right to win does not strike us as the route. If we were indeed like a value-focused platform, then we would say, let's embrace this and go and try to win in this specific part of the market. But if that is not our stated strategy, then I don't think we can go and win in that fashion. For us, we are very certain that working on our proposition is the only durable answer for long-term growth.

**Gaurav Malhotra:** Understood. Just one quick question. So, there was an improvement in NOV to GOV in quick commerce this quarter. How much was this related to you sort of reducing your discounting? And how much was it just some mix because of seasonality?

**Rahul Bothra:** Yes. So, one of the factors was that we stopped the No Fee experiment sometime around the third week of January. So that gain came through. So roughly half of the gain came through because we stopped the No Fee experiment. The other one is more structural where we have been able to offer lesser incentives to our customers and still on a sequential basis, grow faster.

**Moderator:** The next question is from the line of Abhisek Banerjee from ICICI Securities.

**Abhisek Banerjee:** A couple of quick questions from me. First one is we had guidance that we will breakeven at the EBITDA level in four quarters from contribution breakeven. So, does that still hold? And one more thing is, in this quarter, you've spoken about the contribution margin for the month of March. Now when we say contribution breakeven, you do mean for the full quarter, right?

**Rahul Bothra:** So, on the first question, Abhisek, I think we have carefully decided not to speculate on when EBITDA profitability will come through. As we have rightly said that having achieved the scale that we have, it's also good to harness a larger share of the growth that is going to come through. And again, what is the right kind of growth, right?

And that's where we will continue to invest. So, I think EBITDA profitability will be a choice that will be made at a later point in time and again, depending on how the market forces play out. On the second question, yes, you're right. This is for the entire quarter and not just on an exit basis.

**Abhisek Banerjee:** Okay. So given you will be contribution breakeven. Beyond that, at the nondirect expenses, things like new user acquisition costs, et cetera, how should one model that in going forward, especially given we are not really seeing an MTU acceleration to the level that one would have kind of hoped for elevated levels of customer acquisition spends?

**Amitesh Jha:** The new user acquisition is something that we will continue to do. It's a part of our growth engine. And obviously, one of the more important aspect that we look at and something that you will see coming from us going forward as well is the retention of that particular user base as well.

So yes, the MTU growth, a big chunk of that will come from the new user that we acquire and we retain. As I had said, there is a chunk of users that also go out of the platform. Part of that is because of competitive intensity. And those users typically have lower frequency and lower AOV as well, and it is something that we are also comfortable with because we want to retain more consumers who are more long term on the platform as well.

**Abhisek Banerjee:** So, I was trying to understand whether the overall customer acquisition spends will remain at this level also. But I kind of understand that the MTU numbers that you are talking about is not the gross addition. It's rather the net MTU addition and probably churn rates are slightly higher. But if you can guide on the overall expenses also, that will be helpful.

**Amitesh Jha:** We won't be able to guide on the gross versus net. The number that we have is net of both acquisition as well as retention. The commitment that we have is that, yes, it's a growth industry. We will continue to invest in acquiring a new consumer base. We will continue to make sure that the efficiency of this acquisition is also better.

More and more our proposition lands, we believe those acquisition numbers will go up. We are already seeing that happen even right now. You would see that in the kind of investments we are making and the growth that we are seeing. We believe that, that specific trajectory of higher or acquisition going on the level that we want with a spend that is more efficient will continue to happen.

**Moderator:** The next question is from the line of Vivek Maheshwari from Jefferies India.

**Vivek Maheshwari:** A few questions. First, on the Food Delivery side, this recent increase in commercial gas prices, do you think there could be some impact on volumes in the near term because of this issue for aggregators?

**Rohit Kapoor:** I think the LPG crisis started sometime in the first week of March. And there was an impact on the restaurant industry as we reported in the media in terms of availability of cylinders, etc. But two things, one, we've seen a slight bit of price increase because of that, which the restaurant industry has taken. We can see that on our platform, which is not significant and it's less than 0.5%. So that did probably offset some bit of the cost pressure.

From our standpoint, I think we were able to navigate this throughout for our support to restaurants in terms of increased analytics, increased ability for them to just spread out the demand. And also, I think our supply configuration to the consumer to be able to access lookalike restaurants, right.

