

Internet | Q1FY26 Result Update

CMP: Rs.272 | TP: Rs 170 | Downside 37%

Shift in model mirage lowered Q.C losses, overall pain remains

- Eternal reported Rev. growth of 22.9% QoQ (DE: 10.8%) at Rs. 71.7bn, driven by Blinkit & HyperPure biz, which grew 40%/24.7% QoQ. F.D biz. grew 10% QoQ (16% YoY), continuing to see demand moderation.
- EBITDA margin at 1.6% was below our estm. (DE: 2.9%), due to higher losses in the Going Out & Others biz. (Rs. 540mn/ 450mn loss), while Hyperpure & Blinkit losses lowered as both biz. lowered incremental costs vs. Rev. However, fierce competition in Q.C & slowing F.D biz. remain an overhang on sustainable growth and profitability.
- Commentary suggests peaking of QC losses, which we believe is due to leveraging of inventory model (to shift ~Rs1.5bn of OI into Operating profits), yet fierce competition in the segment would limit potential for meaningful turnaround in overall profitability. FY26 earnings more than halved, while FY27E earnings lowered by 16.5%. Noting potential risks and steep valuations, we maintain 'SELL' rating with DCF-based TP of Rs.170 (implies ~84x on FY27e EPS).

Food delivery mildly better, but eyes are on new initiatives

Food delivery biz. saw Rev. of Rs. 22.6bn, up 10% QoQ after mild dip in Q4. Apart from NOV/MTU growth of 9%/10% QoQ, growth was also visible in higher customer delivery charges & platform fees, up 11%/14% QoQ. GOV growth remains below guided range of 20% YoY, and Zomato expects a revival towards better growth only in FY27 (that too, largely led by user addition, and not demand). Commentary on new initiatives like Bistro (10-min delivery, housed under Blinkit) shows promise, but loss of Rs. 450mn suggests this biz. will take time to achieve scale and better unit economics.

Quick comm. losses narrow; new model promising

Blinkit rev grew 40% QoQ, with Rev. of Rs. 24bn, led by better take rates (up 216bps at 20.3%), and order volumes (up 24.7% QoQ at 177mn). Store addition was robust at 243, taking the store count to 1,544. Despite this, losses narrowed to -1.5% of GOV. Blinkit has begun, shifting towards its own inventory model (vs. marketplace), and is expected to transition entirely in next 2-3 quarters. While losses may not mount further meaningfully (as almost Rs1.5bn of Other income would move to operating profits over next few quarters), contd. competition would remain a headwind.

Growth phase of Hyperpure & Going Out lower profitability

Hyperpure Rev. at Rs.22.9bn grew 24.7% QoQ, but contd. to report EBITDA loss at Rs. 180mn. The Going-out biz. declined 9.6% QoQ, with EBITDA loss of Rs. 540mn (earmarked Rs. 1.5bn for loss funding), thus overall business profitability will continue to see sustained volatility/challenges.

Key Data

Nifty	25,091
Equity / FV	Rs 9,097mn / Rs 1
Market Cap	Rs 2,467bn
	USD 28.6bn
52-Week High/Low	Rs 305/ 199
Avg. Volume (no)	40,149,600
Bloom Code	ETERNAL IN

16	Current	Previous
Rating	SELL	SELL
Target Price	170	170

Change in Estimates

(Rs.bn)	Current		Chg (%)/bps	
	FY26E	FY27E	FY26E	FY27E
Revenue	310	434	3.7	9.0
EBITDA	11	31	(27.5)	5.3
EBITDA (%)	3.5	7.2	(152)	(25)
APAT	6	18	(54.7)	(16.5)
EPS (Rs)	0.6	2.0	(54.6)	(16.3)

Valuation (x)

	FY25A	FY26E	FY27E
P/E	467.6	446.1	134.0
EV/EBITDA	381.6	220.5	76.4
ROE (%)	2.1	1.8	5.4
RoACE (%)	(1.0)	(0.7)	3.3

Q1FY26 Result (Rs Mn)

Particulars	Q1FY26	YoY (%)	QoQ (%)
Revenue	71,670	70.4	22.9
Total Expense	70,520	75.0	22.4
EBITDA	1,150	(35.0)	59.7
Depreciation	3,140	110.7	9.4
EBIT	(1,990)	(810.7)	(7.4)
Other Income	3,540	50.0	(3.8)
Interest	670	168.0	19.6
EBT	880	(63.2)	(9.3)
Tax	630	(550.0)	8.6
RPAT	250	(90.1)	(35.9)
APAT	250	(90.1)	(35.9)
		(bps)	(bps)
Gross Margin	68.1	(574)	(389)
EBITDA (%)	1.6	(260)	37
NPM (%)	0.3	(567)	(32)
Tax Rate (%)	71.6	7745	1180
EBIT (%)	(2.8)	(344)	91

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Exhibit 1: Quarterly performance versus estimates

Particulars (Rs mn)		Estimates		% Variation		Comment
	Actual	Dolat	Consensus	Dolat	Consensus	
INR Revenue	71,670	64,618	66,243	10.9	8.2	Beat led by better than estm. Blinkit & Hyperpure biz. perf.
EBIT	(1,990)	(1,168)	(1,355)	70.4	46.8	Loss in the Going-out and others segment led to EBIT miss.
EBIT, margin	(2.8)	(1.8)	(2.0)	(100 bps)	(70 bps)	
PAT	250	1,603	1,051	(84.4)	(76.2)	Higher ETR further extended earnings miss

Source: Company, Dolat Capital

Change in Estimates

For FY26E/FY27E – Noting strong Q1FY26 top-line beat and healthy commentary, we raise our revenue estimates by 3.7%/9%. Along with continued store additions and their overheads, EBIT profitability in FY26 will be hit by continued investments in growing QC, Going-out business, investing in Hyperpure biz. and new initiatives like Bistro and Nugget. We now expect a loss at the EBIT level in FY26, and lower the OPM estimate for FY27E by 9.6%. PAT profit estimates more than halved to Rs. 5.5Bn and FY27E estimates lowered by 16.5%, noting volatile profitability from various segments.

