Swiggy – BUY

18 June 2025

Initiating coverage

IIFL CAPITAL

An asymmetric play to the upside!

We initiate coverage on Swiggy with a BUY rating and 12-mth DCF-based target price of Rs535, implying 50% potential upside. Swiggy is India's second-largest food tech company, with Food delivery (FD), Quick commerce (QC), and other verticals. We forecast Swiggy to deliver 28% revenue Cagr over FY25-28ii and become Ebitda/PAT positive by FY27ii/28ii. Swiggy is potentially 7/5 quarters behind Eternal in FD and 3/8 quarters behind in QC on GOV/Ebitda margins respectively. We see this as a function of slower execution in the past rather than a competitive disadvantage. We value Swiggy's FD business at USD8.5bn vs. Zomato at USD14.4bn. With Swiggy's mcap at USD10.3bn, its QC business (including other verticals) implies a value of USD1.8bn, trading at a deep discount of 88% to Blinkit despite being only ~50% smaller. Hence, we believe successful execution in QC could provide asymmetric upside in the stock, with easing competition in QC and market share gains in FD as key catalysts. Initiate at BUY.

Duopoly in FD, oligopoly in QC: We expect FD to reach ~USD20bn GOV by FY30ii and remain a duopoly business with no new major players emerging. In QC, we expect it to become an oligopoly with Blinkit and Swiggy Instamart as two key players. Competitive intensity may remain elevated for the next few quarters as incumbent e-tailers try to regain their share. QC is expected to grow at 50%+ Cagr over FY25-28ii and reach ~USD40bn by FY30ii, with Swiggy maintaining its top 3 position in our view.

Structural growth story, but execution is key: Swiggy offers a structural growth story, with execution being the key driver. We expect it to deliver 28% revenue Cagr over FY25-28ii and 7% Ebitda margin by FY28ii. While their duopolistic position in FD is cemented, jury is still out on leadership in the QC segment. We expect Swiggy to grow FD at 18% Cagr and reach 20% Adj. Ebitda margins by FY28ii. However, Instamart could grow by >4x by FY28ii and achieve Ebitda breakeven by FY29ii only.

Initiate with BUY: We initiate coverage on Swiggy with 12-mth DCF-based TP of Rs535, implying 6.3x/5.0x on FY26ii/27ii EV/Sales. The stock is trading at 4.1x FY26ii EV/Sales, offering 28% revenue Cagr over FY25-28ii, vs. Eternal and the Indian internet peers at 7.2x/6.5x EV/Sales, with 34%/22% revenue Cagr. Key risks: Competition, regulations.

Company update

CMP	**Rs356**
12-mth TP (Rs)	**535 (50%)**
Market cap (US$m)	**10,286**
Enterprise value(US$m)	**9,637**
Bloomberg	**SWIGGY IN**
Sector	**Internet**

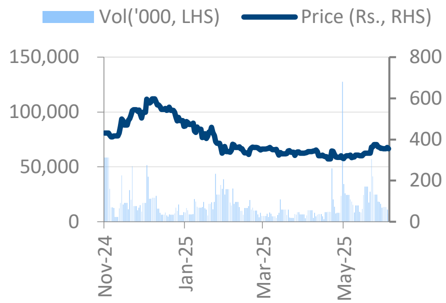
Shareholding pattern (%)

Promoter	0.0
Pledged (as % of promoter share)	0.0
FII	63.2
DII	8.7
52Wk High/Low (Rs)	597/305
Shares o/s (m)	2494
Del Value 3mth avg (US$ m)	25.1
Dividend yield FY26ii (%)	0.0
Free float (%)	100.0

Price performance (%)

	1M	3M	1Y
Absolute (Rs)	10.8	9.6	0.0
Absolute (US$)	9.8	10.3	0.0
Relative Perf.	11.5	(0.8)	0.0
Cagr (%)		**3 yrs**	**5 yrs**
EPS (Rs)		NA	NA

Stock performance



Financial summary (Rs m)

Y/e 31 Mar, Consolidated	FY24A	FY25A	FY26ii	FY27ii	FY28ii
Revenues (Rs m)	112,474	152,268	208,083	264,381	321,519
Ebitda margins (%)	*NM*	*NM*	*NM*	*1.3*	*7.0*
Pre-exceptional PAT (Rs m)	(23,196)	(31,051)	(23,557)	(6,062)	12,876
Reported PAT (Rs m)	(23,502)	(31,168)	(23,557)	(6,062)	12,876
Pre-exceptional EPS (Rs)	(10.6)	(13.7)	(9.4)	(2.4)	5.2
Growth (%)	*NM*	*NM*	*NM*	*NM*	*NM*
PER (x)	**NM**	**NM**	**NM**	**NM**	**68.9**
ROE (%)	*NM*	*NM*	*NM*	*NM*	*16.3*
Net debt/equity (x)	(0.5)	(0.5)	(0.3)	(0.3)	(0.5)
EV/Ebitda (x)	NM	NM	NM	NM	37.7
Price/book (x)	10.0	7.9	11.3	12.2	10.4
OCF/Ebitda (x)	NM	NM	NM	2.6	1.3

Source: Company, IIFL Research. Priced as on 17 June 2025

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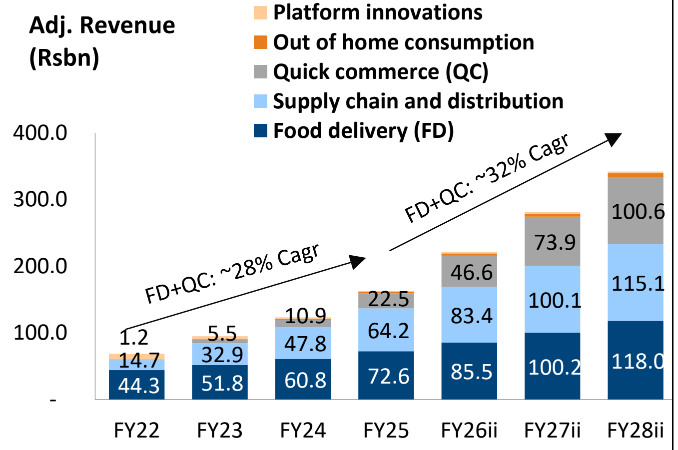
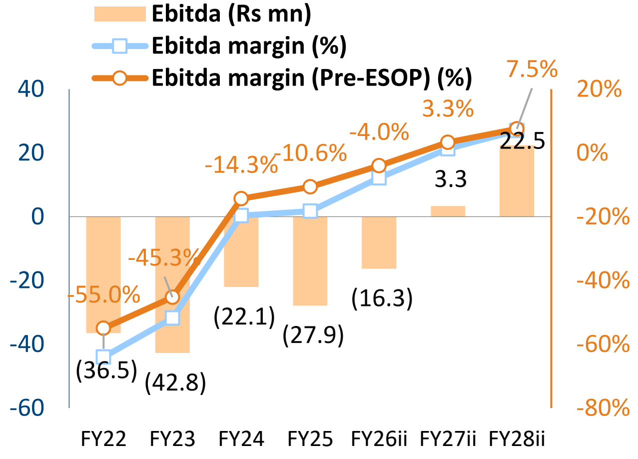
Swiggy: Thesis in key charts

Figure 1: We see Swiggy as a structural growth story with execution being the key stock driver

We expect Swiggy's Adj. Revenues to grow at 28% Cagr over next three years driven by strong 32% Cagr in QC and FD business



We expect Ebitda breakeven by FY27ii aided by improvement in profitability in both FD and QC

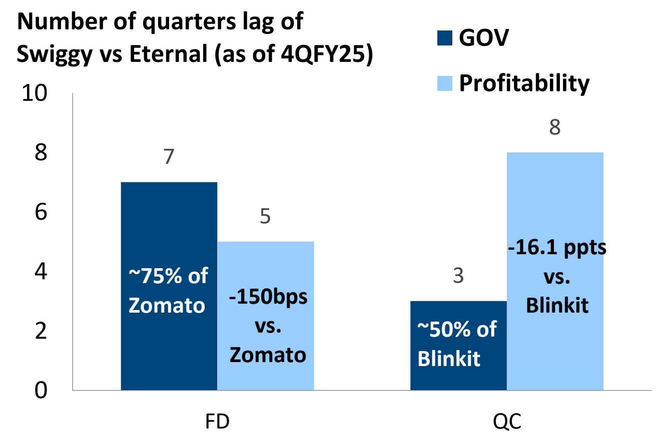


Note: Ebitda margins (Pre-ESOP) are not adjusted for lease adjustment

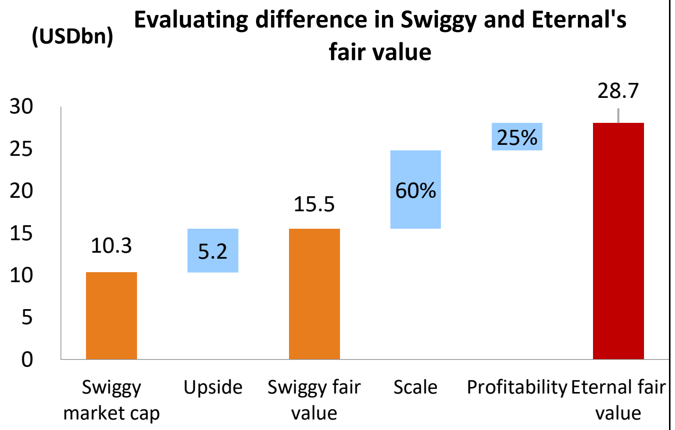
Among its key segments, FD is a profitable segment for Swiggy while QC is still in cash burn phase

Key verticals	FY23	FY24	FY25	FY26ii	FY27ii	FY28ii
Adj. revenues (Rsbn)						
FD	52	61	73	86	100	118
QC	5	11	23	47	74	101
Others	38	52	68	89	107	123
Total	**95**	**123**	**163**	**221**	**281**	**342**
Adj. Ebitda (Rsbn)						
FD	(10)	(0)	6	12	17	23
QC	(20)	(13)	(21)	(22)	(13)	(8)
Others	(8)	(5)	(4)	(2)	0	3
Total	**(39)**	**(18)**	**(19)**	**(12)**	**4**	**18**
Adj. Ebitda margins						
FD	-20%	-1%	8%	14%	17%	20%
QC	-370%	-120%	-93%	-47%	-18%	-8%
Others	-23%	-9%	-6%	-2%	0%	3%
Total	**-41%**	**-15%**	**-12%**	**-6%**	**1%**	**5%**

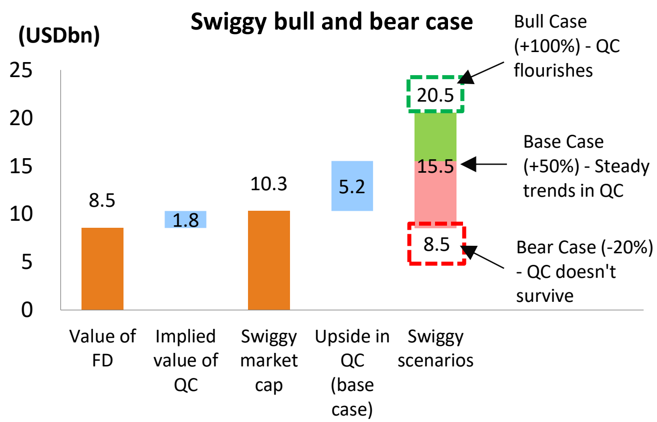
Even after factoring Swiggy's 3-8 quarters' lag vs Eternal on scale and profitability in both FD and QC...



...we still see a 50%+ upside from current levels



Risk-reward is favourable with downside in bear case limited to 20% but potential upside of 100%+ in bull case

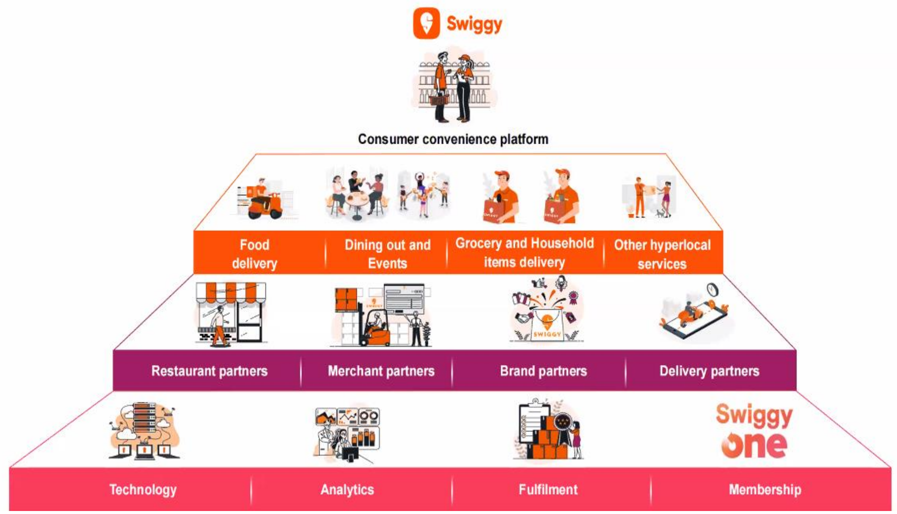


Source: Bloomberg, Company, IIFL Research

Swiggy: Business overview

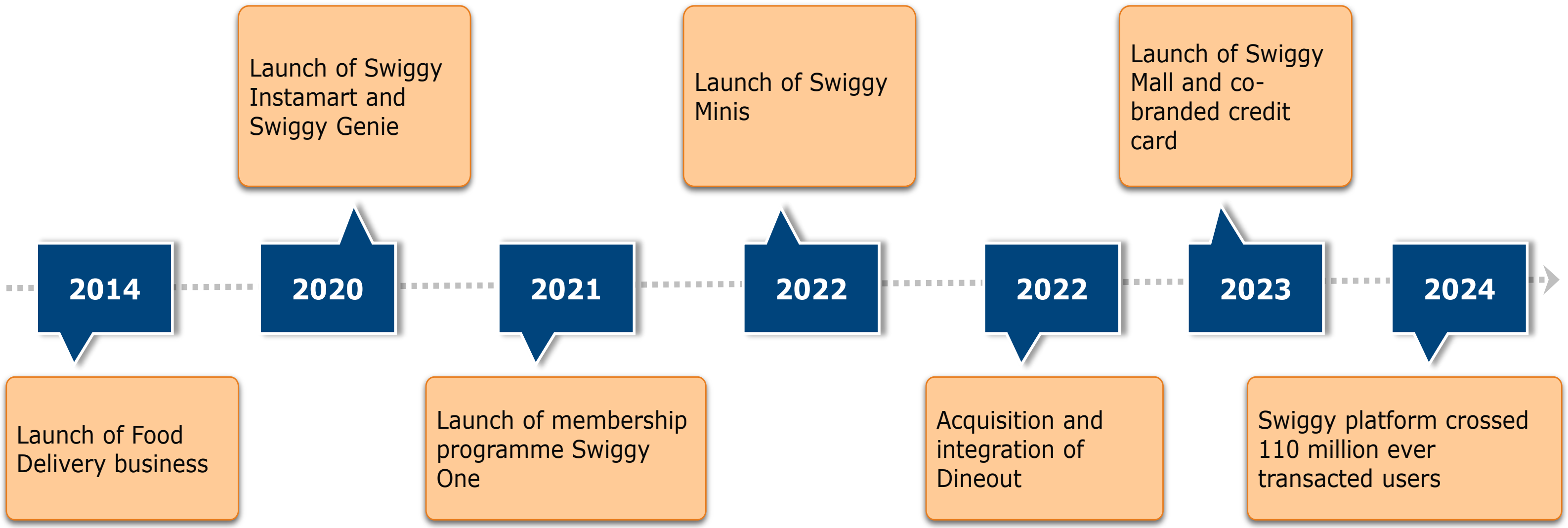
Swiggy is a new-age technology company offering a convenience platform, through a unified app, to browse, select, order and pay for food (**Food delivery**) and grocery and household items (**Instamart**), enabling doorstep delivery through its on-demand delivery partner network. Further, Swiggy's platform provides restaurant reservations through **Dineout** and event bookings through **Scenes**. Swiggy launched Food delivery in 2014 and Quick commerce in 2020. Swiggy augments the value proposition through its membership programme **Swiggy One Lite, Swiggy One and Swiggy OneBLCK** providing discounts and offers; in-app payment solutions like **Swiggy Money, Swiggy UPI and Swiggy-HDFC Bank credit card** offer additional benefits. Swiggy offers comprehensive business enablement solutions to restaurant, merchant and brand partners, including alliance partners, such as analytics-backed tools to enhance their online presence and user base, fulfilment services for streamlining their supply chain operations, and last-mile delivery.

Figure 2: Swiggy offers a spectrum of services through its unified Swiggy app



Source: Company, IIFL Research

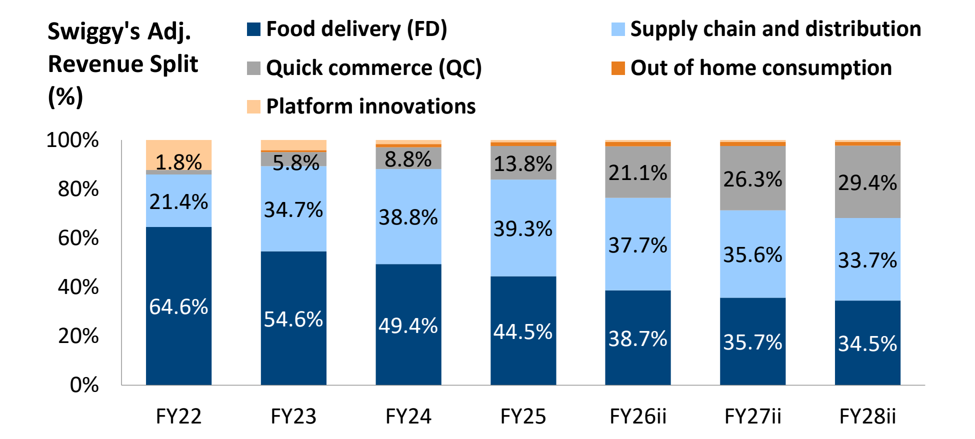
Figure 3: Highlights of Swiggy's operational journey



Source: Company, IIFL Research

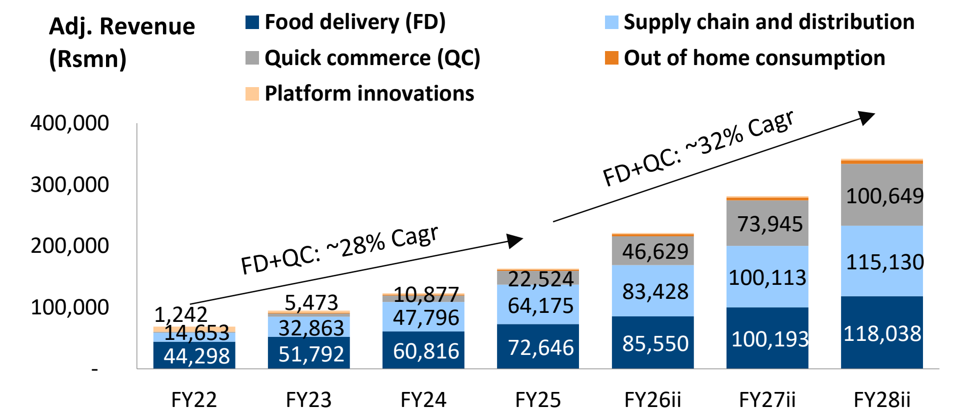
Swiggy- Overview

Figure 4: Quick commerce's contribution to overall revenue mix is rising owing to exponential growth in the segment, while Food delivery is growing at a steady pace



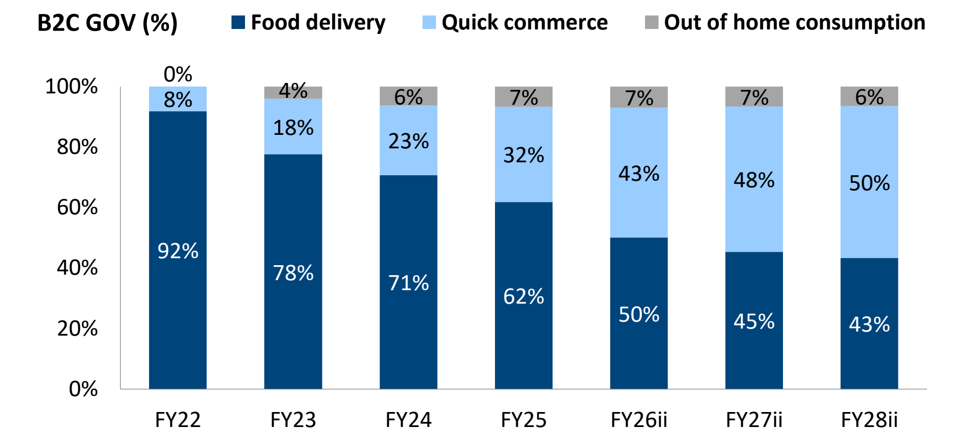
Source: Company, IIFL Research

Figure 5: Swiggy's primary segments of QC and FD showed robust growth at a 28% Cagr over FY22-25; we expect these segments to grow strongly at 32% Cagr over FY25-FY28ii



Source: Company, IIFL Research

Figure 6: Quick commerce has been the growth driver for Swiggy with its rapidly expanding GOV due to rising users, increasing average order value and assortment mix



Source: Company, IIFL Research

Figure 7: We expect FD to further improve its Adj. Ebitda margins while QC would see an improving trajectory but will still be negative by FY28ii

Adj. Ebitda margins (% of Adj. revenue)	FY22	FY23	FY24	FY25	FY26ii	FY27ii	FY28ii
Food delivery	-31.8%	-20.0%	-0.8%	7.9%	13.7%	16.9%	19.5%
Supply chain and distribution	-20.6%	-9.0%	-3.9%	-4.4%	-2.8%	-1.1%	0.7%
Quick commerce	-711.0%	-370.3%	-120.4%	-93.0%	-46.6%	-18.0%	-8.0%
Out-of-home consumption	NA	-176.4%	-111.1%	-11.5%	20.4%	36.6%	52.5%
Platform innovations	-75.2%	-106.9%	-55.5%	-49.4%	-31.3%	-15.5%	-9.1%

Source: Company, IIFL Research

Figure 9: Swiggy – Summary forecasts by segment

Swiggy - Snapshot	FY22	FY23	FY24	FY25	FY26ii	FY27ii	FY28ii	FY30ii	FY34ii	FY38ii
Adjusted revenues (Rs mn)										
Food delivery	44,298	51,792	60,816	72,646	85,550	100,193	118,038	163,827	302,286	494,555
as % of Total	64.6%	54.6%	49.4%	44.5%	38.7%	35.7%	34.5%	34.3%	34.7%	37.4%
yoy growth		17%	17%	19%	18%	17%	18%	18%	16%	11%
Supply chain and distribution	14,653	32,863	47,796	64,175	83,428	100,113	115,130	132,975	161,632	196,465
as % of Total	21.4%	34.7%	38.8%	39.3%	37.7%	35.6%	33.7%	27.8%	18.6%	14.9%
yoy growth		124%	45%	34%	30%	20%	15%	5%	5%	5%
Quick commerce	1,242	5,473	10,877	22,524	46,629	73,945	100,649	169,768	387,039	601,456
as % of Total	1.8%	5.8%	8.8%	13.8%	21.1%	26.3%	29.4%	35.5%	44.5%	45.5%
yoy growth		341%	99%	107%	107%	59%	36%	30%	19%	11%
Out-of-home consumption	-	777	1,572	2,457	3,800	4,588	5,540	7,727	12,529	18,511
as % of Total	0.0%	0.8%	1.3%	1.5%	1.7%	1.6%	1.6%	1.6%	1.4%	1.4%
yoy growth			102%	56%	55%	21%	21%	16%	11%	11%
Platform innovations	8,411	3,892	2,143	1,513	1,816	2,179	2,615	3,765	6,585	9,641
as % of Total	12.3%	4.1%	1.7%	0.9%	0.8%	0.8%	0.8%	0.8%	0.8%	0.7%
yoy growth		-54%	-45%	-29%	20%	20%	20%	10%	10%	10%
Reported revenues (Rs mn)										
Food delivery	33,913	41,300	51,601	63,529	75,927	88,968	104,813	145,472	267,250	435,265
Supply chain and distribution	14,653	32,863	47,796	64,175	83,428	100,113	115,130	132,975	161,632	196,465
Quick commerce	828	4,514	9,786	21,296	44,204	70,124	95,505	161,205	366,670	563,736
Out-of-home consumption	-	777	1,572	2,385	3,510	4,008	4,728	6,654	11,099	16,772
Platform innovations	7,654	3,192	1,719	883	1,016	1,168	1,343	1,699	2,488	3,643
Adjusted Ebitda (Rs mn)										
Food delivery	(14,095)	(10,350)	(472)	5,719	11,680	16,937	23,036	34,877	63,150	97,675
Supply chain and distribution	(3,015)	(2,955)	(1,867)	(2,809)	(2,312)	(1,059)	805	4,442	8,361	10,163
Quick commerce	(8,833)	(20,268)	(13,091)	(20,952)	(21,751)	(13,292)	(8,071)	9,176	75,942	118,663
Out-of-home consumption	-	(1,370)	(1,746)	(283)	776	1,680	2,908	4,408	7,512	11,143
Platform innovations	(6,329)	(4,159)	(1,190)	(747)	(568)	(337)	(237)	(43)	370	1,069
Adjusted Ebitda margins (% of Adj. Revenue)										
Food delivery	-31.8%	-20.0%	-0.8%	7.9%	13.7%	16.9%	19.5%	21.3%	20.9%	19.8%
Supply chain and distribution	-20.6%	-9.0%	-3.9%	-4.4%	-2.8%	-1.1%	0.7%	3.3%	5.2%	5.2%
Quick commerce	-711.0%	-370.3%	-120.4%	-93.0%	-46.6%	-18.0%	-8.0%	5.4%	19.6%	19.7%
Out-of-home consumption	NA	-176.4%	-111.1%	-11.5%	20.4%	36.6%	52.5%	57.1%	60.0%	60.2%
Platform innovations	-75.2%	-106.9%	-55.5%	-49.4%	-31.3%	-15.5%	-9.1%	-1.1%	5.6%	11.1%

Source: Company, IIFL Research

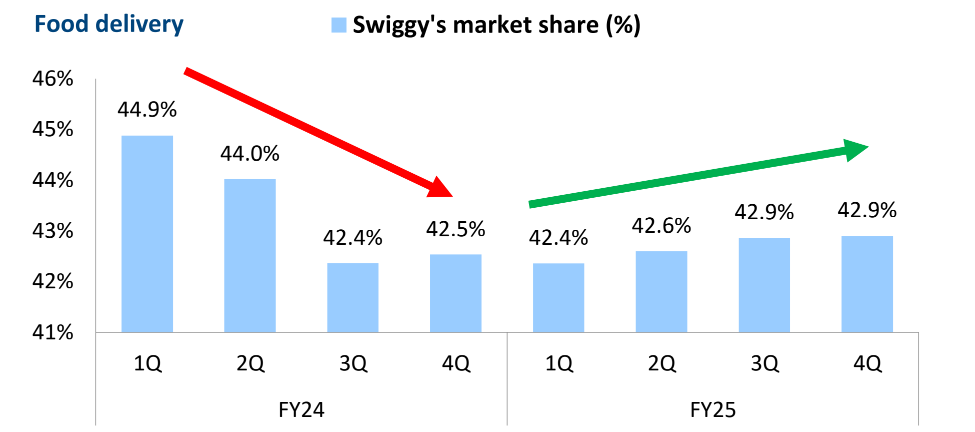
Food delivery: Improving market share

Food delivery has evolved into a stable duopoly, and we do not see any major risk to this market structure in the foreseeable future. After losing relative market share to Zomato for three years until FY24, Swiggy's improved execution has helped it start to regain lost share in FY25. We see food delivery as a structural growth story with GOV growing at 15-20% over the next decade. We expect Swiggy to deliver 17%/18% GOV/adj. revenue growth over FY25-28ii, with market share remaining broadly stable. Swiggy is two years away from reaching steady state optimal Ebitda margins and we forecast it to reach at 5% of GOV and 20% of revenues by FY28ii.

Swiggy - a close second in an effective duopoly: Swiggy launched its online food delivery business in 2014, being one of the pioneers in the market. Over the past decade, the food delivery market has consolidated from numerous competitors into an **effective duopoly**, dominated by Zomato and Swiggy. With annualised Gross Order Value (GOV) of USD3.4bn in 4QFY25, Swiggy holds a relative **market share of 43%**, positioning it as a close second in the FD market. Swiggy had 15.1mn MTUs and 251.7k average monthly restaurant partners on its platform as of 4QFY25. Over FY22-25, Swiggy's online food delivery GOV/Adj. revenue grew at a healthy 16%/18% Cagr.

Sharper execution arresting market share decline: Ever since the market became a duopoly, Swiggy was ceding market share to Zomato. Swiggy's market share shrunk from 46.5% in FY22 to 42.4% in 1QFY25. We believe this was largely on account of execution issues rather than any competitive disadvantage. However, Swiggy has addressed this by investing more and improving branding. It has fortified its restaurant partner ecosystem and focused on bolstering its delivery network. This is evident from the fact that contrary to Zomato, Swiggy did not highlight any delivery challenge. Additionally, its 10-min food delivery offering Bolt has aided overall growth and now accounts for 12% of order volumes in just three quarters since launch. Over the last two quarters, Swiggy has **arrested market share decline,** growing 2-2.5ppts faster than Eternal.

