Eternal Limited

(formerly known as Zomato Limited)

Q3FY26 Earnings Conference Call Transcript

January 21, 2026

Management representatives:

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

Moderator: Ladies and gentlemen, a very good evening, and welcome to Eternal Limited's Q3FY26 earnings conference call. From Eternal's management team, we have with us today Akshant Goyal, Albinder Singh Dhindsa, and Kunal Swarup.

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

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

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

Manish Adukia: Hi, good evening. Thank you so much for taking my questions and congratulations on a good quarter.

My first question is on the quick commerce margins or losses, and congratulations on the breakeven there. In this quarter, if you look at the numbers, your gross margin didn't really expand, store throughput was down about 6% QoQ, but despite that, your contribution margin expanded 90 basis points, EBITDA expanded about 130 basis points, and all of this is while you say that the competition is irrational.

If you assume competition remains irrational, which is what you are assuming, then why should, directionally, margins not continue to improve at the same pace as what you did in this quarter? I would love to get your thoughts on that. That's my first question, please.

Akshant Goyal: Hi, Manish. Akshant here. It's very hard to predict the trajectory of margin, which is what we have also mentioned in one of the questions in the letter, in the near term. Competitive intensity, even if it's high, is not steady always. On our last conference call, we mentioned that the competitive intensity is now easing off and then it changed.

So, the margins are a function of various things. Competitive intensity is one of it and even within a quarter or even in a longer period, there are various variables which are geography specific and so on. So yes, directionally we say that margin should expand, but we're not able to confidently say that the pace of margin expansion will be the same as what happened in the last quarter because the competitive intensity was high and therefore going forward should also be the same. It's a multi-variable problem with no linear correlation with just one variable.

Manish Adukia: I appreciate that, Akshant. Thank you. Follow-on question then on competition. One, if you can clarify quarter on quarter, your store throughput was down about 6% or 7%. What explains that?

And maybe a related question. In the previous quarter, you mentioned that you want to grow at 100% YoY or expect to grow 100% YoY at least for the next one to two years. Now you're saying that the 100% YoY growth is contingent upon competition not staying irrational. I just wanted to tie up that guidance that you're saying that if competition is not irrational, it's only then you'll open 3,500 to 4,000 stores and only then you'll achieve 100% YoY growth. Is that understanding correct? And my first question was just on store throughput.

Akshant Goyal: Yeah, right.

Albinder Singh Dhindsa: The way competitive intensity affects us is in which form it comes. Last quarter, we saw competitive intensity getting amped up because a lot of competitors went to low MOVs for zero delivery fees, but we're also seeing a lot of discounting happen in the market. Therefore, it becomes a lot more complex for us to be able to say which way things will move and how will we respond. But what you've said is broadly correct.

Akshant Goyal: On store throughput, Manish, it's a function of the fact that our assortment is now expanding and it's possible therefore that there are quarters when some of the store expansion, the driver of which is assortment expansion is not as fast moving as some of the main SKUs. Over the long term, we don't see that as a concern, and the fact that assortment is expanding is also reflecting in our margins which were better last quarter despite the throughput being lower as you mentioned.

Manish Adukia: Got it. And just my last question on this topic. Your growth is good, you said like for like 130% YoY and you're expanding margins. So where is competition showing up? I mean, as of today it's not really impacting you. Is that the way to read it? What needs to change for competition to start impacting your numbers?

Akshant Goyal: We're not saying that, Manish. There's always a way to look at things and one can argue that in absence of irrational competition, that we're pointing out, things would have been much better than what they are today. That's also one perspective. The competition is impacting us in terms of our outcomes and numbers, but it may or may not impact the decisions that we take in that particular quarter.

For example, in the last quarter we didn't see these freebies impacting our market share too much, and hence we sort of sustained our pricing, but as you might have seen last week, we did drop our delivery charges in some markets because we saw some impact. Overall, there's definitely an impact of competition and it impacts our margins, it impacts our top-line growth, it impacts our store expansion plans and various other things.

Manish Adukia: Got it. Last question before I jump back in the queue. You've maintained your $3 billion NOV guidance for going-out in FY30, which would imply north of 30% CAGR over the next four years. Last quarter, of course, was about 20% growth. One, why is the growth as low as it is right now? And two, what explains that meaningful expansion that is being built into your guidance?

