zomato

Zomato.com
info@zomato.com

To

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

To

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

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

Sub: Shareholders letter dated May 19, 2023

Dear Sir/ Ma'am,

Pursuant to Regulations 30 of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**"), please find enclosed shareholders letter dated May 19, 2023 from Mr. Deepinder Goyal, Managing Director & Chief Executive Officer of the Company and Mr. Akshant Goyal, Chief Financial Officer of the Company.

The above information will also be hosted on the website of the Company i.e. **www.zomato.com**

For Zomato Limited

Sandhya Sethia
Digitally signed by Sandhya Sethia
Date: 2023.05.19 16:17:43 +05'30'

Sandhya Sethia
Company Secretary & Compliance Officer
Place: Gurugram
Date: May 19, 2023

zomato

SHAREHOLDERS' LETTER AND RESULTS

Q4FY23 | MAY 19, 2023

IN THIS REPORT WE COVER

01
Zomato's business performance in Q4FY23

02
Update on progress on profitability

03
Data on unit economics and cash flow

04
Update on delivery partner initiatives

OUR VISION STATEMENTS

Better food for more people

ZOMATO & HYPERPURE

Instant commerce indistinguishable from magic

BLINKIT

Make India malnutrition free

FEEDING INDIA

Q4FY23 (Quarter ending March 31, 2023)
Headline Results

Milestone Alert 🏁

Our business excluding quick commerce turned Adjusted EBITDA positive in Q4FY23 driven by the food delivery business generating INR 0.78 billion of Adjusted EBITDA in the quarter. In August 2022, we had announced that this business will get to break-even within the next 3-5 quarters, and we are pleased to have delivered on that goal in the third quarter post that announcement 🚀

Next up – we are aiming to get to **positive Adjusted EBITDA (and also PAT) on a consolidated basis** (including quick commerce) within the next 4 quarters 🔥
(Note: The difference between Adjusted EBITDA and Profit after Tax (PAT) has narrowed significantly over time)

Consolidated

Adjusted Revenue	Adjusted EBITDA	Adjusted EBITDA margin
INR 24.13 billion	**INR -1.75 billion**	**-7%**
▲ 57%	INR -2.25 billion (Q4FY22)	▲ 7% (percentage points)
YoY growth	▲ INR 0.49 billion YoY improvement	YoY improvement

Excluding quick commerce

Adjusted Revenue	Adjusted EBITDA	Adjusted EBITDA margin
INR 20.51 billion	**INR 0.28 billion**	**1%**
▲ 33%	INR -2.25 billion (Q4FY22)	▲ 16% (percentage points)
YoY growth	▲ INR 2.52 billion YoY improvement	YoY improvement

Notes:
1) Adjusted Revenue defined as revenue from operations as per financials (+) customer delivery charges in the food delivery business.
2) Adjusted EBITDA defined as EBITDA (+) share-based payment expense (-) rental paid for the period pertaining to 'Ind AS 116 leases'.
3) Adjusted EBITDA margin as a % of Adjusted Revenue.

In the letter below (still in our much appreciated Q&A format), we will address the key questions that were asked of us in the recent past, in addition to the questions we think investors might have.

Q1. After delivering on your earlier guidance, how confident are you of achieving profitability for the entire business within the next four quarters?

Deepinder: I would rate our current confidence level at 9/10. How are we aiming to get there? By 1) increasing profits in the food delivery business and 2) reducing losses in the quick commerce (Blinkit) business.

In food delivery, over the last five quarters, we have improved our margins meaningfully while further strengthening our market position. We will continue with the same mindset as we look to further expand the Adjusted EBITDA margin (from the current 1.2%) to our stated goal of +4-5% of GOV (which would translate to ~INR 1,000 to 1,300 crores of annual cash operating profit at the current scale of the food delivery business).

On the quick commerce side, while there is still a long way to go in terms of margin improvement, we are pleased with the outcomes so far in a short period of time. In the month of March 2023, more than 65% of the GOV was from Contribution positive stores. A few stores have even crossed 5% Contribution margin and we expect that to be the case across the mature parts of our network at some point in the future. We believe we are the most cost efficient and the largest quick commerce business in India today.

We will of course, keep you posted on how we progress here.

Q2. Ok, please give us the usual summary of Q4FY23 numbers across the entire business.

Akshant: Here you go. The table below gives the quarterly break-up of Adjusted Revenue and Adjusted EBITDA into our four main business segments.

Consolidated summary financials

Adjusted Revenue

INR billion, unless otherwise mentioned	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	FY23
Food delivery	12.84	14.70	15.81	15.65	15.30	61.47
Hyperpure (B2B supplies)	1.94	2.73	3.34	4.21	4.78	15.06
Quick commerce[(1)]	-	-	1.42[(1)]	3.01	3.63	8.06
Others	0.61	0.67	0.49	0.75	0.43	2.34
Adjusted Revenue	**15.39**	**18.10**	**21.07[(1)]**	**23.63**	**24.13**	**86.93**
YoY % change	*67%*	*56%*	*48%*	*66%*	*57%*	*57%*
Adjusted Revenue (ex-quick commerce)	**15.39**	**18.10**	**19.65**	**20.62**	**20.51**	**78.87**
YoY % change	*67%*	*56%*	*38%*	*45%*	*33%*	*42%*

Adjusted EBITDA

INR billion, unless otherwise mentioned	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	FY23
Food delivery	-1.89	-1.13	0.02	0.23	0.78	-0.10
Hyperpure (B2B supplies)	-0.44	-0.44	-0.53	-0.53	-0.45	-1.94
Quick commerce[1]	-	-	-1.32[1]	-2.27	-2.03	-5.62
Others	0.08	0.06	-0.09	-0.09	-0.05	-0.17
Adjusted EBITDA	**-2.25**	**-1.50**	**-1.92[1]**	**-2.65**	**-1.75**	**-7.83**
as a % of Adjusted Revenue	*-15%*	*-8%*	*-9%*	*-11%*	*-7%*	*-9%*
Adjusted EBITDA (ex-quick commerce)	**-2.25**	**-1.50**	**-0.60**	**-0.38**	**0.28**	**-2.21**
as a % of Adjusted Revenue (ex-quick commerce)	*-15%*	*-8%*	*-3%*	*-2%*	*1%*	*-3%*