Figure 10:Swiggy experienced decline in market share during FY24; however, it successfully stabilised and has regained growth momentum in FY25

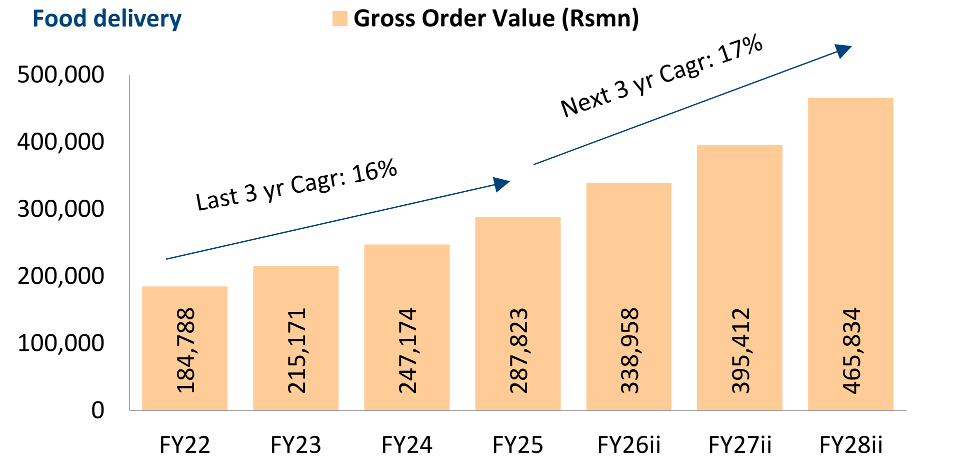


Source: Company, IIFL Research
Note: Market share is relative to Zomato

Food delivery to remain a stable duopoly: We believe the Food delivery market in India has matured and settled into a stable duopoly after several years of intense competition and subsequent consolidation. We think this market structure is likely to sustain and do not see a threat of new entrants, given a new player would find it very **difficult to carve out a meaningful market share with two dominant existing players**. The business operates at slim margins and requires sizeable scale to turn profitable. A new entrant would need deep pockets to survive, given it would need to resort to customer discounts and incentives to restaurants, leading to high cash burn. Hence, food delivery would continue to grow at a steady rate and competition would be dictated by market share gains, in our view.

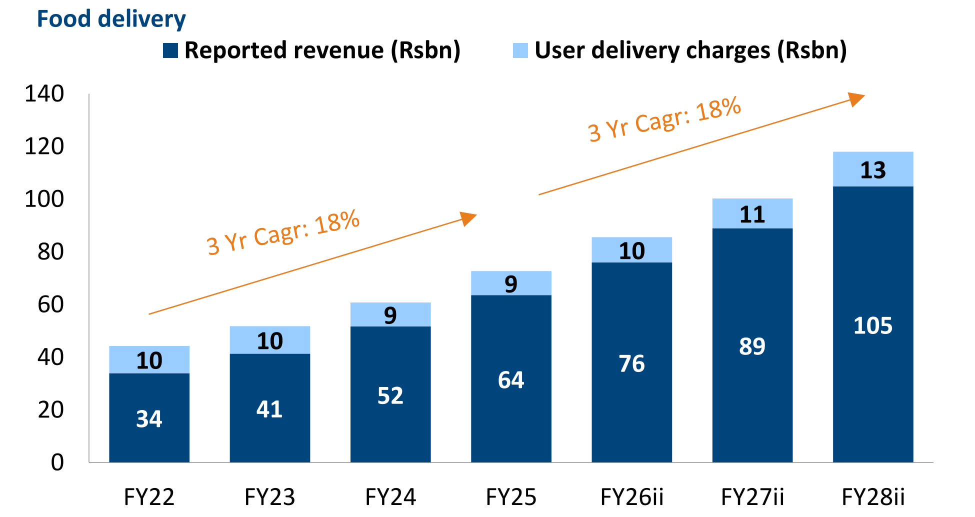
We expect steady growth and market share: Food delivery is a secular growth industry and management continues to see growth of 18-22% in GOV in the medium term, which is aligned with Zomato's 20% medium-term growth expectation as well. Over FY25-28ii, we expect GOV/Adjusted revenue Cagr of 17%/18% with a broadly stable market share through FY28ii.

Figure 11:We expect Swiggy to deliver 17% GOV Cagr for food delivery over the next three years, slightly below its stated guidance of 18-22% Cagr in the medium term



Source: Company, IIFL Research

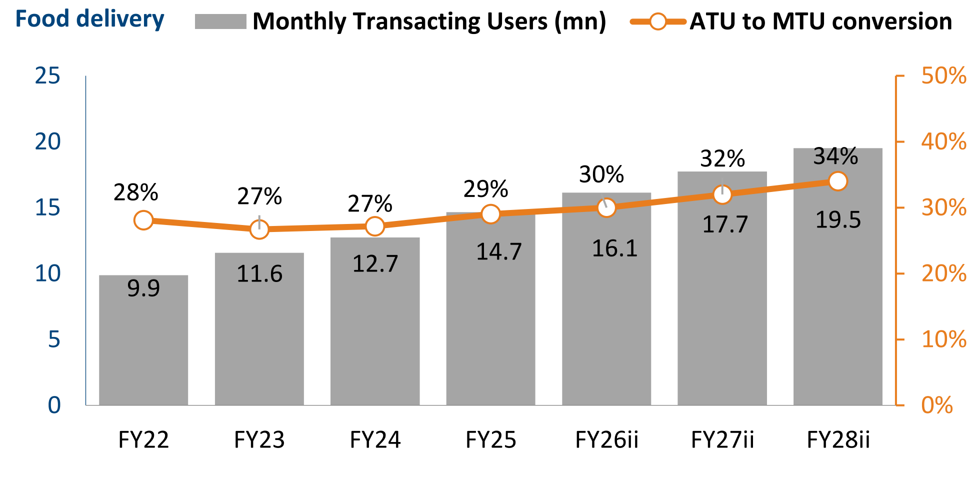
Figure 12: Swiggy's Food delivery segment has clocked a double-digit Adj. revenue Cagr over the past three years; we expect this momentum to continue in the next three years



Source: Company, IIFL Research

Looking at new vectors of growth: A weaker consumer sentiment has led to some deceleration in GOV growth for the industry, with the leader Zomato decelerating to 15.9% yoy in 4QFY25 vs. Swiggy at 17.6%. Having expanded to 700 cities already, Swiggy believes geographical expansion is not going to be the primary growth driver. Swiggy is looking at a three-pronged strategy to tackle the recent slowdown and position for longer-term growth: 1) Expanding the range of delivery-friendly categories, which were hitherto not amenable to online delivery; 2) targeting value-conscious low-frequency users and 3) scaling its Bolt platform.

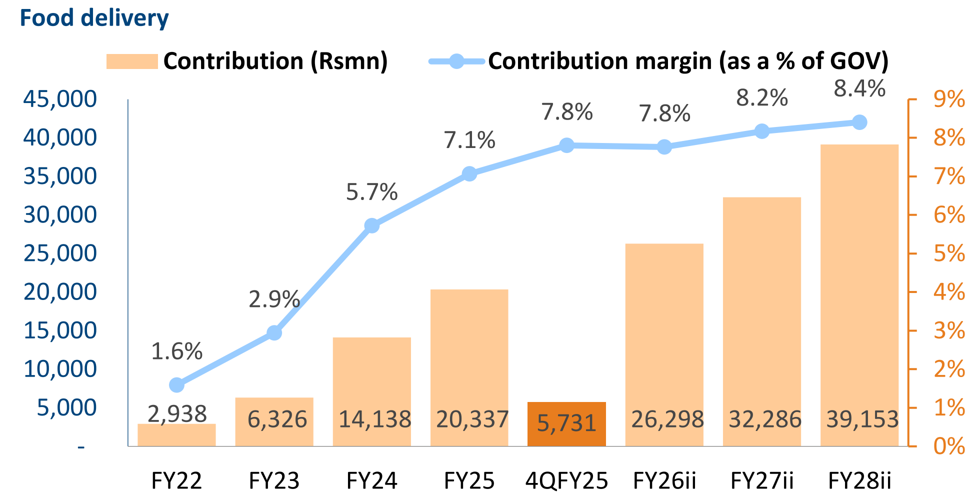
Figure 13: Swiggy has 14.7mn MTUs in FY25 (~29% conversion of ATUs); we expect it to increase to 19.5mn MTUs by FY28ii



Source: Company, IIFL Research

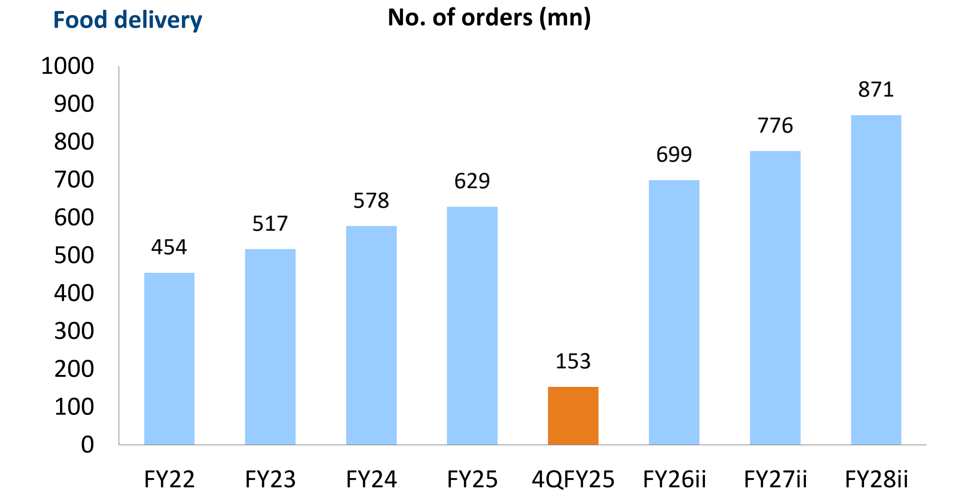
Improving profitability: Swiggy's contribution margin has nearly trebled over FY23-4QFY25 to 7.8% of GOV in 4QFY25 due to better monetisation through higher commission and ad revenues, reduction in discounts and cost optimisation. The business has also benefitted from operating leverage and the Adj. Ebitda margin has improved from -4.8% of GOV in FY23 to 2.9% in 4QFY25. We expect Ebitda margins approaching ~5% of GOV by FY28ii and stabilising at those levels in the long term.

Figure 14: Swiggy's contribution margin has expanded to 7.8% of GOV in 4QFY25; we expect it to sustain and improve gradually, aided by increasing advertising revenue



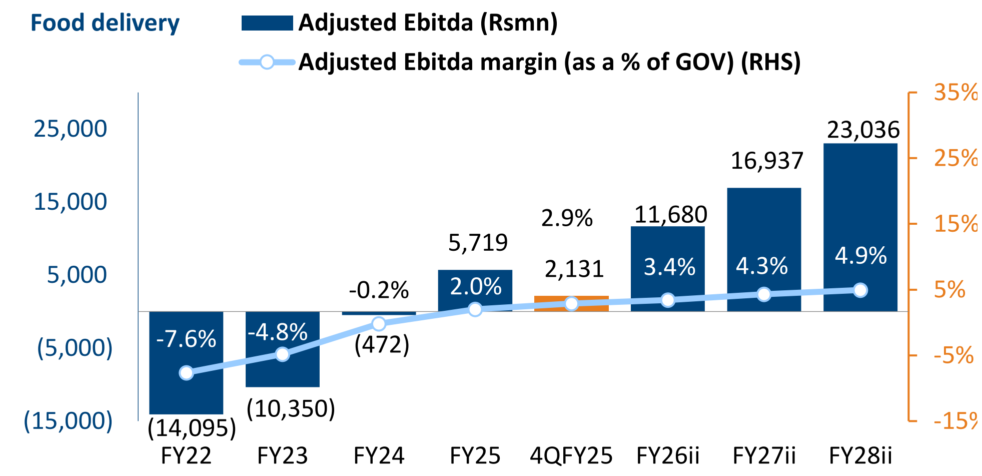
Source: Company, IIFL Research

Figure 16: Rising adoption of food delivery will drive consistent growth in order volumes



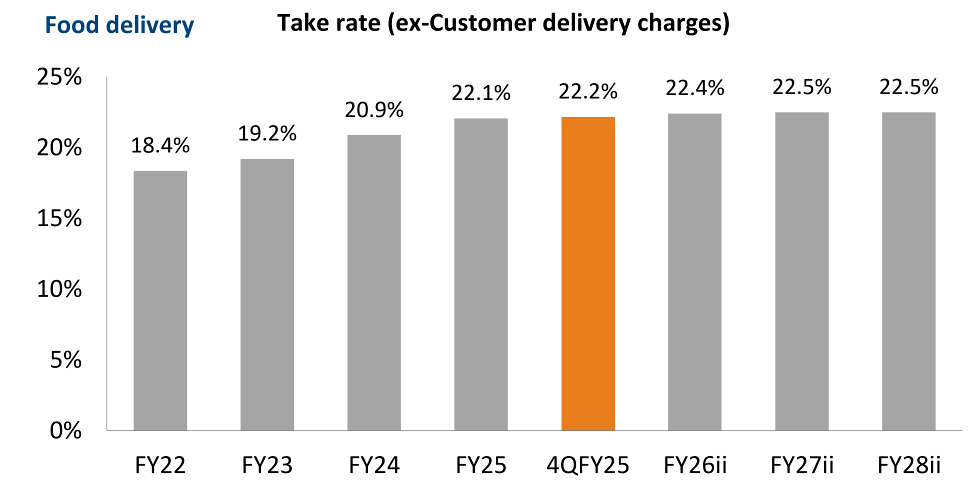
Source: Company, IIFL Research

Figure 15: Adj. Ebitda margin for Food delivery is expanding consistently and has reached 2.9% of GOV as of 4QFY25



Source: Company, IIFL Research

Figure 17: We expect Swiggy's food delivery take rate to be broadly steady



Source: Company, IIFL Research

Figure 18: Food delivery business of Swiggy has shown improving profitability and rise in market share in recent times

Food delivery (Rs mn)	Units	FY24	FY25	FY26ii	FY27ii	FY28ii
Average MTU	**mn**	**12.7**	**14.7**	**16.1**	**17.7**	**19.5**
Order Frequency (Monthly)	#	3.8	3.6	3.6	3.6	3.7
No. of orders	mn	578	629	699	776	871
Avg monthly transacting restaurants partners	000	196	238	274	315	362
Average order value (AOV)	**Rs**	**428**	**458**	**485**	**509**	**535**
Gross Order Value (GOV)	**Rsbn**	**247**	**288**	**339**	**395**	**466**
Gross Order Value (GOV)	USDmn	2,996	3,404	3,941	4,598	5,417
Commission + Delivery take rate	%	24.6%	25.2%	25.2%	25.3%	25.3%
Adjusted Revenue	Rsbn	60.8	72.6	85.5	100.2	118.0
Customer Delivery charges	Rsbn	9.2	9.1	9.6	11.2	13.2
Take rate (ex-delivery charges)	%	20.9%	22.1%	22.4%	22.5%	22.5%
Reported Revenue	**Rsbn**	**51.6**	**63.5**	**75.9**	**89.0**	**104.8**
Contribution	**Rsbn**	**14.1**	**20.3**	**26.3**	**32.3**	**39.2**
as a % of Adj. Revenue	%	23.2%	28.0%	30.7%	32.2%	33.2%
as a % of GOV	**%**	**5.7%**	**7.1%**	**7.8%**	**8.2%**	**8.4%**
Other semi-variable / fixed costs	Rsbn	(14.6)	(14.6)	(14.6)	(15.3)	(16.1)
as a % of Adj. Revenue	%	-24.0%	-20.1%	-17.1%	-15.3%	-13.7%
Adjusted Ebitda	**Rsbn**	**(0.5)**	**5.7**	**11.7**	**16.9**	**23.0**
as a % of Adj. Revenue	%	-0.8%	7.9%	13.7%	16.9%	19.5%
as a % of GOV	**%**	**-0.2%**	**2.0%**	**3.4%**	**4.3%**	**4.9%**

Source: Company, IIFL Research
Note: Some of the above metrics may not be disclosed by the company and are calculated for comparison purposes

Figure 19: Swiggy Food delivery unit economics (FY23-38ii)

Food delivery - Unit economics	FY23	FY24	FY25	FY26ii	FY27ii	FY28ii	FY30ii	FY34ii	FY38ii
Commission & Advertising Revenue (Rs)	75.4	82.5	92.8	99.5	104.4	109.6	120.9	141.4	165.4
as a % of AOV	18.1%	19.3%	20.3%	20.5%	20.5%	20.5%	20.5%	20.5%	20.5%
Fee from user and enablement services (Rs)	24.8	22.8	22.7	23.0	24.6	25.9	28.5	34.1	40.9
as a % of AOV	6.0%	5.3%	5.0%	4.7%	4.8%	4.8%	4.8%	4.9%	5.1%
Platform funded discounts (Rs)	(14.9)	(14.1)	(8.5)	(5.1)	(3.0)	(1.8)	(1.2)	(1.4)	(1.7)
as a % of AOV	-3.6%	-3.3%	-1.9%	-1.0%	-0.6%	-0.3%	-0.2%	-0.2%	-0.2%
Cost of Delivery (Rs)	(60.7)	(59.3)	(68.0)	(73.3)	(78.4)	(82.9)	(92.8)	(113.8)	(137.8)
as a % of AOV	-14.6%	-13.9%	-14.9%	-15.1%	-15.4%	-15.5%	-15.7%	-16.5%	-17.1%
Other variable costs (Rs)	(12.3)	(7.4)	(6.7)	(6.4)	(6.1)	(5.8)	(5.9)	(7.1)	(8.7)
as a % of AOV	-3.0%	-1.7%	-1.5%	-1.3%	-1.2%	-1.1%	-1.0%	-1.0%	-1.1%
Contribution profit/loss (Rs)	**12.2**	**24.5**	**32.3**	**37.6**	**41.6**	**45.0**	**49.6**	**53.2**	**58.1**
as a % of AOV	**2.9%**	**5.7%**	**7.1%**	**7.8%**	**8.2%**	**8.4%**	**8.4%**	**7.7%**	**7.2%**

Source: Company, IIFL Research
Note: Some of the above metrics may not be disclosed by the company and are calculated for comparison purposes

Food delivery: Zomato vs Swiggy

Swiggy lags Zomato on MTUs: Swiggy's MTUs stood at 14.7mn/15.1mn in FY25/4QFY25. This is lower than Zomato's MTUs at 20.6mn/20.9mn. This is on account of Zomato's superior execution, evident from its larger restaurant network and better branding.

Swiggy's AOV broadly in-line with Zomato: Swiggy's Average order value (AOV) as of FY25 was at Rs458, broadly in-line with Zomato's AOV at Rs453. Swiggy's AOV has improved, driven by inflation and increasing proportion of premium restaurants.

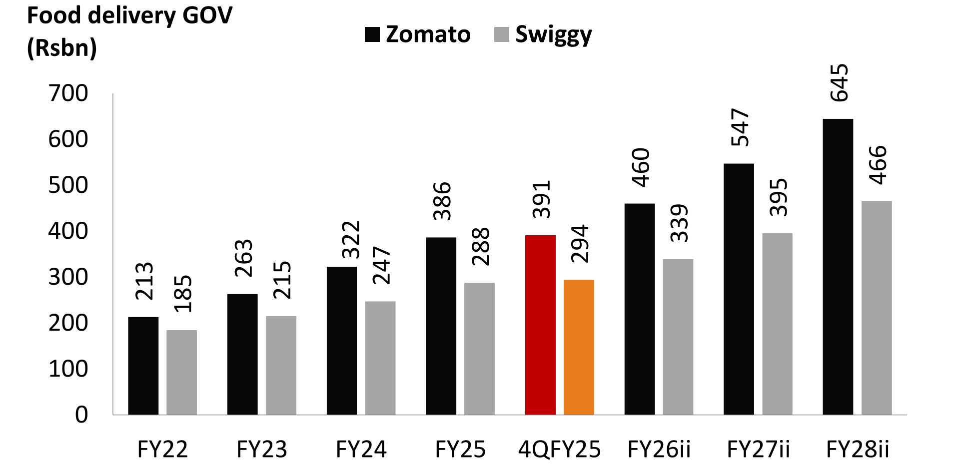
Swiggy's GOV is 25% lower than Zomato: Swiggy's annualised GOV for 4QFY25 was at Rs294bn (USD3.4bn), 25% lower than that of Zomato. This is primarily on account of lower MTUs, specifically 28% lower than Zomato's MTUs as of 4QFY25.

Take rate slightly above Zomato: Swiggy's take rate ex-delivery charges is ~1ppt higher than Zomato, which implies better monetisation/advertising. We note that Swiggy's GOV comprises only completed orders and does not include cancelled orders.

Lower contribution margin...: Swiggy's contribution margin stood at 7.1% of GOV and 28% of Gross revenue in FY25. This has further expanded to 7.8% of GOV and 30.7% of gross revenue in 4QFY25. In comparison, Zomato's contribution profit was higher at 8% of GOV and 32.8% of Adj. revenue in FY25, which further expanded to 8.6% of GOV and 35% of adjusted revenue. This is possibly on account of higher discounts.

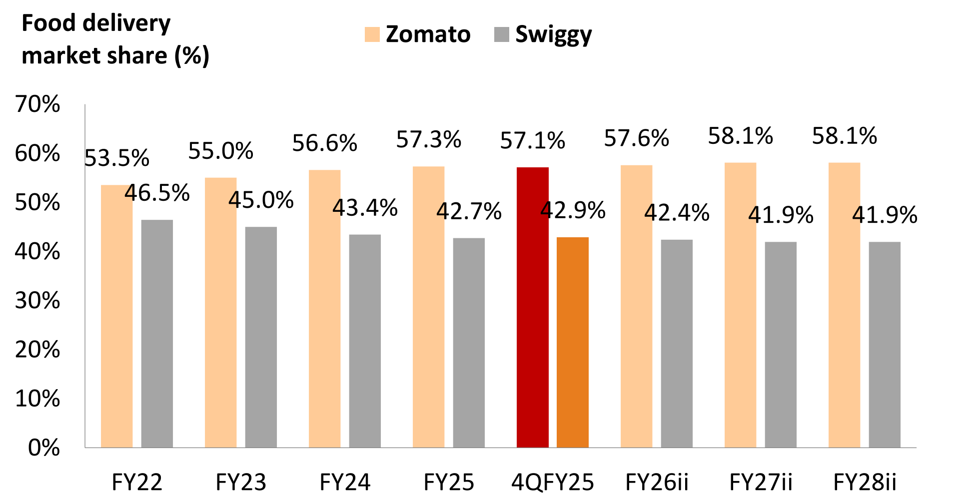
...and Adj. Ebitda margin: Swiggy's Adj. Ebitda margin stood at 2% of GOV and 7.9% of Gross revenue in FY25. This has further expanded to 2.9% of GOV and 11.4% of gross revenue in 4QFY25. Compared to this, Zomato's contribution profit was higher at 3.9% of GOV and 16% of Adj. revenue, which has increased to 4.4% of GOV and 17.8% of adjusted revenue. This is on account of lower contribution margin and high marketing costs on a lower GOV.

Figure 20: Eternal's Food delivery GOV has grown faster than Swiggy in FY25...



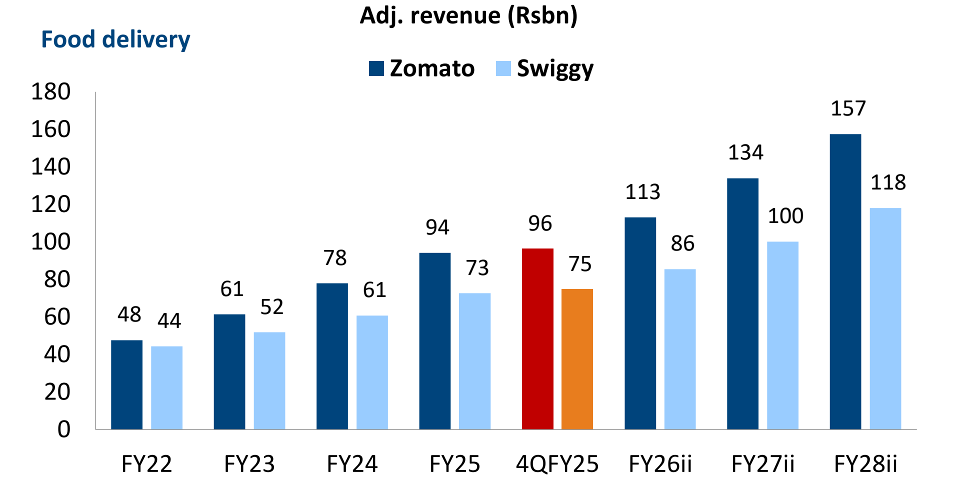
Source: Company, IIFL Research; Note: 4QFY25 refers to annualized 4QFY25 numbers

Figure 21: ...which has resulted in Eternal gaining market share on an annual basis; however, recent quarters saw Swiggy recouping some market share loss



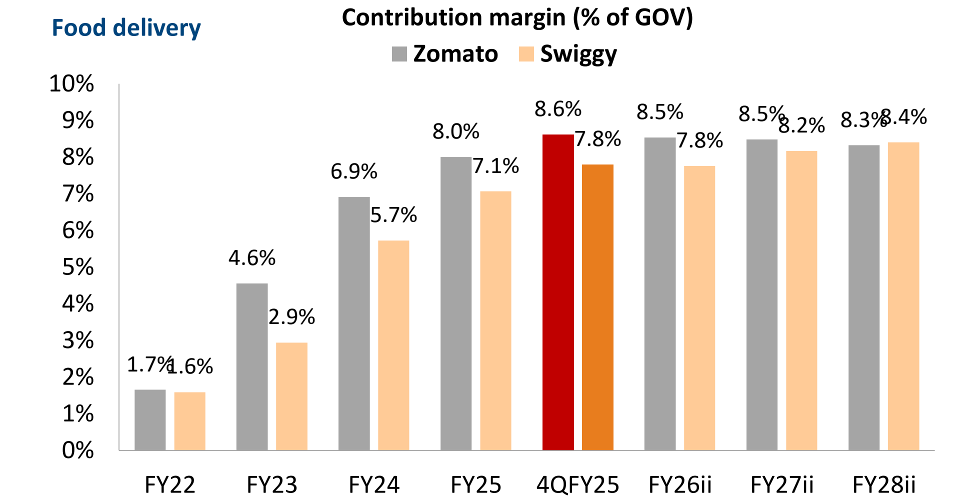
Source: Company, IIFL Research
Note: This is relative market share of Eternal and Swiggy

Figure 22: The adj. revenue differential between Eternal and Swiggy in Food delivery has widened in the last four years owing to Eternal's dominant market share



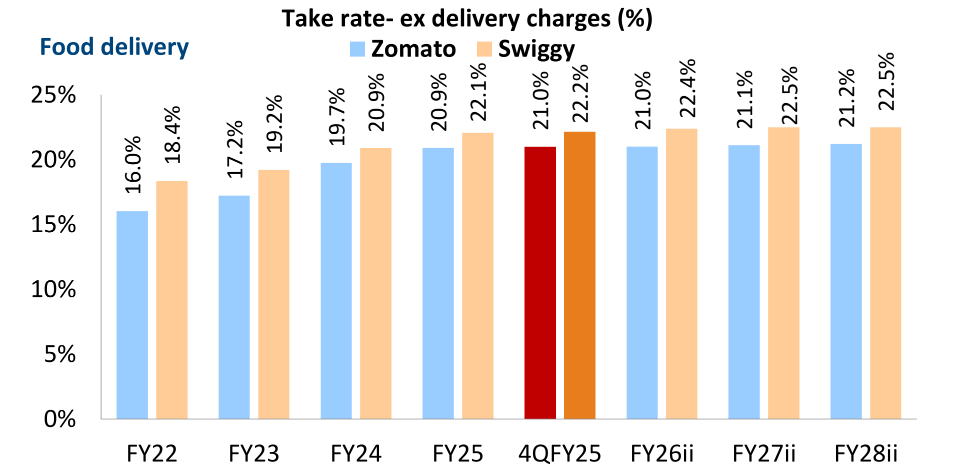
Source: Company, IIFL Research Note: 4QFY25 refers to annualized 4QFY25 numbers

