INSTITUTIONAL RESEARCH

Swiggy

Pencils in an ambitious five-year roadmap

Swiggy at its FY26 analyst meet penciled in an ambitious five-year roadmap entailing INR2.5trn GOV i.e., 3.7x scale with INR100bn EBITDA by FY31. This comprises (1) 2.5-3.5x GOV in FD (implied 20-29% CAGR vs HSIE's 17%) and adj. EBITDA of INR50bn vs HSIE's INR40bn; (2) 4-5x GOV scale in QC (implied 32-38% CAGR vs HSIE's 29% and adj. EBITDA of INR40bn vs HSIE's -INR1.8bn; and (3) 4-5x GOV scale in OOH consumption (implied 32-38% CAGR vs HSIE's 34%). Ambitions seem lofty in our view esp. in QC as two-thirds of the improvement (INR20 of INR30 per order) that is required to break even is expected to come from take rates – a function of product margins and ad income. This is a tough journey to tread as it needs significant improvement in NOV density (currently ~560k/dark store per day) and NOV/SKU. That said, by FY28, the risk of a blow-up gets to near-zero as FD cash flows + treasury income will exceed QC losses and one isn't paying for QC either. We may differ in the pace at which QC gets to steady-state margins. However, given FD itself covers current market cap plus zero blow-up risk makes risk-reward favorable. We maintain BUY with an SOTP-based TP of INR470/sh (incl. 40x Jun-28 EV/EBITDA for FD and 0.5x NOV for QC).

- **FD is pegged to grow 2.5-3.5x and achieve INR50bn in adj EBITDA by FY31:** Management aims to hit 2.5-3.5x FY26 GOV by FY31 (implied 20-29% CAGR over FY26-31). Its *Toing*/other affordability-led offerings are expected to add to incremental volumes as Swiggy attempts to scrape through new + dormant users. Other offerings like *Bolt*, *Gourmet*, *EatRight*, and *Food on Train* are expected to earn incremental volumes too. We suspect squeezing out both higher growth vs current pace along with 5% adj EBITDA is a difficult equation to solve. <u>We remain conservative in our estimates and pencil in 17% GOV CAGR over FY26-31 and INR40bn in adj. EBITDA by FY31 (vs the targeted INR50bn).</u>
- **QC's 4-5x GOV scale and INR40bn adj EBITDA ambition is a bit out there:** Management highlighted that to hit adj. EBITDA breakeven in QC, they need to hit 2.5x current GOV. It intends to get to 4-5x current scale and INR40bn adj. EBITDA by FY31. QC ambitions seem lofty as two-third of the improvement (INR20 of INR30 per order) required to break even is expected to come from take rates (product margins + ad income). This is a tough journey to tread as it needs significant improvement in NOV density (currently ~560k/dark store per day) and NOV/SKU. Technically, though, there is enough room to improve utilization (currently at ~40%). Pace and quantum of improvement on this KPI is tied to externalities Swiggy has least control on – the competitive landscape. <u>We differ meaningfully here and pencil in 29% GOV CAGR over FY26-31 and adj. EBITDA losses of -INR1.8bn.</u>
- **Ambitions in OOH Consumption – doable:** Swiggy intends to hit 4-5x current GOV scale and INR10bn adj. EBITDA (4-5% adj. EBITDAM) seems doable, given the phase of evolution its core offering *Dineout* is in. The segment doesn't need much in terms of investments (except marketing spends). We pencil in 34% GOV CAGR and ~2.5% adj. EBITDAM.
- **Valuation and outlook:** Swiggy's fortunes almost entirely rest on how Instamart scales and in turn how competition shapes up over FY26-31, the complexion of which remains unknown. In our view, it is likely that top markets will be closely contented for. Hence, steady-state margins are unlikely to be what players are eyeing. That said, for Swiggy, the risk of a blow-up is near-zero as by FY28 FD cash flows + treasury income will exceed QC losses and one isn't paying for QC either. Hence, risk-reward remains favorable. We maintain BUY on the name with an SOTP-based TP of INR470/sh (incl. 40x Jun-28 EV/EBITDA for FD and 0.5x NOV for QC).

BUY

CMP *(as on 10 Aug 2026)*	INR 280
Target Price	INR 470
NIFTY	24,584

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 470	INR 470
EBITDA%	FY27E	FY28E
	NM	NM

KEY STOCK DATA	
Bloomberg code	SWIGGY IN
No. of Shares (mn)	2,760
MCap (INR bn) / ($ mn)	770/8,081
6m avg traded value (INR mn)	4,235
52 Week high / low	INR 474/236

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(0.2)	(12.8)	(30.0)
Relative (%)	(1.1)	(6.8)	(27.4)

SHAREHOLDING PATTERN (%)	Mar-26	Jun-26
Promoters	-	-
FIs & Local MFs	25.45	27.38
FPIs	14.59	13.96
Public & Others	59.96	58.66
Pledged Share	-	-

Source : BSE

Pledged shares as % of total shares

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Financial summary

(Rs mn)	FY24	FY25	FY26	FY27E	FY28E	FY29E
Net Revenue	1,12,474	1,52,268	2,30,532	2,95,987	3,58,606	4,27,638
EBITDA	(22,080)	(27,858)	(32,308)	(21,996)	(511)	18,615
APAT	(23,502)	(31,167)	(41,538)	(32,686)	(13,555)	3,255
EPS (Rs)	(10.7)	(12.5)	(15.0)	(11.8)	(4.9)	1.2
P/E (x)	(26.2)	(22.4)	(18.6)	(23.6)	(57.0)	237.5
EV/EBITDA (x)	(25.9)	(23.4)	(21.7)	(31.5)	(1,376.0)	37.5
Core RoCE(%)	(65)	(60)	(43)	(31)	(18)	(2)

Estimate changes

(INR mn)	FY27E			FY28E			FY29E		
	New	Old	Change (%)	New	Old	Change (%)	New	Old	Change (%)
Revenue	2,95,987	2,95,138	*0.3*	3,58,606	3,57,396	*0.3*	4,27,638	4,26,000	*0.4*
Adj. EBITDA	(23,728)	(23,706)	*NM*	(7,506)	(7,563)	*NM*	9,156	9,010	*1.6*
Adj. EBITDAM (%)	(8.0)	(8.0)	***2 bps***	(2.1)	(2.1)	***2 bps***	2.1	2.1	***3 bps***
Pre-IND AS EBITDA	(29,128)	(29,106)	*NM*	(9,236)	(9,293)	*NM*	8,296	8,150	*1.8*
Pre-IND AS EBITDA margin (%)	(9.8)	(9.9)	***2 bps***	(2.6)	(2.6)	***2 bps***	1.9	1.9	***3 bps***

SOTP Valuation (Jun-28)

Swiggy	Methodology	Multiple	GoV/NoV/EBITDA	EV (Rs mn)	Per share
Food Delivery	EV/EBITDA	40	20,166	8,06,635	292
Quick Commerce	EV/NoV	0.5	4,19,597	2,07,701	75
OOH Consumption	EV/GoV	0.9	99,216	89,295	32
Supply chain & distribution	EV/Sales	0.5	1,68,793	84,396	31
Platform & Innovation	EV/Gross sales	0.5	3,045	1,522	1
Consol Enterprise Value				**11,89,549**	**431**
Net Debt				(1,07,180)	**-39**
Consol Equity Value				**12,96,729**	**470**
No. of shares (#)					2,760
CMP					**280**
Upside (%)					67.8

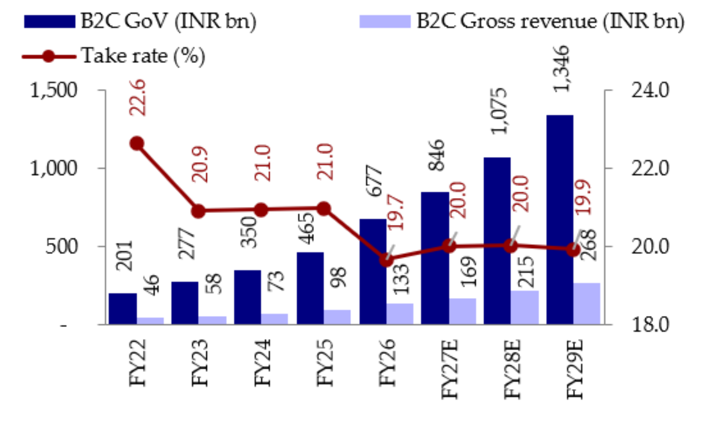
Swiggy FY31 Ambition

Particulars	FY26 (INR mn)	FY31 Management expectations (INR mn)	Management Implied scale in FY31 (INR mn)	Management implied CAGR over FY26-31 (%)	HSIE FY31 estimates (INR mn)	HSIE CAGR over FY26-31 (%)
Food Delivery						
- GOV	3,45,930	2.5-3.5x	8,65,000 to 12,11,000	20-28.5% CAGR	7,62,970	17.1
- Adj. EBITDA	10,010	50,000	50,000	38% CAGR	40,031	31.9
Quick Commerce						
- GOV	2,84,960	4-5x	11,40,000 to 14,25,000	32-38% CAGR	10,03,210	28.6
- Adj. EBITDA	-35,120	40,000	40,000	NA	-4,361	NA
- MTU	13.3	3-3.5x	40-47	25-28.5% CAGR	37.7	23.1
- Purchase Frequency (orders/month)	2.8	1.2-1.4x	3.4-3.9	4-7% CAGR	3.1	2.0
- GOV/order (INR)	691	1.1-1.2x	760-830	2-4% CAGR	719	0.8
OOH						
- GOV	46,450	4-5x	1,86,000 to 2,32,000	32-38% CAGR	1,98,162	33.7
- Adj. EBITDA	290	10,000	10,000	103% CAGR	5,219	78.3
Consolidated						
- GOV	6,77,340	25,00,000	25,00,000	30% CAGR	19,64,342	23.7
- Adj. EBITDA	-24,830	1,00,000	1,00,000		40,890	
- Adj. EBITDAM (% of GOV)	-3.7	4.0		770bps expansion	2.1	~580bps expansion
- MTU	25.2	2.5-3x	100-130			
- EPS (INR)	-17	30-33			13	
- Cash	40,430	1,44,000 Debt free	1,44,000		92,439	

