BUY Eternal

Thriving despite odds

Internet ▸ Result Update ▸ **July 23, 2026** **CMP (Rs): 284 | TP (Rs): 400**

Eternal's 1QFY27 results exceeded expectations, with Blinkit's NOV growth accelerating (by 19.1% qoq vs 8.2% growth in 4QFY26) as seasonal tailwinds aided the structural buildout – assortment expansion, geographical expansion, and demand densification. While Blinkit's AOV dipped marginally, strong MTU growth and increased frequency demonstrate Blinkit's ability to gain market share despite higher competitive intensity. The Food Delivery NOV also grew, by 20.1% yoy vs 18.8%/16.6% growth in 4Q/3QFY26, with margin expansion leading to adj EBITDA growth of 34.4% yoy. We expect competitive intensity to remain elevated in the upcoming festive season. Blinkit has demonstrated its ability to retain market share while maintaining profitability. Considering Eternal's strong execution track record in Quick Commerce (QCom), sturdy Food Delivery momentum, and adequate cash reserves, we retain BUY on the stock. We increase FY27E/28E QCom NOV by 5.4%/8.0%, on the back of strong growth momentum. We revise up our TP by 8.1% to Rs400 from Rs370.

Blinkit delivers NOV growth surprise

Blinkit NOV accelerated 19.1% qoq to Rs171.3bn in 1QFY27. Its focus on growth is reflected in the 1.8% qoq decline in NAOV to Rs518, while MTU growth accelerated (16.9% vs 15.3% in 4QFY26) and frequency increased (3.47 vs 3.36 in 4QFY26). Take rate increased by 60bps qoq to 27.5%, though the 2.0% qoq rise in direct costs/order to Rs115 resulted in a 10bps decline in contribution margin to 4.0%. The increase in direct cost is attributed to some states implementing minimum wages and higher delivery payouts during summers. Dark store addition remained robust at 200 stores, taking the cumulative count to 2,443.

Food delivery – Growth acceleration with profitability improvement

Food Delivery NOV grew 20.1% yoy, led by 18.8% growth in MTU. Adj EBITDA increased 34.4% yoy to Rs6.06bn, with 17/60bps qoq/yoy margin expansion. We attribute the strong growth and profitability in Food Delivery to higher density and improved monetization (80/320bps qoq/yoy rise in take-rate to 32.8% of NOV). Hyperpure revenue has stabilized at ~Rs10bn, with adj EBITDA at Rs100mn. District NOV accelerated 60% yoy to Rs32.2bn; adj EBITDA margin improved by 100bps qoq to -2% of NOV.

Outlook, valuations – Best placed to capitalize on the large QCom opportunity

We believe that the QCom opportunity in India is huge and Blinkit's superior execution will ensure it captures majority of the market share. Eternal expects 40% ROCE for the QCom business at steady-state, despite the Rs25mn capex per store and 12-day working capital. At steady-state, EBITDA margin is likely to reach 6%. The stock trades at 32.5x FY28E EV/EBITDA. We maintain BUY while revising up DCF-based TP to Rs400, implying 34.5x FY28E EV/EBITDA for Food Delivery and 1.75x FY28E EV/NOV for QCom business.

Target Price – 12M	Jun-27
Change in TP (%)	**8.1**
Current Reco.	BUY
Previous Reco.	BUY
Upside/(Downside) (%)	40.8

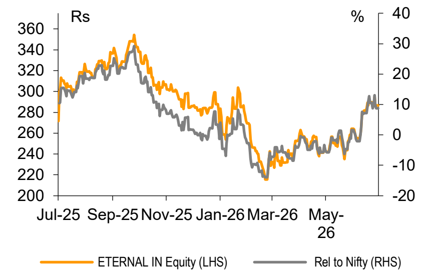
Stock Data	**ETERNAL IN**
52-week High (Rs)	368
52-week Low (Rs)	213
Shares outstanding (mn)	9,664.5
Market-cap (Rs bn)	2,749
Market-cap (USD mn)	28,461
Net-debt, FY27E (Rs mn)	(238,035.1)
ADTV-3M (mn shares)	48.0
ADTV-3M (Rs mn)	9,489.3
ADTV-3M (USD mn)	98.3
Free float (%)	0.7
Nifty-50	23,996.3
INR/USD	96.6

Shareholding,Jun-26	
Promoters (%)	0.0
FPIs/MFs (%)	29.1/39.3

Price Performance

(%)	**1M**	**3M**	**12M**
Absolute	7.9	8.1	(5.1)
Rel. to Nifty	8.3	9.9	(0.9)

1-Year share price trend (Rs)



Eternal: Financial Snapshot (Consolidated)

Y/E Mar (Rs mn)	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Revenue	202,430	543,640	991,110	1,528,776	2,111,468
EBITDA	6,370	12,080	36,731	80,129	130,385
Adj. PAT	5,260	3,660	14,631	38,242	65,516
Adj. EPS (Rs)	0.6	0.4	1.6	4.2	7.1
EBITDA margin (%)	3.1	2.2	3.7	5.2	6.2
EBITDA growth (%)	1,416.7	89.6	204.1	118.2	62.7
Adj. EPS growth (%)	43.4	(31.3)	298.9	161.4	71.3
RoE (%)	2.1	1.2	4.5	10.7	15.6
RoIC (%)	(2.7)	(2.8)	9.3	34.0	62.5
P/E (x)	490.4	714.1	179.0	68.5	40.0
EV/EBITDA (x)	363.3	191.6	63.0	28.9	17.7
P/B (x)	8.5	8.4	7.9	6.9	5.7
FCFF yield (%)	(0.4)	(0.8)	0.1	1.4	3.4