Figure 24:Zomato leads Swiggy in terms of contribution margins



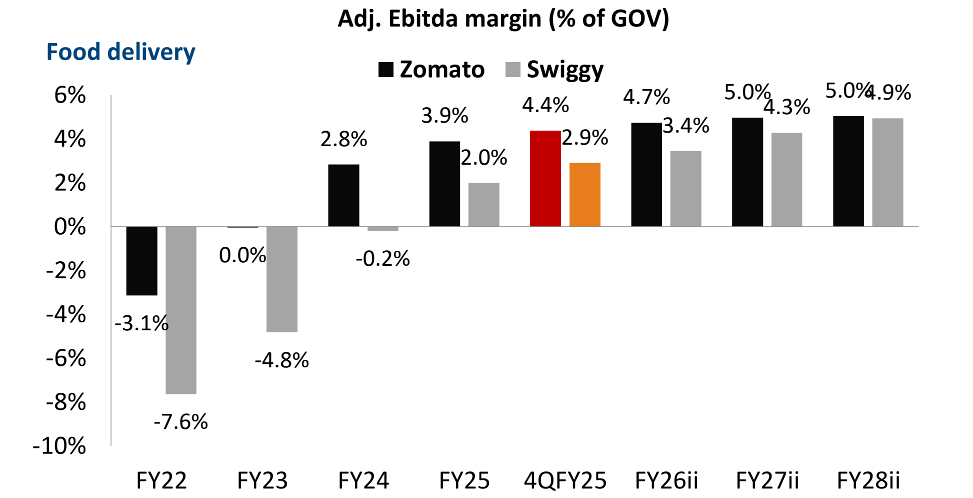
Source: Company, IIFL Research

Figure 23: Swiggy's take rate has been higher than Eternal over the past four years; however, the differential has been converging



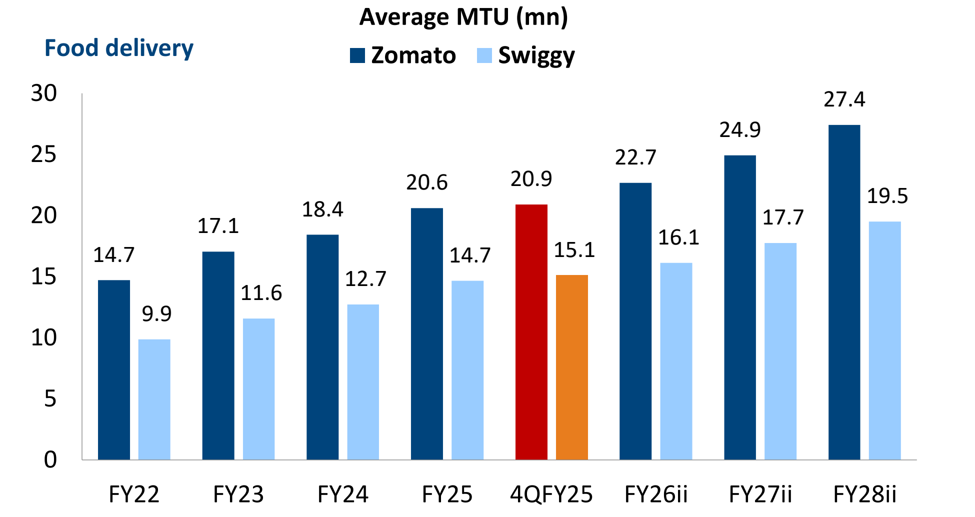
Source: Company, IIFL Research

Figure 25: Swiggy is catching up with Zomato in terms of FD Adj. Ebitda margins



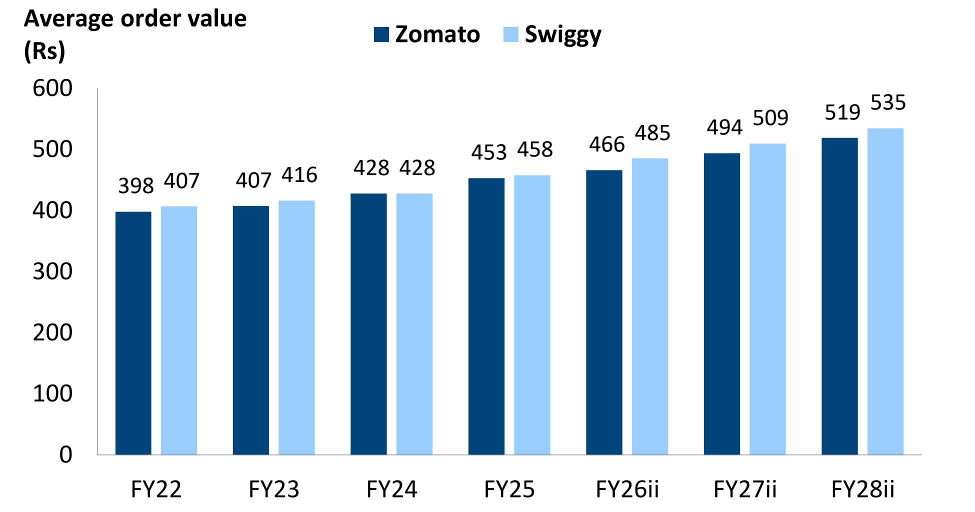
Source: Company, IIFL Research

Figure 26: Swiggy is lagging Zomato in terms of MTUs….



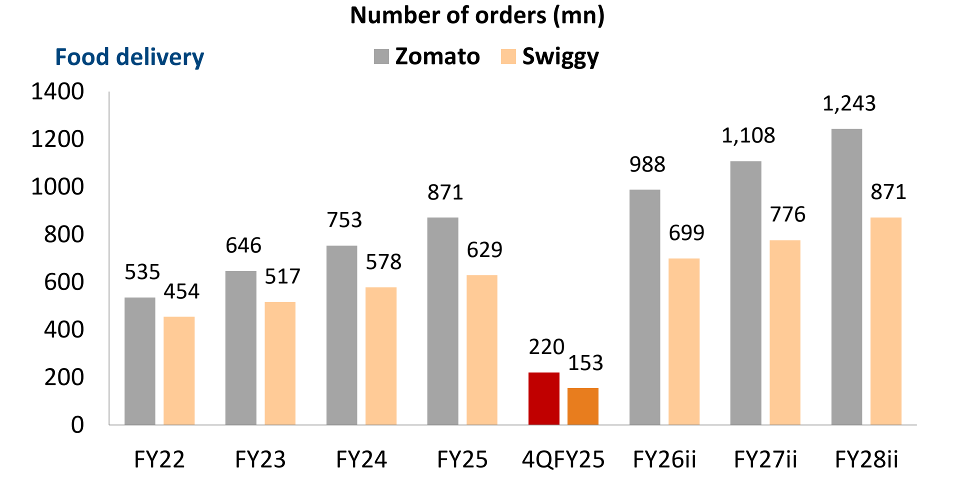
Source: Company, IIFL Research

Figure 28: Average order value of Swiggy has inched up compared to Zomato in FY25



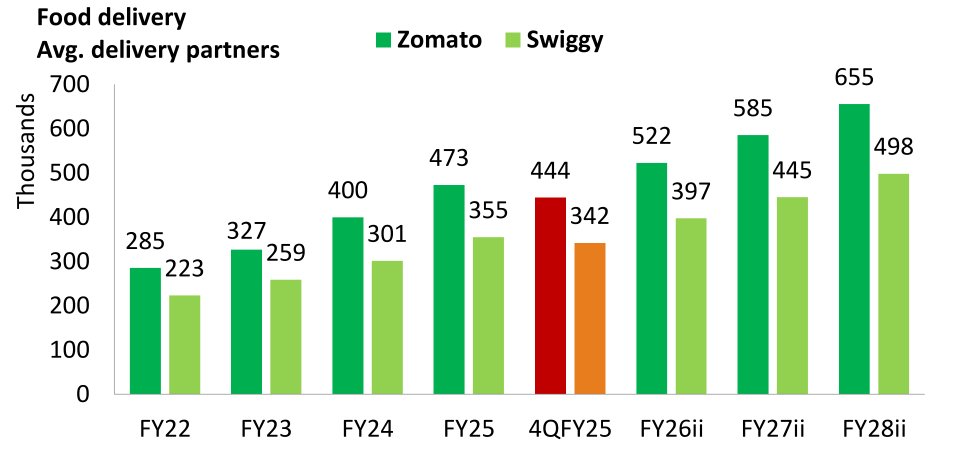
Source: Company, IIFL Research

Figure 27: Zomato has a higher number of orders than Swiggy due to higher MTUs



Source: Company, IIFL Research

Figure 29: Zomato has a higher fleet of delivery partners for Food delivery, while Swiggy reserves some flexibility in terms of utilisation of its delivery fleet



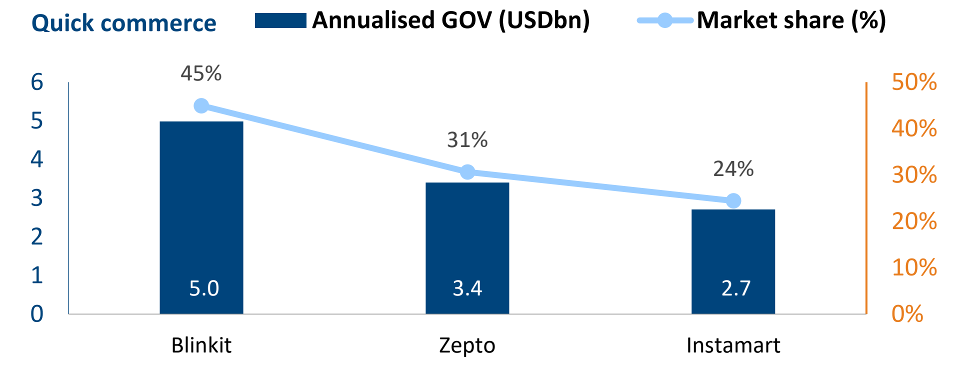
Note: Delivery partners for Swiggy allocated to Food delivery based on number of orders
Source: Company, IIFL Research

QC: Hyper growth, intense competition

We expect Swiggy's GOV to more than treble over the next three years (FY25-28ii) as the industry continues its hyper-growth trajectory. Swiggy is aggressively pursuing growth, evident from the doubling of dark stores over the last year, and is aligning its efforts to drive high-teens AOV growth. However, intense competition from both incumbents and new entrants has dented profitability. While profitability will remain strained in the near term, with Adj. Ebitda breakeven only by FY29ii, we expect losses to start narrowing down from 2QFY26ii onwards with improving dark store utilisation and operating leverage. Structurally, we expect QC to operate with Adj. Ebitda margins at ~5% of GOV or ~20% of revenues.

Swiggy – one of the top three players: Swiggy Instamart was the first to launch the QC offering in 2020. Blinkit, Zepto and Swiggy are the top three players in the QC market. With an annualised GOV of ~USD2.7bn (1QFY26 IIFLe), Swiggy is positioned below Blinkit (~USD5bn GOV) and Zepto (~USD3.4bn GOV). Instamart reported 9.8mn MTUs in 4QFY25 with 88.6mn orders.

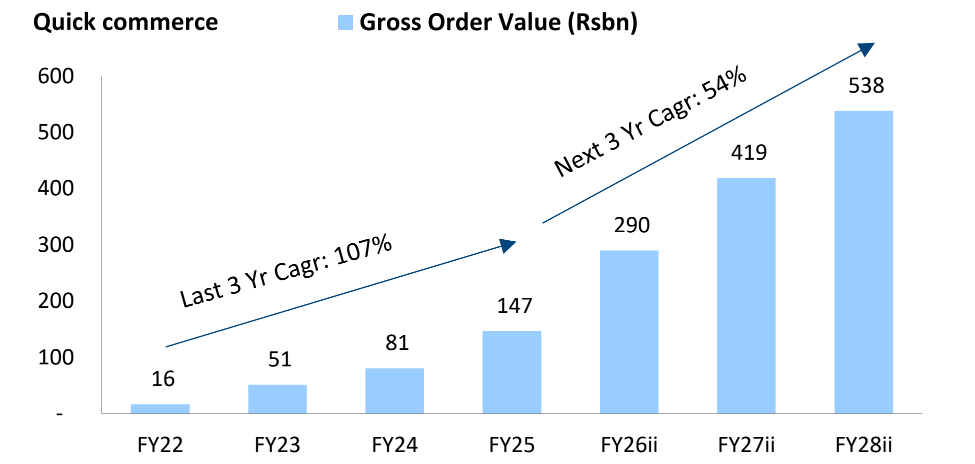
Figure 30: Instamart is one of the top three players in the QC market



Source: Press reports, Company, IIFL Research
Note: Market share calculated above is relative market share
Blinkit and Instamart annualised GOVs are annualised 1QFY26 IIFL estimates, whereas for Zepto, it is annualised for GOV of May month

Gaining from hypergrowth in the industry: Swiggy is witnessing exponential growth in the QC segment, benefitting from hypergrowth in the industry. This is on account of rising customer penetration and expansion of QC beyond impulsive buying to planned purchases of groceries and further into new categories like electronics and fashion. Over FY22-25, Instamart's GOV has jumped over 8x, and GOV is expanding 15-25% on a qoq basis, indicating strong growth in this segment, which is still largely untapped.

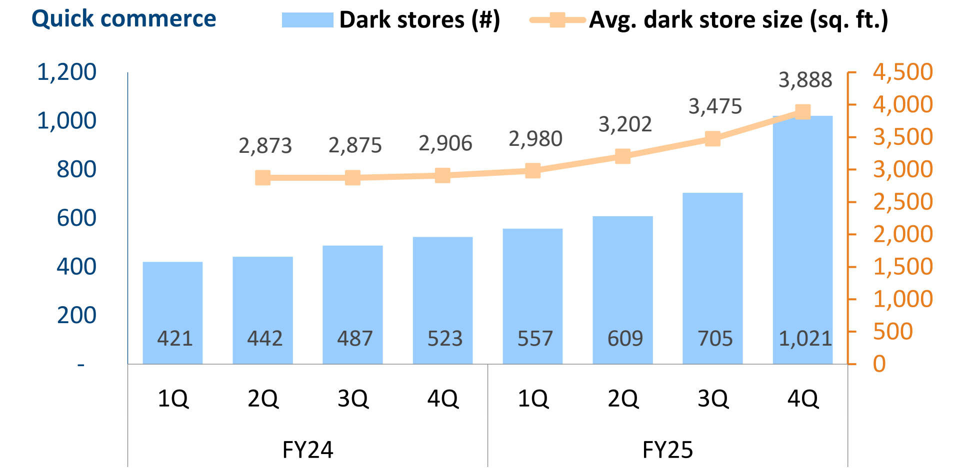
Figure 31: Instamart has shown strong growth over the last three years, and we expect it to sustain this momentum



Source: Company, IIFL Research

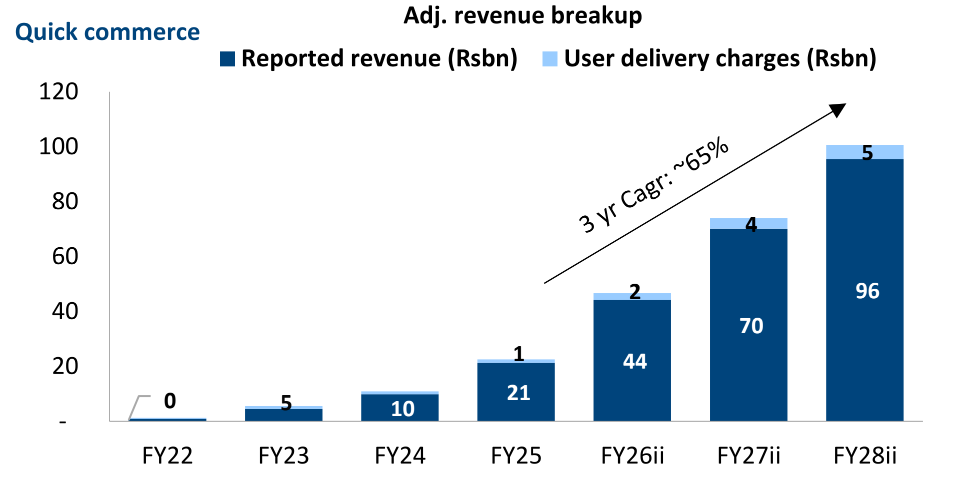
Chasing growth aggressively: In a bid to compete, Swiggy has focused on aggressively expanding its dark stores. The company raised USD520mn during the IPO and has almost doubled its dark stores from 523 in 4QFY24 to 1,021 in 4QFY25. This is a significant step up from 102 dark store additions in FY24. Swiggy has highlighted it has completed its geographic expansion in terms of dark stores and incremental investment would be in densification of its dark store network, while reserving the flexibility to add dark stores in any area.

Figure 32: Instamart saw aggressive dark store expansion in FY25, coupled with increasing avg. dark store size, which reached 3.9k sq. ft. from 2.9k sq. ft. in 2QFY24



Source: Company, IIFL Research

Figure 33: Swiggy's QC revenue has been doubling each year over the last two years; we expect Swiggy to deliver 65% Cagr over the next three years



Source: Company, IIFL Research

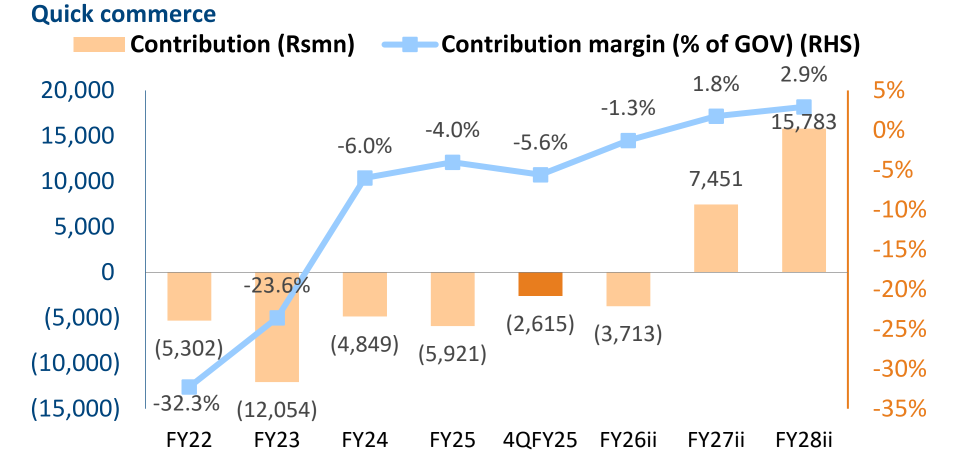
Focus on improving AOVs: Swiggy is driving concerted efforts to improve its AOV. The company is expanding its SKUs beyond grocery into high-AOV categories like electronics. Furthermore, it is focused on average dark store area, replacing smaller dark stores (2.5-2.8k sq ft area) with larger stores (3.5-4.5k sq ft area) and setting up Megapods (8-10k sq ft area). Swiggy is also promoting large order sizes by offering discounts on larger baskets (Maxxsaver programme). Management expects all these efforts to translate into high-teens AOV growth (vs. double-digit expectations earlier). Higher AOVs also provide Swiggy the muscle to offer discounts more comparable to other channels like e-commerce and general/modern trade.

Competition intensifying in the sector…: Given the large TAM, the industry has turned hyper-competitive, with established players (Blinkit, Instamart, Zepto) and challengers (Flipkart, Amazon, BigBasket, JioMart) all vying for a piece of the market. This is evident from the aggressive dark store expansion over the last 12 months, with near-doubling of dark stores for Blinkit and Swiggy. The discounts have also picked up, leading to higher CAC.

…which is impacting profitability: Rising competition is already weighing on Swiggy's profitability, evident from contribution loss of Rs2.6bn (-5.6% of GOV) and Adj. Ebitda loss of Rs8.4bn (-18% of GOV) in 4QFY25, despite significantly higher scale. This is on account of 1) higher discounts leading to rising CAC, 2) underutilised dark stores and 3) higher marketing/advertising costs.

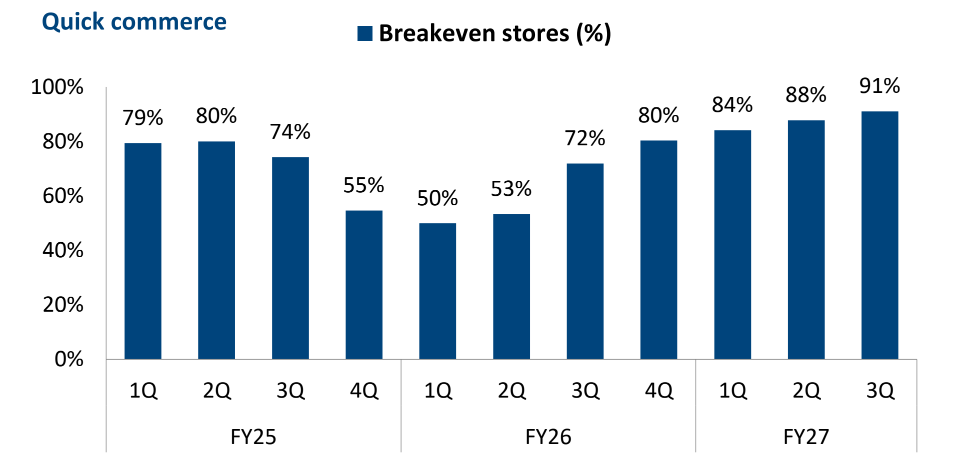
Hyper-growth to continue but profitability to be challenged: We expect Swiggy to benefit from the strong industry tailwinds and improving AOVs. We, thus, expect GOV/Adj revenue to grow at 54%/65% Cagr over FY25-28ii. However, we expect growth to lag Blinkit, given their established business model in select cities could lay a template for other cities. We expect profitability to remain challenged in the near term, due to elevated discounts and marketing costs. While Contribution/Adj. Ebitda losses would prevail, we expect losses to subside from 4Q levels due to improved utilisation of dark stores and operating leverage. We, thus, expect Adj. Ebitda losses at 1.5% of GOV in FY28ii from 14.3% of GOV in FY25.

Figure 34: Instamart's contribution margin saw improvement in FY25; however, 4Q saw sharp contraction due to increased customer incentives and dark store expansion; we expect Instamart to turn contribution positive by FY27ii



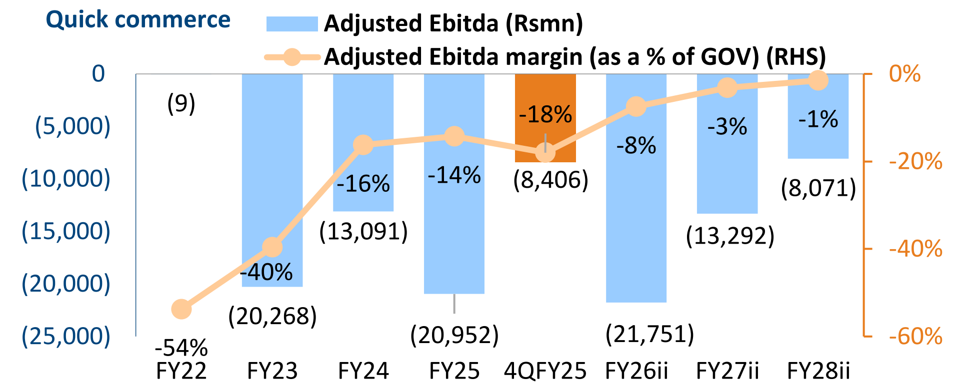
Source: Company, IIFL Research

Figure 35:Aggressive expansion has led to a higher proportion of underutilised dark stores. Assuming a 9-mth breakeven period and moderation in pace of dark store rollout, we expect dark store utilisation to improve in coming quarters



Source: Company, IIFL Research; Note: The above calculation is based on IIFL estimates

Figure 36: Instamart saw improvement of Adj. Ebitda margin in FY25; however, 4Q saw sharp deterioration due to reduction in contribution margins and increase in marketing



Source: Company, IIFL Research

Figure 37:QC as a channel for major FMCG companies is showing strong growth

Company	Statement on QC by company
Britannia	QC is ~4% of sales, expected to reach 8% in 3 years. It's key for launching premium digital-first products and driving impulse/occasion-led purchases, with profitability in line with overall margins.
Colgate-Palmolive	QC is ~5-6% of business, driving premiumisation. Over 50% of e-commerce is premium; company aims for price parity across channels to support growth.
Dabur	QC is a high-growth emerging channel; the company is 'doubling down' on it to drive premiumisation in urban markets, especially for hair care.
GCPL	QC is growing 'almost exponentially' and doing 'extremely well' in e-commerce. It's reshaping distribution strategies and impacting modern trade.
HUL	QC is ~2% of business, 1/3rd of e-commerce, but growing 'extremely fast'; considered a high-margin, premium-focused channel with strong investment in assortment and availability.
Honasa	QC outpaces their e-commerce shares in many categories, showing 'good green shoots'. It's a B2B driver with higher unit growth but lower per-unit realisation.
Nestlé	QC has 'dramatically improved' supply chain efficiency, driving a shift from days to hours in delivery; contributes to 8.5% of sales; growing at 33%.
P&G	QC is a 'very important platform' for new consumer reach and on-demand product launches like Vicks Cough Syrup; leveraging 10-min delivery with partners like Zepto.

Source: Company, IIFL Research

Figure 38: Swiggy's Instamart business has shown robust growth over the past years with improving trajectory of profitability

Quick commerce (Rs mn	Units	FY22	FY23	FY24	FY25	FY26ii	FY27ii	FY28ii
Average MTU	mn	1.1	3.2	4.2	7.1	12.0	15.6	18.7
Order Frequency (Monthly)	#	3.2	3.3	3.4	3.4	3.4	3.4	3.5
No. of orders	mn	42	128	175	286	490	644	788
Average order value (AOV)	**Rs**	**394**	**398**	**460**	**514**	**591**	**651**	**683**
Gross Order Value (GOV)	**Rsbn**	**16**	**51**	**81**	**147**	**290**	**419**	**538**
GOV	USDmn	220	635	978	1,736	3,371	4,869	6,257
Commission + Delivery take rate	%	7.6%	10.7%	13.5%	15.3%	16.1%	17.7%	18.7%
Adjusted Revenue	**Rsbn**	**1.2**	**5.5**	**10.9**	**22.5**	**46.6**	**73.9**	**100.6**
Customer Delivery charges	Rsbn	0.4	1.0	1.1	1.2	2.4	3.8	5.1
Take rate (ex-Customer delivery charges)	%	5.0%	8.8%	12.1%	14.5%	15.2%	16.7%	17.7%
Reported Revenue	**Rsbn**	**0.8**	**4.5**	**9.8**	**21.3**	**44.2**	**70.1**	**95.5**
Contribution	**Rsbn**	**(5.3)**	**(12.1)**	**(4.8)**	**(5.9)**	**(3.7)**	**7.5**	**15.8**
as a % of Adj. Revenue	%	-427%	-220%	-45%	-26%	-8%	10%	16%
as a % of GOV	**%**	**-32.3%**	**-23.6%**	**-6.0%**	**-4.0%**	**-1.3%**	**1.8%**	**2.9%**
Other semi-variable / fixed costs	Rsbn	(3.5)	(8.2)	(8.2)	(15.0)	(18.0)	(20.7)	(23.9)
as a % of Adj. Revenue	%	-284%	-150%	-76%	-67%	-39%	-28%	-24%
Adjusted Ebitda	**Rsbn**	**(8.8)**	**(20.3)**	**(13.1)**	**(21.0)**	**(21.8)**	**(13.3)**	**(8.1)**
as a % of Adj. Revenue	%	-711%	-370%	-120%	-93%	-47%	-18%	-8%
as a % of GOV	**%**	**-54%**	**-40%**	**-16%**	**-14%**	**-8%**	**-3%**	**-1%**

Source: Company, IIFL Research
Note: Some of the above metrics may not be disclosed by the company and are calculated for comparison purposes

Figure 39: QC as a channel for major FMCG companies is showing strong growth

Quick commerce - Unit economics	FY23	FY24	FY25	FY26ii	FY27ii	FY28ii	FY30ii	FY34ii	FY38ii
Commission & ad revenue (Rs)	32.8	52.3	70.7	85.8	104.1	116.1	143.1	201.4	244.8
as a % of AOV	8.2%	11.4%	13.8%	14.5%	16.0%	17.0%	19.0%	22.0%	22.0%
Fee from enablement services (Rs)	2.4	3.4	3.8	4.4	4.9	5.1	5.6	6.8	8.3
as a % of AOV	0.6%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%
User delivery charges (Rs)	7.5	6.2	4.3	4.9	5.9	6.5	7.9	11.6	16.9
as a % of AOV	1.9%	1.4%	0.8%	0.8%	0.9%	1.0%	1.0%	1.3%	1.5%
Platform funded discounts (Rs)	(14.4)	(3.1)	(6.3)	(7.5)	(3.8)	(3.0)	(3.3)	(4.0)	(4.9)
as a % of AOV	-3.6%	-0.7%	-1.2%	-1.3%	-0.6%	-0.4%	-0.4%	-0.4%	-0.4%
Cost of delivery (Rs)	(52.0)	(45.2)	(46.4)	(45.9)	(47.8)	(50.3)	(55.8)	(69.8)	(88.6)
as a % of AOV	-13.1%	-9.8%	-9.0%	-7.8%	-7.3%	-7.4%	-7.4%	-7.6%	-8.0%
Other variable costs (Rs)	(70.1)	(41.3)	(47.0)	(49.3)	(51.8)	(54.4)	(59.9)	(72.9)	(88.6)
as a % of AOV	-17.6%	-9.0%	-9.1%	-8.3%	-8.0%	-8.0%	-8.0%	-8.0%	-8.0%
Contribution profit/(loss) (Rs)	**(93.8)**	**(27.6)**	**(20.7)**	**(7.6)**	**11.6**	**20.0**	**37.6**	**73.1**	**88.0**
as a % of AOV	**-23.6%**	**-6.0%**	**-4.0%**	**-1.3%**	**1.8%**	**2.9%**	**5.0%**	**8.0%**	**7.9%**

Source: Company, IIFL Research
Note: Some of the above metrics may not be disclosed by the company and are calculated for comparison purposes

Blinkit vs Instamart: Race for land grab

Instamart behind Blinkit on MTUs: Instamart's MTUs stood at 7.1mn/9.8mn in FY25/4QFY25. This is lower than Blinkit's MTUs at 10.2mn/13.7mn, due to the strong foothold Blinkit has established in Delhi NCR and some other cities as well.