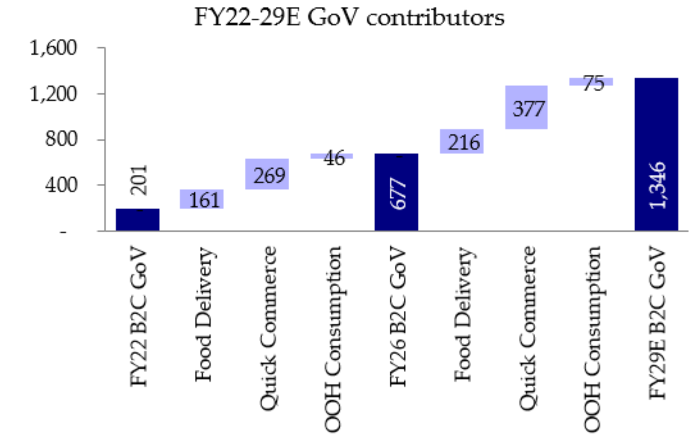
Source: Company, HSIE Research

Focus Charts

We expect QC to do most of the heavy-lifting in GoV growth over FY26-29

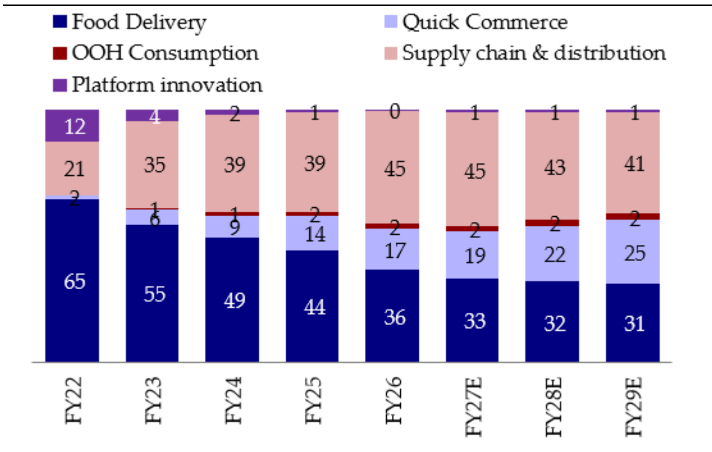


Source: Company, HSIE Research



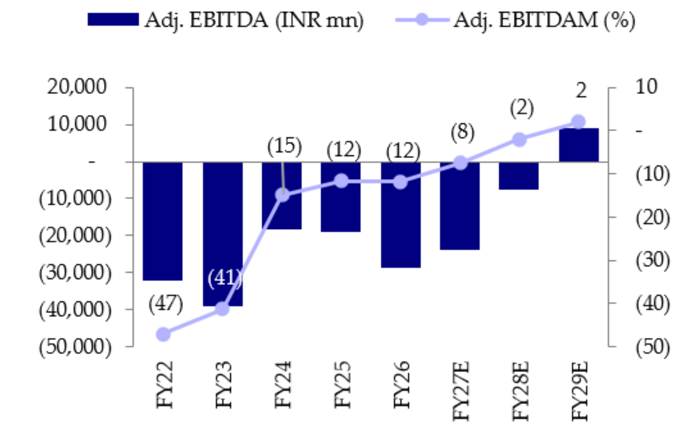
Source: Company, HSIE Research

Swiggy: Gross Revenue mix (%)



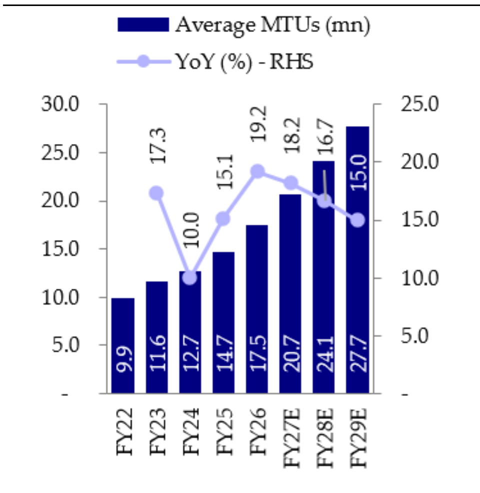
Source: Company, HSIE Research

Rising take rates in QC and operating leverage should aid profitability

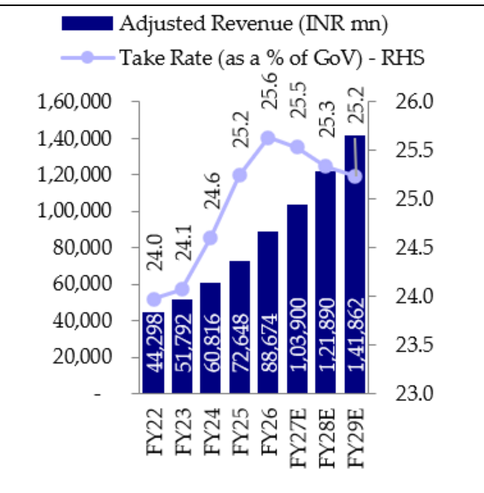


Source: Company, HSIE Research

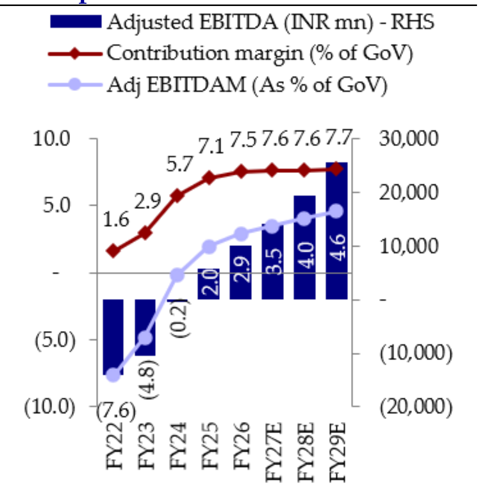
FD MTUs to grow at ~17% CAGR over FY26-29



FD take rates to remain range bound

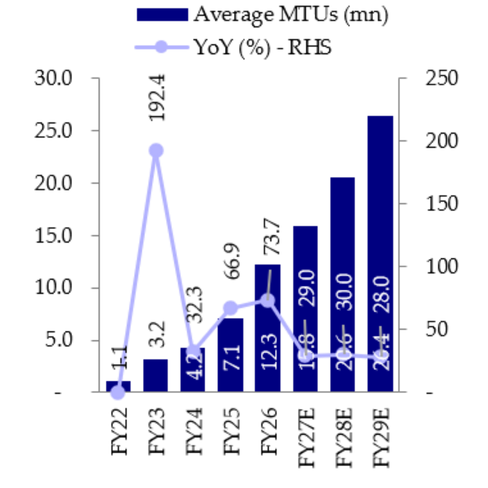


FD adj. EBITDAM to improve by ~170bps over FY26-29

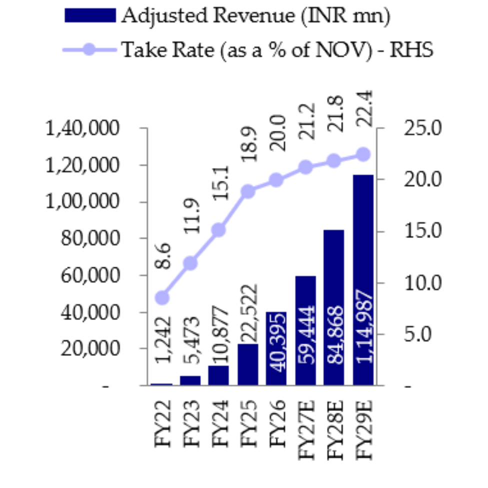


Source: Company, HSIE Research

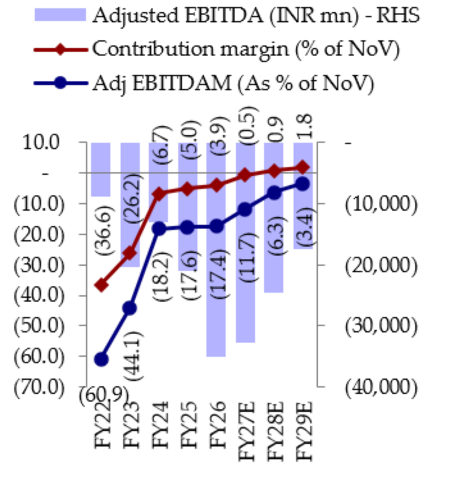
QC MTUs to grow at ~29% CAGR over FY26-29