Akshant Goyal: A large part of our growth in this business, going forward, is going to be from market share growth. There are sub-segments within District business like events and movies where we are a significantly smaller market player even now compared to our competitors. For us to deliver 30% CAGR over the next three to four years, it doesn't necessarily mean that the industry has to grow that much. Lot of it can also come from market share gains, and that is what we are building into our plans right now.

Manish Adukia: Very helpful. Thanks a lot. I'll jump back in the queue.

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

Ankur Rudra: Hey, thank you. Nice to see a quick commerce break even here. Maybe to start with, could you highlight whether the slower growth in orders this time seems to have slowed down a bit more than your headline revenues in the quick commerce business, and it again has not been impacted by GST. Is that a reflection of the more aggressive stance from a competitive perspective? Did you lose some share to peers?

Albinder Singh Dhindsa: Yes, some of it is an impact of that, Ankur.

Ankur Rudra: Got it. Going forward, do you think this will normalize?

Albinder Singh Dhindsa: We have no idea. It depends on how the overall market behaves.

Ankur Rudra: Got it. Maybe just another follow-up on the previous question. Your addition has slowed down this time. It should imply better store vintage, and the older stores should ideally have better NOV per store. I think you made a comment about that. I'm just curious to see why it's not coming up. Why the NOV or throughput per store per day is not expanding if we see a better vintage?

Akshant Goyal: Ankur, that's again a function. As I mentioned, a lot of our store additions, not just last quarter but last two, three quarters, has been towards assortment expansion and as we now further expand assortment, the turnover of this long tail is not as high as what we started the business with. So, there is always that negative impact of assortment expansion on throughput that we will continue seeing in the business, and in this quarter, that's resulted in a slight dip. I don't think we should read too much into that at this point. We should bounce back and NOV per day per store we believe will continue to grow.

Kunal Swarup: Also, part of the impact was on account of the GST change. If in absence of that 3%, impact would have been --

Ankur Rudra: Yeah, I saw that. I was hoping it'll expand, given it has slowed down a bit, but I understand the answer. Just a couple of points on the cash flow. I can see that capex has gone up a bit this time despite fewer stores being added versus last quarter, and your working capital days seem to be expanding. If you can comment on those two factors, please.

Akshant Goyal: Ankur, as we mentioned in the letter, our framework for thinking about capex and net working capital is ROCE and it's a young business. We don't have a playbook for how much NWC is going to give us what kind of ROCE, etc. We are open-minded and first principles on this.

In the past, we've shared some assumptions on what capex per store could be going forward and what our net working capital days in the business could be. Broadly, we are hovering around the same range right now, but especially on capex, it will go up on a per store basis going forward because there's a lot of automation opportunity here which will increase productivity.

Even though we might see capex per store going up over the next few quarters, we don't expect net working capital to be beyond those 18 days that we had shared earlier, so that should remain within range and hence, as a consequence of that, the ROCE outcome should still be north of 40%. That's what we're solving for.

Ankur Rudra: Understood. Thank you and best of luck.

Akshant Goyal: Thank you.

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

Swapnil Potdukhe: Hi, thanks for the opportunity and congrats on breaking even in the quick commerce business. My first question is with respect to your contribution margin expansion that happened in Blinkit, 90 basis points improvement. This was despite 20 basis points of take rate coming off. Where exactly, if you can pinpoint, did you see a meaningful improvement or the play out within the contribution expenses between the take rate to contribution margin expenses?

Albinder Singh Dhindsa: Swapnil, it's mostly to do with the mix change. Impact of seasonality is also over there and then some of the other factors also impact what product mix we end up selling in the quarter.

Akshant Goyal: And on the cost efficiencies, most of the benefit as you see, are on the cost side below gross profit. There's no one particular factor. It's largely operating leverage, which is resulting in lower costs and higher productivity in warehouses that's resulting in increase in margins.

Swapnil Potdukhe: Got it. And going ahead, given that you also mentioned that you have cut down your delivery fees in certain markets, in my opinion, it will put some pressure on your take rates. So, how much contribution margin expansion will realistically be possible for us to sustain, let's say, in the next quarter or so?