Instamart's AOV lower than Blinkit: Instamart's FY25 AOV at Rs514 was 23% lower than Blinkit's Rs667. This is on account of Blinkit's more seasoned user base (through Grofers), which leads to full basket services, more combo offers, more categories and higher non-grocery items in its mix, enhancing AOV.

Instamart's GOV is half of Blinkit: Instamart's 4QFY25 annualised GOV was at Rs187bn (USD2.2bn), which is 50% of Blinkit, primarily due to lower AOV and MTUs. Instamart's ordering frequency is also lower due to Blinkit's more established user base in Delhi NCR.

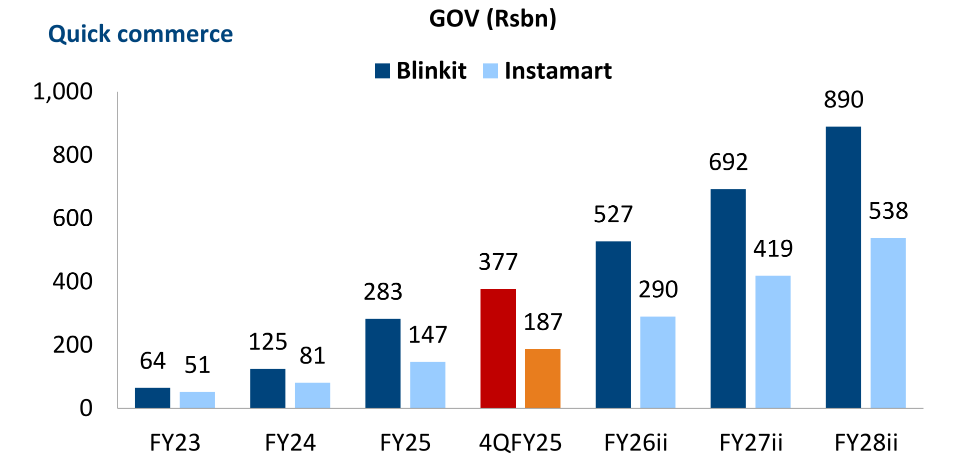
Lower take rate vs Blinkit: Instamart's take rate (incl. customer charges) in 4QFY25 at 15.7% is 2.4ppts lower than Blinkit, due to lower advertising and lower delivery fees due to its loyalty programme Swiggy One on QC, which Blinkit doesn't offer.

Dark stores lower than Blinkit: In FY24, both Instamart and Blinkit had similar number of dark stores. However, as of 4QFY25, Swiggy has 280 lower number of dark stores (-22%) vs Blinkit, as the company is focusing on dark store area rather than the count.

Cash burn at Contribution level…: Instamart is still contribution negative with losses of Rs Rs2.6bn in 4QFY25, vs Blinkit's contribution profit of Rs2.9bn, due to lower take rate and lower dark store throughput vs Blinkit, which is more established in a city.

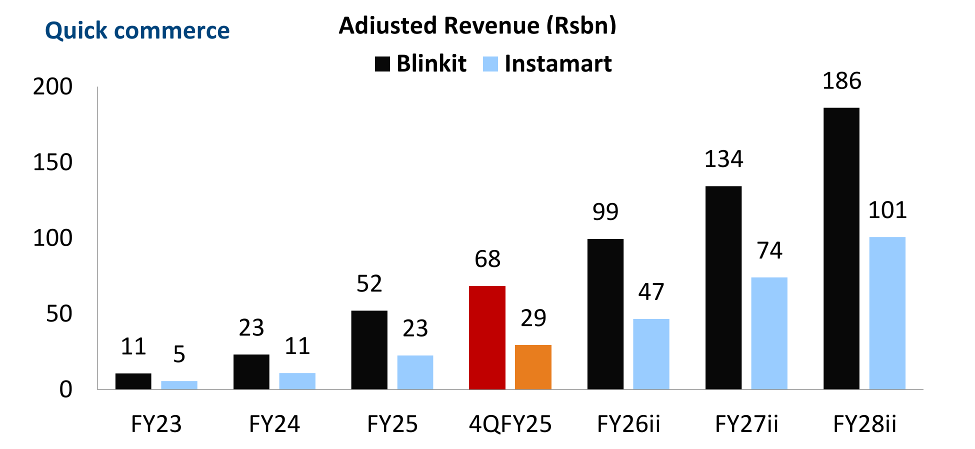
…and at Adj. Ebitda level: Instamart reported Adj. Ebitda losses of Rs8.4bn in 4QFY25 vs Blinkit's lower losses at Rs1.8bn. This is due to contribution losses and lower scale vs Blinkit, while having to incur high costs in marketing.

Figure 40: Quick commerce GOV for both Eternal and Swiggy has grown at an accelerated pace, which is expected to continue



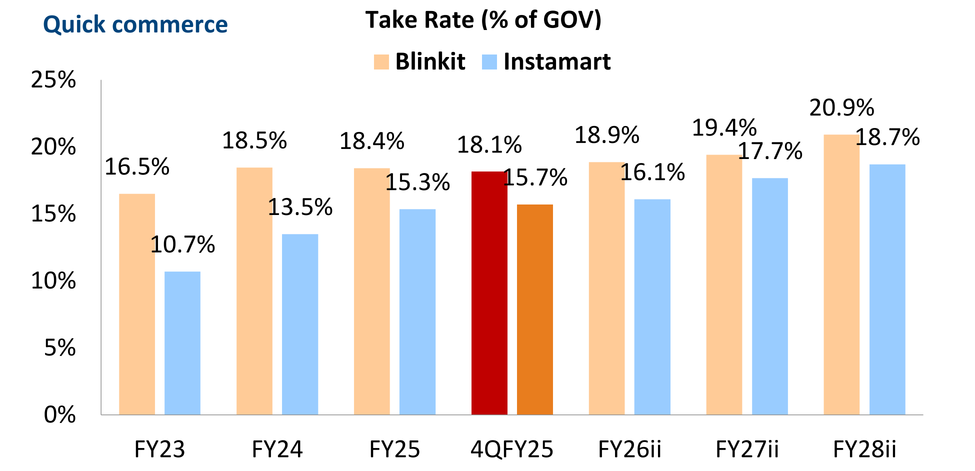
Source: Company, IIFL Research; Note: 4QFY25 refers to annualized 4QFY25 numbers

Figure 41: Higher GOV, coupled with better monetisation, has led to higher revenue for Eternal in the Quick commerce segment



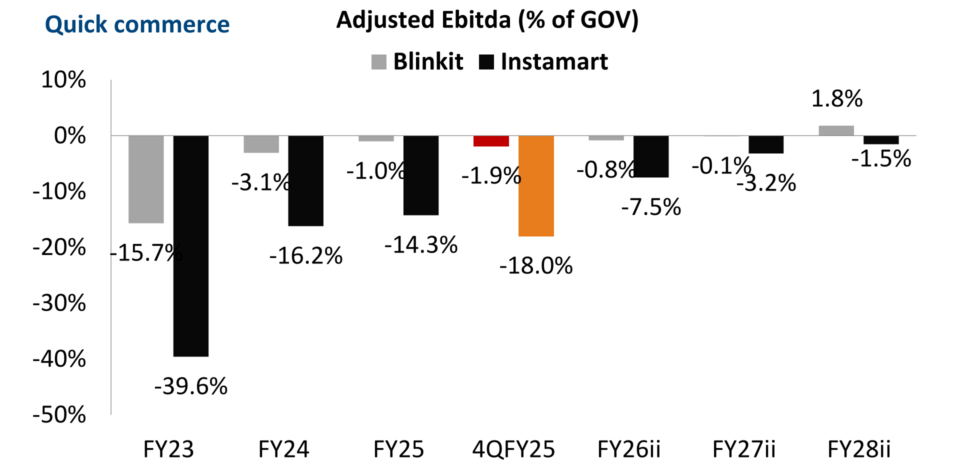
Source: Company, IIFL Research; Note: 4QFY25 refers to annualised 4QFY25 numbers

Figure 42: Swiggy's take rates are converging to Eternal's levels, benefiting from advertising revenues



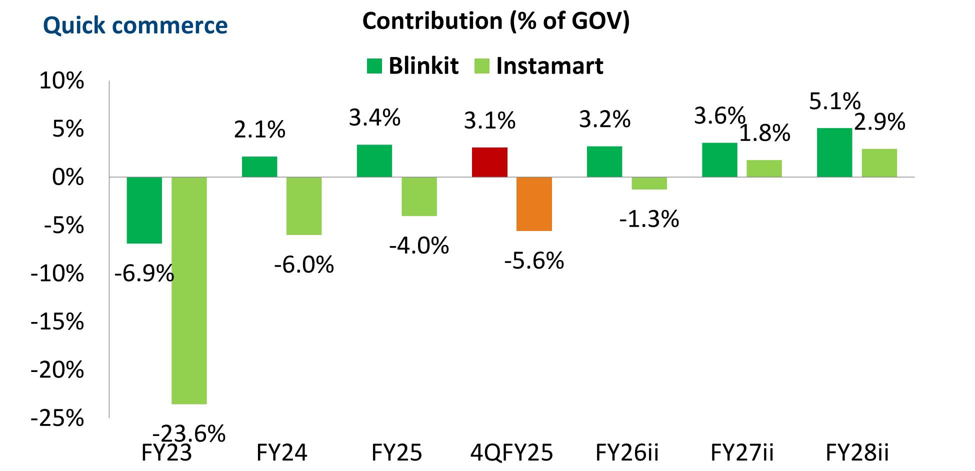
Source: Company, IIFL Research

Figure 44: Adjusted Ebitda margin for Eternal and Swiggy is under pressure due to heightened marketing costs and competition



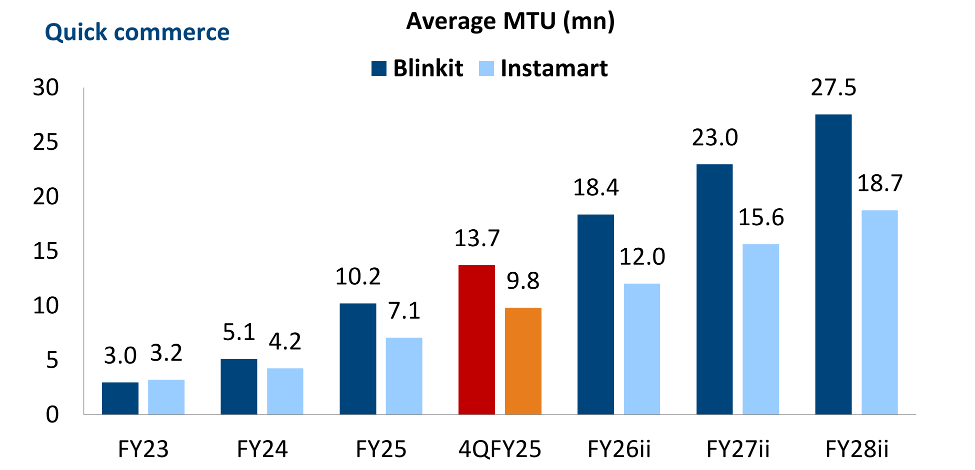
Source: Company, IIFL Research

Figure 43: Gap in contribution margins has expanded between Eternal and Swiggy in 4Q owing to heightened competition and store additions; we expect this to reduce in FY26ii



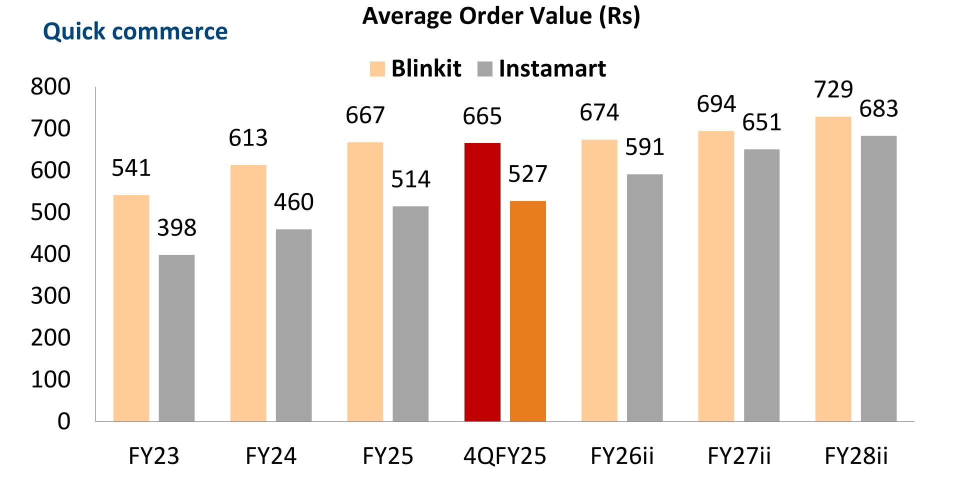
Source: Company, IIFL Research

Figure 45: Eternal and Swiggy are focusing on aggressively adding MTUs considering the heightened competition



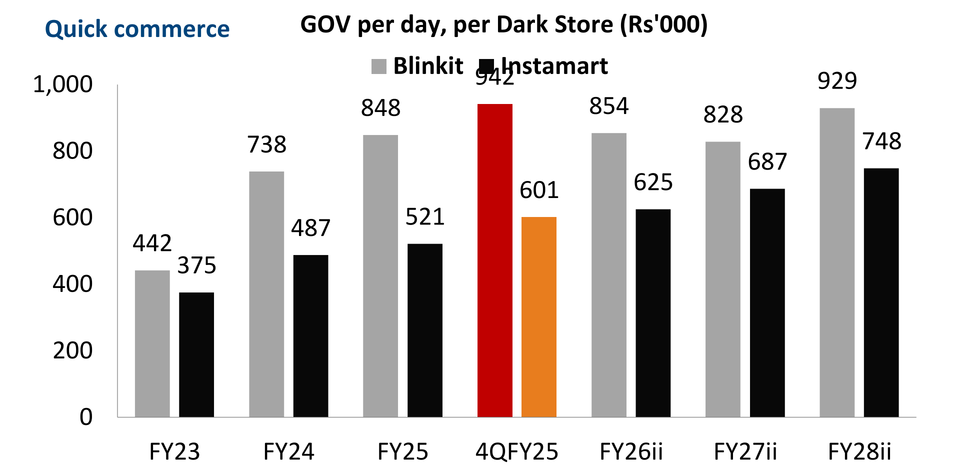
Source: Company, IIFL Research

Figure 46: Blinkit's AOV has been higher than Instamart because of a better assortment mix while Swiggy is slowly trying to improve its non-grocery assortment mix



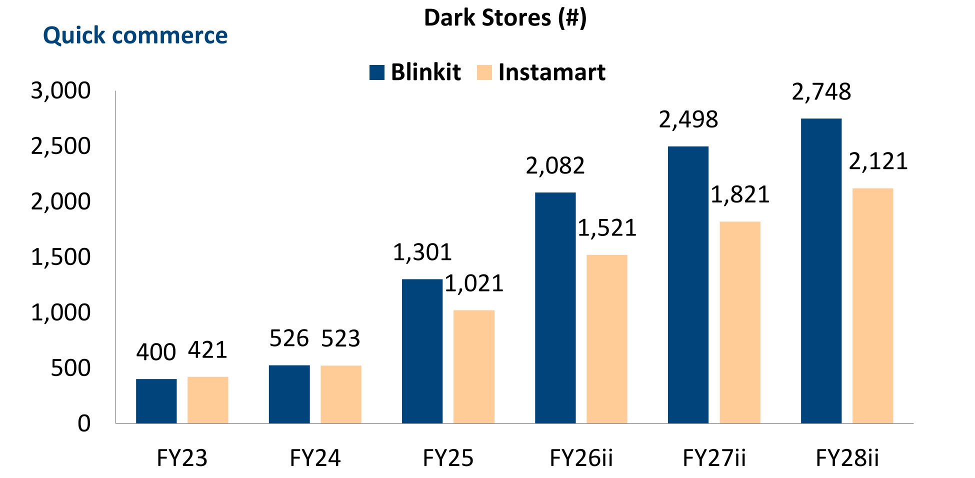
Source: Company, IIFL Research

Figure 48: Quick commerce GOV for both Eternal and Swiggy has grown at a robust pace; however, Eternal leads in terms of GOV per day per dark store



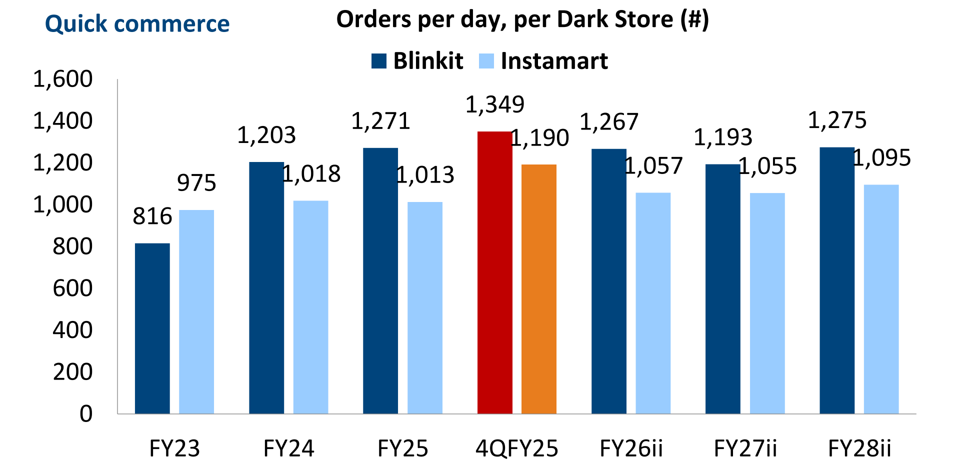
Source: Company, IIFL Research

Figure 47: Eternal aims to reach 2,000 dark stores by the end of 2025 whereas Swiggy has highlighted that the pace of store additions would reduce



Source: Company, IIFL Research

Figure 49: An increased user base of people transacting on QC platforms should drive higher order volumes



Source: Company, IIFL Research

Competition in QC likely to be unrelenting

Competition is intensifying in QC among the incumbents (Blinkit, Swiggy and Zepto) and new entrants (Amazon, Flipkart, JioMart, BigBasket), driving aggressive dark store expansion, increased discounting, and higher marketing costs, which is eroding profitability. We believe QC TAM is large enough for the sector to become an oligopoly in the long run where scale will create an entry barrier for new players beyond a few large incumbents, and competition is likely to be prolonged given deep pockets of all competitors. While cash burn is likely to continue in the medium term, we believe Swiggy could be one of the winners, just as in food delivery.

Competition heating up in QC: Amazon, Flipkart, Bigbasket and JioMart have each set their sights on gaining a piece of the huge TAM, as traditional ecommerce models are getting disrupted. At the same time, established players Blinkit, Swiggy and Zepto are also upping the ante with focus on gaining share while defending their own turf. This has resulted in higher discounts and elevated marketing costs.

New entrants to leverage their strengths: In a hypercompetitive market, each player is looking to leverage their strengths to penetrate the market. Amazon, Flipkart and Reliance would utilise their more developed pan-India supply chain/sourcing, as well as expansive infrastructure, which will lay the groundwork for their delivery network as well. Bigbasket already has a delivery network in place, which has helped it transition from slotted delivery to quick commerce. We note that all these players would need to densify their dark store presence and have, thus, embarked on aggressive dark store expansion.

Incumbents relying on expertise: Established players Blinkit, Swiggy and Zepto have a deeper understanding of the nuances of the delivery network for QC and understand the QC market much better. Blinkit is using the successful template of Delhi NCR in other cities as well. Zepto is resorting to heavy discounting to acquire customers and has escalated competition. Swiggy has expanded in all cities at the same time and is using a combination of unified platform and standalone Instamart app to gain competitive edge.

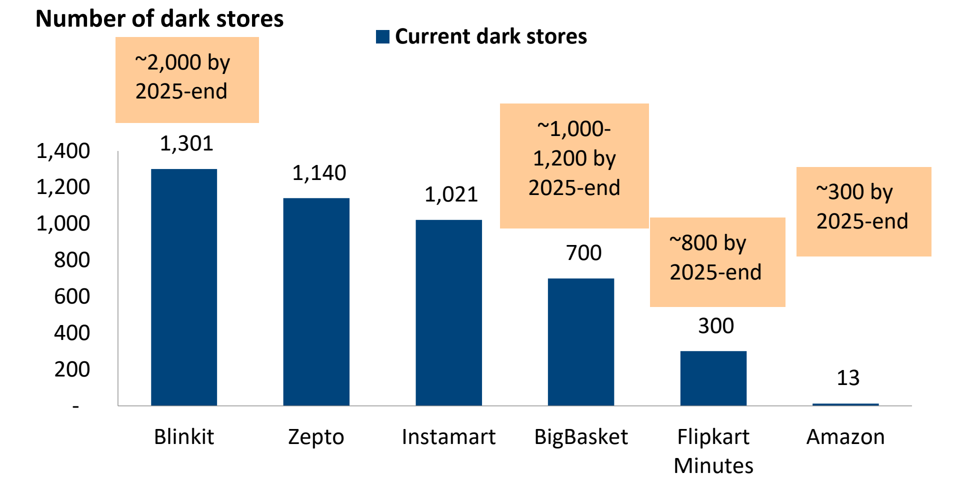
Competition to continue the cash burn…: A sharp pick-up in competitive intensity has dampened profitability for the QC players. Swiggy's losses have ballooned ~3x over the last year at the contribution/Adjusted Ebitda level. This is due to 1) rapid expansion of dark stores leading to a large proportion of underutilised stores less than 3 months old, 2) higher discounts driving inflated customer acquisition costs and 3) higher advertising and marketing expenses.

…but deep pockets could prolong it: We draw parallels with Jio's entry into telecom, where intense competition led to market consolidation as smaller players with weak balance sheets had to exit amid eroding profitability. However, in QC, all players have deep access to capital with strong balance sheets, which could lead to prolonged competition. However, Swiggy and Eternal, being listed, would focus on profitability and not proactively increase competitive intensity in the market, in our view.

How it will play out: We see Blinkit, Swiggy and Zepto at an advantage as we believe low-frequency platforms (Amazon, Flipkart) struggle to integrate high-frequency categories, while the reverse is easier. As an example, **Flipkart** and **Amazon's** previous attempts at cracking the QC/Food delivery market, respectively, failed to fructify. These players would look to move the market towards higher-AOV non-grocery items (electronics), to capitalise on their strengths. **Blinkit** and **Swiggy** will be more reactive rather than proactive in terms of the competition but will continue to execute well and utilise the financial muscle to navigate the cash burn phase. **Zepto** is likely to remain ultra-aggressive on pricing, also drawing comfort from its Zepto Café initiative. **Reliance** and **Bigbasket** have struggled in the past in QC and execution will be key for them.

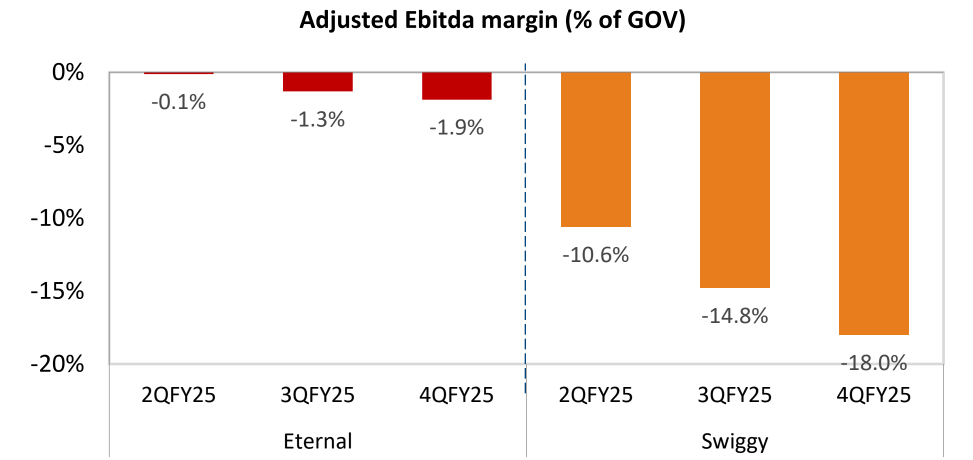
Swiggy well-positioned: Swiggy being one of the pioneers and incumbents of QC has a strong supply chain and is well-versed with the nuances and unit economics. Swiggy has a matured and profitable food delivery segment, which is a cash cow and is likely to cushion the cash burn. The QC TAM is large enough to accommodate at least 3-4 players, and we believe Swiggy would be one of the eventual winners as in food delivery. Key risks: 1) Prolonged competition; 2) Market pivoting quickly towards non-grocery items.

Figure 50:QC is set to see intense competition due to aggressive plans of dark store expansion by all players especially by new entrants of Flipkart and Amazon



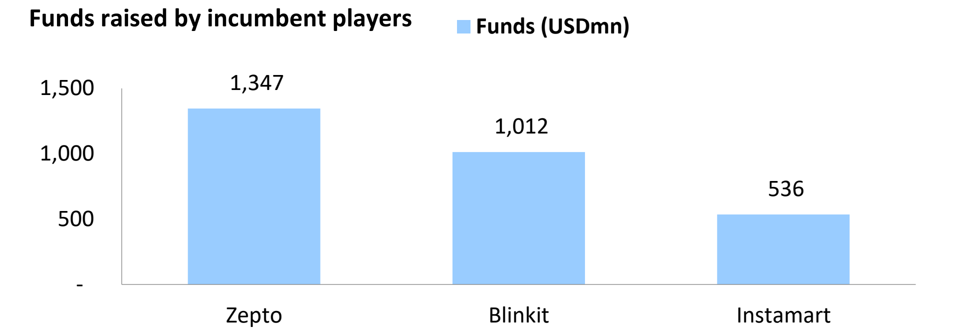
Source: Company data, News reports, IIFL Research.

Figure 51:Adj. Ebitda margins (% of GOV) have declined over the past two quarters owing to rising competitive intensity and higher marketing costs



Source: Company, IIFL Research

Figure 52: Zepto, Blinkit and Instamart have raised funds to expand rapidly; players like BigBasket, Flipkart and Amazon have strong parentage flush with funds



Source: News reports, Company, IIFL Research

Figure 53: Recent statements from QC players suggest heightened competitive intensity

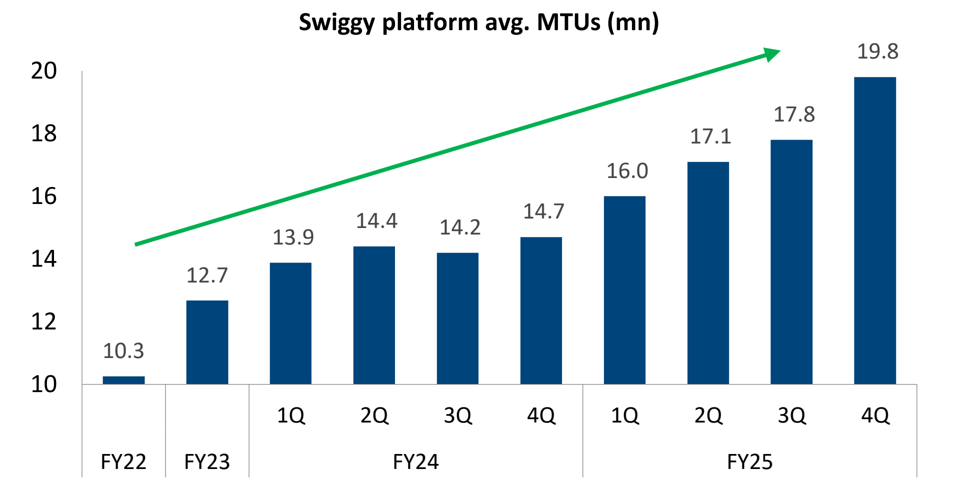
Company	Statement
Instamart	Customer incentives (including delivery fee discounts) have been at an elevated level, led by competitive intensity and launches in new geographies
	Competitive intensity is likely to remain high in the near term, which may dictate the pace of the improvement is losses
	The QC business is witnessing heightened degree of competitive action, and investments are being made by incumbents, as well as new players.
Blinkit	Competition is going to intensify further in the near term. This is expected not only from existing QC players but also from next-day delivery companies that are investing more in faster deliveries, especially in non-grocery categories.
	In this competitive landscape, profitability is not a near-term priority. Blinkit intends to aggressively grow its market share, especially in the face of heightened competition, and will not allow short-term profitability goals to come in the way of that.
	Competition has come in different shapes and forms - aggression in discounting, marketing activity, and free delivery or store expansion.
Zepto	In 2025, QC will start hitting a scale comparable to e-commerce.
Flipkart Minutes	More than 90% of the QC volumes are generated from the top eight cities. Flipkart will limit expansion to top six-eight cities to reduce burn.
Amazon Now	We aim to offer the largest selection at the fastest speeds and greatest value to customers in every single pin-code across the country.