QC take rates to improve due to higher ad monetization

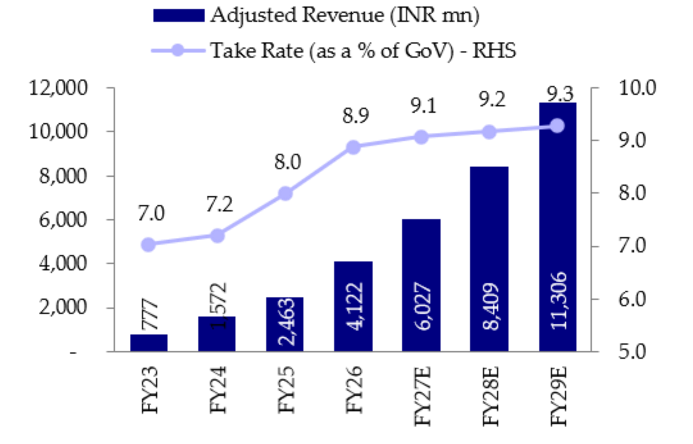


We expect QC adj. EBITDAM at 3.4% in FY29

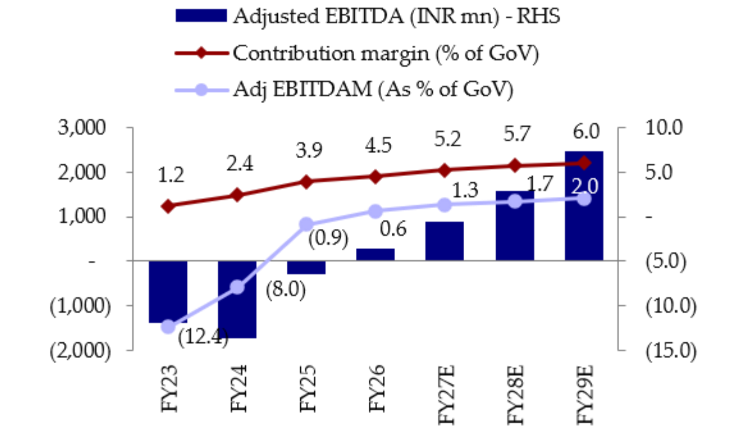


Source: Company, HSIE Research

As OOH scales, we expect adj. EBITDAM to improve from near breakeven in FY26 to 2% in FY29 due to operating leverage

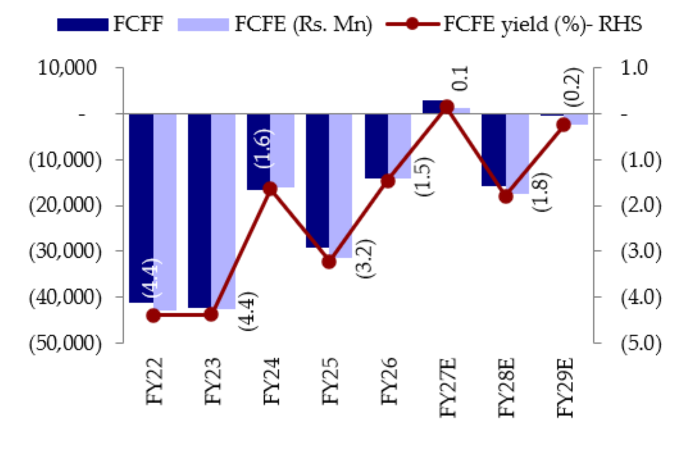


Source: Company, HSIE Research



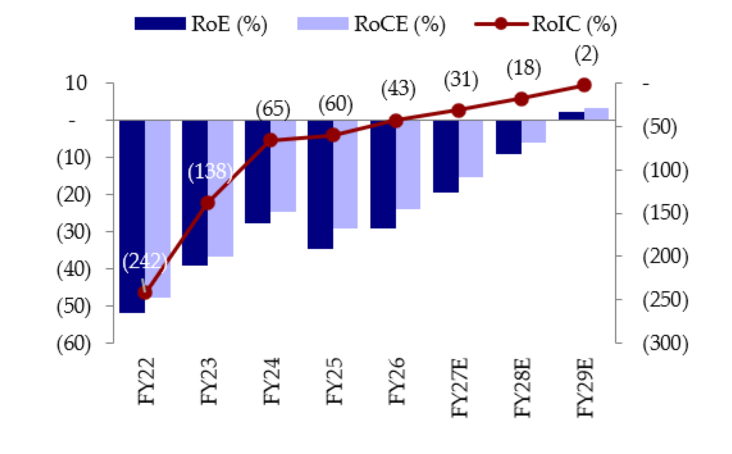
Source: Company, HSIE Research

Free cash flow generation nears breakeven by FY29



Source: Company, HSIE Research

We expect return ratios to improve due to better take rates and operating leverage



Source: Company, HSIE Research

Segment-wise snapshot

GoV (B2C)	**2,01,223**	**2,77,405**	**3,49,691**	**4,65,490**	**6,77,339**	**8,46,458**	**10,74,598**	**13,45,807**
Food Delivery	1,84,788	2,15,171	2,47,174	2,87,826	3,45,931	4,06,915	4,81,139	5,62,195
Quick Commerce	16,434	51,184	80,686	1,46,825	2,84,963	3,73,127	5,01,804	6,61,711
OOH Consumption	-	11,051	21,831	30,839	46,445	66,417	91,655	1,21,901
Growth - YoY (%)			***26.1***	***33.1***	***45.5***	***25.0***	***27.0***	***25.2***
Food Delivery			*14.9*	*16.4*	*20.2*	*17.6*	*18.2*	*16.8*
Quick Commerce			*57.6*	*82.0*	*94.1*	*30.9*	*34.5*	*31.9*
OOH Consumption			*97.5*	*41.3*	*50.6*	*43.0*	*38.0*	*33.0*
Gross Revenue	**68,604**	**94,797**	**1,23,203**	**1,63,325**	**2,43,152**	**3,14,579**	**3,81,699**	**4,55,909**
Food Delivery	44,298	51,792	60,816	72,648	88,674	1,03,900	1,21,890	1,41,862
Quick Commerce	1,242	5,473	10,877	22,522	40,395	59,444	84,868	1,14,987
OOH Consumption	-	777	1,572	2,463	4,122	6,027	8,409	11,306
Supply chain & distribution	14,653	32,863	47,796	64,175	1,09,351	1,42,156	1,63,480	1,84,732
Platform innovation	8,411	3,892	2,143	1,517	610	3,052	3,052	3,022
B2C Take rate (%)	**22.6**	**20.9**	**21.0**	**21.0**	**19.7**	**20.0**	**20.0**	**19.9**
Food Delivery	24.0	24.1	24.6	25.2	25.6	25.5	25.3	25.2
Quick Commerce	7.6	10.7	13.5	15.3	14.2	15.9	16.9	17.4
OOH Consumption		7.0	7.2	8.0	8.9	9.1	9.2	9.3
Gross Revenue mix (%)								
Food Delivery	64.6	54.6	49.4	44.5	36.5	33.0	31.9	31.1
Quick Commerce	1.8	5.8	8.8	13.8	16.6	18.9	22.2	25.2
OOH Consumption	-	0.8	1.3	1.5	1.7	1.9	2.2	2.5
Supply chain & distribution	21.4	34.7	38.8	39.3	45.0	45.2	42.8	40.5
Platform innovation	12.3	4.1	1.7	0.9	0.3	1.0	0.8	0.7
Adjusted EBITDA	**(32,338)**	**(39,103)**	**(18,356)**	**(19,115)**	**(28,712)**	**(23,728)**	**(7,506)**	**9,156**
Food Delivery	(14,095)	(10,350)	(472)	5,662	10,006	14,205	19,365	25,594
Quick Commerce	(8,833)	(20,268)	(13,091)	(20,941)	(35,119)	(32,809)	(24,591)	(17,406)
OOH Consumption	(65)	(1,372)	(1,736)	(283)	287	876	1,589	2,479
Supply chain & distribution	(3,015)	(2,955)	(1,867)	(2,803)	(1,917)	(1,422)	(817)	-
Platform innovation	(6,329)	(4,159)	(1,190)	(750)	(1,969)	(4,578)	(3,052)	(1,511)
Adjusted EBITDAM (%)	**(47.1)**	**(41.2)**	**(14.9)**	**(11.7)**	**(11.8)**	**(7.5)**	**(2.0)**	**2.0**
Food Delivery	(7.6)	(4.8)	(0.2)	2.0	2.9	3.5	4.0	4.6
Quick Commerce	(53.7)	(39.6)	(16.2)	(14.3)	(12.3)	(8.8)	(4.9)	(2.6)
OOH Consumption		(12.4)	(8.0)	(0.9)	0.6	1.3	1.7	2.0
Supply chain & distribution	(20.6)	(9.0)	(3.9)	(4.4)	(1.8)	(1.0)	(0.5)	-
Platform innovation	(75.2)	(106.9)	(55.5)	(49.4)	(322.5)	(150.0)	(100.0)	(50.0)

Source: Company, HSIE Research

Key takeaways from capital market day

Food delivery

- Management aims to grow food delivery FY26 GOV 2.5-3.5x by FY31.
- Management aims to scale Toing and other affordability initiatives to raise food delivery growth from the current 18-20% range to 25-30% annually.
- Management aims to grow food delivery adjusted EBITDA from ~INR 10bn in FY26 to ~INR 50bn by FY31.
- The company has achieved 10% reduction in severely delayed orders; a metric management monitors extremely closely because it disproportionately affects customer satisfaction.
- Priority delivery products such as Express and Bolt have reached a meaningful share of deliveries and have become important convenience offerings.
- Management emphasized that restaurant profitability and growth are necessary for platform growth, since the marketplace must create value for all stakeholders.
- The number of restaurant partners has increased 1.5x over the last 24 months.
- Managed account coverage has doubled over the last three years, meaning a much larger proportion of restaurants now receive active account management.
- Swiggy has introduced programs such as Hyperboost and Growth Multiplier to improve restaurant GMV and advertising efficiency.
- Management argued that convincing strong organic brands to advertise on the platform creates a demonstration effect for smaller restaurants.
- Advertising is increasingly becoming a restaurant growth tool rather than just a monetization product. These programs improve both restaurant sales and Swiggy's monetization potential. The important implication is that restaurant advertising penetration still has room to increase, providing a higher-margin revenue lever.
- The company is deliberately creating multiple consumption occasions—speed, value, health, and premium—to increase order frequency.
- Management admitted that Swiggy was previously underinvested outside the top metro cities, but has aggressively corrected this. India Next has become a major growth driver and more than 95% of India Next cities are unit-economics positive.
- Management believes baseline food delivery category growth is ~20% annually. However, the company estimates that solving affordability could unlock 30-40% additional category demand and potentially add 5-7 percentage points of incremental growth to the category.
- Toing is the centerpiece of Swiggy's next growth chapter. Management is trying to build a structurally cheaper food delivery network that expands the overall addressable market.
- Toing is built specifically for Gen Z, college students, and early jobbers. It is focused on low prices, transparency, and zero extra charges.
- Customer acquisition costs are improving while repeat-user economics are strengthening.
- Two out of every three Toing users are either new or dormant food delivery users, indicating incremental demand creation. The remaining users tend to increase their combined usage across Swiggy's portfolio rather than simply substituting orders.