Notes:
1) Q2FY23 Blinkit numbers are not fully comparable with Q3FY23 and Q4FY23 numbers as Q2FY23 data consolidates Blinkit financials only for part of the quarter (~50 days) (transaction closed on August 10, 2022).
2) 'Others' includes (a) dining-out revenue in India and UAE, (b) revenue from Zomato Live that includes events like Zomaland. Till Q3FY23, there were two other sub-segments included in 'Others' - (i) revenue from food delivery services that we offered to Talabat in UAE which was a pass-through revenue (EBITDA neutral) and has been discontinued in Nov-22 and (ii) revenue from our Zomato Pro and Pro plus membership programs in India, which have now been discontinued.
3) Up until Q1FY23, Adjusted EBITDA did not include the rental expenses on certain leases that are required to be capitalised as per Indian Accounting Standard 116 (Ind AS 116). From Q2FY23 onwards, we have included the actual rent paid for the period under such leases in the Adjusted EBITDA computation to reflect our cash loss / profit more appropriately. We have not reflected this change in the earlier quarters to avoid confusion. Refer to Annexure B for details regarding actual rent paid during the quarter.
4) Adjusted Revenue shown above does not include inter-segment revenue.
5) We have converted millions into two decimal billions and hence there could be some totalling anomalies in the numbers displayed above.

Following are the key metrics across individual businesses -

Food delivery

Financial metrics

INR billion, unless otherwise mentioned	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23
GOV	58.53	64.25	66.31	66.80	65.69
Adjusted Revenue	12.84	14.70	15.81	15.65	15.30
Contribution	0.98	1.79	2.97	3.39	3.80
Contribution as a % of GOV	1.7%	2.8%	4.5%	5.1%	5.8%
Adjusted EBITDA	-1.89	-1.13	0.02	0.23	0.78
Adjusted EBITDA as a % of GOV	-3.2%	-1.8%	0.0%	0.3%	1.2%

Operating metrics

'000, unless otherwise mentioned	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23
Average monthly transacting customers (million)	15.7	16.7	17.5	17.4	16.6
Average monthly active food delivery restaurant partners	205	208	207	209	215
Average monthly active delivery partners	316	319	341	330	316

Hyperpure (B2B supplies)

Financial metrics

INR billion, unless otherwise mentioned	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23
Revenue	1.94	2.73	3.34	4.21	4.78
YoY % change	*160%*	*263%*	*199%*	*169%*	*146%*
Adjusted EBITDA	-0.44	-0.44	-0.53	-0.53	-0.45
as a % of Adjusted Revenue	*-23%*	*-16%*	*-16%*	*-13%*	*-9%*

Operating metrics

'000, unless otherwise mentioned	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23
Unique restaurants billed	34	37	40	44	42

Quick commerce

Financial metrics

INR billion, unless otherwise mentioned	Q1FY23	Q2FY23	Q3FY23	Q4FY23
GOV	11.72	14.82	17.49	20.46
Revenue	1.64	2.36	3.01	3.63
Contribution	-2.03	-1.08	-0.79	-0.56
Contribution margin (as a % of GOV)	-17.3%	-7.3%	-4.5%	-2.7%
Adjusted EBITDA	-3.26	-2.59	-2.27	-2.03
Adjusted EBITDA (as a % of GOV)	-27.8%	-17.5%	-13.0%	-9.9%

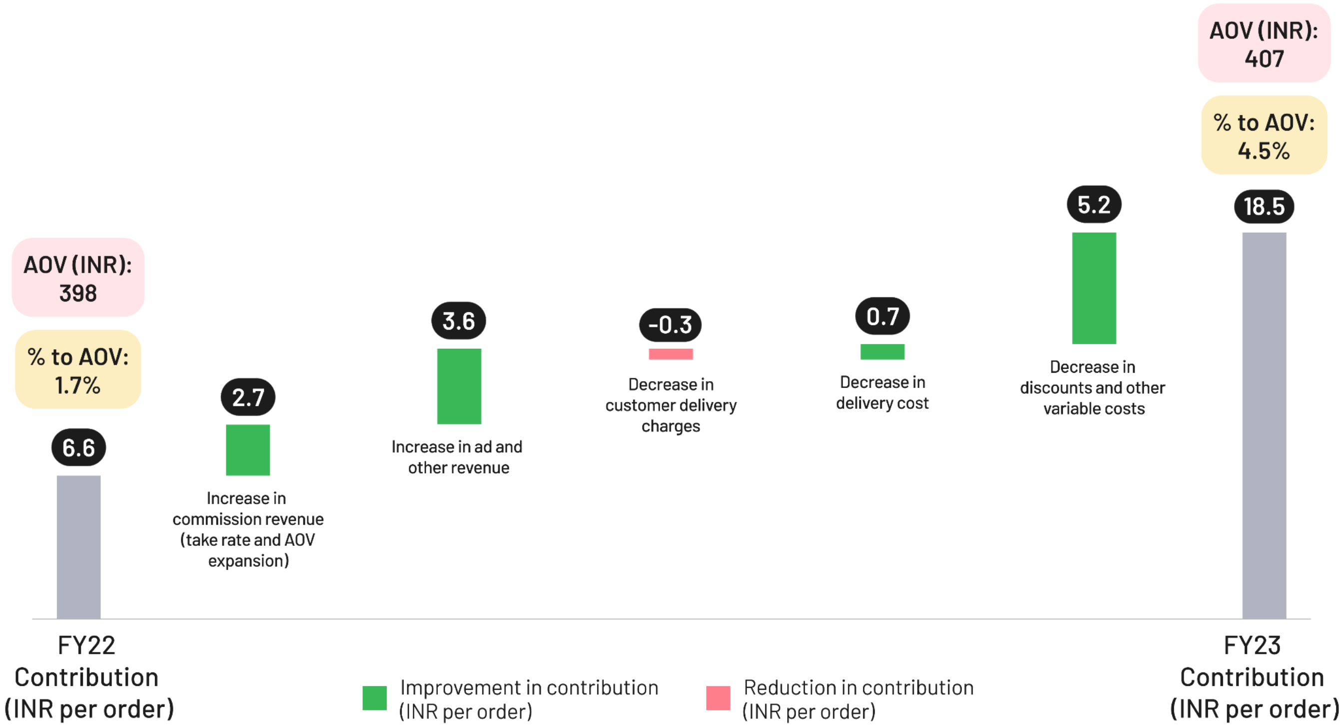
Operating metrics

million, unless otherwise mentioned	Q1FY23	Q2FY23	Q3FY23	Q4FY23
Orders	22.2	26.1	31.6	39.2
Average order value (AOV) (INR)	528	568	553	522
Average monthly transacting customers	2.2	2.6	3.1	3.9
Average GOV per day, per dark store (INR '000)	309	422	524	625

Q3. There has been a sharp improvement in food delivery profitability in Q4FY23 despite the launch of Zomato Gold. That was unexpected. How did this happen?