Akshant Goyal: For the next quarter or even two, we don't want to comment on anything, Swapnil. I hope you'll appreciate that, and we've mentioned that in the letter, trying to explain what the various reasons are on why this might be a little volatile in the short term. It is very hard to talk about whether the margins will expand at all or if they do, by how much in the next quarter.

Swapnil Potdukhe: Okay.

Akshant Goyal: Just to add, in the long term, in our letter we have mentioned that our confidence on margins going to 5% to 6% of NOV remains high, and we've shared data on a couple of cities in our business where we are already at 5% Adjusted EBITDA margin. The way we think about margins is therefore long term. We have extremely high confidence in the business model to deliver the margins that we need to get to the ROCE that I mentioned. But in the short term, we want to take the right decisions for the business which would mean taking a margin hit if we have to do that and we're open about that. We're not saying that it's going to happen next quarter. These decisions are going to be tactical and taken in real time. Hence, a lot of it depends on how the market shapes up over the next three to six months, and that's why the unpredictability on margin from here on.

Swapnil Potdukhe: Got it. Can you just clarify, because there have been a few changes in the labor code this time around, and how much of those costs are already baked in your margins today and are coming from the two impacts essentially that I want to understand about. One is the impact because of the gig worker cost going up towards their social security benefits, and secondly because of the changes on the gratuity side for some of the fixed term contract labor. If any of that is already in the margin or going ahead, will we have to face that challenge?

Akshant Goyal: As we have mentioned in question 11, the new labor codes do not impact our long-term margin guidance. That doesn't change. As far as any potential impact on account of code on social security is concerned, we will get to know that once the rules are operationalized and notified. From what we know today, the business will either be able to absorb that cost or we'll pass it on to customers.

On your second part on gratuity and leave encashment, our assessment right now is that there's no impact on our business on account of that. But again, there are a few outstanding questions there that we will get more clarity on over the next few days. And if there is any impact, then the next quarter will reflect that, but I don't expect that to be meaningful at all.

Swapnil Potdukhe: Got it. Just the last one on the going-out side. Our previous thought process was that the losses in that business will be around INR 60 crore to INR 70 crore maybe, quarter wise. There has been a sudden jump in this particular quarter and against that we didn't have that kind of growth as well, 20% YoY. Is there any scale up in investments that you have made that is going to sustain or how should we look at that or was there a bunch of some investments this quarter itself?

Akshant Goyal: It's more the latter. We decided to launch District Pass membership program which we initially did not plan for in this quarter, and a large part of the increase in losses is on account of rolling that out and that will not impact the top-line numbers in this quarter given the effect will be compounding over the next few months.

But it's the right step, and it's going to drive multi-category usage on the app. We'll keep evaluating whether we need to continue this investment or not. Irrespective of that, as we have mentioned in question 13, we now expect the losses to come down sequentially from here towards breakeven in the next four to six quarters.

Swapnil Potdukhe: Got it, Akshant. That's very clear. Thanks a lot for taking my questions and all the best.

Akshant Goyal: Thank you.

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

Garima Mishra: Thank you so much for the opportunity. First, if I refer to your second quarter letter, you mentioned that for the Blinkit business, GST cuts bring down basket pricing by 3%, and this should help in higher demand. Did this play out in the manner you had envisaged in Q3?

Albinder Singh Dhindsa: Hi Garima, some of it did, but there were also supply challenges because of the transition. It will become clearer over the next few quarters. It was not a resounding yes this quarter.

Garima Mishra: All right, thanks for that, and Albinder congrats to you on your new role of Group CEO. Do you continue to lead the Blinkit business, or should we expect some internal leadership changes?

Albinder Singh Dhindsa: No, Garima. As we mentioned in the letter, we continue to operate like we're operating. As a team, Akshant, Deepi, and I will continue to do whatever we were doing, including me leading the Blinkit business. So, operationally, nothing changes for us.

Garima Mishra: All right. Thank you and wish you the best.

Albinder Singh Dhindsa: Thanks.