Source: Company, Emkay Research

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Key Exhibits

Exhibit 1: Quarterly results summary

(Rs mn)	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27	qoq	yoy
Revenue from Operations	71,670	135,900	163,150	172,920	202,110	16.9%	182.0%
Purchases of stock-in-trade	25,570	87,950	100,760	106,870	128,600	20.3%	402.9%
Changes in inventories of stock-in-trade	-2,730	-10,530	-2,900	-3,860	-8,760	126.9%	220.9%
COGS	22,840	77,420	98,010	103,400	120,230	16.3%	426.4%
Delivery and related charges	18,690	22,130	23,760	26,070	31,500	20.8%	68.5%
Contribution Profit	30,140	36,350	41,380	43,450	50,380	15.9%	67.2%
Contribution margin	*42.1%*	*26.7%*	*25.4%*	*25.1%*	*24.9%*	*-20 bps*	*-1713 bps*
Advertising and sales promotion	6,710	8,060	9,370	9,360	9,450	1.0%	40.8%
Employee cost (Excl ESOPs)	6,200	6,910	6,870	7,190	8,130	13.1%	31.1%
Other expenses	13,980	17,250	19,190	19,960	24,230	21.4%	73.3%
Indirect Expenses	26,890	32,220	35,430	36,510	41,810	14.5%	55.5%
EBITDA before ESOP expense	3,250	4,130	5,950	6,940	8,570	23.5%	163.7%
- Margin	*4.5%*	*3.0%*	*3.6%*	*4.0%*	*4.2%*	*23 bps*	*-29 bps*
Share-based payment expenses	2,100	1,740	2,270	2,080	2,550	22.6%	21.4%
Reported EBITDA	1,150	2,390	3,680	4,860	6,020	23.9%	423.5%
EBITDA margin	*1.6%*	*1.8%*	*2.3%*	*2.8%*	*3.0%*	*17 bps*	*137 bps*
Depreciation and amortization expense	3,140	3,760	4,390	4,680	5,460	16.7%	73.9%
EBIT	-1,990	-1,370	-710	180	560	211.1%	-128.1%
EBIT margin	*-2.8%*	*-1.0%*	*-0.4%*	*0.1%*	*0.3%*	*17 bps*	*305 bps*
Finance costs	670	860	1,070	1,320	1,510	14.4%	125.4%
Other income	3,540	3,520	3,480	3,420	3,750	9.6%	5.9%
PBT Before Exceptionals	880	1,290	1,700	2,280	2,800	22.8%	218.2%
- Margin	*1.2%*	*0.9%*	*1.0%*	*1.3%*	*1.4%*	*7 bps*	*16 bps*
Income Tax expense	630	640	680	540	1,800	233.3%	185.7%
Tax rate	*72%*	*50%*	*40%*	*24%*	*66%*	*4249 bps*	*-543 bps*
PAT Before Exceptionals	250	650	1,020	1,740	1,000	-42.5%	300.0%
- Margin	*0.3%*	*0.5%*	*0.6%*	*1.0%*	*0.5%*	*-51 bps*	*15 bps*
Exceptional items	-	-	-	-	-	-	-
Profit / (Loss) for the period	250	650	1,020	1,740	920	-47.1%	268.3%
- Margin	*0.3%*	*0.5%*	*0.6%*	*1.0%*	*0.5%*	*-55 bps*	*11 bps*
Basic EPS (Rs)	0.03	0.07	0.11	0.19	0.10	-47.2%	263.1%
Diluted EPS (Rs)	0.03	0.07	0.11	0.19	0.10	-47.2%	263.1%

Source: Company, Emkay Research

Exhibit 2: Quarterly results summary for the QCom business (Blinkit)

(Rs bn)	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27	qoq	yoy
Average monthly transacting users (mn)	16.9	20.8	23.6	27.2	31.8	*16.9%*	*88.2%*
Monthly frequency	3.5	3.6	3.4	3.4	3.5	*3.4%*	*-0.4%*
Reported total orders (mn)	176.7	222.7	243.3	273.9	331.0	*20.8%*	*87.3%*
NAOV	521	524	547	525	518	*-1.5%*	*-0.6%*
NOV	92.0	116.8	133.0	143.9	171.3	*19.1%*	*86.2%*
Revenue	24.0	98.9	122.6	132.3	156.6	*18.4%*	*552.7%*
Take rate (% on NOV)	*26.1%*	*84.7%*	*92.2%*	*92.0%*	*91.4%*	*-55 bps*	*6535 bps*
Revenue per order (Rs)	135.8	444.1	503.7	483.1	473.2	*-2.0%*	*248.4%*
Gross profit	21.7	31.3	35.4	38.7	47.1	*21.8%*	*117.3%*
Gross margin	*23.6%*	*26.8%*	*26.6%*	*26.9%*	*27.5%*	*61 bps*	*393 bps*
Gross profit per order (Rs)	122.7	140.6	145.5	141.2	142.3	*0.8%*	*16.0%*
Direct costs	18.1	25.9	28.0	30.9	38.0	*23.3%*	*110.3%*
Direct costs per order (Rs)	102	116	115	113	115	*2.0%*	*12.3%*
Contribution	3.6	5.4	7.4	7.8	9.1	*16.0%*	*151.9%*
Contribution margin (as a % of NOV)	*3.9%*	*4.6%*	*5.5%*	*5.4%*	*5.3%*	*-14 bps*	*138 bps*
Contribution profit per order (Rs)	20.4	24.3	30.3	28.6	27.4	*-4.0%*	*34.5%*
Indirect costs	5.2	7.0	7.3	7.5	8.1	*8.1%*	*54.2%*
Adjusted EBITDA	-1.6	-1.6	0.0	0.4	1.0		
Adjusted EBITDA (as a % of NOV)	*-1.8%*	*-1.3%*	*0.0%*	*0.3%*	*0.6%*	*34 bps*	*236 bps*
Adjusted EBITDA per order (Rs)	-9.2	-7.0	0.2	1.4	3.1		
Active dark stores (exit)	1,544	1,816	2,027	2,243	2,443	*200*	*899*
Orders/dark store/day (#)	1,380	1,473	1,407	1,425	1,570	*10.1%*	*13.7%*
NOV/dark store/day (Rs '000)	719	772	769	749	812	*8.5%*	*13.0%*
Average monthly active delivery partners ('000)	243	339	369	409	521	*27.4%*	*114.4%*

