

Table For Two: Swiggy & Zomato Are Served.



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India's Food Delivery & QC to Sustain Growth

E-Retail/E-Commerce | Initiating Coverage

POSITIVE
July 20, 2025

Table for Two: Swiggy and Zomato are Served

Key Points

- India's private consumption growth in FY25—while improving with PFCE rising 7.2% (up from 5.6% in FY24)—continues to face underlying challenges. According to Kantar, overall FMCG growth slowed to 4.2% in FY25 from 6.6% in FY24 with urban FMCG growth moderating to 4.4% (down from 7.6% last year) and rural growth easing to 4% (from 5.8%). **However, the story is different in convenience-led food consumption and quick commerce; Eternal's (erstwhile: Zomato) food delivery business revenue grew 27% and Swiggy's by 23% in FY25, while Blinkit's quick commerce segment surged 126% and Swiggy's Instamart by 118%.**
- Against this challenging macro backdrop, the Indian online food delivery and quick commerce markets have emerged as rare and powerful engines of growth—driven by digital adoption, convenience-first consumer behavior, and platform-led innovation. **The online food delivery market, valued at approximately Rs630bn (US\$7.3bn) in 2023, is projected to nearly triple to Rs1,400-1,700bn (US\$17-21bn) by 2028, registering a CAGR of 17-22%. At the same time, India's quick commerce market—offering ultra-fast delivery of daily essentials—is expected to witness explosive growth, expanding from Rs224bn (US\$2.8bn) in 2023 to Rs2.3-4.2trn (US\$29-53bn) by 2028 at a CAGR of 60-80% with near-term annual growth projected at 80-100%.**
- This growth is fueled by rising digital engagement, higher consumption frequency, and expanding reach in Tier 2 and Tier 3 cities. **Platforms such as Swiggy (Food Delivery, Instamart, Dineout) and Eternal (Food Delivery, Blinkit, District) are evolving into multi-vertical ecosystems catering to both at-home and out-of-home consumption. From meals and groceries to restaurant discovery and dining experiences,** they are becoming central to India's urban consumption fabric. In a slowing demand environment, platform-led models across food delivery, quick commerce, and dining out are emerging as structural growth engines with enduring tailwinds.

The Indian food delivery market is expected to clock a CAGR of 17–22%, while quick commerce is set for much faster expansion at over 60% CAGR between 2023 and 2028. Against this backdrop, we initiate coverage on Swiggy and Eternal with a positive outlook on their leadership in food delivery and evolving positions in quick commerce.

View:

- We believe Swiggy and Eternal will continue to dominate the food delivery business. On the demand side of the equation, variables such as platform preferences and assortment mix are firmly in favor of the incumbents. These strengths are likely to sustain the leadership of incumbents despite the vulnerabilities that remain on the supply side of the equation. While there has been continuous innovation around assortment and delivery timelines, affordability is an area with room for further innovation but discounting is not the key.
- In quick commerce, Eternal's Blinkit is significantly ahead in terms of both scale and profitability. Swiggy is still catching up, but we believe recent investments in dark stores and better customer targeting could help it reach a positive contribution profit % of GOV by FY27. At the same time, improved client acquisition and faster spending ramp-ups compared to earlier cohorts are promising signs.

Company	Reco	TP (Rs)
Swiggy Ltd.	BUY	500
Eternal Ltd.	BUY	315

Please refer to the disclaimer towards the end of the document.

- That said, Swiggy faces more vulnerabilities due to rising competition and aggressive expansion by both new and existing players. This could delay its path to profitability despite recent efforts. While we prefer Swiggy at this juncture as it is heading toward improving its KPIs vs peer against the backdrop of a meaningful valuation gap, Eternal cannot be dismissed given long-term potential of the industry and its stronger execution and leadership in quick commerce.

Outlook and Valuation:

Swiggy:

- Swiggy has narrowed its food delivery margin gap with Zomato from over 140bps in Q2FY24 to ~81bps by Q4FY25, with revenue expected to reach Rs88.5bn by FY27E, driven by an 18% GOV CAGR over FY25–FY27E and improved ad monetization. Accordingly, we are valuing Swiggy's food delivery business at par with Zomato's at 42x EV/EBITDA on FY27E metrics.
- In quick commerce, the addition of 412 new dark stores during Q3 and Q4FY25 should aid throughput and utilization, potentially turning contribution margins positive by FY27E. However, profitability remains dependent on competitive intensity and the level of subsidies in the ecosystem. As a result, we apply a ~50% discount to Instamart's valuation multiple, assigning 1x EV/GOV compared to Blinkit, given Instamart continues to meaningfully trail Blinkit in both scale and efficiency.
- We view the positive adjusted EBITDA as % of GOV in out-of-home consumption as of Q4FY25 as a key milestone. We expect it to exceed 1.5% adjusted EBITDA as a percentage of GOV by FY27E, supported by growing ad revenues, although the company's guided range stands at 4-5% over the medium-to-long term. Based on our FY27E SOTP valuation, we derive a fair value of Rs500/share for the business.

Eternal

- Eternal has maintained its leadership in India's food delivery market, reporting a FY25 GOV of Rs386.46bn—34% higher than Swiggy—driven by a robust 3-year CAGR of 22%. FY25 adjusted EBITDA stood at Rs15.05bn reflecting stronger monetization and cost efficiency. We expect food delivery GOV to register 18% CAGR over FY25-FY27E, supported by rising order frequency, Tier 2+ penetration, and better retention. We expect Eternal's food delivery adjusted EBITDA as % of GOV to expand to 5.1% by FY27E, driven by better logistics, ad monetization, and assortment; we value Eternal's food delivery business at 42x EV/EBITDA on FY27E.
- In quick commerce, Blinkit remains the leader with nearly 2x GOV of Instamart in FY25 and a premium AOV of Rs667 vs Rs514 of Instamart. GOV is expected to clock 72% CAGR over FY25-FY27E, led by strong growth in order volumes. We estimate contribution profit at 4.4% of GOV and adjusted EBITDA to turn positive by FY27E on the back of dark stores turning mature and a disciplined approach toward subsidy. Given the sheer lead in size and scale, we value Blinkit at 2x EV/GOV—double the multiple used for Instamart.
- With Hyperpure and the going-out business continuing to be in the investment zone, we value these two segments on EV/GOV and EV/Sales on FY27E. Based on our SOTP valuation, we derive a fair value of Rs315/share for the business.

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Industry Overview: Indian Online Food Delivery Market

India's food services market, comprising: i) online food delivery, and ii) out-of-home consumption, was valued at Rs5,600bn (US\$70bn) in 2023. Among its segments, online food delivery is the fastest growing, projected to expand at a CAGR of 17-22% between 2023 and 2028. Meanwhile, the organized out-of-home consumption and online dining-out (Digital restaurant booking and offers) segments are expected to grow at 15-18% and 46-53%, respectively, over the same period—driven by a rising share of organized restaurant supply meeting expanding demand.

Urbanization and changing lifestyles are key tailwinds. In 2023, the top 60 cities accounted for over 56% of the total market. A growing urban youth population with higher disposable income is shifting food consumption habits—from an occasional luxury to a frequent necessity. Many consumers, especially those living away from families, increasingly rely on food delivery and dining out due to time constraints and convenience needs.

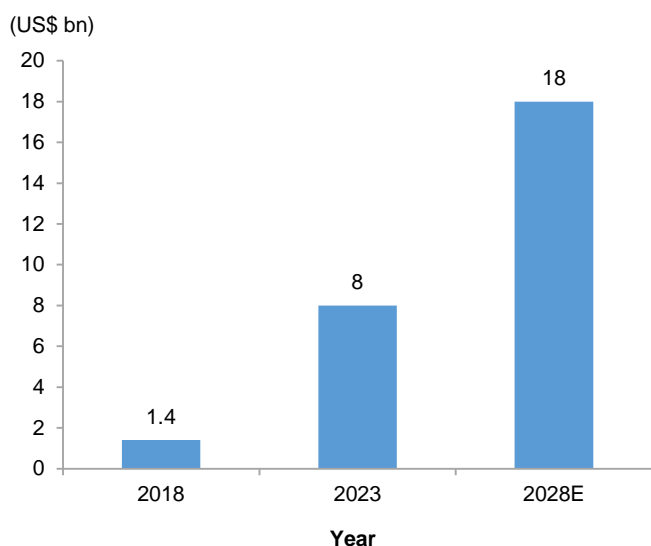
The share of organized food services in India grew from 35-40% in 2018 to 40-45% in 2023 and is expected to reach 55-60% by 2028. As of 2023, the organized segment—comprising of licensed, branded restaurants—is valued at Rs2.2-2.5trn (US\$28-32bn). However, 70-75% of the 2-2.5mn restaurants remain unorganized. India's low restaurant penetration is evident with per capita levels 1.5x and 5x lower than that of USA and China, highlighting a major gap in organized supply.

Exhibit 1: The food service market

Parameter	India 2018	India 2023	USA 2023	China 2023	India 2028E
Food Services Market	~Rs4trn (~US\$48bn)	~Rs6trn (~US\$70bn)	~Rs107trn (~US\$1,340bn)	~Rs60trn (~US\$750bn)	Rs9.2–9.6trn (US\$115–120bn)
Food Services / Total Food Consumption	7-9%	9-12%	55-60%	37-42%	10-15%
Online Food Delivery Market	~Rs0.1trn (~US\$1.4bn)	~Rs0.6trn (~US\$8bn)	~Rs11trn (~US\$134bn)	~Rs15trn (~US\$184bn)	Rs1.4–1.7trn (US\$17–21bn)
Online Delivery / Food Services Market	~3%	~11%	10–15%	22–27%	15–17%

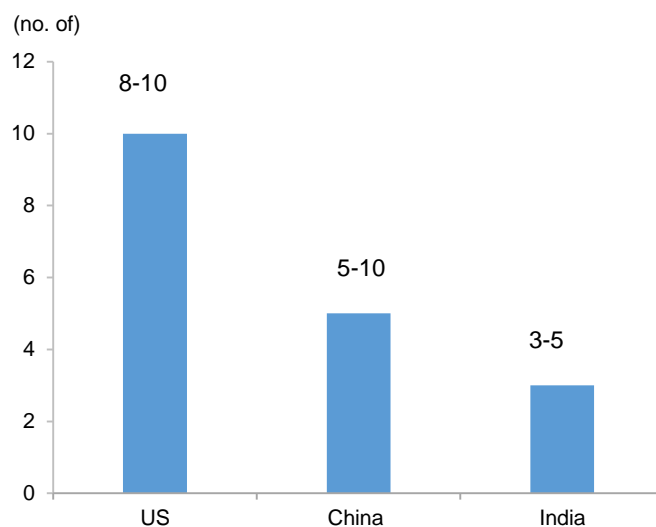
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 2: Online food delivery market has a very large total addressable market



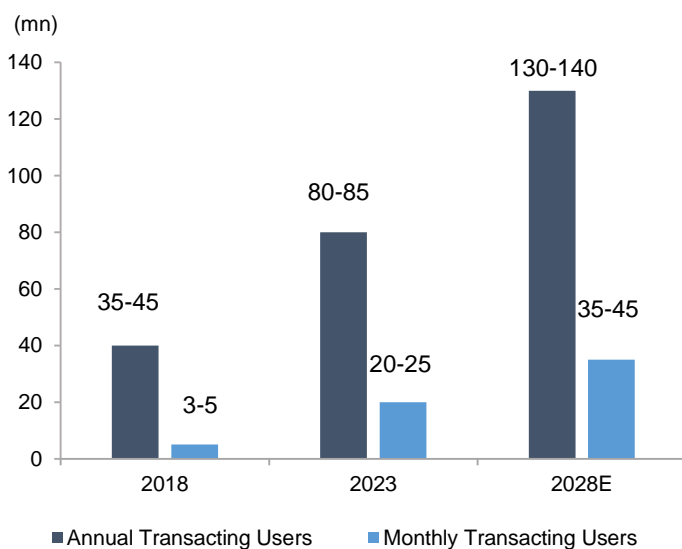
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 3: Monthly online food delivery frequency has huge headroom for growth



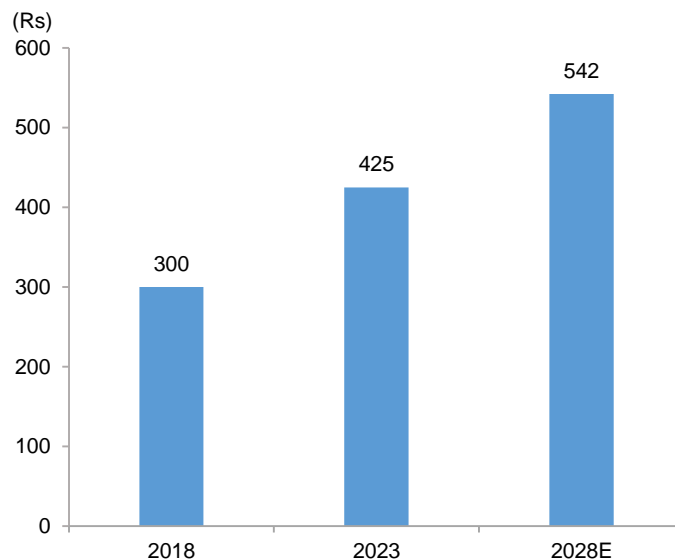
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 4: Multi-fold growth expected in transacting users



Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 5: Average order value is growing at a steady pace



Source: Company, Nirmal Bang Institutional Equities Research

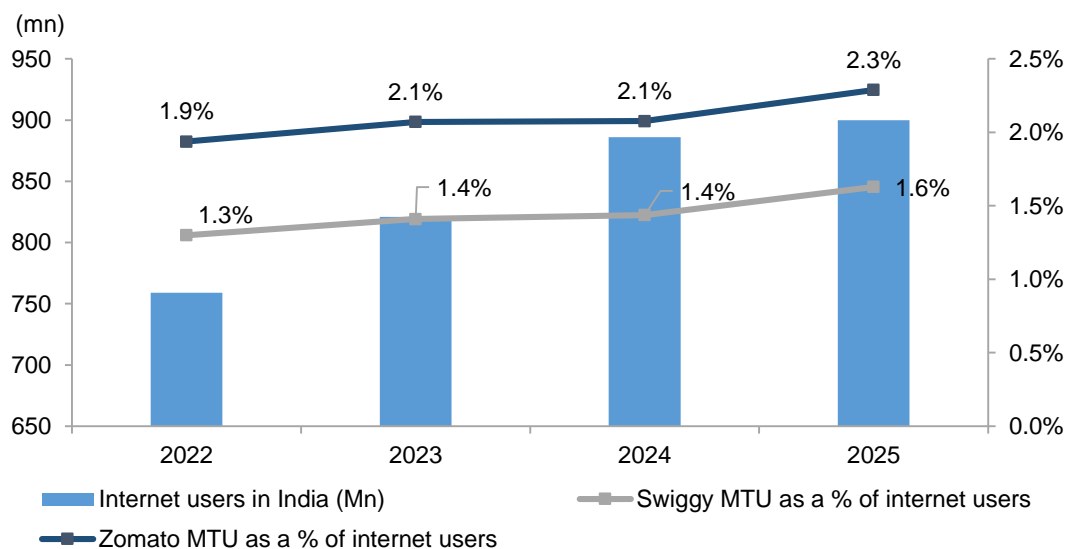
A) Online Food Delivery

Online food delivery platforms in India have built a strong and loyal consumer base with 80 to 85 million annual transacting users in 2023. Around 25%-29% of these are monthly transacting users, a figure expected to grow between 27%-32% by 2028, indicating habitual and frequent ordering. Despite lower marketing spends, demand remains resilient, especially in the top-60 cities which house 70% to 80% of these monthly users.

While growth continues in metro areas, a major opportunity lies beyond the top 60 cities, where online food delivery penetration is just 5 to 6 percent of the Rs2.3 to Rs2.6trn market. Limited restaurant options and supply challenges have slowed adoption in these regions, but they also represent a large untapped market. As platforms address these gaps, monthly transacting users are expected to rise to 35 to 45 million by 2028, driving long-term market expansion

The average order value in online food delivery rose from Rs290-Rs320 in 2018 to about Rs425 in 2023 at a CAGR of 6%-8% driven by inflation, premium restaurant offerings, higher incomes, and more families ordering online. Despite this growth, global AOVs remain higher around Rs650 to Rs800 as of 2023, indicating further headroom for growth. The organized share of India's food services market grew from 35-40% in 2018 to 40-45% in 2023; it is expected to reach 55-60% by 2028. Online platforms are driving this shift by expanding supply and enabling new models like cloud kitchens, which grew from Rs15bn to Rs80bn over the same period.

Exhibit 6: Low food delivery penetration among internet users offer strong growth headroom



Source: Company, Nirmal Bang Institutional Equities Research

B) Out-of-Home Consumption

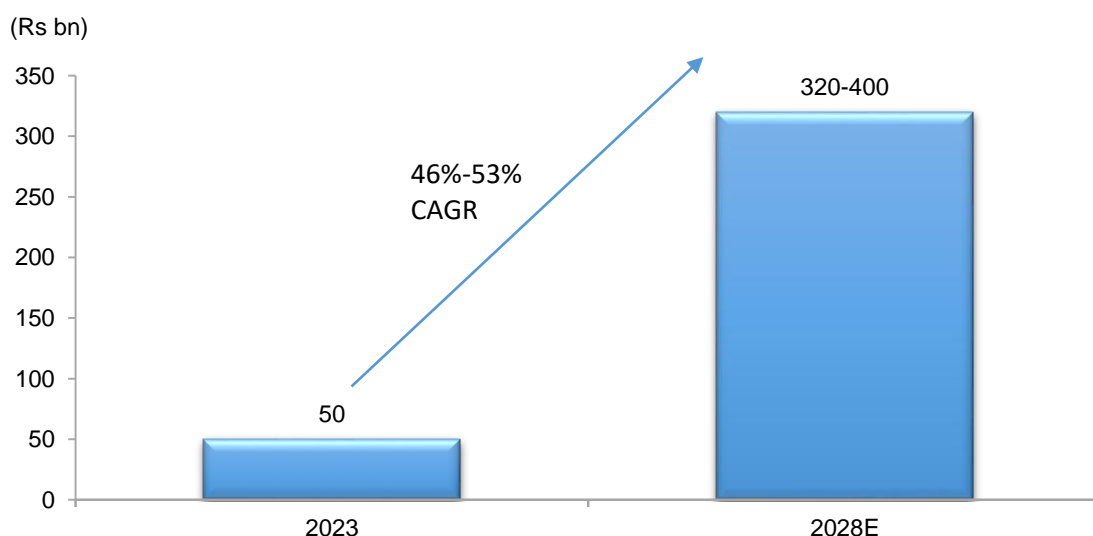
India's organized out-of-home consumption market is rapidly digitizing, growing from Rs1.3trn in 2018 to Rs1.8trn in 2023 with a CAGR of 7% during the same time. Online food delivery platforms are expanding into dining-out solutions, offering table bookings and experiences that drive incremental revenue with low variable costs. The large user base and restaurant network create strong network effects, enhancing discovery, convenience, and customer stickiness. Branded restaurant penetration has grown to 25-30%, increasing relevance for digital discovery. With higher AOVs and better margins than delivery, this segment is highly profitable for platforms. Social dining events add another layer of engagement, boosting interest and visibility.

As a result, the online dining-out market is projected at a 46-53% CAGR, reaching Rs320-Rs400bn by 2028. Its share of the organized out-of-home market is expected to rise from ~3% in 2023 to ~10% by 2028. The growth will be driven by rising digital adoption, expanding restaurant partnerships, and evolving consumer preferences. Platforms benefit from low overheads and high-margin offerings, making it a scalable and attractive segment. Curated experiences and consumer reviews also reduce marketing costs for restaurants. Overall, dining out is becoming a key growth vertical for food-tech players.

Discounting plays a crucial role in driving consumer adoption and frequency in the Out-of-Home (OOH) consumption segment, especially in the early stages of market development. Discounts are used as a key lever to encourage trial, increase footfall, and build stickiness with consumers in the dining-out category. This is particularly important as online penetration in the dine-out space remains low compared to food delivery and incentives such as restaurant offers, cashback, and platform deals are instrumental in nudging consumers to shift their dining decisions online.

Moreover, discounting also helps in building partnerships with restaurants by ensuring volume throughput, which is critical for justifying the use of digital channels. However, over time, the objective is to move toward **sustainable monetization models** supported by advertising and subscription once user engagement and retention are more firmly established.

Exhibit 7: India's dining-out market is expanding at an accelerating pace



Source: Company, Nirmal Bang Institutional Equities Research

Indian Food Delivery Market: Duopoly and Entry/Exit of Players

India's food delivery market has consolidated into a strong duopoly led by Zomato and Swiggy. Despite multiple attempts by both, global giants and local startups, most competitors failed to sustain operations. The period from 2016 to 2018 saw intense rivalry with players like Foodpanda, Uber Eats, Faasos, and Ola Café battling for market share. However, high operational costs, thin margins, and complex logistics created a tough environment. Foodpanda exited in 2019 after an unsuccessful cloud kitchen pivot under Ola, while Ola Café folded within a year. Uber Eats, launched in 2017, was eventually acquired by Zomato in 2020.

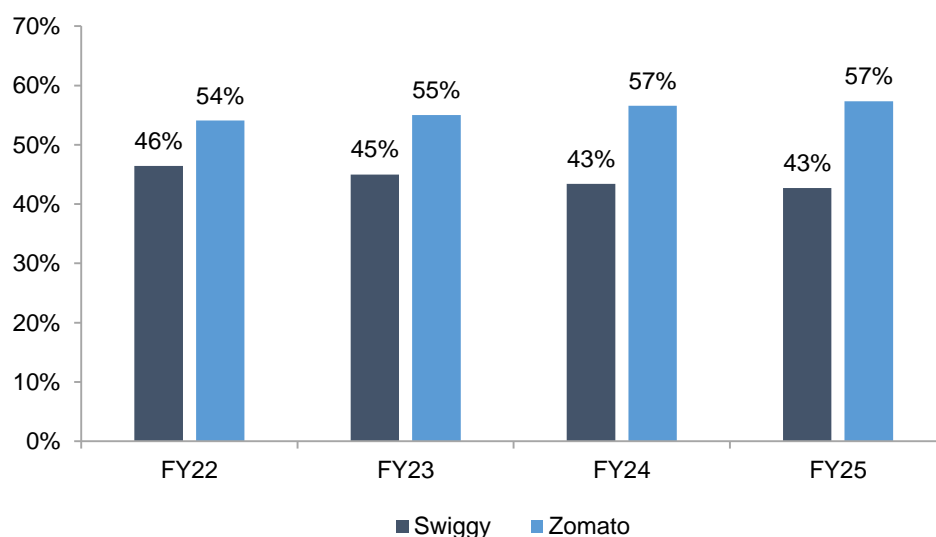
Amazon Food entered in 2020 but shut down by 2022 due to limited traction despite vast resources. Thrive exited in 2024, unable to scale against the entrenched duopoly. Scootsy was acquired by Swiggy in 2018 as part of a broader consolidation. Today, Zomato holds 57% of the market, while Swiggy controls 43%, with both processing millions of orders daily. Together, they partner with hundreds of thousands of restaurants across India. This deep-rooted dominance has created high entry barriers, making it extremely difficult for new players to penetrate the market.

Exhibit 8: Entry/exit of food delivery players

Player	Entry Year	Exit Year	Outcome
Zomato	2015	-	Functioning
Swiggy	2014	-	Functioning
Foodpanda	~2014	2019	Acquired by Ola, failed to scale, exited after cloud kitchen pivot
Ola Café	~2015	~2016	Folded within a year
Uber Eats	2017	2020	Sold to Zomato
Amazon Food	2020	2022	Shut down after limited rollout
Thrive	2020	2024	Exited due to inability to scale against duopoly
Scootsy	2014	2018	Acquired By Swiggy

Source: Business news platforms, Nirmal Bang Institutional Equities Research

Exhibit 9: Market share distribution of Zomato and Swiggy (GOV basis)

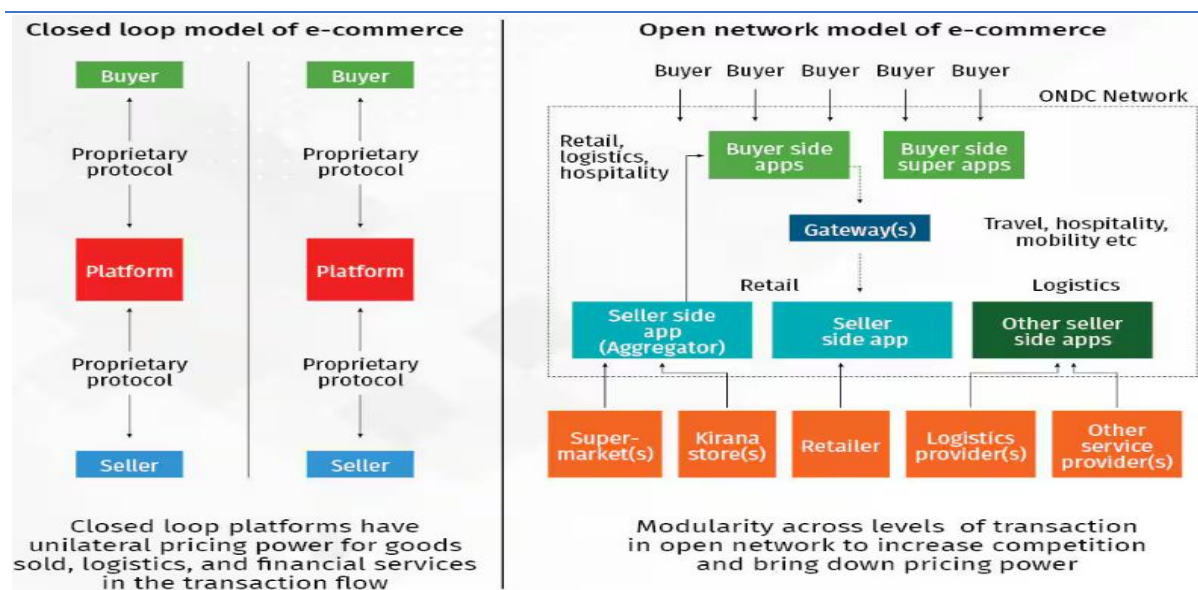


Source: Company, Nirmal Bang Institutional Equities Research

New Entrants Target India's Growing Food Delivery Market, Challenging the Duopoly

The Open Network for Digital Commerce (ONDC) seeks to democratize e-commerce by unbundling ordering, delivery, and data ownership, much as UPI did for digital payments. Although momentum is building, its near-term threat to entrenched food-tech players remains uncertain because widespread merchant adoption and robust logistics are still evolving. Policymakers see ONDC as a remedy for market concentration, extending reach to small restaurants and curbing predatory pricing in high-margin categories. By letting customers order directly from eateries and engage independent couriers, ONDC could slash commissions that restaurants currently pay to platforms like Swiggy and Zomato. Lower fees would narrow price gaps but whether savings translate into consistently cheaper meals for consumers is still debatable. As more apps become ONDC-compliant, the discoverability moat built on large proprietary data troves erodes, giving smaller merchants equal visibility. Consequently, the incumbents' data advantages and paid promotions could lose potency, pressuring their commission structures and long-run pricing power.

Exhibit 10: ONDC business model



Source: Moneycontrol

Rapido is set to shake up India's food-delivery landscape with a flat-fee model that halves the commissions typically charged by Swiggy and Zomato—Rs25 on orders below Rs400 and Rs50 above that threshold. Branded as a low-cost platform for 'Bharat', the service promises dine-in-equivalent pricing, eliminates packaging surcharges, and bypasses platform commissions, appealing to restaurants frustrated by high aggregator fees. Yet, the bigger hurdle is customer acquisition: it will need heavy capital outlays, deep discounting, and significant tech investment to build scale. Industry observers note that earlier challengers—including Uber Eats, Ola, and Thrive—stumbled on user-experience and execution, underscoring the importance of sustained operational excellence. Rapido's pilot launch in Bengaluru will test whether its logistics edge and budget-friendly proposition can translate into lasting market share in a sector where prior entrants have struggled to gain traction.