So both in terms of the growth as well as the profitability side, we were able to navigate this in the month of March. And since then, the situation has continued to ease out as two things have happened, probably the supply has become better. And the restaurant industry is also like all Indian entrepreneurs do quite quickly to find alternatives, whether it's electrification, whether it is alternate sources of supply as well as just the supply situation stabilizing itself somewhat.

**Vivek Maheshwari:** Got it. Moving to quick commerce. One thing, Rahul, that you mentioned about the NOV, GOV bit and what has contributed to that increase in NOV. But when I look at your take rate as a percentage of NOV, that number is flat on a quarter-on-quarter basis. Why would that be the case? And sorry, if it's a naive question?

**Rahul Bothra:** No, it's 50 basis points pickup if you look at our take rate, Vivek.

**Vivek Maheshwari:** So that's on GOV. But when I look at it on an NOV basis, that number is flat. It's at, I think, 19.2%.

**Rahul Bothra:** So, as I said, there's obviously things that we do on the consumer side and then things that we do on the merchant side, which is a combination of the take rate. So a large part of this increase has been on the consumer side because we have as platforms given lesser incentives. We have also started to monetize on the delivery fee side. So these are the things that have impacted the NOV, GOV.

And it's a structural move for us. Because as we have said, we are not participating in some of the lower AOV orders and the consumers who generally attach themselves to lower basket sizes. So that's a choice that we have made. And as we have also written, we have halved the mix of these low AOV orders over the last year, which has also helped in the overall ratio increase.

**Vivek Maheshwari:** Got it. And lastly, while we have discussed quite a bit on the contribution margin. But when we look at overheads in Quick Commerce business, those are running at about INR710-715 crores at least for the last two quarters. Now from here to, let's say, a journey to breakeven whenever that happens, what will be the driver for this?

It should either be a mix of like higher take rate, operating leverage and maybe if there is some inefficiency in this line item or anything that you can optimize on. But this INR700 crore plus number is still very, very high, right? That will still translate into INR2,800 crores of full year EBITDA loss. How do you think about the journey to breakeven in the next few years or whenever?

**Rahul Bothra:** Vivek, see, while, yes, the absolute number is at around INR700 crores zip code, a large part of this is marketing spending. And as you are aware, today, we are seeing heightened levels of spending across various platforms, which has meant that there is a certain amount of inflation on the customer acquisition cost.

We have seen this even in the Food Delivery business when the market structure matures, we see significant operating leverage coming out of some of these spending ways. As a platform, we actually have reduced our absolute spending while continuing to get user penetration. So it's going to be a combination of scale as well as efficiencies getting unlocked on the marketing spending side.

**Vivek Maheshwari:** In the context of the two new competitors or the horizontals who have come into the space, on the marketing spends we could be here for a longer period, right? Is that a fair understanding, which means that this overhead line may take quite some time before starting to drift down?

**Rahul Bothra:** It's going to be extremely hard to guesstimate that, where does the market structure evolve, how competitive does it get before it settles down. I think we have the levers to continue to extract efficiencies on the other lines and not just the marketing line. So you will see continuous operating leverage now that any growth is going to deliver contribution dollars to the P&L.

**Moderator:** The next question is from the line of Gaurav Rateria from Morgan Stanley.

**Gaurav Rateria:** My first question is on understanding the trends around the retention ratio in the quick commerce business for your MTUs. At the peak, we were adding 3 million consumers a quarter. Right now, we are adding 0.5 million. And our marketing spend largely would have remained intact.

So, it appears that the gross addition would have remained largely the same and the retention ratio would have come down for existing users. Is there any metric to get a comfort on how the retention ratio has changed in the last couple of quarters? Any repeat business percentage now versus about a year back?

**Rahul Bothra:** One of the things that we have decided to do is really churn out some of these low AOV customers who have alternative platform choices today, from whom they are getting serviced. So, there's an active churn that we are seeing in that segment of the users. At the same time, the cohorts that we care about, which are the high spenders, higher frequency ones, those continuously are seeing upticks.