Deepinder: I have to give it to the team for the impeccable execution in the last few months. We stuck to our plans and were able to make sure that the launch of Zomato Gold did not affect our overall profitability timeline. Zomato Gold membership base scaled to 1.8 million members during the quarter and while that had some negative impact on our contribution margin, it was more than compensated for by progress across other revenue and cost levers which we have been working on in the last couple of quarters.

Akshant: Below is the break-up of levers leading to margin expansion over a relatively longer term (FY23 vs FY22). As you can see, the improvement has been across the board. Many of these levers were similar even for the QoQ improvement in Q4FY23.



Note: Other variable costs comprise payment gateway charges, customer support cost, customer and restaurant partner refunds and other variable spends on account of activities like delivery partner onboarding, delivery partner insurance, SMS, cash on delivery handling and call masking, among others.

Q4. Two things stand out from the chart above - a) customer delivery charges have been flat and b) delivery cost has not reduced much. Why?

Deepinder: Keeping delivery charges low has been part of the strategy to drive growth. For example, orders from Zomato Gold members (with free delivery benefit) now comprise as much as ~30% of our total GOV (Mar-23), however, the order frequency of these customers has on an average increased by ~60% post becoming members.

Delivery costs haven't seen significant improvement in the last year in spite of a lot of effort and great work done by the team. Our efforts to increase the efficiency of our delivery network were reversed to some extent by factors like high inflation, investing in increasing choice for customers by increasing delivery radius, etc. Anyway, we are going to continue trying harder to bring our delivery cost down (without impacting earnings of our delivery partners), and are hopeful of making progress over the next few quarters.

Q5. Food delivery seems to have had a slow quarter again. Why? Have you lost market share?

Akshant: The quarterly growth is low because of the demand slowdown we witnessed in our business from late October last year till the end of January this year. As we had mentioned in our last letter, we had started seeing green shoots of recovery in the first week of February 2023. That recovery has continued and the business has grown well since then and the same should reflect in better GOV growth in the next quarter. We are expecting QoQ GOV growth to be in high single digits in Q1FY24. This could have been higher if not for the industry wide slowdown that continues to weigh on growth.

There were two other factors that impacted growth in the quarter - (a) February being a shorter month (-2.2% impact) and (b) shutdown of ~225 cities in January 2023 - as reported in our last shareholders' letter (-0.3% impact). Normalised for these factors, we would have seen a QoQ GOV growth of 0.8% in Q4FY23 instead of a decline of 1.7%.

We believe we have gained market share in the last quarter and also in the last financial year (FY23).

Q6. What caused the decline in monthly transacting customers in Q4FY23?

Akshant: Most of this can be attributed to our strategic call of churning out the bottom few percentile of unprofitable customers from our business, in addition to the fact that this quarter had fewer days. The churn of unprofitable customers happened in more ways than one, for example – a) shutting down of the bottom ~225 cities b) optimised marketing spends to focus on higher quality of new customers, and c) withdrawal of human support interface for the most abusive cohort of customers leading to higher churn in this segment of customers.

Q7. What are your thoughts on ONDC and how it impacts Zomato?

Akshant: At Zomato, we welcome all innovations that could help the restaurant industry in India grow. We continue to watch the ONDC progress closely and learn from it.

Q8. Moving to Hyperpure, the loss has come down in Q4FY23 - what is driving that?

Deepinder: In Q4FY23, we introduced a delivery charge for orders below a certain minimum value, which led to some churn in restaurants ordering from Hyperpure. While the number of unique restaurants billed fell from 44k in Q3FY23 to 42k in Q4FY23, the overall profitability of the business improved as a result of this. In March 2023, our oldest city Bangalore turned profitable (before allocating central corporate overheads).

We also shut down one of our cities (Chandigarh) as we did not see the right demand density in that location.

As we mentioned in the last letter, the quick commerce opportunity is scaling well, and we expect it to contribute meaningfully to revenue growth and profitability in the coming quarters.

Q9. Moving on to Blinkit, AOV is on a downward trend - what is causing this decline?