Source: Company, Emkay Research

Exhibit 3: Quarterly results summary for the Food Delivery business (Zomato)

(Rs bn)	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27	qoq	yoy
Monthly frequency	3.28	3.31	3.45	3.50	3.41	*-2.6%*	*4.0%*
Average monthly transacting users (mn)	22.90	24.10	24.90	25.40	27.20	*7.1%*	*18.8%*
NAOV (Rs)	398	393	382	366	390	*6.7%*	*-2.0%*
Estimated total orders (mn)	225	240	258	267	278	*4.3%*	*23.5%*
NOV	89.7	94.2	98.5	97.6	107.7	*10.4%*	*20.1%*
Adjusted revenue	26.6	28.6	30.5	31.3	35.4	*13.2%*	*33.1%*
Take rate (% of NOV)	*29.6%*	*30.4%*	*31.0%*	*32.0%*	*32.8%*	*82 bps*	*321 bps*
Adjusted revenue per order (Rs)	118	119	119	117	127	*8.5%*	*7.8%*
Direct costs	17.7	18.9	20.3	21.3	24.4	*14.7%*	*37.7%*
Direct costs per order (Rs)	79	79	79	80	88	*10.0%*	*11.5%*
Contribution Profit	8.9	9.8	10.2	10.0	11.0	*9.9%*	*24.0%*
Contribution margin (as a % of NOV)	*9.9%*	*10.4%*	*10.4%*	*10.2%*	*10.2%*	*-4 bps*	*32 bps*
Contribution per order (Rs)	39	41	40	37	39	*5.4%*	*0.3%*
Indirect costs	4.3	4.7	4.9	4.7	4.9	*5.4%*	*13.1%*
Adjusted EBITDA	4.5	5.0	5.3	5.3	6.1	*13.9%*	*34.4%*
Adjusted EBITDA (as a % of NOV)	*5.0%*	*5.3%*	*5.4%*	*5.5%*	*5.6%*	*17 bps*	*60 bps*
Adjusted EBITDA per order (Rs)	20.0	21.0	20.6	19.9	21.8	*9.2%*	*8.8%*
NAOV per MTU per month (Rs)	1,305	1,303	1,318	1,280	-	*-100.0%*	*-100.0%*
Average monthly transacting restaurant partners (#)	313	327	336	344	328	*-4.7%*	*4.8%*
Average monthly active delivery partners ('000)	509	555	567	576	638	*10.8%*	*25.3%*

Source: Company, Emkay Research

Exhibit 4: Quarterly summary for the Going-out business (District)

(Rs bn)	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27	qoq	yoy
NOV	20.1	20.6	25.9	27.4	32.2	*17.6%*	*59.9%*
Adjusted revenue	2.1	1.9	3.0	2.8	3.2	*14.8%*	*53.6%*
Take rate (as a % of NOV)	*10.3%*	*9.2%*	*11.6%*	*10.1%*	*9.9%*	*-24 bps*	*-40 bps*
Costs	2.61	2.52	4.21	3.58	3.83	*7.0%*	*46.7%*
Adjusted EBITDA	-0.5	-0.6	-1.2	-0.8	-0.7		
Adjusted EBITDA (as a % of NOV)	*-2.7%*	*-3.1%*	*-4.7%*	*-3.0%*	*-2.0%*	*94 bps*	*66 bps*

Source: Company, Emkay Research

Exhibit 5: Quarterly summary for the supply chain and distribution business (Hyperpure)

(Rs bn)	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27	qoq	yoy
Revenue	23.0	10.2	10.7	9.8	10.3	*5.7%*	*-54.9%*
Adjusted EBITDA	-0.2	-0.1	0.0	0.1	0.1		
Adjusted EBITDA (as a % of Revenue)	*-0.8%*	*-0.5%*	*0.1%*	*0.5%*	*0.6%*	*7 bps*	*136 bps*

Source: Company, Emkay Research

Exhibit 6: Global DCF assumptions

Beta	**1.08**
Inflation rate	3%
Risk-free rate (Rf)	6.90%
Market return (km)	12.90%
Risk Premium	6.00%
Required Rate of Return (Cost of Equity)	13.36%
Cost of Debt	10.00%
Tax Rate	25.00%
After Tax Cost of Debt	7.50%
Total Debt	0%
Shareholders' Fund	100%
Cap Employed	1.00
WACC	**13.36%**

