

25 March 2024

India | Equity Research | Company Update

Zomato

Internet

Decoding Zomato #2 : Five more key questions answered; Re-iterate BUY, TP INR 300

Our thesis on profitability improvement in Zomato ([link](#)) has played out. Stock is up>70% in the last 6 months. Now the investment thesis pivots to the longer term growth outlook. In this note, we have tried to answer five more key investor questions. We analysed NSSO data from FY94-23 to create a proprietary model for online consumption growth in India: ([link](#)). We also carried out 2nd iteration of our bi-annual restaurant survey (220 restaurants across 40 cities: [link](#)). Our key findings: 1) Advertising intensity across restaurants continues to grow still (up to **63%** in Mar'24 vs 53% in Sep'23), 2) Advertiser satisfaction has also improved (**91%** in Mar'24 vs 88% in Sep'23), 3) Our model predicts food delivery can grow **>20% YoY** FY24-FY33E, 4) Our model predicts quick commerce can grow **>29% YoY** FY24-FY33E. Re-iterate **BUY**.

Food: How big can it be? Where will EBITDA margin stabilise?

Our proprietary model predicts that the food delivery market can grow at CAGR>20%YoY to reach USD40bn in FY33E (FY24E ~USD7bn). This implies that Zomato food business GOV can grow >20%YoY till FY33E even if there is no material gain in market share. This is not something we understood earlier. We had built in Zomato food GOV CAGR for FY24-33E of 15.3% YoY earlier. Now, we are building in a food GOV CAGR of 21.1% YoY over FY24-33E. Resultant, we have revised our food delivery revenue CAGR for FY24-33E from 17.0%YoY to 22.3%YoY.

We believe food delivery EBITDA margin should stabilise at around 6% of GOV. Below is our estimate of food delivery margin profile. We think ad-revenues should continue to drive up food delivery take rates over the medium term, before it stabilises at around 21%. This should drive up contribution margin to 8.5%. Post that, EBITDA margin expansion would be driven by scale benefits as corporate overheads would grow slower than revenues. ([more](#))

QC: How big can it be? Where will EBITDA margin stabilise?

Our proprietary model predicts quick commerce market can grow at CAGR>29%YoY to reach USD36bn in FY33E (FY24E ~USD3.6bn). This implies that Blinkit GOV can grow >29%YoY till FY33E even if there is no material gain in market share. This is not something we understood earlier. We had built in Blinkit GOV CAGR for FY24-33E of 24.2% YoY earlier. Now, we are building in a Blinkit GOV CAGR of 29.1% YoY over FY24-33E. Resultant, we have revised our Blinkit revenue CAGR for FY24-33E from 25.9%YoY to 31.1%YoY.

Financial Summary

Y/E March (INR mn)	FY23A	FY24E	FY25E	FY26E
Net Revenue	70,794	1,31,337	1,77,424	2,21,249
Adj. EBITDA	(7,045)	3,625	20,138	35,878
Adj. EBITDA Margin (%)	(10.0)	2.8	11.4	16.2
Net Profit	(9,720)	2,094	13,923	28,023
EPS (INR)	(1.2)	0.2	1.6	3.3
EPS % Chg YoY	-	-	564.9	101.3
P/E (x)	(145.2)	703.0	105.7	52.5
EV/EBITDA (x)	(192.1)	385.5	68.2	37.4
RoCE (%)	(8.6)	(2.3)	4.0	9.5
RoE (%)	(5.4)	1.1	6.7	12.1

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Market Data

Market Cap (INR)	1,536bn
Market Cap (USD)	18,368mn
Bloomberg Code	ZOMATO IN
Reuters Code	ZOMT BO
52-week Range (INR)	176 /49
Free Float (%)	68.0
ADTV-3M (mn) (USD)	120.7

Price Performance (%)	3m	6m	12m
Absolute	35.6	74.4	228.1
Relative to Sensex	33.1	64.0	203.0

Earnings Revisions (%)	FY25E	FY26E
Revenue	6.0	7.6
Adj. EBITDA	(3.6)	(3.7)
EPS	(5.7)	(4.8)

Previous Reports

09-02-2024: [Q3FY24 results review](#)

06-11-2023: [Q2FY24 results review](#)

11-10-2023: [Company update](#)

We believe EBITDA margin for Blinkit should stabilise at around 4.8% of GOV. We note a higher headroom for take rate improvement in this business given two drivers that is 1) ad-revenue growth and 2) mix improvement, which have been called out by the company as well. ([more](#))

Can competition pose a significant threat to the business models?

Food delivery is now reasonably established as a 'duopoly of scale' given multiple attempts to disrupt the food delivery business have already fizzled out. A case could be made for a new entrant into quick commerce, given the localised nature of the business and the relative success of 'Zepto'. However, Zepto's playbook will be difficult for large companies to replicate as evidenced by multiple exits from the space. ([more](#))

What is the investment thesis behind 'Hyperpure' and 'Going out'?

Hyperpure has scaled rapidly but it is unlikely to be comparable to food delivery or quick commerce in the foreseeable future. Our channel checks suggest that Hyperpure is actually a strategic initiative to deepen their relationship with restaurants. These services are specially appreciated by restaurants who compete with the large QSR chains (pizza, burger etc). The 'going out' business is being developed to create a more holistic offering to 'dining out' clients and to increase wallet share from existing customers. However, scalability is likely to take time in our view. ([more](#))

Are the 'rich valuations' justified?

We note that Zomato is at present trading at a premium to global peers, which we think is justified given the significantly higher revenue and EBITDA CAGRs. Also, Zomato stock movement has been exactly in line with that of Doordash over the last 6month period, which in our view is indicative of improving investor sentiment towards consumer tech stocks globally. In fact, even at our target price of INR300, we value the food delivery business at 60x 1yr fwd EV/EBITDA and Blinkit at 85x 1 yr fwd EV/EBITDA. These multiples, though elevated have in the past sustained for fast growing consumer franchises in India. ([more](#))

Upcoming triggers for the stock

The potential upcoming triggers for the stock include: 1) Food delivery adj. EBITDA margin crossing 4% of GOV watermark (3-4 months), 2) Market share gains in food delivery in Hindi heartland states given the 'veg only' delivery fleet (3-4 months), 3) Quick commerce turning profitable at the adj EBITDA level (3-6 months) and 4) Fed rate cuts which could trigger large FII inflows into the stock (6-12 months).

Risk-reward skew (3.9:1) to the upside

Despite the recent rally in the share price, we think that the risk reward skew remains compelling for Zomato, given the strong improvement in underlying metrics over the period. We see the stock trading at INR350 per share in our bull-case scenario and INR128 in our bear-case, implying a risk reward skew of 3.9:1 to the upside. ([more](#))

Valuation

We re-iterate our BUY rating on Zomato and increase our 3-stage DCF-based target price to INR 300 from INR 182 as we significantly increase our long term explicit forecasts, given the improved visibility on sustained growth trajectory and sustained improvement in profitability metrics. Zomato remains our top pick in the Indian internet space. We have also reduced our WACC to 12% from 12.5% earlier given the drastic reduction in volatility over the last 1 year.

Key risks: Slowdown in discretionary spending, negative externalities disrupting business operations.

Food delivery

How big can it be?

Our proprietary model predicts food delivery market can grow at **CAGR>20%YoY** to reach **USD40bn** in **FY33E** (FY24E ~USD7bn).

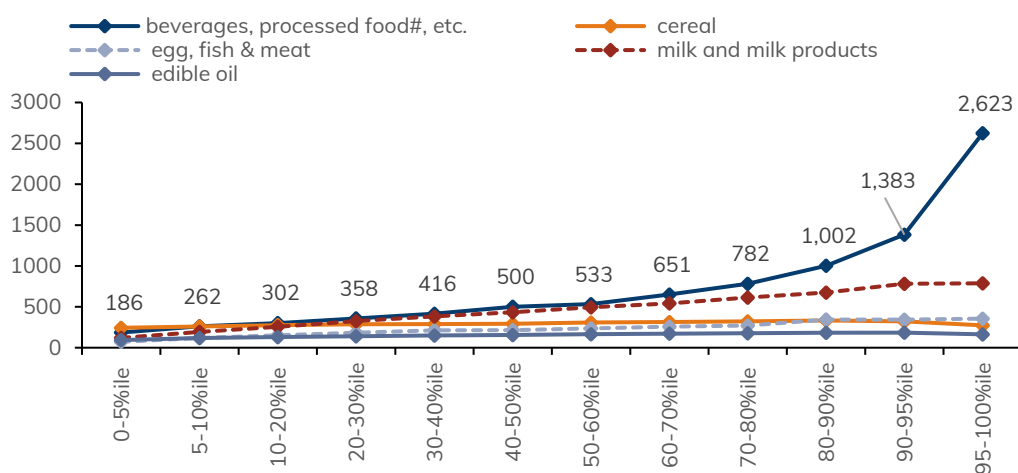
This implies that Zomato food business **GOV can grow >20%YoY till FY33E** even if there is no material gain in market share.

