

09 April 2025

India | Equity Research | Sector Update

## Internet

### Q4FY25 likely to be the bottom for profitability in QC; Improving outlook hereon

We estimate the proportion of new stores (<6 months old) to increase to ~39% in Q4FY25E from ~37% in Q3FY25 for Blinkit and to ~39% in Q4FY25E from ~21% in Q3FY25 for Instamart. We believe this is likely to adversely impact profitability in Q4FY25E. Therefore, we estimate adj. EBITDA margin (% of GOV) in QC business to decline by 127bps QoQ in Blinkit and 301bps QoQ in Instamart. Henceforth, profitability should improve as stores scale up. We estimate GOV in food delivery to grow 17–18% YoY for the sector with a sequential uptick in profitability. We estimate Info Edge to accelerate growth in Q4FY25E (revenue growth 19.3% YoY, EBITDA growth 24.7% YoY). However, management commentary on the outlook in the recruitment business would be the key driver for the stock.

### Zomato

We estimate Zomato's food delivery GOV to remain flattish QoQ, grow 17.0% YoY, with an adjusted EBITDA margin (% of GOV) of 4.3%. Blinkit's GOV to grow by 19.8% QoQ/132.1% YoY, while its adjusted EBITDA margin (% of GOV) to decline by 127bps QoQ. Additionally, Hyperpure's business (B2B) adjusted revenue is estimated to grow by 22% QoQ/114.4% YoY in Q4FY25.

Overall, we estimate adj. revenue growth of 10.8% QoQ/64.3% YoY and adj. EBITDA margin of ~1.9%, as a proportion of adj. revenue (vs. 5%/5% in Q3FY25/Q4FY24). We estimate adj. EBITDA of INR 1.2bn in Q4FY25 (vs. INR 2.9bn/INR 1.9bn in Q3FY25/Q4FY24). We estimate consol. PAT to dip to -INR 771mn.

### Swiggy

We estimate Swiggy's food delivery GOV to decline 1.5% QoQ, grow 17.3% YoY, with an adjusted EBITDA margin (% of GOV) of 2.6%. Instamart's GOV to grow by 25.1% QoQ/110.4% YoY, while its adjusted EBITDA margin (% of GOV) to decline by 301bps QoQ. Additionally, Q4FY25E supply chain and distribution revenue is estimated to grow by 5%/40.5% QoQ/YoY.

Overall, we estimate adj. revenue growth of 4.5% QoQ/36.3% YoY and adj. EBITDA margin of -17.4%, as a proportion of adj. revenue (vs. -11.5%/-11.1% in Q3FY25/Q4FY24). We estimate adj. EBITDA of -INR 7.7bn in Q4FY25 (vs. -INR 4.9bn/-INR 3.6bn in Q3FY25/Q4FY24).

### Info Edge

We estimate Info Edge's revenue to grow 8.1% QoQ/19.3% YoY to INR 7.2bn. We envisage EBITDA to be INR 3bn, growing 6.2% QoQ/24.7% YoY with 181bps YoY expansion in margin to 42.4%. We expect recruitment solutions' revenue to increase 5% QoQ/12.4% YoY to INR 5.3bn; 99acres is likely to continue its strong growth trajectory (growing ~14.3% YoY). We estimate recruitment solutions' billing revenue to increase 18.4% YoY to INR 7.4bn. We estimate recurring PAT of INR 2.7bn (4.3% QoQ/21.4% YoY) in Q4FY25.

#### Abhisek Banerjee

abhisek.banerjee@icicisecurities.com  
+91 22 6807 7574

#### Manoj Menon

manoj.menon@icicisecurities.com

#### Jayram Shetty

jayram.shetty@icicisecurities.com

### Nykaa

In its Q4FY25 earnings preview, management has guided for consolidated net revenue growth to be 'in low to mid twenties' (I-Sec: 23.7% YoY). In the beauty category, net revenues to be 'higher in mid-twenties' YoY with GMV growth expected to be in the low to mid-thirties, as per the release. For the fashion category, management expects net revenue growth to be lower. Overall, we estimate EBITDA growth of 35.2% YoY, (EBITDA margin of 6.1%), while PAT is likely to increase by 40.9% YoY to INR 98mn in Q4FY25E.