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

Gaurav Rateria: Hi, congrats on stellar performance this quarter. My first question is on your comment around 100%+ growth, which would be possible with 3,500+ stores, which was probably earlier possible with 3,000 stores. Does it mean that incrementally whatever stores that you are likely to add will carry lower throughput than what you were expecting earlier? And is it because the competition has been aggressive in rolling out their own stores and hence the penetration of the number of stores has increased substantially which brings down the throughput for you?

Akshant Goyal: Hi Gaurav. No, we never mentioned that the 100% growth from here on will happen with just 3,000 stores. We don't think that is likely, although possible. For that to happen, we will need to open more stores, which is what we have mentioned here.

Gaurav Rateria: Okay, my second question is on your competitive intensity. I guess you did allude to some tactical interventions that you may have done during the quarter. Is it fair to say that if competition remains where it is right now, whatever interventions that you are doing are sufficient for you to hold back to your market share and deliver whatever profitability you have or their will be need for more interventions if the competition remains at the current level?

Albinder Singh Dhindsa: Hi Gaurav, competitive intensity also tends to go up over time because the kind of competitive interventions that we're seeing, they usually lead to lower ROI as you keep doing more and more of them. So, we will have to respond to a fairly volatile environment. I don't think we can just stay at the intervention and then hope that the competition also stays at the same thing. I think people will change. There will be more competitive interventions, and we'll have to also respond to that.

Gaurav Rateria: Got it. My last question is on how to look at the break even on a cash flow basis in quick commerce at the steady state margin that you are talking about on quick commerce business. What would be that converting into from a free cash flow margin perspective? Thank you.

Kunal Swarup: We've also laid out our view on how we think about return on capital here and I think ROCE of 40%+ is how we think about --

Akshant Goyal: I think his question is what does that mean for free cash flow margins. Free cash flow over revenue...

Gaurav Rateria: Yes.

Akshant Goyal: Gaurav, we haven't looked at that yet, honestly.

Gaurav Rateria: Okay, thank you.

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

Gaurav Malhotra: Hi, thanks for the opportunity. Congrats on a good set of numbers. Just a couple of questions. In the shareholders' letter you mentioned that 90% of your business has shifted to inventory, so the remaining 10%, which you said you will not shift, what is the assortment there? Is it electronics, slower moving goods, higher ASP items? What is the assortment of that 10%?

Albinder Singh Dhindsa: Gaurav, some of that is SKUs that we do want to keep on a marketplace model for different reasons. Some of these might also be related to the fact that these are slower moving and in some cases, there is a more vibrant seller ecosystem for these SKUs and they do a better job of managing inventory and managing the back-end, than we would be able to. That's the kind of SKUs that contribute to that number.

Gaurav Malhotra: Got it. Just on food delivery, you did take down the delivery charges, and we are seeing obviously growth coming and picking up. But from here, do we expect growth to further accelerate, or it will remain in this kind of ballpark?

Akshant Goyal: Gaurav, on growth, as we mentioned in response to question 7, that long term growth opportunity is pretty high given that some of our large cities are still growing 50% to 100% year on year.

Sorry, Gaurav, I misunderstood, your question was about food (delivery), right?

Gaurav Malhotra: Yeah, it was on food (delivery).

Akshant Goyal: As of now, as we have mentioned, we expect year-on-year growth to continue slowly trending up towards 20% YoY, is what our current sense on the market is.

Gaurav Malhotra: Got it, okay. Thank you.

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

Sachin Salgaonkar: Hi, thanks for the opportunity and congrats on a great set of numbers.

First question is the move towards your inventory model. You guys said in the shareholders' letter, half of the 1% accretion has already happened. Should we expect the remaining half point to come in the next three to six months? Also, when you think about it, could the benefit be more than 1% point out here?

Akshant Goyal: Sachin, the full benefit should accrue in the next six to nine months, and the benefit will not be more than 1%.

Sachin Salgaonkar: Got it. Second question is any broad sense in terms of the store additions that are happening in Tier 2, Tier 3 cities? Is the economics similar to top tier cities in terms of AOVs, OPDs, and hence should margins be similar out here?

