

Quick Commerce Led Growth; Competitive Intensity Remains
Est. vs. Actual for Q2FY26: Revenue – **BEAT**; EBITDA – **BEAT**; PAT – **BEAT**
Change in Estimates post Q2FY26
FY26E/FY27E: Revenue: 38%/103%; EBITDA: 5%/6%; PAT: 3%/7%

Recommendation Rationale

- **NOV Growth:** Zomato's B2C operations delivered a strong 57% YoY rise in Net Order Value (NOV) to Rs 23,164 Cr, underscoring broad-based demand momentum. Consolidated revenue soared 183% YoY and 90% QoQ to Rs 13,590 Cr in Q2FY26, with LFL growth of 65%, primarily propelled by exceptional performance in the Quick Commerce segment, which recorded its highest-ever NOV growth of 137% YoY (27% QoQ) in the past 10 quarters. The steep topline jump was largely driven by a shift towards inventory-led operations within the quick commerce vertical. On the expansion front, the company added 272 new stores, taking the total count to 1,816 by Q2FY26. Management remains committed to aggressive footprint growth, targeting 2,100 stores by Dec'25 and 3,000 stores by Mar'27.
- **Food Delivery Outlook:** The Food Delivery growth rate bottomed out and is on a recovery path with 14% YoY NOV growth, while profitability improved QoQ to an all-time high of 5.3% of NOV from 5% in Q1FY26. Management expects the food business to grow 15% in FY26 (+20% in FY27).
- **GST Tax Rates Impact:** GST rate cuts have lowered the average tax on Blinkit's typical basket by ~3%, likely supporting higher demand from Q3FY26 onwards. In Q2FY26, however, growth and margins were muted as customers delayed purchases in anticipation of changes. Additionally, the 18% GST on food delivery charges (affecting ~25% of paid deliveries) slightly weighed on business growth, as the tax was passed on to customers. Delivery charges on Blinkit orders remained unaffected.

Sector Outlook: Cautious on account of increased competitive intensity.

Company Outlook & Guidance: Near-term margin pressure is likely owing to increased competitive intensity.

Current Valuation: SOTP

Current TP: Rs 360/share (Earlier TP: Rs 250/share)

Recommendation: Although the long-term outlook remains strong, we believe competitive intensity is likely to see near-term volatility. Hence, **we maintain our HOLD rating on the stock.**
Financial Performance

In Q2FY26, Zomato reported revenue of Rs 13,590 Cr, up 183% YoY. The company reported operating profits of Rs 239 Cr and operating margins of 1.8%, down 295 bps YoY, due to higher operating costs on account of rapid store expansion. Net profit de-grew 63% YoY, to Rs 65 Cr.

Outlook: From a long-term perspective, Zomato has built a resilient business model by securing multiple strategic verticals and delivering broad-based growth. However, near-term challenges, such as rising competitive intensity, rapid store expansion, are likely to keep profitability under pressure. Consequently, **we maintain HOLD and value the stock at Rs 360/share based on an SOTP valuation, implying a 3% return from the CMP.**

Key Financials (Consolidated)

(Rs Cr)	Q2FY26	QoQ (%)	YoY (%)	Axis Est.	Variance
Net Sales	13,590	89.6	183.2	6,450	110.7
EBITA	239	107.8	5.8	155	54.2
EBITA Margin	1.8	15 bps	-295 bps	2.4	-64 bps
Net Profit	65	160.0	-63.1	55	18.2
EPS (Rs)	0.1	133.3	-65.0	0.0	75.0

Source: Company, Axis Securities Research

 (CMP as of 16th October, 2025)

CMP (Rs)	348
Upside /Downside (%)	3%
High/Low (Rs)	355/189
Market cap (Cr)	3,36,218
Avg. daily vol. (6m) Shrs.	50,366
No. of shares (Cr)	965

Shareholding (%)

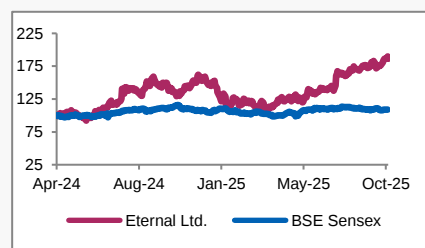
	Mar-25	Jun-25	Sep-25
Promoter	0.0	0.0	0.0
FII's	44.4	42.3	39.0
MFs/UTI	19.4	21.6	24.7
Banks/FIs	0.0	0.0	0.0
Others	36.3	36.1	36.3

Financial & Valuations

Y/E Mar (Rs Cr)	FY25E	FY26E	FY27E
Net Sales	20,243	36,582	74,016
EBITDA	637	581	842
Net Profit	527	733	924
EPS (Rs)	0.61	0.76	0.96
P/BV (x)	10	11	10
ROE (%)	2%	2%	3%
ROCE (%)	3%	3%	4%

Change in Estimates (%)