Exhibit 2: Change in Estimates

Particulars (Rs. mn)	FY24A	FY25A	FY26E			FY27E		
	Actual	Actual	Old	New	Chg %	Old	New	Chg.(%)
INR Revenue	1,21,140	202,430	299,219	310,303	3.7	398,374	434,317	9.0
YoY growth (%)	71.1	67.1	47.8	53.3	548 bps	33.1	40.0	683 bps
Food Delivery Revenue	63,610	80,800	95,073	93,921	(1.2)	112,719	109,250	(3.1)
Hyperpure Revenue	31,720	61,960	94,546	63,521	(32.8)	121,129	48,941	(59.6)
Others	2,790	7,610	11,960	12,750	6.6	15,280	19,620	28.4
Blinkit Revenues	23,020	52,060	97,639	140,111	43.5	149,246	256,505	71.9
EBIT	(4,840)	(2,260)	2,250	(2,907)	(229.2)	14,192	12,823	(9.6)
EBIT margin (%)	(4.0)	(1.1)	0.8	(0.9)	(169 bps)	3.6	3.0	(61 bps)
PAT	3,510	5,270	12,201	5,530	(54.7)	22,036	18,406	(16.5)
EPS (Rs)	0.4	0.6	1.3	0.6	(54.7)	2.4	2.0	(16.6)

Source: Company, Dolat Capital

Earnings Call KTAs

Food Delivery Business - (Growth outlook moderated)

- **Food Delivery business (32% of Rev):** Food Delivery business reported Revenue of Rs. 22.6Bn, up 10% QoQ and up 16.4% YoY.
- **GOV** stood at Rs. 108Bn, up 10% QoQ, with MTUs too up 10% QoQ to 22.9mn.
- **Net Order Value:** Management had introduced a new metric- Net Order Value, which is GOV minus discounts during Q4FY25. Here, discounts include discounts funded by the Zomato/Blinkit platform or by its partners (brands, sellers, restaurants, among others).
- NOV for Food Delivery biz. in Q1FY26 was at Rs. 90Bn, up 13.1% on YoY and up 9.2% QoQ. This implies that discounts as a % of GOV stood at 16.7% (vs. 16% in Q4FY25).
- **Management stated that it would now disclose only NOV going forward.**
- Noting sluggish demand, management expects that the sluggish NOV growth trajectory in Food business has bottomed out and expects a pick-up hereon. For FY26, NOV growth will be below 20% YoY but above 15%.
- The Co. projects NOV growth to bounce back to 20% YoY in FY27, led by increased user addition and improved demand.

Exhibit 3: Food Ordering Metrics

Particulars	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26
Avg. MTUs (mn)	18.8	19.0	20.3	20.7	20.5	20.9	22.9
Avg. Monthly Active Food Delivery Restaurant Partners (000's)	254	270	276	292	306	314	313
Avg. Monthly Active Delivery Partners (000's)	419	418	469	498	480	444	509

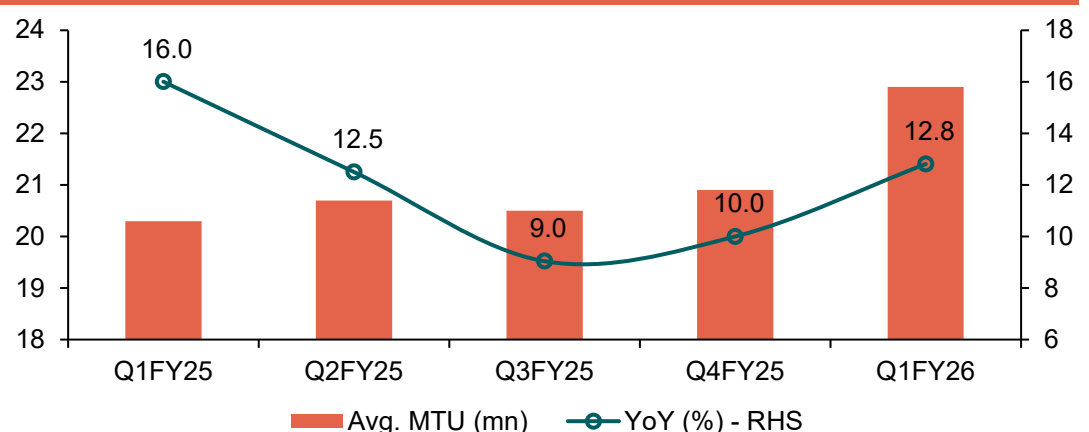
Source: Company

Exhibit 4: MTUs and Order Frequency Growing, AOV Relatively expanded

Particulars	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26
Avg MTU (Mn)	18.8	19.0	20.3	20.7	20.5	20.9	22.9
Orders (Mn) – calculated*	209.2	185.8	210	218	214	210	231
AOV (Rs) – calculated*	405	454	440	445	463	465	467
GOV (Rs bn)	84,860	83,390	92,640	96,900	99,130	97,780	10,769

Source: Company, * values are not given and rather derived based on available data