I think a couple of quarters back, we had shared the GOV retention for these acquired users, and we will share that periodically going forward. But a large part of that user growth reduction that you have seen is the users that we have deliberately churned out from the platform.

**Gaurav Rateria:** Fair enough. My second question is on the NOV growth. If you look at this year heavy lifting was done from the AOVs with all the initiatives. And maybe now normalize. And therefore, next year growth would be driven more from an order growth perspective. And the current competitive market, what we are seeing in the order growth in the last two quarters, as an example, on a sequential basis would kind of be a right reflection of the growth in the coming quarter as well.

So, is it fair to say that from a next year growth perspective, keeping where our contribution margin targets in mind, the order growth will be a right reflection, AOVs have largely normalized and the current level of growth that we are seeing is the right reflection of the growth?

**Sriharsha Majety:** Harsha here. I wouldn't read too much into Orders Per Day (OPD) growth in the last year and therefore, extrapolating it into the next year. As we've talked about in the letter as well, this year is an unusual one. There are 6-7 players on the anvil, and we've paced the most in contribution over the last 4-5 quarters.

The overall climb from here is going to be a different climb from what we have gone through in the last four quarters. There are so many things that are changing that I don't think there's much value to be gotten by looking at what happened in the last 3-4 quarters because the context is very different.

**Gaurav Rateria:** Okay. I was just trying to figure out that growth for next year, but I understand that you will not give a forward-looking statement. So I was just trying to understand the mix or the

qualitative aspects of it, but fair enough. My last question is on the steady-state margin that you talked about in quick commerce on a medium-term basis. And you also shared very interesting data on the utilization of the stores at 40% kind of number. So what's the right utilization rate required for you to get to that hit the steady-state margin?

**Rahul Bothra:** No, it's a function of the maturity of the stores. So for example, whenever a store hits close to 80%-85% capacity, we end up densifying that particular area, and we open another store there. So, depending on when we achieve those scale and what is the utilization of those respective stores, I think the store additions will continue basis that utilization, which typically happens at around 80%-90%.

**Moderator:** The next question is from the line of Ashwin Mehta from Ambit Capital.

**Ashwin Mehta:** So, the first question is we talked about breakeven next quarter, which is a swing of almost 180 bps in terms of your contribution margin. Now that's higher than what we have done over the last eight quarters. So, what are the big drivers for a massive swing? Would it be discount reduction? Are there other factors which are at play?

**Rahul Bothra:** We have called out in the letter, so while 180 basis points was the average for the quarter, we exited the month of March with 110 basis points. And this was, as we had mentioned, there were certain experiments that we were running on the monetization side that we have reversed. And therefore, on an exit basis, we got a better pickup.

So the journey itself is more like 100 basis points versus 180 basis points. And now that April is behind us, we are pretty confident of being able to achieve that. Just to complete, I think there is monetization, there's advertising, there's operating leverage. You've seen sequential volume growth continuing to pick up. So these are the levers that are available.

**Ashwin Mehta:** We saw at an entity level, advertising promotions fall by almost 8% sequentially. Our, fixed costs in the quick commerce business have not fallen. So is it some other business where there has been rationalization? Or is it something else?

**Rahul Bothra:** No, I think we don't specifically share this number across the business units. But as I mentioned to you directionally there are categories that are at a mature stage which give us more operating leverage at lesser CAC on that spending.

**Ashwin Mehta:** The last question is in terms of capex. So we didn't see much of a dark store addition or our area of the dark store has also not gone up materially, but the capex is at around INR195 crores, more or less similar over the last two quarters. So what are the areas where this capex is going?

**Rahul Bothra:** Largely on the warehousing investment. As we have overall increased the geographical footprint, there are these Tier 2 markets where we see the need to open warehousing, which helps us in also reducing our middle mile as well as serviceability to those cities.

So, most of these investments have been made in the warehousing part of the business, which again gives us structural capability to continue growing for the future. A lot of that expansion

in the phase is now behind us. So, as we also mentioned that we expect the capex numbers to significantly come down from the last couple of years.

**Ashwin Mehta:** And just one small question, if I can squeeze in. What is our non-grocery share in the quick commerce side? I think you used to disclose that earlier.