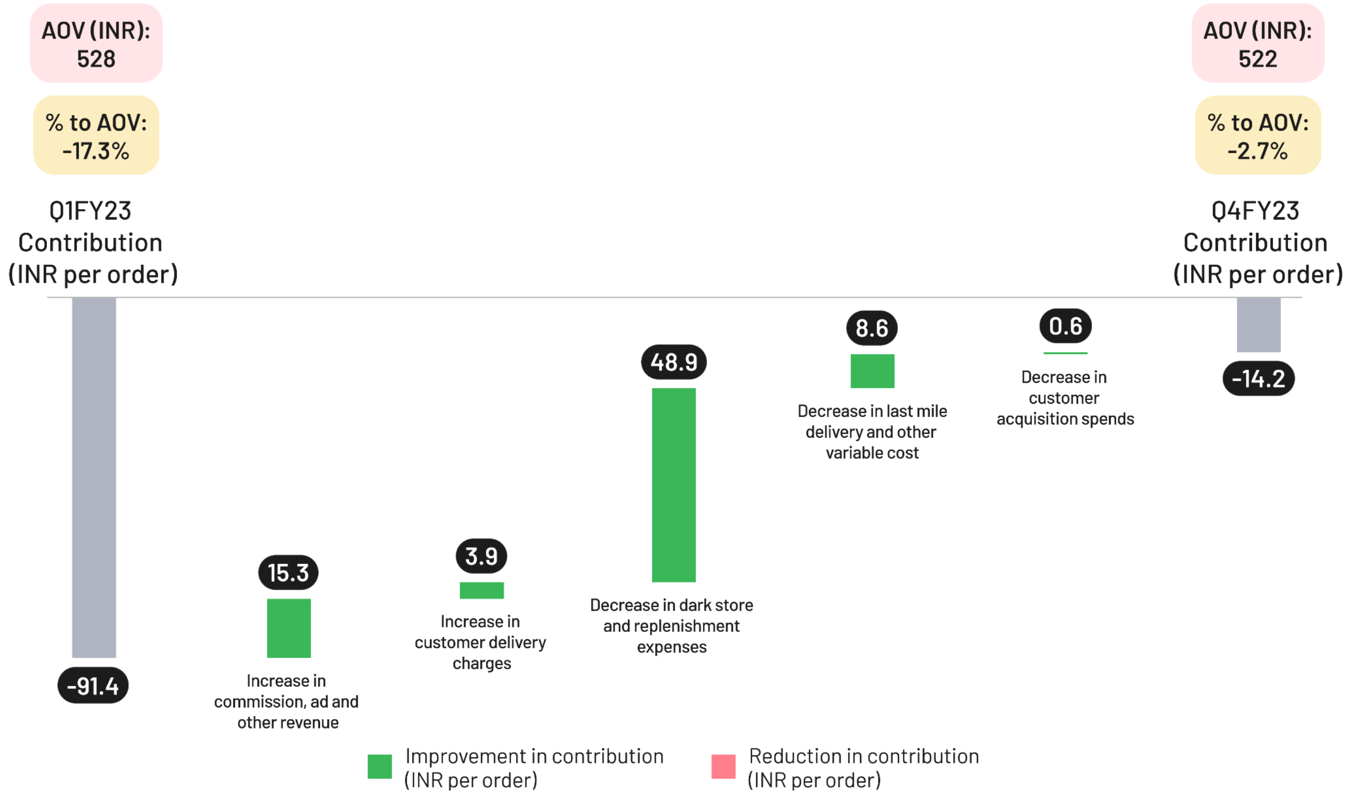
Albinder: We have learnt that the AOV in this business will continue to swing up and down in the near to mid term due to multiple (mainly seasonal) factors. For example, AOVs will go down when there is a good harvest of vegetables (which leads to lower prices for F&V). Over time, as we get scale, we hope to be able to predict such swings better and mitigate the impact of these swings on our margins.

We expect the AOV to increase QoQ in the current quarter (Q1FY24).

Q10. Despite the drop in AOV, you seem to have made good progress on contribution margin. What were the key drivers here?

Albinder: The improvement in Contribution margin was driven by both revenue and cost levers. On the revenue side, better ad monetisation and higher customer delivery charges partially offset the drop in revenue per order due to lower AOVs. On the cost side, higher throughput per dark store and efficiencies in replenishment (warehousing and middle mile) drove down the cost per order (operating leverage).

Below is a break-up of the improvement across various revenue and cost heads over the course of the last four quarters (Q1FY23 to Q4FY23):



As is evident from the above, there is significant operating leverage in this business. Higher throughput per store has led to a significant reduction in dark store and replenishment cost per order. As the platform scales further, we expect improvement in Contribution to be driven by all of the above revenue and cost levers.

Q11. Talking about store throughput, what's the current GOV per sqft for Blinkit?

Albinder: As of 31st March 2023, our dark stores combined had a total space of ~1.3 million sqft and generated quarterly GOV of ~INR 15,000 per sqft in Q4FY23 which is expected to grow as we scale. For some of our mature stores, this number is already ~INR 30,000 per sqft. What makes our throughput per sqft so high? Three reasons primarily – most relevant and fast moving assortment, store design optimised for deliveries (more storage, less aisle space, efficient order checkout), and multiple replenishment cycles in a day.

Q12. There were news reports of you wanting to enter the domain of providing home services similar to Urban Company. Is that true?

Albinder: At Zomato, we run multiple small experiments to find ways in which local economies can benefit from technology, which makes products and services more accessible for customers. Home services is one such experiment where we are exploring whether we can make our neighbourhood services like electricians, plumbers, etc. more accessible to customers. At this point, this is not a big decision at our end. We will keep you updated on the progress here, if any.

Deepinder: Since I was on the board of Urban Company, I thought it was the right thing for me to step away given we were exploring this space. If at all we end up competing with Urban Company at a large scale, we know we are up against a formidable team and a very high quality business.

Q13. What is the consolidated cash balance now?

Akshant: The cash balance on a consolidated basis as at the end of 31st March 2023 was INR 113.23 billion as compared to INR 114.63 billion as at the end of 31st December 2022.

Q4FY23 is the first quarter where the business generated surplus cash (of INR 0.40 billion) and we expect that to continue going forward. The end of period cash balance will, however, depend on the changes in net working capital, which may continue to increase or decrease based on multiple factors.

Below is the bridge between Adjusted EBITDA and the opening and closing cash balance for Q3FY23 and Q4FY23.

INR billion, unless otherwise mentioned	Q3FY23	Q4FY23
Adjusted EBITDA	**-2.65**	**-1.75**
Add: Treasury income received	1.17	2.30
Less: Capital expenditure incurred	-0.35	-0.25
Add: Other items	-0.13	0.10
Cash (burn) / surplus	**-1.97**	**0.40**
Add: (Increase) / Decrease in net working capital	1.14	-1.80
Change in cash	**-0.83**	**-1.40**
Add: Opening cash balance	115.46	114.63
Closing cash balance	**114.63**	**113.23**

Notes:
1) Closing cash balance for Q3FY23 is higher than what we reported earlier in our shareholders' letter on account of recent RBI directive wherein certain nodal account cash balances pertaining to merchant payables have been converted into current account balances (and hence included here in cash balance). In our Q3FY23 shareholder's letter we had continued to show the cash balance as net of merchant liabilities to be more conservative.
2) Treasury income is as per actual cash received (and not on accrual basis). Hence, there will be quarterly variation in the quantum.