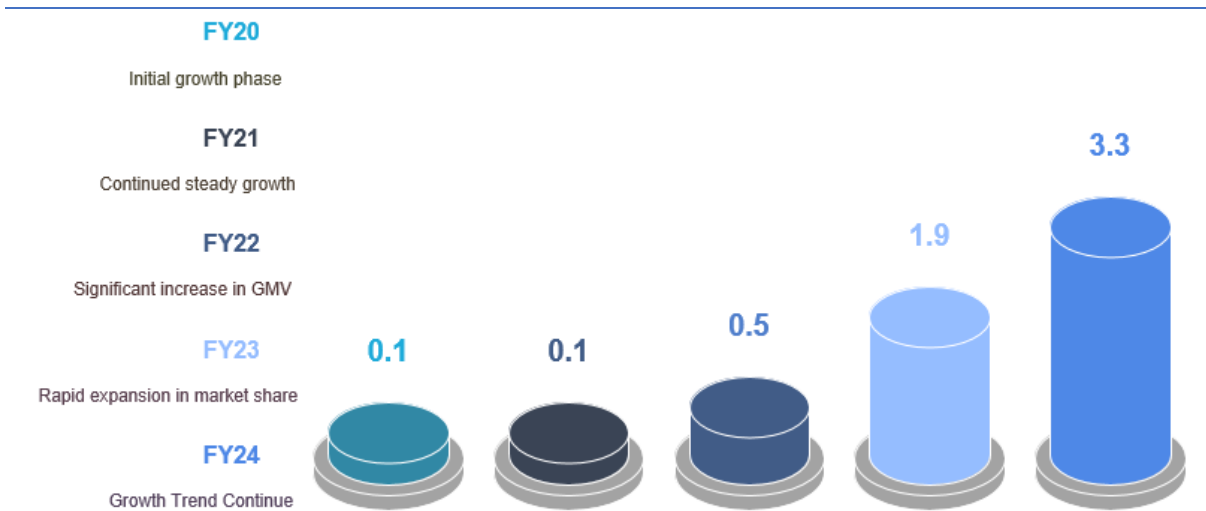
Industry Overview: Quick Commerce

India's Retail Landscape: Ready for Growth in Quick Commerce

India's retail market is set to grow from Rs76-78trn (US\$950-980bn) in 2023 to Rs116-124trn (US\$1,450-1,550bn) by 2028 with a CAGR of 10%, in which grocery is leading with 61% of the total. The rising demand for convenience—especially among busy urban consumers—is accelerating the shift toward quick commerce. This model not only delivers speed but also helps solve supply chain inefficiencies.

As a result, quick commerce is expected to be the fastest growing retail channel in India, projected to scale from Rs224bn (US\$2.8bn) in 2023 to Rs2.3-4.2trn (US\$29-53bn) by 2028, achieving a CAGR of 60-80%. In the near term, growth could be even faster at 80-100% annually over the next two years led by rising adoption, category expansion, larger baskets, and wider geographic reach.

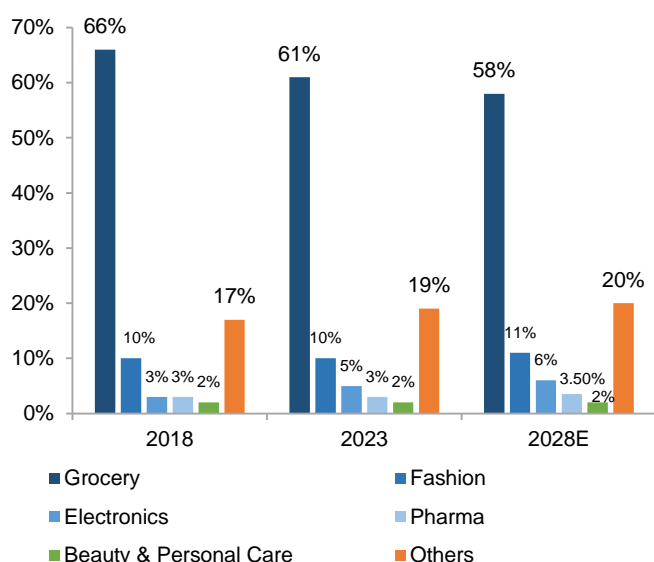
Exhibit 11: GMV growth of quick commerce in India (\$ in Billion)



Source: Company, Nirmal Bang Institutional Equities Research

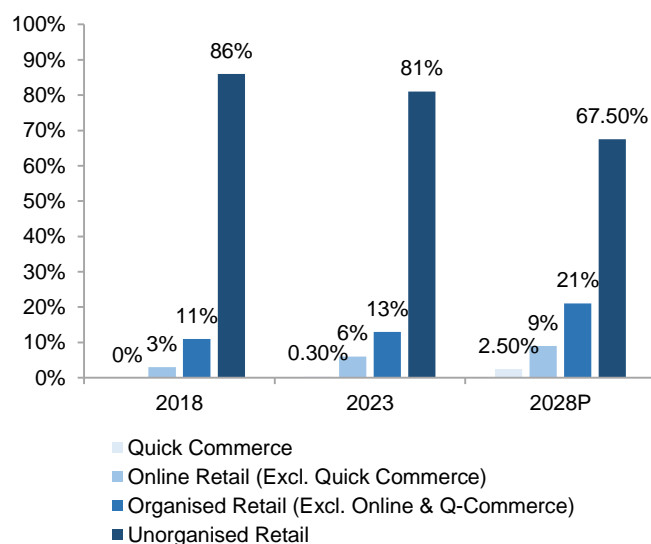
As more Indians get comfortable with digital payments and online shopping, platforms offering fast, everyday services like food delivery and grocery orders are seeing strong growth. Over FY18-FY23, food delivery clocked a CAGR of ~42%; average annual spend per user at Rs2,800-Rs3,200 more than doubled to Rs7,500-Rs8,000. This sharp rise reflects strong habit formation as ordering food online becomes a regular part of urban lifestyles. Quick commerce grew even faster—at 148-169% CAGR—with user spend touching Rs13,400 in FY23 from almost nothing in FY18. These trends show how convenience is becoming a daily need, not a luxury.

Exhibit 12: Retail market split across categories – grocery continues to be the largest contributor



Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 13: Indian retail market channel – split indicates increasing adoption of quick commerce



Source: Company, Nirmal Bang Institutional Equities Research

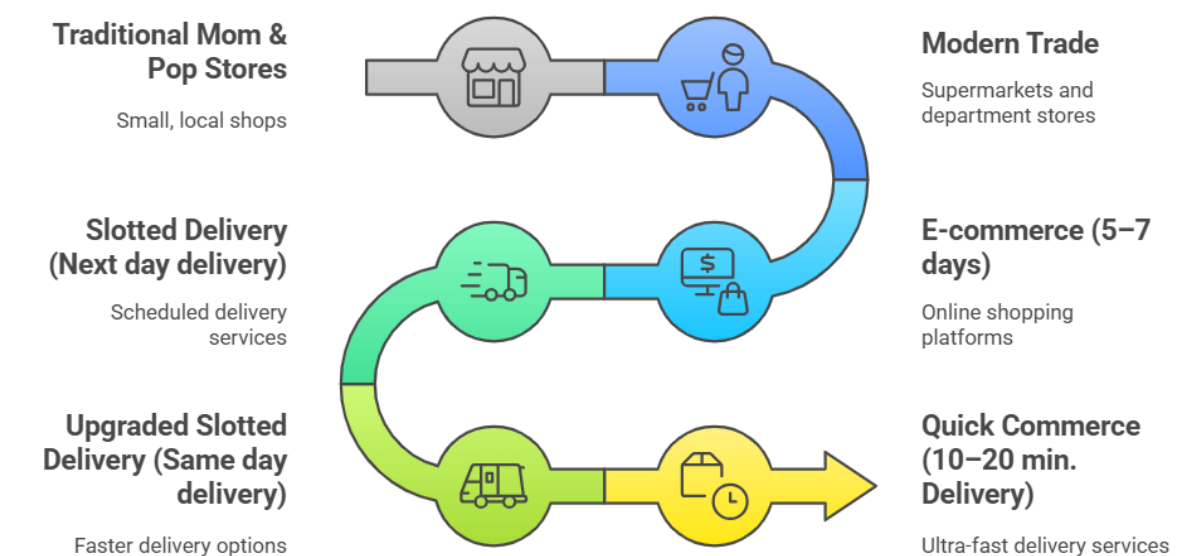
Exhibit 14: Indian retail market, organized share, and online penetration of categories

Categories	Retail Market in Rs trn (US\$ billion) – 2023	Organized Share (% of Retail) – 2023	Online Penetration (% of Retail) – 2023	Retail Market in Rs trn (US\$ billion) – 2028E	Online Penetration (% of Retail) – 2028E
Grocery	46-48 (580-600)	6-16%	1-2%	68-70 (850-880)	4-5%
Fashion	7-8 (95-100)	50-60%	17-19%	12-14 (160-170)	23-28%
Electronics Devices & Appliances	3-4 (43-47)	60-70%	22-24%	6-7 (80-90)	30-35%
Pharma (includes OTC)	2-3 (25-40)	10-20%	2-4%	3-5 (40-60)	5-10%
Beauty and Personal Care	1-2 (19-22)	45-55%	18-20%	2-3 (30-35)	35-40%

Source: Company, Nirmal Bang Institutional Equities Research

Online penetration in India's retail market is growing rapidly, driven by rising consumer demand and the convenience of doorstep delivery. Categories like grocery, personal care, fashion, electronics, and pharmaceuticals have seen strong online growth between 2018 and 2023. These categories registered robust CAGRs of 46%, 40%, 34%, 29%, and 24%, respectively, reflecting strong digital adoption. Supply-side enablers such as wider brand reach, improved store presence, and formalization of the unorganized market have supported this growth. At the same time, consumer-led factors like recurring demand, better availability and accessibility have further fueled the online category expansion. However, as of 2023, India's online retail remains significantly underpenetrated. For instance, online grocery and personal care penetration in the US stands at ~10% and 20-25%, while in China it is ~6% and 35-40%. This highlights the large headroom for growth in India's online retail landscape, especially in underpenetrated yet fast-growing segments.

Exhibit 15: Evolution of quick commerce in India

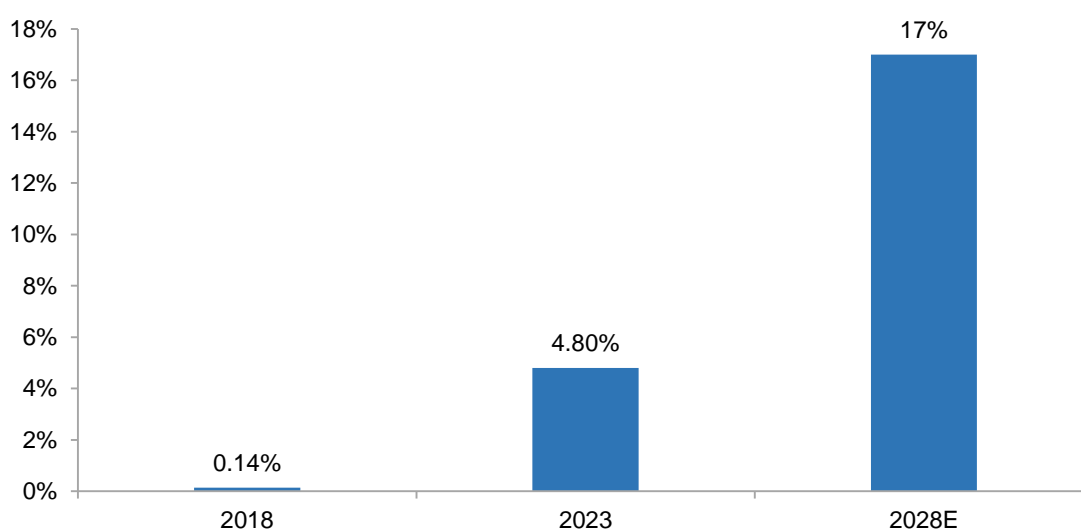


Source: Company, Nirmal Bang Institutional Equities Research

The transition to online shopping began with scheduled deliveries, particularly in grocery, and later expanded through traditional e-commerce marketplaces and category-specific platforms. While these models offered value and variety, delivery timelines often stretched from a day to several days. Over time, consumer expectations evolved—urban customers with higher incomes and busy lifestyles began prioritizing faster deliveries, fresher products, and last-minute purchases.

This shift paved the way for quick commerce (Q-commerce)—a model focused on speed, convenience, and high-frequency categories like groceries. With dense urban clusters and limited organized offline retail, India has become a fertile ground for Q-commerce. Platforms like Swiggy and Instamart now average delivery times of just 10-20 minutes, significantly faster than their global peers.

Exhibit 16: Quick commerce scaling rapidly in India's online retail landscape

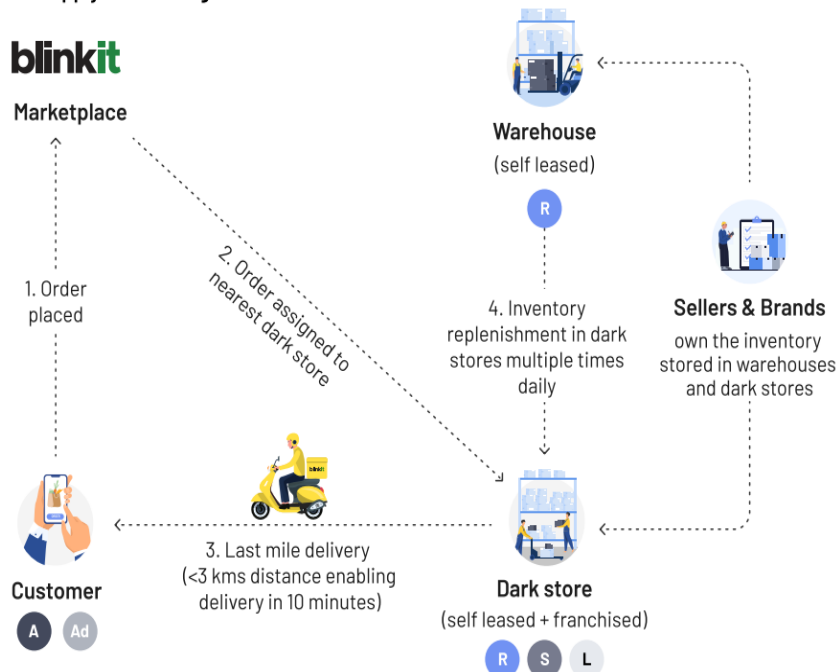


Source: Company, Nirmal Bang Institutional Equities Research

Online retail started with 0.14% in 2018 and has grown to 4.8% by 2023; it is expected to register annual growth of 60-80% through 2028. Quick commerce is projected to capture more than 17% of the online retail market, translating to a market size of Rs2.3-4.2trn (US\$29-53bn). The model's profitability in India is driven by its ability to serve dense micro-markets quickly and efficiently, thereby meeting the needs of time-starved urban consumers.

Exhibit 17: The engine behind 10-minute delivery

#1 Supply chain design



#2 End-to-end proprietary technology

- R** **Replenishment design** - Assimilate purchase patterns to optimize product stocking quantities and replenishment cycles in stores
- S** **Store tech** - Products packed in under two minutes through smart pick-path optimization in dark stores
- L** **Location intelligence** - Optimizing store locations for shortest delivery times
- A** **Assortment science** - Neighbourhood level data on product searches and purchase patterns drives relevance and localization of assortment in dark stores
- Ad** **Ad-tech** - Self-serve platform for brands to access demand patterns to enable highly targeted advertising

Source: Company, Nirmal Bang Institutional Equities Research

Quick commerce, relies on a tightly integrated supply chain and advanced proprietary technology. When a customer places an order, it is assigned to the nearest dark store—located within a 3km radius—allowing deliveries in under 10 minutes. These dark stores, either self-leased or franchised, are replenished multiple times daily from self-leased warehouses with inventory owned by sellers and brands. This efficiency is powered by technology such as replenishment design for optimal stock levels, store tech for sub-two minute packing, and location intelligence to minimize delivery times. Additionally, assortment science tailors product availability based on hyperlocal demand, while ad-tech offers brands based on targeted advertising through insights into customer behavior.

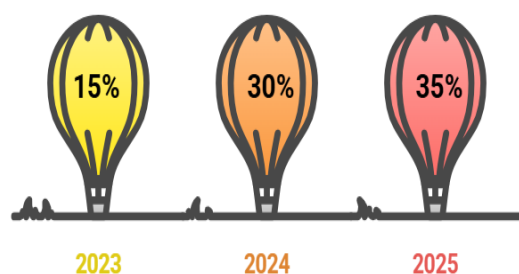
Swiggy primarily leases the property for its dark stores and shoulders most of the capital expenditure, including investments in technology infrastructure, CCTV, computers, and cold chain equipment. Setting up a single store typically costs around Rs8mn-8.5mn. Store staff are hired on a contractual basis to maintain flexibility. Inventory is owned and funded by the merchant partner who also pays a nominal initial membership fee. These merchant partners usually maintain inventory for approximately 15 days.

Exhibit 18: FMCG brands – Q-Commerce contribution (FY25)

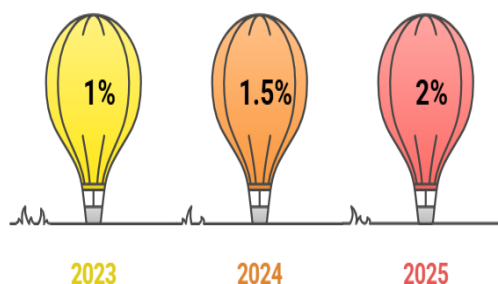
Company	Share of Revenue	Comment
Tata Consumer Products	7% (Domestic)	The company's e-commerce grew 5x, led by quick commerce, which is now a key focus area.
Britannia	4%	Quick commerce is projected to contribute 8% of sales in three years, serving as a key channel for premium digital-first launches and impulse purchases.
Dabur	4%	Quick commerce is rapidly expanding with the company intensifying focus to boost premium offerings in urban markets.
Marico	3% (Domestic)	The company is expanding its product range to tap into the channel's growth, focusing on urban and Tier 1 markets.
HUL	2%	Accounting for one-third of e-commerce and growing rapidly, quick commerce is a premium-led, high-margin channel with strong focus on assortment and availability.

Source: Nirmal Bang Institutional Equities Research

Dabur Q-Com Sales as % of E-Com



HUL Q-Commerce Sales % of Total Sales







Source: Business news platforms

Quick commerce (Q-commerce) has rapidly emerged as a key growth driver for Indian FMCG majors like ITC, HUL, and Dabur, outpacing traditional e-commerce in both growth rate and margins, according to the management commentary. In FY25, six leading companies—including HUL, Britannia, AWL Agri Business, Dabur, Tata Consumer Products, and Marico—reported cumulative Q-commerce sales exceeding Rs44bn, highlighting a significant consumer shift in large urban markets from kiranas and modern trade to instant delivery platforms such as Blinkit, Swiggy Instamart, Zepto, and BigBasket. These platforms have seen 50-100% year-on-year growth for most large FMCG players. Companies got better margins in Q-commerce due to a higher share of premium product sales, though they also acknowledged increased promotional spending to maintain top visibility on quick commerce apps.

Growth Drivers for Hyperlocal Commerce Ecosystem

Exhibit 19: Growth in digital commerce

Metric	2024 Estimate	2029 Projection	CAGR (2024–2029P)
 Internet Access	810–840 million (~58%)	985–1124 million (65–74%)	4–6%
 Smartphone Users	680–690 million (~47%)	954–1062 million (63–70%)	7–9%
 Digital Transactors	430–450 million (~30%)	828–945 million (54–62%)	14–16%
 Online Commerce Users	230–250 million (~17%)	323–385 million (21–25%)	7–9%

Source: Company, Nirmal Bang Institutional Equities Research

India's evolving demographics and rising digital adoption are driving a surge in online shopping. Today, e-commerce platforms reach over 950 cities with populations above 50,000, tapping into a growing base of digital-first consumers. The number of internet users in India stood at around 800mn–830mn in 2023 and is expected to cross 1bn by 2029, boosted by the 5G rollout, government efforts in rural digitization, cheap data, and affordable smartphones. Smartphone users alone have tripled from around 220mn in 2018 to nearly 680mn in 2024. Yet, only 30-35% of these users currently shop online, compared to over 80% in China—indicating significant growth potential as digital retail becomes more accessible and familiar across India.

Rising digital adoption is expanding India's addressable base: internet access is set to jump from roughly 820mn users in 2024 to about 1bn-1.1bn by 2029, while smartphone penetration follows close behind. This surging connectivity, coupled with a 45 % CAGR in digital-payment volumes (FY18-FY23), underpins habit-forming, high-frequency services—most notably online food-delivery and quick-commerce, which grew at CAGR of ~42% and ~150%, respectively, between 2018 and 2023. Average spend per annual food-delivery user has more than doubled to Rs7,500–8,000 in 2023, and quick-commerce users already spend ~Rs13,400 despite being negligible five years ago, signaling strong wallet-share gains. With convenience solidifying into brand-like loyalty, Swiggy and Eternal are positioning themselves as the key beneficiaries of India's digital-consumption wave.

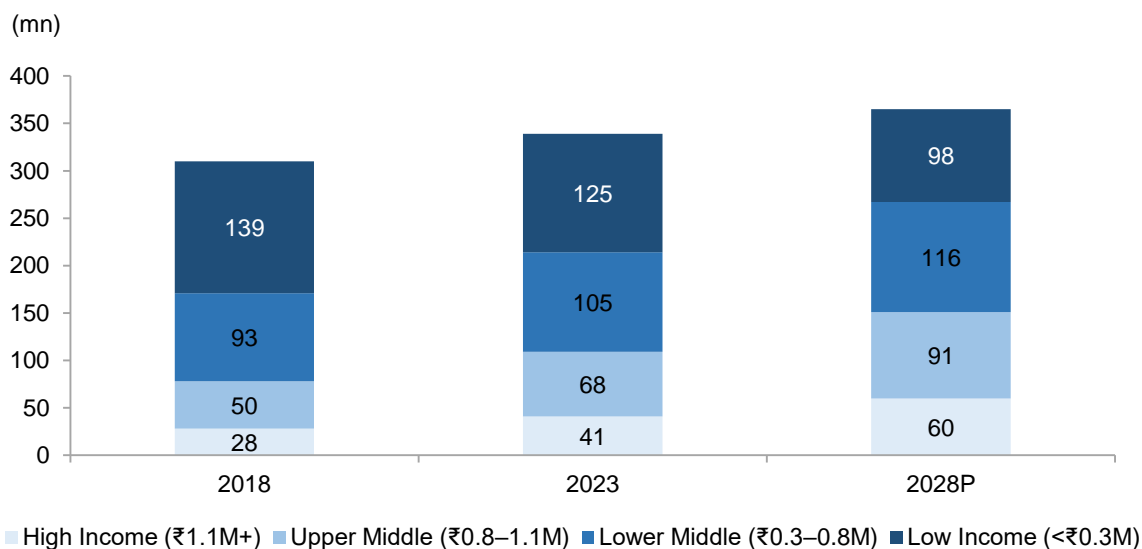
Rising Incomes, Rising Consumption

India's household income profile is rapidly evolving with a significant shift toward higher-income groups. Over 2018 and 2028P, high-income households (earning over Rs1.1mn) are expected to more than double from 28mn to 60mn, while upper-middle income households will grow from 50mn to 91mn. Meanwhile, low-income households are projected to decline from 139mn to 98mn, signaling the rising economic mobility. This shift reflects a growing base of consumption-ready, urban, and convenience-seeking consumers creating strong tailwinds for digital-first businesses that thrive on demand from aspirational, time-constrained households.

The number of internet users in India stood at around 810mn–840mn in 2024 and is expected to cross 1bn by 2029, boosted by the 5G rollout, government efforts in rural digitization, cheap data, and affordable smartphones. Smartphone users alone have tripled from around 220mn in 2018 to nearly 680mn in 2024. Yet, only 30-35% of these users currently shop online, compared to over 80% in China—indicating significant growth potential as digital retail becomes more accessible and familiar across India.

According to the Ministry of Women and Child Development, the female labor participation rate in India rose sharply from 23% in fiscal 2018 to 37% in fiscal 2023. As a result, dual-income households have increased, driving higher discretionary spending and greater demand for convenience. With time constraints faced by working couples, convenience-first services such as food delivery and grocery outsourcing have become increasingly important, as urban households prioritize comfort and efficiency over just value.

Exhibit 20: Rising share of middle and high-income households in India's income pyramid



Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 21: Strong value proposition across stakeholders

Stakeholder	Key Value Propositions
Consumers	Convenience: On-demand delivery, digital payments, reservations. Wide Selection: More choices, including online-only brands. Affordability: Discounts, offers, free delivery. Consistent Experience: Standardized ordering, support, feedback loop. Event Demand: Spike during key events like IPL, Diwali, New Year (e.g., 18% YoY order growth on 31-Dec-23).
Restaurants & Brands	Expanded Reach: Over 8.2mn MTUs in 25+ cities enable greater digital access. Discovery & Distribution: Better visibility and inventory management. Ad Opportunities: Targeted ads drive user engagement and conversions.
Delivery Partners	Flexibility & Income: Control over schedule and stable earnings. Workplace Enhancements: Insurance, credit access, training, EV benefits. Inclusive Opportunities: Push for female participation and social inclusion improves sustainability.

Source: Nirmal Bang Institutional Equities Research

Exhibit 22: The 1PL vs 3PL logistics

Aspect	1PL (First-Party Logistics)	3PL (Third-Party Logistics)
Definition	Company uses its own resources (vehicles, drivers, etc.) for logistics.	Logistics operations are outsourced to a specialized provider.
Example	Companies use their own delivery fleets.	Companies partner with companies like Delhivery and XpressBees.
Usage Context	Used for specific areas, delivery types	Used to manage a portion of deliveries when scaling or handling larger operations.
Use Case	Swiggy and Eternal rely more on their internal delivery fleet.	Meituan and Delivery Hero extensively use 3PL services.

Source: Nirmal Bang Institutional Equities Research

Eternal vs Swiggy

Exhibit 23: Overview of business verticals

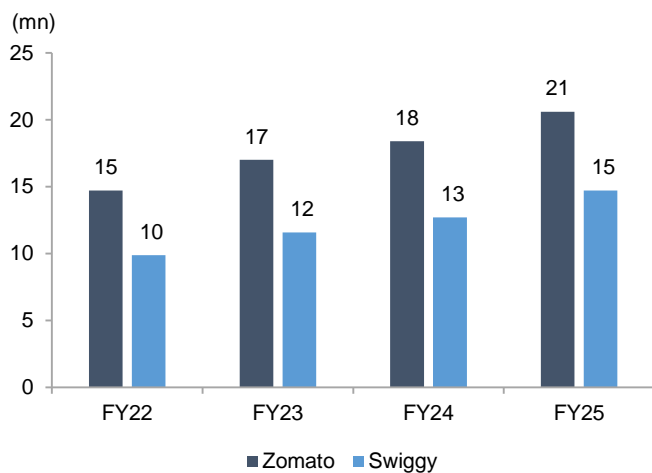
Segment	Eternal	Swiggy
Food Delivery	Eternal launched its food delivery service in India in Mar-15 and held approximately 58% market share as of FY25	Swiggy launched its food delivery service in India in Aug-14 and held approximately 42% market share as of FY25
Quick Commerce	Acquired Blinkit (formerly Grofers) in Aug-22. Blinkit is now India's largest player in quick commerce.	Instamart is Swiggy's quick commerce platform offering delivery of groceries and household items. The platform offers a selection of 5,000+ products, with average delivery times of 15-30 minutes
B2B Restaurant Supplies	Hyperpure operates a 1P model (i.e., owns inventory) where it sources directly from farmer producer organizations, traders, and brands, and supplies to restaurants and other B2B customers	Swiggy has launched a B2B platform called Assure to supply kitchen essentials to restaurants, hotels, and caterers, directly competing with Eternal's Hyperpure
Table Booking Services	District is a dedicated going-out app that helps users discover and book experiences like dining out, movies, sports, and live events	Swiggy entered this space by acquiring Dineout from Times Internet in a US\$120mn all-stock transaction
Loyalty Program	Eternal launched Eternal Gold in Jan-23. Nearly 40%-50% of the platform's Gross Order Value (GOV) contributed by Gold members.	Swiggy introduced Swiggy One in Nov-21, offering bundled benefits across services such as food delivery, Instamart, and Genie, including free delivery on orders within a 7km radius.