Exhibit 5: MTU improved slightly; from 20.9mn in Q4 to 22.9mn in Q1

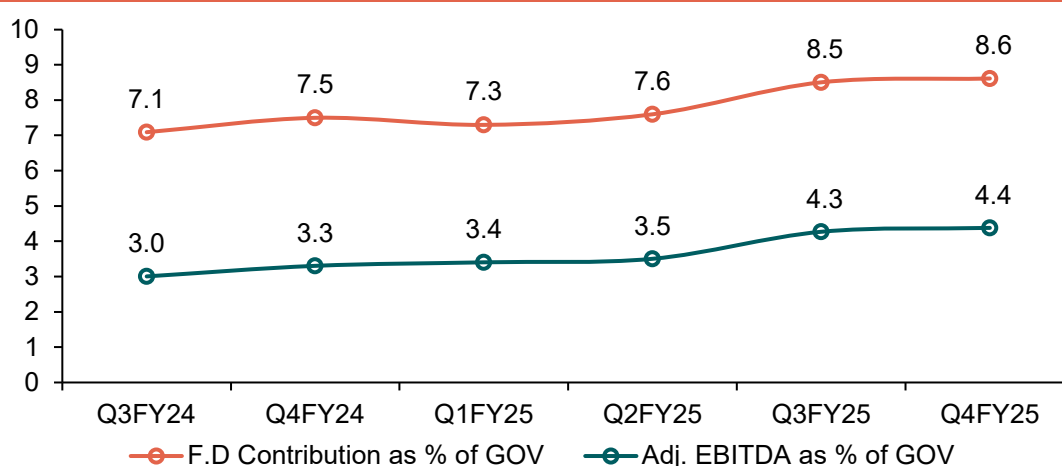


Source: Company, Dolat Capital

Key Points on the Food-Delivery Segment's Operational Performance:

- **Customer Delivery Charges** (not included in P&L but adjusted at revenue line) were up 11% QoQ, and up 4.5% YoY. Introduction of long-distance fee of Rs. 20 per order (between 4-6km), Rs. 40 per order (beyond 6km), and a small order fee under Rs. 150 (Rs. 40 beyond 6km) is likely to have contributed to this rise.
- **Platform Fee surges ahead** – Platform fee stood at Rs. 1,240mn, up 13.7%/134% QoQ/YoY.
- Food Delivery Contribution Margin (as a % of GOV) saw a mild dip to 8.2% of GOV in Q1FY26 vs. 8.6% in Q4FY25.
- **Adjusted EBITDA** stood at Rs. 4,510mn, up 5% QoQ, while Adj. EBITDA Margin as a % of GOV/NOV was at 4.2%/5.0%. (Mild dip vis-a-vis Q4 FY25: 4.4%/5.2%).

Exhibit 6: Improvement in Contribution/Adj.EBITDA as % of GOV



Source: Company, Dolat Capital

- **Impact on margins:** Though absolute Adj. EBITDA grew QoQ, margins lowered by 20bps (as a % of GOV), primarily due to seasonal factors (onset of summer and rains in different regions in India) and rider availability.
- Management focus is on raising investments to drive growth while maintaining Adj. EBITDA as a % of NOV to approx. 5%.
- **Other points:** Management appointed Mr. Aditya Mangla as the new CEO of the Food Delivery business. The company outlined that it is following a rotational CEO method for its mature business, i.e., the Food delivery business, to mitigate succession risk and decentralize execution.

HyperPure Business – Shift to inventory model in QC to impact the biz

HyperPure (32% of Rev): HyperPure continued its strong run, delivering a new Revenue high of Rs. 22.9Bn, up 24.7% QoQ / 89.4% YoY. Segment EBITDA loss, lowered slightly to Rs. 180mn (Q4FY25: Rs. 220mn loss).

Exhibit 7: Revenue performance improves, while losses lower

Particulars (Rs. Bn)	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26
HyperPure Revenue	9.5	12.1	14.7	16.7	18.4	22.9
COGS & other costs	9.7	12.3	14.9	16.9	18.6	23.1
Adj EBITDA	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)

Source: Company, Cost of Goods Sold is Purchase of stock in trade and Changes in inventories of traded goods

- **Impact of Blinkit converting into an inventory ownership model** (by becoming an Indian owned and controlled company or IOOC): Going forward, management shared that Hyperpure would see a sharp and significant dip in Revenue (will get halved on run-rate basis) in the upcoming quarters. This is primarily due shift of non-restaurant supplies of Hyperpure (fresh food and staples) to Blinkit.

Following is the mix of Revenue, Costs and Adj. EBITDA shared in Q4FY25 letter:

Exhibit 8: Split of Restaurant to Non-Restaurant mix

Hyperpure Mix %	Q1FY25	Q2FY25	Q3FY25	Q4FY25	FY2025
Restaurant business	48%	45%	45%	38%	44%
Non-restaurant business	52%	55%	55%	62%	56%
Revenue mix	100%	100%	100%	100%	100%
COGS & Other costs %					
Restaurant business	48%	46%	46%	39%	44%
Non-restaurant business	52%	54%	54%	61%	56%
Total cost mix	100%	100%	100%	100%	100%
Adj. EBITDA					
Restaurant business	68%	95%	84%	95%	86%
Non-restaurant business	32%	5%	16%	5%	14%
Adj. EBITDA mix	100%	100%	100%	100%	100%

Source: Dolat Capital, Company

Note: Q1FY26 data has not been shared.

Quick Commerce Business: Balance Sheet leverage to moderate operating losses

- **Quick Commerce (33% of Revenue):** Blinkit posted Revenue of Rs.24Bn for Q1FY26, up 40% QoQ. Although this is not completely comparable due to slight shift of revenues towards the inventory model, wherein Revenue effectively equals NOV.
- **GOV** stood at Rs. 118.2Bn, up 25.4% QoQ. Based on Revenue, the implied take rate now stands at 20.3% (18.1% in Q4FY25). Orders increased to 177mn, up 24.7% QoQ.
- **NOV:** Similar to the Food Delivery business, Blinkit had introduced the Net Order Value for Blinkit in Q4FY25. NOV is GOV minus discounts. Discounts for Q1FY26 stood at Rs.26bn, or 22% of GOV (Q4 FY25: 22%). The mix of discounts funded by the platform vs. partners (brands, sellers, etc), however, is unavailable.

