



Swiggy Limited

Q1 FY26 Earnings Conference Call

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MANAGEMENT:

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Moderator: Ladies and gentlemen, good day, and welcome to Swiggy Limited's Q1 FY '26 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 “*” then “0” on your touch tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Abhishek Agarwal, Head of Investor Relations from Swiggy Limited. Thank you and over to you, sir.

Abhishek Agarwal: Thank you, Operator. Hello, everyone, and welcome to the 1st Quarter FY 2026 Earnings Call for Swiggy. 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.

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 me 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.

Before we start the proceedings, we think it is useful to share our top-of-mind messages from our quick commerce business, for which I will invite Amitesh Jha. Over to you.

Amitesh Jha: Thanks, Abhishek. So, what I will do is, I will give a very high level, top of mind for this particular quarter.

Our GOV growth accelerated to 108% YoY. This was primarily led by our dark-store expansion, both existing and in the new areas that we went into. As we have also spoken in the past, the average order value is a very important determinant of the profitability of the business. I am happy to report that our focused efforts have led to a substantial change in the slope of the driving AOV, with a movement of 16% quarter-on-quarter and 26% Y-on-Y which is ahead of our guidance that we gave. This growth in AOV with focused efforts led to a consolidation of cuts, while leading to a higher GOV per customer per month by 8%. This combined with letting go of some of the low AOV orders led to a moderation in our order growth quarter-on-quarter.

In the last call, we shared that our contribution losses had peaked. In line with the same, our contribution margin has improved by 100 bps quarter-on-quarter. Despite there being significant headwinds of the full quarter impact of the network expansion that we did, which

was slightly back ended in the March quarter where we had added 316 stores, we are continuing to see improvements in our contribution margin. As our customers and stores mature, we are confident of delivering higher improvement in contribution margin in the next quarter as well. This category is still in an early phase of customer penetration and has a significant runway of growth. We are seeing continued heightened levels of marketing investments by all the players. We will maintain the flexibility to invest for growth for the subsequent quarters as well.

That is it from my side. Over to you, Abhishek.

Abhishek Agarwal: Great. Thank you, Amitesh. With this brief preamble, let us start the Q&A. Operator, you can please go ahead.

Moderator: Thank you very much, sir. We will now begin with the question-and-answer session. The first question is from the line of Garima Mishra from Kotak Securities. Please go ahead.

Garima Mishra: Yes. Hi, thank you so much for the opportunity. My questions are on the Instamart business. The first one, Instamart has shown a significant AOV improvement, as Amitesh you just highlighted. But ideally, this should have also driven a significant contribution margin improvement Q-o-Q, right? You have mentioned that higher delivery cost were a drag, as was the network expansion. However, has Maxxsaver also contributed to higher costs in the form of higher basket level discount?

Amitesh Jha: Yes, see, the Maxxsaver is a very specific use case in which we are encouraging consumers to purchase a higher basket size. Yes, in terms of contribution or in terms of the take rate for those specific orders, it is lower than what you would have for a smaller fill basket. The way we see it, Maxxsaver is a habit. What we have seen is that there are a lot of customers, who have been habituated. There is a 28% MTU penetration for Maxxsaver and we see those customers coming back again for Maxxsaver orders. That habit formation is something that we have done.

In the subsequent quarters, we will make sure that there is significant investment from a lot of ecosystem players to make sure that it becomes more sustainable. So, in the initial phases, we see that as a slight headwind for our overall take rate, but in the long run, it will have a substantial impact on our contribution margin in the future.

Garima Mishra: Is there any quantification we can provide for how much Maxxsaver may have impacted your contribution this quarter?

Rahul Bothra: Yes, so Garima, Rahul here. We will not provide specifics, because it is competitively sensitive. However, as Amitesh had mentioned, see, it was important for us to make a pretty hockey stick jump in our average order value. And as you know, this is a key KPI for ultimately the overall network profitability to get established. What we have meaningfully done in just one quarter is to change this trajectory in a significant manner. So, 26%

year-on-year growth on our average order value, means that a lot of customers are now starting to move, not only their grocery purchases, but also their household wallet to this proposition. So, we remain very confident of our ability to monetize on this channel. While there could be some bit of investment that the platform needs to do to create this habit, over time we will be able to continuously reduce this and get to the stated objectives.

As we had mentioned also the contribution margin, NOV remain very steadfast. Our ability to improve that remains very high. Even in the quarter gone by, we have added 240 basis points in our overall monetization efforts, including the reduction of some of the subsidies. At the same time, there were a couple of headwinds around the full quarter cost. So, our guidance remains that we expect to get to contribution margin neutrality between December and June quarter of calendar year 2026. And towards that, while we made 100 basis points improvement in the previous quarter, we actually expect to make an even higher contribution margin improvement in the current quarter. So, all of this improvement is not back ended.

Garima Mishra: Got it. Second question, again on Instamart, how are you thinking about the pace of store additions over the next few quarters? Will it be in, sort of similar to what we have seen this quarter? And second, on fixed costs, which lie below the contribution margin, you have mentioned these costs may not decline and I understand why they may not. But do we think these costs will increase in line with store additions or maybe at a slower pace?