Source: Company, IIFL Research

Strong customer metrics for Swiggy platform

Swiggy's platform MTUs have grown at a healthy pace and have doubled from 10.3mn in FY22 to 19.8mn in 4QFY25. In addition to benefiting from industry tailwinds, the company's focus on its offerings, innovation-led approach, and unified app have led to strong engagement and retention metrics. This drives higher spends on the platform. Swiggy's customer cohorts over the last six years indicate how Swiggy has been able to improve the usage of its platform, which has seen an acceleration. For example, the cohort of users added in FY19 doubled their GOV on the platform in Year 4, whereas for the cohort added in FY23, GOV per customer doubled in Year 2 itself, indicating increasing adoption of services, relevance of offerings, rising AOVs and efficiency of Swiggy's platform. Similarly, the order frequency has been increasing steadily for various customer cohorts. Instamart's GOV retention cohort shows that a user acquired in 4QFY23 is spending >1.5x in 9Q as compared to their initial spends.

Figure 54: Swiggy has grown its MTUs at a healthy pace to 19.8mn in 4QFY25



Source: Company, IIFL Research

Figure 55: Swiggy has accelerated the doubling of GOV per user from four years for an FY19 cohort to just two years for users acquired in FY23

B2C GOV retention by 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, IIFL Research

Figure 56: Swiggy is improving its platform frequency retention cohort

B2C platform frequency retention by 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, IIFL Research

Figure 57: Swiggy Instamart is seeing improvement in its GOV retention cohort, aided by increased user retention, coupled with expanded selection

QC GOV retention by cohort	1Q	3Q	5Q	7Q	9Q
4QFY23	100%	81%	94%	125%	151%
2QFY24	100%	79%	106%	130%	
4QFY24	100%	98%	119%		
2QFY25	100%	103%			
4QFY25	100%				

Source: Company, IIFL Research

Unified app a key differentiator as per Swiggy

Unlike Eternal, Swiggy's offerings house in a single app, which enhances the cross-sell of services, customer acquisition, scale-up of new services and monetisation. At the same time, as Instamart expands, Swiggy has also launched it as a separate app as it expects the TAM of QC to extend beyond FD.

Better cross-sell of services: A unified-app strategy helps in more efficient cross-sell of services. This is evident from the fact that ~ 35% of Swiggy's users used more than one service in 4QFY25 and the proportion has increased from 15% in FY22 and 26% in 4QFY24.

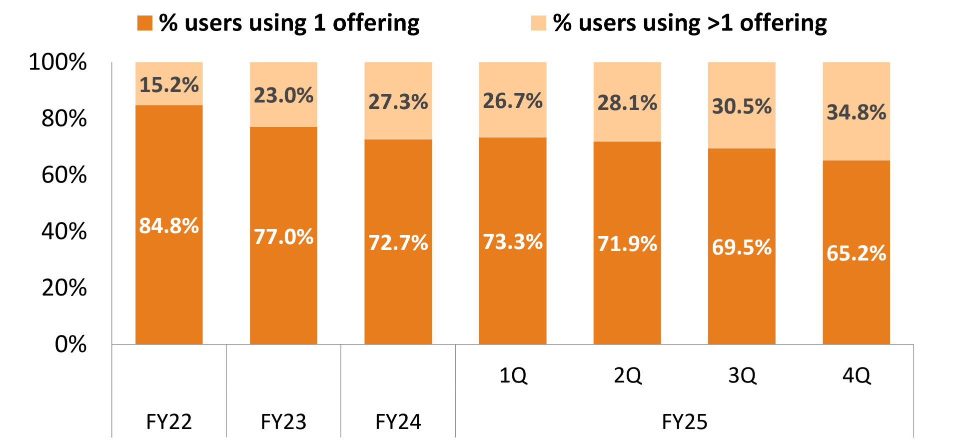
Offers enhanced user acquisition: Customer acquisition also benefits from cross-pollination between the platforms. This is showcased by the fact that 78% of Instamart users were first acquired on food delivery platform and 14% of the Instamart users were first acquired on Instamart and also started transacting on the food delivery platform (1QFY25). In recent times, QC has become a strong funnel for food delivery acquisition as 30% of the users acquired on Instamart in the past six months were new to Swiggy ecosystem.

Strengthens engagement metrics: A unified app has led to better utilisation metrics and better engagement on the platform. This is illustrated by Swiggy's higher FD monthly GOV/MTU (Rs1,636) vs. Eternal (Rs1,563) and healthy platform frequency (no. of orders in a month), despite accelerated customer acquisition on QC.

Scaling up new offerings: A unified app experience helps in scaling up new offerings. This is demonstrated by Swiggy's successful scale-up of new offerings and helps in more cost-effective customer acquisitions. Swiggy has leveraged its unified app experience to its Dining Out service, which has scaled up quickly post its acquisition in 2022. This has been a key strategy in scaling newer innovations like Swiggy Genie, Insanely Good and Bolt.

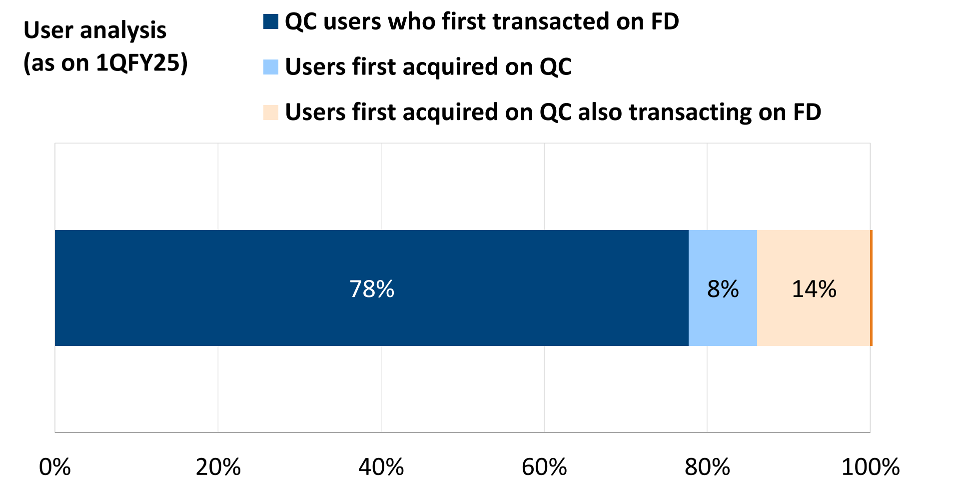
Better monetisation: A unified app allows Swiggy to drive better monetisation for its partners via better advertising across platforms, which enables a higher reach for the partner, adding to the partners' monetisation potential.

Figure 58: The unified app strategy has helped Swiggy cross-sell its services, which has resulted in a higher % of users using >1 offering of Swiggy



Source: Company, IIFL Research

Figure 59: Unified app has allowed cross-pollination of users across FD and QC



Source: Company, IIFL Research

Swiggy's strategy different from its peers

Over the last few years, Swiggy has created points of differentiation in its execution vs. Eternal in both food delivery and quick commerce. The unified app approach is one such example, which shows this difference in execution. Apart from that, there are other such instances highlighted below:

Customer loyalty initiatives:

- **Holistic membership programme:** Swiggy's loyalty programme Swiggy One offers discounts and promotions on the platforms, including free delivery on select orders, and is designed to amplify user engagement and experience. As per Swiggy, the user engagement of Swiggy One members in terms of order frequency is 60% higher. Additionally, as per the company, ~80% of Swiggy One members use two or more services and spend 3x more than other customers. Swiggy has also launched an affordable programme Swiggy One Lite with fewer incentives than Swiggy One for infrequent users. Swiggy has thus taken a cross-platform approach, covering both FD and QC for Swiggy One, compared to Eternal, which offers Zomato Gold only for food delivery.

- **Taking loyalty a step further:** In December, Swiggy upgraded its loyalty programme and launched Swiggy One BLCK, an invite-only premium membership - first in the industry. The membership, which came at Rs299 for a 3-month plan, offers faster delivery, priority customer support, free express delivery on food, on-time guarantee and complimentary offers on dining out. Swiggy offers BLCK for QC, FD and Dining out.

- **Co-branded credit card:** To improve user engagement and drive higher spends, Swiggy has launched a co-branded credit card in partnership with HDFC bank, which offers up to 10% cashback across the Swiggy ecosystem. Swiggy is differentiated here as the largest player - Eternal does not have any such card.

GTM and operations

- **Focus on dark store area rather than dark store count**: Swiggy is focusing on dark store area rather than dark store count. The company pivoted its strategy towards larger and optimised dark stores, with a 3x capacity for SKUs. The company replaced smaller dark stores of size 2.5-2.8k sq ft. with larger stores of 3.5-4.5k sq feet, that can accommodate up to 20k SKUs. Furthermore, the company is expanding its Megapods, which are much bigger, with 8-10k sq feet area, and can accommodate 50k SKUs. The dark store area has thus increased from 1.5mn sq feet in FY24 to 4mn sq feet in FY25, and the average dark store size is consistently increasing. We note that larger dark stores allow for more SKUs and help in improving AOVs. Swiggy has also highlighted that Megapods have higher profitability than the average dark store.

- **Extracting higher flexibility from its delivery fleet:** While Swiggy delivers bulk of its orders using a dedicated quick commerce fleet, it reserves the flexibility to tap into its food delivery fleet during peak demand. This is enabled by its integrated backend operations, providing greater adaptability in deploying delivery personnel. The approach is different to Eternal, that operates largely separate fleets for quick commerce and food delivery. This is also corroborated by management commentary, which alluded to the fact that Swiggy is not facing a shortage of delivery personnel despite strong growth in QC – a contrasting view to Eternal on this front.

- **Different GTM approach:** Eternal and Swiggy have taken very different approaches to their Quick commerce expansion. While Eternal fortified its QC presence in a city (Delhi NCR) and perfected its operations and unit economics there to serve as a template in its geographical expansion, Swiggy's approach is to achieve geographic expansion as soon as possible and not be a laggard in any city. It is thus expanding in all cities and has expanded its geographical presence. Focus would now be on deepening its dark store density within a city.

Preferring dark store ownership over a franchise model: The franchise model for dark store operations has now become more matured in the QC industry. Our calculations show that the franchise owners can now make 18-20% ROI, which makes it a feasible mode of operations. However, unlike its peers, Swiggy prefers the company owned company operated model for dark stores. Management believes this allows the company to have more control over its operations and drive better customer experience.

Figure 60: Franchise – Unit economics suggest ~19% RoI on a steady state basis

Particulars	Amount (Rsmn)
Refundable security deposit	7.2
Brand fee	0.8
Other capex (Genset, etc)	1.0
Total investment	**9.0**
Orders per day (#)	1,500
Average order value (AOV) (Rs)	450
GOV per day (Rs)	675,000
GOV per annum (Rsmn)	246
Commission (%) (assumed)	3.25%
Franchise commission (Rsmn) (A)	**8.0**
Less: Expenses	
Pickers (18x18,000x12m)	3.9
In charge (3x30,000 x12m)	1.1
Housekeeping (2x12,000 x12m)	0.3
Security guard (2x20,000 x12m)	0.5
Miscellaneous expenses (50,000x12m)	0.6
Total expenses (B)	**6.3**
Net income to franchise owner (A-B)	**1.7**
Return on investment (%)	**19%**

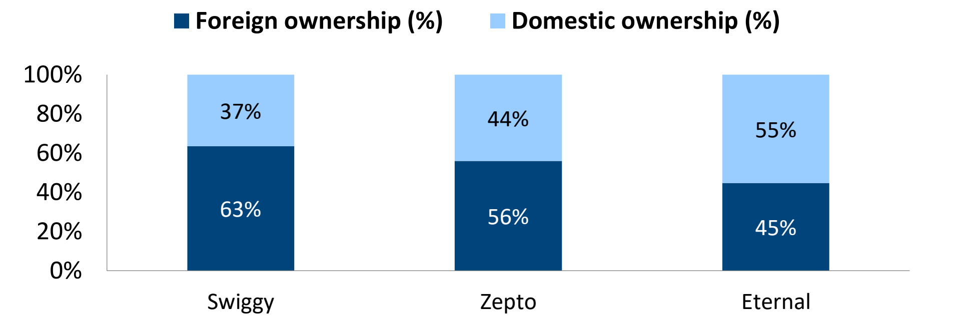
Source: Company, IIFL Research

No rush to get into an inventory-owned model: In May'25, Eternal capped its foreign ownership at 49.5%. The aim was to become an Indian owned and controlled company (IOCC) and have the flexibility to operate an inventory model for quick commerce. Eternal highlighted that an inventory model will offer more resilience, and the incremental working capital investment would not be demanding due to the high inventory turnover.

Zepto is actively working towards achieving IOCC status, as per media reports. To boost Indian ownership above the required 50% threshold, the company is raising Rs15bn through structured, equity-linked debt taken by its founders and enabling secondary share sales to domestic investors. Attaining IOCC status is critical for Zepto to hold inventory and operate a full-stack quick commerce model in India.

Swiggy believes the margin benefit of pivoting to inventory-based model in QC is not more than 30-35bps. However, it also involves building inventory on the balance sheet, thereby resulting in higher working capital investment. Management did acknowledge that the inventory model lends flexibility, but the economics are not overly compelling to force a push towards it. Swiggy is open to it, given domestic ownership is going up but will not rush into it. As of now, including the impact of ESOP dilution, Swiggy has a foreign ownership of ~63%. So, we believe this is still some time away.

Figure 61: Swiggy has higher foreign ownership while the other two competitors are trying to bring it under 50% to operate an inventory-owned model



Source: Press reports, Company, IIFL Research

Other segments offer big opportunities

Out-of-home consumption

Dine Out and Scenes: Swiggy caters to restaurant dining services through Dineout and curated outdoor event services through Scenes. Dineout revenues consist of commissions from restaurant partners, advertising revenue from restaurant/brand partners and user fees for the platform. Scenes includes revenue from events tickets, advertising revenue from brand partners and fees for other business enablement services provided to restaurant and brand partners.

Dining out market becoming organised: The dining out market is still at a nascent stage but is ripe for digital disruption. The proportion of branded restaurants increased from 15-20% in 2018 to 25-30% in 2023. The dining out solutions offer affordability, convenience and hassle-free reservations to customers, and better demand planning and customer stickiness to restaurants. The AOV is 4-5x higher than food delivery and it possesses high profitability and operating leverage.

Online market primed for growth: Online dining out market is expected to grow at a 46-53% Cagr over CY23-28E to reach USD4-5bn by CY28 (as per Redseer), with rising adoption from existing food delivery customers and expansion of restaurant network. Consequently, the penetration of online dining out in the overall organised out-of-home consumption market is expected to rise from ~3% in CY23 to ~10% in CY28. Furthermore, only 3-5% of dining out visits are reserved, which is likely to grow given the convenience and rising premiumisation of restaurants. This will play in favour of online dining out as 80% of the reservations happen online.

Swiggy well-placed: Over the last two years, Swiggy's out-of-home consumption GOV/Adj. revenue has grown at 67/78% Cagr and now forms ~7% of Swiggy's total GOV. We expect industry tailwinds and strong execution to drive a 31% GOV/Adj. revenue Cagr over FY25-28ii with improving profitability driven by strong operating leverage, resulting in FY28ii Ebitda margins of 4.2% of GOV, having already turned breakeven in 4QFY25 (Adj. Ebitda margin of 0.3% of GOV).

Supply chain and distribution: Swiggy leverages its warehouses to streamline the value chain for retailers and wholesalers. The solutions include warehouse management, in-warehouse processing and efficient order fulfilment, which involves order picking, packing and shipping processes for wholesalers and retailers. Swiggy also helps in procurement of products. It also enables its customers to enhance their retail presence in India. Swiggy offers supply chain and distribution services through its subsidiary Scootsy. This is still a loss-making business. Swiggy reported revenue of Rs64bn (USD759mn) in this segment with Adj. Ebitda loss of Rs2.8bn in FY25. We expect an 22% revenue Cagr over FY25-28ii in this segment with improved profitability and FY28ii to be a break-even year for this segment.

Platform innovations: This segment includes new innovations and houses Swiggy's new service offerings that are at an experimentation stage. There is a structured framework followed by the company to incubate new services, and Instamart, which started as a platform innovation and has now grown into a full-fledged segment, is a testament to the execution here. Swiggy Mall and InsanelyGood were launched under Platform innovations but were later merged into the Instamart offering.

- **Swiggy Genie:** Started in 2020, an on-demand product pick-up/drop-off service. It was shut in May'25.

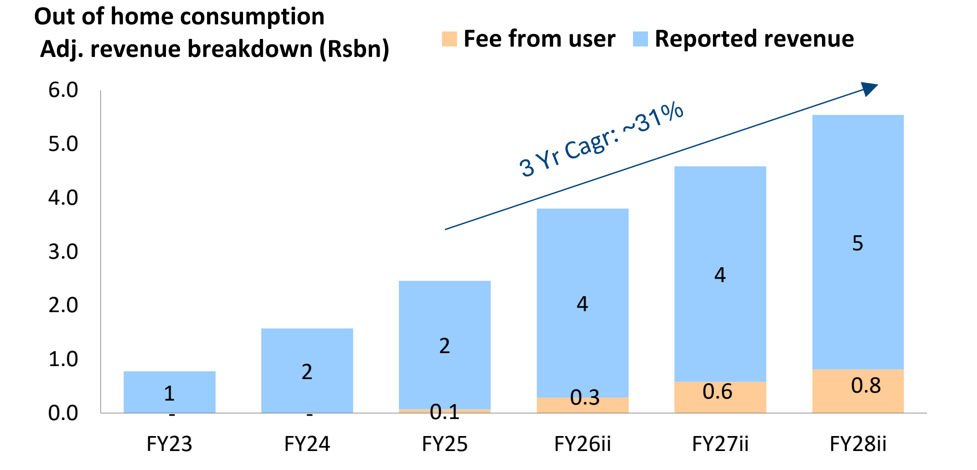
- **Swiggy Minis:** Launched in 2022, an offering where local homegrown brands can establish their own mini-storefront on Swiggy's platform, engage with a broader user base and benefit from technology-enabled logistics capabilities and back-end services such as discovery, check-out, and payment.

- **Private brands:** Launched private brands to meet the supply gaps.

Snacc: Launched in Jan'25, SNACC caters to ultra-fast delivery, but unlike Bolt, which delivers items from partner restaurants, Snacc operates from centralised micro-warehouses stocked with ready-to-ship products.

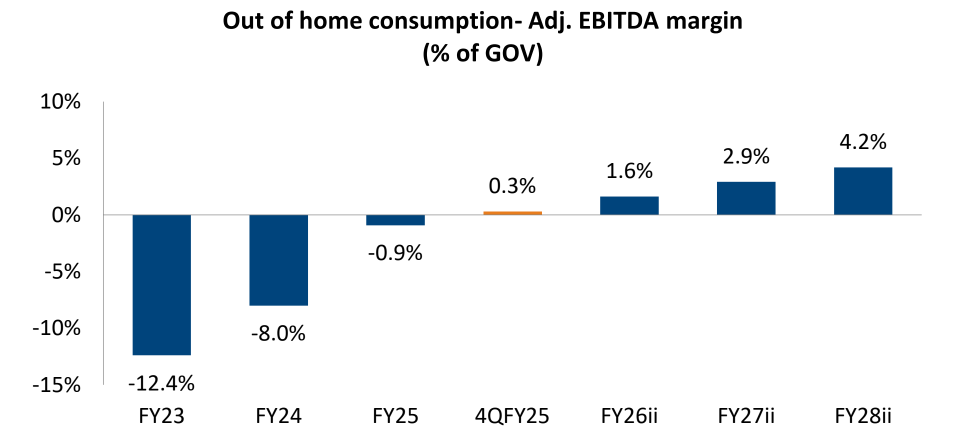
Swiggy's other verticals

Figure 62: Out-of-home consumption forms the third B2C vertical of Swiggy; we expect it to grow at 31% Cagr over next three years



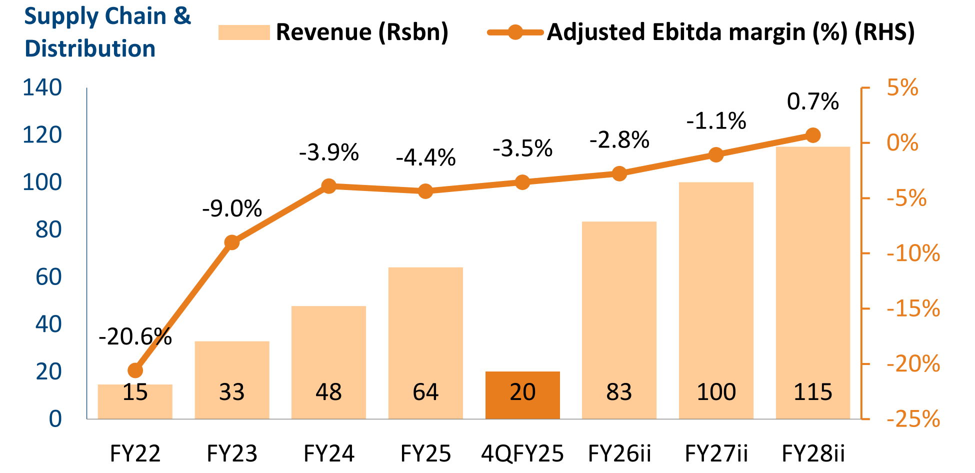
Source: Company, IIFL Research

Figure 63: Out-of-home consumption vertical has shown substantial operating leverage, which is driving margins with growing scale



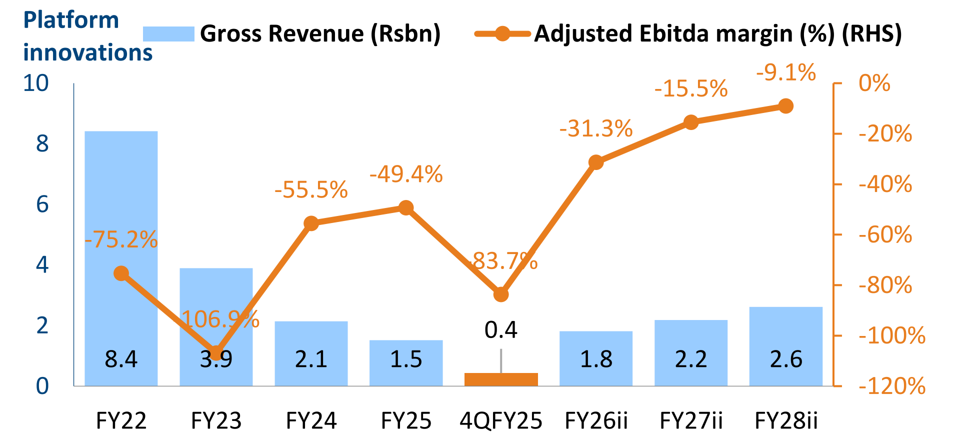
Source: Company, IIFL Research

Figure 64: Supply Chain & Distribution business is seeing stable growth with focus to pivot from trading business to logistics business



Source: Company, IIFL Research

Figure 65: Platform innovations segment is seeing declining revenues and remains loss-making as Swiggy continues to experiment with pilot innovations in this segment



Source: Company, IIFL Research

Innovation without apprehension

Swiggy is constantly innovating its current offerings and launching new offerings in the market. The company believes this is required to gain market share, increase its addressable market and drive superior customer experience. The company is committed to new innovations, despite acknowledging that many of them may not achieve desired results. These are categorised into new value-propositions (like Bolt for 10-minute delivery), affordability initiatives (PocketHero, Daily meals, Ecosaver delivery mode), user experience improvements (Eatlists, Bulk delivery fleet), and restaurant partner enablement (self-serve advertising at scale).

New value propositions:

Swiggy Bolt: Bolt is Swiggy's 10-min food delivery proposition and was inspired by the quick commerce business. The model operates on two premises: serving restricted last mile, generally up to 2kms and enabled by the fact that 30-40% menus have a four-minute preparation time. The offering helps unlock new use cases for customers and also aids restaurants in increasing volumes. Swiggy is actively scaling this offering, and the company believes this would be a growth driver for food delivery as well. **Swiggy has now expanded the offering to 500 cities, and Bolt makes up for 12% of order volumes in 4QFY25, up from 5% in 2QFY25 and 9% in 3QFY25.** On unit economics, management has highlighted Bolt is not inherently a low-AOV business, and the AOV is in-line with platform average. Additionally, rider costs are lower due to lower last miles.

Affordability initiatives

Pocket Hero: Launched in Dec'23, this is Swiggy's offering for budget-conscious consumers like students, young professionals and new residents in a city, where Swiggy offers significant discounts and free delivery on select restaurant orders. Through this offering, Swiggy aims to increase the relevance of the platform for a wider audience and expand the TAM.

Swiggy Daily: It is a subscription-based meal service to provide affordable, homestyle meals prepared by home chefs, tiffin service providers and organised vendors. The service was initially launched in 2019 but was discontinued due to Covid and relaunched in 2024. The offering aims to add variety to daily meals at affordable prices and adds another use case to the food delivery business.

EcoSaver delivery mode (Sustainability initiative): This is Swiggy's initiative to drive sustainability, wherein the company offers customers to opt for slightly longer delivery times for some discounts. This allows Swiggy to group multiple orders in a single order, which helps in optimising its carbon footprint.

Maxxsaver: Through Maxxsaver, Swiggy offers discounts on QC orders above Rs999 to encourage large grocery orders and shift focus from frequent small-ticket orders to larger and planned grocery orders. While this came as a response to Zepto's SuperSaver feature, Swiggy believes this would drive up AOVs in QC.

User experience initiatives:

Eatlists: Allows customers to curate themed lists of food items which can be shared with friends and family through social media platforms, facilitating the discovery of new cuisines and restaurants. This enhances the overall user experience as it offers customers with recommendations on food ordering and makes it more personalised.

XL Fleet: Swiggy's XL Fleet is a strategic initiative to provide efficient and sustainable solutions for large-scale food deliveries, enhancing the company's service offerings for bulk orders like for weddings, corporate events and large gatherings.

Self-Serve ads: Self-Serve Ads is a user-friendly advertising platform designed to empower restaurant partners to independently create, manage, and optimise their own promotional campaigns directly within the Swiggy Owner app. This initiative aims to enhance restaurant visibility, drive sales, and attract new customers.

Revenue growth and margins

We expect Food delivery and QC GOV to increase at a 17%/54% Cagr over FY25-28ii, respectively. We model Adjusted revenue to grow at 18%/65% Cagr over the same period and expect Ebitda margins of 4.9%/-1.5% of GOV in FD/QC by FY28ii. This should drive a FY25-28ii Adj. revenue Cagr of 28%, with PAT of Rs12.9bn by FY28ii.

Food delivery: We expect Food delivery GOV to grow at a 17% Cagr over FY25-28ii. We expect take rate to inch up only gradually, driven by higher advertising, with limited room for increasing restaurant commissions. We thus expect Adjusted revenue to grow at 18% Cagr over the same period. Adj. Ebitda margins will expand from 2.9% of GOV in 4QFY25 to 4.9% of GOV by FY28ii, driven by reduction in discounts, cost optimisation and operating leverage.

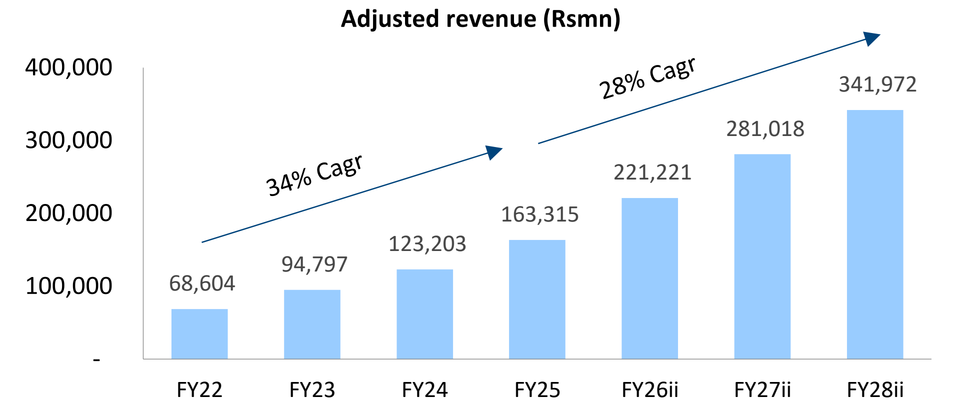
Quick commerce: Quick commerce would continue its hypergrowth trajectory, and we expect strong growth of 54% Cagr in GOV over FY25-28ii. Take rates will improve marginally driven by better monetisation from advertising. However, we expect cash burn to persist even in FY28ii given aggressive competition. We note that cash burn will come down, from rising utilisation of dark stores.

Out-of-home consumption: This represents an underpenetrated market, with steady growth potential. We thus expect out-of-home consumption GOV/adjusted revenue to grow at a 31%/31% Cagr over FY25-28ii and having turned Ebitda positive in 4QFY25, profitability should continue to benefit from operating leverage to reach 4.2% of GOV by FY28ii.

Supply chain and distribution: This is Swiggy's backend supply business to wholesalers and retailers and by nature is a low-margin business. We expect 22% revenue Cagr over FY25-28ii and Ebitda to break-even in FY28ii.