- **Management also stated that it would discontinue the GOV metric and report only NOV starting Q2.**
- **New Store Additions:** Blinkit added 243 net new stores this quarter, taking the total store count to 1,544 as at the end of the quarter. Average GOV per day, per store, stood at Rs. 943K, at flattish +0.11% QoQ – although no color has been provided on same-store sales growth and gains coming from increased store openings in the same market.
- Management reiterated its target of 2,000 store count by the end of Dec-25. Blinkit has set an aspiration of 3,000 stores, but this would be evaluated after achieving 2,000 store mark and declined to give a timeline on the aspiration.
- **Adjusted EBITDA margin (as a % of GOV)** improved to -1.4% from -1.9% (loss of Rs. 1,620mn in Q1 vs. loss of Rs. 1,780mn in Q4. Adj. EBITDA loss as a % of NOV was -1.8%. The loss has been lowered on a reported basis; however, it is not very comparable as some part of the reduction is owing to shift to inventory model, which has resulted in higher realised margins at the cost of other income foregone.
- Management stated that long-term profitability of Blinkit was not a concern, as a large portion of the business is already profitable, and some cities have already achieved 2.5% Adj. EBITDA as a % of NOV (vs. overall company of -1.8%).
- Margins are near bottoming out if competitive intensity remains the same as today. Management cautioned that the margin improvement journey won't be linear due to competitive intensity and some unforeseen factors.
- Both existing mature markets as well as small cities continue to show good growth and profitability promise. The Delhi region continues to grow at 70% NOV growth YoY, while smaller cities have a low cost of operations, making business feasible.

Update on Inventory ownership:

- **Background:** On 18th April, 2025, the Eternal (Zomato) board approved a proposal to cap foreign shareholding at 49.5%. With this move, Zomato intends to gradually transition towards an inventory ownership model (Vs the Marketplace model at this point) in Blinkit.
- **Management updated that Blinkit will be transitioning the entire Quick commerce business into an inventory ownership model over next 2-3 quarters.** Control over inventory would lend Blinkit greater leverage on margins in the business and push faster on assortment expansion.
- **Overall, Blinkit expects 1% margin expansion over time, as a result of this transition.**
- **Key changes to financial statements:** 1) Quick commerce revenue will become very similar to NOV going forward. Hence, Quick commerce revenue will increase, 2) Hyperpure revenue will decrease (revenue run rate to go down by ~50%) on account of scale down of non-restaurant business, 3) Net working capital (NWC) in quick commerce business will increase (as Blinkit starts owning inventory) and NWC in Hyperpure business will decrease, 4) No change to quick commerce NOV and no change to Hyperpure's restaurant business revenue or profitability.
- **Improved business RoCE:** Blinkit has guided for 5-6% Adj. EBITDA margin as a % of NOV (though the timeline was not specified), and this will result in 40% RoCE.

- **Management assumptions:** A typical store requires a capex of ~ Rs. 10mn, incl. apportioned capex of the warehouse serving that store. Blinkit has incurred ~Rs. 10Bn of capex in the last 5 quarters for setting up ~1,000 net new stores and ~2.5 million sqft of warehouse capacity.
- At current productivity levels (of Rs. 0.7mn of NOV per store per day), a store generates ~Rs. 260mn of NOV annually.
- This implies a cumulative capex requirement of ~4% of NOV to run this business (Rs. 10mn of capex divided by Rs. 260mn of annual NOV).
- On the net working capital (NWC) front, Blinkit is currently a marketplace business (where it doesn't own inventory). Here, NWC has been at 3-4 days of NOV (~1% of NOV) (see table below).

Exhibit 9: NWC for Blinkit for past 5 quarters

	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26
NWC period balance at end of period (a)	222	321	274	273	288
(Increase)/Decrease in NWC	(44)	(98)	47	1	(15)
NOV for the quarter (b)	16,245	19,712	24,080	29,447	36,810
NOV days for qtr ((a)/(b)*365)	5.0	5.9	4.2	3.4	2.9

Source: Dolat Capital, Company

- Going forward however, assuming 100% inventory ownership Blinkit estimates that the NWC requirement would increase to about 18 days (or 5% of NOV).
- Overall, Management assumes that: a) Capital employed will be ~9% of NOV (4% of NOV as Capex + 5% of NOV as Net working capital), and b) EBIT margin is assumed at 4% of NOV. **Furthermore, management believes this to be a conservative estimate.**

Exhibit 10: Blinkit Metrics

Particulars	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26
KPIs									
Orders	36.8	45.5	55.8	65.3	78.8	92.9	110.3	141.7	176.7
AOV	582	607	635	617	625	660	707	665	669
MTU	3.9	4.7	5.4	6.4	7.6	8.9	10.6	13.7	16.9
Monthly order frequency per customer	NA	3.2	3.4	3.4	3.5	3.5	3.5	3.4	3.5
GOV per day, per dark store	620	757	889	920	956	981	970	942	943
Orders per day, per dark store	NA	1217	1,360	1364	1355	1291	1,204	1197	1,258
Number of Dark Stores	383	411	451	526	639	791	1,007	1301	1,544
Key Financial Metrics									
GOV	21,400	27,600	35,420	40,270	49,230	61,320	77,980	94,231	118,210
Revenues	3,840	5,050	6,440	7,690	9,420	11,560	13,990	17,090	24,000
Contribution	(140)	360	860	1,580	1,990	2,340	2,320	2,890	3,600
Adj EBITDA	(1,330)	(1,250)	(890)	(370)	(30)	(80)	(1,030)	(1,780)	(1,620)
Contribution margin (% of GOV)	(0.6)	1.3	2.4	3.9	4.0	3.82	2.98	3.07	3.05
Adj EBITDA (% of GOV)	(6.2)	(4.5)	(2.5)	(0.9)	(0.1)	(0.13)	(1.32)	(1.89)	(1.37)
Derived metrics									
Take Rate/Commission rate	17.9	18.3	18.2	19.1	19.1	18.9	17.9	18.1	20.3
Rev/order	104.3	111.0	115.4	117.8	119.5	124.4	126.8	120.6	135.8
Cost total	5170	6300	7330	8060	9450	11,640	15,020	18,870	25,620
Cost/order	140	138	131	123	120	125	136	133	145
Contribution/order	(4)	8	15	24	25	25	21	20	20
OPH/Dark Store	179.7	205.0	229.1	229.9	228.4	217.5	202.8	201.7	211.9

Source: Company, Dolat Capital

Going Out Segment (3% of Rev): 'Going Out' reflects Dine-Out and Live Events biz.