Amitesh Jha: Yes, we have also mentioned in our shareholder letter that from a pure addition of stores and the network footprint in terms of square feet that we have added, we believe that we have reached a state that allows us to be very comfortable with the kind of service that we are giving to the customer and the growth headroom that we have created. We believe that our next network expansion will be based on the need, based on these geographies, and it will not necessarily be for expansion into the white spaces. The overall network expansion is such that it will allow us to grow at 100% without the addition of a lot of stores, essentially square feet. So, that is a reason we do not want to give any kind of guidance for the addition of the stores as well.

Garima Mishra: And on fixed cost?

Amitesh Jha: Okay. So, you see, as I said in my earlier --

Garima Mishra: Do they increase in line with store addition, yes?

Amitesh Jha: No, the fixed cost is more of a consumer acquisition cost. Ultimately, a lot of that essentially goes into marketing. The marketing is something that we see as a result of what is happening in the market. As I said, we will continue to be competitive to make sure that we are acquiring customers for the category as well. And I think, there is the level of runway of growth that we have should allow us to be more measured in our approach on how we acquire customers. If it is leading to higher growth we do not want to let that go as well. So, yes, fixed cost will be an area that we see being at the, at a similar rate for a few quarters.

Garima Mishra: Got it. Thank you so much for taking my questions and wish you the best luck.

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

Sachin Salgaokar: Hi, thank you for the opportunity. I have three questions. Again, all three questions on Instamart. First question, I wanted to know your general thoughts on competition. One gets a sense in the last three months to four months, competitive intensity has sort of gone down. But again, I wanted to understand, what you are seeing on the ground and how do you look at that?

Amitesh Jha: See, if you are comparing it to the JFM quarter, yes, it has gone down, but at an absolute level the intensity in the market, we see it being at the heightened level. There are new players also entering the market. Some of them are taking baby steps into these markets as well. So, overall, we do not see this quarter as any indication of whether the competitive intensity will go up or down. We believe that heightened level will remain and it is something that we are also baking it on our plans.

Sachin Salgaokar: Got it. Second question and more as a follow-up to this entire competitive view, again, wanted a bit of a color in terms of dark store expansion between, let us say, urban, metros and Tier 2 cities. How are you thinking in terms of expansion? And again, in the shareholders' letter, you mentioned a large part of network expansion was front-loaded and going ahead, you guys are looking at a measured pace. So, does that mean that even though competition is present and expanding, you guys will be a bit more calibrated in the approach or that approach could change basis, how competition is?

Amitesh Jha: See, we are in 127 cities right now with 4.3 million square feet of store area, which is significant even if you look at, compare it to anybody else in the market. We believe going higher than 127 cities will be more opportunity-based and based on how we see that network of geographies come into play. But there is such significant headroom; market penetration is so low in the cities out of the top 10 or 20 that we believe the right opportunity is to be focused and not necessarily measured. The way I will approach it is that be more focused in the areas that we are already in. If expansion is required, expand in those areas, then spread yourself thin to figure out where the next growth will be there. There is enough headroom for growth in the existing 127 cities that we have.

Sachin Salgaokar: Got it. Third question, in your shareholder letter, you mentioned there is a 50 bps dilution on contribution margin led by lower commissions on non-grocery selection. So, going ahead as your mix moves more towards non-grocery and as AOV expands, directionally should we continue to see elevated pressure on contribution margin, or this was more like a one-off in the initial phase and margin should improve as the non-grocery mix improves?

Rahul Bothra: Yes, Sachin, Rahul here. I think obviously this was our first focused effort in trying to improve the non-grocery selection. Overall, over the last couple of quarters, we have also mentioned that our selection, where we were probably lagging a little bit are now, in most parts, ahead of

even say the available selection from competition. So, there is an effort that is required to be able to build the relationships, etc. And over time, we will see monetization continuing to increase, including in the non-grocery part. So, the overall mix, as we said, is also net positive, because if you look at the absolute contribution that you make in these larger ASP selling items for non-grocery more than makes up on the percentage margin. So, we think it is going to be a calibrated approach. There is going to be advertising dollars that will also start getting unlocked as our overall share of this pie increases.

So, we should not expect that there will be a continued headwind. This is more of a one-time, say effort and the significant movement that we have been able to make. And over time, this will mean that we will go back to more category margins.

Sachin Salgaokar: Okay. And lastly, just a curious question. You have a standalone app on Instamart and then there is a combined super-app out there. When you look at your incremental consumers, who are coming on the quick commerce service, is it more on the standalone app, or is it mixed and how to think about this?

Amitesh Jha: Yes, it is a mix. The way to think about it is there are two ways we acquire consumers. One is from our existing app, who have, say, never transacted on Instamart. And the others are those who are independently, coming to that. So, it is a mix. The way we approach it is that whatever works best for the end consumer is what we use. And that has been the way for our success also as well.

Sachin Salgaokar: Got it. Excellent.

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

Abhisek Banerjee: Hey, hi. Thanks for the opportunity. My first question is for Amitesh. So, sir, great job on the AOV improvement. But trying to understand, what can be the mix of non-grocery items going ahead? I mean, can this go up to 25% or 30%? You could give some clarity on that. And with regards to the number of orders, which we have seen to moderate, because there was some grossing up of orders at Maxxsaver, etc. How would you drive order growth going ahead? If you can talk about these two things, that would be really helpful.

