

India

ADD (no change)

Consensus ratings*: Buy 20 Hold 2 Sell 4

Current price:	Rs418
Target price:	Rs540
Previous target:	Rs540
Up/downside:	29.2%
InCred Research / Consensus:	29.2%

Reuters:	
Bloomberg:	SWIGGY IN
Market cap:	US\$11,749m
	Rs1,042,220m
Average daily turnover:	US\$0.1m
	Rs12.2m
Current shares o/s:	2,234.0m
Free float:	4,832.0%

*Source: Bloomberg

Key changes in this note

- Model 19%/56% GOV CAGR in FD/QC businesses, respectively.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	(1.2)	4.2	0.0
Relative (%)	(6.0)	0.2	0.0

Major shareholders	% held
Svf li Songbird (De) Llc	7.7
Accel India Iv (Mauritius) Limited	4.2
Tencent Cloud Europe B.V.	3.3

Research Analyst(s)



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Swiggy Ltd

Nice and steady

- 2QFY26 results generally better than consensus expectations.
- All QC business metrics were encouraging.
- Maintain ADD rating on the stock with an unchanged target price of Rs540.

2QFY26 earnings summary

Swiggy's consolidated 2QFY26 revenue at Rs55,610m (up 12.1%/54.4% qoq/yoy) was 5% above consensus estimate, driven by growth across BUs. The EBITDA margin was modestly better too, led by flat contribution margin and 40bp qoq improvement in adjusted EBITDA margin of food delivery (FD) business, coupled with 200/370bp qoq improvement in contrition/adjusted EBITDA margin of the quick commerce (QC) business. Commentary was encouraging for both FD/QC, and the aim is to sustain the current momentum driven by innovation and store maturity-led higher throughput. Growth remains a key priority in the FD business while 5% of GOV remains the steady-state margin aspiration

Focusing on high lifetime-value customers in QC business

QC GOV grew by 108% yoy led by improvement in consumer proposition through category expansion (30k+ SKUs) and better value {Maxxsaver and Quick India Movement (QIM) sale} and rising brand partnership in Maxxsaver. Contribution losses reduced to ~30% qoq, while margin improved by 202bp qoq and adjusted EBITDA margin improved by 375bp qoq to -12.1%, primarily driven by operating leverage and improvement in dark store utilization. Dark store addition (+40) moderated as the focus shifted to improving throughput (orders/dark store/day improved by 5% qoq to 1,025 vs. 2,000+ at full capacity). The company is also focusing on improving retained user cohort GOV by cannibalizing order growth in favour of profitable basket value.

Food delivery GOV growth within the 18-20% guided range

Gross order value (GOV) grew by 18.8% yoy led by monthly transacting users (MTU), order growth & despite macroeconomic uncertainty & unseasonal rainfall, while adjusted margin improved by 44bp qoq to 2.8%. Management highlighted that heightened competitive action (lower subscription fee and reduced minimum order) led to tweaking of Swiggy One proposition to avoid loss of users and orders but was offset by an increase in platform fee.

Maintain ADD rating with an unchanged target price of Rs540

We maintain our ADD rating on Swiggy with an unchanged target price of Rs540 using the sum-of-the-parts (SOTP) methodology. We shift to FY28F earnings and assign the food delivery business a multiple of ~32x FY28F EV/adjusted EBITDA (40x FY27x earlier), 1.4x (2x) FY28F EV/GOV multiple to quick commerce, 1.1x (1.6x) FY28F EV/GOV multiple to out-of-home consumption, and 1.6x (1.6x) FY28F EV/sales multiple to the supply chain business to arrive at our target price, estimates, and valuation. Higher discount to account for cash burn and a longer time horizon helps maintain our target price despite shifting to FY28F earnings. Downside risk: Increase in competitive intensity.

Financial Summary	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Revenue (Rsm)	112,474	152,268	224,781	279,734	343,987
Operating EBITDA (Rsm)	(22,080)	(27,858)	(31,889)	(11,183)	9,501
Net Profit (Rsm)	(23,502)	(31,168)	(41,208)	(21,495)	(3,771)
Core EPS (Rs)	(819.2)	(26.8)	(18.0)	(9.4)	(1.6)
Core EPS Growth	(65.5%)	(96.7%)	(32.8%)	(47.8%)	(82.5%)
FD Core P/E (x)	(0.50)	(15.53)	(23.19)	(44.46)	(253.44)
DPS (Rs)	0.0	0.0	0.0	0.0	0.0
Dividend Yield	0.00%	0.00%	0.00%	0.00%	0.00%
EV/EBITDA (x)	(0.04)	(16.08)	(29.33)	(80.73)	94.73
P/FCFE (x)	(0.76)	(15.69)	(24.48)	(48.61)	1,578.87
Net Gearing	(13.3%)	(34.9%)	(32.1%)	(58.3%)	(64.2%)
P/BV (x)	0.16	9.35	15.67	10.68	11.15
ROE	(27.5%)	(34.5%)	(50.5%)	(28.6%)	(4.3%)
% Change In Core EPS Estimates			19.62%	(2.94%)	
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 1: Quarterly performance