The business reported a GOV of Rs. 23.7Bn, up 8.5% QoQ and up 86.9% YoY. Business NOV stood at Rs. 20.1, up 7.8%/95.2% QoQ, Revenues were down 9.6% QoQ at Rs. 2,070mn due to seasonal weakness.

Gross Take rate (as a % of GOV) lowered to 8.7% in Q1FY26 vs. 10.5% in Q4. Adjusted EBITDA loss was higher at Rs.540mn (vs. Rs.470mn in Q4FY25).

Management guided that this business is well placed to grow at 30% YoY on NOV basis. In Q1FY26, the District app had about 2mn avg. MTUs, transacting ~2 times a month on an average with a net AOV (NAOV) of Rs. 1,700+.

Further, management guided that this business has the potential to scale to \$3bn in annual topline (NOV) from the current annualized run-rate of ~937mn and achieve \$150m of Adjusted EBITDA over the next five years.

Additional Points:

Others Vertical: This business segment houses new initiatives such as Nugget (AI platform) and Bistro (10-min Food delivery in select cities). Revenue was Rs. 40mn, but loss stood at Rs. 450mn.

The increase in quarterly losses is primarily attributed to investments in a 10-minute food delivery service, Bistro, where the kitchen infrastructure is owned and operated by Blinkit. Currently, 38 such kitchens live across Delhi-NCR and Bangalore. Early data suggests that Bistro is generating incremental demand without cannibalizing Zomato's core business.

Management stated that while customer traction is strong, the company is still evaluating the path to profitability and will continue calibrated investments to build a scalable and profitable model.

In addition to Bistro, the company also plans to invest in scaling Nugget and its new initiative, Greening India. **A total of Rs. 1500mn has been budgeted for loss funding across these three initiatives in FY26, which will reflect under the "Others" segment.**

OPM: On an overall basis, Zomato reported an OPM loss of 2.8% due to losses in the Going out, Blinkit and Others segments. OPM loss stood at Rs. 1,990mn (Q4'FY25: Rs. 2,150mn).

Inventory: During the quarter, the inventory levels increased by Rs2.7bn, primarily due to shift to the inventory model in QC business.

Cash Balance: Zomato's cash balance stood at Rs.188.6bn+ (Q4'FY25: Rs.188.2Bn).

Other Income: Other income for the quarter declined from Rs3.7bn to Rs3.5bn and would continue to see further decline as investment in inventory would scale multifold to nearly ten-fold to nearly ~Rs30bn to support the requirement of 18 days inventory needs for the annual GOV at approximately Rs600bn in QC biz.

PAT: Profit for the quarter stood at Rs. 250mn; it was well below our estimate of Rs. 1.6Bn.

Exhibit 11: Quarterly and YTD Trend

Particulars (mn)	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	YoY (%)	QoQ (%)	FY24	FY25	YoY (%)
INR Revenue	42,060	42,060	54,050	58,330	71,670	70.4	22.9	121,140	202,430	67.1
Operating Exp.	40,290	40,290	52,430	57,610	70,520	75.0	22.4	120,720	196,060	62.4
Employee Exp.	5,290	5,290	6,890	7,500	8,300	56.9	10.7	16,590	25,580	54.2
as % of sales	12.6	12.6	12.7	12.9	11.6	-100 bps	-128 bps	13.7	12.6	(106 bps)
Other Expenses	35,000	35,000	45,540	50,110	62,220	77.8	24.2	104,130	170,480	63.7
as % of sales	83.2	83.2	84.3	85.9	86.8	360 bps	91 bps	86.0	84.2	(174 bps)
EBITDA	1,770	1,770	1,620	720	1,150	(35.0)	59.7	420	6,370	LTP
Depreciation	1,490	1,490	2,470	2,870	3,140	110.7	9.4	5,260	8,630	64.1
EBIT	280	280	(850)	(2,150)	(1,990)	LTL	LTL	(4,840)	(2,260)	LTL
Other Income	2,360	2,360	2,520	3,680	3,540	50.0	(3.8)	8,470	10,770	27.2
Finance Cost	250	250	430	560	670	168.0	19.6	720	1,540	113.9
Exceptional items	0	0	0	0	0	N.M	N.M	0	0	N.M
PBT	2,390	2,390	1,240	970	880	(63.2)	(9.3)	2,910	6,970	LTP
Tax	(140)	(140)	650	580	630	(550.0)	N.M	(600)	1,700	LTL
Reported PAT	2,530	2,530	590	390	250	(90.1)	2`	3,510	5,270	LTP
MI	0	0	0	0	0	N.M	N.M	0	0	NM
PAT after MI	2,530	2,530	590	390	250	(90.1)	(35.9)	3,510	5,270	LTP
Reported EPS	0.3	0.3	0.1	0.0	0.0	(89.3)	(25.0)	0.4	0.6	LTP
Margins (%)							(bps)	(bps)		
EBIDTA	4.2	4.2	3.0	1.2	1.6	(260 bps)	37 bps	0.3	3.1	LTL
EBIT	0.7	0.7	(1.6)	(3.7)	(2.8)	(344 bps)	N.M	(4.0)	(1.1)	LTL
PBT	5.7	5.7	2.3	1.7	1.2	(445 bps)	(44 bps)	2.4	3.4	LTP
PAT	6.0	6.0	1.1	0.7	0.3	(567 bps)	(32 bps)	2.9	2.6	LTP
Effective Tax rate	(5.9)	(5.9)	52.4	59.8	71.6	N.M	N.M	(20.6)	24.4	N.M

Source: Company, Dolat Capital

What to expect next quarter

We expect revenue growth of 4.6% QoQ, led by Blinkit's continued store expansion, while the Food Delivery business is expected to see seasonal slowness, along with the Going out business. We expect some moderation in store addition run-rate for the next quarter (but still on track towards Dec-2025 target), while also improving operational performance on most businesses. Hence, OPM loss is expected to be lower by 139bps QoQ.