Amitesh Jha: Yes, sure. You see, over the last year, if you look from Q1 FY '25 to Q1 FY '26, we have grown from 6.6% to 18.5% of the non-grocery business. That will keep on going up. Yes. So, we see this movement keep on going up. We look at our business as consumer penetration for each of the categories. The consumer penetration for non-grocery categories is extremely low. So, there is enough headroom. You can expect these numbers to go up. We will not want to give specific guidance, but we believe that this upward trajectory will keep on going up for the next few quarters at least. Sorry, what was the second question?

Abhisek Banerjee: Yes. So, I was trying to understand, as this mix kind of improves, how do you kind of build out your assortment further? So, you are already talking about a large proportion of your metro audience having 30,000 SKUs, right? So, will that essentially drive it? And how do you increase the number of orders that are coming per MTU?

Amitesh Jha: Yes. I will try to explain both the order question as well as this one. The way to think about it is, yes, increased assortment is for all the new use-cases that consumers have and that is something that we have seen happening in metro as well as the T1, T2 cities as well. The increased assortment is also one of the reasons why it is happening. And of course, the penetration of these categories from a consumer point of view has also been on the increasing trend. Now, on the order question, which is also one of the things that we believe that the focus that we put in on the headwind on the order was for two specific reasons. The first reason was that obviously; we had acquired a lot of new customers at the end of the last quarter. That led to a significant initial stage in which we saw a lower order contribution from them.

The second thing is what we did is also kind of removed a lot of low AOV orders that were not accretive to our business. And the third thing that we did was the Maxxsaver in which we really consolidated the orders. We do not believe the first two reasons will be there for the subsequent quarter. The third reason will be there. So, the numbers will go up, but the focus will be to make sure that the average order volume on the Maxxsaver side does not reduce. We are seeing a higher retention on the Maxxsaver orders as well, which is the reason why we are very confident on this specific approach as well.

Abhisek Banerjee: Understood. And with regards to store expansion, we saw only 41 stores added here. And a large part, almost 75% of the CAPEX, which was done, was done in warehousing increase, right? So, how do we kind of look at the CAPEX trajectory going ahead if you can give some broad guidelines on that.

Rahul Bothra: Sure. So, I think on the dark store side as you have seen are the quarter four of the previous financial year is where we expanded the network at the largest and even in the previous call we had mentioned that going forward is going to be measured and derivative of growth versus us planting the flags, because we believe that we have the network density and the overall geographical presence already established. So, you should see this more of a measured approach on the dark store expansion. However, if you look at the overall capacity of the network that we have with the current 4.3 million square feet of warehousing of the dark store space that we currently have in the market, we can potentially even grow twice from where we are, without having to add any storage theoretically. So, this basically means that there is not a lot of leverage that we will get, as we scale from the existing network.

Now, coming to the warehousing side again due to the fast growth that we have seen, which is 100 % plus over the last couple of quarters, we have had to necessarily expand our footprint on the warehousing side, especially in the larger metros. A lot of that work has been completed and some of it will be done over the next couple of quarters. So, as we have mentioned it will

be a more graded expansion of CAPEX investments from here on, because again the capacity expansion is largely being done on the warehousing side also.

Abhishek Banerjee: Understood. That was very helpful. And just one last question from me on the food side, so again another very solid performance in terms of 18.8% GOV growth, right. So, are you seeing any change from the competitor in the food deliveries, or are you seeing them becoming a little more aggressive there with new management etc.

Rohit Kapoor: Hi, this is Rohit here. Look, I think food delivery is always highly competitive. So, we do not watch it from an internal management lens of another company and the point is, we do not have any more information than you have, right. So, I think, while we remain competitive, we are very focused. But no, I think that has not really figured much in our scheme of thinking or our decision making or anything of that nature.

Abhishek Banerjee: Got it. Thank you.

Moderator: Thank you. We will take the next question from the line of Sudheer Guntupalli from Kotak Mahindra AMC. Please go ahead.

Sudheer Guntupalli: Hi team, thanks for the opportunity. First question is follow-up to what Abhishek was asking on the AOV increase spend, is there any seasonality in the current quarter, which would have helped the very sharp increase in the AOV apart from the factors, which you had already called out?

Amitesh Jha: I will take that question. No, absolutely not. This is all based on the effort or the shaping that we have done for our business.

Sudheer Guntupalli: Yes, thanks Amitesh. And maybe a question to Rahul. So, if I look at your larger competitor, the cost structure of Instamart is very similar to the cost structure of their entity, with the only exception being a dramatic differential on the AOV front so far. Now that you have seen a very sharp convergence of AOV in the current quarter and you are just about 8% - 9% lower than where they are, is it fair to assume that the rest of the profitability structure items will fall in place with this kind of an AOV increase?

Rahul Bothra: Yes, thanks, Sudheer. I think if you look at the overall, say, cost in the business, right, there are these variable operating costs, there are the nature of, say, fixed costs that we incur in the business as well as some of the below the contribution margin costs. Amitesh talked about the below contribution margin costs. If I were to kind of look at our own trajectory from here on right, one of the big spikes that we had to do was on the average order value. It is a key determinant as you know. At the same time, not all the benefits could have been accrued during the same period, when the habit formation was being made.