Source: Company, Emkay Research

Exhibit 7: Our DCF-based valuation framework

(Rs bn)	Food Delivery	QCom	Going-out	Hyperpure	Total
Duration of stage 0 (forecast period; no of years)	8	8	8	8	8
PV of stage 0 (i)	293	600	10	4	907
Growth of Stage 1	12.0%	12.0%	10%	12%	
Stage 1 duration (no of years)	10	10	10	10	10
PV of stage 1 (ii)	372	904	45	7	1,329
Terminal growth rate	5%	5%	5%	5%	5%
PV of terminal stage (iii)	390	948	44	8	1,389
EV (i+ii+iii)	**1,055**	**2,452**	**98**	**19**	**3,625**
Net cash					192
Target M-Cap					**3,817**
TP (Rs/share)					**400**

Source: Company, Emkay Research

Exhibit 8: Implied multiples for our projected segmental metrics

(x)	EV/NOV			EV/adjusted EBITDA		
	FY28E	FY29E	FY30E	FY28E	FY29E	FY30E
Food Delivery	2.07	1.82	1.63	34.5	27.9	23.0
QCom	1.75	1.25	0.99	64.6	36.2	24.6
Going-out	0.61	0.46	0.35	-73.0	-470.3	301.4
Hyperpure	0.35	0.29	0.24	54.0	41.3	32.0

Source: Company, Emkay Research

Investment thesis

- **Execution excellence in QCom:** Eternal demonstrates unmatched execution across its operationally intensive QCom business. Blinkit has built a decisive leadership through superior sourcing, inventory management, and aggressive category along with geographical expansion into tier 3/4 cities, where it has a meaningful first-mover advantage. Backed by superior unit economics, robust cash reserves, and India's largest fulfilment network, Eternal is uniquely positioned to capture the lion's share of the QCom market without compromising on profitability during its aggressive expansion.
- **Eternal's Food Delivery business a cash cow, with duopoly market structure:** Zomato's food delivery business is a cash cow protected by a duopoly moat, with the largest pie in the industry and industry-leading margins. We believe that the duopoly market structure is guarded by a massive 'cash burn at entry' moat.

Key risks

- Heightened competitive intensity causing market share erosion
- Regulatory and labor headwinds

Exhibit 9: Our assumptions and estimates for Blinkit

(Rs bn)	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E	FY30E
Average monthly transacting users (mn)	3.1	5.2	10.7	27.2	47.7	69.3	88.7	104.3
Monthly frequency	2.54	3.29	3.51	3.74	3.70	3.76	3.86	3.97
Reported total orders (mn)	119	203	424	917	1,662	2,638	3,660	4,594
NAOV	-	516	528	530	525	530	535	539
NOV	-	105	224	486	873	1,398	1,957	2,475
Revenue	10.6	23.0	52.1	377.8	804.6	1,294	1,818	2,305
Take rate (% on NOV)	0.0%	21.9%	23.3%	77.8%	92.1%	92.6%	92.9%	93.1%
Revenue per order (Rs)	89	113	123	412	484	491	497	502
Gross profit	10.6	23.0	52.1	127.1	238.9	387.2	546.2	696.4
Gross margin		21.9%	23.3%	26.2%	27.3%	27.7%	27.9%	28.1%
Gross profit per order (Rs)	89	113	123	139	144	147	149	152
Direct costs	15.1	20.4	42.5	102.9	191.4	304.0	423.6	533.8
Direct costs per order (Rs)	127	100	100	112	115	115	116	116
Contribution	-4.5	2.7	9.5	24.2	47.5	83.2	122.6	162.6
Contribution margin (as a % of NOV)		2.5%	4.3%	5.0%	5.4%	6.0%	6.3%	6.6%
Contribution profit per order (Rs)	-37.4	13.1	22.5	26.4	28.6	31.5	33.5	35.4
Indirect costs	5.7	6.5	12.5	27.0	36.1	45.2	54.8	62.8
Adjusted EBITDA	-10.2	-3.8	-2.9	-2.8	11.4	38.0	67.8	99.9
Adjusted EBITDA (as a % of NOV)	*0.0%*	*-3.7%*	*-1.3%*	*-0.6%*	*1.3%*	*2.7%*	*3.5%*	*4.0%*
Adjusted EBITDA per order (Rs)	-85	-19	-7	-3	7	14	19	22
Active dark stores (exit)	377	526	1,301	2,243	3,154	4,238	5,016	5,400
Orders/dark store/day (#)	866	1,234	1,271	1,417	1,688	1,955	2,167	2,416
NOV/dark store/day (Rs '000)		2,585	2,721	3,045	3,596	4,203	4,699	5,280