This is not something we understood earlier. We had built in Zomato food GOV CAGR for FY24-33E of **15.3% YoY** earlier. Now, we are building in a food GOV CAGR of **21.1% YoY** over FY24-33E.

Resultant, we have revised our food delivery revenue CAGR for FY24-33E from **17.0%YoY** to **22.3%YoY**.

Evidence

Exhibit 1: Kitchen is slowly dying in 'urban elite' households



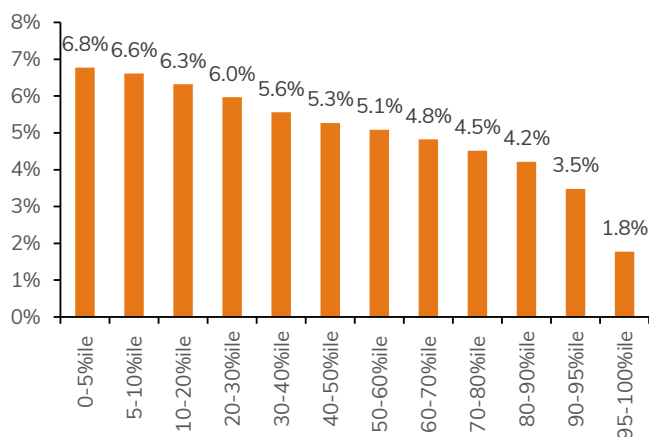
Source: I-Sec research

The above chart shows that while the beverages, processed food category shows a sharp pick up as we move from the 90-95%ile (11th) to 95-100%ile (12th), however other categories of food consumption such as staples etc which are needed for preparing meals in the kitchen have declined.

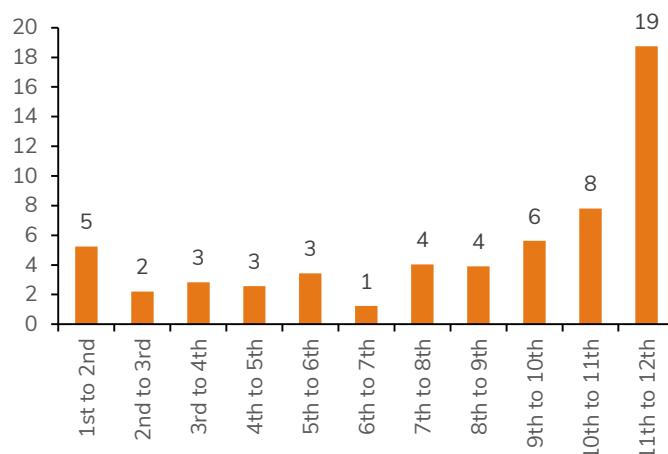
The next 2 fractiles: 90-95%ile (11th) and the 80-90%ile (10th) are also food delivery 'regular consumers' as of present. Our model predicts that the next two fractiles, that is the 70-80%ile (9th) and 60-70%ile (8th) are growing quickly and should enter the 'regular consumer' space by FY33E.

The 10th fractile should become 'regular consumers' by FY31E.

The 9th fractile should become 'regular consumers' by FY33E.

Exhibit 2: Fractile wise real growth rates of the beverages, processed food category FY12-23E


Source: I-Sec research

Exhibit 3: Years to progress from one fractile to the next


Source: I-Sec research

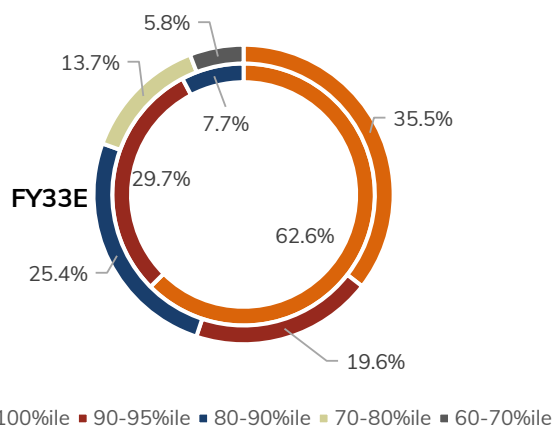
Sizing the food delivery market opportunity in FY33E

Exhibit 4: We estimate the total food delivery market at INR 3.2tn in FY33E at a FY23-FY33E CAGR of 21.0%YoY

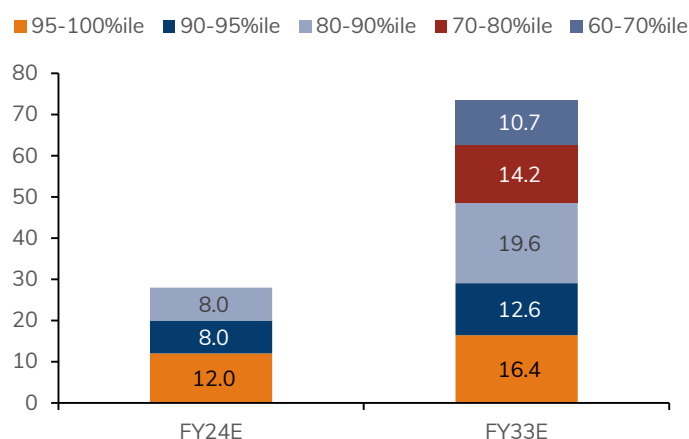
Fractile	Food delivery as a proportion of bev category	Spend per person	Number of hhs ('000)	People per hh	Persons	Total spending per month (in INR bn)	Total spending per annum (in INR bn)
FY23							
95-100%ile	37.0%	971	9,123	2.8	25,807	25	301
90-95%ile	33.0%	456	8,661	3.0	25,815	12	141
80-90%ile	6.0%	60	16,516	3.1	51,616	3	37
Total market size			34,300		1,03,237	40	479
FY24E							
95-100%ile	41.0%	1,147	9,242	2.8	26,142	30	360
90-95%ile	36.5%	545	8,774	3.0	26,150	14	171
80-90%ile	6.5%	71	16,731	3.1	52,287	4	44
Total market size			34,746		1,04,580	48	575
FY33E							
95-100%ile	60%	3,260	11,746	2.5	29,365	96	1,149
90-95%ile	55%	1,799	10,491	2.8	29,374	53	634
80-90%ile	45%	1,168	19,578	3.0	58,733	69	823
70-80%ile	30%	627	18,950	3.1	58,745	37	442
60-70%ile	15%	267	17,797	3.3	58,730	16	188
Total market size			78,561		2,34,946	270	3,236

Source: I-Sec research

How will the market evolve?

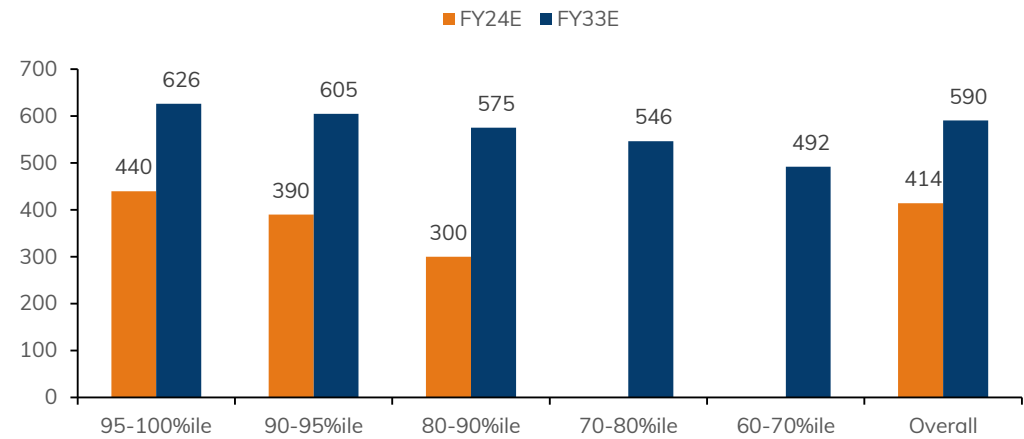
Exhibit 5: Market share by fractile evolution (industry)