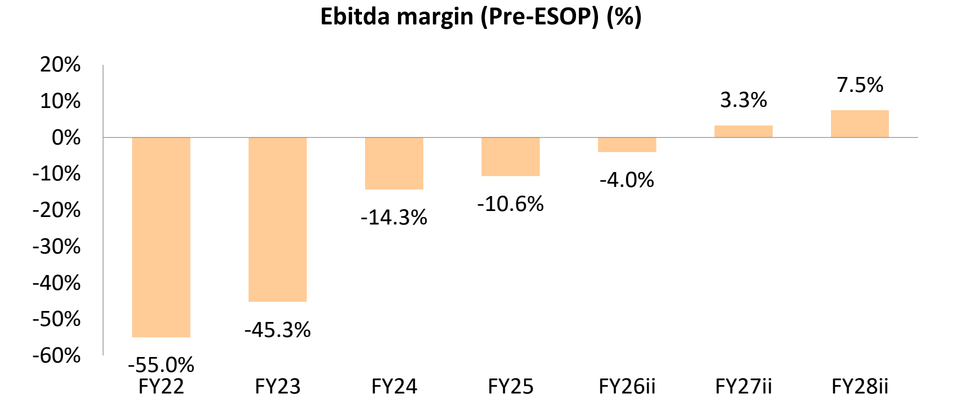
Platform innovation: This is Swiggy's unit for experimenting and is akin to cost of research and development for the business. We expect 20% revenue Cagr over FY25-28ii and -9.1% Ebitda margin in FY28ii.

Figure 66: Swiggy has shown strong growth of 34% Cagr over the last three years; we expect Swiggy to deliver 28% Cagr over FY25-FY28ii, aided by strong growth in QC



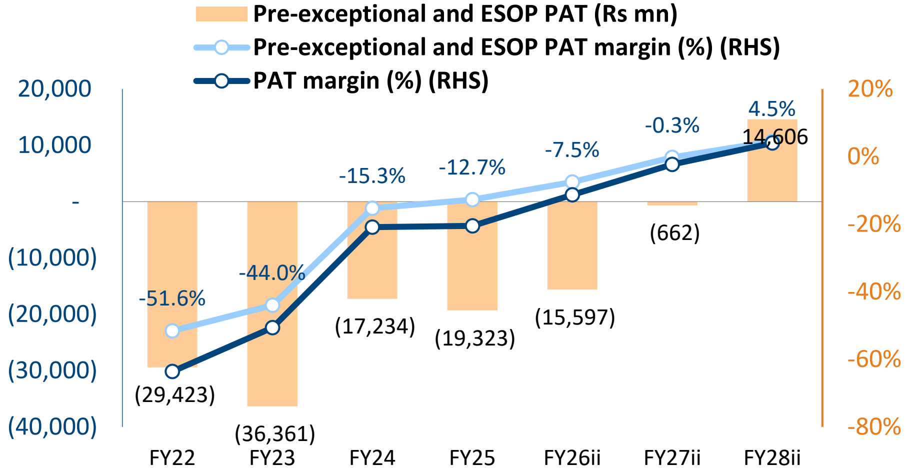
Source: Company, IIFL Research

Figure 67: We expect Swiggy to turn Ebitda margin (Pre-ESOP) positive by FY27ii



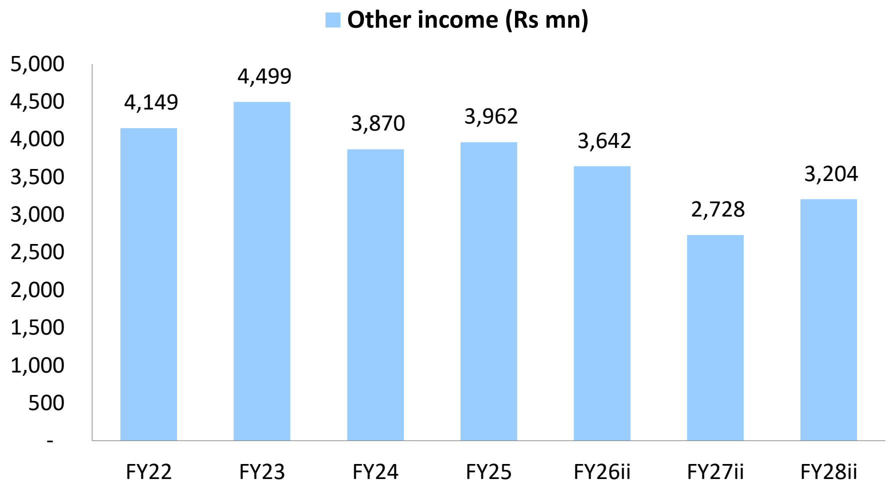
Source: Company, IIFL Research

Figure 68:We expect Swiggy to turn PAT positive in FY28ii



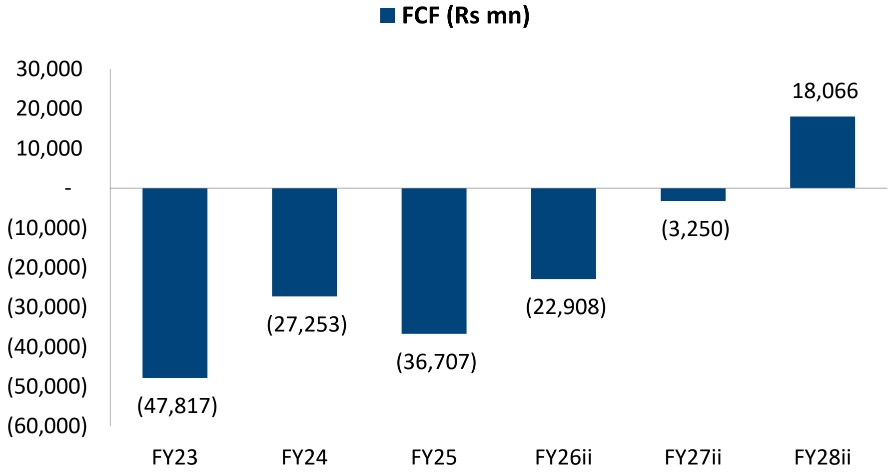
Source: Company, IIFL Research

Figure 70: Other income is expected to reduce going forward…



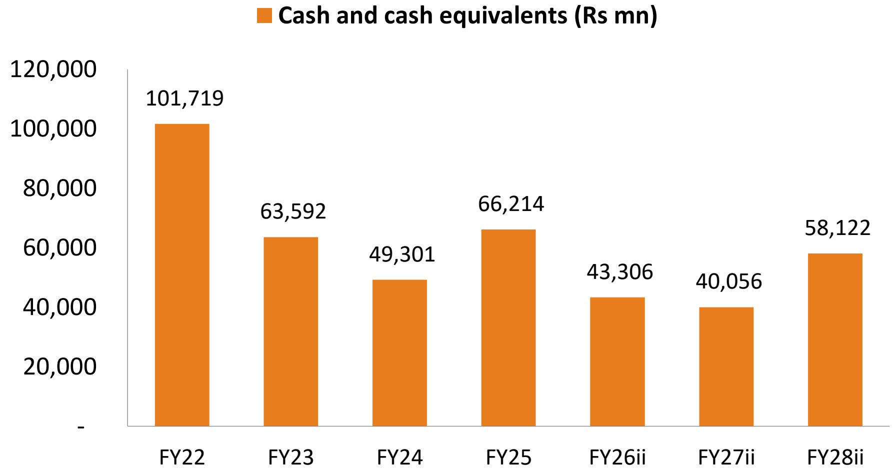
Source: Company, IIFL Research

Figure 69: We expect Swiggy to generate positive FCF from FY28ii



Source: Company, IIFL Research

Figure 71: … because of cash burn due to intense competition



Source: Company, IIFL Research

Valuation makes Swiggy an attractive treat

We initiate coverage on Swiggy with a BUY rating and a 12-mth DCF-based target price of Rs535, implying 50% potential upside. We arrive at a DCF value of Rs285/share for Swiggy's food delivery business (including cash) and Rs250/share for Swiggy's QC and other businesses. On GOV/profitability, Swiggy is 7/5 quarters behind Eternal in FD and 3/8 quarters behind Eternal in QC. Our valuations imply Swiggy's FD business to be valued at USD8.5bn, at a 40% discount to Zomato and QC (plus others), valuation to be at USD7.2bn, at a 50% discount to Eternal, to account for the difference in size and lag in profitability. At current valuations, the ex-food delivery businesses are implying a valuation of just USD1.8bn, grossly undervalued in our view. Hence, we believe Swiggy is a long-term compounding story and an asymmetric bet to the upside.

Food delivery: We value the food delivery business using a DCF methodology and arrive at our 12-mth value of Rs285/share. Our longer-term estimates assume revenue Cagr of 16% over a 13-year period of FY25-38ii, which we believe is reasonable given the significantly underpenetrated market. We believe Ebitda margins can trend towards 5% of GOV and 20% of revenues in the long term and sustain there, with rising scale and leverage.

How that compares to Eternal: We value Eternal's Food delivery business – Zomato – at a USD14.4bn valuation, which implies an 8.5x FY27ii EV/sales. Swiggy is lagging Eternal on GOV/profitability by 7/5 quarters. Thus, we believe Swiggy's valuation should be at a 40% discount to Eternal, which yields a US8.5bn valuation for Swiggy's food delivery business. The valuation gap can close as Swiggy has arrested market share decline over the last few quarters. Its innovations like Bolt (10-minute food delivery) are also seeing a lot more traction vs. Eternal, which had to shut this venture due to low success rate.

Quick commerce: We value QC and Other businesses using a DCF methodology and arrive at our 12-mth value of Rs250/share. Our longer-term estimates assume revenue Cagr of 18% over a 13-year period of FY25-38ii, which we believe is reasonable, given the large TAM. We believe Ebitda margins can trend towards 5% of GOV, similar to FD, in the long term, as the market structure achieves steady state.

How that compares to Eternal: We assign Blinkit and other businesses of Eternal a valuation of USD14bn, which implies a 4.6x EV/sales (FY27ii), lower than food delivery due to lower profitability. Swiggy is 3 quarters behind Eternal on GOV and 8 quarters behind on profitability. Thus, we believe Swiggy's fair multiple should be at a 50% discount to Eternal, which implies a valuation of ~USD7bn. This is closer to the USD5bn raised by Zepto, but Zepto is potentially burning a lot more, in our view, given aggressive penetration pricing.

QC is a snack almost free of cost! As described above, we believe Swiggy's food delivery commands a valuation of USD8.5bn, at a 40% discount to Zomato. Swiggy's current market cap of USD10.3bn implies that QC and its other businesses are valued at only USD1.8bn, at a deep discount for a business that is just 14% of Eternal's valuations and has an enormous TAM.

Valuations reasonable vs. peers: Overall, we expect Swiggy to deliver a strong revenue Cagr of 28% over FY25-28ii. This compares to 22% revenue for the Indian internet peer and 15% for global food tech peers. Swiggy is trading at 3.3x FY27ii EV/sales, at 61% discount to the India internet peers. Hence, we believe Swiggy's valuations are attractive given the strong growth prospects, large TAM, dominant position in food delivery and improving execution.

Initiate with Rs535/share TP: We initiate on Swiggy with a 12-mth TP of Rs535, implying 50% potential upside from the current levels. We believe Swiggy is a longer-term compounding story and it would remain a food tech leader once competition subsides and the market stabilises. Hence, at current valuations, Swiggy offers a disproportionately attractive risk-reward, in our view.

Figure 72: We expect a long-term Cagr of 32% FY28ii onwards, which leads to our DCF-based TP of Rs535

Swiggy DCF (Rs m)	FY22	FY23	FY24	FY25	FY26ii	FY27ii	FY28ii	FY30ii	FY34ii	FY38ii
Revenue	57,049	82,646	112,474	152,268	208,083	264,381	321,519	448,005	809,139	1,215,881
YoY %		44.9%	36.1%	35.4%	36.7%	27.1%	21.6%	17.4%	14.8%	10.3%
EBITDA	(36,511)	(39,102)	(18,366)	(19,072)	(12,175)	3,929	18,441	52,860	155,335	238,712
EBITDA margin (%)	-64.0%	-47.3%	-16.3%	-12.5%	-5.9%	1.5%	5.7%	11.8%	19.2%	19.6%
EBIT	(38,212)	(41,959)	(22,572)	(25,195)	(21,539)	(6,647)	7,188	39,724	138,797	221,695
EBIT (YoY %)		9.8%	-46.2%	11.6%	-14.5%	-69.1%	-208.1%	71.1%	26.7%	11.3%
Tax rate	-	-	-	-	-	-	-	-	25.2%	25.2%
EBIT*(1-tax rate)	(38,212)	(41,959)	(22,572)	(25,195)	(21,539)	(6,647)	7,188	39,724	103,862	165,894
Depreciation	1,701	2,858	4,206	6,123	9,364	10,575	11,253	13,136	16,538	17,018
Working capital change	-	2,493	5,261	11,502	14,210	6,658	8,476	15,905	38,563	57,739
Increase in CA	-	(2,182)	(550)	(15,619)	(2,573)	(1,580)	(3,420)	(5,337)	(8,080)	(10,572)
Increase in CL	-	852	3,027	24,308	14,666	7,036	10,218	16,501	29,803	44,785
Other Cash Flows	-	3,823	2,783	2,813	2,116	1,203	1,679	4,740	16,840	23,526
CFO	(36,511)	(36,609)	(13,105)	(7,570)	2,035	10,587	26,917	68,765	158,963	240,651
Capex	-	(7,551)	(10,434)	(20,350)	(20,808)	(13,219)	(12,861)	(13,692)	(15,355)	(17,018)
Free cash flow (firm)	**(36,511)**	**(44,160)**	**(23,539)**	**(27,921)**	**(18,774)**	**(2,632)**	**14,057**	**55,073**	**143,608**	**223,633**

Source: Company, IIFL Research

Figure 73: With an assumption of 12% WACC and 4% terminal growth, our DCF-based TP comes at Rs535

DCF - Key assumptions			
Risk free rate	6.5%	Term. growth	4.0%
Market risk premium	5.5%	NPV-ex term	521,969
Beta	1.0	NPV-Term	768,600
Cost of equity	12.0%	Cash & equivalents	42,493
Cost of debt (after tax)	9.75%	Long term debt	-
Debt / (Market cap + debt)	0%	USD / INR	86
WACC	**12.0%**	**Price**	**535**

Source: Company, IIFL Research

Scenario analysis: Risk reward favourable

We run a scenario analysis to arrive at our 12-mth TP in the bull and bear case by varying the longer-term growth prospects (FY28ii-38ii revenue Cagr) and terminal Ebitda margins. Based on the analysis, we see that the TP can range from Rs228 (36% downside) to Rs1,116 (3x). We also run a sensitivity analysis to WACC and terminal growth rates.

Bull Case: We expect strong growth in Food delivery and QC, with increasing adoption and market share gains for Swiggy, emerging as a strong player in both markets. We thus expect FY28ii-38ii revenue Cagr of 20% and FY38ii Ebitda margin of 30%, implying a TP of Rs1,116.

Bear Case: We expect slower adoptions in Food delivery and QC outside of tier 1 cities and market share loss and profitability pressure on Swiggy. We expect FY25-28ii revenue Cagr at a modest 8% and FY38ii Ebitda margins to be just 10%, implying a Rs228 (-36%) 12-mth TP.

Figure 74: Sensitivity analysis highlights favourable risk-reward

	Terminal Ebitda margin				
	10%	15%	20%	25%	30%
8%	**228**	293	354	418	481
11%	277	**358**	435	515	590
14%	336	437	**535**	635	730
17%	409	532	658	**783**	903
20%	497	652	808	961	**1,116**

Source: Company, IIFL Research

Figure 75: Swiggy's sensitivity to WACC and terminal growth rate

	WACC				
	10%	11%	12%	13%	14%
2%	**632**	539	466	407	360
3%	692	**581**	497	430	377
4%	772	636	**535**	458	398
5%	883	708	584	**493**	423
6%	1,050	808	649	537	**455**

Source: Company, IIFL Research

What-if analysis: Asymmetric potential upside

We analyse two extreme scenarios of how the quick commerce sector will shape up in future to assess potential upside/downside risks to Swiggy's valuations. We assume that either the intense competition will structurally dent the profitability of the quick commerce sector in the long term (similar to the telecom sector in the past) or on the other extreme, post consolidation, sanity will prevail and competition will normalise as 3-4 players will command a distributed market share and operate at reasonable profitability levels. Our analysis suggests more than 100% potential upside in the bull case and less than 20% downside in a bear case scenario for Swiggy based on the eventual market structure of the quick commerce sector in future.

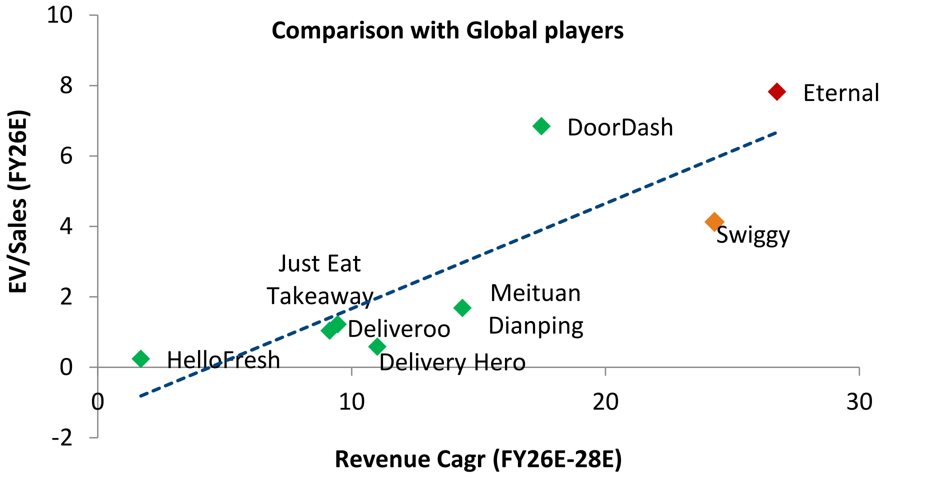
What if industry competition stabilises, with 3-4 players sharing the market, and pricing sanity prevails?

In a scenario where post the rapid expansion of dark store capacity, each of the large players ends up owning their customer cohorts through their differentiation on value, convenience and assortments, we believe the industry profitability can improve to long-term Ebitda margins at 5% of GOV. In such a scenario, Swiggy's QC business could be valued at close to USD12bn at least, still at a 15% discount to Eternal's Blinkit valuation. Eternal's premium could be attributable to its industry leadership on scale, execution and profitability. At USD12bn valuation, it would imply near 100% potential upside for the stock from the current levels.

What if heightened competitive intensity leads to a potential dent in the long-term profitability of the sector?

In a scenario where prolonged heightened competition fuelled by significant capital infusion leads to a potential dent in the long-term profitability of the sector, we see limited risk to Swiggy's valuations. At the current market cap, Swiggy's QC business is valued at USD1.8bn. Assuming no value to this business due to the above scenario would imply 20% potential downside to the current market price, as FD will still remain a profitable duopoly, valued at USD8.5bn. Hence, Swiggy's stock price has a limited potential downside of 20% in case the quick commerce sector fails to profitably scale up in future.

Figure 76:Swiggy's valuations are reasonable with respect to its growth prospects vs global peers



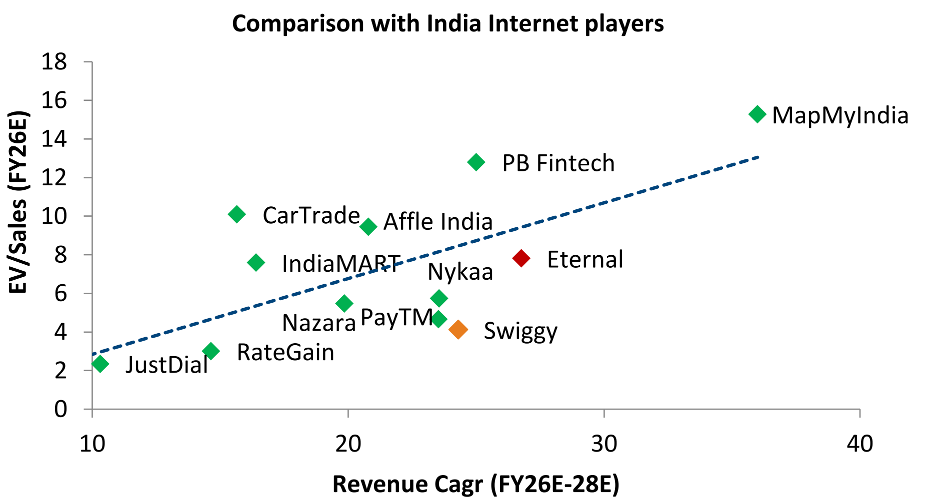
Source: Company, IIFL Research

Figure 78: We expect consensus PAT estimates to be revised upwards with improved execution

Swiggy	FY26ii	FY27ii	FY28ii
Revenues (Rs mn)			
IIFLe	208,083	264,381	321,519
Consensus estimate	211,415	272,749	344,642
Difference	**-1.6%**	**-3.1%**	**-6.7%**
Ebitda margin (%)			
IIFLe	-7.8%	1.3%	7.0%
Consensus estimates	-11.0%	-2.8%	4.0%
Difference	**320 bps**	**410 bps**	**300 bps**
PAT (Rs mn)			
IIFLe	-23,557	-6,062	12,876
Consensus estimate	-27,468	-13,690	5,957
Difference	**NM**	**NM**	**116.1%**

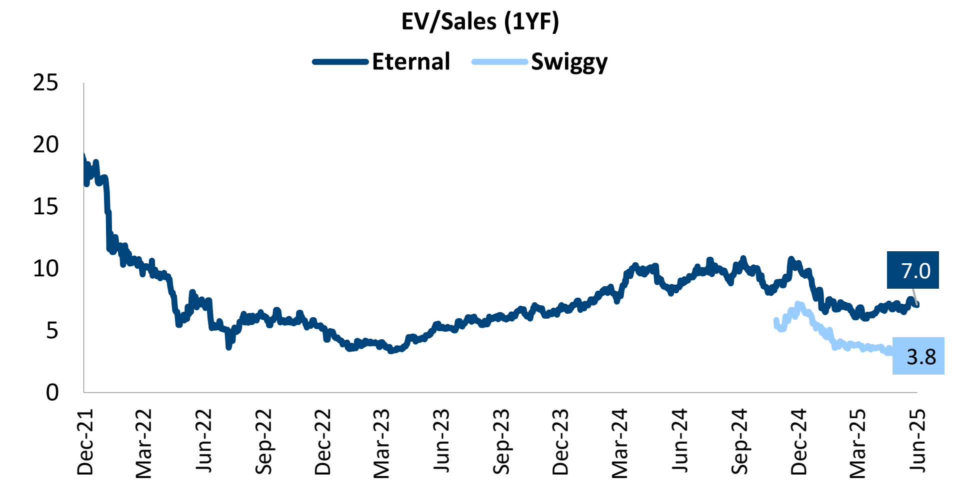
Source: Company, IIFL Research

Figure 77: Even against India Internet players, there is comfort on Swiggy's valuation



Source: Company, IIFL Research

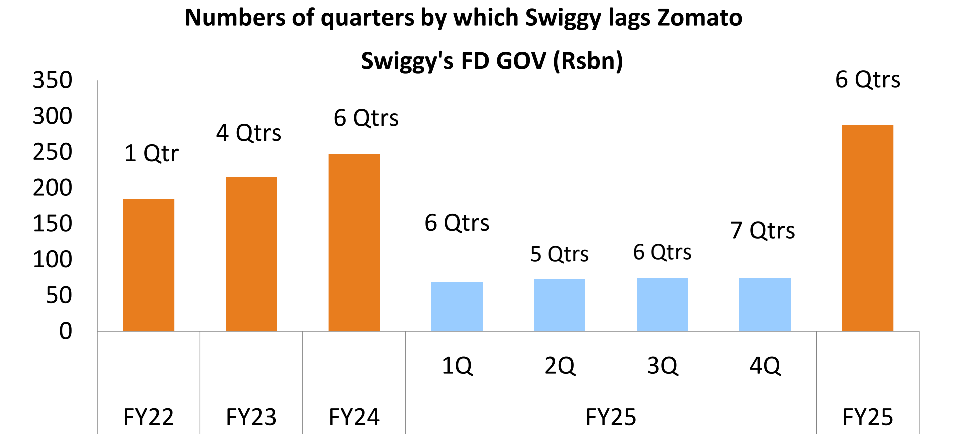
Figure 79:Swiggy is trading at ~46% discount to Eternal on EV/Sales basis (1YF)



Source: Company, IIFL Research

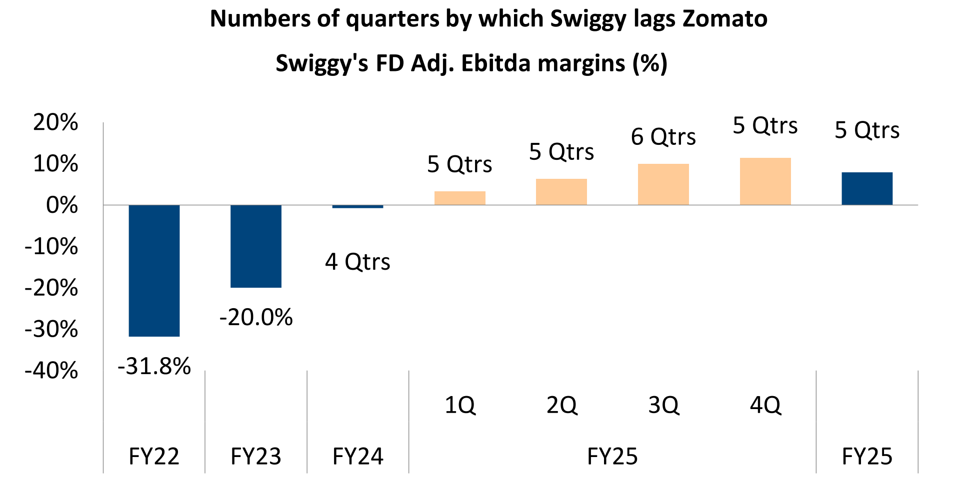
Swiggy vs Eternal: Swiggy playing catch-up

Figure 80: Swiggy's FD GOV is currently lagging that of Eternal by ~7 quarters



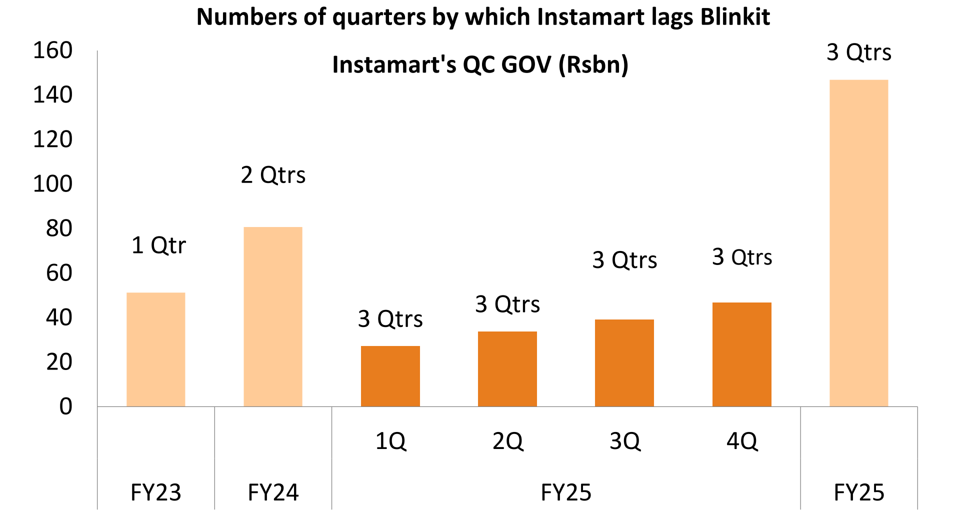
Source: Company, IIFL Research

Figure 81: Swiggy's FD Adj. Ebitda margins are lagging that of Eternal by ~5 quarters