Y/E Mar	FY26E	FY27E
Sales	38%	103%
EBITDA	5%	6%
PAT	3%	7%

Relative Performance


Source: Ace Equity, Axis Securities Research

Results Gallery
[Q1FY26](#)
[Q4FY25](#)
[Q3FY25](#)
[Q2FY25](#)
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Results Review
(Rs Cr)

Particulars (Rs Cr)	Q2FY25	Q1FY26	Axis Est.	Q2FY26	YoY growth (%)	QoQ growth (%)
Net Sales	4,799	7,167	6,450	13,590	183.2	89.6
COGS	1,334	2,284	1,778	7,742	480.4	239.0
Gross Profits	3,465	4,883	4,672	5,848	68.8	19.8
Gross Margin (%)	72.2	68.1	72.4	43.0	-2917 bps	-2510 bps
Staff costs	590	830	1,345	865	46.6	4.2
Ad spends & Delivery charges	1,819	2,540	1,694	3,019	66.0	18.9
Other operating expenses	830	1,398	1,478	1,725	107.8	23.4
EBITDA	226	115	155	239	5.8	107.8
EBITDA margin (%)	4.7	1.6	2.4	1.8	-295 bps	15 bps
Depreciation	180	314	392	376	108.9	19.7
EBIT	46	(199)	(237)	(137)	(397.8)	(31.2)
Other Income	221	354	372	352	59.3	(0.6)
Interest Cost	30	67	61	86	186.7	28.4
PBT	237	88	74	129	(45.6)	46.6
Tax	61	63	19	64		
PAT	176	25	55	65	(63.1)	160.0
EPS	0.20	0.03	0.04	0.07	(65.0)	133.3

Source: Company, Axis Securities Research

Financials (Consolidated)

Profit & Loss

(Rs Cr)

Y/E March	FY25	FY26E	FY27E	FY28E
Net sales	20,243	36,582	74,016	1,23,457
Other operating income	0	0	0	0
Total Income	20,243	36,582	74,016	1,23,457
Purchase of stock in trade	5,653	10,243	21,465	29,630
Change in inventories of traded goods	0	0	0	0
Employee benefits expense	2,558	6,402	13,101	27,160
Operating Expenses	11,483	19,356	38,609	66,586
Total Cost	14,041	36,000	73,174	1,23,376
EBITDA	637	581	842	944
EBITDA Margin (%)	3%	2%	1%	1%
Depreciation	863	990	1010	848
Interest & Fin Chg.	154	79	83	91
Pre-tax profit	697	964	1,215	1,487
Tax provision	170	231	292	372
Profit after Tax	527	733	924	1,115
EPS Basic	0.61	0.76	0.96	1.16

Source: Company, Axis Securities Research

Balance Sheet
(Rs Cr)

Y/E March	FY25	FY26E	FY27E	FY28E
Sources				
Equity and Liabilities				
Equity Attributable to equity shareholders of the parent	30,317	31,050	31,974	33,089
Non-controlling interests	(7)	(7)	(7)	(7)
Total Equity	30,310	31,043	31,967	33,082
Lease Liabilities	1,654	600	600	600
Provisions	120	93	93.	93.
Deferred Tax Liabilities	212	212.	212.	212.
Total non-current liabilities	1,987	910	910	910
Current Liabilities				
Lease Liabilities	391.	115	115	115
Trade Payables	1,536	3,006.70	6,083.50	10,147.12
A] Total Outstanding Dues of micro-enterprises and small-enterprises	75	75	75	75
B] Total Outstanding Dues of creditors other than micro-enterprises and small-enterprises	1,461	1,461	1,461	1,461
Other Financial Liabilities	913	310	310	310
Provisions	452	26	26	26
Other Current Liabilities	34	276	276	276
Total Current Liabilities	3,326	3,733	6,810	10,874
Total Equity and Liabilities	35,623	35,687	39,687	44,866
ASSETS				
Non-Current Assets				
Property, Plant and equipment	965	240	290	340
Right-of-use asset	1,918	1,918	1,918	1,918
Goodwill	5,737	4,717	4,717	4,717
Other intangible assets	912	991	991	991
Investments	10,920	2,280	2,280	2,280
Other Financial Assets	2,744	1,894	1,894	1,894
Other Non-Current Assets	546	99	546	99
Total Non-Current Assets	23,922	12,274	12,771	12,374
Current Assets				
Inventories	176	449	941	1,299
Investments	2,272	4,485	4,485	4,485
Trade Receivables	1,946	1,604	3,245	5,412
Cash and Cash Equivalents	666	13,380	14,306	17,802
Other Financial Assets	2,769	2,324	2,769	2,324
Other Current Assets	924	372	372	372
Total Current Assets	11,701	23,413	26,916	32,492
Total Assets	35,623	35,687	39,687	44,866

Source: Company, Axis Securities Research

Cash Flow
(Rs Cr)