Q14. The annual ESOP charge in FY23 was lower than FY22. Should we expect a similar trend in FY24?

Akshant: The FY23 ESOP charge was INR 5.1 billion as compared to INR 8.8 billion in FY22. FY24 ESOP charge is likely to be below INR 4.5 billion based on the current estimates.

Q15. What is the latest on the ESG front?

Deepinder: On the environment front, we successfully achieved our target of recycling 20,000 MT of plastic waste in FY23 under our 100% Plastic-neutral deliveries initiative launched in April 2022. The recycled plastic was well in excess of the amount of plastic used by our restaurant partners for deliveries in FY23, as per an analysis conducted with a third party. This voluntary contribution also helped in avoiding ~27 million kilograms of CO_2 emissions.

Our electric vehicle (EV)-based delivery volumes have grown and in March 2023, we had over 13,500 active EV-based delivery partners on our platform. We are now partnering with over 50 companies in the EV ecosystem including the likes of Sun Mobility, Gogoro, Zypp, Yulu, amongst others with the intent of onboarding over 100,000 EV-based delivery partners on our platform within the next 2 years. While these are still early days, we are firmly progressing on our commitment of 100% EV-based deliveries by 2030.

Additionally, to reduce emissions from our own leased facilities across Zomato, we have purchased Renewable Energy Certificates from wind energy projects equivalent to our electricity consumption for FY23.

We continue working towards positively impacting the livelihoods of our delivery partners. At the start of this calendar year, we set ourselves a target of onboarding 300 differently-abled delivery partners on our platform by the end of the year (December 2023). I am particularly proud to mention that we have already onboarded 100 differently-abled delivery partners who have travelled ~28,000kms to deliver ~9,000 orders on our platform in FY23. We are glad that we could play a part in generating earning opportunities for these partners in their quest to become self-reliant.

We also launched 'The Shelter Project' to provide rest facilities for delivery partners across the industry (and not just for Zomato). These rest points are more than just a place to take a break between deliveries, and there are additional facilities offered to the delivery partners such as clean drinking water, phone-charging stations, access to washrooms, high-speed internet, a 24×7 helpdesk, first-aid support, etc. We believe that by providing a space for delivery partners to rest, recharge, and take a moment for themselves, we can create an environment that promotes better physical and mental health.

Since the start of our food delivery operations, we have helped generate earning opportunities for ~2.4 million delivery partners. We believe that our delivery partner network continues to grow as our partners value the opportunity to create a secondary source of income with flexible working hours as per their convenience and requirements. A large proportion of the delivery partners choose to avail this flexibility. For example, last month (April 2023), out of our 300,000+ monthly active delivery partners, ~60% logged onto the platform for less than 15 days and ~65% of them logged in for less than 6 hours on any given day.

We believe that this opportunity is unlike any other option available to the delivery partners, given the flexibility, ease of onboarding (with minimal documentation) and perpetual accessibility - 24x7, 365 days a year, across the length and breadth of the country. We hope to keep doing our bit in helping our delivery partners fulfil their financial needs and responsibilities while also enhancing the quality of their lives.

Q16. Anything else you would like to add?

Deepinder: No, we have covered all the relevant questions.

Q17. One final question, what is it for you - Zomaato or Zomaito?

Deepinder: It doesn't matter. They both deliver on time (including profits). 🙂

——
THE END

Annexure A - Quarterly disclosures

Consolidated summary financials

Adjusted Revenue

INR billion, unless otherwise mentioned	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	FY23
Food delivery	12.84	14.70	15.81	15.65	15.30	61.47
Hyperpure (B2B supplies)	1.94	2.73	3.34	4.21	4.78	15.06
Quick commerce[1]	-	-	1.42[1]	3.01	3.63	8.06
Others	0.61	0.67	0.49	0.75	0.43	2.34
Adjusted Revenue	**15.39**	**18.10**	**21.07[1]**	**23.63**	**24.13**	**86.93**
YoY % change	*67%*	*56%*	*48%*	*66%*	*57%*	*57%*
Adjusted Revenue (ex-quick commerce)	**15.39**	**18.10**	**19.65**	**20.62**	**20.51**	**78.87**
YoY % change	*67%*	*56%*	*38%*	*45%*	*33%*	*42%*

Adjusted EBITDA

INR billion, unless otherwise mentioned	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	FY23
Food delivery	-1.89	-1.13	0.02	0.23	0.78	-0.10
Hyperpure (B2B supplies)	-0.44	-0.44	-0.53	-0.53	-0.45	-1.94
Quick commerce[1]	-	-	-1.32[1]	-2.27	-2.03	-5.62
Others	0.08	0.06	-0.09	-0.09	-0.05	-0.17
Adjusted EBITDA	**-2.25**	**-1.50**	**-1.92[1]**	**-2.65**	**-1.75**	**-7.83**
as a % of Adjusted Revenue	*-15%*	*-8%*	*-9%*	*-11%*	*-7%*	*-9%*
Adjusted EBITDA (ex-quick commerce)	**-2.25**	**-1.50**	**-0.60**	**-0.38**	**0.28**	**-2.21**
as a % of Adjusted Revenue (ex-quick commerce)	*-15%*	*-8%*	*-3%*	*-2%*	*1%*	*-3%*

Notes:

1) Q2FY23 Blinkit numbers are not fully comparable with Q3FY23 and Q4FY23 numbers as Q2FY23 data consolidates Blinkit financials only for part of the quarter (~50 days) (transaction closed on August 10, 2022).
2) 'Others' includes (a) dining-out revenue in India and UAE, (b) revenue from Zomato Live that includes events like Zomaland. Till Q3FY23, there were two other sub-segments included in 'Others' - (i) revenue from food delivery services that we offered to Talabat in UAE which was a pass-through revenue (EBITDA neutral) and has been discontinued in Nov-22 and (ii) revenue from our Zomato Pro and Pro plus membership programs in India, which have now been discontinued.
3) In the past, Adjusted EBITDA did not include the rental expenses on certain leases that are required to be capitalised as per Indian Accounting Standard 116 (Ind AS 116). From Q2FY23 onwards, we have included the actual rent paid for the period under such leases in the Adjusted EBITDA computation to reflect our cash loss / profit more appropriately. We have not reflected this change in the earlier quarters to avoid confusion. Refer to Annexure B for details regarding actual rent paid during the quarter.
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5) We have converted millions into two decimal billions and hence there could be some totalling anomalies in the numbers displayed above.'