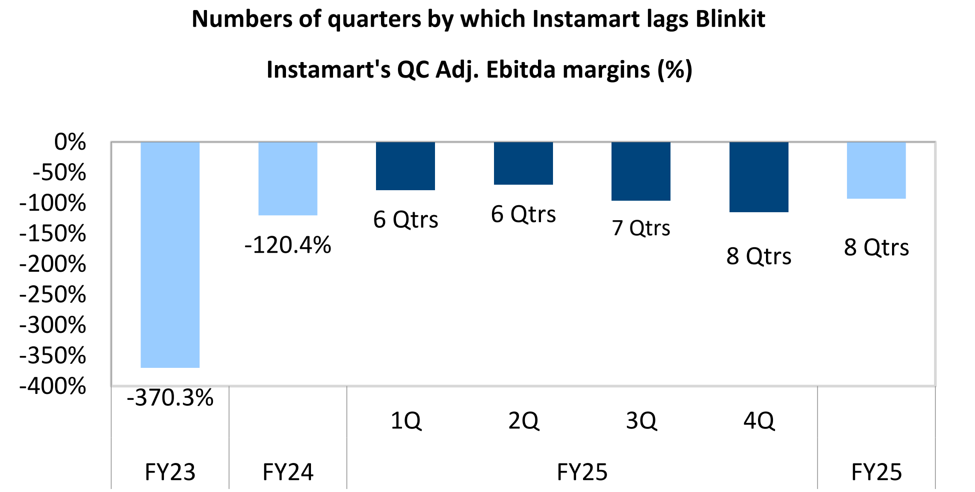
Source: Company, IIFL Research

Figure 82: Swiggy's QC GOV is currently lagging that of Eternal by ~3 quarters



Source: Company, IIFL Research

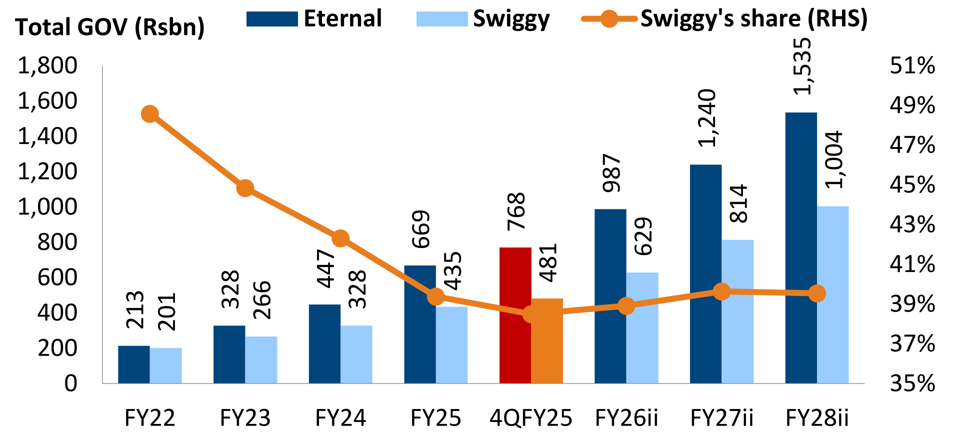
Figure 83: Swiggy's QC Adj. Ebitda margins are lagging that of Eternal by ~8 quarters



Source: Company, IIFL Research

Swiggy vs Eternal: Head-to-head comparison

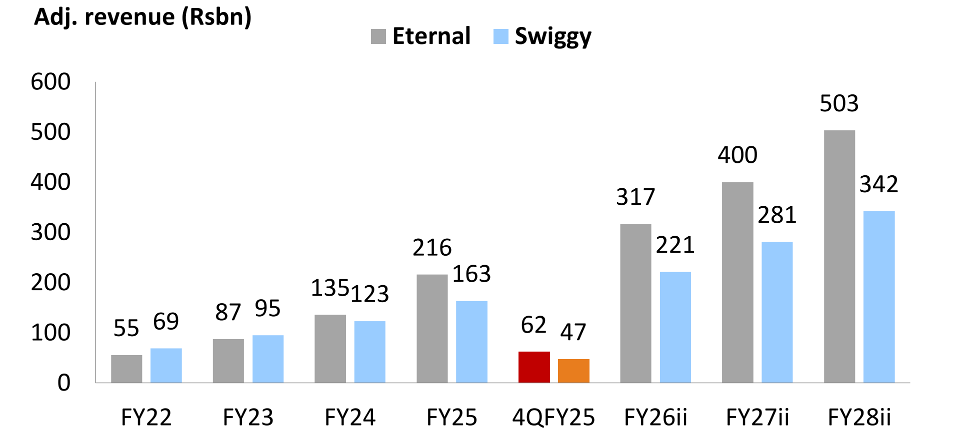
Figure 84: Eternal is leading in terms of GOV, while Swiggy will look to arrest the declining market share



Note: The total GOV includes GOV of Food delivery and Quick commerce only

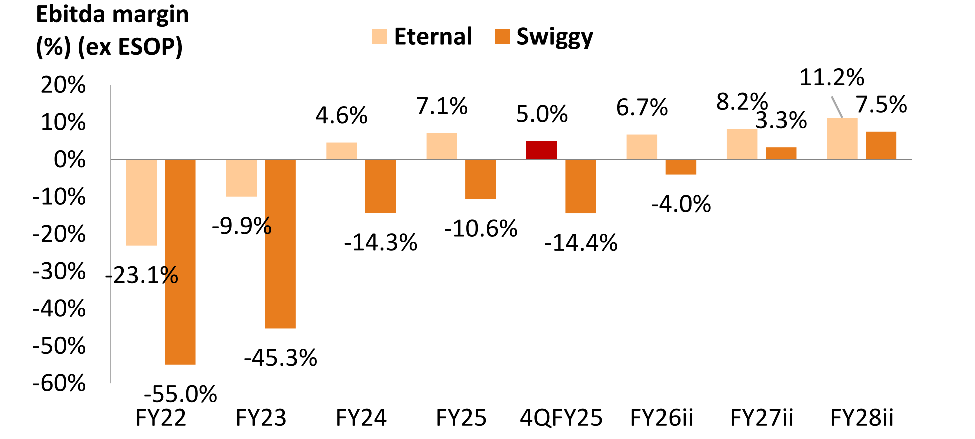
Source: Company, IIFL Research

Figure 85: While Swiggy led in terms of Adj. revenues over FY22-23, the trend reversed in FY24 with the rise of Blinkit



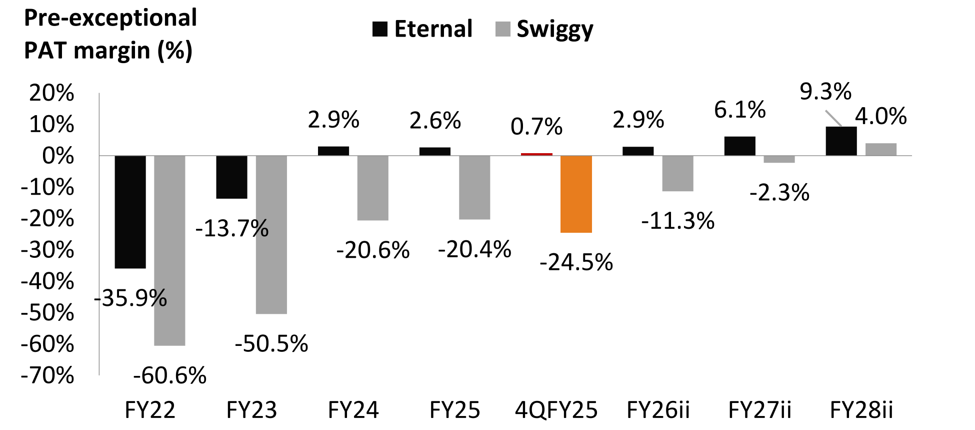
Source: Company, IIFL Research

Figure 86: Swiggy lags Eternal in terms of Ebitda margin (ex ESOP) with the differential gap converging over time



Source: Company, IIFL Research

Figure 87: Eternal has already become profitable in FY24, while Swiggy still lags and is loss-making



Source: Company, IIFL Research

Figure 88: Swiggy vs Eternal – Comparison on key metrics of Food delivery and Quick commerce

	Swiggy					Eternal					FY25 Gap	4QFY25 Gap
	FY23	FY24	FY25	4QFY25	yoy (%)	FY23	FY24	FY25	4QFY25	yoy (%)		
Food delivery												
Average MTU (mn)	**11.6**	**12.7**	**14.7**	**15.1**	***17.1%***	**17.1**	**18.4**	**20.6**	**20.9**	***10.0%***	**-29%**	**-28%**
FD restaurants (000)	175	196	238	252	*16.8%*	210	247	297	314	*16.3%*	-20%	-20%
Avg. monthly delivery partners (000)	323	393	516	539	*32.1%*	327	400	473	444	*6.2%*	9%	21%
GOV (Rsbn)	**215.2**	**247.2**	**287.8**	**73.5**	**17.6%**	**263.1**	**322.2**	**386.5**	**97.8**	**15.9%**	**-26%**	**-25%**
GOV (USDmn)	2,670	2,996	3,404	849	12.8%	3,264	3,906	4,571	1,129	11.1%	-26%	-25%
Commission + Delivery take rate (%)	24.1%	24.6%	25.2%	25.4%	45bps	23.4%	24.2%	24.4%	24.6%	34bps	87bps	77bps
Adj. Revenue (Rsbn)	**51.8**	**60.8**	**72.6**	**18.7**	**19.8%**	**61.5**	**77.9**	**94.2**	**24.1**	**17.5%**	**-23%**	**-22%**
Take rate (ex-Customer delivery charges) (%)	19.2%	20.9%	22.1%	22.2%	23bps	17.2%	19.7%	20.9%	21.0%	40bps	116bps	116bps
Reported Revenue (Rsbn)	41.3	51.6	63.5	16.3	18.9%	45.3	63.6	80.8	20.5	18.1%	-21%	-21%
Contribution (Rsbn)	**6.3**	**14.1**	**20.3**	**5.7**	**36.9%**	**12.0**	**22.3**	**30.9**	**8.4**	**33.0%**	**-34%**	**-32%**
as a % of Adjusted Revenue (%)	12.2%	23.2%	28.0%	30.7%	385bps	19.5%	28.6%	32.8%	35.0%	407bps	-485bps	-426bps
as a % of GOV (%)	**2.9%**	**5.7%**	**7.1%**	**7.8%**	**110bps**	**4.6%**	**6.9%**	**8.0%**	**8.6%**	**111bps**	**-94bps**	**-81bps**
Adjusted Ebitda (Rsbn)	**(10.3)**	**(0.5)**	**5.7**	**2.1**	**582.2%**	**(0.1)**	**9.1**	**15.1**	**4.3**	**55.6%**	**-62%**	**-50%**
Adjusted Ebitda margin (%) (%)	-20.0%	-0.8%	7.9%	11.4%	9ppts	-0.2%	11.7%	16.0%	17.8%	4ppts	-8ppts	-6ppts
Adjusted Ebitda (% of GOV) (%)	**-4.8%**	**-0.2%**	**2.0%**	**2.9%**	**2ppts**	**0.0%**	**2.8%**	**3.9%**	**4.4%**	**1ppts**	**-2ppts**	**-1ppts**
Quick commerce												
Average MTU (mn)	**3.2**	**4.2**	**7.1**	**9.8**	**108.5%**	**3.0**	**5.1**	**10.2**	**13.7**	**114.1%**	**-31%**	**-28%**
Order Frequency (Monthly) (#)	3.3	3.4	3.4	3.0	-15.0%	3.4	3.3	3.5	3.4	1.4%	-3%	-13%
Orders (mn)	128	175	286	89	77.2%	119	203	424	142	117.0%	-33%	-37%
Dark Stores (#)	**421**	**523**	**1,021**	**1,021**	**95.2%**	**400**	**526**	**1,301**	**1,301**	**147.3%**	-22%	-22%
AOV (Rs)	**398**	**460**	**514**	**527**	**13.4%**	**541**	**613**	**667**	**665**	**7.8%**	**-23%**	**-21%**
GOV (Rsbn)	**51**	**81**	**147**	**47**	**101.0%**	**64**	**125**	**283**	**94**	**133.9%**	**-48%**	**-50%**
GOV (USDmn)	**635**	**978**	**1,736**	**539**	**92.8%**	**800**	**1,512**	**3,344**	**1,088**	**124.2%**	-48%	-50%
GOV/day/store (Rs'000)	375	487	521	601	20.3%	442	738	848	942	2.4%	-39%	-36%
Take rate (incl. Customer delivery charges) (%)	10.7%	13.5%	15.3%	15.7%	93bps	16.5%	18.5%	18.4%	18.1%	-95bps	-307bps	-244bps
Revenue (Rsbn)	5.5	10.9	22.5	7.3	113.7%	10.6	23.0	52.1	17.1	122.2%	-57%	-57%
Contribution (Rsbn)	**(12.1)**	**(4.8)**	**(5.9)**	**(2.6)**	**196.3%**	**(4.5)**	**2.7**	**9.5**	**2.9**	**82.9%**	**NA**	**NA**
as a % of Revenue (%)	-220.3%	-44.6%	-26.3%	-35.7%	-10ppts	-41.9%	11.6%	18.3%	16.9%	-4ppts	-45ppts	-53ppts
as a % of GOV (%)	**-23.6%**	**-6.0%**	**-4.0%**	**-5.6%**	**-2ppts**	**-6.9%**	**2.1%**	**3.4%**	**3.1%**	**-1ppts**	**-7ppts**	**-9ppts**
Adjusted Ebitda (Rsbn)	**(20.3)**	**(13.1)**	**(21.0)**	**(8.4)**	**174.1%**	**(10.1)**	**(3.8)**	**(2.9)**	**(1.8)**	**381.1%**	**NA**	**NA**
Adjusted Ebitda margin (%) (%)	-370.3%	-120.4%	-93.0%	-114.7%	-25ppts	-95.1%	-16.7%	-5.6%	-10.4%	-6ppts	-87ppts	-104ppts
Adjusted Ebitda (% of GOV) (%)	**-39.6%**	**-16.2%**	**-14.3%**	**-18.0%**	**-5ppts**	**-15.7%**	**-3.1%**	**-1.0%**	**-1.9%**	**-1ppts**	**-13ppts**	**-16ppts**

Source: Company, IIFL Research

Key risks to our thesis

Potential disruption in food delivery: In food delivery, while the market is an effective duopoly at present, there is a risk of disruption to this market structure from ONDC players. At the same time, the recent announcement of a launch by **Rapido** named 'Ownly', aiming to bridge the price gap between online and offline food could potentially disrupt the industry and drive a higher level of discounting. While this does pose a risk, past attempts to disrupt the online food delivery market by players like UberEats, Foodpanda, Amazon have not fructified and even ONDC has failed to take off. We thus believe it would be challenging to cause a meaningful dent to Swiggy/Eternal.

Intense competition in QC: The quick commerce segment is witnessing hyper competition with all players vying to create a meaningful position for themselves in this market with a huge TAM. The market is witnessing competition from incumbents (Eternal, Swiggy and Zepto) on the one hand and the threat of new entrants (Amazon, Flipkart, JioMart and Bigbasket) on the other. This could lead to aggressive dark store expansion, higher discounting and higher sales and market costs, which would dent profitability.

Broad-based slowdown in consumer sentiment: On a structural basis, management expects Food delivery to be a segment that can deliver 18-22% growth in the medium term. However, in recent quarters, GOV growth for both Eternal and Swiggy decelerated in 4QFY25 due to a general weakness in consumer sentiment. With Food delivery contributing to 62%/42% of Swiggy's GOV/Revenues during FY25, a slowdown here could impact overall growth materially.

Food delivery/QC is still an urban phenomenon: The top 60 cities still account for 75-80% of the food delivery market. QC is still in nascent stages and is concentrated in metro and tier 1 cities. We believe secular growth in these segments hinges upon their ability to expand outside the urban areas, which would require new marketing strategies and value proposition. An inability to expand outside the major cities could risk the longer-term growth potential.

Regulatory risk: Food tech must operate within stringent regulatory guardrails, which does pose a threat to the players. This includes intense scrutiny around the adverse impact that QC may have on Kirana stores, which the industry believes is offset by the job creation and promotion of franchise models, making QC a net positive for the economy. The players also have to navigate challenges around FDI regulations and the laws governing the business model (inventory/marketplace). The industry is also expected to comply with food/product quality norms and labour laws.

Challenges in the delivery rider ecosystem: Exponential growth in QC has led to challenges in aligning growth in delivery fleet with industry growth. Furthermore, there is regulatory uncertainty due to evolving gig worker laws. While the Code on Social Security, 2020, sets a central framework for gig and platform workers' welfare, states like Rajasthan and Karnataka have introduced their own laws mandating registration and potential welfare contributions. These rules are yet to be notified, delaying operational enforcement. Divergent state-level requirements could increase compliance burdens and welfare fund obligations, potentially impacting Swiggy's cost structure, profitability, and operational flexibility.

Unsuccessful initiatives: Swiggy's ventures such as Dineout and Genie have their own distinct competitive dynamics and operational requirements. The company continues to innovate, and if these innovations fail to scale profitably or meet industry trends, they could drag down financial performance.

Execution risk: Swiggy operates in businesses that involve a very high degree of execution across many micro markets within India. The key success factors in these industries are often fulfilment rate, assortment of restaurants/SKUs, speed of delivery and overall reputation and reliability of services. Additionally, there is tight cost control that drives the overall profitability. Hence, any slip-ups in execution could dent the business and lead to market share loss.

Figure 89:Shareholding pattern of Swiggy

Particulars	Pre-IPO	Listing date (12 Nov 24)	Current
Mutual funds	**NA**	**3.7%**	**5.8%**
AIFs	**NA**	**2.0%**	**1.0%**
Insurance companies	**NA**	**1.6%**	**1.4%**
Provident/Pension funds	**NA**	**0.3%**	**0.5%**
Foreign investors (incl. Foreign companies)	**NA**	**68.1%**	**63.5%**
Prosus	30.9%	24.8%	23.3%
Softbank	7.7%	7.4%	6.9%
Accel	6.1%	5.3%	5.0%
Tencent	3.6%	3.2%	3.0%
Qatar Investment Authority	2.9%	2.8%	2.6%
Norwest	3.2%	2.7%	2.6%
Elevation Capital	3.1%	2.6%	2.5%
Invesco	1.8%	1.7%	1.6%
Coatue Pe Asia Xi	1.9%	1.6%	1.5%
DST EuroAsia V B.V	1.6%	1.3%	1.3%
Alpha Wave	1.2%	1.1%	1.1%
Meituan	1.5%	1.1%	1.0%
Others	NA	12.4%	11.0%
ESOP Pool	4.9%	4.7%*	8.2%
Others	29.5%	19.6%	19.7%
Total	**100.0%**	**100.0%**	**100.0%**

Source: Company, IIFL Research
*Assumed same as on date of Prospectus

Figure 90: IPO structure and objects of fresh issue

Particulars	Issue price (Rs)	No. of shares (mn)	% of total o/s (Post IPO)	Amount (Rs mn)
Fresh Issue	390	115.4	4.9%	44,990
Offer for Sale	390	175.1	7.5%	68,284
TOTAL		**290.4**	**12.4%**	**113,274**

Use of IPO funds (Rs mn)	Fresh issue	FY25E	FY26E	FY27E	FY28E
Debt repayment	1,648	1,648	NA	NA	NA
Dark store expansion	7,554	453	2,428	2,747	1,926
Lease/license payments	4,233	297	1,249	1,311	1,376
Invt in tech & cloud infra	7,034	355	2,177	2,418	2,084
Brand mkt & business promotion	11,153	615	3,319	3,590	3,629
Inorganic growth & GCP	13,368	NA	NA	NA	NA
TOTAL	**44,990**	**3,368**	**9,173**	**10,066**	**9,015**

Source: Company, IIFL Research

Figure 91: Key events and milestones of Swiggy

CY	Key Events and Milestones
2013	Swiggy incorporated as a company
2014	Commenced operations of its Food delivery business
2015	Successfully completed its first major round of fund-raising
2019	Expanded food delivery business to more than 500 cities
2020	Introduced 'Swiggy Instamart' and 'Swiggy Genie'
2021	Launched its membership subscription programme 'Swiggy One'
2022	Acquired the DineOut business and rolled-out restaurant discovery, table reservations, and in-restaurant payment services on its platform
2022	Scaled Swiggy Instamart to 25 cities, with over 400 Dark Stores and >8,400 SKUs
2023	Introduced the co-branded Swiggy-HDFC Bank credit card
2023	Completed the acquisition of 100% equity stake in Lynks
2023	Rolled out 'Swiggy Mall'
2023	Grew its fleet of active electric vehicles (EVs) to 7,500
2024	Swiggy One membership base surpassed 5.7mn subscribers
2024	Achieved a milestone of over 110mn cumulative transacting users on its platforms

Source: Company, IIFL Research

Figure 92: Funding history of Swiggy

Date	Funding Round	Post-money valuation (Rsmn)	Post-money valuation (USDmn)	Per share price
Feb-April 2015	Series A	1,163	19	13.52
June 5, 2015	Series B	1,755	27	8.60
December 31, 2015	Series C	5,923	89	17.73
April 22, 2016	Series C	6,397	96	17.73
September 16, 2016	Series D	9,648	145	23.97
June 15, 2017	Series E	19,709	306	36.05
Jan - Feb 2018	Series F	37,566	583	56.98
July 5, 2018	Series G	70,289	1,023	85.12
January 11, 2019	Series H	193,645	2,738	165.11
Feb - May 2020	Series I	208,915	2,761	168.54
April 16, 2021	Series I-2	244,625	3,283	171.50
April 30, 2021	Series J	295,582	3,967	188.65
July 27, 2021	Series J-2	337,709	4,531	194.12
Feb-Mar, 2022	Series K	746,295	9,794	357.87
August 29, 2023	Series K-1	756,576	9,138	357.87

Source: Company, IIFL Research

Funding and valuation history: Swiggy's valuation has steadily increased across funding rounds. It began with a Series A valuation of USD19mn in early-2015, rising to USD89mn by Series C in Dec'15. By Series E in mid-2017, its valuation reached USD306mn. In Series J-2 (Jul'21), Swiggy's valuation jumped to USD4.5bn. In Aug'23, it was valued at USD9.1bn in its Series K-1 round. Swiggy had launched its IPO at a valuation of ~USD11.3bn in Nov'24.

Acquisitions by Swiggy: Swiggy has made several strategic acquisitions to expand beyond food delivery. In Aug'18, it acquired Scootsy for Rs371mn, a premium delivery platform later integrated into Instamart. In Sep'18, Swiggy bought Supr Daily for Rs515mn, a subscription-based milk and grocery delivery service, later rebranded as InsanelyGood. Swiggy also acquired Shandaar Foods in Feb'21 for Rs222mn to strengthen its cloud kitchen operations. In Apr'22, it invested Rs9,505mn in Rapido and took a minority stake in UrbanPiper, a restaurant SaaS platform. A major acquisition followed in Jul'22 with Dineout for Rs6,446mn. Most recently, Swiggy bought Lynks Logistics for Rs3,855mn in Aug'23, marking its entry into FMCG distribution for kirana stores.

Figure 93: List of acquisitions done by Swiggy

Date	Target	Consideration (Rsmn)	Stake	Description
Dec-17	48East	NA	NA	Bengaluru-based Asian food cloud-kitchen team
Aug-18	Scootsy	371	100%	Premium food & essentials delivery arm; integrated into Instamart & Scootsy
Sep-18	Supr Daily	515	100%	Subscription-based milk & grocery delivery; rebranded as InsanelyGood
Feb-19	Kint.io	NA	NA	AI/computer vision startup to enhance Swiggy's tech capabilities
Nov-20	Maverix	310	19%	Ready-to-eat food brand
Feb-21	Shandaar Foods	222	Slump	Manufacturing of food products and operating centralised cloud kitchens across Hyderabad and Bengaluru
Jul-22	Dineout	6,446	Slump	Dining reservation platform
Apr-22	Rapido	9,505	15%	Aggregator tech platform of 2- and 4-wheelers
Apr-22	UrbanPiper	USD5mn	Minority stake	Restaurant SaaS platform for POS, order integration and management
Aug-23	Lynks Logistics	3,855	100%	Chennai-based FMCG distributor to kirana stores

Source: Company, IIFL Research

Figure 94:Swiggy's Global Comps

Company	Mkt Cap (USD m)	EV/Sales (x)		EV/ Ebitda (x)	P/E (x)	3 yr Cagr	Price perf (%)		
		1YF	2YF	2YF	2YF	Revenue	3M	6M	1Y
Swiggy	**10,283**	**4.1**	**3.3**	**259.1**	**NA**	**28%**	**0%**	**-39%**	**NA**
Eternal	27,658	7.2	5.6	84.9	103.2	34%	21%	-17%	33%
Meituan Dianping	107,491	1.7	1.5	10.1	14.2	15%	-25%	-11%	22%
Door Dash	93,957	6.8	5.8	24.7	39.7	18%	17%	25%	97%
Grab Holdings	19,189	4.0	3.4	17.2	42.8	18%	6%	-8%	31%
Deliveroo	3,567	1.0	0.9	9.5	24.4	7%	44%	24%	30%
Delivery Hero	7,579	0.6	0.5	6.0	24.7	12%	-7%	-24%	-19%
Just Eat Takeaway	4,714	1.2	1.1	9.6	NA	7%	0%	33%	63%
HelloFresh	1,723	0.2	0.2	3.3	NA	-1%	2%	-30%	61%
Average		**3.1**	**2.5**	**47.1**	**41.5**	**15%**	**6%**	**-5%**	**40%**

Source: Bloomberg, Company, IIFL Research

Figure 95: India Internet comps

India Internet comps	CMP (Rs)	Market Cap (USD m)	Revenue (Rs m) FY25E	EBITDA % FY25E	PAT % FY25E	Revenue CAGR		EV/Sales (x)		Price Performance (%)		
						FY22-25	FY25-27E	FY 26E	FY 27E	3M	6M	1Y
Swiggy	356	10,283	152,268	-18%	-20%	39%	32%	4.1	3.3	0.3	-39	NA
Eternal	247	27,658	202,430	3%	3%	69%	37%	7.2	5.6	21.4	-16.7	32.8
Zinka Logistics (Blackbuck)	440	911	4,267	24%	21%	53%	33%	11.9	8.8	8.5	NA	NA
Nykaa	194	6,435	79,542	6%	1%	28%	23%	5.8	4.7	17.7	10.0	13.4
PayTM	865	6,401	69,004	-21%	-11%	12%	28%	4.7	3.7	25.6	-14.7	103.5
PB Fintech	1,950	10,384	49,772	2%	7%	52%	29%	12.8	10.0	43.9	-8.6	42.1
Affle India Ltd	1,941	3,162	22,663	21%	17%	28%	21%	9.5	7.8	36.2	6.3	54.7
IndiaMART	2,481	1,727	13,884	38%	40%	23%	13%	7.6	6.2	27.7	5.7	-2.9
MapMyIndia	1,745	1,101	4,633	39%	32%	32%	29%	15.3	11.8	9.7	0.8	-10.9
Nazara	1,308	1,329	16,239	9%	6%	38%	22%	5.5	4.7	40.5	26.6	51.7
RateGain	429	588	10,767	22%	19%	43%	12%	3.0	2.4	-1.1	-42.1	-41.5
CarTrade	1,699	935	6,411	23%	21%	27%	17%	10.1	8.6	6.3	11.2	110.8
Matrimony	548	137	4,558	13%	10%	2%	7%	1.9	1.7	6.2	-17.3	-11.9
Info Edge	1,475	11,084	26,536	40%	29%	19%	17%	29.2	24.5	13.8	-16.7	18.2
Delhivery	359	3,104	89,319	2%	0%	9%	15%	2.5	2.1	48.0	-6.4	-11.7
eMudhra	742	712	5,099	25%	17%	41%	26%	8.7	6.9	-9.4	-24.6	-14.4
Tracxn	57	70	931	8%	11%	14%	22%	4.7	4.4	13.7	-29.5	-34.0
Median				**13%**	**11%**	**28%**	**22%**	**6.5**	**5.1**			

Source: Company, IIFL Research

Figure 96: Comparison with global peers across key metrics

Key Metrics	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Cagr
GMV (USDmn)											
Meituan Dianping	2,482	8,840	25,348	42,719	56,913	70,848	108,846	NA	NA	NA	88%
DoorDash				2,812	8,039	24,664	41,944	53,414	66,771	80,231	75%
Delivery Hero	1,588	2,900	3,536	5,261	8,323	14,116	38,470	47,015	49,006	52,762	48%
Just Eat Takeaway				10,157	16,007	24,439	33,335	29,738	28,900	28,462	19%
Eternal (1)				770	1,580	1,281	2,855	3,264	3,906	4,571	35%
Swiggy (1)							2,477	2,670	2,996	3,404	11%
GMV growth (%)											
Meituan Dianping		256%	187%	69%	33%	24%	54%	NA	NA	NA	
DoorDash					186%	207%	70%	27%	25%	20%	
Delivery Hero		83%	22%	49%	58%	70%	173%	22%	4%	8%	
Just Eat Takeaway					58%	53%	36%	-11%	-3%	-2%	
Eternal (1)					105%	-19%	123%	14%	20%	17%	
Swiggy (1)								8%	12%	14%	
Revenue (USDmn)											
Meituan Dianping	28	798	3,116	5,762	7,948	9,604	14,932	23,905	29,277	34,859	121%
DoorDash				291	885	2,886	4,888	6,583	8,635	10,722	82%
Delivery Hero (2)	185	360	418	690	1,279	2,590	5,887	7,395	8,702	10,638	57%
Just Eat Takeaway				1,839	3,056	4,561	6,307	5,858	5,572	5,503	20%
Eternal (1)				130	246	205	458	562	771	956	39%
Swiggy (1)							455	512	625	751	18%
Take rate (%)											
Meituan Dianping	1.1%	9.0%	12.3%	13.5%	14.0%	13.6%	13.7%	NA	NA	NA	
DoorDash				10.3%	11.0%	11.7%	11.7%	12.3%	12.9%	13.4%	
Delivery Hero	11.6%	12.4%	11.8%	13.1%	15.4%	18.3%	15.3%	15.7%	17.8%	20.2%	
Just Eat Takeaway				18.1%	19.1%	18.7%	18.9%	19.7%	19.3%	19.3%	
Eternal (1)					15.5%	16.0%	16.0%	17.2%	19.7%	20.9%	
Swiggy (1)							18.4%	19.2%	20.9%	22.1%	

Source: Company Reports, IIFL Research

Figure 97: Comparison with global peers across key metrics (Contd…)

Key Metrics	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Cagr
No. of orders (mn)											
Meituan Dianping	637	1,585	4,090	6,393	8,722	10,147	14,368	17,670	21,893	NA	56%
DoorDash				83	263	816	1,390	1,736	2,161	2,583	77%
Delivery Hero	103	197	248	369	666	1,304	2,792	NA	NA	NA	73%
Just Eat Takeaway				469	593	816	1,086	984	926	879	11%
Eternal [1]				191	403	239	535	646	753	871	29%
Swiggy[1]							454	517	578	629	11%
Volume growth (%)											
Meituan Dianping		149%	158%	56%	36%	16%	42%	23%	24%	NA	
DoorDash					217%	210%	70%	25%	24%	20%	
Delivery Hero		91%	26%	49%	80%	96%	114%	NA	NA	NA	
Just Eat Takeaway					26%	38%	33%	-9%	-6%	-5%	
Eternal [1]					111%	-41%	124%	21%	17%	16%	
Swiggy[1]								14%	12%	9%	
Average Order Value (USD)											
Meituan Dianping	3.90	5.58	6.20	6.68	6.53	6.98	7.58	NA	NA	NA	12%
DoorDash				33.88	30.57	30.23	30.18	30.77	30.90	31.06	-1%
Delivery Hero	15.37	14.72	14.26	14.24	12.50	10.82	13.78	NA	NA	NA	-2%
Just Eat Takeaway				21.66	26.99	29.95	30.69	30.22	31.21	32.38	7%
Eternal [1]				4.03	3.92	5.36	5.34	5.05	5.18	5.25	5%
Swiggy[1]							5.45	5.16	5.19	5.41	0%
Gross margin (%)											
Meituan Dianping	-123.7%	-7.7%	8.1%	13.8%	2.6%	4.3%	6.4%	18.4%	18.7%	20.9%	
DoorDash				-20.3%	-22.6%	23.0%	21.9%	23.8%	28.7%	32.4%	
Delivery Hero	82.3%	73.4%	61.7%	52.2%	25.1%	20.0%	19.7%	24.2%	28.4%	26.0%	
Just Eat Takeaway					11.0%	9.1%	-6.6%	0.3%	6.6%	9.0%	
Eternal [1] [3]				-146.8%	-52.3%	22.8%	7.4%	19.5%	28.6%	32.8%	
Swiggy [1] [3]							6.6%	12.2%	23.2%	28.0%	

Source: Company Reports, IIFL Research

Notes: 1) For Eternal and Swiggy, GMV refers to food delivery gross order value alone; 2) Delivery Hero's revenue over 2016-2024 is ex-customer delivery charges; 3) Calculated on adjusted revenues 4) 2024 corresponds to FY25 for Eternal and Swiggy, similarly for other years 5) Starting 2022, Revenue and Gross margins for Meituan Dianping are shown for the core local markets business, as against standalone food delivery business for the years prior to 2022.