Source: Company, Emkay Research

Exhibit 10: Our assumptions and estimates for Zomato

(Rs bn)	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E	FY30E
Monthly Frequency	3.03	3.25	3.30	3.40	3.25	3.44	3.54	3.65	3.68
Average monthly transacting users (mn)	14.7	16.6	19.0	20.9	25.4	27.6	29.9	32.3	34.8
NAOV (Rs)	-	-	365	385	384	391	402	411	422
Estimated total orders (mn)	535	647	753	853	990	1,141	1,270	1,413	1,538
NOV	-	-	274.8	328.6	379.9	446.1	509.8	580.4	648.2
Adjusted revenue	47.6	61.5	77.9	94.2	117.0	146.9	168.9	193.0	216.1
Take rate (% of NOV)			*28.4%*	*28.7%*	*30.8%*	*32.9%*	*33.1%*	*33.3%*	*33.3%*
Adjusted revenue per order (Rs)	89	95	103	110	118	129	133	137	141
Direct costs	44.1	49.5	55.7	63.3	78.2	100.5	113.3	127.4	140.2
Direct costs per order (Rs)	82	77	74	74	79	88	89	90	91
Contribution Profit	3.5	12.0	22.3	30.9	38.8	46.4	55.6	65.6	76.0
Contribution margin (as a % of NOV)			*8.1%*	*9.4%*	*10.2%*	*10.4%*	*10.9%*	*11.3%*	*11.7%*
Contribution per order (Rs)	7	18	30	36	39	41	44	46	49
Indirect costs	11.2	12.1	13.1	15.9	18.7	21.0	25.0	27.8	30.0
Adjusted EBITDA	-7.7	-0.1	9.1	15.1	20.2	25.4	30.6	37.8	45.9
Adjusted EBITDA (as a % of NOV)			3.3%	4.6%	5.3%	5.7%	6.0%	6.5%	7.1%
Adjusted EBITDA per order (Rs)	-14.3	-0.2	12.1	17.6	20.4	22.2	24.1	26.8	29.9
NAOV per MTU per month (Rs)			4,821	5,241	4,986	5,383	5,684	5,993	6,212

Source: Company, Emkay Research

Exhibit 11: Our assumptions and estimates for Going-out business

(Rs bn)	FY24	FY25	FY26	FY27E	FY28E	FY29E	FY30E
NOV	25.8	66.2	94.0	123.5	162.5	213.9	281.8
Adjusted revenue	2.6	7.4	9.7	12.9	18.1	24.8	32.6
Take rate (as a % of NOV)	*10.0%*	*11.1%*	*10.4%*	*10.4%*	*11.1%*	*11.6%*	*11.6%*
Costs	2.6	7.8	12.9	14.9	19.5	25.0	32.3
Adjusted EBITDA	-0.1	-0.4	-3.2	-2.0	-1.3	-0.2	0.3
Adjusted EBITDA (as a % of NOV)	*-0.2%*	*-0.6%*	*-3.4%*	*-1.6%*	*-0.8%*	*-0.1%*	*0.1%*

Source: Company, Emkay Research

Exhibit 12: Our assumptions and estimates for District segment

(Rs bn)	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E	FY30E
Revenue	15.1	31.7	62.0	53.7	44.9	55.2	66.7	79.6
Adjusted EBITDA	-2.0	-1.3	-0.8	-0.2	0.3	0.4	0.5	0.6
Adjusted EBITDA (as a % of Revenue)	*-12.9%*	*-4.0%*	*-1.4%*	*-0.3%*	*0.6%*	*0.6%*	*0.7%*	*0.8%*

Source: Company, Emkay Research

Exhibit 13: Change in our estimates

	New			Old			Change		
	FY27	**FY28**	**FY29**	**FY27**	**FY28**	**FY29**	**FY27**	**FY28**	**FY29**
Revenue	991,110	1,513,587	2,075,549	939,881	1,405,147	1,880,626	5.5%	7.7%	10.4%
EBITDA (ex ESOP)	45,904	83,804	126,485	46,557	84,636	123,030	-1.4%	-1.0%	2.8%
EBITDA	36,731	74,339	116,240	37,813	75,171	112,785	-2.9%	-1.1%	3.1%
EBIT	12,452	40,558	73,077	15,182	43,449	73,453	-18.0%	-6.7%	-0.5%
PBT	20,975	45,199	73,209	21,370	43,407	67,642	-1.8%	4.1%	8.2%
PAT	14,631	33,899	54,907	16,028	32,555	50,732	-8.7%	4.1%	8.2%
QCom									
NOV	873,468	1,398,206	1,956,697	828,449	1,294,953	1,765,300	5.4%	8.0%	10.8%
Contribution margin	*5.4%*	*6.0%*	*6.3%*	*5.6%*	*6.0%*	*6.1%*	*-15 bps*	*-1 bps*	*17 bps*
Adjusted EBITDA	11,353	37,985	67,812	11,608	35,415	58,877	-2.2%	7.3%	15.2%
Adjusted EBITDA margin	*1.3%*	*2.7%*	*3.5%*	*1.4%*	*2.7%*	*3.3%*	*-10 bps*	*-2 bps*	*13 bps*
NAOV	525	530	535	537	547	554	-2.2%	-3.1%	-3.6%
#Avg MTU (exit)	47.7	69.3	88.7	43.5	59.5	73.4	9.6%	16.4%	20.9%
#Stores	3,154	4,238	5,016	3,347	4,407	5,021	-5.8%	-3.8%	-0.1%
Food Delivery									
NOV	446,108	509,803	580,435	449,330	522,099	604,839	-0.7%	-2.4%	-4.0%
Contribution margin	*10.4%*	*10.9%*	*11.3%*	*10.3%*	*10.7%*	*11.1%*	*11 bps*	*17 bps*	*20 bps*
Adjusted EBITDA	25,378	30,616	37,789	25,136	32,202	40,764	1.0%	-4.9%	-7.3%
Adjusted EBITDA margin	*5.7%*	*6.0%*	*6.5%*	*5.6%*	*6.2%*	*6.7%*	*9 bps*	*-16 bps*	*-23 bps*
#Avg MTU	27.6	29.9	32.3	28.2	31.0	34.1	-1.9%	-3.6%	-5.3%
Going-out									
NOV	123,485	162,501	213,933	115,396	140,616	169,854	7.0%	15.6%	26.0%
Adjusted EBITDA	-2,020	-1,348	-209	-1,604	-51	1,985	26.0%	2519.1%	-110.6%
Adjusted EBITDA margin	*-1.6%*	*-0.8%*	*-0.1%*	*-1.4%*	*0.0%*	*1.2%*	*-25 bps*	*-79 bps*	*-127 bps*
Hyperpure									
Revenue	44,923	55,183	66,738	43,629	51,336	59,661	3.0%	7.5%	11.9%
Adjusted EBITDA	269	358	468	253	362	511	6.3%	-1.2%	-8.4%
Adjusted EBITDA margin	*0.6%*	*0.6%*	*0.7%*	*0.6%*	*0.7%*	*0.9%*	*2 bps*	*-6 bps*	*-16 bps*