### Delhivery

In Q4FY25, we expect the company's express parcel shipment volume to grow 2.3% YoY. We estimate steady improvement (21.1% YoY) in PTL volume. Overall, we estimate revenue to grow 9% YoY to INR 22.6bn and adj. EBITDA to increase by 82.5% YoY to INR 383mn (adj. EBITDA margin of 1.7%). We estimate net profit to increase to INR 183mn in Q4FY25 (vs. INR 250mn/ -INR 685mn in Q3FY25/Q4FY24).

### IndiaMART

We expect Q4FY25 revenue to remain flattish QoQ/13.1% YoY to INR 3.6bn. We estimate subscriber addition at ~1.2K sequentially. We believe, EBITDA margin may improve 928bps YoY to 37.4% in Q4FY25E. Overall, we estimate EBITDA to decline sequentially by 3.8%, but grow 50.5% YoY to ~INR 1.3bn. We estimate net profit to increase by 4% QoQ/26.3% YoY to INR 1.3bn in Q4FY25.

### JustDial

Overall, we estimate revenue to grow 0.5% QoQ/6.8% YoY in Q4FY25E. We estimate 3.5% YoY growth in paid campaigns with a net addition of ~20k paid campaigns. We believe, EBITDA may grow 1.5% QoQ/24.3% YoY to INR 879mn in Q4FY25E.

### Nazara

We estimate revenue to decline 9.3% sequentially, but grow by 82.1% YoY to INR 4.8bn in Q4FY25 due to revenue accrual from recent acquisitions. We believe EBITDA margin may improve to 6.2% in Q4FY25E vs. 5.7% in Q3FY25; overall EBITDA shall grow 57% YoY (down 12.3% QoQ) to INR 459mn and PAT may decline 2.7% QoQ to INR 299mn.

### Matrimony

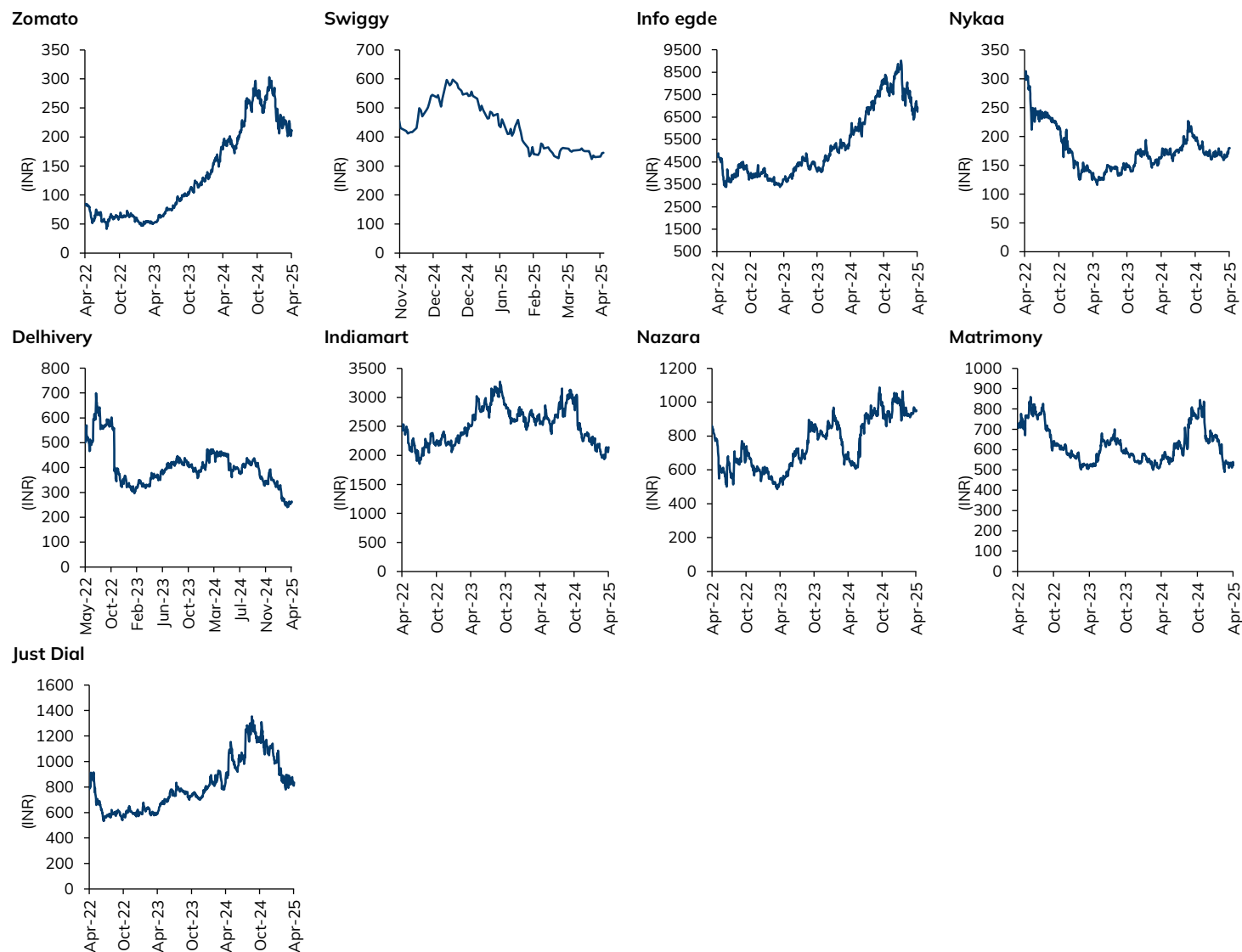
We expect the company's matchmaking services' revenue to decline 4.9% YoY to INR 1.1bn. We estimate overall revenue to decline 5.0% YoY (up 1.6% QoQ) to INR 1.1bn. By our estimates, EBITDA will likely grow 9.9% QoQ, but decline 10.5% YoY and PAT would grow 13.5% QoQ, but decline 3.5% YoY.