Source: I-Sec research

Exhibit 6: MTU share by fractile evolution (industry)


Source: I-Sec research

Exhibit 7: AOV evolution FY24E-FY33E



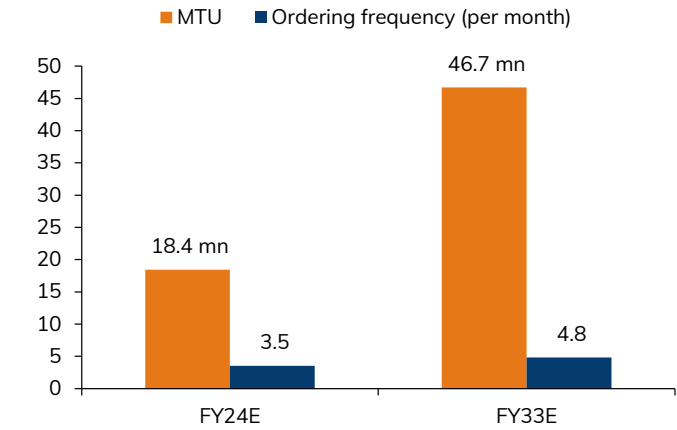
Source: I-Sec research

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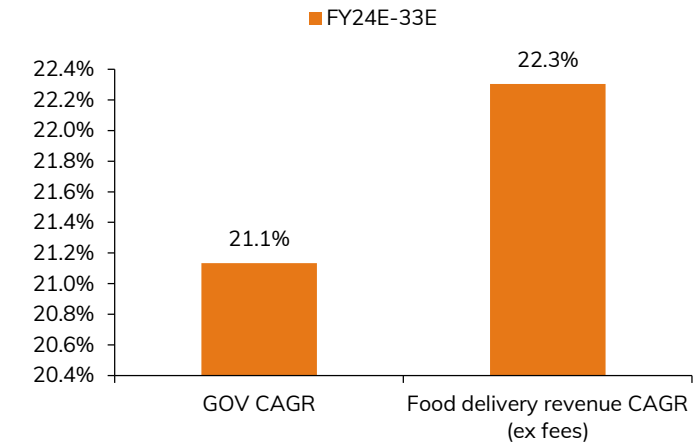
Zomato food delivery KPI evolution and revenue trajectory.

Exhibit 8: Food delivery KPI evolution

Exhibit 9: Food delivery revenue trajectory



Source: I-Sec research

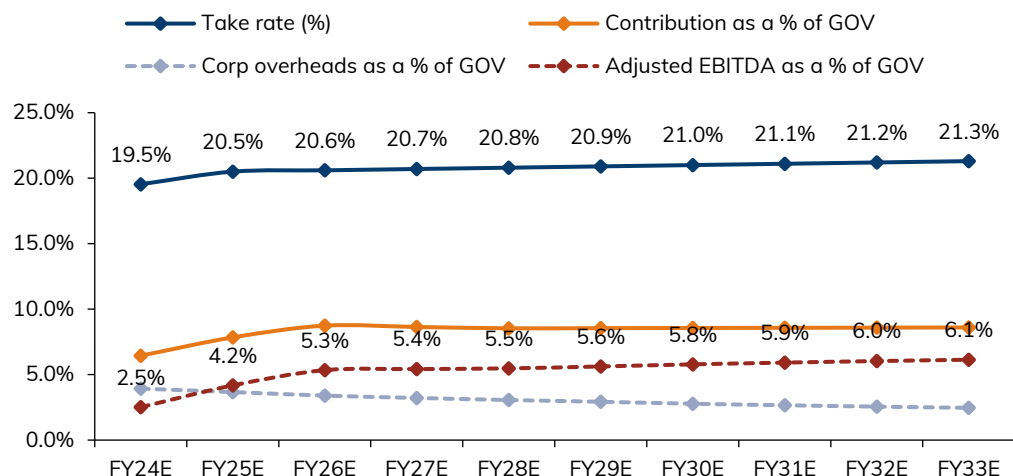


Source: I-Sec research

Where will EBITDA margin stabilise?

We believe food delivery EBITDA margin for Zomato should stabilise at around 6% of GOV. Below is our estimate of food delivery margin profile.

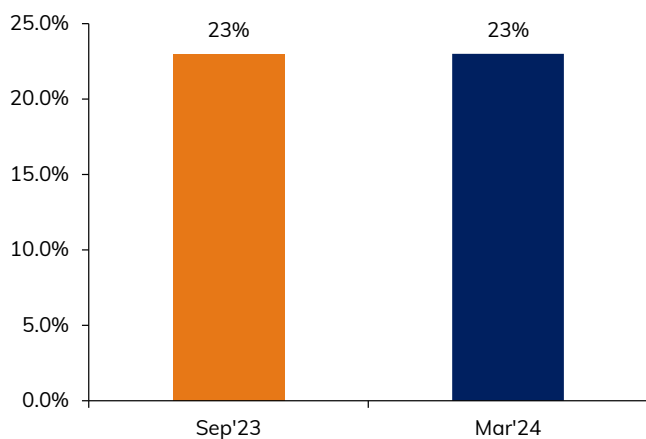
Exhibit 10: Scale benefits to drive EBITDA profile beyond FY26E



Source: I-Sec research

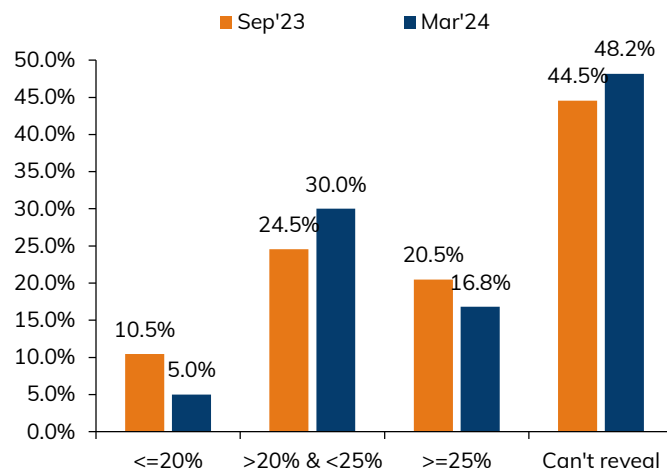
Our survey results indicate that median commissions (as visible to restaurants) have remained stable at 23% over the last 6 months. We think this is likely to remain broadly stable at current levels though new restaurants are being added at higher commission structures which could result in some upward movement in blended commissions.

Exhibit 11: Median commission structure



Source: I-Sec research

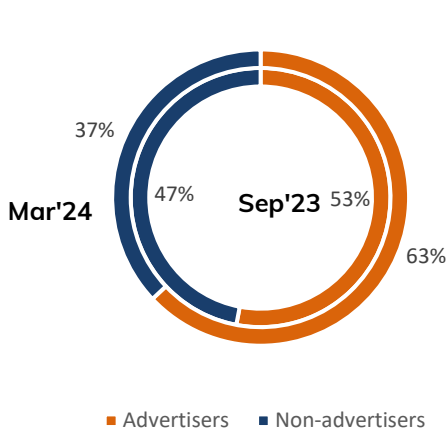
Exhibit 12: Some signs of standardisation evident



Source: I-Sec research

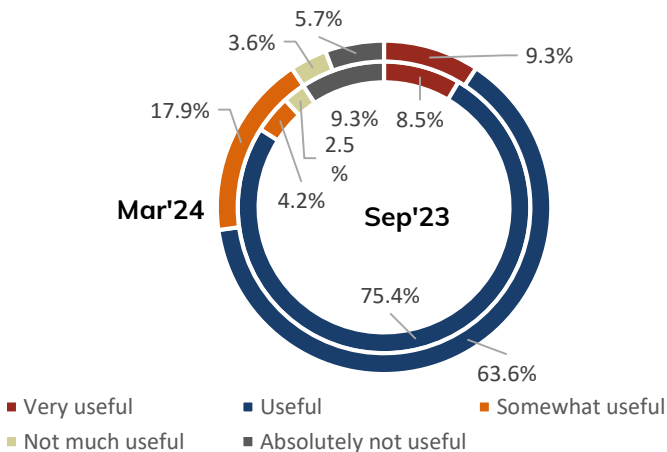
However, ad revenue intensity has increased significantly over the last 6 months. 63% of restaurants admitted to advertising on food aggregator platforms in Mar'24 vs 53% in Sep'23. Even user experience has improved from 88.1% positive experience to 90.7% positive experience.