Albinder Singh Dhindsa: Sachin, we're not providing any sort of breakup in to where we are opening stores, but at the contribution level, the economics for us are fairly similar even though the headline numbers might be different depending on Tier 1 or Tier 2.

Sachin Salgaonkar: Got it. Albi, my question was more on the long-term steady state margins. This should also be 5% to 6% of NOV, in Tier 2, Tier 3 cities?

Albinder Singh Dhindsa: Correct.

Sachin Salgaonkar: Got it. Every quarter you guys surprise us positively in terms of looking to add more stores. When we take a four-year, five-year view, how big could this entire quick commerce or stores be for the industry? i.e., is there room for continued growth? Will the industry number be as high as around 10,000? Would love to get your big picture thoughts on this one.

Albinder Singh Dhindsa: Sachin, we're also finding out the depth of the market as we go along, and as we launch more use cases. Customers also indicate how they want to use the platforms. Right now, we have a lot of vectors for growth- geographic, assortment, penetration, customer use cases, which are also coming up. We're also finding out as we go along.

Whenever we know better, we will keep guiding to what we think. Right now, we think that in a rational market, there should be headroom for us to add a significantly higher number of stores in the near future.

Sachin Salgaonkar: Got it. And from a mix perspective, right now where things stand, is it 70:30 mix where 70% of stores are still in top tier cities and 30% in Tier 2, Tier 3, or could that ratio change?

Albinder Singh Dhindsa: We are not providing this, Sachin.

Sachin Salgaonkar: Got it. And my last question is generally trying to understand, for example, in a place like Bangalore where every platform focusing on quick commerce is aggressive, which perhaps might not be the case right now on a pan-India basis, how are directional trends for market share and contribution margin for you guys? Are you maintaining that share? Are you increasing share? Or is there a bit of an impact out there? Just broad directional perspective.

Albinder Singh Dhindsa: From what information we have, in most of the Tier 1 markets, which is the metros, we have largely maintained our share of NOV, and we know that now there is competition in almost all of the cities. That is the best information we have.

Sachin Salgaonkar: Got it. All the best for the future.

Albinder Singh Dhindsa: Thank you.

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

Jignanshu Gor: Hi, congratulations to Albinder again on the position.

I had one question on understanding the growth that you've seen in MTUs, especially on a per store basis. Our ad spends, when I look at the consol versus standalone numbers, we don't really seem to have spent a lot more on ads despite the competition, and so we seem to be getting a lot more organic users. What do you think is attributable to this, on a per store basis, continuing to get more users and not just AOVs?

Albinder Singh Dhindsa: Jignanshu, it's more related to assortment expansion.

Jignanshu Gor: But that should ideally then translate, and that's the second question actually, into higher frequency of orders per customer, right? But that seems to have gone down. Is there a replacement happening? That's the circle I wasn't able to square off, frankly.

Albinder Singh Dhindsa: No, that's not as linear relationship as you think. If customers come to us through categories which are expansion categories, then the frequency doesn't necessarily go up because frequency driver categories are not the ones that they might be entering through.

Jignanshu Gor: Okay, so they're coming for expansion but not necessarily doing the core transactions yet on this platform.

Albinder Singh Dhindsa: Yes, the trajectory might be different as we expand assortment more.

Jignanshu Gor: Understood. Great. Okay.

And just a second follow-up on one of the questions Garima asked regarding leadership. Does the Blinkit plus food and other, going-out, or the entire leadership below the three of you remain as it is, and there is no change? Is that the right way to think about it, at least for now?

Albinder Singh Dhindsa: Right.

Jignanshu Gor: Okay, great. All right. Yeah, that's it for me. Thank you and congratulations.

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

Abhisek Banerjee: Hi, congratulations on a great set of numbers. Just a couple of questions from my side. In the letter you mentioned that capex per store will increase henceforth. Why is that? Are we also moving to a megapod-like structure?

Albinder Singh Dhindsa: Abhisek, it tends to be chunky, and we make a lot of investment in the warehousing infrastructure as well, especially as we expand deeper and deeper into the country. That would explain the increase in capex per store. Also, we are investing a lot more in automation now.

Akshant Goyal: Also, there is some increase in per store's square foot size as you mentioned, but it may not be similar to what other competitors are doing, but in general, our store size is going up every quarter.