So, we have started the journey. This 26% growth does not mean that we are calling out that we will not grow further. We continue to have the ambition to keep scaling the average order value, as the overall mix increases, as the consumers start moving their entire household

wallet, a large part of their household wallet to us, which we are seeing in the very, very sharp increase in our GOV per user metrics also. So, from here on, we believe that there is enough room for us to continue growing the average order value and monetization necessarily follows immediately post that.

Sudheer Guntupalli:

Got it, Rahul. And the second question is on the store addition front. I do get your point that at 4.3 million square feet of dark store space, we are not very different from that of our larger competitor. But if I look at it, let us say, having more stores versus having fewer and larger stores. So, how do you see the trade-off happening, especially in terms of the density of the network and your ability to reach the customer within that promised time of 10 minutes to 15 minutes. So, I understand you are focusing on a larger store footprint and you have added quite a bit of them in the last four months. But is it not the case that having more number of stores will necessarily mean that you are closer to the customer and your reachability to the customer would be better?

Amitesh Jha:

Yes, see, the way we build our network is based on our ability to deliver our orders for our consumer base in under 10 minutes. And if you look at our metrics of whatever we have done as benchmarking internally as well, we see that we have an industry-best service promise for speed for the end consumer. So, first of all our network is there that allows for it to essentially happen. Second thing is that there are various ways in which you can expand your network continuously, specifically, if you want to add a lot of non-grocery assortment. One of the ways is to have larger stores versus smaller stores. The approach that we have taken is to have larger stores so that ultimately there is a basket benefit that also accrue because of that.

We will continue to be on the path and we believe that the model that allows ourselves to be larger store more number of continuous cards as well as making sure that we are doing all the deliveries within 10 minutes is a network that we are in already; and that is the reason we feel very extremely confident about as well.

Sudheer Guntupalli:

Thanks Amitesh. Last question to Rahul. Any indication on the monthly EBITDA loss at Instamart for June month and what would have been the payroll increase, annual appraisal cycle impact for Instamart and for the food delivery business in this quarter compared to the March quarter?

Rahul Bothra:

No, I think, we have called out that the overall increase that you have seen below CM costs, a little more than half is actually due to the appraisal cycle and that is something, which from here on will start giving us leverage, right, because that is behind us. In terms of the EBITDA, I think, we have talked about the contribution margin improvement trajectory and remain steadfast on being able to deliver it in the timeframe that we have given. We have also highlighted that our pace of expansion in the CM margin or the CM margin negative reduction will be higher, which means that you should start baking that in.

In terms of absolute EBITDA it would be hard to call out, right considering we are still at a very early stage in the quarter. We still do not know about how much more competitive

intensity is going to increase, what is going to be the overall user additions that the category is going to see in this quarter. So, we will remain a little bit flexible. So, do not want to box ourselves into a specific guidance on that. At the same time, things which are --

Sudheer Guntupalli: No Rahul, I think, I was asking for the June month, not July month. So, there is a trajectory build up that happened in March towards the end, the losses would have peaked. And it would have come down over the course of June quarter, month-on-month. So, June month is what I am asking for, not July month.

Rahul Bothra: Directionally, June was lower than April. And that is because, as I said, there is a lot of leverage that has come through. And as I said, but at the same time, do not expect us to give us specific guidance on it in this current quarter. We want to retain that flexibility. Having said that, contribution margin is something which is in our control; we are pretty sure of being able to appropriate that.

Sudheer Guntupalli: Fair enough Rahul. Thank you and all the very best.

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

Vijit Jain: Yes, hi. Thank you for the opportunity. My question first is, so, it looks like non-grocery share increase is also significantly led by Maxxsaver, is the assumption correct? And if I try to understand, how that is happening, essentially, if you were under-indexed to non-groceries with Maxxsaver, you put a lot of add-to-cart prompts for these non-grocery items and with higher subsidies there and that explains, all the take rate impact and everything that we are seeing here. Is that accurate understanding of how you are basically ramping up Maxxsaver and non-groceries here?

Amitesh Jha: No, see, Maxxsaver actually helps grocery business a lot more. It is a basket building proposition. And for a lot of non-grocery, baskets are not built, right, the unit per order for non-groceries is extremely close to one. So, it actually impacts grocery business, all the effort that has gone into is through higher assortment, better offer for the consumer, from the sellers for all those assortment, is what is actually leading to these numbers. Our assortment used to be very small, if you look at it a year back. Right now we are at an industry-leading assortment in those cases.

Vijit Jain: Got it. And my second question is, so, you said earlier in your comment that going forward investment from ecosystem players will make Maxxsaver more sustainable. Is that referring to better commissions they will pay you or higher ad share? And if you can talk about, what do you believe is your gap in terms of your ad revenues versus your larger peers? And is there any gap in the ad product itself that you still need to build to kind of cover that gap?