Y/E March	FY25	FY26E	FY27E	FY28E
Cash Flow from Operating Activities				
Profit before tax	697	964	1,215	1,487
Depreciation	576	990	1010	848
Changes in Working Capital	426	-10,807	807	317
Cash Flow from Operating Activities	308	(11,530)	35	-683
Capital expenditure	(936)	(725)	50	50
Cash flow from Investing	(7,993)	(725)	50	50
Equity Raised				
Debt Raised				
Cash flow from financing	8,042	83	83	91
Net Change in Cash	357	-12,172	168	-541

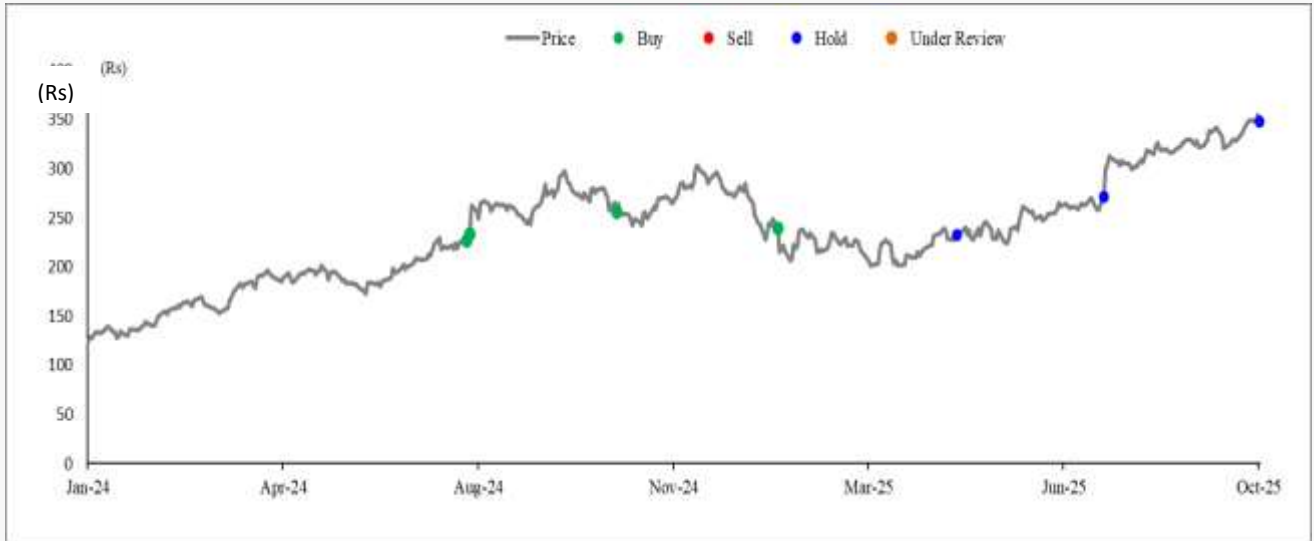
Source: Company, Axis Securities Research

Ratio Analysis
(%)

Y/E March	FY25	FY26E	FY27E	FY28E
Growth Ratio				
Net Sales Growth (%)	67%	81%	102%	67%
EBIT Growth (%)	134%	23%	24%	22%
PAT Growth (%)	50%	39%	26%	21%
Adj. EPS Growth (%)	50%	25%	26%	21%
	-	-	-	-
Margin Ratios				
EBITDA Margin (%) (Core)	3%	2%	1%	1%
EBIT Margin (%)	4%	3%	2%	1%
Pre-Tax Margin (%)	3%	3%	2%	1%
PAT Margin (%)	3%	2%	1%	1%
Efficiency Ratios				
Asset Turnover (x)	0.57	1.03	1.86	2.75
Receivable days	16	16	16	16
Inventory Days	16	16	16	16
Payable days	30	30	30	30
Financial Stability Ratios				
Total Debt/Equity (x)	-	-	-	-
Current Ratio (x)	2	5	3	3
Quick Ratio (x)	4	4	5	5
Interest Cover (x)	11	13	14	12
Operational & Financial Ratios				
Earnings Per Share (Rs)	0.6	0.8	1.0	1.2
Book Value (Rs)	34.9	32.2	33.1	34.3
Tax Rate (%)	25%	24%	24%	25%
Performance Ratios				
ROA (%)	4%	6%	7%	9%
ROCE (%)	3%	3%	4%	5%
ROE (%)	2%	2%	3%	3%
P/BV (x)	10	11	11	10

Source: Company, Axis Securities Research

Zomato Ltd Price Chart and Recommendation History



Date	Reco	TP	Research
31-Jul-24	BUY	280	Initiating Coverage
02-Aug-24	BUY	280	Result Update
23-Oct-24	BUY	350	Result Update
21-Jan-25	BUY	280	Result Update
02-May-25	HOLD	230	Result Update
22-Jul-25	HOLD	250	Result Update
17-Oct-25	HOLD	360	Result Update

Source: Axis Securities Research

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HOLD	Between 10% and -10%
SELL	Less than -10%
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