- Toing has stronger participation from "belly and tail" restaurants (mid-sized and long-tail restaurants) that receive relatively less visibility on the main marketplace.
- Toing is expected to operate at a lower margin profile (~2.5% EBITDA-like economics), but because it leverages the existing delivery and technology infrastructure, the incremental profit pool remains attractive.
- The company does not view affordability initiatives as heavily cannibalistic; early data suggest they are attracting new users and increasing basket sizes rather than simply shifting existing premium demand.
- 99 Store total order value is currently ~4x the nominal entry price, indicating meaningful add-on purchases once consumers perceive value.

Quick Commerce

- Management aims to grow QC FY26 GOV 4-5x by FY31.
- Management expects to become EBITDA positive at 2.5x of FY26 scale.
- Management aims to grow QC adjusted EBITDA to ~INR 40bn by FY31 and expects steady state EBITDAM at 4-4.5% of GOV.
- FY31 NOV target remains anchored on scaling the existing network rather than aggressive geographic expansion; current network spans 130 cities with only ~40% capacity utilization, implying substantial headroom before large-scale store additions are required.
- Growth is expected to be driven primarily by higher transacting users, better retention, and increased order frequency, with densification occurring only when local catchments approach capacity constraints.
- Management reiterated that the major unit-economics reset has already been completed, with contribution margins improving from ~–5.5% to ~0%, and July order additions already exceeding the cumulative additions of the previous six months.
- Management expects the Indian QC market to grow at 40-45% CAGR over the next 4-5 years to reach $65-70bn in size.
- Organized retail is expected to continue gaining share from unorganized retail, with QC becoming a meaningful part of that transition. Management is effectively arguing that the current competitive intensity should be viewed against a market that is still in the early innings of penetration.
- Grocery currently contributes 71% of QC GMV. Non-grocery categories will continue expanding, but grocery is expected to remain the dominant demand driver. Management expects grocery to remain 60-65% of GMV even in the long term.
- Management deliberately chose to undertake a major unit-economics reset, bringing contribution margin from -5.6% to near breakeven, despite increasing competitive intensity.
- The objective was to reduce the gap with the market leader, build a sustainable long-term cost structure, and improve competitiveness over the next five years rather than maximizing short-term growth.
- During the same period, Instamart also expanded assortment from ~10k to ~50k SKUs and continued to grow GOV strongly.

- Assortment expansion beyond ~40–50k SKUs is unlikely unless it unlocks new consumer need states; management believes substitution and assortment optimization can improve productivity without materially sacrificing sales.
- Swiggy has changed its customer acquisition philosophy, from heavy discounting model toward proposition-led acquisition, centered on fresh produce, superior quality, and differentiated assortment to drive stronger retention and habit formation.
- The company believes recent growth is higher ROI growth than historical growth because of better customer quality. The implication is that marketing efficiency and lifetime value are becoming more important than gross order acquisition.
- Current Pan-India delivery speed is ~12.5 minutes. Management's target is 11-12 minutes by December 2026.
- SKU availability improved from 86% to 90% in recent months. Management's target is 93-95% availability by December 2026.
- Management stated that reaching 93-95% would place Instamart at best-in-class industry standards. This is critical because availability and delivery speed are foundational metrics that directly influence repeat behavior and retention.
- Monthly retention improved from 55% to 61%. Management attributes the improvement to better customer acquisition quality, more reliable day-to-day execution, fresh produce adoption, differentiated assortment, and Noice and Nectr product trials.
- The company believes retention will continue improving as more users experience the differentiated proposition.
- Management now feels significantly more confident that growth investments will generate higher-quality, compounding users than before. The important point is that retention is no longer viewed as a by-product of promotions; it is becoming a product- and proposition-driven outcome.
- Share of habituated users (4+ orders/month) increased from 20% to 23%. Management expects habituated users to eventually reach 30-35% of the user base.
- The company believes the market will eventually consist of multiple retailers with distinct positioning, not identical quick-commerce apps. Instamart's chosen positioning is "Switch to Better": better quality, better freshness, better brands, better everyday products at accessible prices.
- Objective of Switch is to make premium or value-added products affordable and easily discoverable.
- Switch proposition is built on two pillars: Brand partnerships and Own brands.
- Instamart has partnered with ~400 brands across ~50 categories. Partnerships include major FMCG companies (HUL, ITC, Marico) as well as emerging premium brands.
- Management emphasized that many of these innovations expand categories rather than simply taking share from competitors. The important implication is that Instamart wants to become a demand creator for brands, not only a distribution channel.
- Noice - built around consumer demand for fresher, better-quality everyday food products at accessible price. The brand is currently present across 46+ categories and 380+ SKUs.
- Noice has 9 mn+ customers. Customers who buy Noice - order 1.5x more frequently and have 10% higher retention.

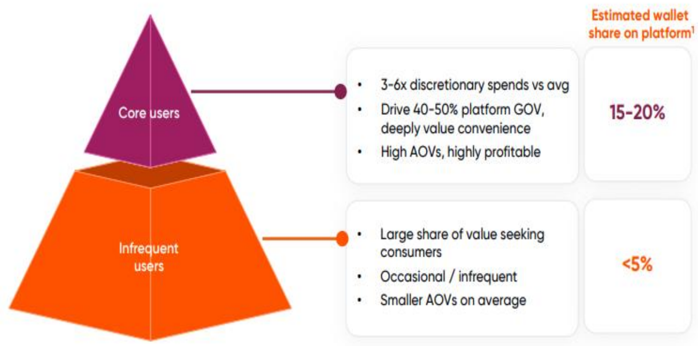
- Noice's current basket penetration is 1 in 10 baskets, which management sees as a major expansion opportunity. Noice is not being presented as a margin-only private label; it is being positioned as a customer-retention engine and brand asset.
- Management believes Nectr can help shift consumers' weekly fresh basket from offline to Instamart, which would materially increase frequency and trust. Nectr may become the most strategically important frequency driver because fresh produce is one of the highest-repeat categories in retail.
- Management explicitly stated that it now feels a greater sense of control over Instamart's destiny, even if competitive intensity remains high.

Out-of-home consumption

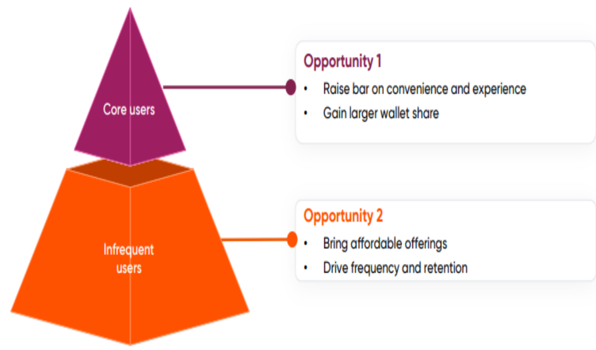
- Management aims to grow OOH FY26 GOV by 4-5x and reach INR10bn adjusted EBITDA by FY31.
- OOH operations have expanded from ~20 cities at acquisition to 75 cities currently, with expansion continuing almost every quarter.
- Management estimates the addressable market at $30bn+ and penetration remains extremely low as they believe the business is still addressing only a tiny fraction of India's organized dining market.
- The company believes this broadening of restaurant categories allows expansion into smaller cities where Swiggy already understands consumer food behavior through Food Delivery. The important takeaway is that OOH is no longer a metro fine-dining product; it is becoming a mass-market restaurant discovery and transaction platform.
- Management believes there is significant headroom remaining, as cross-selling into the Swiggy user base is still far from saturated.
- Management views Dinecash as a retention and frequency engine, rather than simply a discounting tool.