**Rahul Bothra:** Yes. So, we will continue to periodically disclose that. So we hit the early 30s. We expect this number to be somewhere in the range of 30%-40% because beyond that, we still want to regain the benefits of being on a high-frequency platform. So the numbers are near about 30%.

**Moderator:** The next question is from the line of Prateek Maheshwari from HSBC Securities.

**Prateek Maheshwari:** My question was more on the quick commerce midterm guidance. So as you said, the guidance is for INR1 lakh crore in NOV in probably 3 to 6 years. I actually wanted to understand the drivers in terms of the NOV, user data and frequency. So frequency for sure has fallen for you guys to 2.8x versus what you guys were doing, probably it was 30% higher.

But let's say, if I even think about 3.5-3.6x, the number of users that you would need at the current state of NOV would be somewhere between 45-50 million. And if we look at the largest player in the market, their guidance is also to reach in a way, if you convert their guidance also to reach a similar size of the user base.

So, two questions here. One is, this is what you want to imply for the positioning relative to the peer? And also, how this was based on the user additions of 0.5 million or 1 million,, this would take a really long time, right, considering even if the industry consolidated from seven to three players. So I just wanted to understand from you on these points.

**Amitesh Jha:** One of the ways to think about growth is exactly in the terms which you spoke about, how many users we add, how many times they typically transact and what is the NOV of those users. We believe that the movement will happen, obviously, one part on the frequency as well.

The frequency that we are at right now is the right frequency to do medium-term planning and there is a movement that we expect to happen on NOV as well. That will also drive some part of that particular growth.

But as you rightly mentioned, the majority of that number will come from the acquired customers that we have. Now we spoke about this number, and I think one of the other callers spoke about the net versus gross. The headwind that we have on our MTU growth now is right now specifically related to removal of the consumer base that transacts very infrequently with our platform.

You will see that movement happen when that particular consumer base will be low enough, where our acquisition will allow for overall number to be driven up as well. We believe that churn will be another two quarters. And after that, you will see a healthy movement on our MTU numbers as well.

**Prateek Maheshwari:** Still, it seems the acceleration required is quite steep. And you said that probably you guys after the breakeven target, will try to do activities around it. So just wanted to understand, does the guidance tie into anything of such sort. Because it seems that organically the target is very high, around 45 million users. Just wanted to understand that

Second thing, just wanted to understand since you guys have given the top dark stores in every geography reach 3% -5% of contribution margins. And Blinkit had reached about breakeven EBITDA margins at 4% contribution. So are you profitable in those dark stores and even in your top city? So those two questions, if you can expand on.

**Rahul Bothra:** Absolutely, right. So our top city, for example, is already operating at 3% positive CM. And at the city level, it's already breaking even at an EBITDA level. And on your question on the MTU, I think as I had called out, this is a net addition that you have seen, which has been also driven partly by some of the changes that we have done to our proposition around the lower AOV users.

So I think we will continue to be relevant. And as we discussed, right, the differentiation that we are creating on the platform will attract a certain set of users and user growth. And it is important. I think both frequency, AOV as well as the MTU is going to be an important criteria in our overall growth journey. It's very hard to give you specific numbers right now. But directionally, we do want to continue to acquire a lot more users than the current run rate.

**Moderator:** Ladies and gentlemen, we'll take the last question from the line of Aditya Suresh from Macquarie Group.

**Aditya Suresh:** Just one question. If I look at your cash flow statement, despite the improvement in margin in Food Delivery and reduction of losses in Quick Commerce, the absolute kind of negative number in cash from operations remains elevated. Free cash flow annualized is about, say, negative \$400 million so, I just wanted your thoughts on that scale of loss?

**Rahul Bothra:** Yes, so, there are a couple of things. One is on capex, we have already said that we have seen heightened levels of investment over the last 4-8 quarters, which will start to moderate as we are behind on the overall warehousing investments that we have done. Some of the working capital changes are cyclical, and you should expect us to sequentially improve that in the coming year.

**Moderator:** Ladies and gentlemen, we'll take that as the last question. On behalf of Swiggy Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.