Amitesh Jha: See, when I speak about the ecosystem, yes, it is investment from sellers, brands, who see that opportunity as well, as and when consumers move channels; and this is effectively a movement of channel, brands would want to participate in it. And that will lead to their

helping it happen as well. Yes, we believe ultimately that the take rates will essentially go up because of those reasons as well. Right now, as Rahul was speaking and I spoke about it as well, the initial stages are more to make those movements happen faster. Sustainable will happen, when we have more take rate from sellers, higher ad from brands, and that will essentially lead to a movement, which is there.

We believe that there is headroom for ads as well. I can't compare exactly the number for the competition. But we believe that our ads have a headroom and we have made a movement in that and that is a movement that we will keep on doing as well.

Vijit Jain:

Got it, thanks. My last question, on the marketing spend, is it possible to kind of, quantify how much of the marketing spend right now is directed towards, just from the driving downloads, activations for the standalone app? I know the app has seen a lot of traction, the user growth on that looks pretty high. So, as that normalizes, will the marketing spend go down? Is that how one should understand this?

Amitesh Jha:

Marketing spends on getting the consumer to our platform, the way I would want to break it down is brand and perf investment, rather than specifically related to which platform; because we give the flexibility for that to happen. If it is the Swiggy existing platform customers, if they choose to interact on Instamart, we do not stop that as well. So, the way to think about it is that, yes, we have a higher proportion, majority proportion of perf, lower proportion of brand. We believe that it is the right mix, because it allows us to build an Instamart brand that drives a lot of organic as well. And perf is something that in situ allows us to get a lot more transactions for the new customers, who are actually there on the platform. So, I do not want to break it down necessarily into Instamart App versus Swiggy App, we leave that flexibility to the end consumer.

Vijit Jain:

Okay, sure. My question was actually just on the marketing spends, whether it is being directed more towards the Instamart standalone app. But yes, thank you so much.

Moderator:

Thank you. The next question is from the line of Gaurav from Axis. Please go ahead.

Gaurav Malhotra:

Yes, hi. Good evening, everyone. Just wanted to check on a couple of things. Firstly, on quick commerce. So, while we understand that the capacity, which has been built, is good enough to almost double the GOV. But the competition in terms of just the footprint densification is going sort of much, much ahead. So, what do you think of the different strategies this way? Do you think that there is a risk that you sort of are leaving out some white spaces in terms of expansion, whether it could be expectations or--

Sriharsha Majety:

Hey, hi, Harsha here. I think ultimately, as Amitesh has already talked about, there is a certain specific TAM in the top cities that we have already expanded into, which we are most excited about growing our franchise quite strongly. As for densification, ultimately, the question is, how does densification help? Densification helps in your ability to serve the consumers faster. And as we would already mentioned, we continue to have a good advantage in how we serve

our consumers on delivery experience and we are not going to let that be a reason for consumers to not be happy with Instamart. So, the moment for us is, how are we serving our consumers? We do not see this coming in the way of serving our consumers.

Gaurav Malhotra: Just on the food part, right, we obviously are seeing activity, there is new competition, right, and also the existing guys are trying to sort of ramp up to push up the growth a little bit. Are we seeing some sort of higher competitive intensity in say, couponing, marketing? Have you started to see that on the food delivery side?

Rohit Kapoor: So far there have been, as you know, there have been talks about one of the players entering the market, that has not happened yet. But in terms of just overall competitive intensity in the market, last quarter was as competitive as ever, right, but it was nothing unusual, I will say.

Gaurav Malhotra: But do you think that in the quest to sort of push up the growth, even now you are not seeing any sort of change versus, say, 1Q in terms of the underlying competitive trend?

Rahul Bothra: I think what I can answer is that from our perspective, given the nature of this category, I think category creation happens across players, right. So, for us, it is very clear that we will want to continue to experiment and expand into, for example, affordability using the 99 Store launch, right or on speed, which is through Bolt. So, irrespective of competitive incentive, I think, the responsibility of expansion of the market, because if you look at we have come in at about 18.8% GOV growth, we love to see this trend slightly higher in the future quarter. This was our second highest growth quarter in the last two years, I think, or eight or nine quarters, but we love to see this higher. So, that hunger is there in the team to continue to push the boundaries there.

It helps that we remain in the competitive category where nothing is taken for granted, right? We show up every day and do our best. But just to tell you in terms of, if you are asking me if this AMG from a competitive standpoint was very different from the last AMG or the last QND or the last JFM, I would not say so. The intensity was pretty much similar.

Gaurav Malhotra: Just a last question on Bolt, you mentioned that, in terms of order volume it is upwards of 10%. So, from a GOV perspective, how do we think about this? Obviously, it is coming with slightly lesser AOV, but are you seeing a higher frequency over there?

Rohit Kapoor: Look, Bolt has remained in the range of 10% to 12% order contribution and what we are seeing here is, it has only a very limited sort of impact on AOV, right. So, at a platform level it is not significantly dilutive, right. On the other hand, because the delivery radius is much lower, the delivery costs are lower, so the economics are actually quite close to the platform average. There is no compromise on that. Today, we do not monetize anything on Bolt. For example, either from the restaurant side or from the partner or customer side Bolt operates from a monetization angle similar to the platform. So, those opportunities exist in the future once we have created enough love for the service. But it is not something that we are within

the range that is operating, even let us say, it was 5% point higher would I worry about the impact on managing contribution margin because of that, I think, that is not the situation.