Key charts from investor presentation

The company is deepening engagement with core users, while activating infrequent users through affordability-led propositions and habit-forming use cases, with the objective of increasing order frequency, retention, and wallet share

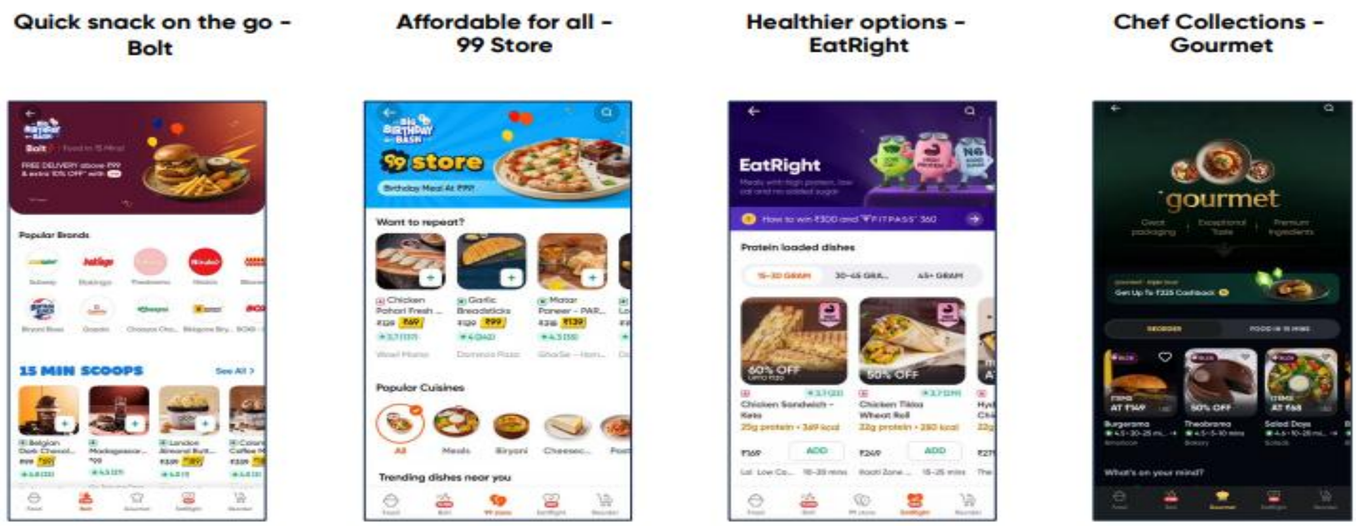


Source: Company, HSIE Research



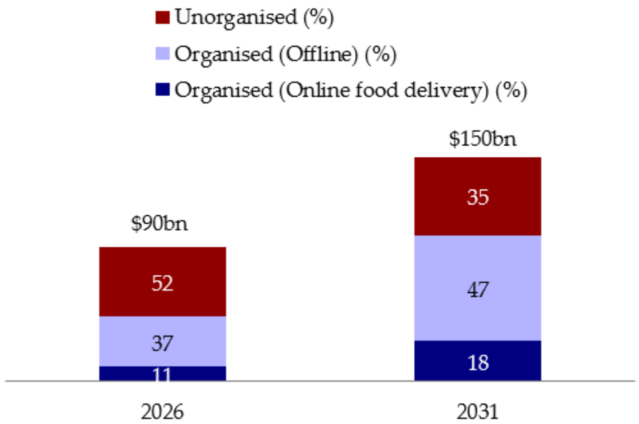
Source: Company, HSIE Research

The company is broadening the food-delivery ecosystem through Bolt, 99 store, EatRight, and Gourmet, targeting speed, affordability, health, and premium consumption occasions to unlock incremental orders



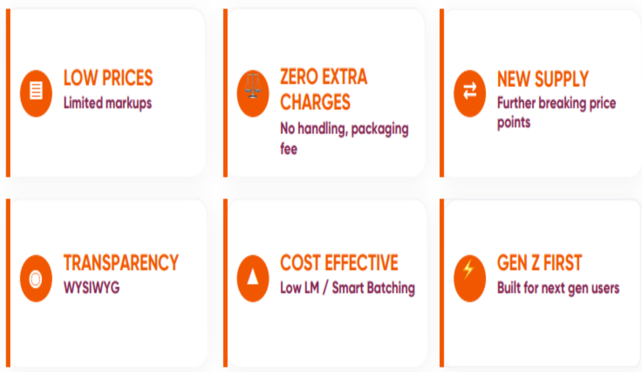
Source: Company, HSIE Research

Affordability-led initiatives can unlock ~5-6pp higher growth in online food delivery



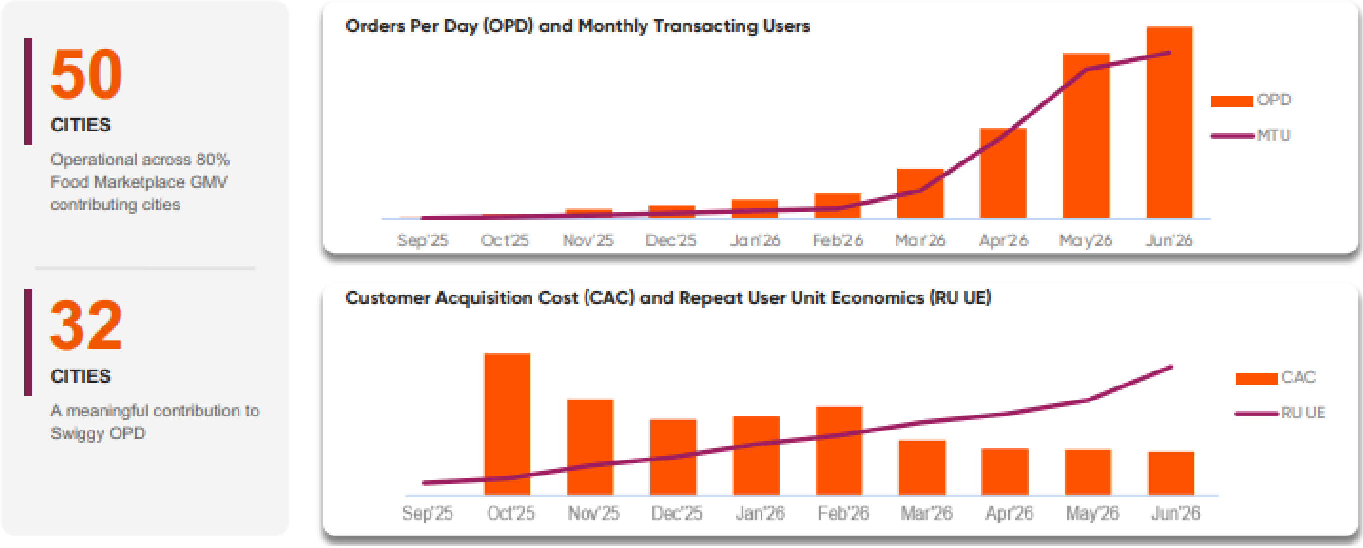
Source: Company, HSIE Research

To address this, Swiggy has launched Toing – a value-led proposition built around low-ticket meals



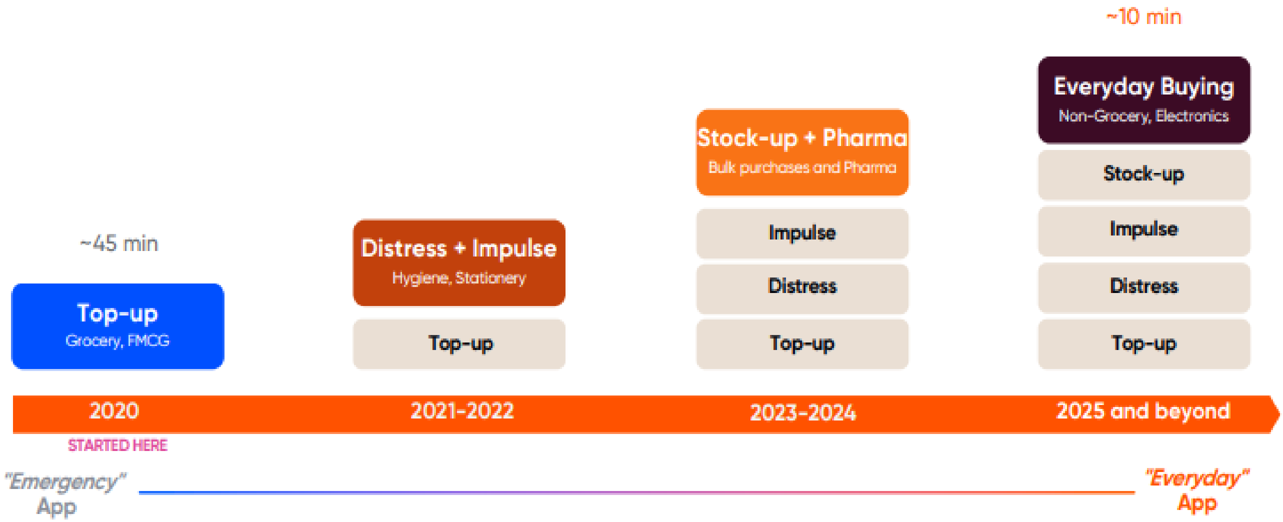
Source: Company, HSIE Research

Early traction indicates that Toing is driving incremental order volumes while improving unit economics. It is also expanding Swiggy's addressable market, with 2 out of 3 users being new to the Swiggy platform



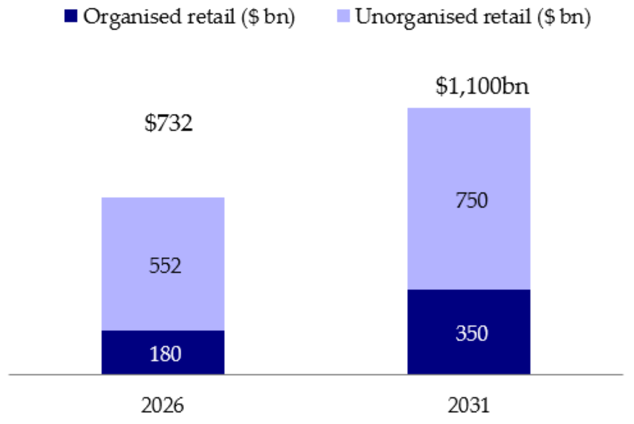
Source: Company, HSIE Research

Instamart has evolved from an emergency top-up app to an everyday retail platform, with broader assortment