Source: Nirmal Bang Institutional Equities Research

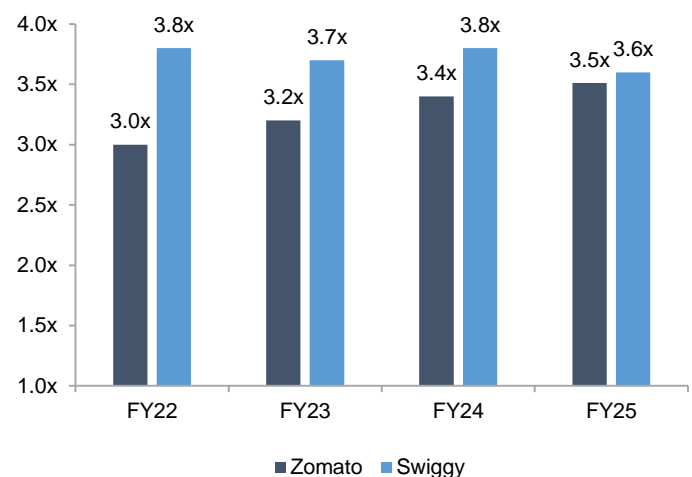
Exhibit 24: KPIs of food delivery

Food Delivery	Eternal (Zomato)				Swiggy			
	FY22	FY23	FY24	FY25	FY22	FY23	FY24	FY25
Order Frequency(Monthly wise) (x)	3	3	3	4	4	4	4	4
Avg. MTU (mn)	15	17	18	21	10	12	13	15
Total Numbers of Orders (mn)	535	647	753	853	454	517	578	629
AOV (Rs per order)	398	407	428	453	407	416	428	458
GOV (Rs mn)	2,12,970	2,63,050	3,22,240	3,86,460	1,84,788	2,15,171	2,47,174	2,87,823
Gross Take Rate % of GOV	22%	23%	24%	24%	24%	24%	25%	25%
Net Take Rate % of GOV	16%	17%	20%	21%	18%	19%	21%	22%
Restaurant partners ('000s)	180	210	247	297	129	175	196	238

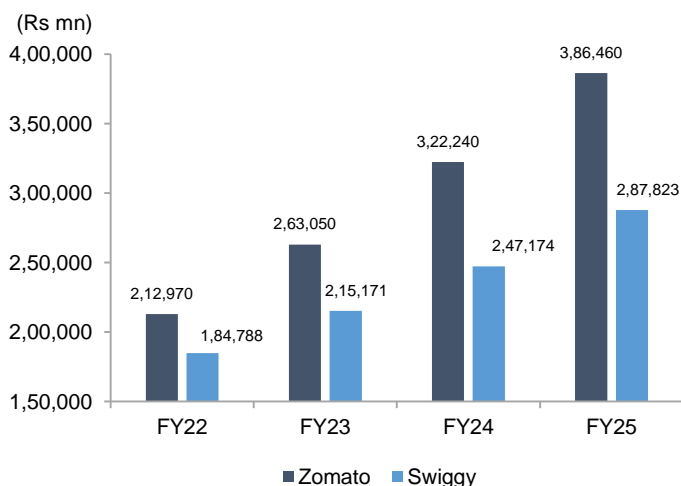
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 25: Average MTU - Zomato dominates Swiggy in monthly transacting user base


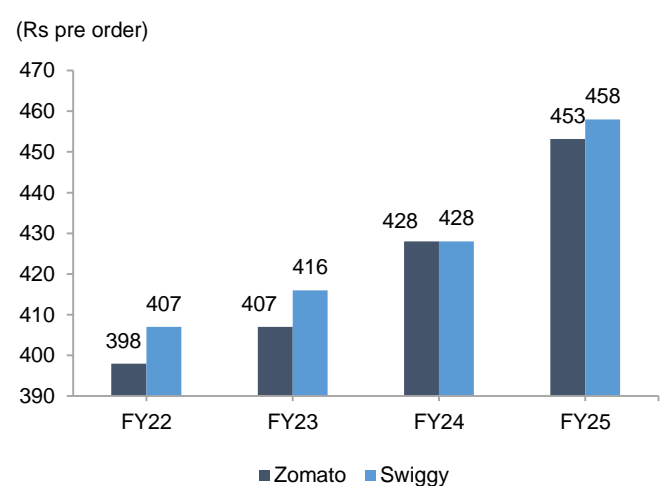
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 26: Order frequency - Both platforms exhibit similar order frequency among users (monthly basis)


Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 27: Gross Order Value – Zomato holds the upper hand against Swiggy


Source: Company, Nirmal Bang Institutional Equities Research

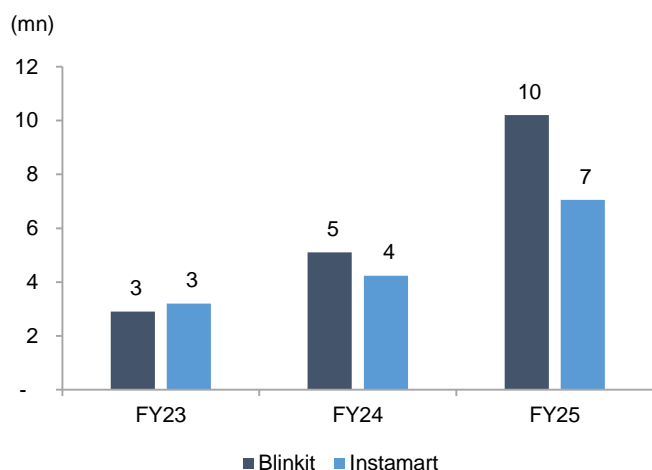
Exhibit 28: AOV – Swiggy has overtaken Eternal in FY 25


Source: Company, Nirmal Bang Institutional Equities Research

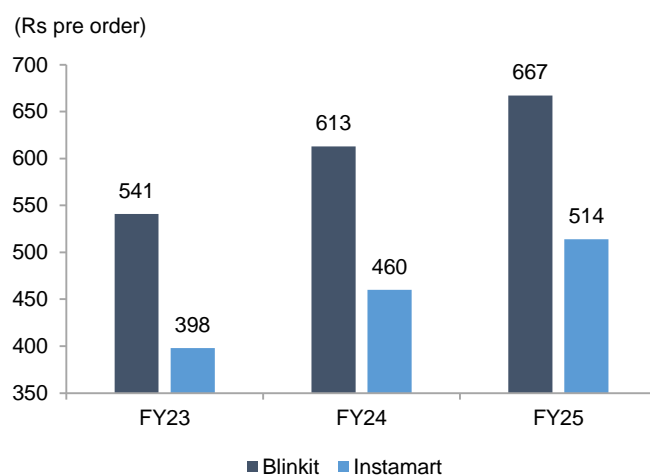
Exhibit 29: KPIs of quick commerce

Quick Commerce - KPI	Blinkit			Instamart		
	FY23	FY24	FY25	FY23	FY24	FY25
Order Frequency (x)	3.4	3.3	3.5	3.4	3.5	3.4
Avg. MTU (mn)	2.9	5.1	10.2	3.2	4.2	7.1
Total Numbers of Orders (mn)	119	203	424	128	175	286
AOV (Rs per order)	541	613	667	398	460	514
GOV (Rs mn)	64,490	1,24,690	2,82,740	51,184	80,686	1,46,830
Gross Take Rate % of GOV	12%	18%	18%	11%	13%	15%
Net Take Rate % of GOV	12%	18%	18%	9%	12%	15%
Active Dark Stores	377	526	1,301	421	523	1,021

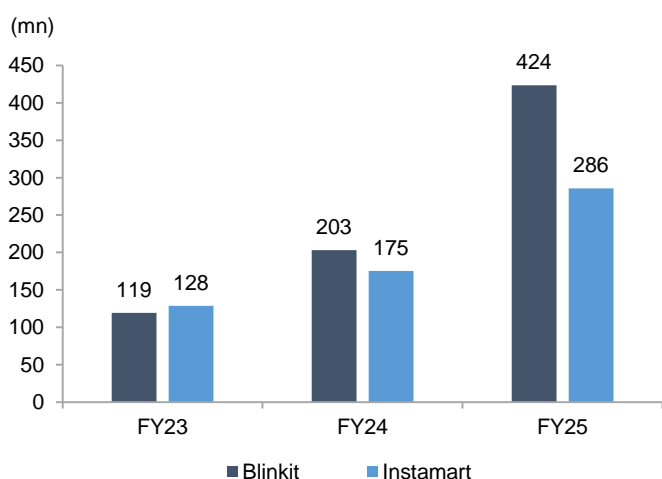
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 30: Average MTU – Both are focusing on gaining users


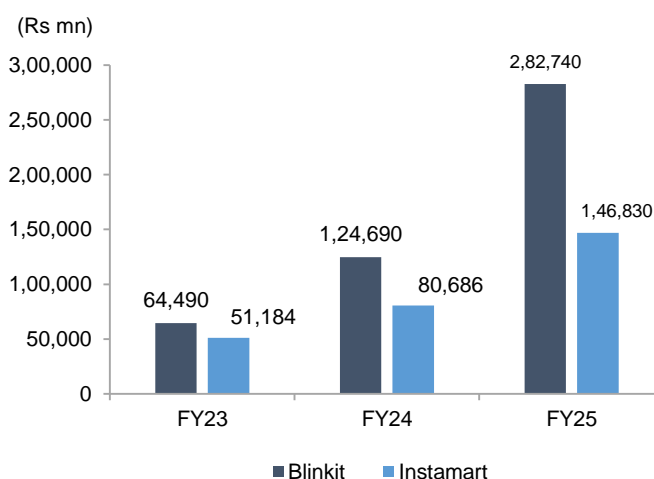
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 31: AOV for both has grown at a steady pace


Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 32: Total numbers of orders – Grown remarkably


Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 33: Gross Order Value – Exhibited stellar growth


Source: Company, Nirmal Bang Institutional Equities Research

Financials

Exhibit 34: Global peer valuation

Company	Headquarters	Year Founded	Revenue (US\$ mn)				EBITDA (US\$ mn)				EBITDA Margin%				PAT (US\$ mn)				Price/sales			
			CY23	CY24	CY25E	CY26E	CY23	CY24	CY25E	CY26E	CY23	CY24	CY25E	CY26E	CY23	CY24	CY25E	CY26E	CY23	CY24	CY25E	CY26E
Meituan	Beijing, China	2010	39,081	46,890	54,238	62,429	3,165	6,925	6,933	8,852	8%	15%	13%	14%	2,070	5,431	5,902	7,676	2.5	2.1	1.8	1.6
Doordash Inc	San Francisco, USA	2013	8,635	10,722	12,842	15,270	201	894	2,693	3,584	2%	8%	21%	23%	(426)	336	1,669	2,403	11.7	9.4	7.9	6.6
Delivery Hero	Berlin, Germany	2011	10,752	13,300	16,143	18,140	(167)	436	1,152	1,588	-2%	3%	7%	9%	(1,329)	(761)	(96)	318	0.7	0.6	0.5	0.4
Deliveroo Plc	London, UK	2013	2,525	2,647	2,863	3,153	25	95	235	308	1%	4%	8%	10%	(32)	14	60	132	1.4	1.3	1.2	1.1

Source: Bloomberg, Nirmal Bang Institutional Equities Research

Exhibit 35: Swiggy vs Eternal

	Revenue(Rs mn)				EBITDA (Rs mn)				EBITDA Margin				PAT (Rs mn)				Price/Sales			
	FY24	FY25	FY26E	FY27E	FY24	FY25	FY26E	FY27E	FY24	FY25	FY26E	FY27E	FY24	FY25	FY26E	FY27E	FY24	FY25	FY26E	FY27E
Swiggy	1,12,474	1,52,268	2,01,097	2,52,173	-22,080	-27,858	-21,699	-4,037	-20%	-18%	-11%	-2%	-23,130	-31,025	-26,930	-11,960	8.6	6.4	4.8	3.8
Eternal	1,21,140	2,02,430	3,12,576	4,24,179	420	6,370	12,289	31,820	0%	3%	4%	8%	3,510	5,270	8,628	23,565	20.5	12.3	7.9	5.9

Source: Company, Nirmal Bang Institutional Equities Research

Critical Risks to the Industry

Gig Worker Regulations Pose Rising Cost Pressures for Aggregators

The evolving regulatory landscape—particularly around gig worker welfare and data protection—is likely to increase costs for food delivery players like Swiggy and Zomato. The rapid growth in quick commerce (QC) has outpaced the expansion of the delivery fleet, creating logistical and compliance challenges. With the Code on Social Security, 2020, laying a central framework and states like Rajasthan and Karnataka introducing their own welfare mandates, companies may face dual compliance requirements. These state-specific obligations, once notified, could lead to additional registration, tracking, and contribution-related expenses, significantly adding to their labor and compliance costs.

Moreover, their reliance on a flexible gig workforce further amplifies the risk. Any tightening in labor laws, heightened public activism, or rising attrition among delivery partners may force Swiggy and Zomato to offer better pay, benefits, or welfare contributions to retain workers. This shift could erode operating leverage and push up per-order delivery costs. In addition, regulatory demands for improved data security infrastructure could result in higher tech investments and legal overheads. If not managed efficiently, these factors can materially affect cost structures and impact overall profitability.

Emergence of ONDC Threatens Aggregator Dominance and Profitability

The Open Network for Digital Commerce (ONDC), backed by the Indian government, aims to decentralize digital commerce by enabling restaurants to connect directly with consumers, use independent logistics, and access customer data—reducing reliance on aggregators like Swiggy and Zomato. ONDC offers lower commission rates compared to the 15%-30% typically charged by these platforms, thereby prompting restaurants to consider shifting. This threatens Swiggy and Zomato's revenue streams, especially from commissions and paid promotions. As discoverability becomes more democratized their data advantage and platform-driven visibility weaken.

ONDC's open framework allows restaurants to use their own or third-party delivery services, directly challenging the aggregator-led logistics model of Swiggy and Zomato. This flexibility reduces restaurant dependence on platform-controlled fulfillment networks. At the same time, rising regulatory scrutiny over private label food offerings—where aggregators run their own cloud

kitchens—adds complexity and potential compliance risk. Collectively, ONDC threatens to undermine aggregators' cost structures, erode their pricing power, and weaken their long-term dominance in digital food delivery.

Rising Restaurant Pushback Poses Strategic and Regulatory Risks

Swiggy and Zomato are increasingly facing resistance from restaurant partners over high commission rates—typically ranging from 15% to 30%—limited access to customer data, and their growing focus on private-label food brands. For smaller outlets, which make up a significant portion of the supply chain, these conditions often render participation economically unsustainable, leading to high churn. The withholding of customer data by aggregators restricts a restaurant's ability to nurture customer loyalty or reduce marketing costs, thus reinforcing their dependence on the platforms.

In contrast, aggregators leverage this data to develop their own proprietary brands, sparking concerns about unfair competition and customer diversion. These dynamics have triggered public criticism and calls for regulatory scrutiny into potential anti-competitive practices. Furthermore, aggregator-led dine-in initiatives—offering discounts and promotions—have deepened channel conflict by exerting further pressure on traditional restaurant margins. If unresolved, these tensions risk eroding restaurant-aggregator relationships, shrinking supply, and exposing platforms to regulatory and reputational fallout.

Intensifying Competition and Pricing Pressure

The food delivery and quick commerce space is witnessing increasing disruption from emerging players like Rapido in food delivery, which are aggressively acquiring users through deep discounting and offering lower commission rates to restaurant partners. This puts pressure on incumbents such as Zomato and Swiggy to replicate such incentives, resulting in margin compression and delaying their path to profitability. At the same time, large tech players like Amazon (in Bengaluru) and Flipkart (via Flipkart Quick and Flipkart Ready) are scaling rapidly, leveraging significant capital reserves to heighten competitive intensity. With minimal customer switching costs, limited brand stickiness, and growing pricing aggression across platforms, the long-term sustainability of the aggregator model remains under scrutiny. In this challenging environment, Zepto has emerged as a strong contender, expanding swiftly and gaining market share in quick commerce. According to reports, Zepto delivered 29% of the quick commerce market—surpassing Swiggy Instamart's 26% and trailing only Blinkit's 40%. As of April 2025, Zepto is nearing an annualized GOV of \$4 billion, reflecting a ~300% year-on-year increase and a 30% rise since January 2025.

Company Section

Swiggy Ltd.

E-Retail/E-Commerce | Initiating Coverage

BUY
CMP: Rs389 | Target Price (TP): Rs500 | Upside: 28.6%
July 20, 2025

Bridging the Gap in Food Delivery; Quick Commerce to Scale

India's private consumption recovery remains uneven, with PFCE (Private Final Consumption Expenditure) growth improving to 7.2% in FY25, but broader FMCG growth moderating—urban slowing to 4.4% and rural to 4.0%. Yet, against this backdrop, online food delivery and quick commerce have emerged as standout growth verticals, fueled by rising digital adoption and demand for convenience. The food delivery market is expected to grow from Rs630bn in 2023 to Rs1.4–1.7trn by 2028 (CAGR: 17-22%), while quick commerce could surge over 10x to Rs2.3-4.2trn (CAGR: 60-80%). Swiggy, with its scaled presence and multi-engine platform is structurally well-placed to capitalize on these consumption megatrends.

Key Highlights

- **Food Delivery – Narrowing the Profitability Gap:** Swiggy has narrowed its contribution margin gap with Zomato from over 140bps in Q2FY24 to 81bps by Q4FY25, led by a 7% rise in AOV, disciplined discounting, and improved delivery density. Contribution profit per order expanded from Rs24 to Rs32 from FY24 to FY25, while fixed cost per order declined to Rs23 in FY25, enabling positive adjusted EBITDA of Rs9/order. With GOV expected to clock 18% CAGR, we believe, Swiggy is on track to exceed 8% contribution profit as % of GOV and reach ~4% adjusted EBITDA as % of GOV by FY27E.
- **Quick Commerce – Profitability Levers Kicking in:** Instamart reported a -5.6% contribution margin in Q4FY25, driven by aggressive expansion with 316 new dark stores and elevated subsidies. Early signs of recovery are visible through a 13.3% YoY rise in AOV during Q4FY25, a 50bps improvement in take rates over Q2FY25, and growing ad and commission revenues. The recent addition of dark stores is expected to gradually drive higher throughput, while the 40% QoQ increase in MTUs in Q4FY25 is yet to fully translate into sustained user engagement—both of which are likely to meaningfully support Instamart's progression toward profitability by FY27E.
- **Cohorts – Strong User Retention and Increased Spending:** Cohorts are maturing faster with recent user sets crossing acquisition spend milestones earlier than expected, indicating improving engagement and path to sustainable monetization.
- **Out-of-Home – Turning Profitable and Scalable:** Swiggy's dine-out business posted its first profitable quarter in Q4FY25; integration synergies and higher ad revenue are supporting scalability. With the continued user engagement and increased ad revenue, we are expecting the adjusted EBITDA as % of GOV to reach 1.5% on a full-year basis in FY27.
- **Valuation – Multi-engine Model at an Inflection Point:** We value Swiggy's food delivery business at 42x FY27E EV/EBITDA, reflecting its transition to adjusted EBITDA profitability and a clear trajectory of margin expansion. The quick commerce segment is valued at 1x EV/GOV, given it remains in investment mode, and has yet to achieve adjusted EBITDA profitability despite early signs of monetization. Although the out-of-home consumption business turned EBITDA positive in Q4FY25, we assign an EV/GOV multiple to account for the evolving competitive intensity and nascent margin profile. Lastly, the supply chain & distribution vertical is valued at EV/Sales, given its early stage of monetization and lack of established profitability metrics. Considering all these components, our SOTP-based valuation stands at Rs500.

Est Change	-
TP Change	-
Rating Change	-

Company Data and Valuation Summary

Reuters:	SWIG.BO
Bloomberg:	SWIGGY IN
Mkt Cap (Rsbn/US\$bn):	980.1 / 11.4
52 Wk H / L (Rs):	617 / 297
ADTV-3M (mn) (Rs/US\$):	6,471.2 / 75.6
Stock performance (%) 1M/6M/1yr:	11.0 / (15.4) / 0.0
Nifty 50 performance(%)1M/6M/1yr:	(0.2) / 7.0 / 6.6

Shareholding	3QFY25	4QFY25
Promoters	0.0	0.0
DII's	7.7	9.3
FII's	6.2	4.9
Others	86.1	85.8
Pro pledge	0.0	0.0

Financial and Valuation Summary

Particulars (Rsm)	FY24	FY25	FY26E	FY27E
Net Sales	112,474	152,268	201,097	252,173
Growth YoY %	36%	35%	32%	25%
Gross margin %	59%	61%	63%	64%
EBITDA	(22,080)	(27,858)	(21,699)	(4,037)
EBITDA margin %	(20%)	(18%)	(11%)	(2%)
Adj Pat	(23,130)	(31,025)	(26,930)	(11,960)
Growth YoY %	45%	(34%)	13%	56%
Adj EPS (Rs)	(9)	(12)	(11)	(5)
RoCE (%)	(30%)	(28%)	(28%)	(12%)
RoE (%)	(30%)	(30%)	(32%)	(15%)
RoIc (%)	(34%)	(39%)	(39%)	(16%)
P/S	8.6	6.4	4.8	3.8
EV/EBITDA	(43)	(34)	(43)	(233)
P/BV	12	9	11	12

Source: Company, Bloomberg, Nirmal Bang Institutional Equities Research

Please refer to the disclaimer towards the end of the document.

Quick Glance at the Investment Thesis

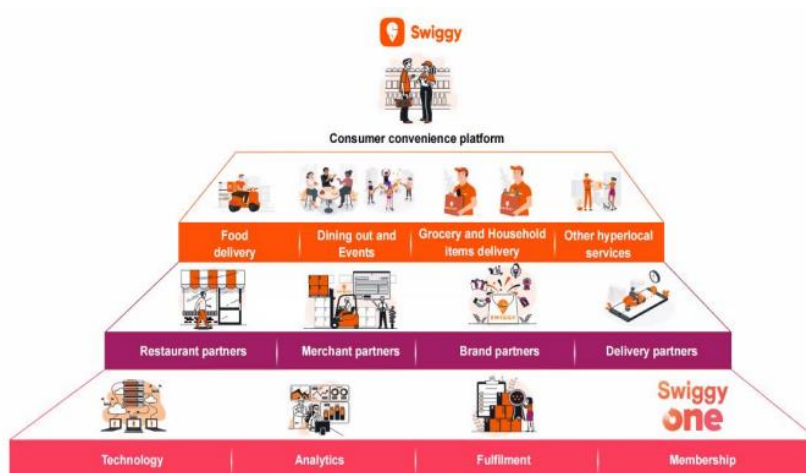
- **Food Delivery – Building Profit with Discipline:** Swiggy's food delivery business demonstrated structural margin expansion in FY25 with contribution profit per order rising from Rs24 to Rs32, supported by a 7% increase in AOV while variable costs rose only 3%. Strategic recalibration toward high-quality users, disciplined discounting, and improved delivery density (via Bolt) helped strengthen unit economics. Fixed cost per order declined from Rs25 to Rs23, enabling adjusted EBITDA to turn positive at Rs9/order. With continued scale and efficiency, contribution profit as a % of GOV is expected to exceed 8% over the medium term, while adjusted EBITDA margin likely to reach ~4% of GOV by FY27E, though Swiggy may continue to trail Eternal in absolute profitability due to scale. That said, Swiggy has narrowed the profitability gap, reducing the contribution margin difference (as % of GOV) from over 140bps in Q2FY24 to 81bps in Q4FY25, aided by better variable cost control through rational discounting, optimized last-mile delivery costs, and higher AOV. We believe this gap will continue to narrow supported by a rising mix of advertisement-led revenue.
- **Instamart – Gradual Normalization of Margins:** Swiggy's quick commerce arm remains in investment mode with FY25 GOV at Rs146,830mn and a contribution margin of -5.6%. Margin drag in Q4 stemmed from aggressive expansion (316 stores added) and meaningful subsidy floating in the system. However, with the network rollout largely complete, the focus is now on driving order density, store-level efficiency, and improving AOV (which rose 13.3% YoY to Rs527). Early signs of monetization are visible through a 50bps improvement in take rates during Q4FY25 over Q2 of the same year and rising ad and commission revenues. These levers, along with cost rationalization, should aid in taking the contribution profitability toward positive trajectory coupled with rapid growth and meaningful gain in absolute GOV and take rate during FY25-FY27E.
- **Cohort Behavior – Retention-Driven Monetization:** Instamart's user base is structurally improving, with higher retention and spend across cohorts. The Q4FY23 cohort grew GOV by 1.5x by the ninth quarter and surpassed the acquisition level spend by the 7th quarter, while the Q2FY25 cohort surpassed its acquisition spend by the 3rd quarter itself, indicating accelerated engagement. Improved product-market fit, assortment curation, and formats like megapods and Maxxsaver are aiding monetization. The rising quality and depth of cohorts lend visibility to GOV scalability and margin recovery, reinforcing the platform's long-term viability in a competitive market.
- **Out-of-Home – A New Growth Engine Emerges:** Swiggy's Out-of-Home segment posted its first profitable quarter in Q4FY25, delivering an adjusted EBITDA of Rs26mn (+0.3% margin), driven by 41.6% YoY GOV growth and higher ad monetization. The Dineout integration, previously a drag, is now margin accretive. Going forward, Swiggy aims to expand dine-in services and experiential offerings while leveraging its unified app to boost engagement and monetization. The company targets 4-5% EBITDA margin for this vertical, supported by promotional campaigns, restaurant partnerships, and ancillary services.
- **Valuation – Visibility on Margin-Accretive Growth:** We expect Swiggy to deliver 18% CAGR in food delivery GOV over FY25-27E with contribution margin exceeding 8% and adjusted EBITDA margin reaching 4%. Quick commerce profitability should increase, as fixed cost absorption improves and monetization accelerates with GOV likely to clock 72% CAGR during FY25-FY27E, aided by improved assortment and quality customer mix. We assign 42x FY27E EV/EBITDA to the food delivery business and 1x EV/GOV to Instamart (at a ~50% discount to Blinkit), arriving at a SOTP-based valuation of Rs500/share. With multiple engines moving toward profitability, Swiggy stands well-positioned for sustainable long-term value creation.

Swiggy: Business overview

Swiggy is a consumer-centric technology company that bundles multiple hyperlocal services into a single, easy-to-use app. Launched with Food Delivery in 2014 and Instamart (quick commerce) in 2020, the platform now lets users order meals, groceries, and household items; book tables through Dineout; attend events via SteppinOut; use Genie for pick-up and drop services; and explore additional hyperlocal offerings through Swiggy Minis.

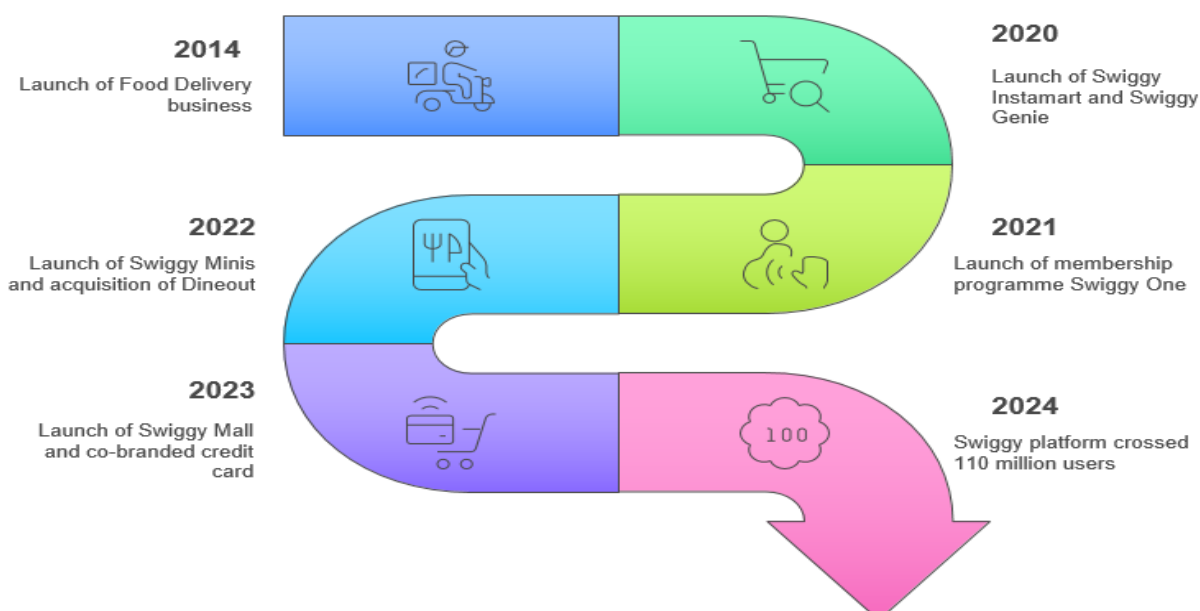
Swiggy's key business areas include food delivery, quick commerce, dining out, events, pickup & drop, and hyperlocal retail. The company enhances user retention through Swiggy One (its membership program) and integrated payment products like Swiggy Money, Swiggy UPI, and a co-branded credit card with HDFC Bank. For restaurant and merchant partners, Swiggy offers a full suite of enablement services including analytics, fulfilment, and last-mile delivery—strengthening its platform ecosystem and deepening partner engagement.