Gaurav Malhotra: Just one last question, a little bit tangential, right, in the U.S. we are seeing some food delivery companies alluding to the impact of certain medications have on the eating out sort of frequency or ability of users. Is that something, which you think can sort of impact here as well?

Sriharsha Majety: Harsha here, honestly even from our conversations with players in the U.S., it hasn't impacted even them in a big way. So, I think, the answer here is wait and watch.

Gaurav Malhotra: Thank you.

Rohit Kapoor: I think this is one, where probably the impact is further ahead on the hype cycle than reality.

Gaurav Malhotra: Thanks.

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

Aditya Soman: Yes, hi. Two questions for me. Firstly, your competitor is moving to an inventory model. Do you think that confers them any sort of substantive advantage, or any plans from your perspective to change the way you manage your inventory? And the second question is on your rider apps. So, if today are the apps on the rider side completely different for Instamart and for food delivery, or do you, or is there an overlap and do you see any advantage in that overlap if there is? Thanks.

Rahul Bothra: Sure. See first on the current model that we have, we work with sellers. Our seller partners are our network. Currently due to the overall domestic ownership that exists in the, we cannot do an inventory-led model, right. Having said that, if you look at since our IPO time our domestic ownership has continuously kept increasing. So, we have more than doubled our domestic ownership to now crossing 40% in a very short time, with increased participation of domestic fund houses. So, there could be a natural evolution that at some point in time in the future, we may consider our ability to also open up the inventory-led business model.

In terms of the overall benefit of that model, we do expect that to have an accretion of roughly 50 basis points to 70 basis points. So, it is not like meaningfully very high for us to make any inorganic moves. At the same time, at an appropriate time, depending on our ability to do any action on this, we will come back to you.

Aditya Soman: Okay. And your rider app --

Rohit Kapoor: On the delivery partner --

Aditya Soman: Yes.

Rohit Kapoor: Yes, on the rider app, we have a unified app. It is the same app, which is used for both Food and Instamart. Having said that, the riders for Instamart are almost now exclusive to Instamart. So, there is a little bit of overlap and cross usage. But Instamart, given the scale and the prominence it has, has a delivery network, which is dedicated to Instamart. But both are separate things. If your question was more around is the network separated, the answer is to a large extent, yes, right. But in the sense of the app, which is used to both recruit onboard and communicate with the delivery partners, it is the same app with different interfaces for Instamart and Food, where it needs to be.

Aditya Soman: I understand, sir. In some ways, it is like the combined app, right, where you will have a different tab, maybe for rider platform.

Rohit Kapoor: That is correct.

Aditya Soman: Understand.

Rohit Kapoor: That is correct.

Aditya Soman: Understand. And then could the riders, I mean, at the same time, they may not be on both platforms, but could the same riders then still be on both the platforms at different points of time?

Rohit Kapoor: They need to go through a bit of a process to shift between Food and Instamart. But having said that, look, the reality of this space also is that gig workers work across platforms, right? Many of them. So, that is a fairly natural phenomenon in this model.

Aditya Soman: All right. That is very useful. Thank you.

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

Rishi Jhunjhunwala: Yes, a couple of questions on the quick commerce side. Firstly, if you can remind us in terms of the contribution margin breakeven in QC, I think, you mentioned December this year or March next year. Does that still hold true? And in case the competition eases off dramatically over the next six months, the potential benefit from lower promotional expenses, are you going to use it to try and expand some of the market sharing initiatives that you are taking and keep the trajectory of, or the target of breakeven intact, or you can potentially reach that earlier as well.

Rahul Bothra: So, no, our guidance was between say December to June 2026 quarters, so that is something which we had laid out in the previous call and we are maintaining that guidance. So, as you have seen, that journey has already begun. In terms of, whether competitive action reduces say, the intensity of discounting or spending in the and how we are going to use it, I think, it is more a point in time decision that we will make looking at the overall, our ability to grow

faster than competition. So, it is very hard for us to crystal-ball today, how we will use that additional margin, whether we will bank it or reinvest it.

Rishi Jhunjunwala: Got it. And second question is, if we look at the contribution loss per order as of this quarter was close to around Rs. 28, there is a Rs. 10 increase in revenue per order and a similar or a Rs. 9 increase in the direct cost per order. If we were to take it down to zero in the next three quarters to five quarters, just trying to understand which part whether revenue per order or cost per order will be the bigger determinant or driver of that.

Rahul Bothra: So, it is two quarters to four quarters, because we have in terms of our guidance. So, that is first. So, I think, both the monetization on the take rate side, you will see that improving. And also there is the leverage on the fixed cost and the operating cost side due to the basket building that we have been able to both demonstrate in the previous quarter as well as going forward.

Rishi Jhunjunwala: Okay. All right. Thank you.

Moderator: Thank you. The next question is from the line of Kunal Vora from BNP Paribas. Please go ahead.

Kunal Vora: Yes. Thanks for the opportunity. On food delivery, how should we look at the margin trajectory from here? And this quarter you saw a dip. Was it largely because of low rider availability and linked costs? The first one.