Source: Company, Emkay Research

KTAs from the earnings call

Quick Commerce

- Higher margin visibility has led the management to increase its stable-state adjusted EBITDA margin guidance to 6% (at the higher end of the earlier guidance of 5-6%).
- The 3X platform spend from user cohorts acquired 3 years ago is largely on account of higher frequency, not NAOV expansion. With higher frequency, items per order reduce on account of QCom ordering becoming an everyday habit with lesser upfront purchases by consumers.
- Management commented that discounting is an unsustainable tactic in the QCom model. Pricing subsidies onboard value-seeking customers who are hard to retain when pricing is pulled back to sustainable levels by the platform, thus creating a drop-off in NOV levels.
- Investment-led growth (in dark stores, warehouses, supply chain) is a sustainable tactic in the QCom business model, which Blinkit is committed to.
- The overall business enjoys efficiency gains (in terms of fulfilment opex, marketing costs, better working capital terms) on account of its higher scale. Such efficiency gains are intended to be passed on to customers instead of pricing subsidies. The pricing structure for products listed on the platform is determined while considering the future sustainability of profits.
- 1Q was highlighted as a seasonally strong quarter. The NAOV decline was owing to seasonality and response to competitive intensity. Management highlighted that NAOV is not a strictly controllable business variable vs assortment – NAOV is a function of MOVs and assortment. The NAOV decline despite the assortment expansion is explained by the average NAOV of incremental assortment still staying below the platform's current average; however, margins for incremental assortment (eg general merchandise) are typically higher compared to the existing portfolio's (eg grocery).
- Higher take rates have not flowed into contribution margin on account of higher cost of doing business, with a number of states implementing minimum wage regulations, higher last mile costs owing to summers and monsoons, and incremental fulfilment network (that of larger stores) not yet near maturity.
- Management shared per-store capex (including warehousing) guidance of Rs25mn, though the capex per store in 1QFY27 was materially higher at ~Rs35mn. This was on account of the lumpy warehousing investments. Upward revision of capex per store is on account of deploying larger stores that are capable of delivering higher efficiency in terms of lower fulfilment opex (with lower replenishment runs on account of higher storage and wider assortment stores stripping the need for split orders).
- Customer retention was highlighted as the key metric tracked at Blinkit. NOV retention statistics shared by the company were basis the entire cohort, without considering any survivorship bias.
- Management believes customers value a larger assortment availability more than the cost borne in terms of inferior customer experience on account of split orders. The platform avoids split orders to maintain customer experience and a push toward larger dark stores that can house a wider assortment base – this is seen as a step in the same direction. Management is also working toward increasing the size of older dark stores or shifting to nearby larger dark stores.
- Management highlighted that offering low-margin assortment (eg groceries and staples) at discounted prices leads to such assortment being the largest selling category inside dark stores; this becomes a negative feedback loop for the platform. Due to physical constraint of limited space in a dark store, low-margin assortment turns into an opportunity cost for selling higher-margin assortment. Ecom, by virtue of mainly operating from larger warehouses, is not bound by this spatial limitation and can thus afford higher discounting without the expense of contracting the assortment.

- Smaller cities are growing at a higher growth clip than metros and tier 1 cities, on account of the small base effect.

- Lowering its guidance for Net Working Capital (NWC) days from 18 to 12 has been on account of lower number of inventory days required by the QCom model.
- Capex per store guidance was upgraded by 150% while NOV per store guidance was revised upward by 60%, and guidance for RoCE levels was maintained. This gap between capex/store and NOV/store is explained by higher efficiency on account of larger dark stores, which log lower fulfilment expenses (lesser replenishment runs, wider assortment presence, lesser split orders), thus positively impacting contribution profits and ROCE.
- The trade payables metric has two components: 1) trade payables related to platform inventory; and 2) expense payables. There is no one-off or highlight in either. The metric has performed in line with management expectations. The management has not over-optimized the trade payables.

Food Delivery

- MTU addition is coming from both new user additions and conversion of an ATU into MTU, with higher order frequency.
- Bistro is not included in FD disclosures.
- Lowering Gold subscription price from Rs199 to Rs99 in price-sensitive markets is a defensive move to protect retention of the value-seeking customer base. Being price-competitive in markets where Toing and Ownly operate has been enough to defend against MTU attrition thus far.
- The dip in average monthly restaurants on the platform was attributed to the LPG shortage crisis.