Exhibit 13: More restaurants advertising now



Source: I-Sec research

Exhibit 14: Positive experience from advertising



Source: I-Sec research

We think ad-revenues should continue to drive up food delivery take rates over the medium term, before it stabilises at around 21%. This should drive up contribution margin to 8.5%. Post that, we expect most of EBITDA margin expansion from scale benefits as corporate overheads would grow slower than revenues.

Quick Commerce

How big can it be?

Our proprietary model predicts quick commerce market can grow at **CAGR>29%YoY** to reach **USD 36bn** in **FY33E** (FY24E ~USD 3.6bn).

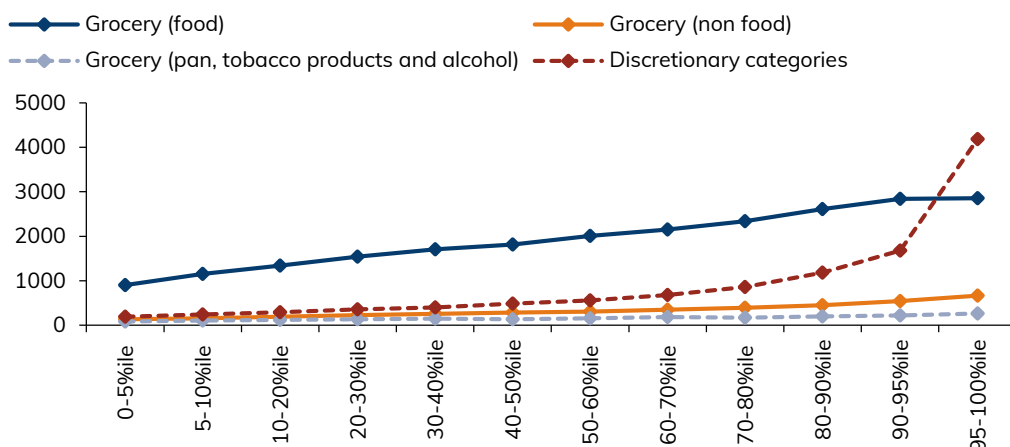
This implies that Blinkit **GOV can grow >29%YoY till FY33E** even if there is no material gain in market share.

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Resultant, we have revised our Blinkit revenue CAGR for FY24-33E from **25.9%YoY** to **31.1%YoY**.

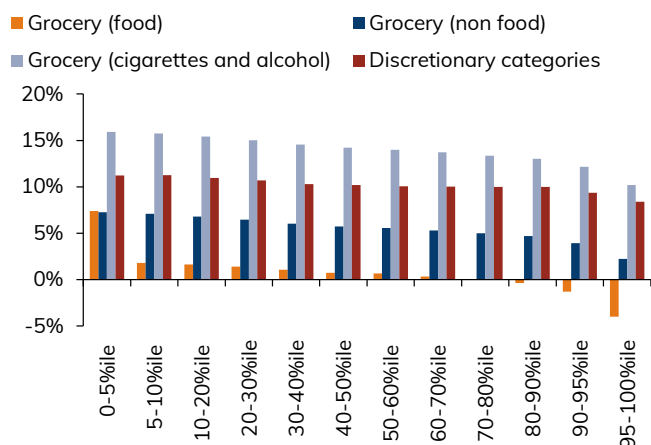
Evidence

Exhibit 15: Among the grocery adjacent categories, durables have grown fastest



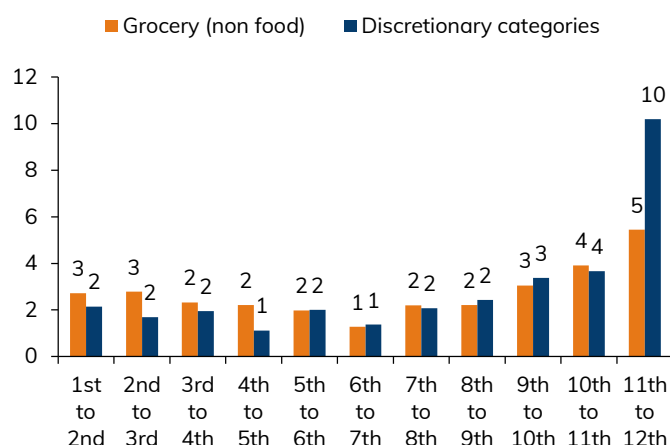
Source: I-Sec research

Exhibit 16: Fractile wise real growth rates of the grocery adjacent categories FY12-23E



Source: I-Sec research

Exhibit 17: Years to progress from one fractile to the next (ex-food and intoxicants)



Source: I-Sec research

Sizing the quick commerce market opportunity in FY33E

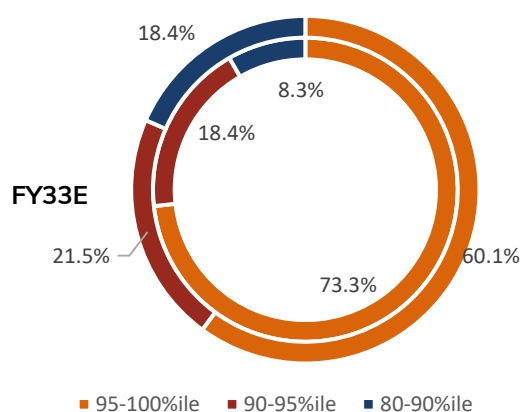
Exhibit 18: We estimate the quick commerce market at INR 2.9tn in FY33E at a FY23-FY33E CAGR of 29.0%YoY

Fractile	Quick commerce	Spend per person	Number of hrs ('000)	People per hh	Persons (in'000s)	Total spending per month (in INR bn)	Total spending per annum (in INR bn)
FY23							
95-100%ile	4.4%	351	9,123	2.8	25,807	9	109
90-95%ile	2.0%	106	8,661	3.0	25,815	3	33
80-90%ile	0.5%	22	16,516	3.1	51,616	1	14
Total market size			34,300		1,03,237	13	155
FY24E							
95-100%ile	8.0%	670	9,242	2.8	26,142	18	210
90-95%ile	3.0%	168	8,774	3.0	26,150	4	53
80-90%ile	0.8%	38	16,731	3.1	52,287	2	24
Total market size			34,746		1,04,580	24	287
FY33E							
95-100%ile	35.0%	4,932	11,746	2.5	29,365	145	1,738
90-95%ile	20.0%	1,763	10,491	2.8	29,374	52	621
80-90%ile	10.0%	757	19,578	3.0	58,733	44	534
Total market size			41,814		1,17,471	241	2,893

Source: ISec research

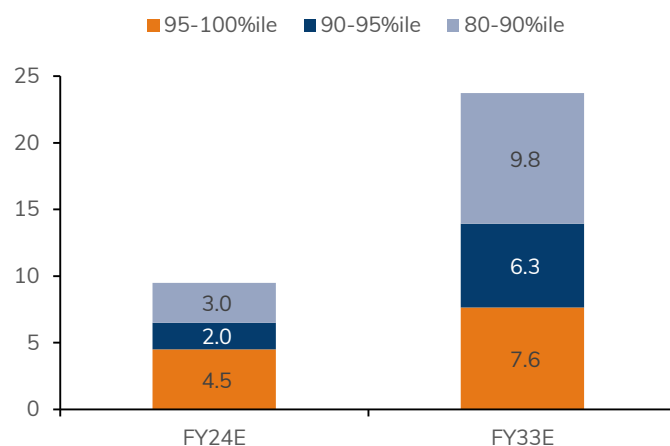
How will the market evolve?