Food delivery

Financial metrics

INR billion, unless otherwise mentioned	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23
GOV	58.53	64.25	66.31	66.80	65.69
Adjusted Revenue	12.84	14.70	15.81	15.65	15.30
Contribution	0.98	1.79	2.97	3.39	3.80
Contribution as a % of GOV	1.7%	2.8%	4.5%	5.1%	5.8%
Adjusted EBITDA	-1.89	-1.13	0.02	0.23	0.78
Adjusted EBITDA as a % of GOV	-3.2%	-1.8%	0.0%	0.3%	1.2%

Operating metrics

'000, unless otherwise mentioned	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23
Average monthly transacting customers (million)	15.7	16.7	17.5	17.4	16.6
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Average monthly active delivery partners	316	319	341	330	316

Hyperpure (B2B supplies)

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INR billion, unless otherwise mentioned	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23
Revenue	1.94	2.73	3.34	4.21	4.78
YoY % change	*160%*	*263%*	*199%*	*169%*	*146%*
Adjusted EBITDA	-0.44	-0.44	-0.53	-0.53	-0.45
as a % of Adjusted Revenue	*-23%*	*-16%*	*-16%*	*-13%*	*-9%*

Operating metrics

'000, unless otherwise mentioned	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23
Unique restaurants billed	34	37	40	44	42

Quick commerce

Financial metrics

INR billion, unless otherwise mentioned	Q1FY23	Q2FY23	Q3FY23	Q4FY23
GOV	11.72	14.82	17.49	20.46
Revenue	1.64	2.36	3.01	3.63
Contribution	-2.03	-1.08	-0.79	-0.56
Contribution margin (as a % of GOV)	-17.3%	-7.3%	-4.5%	-2.7%
Adjusted EBITDA	-3.26	-2.59	-2.27	-2.03
Adjusted EBITDA (as a % of GOV)	-27.8%	-17.5%	-13.0%	-9.9%

Operating metrics

million, unless otherwise mentioned	Q1FY23	Q2FY23	Q3FY23	Q4FY23
Orders	22.2	26.1	31.6	39.2
Average order value (AOV) (INR)	528	568	553	522
Average monthly transacting customers	2.2	2.6	3.1	3.9
Average GOV per day, per dark store (INR '000)	309	422	524	625

Notes:

1) Q1FY23 and Q2FY23 numbers shown above for Blinkit are unaudited, MIS based numbers as received from Blinkit. However, consolidation of Blinkit numbers in books of Zomato Limited is only from August 10, 2022 onwards.
2) Refer to Annexure D for definitions relating to the Blinkit business.

Annexure B - Adjusted Revenue and Adjusted EBITDA reconciliation

The following table reconciles audited revenue from operations and stated loss for the period (as per IND AS) with Adjusted Revenue and Adjusted EBITDA.

Adjusted Revenue

INR billion, unless otherwise mentioned	Q3FY23	Q4FY23
Revenue from operations	19.48	20.56
Add: Customer delivery charges	4.15	3.57
Adjusted Revenue	**23.63**	**24.13**

Adjusted EBITDA

INR billion, unless otherwise mentioned	Q3FY23	Q4FY23
Loss for the period	-3.47	-1.88
Less: Other income	1.73	1.71
Add: Depreciation & amortization expense	1.55	1.34
Add: Exceptional items	0.00	0.00
Add: ESOP expense	1.29	0.83
Less: Actual rent paid	0.28	0.33
Add: Tax expense	-0.17	-0.17
Add: Finance cost	0.16	0.16
Adjusted EBITDA	**-2.65**	**-1.75**

Note:

1) We have converted millions into two decimal billions and hence there could be some totalling anomalies in the numbers displayed above.

Annexure C - Glossary for terms used in reference to the Zomato business

Term	Description
Adjusted EBITDA	Defined as EBITDA (+) share-based payment expense (-) rental paid for the period pertaining to 'Ind AS 116 leases'
Adjusted Revenue	Defined as revenue from operations as per financials plus customer delivery charges in the food delivery business
Average order value (AOV)	GOV divided by number of Orders
Contribution (for Food delivery business)	Defined as commission and other charges + customer delivery charges - delivery cost - discounts - other direct costs (costs associated with marketing, branding, and other fixed operating costs are excluded)
Food delivery business	Refers to India food ordering and delivery business
Gross order value (GOV)	Total monetary value of Orders including taxes, customer delivery charges, gross of all discounts, excluding tips
Monthly active delivery partners	Unique delivery partners identified by their national identity proof who successfully delivered at least one Order in India in that month
Monthly active food delivery restaurant partners	Unique restaurant partners that received at least one Order in India in that month
Monthly transacting customers	Number of unique transacting customers identified by customers' mobile number that have placed at least one Order in India in that month
Orders	All food delivery orders placed online on our platform in India, including canceled orders

Annexure D - Glossary for terms used in reference to the Blinkit business

Term	Description
Adjusted EBITDA	Defined as EBITDA (+) share-based payment expense (-) rental paid for the period pertaining to 'Ind AS 116 leases'
Average GOV per day, per dark store	Calculated as a simple average of total GOV transacted per day divided by total number of dark stores operational for the day, for that period
Average order value (AOV)	GOV divided by number of Orders
Contribution	Defined as Revenue (-) dark store operations cost (including actual rent paid prior to any accounting adjustment for Ind AS 116) (-) last-mile delivery costs (-) replenishment costs (including actual rent paid prior to any accounting adjustment for Ind AS 116) (-) customer acquisition incentives (-) other variable costs (wastage, customer refunds, packaging charges, payment gateway charges and support cost)
Gross order value (GOV)	Defined as the total monetary value of Orders including maximum retail price (MRP) of goods sold (except for instances where MRP is not applicable such as fruits and vegetables in which case final selling price is used instead of MRP) and customer delivery charges but excluding tips
Monthly transacting customers	Defined as the number of unique transacting customers identified by the customers' mobile number that have placed at least one Order in that month
Orders	Defined as all orders placed on the Blinkit marketplace platform in India, including canceled orders
Revenue	Defined as Blinkit marketplace commission income (+) customer delivery charges (+) ad revenue (+) warehousing and ancillary services income