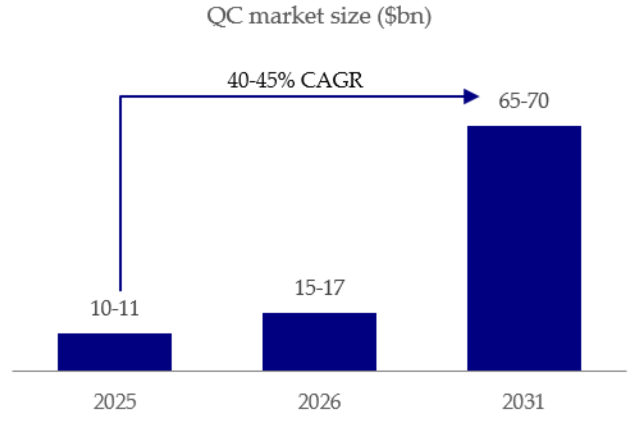


Source: Company, HSIE Research

Even at 40-45% CAGR growth, QC in 2030 would be <6% of the $1.1tn QC relevant market

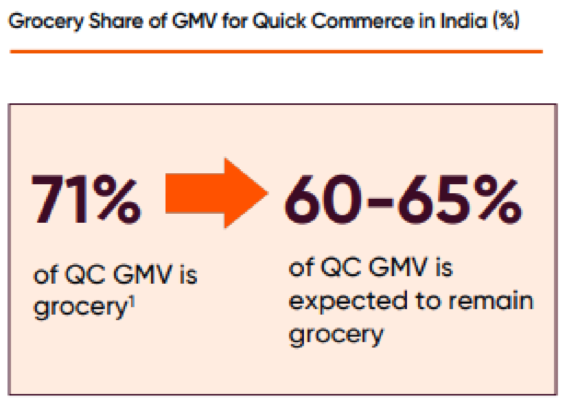


Source: Company, HSIE Research



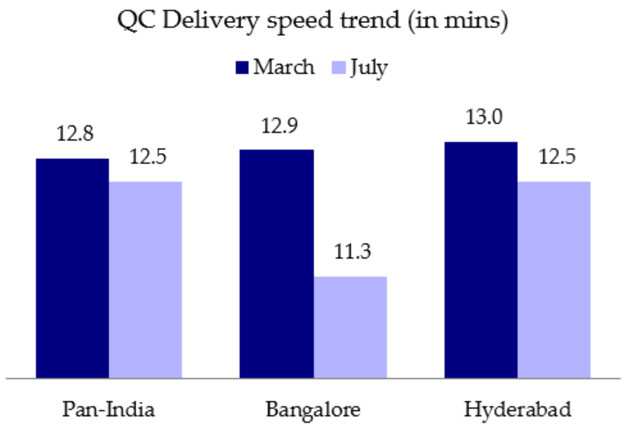
Source: Company, HSIE Research

Grocery remains the largest contributor to the QC market today is expected to continue accounting for the majority of category demand over the next five years



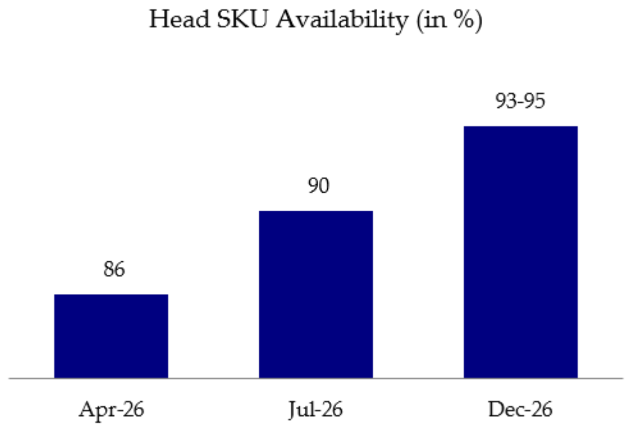
Source: Company, HSIE Research

Delivery speed continues to improve across the network, with management targeting avg. 11-12 min delivery time by Dec-26



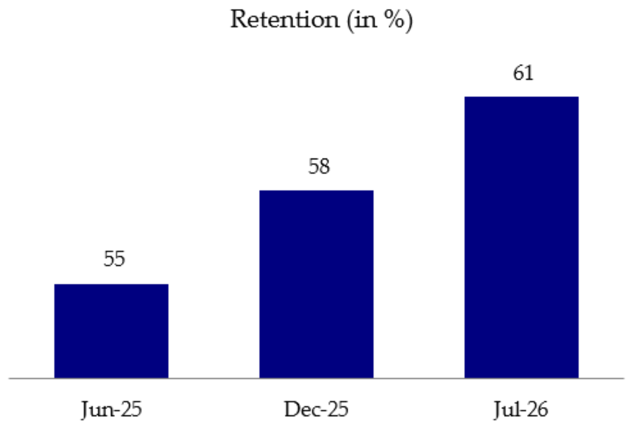
Source: Company, HSIE Research

Availability of SKU continue to improve, with management targeting 93-95% SKU availability by Dec-26



Source: Company, HSIE Research

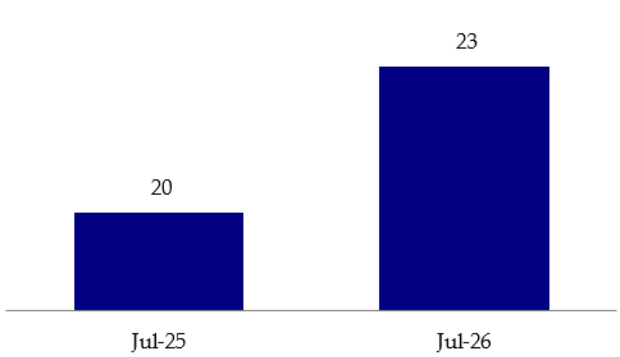
Retention percentage increased by 6pp over Jun-25 to Jul-26, with aim to reach 65%+ going forward



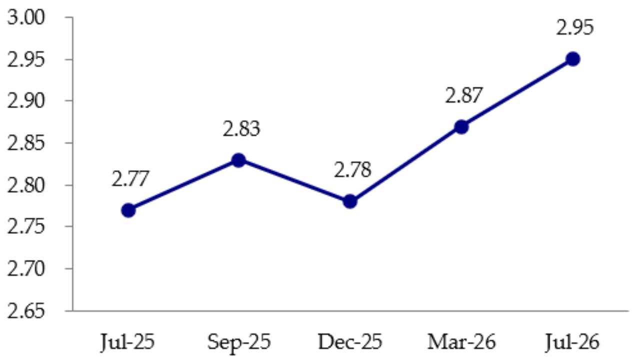
Source: Company, HSIE Research

The share of habituated users increased by 3pp YoY, driving repeat rates up to 2.95x. Management expects a higher mix of habituated users (30-35%) will lift order frequency by a further 1.2-1.4x over the medium term

Share of habituated users (in %)



Repeat rate trend (x)

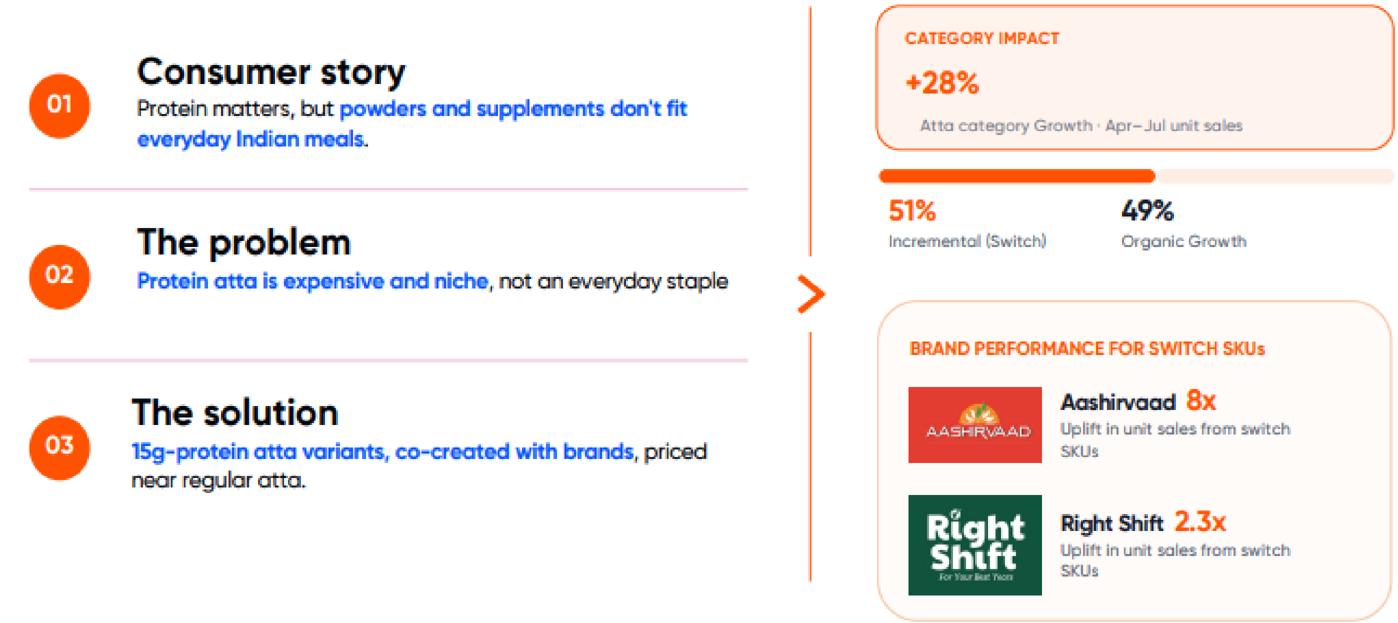


Source: Company, HSIE Research. Note: Habituated users are users ordering 4+ orders in a month

The company believes the QC market will ultimately comprise multiple retailers with distinct positioning. Instamart's chosen positioning is "Switch to Better": delivering better quality, freshness, brands, and everyday products at accessible prices. The strategy is built on two pillars: brand partnerships and owned brands.