District

- Dine-Out is a more premium userbase vs FD business, evident from their NAOV levels. The stable-state Dine-Out customer base will be lower than the MTU bases of FD and QCom.
- Dine-Out and Movies are the biggest product categories for District. Management sees vast potential in the 'retail stores' and 'events' product categories as well. With regard to these smaller product categories, the management is in the process of assessing the value addition it can deliver in the supply chain for partner businesses, and evaluating an 'ideal' customer-experience.

Others

- Bistro is still in the product development phase, in terms of assortment, supply chain, and price point.
- Adding 10 kitchens every quarter in the Bistro business.
- Tax refunds this quarter have been on account of ambiguous expenses toward which the company had earlier paid higher tax.

Eternal: Consolidated Financials and Valuations

Profit & Loss

Y/E Mar (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue	**202,430**	**543,640**	**991,110**	**1,528,776**	**2,111,468**
Revenue growth (%)	67.1	168.6	82.3	54.2	38.1
EBITDA	**6,370**	**12,080**	**36,731**	**80,129**	**130,385**
EBITDA growth (%)	1,416.7	89.6	204.1	118.2	62.7
Depreciation & Amortization	5,340	8,452	12,256	16,776	21,645
EBIT	**(2,260)**	**(3,890)**	**12,452**	**46,348**	**87,223**
EBIT growth (%)	0	0	0	272.2	88.2
Other operating income	-	-	-	-	-
Other income	10,770	13,960	14,785	14,714	14,714
Financial expense	1,540	3,920	6,263	10,072	14,582
PBT	**6,970**	**6,150**	**20,975**	**50,989**	**87,355**
Extraordinary items	0	0	0	0	0
Taxes	1,710	2,490	6,344	12,747	21,839
Minority interest	-	-	-	-	-
Income from JV/Associates	0	0	0	0	0
Reported PAT	**5,260**	**3,660**	**14,631**	**38,242**	**65,516**
PAT growth (%)	49.9	(30.4)	299.8	161.4	71.3
Adjusted PAT	**5,260**	**3,660**	**14,631**	**38,242**	**65,516**
Diluted EPS (Rs)	**0.6**	**0.4**	**1.6**	**4.2**	**7.1**
Diluted EPS growth (%)	43.4	(31.3)	298.9	161.4	71.3
DPS (Rs)	**0**	**0**	**0**	**0**	**0**
Dividend payout (%)	**0**	**0**	**0**	**0**	**0**
EBITDA margin (%)	3.1	2.2	3.7	5.2	6.2
EBIT margin (%)	(1.1)	(0.7)	1.3	3.0	4.1
Effective tax rate (%)	24.5	40.5	30.2	25.0	25.0
NOPLAT (pre-IndAS)	**(1,706)**	**(2,315)**	**8,686**	**34,761**	**65,417**
Shares outstanding (mn)	9,070	9,190	9,210	9,210	9,210

Source: Company, Emkay Research

Balance Sheet

Y/E Mar (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Share capital	9,070	9,190	9,210	9,210	9,210
Reserves & Surplus	294,100	300,610	324,284	371,991	447,752
Net worth	**303,170**	**309,800**	**333,494**	**381,201**	**456,962**
Minority interests	(70)	(70)	(70)	(70)	(70)
Non-current liab. & prov.	2,120	1,020	1,290	1,290	1,290
Total debt	**0**	**0**	**0**	**0**	**0**
Total liabilities & equity	**326,880**	**358,230**	**413,439**	**504,723**	**618,581**
Net tangible fixed assets	9,650	20,330	38,198	57,922	67,555
Net intangible assets	9,120	6,110	4,738	4,035	3,567
Net ROU assets	19,180	42,940	69,617	105,012	130,917
Capital WIP	510	1,360	2,160	2,160	2,160
Goodwill	57,370	57,370	57,370	57,370	57,370
Investments [JV/Associates]	-	-	-	-	-
Cash & equivalents	**223,190**	**214,990**	**238,035**	**284,396**	**377,311**
Current assets (ex-cash)	30,460	55,490	89,056	118,742	145,445
Current Liab. & Prov.	29,350	50,310	91,785	130,964	171,795
NWC (ex-cash)	**1,110**	**5,180**	**(2,729)**	**(12,222)**	**(26,350)**
Total assets	**326,880**	**358,230**	**416,159**	**507,443**	**621,301**
Net debt	(223,190)	(214,990)	(238,035)	(284,396)	(377,311)
Capital employed	326,880	358,230	413,439	504,723	618,581
Invested capital	**77,250**	**90,170**	**97,576**	**107,105**	**102,143**
BVPS (Rs)	33.4	33.7	36.2	41.4	49.6
Net Debt/Equity (x)	(0.7)	(0.7)	(0.7)	(0.7)	(0.8)
Net Debt/EBITDA (x)	(35.0)	(17.8)	(6.5)	(3.5)	(2.9)
Interest coverage (x)	4.6	1.7	3.4	5.1	6.0
RoCE (%)	**3.4**	**3.3**	**8.5**	**17.1**	**24.3**