Y/E Mar (Rs m)	2QFY26	2QFY25	yoy (%)	1QFY26	qoq (%)	Cons.	Var. (%)
Revenue (Rsm)	55,610	36,015	54.4	49,610	12.1	52,846	5.2
EBITDA	-7,980	-5,542	NA	-9,540	NA	-7,731	NA
EBITDA margin (%)	-14.3	-15.4	104bp	-19.2	488bp	-14.6	28bp
EBIT	-11,020	-6,850	NA	-12,420	NA	-9,972	NA
EBIT margin	-19.82	-19.0	(80bp)	-25.0	522bp	-18.9	(95bp)
PBT	-10,920	-6,255	NA	-11,970	NA	-7,872	NA
Net profit	-10,920	-6,255	NA	-11,970	NA	-9,172	NA
Net profit margin	-19.6	-17.4	(227bp)	-24.1	449bp	-17.4	(228bp)
EPS (Rs)	-4.6	-2.8	NA	-5.04	NA	-4.0	NA

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Key conference-call highlights

• Instamart

- Increased contribution of the non-grocery category in GOV (26.2% vs. 8.7% in 2QFY25) drove AOV higher to Rs697.
- 25% of total stores are profitable, with ~50 stores achieving more than 3% contribution margin.

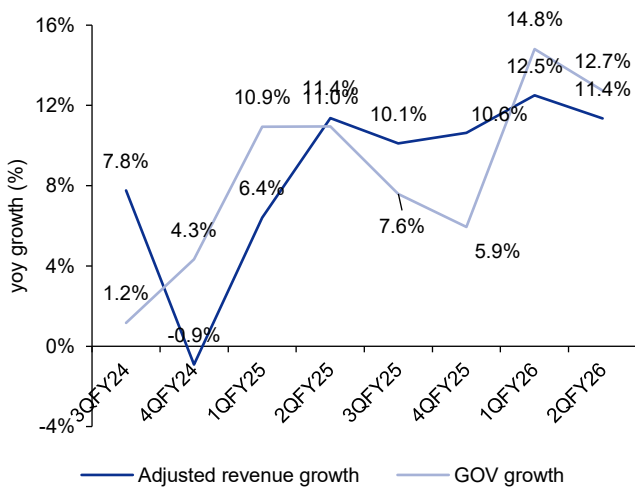
• Food delivery

- Launched Deskeats across 30+ cities to cater to everyday office food.
- Take-rate improvement (10bp) mainly led by growth in advertising.
- 10 minutes delivery by Bolt now forms 10% of the platform orders.
- Launched Toing platform in Pune to cater to budget-conscious users such as students and early-jobbers.

• Other takeaways

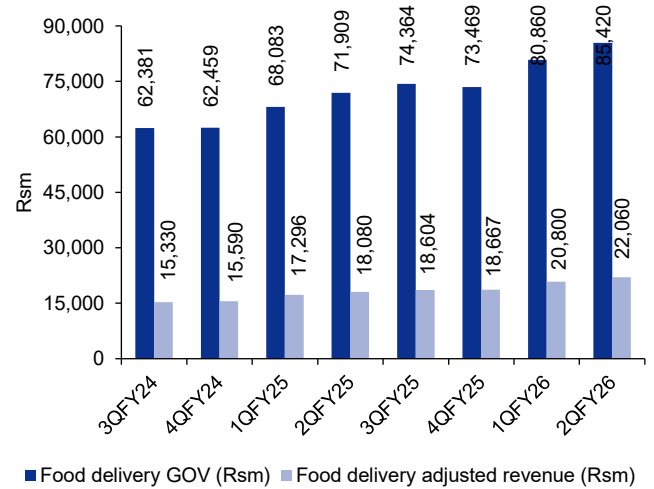
- Swiggy's board will be meeting on 7 Nov 2025 to consider fund raising of up to Rs100bn through the qualified institutional placement (QIP) route.
- Out-of-home consumption to achieve 5% of GOV profitability.