Exhibit 12: What to expect next quarter

Particulars (Rs Mn)	Q2FY26E	Q1FY26	Q2FY25	QoQ (%)	YoY (%)
INR Revenue	74,958	71,670	47,990	4.6	56.2
EBIT	(1,040)	(1,990)	460	(47.7)	(326.1)
PAT	1,313	250	1,760	425.2	(25.4)
EPS (Rs)	0.1	0.0	0.2	382.0	(27.3)
EBIT Margin (%)	(1.4)	(2.8)	1.0	139 bps	(235 bps)

Source: Company

Valuation

Eternal (Zomato) is aggressively expanding its Quick commerce segment in India and maintains its leadership in food delivery, while the Going-out business is set to benefit from the integration of the acquired business and new investment plans. We expect growth in all of the variables (orders, AOV, MTU, new user acquisition) but maintain that the path to profitability would be volatile, especially with quick commerce, going out and other initiatives such as Bistro/Nugget.

We have currently factored in Revenue CAGR of ~37% over FY25-30E & expect it to be ~15% over FY30-40E in the second growth stage with an average EBIT Margin of ~5% over FY26-FY40E, Cost of Capital of ~11% and terminal growth rate of ~3%. Taking these assumptions and noting expensive valuations, **we maintain our 'SELL' rating on Eternal with TP of Rs.170 (implies ~84x of FY27E earnings).**

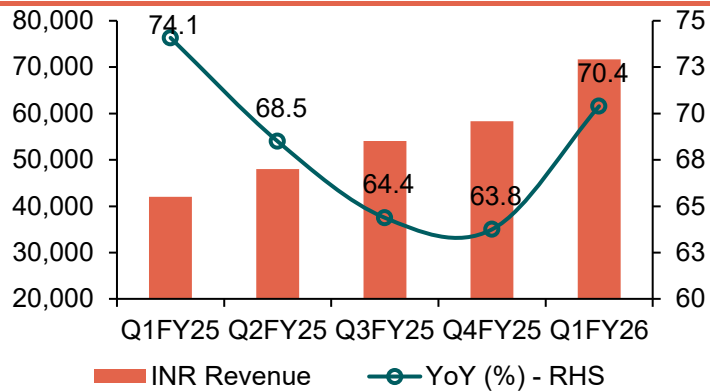
Exhibit 13: Key Assumptions In Our Estimates

Key Assumption	FY22	FY23A	FY24A	FY25A	FY26E	FY27E
Food Delivery Metrics						
GOV (Rs. Mn)	2,13,000	263,100	3,22,230	386,450	453,907	530,341
Orders (Mn)	535	646	753	853	966	1,092
AOV (Rs. Abs)	398.0	407.0	428.0	453.2	469.7	485.8
Net Take Rates (%)	16.0	17.2	19.7	20.9	20.7	20.6
Customer Delivery Charge (Rs. Abs, per order)	25.3	25.0	17.9	11.7	11.8	12.5
Food Delivery Revenue Growth (YoY)	141.7	32.8	40.3	15.7	17.2	18.0
HyperPure Metrics						
HyperPure Restaurants	16,984	40,750	41,125	56,250	59,688	62,422
Order value per restaurants (in Mn)	0.32	0.37	0.77	1.10	1.06	0.78
HyperPure Revenue Growth (YoY)	168.5	180.2	110.6	95.3	2.5	(23.0)
Company Level Assumptions						
INR Revenue Growth (YoY)	110.3	68.9	71.1	67.1	53.3	40.0
EBIT Margin (%)	(47.7)	(23.3)	(4.0)	(1.1)	(0.9)	3.0
Blinkit						
GOV (Rs. Mn)	NA	46,095	1,24,690	231,351	339,312	497,613
Orders (Mn)	NA	86.6	203.4	382.6	588.6	852.0
AOV (Rs. Abs)	NA	533	613	605	576	584
Net Take Rates (%)	NA	14.4	18.5	18.7	17.8	18.2