Exhibit 19: Market share by fractile evolution (industry)



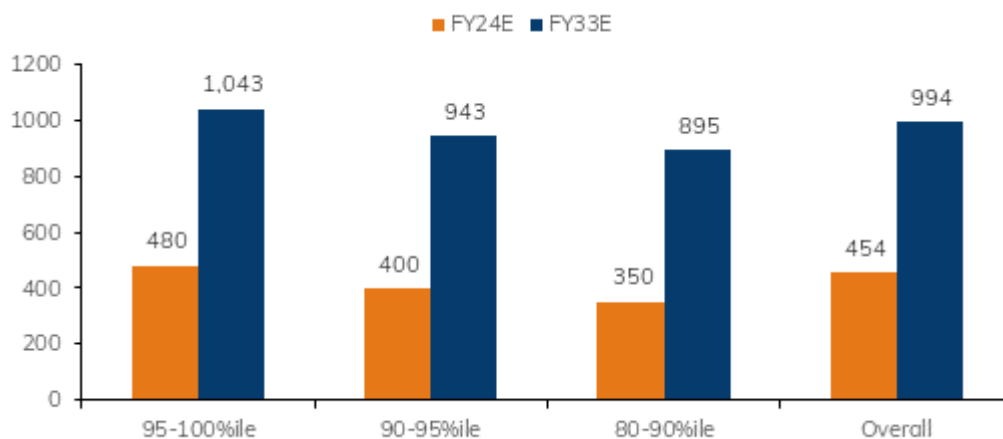
Source: ISec research

Exhibit 20: MTU share by fractile evolution (industry)



Source: ISec research

Exhibit 21: AOV evolution FY24E-FY33E

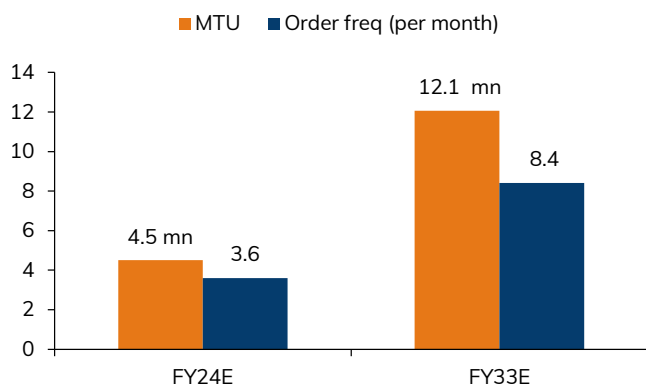


Source: I-Sec research

Output

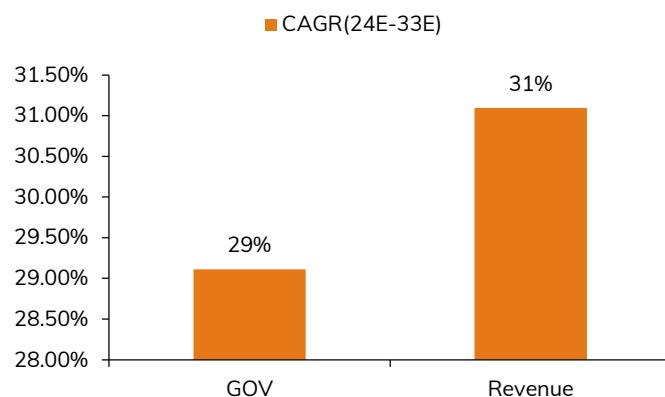
Blinkit KPI evolution and revenue trajectory.

Exhibit 22: Blinkit KPI evolution



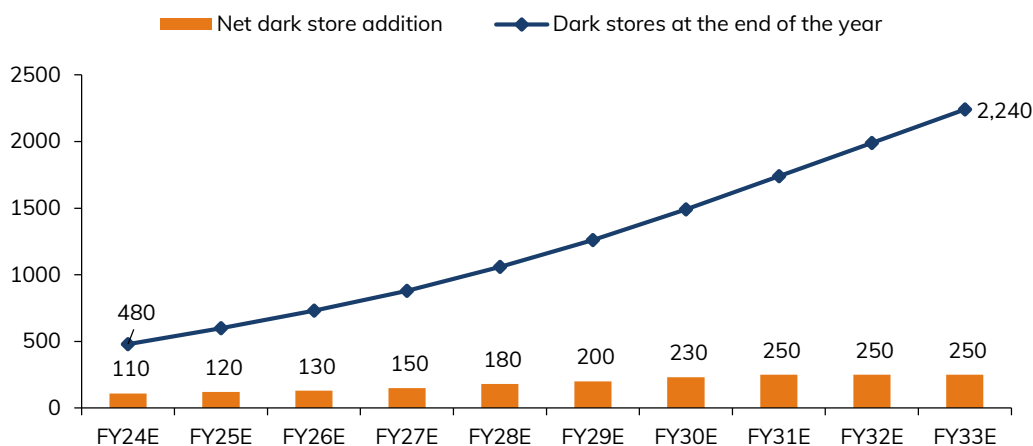
Source: I-Sec research

Exhibit 23: Blinkit revenue trajectory



Source: I-Sec research

Exhibit 24: Blinkit dark store additions

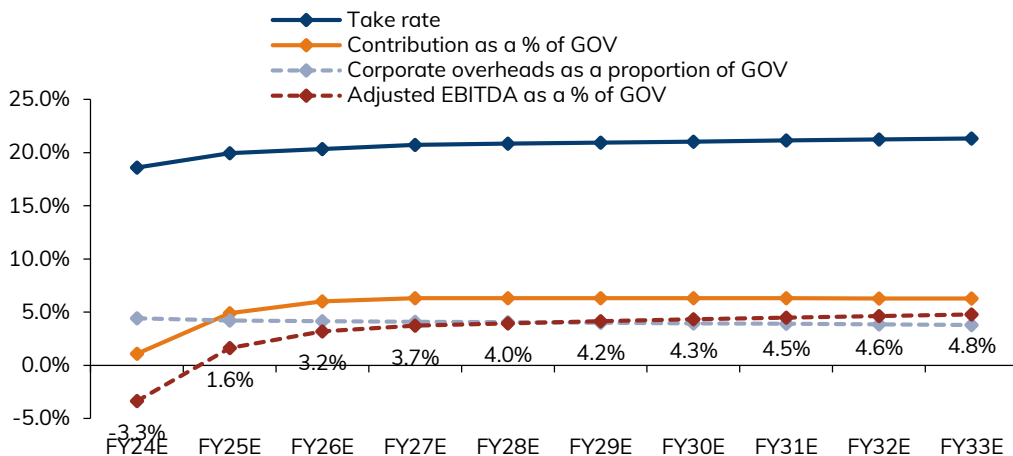


Source: I-Sec research

Where will EBITDA margin stabilise?

We believe EBITDA margin for Blinkit should stabilise at around 4.8% of GOV. Below is our estimate of Blinkit margin profile.

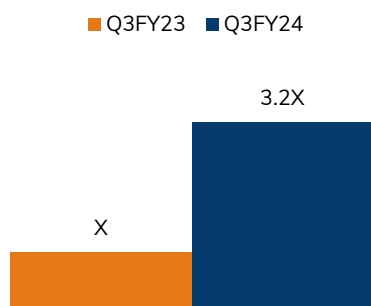
Exhibit 25: Scale benefits to drive EBITDA profile beyond FY28E



Source: I-Sec research

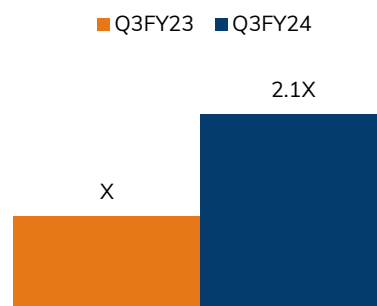
We note a higher headroom for take rate improvement in this business given two drivers that is 1) ad-revenue growth and 2) mix improvement, which has been called out by the company as well.

Exhibit 26: Ad revenues on Blinkit



Source: Company data

Exhibit 27: Ad revenues by top 20 advertisers on Blinkit



Source: Company data

Mix of higher ASP categories increasing: According to management, uptick in AOV was also driven by the improving assortment and GOV mix in favour of high ASP (average selling price) categories such as electronics, toys, books, beauty products, home décor, festive needs, among others. While ordering frequency of these categories is lower, their ASP tends to be 3-4x higher than other categories, thereby driving up AOV.

Can competition pose a significant threat to the business models?

We do not think there is a likelihood of a new entrant disrupting Zomato's business model significantly in either food delivery or quick commerce. Food delivery is now reasonably established as a 'duopoly of scale'. There have been multiple attempts to disrupt the food delivery business both from local players as well as global tech giants, however no one could scale meaningfully.