Exhibit 1: Swiggy's business verticals



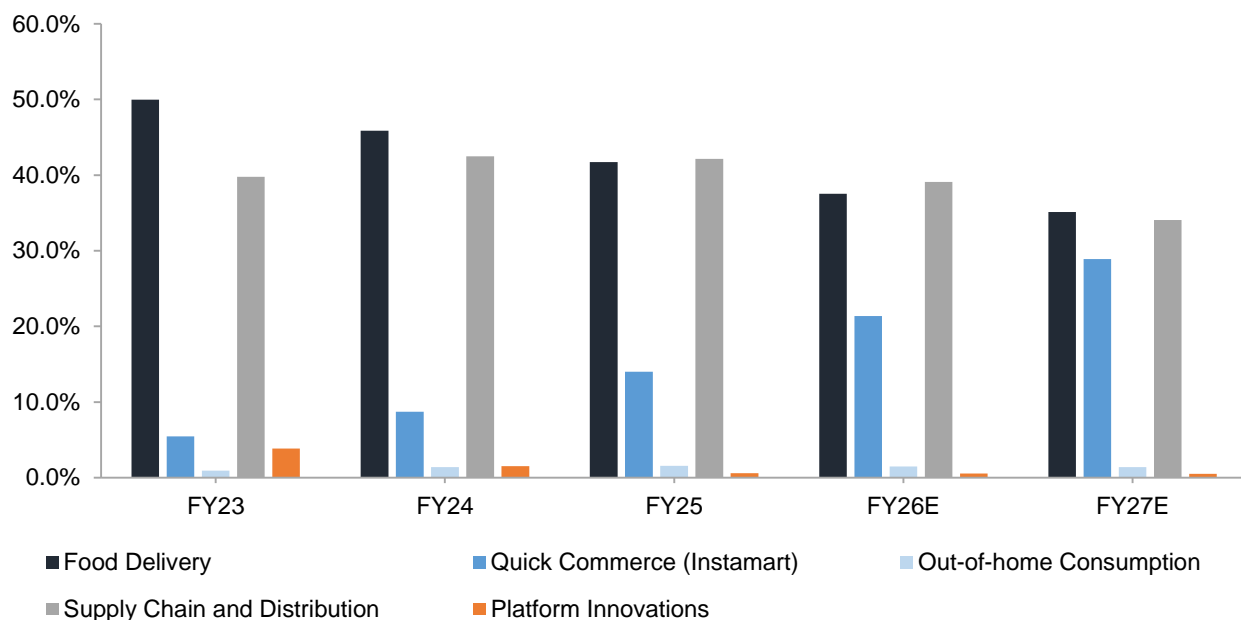
Source: Company

Exhibit 2: Swiggy's journey – Key milestones and innovations



Source: Nirmal Bang Institutional Equities Research

Exhibit 3: Revenue contribution segment wise; quick commerce contribution is expected to rise



Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 4: Food delivery/quick commerce are projected at 18%/84% CAGR over FY25-27E

FY/Rs mn	FY23	FY24	FY25	FY26E	FY27E
Revenue Segment					
Food Delivery	41,300	51,601	63,529	75,449	88,553
YoY	21.8%	24.9%	23.1%	18.8%	17.4%
% Rev	50.0%	45.9%	41.7%	37.5%	35.1%
Quick Commerce (Instamart)	4,514	9,786	21,296	42,991	72,915
YoY	444.8%	116.8%	117.6%	101.9%	69.6%
% Rev	5.5%	8.7%	14.0%	21.4%	28.9%
Out-of-home Consumption	777	1,572	2,385	2,933	3,523
YoY	NA	102.3%	51.7%	23.0%	20.1%
% Rev	0.9%	1.4%	1.6%	1.5%	1.4%
Supply Chain and Distribution	32,863	47,796	64,175	78,638	85,913
YoY	124.3%	45.4%	34.3%	22.5%	9.2%
% Rev	39.8%	42.5%	42.1%	39.1%	34.1%
Platform Innovations	3,192	1,719	883	1,085	1,270
YoY	(58.3%)	(46.1%)	(48.6%)	22.8%	17.1%
% Rev	3.9%	1.5%	0.6%	0.5%	0.5%
Revenue	82,646	1,12,474	1,52,268	2,01,097	2,52,173

Source: Company, Nirmal Bang Institutional Equities Research

Swiggy's food delivery business overview

Swiggy's food delivery business is on a strong growth trajectory, driven by rising user adoption, improving order economics, and expanding platform reach. Gross Order Value (GOV) is expected to reach Rs398bn by FY27, implying a 17.7% CAGR over FY25-FY27E. Operational efficiency continues to improve, with a stable to slightly rising order frequency (from 3.6x to 3.7x) and modest uptick in Average Order Value (AOV), reflecting greater user engagement and higher spend per transaction. The company's restaurant partner base is expanding steadily, ensuring broader service availability. On the financial front, both gross and reported revenue are set to grow significantly with improving take rates supporting topline momentum. Profitability is also scaling fast—adjusted EBITDA turned positive in FY25, while contribution margin as a % of GOV is expected to be at ~8.6% by FY27E, indicating a sustainable path toward long-term profitability.

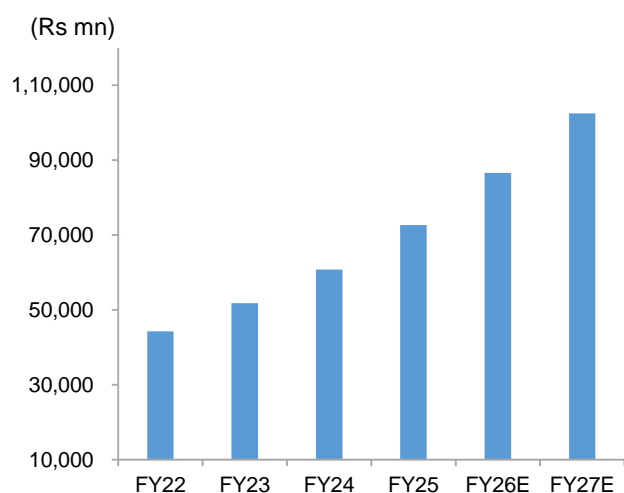
Exhibit 5: Food delivery business KPI

Swiggy					
Particulars	FY23	FY24	FY25	FY26E	FY27E
Orders (mn)	517	578	629	727	849
AOV (Rs per order)	416	428	458	467	470
GOV (Rs mn)	2,15,171	2,47,174	2,87,823	3,39,076	3,98,887
Reported Revenue (Rs mn)	41,300	51,601	63,529	75,449	88,553
Contribution Profit (Rs mn)	6,326	14,138	20,337	26,898	34,146
Contribution Profit % of GOV	2.9%	5.7%	7.1%	7.9%	8.6%
Adjusted EBITDA (Rs mn)	(10,350)	(472)	5,658	10,952	15,894
Adjusted EBITDA % of GOV	-4.8%	-0.2%	2.0%	3.2%	4.0%

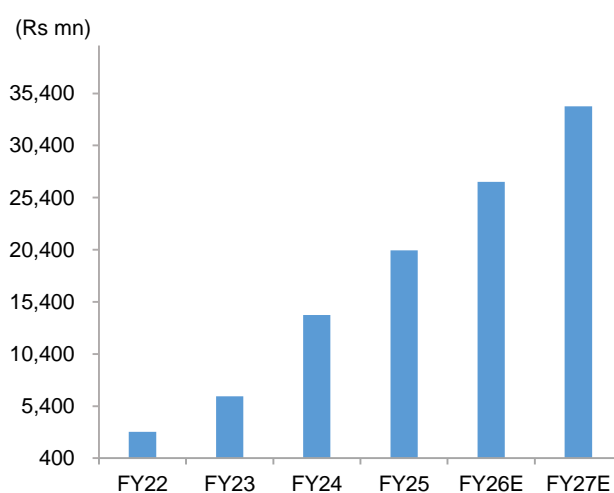
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 6: Gross revenue growth is expected to be at 18% CAGR over FY25-27E

Exhibit 7: Contribution profit is rising due to user fees, commissions, and ad revenue

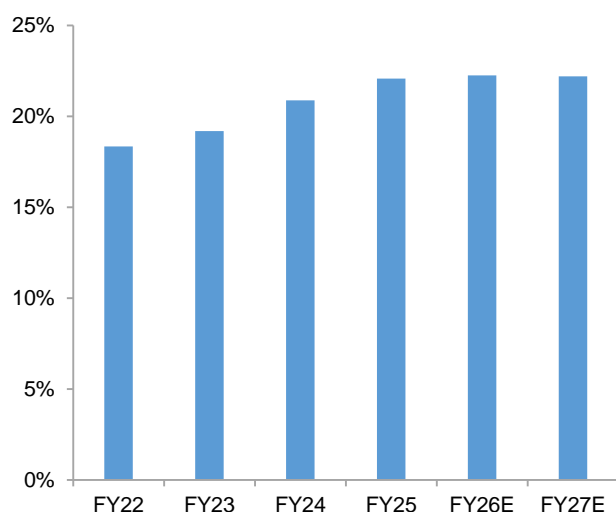


Source: Company, Nirmal Bang Institutional Equities Research



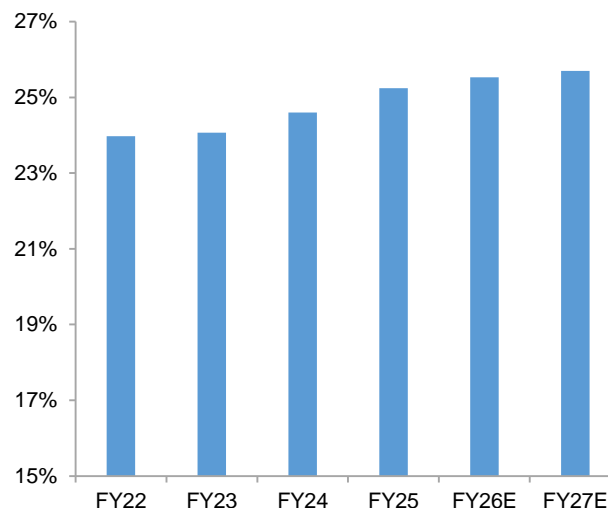
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 8: Net take rate as % of GOV is expected to expand moderately



Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 9: Gross take rate as % of GOV is likely to improve gradually



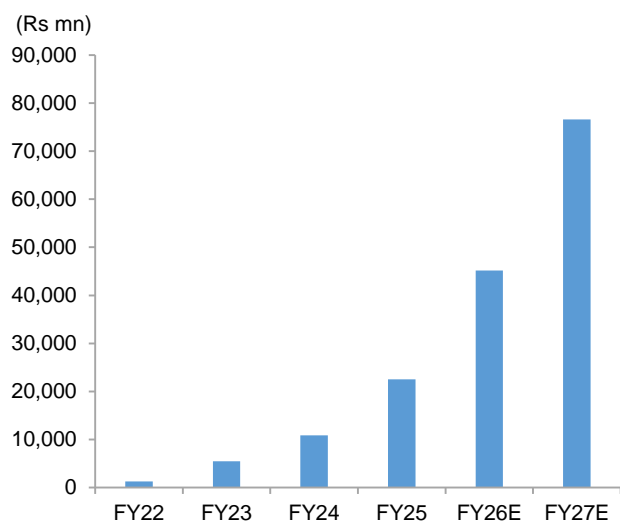
Source: Company, Nirmal Bang Institutional Equities Research

Swiggy's Quick Commerce Business Overview

Swiggy pioneered the quick commerce segment in India with the launch of Instamart in 2020, offering delivery of grocery and daily essentials within 10-15 minutes using its dedicated delivery fleet and strong technology backbone. Instamart is poised for strong growth backed by rising user adoption, stable ordering patterns, and improving unit economics. We estimate that Monthly Transacting Users (MTUs) of 7.1mn in FY25 should increase going ahead, supported by continued expansion into new cities and densification in metros. Order frequency is expected to remain stable at ~3.4-3.5x, while Average Order Value (AOV) is projected to clock 10% CAGR over FY25-27E, aided by assortment expansion and larger format stores. We forecasted Gross Order Value (GOV) to rise from Rs147bn in FY25 to Rs436bn by FY27, translating into a strong 72% CAGR. Swiggy has steadily scaled its dark store infrastructure to support this growth, with over 1,000 stores across 124 cities as of FY25, enabling better coverage and faster delivery. With improving contribution margin per order and growing operating leverage, Instamart is on track to emerge as a structurally profitable and high-growth business within Swiggy's portfolio.

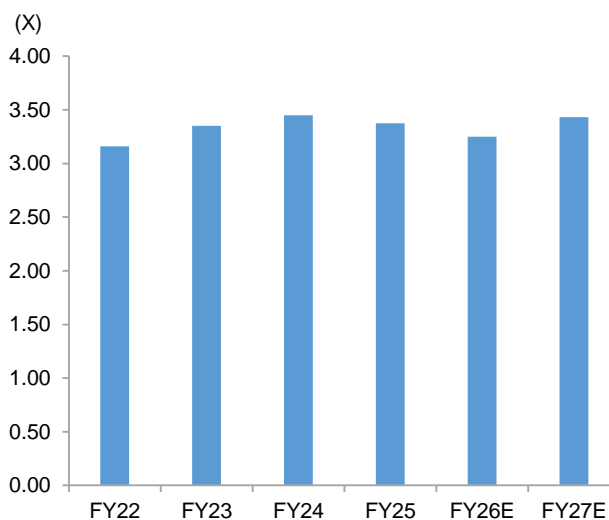
In FY25, Instamart had scaled significantly with over 1,021 dark stores compared to 301 in FY22, expanding rapidly into Tier 2 and Tier 3 cities—from where, one in every four new users now come from. To cater to the growing demand and expand assortment, Swiggy introduced 'Megapods'—large-format dark stores housing up to 50,000 SKUs; three times that of regular dark stores. These megapods have driven a higher average order value (AOV), contributing to an 11.8% year-on-year AOV growth in FY25 and a rising share of non-grocery items in the GMV. However, this aggressive expansion has weighed on profitability in the short term. With 498 new stores added in FY25, nearly half of the dark stores are less than a year old, leading to underutilized network costs that have not yet normalized. Additionally, Swiggy continues to offer elevated customer incentives—including delivery fee discounts—to drive adoption in new geographies, a strategy necessary amid rising competitive intensity. While these factors have temporarily pressured margins, they reflect Swiggy's long-term focus on building a scalable, high-frequency commerce platform across India.

Exhibit 10: Gross revenue – A CAGR of 84% is expected for FY25–FY27E



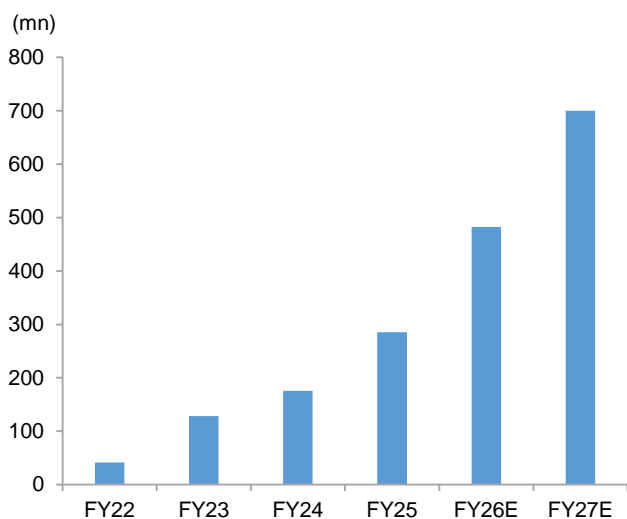
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 11: Order frequency is stable over the years



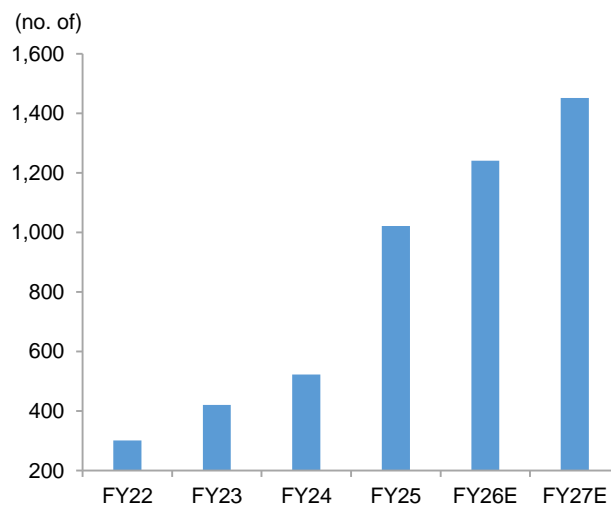
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 12: Orders/year is accelerating at a rapid pace



Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 13: Active dark stores as of FY25 stands at 1,021



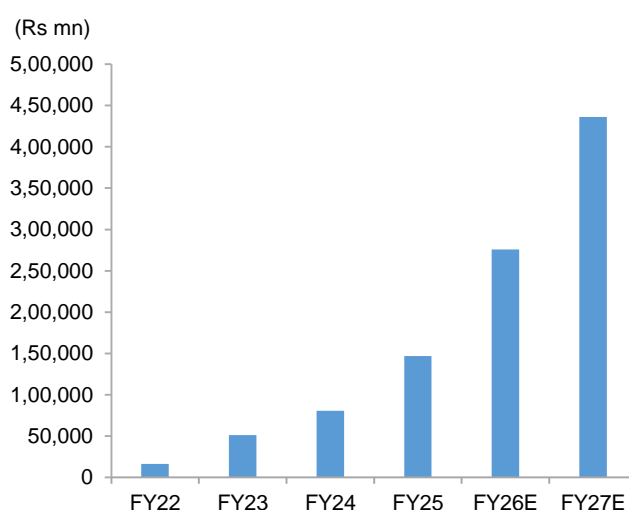
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 14: AOV is climbing on account of sale of non-grocery premium products



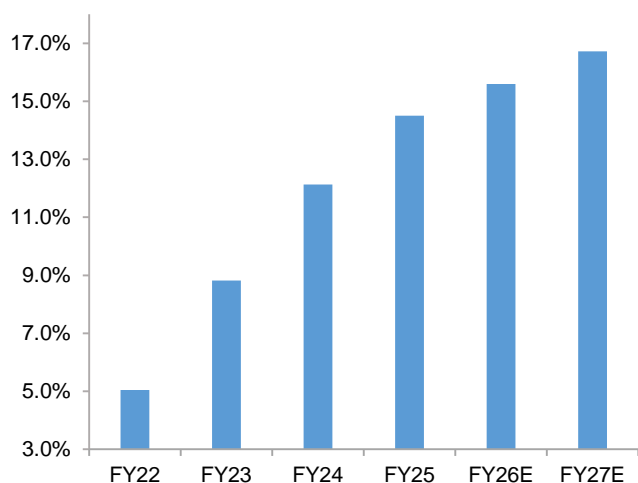
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 15: GOV growth remains strong and is expected to continue going forward



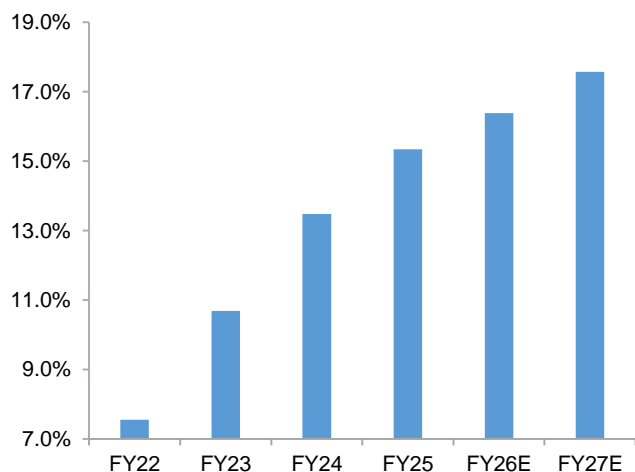
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 16: Net take rate as % of GOV is expanding at a faster rate



Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 17: Gross take rate as % of GOV has been rising steadily



Source: Company, Nirmal Bang Institutional Equities Research

Swiggy's Out-of-Home Consumption Business Overview

Swiggy's Out-of-Home Consumption (OOHC) business, comprising of Dineout and SteppinOut, is strategically positioned to tap into a fast-growing and underpenetrated market. As per Redseer, the online dining-out market in India stood at Rs50bn (US\$0.6bn) in 2023 and is expected to clock 46-53% CAGR to reach US\$4-5bn by CY28. Swiggy leverages its strong restaurant delivery ecosystem to scale Dineout, which has seen active monthly restaurant partners grow from 10,426 in 2022 to 35,813 in 2025. The integration of Dineout into the Swiggy app has led to a strong turnaround with the OOHC segment reporting 41.6% YoY GOV growth in Q4FY25 and turning profitable with an Adjusted EBITDA margin of 0.3%.

Swiggy adopts a capital-efficient model in its Out-of-Home Consumption (OOHC) segment by offering restaurant discovery, reservations, digital payments, and event solutions through a unified platform. SteppinOut complements Dineout by managing end-to-end event execution via third-party partnerships and by strengthening Swiggy's footprint in the food and lifestyle segments. The segment's GOV has grown from Rs11bn in FY23 to Rs30.1bn in FY25. We are building in a gross revenue CAGR of 20% over FY25-27E with the segment expected to turn Adjusted EBITDA positive on a full-year basis by FY26. With a large addressable market and under-penetration even in top-tier cities, Swiggy is well-positioned to scale this vertical profitably, targeting a steady-state EBITDA margin of 4-5% of GOV over the medium term to long term.

Swiggy's Supply Chain and Distribution Business Overview

Swiggy, through its subsidiary Scootsy, is building a full-stack B2B supply chain and distribution business that caters to wholesalers and retailers. By leveraging 2.66mn sqft of warehousing space across 13 cities (as of Jul-24), Scootsy offers end-to-end services including warehouse management, in-warehouse processing, and last-mile order fulfillment. It also supports procurement by enabling access to ~680 authorized brand distribution relationships thus helping both retailers and brands improve supply chain efficiency and market reach. The platform uses a technology-driven model to streamline the distribution process, allowing for accurate, timely, and cost-effective delivery.

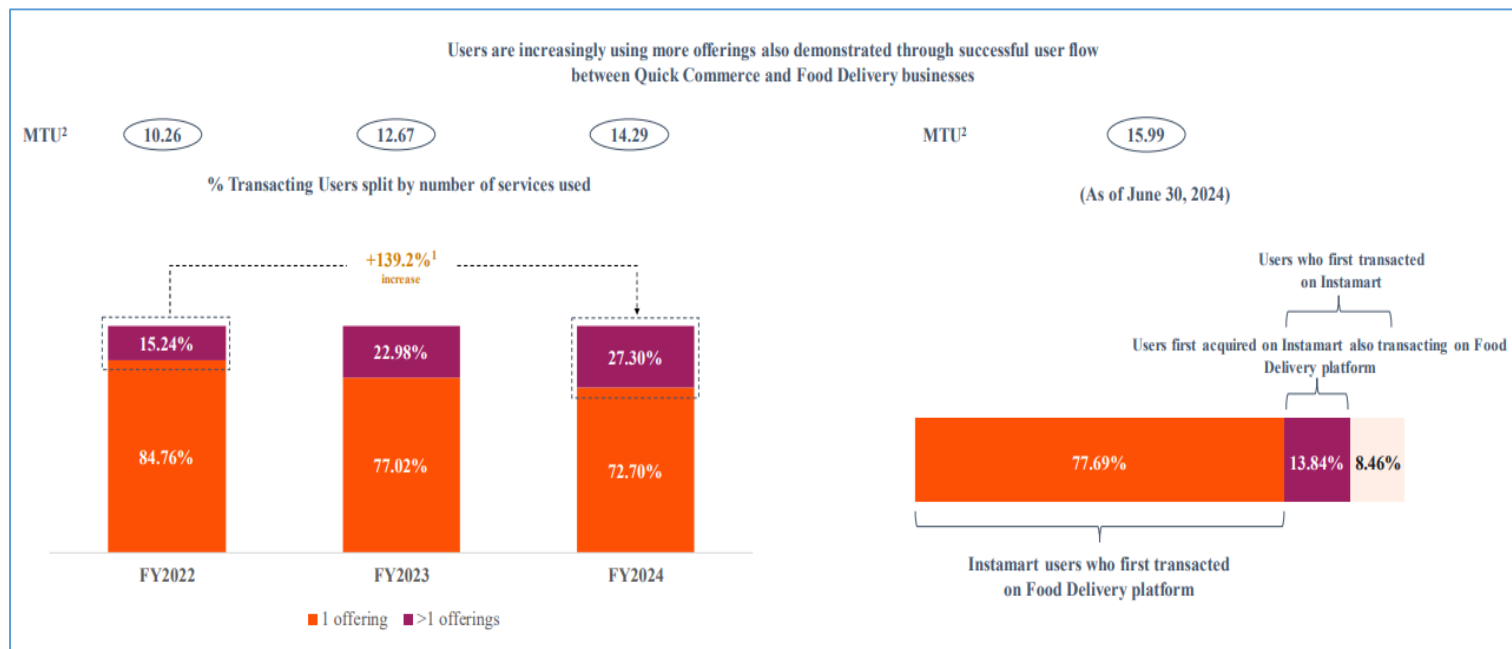
Scootsy operates as an authorized distributor for multiple brands and earns revenue from:

- i. direct sale of goods to wholesale and retail partners
- ii. supply chain service fees (such as storage, dispatch, recordkeeping)
- iii. facilitation fees for onboarding new brands and generating leads

The non-food B2B model is increasingly strategic to Swiggy's broader ecosystem, particularly as it enables supply chain support to dark stores, while scaling its independent retail footprint. Importantly, this vertical is now a material contributor to group revenues—accounting for 39% of Swiggy's total revenue in FY25.

The business has scaled rapidly with revenue rising from Rs14.6bn in FY22 to Rs64.2bn in FY25. While the segment remains loss-making, we are building in a 15.7% revenue CAGR over FY25-27E, backed by continued network expansion, deeper brand penetration, and growing monetization of logistics services. We expect Scootsy to achieve adjusted EBITDA breakeven by FY27E making it a key long-term value driver within Swiggy's diversified business model.

Exhibit 18: Swiggy – One app unlocking cross-category growth



Source: Company, Nirmal Bang Institutional Equities Research

Swiggy's integrated platform continues to drive higher user engagement across services, with an increasing number of users transacting on multiple offerings, such as food delivery and quick commerce. The share of users using more than one service has grown from 15.2% in FY22 to 27.3% in FY24, alongside a steady rise in MTUs from 10.3mn to 14.3mn. This rising overlap between offerings reflects successful cross-utilization and habit formation, supported by seamless app experience and consistent service quality. Additionally, user flow between Instamart and food delivery is strengthening—13.8% of users who were first acquired on Instamart now also transact on food delivery, while 77.7% of Instamart users originated from the food delivery base. This integration allows Swiggy to drive cross-sell, improve monetization, and efficiently scale its offerings while keeping customer acquisition costs low.

Exhibit 19: B2C GOV retention

Cohort	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
FY19	1.00x	1.54x	0.98x	1.99x	2.30x	2.83x
FY20	1.00x	0.60x	1.20x	1.37x	1.74x	
FY21	1.00x	1.80x	1.66x	1.98x		
FY22	1.00x	1.11x	1.31x			
FY23	1.00x	2.05x				
FY24	1.00x					

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 20: B2C platform frequency retention

Cohort	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
FY19	1.00x	1.55x	0.70x	1.30x	1.58x	1.73x
FY20	1.00x	0.43x	0.77x	0.92x	1.06x	
FY21	1.00x	1.54x	1.51x	1.65x		
FY22	1.00x	1.09x	1.16x			
FY23	1.00x	1.12x				
FY24	1.00x					

Source: Company, Nirmal Bang Institutional Equities Research

Swiggy demonstrates a strong ability to retain and deepen user engagement over time as seen in its cohort-based performance. Users acquired in each fiscal year continue to increase, both their order frequency and gross order value (GOV), over subsequent years. For example, the FY19 cohort grew its GOV by 2.83x and average monthly transaction frequency by 1.73x by FY24, thus reflecting meaningful habit formation and improved platform monetization.

These outcomes are driven by Swiggy's strategic initiatives such as personalized app experiences, co-branded credit cards, Swiggy One memberships, integrated payments, and analytics-based recommendations. The increasing gap between overall platform GOV and that from core categories like food delivery and quick commerce also indicates rising cross-platform usage through offerings like Dineout and Genie. Swiggy now leads in monthly GOV per average MTU in food delivery, supported by its high engagement and multi-category penetration.

Swiggy's Investment Rationale

Compressing the Margin Gap With Zomato's Food Delivery

Swiggy's food delivery business has demonstrated resilience through notable margin improvements, narrowing the gap with Zomato's food delivery business, despite historically lagging behind. In Q2FY24, Swiggy was operating with around 148bps lower contribution margin (as a percentage of GOV) compared to Zomato. By Q4FY25, this gap had reduced to 81bps.

What makes this trend more significant is that Swiggy has achieved this margin compression even as Zomato's contribution margin has been on a rising trajectory—improving from 6.6% in Q2FY24 to 8.6% in Q4FY25. Over the same period, Swiggy expanded its food delivery contribution margin from 5.1% to 7.8%.

On a full-year basis, Swiggy reduced the contribution margin gap from 302bps in FY24 to 149bps in FY25, improving from a 2.94% margin in FY24 to 5.72% in FY25. This expansion was largely driven by:

- Growth in Average Order Value (AOV) from Rs428 in FY24 to Rs458 in FY25
- A better mix of advertisement revenue
- Improved last-mile delivery efficiency

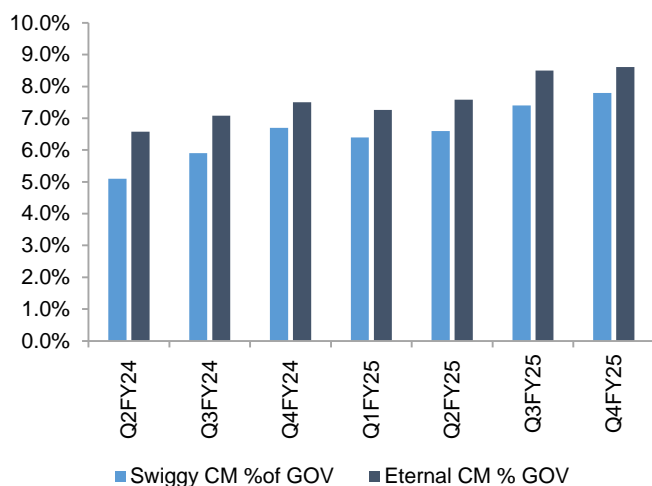
At the adjusted EBITDA margin level, Swiggy also made significant progress. The gap with Zomato narrowed from around 336bps in Q2FY24 to around 149bps in Q4FY25. On a full-year basis, Swiggy's adjusted EBITDA margin (as a percentage of GOV) improved from -0.19% in FY24 to 1.97% in FY25, with Q4FY25 registering an adjusted EBITDA margin of 2.89% as a percentage of GOV.