Source: Company, Dolat Capital

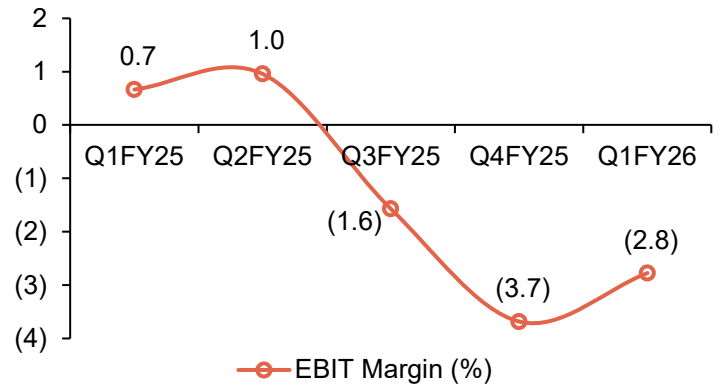
Story in Charts

Exhibit 14: Overall Revenue Grew 70.4% YoY



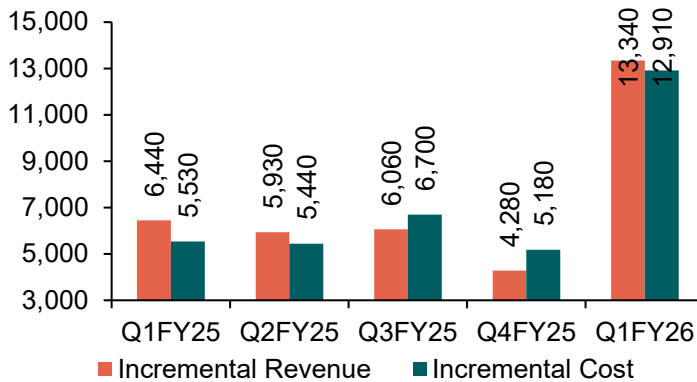
Source: Company, Dolat Capital

Exhibit 15: OPM loss lowered QoQ at 2.8%



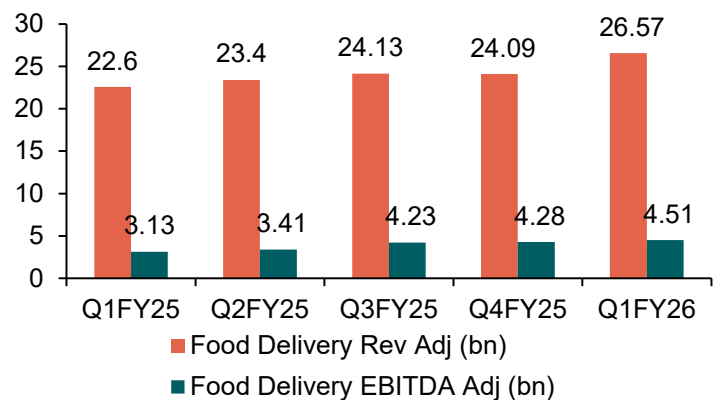
Source: Company, Dolat Capital

Exhibit 16: Incremental Rev trend accelerating



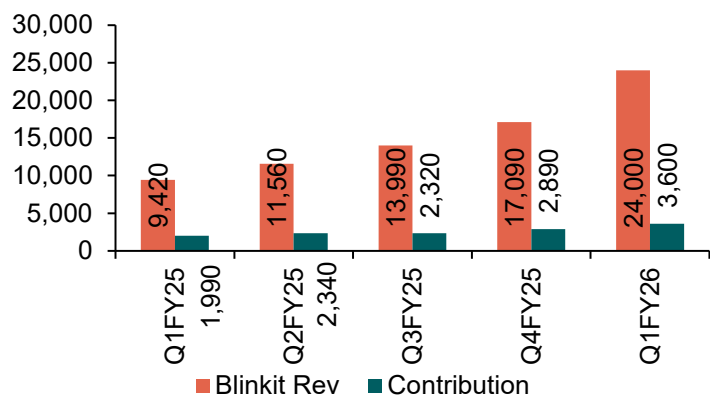
Source: Company, Dolat Capital

Exhibit 17: Adj. EBITDA in Food Delivery Improves



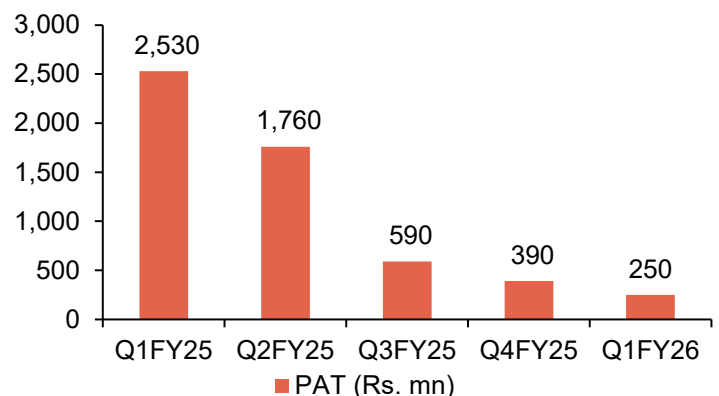
Source: Company, Dolat Capital

Exhibit 18: Blinkit's contribution improves



Source: Company, Dolat Capital

Exhibit 19: Various biz investments lowered PAT



Source: Company, Dolat Capital

Financial Performance

Profit and Loss Account

(Rs Mn)	FY24A	FY25A	FY26E	FY27E
Revenue	121,140	202,430	310,303	434,317
Total Expense	120,720	196,060	299,323	402,832
COGS	28,820	55,650	59,578	43,181
Employees Cost	16,590	25,580	36,762	48,031
Other expenses	75,310	114,830	202,983	311,621
EBIDTA	420	6,370	10,980	31,485
Depreciation	5,260	8,630	13,887	18,662
EBIT	(4,840)	(2,260)	(2,907)	12,823
Interest	8,470	10,770	13,133	13,234
Other Income	720	1,540	2,746	3,050
Exc. / E.O. items	0	0	0	0
EBT	2,910	6,970	7,480	23,007
Tax	(600)	1,700	1,950	4,601
Minority Interest	0	0	0	0
Profit/Loss share of associates	0	0	0	0
RPAT	3,510	5,270	5,530	18,406
Adjustments	0	0	0	0
APAT	3,510	5,270	5,530	18,406

Balance Sheet

(Rs Mn)	FY24A	FY25A	FY26E	FY27E
Sources of Funds				
Equity Capital	8,680	9,070	9,097	9,097
Minority Interest	(70)	(70)	(70)	(70)
Reserves & Surplus	195,450	294,100	314,874	345,387
Net Worth	204,130	303,170	323,971	354,484
Total Debt	0	0	0	0
Net Deferred Tax Liability	0	0	0	0
Total Capital Employed	204,060	303,100	323,901	354,414

Applications of Funds

Net Block	64,480	95,320	110,075	121,556
CWIP	180	510	730	730
Investments	116,450	131,920	130,420	131,520
Current Assets, Loans & Advances	52,450	128,480	149,911	182,530
Current Investments	0	0	0	0
Inventories	880	1,760	4,760	8,760
Receivables	7,940	19,460	28,055	35,697
Cash and Bank Balances	7,310	36,140	46,365	62,893
Loans and Advances	0	0	0	0
Other Current Assets	36,320	71,120	70,731	75,179
Less: Current Liabilities & Provisions	29,500	53,130	67,236	81,922
Payables	8,860	15,360	21,580	29,162
Other Current Liabilities	20,640	37,770	45,656	52,760
<i>sub total</i>				
Net Current Assets	15,640	39,210	36,310	37,714
Total Assets	204,060	303,100	323,901	354,414