A case could be made for a new entrant into quick commerce, given the localised nature of the business and the relative success of 'Zepto'. However, 'Zepto' was uniquely focussed on this opportunity and had the agility to dynamically alter their business model to find a PMF (they pioneered 10 min deliveries). We think this maybe difficult for large companies with sizeable other business interests to achieve as evidenced by multiple exits from the space. Below is a brief history of challengers in the food delivery and quick commerce space:

Exhibit 28: Landscape across food delivery and quick commerce

Past and current companies in food delivery and quick commerce		
Food Delivery		
Major incumbent players	Year founded	Year of exit
Swiggy	2014	NA
Zomato	2008	NA
Players which have exited	Year founded	Year of exit
Uber Eats	2014	2020 (sold to Zomato)
Amazon Food	2020	2022
Food Panda	2012	Sold to Ola in 2017 and eventually shut down in 2019
Ola Café	2015	2016
Quick Commerce		
Major incumbent players	Year founded	Year of exit
Blinkit	2013 (founded as Grofers, sold to Zomato in 2022)	NA
Instamart	2020	NA
Zepto	2021	NA
BB Now	2021	NA
Players which have exited	Year founded	Year of exit
JioMart Express	2022	2023
Dunzo	2015	NA
Ola Dash	2021	2022

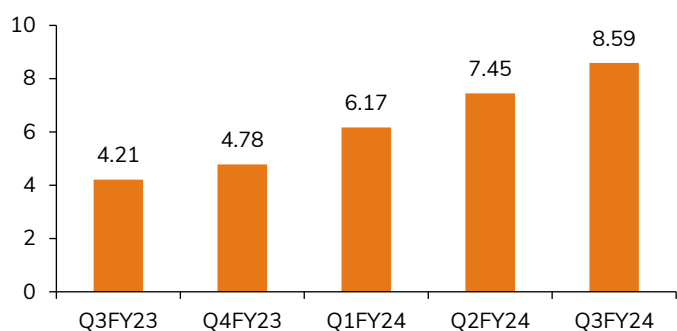
Source: I-Sec research

What is the investment thesis behind 'Hyperpure' and 'Going out'?

While the Hyperpure business has scaled rapidly and shown consistent profitability improvement, it is unlikely to be comparable to the food delivery or the quick commerce businesses in the foreseeable future either in terms of scale or profitability.

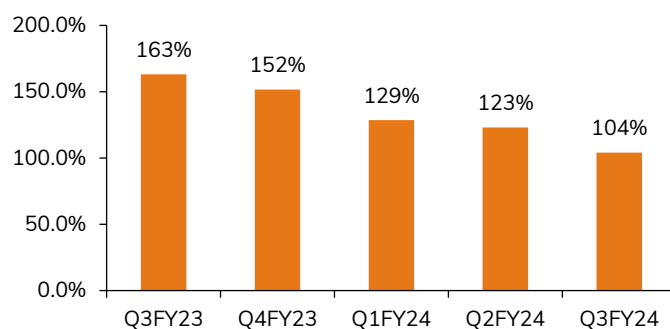
However, our channel checks suggest that Hyperpure is actually a strategic initiative which is helping Zomato deepen their relationship with restaurants. These services are specially appreciated by restaurants who compete with the large QSR chains (pizza, burger etc). It ensures that they get access to standardised quality ingredients at a reasonable price.

Exhibit 29: Hyperpure revenue (INR bn)



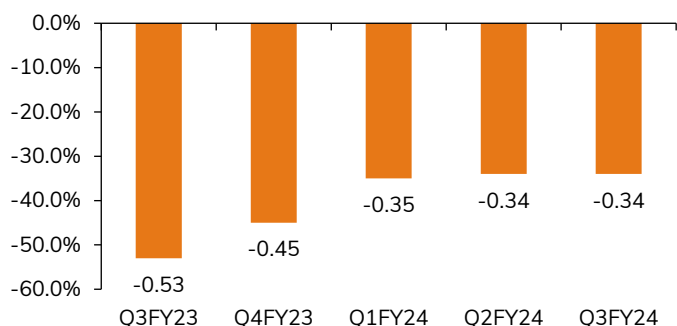
Source: I-Sec research, Company data

Exhibit 30: Hyperpure YoY revenue growth (%)



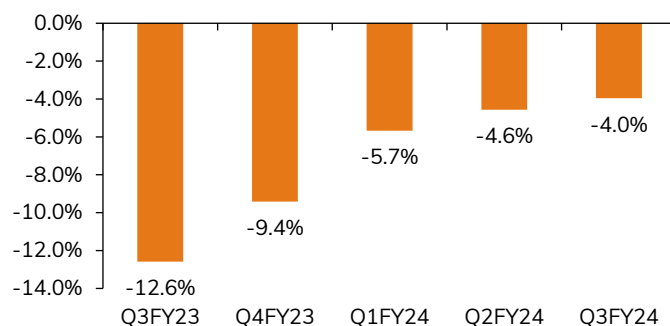
Source: I-Sec research, Company data

Exhibit 31: Hyperpure adj. EBITDA (INR bn)



Source: I-Sec research, Company data

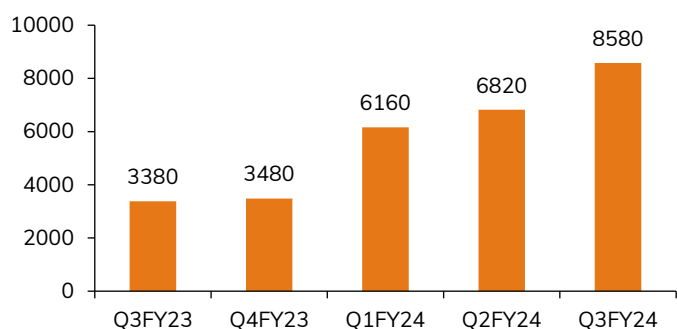
Exhibit 32: Hyperpure adj. EBITDA as a % of revenue



Source: I-Sec research, Company data

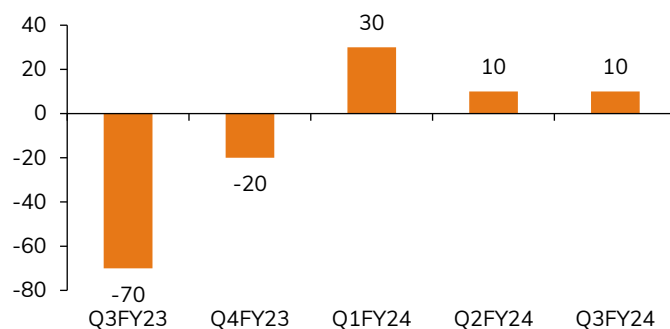
The 'going out' business is being developed to create a more holistic offering to 'dining out' clients. This is a strategic investment to increase wallet share from existing customers. However, scalability is likely to take time in our view.

Exhibit 33: Going out - GOV (INR mn)



Source: I-Sec research, Company data

Exhibit 34: Going out - adj. EBITDA (INR mn)



Source: I-Sec research, Company data

Are the 'rich valuations' justified?

Exhibit 35: Our 3 stage DCF

DCF calculation	
WACC	12.0%
Terminal growth	5%
NPV of Cash flows (FY25-FY43)	10,53,686
Terminal Value	13,62,886
Enterprise value core business	24,16,572
Cash (Mar 25)	1,55,000
Total	25,71,572
Shares	8,570
Value per share (INR)	300

Source: I-Sec research

Exhibit 36: SOTP

SOTP	EV (INR bn)	EV (USD bn)	EV/EBITDA FY26	EV/EBITDA FY27	Proportion	INR per share
Food delivery	1,599	19.2	60	49	62.2%	187
Blinkit	654	7.9	85	58	25.4%	76
Hyperpure	99	1.2	130	50	3.8%	12
Others	64	0.8	99	74	2.5%	7
Cash	155	1.9			6.0%	18
Overall	2,572	30.9	72	55	100.0%	300