This full-year adjusted EBITDA margin expansion was also supported by higher GOV, which led to better fixed cost absorption. Specifically, Swiggy reduced fixed costs as a percentage of GOV by 81bps—from 5.9% in FY24 to 5.1% in FY25—further contributing to the improvement in adjusted EBITDA.

Swiggy's food delivery business is well-positioned to expand margins further, backed by a combination of structural and operational levers. Continued growth in Average Order Value (AOV), driven by better assortment, bundling strategies, and user experience enhancements, will play a key role in improving per-order profitability.

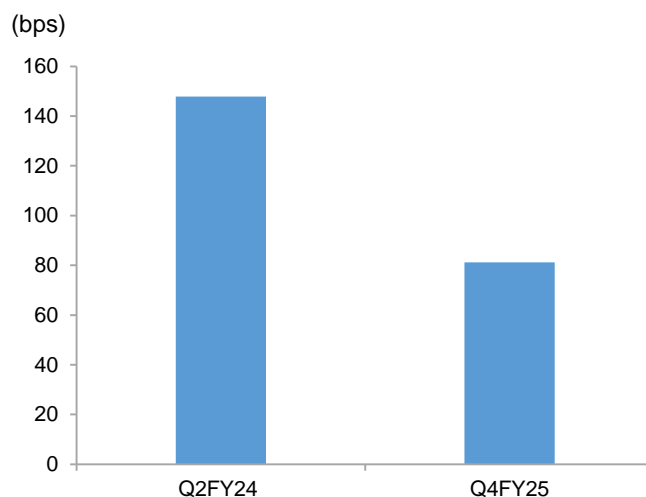
We have already seen Swiggy's contribution profit go up from Rs24/order in FY24 to Rs32/order in FY25. At the same time, increased monetization through in-app advertising is expected to add high-margin revenue without the corresponding cost pressures. On the cost side, Swiggy is benefiting from improved delivery network efficiency—particularly through a rising share of short-distance, high-density orders, which should help Swiggy reduce last-mile logistics expenses. We believe that Swiggy should cross the Rs40/order contribution profit level by FY27 on the back of stable delivery cost, higher AOV, and limited platform-funded discount.

Exhibit 21: Contribution margin as % of GOV remains higher for Eternal, but Swiggy is steadily closing the gap



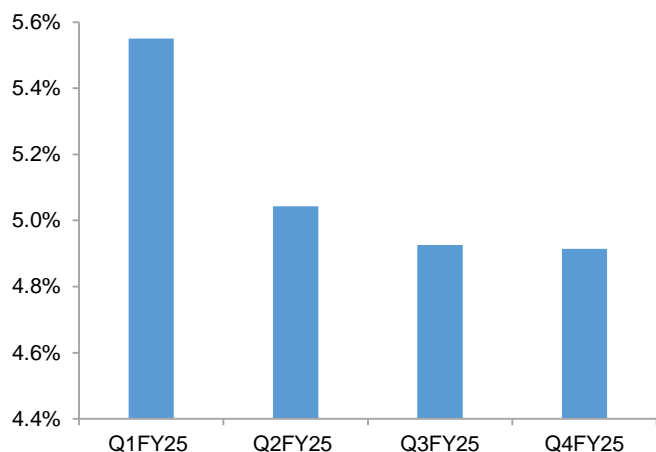
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 22: Swiggy–Eternal contribution margin gap is narrowing due better ad mix of revenue, and improved delivery efficiency



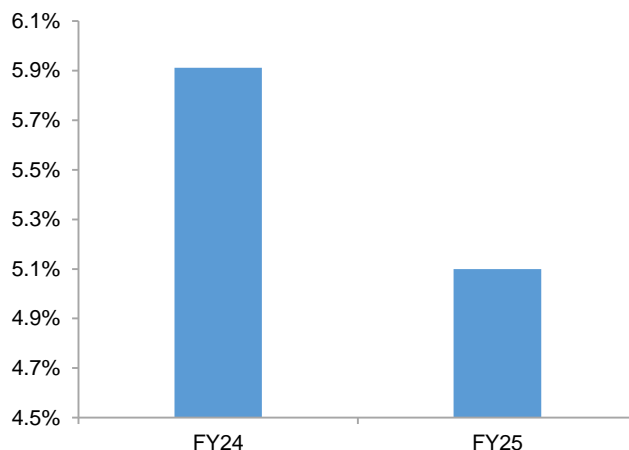
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 23: Fixed cost as % of GOV (quarterly) is falling, supported by higher GOV, which led to better fixed cost absorption



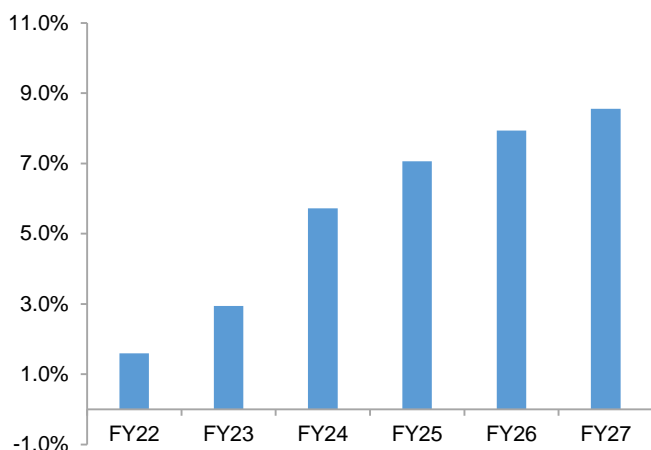
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 24: Fixed cost as % of GOV (yearly) fell 0.8% YoY



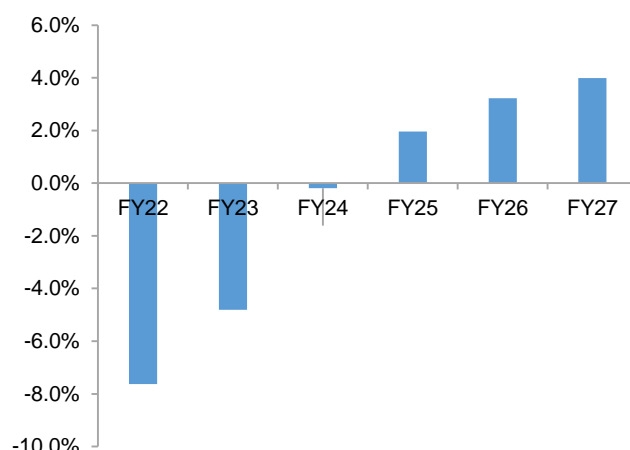
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 25: Swiggy's contribution profit as % of GOV is improving



Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 26: Swiggy's Adjusted EBITDA as % of GOV became positive in Q4FY25



Source: Company, Nirmal Bang Institutional Equities Research

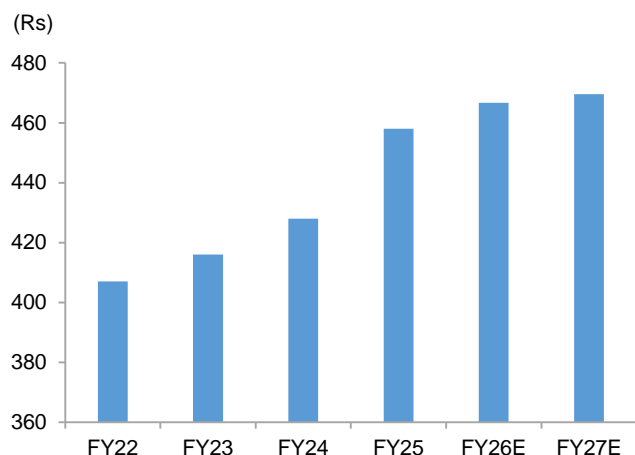
Improved AOV, on Account of Higher MTU and Stable Order Frequency, Should Drive GOV Growth

We forecast Swiggy to deliver approximately 18% CAGR in food delivery Gross Order Value (GOV) over FY25-FY27E, in line with the lower end of its guided range. This growth will be driven by three key vectors: **1) Average Order Value (AOV), 2) Active Transacting Users (ATUs), and 3) Ordering Frequency.**

We expect AOV to rise at a steady pace, from Rs458 in FY25 to Rs470 by FY27, supported by enhanced menu curation, improved dish-level assortment, and increased adoption of premium restaurant options. On the volume front, order growth will be a function of both ATU expansion and a gradual improvement in ordering frequency. Swiggy's strategic focus on speed-led formats like Bolt (sub 10-minute deliveries) is also helping deepen engagement.

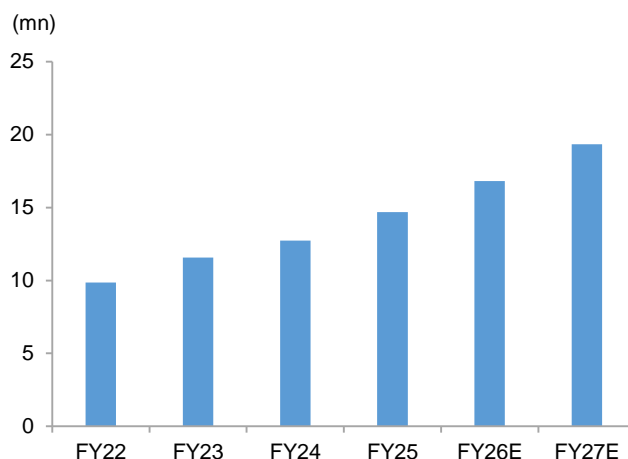
Additionally, cross-pollination from the Instamart user base has emerged as a structural advantage with the management alluding during Q4FY25 that ~30% of users acquired via Instamart in the last six months are new to the overall Swiggy ecosystem. These users represent a growing conversion funnel for food delivery. As a result, we expect Swiggy's ATU base to grow at ~15% CAGR over FY25-FY27, underpinned by organic customer acquisition and increasing intra-platform synergies. Together, these drivers should sustain a healthy trajectory for GOV growth in Swiggy's food delivery business.

Exhibit 27: AOV is steadily rising supported by curated menus, improved assortment, and premium restaurant adoption



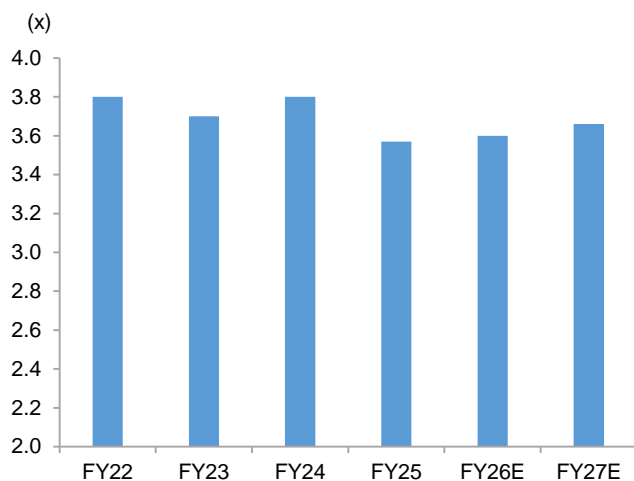
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 28: Average MTU is on a rising trend



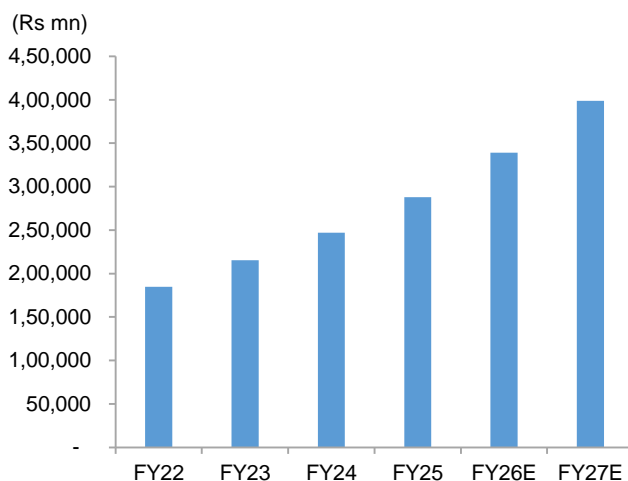
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 29: Ordering frequency remains in a steady range throughout the period



Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 30: GOV is expected to rise on the back of increasing ATU, AOV, and order frequency



Source: Company, Nirmal Bang Institutional Equities Research

Food Delivery Unit Economics Turning Favorable

Swiggy has demonstrated tangible improvement in its unit-level economics in FY25, supporting the ongoing transition of its food delivery business toward sustainable profitability. Over the fiscal year, **Average Order Value (AOV) increased 7%**, while **contribution profit per order rose from Rs24 in FY24 to Rs32 in FY25, marking a growth of 32%**. This margin expansion was achieved due to only **3% increase in variable costs**, reflecting disciplined cost control and efficiency in last-mile operations.

The improvement in unit profitability is attributable to a combination of limited platform-funded discounting and optimized delivery logistics. Swiggy appears to be strategically shifting its user acquisition mix toward a prudent blend of value-conscious and quality-seeking users, as opposed to heavy discount-driven cohorts. This approach supports more sustainable margin profiles while maintaining growth. Initiatives like Bolt, which focus on short-distance, high-density deliveries are also contributing to cost efficiency.

We expect contribution profit per order to continue its upward trajectory and potentially head towards Rs40/order in the medium term as cost structures remain tight and user quality improves.

On the fixed cost side, Swiggy has also made meaningful progress. Fixed cost per order declined from Rs25 to Rs23 in FY25, enabling a turnaround in adjusted EBITDA per order, which improved from negative territory to Rs9/order. With further scale, fixed cost absorption is likely to improve, potentially bringing the adjusted EBITDA closer to Rs19/order, although Swiggy may continue to trail Eternal on absolute profitability given Eternal's advantage in scale and operational maturity.

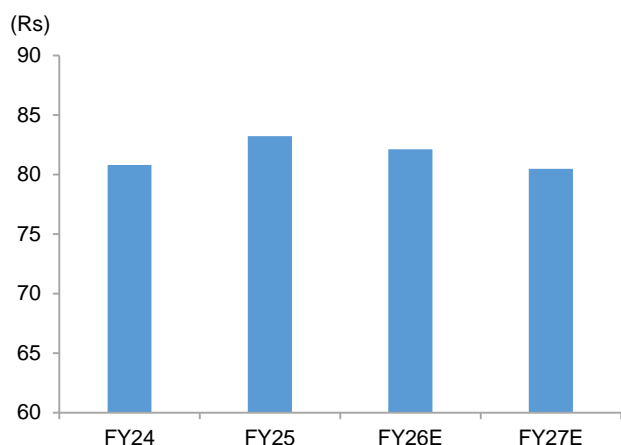
This structural improvement in unit economics—driven by rational discounting, AOV growth, logistics efficiency, and fixed cost leverage—strengthens the investment case for Swiggy's food delivery business as it transitions from scale to profitability.

Exhibit 31: Swiggy vs Zomato

Swiggy					Zomato				
Particulars (Units Economics)	FY24	FY25	FY26E	FY27E	Particulars (Units Economics)	FY24	FY25	FY26E	FY27E
AOV (Rs)	428	458	467	470	AOV (Rs)	428	453	461	470
Revenue	105	100	105	116	Revenue	103	110	114	117
Gross Take Rate	25%	25%	25%	26%	Gross take rate	24.2%	24.4%	24.7%	24.8%
Contribution Profit	24	32	37	40	Contribution Profit	30	36	38	41
Contribution % GOV	5.7%	7.1%	7.9%	8.6%	Contribution % GOV	6.9%	8.0%	8.4%	8.7%
Fixed Cost	25	23	22	21	Fixed Cost	17	19	17	17
Adjusted EBITDA	-1	9	15	19	Adjusted EBITDA	12	18	22	24
Adjusted EBITDA % GOV	-0.2%	2.0%	3.2%	4.0%	Adjusted EBITDA % GOV	2.8%	3.9%	4.7%	5.1%

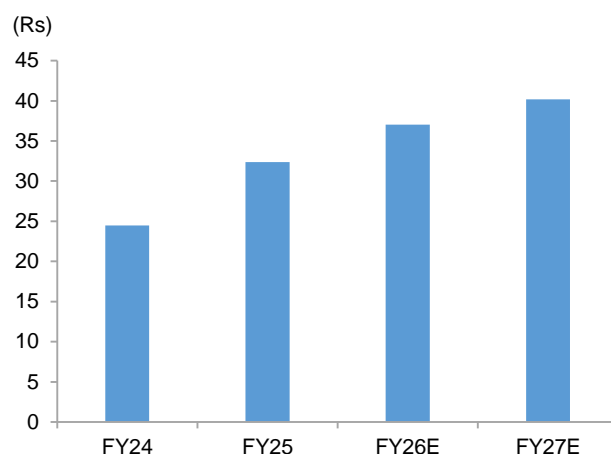
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 32: Swiggy's variable cost/order (food delivery) is expected to remain stable



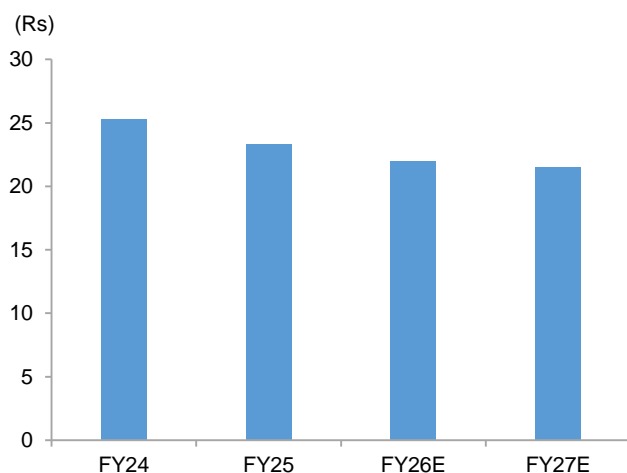
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 33: Swiggy's contribution profit/order (food delivery) is on a rising trend



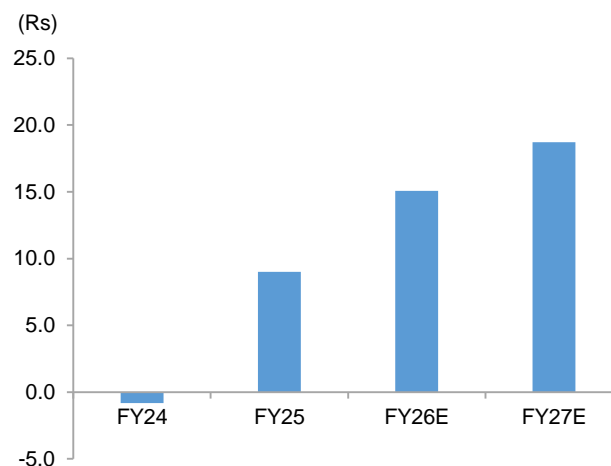
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 34: Swiggy's fixed cost per food delivery order is expected to decline from Rs25 in FY24 to Rs21 by FY27E



Source: Company, Nirmal Bang Institutional Equities Research

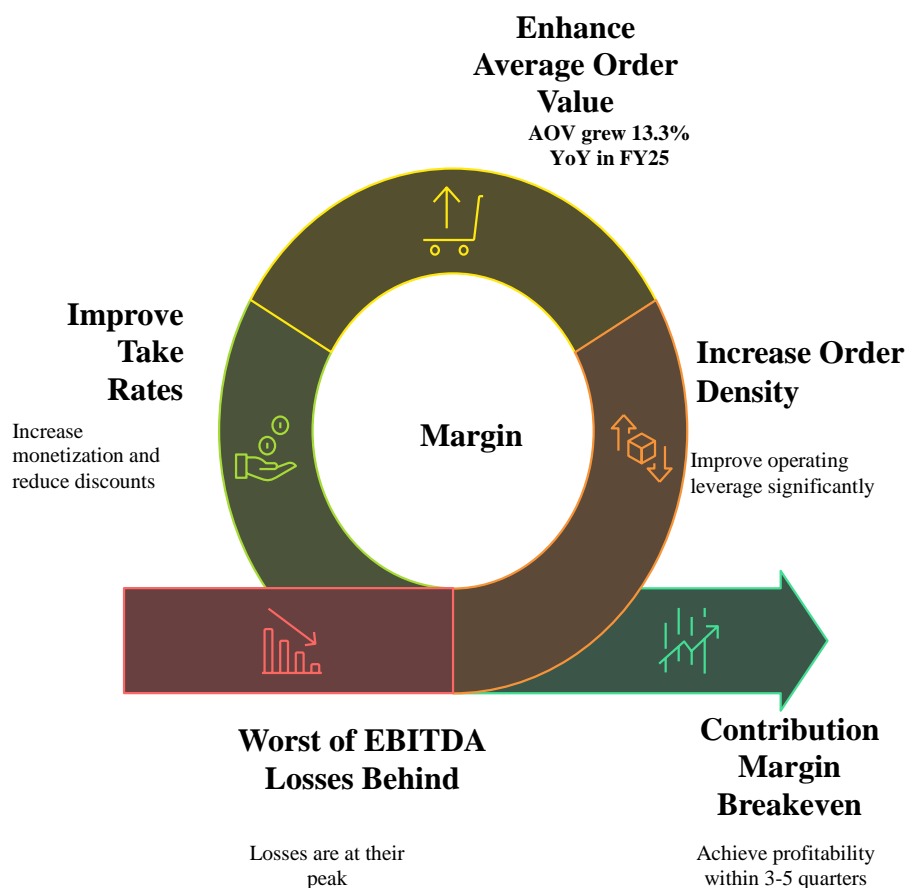
Exhibit 35: Swiggy's adjusted EBITDA per order is expected to improve to Rs19 in FY27E from negative levels in FY24



Source: Company, Nirmal Bang Institutional Equities Research

Instamart to Continue to Trail Blinkit but Cost Dynamics Should Improve

Exhibit 36: Instamart's path to profitability



Source: Nirmal Bang Institutional Equities Research

Swiggy's Instamart continues to trail Blinkit in scale and efficiency, operating with 1,021 dark stores and a FY25 Gross Order Value (GOV) of Rs146,830mn, which is nearly half of Blinkit's GOV. The profitability gap is evident with contribution margin falling to -5.6% and adjusted EBITDA margin declining to -18% in Q4FY25. This underperformance is attributed not only to lower operating scale, but also to execution inefficiencies and a high-cost associated with rapid expansion. The addition of 316 dark stores in Q4 alone led to significant underutilization, contributing to a 170bps erosion in contribution margin, while aggressive discounting to drive user growth and market entry in new geographies, resulted in a further drag of 250bps.

Despite the near-term pressure, the outlook for margin recovery remains constructive. With the core phase of dark store rollout largely complete, the company is pivoting toward network densification and improving store-level order density, which should unlock operating leverage and help rationalize fixed costs.

AOV growth remains a critical lever; AOV rose 13.3% YoY to Rs527 in Q4FY25, supported by curated high-basket formats like megapods and price-led platforms like Maxxsaver. While Swiggy guides for high-teen AOV growth, we model a more conservative low-double digit trajectory factoring in competitive pressures. Margin improvement should also benefit from better monetization with take rates improving by 50bps in Q4FY25 over Q2FY25 and increased contribution from advertising and merchant commissions. As user cohorts mature and retention improves, platform-funded discounts are expected to taper, further aiding contribution margins.

Exhibit 37: Instamart KPIs

	FY23	FY24	FY25	FY26E	FY27E
GOV (Rs mn)	51,184	80,686	1,46,830	2,75,616	4,36,039
Gross Revenue (Rs mn)	5,473	10,877	22,524	45,145	76,641
Gross Take Rate % of GOV	11%	13%	15%	16%	18%
Net Revenue (Rs mn)	4,514	9,786	21,296	42,991	72,915
Net Take Rate %	8.8%	12.1%	14.5%	15.6%	16.7%
Contribution Profit (Rs mn)	-12,054	-4,849	-5,920	-4,993	6,734
Contribution Profit %	(23.6%)	(6.0%)	(4.0%)	(1.8%)	1.5%
Adjusted EBITDA	-20,268	-13,091	-20,952	-24,458	-17,884
Adjusted EBITDA %	(40%)	(16%)	(14%)	(9%)	(4%)

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 38: Instamart vs Blinkit KPIs (Unit Economics)

Instamart					Blinkit				
Unit Economics	FY24	FY25	FY26E	FY27E	Unit Economics	FY24	FY25	FY26E	FY27E
AOV (Rs)	460	514	572	623	AOV (Rs)	613	667	692	708
Revenue	62	79	94	110	Revenue	113	124	131	135
Gross take Rate %	13.5%	15.3%	16.4%	17.6%	Gross take rate %	18.4%	18.6%	18.9%	19.1%
Contribution Profit	-28	-21	-10	10	Contribution Profit	13	23	24	31
Contribution Profit % AOV	-6%	-4%	-2%	2%	Contribution Profit % AOV	2%	3%	3%	4%
Fixed Cost	47	53	40	35	Fixed Cost	32	29	31	25
Adjusted EBITDA	-75	-73	-51	-26	Adjusted EBITDA	-19	-7	-7	6
Adjusted EBITDA % AOV	-16%	-14%	-9%	-4%	Adjusted EBITDA % AOV	-3%	-1%	-1%	1%

Source: Company, Nirmal Bang Institutional Equities Research

Improving User Cohort Metrics Reinforce Monetization Potential

Swiggy Instamart's user cohort performance reflects a structurally improving customer quality trend, despite heightened competitive intensity in the quick commerce space. Cohort-based analysis of Gross Order Value (GOV) retention reveals consistent and sequential improvement in user monetization over time. Notably, the Q4FY23 cohort is spending 1.51x by Q9 relative to its spend in the acquisition quarter (Q1), indicating robust growth in user lifetime value (LTV). This is a critical signal of retention-driven monetization, not merely driven by aggressive discounting.

What is even more encouraging is that newer cohorts are exhibiting stronger retention earlier in their lifecycle. For instance, the Q4FY24 cohort retained 98% of GOV by Q3, substantially outperforming the Q4FY23 and Q2FY24 cohorts at the same point (81% and 79%, respectively). The Q2FY25 cohort, in fact, surpassed its initial spending by Q3 itself with 103% GOV retention, pointing to accelerating engagement.

These improvements can be attributed to better platform utility driven by assortment depth, optimized delivery formats (e.g., megapods), and price-led propositions like Maxxsaver. Importantly, the ability to retain and grow user spend across cohorts in the face of intensified market competition underscores the stickiness of the platform and suggests meaningful headroom for revenue scalability.

In our view, these cohort trends validate Swiggy's strategic focus on balancing user acquisition with monetization and point to a structurally healthier user base. This provides a strong foundation for contribution margin recovery and sustainable growth in Swiggy's quick commerce vertical.

Exhibit 39: Swiggy Instamart's GOV retention cohort

Cohort	Q1	Q3	Q5	Q7	Q9
Q4FY23	100%	81%	94%	125%	151%
Q2FY24	100%	79%	106%	130%	-
Q4FY24	100%	98%	119%	-	-
Q2FY25	100%	103%	-	-	-
Q4FY25	100%	-	-	-	-

Source: Company, Nirmal Bang Institutional Equities Research

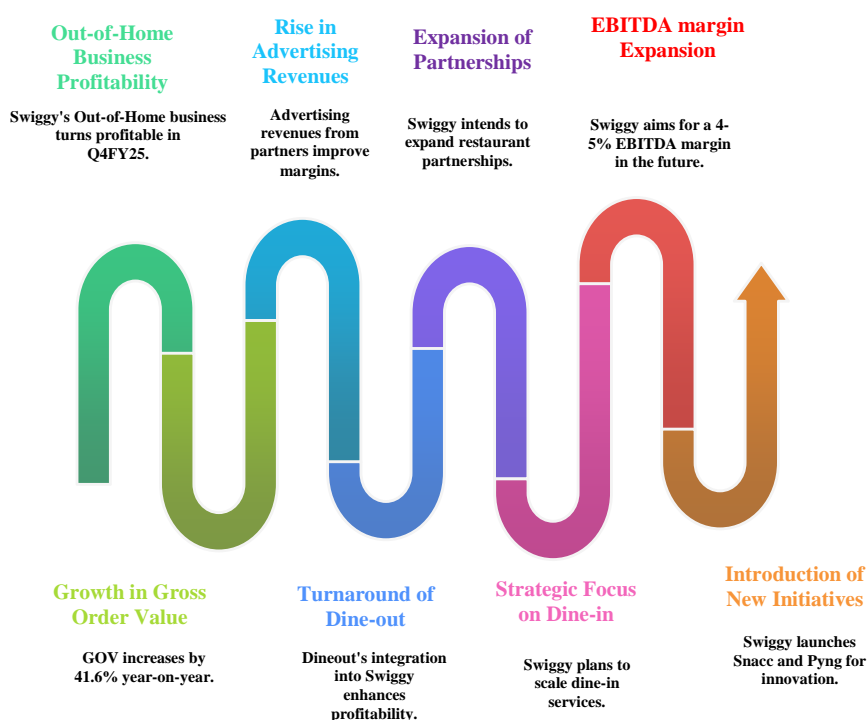
Out-of-home Consumption Turning Profitable

Swiggy's out-of-home consumption business turned profitable for the first time in Q4FY25, marking a significant milestone in its broader diversification strategy. The segment reported an Adjusted EBITDA of Rs26mn with a margin of 0.3%, a notable shift from consistent losses in earlier quarters. This improvement was primarily driven by a robust 41.6% year-on-year growth in Gross Order Value (GOV), which provided operating leverage. A major contributor to this profitability was the rise in advertising revenues from restaurant and brand partners, which significantly improved contribution margins. Additionally, the successful turnaround of the Dineout business—previously operating with double-digit negative EBITDA margins before its acquisition and integration into Swiggy's unified app—played a pivotal role in this recovery.