Annexure E - Statement of consolidated profit and loss account

(INR million)

S. No.	Particulars	Quarter ended			Year ended	
		March 31, 2023	December 31, 2022	March 31, 2022	March 31, 2023	March 31, 2022
		Unaudited (refer note 8)	Unaudited (refer note 8)	Unaudited (refer note 8)	Audited	Audited
I	Revenue from operations	20,560	19,482	12,118	70,794	41,924
II	Other income	1,705	1,734	1,382	6,815	4,949
III	**Total income (I+II)**	**22,265**	**21,216**	**13,500**	**77,609**	**46,873**
IV	**Expenses**					
	Purchase of stock-in-trade	4,375	3,927	1,939	14,382	5,524
	Changes in inventories of stock-in-trade	16	(27)	(77)	(430)	(278)
	Employee benefits expense	3,398	3,950	4,068	14,650	16,331
	Finance costs	158	161	25	487	120
	Depreciation and amortisation expenses	1,338	1,548	377	4,369	1,503
	Other expenses					
	Advertisement and sales promotion	3,022	3,479	2,691	12,274	12,168
	Delivery and related charges	7,193	6,549	5,451	25,369	18,141
	Others	4,810	5,266	2,543	16,652	8,546
	Total expenses	**24,310**	**24,853**	**17,017**	**87,753**	**62,055**
V	**Loss before share of profit / (loss) of an associate, exceptional items and tax (III-IV)**	**(2,045)**	**(3,637)**	**(3,517)**	**(10,144)**	**(15,182)**
VI	Share of profit / (loss) of an associate and joint venture	-	-	2	(3)	3
VII	**Loss before exceptional items and tax (V+VI)**	**(2,045)**	**(3,637)**	**(3,515)**	**(10,147)**	**(15,179)**
VIII	Exceptional items (refer note 4)	1	-	(79)	1	2,974
IX	**Loss before tax (VII+VIII)**	**(2,044)**	**(3,637)**	**(3,594)**	**(10,146)**	**(12,205)**
X	**Tax expense:**					
	Current tax	1	2	3	4	20
	Deferred tax	(169)	(173)	-	(440)	-
XI	**Loss for the period / year (IX-X)**	**(1,876)**	**(3,466)**	**(3,597)**	**(9,710)**	**(12,225)**
XII	**Other comprehensive income / (loss)**					
	(i) Items that will not be reclassified to profit or loss					
	- Remeasurements of the defined benefit plans	23	7	2	39	(96)
	- Equity instruments through other comprehensive income	284	-	96	(1,113)	96
	- Income tax relating to above	-	-	-	-	-
	(ii) Items that will be reclassified to profit or loss					
	- Exchange differences on translation of foreign operations	(55)	28	25	88	22
	- Debt instruments through other comprehensive income	1	-	-	1	-
	- Income tax relating to above	-	-	-	-	-
	Other comprehensive income / (loss) for the period / year	**253**	**35**	**123**	**(985)**	**22**
XIII	**Total comprehensive loss for the period / year (XI+XII)**	**(1,623)**	**(3,431)**	**(3,474)**	**(10,695)**	**(12,203)**
XIV	**Profit / (loss) for the period / year attributable to:**					
	Equity shareholders of the parent	(1,882)	(3,466)	(3,597)	(9,713)	(12,087)
	Non-controlling interest	6	-	-	3	(138)
XV	**Other comprehensive income / (loss) for the period / year attributable to:**					
	Equity shareholders of the parent	255	39	123	(982)	20
	Non-controlling interest	(2)	(4)	-	(3)	2
XVI	**Total comprehensive income / (loss) for the period / year attributable to:**					
	Equity shareholders of the parent	(1,627)	(3,427)	(3,474)	(10,695)	(12,067)
	Non-controlling interest	4	(4)	-	-	(136)
XVII	**Paid-up share capital (face value of INR 1 per share)**	8,364	8,358	7,643	8,364	7,643
XVIII	**Other equity**					1,57,412
XIX	**Earning / (loss) per equity share (INR)[1] (face value of INR 1 each)**					
	(a) Basic	(0.23)	(0.42)	(0.47)	(1.20)	(1.67)
	(b) Diluted	(0.23)	(0.42)	(0.47)	(1.20)	(1.67)

[1] *EPS is not annualised for the quarter ended March 31, 2023, December 31, 2022 and March 31, 2022.*

Annexure F - Statement of consolidated balance sheet

(INR million)

Particulars	As at March 31, 2023	As at March 31, 2022
	Audited	Audited
Assets		
Non-current assets		
Property, plant and equipment	2,085	509
Right-of-use assets	4,272	642
Capital work-in-progress	75	6
Goodwill	47,166	12,093
Other intangible assets	9,905	799
Financial assets		
- Investments	22,796	30,860
- Other financial assets	18,942	52,191
Tax assets (net)	1,161	670
Other non-current assets	1,275	50
Total non-current assets	**1,07,677**	**97,820**
Current assets		
Inventories	827	397
Financial assets		
- Investments	44,850	16,317
- Trade receivables	4,569	1,599
- Cash and cash equivalents	2,181	3,923
- Other bank balances	7,987	11,832
- Loans	4	3,750
- Other financial assets	44,177	36,674
Other current assets	3,715	958
Total current assets	**1,08,310**	**75,450**
Total assets	**2,15,987**	**1,73,270**
Equity and liabilities		
Equity		
Equity share capital	8,364	7,643
Other equity	1,86,234	1,57,412
Equity attributable to equity holders of the parent	**1,94,598**	**1,65,055**
Non-controlling interests	(66)	(66)
Total equity	**1,94,532**	**1,64,989**
Liabilities		
Non-current liabilities		
Financial liabilities		
- Borrowings	58	-
- Lease liabilities	3,508	510
- Other financial liabilities	48	-
Provisions	936	653
Deferred tax liabilities	2,495	-
Other non-current liabilities	-	3
Total non-current liabilities	**7,045**	**1,166**
Current liabilities		
Financial liabilities		
- Borrowings	346	-
- Lease liabilities	1,154	193
- Trade payables		
a. total outstanding dues of micro enterprises and small enterprises	91	67
b. total outstanding dues of creditors other than micro enterprises and small enterprises	6,707	4,221
- Other financial liabilities	3,096	287
Provisions	259	185
Other current liabilities	2,757	2,162
Total current liabilities	**14,410**	**7,115**
Total liabilities	**21,455**	**8,281**
Total equity and liabilities	**2,15,987**	**1,73,270**