Abhisek Banerjee: Is that for more assortment or for any other reason?

Akshant Goyal: Yes, it's a function of availability of real estate, it's a function of how we want the store design to be, and because of that, there's a trend which is taking the store size up. Capex per square feet of space addition is not going to go up as much as capex per store would.

Abhisek Banerjee: Understood. In Bistro, you have mentioned that you are seeing some early signs of a product market fit. Can you please elaborate on that and what kind of scale up can we realistically think?

Akshant Goyal: Abhishek, product market fit for us when we say that, what we mean here is that on the customer side there is genuine value being created for which they come back to the platform and transact and then equally from an economic standpoint, we start getting more comfort on this business being able to make money, especially given the AOVs are much lower here than what we see in the food delivery business.

These are the two elements of product market fit. The one on the demand side, we were anyways fairly confident. We knew that a few months ago when we opened the first few stores that customers were not coming here just for cheap food, but we're solving an unmet customer demand here for quick snacky food, which is higher quality at the right price point.

On that we had conviction early, but as we continue to build the business, we are building more conviction on economics as well and hence, at this point our plan is to continue investing in this business in a cautious way and at some point, like Blinkit, if it becomes extremely clear that this is a profit making business and margin visibility is high, then we may accelerate expansion as well. We'll keep all of you posted on this every quarter.

Abhisek Banerjee: Is this convenience plus value both for you? Just trying to compare with Toing that Swiggy has come out with.

Akshant Goyal: Not just convenience and value, it's also menu assortment. There's a cuisine gap in the market which Bistro fills, and that is also why we don't see this business cannibalizing the Zomato business, wherever we have these stores.

Abhisek Banerjee: Understood. One last question from my side is in Deepinder's letter, it is mentioned that his unvested shares would come back to the employee pool. What kind of expansion would this lead to the ESOP pool that you have and how you are set for and for how much of a time period do you think you do not need to do more grants?

Akshant Goyal: The way it works is that we have an ESOP pool which has a large number of shares today. I think roughly about, I need to check the number, but it's north of 20 crore shares. So, his ESOPs will perhaps expand that pool by another 3.3 crore shares. The grant from this pool is a function of the Board allocating ESOPs to different employees basis their performance, etc. Therefore, the grants are not going to go up just because the pool size went up, but because the pool size went up, we may not need to dilute our ESOPs again for slightly longer than what we would have otherwise done. That's what we're trying to say here.

Abhisek Banerjee: Understood, Akshant. Any visibility on how much of a runway you have with current ESOP pool?

Akshant Goyal: Hard to say. We don't think we need any dilution in the near future at this point.

Abhisek Banerjee: Okay, thank you. That will be all from my side.

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

Kunal Vora: Hello, thanks. You mentioned that this quarter you had 211 net store additions. Did you close any stores during the quarter?

Albinder Singh Dhindsa: Yeah, Kunal, just regular closures that happen for different reasons, so it is net store addition.

Kunal Vora: Okay, how high will that gross number be versus the net number because that could also explain the capex.

Albinder Singh Dhindsa: Closure rate is very low.

Kunal Vora: Very low, okay. And there has been rapid expansion over the last few quarters. Do you see a need to review some of the stores and similarly, there are cities, smaller cities, do you think some of them you might need to exit or it all looks good?

Albinder Singh Dhindsa: It looks good.

Kunal Vora: Okay. Second is in terms of competition, is it largely between the three quick commerce players, or is it the e-com players which have also expanded, physical retailers such as JioMart also are talking about almost 800 dark stores and 1.6 million daily orders. Are you seeing any impact of these players at least in the Tier 2, Tier 3 cities?

Albinder Singh Dhindsa: For us, competition is everybody who's trying to gain a market share of the online buying pie. So, everybody's included.

Kunal Vora: But is there an increase in competition with the other three players also now getting more aggressive?

Albinder Singh Dhindsa: Yeah, generally the competition across the board has gone up.

Kunal Vora: Okay, fine. Lastly, in Blinkit, how much do cities beyond the top 8 cities contribute? And how is the experience beyond the top cities? How many cities do you see a potential in?