**Exhibit 1: Q4FY25E preview**

INR mn	Q4FY25E	Q3FY25	QoQ	Q4FY24	YoY
<b>Zomato</b>					
Adjusted Revenue	63,652	57,460	10.8%	38,730	64.1%
Adjusted EBITDA	1,198	2,850	-57.9%	1,940	-32.9%
PAT	-771	590	NA	1750	NA
<b>Swiggy</b>					
Adjusted Revenue	44,546	42,640	4.5%	32,680	36%
Adjusted EBITDA	-7,746	-4,900	58.1%	-3,621	114%
PAT	-9469	-7991	18.5%	-5664	67%
<b>Info egde</b>					
Revenue	7,260	6,715	8.1%	6,083	19.3%
EBITDA	3,078	2,897	6.2%	2,469	24.7%
Recurring PAT	2,707	2,595	4.3%	2,231	21.4%
<b>Nykaa</b>					
Revenue	20,626	22,672	-9.0%	16,680	23.7%
EBITDA	1,261	1,408	-10.4%	933	35.2%
PAT	98	261	-62.6%	69	40.9%
<b>Delhivery</b>					
Revenue	22,620	23,783	-4.9%	20,755	9.0%
Adj. EBITDA	383	450	-14.8%	210	82.5%
PAT	183	250	-26.7%	-685	-126.7%
<b>Indiamart</b>					
Revenue	3,559	3,543	0.4%	3,147	13.1%
EBITDA	1,330	1,383	-3.8%	884	50.5%
PAT	1,258	1,210	4.0%	996	26.3%
<b>Just Dial</b>					
Revenue	2,887	2,873	0.5%	2,702	6.8%
EBITDA	879	866	1.5%	707	24.3%
PAT	1,324	1,313	0.8%	1,157	14.4%
<b>Nazara</b>					
Revenue	4,848	5,347	-9.3%	2,662	82.1%
EBITDA	459	523	-12.3%	292	57.0%
PAT	299	307	-2.7%	-85	NA
<b>Matrimony</b>					
Revenue	1,133	1,114	1.6%	1,192	-5.0%
EBITDA	151	137	9.9%	168	-10.5%
PAT	113	100	13.5%	117	-3.5%

Source: I-Sec research, Company data

## Price chart



Source: Bloomberg

*"In case of industry/sector reports or a report containing multiple stocks, the rating/recommendation for a particular stock may be based on the last released stock specific report for that company."*

*This report may be distributed in Singapore by ICICI Securities, Inc. (Singapore branch). Any recipients of this report in Singapore should contact ICICI Securities, Inc. (Singapore branch) in respect of any matters arising from, or in connection with, this report. The contact details of ICICI Securities, Inc. (Singapore branch) are as follows: Address: 10 Collyer Quay, #40-92 Ocean Financial Tower, Singapore - 049315, Tel: +65 6232 2451 and email: navneet\_babbar@icicisecuritiesinc.com, Rishi\_agrawal@icicisecuritiesinc.com and Kadambari\_balachandran@icicisecuritiesinc.com.*