Looking ahead, Swiggy aims to grow the out-of-home segment sustainably, targeting an EBITDA margin at 4-5% of GOV over the long term. The strategic focus is on scaling dine-in services and experiential event offerings, while leveraging the unified Swiggy app for stronger user engagement and monetization. To further enhance its value proposition, Swiggy plans to expand partnerships with restaurants, run targeted promotional campaigns, and introduce ancillary services to capture a larger share of out-of-home consumer spending. Continued investments in personalization and discovery tools are also expected to deepen user engagement and transaction frequency in this underpenetrated category.

In parallel, Swiggy is also nurturing early-stage innovations through its platform innovations vertical. New initiatives like Snacc, which focuses on quick delivery for low-involvement snacking occasions, and Pyng, an AI-powered platform to connect users with verified professionals, are currently in the experimentation phase. The company is making foundational investments to scale these products to critical mass, thus allowing it to assess product-market fit and build viable long-term business models.

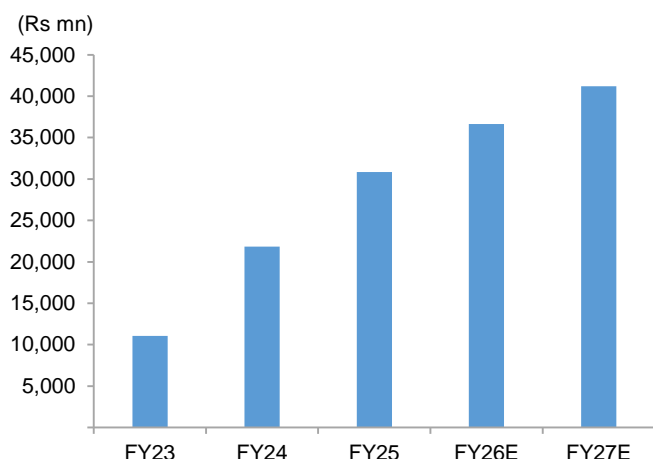
Exhibit 40: Swiggy's profitability and growth strategy



Source: Nirmal Bang Institutional Equities Research

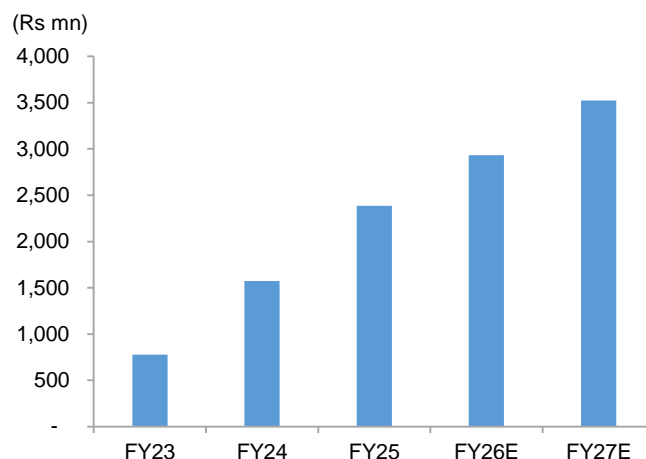
Swiggy's Out-of-Home Consumption KPIs

Exhibit 41: GOV is expected at 16% CAGR over FY25-FY27E



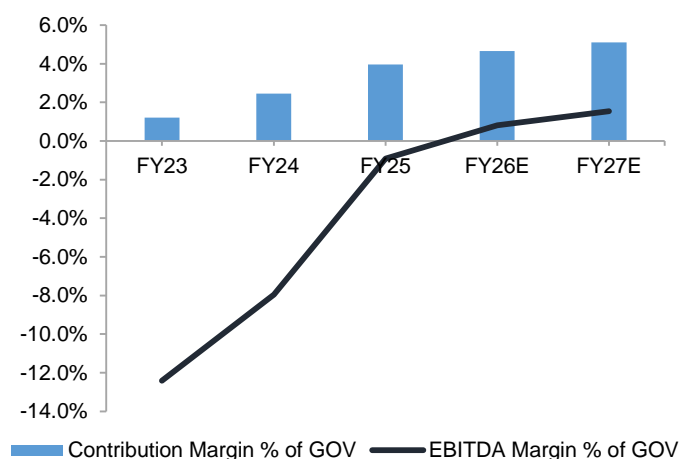
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 42: Reported revenue rising on the back of rising advertisement revenue



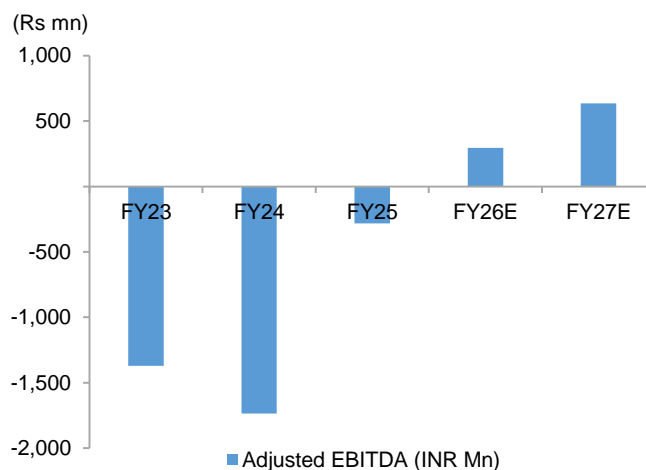
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 43: Margin trajectory is expected to remain positive hereon



Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 44: Adjusted EBITDA is improving on the back of operating leverage



Source: Company, Nirmal Bang Institutional Equities Research

Valuation and Outlook

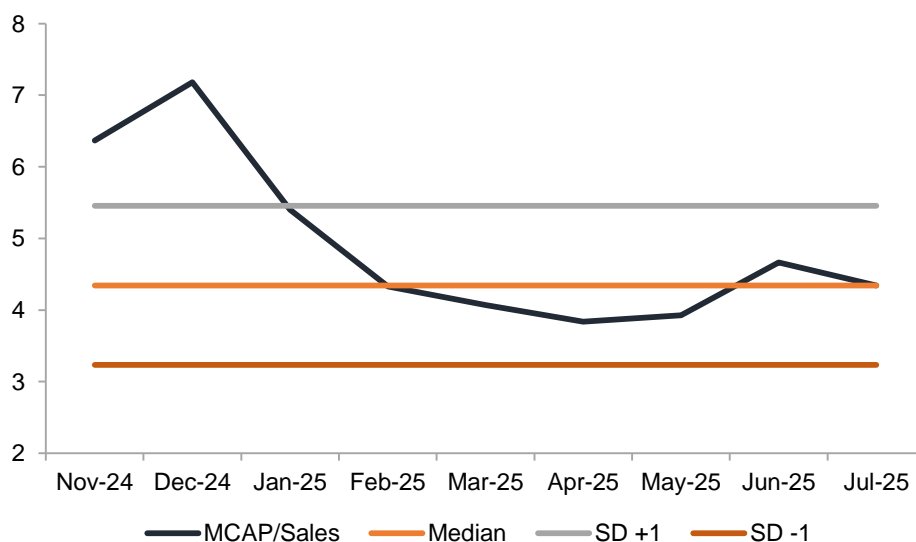
We are holding a constructive outlook on Swiggy's long-term growth trajectory, particularly in its food delivery and quick commerce segments. We believe Swiggy will continue to narrow the gap with Eternal's food delivery operations, underpinned by strategic improvements in operational efficiency and monetization levers. We are factoring in a robust 18% CAGR in the food delivery segment's Gross Order Value (GOV) over FY25-FY27E. The contribution margin as a percentage of GOV is expected to surpass 8% by FY27E, driven by a disciplined approach to discounting, optimization of last-mile delivery costs, improved assortment mix, and rising revenue share from advertisements. Furthermore, we expect Swiggy to achieve an adjusted EBITDA margin of 4% (as % of GOV) by FY27E, supported by better fixed cost absorption as scale improves. In the quick commerce business (Instamart), we anticipate strong double-digit Average Order Value (AOV) growth led by a refined assortment strategy. At the same time, increased advertising contribution, maturing dark stores, and a faster ramp-up of user cohorts are expected to result in positive contribution to profit by FY27. Based on this outlook, we value Swiggy's food delivery business at 42x FY27E EV/EBITDA and the quick commerce segment at 1x FY27E EV/GOV (an almost 50% discount to the multiple assigned to Blinkit). On a sum-of-the-parts (SOTP) basis, we arrive at a valuation of Rs500 per share for Swiggy.

Exhibit 45 Valuation Table

Particulars	Methodology	Multiple	GoV/Gross sales/EBITDA	Per Share (Rs)
Food Delivery	EV/EBITDA	42x	15,894	269
Quick Commerce - Instamart	EV/GOV	1.0x	4,36,039	178
OOH Consumption	EV/GOV	0.8x	41,185	13
Supply chain & Distribution	EV/Sales	0.8x	85,913	28
Platform Innovations	EV/Gross Sales	0.0x	1,669	0
Consol. Equity Value	-	-	-	500

Source: Nirmal Bang Institutional Equities Research

Exhibit 46: Valuation on 1Y Forward Price to Sales



Source: Nirmal Bang Institutional Equities Research

Risks

1. **Competitive Pressure and Market Share Risk in Quick Commerce**

Swiggy faces elevated competitive intensity in quick commerce, especially with its aggressive dark store expansion strategy reaching 1,021 stores across 124 cities. Despite 101% YoY GOV growth, contribution margins deteriorated to -5.6% and EBITDA losses widened to Rs8.4bn in Q4FY25. While megapods and Maxxsaver aim to improve AOVs and retention, new entrants and intensified price wars continue to compress margins. Notably, market share estimation remains challenging due to varying NOV disclosures, but Swiggy's management acknowledges 'heightened competition' and the need to maintain geographic defensibility over pan-India dominance. We believe that Instamart's continued investments in enhancing dark store quality, acquiring new users, and the maturity of recently-added stores should support market share gains and drive the quick commerce business toward profitability.





2. **Regulatory and Ownership Complexities**

Swiggy's foreign ownership exceeds regulatory threshold for IOCC making compliance in inventory-led models (like quick commerce) more difficult to evolving FDI norms. Moreover, if the company expands to inventory-led model and explores in-house control (IOCC), it risks breaching regulatory thresholds. Labor laws could also soon mandate revenue sharing toward gig worker benefits, escalating delivery costs. In addition, newer food safety norms (FSSAI), anti-competitive probes, and ONDC's open-access model threaten Swiggy's restaurant margins and exclusive partner strategies. However, we believe that at this point in time, it would be more prudent to avoid an inventory-led model, as it would require a heavier balance sheet for Swiggy—at a time when the focus should remain on profitability.

3. **Structural Profitability Challenges Despite Scale**

Swiggy's platform-level adjusted EBITDA margin dropped to -4.8% of GOV in Q4FY25 with losses peaking at Rs7.32bn. While food delivery is EBITDA positive, the quick commerce segment is incurring heavy losses, and platform innovations like Snacc and Pyng continue to burn cash without proven product-market fit. Although, the company projects contribution margin breakeven in 3-5 quarters for Instamart, execution risk is high, especially given the underutilization of newly-added stores, rising competition and sustained marketing outlay. If the lack of meaningful EBITDA leverage from increased order volumes and store scale persist with time, it could lead to a meaningful de-rating on the counter. Nevertheless, we believe Swiggy's focus on expanding profitability in the food delivery segment, coupled with its strategy for driving Instamart toward profitability, should meaningfully strengthen the company's overall financial profile going forward.

Exhibit 47: Swiggy's key management details

	Sriharsha Majety is the Co-Founder, Managing Director, and Group CEO of Swiggy. He began his career in investment banking at Nomura International in the UK. With over 10 years of experience at Swiggy, Sriharsha holds a bachelor's degree in electrical and electronics engineering from BITS Pilani and a postgraduate diploma in management from IIM Calcutta.
	Rohit Kapoor is the CEO – Food Marketplace at Swiggy, having joined in Aug-22. He holds a bachelor's in commerce from the University of Calcutta, a postgraduate diploma from ISB, and has cleared CFA Level 3. Previously, he worked at OYO as Global CMO, at Max Healthcare as Chief Growth Officer, and at McKinsey as an Engagement Manager.
	Rahul Bothra is the Chief Financial Officer of the company, having joined on 1-Sep-17. A chartered accountant and commerce graduate from Bangalore University, he has broad domestic and international experience across finance, treasury, taxation, M&A, and assurance. Previously, he has worked with Wipro, Britannia, and Olam International.
	Amitesh Jha is the Chief Executive Officer – Instamart, effective from 4-Sep-24. He holds a B.Tech and M.Tech from IIT Delhi and a PGDM from IIM Ahmedabad. Previously, he was associated with Flipkart Private Limited for 14 years as Senior Vice President.

Source: Nirmal Bang Institutional Equities Research

Exhibit 48: Top 20 Shareholders

Sl.No	Holder Name	% of Position
1	MIH India Food Holdings BV	23.3
2	SWIGGY EMPLOYEE STOCK OPTION TR	7.7
3	SVF II Songbird DE LLC	6.9
4	Majety Sriharsha	4.6
5	Accel India Holdings IV Mauritius Ltd	3.4
6	Kotak Mahindra Asset Management Co Ltd/India	3.1
7	Tencent Cloud Europe BV	3.0
8	INQ HOLDING LLC	2.6
9	ELEVATION CAPITAL V LTD	2.4
10	NVP Associates LLC	2.3
11	Invesco Ltd	1.5
12	OFI GLBL CHINA FUND LLC	1.4
13	Mirae Asset Financial Group	1.3
14	Reddy Obul Lakshmi Nandan	1.3
15	Accel Leaders 3 Holdings Mauritius Ltd	1.2
16	Alpha Wave Global LP	1.1
17	Invesco Asset Management India Pvt Ltd	1.1
18	Franklin Resources Inc	1.0
19	Nippon Life India Asset Management Ltd	1.0
20	Vanguard Group Inc/The	0.63

Source: Bloomberg

Financials

Exhibit 49: Income statement

Y/E March (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
Net Sales	82,646	112,474	152,268	201,097	252,173
Growth YoY%	45%	36%	35%	32%	25%
Gross profit	48,837	66,432	92,252	126,039	160,616
Gross margin %	59%	59%	61%	63%	64%
Staff costs	21,298	20,122	25,489	26,926	23,616
% of sales	26%	18%	17%	13%	9%
Other expenses	70,297	68,390	94,622	120,812	141,037
% of sales	85%	61%	62%	60%	56%
EBITDA	(42,758)	(22,080)	(27,858)	(21,699)	(4,037)
Growth YoY%	(17%)	48%	(26%)	22%	81%
EBITDA margin %	(52%)	(20%)	(18%)	(11%)	(2%)
Depreciation	2,858	4,206	6,123	7,227	8,208
EBIT	(45,616)	(26,286)	(33,981)	(28,926)	(12,245)
Interest	582	714	1,006	1,399	1,532
Other income	4,499	3,870	3,962	3,395	1,817
PBT (bei)	(41,699)	(23,130)	(31,025)	(26,930)	(11,960)
PBT	(41,793)	(23,502)	(31,168)	(26,964)	(12,004)
ETR	0%	0%	0%	0%	0%
PAT	(41,793)	(23,502)	(31,168)	(26,964)	(12,004)
Adj PAT	(41,699)	(23,130)	(31,025)	(26,930)	(11,960)
Growth YoY%	21%	45%	(34%)	13%	56%

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 51: Balance sheet

Y/E March (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
Share capital	27	30	2,286	2,286	2,286
Reserves	90,540	77,885	99,908	82,725	76,685
Net worth	90,566	77,915	102,195	85,012	78,972
Long term debt	0	960	0	960	960
Short term debt	0	1,152	282	1,267	1,267
Total debt	0	2,112	282	2,227	2,227
Net Debt	(8,639)	(6,797)	(32,714)	(27,579)	(23,010)
Other non-current liabilities	5,205	5,352	13,982	15,427	17,427
Total Equity & Liabilities	112,806	105,294	152,053	143,122	140,656
Gross block	7,180	8,077	15,585	20,585	24,720
Accumulated depreciation	4,043	3,549	4,994	10,472	15,416
Net Block	3,137	4,528	10,592	10,113	9,304
CWIP	0	0	0	0	0
Intangible and others	6,455	10,008	9,470	8,986	8,451
Other non-current assets	24,987	23,392	40,936	41,585	43,594
Investments	48,572	37,285	13,231	14,554	14,554
Trade receivables	10,623	9,639	24,625	17,079	17,272
Inventories	106	487	555	212	266
Cash & Cash equivalents	8,639	8,909	32,996	29,806	25,237
Other current assets	10,286	11,048	19,648	20,787	21,978
Total current assets	78,227	67,366	91,056	82,438	79,307
Trade payables	8,732	8,809	18,180	20,852	19,566
Other current liabilities	8,304	11,107	17,413	19,605	22,465
Total current liabilities	17,035	21,068	35,876	41,724	43,298
Total Assets	112,806	105,294	152,053	143,122	140,656

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 50: Cash flow

Y/E March (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
PBT	(41,793)	(23,502)	(31,168)	(26,964)	(12,004)
Depreciation	2,858	4,206	6,123	7,227	8,208
Interest	565	714	1,006	1,399	1,532
Other adjustments	(641)	3,429	8,166	6,386	3,147
Change in Working capital	(1,139)	1,988	(6,221)	9,511	(565)
Tax paid	(449)	38	400	0	0
Operating cash flow	(40,599)	(13,127)	(21,695)	(2,441)	318
Capex	(1,683)	(3,517)	(7,508)	(5,000)	(4,135)
Free cash flow	(42,282)	(16,644)	(29,203)	(7,441)	(3,817)
Other investing activities	41,361	18,102	(6,216)	4,664	780
Investing cash flow	39,678	14,585	(13,724)	(336)	(3,355)
Issuance of share capital	0	0	44,990	0	0
Movement of Debt	0	1,076	(1,643)	985	0
Dividend paid (incl DDT)	0	0	0	0	0
Other financing activities	(1,715)	(2,304)	(4,313)	(1,399)	(1,532)
Financing cash flow	(1,715)	(1,228)	39,034	(414)	(1,532)
Net change in cash flow	(2,636)	229	3,615	(3,190)	(4,569)
Opening C&CE	10,961	8,325	8,691	12,306	9,115
Closing C&CE	8,325	8,691	12,306	9,115	4,546

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 52: Key ratios

Y/E March	FY23	FY24	FY25	FY26E	FY27E
Per share (Rs)					
Adj EPS	(16.72)	(9.28)	(12.44)	(10.80)	(4.80)
Book value	36.32	31.25	40.98	34.09	31.67
Valuation (x)					
P/Sales	11.73	8.62	6.37	4.82	3.84
EV/EBITDA	(22.03)	(42.67)	(33.82)	(43.42)	(233.38)
P/E	NA	NA	NA	NA	NA
P/BV	10.71	12.44	9.49	11.40	12.28
Return ratios (%)					
RoCE (pre-tax)	(47.24%)	(30.37%)	(28.07%)	(27.69%)	(12.13%)
RoCE	(47.24%)	(30.37%)	(28.07%)	(27.69%)	(12.13%)
RoE	(46.15%)	(30.16%)	(30.50%)	(31.72%)	(15.20%)
ROIC	(51.88%)	(33.85%)	(38.59%)	(38.74%)	(16.18%)
Profitability ratios (%)					
Gross margin	59.09%	59.06%	60.59%	62.68%	63.69%
EBITDA margin	(51.74%)	(19.63%)	(18.30%)	(10.79%)	(1.60%)
PAT margin	(50.57%)	(20.90%)	(20.47%)	(13.41%)	(4.76%)
Liquidity ratios (%)					
Current ratio	4.59	3.20	2.54	1.98	1.83
Quick ratio	4.59	3.17	2.52	1.97	1.83
Solvency ratio (x)					
Net Debt to Equity ratio	0.07	0.11	0.18	0.23	0.28
Turnover ratios					
Fixed asset turnover ratio (x)	0.73	1.07	1.00	1.41	1.79
Debtor days	46.92	31.28	25.00	31.00	25.00
Inventory days	1.15	3.86	1.00	1.03	1.06
Creditor days	94.27	69.83	78.00	101.40	78.00
Net Working capital days	(46.20)	(34.69)	(52.00)	(69.37)	(51.94)

Source: Company, Nirmal Bang Institutional Equities Research

Eternal Ltd.

E-Retail/E-Commerce | Initiating Coverage

BUY

CMP: Rs257 | Target Price (TP): Rs315 | Upside: 22%

July 20, 2025

Eternal to Sustain Growth and Profitability over the Long Term

Despite a mixed macro backdrop—with rural consumption still under pressure and FMCG growth slowing—India's convenience-led consumption categories continue to scale rapidly. Online food delivery is expected to grow at a rapid pace, reaching Rs1.4-Rs1.7trn by 2028, while quick commerce is projected to surge over 10x from Rs224bn in 2023 to Rs2.3-4.2trn by 2028, led by urban convenience demand and category expansion. Within this evolving landscape, Eternal (erstwhile Zomato) leads the entire food delivery and quick commerce category in terms of size and profitability.

Key Highlights

- **Food Delivery Market Leadership:** Zomato remains India's largest food delivery platform with FY25 GOV of Rs386.5bn—34% higher than Swiggy—driven by a robust 22% 3-year CAGR. FY25 Adjusted EBITDA stood at Rs15.05bn, 2.65x that of Swiggy, supported by platform scale and efficient cost control. With GOV expected to clock 18% CAGR and EBITDA margins forecasted to exceed 5.1% by FY27E, Eternal is poised to deliver 23% CAGR in contribution profit and 34% CAGR in Adjusted EBITDA during FY25–27E.
- **Customer Discipline and Assortment Power Blinkit's Edge:** Blinkit's customer targeting strategy—focused on high-intent users—and curated assortment have enabled it to maintain superior unit economics without subsidies. This stands in contrast to competitors dependent on promotional-led volume growth. Its restraint in aggressive discounting reflects a clear focus on long-term profitability and sustainability, underpinning margin resilience in India's competitive quick commerce market.
- **Valuation: Strong Profit Visibility Justifies Premium Multiples:** We assign a 42x FY27E EV/EBITDA multiple to Eternal's food delivery business, reflecting strong execution and superior margin profile. For Blinkit, we apply a 2x EV/GOV multiple, given its scale, efficiency, and monetization maturity. This leads to a SOTP-based fair value of Rs315/share, backed by margin expansion, platform scale, and focused capital allocation.

Est Change	-
TP Change	-
Rating Change	-

Company Data and Valuation Summary

Reuters:	ETE.A.BO
Bloomberg:	ETERNAL IN
Mkt Cap (Rsbn/US\$bn):	2,611.4 / 30.4
52 Wk H / L (Rs):	305 / 195
ADTV-3M (mn) (Rs/US\$):	12,711.6 / 148.7
Stock performance (%) 1M/6M/1yr:	8.6 / 15.8 / 21.6
Nifty 50 performance(%) 1M/6M/1yr:	(0.2) / 7.0 / 1.9

Shareholding	2QFY25	3QFY25	4QFY25
Promoters	0.0	0.0	0.0
DII's	17.3	20.5	23.6
FII's	52.5	47.3	44.4
Others	30.1	32.2	32.1
Pro pledge	0.0	0.0	0.0

Financial and Valuation Summary

Particulars (Rsm)	FY24	FY25	FY26E	FY27E
Net Sales	121,140	202,430	312,576	424,179
Growth YoY%	71%	67%	54%	36%
Gross margin %	76%	73%	74%	75%
EBITDA	420	6,370	12,289	31,820
EBITDA margin %	0%	3%	4%	8%
Adj Pat	3,510	5,270	8,628	23,565
Growth YoY %	136%	50%	64%	173%
Adj EPS(Rs)	0	1	1	2
RoCE (%)	(3%)	(1%)	0%	4%
RoE (%)	2%	2%	3%	7%
RoIc (%)	(3%)	(1%)	0%	5%
P/S	20.5	12.3	7.9	5.9
EV/EBITDA	5,870	387	201	77
P/BV	12.2	8.2	7.7	6.9

Source: Company, Bloomberg, Nirmal Bang Institutional Equities Research

Please refer to the disclaimer towards the end of the document.

Investment Rationale at a Glance

Food Delivery – Structural Leadership and Margin Expansion: Zomato has retained its leadership in India's online food delivery market, driven by superior execution, platform scale, and strong monetization capabilities. In FY25, Eternal's Gross Order Value (GOV) stood at Rs386,460mn—34% higher than Swiggy's—supported by a 3-year CAGR of 22%. The company delivered an Adjusted EBITDA of Rs15,050mn, 2.65x that of Swiggy, reflecting robust operating leverage and cost efficiency. With a projected 18% CAGR in GOV growth during FY25-FY27E, the company is well-positioned to benefit from higher order frequency, deeper market penetration, and enhanced customer retention. Margin expansion remains a key lever, with Adjusted EBITDA margins expected to exceed 5%, driven by improved assortment, optimized last-mile logistics, and efforts to restore affordability. An 18% CAGR in GOV, coupled with adjusted EBITDA as % of GOV surpassing 5%, is expected to translate into a 23% CAGR in contribution profit and a 34% CAGR in Adjusted EBITDA over the same period. Additionally, ad revenues are emerging as a significant profit lever, further enhancing Eternal's margin trajectory.

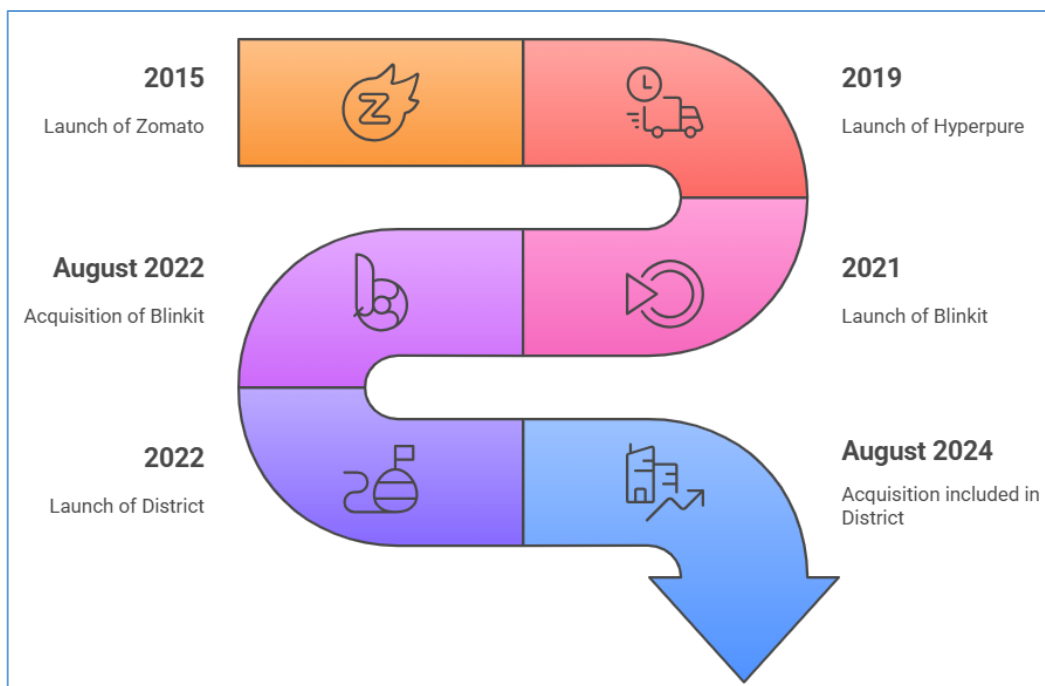
Blinkit Strategy – Disciplined Expansion with Margin-Focused Execution: Eternal's strategy for Blinkit centers around disciplined growth, with closer to 300 new dark stores added in Q4FY25, targeting tier-1 as well as tier 2/3 markets. The company has avoided subsidy-driven customer acquisition and aggressive promotions, relying instead on operating efficiency and brand-led retention. Successful platform monetization is evident with ad revenue now contributing around 4% of GOV and delivery/handling fees adding another 3%. With a pivot from GOV to Net Order Value (NOV) for more accurate revenue tracking—especially as the mix tilts toward non F&V—we believe, the focus is on contribution margin expansion. However, we do recognize the fact that as Eternal continues to add dark stores (reaching 2,000 by end-2025), it would have an impact on the adjusted EBITDA of the company, at least during FY26 owing to underutilization of dark stores. With the rapid expansion of dark stores, we are factoring in Blinkit to clock over 61% revenue growth during FY25-FY27E with contribution profit growing multifold.

