

Eternal (ETERNAL) - BUY

Q4FY26 Result Update

Current Market Price (CMP) Rs.253	Fair Value (FV) Rs.375
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Rationale:

- We expect Eternal to report healthy growth performance in Q4FY26, driven by 17% yoy growth in food delivery NOV and 99% yoy growth in Blinkit NOV.
- Sequentially, we expect FD NOV to decline 2.4% and Blinkit NOV to increase 10%.
- We expect food delivery to report EBITDA margin of 5.7% of NOV, up 30 bps qoq.
- We expect Blinkit to report sequentially flat contribution and EBITDA margin as operating leverage of older stores is offset by pricing action taken by the company.
- Key monitorables from the result will be commentary on competitive intensity and clarity on Blinkit's growth and profitability targets.

Positives:

- Food delivery: Expect GOV/NOV growth of 20/17% yoy.
- Expect 30 bps qoq CM expansion on higher platform fee
- Blinkit: Expect NOV growth of 99% yoy and flat sequential EBITDA.
- Blinkit best-positioned amongst peers.
- We expect GOV CAGR of 19% in food delivery and 54% in Blinkit over FY26-28E.

Negatives:

- Blinkit growth trajectory of 10% qoq NOV growth is slower than earlier on account of high competitive intensity and consequent market-share increase by competitors.

(GMV -Gross Merchandise Value, GOV - Gross Order Value, NOV – Net Order Value, CM – Contribution Margin, SOTP - Sum of the Parts, CAGR - Compound Annual Growth Rate, EBITDA - Earnings Before Interest, Taxes, Depreciation, and Amortization, BPCL-Blink Commerce Private Ltd , MTU - Monthly Transacting Users)



The content of this document has been derived from KIE research report. Kotak's PCG Research has summarized the report (Research Team: shrikant.chouhan@kotak.com). Readers who wish to access the complete report are kindly requested to contact their respective Relationship Manager. Further, the recipient of this material should take their own professional advice before investing.

Holding Period: 12 months

RATING SCALE (PRIVATE CLIENT GROUP)

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- BUY** – We expect the stock to deliver more than 15% returns over the next 12 months
- ADD** – We expect the stock to deliver 5% - 15% returns over the next 12 months
- REDUCE** – We expect the stock to deliver -5% - +5% returns over the next 12 months
- SELL** – We expect the stock to deliver < -5% returns over the next 12 months
- NR** – **Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
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- NA** – **Not Available or Not Applicable.** The information is not available for display or is not applicable
- NM** – **Not Meaningful.** The information is not meaningful and is therefore excluded.
- NOTE** – Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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