Figure 2: Overall GOV and adjusted revenue growth trend (write FY24, 25, 26 in the graph)



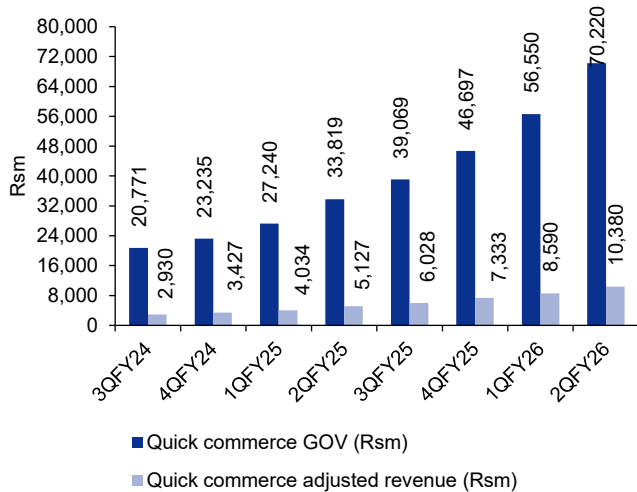
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 3: FD GOV and adjusted revenue trend



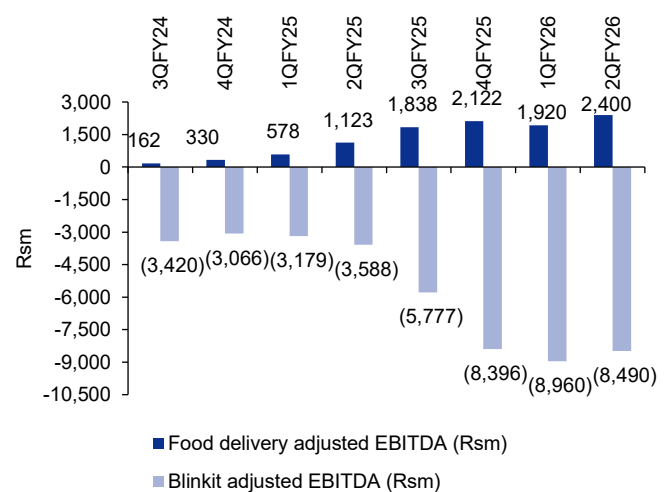
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 4: QC GOV and revenue trend (write FY24, 25, 26 in the graph)



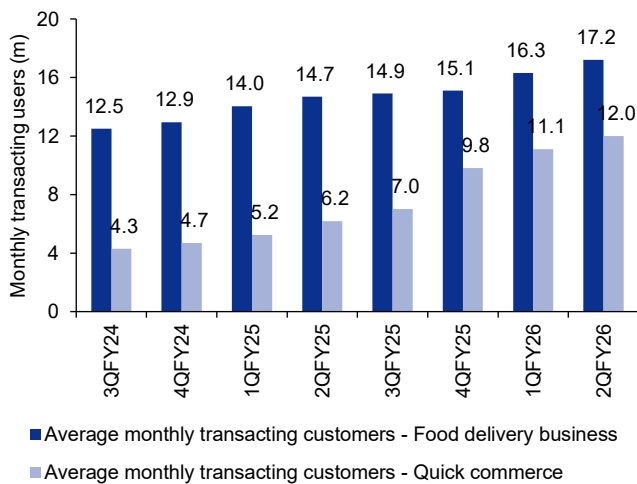
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 5: FD and QC adjusted EBITDA trend



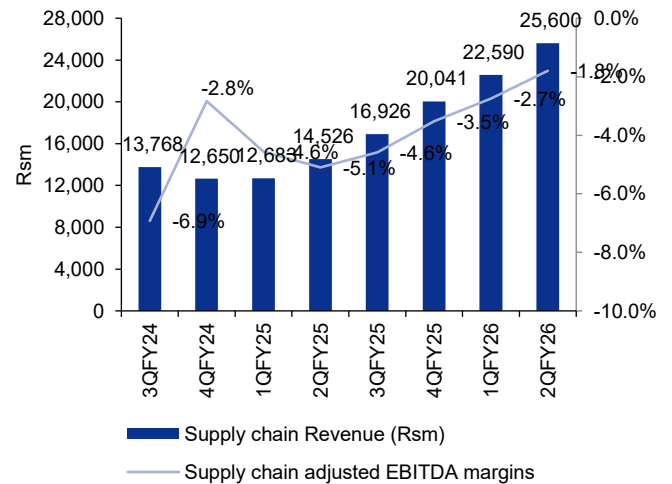
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 6: FD and QC MTU trend