Customer Discipline and Assortment-Led Profitability Drive Blinkit's Edge: Blinkit's strong unit economics are underpinned by a disciplined focus on the right customer segments and a well-curated assortment strategy, allowing it to maintain an Average Order Value (AOV) of Rs667—substantially higher than Instamart—without relying on deep discounting. This targeted approach ensures that the platform attracts customers with higher purchase intent and frequency, contributing to better order profitability. In contrast to peers who depend heavily on broad-based promotional campaigns such as 'Super Saver' and 'MaxSaver' to drive volumes, Blinkit has consciously avoided subsidy-led growth. This restraint reflects a strategic commitment to sustainable customer acquisition and long-term margin stability, positioning the business for healthier, more resilient scalability in India's highly competitive quick commerce market.

Valuation & Outlook: Eternal's food delivery business is expected to post an 18% revenue CAGR over FY25-FY27E, supported by higher order frequency, deeper market reach, and stronger customer retention. Adjusted EBITDA margin is projected to improve to 5.1% by FY27E, aided by better assortment and optimized delivery logistics. In quick commerce, Blinkit plans to expand its dark store network from 1,301 to over 2,000 by end-CY2025. While this expansion may temporarily weigh on adjusted EBITDA margins in FY26, we expect Blinkit to achieve adjusted EBITDA profitability by FY27E, with contribution and adjusted EBITDA margins projected at 4.4% and 0.86% of GOV, respectively. Given Blinkit's scale and efficiency advantage over peers like Instamart, we assign a 2x EV/GOV multiple to the segment and value food delivery at 42x FY27E EV/EBITDA, resulting in a sum-of-the-parts (SOTP) valuation of Rs315 per share for Eternal.

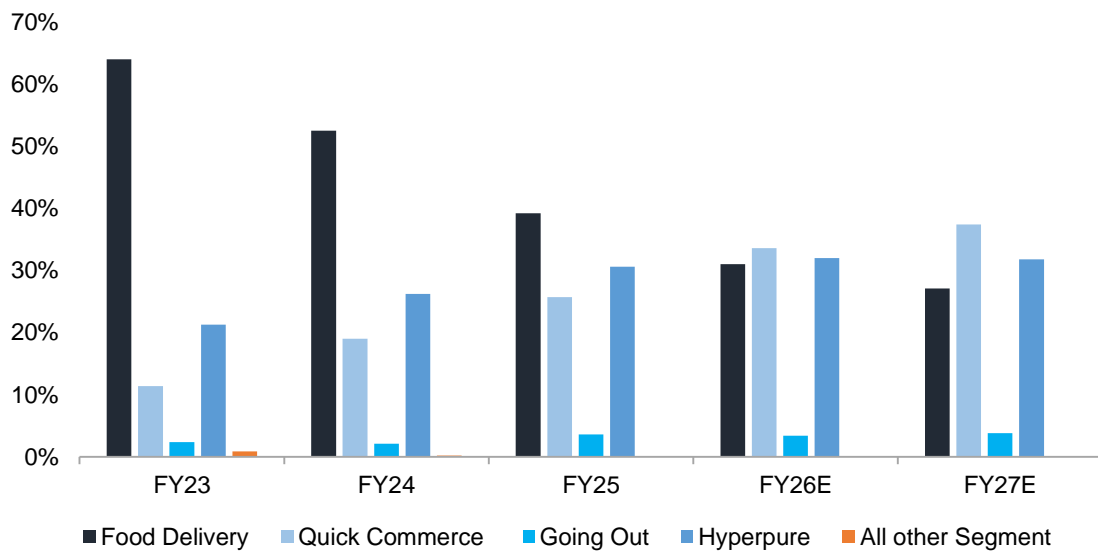
Eternal Business Overview

Exhibit 1: Eternal key milestones



Source: Nirmal Bang Institutional Equities Research

Exhibit 2: Revenue contribution segment wise; quick commerce has huge potential for growth



Source: Nirmal Bang Institutional Equities Research

Exhibit 3: Revenue break up Segment Wise

Eternal Ltd. (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
Revenue Segment					
Food Delivery	45,333	63,610	80,800	96,946	1,14,748
YoY	32%	40%	27%	20%	18%
% Share	64%	53%	40%	31%	27%
Quick Commerce	8,058	23,010	52,060	1,04,961	1,58,663
YoY	NA	186%	126%	102%	51%
% Share	11%	19%	26%	34%	37%
Going Out	1,710	2,580	7,370	10,686	15,940
YoY	NA	51%	186%	45%	49%
% Share	2%	2%	4%	3%	4%
Hyperpure	15,061	31,720	61,960	99,923	1,34,743
YoY	180%	111%	95%	61%	35%
% Share	21%	26%	31%	32%	32%
All other segments	630	220	240	60	84.96
YoY	-74%	-65%	9%	-75%	42%
% Share	1%	0%	0%	0%	0%
Revenue Calculated	70,792	1,21,140	2,02,430	3,12,576	4,24,178

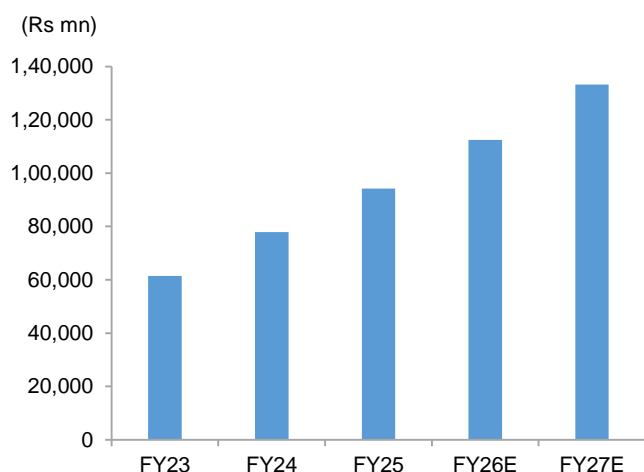
Source: Company, Nirmal Bang Institutional Equities Research

Eternal Food Delivery Business Overview

Zomato operates one of the most complex internet marketplaces, balancing 20.6mn customers, 2,97,000 restaurants, and 4,73,000 delivery partners in FY25. The food delivery business is inherently challenging, involving perishable products, real-time logistics, and fragmented restaurant supply. India's low penetration of restaurant food adds another layer of difficulty, but also long-term growth potential. Despite these structural challenges, adjusted revenue rose from Rs47.6bn in FY22 to Rs94.18bn in FY25. We are building in a 19% CAGR in revenue over FY25-27E, driven by rising adoption and better monetization. Growth in FY25 remained slightly below expectations due to weak discretionary demand and supply-side disruptions. A temporary shortage of delivery partners emerged as quick commerce scaled rapidly across cities. Additionally, quick commerce has begun to substitute some demand by delivering packaged food directly. Zomato also delisted ~19,000 restaurants due to hygiene concerns, brand impersonation, and duplicate listings, which impacted volumes but strengthened platform credibility.

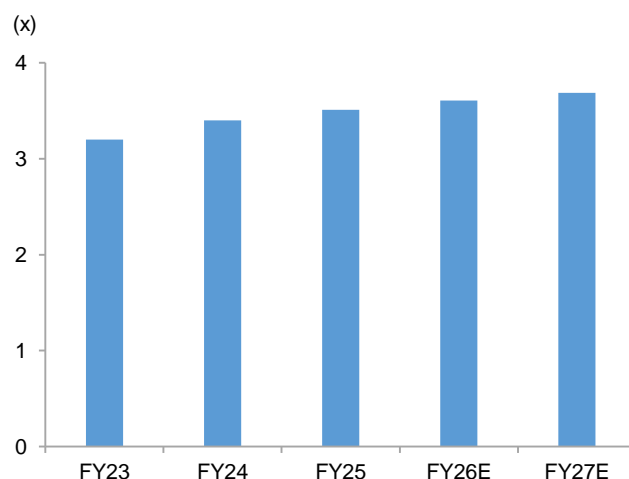
Despite near-term growth challenges, Zomato has delivered a meaningful performance in profitability. Adjusted EBITDA improved from a loss of Rs7.6bn in FY22 to a profit of Rs15bn in FY25. We are building a 34.3% CAGR in adjusted EBITDA over FY25-27E, supported by improved contribution margins and operating leverage. The company has guided for adjusted EBITDA margins of 4-5% of GOV translating to about 5-6% of NOV for the B2C businesses over the long term. Over 97% of orders are fulfilled by independent delivery partners, keeping the model asset-light and scalable. Restaurant partners have increased at 18% CAGR over FY22-25, reflecting improving supply depth on the platform. Customer base has expanded at 12% CAGR, supported by improving accessibility and affordability. The company's focus on trust-building over short-term volume continues to be its differentiator. With scale, capital, and execution in place, Zomato is well-positioned to lead India's long-term food delivery opportunity.

Exhibit 4: Adj. revenue is expected to register 19% CAGR over FY25-27E



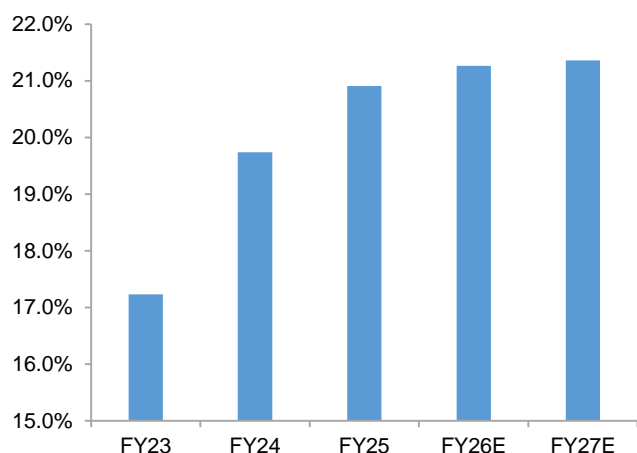
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 5: Order frequency is stable over the period



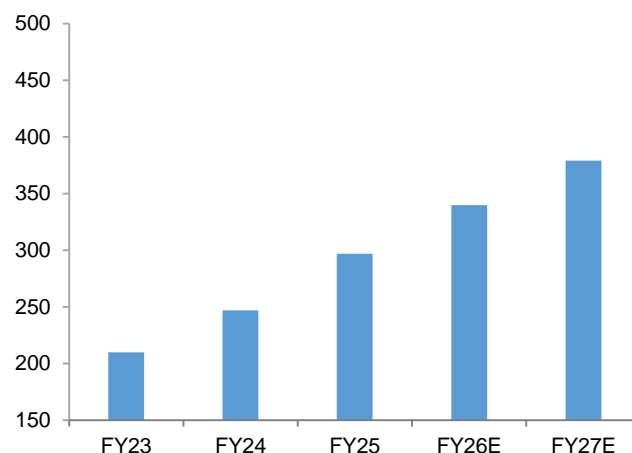
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 6: Net take rate as % of GOV is improving on the back of assortment mix



Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 7: Average monthly active food delivery restaurant partners ('000s)



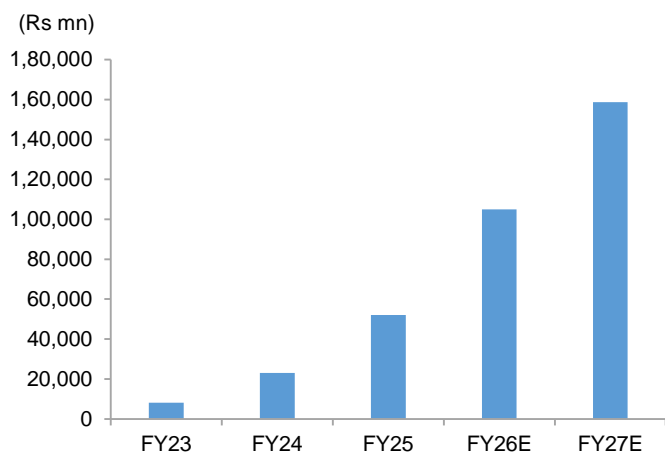
Source: Company, Nirmal Bang Institutional Equities Research

Blinkit (Quick Commerce) Business Overview

Blinkit is building one of the most ambitious growth stories in Indian quick commerce. In just two years since acquisition, the company has transformed from a niche player to a category leader, scaling its Gross Order Value (GOV) from Rs64.49bn in FY23 to Rs282.73bn in FY25—a remarkable CAGR of 109%. This surge is backed by sharp execution on network expansion and strong customer adoption. During Q4FY25 alone saw 294 new stores added in Q4, the highest ever in a single quarter, taking the total to 1,301 stores across 100+ cities. Nearly 40% of the current store network was built in the last two quarters, underscoring the pace and intensity of Blinkit's rollout strategy. To support this, the company added 1mn sqft of warehousing infrastructure, which is enabling greater throughput and operational leverage.

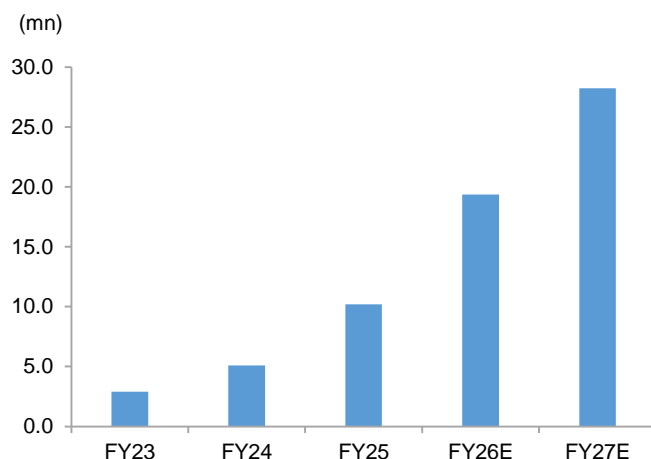
This infrastructure led scale-up is clearly translating into customer stickiness and monetization. Monthly transacting customers doubled YoY to 10.2mn in FY25 (vs. 5.1mn in FY24), driven by a combination of deeper penetration in existing cities, new market entries, and an expanded assortment beyond grocery—including electronics, toys, home décor, and more. Contribution margin improved slightly to 3.9% of NOV despite the expansion drag, and revenue per order rose due to better take-rates, advertising, and delivery fees. Cost per order also declined on improved fixed cost absorption. Management remains focused on market share gains, even at the expense of near-term profitability, with an eye on steady-state EBITDA margin at 5-6% of NOV. With GOV expected to grow at a rapid pace and store count guided to reach ~2,000 by Dec-25, Blinkit is well positioned for sustained scale benefits. We are building in an Adjusted Revenue CAGR of 75% over FY25-27E, with a sharp improvement in operating metrics expected to drive Adjusted EBITDA into positive territory by FY27E, setting the foundation for long-term profitability in this high-growth vertical.

Exhibit 8: Reported revenue is expected at 75% CAGR over FY25-27E



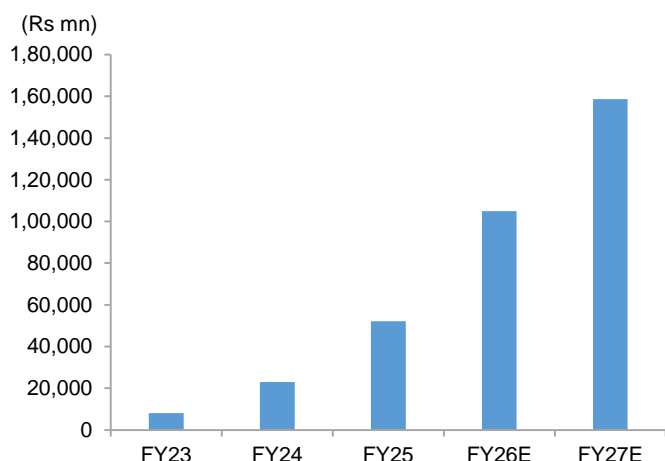
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 9: Average MTU is expected to grow rapidly



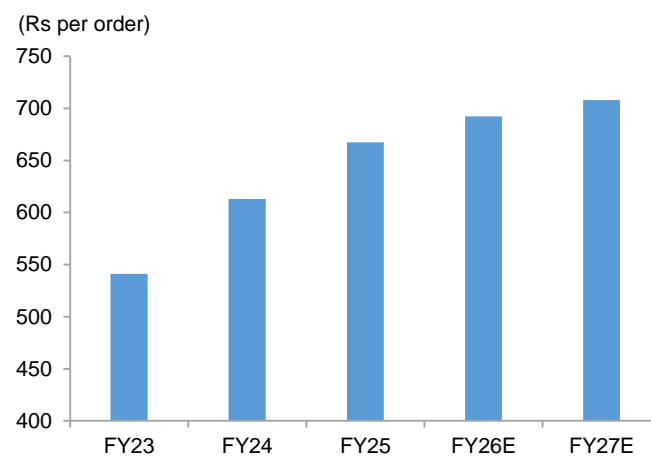
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 10: GOV is rising on account of strong customer adoption



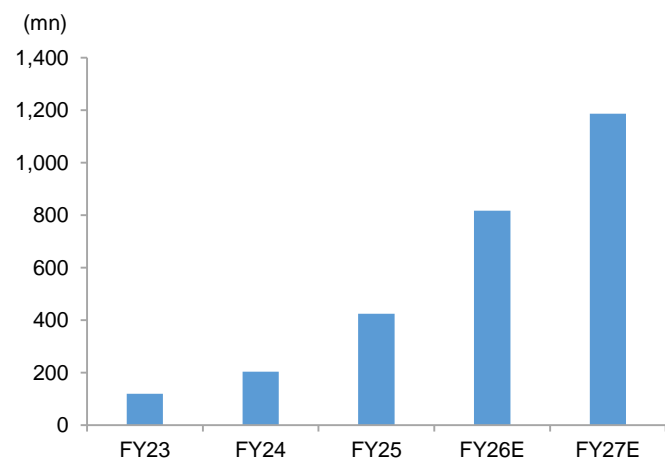
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 11: AOV is rising due to higher premium product sales



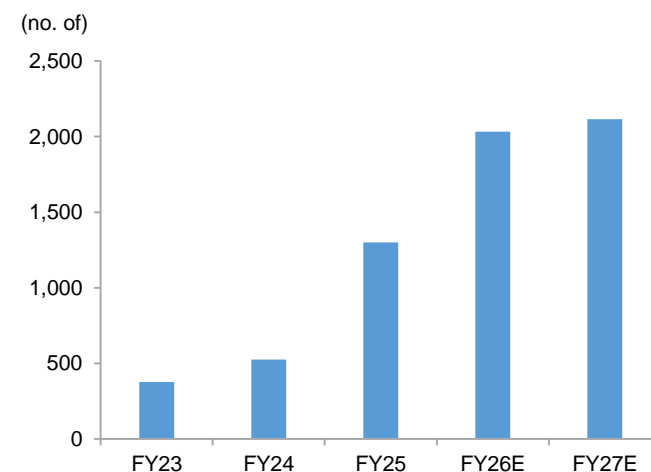
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 12: Orders are expected to achieve 67% CAGR over FY25-27E



Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 13: Active dark stores – the company targets reaching 2,000 dark stores by Dec-25



Source: Company, Nirmal Bang Institutional Equities Research

Hyperpure Business Overview

Hyperpure, the B2B supply chain arm of Eternal, has evolved into a formidable player in India's highly fragmented and unorganized restaurant sourcing market. Since its launch in FY20, the business has scaled its revenue from just Rs1bn to Rs61.96bn. This scale-up is underpinned by strong execution in both core restaurant and emerging non-restaurant verticals. The company has onboarded over 87,000 unique outlets, operates 11 warehouses, and is present in 8 cities. Hyperpure's model is built around full-stack ownership—directly sourcing from farmer collectives and suppliers, holding inventory, and distributing via its own supply chain—enabling consistent quality, predictable yields, and timely delivery.

The company is also making rapid strides in profitability. Adjusted EBITDA margin improved from –26% in FY22 to –1% in FY25, driven by better sourcing, scale-led supply chain efficiencies, and an increasing share of high-margin categories. Management commentary highlights that the non-restaurant B2B business (primarily serving Blinkit sellers) has grown at over 150% YoY in Q4FY25 and operating near break-even, while the core restaurant business has been growing at 35-40% YoY, with margin recovery expected as the company optimizes operations and invests in higher-value services. Key profitability drivers include higher AOVs due to churn of unprofitable customers and growing mix of value-added offerings. Looking ahead, we are building in a 47% revenue CAGR over FY25-27E, with expectations of turning Adjusted EBITDA positive by FY27E as operating leverage continues to play out.

Going-out Business Overview

Eternal's going-out business, though still nascent, is backed by a large and untapped opportunity. Following the acquisition of Paytm's entertainment ticketing business in Aug-24, Zomato has expanded its presence in movies, sports, and live events ticketing alongside its existing dining-out offering in India and the UAE. These services have now been consolidated under the newly launched 'District' app, aimed at becoming the go-to destination for discovering and booking dining reservations, movie tickets, sports events, concerts, and other live experiences. The vertical already contributes over 10% of Zomato's B2C GOV with the GOV achieving 139% CAGR over FY23-FY25.

Revenue in this segment has scaled from Rs1.71bn in FY23 to Rs7.37bn in FY25, driven by higher user engagement and category expansion. While the vertical remains in investment mode and reported an adjusted EBITDA margin of –0.5% in FY25. We forecast revenue to clock around 47% CAGR over FY25-27E, with the business likely to turn adjusted EBITDA positive by FY27E, supported by operating leverage from the unified District platform and the increasing share of higher-margin categories.

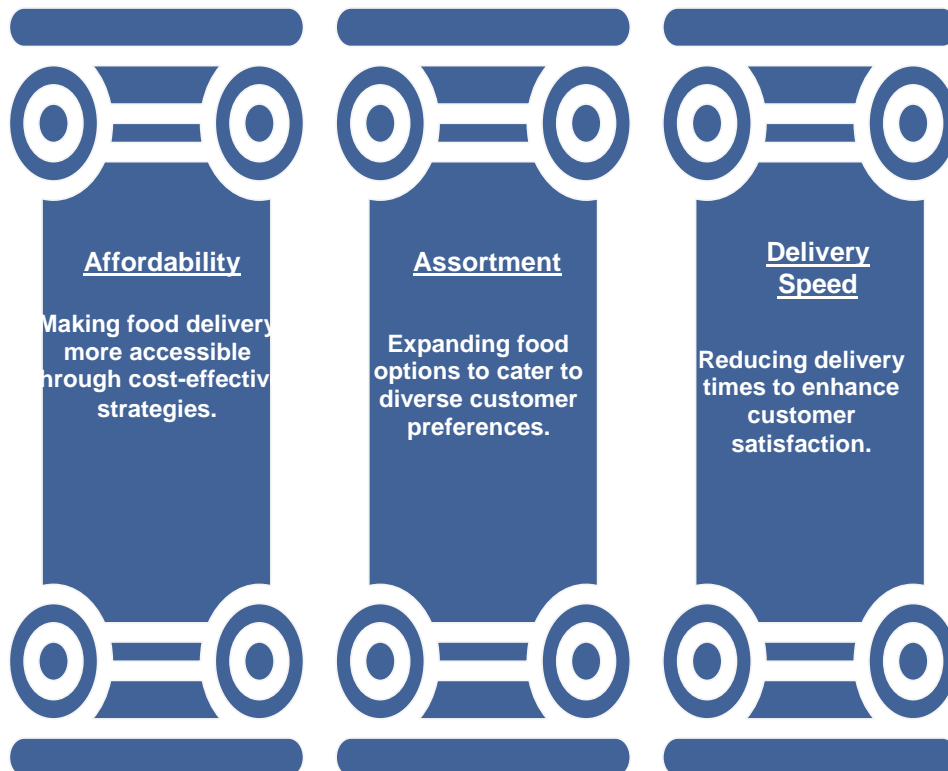
Eternal's Investment Rationale

Zomato Food Delivery

Zomato Ahead of the Cycle and Should Continue to Maintain Dominance

Eternal has maintained a dominant position in India's food delivery market, underpinned by strong execution, platform scale, and operating leverage. While Swiggy has been narrowing the operational gap—Eternal remains structurally ahead and is expected to retain market leadership going forward. In FY25, Eternal reported a Gross Order Value (GOV) of Rs386.46bn, which was 34% higher than Swiggy's food delivery business, supported by a healthy 3-year CAGR of 22%. Moreover, Eternal delivered an Adjusted EBITDA of Rs15.05bn in FY25, nearly 2.65x that of Swiggy, reflecting superior cost efficiency and monetization capabilities. Looking ahead, we factor in an 18% CAGR in GOV growth, aligning with the company's long-term guidance of ~20%, driven by a combination of higher order frequency, deeper market penetration, and improved customer retention. Margin expansion remains a key lever, with Adjusted EBITDA margin expected to scale to 5.1%, led by enhancements in assortment, optimized last-mile delivery logistics, and efforts to restore affordability amid a widening gap between restaurant menu prices and aggregator platforms. Additionally, the mix of high-margin ad revenue is expected to provide an upside to the profitability trajectory. Eternal's continued dominance is underpinned by its executional focus across three structural vectors—making food delivery more affordable, expanding food assortment, and reducing delivery timelines—which collectively reinforce its platform moat, customer loyalty, and long-term competitive edge.