E – Estimates

Important Ratios

Particulars	FY24A	FY25A	FY26E	FY27E
(A) Margins (%)				
Gross Profit Margin	76.2	72.5	80.8	90.1
EBIDTA Margin	0.3	3.1	3.5	7.2
EBIT Margin	(4.0)	(1.1)	(0.9)	3.0
Tax rate	(20.6)	24.4	26.1	20.0
Net Profit Margin	2.9	2.6	1.8	4.2
(B) As Percentage of Net Sales (%)				
COGS	23.8	27.5	19.2	9.9
Employee	13.7	12.6	11.8	11.1
Other	62.2	56.7	65.4	71.7
(C) Measure of Financial Status				
Gross Debt / Equity	0.0	0.0	0.0	0.0
Interest Coverage	(0.6)	(0.2)	(0.2)	1.0
Inventory days	3	3	6	7
Debtors days	24	35	33	30
Average Cost of Debt	4193.1			
Payable days	27	28	25	25
Working Capital days	0	11	13	13
FA T/O	1.9	2.1	2.8	3.6
(D) Measures of Investment				
AEPS (Rs)	0.4	0.6	0.6	2.0
CEPS (Rs)	1.0	1.5	2.1	4.1
DPS (Rs)	0.0	0.0	0.0	0.0
Dividend Payout (%)	0.0	0.0	0.0	0.0
BVPS (Rs)	23.5	33.4	35.7	39.0
RoANW (%)	1.8	2.1	1.8	5.4
RoACE (%)	(1.8)	(1.0)	(0.7)	3.3
RoAIC (%)	(2.5)	(1.0)	(1.1)	4.5
(E) Valuation Ratios				
CMP (Rs)	272	272	272	272
Mcap (Rs Mn)	2,467,036	2,467,036	2,467,036	2,467,036
EV	2,459,726	2,430,896	2,420,671	2,404,143
MCap/ Sales	20.4	12.2	8.0	5.7
EV/Sales	20.3	12.0	7.8	5.5
P/E	671.9	467.6	446.1	134.0
EV/EBITDA	5856.5	381.6	220.5	76.4
P/BV	11.6	8.1	7.6	7.0
Dividend Yield (%)	0.0	0.0	0.0	0.0
(F) Growth Rate (%)				
Revenue	71.1	67.1	53.3	40.0
EBITDA	(103.5)	1416.7	72.4	186.7
EBIT	LTL	LTL	LTL	LTP
PBT	LTP	139.5	7.3	207.6
APAT	LTP	50.1	4.9	232.8
EPS	LTP	43.7	4.8	232.8

E – Estimates

Cash Flow

Particulars	FY24A	FY25A	FY26E	FY27E
Profit before tax	2,910	970	7,480	23,007
Depreciation & w.o.	5,260	2,870	13,887	18,662
Net Interest Exp	(1,510)	(820)	(2,746)	(3,050)
Direct taxes paid	(1,050)	100	(1,950)	(4,601)
Change in Working Capital	1,180	(6,020)	2,900	(1,404)
Non Cash	(330)	220	7,222	4,738
(A) CF from Operating Activities	6,460	(2,680)	26,793	37,352
Capex {(Inc.)/ Dec. in Fixed Assets n WIP}	(2,020)	(3,170)	(28,863)	(30,143)
Free Cash Flow	4,440	(5,850)	(2,070)	7,209
(Inc.)/ Dec. in Investments	(7,630)	(2,590)	1,500	(1,100)
Other	6,180	2,440	0	0
(B) CF from Investing Activities	(3,470)	(3,320)	(26,710)	(31,243)
Issue of Equity/ Preference	310	20	7,396	7,369
Inc./(Dec.) in Debt	(400)	0	0	0
Interest exp net	0	0	0	0
Dividend Paid (Incl. Tax)	0	0	0	0
Other	(1,980)	(1,450)	2,746	3,050
(C) CF from Financing	(2,070)	(1,430)	10,142	10,419
Net Change in Cash	920	(7,430)	10,225	16,528
Opening Cash balances	2,181	14,090	6,660	16,885
Closing Cash balances	3,101	6,660	16,885	33,413

E – Estimates

Notes

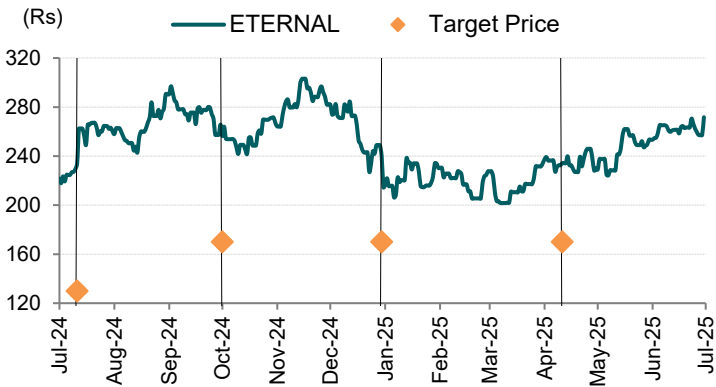
Stock Info and Rating History

Price Performance

Particulars	1M	3M	12M
Absolute (%)	7	14	23
Rel to NIFTY (%)	7	11	20

Shareholding Pattern

Particulars	Dec'24	Mar'25	Jun'25
Promoters	0.0	0.0	0.0
MF/Banks/FIs	20.5	23.5	23.5
FIIIs	47.3	44.4	44.4
Public / Others	32.2	32.2	32.2



Month	Rating	TP (Rs.)	Price (Rs.)
Aug-24	SELL	130	234
Oct-24	SELL	170	256
Jan-25	SELL	170	240
May-25	SELL	170	234

*Price as on recommendation date

Notes

Dolat Rating Matrix

Total Return Expectation (12 Months)

Buy	> 20%
Accumulate	10 to 20%
Reduce	0 to 10%
Sell	< 0%

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SEBI Registration No: BSE - INZ000274132, NSE - INZ000274132, Research: INH000014012

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