Source: Company, HSIE Research

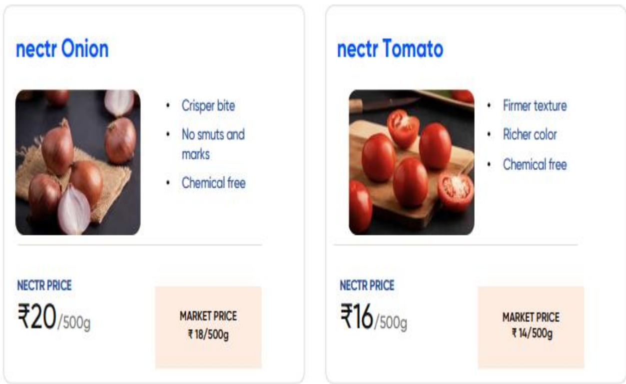
Instamart partnered with ITC's Aashirvaad to launch a competitively priced differentiated atta, demonstrating how brand collaborations can drive category premiumisation while expanding penetration and generating incremental demand



Source: Company, HSIE Research

Instamart's owned brands – Noice and Nectr – offer fresh, good-quality products at accessible prices

Source: Company, HSIE Research



Source: Company, HSIE Research

Platform engagement continues to deepen, with both spend per user and order frequency showing sustained improvement

Platform Spend per User

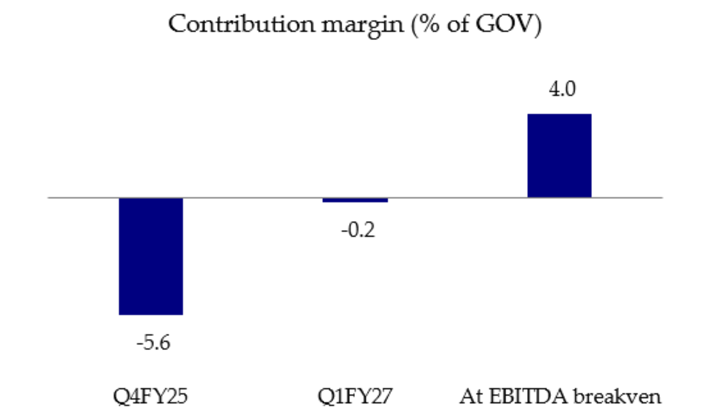
Year	Year 1	Year 2	Year 3	Year 4	Year 5
FY2022	1.0x	1.1x	1.3x	1.7x	2.4x
FY2023	1.0x	2.0x	1.6x	2.3x	
FY2024	1.0x	1.4x	1.9x		
FY2025	1.0x	1.6x			
FY2026	1.0x				

Platform Frequency per User

Year	Year 1	Year 2	Year 3	Year 4	Year 5
FY2022	1.0x	1.1x	1.2x	1.4x	1.6x
FY2023	1.0x	1.1x	1.3x	1.5x	
FY2024	1.0x	1.2x	1.3x		
FY2025	1.0x	1.2x			
FY2026	1.0x				

Source: Company, HSIE Research

The company achieved CM breakeven in Q1FY27 and needs 2.5x scale and 4% CM gain to achieve EBITDA breakeven

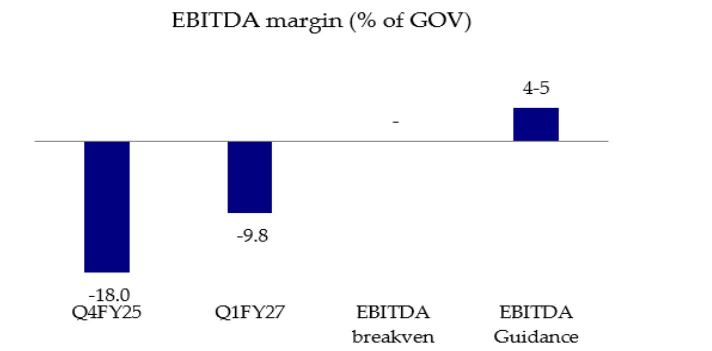


Source: Company, HSIE Research

Levers of EBITDA Breakeven	Q1FY27 (Delivered)	Path to EBITDA break-even
Revenue per order (INR)	+25	+20
Cost per order (INR)	-3	-10
Scale	1.7x	2.5x

Source: Company, HSIE Research

Path to 4-5% EBITDA guidance will be achieved unlocked through further monetization and operating leverage



Source: Company, HSIE Research

QC steady-state guidance

Quick Commerce	Steady State Guidance
Capex per store (INR mn)	22-25
Working capital days	12-15
NOV per year per store (INR mn)	420-480
Asset turn (x)	10.5-12
EBITDA Margin (%)	4-4.5
EBIT Margin (%)	3.3-3.8
ROCE (pre-tax) (%)	35-45

Source: Company, HSIE Research

Income statement

Year End (March)	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Net Revenues	**57,049**	**82,646**	**1,12,474**	**1,52,268**	**2,30,532**	**2,95,987**	**3,58,606**	**4,27,638**
Growth (%)	124.0	44.9	36.1	35.4	51.4	28.4	21.2	19.3
Material Expenses	22,680	33,809	46,042	60,015	1,00,670	1,30,516	1,49,276	1,67,758
Employee Expense	17,085	21,298	20,122	25,489	27,160	23,775	21,024	21,118
A&P Expense	20,051	25,012	18,508	27,117	42,070	52,535	61,856	71,625
Delivery Expenses	20,688	28,349	33,511	44,292	58,490	73,617	87,398	1,02,084
Other Expenses	13,056	16,936	16,372	23,213	34,450	37,541	39,563	46,438
EBITDA	**(36,511)**	**(42,758)**	**(22,080)**	**(27,858)**	**(32,308)**	**(21,996)**	**(511)**	**18,615**
EBITDA Growth (%)	**181.1**	**17.1**	**(48.4)**	**26.2**	**16.0**	**(31.9)**	**(97.7)**	**(3,741.7)**
EBITDA Margin (%)	**(64.0)**	**(51.7)**	**(19.6)**	**(18.3)**	**(14.0)**	**(7.4)**	**(0.1)**	**4.4**
Adjusted EBITDA	**(32,337.6)**	**(39,103.4)**	**(18,355.7)**	**(19,114.5)**	**(28,712.0)**	**(23,728.5)**	**(7,506.4)**	**9,156.1**
Adjusted EBITDAM (% of GoV)	**(16.1)**	**(14.1)**	**(5.2)**	**(4.1)**	**(4.2)**	**(2.8)**	**(0.7)**	**0.7**
Pre-IND AS 116 EBITDA	**(37,471.8)**	**(44,442.9)**	**(24,318.3)**	**(30,843.0)**	**(38,372.0)**	**(29,128.5)**	**(9,236.4)**	**8,296.1**
Pre-IND AS 116 EBITDAM (%)	**(65.7)**	**(53.8)**	**(21.6)**	**(20.3)**	**(16.6)**	**(9.8)**	**(2.6)**	**1.9**
Depreciation	1,701	2,858	4,206	6,123	12,170	15,528	18,133	20,507
EBIT	**(38,212)**	**(45,616)**	**(26,286)**	**(33,981)**	**(44,478)**	**(37,524)**	**(18,644)**	**(1,892)**
Other Income (Including EO Items)	4,149	4,499	3,870	3,962	5,080	7,038	7,732	8,235
Interest	484	582	714	1,006	2,000	2,160	2,604	3,048
PBT (before exceptional items)	**(34,547)**	**(41,699)**	**(23,130)**	**(31,025)**	**(41,398)**	**(32,646)**	**(13,515)**	**3,295**
Total Tax	-	-	-	-	-	-	-	-
PAT before share of associate earnings	**(34,547)**	**(41,699)**	**(23,130)**	**(31,025)**	**(41,398)**	**(32,646)**	**(13,515)**	**3,295**
Share of associate earnings	(10)	(1)	(66)	(26)	(40)	(40)	(40)	(40)
RPAT	**(34,557)**	**(41,700)**	**(23,196)**	**(31,050)**	**(41,438)**	**(32,686)**	**(13,555)**	**3,255**
Exceptional Gain/(loss)	(1,732)	(93)	(306)	(117)	(100)	-	-	-
Adjusted PAT	**(36,289)**	**(41,793)**	**(23,502)**	**(31,167)**	**(41,538)**	**(32,686)**	**(13,555)**	**3,255**
APAT Growth (%)	**124.4**	**15.2**	**(43.8)**	**32.6**	**33.3**	**(21.3)**	**(58.5)**	**(124.0)**
Adjusted EPS (Rs)	**(18.6)**	**(19.3)**	**(10.7)**	**(12.5)**	**(15.0)**	**(11.8)**	**(4.9)**	**1.2**
EPS Growth (%)	**(100.0)**	**3.7**	**(44.6)**	**16.8**	**20.4**	**(21.3)**	**(58.5)**	**(124.0)**