Annexure G – Statement of consolidated cash flow

(INR million)

Particulars	Year ended	
	March 31, 2023	March 31, 2022
	Audited	Audited
A) Cash flows from operating activities		
Loss before tax	**(10,146)**	**(12,205)**
Adjustments to reconcile loss before tax to net cash flows:		
- Liabilities written back	(276)	(87)
- Depreciation on property, plant and equipment and depreciation on right-of-use assets	1,811	428
- Amortization on intangible assets	2,558	1,075
- Provision for doubtful debts and advances	304	208
- Loss on account of movements in foreign exchange rate and consumer price index in one of the subsidiary operating in a hyperinflationary economy	-	253
- Property, plant and equipment written-off	-	2
- Bad debts written-off	5	4
- Gain on termination of lease contracts	(66)	(7)
- Share-based payment expense	5,058	8,779
- (Profit)/ loss on sale of property, plant and equipment (net)	(10)	(5)
- Net gain on mutual funds	(913)	(586)
- Interest income on government securities	(671)	-
- Interest income on debentures or bonds	(1)	-
- Share in (profit) / loss of associate	3	(3)
- Amortisation of premium on government securities	140	2
- Provision for obsolete stock	-	28
- Interest expense	50	7
- Rent waiver on lease liabilities	-	(31)
- Gain on disposal of investment	(1)	(3,227)
- Interest on lease liabilities	402	95
- Interest income on bank deposits	(4,571)	(3,951)
- Interest income on income tax refund	(49)	-
Operating loss before changes in working capital	**(6,373)**	**(9,221)**
Movements in working capital :		
- Increase in trade receivables	(2,029)	(341)
- Increase in other financial assets	(1,983)	(445)
- (Increase) / decrease in other assets	(38)	1,215
- Increase in inventory	(430)	(277)
- Increase in financial liabilities and other liabilities	3,181	482
- Increase in provisions	252	448
- Increase / (decrease) in trade payables	(712)	1,401
Cash (used in) operations	**(8,132)**	**(6,738)**
Income taxes refund / (paid) (net)	(308)	(192)
Net cash from (used in) operating activities (A)	**(8,440)**	**(6,930)**
B) Cash flows from Investing activities		
Purchase of property, plant and equipment (including capital work-in-progress, capital advances and capital creditors)	(1,030)	(590)
Proceeds from sale of property, plant and equipment	16	18
Investment in bank deposits (having maturity of more than 3 months)	(54,328)	(1,17,142)
Proceeds from maturity of bank deposits (having maturity of more than 3 months)	87,214	61,834
Proceeds from redemption of mutual fund units	1,26,489	49,331
Acquisition of a non-controlling interest, net of cash acquired	-	(209)
Investment in mutual fund units	(1,44,429)	(43,010)
Purchase of non-current investments	-	(26,069)
Sale of non-current investments	-	3,750
Investment in government securities	(5,652)	(4,681)
Investment in debentures or bonds	(500)	-
Consideration paid for acquisition of warehousing division of HOTPL	(607)	-
Sale / disposal of subsidiary	-	14
Loan given	(7,504)	(3,750)
Interest received	4,904	1,126
Net cash from (used in) investing activities (B)	**4,573**	**(79,378)**
C) Cash flows from Financing activities		
Proceeds from issue of equity shares	40	90,000
Loan repaid during the year	(231)	(13)
Transaction costs paid on issue of shares	-	(2,257)
Share-based payment on cancellation of option	(2)	(6)
Amount collected by ESOP Trust on exercise of employee stock options (net of tax)	67	79
Payment of principal portion of lease liabilities	(653)	(203)
Payment of interest portion of lease liabilities	(402)	(95)
Interest expense	(93)	(7)
Net cash from (used in) financing activities (C)	**(1,274)**	**87,498**
Net increase in cash and cash equivalents (A+B+C)	(5,141)	1,190
Cash and cash equivalents acquired through business combination	3,390	-
Cash and cash equivalent transferred due to sale of subsidiary	-	(55)
Net foreign exchange difference	9	6
Foreign exchange impact due to hyperinflation economy	-	(283)
Cash and cash equivalents as at the beginning of the year	3,923	3,065
Cash and cash equivalents as at the end of the year	**2,181**	**3,923**

Use of non-GAAP financial measures

To supplement our financial information presented in accordance with IND AS, we consider certain financial measures that are not prepared in accordance with IND AS, including Adjusted Revenue and Adjusted EBITDA. We use these financial measures in conjunction with IND AS measures as part of our overall assessment of our performance to evaluate the effectiveness of our business strategies and to communicate with our board of directors concerning our business and financial performance. We believe these non-GAAP financial measures provide useful information to investors about our business and financial performance, enhance their overall understanding of our past performance and future prospects, and allow for greater transparency with respect to metrics used by our management in their financial and operational decision making. We are presenting these non-GAAP financial measures to assist our investors and because we believe that these non-GAAP financial measures provide an additional tool for investors to use in comparing results of operations of our business over multiple periods. Information given also includes information related to material subsidiaries.

Non-GAAP measures used by us are defined below:

- Adjusted Revenue = (Revenue from operations as per financials) + (customer delivery charges in the food delivery business)
- Adjusted EBITDA = EBITDA (+) share-based payment expense (-) rental paid for the period pertaining to 'Ind AS 116 leases'
- EBITDA = Profit/loss as per financials excluding (i) tax expense (ii) other income (iii) depreciation and amortization expense (iv) finance cost and (v) exceptional items

These metrics have certain limitations and hence should be considered in addition to, not as substitutes for, or in isolation from, measures prepared in accordance with IND AS.

Forward looking statements

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