Rohit Kapoor: Yes. So, this is Rohit here. On the dip in this quarter, it is explained largely by the seasonality, right? This happens every Q1. If you look at last Q1 also, it had a similar impact. This is a season, where the rider availability is... structurally we do not see issues with rider availability. It is a season where harvest season is there and some other impact comes through and we do have to invest a little bit more on the rider side to keep the fleet in line with demand. We expect this to correct back and we continue to stay on our guidance for a 5% EBITDA margin in the medium-term.

Kunal Vora: And like the time frame for the medium-term will be?

Rohit Kapoor: We are not guiding to a particular quarter on this right now.

Kunal Vora: Okay, understood. Also, can you share your thoughts on the new players entering quick commerce and what are the challenges they face, and is that a risk? Aggression from new players, is that a risk for your contribution breakeven over the next three to five quarters?

Amitesh Jha: Yes. It is Amitesh here. See, I think, this category will keep on seeing a lot of heightened competition. We saw one significant player entering last year. We see another significant player entering right now. If you look at the history also, it has not had a significant impact on the growth of the top players in the quick commerce, because it is a very important hyperlocal assortment play, plus the right kind of offer for that particular hyperlocal area, plus building a

supply chain that can address hyperlocal, which is like three kinds of capabilities that are harder to build. So, we will keep on seeing a lot of competition coming in. Their ability to make an inroad in the market will be lesser. So, the way to think about it is that it is not the defining factor of heightened competition. We still believe the top players in this particular area will only determine the investment in this market as well as our ability to respond to that.

Kunal Vora: Understood. So, irrespective of the competitive intensity, you still feel confident that the three quarters to five quarters you should be able to breakeven?

Amitesh Jha: Absolutely.

Kunal Vora: And lastly, on platform innovations, the losses have increased, while revenue has decreased. Can you help me understand this?

Rahul Bothra: Yes, so largely the investment there is on our initiative around the 10 minute version. Yes.

Kunal Vora: How was that? How is that done?

Rahul Bothra: So, this is our initiative, where we have... So, Harsha, you would like to add?

Sriharsha Majety: Yes. Hi, Harsha here. It is still kind of month six for the category. I think we are in an early stage of iteration over here. We are taking a measured approach, having a certain narrow presence to understand with the critical mass of consumers, how to bring more consumer love into the offering, and how the economics work. So, I think, early news is that, there is an incrementality to the overall food delivery category. How exciting is this? How does this business play out over the future? Both like repeat, retention-wise and economics wise is in the journey of discovery that we are still on.

Kunal Vora: Understood. That is it for me. Thank you.

Moderator: Thank you. The next question is from the line of Nikhil Choudhary from Nuvama. Please go ahead.

Nikhil Choudhary: Yes, thanks for the opportunity and congratulations on the improvement on the AOV side. Harsha, in the past, we have seen improvement in dark store profitability. It is led by two factors. One is higher AOV and second is higher throughput per dark store, right? While AOV increased this quarter, we have seen a significant dip in throughput per dark store. Is it some trade-off, which happened this quarter? Why I am asking it, this is because of some of the change in policy in last quarter we have seen on your platform. That you started charging surge fees, green fees per order below Rs. 449, Rs. 499. So, in a way, is it fair to assume that customers clubbed some of the order, which led to higher AOV, but lower order per customer or lower platform frequency?

Abhishek Agarwal: Hi Nikhil, this is Abhishek. So, two reasons, one is of course, we added a lot of stores in the last quarter and that too significantly back-ended. As we have written in the shareholder letter

also, almost 150 stores were added in March itself. What has happened is that the full impact of those stores, which of course are not contributing as many orders for the full quarter has dragged down that number. It is just that. The second is, of course, we have also let go of some low AOV orders overall. And then the third impact that you mentioned is around cart-consolidation because of Maxxsaver. All three taken together is the reason why you see that the number in itself is sub-thousand and which also gives us the capacity to be able to grow without needing too many more stores.

Nikhil Choudhary:

Got it. Fair enough. Now moving to improvement in contribution margin. The 16% increase in AOV should have led to a 100 basis point to 150 basis point increase in your contribution margin, right? Assuming that is a Rs. 55 of the delivery cost on Rs. 550 - Rs. 540 of the AOV side, right. So, is it fair to say that a large part of this benefit is now transferred to Maxxsaver users, who will generate that habit for now and that will continue at least for the coming quarter for the habit to sustain?

Amitesh Jha:

See, for the initial stages in Maxxsaver, habit formation will require some incentivization for the consumer that we were doing at that point of time. Otherwise, a hockey-stick like this would not happen. That said, we have seen improvement in the Maxxsaver order profitability itself over the quarter in question. And we believe with the ecosystem investments, ultimately our need for investing for the consumers will absolutely go down. And you will see that in the results for the subsequent quarters as well. It is already on a downward trend; it will continue on that.

Nikhil Choudhary:

Got it. Thanks a lot for that. The last one on Bolt side, last quarter we highlighted the contribution of Bolt being 12%. This time you mentioned it is higher than 10%. So, have you seen some decline in overall contribution in Bolt? Was there some seasonality or this is just a normal quarterly anomaly and you expect Bolt to bounce back going forward?