*"In case of eligible investors based in Japan, charges for brokerage services on execution of transactions do not in substance constitute charge for research reports and no charges are levied for providing research reports to such investors."*

*New I-Sec investment ratings (all ratings based on absolute return; All ratings and target price refers to 12-month performance horizon, unless mentioned otherwise)  
BUY: >15% return; ADD: 5% to 15% return; HOLD: Negative 5% to Positive 5% return; REDUCE: Negative 5% to Negative 15% return; SELL: < negative 15% return*

## ANALYST CERTIFICATION

I/We, Abhisek Banerjee, MBA; Manoj Menon, MBA, CMA; Jayram Shetty, CA; authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. Analysts are not registered as research analysts by FINRA and are not associated persons of the ICICI Securities Inc. It is also confirmed that above mentioned Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months and do not serve as an officer, director or employee of the companies mentioned in the report.

### Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock brokering and distribution of financial products. Registered Office Address: ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400 025. CIN: L67120MH1995PLC086241, Tel: (91 22) 6807 7100. ICICI Securities is SEBI registered stock broker, merchant banker, investment adviser, portfolio manager, Research Analyst and Alternative Investment Fund. ICICI Securities is registered with Insurance Regulatory Development Authority of India Limited (IRDAI) as a composite corporate agent and with PFRDA as a Point of Presence. ICICI Securities Limited Research Analyst SEBI Registration Number – INH000000990. ICICI Securities Limited SEBI Registration is INZ000183631 for stock broker. ICICI Securities AIF Trust's SEBI Registration number is IN/AIF3/23-24/1292 ICICI Securities is a subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on [www.icicibank.com](http://www.icicibank.com).

ICICI Securities is one of the leading merchant bankers/ underwriters of securities and participate in virtually all securities trading markets in India. We and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Investment Research Department. ICICI Securities and its analysts, persons reporting to analysts and their relatives are generally prohibited from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

Recommendation in reports based on technical and derivative analysis centre on studying charts of a stock's price movement, outstanding positions, trading volume etc as opposed to focusing on a company's fundamentals and, as such, may not match with the recommendation in fundamental reports. Investors may visit [icicidirect.com](http://icicidirect.com) to view the Fundamental and Technical Research Reports.

Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

ICICI Securities Limited has two independent equity research groups: Institutional Research and Retail Research. This report has been prepared by the Institutional Research. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the Retail Research.

The information and opinions in this report have been prepared by ICICI Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Securities. While we would endeavour to update the information herein on a reasonable basis, ICICI Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent ICICI Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or ICICI Securities policies, in circumstances where ICICI Securities might be acting in an advisory capacity to this company, or in certain other circumstances. This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. ICICI Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. ICICI Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice.

ICICI Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

ICICI Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction.

ICICI Securities or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the companies mentioned in the report in the past twelve months.

ICICI Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. ICICI Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither ICICI Securities nor Research Analysts and their relatives have any material conflict of interest at the time of publication of this report.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

ICICI Securities or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Since associates of ICICI Securities and ICICI Securities as a entity are engaged in various financial service businesses, they might have financial interests or actual/ beneficial ownership of one percent or more or other material conflict of interest in various companies including the subject company/companies mentioned in this report.

ICICI Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Neither the Research Analysts nor ICICI Securities have been engaged in market making activity for the companies mentioned in the report.

We submit that no material disciplinary action has been taken on ICICI Securities by any Regulatory Authority impacting Equity Research Analysis activities.

This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject ICICI Securities and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

This report has not been prepared by ICICI Securities, Inc. However, ICICI Securities, Inc. has reviewed the report and, in so far as it includes current or historical information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

---

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. None of the research recommendations promise or guarantee any assured, minimum or risk free return to the investors.

Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal, Contact number: 022-40701000, **E-mail Address** : [complianceofficer@icicisecurities.com](mailto:complianceofficer@icicisecurities.com)

For any queries or grievances: [Mr. Bhavesh Soni](#) Email address: [headsservicequality@icicidirect.com](mailto:headsservicequality@icicidirect.com) Contact Number: 18601231122

---