Exhibit 14: Three vectors of the food delivery business



Source: Nirmal Bang Institutional Equities Research

Exhibit 15: Key metrics of Eternal's food delivery

Eternal					
Particulars	FY23	FY24	FY25	FY26E	FY27E
Avg. MTU (mn)	17	18	21	23	26
Orders (mn)	647	753	853	989	1,143
AOV (Rs per order)	407	428	453	461	470
GOV (Rs mn)	2,63,050	3,22,240	3,86,460	4,55,918	5,37,265
Reported Revenue (Rs mn)	45,333	63,610	80,800	96,946	1,14,748
Contribution Profit (Rs mn)	11,960	22,250	30,920	38,078	46,484
Contribution Profit % of GOV	5%	7%	8%	8%	9%
Adjusted EBITDA (Rs mn)	(100)	9,120	15,050	21,428	27,155
Adjusted EBITDA % of GOV	0%	3%	4%	5%	5%

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 16: Key metrics of Swiggy's food delivery

Swiggy					
Particulars	FY23	FY24	FY25	FY26E	FY27E
Avg. MTU (mn)	12	13	15	17	19
Orders (mn)	517	578	629	727	849
AOV (Rs per order)	416	428	458	467	470
GOV (Rs mn)	2,15,171	2,47,174	2,87,823	3,39,076	3,98,887
Reported Revenue (Rs mn)	41,300	51,601	63,529	75,449	88,553
Contribution Profit (Rs mn)	6,326	14,138	20,337	26,898	34,146
Contribution Profit % of GOV	2.9%	5.7%	7.1%	7.9%	8.6%
Adjusted EBITDA (Rs mn)	(10,350)	(472)	5,658	10,952	15,894
Adjusted EBITDA % of GOV	-5%	0%	2%	3%	4%

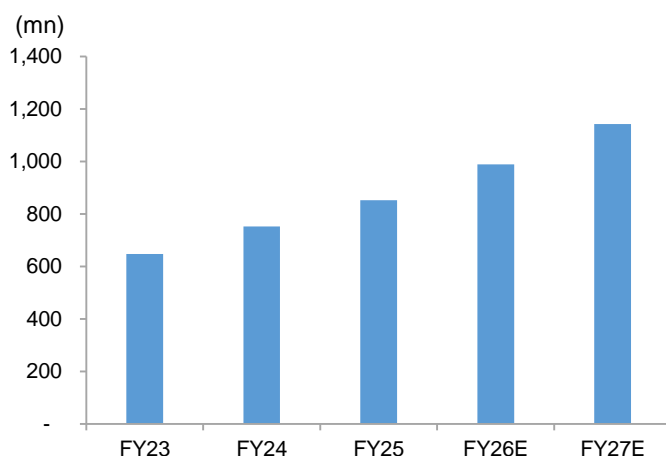
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 17: Average MTU is expected at 12% CAGR over FY25-27E



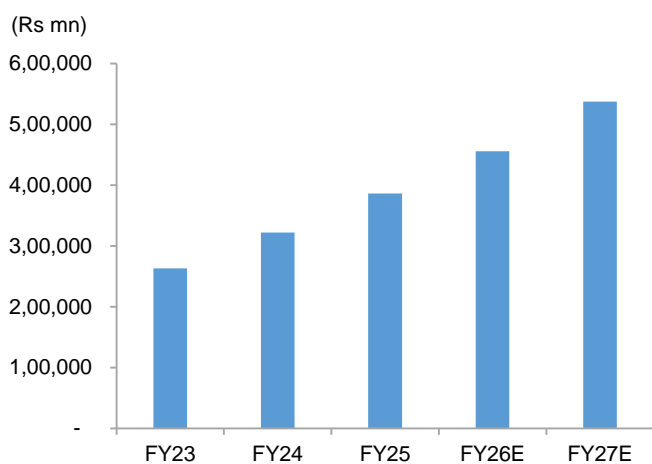
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 18: Orders are expected to clock 16% CAGR over FY25-27E



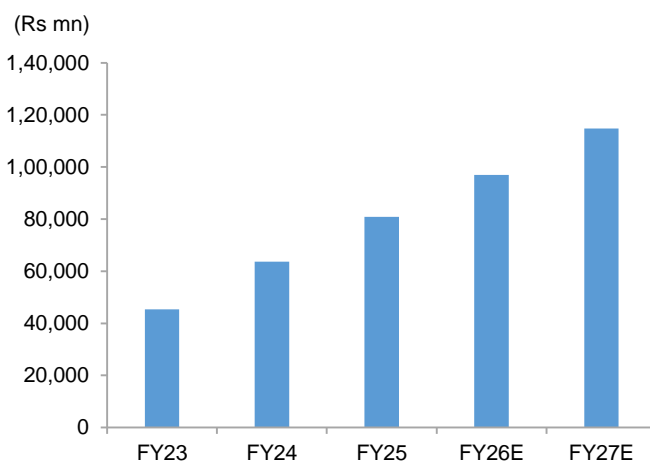
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 19: GOV is expected to register 18% CAGR over FY25-27E



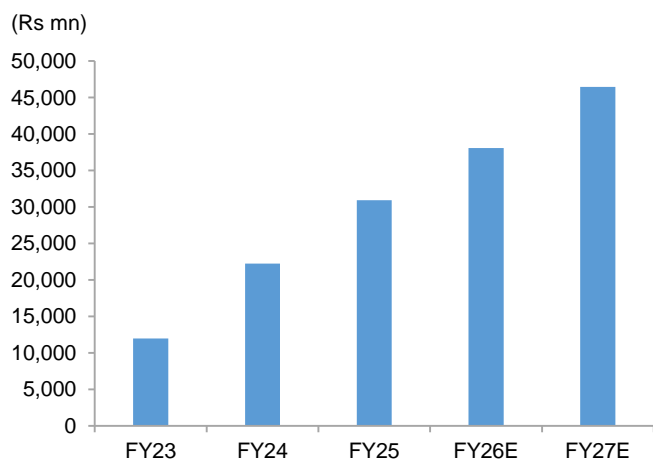
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 20: Reported revenue is expected at 19% CAGR over FY25-27E



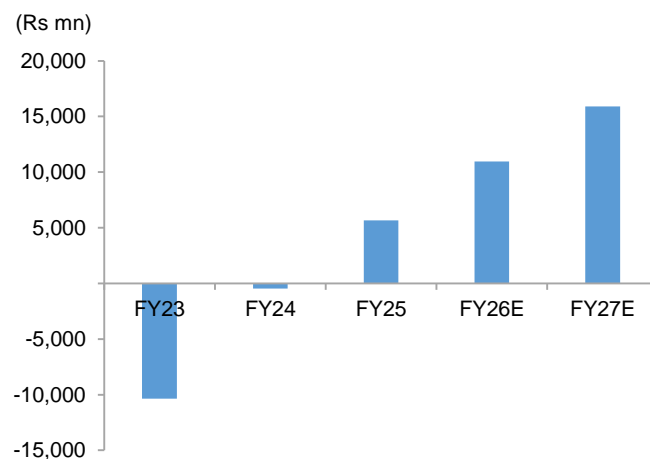
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 21: Contribution profit is expected to clock 23% CAGR over FY25-27E



Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 22: Adjusted EBITDA is improving on the back of better assortment, optimized logistics, and improved affordability



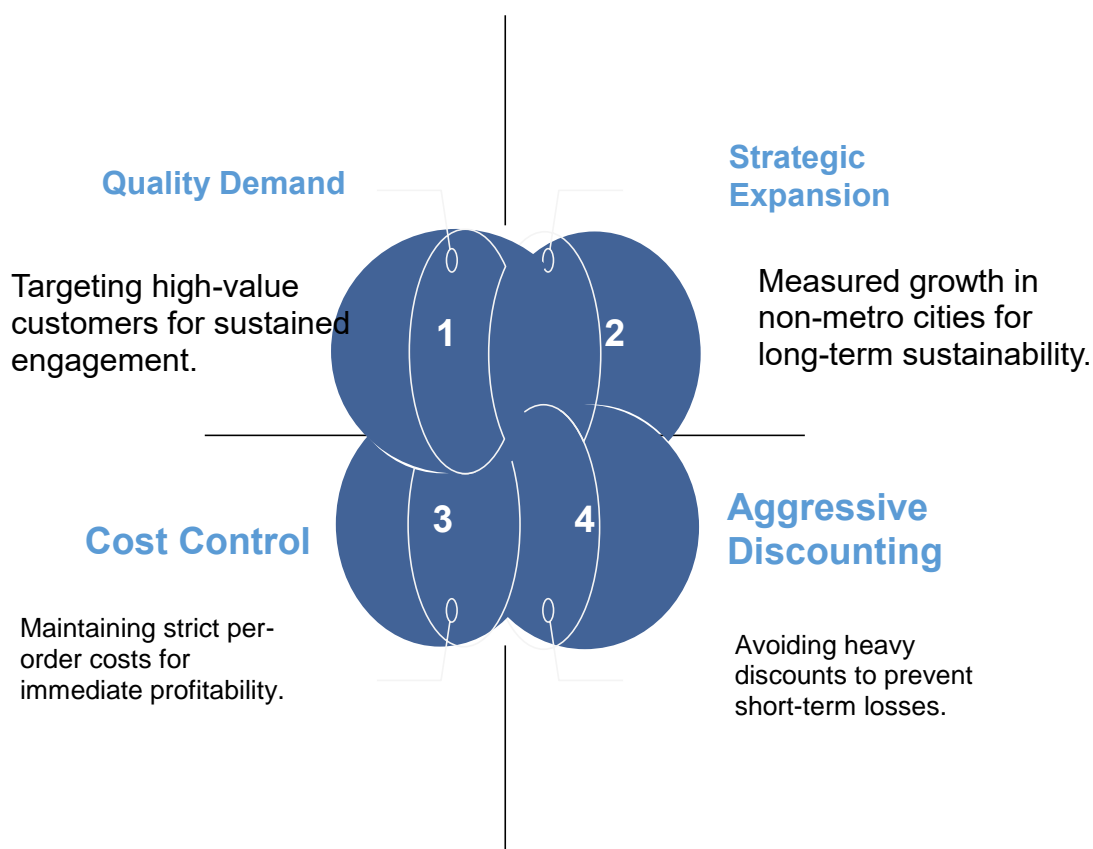
Source: Company, Nirmal Bang Institutional Equities Research

Blinkit: Subsidy is not the Key but Customer Mindset is

Blinkit has emerged as the frontrunner in India's quick commerce landscape, outperforming competitors such as Instamart and Zepto, both in scale and operational efficiency. Blinkit delivered nearly twice the Gross Order Value (GOV) of Instamart, while maintaining a more profitable contribution structure. A key driver of this performance is Blinkit's disciplined focus on targeting the right customer segments with a prudent assortment mix, enabling it to sustain an Average Order Value (AOV) of Rs667 per order—substantially higher than Instamart's Rs514—without resorting to aggressive discounting. Remarkably, this higher AOV does not translate into higher per-order variable costs; Blinkit reported variable costs of Rs101 per order, nearly identical to Instamart's Rs100 in FY25. This signals effective cost management and better unit economics, particularly in last-mile delivery and assortment optimization.

Blinkit's expansion strategy remains ambitious yet calibrated. The company is on track to scale up its dark store count from 1,301 to over 2,000 by the end of CY25. While this expansion entails short-term fixed cost pressure due to underutilized stores, the management emphasized that contribution margins remain stable—reflecting operational resilience even amid heightened competitive intensity and elevated real estate costs. Notably, Blinkit's restraint from large-scale promotional schemes like 'Super Saver' and 'MaxSaver'—commonly deployed by rivals—underscores a strategic choice to prioritize sustainable growth over price-led customer acquisition.

Exhibit 23: Blinkit's strategic growth approach



Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 24: Blinkit's KPI

	Blinkit				
Particulars	FY23	FY24	FY25	FY26E	FY27E
Orders (mn)	119	203	424	816	1,186
AOV (Rs per order)	541	613	667	692	708
GOV (Rs mn)	64,490	1,24,690	2,82,740	5,65,119	8,39,607
Reported Revenue (Rs mn)	8,058	23,010	52,060	1,04,961	1,58,663
Contribution Profit (Rs mn)	-4,460	2,660	9,540	19,628	36,851
Contribution Profit % of GOV	(7%)	2%	3%	3%	4%
Adjusted EBITDA (Rs mn)	-5,620	-3,840	-2,920	-5,781	7,211
Adjusted EBITDA % of GOV	(9%)	(3%)	(1%)	(1%)	1%

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 25: Instamart's KPI

	Instamart				
Particulars	FY23	FY24	FY25	FY26E	FY27E
Orders/Year (mn)	128	175	286	482	700
AOV (Rs per order)	398	460	514	572	623
GOV (Rs mn)	51,184	80,686	1,46,830	2,75,616	4,36,039
Reported Revenue (Rs mn)	4,514	9,786	21,296	42,991	72,915
Contribution Profit (Rs mn)	-12,054	-4,849	-5,920	-4,993	6,734
Contribution Profit % GOV	-24%	-6%	-4%	-2%	2%
Adjusted EBITDA (Rs mn)	-20,268	-13,091	-20,952	-24,458	-17,884
Adjusted EBITDA % of GOV	-40%	-16%	-14%	-9%	-4%

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 26: Instamart vs Blinkit

Instamart					Blinkit				
Unit Economics	FY24	FY25	FY26E	FY27E	Unit Economics	FY24	FY25	FY26E	FY27E
AOV (Rs)	460	514	572	623	AOV (Rs)	613	667	692	708
Revenue	62	79	94	110	Revenue	113	124	131	135
Gross Take Rate	13%	15%	16%	18%	Gross Take Rate	18%	18%	19%	19%
Contribution Profit	-28	-21	-10	10	Contribution Profit	13	23	24	31
Contribution Profit % AOV	-6%	-4%	-2%	2%	Contribution Profit % AOV	2%	3%	3%	4%
Fixed Cost	47	53	40	35	Fixed Cost	32	29	31	25
Adjusted EBITDA	-75	-73	-51	-26	Adjusted EBITDA	-19	-7	-7	6
Adjusted EBITDA % GOV	-16%	-14%	-9%	-4%	Adjusted EBITDA %GOV	-3%	-1%	-1%	1%

Source: Company, Nirmal Bang Institutional Equities Research

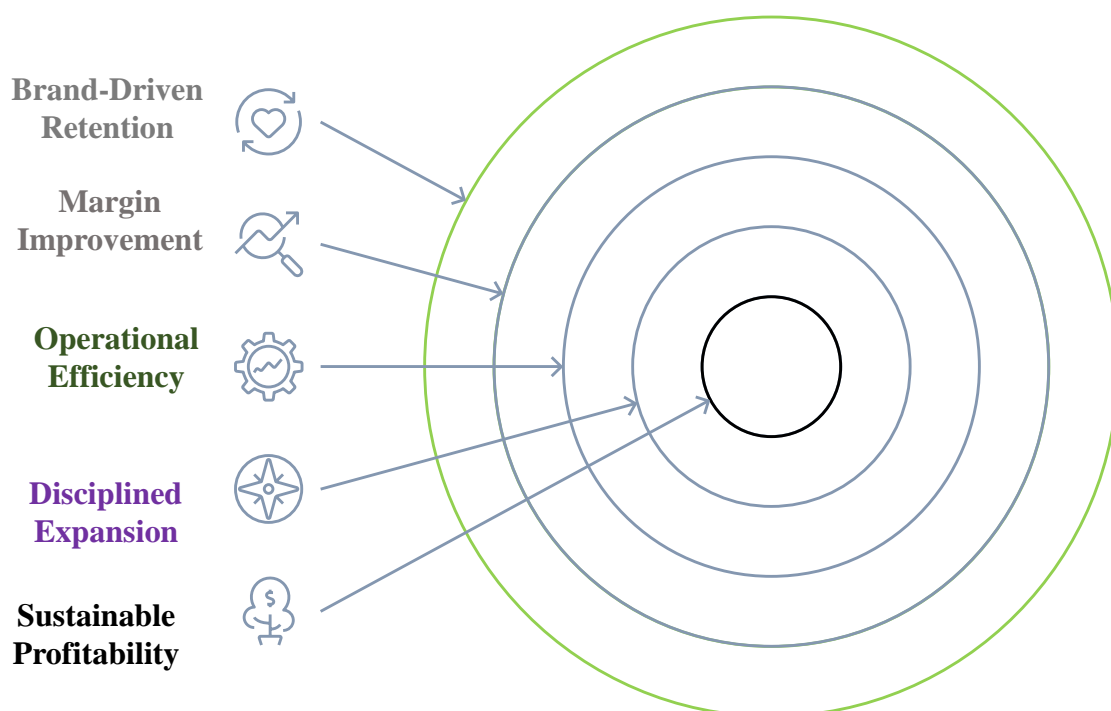
Eternal's Blinkit Strategy: Disciplined Growth, Operational Leverage, and Margin-Focused Execution

Eternal's strategy for Blinkit centers on disciplined expansion and sustainable unit economics. The company added approximately 300 dark stores in Q4FY25, with a deliberate shift toward tier-2 and tier-3 markets where consumer adoption is tracking well. Despite increased competition for real estate, store breakeven timelines remain consistent, validating the underlying business model. The focus remains on growth without engaging in subsidy-led customer acquisition. Unlike peers, Blinkit has opted to avoid aggressive discounting, but continues to maintain its market share. The expansion strategy is rooted in operating efficiency and brand-driven customer retention rather than incentivized volume.

The business model emphasizes platform monetization and category optimization to drive margin improvement. Blinkit now generates over 4% of GOV from ad revenues and about 3% from customer delivery and handling fees. As the product mix shifts toward unbranded and general merchandise categories, the company has transitioned its reporting metric from GOV to Net Order Value (NOV) to provide a more accurate view of realized revenues. The company has consciously avoided launching private labels or discount-heavy formats, favoring curated assortments and fast-moving SKUs that support frequency and gross margin stability. This strategic discipline enables Blinkit to focus on contribution margin expansion without diluting the customer experience or pricing integrity.

Eternal targets long-term profitability through a combination of margin accretion, network density, and controlled inventory investment (possible strategy). The quick commerce business delivered -1.9% Adjusted EBITDA margin on GOV in Q4FY25, but profitability should be viewed as a longer-term outcome rather than a near-term milestone. As the assortment expands into low-frequency, higher-value categories such as electronics and white goods, inventory days may rise modestly. However, inventory will be built only where return on capital justifies it. Rather than optimizing purely for breakeven, the focus is on building a structurally profitable and capital-efficient business that can scale across geographies and categories with resilience and limited cash burn.

Exhibit 27: Blinkit's path going forward



Source: Nirmal Bang Institutional Equities Research

Valuation & Outlook

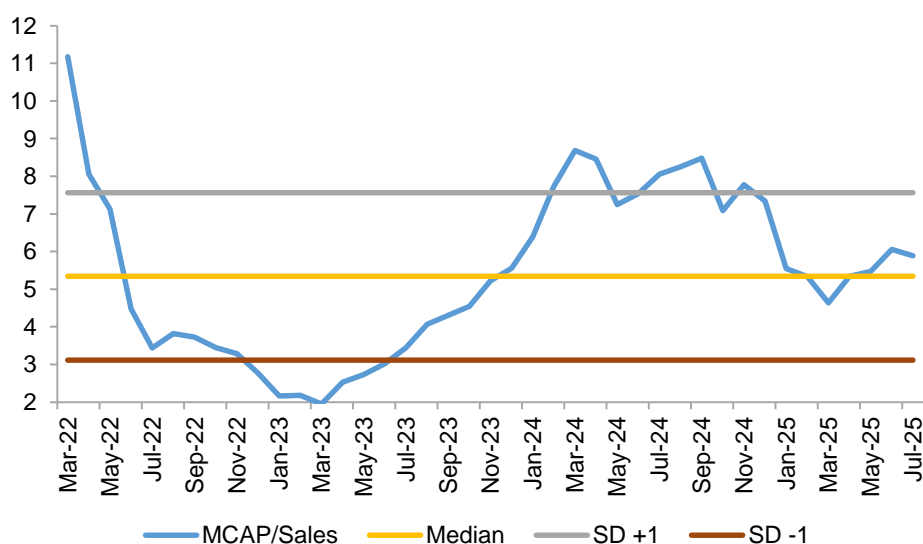
We expect Eternal to maintain healthy growth momentum in its food delivery business, with revenue projected to clock a CAGR of 18% over FY25-FY27E, supported by rising order frequency, deeper market penetration, and stronger customer retention. The adjusted EBITDA margin is expected to improve to 5.1% by FY27E, driven by enhanced assortment strategies, optimized last-mile delivery logistics, and initiatives to address the growing disparity between restaurant menu prices and aggregator platform pricing, thereby restoring affordability. In the quick commerce segment, Blinkit's expansion strategy remains ambitious yet measured with plans to scale the number of dark stores from 1,301 to over 2,000 by the end of CY25. While this expansion may exert pressure on adjusted EBITDA in FY26 due to fixed cost absorption from underutilized stores, Blinkit is expected to turn profitable on an adjusted EBITDA-to-GOV basis by FY27E. Management's focus on maintaining stable contribution margins—despite intensified competition and higher real estate costs—demonstrates operational resilience, further reinforced by a strategic shift away from deep discounting schemes commonly used by competitors. We are factoring in Blinkit's contribution margin and adjusted EBITDA margin as a percentage of GOV to reach 4.4% and 0.86%, respectively, by FY27E. Given Blinkit's clear lead over peers such as Instamart in terms of operational scale and efficiency, we assign a materially higher valuation multiple to the quick commerce business at 2x EV/GOV on FY27E GOV, while valuing the food delivery segment at 42x FY27E EV/EBITDA. On a sum-of-the-parts (SOTP) basis, we arrive at a valuation of Rs315 per share for Eternal.

Exhibit 28: Valuation table

Zomato	Methodology	Multiple	GoV/Gross sales/EBITDA	Per Share
Food Delivery	EV/EBITDA	42x	27,155	118
Quick Commerce - Blinkit	EV/GOV	2.0x	8,39,607	170
Going-out	EV/GOV	0.9x	1,35,523	13
All other segments	EV/Sales	0.9x	85	0
Hyperpure	EV/Gross Sales	0.9x	1,34,743	13
Consol. Equity Value				315

Source: Nirmal Bang Institutional Equities Research

Exhibit 29: Valuation on 1 price/sales



Source: Nirmal Bang Institutional Equities Research

Risks

1. Sustained Pressure on Margin Expansion due to Aggressive Competition in Quick Commerce

Eternal's Blinkit continues to face elevated competitive intensity in the quick commerce space, particularly in Tier-1 cities where established players like Zepto, Swiggy Instamart, and newcomers are deploying aggressive pricing tactics, frequent discounting, and free delivery campaigns. This sustains margin pressure and elevates customer acquisition costs, limiting Blinkit's ability to expand contribution margins meaningfully. Additionally, rising real estate costs—driven by competition for high-footfall dark store locations—further squeeze store-level economics. However, Blinkit leverages its market-leading scale and dense dark-store network to optimize costs and sustain high order volumes, helping offset margin pressure from aggressive competitor discounting and real estate costs

2. Operational Strain from Expansion into Tier-2/Tier-3 Markets

While Eternal is expanding its quick commerce presence in the non-top 8 cities, these markets pose distinct economic and demand challenges. While adoption looks promising, maintaining profitability in these smaller towns is uncertain. Past experience in food delivery led to withdrawals from low-margin cities, signaling that similar risks may re-emerge in quick commerce if order density remains weak. Blinkit's phased rollout in smaller cities, supported by learnings from food delivery and selective dark-store placement, aims to ensure order density and operational efficiency before committing large-scale capital

3. Experimentation Risk and Burn from Non-Core Initiatives

Eternal continues to experiment with newer verticals like Zomato Bistro, Nugget, and B2B pilots, all of which are loss-making and grouped under the 'Others' segment. Losses in this segment spiked in Q4FY25 indicating growing burn from unproven initiatives. The company itself acknowledges these ventures are 'small experiments', however, cumulative drag on profitability could intensify if not rationalized soon. However, we believe Management's disciplined approach labels new ventures as 'small experiments' with periodic reviews to limit cumulative losses and reprioritize high-potential segments, preventing unchecked drag on overall profitability

Exhibit 30: Eternal's key management details

	<p>Deepinder Goyal is the Founder, Managing Director, and Chief Executive Officer of the company. He holds an integrated master's degree in mathematics and computing from the Indian Institute of Technology, Delhi. Prior to founding Zomato he worked at Bain & Company.</p>
	<p>Akshant Goyal is the Chief Financial Officer at Eternal. Previously, he co-founded a fintech startup focused on SME lending and worked at Kotak Investment Banking and GlobalLogic. He holds an MBA from IIM Bangalore and a B.E. in Computer Science from Delhi College of Engineering.</p>
	<p>Albinder Dhindsa is the Founder and CEO of Blinkit. He holds a Bachelor of Technology degree from IIT Delhi and an MBA from Columbia Business School. He began his career as a transportation analyst at URS Corporation and later worked at Cambridge Systematics. From Dec-11 to May-14, he was Head of International Operations at Zomato, where he gained valuable global experience before starting his own venture, Grofers (now Blinkit).</p>
	<p>Rishi Arora is the CEO of Hyperpure by Eternal. Before this, he spent nearly nine years at Blinkit (July-14 to May-23), where he was Co-Founder and led the operations. Earlier in his career, he worked at Wipro for over seven years across roles including Sr. Consultant, Project Lead, and Technical Lead. Rishi holds a master's degree in business administration from IE Business School.</p>
	<p>Aditya Mangla is the CEO of the food delivery business at Eternal. He was previously the Head of Product for food ordering and delivery and has held leadership roles including Head of Supply and Head of Customer Experience since joining in Mar-21. Before Eternal, he held senior P&L, product, and marketing roles across startups and tech-driven companies. Aditya holds a PGP in Management from ISB (Torchbearer Awardee), a master's in Information Networking from Carnegie Mellon University, and an engineering degree in IT from NSIT.</p>

Source: Nirmal Bang Institutional Equities Research

Exhibit 31: Top 20 Shareholders

No	Holder Name	% of position
1	Info Edge India Ltd	12.38
2	Foodie Bay Employees Esop Trust	5.91
3	FMR LLC	3.94
4	Goyal Deepinder	3.83
5	SBI Funds Management Ltd	3.42
6	Kotak Mahindra Asset Management Co Ltd/India	2.51
7	Blackrock Inc	2.48
8	Franklin Resources Inc	2.18
9	ICICI Prudential Asset Management Co Ltd/India	2.04
10	Vanguard Group Inc/The	1.97
11	Antfin Singapore Holding Pte Ltd	1.95
12	CAMAS INV PTE LTD	1.74
13	UTI Asset Management Co Ltd	1.64
14	Nippon Life India Asset Management Ltd	1.63
15	HDFC Asset Management Co Ltd	1.59
16	DF INTERNATIONAL PARTNERS	1.54
17	Axis Asset Management Co Ltd/India	1.41
18	FundRock Management Co SA	1.17
19	NPS Trust A/c Uti Retirement Solutions Ltd	1.15
20	Temasek Holdings Pte Ltd	1.13

Source: Bloomberg

Financials

Exhibit 32: Income statement

Y/E March (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
Net Sales	70,792	121,140	202,430	312,576	424,179
Growth YoY%	69%	71%	67%	54%	36%
Gross profit	56,842	92,320	146,780	231,444	316,500
Gross margin %	80%	76%	73%	74%	75%
Staff costs	14,650	16,590	25,580	33,436	40,328
% of sales	21%	14%	13%	11%	10%
Other expenses	54,290	75,310	114,830	185,719	244,352
% of sales	77%	62%	57%	59%	58%
EBITDA	(12,098)	420	6,370	12,289	31,820
Growth YoY%	35%	103%	1,417%	93%	159%
EBITDA margin %	(17%)	0%	3%	4%	8%
Depreciation	4,370	5,260	8,630	11,734	14,413
EBIT	(16,468)	(4,840)	(2,260)	555	17,407
Interest	490	720	1,540	1,914	2,066
Other income	6,820	8,470	10,770	12,137	14,115
PBT (bei)	(10,138)	2,910	6,970	10,778	29,456
PBT	(10,148)	2,910	6,970	10,778	29,456
ETR	(4%)	(21%)	24%	20%	20%
PAT	(9,708)	3,510	5,270	8,628	23,565
Adj PAT	(9,708)	3,510	5,270	8,628	23,565
Growth YoY%	36%	136%	50%	64%	173%

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 34: Balance sheet

Y/E March (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
Share capital	8,360	8,680	9,070	9,070	9,070
Reserves	186,170	195,380	294,030	312,446	349,158
Net worth	194,530	204,060	303,100	321,516	358,228
Long term debt	60	0	0	0	0
Short term debt	350	0	0	0	0
Total debt	410	0	0	0	0
Net Debt	(9,760)	(7,310)	(36,140)	(57,090)	(87,065)
Other non-current liabilities	6,990	8,670	19,870	19,310	17,410
Total Equity & Liabilities	215,990	233,560	356,230	384,836	430,019
Gross block	3,630	5,290	13,387	22,764	33,369
Accumulated depreciation	1,540	2,420	3,737	9,806	17,991
Net Block	2,090	2,870	9,650	12,959	15,378
CWIP	70	180	510	510	510
Intangible and others	57,080	54,710	66,490	67,668	65,019
Other non-current assets	48,440	121,220	162,570	160,585	166,049
Investments	44,850	12,800	22,720	22,720	22,720
Trade receivables	4,570	7,940	19,460	21,034	27,117
Inventories	830	880	1,760	2,822	4,495
Cash & Cash equivalents	10,170	7,310	36,140	57,090	87,065
Other current assets	47,890	25,650	36,930	39,446	41,667
Total current assets	108,310	54,580	117,010	143,113	183,063
Trade payables	6,790	8,860	15,360	22,393	29,720
Other current liabilities	7,270	11,970	17,900	21,616	24,661
Total current liabilities	14,410	20,830	33,260	44,010	54,381
Total Assets	215,990	233,560	356,230	384,836	430,019

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 33: Cash flow

Y/E March (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
PBT	(10,150)	2,910	6,970	10,778	29,456
Depreciation	1,810	2,840	5,760	9,492	11,764
Interest	460	690	1,510	1,914	2,066
Other adjustments	1,510	(110)	950	(2,257)	(4,210)
Change in Working capital	(1,760)	1,180	(10,930)	5,422	(6,346)
Tax paid	(310)	(1,050)	(1,180)	0	0
Operating cash flow	(8,440)	6,460	3,080	25,349	32,730
Capex	(1,030)	(2,150)	(9,360)	(11,032)	(12,604)
Free cash flow	(9,470)	4,310	(6,280)	14,317	20,125
Other investing activities	5,600	(1,320)	(70,570)	10,238	14,115
Investing cash flow	4,570	(3,470)	(79,930)	(794)	1,511
Issuance of share capital	40	230	85,010	0	0
Movement of Debt	(230)	(400)	0	0	0
Other financing activities	(1,080)	(1,900)	(4,590)	(3,604)	(4,266)
Financing cash flow	(1,270)	(2,070)	80,420	(3,604)	(4,266)
Net change in cash flow	(5,140)	920	3,570	20,950	29,974
Opening C&CE	3,920	2,180	3,090	6,660	27,610
Closing C&CE	2,180	3,090	6,660	27,610	57,585

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 35: Key ratios

Y/E March	FY23	FY24	FY25	FY26E	FY27E
Per share (Rs)					
Adj EPS	(1.01)	0.36	0.55	0.89	2.44
Book value	20.16	21.15	31.41	33.32	37.12
Valuation (x)					
P/Sales	35.06	20.49	12.26	7.94	5.85
EV/EBITDA	(203.78)	5,869.95	387.03	200.62	77.48
P/E	NA	707.14	470.98	287.68	105.33
P/BV	12.76	12.16	8.19	7.72	6.93
Return ratios (%)					
RoCE (pre-tax)	(8.25%)	(2.29%)	(0.70%)	0.16%	4.64%
RoCE	(8.61%)	(2.76%)	(0.53%)	0.13%	3.72%
RoE	(4.99%)	1.72%	1.74%	2.68%	6.58%
ROIC	(9.07%)	(2.86%)	(0.60%)	0.16%	4.84%
Profitability ratios (%)					
Gross margin	80.29%	76.21%	72.51%	74.04%	74.61%
EBITDA margin	(17.09%)	0.35%	3.15%	3.93%	7.50%
PAT margin	(13.71%)	2.90%	2.60%	2.76%	5.56%
Liquidity ratios (%)					
Current ratio	7.52	2.62	3.52	3.25	3.37
Quick ratio	4.40	2.01	2.83	2.74	2.95
Solvency ratio (x)					
Net Debt to Equity ratio	0.03	0.04	0.06	0.06	0.05
Turnover ratios					
Fixed asset turnover ratio (x)	0.33	0.52	0.57	0.81	0.99
Debtor days	23.56	23.92	35.09	24.56	23.33
Inventory days	21.72	11.15	11.54	12.70	15.24
Creditor days	177.66	112.21	100.74	100.74	100.74
Net Working capital days	(132.38)	(77.14)	(54.11)	(63.48)	(62.17)

Source: Company, Nirmal Bang Institutional Equities Research

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