Source: Company, Emkay Research

Cash flows

Y/E Mar (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
PBT (ex-other income)	(3,800)	(7,810)	6,190	36,275	72,641
Others (non-cash items)	8,810	10,180	9,013	8,585	9,365
Taxes paid	(1,180)	(3,660)	(2,854)	(12,747)	(21,839)
Change in NWC	(10,930)	(12,280)	2,599	9,492	14,128
Operating cash flow	**3,070**	**6,320**	**45,490**	**85,459**	**132,040**
Capital expenditure	(9,360)	(17,510)	(29,089)	(34,917)	(29,930)
Acquisition of business	(20,050)	0	0	0	0
Interest & dividend income	8,190	9,530	14,145	14,714	14,714
Investing cash flow	**(79,930)**	**5,360**	**(22,624)**	**(20,203)**	**(15,217)**
Equity raised/(repaid)	85,010	0	0	0	0
Debt raised/(repaid)	0	0	0	0	0
Payment of lease liabilities	(4,050)	(8,380)	(13,490)	(18,895)	(23,909)
Interest paid	(40)	(160)	(150)	0	0
Dividend paid (incl tax)	-	-	-	-	-
Others	(500)	120	10	0	0
Financing cash flow	**80,420**	**(8,420)**	**(13,630)**	**(18,895)**	**(23,909)**
Net chg in Cash	3,560	3,260	9,235	46,361	92,915
OCF	3,070	6,320	45,490	85,459	132,040
Adj. OCF (w/o NWC chg.)	9,950	10,220	29,400	57,072	94,003
FCFF	(10,340)	(19,570)	2,910	31,647	78,201
FCFE	(2,220)	(10,477)	16,843	46,361	92,915
OCF/EBITDA (%)	(15.4)	(17.1)	87.1	83.1	82.9
FCFE/PAT (%)	(42.2)	(286.3)	115.1	121.2	141.8
FCFF/NOPLAT (%)	**606.3**	**845.3**	**33.5**	**91.0**	**119.5**

Source: Company, Emkay Research

Valuations and key Ratios

Y/E Mar	FY25	FY26	FY27E	FY28E	FY29E
P/E (x)	490.4	714.1	179.0	68.5	40.0
EV/CE(x)	7.6	7.5	6.9	6.1	5.1
P/B (x)	8.5	8.4	7.9	6.9	5.7
EV/Sales (x)	11.4	4.3	2.3	1.5	1.1
EV/EBITDA (x)	363.3	191.6	63.0	28.9	17.7
EV/EBIT(x)	(1,023.9)	(594.9)	185.8	49.9	26.5
EV/IC (x)	30.0	25.7	23.7	21.6	22.7
FCFF yield (%)	(0.4)	(0.8)	0.1	1.4	3.4
FCFE yield (%)	(0.1)	(0.4)	0.6	1.7	3.4
Dividend yield (%)	0	0	0	0	0
DuPont-RoE split					
Net profit margin (%)	2.6	0.7	1.5	2.5	3.1
Total asset turnover (x)	0.8	1.7	3.0	4.1	4.7
Assets/Equity (x)	1.0	1.0	1.0	1.0	1.1
RoE (%)	**2.1**	**1.2**	**4.5**	**10.7**	**15.6**
DuPont-RoIC					
NOPLAT margin (%)	(0.8)	(0.4)	0.9	2.3	3.1
IC turnover (x)	3.2	6.5	10.6	14.9	20.2
RoIC (%)	**(2.7)**	**(2.8)**	**9.3**	**34.0**	**62.5**
Operating metrics					
Core NWC days	2.0	3.5	(1.0)	(2.9)	(4.6)
Total NWC days	**2.0**	**3.5**	**(1.0)**	**(2.9)**	**(4.6)**
Fixed asset turnover	2.6	5.5	8.1	10.0	11.3
Opex-to-revenue (%)	69.4	42.3	34.7	31.8	30.5

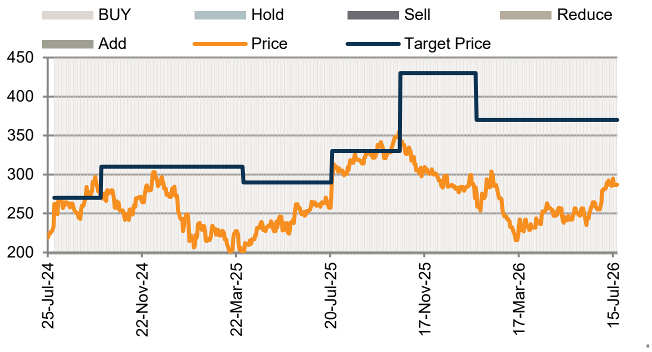
Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (Rs)	TP (Rs)	Rating	Analyst
12-Jul-26	290	370	Buy	Pranav Kshatriya
14-Jun-26	244	370	Buy	Pranav Kshatriya
29-Apr-26	254	370	Buy	Pranav Kshatriya
23-Apr-26	260	370	Buy	Pranav Kshatriya
22-Jan-26	276	370	Buy	Pranav Kshatriya
17-Oct-25	343	430	Buy	Pranav Kshatriya
12-Sep-25	321	330	Buy	Pranav Kshatriya
22-Jul-25	300	330	Buy	Pranav Kshatriya
02-May-25	234	290	Buy	Dipeshkumar Mehta
31-Mar-25	202	290	Buy	Dipeshkumar Mehta
20-Jan-25	240	310	Buy	Dipeshkumar Mehta
01-Jan-25	277	310	Buy	Dipeshkumar Mehta
23-Oct-24	264	310	Buy	Dipeshkumar Mehta
01-Oct-24	274	310	Buy	Dipeshkumar Mehta
22-Aug-24	258	270	Buy	Dipeshkumar Mehta
02-Aug-24	262	270	Buy	Dipeshkumar Mehta

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

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Ratings	Expected Return within the next 12-18 months.
BUY	>15% upside
ADD	5-15% upside
REDUCE	5% upside to 15% downside
SELL	>15% downside

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