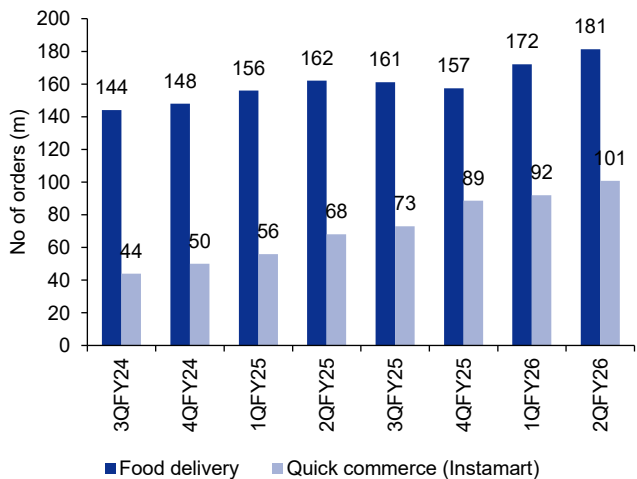
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 7: Supply chain adjusted revenue and EBITDA margin trend



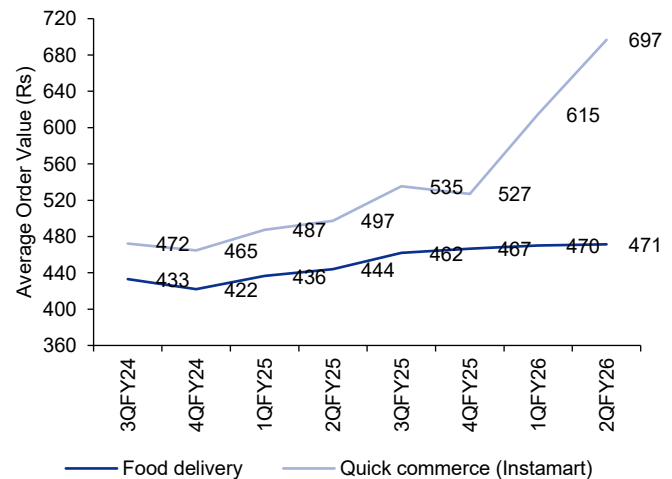
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 8: FD and QC ordering...



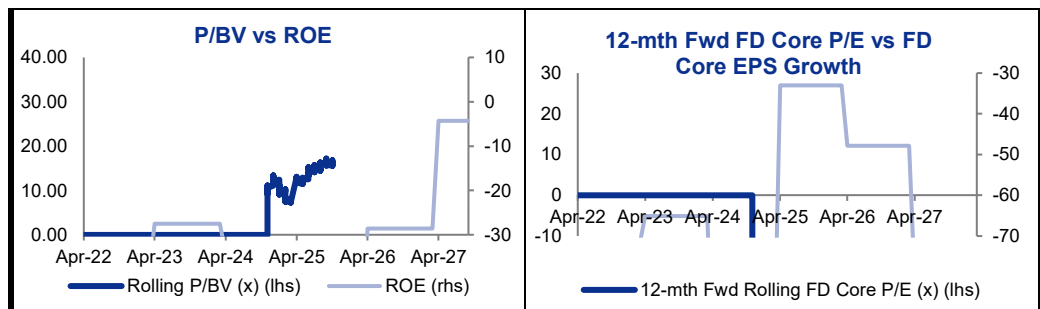
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 9: ...and AOV trend



SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS



Profit & Loss

(Rs mn)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Total Net Revenues	112,474	152,268	224,781	279,734	343,987
Gross Profit	46,310	66,764	101,293	139,480	187,407
Operating EBITDA	(22,080)	(27,858)	(31,889)	(11,183)	9,501
Depreciation And Amortisation	(4,206)	(6,123)	(11,300)	(12,588)	(15,479)
Operating EBIT	(26,286)	(33,981)	(43,190)	(23,771)	(5,978)
Financial Income/(Expense)	(714)	(1,006)	(1,850)	(1,920)	(1,920)
Pretax Income/(Loss) from Assoc.	(66)	(26)	(20)		
Non-Operating Income/(Expense)	3,870	3,962	3,851	4,196	4,128
Profit Before Tax (pre-EI)	(23,196)	(31,051)	(41,208)	(21,495)	(3,771)
Exceptional Items	(306)	(117)			
Pre-tax Profit	(23,502)	(31,168)	(41,208)	(21,495)	(3,771)
Taxation					
Exceptional Income - post-tax					
Profit After Tax	(23,502)	(31,168)	(41,208)	(21,495)	(3,771)
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	(23,502)	(31,168)	(41,208)	(21,495)	(3,771)
Recurring Net Profit	(23,196)	(31,051)	(41,208)	(21,495)	(3,771)
Fully Diluted Recurring Net Profit	(23,196)	(31,051)	(41,208)	(21,495)	(3,771)