Albinder Singh Dhindsa: We are not disclosing that Kunal. I've mentioned that before also on the call.

Kunal Vora: Okay, that’s it from me. Thank you.

Albinder Singh Dhindsa: Thank you.

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

Nikhil Choudhary: Hi, thanks for the opportunity and congratulations on achieving break even in Blinkit and Hyperpure. First question is on 100% growth part. Last quarter, you mentioned that you can deliver 100% YoY growth for the next two years. And if the opportunity size is so large, which we believe it ideally should be, then why short-term change in competitive intensity can derail it especially when you guys have already achieved break even? You're talking about investing in market share gain. Then what is stopping us from achieving this 100% growth? What has changed basically in one quarter?

Albinder Singh Dhindsa: Nikhil, our viewpoint on this is that the competitive intensity is also dependent on the kind of competition you see. Currently, we feel that we are the only ones who are meaningfully contributing to increasing the market size, whereas the competitive intensity is mostly showing up and taking away share, and that is why you will see that pressure on growth. Usually, you will see much faster market growth and all players gaining share, but we're not seeing that kind of competition.

Nikhil Choudhary: Got it, thank you. Second, is the behavior remaining consistent across the players or is it more limited to incumbents? What I meant to say are new players like Amazon, Flipkart, and JioMart also resorting to this kind of competition now or is it more limited to incumbents?

Akshant Goyal: Nikhil, we wouldn't want to comment on this question. You should find out and talk to others.

Nikhil Choudhary: Got it. The last one is on food delivery. We saw some acceleration this time and also we are hearing positive commentary from consumer and consumption driven companies in India. Is it fair to say you are more comfortable in reaching, let's say, 20% growth in FY27 or maybe in two to three quarters?

Akshant Goyal: Very hard to say, Nikhil. These things keep changing for reasons which are beyond our control. We don't want to venture and take a guess here on how this moves. Our business responds to growth and demand, and it's an asset light model. If the demand expands, unlike Blinkit, we don't need to build infrastructure to service it. Whatever is the pace of growth of consumer demand in the country, in this business, our job is to make sure that we're able to cater to it and largely our job there is to make sure that delivery partner supply matches the growth in demand and restaurants are able to respond to that in terms of capacity. So, we just stick to our job and we don't want to take a guess on how this will grow from here in terms of growth rates.

Nikhil Choudhary: Got it. Just last one on the leadership transition. While you have clarified that currently everyone is doing what they were doing, but is it fair to say medium to long-term, ultimately the goal is to transition more responsibility to Albinder and Deepinder may be taking more executive role?

Akshant Goyal: That's not the plan, Nikhil. Deepinder, as his letter mentions, is going to continue to be involved in the same way he was in the past, and there's a lot to be built at Eternal right now. Most of our businesses are young, including food delivery, so we have a long runway ahead, and at this point we're all committed to continue building it.

Nikhil Choudhary: Got it, very helpful. Thanks a lot, and good luck for coming period. Thank you.

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

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

Vijit Jain: Hi, thanks for the opportunity and congratulations, Albinder on the promotion to CEO role and to the team for the break even. My first question, you said earlier that store size in general continues to go up every quarter. I'm wondering, in mature cities, are store sizes going up there as well? And related question to that, when you say automation in stores, could you talk a little bit about where the automation will come in the stores? That's my first question.

Albinder Singh Dhindsa: Hey, Vijit. On the first one, yes, the store size is going up across the board. And on automation, actually, most of our automation is more related to our overall supply chain, not just the stores.

Vijit Jain: Okay, got it. The second question, you mentioned earlier, you talked about assortment changes as business grows and matures. In terms of the metrics that you track, is gross profit per square feet per day, I know you've mentioned in the past, is it still the north star? And do you care about maximizing order throughput per dark store per day at all? I'm just trying to get a sense on this because there are certain conversations that tend to focus too much on orders per dark store per day.

Albinder Singh Dhindsa: Vijit, we don't really have those kind of targets whether it is orders per day or sales per square foot. Our plan is to provide customers with better experience, whatever allows us to do it and is good for the overall economics of the business. That's the direction that we end up going in.

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

Albinder Singh Dhindsa: Thank you, Vijit.

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