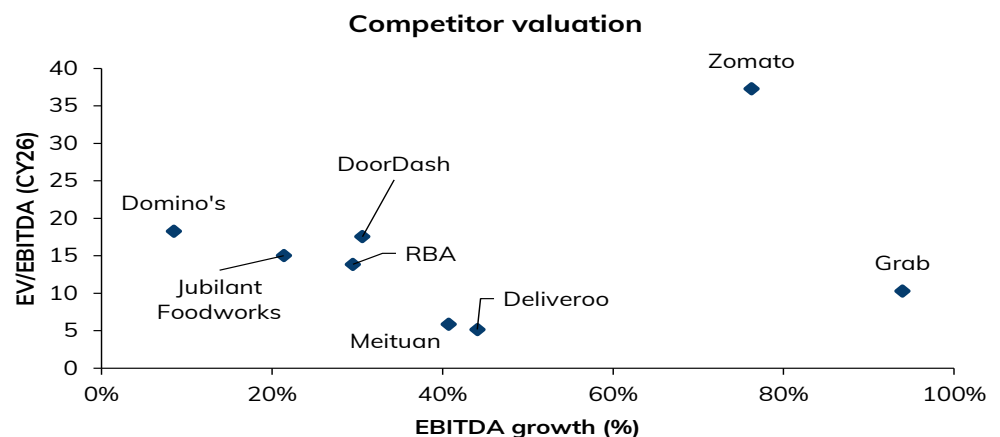
Source: I-Sec research

Exhibit 37: Peer comparison

Company (in USD mn)	Revenue (CY26)	Revenue growth (CY24-26)	EV/Revenue (CY26)	EBITDA (CY26)	EBITDA growth (CY24-26)	EV/EBITDA (CY26)
Zomato Ltd.	USD3,032	27%	6.0	USD486	76%	37.3
DoorDash Inc	USD13,508	15%	3.8	USD2,955	31%	17.6
Meituan Dianping	USD61,966	17%	1.0	USD10,304	41%	5.9
Grab Holdings Limited	USD5,476	14%	1.5	USD790	94%	10.3
Restaurant Brands Asia Ltd.	USD498	20%	1.5	USD55	29%	13.9
Jubilant FoodWorks	USD992	16%	3.6	USD238	21%	15.0
Domino's Pizza, Inc.	USD5,429	6%	3.8	USD1,140	8%	18.3
Deliveroo Holdings Plc	USD3,260	10%	0.5	USD329	44%	5.2

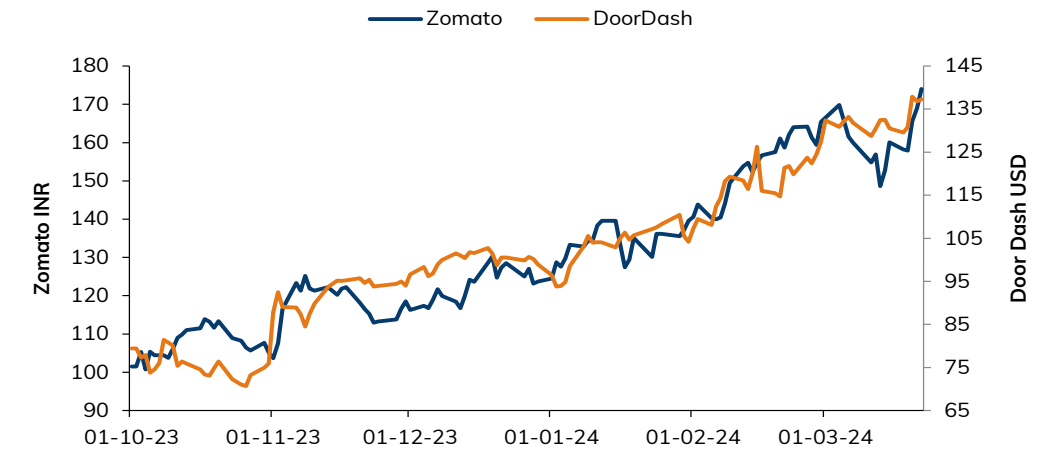
Source: Visible Alpha ,I-Sec research

Exhibit 38: Competitor valuation



Source: I-Sec research

Exhibit 39: Zomato vs DoorDash share price performance



Source: I-Sec research

Our numbers - Medium term outlook

Exhibit 40: Adjusted revenue growth

Adjusted revenue growth	FY24	FY25	FY26	FY27
Food delivery	25.8%	29.1%	30.0%	22.0%
Quick commerce	111.6%	60.7%	35.8%	28.3%
Hyperpure	107.4%	44.9%	28.5%	28.5%
Others	10.0%	25.0%	25.0%	25.0%
Total	49.4%	38.0%	30.7%	24.9%

Source: I-Sec research

Exhibit 41: Adjusted EBITDA margin (as a proportion of adj. revenue)

Adjusted EBITDA margin (as a proportion of adj revenue)	FY24	FY25	FY26	FY27
Food delivery	10.6%	16.8%	20.5%	20.8%
Quick commerce	-18.0%	8.1%	15.7%	18.0%
Hyperpure	-2.9%	-0.2%	1.5%	2.7%
Others	14.1%	15.0%	16.0%	17.0%
Total	2.7%	10.9%	14.9%	15.6%

Source: I-Sec research

Exhibit 42: I-Sec vs Consensus

(INR mn)	FY24E			FY25E			FY26E		
	Consensus	I-Sec	Diff. (%)	Consensus	I-Sec	Diff. (%)	Consensus	I-Sec	Diff. (%)
Revenue	1,21,173	1,31,337	8.4	1,68,848	1,77,424	5.1	2,15,271	2,21,249	2.8
Adj. EBITDA	3,757	3,625	-3.5	16,197	20,138	24.3	29,699	35,878	20.8
PAT	3,102	2,094	-32.5	14,300	13,923	-2.6	27,213	28,023	3.0

Source: Visible Alpha, I-Sec research

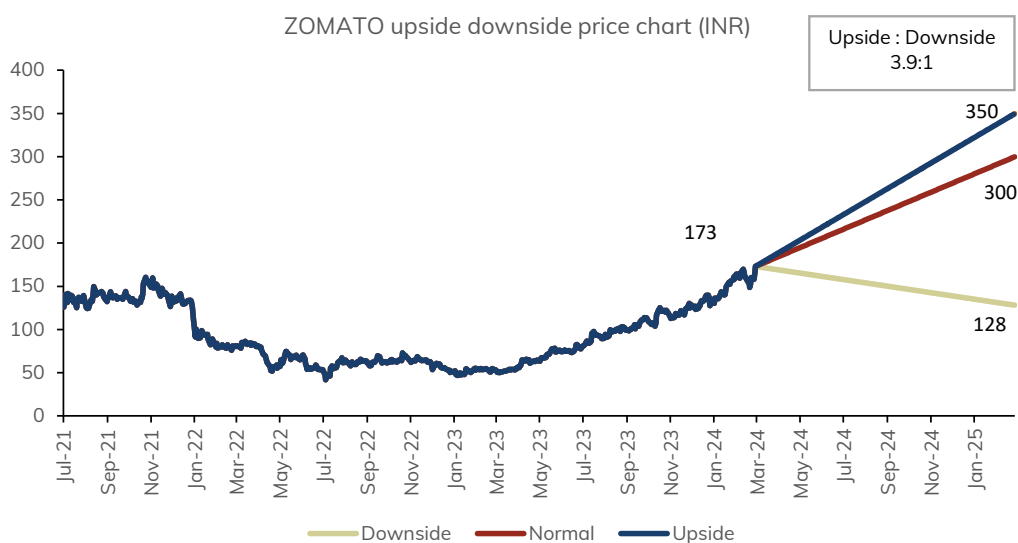
Risk Reward Skew (3.9:1) to the upside

Bull case (INR 350): The bull case prices in 30% YoY GOV growth in food delivery FY25E and adj. EBITDA (% of GOV) improvement of 350bps in FY25E over FY24E. This case also prices in adj. EBITDA profitability in quick commerce achievement in Q4FY24E and sustained improvement thereafter. Resultant overall revenue growth of 48% YoY in FY25E with an adj. EBITDA margin (% of reported revenue) of 13.5% in FY25E. In this case we think the stock could trade at INR350, implying a 1 year forward EV/EBITDA multiple of 78x.

Base case (INR 300): The base case prices in 23.3% YoY GOV growth in food delivery in FY25E and adj. EBITDA (% of GOV) improvement of 170bpsYoY in FY25E over FY24E. This case also prices in adj. EBITDA profitability in quick commerce achievement in Q1FY25E. Resultant overall revenue growth of 38% YoY in FY25E with an adj. EBITDA margin (% of reported revenue) of 10.9% in FY25E. In this case we value the stock at a PT of INR300, implying a 1 year forward EV/EBITDA multiple of 72x.

Bear case (INR 128): The bear case prices in 10% YoY GOV growth in food delivery FY24E and adj. EBITDA (% of GOV) decline of 130bps in FY25E over FY24. This case also prices in adj. EBITDA profitability in quick commerce achievement beyond Q3FY25E. Resultant overall revenue growth of 25% YoY in FY25E with an adj. EBITDA margin (% of reported revenue) of 1.5% in FY25E. This scenario also prices in sub-optimal capital allocation into acquisitions. In this case we think the stock could trade at INR 128, implying a 1yr forward EV/EBITDA multiple of 54x.

