

Swiggy (SWIGGY) - BUY

Company Update

Current Market Price (CMP)

Rs. 289

Fair Value (FV)

Rs.400

Rationale:

- The QC segment remains competitive, with players such as Blinkit and Instamart competing aggressively with Zepto, Amazon Now and Flipkart Minutes.
- Instamart seems intent on achieving CM breakeven by Q1FY27E, indicating its willingness to perhaps slow down on growth.
- We model this competitive intensity by assuming slower NOV growth of 34% yoy for Instamart in FY27E.
- We believe most competitors are incurring large cash burns, which may not be sustainable.
- Swiggy remains a high beta play and may see significant benefits on account of industry consolidation.
- We retain BUY with a revised SoTP-based FV of Rs400 (Rs415 earlier).

(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)

👍 Positives:

- We estimate Instamart to be contribution margin breakeven in Q2FY27E.
- We model 34%/40% yoy NOV growth for Instamart for FY27/28E.
- We model CAGR of 19/37% in food delivery/Instamart GOV over FY26-28E.

👎 Negatives:

- High competitive intensity in QC.



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

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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
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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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