Rohit Kapoor:

I think it has stayed in the same range. I think what we have done in Bolt over the last quarter is, we have improved the consumer experience a lot more, right. So, this is a highly operationally complex service to run. So, we have worked on two things. One is working a lot with restaurant partners to improve the readiness time of items, right, to cut bad orders. So, there is a certain part of the orders, which were not very aligned to the speed promise, we cut it out and also from our side we improved delivery operations to improve the overall compliance. So, I think, this quarter we have taken to just improve the offering to a far more loved offering from the consumer side and the results are showing. But the OC remains range bound. We will also keep it to a certain range given the nature of the service and our ability to operate, because it also cuts out LM (last mile), right? So, the way Bolt operates it, it operates in a certain LM and the density will grow over time there.

Nikhil Choudhary:

Got it. Excellent. Thanks a lot for that. The last one from my side is on SNACC. SNACC side, I think, between the Bolt and the SNACC, within between the Bolt 10 minute and your own cloud kitchen SNACC app. Are we of belief and going more aggressive on, let us say, third-party 10-minute delivery, while our competition is more focusing on their own 10 minute

cloud kitchen delivery? Is it fair understanding that we are more focused on the restaurant-led model, while they are more on their own cloud kitchen-led model?

Sriharsha Majety:

No, I think, at this point, we do not have any biases around this is higher than that. I think it is a journey of exploration for us. We believe that if you are able to actually make restaurants deliver faster, that model overall food delivery through restaurants is a confirmed one. We believe that to push the boundary there, it is important to continue getting faster and faster. But the case for SNACC is a different one. It opens up an entirely new consumption occasion for low involvement snacking and eats of that type. So, we do not have any specific biases internally on this or that. It just happens to be that both of them are at different stages of discovery. Bolt is a relatively more deterministic operation, where there is a certain operating model and you use it to grow your business incrementally, but SNACC is a wholly different zero-to-one.

So, our investments in each of these are going to be just a function of the stage that they are in. So, we are continuing to, like I said, we have a presence in two cities and we are going to continue playing to understand what the consumer love markers are and how the economics are going to shape up eventually.

Nikhil Choudhary:

Got it. Makes sense. Thanks a lot and good luck for the coming period.

Moderator:

Thank you. Ladies and gentlemen, this will be the last question, which is from the line of Ashwin Mehta from Ambit Capital. Please go ahead.

Ashwin Mehta:

Hi. Thanks for the opportunity. Two questions. One, as FCF burn over the last two quarters almost Rs. 2,800 crores. Our cash is more or less 2x of that. So, would we need to raise equity or maybe monetize our Rapido stake to beef up cash?

Rahul Bothra:

So, see, we have sufficient cash balance, right? I mean Rs. 5,500 crores is not a small balance. At the same time, we have outlined our overall ability to not only make the investment choices that we are making on the Instamart business, which is both for growth as well as reigning in the contribution margin profitability right, which is again scale-led and maturity-led. So, from here on, we do have a strong balance sheet. We talked about the Rapido investment and maybe if I can invite Harsha.

Sriharsha Majety:

Hi. Harsha here. That is a very parallel conversation, which we are having based on developing conflict of interest. When we got into Rapido maybe 2.5 years back, they were a mobility player doing really well. We wanted to partner with them on that journey and even as early as that we have had some conversations around potentially doing a partnership in food delivery also. Unfortunately that did not materialize and they have decided to get in the business themselves. Now, that is just a wedge that has made us take notice of the conflict and therefore, we are planning to go separate ways on this.

Rahul Bothra: Yes. So, to answer your question we have to make the investments and we will keep you updated on a quarterly basis in terms of going forward position.

Ashwin Mehta: Yes, and thanks for the clarification. So, essentially, we do not need to raise the equity. And secondly, in terms of the order growth in QC at just about 4% that is about an eight-quarter low in terms of order growth. So, what cannibalization of your normal orders to Super Saver was so aggressive because the assortment increase, as you already mentioned, should have given you one per unit kind of order increase. So, I just wanted to kind of understand that better.

Amitesh Jha: See of course, when somebody is ordering in Maxxsaver, their basket size for the month or whatever, they spend for the month would not go up, it will still be at the same level. So, it is not 100% cannibalized, but there is definitely a consolidation of orders that happens because of Maxxsaver. See in general, the reason why we look at order per day is because we believe that leads to higher retention as well. What we have seen is that Maxxsaver more than sufficiently compensates for that. The people who use Maxxsaver have higher retention in general. So, our belief is that this is the right way to approach both basket building for the end consumer, making sure that they get great offers as well as making sure that they come back to our platform again and again.

So, yes, that is one thing that we wanted to do. And the other thing is, we also did not want to have a lot of low AOV orders that were actually detrimental to our overall P&L as well as the quality of the user and that is one choice that we did in the same quarter. And that is the reason you see a double impact of that. And which is what I said, this has essentially bottomed out, we will see a higher number going forward.

Ashwin Mehta: Sure. Thanks a lot and all the best for the future.

Moderator: Thank you. As that was the last question, ladies, and gentlemen, we will conclude the question-and-answer session now. On behalf of Swiggy Limited, we conclude this conference. Thank you for joining us and you may now disconnect your lines. Thank you.