Balance sheet

	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
SOURCES OF FUNDS								
Share Capital - Equity	1,55,634	1,55,652	1,55,763	2,286	2,610	2,610	2,610	2,610
Reserves	(32,965)	(65,086)	(77,848)	99,908	1,80,530	1,53,244	1,41,419	1,45,533
Total Shareholders' Funds	**1,22,669**	**90,566**	**77,915**	**1,02,195**	**1,83,140**	**1,55,854**	**1,44,029**	**1,48,143**
Minority interest	**-**	**-**	**-**					
Long Term Debt	-	-	960	-	-	-	-	-
Short Term Debt	-	-	1,152	282	1,000	1,000	1,000	1,000
Total Debt	**-**	**-**	**2,112**	**282**	**1,000**	**1,000**	**1,000**	**1,000**
Net Deferred Taxes	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Lease Liabilities	**5,082**	**5,996**	**6,530**	**16,747**	**24,510**	**28,799**	**31,679**	**34,846**
Other Non-current Liabilities & Provns	**186**	**374**	**290**	**319**	**370**	**370**	**370**	**370**
TOTAL SOURCES OF FUNDS	**1,27,937**	**96,936**	**86,847**	**1,19,544**	**2,09,020**	**1,86,023**	**1,77,077**	**1,84,360**
APPLICATION OF FUNDS								
Net Block	3,116	3,137	4,528	10,592	13,040	8,658	4,221	(889)
CWIP	-	-	-	-	-	-	-	-
Net Intangible Assets	272	6,455	10,008	9,470	9,100	9,100	9,100	9,100
RoU Assets	4,622	5,458	5,878	16,246	23,440	27,541	30,296	33,325
Other Non-current Assets	1,338	1,889	2,139	2,266	2,720	2,720	2,720	2,720
Investments	1,03,480	65,405	51,711	26,771	60,340	60,340	60,340	60,340
Total Non-current Assets	**1,12,828**	**82,346**	**74,264**	**65,345**	**1,08,640**	**1,08,359**	**1,06,677**	**1,04,596**
Inventories	177	106	487	555	760	976	1,182	1,410
Debtors	11,119	10,623	9,639	24,625	40,480	36,492	42,247	49,208
Other Current Assets	8,894	11,092	11,997	28,532	62,060	46,927	55,873	66,042
Cash & Equivalents	**11,039**	**8,639**	**8,909**	**32,996**	**40,430**	**48,380**	**37,869**	**42,727**
Total Current Assets	**31,229**	**30,461**	**31,030**	**86,708**	**1,43,730**	**1,32,775**	**1,37,171**	**1,59,387**
Creditors	9,561	8,732	8,809	18,180	22,780	28,382	34,387	41,006
Other Current Liabilities & Provns	6,559	7,138	9,639	14,329	20,570	26,729	32,383	38,617
Total Current Liabilities	**16,120**	**15,870**	**18,448**	**32,509**	**43,350**	**55,111**	**66,770**	**79,624**
Net Current Assets	15,109	14,591	12,583	54,199	1,00,380	77,664	70,401	79,764
TOTAL APPLICATION OF FUNDS	**1,27,937**	**96,937**	**86,847**	**1,19,544**	**2,09,020**	**1,86,023**	**1,77,077**	**1,84,360**

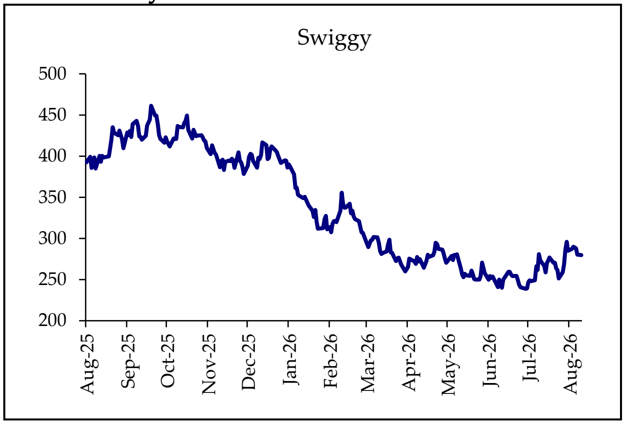
Cash flow statement

	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Reported PBT	(36,289)	(41,793)	(23,502)	(31,168)	(41,540)	(32,686)	(13,555)	3,255
Non-operating & EO Items	2,582	(641)	3,493	8,214	5,310	(1,638)	(6,002)	(7,375)
Interest Expenses	469	565	651	957	2,000	2,160	2,604	3,048
Depreciation	1,701	2,858	4,206	6,123	12,170	15,528	18,133	20,507
Working Capital Change	(6,876)	(1,139)	1,988	(6,221)	(6,700)	30,666	(3,248)	(4,505)
Tax Paid	(590)	(449)	38	400	(220)	-	-	-
OPERATING CASH FLOW (a)	**(39,004)**	**(40,599)**	**(13,127)**	**(21,695)**	**(28,980)**	**14,030**	**(2,069)**	**14,930**
Capex	(2,274)	(1,573)	(3,459)	(7,433)	14,880	(11,145)	(13,696)	(15,397)
Free Cash Flow (FCF)	**(41,278)**	**(42,172)**	**(16,586)**	**(29,128)**	**(14,100)**	**2,885**	**(15,765)**	**(467)**
Investments	(90,148)	40,523	17,677	(7,734)	(67,260)	-	-	-
Non-operating Income	821	728	366	1,443	2,550	2,937	4,978	5,205
INVESTING CASH FLOW (b)	**(91,601)**	**39,678**	**14,585**	**(13,724)**	**(49,830)**	**(8,209)**	**(8,718)**	**(10,192)**
Debt Issuance/(Repaid)	(918)	-	1,076	(1,643)	720	-	-	-
FCFE	**(1,31,523)**	**(921)**	**2,533**	**(37,062)**	**(78,090)**	**5,821**	**(10,787)**	**4,738**
Share Capital Issuance	1,39,058	-	-	43,858	99,360	-	-	-
Dividend	-	-	-	-	-	-	-	-
Others	(1,799)	(1,715)	(2,304)	(3,181)	(6,110)	2,129	276	120
FINANCING CASH FLOW (c)	**1,36,341**	**(1,715)**	**(1,228)**	**39,034**	**93,970**	**2,129**	**276**	**120**
NET CASH FLOW (a+b+c)	**5,736**	**(2,636)**	**229**	**3,615**	**15,160**	**7,950**	**(10,511)**	**4,858**
Beginning cash	5,225	10,961	8,325	8,691	12,310	40,430	48,380	37,869
Closing Cash & Equivalents	11,039	8,639	8,909	32,996	40,430	48,380	37,869	42,727

Key Ratios

	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
PROFITABILITY (%)								
GPM	60.2	59.1	59.1	60.6	56.3	55.9	58.4	60.8
EBITDA Margin	(64.0)	(51.7)	(19.6)	(18.3)	(14.0)	(7.4)	(0.1)	4.4
Pre-IND-AS EBITDA Margin (%)	(37,472)	(44,443)	(24,318)	(30,842)	(38,380)	(29,128)	-	-
EBIT Margin	(38,212)	(45,616)	(26,286)	(33,981)	(44,478)	(37,524)	(18,644)	(1,892)
APAT Margin	(63.6)	(50.6)	(20.9)	(20.5)	(18.0)	(11.0)	(3.8)	0.8
RoE	(51.8)	(39.2)	(27.9)	(34.6)	(29.1)	(19.3)	(9.0)	2.2
RoIC (or Core RoCE)	(242.4)	(138.3)	(65.4)	(59.6)	(42.5)	(31.2)	(17.6)	(1.8)
RoCE	(47.7)	(36.7)	(24.8)	(29.2)	(24.1)	(15.5)	(6.0)	3.5
EFFICIENCY								
Tax Rate (%)	-	-	-	-	-	-	-	-
Fixed Asset Turnover (x)	8.7	11.5	13.9	9.2	9.4	8.3	7.3	6.6
Inventory (days)	1.1	0.5	1.6	1.3	1.2	1.2	1.2	1.2
Debtors (days)	71.1	46.9	31.3	59.0	64.1	45.0	43.0	42.0
Other Current Assets (days)	56.9	49.0	38.9	68.4	98.3	57.9	56.9	56.4
Payables (days)	61.2	38.6	28.6	43.6	36.1	35.0	35.0	35.0
Other Current Liab & Provns (days)	42.0	31.5	31.3	34.3	32.6	33.0	33.0	33.0
Cash Conversion Cycle (days)	26.0	26.3	11.9	50.8	94.9	36.1	33.1	31.6
Net D/E (x)	(0.1)	(0.1)	(0.1)	(0.3)	(0.2)	(0.3)	(0.3)	(0.3)
Interest Coverage (x)	(79.0)	(78.4)	(36.8)	(33.8)	(22.2)	(17.4)	(7.2)	(0.6)
PER SHARE DATA (Rs)								
EPS	(18.6)	(19.3)	(10.7)	(12.5)	(15.0)	(11.8)	(4.9)	1.2
CEPS	(17.7)	(18.0)	(8.8)	(10.0)	(10.6)	(6.2)	1.7	8.6
Dividend								
Book Value	62.9	41.8	35.5	41.0	66.3	56.5	52.2	53.7
VALUATION								
P/E (x)	(15)	(15)	(26)	(22)	(19)	(24)	(57)	237
P/BV (x)	4.4	6.7	7.9	6.8	4.2	5.0	5.4	5.2
EV/EBITDA (x)	(12.2)	(12.8)	(25.9)	(23.4)	(21.7)	(31.5)	(1,376.0)	37.5
EV/Revenues (x)	7.8	6.6	5.1	4.3	3.0	2.3	2.0	1.6
OCF/EV (%)	(8.8)	(7.4)	(2.3)	(3.3)	(4.1)	2.0	(0.3)	2.1
FCF/EV (%)	(9.3)	(7.7)	(2.9)	(4.5)	(2.0)	0.4	(2.2)	(0.1)
FCFE/Mkt Cap (%)	(24.1)	(0.2)	0.4	(5.3)	(10.1)	0.8	(1.4)	0.6
Dividend Yield (%)	-	-	-	-	-	-	-	-

Price History



Rating Criteria

BUY:	>+15% return potential
ADD:	+5% to +15% return potential
REDUCE:	-10% to +5% return potential
SELL:	>10% Downside return potential

Disclosure:
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