Figure 98: Swiggy's key management details

Name	Designation	Profile
Sriharsha Majety	MD and Group CEO	He has more than 10 years of experience in Swiggy. He holds a bachelor's degree in engineering, specifically in electrical and electronics engineering from BITS, Pilani, and a PG diploma in management from IIM, Calcutta.
Nandan Reddy	WTD - Head of Innovation	He has more than 10 years of experience in Swiggy. He has previously worked with Intellectual Capital Advisory Services Pvt. Ltd. (Intellecap) as an associate, business consulting. He holds a master's degree in science (honours) in physics from BITS, Pilani.
Rohit Kapoor	CEO – Food Marketplace	He has been associated with Swiggy since 16th Aug'22. Prior to joining Swiggy, he was associated with OYO as the Global CMO and with Max Healthcare as a senior director and Chief Growth Officer, as well as with McKinsey as an engagement manager. He holds a BCom from the University of Calcutta and has completed the PG programme in management from ISB. He has also cleared CFA level 3.
Phani Kishan	Chief Growth Officer	He has been associated with Swiggy since 10th Mar'15. Prior to joining Swiggy, he was associated with BCG as a senior associate. He holds a BTech degree in computer science and engineering from IIT, Madras, and a PG diploma in management from IIM, Calcutta.
Rahul Bothra	CFO	He has been associated with Swiggy since 1st Sep'17. He has domestic and international experience in accounting, business finance, treasury, taxation, M&A, and assurance. Prior to joining Swiggy, he was associated with Wipro, Britannia Industries and Olam International. He is a qualified CA and an associate member of the ICAI. He holds a BCom degree from Bangalore University.
Madhusudhan Rao	Chief Technology Officer	He has been associated with Swiggy since 21st Jun'18. Prior to joining Swiggy, he was associated with Boomerang Commerce India Private Limited and Amazon. He joined Swiggy as VP – engineering. He holds a BE (CS), from VTU, Belgaum, Karnataka.
Girish Menon	Chief Human Resources Officer	He has been associated with Swiggy since 19th Apr'16. Prior to joining Swiggy, he was associated with Flipkart Internet as associate director HRBP, Indus Mobile Distribution as VP - HR, HSBC as a VP - regional HR, Vistaar Livelihood Financial Services as VP – HR, and Fullerton India Credit as assistant VP. He is a fellow member of the ICSI. He holds a BE (Mechanical) from Annamalai University, a bachelor's degree in law from Karnataka State Law University, and a PGDBM from XIME, Bangalore.
Amitesh Jha	CEO – Instamart	He is the CEO of Instamart, effective 4th Sep'24. Previously, he was associated with Flipkart Private Limited for 14 years as senior vice president. He holds a BTech degree (chemical engineering), master's degree in technology (process engineering and design) from IIT, Delhi, and has completed the PG programme in management from IIM, Ahmedabad.

Source: Company, IIFL Research

Figure 99: Swiggy has seen some churn in management in recent times as some of its management has moved on to leadership positions in other companies/startups

Name	Designation	Joined	Resigned	Current role
Ashwath Swaminathan	Chief Growth and Marketing Officer	Jan-24	Sep-24	Chief Operating Officer, Indira IVF group
Dale VAZ	CTO	Jul-18	May-23	Cofounder & CEO, Sahi.com
Anuj Rathi	SVP - Revenue and Growth	Aug-16	Sep-23	Chief business and growth officer, Cleartrip
Karthik Gurumurthy	SVP Instamart & Head Swiggy Mall	Aug-20	Dec-23	CEO, TEN x YOU
Nishad Kenkre	VP - Head of Revenue & Growth at Instamart	Jun-19	May-23	Operating Partner, Verlinvest
Karan Arora	VP & Head of SCM at Instamart	Nov-20	Apr-24	Cofounder and COO, TEN x YOU
Sidharth Satpathy	VP Head Category	Jun-19	Jan-24	National Sales Director - India, Redbull
Kedar Gokhale	VP - Operations	Jul-17	Aug-23	Cofounder, Orbit Farming
Ashish Lingamneni	VP - Brand and product marketing	Jul-17	Apr-23	NA

Source: Company, IIFL Research

Figure 100: Swiggy's board of directors

Name	Designation	Profile
Anand Kripalu	Chairman and Independent Director	He has been a Director at Swiggy since 4th Dec'23. He is currently the MD and global CEO at EPL. He was previously associated with Diageo in India - United Spirits Limited for 8 years. Further, he was also associated with Cadbury Schweppes Asia Pacific, Hindustan Lever, and DCM Data Products. He holds a BTech degree in electrical engineering from IIT Madras and a PG diploma in management from Indian Institute of Management, Calcutta. He also holds a certification in the advanced management programme by The Wharton School, University of Pennsylvania.
Shailesh Haribhakti	Independent Director	He has been an Independent Director of Swiggy since 24th Jan'23. He has more than 15 years of experience, given his previous association with Blue Star Limited, L&T Finance Holdings Limited, Raymond Limited, Ambuja Cements Limited and Torrent Pharmaceuticals Limited. He is a member of the ICAI, an associate member of the Association of Certified Fraud Examiners and a certified financial planner under the Financial Planning Standards Board India. He is a certified internal auditor under the Institute of Internal Auditors, Inc. He has cleared the final examination of the ICWAI.
Suparna Mitra	Independent Director	She has been an Independent Director at Swiggy since 1st Apr'24. She is the CEO of the watches and wearables division of Titan Company Limited (Titan) and has been associated with Titan for 18 years and has also served on the Board of Governors for IIM, Kozhikode for 5 years. Further, she has previously served on the board of Tata Power Solar Systems Ltd. She holds a bachelor's degree in electrical engineering from Jadavpur University and a PG diploma in management from IIM, Calcutta.
Roger Clark Rabalais	Non-Executive Nominee Director	He has been a Nominee Director of Swiggy since 4th Dec'23. He is currently associated with Prosus Services B.V. and has been associated with Prosus Group for more than 10 years. He holds a bachelor of arts degree in economics from the University of Texas and master of arts in the field of economics from Harvard University.
Ashutosh Sharma	Non-Executive Nominee Director	He has been a Nominee Director of Swiggy since 21st Jun'17. He is currently associated with MIH Internet India Private Limited as Investment Partner, Growth+, and has been associated with Prosus Group for more than 7 years. He was previously associated with Norwest Venture Partners as vice president, and Qualcomm India Private Limited. He holds a bachelor's degree in electronic engineering from Banaras Hindu University and an MBA from the Booth School of Business at the University of Chicago.
Sumer Juneja	Non-Executive Nominee Director	He has been a Nominee Director of Swiggy since 27th Jul'21. He is currently the managing partner and head of Europe Middle East and Africa (EMEA) and India at SB Investment Advisers (UK) Limited. He was previously associated with entities affiliated to SB Investment Advisers (UK) Limited for 4 years and NVP Venture Capital India Private Limited as a director for more than 9 years. He holds a bachelor of science degree from the London School of Economics and Political Science, University of London.
Anand Daniel	Non-Executive Nominee Director	He has been a Nominee Director of Swiggy since 10th Jul'15. He was previously associated with Accel India Management LLP for 4 years and is currently associated with Accel Partners India LLP as Partner for 10 years. He holds a bachelor's degree in engineering (computer science) from the University of Madras, a master's degree in engineering from Purdue University and an MBA from Massachusetts Institute of Technology.
Sriharsha Majety	MD and Group CEO	He has more than 10 years of experience in Swiggy. He holds a bachelor's degree in engineering, specifically in electrical and electronics engineering, from BITS, Pilani, and a PG diploma in management from IIM, Calcutta.
Nandan Reddy	WTD - Head of Innovation	He has more than 10 years of experience in Swiggy. He has previously worked with Intellectual Capital Advisory Services Pvt. Ltd. (Intellecap) as an associate, business consulting. He holds a master's degree in science (honours) in physics from BITS, Pilani.

Source: Company, IIFL Research

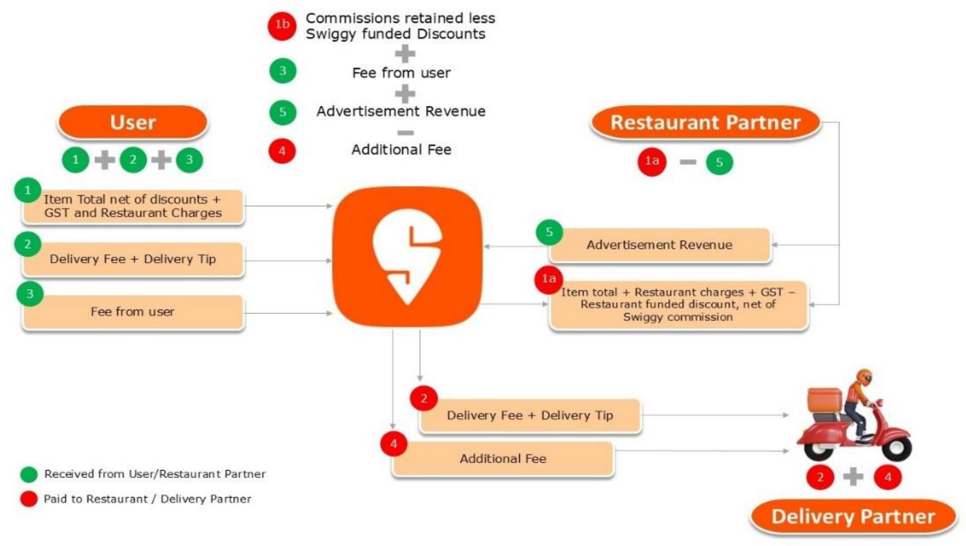
Appendix

Figure 101: Overview of all segments of Swiggy

Particulars	Source of revenue	Food delivery	Supply chain & distribution	Quick commerce	Out-of-home consumption	Platform innovations
Brands		Swiggy	NA	Instamart	Dineout, Scenes	Genie, Minis, Private brands
Description		Restaurant discovery & delivering food ordered by users	Comprehensive supply chain solutions to wholesalers and retailers	On-demand grocery and various household items	Provision of restaurant dining services and access to curated outdoor events	On-demand product pick-up/ drop-off service for users, D2C offering for homegrown & pvt brands
Revenue model	From businesses/ partners	Commissions	Sale of goods	Commissions	Commissions	Sale of food/ products
		Advertising	Revenue for supply chain management services	Advertising	Advertising	Advertising
		Business enablement fees	Business enablement fees	Business enablement fees	-	Business enablement fees
	From users	Platform Fees	-	Platform Fees	Platform Fees	Delivery fees
Revenue drivers		# of monthly transacting customers	# of wholesalers/ retailers	# of monthly transacting customers	# of monthly transacting user	# of monthly transacting user
		Order Frequency	Value of good supplied	Order Frequency	# of Restaurant Partners	Order Frequency
		AOV	Order frequency	AOV	Commission rates charged to Restaurant partners	# of private brands and minis
		# of Restaurant Partners		Commission rates charged to partners	# of Restaurant Partners paying for Advertising	
		Commission rates charged to Restaurant partners		# of Partners paying for Advertising		
		# of Restaurant Partners paying for Advertising				
Cost drivers		Delivery cost	Cost of Goods Sold	Delivery cost	Marketing spend	Delivery cost
		Discounts and marketing spend	Supply chain management services	Discounts and marketing spend		
				Outsourcing support		

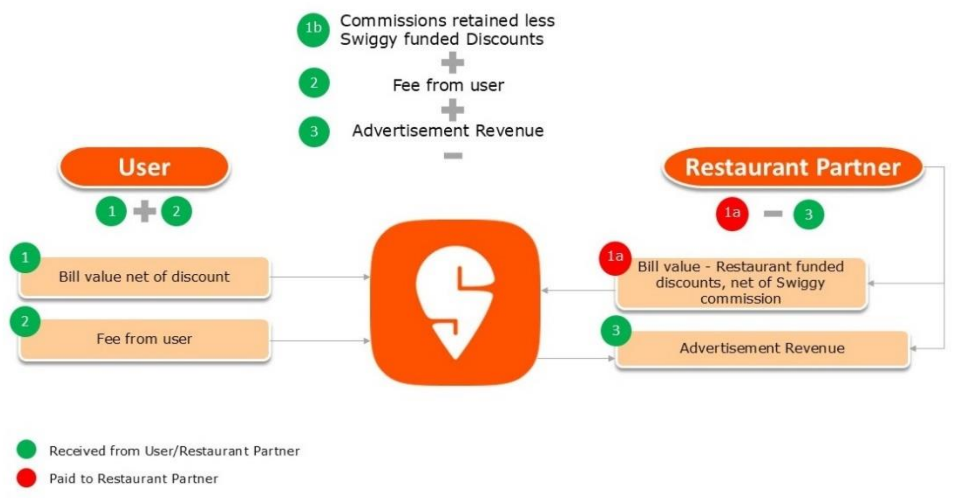
Source: Company, IIFL Research

Figure 102: Business model of Food delivery



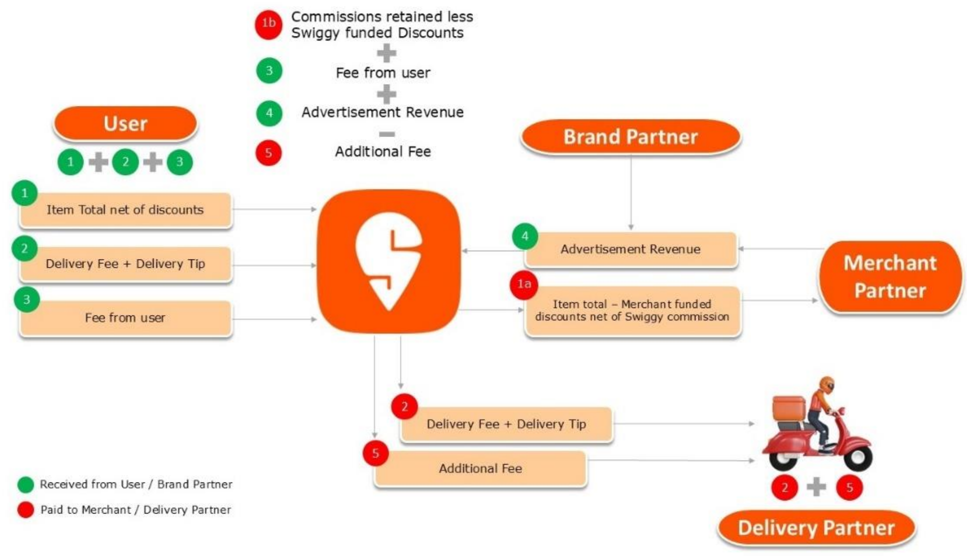
Source: Company, IIFL Research

Figure 103: Business model of Out-of-home consumption



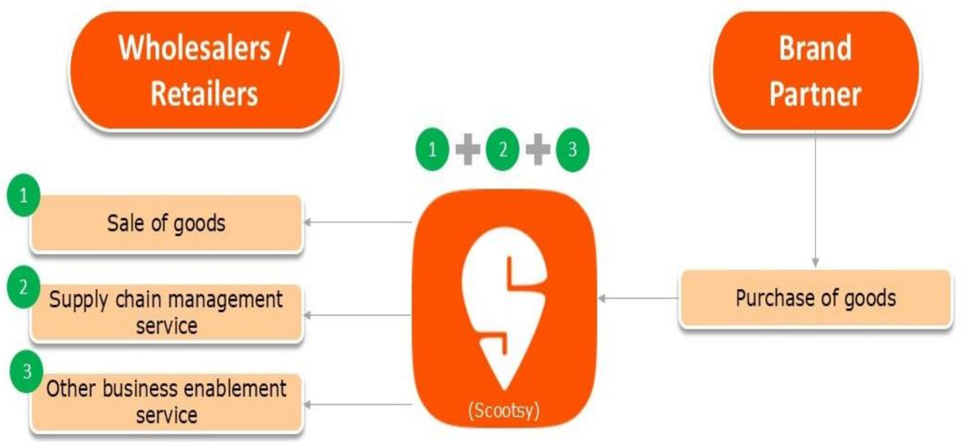
Source: Company, IIFL Research

Figure 104: Business model of Quick commerce



Source: Company, IIFL Research

Figure 105: Business model of Supply chain and distribution



Source: Company, IIFL Research

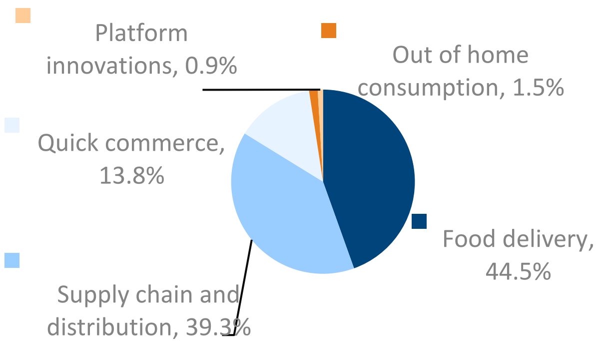
Background: Swiggy is one of India's leading online food tech platforms, accessible through a unified app to browse, select, order and pay for food (Food delivery), and grocery and household items (Instamart), and has orders delivered to the doorstep through an on-demand delivery partner network. As of FY25, Swiggy's 14.7mn monthly transacting users present across India placed ~629mn food delivery orders with a Gross Order Value (GOV) of over USD3bn. Swiggy Instamart, a marketplace that facilitates quick delivery of groceries and essentials through its ~1,021 dark stores as of FY25, catered to ~285mn orders with a GOV of ~USD1.7bn.

Management

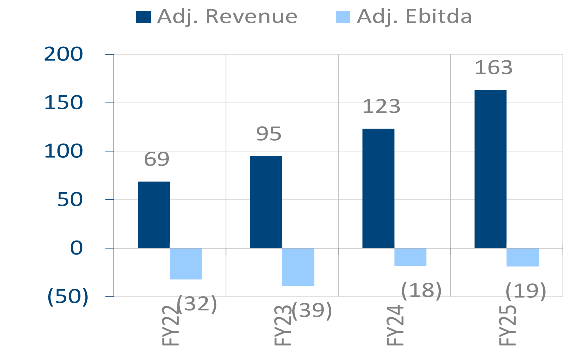
Name	Designation
Anand Kripalu	Chairman
Sriharsha Majety	MD and CEO
Nandan Reddy	WTD – Head of innovations
Rahul Bothra	CFO

Competitors: Eternal, Zepto, BigBasket:

Segment mix - FY25



Revenue and Ebitda

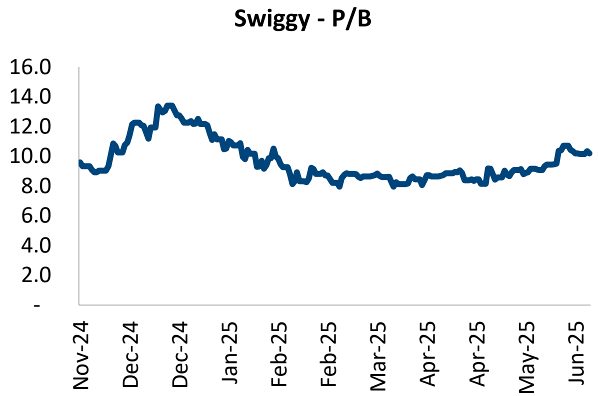


Assumptions

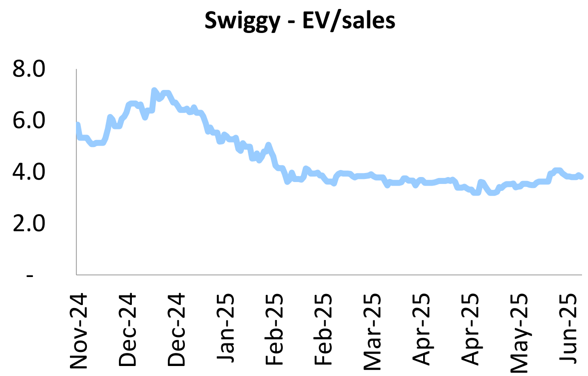
Y/e 31 Mar, Consolidated	FY24A	FY25A	FY26ii	FY27ii	FY28ii
Food delivery-Revenue growth (%)	24.9	23.1	19.5	17.2	17.8
Number of orders (Mn)	577.7	628.9	698.7	776.2	870.9
Average Order Value (Rs)	427.8	457.7	485.1	509.4	534.9
Contribution as a % of AOV	5.7	7.1	7.8	8.2	8.4
Quick commerce-Revenue growth (%)	116.8	117.6	107.6	58.6	36.2
Number of orders (Mn)	175.5	285.5	490.2	643.6	787.8
Average Order Value (Rs)	459.9	514.3	591.4	650.6	683.1
Contribution as a % of AOV	(6.0)	(4.0)	(1.3)	1.8	2.9
Adj EBITDA margin (%)	(14.3)	(10.6)	(4.0)	3.3	7.5

Source: Company data, IIFL Research

PB Chart (1YF)



EV/Sales (1YF)



Financial summary

Income statement summary (Rs m)

Y/e 31 Mar, Consolidated	FY24A	FY25A	FY26ii	FY27ii	FY28ii
Revenues	**112,474**	**152,268**	**208,083**	**264,381**	**321,519**
Ebitda	(22,080)	(27,858)	(16,309)	3,311	22,450
Depreciation and amortisation	(4,206)	(6,123)	(9,364)	(10,575)	(11,253)
Ebit	(26,286)	(33,981)	(25,673)	(7,264)	11,197
Non-operating income	3,870	3,962	3,642	2,728	3,204
Financial expense	(714)	(1,006)	(1,500)	(1,500)	(1,500)
PBT	(23,130)	(31,025)	(23,531)	(6,036)	12,902
Exceptionals	(306)	(117)	0	0	0
Reported PBT	(23,436)	(31,142)	(23,531)	(6,036)	12,902
Tax expense	0	0	0	0	0
PAT	(23,436)	(31,142)	(23,531)	(6,036)	12,902
Minorities, Associates etc.	(66)	(26)	(26)	(26)	(26)
Attributable PAT	**(23,502)**	**(31,168)**	**(23,557)**	**(6,062)**	**12,876**

Ratio analysis

Y/e 31 Mar, Consolidated	FY24A	FY25A	FY26ii	FY27ii	FY28ii
Per share data (Rs)					
Pre-exceptional EPS	(10.6)	(13.7)	(9.4)	(2.4)	5.2
DPS	0.0	0.0	0.0	0.0	0.0
BVPS	35.5	45.0	31.5	29.1	34.3
Growth ratios (%)					
Revenues	36.1	35.4	36.7	27.1	21.6
Ebitda	(48.4)	26.2	(41.5)	(120.3)	578.0
EPS	(45.2)	29.4	(30.9)	(74.3)	(312.4)
Profitability ratios (%)					
Ebitda margin	(19.6)	(18.3)	(7.8)	1.3	7.0
Ebit margin	(23.4)	(22.3)	(12.3)	(2.7)	3.5
Tax rate	0.0	0.0	0.0	0.0	0.0
Net profit margin	(20.8)	(20.5)	(11.3)	(2.3)	4.0
Return ratios (%)					
ROE	(27.5)	(34.5)	(26.1)	(8.0)	16.3
ROIC ex goodwill	0.0	0.0	0.0	0.0	0.0
Solvency ratios (x)					
Net debt-equity	(0.5)	(0.5)	(0.3)	(0.3)	(0.5)
Net debt to Ebitda	1.8	1.8	1.6	(7.0)	(1.8)
Interest coverage	(36.8)	(33.8)	(17.1)	(4.8)	7.5

Source: Company data, IIFL Research

Balance sheet summary (Rs m)

Y/e 31 Mar, Consolidated	FY24A	FY25A	FY26ii	FY27ii	FY28ii
Cash & cash equivalents	49,301	66,214	43,306	40,056	58,122
Inventories	487	555	869	940	1,260
Receivables	9,639	24,625	22,857	21,943	22,080
Other current assets	11,048	3,550	4,162	5,288	6,430
Creditors	8,809	18,180	25,979	28,973	34,966
Other current liabilities	9,538	14,116	20,822	24,735	28,826
Net current assets	**52,128**	**62,648**	**24,392**	**14,518**	**24,100**
Fixed assets	10,406	26,838	38,283	40,926	42,534
Intangibles	10,008	9,470	9,470	9,470	9,470
Investments	11,318	9,652	9,652	9,652	9,652
Other long-term assets	3,088	11,150	14,566	15,863	17,684
Total net assets	**86,948**	**119,757**	**96,362**	**90,429**	**103,439**
Borrowings	8,642	17,029	17,029	17,029	17,029
Other long-term liabilities	391	533	694	823	957
Shareholders equity	**77,915**	**102,195**	**78,638**	**72,576**	**85,452**
Total liabilities	**86,948**	**119,757**	**96,362**	**90,429**	**103,439**

Cash flow summary (Rs m)

Y/e 31 Mar, Consolidated	FY24A	FY25A	FY26ii	FY27ii	FY28ii
Ebit	(26,286)	(33,981)	(25,673)	(7,264)	11,197
Tax paid	0	0	0	0	0
Depreciation and amortization	4,206	6,123	9,364	10,575	11,253
Net working capital change	2,478	8,689	12,094	5,456	6,797
Other operating items	(306)	(117)	0	0	0
Operating cash flow before interest	(19,908)	(19,286)	(4,215)	8,767	29,248
Financial expense	(714)	(1,006)	(1,500)	(1,500)	(1,500)
Non-operating income	3,803	3,936	3,616	2,703	3,179
Operating cash flow after interest	**(16,819)**	**(16,356)**	**(2,099)**	**9,969**	**30,926**
Capital expenditure	**(10,434)**	**(20,350)**	**(20,808)**	**(13,219)**	**(12,861)**
Long-term investments	0	0	0	0	0
Others	0	0	0	0	0
Free cash flow	**(27,253)**	**(36,707)**	**(22,908)**	**(3,250)**	**18,066**
Equity raising	10,851	55,448	0	0	0
Borrowings	2,112	(1,830)	0	0	0
Dividend	0	0	0	0	0
Net chg in cash and equivalents	(14,290)	16,912	(22,908)	(3,250)	18,066

Source: Company data, IIFL Research

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Add - Stock expected to give a return 0-10% over the average return on a debt instrument over a 1-year horizon.
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