Cash Flow

(Rs mn)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
EBITDA	(22,080)	(27,858)	(31,889)	(11,183)	9,501
Cash Flow from Invt. & Assoc.					
Change In Working Capital	1,988	(6,221)	(3,130)	(2,477)	(2,896)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	6,958	12,009			
Other Operating Cashflow	(32)	(24)	(20)		
Net Interest (Paid)/Received					
Tax Paid	38	400			
Cashflow From Operations	(13,127)	(21,695)	(35,040)	(13,660)	6,605
Capex	(3,517)	(7,508)	(4,000)	(6,000)	(6,000)
Disposals Of FAs/subsidiaries	77	75			
Acq. Of Subsidiaries/investments	17,401	26,213	20,996		
Other Investing Cashflow	624	(32,504)	3,851	4,196	4,128
Cash Flow From Investing	14,585	(13,724)	20,847	(1,804)	(1,872)
Debt Raised/(repaid)	1,076	(1,643)			
Proceeds From Issue Of Shares		45,043		50,000	
Shares Repurchased					
Dividends Paid					
Preferred Dividends					
Other Financing Cashflow	(2,304)	(4,367)	(1,850)	(1,920)	(1,920)
Cash Flow From Financing	(1,228)	39,034	(1,850)	48,080	(1,920)
Total Cash Generated	229	3,615	(16,043)	32,616	2,813
Free Cashflow To Equity	(15,568)	(30,846)	(39,040)	(19,660)	605
Free Cashflow To Firm	1,457	(35,419)	(14,193)	(15,464)	4,733

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd

Balance Sheet

(Rs mn)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Total Cash And Equivalents	17,177	49,094	33,051	65,668	68,481
Total Debtors	9,639	24,625	36,353	45,240	55,631
Inventories	487	555	616	766	942
Total Other Current Assets	2,780	3,550	3,550	3,550	3,550
Total Current Assets	30,082	77,825	73,570	115,224	128,605
Fixed Assets	10,406	26,838	19,538	12,950	3,470
Total Investments	52,660	35,654	14,658	14,658	14,658
Intangible Assets	10,008	9,470	9,470	9,470	9,470
Total Other Non-Current Assets	2,139	2,266	2,266	2,266	2,266
Total Non-current Assets	75,213	74,228	45,932	39,344	29,865
Short-term Debt	1,152	282	282	282	282
Current Portion of Long-Term Debt					
Total Creditors	8,809	18,180	26,838	33,400	41,071
Other Current Liabilities	10,320	16,488	16,488	16,488	16,488
Total Current Liabilities	20,281	34,951	43,609	50,170	57,841
Total Long-term Debt	960				
Hybrid Debt - Debt Component	4,671	13,173	13,173	13,173	13,173
Total Other Non-Current Liabilities	290	319	319	319	319
Total Non-current Liabilities	5,920	13,493	13,493	13,493	13,493
Total Provisions	1,178	1,415	1,415	1,415	1,415
Total Liabilities	27,380	49,858	58,516	65,077	72,749
Shareholders Equity	77,915	102,195	60,986	89,491	85,721
Minority Interests					
Total Equity	77,915	102,195	60,986	89,491	85,721

Key Ratios

	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Revenue Growth	36.1%	35.4%	47.6%	24.4%	23.0%
Operating EBITDA Growth	(48.4%)	26.2%	14.5%	(64.9%)	(185.0%)
Operating EBITDA Margin	(19.6%)	(18.3%)	(14.2%)	(4.0%)	2.8%
Net Cash Per Share (Rs)	345.78	15.59	8.57	22.84	24.07
BVPS (Rs)	2,591.97	44.70	26.67	39.14	37.49
Gross Interest Cover	(36.81)	(33.78)	(23.35)	(12.38)	(3.11)
Effective Tax Rate					
Net Dividend Payout Ratio					
Accounts Receivables Days	32.88	41.07	49.51	53.23	53.52
Inventory Days	1.64	2.22	1.73	1.80	1.99
Accounts Payables Days	48.38	57.61	66.53	78.38	86.80
ROIC (%)	(172.7%)	(208.1%)	(132.3%)	(83.5%)	(24.5%)
ROCE (%)	(29.3%)	(33.9%)	(45.4%)	(26.8%)	(5.9%)
Return On Average Assets	(20.6%)	(23.3%)	(29.0%)	(14.3%)	(1.2%)

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Disclaimer?