Exhibit 43: Risk reward skew (3.9:1)



Source: I-Sec research

Exhibit 44: DCF calculations - Bull case

DCF assumptions	
WACC	11.5%
Terminal growth	5%
NPV of Cash flows (FY25-FY43)	11,66,965
Terminal Value	16,70,070
Enterprise value core business	28,37,035
Cash (Mar 25)	1,65,000
Total	30,02,035
Shares	8,570
Value per share (INR)	350

Source: I-Sec research

Exhibit 45: SOTP - Bull case

SOTP	EV (INR bn)	EV (USD bn)	EV/EBITDA FY26	EV/EBITDA FY27	Proportion	INR per share
Food delivery	1,846	22.2	65	53	61.5%	215
Blinkit	754	9.1	90	62	25.1%	88
Hyperpure	122	1.5	160	61	4.1%	14
Others	116	1.4	178	134	3.9%	14
Cash	165	2.0			5.5%	19
Overall	3,002	36.1	78	60	100.0%	350

Source: I-Sec research

Exhibit 46: DCF - Bear case

DCF calculations	
WACC	13.5%
Terminal growth	5%
NPV of Cash flows (FY25-FY43)	4,96,408
Terminal Value	5,04,715
Enterprise value core business	10,01,123
Cash (Mar 25)	1,00,000
Total	11,01,123
Shares	8,570
Value per share (INR)	128

Source: I-Sec research

Exhibit 47: SOTP - Bear case

SOTP	EV (INR bn)	EV (USD bn)	EV/EBITDA FY26	EV/EBITDA FY27	Proportion	INR per share
Food delivery	514	6.2	60	46	46.7%	60
Blinkit	357	4.3	80	49	32.4%	42
Hyperpure	76	0.9	100	38	6.9%	9
Others	55	0.7	84	63	5.0%	6
Cash	100	1.2			9.1%	12
Overall	1,101	13.2	79	54	100.0%	128

Source: I-Sec research

Exhibit 48: Shareholding pattern

%	Jun'23	Sep'23	Dec'23
Promoters	0.0	0.0	0.0
Institutional investors	64.4	67.8	70.4
MFs and others	8.3	10.6	12.3
FIs/Banks	0.1	0.0	0.0
Insurance	0.8	1.5	2.1
FIIIs	34.1	33.7	34.4
FDI	21.1	22.0	21.6
Others	35.6	32.2	29.6

Source: Bloomberg

Exhibit 49: Price chart

Source: Bloomberg

Financial Summary

Exhibit 50: Profit & Loss

(INR mn, year ending March)

	FY23A	FY24E	FY25E	FY26E
Net Sales	70,794	1,31,337	1,77,424	2,21,249
Operating Expenses	68,945	1,02,725	1,20,042	1,33,816
EBITDA	(7,045)	3,625	20,138	35,878
EBITDA Margin (%)	(10.0)	2.8	11.4	16.2
Depreciation & Amortization	4,369	4,991	5,323	5,531
EBIT	(16,472)	(2,523)	8,690	30,347
Interest expenditure	487	657	887	1,106
Other Non-operating Income	6,815	7,440	7,960	8,123
Recurring PBT	(10,144)	4,260	15,762	37,364
Profit / (Loss) from Associates	-	-	-	-
Less: Taxes	(436)	-	4,641	9,341
PAT	(9,708)	2,094	13,923	28,023
Less: Minority Interest	(6)	-	-	-
Extraordinaries (Net)	-	-	-	-
Net Income (Reported)	(9,714)	2,094	13,923	28,023
Net Income (Adjusted)	(9,720)	2,094	13,923	28,023

Source Company data, I-Sec research

Exhibit 51: Balance sheet

(INR mn, year ending March)

	FY23A	FY24E	FY25E	FY26E
Total Current Assets	18,452	35,474	60,939	94,848
of which cash & cash eqv.	10,168	24,679	46,356	73,632
Total Current Liabilities & Provisions	12,910	24,326	31,776	38,860
Net Current Assets	5,542	11,148	29,163	55,989
Investments	46,952	50,083	53,416	58,248
Net Fixed Assets	-	-	-	-
ROU Assets	-	-	-	-
Capital Work-in-Progress	-	-	-	-
Total Intangible Assets	-	-	-	-
Other assets	1,50,583	1,47,431	1,44,592	1,42,158
Deferred Tax Assets	-	-	-	-
Total Assets	2,03,077	2,08,662	2,27,172	2,56,395
Liabilities				
Borrowings	404	404	404	404
Deferred Tax Liability	-	-	-	-
provisions	936	1,799	2,430	3,031
other Liabilities	2,543	1,847	2,478	3,079
Equity Share Capital	1,94,598	1,96,692	2,10,615	2,38,638
Reserves & Surplus	-	-	-	-
Total Net Worth	1,94,598	1,96,692	2,10,615	2,38,638
Minority Interest	(66)	3,258	6,582	6,582
Total Liabilities	2,03,077	2,08,662	2,27,172	2,56,395

Source Company data, I-Sec research

Exhibit 52: Quarterly trend

(INR mn, year ending March)

	Mar-23	Jun-23	Sep-23	Dec-23
Net Sales	20,560	24,160	28,480	32,880
% growth (YOY)	69.7%	70.9%	71.4%	68.8
EBITDA	(2,254)	(480)	(470)	510
Margin %	(11.0%)	(2.0)	(1.7)	1.6
Other Income	1,705	1,810	2,120	2,190
Adjusted Net Profit	(2,044)	20	360	1380

Source Company data, I-Sec research

Exhibit 53: Cashflow statement

(INR mn, year ending March)

	FY23A	FY24E	FY25E	FY26E
Operating Cashflow	(8,440)	9,567	17,088	23,357
Working Capital Changes	(1,759)	5,941	1,591	(3,180)
Capital Commitments	(1,014)	(1,839)	(2,484)	(3,097)
Free Cashflow	(9,454)	7,728	14,604	-
Other investing cashflow	6,694	7,440	7,960	8,123
Cashflow from Investing Activities	5,680	5,601	5,476	5,026
Issue of Share Capital	40	-	-	-
Interest Cost	-	-	-	-
Inc (Dec) in Borrowings	-	-	-	-
Dividend paid	-	-	-	-
Others	(1,314)	(657)	(887)	(1,106)
Cash flow from Financing Activities	(1,274)	(657)	(887)	(1,106)
Chg. in Cash & Bank balance	(4,034)	14,511	21,677	27,277
Closing cash & balance	3,288	16,693	38,369	65,646

Source Company data, I-Sec research

Exhibit 54: Key ratios

(Year ending March)

	FY23A	FY24E	FY25E	FY26E
Per Share Data (INR)				
Reported EPS	(1.2)	0.2	1.6	3.3
Adjusted EPS (Diluted)	(1.2)	0.2	1.6	3.3
Cash EPS	(0.7)	0.8	2.3	4.0
Dividend per share (DPS)	-	-	-	-
Book Value per share (BV)	24.0	23.3	24.9	28.2
Dividend Payout (%)	-	-	-	-
Growth (%)				
Net Sales	68.9	85.5	35.1	24.7
EBITDA	(27.6)	(151.5)	455.5	78.2
EPS (INR)	-	-	564.9	101.3
Valuation Ratios (x)				
P/E	(145.2)	703.0	105.7	52.5
P/CEPS	(263.5)	207.8	76.5	43.9
P/BV	7.2	7.5	7.0	6.2
EV / EBITDA	(192.1)	385.5	68.2	37.4
P / Sales	19.9	11.2	8.3	6.7
Dividend Yield (%)	-	-	-	-
Operating Ratios				
Gross Profit Margins (%)	80.3	78.4	77.1	76.7
EBITDA Margins (%)	(10.0)	2.8	11.4	16.2
Effective Tax Rate (%)	4.3	-	29.4	25.0
Net Profit Margins (%)	(13.7)	1.6	7.8	12.7
NWC / Total Assets (%)	-	-	-	-
Net Debt / Equity (x)	1.0	1.0	1.0	1.0
Net Debt / EBITDA (x)	8.1	(20.5)	(4.9)	(3.7)
Profitability Ratios				
RoCE (%)	(8.6)	(2.3)	4.0	9.5
RoE (%)	(5.4)	1.1	6.7	12.1
RoIC (%)	(5.1)	2.5	5.6	12.5
Fixed Asset Turnover (x)	1.1	0.6	0.4	0.3
Inventory Turnover Days	4	11	15	20
Receivables Days	24	20	20	25
Payables Days	35	38	38	38

Source Company data, I-Sec research

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